

# Investor Relations



Supplementary Information for Investors and Analysts

## **2008 Third Quarter Results**

(Unaudited)

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DnB NOR's home page	<a href="http://www.dnbnor.no">www.dnbnor.no</a>

### **Financial Calendar 2009**

Preliminary results 2008	12 February
Annual general meeting	21 April
Ex-dividend date	22 April
First quarter	6 May
Second quarter	10 July
Third quarter	22 October

## Contents

<b>1. DnB NOR - an overview.....</b>	<b>5</b>
Financial highlights.....	6
DnB NOR - Norway's leading financial services group.....	7
Legal structure.....	8
Group business structure .....	9
Equity-related data.....	10
Shareholder structure .....	11
Accounting principles etc.....	12
<b>2. Financial results DnB NOR Group .....</b>	<b>15</b>
Financial results .....	16
Net interest income .....	17
Net other operating income .....	21
Operating expenses.....	25
Write-downs on loans and guarantees.....	29
Lending.....	31
Capital adequacy.....	33
Taxes .....	34
Financial results DnB NOR Group.....	35
Key figures.....	36
<b>3. DnB NOR Group – business areas.....</b>	<b>39</b>
Business areas – financial performance .....	40
Corporate Banking and Payment Services.....	44
Retail Banking .....	57
DnB NOR Markets .....	63
Life and Asset Management.....	68
DnB NORD .....	88
<b>4. The Norwegian economy .....</b>	<b>91</b>

In accordance with Section 3-9 of the Norwegian Accounting Act, the DnB NOR Group prepares consolidated accounts in accordance with IFRS principles, including IAS 34 - Interim Financial Reporting. A description of the accounting principles applied by the Group is found in the annual report for 2007, note 1. In addition, change in principle is described in this document, Section 1 page 12.

Statements regarding DnB NOR's relative market positions are, unless otherwise specified, based on internal DnB NOR analyses.

## **Section 1**

# **DnB NOR - an overview**

## Financial highlights

### Third quarter 2008

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- 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)
- 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 - September 2008

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- 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)
- Cost/income ratio was 55.6 per cent (50.1)

Comparable figures for 2007 in parentheses.

## DnB NOR – Norway's leading financial services group

### DnB NOR Group

- Total combined assets
- Total balance sheet
- Net lending to customers
- Customer deposits
- Market capitalisation

### As at 30 September 2008

NOK	1 964 billion
NOK	1 655 billion
NOK	1 118 billion
NOK	588 billion
NOK	59 billion

### Life and Asset Management

• Total assets under management	NOK	530 billion
<u>of which:</u>		
- total assets under management (external clients)	NOK	288 billion
- mutual funds	NOK	64 billion
- discretionary management	NOK	224 billion
- total assets under operations (external clients)	NOK	21 billion
- total assets in Vital	NOK	221 billion
- financial assets, customers bearing the risk	NOK	17 billion

### Customer base

- Serving 2.3 million retail banking customers throughout Norway, of whom more than 1.0 million use the Internet in active communication (e-dialogue customers)
- More than 200 000 corporate customers in Norway
- Some 1 000 000 individuals insured in Norway
- More than 609 000 mutual fund customers in Norway and 288 institutional asset management clients in Norway and Sweden

### Market shares

See Section 3 for market shares for the individual business areas.

### Distribution network

- 182 domestic DnB NOR branches
- 16 Nordlandsbanken branches
- 9 international branches
- 4 international representative offices
- 41 Postbanken sales outlets
- 174 DnB NOR branches
- 9 DnB NOR Monchebank branches
- DnB NOR Luxembourg (subsidiary)
- Internet banking
- Mobile bank and SMS services
- Telephone banking
- Online equities trading in 16 markets
- Online mutual fund trading
- About 290 post office counters <sup>1)</sup>
- About 1 170 in-store postal outlets <sup>1)</sup>
- About 1 800 rural postmen <sup>1)</sup>
- About 849 in-store banking outlets <sup>2)</sup>
- 99 DnB NOR Eiendom sales offices
- 33 Postbanken Eiendom sales offices
- 209 Svensk Fastighetsförmedling sales offices
- 18 Vital sales offices
- 60 Vital agent companies

1) Provided by Norway Post (the Norwegian postal system).

2) Provided by NorgesGruppen.

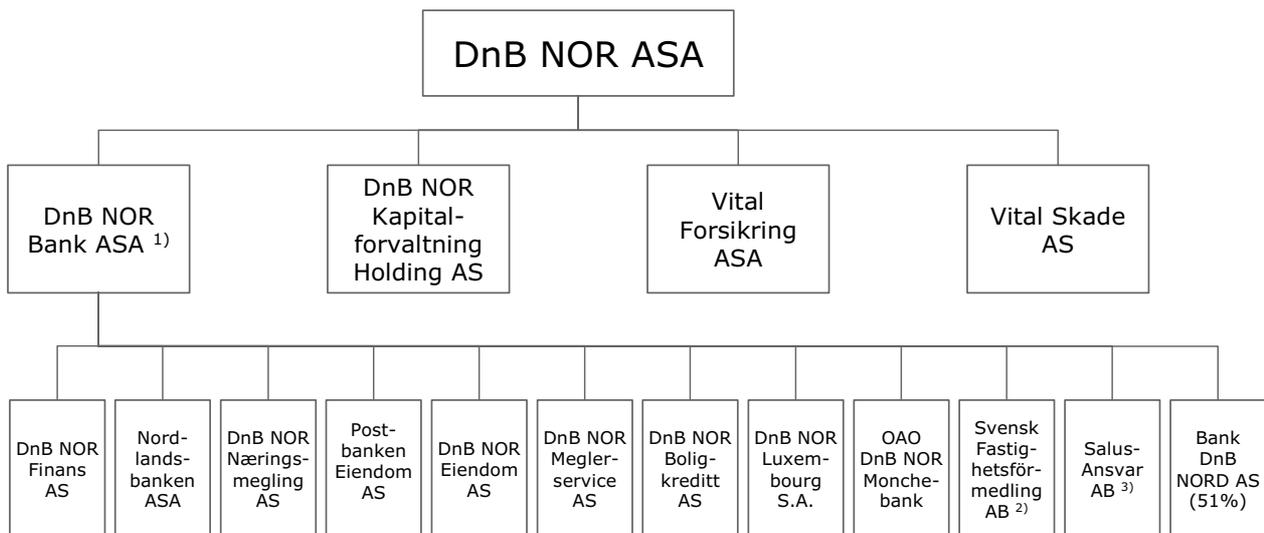
### Credit ratings from international rating agencies

	Moody's		Standard & Poor's		Dominion Bond Rating Service	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
DnB NOR Bank ASA	Aa1	P-1	AA-	A-1+	AA	R-1

## Legal structure

In accordance with the requirements of the Norwegian regulatory authorities, the banking, asset management and life insurance activities of the DnB NOR Group are organised in separate limited companies under the holding company DnB NOR ASA. Banking activities are organised in DnB NOR Bank ASA and its subsidiaries. All asset management activities are organised under a common holding company, DnB NOR Kapitalforvaltning Holding AS. Vital Forsikring ASA offers life insurance and pension saving products, both products with guaranteed returns and products with a choice of investment profile. Vital Skade AS offers non-life insurance as part of a total product package for retail and corporate clients and operates as an agent for domestic and foreign insurance underwriters. The chart below shows the legal structure of the DnB NOR Group.

### DnB NOR Group - legal structure at end-September 2008



- 1) Major subsidiaries only. Ownership 100 per cent unless otherwise indicated.
- 2) Included in the DnB NOR Group as from end-June 2007.
- 3) Included in the DnB NOR Group as from end-December 2007.

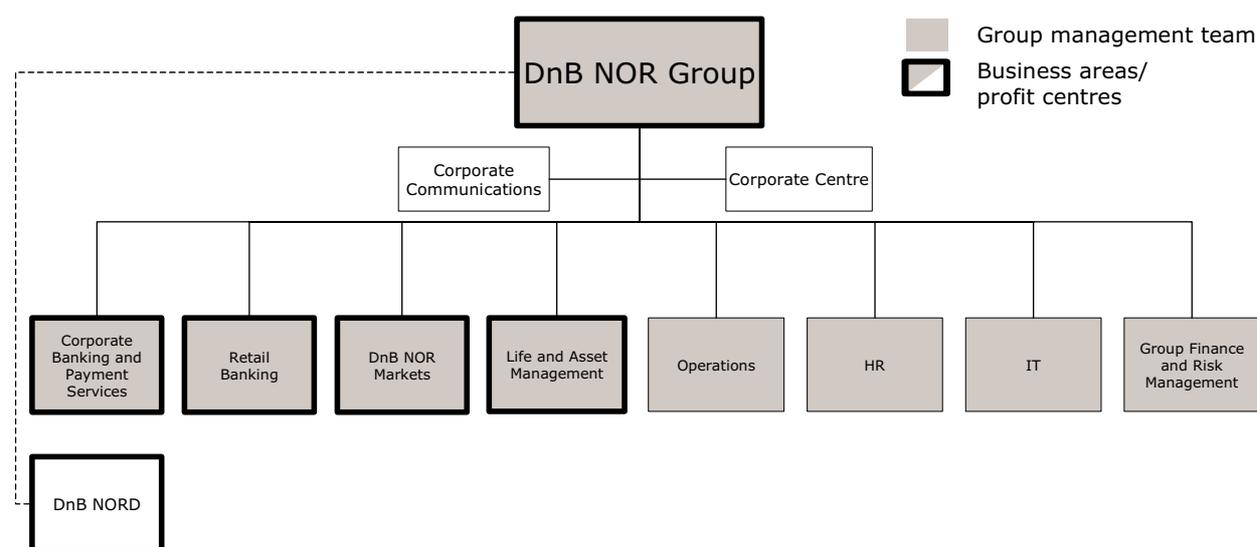
## Group business structure

The activities in DnB NOR are organised in the business areas Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and Life and Asset Management. The business areas operate as independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. DnB NOR is regarded as a separate profit centre.

Operational tasks and group services are carried out by the Group's staff and support units, which provide infrastructure and cost efficient services to the business areas. In addition, they perform functions for governing bodies and group management. The business areas have the opportunity to influence staff and support units in the Group by changing their demand patterns and levels of ambition.

The operational structure of DnB NOR deviates from its legal structure as activities in subsidiaries fall in under the business area relevant to the company's primary operations. Activities in some subsidiaries are divided between the relevant business areas. This applies, for example, to Nordlandsbanken, where corporate market activities are included in Corporate Banking and Payment Services while retail market activities are included in Retail Banking.

### DnB NOR Group - organisation chart at end-September 2008 <sup>1)</sup>



1) Reporting structure.

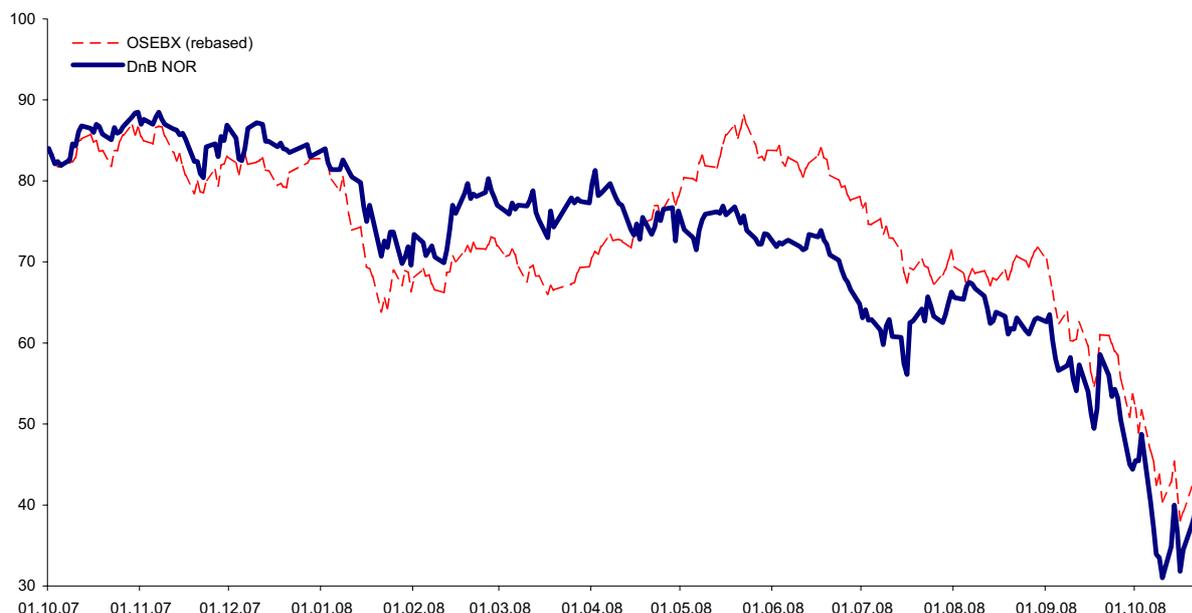
## Equity-related data

### Key figures

	Jan. - Sept. 2008	2007	2006	2005 <sup>1)</sup>	2004 <sup>2)</sup>
Number of shares at end of period (1 000) <sup>3)</sup>	1 332 654	1 332 654	1 334 089	1 336 875	1 327 139
Average number of shares (1 000)	1 332 654	1 333 402	1 335 449	1 334 474	1 317 744
Earnings per share (NOK)	5.39	11.08	8.74	7.59	6.25
Return on equity, annualised (%)	13.0	22.0	19.5	18.8	17.7
RARORAC, annualised (%) <sup>4)</sup>	13.6	21.6	22.0	24.1	24.2
RORAC, annualised (%) <sup>5)</sup>	15.3	31.9	28.4	30.9	30.0
Share price at end of period (NOK)	44.40	83.00	88.50	72.00	59.75
Price/earnings ratio <sup>6)</sup>	6.18	7.49	10.13	9.49	9.55
Price/book value	0.79	1.51	1.84	1.68	1.57
Dividend per share (NOK)	n/a	4.50	4.00	3.50	2.55
Dividend yield (%)	n/a	5.42	4.52	4.86	4.27
Equity per share including allocated dividend at end of period (NOK)	56.10	55.01	48.13	42.94	38.03

- 1) Including the effect of the 9 736 376 shares issued on 31 March 2005 in connection with the subscription rights programme for employees in the former DnB Group.
- 2) Including the effect of the 12 929 907 shares issued on 26 March 2004 in connection with the subscription rights for employees in the former DnB Group and the effect of 5 181 408 shares issued in October 2004 in connection with the subscription rights programme for employees in the former Gjensidige NOR Group.
- 3) 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. Number of shares in 2006 are excluding the 2 786 thousand own shares repurchased in accordance with the authorisation issued by DnB NOR's General Meeting. DnB NOR has no outstanding subscription rights for employees.
- 4) 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.
- 5) RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to the 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.
- 6) Closing price at end of period relative to annualised earnings per share.

## Share price development – 1 October 2007 to 23 October 2008

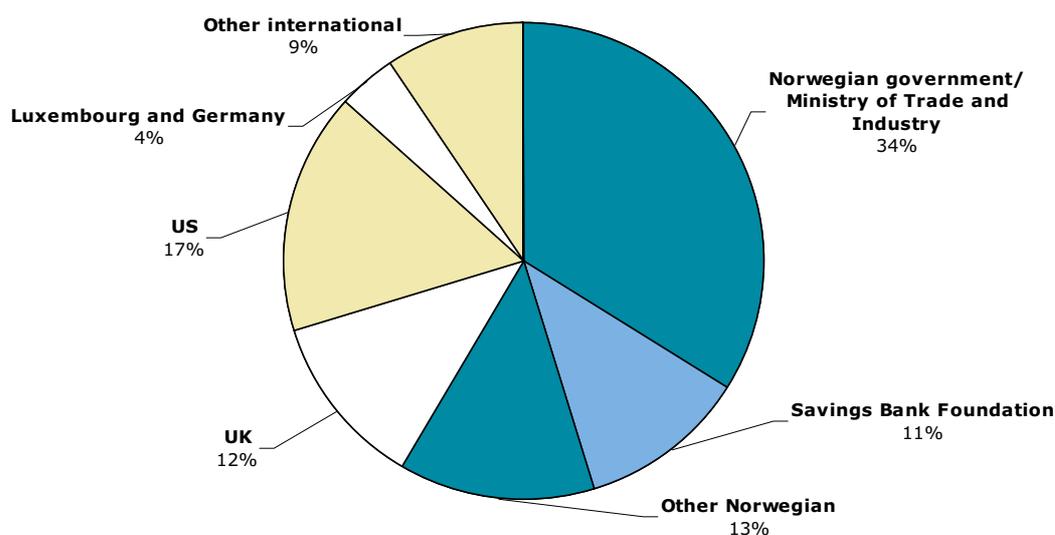


## Shareholder structure as at 30 September 2008

### Major shareholders

	Shares in 1 000	Ownership in %
Norwegian Government/Ministry of Trade and Industry	453 102	34.00
Sparebankstiftelsen DnB NOR (Savings Bank Foundation)	151 845	11.39
Capital Research/Capital International	41 250	3.10
Folketrygdfondet	35 052	2.63
Barclays Global Investors	34 072	2.56
Jupiter Asset Management	22 082	1.66
People's Bank of China	13 444	1.01
Julius Baer Asset Management	13 341	1.00
DnB NOR Asset Management	10 505	0.79
Oslo Pensjonsforsikring	9 600	0.72
Putnam	9 061	0.68
Deutsche Bank AG/DWS Investments	8 808	0.66
Orkla ASA	8 652	0.65
Blackrock Funds	7 054	0.53
Neuberger Berman	6 720	0.50
Nordea Funds	6 699	0.50
Falcon	6 661	0.50
State Street & Trust Company	6 109	0.46
F&C Foreign and Colonial Investment	5 311	0.40
Investors Group	4 656	0.35
<b>Total largest shareholders</b>	<b>854 025</b>	<b>64.08</b>
Other	478 628	35.92
<b>Total</b>	<b>1 332 654</b>	<b>100.00</b>

### Ownership according to investor category



Norwegian investors: 58 per cent. International investors: 42 per cent.

## 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.

### Effects of the reclassification of the liquidity portfolio

<i>Amounts in NOK million</i>	Reported in 3rd quarter 2008	Effect of re- classification of liquidity portfolio	DnB NOR Group			
			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)

### 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.

## 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.

### 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.



## **Section 2**

# **Financial results DnB NOR Group**

## Financial results

### Income statement – condensed <sup>1)</sup>

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net interest income	5 691	5 016	5 023	5 000	4 663	15 730	12 867
Net other operating income	3 134	4 064	625	3 545	2 926	7 823	10 187
Total operating expenses	4 464	4 445	4 194	4 908	3 895	13 103	11 541
Pre-tax operating profit before write-downs	4 361	4 635	1 454	3 636	3 694	10 450	11 512
Net gains on fixed and intangible assets	13	3	31	1 593	874	47	888
Write-downs on loans and guarantees	725	275	195	(41)	70	1 195	260
Pre-tax operating profit	3 649	4 363	1 290	5 269	4 498	9 302	12 140
Taxes	839	1 003	170	193	826	2 012	2 193
<b>Profit for the period</b>	<b>2 810</b>	<b>3 360</b>	<b>1 120</b>	<b>5 076</b>	<b>3 673</b>	<b>7 289</b>	<b>9 946</b>

1) For full income statement, see page 35.

### Financial highlights

	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Cost/income ratio (per cent) <sup>1)</sup>	50.6	49.0	74.3	51.9	51.3	55.6	50.1
Return on equity (per cent)	15.5	18.1	5.7	28.4	21.8	13.0	19.8
Earnings per share (NOK)	2.12	2.47	0.79	3.76	2.72	5.39	7.32
Total combined assets at end of period (NOK billion)	1 964	1 906	1 906	1 834	1 789	1 964	1 789
Core capital ratio at end of period (per cent) <sup>2)</sup>	6.7	6.9	7.0	7.2	7.2	6.7	7.2

1) Excluding allocation to employees.

2) Including 50 per cent of profit for the year, except for year-end figures.

### Balance sheet – condensed <sup>1)</sup>

<i>Amounts in NOK billion</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Cash and lending to/deposits with credit institutions	99.4	96.6	85.0	74.2	101.6	82.5
Lending to customers	1 118.3	1 062.1	1 015.9	970.5	908.4	827.9
Commercial paper and bonds	245.9	230.2	227.9	237.2	216.7	234.5
Shareholdings	35.7	49.4	46.7	50.1	60.7	52.9
Fixed and intangible assets	46.3	45.4	46.4	44.5	43.2	37.8
Financial assets, customers bearing the risk	17.3	18.5	18.1	19.9	19.3	18.8
Other assets	91.8	74.4	125.0	77.5	80.7	65.7
<b>Total assets</b>	<b>1 654.7</b>	<b>1 576.6</b>	<b>1 565.0</b>	<b>1 473.9</b>	<b>1 430.6</b>	<b>1 320.2</b>
Loans and deposits from credit institutions	161.9	130.0	148.4	144.2	148.8	124.4
Deposits from customers	588.4	565.4	528.7	538.2	532.5	474.5
Borrowings through the issue of securities	484.7	463.5	421.7	371.8	317.1	326.8
Insurance liabilities, customers bearing the risk	17.3	18.5	18.1	19.9	19.3	18.8
Liabilities to life insurance policyholders	183.6	186.9	190.3	191.6	194.8	188.1
Other liabilities and provisions	100.0	98.8	146.4	99.1	114.6	87.2
Primary capital	118.7	113.4	111.3	109.2	103.4	100.4
<b>Total liabilities and equity</b>	<b>1 654.7</b>	<b>1 576.6</b>	<b>1 565.0</b>	<b>1 473.9</b>	<b>1 430.6</b>	<b>1 320.2</b>

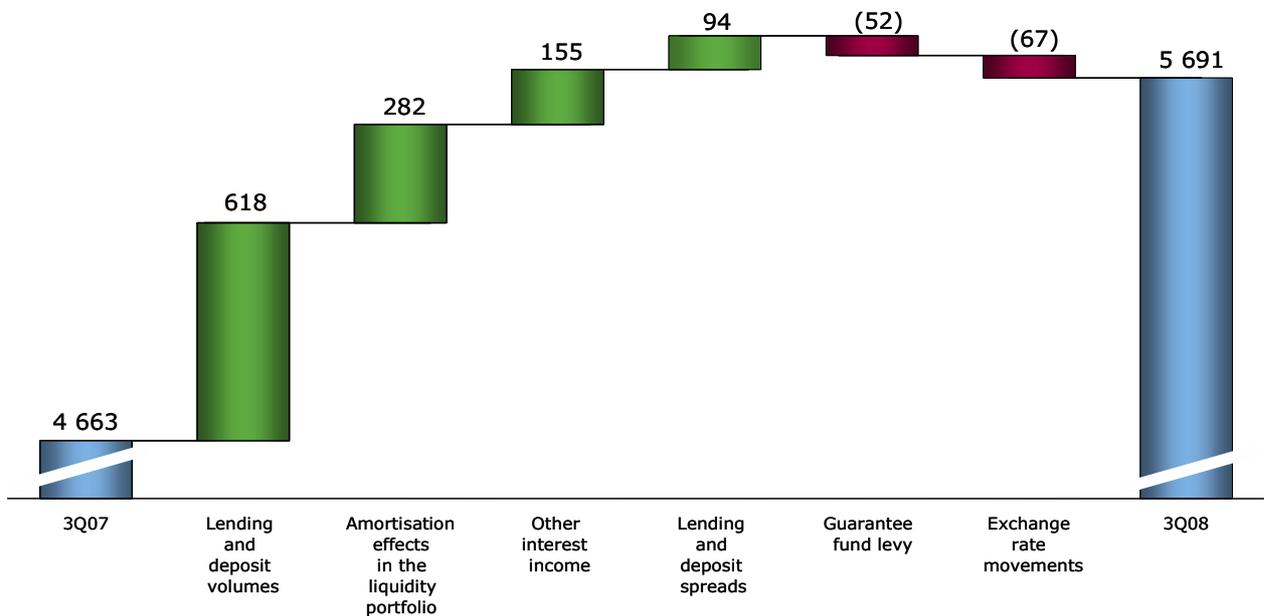
1) For full balance sheet, see page 35.

## Net interest income

### Changes in net interest income <sup>1)</sup>

NOK million

From 3rd quarter 2007 to 3rd quarter 2008



Amounts in NOK million

	3Q08	Change	2Q08
<b>Net interest income</b>	<b>5 691</b>	<b>675</b>	<b>5 016</b>
Lending and deposit volumes		172	
Lending and deposit spreads		242	
Amortisation effects in the liquidity portfolio		282	
Interest day		53	
Other interest income		(73)	

1) Excluding lending to and deposits from credit institutions and impaired loans.

**Net interest income <sup>1)</sup>**

<i>Amounts in NOK million</i>	Average volumes			Spreads in per cent			Net interest income <sup>2)</sup>		
	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07
Lending	1 070 346	1 025 720	889 481	0.97	0.81	0.85	2 622	2 056	1 905
Deposits	567 347	536 501	530 228	1.16	1.30	1.29	1 648	1 734	1 730
Equity and non-interest bearing items	58 070	58 021	51 465	6.56	6.43	5.15	958	928	668
Other							464	298	359
<b>Total net interest income</b>							<b>5 691</b>	<b>5 016</b>	<b>4 663</b>

1) Excluding lending to and deposits from credit institutions and impaired loans.

2) Including exchange rate movements.

**Segmental interest rate spreads <sup>1)</sup>**

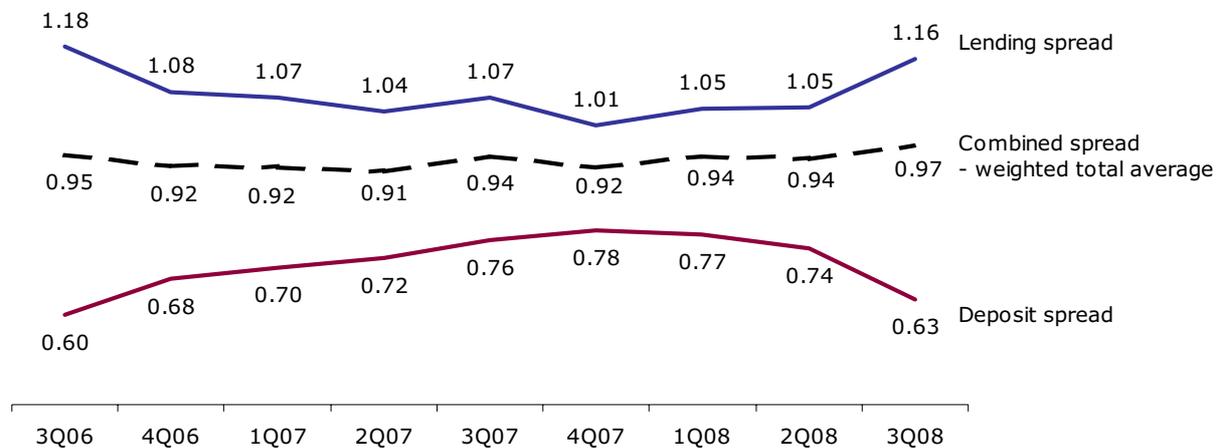
<i>Per cent</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
<i>Lending:</i>							
Corporate Banking and Payment Services	1.16	1.05	1.05	1.01	1.07	1.09	1.06
Retail Banking <sup>2)</sup>	0.73	0.46	0.65	0.50	0.58	0.58	1.08
DnB NOR	1.11	1.22	1.21	1.30	1.32	1.18	1.37
<b>Total</b>	<b>0.97</b>	<b>0.81</b>	<b>0.88</b>	<b>0.80</b>	<b>0.85</b>	<b>0.89</b>	<b>0.85</b>
<i>Deposits:</i>							
Corporate Banking and Payment Services	0.63	0.74	0.77	0.78	0.76	0.71	0.73
Retail Banking <sup>2)</sup>	1.63	1.84	1.71	2.00	1.90	1.78	1.28
DnB NOR	2.45	2.41	2.43	3.00	2.36	2.43	2.18
<b>Total</b>	<b>1.16</b>	<b>1.30</b>	<b>1.24</b>	<b>1.38</b>	<b>1.29</b>	<b>1.23</b>	<b>1.23</b>
<i>Combined spread - lending and deposits:</i>							
<b>Weighted total average</b>	<b>1.04</b>	<b>0.98</b>	<b>1.01</b>	<b>1.01</b>	<b>1.02</b>	<b>1.01</b>	<b>0.99</b>

1) Excluding lending to and deposits from credit institutions and impaired loans.

2) Measured against the 3-month money market rate.

