Annual report 2007

DnB NOR

Useful information

The Group's annual report includes the report from the Board of Directors of DnB NOR ASA and audited annual accounts for 2007. The annual accounts of the DnB NOR Group have been prepared in accordance with IFRS, International Financial Reporting Standards, while the annual accounts of DnB NOR ASA have been prepared in accordance with Norwegian IFRS regulations.

The annual report also includes a review of developments in the DnB NOR Group's business areas and support units, a description of management in DnB NOR and key measures to promote the health, well-being and development of the Group's employees.

DnB NOR Group

Largest entities:

DnB NOR Bank [1]	Vital [1]	DnB NOR Asset Management [1]
DnB NOR Bank is the largest entity in the DnB NOR Group and Norway's largest bank, offering services to the corporate, retail and securities markets and the public sector.	Vital is Norway's leading provider of life insurance products and pension savings.	DnB NOR Asset Management is Norway's largest fund manager and has a leading position within discretionary asset management for institutional clients in Norway and Sweden.

1) These units prepare separate reports.

Other sources of information

Corporate social responsibility report 2007

The report is available on www.dnbnor.com/csr.

It can be ordered by sending an e-mail to:
external.relations@dnbnor.no

Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on www.dnbnor.com. They can be ordered by sending an e-mail to: investor.relations@dnbnor.no

Annual General Meeting

The Annual General Meeting will be held on 30 April 2008 at 6 p.m. at DnB NOR's premises in Kirkegt. 21, Oslo. Information on how to register attendance and items on the agenda can be found at: www.dnbnor.com/agm.

Shareholders registered as owners in DnB NOR ASA with the Norwegian Central Securities Depository (VPS) may opt to receive annual reports and the notice of the Annual General Meeting electronically. For more information about Investor Account Services, please contact your VPS registrar. Shareholders with VPS accounts in DnB NOR who do not wish to receive reports or notices by regular mail, may register at: www.dnbnor.no/en/markets/securities_services

Financial calendar 2008

Annual General Meeting	30 April	First quarter	29 April
Distribution of dividends	as of 15 May	Second quarter	10 July
		Third quarter	23 October

Contents

The Group's annual report has been approved by the Board of Directors in the original Norwegian version. This is an English translation.

DnB NOR in brief

Learning personal finance: In Marmorhallen, DnB NOR's new arena for a variety of events and courses in Oslo, young people use interactive tools to learn more about personal finance. In addition, the bank offers many schools across Norway an introduction course in finance, insurance and house purchases.

Photo: Stig B. Fiksdal

This is DnB NOR

DnB NOR is Norway's largest financial services group with total combined assets of NOK 1 834 billion. The Group includes strong brands such as DnB NOR, Vital, Nordlandsbanken, Cresco, Postbanken, DnB NORD and Carlson.

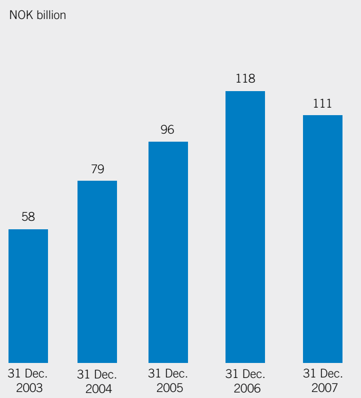
Norway's leading financial services group...

- 2.3 million retail customers
- More than 198 000 corporate clients
- Norway's largest Internet banks, dnbnor.no and postbanken.no, with more than 1.4 million users
- Represented in more than 200 locations in Norway
- Norway's largest life and pension insurance company with around 1 million customers
- Norway's largest asset management company with more than 630 000 mutual fund customers in Norway and 294 institutional clients in Norway and Sweden
- Norway's largest investment bank
- Norway's leading real estate broker
- 13 455 full-time positions

... and the most international

- Partner for Norwegian companies abroad and for large international companies in Norway
- International network of 12 branches and representative offices
- One of the world's leading shipping banks
- A major international player in the energy sector
- Norway's leading foreign exchange bank
- Operations in Sweden within banking, asset management, insurance, car financing, real estate broking through Svensk Fastighetsförmedling and distribution of financial products through SalusAnsvar
- Operations in Poland and the Baltic region through DnB NORD
- Operations in north-west Russia through DnB NOR Monchebank
- Private banking in Luxembourg

Developments in the DnB NOR Group's market capitalisation



DnB NOR's strategy

Business idea
DnB NOR will be customers' best financial partner and will meet their needs for financial solutions

DnB NOR's strengths are a local presence and a full range of services.
DnB NOR has a unique platform in the Norwegian market:
- a high market share in all segments
- the largest customer base
- the most extensive distribution network

Common value base and culture
Team spirit, simplicity, value creation

DnB NOR's shared values describe what should distinguish the organisation and work processes both internally and in relation to customers

Strategy
Utilise growth potential and improve cost efficiency in Norway
Exploit international growth opportunities

Growth in home market:	Introduce new products and services, strengthen distribution and market positions, utilise the full range of products
Cost efficiency in Norway:	Optimise customer processes and distribution, streamline IT, reorganise operational processes
International growth:	Global growth in selected industries built on core competencies: shipping, energy and seafood. Strengthen position in the Nordic and Baltic regions

Financial targets
The financial targets reflect the aim to create shareholder value. The Group seeks to achieve a return on equity and share price increases that are competitive in a Nordic context. The long-term targets are:

NOK 20 billion in pre-tax operating profits before write-downs in 2010:
- Return on equity above 16 per cent from 2008
- 10 per cent average annual growth in pre-tax operating profits before write-downs

Other ambitions:
- A cost/income ratio below 46 per cent by the end of 2010

Capital strategy and dividend policy:
- A core capital ratio of approximately 6.5 per cent
- Dividend payments representing approximately 50 per cent of annual profits Dividends will be determined on the basis of expected profit levels in a normal situation, external parameters and the need to maintain capital adequacy at a satisfactory level.
- AA level ratings for long-term debt for DnB NOR Bank ASA

2007 in brief

First quarter

- Rune Bjerke became group chief executive on 1 January
- Moody's upgraded its long-term rating of DnB NOR Bank ASA from Aa3 to Aa1
- DnB NOR Finans entered into an agreement to buy SEB's leasing portfolio within vendor-based car financing in Sweden
- DnB NOR expanded its operations in Asia by establishing Corporate Finance Asia, a Singapore-based unit offering investment banking services
- From 1 January, capital adequacy calculations for some portfolios were based on the Basel II regulations

Second quarter

- The Group was granted a concession to purchase the Polish bank BISE Bank through its partially-owned subsidiary DnB NORD
- DnB NOR reorganised parts of its operations and changed the composition of its group management team to meet new challenges in the financial industry
- DnB NOR Boligkreditt arranged its first bond issues in the international capital market, and the bonds received a top AAA rating from the rating agencies
- DnB NOR purchased the Swedish real estate brokerage chain Svensk Fastighets-förmedling

Third quarter

- The financial turmoil had a limited impact on DnB NOR
- Vital reappraised its property portfolio, leading to a revaluation of NOK 7 billion
- Vital increased its technical insurance provisions to reflect higher average life expectancy
- The Group sold its ownership interests in Aker Brygge

Fourth quarter

- DnB NOR presented its new strategy and new financial target figures at the Capital Markets Day on 9 October
- The Group sold its remaining bank buildings
- The Group purchased SalusAnsvar, which distributes financial products to members of professional organisations in Sweden
- The Group entered into an agreement to purchase SkandiaBanken Bilfinans
- DnB NOR started sales of housing loans in Sweden

Financial highlights		
	2007	*2006*
Pre-tax operating profits before write-downs (NOK million)	15 148	14 066
Profits for the year (NOK million)	15 022	11 808
Earnings per share (NOK)	11.08	8.74
Proposed dividend (NOK)	4.50	4.00
Total combined assets at year-end (NOK billion)	1 834	1 688
Return on equity (per cent)	22.0	19.5

Business areas

Corporate Banking and Payment Services

DnB NOR is the leading financial institution in Norway, providing an extensive range of financial services to all sectors of the Norwegian business community. The Group's aim to expand internationally is reflected in the strategy of Corporate Banking and Payment Services, as evidenced in the increasing scope of operations outside Norway. In 2007, pre-tax operating profits were NOK 8 006 million, a rise of 21 per cent from 2006. There was considerable growth in volumes in a highly liquid market in 2007.

Retail Banking

Retail Banking will be ready to meet the future needs of retail customers by making straightforward banking services more accessible using channels such as the Internet, mobile phones and local supermarkets. By reducing the need for manual services, resources will be freed to focus on customer advisory services. Good, comprehensive financial advisory services will be a competitive advantage for DnB NOR and help further improve customer satisfaction among the Group's 2.3 million retail customers. Retail Banking achieved pre-tax operating profits of NOK 4 218 million in 2007, which was a reduction of NOK 353 million from 2006. However, profit levels showed a positive trend through the year, and profits in the fourth quarter were NOK 169 million higher than in the year-earlier period.

DnB NOR Markets

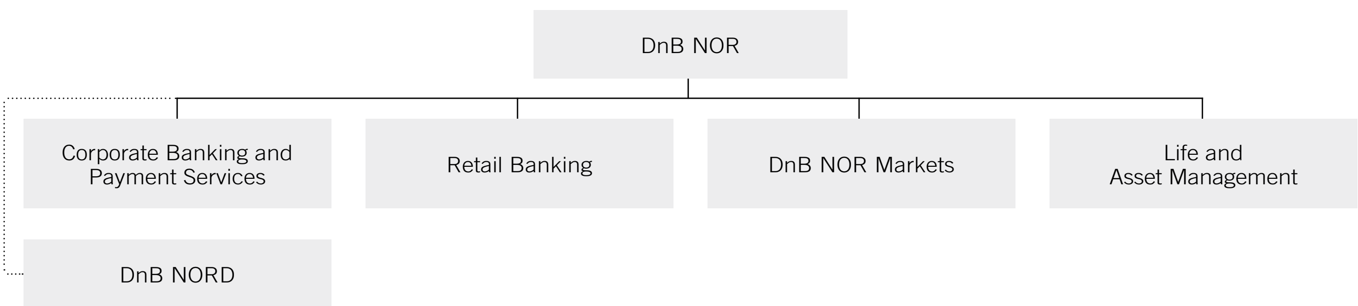
DnB NOR Markets is Norway's largest investment bank, with an international presence in Stockholm, London, New York, Houston, Singapore and Shanghai. The business area recorded brisk growth in customer activity in 2007, and customer-related income rose by 11.9 per cent compared with the previous year. Healthy demand for currency and interest rate hedging products, custodial and other securities services and corporate finance services contributed to the positive trend. In spite of the turmoil in financial markets, DnB NOR Markets experienced a high level of activity and sound profits. Pre-tax operating profits totalled NOK 1 748 million in 2007, down NOK 622 million from 2006, reflecting unrealised losses on bonds due to the financial market turmoil.

Life and Asset Management

Life and Asset Management, which consists of Vital Forsikring and DnB NOR Asset Management, recorded a strong rise in profits in 2007 compared with the previous year. Pre-tax operating profits totalled NOK 2 357 million, an increase of NOK 437 million from 2006. Vital provided insurance coverage for more than one million policyholders and had group agreements with approximately 23 000 companies at year-end 2007. DnB NOR Asset Management had more than 630 000 retail clients and a leading position among Norwegian and Swedish institutional clients.

DnB NORD

2007 was characterised by robust growth for DnB NORD and the two-year old bank continued to establish itself across north-eastern Europe. At year-end 2007, DnB NORD had a network of 172 branch offices, assets of close to NOK 74 billion and approximately 770 000 customers across six countries. DnB NORD is jointly owned by DnB NOR with 51 per cent and the German Norddeutsche Landesbank, NORD/LB, with 49 per cent. Pre-tax operating profits amounted to NOK 469 million in 2007, compared with NOK 274 million in 2006.



Geographic presence

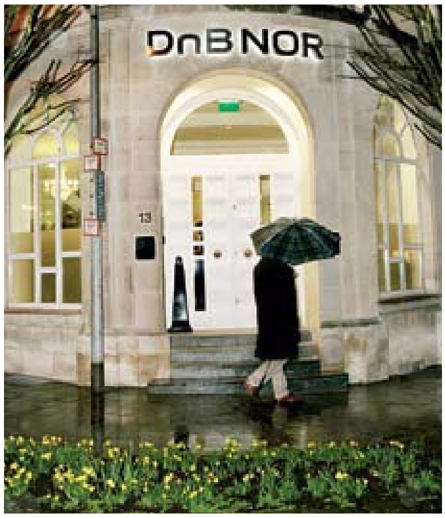
• Norway • Sweden • Murmansk • Hong Kong • Chennai • Shanghai • London • New York •
• Copenhagen • Poland • Rio de Janeiro • Houston • Santiago • Baltic States • Luxembourg •
• Singapore • Helsinki • Athens [1] • Mumbai [1] • Hamburg •

USA: *Houston is North America's most important oil city. DnB NOR's office in the city brings the Group closer to its energy clients.*

Photo: Corbis/SCANPIX

Asia: *Economic growth characterises the markets in Asia. DnB NOR is present in Singapore and Shanghai, and is also planning to establish itself in Mumbai.*

Photo: Rasmus Aage Figenschou



Europa: *An increasing number of Norwegians are moving to Central and Southern Europe. The bank's high-net-worth client initiatives in these regions are managed from Luxembourg.*

Photo: Sune Eriksen

1) Under establishment.

Key figures – DnB NOR share

As at 31 December 2007, DnB NOR was the fourth largest company on Oslo Børs (the Oslo Stock Exchange) with a market capitalisation of NOK 111 billion, or 5 per cent of the value of all companies listed on the stock exchange. The proposed dividend of NOK 4.50 gives a dividend yield of 5.4 per cent.

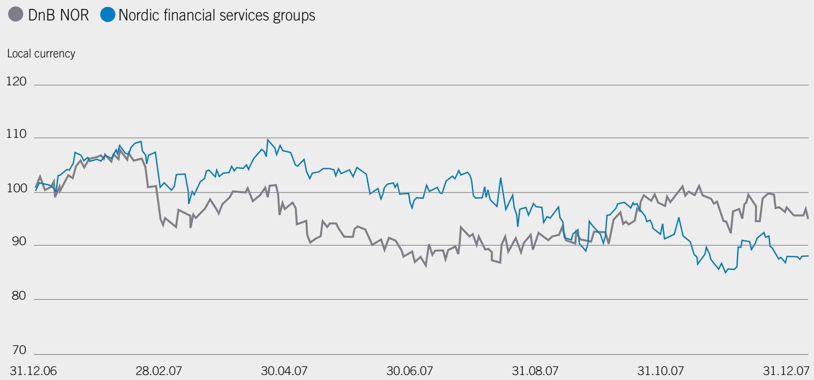
Total annual return as at 31 December 2007			
Total annual return (%)	*Last year*	*Last two years*	*Last three years*
DnB NOR	(1.7)	12.1	15.9
Nordic average [1)]	(10.2)	4.6	12.1

Dividend for the financial year	
2007 (proposal)	NOK 4.50
2006	NOK 4.00
2005	NOK 3.50
2004	NOK 2.50

Share price development in 2007

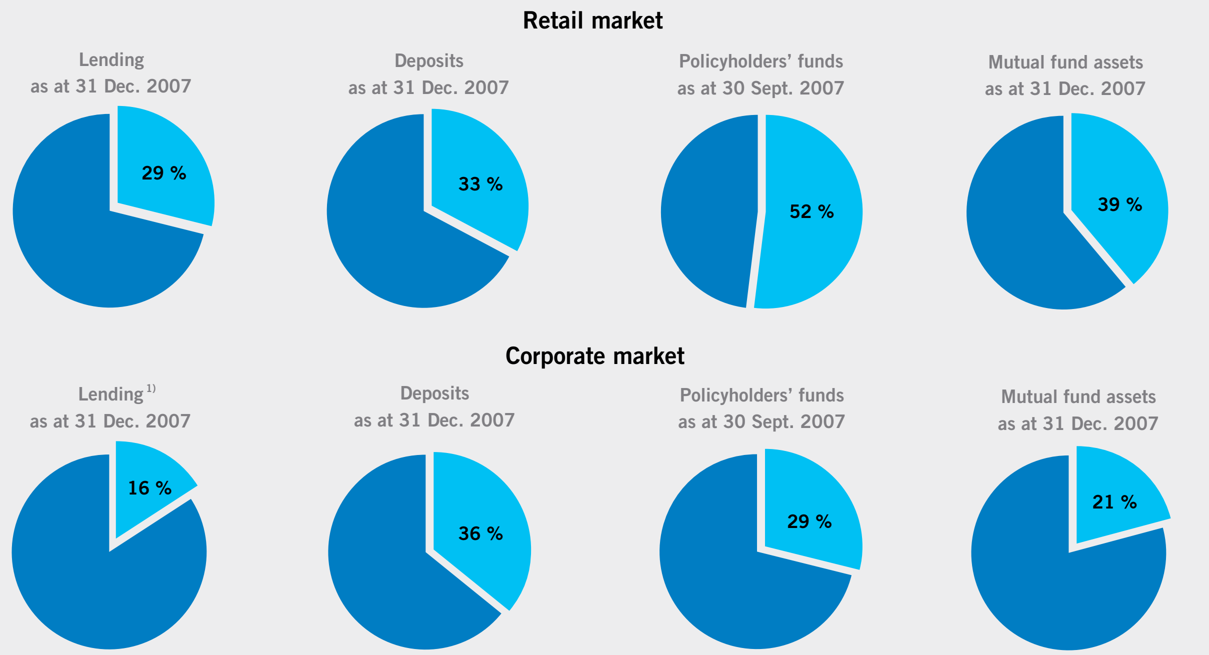
In relative terms, the DnB NOR share showed a good trend compared with the average performance of other Nordic financial services groups [1)].

DnB NOR compared with Nordic financial services groups [1)]
31 December 2006 = 100



1) Unweighted average of Danske Bank, Swedbank, Nordea, SEB and Svenska Handelsbanken.

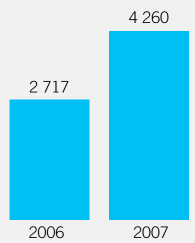
Market shares in Norway



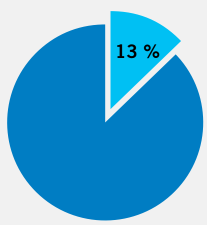
1) The share of credit from domestic sources was 22 per cent, while the share of credit from commercial and savings banks was 34 per cent.

DnB NOR's international units

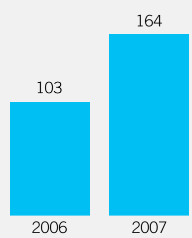
Income in DnB NOR's international units



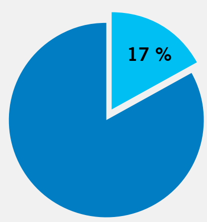
Share of income in international units in 2007



Lending volume in DnB NOR's international units



Share of lending in international units in 2007



Key figures

Income statement			
Amounts in NOK million	*2007*	*2006*	*2005*
Net interest income	17 866	15 289	13 610
Net other operating income	13 732	13 204	11 725
Ordinary operating expenses	15 974	14 263	12 711
Other expenses	476	164	153
Pre-tax operating profit before write-downs	15 148	14 066	12 471
Net gains on fixed and intangible assets	2 481	365	775
Write-downs on loans and guarantees	220	(258)	137
Pre-tax operating profit	17 409	14 689	13 109
Taxes	2 387	2 881	2 965
Profit for the year	15 022	11 808	10 144
Earnings per share (NOK)	11.08	8.74	7.59
Balance sheet			
Amounts in NOK million	*31 Dec. 2007*	*31 Dec. 2006*	*31 Dec. 2005*
Total assets	1 473 919	1 320 242	1 081 428
Lending to customers	970 504	827 947	697 579
Deposits from customers	538 151	474 526	410 991
Average total assets for the year	1 411 576	1 209 037	1 001 705
Key figures			
	2007	*2006*	*2005*
Return on equity (per cent)	22.0	19.5	18.8
Dividend per share (NOK) [1)]	4.50	4.00	3.50
Core (Tier 1) capital ratio at end of period (per cent)	7.2	6.7	7.4
Capital adequacy ratio at end of period (per cent)	9.6	10.0	10.2
Write-downs relative to net lending to customers (per cent)	0.02	(0.03)	0.02
Average combined spread for lending and deposits (per cent)	2.14	2.10	2.19
Share price at end of period (NOK)	83.00	88.50	72.00
Price/book value	1.51	1.84	1.68

1) Proposed dividend for 2007.

Group chief executive's statement

DnB NOR experienced brisk growth and recorded healthy profits in 2007. Pre-tax profits before write-downs totalled NOK 15.1 billion, and return on equity was 22 per cent. The turmoil in international financial markets had a limited impact on group operations.

The Norwegian economy experienced robust expansion in 2007. Prospects for 2008 remain good for the Norwegian economy, though growth expectations are more subdued than for the previous year, reflecting, among other things, changes in the international economic situation during the second half of 2007. More than 80 per cent of DnB NOR's income in 2007 was generated from operations in Norway. Financially strong Norwegian companies and households, low unemployment and brisk investment activity give reason to expect further growth in Norwegian operations in 2008.

DnB NOR's key resources are the Group's employees, large customer base and good customer relations, combined with strong distribution power and a wide range of products. No other organisation in Norway has such a concentration of financial expertise as DnB NOR. The employees' customer knowledge is one of the Group's greatest assets and represents an important competitive advantage. We are focusing on developing electronic solutions which meet the need for everyday banking services and free resources for advising and following up customers. DnB NOR wishes to encourage effective interaction within the Group to ensure even better customer relationship management and service.

The economic outlook is also positive in markets important for DnB NOR, such as Sweden, the Baltic States and Poland, though growth is expected to slow compared with 2007. Both income and volumes in DnB NOR's international units increased by close to 60 per cent in 2007. We aim to continue to achieve considerable international growth in 2008, especially within the shipping, energy and seafood industries. One of the factors strengthening our international presence is the establishment of new offices in Greece, India and Chile in line with the Group's strategy to accompany Norwegian and international clients out in the world. Once the new offices are in place, the DnB NOR Group will have employees in 18 countries outside Norway, including DnB NORD's operations in the Baltic States and Poland.

We have set ourselves ambitious financal targets for the coming three-year period. Our target to achieve pre-tax operating profits before write-downs of NOK 20 billion in 2010 remains in force. In order to achieve our ambitions, return on equity must be minimum 16 per cent while annual profits must grow by an average of 10 per cent during this period.

Good cost efficiency is a prerequisite for attaining the Group's profit targets. Our cost projects will help cut costs by NOK 1 billion over the next three years through the streamlining of operational processes, IT, procurement and distribution. Measures to boost efficiency have been initiated in production units, and new measures are continually under review. We see a clear need for increasing cost efficiency to ensure lasting profitable growth.

The attainment of the Group's long-term ambitions depends on the combined efforts of motivated employees, and we wish to promote a corporate culture characterised by achievements and profit orientation. I feel confident that DnB NOR will succeed through the determined efforts of its employees and managers, and I look forward to an exciting and challenging process to reach our common targets.

Rune Bjerke
Group chief executive

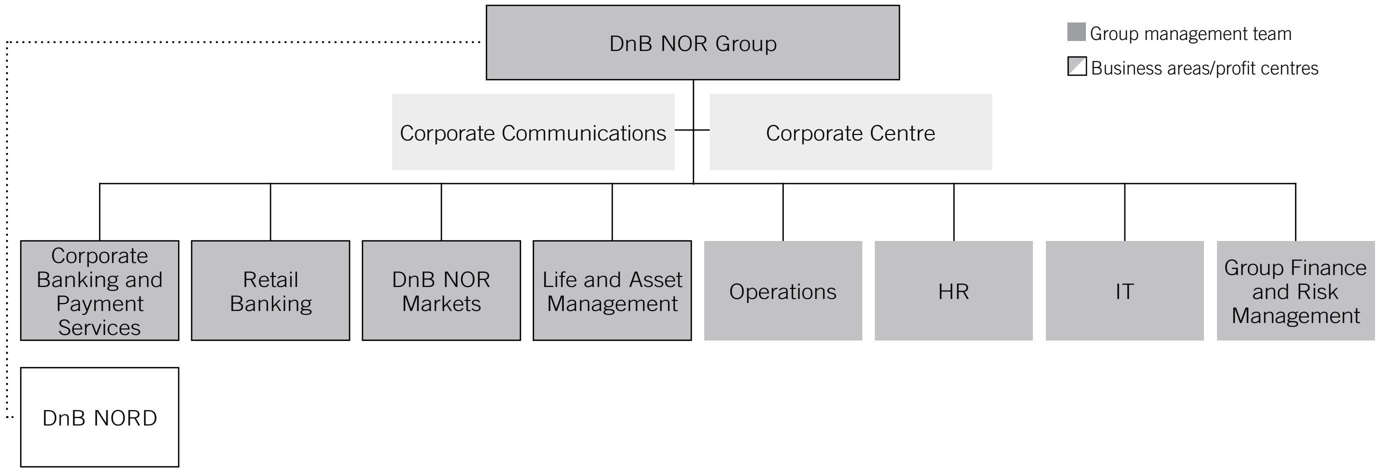
Business areas

Focus on seafood: At Nordlaks in Vesterålen, Atlantic salmon is filleted and prepared for the global market. Seafood is a growth industry and an international priority area for DnB NOR.

Photo: Øyvind Stavnes for Nordlaks Produkter

Organisation and management of operations

At year-end 2007, activities in DnB NOR were organised in the business areas Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and Life and Asset Management. The business areas operate as independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. DnB NORD is regarded as a separate profit centre. Operational tasks and group services are carried out by the Group's staff and support units.



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

The business areas operate as independent profit centres and are responsible for customer relationships and for serving specific customer segments, as well as for ensuring that the Group's products are adapted to market requirements. These responsibilities include marketing, customer relationship management, distribution and risk assessments in addition to product development, production and product pricing.

Central staff, group and support units carry out infrastructure tasks for the operative units as well as operational tasks providing cost efficiencies when undertaken for several business areas. In addition, they perform functions for governing bodies and group management. The business areas have the opportunity to influence staff and support units in the Group by changing their demand patterns and levels of ambition.

Internal management of operations

Differentiated financial and non-financial targets have been set for the various business areas to help the DnB NOR Group reach its financial targets. Return on capital, defined as profits after taxes relative to capital, is one of the key financial targets for the business areas. In the internal management of the business areas, allocated capital is based on DnB NOR's model for calculating capital requirements for various risk categories. See further description under "Capital management and risk categories" on page 64. The business areas' contributions to value creation in the Group are assessed by monitoring developments in economic profit, defined as profits after write-downs and taxes less the calculated cost of capital based on the capital requirements of each business area.

Cooperation between the business areas is an important element in DnB NOR's strategy. A wide range of products, services and distribution channels enables the Group to offer customer solutions across business areas. DnB NOR's financial management model and operational organisation provide conditions for the sale of products and services between the business areas. For most types of transactions between the business areas, pricing is regulated by internal agreements generally based on market terms. For some transactions, however, income is recorded in more than one business area. Net income from transactions which require extensive cooperation between several units, where it is difficult to quantify the contribution made by each unit, is recorded in its entirety in all units involved in such transactions.

Services provided by staff and support units are scaled according to the business areas' demand and priced at cost. Group overheads that cannot be debited directly according to use, are charged to the business areas' accounts on the basis of special distribution formulas according to a cost-benefit analysis. Costs relating to the Group's equity transactions and strategic initiatives, direct shareholder-related expenses and costs concerning the Group's governing bodies are not charged to the business areas.

Financial performance

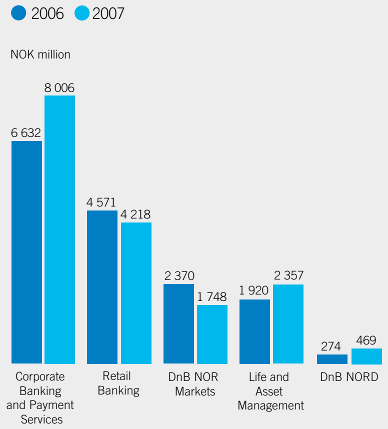
	Corporate Banking and Payment Services		*Retail Banking*		*DnB NOR Markets*		*Life and Asset Management*		*DnB NORD*	
Income statement in NOK million	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*
Total income	12 220	10 158	10 762	10 749	3 289	3 907	4 674	3 893	1 886	1 067
Total operating expenses	4 156	3 704	6 322	6 076	1 517	1 537	2 316	1 973	1 310	728
Pre-tax operating profit before write-downs	**8 064**	**6 454**	**4 439**	**4 673**	**1 772**	**2 370**	**2 357**	**1 920**	**576**	**339**
Net gains on fixed and intangible assets	19	134	44	9	(1)	0			14	9
Write-downs on loans and guarantees	76	(43)	266	111	22	0			121	74
Pre-tax operating profit	**8 006**	**6 632**	**4 218**	**4 571**	**1 748**	**2 370**	**2 357**	**1 920**	**469**	**274**
Average balance sheet items in NOK billion										
Net lending to customers 1)	413	351	426	387					50	31
Deposits from customers 1)	287	245	219	204					19	11
Asset under management (end of period)							593	591		
Key figures in per cent										
Return on capital 2) 3)	18.6	18.2	23.5	23.6	33.0	56.8	38.1	24.6	10.6	10.5
Cost/income ratio	34.0	36.5	58.8	56.5	46.1	39.3	49.6	50.7	69.5	68.2
Ratio of deposits to lending	69.5	69.6	51.4	52.6					39.4	35.9

1) Nominal values, including lending to and deposits from credit institutions respectively.

2) Return on capital is calculated on the basis of estimated BIS capital, representing 6.5 per cent of risk-weighted assets for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NORD. For Life and Asset Management, calculations are based on recorded equity.

3) Return on capital is calculated on the basis of profits after taxes. An anticipated tax rate of 28 per cent has been used for Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets, while a 19 per cent tax rate has been used for DnB NORD. For Life and Asset Management, 28 per cent tax has been used for Asset Management, while recorded tax has been used for Vital.

Business areas – pre-tax operating profit before write-downs



All business areas recorded a satisfactory level of pre-tax profits in 2007. Corporate Banking and Payment Services, Life and Asset Management and DnB NORD experienced a healthy rise in profits from 2006 to 2007, while there was a decline in profits in Retail Banking and DnB NOR Markets. A significant rise in volumes was the main factor behind the higher profit figures in Corporate Banking and Payment Services and DnB NORD, while a healthy return on financial assets in Vital ensured a boost in profits in Life and Asset Management. Performance in Retail Banking reflected intense competition and a squeeze on spreads, especially at the beginning of the year, but there was a positive trend through the year, with higher profits each quarter. Profits in DnB NOR Markets reflected unrealised losses on bonds due to the financial market turmoil. Adjusted for these losses, however, the business area showed sound growth from 2006 to 2007.

Net interest income increased by 24.1 per cent in Corporate Banking and Payment Services, while Retail Banking recorded net interest income on a level with 2006. Strong competition caused pressure on spreads. In the corporate market, high lending growth more than compensated for narrower spreads, while somewhat lower lending growth and a greater contraction in spreads in the retail market resulted in a 2.8 per cent decline in net interest income from ordinary operations from 2006 to 2007. DnB NORD recorded a 65.8 per cent increase in net interest income during the same period.

Lending in Corporate Banking and Payment Services increased by an average 17 per cent from 2006 to 2007, while lending growth was 10 per cent in Retail Banking and 61 per cent in DnB NORD during the same period. Deposits in Corporate Banking and Payment Services and Retail Banking rose by 17 and 8 per cent respectively, while DnB NORD recorded deposit growth of 77 per cent. Growth in both lending and deposits in DnB NORD reflected the acquisition of BISE Bank in Poland.

With the exception of DnB NOR Markets, which was affected by the financial market turmoil, the level of other operating income was stable or rising in all business areas from 2006 to 2007. Income trends reflected the high level of activity, and the Group recorded a positive trend in income from the sale of financial products.

A very high level of activity and investment in new operations gave a certain increase in operating expenses in most business areas from 2006 to 2007. Only DnB NOR Markets showed a decline in costs from the previous year.

There was a rise in net write-downs on loans in all business areas compared with 2006, though write-downs remained at a very low level in 2007.

Corporate Banking and Payment Services

"We will provide our clients with the best service and offer optimal solutions."

LEIF TEKSUM, GROUP EXECUTIVE VICE PRESIDENT

DnB NOR is the leading financial institution in Norway, providing an extensive range of financial services to all sectors of the Norwegian business community. The Group's aim to expand internationally is reflected in the strategy of Corporate Banking and Payment Services, as evidenced in the increasing scope of operations outside Norway.

In 2007, pre-tax operating profits were NOK 8 006 million, a rise of 21 per cent from 2006. There was considerable growth in volumes in a highly liquid market in 2007.

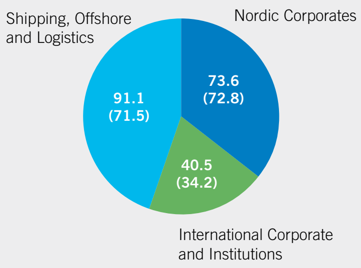
Financial performance

Corporate Banking and Payment Services	*2007*	*2006*	*Change*	*Change in per cent*
Income statement in NOK million				
Net interest income	9 195	7 408	1 787	24.1
Other operating income	3 026	2 750	275	10.0
Total income	12 220	10 158	2 062	20.3
Operating expenses	4 156	3 704	452	12.2
Pre-tax operating profit before write-downs	8 064	6 454	1 610	24.9
Net gains on fixed assets	19	134	(116)	-
Net write-downs on loans	76	(43)	120	-
Pre-tax operating profit	**8 006**	**6 632**	**1 374**	**20.7**
Average balance sheet items in NOK billion				
Net lending to customers	412.6	351.4	61.2	17.4
Deposits from customers	286.8	244.7	42.1	17.2
Key figures in per cent				
Return on BIS capital	18.6	18.2		
Cost/income ratio	34.0	36.5		
Lending spread	1.05	1.19		
Deposit spread	0.74	0.61		
Ratio of deposits to lending	69.5	69.6		

Lending

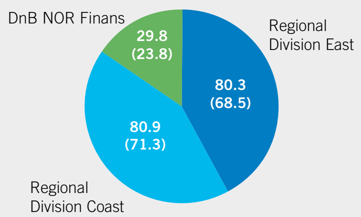
Average figures in NOK billion
Comparable figures for 2006 in parentheses

Large corporates [1)]



1) Does not include operations in Sweden and Northern Europe.

Small and medium-sized enterprises



Growth in lending and deposits entailed that net interest income from ordinary operations increased by NOK 1 065 million to NOK 7 658 million in 2007, whereas interest income on allocated capital increased by NOK 723 million from 2006 due to higher interest rate levels. Lending spreads weakened within several sectors in 2007, both due to strong domestic and international competition and as a consequence of DnB NOR's strategy to retain a low risk profile in the portfolio. Average lending spreads contracted by 0.14 percentage points from 2006 to 2007. Deposit spreads widened by 0.13 percentage points in the same period, with a particular increase for small and medium-sized corporate clients, the SME segment, in Norway in 2007.

Average customer lending rose by NOK 61 billion from 2006 to 2007, the equivalent of 17.4 per cent. Adjusted for exchange rate movements, there was an increase of 18.7 per cent. The most pronounced growth was within shipping, offshore and logistics, energy and in Sweden, all of which are priority growth areas in line with the Group's strategy. International clients accounted for 52 per cent of lending growth.

In recent years, borrowing by Norwegian companies has increased considerably, but due to sound earnings during the same period there is high liquidity in a number of companies. Deposits in Corporate Banking and Payment Services increased by NOK 42 billion or 17.2 per cent from 2006 to 2007, with the largest increase in the large corporate segment.

Other operating income was NOK 3 026 million in 2007, an increase of 10.0 per cent from 2006. Corporate Banking and Payment Services was marginally influenced by the turmoil in the financial markets in the second half of 2007 through the Group's ownership interest in Eksportfinans (the Norwegian Export Credit Agency). Income from payment services showed a stable development from 2006 to 2007, and electronic services were used for an increasing share of transactions. Corporate clients are offered products from across the entire Group, and cross-sales showed a positive trend in 2007.

Operating expenses were NOK 4 156 million in 2007, an increase of NOK 452 million compared with 2006. As a result of the Group's continued and increased focus on international operations, there was a need for resources in both the international units and the organisation in Norway. In addition, initiatives within strategic areas in Norwegian regions and in DnB NOR Finans required additional resources. Growth in

Financial performance at divisional level in 2007

Divisions 2007 [1)]	*Total*	*Shipping, Offshore and Logistics*	*International Corporate and Institutions*	*Nordic Corporate*	*Regional Division East*	*Regional Division Coast*	*Sweden*	*Northern Europe*	*DnB NOR Finans*	*Other*
Income statement in NOK million										
Net interest income	9 195	1 557	1 112	1 114	2 254	1 685	313	66	1 013	80
Other operating income	3 026	534	841	792	626	443	46	43	59	(359)
Total income	12 220	2 091	1 953	1 906	2 880	2 129	359	110	1 071	(279)
Operating expenses	4 156	402	425	465	869	784	137	86	712	276
Pre-tax operating profit before write-downs	8 064	1 689	1 528	1 441	2 011	1 344	222	24	359	(555)
Net gains on fixed assets	19	-	-	1	-	-	-	-	-	18
Net write-downs on loans	76	(4)	-	(2)	55	(23)	-	5	33	11
Pre-tax operating profit	**8 006**	**1 693**	**1 528**	**1 444**	**1 955**	**1 367**	**222**	**19**	**326**	**(548)**
Average balance sheet items in NOK billion										
Net lending to customers	413	91	40	74	80	81	18	2	30	(3)
Deposits from customers	287	51	50	72	71	40	2	2	-	(0)

1) Operating profit for Corporate Banking and Payment Services includes calculated interest on allocated capital BIS. Operating profit for the different divisions includes calculated interest on risk-adjusted capital. The difference is eliminated under "Other".

operational leasing in DnB NOR Finans increased depreciation by NOK 100 million in 2007 compared with 2006.

Net gains on fixed assets were NOK 19 million in 2007. The NOK 116 million reduction from 2006 mainly reflected sizeable gains from the sale of property in 2006.

Lending growth in 2007 was in line with the Group's strategy and desired risk profile. The quality of the portfolio was satisfactory in all sectors. Net loan write-downs increased by NOK 120 million, from NOK 43 million in net reversals in 2006 to NOK 76 million in net write-downs in 2007.

Operations

The DnB NOR Group's strategy combines international growth targets with ambitions for strong performance in Norway. Corporate Banking and Payment Services was an important contributor to international growth in 2007 within strategically important sectors. Developments in Norway were also positive, and operations were directed towards priority sectors and segments.

Corporate Banking and Payment Services will build on existing competence and grow both internationally and nationally, in particular within shipping, energy and seafood. The Group has opened a branch in Houston, USA, where the prime focus will be the energy market. In 2007, it was decided to open a branch in Santiago, Chile, where activities will primarily target the seafood and energy sectors. The three main priority areas are also very prominent in the business area's Norwegian operations through large Norwegian shipping commitments, a focus on renewable energy in addition to traditional energy sources and lending to the seafood industry along the Norwegian coast.

Corporate Banking and Payment Services is well equipped to support the Group's ambitions by building strong, long-term and profitable client relations. In addition, the business area has highly competent employees and clear business plans to help realise the Group's strategy.

Small and medium-sized companies are an important segment to ensure further growth in Norway. The segment has received particular focus over several years through special training of employees and high growth targets. As part of this work, in 2007, for the third year running, DnB NOR was involved in the ranking of so-called gazelle companies, which are companies showing rapid growth. Conferences were held at 16 different locations around Norway to select local winners and to highlight the growth in small and medium-sized companies.

DnB NOR also wishes to be an important and natural partner for newly established companies. In 2007, a new programme was launched, Partner Start, to give start-up help to companies. The programme brings together expertise from the Group's corporate and retail units, and aims to cover all the financial needs of companies in a start-up phase.

Broad range of products

DnB NOR offers a broad range of financial services and products to the corporate market, such as various types of financing solutions, deposits and investments, insurance, e-commerce, commercial property brokerage, foreign exchange and fixed-income products, trade finance and corporate finance services. Through DnB NOR Markets Inc in New York, DnB NOR offers investment banking services, including advisory services regarding acquisitions and mergers. These services are aimed in particular at international customers within shipping and the energy sector. During 2007, the Group established separate corporate finance units in Singapore and London.

Corporate Banking and Payment Services is responsible for payment services in the DnB NOR Group, which includes cash management services and infrastructure solutions for all clients in Norway and at the Group's international units. Good cash management solutions are important to the success of the international and national growth strategy. Clients require straightforward solutions and global accessibility, and DnB NOR participates in various international fora to secure optimal solutions.

An integrated Nordic payment solution was made available to corporate customers in DnB NOR's Internet bank in 2007. In addition, online self-service solutions were introduced, including services where customers themselves can open accounts through the Internet bank.

The subsidiary DnB NOR Finans is Norway's largest finance company whose main products are leasing, ICT equipment leasing, factoring, vehicle financing and fleet management under the brand name Autolease. In 2007, Autolease launched a campaign giving motorists the opportunity to buy certified emissions reduction credits (CERs) approved by the UN to neutralise the carbon dioxide emissions caused by their driving.

The subsidiary DnB NOR Næringsmegling is Norway's largest commercial property adviser and broker.

International expansion

DnB NOR is the largest financial institution in Norway and offers clients in all parts of the country local expertise and service through financial service centres, the subsidiary Nordlandsbanken, telephone banking and online banking services. The Group also offers a broad range of products to clients internationally through offices in New York, Houston, London, Singapore, Shanghai, Copenhagen, Hamburg, Helsinki and Stockholm. In September 2007, DnB NOR opened a new office in Gothenburg to serve existing clients and promote continuing growth in this part of Sweden, which is close to the Group's home market. In addition, it was decided in 2007 to establish a branch in Santiago in Chile and representative offices in Mumbai in India and Athens in Greece to support the Group's international growth strategy. DnB NOR is also represented in Murmansk in Russia through the subsidiary DnB NOR Monchebank, which is licensed to engage in banking operations through out Russia. The cooperation with the partially-owned company DnB NORD has strengthened DnB NOR's position in the Baltic States and Poland.

