

# Second quarter and first half report 2008

Unaudited



DnB NOR Bank ASA

**DnB NOR**

# Financial highlights

## Second quarter 2008

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- Pre-tax operating profits before write-downs were NOK 4.2 billion (3.5)
- Profit for the period was NOK 2.9 billion (2.5)
- Return on equity was 17.0 per cent (17.2)
- The cost/income ratio was 48.3 per cent (48.9)
- The core capital ratio, including 50 per cent of interim profits, was 7.4 per cent (7.3)

## First half 2008

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- Pre-tax operating profits before write-downs were NOK 6.1 billion (6.9)
- Profit for the period was NOK 4.2 billion (4.9)
- Return on equity was 12.6 per cent (17.4)
- The cost/income ratio was 55.7 per cent (49.2)
- The core capital ratio, including 50 per cent of interim profits, was 7.4 per cent (7.3)

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

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

# Report for the second quarter and first half of 2008

## Sound performance in a challenging market

### Introduction

#### Second quarter

The DnB NOR Bank Group<sup>1)</sup> achieved pre-tax operating profits before write-downs of NOK 4 194 million in the second quarter of 2008, up from NOK 3 524 million in the year-earlier period. Profits for the quarter were NOK 2 863 million, as against NOK 2 477 million in the second quarter of 2007. There was sound quarterly performance in spite of a very challenging financial market situation.

Following an improvement in capital markets and narrowing credit margins in April and May, the situation once again deteriorated in June, partly owing to negative statements from international investment banks. The stock markets showed a corresponding trend, partly due to the unease concerning international financial

institutions, but also on account of high oil prices and inflationary fears.

In spite of continued market turmoil, the banking group showed a healthy operational performance and strong lending growth during the quarter, especially outside Norway. There was also a sound trend in other operating income, including the expected recovery of previous declines in bond values.

Combined spreads remained relatively stable. Lending spreads are expected to widen somewhat in consequence of higher interest rate levels and repricing of existing loans. However, it is expected that competition for deposits will remain strong and that deposit spreads will be under pressure.

The banking group's cost programme, involving total cost-saving measures of NOK 0.8 billion, was on schedule and started to yield results in the second quarter of the year. The banking group has decided to increase the cost reduction target by NOK 0.4 billion to compensate for cost pressure and ensure overall target attainment. Total costs increased due to acquisitions and international expansion.

Though parts of the economy may seem to be slowing down somewhat, the credit quality in the banking group's portfolios remained sound. There were no major trend shifts or individual commitments that represented special challenges for the banking group, but write-downs are expected to reach a more normalised level than has been the case over the past few quarters.

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

Return on equity was 17.0 per cent, compared with 17.2 per cent in the second quarter of 2007.

Net interest income increased from NOK 4 250 million to NOK 5 071 million, while net other operating income rose from NOK 2 640 million in the second quarter of 2007 to NOK 3 036 million. Acquisitions and international expansion were one of the factors behind a rise in costs from NOK 3 367 million in the second quarter of 2007 to NOK 3 913 million. The banking group recorded NOK 331 million in income due to changes in bond prices.

The banking group's business areas generally showed a healthy performance and took new initiatives to strengthen future operations. The banking group's diversified operations ensured a rise in income which made the banking group less susceptible to the financial market volatility.

Corporate Banking and Payment Services recorded a strong rise in lending, especially outside Norway and in selected priority areas. In spite of strong international expansion, the business area recorded a stable cost/income ratio. There was a NOK 547 million rise in pre-tax operating profits before write-downs compared with the year-earlier period.

Retail Banking is focusing strongly on new self-service banking solutions while streamlining the branch network and rationalising the production of everyday banking services. After charges on retail customer loyalty programmes were removed, a number of customers chose to subscribe to these programmes. Pre-tax operating profits before write-downs reflected the effect of additional lags in connection with several interest rate increases and were down NOK 83 million from the second quarter of 2007. The effects of notified increases in customer interest rates will gradually materialise as from the third quarter of 2008.

DnB NOR Markets experienced an increase in customer business and good trading results in the second quarter. Pre-tax operating profits before write-downs rose by NOK 575 million, of which the reversal of unrealised mark-to-market losses on bonds accounted for NOK 233 million.

DnB NORD achieved a NOK 9 million rise in pre-tax operating profits before write-downs from the second quarter of 2007. Lending growth remained strong and was up 52 per cent, though there are signs of somewhat subdued growth in the Baltic region.

In June 2008, DnB NOR entered into an agreement with Oslo S Utvikling to lease premises for a new head office in Bjørvika in Oslo, scheduled for completion in 2012. The aim is that the new head office will contribute to increased integration and efficiency gains in the Group through new working methods and make the Group even more attractive to new employees.

The Norwegian Ministry of Finance has granted the Group a concession for the establishment of the non-life insurance company DnB NOR Skadeforsikring. Operations are scheduled to start on 1 January 2009.

Including 50 per cent of interim profits, the core capital ratio for the banking group was 7.4 per cent as at 30 June 2008, compared with 7.3 per cent at end-June 2007. In spite of the financial market turmoil, the banking group enjoyed a healthy liquidity situation.

On 18 June 2008, Anne Carine Tanum succeeded Olav Hytta as chairman of DnB NOR Bank's Board of Directors.

### First half

Profits for the first half of 2008 reflected the highly turbulent financial market, including a large, temporary decline in the value of the bond portfolio during the first quarter, which was partly recovered during the second quarter. There was an overall decline in value of NOK 1 333 million in the bond portfolio of DnB NOR Markets and a corresponding NOK 211 million decline in Eksportfinans' portfolio value. Overall, the financial market turmoil during the first half of the year had a significant impact on the banking group's performance.

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

DnB NOR Bank has an ownership interest of 40 per cent in Eksportfinans and is part of a guarantee syndicate which issued a

direct guarantee for bonds held by Eksportfinans with effect from 29 February 2008. As at 31 March 2008, DnB NOR Bank's share of the guarantee was 48.2 per cent. During the second quarter, the Norwegian government decided to take part in the syndicate with a share corresponding to its ownership interest in Eksportfinans. The negative profit contribution of NOK 211 million from Eksportfinans can be ascribed to maturity effects relating to the value of the bond portfolio and DnB NOR Bank's reduced 40.4 per cent share of the guarantee.

The banking group's pre-tax operating profits before write-downs came to NOK 6 054 million in the first half of 2008, down from NOK 6 879 million in the year-earlier period. After taxes, profits declined by 13.6 per cent to NOK 4 228 million. Return on equity was 12.6 per cent, compared with 17.4 per cent in the first half of 2007. The cost / income ratio was 55.7 per cent in the first half of 2008, up from 49.2 per cent in the year-earlier period.

Performance in the business areas in the first half of the year was affected in various degrees by the financial market turmoil, with the most pronounced impact being in DnB NOR Markets in the first quarter of 2008.

Corporate Banking and Payment Services recorded healthy growth and sound earnings in the first half of 2008, with pre-tax operating profits before write-downs of NOK 4 463 million, up NOK 717 million or 19 per cent from the year-earlier period.

Retail Banking achieved pre-tax operating profits before write-downs in line with the first half of 2007, at NOK 1 943 million. Rising interest rate levels caused a certain pressure on net interest income, while expenses were up due to expansion in the Swedish market.

DnB NOR Markets experienced large, negative price changes in its bond portfolio during the January through March period which were partly reversed in the second quarter. Pre-tax operating profits before write-downs were NOK 531 million in the first half of the year, down 59 per cent from the year-earlier period. Adjusted for the effects of widening credit spreads, profits were up NOK 570 million from the first half of 2007.

DnB NORD recorded pre-tax operating profits before write-downs of NOK 346 million in the first half of 2008, an increase of NOK 56 million or 19 per cent from the previous year, mainly reflecting a strong rise in volumes. Average customer lending rose by 49 per cent during the period.

For further details, see the balance sheet and risk information as at 30 June 2008 below in this report and in the report for the first quarter of the year.

## Income statement for the second quarter

### Income

Income totalled NOK 8 107 million for the April through June period in 2008, up NOK 1 216 million or 17.6 per cent from the second quarter of 2007.

### Net interest income

	2nd quarter		2nd quarter
<i>Amounts in NOK million</i>	2008	Change	2007
Net interest income	5 071	821	4 250
Lending and deposit volumes		618	
Lending and deposit spreads		180	
Guarantee fund levy		(52)	
Other net interest income		75	

Net interest income was NOK 5 071 million in the second quarter of 2008, up 19.3 per cent from the year-earlier period.

Average lending increased by NOK 167 billion or 19.3 per cent from the second quarter of 2007. There was a rise of NOK 23 billion or 4.4 per cent in average deposits. Lending spreads expanded by 0.05 percentage points compared with the year-earlier period,

standing at 1.12 per cent. During the same period, deposit spreads widened by 0.05 percentage points to 1.03 per cent.

Due to rising credit risk margins in global financial markets, the banking group's funding costs were NOK 67 million higher than in the second quarter of 2007. Rising funding costs are expected to result in somewhat higher interest rate levels over the next few quarters, especially in the corporate market. A gradual widening in lending spreads is expected due to adjustments to higher interest rate levels.

With effect from 2008, Norwegian banks once again pay guarantee fund levies. For the banking group, there was an overall increase in levy payments of NOK 52 million from the second quarter of 2007.

#### Net other operating income

Amounts in NOK million	2nd quarter		2nd quarter 2007
	2008	Change	
Net other operating income	3 036	395	2 640
Net gains on foreign exchange and interest rate instruments <sup>1)</sup>		467	
Changes in bond prices		343	
Net other commissions and fees		20	
Other income		(45)	
Stock market-related income including financial instruments		(389)	

1) Excluding guarantees and changes in income resulting from wider credit spreads.

Net other operating income amounted to NOK 3 036 million, up 15 per cent from the second quarter of 2007.

The main factor behind the increase was changes in bond prices representing NOK 343 million. Other operating income also reflected the stock market turbulence. However, there was a healthy trend in income from customer trading and ordinary own-account trading in DnB NOR Markets.

#### Operating expenses

Amounts in NOK million	2nd quarter		2nd quarter 2007
	2008	Change	
Operating expenses	3 913	546	3 367
Norwegian units		312	
Of which:			
IT expenses		164	
Properties		46	
Wage settlements		52	
Performance-based pay		(32)	
Marketing		37	
Operational leasing		39	
Increased use of services liable to VAT		30	
SkandiaBanken Bilfinans		24	
Other		(42)	
Cost programme		(33)	
Restructuring expenses, cost programme		28	
International units		234	
Of which:			
Sweden		76	
SalusAnsvar		56	
Svensk Fastighetsförmedling		21	
SkandiaBanken Bilfinans		20	
DnB NORD		43	
Other		19	

Operating expenses totalled NOK 3 913 million, up 16.2 per cent from the second quarter of 2007. The increase reflected both organic

growth and the acquisition and establishment of new international operations.

Costs in Norwegian units rose by a total of NOK 312 million or 9.8 per cent from the second quarter of 2007. Staff numbers declined by 72 full-time positions in Norwegian operations during the same period, in spite of the acquisition of leasing operations during the first quarter of the year, which resulted in 60 new full-time positions. An extensive process has been initiated to improve operational stability and modernise the banking group's IT infrastructure and systems, giving a NOK 164 million rise in IT costs from the second quarter of 2007. In the longer term, these initiatives will ensure greater customer satisfaction and higher productivity. The transition from financial to operational leasing activity for customers and the expansion of leasing operations gave a NOK 39 million rise in depreciation on leasing objects. The sale of bank properties and the transition to lease agreements caused a NOK 46 million increase in costs during the quarter compared with the year-earlier period, while financing costs were brought down.

The banking group's cost programme started to yield results during the second quarter. Measures implemented ensured overall quarterly savings of NOK 33 million during the April through June period compared with the second quarter of 2007. However, restructuring costs of NOK 28 million were used to achieve cost savings, whereby the net quarterly effect of the measures was NOK 5 million.

Costs in the banking group's international units rose by NOK 234 million during the second quarter compared with the year-earlier period, reflecting expansion and the acquisition of operations. The number of full-time positions in international units rose by 922 from the second quarter of 2007 to the second quarter of 2008.

#### Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 3 million in the second quarter of 2008, compared with NOK 9 million in the year-earlier period.