## Developments in average interest rate spreads – Corporate Banking and Payment Services <sup>1)</sup>

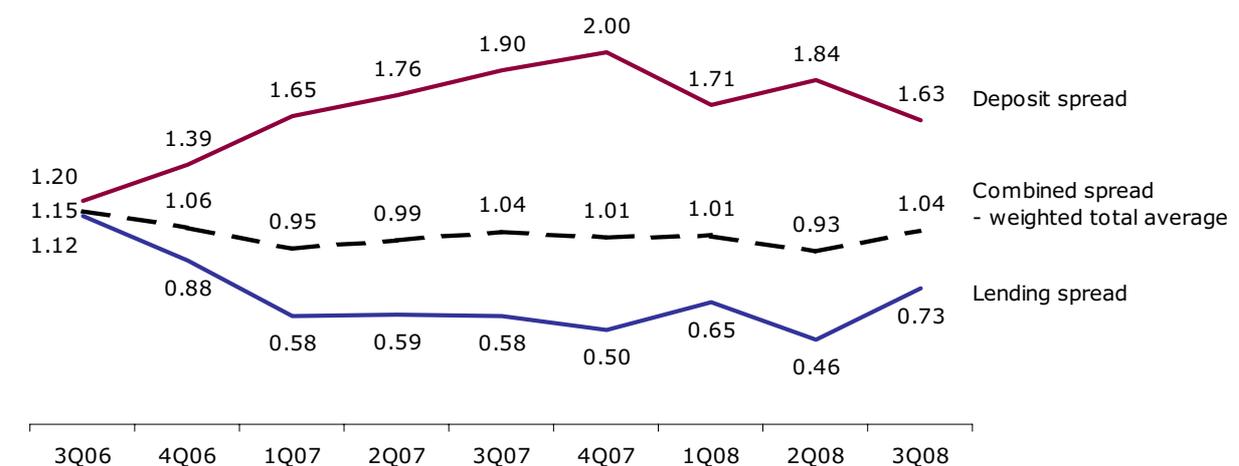
Per cent



1) Excluding lending to and deposits from credit institutions and impaired loans

## Developments in average interest rate spreads – Retail Banking <sup>1) 2)</sup>

Per cent

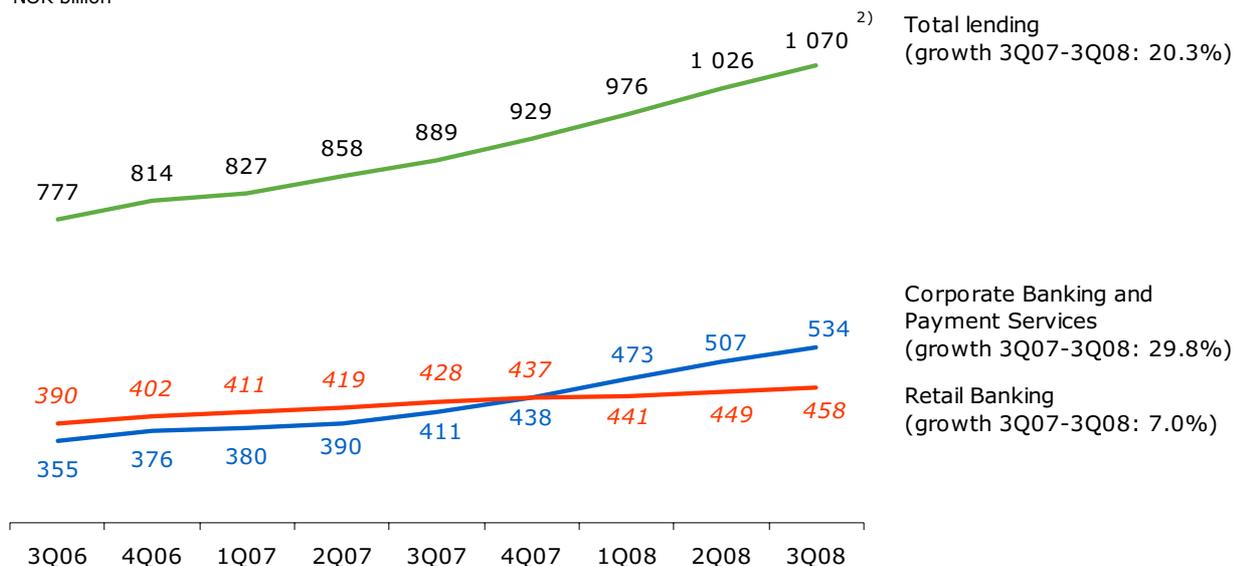


1) Excluding impaired loans

2) Measured against the 3-month money market rate

## Developments in average volumes - lending <sup>1)</sup>

NOK billion



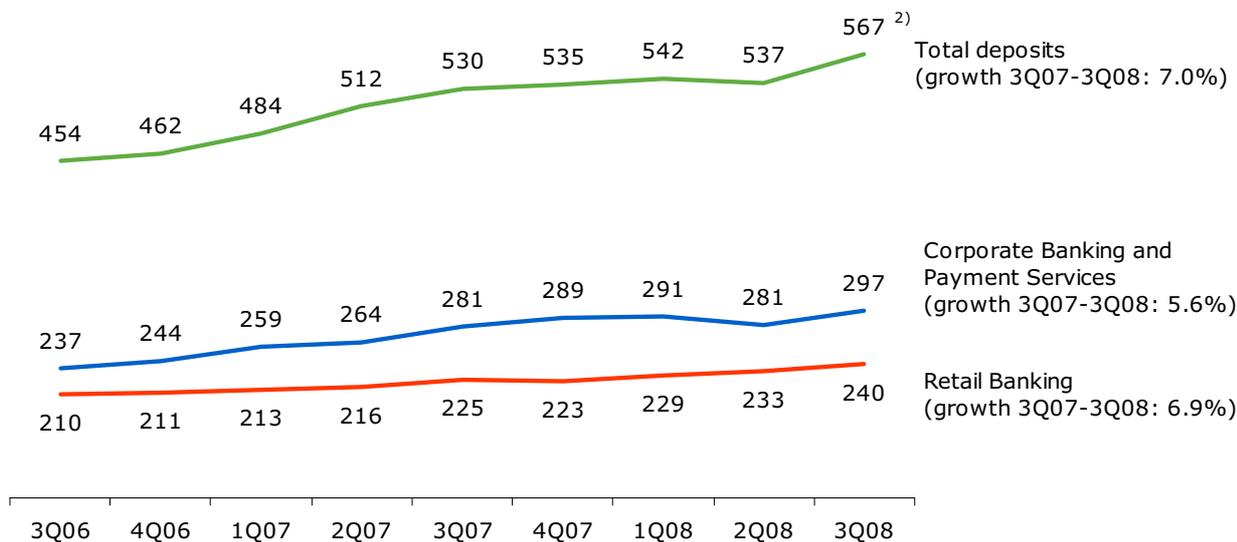
1) Excluding lending to credit institutions and impaired loans

2) Of which DnB NOR: NOK 78 billion

Total lending excluding DnB NOR: NOK 993 billion (18.3% growth)

## Developments in average volumes - deposits <sup>1)</sup>

NOK billion



1) Excluding deposits from credit institutions

2) Of which DnB NOR: NOK 22 billion

Total deposits excluding DnB NOR: NOK 545 billion (6.7% growth)

## Net other operating income

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Money transfer and interbank transactions	502	464	459	455	422	1 425	1 286
Asset management services	227	265	281	269	308	774	981
Credit broking	90	82	29	69	31	201	215
Real estate broking	164	211	162	212	189	537	570
Custodial services	58	69	65	78	71	192	203
Securities trading	55	80	91	87	72	226	258
Sale of insurance products	614	633	592	431	436	1 839	1 327
Other income from banking services	87	125	172	183	162	384	454
Net gains on equity investments	(325)	(19)	(254)	138	38	(598)	565
Corporate finance etc.	64	132	103	299	110	299	488
Profit from companies accounted for by the equity method	(377)	102	(294)	(10)	(40)	(568)	18
Other income	105	58	154	107	97	317	345
Net financial and risk result from Vital <sup>1)</sup>	(71)	410	(423)	665	631	(83)	1 555
Customer trading in FX and interest rate instruments, DnB NOR Markets	374	509	460	421	391	1 343	1 174
FX and interest rate instruments, DnB NOR Markets	839	653	(1 185)	(120)	(412)	307	(4)
FX and interest rate instruments, banking portfolio, other	727	290	211	261	421	1 228	751
<b>Net other operating income <sup>2)</sup></b>	<b>3 134</b>	<b>4 064</b>	<b>625</b>	<b>3 545</b>	<b>2 926</b>	<b>7 823</b>	<b>10 187</b>
<i>As a percentage of total income</i>	<i>35.5</i>	<i>44.8</i>	<i>11.1</i>	<i>41.5</i>	<i>38.6</i>	<i>33.2</i>	<i>44.2</i>

### 1) Of which:

Net gains on assets in Vital	(1 798)	767	(2 070)	3 802	9 334	(3 101)	20 022
Guaranteed returns and allocations to policyholders in Vital	(1 596)	437	(1 508)	1 117	6 097	(2 667)	15 888
Premium income etc. included in the risk result in Vital	1 227	1 074	1 066	703	1 215	3 366	3 546
Insurance claims etc. included in the risk result in Vital	1 127	1 014	955	2 778	3 823	3 095	6 129
Net financial and risk result in Vital	(103)	390	(450)	610	628	(163)	1 551
Eliminations in the group accounts	32	20	28	54	2	80	4
Net financial and risk result from Vital	(71)	410	(423)	665	631	(83)	1 555

For a detailed specification of Vital's income statement, see page 76.

### 2) Of which:

DnB NORD	164	165	149	206	136	478	425
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**Net other operating income, operational reporting <sup>1)</sup>**

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
1. Net stock market related income including financial instruments	80	526	286	870	598	892	2 495
2. Net financial and risk result from Vital	(71)	410	(423)	665	631	(83)	1 555
3. Net other commissions and fees including guarantees	1 403	1 406	1 351	1 270	1 158	4 161	3 615
4. Net gains on FX and interest rate instruments excluding guarantee commissions	1 830	1 350	(613)	429	293	2 567	1 588
Real estate broking	164	211	162	212	189	537	570
Other income	(272)	160	(139)	97	57	(251)	363
<b>Net other operating income</b>	<b>3 134</b>	<b>4 064</b>	<b>625</b>	<b>3 545</b>	<b>2 926</b>	<b>7 823</b>	<b>10 187</b>

**Specifications**

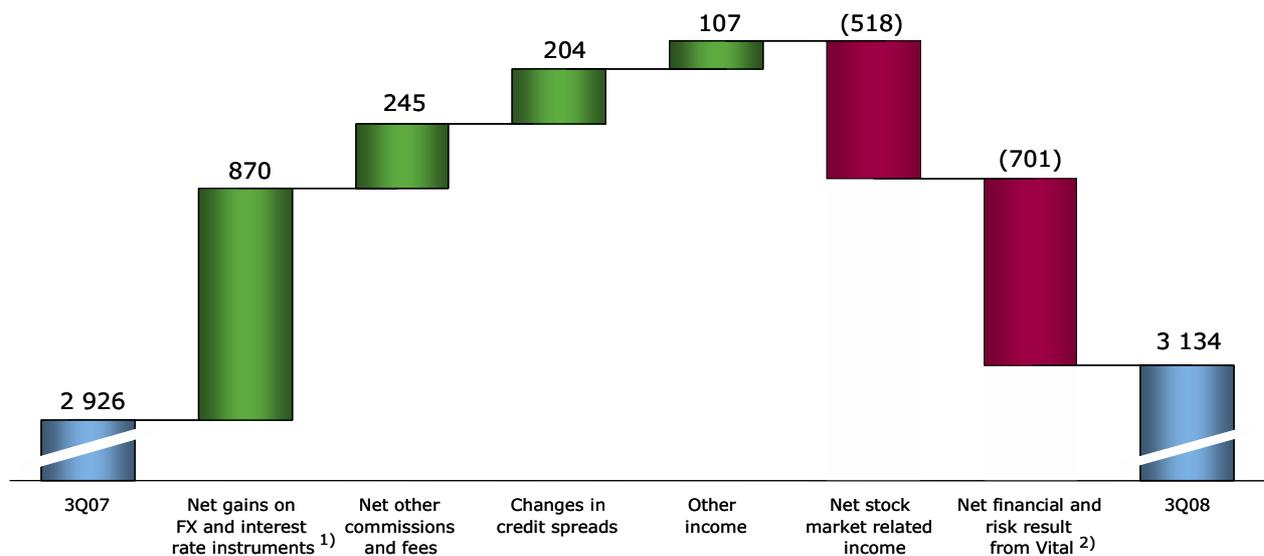
Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	2008	2007
Asset management services	227	265	281	269	308	774	981
Custodial services	58	69	65	78	71	192	203
Securities trading	55	80	91	87	72	226	258
Corporate finance etc.	64	132	103	299	110	299	488
Net stock market related commissions and fees (I)	405	545	540	732	561	1 490	1 931
Net gains on equity investments including dividends	(325)	(19)	(254)	138	38	(598)	565
<b>1. Net stock market related income including financial instruments</b>	<b>80</b>	<b>526</b>	<b>286</b>	<b>870</b>	<b>598</b>	<b>892</b>	<b>2 495</b>
<i>Net stock market related income as a percentage of total income</i>	<i>1.1</i>	<i>5.8</i>	<i>5.1</i>	<i>10.2</i>	<i>7.9</i>	<i>4.0</i>	<i>10.8</i>
<i>Net stock market related income as a percentage of net other operating income</i>	<i>3.9</i>	<i>12.9</i>	<i>45.8</i>	<i>24.6</i>	<i>20.4</i>	<i>13.3</i>	<i>24.5</i>
Net financial result from Vital	(170)	350	(534)	2 740	3 239	(354)	4 138
Net risk result from Vital	99	60	111	(2 075)	(2 608)	271	(2 583)
<b>2. Net financial and risk result from Vital</b>	<b>(71)</b>	<b>410</b>	<b>(423)</b>	<b>665</b>	<b>631</b>	<b>(83)</b>	<b>1 555</b>
Money transfer and interbank transactions	502	464	459	455	422	1 425	1 286
Credit broking	90	82	29	69	31	201	215
Sale of insurance products	614	633	592	431	436	1 839	1 327
Other income from banking services	87	125	172	183	162	384	454
Net other commissions and fees (II)	1 293	1 305	1 252	1 138	1 051	3 850	3 283
Net gains on financial instruments - guarantee commissions	110	101	99	132	108	311	333
<b>3. Net other commissions and fees including guarantees</b>	<b>1 403</b>	<b>1 406</b>	<b>1 351</b>	<b>1 270</b>	<b>1 158</b>	<b>4 161</b>	<b>3 615</b>
<b>Net commissions and fees (I + II)</b>	<b>1 698</b>	<b>1 850</b>	<b>1 539</b>	<b>1 871</b>	<b>1 611</b>	<b>5 340</b>	<b>5 213</b>
Customer trading in FX and interest rate instruments, DnB NOR Markets	374	509	460	421	391	1 343	1 174
FX and interest rate instruments, DnB NOR Markets	839	653	(1 185)	(120)	(412)	307	(4)
FX and interest rate instruments, banking portfolio, other	727	290	211	261	421	1 228	751
Net gains on FX and interest rate instruments	1 940	1 452	(514)	562	401	2 878	1 921
Net gains on financial instruments - guarantee commissions	110	101	99	132	108	311	333
<b>4. Net gains on FX and interest rate instruments excluding guarantee commissions</b>	<b>1 830</b>	<b>1 350</b>	<b>(613)</b>	<b>429</b>	<b>293</b>	<b>2 567</b>	<b>1 588</b>

1) In this table items are classified according to main operational areas. Thus, net guarantee commissions, which according to IFRS are classified as "Net gains on financial instruments at fair value" in the income statement, are classified as "Commissions and fees". Stock market related commissions and fees are classified as "Stock market related income".

## Changes in net other operating income

NOK million

From 3rd quarter 2007 to 3rd quarter 2008



1) Excluding guarantees and changes in credit spreads

2) After guaranteed returns and allocations to policyholders

Amounts in NOK million

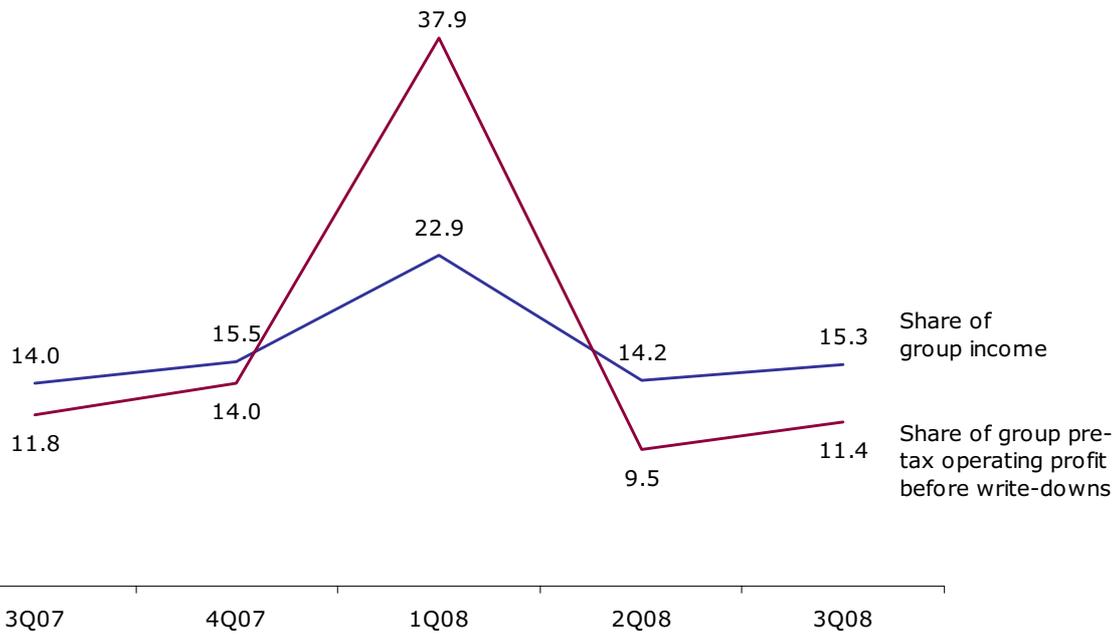
	3Q08	Change	2Q08
<b>Net other operating income</b>	<b>3 134</b>	<b>(930)</b>	<b>4 064</b>
Net gains on FX and interest rate instruments <sup>1)</sup>		712	
Net other commissions and fees including guarantee commissions		(3)	
Real estate broking		(47)	
Net stock market related income including financial instruments		(446)	
Net financial and risk result from Vital <sup>2)</sup>		(481)	
Changes in credit spreads		(727)	
Other income		62	

1) Excluding guarantees and changes in credit spreads.

2) After guaranteed returns and allocations to policyholders.

**International units <sup>1)</sup>**

Per cent



1) Units outside Norway.

## Operating expenses

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Ordinary salaries	1 792	1 703	1 627	1 752	1 584	5 121	4 718
Employer's national insurance contributions	252	251	244	233	219	747	675
Pension expenses	274	271	269	294	284	814	823
Allocation to employees <sup>1)</sup>	0	0	0	476	0	0	0
Restructuring expenses <sup>2)</sup>	4	29	12	14	9	45	34
Other personnel expenses	104	108	109	107	108	320	288
<b>Total salaries and other personnel expenses</b>	<b>2 425</b>	<b>2 361</b>	<b>2 261</b>	<b>2 875</b>	<b>2 203</b>	<b>7 047</b>	<b>6 538</b>
Fees	278	343	322	252	240	944	643
EDP expenses	478	423	397	421	359	1 299	1 175
Postage and telecommunications	102	98	103	110	108	304	315
Office supplies	27	30	26	35	27	83	88
Marketing and public relations	177	218	162	169	166	557	493
Travel expenses	56	67	61	88	53	185	176
Reimbursement to Norway Post for transactions executed	50	58	53	59	63	161	162
Training expenses	19	24	24	24	16	67	58
Operating expenses on properties and premises	304	326	298	295	206	928	620
Operating expenses on machinery, vehicles and office equipment	32	39	36	35	34	107	104
Other operating expenses <sup>2)</sup>	200	190	213	211	168	604	472
Other expenses	1 725	1 817	1 696	1 699	1 437	5 238	4 306
Depreciation and write-downs of fixed and intangible assets	315	266	237	335	255	818	697
<b>Total operating expenses</b>	<b>4 464</b>	<b>4 445</b>	<b>4 194</b>	<b>4 908</b>	<b>3 895</b>	<b>13 103</b>	<b>11 541</b>
Of which DnB NORD	400	397	365	406	330	1 161	904

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.

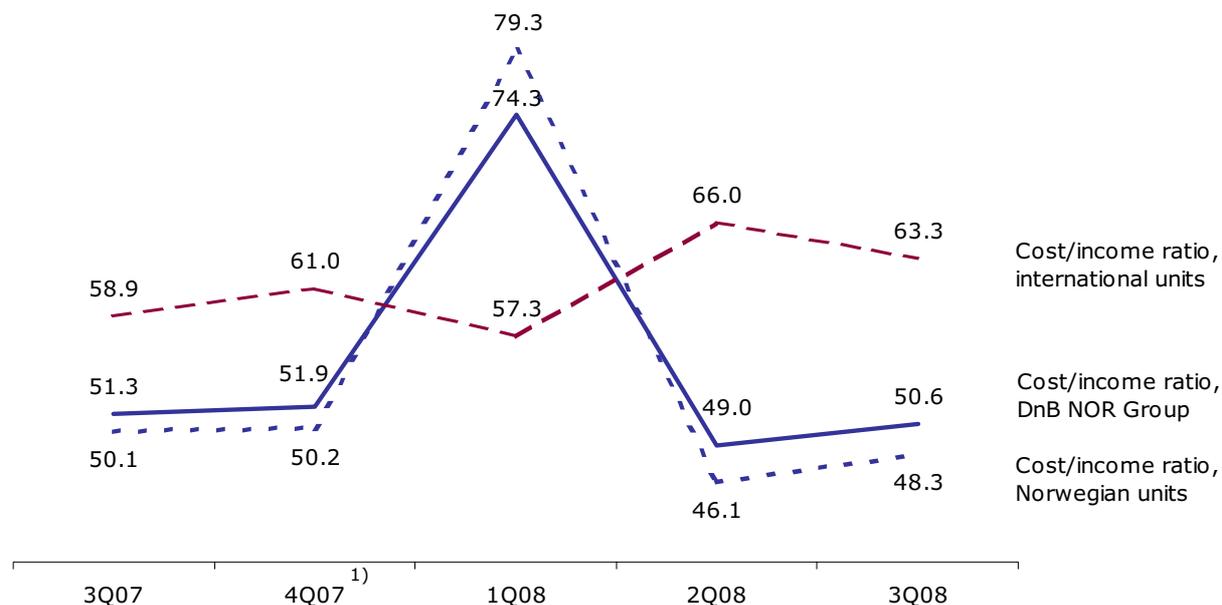
## Changes in operating expenses

<i>Amounts in NOK million</i>	3Q08	Change	3Q07
<b>Total operating expenses</b>	<b>4 464</b>	<b>569</b>	<b>3 895</b>
<b>Norwegian units</b>		<b>341</b>	
<i>Of which:</i>			
IT expenses		187	
Wage settlements		65	
Properties		58	
Operational leasing		50	
Cost programme		(62)	
Restructuring expenses, cost programme		11	
Other operating expenses		33	
<b>International units</b>		<b>228</b>	
<i>Of which:</i>			
DnB NORD		70	
Banking operations in Sweden		63	
SalusAnsvar		52	
DnB NOR Finans in Sweden, new operations		22	
Other units		20	

<i>Amounts in NOK million</i>	3Q08	Change	2Q08
<b>Total operating expenses</b>	<b>4 464</b>	<b>20</b>	<b>4 445</b>
<b>Norwegian units</b>		<b>16</b>	
<i>Of which:</i>			
Wage settlements		50	
Cost programme		(21)	
Restructuring expenses, cost programme		(18)	
Other operating expenses		5	
<b>International units</b>		<b>3</b>	
<i>Of which:</i>			
SalusAnsvar		5	
DnB NORD		3	
Other units		(5)	

## Cost/income ratio

Per cent



1) Excluding allocations to employees

### Norwegian units

Amounts in NOK million

	3Q08	2Q08	1Q08	4Q07 <sup>1)</sup>	3Q07
Total income	7 474	7 790	4 357	7 221	6 525
Operating expenses	3 609	3 593	3 454	3 625	3 268
Cost/income ratio (%)	48.3	46.1	79.3	50.2	50.1
Share of group income (%)	84.7	85.8	77.1	84.5	86.0
Number of full-time positions at end of period	9 246	9 238	9 188	9 165	9 270

### International units

Amounts in NOK million

	3Q08	2Q08	1Q08	4Q07 <sup>1)</sup>	3Q07
Total income	1 351	1 290	1 292	1 324	1 064
Operating expenses	855	851	740	807	627
Cost/income ratio (%)	63.3	66.0	57.3	61.0	58.9
Share of group income (%)	15.3	14.2	22.9	15.5	14.0
Number of full-time positions at end of period	4 856	4 682	4 460	4 290	3 931

1) Excluding allocations to employees.

## Number of employees – full-time positions

<i>Full-time positions</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Corporate Banking and Payment Services <sup>1)</sup>	2 550	2 504	2 395	2 316	2 291	2 635
Retail Banking <sup>1) 2)</sup>	3 944	3 907	3 883	3 853	3 696	4 080
DnB NOR Markets Operations <sup>1)</sup>	643	641	617	612	599	562
Life and Asset Management	1 263	1 308	1 341	1 382	1 369	
DnB NORD <sup>3)</sup>	1 193	1 185	1 166	1 130	1 136	1 115
Staff and support units <sup>1)</sup>	3 565	3 460	3 329	3 236	3 144	1 989
	946	915	917	926	964	1 444
<b>Total</b>	<b>14 103</b>	<b>13 919</b>	<b>13 647</b>	<b>13 455</b>	<b>13 201</b>	<b>11 824</b>

- 1) As a consequence of the reorganisation of the Group in June 2007, 405, 444 and 530 full-time positions respectively have been transferred from Corporate Banking and Payment Services, Retail Banking and staff and support units to Operations.  
2) Staff in SalusAnsvar, which was acquired on 31 December 2007, represented 218 full-time positions.  
3) An increase of 863 full-time positions resulting from the acquisition of BISE Bank in April 2007.

## IT expenses

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
IT operating expenses	431	469	427	429	383	1 326	1 229
Systems development expenses	335	285	308	228	237	928	626
IT expenses in Vital, after eliminations	119	126	98	245	79	344	337
<b>Total IT expenses <sup>1)</sup></b>	<b>885</b>	<b>880</b>	<b>833</b>	<b>903</b>	<b>698</b>	<b>2 598</b>	<b>2 192</b>

- 1) Including salaries and indirect costs.

## Write-downs on loans and guarantees

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
New individual write-downs	733	340	324	314	217	1 397	766
Reassessments and recoveries	134	118	165	166	141	417	492
Total individual write-downs	599	222	159	148	76	980	274
Change in group write-downs on loans	126	52	37	(189)	(6)	215	(14)
<b>Write-downs on loans and guarantees <sup>1)</sup></b>	<b>725</b>	<b>275</b>	<b>195</b>	<b>(41)</b>	<b>70</b>	<b>1 195</b>	<b>260</b>
Individual write-downs in relation to average volumes, annualised	0.22	0.09	0.06	0.06	0.03	0.13	0.04
- Norwegian units	0.14	0.08	0.06	0.05	0.02	0.09	0.04
- International units excl. DnB NOR	0.30	0.04	0.01	0.02	0.02	0.13	0.01
- DnB NOR	1.02	0.24	0.18	0.33	0.25	0.51	0.14
Total write-downs in relation to average volumes, annualised	0.27	0.11	0.08	(0.02)	0.03	0.15	0.04

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Corporate Banking and Payment Services	216	93	73	30	(10)	382	30
Retail Banking	182	87	58	71	54	327	194
DnB NOR	201	42	28	47	32	271	50
Total individual write-downs	599	222	159	148	76	980	274
DnB NOR excl. DnB NOR	77	42	32	(190)	(11)	151	(37)
DnB NOR	49	10	5	1	5	64	23
Total group write-downs on loans	126	52	37	(189)	(6)	215	(14)
<b>Write-downs on loans and guarantees <sup>1)</sup></b>	<b>725</b>	<b>275</b>	<b>195</b>	<b>(41)</b>	<b>70</b>	<b>1 195</b>	<b>260</b>

1) Of which Norwegian units

	374	211	160	(94)	30	746	182
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## Write-downs on loans and guarantees for principal sectors

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Retail customers	267	109	59	100	51	435	236
International shipping	(1)	2	1	(3)	1	2	2
Real estate	189	5	9	15	16	203	(26)
Manufacturing	32	25	14	(23)	20	71	18
Services and management	34	27	26	19	(9)	87	23
Trade	6	14	30	24	14	50	23
Oil and gas	79	1	0	1	0	80	0
Transportation and communication	13	3	4	(26)	6	20	13
Building and construction	(14)	24	12	27	(6)	22	22
Power and water supply	0	0	0	0	0	0	0
Fishing	2	2	2	13	(22)	6	(11)
Hotels and restaurants	1	1	2	0	4	4	0
Agriculture and forestry	14	3	7	(1)	2	24	(1)
Other sectors	(20)	6	(7)	7	0	(21)	(25)
Total customers	602	222	159	153	76	983	274
Credit institutions	(3)	0	0	(5)	0	(3)	0
Change in group write-downs on loans	126	52	37	(189)	(6)	215	(14)
<b>Write-downs on loans and guarantees</b>	<b>725</b>	<b>275</b>	<b>195</b>	<b>(41)</b>	<b>70</b>	<b>1 195</b>	<b>260</b>

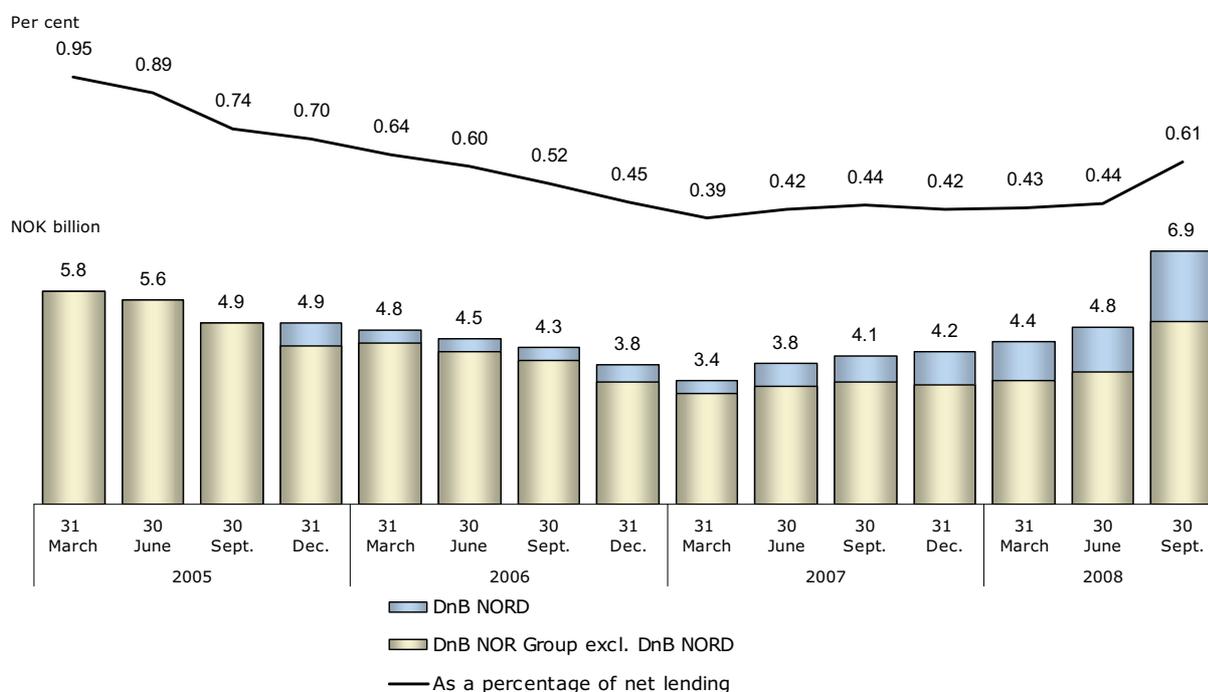
Of which individual write-downs on guarantees

	(29)	4	34	(1)	18	9	23
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## Write-down ratio

<i>Amounts in NOK million</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Non-performing commitments (gross)	7 527	5 845	5 398	5 055	4 896	4 334
Impaired commitments (gross)	2 206	1 262	1 248	1 170	1 247	1 434
Gross non-performing and impaired commitments	9 733	7 107	6 646	6 225	6 143	5 768
Individual write-downs	2 786	2 307	2 211	2 051	2 065	1 968
Group write-downs	896	717	665	712	895	892
Write-down ratio (per cent)	37.8	42.5	43.3	44.4	48.2	49.6
Collateral for loans	7 640	6 292	4 992	3 824	4 000	2 983
Coverage ratio (per cent)	116.3	131.1	118.4	105.8	113.3	101.3

## Net non-performing and impaired commitments



<i>Amounts in NOK million</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Corporate Banking and Payment Services	2 602	1 581	1 467	1 346	1 619	1 621
Retail Banking	2 445	2 002	1 907	1 899	1 726	1 709
DnB NOR	1 900	1 217	1 061	929	733	470
Net non-performing and impaired commitments <sup>1)</sup>	6 947	4 801	4 435	4 174	4 078	3 800
1) Of which Norwegian units	4 513	3 382	3 201	3 083	3 157	3 224

## Lending

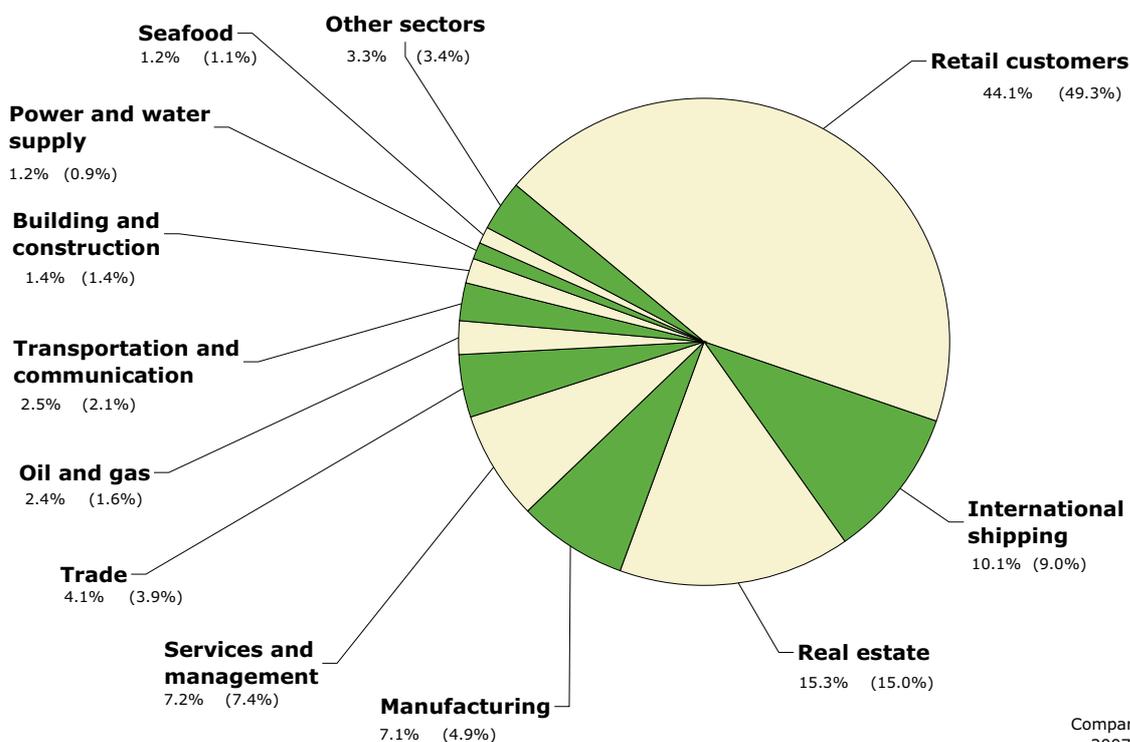
### Net lending to principal sectors <sup>1) 2)</sup>

Amounts in NOK billion	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Retail customers	492.1	483.8	470.3	456.1	447.1	417.6
International shipping	112.9	98.8	91.9	91.0	81.5	74.2
Real estate	170.8	164.9	155.1	148.5	135.7	116.2
Manufacturing	78.9	70.2	65.4	55.3	44.6	36.7
Services and management	80.3	77.2	76.5	76.4	67.5	64.5
Trade	45.7	43.8	41.0	38.5	35.3	32.1
Oil and gas	26.7	22.0	18.1	17.9	14.4	12.7
Transportation and communication	28.4	26.0	24.6	20.2	19.4	16.7
Building and construction	16.1	14.9	13.2	12.5	12.3	11.2
Power and water supply	13.4	11.0	9.8	9.9	7.9	7.3
Seafood	13.0	12.1	11.3	11.2	10.4	10.1
Hotels and restaurants	5.3	5.3	4.3	3.8	3.7	3.5
Agriculture and forestry	7.7	7.3	6.9	6.9	6.5	7.5
Central and local government	6.6	8.3	11.2	9.0	10.0	7.4
Other sectors	17.4	14.1	13.4	10.8	10.3	8.9
<b>Net lending to customers</b>	<b>1 115.0</b>	<b>1 059.6</b>	<b>1 012.9</b>	<b>968.0</b>	<b>906.6</b>	<b>826.7</b>
Of which residential mortgages						
within 80% of collateral value	456.5	447.4	434.7	425.8	416.6	381.9
above 80% of collateral value	14.2	14.0	13.1	12.8	12.6	11.9
Total	470.7	461.4	447.9	438.5	429.2	393.8

1) Split according to official industry definitions which may differ from DnB NOR's business area reporting.