Corporate Banking and Payment Services offers business clients products from the Group's entire range of products and cooperates with the other business areas to ensure that clients receive the best possible information and advice. In 2007, cross-sales contributed NOK 1 609 million in net income to Corporate Banking and Payment Services. Highlighting the results of cross-sales is an important success criterion to improve customer service.

Increasing use of self-service solutions

Small and medium-sized companies are increasing their use of electronic services while having less need for manual services. In 2007, 49 000 companies made more than 104 million transactions in DnB NOR's corporate Internet bank. A wide range of services is available online that

An international group

Norwegian businesses will venture into new markets and DnB NOR aims to be there to welcome them.
In 2007, around 13 per cent of the DnB NOR Group's total income was generated abroad. By 2010, the target is to reach a share of between 20 and 25 per cent. The target was announced during DnB NOR's Capital Markets Day event in London in October 2007. For Corporate Banking and Payment Services, the target is 28 per cent.
"In a few years' time, you will see DnB NOR become a really diversified and international group," said Rune Bjerke to financial analysts in London.
DnB NOR's operations on the American continent will make a major contribution to the Group's international growth. The Group has long had a branch in New York and representative offices in Santiago and Rio de Janeiro. During 2008, operations in Chile will be upgraded to a branch with a full banking licence, which will strengthen the bank's activities in Latin America.
Chile is a country experiencing strong growth and offering exciting business opportunities within sectors where DnB NOR possesses expert knowledge, particularly within seafood, shipping and energy. Chile is the world's second largest exporter of farmed salmon, after Norway.
"Over many years, DnB NOR has built up good customer relations in Chile. Our new branch will further strengthen our local expertise, creating exciting business opportunities," says Trine Loe, new head of DnB NOR in Chile.
In addition to operations on the American continent and expanding operations in Sweden, DnB NOR is represented with offices in Denmark, Finland, Russia, Germany, Luxembourg, England, Singapore and China. It has also been decided to open offices in India and Greece.
DnB NOR's partially-owned company DnB NORD has operations in Denmark, Finland, the Baltic States and Poland.

Photo: Vidar Langeland

Chile: *Trine Loe is head of the new DnB NOR office in Santiago.*

simplify clients' everyday banking needs, such as salary payments and payments to and from companies. In addition, online banking services can be connected to companies' own systems in such areas as accounting and risk assessment. In 2007, DnB NOR launched a product where loyalty programme members can send and receive e-invoices in Norwegian kroner and foreign currencies via DnB NOR. DnB NOR has also developed mobile phone banking and payment services and participates in international fora to further develop such solutions.

The introduction of BankID gathered pace in 2007. 116 Internet banks and 40 websites in the private and public sector had started to use the service by the end of the year, and BankID is also used as the security solution for the new online payment service BankAxess. BankID is an electronic identification and signature service offered by banks in Norway. The online banks' security solutions are made available to everyone and can thus be used by private and public businesses on their websites.

Solid market position

DnB NOR is standing strong in all parts of the Norwegian business sector, but there is scope for further enhancing its position within selected products, segments and geographic areas. DnB NOR's market position in the SME segment developed less well than hoped for in 2007, despite strong focus on this segment. Apart from in south-eastern Norway, there is still a potential for increasing market shares across Norway, and the offensive will continue in 2008. There are opportunities for further growth among large Norwegian corporates by increasing sales of group products, in particular within corporate finance, financing solutions and investment alternatives.

DnB NOR is one of the world's leading shipping banks and is recognised for its expertise within complex international transactions in shipping and other segments. International growth opportunities have been identified and are specified in the Group's strategy. The industry-specific growth ambitions in Corporate Banking and Payment Services support group strategy.

DnB NOR had a market share of 15.8 per cent of total lending to Norwegian corporate clients at end-December 2007, an increase of 0.5 percentage points from December 2006. In relation to other commercial and savings banks, the market share was 34.0 per cent. The market share of Norwegian corporate deposits was 35.6 per cent at end-December 2007, compared with 37.6 per cent a year earlier. Norwegian companies enjoyed high liquidity throughout 2007, and the decline in deposits reflected alternative investment opportunities and greater competition.

Customer satisfaction

Regular customer satisfaction surveys are carried out among DnB NOR's corporate customers in Norway. Customer satisfaction among large companies has generally been high, whereas responses from SME customers have been more varied. DnB NOR's ambition is to maintain high customer satisfaction among the largest customers and to improve satisfaction levels in the other customer segments.

Highly skilled employees

The most important factor to ensure that the Group's strategy is successfully implemented and market positions are improved is competent and motivated employees. The employees in Corporate Banking and Payment Services have considerable expertise about local businesses, specific industries, credit risk, customer needs and the various products offered by the Group. This expertise constitutes a competitive advantage both in relation to customers in the Norwegian market and within DnB NOR's international focus areas. Competence development is given high priority, and the ongoing and systematic training of employees plays a vital role. Special emphasis is placed on enhancing competence within credit, risk and profitability analysis. Skills are also being further strengthened in areas where the bank offers strategic advisory services to its customers. The SME

Academy for employees who serve SME customers is an important part of targeted training. Various management development programmes have also been established to prepare employees for future managerial responsibilities. Measurement criteria and incentive structures are adapted to the operations in the various units of the business area and are intended to ensure that DnB NOR is able to attract the best employees in the market.

The number of full-time positions in Corporate Banking and Payment Services was 2 316 at the end of 2007, with 1 749 full-time positions in Norway and 567 abroad. The subsidiaries in the business area had a total of 877 full-time positions.

DnB NOR has special ethical guidelines for credit operations. The guidelines imply that risk associated with environmental and social factors should be analysed on a par with other risk factors. Companies that contribute to environmental harm, corruption or the infringement of human or labour rights will not be granted credit.

Future prospects

Norwegian companies continued to invest strongly towards the end of 2007, and this trend is expected to continue in 2008 even though the growth rate is expected to slow somewhat due to the international financial turmoil. Corporate Banking and Payment Services will meet customer needs for advisory services and product combinations. At the same time, it is important for the business area to be an attractive partner for companies wishing to place funds.

The syndication market was volatile in parts of 2007. DnB NOR syndicated out NOK 18 billion in 2007, compared with NOK 14 billion in 2006, and also had greater syndication volumes on its own books than in 2006. All credits were, however, within the Group's risk strategy, thus the risk situation was not affected. The syndication market is expected to be somewhat unstable in 2008. However, DnB NOR will use the opportunities provided by the market, but more in the form of bilateral agreements and agreements with a limited number of participants. International expansion will increase in 2008, and it is expected that a greater share of volumes in and profits from Corporate Banking and Payment Services will be generated outside Norway's borders.

Continuing optimism among Norwegian companies

In spite of the turmoil in international financial markets, executives in small Norwegian companies have a positive view of the future.

In a survey carried out by DnB NOR, 70 per cent answered that they expect at least the same growth levels in 2008 as in 2007. 74 per cent believe their company's turnover will increase compared with 2007, whereas 59 per cent expect a rise in profits. The annual survey was first carried out in 2001 and shows that optimism continues to be at a historically high level.

"This is probably because most companies achieved healthy profits in 2007. They are not worried in the short term," says Leif Teksum, group executive vice president, Corporate Banking and Payment Services.

Business executives in Oslo, Nordland and Vest-Agder are the most optimistic. In these counties, more than 60 per cent believe that employment, turnover and profitability will increase in 2008. Neither are the offshore companies in Rogaland alarmed by the international financial turmoil.

"For the past couple of years, we have thought that the economy would overheat sooner or later, but we do not expect the turmoil to have any significant impact on companies in our sector. We maintain an extremely positive outlook for our future," says Egil Josefsen, president of the Petroleum Technology Company, PTC AS.

PTC AS currently has 35 employees, of whom four have been employed during the first months of 2008, and the company expects to continue to grow. 42 per cent of Norwegian companies plan to hire more employees during the year. One of them, Norconsult, is Norway's largest consulting firm in the construction industry. With 100 new employees in 2007 it plans to recruit at least as many in 2008.

"Turnover and profits will increase. The problem is getting hold of people. There is an acute shortage of newly-qualified engineers and a fight to attract candidates," explains John Nyheim, managing director of Norconsult.

Photo: Nordlaks Produkter AS

Bright prospects: *Optimism characterises the seafood industry, for example here in Kvæfjorden in Troms.*

Retail Banking

"We will ensure that all customers have a pleasant experience every time they contact the bank."

Åsmund Skår, group executive vice president

Retail Banking will make straightforward banking services more accessible using channels such as the Internet, mobile phones and local supermarkets. Reduced need for manual services will free resources to focus on good, comprehensive financial advisory services and help further improve customer satisfaction among DnB NOR's more than two million retail customers.

Retail Banking achieved pre-tax operating profits of NOK 4 218 million in 2007, which was a reduction of NOK 353 million from 2006.

Financial performance

Retail Banking	*2007*	*2006*	*Change*	*Change in per cent*
Income statement in NOK million				
Net interest income	7 655	7 649	6	0.1
Other operating income	3 106	3 100	6	0.2
Total income	10 762	10 749	12	0.1
Operating expenses	6 322	6 076	247	4.1
Pre-tax operating profit before write-downs	4 439	4 673	(234)	(5.0)
Net gains on fixed assets	44	9	36	411.4
Net write-downs on loans	266	111	155	139.4
Pre-tax operating profit	**4 218**	**4 571**	**(353)**	**(7.7)**
Average balance sheet items in NOK billion				
Net lending to customers	425.8	387.2	38.6	10.0
Deposits from customers	218.9	203.6	15.3	7.5
Key figures in per cent				
Return on BIS capital	23.5	23.6		
Cost/income ratio	58.8	56.5		
Lending spread	1.09	1.33		
Deposit spread	1.33	0.99		
Ratio of deposits to lending	51.4	52.6		

Pre-tax operating profits declined by NOK 353 million or 7.7 per cent in 2007 compared with the previous year. However, profit levels showed a positive trend through the year, improving each quarter, and profits in the fourth quarter of 2007 were NOK 169 million higher than in the year-earlier period.

Buoyant demand for housing loans combined with successful sales campaigns gave a NOK 38.6 billion or 10.0 per cent boost in average lending. Customer deposits increased by NOK 15.3 billion or 7.5 per cent during the year. Rising interest rate levels was a strong feature of 2007, and Norges Bank raised its key interest rate seven times, each time by 0.25 percentage points. Due to fierce competition in the housing loan market and notification periods in connection with increases in customer interest rates, the average lending spread declined from 1.33 per cent in 2006 to 1.09 per cent in 2007. The average deposit spread widened by 0.34 percentage points to 1.33 per cent in 2007.

Net other operating income came to NOK 3 106 million, roughly in line with 2006. Income from payment services was reduced by NOK 96 million, whereas income from real estate brokerage and the sale of savings products increased by a total of NOK 74 million in 2007.

2007 was characterised by high activity levels. Operating expenses totalled NOK 6 322 million, up 4.1 per cent from 2006. The cost/income ratio increased to 58.8 per cent, compared with 56.5 per cent in 2006. Write-downs on loans represented NOK 266 million in 2007.

Operations

The traditional way of carrying out everyday banking services will undergo major changes over the next few years. The

Mobile phone banking services

The summer of 2006 saw the launch of DnB NOR's first online banking service on mobile phones. Since then, the number of mobile phone banking services has been steadily expanded. DnB NOR has the best mobile phone banking services in the Nordic region. This was declared by the mobile phone giant TeliaSonera when it named the bank best Nordic newcomer in the mobile sector. DnB NOR is, so far, the only Norwegian market participant to offer customers SMS services enabling the transfer of money to others with DnB NOR accounts.

The improvements made to both the mobile phone bank and services provided via SMS have greatly increased customer and media awareness of the new services. Use of these services has increased steadily following the launch in the summer of 2006, and interest has accelerated after the new mobile bank portal and the new SMS services were launched towards the end of 2007. The mobile phone is now DnB NOR's fastest growing distribution channel.

Photo: Stig B. Fiksdal

SMS: *140 000 customers use SMS banking services.*

Facts about DnB NOR's mobile bank and SMS services:

- *The mobile bank (mobil.dnbnor.no) is a complete portal available on mobile phones. DnB NOR customers who log on to the mobile bank can access the most popular Internet banking services such as payment overview, transfers, payments and a complete list of payees. In addition, everyone, also those who are not customers in DnB NOR, can access useful services such as the search function in DnB NOR Eiendom's online property offering, equity tips and tools such as a currency calculator (useful when on holiday) and a mortgage calculator (useful when viewing properties).*
- *45 000 of DnB NOR's customers used the mobile bank in 2007.*
- *The SMS service enables DnB NOR customers to view their account balance and the latest transactions on accounts they are authorised to access, transfer amounts between own accounts and make payments to other DnB NOR accounts which customers themselves have specified.*
- *In 2007, customers sent more than six million balance requests via SMS. The use of this service increased steadily and strongly throughout the year, from 300 000 requests during the month of January to close to 800 000 during December.*
- *140 000 of DnB NOR's customers used the SMS services by the end of 2007, an increase of 90 000 during the year.*

DnB NOR Group aims to increase customer satisfaction and strengthen its market position by making its services more accessible and transferring resources to personal advisory services. Retail Banking's target is that the number of manual transactions in branch offices will be reduced by 75 per cent and the number of ATM withdrawals by 30 per cent by 2010. An increasing number of branch offices will concentrate solely on providing advisory services.

DnB NOR's operations in the Norwegian retail market are carried out under three brands. The DnB NOR brand offers individual customer solutions, professional advice and proximity to customers. Postbanken's aim is to be human, uncomplicated and fair. Nordlandsbanken's image is one of a committed local bank with the services of a large bank. In addition to these brands, credit cards are sold through external partners under the brand name Cresco.

Retail Banking has a large customer base consisting of more than two million customers in Norway. An increasing number of customers are choosing various loyalty programmes offering favourable terms for everyday banking products, savings products and loans, plus security, assistance and personal advisory services. The number of loyalty programme members in DnB NOR increased by 11 per cent to 708 000 at year-end 2007, whereas Postbanken customers with the product package Leve numbered 434 000, up 4 per cent in the course of the year. The increase in the number of loyalty programme customers implies that a growing number of customers choose to use a wider range of products.

During the second quarter of 2007, DnB NOR Boligkreditt was granted a concession from Kredittilsynet (the Financial Supervisory Authority of Norway) to operate as a mortgage institution. The credit rating agencies assigned an AAA rating to the covered bonds issued by Boligkreditt, and this classification secures the bank lower funding costs and thus greater competitive power. Six covered bond issues totalling NOK 33 billion were launched in 2007, and by year-end, DnB NOR Boligkreditt had a loan portfolio of NOK 90 billion.

Strong distribution power

Distribution power in the retail market is excellent and represents an important asset for the Group. During 2007, customer needs for expertise, accessibility, products and services were met through 187 DnB NOR branch offices, 21 SAGA investment centres, DnB NOR Private Banking, telephone and online banking services and new mobile banking services. Nordlandsbanken had 16 branch offices. Postbanken had 41 customer service centres and also met customers through 300 post offices and 1 160 in-store postal outlets.

The concept of in-store banking outlets, which is based on a cooperation agreement with NorgesGruppen, was tested in some 20 local supermarkets during the autumn of 2007, and customer response was positive. In-store banking outlets means that standard banking services such as deposits, withdrawals and the payment of bills are integrated in the supermarkets' check-out counters. The service will be launched nationwide in a further 1 000 shops affiliated with NorgesGruppen during 2008.

Real estate broking is an important channel for the distribution of housing loans and savings products. By the end of 2007, DnB NOR Eiendom was represented at 98 locations in Norway, and Postbanken Eiendom had 30 offices. The Group's products are also distributed through independent financial advisers.

Retail Banking cooperates extensively with other units in the Group and through the area's large distribution network, customers receive access to a wide range of products, including mutual fund products from DnB NOR Asset Management, life and pension insurance from Vital, structured products from DnB NOR Markets and car financing from DnB NOR Finans. Customers bought credit and savings products totalling NOK 23 billion from these suppliers through Retail Banking in 2007. Increasing sales of products from other units in the Group will be an area of focus for Retail Banking. In addition, agreements have been entered into with external product suppliers in certain product areas to meet customers' overall needs.

New solutions make life simpler and increase sales

Retail Banking is improving its electronic channels, the Internet bank and the mobile phone bank, to improve the service offered to customers and to facilitate more self-service solutions. DnB NOR's aim is to be Norway's leading mobile phone bank by 2009. New online banking services will improve customer experiences and increase sales through this important channel. An English version of the Internet bank was launched in December 2007. Prior to this, non-Norwegian speaking customers already had access to English languague touch-tone phone banking services and operator services at the main customer service telephone (+47 915) 04800 and could choose to receive bank statements in English.

For several years, DnB NOR has provided non-life insurance through Vital Skade. Vital Skade has not carried own risk, but operated as an agent for external partners. To ensure greater competitive power and the possibility to have tailor-made products adapted to retail customers and small and medium-sized companies, DnB NOR has decided to establish a separate non-life insurance company. The establishment will further broaden DnB NOR's product offering. The company will commence operations by the end of 2008.

Expansion in Sweden and Europe

Sweden is a priority market for DnB NOR. Due to the acquisition of Svensk Fastighetsförmedling, DnB NOR has become the largest property brokerage firm in the Nordic region, and the offering of housing loan products to Swedish bank customers is an important step to create a Swedish customer base and a long-term income platform in Sweden. The acquisition of Salus-Ansvar, distributor of financial products to members of professional organisations in Sweden, is also part of the expansion into the Swedish retail banking market.

Private Banking is an important part of the Group's international growth strategy. DnB NOR aims to further develop operations targeting high-net worth Scandinavians resident abroad. Mortgage loans to buy housing in Spain and France are among several new products offered by DnB NOR's wholly-owned subsidiary in Luxembourg. From this financial centre in the middle of Europe, DnB NOR offers comprehensive and tailor-made financial advisory services.

Retail Banking will develop product offerings within credit cards and purchase financing in the Nordic region and strengthen cooperation with DnB NORD in the Baltic States and Poland.

Solid market position

Retail Banking is the market leader in Norway and had, on average, NOK 426 billion in loans and NOK 219 billion in deposits in 2007. The market share of total lending to wage earners was approximately 29 per cent at end-December, while the market share of savings from wage earners was approximately 36 per cent. Strong competition in both the lending and savings markets caused market shares to decline somewhat during 2007, but growth remained very satisfactory.

Satisfied customers are the key to DnB NOR's success. Twice a year, customer satisfaction surveys are carried out among DnB NOR's and Postbanken's retail customers. In addition, nationwide surveys facilitate comparisons with other banks. External surveys such as EPSI, the European Performance Satisfaction Index, and a range of more targeted surveys of attitudes and conduct among the different customer groups are also important contributions in the work to develop products and services that are suited to meet customer requirements. Customer satisfaction levels have steadily improved in Postbanken since 2003, and also show a positive trend in DnB NOR. The ambition is to reinforce this trend by launching new and attractive products, provided mainly through electronic channels and through personal advisory services.

Employees who are satisfied with their workplace is an essential precondition for high customer satisfaction rates. DnB NOR carries out annual surveys that show a high level of employee satisfaction.

New requirements for financial advisory services

Comprehensive personal financial advisory services are a core element in DnB NOR's service offering. Customer needs are becoming increasingly complex, while external framework conditions pose increasing demands on how advisory services should be performed. In November 2007, MiFID, the EU Markets in Financial Instruments Directive, entered into force. The purpose of the directive is primarily to ensure that customers receive advice which is as objective as possible, and it therefore sets requirements with respect to both the advisory process and the tools used. DnB NOR satisfies these requirements through the certification of its advisers and the launch of new advisory tools in both DnB NOR and Postbanken.

Retail Banking is implementing an extensive certification programme for advisers and managers to strengthen skills and ensure that the advice given by employees is in accordance with legislation and good advisory practice. During 2007, 310 advisers were certified, and by end-December 2007, more than 1 300 were following the certification programme.

The number of full-time positions in Retail Banking was 3 853 at end-December 2007, including 218 full-time positions in SalusAnsvar and a total of 32 full-time positions in Svensk Fastighetsförmedling and Retail Sweden. The recruitment campaign in 2007 under the slogan ”Good with people” brought 123 new advisers to Retail Banking. A new recruitment campaign is planned during the spring of 2008.

Future prospects

The cyclical upswing and the strong economic growth in the Norwegian economy continued during 2007. Nevertheless, it is expected that a tightening of monetary policy and a general international slowdown will lead to reduced activity levels and a decline in demand in the housing market. Unemployment is historically low in Norway and there is a very tight labour market in several areas. High capacity utilisation causes price and wage inflation.

Both the lending and savings markets have experienced solid growth. Rising interest rate levels and a stabilisation of house prices point towards somewhat slower lending growth over the next few years. The growth in savings is expected to remain high.

Strong focus on Swedish bank customers

In autumn 2007, the marketing and sale of housing loans by Retail Banking in Sweden signalled the start of a strong focus on this customer segment. A gradual expansion of the product offering is planned.

More acquisitions

DnB NOR has gained an important foothold in the Swedish market through the acquisition of the chain of real estate brokers Svensk Fastighetsförmedling and SalusAnsvar, an independent distributor of insurance and banking products to members of professional organisations and trade unions. In addition, Retail Banking has a presence in Sweden through DnB NOR Direkt, which is Retail Banking's sales and customer service unit in Stockholm.

”Sweden is an important market for us where we wish to expand and strengthen our position. We are now ready to fight to capture Swedish bank customers,” says Bård Teigland, head of the Sweden/International division in Retail Banking.

The division, responsible for Retail Banking's business operations in Sweden, will identify and exploit new growth opportunities in Sweden and other international markets. A key target for the DnB NOR Group is to increase the share of income from international operations.

Photo: Stig B. Fiksdal

Together: *Operations in Stockholm can now be found under one roof in Kungsgatan 18.*

High ambitions

”We have high ambitions in Sweden and aim to gradually increase our product offering here. In addition to Sweden, we will consider opportunities in other selected countries together with the rest of the DnB NOR Group,” says Teigland.

Sweden is being established as a core market with a full spectre of banking services. International growth is also planned in DnB NOR Private Banking in Luxembourg, and the cooperation with DnB NORD in the Baltic States and Poland will be expanded.

DnB NOR Markets

"Greater international activity in line with the Group's strategy."

OTTAR ERTZEID, GROUP EXECUTIVE VICE PRESIDENT

DnB NOR Markets is Norway's largest investment bank, with an international presence in Stockholm, London, New York, Houston, Singapore and Shanghai. The business area recorded brisk growth in customer activity in 2007, and customer-related income rose by 11.9 per cent compared with the previous year. Healthy demand for currency and interest rate hedging products, custodial and other securities services and corporate finance services contributed to the positive trend.

In spite of the turmoil in financial markets, DnB NOR Markets experienced a high level of activity and sound profits. Pre-tax operating profits totalled NOK 1 748 million in 2007, down NOK 622 million from 2006, reflecting unrealised losses on bonds due to the financial market turmoil.

Financial performance

DnB NOR Markets	*2007*	*2006*	*Change*	*Change in per cent*
Income statement in NOK million				
Net interest income	395	344	51	14.8
Other operating income	2 894	3 563	(669)	(18.8)
Total income	3 289	3 907	(618)	(15.8)
Operating expenses	1 517	1 537	(20)	(1.3)
Pre-tax operating profit before write-downs	1 772	2 370	(598)	(25.2)
Net gains on fixed assets	(1)	-	(1)	-
Net write-downs on loans	22	-	22	-
Pre-tax operating profit	**1 748**	**2 370**	**(622)**	**(26.2)**
Key figures in per cent				
Return on BIS capital	33.0	56.8		
Cost/income ratio	46.1	39.3		

Pre-tax operating profits declined by NOK 622 million or 26.2 per cent from 2006. Performance reflected the turmoil in global financial markets in the second half of 2007. Within market making and other proprietary trading, a general increase in credit spreads resulted in unrealised mark-to-market losses on bonds of NOK 1 258 million. The bond portfolio comprises almost exclusively bonds with the highest possible credit rating, AAA. The loss is expected to be reversed over the residual maturity of the bonds, which averages 2.7 years.

Income in DnB NOR Markets totalled NOK 3 289 million in 2007, a reduction of NOK 618 million compared with 2006. Costs were brought down by NOK 20 million, in spite of the establishment of new international units and product areas. The cost/income ratio was 46.1 per cent and the return on capital 33.0 per cent.

Revenues within various segments

Income in NOK million	*2007*	*2006*	*Change*	*Change in per cent*
FX, interest rate and commodity derivatives	1 332	1 044	288	27.6
Investment products	705	851	(147)	(17.2)
Corporate finance	828	695	133	19.1
Securities services	388	316	72	22.6
Total customer revenues	3 253	2 907	346	11.9
Market making/trading revenues	1 105	906	199	21.9
Total ordinary income	4 358	3 813	544	14.3
Unrealised losses on bonds etc.	(1 258)	-	(1 258)	-
Interest on allocated capital	189	93	96	102.5
Total income	3 289	3 907	(618)	(15.8)

Customer-related income from currency, interest rate and commodity derivatives was NOK 1 332 million, up NOK 288 million from the previous year. Due to fluctuations in exchange rates and interest rates, there was strong demand for both currency and interest rate hedging products. The growth in volume more than compensated for narrowing spreads. As in previous years, foreign exchange was the most important product area.

During 2007, advisory services and customer trading in commodity derivatives were established for products such as petroleum, power and metals.

Customer-related revenues from the sale of securities and other investment products were NOK 705 million, down NOK 147 million from 2006. There was healthy demand for investment products such as property funds and warrants, while income from bonds and structured products declined compared with the previous year.

Customer-related revenues from corporate finance services rose to NOK 828 million, up NOK 133 million from 2006. There was an increase in activity within project financing and mergers and acquisitions and a continued high level of activity within equity issues and initial public offerings, IPOs. The debt capital market was sound during the first half of the year, but activity levels slowed down in the second half due to the financial market turmoil. DnB NOR Markets' international units contributed with strong performance figures.

Customer-related revenues from custodial and other securities services totalled NOK 388 million, an increase of NOK 72 million from the previous year. Rising volumes more than compensated for falling prices again in 2007. There was a positive trend in securities lending, securities finance and registrar services for companies registered in the Norwegian Central Securities Depository, VPS.

Net earnings from market making and other proprietary trading was negative at NOK 153 million, a reduction of NOK 1 059 million from the previous year. Widening credit spreads on bonds in the second half of 2007 resulted in an unrealised loss of NOK 1 258 million.

Operations

DnB NOR Markets aims to be the best partner for Norwegian customers within investment banking and securities services, as well as for international clients requiring services relating to Norway and the Norwegian krone. In selected customer segments such as shipping, energy and seafood, DnB NOR Markets will engage in international operations together with other units in the Group.

DnB NOR Markets seeks to achieve competitive returns and high cost-efficiency through diversified operations with a moderate risk profile.

Focus on customer business

Key products include foreign exchange, interest rate and commodity products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services.

The main focus is on customer activities. DnB NOR Markets will offer service concepts and financial advisory services that generate value for customers and are geared to their individual needs. During 2007, operations were adapted to new customer service requirements resulting from the implementation of the EU directive MiFID on 1 November 2007. Advisory resources and competence were further strengthened in 2007 in areas such as equity research, credit research and corporate finance.

In addition to highly skilled employees, value creation in DnB NOR Markets is primarily based on sound customer relations and a broad distribution network. In product areas where the business area has special advantages, such as products relating to Norway and the Norwegian krone, DnB NOR Markets undertakes in-house product development and production. For other product areas, such as international equity brokerage, emphasis is placed on insourcing, cooperation agreements with other banks and on bundling existing financial instruments into new products to reduce costs, risk and time-to-market. Priority is given to continual development of products and services. Trading activities support customer activities with products and prices.

The business area’s main customer groups are Norwegian retail and corporate clients and the public sector. Other important customer groups are DnB NOR's international clients and others requesting financial services in Norway or services related to Norwegian kroner products.

DnB NOR Markets introduced a number of new products in 2007, including commodity price hedging, warrants, bank deposits with returns linked to property fund indices and to DnB NOR Asset Management's equity and hedge funds, Vital Eiendomsfond and equity brokerage via mobile phones. In December 2007, DnB NOR Markets completed the first freight derivative transaction with clients.

Local and international customer service and cross-sales

DnB NOR Markets is committed to customer proximity and to providing a full range of services through both physical and electronic distribution. This is ensured by 13 regional sales desks in Norway and offices in Stockholm, London, New York, Houston, Singapore and Shanghai, supported by electronic channels. During 2007, DnB NOR Markets became a member of the Copenhagen and Helsinki stock exchanges. It is also a member of Oslo Børs and the Stockholm stock exchange. In March, a corporate finance department was established at the bank's branch in Singapore to serve Asian clients. In September, a new trading desk was opened in Stockholm for Swedish clients, and in November, DnB NOR Markets Inc opened an office in Houston aimed at energy clients. To better understand current and future customer needs, cooperation with the Group's other business areas is important, and these provide an important sales channel for DnB NOR Markets' products. In addition, products are offered through partner banks and other investment firms. An agreement has been signed to deliver financial instruments to DnB NORD in the Baltic States, Poland, Denmark and Finland.

Service to major clients, risk management and support and control functions are centralised. Operations are organised under DnB NOR Bank ASA, with the exception of operations in the US, where securities activity is carried out by the subsidiary DnB NOR Markets Inc.

DnB NOR Markets has a large team of equity, credit, currency and fixed-income analysts who along with other specialists play a key role in advising the business area's customers.

In spite of intensifying competition from both Nordic and global competitors, DnB NOR Markets maintained its strong position in Norway. The market share for customer business in equity derivatives was approximately 25 per cent. Again in 2007, DnB NOR Markets arranged the greatest number of bond issues and was the largest bond brokerage house on Oslo Børs, with a market share of 29 per cent. DnB NOR operated as registrar for 55 per cent of the companies registered in the Norwegian Central Securities Depository (VPS).

Named best Norwegian foreign exchange bank

Customer satisfaction is measured and followed up through surveys and evaluations carried out in-house and by external parties such as Greenwich and Prospera. The surveys generally show good customer satisfaction levels. Results for individual product and service areas are used for management and follow-up purposes. In 2007, DnB NOR was named best Norwegian foreign exchange bank by the Global Finance magazine.

Staff recruitment and continual competence enhancement

The number of full-time positions in DnB NOR Markets was 612 at the end of 2007, an increase of 50 full-time positions from a year earlier due to the establishment of new international units, new products and services and a higher level of activity. The business areas recruits freshly graduated, highly competent people from universities and colleges who receive in-house training and development opportunities. In addition, experienced staff members are employed in areas where they can supplement the organisation with their expertise and extensive customer contacts. Measures are continually implemented to strengthen the professional competence and sales, presentation and relation-building skills of individual employees. DnB NOR Markets emphasises the role of the manager as coach and is committed to in-house management training. As in the rest of the DnB NOR Group, the business area gives great priority to building relations with major educational institutions. DnB NOR Markets is a strong brand among Norwegian students, which facilitates the recruitment of employees who are interested in professional and personal development.

High ethical standards and compliance with the Group's corporate social responsibility principles are emphasised in all areas of operation.

Future prospects

DnB NOR Markets benefits from its strong market position in Norway and aims to further strengthen its position in the Norwegian and international markets through continual product development, advisory services, a broad level of competence and close cooperation with other business areas in the Group. In addition to in-house efforts, external factors such as credit market trends, the level of stock market activity and fluctuations in Norwegian interest rate levels and the NOK exchange rate will be decisive for the business area's future performance. An increase in electronic trading and greater client interest in international service concepts are expected to result in intensified competition and pressure on prices.

Commodity trading on the rise

If your company stands to lose money when prices rise, invest in the belief that they will actually do just that. This is the reasoning behind an increasingly popular product from DnB NOR Markets.

A combination of strong economic growth in China, political uncertainty and limited production among several exporters contributed towards soaring crude oil prices at the end of the 1990s. Several commodities followed suit. Over the last few years, the prices of coal, gold, energy, corn and soya have all reached new heights.

In a situation with dramatic price fluctuations, the effects will be reflected accordingly in the financial results of exposed companies. Many see the need to secure themselves against volatile commodity prices to ensure predictability. DnB NOR has now strengthened its position as a supplier of a full range of financial services by offering such hedging products.

"The demand for commodity derivatives is particular high among companies that must bear the cost of unfavourable price changes. Interest is on the increase and we believe that these products have a great potential," says commodity broker Torodd Eeg-Olsen. He is one of the brokers in DnB NOR Markets specialising in commodity trading. The department is currently in a period of expansion and will be represented at DnB NOR's international offices during 2008.

There are also other reasons why there is an increasing interest in commodity trading. The prices of commodities are not correlated with other investment objects. Thus, an investment in commodity derivatives may limit the risk in a portfolio made up of shares and bonds. In turbulent economic times, many seek security in precious metals such as gold and silver.

"Customers can simply and easily invest in commodity derivatives through us. With DnB NOR as their contracting party, customers do not need to be a member of the commodity exchanges. The instruments are the same as those used in foreign exchange and interest rate products," says Eeg-Olsen.

Photo: Stig B. Fiksdal

Hedging: *"An increasing number of clients are hedging against volatile commodity prices," says Torodd Eeg-Olsen in DnB NOR Markets.*

Life and Asset Management

"We are committed to high customer satisfaction and healthy financial performance."

TOM RATHKE, GROUP EXECUTIVE VICE PRESIDENT

The business area Life and Asset Management, which consists of Vital Forsikring and DnB NOR Asset Management, recorded a strong rise in profits in 2007 compared with the previous year. Pre-tax operating profits totalled NOK 2 357 million, an increase of NOK 437 million.

Vital provided insurance coverage for more than one million policyholders and had group agreements with approximately 23 000 companies at year-end 2007. DnB NOR Asset Management had more than 630 000 retail clients and a leading position among Norwegian and Swedish institutional clients.

Financial performance

Life and Asset Management	*2007*	*2006*	*Change*	*Change in per cent*
Income statement in NOK million				
Total income	4 674	3 893	780	20.0
Operating expenses	2 316	1 973	343	17.4
Pre-tax operating profit	**2 357**	**1 920**	**437**	**22.8**
Tax	(1 942)	(634)	(1 308)	-
Profit after tax	**4 299**	**2 554**	**1 745**	**68.3**
Balance sheet items in NOK billion (end of period)				
Assets under management	592.7	591.5	1.2	0.2
Key figures in per cent				
Return on equity [1)]	38.1	24.6		
Cost/income ratio	49.6	50.7		

1) Calculated on the basis of recorded equity.

The performance of Life and Asset Management in 2007 reflected healthy financial returns following a NOK 7.0 billion revaluation of properties in Vital. Vital increased reserves by NOK 4.4 billion to reflect higher life expectancy. Return on equity was 38.1 per cent, while profits after taxes totalled NOK 4 299 million in 2007, up from NOK 2 554 million in 2006.

Total assets under management in Life and Asset Management were NOK 593 billion as at 31 December 2007.

Vital

The recorded and value-adjusted returns on capital were 11.8 and 9.5 per cent respectively, compared with 7.5 and 8.1 per cent in 2006. The revaluation of properties of NOK 7.0 billion in 2007 helped boost returns.

Profits for allocation in Vital in 2007 were NOK 15 006 million before additional allocations, of which NOK 13 097 million was allocated to policyholders, including transfers to additional allocations and allocations for higher life expectancy. In consequence of the introduction of a new calculation base for life expectancy and changes in civil status patterns, allocations totalling NOK 4 436 million were made in 2007. In comparison, in 2006, profits for allocation were NOK 6 987 million, of which policyholders received NOK 5 578 million. For 2007 and 2006, profits for allocation to the owner and taxes represented NOK 1 886 million and NOK 1 431 million respectively.

Total assets as at 31 December 2007 were NOK 232.6 billion, an increase of 4 per cent from a year earlier. Corporate clients accounted for 52 per cent of total

Vital	*2007*	*2006*	*Change*	*Change in per cent*
Income statement in NOK million				
Total income	3 411	2 686	726	27.0
Operating expenses	1 525	1 254	271	21.6
Pre-tax operating profit	**1 886**	**1 431**	**455**	**31.8**
Balance sheet items in NOK billion (end of period)				
Assets under management	232.6	223.7	8.9	4.0
Key figures in per cent				
Return on equity 1)	41.9	25.0		
Cost/income ratio	44.7	46.7		

1) Calculated on the basis of recorded equity.

Vital – return according to category – guaranteed return products		
Per cent	*2007*	*2006*
Norwegian equities	16.6	36.4
International equities	2.5	13.4
Hedge funds	11.6	15.8
Private equity	29.0	38.7
Norwegian bonds	3.6	1.0
International bonds	3.5	0.3
Money market instruments	4.6	2.9
Bonds held to maturity	5.3	5.3
Real estate	34.0	14.6
Value-adjusted return on assets I 1)	9.5	8.1
Value-adjusted return on assets II 2)	8.8	6.4
Recorded return on assets 3)	11.8	7.5

1) Excluding changes in unrealised gains on commercial paper and bonds held to maturity.
2) Including changes in unrealised gains on commercial paper and bonds held to maturity.
3) Excluding changes in unrealised gains on financial instruments.

Financial performance in Vital	*2007*	*2006*	*Change*	*Change in per cent*
Amounts in NOK million				
Interest result	15 546	7 094	8 452	119.1
Administration result	(275)	(91)	(184)	-
Risk result	(222)	(10)	(212)	-
Other	(43)	(5)	(38)	-
Profit for distribution	15 006	6 987	8 019	114.8
Provisions for higher life expectancy	4 436	-	4 436	-
Transferred to additional allocations	3 000	2 740	260	9.5
Allocations to policyholders	5 661	2 838	2 823	99.5
+ Reversal of goodwill amortisation and write-downs	(22)	22	(44)	(200.1)
Pre-tax operating profit	1 886	1 431	455	31.8
Tax charge	(2 074)	(771)	(1 303)	-
Profit after tax	3 960	2 202	1 758	79.8

assets, and individual and public-sector clients for 38 and 10 per cent respectively.

Premium income totalled NOK 22 860 million in 2007, a 3 per cent reduction compared with 2006, reflecting lower premium income from individual products.

There was a net outflow of transfers of NOK 3 088 million in 2007, compared with a net outflow of NOK 2 831 million in 2006. The outflow in 2007 mainly referred to the corporate market, where a single client accounted for a large part of the amount. In addition, competition intensified in the market for paid-up policies in 2007.

Total surrenders, transfers of pension funds and payments to policyholders totalled NOK 31 667 million in 2007, up from NOK 17 322 million in 2006, reflecting surrenders of individual products due to rising interest rates and new tax rules as well as increasing transfers of pension funds to other insurance companies. Of total surrenders of individual products, NOK 11 802 million represented products with a guaranteed rate of return and NOK 4 154 million products with a choice of investment profile (unit linked). Payments to policyholders, excluding surrenders, amounted to NOK 8 792 million, up from NOK 7 939 million the previous year.

Solvency capital in Vital totalled NOK 21.8 billion at end-December 2007. The securities adjustment reserve was reduced by NOK 3.7 billion to NOK 3.3 billion, reflecting the volatility in financial markets in the second half of 2007 and the strengthening of the Norwegian krone. NOK 3.0 billion was transferred to additional allocations, which stood at NOK 8.6 billion at year-end 2007. There was a NOK 1.0 billion rise in equity.

As of 1 January 2007, operations in Vital Forsikring ASA and Vital Link AS were combined following the merger of the two companies.

DnB NOR Asset Management

Pre-tax operating profits totalled NOK 471 million in 2007, down 3.6 per cent compared with 2006.

Commission income totalled NOK 1 157 million, up NOK 24 million compared with 2006. Commission income from the retail market came to NOK 532 million, while income from institutional clients was NOK 625 million. Performance-based fees totalled NOK 66 million in 2007 and NOK 70 million in 2006.

Operating expenses came to NOK 791 million in 2007, an increase of NOK 73 million from 2006. The increase mainly reflected the expansion of operations in Sweden and Luxembourg, performance-based pay and losses relating to the dissolution of the mutual fund DnB NOR Utbytte Europa.

NOK 14.1 billion of the increase in assets under management stemmed from developments in equity prices and interest rates, while the weakening of the Swedish krona gave a negative exchange effect of NOK 18 billion on international securities under management. The net outflow of funds was NOK 3.8 billion, compared with an outflow of NOK 54.8 billion in 2006.

Assets under management from the Norwegian market rose by 2.6 per cent. For the portfolio outside Norway, there was a

DnB NOR Asset Management	*2007*	*2006*	*Change*	*Change in per cent*
Income statement in NOK million				
Net interest income	107	45	62	135.6
Commission income				
- from retail customers	532	530	1	0.2
- from institutional clients	625	602	23	3.7
Other operating income	(1)	29	(30)	(104.8)
Total income	1 262	1 207	55	4.5
Operating expenses	791	718	73	10.1
Pre-tax operating profit	**471**	**489**	**(18)**	**(3.6)**
Balance sheet items in NOK billion (end of period)				
Asset under management	541.2	548.9	(7.7)	(1.4)
Key figures in per cent				
Return on equity [1)]	18.7	22.1		
Cost/income ratio	62.7	59.5		

1) Calculated on the basis of recorded equity.

0.9 per cent decline in assets, measured in local currencies, which corresponded to a reduction of 6.2 per cent in Norwegian kroner. Investment funds from the retail market amounted to NOK 63.5 billion at end-December 2007, an increase of NOK 4.0 billion from the previous year. The corresponding figures for institutional clients were NOK 477.7 billion and a reduction of NOK 11.7 billion.

