Third quarter report 2008

Unaudited

DnB NOR

Financial highlights

Third quarter 2008

- Pre-tax operating profits before write-downs were NOK 4.4 billion (3.7)
- Profit for the period was NOK 2.8 billion (3.7)
- Return on equity was 15.5 per cent (21.8)
- Earnings per share were NOK 2.12 (2.72)
- The cost/income ratio was 50.6 per cent (51.3)
- The core capital ratio, including 50 per cent of interim profits, was 6.7 per cent (7.2)

January through September 2008

- Pre-tax operating profits before write-downs were NOK 10.5 billion (11.5)
- Profit for the period was NOK 7.3 billion (9.9)
- Return on equity was 13.0 per cent (19.8)
- Earnings per share were NOK 5.39 (7.32)
- The cost/income ratio was 55.6 per cent (50.1)

Comparable figures for 2007 in parentheses.

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

Report for the third quarter of 2008

Satisfactory performance in a highly challenging market

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

Introduction

The Group's operations and profit performance were influenced by the financial market turmoil and the economic downturn during the third quarter of 2008. There was a marked shift, especially towards the end of the quarter. On 15 September, Lehman Brothers filed for creditor protection, which resulted in increased financial market turbulence, whereby parts of the financial markets ceased to function parallel to a rise in non-performing commitments and write-downs on loans. In consequence of extensive financial market turmoil, access to long-term funding became more restricted, and the price of such funding soared. The stock market plunge curtailed earnings in several of the Group's business areas through recorded losses on equities and a reduction in assets under management.

In spite of the challenges in financial markets, DnB NOR recorded a satisfactory level of profits in the third quarter. The DnB NOR Group achieved pre-tax operating profits before write-downs of NOK 4 361 million in the third quarter of 2008, up from NOK 3 694 million in the year-earlier period. Pre-tax operating profits were NOK 3 649 million and NOK 4 498 million respectively. Profits for the quarter were NOK 2 810 million, down from NOK 3 673 million in the third quarter of 2007. Third-quarter profits in 2007 included a NOK 865 million gain from the sale of DnB NOR's premises at Aker Brygge in Oslo. Return on equity was 15.5 per cent and 21.8 per cent respectively.

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

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

High interest rate levels and a decline in economic activity resulted in a rise in both non-performing commitments and write-downs during the quarter, especially in DnB NORD. However, the increase took place from a very low level. The volume of non-performing and impaired commitments relative to the total portfolio rose to the same level as in mid-2006, but was below the long-term, normalised level. There was a rise in group write-downs during the quarter due to higher volumes and more sluggish economic activity.

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

There was strong growth in total assets in the Group's balance sheet during the third quarter of 2008, which was not least due to a significant rise in US dollar and euro rates. In addition, there was continued underlying growth in volumes, albeit with a diminishing growth rate. There was a 5.3 per cent increase in the loan portfolio from the second quarter of the year, of which two-thirds can be ascribed to exchange rate movements. Deposits were up 4.1 per cent from the second to the third quarter.

In consequence of the brisk growth, the core capital ratio declined to 6.7 per cent when 50 per cent of interim profits is included.

The Group's liquidity situation was sound, partly due to the raising of long-term loans earlier in the year. However, access to new long-term funding became more difficult towards the end of the quarter, and prices were very high. In October, the Norwegian government adopted new funding schemes which will inject new long-term liquidity into the market. DnB NOR assumes that the measures will contribute to a stabilisation in the Norwegian financial markets.

The performance of all business areas was affected by a greater or lesser degree by the financial market turmoil, resulting in rising money market rates, higher funding costs, increased write-downs on loans and falling market values in the third quarter of 2008.

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

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

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

Life and Asset Management's accounts reflected the protracted stock market turbulence and fall in equity prices. The business area recorded an overall pre-tax operating loss of NOK 12 million in the third quarter of 2008, a reduction of NOK 718 million from the year-earlier period. This comprised a loss of NOK 45 million in Vital and a profit of NOK 33 million in DnB NOR Asset Management.

Performance in DnB NORD was influenced by a sharp rise in funding costs and higher write-downs on loans. Net customer lending showed continued brisk growth, though the growth rate was somewhat more sluggish in the Baltic region and is expected to slow further. DnB NORD achieved pre-tax operating profits before write-downs of NOK 188 million in the third quarter of 2008, up NOK 61 million compared with the year-earlier period.

In consequence of the financial turmoil, the previously presented estimate of annual profits for the DnB NOR Group in 2008 on a level with 2007 has become increasingly challenging to reach. DnB NOR will present updated long-term financial target figures during the first quarter of 2009.

Income statement for the third quarter

Income

Income totalled NOK 8 825 million for the July through September period in 2008, up NOK 1 236 million or 16.3 per cent from the third quarter of 2007.

Net interest income

Amounts in NOK million	3rd quarter 2008	Change	3rd quarter 2007
Net interest income	5 691	1 029	4 663
Lending and deposit volumes		618	
Lending and deposit spreads		94	
Exchange rate movements		(67)	
Guarantee fund levy		(52)	
Amortisation effects in the liquidity portfolio		282	
Other net interest income		155	

Net interest income was NOK 5 691 million in the third quarter of 2008, up 22.1 per cent from the year-earlier period.

Net interest income reflected the increase in lending, representing NOK 181 billion or 20.3 per cent on an average basis from the third quarter of 2007. Deposit growth averaged NOK 37 billion or 7.0 per cent. Lending spreads widened by 0.12 percentage points compared with the year-earlier period, standing at 0.97 per cent. The rise in spreads was a consequence of price adjustments which compensated for consecutive interest rate increases in the money market and lags in the repricing of loans. Deposit spreads declined by 0.14 percentage points during the period, to 1.16 per cent, reflecting intensifying competition.

Due to widening credit risk margins in global financial markets, DnB NOR's funding costs were NOK 136 million higher than in the third quarter of 2007.

With effect from 2008, Norwegian banks once again pay guarantee fund levies. For DnB NOR, there was an overall increase in levy payments of NOK 52 million from the third quarter of 2007. Full levy payments have been announced as from 2009, which is expected to result in a tripling of these costs.

Net other operating income

Amounts in NOK million	3rd quarter 2008	Change	3rd quarter 2007
Net other operating income	3 134	207	2 926
Net gains on foreign exchange and interest rate instruments [1]		870	
Net other commissions and fees		245	
Changes in credit margins		204	
Other operating income		107	
Stock market-related income including financial instruments		(518)	
Net financial and risk result from Vital [2]		(701)	

1) *Excluding guarantees and changes in credit margins.*
2) *Excluding guaranteed returns and allocations to policyholders.*

Net other operating income amounted to NOK 3 134 million, up 7.1 per cent from the third quarter of 2007.

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

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

Operating expenses

Amounts in NOK million	3rd quarter 2008	Change	3rd quarter 2007
Operating expenses	4 464	569	3 895
Norwegian units		341	
Of which:			
IT expenses		187	
Wage settlements		65	
Properties		58	
Operational leasing		50	
Cost programme		(62)	
Restructuring expenses, cost programme		11	
Other operating expenses		33	
International units		228	
Of which:			
DnB NORD		70	
Banking operations in Sweden		63	
SalusAnsvar		52	
DnB NOR Finans in Sweden, new operations		22	
Other units		20	

Operating expenses totalled NOK 4 464 million, up 14.6 per cent from the third quarter of 2007. The increase reflected, among other things, the acquisition and establishment of new international operations.

Costs in Norwegian units rose by a total of NOK 341 million from the third quarter of 2007. Staff numbers declined by 24 full-time positions in Norwegian operations during the same period, in spite of the acquisition of leasing operations during the first quarter of the year, which resulted in 60 new full-time positions in the Group.

The Group's cost programme yielded results during the third quarter, and measures implemented up till end-September will ensure lasting, annual cost reductions of approximately NOK 290 million. The quarterly accounting effect of the measures from the third quarter of 2007 to the corresponding period in 2008 was NOK 62 million. Restructuring costs in the third quarter were NOK 11 million.

Ongoing efforts are made to improve operational stability and modernise the Group's IT infrastructure and systems, resulting in a NOK 187 million rise in IT costs from the third quarter of 2007. In the longer term, these initiatives will ensure greater customer satisfaction and higher productivity.

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

The sale of bank properties and the transition to lease agreements caused a NOK 58 million increase in costs during the quarter compared with the year-earlier period, while financing costs were brought down.

Costs in the Group's international units rose by NOK 228 million during the third quarter compared with the year-earlier period, reflecting expansion and the acquisition of operations. The number of full-time positions in international units rose by 925 from the third quarter of 2007.

Net gains on fixed and intangible assets

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

Write-downs on commitments

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

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

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

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 6.9 billion as at 30 September 2008, up NOK 2.9 billion from end-September 2007. The increase reflected a general worsening of the economic situation. Non-performing and impaired commitments represented 0.61 per cent of lending volume at end-September 2008, compared with 0.44 per cent a year earlier.

Taxes

The DnB NOR Group's tax charge for the third quarter of 2008 was NOK 839 million. The tax charge is based on an anticipated average tax rate of 23 per cent of pre-tax operating profits. The estimate is based on the assumption that the stock markets will normalise during the fourth quarter.

Balance sheet and liquidity

Balance sheet and assets under management

As at 30 September 2008, total combined assets in the DnB NOR Group were NOK 1 964 billion, up from NOK 1 789 billion a year earlier. Total assets in the Group's balance sheet were NOK 1 655 billion at end-September 2008, an increase from NOK 1 431 billion a year earlier.

Net lending to customers rose by NOK 210 billion or 23.1 per cent during the twelve-month period, partly due to a number of small-scale acquisitions, strategic initiatives and general growth in the international corporate portfolio. Deposit volume was up NOK 56 billion or 10.5 per cent during the same period.

Total assets in Vital were NOK 221 billion as at 30 September 2008, a decline from NOK 232 billion twelve months earlier.

Liquidity

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

In order to keep the 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 Group's ratio of deposits to lending was 52.6 per cent at end-September 2008, down from 58.6 per cent a year earlier. The ratio of deposits to lending was 52.7 per cent in the banking group and 69.9 per cent in the bank in the third quarter.

Securities issued by the Group increased by NOK 168 billion or 52.9 per cent from end-September 2007, totalling NOK 485 billion as at 30 September 2008. Covered bonds represented 34 per cent of the bonds issued. The majority of the securities were issued in international capital markets.

Risk and capital adequacy

The DnB NOR Group quantifies risk by measuring risk-adjusted capital. The table below shows developments in risk-adjusted capital:

Amounts in NOK billion	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007
Credit risk	50.7	48.6	47.5	42.6
Market risk	5.1	4.2	4.2	3.6
Ownership risk for Vital	5.9	5.6	7.3	8.5
Operational risk	6.7	5.6	5.6	5.2
Business risk	3.7	2.7	2.7	2.5
Gross risk-adjusted capital requirement	72.1	66.7	67.2	62.4
Diversification effect [1)]	(14.1)	(12.2)	(12.6)	(13.6)
Net risk-adjusted capital requirement	58.0	54.5	54.6	48.8
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	19.6	18.3	18.7	21.8

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

Risk-adjusted capital for credit increased by NOK 2.1 billion from end-September 2007, to NOK 50.7 billion. The increase largely reflected a weaker NOK exchange rate against the dollar and the euro, resulting in an increase in foreign currency loans measured in Norwegian kroner. The measured credit quality remained stable in Corporate Banking and Payment Services and in Retail Banking. There was impaired credit quality in DnB NORD, and risk-adjusted capital relative to total exposure rose from 5.9 per cent to 6.4 per cent during the quarter. The calculations of risk-adjusted capital for credit are largely based on companies' accounting information, which implies that there might be a lag in risk measurement relative to actual developments.