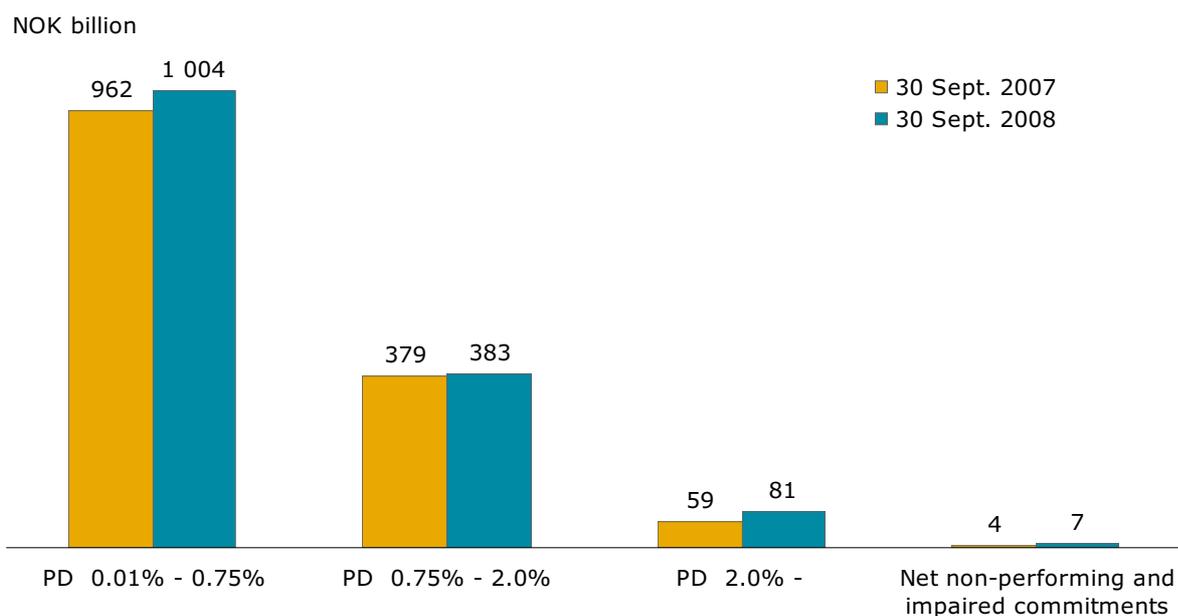
2) Lending after individual write-downs, nominal amounts.

### Net lending to principal sectors as at 30 September 2008



Comparable figures for 2007 in parentheses

## Risk classification of portfolio <sup>1)</sup>



1) Based on DnB NOR's risk classification system. The volume represents the expected outstanding amount in the event of default in Corporate Banking and Payment Services, Retail Banking and DnB NOR.  
PD = probability of default.

## DnB NOR's risk classification <sup>1)</sup>

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

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

## 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		DnB NOR Bank Group		DnB NOR Group	
	30 Sept. 2008	31 Dec. 2007	30 Sept. 2008	31 Dec. 2007	30 Sept. 2008	31 Dec. 2007
<i>Amounts in NOK million</i>						
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 <sup>1) 2)</sup>	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 unrealised losses/(gains) on liabilities recorded at fair value	(33)	(22)	(274)	(164)	(274)	(164)
Additions						
Portion of unrecognised actuarial gains/losses, pension costs <sup>3)</sup>	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 <sup>2)</sup>	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
<b>Total eligible primary capital <sup>4)</sup></b>	<b>95 028</b>	<b>89 522</b>	<b>98 198</b>	<b>92 816</b>	<b>101 073</b>	<b>95 673</b>
Risk-weighted volume	859 255	750 206	1 019 119	886 099	1 110 669	991 455
Minimum capital requirement	68 740	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.

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

**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 of 2008.

## Financial results DnB NOR Group

### Full income statement

Amounts in NOK million						Jan. - Sept.		Full year	
	3Q08	2Q08	1Q08	4Q07	3Q07	2008	2007	2007	2006
Total interest income	21 314	19 483	18 482	17 543	16 019	59 278	44 203	61 746	42 381
Total interest expenses	15 622	14 467	13 459	12 543	11 357	43 548	31 337	43 880	27 092
<b>Net interest income</b>	<b>5 691</b>	<b>5 016</b>	<b>5 023</b>	<b>5 000</b>	<b>4 663</b>	<b>15 730</b>	<b>12 867</b>	<b>17 866</b>	<b>15 289</b>
Commissions and fees receivable etc.	2 241	2 440	2 375	2 486	2 239	7 056	6 990	9 476	8 963
Commissions and fees payable etc.	543	590	582	616	628	1 715	1 777	2 392	2 253
Net gains on financial instruments at fair value	1 615	1 433	(767)	700	439	2 280	2 486	3 185	3 610
Net gains on assets in Vital	(1 766)	787	(2 043)	3 856	9 337	(3 021)	20 026	23 883	16 131
Guaranteed returns and allocations to policyholders in Vital	(1 596)	437	(1 508)	1 117	6 097	(2 667)	15 888	17 005	14 584
Premium income etc. included in the risk result in Vital	1 227	1 074	1 066	703	1 215	3 366	3 546	4 249	4 314
Insurance claims etc. included in the risk result in Vital	1 127	1 014	955	2 778	3 823	3 095	6 129	8 907	4 324
Net realised gains on investment securities (AFS)	0	0	0	0	0	0	0	0	0
Profit from companies accounted for by the equity method	(377)	102	(294)	(10)	(40)	(568)	18	9	171
Other income	268	269	316	320	285	854	915	1 234	1 176
<b>Net other operating income</b>	<b>3 134</b>	<b>4 064</b>	<b>625</b>	<b>3 545</b>	<b>2 926</b>	<b>7 823</b>	<b>10 187</b>	<b>13 732</b>	<b>13 204</b>
<b>Total income</b>	<b>8 825</b>	<b>9 080</b>	<b>5 648</b>	<b>8 545</b>	<b>7 589</b>	<b>23 553</b>	<b>23 053</b>	<b>31 598</b>	<b>28 493</b>
Salaries and other personnel expenses	2 425	2 361	2 261	2 875	2 203	7 047	6 538	9 413	8 189
Other expenses	1 725	1 817	1 696	1 699	1 437	5 238	4 306	6 005	5 523
Depreciation and write-downs of fixed and intangible assets	315	266	237	335	255	818	697	1 032	715
<b>Total operating expenses</b>	<b>4 464</b>	<b>4 445</b>	<b>4 194</b>	<b>4 908</b>	<b>3 895</b>	<b>13 103</b>	<b>11 541</b>	<b>16 450</b>	<b>14 427</b>
<b>Pre-tax operating profit before write-downs</b>	<b>4 361</b>	<b>4 635</b>	<b>1 454</b>	<b>3 636</b>	<b>3 694</b>	<b>10 450</b>	<b>11 512</b>	<b>15 148</b>	<b>14 066</b>
Net gains on fixed and intangible assets	13	3	31	1 593	874	47	888	2 481	365
Write-downs on loans and guarantees	725	275	195	(41)	70	1 195	260	220	(258)
<b>Pre-tax operating profit</b>	<b>3 649</b>	<b>4 363</b>	<b>1 290</b>	<b>5 269</b>	<b>4 498</b>	<b>9 302</b>	<b>12 140</b>	<b>17 409</b>	<b>14 689</b>
Taxes	839	1 003	170	193	826	2 012	2 193	2 387	2 881
Profit from discontinuing operations after taxes	0	0	0	0	0	0	0	0	0
<b>Profit for the period</b>	<b>2 810</b>	<b>3 360</b>	<b>1 120</b>	<b>5 076</b>	<b>3 673</b>	<b>7 289</b>	<b>9 946</b>	<b>15 022</b>	<b>11 808</b>
Profit attributable to shareholders	2 829	3 297	1 055	5 017	3 622	7 181	9 763	14 780	11 665
Profit attributable to minority interests	(20)	63	66	59	50	109	183	242	143
Earnings per share (NOK) <sup>1)</sup>	2.12	2.47	0.79	3.76	2.72	5.39	7.32	11.08	8.74
Earnings per share for discontinuing operations (NOK) <sup>1)</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

### Full balance sheet

Amounts in NOK million	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Cash and deposits with central banks	45 792	16 235	13 067	9 816	8 805	11 453
Lending to and deposits with credit institutions	53 608	80 328	71 909	64 379	92 759	71 091
Lending to customers	1 118 273	1 062 115	1 015 909	970 504	908 424	827 947
Commercial paper and bonds	104 558	177 104	174 563	177 602	156 581	172 040
Shareholdings	34 401	47 738	45 049	48 682	59 310	51 393
Financial assets, customers bearing the risk	17 330	18 549	18 124	19 868	19 325	18 840
Financial derivatives	78 588	58 716	110 113	65 933	69 585	57 999
Shareholdings, available for sale	0	0	0	0	0	0
Commercial paper and bonds, held to maturity	141 356	53 058	53 386	59 641	60 075	62 444
Investment property	32 796	32 517	33 584	33 078	32 530	25 816
Investments in associated companies	1 314	1 688	1 614	1 435	1 399	1 515
Intangible assets	8 944	8 820	8 793	7 742	7 224	6 471
Deferred tax assets	180	154	150	136	91	38
Fixed assets	4 339	3 950	3 832	3 496	3 313	5 478
Biological assets	0	0	0	0	0	0
Discontinuing operations	249	241	232	225	1 641	27
Other assets	13 007	15 412	14 675	11 382	9 489	7 691
<b>Total assets</b>	<b>1 654 735</b>	<b>1 576 626</b>	<b>1 564 999</b>	<b>1 473 919</b>	<b>1 430 551</b>	<b>1 320 242</b>
Loans and deposits from credit institutions	161 920	130 028	148 439	144 198	148 800	124 372
Deposits from customers	588 426	565 399	528 740	538 151	532 478	474 526
Financial derivatives	62 246	57 463	104 937	62 741	73 315	58 812
Securities issued	484 720	463 502	421 696	371 784	317 082	326 806
Insurance liabilities, customers bearing the risk	17 330	18 549	18 124	19 868	19 325	18 840
Liabilities to life insurance policyholders	183 595	186 945	190 257	191 626	194 841	188 096
Payable taxes	2 635	1 904	1 421	1 431	6 518	4 091
Deferred taxes	2 506	2 496	2 213	1 994	134	730
Other liabilities	27 452	31 666	32 655	27 717	30 041	18 812
Discontinuing operations	0	0	0	0	0	0
Provisions	5 184	5 259	5 177	5 207	4 571	4 768
Subordinated loan capital	40 676	38 540	33 724	33 226	32 759	33 977
<b>Total liabilities</b>	<b>1 576 689</b>	<b>1 501 750</b>	<b>1 487 382</b>	<b>1 397 944</b>	<b>1 359 864</b>	<b>1 253 829</b>
Minority interests	3 287	3 187	3 137	2 662	2 467	2 201
Revaluation reserve	0	0	0	0	0	0
Share capital	13 327	13 327	13 327	13 327	13 327	13 341
Other reserves and retained earnings	61 432	58 362	61 154	59 987	54 894	50 870
<b>Total equity</b>	<b>78 046</b>	<b>74 876</b>	<b>77 618</b>	<b>75 975</b>	<b>70 687</b>	<b>66 413</b>
<b>Total liabilities and equity</b>	<b>1 654 735</b>	<b>1 576 626</b>	<b>1 564 999</b>	<b>1 473 919</b>	<b>1 430 551</b>	<b>1 320 242</b>

## Key figures

	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.		Full year	
						2008	2007	2007	2006
<b>Interest rate analysis</b>									
1 Combined weighted total average spread for lending and deposits (%)	1.04	0.98	1.01	1.01	1.02	1.01	0.99	1.00	1.08
2 Spread for ordinary lending to customers (%)	0.97	0.81	0.88	0.80	0.85	0.89	0.85	0.84	1.17
3 Spread for deposits from customers (%)	1.16	1.30	1.24	1.38	1.29	1.23	1.23	1.27	0.92
<b>Rate of return/profitability</b>									
4 Net other operating income, per cent of total income	35.5	44.8	11.1	41.5	38.6	33.2	44.2	43.5	46.3
5 Cost/income ratio (%)	50.6	49.0	74.3	51.9	51.3	55.6	50.1	50.6	50.1
6 Return on equity, annualised (%)	15.5	18.1	5.7	28.4	21.8	13.0	19.8	22.0	19.5
7 RARORAC, annualised (%)	18.2	21.1	2.9	20.7	19.7	13.6	22.0	21.6	22.0
8 RORAC, annualised (%)	18.5	23.2	6.4	39.8	30.7	15.3	29.0	31.9	28.4
9 Average equity including allocated dividend (NOK million)	73 224	72 986	73 897	70 767	66 559	73 369	65 829	67 063	59 862
10 Return on average risk-weighted volume, annualised (%)	1.04	1.31	0.45	2.10	1.59	0.90	1.46	1.66	1.50
<b>Financial strength</b>									
11 Core (Tier 1) capital ratio at end of period (%)	6.3	6.7	7.0	7.2	6.7	6.3	6.7	7.2	6.7
12 Core (Tier 1) capital ratio incl. 50 per cent of profit (%)	6.7	6.9	7.0	-	7.2	6.7	7.2	-	-
13 Capital adequacy ratio at end of period (%)	9.1	9.6	9.4	9.6	9.3	9.1	9.3	9.6	10.0
14 Capital adequacy ratio incl. 50 per cent of profit (%)	9.4	9.8	9.5	-	9.8	9.4	9.8	-	-
15 Core capital at end of period (NOK million)	70 513	69 599	69 696	71 392	62 965	70 513	62 965	71 392	59 054
16 Risk-weighted volume at end of period (NOK million)	1 110 669	1 045 834	1 001 649	991 455	941 122	1 110 669	941 122	991 455	880 292
<b>Loan portfolio and write-downs</b>									
17 Individual write-downs relative to average net lending to customers, annualised	0.22	0.09	0.06	0.06	0.03	0.13	0.04	0.05	0.02
18 Write-downs relative to average net lending to customers, annualised	0.27	0.11	0.08	(0.02)	0.03	0.15	0.04	0.02	(0.03)
19 Net non-performing and impaired commitments, per cent of net lending	0.61	0.44	0.43	0.42	0.44	0.61	0.44	0.42	0.45
20 Net non-performing and impaired commitments at end of period (NOK million)	6 947	4 801	4 435	4 174	4 078	6 947	4 078	4 174	3 800
<b>Liquidity</b>									
21 Ratio of customer deposits to net lending to customers at end of period (%)	52.6	53.2	52.0	55.5	58.6	52.6	58.6	55.5	57.3
<b>Total assets owned or managed by DnB NOR</b>									
22 Customer assets under management at end of period (NOK billion)	510	535	549	572	573	510	573	572	575
23 Total combined assets at end of period (NOK billion)	1 964	1 906	1 906	1 834	1 789	1 964	1 789	1 834	1 688
24 Average total assets (NOK billion)	1 626	1 574	1 520	1 457	1 418	1 573	1 396	1 412	1 209
25 Customer savings at end of period (NOK billion)	1 099	1 101	1 079	1 111	1 107	1 099	1 107	1 111	1 052
<b>Staff</b>									
26 Number of full-time positions at end of period	14 103	13 919	13 647	13 455	13 201	14 103	13 201	13 455	11 824
<b>The DnB NOR share</b>									
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	1 332 654	1 332 654	1 332 654	1 334 089
28 Average number of shares (1 000)	1 332 654	1 332 654	1 332 654	1 332 654	1 332 777	1 332 654	1 333 652	1 333 402	1 335 449
29 Earnings per share (NOK)	2.12	2.47	0.79	3.76	2.72	5.39	7.32	11.08	8.74
30 Dividend per share (NOK)	-	-	-	-	-	-	-	4.50	4.00
31 Total shareholder's return (%)	(31.5)	(16.2)	(6.9)	0.4	8.5	(43.4)	(2.0)	(1.7)	27.8
32 Dividend yield (%)	-	-	-	-	-	-	-	5.42	4.52
33 Equity per share including allocated dividend at end of period (NOK)	56.10	53.79	55.89	55.01	51.19	56.10	51.19	55.01	48.13
34 Share price at end of period (NOK)	44.40	64.80	77.30	83.00	82.70	44.40	82.70	83.00	88.50
35 Price/earnings ratio	5.23	6.55	24.42	5.51	7.61	6.18	8.47	7.49	10.13
36 Price/book value	0.79	1.20	1.38	1.51	1.62	0.79	1.62	1.51	1.84
37 Market capitalisation (NOK billion)	59.2	86.4	103.0	110.6	110.2	59.2	110.2	110.6	118.1

For definitions of selected key figures, see next page.

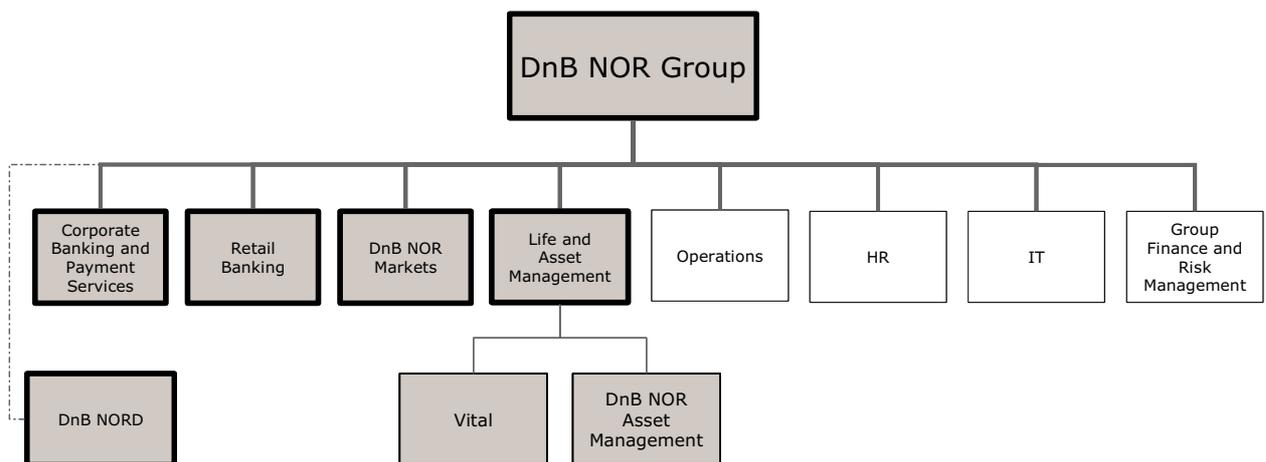
**Definitions to key figures**

- 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.
- 8 RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to the 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. Number of shares in 2006 are excluding the 2 786 thousand own shares repurchased in accordance with the authorisation issued by DnB NOR's General Meeting. 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, divided by 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.



## Section 3

# DnB NOR Group - business areas



## Business areas – financial performance

The operational structure of DnB NOR includes four business areas, which are independent profit centres and carry responsibility for customer segments served by the Group and the products offered. The business areas are: Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and Life and Asset Management. In addition, DnB NORD is reported as a separate profit centre.

Selected income, expenses and balance sheet figures for the business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Group.

Return on capital for the business areas is presented in the descriptions of each area in this section. For Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NORD, return on capital is measured as the business area's profits after taxes relative to average capital requirements according to BIS rules (6.5 per cent capital requirement), while for Life and Asset Management (Vital and DnB NOR Asset Management), the calculations are based on average recorded equity.

In addition, return on risk-adjusted capital is presented for each business area. Return on risk-adjusted capital is the key financial ratio for the business areas in internal governance and follow-up of operations. Return on risk-adjusted capital is defined as each area's profits after taxes relative to the calculated risk-adjusted capital. The risk-adjusted capital requirement is based on the risk involved in operations in accordance with DnB NOR's total risk model.

### Internal pricing

DnB NOR's financial management model and operational organisation entail the sale of products and services between the business areas in the Group. The pricing of such intra-group transactions is regulated by internal agreements based on market terms.

Certain customers and transactions of major importance require extensive cooperation within the Group. To stimulate such cooperation, net income relating to some of these customers and transactions is recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in DnB NOR Markets. In the third quarter of 2008, such income totalled NOK 456 million. Double entries are eliminated in the group accounts.

Services provided by staff and support units will as far as possible be scaled and priced according to use. Joint expenses incurred by group staff units and other group expenditures that cannot be debited according to use, are charged to the business areas' accounts on the basis of special distribution formulas. Costs relating to the Group's equity transactions, including strategic investments, and direct shareholder-related expenses and costs concerning the Group's governing bodies are not charged to the business areas.

## Changes in net interest income

<i>Amounts in NOK million</i>	3Q08	Change 2Q08-3Q08	Change 3Q07-3Q08
<b>Net interest income</b>	<b>5 691</b>	<b>675</b>	<b>1 029</b>
Corporate Banking and Payment Services	3 106	294	679
Retail Banking	1 916	112	(70)
DnB NOR Markets	455	344	351
DnB NOR Asset Management	32	(3)	2
DnB NORD	424	15	103
Other	(242)	(87)	(36)

## Changes in net other operating income

<i>Amounts in NOK million</i>	3Q08	Change 2Q08-3Q08	Change 3Q07-3Q08
<b>Net other operating income</b>	<b>3 134</b>	<b>(930)</b>	<b>207</b>
Corporate Banking and Payment Services	436	(427)	(221)
Retail Banking	864	38	113
DnB NOR Markets	1 442	(73)	1 190
Life and Asset Management	556	(521)	(663)
- <i>Vital</i>	371	(466)	(576)
- <i>DnB NOR Asset Management</i>	185	(55)	(88)
DnB NORD	164	(2)	28
Other	(327)	54	(240)

## Changes in operating expenses

<i>Amounts in NOK million</i>	3Q08	Change 2Q08-3Q08	Change 3Q07-3Q08
<b>Operating expenses</b>	<b>4 464</b>	<b>20</b>	<b>569</b>
Corporate Banking and Payment Services	1 220	26	212
Retail Banking	1 648	(83)	124
DnB NOR Markets	426	4	122
Life and Asset Management	600	25	56
- <i>Vital</i>	416	33	97
- <i>DnB NOR Asset Management</i>	184	(8)	(40)
DnB NORD	400	3	70
Other	170	43	(15)

## Changes in write-downs on loans and guarantees

<i>Amounts in NOK million</i>	3Q08	Change 2Q08-3Q08	Change 3Q07-3Q08
<b>Write-downs on loans and guarantees</b>	<b>725</b>	<b>450</b>	<b>655</b>
Corporate Banking and Payment Services	216	124	226
Retail Banking	182	98	128
DnB NORD, including group write-downs on loans	250	197	213
Unallocated group write-downs on loans	77	35	88
Other	0	(4)	0

## Extracts from income statement, third quarter

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NOR		Other operations/eliminations <sup>1)</sup>		DnB NOR Group	
	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07
<i>Amounts in NOK million</i>														
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 <sup>*)</sup>	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)

## Extracts from income statement, January - September

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NOR		Other operations/eliminations <sup>1)</sup>		DnB NOR Group	
	Jan.-Sept. 2008	Jan.-Sept. 2007	Jan.-Sept. 2008	Jan.-Sept. 2007	Jan.-Sept. 2008	Jan.-Sept. 2007	Jan.-Sept. 2008	Jan.-Sept. 2007	Jan.-Sept. 2008	Jan.-Sept. 2007	Jan.-Sept. 2008	Jan.-Sept. 2007	Jan.-Sept. 2008	Jan.-Sept. 2007
<i>Amounts in NOK million</i>														
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 <sup>*)</sup>	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)

## 1) Other operations/eliminations:

	Eliminations of double entries		Other eliminations		Group Centre		Total	
	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07
<i>Amounts in NOK million</i>								
Net interest income - ordinary operations	0	(7)	(44)	(36)	824	519	780	476
Interest on allocated capital					(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			(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				(2)	5	867	5	865
Write-downs on loans and guarantees					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.

**Main average balance sheet items**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NOR		Other operations/eliminations		DnB NOR Group	
	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07
<i>Amounts in NOK billion</i>														
Net lending to customers <sup>1)</sup>	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 <sup>1)</sup>	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 <sup>2)</sup>							543.2	592.8						

**Key figures**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NOR		Other operations		DnB NOR Group	
	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07
<i>Per cent</i>														
Cost/income ratio <sup>3)</sup>	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 <sup>1) 4)</sup>	57.3	70.6	52.2	52.3					29.1	38.1			53.6	60.6
Return on capital, annualised <sup>5) 6)</sup>	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 <sup>6) 7)</sup>	15.3	20.0	39.1	45.5	85.1	3.8	(3.6)	34.5	(2.1)	8.1			18.5	30.7
Full-time positions as at 30 Sept. <sup>8)</sup>	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 NOR 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 NOR, while accounted taxes are applied for Vital.

7) RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to the risk-adjusted capital requirement.

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

## Corporate Banking and Payment Services

Corporate Banking and Payment Services (CBP) serves Norwegian enterprises in all segments, Swedish medium-sized companies and large corporates. CBP also serves international businesses where DnB NOR has or can build a competitive advantage based on relationships, expertise or products, alone or in cooperation with partners.

CBP is organised in nine divisions and three subsidiaries; DnB NOR Finans, Nordlandsbanken and DnB NOR Monchebank. Leif Teksum, group executive vice president, heads the business area.

CBP aims to be the customers' best partner, meeting their needs for financial solutions. DnB NOR holds a strong position in all segments of the Norwegian corporate market and is one of the world's leading shipping banks. Norway and Sweden are the main countries where CBP seek growth through customer acquisition and aims to be a broad provider of everyday banking and financial services. In addition, CBP has growth ambitions internationally within defined industries such as shipping, energy, seafood and other selected sectors where competitive advantages and a substantial knowledge base provide growth potential.

### Financial performance

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net interest income - ordinary operations	2 399	2 166	2 077	2 101	2 029	6 642	5 556
Interest on allocated capital	708	647	565	488	398	1 920	1 049
Net interest income	3 106	2 813	2 643	2 590	2 427	8 562	6 605
Net other operating income	436	862	501	830	657	1 799	2 196
Total income	3 542	3 675	3 143	3 420	3 084	10 360	8 801
Operating expenses	1 220	1 193	1 162	1 178	1 008	3 575	2 978
Pre-tax operating profit before write-downs	2 322	2 482	1 981	2 242	2 076	6 786	5 822
Net gains on fixed and intangible assets	0	18	9	7	3	27	11
Write-downs on loans and guarantees	216	93	73	30	(10)	382	47
Pre-tax operating profit	2 106	2 407	1 918	2 219	2 089	6 431	5 787
Net lending to customers (NOK billion) <sup>1)</sup>	544.5	517.4	484.6	449.8	417.3	515.6	400.1
Deposits from customers (NOK billion) <sup>1)</sup>	312.1	295.8	303.4	301.3	294.8	303.8	282.0
Cost/income ratio (%)	34.4	32.5	37.0	34.4	32.7	34.5	33.8
Ratio of deposits to lending (%)	57.3	57.2	62.6	67.0	70.6	58.9	70.5
Return on capital BIS, annualised (%)	14.0	17.2	14.7	18.6	19.4	15.3	18.6
RORAC, annualised (%)	15.3	18.7	15.7	19.6	20.0	16.6	19.3

1) Average balances. Based on nominal values.