Operations

Vital and DnB NOR Asset Management were combined in June 2007 into the business area Life and Asset Management. During autumn 2007, sales, marketing and support functions were coordinated, and the new organisation was in place by year-end 2007.

Life and Asset Management is responsible for life insurance, pension savings and asset management and aims to be the best provider of these products in Norway. In order to reach this position, a key tool is the development of a customer-oriented and cost-effective organisation with strong distribution power. Top priority is being given to simplifying and streamlining internal systems and work processes. Life and Asset Management aims to be the leading source of expertise within advisory services, maintaining and continually developing good customer service.

Life and Asset Management will expand while ensuring that the owner and customers receive competitive returns on their funds.

New life insurance legislation

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

The new regulations entail that equity and primary capital are managed in a special portfolio, separate from policyholders' funds. Another important change is that profit sharing is replaced by advance pricing of all services, including the annual guaranteed rate of return. The last-mentioned change does not, however, apply to paid-up policies and contracts on individual products with guaranteed returns signed prior to 1 January 2008, which will still be subject to different types of profit sharing.

As a consequence of the new regulations, the former combined portfolio in Vital has been divided into several sub-portfolios depending on the profit model and the buffer capital situation. The new regulations entail that approximately 50 per cent of Vital's policyholders' funds at end-December 2007 will still be subject to profit sharing between policyholders and the owner. This share is expected to gradually decline as the portfolio of individual products with guaranteed rates of return is phased out.

The new regulations will contribute to increasing the stability in Vital's earnings by reducing dependence on developments in the financial markets.

Broad product range

Vital is Norway's largest provider of individual and group life insurance and pension savings.

Vital offers group pensions in the form of defined-benefit and defined-contribution schemes to businesses and the public sector. At end-December 2007, defined-benefit schemes represented 97 per cent of policyholders' funds.

In future, a more rapid shift to defined-contribution schemes is expected, as these products are less complicated, ensure companies more predictable costs and offer employees a wider range of options.

Vital launched employer's liability insurance, such as workers' compensation insurance, group life and accident insurance, to the corporate market in autumn 2006. At year-end 2007, premium income from these products represented NOK 96 million.

Vital offers savings products to individual customers with guaranteed rates of return and products with a choice of investment profile (unit linked). If interest rates continue to climb and stock market performance is satisfactory, sales of products with a choice of investment profile are expected to increase at the expense of products with guaranteed rates of return.

After tax relief was removed by the Norwegian government on individual pension agreements (IPAs) and annuities from 2007, sales of such products have fallen. New and lower limits for tax incentive savings products have been set, and rules governing such products are in the process of being drawn up. Vital is preparing new products with tax incentives and will launch these as soon as the new rules have been approved.

DnB NOR Asset Management is the country's leading provider of mutual funds and discretionary asset management. DnB NOR Asset Management serves retail customers and institutional clients in the Norwegian and Swedish savings markets, offering domestic and international asset management services. In Norway, operations are carried out under the brand names DnB NOR and Postbanken. The brand names Carlson and DnB NOR Asset Management are used in the Swedish market.

Close to 100 asset managers are respon-

The pension paradox

People's expectations in relation to their own pension contrast starkly with what many will actually receive in pension payments when they reach retirement age. Over a period of several years, Vital has asked Norwegian employees what they expect from their pension scheme. The answers are quite unequivocal. Norwegians wish to retire early. They have high expectations to the size of their retirement pensions and among other things wish to spend their retirement years pursuing hobbies and travelling. They are sceptical to what they will receive from the National Insurance, but the paradox is that in spite of this only small amounts are put aside. Vital's surveys show that just under a third save towards their own retirement.

The consequences of retiring on a pension before the age of 67 are, however, dramatic. A 62 year old who wishes to retire may experience that his/her national insurance pension is reduced by about 27 per cent and other pensions by about a third. With a pension scheme of 70 per cent and a salary of NOK 500 000, this will mean a reduction from NOK 350 000 to NOK 250 000. Maybe this money was planned to be spent on travelling and leisure pursuits?

As part of last year's pension settlement in the Norwegian parliament, proposals were put forward to provide tax incentives for an amount up to NOK 15 000 a year to encourage own pension savings, and it is expected that the Norwegian parliament will approve the necessary legislation during the first half of 2008.

"An annual savings amount of NOK 15 000 is a good start, and we hope that the sale of new products can commence as soon as possible. Many will, however, need to save more to fulfil their retirement dreams. We therefore strongly recommend that politicians increase the limit to NOK 50 000 a year," says the head of Vital's Individual Market unit, Carl Johan Wickmann.

"Until, and if, the maximum savings amount in the new scheme is increased, we recommend additional saving in other pension products or equity funds. The prime factor is that each individual must gain an overview of his or her own situation and start saving for their retirement based on their own plans and desires," says Wickmann.

Photo: Stig B. Fiksdal

Pension savings: *"The external parameters should be made more favourable," says Carl Johan Wickmann in Vital.*

sible for DnB NOR Asset Management's mutual funds and portfolios. Investment activity primarily takes place in Norway and Sweden. Investments are made in Norwegian, Swedish and global equities and fixed-income instruments and assets are managed for the product areas global allocation and hedge funds.

As part of DnB NOR Asset Management's focus on global equities, investment is carried out from offices in London, New York and Hong Kong. A presence in major financial markets gives the business area's asset managers better access to corporate and financial market information. The combination of regional and sector-oriented management teams provides the basis for selecting the best investments. A centralised unit ensures effective securities trading in the portfolios. A special risk management team is responsible for following up and monitoring portfolio risk and performance.

Ethical management

Life and Asset Management has established ethical guidelines for its management operations. Recognised international principles underlie all investments made. The guidelines set minimum standards and are in line with DnB NOR's policy for corporate social responsibility and the international principles and conventions endorsed by the Group.

In addition, Vital has specific criteria that exclude investments in companies producing tobacco or pornography and in companies which are involved in the production or distribution of components used in weapons of mass destruction. In 2007, Vital excluded investments in 41 companies based on these specific criteria.

Details and guidelines for ethical management are published on the company's Internet pages.

Effective distribution network

Through DnB NOR, external partners and its own sales force, Life and Asset Management has a strong distribution network reaching all customer groups. Sales of life insurance and mutual fund products to retail customers through DnB NOR's bank branches have been brisk for several years. For Vital's products, sales through the bank's branch network represented 55 per cent of total sales to retail customers in 2007, compared with 56 per cent in 2006. Premiums from new retail customer business generated by DnB NOR represented a total of NOK 4.9 billion in 2007. The corresponding figure for 2006 was NOK 6.9 billion.

In close cooperation with the Group's other business areas, Vital will increase its focus on international operations. In addition to Vital's existing operations in Sweden, Lithuania and Latvia have both been designated as new areas for further expansion.

In addition to distribution channels in Norway and Sweden, DnB NOR Asset Management has sales activities from Luxembourg focused on the German market. Sales via DnB NORD's distribution network in Poland and the Baltic States will be expanded. Sales through DnB NORD's distribution network, the reuse of system solutions and operations on a suitable scale are success factors that will promote international profitability.

Strong market position

Life and Asset Management is the market leader within life insurance and pension savings and a prominent market participant within asset management.

Vital's market share of policyholders' funds was 35 per cent at end-September 2007, the same as at 31 December 2006. The market share at end-September 2007 was 29 per cent for corporate clients and 52 per cent for retail customers.

Vital leads the market within defined-benefit pensions to corporate clients and had a market share of 45 per cent at end-September 2007, including paid-up policies. Vital's market share has been stable in recent years and the ambition is to maintain its position and market share within defined-benefit pensions.

The conversion of defined-benefit schemes to defined-contribution pension schemes is expected to gain momentum over the next few years. At end-September 2007, Vital had a market share of 31 per cent of established defined-contribution schemes.

Competition intensified in the paid-up policy segment in 2007. Strong growth in the market is expected, not least due to the move from defined-benefit to defined-contribution schemes and the issuance of paid-up policies. At end-December 2007, Vital had a market share of approximately 43 per cent in the paid-up policy market.

As at 1 January 2008, Vital had 60 municipalities and one county municipality as clients in addition to a number of public enterprises. Vital's market share at year-end 2007, measured in terms of capital, was approximately 10 per cent of the municipal market and 20 per cent for public enterprises.

Vital leads the market within individual pension savings with respect to both guaranteed-rate and unit linked products. At end-September 2007, Vital had a 55 per cent market share of guaranteed-rate products and 43 per cent of the unit linked market. The ambition is to at least retain its current strong market shares.

In DnB NOR Asset Management, assets under management for clients in Norway and for clients outside Norway totalled NOK 306 billion and NOK 235 billion respectively at end-December 2007. Corresponding figures at end-December 2006 were NOK 298 billion and NOK 251 billion.

DnB NOR Asset Management is the leading provider of asset management services to Norwegian institutional clients and a key player in the Swedish institutional market. The total number of institutional clients was 294 at the end of 2007.

The market shares of assets under management for institutional clients were approximately 27 per cent in Norway and 20 per cent in Sweden. The largest clients are Skandia Liv and Vital Forsikring. Capital under management for Vital Forsikring was NOK 176 billion as at 31 December 2007.

The market share for funds managed on behalf of Norwegian retail customers was 38.7 per cent as at 31 December 2007, a slight increase from a year earlier.

DnB NOR Asset Management's 630 000 retail clients had entered into 360 000 savings schemes at year-end 2007, generating annual contractual savings of NOK 3.4 billion.

Customer satisfaction

Customer satisfaction levels in Vital have been satisfactory, in spite of the extensive integration processes following the DnB NOR merger. Combining a continuous upgrading of system solutions with a streamlining of work processes is expected to have a positive effect on customer satisfaction levels.

In DnB NOR Asset Management, satisfaction levels in customer segments and in geographic markets are regularly measured, and a positive trend has been registered since the establishment of DnB NOR.

Life and Asset Management had 1 130 full-time positions as at 31 December 2007, with 827 full-time positions in Vital and 303 in DnB NOR Asset Management, including 164 outside Norway.

Future prospects

Life and Asset Management expects continuing growth in the savings market in the years ahead, both in pension schemes funded by employers and within private savings.

Vital has developed good systems for measuring and monitoring investment risk and has proven its ability to generate sound investment management results. Based on the company's inherent strengths, and as part of the DnB NOR Group, Vital will be able to maintain an investment portfolio which will ensure competitive returns for policyholders and the owner.

Vital's investment management has a long-term perspective, which has proved to generate the best returns over time. At year-end 2007, Vital had around 40 per cent of total assets invested in bonds held to maturity and property, which provides stable returns.

New regulations effective from 1 January 2008 entail major changes for the life insurance industry. Vital has implemented the necessary changes in the insurance systems and is well prepared to meet the new requirements. Vital's ambition is to strengthen the company's position in the market following the introduction of the new regulations.

Higher life expectancy and changes in civil status patterns have contributed towards a surplus in dependants' and children's pensions and losses from retirement pensions. The insurance industry has introduced new premium rates to calculate allocations to policyholders from 1 January 2008, which will improve the balance in future risk results for retirement and dependants' pensions. Vital made provisions in 2007 to compensate for the imbalance in existing schemes.

DnB NOR Asset Management is well positioned to take part in the expected growth in the savings market and will focus on the development and sale of core products and services. Initiatives in the Swedish retail market will be strengthened by working closely with the other business areas in the Group. Furthermore, distribution in Germany via DnB NOR Luxembourg will be expanded, while a distribution network will be established in the Baltic region and Poland as part of the cooperation with DnB NORD.

Developments in financial markets together with investor confidence in the stock markets will have a strong impact on performance in the business area.

DnB NORD

"DnB NORD's dynamism, high visibility and increasing profitability continue to reinforce DnB NOR's north-eastern European strategy."

SVEN HERLYN, DNB NORD GROUP CEO

2007 was characterised by robust growth for DnB NORD, with continued expansion across north-eastern Europe. At year-end 2007, DnB NORD had a network of 172 branch offices, assets of close to NOK 74 billion and 770 000 customers across six countries. DnB NORD is jointly owned by DnB NOR with 51 per cent and the German NORD/LB with 49 per cent.

Pre-tax operating profits amounted to NOK 469 million in 2007, compared with NOK 274 million in 2006.

Financial performance

DnB NORD	*2007*	*2006*	*Change*	*Change in per cent*
Income statement in NOK million				
Net interest income	1 255	757	498	65.8
Other operating income	631	310	321	103.5
Total income	1 886	1 067	819	76.7
Operating expenses	1 310	728	582	80.0
Pre-tax operating profit before write-downs	576	339	237	69.8
Net gains on fixed assets	14	9	5	57.8
Net write-downs on loans	121	74	47	63.9
Pre-tax operating profit	**469**	**274**	**195**	**71.0**
Average balance sheet items in NOK billion				
Net lending to customers	49.5	30.7	18.8	61.4
Deposits from customers	19.5	11.0	8.5	76.8
Key figures in per cent				
Return on BIS capital	10.6	10.5		
Cost/income ratio	69.5	68.2		
Lending spread	1.35	1.55		
Deposit spread	2.40	1.37		
Ratio of deposits to lending	39.4	33.7		

DnB NORD recorded pre-tax profits of NOK 469 million in 2007, including profits from BISE Bank. The acquisition of BISE Bank was finalised in April 2007, and the legal merger with DnB NORD's operations in Poland was completed in November 2007.

Net interest income came to NOK 1 255 million, an increase of NOK 498 million from 2006, reflecting strong volume growth and a 61.4 per cent rise in lending during 2007.

Other operating income rose by NOK 321 million to NOK 631 million in 2007. Costs totalled NOK 1 310 million, up 80.0 per cent from 2006, mainly reflecting strong growth in activity, the acquisition of BISE Bank and the development of new IT solutions. The number of full-time positions was 3 236 at year-end 2007, an increase of 1 247 during the year, of which 863 were due to the acquisition of BISE Bank.

Operations

Building on the values team spirit and simplicity, DnB NORD aims to be north-eastern Europe's most reliable and dynamic bank offering customers prompt service and a positive experience. DnB NORD has branches and offices in six countries, Denmark, Finland, Estonia, Latvia, Lithuania and Poland. The bank provides a broad range of financial products and services to both the retail and corporate markets and continues to establish itself as a visible and recognised brand name.

Operations in Poland were doubled in 2007 by the acquisition of BISE Bank, and following the integration of the two banks, DnB NORD became a full-service bank in Poland.

At the end of 2007, DnB NORD had more than 770 000 customers, an increase of 75 000 customers in the course of the year.

Increasing cross-border business

During 2007, DnB NORD placed significant emphasis on offering simple and effective cross-border solutions to clients with operations in multiple countries covered by DnB NORD and the parent banks DnB NOR and NORD/LB. Throughout the year, DnB NORD implemented measures to bring the operations in each of the countries closer together. The result is a single point of contact in each country, giving corporate customers one-stop access to the full range of products across all DnB NORD's countries of operation. Towards the end of 2007, a general account opening agreement between DnB NORD and parent banks DnB NOR and NORD/LB was put in place, enabling corporate clients of the three banks to remotely open current accounts in Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland and Sweden.

In cooperation with Vital, the subsidiary in Latvia increased its product offerings. Customers of DnB NORD in Latvia can now purchase Vital life insurance products directly from the bank. Similar services are planned to be introduced in Lithuania during 2008.

In 2007, DnB NORD began a significant project to unify the core banking systems in all six countries of operation. The project will run through 2008 and into 2009. The new system will simplify the legal, product and procedural aspects of conducting cross-border business, reinforce cross-border customer support, increase the scope of existing products such as trade finance, international cash management and online banking and open up new opportunities for future product development. The project also aims to lower transaction costs and reduce the overall cost/income ratio of the DnB NORD Group.

Market position

In 2007, DnB NORD was the third largest bank in Lithuania, number four in Latvia and number 24 in Poland, measured by total assets. During the year, DnB NORD experienced strong growth in all of these countries. In Lithuania, DnB NORD was named "Best Bank" by two significant magazines, Euromoney and Veidas.

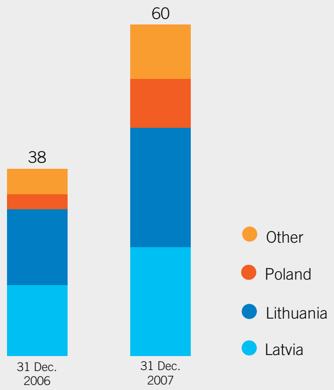
In Denmark, the bank further established itself in the local market by opening its second regional office in Odense, and the operations in Denmark are growing fast. In Finland, the bank remains a small market player but continues to adapt to the challenging local market conditions and to develop strong niche competencies. In Estonia, a number of successful campaigns resulted in a significant increase in retail deposits in 2007, along with the successful expansion of leasing activities.

A multicultural organisation

At year-end 2007, DnB NORD had 3 263 full-time positions. DnB NORD is a multi-

Lending

NOK billion



cultural organisation with employees from 18 different nations, and the head office in Copenhagen has employees from 13 countries. DnB NORD continues to run a highly successful talent programme to stimulate cross-border employee contact and knowledge sharing to exploit the possibilities that exist across its international organisation. Employees from all countries in DnB NORD can participate in this programme, which aims to develop relations and strengthen competencies across the Group.

In Lithuania, ISM University of Business and Economics and DnB NORD have agreed to start a new partnership of education and business. It is aimed at sharing skills and experiences, bringing research closer to business and contributing to the education of a professional and socially responsible business community. ISM, founded in 1999 by BI Norwegian School of Management, is the first independent university in Lithuania. Today, the university is recognised as one of the top European business schools.

Future prospects

Over the last several years, the Baltic region has experienced strong economic growth and development. DnB NORD expects continued growth in this area, but in Latvia in particular, the 2008 growth expectations are lower, as the risk of economic overheating cannot be ruled out. The ongoing process of fully integrating BISE Bank in Poland will continue during 2008, along with the further development and growth of DnB NORD's Polish retail banking network.

In Denmark, the bank aims to increase its market share through a varied product portfolio, competitive loans and integrated cash management solutions for large and medium-sized businesses.

In Finland, the bank will increasingly focus on small and medium-sized companies, while continuing to fully service its larger corporate clients, and further develop special competencies and product offerings in selected industries.

Two become one in Poland

Perhaps there was no better demonstration of dynamics and team spirit than during the acquisition of BISE Bank in Poland by DnB NORD and the subsequent integration of the two banks, which turned DnB NORD into a full-service bank in Poland. The team in Poland worked tirelessly through the year to ensure a successful merger and to welcome the former BISE Bank staff into the DnB NORD family.

The two organisations have very different backgrounds. BISE Bank was a 17-year old bank, serving medium-sized and small companies and retail customers through a network of 46 bank branches and with a reputation as an attractive employer in the local communities in which it operated. DnB NORD in Poland entered the merger as a young, dynamic corporate bank, with clear profit goals and a small, integrated young team of banking professionals committed to expanding the bank's activities in Poland.

Photo: DnB NORD Polska

New name: *The branches of BISE Bank in Poland now sport DnB NORD signs, such as this branch in Warsaw.*

The six-month merger process was very short – one of the shortest in Polish history. However, the management boards of both banks were successful in harnessing enthusiasm for the process, and there was a determination to succeed on both sides.

Establishing solid lines of communication was a priority from the start. Initiatives included two series of road shows during 2007, along with regular staff meetings, and a monthly newsletter dedicated to providing integration updates.

The second road show took place following the legal merger with BISE in November, involving presentations in two to three cities and regions each week, eventually covering the entire network of the former BISE Bank. Scheduled after normal business hours, the popular presentations were attended by 900 BISE Bank employees – an attendance rate of nearly 90 per cent – and often ran late into the evenings. Besides giving BISE Bank staff an opportunity to learn about future plans, they also provided a forum for interaction, allowing staff to pose questions and, in general, express their opinions. In addition, 200 written questions were submitted and answered via a question and answer form on the local Intranet in Poland.

Operations

"An effective joint group unit for the production and delivery of services."

LIV FIKSDAHL, GROUP EXECUTIVE VICE PRESIDENT

In 2007, DnB NOR gathered important production units and the responsibility for group services in one unit to achieve economies of scale and operational efficiency. Through targeted initiatives, Operations will seek to create competitive advantages for DnB NOR.

Operations was established to gather the production units for the Group's banking operations in Norway: collateral and credit administration, account administration and payment services in one single business area. Operations also comprises group services such as facility management, procurement and various operational functions for the Group.

The unit's ambition is to create lasting competitive advantages for DnB NOR, and the most important prerequisite for success is improved deliveries for the Group's customers. The main challenge will be to produce and deliver services while achieving an optimal balance between costs, quality, operational risk and employee satisfaction.

Operations manages group resources amounting to NOK 2.3 billion and will be a key contributor to the Group's cost reduction programme. Activities will be coordinated to realise economies of scale, improve the efficiency of and automate production processes. The unit will work to optimise use of DnB NOR's office space and improve both operational efficiency and property management in the Group. The unit is also responsible for ensuring optimal group procurement processes.

The managers and employees in Operations have considerable specialist and system skills which must be adapted in step with changes in the unit. Tailored development programmes will be implemented for managers and employees to prepare the unit for future requirements.

The number of full-time positions was 1 382 at year-end 2007. The area's operations were divided between 19 geographical locations in Norway, but as part of the streamlining process it has been decided to reduce this to five locations by the end of 2010.

IT

"Simplification and renewal will further the realisation of the Group's ambitions."

Cathrine Klouman, group executive vice president

In 2007, IT became a separate support unit, which clearly signals the importance of IT as a fundamental element in the Group's operations. In 2007, IT implemented a major restructuring of its organisation to strengthen delivery capability and quality.

IT is responsible for preparing group strategies for IT based on the Group's business strategy, in addition to procuring, developing and following up the Group's IT services deliveries professionally and competitively.

IT is responsible for securing systems which promote the Group's international growth ambitions. The need for international solutions will be met partly by drawing on investments made in the Norwegian systems and partly by choosing solutions based on new requirements.

In 2007, IT made major deliveries to ensure that the Group is on schedule in implementing adjustments to Basel II and ensuring compliance with MiFID and the Norwegian Personal Data Act. In addition, extensive efforts were made to further develop processing tools and establish more effective work processes. IT also developed solutions necessary to support new, innovative mobile banking services to retail customers.

During 2007, Postbanken's IT solutions were largely coordinated with DnB NOR's systems as part of the consolidation and simplification process.

The highest priority continues to be given to securing stable and safe IT systems to avoid operational disruptions. An extensive process was commenced in 2007 to modernise and standardise IT systems to meet the Group's needs for more simple, flexible and cost-effective solutions. This work comes in addition to the development of new solutions for the business areas.

IT had 396 full-time positions at the end of 2007.

HR

"DnB NOR's ambition is to be the most attractive employer within the financial industry."

ANNE-BRIT FOLKVORD, GROUP EXECUTIVE VICE PRESIDENT

HR, Human Resources, was established as a separate support unit in 2007 in order to lead the Group's long-term development of the organisation, employees and managers.

The unit's group-wide responsibilities include personnel policy issues such as employer strategy, health, safety and environment (HS&E), management and competence strategy, employee satisfaction surveys and personnel systems. In addition, HR assists the Group's business areas and support units with recruitment, restructuring and competence development.

A consistent remuneration policy has been drawn up to promote DnB NOR as an attractive employer, thus making it easier to attract, develop and retain the correct expertise while encouraging cross-sales and a group perspective.

Flexible working methods are of prime importance, meeting the varying needs of employees in different life phases.

Management and employee training programmes in DnB NOR contribute to developing a common culture, build networks and develop individual managers and employees. In addition, the Group is continually investing resources in targeted competence development to secure the Group's competitive advantage, resulting in, among other things, an increase in the number of certified financial advisers.

Through the trainee and talent programmes Growth and Crescendo, HR has initiated measures to attract and develop talents in the Group. In 2007, it was decided that all trainees will be given the opportunity to spend parts of their trainee period abroad.

The Group's international growth ambitions require a culture that promotes mobility and teamwork. An important part of HR's work will be to develop optimal solutions that facilitate mobility between the Group's units, both in Norway and internationally.

HR had 116 full-time positions at the end of 2007.

Staff units

Group Finance and Risk Management

Group Finance and Risk Management is responsible for group functions within specialist areas such as investor relations, funding, financial reporting, risk management, legal services and group security. Further areas of responsibility include the development of the Group's models and processes to measure and manage risk, risk analyses and reports, as well as the Group's credit process and credit approvals.

Group Finance and Risk Management also includes the Investment Division, which is responsible for managing the Group's equity investments. The portfolios, which generated good returns in 2007, consist of listed and unlisted companies, private equity investments, various mutual funds, own buildings, strategic subsidiaries, and strategic financial investments. The Investment Division was responsible for the sale of the Group's bank buildings in 2007.

Full-time positions in Group Finance and Risk Management numbered 181 at year-end 2007.

Corporate Communications

Corporate Communications provides communication services and draws up communication guidelines for the entire organisation. Internal and external communication in DnB NOR should be open, accessible and clear. The unit has overall responsibility for the Group's media contact, external communications, corporate social responsibility, brands, sponsoring, translation services as well as Internet communication. Corporate Communications is also responsible for DnB NOR's intranet, which is accessible to the entire Group.

Full-time positions in Corporate Communications numbered 31 at year-end 2007.

Corporate Centre

To strengthen the long-term group perspective, the Corporate Centre was established in the DnB NOR Group in 2007. The unit will help ensure that DnB NOR makes the right strategic choices based on comparative advantage and a solid understanding of the future, and will promote cooperation across the organisation to realise cost and income synergies. The Corporate Centre will initiate and be an important contributor to group projects.

The Corporate Centre consists of four units that individually and together will ensure that the area's targets are reached.

DnB NOR Innovation has prime responsibility for DnB NOR's innovation initiatives. The unit's objective is to strengthen the DnB NOR Group's willingness and ability to make changes by analysing future trends, and to ensure that the Group makes good decisions based on long-term trends.

Structural Growth (M&A) has operational responsibility in the Group for the purchase and sale of areas of operation and will be a key player in the Group's work on strategic issues. The M&A unit will work closely with other units in the Group.

DnB NOR Consulting is the Group's internal consulting unit and provides services within strategic consulting, project implementation and management. DnB NOR Consulting participates in group projects, as well as in projects in the various business areas and support units and combines strong specialist competence with in-depth knowledge about DnB NOR.

The Group Secretariat is the secretariat for the governing bodies in the DnB NOR Group and is responsible for making arrangements whereby the Group's management and governing bodies can pass correct decisions at the right time, while ensuring effective and rational administrative procedures.

The Corporate Centre had 40 full-time positions at year-end 2007.

Management in DnB NOR

Focus on shipping: Continuous maintenance is ensured by the crew on board the gas ship BW Sund, owned by BW Gas, an important client for DnB NOR. Shipping is a priority area for the Group and more than half of the income from this sector is generated from international operations.

Photo: Ole Walter Jacobsen for BW Gas

Group management

Rune Bjerke (born 1960) Group chief executive
Bjerke took up the position as group chief executive of DnB NOR in January 2007. He was formerly president and CEO of Hafslund ASA and has also been president and CEO of Scancem International. Bjerke has held a number of board positions in large companies. He has also served as finance commissioner of the Oslo City Council and as political adviser in Norway's Ministry of Petroleum and Energy. He holds an economics degree from the University of Oslo and a master's degree in public administration from Harvard University.

Tom Grøndahl (born 1949) Deputy CEO Group Finance and Risk Management (up until 1 March 2008)
Grøndahl has been head of Group Finance and Risk Management since the merger in 2003. He was earlier group executive vice president responsible for Group Staff in DnB and headed DnB's Company Secretariat and DnB's International Division. Prior to this, he was deputy chief executive in Bergen Bank. In Citibank, Grøndahl held the position of chief executive in Norway as well as various managerial positions in London, New York and Oslo. He is a graduate of the Norwegian School of Economics and Business Administration and holds an MBA from INSEAD.

Bjørn Erik Næss (born 1954) CFO (from 1 March 2008)
Næss assumed the position as CFO on 1 March 2008, leaving his position as EVP & CFO of Aker Kværner ASA. Prior to this, he held similar positions in Orkla and Carlsberg (Denmark). Næss has extensive experience from executive positions both in Norway and abroad over the past 25 years. He is a graduate of the Norwegian School of Economics and Business Administration and completed an executive programme at Darden Business School in the USA.

Leif Teksum (born 1952) Group executive vice president Corporate Banking and Payment Services
Teksum has been head of Corporate Banking and Payment Services since the merger in 2003. He has experience from the petroleum industry and from various executive positions in DnB and Bergen Bank. In the Group, he has, among other things, been in charge of DnB Markets, Asset Management, IT and staff functions. Teksum is a graduate of the Norwegian School of Economics and Business Administration.

Åsmund Skår (born 1959) Group executive vice president Retail Banking
Skår has been head of Retail Banking since the merger in 2003. He was previously group director for retail operations in Gjensidige NOR and has held various other executive positions in the Group. Skår has also been employed by Statoil and Skaarfish Group. He is a graduate of the Norwegian School of Economics and Business Administration.

Ottar Ertzeid (born 1965) Group executive vice president DnB NOR Markets
Ertzeid has been head of DnB NOR Markets since the merger in 2003. He was previously head and deputy head of DnB Markets and held various positions within the FX/Treasury area in DnB. His prior professional experience includes the position as chief financial officer in DnB Boligkreditt and head of finance in Realkreditt. Ertzeid is a graduate of BI Norwegian School of Management.

Tom Rathke (born 1956) Group executive vice president Life and Asset Management
Rathke has been head of Life and Asset Management since April 2007. He is managing director of DnB NOR's subsidiary Vital Forsikring and board chairman of DnB NOR Kapitalforvaltning Holding. He was previously managing director of Gjensidige NOR's investment fund company Avanse, prior to which he held managerial positions in Vesta and If Skadeforsikring. Rathke also has experience from SAS and Dyno. He is a graduate of BI Norwegian School of Management, has a master's degree in business administration from the University of Wisconsin and has completed the Advanced Management Programme at Harvard University.

Liv Fiksdahl (born 1965) Group executive vice president Operations
Fiksdahl has been head of Operations since June 2007. She is former head of Bank Production in Corporate Banking and Payment Services and had important tasks related to the merger. Fiksdahl held customer-oriented positions in Union Bank of Norway, Handelsbanken and Fokus Bank. She was educated at Trondheim Business School.

Anne-Brit Folkvord (born 1956) Group executive vice president HR (Human Resources)
Folkvord has been head of HR since June 2007. She is former head of Group Services in DnB NOR, head of the Payment Services and Cash Management division in DnB and of international operations in Nordlandsbanken. She has also had various other executive positions in Bergen Bank and Sparebanken Rogaland. She is a bank economist from Bankakademiet, holds a diploma in market communication from IFM and has additional education in business administration and management from the Arizona State University and BI Norwegian School of Management.

Cathrine Klouman (born 1962) Group executive vice president IT
Klouman has been head of IT since June 2007. Former positions include head of Business Development and head of the Telephone and Internet Banking division in Retail Banking in DnB NOR. She has previous management experience from Union Bank of Norway, ICA Banken, BankAxept and IBM. Klouman has an Msc in business administration from BI Norwegian School of Management.

Board of Directors

Olav Hytta (born 1943) Chairman of the board in DnB NOR and DnB NOR Bank (board member since December 2003)
Hytta was group chief executive in Gjensidige NOR from 2000 to 2003. He was employed in Fellesbanken in 1968 and has been deputy CEO in Gjensidige NOR and Union Bank of Norway, managing director of the Oslo/Akershus region in Union Bank of Norway and general manager and operations director in ABC Bank. His education includes secondary school, commercial school and agricultural college.

Johan Nic. Vold (born 1947) Board vice-chairman in DnB NOR (board member since June 2007)
Board chairman in Gassnova SF. Former president of A/S Norske Shell and vice president of Shell's partner-operated operations in Europe. For many years, he was a member of Statoil's corporate executive committee. Former board chairman in Econ Analyse, the Nordic Investment Bank (Helsinki), SINTEF, INTSOK and PETRAD. Vold is a graduate of the Norwegian School of Economics and Business Administration.

Siri Pettersen Strandenes (born 1949) Board member in DnB NOR (board member since December 2007)
Board member in Vital Forsikring since 1999. Prior to this, she was vice-chairman of the Control Committee in DnB for several years. Previous board memberships include: TFDS ASA, Bergshav Shipholding AS, the Commercial Banks' Guarantee Fund, the Norwegian Guarantee Institute for Export Credits (GIEK) and Norges Bank. Chairman of the Programme Board for Maritime Activities and Offshore Operations at the Research Council of Norway and a deputy member of the Corporate Assembly of Telenor ASA. Professor in Economics at the Norwegian School of Economics and Business Administration, specialising in international economics, shipping and air transport economics. She is a graduate of the Norwegian School of Economics and Business Administration.

Per Hoffmann (born 1951) Board employee representative in DnB NOR and DnB NOR Bank (board member since December 1999)
Employee representative in DnB NOR Bank. Former board member in DnB Holding and Den norske Bank.

Ingjerd Skjeldrum (born 1957) Board employee representative in DnB NOR and DnB NOR Bank (board member since December 2003, in Gjensidige NOR since 2002)
Full-time employee representative since the Union Bank of Norway merger, chief group employee representative for the savings bank since 1 February 2000 and group employee representative in DnB NOR since 2003. Member of the national board of the Finance Sector Union. She is a former board member in Union Bank of Norway and Gjensidige NOR and has previously held positions within the retail market in Gjensidige NOR.

Anne Carine Tanum (born 1954) Board member in DnB NOR (board member since December 1999)
Former board member in DnB Holding, Den norske Bank and Vital Forsikring. Board chairman in the House of Literature Foundation. Board member in the South-Eastern Norway Regional Health Authority, Cappelen Damm AS, Try AS and the enie Onstad Art Centre. Former board chairman in the Norwegian Broadcasting Corporation (NRK), board vice-chairman in the Norwegian National Opera and long-standing managing director and owner of Tanum AS. Tanum holds a law degree from the University of Oslo.

Bjørn Sund (born 1945) Board member in DnB NOR (board member since December 2003, in Gjensidige NOR since 1999)
Sund is heading the work of building the new university hospital in Akershus. Managing director and board chairman in Advansia, a company specialising in project and construction management for large and complex projects. Board member in Gassnova SF. Former board chairman in Gjensidige NOR and board member in Union Bank of Norway. Sund headed the development of the Winter Olympics site at Lillehammer, the Gardermoen airport project and the Telenor project at Fornebu. He is a graduate of the Norwegian University of Technology in Trondheim.

Bent Pedersen (born 1942) Board member in DnB NOR and board vice-chairman in DnB NOR Bank (board member since December 1999)
Pedersen serves on the boards of several Danish companies. Former board member in DnB Holding and board vice-chairman in Den norske Bank. Managing director of KIRKBI A/S in Billund, Denmark from 1995 to 2006. He previously held executive positions in Privatbanken in Denmark and was a member of the group management team in Unibank in Denmark. He holds a cand.merc. degree from Copenhagen Business School.

Trine Sæther Romuld (born 1968) Board member in DnB NOR (board member since June 2007)
Director of finance in Aker Drilling ASA. She worked as chief financial officer in Pan Fish ASA and Marine Harvest ASA for four years and has nine years' experience from Arthur Andersen & Co and Ernst & Young. In addition, she worked in the rig industry from 1997 to 2001. Board member in EMGS ASA and previously in Technor ASA. She is a state authorised public accountant from the Norwegian School of Economics and Business Administration.

Jørn O. Kvilhaug (born 1951) Board employee representative in DnB NOR and Vital Forsikring (board member since December 1999)
Full-time employee representative since 2005. Chief employee representative in Vital Forsikring. Former board member in DnB Holding. Kvilhaug previously worked as an insurance agent in the corporate market in Vital Forsikring.

Nina Britt Husebø (born 1957) Board employee representative in DnB NOR (board member since June 2005)
Chief employee representative and board employee representative in DnB NOR Finans AS since 1995. Group employee representative in the Finance Sector Union in DnB NOR.

Governing bodies in DnB NOR ASA

Supervisory Board

Members elected by shareholders

Wenche Agerup, Oslo (0)
Nils Halvard Bastiansen, Bærum (0)
Jan-Erik Dyvi, Oslo (27 664)
Toril Eidesvik, Bergen (0)
Anne Cathrine Frøstrup, Hønefoss (124)
Elisabeth Grændsen, Lillehammer (200)
Herbjørn Hansson, Sandefjord (25 000)
Knut Hartvig Johannson, Snarøya (10 000)
Erik Sture Larre sr., Oslo (386 639)
Tomas Leire, Kristiansand (0)
Ole-Eirik Lerøy, Bergen (vice-chairman) (10 000)
Eldbjørg Løwer, Kongsberg (0)
Dag J. Opedal, Oslo (1 395)
Benedicte Berg Schilbred, Tromsø (chairman) (4 001)
Merethe Smith, Oslo (0)
Birger Solberg, Oslo (4 000)
Arthur Sletteberg, Stabekk (0)
Tove Storrødvann, Ski (209)
Gine Wang, Oslo (0)
Hanne Egenæss Wiig, Halden (0)

Deputies elected by shareholders

Lisbeth Berg-Hansen, Bindalseidet (0)
Erik Buchmann, Oslo (310)
Turid Dankertsen, Oslo (1 767)
Rolf Domstein, Måløy (0)
Harriet Hagan, Alta (200)
Bente Hagem, Ås (0)
Rolf Hodne, Stavanger (0)
Leif O. Høegh, London (0)
Liv Johannson, Oslo (2 480)
Herman Mehren, Nevlunghamn (10)
Aage Møst, Bærum (41 000)
Gry Nilsen, Drammen (0)
Einar Nistad, Rådal (1 000)
Asbjørn Olsen, Skedsmo (1 075)
Oddbjørn Paulsen, Bodø (10)
Gudrun B. Rollefsen, Hammerfest (0)
Anne Bjørg Thoen, Oslo (341)
Lars Wenaas, Måndalen (1 300 000)

Members elected by employees

Else Carlsen, Bødalen (1 100)
Bente H. Espenes, Oslo (188)
Yvonne Fjellvang, Oslo (303)
Svein Ove Kvalheim, Bergen (500)
Carl A. Løvvik, Bergen (0)
Marit Pettersvold, Oslo (1 088)
Anne Liv Reistad, Nesoddtangen (464)
Eli Solhaug, Oslo (188)
Marianne Steinsbu, Oslo (2 600)
Berit Ur, Sandnes (3 591)

Deputies elected by employees

Tore Müller Andresen, Bergen (4 367)
Terje Bakken, Alta (93)
Rune Andre Bernbo, Ås (0)
Morten Christoffersen, Oslo (644)
Lillian Hattrem, Oslo (0)
Bjørn Hennum, Drammen (691)
Erlend Brox Linge, Oslo (0)
Einar Pedersen, Kristiansund (791)
Kjell R. Rønningen, Dokka (1 403)
Jack Selven, Trondheim (0)
Siri Enger Stensrud, Oslo (988)
Bente Sørensen, Bergen (716)
Astrid Waaler, Oslo (0)

Control Committee

Members

Svein Norvald Eriksen, Oslo (0)
Ingebjørg Harto, Oslo (0)
Frode Hassel, Trondheim (chairman) (0)
Thorstein Øverland, Oslo (0)

Deputy

Svein Brustad, Hvalstad (0)

External auditor

Geir Julsvoll (0)

Board of Directors

Members

Per Hoffmann, Oslo (1 301) [1)]
Nina Britt Husebø, Bergen (0) [1)]
Olav Hytta, Oslo (chairman) (6 851) [1)]
Jørn O. Kvilhaug, Hokksund (285) [1)]
Bent Pedersen, Stenløse (12 701)
Trine Sæther Romuld, Stavanger (0)
Ingjerd Skjeldrum, Drammen (3 956) [1)]
Siri Pettersen Strandenes, Bergen (1)
Bjørn Sund, Lysaker (15 524)
Anne Carine Tanum, Rømskog (0)
Johan Nic. Vold (vice-chairman) (2 500)

Deputies for the employee representatives

Bjørn Davidsen, Oslo (1 490) [1)]
Sverre Finstad, Moelv (3 300) [1)]
Jorunn Løvås, Fjell (0) [1)]
Tor M. Nordvold, Skedsmokorset (1 633) [1)]

Election Committee

Eldbjørg Løwer, Kongsberg (0)
Per Otterdahl Møller, Skien (0)
Benedicte Berg Schilbred, Tromsø (chairman) (4 001)
Arthur Sletteberg, Stabekk (0)
Reier Søberg (observer), Oslo (0)

Audit Committee

Bent Pedersen, Stenløse (12 701)
Bjørn Sund, Lysaker (chairman) (15 524)
Trine Sæther Romuld, Stavanger (0)

Group Audit

Harald Jægtnes (4 332)

Group management

Group chief executive
Rune Bjerke (10 093)

Deputy CEO and CFO
Tom Grøndahl (25 840) (up until 1 March 2008)

CFO
Bjørn Erik Næss (0) (from 1 March 2008)

Group executive vice president
Corporate Banking and Payment Services
Leif Teksum (26 085)

Group executive vice president
Retail Banking
Åsmund Skår (7 106)

Group executive vice president
DnB NOR Markets
Ottar Ertzeid (24 995)

Group executive vice president
Life and Asset Management
Tom Rathke (842)

Group executive vice president HR
Anne-Brit Folkvord (4 450)

Group executive vice president Operations
Liv Fiksdahl (320)

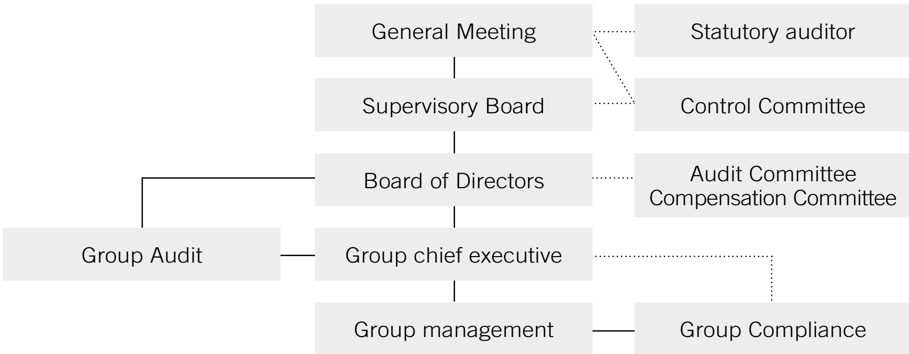
Group executive vice president IT
Cathrine Klouman (3 287)

1) Not independent, see page 58 under "Corporate governance".