There was a higher level of non-performance in Retail Banking's ordinary loan portfolio, from 0.48 per cent in the second quarter to 0.56 per cent in the third quarter. In Corporate Banking and Payment Services, the volume of non-performing and doubtful commitments rose by NOK 1 billion from the second to the third quarter, while DnB NORD recorded an increase of NOK 0.7 billion to NOK 1.9 billion during the corresponding period.

Risk-adjusted capital for market and insurance risk in Vital rose by NOK 0.3 billion to NOK 5.9 billion, reflecting lower anticipated returns on property investments. Vital used NOK 4.7 billion of the company's total additional allocations of NOK 8.6 billion to cover policyholders' guaranteed rate of return till end-September. The company's equity exposure was further reduced, representing 6 per cent at end-September. Developments in commercial property values represent the greatest element of risk for Vital's future return on financial assets.

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

Risk-adjusted capital for operational risk and business risk rose by NOK 1.1 billion and NOK 1.0 billion respectively. These calculations are updated twice a year with effect for the first and third quarter of the year. A key factor behind the increases is the introduction of new calculation methods for such risk in Vital in the third quarter of 2008, which explains approximately 80 per cent of the increase.

The table below shows developments in the Group's equity relative to the capitalisation target:

Amounts in NOK billion	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007
4.25 per cent of risk-weighted assets	47.2	44.4	42.5	42.1
Capital buffer	19.8	17.7	17.4	15.8
Core capital target excl. hybrid securities	67.0	62.1	60.0	58.0
Statutory deductions in core capital	9.3	9.5	15.5	13.6
Equity target	76.3	71.6	75.4	71.5
Actual equity [1)]	74.5	72.8	77.1	76.0
Equity reserve	(1.8)	1.1	1.7	4.4

1) *Includes 50 per cent of interim profits.*

The equity reserve was reduced by NOK 2.9 billion to a negative NOK 1.8 billion, reflecting rising credit risk, which in the third quarter was mainly due to exchange rate movements. The Group is considered to be well capitalised based on communicated capitalisation targets. In connection with the financial turmoil, however, the standards for sound capitalisation have become more conservative. In light of this, DnB NOR will update its capitalisation policy and implement measures to ensure that the capitalisation of the Group supports the bank's AA long-term credit rating.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 63 billion during the quarter, to NOK 1 111 billion. Including 50 per cent of interim profits, the core capital ratio was 6.7 per cent, while the capital adequacy ratio was 9.4 per cent.

Business areas

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

The performance of the business areas was affected by the financial market turmoil, though there were strong variations between the business areas. The fall in market values primarily affected Life and Asset Management, while the other business areas were influenced by high funding costs and rising write-downs on loans.

Corporate Banking and Payment Services

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	Change	Change in per cent
Net interest income	3 106	2 427	679	28.0
Other operating income	436	657	(221)	(33.7)
Total income	3 542	3 084	458	14.8
Operating expenses	1 220	1 008	212	21.0
Pre-tax operating profit before write-downs	2 322	2 076	246	11.9
Net gains on fixed assets	0	3	(3)	(112.2)
Net write-downs on loans	216	(10)	226	0.0
Pre-tax operating profit	2 106	2 089	17	0.8
Average balance sheet items in NOK billion				
Net lending to customers	544.5	417.3	127.2	30.5
Deposits from customers	312.1	294.8	17.3	5.9
Key figures in per cent				
Return on BIS capital	14.0	19.4		
Cost/income ratio	34.4	32.7		
Ratio of deposits to lending	57.3	70.6		

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 2 106 million in the third quarter of 2008, an increase of NOK 17 million or 0.8 per cent from the year-earlier period. Adjusted for the negative profit contribution from Eksportfinans, the increase was NOK 343 million or 15.9 per cent. Third quarter performance was strongly influenced by the financial market turmoil, and the business area's operations reflected the rise in funding costs.

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

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

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

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

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

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

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

The consequences of the extensive global financial turmoil are expected to be a sharp levelling off of general credit growth and pressure on deposit spreads. However, if the markets normalise, Corporate Banking and Payment Services sees opportunities for future growth within its priority areas, and the business area is well equipped to meet the challenges and opportunities thus generated.

Retail Banking

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	Change	Change in per cent
Net interest income	1 916	1 985	(70)	(3.5)
Other operating income	864	751	113	15.1
Total income	2 780	2 736	44	1.6
Operating expenses	1 648	1 524	124	8.1
Pre-tax operating profit before write-downs	1 132	1 212	(80)	(6.6)
Net gains on fixed assets	0	0	0	
Net write-downs on loans	182	54	128	239.8
Pre-tax operating profit	950	1 158	(209)	(18.0)
Average balance sheet items in NOK billion				
Net lending to customers	460.5	430.3	30.2	7.0
Deposits from customers	240.3	224.9	15.4	6.8
Key figures in per cent				
Return on BIS capital	43.3	25.3		
Cost/income ratio	59.3	55.7		
Ratio of deposits to lending	52.2	52.3		

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

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

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

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

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

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

At end-August 2008, the market share of credit to retail customers was 28.5 per cent, down from 29.1 per cent at end-September 2007. The market share of savings was 35.7 per cent at end-August 2008. After the charge on all DnB NOR customer loyalty programmes was removed with effect from 1 May, the number of customers with loyalty programmes increased by approximately 40 000, which has helped increase lending and deposit volumes.

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

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

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

DnB NOR Markets

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

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

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

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

Customer-related income from the sale of securities and other investment products came to NOK 105 million, on a level with the figure for the third quarter of 2007. Income from the sale of equities was reduced due to the fall in stock markets, while income from the sale of equity derivatives and bonds remained at a high level. There was a sharp drop in the sale of structured savings products due to changes in external parameters and the stock market downturn. In September, a research unit was established at the Singapore branch.

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

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

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

Life and Asset Management

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	Change	Change in per cent
Total income	588	1 250	(662)	(52.9)
Operating expenses	600	544	56	10.3
Pre-tax operating profit	(12)	706	(718)	(101.7)
Balance sheet items in NOK billion (end of period)				
Assets under management	530.1	590.8	(60.7)	(10.3)
Key figures in per cent				
Return on equity [1]	(0.8)	32.9		
Cost/income ratio	102.0	43.5		

1) Calculated on the basis of recorded equity.

Life and Asset Management recorded an overall pre-tax operating loss of NOK 12 million in the third quarter of 2008, which represented a reduction of NOK 718 million from the year-earlier period. This comprised a loss of NOK 45 million in Vital and a profit of NOK 33 million in DnB NOR Asset Management. The business area's financial performance reflected the protracted stock market turmoil and falling property values. Assets under management totalled NOK 530 billion as at 30 September 2008.

The descriptions of the financial performance of Vital and DnB NOR Asset Management are divided into two separate sections below.

Vital

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	Change	Change in per cent
Interest result	(1 826)	7 739	(9 565)	(123.6)
Transferred to additional allocations	1 649	0	1 649	
Risk result	100	(2 609)	2 709	
Administration result	(47)	(1)	(45)	
Profit for risk and guaranteed rate of return	106	0	106	
Other	(18)	3	(22)	(661.7)
Allocations to policyholders	9	4 505	(4 496)	(99.8)
Pre-tax operating profit	(45)	627	(672)	(107.2)
Balance sheet items in NOK billion (end of period)				
Assets under management	221.1	232.3	(11.2)	(4.8)
Key figures in per cent				
Return on equity [1]	(2.0)	37.3		

1) Calculated on the basis of recorded equity.

Vital recorded a pre-tax operating loss of NOK 45 million in the third quarter of 2008, which represented a reduction of NOK 672 million from the year-earlier period. The company used approximately NOK 1.6 billion of additional allocations in the third quarter of 2008 to cover policyholders' guaranteed rate of return.

Recorded and value-adjusted returns in Vital's common portfolio were negative at 0.1 per cent in the third quarter of 2008. The stock market turmoil was the main factor behind the low returns.

The company's equity exposure represented 6.0 per cent of assets in the common portfolio at end-September 2008. Investments in pure equities were scaled back, while private equity investments were maintained during the third quarter of 2008.

Property values were adjusted downwards by NOK 302 million in the third quarter of 2008. In the third quarter of 2007, the properties were revalued by NOK 5.6 billion.

In 2007, allocations of NOK 2.6 billion were made to cover greater commitments resulting from higher average life expectancy. Adjusted for this, there was a NOK 65 million increase in the risk result from the third quarter of 2007 to the corresponding period in 2008, reflecting a better result for disability insurance.

The administration result was negative due to costs of NOK 50 million relating to the winding-up of Vital's operations in Sweden.

There was a reduction in total assets. Rising interest rate levels and new tax rules for individual pension savings have resulted in surrenders of individual market products. Surrenders totalled NOK 2.4 billion in the third quarter of 2008, while total surrenders from end-September 2007 represented NOK 9.9 billion. At end-September 2008, recorded policyholders' funds within defined-contribution pension schemes totalled NOK 4.6 billion, and some 18 000 companies had entered into defined-contribution agreements.

As at 30 September 2008, Vital provided insurance coverage for more than one million policyholders through individual and group agreements. The customer portfolio also included agreements with around 25 000 companies, municipalities and public enterprises.

Vital launched new products for individual tax-incentive pension savings in June 2008.

Vital is working continuously to improve customer service and simplify work processes, while improving the quality of its IT systems. Parallel to cost reductions, operations will become more streamlined and uniform.

Operations in the Baltic region, where Vital has offices in Latvia and Lithuania, developed in line with the company's approved plans. It has been decided to wind up Vital's operations in the Swedish market.

Vital's market share of total policyholders' funds was 33.4 per cent at end-June 2008, down 0.2 percentage points from year-end 2007. The company had a market share of 27.9 per cent within group pensions, a 0.1 percentage point increase from end-December 2007. In the individual market, the market share rose by 1.1 percentage points to 52.9 per cent during the corresponding period. The market share for defined-contribution pensions was 29.2 per cent, down 1.4 percentage points from end-December 2007.

As at 30 September 2008, solvency capital totalled NOK 12.4 billion, compared with NOK 21.8 billion as at 31 December 2007. Vital's interim performance and a reduction in the securities adjustment reserve were the main factors behind the reduction.

Vital aims to further expand its operations while providing the owner and policyholders with healthy returns. Key measures will be continued efforts to develop cost-effective and profitable operations while strengthening customer service and customer relations.

DnB NOR Asset Management

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	Change	Change in per cent
Commission income				
- from retail customers	61	131	(70)	(53.2)
- from institutional clients	125	143	(18)	(12.3)
Other income	30	29	1	4.2
Total income	217	303	(86)	(28.4)
Operating expenses	184	224	(40)	(18.0)
Pre-tax operating profit	33	79	(46)	(58.2)
Balance sheet items in NOK billion (end of period)				
Assets under management	474.6	539.8	(65.1)	(12.1)
Key figures in per cent				
Return on equity [1]	5.1	12.0		
Cost/income ratio	84.9	74.1		

1) Calculated on the basis of recorded equity.

DnB NOR Asset Management recorded pre-tax operating profits of NOK 33 million in the third quarter of 2008, down NOK 46 million from the year-earlier period. The decline mainly reflected a shortfall in income due to a decline in assets under management and lower performance-based fees. Another factor influencing profits was the new distribution agreement with DnB NOR Bank, which entails an increase in commission rates for sales through the bank's distribution network.

Operating expenses were brought down as a result of measures implemented in connection with the Group's cost programme as well as special measures in DnB NOR Asset Management. Full-time positions numbered 295 at end-September 2008.

There was a NOK 65 billion reduction in assets under management from end-September 2007. NOK 46.4 billion of the decline stemmed from developments in equity prices and interest rate levels during the twelve-month period, while a weaker Norwegian krone gave a positive exchange effect of NOK 4.2 billion on international securities under management. The net outflow of funds was NOK 22.9 billion.

