DnB NOR Bank ASA

DnB NOR

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ANNUAL REPORT 2008

Important events in 2008

	2008	2007
Pre-tax operating profits before write-downs (NOK million)	16 240	13 131
Profits for the year (NOK million)	9 215	11 382
Total assets at year-end (NOK billion)	1 638	1 250
Return on equity (per cent)	14.0	19.7

First quarter

- Large unrealised mark-to-market losses were recorded on the banking group's liquidity portfolio.
- DnB NOR Bank was part of a guarantee syndicate which issued a guarantee Eksportfinans' bond portfolio.
- Bjørn Erik Næss assumed the position of chief financial officer.

Second quarter

- DnB NOR Bank's long-term rating was raised to AA- by the rating agency Standard & Poor's.
- DnB NOR entered into an agreement with Oslo S Utvikling to lease premises for a new head office in Bjørvika in Oslo, scheduled for completion in 2012.
- Anne Carine Tanum was appointed chairman of DnB NOR Bank's Board of Directors.

Third quarter

- Lehman Brothers filed for bankruptcy protection and thereafter a number of other financial institutions experienced difficulties.
- Icelandic banks were declared bankrupt and their operations in Norway were taken over by other institutions.
- The severe financial turmoil began to have consequences for the Norwegian real economy, resulting in rising unemployment and an increase in the number of corporate bankruptcies.
- The liquidity portfolio was reclassified from a trading portfolio to held-to-maturity investments. Previous write-downs will be reversed over the residual maturity of the portfolio.

Fourth quarter

- The significant financial turmoil had further negative consequences for the real economy.
- There was a significant increase in write-downs on loans in the banking group, particularly in DnB NORD.
- The authorities implemented measures which will ease the long-term funding situation of Norwegian banks.
- The Norwegian government approved a stimulus package which will ensure that Eksportfinans can continue to grant new export credits.

Contents

Directors' report

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis.

The DnB NOR Bank is engaged in financial operations within banking. Operations are mainly related to Norway, but the banking group also has branches in important financial centres outside Norway.

Pursuant to Section 3-9 of the Norwegian Accounting Act, DnB NOR Bank prepares consolidated annual accounts in accordance with IFRS, International Financial Reporting Standards. The statutory accounts of DnB NOR Bank ASA have been prepared in accordance with Norwegian IFRS regulations.

Operations in 2008

Operations in the DnB NOR Bank Group [1] in 2008 were strongly affected by the prolonged financial turmoil, which culminated when Lehman Brothers filed for bankruptcy protection in September, following which a number of other financial institutions encountered problems. Extraordinary measures for the financial services industry were implemented in a number of countries, including Norway. Given these circumstances, the banking group's profits for 2008 of NOK 9 215 million, down from NOK 11 382 million in 2007, must be characterised as good. Return on equity was 14.0 per cent, down from 19.7 per cent in 2007.

In consequence of the financial sector bankruptcies and the subsequent lack of confidence in financial markets, the banking group, for all practical purposes, only had access to short-term funding in the ordinary financial markets during parts of the year. The funding transactions that were completed, involved very high costs. The Norwegian authorities' crisis package for the finance industry contributed positively to meeting the need for long-term funding towards the end of 2008. The transfer of mortgage portfolios from Retail Banking to DnB NOR Boligkreditt AS was decisive for these funding transactions. The banking group enjoyed a sound liquidity situation at year-end 2008.

The stimulus package presented by the government on 8 February 2009 is also expected to enhance banks' lending capacity and capital position, while improving the situation in the Norwegian bond market.

Due to the difficult funding situation in 2008, competition for deposits sharpened parallel to pressure on deposit spreads. There was a sharp rise in lending volumes in the first three quarters of the year, especially due to brisk growth in the corporate market and exchange rate effects, while the growth abated during the fourth quarter. Lending spreads widened during the second half of the year.

Net interest income totalled NOK 22 335 million in 2008, up from NOK 18 015 million in 2007.

The significant financial turmoil affected the real economy and resulted in a rise in write-downs towards the end of 2008. The most pronounced increase in write-downs took place in DnB NORD's operations in Denmark, though there was also a rise in write-downs attributable to small and medium-sized enterprises in Norway and in DnB NOR Finans. Changes in economic conditions gave a NOK 1 032 million rise in group write-downs recorded in the accounts from 2007 to 2008. Write-downs totalled NOK 3 509 million in 2008, of which NOK 2 314 million referred to the fourth quarter of the year.

The banking group's other operating income in 2008 rose from NOK 9 416 million in 2007 to NOK 9 847 million in 2008. Widening credit risk margins reduced the value of loans carried at fair value. In addition, declining bond values generated large mark-to-market losses in the accounts for the first half of the year. With effect from the third quarter accounts, the liquidity portfolio in DnB NOR Markets was reclassified from a trading portfolio to held-to-maturity investments, whereby the portfolio was carried at amortised cost in the second half of the year. Following the reclassification, the accounting treatment of the portfolio will be more in keeping with the portfolio's characteristics, as it is used for collateral in central banks, inter alia in connection with securities settlements. Accumulated mark-to-market losses in the January through June period of 2008 were NOK 2 586 million, which will be reversed over the residual maturity of the portfolio, which averages 3 years.

The banking group's operations were sound through 2008. Compared with 2007, operating expenses increased by 13.1 per cent adjusted for impairment losses for goodwill in 2008 and allocations to employees in 2007. The rise mainly reflected strong international expansion during the first half of the year. The banking group's cost programme helped bring down expenses by NOK 202 million in 2008.

Due to the strong volume growth in the first three quarters of the year, the core capital ratio declined from 7.9 per cent at year-end 2007 to 6.9 per cent at end-December 2008. Exchange rate movements were a major factor behind the rise in risk-weighted volume. The banking group is considered to be adequately capitalised relative to the risk level in the loan portfolios and other operations. In consequence of the financial turmoil, however, the market, rating agencies and the authorities require a higher capital adequacy ratio. The banking group aims to increase capital adequacy in future.

During 2008, the banking group was subject to negative media coverage on a number of occasions. Among other things, a notified interest rate increase became effective immediately after Norges Bank cut its key policy rate. The banking group's funding costs in the turbulent, poorly functioning financial market towards the end of 2008 were also considerably higher than Norges Bank's key policy rate. This presented a number of communication challenges.

Another issue that attracted much media attention was past sales of loan-backed structured savings products. In this connection, the Norwegian Banking Complaints Board issued a statement in DnB NOR's disfavour. As this is a matter of principle, DnB NOR wishes to have the case tried in the ordinary courts of law.

The cost/income ratio, excluding allocations to employees in 2007 and impairment losses for goodwill in 2008, was 48.8 per cent in 2008 and 50.6 per cent in 2007.

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[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.

In the second quarter, DnB NOR Bank ASA's long-term rating was raised to AA- by the rating agency Standard & Poor's.

With effect from 19 June 2008, Anne Carine Tanum succeeded Olav Hytta as chairman of DnB NOR's Board of Directors.

The Board wishes to thank all of the banking group's employees for their committed efforts during a year characterised by many major challenges. The Board would like to draw special attention to the employees' ability to stand united in demanding situations, which provides a sound platform for bringing the banking group through difficult times.

Targets and strategy

In the short term, DnB NOR will give priority to achieving continued sound earnings before write-downs and limiting the scope of write-downs in consequence of the ongoing global recession. The banking group's operations are aimed at ensuring a continued high level of activity, especially in the retail market and among small and medium-sized enterprises. Parallel to this, the banking group will implement the streamlining measures defined in the banking group's cost programme. Simplification and streamlining of production and support processes will help reduce costs and strengthen the banking group's capital adequacy. Both investors, rating agencies and the authorities will require higher capitalisation levels in future.

DnB NOR's ambition to generate further growth by developing and strengthening relations to Norwegian customers remains unchanged. New products and services, effective distribution and increased cross-sales in Norway will be priority areas. Previously communicated ambitions regarding international growth in defined industries and geographic areas will continue to be part of the Group's long-term strategy.

Review of the annual accounts

Full year results 2008

The banking group's profits for the year came to NOK 9 215 million in 2008, down NOK 2 167 million from the previous year. The financial turmoil had a negative impact on profits. There was a 23.1 per cent rise in average lending from 2007 to 2008, while average deposits grew by 11.9 per cent. Income increased by 17.3 per cent, while costs rose by 11.5 per cent. Adjusted for impairment losses for goodwill in 2008 and allocations to employees in 2007, there was a 13.1 per cent increase in costs.

Net interest income

Amounts in NOK million	2008	Change	2007
Net interest income	22 335	4 320	18 015
Lending and deposit volumes		2 378	
Lending and deposit spreads		656	
Amortisation effects in the liquidity portfolio		486	
Exchange rate movements		(198)	
Guarantee fund levy		(214)	
Other net interest income		1 212	

Net interest income was NOK 22 335 million in 2008, a rise of 24.0 per cent compared with 2007. The increase was mainly due to rising lending volumes. Lending growth was particularly brisk in the corporate market, but clearly levelled off towards the end of the year. The combined spread widened somewhat relative to the three-month money market rate through 2008, with a rise in lending spreads and a contraction in deposit spreads. However, actual funding costs were considerably higher than comparisons with money market rates indicate, as it was impossible to obtain long-term funding at this price due to the significant financial turmoil. Based on internal requirements for a sound liquidity structure, the bank should finance 88 per cent of loans through stable deposits and long-term funding in 2008. Access to such funds gradually became very limited, while the costs were high. The requirement has been increased to 90 per cent in 2009 in order to further strengthen long-term funding.

Net other operating income

Amounts in NOK million	2008	Change	2007
Net other operating income	9 847	431	9 416
Stock-market related income including financial instruments		2 276	
Net gains on foreign exchange and interest rate instruments [1]		2 364	
Net other commissions and fees		151	
Real estate broking		(124)	
Changes in credit margins		495	
Other operating income		114	

1) Excluding guarantees.

Net other operating income totalled NOK 9 847 million in 2008, up NOK 431 million from 2007. There were significant variations in other operating income due to the turbulent financial market situation throughout 2008, which resulted in both actual changes in income and temporary adjustments of portfolio values. During the first half of the year, sizeable mark-to-market losses on the banking group's liquidity portfolio were recorded as a result of changes in credit margins. These losses reflected the decline in bond values resulting from the financial market turmoil and were recorded in the accounts, but not realised. With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets was reclassified from a trading portfolio to held-to-maturity investments after this became an option in new guidelines from the Ministry of Finance. Previously recorded losses will be reversed over the residual maturity of the portfolio, which is three years.

At year-end 2008, spreads on new loans had increased considerably. This resulted in mark-to-market losses of NOK 292 million on loans carried at fair value in the bank's balance sheet. For the same reason, the fair value of loans in the associated company Eksportfinans was reduced.

Net other operating income represented 30.6 per cent of total income in 2008, compared with 34.3 per cent in 2007.

Operating expenses

Amounts in NOK million	2008	Change	2007
Operating expenses	15 942	1 642	14 300
Impairment loss for goodwill and allocations to employees	234	(180)	414
Total ordinary operating expenses		**1 823**	
Norwegian units		**969**	
Of which:			
IT-expenses		469	
Wage settlements		177	
Properties		164	
Operational leasing		190	
Cost programme		(202)	
Restructuring expenses, cost programme		103	
Other operating expenses		68	
International units		**854**	
Of which:			
DnB NORD		261	
SalusAnsvar		197	
Banking operations in Sweden		188	
DnB NOR Finans in Sweden, new operations		77	
Other units		131	

The banking group's operating expenses totalled NOK 15 942 million in 2008, an increase of NOK 1 642 million or 11.5 per cent from 2007. Excluding impairment losses for goodwill in 2008 and allocations to employees in 2007, there was an increase of 13.1 per cent.

The banking group introduced a cost programme in which will encure cost reductions with a total annual effect estimated at NOK 1.2 billion through 2010. The accounting effect of the cost savings resulting from the cost programme in 2008 was estimated at NOK 202 million. On an annual basis, the cost level at end-December 2008 was NOK 384 million lower than would have been the case if the cost programme had not been introduced. Restructuring costs in 2008 totalled NOK 103 million.

The key factors behind the rise in costs from 2007, apart from impairment losses for goodwill and allocations to employees, were higher activity levels both in Norway and internationally, relatively high wage settlements and increased focus on modernising the banking group's IT solutions.

The number of full-time positions in Norwegian operations decreased by 29 from year-end 2007 to end-December 2008, while the number of full-time positions in international operations rose by 587 during the same period.

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 52 million in 2008 and NOK 2 481 million in 2007. The reduction was mainly due to the sale of the banking group's bank buildings in 2007, generating gains of NOK 2.4 billion.

Write-downs on commitments

The financial turmoil affected the real economy towards the end of 2008, resulting in a rise in write-downs. DnB NORD's operations in Denmark generated the largest write-downs, though write-downs attributable to small and medium-sized enterprises in Norway and in DnB NOR Finans also showed a rising trend. Net write-downs on loans and guarantees totalled NOK 3 509 million in 2008, compared with NOK 220 million in 2007. Due to the economic situation and changes in macro-economic forecasts, group write-downs of NOK 830 million were recorded in 2008, of which DnB NORD accounted for NOK 210 million. In 2007, group write-downs of NOK 202 million were reversed. There was a rise in group write-downs in the balance sheet from NOK 712 million at year-end 2007 to NOK 1 625 million at year-end 2008.

Taxes

The banking group's total tax charge for 2008 was NOK 3 568 million, a reduction of NOK 442 million from 2007. Relative to pre-tax operating profits, the tax charge increased from 26.1. to 27.9 per cent from 2007 to 2008, reflecting, among other things, non-tax-deductible losses on equities and impairment losses for goodwill. In 2007, the tax charge was NOK 4 010 million.

Balance sheet, liquidity and funding

Total assets in the banking group's balance sheet were NOK 1 638 billion at year-end 2008 and NOK 1 250 billion a year earlier.

The banking group's liquidity situation was sound throughout 2008, but liquidity risk increased during the fourth quarter due to the significant financial turmoil. Like most other financial institutions, the banking group had limited access to long-term funding in the ordinary financial markets during this period. The funding transactions that were completed, involved high costs. The Norwegian authorities' measures aimed at the financial sector were instrumental in ensuring long-term funding of the bank towards the end of 2008. The measures gave Norwegian banks the opportunity to exchange mortgage bonds backed by sound collateral for Treasury bills. The Treasury bills could be sold in the ordinary financial markets and provided the banking group with a much better funding base. The transfer of mortgage portfolios from Retail Banking to DnB NOR Boligkreditt AS was decisive for these transactions.

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 self-imposed 88 per cent long-term funding limit remained unchanged through 2008, but was raised to 90 per cent as from 2009. With respect to short-term funding, conservative limits have been set for refunding requirements. In spite of the financial turmoil, the banking group stayed within the established liquidity limits through 2008.

Net lending to customers rose by NOK 226.6 billion or 23.1 per cent from end-2007 to end-2008. Customer deposits rose by NOK 64.6 billion or 11.9 per cent during the twelve-month period. Due to the difficult funding situation, competition for deposits sharpened parallel to pressure on deposit spreads. The banking group's ratio of customer deposits to net lending to customers narrowed somewhat, from 55.3 per cent at end-December 2007 to 50.3 per cent a year later. During the same period, the ratio of deposits to lending in the bank increased from 66.9 to 69.2 per cent, partly due to the transfer of loans from the bank to DnB NOR Boligkreditt for funding through the securities market. In light of the financial turmoil, the banking group aims to increase the ratio of deposits to lending in future.

Securities issued by the DnB NOR Bank Group increased by NOK 242.4 billion or 65.2 per cent from 2007, totalling NOK 614.2 billion at end-December 2008.

Corporate governance

The management of the banking group is based on the principles contained in the Norwegian Code of Practice for Corporate Governance. There are no significant deviations between the Code of Practice and the way it is implemented in the DnB NOR Bank Group.

During the year, the Board of Directors held 32 meetings. Important items on the agenda were the banking group's strategy, future development and structure, and the Board gave particular attention to risk management and capitalisation in light of the significant market turmoil. On 19 June 2008, Anne Carine Tanum succeeded Olav Hytta as chairman of DnB NOR Bank's Board of Directors.

Corporate governance in the DnB NOR Bank Group is described in greater detail in the chapter "Management in DnB NOR" in DnB NOR Group's annual report 2008.

Risk and capitalisation

The banking group quantifies risk by measuring risk-adjusted capital, which is a guiding factor for the banking group's capital requirement relative to financial risk. Net risk-adjusted capital increased by NOK 17.8 billion to NOK 64.2 billion from year-end 2007 to end-December 2008. The rise mainly reflected an increase in credit volumes, though strong income growth also resulted in significant increases in measured operational risk and business risk. The table below shows developments in risk-adjusted capital.

Developments in risk-adjusted capital

Amounts in NOK billion	31 Dec. 2008	31 Dec. 2007
Credit risk	59.2	42.6
Market risk	4.2	3.6
Operational risk	4.9	4.4
Business risk	2.2	2.2
Gross risk-adjusted capital	70.5	52.8
Diversification effect [1]	(6.3)	(6.4)
Net risk-adjusted capital	64.2	46.4
Diversification effect in per cent of gross risk-adjusted capital [1]	9.0	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.*

Credit growth was brisk in the first half of 2008, but slowed down considerably towards the end of the year. However, due to a major weakening of the Norwegian krone against the US dollar and euro in the second half of the year, lending measured in Norwegian kroner increased markedly. Credit quality was impaired in the second half of the year due to the strong shift in the global economy. Commitments in DnB NORD in Denmark showed the greatest deterioration, though commitments in the Baltic region are also considered to represent a higher risk. At the end of 2008, there was a sharp reduction in freight rates, especially within the dry bulk and container segments. Even if commitments originally are of sound quality, there will be a gradual increase in risk as long as these rate levels prevail. Freight rates have risen somewhat in 2009. Due to sinking values of, among other things, properties and ships, breaches of loan conditions related to the value of collateral relative to exposure have increased. These conditions have been set to ensure that the bank enters into dialogue with customers at an early stage to be able to safeguard the bank's interests before customers experience payment problems.

In the retail market, the rise in lending volumes abated during the year. On the whole, credit quality remained stable. Developments in DnB NOR Kort, which offers consumer finance, is an important indicator of future developments in the entire retail market. Non-performing loans in DnB NOR Kort represented 4.4 per cent of lending volume at end-December 2008, against 3.6 per cent at the beginning of the year. The most pronounced increase took place in the fourth quarter, at 0.5 percentage points.

Market risk varied considerably during the year, mainly due to changes in the banking group's equity positions, including ownership interests in and guarantees issued for Eksportfinans. The banking group's limits for equity, currency and interest rate positions generally remained unchanged. However, the utilisation of currency and interest rate limits was higher than normal in the second half of the year. The risk associated with changes in the value of the banking group's portfolio of bonds held to ensure access to short-term funding from Norges Bank and other central banks or as security for foreign exchange settlement, is treated as credit risk. This portfolio is classified as held-to-maturity investments, entailing that short-term changes in value are not reflected in the accounts after 1 July 2008.

A total of 423 operational loss events were registered during 2008, causing an overall net loss for the banking group of NOK 58,7 million. Half of the events are characterised as processing and routine errors associated with the banking group's products and services. In addition, there were operational errors in connection with credit losses. There were still occasional service disruptions in the Internet banks and other IT systems. However, the situation improved considerably in the course of 2008.

The last few months of the year were challenging from a reputational point of view. The effectuation of an interest rate increase which had been announced six weeks in advance, coincided with Norges Bank's cut in its key policy rate, which generated a lot of negative attention. On subsequent occasions, the banking group has been quick in announcing interest rate reductions when warranted by developments in money market rates. Consequently, this seems to have had little consequence for the DnB NOR Bank Group's market position. In connection with the authorities' stimulus package launched in October, the bank and two of its employees were charged with acting in breach of the provisions in the Securities Trading Act concerning the sale of securities. The Board of Directors assumes that all the facts of the case will be clarified, but has no reason to believe that a criminal offence has taken place. The outcome of the ongoing investigation is awaited.

Liquidity risk is not quantified when calculating risk-adjusted capital. During the first half of 2008, the banking group raised large bond loans, both through the issue of ordinary senior bank loans and through the use of covered bonds issued by DnB NOR Boligkreditt. These bonds are backed by well-secured housing loans. Thus, the banking group's funding situation was relatively sound as the full impact of the financial crisis became apparent after Lehman Brothers filed for bankruptcy protection on 15 September 2008. Since then, the international markets for long-term unsecured funding for banks have contracted considerably. The authorities in a number of countries have therefore introduced various schemes with government guarantees to ensure funding for the banks. The model chosen in Norway entails that banks can exchange covered bonds for Treasury bills and thus obtain funding for three years. This scheme has functioned satisfactorily for DnB NOR and ensures the banking group refinancing of the bonds reaching maturity in 2009. At year-end 2008, 93 per cent of the loan portfolio was financed by long-term, stable funding.

The DnB NOR Board of Directors approved a new capitalisation policy in connection with the transition to Basel II. The policy sets forth that core capital as part of risk-weighted volume shall be minimum 8 per cent upon full introduction of the IRB system. By the end of 2010, most of the IRB system will be in place. This target will be operationalised by aiming for a core capital ratio of 8 per cent for the Group by year-end 2010. The banking group's capitalisation level shall support the bank's AA level rating target for ordinary long-term funding. Relative to the current risk-weighted volume, which is based on a combination of the standardised approach and the IRB approach, it has been estimated that measurement according to the IRB approach would have given a reduction in risk-weighted volume of approximately 30 per cent at year-end 2008. Cyclicality in the models based on an anticipated negative economic trend will probably result in a slightly lower reduction on the planned implementtation date. The Board of Directors will continually review the capitalisation requirement in light of international developments.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement was NOK 1 120 billion at end-December 2008, up 26.3 per cent from 2007. Riskweighted volume reflected the transitional rules for Basel II, stipulating a reduction in risk-weighted volume of maximum 10 per cent in 2008 upon the transition from Basel I to the IRB system. Calculations of risk-weighted volume according to Basel II gave a reduction in the capital requirement relative to Basel I of 8.4 per cent.

The core capital ratio was 6.9 per cent at end-December 2008 and 7.9 per cent at year-end 2007, while the capital adequacy ratio was 9.9 per cent at year-end 2008.

Business areas

At year-end 2008, activities in the banking group were organised in the business areas Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. The business areas operate as independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products. DnB NORD is regarded as a separate profit centre.

Corporate Banking and Payment Services recorded healthy profits in 2008. Pre-tax operating profits totalled NOK 9 663 million, up NOK 1 535 million from the previous year. There was a strong rise in average lending at 30.3 per cent compared with 2007. The underlying growth rate declined towards the end of 2008, but a weakening of the Norwegian krone against the euro and the US dollar resulted in strong growth in the NOK value of foreign currency lending. Lending spreads measured against the money market rate widened in all segments. Widening spreads were necessary to compensate for the rise in funding costs and higher guarantee fund levies. Average deposits increased by 9.1 per cent. However, fierce competition for deposits led to narrowing deposit spreads. The quality of the loan portfolio was satisfactory in all segments, though there was a negative trend at the end of 2008 caused by the general market conditions. Net write-downs on loans and guarantees represented NOK 1 056 million in 2008, the equivalent of 0.19 per cent of average lending volume. The corresponding figures for 2007 were NOK 76 million and 0.02 per cent respectively. The cost/income ratio declined from 33.7 per cent in 2007 to 31.4 per cent in 2008.

Retail Banking recorded pre-tax operating profits of NOK 3 518 million in 2008, down NOK 663 million compared with 2007. Net interest income was NOK 7 674 million, on a level with 2007 in spite of the rise in funding costs and higher guarantee fund levies. Net interest income was also influenced by the transition to Basel II, which gave lower capital requirements for the housing loan portfolio and a decline in estimated interest on allocated capital. A sharp fall in interest rates towards the end of 2008 resulted in a temporary widening of lending spreads. The ratio of deposits to lending was stable through 2008. Lending growth abated towards the end of the year on account of reduced demand for housing loans, and average lending rose by 7.0 per cent compared with 2007. Other operating income was influenced by the turmoil in the financial markets, with a decline in income from the sale of mutual fund and insurance products and from real estate broking in Norway. Operating expenses rose by NOK 528 million, reflecting IT development and new activity in Sweden. Cost-reducing measures in Norwegian operations reduced staff numbers in Norway and ensured firm control over expenses.

DnB NOR Markets achieved pre-tax operating profits of NOK 4 016 million in 2008, compared with NOK 1 748 million in 2007. There was an increase in earnings from both customer activities and own-account trading in 2008, and total revenues were NOK 5 767 million, up 75 per cent from 2007. Customer-related revenues rose by 7.2 per cent from 2007. Strong demand for currency, interest-rate and commodity hedging products, combined with extraordinary price volatility, contributed to the increase in customer revenues, while other customer segments were negatively affected by the financial turmoil due to reduced values and lower capital market activity. High market volatility in relation to, for example, Norwegian kroner products contributed to the significant rise in income from market making and other proprietary trading. Costs increased by 15.3 per cent from 2007, resulting from new operations, new products, higher performance-based expenses and an increase in IT development activity. The cost/income ratio was 30.3 per cent in 2008, compared with 46.1 per cent in 2007.

DnB NORD, in which the DnB NOR Bank ASA has a 51 per cent ownership interest, was strongly influenced by the financial turmoil in 2008. A pre-tax operating loss of NOK 637 million was recorded, compared with pre-tax operating profits of NOK 469 million in 2007. Average lending was NOK 75.1 billion in 2008, up 51.7 per cent compared with 2007. Lending growth was significantly more sluggish towards the end of the year. DnB NORD's financial performance reflected a strong increase in write-downs on loans, particularly in the Danish property loan portfolio and in Latvia and Lithuania. Net write-downs totalled NOK 1 388 million in 2008, the equivalent of 1.85 per cent of average lending, up from 0.24 per cent in 2007. The Baltic economies experienced a sharp downturn during 2008, and it is expected that this will continue into 2009. DnB NORD expects high write-downs on loans also in 2009. In future, the company will concentrate on consolidating its operations and improving cost-effectiveness. The cost/income ratio was 70.0 per cent in 2008, compared with 69.5 per cent in 2007.

Cost programme

The banking group's cost programme was somewhat ahead of schedule at year-end 2008. The programme target is annual cost savings of NOK 1.2 billion by the end of 2010. The programme consists of a number of projects aimed at reducing the number of full-time positions, the number of square metres of office space, letter dispatches, IT costs, procurement costs etc. Towards the end of 2008, the programme was extended to include a streamlining project for staff and support units across the Group.

At year-end 2008, annual cost reductions of NOK 384 million had been realised, representing 32.0 per cent of the overall target. NOK 103 million of restructuring funds were spent to achieve the cost savings.

The programme is closely monitored and has created greater focus on costs in the organisation.

Corporate social responsibility

DnB NOR is Norway's most important source of finance for companies and households, a role which has become more visible due to the global financial crisis. In addition, DnB NOR offers payment services and manages financial values. The banking group will promote sustainable development by giving priority to environmental, ethical and social considerations in its operations.

DnB NOR's corporate social responsibility, CSR, is based on internationally recognised guidelines, primarily the UN Global Compact's ten principles for corporate social responsibility in the business community. These principles comprise human rights, labour standards, the environment and anti-corruption. In addition, the Group bases its CSR efforts on the OECD's guidelines for multinational companies, the UNEP FI principles and the UN Principles for Responsible Investment.

A separate policy for corporate social responsibility in DnB NOR was revised and updated in 2008. The policy states that CSR efforts should concentrate on the banking group's customer and supplier relations, the climate challenge, transparency, its contribution to society and employee relations.

In May 2008, DnB NOR adopted the Equator Principles, a voluntary set of guidelines for managing environmental and social issues in project finance. All loans from the banking group follow guidelines stating that risk related to environmental, ethical and social factors must be assessed on a par with other risk factors.

During the year, ethical guidelines for asset management in DnB NOR were revised and coordinated. The guidelines imply that the banking group will not invest in companies in breach of the UN Global Compact, the OECD's guidelines for multinational companies or the Ottawa Convention on anti-personnel mines. In addition, manufacturers and distributors of strategic components to be used in weapons of mass destruction, anti-personnel mines and cluster weapons are excluded from the banking group's investment universe.

During 2008, DnB NOR was, as part of its ownership strategy, in dialogue with 24 companies suspected of acting contrary to the Group's ethical guidelines. Details on the number of companies excluded from DnB NOR's investment portfolio and the criteria upon which the exclusions are based are available on dnbnor.com/csr.

DnB NOR requests that suppliers of goods and services to the Group sign a declaration form stating that they do not contribute to human or labour rights violations, environmental harm or corruption. A total of 523 such declaration forms were registered at the end of 2008.

Through various microfinance initiatives, disadvantaged people gain access to financial services. DnB NOR contributed to microfinance projects in 2008 through financial, support to humanitarian organisations involved in microfinance and by investing NOK 75 million in the Norwegian Microfinance Initiative through Vital Forsikring.

In 2008, a total of NOK 88 million was donated to sporting, cultural, research and humanitarian organisations and as gifts to non-profit causes.

The Savings Bank Foundation, Sparebankstiftelsen DnB NOR, is the second largest DnB NOR shareholder and can use up to 25 per cent of profits to support non-profit projects. In 2008, the foundation made donations totalling NOK 90 million to such causes.

External environment

DnB NOR influences the environment directly and indirectly. The banking group's investments and lending activities have an indirect impact on the environment and are governed by CSR guidelines for credit and asset management operations. The banking group has a direct impact on the environment through its consumption of paper and energy, waste management, procurement and use of means of transport. Energy consumption in DnB NOR represented 62.9 GWh in 2008, while 1 077 tons of paper were consumed. The Group works continually to improve internal environmental efficiency.

DnB NOR also meets the climate challenge by offering products with an environmental profile. The banking group offers reduced lending rates to environmentally aware car buyers, and leasing customers have the opportunity to make cars and car fleets carbon neutral through the purchase of UN-approved CO_2 quotas.

The banking group offers two equity funds with an environmental profile in the retail market: DnB NOR Renewable Energy and DnB NOR Grønt Norden. Renewable energy is one of the banking group's international priority areas in the corporate market, and the banking group has established a unit to serve corporate customers within the power and renewable energy sectors.

In 2008, DnB NOR participated in two external climate initiatives: Climate Benefit and the Norwegian CEO Climate Policy Forum.

Measures to reduce paper-based communication sent to custom-mers have a positive environmental effect. The banking group will facilitate an increase in the use of video conferencing equipment to further reduce business travel by its employees.

Employees and managers

DnB NOR is committed to having high ethical standards and a good corporate reputation. Earning the trust of the surrounding community and obtaining lasting commercial success is dependent on each individual employee maintaining high ethical standards. The Group's code of ethics applies to all employees and members of governing bodies, comprising aspects such as customer and supplier relations, duty of confidentiality, impartiality, gifts and services, trading in financial instruments and insider trading. Training and courses in handling ethical dilemmas are important instruments in making ethics an integrated part of DNB NOR's daily operations. Therefore, in 2008, a new money laundering e-learning course was launched. The target group for the course is all employees who work with customers and transactions. In addition, a new ethical programme for managers and employees was developed in 2008 and will be launched in 2009.

Being an attractive workplace is an important objective for the banking group. The banking group's personnel policy should ensure diversity and equality, the necessary restructuring measures, competence development, as well as sound health, safety and en-vironmental standards. In 2008, the banking group had 3 898 appli-cants for various vacant positions, and a total of 708 external appli-cants were employed.

The employee satisfaction survey conducted in January 2009 confirmed that there is a good level of employee satisfaction in DnB NOR. There was an increase from 70 points in 2008 to 74 in 2009. The results are followed up through measures in each individual unit.

Competent leadership and the training of good managers and employees are strategically important for the DnB NOR. In 2008, 83 managers completed a practical management training programme based on the values team spirit, simplicity and value creation. The programme aims to promote relationship building and networking among managers in the Group. Focus was also given to the develop-ment of new managers in the banking group, resulting in a tailor-made management programme which was completed by a total of 16 managers. In addition, four introduction courses were held for 329 new employees in DnB NOR. The number of participants on various competency measures in the Group totalled approximately 22 000 in 2008, a 6.4 per cent increase from 2007.

Health, safety and environment (HS&E)

DnB NOR's health, safety and environment policy should contribute to motivating employees to take responsibility for their own health through preventive action. HS&E initiatives are an integral part of the Group's values, code of conduct and leadership principles, and mea-sures within this field should be implemented in close cooperation between managers and the banking group's safety representatives. Physical activity has been given priority for many years, for example by making exercise rooms available at a number of office locations in Norway and by having active sports clubs within the banking group offering a wide range of physical activities. In 2008, a nationwide cooperation was established between DnB NOR and the Norway Orienteering Association, resulting in more than 200 'DnB NOR walks' in several towns and cities in Norway. Fitness programmes during working hours in 2008 served as preventive working environment measures for employees at risk of repetitive strain injuries. The measures contribute to keeping the employees motivated and also result in a reduction in such injuries and other health problems.

By facilitating and encouraging physical activity, DnB NOR wishes to promote team spirit and culture building across organisational and hierarchical lines, create a positive working environment and prevent absence due to illness.

The Ergonomics Committee is involved in preventive measures to reduce work-related health problems and ensure that DnB NOR has functional and user-friendly equipment in accordance with the Working Environment Act which also satisfies the banking group's environmental requirements.

Sickness absence and an inclusive workplace

Sickness absence in the DnB NOR Bank Group's Norwegian operations averaged 5.62 per cent in 2008, unchanged from 2007. Priority is given to implementing preventive measures and to giving additional assistance to units with high levels of sickness absence. DnB NOR aims to reduce average sickness absence to below 5 per cent. It is also group policy to assist employees who, for different reasons, are unable to contribute to the same extent during certain periods of their working life.

In 2008, employees were given extensive information on how to use DnB NOR's health insurance to receive swifter treatment and thus reduce absence due to illness.

As an inclusive workplace, DnB NOR is committed to closely follo-wing up employees absent due to illness in cooperation with the Norwegian Labour and Welfare Organisation and to reducing, as far as possible, such periods of absence. Professional support in this area is provided by external occupational health services. DnB NOR seeks to adapt working hours to suit the different life phases and working situations of the employees.

HS&E and working environment training

The banking group endeavours to prevent injuries caused by robbe-ries and threats through extensive security procedures and training programmes.

The banking group has an internal programme to implement statutory working environment training for managers with personnel responsibility, safety representatives and members of the working environment committees. The aim of the training is to provide the necessary insight and knowledge to comply with the HS&E requirements laid down in the Working Environment Act and by DnB NOR. In 2008, 24 managers and 21 safety representatives completed this training.

Employees and working environment

In 2008, a total of 26 employees were exposed to threats, but none due to robberies. However, several of the threats were very serious and also entailed physical injury. In addition, 14 accidents and injuries were registered during working hours or in connection with commuting to and from work.

DnB NOR has several security training and aftercare program-mes. Special courses and drills in coping with robberies are followed by staff in the branch network, including real estate brokers. The other security courses are adapted to various target groups in DnB NOR. In 2008, 27 courses in coping with robberies were held. In addition, 71 employees attended courses for evacuation officers, 113 completed courses in threat management and 129 participated in security courses.

Equality

DnB NOR is committed to gender equality in the Group and to giving the same opportunities for professional and personal development, career progression, salary levels and other benefits. The Group also has flexible schemes that make it easier to combine a career with family life. DnB NOR seeks a more equal gender balance in its management teams. The target set by the Board of Directors for equality at the four top management levels in the Group calls for a minimum of 30 per cent women by the end of 2009. At the end of 2008, the proportion of women at the four top management levels was 25 per cent, on a level with 2007. If figures for management level five are included, the total female representation was 30 per cent.

The average fixed salary for women and men in the DnB NOR's Norwegian operations in 2008 was NOK 417 000 and NOK 531 000 respectively. At year-end 2008, 7 470 women and 5 737 men were employed in DnB NOR Bank Group.

Equal opportunity measures in DnB NOR:

- Priority to be given to female applicants for management positions, subject to equal qualifications
- The best female candidate to be considered for positions in units where women are in a minority
- Equality and diversity to be on the agenda in management training programmes
- All vacancies to be advertised internally
- Own development programme to be implemented for women

Macroeconomic developments

At the start of 2008, there was still strong economic expansion in Norway after four years with a high annual average GDP growth rate for mainland Norway of 5 per cent. Strong income growth and several years with low interest rate levels gave a steep rise in household demand. The Norwegian economy also received a strong impetus through the international boom and rising petroleum investments, which were partly attributable to high and increasing oil prices.

Later in 2008, however, the Norwegian economy showed signs of slowing growth. The first sign of a turnaround was a fall in housing prices and housing investment, followed by a decline in purchases of consumer durables and in corporate investments. In spite of more sluggish economic growth, the labour market remained tight, resulting in high wage increases following the wage negotiations in April and May. Annual wage growth in 2008 is estimated at 6.0 per cent, up from 5.4 per cent the previous year. Along with rising inflation, this induced Norges Bank to raise its key policy rate by 0.25 percentage points to 5.75 per cent with effect from 26 June, the sixteenth interest rate increase since May 2005, when the policy rate was a low 1.75 per cent.

During the second half of the year, it became more evident that the significant international financial turmoil was starting to influence the Norwegian economy. Unemployment rose markedly during the autumn. In December, 52 200 persons were registered as fully unemployed on a seasonally adjusted basis, a rise of 11 000 since August. The inflationary pressure was strongly reduced in the course of the autumn, as the 12-month rise in the consumer price index declined from 5.5 per cent in October to 2.1 per cent in December. The decline in the inflation rate was largely due to falling petrol and electricity prices, though other prices also showed a decreasing trend. Along with increasingly negative economic prospects, this caused Norges Bank to reduce its key policy rate by a total of 2.75 percentage points during the October through December period, bringing this rate to 3.0 per cent at year-end 2008.