### Comments to the financial performance in the third quarter of 2008

- CBP recorded a 0.8 per cent increase in pre-tax operating profits from the year-earlier period. Third quarter performance reflected increased funding costs as a result of strong unrest in financial markets and a negative profit contribution of NOK 396 million from Eksportfinans, reflecting both DnB NOR's ownership and the guarantee issued for bonds held by Eksportfinans.
- Net interest income from ordinary operations was up NOK 369 million from the third quarter of 2007. Lending in the third quarter was affected by the financial turmoil, but higher exchange rates contributed to a relatively strong increase in volumes of 5.2 per cent compared with the second quarter of this year. The increase mainly took place in strategic priority areas outside Norway. Growth in deposits picked up somewhat in the third quarter, with an increase of 5.5 per cent compared with the preceding quarter. The increased cost of funding in the Norwegian market put pressure on spreads. The weighted average combined spread increased by 0.03 percentage points compared with the third quarter of 2007, to 0.97 per cent in the third quarter of 2008. Compared with the second quarter of 2008, the margin also increased with 0.03 percentage points.

- Adjusted for the contribution from Eksportfinans, net other operating income increased by NOK 105 million in the third quarter of 2008 compared with the year-earlier period. There was an increase in income from guarantees, financial instruments, syndication and payment services, while income from foreign exchange products and real estate broking declined compared with the corresponding period last year.
- Operating expenses increased by NOK 212 million in the third quarter of 2008 compared with the corresponding period of 2007. International expansion, including the acquisition of SkandiaBanken Bilfinans in Sweden and Norway, has resulted in rising staff numbers and increased investments. Solid growth in operational leasing gave a significant increase in depreciation costs.
- Net write-downs on loans and guarantees totalled NOK 216 million in the third quarter of 2008.
- Average loans and guarantees to customers increased by NOK 144 billion and average deposits were up NOK 17 billion from the third quarter of 2007. Adjusted for exchange rate movements, average loans and guarantees increased by NOK 153 billion. A total of NOK 13 billion in syndicated credits, defined as the difference between underwriting and final hold, was arranged for customers in cooperation with DnB NOR Markets in the third quarter of 2008. Furthermore, commercial paper and bonds for a total value of NOK 18 billion were issued in the same period.

#### **Customers and market developments**

- DnB NOR is the leading financial institution in the market for large Norwegian corporates. In addition to the Norwegian and Swedish markets, Corporate Banking and Payment Services is offering services in New York, Houston, Santiago, London, Singapore, Shanghai, Athens, Copenhagen, Hamburg and Helsinki. DnB NOR is also represented in Murmansk in Russia through the subsidiary DnB NOR Monchebank, which is licensed to engage in banking operations throughout Russia.
- The cooperation between DnB NOR and CBP has strengthened DnB NOR's position in the Baltic area (Lithuania, Latvia and Estonia) and in Poland, supporting DnB NOR's aim to become one of the most attractive suppliers of financial services throughout this region.
- Through a wide distribution network, DnB NOR offers customers local and regional expertise as well as national sector analysis and a broad product range. In Sweden, DnB NOR is expanding its product and services offering to Swedish corporates. DnB NOR has offices in both Stockholm and Gothenburg to serve existing clients and promote continuing growth in this part of Sweden, and will open an office in Malmø in the fourth quarter of 2008.
- The strong position in the Norwegian SME market was maintained through the third quarter of 2008. A total of 1 857 new clients were acquired during this period.
- During the third quarter of 2008 the loyalty/retention programmes Partner Start, Landbruk, Basis and Pluss in DnB NOR increased by 1 229 to a total of 19 751 programmes.
- CBP aims to be the preferred provider of Internet services to corporate clients. Small and medium-sized companies are increasing their use of electronic services, thus reducing their need for manual services. In 2008, 52 000 companies have carried out more than 72 million transactions in DnB NORs corporate Internet bank.
- DnB NOR is committed to maintaining and further enhancing a strong local presence. Local management and employees have extensive pertinent expertise and are authorised to grant credits that meet the requirements of the SME segment as well as larger clients.
- Nordlandsbanken strengthens DnB NOR's position in the northernmost part of Norway. The subsidiary serves the county of Nordland and operates under the brand name Nordlandsbanken.

**Corporate Banking market shares, excluding off-balance sheet instruments** <sup>1) 2)</sup>

<i>Per cent</i>	31 Aug. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
Of total lending to corporate clients <sup>3)</sup>	15.1	15.3	15.0	15.2	15.0
Of deposits from corporate clients <sup>4)</sup>	36.4	35.8	34.5	35.6	37.1

<i>Per cent</i>	30 June 2007	31 March 2007	31 Dec. 2006	30 Sept. 2006	30 June 2006
Of total lending to corporate clients <sup>3)</sup>	14.8	14.6	15.3	15.1	15.5
Of deposits from corporate clients <sup>4)</sup>	35.7	37.7	37.6	38.4	38.8

1) Based on nominal values.

2) Updated according to adjusted data from Norges Bank.

3) Overall lending includes all credits extended to Norwegian customers by domestic commercial and savings banks, state banks, insurance companies, finance companies and foreign institutions, as well as bonds and commercial paper. Excluding lending to financial institutions, central government and social security services.

4) Excluding deposits from financial institutions, central government and social security services.

Source: Norges Bank, DnB NOR

**Average total volumes**

<i>Amounts in NOK billion</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Loans <sup>1)</sup>	544	517	485	450	417	516	400
Guarantees	84	78	75	70	67	79	65
Total loans and guarantees	629	596	560	519	484	595	465
Adjusted for exchange rate movements	629	601	560	515	475	595	452
Commercial paper during the period	14	18	13	25	18	44	42
Syndicated loans during the period <sup>2)</sup>	13	10	12	18	14	35	38
Bond issues during the period	5	21	11	11	16	36	34

1) Based on nominal values.

2) Difference between DnB NOR underwriting and DnB NOR final hold.

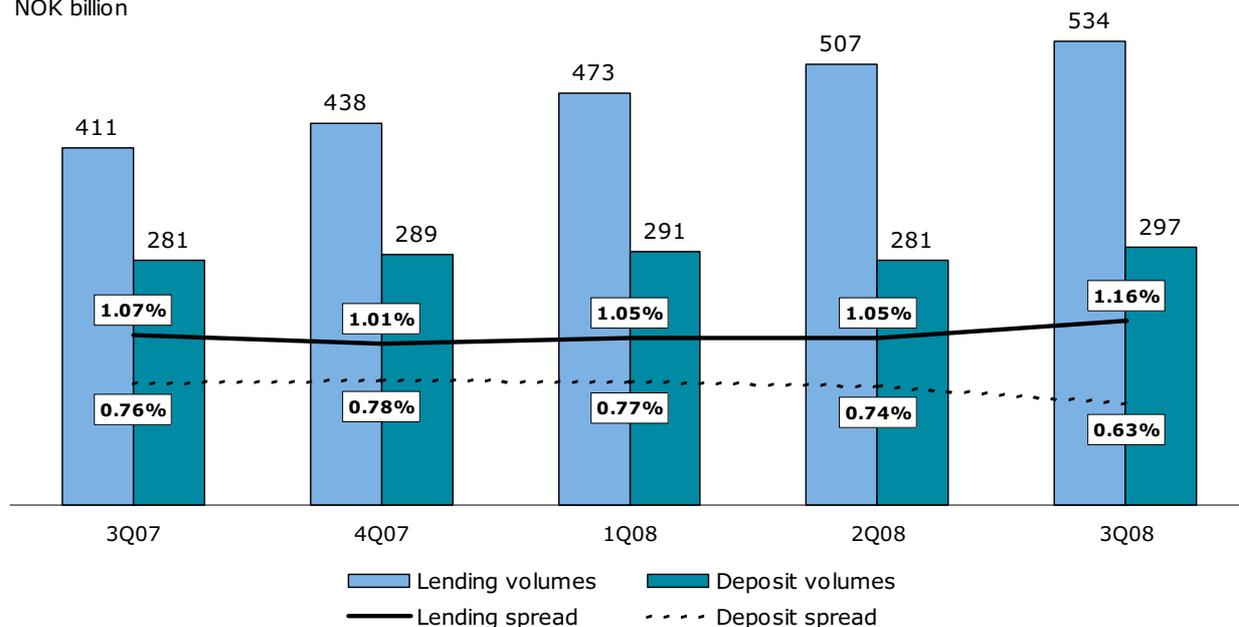
**Net interest income**

<i>Amounts in NOK million</i>	Average volumes			Spreads in per cent			Net interest income		
	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07
Lending <sup>1)</sup>	533 530	507 173	410 990	1.16	1.05	1.07	1 554	1 333	1 107
Deposits <sup>1)</sup>	296 654	281 284	281 001	0.63	0.74	0.76	471	518	538
Allocated capital and non-interest bearing items	39 369	37 145	29 237	6.56	6.43	5.15	646	599	378
Other							435	362	404
<b>Total net interest income</b>							<b>3 106</b>	<b>2 813</b>	<b>2 427</b>

1) Based on nominal values excluding lending to and deposits from credit institutions and impaired loans.

**Developments in average volumes and interest spreads <sup>1)</sup>**

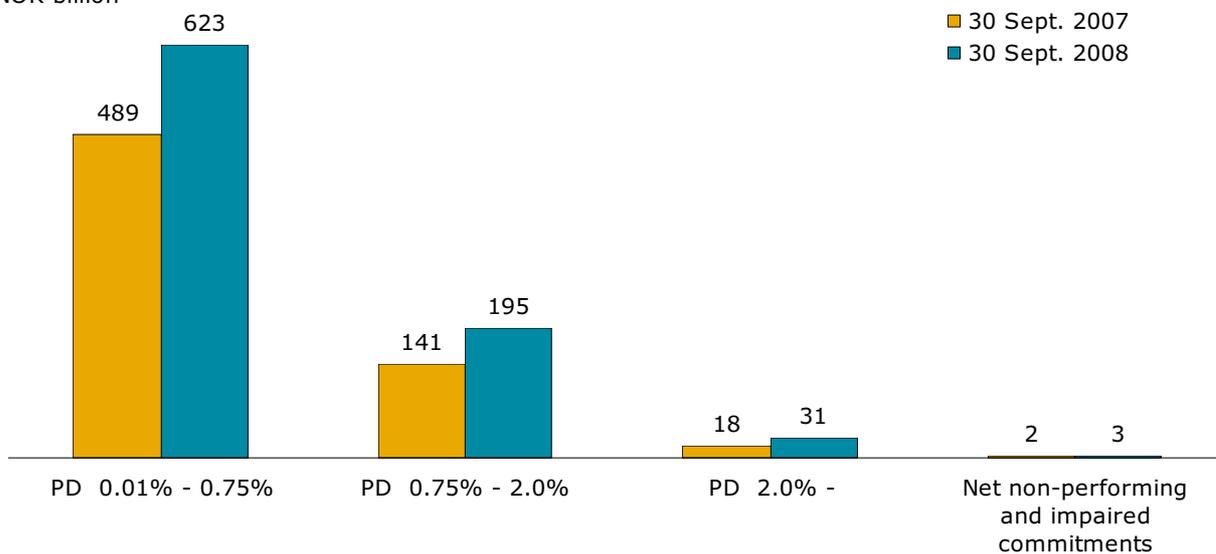
NOK billion



1) Excluding lending to and deposits from credit institutions and impaired loans.

**Risk classification of portfolio <sup>1)</sup>**

NOK billion



1) Based on DnB NOR's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default

**Organisation and distribution**

Corporate Banking and Payment Services is organised in nine divisions:

- The Nordic Corporate Division and the International Corporates and Institutions Division serve large Norwegian corporates, the public sector, international companies that do business in Norway, international customers in the oil and energy, telecom, media and technology, healthcare, pulp and paper industries as well as financial institutions.
- The Shipping, Offshore and Logistics Division serves Norwegian and international shipping, offshore and maritime logistics companies. DnB NOR's operations in New York, London, Athens, Singapore and Shanghai are organised in this division.
- The Regional Division East and the Regional Division Coast serve SMEs and large companies based on geographical location. International companies within seafood are also served by the Regional Division Coast through the international offices.
- The Sweden Division serves large and medium-sized businesses in Sweden.
- The Workout Division is responsible for supporting the customer divisions in their work on high-risk customers and non-performing commitments.
- The Telephone & Online Banking, Market and Product Division is responsible for cash management, marketing, telephone and online banking.
- Administration and Payment Services is responsible for strategic management support and has group-wide responsibility for payment products and infrastructure projects affecting both retail and corporate customers. DnB NOR's operations in Finland, Denmark, Germany and Russia are also organised in this division.

**Products**

CBP offers customers a broad range of financial services, including lending, bond issues, syndication of loans, deposits, cash management, Trade Finance and Structured Finance, eCommerce products, commercial real estate broking services, FX and interest rate instruments, corporate finance and acquisition finance, life insurance and pension products either directly or in cooperation with DnB NOR Markets or other business areas in the Group.

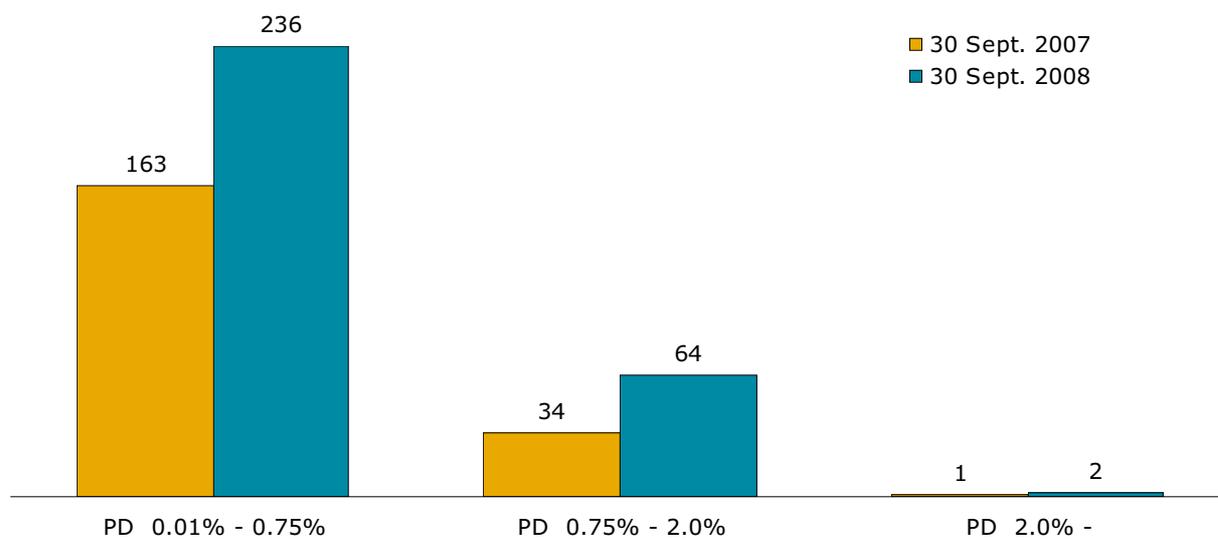
Through DnB NOR Markets Inc. in the US, DnB NOR offers investment banking services, including merger and acquisition and advisory services, to international clients, particularly in the shipping and energy sectors.

**International growth**

DnB NOR opened a branch office in Santiago and a representative office in Mumbai during the third quarter. These initiatives will strengthen local presence for existing clients in the shipping, energy and seafood industries, while creating new business opportunities for the Group.

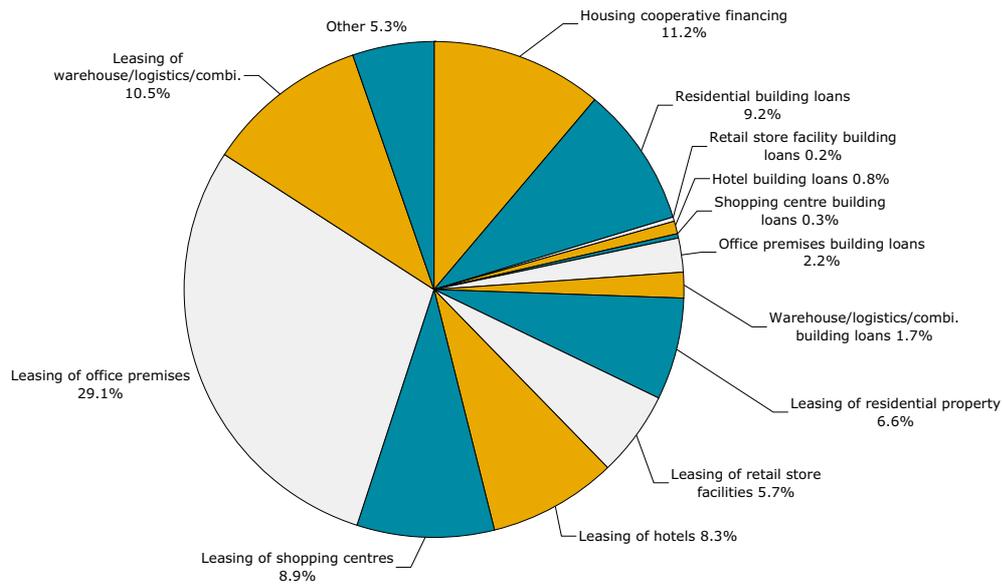
**Risk classification of international portfolio <sup>1)</sup>**

NOK billion

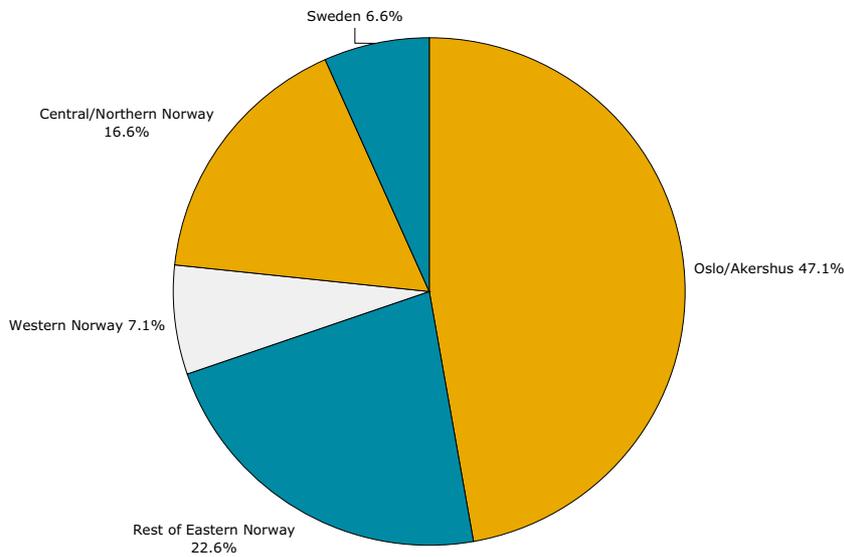


1) Based on DnB NOR's risk classification system. The volume represents the expected outstanding amount in the event of default.  
PD = probability of default

**Commercial property exposure according to segment as at 30 September 2008**



**Geographic commercial property exposure as at 30 September 2008**



**Employees**

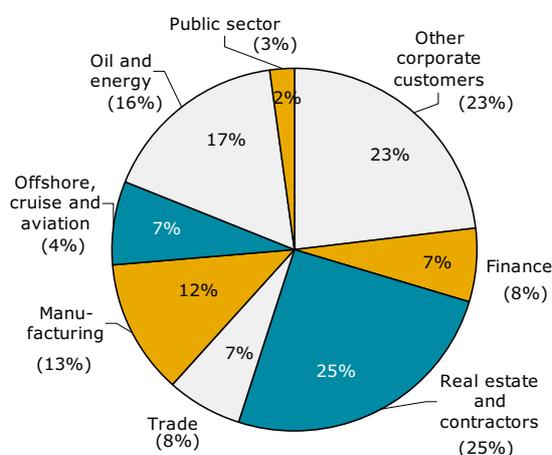
- The considerable expertise of DnB NOR employees within local business, specific industries, credit risk, customer needs and product offerings is an important competitive advantage of CBP in the domestic market. CBP has a broad competence base and is committed to its continuous development. Competence development and training have high priority. Particular emphasis has been placed on systematic specialised training in credit rating and profitability analyses. In addition there is special emphasis on basic training for new employees.
- Competence has been strengthened in areas that enable CBP staff to offer customers strategic advice, including training programmes in presentation and communication skills.
- To strengthen the skills of employees working in the important SME segment, the 'SME Academy' has been established. This training is continued through on-the-job training based on best practice, and employees can also choose between a range of optional modules for training in sales and customer service.
- The importance of empowerment is stressed, and a training programme called "Wise leadership – My way of being" has been completed. The programme was tailor-made for managers in CBP. Managers are putting their acquired skills into practice, and there are several follow-up activities to insure that their new skills will benefit the organisation. Other employees are offered a less comprehensive version of the programme called "Thinking Together".
- In order to support the Group's internationalisation, the extensive programme for short and long-term assignments at DnB NOR's international offices will be continued.
- Incentive structures and balanced scorecards are tailored to the goals of the different divisions.
- An employee satisfaction survey is carried out yearly, and managers are requested to discuss its result with the employees to identify potential improvement measures.
- At end September 2008, the business area had a staff of 2 550 full-time positions, with 1 828 in Norway, including 656 in subsidiaries, and 723 in international units.

## Nordic Corporate Division and International Corporate and Institutions Division

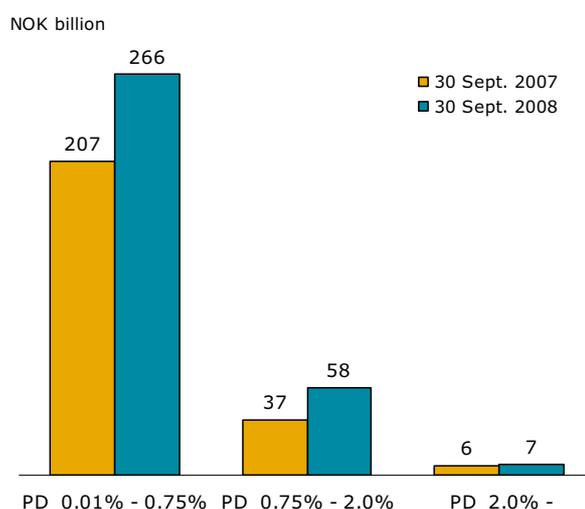
### Average volumes

Amounts in NOK billion	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net lending to customers <sup>1)</sup>	197	188	172	154	134	186	127
Guarantees	59	54	51	46	45	55	43
Customer deposits	139	133	132	132	127	135	121

### Exposure at default according to sector<sup>1)</sup>



### Risk classification of portfolio<sup>2)</sup>



1) Figures as at 30 September 2008. Percentages as at 30 September 2007 in parentheses.

2) Based on DnB NOR's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default

### Business profile

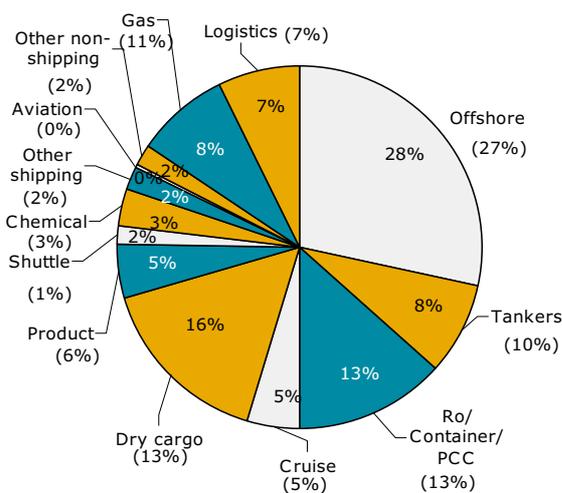
- Serving large Norwegian and Swedish corporates including the public sector, international companies with business in Norway, international customers in the oil and energy, telecom, media and technology, healthcare, and pulp and paper industries as well as financial institutions.
- DnB NOR is market leader in the large corporate segment in Norway. The majority of Norway's largest corporations use DnB NOR as their lead banker. In addition, DnB NOR has extensive interaction with most of the other institutions in this segment.
- The business volume generated by DnB NOR in Sweden is growing. At the end of September 2008, exposure amounted to around SEK 58 billion, mainly to large corporates and medium-sized companies.
- Commercial real estate broking services are offered through the subsidiary DnB NOR Næringsmegling.

## Shipping, Offshore and Logistics Division

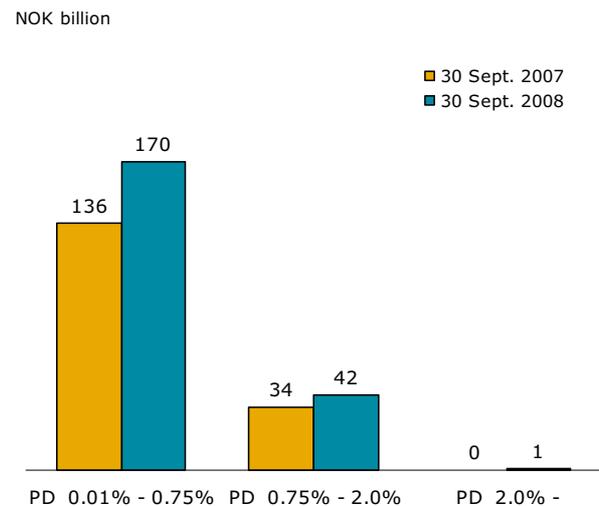
### Average volumes

Amounts in NOK billion	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net lending to customers	126	115	108	102	95	116	88
Guarantees	11	11	11	11	11	11	10
Customer deposits	52	47	53	55	54	51	50

### Exposure at default according to sector <sup>1)</sup>



### Risk classification of portfolio <sup>2)</sup>



1) Figures as at 30 September 2008. Percentages as at 30 September 2007 in parentheses.

2) Based on DnB NOR's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default

### Business profile

- The Shipping, Offshore and Logistics Division provides commercial and investment banking services to high-quality Norwegian and international shipping, offshore and logistics clients. Offices are located in Oslo, Bergen, New York, London, Athens, Singapore and Shanghai.
- The division aims to achieve satisfactory growth in risk-adjusted profitability by being one of the leading international shipping banks.
- The division aims to be the preferred strategic discussion partner for clients, while expanding its client base through further development of the logistics and LNG portfolio and strengthening of the market position in Germany and the Nordic countries.
- The division focuses on competence development to further improve the quality and range of client services.

### The bank's exposure to the dry bulk market is characterised by the following

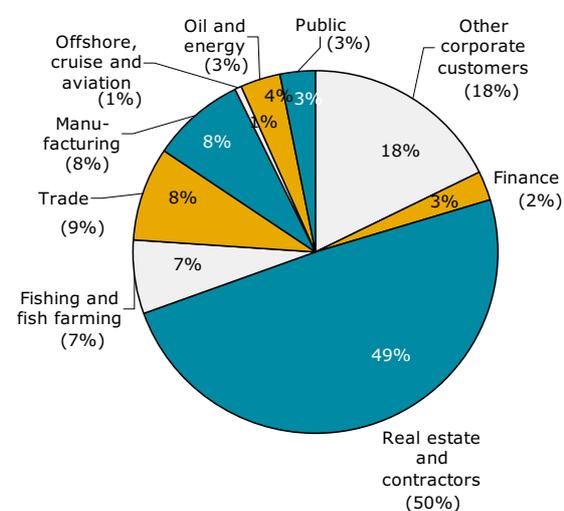
- Clients are large, leading market participants within the segment and have an industrial business strategy.
- DnB NOR has a very limited exposure to small companies operating one to two vessels.
- Many of our clients are engaged in several shipping segments, not just dry bulk.
- The twenty largest clients within the segment represent approximately 70 per cent of the bank's portfolio.
- These clients have strong balance sheets and sound liquidity and are well equipped to meet an economic downturn.
- The clients' fleets have good contract coverage throughout 2009.
- DnB NOR primarily funds modern vessels with an expected economic life of approximately 25 years.

## Regional Division East and Regional Division Coast

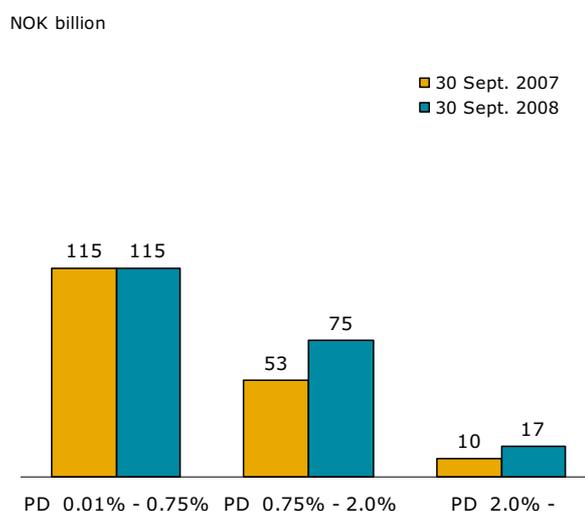
### Average volumes

Amounts in NOK billion	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net lending to customers <sup>1)</sup>	169	165	159	153	149	164	147
Guarantees	13	12	12	12	11	12	11
Customer deposits	114	110	113	109	108	112	105

### Exposure at default according to sector<sup>1)</sup>



### Risk classification of portfolio<sup>2)</sup>



1) Figures as at 30 September 2008. Percentages as at 30 September 2007 in parentheses.

2) Based on DnB NOR's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default

### Business profile

- Serving more than 84 000 clients throughout Norway.
- Substantial market shares in all segments - large, medium-sized and small enterprises. Market shares vary in different geographical regions, and there is a sound growth potential in selected areas.
- Local presence combined with the expertise of a major bank are key priorities for clients served by these two divisions.
- A broad regional network provides service through experienced account officers and advisors, as well as over the telephone and via the Internet.
- Payment services are available through 178 DnB NOR branches in Norway, and corporate clients are served at 60 locations. Products from DnB NOR Markets are available at 13 regional offices.
- DnB NOR has a sound platform for strengthening its position as the preferred provider of financial products and services for these customer segments.
- Among the world's leading banks within the seafood industry.

## Nordlandsbanken – Corporate Banking

### Average volumes

<i>Amounts in NOK billion</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net lending to customers	16	15	14	14	13	15	12
Guarantees	1	1	1	1	1	1	1
Customer deposits	5	5	5	5	5	5	5

### Business profile

- Corporate Banking in Nordlandsbanken serves businesses and the public sector in the county of Nordland.
- Nordlandsbanken serves corporate customers through 16 branches in Nordland and holds a leading position in the corporate segment with a market share of approximately 47 per cent of the active private limited companies in Nordland county.
- Nordlandsbanken aims to be the preferred financial partner for companies in Nordland by meeting their needs for financial solutions through local expertise and as part of a large, nationwide financial institution.

## DnB NOR Finans

### Average volumes

<i>Amounts in NOK billion</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net lending to customers	47	46	38	33	30	43	29

### Comments to changes in average volumes

- There was a 46 per cent increase in new leasing and lending contracts in the third quarter of 2008 compared with the third quarter of 2007.
- The value of processed factoring invoices was up 20 per cent in the third quarter of 2008 relative to the third quarter of 2007.