#### Write-downs on commitments

The financial turmoil and the general economic situation had little impact on the repayment ability of the banking group's customers. Net write-downs on loans and guarantees came to NOK 275 million for the quarter, compared with NOK 140 million in the year-earlier period. The low level of write-downs in the past few quarters is expected to gradually normalise.

Individual write-downs totalled NOK 222 million. There was a moderate level of individual write-downs, which represented 0.09 per cent of lending on an annual basis. There was a certain reduction in reversals on previous write-downs.

Group write-downs increased by NOK 52 million from end-March 2008, mainly due to volume growth and a certain normalisation of the economic situation. The loss probability in the portfolios has not changed materially.

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 4.8 billion as at 30 June 2008, up NOK 1 billion from end-June 2007. The increase reflected somewhat higher default figures in DnB NORD and rising volumes in the banking group. Non-performing and impaired commitments represented 0.44 per cent of lending volume at end-June 2008, compared with 0.42 per cent a year earlier and at end-December 2007.

#### Taxes

The banking group's tax charge for the second quarter of 2008 was NOK 1 059 million. The tax charge is based on an anticipated average tax rate of 27 per cent of pre-tax operating profits. The estimate for the full year has been maintained in spite of the weak stock markets during the first half, which could affect the relative tax charge. However, other temporary aspects counteract these effects. The estimate is based on the assumption that the stock markets will normalise during 2008.

## Balance sheet and liquidity

### Balance sheet

Total assets in the banking group's balance sheet were NOK 1 370 billion at end-June 2008, an increase from NOK 1 215 billion a year earlier.

Net lending to customers rose by NOK 184 billion or 20.6 per cent during the twelve-month period, partly due to a number of small-scale acquisitions and general growth in the international corporate portfolio. Deposit volume was up NOK 36 billion or 6.7 per cent during the same period.

### Liquidity

The banking group had good access to liquid funds during the second quarter of 2008, in spite of the financial market turmoil, which resulted in significant volatility and higher funding costs. The limits set by the Board of Directors for the banking group's liquidity management remained unchanged in the second quarter of the year.

In order to keep the banking group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The ratio of deposits to lending was 53.2 per cent as at 30 June 2008, compared with 52.0 per cent at end-March 2008. The ratio declined at the beginning of the quarter, but was strengthened in June. DnB NOR Boligkreditt, which issues well-secured covered bonds based on the banking group's housing loan portfolio, has become an increasingly important tool to ensure favourable funding of the banking group's operations. Securities issued by the banking group increased by NOK 141 billion or 42.9 per cent from end-June 2007, totalling NOK 470 billion as at 30 June 2008. The majority of the securities were issued in international capital markets. During the first half of the year, the banking group raised bond debt and subordinated loans for a total of NOK 121 billion. The loans were raised at competitive prices. The average cost increased from 7 to 50 basis points over the money market rate.

The banking group is continually reviewing prices and maturities in securities markets relative to alternative sources, such as available special-term corporate deposits in the money market.

### Risk and capital adequacy

The banking group quantifies risk by measuring risk-adjusted capital. Net risk-adjusted capital increased by NOK 1.3 billion in the April through June period, to NOK 53.4 billion. The table below shows developments in risk-adjusted capital:

	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
<i>Amounts in NOK billion</i>				
Credit risk	48.6	47.5	42.6	38.1
Market risk	4.2	4.3	3.6	2.9
Operational risk	4.8	4.8	4.4	4.4
Business risk	2.4	2.4	2.2	2.2
Gross risk-adjusted capital requirement	60.0	58.9	52.8	47.6
Diversification effect <sup>1)</sup>	(6.6)	(6.9)	(6.4)	(5.1)
Net risk-adjusted capital requirement	53.4	52.1	46.4	42.5
Diversification effect in per cent of gross risk-adjusted capital requirement <sup>1)</sup>	11.0	11.6	12.1	10.8

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

There was continued brisk growth in credit volumes in the second quarter of 2008, with the greatest increases in Corporate Banking

and Payment Services, reflecting strong international expansion, and in DnB NORD. Credit quality remained strong and stable. Even in difficult market conditions, the banking group syndicated loans in the shipping and offshore segment. Non-performing and impaired commitments showed a marginal increase from a very low level.

Risk-weighted volume included in the calculation of the capital adequacy requirement increased by NOK 47 billion during the quarter, to NOK 943 billion. The banking group raised new subordinated loan capital of NOK 5.5 billion in June. Including 50 per cent of interim profits, the core capital ratio was 7.4 per cent, while the capital adequacy ratio was 10.5 per cent.

### Business areas

The activities of the banking group are organised in three business areas according to the customer segments served by the banking group and the products offered. In addition, DnB NORD is regarded as a separate profit centre.

The financial market turmoil had differing effects on the performance of the business areas, and there was a certain reversal of former unrealised mark-to-market losses. Rising money market rates and higher funding costs also affected the performance of some of the business areas in the second quarter of 2008. However, there was a healthy underlying trend in most areas.

### Corporate Banking and Payment Services

	2nd quarter 2008	2nd quarter 2007	Change in	
<i>Amounts in NOK million</i>			Change	per cent
Net interest income	2 813	2 141	671	31.4
Other operating income	862	782	80	10.2
Total income	3 675	2 924	751	25.7
Operating expenses	1 193	988	205	20.7
Pre-tax operating profit before write-downs	2 482	1 935	547	28.2
Net gains on fixed assets	18	5	14	298.2
Net write-downs on loans	93	25	67	265.7
Pre-tax operating profit	2 407	1 914	493	25.7

### Average balance sheet items in NOK billion

Net lending to customers	517.4	397.1	120.3	30.3
Deposits from customers	295.8	279.0	16.8	6.0

### Key figures in per cent

Return on BIS capital	17.2	18.5
Cost/income ratio	32.5	33.8
Ratio of deposits to lending	57.2	70.3

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 2 407 million in the second quarter of 2008, an increase of 25.7 per cent or NOK 493 million from the year-earlier period. Second quarter performance reflected a large number of new transactions coupled with great uncertainty in financial markets.

Credit demand was high throughout the second quarter of 2008, and average loans and guarantees totalled NOK 596 billion. Operations outside Norway accounted for the major part of the overall growth of NOK 134 billion from the second quarter of 2007.

The rise in deposits has levelled off over the past few quarters, and combined with brisk lending growth, this resulted in a reduction in the ratio of deposits to lending of 13.1 percentage points from the second quarter of 2007, to 57.2 per cent.

Due to the brisk lending growth, net interest income increased from the year-earlier period. Interest rate levels were rising in the Norwegian market, putting pressure on spreads. There was a stable trend in earnings in the Group's priority areas outside Norway. Lending spreads stood at 1.05 per cent in the second quarter of 2008, on a level with the year-earlier period. At 0.74 per cent, deposit spreads were also in line with the figure for the second quarter of 2007.

Brisk sales of foreign exchange and interest rate products helped

raise income for the quarter. In spite of a sluggish syndication market in the second quarter of 2008, income from these products rose compared with the year-earlier period. There was also a rise in income from associated companies from the second quarter of 2007 to the corresponding period in 2008. Corporate Banking and Payment Services recorded a profit contribution from Eksportfinans of NOK 98 million in the second quarter of 2008.

International expansion contributed to a rise in operating expenses from the year-earlier period, including the acquisition of SkandiaBanken Bilfinans' operations in Sweden and Norway in early 2008. The number of full-time positions rose by 255 from the second quarter of 2007, and approximately 40 per cent of the increase took place in units outside Norway. At end-June 2008, staff in Corporate Banking and Payment Services represented 2 504 full-time positions, including 650 positions in Norwegian subsidiaries and 690 in international units. There was a rise in depreciation due to strong growth in operational leasing.

The quality of the loan portfolios remained sound, and there was a low level of net write-downs on loans in the second quarter of 2008 at 0.07 per cent of net customer lending, in spite of an increase from the previous year.

Customer satisfaction showed a positive trend. The market share of total lending in Norway increased by 0.2 percentage points from end-June 2007, to 15.0 per cent at end-May 2008.

Corporate Banking and Payment Services sees great opportunities for growth within its priority areas, though the effects of rising money market rates and the tight funding market are expected to result in a levelling off in general credit growth.

## Retail Banking

<i>Amounts in NOK million</i>	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
Net interest income	1 804	1 780	24	1.4
Other operating income	826	797	30	3.7
Total income	2 630	2 576	54	2.1
Operating expenses	1 731	1 594	138	8.6
Pre-tax operating profit before write-downs	899	983	(83)	(8.5)
Net gains on fixed assets	0	0	0	0.0
Net write-downs on loans	84	64	20	30.8
Pre-tax operating profit	815	919	(103)	(11.2)

### Average balance sheet items in NOK billion

Net lending to customers	451.1	421.0	30.0	7.1
Deposits from customers	232.3	215.8	16.5	7.6

### Key figures in per cent

Return on BIS capital	33.8	20.9
Cost/income ratio	65.8	61.9
Ratio of deposits to lending	51.5	51.3

Retail Banking recorded pre-tax operating profits of NOK 815 million in the second quarter of 2008, down NOK 103 million from the corresponding period in 2007. The decline in profits can be partly ascribed to higher costs due to international expansion.

Both lending and deposit volumes increased by just over 7 per cent from the second quarter of 2007, and the ratio of deposits to lending remained stable.

Net interest income rose by 1.4 per cent compared with the second quarter of 2007, but declined by 4.7 per cent from the first quarter of 2008. Interest rate levels and funding costs were increasing, and interest rates were raised twice during the second quarter. Due to the notification periods, the interest rate increases had little impact on income during the quarter, but will have full effect from the beginning of the third quarter. Relative to total lending and deposits, net interest income was 1.06 per cent, down from 1.12 per cent in the second quarter of 2007.

Other operating income reflected reduced income from the sale of structured products and from lower loyalty programme charges

during the period, whereas income from the sale of non-life insurance, manual payment transactions and operations in Sweden made a positive contribution.

Operating expenses rose by NOK 138 million from the second quarter of 2007, with operations in Sweden accounting for NOK 116 million. Retail Banking staff numbered 3 907 full-time positions as at 30 June 2008. Ongoing streamlining measures have reduced staff numbers in operations in Norway.

Net write-downs on loans and guarantees rose by NOK 20 million from the April through June period in 2007, but were at a stable level relative to average lending volume.

At end-May 2008, the market share of credit to retail customers was 28.6 per cent, down from 29.2 per cent at end-June 2007. The market share of savings was 35.9 per cent at end-May 2008.

In-store banking outlets provide longer opening hours and a large number of service counters, representing an important step in increasing customers' accessibility to simple banking services. At end-June 2008, in-store banking outlets were established in approximately 830 grocery stores around Norway.

All of DnB NOR's 890 000 registered Internet banking customers have received information on the use of BankID. Approximately 80 per cent of the customers who have thus far started using BankID have also agreed to use BankAxxess, an online payment application whereby funds are debited directly from their accounts. The Internet banks dnbno.no and postbanken.no have been improved, offering a wider range of self-service solutions and a number of new SMS solutions. New fixed-rate deposits with a six-month term were introduced during the period.

DnB NOR and Nordlandsbanken removed charges on all customer loyalty programmes with effect from 1 May, which has resulted in highly positive responses from customers.

Retail Banking expects lending growth to level off and money market rates to remain high over the next few quarters. Major emphasis will be placed on increasing accessibility to DnB NOR through the Internet banks, mobile phones and in-store banking outlets, thus paving the way for the streamlining of operations and cost savings. There will be continued international expansion, with the main focus on Sweden.

## DnB NOR Markets

<i>Amounts in NOK million</i>	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
FX, interest rate and commodity derivatives	398	295	103	34.8
Investment products	176	181	(5)	(2.6)
Corporate finance	228	282	(54)	(19.1)
Securities services	104	104	(0)	(0.4)
Total customer revenues	905	861	44	5.1
trading revenues	640	125	516	414.0
Total income on allocated cap	79	44	35	80.4
Total income	1 625	1 030	595	57.8
Operating expenses	422	402	20	4.9
Pre-tax operating profit	1 203	628	575	91.6

### Key figures in per cent

Return on BIS capital	70.2	47.0
Cost/income ratio	26.0	39.0

DnB NOR Markets achieved very strong profits in the second quarter of 2008. Pre-tax operating profits totalled NOK 1 203 million, an increase of NOK 575 million or 92 per cent from the second quarter of 2007. A certain improvement in international financial markets during April and May was followed by new market turmoil and a resulting increase in credit risk spreads towards the end of the quarter. Reversals on previous quarters' unrealised mark-to-market losses on the bank's liquidity portfolio of bonds made a positive contribution of NOK 233 million in the second quarter of 2008, while unrealised losses of NOK 23 million were recorded in the year-earlier period.