Future economic developments are far more uncertain than for many years. If market participants foresee a weak trend, they become more cautious, reducing their purchases of goods and services and postponing or cancelling their investment plans. In turn, this will result in a reduction in overall demand and a more pronounced downturn.

The deepest international recession for 60 years is now anticipated and will have the most pronounced impact on large parts of the Norwegian export industry. In addition, a weak trend is expected in household consumption and investments, though extensive interest rate cuts will probably prevent a significant reduction.

There was a marked decrease in household credit demand towards the end of 2008. This trend will probably continue, in spite of low interest rates. A sharp drop is expected in corporate investment due to a lack of good projects. This will reduce companies' credit demand from the high level seen in 2007. However, some investment projects might be postponed or cancelled due to insufficient access to equity and loans. Reduced private demand will be counteracted by increasing public investments and the application of other fiscal incentives. Nevertheless, there will probably be a reduction in GDP parallel to rising unemployment.

Future prospects

During 2008, international financial markets and the global economy underwent a transition from high activity levels and prosperity to significant financial turmoil and a steep downturn. The sudden shift has had serious repercussions, and future developments remain highly uncertain. This also applies to the Norwegian financial services industry, in spite of the extensive measures implemented by the authorities, which are expected to contribute to solving some of the greatest challenges. The new stimulus package presented by the Norwegian government on 8 February 2009 is also expected to improve banks' lending capacity and capital position, while improving the situation in the Norwegian bond market. Overall, the stimulus packages are expected to dampen the slowdown in the Norwegian real economy.

Due to its open economy, international developments have a profound impact on Norway. This applies not least to export-oriented industries, which only to a limited extent can be shielded from the international recession. The petroleum sector and petroleum-related activities are also affected by changes in demand and price levels. Moreover, great volatility in the foreign exchange market represents a challenge for Norwegian-based operations.

Developments in DnB NOR will be affected by external events, especially in Norway. In this connection, the Norwegian economy and Norway's financial strength will represent an advantage. Nevertheless, a not insignificant rise in losses and write-downs is also expected in Norwegian operations. On the other hand, DnB NOR will be in a position to increase its initiatives aimed at Norwegian customers wishing to secure their financial positions and cash flows during these turbulent times. There is also reason to expect significant interest in bank savings and insurance products in future.

During the coming year, the DnB NOR Bank Group will give priority to extending credit to Norwegian and Norwegian-related operations. The banking group has sufficient capacity to meet normal credit growth in its Norwegian customer base. There was significant growth in these operations in 2008. However, it cannot be excluded that the drought in the international financial and bond markets will prevail, so that customers who have used financing sources other than Norwegian banks, may face greater challenges in future.

Due to the economic downturn and higher volumes of non-performing commitments, the banking group will strengthen its follow-up of problem commitments and cooperate with customers to solve problems. More resources will be allocated to these efforts.

Interest rate levels are expected to fall in light of lower economic activity and a certain normalisation in financial markets. In the short term, this could result in a certain rise in gains on securities and higher net interest income. In the longer term, however, interest spreads could come under pressure. This is particularly relevant for deposit rates, where the combination of fierce competition for deposits and low interest rate levels could make it difficult to maintain the same level of earnings. A prolonged low interest rate level could also represent a challenge for insurance operations. The DnB NOR Bank Group will meet these challenges by offering its customers the best total package of financial services.

The economic situation will also require stronger focus on streamlining operations. The implementation of the banking group's ongoing cost programme is a key element in these efforts. The programme will have total annual effects estimated at NOK 1.2 billion up until the end of 2010 and was ahead of schedule at year-end 2008. The process of upgrading the banking group's IT systems is well under way, and measures to stabilise operations have yielded good results. However, major initiatives remain, which will require extensive investments over the coming years.

In light of the financial turmoil and the downturn in the real economy, the banking group's strategic ambitions will have to be toned down somewhat in the short term. This applies in particular to growth ambitions outside Norway. Still, there will be scope for a high level of activity at the banking group's international offices in terms of services that do not affect the banking group's balance sheet. Growth in DnB NORD is expected to be scaled back. In the short term, the banking group will aim to strengthen operations and limit losses and the need for write-downs through a proactive consolidation process. There is great uncertainty about future macroeconomic developments, but at the start of 2009, the banking group has no reason to believe that the level of write-downs on loans will be higher than in the fourth quarter of 2008.

Allocation of profits

Profits in DnB NOR Bank ASA came to NOK 7 610 million. The profits were recorded againt equity. After allocations, distributable reserves total NOK 37.3 billion.

The banking group's capital adequacy has been under pressure due to rising write-downs, considerable financial market volatility and a weakening of the Norwegian krone relative to key currencies such as the US dollar and euro.

The banking group will consider various measures to improve the banking group's capital base, including building capital through operations. The banking group will also consider the measures to improve the capital situation of the financial industry introduced by the Norwegian government in its stimulus package on 8 February 2009. This will provide the basis for a continued robust balance sheet and make the banking group well prepared to handle the challenges presented by the economic downturn.

Oslo, 16 March 2009
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)

Income statement

DnB NOR Bank ASA				DnB NOR Bank Group	
2007	2008	*Amounts in NOK million*	Note	2008	2007
56 598	70 478	Total interest income	5	82 741	62 214
41 748	53 373	Total interest expenses	5	60 406	44 199
14 850	**17 105**	**Net interest income**	5	**22 335**	**18 015**
5 916	5 274	Commissions and fees receivable etc.	7	6 236	6 632
1 923	1 878	Commissions and fees payable etc.	7	2 021	2 040
3 009	1 626	Net gains on financial instruments at fair value	7, 8	3 430	3 187
0	0	Profit from companies accounted for by the equity method	7	632	9
2 621	1 695	Other income	7	1 569	1 628
9 624	**6 716**	**Net other operating income**	7	**9 847**	**9 416**
24 474	**23 821**	**Total income**		**32 182**	**27 431**
6 347	6 306	Salaries and other personnel expenses	9, 10	8 299	8 144
4 364	5 013	Other expenses	9	6 348	5 296
409	465	Depreciation and impairment of fixed and intangible assets	9	1 296	860
11 119	**11 784**	**Total operating expenses**	9	**15 942**	**14 300**
1 566	47	Net gains on fixed and intangible assets	12	52	2 481
75	1 586	write-downs on loans and guarantees	13, 14	3 509	220
14 846	**10 499**	**Pre-tax operating profit**		**12 784**	**15 392**
3 705	2 889	Taxes	15	3 568	4 010
0	0	Profit from discontinuing operations after taxes		0	0
11 141	**7 610**	**Profit for the year**		**9 215**	**11 382**
-	-	Profit attributable to shareholders		9 508	11 139
-	-	Profit attributable to minority interests		(293)	242
64.56	43.45	Earnings per share (NOK) [1)]		52.62	64.55
0.00	0.00	Earnings per share for discontinuing operations (NOK) [1)]		0.00	0.00

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

Balance sheet [1)]

DnB NOR Bank ASA				DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	Note	31 Dec. 2008	31 Dec. 2007
		Assets			
6 602	47 705	Cash and deposits with central banks		51 147	9 816
178 742	245 652	Lending to and deposits with credit institutions	18, 20, 21	54 187	52 302
763 472	824 223	Lending to customers	19, 20, 21	1 206 842	980 239
112 273	82 058	Commercial paper and bonds	24	58 219	114 542
8 731	9 317	Shareholdings	25, 26	9 642	9 104
65 135	137 751	Financial derivatives	49	136 567	64 445
0	100 278	Commercial paper bonds, held to maturity	27	100 278	0
0	0	Investment property	28	167	170
585	1 069	Investments in associated companies	29	2 499	1 416
12 716	19 192	Investments in subsidiaries	30	-	-
2 087	2 173	Intangible assets	31	6 105	4 733
8	10	Deferred tax assets	15	253	128
882	844	Fixed assets	33, 34	5 271	3 439
0	0	Discontinuing operations [2)]		246	225
13 087	5 941	Other assets	35	6 781	9 067
1 164 320	**1 476 214**	**Total assets**		**1 638 205**	**1 249 625**
		Liabilities and equity			
129 162	147 371	Loans and deposits from credit institutions	37	178 834	144 228
510 745	570 312	Deposits from customers	38	606 915	542 307
63 257	119 168	Financial derivatives	49	93 207	61 731
335 772	507 680	Securities issued	39	614 183	371 784
343	215	Payable taxes		317	767
1 100	3 734	Deferred taxes	15	5 054	1 381
25 711	10 608	Other liabilities	42	12 380	23 205
0	0	Discontinuing operations		0	0
4 566	4 299	Provisions	41	4 607	4 930
32 491	43 612	Subordinated loan capital	40	45 225	33 226
1 103 147	**1 406 998**	**Total liabilities**		**1 560 721**	**1 183 558**
-	-	Minority interest		4 211	2 662
17 514	17 514	Share capital		17 514	17 514
12 695	12 695	Share premium reserve		13 411	13 411
30 964	39 007	Other equity		42 346	32 480
61 173	**69 217**	**Total equity**		**77 483**	**66 068**
1 164 320	**1 476 214**	**Total liabilities and equity**		**1 638 205**	**1 249 625**
		Off-balance sheet transactions and contingencies	53		

1) See note 16 for a classification of financial instruments and note 17 for information on fair value of financial instruments.

2) Includes long-term assets held for sale.

Statement of changes in equity

DnB NOR Bank ASA

Amounts in NOK million	Share capital	Share premium reserve [2]	Other equity [1) 3)]	Total equity [1)]
Balance sheet as at 1 January 2007	**17 214**	**9 995**	**20 039**	**47 249**
Net change in currency translation reserve			(216)	(216)
Profit for the period			11 141	11 141
Net income for the period			10 924	10 924
Share issue	300	2 700		3 000
Balance sheet as at 31 December 2007	**17 514**	**12 695**	**30 964**	**61 173**
Net change in currency translation reserve			434	434
Profit for the period			7 610	7 610
Net income for the period			8 044	8 044
Balance sheet as at 31 December 2008	**17 514**	**12 695**	**39 007**	**69 217**

1) *Of which currency translation reserve:*

Balance sheet as at 1 January 2007	*(32)*	*(32)*
Net change	*(216)*	*(216)*
Balance sheet as at 31 December 2007	*(248)*	*(248)*
Net change	*434*	*434*
Balance sheet as at 31 December 2008	*185*	*185*

2) *The share premium reserve can be used to cover financial losses.*

3) *Other equity can be used in accordance with stipulations in the Public Limited Companies Act.*

The restricted share of retained earnings (fund for unrealised gains) in DnB NOR Bank ASA totalled NOK 1 725 million at 31 December 2008 and NOK 2 516 million as at 31 December 2007.

Statement of changes in equity (continued)

DnB NOR Bank Group

Amounts in NOK million	Minority interests [1]	Share capital	Share premium reserve [2]	Other equity [1] [3]	Total equity [1]
Balance sheet as at 1 January 2007	**2 201**	**17 214**	**10 711**	**27 054**	**57 181**
Net change in currency translation reserve	(72)			(168)	(240)
Profit for the period	242			11 139	11 382
Net income for the period	171			10 972	11 142
Dividends paid for 2006				(5 544)	(5 544)
Share issue		300	2 700		3 000
Minority interests DnB NORD	261				261
Other minority interests	30				30
Balance sheet as at 31 December 2007	**2 662**	**17 514**	**13 411**	**32 480**	**66 068**
Net change in currency translation reserve	552			357	909
Profit for the period	(293)			9 508	9 215
Net income for the period	259			9 865	10 124
Net dividends/group contribution paid for 2007				0	0
Minority interests DnB NORD	1 305				1 305
Other minority interests	(15)				(15)
Balance sheet as at 31 December 2008	**4 211**	**17 514**	**13 411**	**42 346**	**77 483**

1) *Of which currency translation reserve:*

Balance sheet as at 1 January 2007	*44*			*(39)*	*6*
Net change	*(72)*			*(168)*	*(240)*
Balance sheet as at 31 December 2007	*(28)*			*(206)*	*(234)*
Adjustment to currency translation reserve DnB NORD				*20*	*20*
Net change	*552*			*357*	*909*
Balance sheet as at 31 December 2008	*524*			*170*	*695*

2) *The share premium reserve can be used to cover financial losses.*

3) *Other equity can be used in accordance with stipulations in the Public Limited Companies Act.*

Cash flow statement

DnB NOR Bank ASA			DnB NOR Bank Group	
2007	2008	*Amounts in NOK million*	2007	2007
		Operations		
(49 089)	(7 482)	Net payments on loans to customers	(152 300)	(146 922)
59 589	38 198	Net receipts on deposits from customers	42 427	63 859
41 105	51 882	Interest received from customers	71 823	50 680
(17 296)	(24 112)	Interest paid to customers	(25 220)	(18 052)
		Net receipts/payments on the sale/acquisition of financial assets		
26 919	(49 460)	for investment or trading	(28 759)	(967)
4 027	3 398	Net receipts on commissions and fees	4 217	4 625
(13 087)	(8 821)	Payments to operations	(12 148)	(15 816)
(2 671)	(386)	Taxes paid	(927)	(2 832)
993	1 692	Other receipts	1 566	1 607
50 489	**4 909**	**Net cash flow relating to operations**	**(99 322)**	**(63 819)**
		Investment activities		
2 857	(462)	Net receipts/payments on the sale/acquisition of fixed assets	(3 351)	3 187
9	50	Receipts on the sale of long-term investments in shares	133	9
(4 080)	(6 993)	Payments on the acquisition of long-term investments in shares	(2 721)	(4 080)
1 347	144	Dividends received on long-term investments in shares	147	248
133	**(7 261)**	**Net cash flow relating to investment activity**	**(5 792)**	**(636)**
		Funding activity		
(49 164)	(46 802)	Net receipts/payments on loans to/from credit institutions	12 969	29 435
(7 064)	(198)	Net receipts/payments on other short-term liabilities	10 976	(2 416)
25 377	104 901	Net issue of bonds and commercial paper [1)]	151 691	58 281
5 436	8 030	Issue of subordinated loan capital	8 747	5 583
(3 917)	(3 196)	Redemptions of subordinated loan capital	(3 196)	(4 017)
3 000	0	Receipts of increase in share capital	0	3 000
(7 700)	(379)	Dividend/group contribution payments	(1 807)	(7 700)
(14 553)	(19 054)	Net interest payments on funding activity	(32 990)	(20 420)
(48 586)	**43 302**	**Net cash flow from funding activity**	**146 390**	**61 745**
2 036	**40 950**	**Net cash flow**	**41 276**	**(2 710)**
21 783	23 819	Cash as at 1 January	15 520	18 230
2 036	40 950	Net receipts of cash	41 276	(2 710)
23 819	64 769	Cash as at 31 December [*)]	56 795	15 520
		*) *Of which:*		
6 602	*47 705*	*Cash and deposits with central banks*	*51 147*	*9 816*
17 217	*17 064*	*Deposits with credit institutions with no agreed period of notice* [2)]	*5 648*	*5 703*

1) *A significant share of the operations was funded by issuing bonds and commercial paper in 2006 and 2007.*
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.

Note 1 Accounting principles

CONTENTS

1. CORPORATE INFORMATION

DnB NOR Bank ASA is a subsidiary of DnB NOR ASA, which is a Norwegian public limited company listed on Oslo Børs (the Oslo Stock Exchange). The accounts for 2008 were approved by the Board of Directors on 16 March 2009. The visiting address to the banking group's head office is Stranden 21, Oslo, Norway.

2. BASIS FOR PREPARING THE ACCOUNTS

DnB NOR Bank has prepared consolidated accounts for 2008 in accordance with IFRS, International Financial Reporting Standards, as approved by the EU.

The consolidated accounts are based on the historic cost principle, with the following exceptions: financial assets available for sale, financial assets and liabilities (including financial derivatives) carried at fair value through profit or loss and investment property. The consolidated accounts are presented in Norwegian kroner. Unless otherwise specified, values are rounded off to the nearest million.

3. CHANGES IN ACCOUNTING PRINCIPLES

In October 2008, the International Accounting Standards Board, IASB, approved amendments to IAS 39 Financial Instruments: Recognition and Measurements and IFRS 7 Financial Instruments – Disclosure. The EU approved the amendments in October. Following the amendments, it is permitted to reclassify certain financial assets in the categories "fair value through profit or loss" and "available for sale" to other categories for financial assets. To qualify for reclassification, special circumstances must have occurred, and according to the IASB, the situation in the credit markets can be regarded as rare circumstances. The reclassifycation could be made with accounting effect from 1 July 2008.

The banking group has reclassified the liquidity portfolio in DnB NOR Markets from "fair value through profit or loss" to the "held to maturity" category. The portfolio comprises highly rated securities which, among other things, are used as collateral for central bank loans. On initial recognition, the liquidity portfolio was listed in an active market and was included in the "fair value through profit or loss" category. During the ongoing financial turmoil, the bond markets, with the exception of the market for government paper, have gradually become inactive and illiquid. With effect from 1 July 2008, the banking group intends to hold the liquidity portfolio to maturity. Amortised cost on the reclassification date represents fair value as at 1 July 2008.

The amendments to IFRS 7 require that the reclassification be described and that the value of the liquidity portfolio based on the principles applied before the reclassification be reported. See note 27 Commercial paper and bonds, held to maturity, for a description of the effects of the reclassification.

IFRS 8 Operating Segments entered into force on 1 January 2009, replacing IAS 14. The new standard places greater emphasis on management's internal review of operations. The banking group has chosen early application of IFRS 8, taking the standard into use as from 2008. IFRS 8 has not resulted in changes in the number of segments presented.

4. CONSOLIDATION AND BUSINESS COMBINATIONS

The consolidated accounts for DnB NOR Bank ASA ("DnB NOR Bank" or "the banking group") include DnB NOR Bank, subsidiaries and associated companies.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and associated companies and are based on the same reporting periods as those used for the parent company.

When preparing consolidated accounts, intra-group transactions and balances along with unrealised gains or losses on these transactions between group units are eliminated.

The purchase method is applied for acquisitions of operations. Cost is measured at fair value of the consideration, taking account of any equity instruments issued in addition to any direct costs relating to the transaction. Possible share issue expenses are not included in cost, but deducted from equity.

Acquired identifiable tangible and intangible assets and liabilities are recorded at fair value at the time of acquisition. If cost exceeds the fair value of identifiable assets and liabilities, the excess will be recorded as goodwill. Goodwill is not amortised, but is subject to impairment testing on an annual basis or more frequently if there are indications of impairment. If cost is lower than the fair value of identifiable assets and liabilities, the difference will be recognised in the income statement on the transaction date.

In connection with acquisitions of less than 100 per cent of assets, 100 per cent of excess fair value is recorded in the balance sheet, with the exception of goodwill, where only the banking group's share is included.

Subsidiaries and associated companies

Subsidiaries are defined as companies in which DnB NOR Bank has control, directly or indirectly, through ownership or other means and a holding of more than 50 per cent of the voting share capital or primary capital. DnB NOR Bank recognises the existence of de facto control, but generally assumes to have control when holding more than 50 per cent of the voting share capital or primary capital in another entity. With respect to companies where the banking group's holding is less than 50 per cent, DnB NOR Bank makes an assessment of whether other factors indicate de facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the banking group. Subsidiaries that are sold are consolidated up till the time risk and control are transferred.

Associated companies are companies in which DnB NOR Bank has a significant influence, that is the power to participate in the financial and operating policy decisions of the companies, but is not in control or joint control of the companies. An assumption of significant influence exists when DnB NOR bank holds between 20 and 50 per cent of the voting share capital or primary capital in another entity.

Associated companies are recognised in the group accounts according to the equity method. The investment is recorded at cost at the time of acquisition and is adjusted for subsequent changes in the banking group's share of equity in the associated company. Any goodwill is included in the acquisition cost.

The banking group's share of profits or losses is recognised in the income statement and added to the balance sheet value of the investment along with other changes in equity which have not been reflected in the income statement. The banking group's share of losses is not reflected in the income statement if the balance sheet value of the investment will then be negative, unless the banking group has taken on commitments or issued guarantees for the commitments of the associated company.

The banking group's share of unrealised gains on transactions between the banking group and its associated companies is eliminated. The same applies to unrealised losses provided that the transaction indicates a need for a write-down of the transferred assets.

Conversion of transactions in foreign currency

Norwegian kroner serve as the reporting currency for the banking group. The major entity in the banking group, DnB NOR Bank ASA, has Norwegian kroner as its functional currency. Balance sheet items of foreign branches and subsidiaries are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are charged directly to equity. In the statutory accounts, investments in subsidiaries are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date when such items are hedged.

Monetary assets and liabilities in foreign currency are translated at exchange rates prevailing on the balance sheet date. Changes in value of such assets due to exchange rate movements between the transaction date and the balance sheet date, are recognised in the income statement.

5. RECOGNITION IN THE INCOME STATEMENT

Interest income is recorded using the effective interest method. This implies that nominal interest is recorded when incurred, with the addition of amortised front-end fees less direct marginal establishment costs, e.g. paid credit broking commissions. Interest is recorded according to the effective interest method with respect to both balance sheet items carried at amortised cost and balance sheet items carried at fair value in the income statement. Interest taken to income on impaired commitments corresponds to the effective interest rate on the written-down value. Cf. "Measurement at fair value", "Measurement at amortised cost" and "Impairments on financial assets" in item 7.

Fees and commissions are included in the income statement when the services are rendered. Fees for the establishment of loan agreements are included in cash flows when calculating amortised cost and recorded under "Net interest income" using the effective interest method. Fees that are incurred when establishing financial guarantees are included in the valuation and recorded over the term of the contract under "Net gains on financial instruments at fair value". "Net other operating income" includes fees and commissions relating to money transfers, success fees, credit broking, corporate finance and securities services. Such fees and commissions are recorded in the income statement when the services are rendered. Success fees are recorded when the fees with a high degree of uncertainty have been earned and can be measured in a reliable manner.

Unrealised gains and losses on interest rate hedges in connection with changes in market rates on fixed-rate deposits and borrowings in foreign currencies are recorded under "Net interest income".

Dividends on investments are recognised from the date the dividends were approved at the general meeting.

6. RECOGNITION OF ASSETS AND LIABILITIES

Assets and liabilities are recorded in the balance sheet of the banking group at the time the group assumes actual control of the rights to the assets and takes on a real commitment.

Assets are derecognised at the time actual risk relating to the assets is transferred and control of the rights to the assets is annulled or expired.

With respect to financial assets where either risk, control or returns have not been transferred, an assessment should be made of whether the asset should be derecognised. Upon the transfer to loan portfolios for which the banking group retains the major part of the exposure, the assets are not derecognised. The asset's recorded value is limited to the amount for which the company still carries risk.

Upon the sale of assets or operations which are still in use within the banking group, for example in connection with outsourcing, the transaction's effects on profits and future income and costs are assessed together.

7. FINANCIAL INSTRUMENTS

Classification of financial instruments

On initial recognition financial assets are classified in one of the following categories according to the purpose of the investment:

- Financial assets held for trading (trading portfolio), carried at fair value with changes in value recognised in profit or loss
- Financial instruments designated as at fair value with changes in value recognised in profit or loss
- Financial derivatives designated as hedging instruments
- Loans and receivables, carried at amortised cost
- Held-to-maturity investments, carried at amortised cost
- Available-for-sale financial instruments carried at fair value, with changes in value recorded against equity

On initial recognition financial liabilities are classified in one of the following categories:

- Financial liabilities held for trading (trading portfolio), carried at fair value with changes in value recognised in profit or loss
- Financial liabilities designated as at fair value with changes in value recognised in profit or loss
- Other financial liabilities carried at amortised cost

Guidelines for classification in the various portfolios of the banking group are given below.

Financial assets and liabilities in the trading portfolio
Instruments in the trading portfolio are typically subject to frequent trading and positions are established with an aim to obtain short-term gains.

The trading portfolio mainly includes financial assets in DnB NOR Markets, financial derivatives excluding derivatives used for hedging. The liquidity portfolio in DnB NOR Markets has been reclassified from the trading portfolio to the held-to-maturity category. In addition, the portfolio includes securities issued and deposits where instruments are used actively in interest rate and liquidity management and have a short remaining maturity.

Financial assets and liabilities designated as at fair value with changes in value recognised in profit or loss
These are assets and liabilities which on initial recognition are defined as designated as at fair value with changes in value recognised in profit or loss. These portfolios include commercial paper and bonds, equities, fixed-rate loans in Norwegian kroner, fixed-rate securities issued in Norwegian kroner, such as index-linked bonds and equity-linked bank deposits and other fixed-rate deposits in Norwegian kroner, as well as financial guarantees.

Financial derivatives designated as hedging instruments
Financial derivatives used in hedge accounting to manage interest rate risk are included in this category.

Loans and receivables carried at amortised cost
The loans and liabilities category mainly includes portfolios of loans that are not traded in an active market, carried at fair value through profit or loss or available for sale.

Held-to-maturity investments carried at amortised cost
Securities held to maturity are carried at amortised cost. After the reclassification, the liquidity portfolio is carried at amortised cost.

Available-for-sale financial instruments carried at fair value, with changes in value recorded against equity
Assets which are not included in other categories, are classified as available for sale.

Other financial liabilities carried at amortised cost
Other financial liabilities that are not included in the trading portfolio or the portfolio designated as at fair value with changes in value recognised in profit or loss, are carried at amortised cost.

Measurement

Initial recognition of financial instruments
Financial instruments are measured at fair value on the trading date. With respect to financial instruments carried at fair value through profit or loss, fair value on the trading date will be the transaction price, unless gains or losses have been realised or identified. Financial instruments carried at amortised cost are recorded at the transaction price less direct transaction costs.

Subsequent measurement

<u>Measurement at fair value</u>
Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between independent parties. Calculations are based on the going concern assumption, and provisions for credit risk on the instruments are reflected in the measurement.

Financial assets and liabilities are measured at bid or asking prices respectively. Derivatives which are carried net, are recorded at mid-market prices on the balance sheet date. Listed financial equity instruments covering insurance obligations are measured at the most recent listed transaction price.

Instruments traded in an active market
Most of the banking group's financial derivatives, e.g. forward currency contracts, forward rate agreements (FRAs), interest rate options, currency options, interest rate swaps and interest rate futures, are traded in an active market. In addition, some investments in equities and commercial paper and bonds are traded in active markets.

A market is considered active if it is possible to obtain external, observable prices, exchange rates or volatilities and these prices represent actual and frequent market transactions. With respect to instruments traded in an active market, quoted prices are used, obtained from a stock exchange, a broker or a price-setting agency. If no prices are quoted for the instrument, it is decomposed and valued on the basis of quoted prices on the individual components.

Instruments not traded in an active market
Financial instruments not traded in an active market are valued according to different valuation techniques and are divided into two categories:

Valuation based on observable market data:

- recently observed transactions in the relevant instrument between informed, willing and independent parties
- instruments traded in an active market which are substantially similar to the instrument that is valued
- other valuation techniques where key parameters are based on observable market data

Valuation based on other factors than observable market data:

- cash flows
- valuation of assets and liabilities in companies

- models where key parameters are not based on observable market data
- possible industry standards

When using valuation techniques, values are adjusted for credit and liquidity risk. Valuations are based on pricing of risk for similar instruments. Cf. also note 24 Commercial paper and bonds at fair value and note 25 Shareholdings.

<u>Measurement at amortised cost</u>

Financial instruments not recorded at fair value are recorded at amortised cost, and income is calculated based on the instrument's effective interest rate. The effective interest rate is set by discounting contractual cash flows based on the expected life of the financial instrument. Cash flows include front-end fees and direct marginal transaction costs not paid directly by the customer, as well as any residual value at the end of the expected life of the instrument. Amortised cost is the net present value of such cash flows discounted by the effective interest rate.

<u>Impairment of financial assets</u>

On each balance sheet date, the banking group will consider whether there are objective indications that the financial assets have decreased in value. A financial asset or group of financial assets is written down if there are objective evidences of impairment. Objective evidences of a decrease in value include serious financial problems on the part of the debtor, non-payment or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other special circumstances that have occurred.

Impairment of other financial assets is recognised in the income statement according to the nature of the asset.

Individual write-downs on loans and guarantees

If objective indications of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the effective interest rate. Renegotiation of loan terms to ease the position of the borrower qualifies as objective indications of impairment. In accordance with IAS 39, the best estimate is used to assess future cash flows. The effective interest rate used is the effective interest rate on the loan prior to the identification of objective indications of impairment. The effective interest rate used for discounting is not adjusted to reflect changes in the credit risk and terms of the loan due to objective indications of impairment being identified.

Individual write-downs on loans reduce the value of the commitments in the balance sheet. Changes in the assessed value of loans during the period are recorded under "Write-downs on loans and guarantees". Interest calculated according to the effective interest method on the written-down value of the loan is included in "Net interest income".

Group write-downs on loans

Loans which have not been individually evaluated for impairment, are evaluated collectively in groups. Loans which have been individually evaluated, but not written down, are also evaluated in groups.

The evaluation is based on objective evidence of a decrease in value that has occurred on the balance sheet date and can be related to the group.

Loans are grouped on the basis of similar risk and value characteristics in accordance with the division of customers into main sectors or industries and risk categories. The need for write-downs is estimated per customer group based on estimates of the general economic situation and loss experience for the respective customer groups.

Group write-downs reduce the value of the commitments in the balance sheet. For loans, changes during the period are recorded under "Write-downs on loans and guarantees". Like individual write-downs, group write-downs are based on discounted cash flows. Cash flows are discounted on the basis of statistics derived from individual write-downs. Interest is calculated on commitments subject to group write-downs according to the same principles and experience base as for commitments evaluated on an individual basis.

Repossession of assets

Assets which are repossessed as part of the management of non-performing and impaired commitments, are recorded at fair value at the time of acquisition. Such assets are recorded in the balance sheet according to the nature of the asset. Subsequent valuations and classification of the impact on profits follow the principles for the relevant balance sheet item.

Presentation in the balance sheet and income statement

Lending

Loans are recorded, dependent on the counterparty, either as lending to and deposits with credit institutions or lending to customers, regardless of measurement principle.

Interest income on instruments classified as lending are included in "Net interest income" using the effective interest method, irrespective of measurement principle. The method is described above under "Measurement at amortised cost".

A decrease in value on the balance sheet date based on objective indications of impairment for loans valued at amortised cost and in the portfolios of fixed-rate loans measured at fair value, are reflected in "Write-downs on loans and guarantees".

Other changes in value of the portfolios of fixed-rate loans measured at fair value, and changes in value of loans included in the trading portfolio are included under "Net gains on financial instruments at fair value".

Commercial paper and bonds

This category includes commercial paper and bonds which DnB NOR Bank has no intention of holding to maturity. The portfolio includes both commercial paper and bonds in the trading portfolio and commercial paper and bonds designated as at fair value through profit or loss.

Interest income and expenses on other portfolios of commercial paper and bonds are included in "Net interest income" using the effective interest method. Other changes in value are recorded under "Net gains on financial instruments at fair value" in the income statement.

Shareholdings

Shareholdings include shareholdings in the trading portfolio as well as shareholdings and mutual funds designated as at fair value.

Changes in value of other shareholdings are recorded under "Net gains on financial instruments at fair value".

Financial derivatives

Financial derivatives are classified as either financial derivatives in the trading portfolio or as derivatives used in hedge accounting.

Financial derivatives are presented as assets if the value is positive and as liabilities if there is a negative value. Netting is undertaken if the banking group has a legally binding netting agreement with its counterparty and intends to make a net redemption or sell the asset and meet the obligation at the same time.

Interest income and expenses on other financial derivatives are included in "Net interest income" using the effective interest method. Other changes in value are recorded under "Net gains on financial instruments at fair value".

Shareholdings available for sale

Unrealised changes in value in the available-for-sale portfolio are recorded against equity. If a decrease in value on the balance sheet date is considered to be significant relative to the original cost and not of a temporary nature, the difference is recognised in the income statement. When realised, such gains or losses are recorded under "Net realised gains on investment securities (AFS)".

As at 31 December 2007 and 2008, none of the banking group's shareholdings were classified as available for sale.

Commercial paper and bonds, held to maturity

The portfolio consists of long-term securities which the banking group both intends and is able to hold to maturity. This category includes the liquidity portfolio in DnB NOR Markets, which was reclassified with effect from 1 July 2008.

Loans and deposits from credit institutions and deposits from customers

Liabilities to credit institutions and customers are recorded, dependent on the counterparty, either as loans and deposits from credit institutions or deposits from customers, regardless of measurement category.

Interest expenses on such instruments are included in "Net interest income" using the effective interest method. Other changes in value are recorded under "Net gains on financial instruments at fair value".

Securities issued and subordinated loan capital

Securities issued and subordinated loan capital includes commercial paper issued, bond debt, subordinated loan capital and perpetual subordinated loan capital securities, regardless of measurement category.

Interest expenses on such instruments are included in "Net interest income" using the effective interest method. Other changes in value are recorded under "Net gains on financial instruments at fair value" in the income statement and include changes in value due to changes in credit margins.

Financial guarantee contracts and loan commitments

Contracts that require the banking group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms in a debt instrument, are classified as financial guarantee contracts.

Loan commitments are classified as financial liabilities if the commitments can be traded or have a significant financial value. Loan commitments are linked to relevant market prices and credit assessments. The Group had no such loan commitments as at 31 December 2008.

Except for individually identified impaired commitments, any changes in the fair value of financial guarantee contracts issued are recorded as "Net gains on financial instruments at fair value". Changes in the value of such guarantee contracts are recorded under "Net write-downs on loans and guarantees". The fair values of financial guarantee contracts issued are recorded under "Provisions" in the balance sheet.

Hedge accounting

The banking group uses fair value hedging to manage interest rate risk on long-term borrowings and deposits in foreign currencies.

When instruments are hedged on an individual basis, there is a clear, direct and documented correlation between changes in the value of the hedged item and changes in the value of the financial derivative (hedging instrument).

Upon entering into the hedge relationship, the correlation between the hedged item and the hedging instrument is documented. In addition, the goal and strategy underlying the hedging transaction are documented. Correlations are verified in the form of a test of hedge effectiveness at the beginning and end of the relevant period. Hedge effectiveness is measured at regular intervals by assessing whether the terms and conditions for the hedging instrument and the hedged item are congruent. Hedging instruments are recorded at fair value and included under "Net gains on financial instruments at fair value" in the income statement. In hedge relationships, changes in fair value attributable to the hedged risk will be recorded as an addition to or deduction from financial liabilities and assets. The change in value will be included under "Net gains on financial instruments at fair value" in the income statement.

If the hedge relationship ceases or adequate hedge effecttiveness cannot be verified, the change in value of the hedged item is amortised over the remaining maturity.

DnB NOR Bank ASA undertakes fair value hedging of investments in subsidiaries to eliminate the currency risk on the invested amount. Hedging transactions are in the form of currency swaps or long-term borrowings in foreign currency. For the DnB NOR Bank Group, net investments in subsidiaries are hedged through cash flow hedges for an amount corresponding to DnB NOR Bank ASA's investments.

8. LEASING

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. Finance leases are classified as lending and at the inception of the lease, its value is set at an amount equal to the net investment in the lease. The net investment represents minimum lease payments, unguaranteed residual values and any direct expenses incurred by the lessor in negotiating the lease, discounted by the implicit interest rate (internal rate of return). Leasing income is recorded according to the annuity method, where the interest component is recorded under "Net interest income" while instalments reduce the balance sheet value of lending.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incident to ownership. Operating leases include leases where DnB NOR Bank offers the lessee a guaranteed residual value at the end of the lease period. Operating assets are recorded as machinery, fixtures and fittings and means of transport. Income from operating leases is recognised over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the lessee's benefit. Depreciation in the accounts is classified as ordinary depreciation.

9. INVESTMENT PROPERTY, OWN BUILDINGS AND OTHER FIXED ASSETS

Buildings acquired for rental to tenants outside the banking group are classified as investment property. Multi-purpose buildings are classified partly as investment property and partly as own buildings provided that the building can be divided into sections that can be sold separately. If the building cannot be divided, it is classified as a building for own use unless the own use is only for an insignificant portion of the property. Buildings for own use which the banking group intends to sell, are reclassified as "non-current assets held for sale". Other tangible assets are classified as other fixed assets.

Investment properties are measured initially at cost and thereafter at fair value on the balance sheet date. No annual depreciation is made on investment property. Internal and external expertise is used for valuations. A selection of external appraisals are obtained and compared with internal valuations. Sensitivity tests are carried for various estimates of parameter values included in an overall evaluation.

Buildings acquired for own use and other tangible assets are recorded at cost less accumulated depreciation and write-downs. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalised on the relevant assets when it is probable that future economic benefits associated with the expenditure will flow to DnB NOR Bank and can be measured reliably. Expenses for repairs and maintenance are recorded in the income statement as they occur.

Fixed assets held for sale are recorded at the lower of balance sheet value and fair value, excluding selling expenses.

Land and art objects are not depreciated. Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:

Buildings for own use	50-100	years
Technical installations	10	years
Machinery	3-10	years
Fixtures and fittings	5-10	years
Computer equipment	3-5	years
Means of transport	5-7	years

The residual values and useful lives of the assets are reviewed annually and adjusted if required. Gains and losses on the sale of fixed assets are recorded under "Net gain on fixed and intangible assets" in the income statement.