The figures in parentheses indicate shareholdings in DnB NOR ASA as at 31 December 2007. Shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 1-5 of the Public Limited Companies Act are also included.

Corporate governance

DnB NOR's management and Board of Directors annually reviews the principles for corporate governance and how they are implemented in the Group. The description below accounts for DnB NOR's compliance with the 15 sections in the Norwegian Code of Practice for Corporate Governance [1].



Section 1
Implementation of and reporting on corporate governance

There are no significant deviations between the Code of Practice dated 4 December 2007 and the way it is implemented in DnB NOR. In addition, DnB NOR takes account of the proposed principles for corporate governance from the Committee of European Banking Supervisors, CEBS, in connection with new international capital adequacy regulations and supervision of financial institutions. The regulations cover the Board of Directors' responsibility for determining the Group's risk profile, approving the organisation of operations, delegating responsibilities and assigning authority and stipulating reporting and internal control requirements.

DnB NOR wishes to promote sustainable development through responsible business operations. This mainly implies taking ethical, environmental and social aspects into consideration in investing and lending. Thus, DnB NOR has drawn up separate guidelines for corporate social responsibility for asset management and credit operations. In addition, DnB NOR's suppliers are required to meet certain requirements by signing a special declaration. Corporate social responsibility also means controlling business risk, keeping environmental order in our own house and being an attractive employer. DnB NOR wishes to be a partner for organisations, sports and cultural institutions. For more information, please refer to the chapter on corporate social responsibility in the annual report and the separate report on the Group's corporate social responsibility, available on www.dnbnor.com/csr.

As a financial institution, DnB NOR is committed to curbing possible threats to its reputation and mitigating the risk of losing trust. A high ethical standard among em-

1) The Norwegian Code of Practice, issued by the Norwegian Corporate Governance Board, can be found on www.ncgb.no ployees and elected officers will strengthen the confidence that the Group enjoys in society at large.

DnB NOR's code of ethics addresses impartiality, conflicts of interest, relations with customers and suppliers, relations with the media, securities trading, insider trading and relevant financial interests of a personal nature. The code of ethics applies to all employees and members of governing bodies.

According to the DnB NOR Group's guidelines for the handling of information, employees and elected representatives have a duty not to disclose any information about the affairs of the Group or the Group’s customers that may come to their knowledge by virtue of their position. The duty of confidentiality does not apply only to third parties, but also in relation to colleagues who do not need to be privy to such information in order to carry out their work. Furthermore, the rules apply to information about the Group's strategy and market plans and other aspects of competitive significance. The individual employee or elected representative is responsible for being fully updated on general and special confidentiality rules that apply to their areas of responsibility. Moreover, no DnB NOR employee is allowed to, via the computer systems or otherwise, actively seek information about colleagues, customers or third parties when they do not need to be privy to such information in order to carry out their work in the company.

The Group's code of ethics sets forth that employees must promptly inform their immediate superior or the group executive vice president, Group Audit, if they obtain knowledge about circumstances that are contrary to prevailing regulations issued by the authorities or represent major breaches of internal regulations. Employees who in a responsible manner notify reprehensible aspects pursuant to this item will be protected from any repercussions following such disclosure.

Violation of the code of ethics on the part of an employee could have consequences for his or her position in the Group. The complete code of ethics can be found on the Group's website, www.dnbnor.com.

No deviations from the Code of Practice.

Section 2
Business

The object of DnB NOR is to engage in banking, insurance or financing and any related activities within the scope of Norwegian legislation in force at any time. The complete Articles of Association can be found on the Group's website.

The directors' report describes the Group's targets and strategies, and the market is kept updated through investor presentations in connection with interim accounts and presentations on special subjects.

In annual strategy processes, the Board of Directors considers whether goals and guidelines established on the basis of the strategies are unambiguous, adequate, well operationalised and easily comprehensible for the employees. All key guidelines are available to all employees through DnB NOR's intranet.

No deviations from the Code of Practice.

Section 3
Equity and dividends

As at 31 December 2007, DnB NOR had total equity of NOK 76 billion. According to statutory capital adequacy regulations for financial institutions, the Group's capital adequacy ratio was 9.6 per cent of risk-weighted assets, while core capital represented 7.2 percentage points. The Norwegian authorities' minimum capital adequacy requirements are eight and four per cent respectively. The Board of Directors continually reviews the capital situation in light of the company's targets, strategies and intended risk profile. The Board of Directors considers the Group to be well capitalised as at 31 December 2007.

New capital adequacy regulations, Basel II, entered into force as of 1 January 2007. See the chapter on capital management and risk categories for a further description of the rules and the principles applied by DnB NOR to estimate capital requirements.

Dividends

DnB NOR aims to manage group resources in a manner which will ensure shareholders a competitive return in the form of dividends and increases in share price relative to comparable investment alternatives. DnB NOR intends to distribute approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of expected profit levels in a normalised market situation, external parameters and the need for Tier 1 capital.

Repurchase of shares

The Board of Directors of DnB NOR ASA

is authorised to acquire own shares for up to 10 per cent of share capital. According to the authorisation, the shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 24 April 2007, the date the resolution was passed at the General Meeting. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with the Ministry of Trade and Industry for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership remains unchanged. As at 31 December 2007, the authorisation had not been used. At the General Meeting on 30 April 2008, the Board of Directors of DnB NOR ASA will ask for a renewal of the authorisation to repurchase up to 10 per cent of share capital. The authorisation will be subject to the same terms as the authorisation dated 24 April 2007.

Increases in share capital

As at 31 December 2007, no authorisation had been granted to the Board of Directors for an increase in DnB NOR's share capital.

No deviations from the Code of Practice.

Section 4
Equal treatment of shareholders and transactions with close associates

DnB NOR has one class of shares. The Articles of Association, the Board of Directors and group management emphasise that all shareholders will be treated equally and have the same opportunity to exert influence. All shares carry equal voting rights. In connection with increases in share capital, existing shareholders will be given pre-emptive rights, unless such rights are derogated from due to special circumstances. In such case, the reasons for such a derogation will be specified. Any execution of the Board of Directors' authorisation to repurchase own shares will take place by purchasing shares through the stock market or in some other way at market price.

Largest shareholders

The Norwegian government, represented by the Ministry of Trade and Industry, is DnB NOR's largest shareholder, owning 34 per cent of the shares. According to the State Ownership Report (White Paper no. 13 2006-2007) the purpose of the government's ownership in DnB NOR ASA is to ensure that the Group is headquartered in Norway and serves as a partner for Norwegian companies at home and in the export markets. This gives the business community access to a large, Norwegian-based financial services group with a high level of expertise. The State Ownership Report confirms that the Norwegian government's 34 per cent holding in DnB NOR will be retained, as required by the Norwegian parliament in Report no. 212 (2002-2003) to the Storting.

The shares held by the Ministry are managed by the Department of Ownership, subject to special management guidelines which among other things stipulate that the Norwegian government cannot have representatives on the boards of directors or supervisory boards of financial institutions, but that the government, through participation in election committees, must ensure that the governing bodies include representatives from all shareholder groups. The guidelines require that the Ministry act in a manner conducive to equal treatment of DnB NOR's shareholders. Furthermore, the Ministry is required not to instruct DnB NOR on how to manage its operations.

Sparebankstiftelsen DnB NOR (the Savings Bank Foundation) is the second largest shareholder, owning 11.2 per cent of the shares. The foundation was established in autumn 2002, when the former Gjensidige NOR Sparebank (Union Bank of Norway) was converted to a limited company. The Norwegian authorities have set a requirement that the foundation's shareholding in the Group must not fall below 10 per cent, and the foundation has a stated aim to have a holding of between 10 and 12 per cent. In addition to its objective to be a stable and long-term, active owner of DnB NOR ASA, the foundation has a financial aim to achieve the highest possible risk-adjusted return to ensure funds for its non-profit causes within the scope of approved guidelines. More information is available on www.sparebankstiftelsen.no.

Transactions with close associates

Instructions for the Board of Directors of DnB NOR ASA state that a board member must not participate in deliberations on or decisions relating to issues which would be of such significance, either personally or for close associates, that the member would be seen as having a direct or indirect personal or financial interest in the matter. The same principle is embodied in the Group's code of ethics. It is the duty of each board member to ensure that he or she is without prejudice in deliberations of specific matters. The Board of Directors must approve agreements between the company and a board member or the group chief executive. The Board must also approve agreements between the company and third parties where a board member or the group chief executive can be perceived to have a significant interest in the matter.

Board members must inform the Board of Directors if they have a direct, significant interest in an agreement entered into by the company or another company in the DnB NOR Group. The same applies if such agreement is signed by a company outside the DnB NOR Group in which the board member either has an ownership interest, serves on the board or has a senior management position. A notification should be sent to the board chairman, with a copy to the Group Secretariat.

Board members, or companies with which they are associated, should not take on special assignments for companies in the DnB NOR Group other than their board membership. If this occurs, however, the entire Board of Directors must be informed. Remuneration for such assignments is subject to approval by the Board of Directors.

With respect to the Group's other employees, the Group's code of ethics lays down detailed rules regulating transactions with close associates. As a general rule, an employee or elected officer will be considered incompetent if circumstances exist that may lead others to believe that he or she promotes interests other than those of the DnB NOR Group.

Where a transaction is not immaterial for either the DnB NOR Group or the close associate involved, unless it is a matter for consideration by the general meeting according to stipulations in the Public Limited Companies Act, the Board of Directors will ensure that a valuation is made by an independent third party. This also applies to any transactions between companies in the DnB NOR Group where minority shareholders are involved.

No deviations from the Code of Practice.

Section 5
Freely negotiable shares

The shares are listed on Oslo Børs (the Oslo Stock Exchange) and are freely negotiable. The Articles of Association include no form of restriction on negotiability.

No deviations from the Code of Practice.

Section 6
General meetings

According to the Articles of Association, the annual general meeting shall be held before the end of April each year. The notice and agenda documents for the general meeting shall be sent to shareholders no later than two weeks before the meeting is to be held. Shareholders are entitled to appoint a proxy. The agenda, notice of the meeting and registration form will be available on the Group's website no later than 21 days prior to the date of the general meeting. The procedure for voting and for proposing resolutions are described in the notice of the general meeting.

According to the Articles of Association, the general meeting shall be chaired by the chairman of the Supervisory Board.

The members of the Board of Directors, at least one representative from the Control Committee, and the auditor will attend general meetings. Representatives from group management will include the group chief executive, the chief financial officer, the group executive vice president, Group Audit and specialists in certain fields. The minutes of general meetings are available on the Group's website.

The general meeting will appoint an Election Committee which will present a well-founded recommendation on proposed shareholder-elected members to the Supervisory Board, the Board of Directors and the Control Committee. The Control Committee shall ensure that the Group conducts its business in an appropriate and satisfactory manner in compliance with laws, regulations and guidelines. The committee shall also make sure that the Board of Directors and the group chief executive maintain adequate supervision and control of subsidiaries. To the extent the committee finds it necessary, it may examine the Group's records, books, correspondence and assets, those of the Group itself as well as those on deposit with the Group. The Control Committee has four members and one deputy elected by the general meeting.

Decisions are generally made by simple majority. Decisions concerning the disposal of shares, mergers, demergers, the sale of a material part of DnB NOR Bank ASA's business or the issuing of shares in the bank to parties other than DnB NOR ASA, require the approval of at least two-thirds of the votes cast and of the share capital represented at the general meeting.

The voting procedure gives shareholders the opportunity to vote for each individual candidate nominated for election to the various governing bodies.

No deviations from the Code of Practice.

Section 7
Election Committee

In accordance with DnB NOR's Articles of Association, the general meeting and the Supervisory Board have established an Election Committee consisting of five members. The members must be shareholders or representatives for shareholders. No member of the Board of Directors or representative from group management is a member of the Election Committee. The committee is chaired by the chairman of the Supervisory Board, and members are elected by the general meeting for a term of two years.

The Election Committee submits recommendations to the general meeting for the election of members to the Supervisory Board and the Control Committee. The Election Committee also submits recommendations to the Supervisory Board for the election of members of the Board of Directors. The recommendation will include relevant information on each candidate's background and independence. Furthermore, the committee proposes remuneration to members of the Board of Directors and the Supervisory Board. Information about the Election Committee and closing dates for proposing candidates can be found on the Group's website.

No deviations from the Code of Practice.

Section 8
Supervisory Board and Board of Directors, composition and independence

The main responsibility of the Supervisory Board is to supervise the Board of Directors' and the group chief executive's management of the company. The Supervisory Board has 30 members, 20 of whom are elected by the shareholders at the general meeting. Emphasis is placed on ensuring broad representation from the company's shareholders. In addition, ten representatives are elected by and among the employees. Elections are supervised by an election board appointed by the Board of Directors.

The Board of Directors has up to twelve members, eight of whom are elected by the shareholders and four are representatives for the employees. Members are elected for terms of up to two years. As at 31 December 2007, the Board had eleven members, seven of whom were elected by the shareholders and four were representatives for the employees. Five of the members were women, three of whom were elected by the shareholders and two represented the employees.

The curricula vitae of the individual board members are found in the annual report and on the Group's website. The Board of Directors will consider the independence of its members, and their conclusion is presented in the listing of board members, along with a specification of the number of DnB NOR shares held by members of governing bodies as at 31 December 2007.

No deviations from the Code of Practice.

Section 9
The work of the Board of Directors

The duties of the Board of Directors

The Board of Directors has approved instructions governing its work and administrative procedures, including matters to be considered by the Board, the group chief executive's tasks and obligations towards the Board and rules on convening and conducting meetings. The Board of Directors draws up an annual plan for its activities, covering duties stipulated in laws, regulations, resolutions passed by the authorities, the Articles of Association and decisions made by the general meeting and the Supervisory Board. The Board of Directors has also issued instructions for the group chief executive.

The Board evaluates its own work and work methods annually. In 2007, an external facilitator evaluated to what extent the Board of Directors fulfils the requirements posed in accordance with legislation and the Norwegian Code of Practice for Corporate Governance. The report focuses on strengths and weaknesses and proposes improvement measures. In addition, the Board's competencies, overall and those of each board member, have been evaluated.

The Board of Directors has the ultimate responsibility for the management of DnB NOR. Through the group chief executive, the Board shall ensure a sound organisation of business activities and ensure that it is continually updated on the company's financial position and development. Responsibilities encompass DnB NOR's annual plan process, stipulating principal goals and strategic choices for the Group as well as financial three-year plans, budgets and forecasts for the Group and the business areas. Furthermore, the Board should ensure that operations are subject to adequate control and that the Group's equity capital is at a satisfactory level relative to the risk and scale of operations. The Board of Directors' responsibility for reviewing and reporting risk management and internal control is described on page 61.

A vice-chairman has been elected to chair meetings of the Board of Directors in the event that the chairman cannot or should not lead the work of the Board.

Audit Committee

The Board of Directors in DnB NOR ASA has an Audit Committee that will consist of up to four board members, with meetings normally held five to six times a year. Members are elected for a term of two years, and the chairman is appointed annually. At least one of the committee members should have relevant accounting or auditing expertise. The purpose, responsibilities and functions of the Audit Committee are in compliance with international rules and standards as well as draft legislation resulting from the implementation of the EU Audit Directive. The Audit Committee reviews drafts of quarterly and annual accounts before these are presented to the Board of Directors. In connection with its review of the accounts, the Committee has discussions with management, Group Audit and the statutory auditor.

One of the Audit Committee's responsibilities is to ensure that the Group has independent and effective internal and external audit procedures. At least once a year, the Committee has separate meetings with the statutory and internal auditors without any members from management present.

Compensation Committee

In 2007, the Board of Directors of DnB NOR ASA established a Compensation Committee consisting of three members of the company's Board of Directors. The committee normally meets three to four times a year. The committee draws up proposals and issues recommendations to the Board of Directors regarding the remuneration awarded to the group chief executive and acts in an advisory capacity to the group chief executive with respect to the remuneration and other key benefits awarded to members of the group management team and any others reporting to the group chief executive.

Meeting structure
The group chief executive will prepare matters to be considered by the Board of Directors in consultation with the chairman of the Board. Each matter must be prepared and presented in a manner which provides a satisfactory basis for discussion.

Board proceedings will be presided over by the board chairman. If neither the board chairman nor the vice-chairman participates, the Board must select a member to chair the meeting.

No deviations from the Code of Practice.

Sections 10 and 13
Risk management and internal control and Information and communications

The Board of Directors carries out a quarterly review of developments within the Group's most significant risk areas and makes an annual review of its internal control system. See page 61 for a description of the Board of Directors' responsibilities and implementation and monitoring aspects.

Stipulation of guidelines for financial reporting
The Board of Directors of DnB NOR ASA has prepared guidelines to ensure reliable, relevant, timely and uniform reporting to shareholders and other capital market participants in line with relevant requirements, hereinafter referred to as financial reporting. The guidelines also cover the Group's contact with investors outside general meetings and are available on the Group's website.

The Board of Directors determines the Group's return on equity target, which forms the basis for the group chief executive's return targets for the business areas. These targets are based on the risk-adjusted capital required by each business area.

Group Financial Reporting is organised independently of the business areas and prepares guidelines for monthly, quarterly and annual reporting from the business areas and subsidiaries on the basis of internal and external requirements.

The business areas are responsible for monthly financial monitoring and reporting. All business areas have management teams and accounting units adapted to their requirements. All units within the Group make an annual evaluation of whether control activities function optimally.

Review and adaptation
Group Financial Reporting prepares financial reports for the DnB NOR Group and ensures that such reporting is in line with prevailing legislation, accounting standards, current accounting principles and guidelines from the Board of Directors. A number of control measures have been prepared in connection with the finalisation of such information, including both general reasonableness and probability tests and detailed reconciliation controls.

Group Financial Reporting has established processes to ensure that financial reporting is of high quality and that any errors or deficiencies are followed up and corrected.

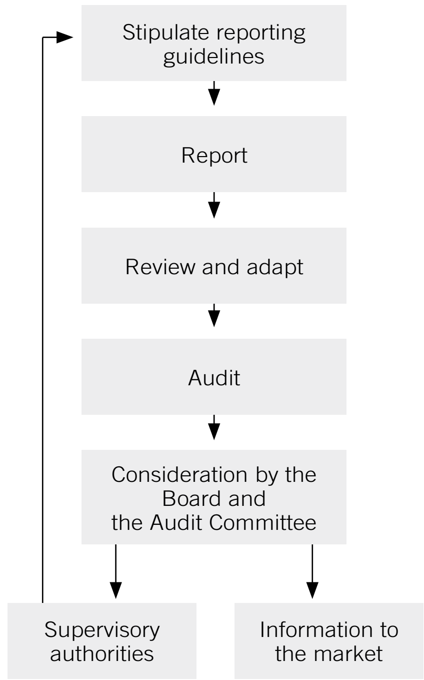
The group management team will review monthly financial reporting, including trends in profit and loss and balance sheet items, the current status relative to statutory enactments, results for legal units and analyses of and comments to the financial performance of business areas and support units.

The chief financial officer will continually consider the financial results and target attainment of the business areas and support units as well as critical aspects and events which will affect their future performance and optimal resource utilisation. At least on a quarterly basis, a thorough review will be made in cooperation with the individual business areas and support units.

Audit
Financial reporting for the DnB NOR Group, the DnB NOR Bank Group and Vital Forsikring ASA is audited by the internal auditors on a quarterly basis. The annual accounts of all the companies in the DnB NOR Group are audited by external auditors. The internal auditors provide assistance in the audit of the largest group companies.

The internal audit carries out operational and financial audits of units in the DnB NOR Group. The internal audit's risk assess-

Key elements in internal control and risk management systems related to financial reporting



ments form the basis for determining which units should be given priority in the auditing process. Special audit reports are prepared, which include the results of the audit, a description of any identified errors, proposed measures, a specification of responsible persons and deadlines. Audit reports are sent to the heads of and boards of directors of the relevant companies. An audit summary, reviewing all of the units in the DnB NOR Group, is presented to the Board of Directors of DnB NOR ASA once every six months. The Board of Directors of DnB NOR Bank ASA receives a monthly summary of the audit reports for the units in the DnB NOR Bank Group. The Boards of Directors of Vital Forsikring ASA and DnB NOR Kapitalforvaltning Holding AS receive quarterly summaries of audit reports for their respective units. The results of the financial audit of the DnB NOR Group, the DnB NOR Bank Group and Vital Forsikring ASA are reported to the Audit Committee each quarter.

Consideration by the Board and the Audit Committee

The Audit Committee reviews quarterly financial reporting for the DnB NOR Group and presents a recommendation to the Board of Directors. The committee makes a thorough review of discretionary assessments and estimates in addition to any changes in accounting practice. After the quarterly accounts and proposed annual accounts for the respective companies have been reviewed by the Audit Committee and the executive management, they are considered by the Boards of Directors of DnB NOR ASA and DnB NOR Bank ASA. The annual accounts are approved by the general meeting. The Board of Directors of Vital Forsikring considers the quarterly accounts and the proposed annual accounts, which are approved by the general meeting.

Information to the market

The Group presents the Norwegian and international markets with extensive analytical information in connection with the quarterly reporting of financial information and presentations on particular topics. Parallel to this, the same information is made available to all interested parties on the websites of Oslo Børs and the Group.

Supervisory authorities

The operations of the DnB NOR Group are supervised by Kredittilsynet (the Financial Supervisory Authority of Norway). Among other things, the Authority reviews the Group's annual and interim reports. The Board of Directors aims to have an open and constructive dialogue with Kredittilsynet.

No deviations from the Code of Practice.

Section 11
Remuneration of the Board of Directors

Remuneration paid to members of the Board of Directors, proposed by the Election Committee and approved by the Supervisory Board, is not performance-based or linked to options in DnB NOR ASA. The Board of Directors must approve any remuneration other than ordinary remuneration to members of the Board of Directors and provide the Supervisory Board with the relevant information. Note 50 under ”Notes to the annual accounts for the DnB NOR Group” shows remunerations to senior executives and members of the Board of Directors in DnB NOR.

No deviations from the Code of Practice.

Section 12
Remuneration of the executive management

The group chief executive stipulates the remuneration paid to senior executives based on guidelines prepared by the Board of Directors, cf. description of the Board of Directors' Compensation Committee under section 9. An extraordinary emolument may be awarded to senior employees in the DnB NOR Group on a discretionary basis. The criteria for such awards relate to results achieved and are established on the basis of ordinary compensation schemes in the different business areas. They are intended to promote the company’s competitiveness in the labour market, the Group’s profitability and the desired trend in income and costs, as well as cooperation and team spirit throughout the Group. It is important that such schemes are performance-based without encouraging undue risk and that they do not pose a threat to DnB NOR's reputation. At the present time, no employees in the DnB NOR Group have any outstanding subscription rights etc. Note 50 under ”Notes to the annual accounts for the DnB NOR Group” shows the remunerations of senior executives and elected representatives in DnB NOR.

No deviations from the Code of Practice.

Section 14
Corporate take-overs

DnB NOR's Board of Directors will handle any take-over bids in compliance with the principle of equal treatment of shareholders. Parallel to this, the Board will help ensure that shareholders are given adequate information in all situations that will affect shareholder interests. Cf. item 4, which gives an account of the Norwegian government's intention to retain its 34 per cent holding in DnB NOR, as required by the Norwegian parliament.

Deviations from the Code of Practice: The Board of Directors has thus far chosen not to work out explicit guiding principles for how it will act in the event of a take-over bid, but otherwise endorses the wording in this section of the Code.

Section 15
Auditor

The auditor annually submits a plan for the audit to the Audit Committee. Guidelines have been drawn up in respect of relations with the statutory auditor, including restrictions on what additional services can be undertaken, approval of fees and a policy to invite tenders for external audit services at least every five years. The guidelines can be found on the Group's website. At least once a year, the Audit Committee holds a meeting with the auditors at which neither the group chief executive nor any other member of executive management is present.

The Audit Committee submits a recommendation regarding the selection of statutory auditor and the statutory auditor's remuneration to the Board of Directors, which presents the remuneration proposal to the Annual General Meeting for approval, while the proposal for the selection of auditor is presented to the Supervisory Board, which submits a recommendation to the general meeting.

No deviations from the Code of Practice.

Risk management and internal control

Monitoring and managing risk is an integral part of financial operations. In DnB NOR, sound risk management is a strategic tool to enhance value generation. Internal control should be an instrument in handling risks that could prevent the Group from attaining its business targets. Furthermore, internal control should ensure effective operations and external and internal reporting of high quality, together with group compliance with relevant laws, regulations and internal guidelines, including the Group's values and code of ethics. The organisational structure of DnB NOR aims to ensure independent risk reporting.

The profitability of DnB NOR will depend on the Group's ability to identify, manage and accurately price risk arising in connection with financial services. The Board of Directors of DnB NOR ASA has a clearly stated goal to maintain a low risk profile. The banking group aims to maintain an Aa level rating for ordinary long-term debt. The Group's risk is measured in the form of risk-adjusted capital requirements, calculated for main risk categories and for all of the Group's business areas. A further description of capital management and risk categories in the Group can be found under "Capital management and risk categories". In addition, risk is followed up through supplementary risk measures adapted to operations in the various business areas, for example monitoring of positions relative to limits, key figures and portfolio risk targets.

Boards of Directors

Organisation and responsibilities

The Board of Directors of DnB NOR ASA, the holding company board, has principal responsibility for the Group's business operations, including all ongoing management and control. The board has approved a code of ethics which should help raise awareness of and ensure compliance with the ethical standards required in the Group. The holding company board carries responsibility for ensuring that the Group is adequately capitalised relative to the risk and scope of operations and that capital requirements stipulated in laws and regulations are met. Policies have also been worked out for internal control and operational risk management at group level.

The Audit Committee will supervise the financial reporting process, review draft financial reports and ensure that the Group's internal control, including the internal audit and risk management systems, functions effectively. The Audit Committee reports the results of its assessments to the holding company board.

The Group's credit policy and credit strategies are laid down by the Board of Directors of DnB NOR Bank ASA. The Board sets annual limits for market risk, comprising equity, currency and interest rate exposure, and liquidity risk, managed by DnB NOR Markets.

The Boards of Directors of the other operative companies in the Group, e.g. Vital Forsikring ASA, set limits for relevant risks pertaining to their operations.

Implementation and monitoring

The holding company board annually reviews the Group's principal risk areas and internal control. The review aims to document the quality of the work performed in key risk areas along with any weaknesses and needs for improvement and is based on reporting from the group chief executive. The review should ensure that changes in the risk situation are identified, so that the necessary improvement measures can be implemented. The Audit Committee also evaluates the quality of the work performed by the internal auditors. The Boards of Directors of DnB NOR Bank ASA and Vital

Forsikring ASA annually evaluate the companies' key risk areas and internal control.

Each quarter, the Audit Committee and the holding company board receive a report on developments in the Group's risk categories. The bank's Board of Directors receives a report on developments in credit risk for the banking group each quarter. The Board of Directors of Vital receives periodic reports analysing the company's risk situation.

Information about the Group's risk situation is made available to the market, shareholders and the authorities through quarterly reports. New capital adequacy regulations, Basel II, entered into force on 1 January 2007. The regulations require DnB NOR to release information regarding its adaptation to and compliance with the regulations, including information on processes and models and quantitative information about the various risk categories. Information is made available on the Group's website.

The holding company board has approved a capitalisation policy to ensure an optimal level of equity relative to the scope and risk profile of operations, based on the authorities' capital adequacy requirements and DnB NOR's internal estimated capital requirements. The Board of Directors continually monitors the Group's capital situation.

Group chief executive and executive bodies

Organisation and responsibilities

The group chief executive is responsible for implementing risk management measures that help achieve targets for operations set by the holding company board, including the development of effective management systems and internal control.

The group management meeting is the group chief executive's collegiate body for management at group level. All important decisions concerning risk and capital management will generally be made in consultation with the group management team.

The group management meetings are attended by the group executive vice presidents in charge of the business areas and staff and support units. A number of advisory bodies have been established to assist in preparing documentation and carrying out follow-ups and controls within various specialist areas:

- The Asset and Liability Committee, ALCO, is an advisory body for the chief financial officer and handles matters relating to the management of market and funding risk, risk modelling, capital structure and return targets.
- The Group Advisory Credit Committee advises group management in connection with large individual credit proposals and other credits of an extraordinary nature. The committee plays a key role in formulating the Group's credit policy and credit strategies and in assessing portfolio risk.
- The Investment Committee is the Group's decision-making body for the purchase and sale of equity instruments in the banking portfolio. The committee makes decisions on purchases and sales up to NOK 250 million and acts in an advisory capacity for the group chief executive and the Board of Directors for transactions exceeding this amount.
- The Group Operational Risk Management Committee helps ensure effective and consistent monitoring and reporting of operational risk throughout the Group. A key task is to make sure that the Group's routines relating to internal control and quality assurance are designed to provide added value relative to group operations.

Group Security is organised independently of the business areas, focuses primarily on advisory services and preventive measures and plays a key role in reporting and measuring operational risk.

Implementation and monitoring

The basis for risk management in DnB NOR is that individual managers in the Group must make sure that they are acquainted with all material risks within their areas of responsibility, thus ensuring that the management of such risk is financially and administratively sound.

The group chief executive has issued more detailed guidelines concerning the implementation of the group credit policy and credit strategies. Each business area manages its own credit processes based on such guidelines.

Risk in Vital Forsikring is monitored by measuring the overall decline in value which Vital would be able to cover while meeting statutory minimum capital requirements.

All units carry out an annual risk review which includes:

- comments to the unit's work on internal control
- risk assessments

- an evaluation of compliance with external and internal regulations
- planned improvement measures

Reporting takes place at department level and forms the basis for an aggregate report for business areas and support units, which in turn are included in the group chief executive's reports to the holding company board. Reporting is, among other things, based on an extended definition of internal control: ERM – Enterprise Risk Management. Where assessments identify particularly serious risks, these should be reported along with an indication of relevant improvement measures. The units should consider the maximum loss potential for the Group.

Group Finance and Risk Management

Organisation and responsibilities

Group Finance and Risk Management has overall responsibility for risk management and internal control and for assessing and reporting the Group's overall risk situation.

Implementation and monitoring

Each quarter, Group Finance and Risk Management, represented by Group Risk Analysis, prepares a report to the holding company board regarding developments in the various risk categories as well as a report to the Board of Directors of DnB NOR Bank ASA regarding the trend in the banking group's credit risk. The Group's risk is measured in the form of risk-adjusted capital requirements. Calculations of the business areas' capital requirements are based on the Group's internal risk model. See "Capital management and risk categories". Return on risk-adjusted capital is a key factor in product pricing, profit calculations and in monitoring performance in the business areas.

Group Compliance

Organisation and responsibilities

DnB NOR shall comply with all laws and regulations applicable to the Group's operations (compliance). The Board of Directors has approved a compliance policy which describes the main principles of the duty of compliance and how the compliance function is organised in the Group. The compliance function is an independent function which identifies, evaluates, gives advice on, monitors and reports on the Group's compliance risk. In all business areas and support units, as well as in large subsidiaries and international entities, compliance officers have been appointed with responsibility for ensuring compliance with relevant regulations.

Implementation and monitoring

The GCO, group compliance officer, is responsible for the Group's overall control of and reporting of compliance risk and any breach of laws and regulations pertaining to the Group. The GCO reports to the Board of Directors through the group chief executive at least once a year. Compliance officers in the business areas and support units issue periodic reports on the current status and on any violations of regulations to the heads of the respective units.

Audit

Organisation and responsibilities

Independent and effective audits will help ensure satisfactory internal control as well as reliable financial reporting. Group Audit receives its instructions from the Board of Directors, which also approves the department's annual plans and budgets.

Implementation and monitoring

As a quality check to ensure compliance with the conditions set by the Board of Directors, Group Audit carries out independent risk assessments of and checks on group activities. The results of the audit activities are regularly reported to the Boards of Directors of the relevant companies in the DnB NOR Group, the holding company board, the Audit Committee and group management. Reports from Group Audit are also presented to the Control Committee and the statutory auditor. The results of the financial audit are reported to the Audit Committee on a quarterly basis. Group Audit monitors that the necessary measures are initiated and implemented.

Capital management and risk categories

External parameters for the financial services industry have been changed after the introduction of the Basel II regulations. The new capital adequacy regulations entered into force for the DnB NOR Group as from 2007 and are described below. A more detailed account of capital management and risk categories is also given.

Basel II and the IRB system

New capital requirements, Basel II, entered into force on 1 January 2007. The new capital adequacy regulations ensue from an EU directive, with parallel introduction in Norway through the EEA agreement. The regulations will imply greater consistency between the authorities' capital adequacy requirements for financial institutions and the methods applied by the institutions themselves in calculating capital requirements.

The new capital adequacy requirements are divided into three so-called pillars:

Pillar 1

Pillar 1 is about minimum capital adequacy requirements and is based on the previous capital adequacy regulations, Basel I. The minimum capital adequacy requirement is still 8 per cent of risk-weighted assets, 50 per cent of which must represent core (Tier 1) capital. However, the actual capital requirement will be somewhat higher, cf. description under Pillar 2 below. A new method has been introduced for calculating credit risk, based on the bank's own classification systems. Capital requirements for operational risk have been introduced as a new element.

Use of the Group's own classification systems is part of the IRB system, Internal Ratings Based, defined as the models, work processes, decision-making processes, control mechanisms, IT systems and internal guidelines and routines used to classify and quantify credit risk.

The DnB NOR Group was granted permission to use the foundation IRB approach for credit risk to calculate the Group's capital adequacy as from 1 January 2007. DnB NOR Bank ASA reported operational risk according to the so-called standardised approach in 2007 and will consider a shift to the Avanced Measurement Approach, AMA, at a later date. The shift from Basel I to Basel II has a more limited impact on the treatment of market risk. DnB NOR reports market risk according to the standardised approach.

The portfolio for which the Group received permission to use the foundation IRB approach as at 31 December 2007 comprised loans to small and medium-sized companies as well as loans secured by residential property in DnB NOR Boligkreditt AS and DnB NOR Bank ASA excluding corresponding loans under the Postbanken brand name. Portfolios for which use of the foundation IRB approach had been approved represented 40 per cent of DnB NOR's lending volume. The Group has applied for permission to use the foundation IRB approach in 2008 for the portfolios in Postbanken, DnB NOR Kort's retail credit card portfolio and some retail loan portfolios in DnB NOR Bank ASA. Once Kredittilsynet (the Financial Supervisory Authority of Norway) has given its approval, these portfolios will also be reported according to the foundation IRB approach.

The Group has applied for permission to use the advanced IRB approach for credit risk for small and medium-sized corporate customers in Norwegian regions as from 2008, i.e. the same portfolio which was reported according to the foundation IRB approach in 2007. The application is under consideration by Kredittilsynet. If approved, this will imply that the bank's own models for severity and exposure as well as internal models for probability of default will be used as a basis for calculating credit risk.

A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. Due to transitional rules, however, the minimum capital adequacy requirements for 2008 and 2009 will not be reduced below 90 and 80 per cent respectively relative to the Basel I requirements.

The portfolios which had not been approved as IRB portfolios as at 1 January 2008 are reported according to the standardised approach in the new regulations.

Validation is a key element in assuring the quality of DnB NOR's IRB system and can be divided into quantitative and qualitative validation. The quantitative validation tests the risk models, whereas the qualitative validation tests the structure of the IRB system and whether it is used as intended. At least once a year, the Board of Directors should be presented with a validation report providing them with a basis for considering whether the Group's credit risk is adequately classified and quantified. Responsibility for all validation has been assigned to the chief financial officer, while Group Credit Risk Management has responsibility for carrying out the validation process. In 2007, Kredittilsynet received validation reports for the portfolios for which the Group has received permission to use the foundation IRB approach and the portfolios for which it has applied for permission to use this approach.

Pillar 2

Pillar 2 presents requirements for banks' own assessment of their risk profile and capital requirements, called ICAAP, Internal Capital Adequacy Assessment Process, and describes Kredittilsynet's evaluation process SREP, Supervisory Review and Evaluation Process.

DnB NOR sent its first ICAAP to Kredittilsynet in May 2007. This included an analysis of capital requirements for the risks not encompassed by the Pillar 1 process and the capital requirement for future growth. In addition, the capital buffer to be maintained by the Group in excess of the minimum regulatory capital ratio was specified. DnB NOR's Board of Directors approved a new group capitalisation policy in April 2006. The policy is described below. As part of its supervisory process, Kredittilsynet will prepare an annual overall risk assessment for the Group, including feedback on the capitalisation of the Group. These assessments will play a significant part when determining the actual effect of the transfer to new capital adequacy regulations.

Pillar 3

Pillar 3 presents requirements concerning the disclosure of financial information. Information is required to be made accessible on the Internet. The information must cover DnB NOR's adaptation to and compliance with the new capital adequacy regulations and include specifications of risk-weighted assets and primary capital, methods for calculating risk-weighted assets and a description of guidelines and routines for the management and control of various risks. The process of assessing the overall capital requirement should also be described. Parts of such information were made available on DnB NOR's website in June 2007. Information for the 2007 accounting year will be available on www.dnbnor.com.

Role of the Group Audit

Group Audit will regularly perform audits of the IRB system and monitor how it is used, including verifying compliance with the capital adequacy regulations. The IRB system will be audited at least once a year.

Capital management

Risk categories

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

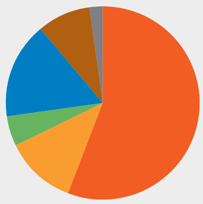
- Credit risk is the risk of losses due to failure on the part of the Group's counterparties or customers to meet their payment obligations towards the DnB NOR Group. Credit risk refers to all claims against counterparties or customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, leasing, factoring, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk. Credit spread risk, which is the risk of losses in the form of a decline in value of the securities portfolio due to an increasing difference between the effective yields on the portfolio and on government paper, is also included in the measurement of credit risk.
- Market risk arises as a consequence of the bank's unhedged positions in the foreign exchange, interest rate and capital markets. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates.
- Liquidity risk is the risk that the Group will be unable to meet its payment obligations.
- Risk within life insurance comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies, while insurance risk relates to changes in future insurance payments due to changes in policyholders' life expectancy and disability rate.
- Operational risk is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- Business risk is the risk of losses due to external factors such as the market situation or government regulations. This risk category also includes reputational risk.

Risk measurement and risk-adjusted capital

DnB NOR measures risk by calculating risk-adjusted capital, which represents estimated capital requirements relative to the risk of losses generated by various business operations. Calculations are made for individual risk categories and for overall risk. Risk-adjusted capital makes it possible to compare risk across risk categories and business areas. Calculations of risk-adjusted capital are based on statistical methods. Nevertheless, calculations require a certain level of discretion and estimation.

DnB NOR quantifies risk-adjusted capital for the following risk categories: credit risk, market risk, ownership risk for Vital, operational risk and business risk. A significant

Risk-adjusted capital requirement in the Group
as at 31 December 2007



diversification or portfolio effect arises when the various risks are considered together, as it is highly unlikely that all losses will occur at the same time. The diversification effect between risk categories and business areas implies that the Group's risk-adjusted capital will be much lower than if the business areas had been independent companies. The risk-adjusted capital for the various risk categories is calculated separately. In addition, risk-adjusted capital is calculated for each business area. Calculations are used in profitability measurement and as decision support for risk management.

Average losses over a normal business cycle represent expected costs which should primarily be covered through correct pricing. Risk-adjusted capital should cover unexpected losses. The quantification is based on statistical probability calculations for the various risk categories on the basis of historical data. As it is impossible to guard against all potential losses, DnB NOR has stipulated that risk-adjusted capital should cover 99.97 per cent of potential losses within a one-year horizon. This level is in accordance with an Aa level rating for ordinary long-term debt.

Estimated risk level

The table below shows developments in risk-adjusted capital from 2006 to 2007.

Risk-adjusted capital

Amounts in NOK billion	*31 Dec. 2007*	*31 Dec. 2006*
Credit risk	42.6	36.0
Market risk	3.6	2.4
Ownership risk for Vital	8.5	7.5
Operational risk	5.2	4.8
Business risk	2.5	2.4
Gross risk-adjusted capital	62.4	53.0
Diversification effect [1]	(13.6)	(12.3)
Net risk-adjusted capital	48.8	40.7
Diversification effect in per cent of gross risk-adjusted capital [1]	21.8	23.3

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

As at 31 December 2007, risk-adjusted capital for the Group was NOK 48.8 billion after the diversification effects between risk categories had been taken into account. There was a NOK 8.1 billion increase during the year, which mainly reflected a strong rise in credit volumes and a somewhat higher risk level in Vital.

Assessment of capital requirements

In spite of sound risk management, occasional unexpected losses may occur, which makes it necessary to maintain an adequate equity base. Various processes have been established in DnB NOR to assess capital requirements relative to the Group's chosen risk profile and the quality of established risk management and control systems. Developments in the level of capital is a key factor which is taken into account in long-term financial planning.

The adopted capitalisation policy is aimed at ensuring that group equity is adequate to ensure effective and optimal use of equity relative to the scope and risk profile of operations. The equity of DnB NOR should enable the Group to achieve a competitive return on equity and obtain competitive terms in funding markets. Also, it should put the Group in a position to exploit growth opportunities through either organic growth or acquisitions while meeting minimum capital adequacy requirements with a margin adapted to the Group's risk profile and risk tolerance.

In the longer term, the Group's equity will be structured to ensure that Tier 1 capital excluding hybrid securities exceeds 4.25 per cent of risk-weighted assets, with the addition of a capital buffer. The calculation model for risk-adjusted capital is used to measure the size of the capital buffer relative to risk tolerance limits. In addition, stress tests for credit and market risk are important reference points. The capitalisation policy is reviewed annually as part of the Group's budget and strategy process.