Well-diversified operations and a rise in customer business helped

maintain a high level of customer-related income. A customer survey undertaken by Greenwich confirms good results for DnB NOR within cross-sales between the business areas.

Customer-related income from foreign exchange and interest rate and commodity derivatives increased due to continued healthy demand for interest rate and currency hedging products. A wider range of commodity price hedging products was well received by customers and contributed to strong growth.

Customer-related income from investment products declined compared with the second quarter of 2007. Higher income from the sale of bonds, equities and equity derivatives largely compensated for reduced sales of structured products and alternative investments. During the quarter, DnB NOR Markets launched new investment products, such as DnB NOR Shippingfond and the exchange-traded funds DnB NOR OBX Derivat Bear and DnB NOR OBX Derivat Bull in cooperation with DnB NOR Asset Management.

There was a lower level of activity for share issues and stock exchange listings than in the year-earlier period, resulting in a reduction in total customer-related revenues from corporate finance services. However, income from acquisitions and delistings of companies showed an increase from the second quarter of 2007. There was a positive trend for arranging commercial paper and bond issues. DnB NOR Markets strengthened its leading market position in Norway. During the quarter, a Debt Capital Markets unit was established at the branch in New York.

Customer-related revenues from custodial and other securities services were on a level with the year-earlier period. There was a high level of activity within both securities services, custody and securities finance.

Earnings from market making and other proprietary trading were NOK 640 million, up NOK 516 million from the second quarter of 2007. Reversals on previous periods' unrealised losses on the liquidity portfolio of bonds contributed NOK 233 million. Income from other proprietary trading was NOK 407 million for the quarter, up NOK 259 million from the year-earlier period. The increase was a result of market making and ordinary position taking within set limits.

There was a rise in costs compared with the second quarter of 2007, reflecting the establishment of new units and a wider range of products.

There is high, stable credit quality in the bond portfolio, and unrealised changes in bond values are expected to be reversed by an estimated NOK 220 million per quarter over the residual maturity of three years, conditional on stable credit margins during this period.

## DnB NORD

	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
<i>Amounts in NOK million</i>				
Net interest income	409	338	71	21.0
Other operating income	165	185	(19)	(10.5)
Total income	574	523	52	9.9
Operating expenses	397	354	43	12.0
Pre-tax operating profit before write-downs	178	169	9	5.4
Net gains on fixed assets	1	5	(3)	(71.7)
Net write-downs on loans	53	26	27	106.8
Pre-tax operating profit	126	148	(22)	(14.6)

### Average balance sheet items in NOK billion

Net lending to customers	71.4	47.0	24.4	51.8
Deposits from customers	21.1	19.2	1.8	9.6

### Key figures in per cent

Return on BIS capital	7.2	13.9
Cost/income ratio	69.1	67.7
Ratio of deposits to lending	29.5	40.9

DnB NORD recorded pre-tax operating profits of NOK 126 million in the second quarter of 2008, down NOK 22 million compared with the year-earlier period. Performance was influenced by rising funding costs and higher write-downs on loans.

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

There was a 10 per cent increase in total income from the second quarter of 2007. Net interest income was affected by higher funding costs.

The rise in operating expenses was mainly due to a planned increase in staff levels. At end-June 2008, DnB NORD staff represented 3 460 full-time positions, up from 3 052 a year earlier.

Net write-downs on loans represented 30 basis points relative to net lending, up from 22 basis points in the year-earlier period. However, the loan portfolio is of good quality given the markets in which DnB NORD operates. Provided that the economic situation does not deteriorate further, no major increase is expected in the level of write-downs during the remainder of the year.

DnB NORD is well represented in the Baltic region and Poland, serving both retail and corporate customers. In Denmark and Finland, DnB NORD is a full-service bank for corporate customers. DnB NORD had more than 770 000 customers and 173 branches at end-June 2008.

Economic growth in the Baltic countries is expected to slow down to a more normalised level. The situation remains unstable, though there are some positive signs. Among other things, the Latvian government budget is in balance. High inflation combined with sluggish growth could, however, give reason for some concern.

Through the development and harmonisation of products across national borders, DnB NORD aims to participate actively in the extensive trading and investment activity in the Baltic Sea region.

## Cost programme

The banking group's cost programme was on schedule and started to yield results during the second quarter. Savings were achieved within several areas.

The branch network was extensively restructured and greater distribution power was ensured through the opening of in-store banking outlets. This offering will be expanded during the entire duration of the cost programme.

Efforts are being focused on streamlining relations with suppliers, both through insourcing and outsourcing projects, and on further exploiting the size of the banking group to achieve better procurement agreements.

Other important elements in the cost programme are the phasing out of IT routines and the restructuring of internal operational processes.

Restructuring costs associated with the programme will accrue on an ongoing basis up till the second half of 2010, and the full accounting effect of the programme will thus not materialise until the end of 2010.

In order to further increase efficiency and make sure that the banking group will achieve its financial targets, the Board of Directors has decided to raise the cost savings target from NOK 0.8 billion to NOK 1.2 billion.

## Macroeconomic developments

The financial crisis continued to leave its mark on financial markets in the second quarter of 2008. Very low economic growth in the US has had negative ripple effects on the rest of the world. Initiated monetary and fiscal policy measures are expected to raise US activity levels during the autumn, though there is still a high level of uncertainty.

After close to five years of continuous strong growth in the Norwegian economy, it appears that the peak of the current cycle has passed. Nevertheless, Norway enjoys a more favourable economic situation than most other countries, and economic prospects remain favourable. High interest rates, less optimism and more stringent

credit requirements will probably contribute to curbing credit demand. In the household sector, high interest rates and an anticipated weak development in share prices point to a rise in deposits. Lower corporate profits will contribute to dampening deposit growth in the corporate market. Coupled with higher-priced capital market funding, this will probably further intensify the competition for deposits.

## Future prospects

Even though financial market volatility also leaves its mark on the banking group's accounts and operations, the banking group's underlying, long-term development remains sound. Investments recovery is on schedule, and most of the banking group's operations are shielded from the most pronounced effects. DnB NOR Bank thus expects the banking group to strengthen its relative position.

In spite of a certain reduction in growth estimates, the banking group has a sound, broad platform for further growth. It is also probable that credit margins will improve in the Norwegian markets.

The banking group is committed to strengthening customer relations and increasing its earnings potential, inter alia by offering a wider range of financial products to an increasing number of customers.

There will be greater interaction between group entities. Strong emphasis will also be placed on giving customers at the international units the same range of products as that available in Norway.

The maturity effects relating to previous decreases in bond values will enable the banking group to record income in future quarters, provided that credit margins remain unchanged.

The cost programme and the new targets for cost developments in the banking group's Norwegian operations will have an increasing impact in the coming quarters. Total restructuring cost of NOK 970 million are expected to be used during the duration of the programme. The process to streamline group operations will continue, including efforts to boost productivity in the international entities. This will provide the basis for a lower cost/income ratio in future.

However, continued financial market turmoil represents an element of uncertainty, and there is also a possibility that a further decline in the property market could influence the banking group's future performance.

A certain increase in write-downs on loans must be expected due to the economic slowdown in Norway and internationally. However, the starting point is good, with historically low default figures and credit losses. Individual write-downs are thus likely to remain at a historically low level for 2008.

Group write-downs are linked directly to economic developments, the quality of the portfolios and the size and composition of the loan portfolio and could show a different short-term trend than individual write-downs.

Given its robust capital base and continued good access to funding, the banking group is well positioned for the coming years. Based on the situation at end-June 2008, the target of a pre-tax operating profit before write-downs for 2008 on a par with 2007 is maintained. Similarly, the communicated profit target for 2010 remains unchanged.

Oslo, 9 July 2008  
The Board of Directors of DnB NOR Bank ASA

Anne Carine Tanum  
(chairman)

Bent Pedersen  
(vice-chairman)

Per Hoffmann

Kari Lotsberg

Kai Nyland

Torill Rambjør

Ingjerd Skjeldrum

Rune Bjerke  
(group chief executive)

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# Income statement

<b>DnB NOR Bank ASA</b>						
		2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	<i>Note</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>
Total interest income	4	16 782	13 679	33 098	25 945	56 598
Total interest expenses	4	12 795	10 223	25 123	19 098	41 748
<b>Net interest income</b>	<b>4</b>	<b>3 988</b>	<b>3 456</b>	<b>7 975</b>	<b>6 847</b>	<b>14 850</b>
Commissions and fees receivable etc.	5	1 416	1 528	2 786	3 024	5 916
Commissions and fees payable etc.	5	499	448	944	923	1 923
Net gains on financial instruments at fair value	5, 6	1 306	971	194	2 021	3 009
Net realised gains on investment securities (AFS)	5	0	0	0	0	0
Profit from companies accounted for by the equity method	5	0	0	0	0	0
Other income	5	250	223	509	512	2 621
<b>Net other operating income</b>	<b>5</b>	<b>2 473</b>	<b>2 275</b>	<b>2 545</b>	<b>4 634</b>	<b>9 624</b>
<b>Total income</b>		<b>6 461</b>	<b>5 731</b>	<b>10 519</b>	<b>11 481</b>	<b>24 474</b>
Salaries and other personnel expenses	7	1 532	1 444	3 015	2 922	6 347
Other expenses	7	1 297	1 041	2 510	2 140	4 364
Depreciation and write-downs of fixed and intangible assets	7	84	101	167	194	409
<b>Total operating expenses</b>	<b>7</b>	<b>2 914</b>	<b>2 586</b>	<b>5 692</b>	<b>5 256</b>	<b>11 119</b>
Net gains on fixed and intangible assets		0	0	40	(2)	1 566
Write-downs on loans and guarantees	9	167	117	305	154	75
<b>Pre-tax operating profit</b>		<b>3 380</b>	<b>3 028</b>	<b>4 562</b>	<b>6 069</b>	<b>14 846</b>
Taxes		946	848	1 150	1 699	3 705
Profit from discontinuing operations after taxes		0	0	0	0	0
<b>Profit for the period</b>		<b>2 434</b>	<b>2 180</b>	<b>3 412</b>	<b>4 370</b>	<b>11 141</b>

# Balance sheet

		<b>DnB NOR Bank ASA</b>		
		30 June	31 Dec.	30 June
<i>Amounts in NOK million</i>	Note	2008	2007	2007
<b>Assets</b>				
Cash and deposits with central banks		13 409	6 602	6 524
Lending to and deposits with credit institutions	11	207 012	178 742	222 479
Lending to customers	10, 11	793 193	763 472	735 401
Commercial paper and bonds	12	113 743	112 273	108 885
Shareholdings		9 617	8 731	4 848
Financial derivatives		59 830	65 135	59 218
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity	12	0	0	0
Investment property		0	0	0
Investments in associated companies		1 058	585	569
Investments in subsidiaries		16 274	12 716	11 115
Intangible assets	13	2 089	2 087	2 074
Deferred tax assets		8	8	376
Fixed assets		801	882	1 986
Biological assets		0	0	0
Discontinuing operations		0	0	646
Other assets		8 381	13 087	6 513
<b>Total assets</b>		<b>1 225 416</b>	<b>1 164 320</b>	<b>1 160 634</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		105 621	129 162	150 124
Deposits from customers		539 620	510 745	506 635
Financial derivatives		58 354	63 257	62 588
Securities issued	14	390 402	335 772	325 511
Payable taxes		1 212	343	4 132
Deferred taxes		1 090	1 100	3
Other liabilities		22 692	25 711	22 720
Discontinuing operations		0	0	0
Provisions		4 536	4 566	3 980
Subordinated loan capital	14	37 417	32 491	33 397
<b>Total liabilities</b>		<b>1 160 945</b>	<b>1 103 147</b>	<b>1 109 089</b>
Minority interests		0	0	0
Revaluation reserve		0	0	0
Share capital		17 514	17 514	17 214
Other reserves and retained earnings		46 957	43 659	34 331
<b>Total equity</b>		<b>64 472</b>	<b>61 173</b>	<b>51 545</b>
<b>Total liabilities and equity</b>		<b>1 225 416</b>	<b>1 164 320</b>	<b>1 160 634</b>
Off-balance sheet transactions and contingencies	17			