10. INTANGIBLE ASSETS

Goodwill

An impairment test is made for all cash-generating units for goodwill to verify whether fair values exceeds recorded values. The choice of cash-generating unit is based on where it is possible to identify and separate cash flows relating to operations. A cash-generating unit may include goodwill from several transactions, and the impairment test is carried out on the unit's total recorded goodwill. Future cash flows are based on historical results and available budgets and plan figures approved by management. Beyond the plan period, which in most cases is three years, cash flow trends are assumed to reflect market expectations for the type of operations carried out by the cash-generating unit.

The required rate of return/discount rate is based on an assessment of the market's required rate of return for the type of operations carried out by the cash-generating unit. This required rate of return reflects the risk of operations. Goodwill from the acquisition of companies generating cash flows in foreign currencies is translated at rates of exchange ruling on the balance sheet date.

Development of IT systems and software

Acquired software is recorded at cost with the addition of expenses incurred to make the software ready for use. Identifiable costs for internally developed software controlled by the banking group where it is probable that economic benefits will cover development expenses at the balance sheet date, are recorded as intangible assets. When assessing balance sheet values, the economic benefits are evaluated on the basis of profitability analyses. Identifiable expenses include expenses covering pay to employees directly involved in the project, materials and a share of directly related overhead expenses. Expenses relating to maintenance of software and IT systems are charged to the income statement as they occur. Software expenses recorded in the balance sheet are depreciated according to the straight line principle over their expected useful life, usually five years. The need for impairment testing is considered according to the principles described below.

Impairment of fixed and intangible assets

On each reporting date and if there is any indication of a decrease in value of fixed and intangible assets, the recoverable amount of the asset is calculated to estimate possible impairment needs. The recoverable amount represents the higher of an asset's fair value less costs to sell and its value in use. If the asset's recorded value exceeds the estimated recoverable amount, the asset is immediately written down to its recoverable amount. See note 32 Cash-generating units with goodwill and intangible assets with an indefinite useful life, for a description of impairment testing.

11. PENSIONS

Defined-benefit occupational pension schemes

In a defined-benefit scheme, the employer is committed to paying future specified pension benefits.

The basis for calculating pension expenses is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Expenses are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to pensions.

Pension commitments which are administered through life insurance companies, are matched against funds within the scheme. When total pension funds exceed estimated pension commitments on the balance sheet date, the net value is classified as an asset in the balance sheet if it has been rendered probable that the overfunding can be utilised to cover future commitments. When pension commitments exceed pension funds, the net commitments are classified under liabilities in the balance sheet. Each scheme is considered separately.

Pension commitments which are not administered through life insurance companies, are recorded as liabilities in the balance sheet.

Pension commitments represent the present value of estimated future pension payments which in the accounts are classified as accumulated on the balance sheet date. The calculation of pension commitments is based on actuarial and economic assumptions about life expectancy, rise in salaries and early retirement. The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.

Deviations in estimates are recorded in the income statement over the average remaining service period when the difference exceeds the greater of 10 per cent of pension funds and 10 per cent of pension commitments.

The financial effects of changes in pension schemes are recorded as income or charged to expense on the date of the change, unless the rights under the new pension scheme are conditional on the employee remaining in service for a specified period.

Pension expenses are based on assumptions determined at the start of the period. Expenses in connection with the accumulation of pension rights are classified as personnel expenses in the income statement. Employer's contributions are included in pension expenses and pension commitments.

The DnB NOR Group's life insurance company, Vital Forsikring ASA, largely administers the banking group's pension schemes in Norway. No eliminations are made with respect to the banking group's pension commitments and pension funds or for pension expenses and premium income in the income statement.

Defined-contribution occupational pension schemes

Under defined-contribution pension schemes, the banking group does not commit itself to paying specified future pension benefits, but makes annual contributions to the employees' group pension savings. Future pensions will depend on the size of annual contributions and the annual return on pension savings. After paying annual contributions, the banking group thus has no further commitments linked to employees' work performance. Thus, no allocations are made for accrued pension commitments in such schemes. Defined-contribution pension schemes are charged directly to the income statement.

12. INCOME TAX

Taxes for the year comprise payable taxes for the financial year, any payable taxes for previous years and changes in deferred taxes on temporary differences. Temporary differences are differences between the recorded value of an asset or liability and the taxable value of the asset or liability. Deferred taxes are calculated on the basis of tax rates and tax rules that are applied on the balance sheet date or are highly likely to be approved and are expected to be applicable when the deferred tax asset is realised or the deferred tax liability settled. The most significant temporary differences refer to pensions, depreciation of fixed assets and properties and revaluations of certain financial assets and liabilities.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilised. Deferred taxed and deferred tax assets in the tax group are recorded net in DnB NOR Bank's balance sheet.

Payable and deferred taxes are recorded against equity if the taxes refer to items recorded against equity during the same or in previous periods.

Tax group

DnB NOR Bank's tax group consists of the parent company DnB NOR Bank ASA and Norwegian subsidiaries where DnB NOR Bank owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings. Tax positions within the tax group are evaluated collectively. Transactions between Norwegian units in the tax group are considered on a continuity basis to ensure that they do not affect taxes in the income statement.

13. SEGMENTS

Segment reporting is in compliance with IFRS 8 Operating Segments and is based on internal management reporting and resource allocation.

The income statement and balance sheets for segments have been prepared on the basis of internal financial reporting for the functional organisation of the banking 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 are based on a number of assumptions, estimates and discretionary distribution. See note 4 Segments.

The operational structure of the banking group includes four business areas and four staff and support units. DnB NORD 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.

According to DnB NOR's management model, the business areas are independent profit centres with responsibility for meeting requirements for return on allocated capital. All of the banking group's customer activities are divided among the business areas, along with the related balance-sheet items, income and expenses.

Excess liquidity and liquidity deficits in the business areas are placed in or borrowed from the bank's treasury function at market terms, where interest rates are based on duration and the banking group's financial position.

When business areas cooperate on the delivery of financial services to customers, internal deliveries are based on market prices or simulated market prices according to special agreements. In certain cases where it is particularly difficult to find relevant principles and prices for the distribution of items between two cooperating business areas, the banking group has chosen to show net contributions from each transaction in both business areas. The impact on profits is eliminated at group level.

Services provided by group services or staff units are charged to the business areas in accordance with service agreements. Joint expenses, which are indirectly linked to activities in the business areas, are charged to the business areas' accounts on the basis of general distribution formulas.

A number of key functions along with profits from activities not related to the business areas' strategic operations are entered in the accounts under the Group Centre. This item comprises income and expenses relating to the banking group's liquidity management, income from investments in equity instruments not included in the trading portfolio and interest income on the banking group's unallocated capital. Further entries include ownership-related expenses and income from the management of the bank's real estate portfolio. Goodwill and identified excess values linked to the banking group's takeover of shares in, Postbanken, Nordlandsbanken, DnB NORD and the merger between DnB and Gjensidige NOR are charged to this item. Note 4 Segments shows the distribution of unallocated goodwill and excess values per business area.

Return on capital is estimated on the basis of official requirements in accordance with regulations issued by Kredittilsynet. In addition, return on risk-adjusted capital requirements is calculated for each business area. Risk-adjusted capital requirements is a joint measure for credit risk, market risk, business risk and operational risk.

Note 4 Segments also shows a geographic breakdown of operations, including DnB NORD and other international operations.

14. RESTRUCTURING

If restructuring plans that change the scope of operations or the way operations are carried out are approved and communicated, the need for restructuring provisions will be considered. If restructuring expenses cannot be expected to help generate income in subsequent periods and future expenses represent actual obligations on the balance sheet date, the net present value of future cash flows will be charged to the accounts and recorded as a liability in the balance sheet. The provisions are reviewed on each reporting date and will be reversed as expenses are incurred.

15. CASH FLOW STATEMENTS

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice. The cash flow statement has been prepared in accordance with the direct method.

16. EQUITY AND CAPITAL ADEQUACY

Proposed dividends

Proposed dividends are part of equity until approved by the general meeting. Proposed dividends are not included in capital adequacy calculations.

Capital adequacy

The Basel II capital adequacy rules entered into force on 1 January 2007.

Capital adequacy calculations are subject to special consolidation rules governed by the Consolidation Regulations. Primary capital and nominal amounts used in calculating risk-weighted volume will deviate from figures in the banking group's accounts, as associated companies which are presented in the accounts according to the equity method are included in capital adequacy calculations according to the gross method. Valuation rules used in the statutory accounts form the basis for the consolidation.

17. ISSUED STANDARDS THAT HAVE NOT ENTERED INTO FORCE

Amendments to IFRS 2 – Share-based Payment - Vesting Conditions and Cancellations

Amendments to the standard clarify the definition of a vesting condition. The accounting treatment of lapsed rights in option schemes which are due to failure to meet conditions other than vesting conditions, is regulated in the standard. The banking group will apply the amendment as from 1 January 2009, though it is not relevant, as the banking group has no option schemes. The amendments to the standard are expected to have no significant impact on the banking group's accounts.

IFRS 3 – Business Combinations (revised)

The revised standard introduces certain changes and specifications with respect to the use of the acquisition method. The banking group is planning to apply IFRS 3 (R) as from 1 January 2010. The amendments to the standard are expected to have no significant impact on the banking group's accounts.

IAS 1 – Presentation of Financial Statements (revised)

The revised standard introduces changes in presentation plans, especially in the statement of changes in equity, and introduces a statement of non-owner transactions "Statement of recognised income and expenses". The banking group will apply IAS 1 (R) as from 1 January 2009. The amendments to the standard are expected to have no significant impact on the banking group's accounts.

IAS 23 – Borrowing Costs (revised)

IAS 23 (R) prohibits immediate expensing of borrowing costs which are directly attributable to a qualifying asset. The banking group will apply IAS 23 (R) as from 1 January 2009, though the amendment is not relevant, as the banking group has no qualifying assets.

IAS 27 – Consolidated and Separate Financial Statements (revised)

The revised standard gives more guidance regarding the accountting treatment of changes in ownership interests in subsidiaries and the derecognition of subsidiaries. Furthermore, there is a change in current rules regarding the distribution of losses between the parent and the minority, whereby losses are required to be charged to the minority even if this results in a negative minority share. The banking group is planning to apply IAS 27 (R) as from 1 January 2010. The amendments to the standard are expected to have no significant impact on the banking group's accounts.

Amendments to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements – Puttable Financial Instruments

The amendment to IAS 32 implies that certain put options will be classified as equity. IAS 1 contains changes in requirements regarding supporting information in notes. The banking group is planning to apply the amendments in IAS 32 and IAS 1 as from 1 January 2010. The amendments to the standards are expected to have no significant impact on the banking group's accounts.

Amendments to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendments to IAS 39 clarify the rules for where a financial instrument is hedged with respect to selected risks or components of cash flows. The approved amendments will provide further guidance on hedging unilateral risk and inflation risk and clarify guidelines stipulating that the designated risks and cash flows must be identifiable and reliably measurable. The banking group is planning to apply the amendment in IAS 39 as from 1 January 2010. The amendments to the standard are expected to have no significant impact on the banking group's accounts.

IFRIC 13 – Customer Loyalty Programmes

The interpretation addresses how loyalty programmes should be accounted for and the obligations measured. The banking group will apply IFRIC 13 as from 1 January 2009. The interpretation is expected to have no significant impact on the banking group's accounts.

IFRIC 14 – IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The interpretation addresses limitations on the recognition of pension funds in cases where statutory or contractual minimum amounts payable exceed the commitments. The interpretation entered into force on 1 January 2008, but had not received EU approval at the time. The interpretation is still pending approval. The EU has proposed that the interpretation enter into force for accounting years starting subsequent to 31 December 2008. The banking group will apply the interpretation as from 1 January 2009. The amendments are expected to have no significant impact on the banking group's accounts.

IFRIC 16 – Hedges of a net Investment in a Foreign Operation

The interpretation addresses the accounting treatment of hedges of currency exposure linked to net investments in foreign operations. The interpretation clarifies which types of hedges may qualify for hedge accounting and which risks may be hedged. The banking group will apply IFRIC 16 as from 1 January 2009. The interpretation is expected to have no significant impact on the banking group's accounts.

IFRIC 17 – Distributions of Non-cash Assets to Owners

The interpretation addresses the accounting treatment of distributions of assets to owners other than cash. The banking group will apply IFRIC 17 as from 1 January 2010. The interpretation is of no relevance to the banking group, as all distributions to owners are in the form of cash.

IASB's annual improvement project

Amendments to several standards have been approved, entering into force during 2009. None of the amendments will result in changes in the banking group's use of accounting principles or note information.

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
Upon the planned sale of controlling interests in subsidiaries, all of the assets and liabilities of the subsidiary shall be classified as held for sale, even if the entity intends to retain a non-controlling interest after the sale.

IAS 1 – Presentation of Financial Statements
Assets and liabilities classified as held for sale in accordance with IAS 39 are not automatically classified as current assets in the balance sheet.

IAS 16 – Property, Plant and Equipment
Operating assets held for rental which are sold at the end of the lease period as part of ordinary operations, shall be transferred to inventory.

IAS 19 – Employee Benefits
There are changes in definitions of the costs of pension entitlements for previous periods, returns on pension funds, short-term and other long-term benefits. Changes in pension plans which reduce the benefits are treated as a curtailment. The reference to IAS 37 regarding contingent liabilities will be removed.

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance
Future government loans at a below-market rate of interest are not excepted from the requirement to find an estimated interest rate. The difference between the loan amount received and the net present value shall be classified as a government grant.

IAS 28 – Investments in Associates and IAS 31 – Interests in Joint Ventures
If such investments are accounted for at fair value, certain note information must be changed in accordance with IAS 39.

IAS 36 – Impairment of Assets
Certain note information must be given in connection with impairment testing when discounted future cash flows are used to estimate fair value less cost to sell.

IAS 38 – Intangible Assets
Expenditure on advertising and promotional activities shall be recognised as an expense when the company gains access to the goods or has received the service.

IAS 39 – Financial Instruments: Recognition and Measurement
When derivatives are used in a different manner, i.e. if the derivative is either designated as a hedging instrument or the hedge relationship ceases, this should not be regarded as a reclassification. Derivatives can thus be included in or removed from the "fair value through profit or loss" category after initial recognition. When recalculating amortised cost according to IAS 39.AG8 for an instrument which is or has been subject to fair value hedging, the original effective rate of interest should not be used, but an effective rate of interest which reflects the effect of the hedge relationship. The standard's reference to "segment" has been removed with respect to the designation and documentation of hedge relationships.

IAS 40 – Investment Property
Property that is being constructed or developed for future use as investment property is within the scope of IAS 40.

Note 2 Important accounting estimates and discretionary assessments

When preparing the consolidated accounts for the bank and the banking group, management makes estimates and discretionary assessments as well as assumptions that influence the effect of the accounting principles applied. In turn, this will affect the recorded values of assets and liabilities, income and expenses.

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. During 2008, international financial markets and the global economy underwent a transition from high activity levels and prosperity to a financial turmoil and a steep downturn. This sudden shift has had serious repercussions, and future developments remain highly uncertain. The current financial turmoil increases the uncertainty surrounding some of the assumptions and expectations underlying the preparation of the various estimates.

Write-downs on loans

If objective evidence of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the effective interest rate. Estimates of future cash flows are based on empirical data and discretionary assessments of future macroeconomic developments and developments in problem commitments, based on the situation on the balance sheet date. The estimates are the result of a process which involves the business areas and central credit units and represents management's best estimate. When considering write-downs on loans, there will be an element of uncertainty with respect to the identification of impaired loans, the estimation of amounts and the timing of future cash flows, including collateral assessments.

Individual write-downs

When estimating write-downs on individual commitments, both the current and the future financial positions of customers are considered. For corporate customers, the prevailing market situation is also reviewed, along with market conditions within the relevant industry and general market conditions which could affect the commitments. In addition, potential restructuring, refinancing and recapitalisation are taken into account. An overall assessment of these factors forms the basis for estimating future cash flows. The discount period is estimated on an individual basis or based on empirical data regarding the period up until a solution is found to the problems resulting in impairment of the commitment.

Group write-downs

On each balance sheet date, commitments which have not been individually evaluated for impairment, are evaluated collectively in groups. Commitments which have been individually evaluated, but not individually written down, are also included in this category. Commitments are divided into customer groups on the basis of macroeconomic conditions which are assumed to have the same effect on the relevant customers. The expected future cash flow is estimated on the basis of expected losses and the anticipated economic situation for the respective customer groups. Expected losses are based on loss experience within the relevant customer groups. Key parameters are production gaps, which give an indication of capacity utilisation in the economy, housing prices and shipping freight rates. The economic situation is assessed by means of economic indicators for each customer group based on external information about the markets. Various parameters are used depending on the customer group in question. To estimate the net present value of expected future cash flows for commitments subject to group write-downs, the observed discount effect estimated for the individually evaluated commitments is used.

Estimated impairment of goodwill

Goodwill is subject to impairment testing on an annual basis or if there are indications of impairment. Recoverable amounts from cash flow generating units are determined by calculating discounted future cash flows. The cash flows are based on financial plans approved by the Board of Directors or management in the cash-generating unit. The financial plans include management's assumptions and estimates regarding highly uncertain factors. The plans worked out in late 2008 were based on the assumption of a gradual normalisation of financial markets. If actual macroeconomic developments deviate materially from the macroeconomic assumptions that underlie the financial plans, the impairment tests may give a different result.

The results of the impairment tests depend on estimated required rates of return. The required rates of return are subject to a discretionary assessment based on information available on the balance sheet date. See note 31 Intangible assets.

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using different valuation techniques. The banking group considers and chooses techniques and assumptions that as far as possible are based on market conditions on the balance sheet date. When valuing financial instruments for which observable market data are not available, the banking group will make assumptions regarding what it expects the market to use as a basis for valuing corresponding financial instruments. The valuations require a high level of discretion when calculating liquidity risk, credit risk and volatility. Changes in these factors could affect the established fair value of the banking group's financial instruments. See also note 17 Information on fair value. The fair value of the obligations under issued financial guarantees is measured by using the techniques applied to write-downs on loans, as described above.

Pension commitments

The net present value of pension commitments depends on current economic and actuarial assumptions. Any change made to these assumptions affects the pension commitments amount recorded in the balance sheet and pension expenses.

The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities. The type of pension fund investments and historical returns determine the expected return on pension funds. In the past, the average return on pension funds has been higher than the risk-free rate of interest as part of the pension funds has normally been placed in securities with slightly higher risk than government bonds. The estimated return is expected to be two percentage points higher than the Treasury bill yield.

Other fundamental assumptions for pension commitments include annual rise in salaries, annual rise in pensions, anticipated increase in the National Insurance basic amount (G) and anticipated CPA acceptance (early retirement pension). The assumptions are based on the updated guidance notes on pension assumptions issued by the Norwegian Accounting Standards Board. A sensitivity analysis is shown in note 10 Pensions.

Income taxes

The banking group is subject to income taxes in numerous jurisdictions. Significant discretion is required in determining the income tax in the consolidated accounts for the banking group. The final tax liability relating to many transactions and calculations will be uncertain. The banking group recognises liabilities related to the future outcome of tax disputes based on estimates of additional taxes. If the final outcome of the cases deviates from the originally allocated amounts, the deviations will affect income tax entered in the applicable period.

Contingencies

Due to its extensive operations in Norway and abroad, the banking group will regularly be party to a number of legal actions. Any impact on the accounts will be considered in each case. See note 53 Off-balance sheet transactions, contingencies and post-balance sheet events.

The Norwegian government's stimulus package

The Norwegian government's stimulus package for the banks allows the banks to exchange covered bonds for Treasury bills. DnB NOR Bank ASA has purchased bonds from DnB NOR Boligkreditt which have been used as collateral for swap agreements with Norges Bank. The value of the collateral must exceed the value of the Treasury bills by a minimum safety margin throughout the contract period. At the end of the contract period, the bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. From an accounting perspective, the banking group is of the opinion that the terms for derecognition in IAS 39 have not been fulfilled, as the banking group, through the swap agreements, retain the risk associated with changes in value of the bonds and other cash flows in the form of yields.

Transfer of loan portfolios

When transferring loan portfolios to, among others, Eksportfinans AS, the banking group will consider whether the criteria for derecognition have been fulfilled in accordance with IAS 39. In cases where the banking group retains the credit risk and margins relating to the loan portfolios, the risks and returns are not considered to be transferred to the counterparty, and the loan portfolios are retained in the banking group's balance sheet. As at 31 December 2008, such portfolios totalled NOK 10 billion.

DnB NORD – consolidation

DnB NOR Bank ASA has a 51 per cent ownership interest in Bank DnB NORD AS. Bank DnB NORD AS is the parent company in the DnB NORD Group and has branches in Denmark, Finland and Estonia and subsidiaries in Lithuania, Latvia and Poland. Through its ownership, shareholder agreement and actual management, DnB NOR Bank has de facto control of operations, whereby Bank DnB NORD AS is classified as a subsidiary. The DnB NORD Group is thus fully consolidated in the accounts of the DnB NOR Bank Group.

The Board of Directors of Bank DnB NORD AS was established with four representatives from each of the owners. The board chairman is from DnB NOR Bank ASA, while the vice-chairman is from NORD L/B. DnB NOR Bank ASA has the majority of the votes at general meetings. If there is a tie vote, the board chairman in Bank DnB NORD AS has a double vote. In certain matters, however, the shareholder agreement requires consent from both the board chairman and the vice-chairman. In this connection, an assessment has been made of whether the existing shareholder agreement may influence the consolidation requirement. After an assessment of key operational aspects, it has been concluded that the consolidation requirement remains in force.

Note 3 Changes in group structure

SkandiaBanken Bilfinans

In order to further strengthen its market position, DnB NOR, 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. The transaction was carried out as a share purchase with a subsequent merger in Norway, while operations were transferred to the Swedish branch through the transfer of all of the company's assets and liabilities. Through the purchase, the Group took over 115 000 customer contracts, 120 employees and a total credit portfolio of approximately NOK 11 billion, equally balanced between Norway and Sweden.

Car financing for private individuals and companies is part of DnB NOR Finans' core operations and a special priority area for DnB NOR.

DnB NOR Finans offers loans, leasing and fleet management in Norway and Sweden. After the completion of these transactions, the company finances a portfolio of around 250 000 cars. The market share within car financing is approximately 30 per cent in Norway and just below 20 per cent in Sweden.

The cost price was NOK 1 072 million for SkandiaBanken Bilfinans in Norway and SEK 1 078 million for SkandiaBanken Bilfinans in Sweden. Transaction costs accounted for NOK 5.7 million of the cost price and mainly represented fees to advisers and commissions for assistance with the share purchases. No excess values were identified relating to recorded assets and liabilities in the companies. In connection with the acquisition, a due diligence was undertaken of the companies to identify any additional intangible assets and commitments.

For SkandiaBanken Bilfinans in Norway, the value of customer contracts and customer relations and systems is estimated at NOK 118 million. The excess value of customer contracts and customer relations is depreciated over three years according to the straight-line principle, while capitalised systems development is depreciated over five years. The value of the dealer network is estimated at NOK 79 million and is depreciated over ten years. Deferred taxes on intangible assets total NOK 55 million.

For SkandiaBanken Bilfinans in Sweden, the value of customer contracts and customer relations is estimated at SEK 64 million. The excess value of customer contracts and customer relations is depreciated over three years according to the straight-line principle. The value of the dealer network is estimated at SEK 144 million and is depreciated over ten years.

Other excess values are classified as goodwill and represent the value of greater distribution power in the Norwegian and Swedish retail and corporate markets. Goodwill will be subject to annual impairment testing.

In 2008, the acquisitions resulted in a NOK 229 million increase in operating income and a NOK 198 million rise in costs, while profits roughly broke even after the depreciation of excess values.

SkandiaBanken Bilfinans – Norway

Acquisition analysis SkandiaBanken Bilfinans - Norway	**DnB NOR Bank Group**
Amounts in NOK million	31 January 2008
Excess of cost over book value	
Cost price	1 072
Equity	565
Excess of cost over book value	**507**
Allocation of excess values	
Value of systems, customer contracts and customer relations	118
Dealer network	79
Deferred taxes	55
Identified excess values	142
Goodwill	365
Excess of cost over book value	**507**

Note 3 Changes in group structure (continued)

Balance sheet *Amounts in NOK million*	**DnB NOR Bank Group** Recorded value of SkandiaBanken Bilfinans - Norway on the acquisition date 31 January 2008	**SkandiaBanken Bilfinans - Norway** Recorded value (acc. to IFRS) immediately before the acquisition date
Assets		
Lending to customers	5 270	5 270
Intangible assets, including goodwill	565	3
Other assets	72	72
Total assets	**5 907**	**5 345**
Liabilities and equity		
Loan and deposits from credit institutions	4 606	4 606
Deferred taxes	151	96
Other liabilities	78	78
Equity	1 072	565
Total liabilities and equity	**5 907**	**5 345**

SkandiaBanken Bilfinans – Sweden

Acquisition analysis SkandiaBanken Bilfinans - Sweden		**DnB NOR Bank Group**
	29 February 2008	29 February 2008
	Amounts in SEK million	*Amounts in NOK million*
Excess of cost over book value		
Cost price	1 078	910
Equity	591	499
Excess of cost over book value	**487**	**411**
Allocation of excess values		
Value of customer contracts and customer relations	64	54
Dealer network	144	122
Identified excess values	208	176
Goodwill	278	235
Excess of cost over book value	**487**	**411**

Balance sheet	**DnB NOR Bank Group** Recorded value of SkandiaBanken Bilfinans - Sweden on the acquisition date 29 February 2008	**SkandiaBanken Bilfinans - Sweden** Recorded value (acc. to IFRS) immediately before the acquisition date	**DnB NOR Bank Group** Recorded value of SkandiaBanken Bilfinans - Sweden on the acquisition date 29 February 2008	**SkandiaBanken Bilfinans - Sweden** Recorded value (acc. to IFRS) immediately before the acquisition date
	Amounts in SEK million	*Amounts in SEK million*	*Amounts in NOK million*	*Amounts in NOK million*
Assets				
Lending to customers	6 391	6 391	5 396	5 396
Intangible assets, including goodwill	487	0	411	0
Other assets	9	9	8	8
Total assets	**6 887**	**6 400**	**5 815**	**5 404**
Liabilities and equity				
Loan and deposits from credit institutions	5 781	5 781	4 881	4 881
Deferred taxes	0	0	0	0
Other liabilities	28	28	24	24
Equity	1 078	591	910	499
Total liabilities and equity	**6 887**	**6 400**	**5 815**	**5 404**

Note 3 Changes in group structure (continued)

Svensk Fastighetsförmedling

The acquisition of Svensk Fastighetsförmedling was made with accounting effect from 30 June 2007. The agreement included a proviso regarding increased payment for the company if 40 per cent or more of negotiated sales result in loan applications to DnB NOR during the first two years after the agreement was entered into. At the time of acquisition, this was not considered to be a likely outcome based on experience from similar operations in Norway. However, the target was reached one year after the agreement date, resulting in an additional payment of SEK 43 million in July 2008. Goodwill relating to the acquisition has consequently increased by SEK 43 million, corresponding to NOK 39 million. Due to changes in prices and other adjustments in the Swedish market, no corresponding additional payment is expected.

Note 4 Segments

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 NORD 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. In management reporting, the business areas are presented based on pre-tax operating profits. Corporate Banking and Payment Services offers a broad range of financial products and services in cooperation with several of the Group's product areas, including various types of financing solutions, deposits and investments, insurance, e-commerce products, commercial property brokerage, foreign currency and interest rate products, trade finance and corporate finance services. Retail Banking offers a broad range of financial products and services through several brands and a wide distribution network. In cooperation with several of the Group's product areas, customers are offered various financing, deposit and investment alternatives, as well as insurance, real estate broking and financial advisory services. In addition, extensive everyday banking services are provided through the Internet bank, mobile bank, SMS bank, branch offices, in-store banking outlets, in-store postal outlets and Norway Post. DnB NOR Markets key products include foreign exchange, interest rate and commodity products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services. DnB NORD provides a broad range of products to both the retail and corporate markets.

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. Internal transfer rates used between the business areas are determined based on observable market rates, e.g. NIBOR. Additional costs relating to the Group's long-term funding are charged to the business areas. According to the Group's liquidity management policy in 2008, minimum 88 per cent of lending was to be financed through stable deposits and long-term funding. The additional costs thus arising were charged to the business areas. Accounting figures for the associated company Eksportfinans AS were not included under Corporate Banking and Payment Services, but under the Group Centre. Figures for previous periods have been restated in line with this. DnB NOR Boligkreditt's funding in Norwegian kroner is recorded at fair value. Widening credit margins through 2008 resulted in relatively large unrealised gains on these funds. These gains were transferred from Retail Banking to the Group Centre. Figures for previous periods have been restated in line with this.

Income statement **DnB NOR Bank Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations 1)		DnB NOR Bank Group	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	9 544	7 714	7 265	7 015	708	206	1 411	1 101	3 407	1 979	22 335	18 015
Interest on allocated capital	2 621	1 537	409	641	387	189	271	154	(3 687)	(2 520)		
Net interest income	12 165	9 251	7 674	7 655	1 095	395	1 682	1 255	(280)	(541)	22 335	18 015
Income from associated companies	63	68	(1)	2	0	0	0	0	570	(61)	632	9
Other external operating income	3 363	3 023	3 120	3 068	4 671	2 894	754	631	(2 694)	(209)	9 215	9 407
Net other operating income	3 426	3 091	3 120	3 070	4 671	2 894	754	631	(2 124)	(270)	9 847	9 416
Operating expenses *)	4 402	3 935	6 651	6 261	1 738	1 507	1 396	1 150	458	588	14 646	13 440
Depreciation and impairment of fixed and intangible assets	497	221	200	62	11	11	308	160	280	406	1 296	860
Total operating expenses	4 899	4 156	6 851	6 322	1 749	1 517	1 704	1 310	738	994	15 942	14 300
Pre-tax operating profit before write-downs	10 691	8 185	3 943	4 403	4 017	1 772	732	576	(3 143)	(1 805)	16 240	13 131
Net gains on fixed and intangible assets	28	19	(2)	44	0	(1)	19	14	7	2 404	52	2 481
Write-downs on loans and guarantees	1 056	76	423	266	1	22	1 388	121	641	(266)	3 509	220
Pre-tax operating profit	9 663	8 128	3 518	4 181	4 016	1 748	(637)	469	(3 777)	865	12 784	15 392
Taxes 2)	2 706	2 276	985	1 171	1 125	490	(127)	88	(1 120)	(14)	3 568	4 010
Profit for the year	6 957	5 852	2 533	3 011	2 892	1 259	(510)	381	(2 657)	880	9 215	11 382
**) Of which group overhead*	*156*	*127*	*94*	*57*	*32*	*25*	*0*	*0*	*(283)*	*(209)*		

Note 4 Segments (continued)

Balance sheets **DnB NOR Bank Group**

Amounts in NOK billion	Corporate Banking and Payment Services 31.12.08	31.12.07	Retail Banking 31.12.08	31.12.07	DnB NOR Markets 31.12.08	31.12.07	DnB NORD 31.12.08	31.12.07	Other operations/ eliminations 31.12.08	31.12.07	DnB NOR Bank Group 31.12.08	31.12.07
Net lending to customers [3]	630	476	471	443	9	19	99	61	11	2	1 220	1 001
Investments in associated companies [4]	0	0	0	0	0	0	0	0	2	1	2	1
Assets, discontinuing operations											0	0
Other assets	26	14	35	9	786	537	17	13	(447)	(325)	416	247
Total assets	656	490	506	452	794	556	116	74	(434)	(322)	1 638	1 250
Deposits from customers [3]	335	284	248	224	15	29	24	23	4	6	626	565
Liabilities, discontinuing operations											0	0
Other liabilities	273	171	253	215	770	523	85	47	(447)	(337)	934	619
Total liabilities	609	455	500	438	785	552	109	70	(443)	(331)	1 561	1 184
Allocated capital [5]	48	35	6	14	9	4	7	4	8	9	77	66
Total liabilities and equity	656	490	506	452	794	556	116	74	(434)	(322)	1 638	1 250

1) *Other operations/eliminations:*

Amounts in NOK million	*Elimination of double entries 2008*	*2007*	*Other eliminations 2008*	*2007*	*Group Cebtre [*)] 2008*	*2007*	*Total 2008*	*2007*
Net interest income - ordinary operations	*0*	*(14)*	*(5)*	*(5)*	*3 412*	*1 997*	*3 407*	*1 979*
Interest on allocated capital			*0*	*0*	*(3 687)*	*(2 520)*	*(3 687)*	*(2 520)*
Net interest income	*0*	*(14)*	*(5)*	*(5)*	*(276)*	*(523)*	*(280)*	*(541)*
Income from associated companies			*0*	*0*	*570*	*(61)*	*570*	*(61)*
Other operating income	*(1 942)*	*(1 651)*	*(137)*	*(132)*	*(615)*	*1 574*	*(2 694)*	*(209)*
Net other operating income	*(1 942)*	*(1 651)*	*(137)*	*(132)*	*(45)*	*1 512*	*(2 124)*	*(270)*
Operating expenses			*(138)*	*(152)*	*597*	*739*	*458*	*588*
Depreciaton and impairment of fixed and intangible assets			*(4)*	*(3)*	*284*	*409*	*280*	*406*
Total operating expenses	*0*	*0*	*(142)*	*(155)*	*880*	*1 148*	*738*	*994*
Pre-tax operating profit before write-downs	*(1 942)*	*(1 664)*	*0*	*18*	*(1 201)*	*(159)*	*(3 143)*	*(1 805)*
Net gains on fixed and intangible assets			*0*	*(19)*	*7*	*2 423*	*7*	*2 404*
Write-downs on loans and guarantees			*0*	*0*	*641*	*(266)*	*641*	*(266)*
Pre-tax operating profit	*(1 942)*	*(1 664)*	*0*	*0*	*(1 835)*	*2 530*	*(3 777)*	*865*

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

The Group Centre includes Operations, HR (Human Resources), IT, Group Finance and Risk Management, Corporate Communications, Corporate Centre the partially owned company Eksportfinans AS, and investments in IT infrastructure. In addition, the Group Centre includes that part of the banking group's equity that is not allocated to the business areas.

**) Group Centre - pre-tax operating profit in NOK million*

	2008	*2007*
Eksportfinans AS	*474*	*(121)*
Unrealised gains DnB NOR Boligkreditt	*557*	*36*
Unallocated	*301*	*13*
Net gains on fixed and intangible assets	*7*	*2 386*
Individual write-downs on loans	*(21)*	*39*
Allocation to employees	*(22)*	*(291)*
Funding costs on goodwill	*(89)*	*(85)*
Unallocated write-downs on loans and guarantees	*(661)*	*284*
Portfolio hedging, Treasury	*(1 215)*	*(118)*
Income on equities	*(1 338)*	*523*
Other	*172*	*(135)*
Pre-tax operating profit	*(1 835)*	*2 530*

2) *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 NORD with effect from the second quarter of 2007 compared with 15 per cent for previous periods.*

3) *Net lending to customers includes lending to credit institutions totalling NOK 12.9 billion in 2008 and NOK 20.3 billion in 2007. Customer deposits include deposits from credit institutions of NOK 19.6 billion in 2008 and NOK 22.4 billion in 2007. Deposits with and from banks are not included.*

4) *See note 29 Investments in associated companies.*

5) *Allocated capital for Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets is calculated as 6.5 per cent of risk-weighted volume.*

Key figures **DnB NOR Bank Group**

Per cent	Corporate Banking and Payment Serivces 2008	2007	Retail Banking 2008	2007	DnB NOR Markets 2008	2007	DnB NORD 2008	2007	Other operations 2008	2007	DnB NOR Bank Group 2008	2007
Cost/income ratio [1]	31.4	33.7	63.5	58.9	30.3	46.1	70.0	69.5			49.5	52.1
Ratio of deposits to lending as at 31 Dec. [2]	53.2	59.6	52.6	50.5			24.7	37.2			51.4	56.4
Return on capital [3] [4]	16.6	18.9	38.8	23.3	46.7	33.0	(8.8)	10.6			14.5	19.7
Number of full-time positions as at 31 Dec. [5] [6]	2 548	2 316	3 883	3 853	655	612	3 597	3 236	2 166	2 273	12 848	12 290

Note 4 Segments (continued)

1) *Total operating expenses relative to total income.*
2) *Deposits from customers relative to net lending to customers. Customer deposits and net lending to customers include credit institutions.*
3) *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 NORD is calculated as 6.5 per cent of risk-weighted volume.*
4) *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 NORD with effect from the second quarter of 2007, compared with 15 per cent for previous periods.*
5) *As a consequence of the reorganisation of the banking group in June 2007, 405 and 444 full-time positions respectively have been transferred from Corporate Banking and Payment Services and Retail Banking to the Group Centre. As the services are repurchased, there is a limited effect on operating expenses in the business areas, and the presented figures have thus not been adjusted.*
6) *Includes 68 full-time positions in the Norwegian operations of Skandiabanken Bilfinans, which were acquired on 31 January 2008, and 52 full-time positions in the company's Swedish operations, which were acquired on 29 February 2008. An increase of 218 full-time positions in Retail Banking resulted from the acquisition of SalusAnsvar in December 2007.*

Geographic areas [1)]

Income statement — **DnB NOR Bank Group**

	DnB NORD		Other international operations		Norway		DnB NOR Bank Group	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income	1 682	1 255	1 967	1 313	18 686	15 447	22 335	18 015
External operating income	754	631	1 154	656	7 939	8 129	9 847	9 416
Total income	2 436	1 886	3 122	1 969	26 625	23 576	32 182	27 431

Balance sheet items — **DnB NOR Bank Group**

	DnB NORD		Other international operations		Norway		DnB NOR Bank Group	
Amounts in NOK billion	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
Net lending to customers [2)]	99	61	205	111	916	828	1 220	1 001
Total assets	116	74	301	146	1 221	1 030	1 638	1 250
Guarantees	5	4	7	5	73	59	85	68

1) *In light of the financial turmoil and the downturn in the real economy, the Group's strategic ambitions will have to be toned down somewhat in the short term. This applies in particular to growth ambitions outside Norway. Still, there will be scope for a high level of activity at the Group's international offices in terms of services that do not affect the Group's balance sheet. Growth in DnB NORD is expected to be scaled back.*
2) *Net lending to customers includes lending to credit institutions totalling NOK 12.9 billion in 2008 and NOK 20.3 billion in 2007. Customer deposits include deposits from credit institutions of NOK 19.6 billion in 2008 and NOK 22.4 billion in 2007. Deposits with and from banks are not included.*

Product information

See note 5 Net other operating income and note 7 Net interest income for further information on product.