Use in risk management and monitoring

Risk-adjusted return is a key financial management parameter in the internal management of the DnB NOR Group. Risk-adjusted capital for individual business areas reflects the inherent risk in operations. The return on equity is continually monitored.

Risk categories

Credit risk

Credit risk represents the chief risk category for the Group and refers to all claims against customers, mainly loans.

Risk management

According to the Group's credit policy, approved by the Boards of Directors of DnB NOR ASA and DnB NOR Bank ASA, the primary aim of credit operations is to maintain credit portfolios with a composition and quality that ensure the Group's short and long-term profitability. The quality of the credit portfolio should be consistent with DnB NOR's low risk profile target.

Credit strategies are worked out for all business areas carrying credit risk. The strategies have been approved by the Board of Directors and are reviewed on an annual basis. Credit approval authorisations are personal and graded on the basis of customers' expected default frequency. For large credits, there is a two-layered decision-making procedure where credit approval authority rests with the business units subject to approval by Group Credit Risk Management. All corporate commitments are subject to annual risk classification and review.

The Group aims to avoid large risk concentrations, including large exposures to a customer or customer group as well as clusters of commitments in high-risk categories, industries and geographical areas. Developments in risk concentrations are monitored closely with respect to volume, risk category and risk-adjusted capital. Exposures to large customers and customer groups are followed up based on risk category and risk-adjusted capital.

The risk classification systems are used as decision support and for continual risk monitoring and reporting. Probability of default, expected losses and risk-adjusted capital for commitments on an individual and portfolio basis are an integrate part of the credit process and ongoing monitoring, including the follow-up of credit strategies.

Retail Banking, which has a large number of customers, aims to make the majority of credit decisions on the basis of automated scoring and decision support systems.

DnB NOR owns 51 per cent of DnB NORD, which is headquartered in Copenhagen and has a network of banks in the Baltic region, Poland and Finland. DnB NOR's governance requirements are fulfilled through direct participation on the Boards of Directors of DnB NORD and the individual subsidiary banks. As in DnB NOR, credit operations in DnB NORD are regulated through a credit policy that applies to the whole bank. In addition, credit strategies have been prepared for DnB NORD's various business areas.

Detailed rules are in place for the use and monitoring of collateral, including guidelines for the valuation of various pledged assets and guarantees. Such valuations are part of credit decisions and are reviewed in connection with the annual renewal of the commitments. A procedure has been established for the periodic control of collateral.

Risk measurement

The new capital adequacy requirements imply that the Group's own models are used in capital adequacy calculations. The models provide a basis for statistically based calculations of expected losses in a long-term perspective and risk-adjusted capital in a portfolio perspective.

Calculations are based on several key risk parameters, the most important being PD - probability of default, EAD - exposure at default and LGD - loss given default. Calculations of risk parameters are based on statistical models. Data and analytical tools are an integrated part of risk management, and the DnB NOR Group has extensive experience with classification systems as support for credit decisions and monitoring.

Estimated probability of default is used to measure quality. The counterparty, i.e. the customer, is classified according to a scale of ten risk categories based on the probability of default. In addition, impaired and non-performing commitments are placed in categories 11 and 12 respectively for reporting purposes. The risk categories are defined on the basis of the scales used by international rating agencies. If an external rating has been given, such rating may be taken into consideration when classifying individual commitments. The classification of institutional and country risk is based on classifications by external rating agencies.

DnB NOR's models for risk classification of customers are subject to continual improvement and testing. The models are adapted to different industries and segments and are regularly upgraded to ensure that the variables used in the models have high explanatory power at all times based on key risk drivers for the individual parameters included in the models.

Exposure at default is an estimated figure which includes amounts drawn under credit limits or loans as well as a percentage share of committed, undrawn credit lines.

Loss given default indicates how much the Group expects to lose if the customer fails to meet his obligations, taking the collateral provided by the customer and other relevant factors into consideration.

The models' calculations of estimated probability of default should show the average probability of default during a business cycle. However, no model is completely unaffected by cyclical fluctuations. Consequently, stress testing is used to assess whether the Group would be required to hold additional capital during a recession. The stress tests should identify possible future changes in economic conditions which could have a negative impact on the Group's credit exposure and ability to withstand such changes. These assessments will be taken into account in the Group's management process to determine the correct level of capital.

Developments during 2007

There was a significant increase in the Group's total credit exposure through 2007, especially in Corporate Banking and Payment Services and DnB NORD. In the course of the year, credits for a total value of approximately NOK 147 billion were made available for syndication, of which NOK 56 billion was syndicated to other banks, leaving DnB NOR with approximately NOK 84 billion on its books. Syndication activity was particularly high in the shipping, offshore and maritime logistics sectors, where DnB NOR is one of the world's largest lead managers.

Market risk

Overall, market risk represents a moderate share of the Group's total risk and relates primarily to long-term investments in equity instruments within banking operations. Market risk in Vital is included under ownership risk in DnB NOR ASA.

Apart from risk associated with the bank's investment portfolio, market risk arises through trading activities and traditional banking activities such as customer lending and deposits. With respect to the latter, market risk may stem from differences in fixed-rate periods for assets and liabilities. Market risk in the trading portfolio arises through trading activities in the interest rate, foreign exchange and equity markets. The risk relates partly to customer business, though there is scope for moderate risk-taking within proprietary trading in foreign exchange and financial instruments. Positions will be generated by trading in balance sheet products such as bonds and commercial paper, as well as financial derivatives such as interest rate swaps, options, forward contracts and future rate agreements. Such instruments are used to hedge positions in the trading portfolio.

Risk management

Responsibility for all trading activities in the DnB NOR Bank Group, with the exception of DnB NORD, rests with DnB NOR Markets. Limits for market risk are reviewed at least once a year and are determined by the bank's Board of Directors. The guiding principle is that the sum of allocated limits at lower levels should not exceed the limit one level higher. Limits for foreign exchange risk and equity risk represent nominal amounts for individual positions, while limits for interest rate risk represent changes in value resulting from an interest rate adjustment of one basis point. In addition, sensitivity limits have been defined for options. A unit independent of brokerage operations checks positions in relation to limits and results on a daily basis.

The Treasury function in the DnB NOR Bank Group handles interest rate risk on the banking book. As for trading activities, limits are set by the bank's Board of Directors at least once a year. Principles, methods, limits and follow-ups are based on the same guidelines as trading activities, which includes daily measurement of interest rate risk.

Interest rate and currency risk in the banking group is centralised, as all units in the banking group, with the exception of DnB NORD and DnB NOR Monchebank, must hedge their positions through the Treasury function. DnB NORD and DnB NOR Monchebank have their own risk limits. This ensures the quality and transparency of position-taking both locally and in the Group as a whole.

Responsibility for following up and managing the Group's equity investment portfolio rests with the Investment Division, which is part of Group Finance and Risk Management. Limits for equity instruments are determined by the Board of Directors.

Risk measurement

Market risk is measured in the form of risk-adjusted capital. In addition, stress scenarios, sensitivity testing and daily Value-at-Risk calculations are used in operational management and control in DnB NOR Markets.

Developments during 2007

Risk-adjusted capital for market risk rose from NOK 2.4 billion at the end of 2006 to NOK 3.6 billion at end-December 2007. The increase reflected higher limits for operations in DnB NORD and a favourable price trend for the Group's equity investments. At year-end 2007, the DnB NOR Bank Group excluding DnB NORD carried interest rate risk which would have corresponded to a NOK 1.7 million decline in value in the event of a parallel one basis point shift in the interest curve in an unfavourable direction in all currencies.

Liquidity risk

Risk management

The Treasury function is responsible for operational liquidity management. The Investor Relations/Long-term Funding unit, which is part of Group Finance and Risk Management, is responsible for establishing principles and limits for liquidity management and for arranging long-term funding. Overall liquidity management in the DnB NOR Bank Group is based on DnB NOR Bank

Value-at-Risk [1]

	31 Dec. 2007	*2007*		
Amounts in NOK thousand	*Actual*	*Average*	*Maximum*	*Minimum*
Currency risk	2 140	5 882	15 810	370
Interest rate risk	20 270	19 318	32 470	11 750
Equities	3 392	4 858	10 818	1 105
Diversification effects [2]	(2 830)	(4 510)		
Total	22 972	25 548		

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

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

ASA providing funding for subsidiaries such as Nordlandsbanken and DnB NOR Finans as well as international branches and subsidiaries. The funding of DnB NORD corresponds to the percentage ownership of the DnB NOR Group in the bank.

Risk measurement

Liquidity risk is managed and measured using various measurement techniques. The Board of Directors has established limits which restrict the volumes to be refinanced within various time brackets. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, long-term funding and primary capital.

Liquidity risk management includes stress testing, simulating the liquidity effect of a downgrading of the bank's international credit rating following one or more negative events. The results of such stress testing are included in the banking group's contingency plan for liquidity management during a financial crisis.

Developments during 2007

In spite of the significant turmoil in international financial markets in the second half of 2007, the Group enjoyed a sound liquidity position at the end of 2007. The turmoil has had a relatively limited impact on DnB NOR, and there is thus still healthy demand for the bank's securities. In consequence of wider credit margins in financial markets, however, the price of capital market funding has risen. Long-term funding corresponding to NOK 80.9 billion was raised during 2007, mainly in foreign currencies. Included in this figure are subordinated loans for NOK 6 billion. At end-December 2007, the average remaining term to maturity for the portfolio of senior bond debt was 2.4 years, unchanged from a year earlier. The Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Liquidity management in DnB NOR implies maintaining a diversified funding structure, including a broad deposit base representing both retail and corporate customers. As an element in this strategy, a number of funding programmes have been established in different markets. DnB NOR has a commercial paper programme of USD 14 billion in the US and a commercial paper programme of EUR 10 billion in Europe. In addition, the bank has a European Medium Term Note Programme of EUR 35 billion and a USD 6 billion long-term funding programme in the US market.

DnB NOR gives priority to both maintaining sound business relations with a large number of international banks and promoting the Group in international capital markets. During 2007, the investor base was strengthened through the issue of covered bonds. The bonds are issued by the bank's subsidiary DnB NOR Boligkreditt AS, and are secured by the Group's housing loan portfolio. During the financial market turmoil in 2007, covered bonds also proved to be a more robust and considerably lower priced funding instrument than ordinary bonds. In future, DnB NOR will thus seek to cover a large share of its long-term funding requirement through the issue of covered bonds while exploiting the inherent potential to further expand its investor base.

Risk in Vital Forsikring ASA – life insurance

Risk within life insurance comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies, while insurance risk relates to uncertainty in estimates for life expectancy and disability.

According to current parameters for life insurance operations in Norway, Vital carries the risk of fulfilling the company's commitments in contracts with policyholders. The return on financial assets must be sufficient to meet the guaranteed annual return to the company's policyholders. If this is not the case, additional allocations will have to be used, representing buffer capital built up from profits in previous years. Alternatively, the shortfall could be charged to equity.

Risk management

The purpose of risk management is to achieve the highest possible return for policyholders and the owner in the long term, subject to an acceptable risk level. Investment management has a long-term perspective, which is in line with Vital's strategy to achieve the best returns among Norwegian life insurance companies based on a three to five-year perspective.

The Board of Directors in Vital has established separate guidelines for the management of financial assets which regulate the risk profile relative to the company's capital. Operative management is based on the result of a stress test which is compared with the company's capital in excess of statutory requirements in order to identify the overall decline in value which Vital can cover while meeting statutory minimum solvency requirements. If the result of the stress test equals capital in excess of statutory requirements, risk capacity is utilised 100 per cent. The company is also subject to government regulations on investment management, including risk diversification requirements and limitations on investment options. Management in Vital receives daily reports on the company's risk situation, including updates on returns on financial assets and forecasts for future developments. Through regular assessments by the Group's Asset and Liability Committee, ALCO, the risk situation in Vital is reviewed relative to the Group's overall risk profile. Vital's chief executive and Board of Directors will help ensure that Vital's risk management and financial strategy are consistent with the Group's risk profile.

Risk measurement

Risk management in Vital Forsikring implies that market risk in the balance sheet is geared to the level of capital in excess of statutory requirements. Analyses have shown that in the longer term, such dynamic risk management will improve risk-adjusted returns. The probability of a highly negative outcome has been reduced, while there are good chances of benefiting from an upswing in stock markets.

Developments during 2007

At the end of 2007, the average annual guaranteed return was 3.7 per cent.

The yield on Norwegian 10-year government bonds rose from 4.3 per cent at year-end 2006 to 4.7 per cent at end-December 2007. In consequence, overall long-term financial risk in Vital was somewhat reduced.

The DnB NOR Group reported risk-adjusted capital for ownership risk related to Vital of NOK 8.5 billion at the end of 2007 and NOK 7.5 billion at end-December 2006. A certain decline in the company's equity exposure through both direct equity sales and the use of hedging instruments, contributed to reducing risk-adjusted capital. The strengthening of additional allocations, other hedging strategies against a major stock market downturn and asset management adapted to risk capacity had the same effect. Ownership risk in Vital is followed up on a quarterly basis.

The DnB NOR Group assigns risk-adjusted capital for operational risk of NOK 0.2 billion to Vital.

Changes in external parameters

During 2007, measures were implemented to meet higher pension payments resulting from longer average life expectancy in the Norwegian population. On average, pensioners live longer than previously expected, and pension premium rates have thus systematically underpriced the financial obligations now becoming apparent. The insurance industry is in final dialogue with the authorities regarding provision levels. As part of the adaptation process, Vital made provisions of NOK 4.4 billion in the 2007 accounting year, which will meet the need for increased provisions due to new premium rates.

New regulations were introduced for Norwegian life insurance companies as from 1 January 2008. The main objectives behind the new regulations are a clearer distinction between policyholders' funds and company funds and a clearer division of risk between policyholders and the company. The changes imply, among other things, that buffers and funds are allocated to a greater extent to policyholders. Also, pricing will become more transparent, which means that the guaranteed rate of return on approximately 50 per cent of the portfolio should be priced in advance. Overall, these changes result in a somewhat lower risk for the DnB NOR Group.

Operational risk

Operational risk is a consequence of DnB NOR's operations. Errors can be made by employees, weaknesses can occur in products, processes or systems, and DnB NOR can suffer losses due to external events such as fraud, fires etc. A number of incidents during 2007, both in the financial services industry in general and in DnB NOR in particular, have served as a reminder that losses from operational risk will regularly occur.

Risk management

The Board of Directors has determined a framework for the management of operational risk in the Group. There should be low operational risk in DnB NOR, and there are clear guidelines outlining the responsibilities, organisational aspects and working methods necessary to manage this type of risk. The basic principle is that all managers must have sound knowledge of operational risk within their own area of responsibility. This is to be ensured through ongoing risk assessments of everyday operations, of all major changes in operations as well as of particularly critical functions. When a need for improvement measures is identified, special follow-ups are initiated. Operational loss events are registered in an event register and represent an important experience base for operational risk.

In order to limit the consequences of serious events, operational disruptions etc., comprehensive emergency, contingency and business continuity plans have been worked out and are regularly tested and updated.

In all business areas, special groups have been established to support management in managing operational risk. Responsibilities include monitoring and reporting identified risks, helping prevent loss events and improving the relevant business area's risk situation. To ensure independence relative to business operations, these persons are organised in the business areas' respective staff units. Their work also includes making sure that operations are in compliance with relevant laws and regulations. All reporting from these groups is a two-way process, both through the line organisation and through the Group's central risk unit. Operational risk management at group level is organised in a separate unit within Group Finance and Risk Management, while the group compliance function is organised under Group Legal, which is part of the same staff unit.

The Board of Directors is kept updated on the status for operational risk through the Group's quarterly risk report, from ongoing reporting as required, as well as from an extensive annual report summarising the risk assessments of the various group executive vice presidents. In addition to a presentation of key risks and relevant improvement measures, the report includes a detailed assessment of the current status of the individual business areas' ongoing management and control.

An extensive process is now in progress to introduce a group quality system, KRAFT. KRAFT is based on a process-oriented database tool and gives a structured documentation of the Group's work and management processes. Once fully implemented, the system will be an effective tool in quality and risk management as well as in the Group's ongoing streamlining and improvement processes.

The Group's insurance programme provides wide coverage against the greater part of losses in the event of large-scale catastrophes such as fires, serious operational disruptions, criminal attacks etc. Losses resulting from major indemnity suits are also covered. The insurance programmes are highly cost-effective and primarily aim to cover serious loss events. The deductible risk is handled through the Group's captive company, DnB NOR Reinsurance SA.

Risk measurement

Following the implementation of new capital adequacy requirements, Basel II, which introduced a special capital requirement for operational risk, DnB NOR reports operational risk according to the so-called standardised approach. The Group participates in a research project at the University of Stavanger aimed at developing a capital calculation model for the Norwegian financial services industry that can be used in the advanced reporting method, Advanced Measurement Approach (AMA).

The calculation of the risk-adjusted capital requirement for operational risk is based on external capital adequacy requirements, but is adjusted upward to reflect DnB NOR's risk tolerance. At year-end 2007, risk-adjusted capital was estimated at NOK 5.2 billion. Work is under way to establish an internal distribution formula for this capital which will better reflect differences in the real risk situation in the various business areas.

Developments during 2007

DnB NOR has low operational risk. Each year, just under 500 small and large-scale loss events are registered in the Group's event register. During the 2005-2007 period, the annual cost resulting from such losses was below 5 per cent of risk-adjusted capital for operational risk. The loss figures reflect the low risk of DnB NOR. Nevertheless, operational risk is assumed to be rising both in the industry in general and in DnB NOR. This is a natural consequence of the greater complexity of the industry's products and operations, increasing dependence on technological solutions and continued growth in organised crime. For DnB NOR's part, the ambitious international growth target must also be taken into account.

Business risk

Business risk arises due to unexpected changes in income or expenses resulting from external factors such as competitive forces causing a reduction in volumes and pressure on prices, or regulations that impair profitability due to a shortfall in income or rise in costs. Losses are incurred if the Group fails to adapt to these changes.

The Group's reputation may be affected by a variety of other risk factors. A damaged reputation could have an adverse impact on all business areas, independent of where in the Group the original incident occurred. The Group’s reputation could also be harmed by losses in other institutions if DnB NOR, in the eyes of the general public, is grouped in the same category.

Risk management

Sound strategic planning is the key tool to reducing business risk.

Business risk is also managed through compliance with the Group's policy for corporate social responsibility and the code of ethics, which specifies DnB NOR's commitment to maintaining high ethical standards.

Risk measurement

DnB NOR has chosen to calculate risk-adjusted capital for business risk as a separate category. This is in line with Pillar 2 under the Basel II regulations, requiring that financial institutions consider the effect on capital requirements of risk categories not included under Pillar 1. Calculations of capital are based on estimated fluctuations in income and expenses adjusted for effects that could be linked to other risk categories. In addition to calculations of risk-adjusted capital, monitoring media coverage and market shares is part of business risk measurement.

Developments during 2007

Risk-adjusted capital for business risk increased by NOK 0.1 billion during 2007, to NOK 2.5 billion.

The DnB NOR share

DnB NOR had a market capitalisation of NOK 111 billion at end-December 2007 and is the fourth largest company listed on Oslo Børs (the Oslo Stock Exchange).

As at 31 December 2007, DnB NOR had 1 332.7 million shares divided between approximately 43 200 shareholders. The DnB NOR share is covered by 15 Nordic-based and 15 international brokerage houses. It is in the interests of DnB NOR that high-quality equity analyses are published. Emphasis is placed on providing relevant, complete and high-quality information and on ensuring that all analysts, regardless of their assessments of the DnB NOR share, receive equal treatment at all times. A list of analysts following the DnB NOR share can be found on www.dnbnor.com. Daily contact with investors and analysts is handled by the Investor Relations division. A further description of DnB NOR's shareholder and dividend policy can be found in the chapter "Corporate governance".

Market conditions, returns and share turnover

At the end of 2007, DnB NOR was the fourth largest company on Oslo Børs with a market capitalisation of NOK 111 billion or 5 per cent of the value of all companies listed on the stock exchange. The proposed dividend of NOK 4.50 per share provides a dividend yield [1] of 5.4 per cent. The price of the DnB NOR share fell by 6.2 per cent during 2007. Including dividends, the aggregate return [2] was negative at 1.7 per cent. Trading volume for all shares listed on Oslo Børs rose 31 per cent in 2007, to NOK 2 725 billion, while the number of transactions increased by 52 per cent to 8.5 million. The average daily trading volume for the DnB NOR share was approximately 5.8 million shares in 2007 (table 2), which represented approximately 4 per cent of the total trading volume on Oslo Børs.

At the beginning of 2008, the DnB NOR share is weighted on all relevant Oslo Børs indices, with 7.7, 5.4, 7.3 and 9.7 per cent respectively on the benchmark, all-share, OBX and mutual fund indices. DnB NOR is also represented on various global indices, but with relatively low weights. It is possible to trade standardised derivative contracts on the DnB NOR share, and DnB NOR derivatives were sold on 237 of the 250 trading days on Oslo Børs in 2007. Around 408 000 contracts were sold at a total value of NOK 139 million, which is a significant increase compared with 2006.

1) Dividend yield is defined as the proposed dividend for 2007 divided by the share price as at 31 December 2007.

2) Aggregate return is defined as the closing price in 2007 less the closing price in 2006, adjusted for dividends paid in 2007 and divided by the closing price in 2006.

Share price development in 2007

31 December 2006 = 100

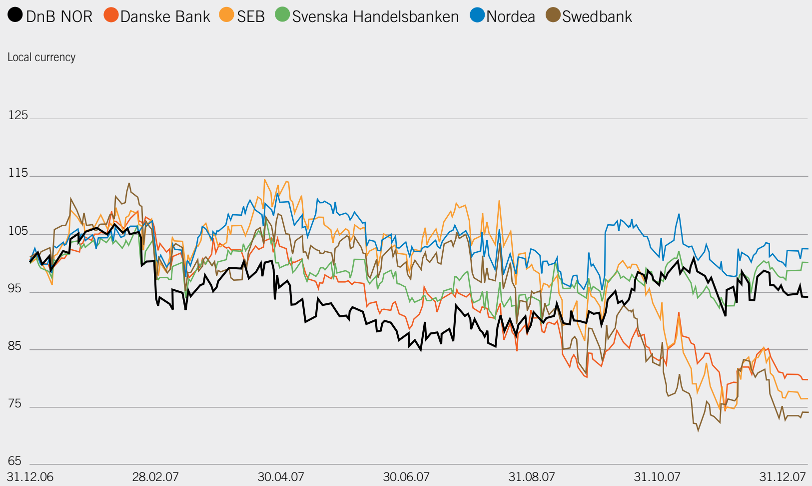


Table 1: Total annual return as at 31 December 2007			
Total annual return (%)	*Last year*	*Last two years*	*Last three years*
DnB NOR	(1.7)	12.1	15.9
Nordic average [1)]	(10.2)	4.6	12.1

1) Unweighted average of Danske Bank, Swedbank, Nordea, SEB and Svenska Handelsbanken.

Table 2: The DnB NOR share in 2005, 2006 and 2007			
In NOK unless otherwise indicated	*2007*	*2006*	*2005*
Highest closing price	94.70	91.50	73.00
Lowest cosing price	75.00	72.00	57.60
Closing price as at 31 December	83.00	88.50	72.00
Market capitalisation as at 31 December (NOK million)	110 610	118 313	96 255
Tax value as at 1 January the following year	83.50	89.00	72.00
RISK adjustment as at 1 January the following year	-	-	(3.67)
Dividends for the accounting year [1)]	4.50	4.00	3.50
Annual turnover (in 1 000)	1 456 095	930 954	882 359
Average daily turnover (in 1 000)	5 824	3 709	3 487
Annual turnover (NOK million)	121 134	75 421	57 424
Turnover rate (%)	109	70	66

1) Proposed dividend for 2007.

Share capital and shareholder structure

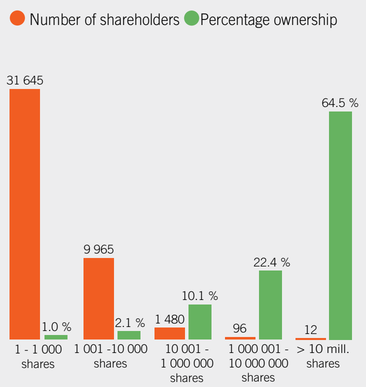
At end-December 2007, the share capital of the company was NOK 13 327 million divided into 1 332.7 million shares. DnB NOR has approximately 43 000 private and institutional shareholders, of which the largest are the Norwegian government, represented by the Ministry of Trade and Industry, and Sparebankstiftelsen DnB NOR (the Savings Bank Foundation). A further description of the government's ownership can be found in the chapter "Corporate governance" under the heading "Equal treatment of shareholders".

The object of the Savings Bank Foundation is to manage its long-term ownership interests in DnB NOR and support the company in its efforts to continue the savings bank tradition. The Foundation can use a portion of annual profits to make financial contributions to non-profit causes. The Foundation's governing body is the general meeting, with members elected among the bank's depositors and by county councils in eastern Norway. The general meeting has elected a board with six members.

During 2007, international investors' holdings rose from 38.5 to 39.1 per cent at end-December, while the percentage of freely traded shares held by Norwegian shareholders declined by 0.7 percentage points to 30.0 per cent.

Shareholders according to number of shares and percentage ownership

as at 31 December 2007



Ownership according to investor category

as at 31 December 2007

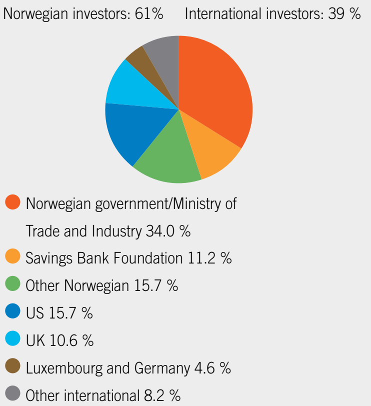


Table 3: Largest shareholders as at 31 December 2007

	Per cent
Norwegian government/Ministry of Trade and Industry	34.0
Savings Bank Foundation	11.2
National Insurance Scheme Fund	4.1
Capital Research/Capital International	2.6
Jupiter Asset Management	1.5
Barclays Global Investors	1.5
Fidelity	1.3
DnB NOR Ansattefond	1.3
Putnam	1.0
Deutsche Bank AG/DWS Investments	1.0
Pioneer Investments	0.9
DnB NOR Asset Management	0.9
Oslo Pensjonsforsikring	0.8
Nordea Funds	0.6
Julius Baer Asset Management	0.6
Orkla ASA	0.6
Goldman Sachs Funds	0.5
Zenit Asset Management	0.5
Neuberger Berman	0.5
JP Morgan Funds	0.5
Other shareholders	34.2
Total	100.0

Table 4: Number of shares in 2005, 2006 and 2007

No. of shares	*2007*	*2006*	*2005*
Outstanding as at 1 January	1 336 874 898	1 336 874 898	1 327 138 522
No. of shares cancelled	4 221 283	0	0
Share issue (subscription rights)	0	0	9 736 376
Shares for conversion	0	0	0
Outstanding as at 31 December	1 332 653 615	1 334 088 851	1 336 874 898
Holdings of own shares	0	2 786 047	0
No. of shares outstanding as at 31 December, incl. own shares	1 332 653 615	1 336 874 898	1 336 874 898
No. of subscription rights outstanding as at 31 December	0	0	0
No. of shares outstanding, fully diluted	1 332 653 615	1 336 874 898	1 336 874 898

Rating

The creditworthiness of DnB NOR Bank ASA is assessed by the rating agencies Moody's Investors Service, Standard & Poor's and Dominion Bond Rating Service.

Table 5: Credit ratings (DnB NOR Bank ASA's credit ratings in bold type)

Standard & Poor's short-term	*Standard & Poor's long-term*	*Moody's short-term*	*Moody's long-term*	*Dominion Bond Rating Service short-term*	*Dominion Bond Rating Service long-term*
A-1+	AAA	**P-1**	Aaa	**R-1 (high)**	AAA
A-1	AA+	P-2	**Aa1**	R-1 (middle)	AA (high)
A-2	AA	P-3	Aa2	R-1 (low)	**AA**
A-3	AA-	Not prime	Aa3	R-2 (high)	AA (low)
B	**A+**		A1	R-2 (middle)	A (high)
C	A		A2	R-2 (low)	A
	A-		A3	R-3	A (low)
	BBB+		Baa1	R-4	BBB (high)

Taxation of shareholders

Corporate shareholders

In 2004, the tax exemption model for the taxation of income on shares was introduced for corporate shareholders. This model implies that corporate shareholders are exempt from tax on dividends and capital gains on shares. Correspondingly, losses upon the realisation of shares are not tax deductible.

Norwegian private shareholders

The shareholder model was introduced for private shareholders as from 2006. This model implies that dividends on shares and gains on the sale of shares in excess of a shielded amount are taxed at a rate of 28 per cent, with a corresponding deduction right for losses. Thus the entire income on shares is not liable for taxation. The tax base is dividends received plus any gain on the realisation of the shares, minus an amount shielded from taxation, the so-called shielding deduction.

The shielded amount should correspond to the return on an alternative risk-free investment. The shielding deduction is computed by multiplying the shielding basis by a shielding interest. In principle, the shielding basis represents the amount the shareholder has paid for the share, with the addition of any costs accrued upon acquiring the share. Moreover, any unused shielding deduction carried forward from previous years should be added. For shares acquired prior to 1 January 2006, "RISK" adjustments during the period of ownership should be used to adjust the shielding basis up or down.

A shielding basis should be calculated individually for each share. Thus, if shares in the same share class owned by a shareholder are acquired on different dates and at various prices, the shielding deduction may vary. When selling shares, the FIFO principle applies (First In First Out), whereby the shares that were acquired first, are sold first.

The shielding interest should reflect the return on an alternative risk-free investment, equalling the average three-month interest on treasury bonds after taxes. The Norwegian Directorate of Taxes calculates and announces the interest rate for each fiscal year in January the year after the fiscal year in question.

The shielding deduction is calculated annually and is assigned to each share on 31 December of the fiscal year. Shareholders may require that the shielding deduction be deducted from dividends on the share or gains from the sale of the share. The deduction is calculated individually for each share and can only be deducted from dividends and gains on the same share. Thus, it is not permissible to deduct unutilised shielding deductions relating to one share from gains on another share. Unutilised shielding deductions may be carried forward, and shareholders may require that such deductions be deducted from dividends or gains on the same share in subsequent years. Unutilised shielding deductions relating to the share are thus added to the shielding basis the following year. If the sale of the share has resulted in a loss, a claim cannot be made to deduct the unutilised shielding deduction.

The Norwegian Tax Administration's register of Norwegian limited companies and their shares, called the shareholder register, contains the above information about shares in Norwegian companies, including DnB NOR ASA. The register is based on information from the Norwegian Central Securities Depository, DnB NOR ASA and the shareholders themselves. Each year, statements from the register are sent to all Norwegian shareholders to be used in preparing their tax returns.

Foreign shareholders

Dividends to foreign shareholders will as a general rule be subject to Norwegian withholding tax at a rate of 25 per cent. If the shareholder is resident in a country which has a tax treaty with Norway, the withholding tax will often be reduced, normally to 15 per cent. Dividends are normally taxable in the country in which the shareholder is resident. After the introduction of the tax exemption model, dividends earned by corporate shareholders resident in EEA countries will generally be exempt from withholding tax. Private shareholders resident in EEA countries are taxed according to the shareholder model. These shareholders will in principle be subject to withholding tax on dividends at a rate of 25 per cent. However, according to tax treaties between Norway and EEA countries, the withholding tax rate is often limited to 15 per cent. Shielding is not taken into account when deducting withholding tax. Consequently, shielding is first taken into account in connection with the tax assessment when requested by the shareholders themselves.

Corporate social responsibility

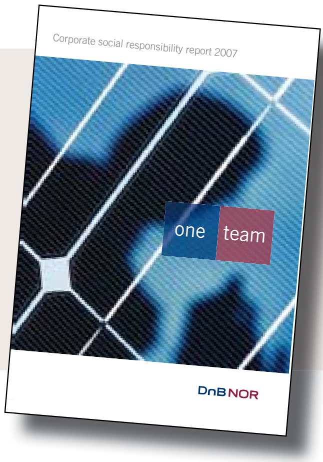
Flying high: The interest for snowboarding has escalated among young people in Norway, and DnB NOR is the main sponsor for the national team. The Group also sponsors biathlon, cross-country skiing, athletics and football and is a major sponsor of Norwegian cultural events.

Photo: Frode Sandbech

Corporate social responsibility

DnB NOR wishes to make a positive contribution to society because of its intrinsic value and because socially responsible business practices promote long-term value creation, proud and motivated employees and a good corporate image.

DnB NOR publishes an annual corporate social responsibility report. For more information, see www.dnbnor.com/csr



DnB NOR's corporate social responsibility ambitions are based on the Group's strategy, corporate culture and values, in addition to international principles and guidelines, including the United Nations Global Compact, which encompasses ten principles related to human and labour rights, the environment and anti-corruption. DnB NOR wishes to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations. DnB NOR will not be involved in activities representing a risk of involvement in unethical conduct, infringement of human or labour rights, corruption or harm to the environment.

How does DnB NOR exercise corporate social responsibility?

Placing a strategic focus on corporate social responsibility can contribute towards mitigating risk and, not least, provide new business opportunities. DnB NOR demonstrates its corporate social responsibility by:

- offering customers advisory services of high ethical standard
- requiring that purchases, loans and investments meet environmental and social criteria
- practising sound corporate governance
- fighting economic crime
- keeping environmental order in its own house
- maintaining stricter ethical guidelines than statutory requirements
- being an attractive workplace
- being a partner for sports, cultural and educational institutions and humanitarian organisations
- promoting innovation

Priority areas

DnB NOR is a Norwegian financial services group with international operations. The Group is well qualified to create the best solutions in cooperation with customers, shareholders, employees and society at large.

The Group's corporate social responsibility initiatives focus on:

- customers and suppliers
- the climate challenge
- contributions to society
- life phases and diversity
- transparency

Customers and suppliers

DnB NOR wishes to help ensure that fundamental norms governing human and labour rights, environmental considerations and the fight against corruption are complied with.

DnB NOR believes in:

- constructive dialogue with companies in which the Group invests
- active use of corporate social responsibility guidelines in credit activities
- consistent use of supplier declarations

DnB NOR has ethical guidelines for all investments. Companies acting in breach of these guidelines may be excluded from the Group's investment portfolio. A special Ethics Committee has regular meetings. Where there is a wish to change specific conduct, the Group's preferred method is to enter into dialogue with the companies in question. In Vital, companies producing weapons of mass destruction, pornography and tobacco are excluded from the investment portfolio. In 2007, ten companies were excluded from DnB NOR's investment portfolio, while 41 companies were excluded from Vital Forsikring's portfolio.

In 2007, DnB NOR was involved in constructive dialogue with close to 20 companies. Topics raised included the violation of human and labour rights, corruption etc.

In DnB NOR's credit operations, emphasis is placed on further increasing the awareness of employees and decision-makers with respect to possible ethical dilemmas concerning ownership and environmental and location issues. For example, DnB NOR has refrained from granting credit due to a danger of corruption.

All suppliers of goods and services to DnB NOR are required to sign a special declaration on corporate social responsibility when entering into a contract. The declaration sets out obligations regarding human and labour rights, corruption and environmental harm. 419 supplier declarations were signed in 2007.

The climate challenge

DnB NOR will contribute to finding solutions to challenges related to climate change through the products provided by the Group and by keeping environmental order in its own house.

DnB NOR believes in:

- product development that takes account of climate challenges
- pricing and communication that promote both environmental protection and demand for environmentally-friendly products
- continual environmental efficiency efforts within the Group

In 2007, DnB NOR Finans introduced a discount interest rate on car loans to customers buying eco-efficient cars. Customers are given the opportunity to make their car fleets carbon neutral through the purchase of certified emissions reduction credits (CERs).

DnB NOR offers the mutual fund DnB NOR Miljøinvest, which invests exclusively in companies operating within renewable energy sources and in 2007 provided the highest return among mutual funds registered in Norway. Net subscriptions in the fund in 2007 were NOK 1 375 000. The fund had 24 253 investors at year-end 2007, as against 24 202 a year earlier.

The target that 50 per cent of DnB NOR's employees should work in environmentally certified buildings by year-end 2007 was achieved. Five new buildings were certified, and this will remain an area of priority in 2008. Energy consumption in 2007 increased by 1.9 GWh. The Group has initiated various measures to reduce paper consumption. The Group's total waste recycling ratio was 50 per cent in 2007.

Contributions to society

DnB NOR is an important financial market participant, both in Norway and internationally. Based on its expertise, resources and innovative ability, the Group aims to promote welfare and economic development in society.

DnB NOR believes in:

- the Group's expertise and products – to promote economic development
- products which increase the availability of financial services, for example microfinance and loans to entrepreneurs
- increasing awareness of social responsibility among customers
- sponsoring of sports and cultural activities and other non-profit causes

DnB NOR continued its cooperation with Plan Norway and CARE Norway in the field of microfinance in 2007. In addition, the Group has joined the Norwegian Microfinance Initiative along with the Ministry of Foreign Affairs, Ferd and Storebrand.

During 2007, DnB NOR Innovation arranged a number of innovation seminars, some in cooperation with the corporate divisions and others with the Group's external partners. In addition, internal idea tests were implemented in cooperation with the business areas, e.g. with respect to mobile phone payments, electronic competence sharing, use of fingerprints to identify customers (biometrics) and interest-free financing. DnB NOR's 2007 Innovation Award focused on the climate challenge and the innovation opportunities this may provide. Through an interactive idea process, more than 700 ideas were generated, resulting in contributions of NOK 100 000 from DnB NOR to the Rainforest Foundation Norway.

DnB NOR spent NOK 86 million to sponsor sports, cultural activities and other charitable causes in 2007. Sparebankstiftelsen DnB NOR (the Savings Bank Foundation) is the DnB NOR Group's second largest shareholder and sponsors various projects. Up to 25 per cent of the foundation's annual profits can be allocated to support non-profit causes. In 2007, the Foundation made donations totalling NOK 100 million.

Life phases and diversity

DnB NOR delivers financial services to a global market undergoing rapid change. In order to succeed, the Group needs capable, motivated specialists with a variety of backgrounds and skills.

DnB NOR believes in:

- development opportunities adapted to individual needs
- promotion of a corporate culture that furthers diversity

In 2007, DnB NOR was the first Norwegian bank to establish an English version of its online banking services.

The recruitment campaign ”Good with people” in 2007 resulted in a number of applications from candidates who had not previously considered a career in the financial services industry. New marketing channels and an automatic scoring system for CVs brought new employees to the Group with a more versatile background than previously achieved in traditional recruitment campaigns.

DnB NOR is committed to giving all employees equal opportunities. In 2007, three women joined the group management team. The Crescendo talent programme started on 1 February 2007 and gave some of the Group's most talented women further professional and personal development opportunities.

Transparency

DnB NOR is committed to providing high-quality financial services in a complex world. Solid and transparent structures and consistent practices provide the backbone for sound value creation.

DnB NOR believes in:

- clear, stringent principles for corporate governance that can withstand public scrutiny
- an organisation characterised by high ethical standards

In 2007, DnB NOR established a notification routine giving employees the opportunity to notify incidents that cause concern. In addition, a comprehensive ethics course is under preparation, ready for implementation in 2008. DnB NOR approved a new, updated code of ethics in early 2007.

Employees – the Group's most valuable resource

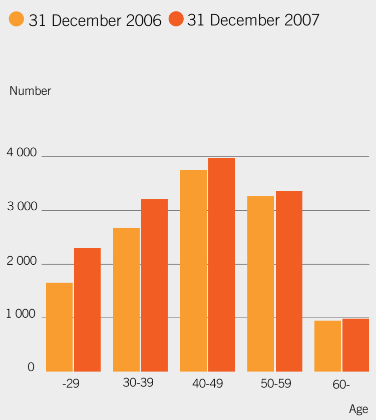
Expansion in Sweden: The financial advisers in DnB NOR Direkt in Stockholm serve Swedish retail customers. After the acquisition of Svensk Fastighetsförmedling, a chain of real estate brokers, and SalusAnsvar, a distributor of financial products, DnB NOR has strengthened its position in Sweden.

Photo: Stig B. Fiksdal

Employees
– the Group's most valuable resource

DnB NOR is regarded as an attractive workplace by both the Group's employees and external job seekers.

Number of employees according to age



DnB NOR ranks as one of the most attractive employers in Norway, according to Universum's survey among students and young business graduates.

Following the recruitment campaign "Good with people" in 2007, the Group received 2 600 applications. The campaign resulted in the recruitment of 115 new employees with an average age of 26. 17 per cent of those employed were of a non-Norwegian ethnic background.

In 2007, DnB NOR was the first financial services group in Norway to employ mobile phone and radio advertisements in a recruitment campaign. The campaign was particularly directed at young people who had recently completed their education and were about to enter the job market.

Employee satisfaction

Each year the DnB NOR Group carries out an employee satisfaction survey. The purpose of the survey is to improve DnB NOR's standing as an attractive workplace. By completing the survey, all employees have the opportunity to express their opinions on subjects ranging from management to their own workplace.

The results from the 2007 survey showed progress in all areas compared with the previous year. Employee satisfaction increased on average by 4.9 points, from 67.7 to 72.6. The Group considers a result above 70 points to be very acceptable.

The survey is an important indicator as to how the organisation is functioning and what the Group must focus on to maintain the positive spirit in the organisation. According to the survey, the trend since 2005, where women are in general more satisfied than men, continues. In addition, the survey shows that the youngest employees, aged 25 and under, and the oldest employees, aged 60 and above, are the most satisfied. Employees in the age group between 30 and 34 showed the greatest improvement in satisfaction levels, even though this group continues to be the least satisfied overall.

DnB NOR's group management requires that all managers use the internal employee survey to implement improvement measures where this is deemed necessary.