### Business profile

- DnB NOR Finans is Norway's leading finance company.
- The company meets customer requirements for administrative, financial and risk-reducing services related to investments and operations.
- Business operations focus mainly on leasing, leasing concepts for information and communication technology (ICT), factoring, motor vehicle financing and Autolease car fleet management in Norway, Sweden and Denmark.
- DnB NOR Finans has a strong local presence in Norway through 14 branches, most of which have the same location as DnB NOR Bank. In addition to Norway, DnB NOR Finans has local representation in both Denmark and Sweden. Products offered in Denmark are Autolease and equipment finance, while Autolease, car finance, equipment finance, ICT finance and factoring are offered in the Swedish market.
- DnB NOR Finans has purchased SkandiaBanken Bilfinans' operations in Sweden and Norway. The acquisition will strengthen DnB NOR Finans' position in the car finance market and contribute to a market share of close to 30 per cent.

## DnB NOR Monchebank

### Average volumes

<i>Amounts in NOK billion</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net lending to customers	0.7	0.6	0.6	0.5	0.4	0.6	0.4
Guarantees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer deposits	0.9	0.7	0.7	0.7	0.7	0.8	0.6

### Business profile

- DnB NOR Monchebank is a regional bank serving corporate and retail customers and has a firm foothold in the Murmansk region in Russia.
- The bank holds a general licence for banking operations throughout Russia.
- The bank will be the fundament for further development of DnB NOR's business in the Murmansk and Arkhangelsk region.

### Financial performance

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net interest income	20	16	14	17	14	50	36
Net other operating income	2	6	7	8	5	15	15
Total income	21	22	21	25	20	65	51
Operating expenses	12	12	11	17	10	35	31
Pre-tax operating profit before write-downs	10	10	10	8	10	30	20
Net gains on fixed and intangible assets	-	-	-	0	0	-	0
Write-downs on loans and guarantees	3	3	1	0	3	6	5
Pre-tax operating profit	7	8	9	8	7	24	15
Taxes	3	3	1	1	2	7	4
Profit for the period	4	5	8	7	4	17	11
Net lending to customers (NOK billion) <sup>1)</sup>	0.7	0.6	0.6	0.5	0.4	0.6	0.4
Deposits from customers (NOK billion) <sup>1)</sup>	0.9	0.7	0.7	0.7	0.7	0.8	0.6
Cost/income ratio (%)	55.3	54.8	51.2	68.0	50.4	53.8	60.6
Ratio of deposits to lending (%)	121.7	118.5	124.5	145.5	160.5	121.5	164.7
Return on capital (% p.a.) <sup>2)</sup>	9.5	10.8	19.6	16.4	10.1	13.2	9.2

1) Average figures based on nominal values.

2) Calculated on the basis of recorded equity.

## Retail Banking

Retail Banking, serving private customers and small companies under the main brand names DnB NOR, Postbanken and Nordlandsbanken, is Norway's largest retail bank. Åsmund Skår, group executive vice president, is head of the business area. Retail Banking aims to maintain its leading market position and stand out as the customers' best financial partner.

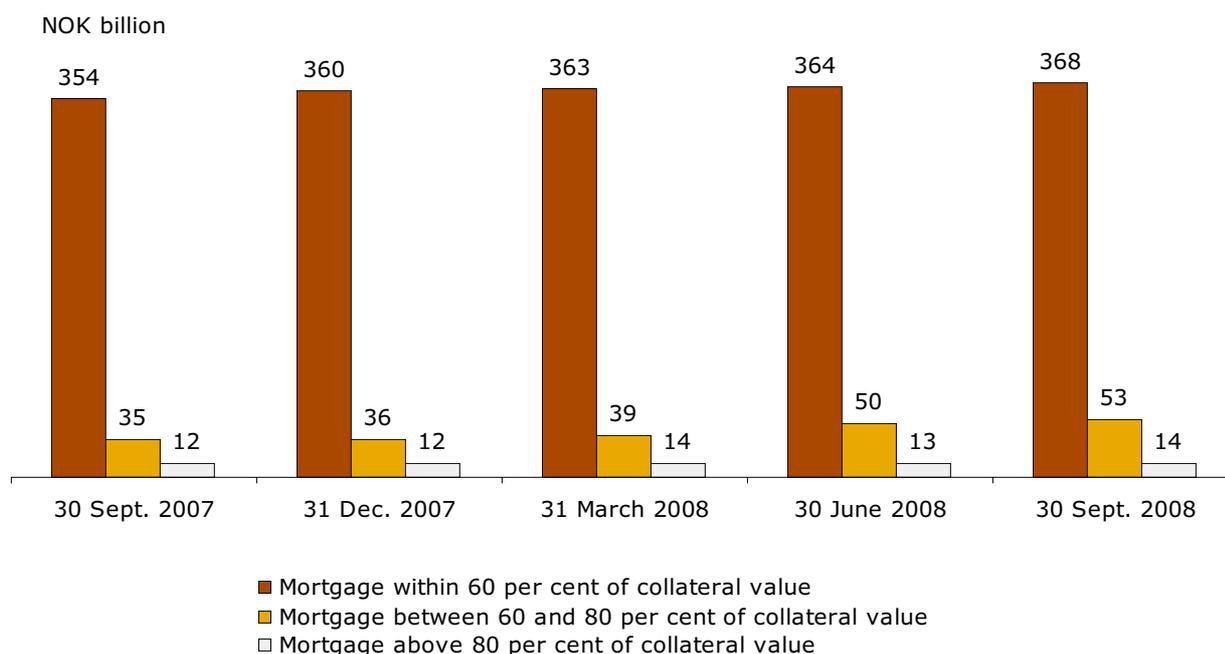
### Financial performance

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net interest income - ordinary operations	1 812	1 692	1 790	1 962	1 817	5 294	5 053
Interest on allocated capital	104	112	104	196	169	320	444
Net interest income	1 916	1 804	1 894	2 158	1 985	5 614	5 497
Net other operating income	864	826	823	783	751	2 513	2 323
Total income	2 780	2 630	2 717	2 941	2 736	8 127	7 820
Operating expenses	1 648	1 731	1 673	1 651	1 524	5 052	4 671
Pre-tax operating profit before write-downs	1 132	899	1 044	1 290	1 212	3 075	3 149
Net gains on fixed and intangible assets	0	0	0	44	0	0	0
Write-downs on loans and guarantees	182	84	62	72	54	327	194
Pre-tax operating profit	950	815	982	1 263	1 158	2 747	2 955
Net lending to customers (NOK billion) <sup>1)</sup>	460.5	451.1	443.2	439.2	430.3	451.6	421.3
Deposits from customers (NOK billion) <sup>1)</sup>	240.3	232.3	228.3	222.6	224.9	233.7	217.6
Cost/income ratio (%)	59.3	65.8	61.6	56.1	55.7	62.2	59.7
Ratio of deposits to lending (%)	52.2	51.5	51.5	50.7	52.3	51.7	51.7
Return on capital BIS, annualised (%)	43.3	33.8	41.0	26.6	25.3	39.2	22.4
RORAC, annualised (%)	39.1	33.1	40.7	47.4	45.5	37.6	38.1

1) Average balances. Based on nominal values.

### Comments to the financial performance in the third quarter of 2008

- Pre-tax operating profit of NOK 950 million in the third quarter of 2008, down NOK 209 million from the corresponding period in 2007. Return on BIS capital increased from 25.3 per cent to 43.3 per cent.
- The cost/income ratio increased from 55.7 to 59.3 per cent.
- 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.
- Average lending volume increased by NOK 30 billion or 7.0 per cent to NOK 460 billion, referring primarily to well-secured housing loans. Average customer deposits rose by NOK 15 billion or 6.8 per cent.
- Net other operating income increased by NOK 113 million to NOK 864 million. Income from the sale of funds and life and pension insurance, as well as income from Norwegian real estate broking activities, was reduced compared with the third quarter of 2007. Acquisitions and operations in Sweden accounted for NOK 64 million of the increase in income.
- Operating expenses increased by NOK 124 million to NOK 1 648 million. Acquisitions and operations in Sweden accounted for NOK 103 million of the increase.
- Write-downs on loans and guarantees increased by NOK 128 million. On a yearly basis write-downs relative to total average lending increased from 0.05 per cent in the third quarter of 2007 to 0.16 per cent in the third quarter of 2008.
- The volume of net non-performing and impaired commitments increased from NOK 1.7 billion in the third quarter of 2007 to NOK 2.4 billion, representing 0.4 and 0.5 per cent of lending volumes respectively.

**Residential mortgages <sup>1)</sup>**

1) Residential mortgages in the business area Retail Banking in Norway.

**Net interest income**

Amounts in NOK million	Average volumes			Spreads in per cent			Net interest income		
	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07
Lending <sup>1) 2)</sup>	458 379	449 112	428 492	0.73	0.46	0.58	841	511	626
Deposits <sup>1)</sup>	240 482	232 565	224 962	1.63	1.84	1.90	991	1 070	1 077
Allocated capital and non-interest bearing items	5 206	5 943	12 496	6.56	6.43	5.15	86	95	161
Other							(2)	128	121
<b>Total net interest income</b>							<b>1 916</b>	<b>1 804</b>	<b>1 985</b>

1) Based on nominal values.

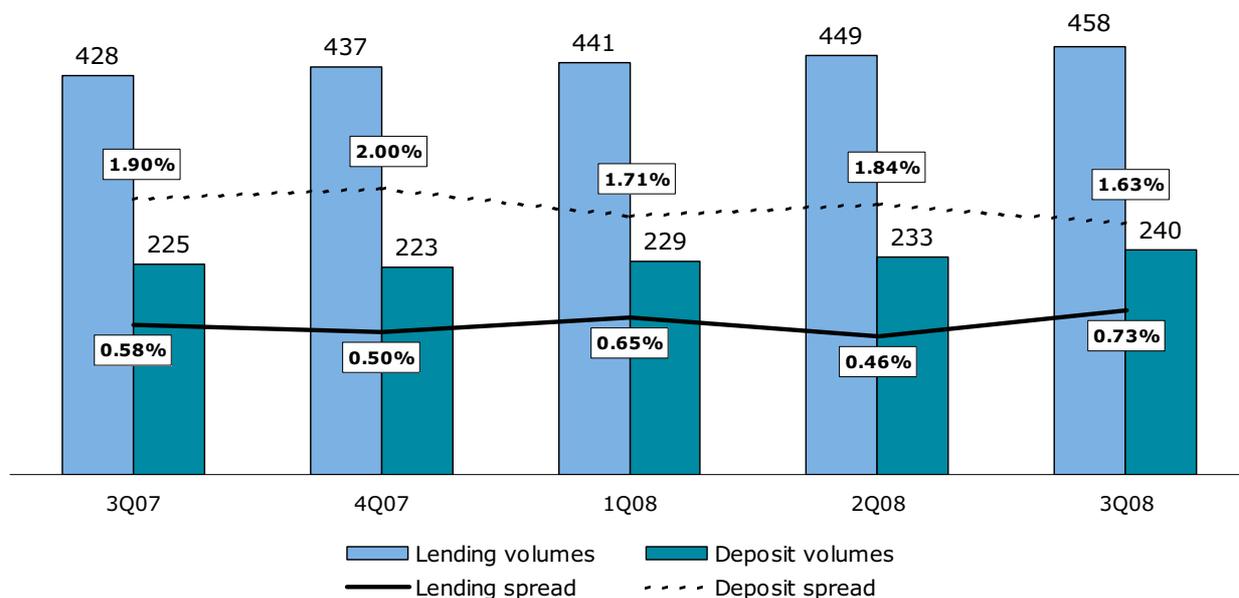
2) Excluding impaired loans.

**Development in spreads**

- Over the last few years, lending spreads have been inadequate to cover all costs relating to operations, funding and risk.
- The lending spread is still below a "normalised" level.
- Spreads relative to the internal transfer rate (equals the 3-month money market rate) do not give a complete picture of developments. The graphs showing developments in spreads, see page 19 and next page, do not reflect the effect of higher costs for long-term funding or the effects relating to DnB NOR Boligkreditt.
- The deposit and lending spreads show a diverging trend. This is a logical development and must be viewed in light of intensifying competition for deposits and changes in the risk scenario.

### Developments in average volumes and interest spreads <sup>1)</sup>

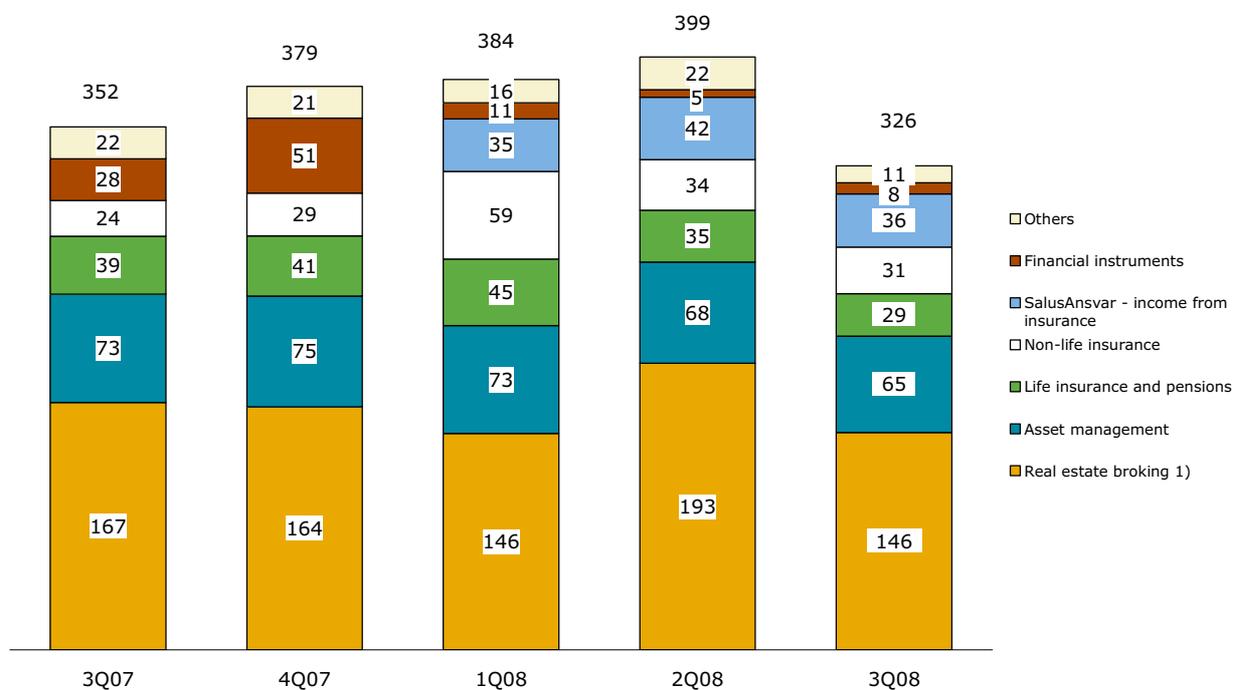
NOK billion



1) Excluding impaired loans

### Income from product sales

NOK million



1) Real estate broking includes income in Svensk Fastighetsförmedling in Sweden.

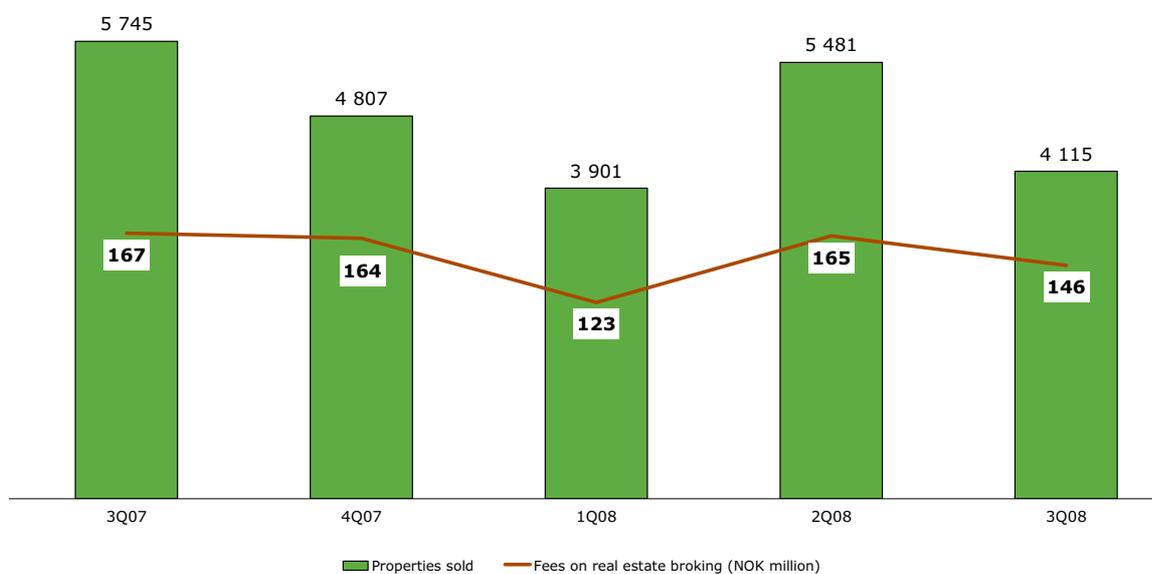
### Residential real estate broking

DnB NOR's real estate broking activities are coordinated by DnB NOR Eiendom AS, a market leader within the real estate broking business in Norway. DnB NOR Eiendom had 99 outlets located in DnB NOR branches at the end of September 2008. Postbanken Eiendom has established 33 real estate broking customer service centres.

After the acquisition of Svensk Fastighetsförmedling DnB NOR became the largest provider of real estate brokerage services in the Nordic region, and the introduction of housing loans for Swedish bank customers is an important step to build a customer portfolio and a long-term income base in the Swedish market. Svensk Fastighetsförmedling had 209 outlets in Sweden at end-September.

In addition to fee income, real estate broking operations generate business in the form of residential mortgages and savings.

### Real estate broking in Norway



### Properties sold and market shares <sup>1)</sup>

Properties sold						Jan. - Sept.	
	3Q08	2Q08	1Q08	4Q07	3Q07	2008	2007
DnB NOR Eiendom	3 358	4 435	3 268	3 922	4 104	11 061	13 134
Postbanken Eiendom	757	1 046	633	885	1 641	2 436	2 866
Total properties sold	4 115	5 481	3 901	4 807	5 745	13 497	16 000
Market share, per cent <sup>2)</sup>						16 %	15 %

1) Norwegian operations only

2) Management's estimates.

### Consumer finance

- DnB NOR's card-based services and consumer finance activities are coordinated in DnB NOR Kort (an entity within DnB NOR Bank ASA).
- DnB NOR Kort's lending volume increased to NOK 12 469 million, from NOK 10 961 million at end-September 2007.
- Consumer finance activities generated healthy profits in the third quarter of 2008.
- DnB NOR Kort is Norway's leading card issuer in terms of number of cards issued and lending volume. As at 30 September 2008, the entity had issued more than 1.6 million credit and charge cards.

**Non-life insurance**

Vital Skade offers a totally integrated virtual insurance site where Internet banking customers can buy non-life insurance products (home, car, travel etc.). Products are sold on a commission basis. Vital Skade operates as an agent and assumes no risk on its own.

Vital Skade has entered into non-exclusive agreements with 13 academic associations offering non-life insurance products through specialised service centres. Premium income generated in Vital Skade in the third quarter of 2008 totalled NOK 143.6 million, an increase of 22 per cent from the corresponding period of 2007. Academic associations account for 39 per cent of total premiums. Sales through the Internet banking application represented total premiums of NOK 77.2 million, up from NOK 62.1 million in the third quarter of 2007. Commission income increased by 32 per cent, from NOK 19.4 million in the third quarter of 2007 to NOK 25.6 million in the corresponding period of 2008.

**Customers/markets**

- Serving more than 2.3 million private individuals
- 414 000 housing loan customers
- 765 000 subscribe to DnB NOR loyalty programmes and 447 000 to Postbanken Leve
- 1.5 million clients use the Group's Internet banks
- dnbnor.no and postbanken.no are Norway's largest Internet banks
- 43 million payment transactions were carried out through the Internet banks in the first nine months of 2008
- 1.1 million customers have agreed to receive notifications from the bank, such as account statements, via e-mail
- Brand names
  - DnB NOR
  - Postbanken
  - Cresco
  - Nordlandsbanken
  - Vital Skade

**Organisation and distribution**

Retail Banking offers a wide range of financial products and services through Norway's largest distribution network, in terms of number of contact points with customers. The major distribution channels are:

- DnB NOR's, Postbanken's and Nordlandsbanken's branch offices
- The postal network
- In-store banking outlets
- Internet and telephone
- Investment Advisory Services

DnB NOR Bank ASA and Norway Post have an agreement relating to the distribution of financial services through the postal network. The agreement is mainly based on transaction-specific prices and a common aim to increase the number of financial services distributed through the postal network, and will remain in force until December 2012.

Postbanken and Norway Post have established joint service solutions provided through 1 169 in-store postal outlets where customers can carry out everyday banking transactions in their local supermarkets. 3.5 million payment transactions were carried out through these channels in the first nine months of 2008. Norway Post has entered into an agreement with DnB NOR for the purchase and installation of up to 2500 payment terminals for use in post offices and in-store postal outlets.

The distribution of standard banking services through in-store banking outlets is based on an agreement between DnB NOR and NorgesGruppen. In-store banking outlets will be nationwide with the planned implementation of 1 200 outlets.

**Retail Banking market shares <sup>1)</sup>**

<i>Per cent</i>	31 Aug. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
Total lending to households <sup>2)</sup>	28.5	28.5	28.7	28.9	29.1
Bank deposits from households <sup>3)</sup>	32.8	32.8	32.8	32.8	33.4

<i>Per cent</i>	30 June 2007	31 March 2007	31 Dec. 2006	30 Sept. 2006	30 June 2006
Total lending to households <sup>2)</sup>	29.2	29.5	29.7	29.9	30.2
Bank deposits from households <sup>3)</sup>	33.9	34.1	34.4	34.8	34.9

1) Based on nominal values.

2) Total lending includes all credits extended to Norwegian customers by domestic commercial and savings banks, state banks, insurance companies and finance companies.

3) Domestic commercial and savings banks.

Source: Norges Bank, DnB NOR

**News**

- DnB NOR removed the charge on all of its loyalty programmes for retail customers with effect from 1 May 2008. The number of customers with loyalty programmes has increased by 40 000 during the last five months which also contributed to an increase in lending and deposits volumes.
- The launch of the English version of DnB NOR's Internet bank for retail customers has been a success. Between 10,000 and 15,000 customers regularly visit the Internet bank.
- DnB NOR will establish its own non-life insurance company by the end of 2008.
- BankID, which is a personal electronic proof of identity for secure identification and signatures on the Internet, will be used by most of our Internet bank customers by the end of 2008.
- DnB NOR will be responsible for all banking services at Oslo Airport Gardermoen from 1 January 2009. The agreement will remain in force for five years.
- DnB NOR and Telenor are working with MasterCard World Wide to make it possible to use mobile phones as an alternative to cards when making payments in shops

**Employees**

At the end of September 2008, Retail Banking staff represented 3 944 full-time positions, including SalusAnsvar, Svensk Fastighetsförmedling and Sweden Retail.

To ensure a high level of professional expertise and advisory services of a superior ethical standard, DnB NOR has initiated certification of advisers in Retail Banking. All employees who are primarily engaged in advising retail customers will be certified.

**Cooperation with other group entities**

Cross-selling of products is one of the major strengths of the DnB NOR Group. Through its distribution network Retail Banking offers:

- Asset management services (DnB NOR Asset Management)
- Life and pension insurance (Vital)
- Financial instruments (DnB NOR Markets)
- Car loans (DnB NOR Finans)

## DnB NOR Markets

DnB NOR Markets is Norway's largest provider of a wide range of securities and investment banking services. DnB NOR Markets comprises the following units:

- FX/Rates/Commodities/Credit/Real Estate
- Equities
- Corporate Finance
- Securities Services

The Group Treasury is organised within DnB NOR Markets though profits and losses for the unit are not recorded under this business area. Ottar Ertzeid, group executive vice president, is head of DnB NOR Markets.

DnB NOR Markets aims to be the leading investment bank for Norwegian and Norwegian-related customers, as well as international clients requiring services relating to Norway and the Norwegian krone. Clients outside Norway are served through the Group's international units, especially shipping and energy clients and Norwegian companies' international entities.

DnB NOR Markets is a full-service investment bank with leading market positions in Norway. The business area has:

- A diversified business/revenues mix (products and customers)
- A sound mix of customer and trading activities
- Cost and capital-efficient operations

### Financial performance

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net interest income - ordinary operations	352	31	37	44	53	420	162
Interest on allocated capital	103	79	77	58	50	260	132
Net interest income	455	111	114	101	103	680	294
Net other operating income	1 442	1 514	(412)	740	252	2 544	2 154
Total income	1 897	1 625	(298)	842	355	3 224	2 448
Operating expenses	426	422	375	419	304	1 223	1 098
Pre-tax operating profit before write-downs	1 471	1 203	(673)	423	51	2 001	1 350
Net gains on fixed and intangible assets	0	0	0	0	0	0	(1)
Write-downs on loans and guarantees	0	0	0	0	0	0	22
Pre-tax operating profit	1 471	1 203	(673)	423	51	2 001	1 326
Cost/income ratio (%)	22.5	26.0	(126.1)	49.8	85.7	62.2	59.7
Return on capital BIS, annualised (%)	66.6	70.2	(37.8)	30.3	3.8	39.2	22.4
RORAC, annualised (%)	84.7	79.3	(64.1)	41.6	3.8	45.1	55.2

### Comments to the financial performance in the third quarter of 2008

- In spite of the global financial turmoil, DnB NOR Markets achieved healthy profits in the third quarter of 2008.
- Total revenues increased to NOK 1 897 million in the third quarter of 2008, from NOK 355 million in the year-earlier period.
- Income from customer business was NOK 702 million, down NOK 25 million from the year-earlier period. Customer-related income from foreign exchange, interest rate and commodity derivatives compensated for reduced income from equity-related operations.

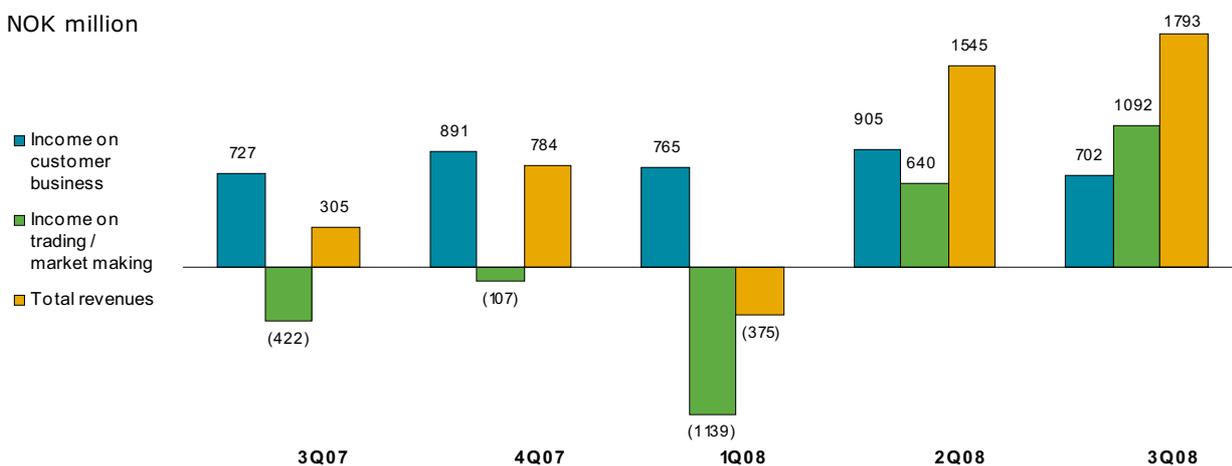
- Income from market making/trading totalled NOK 1 092 million, up NOK 1 514 million compared with the third quarter of 2007. There was an increase in income from trading in interest rate instruments due to exceptionally large interest rate changes in favour of the bank. With effect from 1 July 2008, DnB NOR has availed itself of the opportunity to reclassify a bond portfolio of NOK 88 billion from a trading portfolio to the held to maturity category. Amortisation of write-downs for previous periods represented NOK 282 million in the third quarter. If the previous principle had been maintained, income would have been NOK 1 480 million lower. No credit losses are expected in the portfolio.

### Products and services

- Currency, interest rate and commodity derivatives.
- Securities and other investment products.
- Debt and equity financing in capital markets, as well as merger and acquisition and other advisory and corporate finance services.
- Custodial and other securities services.

### Income distribution

NOK million



	3Q07	4Q07	1Q08	2Q08	3Q08
Total revenues	305	784	(375)	1 545	1 793
Interest on allocated capital	50	58	77	79	103
Total income	355	842	(298)	1 625	1 897

**Revenues within various segments**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
FX, interest rate and commodities derivatives	381	398	434	358	373	1 213	974
Investment products	105	176	117	187	107	398	518
Corporate finance	144	228	129	249	150	501	580
Securities services	71	104	85	97	96	260	291
Total customer revenues	702	905	765	891	727	2 372	2 362
Changes in credit spreads	-	233	(1 566)	(592)	(666)	(1 333)	(661)
Other market making/trading revenues	1 092	407	427	485	244	1 925	615
Total trading revenues	1 092	640	(1 139)	(107)	(422)	592	(46)
Interest income on allocated capital	103	79	77	58	50	260	132
Total income	1 897	1 625	(298)	842	355	3 224	2 448

<i>Amounts in NOK million</i>	2007	2006	2005	2004	2003
FX, interest rate and commodities derivatives	1 332	1 044	970	876	866
Investment products	705	851	797	530	565
Corporate finance	828	695	387	209	220
Securities services	388	316	237	193	171
Total customer revenues	3 253	2 907	2 392	1 808	1 823
Changes in credit spreads	(1 253)	(9)	7	67	65
Other market making/trading revenues	1 100	916	569	600	527
Total trading revenues	(153)	906	576	667	592
Interest income on allocated capital	189	93	47	41	86
Total income	3 289	3 907	3 015	2 516	2 501

**Distribution and cooperation with other entities**

Maintaining a broad distribution network and effective cooperation with other business areas within the Group, such as Corporate Banking and Payment Services and Retail Banking, are key priorities for DnB NOR Markets. Customers are served through:

- Central units located in Oslo.
- International offices (Stockholm, London, New York, Houston, Singapore and Shanghai) and 13 regional offices in Norway.
- The Internet and other electronic channels.
- External agents.

Customer surveys carried out by Greenwich show good results within product cross-sales.