Note 5 Net interest income

DnB NOR Bank ASA			DnB NOR Bank Group	
2007	2008	*Amounts in NOK million*	2008	2007
4 257	2 678	Interest on loans to and deposits with credit institutions, recorded at fair value	885	3 204
4 130	7 537	Interest on loans to and deposits with credit institutions, recorded at amortised cost	1 276	1 021
8 042	12 302	Interest on loans to customers, recorded at fair value	12 518	8 177
32 882	39 267	Interest on loans to customers, recorded at amortised cost	58 952	42 293
293	299	Interest on impaired loans, individually written down	338	322
5 699	4 210	Interest on commercial paper and bonds, recorded at fair value	4 543	5 912
0	2 765	Interest on commercial paper and bonds, held to maturity	2 765	0
427	431	Front-end fees etc.	440	445
115	240	Other interest income, items recorded at fair value	240	115
752	749	Other interest income, items recorded at amortised cost	783	725
56 598	**70 478**	**Total interest income**	**82 741**	**62 214**
4 777	4 325	Interest on loans and deposits from credit institutions, recorded at fair value	4 194	4 591
1 391	1 773	Interest on loans and deposits from credit institutions, recorded at amortised cost	3 062	2 201
1 493	1 584	Interest on loans and deposits from customers, recorded at fair value	1 592	1 494
16 210	22 516	Interest on loans and deposits from customers, recorded at amortised cost	23 616	16 965
4 206	5 205	Interest on securities issued, recorded at fair value	9 105	4 348
11 204	11 708	Interest on securities issued, recorded at amortised cost incl. hedged items	12 479	11 974
0	62	Interest on subordinated loan capital, recorded at fair value	62	0
1 959	2 022	Interest on subordinated loan capital, recorded at amortised cost incl. hedged items	2 063	2 001
476	3 916	Other interest expenses, items recorded at fair value 1)	3 827	488
31	262	Other interest expenses, items recorded at amortised cost	407	138
41 748	**53 373**	**Total interest expenses**	**60 406**	**44 199**
14 850	**17 105**	**Net interest income**	**22 335**	**18 015**

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

Note 6 Interest rates on selected balance sheet items

			DnB NOR Bank ASA	
	Average interest rate in per cent 1)		Average volume in NOK million	
	2008	2007	2008	2007
Assets				
Lending to and deposits with credit institutions	5.34	4.74	225 766	191 307
Lending to customers	6.58	5.65	788 970	732 967
Commercial paper and bonds	8.43	4.88	76 288	115 927
Liabilities				
Loans and deposits from credit institutions	4.22	4.48	144 580	137 802
Deposits from customers	4.47	3.56	539 033	496 755
Securities issued	5.04	4.84	390 883	321 232

			DnB NOR Bank Group	
	Average interest rate in per cent 1)		Average volume in NOK million	
	2008	2007	2008	2007
Assets				
Lending to and deposits with credit institutions	3.83	4.79	104 166	102 159
Lending to customers	6.68	5.72	1 074 771	891 753
Commercial paper and bonds	9.18	5.17	74 703	113 377
Liabilities				
Loans and deposits from credit institutions	4.32	4.61	167 853	147 418
Deposits from customers	4.41	3.50	571 994	526 849
Securities issued	5.24	4.93	465 361	333 996

1) *The average interest rate is calculated as interest in per cent of average capital.*

Note 7 Net other operating income

DnB NOR Bank ASA 2007	DnB NOR Bank ASA 2008	*Amounts in NOK million*	DnB NOR Bank Group 2008	DnB NOR Bank Group 2007
2 594	2 678	Money transfer fees receivable	2 899	2 807
78	31	Fees on asset management services	70	87
407	372	Fees on custodial services	382	415
398	333	Fees on securities	334	400
693	295	Corporate Finance	378	792
123	112	Interbank fees	117	127
335	402	Credit broking commissions	406	338
283	287	Sales commissions on insurance products	443	297
1 006	763	Sundry commissions and fees receivable on banking services	1 208	1 368
5 916	**5 274**	**Total commissions and fees receivable etc.**	**6 236**	**6 632**
943	888	Money transfer fees payable	942	995
98	22	Commissions payable on asset management services	22	98
140	135	Fees on custodial services payable	135	140
188	174	Interbank fees	180	194
61	119	Credit broking commissions	119	55
5	4	Sale commissions on insurance products	27	5
490	537	Sundry commissions and fees payable on banking services	597	555
1 923	**1 878**	**Total commissions and fees payable etc.**	**2 021**	**2 040**
3 009	**1 626**	**Net gains on financial instruments at fair value**	**3 430**	**3 187**
0	**0**	**Profit from companies accounted for by the equity method** [1)]	**632**	**9**
122	101	Income from owned/leased premises	45	95
0	0	Fees in real estate broking	658	782
0	0	Net unrealised gains on investments property	0	(2)
2 499	1 594	Miscellaneous operating income [*)]	866	753
2 621	**1 695**	**Total other income**	**1 569**	**1 628**
9 624	**6 716**	**Net other operating income**	**9 847**	**9 416**
1 721	*567*	**) Of which dividends from group companies/group contributions*	-	-

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.*

Note 8 Net gains on financial instruments at fair value

DnB NOR Bank ASA 2007	DnB NOR Bank ASA 2008	Amounts in NOK million	DnB NOR Bank Group 2008	DnB NOR Bank Group 2007
25	36	Dividends	36	25
2 363	1 783	Net gains on foreign exchange and financial derivatives	3 861	2 796
(1 236)	(819)	Net gains on commercial paper and bonds	(884)	(1 242)
(41)	(67)	Net gains on shareholdings	(69)	(41)
7	407	Net gains on other financial assets	39	(11)
(39)	(892)	Net gains on financial assets	(855)	(39)
674	1 827	Net interest on interest rate positions	1 827	674
1 753	2 273	Net gains on financial instruments, trading	3 955	2 163
137	141	Dividends	126	150
(262)	842	Net gains on loans at fair value	1 113	(283)
439	398	Net gains on financial guarantees	411	465
(16)	(150)	Net gains on commercial paper and bonds	120	8
569	(1 094)	Net gains on shareholdings	(1 230)	556
359	(655)	Net gains on financial liabilities, other	(939)	101
1 227	(518)	Net gains on financial instruments, designated as at fair value	(398)	997
69	4 973	Net gains on financial derivatives, hedging	8 757	56
0	0	Net gains on financial assets, hedged items	124	0
(39)	(5 102)	Net gains on financial liabilities, hedged items	(9 008)	(29)
29	(129)	Net gains on hedged items [1)]	(127)	27
3 009	**1 626**	**Net gains on financial instruments at fair value**	**3 430**	**3 187**

1) *The DnB NOR Group uses hedge accounting for long-term borrowings in foreign currency in DnB NOR Boligkreditt and DnB NOR Bank ASA. Loans are hedged 1:1 through external contracts where there is a correlation between currencies, interest rate flows and the hedging instrument. At the time the loans are raised, DnB NOR Markets considers whether to enter into a hedging transaction for the relevant loan based on the Group's foreign currency positions and the underlying interest rate exposure for the loan. Hedging transactions which are entered into, are documented. For the bank, the NOK leg of a hedging transaction will be exposed to 3-month interest rates, while for DnB NOR Boligkreditt, hedging transactions are entered into to further reduce the interest rate risk on the NOK leg of the hedging transaction. In the table, the interest rate exposure of the NOK leg of the interest rate swaps are included in changes in value of the hedging instrument.*

Note 9 Operating expenses

DnB NOR Bank ASA			DnB NOR Bank Group	
2007	2008	*Amounts in NOK million*	2008	2007
4 212	4 480	Ordinary salaries	6 033	5 554
550	678	Employer's national insurance contributions	920	765
923	796	Pension expenses	906	1 010
341	0	Allocation to employees [1)]	0	414
48	70	Restructuring expenses	70	48
273	283	Other personnel expenses	370	352
6 347	**6 306**	**Total salaries and other personnel expenses**	**8 299**	**8 144**
589	945	Fees	1 092	657
1 143	1 241	EDP expenses	1 478	1 329
321	299	Postage and telecommunications	389	393
71	62	Office supplies	100	107
423	502	Marketing and public relations	670	585
171	168	Travel expenses	227	218
221	207	Reimbursement to Norway Post for transactions executed	207	221
52	53	Training expenses	80	72
854	988	Operating expenses on properties and premises [2)]	1 188	889
92	87	Operating expenses on machinery, vehicles and office equipment	141	138
427	460	Other operating expenses	775	686
4 364	**5 013**	**Total other expenses**	**6 348**	**5 296**
409	**465**	**Total depreciation and impairment of fixed and intangible assets**	**1 296**	**860**
11 119	**11 784**	**Total operating expenses**	**15 942**	**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) *Costs relating to leased premises were NOK 805 million and NOK 953 million respectively for DnB NOR Bank ASA and the DnB NOR Bank Group in 2008, compared with NOK 659 million and NOK 639 million in 2007.*

Note 10 Pensions

Description of the pension schemes

The DnB NOR Banking Group has a joint, defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by Vital Forsikring. Pension benefits include retirement pensions, disability pensions and pensions for spouses and dependent children, which supplement benefits from the National Insurance Scheme. Full pension entitlements require 30 years of pensionable service and give the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme is in compliance with the Act on Occupational Pensions. In addition to this scheme, around 650 employees in the former Postbanken are covered by a group pension plan in the Norwegian Public Service Pension Fund.

The right to a paid-up policy upon termination of employment only applies to retirement pensions. Disability pensions and survivor's pensions for employees and survivor's pensions for retirement pensioners represent risk coverage without accumulation of capital. The annual risk coverage premium is included in pension expenses.

With few exceptions, the Norwegian companies in the banking group have adopted the contractual pension (CPA) scheme for the banking and financial services industry. In addition, an agreement on contractual pensions according to public sector rules has been entered into with respect to employees who are members of the Public Service Pension Fund. Provisions have thus been made in the accounts to cover anticipated future CPA acceptance. Upon retirement under a contractual pension agreement, employees continue as members of the group pension scheme, earning benefits up till ordinary retirement age.

The banking group also has commitments relating to salaries exceeding 12G (12 times the National Insurance basic amount) and early retirement agreements. Commitments relating to salaries exceeding 12G and early retirement agreements are funded through the Group's operations. The top salary pension scheme was closed with effect from 30 June 2008. Under other forms of early retirement than CPA, employees resign from the company pension plans but are, upon reaching the ordinary retirement age, compensated for the reduction in benefits earned.

Employer's contributions are included in pension expenses and commitments. In pension schemes where pension funds exceed pension commitments, no allocation has been made for employer's contributions.

Subsidiaries and branches outside Norway have separate schemes for their employees.

Economic assumptions applied in calculating pension expenses and commitments:

Economic assumptions

	Expenses		Commitments	
Per cent	2008	2007	31 Dec. 08	31 Dec. 07
Discount rate [1)]	4.7	4.5	3.8	4.7
Anticipated return [2)]	5.8	5.6	5.8	5.8
Anticipated rise in salaries	4.5	4.5	4.0	4.5
Anticipated increase in basic amount	4.25	4.25	3.75	4.25
Anticipated rise in pensions	2.25	2.25	2.00	2.25
Anticipated CPA acceptance	35.0	35.0	35.0	35.0
Demographic assumptions about mortality [3)]	K2005	K2005	K2005	K2005

1) *The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.*
2) *The anticipated return on pension funds was calculated by assessing the expected return on the assets encompassed by the current investment policy. The anticipated gain on fixed-rate investments is based on gross gains upon redemption on the balance sheet date. The anticipated return on equity and property investments reflects anticipated long-term real returns in the respective markets.*
3) *K2005 is a calculation base for statistical mortality assumptions, which includes two projected calculations of mortality based on empirical data from the period 1996 to 2001. One of the calculation bases is projected up until 2005, while the other is projected up until 2020. Mortality rates are expected to be lower in 2020 than in 2005. When calculating pension costs and pension commitments, a combination of both calculation bases has been used.*

Pension expenses **DnB NOR Bank ASA**

	2008			2007		
Amounts in NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	345	86	432	347	90	436
Interest expenses on pension commitments	428	95	523	456	122	577
Expected return on pension funds	(379)	(14)	(392)	(380)	0	(380)
Changes in pension schemes	0	0	0	0	0	0
Amortisation of changes in estimates not recorded in the accounts	73	5	78	108	7	114
Administrative expenses	6	0	6	11	0	11
Employer's contributions	55	22	77	64	28	92
Risk coverage premium	0	46	46	0	61	61
Defined-contribution pension schemes	0	27	27	0	11	11
Net pension expenses	528	268	796	604	318	923

Note 10 Pensions (continued)

Pension commitments — DnB NOR Bank ASA

Amounts in NOK million	31 Dec. 2008 Funded	Unfunded	Total	31 Dec. 2007 Funded	Unfunded	Total
Accrued pension commitments	8 635	1 541	10 177	7 484	1 613	9 097
Estimated effect of future salary adjustments	1 640	414	2 053	2 096	636	2 732
Total pension commitments	10 275	1 955	12 230	9 580	2 250	11 830
Value of pension funds	(7 494)	0	(7 494)	(6 965)	0	(6 965)
Net pension commitments	2 781	1 955	4 736	2 615	2 250	4 864
Changes in estimates not recorded in the accounts	(1 884)	238	(1 646)	(1 804)	206	(1 598)
Employer's contributions	388	275	663	365	282	647
Recorded pension commitments	1 285	2 469	3 754	1 176	2 738	3 914

Pension expenses — DnB NOR Bank Group

Amounts in NOK million	2008 Funded	Unfunded	Total	2007 Funded	Unfunded	Total
Net present value of pension entitlements	385	94	479	383	97	481
Interest expenses on pension commitments	458	103	560	483	126	608
Expected return on pension funds	(407)	(16)	(422)	(405)	0	(405)
Changes in pension schemes	0	0	0	0	0	0
Amortisation of changes in estimates not recorded in the accounts	75	6	82	113	7	120
Administrative expenses	8	0	8	13	0	13
Employer's contributions	61	24	85	69	29	98
Risk coverage premium	0	63	63	0	74	74
Defined-contribution pension schemes	0	52	52	0	21	21
Net pension expenses	580	326	906	656	354	1 010

Pension commitments — DnB NOR Bank Group

Amounts in NOK million	31 Dec. 2008 Funded	Unfunded	Total	31 Dec. 2007 Funded	Unfunded	Total
Accrued pension commitments	9 217	1 660	10 877	7 961	1 680	9 641
Estimated effect of future salary adjustments	1 824	451	2 275	2 275	663	2 938
Total pension commitments	11 041	2 111	13 152	10 237	2 343	12 580
Value of pension funds	(8 040)	0	(8 040)	(7 452)	0	(7 452)
Net pension commitments	3 002	2 111	5 113	2 785	2 343	5 128
Changes in estimates not recorded in the accounts	(2 054)	182	(1 872)	(1 906)	194	(1 712)
Employer's contributions	415	291	706	378	286	664
Recorded pension commitments	1 363	2 584	3 947	1 257	2 823	4 079

Pension commitments

DnB NOR Bank ASA 2007	DnB NOR Bank ASA 2008	Amounts in NOK million	DnB NOR Bank Group 2008	DnB NOR Bank Group 2007
12 729	11 830	Opening balance	12 580	13 403
401	425	Accumulated pension entitlements	479	464
577	523	Interest expenses	560	608
(491)	(547)	Pension payments	(567)	(507)
0	0	Changes in pension schemes	0	0
(1 386)	(1)	Changes in estimates not recorded in the accounts	100	(1 388)
11 830	12 230	Closing balance	13 152	12 580

Pension funds

DnB NOR Bank ASA 2007	DnB NOR Bank ASA 2008	Amounts in NOK million	DnB NOR Bank Group 2008	DnB NOR Bank Group 2007
7 029	6 965	Opening balance	7 452	7 466
377	392	Expected return	422	402
338	559	Premium transfers	615	367
(301)	(316)	Pension payments	(326)	(311)
0	0	Changes in pension schemes	0	0
(478)	(101)	Changes in estimates not recorded in the accounts	(116)	(473)
(32)	(6)	Administrative expenses	(8)	(34)
6 965	7 494	Closing balance	8 040	7 452

Premium transfers for the banking group in 2009 are expected to be NOK 640 million. Payments through operations are estimated at NOK 250 million.

Note 10 Pensions (continued)

Past developments — **DnB NOR Bank Group**

Amounts in NOK million	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Gross pension commitments [1)]	13 859	13 243	13 869	13 070	12 050
Gross pension funds	(8 040)	(7 452)	(7 466)	(7 395)	(7 853)
Commitments not recorded in the accounts	(1 872)	(1 712)	(2 661)	(2 255)	(715)
Net recorded pension commitments	3 947	4 079	3 742	3 419	3 481

1) *Gross pension commitments include employer's contributions.*

DnB NOR Bank ASA		Members	DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008		31 Dec. 2008	31 Dec. 2007
11 584	12 853	Number of persons covered by the pension schemes	14 715	13 221
7 096	7 987	- in employment	9 595	8 520
4 488	4 866	- on retirement and disability pensions	5 120	4 701

Pension funds investments

Effective from 1 January 2008, new regulations were introduced for the life insurance industry. The figures for 2007 have not been restated. The table shows a percentage breakdown of pension funds in the group pension schemes administered by Vital Forsikring. The recorded return on assets in the common portfolio administered by Vital Forsikring was 1.7 per cent in 2008. In 2007, the recorded return on total assets was 11.8 per cent according to previous regulations.

DnB NOR Bank Group

Per cent	31 Dec. 2008	31 Dec. 2007
Commercial paper and bonds at fair value	30	22
Commercial paper and bonds, held to maturity	29	28
Money market	14	8
Equities	4	25
Real estate	17	16
Other	7	3
Total	100	100

Sensitivity analyses for pension calculations

The following estimates are based on facts and conditions prevailing on 31 December 2008, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

DnB NOR Bank Group

	Discount rate		Annual rise in salaries/ basic amount		Annual rise in pensions		Retirement rate	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
Percentage change in pensions								
Pension commitments	15-17	15-17	9-11	9-11	11-13	11-13	1-2	1-2
Net pension expenses for the period	16-18	17-19	19-21	17-19	17-19	15-17	1-2	1-2

Pension commitments are particularly susceptible to changes in the discount rate. A reduction in the discount rate will, as an isolated factor, result in an increase in pension commitments. A one percentage point change in the discount rate will cause a change in pension commitments in the order of 15 to 17 per cent.

Higher salary increases and adjustments in pensions will also cause a rise in pension commitments. A one percentage point rise in salaries or the basic amount will give an anticipated rise of 9 to 11 per cent, while a corresponding increase in pensions will give a 11 to 13 per cent rise in commitments.

Note 11 Number of employees/full-time positions

DnB NOR Bank ASA 2007	2008		DnB NOR Bank Group 2008 [1]	2007 [1) 2)]
7 373	7 376	Number of employees as at 31 December	13 207	12 610
323	429	- of which number om employees abroad	4 806	4 171
7 133	7 140	Number of employees calculated on a full-time basis as at 31 December	12 848	12 290
319	422	- of which number of employees calculated on a full-time basis abroad	4 713	4 126
7 355	7 414	Average number of employees	12 965	11 928
7 115	7 145	Average number of employees calculated on a full-time basis	12 638	11 592

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

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

Note 12 Net gains on fixed and intangible assets

DnB NOR Bank ASA 2007	2008	*Amounts in NOK million*	DnB NOR Bank Group 2008	2007
706		Aker Brygge, Oslo		865
821		Other properties	23	1 540
39	47	Other	29	76
1 566	**47**	**Net gains on fixed and intangible assets**	**52**	**2 481**

Note 13 Write-downs on loans and guarantees

DnB NOR Bank ASA

	2008			2007		
Amounts in NOK million	Lending [1]	Guarantees	Total	Lending [1]	Guarantees	Total
Write-offs	196	0	196	199	0	199
New individual write-downs	1 313	18	1 331	585	10	595
Total new individual write-downs	1 509	18	1 527	784	10	794
Reassessed individual write-downs	94	33	127	182	5	187
Total individual write-downs	1 415	(15)	1 400	602	5	607
Recoveries on commitments previously written off	303	0	303	298	0	298
Changes in group write-downs on loans	489	-	489	(234)	-	(234)
Write-downs on loans and guarantees	**1 601**	**(15)**	**1 586**	**70**	**5**	**75**
Write-offs covered by individual write-downs made in previous years	617	0	617	605	0	605

DnB NOR Bank Group

	2008			2007		
Amounts in NOK million	Lending [1]	Guarantees	Total	Lending [1]	Guarantees	Total
Write-offs	334	1	335	230	0	230
New individual write-downs	2 888	37	2 925	822	28	850
Total new individual write-downs	3 222	38	3 260	1 052	28	1 080
Reassessed individual write-downs	213	33	246	302	6	308
Total individual write-downs	3 009	5	3 014	750	22	772
Recoveries on commitments previously written off	335	0	335	350	0	350
Changes in group write-downs on loans	830	-	830	(202)	-	(202)
Write-downs on loans and guarantees	**3 504**	**5**	**3 509**	**198**	**22**	**220**
Write-offs covered by individual write-downs made in previous years	678	0	678	663	0	663

1) Including write-downs on loans at fair value, see note 18 Lending to and deposits with credit institutions and note 19 Lending to customers.

Note 14 Write-downs on loans and guarantees for principal sectors [1]

DnB NOR Bank ASA

Amounts in NOK million	2008 New individual write-downs	2008 Reassessed individual write-downs	2008 Recoveries on commitments previously written off	2008 Net write-downs	2007 New individual write-downs	2007 Reassessed individual write-downs	2007 Recoveries on commitments previously written off	2007 Net write-downs
Retail customers	647	6	262	379	549	0	266	283
International shipping	2	0	0	2	0	0	0	0
Real estate	202	17	8	177	27	21	9	(3)
Manufacturing	161	28	0	133	44	63	1	(20)
Services	146	18	6	122	35	18	2	15
Trade	113	48	1	64	65	14	5	46
Oil and gas	126	0	0	126	1	0	0	1
Transportation and communication	13	(4)	16	1	20	33	1	(14)
Building and construction	42	7	1	34	36	4	7	25
Power and water supply	1	0	0	1	0	0	0	0
Seafood	21	2	0	19	9	9	5	(5)
Hotels and restaurants	25	2	0	23	4	7	0	(3)
Agriculture and forestry	20	2	0	18	4	5	0	(1)
Other sectors	0	0	9	(9)	0	13	2	(15)
Total customers	1 520	127	303	1 090	794	187	298	309
Credit institutions	7	0	0	7	0	0	0	0
Change in group write-downs on loans	-	-	-	489	-	-	-	(234)
Write-downs on loans and guarantees	**1 527**	**127**	**303**	**1 586**	**794**	**187**	**298**	**75**
Of which individual write-downs on guarantees	*18*	*33*	*0*	*(15)*	*10*	*5*	*0*	*5*

DnB NOR Bank Group

Amounts in NOK million	2008 New individual write-downs	2008 Reassessed individual write-downs	2008 Recoveries on commitments previously written off	2008 Net write-downs	2007 New individual write-downs	2007 Reassessed individual write-downs	2007 Recoveries on commitments previously written off	2007 Net write-downs
Retail customers	931	23	274	635	636	20	279	337
International shipping	4	1	0	3	0	1	0	(1)
Real estate	973	39	8	926	37	38	10	(11)
Manufacturing	349	64	2	283	118	103	20	(5)
Services	408	29	11	368	74	26	6	42
Trade	173	59	2	113	80	27	6	47
Oil and gas	126	0	0	126	1	0	0	1
Transportation and communication	74	1	16	56	26	38	1	(13)
Building and construction	68	16	1	52	63	7	7	49
Power and water supply	1	0	0	1	0	0	0	0
Seafood	37	4	8	25	21	10	9	2
Hotels and restaurants	34	7	0	26	10	10	0	0
Agriculture and forestry	35	4	1	31	9	10	1	(2)
Other sectors	39	0	13	27	3	11	11	(19)
Total customers	3 253	247	335	2 672	1 078	301	350	427
Credit institutions	7	0	0	7	2	7	0	(5)
Change in group write-downs on loans	-	-	-	830	-	-	-	(202)
Write-downs on loans and guarantees	**3 260**	**247**	**335**	**3 509**	**1 080**	**308**	**350**	**220**
Of which individual write-downs on guarantees	*38*	*33*	*0*	*5*	*28*	*6*	*0*	*22*

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 15 Taxes

DnB NOR Bank ASA 2007	DnB NOR Bank ASA 2008	**Taxes** *Amounts in NOK million*	DnB NOR Bank Group 2008	DnB NOR Bank Group 2007
2 212	257	Payable taxes	170	2 665
1 493	2 632	Deferred taxes	3 398	1 345
3 705	**2 889**	**Total taxes**	**3 568**	**4 010**

Balancing tax charges against pre-tax operating profit

2007	2008	*Amounts in NOK million*	2008	2007
14 846	10 499	Operating profit before taxes	12 784	15 392
4 157	2 940	Estimated income tax - nominal tax rate (28 per cent)	3 580	4 310
(95)	(129)	Tax effect of income taxable abroad	(21)	(280)
79	312	Tax effect of debt interest distribution with international branches	312	79
(659)	(124)	Tax effect of tax-exempt income and non-deductible expenses 1)	(278)	(455)
223	263	Taxes payable abroad	348	356
0	(239)	Other changes in estimates	(239)	0
0	(134)	Excess tax provision previous year	(134)	0
3 705	**2 889**	**Total taxes**	**3 568**	**4 010**
25 %	28 %	Effective tax rate	28 %	26 %

Deferred tax assets / (deferred taxes)

28 per cent deferred tax calculation on all temporary differences (Norway)

2007	2008	*Amounts in NOK million*	2008	2007
		Annual changes in deferred tax assets / (deferred taxes)		
401	(1 092)	Deferred tax assets/(deferred taxes) as at 1 January	(1 253)	151
(1 493)	(2 632)	Changes recorded against profits	(3 398)	(1 345)
		Other changes:		
0	0	Acquisition of companies	(150)	(59)
(1 092)	(3 724)	Deferred tax assets/(deferred taxes) as at 31 December	(4 801)	(1 253)

Deferred tax assets and deferred taxes in the balance sheet affect the following temporary differences:

31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
		Deferred tax assets		
8	10	Net other tax-deductable temporary differendes	215	128
0	0	Losses carried forward	38	0
8	**10**	**Total deferred tax assets**	**253**	**128**
		Deferred taxes		
81	82	Fixed assets	1 092	311
(1 090)	(1 049)	Net pension commitments	(1 102)	(1 136)
370	5 889	Financial instruments	10 947	420
350	233	Loan assessment rules	238	357
1 389	208	Net other taxable temporary differences	697	1 433
0	(1 629)	Losses carried forward	(6 818)	(4)
1 100	**3 734**	**Total deferred taxes**	**5 054**	**1 381**

Deferred taxes in the profit and loss accounts affect the following temporary differences:

2007	2008	*Amounts in NOK million*	2008	2007
(74)	1	Fixed assets	631	(28)
(73)	32	Pensions	24	(84)
983	5 519	Financial instruments	10 527	1 018
(149)	(117)	Loan assessment rules	(120)	(151)
806	(1 175)	Other temporary differences	(813)	594
0	(1 628)	Losses carried forward	(6 851)	(4)
1 493	**2 632**	Deferred taxes	**3 398**	**1 345**

1) Key factors behind tax-exempt income and non-deductible expenses are joint taxation of Norwegian and international operations, tax-exempt income from share investments and goodwill amortisation.

Deferred tax assets are capitalised to the extent it is probable that the Group will have taxable income against which temporary differences can be utilised. Net deferred taxes on temporary differences within the same tax group are assessed and entered net in the accounts.

Tax group

DnB NOR Bank and Norwegian subsidiaries where DnB NOR Bank owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings, are included in DnB NOR's tax group.

Note 16 Classification of financial instruments

As at 31 December 2008	Financial instruments at fair value through profit and loss		Financial derivatives designated as hedging instruments	Financial assets and liabilites carried at amortised cost [1]	Investments held to maturity	Non-financial assets and liabilities	DnB NOR Bank ASA
Amounts in NOK million	Trading	Designated as at fair value					Total
Assets							
Cash and deposits with central banks				47 705			47 705
Lending to and deposits with credit institutions	87 212	4 240		154 200			245 652
Lending to customers	1 791	177 478		644 953			824 223
Commercial paper and bonds	28 170	53 888					82 058
Shareholdings	6 891	2 426					9 317
Financial derivatives	131 985		5 766				137 751
Commercial paper and bonds, held to maturity					100 278		100 278
Investment property						0	0
Investments in associated companies				1 069			1 069
Investments in subsidiaries				19 192			19 192
Intangible assets						2 173	2 173
Deferred tax assets						10	10
Fixed assets						844	844
Discontinuing operations						0	0
Other assets				5 941			5 941
Total assets	**256 050**	**238 033**	**5 766**	**873 060**	**100 278**	**3 028**	**1 476 214**
Liabilities and equity							
Loans and deposits from credit institutions	89 334	29 181		28 857			147 371
Deposits from customers	12 710	22 620		534 982			570 312
Financial derivatives	118 303		865				119 168
Securities issued	190 109	21 130		296 441			507 680
Payable taxes						215	215
Deferred taxes						3 734	3 734
Other liabilities				10 608			10 608
Discontinuing operations						0	0
Provisions						4 299	4 299
Subordinated loan capital		1 401		42 210			43 612
Total liabilities	**410 456**	**74 333**	**865**	**913 096**	**0**	**8 248**	**1 406 998**
Total equity						**69 217**	**69 217**
Total liabilities and equity	**410 456**	**74 333**	**865**	**913 096**	**0**	**77 465**	**1 476 214**

1) *Includes hedged liabilities.*

Note 16 Classification of financial instruments (continued)

As at 31 December 2007 **DnB NOR Bank ASA**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial assets and liabilites carried at amortised cost 1)	Investments held to maturity	Non-financial assets and liabilities	Total
Assets							
Cash and deposits with central banks				6 602			6 602
Lending to and deposits with credit institutions	66 627	3 106		109 009			178 742
Lending to customers	4 516	164 485		594 471			763 472
Commercial paper and bonds	97 760	14 513					112 273
Shareholdings	4 845	3 885					8 731
Financial derivatives	64 632		503				65 135
Commercial paper and bonds, held to maturity					0		0
Investment property						0	0
Investments in associated companies				585			585
Investments in subsidiaries				12 716			12 716
Intangible assets						2 087	2 087
Deferred tax assets						8	8
Fixed assets						882	882
Discontinuing operations						0	0
Other assets				13 087			13 087
Total assets	**238 380**	**185 989**	**503**	**736 470**	**0**	**2 978**	**1 164 320**
Liabilities and equity							
Loans and deposits from credit institutions	84 351	25		44 786			129 162
Deposits from customers	20 716	17 957		472 072			510 745
Financial derivatives	62 479		778				63 257
Securities issued	87 328	22 787		225 656			335 772
Payable taxes						343	343
Deferred taxes						1 100	1 100
Other liabilities				25 711			25 711
Discontinuing operations						0	0
Provisions						4 566	4 566
Subordinated loan capital				32 491			32 491
Total liabilities	**254 874**	**40 769**	**778**	**800 717**	**0**	**6 009**	**1 103 147**
Total equity						**61 173**	**61 173**
Total liabilities and equity	**254 874**	**40 769**	**778**	**800 717**	**0**	**67 182**	**1 164 320**

1) *Includes hedged liabilities.*

Note 16 Classification of financial instruments (continued)

As at 31 December 2008 — **DnB NOR Bank Group**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial assets and liabilites carried at amortised cost [1)]	Investments held to maturity	Non-financial assets and liabilities	Total
Assets							
Cash and deposits with central banks				51 147			51 147
Lending to and deposits with credit institutions	40 758	1 303		12 127			54 187
Lending to customers	1 791	185 540		1 019 511			1 206 842
Commercial paper and bonds	28 253	29 966					58 219
Shareholdings	6 989	2 653					9 642
Financial derivatives	130 801		5 766				136 567
Commercial paper and bonds, held to maturity					100 278		100 278
Investment property						167	167
Investments in associated companies						2 499	2 499
Intangible assets						6 105	6 105
Deferred tax assets						253	253
Fixed assets						5 271	5 271
Discontinuing operations						246	246
Other assets				6 781			6 781
Total assets	**208 592**	**219 461**	**5 766**	**1 089 566**	**100 278**	**14 541**	**1 638 205**
Liabilities and equity							
Loans and deposits from credit institutions	84 370	29 181		65 283			178 834
Deposits from customers	12 626	23 164		571 125			606 915
Financial derivatives	92 251		956				93 207
Securities issued	190 109	31 443		392 630			614 183
Payable taxes						317	317
Deferred taxes						5 054	5 054
Other liabilities				12 380			12 380
Discontinuing operations						0	0
Provisions						4 607	4 607
Subordinated loan capital		1 401		43 824			45 225
Total liabilities	**379 355**	**85 190**	**956**	**1 085 242**	**0**	**9 978**	**1 560 721**
Total equity						**77 483**	**77 483**
Total liabilities and equity	**379 355**	**85 190**	**956**	**1 085 242**	**0**	**87 461**	**1 638 205**

1) *Includes hedged liabilities.*

Note 16 Classification of financial instruments (continued)

As at 31 December 2007 — **DnB NOR Bank Group**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial assets and liabilites carried at amortised cost 1)	Investments held to maturity	Non-financial assets and liabilities	Total
Assets							
Cash and deposits with central banks				9 816			9 816
Lending to and deposits with credit institutions	36 737	1 576		13 989			52 302
Lending to customers	4 516	167 056		808 667			980 239
Commercial paper and bonds	97 723	16 818					114 542
Shareholdings	4 845	4 259					9 104
Financial derivatives	63 942		503				64 445
Commercial paper and bonds, held to maturity					0		0
Investment property						170	170
Investments in associated companies						1 416	1 416
Intangible assets						4 733	4 733
Deferred tax assets						128	128
Fixed assets						3 439	3 439
Discontinuing operations						225	225
Other assets				9 067			9 067
Total assets	**207 763**	**189 709**	**503**	**841 539**	**0**	**10 111**	**1 249 625**
Liabilities and equity							
Loans and deposits from credit institutions	81 626	30		62 571			144 228
Deposits from customers	20 685	17 980		503 642			542 307
Financial derivatives	60 953		778				61 731
Securities issued	87 328	29 680		254 775			371 784
Payable taxes						767	767
Deferred taxes						1 381	1 381
Other liabilities				23 205			23 205
Discontinuing operations						0	0
Provisions						4 930	4 930
Subordinated loan capital				33 226			33 226
Total liabilities	**250 593**	**47 691**	**778**	**877 419**	**0**	**7 077**	**1 183 558**
Total equity						**66 068**	**66 068**
Total liabilities and equity	**250 593**	**47 691**	**778**	**877 419**	**0**	**73 145**	**1 249 625**

1) Includes hedged liabilities.

Note 17 Information on fair value

Fair value of financial instruments carried at amortised cost — **DnB NOR Bank ASA**

Amounts in NOK million	Recorded value 31 Dec. 2008	Fair value 31 Dec. 2008	Recorded value 31 Dec. 2007	Fair value 31 Dec. 2007
Cash and deposits with central banks	47 705	47 705	6 602	6 602
Lending to and deposits with credit institutions	154 200	154 200	109 009	109 009
Lending to customers	644 953	634 945	594 471	594 471
Commercial paper and bonds, held to maturity	100 278	97 277	0	0
Total financial assets	947 136	934 127	710 082	710 082
Loans and deposits from credit institutions	28 857	28 857	44 786	44 786
Deposits from customers	534 982	534 982	472 072	472 072
Securities issued	296 441	285 990	225 656	224 497
Subordinated loan capital	42 210	29 080	32 491	30 373
Total financial liabilities	902 489	878 909	775 006	771 728

Fair value of financial instruments carried at amortised cost — **DnB NOR Bank Group**

Amounts in NOK million	Recorded value 31 Dec. 2008	Fair value 31 Dec. 2008	Recorded value 31 Dec. 2007	Fair value 31 Dec. 2007
Cash and deposits with central banks	51 147	51 147	9 816	9 816
Lending to and deposits with credit institutions	12 127	12 127	13 989	13 989
Lending to customers	1 019 511	1 006 105	808 667	808 667
Commercial paper and bonds, held to maturity	100 278	97 277	0	0
Total financial assets	1 183 063	1 166 656	832 472	832 472
Loans and deposits from credit institutions	65 283	65 283	62 571	62 571
Deposits from customers	571 125	571 125	503 642	503 642
Securities issued	392 630	380 973	254 775	253 616
Subordinated loan capital	43 824	30 694	33 226	31 108
Total financial liabilities	1 072 862	1 048 075	854 214	850 936

Financial instruments recorded at fair value in the DnB NOR Bank Group
See description in note 1 Accounting principles.