Investment funds from the retail market amounted to NOK 44.0 billion as at 30 September 2008 after a net reduction of NOK 19.6 billion from end-September 2007. The corresponding figures for institutional clients were NOK 430.7 billion and a reduction of NOK 45.5 billion respectively.

The market share for mutual funds in the Norwegian retail market was 38.3 per cent at end-September 2008, up 0.5 percentage points from end-June 2008.

As at 30 September 2008, the total number of mutual fund savings schemes exceeded 329 000. Annual subscriptions under savings schemes represented more than NOK 3.1 billion.

At end-September 2008, 52 mutual funds, representing 44.1 per cent of the funds managed by DnB NOR Asset Management, had received four or five stars from the rating company Morningstar.

DnB NOR Asset Management anticipates a weak market trend, but expects a long-term increase in private financial savings in both Norway and Sweden. Competition for new savings will necessitate the continued development of products and services. The expectations of investors regarding developments in financial markets together with investor confidence in the stock market will have a strong impact on performance in the business area.

DnB NORD

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

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

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

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

At end-September 2008, DnB NORD staff represented 3 565 full-time positions, up from 3 144 a year earlier.

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

DnB NORD is well represented in the Baltic region and Poland, serving both retail and corporate customers. In Denmark and Finland, DnB NORD is a full-service bank for corporate customers. DnB NORD had more than 820 000 customers and 174 branches at end-September 2008.

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

Macroeconomic developments

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

In Norway, the economic turnaround is now being felt. The property market has weakened, and household demand has stagnated. Norwegian companies expect considerably lower future activity. The financial turmoil has led to higher lending rates and stricter collateral requirements for companies and households. Investment and credit growth remains high, but is expected to decline further during the autumn. High oil prices have generated solid profits for the oil industry and a high level of activity for sub-contractors. This sector has forecast sound investment growth for both 2008 and 2009. A continued fall in oil prices will influence future investment willingness. Inflation has risen in consequence of high energy and commodity prices and strong wage growth. An international economic slowdown is expected to curb price inflation, but a weakening of the Norwegian krone may contribute to limiting the possibility of a reduction in interest rates. It is expected that weaker growth prospects, risk premiums in the money market and lower international key interest rates will lead to several reductions in the Norwegian key rate over the next twelve months. Lower corporate earnings are expected to curb deposit growth, but an increase in household savings is expected to counteract this to a certain extent.

Future prospects

At end-September, the financial markets were practically non-functioning. In such a situation, an analysis of future prospects must be seen in light of the fact that the Norwegian economy is stronger than in many other countries. The Norwegian government has the required financial flexibility to implement measures to partially counteract the negative trend in the Norwegian financial market. In October, the government established schemes which will help increase the access to long-term funding.

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

Macroeconomic forecasts indicate that the downturn currently affecting the world economy will probably be protracted. DnB NOR is well equipped to meet such a period of recession. However, the Group's capitalisation should be strengthened to be better prepared to meet any unexpected developments.

Stricter capital adequacy requirements for financial institutions must also be expected in the wake of the financial turmoil. Many international institutions have already considerably strengthened their capital bases or announced higher future capital adequacy targets. DnB NOR must adapt to this situation and will work to strengthen the Group's capital adequacy. In this connection, the Board of Directors will consider the level of dividends for 2008.

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

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Per Hoffmann

Jørn O. Kvilhaug

Bent Pedersen

Tore Olaf Rimmereid

Trine Sæther Romuld

Ingjerd Skjeldrum

Siri Pettersen Strandenes

Rune Bjerke
(group chief executive)

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DnB NOR ASA

Income statement [1)]

DnB NOR Group

Amounts in NOK million	Note	3rd quarter 2008	3rd quarter 2007	January-September 2008	January-September 2007	Full year 2007
Total interest income	6	21 314	16 019	59 278	44 203	61 746
Total interest expenses	6	15 622	11 357	43 548	31 337	43 880
Net interest income	6	**5 691**	**4 663**	**15 730**	**12 867**	**17 866**
Commissions and fees receivable etc.	7	2 241	2 239	7 056	6 990	9 476
Commissions and fees payable etc.	7	543	628	1 715	1 777	2 392
Net gains on financial instruments at fair value	7, 8	1 615	439	2 280	2 486	3 185
Net gains on assets in Vital	7	(1 766)	9 337	(3 021)	20 026	23 883
Guaranteed returns and allocations to policyholders in Vital	7	(1 596)	6 097	(2 667)	15 888	17 005
Premium income etc. included in the risk result in Vital	7	1 227	1 215	3 366	3 546	4 249
Insurance claims etc. included in the risk result in Vital	7	1 127	3 823	3 095	6 129	8 907
Net realised gains on investment securities (AFS)	7	0	0	0	0	0
Profit from companies accounted for by the equity method	7	(377)	(40)	(568)	18	9
Other income	7	268	285	854	915	1 234
Net other operating income	7	**3 134**	**2 926**	**7 823**	**10 187**	**13 732**
Total income		**8 825**	**7 589**	**23 553**	**23 053**	**31 598**
Salaries and other personnel expenses	9	2 425	2 203	7 047	6 538	9 413
Other expenses	9	1 725	1 437	5 238	4 306	6 005
Depreciation and write-downs of fixed and intangible assets	9	315	255	818	697	1 032
Total operating expenses	9	**4 464**	**3 895**	**13 103**	**11 541**	**16 450**
Net gains on fixed and intangible assets		13	874	47	888	2 481
Write-downs on loans and guarantees	11	725	70	1 195	260	220
Pre-tax operating profit		**3 649**	**4 498**	**9 302**	**12 140**	**17 409**
Taxes		839	826	2 012	2 193	2 387
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		**2 810**	**3 673**	**7 289**	**9 946**	**15 022**
Profit attributable to shareholders		2 829	3 622	7 181	9 763	14 780
Profit attributable to minority interests		(20)	50	109	183	242
Earnings per share (NOK) [2)]		2.12	2.72	5.39	7.32	11.08
Earnings per share for discontinuing operations (NOK) [2)]		0.00	0.00	0.00	0.00	0.00

1) *See note 5 for specification of income statement items in Vital.*
2) *DnB NOR has not issued options or other financial instruments that could cause dilution of earnings per share.*

Balance sheet [1)]

Amounts in NOK million	Note	30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
		DnB NOR Group		
Assets				
Cash and deposits with central banks		45 792	9 816	8 805
Lending to and deposits with credit institutions		53 608	64 379	92 759
Lending to customers	12, 13	1 118 273	970 504	908 424
Commercial paper and bonds	14	104 558	177 602	156 581
Shareholdings	15	34 401	48 682	59 310
Financial assets, customers bearing the risk		17 330	19 868	19 325
Financial derivatives		78 588	65 933	69 585
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity	14	141 356	59 641	60 075
Investment property	16	32 796	33 078	32 530
Investments in associated companies		1 314	1 435	1 399
Intangible assets	17	8 944	7 742	7 224
Deferred tax assets		180	136	91
Fixed assets		4 339	3 496	3 313
Biological assets		0	0	0
Discontinuing operations		249	225	1 641
Other assets		13 007	11 382	9 489
Total assets		**1 654 735**	**1 473 919**	**1 430 551**
Liabilities and equity				
Loans and deposits from credit institutions		161 920	144 198	148 800
Deposits from customers		588 426	538 151	532 478
Financial derivatives		62 246	62 741	73 315
Securities issued	18	484 720	371 784	317 082
Insurance liabilities, customers bearing the risk		17 330	19 868	19 325
Liabilities to life insurance policyholders		183 595	191 626	194 841
Payable taxes		2 635	1 431	6 518
Deferred taxes		2 506	1 994	134
Other liabilities		27 452	27 717	30 041
Discontinuing operations		0	0	0
Provisions		5 184	5 207	4 571
Subordinated loan capital	18	40 676	33 226	32 759
Total liabilities		**1 576 689**	**1 397 944**	**1 359 864**
Minority interests		3 287	2 662	2 467
Revaluation reserve		0	0	0
Share capital		13 327	13 327	13 327
Other reserves and retained earnings		61 432	59 987	54 894
Total equity		**78 046**	**75 976**	**70 687**
Total liabilities and equity		**1 654 735**	**1 473 919**	**1 430 551**
Off-balance sheet transactions and contingencies	22			

1) *See note 5 for specification of balance sheet items in Vital.*

Statement of changes in equity

DnB NOR Group

Amounts in NOK million	Minority interests [1)]	Revalu- ation reserve	Share capital	Share premium reserve	Other equity [1)]	Total other reserves and retained earnings	Total equity [1)]
Balance sheet as at 31 December 2006	**2 201**	**0**	**13 341**	**11 963**	**38 907**	**50 870**	**66 413**
Net change in currency translation reserve	(147)				(309)	(309)	(456)
Profit for the period	183				9 763	9 763	9 946
Net income for the period	36				9 454	9 454	9 490
Dividends 2006					(5 336)	(5 336)	(5 336)
Redemption of shares			(14)	(267)	173	(94)	(108)
Minority interests DnB NORD	229						229
Balance sheet as at 30 September 2007	**2 467**	**0**	**13 327**	**11 697**	**43 197**	**54 894**	**70 687**
Balance sheet as at 31 December 2007	**2 662**	**0**	**13 327**	**11 697**	**48 290**	**59 987**	**75 976**
Net change in currency translation reserve	125				145	145	271
Profit for the period	109				7 181	7 181	7 289
Net income for the period	234				7 326	7 326	7 560
Dividends 2007					(5 997)	(5 997)	(5 997)
Minority interests DnB NORD	406				(13)	(13)	393
Other minority interests	(15)						(15)
New regulations for the life insurance industry [2)]					130	130	130
Balance sheet as at 30 September 2008	**3 287**	**0**	**13 327**	**11 697**	**49 736**	**61 433**	**78 046**

1) *Of which currency translation reserve:*

	Minority interests	Other equity	Total equity
Balance sheet as at 31 December 2006	*44*	*(44)*	*0*
Net change in currency translation reserve	*(147)*	*(309)*	*(456)*
Balance sheet as at 30 September 2007	*(103)*	*(353)*	*(456)*
Balance sheet as at 31 December 2007	*(28)*	*(275)*	*(303)*
Net change in currency translation reserve	*125*	*145*	*271*
Balance sheet as at 30 September 2008	*97*	*(130)*	*(33)*

2) *The implementation effect was adjusted in the second quarter due to new information.*

Cash flow statement

	DnB NOR Group		
	January-September		Full year
Amounts in NOK million	2008	2007	2007
Operations			
Net payments on loans to customers	(131 152)	(85 210)	(147 421)
Net receipts on deposits from customers	34 206	53 573	65 651
Interest received from customers	51 178	39 967	50 211
Interest paid to customers	(18 194)	(12 676)	(17 733)
Net receipts/payments on the sale/acquisition of financial assets for investment or trading	17 968	34 177	22 440
Net receipts on commissions and fees	5 310	7 022	7 118
Payments to operations	(9 669)	(12 717)	(17 794)
Taxes paid	(822)	(431)	(3 980)
Receipts on premiums	13 257	12 728	13 295
Net receipts/payments on premium reserve transfers	(280)	(1 302)	(1 937)
Payments of insurance settlements	(12 757)	(16 625)	(19 621)
Other receipts	750	790	1 213
Net cash flow relating to operations	**(50 205)**	**19 296**	**(48 560)**
Investment activity			
Net receipts/payments on the sale/acquisition of fixed assets	(1 718)	811	3 087
Receipts on the sale of long-term investments in shares	133	0	9
Payments on the acquisition of long-term investments in shares	(2 583)	(3 463)	(4 080)
Dividends received on long-term investments in shares	129	174	248
Net cash flow relating to investment activity	**(4 039)**	**(2 478)**	**(736)**
Funding activity			
Net receipts/payments on loans to/from credit institutions	21 713	(178)	23 278
Net receipts/payments on other short-term liabilities	(200)	(2 304)	(10 622)
Net receipts on the issue of bonds and commercial paper [1)]	94 572	6 322	58 281
Issue of subordinated loan capital	8 854	4 310	5 581
Redemptions of subordinated loan capital	(3 199)	(2 186)	(4 017)
Repurchase of own shares	0	(108)	(108)
Dividend payments	(5 997)	(5 336)	(5 336)
Net interest payments on funding activity	(23 647)	(21 214)	(20 420)
Net cash flow from funding activity	**92 097**	**(20 694)**	**46 637**
Net cash flow	**37 853**	**(3 877)**	**(2 659)**
Cash as at 1 January	15 935	18 594	18 594
Net receipts/payments of cash	37 853	(3 877)	(2 659)
Cash at end of period [*)]	53 788	14 716	15 935