# Income statement

<b>DnB NOR Bank Group</b>						
		2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	<i>Note</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>
Total interest income	4	19 618	14 911	38 236	28 401	62 214
Total interest expenses	4	14 546	10 661	28 059	20 111	44 199
<b>Net interest income</b>	<b>4</b>	<b>5 071</b>	<b>4 250</b>	<b>10 177</b>	<b>8 290</b>	<b>18 015</b>
Commissions and fees receivable etc.	5	1 668	1 696	3 258	3 310	6 632
Commissions and fees payable etc.	5	535	480	1 010	978	2 040
Net gains on financial instruments at fair value	5, 6	1 426	989	642	2 053	3 187
Net realised gains on investment securities (AFS)	5	0	0	0	0	0
Profit from companies accounted for by the equity method	5	102	21	(192)	58	9
Other income	5	375	414	794	817	1 628
<b>Net other operating income</b>	<b>5</b>	<b>3 036</b>	<b>2 640</b>	<b>3 492</b>	<b>5 260</b>	<b>9 416</b>
<b>Total income</b>		<b>8 107</b>	<b>6 891</b>	<b>13 669</b>	<b>13 550</b>	<b>27 431</b>
Salaries and other personnel expenses	7	2 051	1 886	4 019	3 733	8 144
Other expenses	7	1 621	1 271	3 133	2 552	5 296
Depreciation and write-downs of fixed and intangible assets	7	240	209	463	387	860
<b>Total operating expenses</b>	<b>7</b>	<b>3 913</b>	<b>3 367</b>	<b>7 615</b>	<b>6 671</b>	<b>14 300</b>
Net gains on fixed and intangible assets		3	9	34	14	2 481
Write-downs on loans and guarantees	9	275	140	470	191	220
<b>Pre-tax operating profit</b>		<b>3 922</b>	<b>3 393</b>	<b>5 617</b>	<b>6 702</b>	<b>15 392</b>
Taxes		1 059	916	1 390	1 809	4 010
Profit from discontinuing operations after taxes		0	0	0	0	0
<b>Profit for the period</b>		<b>2 863</b>	<b>2 477</b>	<b>4 228</b>	<b>4 892</b>	<b>11 382</b>
Profit attributable to shareholders		2 800	2 398	4 099	4 759	11 139
Profit attributable to minority interests		63	78	128	133	242

# Balance sheet

		DnB NOR Bank Group		
		30 June	31 Dec.	30 June
<i>Amounts in NOK million</i>	Note	2008	2007	2007
<b>Assets</b>				
Cash and deposits with central banks		16 235	9 816	8 951
Lending to and deposits with credit institutions	11	72 526	52 302	117 346
Lending to customers	10, 11	1 076 266	980 239	892 579
Commercial paper and bonds	12	116 356	114 542	112 585
Shareholdings		9 924	9 104	5 097
Financial derivatives		57 342	64 445	59 285
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity	12	0	0	0
Investment property		168	170	138
Investments in associated companies		1 669	1 416	1 446
Investments in subsidiaries		-	-	-
Intangible assets	13	5 757	4 733	3 984
Deferred tax assets		146	128	185
Fixed assets		3 902	3 439	5 186
Biological assets		0	0	0
Discontinuing operations		241	225	812
Other assets		9 114	9 067	7 651
<b>Total assets</b>		<b>1 369 646</b>	<b>1 249 625</b>	<b>1 215 246</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		129 770	144 228	163 750
Deposits from customers		572 298	542 307	536 524
Financial derivatives		55 217	61 731	62 512
Securities issued	14	469 552	371 784	328 508
Payable taxes		1 489	767	4 261
Deferred taxes		1 882	1 381	72
Other liabilities		25 310	23 205	24 610
Discontinuing operations		0	0	0
Provisions		5 002	4 930	4 199
Subordinated loan capital	14	38 540	33 226	34 151
<b>Total liabilities</b>		<b>1 299 061</b>	<b>1 183 558</b>	<b>1 158 588</b>
Minority interests		3 187	2 662	2 536
Revaluation reserve		0	0	0
Share capital		17 514	17 514	17 214
Other reserves and retained earnings		49 885	45 891	36 908
<b>Total equity</b>		<b>70 585</b>	<b>66 068</b>	<b>56 658</b>
<b>Total liabilities and equity</b>		<b>1 369 646</b>	<b>1 249 625</b>	<b>1 215 246</b>
Off-balance sheet transactions and contingencies	17			

# Statement of changes in equity

DnB NOR Bank ASA						
	Revalu- ation reserve	Share capital	Share premium reserve	Other equity <sup>1)</sup>	Total other reserves and retained earnings	Total equity <sup>1)</sup>
<i>Amounts in NOK million</i>						
<b>Balance sheet as at 1 January 2007</b>	<b>0</b>	<b>17 214</b>	<b>9 995</b>	<b>20 039</b>	<b>30 035</b>	<b>47 249</b>
Net change in currency translation reserve				(73)	(73)	(73)
Profit for the period				4 370	4 370	4 370
Net income for the period				4 297	4 297	4 297
<b>Balance sheet as at 30 June 2007</b>	<b>0</b>	<b>17 214</b>	<b>9 995</b>	<b>24 336</b>	<b>34 331</b>	<b>51 545</b>
<b>Balance sheet as at 31 December 2007</b>	<b>0</b>	<b>17 514</b>	<b>12 695</b>	<b>30 964</b>	<b>43 659</b>	<b>61 173</b>
Net change in currency translation reserve				(112)	(112)	(112)
Profit for the period				3 412	3 412	3 412
Net income for the period				3 300	3 300	3 300
<b>Balance sheet as at 30 June 2008</b>	<b>0</b>	<b>17 514</b>	<b>12 695</b>	<b>34 262</b>	<b>46 957</b>	<b>64 472</b>

1) Of which currency translation reserve:

<i>Balance sheet as at 1 January 2007</i>	(32)	(32)
<i>Net change in currency translation reserve</i>	(73)	(73)
<i>Balance sheet as at 30 June 2007</i>	(105)	(105)
<i>Balance sheet as at 31 December 2007</i>	(248)	(248)
<i>Net change in currency translation reserve</i>	(112)	(112)
<i>Balance sheet as at 30 June 2008</i>	(360)	(360)

DnB NOR Bank Group							
	Minority interests <sup>1)</sup>	Revalu- ation reserve	Share capital	Share premium reserve	Other equity <sup>1)</sup>	Total other reserves and retained earnings	Total equity <sup>1)</sup>
<i>Amounts in NOK million</i>							
<b>Balance sheet as at 1 January 2007</b>	<b>2 201</b>	<b>0</b>	<b>17 214</b>	<b>10 711</b>	<b>27 054</b>	<b>37 765</b>	<b>57 181</b>
Net change in currency translation reserve	(71)				(72)	(72)	(144)
Profit for the period	133				4 759	4 759	4 892
Net income for the period	62				4 687	4 687	4 749
Dividends/group contribution paid for 2006					(5 544)	(5 544)	(5 544)
Minority interests DnB NORD	273						273
<b>Balance sheet as at 30 June 2007</b>	<b>2 536</b>	<b>0</b>	<b>17 214</b>	<b>10 711</b>	<b>26 196</b>	<b>36 908</b>	<b>56 658</b>
<b>Balance sheet as at 31 December 2007</b>	<b>2 662</b>	<b>0</b>	<b>17 514</b>	<b>13 411</b>	<b>32 480</b>	<b>45 891</b>	<b>66 068</b>
Net change in currency translation reserve	19				(106)	(106)	(87)
Profit for the period	128				4 099	4 099	4 228
Net income for the period	147				3 993	3 993	4 141
Net dividends/group contribution paid for 2007						0	0
Minority interests DnB NORD	378						378
<b>Balance sheet as at 30 June 2008</b>	<b>3 187</b>	<b>0</b>	<b>17 514</b>	<b>13 411</b>	<b>36 473</b>	<b>49 885</b>	<b>70 585</b>

1) Of which currency translation reserve:

<i>Balance sheet as at 1 January 2007</i>	44	(39)	6
<i>Net change in currency translation reserve</i>	(71)	(72)	(144)
<i>Balance sheet as at 30 June 2007</i>	(27)	(111)	(138)
<i>Balance sheet as at 31 December 2007</i>	(28)	(206)	(234)
<i>Net change in currency translation reserve</i>	19	(106)	(87)
<i>Balance sheet as at 30 June 2008</i>	(9)	(312)	(321)

# Cash flow statement

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year 2007	1st half 2007	1st half 2008		1st half 2008	1st half 2007	Full year 2007
			Amounts in NOK million			
			<b>Operations</b>			
(49 089)	(12 452)	(33 928)	Net payments on loans to customers	(89 527)	(50 896)	(146 922)
59 589	46 090	25 512	Net receipts on deposits from customers	26 366	48 566	63 859
41 105	22 881	24 745	Interest received from customers	33 097	25 103	50 680
(17 296)	(6 869)	(11 263)	Interest paid to customers	(11 754)	(6 976)	(18 052)
26 919	35 587	1 074	Net receipts/payments on the sale/aquisition of financial assets for investment or trading	1 583	6 645	(967)
4 027	3 128	1 890	Net receipts on commissions and fees	2 296	3 415	4 625
(13 087)	(6 240)	(4 451)	Payments to operations	(6 078)	(7 446)	(15 816)
(2 671)	(182)	(274)	Taxes paid	(666)	(253)	(2 832)
993	416	485	Other receipts	770	832	1 607
<b>50 489</b>	<b>82 360</b>	<b>3 790</b>	<b>Net cash flow relating to operations</b>	<b>(43 913)</b>	<b>18 989</b>	<b>(63 819)</b>
			<b>Investment activity</b>			
2 857	(229)	(47)	Net receipts/payments on the sale/acquisition of fixed assets	(934)	(813)	3 187
9	0	65	Receipts on the sale of long-term investments in shares	133	0	9
(4 080)	(2 521)	(4 119)	Payments on the acquisition of long-term investments in shares	(2 493)	(1 293)	(4 080)
1 347	190	126	Dividends received on long-term investments in shares	103	167	248
<b>133</b>	<b>(2 561)</b>	<b>(3 975)</b>	<b>Net cash flow relating to investment activity</b>	<b>(3 192)</b>	<b>(1 939)</b>	<b>(636)</b>
			<b>Funding activity</b>			
(49 164)	(73 980)	(50 607)	Net receipts/payments on loans to/from credit institutions	(42 967)	(15 410)	29 435
(7 064)	8 616	5 216	Net receipts/payments on other short-term liabilities	5 898	10 173	(2 416)
25 377	4 712	59 940	Net issue of bonds and commercial paper <sup>1)</sup>	104 099	4 977	58 281
5 436	4 310	8 229	Issue of subordinated loan capital	8 624	4 310	5 583
(3 917)	(2 186)	(1 594)	Redemptions of subordinated loan capital	(1 594)	(2 186)	(4 017)
3 000	0	0	Receipts of increase in share capital	0	0	3 000
(7 700)	(7 700)	(1 262)	Dividend/group contribution payments	(1 807)	(7 700)	(7 700)
(14 553)	(13 870)	(8 771)	Net interest payments on funding activity	(14 547)	(14 519)	(20 420)
<b>(48 586)</b>	<b>(80 098)</b>	<b>11 151</b>	<b>Net cash flow from funding activity</b>	<b>57 705</b>	<b>(20 355)</b>	<b>61 745</b>
<b>2 036</b>	<b>(297)</b>	<b>10 966</b>	<b>Net cash flow</b>	<b>10 600</b>	<b>(3 306)</b>	<b>(2 710)</b>
21 783	21 783	23 819	Cash as at 1 January	15 520	18 230	18 230
2 036	(297)	10 966	Net receipts/payments of cash	10 600	(3 306)	(2 710)
23 819	21 486	34 785	Cash at end of period <sup>*)</sup>	26 120	14 924	15 520
			<sup>*) Of which:</sup>			
6 602	6 524	13 409	Cash and deposits with central banks	16 235	8 951	9 816
17 217	14 962	21 375	Deposits with credit institutions with no agreed period of notice <sup>2)</sup>	9 885	5 973	5 703