Financial instruments recorded at amortised cost in the DnB NOR Bank Group
Most assets and liabilities in the DnB NOR Bank Group's balance sheet are carried at amortised cost. This primarily applies to loans, deposits and borrowings, but also investments in bonds held to maturity. Long-term borrowings in Norwegian kroner are carried at fair value, while long-term borrowings in other currencies are carried at amortised cost.

Recording balance sheet items at amortised cost implies that the originally agreed cash flows are used, possibly adjusted for impairment. Such valuations will not always give values which are consistent with market assessments of the same instruments. Discrepancies may be due to diverging views on macro-economic prospects, market conditions, risk aspects and return requirements, as well as varying access to accurate information. The above table shows estimated fair values of items carried at amortised cost. Values are measured based on prices quoted in an active market where such information is available, internal models calculating a theoretical value when no such active market exists, or comparisons of prices on instruments in the portfolio relative to the last available transaction prices. In instances when no relevant price information is available, an estimate based on management's discretion is used. Estimated fair values are highly uncertain by nature.

Valuations are based on the individual instruments' characteristics and values on the balance sheet date. However, these values do not include the total value of customer relationships, market access, brands, organisational aspects, employees and structural capital. Consequently, such intangible assets are generally not recorded in the accounts. In addition, most transactions with customers are assessed and priced collectively for several products, and products recorded in the balance sheet are considered along with other products and services used by the customer. Individual assets and liabilities recorded in the balance sheet thus give no adequate reflection of the total value of the banking group's operations.

Lending to and deposits with credit institutions and lending to customers
The valuation of loans in a turbulent financial market is a highly challenging process. The market for the purchase and sale of loan portfolios was very restricted at year-end 2008, and transactions can be characterised as forced sales.

Credit margins widened through 2008, especially in the fourth quarter. When valuing loans, the loan portfolio has been divided into the following categories: retail customers, shipping/offshore/logistics, acquisition finance, property, international corporates, Nordic corporates, regional corporate clients, credit institutions, Sweden, DnB NOR Finans and Nordlandsbanken. In addition, separate calculations have been made for DnB NORD.

Note 17 Information on fair value (continued)

The valuations are based on average margins in December, considered relative to the best estimate of the potential margin requirement at year-end 2008 if the loans had been extended at that time. The financial turmoil has resulted in higher financing requirements among some of the banking group's customers, and there has also been an increase in breaches of loan covenants. Thus, the banking group expects shorter time spans up to the repricing of existing agreements than in a normal situation. However, it is very difficult to estimate to what extent this will reduce loan durations, and the business units' estimates used in fair value measurements are based on empirical data.

DnB NORD faces particularly great challenges with respect to estimating fair values on its portfolios. On average, loan terms, especially in Lithuania and Poland, are much longer than for other units in the Bank Group. These calculations are based on the units' best estimates for margin requirements and duration.

An additional dimension with respect to the valuation of loans in the Baltic region and Poland is the significant country risk associated with economic developments. There is little activity in bond markets, resulting in limited background information for determining loan values. DnB NOR Bank Group has therefore assumed that the CDS market ("Credit Default Swaps") for five-year government bonds can give an indication of the market's assessment of country risk. In the table below, estimates have been made of the effects of taking the margin increase for such CDSs into account when estimating loan values.

Fair value of loans valued at amortised cost adjusted for changes in country risk [1)] **DnB NOR Bank Group**

Amounts in NOK million	Recorded value 31 Dec. 2008	Fair value 31 Dec. 2008	Adjustment for country risk 31 Dec. 2008	Adjusted fair value 31 Dec. 2008
Denmark, DnB NORD	12 815	12 815	24	12 791
Latvia	26 216	26 031	372	25 659
Lithaunia	34 143	31 767	8 563	23 204
Poland	11 593	10 821	1 229	9 592
Total	84 767	81 434	10 188	71 246

1) *Margin increases for five-year CDSs on government bonds in the individual countries have been used in country risk assessments.*

There is fierce competition in the Norwegian retail market. Notified interest rate adjustments which have not yet been implemented and which result from lower interest rate levels indicate that there are excess values in the portfolio. However, as these values are fairly limited, they are reflected in the general level of uncertainty in fair value measurements. The fair value of retail loans and deposits at current prices has thus been set at amortised cost.

With respect to impaired loans, an assessment has been made of potential cash flows for the loans discounted by the effective rate of interest adjusted for changes in market conditions for corresponding non-impaired loans. Lending rates prior to provisions being made reflect the increased credit risk of the commitment. Given the general uncertainty in fair value measurements under the market conditions prevailing at year-end 2008, DnB NOR Bank believes that the impaired value gives a good reflection of the fair value of these loans.

Customers will often use loan products which are carried partly at amortised cost and partly at fair value. The profitability of a customer relationship is considered on an aggregate basis, and prices are set based on an overall evaluation. Correspondingly, a possible reduction in the customer relationship value is based on an overall assessment of all products. Any decline or change in the value of products recorded at fair value is assessed based on the difference between the agreed price and the corresponding price of new products on the balance sheet date. Any decline in value apart from price changes on specific products is included in the overall assessment of credits in the relevant customer relationship. Any reduction in the total customer relationship value is measured on the basis of amortised cost and reported under write-downs on loans.

Commercial paper and bonds, held to maturity (see note 27 Commercial paper and bonds, held to maturity)
There is a proportionally larger difference between the recorded and fair values of bonds held to maturity than is the case for loans, which is mainly due to longer durations. There is still a certain level of activity in the market for the type of securities owned by the banking group in the held-to-maturity category. However, transactions are often in the form of forced sales, which is no good basis for fair value measurements. Thus, models have been used to stipulate the value of the bond portfolios. These models are based on available indices representing credit risk and liquidity aspects.

Pricing of bonds reflects that there is a greater distance to the leveraged asset and the borrower, which generates a larger discount for the lack of access to perfect information about underlying cash flows and the customer than is the case for direct lending relationships. In addition, varying degrees of proximity and access to the customer will influence price setting. Overall, this leads to lower observable prices for bonds than for loans.

Lending to and deposits from credit institutions and deposits from customers
The estimated fair value equals the balance sheet value for credit institutions. Deposits from customers are carried at amortised cost.

Securities issued and subordinated loan capital
Fair value measurement of securities issued and subordinated loan capital raised in foreign currency is based on agreed cash flows and credit risk on the balance sheet date. The valuation is based on broker quotes. Values in connection with potential new issues are used, in the same way as for loans.

Note 18 Lending to and deposits with credit institutions

DnB NOR Bank ASA 31 Dec. 2007	DnB NOR Bank ASA 31 Dec. 2008	Amounts in NOK million			DnB NOR Bank Group 31 Dec. 2008	DnB NOR Bank Group 31 Dec. 2007
69 733	91 452	Lending to and deposits with credit institutions, at fair value [1]			42 061	38 313
109 009	154 200	Lending to and deposits with credit institutions, at amortised cost			12 127	13 989
178 742	**245 652**	**Lending to and deposits with credit institutions [2]**			**54 187**	**52 302**
4	*6*	*1)*	*Of which:*	*Credit risk *)*	*6*	*4*
(1)	*2*			*Change in credit risk*	*2*	*(1)*
178 445	*244 416*	*2)*	*Of which:*	*Contractual obligations*	*166*	*52 363*
13 033	*3 793*			*Repurchase agreements*	*3 982*	*13 186*

**) Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.*

Note 19 Lending to customers

DnB NOR Bank ASA 31 Dec. 2007	DnB NOR Bank ASA 31 Dec. 2008	Amounts in NOK million			DnB NOR Bank Group 31 Dec. 2008	DnB NOR Bank Group 31 Dec. 2007
169 001	179 269	Lending to customers, at fair value [1]			187 331	171 572
594 471	644 954	Lending to customers, at amortised cost			1 019 511	808 667
763 472	**824 223**	**Lending to customers [2]**			**1 206 842**	**980 239**
385	*486*	*1)*	*Of which:*	*Credit risk *)*	*520*	*385*
10	*99*			*Change in credit risk*	*108*	*10*
762 232	*822 419*	*2)*	*Of which:*	*Contractual obligations*	*1 206 747*	*979 576*
3 885	*1 734*			*Repurchase agreements*	*1 815*	*3 942*

**) Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.*

Note 20 Commitments for principal sectors [1)]

DnB NOR Bank ASA

Amounts in NOK million	Loans and receivables 31 Dec. 2008	Loans and receivables 31 Dec. 2007	Guarantees 31 Dec. 2008	Guarantees 31 Dec. 2007	Committed limits [2)] 31 Dec. 2008	Committed limits [2)] 31 Dec. 2007
Retail customers	241 692	322 061	307	347	295 659	378 014
International shipping	137 109	89 788	6 964	6 023	201 164	144 737
Real estate	153 886	131 720	4 014	3 770	175 364	158 537
Manufacturing	67 443	42 283	13 853	8 196	115 819	79 876
Services	66 941	63 916	11 711	13 080	101 869	103 704
Trade	31 566	26 596	3 664	3 572	55 254	49 806
Oil and gas	32 116	16 969	4 880	3 305	60 964	39 567
Transportation and communication	18 374	12 244	6 506	4 072	44 614	29 057
Building and construction	8 317	7 379	5 376	5 135	20 607	16 968
Power and water supply	10 929	8 437	10 326	6 718	35 027	26 929
Seafood	11 719	8 612	117	44	13 915	11 308
Hotels and restaurants	3 406	2 681	250	333	5 242	3 606
Agriculture and forestry	4 616	4 534	29	26	5 343	5 252
Central and local government	3 569	6 709	2 894	2 986	10 057	13 640
Other sectors	28 979	17 222	2 826	3 081	39 782	28 720
Total customers, nominal amount after individual write-downs	820 661	761 151	73 716	60 687	1 180 679	1 089 722
- Group write-downs, customers	994	477	-	-	-	-
+ Other adjustments	4 556	2 797	(72)	(31)	-	-
Lending to customers	**824 223**	**763 472**	**73 644**	**60 656**	**1 180 679**	**1 089 722**
Credit institutions, nominal amount after individual write-downs	244 407	178 443	5 768	3 367	161 656	126 020
+ Other adjustments	1 245	300	0	0	-	-
Lending to and deposits with credit institutions	**245 652**	**178 742**	**5 768**	**3 367**	**161 656**	**126 020**

DnB NOR Bank Group

Amounts in NOK million	Loans and receivables 31 Dec. 2008	Loans and receivables 31 Dec. 2007	Guarantees 31 Dec. 2008	Guarantees 31 Dec. 2007	Committed limits [2)] 31 Dec. 2008	Committed limits [2)] 31 Dec. 2007
Retail customers	498 853	456 066	339	372	570 567	518 738
International shipping	137 848	90 982	6 964	6 023	202 376	146 245
Real estate	180 519	148 545	4 238	2 073	205 245	175 222
Manufacturing	90 020	55 345	15 305	9 355	146 239	100 013
Services	90 299	78 207	12 752	13 481	129 808	120 121
Trade	47 683	38 539	4 513	4 393	74 510	64 061
Oil and gas	33 315	17 938	4 880	3 306	62 165	40 559
Transportation and communication	29 847	20 237	6 719	4 307	57 242	37 763
Building and construction	15 758	12 450	6 596	5 935	30 727	23 618
Power and water supply	14 615	9 902	10 428	7 119	40 402	30 281
Seafood	15 335	11 219	118	56	17 732	14 183
Hotels and restaurants	5 232	3 753	256	389	7 151	4 765
Agriculture and forestry	8 155	6 856	33	28	9 180	7 610
Central and local government	5 839	9 007	3 345	3 694	12 859	17 094
Other sectors	29 172	18 575	3 984	4 179	42 983	36 364
Total customers, nominal amount after individual write-downs	1 202 491	977 622	80 470	64 708	1 609 185	1 336 636
- Group write-downs, customers	1 625	712	-	-	-	-
+ Other adjustments	5 977	3 328	(76)	(33)	-	-
Lending to customers	**1 206 842**	**980 239**	**80 394**	**64 675**	**1 609 185**	**1 336 636**
Credit institutions, nominal amount after individual write-downs	53 876	52 360	4 825	3 045	28 967	36 402
+ Other adjustments	311	(58)	0	0	-	-
Lending to and deposits with credit institutions	**54 187**	**52 302**	**4 825**	**3 045**	**28 967**	**36 402**

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.*
2) *Total committed limits for credit exposure.*

Note 21 Loans and guarantees according to geographical location [1)]

DnB NOR Bank ASA

Amounts in NOK million	Lending to customers 31 Dec. 2008	Lending to customers 31 Dec. 2007	Lending to and deposits with credit institutions 31 Dec. 2008	Lending to and deposits with credit institutions 31 Dec. 2007	Guarantees 31 Dec. 2008	Guarantees 31 Dec. 2007
Oslo	162 114	165 880	86 033	4 920	17 699	19 299
Eastern and southern Norway	236 594	266 079	1 442	1 474	23 927	21 250
Western Norway	110 456	109 407	34 960	85 518	10 617	7 859
Northern and central Norway	77 255	83 631	17 987	13 984	5 867	4 436
Total Norway	586 418	624 997	140 422	105 896	58 111	52 844
Sweden	53 585	33 049	11 311	4 794	4 065	2 209
United Kingdom	12 518	7 401	26 121	18 482	3 344	2 811
Other Western European countries	40 990	24 980	35 158	27 915	10 089	2 036
Russia	1 175	493	451	255	120	25
Estonia	20	18	3 081	1 166	0	0
Latvia	825	699	8 536	7 173	308	261
Lithuania	2 282	359	9 819	5 995	0	0
Poland	169	67	3 995	3 508	23	24
Other Eastern European countries	108	115	129	135	34	29
Total Europe outside Norway	111 672	67 181	98 601	69 424	17 982	7 396
USA and Canada	37 359	21 268	1 952	1 064	530	653
Bermuda and Panama [2)]	21 084	10 512	23	47	799	904
South and Central American countries	6 115	4 246	23	1	183	370
Total America	64 558	36 026	1 997	1 112	1 511	1 927
Singapore [2)]	15 939	10 758	339	662	1 194	1 266
Hong Kong	1 714	870	7	13	17	13
Asian countries	9 469	4 477	3 017	1 265	363	508
Total Asia	27 122	16 105	3 362	1 939	1 575	1 787
Liberia [2)]	11 080	6 099	0	0	1	1
African countries	1 406	541	28	59	291	114
Australia, New Zealand and Marshall Islands [2)]	20 162	11 285	3	14	50	37
Lending and guarantees [3)]	822 419	762 234	244 416	178 445	79 522	64 105
- Individual write-downs	1 758	1 082	9	2	37	51
- Group write-downs	994	477	0	0	-	-
+ Other adjustments	4 556	2 797	1 245	300	(72)	(31)
Lending and guarantees	**824 223**	**763 472**	**245 652**	**178 742**	**79 412**	**64 023**

1) Based on the customer's address.

2) Represents shipping commitments.

3) All amounts represent gross lending and guarantees respectively before individual write-downs.

Note 21 Loans and guarantees according to geographical location [1] (continued)

DnB NOR Bank Group

Amounts in NOK million	Lending to customers 31 Dec. 2008	Lending to customers 31 Dec. 2007	Lending to and deposits with credit institutions 31 Dec. 2008	Lending to and deposits with credit institutions 31 Dec. 2007	Guarantees 31 Dec. 2008	Guarantees 31 Dec. 2007
Oslo	208 067	190 400	1 481	6 673	17 823	19 419
Eastern and southern Norway	367 272	335 857	1 449	1 469	23 937	21 255
Western Norway	144 002	124 621	986	2 453	10 620	7 862
Northern and central Norway	137 809	122 494	587	610	7 250	6 188
Total Norway	857 150	773 372	4 503	11 205	59 631	54 724
Sweden	63 794	37 828	1 332	2 059	4 066	2 210
United Kingdom	13 794	8 397	25 127	17 563	3 344	2 811
Other Western European countries	66 614	35 601	16 446	12 839	12 503	2 216
Russia	2 150	1 119	285	385	131	53
Estonia	3 993	2 054	132	193	19	23
Latvia	27 009	19 053	87	131	842	728
Lithuania	34 339	22 677	538	3 820	675	382
Poland	12 506	8 563	28	847	722	792
Other Eastern European countries	127	124	130	140	34	29
Total Europe outside Norway	224 326	135 416	44 105	37 977	22 335	9 245
USA and Canada	39 563	21 473	1 988	1 227	530	653
Bermuda and Panama [2]	21 095	10 512	23	47	799	904
South and Central American countries	4 268	4 278	23	1	183	370
Total America	64 926	36 263	2 033	1 275	1 511	1 927
Singapore [2]	15 966	10 893	185	549	1 194	1 266
Hong Kong	1 777	940	7	13	17	22
Asian countries	9 663	4 583	3 019	1 270	367	512
Total Asia	27 405	16 416	3 211	1 831	1 579	1 800
Liberia [2]	11 080	6 099	0	0	1	1
African countries	1 655	677	28	59	292	114
Australia, New Zealand and Marshall Islands [2]	20 204	11 333	6	15	50	37
Lending and guarantees [3]	1 206 747	979 576	53 887	52 362	85 399	67 848
- Individual write-downs	4 256	1 953	10	3	104	95
- Group write-downs	1 625	712	0	0	-	-
+ Other adjustments	5 977	3 328	311	(58)	(76)	(33)
Lending and guarantees	**1 206 842**	**980 239**	**54 187**	**52 302**	**85 218**	**67 720**

1) *Based on the customer's address.*
2) *Represents shipping commitments.*
3) *All amounts represent gross lending and guarantees respectively before individual write-downs.*

Note 22 Developments in write-downs on loans and guarantees

DnB NOR Bank ASA

Amounts in NOK million	2008 Lending to credit institutions	2008 Lending to customers	2008 Guarantees	2008 Total	2007 Lending to credit institutions	2007 Lending to customers	2007 Guarantees	2007 Total
Write-downs as at 1 January	2	1 935	51	1 988	72	2 367	46	2 485
New write-downs	7	1 235	16	1 258	0	508	7	515
Increased write-downs	0	70	3	73	0	77	3	80
Reassessed write-downs	0	94	33	127	0	182	5	187
Write-offs covered by write-downs	0	617	0	617	68	537	0	605
Changes in individual write-downs and accrued interest and amortisation	0	63	-	63	0	(23)	-	(23)
Changes in group write-downs	0	489	-	489	0	(234)	-	(234)
Changes in group structure	0	(3)	0	(3)	0	0	0	0
Changes due to exchange rate movement	0	113	0	113	(2)	(41)	0	(43)
Write-downs as at 31 December	9	3 191	37	3 237	2	1 935	51	1 988
Of which: Individual write-downs	*9*	*1 758*	*37*	*1 804*	*2*	*1 082*	*51*	*1 135*
Individual write-downs of accrued interest and amortisation	*0*	*438*	*-*	*438*	*0*	*376*	*-*	*376*
Group write-downs	*0*	*994*	*-*	*994*	*0*	*477*	*-*	*477*

DnB NOR Bank Group

Amounts in NOK million	2008 Lending to credit institutions	2008 Lending to customers	2008 Guarantees	2008 Total	2007 Lending to credit institutions	2007 Lending to customers	2007 Guarantees	2007 Total
Write-downs as at 1 January	3	3 053	95	3 151	72	3 112	76	3 260
New write-downs	7	2 640	19	2 666	2	665	25	692
Increased write-downs	0	241	18	259	0	155	3	158
Reassessed write-downs	0	213	33	246	7	295	6	308
Write-offs covered by write-downs	0	678	0	678	68	595	0	663
Changes in individual write-downs and accrued interest and amortisation	1	89	-	90	0	(25)	-	(25)
Changes in group write-downs	0	830	-	830	0	(202)	-	(202)
Changes in group structure	0	12	0	12	5	281	0	286
Changes due to exchange rate movement	0	384	5	389	(1)	(43)	(3)	(47)
Write-downs as at 31 December	11	6 358	104	6 473	3	3 053	95	3 151
Of which: Individual write-downs	*10*	*4 256*	*104*	*4 370*	*3*	*1 953*	*95*	*2 051*
Individual write-downs of accrued interest and amortisation	*1*	*477*	*-*	*478*	*0*	*388*	*-*	*388*
Group write-downs	*0*	*1 625*	*-*	*1 625*	*0*	*712*	*-*	*712*

Note 23 Non-performing and impaired commitments for principal sectors [1)]

DnB NOR Bank ASA

Amounts in NOK million	Gross non-performing and impaired commitments 31 Dec. 2008	Gross non-performing and impaired commitments 31 Dec. 2007	Total individual write-downs 31 Dec. 2008	Total individual write-downs 31 Dec. 2007	Net non-performing and impaired commitments 31 Dec. 2008	Net non-performing and impaired commitments 31 Dec. 2007
Retail customers	3 271	2 274	717	525	2 554	1 749
International shipping	14	0	14	0	0	0
Real estate	1 133	262	188	54	944	208
Manufacturing	1 702	237	198	167	1 504	70
Services	665	230	160	98	504	132
Trade	263	223	164	135	99	88
Oil and gas	327	0	156	0	171	0
Transportation and communication	123	108	35	44	89	64
Building and construction	205	155	79	68	126	87
Power and water supply	1	0	0	0	1	0
Seafood	390	30	25	16	365	14
Hotels and restaurants	102	38	35	17	68	21
Agriculture and forestry	149	56	25	9	125	47
Central and local government	0	0	0	0	0	0
Other sectors	0	0	0	0	1	0
Total customers	8 346	3 613	1 795	1 133	6 551	2 480
Credit institutions	9	2	9	2	0	0
Total	8 355	3 615	1 804	1 135	6 551	2 480

DnB NOR Bank Group

Amounts in NOK million	Gross non-performing and impaired commitments 31 Dec. 2008	Gross non-performing and impaired commitments 31 Dec. 2007	Total individual write-downs 31 Dec. 2008	Total individual write-downs 31 Dec. 2007	Net non-performing and impaired commitments 31 Dec. 2008	Net non-performing and impaired commitments 31 Dec. 2007
Retail customers	5 207	2 963	1 077	726	4 129	2 237
International shipping	52	47	15	15	37	32
Real estate	3 514	414	1 067	97	2 447	317
Manufacturing	2 920	717	598	353	2 322	364
Services	1 459	625	636	244	823	381
Trade	590	396	315	232	275	164
Oil and gas	327	1	156	0	172	1
Transportation and communication	620	281	134	88	485	193
Building and construction	489	333	142	125	347	208
Power and water supply	27	0	1	0	26	0
Seafood	522	156	79	68	443	88
Hotels and restaurants	162	94	47	26	115	68
Agriculture and forestry	259	113	53	21	206	92
Central and local government	0	0	0	0	0	0
Other sectors	134	82	40	53	95	29
Total customers	16 282	6 222	4 360	2 048	11 922	4 174
Credit institutions	10	3	10	3	0	0
Total	16 292	6 225	4 370	2 051	11 922	4 174

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 24 Commercial paper and bonds at fair value [1)]

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
92 095	25 376	Quoted prices in an active market	25 457	92 058
4 988	2 330	Valuation technique based on observable market data	2 330	4 988
0	0	Valuation technique not based on observable market data	2	0
677	464	Accrued interest	465	677
97 760	28 170	Commercial paper and bonds, trading [2) 3)]	28 253	97 723
8 762	17 431	Quoted prices in an active market	21 049	11 695
5 590	36 171	Valuation technique based on observable market data	5 564	4 937
40	0	Valuation technique not based on observable market data [4)]	2 954	41
120	287	Accrued interest	399	144
14 513	53 888	Commercial paper and bonds, designated as at fair value	29 966	16 818
112 273	**82 058**	**Commercial paper and bonds**	**58 219**	**114 542**

1) *The figures represent maximum credit exposure.*
2) *Includes NOK 139 million and NOK 2 667 million in bonds for which DnB NOR Markets has entered into repurchase agreements, repos, as at 31 December 2008 and 31 December 2007 respectively.*
3) *The liquidity portfolio of commercial paper and bonds in DnB NOR Markets was reclassified from the category "fair value through profit or loss" to "held-to-maturity investments" with effect from 1 July 2008.*
4) *Commercial paper and bonds carried at fair value in DnB NORD totalled NOK 6 623 million at year-end 2008. Like the rest of Europe, the bond markets in the Baltic region and Poland were affected by the financial turmoil. Measurement based on observable prices in active markets was thus possible for only part of the portfolio. DnB NORD has developed a model for pricing securities in inactive markets. The model has been used to estimate the value of a portfolio totalling NOK 2 979 million. The model is based on expected cash flows and risk pricing which increases in step with the difference between stated market prices and the discounted value of expected cash flows. If the stated market prices had been used, the value of the portfolio would have been reduced by just over NOK 217 million.*

Note 25 Shareholdings [1)]

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
4 699	5 067	Quoted prices in an active market	5 164	4 700
96	1 786	Valuation technique based on observable market data	1 786	96
50	39	Valuation technique not based on observable market data	39	50
4 845	6 891	Shareholdings, trading	6 989	4 845
2 946	1 733	Quoted prices in an active market	1 785	3 177
0	0	Valuation technique based on observable market data	7	0
940	693	Valuation technique not based on observable market data [2)]	860	1 082
3 885	2 426	Shareholdings, designated as at fair value	2 653	4 259
8 731	**9 317**	**Shareholdings**	**9 642**	**9 104**

1) *Investments in shares are carried at fair value. Measurement at fair value is described in Note 1 Accounting principles in the annual report for 2008. The market situation in the fourth quarter has resulted in greater uncertainty regarding fair value assessments, especially for shares not listed on a stock exchange.*
2) *The DnB NOR Bank Group's investments in Private Equity, PE, and Management Buyout Funds totalled NOK 325 million at end-December 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 31 December 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 value adjustment of PE and Management Buyout Funds in the fourth quarter is based on the decline in values of a broadly composed equity index. Based on this evaluation, values have been adjusted downwards by NOK 64 million.*

Note 26 Investments in shares, mutual funds and PCCs

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
8 731	**9 317**	**Total investments in shares, mutual funds and PCCs**	**9 642**	**9 104**

Specification of the largest investments in shares, mutual funds and PCCs as at 31 December 2008

DnB NOR Bank ASA

Recorded value in NOK 1 000	Number of shares	Ownership share in per cent[1]	Recorded value
Financial institutions			**62 519**
Norwegian companies			
Aker Seafoods[2]	5 800 917	11.9	38 460
DOF Installer[2]	443 550	7.9	53 226
Hammerfest Næringsinvest	12 000	19.4	18 000
Høyteknologisenteret i Bergen	5 589	3.9	16 767
Intelligent Quality	7 353	19.5	23 427
IT Fornebu Eiendom Holding	1 464 294	12.6	148 707
Marine Harvest[2]	84 351 963	2.4	89 413
Norsk Hydro[2]	792 266	0.1	22 088
Odfjell ser. A[2]	5 506 689	8.4	240 918
Odfjell ser. B[2]	2 309 517	11.0	103 120
Orkla[2]	2 356 292	0.2	105 986
Oslo Børs VPS Holding	8 233 680	19.2	617 526
Renewable Energy Corporation[2]	273 987	0.1	17 686
StatoilHydro[2]	1 261 935	0.0	143 797
Telenor[2]	1 441 447	0.1	66 811
Vakt Service	15 769	4.7	24 723
Yara International[2]	1 562 895	0.5	232 293
Other Norwegian companies			181 904
Total Norwegian companies			**2 144 852**
Companies based abroad			
Arrow Energy[2]	12 973 277	1.8	167 696
Bidco	16 353 981	5.1	67 475
Calpine Corp.[2]	500 000	0.1	25 341
CH Offshore[2]	35 088 000	5.0	43 983
Deep Sea Supply[2]	3 100 000	2.4	21 576
Noble Corp.[2]	470 000	0.2	72 281
Pride International[2]	8 070 800	4.7	897 892
Scorpion Offshore[2]	12 000 000	20.0	188 400
Seadrill[2]	10 028 963	2.5	554 100
Ship Finance International[2]	701 982	1.0	56 154
Teekay Corp.[2]	2 000 000	2.8	273 605
Transocean[2]	250 006	0.1	82 240
Other companies based abroad			47 985
Total companies based abroad			**2 498 729**
Equity related derivatives[2]			**2 951 533**
Mutual funds			
Interest funds			1 110 722
Mutual funds			84 648
Private equity funds			279 876
Other funds			184 334
Total mutual funds			**1 659 580**
Total short-term investments in shares, mutual funds and PCCs			9 317 213

DnB NOR Bank Group

Recorded value in NOK 1 000	Number of shares	Ownership share in per cent[1]	Recorded value
Financial institutions			**65 704**
Norwegian companies			
Aker Seafoods[2]	5 800 917	11.9	38 460
DOF Installer[2]	443 550	7.9	53 226
Hammerfest Næringsinvest	12 000	19.4	18 000
Høyteknologisenteret i Bergen	5 589	3.9	16 767
Intelligent Quality	7 353	19.5	23 427
IT Fornebu Eiendom Holding	1 464 294	12.6	148 707
Marine Harvest[2]	84 351 963	2.4	89 413
Norsk Hydro[2]	792 266	0.1	22 088
Odfjell ser. A[2]	5 506 689	8.4	240 918
Odfjell ser. B[2]	2 309 517	11.0	103 120
Orkla[2]	2 356 292	0.2	105 986
Oslo Børs VPS Holding	8 233 680	19.2	617 526
Renewable Energy Corporation[2]	273 987	0.1	17 686
StatoilHydro[2]	1 261 935	0.0	143 797
Telenor[2]	1 441 447	0.1	66 811
Vakt Service	15 769	4.7	24 723
Yara International[2]	1 562 895	0.5	232 293
Other Norwegian companies			237 572
Total Norwegian companies			**2 200 520**
Companies based abroad			
Arrow Energy[2]	12 973 277	1.8	167 696
Bidco	16 353 981	5.1	67 475
Calpine Corp.[2]	500 000	0.1	25 341
Cape Investment Corp.	9 261	13.9	128 948
CH Offshore[2]	35 088 000	5.0	43 983
Deep Sea Supply[2]	3 100 000	2.4	21 576
Noble Corp.[2]	470 000	0.2	72 281
Pride International[2]	8 070 800	4.7	897 892
Scorpion Offshore[2]	12 000 000	20.0	188 400
Seadrill[2]	10 028 963	2.5	554 100
Ship Finance International[2]	701 982	1.0	56 154
Teekay Corp.[2]	2 000 000	2.8	273 605
Transocean[2]	250 006	0.1	82 240
Other companies based abroad			48 523
Total companies based abroad			**2 628 214**
Equity related derivatives[2]			**2 951 533**
Mutual funds			
Interest funds			1 214 316
Combination funds			2 037
Mutual funds			86 273
Hedge funds			26 186
Private equity funds			279 876
Other funds			186 868
Total mutual funds			**1 795 556**
Total short-term investments in shares, mutual funds and PCCs			9 641 528

1) *Ownership share in per cent is based on the company's total share capital and does not include derivative contracts.*

2) *Shares and funds carried at fair value in DnB NOR Markets totalled NOK 5 050 million at year-end 2008, and equity-related derivatives represented NOK 2 952 million. DnB NOR Markets' equity investment are mainly an instrument in hedging its equity derivative exposure through the business area's market making activities. Value at Risk for operations in DnB NOR Markets represented approximately NOK 1 million at year-end 2008.*

Note 27 Commercial paper and bonds, held to maturity

Information about the portfolios

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

The bank has chosen to cover its need for liquid securities by investing in high-quality international bonds. As at 31 December 2008, the liquidity portfolio in DnB NOR Markets represented NOK 99.1 billion. 98.9 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 75.4 per cent of the total portfolio, securitised loans to the corporate market 10.3 per cent, corresponding consumer finance loans 4.7 per cent and other loans 9.6 per cent.

DnB NOR Bank ASA				**DnB NOR Bank Group**	
NOK million 31 Dec. 2008	Per cent 31 Dec. 2008		Rating	Per cent 31 Dec. 2008	NOK million 31 Dec. 2008
		Asset class			
4 753	5	Consumer credit	AAA	5	4 753
76 243	75	Residential mortgages	AAA	75	76 243
10 415	10	Corporate loans	AAA/AA	10	10 415
9 101	1	Government-related	AAA	1	9 101
607	9	Insurance	AAA/AA/A	9	607
101 118	100	Total liquidity portfolio DnB NOR Markets 1)		100	101 118
(2 012)		Accrued interest 2)			(2 012)
99 106	100	Total liquidity portfolio DnB NOR Markets		100	99 106

1) *Nominal values.*

2) *Including amortisation effects in DnB NOR Markets' liquidity portfolio.*

Classification

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

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. This gave a NOK 3 001 million rise in profits compared with the result if the previous valuation principle had been retained. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, while it had risen to NOK 99.1 billion at year-end 2008. The increase mainly reflected exchange rate movements.

Note 27 Commercial paper and bonds, held to maturity (continued)

Effects of the reclassification of the liquidity portfolio — **DnB NOR Bank Group**

Amounts in NOK million	4th quarter 2008	3rd quarter 2008	2nd quarter 2008	1st quarter 2008	Full year 2008	Full year 2007
Net interest income						
- amortisation effects	205	282			487	
Net gains on financial instruments at fair value						
- value adjustments			(94)	(1 733)	(1 827)	(1 337)
- maturity effects			327	167	494	84
Net gains on financial instruments at fair value	0	0	233	(1 566)	(1 333)	(1 253)
Recorded unrealised losses at end of period	2 099	2 304	2 586	2 819	2 099	1 253
Effects of reclassifications						
- amortisation effects	205	282			487	
- net gains financial instruments at fair value	1 315	1 199			2 514	
Reduction in profits based on fair value measurement	1 520	1 481	0	0	3 001	0
Unrealised losses, valued at fair value	5 100	3 785	2 586	2 819	5 100	1 253

Measurement

With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets is reclassified as held-to-maturity investments. In addition, the bank invested in a portfolio of commercial papers with three to six month maturities of NOK 1.2 billion during the fourth quarter of 2008. Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

To set fair values for the liquidity portfolio, 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.

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-December 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 financial turmoil are used to explain historical changes in value in the liquidity portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the liquidity portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If this model had been applied to the liquidity portfolio in 2008, there would have been a loss of NOK 2 514 million. In addition, amortisation effects of NOK 487 million would have been reversed.

The remaining term to maturity of DnB NOR Markets' liquidity portfolio is estimated at three years, and the value of one basis point was NOK 30 million at year-end 2008. The model is based on developments in the iTraxx Senior Financials index and the Eurostat swap rate with two-year maturities. A one basis point change in the iTraxx index will give a NOK 20 million change in estimated value. A corresponding change in the Eurostat swap rate will correspond to NOK 32 million.

DnB NOR Bank ASA — **Valuation categories** — **DnB NOR Bank Group**

31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
0	0	Commercial paper and bonds, held to matuity		
0	0	Quoted prices in an active market	0	0
0	0	Valuation technique based on observable market data	0	0
0	99 286	Valuation technique not based on observable market data	99 286	0
0	(2 009)	Accrued interest [1)]	(2 009)	0
0	97 277	Fair value commercial paper and bonds, held to matuity	97 277	0

1) *Including amortisation effects in DnB NOR Markets' liquidity portfolio.*

Note 27 Commercial paper and bonds, held to maturity (continued)

DnB NOR Bank ASA		Portfolio structure	DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
0	566	Government/government-guaranteed	566	0
0	500	Government enterprises	500	0
0	369	Local governments	369	0
0	88 012	Financial institutions	88 012	0
0	12 840	Other issuers	12 840	0
0	102 287	Total commercial paper and bonds, held to maturity [1]	102 287	0
0	(2 009)	Accrued interest [2]	(2 009)	0
0	**100 278**	**Commercial paper and bonds, held to maturity**	**100 278**	**0**
0	97 277	Fair value commercial paper and bonds, held to maturity	97 277	0

1) Nominal values.
2) Including amortisation effects in DnB NOR Markets' liquidity portfolio.

DnB NOR Bank ASA	Changes in holdings during the year	DnB NOR Bank Group
Commercial paper and bonds, held to maturity	*Amounts in NOK million*	Commercial paper and bonds, held to maturity
0	**Balance sheet as at 31 December 2006**	**0**
0	Purchases	0
0	Maturity	0
0	Adjustments	0
0	**Balance sheet as at 31 December 2007**	**0**
14 279	Purchases [1]	14 279
88 008	Reclassification	88 008
0	Maturity	0
(2 009)	Adjustments [2]	(2 009)
100 278	**Balance sheet as at 31 December 2008**	**100 278**

1) Includes exchange rate effects.
2) Including amortisation effects in DnB NOR Markets' liquidity portfolio.

DnB NOR Bank ASA		Specification of bonds by currency	DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
0	1 169	NOK	1 169	0
0	61 080	EUR	61 080	0
0	24 929	USD	24 929	0
0	5 563	GBP	5 563	0
0	9 546	AUD	9 546	0
0	102 287	Total commercial paper and bonds, held to maturity [1]	102 287	0
0	(2 009)	Accrued interest [2]	(2 009)	0
0	**100 278**	**Commercial paper and bonds, held to maturity**	**100 278**	**0**

1) Nominal values.
2) Including amortisation effects in DnB NOR Markets' liquidity portfolio.

DnB NOR Bank ASA		Duration	DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008		31 Dec. 2008	31 Dec. 2007
0	3.0	DnB NOR Markets' liquidity portfolio - average remaining maturity (years)	3.0	0
0	3.3	Average effective interest - DnB NOR Markets' liquidity portfolio (per cent) [1]	3.3	0

1) The average effective interest rate at the time DnB NOR Markets' liquidity portfolio was reclassified was 6 per cent.