**Customers and market shares**

- In spite of intensifying competition, DnB NOR Markets maintained its leading market position in Norway within foreign exchange and interest rate activities and was also manager for the greatest number of Norwegian kroner bond issues on Oslo Børs (the Oslo stock exchange) and commercial paper issues in NOK in the domestic market in the third quarter of 2008. (Source: Oslo Børs/Bloomberg/DnB NOR Markets)
- The third largest brokerage house on Oslo Børs with respect to equities trading in the secondary market in the third quarter of 2008.
- The largest brokerage house for derivatives on Oslo Børs. Approximately 40 and 79 per cent respectively of customer trading in equity options and forward contracts on Oslo Børs was handled by DnB NOR Markets in the third quarter of 2008. (Source: Oslo Børs)
- During the third quarter, the branch in Shanghai was granted a licence to offer derivatives in local currency. In September, an equity research unit was established at the Singapore branch.
- Leading within domestic securities services. (Source: Norwegian Central Securities Depository)
- 54.1 per cent of limited companies use DnB NOR Markets as registrar in the Norwegian Central Securities Depository. (Source: Norwegian Central Securities Depository)

## Employees

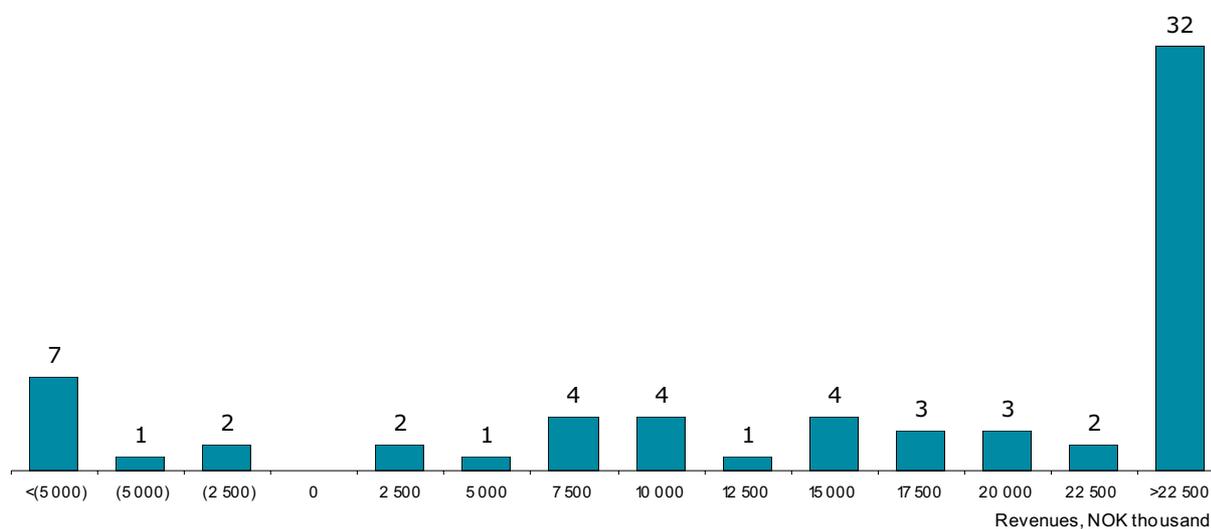
DnB NOR Markets staff located in offices in Norway and abroad represents 642 full-time positions.

## Daily revenue statistics

Amounts in NOK thousand	Third quarter		Full year	
	2008	2007	2007	2006
Minimum	(95 226)	(26 565)	(37 813)	(19 419)
Maximum	385 922	72 700	74 178	78 586
Average	27 161	4 519	11 969	15 143
Loss days	11	29	55	21
Gain days	55	36	204	238

## Daily revenue distribution in the third quarter of 2008

Number of days



## Total income

Amounts in NOK million	3Q08
Total daily revenues	1 793
Interest on allocated capital	103
Total income	1 897

## Risk profile

DnB NOR Markets has a moderate risk profile. Customer activities represent the main business. Trading activities support customer activities with products and prices, with focus on Norwegian kroner products.

**Value-at-Risk**

Market risk arises as a consequence of open positions in foreign exchange, interest rates and equities. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates. Value-at-Risk numbers increased in the third quarter of 2008 due to higher volatility in interest rates and currency prices.

**Value-at-Risk <sup>1)</sup>**

<i>Amounts in NOK thousand</i>	30 Sept. 2008	Third quarter 2008		
	Actual	Average	Maximum	Minimum
Currency risk	12 960	8 439	43 350	1 160
Interest rate risk	62 300	24 699	69 100	13 100
Equities	1 403	2 427	5 463	63
Diversification effects <sup>2)</sup>	(7 870)	(6 412)		
<b>Total</b>	<b>68 793</b>	<b>29 153</b>		

1) Value-at-Risk is the maximum loss that could be incurred on trading positions from one day to the next at a 99 per cent confidence level.

2) Diversification effects refer to currency and interest rate risk only.

**Interest rate sensitivity**

The value of financial investments recorded on and off the balance sheet is affected by interest rate movements. The table below shows potential losses for DnB NOR resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DnB NOR relative to the Group's positions. Also, all interest rate movements within the same interval are assumed to be unfavourable for the Group. The calculations are based on the Group's positions as at 30 September 2008 and market rates on the same date.

**Potential losses for DnB NOR resulting from parallel one percentage point changes in all interest rates**

<i>Amounts in NOK million</i>	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>Trading portfolio</b>						
NOK	36	88	253	179	192	116
USD	14	20	4	32	8	69
EURO	1	67	24	4	2	86
GBP	2	0	4	0	2	4
Other currencies	9	19	12	15	10	40
<b>Banking portfolio</b>						
NOK	29	49	8	22	22	16
USD	0	0	0	0	0	0
<b>Total</b>						
NOK	8	137	246	200	170	132
USD	14	20	4	32	8	69
EURO	1	67	24	4	2	86
GBP	2	0	4	0	2	4
Other currencies	9	19	12	15	10	40

## Life and Asset Management

Operations in Vital Forsikring ASA and DnB NOR Kapitalforvaltning Holding AS, both with subsidiaries, form one business area, "Life and Asset Management" headed by Tom Rathke, managing director of Vital Forsikring. The merger of DnB NOR Asset Management and Vital into one business area will strengthen initiatives related to long-term savings across the Group.

### Coordination of operations

The process of integrating the Life and Asset Management business area has been initiated. The business area will cut back costs by between NOK 100 million and NOK 150 million during the 2008 to 2010 period.

### Financial performance

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Total income	588	1 112	256	1 245	1 250	1 957	3 428
Operating expenses	600	575	533	689	544	1 709	1 627
Pre-tax operating profit	(12)	537	(277)	556	706	248	1 801
Taxes	9	23	24	(1 438)	(187)	56	(504)
Operating profit	(21)	514	(300)	1 994	893	192	2 305
Assets under management (NOK billion) <sup>1)</sup>	530	556	569	593	591	530	591
Return on capital, annualised (%) <sup>2)</sup>	(0.8)	18.6	(9.4)	67.1	32.9	2.2	27.9
RORAC, annualised (%) <sup>3)</sup>	(3.6)	25.0	(16.5)	82.3	34.5	0.6	31.4
Cost/income ratio (%)	102.0	51.7	208.0	55.3	43.5	87.3	47.5
Number of full-time positions at end of period <sup>*)</sup>	1 193	1 185	1 166	1 130	1 136	1 193	1 136
*) of which Vital	898	889	865	827	831	898	831
of which DnB NOR Asset Management	295	296	301	303	305	295	305

1) Assets at end of period.

2) Calculated on the basis of recorded equity.

3) RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement.

### Comments to the financial performance in the third quarter of 2008

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

## Vital

Vital offers group pension schemes to businesses and the public sector, the most important products being defined-benefit and defined-contribution occupational pension schemes. Vital also offers employers' liability insurance to the corporate market. In the retail market, long-term savings alternatives are offered in the form of individual savings products with guaranteed rates of return and products with a choice of investment profile.

Vital comprises Vital Forsikring ASA including subsidiaries. Vital Forsikring provides both products with guaranteed returns and products with a choice of investment profile. Tom Rathke is managing director of Vital Forsikring and group executive vice president in DnB NOR.

Vital aims to be Norway's strongest provider of pension savings. Vital seeks continued growth within the company's business segments and aims to deliver competitive results to its policyholders and owner. Devoting further efforts to improving cost efficiency, providing top-quality advisory services, maintaining high levels of service and customer relationship management exploiting the DnB NOR Group distribution network and customer base, and serving as an attractive entry portal for customers into the DnB NOR Group will be instrumental in reaching these targets.

### Financial results

Vital Forsikring ASA including subsidiaries is fully consolidated in the DnB NOR Group's accounts.

New regulations were introduced for the life insurance industry in Norway as from 1 January 2008. The accounts for Vital for 2008 have been adapted to the new regulations. Figures for previous periods have not been restated.

### Financial performance

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Interest result (note 1) <sup>1)</sup>	(1 826)	(1 428)	(1 801)	2 048	7 739	(5 055)	13 498
- of which property revaluations	(302)	(861)	0	344	5 573	(1 163)	6 618
Application of/(transferred to) additional allocations (note 2)	1 649	1 727	1 344	(3 000)	-	4 720	-
Risk result (note 3)	100	60	111	(2 075)	(2 609)	271	(2 583)
- of which provisions for higher life expectancy	-	-	-	(1 792)	(2 644)	-	(2 644)
Administration result (note 4)	(47)	(45)	(17)	(186)	(1)	(109)	(89)
Profit for risk and guaranteed rate of return	106	107	108	-	-	321	-
Transferred from security reserve	(18)	34	(23)	(33)	(2)	(7)	(10)
Profit for distribution in Vital	(36)	454	(277)	(3 246)	5 126	141	10 817
Allocations to policyholders, products with guaranteed returns <sup>1)</sup>	9	0	84	(3 710)	4 505	93	9 371
+ Reversal of goodwill amortisation/ write-downs	0	0	0	(39)	6	0	17
Net profit in Vital	(45)	454	(361)	424	627	48	1 463
Tax charge	0	0	0	(1 475)	(209)	0	(599)
<b>Profit from Vital</b>	<b>(45)</b>	<b>454</b>	<b>(361)</b>	<b>1 899</b>	<b>836</b>	<b>48</b>	<b>2 061</b>

1) See table below. For developments in the asset mix and return on assets from products with guaranteed returns, see tables on pages 79 and 75.

Note 1–4: see page 77 for a table that specifies Vital's various profit and loss items included in the DnB NOR Group's income statement.

**Comments to the financial performance in the third quarter of 2008**

- Financial performance in Vital reflected the protracted financial market turbulence, characterised by falling stock markets, a significant widening of all credit margins and lower bond yields. There was a pre-tax operating loss of NOK 45 million after additional allocations of NOK 1 649 million had been taken to income.
- The value-adjusted and recorded returns on the common portfolio were both negative at 0.1 per cent. The value-adjusted return on the corporate portfolio was 0.7 per cent. The company's equity exposure, including underlying equity investments and the effects of option programmes, was brought down from 12.5 per cent of assets in the common portfolio as at 30 June 2008 to 6.0 per cent as at 30 September 2008. The reduction in the equity exposure and restructuring of the hedging program in the course of the third quarter were steps to increase stability and reduce losses in the event of a further decline in equity prices.
- Vital 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.
- Allocations of NOK 2.6 billion were made in the third quarter of 2007 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.
- During the third quarter, it was decided to wind up Vital's operations in the Swedish market. This resulted in write-downs of NOK 50 million, which contributed to a negative administration result of NOK 47 million. There was a positive administration result for guaranteed-rate products, while the result was negative for products with a choice of investment profile.
- Total premium income decline from the third quarter of 2007 due to reduced sales of individual market products.
- 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.
- Solvency capital totalled NOK 12.4 billion at end-September 2008.

**Profits per portfolio, third quarter 2008**

<i>Amounts in NOK million</i>	Common portfolio	Investment choice portfolio and risk products	Corporate portfolio	Total Vital
Interest result <sup>1)</sup>	(211)	-	33	(178)
Risk result	85	14	-	100
Administration result	36	(83)	(1)	(47)
Profit for risk and guaranteed rate of return	106	-	-	106
Allocations to policyholders and other profit elements	(4)	29	-	25
<b>Pre-tax operating profit</b>	<b>20</b>	<b>(98)</b>	<b>32</b>	<b>(45)</b>

**Profits per portfolio, January-September 2008**

<i>Amounts in NOK million</i>	Common portfolio	Investment choice portfolio and risk products	Corporate portfolio	Total Vital
Interest result <sup>1)</sup>	(592)	(4)	261	(335)
Risk result	277	(7)	-	271
Administration result	73	(179)	(3)	(109)
Profit for risk and guaranteed rate of return	321	-	-	321
Allocations to policyholders and other profit elements	82	16	-	98
<b>Pre-tax operating profit</b>	<b>(4)</b>	<b>(206)</b>	<b>258</b>	<b>48</b>
Capital as at 30 September 2008 (NOK billion)	191	17	12	220

1) After the application of additional allocations.

**Products in the common portfolio according to new regulations****1. Common portfolio with low risk - group pensions**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	Jan. - Sept.
				2008
Value-adjusted financial result	(36)	(49)	2	(83)
Changes in the securities adjustment reserve	0	0	119	119
Recorded financial result	(36)	(49)	121	36
Guaranteed rate of return	39	75	71	185
Interest result before the use of additional allocations	(75)	(124)	50	(149)
Use of allocations	67	74	0	141
Interest result	(8)	(50)	50	(8)
Of which transferred to policyholders	-	(50)	50	-
Owner's share of interest result	(8)	(0)	0	(8)
Risk result	7	11	3	21
Of which transferred to policyholders	3	6	2	10
Owner's share of risk result	3	6	2	10
Administration result	(2)	6	0	4
Profit for risk and guaranteed rate of return	8	11	9	28
<b>Pre-tax operating profit</b>	<b>1</b>	<b>22</b>	<b>11</b>	<b>34</b>
Capital at end of period (NOK billion)	4	5	8	4

**2. Common portfolio with moderate risk – group pensions and new individual products**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	Jan. - Sept.
				2008
Value-adjusted financial result	(41)	(55)	(950)	(1 046)
Changes in the securities adjustment reserve	0	0	1 047	1 047
Recorded financial result	(41)	(55)	97	1
Guaranteed rate of return	509	536	494	1 539
Interest result before the use of additional allocations	(550)	(591)	(397)	(1 538)
Use of allocations	504	591	397	1 492
Interest result	(46)	0	0	(46)
Of which transferred to policyholders	0	0	0	0
Owner's share of interest result	(46)	0	0	(46)
Risk result	65	58	47	170
Of which transferred to policyholders	33	29	24	85
Owner's share of risk result	33	29	24	85
Administration result	13	(3)	2	12
Profit for risk and guaranteed rate of return	73	74	76	223
<b>Pre-tax operating profit</b>	<b>72</b>	<b>99</b>	<b>103</b>	<b>274</b>
Capital at end of period (NOK billion) <sup>1)</sup>	62	63	61	62

1) Of which NOK 10 billion represented investment choice products with guaranteed rates of return.

**3. Common portfolio with high risk - group pensions**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	Jan. - Sept.
				2008
Value-adjusted financial result	(247)	182	(542)	(607)
Changes in the securities adjustment reserve	0	0	330	330
Recorded financial result	(247)	182	(212)	(277)
Guaranteed rate of return	154	144	149	447
Interest result before the use of additional allocations	(401)	38	(361)	(724)
Use of allocations	151	144	149	444
Interest result	(250)	182	(212)	(280)
Of which transferred to policyholders	0	0	0	0
Owner's share of interest result	(250)	182	(212)	(280)
Risk result	20	19	11	50
Of which transferred to policyholders	10	10	6	25
Owner's share of risk result	10	10	6	25
Administration result	(3)	11	1	9
Profit for risk and guaranteed rate of return	25	22	23	70
<b>Pre-tax operating profit</b>	<b>(218)</b>	<b>223</b>	<b>(181)</b>	<b>(176)</b>
Capital at end of period (NOK billion)	18	18	19	18

**4. Previously established individual products**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	Jan. - Sept.
				2008
Value-adjusted financial result	(101)	(31)	(925)	(1 057)
Changes in the securities adjustment reserve	0	0	1 021	1 021
Recorded financial result	(101)	(31)	96	(36)
Guaranteed rate of return	514	504	524	1 542
Interest result before the use of additional allocations	(615)	(535)	(428)	(1 578)
Use of allocations	537	535	428	1 500
Interest result	(78)	0	0	(78)
Risk result	(13)	3	27	17
Administration result	16	(10)	17	23
Other	0	37	0	37
Profit for distribution	(75)	30	44	(1)
Transferred to policyholders (65 per cent)	(48)	20	29	-
<b>Profits for allocation to the owner (35 per cent)</b>	<b>(27)</b>	<b>11</b>	<b>15</b>	<b>(1)</b>
Capital at end of period (NOK billion)	58	62	61	58

**5. Paid-up policies**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	Jan. - Sept.
				2008
Value-adjusted financial result	197	68	(1 234)	(969)
Changes in the securities adjustment reserve	0	0	825	825
Recorded financial result	197	68	(409)	(144)
Guaranteed rate of return	416	393	370	1 179
Interest result before the use of additional allocations	(219)	(325)	(779)	(1 323)
Use of allocations	391	383	370	1 144
Interest result	172	58	(409)	(179)
Risk result	7	(7)	20	20
Profit for distribution	179	51	(389)	(159)
Other	0	0	0	0
Transferred to policyholders (80 per cent)	0	0	0	0
Administration result	11	8	5	24
<b>Profits for allocation to the owner</b>	<b>190</b>	<b>59</b>	<b>(384)</b>	<b>(135)</b>
Capital at end of period (NOK billion)	49	48	46	49

**Effects of new regulations**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	Jan. - Sept.
				2008
Profits according to former regulations	(221)	197	(121)	(145)
Increased loss in sub-portfolios	(55)	40	(380)	(395)
Return on the corporate portfolio	33	110	116	261
Advanced pricing of risk and guaranteed rate of return	106	107	108	321
Changes in allocations to policyholders	90	0	(84)	6
<b>Profits according to new regulations</b>	<b>(45)</b>	<b>454</b>	<b>(361)</b>	<b>48</b>

**Interest result**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net result from equities	(1 915)	811	(6 805)	(575)	(3 171)	(7 909)	2 607
Net result from other asset classes *)	1 720	(587)	3 270	2 342	9 978	4 403	14 289
Value-adjusted financial result <sup>1)</sup>	(195)	224	(3 535)	1 767	6 807	(3 506)	16 896
Guaranteed return on policyholders' funds	1 632	1 652	1 608	1 654	1 676	4 892	5 152
Financial result after guaranteed returns	(1 826)	(1 428)	(5 143)	113	5 131	(8 398)	11 744
+ From securities adjustment reserve	0	0	3 342	1 935	2 606	3 342	1 754
Recorded interest result before the application of/ (transfers to) additional allocations	(1 826)	(1 428)	(1 801)	2 048	7 739	(5 055)	13 498
Application of/(transfers to) additional allocations	1 649	1 727	1 344	(3 000)	0	4 720	0
Recorded interest result	(178)	300	(457)	(952)	7 739	(335)	13 498

\*) of which property revaluations (302) (861) 0 344 5 573 (1 163) 0

1) Before changes in unrealised gains on long-term securities.

**Extracts from balance sheets and key figures**

<i>Amounts in NOK million</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Total liabilities, products with guaranteed returns <sup>1)</sup>	188 306	187 063	190 257	191 626	194 841	188 096
of which group pensions - defined benefit	131 211	128 019	128 609	127 425	130 394	119 211
Insurance liabilities, products with a choice of investment profile	17 330	18 549	18 124	19 868	19 325	18 840
of which group pensions - defined contribution	4 520	4 216	3 939	3 665	3 249	2 214

1) Of which NOK 10 billion represented investment choice products with guaranteed rates of return.

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Solvency capital <sup>1)</sup>	12 444	13 907	17 173	21 788	30 883	12 444	30 883
Return on capital, annualised (%) <sup>2)</sup>	(2.0)	19.7	(13.2)	75.7	37.3	0.7	29.6
RORAC, annualised (%) <sup>3)</sup>	(4.5)	24.7	(20.2)	84.8	35.1	(1.3)	30.5
Expenses in per cent of insurance provisions <sup>4)</sup>	0.95	0.93	0.94	1.21	0.89	0.95	0.95

1) For the composition of solvency capital, see table on page 81.

2) Calculations of return on capital are based on recorded equity, after taxes, and are annualised.

3) RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to the risk-adjusted capital requirement.

4) The figures are annualised.

**Value-adjusted return on assets**

<i>Per cent</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
<b>Return - common portfolio <sup>1)</sup></b>							
Financial assets							
Norwegian equities	(26.3)	13.2	(15.7)	(0.4)	(3.0)	(28.8)	17.0
International equities	(1.1)	2.5	(14.7)	(3.7)	0.0	(13.3)	(0.9)
Norwegian bonds	3.5	(1.7)	2.5	2.4	1.7	4.3	1.3
International bonds	2.3	(2.5)	2.4	1.7	2.5	2.1	1.8
Money market instruments	1.5	1.2	1.3	1.4	1.1	4.0	3.2
Bonds held to maturity	1.4	1.2	1.2	1.3	1.3	3.9	4.0
Investment property	0.2	(1.4)	1.5	2.9	23.8	0.3	31.1
<b>Value-adjusted return on assets I <sup>2)</sup></b>	<b>(0.1)</b>	<b>0.1</b>	<b>(1.8)</b>	<b>0.9</b>	<b>3.3</b>	<b>(1.8)</b>	<b>8.6</b>
Value-adjusted return on assets II <sup>3)</sup>	0.1	(0.9)	(1.6)	0.9	3.5	(2.5)	7.8
Recorded return on assets <sup>4)</sup>	(0.1)	0.1	(0.1)	1.8	4.6	(0.1)	9.9
Value-adjusted return on assets I, annualised <sup>2)</sup>	(0.3)	0.5	(7.1)	3.5	13.2	(2.4)	11.7
Value-adjusted return on assets II, annualised <sup>3)</sup>	0.2	(3.5)	(6.3)	3.8	14.0	(3.3)	10.5
<b>Return - corporate portfolio</b>							
Value-adjusted return on assets I <sup>2)</sup>	0.7	1.2	1.3			3.3	
Recorded return on assets <sup>4)</sup>	0.7	1.2	1.3			3.3	

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) Excluding changes in value of commercial paper and bonds held to maturity.

3) Including changes in unrealised gains on commercial paper and bonds held to maturity.

4) Excluding changes in unrealised gains on financial instruments.

**Premium income**

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Total premiums due <sup>1) 2)</sup>	4 406	2 601	6 585	3 793	5 122	13 592	15 505
Inflow of reserves	248	551	2 687	691	465	3 486	2 871
Outflow of reserves	826	603	1 290	3 216	923	2 719	3 680
Net premiums paid	3 828	2 549	7 982	1 268	4 664	14 359	14 696
Outflow of reserves	826	603	1 290	3 216	923	2 719	3 680
Total premium income	4 654	3 152	9 272	4 484	5 587	17 078	18 376
1) Of which group pensions - defined benefit	2 942	1 171	4 577	1 372	2 751	8 690	8 145
2) Of which group pensions - defined contribution	716	433	518	473	425	1 667	1 152

**Income statement <sup>1)</sup>**

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Total interest income							
Total interest expenses							
<b>Net interest income</b>							
Commissions and fees receivable etc. (note 4)	551	552	583	443	456	1 686	1 367
Commissions and fees payable etc. (note 4)	77	105	142	125	138	324	435
Net gains on financial instruments at fair value							
Net gains on assets in Vital (note 1) <sup>*)</sup>	(1 798)	767	(2 070)	3 802	9 334	(3 101)	20 022
Guaranteed returns and allocations to policyholders in Vital (note 2)	(1 596)	437	(1 508)	1 117	6 097	(2 667)	15 888
Premium income etc. included in the risk result in Vital (note 3)	1 227	1 074	1 066	703	1 215	3 366	3 546
Insurance claims etc. included in the risk result in Vital (note 3)	1 127	1 014	955	2 778	3 823	3 095	6 129
Net realised gains on investment securities (AFS)							
Profit from companies accounted for by the equity method							
Other income							
<b>Net other operating income</b>	<b>371</b>	<b>837</b>	<b>(10)</b>	<b>929</b>	<b>947</b>	<b>1 199</b>	<b>2 483</b>
<b>Total income</b>	<b>371</b>	<b>837</b>	<b>(10)</b>	<b>929</b>	<b>947</b>	<b>1 199</b>	<b>2 483</b>
Salaries and other personnel expenses	183	190	179	216	187	552	550
Other expenses	165	169	159	201	109	494	394
Depreciation and write-downs of fixed and intangible assets	68	24	13	89	24	105	76
<b>Total operating expenses (note 4)</b>	<b>416</b>	<b>383</b>	<b>351</b>	<b>505</b>	<b>320</b>	<b>1 150</b>	<b>1 020</b>
Net gains on fixed and intangible assets							
Write-downs on loans and guarantees							
<b>Pre-tax operating profit</b>	<b>(45)</b>	<b>454</b>	<b>(361)</b>	<b>424</b>	<b>627</b>	<b>48</b>	<b>1 463</b>
Taxes	0	0	0	(1 475)	(209)	0	(599)
Profit from discontinuing operations after taxes							
<b>Profit for the period <sup>2)</sup></b>	<b>(45)</b>	<b>454</b>	<b>(361)</b>	<b>1 899</b>	<b>836</b>	<b>48</b>	<b>2 061</b>

\*) Of which

Net gains on assets, corporate portfolio	(489)	111	117			(261)	
Net gains on assets, common portfolio	287	136	(327)			96	
Net gains on assets, investment choice portfolio	(1 596)	520	(1 860)			(2 936)	
Net gains on assets in Vital	(1 798)	767	(2 070)			(3 101)	

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) For a detailed statement of financial performance, see page 69.

Note 1–4: In the table on the next page, the items marked in grey indicate Vital's various profit and loss items included in the DnB NOR Group's income statement.

**Income in Vital from the owner's perspective**

Amounts in NOK million	3Q08	2Q08	1Q08	Jan. - Sept.
				2008
Interest result not covered by additional allocations, common portfolio	(304)	182	(212)	(334)
Owner's share of risk result, common portfolio	46	43	32	120
Owner's share of administration result, common portfolio	8	14	3	25
Profit for risk and guaranteed rate of return	106	107	108	321
Contribution from portfolios subject to profit sharing	163	70	(369)	(136)
Owner's share of profits, common portfolio	20	413	(437)	(4)
Income from the corporate portfolio	32	110	116	258
Profits from the investment choice portfolio and risk products	(98)	(68)	(40)	(206)
<b>Pre-tax operating profit</b>	<b>(45)</b>	<b>454</b>	<b>(361)</b>	<b>48</b>

In the table below, the items marked in grey indicate Vital's various profit and loss items included in the DnB NOR Group's income statement.

<b>Note 1</b>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Interest result <sup>1)</sup>	(1 826)	(1 428)	(1 801)	2 048	7 739	(5 055)	13 498
+ Guaranteed returns to policyholders	1 632	1 652	1 608	1 654	1 676	4 892	5 152
+ Allocations to policyholders, products with a choice of investment profile	(1 586)	512	(1 856)	172	(84)	(2 931)	1 364
+ Transferred from security reserve in Vital	(18)	34	(23)	(33)	(2)	(7)	(10)
+ Other items recorded as net gains on financial instruments, including reclassifications	0	0	0	(39)	6	0	17
<b>Net gains on assets in Vital</b>	<b>(1 798)</b>	<b>767</b>	<b>(2 070)</b>	<b>3 802</b>	<b>9 334</b>	<b>(3 101)</b>	<b>20 022</b>

<b>Note 2</b>	3Q08	2Q08	1Q08	4Q07	3Q07	2008	2007
Application of/(transfers to) additional allocations, products with guaranteed returns	1 649	1 727	1 344	(3 000)	0	4 720	0
Allocations to policyholders, products with guaranteed returns	9	0	84	(3 710)	4 505	93	9 371
Allocations to policyholders, products with a choice of investment profile	(1 586)	512	(1 856)	172	(84)	(2 931)	1 364
Total allocations to policyholders	(3 227)	(1 215)	(3 116)	(537)	4 421	(7 559)	10 735
Guaranteed return on policyholders' funds	1 632	1 652	1 608	1 654	1 676	4 892	5 152
<b>Guaranteed returns and allocations to policyholders in Vital</b>	<b>(1 596)</b>	<b>437</b>	<b>(1 508)</b>	<b>1 117</b>	<b>6 097</b>	<b>(2 667)</b>	<b>15 888</b>
<b>Net financial result in Vital</b>	<b>(203)</b>	<b>330</b>	<b>(562)</b>	<b>2 685</b>	<b>3 237</b>	<b>(434)</b>	<b>4 134</b>

<b>Note 3</b>	3Q08	2Q08	1Q08	4Q07	3Q07	2008	2007
Premium income etc. included in the risk result in Vital	1 227	1 074	1 066	703	1 215	3 366	3 546
Insurance claims etc. included in the risk result in Vital	1 127	1 014	955	2 778	3 823	3 095	6 129
<b>Total risk result in Vital</b>	<b>100</b>	<b>60</b>	<b>111</b>	<b>(2 075)</b>	<b>(2 609)</b>	<b>271</b>	<b>(2 583)</b>

<b>Note 4</b>	3Q08	2Q08	1Q08	4Q07	3Q07	2008	2007
Administration result Vital	(47)	(45)	(17)	(186)	(1)	(109)	(89)
Profit element for risk and Vital's interest rate guarantee	106	107	108			321	0
Administration result including profit for risk and guaranteed rate of return	59	63	89	(186)	(1)	211	(89)
Commissions and fees receivable	551	552	583	443	456	1 686	1 367
Commissions and fees payable	76	105	142	125	138	324	435
Operating expenses	416	383	351	505	320	1 150	1 020
<b>Administration result including profit for risk and guaranteed rate of return</b>	<b>59</b>	<b>63</b>	<b>89</b>	<b>(186)</b>	<b>(1)</b>	<b>211</b>	<b>(89)</b>
<b>Pre-tax operating profit from Vital</b>	<b>(45)</b>	<b>454</b>	<b>(361)</b>	<b>424</b>	<b>627</b>	<b>48</b>	<b>1 463</b>
Taxes	0	0	0	(1 475)	(209)	0	(599)
<b>Profit for the period</b>	<b>(45)</b>	<b>454</b>	<b>(361)</b>	<b>1 899</b>	<b>836</b>	<b>48</b>	<b>2 061</b>

1) Before changes in unrealised gains.

### The owner's share of the net financial and risk result from Vital <sup>1)</sup>

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net gains on assets in Vital	(1 798)	767	(2 070)	3 802	9 334	(3 101)	20 022
Guaranteed returns and allocations to policyholders in Vital	(1 596)	437	(1 508)	1 117	6 097	(2 667)	15 888
Premium income etc. included in the risk result in Vital	1 227	1 074	1 066	703	1 215	3 366	3 546
Insurance claims etc. included in the risk result in Vital	1 127	1 014	955	2 778	3 823	3 095	6 129
Net financial and risk result in Vital	(103)	390	(450)	610	628	(163)	1 551
Eliminations in the group accounts	32	20	28	54	2	80	4
<b>Net financial and risk result from Vital</b>	<b>(71)</b>	<b>410</b>	<b>(423)</b>	<b>665</b>	<b>631</b>	<b>(83)</b>	<b>1 555</b>

1) For a specification of net other operating income in the DnB NOR Group, see page 21.