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

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

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

# Key figures

DnB NOR Bank Group					
	2nd quarter	2nd quarter	1st half	1st half	Full year
	2008	2007	2008	2007	2007
<b>Interest rate analyses</b>					
1. Combined average spread for lending and deposits (%)	2.15	2.06	2.15	2.02	2.12
2. Spread for ordinary lending to customers (%)	1.12	1.07	1.12	1.08	1.08
3. Spread for deposits from customers (%)	1.03	0.99	1.03	0.94	1.04
<b>Rate of return/profitability</b>					
4. Net other operating income, per cent of total income	37.4	38.3	25.5	38.8	34.3
5. Cost/income ratio (%)	48.3	48.9	55.7	49.2	50.6
6. Return on equity, annualised (%)	17.0	17.2	12.6	17.4	19.7
<b>Financial strength</b>					
7. Core (Tier 1) capital ratio at end of period (%)	7.2	7.3	7.2	7.3	7.9
8. Core (Tier 1) capital incl. 50 per cent of profit for the period (%)	7.4	7.3	7.4	7.3	-
9. Capital adequacy ratio at end of period (%)	10.3	10.5	10.3	10.5	10.5
10. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	10.5	10.5	10.5	10.5	-
11. Core capital at end of period (NOK million)	67 795	58 322	67 795	58 322	69 579
12. Risk-weighted volume at end of period (NOK million)	943 339	801 222	943 339	801 222	886 099
<b>Loan portfolio and write-downs</b>					
13. Individual write-downs relative to average net lending to customers, annualised	0.09	0.05	0.07	0.05	0.05
14. Write-downs relative to average net lending to customers, annualised	0.11	0.06	0.09	0.04	0.02
15. Net non-performing and impaired commitments, per cent of net lending	0.44	0.42	0.44	0.42	0.42
16. Net non-performing and impaired commitments at end of period (NOK million)	4 801	3 815	4 801	3 815	4 174
<b>Liquidity</b>					
17. Ratio of customer deposits to net lending to customers at end of period (%)	53.2	60.1	53.2	60.1	55.3
<b>Staff</b>					
18. Number of full-time positions at end of period	12 684	11 834	12 684	11 834	12 290

## Definitions

- 1, 2, 3 Based on nominal values excluding lending to and deposits with credit institutions and impaired loans.
- 5 Total expenses relative to total income. Expenses are excluding allocation to employees.
- 6 Profit for the period, excluding profit attributable to minority interests, adjusted for the period's change in fair value recognised in equity.  
Average equity is calculated on the basis of recorded equity excluding minority interests.

## Note 1 Accounting principles etc.

### Accounting principles

The second quarter and first half accounts have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied in preparing the accounts of the bank and the banking group is found in the annual report for 2007 which was prepared according to IFRS principles as approved by the EU.

### Estimates

When preparing the accounts of the bank and the banking group, 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.

Notes 1 and 3 in the annual report for 2007 give a description of important estimates and assumptions.

### Comparable figures

Comparable figures have not been restated following the acquisition of SkandiaBanken Bilfinans in 2008 and SalusAnsvar in 2007.

## Note 2 Changes in group structure

### SkandiaBanken Bilfinans

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

Information about the acquisitions, including preliminary acquisition analyses, was presented in DnB NOR Bank's report for the first quarter of 2008. The information was not subject to changes during the second quarter of 2008.

## Note 3 Business areas

The activities of the DnB NOR Bank Group, which include DnB NOR Bank ASA and subsidiaries, are organised into three functional business areas and four staff and support units. In addition, DnB NORD is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the banking group, as well as the products offered.

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

#### Income statement, second quarter

#### DnB NOR Bank Group

Amounts in NOK million	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations <sup>1)</sup>		DnB NOR Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	2 166	1 794	1 692	1 632	31	57	341	303	841	464	5 071	4 250
Interest on allocated capital	647	347	112	147	79	44	68	35	(906)	(573)	0	0
Net interest income	2 813	2 141	1 804	1 780	111	101	409	338	(65)	(109)	5 071	4 250
Net other operating income	862	782	826	797	1 514	929	165	185	(333)	(52)	3 036	2 640
Total income	3 675	2 924	2 630	2 576	1 625	1 030	574	523	(397)	(162)	8 107	6 891
Operating expenses <sup>*)</sup>	1 193	988	1 731	1 594	422	402	397	354	170	29	3 913	3 367
Pre-tax operating profit before write-downs	2 482	1 935	899	983	1 203	628	178	169	(568)	(191)	4 194	3 524
Net gains on fixed and intangible assets	18	5	0	0	0	0	1	5	(17)	0	3	9
Write-downs on loans and guarantees	93	25	84	64	0	0	53	26	46	25	275	140
Pre-tax operating profit	2 407	1 914	815	919	1 203	628	126	148	(630)	(216)	3 922	3 393
*) Of which group overhead	38	31	24	14	8	6	8	0	(78)	(52)	0	0

## Note 3 Business areas (continued)

### Income statement, first half

	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations		DnB NOR Bank Group	
	1st half		1st half		1st half		1st half		1st half		1st half	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	4 243	3 527	3 482	3 236	68	109	670	509	1 713	908	10 177	8 290
Interest on allocated capital	1 212	650	216	276	156	82	123	65	(1 707)	(1 073)	0	0
Net interest income	5 455	4 178	3 698	3 512	225	190	793	575	6	(165)	10 177	8 290
Net other operating income	1 363	1 539	1 649	1 572	1 103	1 902	314	289	(937)	(43)	3 492	5 260
Total income	6 818	5 717	5 347	5 084	1 327	2 093	1 107	864	(931)	(207)	13 669	13 550
Operating expenses <sup>*)</sup>	2 355	1 971	3 404	3 147	797	794	761	574	298	186	7 615	6 671
Pre-tax operating profit before write-downs	4 463	3 746	1 943	1 937	531	1 299	346	290	(1 229)	(393)	6 054	6 879
Net gains on fixed and intangible assets	27	8	0	0	0	(1)	7	7	(1)	0	34	14
Write-downs on loans and guarantees	166	56	145	141	0	22	85	36	74	(65)	470	191
Pre-tax operating profit	4 325	3 698	1 798	1 797	531	1 275	268	260	(1 304)	(328)	5 617	6 702

\*) Of which group overhead 76 59 47 29 16 13 9 0 (149) (100) 0 0

1) Of which elimination of double entries:

Amounts in NOK million	2nd quarter	
	2008	2007
Net interest income - ordinary operations	0	(2)
Interest on allocated capital	0	0
Net interest income	0	(2)
Net other operating income	(454)	(422)
Total income	(454)	(424)
Operating expenses	0	0
Pre-tax operating profit before write-downs	(454)	(424)
Net gains on fixed and intangible assets	0	0
Write-downs on loans and guarantees	0	0
Pre-tax operating profit	(454)	(424)

The elimination of double entries primarily concerns net profits on customer business carried out in cooperation between DnB NOR Markets and other business areas and taken to income in both areas.

### Main average balance sheet items

	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations		DnB NOR Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK billion	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net lending to customers <sup>1)</sup>	517.4	397.1	451.1	421.0	18.6	17.0	71.4	47.0	5.2	8.4	1063.6	890.5
Deposits from customers <sup>1)</sup>	295.8	279.0	232.3	215.8	22.6	18.3	21.1	19.2	(6.7)	5.6	565.0	538.0

### Key figures

	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations		DnB NOR Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Per cent	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Cost/income ratio <sup>2)</sup>	32.5	33.8	65.8	61.9	26.0	39.0	69.1	67.7			48.3	48.9
Ratio of deposits to lending <sup>1) 3)</sup>	57.2	70.3	51.5	51.3			29.5	40.9			53.1	60.4
Return on capital, annualised <sup>4) 5)</sup>	17.2	18.5	33.8	20.9	70.2	47.0	7.2	13.9			17.0	17.2
Number of full-time positions as at 30 June <sup>6)</sup>	2 504	2 249	3 907	3 664	641	580	3 460	3 052	2 173	2 288	12 684	11 834

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

2) Total operating expenses relative to total income.

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

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

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

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

## Note 4 Net interest income

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Interest on loans to and deposits with credit institutions	2 866	2 569	5 474	4 300	9 060
Interest on loans to customers	12 443	9 723	24 699	18 611	41 292
Interest on impaired commitments	19	29	39	57	112
Interest on commercial paper and bonds	1 415	1 298	2 873	2 761	5 699
Front-end fees etc.	93	64	198	175	427
Other interest income	(55)	(4)	(186)	40	7
<b>Total interest income</b>	<b>16 782</b>	<b>13 679</b>	<b>33 098</b>	<b>25 945</b>	<b>56 598</b>
Interest on loans and deposits from credit institutions	1 547	1 613	2 997	2 882	6 169
Interest on demand deposits from customers	5 746	4 098	11 233	7 618	17 703
Interest on securities issued	3 941	3 895	8 122	7 657	15 410
Interest on subordinated loan capital	440	500	922	971	1 959
Other interest expenses <sup>1)</sup>	1 120	118	1 848	(30)	507
<b>Total interest expenses</b>	<b>12 795</b>	<b>10 223</b>	<b>25 123</b>	<b>19 098</b>	<b>41 748</b>
<b>Net interest income</b>	<b>3 988</b>	<b>3 456</b>	<b>7 975</b>	<b>6 847</b>	<b>14 850</b>

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Interest on loans to and deposits with credit institutions	1 091	1 516	2 126	2 660	4 898
Interest on loans to customers	17 005	11 774	33 038	22 374	50 850
Interest on impaired commitments	25	38	53	66	129
Interest on commercial paper and bonds	1 476	1 371	2 990	2 860	5 912
Front-end fees etc.	83	73	190	193	445
Other interest income	(62)	138	(161)	248	(19)
<b>Total interest income</b>	<b>19 618</b>	<b>14 911</b>	<b>38 236</b>	<b>28 401</b>	<b>62 214</b>
Interest on loans and deposits from credit institutions	1 961	1 757	3 599	3 174	6 792
Interest on demand deposits from customers	5 990	4 303	11 724	7 945	18 459
Interest on securities issued	4 970	3 951	9 832	7 964	16 322
Interest on subordinated loan capital	452	512	945	992	2 001
Other interest expenses <sup>1)</sup>	1 173	139	1 959	36	626
<b>Total interest expenses</b>	<b>14 546</b>	<b>10 661</b>	<b>28 059</b>	<b>20 111</b>	<b>44 199</b>
<b>Net interest income</b>	<b>5 071</b>	<b>4 250</b>	<b>10 177</b>	<b>8 290</b>	<b>18 015</b>

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

## Note 5 Net other operating income

	DnB NOR Bank ASA				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2008	2007	2008	2007	2007
Money transfer fees receivable	671	656	1 313	1 290	2 594
Fees on asset management services	10	21	23	43	78
Fees on custodial services	105	104	200	202	407
Fees on securities broking	92	89	190	211	398
Corporate finance	109	222	202	370	693
Interbank fees	28	31	55	60	123
Credit broking commissions	120	93	176	200	335
Sales commissions on insurance products	75	64	157	153	283
Sundry commissions and fees receivable on banking services	205	247	469	495	1 006
<b>Total commissions and fees receivable etc.</b>	<b>1 416</b>	<b>1 528</b>	<b>2 786</b>	<b>3 024</b>	<b>5 916</b>
Money transfer fees payable	226	234	433	460	943
Commissions payable on fund management services	23	9	26	18	98
Fees on custodial services payable	38	37	71	74	140
Interbank fees	44	49	86	95	188
Credit broking commissions	34	2	64	20	61
Commissions payable on the sale of insurance products	2	2	2	5	5
Sundry commissions and fees payable on banking services	133	115	262	252	490
<b>Total commissions and fees payable etc.</b>	<b>499</b>	<b>448</b>	<b>944</b>	<b>923</b>	<b>1 923</b>
<b>Net gains on financial instruments at fair value</b>	<b>1 306</b>	<b>971</b>	<b>194</b>	<b>2 021</b>	<b>3 009</b>
<b>Net realised gains on investment securities (AFS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit from companies accounted for by the equity method</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income from owned/leased premises	15	13	46	44	122
Miscellaneous operating income <sup>1)</sup>	235	210	463	468	2 499
<b>Total other income</b>	<b>250</b>	<b>223</b>	<b>509</b>	<b>512</b>	<b>2 621</b>
<b>Net other operating income</b>	<b>2 473</b>	<b>2 275</b>	<b>2 545</b>	<b>4 634</b>	<b>9 624</b>