**) Of which: Cash and deposits with central banks*	*45 792*	*8 805*	*9 816*
Deposits with credit institutions with no agreed period of notice [2)]	*7 996*	*5 912*	*6 119*

1) *A significant share of the Group's operations was funded by issuing bonds and commercial paper in 2007 and the first three quarters of 2008.*
2) *Recorded under "Lending to and deposits with credit institutions" in the balance sheet.*

The cash flow statement shows receipts and payments of cash and cash equivalents during the year. The statement has been prepared in accordance with the direct method and has been adjusted for items that do not generate cash flows, such as accruals, depreciation and write-downs on loans and guarantees. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

Key figures

	3rd quarter 2008	3rd quarter 2007	January-September 2008	January-September 2007	Full year 2007
DnB NOR Group					
Interest rate analysis					
1. Combined weighted total average spread for lending and deposits (%)	1.04	1.02	1.01	0.99	1.00
2. Spread for ordinary lending to customers (%)	0.97	0.85	0.89	0.85	0.84
3. Spread for deposits from customers (%)	1.16	1.29	1.23	1.23	1.27
Rate of return/profitability					
4. Net other operating income, per cent of total income	35.5	38.6	33.2	44.2	43.5
5. Cost/income ratio (%)	50.6	51.3	55.6	50.1	50.6
6. Return on equity, annualised (%)	15.5	21.8	13.0	19.8	22.0
7. RARORAC, annualised (%)	18.2	19.7	13.6	22.0	21.6
8. RORAC, annualised (%)	18.5	30.7	15.3	29.0	31.9
9. Average equity including allocated dividend (NOK million)	73 224	66 559	73 369	65 829	67 063
10. Return on average risk-weighted volume, annualised (%)	1.04	1.59	0.90	1.46	1.66
Financial strength					
11. Core (Tier 1) capital ratio at end of period (%)	6.3	6.7	6.3	6.7	7.2
12. Core (Tier 1) capital ratio incl. 50 per cent of profit (%)	6.7	7.2	6.7	7.2	-
13. Capital adequacy ratio at end of period (%)	9.1	9.3	9.1	9.3	9.6
14. Capital adequacy ratio incl. 50 per cent of profit (%)	9.4	9.8	9.4	9.8	-
15. Core capital at end of period (NOK million)	70 513	62 965	70 513	62 965	71 392
16. Risk-weighted volume at end of period (NOK million)	1 110 669	941 122	1 110 669	941 122	991 455
Loan portfolio and write-downs					
17. Individual write-downs relative to average net lending to customers, annualised	0.22	0.03	0.13	0.04	0.05
18. Write-downs relative to average net lending to customers, annualised	0.27	0.03	0.15	0.04	0.02
19. Net non-performing and impaired commitments, per cent of net lending	0.61	0.44	0.61	0.44	0.42
20. Net non-performing and impaired commitments at end of period (NOK million)	6 947	4 078	6 947	4 078	4 174
Liquidity					
21. Ratio of customer deposits to net lending to customers at end of period (%)	52.6	58.6	52.6	58.6	55.5
Total assets owned or managed by DnB NOR					
22. Customer assets under management at end of period (NOK billion)	510	573	510	573	572
23. Total combined assets at end of period (NOK billion)	1 964	1 789	1 964	1 789	1 834
24. Average total assets (NOK billion)	1 626	1 418	1 573	1 396	1 412
25. Customer savings at end of period (NOK billion)	1 099	1 107	1 099	1 107	1 111
Staff					
26. Number of full-time positions at end of period	14 103	13 201	14 103	13 201	13 455
The DnB NOR share					
27. Number of shares at end of period (1 000)	1 332 654	1 332 654	1 332 654	1 332 654	1 332 654
28. Average number of shares (1 000)	1 332 654	1 332 777	1 332 654	1 333 652	1 333 402
29. Earnings per share (NOK)	2.12	2.72	5.39	7.32	11.08
30. Dividend per share (NOK)	-	-	-	-	4.50
31. Total shareholders' return (%)	(31.5)	8.5	(43.4)	(2.0)	(1.7)
32. Dividend yield (%)	-	-	-	-	5.42
33. Equity per share including allocated dividend at end of period (NOK)	56.10	51.19	56.10	51.19	55.01
34. Share price at end of period (NOK)	44.40	82.70	44.40	82.70	83.00
35. Price/earnings ratio	5.23	7.61	6.18	8.47	7.49
36. Price/book value	0.79	1.62	0.79	1.62	1.51
37. Market capitalisation (NOK billion)	59.2	110.2	59.2	110.2	110.6

For definitions of selected key figures, see next page.

Key figures (continued)

Definitions

1, 2, 3 Based on nominal values excluding lending to and deposits with credit institutions and impaired loans, measured against the 3-month money market rate.

5 Total expenses relative to total income. Expenses exclude 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.

7 RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital) is defined as risk-adjusted profits relative to the risk-adjusted capital requirement. Risk-adjusted profits indicate the level of profits in a normalised situation. The risk-adjusted capital requirement is described in further detail in the chapter "Management in DnB NOR" in the DnB NOR Group's annual report for 2007.

8 RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement. Profits for the period exclude profits attributable to minority interests and are adjusted for the period’s change in fair value recognised directly in equity and for the difference between recorded interest on average equity and interest on risk-adjusted capital.

10 Profit for the period relative to average risk-weighted volume.

22 Total assets under management for customers in Life and Asset Management.

23 Total assets and customer assets under management.

25 Total deposits from customers, assets under management and equity-linked bonds.

27 The Annual General Meeting on 30 April 2008 authorised the Board of Directors of DnB NOR ASA to acquire own shares for a total face value of up to NOK 1 332 653 615, corresponding to 10 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 30 April 2008. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with the Ministry of Trade and Industry for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares. DnB NOR has no outstanding subscription rights for employees.

29 Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.

31 Closing price at end of period less closing price at beginning of period, including dividends reinvested in DnB NOR shares on the dividend payment date, relative to closing price at beginning of period.

33 Equity at end of period excluding minority interests relative to number of shares at end of period.

34 Closing price at end of period relative to annualised earnings per share.

36 Closing price at end of period relative to recorded equity at end of period.

37 Number of shares multiplied by the closing share price at end of period.

Note 1 Accounting principles etc.

Accounting principles

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

Change in principle

On 13 October 2008 the International Accounting Standards Board, IASB, approved amendments to IAS 39 Financial Instruments and IFRS 7 Financial Instruments – Disclosure, permitting the reclassification of financial assets in the categories "fair value through profit or loss" and "available for sale" to other categories for financial assets. To qualify for reclassification, special circumstances must have occurred and according to the IASB, the prevailing situation in the credit markets can be regarded as rare circumstances. The reclassification can be made with accounting effect from 1 July 2008. The EU approved the amendments on 15 October 2008. On 16 October 2008, the Norwegian Ministry of Finance laid down regulations resulting in changes in the accounting standards IAS 39 and IFRS 7.

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

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

Due to changes in IFRS 7 the reclassification, as described above, requires that the value of the liquidity portfolio based on the principles applied before the reclassification must be reported. See note 14 Investments in bonds for a description of the effects of the reclassification.

Note 1 Accounting principles etc. (continued)

Comparable figures

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

Note 2 Estimates and special circumstances during the quarter

Estimates

When preparing the consolidated accounts, management makes assessments and estimates and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. A more detailed account of important estimates and assumptions is presented in notes 1 and 2 in the annual report for 2007.

Estimate uncertainty

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

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

The current financial turmoil increases the uncertainty surrounding some of the assumptions and expectations underlying the preparation of the various estimates. See also notes 8, 14, 15, 16 and 17.

Write-downs on loans

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

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

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

Special circumstances during the quarter

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

Note 3 Changes in group structure

SkandiaBanken Bilfinans

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

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

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. Due to changes in prices and other adjustments in the Swedish market, no corresponding additional payment is expected.

Note 4 Business areas

The operational structure of DnB NOR includes four 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 Group, as well as the products offered.

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

Income statement, third quarter **DnB NOR Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations [1)]		DnB NOR Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	2 399	2 029	1 812	1 817	352	53	2	7	347	281	780	476	5 691	4 663
Interest on allocated capital	708	398	104	169	103	50	31	24	77	41	(1 023)	(682)	0	0
Net interest income	3 106	2 427	1 916	1 985	455	103	32	31	424	321	(242)	(206)	5 691	4 663
Net other operating income	436	657	864	751	1 442	252	556	1 219	164	136	(327)	(88)	3 134	2 926
Total income	3 542	3 084	2 780	2 736	1 897	355	588	1 250	588	457	(570)	(294)	8 825	7 589
Operating expenses [*)]	1 220	1 008	1 648	1 524	426	304	600	544	400	330	170	185	4 464	3 895
Pre-tax operating profit before write-downs	2 322	2 076	1 132	1 212	1 471	51	(12)	706	188	127	(740)	(478)	4 361	3 694
Net gains on fixed and intangible assets	0	3	0	0	0	0	0	0	9	5	5	865	13	874
Write-downs on loans and guarantees	216	(10)	182	54	0	0	0	0	250	37	77	(11)	725	70
Pre-tax operating profit	2 106	2 089	950	1 158	1 471	51	(12)	706	(53)	96	(812)	398	3 649	4 498
**) Of which group overhead*	*39*	*37*	*24*	*14*	*8*	*6*	*10*	*10*	*0*	*0*	*(81)*	*(67)*	*0*	*0*

Income statement, January-September **DnB NOR Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations		DnB NOR Group	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	6 642	5 556	5 294	5 053	420	162	8	7	1 017	790	2 349	1 298	15 730	12 867
Interest on allocated capital	1 920	1 049	320	444	260	132	87	63	200	106	(2 786)	(1 793)	0	0
Net interest income	8 562	6 605	5 614	5 497	680	294	96	70	1 217	896	(437)	(495)	15 730	12 867
Net other operating income	1 799	2 196	2 513	2 323	2 544	2 154	1 861	3 359	478	425	(1 373)	(269)	7 823	10 187
Total income	10 360	8 801	8 127	7 820	3 224	2 448	1 957	3 428	1 695	1 321	(1 810)	(765)	23 553	23 053
Operating expenses [*)]	3 575	2 978	5 052	4 671	1 223	1 098	1 709	1 627	1 161	904	383	262	13 103	11 541
Pre-tax operating profit before write-downs	6 786	5 822	3 075	3 149	2 001	1 350	248	1 801	534	417	(2 193)	(1 027)	10 450	11 512
Net gains on fixed and intangible assets	27	11	0	0	0	(1)	0	0	16	12	4	866	47	888
Write-downs on loans and guarantees	382	47	327	194	0	22	0	0	335	73	151	(76)	1 195	260
Pre-tax operating profit	6 431	5 787	2 747	2 955	2 001	1 326	248	1 801	215	356	(2 340)	(85)	9 302	12 140
**) Of which group overhead*	*115*	*95*	*71*	*43*	*24*	*19*	*31*	*28*	*0*	*0*	*(242)*	*(185)*	*0*	*0*