**Balance sheets <sup>1)</sup>**

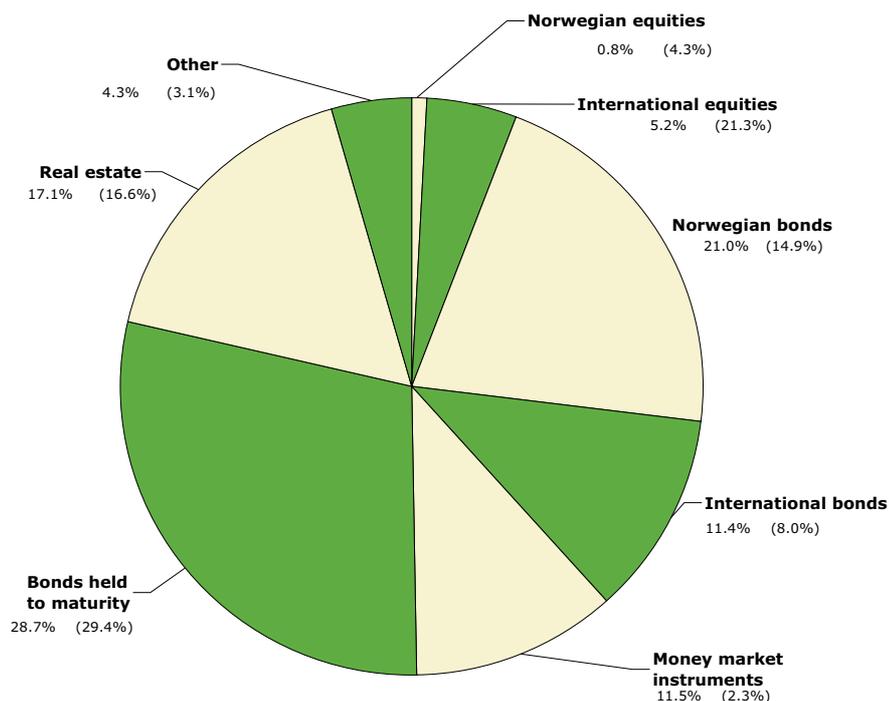
<i>Amounts in NOK million</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Cash and deposits with central banks						
Lending to and deposits with credit institutions	10 335	9 009	12 905	12 152	18 010	7 185
Lending to customers	2 027					
Commercial paper and bonds	73 188	66 798	66 103	63 060	44 449	57 838
Shareholdings	23 122	37 593	34 088	39 362	51 257	47 291
Financial assets, customers bearing the risk	17 330	18 549	18 124	19 868	19 325	18 840
Financial derivatives	4 952	2 717	3 650	1 488	3 589	1 654
Shareholdings, available for sale						
Commercial paper and bonds, held to maturity	53 330	53 058	53 386	59 641	60 075	62 444
Investment property <sup>2)</sup>	32 620	32 350	33 422	32 908	32 361	25 668
Investments in associated companies	19	19	19	19	19	16
Intangible assets	219	218	217	184	367	294
Deferred tax assets			1 164	1 164		185
Fixed assets	36	38	33	46	44	75
Biological assets						
Discontinuing operations						
Other assets	3 927	6 638	5 463	2 688	2 820	2 161
<b>Total assets</b>	<b>221 104</b>	<b>226 987</b>	<b>228 574</b>	<b>232 579</b>	<b>232 315</b>	<b>223 650</b>
Loans and deposits from credit institutions						
Deposits from customers						
Financial derivatives	3 518	3 588	1 461	1 010	603	1 166
Securities issued						
Insurance liabilities, customers bearing the risk	17 330	18 549	18 124	19 868	19 325	18 840
Liabilities to life insurance policyholders	183 595	186 945	190 257	191 626	194 841	188 096
Payable taxes						
Deferred taxes	644	644			285	
Other liabilities	4 771	6 010	4 859	6 030	5 037	3 259
Discontinuing operations						
Provisions	154	154	154	154	231	124
Subordinated loan capital	2 522	2 481	2 476	2 500	2 501	2 556
<b>Total liabilities</b>	<b>212 534</b>	<b>218 372</b>	<b>217 330</b>	<b>221 188</b>	<b>222 823</b>	<b>214 040</b>
Minority interests						
Revaluation reserve						
Share capital	1 321	1 321	1 321	1 321	1 310	1 310
Other reserves and retained earnings	7 250	7 295	9 923	10 070	8 182	8 300
<b>Total equity</b>	<b>8 571</b>	<b>8 616</b>	<b>11 244</b>	<b>11 391</b>	<b>9 492</b>	<b>9 610</b>
<b>Total liabilities and equity</b>	<b>221 104</b>	<b>226 987</b>	<b>228 574</b>	<b>232 579</b>	<b>232 315</b>	<b>223 650</b>

- 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) The value of investment properties was written down by NOK 0.3 billion in the third quarter.

**Changes in equity**

<i>Amounts in NOK million</i>	Share capital	Share premium reserve	Other equity	Total other reserves and retained earnings	Total equity
<b>Balance sheet as at 31 December 2007</b>	<b>1 321</b>	<b>1 175</b>	<b>8 895</b>	<b>10 070</b>	<b>11 391</b>
Effects of changes in accounting principles <sup>1)</sup>			160	160	160
<b>Balance sheet as at 1 January 2008</b>	<b>1 321</b>	<b>1 175</b>	<b>9 055</b>	<b>10 230</b>	<b>11 551</b>
Profit for the period			48	48	48
Dividends/group contributions 2007			(3 028)	(3 028)	(3 028)
<b>Balance sheet as at 30 September 2008</b>	<b>1 321</b>	<b>1 175</b>	<b>6 075</b>	<b>7 250</b>	<b>8 571</b>

- 1) In consequence of new regulations, the share of the security reserve that refers to group defined-benefit pensions was transferred to the risk equalisation fund as at 1 January 2008.

**Balance sheet structure as at 30 September 2008 for the common portfolio <sup>1) 2)</sup>**

1) The figures represent net exposure after derivative contracts.

2) Comparable figures as at 1 January 2008 are shown in parentheses.

**Changes in assets under management**

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Assets under management at beginning of period	226 987	228 574	232 579	232 315	229 346	232 579	223 650
Premiums due	4 406	2 601	6 585	3 793	5 122	13 592	15 505
Net transfers	(496)	17	1 445	(2 421)	(410)	966	(667)
Surrenders	(2 398)	(2 558)	(3 076)	(1 888)	(3 144)	(8 032)	(14 067)
Claims paid	(2 460)	(2 312)	(2 397)	(2 188)	(2 210)	(7 169)	(6 604)
Net insurance operations	(948)	(2 252)	2 557	(2 705)	(641)	(643)	(5 832)
Net financial assets <sup>*)</sup>	(1 780)	567	(5 263)	3 064	6 814	(6 476)	16 867
Other <sup>1)</sup>	(3 155)	99	(1 300)	(96)	(3 203)	(4 356)	(2 369)
Changes in assets under management	(5 883)	(1 587)	(4 005)	264	2 969	(11 475)	8 665
<b>Assets under management at end of period</b>	<b>221 104</b>	<b>226 987</b>	<b>228 574</b>	<b>232 579</b>	<b>232 315</b>	<b>221 104</b>	<b>232 315</b>

<sup>\*)</sup> Of which property revaluations (302) (861) 0 344 5 573 (1 163) 6 618

1) Other includes changes in short-term debt, the premium fund and costs for the period.

### Products

- Group pension schemes to businesses, adapted to customer needs for defined-benefit and defined-contribution schemes. In addition, Vital offers employer's liability insurance in the corporate market.
- Long-term savings alternatives in the form of individual pension agreements and annuities in the retail market.
- Products are offered with guaranteed returns or with a choice of investment profile.
- Risk products in both the corporate and individual markets.
- Savings products from other units in the DnB NOR Group, including mutual funds from DnB NOR Asset Management and equity-linked bonds from DnB NOR Markets.
- Vital launched new products for individual tax-incentive pension savings in June 2008.

### Organisation and markets

The business area is represented in most parts of Norway through sales offices and provides services through DnB NOR's and Postbanken's distribution networks and independent agents, as well as via the Internet.

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.

### Market shares in Norway

<i>Per cent</i>	30 June 2008	31 Dec. 2007	30 June 2007
Of insurance funds including products with a choice of investment profile	33.4	33.6	34.3
- Corporate market	42.2	43.4	43.9
- Public market	10.8	9.8	9.8
- Retail market	52.9	51.8	51.4

Source: The Norwegian Financial Services Association (FNH) and DnB NOR

### New regulations

New regulations were introduced for the life insurance industry as from 1 January 2008. The objectives behind the new Insurance Act are threefold: a clearer distinction between policyholders' funds and company funds, a clearer division of risk between policyholders and the company and more transparent pricing of life insurance products.

Main issues of the new regulations are:

- Policyholders' funds are separated from the company's funds.
- Individual products established before 1 January 2008 will be subject to the same profit sharing as earlier (maximum 35 per cent of the company's total risk result, administration result and interest result). Paid-up policies will be subject to modified profit sharing (maximum 20 per cent of the company's interest result).
- For corporate and municipal group pensions, all returns on capital in excess of the guaranteed rate of return are returned to the policyholders. The price of the guaranteed rate of return and profits of risk business and operations are fixed in advance. Any risk premium is either returned in its entirety to the policyholders, or the company may retain 50 per cent of profits as allocations to the risk equalisation fund. New individual contracts are treated in the same way.
- The regulations entail no changes for risk products and investment choice products.
- According to the new regulations, the company may offer group pension products with investment choice.

In the longer term, the new regulations will have a positive effect on company earnings and make it easier to adapt products to meet customer needs.

## Employees

Vital gives priority to retaining and developing a high level of expertise within insurance products, management and other relevant areas of competence. At end-September 2008, Vital had a staff of 898 full-time positions.

## Cooperation with other group entities

- By taking advantage of the strength of the DnB NOR Group's total distribution network, Vital is well positioned to enjoy continued market growth.
- Vital's growth in the retail market is not least due to the business area's extensive distribution network, where other business areas in the Group play a principal role.
- In the third quarter of 2008, other business areas accounted for 35.9 per cent of the sales of Vital's products in the retail market, compared with 49.1 per cent in the corresponding period of 2007.

## Solvency capital <sup>1) 2) 3)</sup>

<i>Amounts in NOK million</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
Interim profit, accumulated	(4 580)	(2 894)	(1 621)	0	10 817	-
Securities adjustment reserve	0	0	0	3 342	5 278	7 032
Additional allocations	8 428	8 505	8 541	8 632	6 101	6 429
Security reserve	76	67	55	255	223	205
Equity	8 523	8 523	8 576	8 363	7 408	7 155
Subordinated loan capital and perpetual subordinated loan capital securities	2 522	2 481	2 476	2 500	2 501	2 461
Unrealised gains on long-term securities	(2 525)	(2 774)	(855)	(1 304)	(1 445)	222
<b>Solvency capital</b>	<b>12 444</b>	<b>13 907</b>	<b>17 173</b>	<b>21 788</b>	<b>30 883</b>	<b>23 504</b>
<b>Buffer capital <sup>4)</sup></b>	<b>6 141</b>	<b>7 322</b>	<b>8 722</b>	<b>13 785</b>	<b>23 265</b>	<b>15 144</b>

1) According to prevailing regulations for the statutory accounts of life insurance companies.

2) The table above shows the composition of and development in solvency capital. All these elements, with the exception of part of the security reserve, can be used to meet the guaranteed rate of return on policyholders' funds.

3) Products with a choice of investment profile are included from 1 January 2007.

4) Buffer capital represents equity in excess of the minimum statutory capital requirement, interim profits, additional allocations and the securities adjustment reserve.

## Capital adequacy and solvency margin capital <sup>1) 2)</sup>

<i>Amounts in NOK million</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	31 Dec. 2006
<b>Capital adequacy <sup>3)</sup></b>						
Total eligible primary capital	10 389	10 327	10 449	10 531	10 161	9 240
Capital adequacy ratio (%)	10.8	9.6	9.7	9.7	8.9	9.8
Core capital	8 269	8 256	8 375	8 266	7 892	7 004
Core capital (%)	8.6	7.7	7.7	7.6	6.9	7.4
Risk-weighted assets	96 468	107 698	108 100	109 044	113 649	94 272
<b>Solvency margin capital <sup>4)</sup></b>						
Solvency margin capital	12 347	13 171	14 745	14 958	13 312	12 546
Solvency margin capital exceeding minimum requirement	4 485	4 921	6 798	7 448	5 391	4 898
Solvency margin capital in per cent of solvency margin capital requirement (%)	157	160	186	199	168	164

1) Prepared in accordance with prevailing regulations for life insurance companies. New regulations are expected upon the introduction of Solvency II.

2) Operations from products with a choice of investment profile are included from 1 January 2007.

3) Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent.

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

## DnB NOR Asset Management

DnB NOR Asset Management provides mutual funds and discretionary portfolio management services to Norwegian and other Nordic corporate clients, the public sector, private pension funds and retail clients.

DnB NOR Asset Management seeks to provide first-class returns on customer funds within the preferred risk profile and investment horizon. DnB NOR aspires to be the leading asset manager for clients in the Nordic region, providing sound long-term returns and a high level of service based on a thorough understanding of customer needs.

### Financial performance

<i>Amounts in NOK million</i>	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net interest income - ordinary operations	2	6	1	10	7	8	7
Interest on allocated capital <sup>1)</sup>	31	30	27	27	24	87	63
Net interest income	32	35	28	37	31	96	70
Net commission income							
- from retail customers	61	92	90	133	131	243	398
- from institutional clients	125	145	140	141	143	410	484
Other income	(2)	3	8	5	(2)	9	(6)
Total income	217	275	266	317	303	758	946
Operating expenses	184	192	182	184	224	558	607
Pre-tax operating profit before write-downs	33	83	84	132	79	200	339
Net gains on fixed and intangible assets	0	0	0	0	0	0	0
Pre-tax operating profit	33	83	84	132	79	200	338
<b>Assets under management (NOK billion) <sup>2)</sup></b>							
Institutional	431	448	463	478	476	431	476
- of which Vital <sup>3)</sup>	161	167	171	176	176	161	176
Retail	44	52	53	63	64	44	64
Total	475	501	516	541	540	475	540
<b>Key figures</b>							
Cost/income ratio (%)	84.9	69.8	68.5	58.2	74.1	73.6	64.2
Return on capital, annualised (%) <sup>1)</sup>	5.1	13.0	13.5	20.5	12.0	10.5	18.1
RORAC, annualised (%)	5.7	27.8	29.0	48.7	26.7	21.0	43.0

1) Calculated on the basis of recorded equity.

2) Assets under management and assets under operation at end of period.

3) Managed on behalf of Vital Forsikring.

### Comments to the financial performance in the third quarter of 2008

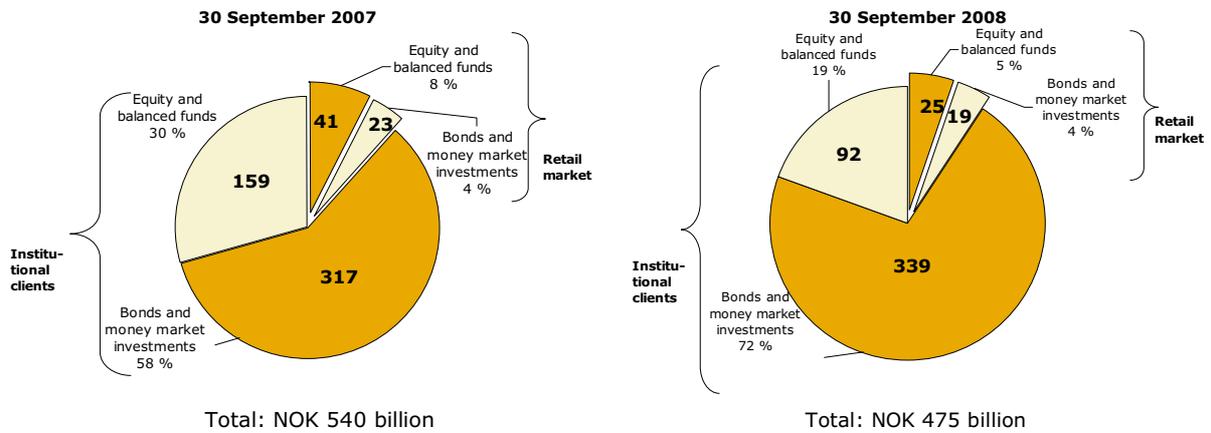
- Commission income decreased by NOK 87 million from the third quarter of 2007 to the third quarter of 2008. This was mainly due to a new distribution agreement with DnB NOR Bank, reduced assets under management and lower performance fees.
- Operating expenses in the third quarter of 2008 were NOK 184 million, down NOK 40 million from the third quarter of 2007.

**Assets under management - distribution by market segment**



1) Share of total assets in the institutional and retail market respectively, invested in bonds, fixed-income funds and money market funds.

**Assets under management - distribution by investment type**



(Amounts in NOK billion and per cent of total assets)

**Changes in assets under management - net inflow**

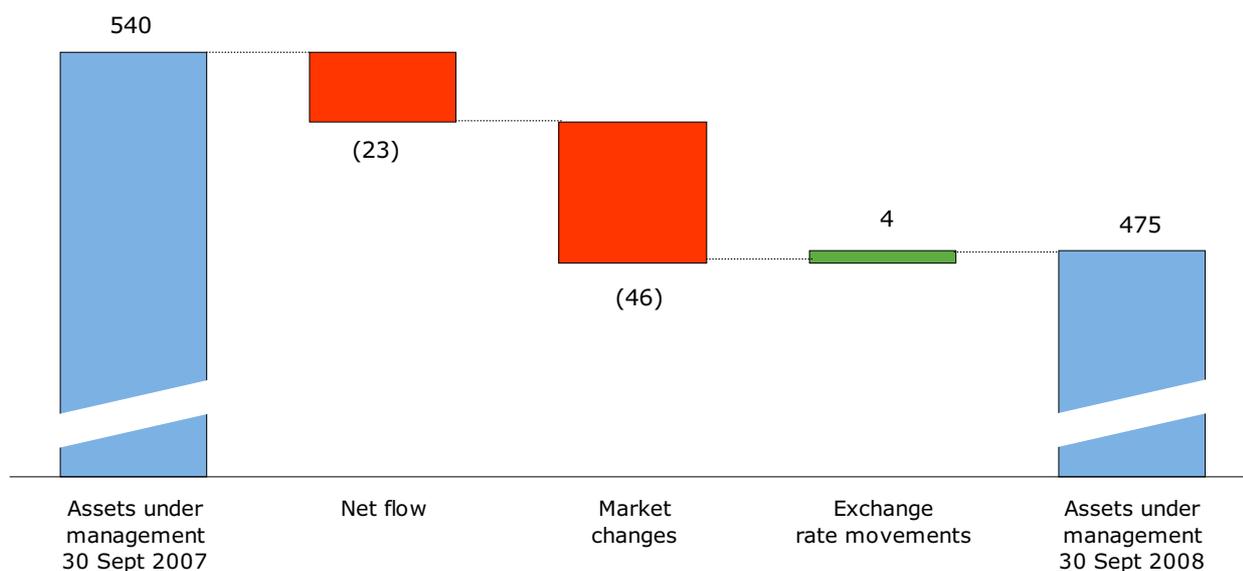
Amounts in NOK million	3Q08	2Q08	1Q08 <sup>1)</sup>	4Q07	3Q07	Jan. - Sept.	
						2008 <sup>1)</sup>	2007 <sup>2)</sup>
Retail market	(2 357)	(1 997)	(3 600)	567	(510)	(7 954)	721
Institutional clients	(5 793)	(12 620)	(3 463)	6 321	(898)	(21 876)	(11 440)
Total	(8 150)	(14 617)	(7 063)	6 888	(1 409)	(29 830)	(10 719)

1) Excluding dividends of NOK 2 700 million, of which NOK 872 million refers to retail and NOK 1 828 million to institutional clients.

2) Excluding dividends of NOK 1 192 million, of which NOK 508 million refers to retail and NOK 684 million to institutional clients.

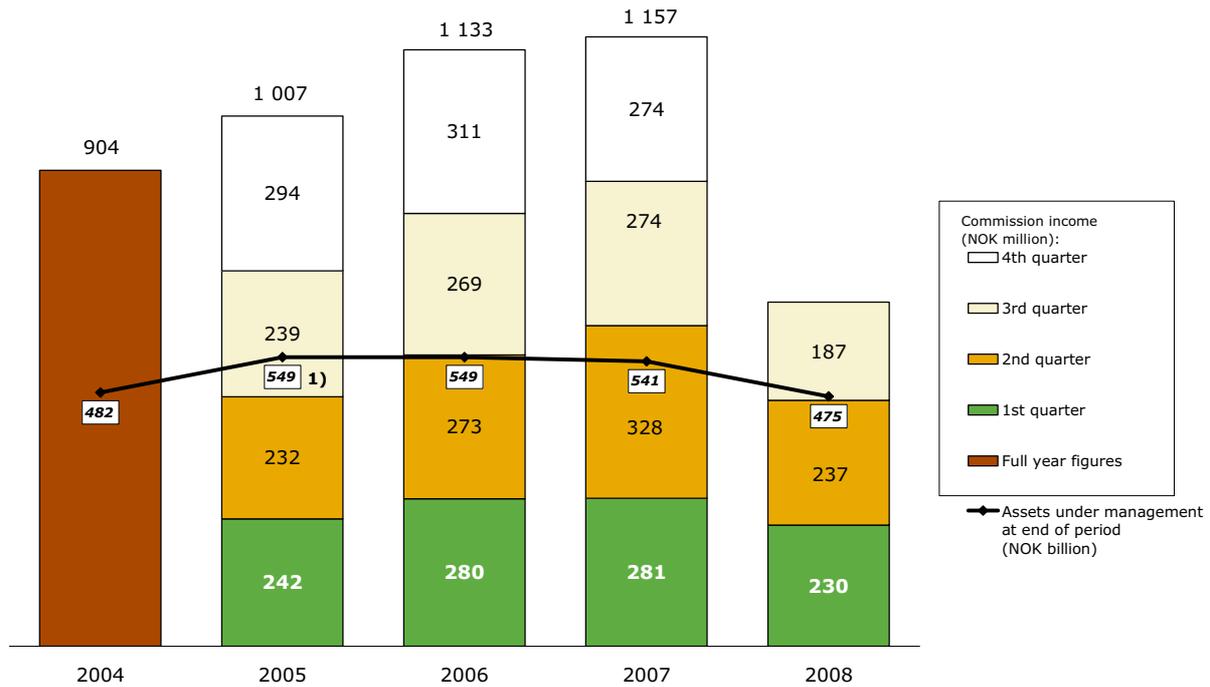
**Changes in assets under management**

NOK billion

**Comments to changes in assets under management as from 30 September 2007**

- Assets under management were reduced by NOK 65 billion or 12.1 per cent.
  - Net flow:
    - There was a net outflow of funds from institutional clients of NOK 15.6 billion or 2.9 per cent.
    - New institutional mandates were won in both Sweden and Norway.
    - There was a net outflow of funds from the retail market of NOK 7.4 billion or 1.4 per cent.
- Market changes:
  - Market developments led to a NOK 46.4 billion decrease in assets under management, representing 8.6 per cent measured in clients' base currencies.
  - During the last four quarters, Morgan Stanley's global equity index fell by 26.1 per cent measured in USD and decreased by 19.4 per cent measured in NOK.
  - Prices on the stock exchange in Stockholm (OMX) decreased by 37.1 per cent, and the stock exchange in Oslo (OSEBX) experienced a 35.9 per cent fall in prices during the last four quarters.
- Exchange rate movements:
  - The depreciation of NOK against other currencies, especially SEK, increased assets under management by NOK 4.2 billion.

### Development in commission income and assets under management



1) Reduced to NOK 519 billion in the beginning of January 2006 following termination of an investment mandate.

### Investment returns on assets under management

- Returns on a number of major client portfolios and funds outperformed relevant benchmarks.
- Fund managers' specialisation has led to strong relative performance for several funds (percentage point return in excess of benchmark in parentheses):
  - DnB NOR Nordic Technology (23.4)
  - DnB NOR Grønt Norden (5.1)
  - DnB NOR Navigator (1.1)

**Clients/markets**

- DnB NOR Asset Management serves the Norwegian and Swedish savings markets, offering domestic and international asset management services.
- Brand names:
  - DnB NOR Kapitalforvaltning in the Norwegian institutional and retail markets.
  - DnB NOR Asset Management and Carlson in the Swedish institutional and retail markets.
- A leading position in the institutional market in both Norway and Sweden with 288 institutional clients. The largest clients are Skandia Liv and Vital.
- The number of mutual fund clients in Norway was more than 609 000 at the end of September 2008. The number of active savings schemes reached more than 329 000. Mutual fund packages, the 'Spar Smart' concept, alone included more than 56 000 savings schemes.
- Market shares:
  - DnB NOR Kapitalforvaltning (retail mutual funds in Norway) 38.3 per cent <sup>1)</sup>
  - Carlson Fonder (total mutual funds in Sweden) ≈ 1.1 per cent
  - Institutional market in Norway > 28 per cent
  - Institutional market in Sweden > 20 per cent

1) Source: Norwegian Mutual Fund Association.

**Retail: Fund capital and market shares in Norway**

	30 September 2008		30 June 2008		31 December 2007		31 December 2006	
	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share
<i>Amounts in NOK million and per cent</i>								
Equity funds	15 533	26.4	20 534	27.6	24 527	27.8	24 690	26.9
Balanced funds	6 438	70.8	7 182	68.8	8 915	71.9	9 298	74.9
Fixed-income funds	18 319	49.1	19 270	48.9	21 431	52.4	20 541	54.1
<b>Total mutual funds</b>	<b>40 290</b>	<b>38.3</b>	<b>46 985</b>	<b>37.8</b>	<b>54 873</b>	<b>38.7</b>	<b>54 529</b>	<b>38.3</b>

Source: Norwegian Mutual Fund Association

**Products and services**

- Mutual funds, hedge funds and absolute return products.
- Discretionary portfolio management.
- Management and monitoring of investment portfolios.
- Asset allocation and risk management advisory services.

**Organisation**

- One holding company, DnB NOR Kapitalforvaltning Holding AS, with separate asset management companies in the main markets.
- Customer activity is concentrated in Norway, Sweden and Luxembourg. In order to provide competitive global asset management, investment operations have also been established in London, New York, Hong Kong and Chennai.
- A combination of regional and sector-oriented management teams with a presence in all major financial markets.
- Asset management services are provided through channels adapted to the various markets:

Retail clients in Norway

- DnB NOR's extensive network of branches and regional financial services centres.
- Post offices and in-store postal outlets.
- The Internet.
- External channels including brokers, investment advisers and regional and local savings banks.

Retail clients in Sweden

- Local distributors.

Institutional markets in Sweden and Norway

- The business area's own sales force and, in Norway, through cooperation with Corporate Banking and Payment Services.

**Employees**

- Staff cuts corresponding to one full-time position in the third quarter of 2008.
- 295 full-time positions at the end of the quarter.

**Cooperation with other group entities**

- DnB NOR's extensive network represents the major distribution channel in the Norwegian retail market.
- DnB NOR Asset Management and Corporate Banking and Payment Services cooperate in providing a complete range of financial services to corporate clients.
- DnB NOR Asset Management manages Vital's equity and bond portfolios.
- DnB NOR Asset Management cooperates with other group entities in developing products adapted to the various markets.

## DnB NOR

DnB NOR was established in December 2005 and is owned 51 per cent by DnB NOR and 49 per cent by Norddeutsche Landesbank, NORDBANK. The bank is headquartered in Copenhagen.

DnB NOR has a strong market position as the third largest bank in Lithuania and the fourth largest in Latvia. DnB NOR is also represented in Finland and Denmark, benefiting from the corporate portfolio brought into DnB NOR by DnB NOR and NORDBANK and provides a full service operation for corporate banking.

### Financial performance

Amounts in NOK million	3Q08	2Q08	1Q08	4Q07	3Q07	Jan. - Sept.	
						2008	2007
Net interest income - ordinary operations	347	341	329	311	281	1 017	790
Interest on allocated capital (BIS) <sup>1)</sup>	77	68	55	48	41	200	106
Net interest income	424	409	384	359	321	1 217	896
Net other operating income	164	165	149	206	136	478	425
Total income	588	574	533	565	457	1 695	1 321
Operating expenses	400	397	365	406	330	1 161	904
Pre-tax operating profit before write-downs	188	178	168	159	127	534	417
Net gains on fixed and intangible assets	9	1	6	2	5	16	12
Write-downs on loans and guarantees	250	53	32	48	37	335	73
Pre-tax operating profit	(53)	126	142	113	96	215	356
Net lending to customers (NOK billion) <sup>2)</sup>	78.6	71.4	62.6	56.6	51.5	70.9	47.1
Deposits from customers (NOK billion) <sup>2)</sup>	22.9	21.1	21.3	20.8	19.6	21.8	19.1
Cost/income ratio (%)	68.1	69.1	68.4	71.9	72.2	68.5	68.4
Ratio of deposits to lending (%)	29.1	29.5	34.1	36.6	38.1	30.7	40.5
Return on capital BIS, annualised (%)	(2.8)	7.2	9.2	8.8	8.4	4.1	11.3
RORAC, annualised (%)	(2.1)	7.0	8.8	8.0	8.1	4.1	11.0

1) Interest on allocated capital is calculated according to internal DnB NOR capital allocation rules. "Net interest income - ordinary operations" does not include interest on equity.

2) Average balances. Based on nominal values.

### Comments to the financial performance in the third quarter of 2008

- Pre-tax operating profit before write-downs was NOK 188 million, up 47.7 per cent from the third quarter of 2007.
- Total income increased by 28.6 per cent to NOK 588 million.
- Operating expenses increased by NOK 70 million to NOK 400 million partly due to growth in the number of employees.
- Cost/income ratio was 68.1 per cent in the third quarter of 2008 compared to 72.2 per cent in the corresponding period last year.
- The development in the third quarter of 2008 was influenced by higher funding costs, reduced growth and high write-downs due to economic slow down and financial turmoil. The write-downs on loans increased primarily in Denmark, Latvia and Lithuania.
- Return on calculated BIS capital was minus 2.8 per cent.
- Average lending increased by NOK 27.1 billion or 52.7 per cent from the third quarter of 2007. Deposits increased by NOK 3.3 billion or 16.6 per cent from the third quarter of 2007.
- Net non-performing and impaired commitments increased from NOK 0.7 billion at end-September 2007 to NOK 1.9 billion.