Note 28 Investment properties

Amounts in NOK million	DnB NOR Bank Group Investment properties
Recorded value as at 31 December 2006	**148**
Additions, capitalised investments	33
Additions, acquisitions of other companies	0
Reclassification to other properties	10
Net gains resulting from adjustment to fair value	0
Disposals	1
Exchange rate movements	0
Recorded value as at 31 December 2007	**170**
Additions, capitalised investments	21
Additions, acquisitions of other companies	0
Reclassification to other properties	0
Net gains resulting from adjustment to fair value	0
Disposals	24
Exchange rate movements	0
Recorded value as at 31 December 2008	**167**
Amounts included in the income statement:	
Rental income from investment properties	2
Direct expenses (including repairs and maintenance) related to investment properties generating rental income	0
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income	0
Contractual commitments related to the acquisition or construction of investment properties, not capitalised as at 31 December 2008	0

Note 29 Investments in associated companies

	DnB NOR Bank Group	
Amounts in NOK million	2008	2007
Recorded value as at 1 January	1 416	1 499
Share of profits after tax	632	9
Additions/disposals	478	22
Dividends	(26)	(114)
Recorded value as at 31 December 1)	**2 499**	**1 416**

DnB NOR Bank Group

Amounts in NOK million	Assets 31 Dec. 2008 2)	Liabilities 31 Dec. 2008 2)	Income 2008 2)	Profit 2008 2)	Ownership share (%) 31 Dec. 2008	Recorded value 31 Dec. 2008	Fair value 31 Dec. 2008	Recorded value 31 Dec. 2007
Eksportfinans AS	296 901	289 693	5 305	3 614	40	2 112	2 112	1 062
Nordito AS 3)	1 122	562	1 700	158	40	309	309	274
Doorstep AS	17	1	6	3	50	7	7	6
Other associated companies						71	71	74
Total						**2 499**		**1 416**

1) *Recorded values as at 31 December include deferred tax positions and value adjustments not reflected in the company's balance sheet.*
2) *Values in the accounts of associated companies.*
3) *BBS and Teller were merged with effect from 22 December 2007, forming the company Blå Holding. The company changed its name to Nordito AS in March 2008.*

Through a guarantee agreement, a syndicate consisting of the owners of Eksportfinans AS took over the risk of potential losses in value in the company's liquidity portfolio with effect from 1 March 2008. After this time, Eksportfinans AS will be compensated for shortfalls in portfolio values for up to NOK 5 billion. Any increase in value will accrue to the guarantors. DnB NOR's costs related to the guarantee are recorded in the accounts under the same items as profits from and investments in Eksportfinans AS.

Note 30 Investments in subsidiaries

Amounts in NOK 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	DnB NOR Bank ASA Book value
Foreign subsidiaries							
DnB NORD	EUR	882 095	449 868 501	EUR	449 869	51.0	4 952 852
Den Norske Syndicates	GBP	200	200 000	GBP	200	100.0	2 024
DnB NOR Asia	SGD	20 000	20 000 000	SGD	20 000	100.0	96 423
DnB NOR Luxembourg	EUR	17 352	70 000	EUR	17 352	100.0	169 910
DnB NOR Markets Inc.	USD	1	1 000	USD	1	100.0	2 551
DnB NOR Monchebank	RUB	500 000	500 000 000	RUB	500 000	100.0	239 020
DnB NOR Reinsurance		21 000	21 000		21 000	100.0	21 000
SalusAnsvar	SEK	85 614	21 403 568	SEK	85 614	100.0	680 741
Svensk Fastighetsförmedling	SEK	8 940	89 400	SEK	8 940	100.0	332 367
Domestic subsidiaries							
DnB NOR Bogstadveien 45 A		12 181	12 181 162		12 181	100.0	12 716
DnB NOR Boligkreditt		1 152 000	11 520 000		1 152 000	100.0	5 670 000
DnB NOR Bygg		112 826	112 826		112 826	100.0	83 886
DnB NOR Eiendom		10 003	100 033		10 003	100.0	150 349
DnB NOR Eiendomsutvikling		91 000	91 000 000		91 000	100.0	129 229
DnB NOR Finans		1 032 000	10 320 000		1 032 000	100.0	4 017 791
DnB NOR Invest Holding		200 000	200 000		200 000	100.0	543 000
DnB NOR Meglerservice		1 200	12		1 200	100.0	10 221
DnB NOR Næringsmegling		1 000	10 000		1 000	100.0	24 000
Hafjell Holding		10 000	1 000		10 000	100.0	12 400
Lørenfaret NE 1		500	5 000		500	100.0	500
Nordlandsbanken		625 062	50 004 984		625 062	100.0	1 864 444
Postbanken Eiendom		2 000	20 000		2 000	100.0	31 455
Realkreditt Eiendom		11 000	11 000		11 000	100.0	133 033
Viul Hovedgård		7 500	750 000		7 500	100.0	11 766
Total investments in subsidiaries							**19 191 684**

Note 31 Intangible assets

DnB NOR Bank ASA			DnB NOR Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
1 653	1 657	Goodwill [1)]	4 548	3 850
51	51	Postbanken brand name [1)]	51	51
362	448	Capitalised systems development	860	464
22	18	Sundry intangible assets	645	367
2 087	**2 173**	**Total intangible assets**	**6 105**	**4 733**

1) See note 32 for information regarding cash-generating units with goodwill and intangible assets with indefinite useful life.

DnB NOR Bank ASA

Amounts in NOK million	Goodwill	Postbanken brand name	Capitalised systems development	Sundry intangible assets	Total
Recorded value as at 1 January 2007	**1 658**	**51**	**281**	**0**	**1 990**
Additions			201		201
Additions from the acquisition/establishment of other companies					
Disposals	99		40		139
Impairment					
Depreciation			10		10
Exchange rate movements	5				5
Recorded value as at 31 December 2007	**1 653**	**51**	**362**	**22**	**2 087**
Original cost	2 038	119	634	174	2 966
Total depreciation and impairment	385	68	272	152	879
Recorded value as at 31 December 2007	**1 653**	**51**	**362**	**22**	**2 087**
Additions			158		158
Additions from the acquisition/establishment of other companies					0
Disposals			11		11
Impairment					0
Depreciation			62	4	66
Exchange rate movements	4				4
Recorded value as at 31 December 2008	**1 657**	**51**	**448**	**18**	**2 173**
Original cost	2 040	119	781	174	3 114
Total depreciation and impairment	383	68	334	156	941
Recorded value as at 31 December 2008	**1 657**	**51**	**448**	**18**	**2 173**

DnB NOR Bank Group

Amounts in NOK million	Goodwill	Postbanken brand name	Capitalised systems development	Sundry intangible assets	Total
Recorded value as at 1 January 2007	**2 759**	**51**	**293**	**63**	**3 166**
Additions	99		217	60	375
Additions from the acquisition/establishment of other companies	1 019		3	278	1 300
Disposals			3		3
Impairment				5	5
Depreciation			47	28	75
Exchange rate movements	(20)				(20)
Recorded value as at 31 December 2007	**3 850**	**51**	**464**	**367**	**4 733**
Original cost	4 445	119	729	532	5 826
Total depreciation and impairment	595	68	265	164	1 093
Recorded value as at 31 December 2007	**3 850**	**51**	**464**	**367**	**4 733**
Additions			462		462
Additions from the acquisition/establishment of other companies	673			487	1 160
Disposals	10		12	103	126
Impairment	175			14	190
Depreciation	0		74	135	209
Exchange rate movements	211		20	44	275
Recorded value as at 31 December 2008	**4 548**	**51**	**860**	**645**	**6 105**
Original cost	5 213	119	1 189	938	7 458
Total depreciation and impairment	665	68	329	292	1 353
Recorded value as at 31 December 2008	**4 548**	**51**	**860**	**645**	**6 105**

Note 32 Cash-generating units with goodwill and intangible assets with an indefinite useful life

In the DnB NOR Bank Group's balance sheet, the individual goodwill items and intangible assets with an indefinite useful life are allocated to cash-generating units according to which units benefit from the acquired asset. The cash-generating unit is chosen based on considerations relating to where it is possible to identify and distinguish cash flows related to the unit. A cash-generating unit may record goodwill from several transactions, and an impairment test is then performed on the total goodwill entered in the accounts in the cash-generating unit. The table below shows the different cash-generating units and the total capitalised value of goodwill and intangible assets with an indefinite useful life in each unit.

Goodwill		**DnB NOR Bank Group**	
Amounts in NOK million		Recorded goodwill	
Cash-generating unit	Grounds for choosing cash-generating unit	31 Dec. 2007	31 Dec. 2006
Retail Banking - Regional Division East and Coast	The item mainly consists of goodwill from the merger between DnB and Gjensidige NOR, plus some goodwill from previously acquired offices in Gjensidige NOR. The cash-generating unit will be the total regional network for the DnB NOR brand.	540	540
Cresco	Goodwill from the merger between DnB and Gjensidige NOR, plus the previous acquisition premium from the acquisition of Gjensidige Bank's credit card portfolio. The goodwill is evaluated against the cash flow from external distribution of card products under the Cresco brand in DnB NOR Kort.	502	502
Corporate Banking and Payment Services - Regional Division East and Coast	The item consists of goodwill from the merger between DnB and Gjensidige NOR allocated to corporate customers and is assessed against operations in the regional network in Corporate Banking and Payment Services.	448	448
Other	Other units in DnB NOR Bank ASA	167	163
Total goodwill	DnB NOR Bank ASA	1 657	1 653
DnB NORD	51 per cent of recorded goodwill in DnB NORD. Goodwill stems from the establishment of DnB NORD in 2005 when the bank acquired the operations in the Baltic States and Poland from NORD/LB and from the acquisition of BISE Bank in Poland in 2007.	874	792
Nordlandsbanken	Goodwill represents the acquisition premium from the acquisition of Nordlandsbanken. Nordlandsbanken remains a separate company in the DnB NOR Group and is a logical cash-generating unit.	478	478
DnB NOR Finans - Car financing in Norway	Goodwill from the acquisition of SkandiaBanken Bilfinans i Norway. The operations were taken over with effect from 31 January 2008.	365	
DnB NOR Finans - Car financing in Sweden	Goodwill from the acquisition of SkandiaBanken Bilfinans i Sweden. The operations were taken over with effect from 29 February 2008.	252	
Svensk Fastighetsförmedling	Goodwill from the acquisition of Svensk Fastighetsförmedling in the second quarter of 2007. The goodwill represents the value of greater distribution power in Sweden for the sale of housing loans and other products from the banking group.	290	335
SalusAnsvar	DnB NOR acquired 96 per cent of SalusAnsvar in the fourth quarter of 2007 and the remaining 4 per cent of the shares in 2008 . The goodwill represents the value of greater distribution power in the Swedish retail and corporate markets.	349	317
DnB NOR Finans	Goodwill from acquisition of leasing portfolio and operations within vendor-based car financing in Sweden.	105	99
Other	Other units in DnB NOR Bank Group	178	177
Total goodwill	DnB NOR Bank Group	4 548	3 850

Intangible assets with an indefinite useful life [1]		**DnB NOR Bank Group**	
Amounts in NOK million		Recorded value	
Cash-generating unit	Grounds for choosing cash-generating unit	31 Dec. 2008	31 Dec. 2007
Postbanken	As of 1 January 2005, the Postbanken brand name is classified as an intangible asset with an indefinite useful life.	51	51

1) Also included in DnB NOR Bank ASA.

Note 32 Cash-generating units with goodwill and intangible assets with an indefinite useful life (continued)

Testing of values

Impairment testing of capitalised values is done by discounting expected future cash flows from the unit. The assessments are based on value in use of the cash-generating units. The cash flows are based on historical results and available budgets and plan figures approved by management. Beyond the plan period, which in most cases is three years, cash flow trends are assumed to reflect the general expected economic growth rate. Alternatively, a specific average growth factor for relevant products, industries or countries in which the unit operates could be used.

The discount rate is based on an assessment of the market's required rate of return for the type of activity performed in the cash-generating unit. This required rate of return reflects the risk of operations. Impairment tests are generally performed on cash flows after tax in order to be able to directly employ the market's required rate of return. If the test shows that there may be a need for impairment, an assessment is also made of the pre-tax value of the cash flows.

Key assumptions for impairment testing — **DnB NOR Bank Group**

Per cent Type of operation	Cash-generating unit	Required rate of return after tax	Average long-term growth
Banking operations in Norway (loans and deposits)	Retail Banking - Regional Division East and Coast, Corporate Banking and Payment Services - Regional Division East and Coast, Nordlandsbanken, Postbanken	10	2
Banking operations in Baltic states and Poland	DnB NORD Lithuania	16	4
	DnB NORD Latvia	13	4
	DnB NORD Poland	11	4
Banking operations in Sweden	Corporate Banking and Payment Services Sweden, Svensk Fastighetsförmelding, Salus Ansvar	10	2
Banking operations in Russia	DnB NOR Monchebank	12	2
Equities	Equities operations in DnB NOR Markets	15	2
Credit card operations	Amex, Cresco	10	2
Finance company	DnB NOR Finans - car financing and leasing in Norway and Sweden	10	2

Impairment losses for goodwill in 2008

Svensk Fastighetsförmedling AB was acquired with effect from 30 June 2007. Goodwill from the acquisition represented the value of greater distribution power in the Swedish market for the sale of housing loans and other products from the DnB NOR Group. In consequence of the financial crisis, housing sales are expected to be reduced, coupled with more sluggish demand for housing loans, which will influence income from these operations. Future income from the sale of housing loans in Sweden has been conservatively estimated. The Swedish housing loan portfolio totalled NOK 5.0 billion at year-end 2008, while annual net sales of approximately NOK 3.0 billion are expected over the coming three-year period. No income is assumed to be generated from increased sales of other types of products in the Swedish market. A required rate of return of 10 per cent after tax has been used, which corresponds to around 12.2 per cent before tax. The test identified an impairment loss of SEK 116 million, which is the equivalent of NOK 104 million.

In connection with the establishment of DnB NORD in 2005, the company took over NORD/LB's existing subsidiary banks in the Baltic region and Poland. Recorded goodwill in DnB NORD stems from these transactions and from the acquisition of BISE Bank in Poland in 2007. Major parts of DnB NORD's operations take place in a region that has been through a long period of brisk economic growth. However, the Baltic states in particular experienced a sharp downturn during 2008, and it is expected that the negative trend will continue in 2009. The cash flows underlying the valuation reflect expectations of sluggish growth and relatively high write-downs on loans. The cash flows are based on financial plans approved by DnB NORD's Board of Directors, but also reflect the possibility of more negative developments and a deeper recession than assumed in the financial plans. The test identified an impairment loss of EUR 15 million for operations in Lithuania in 2008, corresponding to a NOK 147 million reduction in balance sheet values at year-end 2008, of which DnB NOR's share was NOK 75 million. A required rate of return of 16 per cent after tax has been used in the valuation of Lithuania. No basis for impairment losses has been identified for other DnB NORD units based on the situation at year-end 2008. However, it cannot be excluded that developments will be more negative than expected, which could require impairment losses on a later date.

With respect to the Bank Group's other cash-generating units, the value of discounted future cash flows exceeds the value of recorded goodwill with a good margin, and no reason has been found to record other impairment losses. These conclusions are based on financial plans assuming a gradual normalisation of the macro-economic situation. A deeper and more protracted recession than expected could create a need for impairment losses in connection with subsequent evaluations.

Acquired goodwill in 2008

DnB NOR Finans, a subsidiary of the DnB NOR Bank Group, acquired SkandiaBanken Bilfinans in Norway and Sweden with effect from 31 January and 29 February 2008, respectively. Goodwill from the acquisition in Norway was NOK 365 million and from the acquisition in Sweden SEK 278 million. DnB NOR Finans offers loans, leasing and fleet management in Norway and Sweden. After the completion of these transactions, the company had a market share within car financing of approximately 30 per cent in Norway and just below 20 per cent in Sweden.

Note 33 Fixed assets

	DnB NOR Bank ASA	
Amounts in NOK million	31 Dec. 2008	31 Dec. 2007
Bank buildings and other properties	50	45
Machinery, equipment and vehicles	794	837
Other fixed assets	1	1
Total fixed assets	**844**	**882**

		DnB NOR Bank ASA	
Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles	Total 1)
Recorded value as at 1 January 2007	1 802	885	2 686
Additions	16	260	276
Additions from the aquisition/establishment of other companies			
Fixed assets, reclassified as held for sale			
Disposals	1 707	28	1 735
Impairment			
Depreciation	67	277	344
Exchange rate movements		(3)	(3)
Recorded value as at 31 December 2007	45	837	881
Original cost	78	2 759	2 831
Total depreciation and impairment	33	1 922	1 948
Recorded value as at 31 December 2007	45	837	881
Additions	11	218	229
Additions from the aquisition/establishment of other companies			
Fixed assets, reclassified as held for sale			
Disposals	4	14	18
Impairment			
Depreciation	3	259	262
Exchange rate movements	1	12	13
Recorded value as at 31 December 2008	50	794	843
Original cost	86	2 969	3 055
Total depreciation and impairment	36	2 175	2 211
Recorded value as at 31 December 2008	50	794	843

DnB NOR Bank ASA has not furnished security for loans/funding of fixed assets, including property.

1) *The total does not include "Other fixed assets".*

Note 33 Fixed assets (continued)

Amounts in NOK million	DnB NOR Bank Group 31 Dec. 2008	31 Dec. 2007
Bank buildings and other properties	569	424
Machinery, equipment and vehicles	4 522	2 897
Other fixed assets	180	118
Total fixed assets	**5 271**	**3 439**

Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles	DnB NOR Bank Group Total [1)]
Recorded value as at 1 January 2007	3 241	1 918	5 159
Additions	241	1 714	1 955
Additions from the aquisition/establishment of other companies	1	19	20
Fixed assets, reclassified as held for sale	207		207
Disposals	2 695	163	2 858
Impairment	25	3	28
Depreciation	128	579	707
Exchange rate movements	(4)	(8)	(12)
Recorded value as at 31 December 2007	424	2 897	3 321
Original cost	537	5 944	6 481
Total depreciation and write-downs	113	3 047	3 160
Recorded value as at 31 December 2007	424	2 897	3 321
Additions	120	2 351	2 470
Additions from the aquisition/establishment of other companies			
Fixed assets, reclassified as held for sale			
Disposals	10	334	344
Impairment	1	2	2
Depreciation	21	760	781
Exchange rate movements	57	370	428
Recorded value as at 31 December 2008	569	4 522	5 092
Original cost	675	8 146	8 821
Total depreciation and write-downs	106	3 623	3 729
Recorded value as at 31 December 2008	569	4 522	5 092

DnB NOR Bank Group has not furnished security for loans/funding of fixed assets, including property.

1) *The total does not include "Other fixed assets".*

Note 34 Leasing

DnB NOR Bank ASA 31 Dec. 2007	31 Dec. 2008	Financial leasing (as lessor) *Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	31 Dec. 2007
		Gross investment in the lease		
0	0	Due within 1 year	5 607	4 046
0	0	Due in 1-5 years	25 492	18 550
0	0	Due in more than 5 years	2 980	2 263
0	0	Total gross investment in the lease	34 079	24 859
		Present value of minimum lease payments		
0	0	Due within 1 year	3 475	2 588
0	0	Due in 1-5 years	20 777	15 207
0	0	Due in more than 5 years	5 081	3 792
0	0	Total present value of lease payments	29 332	21 587
0	0	Unearned financial income	4 746	3 272
0	0	Unguaranteed residual values accruing to the lessor	34	33
0	0	Accumulated loan-loss provisions	367	102
0	0	Variable lease payments recognised as income during the period	28	25

DnB NOR Bank ASA 31 Dec. 2007	31 Dec. 2008	Operational leasing (as lessor) *Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	31 Dec. 2007
		Future minimum lease payments under non-cancellable leases		
0	0	Due within 1 year	186	89
0	0	Due in 1-5 years	1 067	476
0	0	Due in more than 5 years	135	59
0	0	Total future minimum lease payments under non-cancellable leases	1 388	624

DnB NOR Bank ASA 31 Dec. 2007	31 Dec. 2008	Operational leasing (as lessee) *Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	31 Dec. 2007
		Minimum future lease payments under non-cancellable leases		
85	91	Due within 1 year	113	95
1 200	1 251	Due in 1-5 years	1 385	1 213
2 728	7 725	Due in more than 5 years	7 841	2 840
4 013	9 068	Total minimum future lease payments under non-cancellable leases	9 339	4 148
467	461	Total minimum future sublease payments expected to be received under non-cancellable subleases	144	163
		Leases recognised as an expense during the period		
751	765	Minimum lease payments	784	496
0	0	Variable lease payments	1	0
751	765	Total leases recognised as an expense during the period	785	496
12	19	Write-downs on leases	19	12

Financial leasing (as lessor)
The DnB NOR Bank Group's financial leasing operations apply to DnB NOR Finans and DnB NORD in Poland and the Baltic States.

Operational leasing (as lessor)
Comprises operational leasing operations in DnB NOR Finans and DnB NORD in Poland.

Operational leasing (as lessee)
Mainly comprises premises leased by DnB NOR Bank. The strong growth in contractual minimum lease payments which are due in more than five years must be seen in conjunction with the agreement to lease new headquarters in Bjørvika in Oslo, which will be ready in 2012.

Note 35 Other assets

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
2 059	888	Unsettled contract notes	927	2 059
887	366	Accrued expenses and prepaid revenues	801	1 238
793	557	Amounts outstanding on documentary credits and other payment services	585	793
1 597	0	Receivables from the sale of buildings and property companies	0	3 026
7 751	4 131	Other amounts outstanding	4 468	1 951
13 087	**5 941**	**Total other assets**	**6 781**	**9 067**

Note 36 Real estate

DnB NOR Bank ASA

Book value in NOK million	Bank buildings	Commercial properties	Sites/ projects	Total
Oslo	3	0	0	3
Eastern Norway and southern Norway	0	16	4	20
Bergen	0	0	0	0
Rest of western Norway	0	0	0	1
Northern Norway and central Norway	0	4	0	4
Abroad	17	3	1	22
Total recorded value	20	24	5	50
Floor space in 1 000 square metres				
Own use	3	0	0	3
Tenants	4	0	0	4
Not rented out	0	0	0	0
Total floor space	7	0	0	7
Number of external tenants	13	0	0	13
Annual rental income from external tenants in NOK million	11	0	0	15

DnB NOR Bank Group

Book value in NOK million	Bank buildings	Commercial properties	Sites/ projects	Total
Oslo	4	0	0	4
Eastern Norway and southern Norway	0	181	4	185
Bergen	0	0	0	0
Rest of western Norway	0	0	0	1
Northern Norway and central Norway	18	19	4	41
Abroad	335	4	1	340
Total recorded value	356	204	9	569
Floor space in 1 000 square metres				
Own use	126	0	5	130
Tenants	8	0	0	8
Not rented out	0	0	0	0
Total floor space	133	0	5	138
Number of external tenants	76	0	0	76
Annual rental income from external tenants in NOK million	14	4	0	18

Notes 37 Loans and deposits from credit institutions

DnB NOR Bank ASA 31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	31 Dec. 2007
84 351	89 334	Loans and deposits from credit institutions, trading	84 370	81 626
25	29 181	Loans and deposits from credit institutions, designated as at fair value	29 181	30
44 786	28 857	Loans and deposits from credit institutions, amortised cost	65 283	62 571
129 162	**147 371**	**Loans and deposits from credit institutions**	**178 834**	**144 228**
128 640	*146 772*	*Of which contractual obligations*	*178 172*	*143 725*

Note 38 Deposits from customers

DnB NOR Bank ASA 31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	31 Dec. 2007
20 716	12 710	Deposits from customers, trading	12 626	20 685
17 957	22 620	Deposits from customers, designated as at fair value	23 164	17 980
472 072	534 982	Deposits from customers, amortised cost	571 125	503 642
510 745	**570 312**	**Deposits from customers**	**606 915**	**542 307**
511 516	*569 681*	*Of which contractual obligations*	*606 138*	*542 999*

DnB NOR Bank ASA 31 Dec. 2007	31 Dec. 2008	**Customer deposits for principal sectors** *Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	31 Dec. 2007
192 318	211 397	Retail customers	229 737	207 693
46 877	57 973	International shipping	58 123	46 987
33 675	29 686	Real estate	30 511	34 539
20 466	26 960	Manufacturing	28 555	22 109
94 767	101 088	Services	104 684	97 802
24 279	29 371	Trade	30 915	25 681
12 470	21 571	Oil and gas	21 573	12 475
13 728	14 716	Transportation and communication	17 194	15 987
9 301	9 542	Building and construction	11 133	10 792
9 376	10 340	Power and water supply	11 497	10 180
2 329	2 580	Seafood	3 287	2 878
1 752	1 625	Hotels and restaurants	1 805	2 059
2 174	2 205	Agriculture and forestry	2 677	2 627
18 870	18 474	Central and local government	23 924	23 822
29 134	32 154	Finance	30 525	27 367
511 516	569 681	Total deposits from customers	606 138	542 999
(771)	632	Adjustments	777	(692)
510 745	**570 312**	**Deposits from customers**	**606 915**	**542 307**

Note 39 Securities issued

	DnB NOR Bank ASA	
Amounts in NOK million	31 Dec. 2008	31 Dec. 2007
Commercial paper issued, nominal amount	194 700	97 711
Bond debt, nominal amount [1)]	305 356	236 890
Adjustments	7 623	1 171
Total securities issued	**507 680**	**335 772**

Changes in securities issued

DnB NOR Bank ASA

Amounts in NOK million	Balance sheet 31 Dec. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Changes in adjustments 2008	Balance sheet 31 Dec. 2007
Commercial paper issued, nominal amount	194 700	408 210	319 763	8 543	0	97 711
Bond debt, nominal amount [1)]	305 356	89 771	73 365	52 060	0	236 890
Adjustments	7 623	0	0	0	6 452	1 171
Total securities issued	**507 680**	**497 981**	**393 129**	**60 603**	**6 452**	**335 772**

Maturity of securities issued recorded at amortised cost as at 31 December 2008 [1) 2)]

DnB NOR Bank ASA

Amounts in NOK million	NOK	Foreign currency	Total
2009	0	85 011	85 011
2010	0	66 264	66 264
2011	0	71 503	71 503
2012	0	20 365	20 365
2013	0	23 334	23 334
2014	0	11 290	11 290
2015 and later	0	11 458	11 458
Total bond debt, recorded at amortised cost, nominal amount	0	289 225	289 225

Maturity of securities issued recorded at fair value as at 31 December 2008 [1) 3)]

DnB NOR Bank ASA

Amounts in NOK million	NOK	Foreign currency	Total
2009	5 006	189 694	194 700
Total commercial paper issued, nominal amount	5 006	189 694	194 700
2009	1 817	0	1 817
2010	5 575	0	5 575
2011	5 045	0	5 045
2012	1 097	0	1 097
2013	1 924	0	1 924
2014	271	0	271
2015 and later	403	0	403
Total bond debt, nominal amount	16 131	0	16 131
Total securities issued recorded at fair value, nominal amount	21 137	189 694	210 831
Adjustments	192	7 431	7 623
Securities issued	21 328	486 351	507 680

1) *Minus own bonds.*
2) *Includes hedged items.*
3) *Widening credit margins gave a NOK 448 million reduction in securities issued recorded at fair value.*

Note 39 Securities issued (continued)

Amounts in NOK million	DnB NOR Bank Group 31 Dec. 2008	 31 Dec. 2007
Commercial paper issued, nominal amount	194 852	97 806
Bond debt, nominal amount [1)]	405 040	272 432
Adjustments	14 291	1 546
Total securities issued	**614 183**	**371 784**

Changes in securities issued

DnB NOR Bank Group

Amounts in NOK million	Balance sheet 31 Dec. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Changes in adjustments 2008	Balance sheet 31 Dec. 2007
Commercial paper issued, nominal amount	194 852	408 367	319 862	8 542	0	97 806
Bond debt, nominal amount [1)]	405 040	139 056	75 929	69 421	59	272 432
Adjustments	14 291	0	0	0	12 745	1 546
Total securities issued	**614 183**	**547 423**	**395 791**	**77 963**	**12 803**	**371 784**

Maturity of securities issued recorded at amortised cost as at 31 December 2008 [1) 2)]

DnB NOR Bank Group

Amounts in NOK million	NOK	Foreign currency	Total
2009	0	149	149
Total commercial paper issued, nominal amount	0	149	149
2009	0	86 466	86 466
2010	0	82 630	82 631
2011	0	93 924	93 924
2012	0	36 714	36 714
2013	0	44 043	44 043
2014	0	11 290	11 290
2015 and later	0	24 300	24 300
Total bond debt, recorded at amortised cost, nominal amount	0	379 367	379 367
Total securities issued recorded at amortised cost, nominal amount	0	379 516	379 516

Maturity of securities issued recorded at fair value as at 31 December 2008 [1) 3)]

DnB NOR Bank Group

Amounts in NOK million	NOK	Foreign currency	Total
2009	5 006	189 697	194 703
Total commercial paper issued, nominal amount	5 006	189 697	194 703
2009	1 817	0	1 817
2010	7 443	23	7 466
2011	5 045	0	5 045
2012	1 097	0	1 097
2013	1 924	0	1 924
2014	6 271	0	6 271
2015 and later	2 053	0	2 053
Total bond debt, nominal amount	25 650	23	25 672
Total securities issued recorded at fair value, nominal amount	30 655	189 720	220 376
Adjustments	964	13 326	14 291
Securities issued	31 620	582 563	614 183

1) *Minus own bonds. Outstanding covered bonds in DnB NOR Boligkreditt totalled NOK 126.8 billion as at 31 December 2008. The cover pool represented NOK 181.9 billion.*
2) *Includes hedged items.*
3) *Widening credit margins gave a NOK 1 042 million reduction in securities issued recorded at fair value.*

Note 40 Subordinated loan capital and perpetual subordinated loan capital securities

	DnB NOR Bank ASA	
Amounts in NOK million	31 Dec. 2008	31 Dec. 2007
Term subordinated loan capital, nominal amount	23 843	16 868
Perpetual subordinated loan capital, nominal amount	8 007	6 747
Perpetual subordinated loan capital securities, nominal amount 1)	9 742	8 746
Adjustments	2 019	131
Total subordinated loan capital and perpetual subordinated loan capital securities	**43 612**	**32 491**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DnB NOR Bank ASA						
Amounts in NOK million	Balance sheet 31 Dec. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Changes in adjustments 2008	Balance sheet 31 Dec. 2007
Term subordinated loan capital, nominal amount	23 843	8 030	3 196	2 142	0	16 868
Perpetual subordinated loan capital, nominal amount	8 007	0	0	1 260	0	6 747
Perpetual subordinated loan capital securities, nominal amount 1)	9 742	0	0	992	3	8 746
Adjustments	2 019	0	0	0	1 889	131
Total subordinated loan capital and perpetual subordinated loan capital securities	**43 612**	**8 030**	**3 196**	**4 395**	**1 892**	**32 491**

DnB NOR Bank ASA						
Year raised	Book value in foreign currency		Interest rate	Maturity	Call date	Book value in NOK
Term subordinated loan capital						
2003	GBP	200	5.125% p.a.	2015	2010	2 024
2004	EUR	200	3-month EURIBOR + 0.30%	2016	2011	1 958
2005	EUR	200	3-month EURIBOR + 0.20%	2015	2010	1 958
2006	EUR	500	3-month EURIBOR + 0.20%	2017	2012	4 896
2006	USD	500	3-month LIBOR + 0.23%	2016	2011	3 481
2007	GBP	150	6.52% p.a.	2017	2012	1 518
2008	GBP	250	6.17% p.a.	2018	2013	2 530
2008	NOK	1 200	3-month NIBOR +1.60%	2018	2013	1 200
2008	NOK	250	7.60% p.a.	2018	2013	250
2008	GBP	400	7.25% p.a.	2020	2015	4 048
Recorded costs						(20)
Total, nominal amount						23 843
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 497
1986	USD	150	6-month LIBOR + 0.15%			1 044
1986	USD	200	6-month LIBOR + 0.125%			1 392
1996	JPY	3 000	4.00% p.a.		2011	232
1996	JPY	7 000	4.00% p.a.		2011	540
1999	JPY	10 000	4.51% p.a.		2029	772
2006	GBP	250	4.875% p.a.		2011	2 530
Total, nominal amount						8 007
Perpetual subordinated loan capital securities						
2001	USD	400	7.729% p.a.		2011	2 785
2002	EUR	350	7.07% p.a.		2012	3 427
2007	GBP	350	6.0116% p.a.		2017	3 542
Recorded costs						(12)
Total, nominal amount						9 742

1) *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 the securities to 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 40 Subordinated loan capital and perpetual subordinated loan capital securities (continued)

DnB NOR Bank Group

Amounts in NOK million	31 Dec. 2008	31 Dec. 2007
Term subordinated loan capital, nominal amount	25 432	17 578
Perpetual subordinated loan capital, nominal amount	8 007	6 747
Perpetual subordinated loan capital securities, nominal amount 1)	9 742	8 746
Adjustments	2 044	155
Total subordinated loan capital and perpetual subordinated loan capital securities	**45 225**	**33 226**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DnB NOR Bank Group

Amounts in NOK million	Balance sheet 31 Dec. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Changes in adjustments 2008	Balance sheet 31 Dec. 2007
Term subordinated loan capital, nominal amount	25 432	8 747	3 196	2 304	0	17 578
Perpetual subordinated loan capital, nominal amount	8 007	0	0	1 260	0	6 747
Perpetual subordinated loan capital securities, nominal amount 1)	9 742	0	0	992	3	8 746
Adjustments	2 044	0	0	0	1 888	155
Total subordinated loan capital and perpetual subordinated loan capital securities	**45 225**	**8 747**	**3 196**	**4 557**	**1 892**	**33 226**

DnB NOR Bank Group

Year raised	Book value in foreign currency		Interest rate	Maturity	Call date	Book value in NOK
Term subordinated loan capital						
2003	GBP	200	5.125% p.a.	2015	2010	2 024
2003	EUR	15	6-month EURIBOR + 0.61%	2013		147
2004	EUR	200	3-month EURIBOR + 0.30%	2016	2011	1 958
2004	EUR	11	6-month EURIBOR + 1.40%	2014	2009	108
2004	EUR	14	6 mnd EURIBOR + 0.61%	2014		137
2005	EUR	200	3-month EURIBOR + 0.20%	2015	2010	1 958
2005	EUR	3	4.39% p.a.	2015		24
2005	EUR	15	6-month EURIBOR + 0.60%	2015		147
2005	EUR	13	6-month EURIBOR + 0.60%	2015		127
2006	USD	500	3-month LIBOR + 0.23%	2016	2011	3 481
2006	EUR	500	3-month EURIBOR + 0.20%	2017	2012	4 896
2007	GBP	150	6.52% p.a.	2017	2012	1 518
2007	EUR	19	6-month EURIBOR + 0.90%	2017		181
2008	GBP	250	6.17% p.a.	2018	2013	2 530
2008	NOK	1 200	3-month LIBOR	2018	2013	1 200
2008	NOK	250	7.60% p.a.	2018	2013	250
2008	GBP	400	7.25% p.a.	2020	2015	4 048
2008	EUR	49	6-month EURIBOR + 2.40%	2013		480
2008	EUR	25	6-month EURIBOR + 2.40%	2013		240
Recorded costs						(22)
Total, nominal amount						25 432
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 497
1986	USD	150	6-month LIBOR + 0.15%			1 044
1986	USD	200	6-month LIBOR + 0.125%			1 392
1996	JPY	3 000	4.00% p.a.		2011	232
1996	JPY	7 000	4.00% p.a.		2011	540
1999	JPY	10 000	4.51% p.a.		2029	772
2006	GBP	250	4.875% p.a.		2011	2 530
Total, nominal amount						8 007
Perpetual subordinated loan capital securities						
2001	USD	400	7.729% p.a.		2011	2 785
2002	EUR	350	7.07% p.a.		2012	3 427
2007	GBP	350	6.0116% p.a.		2017	3 542
Recorded costs						(12)
Total, nominal amount						9 742

1) *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 the securities to 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 41 Provisions

DnB NOR Bank ASA

Amounts in NOK million	Issued financial guarantees [1]	Pension commitments [2]	Allocations to employees [3]	Other provisions	Total provisions
Recorded value as at 31 December 2007	**105**	**3 933**	**341**	**186**	**4 566**
New provisions, recorded in the accounts	61	0	0	283	344
Amounts used	35	0	341	55	432
Reversals of unutilised provisions	0	0	0	0	0
Other changes	1	(180)	0	0	(179)
Recorded value as at 31 December 2008	**132**	**3 754**	**0**	**414**	**4 299**

DnB NOR Bank Group

Amounts in NOK million	Issued financial guarantees [1]	Pension commitments [2]	Allocations to employees [3]	Other provisions	Total provisions
Recorded value as at 31 December 2007	**151**	**4 107**	**414**	**258**	**4 930**
New provisions, recorded in the accounts	81	0	0	334	415
Amounts used	35	0	414	78	527
Reversals of unutilised provisions	0	0	0	8	8
Other changes	6	(160)	0	(49)	(202)
Recorded value as at 31 December 2008	**203**	**3 947**	**0**	**457**	**4 606**

1) *Liabilities included in issued financial guarantees are measured at fair value in the balance sheet. Nominal guarantee commitments are recorded off the balance sheet, see note 53 Off-balance sheet transactions, contingencies and post-balance sheet events.*
2) *Pension commitments before net overfunding are included. See note 10 Pensions for a specification of changes in pension commitments recorded in 2008.*
3) *There were no allocations to employees for 2008.*