1) Other operations/ eliminations:

	Elimination of double entries		*Other eliminations*		*Group Centre*		*Total*	
	3rd quarter		*3rd quarter*		*3rd quarter*		*3rd quarter*	
Amounts in NOK million	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*
Net interest income - ordinary operations	*0*	*(7)*	*(44)*	*(36)*	*824*	*519*	*780*	*476*
Interest on allocated capital	*0*	*0*	*0*	*0*	*(1 023)*	*(682)*	*(1 023)*	*(682)*
Net interest income	*0*	*(7)*	*(44)*	*(36)*	*(199)*	*(163)*	*(242)*	*(206)*
Net other operating income	*(456)*	*(425)*	*(72)*	*(90)*	*201*	*428*	*(327)*	*(88)*
Total income	*(456)*	*(432)*	*(116)*	*(127)*	*2*	*265*	*(570)*	*(294)*
Operating expenses	*0*	*0*	*(116)*	*(128)*	*286*	*313*	*170*	*185*
Pre-tax operating profit before write-downs	*(456)*	*(432)*	*0*	*2*	*(284)*	*(48)*	*(740)*	*(478)*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*(2)*	*5*	*867*	*5*	*865*
Write-downs on loans and guarantees	*0*	*0*	*0*	*0*	*77*	*(11)*	*77*	*(11)*
Pre-tax operating profit	*(456)*	*(432)*	*0*	*0*	*(356)*	*830*	*(812)*	*398*

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

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

Note 4 Business areas (continued)

Main average balance sheet items **DnB NOR Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations		DnB NOR Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
Amounts in NOK billion	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net lending to customers [1]	544.5	417.3	460.5	430.3	19.7	16.7			78.6	51.5	(0.9)	(7.5)	1 102.4	908.3
Deposits from customers [1]	312.1	294.8	240.3	224.9	30.1	22.5			22.9	19.6	(14.2)	(11.2)	591.1	550.6
Assets under management [2]							543.2	592.8						

Key figures **DnB NOR Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations		DnB NOR Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
Per cent	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Cost/income ratio [3]	34.4	32.7	59.3	55.7	22.5	85.7	102.0	43.5	68.1	72.2			50.6	51.3
Ratio of deposits to lending [1) 4)]	57.3	70.6	52.2	52.3					29.1	38.1			53.6	60.6
Return on capital, annualised [5) 6)]	14.0	19.4	43.3	25.3	66.6	3.8	(0.8)	32.9	(2.8)	8.4			15.5	21.8
RORAC, annualised [6) 7)]	15.3	20.0	39.1	45.5	85.1	3.8	(3.6)	34.5	(2.1)	8.1			18.5	30.7
Number of full-time positions as at 30 Sept. [8]	2 550	2 291	3 944	3 696	643	599	1 193	1 136	3 565	3 144	2 208	2 334	14 103	13 201

1) *Based on nominal values and includes lending to and deposits from credit institutions.*
2) *Assets under management include total assets in Vital.*
3) *Total operating expenses relative to total income.*
4) *Deposits from customers relative to net lending to customers.*
5) *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. Recorded equity is used for Life and Asset Management.*
6) *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, DnB NOR Markets and DnB NOR Asset Management. A tax rate of 20 per cent has been used for DnB NORD, while accounted taxes are applied for Vital.*
7) *RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement.*
8) *An increase of 218 full-time positions in Retail Banking resulting from the acquisition of SalusAnsvar in December 2007.*

Note 5 Life and Asset Management

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

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

Income statement					**Life and Asset Management**
	3rd quarter	3rd quarter	January-September		Full year
Amounts in NOK million	2008	2007	2008	2007	2007
Total income	588	1 250	1 957	3 428	4 674
Total operating expenses	600	544	1 709	1 627	2 316
Pre-tax operating profit	(12)	706	248	1 801	2 357
Taxes	9	(187)	56	(504)	(1 942)
Profit after taxes	**(21)**	**893**	**192**	**2 305**	**4 299**

Key figures					**Life and Asset Management**
	3rd quarter	3rd quarter	January-September		Full year
	2008	2007	2008	2007	2007
Assets under management at end of period (NOK billion)	530	591	530	591	593
Return on equity, annualised (%) [1]	(0.8)	32.9	2.2	27.9	38.1
RORAC, annualised (%) [2]	(3.6)	34.5	0.6	31.4	44.0
Cost/income ratio (%)	102.0	43.5	87.3	47.5	49.6
Number of full-time positions at end of period	1 193	1 136	1 193	1 136	1 130

1) *Calculated based on recorded equity.*
2) *RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement.*

Income statement [1]					**Vital**
	3rd quarter	3rd quarter	January-September		Full year
Amounts in NOK million	2008	2007	2008	2007	2007
Total interest income					
Total interest expenses					
Net interest income					
Commissions and fees receivable etc.	551	456	1 686	1 367	1 810
Commissions and fees payable etc.	77	138	324	435	560
Net gains on financial instruments at fair value					
Net gains on assets in Vital	(1 798)	9 334	(3 101)	20 022	23 824
Guaranteed returns and allocations to policyholders in Vital	(1 596)	6 097	(2 667)	15 888	17 005
Premium income etc. included in the risk result in Vital	1 227	1 215	3 366	3 546	4 249
Insurance claims etc. included in the risk result in Vital	1 127	3 823	3 095	6 129	8 907
Net realised gains on investment securities (AFS)					
Profit from companies accounted for by the equity method					
Other income					
Net other operating income	**371**	**947**	**1 199**	**2 483**	**3 411**
Total income	**371**	**947**	**1 199**	**2 483**	**3 411**
Salaries and other personnel expenses	183	187	552	550	766
Other expenses	165	109	494	394	595
Depreciation and write-downs of fixed and intangible assets	68	24	105	76	164
Total operating expenses	**416**	**320**	**1 150**	**1 020**	**1 525**
Net gains on fixed and intangible assets					
Write-downs on loans and guarantees					
Pre-tax operating profit	**(45)**	**627**	**48**	**1 463**	**1 886**
Taxes	0	(209)	0	(599)	(2 074)
Profit from discontinuing operations after taxes					
Profit for the period [2]	**(45)**	**836**	**48**	**2 061**	**3 960**

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

Note 5 Life and Asset Management (continued)

2) *Breakdown of income statement*

Amounts in NOK million	*3rd quarter 2008*	*3rd quarter 2007*	*January-September 2008*	*January-September 2007*	**Vital** *Full year 2007*
Interest result	*(1 826)*	*7 739*	*(5 055)*	*13 498*	*15 546*
Application of/(transferred to) additional allocations	*1 649*	*0*	*4 720*	*0*	*(3 000)*
Risk result	*100*	*(2 609)*	*271*	*(2 583)*	*(4 658)*
Administration result	*(47)*	*(1)*	*(109)*	*(89)*	*(275)*
Profit for risk and guaranteed rate of return	*106*		*321*		
Transferred from security reserve	*(18)*	*(2)*	*(7)*	*(10)*	*(43)*
Profit for distribution within Vital	*(36)*	*5 126*	*141*	*10 817*	*7 570*
Funds transferred to policyholders	*9*	*4 505*	*93*	*9 371*	*5 661*
+ Reversal of goodwill amortisation/write-downs	*0*	*6*	*0*	*17*	*(22)*
Pre-tax operating profit in Vital	*(45)*	*627*	*48*	*1 463*	*1 886*
Taxes	*0*	*(209)*	*0*	*(599)*	*(2 074)*
Profit for the period in Vital	*(45)*	*836*	*48*	*2 061*	*3 960*

Balance sheets [1)]

Amounts in NOK million	30 Sept. 2008	31 Dec. 2007	**Vital** 30 Sept. 2007
Assets			
Cash and deposits with central banks			
Lending to and deposits with credit institutions	10 335	12 152	18 010
Lending to customers	2 027		
Commercial paper and bonds	73 188	63 060	44 449
Shareholdings [2)]	23 122	39 362	51 257
Financial assets, customers bearing the risk	17 330	19 868	19 325
Financial derivatives	4 952	1 488	3 589
Commercial paper and bonds, held to maturity	53 330	59 641	60 075
Investment property [3)]	32 620	32 908	32 361
Investments in associated companies	19	19	19
Intangible assets	219	184	367
Deferred tax assets		1 164	
Fixed assets	36	46	44
Discontinuing operations			
Other assets	3 927	2 688	2 820
Total assets	**221 104**	**232 579**	**232 315**
Liabilities and equity			
Loans and deposits from credit institutions			
Deposits from customers			
Financial derivatives	3 518	1 010	603
Securities issued			
Insurance liabilities, customers bearing the risk	17 330	19 868	19 325
Liabilities to life insurance policyholders	183 595	191 626	194 841
Payable taxes			
Deferred taxes	644		285
Other liabilities	4 771	6 030	5 037
Discontinuing operations			
Provisions	154	154	231
Subordinated loan capital	2 522	2 500	2 501
Total liabilities	**212 534**	**221 188**	**222 823**
Minority interests			
Revaluation reserve			
Share capital	1 321	1 321	1 310
Other reserves and retained earnings	7 250	10 070	8 182
Total equity	**8 571**	**11 391**	**9 492**
Total liabilities and equity	**221 104**	**232 579**	**232 315**

1) *The figures encompass Vital Forsikring ASA including subsidiaries as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.*
2) *Investments in Private Equity, PE, totalled NOK 2.6 billion at end-September 2008. See note 15 Investments in shares.*
3) *Vital's property portfolio was written down by NOK 0.3 billion in the third quarter. See note 16 Investment property.*

Note 5 Life and Asset Management (continued)

Key figures **Vital**

Per cent	3rd quarter 2008	3rd quarter 2007	January-September 2008	January-September 2007	Full year 2007
Recorded return, excluding unrealised gains on financial instruments [1]	(0.1)	4.6	(0.1)	9.9	11.8
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds, held to maturity [1]	(0.1)	3.3	(1.8)	8.6	9.5
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets [1]	0.1	3.5	(2.5)	7.8	8.8
Expenses in per cent of insurance provisions [2]	0.95	0.89	0.95	0.95	1.02
Capital adequacy ratio at end of period [3]	10.8	8.9	10.8	8.9	9.7
Core capital ratio at end of period [3]	8.6	6.9	8.6	6.9	7.6
Policyholders' funds from products with guaranteed returns at end of period (NOK billion)	184	195	184	195	192
Policyholders' funds from products with a choice of investment profile at end of period (NOK billion)	17	19	17	19	20
Solvency margin capital in per cent of requirement at end of period [3] [4]	157	168	157	168	199

1) *Refers to the common portfolio as from 1 January 2008. Figures prior to 1 January 2008 refer to the total return for Vital.*
2) *Figures are annualised.*
3) *Kredittilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted capital adequacy or solvency margin capital regulations to IFRS.*
4) *Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin capital requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.*

Note 6 Net interest income

DnB NOR Group

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	January-September 2008	January-September 2007	Full year 2007
Interest on loans to and deposits with credit institutions	1 017	1 213	3 144	3 880	4 898
Interest on loans to customers	18 337	13 234	51 104	35 571	50 382
Interest on impaired commitments	16	29	69	95	129
Interest on commercial paper and bonds	1 955	1 463	4 945	4 322	5 912
Front-end fees etc.	154	145	344	338	445
Other interest income	(165)	(64)	(326)	(3)	(19)
Total interest income	**21 314**	**16 019**	**59 278**	**44 203**	**61 746**
Interest on loans and deposits from credit institutions	1 838	1 800	5 440	4 975	6 790
Interest on demand deposits from customers	6 577	4 890	18 164	12 703	18 140
Interest on securities issued	5 369	3 975	15 201	11 939	16 322
Interest on subordinated loan capital	573	501	1 518	1 492	2 001
Other interest expenses [1]	1 265	192	3 225	228	628
Total interest expenses	**15 622**	**11 357**	**43 548**	**31 337**	**43 880**
Net interest income	**5 691**	**4 663**	**15 730**	**12 867**	**17 866**