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

## Note 5 Net other operating income (continued)

Amounts in NOK million	DnB NOR Bank Group				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Money transfer fees receivable	722	702	1 419	1 374	2 807
Fees on asset management services	22	22	40	46	87
Fees on custodial services	107	106	204	204	415
Fees on securities broking	93	90	191	212	400
Corporate finance	132	236	235	384	792
Interbank fees	29	32	57	62	127
Credit broking commissions	121	94	178	201	338
Sales commissions on insurance products	121	68	242	160	297
Sundry commissions and fees receivable on banking services	321	347	691	667	1 368
<b>Total commissions and fees receivable etc.</b>	<b>1 668</b>	<b>1 696</b>	<b>3 258</b>	<b>3 310</b>	<b>6 632</b>
Money transfer fees payable	240	241	462	473	995
Commissions payable on fund management services	23	9	26	18	98
Fees on custodial services payable	38	37	71	74	140
Interbank fees	46	50	89	98	194
Credit broking commissions	39	0	66	17	55
Commissions payable on the sale of insurance products	4	2	7	5	5
Sundry commissions and fees payable on banking services	145	141	288	294	555
<b>Total commissions and fees payable etc.</b>	<b>535</b>	<b>480</b>	<b>1 010</b>	<b>978</b>	<b>2 040</b>
<b>Net gains on financial instruments at fair value</b>	<b>1 426</b>	<b>989</b>	<b>642</b>	<b>2 053</b>	<b>3 187</b>
<b>Net realised gains on investment securities (AFS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit from companies accounted for by the equity method <sup>1)</sup></b>	<b>102</b>	<b>21</b>	<b>(192)</b>	<b>58</b>	<b>9</b>
Income from owned/leased premises	0	7	19	31	95
Fees on real estate broking	211	214	373	381	782
Net unrealised gains on investment property	0	(2)	0	(2)	(2)
Miscellaneous operating income	164	195	402	407	753
<b>Total other income</b>	<b>375</b>	<b>414</b>	<b>794</b>	<b>817</b>	<b>1 628</b>
<b>Net other operating income</b>	<b>3 036</b>	<b>2 640</b>	<b>3 492</b>	<b>5 260</b>	<b>9 416</b>

1) Widening credit spreads have had a negative effect on Eksportfinans' liquidity portfolio of bonds. The company has entered into an agreement with a syndicate comprising most of Eksportfinans' owners. With effect from 1 March 2008, the agreement will protect Eksportfinans from further value reductions in the portfolio. Taking the guarantee into account, the company made a contribution of NOK 98 million to the DnB NOR Group's accounts for the second quarter of 2008. A one basis point change in value will give an increase or reduction in profits of approximately NOK 7 million for the DnB NOR Group. The average residual maturity of the portfolio is around 3.4 years.

## Note 6 Net gains on financial instruments at fair value

Amounts in NOK million	DnB NOR Bank ASA				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Dividends	121	114	138	125	163
Net gains on commercial paper and bonds <sup>1)</sup>	(18)	(101)	(1 672)	25	(1 252)
Net gains on shareholdings	(115)	148	(346)	401	528
Net gains on other financial assets	1 318	810	2 073	1 470	3 571
<b>Net gains on financial instruments at fair value</b>	<b>1 306</b>	<b>971</b>	<b>194</b>	<b>2 021</b>	<b>3 009</b>

  

Amounts in NOK million	DnB NOR Bank Group				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Dividends	99	125	120	136	176
Net gains on commercial paper and bonds <sup>1)</sup>	(14)	(102)	(1 684)	(160)	(1 233)
Net gains on shareholdings	(122)	132	(398)	385	515
Net gains on other financial assets	1 462	834	2 605	1 692	3 730
<b>Net gains on financial instruments at fair value</b>	<b>1 426</b>	<b>989</b>	<b>642</b>	<b>2 053</b>	<b>3 187</b>

1) The liquidity portfolio of DnB NOR Markets totalled NOK 83 billion at end-June 2008 after unrealised mark-to-market losses of NOK 1 333 million in 2008. The residual maturity of the portfolio is around three years. A one basis point change in value will give an increase or reduction in profits of approximately NOK 28 million. The underlying credit quality is considered to be strong and stable.

## Note 7 Operating expenses

Amounts in NOK million	DnB NOR Bank ASA				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Ordinary salaries	1 069	1 026	2 120	2 054	4 212
Employer's national insurance contributions	147	134	288	277	550
Pension expenses	213	223	416	446	923
Allocation to employees <sup>1)</sup>	0	0	0	0	341
Restructuring expenses	29	13	41	26	48
Other personnel expenses	74	46	150	119	273
<b>Total salaries and other personnel expenses</b>	<b>1 532</b>	<b>1 444</b>	<b>3 015</b>	<b>2 922</b>	<b>6 347</b>
Fees	219	144	432	308	589
EDP expenses	333	270	643	557	1 143
Postage and telecommunications	67	76	140	153	321
Office supplies	18	18	33	38	71
Marketing and public relations	154	107	249	212	423
Travel expenses	42	44	79	84	171
Reimbursement to Norway Post for transactions executed	58	59	111	99	221
Training expenses	14	13	28	27	52
Operating expenses on properties and premises	248	206	494	416	854
Operating expenses on machinery, vehicles and office equipment	23	21	46	45	92
Other operating expenses	122	83	254	202	427
<b>Other expenses</b>	<b>1 297</b>	<b>1 041</b>	<b>2 510</b>	<b>2 140</b>	<b>4 364</b>
<b>Depreciation and write-downs of fixed and intangible assets</b>	<b>84</b>	<b>101</b>	<b>167</b>	<b>194</b>	<b>409</b>
<b>Total operating expenses</b>	<b>2 914</b>	<b>2 586</b>	<b>5 692</b>	<b>5 256</b>	<b>11 119</b>

Amounts in NOK million	DnB NOR Bank Group				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Ordinary salaries	1 471	1 370	2 891	2 685	5 554
Employer's national insurance contributions	215	188	426	378	765
Pension expenses	239	245	469	487	1 010
Allocation to employees <sup>1)</sup>	0	0	0	0	414
Restructuring expenses	29	13	41	26	48
Other personnel expenses	97	69	192	157	352
<b>Total salaries and other personnel expenses</b>	<b>2 051</b>	<b>1 886</b>	<b>4 019</b>	<b>3 733</b>	<b>8 144</b>
Fees	249	158	496	330	657
EDP expenses	393	314	754	640	1 329
Postage and telecommunications	91	98	183	188	393
Office supplies	27	26	51	53	107
Marketing and public relations	195	145	336	284	585
Travel expenses	55	56	106	105	218
Reimbursement to Norway Post for transactions executed	58	59	111	99	221
Training expenses	22	19	43	38	72
Operating expenses on properties and premises	296	213	586	431	889
Operating expenses on machinery, vehicles and office equipment	37	33	71	69	138
Other operating expenses	196	150	395	315	686
<b>Other expenses</b>	<b>1 621</b>	<b>1 271</b>	<b>3 133</b>	<b>2 552</b>	<b>5 296</b>
<b>Depreciation and write-downs of fixed and intangible assets</b>	<b>240</b>	<b>209</b>	<b>463</b>	<b>387</b>	<b>860</b>
<b>Total operating expenses</b>	<b>3 913</b>	<b>3 367</b>	<b>7 615</b>	<b>6 671</b>	<b>14 300</b>

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

## Note 8 Number of employees/full-time positions

	DnB NOR Bank ASA				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Number of employees at end of period	7 400	7 324	7 400	7 324	7 373
of which number of employees abroad	411	390	411	390	323
Number of employees calculated on a full-time basis at end of period	7 161	7 081	7 161	7 081	7 133
of which number of employees calculated on a full-time basis abroad	406	330	406	330	319
Average number of employees	7 457	7 316	7 438	7 303	7 355
Average number of employees calculated on a full-time basis	7 146	7 071	7 138	7 057	7 115

	DnB NOR Bank Group				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007 <sup>1)</sup>
Number of employees at end of period	12 998	12 167	12 998	12 167	12 610
of which number of employees abroad	4 559	3 640	4 559	3 640	4 171
Number of employees calculated on a full-time basis at end of period	12 684	11 834	12 684	11 834	12 290
of which number of employees calculated on a full-time basis abroad	4 516	3 594	4 516	3 594	4 126
Average number of employees	12 862	11 927	12 774	11 489	11 928
Average number of employees calculated on a full-time basis	12 534	11 624	12 445	11 181	11 592

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

## Note 9 Write-downs on loans and guarantees

	DnB NOR Bank ASA				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
<i>Amounts in NOK million</i>					
Write-offs	19	37	46	92	199
New individual write-downs	205	160	408	361	595
Total new individual write-downs	224	197	454	453	794
Reassessed individual write-downs	19	27	73	126	187
Total individual write-downs	205	170	381	327	607
Recoveries on commitments previously written off	67	83	146	155	298
Change in group write-downs on loans	29	30	70	(18)	(234)
<b>Write-downs on loans and guarantees <sup>1)</sup></b>	<b>167</b>	<b>117</b>	<b>305</b>	<b>154</b>	<b>75</b>

Write-offs covered by individual write-downs made in previous years	134	192	270	349	605
1) Of which individual write-downs on guarantees	3	(4)	27	7	5

	DnB NOR Bank Group				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
<i>Amounts in NOK million</i>					
Write-offs	22	41	53	97	230
New individual write-downs	318	225	611	452	850
Total new individual write-downs	340	266	664	549	1 080
Reassessed individual write-downs	37	72	118	184	308
Total individual write-downs	303	194	546	365	772
Recoveries on commitments previously written off	81	84	165	167	350
Change in group write-downs on loans	52	30	89	(7)	(202)
<b>Write-downs on loans and guarantees <sup>1)</sup></b>	<b>275</b>	<b>140</b>	<b>470</b>	<b>191</b>	<b>220</b>

Write-offs covered by individual write-downs made in previous years	186	201	322	382	663
1) Of which individual write-downs on guarantees	4	(6)	38	5	22

## Note 10 Lending to customers

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2007	31 Dec. 2007	30 June 2008		30 June 2008	31 Dec. 2007	30 June 2007
<i>Amounts in NOK million</i>						
586 868	594 067	611 437	Lending to customers, nominal amount	891 945	808 811	741 832
1 158	1 082	1 188	Individual write-downs	2 170	1 953	1 987
585 710	592 985	610 249	Lending to customers, after individual write-downs	889 775	806 857	739 845
2 311	2 338	2 212	+ Accrued interest and amortisation	2 989	2 909	2 588
			- Individual write-downs of accrued interest and			
404	376	410	amortisation	420	388	417
719	477	464	- Group write-downs	717	712	932
586 898	594 471	611 587	Lending to customers, at amortised cost	891 627	808 667	741 084
148 314	168 166	180 757	Lending to customers, nominal amount	183 894	170 765	151 340
781	1 236	1 442	+ Accrued interest	1 413	1 247	794
(592)	(401)	(593)	+ Adjustment to fair value	(668)	(440)	(639)
148 503	169 001	181 606	Lending to customers, at fair value	184 639	171 572	151 495
<b>735 401</b>	<b>763 472</b>	<b>793 193</b>	<b>Lending to customers</b>	<b>1 076 266</b>	<b>980 239</b>	<b>892 579</b>

## Note 11 Net non-performing and impaired commitments for principal sectors <sup>1)</sup>

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2007	31 Dec. 2007	30 June 2008		30 June 2008	31 Dec. 2007	30 June 2007
<i>Amounts in NOK million</i>						
1 575	1 749	1 823	Retail customers	2 513	2 237	1 927
0	0	0	International shipping	85	32	0
372	208	247	Real estate	452	317	475
103	70	97	Manufacturing	437	364	370
120	132	178	Services	394	381	325
89	88	91	Trade	212	164	145
0	0	0	Oil and gas	0	1	1
70	64	56	Transportation and communication	199	193	191
103	87	94	Building and construction	145	208	162
0	0	0	Power and water supply	1	0	5
27	14	7	Seafood	61	88	58
27	21	32	Hotels and restaurants	61	68	46
58	47	103	Agriculture and forestry	152	92	93
0	0	0	Central and local government	0	0	0
0	0	0	Other sectors	89	29	17
2 544	2 480	2 728	Total customers	4 801	4 174	3 815
0	0	0	Credit institutions	0	0	0
2 544	2 480	2 728	Total	4 801	4 174	3 815

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

## Note 12 Investments in bonds

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

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

The bank has chosen to cover its need for liquid securities by investing in high-quality international bonds. As at 30 June 2008, this portfolio represented the equivalent of NOK 83.4 billion. 99.1 per cent of the securities had an AAA rating, while none of the securities were rated lower than A. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs.