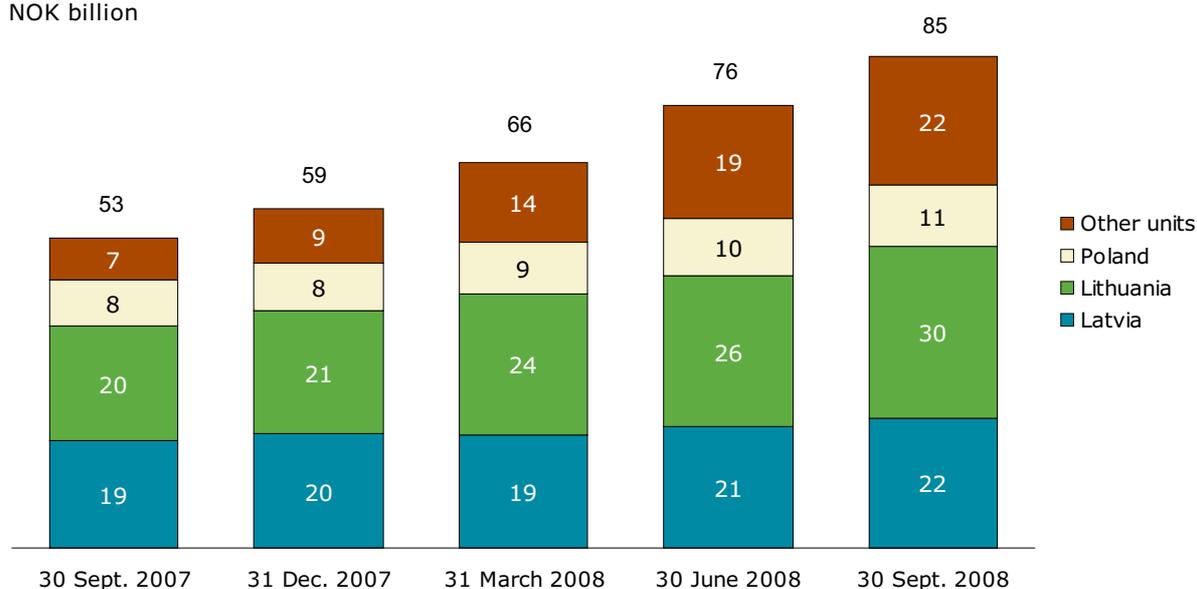
**Net interest income <sup>1)</sup>**

Amounts in NOK million	Average volumes			Spreads in per cent			Net interest income		
	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07
Lending <sup>2)</sup>	77 642	70 334	50 420	1.11	1.21	1.37	217	213	167
Deposits <sup>2)</sup>	22 121	20 363	19 008	2.45	2.43	2.19	136	122	113
Allocated capital and non-interest bearing items	3 688	2 346	1 135	5.01	4.85	4.49	74	51	12
Other							(3)	24	29
<b>Total net interest income</b>							<b>424</b>	<b>409</b>	<b>321</b>

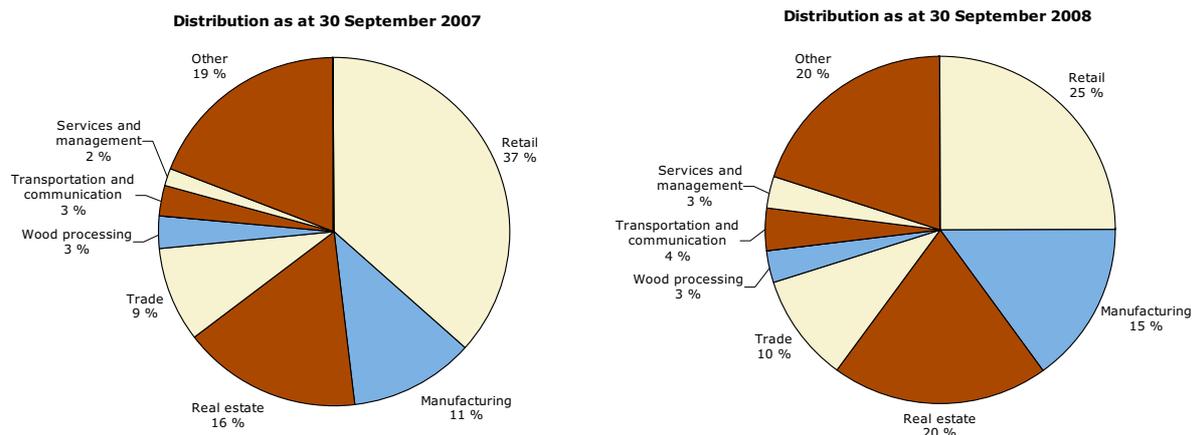
1) Based on nominal values excluding lending to and deposits from credit institutions and impaired loans.

**Development in lending volumes**

NOK billion



Lending growth was still high compared to the one year-earlier period, with an increase of 58.6 per cent, growth is slowing down in the Baltic States. The growth in lending from end-June to end-September 2008 was influenced by the reduced value of the Norwegian kroner against euro and showed an increase of 11.1 per cent in NOK, while the loan growth in euro was 8.3 per cent.

**Exposure at default according to customer sector**

The increase in the real estate exposure was to a large extent due to financing of a few, large clients in Finland.

**Organisation and market**

- DnB NOR serves more than 820 000 retail and corporate clients through 174 branches and offices in six countries: Denmark, Finland, Estonia, Latvia, Lithuania and Poland.
- DnB NOR's staff represented 3 565 full-time positions at end-September 2008.
- At year-end 2007, DnB NOR was the third largest bank in Lithuania, number four in Latvia and number 24 in Poland, measured by total assets.
- Over the last several years, the Baltic region has experienced strong economic growth and development, but the region has experienced a significant slowdown during the last quarters. Economic growth in the Baltic countries is expected to remain sluggish in the fourth quarter of 2008 and in 2009, and DnB NOR 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 an adjustment to the lower growth rate. DnB NOR will have a prudent approach to these markets.

## **Section 4**

# **The Norwegian economy**

## Basic information

Area	385 199 square kilometres
Population	4.7 million
Fertility rate	1.9
Life expectancy	M: 78.1 F: 82.7
Work participation rate, per cent 16–74 years	72.8 (M: 76.0 F:69.5)
Gross domestic product 2007	USD 390.6 billion
GDP per capita 2007	USD 82 400
Rating	AAA, Aaa
Currency exchange rate used	5.86 USD/NOK (average 2007)
Current balance 2007	USD 66.7 billion or 17.0 per cent of GDP

Source: Statistics Norway

## Key macro-economic indicators <sup>4)</sup>

Per cent	2006	2007	F 2008	F 2009	F 2010
GDP growth					
- Norway, total	2.5	3.7	2.6	1.2	1.8
- Mainland Norway	4.8	6.2	2.8	1.5	2.1
Private consumption	4.7	6.4	2.5	1.6	2.4
Gross fixed investment	7.3	9.3	3.7	(2.8)	0.3
Inflation (CPI)	2.3	0.8	3.9	3.1	2.5
Savings ratio <sup>1)</sup>	0.1	(0.4)	(0.7)	0.2	1.3
Unemployment rate	3.5	2.5	2.7	3.4	3.8
Current account <sup>2)</sup>	17.3	15.4	18.2	17.7	17.6
Net foreign assets <sup>2)</sup>	61.6	57.7	59.7	64.2	
General government budget balance <sup>2) 3)</sup>	18.5	17.5	20.1	16.4	

1) Per cent of disposable income.

2) Per cent of GDP, forecast as at 21 October 2008

3) Source: Ministry of Finance, National Budget 2009

4) Source: DnB NOR Markets, Economic Outlook 3/2008 if not otherwise specified

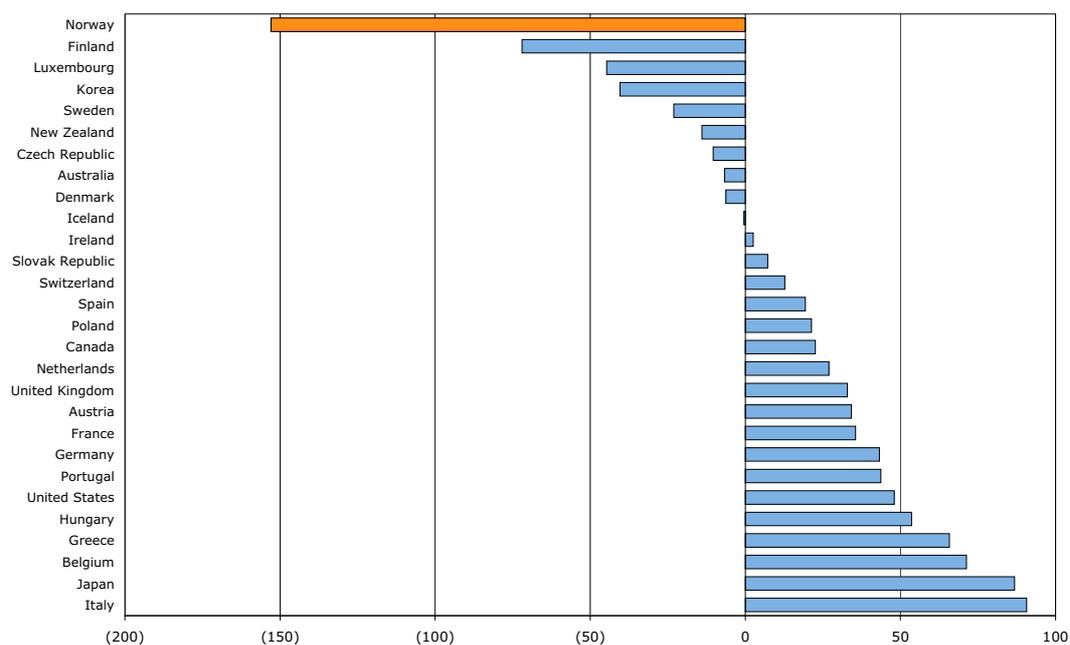
## Contribution to volume growth in GDP, mainland Norway

Per cent	2006	2007	F 2008	F 2009	F 2010
Household demand	3.0	4.0	0.6	0.6	1.4
Gross fixed capital formation, mainland companies	0.7	1.1	1.0	(1.0)	(0.3)
Gross fixed capital formation, petroleum activity	(0.5)	1.2	(0.6)	0.2	0.1
Public sector demand	1.2	1.2	1.0	1.1	0.9
Exports, mainland Norway	2.4	2.0	1.1	0.3	0.9
Imports, mainland Norway	(2.8)	(3.0)	(1.7)	(0.3)	(0.8)
Changes in stocks and statistical discrepancies	0.9	(0.4)	1.4	0.6	0.0
GDP, mainland Norway	4.8	6.2	2.8	1.5	2.1

Source: Statistics Norway and DnB NOR Markets

## Government net financial liabilities 2008

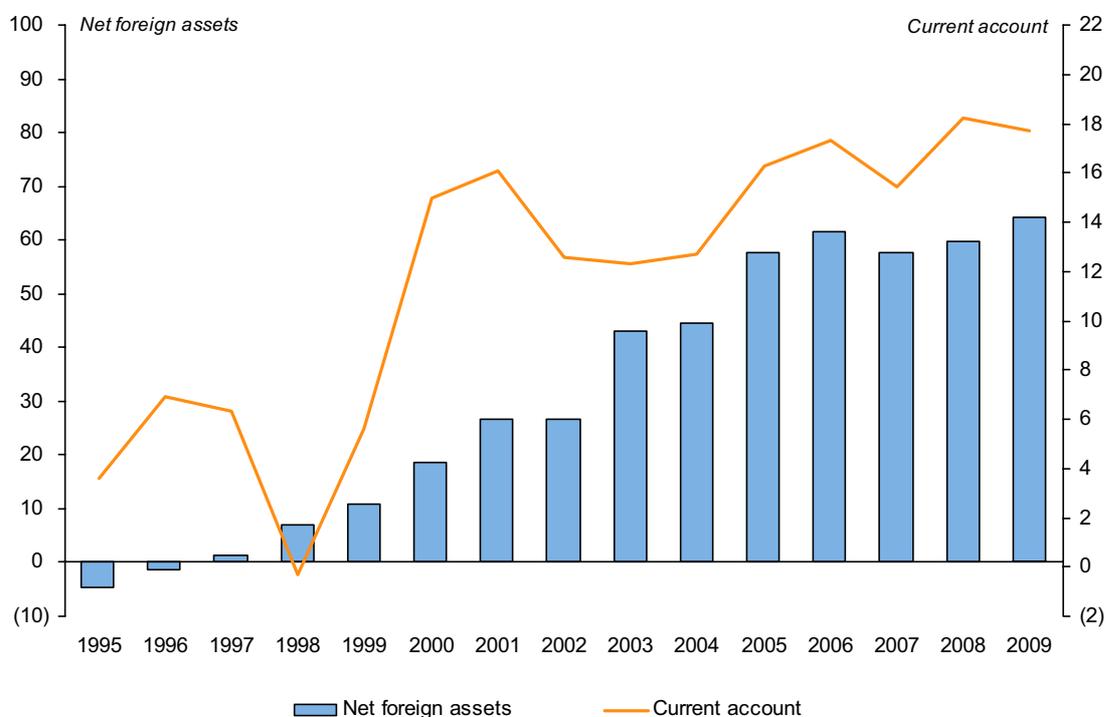
Per cent of GDP



Source: OECD Economic Outlook No. 83, June 2008

## Current account and net foreign assets (incl. private sector) <sup>1)</sup>

Per cent of GDP

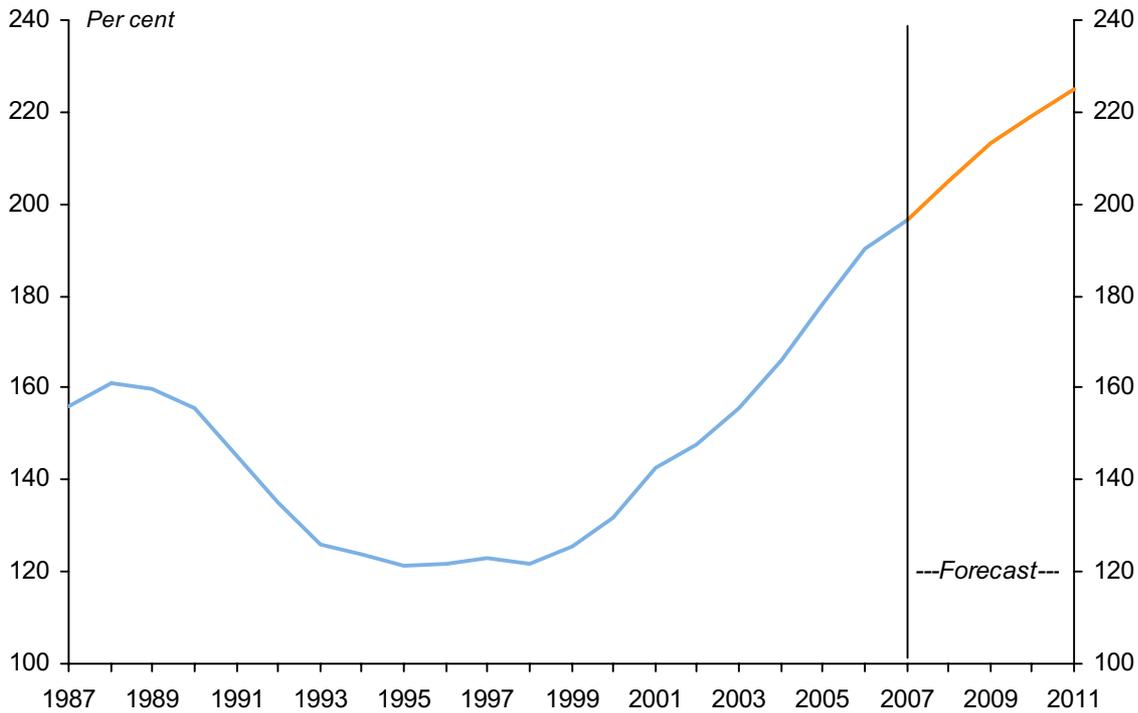


Source: Ministry of Finance, Statistics Norway and DnB NOR

1) The projections as at 21 October 2008 are based on an assumed oil price of NOK 585 per barrel in 2008 and NOK 580 per barrel in 2009. The oil price was NOK 501 per barrel in December 2007, NOK 683 in June 2008 and NOK 561 in September 2008.

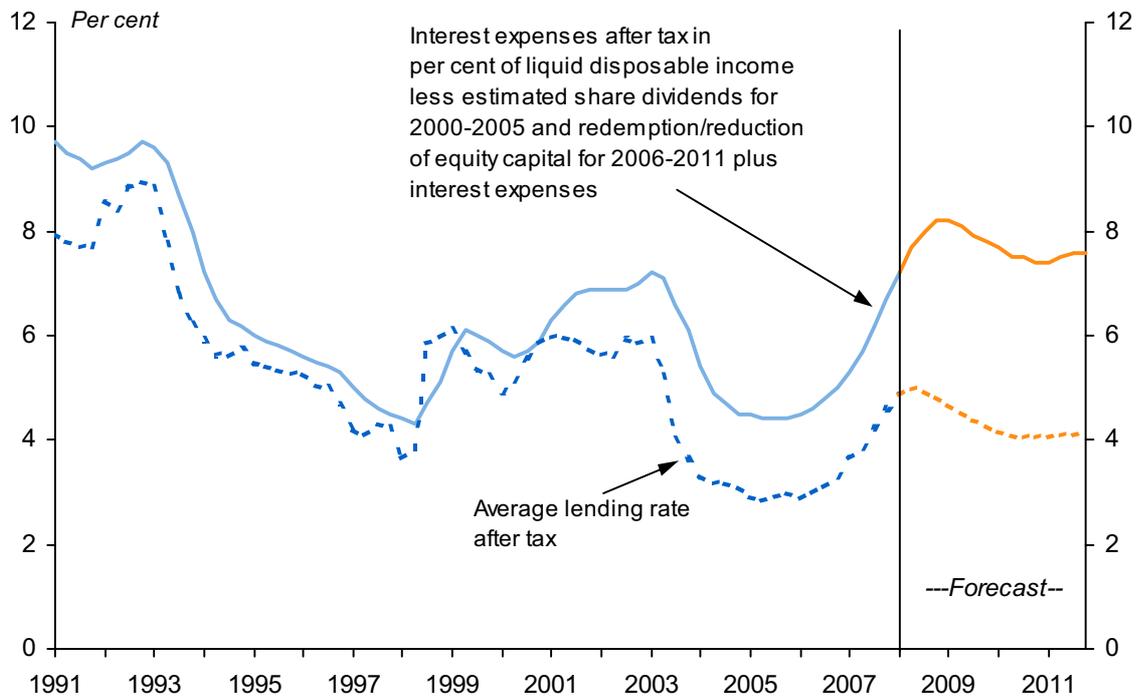
### Household debt burden

Loan debt in per cent of liquid disposable income less estimated reinvested share dividend payments



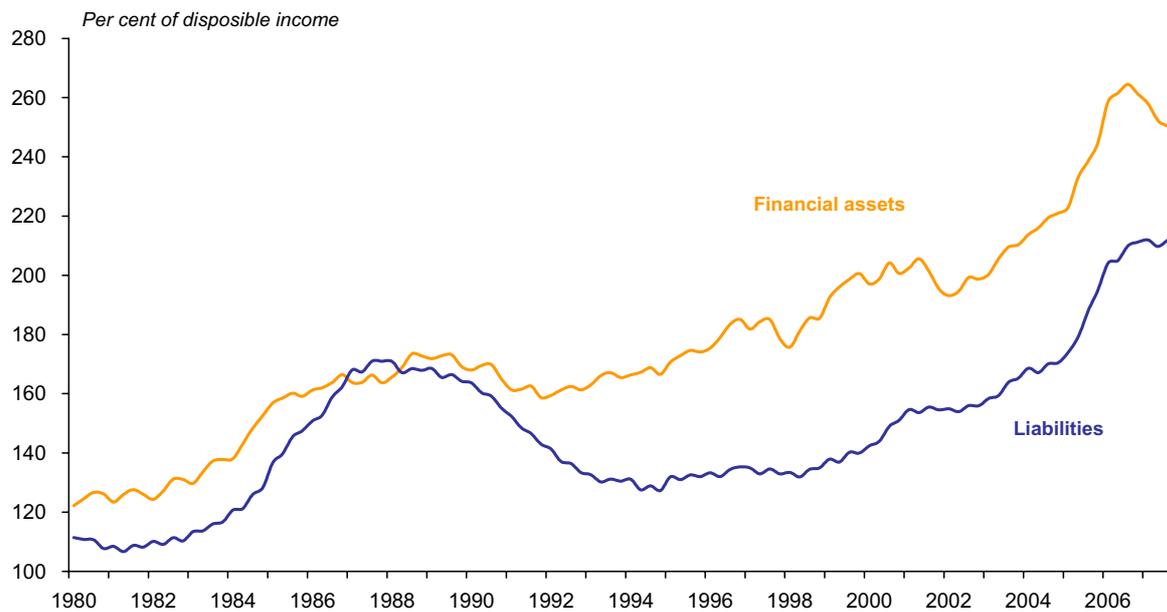
Source: Norges Bank, Financial Stability 1/08

### Household interest burden



Source: Norges Bank, Financial Stability 1/08

## Household financial assets and liabilities



Source: EcoWin

## Financial market growth

Percentage change from previous year	31 Dec. 2005	31 Dec. 2006	31 Dec. 2007	31 Aug. 2008
<b>Credit</b> <sup>1)</sup>				
Total	14.7	13.5	15.7	13.6 <sup>4)</sup>
- of which commercial and savings banks	18.2	17.6	13.2	9.2
- of which commercial and savings banks, mortgage institutions and finance companies	15.6	16.3	15.7	13.4
Total retail market	13.7	13.9	11.7	8.9
Total corporate market	15.5	13.5	18.7	16.6 <sup>4)</sup>
<b>Savings</b>				
Total <sup>2)</sup>	15.1	16.2	12.1	3.6 <sup>5)</sup>
- of which commercial and savings banks	9.9	18.3	14.1	5.8
Total retail market <sup>2)</sup>	18.2	8.1	3.9	0.1 <sup>5)</sup>
Total corporate market <sup>3)</sup>	13.3	23.9	18.7	5.9 <sup>5)</sup>

1) Commercial and savings banks, state banks, insurance companies, mortgage institutions, finance companies, bonds, commercial paper, foreign institutions.

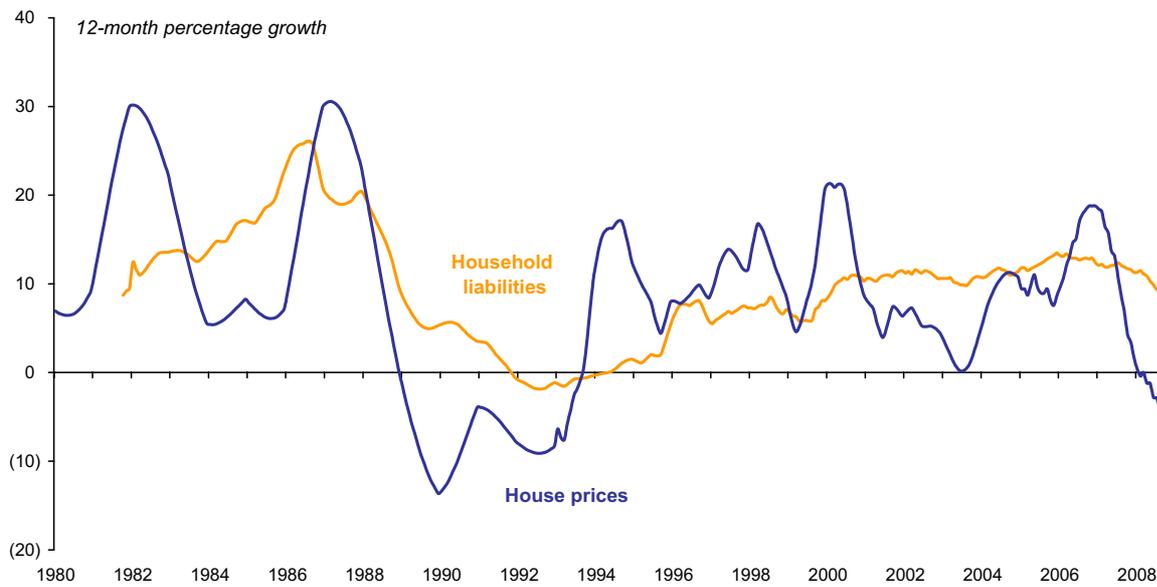
2) Deposits in commercial and savings banks, participation in mutual funds, funds for insurance commitments, equity-linked bonds.

3) Deposits in commercial and savings banks, participation in mutual funds, funds for insurance commitments.

4) As at 31 July 2008.

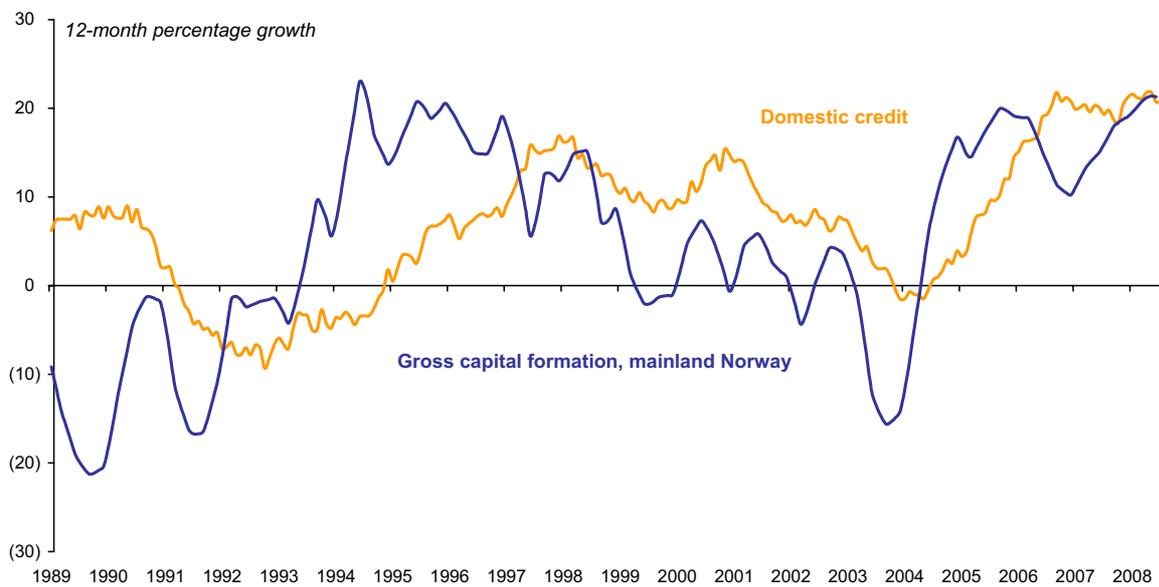
5) As at 30 June 2008.

### House prices and household liabilities



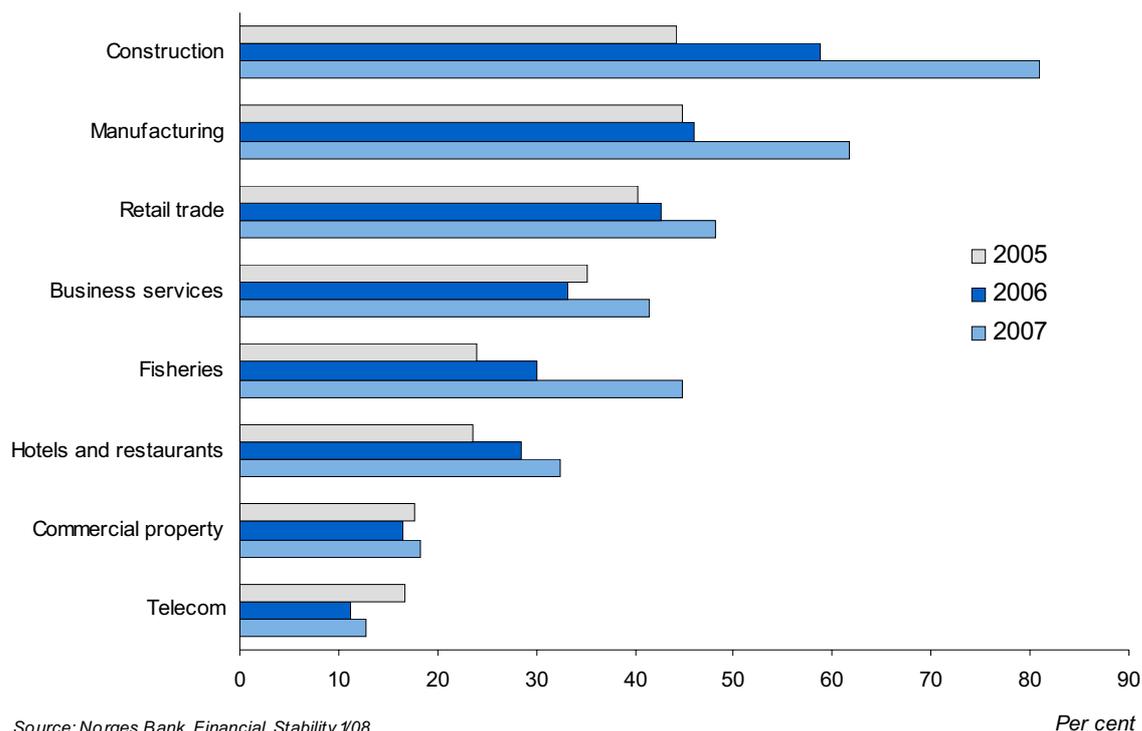
Source: Statistics Norway and Norges Bank

### Corporates: domestic credit and gross capital formation, mainland Norway



Source: Statistics Norway and Norges Bank

## Debt-servicing capacity for different industries <sup>1) 2)</sup>

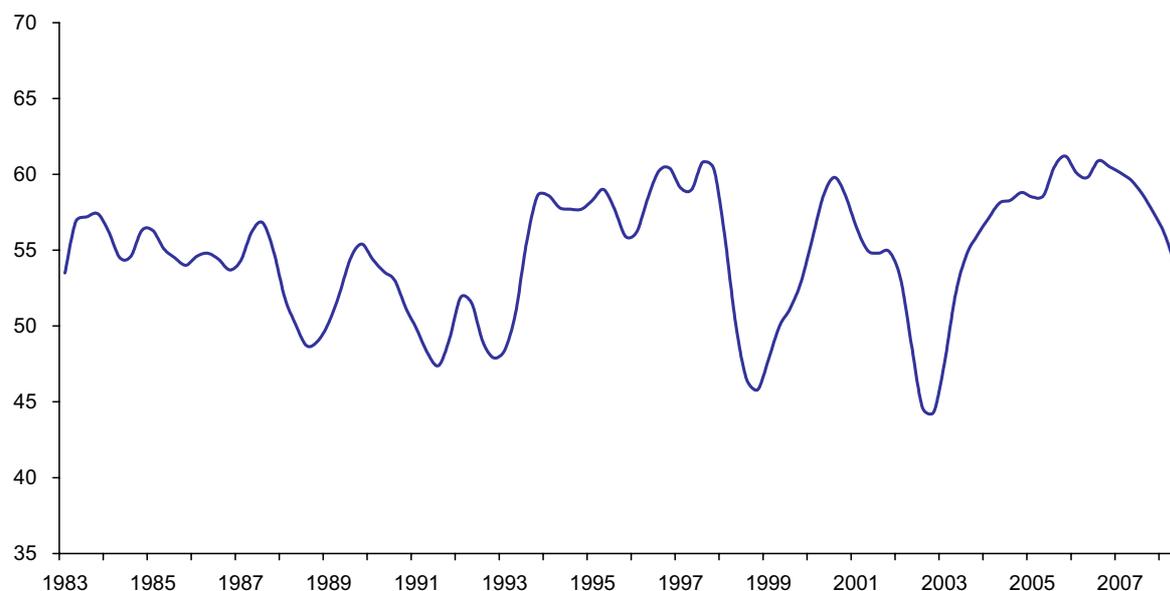


1) Ordinary results before tax, write-downs and depreciation as a percentage of bank debt and bonds. Non-financial firms, mainland Norway. Group-financed firms are not included.

2) Projections for 2007 are based on a sample of financial statements that were submitted early.

## Business surveys, manufacturing sector

General assessment of outlook for next quarter, trend



1) The survey is based on a sample of mainly larger enterprises. The survey focuses on the industry leaders' assessment of the general business situation and the outlook for a fixed set of variables e.g. production, new orders etc.

[www.dnbnor.com](http://www.dnbnor.com)