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

Note 7 Net other operating income

					DnB NOR Group
	3rd quarter	3rd quarter	January-September		Full year
Amounts in NOK million	2008	2007	2008	2007	2007
Money transfer fees receivable	754	688	2 172	2 060	2 804
Fees on asset management services	268	295	888	928	1 466
Fees on custodial services	92	104	296	308	415
Fees on securities broking	66	89	258	301	400
Corporate finance	64	112	299	496	791
Interbank fees	31	32	89	95	127
Credit broking commissions	109	64	287	265	338
Sales commissions on insurance products	640	496	1 982	1 513	2 000
Sundry commissions and fees receivable on banking services	218	360	785	1 025	1 134
Total commissions and fees receivable etc.	**2 241**	**2 239**	**7 056**	**6 990**	**9 476**
Money transfer fees payable	238	251	700	724	995
Commissions payable on fund management services	39	44	114	113	211
Fees on custodial services payable	34	33	104	104	135
Interbank fees	46	47	135	145	194
Credit broking commissions	19	33	85	50	55
Commissions payable on the sale of insurance products	26	61	144	185	242
Sundry commissions and fees payable on banking services	142	158	433	455	560
Total commissions and fees payable etc.	**543**	**628**	**1 715**	**1 777**	**2 392**
Net gains on financial instruments at fair value	**1 615**	**439**	**2 280**	**2 486**	**3 185**
Net gains on assets in Vital	**(1 766)**	**9 337**	**(3 021)**	**20 026**	**23 883**
Guaranteed returns and allocations to policyholders in Vital	**(1 596)**	**6 097**	**(2 667)**	**15 888**	**17 005**
Premium income etc. included in the risk result in Vital	**1 227**	**1 215**	**3 366**	**3 546**	**4 249**
Insurance claims etc. included in the risk result in Vital	**1 127**	**3 823**	**3 095**	**6 129**	**8 907**
Net realised gains on investment securities (AFS)	**0**	**0**	**0**	**0**	**0**
Profit from companies accounted for by the equity method [1)]	**(377)**	**(40)**	**(568)**	**18**	**9**
Income from owned/leased premises	13	43	28	75	98
Fees on real estate broking	164	189	537	570	782
Net unrealised gains on investment property	0	0	0	(2)	(2)
Miscellaneous operating income	92	54	289	271	356
Total other income	**268**	**285**	**854**	**915**	**1 234**
Net other operating income	**3 134**	**2 926**	**7 823**	**10 187**	**13 732**

1) *Widening credit spreads have had a negative effect on Eksportfinans' liquidity portfolio of bonds. The company has entered into an agreement with a syndicate comprising most of Eksportfinans' owners. With effect from 1 March 2008, the agreement will protect Eksportfinans from further value reductions in the portfolio. Taking the guarantee into account, there was a negative profit contribution of NOK 396 million from the company in the third quarter of 2008.*

Note 8 Net gains on financial instruments at fair value

					DnB NOR Group
	3rd quarter	3rd quarter	January-September		Full year
Amounts in NOK million	2008	2007	2008	2007	2007
Dividends	(1)	14	124	156	188
Net gains on commercial paper and bonds [1)]	167	(729)	(1 517)	(890)	(1 233)
Net gains on shareholdings	(324)	24	(722)	409	515
Net gains on other financial assets [2)]	1 773	1 130	4 395	2 811	3 716
Net gains on financial instruments at fair value	**1 615**	**439**	**2 280**	**2 486**	**3 185**

1) *The reclassification of the liquidity portfolio in DnB NOR Markets in the third quarter of 2008 resulted in a NOK 666 million rise in net gains on financial instruments at fair value compared with the third quarter of 2007.*
2) *Due to highly volatile interest rate markets in the third quarter of 2008, there was a significant rise in value of swap contracts used to convert foreign currency loans into the preferred currency. No corresponding gains can be expected in subsequent quarters.*

Note 9 Operating expenses

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	January-September 2008	January-September 2007	Full year 2007
					DnB NOR Group
Ordinary salaries	1 792	1 584	5 121	4 718	6 470
Employer's national insurance contributions	252	219	747	675	908
Pension expenses	274	284	814	823	1 117
Allocation to employees [1]	0	0	0	0	476
Restructuring expenses [2]	4	9	45	34	48
Other personnel expenses	104	108	320	288	395
Total salaries and other personnel expenses	**2 425**	**2 203**	**7 047**	**6 538**	**9 413**
Fees	278	240	944	643	895
EDP expenses	478	359	1 299	1 175	1 596
Postage and telecommunications	102	108	304	315	425
Office supplies	27	27	83	88	123
Marketing and public relations	177	166	557	493	662
Travel expenses	56	53	185	176	264
Reimbursement to Norway Post for transactions executed	50	63	161	162	221
Training expenses	19	16	67	58	82
Operating expenses on properties and premises	304	206	928	620	915
Operating expenses on machinery, vehicles and office equipment	32	34	107	104	139
Other operating expenses [2]	200	168	604	472	683
Other expenses	**1 725**	**1 437**	**5 238**	**4 306**	**6 005**
Depreciation and write-downs of fixed and intangible assets	**315**	**255**	**818**	**697**	**1 032**
Total operating expenses	**4 464**	**3 895**	**13 103**	**11 541**	**16 450**

1) *Allocations to employees in 2007 were in the form of bonuses totalling NOK 181 million, including employer's national insurance contributions. In addition, provisions of NOK 295 million were made relating to the winding up of the employee investment funds.*

2) *Restructuring costs relating to the cost programme were NOK 47 million for the January through September period in 2008 and NOK 11 million in the third quarter of 2008.*

Note 10 Number of employees/full-time positions

	3rd quarter 2008	3rd quarter 2007	January-September 2008	January-September 2007	Full year 2007 [1]
					DnB NOR Group
Number of employees at end of period	14 476	13 644	14 476	13 644	13 817
- of which number of employees abroad	4 932	4 051	4 932	4 051	4 339
Number of employees calculated on a full-time basis at end of period	14 103	13 201	14 103	13 201	13 455
- of which number of employees calculated on a full-time basis abroad	4 856	3 931	4 856	3 931	4 290
Average number of employees	14 378	13 473	14 139	12 962	13 144
Average number of employees calculated on a full-time basis	14 029	13 075	13 778	12 570	12 751

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

Note 11 Write-downs on loans and guarantees

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

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

Note 12 Lending to customers

			DnB NOR Group
	30 Sept.	31 Dec.	30 Sept.
Amounts in NOK million	2008	2007	2007
Lending to customers, nominal amount	943 341	803 808	753 392
Individual write-downs	2 678	1 953	1 968
Lending to customers, after individual write-downs	940 663	801 855	751 424
+ Accrued interest and amortisation	3 559	2 754	2 697
– Individual write-downs of accrued interest and amortisation	456	388	397
– Group write-downs	896	712	892
Lending to customers, at amortised cost	942 870	803 509	752 831
Lending to customers, nominal amount	174 350	166 190	155 169
+ Accrued interest	1 637	1 246	988
+ Adjustment to fair value	(584)	(440)	(564)
Lending to customers, at fair value	175 403	166 995	155 593
Lending to customers	**1 118 273**	**970 504**	**908 424**

Note 13 Net non-performing and impaired commitments for principal sectors [1)]

	DnB NOR Group		
Amounts in NOK million	30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
Retail customers	3 432	2 237	1 982
International shipping	53	32	0
Real estate	1 007	317	506
Manufacturing	619	364	364
Services	514	381	459
Trade	231	164	143
Oil and gas	189	1	0
Transportation and communication	275	193	198
Building and construction	184	208	179
Power and water supply	5	0	0
Seafood	103	88	82
Hotels and restaurants	83	68	54
Agriculture and forestry	171	92	94
Central and local government	0	0	0
Other sectors	82	29	17
Total customers	6 947	4 174	4 078
Credit institutions	0	0	0
Total	6 947	4 174	4 078

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

Note 14 Investments in bonds

Information about the portfolios

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

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

The bank has chosen to cover its need for liquid securities by investing in high-quality international bonds. As at 30 September 2008, the liquidity portfolio in DnB NOR Markets represented the equivalent of NOK 88.0 billion. 98.7 per cent of the securities had an AAA rating, while none of the securities were rated lower than A. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Residential Mortgage Backed Securities, RMBS, represented 75.8 per cent of the total portfolio, securitised loans to the corporate market 10.2 per cent, corresponding consumer finance loans 4.8 per cent and other loans 9.2 per cent.

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

Like DnB NOR Bank, DnB NORD and Eksportfinans use investments in bonds and fixed-income securities for liquidity purposes and as a basis for furnishing collateral to central banks. At end-September 2008, the value of the DnB NORD portfolio was equivalent to NOK 5.1 billion. Eksportfinans had a liquidity portfolio of NOK 66.4 billion. The Eksportfinans portfolio was structured largely in line with DnB NOR Bank's portfolio, though it contained a larger share of financial sector investments. Through its ownership interest and the issue of guarantees, DnB NOR Bank is exposed to 40.4 per cent of value changes in the portfolio.

Vital Forsikring's investments in bond portfolios are both in the form of ordinary financial investments and investments securing the company's long-term guaranteed rates of return to policyholders. At end-September 2008, Vital Forsikring had investments in fixed-income securities for a total of NOK 126.5 billion.

Classification

In the third quarter accounts, the DnB NOR Group chose to reclassify the liquidity portfolio in DnB NOR Markets from the "fair value through profit or loss" category to the "held to maturity" category, cf. note 1 Accounting principles etc. This gave a NOK 1 481 million rise in profits compared with the result if the previous valuation principle had been retained. The portfolio is not managed as a trading portfolio, and the new classification is thus more in keeping with the portfolio's characteristics.

Note 14 Investments in bonds (continued)

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

Amounts in NOK million	Reported in 3rd quarter 2008	Effect of re-classification of liquidity portfolio	Carried at fair value 3rd quarter 2008	2nd quarter 2008	1st quarter 2008	Full year 2007
Net interest income						
- amortisation effect	282	282				
Net gains on financial instruments at fair value						
- value adjustment		1 466	(1 466)	(94)	(1 733)	(1 337)
- maturity effects		(267)	267	327	167	84
Net gains on financial instruments at fair value		1 199	(1 199)	233	(1 566)	(1 253)
Recorded unrealised losses at end of period	(2 304)	(2 304)	(3 785)	(2 586)	(2 819)	(1 253)

Measurement

With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets is reclassified as held-to-maturity investments. Vital's held-to-maturity portfolio represented NOK 53.3 billion at end-September. Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

Other bond portfolios in the Group are classified as securities carried at fair value with changes in value recognised in profit or loss.

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

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

The reclassification in accordance with the amendments to IAS 39, as described above, requires that the value of the liquidity portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the liquidity portfolio would have been recorded at external observable prices. Due to the financial turmoil, such prices have been virtually non-existent. In order to meet the disclosure requirement at end-September 2008, the liquidity portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the credit crisis are used to explain historical changes in value in the liquidity portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the liquidity portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If this model had been applied to the liquidity portfolio in the third quarter of 2008, there would have been a loss of NOK 1 466 million, or NOK 1 199 million after deducting the maturity effects of previous recorded losses. A corresponding model has also been used for valuing the bond portfolio in Eksportfinans.