Residential Mortgage Backed Securities, RMBS, represented 77.6 per cent of the total portfolio, securitised loans to the corporate market 10.7 per cent, corresponding consumer finance loans 5.1 per cent and other loans 6.6 per cent.

In addition, DnB NOR Bank had Norwegian bonds and fixed-income securities equivalent to a balance sheet value of NOK 28.7 billion used for customer trading and position taking in Norwegian interest rate instruments.

Like DnB NOR Bank, DnB NORD and Eksportfinans use investments in bonds and fixed-income securities for liquidity purposes and as a basis for furnishing collateral to central banks. At end-June 2008, the value of the DnB NORD portfolio was equivalent to NOK 4.2 billion. Eksportfinans had a total portfolio of NOK 66.5 billion. The Eksportfinans portfolio was structured largely in line with DnB NOR Bank's portfolio, though it contained a larger share of financial sector investments. Through its ownership interest and the issue of guarantees, the banking group is exposed to 40.4 per cent of value changes in the portfolio.

The DnB NOR Bank Group classifies the bonds as securities measured at fair value with changes in value recognised in profit or loss.

Price estimates on securities are obtained from a number of brokers and brokerage houses. The price estimates are then compared. An assessment is also made of own transactions and of price information from known new issues. When evaluating the portfolios, the banking group will use the most reasonable and reliable values. The price estimates are subject to ongoing assessment and analysis.

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

Values in the bond portfolios in the first and second quarter of the year developed as follows:

Amounts in NOK million	DnB NOR Bank Group			
	Accumulated unrealised losses	Net MTM changes	Net MTM changes	Accumulated unrealised losses
	30 June 2008	2nd quarter 2008	1st quarter 2008	31 Dec. 2007
Portfolio				
DnB NOR Markets	2 586	233	(1 566)	1 253
DnB NORD	25			
Eksportfinans <sup>1)</sup>	670	6	(363)	313

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

## Note 13 Intangible assets

DnB NOR Bank ASA			Amounts in NOK million	DnB NOR Bank Group		
30 June 2007	31 Dec. 2007	30 June 2008		30 June 2008	31 Dec. 2007	30 June 2007
1 654	1 653	1 653	Goodwill	4 695	3 850	3 449
51	51	51	Postbanken brand name	51	51	51
351	362	366	Systems development	513	464	369
18	22	20	Other intangible assets	499	367	115
<b>2 074</b>	<b>2 087</b>	<b>2 089</b>	<b>Total intangible assets</b>	<b>5 757</b>	<b>4 733</b>	<b>3 984</b>

## Note 14 Securities issued and subordinated loan capital

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

<b>Securities issued</b>		<b>DnB NOR Bank ASA</b>		
		30 June	31 Dec.	30 June
<i>Amounts in NOK million</i>		2008	2007	2007
Commercial paper issued, nominal amount		118 080	97 711	70 083
Bond debt, nominal amount		272 382	237 033	254 513
Adjustments		(60)	1 028	915
<b>Total securities issued</b>		<b>390 402</b>	<b>335 772</b>	<b>325 511</b>

<b>Changes in securities issued</b>		<b>DnB NOR Bank ASA</b>				
	Balance sheet		Matured/	Exchange rate	Other	Balance sheet
	30 June	Issued	redeemed	movements	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2008	2008	2008	2008	2008	2007
Commercial paper issued, nominal amount	118 080	183 480	162 427	(685)		97 711
Bond debt, nominal amount	272 382	69 640	29 882	(4 408)		237 033
Adjustments	(60)				(1 088)	1 028
<b>Total securities issued</b>	<b>390 402</b>	<b>253 120</b>	<b>192 309</b>	<b>(5 093)</b>	<b>(1 088)</b>	<b>335 772</b>

<b>Subordinated loan capital and perpetual subordinated loan capital securities</b>		<b>DnB NOR Bank ASA</b>				
	Balance sheet		Matured/	Exchange rate	Other	Balance sheet
	30 June	Issued	redeemed	movements	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2008	2008	2008	2008	2008	2007
Term subordinated loan capital, nominal amount	22 971	8 041	1 594	(344)		17 272
Perpetual subordinated loan capital, nominal amount	6 374			(373)		7 251
Perpetual subordinated loan capital securities, nominal amount <sup>2)</sup>	8 396			(350)		9 277
Adjustments	(324)				(455)	(403)
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>37 417</b>	<b>8 041</b>	<b>1 594</b>	<b>(1 067)</b>	<b>(455)</b>	<b>33 397</b>

<b>Securities issued</b>		<b>DnB NOR Bank Group</b>		
		30 June	31 Dec.	30 June
<i>Amounts in NOK million</i>		2008	2007	2007
Commercial paper issued, nominal amount		118 234	97 806	70 175
Bond debt, nominal amount <sup>1)</sup>		352 024	272 575	257 421
Adjustments		(706)	1 403	913
<b>Total securities issued</b>		<b>469 552</b>	<b>371 784</b>	<b>328 508</b>

<b>Changes in securities issued</b>		<b>DnB NOR Bank Group</b>				
	Balance sheet		Matured/	Exchange rate	Other	Balance sheet
	30 June	Issued	redeemed	movements	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2008	2008	2008	2008	2008	2007
Commercial paper issued, nominal amount	118 234	183 540	162 427	(685)		97 806
Bond debt, nominal amount <sup>1)</sup>	352 024	112 840	31 619	(1 773)		272 575
Adjustments	(706)				(2 109)	1 403
<b>Total securities issued</b>	<b>469 552</b>	<b>296 380</b>	<b>194 046</b>	<b>(2 458)</b>	<b>(2 109)</b>	<b>371 784</b>

<b>Subordinated loan capital and perpetual subordinated loan capital securities</b>		<b>DnB NOR Bank Group</b>				
	Balance sheet		Matured/	Exchange rate	Other	Balance sheet
	30 June	Issued	redeemed	movements	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2008	2008	2008	2008	2008	2007
Term subordinated loan capital, nominal amount	24 077	8 436	1 594	(342)		17 578
Perpetual subordinated loan capital, nominal amount	6 374			(373)		6 747
Perpetual subordinated loan capital securities, nominal amount <sup>2)</sup>	8 396			(350)		8 746
Adjustments	(307)				(462)	155
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>38 540</b>	<b>8 436</b>	<b>1 594</b>	<b>(1 065)</b>	<b>(462)</b>	<b>33 226</b>

1) Outstanding covered bonds totalled NOK 77.3 billion as at 30 June 2008. The cover pool represented NOK 87.2 billion.

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

## Note 15 Capital adequacy

The DnB NOR Bank Group follows the Basel II-regulations for capital adequacy calculations. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations. The figures as at 30 June 2008 are partially based on estimates.

DnB NOR Bank ASA		Primary capital	DnB NOR Bank Group	
31 Dec.	30 June		30 June	31 Dec.
2007	2008	Amounts in NOK million	2008	2007
17 514	17 514	Share capital	17 514	17 514
43 659	43 545	Other equity	48 972	48 553
61 173	61 060	Total equity	66 486	66 068
8 746	8 382	Perpetual subordinated loan capital securities <sup>1) 2)</sup>	8 584	8 962
		Deductions		
(14)	(14)	Pension funds above pension commitments	(24)	(19)
(1 653)	(1 653)	Goodwill	(4 724)	(3 880)
(8)	(8)	Deferred tax assets	(264)	(208)
(435)	(437)	Other intangible assets	(1 072)	(893)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 045)	(1 020)	50 per cent of investments in other financial institutions	(1 020)	(1 045)
(394)	(414)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(447)	(399)
(22)	(79)	Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	(288)	(164)
		Additions		
1 109	555	Portion of unrecognised actuarial gains/losses, pension costs <sup>3)</sup>	594	1 186
67 459	66 373	Core capital	67 795	69 579
6 747	6 374	Perpetual subordinated loan capital	6 374	6 747
16 755	22 798	Term subordinated loan capital <sup>2)</sup>	24 346	17 917
		Deductions		
(1 045)	(1 020)	50 per cent of investments in other financial institutions	(1 020)	(1 045)
(394)	(414)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(447)	(399)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
22 063	27 739	Supplementary capital	29 271	23 238
89 522	94 111	Total eligible primary capital <sup>4)</sup>	97 066	92 816
750 206	793 129	Risk-weighted volume	943 339	886 099
60 016	63 450	Minimum capital requirement	75 467	70 888
9.0	8.4	Core capital ratio (%)	7.2	7.9
11.9	11.9	Capital ratio (%)	10.3	10.5
-	8.6	Core capital ratio including 50 per cent of profit for the period (%)	7.4	-
-	12.1	Capital ratio including 50 per cent of profit for the period (%)	10.5	-

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 June 2008 calculations of capital adequacy include a total of NOK 643 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.

3) Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance has established a transitional rule whereby one-fifth of the amount recorded against equity can be included in capital adequacy calculations in 2008.

4) Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Bank Group's accounts since a different consolidation method is used. Associated companies are consolidated gross in the capital adequacy calculations while the equity method is used in the accounts.

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

## Note 15 Capital adequacy (continued)

### Basel II implementation

#### Further progress

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

	2008	2009	2010
<b>A</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>	<b>Basel II, IRB approach</b> <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>	<b>Basel II, IRB approach</b> <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> <ul style="list-style-type: none"> <li>All other credit risk exposure except item A</li> </ul>	<b>Basel II standardised approach</b> <ul style="list-style-type: none"> <li>All other credit risk exposure except item A</li> </ul>	<b>Basel II standardised approach</b> <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> 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 exposures in DnB NOR Kort</li> </ul> New portfolio: <ul style="list-style-type: none"> <li>DnB NOR Finans ASA (advanced approach)</li> </ul>	<b>Parallel reporting of</b> <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>	

## Note 16 Information on related parties

Major transactions with related parties during the first half of the year:

### Eksportfinans

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

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

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

### DnB NOR Boligkreditt

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

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During the second quarter of 2008, portfolios totalling NOK 27,8 billion were transferred from the bank to Boligkreditt on market terms.

## Note 16 Information on related parties (continued)

Pursuant to the management agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. Boligkreditt pays an annual management fee for these services based on the lending volume under management. For new loans approved through the bank's channels, a sales commission for each loan is also paid. The fee paid for the first half of 2008 totalled NOK 142 million.

### Vital Forsikring

As part of the company's ordinary investment activity, Vital Forsikring ASA (Vital) has subscribed for covered bonds issued by DnB NOR Boligkreditt. Vital's investments in Boligkreditt are limited to listed covered bonds. Vital's holding of Boligkreditt bonds was valued at NOK 6.1 billion at end-June 2008.

### Group contributions

During the second quarter of 2008, DnB NOR Bank ASA transferred and received group contributions to and from DnB NOR ASA in the amount of NOK 6 455 million and NOK 4 648 million respectively. DnB NOR Bank ASA is a wholly-owned subsidiary of DnB NOR ASA. The group contributions represent settlement of ordinary year-end adjustments for the 2007 accounting year.

In addition, DnB NOR Bank ASA has transferred and received group contributions to and from a number of wholly-owned subsidiaries for a total of NOK 290 million and NOK 936 million respectively.