Note 42 Other liabilities

DnB NOR Bank ASA 31 Dec. 2007	DnB NOR Bank ASA 31 Dec. 2008	*Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	DnB NOR Bank Group 31 Dec. 2007
2 880	1 055	Short-term funding	1 307	3 305
2 950	2 798	Accrued expenses and prepaid revenues	3 576	3 571
0	0	Liabilities related to factoring	154	456
1 629	895	Documentary credits, cheques and other payment services	925	1 667
6 153	2 522	Unsettled contract notes	2 522	6 153
6 463	0	Group contribution/dividends	-	-
331	280	Accounts payable	417	583
5 305	3 058	Other liabilities	3 479	7 470
25 711	**10 608**	**Total other liabilities**	**12 380**	**23 205**

Note 43 Capital adequacy and capitalisation policy

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	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
17 514	17 514	Share capital	17 514	17 514
43 659	51 702	Other equity	59 969	48 553
61 173	69 217	Total equity	77 483	66 068
		Deductions		
(14)	0	Pension funds above pension commitments	(1)	(19)
(1 653)	(1 657)	Goodwill	(4 737)	(3 880)
(8)	(10)	Deferred tax assets	(306)	(208)
(435)	(516)	Other intangible assets	(1 584)	(893)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 045)	(1 070)	50 per cent of investments in other financial institutions	(1 070)	(1 045)
(394)	(288)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(339)	(399)
(22)	(323)	Adjustments for unrealised losses/(gains) on liabilites recorded at fair value	(2 284)	(164)
		Additions		
1 109	555	Portion of unrecognised actuarial gains/losses, pension costs [1)]	594	1 186
58 713	65 908	Equity Tier 1 capital	67 726	60 617
8 746	9 742	Perpetual subordinated loan capital securities [2) 3)]	9 945	8 962
67 459	75 649	Core capital	77 671	69 579
6 747	8 007	Perpetual subordinated loan capital	8 007	6 747
16 755	23 843	Term subordinated loan capital [3)]	26 083	17 917
		Deductions		
(1 045)	(1 070)	50 per cent of investments in other financial institutions	(1 070)	(1 045)
(394)	(288)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(339)	(399)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
22 063	30 492	Supplementary capital	32 700	23 238
89 522	106 141	Total eligible primary capital [4)]	110 371	92 816
750 206	965 059	Risk-weighted volume	1 120 428	886 099
60 016	77 205	Minimum capital requirement	89 634	70 888
7.8	6.8	Equity Tier 1 ratio (%)	6.0	6.8
9.0	7.8	Core capital ratio (%)	6.9	7.9
11.9	11.0	Capital ratio (%)	9.9	10.5

1) *Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance has established a transitional rule whereby one-fifth of the amount recorded against equity can be included in capital adequacy calculations in 2008, as the last year of the transitional period.*
2) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
3) *As at 31 December 2008, calculations of capital adequacy included a total of NOK 853 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.*
4) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Bank Group's accounts as associated companies which are assessed according to the equity method in the accounts, are assessed according to the gross method in capital adequacy calculations.*

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

Note 43 Capital adequacy and capitalisation policy (continued)

Specification of risk-weighted volume and capital requirements **DnB NOR Bank ASA**

Amounts in NOK million	Nominal exposure 31 Dec. 2008	EAD [1] 31 Dec. 2008	Risk-weighted volume 31 Dec. 2008	Capital requirements 31 Dec. 2008
IRB approach				
Corporate	121 879	113 656	85 329	6 826
Retail - residential property	229 327	229 066	30 997	2 480
Total credit risk, IRB approach	351 206	342 722	116 326	9 306
Standardised approach				
Central and regional government	53 203	49 760	847	68
Institutions	350 724	301 311	61 724	4 938
Corporate	781 028	626 447	626 219	50 098
Specialised Lending (SL)	10 519	9 868	9 868	789
Retail - mortgage loans	12 950	12 291	5 449	436
Retail - credit card exposures (QRRE)	53 499	11 946	9 172	734
Other retail	41 092	28 222	21 195	1 696
Equity positions	22 739	22 739	22 970	1 838
Securitisation	99 106	99 106	19 883	1 591
Total credit risk, standardised approach	1 424 859	1 161 690	777 327	62 186
Total credit risk	1 776 065	1 504 412	893 654	71 492
Other assets			3 790	303
Market risk, standardised approach			27 009	2 161
Operational risk			43 204	3 456
Deductions			(2 598)	(208)
Total Basel II			965 059	77 205
Difference i capital requirements due to transitional rules in 2007-2009				0
Capital requirements				77 205

Specification of risk-weighted volume and capital requirements **DnB NOR Bank Group**

Amounts in NOK million	Nominal exposure 31 Dec. 2008	EAD [1] 31 Dec. 2008	Risk-weighted volume 31 Dec. 2008	Capital requirements 31 Dec. 2008
IRB approach				
Corporate	121 879	113 656	85 329	6 826
Retail - residential property	443 107	442 846	48 054	3 844
Total credit risk, IRB approach	564 986	556 502	133 383	10 671
Standardised approach				
Central and regional government	95 877	89 410	7 530	602
Institutions	193 532	174 806	37 401	2 992
Corporate	928 842	733 417	734 384	58 751
Specialised Lending (SL)	10 519	9 868	9 868	789
Retail - mortgage loans	46 003	44 701	17 554	1 404
Retail - credit card exposures (QRRE)	53 499	11 946	9 172	734
Other retail	103 269	79 679	59 384	4 751
Equity positions	2 374	2 374	2 605	208
Securitisation	99 106	99 106	19 883	1 591
Total credit risk, standardised approach	1 533 019	1 245 307	897 780	71 822
Total credit risk	2 098 005	1 801 809	1 031 163	82 493
Other assets			10 814	865
Market risk, standardised approach			30 147	2 412
Operational risk			51 444	4 116
Deductions			(3 141)	(251)
Total Basel II			1 120 428	89 634
Difference i capital requirements due to transitional rules in 2007-2009				0
Capital requirements				89 634

1) *EAD, exposure at default.*

Note 43 Capital adequacy and capitalisation policy (continued)

Basel II implementation

Further progress

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

	31 Dec. 2008			31 Dec. 2009			31 Dec. 2010		
	Approaches			Approaches			Approaches		
Portfolios	Standardised	Foundation IRB	Advanced IRB	Standardised	Foundation IRB	Advanced IRB	Standardised	Foundation IRB	Advanced IRB
Mortgage loans, DnB NOR Bank and DnB NOR Boligkreditt			X			X			X
Retail small and medium-sized entities in DnB NOR Bank		X				X			X
Qualifying revolving retail exposure, DnB NOR Kort	X					X			X
Corporates, leasing and loans in Norway in DnB NOR Finans excluding the portfolio from SkandiaBanken Bilfinans	X					X			X
Corporates, factoring and large clients in Norway in DnB NOR Finans plus the car portfolio in Sweden	X			X					X
Corporates, large corporate customers in Norway in DnB NOR Bank	X			X					X
Corporates, other corporate clients in DnB NOR Bank	X			X					X
Institutions, banks and financial institutions	X			X					X
Mortgage loans, retail small and medium-sized entities, other portfolios, Nordlandsbanken	X			X					X
Approved exceptions: government and municipalities, equity positions, commercial paper	X			X			X		
Temporary exceptions: DnB NORD, DnB NOR Luxembourg, Monchebank and various other portfolios	X			X			X		

Capitalisation policy

The Board of Directors approved a new capitalisation policy in connection with the transition to Basel II. The policy sets forth that core capital as part of risk-weighted volume shall be minimum 8 per cent upon full introduction of the IRB system. By the end of 2010, most of the IRB system will be in place. This target will be operationalised by aiming for a core capital ratio of 8 per cent for the DnB NOR Group by year-end 2010. The DnB NOR Group's capitalisation level shall support the bank's AA level rating target for ordinary long-term funding. Relative to the current risk-weighted volume, which is based on a combination of the standardised approach and the IRB approach, it has been estimated that measurement according to the IRB approach would have given a reduction in risk-weighted volume of approximately 30 per cent at year-end 2008. Cyclicality in the models based on an anticipated negative economic trend will probably result in a slightly lower reduction on the planned implementation date. The Board of Directors will continually review the capitalisation requirement in light of international developments.

Note 44 Risk

Risk management in DnB NOR

The Board of Directors of DnB NOR ASA has a clearly stated goal to maintain a low risk profile, which is reflected in the DnB NOR Bank Group's aim to maintain at least at an AA level rating for ordinary long-term debt. The profitability of the banking group will depend on the Group's ability to identify, manage and accurately price risk arising in connection with financial services.

Organisation and authorisation structure

- *Board of Directors*. The Board of Directors of DnB NOR ASA sets long-term targets for the Group’s risk profile. The risk profile is operationalised through the risk management framework, including the establishment of authorisations.
- *Authorisations*. Authorisations must be in place for the extension of credit and for position and trading limits in all critical financial areas. All authorisations are personal. Authorisations and group limits are determined by the Board of Directors and can be delegated in the organisation, though any further delegation requires approval by an immediate superior.
- *Annual review of limits*. Risk limits are reviewed at least annually in connection with budget and planning processes.
- *Independent risk management functions*. Risk management functions and the development of risk management tools are undertaken by units that are independent of operations in the individual business areas.

Monitoring and use

- *Accountability*. All executives are responsible for risk within their own area of responsibility and must consequently be fully updated on the risk situation at all times.
- *Risk reporting*. Risk reporting in the Group ensures that all executives have the necessary information about current risk levels and future developments. To ensure high-quality, independent risk reports, responsibility for reporting is assigned to units that are independent of the operative units.
- *Capital assessment*. A summary and analysis of the Group's capital and risk situation is presented in a special risk report to the Board of Directors.
- *Use of risk information*. Risk is an integral part of the management and monitoring of business areas. Return on risk-adjusted capital is reflected in product pricing, profit calculations and in monitoring performance in the business areas.

Relevant risk measures

- *A common risk measure for the Group*. The Group's risk is measured in the form of risk-adjusted capital, calculated for main risk categories and for all of the Group's business areas.
- *Supplementary risk measure*. In addition, risk is followed up through supplementary risk measures adapted to operations in the various business areas, for example monitoring of positions relative to limits, key figures and portfolio risk targets.

A further description of risk management and internal control in the DnB NOR Group can be found in the chapter "Risk management and internal control" in the annual report for the DnB NOR Group.

Risk categories

For risk management purposes, DnB NOR distinguishes between the following risk categories:

- *Credit risk* is the risk of losses due to failure on the part of the banking group's counterparties (customers) to meet their payment obligations towards the DnB NOR Bank Group. Credit risk refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, leasing, factoring, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves credit risk. Note 45 contains an assessment of the banking group's credit risk at year-end 2007 and 2008.
- *Market risk* arises as a consequence of the banking group's unhedged transactions in the foreign exchange, interest rate, commodity and capital markets. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates. Notes 46 to 48 contain an assessment of the banking group's market risk at year-end 2007 and 2008.
- *Liquidity risk* is the risk that the banking group will be unable to meet its payment obligations. Note 50 contains an assessment of the banking group's liquidity risk at year-end 2007 and 2008.
- *Operational risk* is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- *Business risk* is the risk of losses due to external factors such as the market situation or government regulations. This risk category also includes reputational risk.

Note 44 Risk (continued)

DnB NOR uses a total risk model to quantify risk and calculates risk-adjusted capital for individual risk categories and for the Group's overall risk. Risk-adjusted capital should cover unexpected losses which may occur in operations in exceptional circumstances. Quantifications are based on statistical probability calculations for the various risk categories, and the parameters are determined after a review of historical data.

Risk measurement is a field in constant development, and measurement methods and tools are subject to continual improvement. The parameters in the total risk model were updated in 2008 after a review of historical data. No other significant changes were made in routines and procedures for risk monitoring in 2008.

Concentrations of risk

Concentrations of financial risk arise when financial instruments with identical characteristics are influenced in the same way by changes in economic or other factors. The identification of risk concentrations is subject to discretionary assessment. The general purpose of risk management in the Group is to reduce and control risk concentrations. The Group aims to avoid large credit risk concentrations, including large exposures to a customer or customer group as well as clusters of commitments in high-risk categories, industries and geographical areas, cf. notes 4, 20 and 21. With respect to market risk, concentration risk is restricted by limits ensuring that exposure is divided among a number of instruments, securing sound diversification to meet changes in share prices, exchange rates, commodity prices and interest rate levels. The concentration of credit risk as at 31 December 2008 for international bonds in the trading portfolio is shown in note 24. The concentration of credit risk for commercial paper and bonds held to maturity is shown in note 27. Currency risk is specified in note 48. Concentrations of interest rate risk are presented in note 47. The banking group's investments in shares, mutual funds and PCCs are specified in note 26. The banking group has no material risk concentrations apart from those referred to above.

Note 45 Credit risk

Credit risk represents the chief risk category for the banking group and refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk.

Management of credit risk in the banking group is described in more detail in note 44 Risk.

DnB NOR's risk classification [1)]

	Probability of default (per cent)		External rating	
Risk class	As from	Up to	Moody's	Standard & Poor's
1	0.01	0.10	Aaa - A3	AAA - A-
2	0.10	0.25	Baa1 - Baa2	BBB+ - BBB
3	0.25	0.50	Baa3	BBB-
4	0.50	0.75	Ba1	BB+
5	0.75	1.25	Ba2	BB
6	1.25	2.00		
7	2.00	3.00	Ba3	BB-
8	3.00	5.00	B1	B+
9	5.00	8.00	B2	B
10	8.00	impaired	B3, Caa/C	B-, CCC/C

1) DnB NOR's risk classification system, where 1 represents the lowest risk and 10 the highest risk.

Commitments according to risk classification

DnB NOR Bank ASA

Amounts in NOK billion	Gross loans	Guarantee commitments	Undrawn limits (committed)	Total commitments
Risk category based on probability of default				
1 - 4	498	52	197	747
5 - 6	197	6	58	260
7 - 10	64	3	12	79
Non-performing and impaired commitments	4	0	0	4
Total commitments as at 31 December 2007 [1)]	762	61	267	1 090
Risk category based on probability of default				
1 - 4	549	72	215	836
5 - 6	199	2	57	258
7 - 10	66	0	14	80
Non-performing and impaired commitments	8	0	0	8
Total commitments as at 31 December 2008 [1)]	822	74	286	1 182

1) Based on nominal amount.

Loan-loss level [1)]

	2008	2007
Normalised losses including loss of interest income in per cent of net lending	0.35	0.26

1) The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio). Calculations are based on a certain level of discretion and estimation.

Note 45 Credit risk (continued)

Commitments according to risk classification

DnB NOR Bank Group

Amounts in NOK billion	Gross loans	Guarantee commitments	Undrawn limits (committed)	Total commitments
Risk category based on probability of default				
1 - 4	650	54	216	920
5 - 6	246	8	65	319
7 - 10	78	3	11	92
Non-performing and impaired commitments	6	0	0	6
Total commitments as at 31 December 2007 1)	980	65	292	1 337
Risk category based on probability of default				
1 - 4	812	73	246	1 131
5 - 6	285	5	64	354
7 - 10	94	3	16	113
Non-performing and impaired commitments	16	0	0	16
Total commitments as at 31 December 2008 1)	1 207	81	326	1 614

1) *Based on nominal amount.*

Loan-loss level 1)

	2008	2007
Normalised losses including loss of interest income in per cent of net lending	0.32	0.26

1) *The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio). Calculations are based on a certain level of discretion and estimation.*

Collateral security

Depending on the market and type of transaction, the banking group uses collateral security to reduce risk. Collateral security can be in the form of physical assets, guarantees, cash deposits or netting agreements. The principal rule is that physical assets in the form of buildings, residential properties or warehouses should be insured. Evaluations of the value of collateral are based on a going concern assumption, with the exception of situations where write-downs have been made. In addition, factors which may affect the value of collateral, such as concession terms or easements, are taken into account. With respect to evaluations of both collateral in the form of securities and counterparty risk, the estimated effects of enforced sales and sales costs are also considered.

Write-down ratio

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
3 246	5 468	Non-performing commitments (gross)	11 421	5 055
369	2 887	Impaired commitments (gross)	4 871	1 170
3 615	8 355	Gross non-performing and impaired commitments	16 292	6 225
1 135	1 804	Individual write-downs	4 370	2 051
477	994	Group write-downs	1 625	712
44.6	33.5	Write-down ratio (per cent)	36.8	44.4
2 071	3 617	Collateral for loans	9 789	3 824
101.9	76.8	Coverage ratio (per cent)	96.9	105.8

Commitments according to:

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
313 716	237 274	Residential mortgages < 80 per cent of collateral value	466 501	425 451
11 746	12 440	Residential mortgages > 80 per cent of collateral value	13 557	12 758
11 193	12 936	Credit card loans	12 936	11 193

Past due loans not subject to write-downs

The table below shows overdue amounts on loans and overdrafts on credits/deposits broken down on number of days after the due date that are not due to delays in payment transfers. Past due loans and overdrafts on credits/deposits are subject to continual monitoring. Commitments where a probable deterioration of customer solvency is identified are reviewed for impairment. Such reviews are also carried out for the commitments included in the table in cases where no deterioration of customer solvency has been identified. Past due loans subject to impairment are not included in the table.

Note 45 Credit risk (continued)

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
		No. of days past due/overdrawn		
102	1 553	1 - 29	2 295	149
113	319	30 - 59	854	205
34	88	60 - 89	333	103
59	8	> 90	326	261
308	1 968	Past due loans not subject to write-downs	3 808	718

Repossessed properties and other repossessed assets – recorded value

Repossessed assets are assets acquired by units within the banking group as part of the management of non-performing and impaired commitments. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviation from the carrying value of non-performing and impaired commitments at the time of acquisition is classified as write-downs on loans. Repossessed assets are recorded in the balance sheet according to the type of asset. When acquiring shares or mutual fund holdings, the assets should be evaluated according to the principles described in note 1 Accounting principles. Upon final sale, the difference relative to carrying value should be recognised in the income statement according to the type of asset. If assets are not intended for long-term possession or use, the assets are classified as current assets. If assets are acquired for own use or for long-term administration and development, the assets are classified as fixed assets.

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
0	0	Properties, current assets	0	0
9	9	Properties, fixed assets	177	169
0	0	Other repossessed current assets	20	0
9	9	Repossessed properties and other repossessed assets	197	169

Effects of changes in credit margins

The financial turmoil has caused a general rise in credit margins, which affects a number of items in the banking group's balance sheet.

There was a significant decline in the value of bonds carried at fair value through profit or loss during the first half of 2008. Transaction volumes in the bond market were markedly reduced through the year, and activity levels were very low in the second half of the year. To be able to stipulate the value of the portfolios, it was therefore necessary to change to model-based pricing for large parts of the portfolio. In the third quarter, the liquidity portfolio in DnB NOR Markets was reclassified as held-to-maturity investments with effect from 1 July, after the Ministry of Finance had made this an option. If the portfolio had still been recorded at fair value, unrealised losses of approximately NOK 3 billion would have had to be added to recorded losses.

There was a significant fall in the value of bonds carried at fair value in 2008. After the reclassification of DnB NOR Markets' liquidity portfolio, DnB NOR Bank ASA still has a large portfolio of bonds carried at fair value through profit or loss. In addition the associated company Eksportfinans has a sizeable portfolio. DnB NORD also has a large portfolio of bonds used for liquidity purposes. Major parts of this portfolio are valued according to a model developed in cooperation with Norddeutsche Landesbank. Unrealised losses on bond investments totalled just over NOK 1 billion in 2008, excluding Eksportfinans.

Credit margins in the banking group's loan portfolio also widened. The majority of loans extended are carried at amortised cost. See note 17 Information on fair value.

2008 was a very turbulent year for Eksportfinans. The company had sizeable investments in bonds carried at fair value through profit or loss, and during the first quarter of the year, it was necessary to inject fresh capital into the company. In addition, the owners entered into an agreement with the company to issue a guarantee covering further value reductions in the liquidity portfolio for up to NOK 5 billion. DnB NOR Bank's share of this guarantee was 40.4 per cent. In the banking group's consolidated accounts, the guarantee is recorded as part of the banking group's investments in the company, and recorded gains and losses on these investments continued to accrue to the company. Large parts of Eksportfinans' liabilities are also carried at fair value through profit or loss. During the fourth quarter of the year, investors' required rate of return increased considerably, and the company was also downgraded. This resulted in significant unrealised gains on the company's existing liabilities, and the profit attributable to the banking group for the fourth quarter was NOK 1.3 billion. Unrealised gains on the company's liabilities will be reversed over the remaining term to maturity. The DnB NOR Bank Group's share of the unrealised gains, after tax, was approximately NOK 1.4 billion at year-end 2008.

Since the company was established, DnB NOR Boligkreditt has been a very important funding source for the banking group. This role was further strengthened after the Norwegian government launched its stimulus package, whereby covered bonds can be swapped against liquid Treasury bills. Like the rest of the banking group, DnB NOR Boligkreditt experienced widening credit margins through 2008, though the effect was relatively less pronounced than for the other units. DnB NOR Boligkreditt's liabilities in Norwegian kroner are carried at fair value through profit or loss. The value of the company's existing liabilities declined during 2008, especially in the fourth quarter, which generated unrealised gains of NOK 593 million for the company. The gain will be reversed over the remaining term to maturity.

Long-term borrowings in Norwegian kroner in DnB NOR Bank ASA are carried at fair value through profit or loss. Widening credit margins resulted in unrealised gains on these borrowings of NOK 448 million in 2008, which will be reversed over the remaining term to maturity.

Note 46 Sensitivity analyses – market risk

Conditions for calculating market risk

Market risk arises as a consequence of open positions in the foreign exchange, interest rate, commodity and equity instruments. Risk is linked to variations in financial results due to fluctuations in market prices and exchange rates.

DnB NOR uses a total risk model to quantify risk and calculates risk-adjusted capital for individual risk categories and for the Group's overall risk. Risk-adjusted capital should cover unexpected losses, which may occur in operations in exceptional circumstances. Quantifications are based on statistical probability calculations for the various risk categories, using historical data. Methods for calculating risk-adjusted capital for market risk are described in further detail below.

The risk-adjusted capital for market risk should, at a confidence level of 99.97 per cent, cover all potential losses related to market risk on positions on the balance sheet date over a period of one year. Calculations of risk-adjusted capital are based on statistical methods. Loss simulations imply that there is a greater probability of major losses than if normal distribution is applied. Risk-adjusted capital calculations also reflect the fact that volatility may vary over time. In addition, calculations of risk-adjusted capital require a certain level of discretion and estimation. Key assumptions are described below.

The model has a one-year time horizon. Exposure could be actual exposure or the expected maximum utilisation of limits and is a conservative estimate based on an extreme scenario where, in a hypothetical situation, the banking group is assumed at all times to be incorrectly positioned relative to market developments during the period. Each limit is modelled on the basis of a specific liquidation period. In addition, the model takes account of correlations between the defined portfolios. Longer liquidation periods result in higher risk-adjusted capital. A lower level of correlation results in reduced risk-adjusted capital.

Liquidation periods are estimated based on the time required to realise positions in highly volatile markets and vary from 250 trading days for the bank's investment portfolio for equity instruments to two days for positions in the most commonly traded currencies. To estimate annual losses, each underlying instrument is simulated over a period of one year. Subsequent to this, losses for each potential liquidation period are estimated. For most instruments, the banking group's positions may entail a potential for both gains and losses.

In the model calculations, losses from each limit are combined, and an overall loss is calculated for each day during the year simulations are made. Calculations are repeated 500 000 times, resulting in a probability distribution of what the greatest loss during the year might be, based on the assumption that the banking group is incorrectly positioned.

In 2008, financial instruments in the Group were divided into 22 portfolios, compared with 14 portfolios in 2007. Risk-adjusted capital for the portfolios is calculated on the basis of expected developments in the value of an instrument or index. An example of such a portfolio is the bank's equity investment portfolio, which is correlated against developments on Oslo Børs.

In 2008, a new version of the total risk model was taken into use, whereby the number of portfolios was increased. In addition, the parameters were updated following a review of historical data. The main effect of the new model and updated parameters is reduced estimated market risk in the Group.

Total market risk in the Group is estimated at NOK 4.2 billion. Market risk increased by NOK 0.6 billion from 2007 to 2008. The exposure to equity instruments, which in 2008 included the guarantee issued by DnB NOR and the other owners for mark-to-market losses in Eksportfinans' liquidity portfolio, resulted in higher market risk. Seen in isolation, lower interest rate levels contributed to bringing down market risk, as did the updated parameters. The net effect of these factors was a rise in market risk.

	DnB NOR Bank Group	
Amounts in NOK billion	2008	2007
Market risk	4.2	3.6

Note 47 Interest rate sensitivity

Interest rate sensitivity for different intervals

The value of items on and off the balance sheet is affected by interest rate movements. The table shows potential losses for the DnB NOR Bank Group resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for the DnB NOR Bank Group relative to the bank's positions. Also, all interest rate movements within the same interval will be unfavourable for the banking group. The figures will thus reflect maximum losses for the DnB NOR Bank Group.

The calculations are based on the banking group's positions as at 31 December and market rates on the same date.
The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

DnB NOR Bank Group 1)

Amounts in NOK million	Up to 1 month	From 1 months to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2008						
NOK	48	31	286	111	325	89
USD	31	31	130	3	2	135
EUR	9	2	26	9	63	53
GBP	2	7	4	1	0	12
Other currencies	4	30	17	26	16	30
31 December 2007						
NOK	26	71	79	310	334	41
USD	7	8	52	11	3	65
EUR	6	7	3	2	7	13
GBP	1	5	2	2	0	9
Other currencies	6	29	12	17	15	48

1) The figures do not include the operations in DnB NORD, but are for the rest identical for DnB NOR Bank ASA.

Note 48 Currency positions

The table shows net currency positions as at 31 December, including financial derivatives as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of eligible primary capital. Aggregate currency positions must be within 30 per cent of eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

DnB NOR Bank ASA

Amounts in NOK million	Foreign currencies	Of which: USD	EUR	GBP	SEK	DKK	JPY	Other
Net currency positions as at 31 December 2008	(1 956)	(1)	(1 581)	48	8	(471)	(1)	40
Net currency positions as at 31 December 2007	2 754	2 277	308	192	(14)	(15)	(12)	17

DnB NOR Bank Group

Amounts in NOK million	Foreign currencies	Of which: USD	EUR	GBP	SEK	DKK	JPY	Other
Net currency positions as at 31 December 2008	(1 965)	(137)	(1 306)	40	15	(116)	57	(519)
Net currency positions as at 31 December 2007	2 655	2 286	(3 008)	195	(36)	(137)	(6)	3 360

Note 49 Financial derivatives

General information on application of financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms, exchange rates and the value of equity instruments for fixed periods of time. Corresponding contracts stipulating prices on commodities and indexes are also defined as financial derivatives. Derivatives include swaps, forward contracts and options as well as combinations thereof, including forward rate agreements (FRAs), financial futures and agreements on the transfer of securities. Financial derivatives in the DnB NOR Bank Group are traded to manage liquidity and market risk arising from the banking group's ordinary operations. In addition, the banking group employs financial derivatives in its own account trading.

"Over the counter" (OTC) derivatives are contracts entered into outside the stock exchange. The contracts are tailor-made according to investor requirements with respect to the underlying object, number, price, expiration terms and maturity. The advantage of OTC derivatives is that customers are not limited to standardised contracts and can buy the precise position they wish. The disadvantage compared with the standardised market is that it can be difficult to find other contracting parties and to sell the contracts in the secondary market.

The following derivatives are employed for both trading and hedging purposes in the DnB NOR Bank Group:

- *Forward contracts*: a contract to buy or sell interest rate terms, amounts in foreign currencies, shares or commodities on a specified future date at a fixed price. Forward contracts are tailor-made contracts traded between counterparties in the OTC market.
- *FRAs*: agreements that fix the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the actual market interest rate is exchanged.
- *Interest rate futures*: standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
- *Swaps*: transactions where two parties exchange cash flows on a fixed amount over an agreed period. The majority of swaps are tailor-made and traded outside exchanges. The most important types of swaps traded by DnB NOR are:
    - interest rate swaps in which fixed rates of interests are exchanged for floating or floating rates of interest are exchanged for fixed
    - cross-currency interest rate swaps in which parties exchange both currency and interest payments
    - equity swaps in which interest rate returns are exchanged for equity returns
- *Options*: agreements giving the buyer the right, but not the obligation, to either buy (call option) or sell (put option) a specific quantity of a financial instrument or commodity at a predetermined and fixed price. The buyer pays a premium to the seller for this right. Options are traded both as OTCs (tailor-made) and as standardised contracts.

Note 49 Financial derivatives (continued)

The tables show nominal values on financial derivatives according to type of derivative as well as positive and negative market values. Positive market values are entered as assets in the balance sheet, whereas negative market values are entered as liabilities. See note 1 Accounting principles for a more detailed description of measurement of financial derivatives.

DnB NOR Bank ASA

	31 December 2008			31 December 2007		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	2 726 975	7 745	7 850	3 073 687	1 039	941
Swaps	2 522 492	66 356	49 989	1 958 740	41 493	42 479
OTC options, bought and sold	106 526	698	518	115 541	812	285
Other OTC contracts	287	19	0	287	14	0
Total OTC derivatives	5 356 280	74 818	58 357	5 148 255	43 359	43 705
Futures, bought and sold	35 095	1	1	1 427	0	0
Total exchange-traded contracts	35 095	1	1	1 427	0	0
Total interest rate contracts	5 391 375	74 819	58 358	5 149 682	43 359	43 705
Foreign exchange contracts						
Forward contracts	1 114 060	34 668	35 392	1 016 697	11 479	13 452
Swaps	552 860	26 749	24 860	322 566	7 305	3 082
OTC options, bought and sold	64 777	333	293	46 138	244	289
Total foreign exchange contracts	1 731 697	61 751	60 544	1 385 401	19 027	16 823
Equity-related contracts						
Forward contracts	5 440	654	15	3 415	205	176
OTC options, bought and sold	21 179	383	179	31 079	2 425	2 490
Total OTC derivatives	26 619	1 037	194	34 494	2 630	2 667
Futures, bought and sold	1 280	5	27	3 099	0	0
Options, bought and sold	2 101	62	26	3 556	102	45
Total exchange-traded contracts	3 381	67	53	6 655	102	45
Total equity-related contracts	30 000	1 104	247	41 149	2 732	2 712
Commodity-related contracts						
Swaps	7 184	78	18	319	17	17
Total commodity related contracts	7 184	78	18	319	17	17
Total financial derivatives	**7 160 256**	**137 751**	**119 168**	**6 576 551**	**65 135**	**63 257**
Of which: Applied for hedging purposes	*126 906*	*5 766*	*865*	*73 520*	*503*	*778*

Note 49 Financial derivatives (continued)

DnB NOR Bank Group

Amounts in NOK million	31 December 2008 Total nominal values	Positive market value	Negative market value	31 December 2007 Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	2 726 975	7 745	7 850	3 074 131	1 039	942
Swaps	1 995 798	64 731	26 592	1 964 033	40 487	40 707
OTC options, bought and sold	109 997	728	559	118 238	813	285
Other OTC contracts	287	19	0	287	14	0
Total OTC derivatives	4 833 057	73 223	35 001	5 156 689	42 354	41 934
Futures, bought and sold	35 095	1	1	1 427	0	0
Total exchange-traded contracts	35 095	1	1	1 427	0	0
Total interest rate contracts	4 868 152	73 224	35 002	5 158 116	42 354	41 934
Foreign exchange contracts						
Forward contracts	1 127 675	35 237	35 686	1 021 401	11 560	13 535
Swaps	480 987	26 496	21 889	328 480	7 384	3 003
OTC options, bought and sold	66 395	399	359	46 781	282	327
Total foreign exchange contracts	1 675 057	62 132	57 934	1 396 662	19 226	16 865
Equity-related contracts						
Forward contracts	5 440	654	15	3 415	205	176
OTC options, bought and sold	22 813	404	179	34 126	2 530	2 683
Total OTC derivatives	28 253	1 058	194	37 541	2 735	2 859
Futures, bought and sold	1 280	5	27	3 099	0	0
Options, bought and sold	2 101	62	26	3 556	102	45
Total exchange-traded contracts	3 381	67	53	6 655	102	45
Total equity-related contracts	31 634	1 124	247	44 196	2 837	2 904
Commodity-related contracts						
Swaps	7 184	78	18	481	29	28
Options, bought and sold	145	8	6	0	0	0
Total commodity related contracts	7 328	86	24	481	29	28
Total financial derivatives	**6 582 171**	**136 567**	**93 207**	**6 599 456**	**64 445**	**61 731**
Of which: Applied for hedging purposes	*126 906*	*5 766*	*956*	*73 520*	*503*	*778*

Use of financial derivatives in DnB NOR Markets

DnB NOR Markets acts as market maker and is obliged to furnish both offer and bid prices for specified option, forward or futures series with a maximum differential between the offer and bid price, together with a minimum volume. Market makers always trade for their own account. The purpose of own account trading, in addition to making a market, is position taking, which means intentional risk-taking within the foreign exchange, interest rate and equity markets to achieve profits arising from favourable price, exchange rate and index fluctuations. Arbitrage, that is profit taking from fluctuations in prices, exchange rates and indexes for the same product in various markets, is also part of own-account trading.

Customer trading entails structuring and marketing financial derivatives for customers, enabling them to transfer, modify, take or reduce prevailing or expected risk. The majority of derivative transactions relate to customer trading.

DnB NOR Bank uses interest rate and currency swaps to convert foreign currency borrowings into the desired currency. As a typical example, the bank raises a loan in euro, which is swapped to US dollar through a basis swap. In this case, the bank will pay a US dollar interest rate based on a swap curve and receive a euro interest rate reduced by a margin. In the second half of 2008, there was a steep rise in the margin requirement on such transactions due to greater market demand for US dollars. The fair value of contracts entered into increased by NOK 973 million in consequence of rising margin requirements on such basis swaps.

Use of financial derivatives in DnB NOR Boligkreditt

The purpose of employing financial derivatives in DnB NOR Boligkreditt is to uncover and reduce foreign exchange and interest rate risk.

Note 49 Financial derivatives (continued)

Derivatives used as hedging instruments

The DnB NOR Bank Group uses derivatives, inter alia for fair value hedging of interest rate and currency risk associated with long-term borrowings and deposits in foreign currencies. The banking group mainly uses swaps as hedging instruments. These are 1:1 hedges, where there is a correlation between the currency and the term to maturity of the hedging instrument and of the hedged item.

In DnB NOR Bank ASA, currency risk associated with foreign currency investments in subsidiaries is subject to fair value hedging. The hedging instruments used are interest rate and currency swaps. Changes in value of the investments and hedging instruments resulting from exchange rate movements, are recorded in the income statement. At group level, net investments in subsidiaries are hedged through cash flow hedges for an amount corresponding to DnB NOR Bank's investments. Changes in the value of investments and hedging instruments recorded in the income statement are offset against other equity and the reserve for exchange rate movements. As there is a correlation between the hedged amount in DnB NOR ASA and the hedged net investment, this has no effect on the banking group's income statement.

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See notes 44 and 46. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business. The credit risk arising in connection with derivatives trading is included in the total credit risk of the DnB NOR Bank Group. Netting agreements or bilateral suretyship agreements are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account such agreements, resulting in a reduction of capital adequacy requirements.

Note 50 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 NORD 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 the bank's liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, subordinated capital and long-term funding. Since 2007, the issue of covered bonds through DnB NOR Boligkreditt has been an important source of funding for the banking group's housing loans.

In spite of the significant turmoil in international financial markets throughout 2008, long-term funding corresponding to NOK 171 billion was raised during the year, mainly in foreign currencies. Included in this figure are subordinated loans for NOK 8 billion. After Lehman Brothers filed for bankruptcy protection on 15 September, the financial turmoil intensified, and at times, there was limited access to long-term funding. After coordinated, extensive government measures in a number of countries, including guarantees for interbank loans in the euro zone, capital injections in European and US banks, reductions in central bank interest rates and special schemes securing banks access to long-term liquidity, there was a gradual recovery in money markets towards the end of the year. Another important measure implemented in late 2008 was the establishment of the Money Market Investor Funding Facility, MMIFF, by the US authorities. The facility was set up by the Federal Reserve Bank of New York, to improve the liquidity situation in the money market by giving US money market funds greater options for selling their investments. DnB NOR Bank ASA was included on the list of eligible securities under this scheme.

During the fourth quarter of 2008, the Norwegian authorities introduced a scheme for long-term funding whereby government securities are exchanged for covered bonds issued by banks and secured by residential mortgages. In addition to liquidity injections in Norwegian kroner and foreign currencies, the scheme included 2-year F-loans (fixed-rate lending facility) aimed at small banks and an easing of banks' collateral requirements for lending in Norges Bank.