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

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

DnB NOR Group

Amounts in NOK million	Accumulated unrealised losses 30 Sept. 2008	Net MTM change 3rd quarter 2008	Net MTM change 2nd quarter 2008	Net MTM change 1st quarter 2008	Accumulated unrealised losses 31 Dec. 2007
Portfolio					
DnB NORD	87				
Eksportfinans [1)]	1 021	(351)	6	(363)	313
Vital [2)]	897				

1) *The figures for Eksportfinans represent net mark-to-market losses included in DnB NOR's consolidated accounts, based on the Group's 40 per cent ownership interest, recorded according to the equity method, and its share of the guarantee for Eksportfinans' bond portfolio (40.43 per cent). Mark-to-market effects on Eksportfinans' funding and other profit elements in the company's accounts are not included. See also note 21 Information on related parties.*

2) *The figures represent gross values in Vital before they are broken down on portfolios and profits from the various portfolios are allocated to policyholders and the owner. Bonds in Vital are managed in combination with other investment categories, and thus the allocation of profits to policyholders and the owner cannot be unambiguously described for an individual asset class such as bonds.*

Note 15 Investments in shares

Investments in shares are carried at fair value. Measurement at fair value is described in Note 1 Accounting principles in the annual report for 2007. The market situation in the third quarter has resulted in greater uncertainty regarding fair value assessments, especially for shares not listed on a stock exchange.

The Group's investments in Private Equity, PE, and Management Buyout Funds totalled NOK 3.0 billion at end-September 2008, of which NOK 2.6 billion represented PE investments in Vital. When determining fair values, the industry's recognised guidelines for PE valuations are used. The industry standard has been prepared by the European Private Equity & Venture Capital Association, EVCA. The method is considered to represent the best estimate of fair values for investments in not very liquid equity instruments. The valuation as at 30 September 2008 takes into account the IASB's statement of 3 October 2008 and the reference to the statement from the U.S. Securities and Exchange Commission, SEC on 30 September 2008, which provides guidance for the stipulation of fair values in an illiquid market. DnB NOR Bank also has other investments in shares with limited trading. The largest investments are shown in the table below.

Share investments in inactive markets	**DnB NOR Group**
Amounts in NOK million	30 Sept. 2008
Private Equity and Management Buyout Funds	400
Oslo Børs VPS Holding ASA [1)]	865
IT Fornebu Eiendom AS [1)]	148
Share investments in inactive markets, DnB NOR Bank Group	1 413
Private Equity investments in Vital [2)]	2 583
Investments in inactive markets, DnB NOR Group	3 996

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

2) *Private Equity investments in Vital*

Currency	*Market value in currency*	*Exchange rate as at 30 Sept. 2008*	***Vital*** *Value in NOK million*
NOK	*243*		*243*
EUR	*149*	*8.270*	*1 231*
USD	*187*	*5.638*	*1 054*
SEK	*65*	*0.856*	*56*
Total			*2 583*

Note 16 Investment property

Investment properties owned by the Group are principally owned by Vital Forsikring. Vital's property portfolio is recorded at fair value on the balance sheet date. Vital Forsikring values the properties based on internal models and external valuations. In the internal models, the present value of expected cash flows is estimated. Contractual cash flows are discounted with a normalised nominal required rate of return, whereas future non-contractual cash flows are discounted with a required rate of return which includes an extra risk premium. The model stipulates a required rate of return of 6.5 per cent during the contract period and, subsequent to this, 9.5 per cent for office premises. The anticipated inflation rate and the implicit assumption regarding real interest rates are kept unchanged during the two periods. The difference in the required rates of return thus solely reflects an increase in the risk premium. The increase in the risk premium of 3 percentage points is intended to compensate for the shift from a reliable and known cash flow to a cash flow which does not have the same degree of predictability. Hotels and shopping centres are valued using individual rates of return.

DnB NOR bases the calculation of the normalised required rate of return on a risk-free rate of interest, normally a government bond yield with a duration of three to five years, where a relevant risk premium related to the asset class or the project to be valued is subsequently added.

Vital Forsikring implemented a complete review of its investment properties by the end of the third quarter. The properties in Sweden have been valued based on obtained appraisal estimates of the investment properties, whereas the properties in Norway have been valued based on the company's own valuation model. To supplement the values in the internal model, ten appraisals were obtained for comparison with the internal value estimates. In the third quarter, the external valuations did not differ materially from Vital's own calculations. The review resulted in total write-downs of NOK 302 million during the third quarter. Write-downs totalled NOK 2 031 million for the first nine months of 2008.

The property portfolio has been restructured in 2008, whereby properties that were previously directly owned have been demerged in separate subsidiaries. The restructuring entails that sales are no longer subject to stamp duties, thus contributing to an increase in the value of the portfolio. Seen in isolation, the restructuring resulted in a NOK 839 million increase in the value of investment properties in the first half of 2008, classified as net gains on assets in Vital along with the reduction in value referred to above.

Note 16 Investment property (continued)

Changes in the value of investment properties:

Amounts in NOK million	**DnB NOR Group** Investment property
Recorded value as at 31 December 2007 1)	**33 078**
Additions	1 652
Disposals	855
Value changes	(2 031)
Value changes due to restructuring	839
Exchange rate movements	113
Recorded value as at 30 September 2008 1)	**32 796**

1) The value of investment properties in Vital was NOK 32 908 million as at 31 December 2007 and NOK 32 620 million as at 30 September 2008.

Note 17 Intangible assets

	DnB NOR Group		
Amounts in NOK million	30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
Goodwill	7 621	6 660	6 377
Postbanken brand name	51	51	51
Systems development	811	653	659
Other intangible assets	461	379	137
Total intangible assets	**8 944**	**7 742**	**7 224**

Goodwill

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

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

Asset management operations are negatively influenced by the market situation, and goodwill relating to these operations was thus subject to a separate impairment testing in the third quarter. The underlying cash flows are based on the financial plan, which is management's best estimate of future developments. Expected volumes and income trends have been adjusted significantly downwards compared with the previous financial plan, based on the assumption of a gradual normalisation in financial markets. Costs remained relatively stable during the period, reflecting the approved cost programme, though new cost-cutting measures currently under consideration have not been taken into account.

The tests carried out show that the recorded value of goodwill is unchanged. The assumption of an improvement in stock markets which is expected to give a gradual increase in profits in DnB NOR Asset Management from 2010 is critical for the value of these operations. A reduction in cash flows of approximately 15 per cent per year relative to management's best estimate could cause the estimated value to fall below the value of recorded goodwill and thus entail a need for impairment. The test is based on a long-term required rate of return of 9 per cent for asset management operations, though the expected cash flow justifies the balance sheet values even if the required rate of return is just over 10 per cent.

Note 18 Securities issued and subordinated loan capital

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

Securities issued	**DnB NOR Group**		
	30 Sept.	31 Dec.	30 Sept.
Amounts in NOK million	2008	2007	2007
Commercial paper issued, nominal amount	115 838	97 806	68 215
Bond debt, nominal amount [1)]	366 202	272 575	247 742
Adjustments	2 680	1 403	1 126
Total securities issued	**484 720**	**371 784**	**317 082**

Changes in securities issued	**DnB NOR Group**					
	Balance sheet		Matured/	Exchange rate	Other	Balance sheet
	30 Sept.	Issued	redeemed	movements	adjustments	31 Dec.
Amounts in NOK million	2008	2008	2008	2008	2008	2007
Commercial paper issued, nominal amount	115 838	245 240	232 094	4 886	0	97 806
Bond debt, nominal amount [1)]	366 202	130 304	51 500	14 823	0	272 575
Adjustments	2 680	0	0	0	1 277	1 403
Total securities issued	**484 720**	**375 544**	**283 594**	**19 709**	**1 277**	**371 784**

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

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

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

Note 19 Capital adequacy

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

Primary capital	**DnB NOR Bank ASA**		**DnB NOR Bank Group**		**DnB NOR Group**	
	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.
Amounts in NOK million	2008	2007	2008	2007	2008	2007
Share capital	17 514	17 514	17 514	17 514	13 327	13 327
Other equity	43 799	43 659	49 298	48 553	57 539	62 649
Total equity	61 314	61 173	66 812	66 068	70 866	75 976
Perpetual subordinated loan capital securities [1) 2)]	8 973	8 746	9 184	8 962	9 184	8 962
Deductions						
Pension funds above pension commitments	(14)	(14)	(19)	(19)	(225)	(171)
Goodwill	(1 653)	(1 653)	(4 810)	(3 880)	(7 651)	(6 689)
Deferred tax assets	(9)	(8)	(287)	(208)	(295)	(215)
Other intangible assets	(438)	(435)	(1 098)	(893)	(1 333)	(1 093)
Dividends payable	0	0	0	0	0	(5 997)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(1 048)	(1 045)	(1 048)	(1 045)	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(292)	(394)	(338)	(399)	(338)	(399)
Adjustments for urealised losses/(gains) on liabilities recorded at fair value	(33)	(22)	(274)	(164)	(274)	(164)
Additions						
Portion of unrecognised actuarial gains/losses, pension costs [3)]	555	1 109	594	1 186	608	1 214
Core capital	67 354	67 459	68 686	69 579	70 513	71 392
Perpetual subordinated loan capital	7 098	6 747	7 098	6 747	7 098	6 747
Term subordinated loan capital [2)]	21 916	16 755	23 781	17 917	23 781	17 917
Deductions						
50 per cent of investments in other financial institutions	(1 048)	(1 045)	(1 048)	(1 045)	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(292)	(394)	(338)	(399)	(338)	(399)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Supplementary capital	27 674	22 063	29 512	23 238	30 560	24 281
Total eligible primary capital [4)]	95 028	89 522	98 198	92 816	101 073	95 673
Risk-weighted volume	859 767	750 206	1 019 119	886 099	1 110 669	991 455
Minimum capital requirement	68 781	60 016	81 530	70 888	88 854	79 316
Core capital ratio (%)	7.8	9.0	6.7	7.9	6.3	7.2
Capital ratio (%)	11.1	11.9	9.6	10.5	9.1	9.6
Core capital ratio including 50 per cent of profit for the period (%)	8.2	-	7.1	-	6.7	-
Capital ratio including 50 per cent of profit for the period (%)	11.4	-	10.0	-	9.4	-

1) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
2) *As at 30 September 2008, calculations of capital adequacy included a total of NOK 718 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the balance sheets of the banking group and the DnB NOR Group.*
3) *Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance has established a transitional rule whereby one-fifth of the amount recorded against equity can be included in capital adequacy calculations in 2008.*
4) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR 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 19 Capital adequacy (continued)

Basel II implementation

Further progress

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

	2008	2009	2010
A	**Basel II, IRB approach** • Loans to retail customers in DnB NOR Bank ASA incl. Postbanken and loans in DnB NOR Boligkreditt, secured by residential property • Small and medium sized corporate customers in the Regional Division East and the Regional Division Coast (foundation approach)	**Basel II, IRB approach** • Item A reported according to Basel II in 2008 • Classified under item C in 2008 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated	**Basel II, IRB approach** • Item A reported according to Basel II in 2009 • Classified under item C in 2009 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated
B	**Basel II standardised approach** • All other credit risk exposure except item A	**Basel II standardised approach** • All other credit risk exposure except item A	**Basel II standardised approach** • All other credit risk exposure except item A
C	**Parallel reporting of** Until approval has been given from Kredittilsynet: • Small and medium sized corporate customers in the Regional Division East and the Regional Division Coast (advanced approach) • Retail exposures in DnB NOR Kort New portfolio: • DnB NOR Finans ASA (advanced approach)	**Parallel reporting of** • International entities excluding DnB NORD (advanced approach) • Nordlandsbanken ASA (advanced approach) • Large corporate customers in Norway (advanced approach) • Banks and financial customers (advanced approach) • DnB NOR Markets (advanced approach)	

Note 20 Liquidity risk

Liquidity risk is the risk that the 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 DnB NOR Group's holding in the bank. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has established internal limits which restrict the short-term maturity of liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, subordinated capital and long-term funding. The ratio of deposits to lending was 52.6 per cent at end-September 2008, down from 53.2 per cent at end-June 2008.