Remuneration

In 2007, DnB NOR prepared a new remuneration policy for all permanent employees in the Group. The remuneration policy comprises fixed and variable salary, short and long-term incentives, pension schemes, insurance schemes, other employee benefits and training courses and development and career programmes. Each business area and support unit can draw up solutions based on their particular needs within the scope of the Group's remuneration policy.

The purpose of the remuneration policy is to support the Group's prevailing strategies and values and contribute to the attainment of the Group's goals. The policy should also support DnB NOR's ambition to be an attractive employer, one which rewards conduct that promotes good financial results and a development in line with the Group's targets.

Remuneration is to be based on a total evaluation of the performance of the Group and the individual's contributions to value creation. The criteria should be known and ensure predictability, and reflect, within certain limits, the different requirements of individual life phases. Fixed salary should be a compensation for the responsibilities and requirements assigned to each position, whereas variable salary should encourage extraordinary performance and desired conduct.

The purpose of the employee benefits and development and career programmes is to attract, develop and retain good employees. DnB NOR's aim is to have clear career paths and to facilitate professional and personal development to increase competence-building and mobility. Group policy is to ensure that competent managers and employees receive recognition for their achievements.

Mobility and restructuring

DnB NOR must adapt to changing customer behaviour and new market situations, and this requires adaptable and mobile employees.

In 2007, 167 employees moved to different positions within the Group, an increase of 13.6 per cent from the year before. Increasing secondment opportunities in other business areas or units is one of the tools used to increase internal mobility. Another measure to increase internal mobility is the Group's Career Change Centre, whose main focus is employees in the Group looking for new challenges or areas of responsibility. The Career Change Centre has developed from being an instrument in the integration process following the merger in 2003, to a resource centre promoting change and internal mobility. At the Career Change Centre, employees are allocated a personal supervisor. A tailor-made programme is completed to gain awareness of own skills and personal qualities.

142 candidates completed their stay at the Career Change Centre in 2007, of whom 81 returned to their former jobs, 45 took up new positions in the Group and 16 found work outside the Group.

The Career Change Centre has also gained an important role in creating an

Trainee with international opportunities

"One of the most exciting aspects of DnB NOR's trainee programme is the chance to work abroad," says Elin Vigrestad (28).

She is about to complete a three-month placement at the Group's London office working for the International Corporate and Institutions unit. From the office in the City, London's financial district, she has developed analyses to be used in preparing credit cases.

"I like the fact that it is possible to have an international career in the Group. The stay in London has provided me with valuable international experience which can be beneficial later in my career," says Vigrestad.

After London, Vigrestad will return to Norway to complete her trainee period at the Corporate Centre. She has previously had trainee placements in Corporate Communications, Corporate Banking and Payment Services and HR.

"I appreciate that DnB NOR gives each trainee the opportunity to put together an individually tailored programme," says Vigrestad, whose educational background includes a master's degree in political science.

"I thought it would be a disadvantage not to have a business degree in a financial services group. I have had a steep learning curve, but I have also been valued as someone who has something to contribute," she says.

Vigrestad finds it very positive to work in such a large group as DnB NOR, and adds with a smile:

"The Group's performance is of significance not only for customers and owners, but also for society in general, which suits a political scientist."

Photo: Stig B. Fiksdal

Beneficial: *"International experience is valuable," says trainee Elin Vigrestad.*

inclusive workplace. In 2007, the centre helped 30 employees who returned from long-term sick leave. Some of these contacted the centre to test their capacity for work, while others were there because the position they held before they fell ill no longer existed or had been changed upon their return. While at the centre, employees are encouraged to be open to new opportunities offered by the organisation and receive advice on which tasks they are best suited for.

Health and environment

From 1 January 2007, a health insurance scheme was introduced for all employees in DnB NOR in Norway who are members of the Norwegian national insurance system. The health insurance will help ensure that employees who fall ill or suffer an injury receive swift treatment.

DnB NOR facilitates physical activity among its employees. This has been given priority over many years, but was stepped up in 2007 by increasing the number of exercise rooms at certain office locations throughout Norway. The Group also has active company sports clubs and associations offering a wide range of both sporting and cultural activities.

DnB NOR has long offered fitness programmes during working hours to certain groups with sedentary work. The programmes help employees stay fit and motivated, and help prevent repetitive strain injuries and other health problems. Approximately 450 employees participate in such fitness programmes.

Absence due to illness in the Group has stabilised in recent years and was 5.36 per cent in 2007, compared with 5.35 per cent in 2006. This is considered satisfactory given the major changes undergone by the Group in recent years.

Future challenges include implementing measures to increase employee satisfaction, ensure that employees remain fit and healthy, and reduce long-term sick leave rates.

Motivated managers and employees

Motivated and competent employees and managers are an important element if the Group is to reach its targets. The Group has a range of competence measures to promote mobility, adaptability and internationalisation.

During 2007, 20 343 participants completed various training measures in the Group, an increase of 37.5 per cent from 2006.

In 2007, strong focus continued to be placed on certifying the bank's financial and investment advisers. The initiative is aimed at promoting professional competence, skills and positive attitudes. At the end of 2007, 1 100, or 61 per cent, of a total of 1 800 advisers were certified in accordance with national competency requirements for financial advisers.

DnB NOR's management training programmes aspire to develop a common culture, build networks and to develop each individual manager. In 2007, a total of 110 managers completed DnB NOR's main practical management training programme.

In addition, several tailor-made management training programmes were developed and followed in the individual business areas. For example, in 2007, the management training programme "Wise leadership – my way of being" was launched for managers both in Norway and abroad. So far, participants on the programme have included managers from New York, London and Houston.

More women in senior positions

In recent years, the Group has implemented a range of measures to increase the number of women in top management. This includes having at least 50 per cent female participation on group talent programmes and the selection of the female candidate when two candidates are equally well qualified. To reach the Group's targets, DnB NOR has developed its own talent programme called Crescendo for women managers. In 2007, the programme was followed by DnB NOR female executives to make them even better qualified to assume leadership responsibilities.

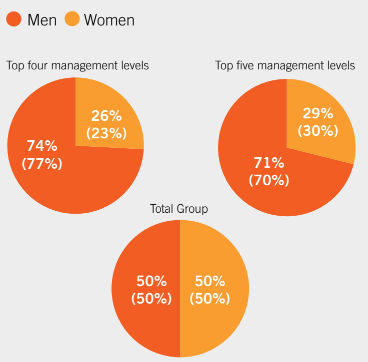
A third of the members of the group management team are now women. At the top four management levels, female representation is 26 per cent, excluding DnB NORD. At the top five management levels, female representation is 30 per cent. DnB NORD had 9.5 per cent women at management level two at year-end 2007.

Talent programme and trainees

Talent development remained an important area of priority in DnB NOR in 2007.

The trainee programme is a central

Gender distribution [1)]
as at 31 December 2007



1) Excluding DnB NORD. Comparable figures for 2006 in parentheses.

part of the Group's efforts to promote talented employees. The nine trainees recruited in 2007 attended the fourteenth such programme in a row. A total of 150 trainees have completed the programme since it started in 1994. A new feature in 2007 was that parts of the trainee period can be spent abroad, thereby including DnB NOR's offices in Shanghai, Singapore, New York, London and Luxembourg in the programme.

The purpose of the Growth talent programme is to help selected employees gain an increased awareness of their strengths and development potential. These employees have been chosen on account of their specialist knowledge or management talents. In 2007, there were 73 participants on the programme, half of whom were women. The Group believes that focusing on internal talents will help increase value creation in DnB NOR.

In 2007, talent programmes were completed in the various business areas, such as the management talent programme FRAM in Corporate Banking and Payment Services and Carpe Ovum for professional experts and management talents in Vital.

In addition, the Group has had four participants on the Norwegian Financial Services Association's FUTURA programme to train women managers within the financial services industry. The programme was started in 2006 and a new group of five participants from DnB NOR commenced the programme in January 2008.

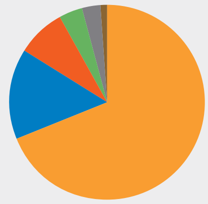
Internationalisation

As a result of the increase in international operations, at the end of 2007, the Group had 4 339 employees based outside Norway. Of these, 3 259 were employed in DnB NORD, 235 in SalusAnsvar and 224 in DnB NOR Monchebank. The rest were employed in DnB NOR's international offices and subsidiaries. The Group faces new HR challenges in areas such as management, language and cultural understanding due to greater internationalisation.

To meet these new challenges, various measures have been implemented to improve cultural and business understanding among the Group's employees. One of the measures is the launch of a master's programme in internationalisation for 32 employees, where several of the participants are from units based in Copenhagen, Helsinki, London and New York.

Greater activity outside Norway opens up new career opportunities for the Group's employees both at home and abroad.

Number of employees according to country
as at 31 December 2007



Strengthening international knowledge

In 2007, 32 DnB NOR employees started a tailor-made master's programme for the Group.

The Group is the first financial institution to put together such a programme for its employees to improve competence in the areas of international trade and cultural differences. English is the course language, and several of the participants are from the Group's units in Copenhagen, Helsinki, London and New York.

"The course makes us more aware of cultural differences, which can be easily overlooked during everyday life," say Rohin Thakrar and Atle Knai. The African-born British citizen with an Indian background and the Norwegian are both employed at the cosmopolitan London office. Of a total of fifty employees at the office, ten are from Norway. The rest are from the United Kingdom, India, Morocco, Greece and the USA.

"It is very motivating to study again," says an inspired Marianne Steinsbu from Corporate Banking and Payment Services. She finds that the course receives an added dimension from gathering participants from 13 different countries in one small group.

"Sharing experiences during the course makes everything more interesting compared to a course with purely theoretical teaching," says Marianne.

Another participant on the course, Ole-Petter Nordstrøm from Vital, explains that the Group will soon begin to sell combined pure endowment assurance and credit life assurance in Latvia and continues:

"I hope the course will make me better at negotiating with people from other nations. My experiences have shown that we are rather different, for example business institutions in Latvia have a more rigid hierarchy than in Norway. In my view, good personal relations can help avoid many cultural misunderstandings," says Ole-Petter Nordstrøm.

Photo: Hege Steinsland

Cultural understanding: *Rohin Thakrar and Atle Knai follow a master's programme to gain a better understanding of cultural differences.*

Review of operations and financial performance

Renewable energy: The Norwegian company REC develops technology which is used in solar parks across the world, such as in Kempten in Germany. Customers engaged in renewable sources of energy such as hydro, wind and solar power are given high priority by DnB NOR.

Photo: Oliver Helbig

Directors’ report

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

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

Operations in 2007

The DnB NOR Group recorded a healthy rise in profits in 2007 in spite of significant financial market turmoil in the second half of the year. The Group's profit for the year came to NOK 15 billion, an increase of 27.2 per cent from 2006.

There was a strong rise in group income due to higher volumes and international expansion. Net interest income grew by 16.9 per cent from 2006.

Some negative effects left their mark on the 2007 accounts. Financial market turmoil resulted in losses on the bond portfolio of NOK 1 258 million, which are expected to be reversed over a period of three years. It was decided to wind up the employee investment funds, which generated additional costs of NOK 295 million. Vital recorded costs of NOK 205 million relating to the introduction of new regulations and write-downs on outdated IT systems.

However, positive effects more than compensated for the negative effects. The Group sold its bank buildings in Norway, resulting in recorded gains of NOK 2 405 million. Moreover, the tax charge for 2007 was NOK 1 479 million lower than would have been the case according to a normal tax level. The low tax level was due to, among other things, a high level of tax-exempt capital gains on shares in the income statement.

Return on equity was 22.0 per cent in 2007, an increase from 19.5 per cent in 2006. Earnings per share stood at NOK 11.08 and NOK 8.74 respectively. The cost/income ratio, excluding allocations to employees, was 50.6 per cent in 2007 and 50.1 per cent in 2006.

At end-December 2007, DnB NOR was the fourth largest company listed on Oslo Børs with a market capitalisation of NOK 110.6 billion or 5.1 per cent of the value of the companies listed on the stock exchange.

In 2007, a new office was opened in Gothenburg, Sweden, and it was decided to establish a branch in Santiago, Chile, and representative offices in Mumbai, India, and in Athens, Greece. During the year, the Group completed the acquisitions of the property brokerage firm Svensk Fastighetsförmedling and SalusAnsvar, distributor of financial products to members of professional organisations in Sweden. At the end of 2006, DnB NORD entered into an agreement to acquire the Polish BISE Bank. A concession for the purchase was granted in 2007, and the bank was merged with DnB NORD's operations in Poland in November.

The Group sold its bank buildings in Norway during 2007, providing greater flexibility with respect to office space and localisation. Furthermore, the transactions release capital to concentrate on core activities. The properties are leased back through leases of varying duration.

The financial market turmoil in the second half of 2007 resulted in a very tight liquidity market. However, DnB NOR enjoyed a sound liquidity situation throughout the year, and the Group was not materially affected by the tight financial market.

The establishment of DnB NOR Boligkreditt AS will ensure favourable funding of the Group's lending activity. The company arranged its first covered bond issues in the international capital market in 2007. The bonds were assigned a top rating by the credit rating agencies.

In 2007, the long-term rating of DnB NOR Bank ASA was upgraded from Aa3 to Aa1 by Moody's. The bank has an A+ rating from Standard & Poor's, which also assigned a ”positive outlook” in 2007. The bank's AA rating from Dominion Bond Rating Service remained unchanged during the year.

The core capital ratio for the Group was 7.2 per cent as at 31 December 2007. The Board of Directors considers the Group to be adequately capitalised relative to the risk level of the loan portfolios and other operations.

In order to meet new challenges in the financial services industry, DnB NOR reorganised parts of its operations and changed the composition of its group management team in 2007. The Group presented its revised strategy and new financial target figures on a Capital Markets Day in London.

During the year, the Board of Directors held 18 meetings. Important items on the agenda were the Group's future development and structure, the strategy process, the introduction of Basel II, IT operational functions and international initiatives. The

Board also monitored the liquidity situation, including stress testing and contingency planning. The Audit Committee, which is a subcommittee composed of three of the Board's members, held seven meetings in 2007. The committee reviewed the quarterly and annual accounts, risk reporting and the work of the internal and statutory auditors. In 2007, a Compensation Committee was established by the Board of Directors. See further description under "Corporate governance".

The Board wishes to thank all of the Group's employees for their great efforts during a year characterised by sound profits and exciting challenges.

Targets and strategy

The Group's business idea reflects DnB NOR's ambitions: DnB NOR will be customers' best financial partner and will meet their needs for financial solutions.

DnB NOR has the largest customer base and the most extensive distribution network in the Norwegian financial market and is a leader in most domestic market segments. This market position provides a sound basis for generating further growth by developing and strengthening relations to Norwegian customers. Competent and motivated employees will contribute to streamlining and further developing operations in Norway.

Moreover, DnB NOR aims to grow internationally in industries and geographic areas where the Group has particularly good prerequisites for success.

DnB NOR's strengths are proximity to customers and a full range of services. A common value base and culture are required for creating a uniform DnB NOR image in the market. The Group's shared values, team spirit, simplicity and value creation, describe what should distinguish the organisation and work processes both internally and in relation to customers. Both internal and external communication should be open, honest and easy to understand.

DnB NOR is committed to long-term value creation for shareholders and seeks to achieve a return on equity and share price increases that are competitive in a Nordic context. The financial targets reflect the aim to create shareholder value. New financial target figures were presented at the Capital Markets Day in London in October 2007.

Key financial targets:

- Pre-tax operating profits before write-downs of NOK 20 billion in 2010
- Minimum 16 per cent return on equity
- 10 per cent average annual growth in pre-tax operating profits before write-downs up until 2010

Other ambitions:

- A cost/income ratio below 46 per cent by the end of 2010

Capital strategy and dividend policy:

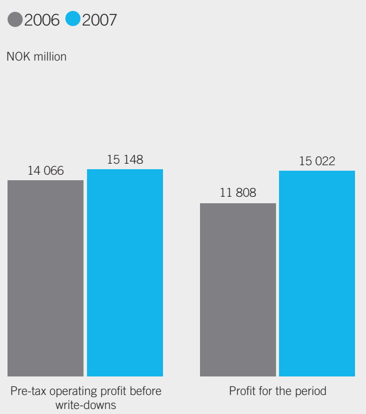
- A core capital ratio for the Group of approximately 6.5 per cent. The core capital target is based on the Group's capitalisation policy, which stipulates that in the longer term, core capital excluding hybrid securities should include a capital buffer that exceeds the regulatory minimum requirement. The Group's calculation model for risk-adjusted capital is used to measure the size of the capital buffer.
- Approximately 50 per cent of annual profits distributed as dividends. Dividends will be determined on the basis of expected profit levels in a normal situation, external parameters and the need to maintain capital adequacy at a satisfactory level.
- An AA level rating for DnB NOR Bank ASA's ordinary long-term debt.

New products and services, strengthened distribution and increasing cross-sales will ensure continued growth for DnB NOR in the Norwegian market. In spite of a dominant market position in Norway, there is scope for growth in selected geographic areas and for certain products. The Group's incentive structure will encourage cross-sales and internal cooperation.

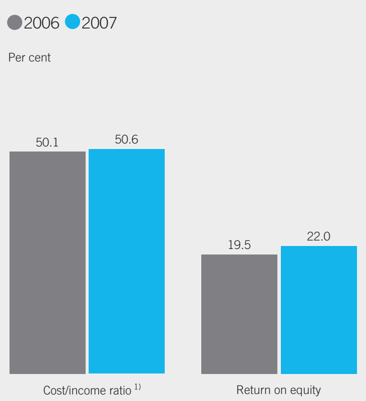
Parallel to initiatives to create growth, operations in Norway will be streamlined and further developed. Simplifying and streamlining production and support processes will help reduce costs. Through a group cost programme, a number of measures have been defined which will reduce costs by a total of NOK 1 billion by the end of 2010. The measures are divided into the following main categories: optimalisation of customer processes and distribution, streamlining of IT and procurement and reorganisation of operational processes. A successful implementation of the cost programme is required to provide scope for planned growth and new initiatives.

The Group's international strategy is based on organic growth supplemented with

Profit performance

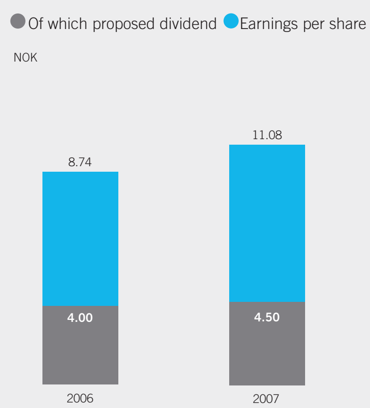


Cost/income ratio and return on equity

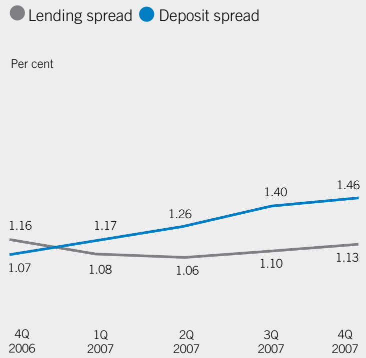


1) Excluding allocations to employees

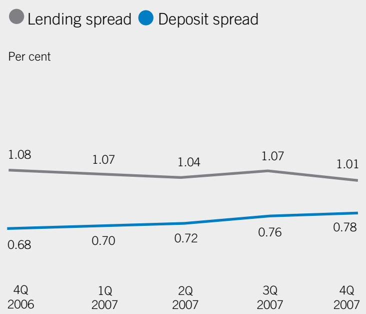
Earnings per share



Developments in average interest rate spreads
Retail Banking



Developments in average interest rate spreads
Corporate Banking and Payment Services



bolt-on acquisitions. International growth will be achieved based on the Group's core competencies in industries such as shipping, energy and seafood. DnB NOR wishes to expand its presence in markets outside Norway and increase the share of income from international operations. DnB NORD is an important contributor to the Group's increasing international operations.

Review of the annual accounts

Full year results 2007

The DnB NOR Group's profit for the year came to NOK 15 billion in 2007, up 27.2 per cent from the previous year. Strong and robust growth resulted in a significant rise in profits. There was a 17.2 per cent rise in lending, while deposits grew by 13.4 per cent. Income increased by 10.9 per cent, and strong international expansion resulted in 13.5 per cent of income being generated outside Norway in 2007. Total costs rose by 14 per cent. Excluding costs relating to the employee investment funds, there was an increase of 12 per cent. Pre-tax operating profits before write-downs were up 7.7 per cent from 2006 in spite of special negative items due to the financial market turmoil and the dissolution of the employee funds. Low taxes contributed to the strong growth in profits for the year.

Net interest income

Net interest income was NOK 17.9 billion in 2007, a rise of 16.9 per cent compared with 2006. Strong growth in volumes in 2007 more than compensated for narrower spreads. Due to intensified competition, average lending spreads contracted by 0.18 percentage points from 2006 to 2007, while deposit spreads rose by 0.23 percentage points.

The table below shows changes from 2006 to 2007 according to main items:

Net interest income

Amounts in NOK million	*2007*	*Change*	*2006*
Net interest income	17 866	2 577	15 289
Lending and deposit volumes		2 015	
Lending and deposit spreads		(286)	
Equity and non-interest-earning items		1 196	
Other net interest income		(348)	

Net other operating income

Net other operating income totalled NOK 13.7 billion in 2007, up 4 per cent from 2006. The moderate increase was due to net unrealised capital losses of NOK 1 258 million stemming from an increase in credit spreads on investments in bonds. It is expected that the loss will be reversed over the residual maturity of the bonds, which averages less than three years. The reversal is expected to result in just over NOK 110 million being taken to income each quarter, conditional on no further changes in market conditions. Adjusted for the loss, net other operating income was up 13.5 per cent due to, among other things, an increase in the sale of foreign exchange and interest rate agreements and increased income from Vital.

Net other operating income represented 43.5 per cent of total income in 2007, compared with 46.3 per cent in 2006.

The table below shows changes from 2006 to 2007 according to main items:

Net other operating income

Amounts in NOK million	*2007*	*Change*	*2006*
Net other operating income	13 732	528	13 204
Net income from Vital		683	
Net gains on FX and interest rate instruments excluding guarantees and credit margins		545	
Net stock market related income including financial instruments		319	
Net other commissions and fees		214	
Real estate broking		36	
Unrealised losses on bonds		(1 258)	
Other income		(10)	

Operating expenses

Operating expenses totalled NOK 16.4 billion in 2007, an increase of NOK 2.0 billion or 14 per cent from 2006. Excluding allocations to employees and costs relating to the dissolution of the employee investment funds, expenses came to NOK 16 billion, up 12 per cent from 2006.

The increase in operating expenses resulted from both greater activity levels and certain special costs. NOK 0.9 billion of the increase referred to the Group's operations outside Norway, reflecting increased international focus, especially in DnB NORD and in Sweden. Expenses in Norwegian operations were up NOK 1.1 billion in consequence of high costs for winding up the employee investment funds and writing down the value of IT systems in Vital. The shift from financial to operational leasing also had an impact on costs.

The fact that the number of full-time positions in Norwegian operations was reduced by 41 from year-end 2006 to end-December 2007 parallel to an increase of 1 672 full-time positions in the Group's international units contributes to further explaining costs developments.

The table below specifies changes from 2006 in the Norwegian and international units according to main items:

Operating expenses			
Amounts in NOK million	*2007*	*Change*	*2006*
Operating expenses	16 450	2 023	14 427
Norwegian units		**1 101**	
Of which:			
Costs from dissolution of employee funds		295	
Rise in allocations to employees		15	
Pension expenses		164	
Wage settlements		172	
Performance-based pay		68	
IT expenses Vital		205	
IT expenses, excl. Vital		132	
Operational leasing		93	
Other operating expenses		(44)	
International units		**922**	
Of which:			
DnB NORD		582	
Sweden		198	
Other		142	

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 2 481 million in 2007, as against NOK 365 million in 2006. The increase was mainly due to the sale of the Group's remaining bank buildings in the second half of 2007.

Write-downs on commitments

Due to strong earnings in the business sector and healthy finances among Norwegian households, the Group continued to record low write-downs on loans in 2007. Net write-downs on loans and guarantees came to NOK 220 million. Individual write-downs totalled NOK 422 million, while group write-downs were reduced by NOK 202 million due to changes in certain methods and better statistical material.

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 4 174 million at end-December 2007, an increase of NOK 374 million from 2006. Net non-performing and impaired commitments represented 0.42 per cent of net lending at year-end 2007, compared with 0.45 per cent a year earlier.

Taxes

The DnB NOR Group's total tax charge for 2007 was NOK 2 387 million, representing 13.7 per cent of pre-tax operating profits. The low tax charge in 2007 was primarily due to taxation rules for capital gains on equities and value adjustments on indirectly owned properties in the Group's insurance operations. In addition, there were changes in the calculation of taxes for 2006 in Vital, resulting in a NOK 599 million reduction in taxes in 2007. In 2006, the tax charge was NOK 2 881 million or 19.6 per cent of pre-tax operating profits. DnB NOR anticipates a future normalised tax level of 23 per cent.

Balance sheet and assets under management

At end-December 2007, total combined assets in the DnB NOR Group were NOK 1 834 billion, an increase of NOK 146 billion or 8.7 per cent from a year earlier.

Total assets in the Group’s balance sheet were NOK 1 474 billion at year-end 2007, as against NOK 1 320 billion a year earlier.

Liquidity

Net lending to customers rose by NOK 143 billion or 17.2 per cent from 2006 to 2007. Customer deposits rose by NOK 64 billion or 13.4 per cent during the twelve-month period.

In order to keep the Group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. With respect to the short-term funding, restrictive borrowing limits have been established. The financial market turmoil resulted in a tight liquidity market in the second half of 2007. However, DnB NOR enjoyed a sound liquidity situation throughout the year, and the Group was not materially affected by the tight financial market.

The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 55.5 per cent at end-December 2007, down from 57.3 per cent a year earlier.

Securities issued by the Group increased by NOK 45 billion or 13.8 per cent from 2006, totalling NOK 372 billion at end-December 2007. The majority of the securities were issued in international capital markets. Total assets in Vital were NOK 232.6 billion as at 31 December 2007, compared with NOK 223.7 billion a year earlier.

Corporate governance

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

The Board evaluates its own work and work methods annually. In 2007, an external facilitator evaluated to what extent the Board of Directors fulfils the requirements posed in accordance with legislation and the Norwegian Code of Practice for Corporate Governance. The report focuses on strengths and weaknesses and proposes improvement measures. In addition, the Board's competencies, overall and those of each board member, have been evaluated.

In 2007, the Board of Directors established a Compensation Committee consisting of three members of the Board of Directors. The committee normally meets three to four times a year. The committee draws up proposals and issues recommendations to the Board of Directors regarding the remuneration awarded to the group chief executive and acts in an advisory capacity to the group chief executive with respect to the remuneration and other key benefits awarded to members of the group management team and any others reporting to the group chief executive. In 2007, the Board of Directors considered the statement on the stipulation of salaries and other remuneration to senior executives.

Corporate governance in DnB NOR is described in greater detail in the chapter ”Management in DnB NOR”.

Risk and capitalisation

The Board of Directors annually reviews the Group's key risk areas and internal control. Principles for corporate governance and the results of the Board of Directors' implementation and monitoring of risk management and internal control are described in the chapter ”Management in DnB NOR”.

DnB NOR quantifies risk by measuring risk-adjusted capital, which reflects the capital requirements of operations in relation to financial risk. Net risk-adjusted capital increased by NOK 8.1 billion to NOK 48.8 billion as at 31 December 2007. The rise mainly reflected a strong increase in credit volumes, while there were only minor increases for other risk categories.

The table below shows developments in risk-adjusted capital:

Risk-adjusted capital

Amounts in NOK billion	*31 Dec. 2007*	*31 Dec. 2006*
Credit risk	42.6	36.0
Market risk	3.6	2.4
Ownership risk for Vital	8.5	7.5
Operational risk	5.2	4.8
Business risk	2.5	2.4
Gross risk-adjusted capital	62.4	53.0
Diversification effect [1)]	(13.6)	(12.3)
Net risk-adjusted capital	48.8	40.7
Diversification effect in per cent of gross risk-adjusted capital [1)]	21.8	23.3

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

Credit growth was particularly strong in the corporate market in 2007, though there was also a healthy rise in housing loans. There was a high level of activity within shipping and offshore. In addition to experiencing a strong increase in volumes in its own books, DnB NOR syndicated large volumes to other banks. Due to sound corporate earnings, healthy income growth among Norwegian households and falling unemployment, portfolio quality was maintained at a highly satisfactory level.

The rise in market risk reflected higher limits for operations in DnB NORD and a favourable price trend for the Group's equity investments. Risk associated with the fall in value of the bond portfolio maintained by the Group to ensure access to funding from Norges Bank and other central banks is treated as credit risk in the risk measurement.

A favourable development in values in Vital, including values on commercial property, ensured a very good financial result for the company. In 2007, Kredittilsynet (the Financial Supervisory Authority of Norway) presented requirements to life insurance companies for a rise in insurance provisions to reflect the increase in average life expectancy. To meet this requirement, Vital increased its provisions by NOK 4.4 billion. The financial buffers were maintained as the decline in the securities adjustment reserve of approximately NOK 3.7 billion was offset by an increase in additional allocations of approximately NOK 3.0 billion. A large part of the equity portfolio was hedged against major reductions in share prices at year-end 2007.

During the first half of 2007, DnB NOR experienced a virus attack on its IT systems which for some days significantly hampered the Group's operations. However, the costs were limited, and customers were generally not affected. The Group incurred no other major single operational losses in 2007.

Liquidity risk is not quantified when calculating risk-adjusted capital. The turmoil in financial markets in the second half of 2007, which was initiated by the crisis in the US subprime market, reduced liquidity in the financial markets and made it more difficult for financial institutions to raise funding. Nevertheless, DnB NOR fared well through 2007 due to the Group's target to maintain a high share of long-term funding. As from June 2007, it was possible to use covered bonds as a new funding instrument. These bonds are backed by well-secured housing loans. The financial market turmoil has had a far less serious impact on the covered bonds market than on traditional bank loans, which has made it possible for DnB NOR to maintain a balance sheet structure with low liquidity risk.

The Group capital situation is assessed

relative to the Group's capitalisation policy. The level of equity should help the Group reach its AA level rating target for the bank's ordinary long-term funding. In the longer term, the Group's equity will be structured to ensure that core capital excluding hybrid securities exceeds 4.25 per cent of risk-weighted assets, with the addition of a capital buffer determined on the basis of the prevailing risk situation. Calculations show that the capitalisation of the Group was just above this target at year-end 2007.

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

Developments in the Group's equity [1]

Amounts in NOK billion	*31 Dec. 2007*	*31 Dec. 2006*
4,25 per cent of risk-weighted assets	42.1	37.4
Capital buffer	15.8	13.3
Core capital target excl. hybrid securities	58.0	50.7
Statutory deductions in core capital	13.6	4.4
Equity target	71.5	55.1
Actual equity	76.0	57.8
Equity reserve	4.4	2.7

1) Equity is calculated according to NGAAP as at 31 December 2006 and according to IFRS as at 31 December 2007.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement was NOK 991 billion at end-December 2007, up 12.6 per cent from 2006, reflecting the transitional rules for Basel II. For 2007, the rules stipulated a reduction in risk-weighted volume of maximum 5 per cent upon the transition to the IRB system. Without such a limitation, risk-weighted volume would have been reduced by a further NOK 56 billion. The core capital ratio was 7.2 per cent in 2007, as against 6.7 per cent in 2006, while the capital adequacy ratio was 9.6 per cent at year-end 2007.

Business areas

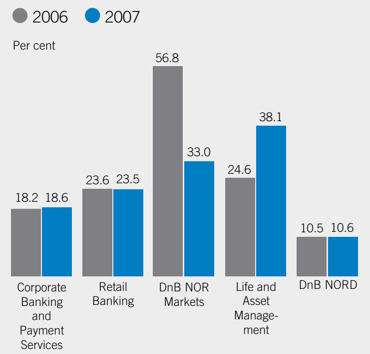
At year-end 2007, activities in DnB NOR were organised in the business areas Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and Life and Asset Management. The business areas operate as independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. DnB NORD is regarded as a separate profit centre.

Corporate Banking and Payment Services recorded healthy profits and strong growth in 2007. Pre-tax operating profits totalled NOK 8 006 million, up 1 374 million from 2006, while lending increased by 17.4 per cent. Growth more than compensated for narrowing spreads due to fierce competition. Sound liquidity among corporate clients ensured a 17.2 per cent rise in deposits from 2006 to 2007. The quality of the loan portfolio was high. Net write-downs on loans and guarantees were at a low level, representing NOK 76 million, compared with net reversals of NOK 43 million in 2006. The business area's return on capital was 18.6 per cent, up from 18.2 per cent in 2006. The cost/income ratio declined from 36.5 per cent in 2006 to 34.0 per cent in 2007.

Corporate Banking and Payment Services is an important contributor to the Group's international growth. In line with group strategy, there was particularly strong growth within the shipping, offshore, logistics and energy sectors, as well as in Sweden, in 2007. A new office was opened in Gothenburg in Sweden, and it was decided to establish a branch in Santiago, Chile, and representative offices in Mumbai, India, and in Athens, Greece.

Retail Banking recorded satisfactory results in 2007, and there was a positive profit trend throughout the year. Pre-tax operating profits were NOK 4 218 million, down NOK 353 million from 2006. Buoyant demand for housing loans and successful sales campaigns boosted average lending by NOK 38.6 billion or 10.0 per cent from 2006. Customer deposits increased by 7.5 per cent. Average lending spreads contracted by 0.24 percentage points from 2006 to 2007 due to strong competition in the housing loan market and a lag in interest rate adjustments during a period of rising interest rate levels. Deposit spreads widened by 0.34 percentage points during the 12-month period. Net other operating income totalled NOK 3 106 million, on a level with 2006. A rise in income from real estate broking and the sale of savings products compensated for the fall in income from payment transfers. Expenses were up NOK 247 million or 4.1 per cent. Return on capital was 23.5 per cent in 2007, on a level with the previous year. The cost/income ratio was 58.8 per cent, up from 56.5 per cent in 2006.

Business areas – return on capital [1)]



1) Return relative to BIS capital (6.5 per cent of risk-weighted assets) for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NORD. For Life and Asset Management, return is measured relative to recorded equity.

Retail Banking is improving its electronic channels, the Internet bank and the mobile phone bank, to offer customers a wider and more easily accessible range of products and to facilitate more self-service solutions. The concept of in-store banking outlets in cooperation with NorgesGruppen will be launched nation-wide during 2008. DnB NOR has decided to establish a separate non-life insurance company, which will commence operations by the end of 2008. Sweden is a priority market for DnB NOR, and during 2007, further initiatives were taken in the Swedish retail market through the acquisition of the property brokerage firm Svensk Fastighetsförmedling and SalusAnsvar, distributor of financial products to members of professional organisations in Sweden.

DnB NOR Markets showed sound performance in 2007, even though profits reflected the turmoil in global financial markets in the second half of the year. Pre-tax operating profits totalled NOK 1 748 million, a NOK 622 million reduction from 2006. The general increase in credit spreads resulted in unrealised mark-to-market losses on bonds of NOK 1 258 million. Total revenues in 2007 were NOK 3 289 million, down NOK 618 million compared with 2006. Adjusted for the fall in value of the bond portfolio, income rose by NOK 640 million or 16.4 per cent. Costs were brought down by NOK 20 million, in spite of the establishment of new international units and product areas. The cost/income ratio was 46.1 per cent and the return on capital 33.0 per cent.

Life and Asset Management, which consists of Vital Forsikring and DnB NOR Asset Management, recorded a strong rise in profits in 2007 compared with 2006. Pre-tax operating profits were NOK 2 357 million, up NOK 437 million from the previous year. Return on equity stood at 38.1 per cent.

Performance in Vital reflected a healthy return on financial assets following a NOK 7.0 billion revaluation of properties. The recorded and value-adjusted returns were 11.8 and 9.5 per cent respectively in 2007, compared with 7.5 and 8.1 per cent in 2006. In consequence of new requirements from the authorities for the life insurance industry and new statistics for life expectancy, Vital increased insurance provisions by NOK 4.4 billion during 2007. Allocations to policyholders were NOK 8.6 billion in 2007, up from NOK 5.6 billion in 2006. Vital recorded pre-tax operating profits of NOK 1 886 million in 2007, an increase of NOK 455 million from 2006. Return on equity was 41.9 per cent in 2007, as against 25.0 per cent the previous year.

New regulations entering into force as from 1 January 2008 will imply major changes for the life insurance industry. Vital has implemented the required changes in its insurance systems and is well prepared to meet the requirements laid down in the new regulations.

DnB NOR Asset Management recorded pre-tax operating profits of NOK 471 million in 2007, down NOK 18 million from 2006. DnB NOR Asset Management is Norway's largest fund manager and has a leading position within discretionary asset management for institutional clients in Norway and Sweden. DnB NOR Asset Management had more than 360 000 client savings schemes at year-end 2007, an increase of 19.2 per cent from a year earlier. Return on equity was 18.7 per cent in 2007, and the cost/income ratio rose from 59.5 per cent in 2006 to 62.7 per cent in 2007.

DnB NORD, which started its operations in December 2005, is jointly owned by DnB NOR with 51 per cent and the German bank NORD/LB with 49 per cent. DnB NORD recorded pre-tax operating profits of NOK 469 million in 2007, up NOK 195 million from 2006. Return on capital was 10.6 per cent and the cost/income ratio 69.5 per cent in 2007. Average lending was NOK 49.5 billion in 2007, up 61.4 per cent compared with 2006. DnB NORD has 172 offices in six countries and is established in areas which have experienced sound economic growth in recent years, such as the Baltic region and Poland. In Poland, DnB NORD doubled its operations in 2007 through the acquisition of BISE Bank. DnB NORD offers a broad range of products to both corporate and retail customers and has made extensive investments in solutions enabling the bank to offer effective cross-border services. DnB NORD expects a somewhat slower uture growth rate, especially in Latvia.

Corporate social responsibility

Due to DnB NOR's role in society, its responsibilities go beyond the management of financial values. It is strategically important for the Group to create a basis for sustainable economic growth. Profitability should be combined with environmental and social considerations.

The manner in which corporate social responsibility is exercised by the Group is a key factor in maintaining the trust of customers, shareholders, employees and society at large. DnB NOR's corporate social responsibility ambitions are outlined in a special policy. The most important elements are:

- DnB NOR wishes to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations.
- DnB NOR will not be involved in activities representing a risk of involvement in unethical conduct, infringement of human or labour rights, corruption or harm to the environment.
- DnB NOR aspires to be among the best financial institutions in the Nordic region within corporate social responsibility.

DnB NOR's corporate social responsibility policy is based on the Group's strategy, corporate culture and values, as well as on internationally recognised principles and guidelines. DnB NOR has, among other things, endorsed the principles of the United Nations Global Compact, OECD's guidelines for international companies and the Transparency International anti-corruption principles.

DnB NOR has guidelines for corporate social responsibility and ethics in credit operations and asset management. In addition, guidelines have been established for socially responsible equity investments. The guidelines imply that all credit evaluations and investments are based on ethical, environmental and social criteria.

In DnB NOR Asset Management, a minimum ethical standard is adhered to, meaning that companies considered to be involved in unethical conduct, infringement of human and labour rights, corruption or harm to the environment are excluded from the investment portfolio. In addition, there should be no investments in companies that are involved in the production, stockpiling, sales or distribution of anti-personnel mines or cluster weapons. DnB NOR Asset Management has signed the UN principles for responsible investment.

At year-end 2007, DnB NOR Asset Management had withdrawn ten companies from the investment portfolio due to breach of the ethical guidelines. Vital has chosen to have stricter ethical criteria governing its investments. In addition to general ethical criteria in line with DnB NOR Asset Management's minimum standard, Vital excludes companies producing tobacco or pornography and companies that are involved in the production or distribution of strategic components used in weapons of mass destruction. In 2007, Vital excluded 41 companies from its investment portfolio.

The Group has introduced special declaration forms for external suppliers. Suppliers must sign a declaration confirming that they neither contribute to the violation of human or labour rights, nor engage in environmental harm or corruption. Only suppliers that sign the declaration will be considered in connection with the signing of new contracts and the renegotiation of current contracts. Suppliers have responded positively to the special declaration system.

DnB NOR's contribution to sustainable development also means being a good partner for cultural activities, sports, research and humanitarian organisations. The Group supports a number of humanitarian organisations. In 2007, for example, Plan Norway and CARE Norway received funding towards their microfinance projects. NOK 86 million was paid to cultural activities, sports, research and humanitarian organisations and as donations to good causes in 2007.

Sparebankstiftelsen DnB NOR (the Savings Bank Foundation), which has a major ownership interest in DnB NOR, gives financial contributions to a wide range of charitable causes. In 2007, the Foundation made donations totalling NOK 100 million.

The DnB NOR share is included in FTSE-4Good Europe, an index for investors wishing to promote sustainable development.

Employees and managers

Earning the trust of the surrounding community and obtaining lasting commercial success is dependent on each individual employee maintaining high ethical standards. The Group's code of ethics applies to all employees and members of governing bodies, comprising aspects such as customer and supplier relationships, duty of confidentiality, impartiality, gifts and services, trading in financial instruments and insider trading. Training and courses in handling ethical dilemmas are important instruments in making ethics an integrated part of the Group's daily operations. All employees who are engaged in advising retail customers will be certified, and 310 advisers were certified in 2007.

DnB NOR is strongly committed to being an attractive workplace. In the current tight labour market, it is vital to implement measures to retain employees. The Group's human resources policy should ensure diversity and equality, the necessary restructuring measures, competence development, sound health, safety and environmental standards, and good relations with the employee organisations. DnB NOR ranks as one of the most attractive employers in Norway, according to Universum's survey among students and young business graduates. This was confirmed by the many applicants to vacant positions in the Group and great interest in the trainee programme.