Due to the extensive raising of capital and measures initiated by the authorities, DnB NOR Bank's liquidity situation at year-end 2008 can be characterised as sound. In consequence of wider credit margins in financial markets, however, costs relating to capital market funding have increased. At end-December 2008, the average remaining term to maturity for the portfolio of senior bond debt was 2.75 years, an increase from 2.4 years a year earlier. The DnB NOR Bank Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Residual maturity as at 31 December 2008 **DnB NOR Bank ASA**

Amounts in NOK million	Average interest rate (per cent)	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity 1)	Total
Loans and deposits from credit institutions	4.22	81 318	26 238	9 081	29 659	832	244	147 371
Deposits from customers	4.47	535 558	11 202	8 927	6 899	7 569	157	570 312
Securities issued	5.04	70 193	125 744	89 391	195 106	23 422	3 825	507 680
Sundry liabilities etc.		86	466	85			2 161	2 798
Subordinated loan capital 2)	5.67			379		23 843	19 389	43 612
Financial derivatives, gross settlement (outgoing cash flows) *)		600 337	438 680	454 132	574 264	92 104		2 159 517
Financial derivatives, net settlement		(483)	466	1 065	9 951	1 139		12 138
Total payments		1 287 010	602 796	563 060	815 879	148 908	25 775	3 443 428
**) Financial derivatives, gross settlement (incoming cash flows)*		*595 278*	*437 741*	*458 269*	*590 226*	*92 454*		*2 173 969*

Residual maturity as at 31 December 2007 **DnB NOR Bank ASA**

Amounts in NOK million	Average interest rate (per cent)	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity 1)	Total
Loans and deposits from credit institutions	4.48	92 852	23 906	11 070	831	484	20	129 162
Deposits from customers	3.56	491 451	4 900	4 231	9 437	1 689	(963)	510 745
Securities issued	4.84	39 168	49 234	80 508	151 581	15 671	(390)	335 772
Sundry liabilities etc.		115	143	101			31 361	31 719
Subordinated loan capital 2)	5.67					16 998	15 493	32 491
Financial derivatives, gross settlement (outgoing cash flows) *)		589 431	409 506	416 803	428 470	135 611		1 979 821
Financial derivatives, net settlement		713	367	356	127			1 563
Total payments		1 213 730	488 056	513 069	590 445	170 453	45 521	3 021 274
**) Financial derivatives, gross settlement (incoming cash flows)*		*589 343*	*407 776*	*413 419*	*429 095*	*139 996*		

1) Including value adjustments for financial instruments carried at fair value.

2) The maturity structure for subordinated loan capital is based on final maturities and does not reflect options to make early redemptions.

Note 50 Liquidity risk (continued)

Residual maturity as at 31 December 2008 **DnB NOR Bank Group**

Amounts in NOK million	Average interest rate (per cent)	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity [1]	Total
Loans and deposits from credit institutions	4.32	86 969	32 042	15 806	43 202	610	206	178 834
Deposits from customers	4.41	563 781	15 092	13 102	7 088	7 694	157	606 915
Securities issued	5.24	70 486	126 144	92 742	272 843	43 914	8 055	614 183
Sundry liabilities etc.		1 082	632	980	68	86	2 977	5 824
Subordinated loan capital [2]	5.61			403	719	24 713	19 389	45 225
Financial derivatives, gross settlement (outgoing cash flows) *)		599 683	437 460	451 025	506 112	78 678		2 072 957
Financial derivatives, net settlement		(493)	(22)	(301)	4 479	(613)		3 049
Total payments		1 321 508	611 349	573 756	834 511	155 080	30 784	3 526 987
**) Financial derivatives, gross settlement (incoming cash flows)*		*594 738*	*436 891*	*455 201*	*508 509*	*75 511*		*2 070 850*

Residual maturity as at 31 December 2007 **DnB NOR Bank Group**

Amounts in NOK million	Average interest rate (per cent)	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity [1]	Total
Loans and deposits from credit institutions	4.61	90 734	25 415	17 996	8 914	1 143	25	144 228
Deposits from customers	3.50	518 382	7 061	6 378	9 734	1 714	(963)	542 307
Securities issued	4.93	39 317	49 845	81 331	179 795	21 884	(387)	371 784
Sundry liabilities etc.		1 046	598	208	40	9	28 382	30 282
Subordinated loan capital [2]	5.67					17 733	15 493	33 226
Financial derivatives, gross settlement (outgoing cash flows) *)		592 380	413 216	416 808	405 219	133 332		1 960 955
Financial derivatives, net settlement		716	368	391	332			1 808
Total payments		1 242 575	496 503	523 112	604 033	175 814	42 551	3 084 589
**) Financial derivatives, gross settlement (incoming cash flows)*		*592 124*	*411 441*	*413 142*	*404 209*	*137 212*		*1 958 127*

1) Including value adjustments for financial instruments carried at fair value.

2) The maturity structure for subordinated loan capital is based on final maturities and does not reflect options to make early redemptions.

Credit lines, commitments and documentary credit

DnB NOR Bank ASA 31 Dec. 2007	DnB NOR Bank ASA 31 Dec. 2008	*Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2008	DnB NOR Bank Group 31 Dec. 2007
180 762	203 050	Unutilised credit lines under 1 year	210 478	184 466
120 798	144 228	Unutilised credit lines over 1 year	175 677	142 530

Note 51 Remunerations etc.

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors will present the following remuneration guidelines to the Annual General Meeting:

"The Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives
DnB NOR's guidelines for determining remunerations to the group chief executive and other members of the group management team should, at all times, support prevailing strategy and values, while contributing to the attainment of the Group's targets. The remunerations should inspire conduct to build the desired corporate culture with respect to performance and profit orientation. In connection with this statement, the Board of Directors has passed no resolution entailing changes to the principles for the stipulation of remunerations compared with statements presented previously.

Decision-making process
The Board of Directors in DnB NOR ASA has established a compensation committee consisting of three members: the chairman of the Board, the vice-chairman and one board member.

The Compensation Committee prepares matters for the Board of Directors and has the following main responsibilities:

- Make an annual evaluation and present its recommendations regarding the total remuneration awarded to the group chief executive.
- Annually prepare a recommendation for the group chief executive's score card.
- Based on suggestions from the group chief executive, decide the remuneration and other key benefits awarded to the group executive vice president, Group Audit.
- Act in an advisory capacity to the group chief executive regarding remunerations and other key benefits for members of the group management team and, when applicable, for others who report to the group chief executive.
- Consider other matters as decided by the Board of Directors and/or the Compensation Committee.
- Other personnel-related issues which can be assumed to entail great risk to the Group's reputation, should be referred to the Committee.

A. Guidelines for the coming accounting year
Remuneration to the group chief executive
The total remuneration to the group chief executive consists of basic salary (main element), benefits in kind, variable salary, pension and insurance schemes. The total remuneration is determined based on a total evaluation where the following elements are emphasised: financial performance, customer satisfaction, employee satisfaction and the DnB NOR Group's reputation.

The basic salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Variable salary to the group chief executive is determined based on specific performance measurements of defined target areas and a discretionary assessment based on the group chief executive's score card. Variable salary cannot exceed 50 per cent of fixed salary. The group chief executive is not awarded performance-based payments other than the stated bonus.

In addition to variable salary, the group chief executive can be granted benefits in kind such as company car, newspapers/periodicals and telephone schemes. Benefits in kind should be relevant to the group chief executive's function or in line with market practice, and should not be significant relative to the group chief executive's basic salary.

The Group will respect the agreement entered into with the group chief executive, whereby his retirement age is 60 years with a pension representing 70 per cent of fixed salary. If employment is terminated prior to the age of 60, the pension will be paid from the age of 60 with the deduction of 1/14 of the pension amount for each full year remaining to his 60th birthday. According to the agreement, the group chief executive is entitled to a termination payment for two years if employment is terminated prior to the age of 60. If, during this period, the group chief executive receives income from other employment, the termination payment will be reduced by an amount corresponding to the salary received from this employment. Benefits in kind will be maintained for a period of three months.

Remuneration to other senior executives
The group chief executive determines the remunerations to senior executives in agreement with the Chairman of the Board of Directors. The Board of Directors will honour existing binding agreements.

The total remuneration to senior executives consists of basic salary (main element), benefits in kind, variable salary, and pension and insurance schemes. The total remuneration is determined based on the need to offer competitive terms in the various business areas. The remunerations should promote the Group's competitiveness in the relevant labour market, as well as the Group's profitability, including the desired trend in income and costs. The total remuneration must neither pose a threat to DnB NOR's reputation nor be market-leading, but should ensure that DnB NOR attracts and retains senior executives with the desired skills and experience.

The basic salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Benefits in kind may be offered to senior executives to the extent the benefits have a relevant connection to the employee's function in the Group or are in line with market practice. The benefits should not be significant relative to the employee's basic salary.

Note 51 Remunerations etc. (continued)

Variable salary is determined based on specific performance measurements of defined target areas which each executive can influence, and a discretionary assessment based on the executive's score card. The scheme should be performance-based without exposing the Group to unwanted risk, nor should the scheme pose a threat to DnB NOR's reputation. Variable salary (bonus) cannot exceed 50 per cent of fixed salary. The Board of Directors can make exceptions for certain positions if this is necessary to ensure competitive terms. Though salary in the latter case should be competitive, it should not be market-leading.

Pension schemes and any agreements on termination payments etc. should be considered relative to other remuneration and should ensure competitive terms. The various components in pension schemes and severance pay, either alone or together, must not be such that they could pose a threat to DnB NOR's reputation.

As a main rule, senior executives are entitled to a pension at the age of 65, though this can be deviated from. In accordance with the Group's pension scheme for all employees, pension entitlements should not exceed 70 per cent of fixed salary. However, the DnB NOR Group will honour existing agreements.

As a main rule, no termination payment agreements will be signed. However, the Group will honour existing agreements.

If DnB NOR Bank ASA, after negotiations, receives core capital from the Norwegian State Finance Fund, the Group will act in accordance with the parameters determined for salaries to senior executives.

When entering into new agreements, the guidelines generally apply and comprise all senior executives.

See table of remunerations for senior executives below.

B. Binding guidelines for shares, subscription rights, options etc. for the coming accounting year

80 per cent of the variable salary of the group chief executive and senior executives is paid in cash, while 20 per cent is paid in the form of shares in DnB NOR ASA with a minimum holding period of two years. Guidelines have been established.

No additional shares, subscription rights, options or other forms of remuneration only linked to shares or only to developments in the share price of the company or other companies within the Group, will be awarded to the group chief executive or senior executives. The group chief executive and senior executives are, however, given the opportunity to participate in a share subscription scheme on the same terms as other employees in the DnB NOR Group.

C. Statement on the senior executive salary policy in the previous account year

An agreement stipulating a retirement age of 62 years has been entered into with a senior executive who joined the Group in 2008.

Group chief executive Rune Bjerke earned a bonus during 2008 based on the Group's financial performance during the year, but has chosen to renounce the bonus payment and nominal wage increases in 2009.

The current defined-benefit pension scheme for senior executives with salaries exceeding 12G (12 times the National Insurance basic amount) has been closed.

In all other respects, the guidelines determined for 2008 have been followed.

D. Statement on the effects for the company and the shareholders of remuneration agreements awarding shares, subscription rights, options etc.

80 per cent of the variable salary of the group chief executive and senior executives is paid in cash, while 20 per cent is paid in the form of shares in DnB NOR ASA. The Board of Directors believes that the awarding of shares to senior executives, in view of the total number of shares in the company, will have no negative consequences for the company or the shareholders."

Terms for the chairman of the Board of Directors

Chairman of the Board of Directors of DnB NOR Bank ASA from 18 June 2008, Anne Carine Tanum, received a total remuneration of NOK 188 000 in 2008. In addition, Anne Carine Tanum received remuneration for other board positions within the DnB NOR Group. In 2008, she received NOK 358 000 as chairman of the Board of Directors of DnB NOR ASA. Benefits in kind from the DnB NOR Group were estimated at NOK 1 000.

Chairman of the Board of Directors of DnB NOR Bank ASA until 18 June 2008, Olav Hytta, received a total remuneration of NOK 168 000 in 2008, compared with NOK 325 000 in 2007. In addition, Olav Hytta received remuneration for other board positions within the DnB NOR Group. In 2008, he received NOK 225 000 as chairman of the Board of Directors of DnB NOR ASA, compared with NOK 380 000 in 2007. Benefits in kind from the DnB NOR Group were estimated at NOK 4 000, compared with NOK 5 000 in 2007. In 2008, pension payments totalled NOK 1 852 000, compared with NOK 1 842 000 in 2007.

Terms for the group chief executive

Rune Bjerke received an ordinary salary of NOK 4 311 000 in 2008, compared with NOK 4 200 000 in 2007. The Board of Directors of DnB NOR ASA stipulated the group chief executive's bonus payment for 2007 at NOK 1 276 000. The bonus was paid in 2008. Benefits in kind amounted to NOK 246 000, compared with NOK 258 000 in 2007. Costs for DnB NOR in connection with the group chief executive's pension scheme were NOK 2 995 000 for the 2008 accounting year, compared with NOK 2 913 000 in 2007. Costs are divided between DnB NOR ASA and DnB NOR Bank ASA.

Note 51 Remunerations etc. (continued)

Remunerations etc. in 2008 — DnB NOR Bank ASA

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2008 [1)]	Paid remuneration in 2008 [2)]	Paid salaries in 2008 [3)]	Bonus earned in 2007, paid in 2008 [4)]	Benefits in kind in 2008 [5)]	Total remuneration in 2008	Bonus earned in 2008, to be paid in 2009	Loans as at 31 Dec. 2008 [6)]	Accrued pension expenses	Current value of pension agreement [7)]
The Board of Directors of DnB NOR Bank ASA										
Olav Hytta (chairman until 18 June 2008) [8)]	-	393	-	-	4	396	-	164	-	-
Anne Carine Tanum (chairman from 18 June 2008) [8)]	-	545	-	-	1	546	-	0	-	-
Bent Pedersen (vice-chairman) [9)]	-	610	-	-	0	610	-	0	-	-
Per Hoffmann	559	505	588	16	192	1 301	0	1 699	47	1 762
Kari Marie Lotsberg	-	253	-	-	0	253	-	0	-	-
Kai Nyland (from 18 June 2008)	-	138	-	-	824	961	-	162	-	-
Torill Rambjør	-	253	-	-	1	253	-	0	-	-
Tore Olaf Rimmereid (until 18 June 2008) [8)]	-	253	-	-	1	253	-	0	0	0
Ingjerd Skjeldrum	600	505	656	16	325	1 502	0	93	68	1 978
Board of Directors, total	1 159	3 453	1 244	32	1 347	6 076	0	2 117	115	3 739
Group management										
Rune Bjerke, CEO	4 437	-	4 311	1 276	246	5 833	0	98	2 995	5 583
Tom Grøndahl, deputy CEO (until 1 March 2008)	-	-	2 893	819	349	4 061	-	675	2 492	31 196
Ottar Ertzeid, group EVP	1 650	-	2 600	7 016	357	9 973	6 300	0	617	6 385
Liv Fiksdahl, group EVP	1 715	-	1 794	725	417	2 936	497	2 908	768	6 206
Anne-Brit Folkvord, group EVP (until 29 September 2008)	-	-	1 755	500	339	2 594	-	819	1 054	10 148
Cathrine Klouman, group EVP	2 098	-	2 140	610	191	2 941	629	3 185	1 146	6 012
Bjørn Erik Næss, CFO (from 9 March 2008)	3 186	-	2 422	-	150	2 573	956	7 844	3 593	3 489
Kari Olrud Moen, acting group EVT (from 29 September 2008)	1 383	-	1 486	447	146	2 079	277	0	506	1 322
Tom Rathke, group EVP	2 800	-	3 144	1 618	194	4 956	420	1 610	2 042	10 472
Åsmund Skår, group EVP	2 912	-	3 035	841	551	4 427	437	1 539	1 641	20 618
Leif Teksum, group EVP	3 195	-	3 283	916	359	4 558	959	2 070	2 118	30 361
Group management, total	23 376	-	28 862	14 769	3 300	46 931	10 474	20 747	18 974	131 793
Control Committee										
Frode Hassel (chariman)	-	385	-	-	-	385	-	0	-	-
Svein Brustad	-	240	-	-	-	240	-	0	-	-
Svein Norvald Eriksen	-	245	-	-	-	245	-	1 398	-	-
Ingebjørg Harto	-	240	-	-	-	240	-	0	-	-
Merete Smith (from 30 April 2008)	-	200	-	-	-	200	-	0	-	-
Thorstein Øverland	-	270	-	-	-	270	-	0	-	-
Total Control Committee	-	1 581	-	-	-	1 581	-	1 398	-	-
Supervisory Board, total	4 506	1 226	4 815	565	1 938	8 545	0	28 766	-	-
Total	29 040	6 259	34 922	15 366	6 585	63 132	10 474	53 027	19 089	135 532
Total lending to other employees								11 934 457		

Note 51 Remunerations etc. (continued)

Remunerations etc. in 2007

DnB NOR Bank ASA

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2007 [1)]	Paid remunera-tion [2)]	Paid salaries [3)]	Paid bonus [4)]	Benefits in kind [5)]	Paid total remunera-tion	Loans as at 31 Dec. 2007 [6)]	Accrued pension expenses	Current value of pension agree-ment [7)]
The Board of Directors of DnB NOR Bank ASA									
Olav Hytta (chairman) [8)]	-	705	-	-	5	710	10	545	18 414
Bent Pedersen (vice-chairman) [9)]	-	579	-	-	-	579	0	-	-
Per Hoffmann	456	477	535	15	8	1 035	1 733	29	134
Sten Sture Larre (until 19 June 2007)	-	118	-	-	-	118	0	-	-
Kari Marie Lotsberg	-	238	-	-	-	238	0	-	-
Heidi M. Petersen (until 19 June 2007)	-	380	-	-	-	380	2	-	-
Torill Rambjør	-	238	-	-	-	238	0	-	-
Tore Olav Rimmereid (from 19 June 2007)	-	129	-	-	-	129	0	-	-
Ingjerd Skjeldrum	570	477	582	15	16	1 089	131	82	1 155
Board of Directors, total	1 026	3 341	1 118	30	28	4 516	1 875	657	19 703
Group management									
Rune Bjerke, CEO	4 200	-	4 200	-	258	4 458	0	2 913	2 913
Tom Grøndahl, deputy CEO	2 678	-	2 824	818	215	3 857	695	2 441	27 192
Bård Benum, group EVP (until 30 April 2007)	-	-	1 233	15	130	1 378	4	513	-
Øyvind Birkeland, group EVP (until 11 June 2007)	-	-	2 182	15	213	2 409	3 945	885	11 068
Ottar Ertzeid, group EVP	1 600	-	2 455	7 465	189	10 109	0	559	4 865
Liv Fiksdahl, group EVP (from 11 June 2007)	1 615	-	1 349	724	163	2 236	2 233	598	4 073
Anne-Brit Folkvord, group EVP (from 11 June 2007)	1 615	-	1 349	499	173	2 021	882	742	5 557
Helge Forfang, group EVP (until 11 June 2007)	-	-	2 232	15	219	2 466	6 035	1 318	12 652
Cathrine Klouman, group EVP (from 11 June 2007)	1 979	-	1 783	609	140	2 531	3 238	824	3 636
Evlyn Raknerud, group EVP (until 11 June 2007)	-	-	1 496	15	776	2 287	0	452	9 143
Tom Rathke, group EVP (from 30 April 2007)	2 604	-	2 376	1 617	165	4 157	1 110	1 541	6 517
Åsmund Skår, group EVP	2 750	-	2 761	840	270	3 871	536	1 698	19 003
Leif Teksum, group EVP	3 000	-	2 983	915	234	4 132	2 207	1 646	21 103
Group management, total	22 041	-	29 223	13 545	3 144	45 912	20 884	16 130	127 722
Control Committee									
Helge B. Andresen (until 24 April 2007)	-	173	-	-	-	173	0	-	-
Svein Brustad	-	233	-	-	-	233	0	-	-
Svein Norvald Eriksen (from 24 April 2007)	-	159	-	-	-	159	1 519	-	-
Ingebjørg Harto (from 24 April 2007)	-	159	-	-	-	159	0	-	-
Frode Hassel	-	328	-	-	-	328	0	-	-
Kristin Normann (until 24 April 2007)	-	136	-	-	-	136	0	-	-
Thorstein Øverland	-	233	-	-	-	233	0	-	-
Total Control Committee	-	1 418	-	-	-	1 418	1 519	-	-
Supervisory Board, total	3 926	1 203	5 015	397	531	7 145	26 742	-	-
Total	26 993	5 962	35 355	13 972	3 703	58 992	51 021	16 787	147 425
Total lending to other employees							10 693 098		

Note 51 Remunerations etc. (continued)

1) *Fixed annual salary at year-end for employees who were members of the Board of Directors, the group management team or the Supervisory Board as at 31 December 2008.*
2) *Includes remuneration received from all companies within the DnB NOR Group for service on Boards of Directors and committees. For those who have received remuneration for more than one position in 2008, the following amounts are related to DnB NOR Bank ASA:*
   Anne Carine Tanum: 188 tusen kroner
   Olav Hytta: 168 tusen kroner
   Per Hoffmann: 253 tusen kroner
   Bent Pedersen: 278 tusen kroner
   Ingjerd Skjeldrum: 253 tusen kroner
   Tore Olaf Rimmereid: 123 tusen kroner
3) *Includes salary payments for the entire year and holiday pay on bonuses. Some employees were members of the Board of Directors, the group management team or the Supervisory Board for only parts of 2008.*
4) *The bonus of group chief executive Rune Bjerke for 2007 was stipulated at maximum 30 per cent of annual fixed salary. The bonus was paid in 2008. Group executive vice president Ottar Ertzeid, head of DnB NOR Markets, has a performance-based salary including both fixed and variable payments. The size of the bonus depends on results achieved by the business area and on long-term performance. All members of the group management team, apart from Rune Bjerke and Ottar Ertzeid, were paid the bonus earned in 2007 during the same year. The bonus payment in 2007 to group executive vice president Tom Rathke comprised NOK 836 000 related to 2006 and NOK 781 000 related to 2007.*
5) *Benefits in kind include payments the employee investment funds and pension payments.*
6) *Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DnB NOR employees are extended on special terms, which are close to ordinary customer terms.*
7) *The net present value of pension agreements represents accrued pension commitments excluding payments into funded pension schemes. Assumptions used in actuarial calculations of accrued pension expenses and the present value of pension agreements are shown in note 10 Pensions.*
8) *Also a member of the Compensation Committee.*
9) *Also a member of the Audit Committee.*

Other information on pension agreements

Ottar Ertzeid, Liv Fiksdahl, Cathrine Klouman, Bjørn Erik Næss, Kari Olrud Moen, Tom Rathke and Leif Teksum have pension agreements entitling them to a pension representing 70 per cent of fixed salary from the age of 62. Rune Bjerke and Åsmund Skår have pension agreements entitling them to a pension representing 70 per cent of fixed salary from the age of 60.

Subscription rights programme for employees

There was no subscription rights programme for employees in the DnB NOR Group at year-end 2008.

DnB NOR Bank ASA		Remuneration to the statutory auditor	DnB NOR Bank Group	
2007	2008	*Amounts in NOK 1 000*	2008	2007
3 140	3 889	Statutory audit	11 548	10 981
627	1 126	Other certification services	2 747	1 436
679	2 191	Tax-related advice [1]	2 532	1 412
1 396	407	Other services [2]	903	2 374
5 843	7 613	Total remuneration to the statutory auditor	17 730	16 203
	413	Additional services 1 January - 30 April 2008 [3]	716	

1) *Mainly related to assistance in tax matters for employees outside Norway.*
2) *Other non-auditing services primarily represented assistance in connection with courses and training measures, and advisory services related to functionality requirements in connection with changes in IT systems.*
3) *The auditing firm Ernst & Young AS was elected new auditor for DnB NOR Bank ASA with effect from 2008 at the general meeting on 30 April 2008. Additional services in the period 1 January to 30 April 2008 were performed by the previous auditor.*

Note 52 Information on related parties

DnB NOR Bank ASA is 100 per cent owned by DnB NOR ASA. The largest owner of the DnB NOR Group is the Norwegian government, represented by the Ministry of Trade and Industry, which owns and controls 34 per cent of the shares in the parent company DnB NOR ASA.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies are associated companies plus Sparebankstiftelsen DnB NOR (the Savings Bank Foundation). See note 29 for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms. Transactions with other DnB NOR Group companies are shown in a separate table.

Transactions with related parties **DnB NOR Bank Group**

	Group management and Board of Directors		Related companies	
Amounts in NOK million	2008	2007	2008	2007
Loans as at 1 January	15	17	14	0
New loans/repayments during the year	6	(1)	(5)	14
Changes in related parties	4	0	-	-
Loans as at 31 December	**26**	**15**	**9**	**14**
Interest income	**1**	**1**	**1**	**0**
Deposits as at 1 January 1)	11	13	10 109	10 753
Deposits/withdrawals during the year	11	4	984	(644)
Changes in related parties	(2)	(6)	(9)	-
Deposits as at 31 December	**20**	**11**	**11 084**	**10 109**
Interest expenses	**1**	**0**	**400**	**398**
Guarantees 1)	**-**	**-**	**17 220**	**9 448**

1) *DnB NOR carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DnB NOR. According to the agreement, DnB NOR still carries interest rate risk and credit risk associated with the transferred portfolio. These portfolios totalled NOK 9 673 million and NOK 9 999 million respectively at year-end 2007 and 2008. The loans are set off by deposits/payments from Eksportfinans. DnB NOR has also issued guarantees for other loans in Eksportfinans.*

No write-downs were made on loans to related parties in 2007 and 2008. Reference is made to note 51 for information on loans to group management members and directors. Transactions with deputy members of the Board of Directors are not included in the table above. In general, DnB NOR employee loans should be paid by automatic debit in monthly instalments in arrear. Employees' commitments are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

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-December 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.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. DnB NOR Bank ASA's share of this agreement represents approximately USD 2.2 billion. At end-December 2008, Eksportfinans had not availed itself of this credit line.

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

Note 52 Information on related parties (continued)

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. In the second and third quarter of 2008, portfolios representing NOK 27.8 billion and NOK 32.1 billion respectively were transferred from the bank to Boligkreditt, while a total of NOK 33.7 billion was transferred in the fourth 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 2008 totalled NOK 351 million.

DnB NOR Bank ASA has invested NOK 30.6 billion in covered bonds issued by DnB NOR Boligkreditt. The NOK 28.9 billion increase from the third quarter is attributable to the fact that the bank uses bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

Vital Forsikring

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 8.0 billion at end-December 2008.

DnB NOR Bank ASA has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to Vital for an amount equivalent to NOK 2.6 billion in 2008. 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.

Stimulus packages

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

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

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

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills, is recorded as funding from Norges Bank. At end-December 2008, this funding represented NOK 29 billion. DnB NOR Bank ASA's investment in Treasury Bills amounted to NOK 12 billion at 31 December 2008.

Note 52 Information on related parties (continued)

DnB NOR Bank ASA		Transactions with other DnB NOR Group companies	DnB NOR Bank Group	
2007	2008	*Amounts in NOK million*	2008	2007
139 632	208 713	Loans as at 31 December	15 126	9 735
3 649	7 830	Other receiveables as at 31 December	4 675	590
11 085	16 158	Deposits as at 31 December	7 091	4 185
1 847	27 711	Other liabilities as at 31 December 1)	1 666	2
5 121	9 693	Interest income	835	504
646	856	Interest expenses	342	323
2 910	1 965	Net other operating income 2)	910	903
231	86	Operating expenses	46	78

1) *Other liabilities in DnB NOR Bank ASA as at 31 December 2008 were mainly financial derivative contracts with DnB NOR Boligkreditt as counterparty.*

2) *DnB NOR Bank ASA recorded NOK 552 million and NOK 1 703 million in group contributions from subsidiaries in 2008 and 2007, respectively.*

Note 53 Off-balance sheet transactions, contingencies and post-balance sheet events

DnB NOR Bank ASA		Off-balance sheet transactions	DnB NOR Bank Group	
31 Dec. 2007	31 Dec. 2008	*Amounts in NOK million*	31 Dec. 2008	31 Dec. 2007
282 169	299 210	Unutilised ordinary credit lines	337 818	307 303
19 391	24 627	Documentary credit commitments	24 896	19 693
963	496	Other commitments	540	1 082
302 523	324 333	Total commitments	363 254	328 078
22 135	32 575	Performance guarantees	34 367	23 304
21 139	22 553	Payment guarantees	24 582	21 753
11 460	14 871	Loan guarantees 1)	16 202	13 044
4 921	4 759	Guarantees for taxes etc.	4 801	4 948
4 451	4 764	Other guarantee commitments	5 448	4 799
64 105	79 522	Total guarantee commitments 2)	85 399	67 848
0	0	Support agreements	4 499	1 933
64 105	79 522	Total guarantee commitments etc. *)	89 899	69 781
		*) Of which:		
1 292	360	Counter-guaranteed by financial institutions	566	1 300
92 668	202 611	Securities are pledged as security for:	202 611	92 668
92 556	202 464	Loans 3)	202 464	92 556
112	147	Other activities	147	112

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 9 999 million were recorded in the balance sheet as at 31 December 2008.*

2) *Liabilities included in issued financial guarantees are measured at fair value and recorded in the balance sheet. See note 17 Information on fair value and note 41 Provisions.*

3) *NOK 72 390 million in securities as at 31 December 2008 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.*

As a member of Continuous Linked Settlement Bank (CLS Bank) DnB NOR Bank ASA has an obligation to contribute to cover any deficit in CLS Bank's central settlement account for member banks, even if the default is caused by another member bank. Initially, such deficit will be sought covered by other member banks based on transactions the respective banks have had with the member bank which has caused the deficit in CLS Bank. Should there remain an uncovered deficit in CLS Bank, this will be covered pro rata by the member banks in CLS (currently 71 of the world's largest banks), according to Article 9 "Loss Allocations" of CLS Bank's International Rules. According to the agreements between CLS and the member banks, the pro rata payment obligations related to such coverage of any remaining deficit are limited to USD 30 million per member bank. At the end of 2008, DnB NOR Bank ASA had not recorded any obligations in relation to CLS.

Note 53 Off-balance sheet transactions, contingencies and post-balance sheet events (continued)

Contingencies

Due to its extensive operations in Norway and abroad, the DnB 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 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 2008. In January 2009, the Supreme Court delivered a judgment in the matter whereby the court found in favour of the bank with respect to interest rate swaps, while the judgments reached in the lower courts with respect to currency swaps were upheld. The Supreme Court sentence has no material effect on the Group's accounts.

Bovista ApS in Copenhagen, which is a wholly-owned subsidiary of RC Real Estate, has sued Bank DnB NORD for up to DKK 180 million plus interest, claiming that the bank has wrongfully used proceeds from the sale of properties as loan repayments without consulting the company. The bank contests the claim.

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

Post balance sheet events

Developments in the financial markets at the beginning of 2009 have reinforced the picture of a severe cyclical downturn, and most economic indicators show a negative trend for the future. Up until the end of February 2009, the stock markets have also been in decline.

Though the situation must be expected to become more challenging for many of DnB NOR's customers, no new information has come to light about important matters which had occurred on the balance sheet date 31 December 2008 and up until the Board of Directors' final consideration of the annual accounts on 16 March 2009.

Oslo, 16 March 2009
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)

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

We hereby confirm that the annual accounts for the banking group and the company for 2008 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the banking group and the company taken as a whole.

The directors' report gives a true and fair review of the development and performance of the business and the position of the banking group and the company, as well as a description of the principal risks and uncertainties facing the banking group.

Oslo, 16 March 2009
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)

Bjørn Erik Næss
(chief financial officer)

Auditor's report for 2008

To the Annual Shareholders' Meeting and Supervisory Board of DnB NOR Bank ASA

We have audited the annual financial statements of DnB NOR Bank ASA as of 31 December 2008, showing a profit of NOK 7 610 million for the Parent Company and a profit of NOK 9 215 million for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. Simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9 have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Group Chief Executive. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2008, and the results of its operations and cash flows and the changes in equity for the year then ended, in accordance with simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2008, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 16 March 2009
Ernst & Young AS

Erik Mamelund
State Authorised Public Accountant (Norway)
(sign.)

Note: The translation to English has been prepared for information purposes only.

Control Committee's Report

To the Supervisory Board and the Annual General Meeting of DnB NOR Bank ASA

The Control Committee has carried out internal controls in DnB NOR Bank ASA and the banking group in accordance with law and instructions laid down by the Supervisory Board.

In connection with the closing of the accounts for the 2008 financial year, the Control Committee has examined the Director's Report, the annual accounts and the Auditor's Report for DnB NOR Bank ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of DnB NOR Bank and the banking group, and recommends the approval of the Director's Report and annual accounts for the 2008 financial year.

Oslo, 16 March 2009

Frode Hassel
(chairman)

Svein N. Eriksen

Ingebjørg Harto

Thorstein Øverland

Svein Brustad
(deputy)

Merete Smith
(deputy)

Key figures

		DnB NOR Bank Group	
		2008	2007
Interest rate analyses			
1.	Combined weighted total average spread for lending and deposits (%)	1.02	0.98
2.	Spread for ordinary lending to customers (%)	1.00	0.83
3.	Spread for deposits from customers (%)	1.07	1.25
Rate of return / profitability			
4.	Net other operating income, per cent of total income	30.6	34.3
5.	Cost/income ratio (%)	49.5	50.6
6.	Return on equity (%)	14.0	19.7
Financial strength			
7.	Core (Tier 1) capital ratio at end of period (%)	6.9	7.9
8.	Capital adequacy ratio at end of period (%)	9.9	10.5
9.	Core capital at end of period (NOK million)	77 671	69 579
10.	Risk-weighted volume at end of period (NOK million)	1 120 428	886 099
Loan portfolio and write-downs			
11.	Individual write-downs relative to average net lending to customers, annualised	0.25	0.05
12.	Write-downs relative to average net lending to customers, annualised	0.33	0.02
13.	Net non-performing and impaired commitments, per cent of net lending	0.98	0.42
14.	Net non-performing and impaired commitments at end of period (NOK million)	11 922	4 174
Liquidity			
15.	Ratio of customer deposits to net lending to customers at end of period (%)	50.3	55.3
Staff			
16.	Number of full-time positions at end of period	12 848	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 exclusive of 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.

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For information about press contacts, see dnbnor.com

Governing bodies in DnB NOR Bank ASA

Supervisory Board

Members elected by shareholders

Nils Halvard Bastiansen, Bærum
Jan-Erik Dyvi, Oslo
Toril Eidesvik, Bergen
Anne Cathrine Frøstrup, Hønefoss
Elisabeth Grændsen, Lillehammer
Herbjørn Hansson, Sandefjord
Knut Hartvig Johannson, Snarøya
Erik Sture Larre sr., Oslo
Tomas Leire, Kristiansand
Ole-Eirik Lerøy, Bergen (vice-chairman)
Eldbjørg Løwer, Kongsberg
Dag J. Opedal, Oslo
Gudrun B. Rollefsen, Hammerfest
Benedicte Berg Schilbred, Tromsø (chairman)
Arthur Sletteberg, Stabekk
Merethe Smith, Oslo
Birger Solberg, Oslo
Tove Storrødvann, Ski
Gine Wang, Stavanger
Hanne Rigmor Egenæss Wiig, Halden

Deputies elected by shareholders

Lisbeth Berg-Hansen, Bindalseidet
Erik Buchmann, Oslo
Turid Dankertsen, Oslo
Rolf Domstein, Måløy
Harriet Hagan, Alta
Bente Hagem, Ås
Rolf Hodne, Stavanger
Leif O. Høegh, London
Liv Johannson, Oslo
Herman Mehren, Nevnlunghamn
Aage Møst, Bærum
Gry Nilsen, Drammen
Einar Nistad, Rådal
Asbjørn Olsen, Skedsmo
Oddbjørn Paulsen, Bodø
Anne Bjørg Thoen, Oslo
Lars Wenaas, Måndalen

Members elected by employees

Terje Bakken, Alta
Else Carlsen, Bødalen
Bente H. Espenes, Oslo
Bjørn Hennum, Drammen
Svein Ove Kvalheim, Bergen
Marit Pettersvold, Hokksund
Eli Solhaug, Oslo
Marianne Steinsbu, Oslo
Siri Enger Stensrud, Oslo
Berit Ur, Sandnes

Deputies elected by employees

Tore Müller Andresen, Bergen
Rune André Bernbo, Ås
Morten Christoffersen, Oslo
Mona Flesche, Larvik
Lillian Hattrem, Oslo
Bjørn Olav Johannessen, Oslo
Bjørg Dalberg Karlstad, Øyer
Tom Larsen, Oslo
Einar Pedersen, Kristiansund
Kjell R. Rønningen, Dokka
Birte Samdal, Bergen
Rolf Dag Siljedal, Tvedestrand
Anders Skrove, Steinkjer
Astrid Waaler, Oslo

Control Committee

Members

Svein Norvald Eriksen, Oslo
Ingebjørg Harto, Oslo
Frode Hassel, Trondheim (chairman)
Thorstein Øverland, Oslo

Deputies

Svein Brustad, Hvalstad
Merete Smith, Oslo

Board of Directors

Members

Per Hoffmann, Oslo
Kari Lotsberg, Enebyberg
Kai Nyland, Hamar
Bent Pedersen, Stenløse (vice-chairman)
Torill Rambjør, Tjøme
Ingjerd Skjeldrum, Drammen
Anne Carine Tanum, Rømskog (chairman)

Deputies for the employee representatives

Sverre Finstad, Moelv
Jorunn Løvås, Fjell

Election Committee

Eldbjørg Løwer, Kongsberg
Per Otterdahl Møller, Skien
Benedicte Berg Schilbred, Tromsø (chairman)
Arthur Sletteberg, Stabekk

Group management

Group chief executive

Rune Bjerke

CFO

Bjørn Erik Næss

Group executive vice president
Corporate Banking and Payment Services

Leif Teksum

Group executive vice president
Retail Banking

Jarle Mortensen (acting from 15 February 2009)
Åsmund Skår (up until 15 February 2009)

Group executive vice president
DnB NOR Markets

Ottar Ertzeid

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Life and Asset Management

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Liv Fiksdahl

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Harald Jægtnes

Extenal auditor

Erik Mamelund

Cautionary statement regarding forward-looking statements
This annual report contains statements regarding the future prospects of DnB NOR, involving growth initiatives, profit figures, strategies and objectives. The risks and uncertainties inherent in all forward-looking statements can lead to actual profits and developments differing materially from what has been expressed or implied.

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