During the first six months of 2008, DnB NOR issued bonds and subordinated loans for a total of NOK 115 billion. Due to the financial turmoil, the cost of long-term funding in the market rose considerably during the third quarter. New long-term loans raised during the July through September period totalled NOK 24 billion, which helped ensure satisfactory liquidity for the Group throughout the quarter. The Group's liquidity has been within the internal limits for short-term and long-term liquidity during this period. The average residual maturity of the bond portfolio was 2.8 years at end-September, roughly unchanged from end-June.

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

Note 21 Information on related parties

Major transactions with related parties in 2008:

Eksportfinans

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. As at 30 June 2008, shareholders representing 99.5 per cent of the shares had agreed to participate, including the Norwegian government, which has a 15 per cent holding. At end-June 2008, DnB NOR Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment. Eksportfinans expects no losses in the portfolio in question and expects the bonds to be repaid at maturity.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S increased a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. DnB NOR Bank ASA's share of this agreement represents approximately USD 2.2 billion. At end-September 2008, Eksportfinans had not availed itself of this credit line.

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

Note 22 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information — **DnB NOR Group**

Amounts in NOK million		30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
Unutilised ordinary credit lines		337 683	307 303	259 474
Documentary credit commitments		25 206	19 693	17 335
Other commitments		595	1 082	552
Total commitments		363 484	328 078	277 361
Performance guarantees		29 170	23 304	22 431
Payment guarantees		21 013	21 753	18 369
Loan guarantees 1)		15 441	13 044	8 056
Guarantees for taxes etc.		5 797	4 948	3 911
Other guarantee commitments		4 831	4 799	6 209
Total guarantee commitments 2)		76 253	67 848	58 975
Support agreements		3 219	1 933	6 361
Total guarantee commitments etc. *)		79 472	69 781	65 336
*) Of which:				
Counter-guaranteed by financial institutions		614	1 300	1 630
Securities		95 521	92 668	77 320
are pledged as security for:	Loans 3)	95 404	92 556	77 212
	Other activities	117	112	108

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

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

3) *As at 30 September 2008 NOK 61 768 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank.*

Note 22 Off-balance sheet transactions and contingencies (continued)

Contingencies

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

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

Heidelberger Cement Pensjonskasse/Norcem AS has filed a complaint with the court of conciliation against Vital Forsikring, with a claim for damages of up to NOK 110 million. It is claimed that Vital Forsikring ASA gave incorrect advice in connection with a transfer of assets from a premium fund under the company's pension scheme. The claim is contested. The case was heard in the Bergen court of conciliation in January, where it was referred to the courts of law.

Note 23 Profit and balance sheet trends

Income statement — **DnB NOR Group**

Amounts in NOK million	3rd quarter 2008	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007
Total interest income	21 314	19 483	18 482	17 543	16 019
Total interest expenses	15 622	14 467	13 459	12 543	11 357
Net interest income	**5 691**	**5 016**	**5 023**	**5 000**	**4 663**
Commissions and fees receivable etc.	2 241	2 440	2 375	2 486	2 239
Commissions and fees payable etc.	543	590	582	616	628
Net gains on financial instruments at fair value	1 615	1 433	(767)	700	439
Net gains on assets in Vital	(1 766)	787	(2 043)	3 856	9 337
Guaranteed returns and allocations to policyholders in Vital	(1 596)	437	(1 508)	1 117	6 097
Premium income etc. included in the risk result in Vital	1 227	1 074	1 066	703	1 215
Insurance claims etc. included in the risk result in Vital	1 127	1 014	955	2 778	3 823
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	(377)	102	(294)	(10)	(40)
Other income	268	269	316	320	285
Net other operating income	**3 134**	**4 064**	**625**	**3 545**	**2 926**
Total income	**8 825**	**9 080**	**5 648**	**8 545**	**7 589**
Salaries and other personnel expenses	2 425	2 361	2 261	2 875	2 203
Other expenses	1 725	1 817	1 696	1 699	1 437
Depreciation and write-downs of fixed and intangible assets	315	266	237	335	255
Total operating expenses	**4 464**	**4 445**	**4 194**	**4 908**	**3 895**
Net gains on fixed and intangible assets	13	3	31	1 593	874
Write-downs on loans and guarantees	725	275	195	(41)	70
Pre-tax operating profit	**3 649**	**4 363**	**1 290**	**5 269**	**4 498**
Taxes	839	1 003	170	193	826
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	**2 810**	**3 360**	**1 120**	**5 076**	**3 673**
Earnings per share (NOK)	2.12	2.47	0.79	3.76	2.72

Note 20 Profit and balance sheet trends (continued)

Balance sheet **DnB NOR Group**

Amounts in NOK million	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
Assets					
Cash and deposits with central banks	45 792	16 235	13 067	9 816	8 805
Lending to and deposits with credit institutions	53 608	80 328	71 909	64 379	92 759
Lending to customers	1 118 273	1 062 115	1 015 909	970 504	908 424
Commercial paper and bonds	104 558	177 104	174 563	177 602	156 581
Shareholdings	34 401	47 738	45 049	48 682	59 310
Financial assets, customers bearing the risk	17 330	18 549	18 124	19 868	19 325
Financial derivatives	78 588	58 716	110 113	65 933	69 585
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	141 356	53 058	53 386	59 641	60 075
Investment property	32 796	32 517	33 584	33 078	32 530
Investments in associated companies	1 314	1 688	1 614	1 435	1 399
Intangible assets	8 944	8 820	8 793	7 742	7 224
Deferred tax assets	180	154	150	136	91
Fixed assets	4 339	3 950	3 832	3 496	3 313
Biological assets	0	0	0	0	0
Discontinuing operations	249	241	232	225	1 641
Other assets	13 007	15 412	14 675	11 382	9 489
Total assets	**1 654 735**	**1 576 626**	**1 564 999**	**1 473 919**	**1 430 551**
Liabilities and equity					
Loans and deposits from credit institutions	161 920	130 028	148 439	144 198	148 800
Deposits from customers	588 426	565 399	528 740	538 151	532 478
Financial derivatives	62 246	57 463	104 937	62 741	73 315
Securities issued	484 720	463 502	421 696	371 784	317 082
Insurance liabilities, customers bearing the risk	17 330	18 549	18 124	19 868	19 325
Liabilities to life insurance policyholders	183 595	186 945	190 257	191 626	194 841
Payable taxes	2 635	1 904	1 421	1 431	6 518
Deferred taxes	2 506	2 496	2 213	1 994	134
Other liabilities	27 452	31 666	32 655	27 717	30 041
Discontinuing operations	0	0	0	0	0
Provisions	5 184	5 259	5 177	5 207	4 571
Subordinated loan capital	40 676	38 540	33 724	33 226	32 759
Total liabilities	**1 576 689**	**1 501 750**	**1 487 382**	**1 397 944**	**1 359 864**
Minority interests	3 287	3 187	3 137	2 662	2 467
Revaluation reserve	0	0	0	0	0
Share capital	13 327	13 327	13 327	13 327	13 327
Other reserves and retained earnings	61 432	58 362	61 154	59 987	54 894
Total equity	**78 046**	**74 876**	**77 618**	**75 976**	**70 687**
Total liabilities and equity	**1 654 735**	**1 576 626**	**1 564 999**	**1 473 919**	**1 430 551**

DnB NOR ASA

Income statement

DnB NOR ASA

Amounts in NOK million	3rd quarter 2008	3rd quarter 2007	January-September 2008	January-September 2007	Full year 2007
Total interest income	78	92	189	205	275
Total interest expenses	189	82	354	199	265
Net interest income	**(111)**	**10**	**(165)**	**6**	**10**
Commissions and fees payable etc.	1	2	4	5	6
Net gains on financial instruments at fair value	0	0	0	0	0
Other income [1)]	0	0	0	0	3 268
Net other operating income	**(1)**	**(2)**	**(4)**	**(5)**	**3 262**
Total income	**(112)**	**8**	**(169)**	**2**	**3 272**
Salaries and other personnel expenses	1	0	4	1	1
Other expenses	56	56	190	162	210
Total operating expenses	**57**	**56**	**193**	**162**	**211**
Pre-tax operating profit	**(169)**	**(48)**	**(362)**	**(160)**	**3 061**
Taxes	(47)	(14)	(101)	(45)	409
Profit for the period	**(121)**	**(35)**	**(261)**	**(115)**	**2 652**
Earnings per share (NOK) [2)]	(0.09)	(0.03)	(0.20)	(0.09)	1.99
Earnings per share for discontinuing operations (NOK) [2)]	0.00	0.00	0.00	0.00	0.00

1) *Dividends from group companies/group contributions.*
2) *DnB NOR has not issued options or other financial instruments that could cause dilution of earnings per share.*

Balance sheet

DnB NOR ASA

Amounts in NOK million	30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
Assets			
Deposits with DnB NOR Bank ASA	4 398	2 781	6 767
Lending to other group companies	231	230	230
Investments in group companies	51 908	51 642	48 642
Other receivables due from group companies	5	14 371	0
Other assets	101	0	45
Total assets	**56 644**	**69 023**	**55 684**
Liabilities and equity			
Loans from DnB NOR Bank ASA	10 459	5 632	5 576
Loans from other group companies	675	11 623	473
Other liabilities and provisions	612	6 609	1 246
Paid-in capital	24 994	24 994	24 994
Retained earnings	19 904	20 165	23 394
Total liabilities and equity	**56 644**	**69 023**	**55 684**

Statement of changes in equity

DnB NOR ASA

Amounts in NOK million	Share capital	Share premium reserve	Total paid-in capital	Retained earnings	Total equity
Balance sheet as at 31 December 2006	**13 341**	**11 934**	**25 275**	**23 337**	**48 612**
Profit for the period				(115)	(115)
Redemption of shares	(14)	(267)	(281)	173	(108)
Balance sheet as at 30 September 2007	**13 327**	**11 668**	**24 994**	**23 394**	**48 389**
Balance sheet as at 31 December 2007	**13 327**	**11 668**	**24 994**	**20 165**	**45 159**
Profit for the period				(261)	(261)
Balance sheet as at 30 September 2008	**13 327**	**11 668**	**24 994**	**19 904**	**44 898**

Accounting principles

DnB NOR ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS (International Financial Reporting Standards), hereinafter called the Norwegian IFRS regulations. These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. A description of the accounting principles applied by DnB NOR ASA in preparing the accounts is found in the annual report for 2007.

Information about the DnB NOR Group

Head office DnB NOR ASA

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

Board of Directors in DnB NOR ASA

Anne Carine Tanum, chairman
Bjørn Sund, vice-chairman
Per Hoffmann
Jørn O. Kvilhaug
Bent Pedersen
Tore Olaf Rimmereid
Trine Sæther Romuld
Ingjerd Skjeldrum
Siri Pettersen Strandenes

Group management

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Leif Teksum	Group executive vice president, Corporate Banking and Payment Services
Åsmund Skår	Group executive vice president, Retail Banking
Ottar Ertzeid	Group executive vice president, DnB NOR Markets
Liv Fiksdahl	Group executive vice president, Operations
Tom Rathke	Group executive vice president, Life and Asset Management
Kari Olrud Moen	Group executive vice president, HR (acting)
Cathrine Klouman	Group executive vice president, IT

Investor Relations

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

Financial calendar 2009

Preliminary results 2008	12 February
Annual General Meeting	21 April
Distribution of dividends	as of 5 May
First quarter	6 May
Second quarter	10 July
Third quarter	22 October

Other sources of information

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

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

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

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