A survey carried out in January 2007 showed a 4.9 point rise in employee satisfaction to 72.6 points on a scale from 0 to 100. This survey is one of the tools helping DnB NOR implement systematic, targeted measures. In addition, special focus areas are selected both at group level and in operative units to improve employee satisfaction.

Competent leadership and the training of good managers are of strategic importance to DnB NOR. In 2007, 110 managers completed the "Practical management training" programme based on the values team spirit, simplicity and value creation. The programme aims to promote relationship building and networking among managers in the Group. Moreover, more than 2 300 managers participated in development processes in their respective management teams. The purpose of management training activities in DnB NOR is to develop a common corporate culture and establish good working methods in the individual units and throughout the Group. Several custom-made management training programmes to suit the specific needs of each business area were also implemented.

External environment

DnB NOR influences the external environment directly and indirectly. The Group's investments and lending activities have an indirect impact on the environment and are governed by corporate social responsibility guidelines for credit operations and asset management. DnB NOR has a direct impact on the environment through its consumption of paper and energy, waste management, procurement and use of means of transport.

DnB NOR wishes to reduce the Group's direct environmental impact by keeping its own house in order. More than half of the Group's employees now work in buildings certified under the eco-lighthouse programme. As part of environmental efforts, DnB NOR has drawn up an environmental action plan containing specific targets for energy and paper consumption, waste management, procurements and environmental certification of properties.

In 2007, DnB NOR decided to include alternative sources of energy in its strategic priority areas. The Group's expertise within hydropower and offshore represents an advantage when DnB NOR analyses business opportunities in the field of wind and solar power. Group chief executive Rune Bjerke became a member of the climate panel of NHO – Confederation of Norwegian Enterprise in 2007, and group executive vice president Leif Teksum represents the Group in the KlimaGevinst partnership, a cooperation between Norwegian authorities and companies aiming to find solutions to the climate challenge.

Health, safety and environment (HS&E)

DnB NOR is committed to promoting and facilitating physical activity among its employees. This is part of the Group's systematic and long-term HS&E work, based on Section 3-4 of the Norwegian Working Environment Act and DnB NOR's human resources policy targets.

By facilitating and encouraging physical activity, DnB NOR wishes to promote team spirit and culture building across group units and hierarchical structures, create a positive working environment and reduce sickness absence. This is important to ensure that DnB NOR retains its position as an attractive employer among its own staff and external job applicants. Physical training during working hours is offered to units where sedentary work may cause muscular tension, while a number of the Group's large offices have exercise rooms available to their employees after working hours.

Open-plan office solutions

The work on moving various specialist units into common premises continued in 2007, and open-plan offices were introduced in a number of locations. The relocations have presented great challenges with respect to planning and involvement of employees. The Group's Ergonomics Committee has contributed its expertise during this process. The committee performs an advisory function and is part of DnB NOR's systematic HS&E work. The committee is involved in preventive measures to reduce work-related health problems and ensure that DnB NOR has functional and user-friendly equipment in accordance with the requirements in the Working Environment Act and the Regulation on Computer Work. In addition to ergonomic adjustments of work stations, noise screening measures will ensure a working environment with optimal communication and knowledge-transfer opportunities.

Sickness absence and an inclusive workplace

Sickness absence in the DnB NOR Group's Norwegian operations averaged 5.36 per cent in 2007, in comparison with 5.35 per cent in 2006. Priority is given to implementing preventive measures and to giving additional assistance to units with high levels of sickness absence. DnB NOR aims to reduce average sickness absence to below 5 per cent. It is also group policy to assist employees who, for different reasons, are unable to contribute to the same extent during certain periods of their working life.

As an inclusive workplace, DnB NOR is committed to closely following up employees absent due to illness in cooperation with the Norwegian Labour and Welfare Organisation and to reducing, as far as possible, such periods of absence. Professional support in this area is provided by external occupational health services. DnB NORD in Denmark has implemented a sickness absence policy where managers conduct special sickness absence interviews to follow up high absentee rates. DnB NOR seeks to adapt working hours to suit the different life phases and working situations of the employees.

HS&E and working environment training

DnB NOR endeavours to prevent injuries caused by robberies and threats through extensive security procedures and training programmes. In 2007, 47 managers and 12 safety representatives completed the Group's internal HS&E and working environment training programme, covering such topics as security and emergency preparedness.

Employees and working environment

In 2007, a total of 20 occupational accidents and injuries were reported, with 12 employees exposed to threats and extortion. No employees suffered injuries due to robberies. The other reported occupational injuries were minor or moderate.

Various security and aftercare training programmes have been launched. Courses and drills in coping with bank robberies are held for branch office staff, including real estate brokers. Other security courses are adapted to other target groups in DnB NOR.

In 2007, the following number of employees in the Group´s Norwegian operations participated in:

- Courses and drills in coping with bank robberies: 748
- Threat management training courses: 32
- Security courses: 440
- Disaster recovery exercises: 84

Equality

DnB NOR is committed to gender equality in the Group. Measures are implemented to ensure that men and women are given the same opportunities for professional and personal development, career progression, salary levels and other benefits. DnB NOR also has flexible schemes that make it easier to combine a career with family life. At year-end 2007, the gender balance in the DnB NOR Group was 50.25 per cent women and 49.75 per cent men. DnB NOR Monchebank and DnB NORD are not included in these figures.

DnB NOR seeks a more equal gender balance in its management teams. The target set by the Board of Directors for equality at the four top management levels in the Group calls for a minimum of 30 per cent women by the end of 2009. At the end of 2007, the proportion of women at the four top management levels, excluding DnB NORD, was 26 per cent. If figures for management level five are included, the total female representation was 29 per cent. At year-end 2007, DnB NORD had 9.5 per cent women at management level two.

Equal opportunity measures in DnB NOR:

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

Future prospects

The Norwegian economy experienced robust expansion in 2007. The international economic picture changed, however, during the summer months, when growth prospects for the US economy were drastically revised downwards. The cyclical downturn in the United States spread from the housing market to the credit market and increased uncertainty in international financial markets. Towards the end of 2007, the turmoil in financial markets increased significantly and appears to have a greater and longer-term effect than initially assumed.

It is expected that the US economy will suffer a recession in 2008, but a recovery is likely during the second half of the year. Global growth will probably be affected by developments in the United States, but this will be partly offset by strong growth in emerging markets. The financial and credit markets are expected to gradually normalise.

The economic prospects for Sweden, Poland and the Baltic States are still good, even though growth, also here, is expected to level off compared with 2007. However, pressure tendencies in the Baltic economies represent a considerable risk to economic development in the region.

In Norway, a solid economic development is expected also in 2008, but growth will be somewhat slower than in 2007. Heavy oil investments will continue to uphold growth in Norwegian manufacturing production, but a strong NOK exchange rate and subdued market growth will curb the rise in exports. The high profitability in the Norwegian business community in recent years combined with a tight labour market is expected to result in higher wage and price inflation. In addition, a rise in electricity prices will affect consumer price inflation. Long-term interest rates are expected to rise. Subdued housing price growth and generally weaker economic prospects are expected to curb household optimism and reduce consumption growth. However, households' credit demand is not expected to be much lower owing to high levels of housing wealth and generally good solvency. Growth in companies' operating profits is expected to weaken somewhat due to rising wage inflation and the international slowdown. Lower corporate profits will contribute to lower deposit growth.

Financial turmoil characterised the markets in the second half of 2007, and developments resulted in declining and volatile market values into 2008. Nevertheless, the fundamental underlying conditions for DnB NOR continue very strong, and it is DnB NOR's assumption that the turmoil will have relatively limited consequences for the Group. The turmoil will probably result in higher credit margins and lower lending growth. High lending growth over several years combined with rising interest rates and falling share prices will probably also entail that the volume of problem commitments will increase. Insurance provisions and assets in mutual funds are expected to increase moderately due to a projected weak development in share prices.

The financing needs of Norwegian companies increased towards the end of 2007 and it is expected that this trend will continue in 2008. It is also expected that monetary tightening and slower global growth will gradually curb activity and that demand in the housing market will decline. Rising interest rate levels and subdued growth in housing prices point towards a more moderate increase in housing loans over the next few years. Savings growth is expected to remain high.

DnB NOR expects growth to continue in the most important segments of the Group's operations, but it must be assumed that the extraordinary balance sheet growth of recent years will level off. The Group's targets, communicated to the capital market in October 2007, remain in force. The Group's strategic programme for international growth and cross-sales will be a positive contribution, while the cost programme will improve productivity in Norwegian operations. The Group's cost programme is expected to have effects as from the first half of 2008.

The increase in the use of electronic solutions and international service concepts is expected to generate further competition and price pressure in both the corporate and retail markets.

New regulations for life insurance companies entail a considerable change in external parameters for this sector, but the Group is of the opinion that the regulations can provide new opportunities and it is well prepared to meet the new situation. Increased life expectancy in the population is also a challenge for this industry, and the Group will follow developments closely.

International initiatives will be stepped up in 2008, and it is expected that an increasing share of profits and volumes will be generated outside Norway's borders. The Group will work towards organic growth in existing operations and consider structural opportunities to reach its targets.

The Board of Directors has commenced a process to simplify the group structure, whereby the Group has applied for permission to be converted to a financial services group with the bank as the ultimate parent company instead of a separate holding company, which is what DnB NOR ASA has been thus far. In the opinion of the Board, this would streamline operations, provide cost savings and improve the management of the Group. The proposal is currently being considered by the authorities.

Dividends and allocation of profits

DnB NOR's primary aim is to create shareholder value through a competitive return in the form of increases in share price and the distribution of dividends. In line with the Group's dividend policy, DnB NOR intends to distribute approximately 50 per cent of annual profits as dividends, provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of normalised write-downs on loans, a normalised tax rate, changes in external parameters and the need for capital.

DnB NOR achieved earnings per share of NOK 11.08 in 2007. The Board of Directors has proposed a dividend of NOK 4.50 per share for 2007. In 2006, DnB NOR distributed a dividend of NOK 4.00 per share. The proposed dividend of NOK 4.50 per share for 2007 gives a dividend yield of 5.4 per cent, based on a share price of NOK 83 as at 31 December 2007. The proposed dividend per share implies that DnB NOR ASA will distribute a total of NOK 5 997 million in dividends for 2007. After allocations, distributable reserves total NOK 20.2 billion.

Profits for 2007 in DnB NOR ASA came to NOK 2 652 million, attributing mainly to the transfer of group contributions and dividends from subsidiaries. The Group's capital adequacy ratio as at 31 December 2007 was 9.6 per cent, with a core capital ratio of 7.2 per cent. Correspondingly, capital adequacy in DnB NOR Bank ASA was 11.9 per cent and core capital 9.0 per cent. The banking group, which includes the bank and its subsidiaries, had a capital adequacy ratio of 10.5 per cent and a core capital ratio of 7.9 per cent.

In the opinion of the Board of Directors, following allocations, DnB NOR ASA will have adequate financial strength and flexibility to provide satisfactory support to operations in subsidiaries and meet the Group's expansion requirements.

In considering the dividend proposal for 2007, the Board of Directors emphasised the Group's healthy financial performance. Furthermore, the payout ratio was considered in a long-term perspective, taking into account a normalised level of write-downs and taxes. In nominal terms, dividend payments correspond to 40 per cent of annual profits for 2007.

In connection with the finalisation of the annual accounts, the Board of Directors decided to allocate NOK 16 000 to each employee. The total allocation amounted to NOK 181 million. Importance has been placed on expressing appreciation for the excellent work carried out by the staff during a challenging year for all and for the good results that were achieved.

Oslo, 12 March 2008
The Board of Directors of DnB NOR ASA

Olav Hytta
(chairman)

Johan Nic. Vold
(vice-chairman)

Per Hoffmann

Nina Britt Husebø

Jørn O. Kvilhaug

Bent Pedersen

Trine Sæther Romuld

Ingjerd Skjeldrum

Siri Pettersen Strandenes

Bjørn Sund

Anne Carine Tanum

Rune Bjerke
(group chief executive)

Contents – annual accounts

DnB NOR Group

Notes to the accounts

DnB NOR ASA

Notes to the accounts

Income statement [1)]

			DnB NOR Group	
Amounts in NOK million	Note	2007	2006	2005
Total interest income	6	61 746	42 381	29 973
Total interest expenses	6	43 880	27 092	16 363
Net interest income	6	**17 866**	**15 289**	**13 610**
Commissions and fees receivable etc.	8	9 476	8 963	8 362
Commissions and fees payable etc.	8	2 392	2 253	2 320
Net gains on financial instruments at fair value	8, 9	3 185	3 610	2 915
Net gains on assets in Vital	8	23 883	16 131	14 379
Guaranteed returns and allocations to policyholders in Vital	8	17 005	14 584	13 111
Premium income etc. included in the risk result in Vital	8	4 249	4 314	3 925
Insurance claims etc. included in the risk result in Vital	8	8 907	4 324	3 828
Net realised gains on investment securities (AFS)	8	0	0	167
Profit from companies accounted for by the equity method	8	9	171	118
Other income	8	1 234	1 176	1 117
Net other operating income	8	**13 732**	**13 204**	**11 725**
Total income		**31 598**	**28 493**	**25 335**
Salaries and other personnel expenses	10	9 413	8 189	6 737
Other expenses	10	6 005	5 523	5 474
Depreciation and impairment of fixed and intangible assets	10	1 032	715	653
Total operating expenses	10	**16 450**	**14 427**	**12 864**
Net gains on fixed and intangible assets	13	2 481	365	775
Write-downs on loans and guarantees	14, 15	220	(258)	137
Pre-tax operating profit		**17 409**	**14 689**	**13 109**
Taxes	16	2 387	2 881	2 965
Profit from discontinuing operations after taxes		0	0	0
Profit for the year		**15 022**	**11 808**	**10 144**
Profit attributable to shareholders		14 780	11 665	10 131
Profit attributable to minority interests		242	143	13
Earnings per share (NOK) [2)]	52	11.08	8.74	7.59
Earnings per share for discontinuing operations (NOK) [2)]		0.00	0.00	0.00

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

Balance sheet [1)]

		DnB NOR Group		
		31 Dec.	31 Dec.	31 Dec.
Amounts in NOK million	Note	2007	2006	2005
Assets				
Cash and deposits with central banks	18	9 816	11 453	21 229
Lending to and deposits with credit institutions	18, 19, 21, 22	64 379	71 091	40 854
Lending to customers	18, 20, 21, 22	970 504	827 947	697 579
Commercial paper and bonds	18, 25	177 602	172 040	145 475
Shareholdings	18, 26, 27	48 682	51 393	35 980
Financial assets, customers bearing the risk	18, 28	19 868	18 840	13 136
Financial derivatives	18, 47	65 933	57 999	33 913
Shareholdings, available for sale	18	0	0	0
Commercial paper and bonds, held to maturity	18, 29	59 641	62 444	52 587
Investment property	30	33 078	25 816	23 143
Investments in associated companies	31	1 435	1 515	1 402
Intangible assets	32	7 742	6 471	6 042
Deferred tax assets	16	136	38	52
Fixed assets	34	3 496	5 478	5 120
Biological assets		0	0	0
Discontinuing operations		225	27	27
Other assets		11 382	7 691	4 889
Total assets		**1 473 919**	**1 320 242**	**1 081 428**
Liabilities and equity				
Loans and deposits from credit institutions	18, 35	144 198	124 372	108 056
Deposits from customers	18, 36	538 151	474 526	410 991
Financial derivatives	18, 47	62 741	58 812	31 845
Securities issued	18, 37	371 784	326 806	236 631
Insurance liabilities, customers bearing the risk	28, 49	19 868	18 840	13 136
Liabilities to life insurance policyholders	49	191 626	188 096	174 675
Payable taxes		1 431	4 091	943
Deferred taxes	16	1 994	730	1 759
Other liabilities	40	27 717	18 812	14 333
Discontinuing operations		0	0	0
Provisions	18, 39	5 207	4 768	4 594
Subordinated loan capital	18, 38	33 226	33 977	26 112
Total liabilities		**1 397 944**	**1 253 829**	**1 023 075**
Minority interests		2 662	2 201	946
Revaluation reserve		0	0	0
Share capital		13 327	13 341	13 369
Other reserves and retained earnings		59 987	50 870	44 038
Total equity		**75 976**	**66 413**	**58 353**
Total liabilities and equity		**1 473 919**	**1 320 242**	**1 081 428**
Off-balance sheet transactions and contingencies	54			

1) *See note 5 for a specification of balance sheet items in Vital. See note 17 for a classification of financial instruments.*

Statement of changes in equity

DnB NOR Group

Amounts in NOK million	Minority interests [1]	Revalu- ation reserve	Share capital	Share premium reserve [2]	Other equity [1] [3]	Total other reserves and retained earnings	Total equity [1]
Balance sheet as at 31 December 2005	**946**	**0**	**13 369**	**11 963**	**32 075**	**44 038**	**58 353**
Net change in currency translation reserve	44				32	32	76
Profit for the period	143				11 665	11 665	11 808
Net income for the period	187				11 698	11 698	11 884
Dividends 2005					(4 680)	(4 680)	(4 680)
Own shares			(28)		(184)	(184)	(212)
Minority interests DnB NORD	1 071				0		1 071
Other minority interests	(3)				(1)	(1)	(4)
Balance sheet as at 31 December 2006	**2 201**	**0**	**13 341**	**11 963**	**38 907**	**50 870**	**66 413**
Net change in currency translation reserve	(72)				(231)	(231)	(303)
Profit for the period	242				14 780	14 780	15 022
Net income for the period	171				14 549	14 549	14 719
Dividends 2006					(5 336)	(5 336)	(5 336)
Redemption of shares			(14)	(267)	173	(94)	(108)
Minority interests DnB NORD	261						261
Other minority interests	30						30
Balance sheet as at 31 December 2007	**2 662**	**0**	**13 327**	**11 697**	**48 290**	**59 987**	**75 976**

1) *Of which currency translation reserve:*

	Minority interests	Other equity	Total equity
Balance sheet as at 31 December 2005	*0*	*(76)*	*(76)*
Net change in currency translation reserve	*44*	*32*	*76*
Balance sheet as at 31 December 2006	*44*	*(44)*	*0*
Net change in currency translation reserve	*(72)*	*(231)*	*(303)*
Balance sheet as at 31 December 2007	*(28)*	*(275)*	*(303)*

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

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

The Board of Directors of DnB NOR ASA has proposed a dividend of NOK 4.50 per share for 2007, which will entail payments totalling NOK 5 997 million. Earnings per share in 2007 were NOK 11.08.

Cash flow statement

Amounts in NOK million	DnB NOR Group 2007	2006	2005
Operations			
Net payments on loans to customers	(147 421)	(135 673)	(86 045)
Net receipts on deposits from customers	65 651	66 315	45 478
Interest received from customers	50 211	40 136	25 572
Interest paid to customers	(17 733)	(9 065)	(6 421)
Net receipts/payments on the sale/acquisition of financial assets for investment or trading	22 440	(33 948)	(22 547)
Net receipts on commissions and fees	7 118	9 243	8 689
Payments to operations	(17 794)	(15 726)	(14 918)
Taxes paid	(3 980)	(613)	(1 848)
Receipts on premiums	13 295	17 442	17 803
Net receipts/payments on premium reserve transfers	(1 937)	(2 209)	1 704
Payments of insurance settlements	(19 621)	(11 942)	(8 017)
Other receipts	1 213	1 107	1 078
Net cash flow relating to operations	**(48 560)**	**(74 932)**	**(39 472)**
Investment activity			
Net receipts/payments on the sale/acquisition of fixed assets	3 087	(932)	(242)
Receipts on the sale of long-term investments in shares	9	212	1 291
Payments on the acquisition of long-term investments in shares	(4 080)	(167)	(1 349)
Dividends received on long-term investments in shares	248	115	59
Net cash flow relating to investment activity	**(736)**	**(771)**	**(241)**
Funding activity			
Net receipts/payments on loans to/from credit institutions	23 278	(8 215)	19 543
Net receipts/payments on other short-term liabilities	(10 622)	(2 786)	2 463
Net receipts on the issue of bonds and commercial paper [1)]	58 281	95 281	37 685
Issue of subordinated loan capital	5 581	10 302	1 594
Redemptions of subordinated loan capital	(4 017)	(2 433)	(952)
Repurchase of own shares/share issue	(108)	(212)	320
Dividend payments	(5 336)	(4 680)	(3 410)
Net interest payments on funding activity	(20 420)	(17 674)	(7 413)
Net cash flow from funding activity	**46 637**	**69 583**	**49 830**
Net cash flow	**(2 659)**	**(6 120)**	**10 116**
Cash as at 1 January	18 594	24 714	14 597
Net payments of cash	(2 659)	(6 120)	10 116
Cash as at 31 December [*)]	15 935	18 594	24 714
**) Of which: Cash and deposits with central banks*	*9 816*	*11 453*	*21 229*
Deposits with credit institutions with no agreed period of notice [2)]	*6 119*	*7 141*	*3 484*

1) A significant share of the Group's operations was funded by issuing bonds and commercial paper in 2005, 2006 and 2007.
2) Recorded under "Lending to and deposits with credit institutions" in the balance sheet.

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

Key figures

	DnB NOR Group 2007	2006	2005
Interest rate analysis			
1. Average combined spread for lending and deposits (%)	2.14	2.10	2.19
2. Spread for ordinary lending to customers (%)	1.09	1.28	1.49
3. Spread for deposits from customers (%)	1.05	0.82	0.70
Rate of return/profitability			
4. Net other operating income, per cent of total income	43.5	46.3	46.3
5. Cost/income ratio (%)	50.6	50.1	50.2
6. Return on equity (%)	22.0	19.5	18.8
7. RARORAC (%)	21.6	22.0	24.1
8. RORAC (%)	32.0	28.4	30.9
9. Average equity including allocated dividend (NOK million)	67 063	59 862	53 111
10. Return on average risk-weighted volume (%)	1.66	1.50	1.58
Financial strength			
11. Core (Tier 1) capital ratio at end of period (%)	7.2	6.7	7.4
12. Capital adequacy ratio at end of period (%)	9.6	10.0	10.2
13. Core capital at end of period (NOK million)	71 392	59 054	52 523
14. Risk-weighted volume at end of period (NOK million)	991 455	880 292	714 039
Loan portfolio and write-downs			
15. Write-downs relative to net lending to customers (%)	0.02	(0.03)	0.02
16. Net non-performing and impaired commitments, per cent of net lending	0.42	0.45	0.63
17. Net non-performing and impaired commitments at end of period (NOK million)	4 174	3 800	4 751
Liquidity			
18. Ratio of customer deposits to net customer lending at end of period (%)	55.5	57.3	58.9
Total assets owned or managed by DnB NOR			
19. Assets under management at end of period (NOK billion)	572	575	567
20. Total combined assets at end of period (NOK billion)	1 834	1 688	1 459
21. Average total assets (NOK billion)	1 412	1 209	1 002
22. Customer savings at end of period (NOK billion)	1 111	1 052	982
Staff			
23. Number of full-time positions at end of period	13 455	11 824	11 334
The DnB NOR share			
24. Number of shares at end of period (1 000)	1 332 654	1 334 089	1 336 875
25. Average number of shares (1 000)	1 333 402	1 335 449	1 334 474
26. Earnings per share (NOK)	11.08	8.74	7.59
27. Dividend per share (NOK) [1)]	4.50	4.00	3.50
28. Total shareholders' return (%)	(1.7)	27.8	25.3
29. Dividend yield (%)	5.42	4.52	4.86
30. Equity per share including allocated dividend at end of period (NOK)	55.01	48.13	42.94
31. Share price at end of period (NOK)	83.00	88.50	72.00
32. Price/earnings ratio	7.49	10.13	9.49
33. Price/book value	1.51	1.84	1.68
34. Market capitalisation (NOK billion)	110.6	118.1	96.3

1) Proposed dividend for 2007.

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 exclusive of allocations to employees.
6	Profit for the period, excluding profit attributable to minority interests, adjusted for the period’s change in fair value recognised in equity. Average equity is calculated on the basis of recorded equity excluding minority interests.
7	RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital) is defined as risk-adjusted profits relative to risk-adjusted capital requirements. Risk-adjusted profits indicate the level of profits in a normalised situation. The risk-adjusted capital requirement is described in further detail in the chapter "Management in DnB NOR".
8	RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirements. Profits for the period are exclusive of profits attributable to minority interests and are adjusted for the period’s change in fair value recognised directly in equity and for the difference between recorded interest on average equity and interest on risk-adjusted capital.
10	Profit for the period relative to average risk-weighted volume.
19	Total assets under management for customers in Life and Asset Management.
20	Total assets and assets under management.
22	Total deposits from customers, assets under management and equity-linked bonds.
24	Number of shares in 2006 are excluding the 2 786 000 own shares repurchased in accordance with the authorisation issued by DnB NOR's General Meeting.
26	Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
28	Closing price at end of period less closing price at beginning of period, including dividends reinvested in DnB NOR shares on the dividend payment date, relative to closing price at beginning of period.
30	Equity at end of period excluding minority interests relative to the number of shares at end of period.
31	Closing price at end of period relative to annualised earnings per share.
33	Closing price at end of period relative to recorded equity at end of period.
34	Number of shares multiplied by closing price at end of period.

Note 1 Accounting principles

CONTENTS

1. BASIS FOR PREPARING THE ACCOUNTS

DnB NOR has prepared consolidated accounts for 2007 in accordance with IFRS, International Financial Reporting Standards as approved by the EU.

The consolidated accounts are based on the historic cost principle, with the following modifications: financial assets available for sale, financial assets and liabilities (including financial derivatives) carried at fair value through profit or loss and investment property.

IFRS 8 – Operating Segments – enters into force on 1 January 2009. IFRS 8 replaces IAS 14. The new standard focuses more on management's internal supervision of operations. The Group will take IFRS 8 into use as from 1 January 2009. The anticipated implications of using the standard are under review, though no significant changes are expected in the number of segments and in segment reporting.

IFRS 2 – Share-based Payment – was issued by the IASB in the fourth quarter of 2006. The standard enters into force on 1 January 2009, and DnB NOR has not introduced the standard in the 2007 accounts.

Other international accounting standards and interpretations which have not yet entered into force and for which the Group has not chosen early implementation, are not expected to have any material impact on the consolidated accounts.

2. CHANGES IN ACCOUNTING PRINCIPLES

As a general rule all income and expenses should be recorded as profit and loss items, apart from the effect of changes in accounting principles.

When a fundamental accounting reform or changes in accounting principles are implemented, previous years' figures should be restated to facilitate comparison.

If items in the accounts are reclassified, comparable figures should be prepared and shown in the accounts.

If two merging parties have used different accounting principles, the harmonisation to uniform principles should be carried as ordinary items. Previous years' figures are not restated in the accounts, though pro forma figures are prepared and shown as additional information.

3. COMPARISON FIGURES

Comparison figures have not been restated to reflect the acquisitions of BISE Bank, Svensk Fastighetsförmedling and SalusAnsvar.

4. ESTIMATES

When preparing the consolidated accounts, management makes assessments and estimates and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. Note 2 gives a description of important estimates and assumptions. Cf. also note 3 Changes in group structure.

5. CONSOLIDATION

The consolidated accounts for DnB NOR ASA ("DnB NOR") include DnB NOR Bank ASA, Vital Forsikring ASA, DnB NOR Kapitalforvaltning Holding AS and Vital Skade AS including subsidiaries and associated companies.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and associated companies.

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

Insurance operations

Vital Forsikring ASA including subsidiaries, hereinafter referred to as Vital, are fully consolidated in the DnB NOR Group's accounts and shown as part of the Life and Asset Management business area.

Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by the Norwegian Ministry of Finance, see note 5 Life and Asset Management. Life insurance operations are incorporated in the DnB NOR Group's accounts according to the same principles that apply to the rest of the Group. Total assets in Vital, belonging to both policyholders and the owner, are shown on the respective line items in the Group's balance sheet.

Other subsidiaries and associated companies

Subsidiaries are defined as companies in which DnB NOR has control, directly or indirectly, through ownership or other means and a holding of more than 50 per cent of the voting share capital or primary capital. DnB NOR recognises the existence of de facto control, but generally assumes to have control when holding more than 50 per cent of the voting share capital or primary capital in another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries that are sold are consolidated up till the time risk and control are transferred.

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

Conversion of transactions in foreign currency

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

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

Business combinations

Business combinations are recorded according to IFRS 3 - Business Combinations. The purchase method is applied for acquisitions of operations. Cost is measured at fair value of the consideration, taking account of any equity instruments issued in addition to any direct costs relating to the transaction. Possible share issue expenses are not included in cost, but deducted from equity.

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

In connection with acquisitions of less than 100 per cent of assets, 100 per cent of excess fair value is recorded in the balance sheet, with the exception of goodwill, where only DnB NOR's share is included.

6. RECOGNITION OF ASSETS AND LIABILITIES

Assets and liabilities are recorded in the balance sheet of the DnB NOR Group at the time the Group assumes actual control of the rights to the assets and takes on a real commitment.

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

7. FINANCIAL INSTRUMENTS

Classification of financial instruments

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

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

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

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

Guidelines for classification in the various portfolios of the DnB NOR Group are given below.

Financial assets and liabilities in the trading portfolio

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

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

Financial assets and liabilities designated as at fair value with changes in value recognised in profit or loss

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

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

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

Held-to-maturity investments carried at amortised cost
Securities held to maturity are carried at amortised cost. Bonds held to maturity within life insurance are also included in this category.

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

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

Measurement

Initial recognition of financial instruments
Financial instruments are measured at fair value on the trading date.

Subsequent measurement

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

Financial instruments for which offsetting market risks can be identified with a reasonable degree of probability, are recorded at mid-market prices on the balance sheet date. Listed financial equity instruments covering insurance obligations are measured at the most recent listed transaction price. Other financial assets and liabilities are measured at bid or asking prices respectively.

Instruments traded in an active market
Most of the DnB NOR Group's financial derivatives, e.g. forward currency contracts, forward rate agreements (FRAs), interest rate options, currency options, interest rate swaps and interest rate futures, are traded in an active market. In addition, some investments in equities and commercial paper and bonds are traded in active markets.

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

Instruments not traded in an active market
Financial instruments not traded in an active market are valued according to different valuation techniques. When valuing ordinary, straightforward financial instruments, the Group uses recognised models with inputs from observable markets. For more complex products, valuation techniques that as far as possible are based on market information are used. When applying such valuation techniques, the value is adjusted for, e.g., credit risk and liquidity risk.

Financial instruments in the DnB NOR Group not traded in an active market mainly include the portfolios of fixed-rate loans, deposits and borrowings defined as assets measured at fair value, certain non-standardised derivative contracts, investments in unlisted shares, loans in the trading portfolio, financial guarantees and structured products. Financial guarantee contracts issued are initially measured at fair value. Subsequently, financial guarantees are recorded at the higher of the initial fair value adjusted for any cumulative amortisation of commissions and the implicit liability in the contract.

The fair value of the portfolios of fixed-rate loans, deposits and borrowings defined as assets measured at fair value is estimated at the value of contractual cash flows discounted by the market rate including a credit risk margin on the balance sheet date.

When valuing non-standardised derivative contracts, such as OTC options (over-the-counter) and unlisted instruments, a theoretical price is set based on market inputs.

Products consisting of different elements, e.g. deposits, securities and financial derivatives, so-called structured products, mainly include equity-linked bank deposits and index-linked bonds. All elements in the products are recorded at aggregate fair value. There is an insignificant volume of other structured products.

Investments in equities and mutual funds traded in non-active markets are measured at fair value, taking the following aspects into account:

- Price at the time of the last capital increase or transaction between independent parties, adjusted for any changes in market conditions since the time of the capital increase/transaction
- Valuations made previously in connection with a possible business combination, adjusted for any changes in market conditions since the time of the business combination
- Fair value based on the expected future cash flow of the investment, provided that the investment has low liquidity

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

<u>Impairment of financial assets</u>

Individual write-downs
If objective evidence of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the internal rate of return on the loan. The internal rate of return used is the internal rate of return on the loan prior to the identification of objective evidence of impairment, adjusted for changes in market rates up to the measurement date. The internal rate of return used for discounting is not adjusted to reflect changes in the credit risk and terms of the loan due to objective evidence of impairment being identified.

Objective evidence of a decrease in value of loans includes serious financial problems on the part of the debtor, non-payment or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other special circumstances that have occurred.

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

Group write-downs

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

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

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

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

Interest calculated according to the internal rate of return method on the written-down value of the loan is included in "Net interest income".

Presentation in the balance sheet and income statement

Lending

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

Interest income on instruments classified as lending are included in "Net interest income" using the internal rate of return method, irrespective of measurement principle. The method is described in the section on amortised cost.

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

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

Commercial paper and bonds

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

Changes in value of commercial paper and bonds within life insurance are recorded under "Net gains on assets in Vital".

Interest income and expenses on other portfolios of commercial paper and bonds are included in "Net interest income" using the internal rate of return method. The method is described in more detail in the section on amortised cost. Other changes in value are recorded under "Net gains on financial instruments at fair value" in the income statement.

Shareholdings

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

Changes in value of shareholdings within life insurance are recorded under "Net gains on assets in Vital".

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

Financial assets, customers bearing the risk

This category includes financial instruments from units offering products with a choice of investment profile (unit linked). For such assets, the customers carry the financial risk. Changes in value of financial assets for such assets are recorded under "Net gains on assets in Vital".

Financial derivatives

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

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

Changes in value of derivatives within life insurance are recorded under "Net gains on assets in Vital".

Interest income and expenses on other financial derivatives are included in "Net interest income" using the internal rate of return method. The method is described in more detail in the section on amortised cost. Other changes in value are recorded under "Net gains on financial instruments at fair value".

Shareholdings available for sale

Unrealised changes in value in the available-for-sale portfolio are recorded against equity. If there is objective evidence of a decrease in value on the balance sheet date for available-for-sale assets, the write-down is recognised in the income statement. When realised, such gains or losses are recorded under "Net realised gains on investment securities (AFS)".

As at 31 December 2006 and 2007, none of the Group's shareholdings were classified as available for sale.

Commercial paper and bonds, held to maturity

The portfolio consists of long-term securities in life insurance which the Group both intends and is able to hold to maturity.

Changes in value of such instruments are recorded under "Net gains on assets in Vital".

Loans and deposits from credit institutions and deposits from customers

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

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

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

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

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

Loan commitments are classified as financial liabilities if the commitments can be settled net in cash or by issuing another financial instrument or if the Group has a commitment to provide a loan at a below-market interest rate. The Group had no such loan commitments as at 31 December 2007.

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

Hedge accounting and interest rate risk management

The Group's portfolios of fixed-rate loans, deposits and borrowings make it necessary to manage and hedge interest rate risk. The chosen measurement principles under IFRS reflect internal management. In the accounts, the Group applies both fair value hedging and defines financial assets and liabilities as assets and liabilities designated as at fair value with changes in value recognised in profit or loss. The Group's classification of its fixed-rate portfolios depends on whether the instruments are issued in Norwegian kroner or foreign currency. The portfolios of fixed-rate loans in Norwegian kroner, securities issued in Norwegian kroner and fixed-rate deposits in Norwegian kroner are carried at fair value with changes in value recognised in profit or loss. Long-term borrowings and deposits in foreign currencies are hedged for interest rate risk on an individual basis. When instruments are hedged on an individual basis, there is a clear, direct and documented correlation between changes in the value of the currency loan (hedged item) and changes in the value of the financial derivative (hedging instrument).

Upon entering into the hedge relationship, the correlation between the hedged item and the hedging instrument is documented. In addition, the goal and strategy underlying the hedging transaction are documented. Correlations are verified in the form of a test of hedge effectiveness at the beginning and end of the relevant period. Hedging instruments are recorded at fair value and included under "Net gains on financial instruments at fair value" in the income statement. In cases where adequate effectiveness between the hedged item and the hedging instrument is documented, the change in fair value attributable to interest rate risk will be recorded as an addition to or deduction from financial liabilities. The change in value will be included under "Net gains on financial instruments at fair value" in the income statement. If the hedge relationship ceases or adequate hedge effectiveness cannot be verified, the change in value of the hedged item during the period is amortised over the remaining maturity.

In addition to hedging of individual instruments, derivatives are used for financial hedging purposes. Such derivatives are carried at fair value with changes in value recognised in profit or loss.

Use of the above principles for group items involving interest rate risk will ensure that the overall presentation of such items in DnB NOR's accounts is consistent with the Group's interest rate management and actual financial performance.

8. ACCRUAL ACCOUNTING OF INTEREST AND FEES

Interest and commissions are included in the income statement when earned as income or incurred as expenses. Unrealised gains and losses on interest rate hedges in connection with changes in market rates on fixed-rate deposits and borrowings in foreign currencies are recorded under "Net interest income".

Fees that represent direct payment for services rendered are recognised as income upon payment. Fees for the establishment of loan agreements are included in cash flows when calculating amortised cost and recorded under "Net interest income" using the internal rate of return method. Fees that are included when establishing financial guarantees are included in the valuation and recorded over the term of the contract under "Net gains on financial instruments at fair value".

9. RECORDING OF INTEREST

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

10. LEASING

Finance leases are agreements which basically transfer all risk and returns associated with the leasing object to the lessee. Such leases are classified as lending and recorded at amortised cost. Leasing income is recorded according to the annuity method, where the interest component is recorded under "Net interest income" while instalments reduce the balance sheet value of lending.

Upon the sale of leasing objects, gains or losses will regularly occur. The net present value of expected future net sales gains is recorded as lending in the balance sheet. Realised gains and changes in value of future sales gains are included in "Net interest income".

Operational leases are agreements where DnB NOR offers the lessee a guaranteed residual value at the end of the lease period. Operating assets are recorded as machinery, fixtures and fittings and means of transport. Depreciation in the accounts is based on the annuity method and classified as ordinary depreciation.

11. INVESTMENT PROPERTY, OWN BUILDINGS AND OTHER FIXED ASSETS

Investment property

The Group owns both investment property and buildings acquired for own use. Buildings acquired for rental to tenants outside the Group are classified as investment property. Multi-purpose buildings are classified partly as investment property and partly as own buildings provided that the building can be divided into sections that can be sold separately. If the building cannot be divided, it is classified as a building for own use unless the own use is only for an insignificant portion of the property.

Investment properties are measured initially at cost and thereafter at fair value on the balance sheet date. No annual depreciation is made on investment property. Internal and external expertise is used for valuations. Changes in value of investment property excluding property managed by Vital are recorded under "Other income" in the income statement. Changes in value of investment property within life insurance are recorded under "Net gains on assets at fair value in Vital".

Buildings for own use

Buildings acquired for own use are classified as fixed assets. Properties are recorded at cost less accumulated depreciation and write-downs.

Buildings for own use which the Group intends to sell, are reclassified as "Discontinuing operations". Recorded value is the lower of cost and recoverable amount.

Other fixed assets

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

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

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

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

12. INTANGIBLE ASSETS

Goodwill

Recognised goodwill is not depreciated. An assessment of objective evidence of impairment is made on each reporting date. See note 33. If such evidence exists, an impairment test is implemented. An annual impairment test is made for all cash-generating units for goodwill to verify whether fair values exceeds recorded values. The choice of cash-generating unit is based on where it is possible to identify and separate cash flows relating to operations. A cash-generating unit may include goodwill from several transactions, and the impairment test is carried out on the unit's total recorded goodwill. Future cash flows are based on historical results and available budgets and plan figures approved by management. Beyond the plan period, which in most cases is three years, cash flow trends are assumed to reflect the general expected economic growth rate for the type of operations carried out by the cash-generating unit.

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

IT systems and software

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

13. IMPAIRMENT ASSESSMENT OF FIXED AND INTANGIBLE ASSETS

On each reporting date, fixed and intangible assets are reviewed to look for indications of a decrease in value. If there is any indication of impairment, the recoverable amount of the asset is calculated. The recoverable amount represents the higher of an asset's fair value less costs to sell and its value in use. If the asset's recorded value exceeds the estimated recoverable amount, the asset is immediately written down to its recoverable amount. See note 33 for a description of impairment testing.

14. PENSIONS

Defined-benefit occupational pension schemes

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

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

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

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

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

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

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

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

The Group's life insurance company, Vital Forsikring ASA, largely administers the Group's pension schemes in Norway. No eliminations are made with respect to the Group's pension commitments and pension funds or for pension expenses and premium income in the income statement.

Defined-contribution occupational pension schemes

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

15. INCOME TAX

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

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

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

Tax group

DnB NOR's tax group consists of the parent company DnB NOR ASA and Norwegian subsidiaries where DnB NOR owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings.

16. LIABILITIES TO POLICYHOLDERS

Insurance obligations are recorded in accordance with IFRS 4 - Insurance Contracts.

Classification of contracts

Contracts where insurance risk represents a significant share of overall risk associated with the product, are defined as insurance contracts in the accounts. Contracts that are not defined as insurance contracts should be classified as investment contracts and follow the rules for such contracts. Derivatives embedded in products that meet the requirements for insurance contracts, are not separated or evaluated individually.

Products offered by Vital include group pension insurance, group association insurance, individual endowment insurance, individual annuity and pension insurance, products with a choice of investment profile (unit linked) and group life insurance. All of these products were defined as insurance contracts as at 31 December 2007.

Classification of liabilities to policyholders

Liabilities to policyholders in Vital comprise the insurance fund, the securities adjustment reserve and the security reserve. The insurance fund includes the premium reserve, additional allocations, the premium fund, the pension adjustment fund, the claims reserve and other technical reserves.

The premium reserve is a reserve required to secure future insurance liabilities to policyholders. The premium reserve represents the cash value of the company's total insurance liabilities including costs, less the cash value of future agreed premiums. The calculation of the premium reserve is based on the same assumptions as those used to calculate the premium for individual insurance contracts, i.e. the same assumptions about mortality and disability rates, basic rate of return and cost levels.

Additional allocations are a conditional allocation to policyholders where changes during the year are recognised in the income statement and thus affect annual profits for distribution. The allocations can be used if the annual return is lower than the guaranteed return.

The premium fund contains premiums prepaid by policyholders within individual and group pension insurance.