## Note 17 Off-balance sheet transactions and contingencies

### Off-balance sheet transactions and additional information

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2007	31 Dec. 2007	30 June 2008		30 June 2008	31 Dec. 2007	30 June 2007
			<i>Amounts in NOK million</i>			
233 210	282 169	295 287	Unutilised ordinary credit lines	330 204	307 303	248 321
16 970	19 391	19 391	Documentary credit commitments	19 653	19 693	17 269
403	963	529	Other commitments	696	1 082	440
250 583	302 523	315 208	Total commitments	350 553	328 078	266 030
21 773	22 135	25 850	Performance guarantees	27 672	23 304	22 748
17 181	21 139	21 177	Payment guarantees	22 328	21 753	17 933
56 821	11 460	14 986	Loan guarantees <sup>1)</sup>	15 695	13 044	7 081
5 279	4 921	5 522	Guarantees for taxes etc.	5 556	4 948	5 308
5 822	4 451	4 274	Other guarantee commitments	4 868	4 799	6 419
106 876	64 105	71 810	Total guarantee commitments <sup>2)</sup>	76 120	67 848	59 489
0	0	0	Support agreements	2 333	1 933	5 330
106 876	64 105	71 810	Total guarantee commitments etc. <sup>*)</sup>	78 453	69 781	64 819
			*) Of which:			
1 677	1 292	404	Counter-guaranteed by financial institutions	784	1 300	1 689
70 751	92 668	91 984	Securities	91 984	92 668	70 751
70 639	92 556	91 872	are pledged as security for:	91 872	92 556	70 639
112	112	112	Loans <sup>3)</sup>	112	112	112
			Other activities			

1) DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR Bank has issued guarantees. According to the agreement, DnB NOR Bank still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 232 million were recorded in the balance sheet as at 30 June 2008.

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

3) As at 30 June 2008 NOK 91 872 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank. As at 30 June 2008, DnB NOR Bank Group had borrowings of NOK 10 billion from Norges Bank.

### Contingencies

Due to its extensive operations in Norway and abroad, the banking group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the banking group's financial position.

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

## Note 18 Profit and balance sheet trends

Income statement	DnB NOR Bank ASA				
	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007
<i>Amounts in NOK million</i>					
Total interest income	16 782	16 315	16 070	14 583	13 679
Total interest expenses	12 795	12 328	11 885	10 765	10 223
<b>Net interest income</b>	<b>3 988</b>	<b>3 987</b>	<b>4 185</b>	<b>3 818</b>	<b>3 456</b>
Commissions and fees receivable etc.	1 416	1 370	1 520	1 373	1 528
Commissions and fees payable etc.	499	445	504	496	448
Net gains on financial instruments at fair value	1 306	(1 112)	618	370	971
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	0	0	0	0	0
Other income	250	258	1 882	227	223
<b>Net other operating income</b>	<b>2 473</b>	<b>72</b>	<b>3 516</b>	<b>1 474</b>	<b>2 275</b>
<b>Total income</b>	<b>6 461</b>	<b>4 059</b>	<b>7 701</b>	<b>5 292</b>	<b>5 731</b>
Salaries and other personnel expenses	1 532	1 484	1 970	1 455	1 444
Other expenses	1 297	1 212	1 167	1 057	1 041
Depreciation and write-downs of fixed and intangible assets	84	83	94	120	101
<b>Total operating expenses</b>	<b>2 914</b>	<b>2 779</b>	<b>3 231</b>	<b>2 632</b>	<b>2 586</b>
Net gains on fixed and intangible assets	0	40	862	706	0
Write-downs on loans and guarantees	167	138	(124)	44	117
<b>Pre-tax operating profit</b>	<b>3 380</b>	<b>1 182</b>	<b>5 456</b>	<b>3 321</b>	<b>3 028</b>
Taxes	946	204	1 076	930	848
Profit from discontinuing operations after taxes	0	0	0	0	0
<b>Profit for the period</b>	<b>2 434</b>	<b>978</b>	<b>4 380</b>	<b>2 391</b>	<b>2 180</b>

## Note 18 Profit and balance sheet trends (continued)

### Balance sheet

### DnB NOR Bank ASA

	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	30 June 2007
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	13 409	10 068	6 602	6 189	6 524
Lending to and deposits with credit institutions	207 012	181 294	178 742	174 214	222 479
Lending to customers	793 193	786 153	763 472	747 925	735 401
Commercial paper and bonds	113 743	106 663	112 273	110 573	108 885
Shareholdings	9 617	10 433	8 731	7 406	4 848
Financial derivatives	59 830	107 912	65 135	65 811	59 218
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	0	0	0	0	0
Investment property	0	0	0	0	0
Investments in associated companies	1 058	1 059	585	584	569
Investments in subsidiaries	16 274	14 990	12 716	10 981	11 115
Intangible assets	2 089	2 087	2 087	2 066	2 074
Deferred tax assets	8	8	8	459	376
Fixed assets	801	845	882	663	1 986
Biological assets	0	0	0	0	0
Discontinuing operations	0	0	0	882	646
Other assets	8 381	14 175	13 087	5 329	6 513
<b>Total assets</b>	<b>1 225 416</b>	<b>1 235 686</b>	<b>1 164 320</b>	<b>1 133 082</b>	<b>1 160 634</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	105 621	128 051	129 162	132 062	150 124
Deposits from customers	539 620	503 330	510 745	510 792	506 635
Financial derivatives	58 354	107 167	63 257	72 455	62 588
Securities issued	390 402	365 208	335 772	300 153	325 511
Payable taxes	1 212	496	343	5 094	4 132
Deferred taxes	1 090	1 111	1 100	3	3
Other liabilities	22 692	31 263	25 711	22 629	22 720
Discontinuing operations	0	0	0	0	0
Provisions	4 536	4 422	4 566	3 992	3 980
Subordinated loan capital	37 417	32 597	32 491	32 092	33 397
<b>Total liabilities</b>	<b>1 160 945</b>	<b>1 173 645</b>	<b>1 103 147</b>	<b>1 079 271</b>	<b>1 109 089</b>
Minority interests	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Share capital	17 514	17 514	17 514	17 214	17 214
Other reserves and retained earnings	46 957	44 526	43 659	36 597	34 331
<b>Total equity</b>	<b>64 472</b>	<b>62 040</b>	<b>61 173</b>	<b>53 811</b>	<b>51 545</b>
<b>Total liabilities and equity</b>	<b>1 225 416</b>	<b>1 235 686</b>	<b>1 164 320</b>	<b>1 133 082</b>	<b>1 160 634</b>

## Note 18 Profit and balance sheet trends (continued)

### Income statement

	DnB NOR Bank Group				
	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter
<i>Amounts in NOK million</i>	2008	2008	2007	2007	2007
Total interest income	19 618	18 618	17 672	16 141	14 911
Total interest expenses	14 546	13 513	12 637	11 451	10 661
<b>Net interest income</b>	<b>5 071</b>	<b>5 105</b>	<b>5 035</b>	<b>4 690</b>	<b>4 250</b>
Commissions and fees receivable etc.	1 668	1 590	1 786	1 536	1 696
Commissions and fees payable etc.	535	474	527	534	480
Net gains on financial instruments at fair value	1 426	(784)	699	436	989
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	102	(294)	(10)	(40)	21
Other income	375	419	415	396	414
<b>Net other operating income</b>	<b>3 036</b>	<b>457</b>	<b>2 363</b>	<b>1 793</b>	<b>2 640</b>
<b>Total income</b>	<b>8 107</b>	<b>5 562</b>	<b>7 398</b>	<b>6 483</b>	<b>6 891</b>
Salaries and other personnel expenses	2 051	1 968	2 518	1 893	1 886
Other expenses	1 621	1 512	1 447	1 297	1 271
Depreciation and write-downs of fixed and intangible assets	240	222	244	229	209
<b>Total operating expenses</b>	<b>3 913</b>	<b>3 702</b>	<b>4 208</b>	<b>3 420</b>	<b>3 367</b>
Net gains on fixed and intangible assets	3	31	1 593	874	9
Write-downs on loans and guarantees	275	195	(41)	70	140
<b>Pre-tax operating profit</b>	<b>3 922</b>	<b>1 695</b>	<b>4 822</b>	<b>3 868</b>	<b>3 393</b>
Taxes	1 059	331	1 156	1 044	916
Profit from discontinuing operations after taxes	0	0	0	0	0
<b>Profit for the period</b>	<b>2 863</b>	<b>1 365</b>	<b>3 666</b>	<b>2 823</b>	<b>2 477</b>
Profit attributable to shareholders	2 800	1 299	3 607	2 773	2 398
Profit attributable to minority interests	63	66	59	50	78

## Note 18 – Profit and balance sheet trends (continued)

### Balance sheet

	DnB NOR Bank Group				
	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	30 June 2007
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	16 235	13 067	9 816	8 805	8 951
Lending to and deposits with credit institutions	72 526	60 104	52 302	75 624	117 346
Lending to customers	1 076 266	1 025 653	980 239	918 116	892 579
Commercial paper and bonds	116 356	108 460	114 542	112 132	112 585
Shareholdings	9 924	10 743	9 104	7 761	5 097
Financial derivatives	57 342	107 503	64 445	65 996	59 285
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	0	0	0	0	0
Investment property	168	161	170	169	138
Investments in associated companies	1 669	1 596	1 416	1 380	1 446
Investments in subsidiaries	-	-	-	-	-
Intangible assets	5 757	5 720	4 733	4 057	3 984
Deferred tax assets	146	142	128	278	185
Fixed assets	3 902	3 788	3 439	3 259	5 186
Biological assets	0	0	0	0	0
Discontinuing operations	241	232	225	1 641	812
Other assets	9 114	9 580	9 067	6 964	7 651
<b>Total assets</b>	<b>1 369 646</b>	<b>1 346 750</b>	<b>1 249 625</b>	<b>1 206 182</b>	<b>1 215 245</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	129 770	148 467	144 228	148 800	163 750
Deposits from customers	572 298	533 846	542 307	541 317	536 524
Financial derivatives	55 217	104 517	61 731	72 712	62 512
Securities issued	469 552	421 696	371 784	317 082	328 508
Payable taxes	1 489	939	767	5 323	4 261
Deferred taxes	1 882	1 599	1 381	70	72
Other liabilities	25 310	29 349	23 205	24 682	24 610
Discontinuing operations	0	0	0	0	0
Provisions	5 002	4 878	4 930	4 239	4 199
Subordinated loan capital	38 540	33 724	33 226	32 759	34 151
<b>Total liabilities</b>	<b>1 299 061</b>	<b>1 279 014</b>	<b>1 183 558</b>	<b>1 146 984</b>	<b>1 158 588</b>
Minority interests	3 187	3 137	2 662	2 467	2 536
Revaluation reserve	0	0	0	0	0
Share capital	17 514	17 514	17 514	17 214	17 214
Other reserves and retained earnings	49 885	47 084	45 891	39 516	36 908
<b>Total equity</b>	<b>70 585</b>	<b>67 735</b>	<b>66 068</b>	<b>59 197</b>	<b>56 658</b>
<b>Total liabilities and equity</b>	<b>1 369 646</b>	<b>1 346 750</b>	<b>1 249 625</b>	<b>1 206 182</b>	<b>1 215 245</b>

# Statement pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the banking group and the company for the period 1 January through 30 June 2008 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the banking group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the banking group over the next accounting period
- description of major transactions with related parties.

Oslo, 9 Juli 2008  
The Board of Directors of DnB NOR Bank ASA

Anne Carine Tanum  
(chairman)

Bent Pedersen  
(vice-chairman)

Per Hoffmann

Kari Lotsberg

Kai Nyland

Torill Rambjør

Ingjerd Skjeldrum

Rune Bjerke  
(group chief executive)

Bjørn Erik Næss  
(chief financial officer)

# Information about the DnB NOR Bank Group

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Organisation number Register of Business Enterprises NO 981 276 957 MVA

## DnB NOR Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

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

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## Other sources of information

### Annual reports

Annual reports for the DnB NOR Bank Group and DnB NOR Group are available on [www.dnbnor.com](http://www.dnbnor.com).

### Quarterly publications

Quarterly reports are available on [www.dnbnor.com](http://www.dnbnor.com). Separate quarterly reports are prepared for the DnB NOR Group and Vital.

The publications can be ordered by sending an e-mail to [investor.relations@dnbnor.no](mailto:investor.relations@dnbnor.no).

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