The pension adjustment fund consists of payments from policyholders within group pension insurance. The fund can be used to strengthen the premium reserve for pensioners in connection with adjustments in pension payments.

The securities adjustment reserve consists of net unrealised gains on financial assets, with the exception of gains on bonds held to maturity. If there is a net unrealised loss in the portfolio, the loss is recorded as expenses related to financial assets. The securities adjustment reserve is in its entirety recorded under liabilities in the accounts.

Classification of insurance liabilities, customers bearing the risk

Insurance liabilities for which customers bear the risk represent the market value of invested customer funds in products with a choice of investment profile which are managed by and allocated to each customer.

Product survey, insurance contracts

- Group pension insurance: Legislation on occupational pensions and defined-contribution pensions regulates tax-favoured private occupational pension insurance schemes. Occupational pension schemes may include retirement pensions, disability pensions and pensions for spouses and dependent children. Defined-contribution pensions include only retirement pension capital.
- Group association insurance: Pension insurance contracts previously entered into by professional associations for specific groups of members. No new contracts are being signed, neither for associations nor for members.
- Individual life insurance: Insurance contracts with private individuals, where the company pays an agreed sum on the death of the policyholder. May include a savings element, whereby the capital saved is also paid upon death or at the end of the agreed policy term. May also include payment of a lump sum in the event of permanent disability.

- Individual insurance contracts where the company makes monthly payments as long as a person lives or until a certain age is reached. Comprises retirement pensions, disability pensions and pensions for spouses and dependent children.
- Products with a choice of investments profile: life insurance products where policyholders decide how to distribute funds between various investment alternatives.
- Group life insurance: death risk insurance under which an employer or professional association insures employees or members and, where agreed, their spouses and children. The insured amount is paid as a lump sum upon the death of the insured. May also include the payment of a capital sum on disability.

Assessment of liabilities to policyholders

Liabilities should be in reasonable proportion to the associated risk. This is ensured through continual monitoring of existing contracts. Furthermore, all premium rates prepared by the company shall be reported to Kredittilsynet (the Financial Supervisory Authority of Norway), which has overall responsibility for controlling that adequate premiums are applied. Prevailing premium rates are continually reviewed at company and industry level.

With respect to group pensions, the industry uses a common calculation base from 2005 when working out premium rates for risk associated with life expectancy. The Group is currently in dialogue with Kredittilsynet regarding the financing of greater allocations resulting from higher life expectancy.

The basis for calculating disability risk is more recent, taking account of the increase in disability registered in society at large. The company took new premium rates for group disability pension into use in 2005. New premium rates were introduced for municipal schemes as of 1 January 2004.

For existing contracts within individual annuity and pension insurance and individual endowment insurance, the basis of calculation used for large parts of the portfolio dates further back. For new contracts, the basis of calculation is adapted to more recent experience material.

The base rate is used to calculate the present value of future premiums, payments and insurance provisions. The maximum base rate is stipulated by Kredittilsynet, based on the yield on long-term government bonds. The maximum base rate for new contracts signed after 1 January 2006 is 2.75 per cent. For contracts signed prior to 1 January 2006, the base rate is generally between 3 and 4 per cent.

Adequacy test

In accordance with IFRS 4, the company carries out an annual adequacy test to assess whether its premium reserves are adequate to cover its liabilities to policyholders. The test is described in more detail in Note 48 Insurance risk.

Recording of changes in liabilities to policyholders

Insurance premiums and insurance settlements are recorded by the amounts falling due during the year. Accrual of premiums earned takes place through allocations to the premium reserve in the insurance fund.

Insurance contracts transferred from other companies are recognised at the time the insurance risk is taken over. If the risk is transferred as at 31 December, it is reflected in the accounts for the subsequent year. Transfer amounts include the policies' shares of additional allocations, the securities adjustment reserve and profits for the year.

The item "Net gains on assets in Vital" includes returns and gains less all losses, adjusted for allocations to or elimination of the securities adjustment reserve.

The item "Guaranteed returns and allocations to policyholders in Vital" includes the company's guaranteed rate of return on policyholders' funds plus policyholders' share of profits including transfers to additional allocations.

Premium income and insurance settlements comprise the elements used as a basis for calculating the risk result. The share of payments from policyholders allocated to the insurance funds is recorded in the balance sheet.

Administrative expenses are charged to policyholders through premium payments, returns and the dissolution of reserves. Total charges for policyholders are included in "Commissions and fees receivable etc.". Operating expenses and commission income are recorded in the group accounts according to type.

17. SEGMENTS

The income statement and balance sheets for segments have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Group into business areas. Figures for the business areas are based on DnB NOR's management model and the Group's accounting principles. The figures are based on a number of assumptions, estimates and discretionary distribution. See note 4 Segments.

The operational structure of DnB NOR includes four business areas and four staff and support units. DnB NORD is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the Group, as well as the products offered.

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

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

When business areas cooperate on the delivery of financial services to customers, internal deliveries are based on market prices or simulated market prices according to special agreements. In certain cases where it is particularly difficult to find relevant principles and prices for the distribution of items between two cooperating business areas, DnB NOR has chosen to show net contributions from each transaction in both business areas. The impact on profits is eliminated at group level.

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

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

Return on capital is estimated on the basis of official requirements in accordance with regulations issued by Kredittilsynet, with the exception of Vital and DnB NOR Asset Management, where calculations are based on recorded equity.

In addition, return on risk-adjusted capital requirements is calculated for each business area. Risk-adjusted capital requirements is a joint measure for credit risk, market risk, business risk, operational risk and ownership risk associated with life insurance operations. See further description in the section on risk and capital management.

Note 4 Segments also shows a geographic breakdown of operations, including the Baltic region and Poland, Sweden and other international units.

18. RESTRUCTURING

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

19. CASH FLOW STATEMENTS

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice.

20. EQUITY AND CAPITAL ADEQUACY

Allocations to dividends

Dividends are classified as part of equity until approved by the general meeting. Allocations to dividends are not included in capital adequacy calculations.

Minority interests

Minority interests are presented as a separate part of equity.

Capital adequacy

New capital adequacy requirements, Basel II, entered into force on 1 January 2007.

Capital adequacy calculations are subject to special consolidation rules governed by the Consolidation Regulations. Primary capital and nominal amounts used in calculating risk-weighted volume will deviate from figures in the DnB NOR Group's accounts, as associated companies which are presented in the accounts according to the equity method are included in capital adequacy calculations according to the gross method.

Valuation rules used in the statutory accounts form the basis for the consolidation. In 2007, the Norwegian regulations on the use of IFRS were implemented in the statutory accounts of the companies in the Group. According to new regulations on primary capital calculations, most items that have affected equity upon transition to the Norwegian regulations on the use of IFRS are deducted from core capital.

Note 2 Important accounting estimates and discretionary assessments

Estimates and discretionary assessments are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the present circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will rarely be fully consistent with the final outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1 Accounting principles. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. See note 33 Cash-generating units with goodwill and intangible assets with an indefinite useful life.

Income taxes

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

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group makes evaluations and applies methods and assumptions that are mainly based on market conditions existing on the balance sheet date. The Group uses discounted cash flow analysis for available-for-sale financial assets that are not traded in active markets. Fair values of liabilities included in financial guarantees are measured with the same techniques as for loans described below. See note 18 Information on fair value.

Write-downs on loans

Write-downs on loans are based on the difference between the value of the loan in the balance sheet and the discounted value of future cash flows. The discount rate applied is the internal rate of return on the loan before objective evidence of a decrease in value is identified. In principle, all cash flows on commitments should be identified and an assessment must be made as to which cash flows are at risk. Given the large number of commitments that are reviewed at both individual and group level, such estimations must be based on approximations and historical material.

Since the group write-down system does not provide access to the actual cash flows included in the relevant commitments, the discount effect for group write-downs is estimated based on historical data for individual write-downs.

The group write-down model and the factors included therein are under continuous review. During 2007, further improvements were made in two of the factors included in the calculation model. Better statistical material has caused a shift in the economic indicator, while a longer loss experience record has been taken into account. The changes took effect as from the fourth quarter of 2007.

Pension commitments

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

With effect from 31 December 2006, the Group changed the assumption concerning life expectancy in connection with the calculation of pension commitments. This has affected pension expenses for 2007, see note 10 Operating expenses.

The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities. The type of pension fund investments and historical returns determine the expected return on pension funds. In the past, the average return on pension funds has been higher than the risk-free rate of interest as part of the pension funds has normally been placed in securities with slightly higher risk than government bonds. Over the last 12 years, Norwegian life insurance companies have recorded an average excess return of 1.1 percentage points. The expected return has thus been estimated on the basis of the discount rate plus an addition reflecting past excess returns.

Other fundamental assumptions for pension commitments include annual rise in salaries, annual rise in pensions, anticipated increase in the National Insurance basic amount (G) and anticipated CPA acceptance (early retirement pension). A sensitivity analysis is shown in note 11 Pensions.

Note 2 Important accounting estimates and discretionary assessments (continued)

Valuation of properties in insurance operations

Vital's property portfolio is recorded at fair value. Vital used to value property mainly based on an internal valuation model. Preparing for the introduction of new regulations for life insurance companies as from 1 January 2008, the property portfolio was appraised by five independent appraisal companies in 2007. The appraisals resulted in a revalution of NOK 7 billion, which was recorded as income in 2007. This amount is included under 'Net gains on assets in Vital' in the income statement. The revaluations gave a rise in pre-tax operating profits for the DnB NOR Group of approximately NOK 350 million.

Measurement and classification of liabilities to policyholders

See note 1 Accounting principles, item 16 Liabilities to policyholders.

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Group will regularly be party to a number of legal actions. Any impact on the accounts will be considered in each case. See note 54.

Note 3 Changes in group structure

SalusAnsvar

DnB NOR's offer to purchase all shares in SalusAnsvar was accepted by Swedish authorities on 18 October 2007. On the acceptance closing date, 26 October, shareholders representing 94.5 per cent of the company's shares had accepted DnB NOR's offer. The acceptance deadline was extended to 9 November. As at 31 December 2007, DnB NOR had acquired 96.0 per cent of the share capital, representing 98.8 per cent of the voting shares in SalusAnsvar. DnB NOR will call for compulsory redemption of the outstanding minority shares. SalusAnsvar distributes financial products to members of Swedish professional organisations and trade unions. The company has 235 employees and approximately 540 000 customers. The acquisition will give DnB NOR access to a well-established distribution network and a large customer base in Sweden. SalusAnsvar was included in the consolidated accounts with effect from 31 December 2007. Thus, profit and loss items from the acquired company are not included in DnB NOR's consolidated accounts for 2007. If the acquisition had taken place with effect from 1 January 2007, the Group's operating income would have risen by NOK 135 million while profit for the year would have declined by NOK 16 million.

The total cost price, including transaction costs, was SEK 729 million. The transaction costs totalled SEK 9 million and mainly represented fees to advisers and commissions relating to the share purchases. No excess values were identified relating to recorded assets and liabilities. In connection with the acquisition, a due diligence was undertaken of SalusAnsvar to identify any additional intangible assets and commitments. The value of customer contracts and customer relations is estimated at SEK 250 million. These assets are expected to have a useful life of six years and are depreciated over this period according to the straight-line principle. Deferred taxes on intangible assets totalled SEK 70 million. Other excess values are classified as goodwill and represent the value of greater distribution power in the Swedish retail and corporate markets. Goodwill will be subject to annual impairment testing.

Preliminary acquisition analysis SalusAnsvar *Amounts in SEK million*	**DnB NOR Group** 31 December 2007
Cost price	
Purchase of shares, 96 per cent	720
Transaction costs	9
Cost price	**729**
Excess of cost over book value	
Cost price	729
Share of equity, excl. minority interests, 96 per cent	183
Excess of cost over book value	**546**
Allocation of excess values	
Value of customer contracts and customer relations	250
Deferred taxes	70
Minority's share of excess values	7
Identified excess values	173
Goodwill	373
Excess of cost over book value	**546**

Balance sheet	**DnB NOR Group** Recorded value of SalusAnsvar on the acquisition date 31 Dec. 2007 *Amounts in SEK million*	**SalusAnsvar** Recorded value (acc. to IFRS) immediately before the acquisition date *Amounts in SEK million*	**DnB NOR Group** Recorded value of SalusAnsvar on the acquisition date 31 Dec. 2007 *Amounts in NOK million*	**SalusAnsvar** Recorded value (acc. to IFRS) immediately before the acquisition date *Amounts in NOK million*
Assets				
Lending to and deposits with credit institutions	16	16	13	13
Commercial paper and bonds	123	123	104	104
Investments in associated companies	56	56	48	48
Intangible assets	645	22	546	18
Fixed assets	23	23	20	20
Other assets	29	29	24	24
Total assets	**892**	**269**	**755**	**227**
Liabilities and equity				
Other liabilities	127	57	107	48
Equity	765	212	648	179
Total liabilities and equity	**892**	**269**	**755**	**227**

Note 3 Changes in group structure (continued)

Svensk Fastighetsförmedling

DnB NOR acquired all of the shares in the Swedish real estate brokerage chain Svensk Fastighetsförmedling AB at a total cost of SEK 443 million in the second quarter of 2007, thus making the real estate brokerage operations of DnB NOR the most extensive in the Nordic region.

The purchase was made with accounting effect from 30 June 2007 and was reflected in the Group's consolidated accounts as of this date. Profit and loss items relating to the acquired company are included in DnB NOR's consolidated accounts as of 31 December 2007, representing a net loss of NOK 8 million. If the acquisition had taken place with effect from 1 January 2007, the Group’s operating income would have risen by NOK 50 million while profit for the year would have risen by NOK 1 million.

The table below shows the calculation of the cost price and the excess of cost over book value, including the preliminary allocation of such excess values. A payment of SEK 304 million was made at the time of acquisition. The DnB NOR Group will pay an additional SEK 70 million 13 months and 25 months respectively after the acquisition. Transaction costs represent fees to advisers. Including transaction costs and discounted future payments, the total acquisition cost was SEK 443 million.

In connection with the acquisition, values of SEK 12 million representing franchise contracts and customer relations with franchisees were identified and recorded as intangible assets. These assets are expected to have a useful life of 10 years and are depreciated over this period. Any other excess of cost over book value is classified as goodwill and includes the value of greater distribution power in Sweden for the sale of housing loans and other products from the DnB NOR Group. Goodwill will be subject to annual impairment testing.

Acquisition analysis Svensk Fastighetsförmedling *Amounts in SEK million*	**DnB NOR Group** 31 December 2007
Cost price	
Cash price	304
Additional payment after 13 months	67
Additional payment after 25 months	64
Transaction costs	8
Cost price	**443**
Excess of cost over book value	
Cost price	443
Share of equity, 100 per cent	39
Excess of cost over book value	**404**
Allocation of excess values	
Value of customer contracts and customer relations	12
Deferred taxes	3
Goodwill	396
Excess of cost over book value	**404**

Balance sheet	**DnB NOR Group**	**Svensk Fastighets-förmedling**	**DnB NOR Group**	**Svensk Fastighets-förmedling**
	Recorded value of SFAB on the acquisition date 30 June 2007	Recorded value (acc. to IFRS) immediately before the acquisition date	Recorded value of SFAB on the acquisition date 30 June 2007	Recorded value (acc. to IFRS) immediately before the acquisition date
	Amounts in SEK million	*Amounts in SEK million*	*Amounts in NOK million*	*Amounts in NOK million*
Assets				
Lending to and deposits with credit institutions	17	17	15	15
Shareholdings	8	8	7	7
Intangible assets	407	0	351	0
Fixed assets	3	3	3	3
Other assets	43	43	37	37
Total assets	**479**	**71**	**413**	**61**
Liabilities and equity				
Other liabilities	35	32	31	28
Equity	443	39	382	34
Total liabilities and equity	**479**	**71**	**413**	**61**

Note 3 Changes in group structure (continued)

BISE Bank

In late 2006, DnB NOR signed an agreement to acquire 76.3 per cent of the Polish BISE Bank through its partially-owned subsidiary DnB NORD. Subsequent to this, DnB NORD has regularly purchased additional shares in the bank, bringing its holding to 98.4 per cent at end-December 2007. DnB NOR will call for compulsory redemption of the outstanding minority shares. On 1 November 2007 the company was merged with DnB NORD Polska. Profits of NOK 20.5 million relating to BISE Bank were included in the Group's income statement as at 30 September 2007. After the merger with DnB NORD Polska, profit and loss items from BISE Bank are no longer identifiable.

The total cost price including transaction costs was EUR 138 million. The transaction costs represented EUR 4 million, consisting mainly of fees to advisers and assistance in connection with the share acquisitions. No excess values were identified relating to recorded assets and liabilities. In connection with the purchase, a due diligence was undertaken of BISE Bank to identify any additional intangible assets and commitments. When making allocations for the excess of cost over book value, provisions of EUR 1 million were made for contingent liabilities relating to legal actions. The value of customer contracts and customer relations, estimated at EUR 4 million, is expected to have a useful life of 12 years and is depreciated over this period. Any other excess of cost over book value is classified as goodwill and represents the value of greater distribution power in the Polish retail and corporate markets. Goodwill will be subject to annual impairment testing.

Acquisition analysis BISE Bank	**DnB NOR Group**
Amounts in EUR million	31 December 2007
Cost price	
Purchase of shares, 98,4 per cent	134
Transaction costs	4
Cost price	**138**
Excess of cost over book value	
Cost price	138
Share of equity, 98,4 per cent	45
Excess of cost over book value	**93**
Allocation of excess values	
Provisions for contingent liabilities	(1)
Value of customer contracts and customer relations	4
Deferred taxes	1
Identified excess values	2
Goodwill 1)	90
Excess of cost over book value	**93**

1) *49 per cent of estimated goodwill, corresponding to EUR 44 million, represented NORD/LB's ownership share in DnB NORD. This amount is recorded as a reduction in minority interests and is not shown as goodwill in the accounts of the DnB NOR Group.*

Balance sheet	**DnB NOR Group** Recorded value of BISE Bank on the acquisition date 30 April 2007	**BISE Bank** Recorded value (acc. to IFRS) immediately before the acquisition date	**DnB NOR Group** Recorded value of BISE Bank on the acquisition date 30 April 2007	**BISE Bank** Recorded value (acc. to IFRS) immediately before the acquisition date
	Amounts in EUR million	*Amounts in EUR million*	*Amounts in NOK million*	*Amounts in NOK million*
Assets				
Cash and deposits with central banks	16	16	133	133
Lending to and deposits with credit institutions	108	108	879	879
Lending to customers	483	483	3 930	3 930
Commercial paper and bonds	166	166	1 352	1 352
Intangible assets	96	1	781	10
Fixed assets	32	32	258	258
Other assets	16	16	133	133
Total assets	**918**	**824**	**7 467**	**6 696**
Liabilities and equity				
Loans and deposits from credit institutions	122	122	990	990
Deposits from customers	604	604	4 911	4 911
Securities issued	14	14	116	116
Other liabilities	29	27	237	204
Subordinated loan capital	11	11	86	86
Equity	139	46	1 127	389
Total liabilities and equity	**918**	**824**	**7 467**	**6 696**

Note 3 Changes in group structure (continued)

SEB's vendor-based car financing

During the first quarter of 2007, DnB NOR entered into an agreement to acquire SEB's leasing portfolio within vendor-based car financing in Sweden. The acquisition was completed in the third quarter. The acquired portfolio totals approximately SEK 2.4 billion. In connection with the transaction, goodwill and other intangible assets totalling SEK 135 million were recorded in the balance sheet. Profits of NOK 5 million from these operations were included in the Group's income statement for 2007. If the acquisition had taken place with effect from 1 January 2007, the Group’s operating income would have risen by NOK 24 million while profit for the year would have risen by NOK 5 million.

SkandiaBanken Bilfinans

In order to further strengthen the Group's position in the Swedish market, DnB NOR has entered into an agreement to acquire SkandiaBanken Bilfinans and will thus become one of the key providers of car financing in Scandinavia. Through the purchase, the Group will take over 115 000 customer contracts, 120 employees and a total credit portfolio of approximately NOK 11 billion, equally balanced between Norway and Sweden. DnB NOR will pay a premium of just under NOK 1 billion over the company's equity.

The transaction has been approved by Norwegian and Swedish authorities, and the operations in Norway were taken over with effect from 1 February 2008. The company's operations in Sweden will be taken over by end-March 2008.

Discontinuing operations

In connection with the sale of the Group's bank buildings in Norway, gains totalling NOK 2 405 million were recorded as income in 2007.

Note 4 Segments

Business areas

The operational structure of DnB NOR includes four business areas and four staff and support units. In addition, DnB NORD is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the Group, as well as the products offered.

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

Income statement **DnB NOR Group**

	Corporate Banking and Payment Serivces		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations [1]		DnB NOR Group	
Amounts in NOK million	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External interest income	22 713	15 692	23 804	16 901	10 802	7 164	15	9	3 374	1 758	1 039	857	61 746	42 381
External interest expenses	9 813	5 456	7 733	4 019	23 156	14 591	1	3	1 332	678	1 845	2 346	43 880	27 092
Interest on allocated capital	1 537	814	641	433	189	93	90	49	154	68	(2 610)	(1 459)		
Net internal interest income	(5 242)	(3 642)	(9 056)	(5 667)	12 561	7 678	3	(11)	(940)	(392)	2 675	2 033		
Net interest income	9 195	7 408	7 655	7 649	395	344	107	45	1 255	757	(741)	(915)	17 866	15 289
Income from associated companies	2	174	2	0					0		4	(3)	9	171
Other external operating income	562	845	2 783	2 880	3 063	3 676	4 980	4 291	637	316	1 699	1 025	13 723	13 033
Other internal operating income	2 461	1 731	321	220	(169)	(114)	(413)	(443)	(6)	(6)	(2 195)	(1 388)		
Net other operating income	3 026	2 750	3 106	3 100	2 894	3 563	4 567	3 848	631	310	(491)	(367)	13 732	13 204
Operating expenses *)	3 935	3 590	6 261	6 026	1 507	1 526	2 148	1 891	1 150	642	419	36	15 418	13 712
Depreciation and impairment of fixed and intangible assets	221	114	62	50	11	11	169	81	160	85	409	374	1 032	715
Total operating expenses	4 156	3 704	6 322	6 076	1 517	1 537	2 316	1 973	1 310	728	828	410	16 450	14 427
Pre-tax operating profit before write-downs	8 064	6 454	4 439	4 673	1 772	2 370	2 357	1 920	576	339	(2 060)	(1 691)	15 148	14 066
Net gains on fixed and intangible assets	19	134	44	9	(1)		0	0	14	9	2 404	212	2 481	365
Write-downs on loans and guarantees	76	(43)	266	111	22	0			121	74	(266)	(400)	220	(258)
Pre-tax operating profit	8 006	6 632	4 218	4 571	1 748	2 370	2 357	1 920	469	274	611	(1 079)	17 409	14 689
Taxes [2]	2 242	1 857	1 181	1 280	490	664	(1 942)	(634)	88	41	328	(327)	2 387	2 881
Profit for the year	5 764	4 775	3 037	3 291	1 259	1 706	4 299	2 554	381	233	282	(752)	15 022	11 808
**) Of which group overhead*	*127*	*95*	*57*	*49*	*25*	*21*	*31*	*28*			*(240)*	*(193)*		

Note 4 Segments (continued)

Balance sheets **DnB NOR Group**

	Corporate Banking and Payment Serivces		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations		DnB NOR Group	
Amounts in NOK billion	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06
Net lending to customers 3)	476	384	443	411	19	15	0	0	61	38	(8)	(5)	991	843
Investments in associated companies	1	1	0	0			0	0	0		0	0	1	2
Assets, discontinuing operations									0			0	0	0
Other assets *)	14	8	9	10	537	510	234	225	13	8	(326)	(286)	481	476
Total assets	491	394	452	421	556	525	234	225	74	46	(333)	(291)	1 474	1 320
Assets under management							360	368					360	368
Total combined assets	491	394	452	421	556	525	594	593	74	46	(333)	(291)	1 834	1 688
Deposits from customers 3)	284	248	224	210	29	20	0		23	13	2	2	561	494
Liabilities, discontinuing operations													0	0
Other liabilities	172	116	215	197	523	501	221	213	47	31	(341)	(298)	837	760
Total liabilities	456	365	438	407	552	521	221	213	70	44	(339)	(295)	1 398	1 254
Allocated capital 4)	35	29	14	14	4	3	13	12	4	3	6	5	76	66
Total liabilities and equity	491	394	452	421	556	525	234	225	74	46	(333)	(291)	1 474	1 320
**) Of which investments in fixed and intangible assets etc.*	*2*	*1*	*1*	*0*	*0*	*0*	*1*	*2*	*1*	*0*	*0*	*0*	*5*	*3*

1) *Other operations/eliminations:*

Amounts in NOK million	*Elimination of double entries 2007*	*2006*	*Other eliminations 2007*	*2006*	*Group Centre *) 2007*	*2006*	*Total 2007*	*2006*
External interest income					*1 039*	*857*	*1 039*	*857*
External interest expenses					*1 845*	*2 346*	*1 845*	*2 346*
Interest on allocated capital					*(2 610)*	*(1 459)*	*(2 610)*	*(1 459)*
Net internal interest income	*(14)*	*(21)*	*(139)*	*(109)*	*2 828*	*2 163*	*2 675*	*2 033*
Net interest income	*(14)*	*(21)*	*(139)*	*(109)*	*(588)*	*(784)*	*(741)*	*(915)*
Income from associated companies					*4*	*(3)*	*4*	*(3)*
Other external operating income					*1 699*	*1 025*	*1 699*	*1 025*
Other internal operating income	*(1 651)*	*(1 295)*	*(300)*	*(227)*	*(244)*	*135*	*(2 195)*	*(1 388)*
Net other operating income	*(1 651)*	*(1 295)*	*(300)*	*(227)*	*1 459*	*1 156*	*(491)*	*(367)*
Operating expenses			*(421)*	*(336)*	*839*	*373*	*419*	*36*
Depreciaton and impairment of fixed and intangible assets			*0*	*0*	*409*	*374*	*409*	*374*
Total operating expenses	*0*	*0*	*(421)*	*(336)*	*1 248*	*746*	*828*	*410*
Pre-tax operating profit before write-downs	*(1 664)*	*(1 317)*	*(19)*	*0*	*(377)*	*(374)*	*(2 060)*	*(1 691)*
Net gains on fixed and intangible assets			*19*	*0*	*2 386*	*212*	*2 404*	*212*
Write-downs on loans and guarantees			*0*	*0*	*(266)*	*(400)*	*(266)*	*(400)*
Pre-tax operating profit	*(1 664)*	*(1 317)*	*0*	*0*	*2 275*	*238*	*611*	*(1 079)*

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

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

**) Group Centre - pre-tax operating profit in NOK million*	*2007*	*2006*
Net gains on fixed and intangible assets	*2 386*	*212*
Income on equities	*523*	*487*
Unallocated write-downs on loans and guarantees	*323*	*423*
Unallocated	*18*	*8*
Portfolio hedging, Treasury	*(100)*	*(298)*
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	*(211)*	*(185)*
Funding costs on goodwill	*(222)*	*(145)*
Allocation to employees	*(305)*	*(22)*
Other	*(137)*	*(243)*
Pre-tax operating profit	*2 275*	*238*

2) *A tax rate of 28 per cent is applied for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NOR Asset Management. A tax rate of 20 per cent has been used for DnB NORD with effect from the second quarter of 2007, compared with 15 per cent for previous periods while recorded taxes are applied for Vital.*

3) *Net lending to customers includes lending to credit institutions totalling NOK 20.3 billion in 2007 and NOK 14.8 billion in 2006. Customer deposits include deposits from credit institutions of NOK 22.4 billion in 2007 and NOK 19.5 billion in 2006. Deposits with and from banks are not included.*

4) *Allocated capital for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NORD is calculated as 6.5 per cent of risk-weighted volume. Recorded equity is used for Life and Asset Management.*

Note 4 Segments (continued)

Key figures														DnB NOR Group
	Corporate Banking and Payment Serivces		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations		DnB NOR Group	
Per cent	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Cost/income ratio [1]	34.0	36.5	58.8	56.5	46.1	39.3	49.6	50.7	69.5	68.2			52.1	50.6
Ratio of deposits to lending as at 31 Dec. [2]	59.6	64.7	50.5	51.2					37.2	33.9			56.6	58.6
Return on capital [3] [4]	18.6	18.2	23.5	23.6	33.0	56.8	38.1	24.6	10.6	10.5			22.0	19.5
RORAC [4] [5]	19.4	17.7	40.4	50.1	51.2	88.8	44.0	25.9	10.1	9.9			32.0	26.4
Number of full-time positions as at 31 Dec. [6] [7]	2 316	2 635	3 853	4 080	612	562	1 130	1 115	3 236	1 989	2 308	1 444	13 455	11 824

1) *Total operating expenses relative to total income.*
2) *Deposits from customers relative to net lending to customers. Customer deposits and net lending to customers include credit institutions.*
3) *Return on capital is calculated on the basis of allocated capital. Allocated capital for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NORD is calculated as 6.5 per cent of risk-weighted volume. Recorded equity is used for Life and Asset Management.*
4) *Estimated return on capital is based on profit after tax. A tax rate of 28 per cent is applied for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NOR Asset Management. A tax rate of 20 per cent has been used for DnB NORD with effect from the second quarter of 2007, compared with 15 per cent for previous periods, while recorded taxes are applied for Vital.*
5) *RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirements.*
6) *As a consequence of the reorganisation of the Group in June 2007, 405 and 444 full-time positions respectively have been transferred from Corporate Banking and Payment Services and Retail Banking to the Group Centre. As the services are repurchased, there is a limited effect on operating expenses in the business areas, and the presented figures have thus not been adjusted.*
7) *An increase of 240 full-time positions in Retail Banking resulted from the acquisition of Svensk Fastighetsförmedling AB and SalusAnsvar AB in 2007.*

Geographic areas [1]

Income statement										DnB NOR Group
	Baltic States and Poland		Sweden		Other international operations		Norway		DnB NOR Group	
Amounts in NOK million	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External interest income	3 039	1 515	970	359	4 851	3 057	52 886	37 451	61 746	42 381
External interest expenses	1 164	617	105	15	3 455	2 229	39 155	24 231	43 880	27 092
External operating income	630	321	394	355	721	426	11 988	12 102	13 732	13 204
Total external income	2 504	1 218	1 258	699	2 116	1 254	25 720	25 323	31 598	28 493

Balance sheet items										DnB NOR Group
	Baltic States and Poland		Sweden		Other international operations		Norway		DnB NOR Group	
Amounts in NOK billion	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06
Net lending to customers [2]	51	33	32	12	89	60	819	738	991	843
Total assets	62	40	38	15	119	77	1 254	1 188	1 474	1 320
Guarantees	2	1	1	1	6	4	59	48	68	55
Investments in fixed and intangible assets etc.	1	0	1	0	0	0	3	3	5	3

1) *The DnB NOR Group's international strategy is global growth in selected industries built on core competencies in the shipping, energy and seafood industries, and a strengthened position in the Nordic and Baltic regions.*
2) *Net lending to customers includes lending to credit institutions totalling NOK 20.3 billion in 2007 and NOK 14.8 billion in 2006. Customer deposits include deposits from credit institutions of NOK 22.4 billion in 2007 and NOK 19.5 billion in 2006. Deposits with and from banks are not included.*

Note 5 Life and Asset Management

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

Vital Forsikring ASA including subsidiaries, hereinafter referred to as "Vital", is fully consolidated in the DnB NOR Group's accounts. Vital's lines of business are life insurance and pension savings. Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by the Norwegian Ministry of Finance. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group's access to revenues and assets from life insurance operations. Vital Link AS and Vital Forsikring ASA merged in February 2007 with accounting effect from 1 January 2007. The tables below marked "Vital" describe the income statement and balance sheet for Vital as included in the DnB NOR Group's accounts.

Income statement	**Life and Asset Management**	
Amounts in NOK million	2007	2006
Total income	4 674	3 893
Total operating expenses	2 316	1 973
Pre-tax operating profit	2 357	1 920
Taxes	(1 942)	(634)
Profit after taxes	**4 299**	**2 554**

Key figures	**Life and Asset Management**	
	2007	2006
Assets under management at end of period (NOK billion)	593	591
Return on equity (%) 1)	38.1	24.6
RORAC (%) 2)	44.0	25.9
Cost/income ratio (%)	49.6	50.7
Number of full-time positions at end of period	1 130	1 115

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

Income statement 1)		**Vital**
Amounts in NOK million	2007	2006
Total interest income		
Total interest expenses		
Net interest income		
Commissions and fees receivable etc.	1 810	1 836
Commissions and fees payable etc.	560	673
Net gains on financial instruments at fair value		
Net gains on assets in Vital	23 824	16 117
Guaranteed returns and allocations to policyholders in Vital	17 005	14 584
Premium income etc. included in the risk result in Vital	4 249	4 314
Insurance claims etc. included in the risk result in Vital	8 907	4 324
Net realised gains on investment securities (AFS)		
Profit from companies accounted for by the equity method		
Other income		
Net other operating income	**3 411**	**2 686**
Total income	**3 411**	**2 686**
Salaries and other personnel expenses	766	690
Other expenses	595	487
Depreciation and impairment of fixed and intangible assets	164	77
Total operating expenses	**1 525**	**1 254**
Net gains on fixed and intangible assets		
Write-downs on loans and guarantees		
Pre-tax operating profit	**1 886**	**1 431**
Taxes	(2 074)	(771)
Profit from discontinuing operations after taxes		
Profit for the year 2)	**3 960**	**2 202**

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

Note 5 Life and Asset Management (continued)

2) *Breakdown of income statement*

Amounts in NOK million	*Vital 2007*	*2006*
Interest result	*15 546*	*7 094*
Risk result	*(4 658)*	*(10)*
Administration result	*(275)*	*(91)*
Transferred from security reserve	*(43)*	*(5)*
*Profit for distribution within Vital *)*	*10 570*	*6 987*
Transferred to additional allocations	*3 000*	*2 740*
Funds transferred to policyholders	*5 661*	*2 838*
+ Reversal of goodwill amortisation/write-downs	*(22)*	*22*
Pre-tax operating profit in Vital	*1 886*	*1 431*
Taxes	*(2 074)*	*(771)*
Profit for the period in Vital	*3 960*	*2 202*

**) Profits for distribution:*	*10 570*	*6 987*
Profit for operations subject to profit sharing	*10 706*	*7 007*
- funds transferred to policyholders	*5 661*	*2 838*
- funds transferred to additional allocations	*3 000*	*2 740*
- profits for allocation to the owner and taxes	*2 044*	*1 429*
Profit from operations not subject to profit sharing	*(136)*	*(20)*

Profits for allocation to the owner and taxes for life insurance operations subject to profit sharing include:
- *return on equity, subordinated loan capital and the security reserve, calculated as the company's return on capital, less accrued interest on subordinated loans and allocations to the security reserve*
- *margin on policyholders' funds*
- *margin on effective risk premium adjusted for survival risk on contracts providing sufficient profits*

According to regulations, profits for allocation to the owner and taxes cannot exceed 35 per cent of profits for operations subject to profit sharing. If this figure is negative, the entire amount should be charged to the owner. Total profits to the owner and taxes also include profits from operations not subject to profit sharing.

Note 5 Life and Asset Management (continued)

Balance sheets [1]	Vital	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Assets		
Cash and deposits with central banks		
Lending to and deposits with credit institutions	12 152	7 185
Lending to customers		
Commercial paper and bonds [2]	63 060	57 838
Shareholdings [3]	39 362	47 291
Financial assets, customers bearing the risk [4]	19 868	18 840
Financial derivatives	1 488	1 654
Commercial paper and bonds, held to maturity [5]	59 641	62 444
Investment property [6]	32 908	25 668
Investments in associated companies	19	16
Intangible assets	184	294
Deferred tax assets	1 164	185
Fixed assets	46	75
Discontinuing operations		
Other assets	2 688	2 161
Total assets	**232 579**	**223 650**
Liabilities and equity		
Loans and deposits from credit institutions		
Deposits from customers		
Financial derivatives	1 010	1 166
Securities issued		
Insurance liabilities, customers bearing the risk [4] [7]	19 868	18 840
Liabilities to life insurance policyholders [7]	191 626	188 096
Payable taxes		
Deferred taxes		
Other liabilities	6 030	3 259
Discontinuing operations		
Provisions	154	124
Subordinated loan capital	2 500	2 556
Total liabilities	**221 188**	**214 040**
Minority interests		
Revaluation reserve		
Share capital	1 321	1 310
Other reserves and retained earnings	10 070	8 300
Total equity	**11 391**	**9 610**
Total liabilities and equity	**232 579**	**223 650**

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

2) *Commercial paper and bonds in Vital totalled NOK 63 060 million as at 31 December 2007. The composition of the portfolio is shown below.*

	Vital	
Per cent	*31 Dec. 2007*	*31 Dec. 2006*
Government/government-guaranteed	*30*	*51*
Government enterprises	*0*	*1*
Local governments	*7*	*10*
Financial institutions	*28*	*28*
Other issuers/fixed-income funds	*35*	*11*
Total commercial paper and bonds	*100*	*100*
Of which listed	*52*	*77*

3) *See note 27 Investments in shares, mutual funds and PCCs for a specification of the largest investments in shares in Vital. At the beginning of 2007, shares accounted for 30 per cent of Vital's total exposure, as a proportion of total assets, including derivatives and hedge funds. At year-end, this figure had been reduced to 25 per cent, including derivatives and hedge funds. Vital's share exposure is split between Norwegian and international investments. The Norwegian portfolio consists mainly of shares listed on Oslo Børs, representing an overall risk corresponding to the Oslo Børs benchmark index. The international portfolio is generally split between different regions in accordance with the Morgan Stanley World All Index, with North America accounting for around 46 per cent, Europe 30 per cent, Asia 15 per cent and Emerging Markets 9 per cent.*

4) *See note 28 Financial assets and insurance liabilities, customers bearing the risk.*

5) *See note 29 Commercial paper and bonds, held to maturity.*

6) *See note 30 Investment properties.*

7) *See note 49 Insurance risk.*

Note 5 Life and Asset Management (continued)

Key figures		**Vital**
Per cent	2007	2006
Recorded return, excluding unrealised gains on financial instruments [1]	11.8	7.5
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds, held to maturity [1]	9.5	8.1
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets [1]	8.8	6.4
Expenses in per cent of insurance provisions	1.02	1.00
Capital adequacy ratio at end of period [2) 3)]	9.7	9.8
Core capital ratio at end of period [2) 3)]	7.6	7.4
Policyholders' funds from products with guaranteed returns at end of period (NOK billion)	192	188
Policyholders' funds from products with a choice of investment profile at end of period (NOK billion)	20	19
Solvency margin capital in per cent of requirement at end of period [2) 3) 4)]	199	164

1) *Refers to products with guaranteed returns.*
2) *Kredittilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted capital adequacy or solvency margin capital regulations to IFRS.*
3) *As a result of the merger between Vital Forsikring and Vital Link in February 2007, products with a choice of investment profile are included with effect from 1 January 2007.*
4) *Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin capital requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.*

Note 6 Net interest income

		DnB NOR Group
Amounts in NOK million	2007	2006
Interest on loans to and deposits with credit institutions, recorded at fair value	3 204	2 017
Interest on loans to and deposits with credit institutions, recorded at amortised cost	1 021	742
Interest on loans to customers, recorded at fair value	7 914	5 283
Interest on loans to customers, recorded at amortised cost	42 087	28 935
Interest on impaired loans, individually written down	322	270
Interest on commercial paper and bonds, recorded at fair value	5 912	3 934
Front-end fees etc.	445	281
Other interest income, items recorded at fair value	115	80
Other interest income, items recorded at amortised cost	725	839
Total interest income	**61 746**	**42 381**
Interest on loans and deposits from credit institutions, recorded at fair value	4 591	3 169
Interest on loans and deposits from credit institutions, recorded at amortised cost	2 199	1 441
Interest on loans and deposits from customers, recorded at fair value	1 494	724
Interest on loans and deposits from customers, recorded at amortised cost	16 646	9 169
Interest on securities issued, recorded at fair value	4 348	4 145
Interest on securities issued, recorded at amortised cost incl. hedged items	11 974	8 049
Interest on subordinated loan capital, recorded at amortised cost incl. hedged items	2 001	1 466
Other interest expenses, items recorded at fair value [1]	488	(1 163)
Other interest expenses, items recorded at amortised cost	140	94
Total interest expenses	**43 880**	**27 092**
Net interest income	**17 866**	**15 289**

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

Note 7 Interest rates on selected balance sheet items

	DnB NOR Group [1]			
	Average interest rate in per cent [2]		Average volume in NOK million	
	2007	2006	2007	2006
Assets				
Lending to and deposits with credit institutions	4.84	4.12	101 288	70 490
Lending to customers	5.73	4.53	881 791	766 331
Commercial paper and bonds	5.17	4.51	113 377	93 754
Liabilities				
Loans and deposits from credit institutions	4.61	3.88	147 376	118 711
Deposits from customers	3.49	2.23	519 758	443 033
Securities issued	4.93	3.95	333 996	285 959

1) Applies to the DnB NOR Group excluding Vital.
2) The average interest rate is calculated as interest in per cent of average capital.

Note 8 Net other operating income

	DnB NOR Group	
Amounts in NOK million	2007	2006
Money transfer fees receivable	2 804	2 852
Fees on asset management services	1 466	1 325
Fees on custodial services	415	370
Fees on securities broking	400	427
Corporate finance	791	548
Interbank fees	127	148
Credit broking commissions	338	290
Sales commissions on insurance products	2 000	2 000
Sundry commissions and fees receivable on banking services	1 134	1 003
Total commissions and fees receivable etc.	**9 476**	**8 963**
Money transfer fees payable	995	936
Commissions payable on asset management services	211	128
Fees on custodial services payable	135	119
Interbank fees	194	219
Credit broking commissions	55	34
Commissions payable on the sale of insurance products	242	236
Sundry commissions and fees payable on banking services	560	582
Total commissions and fees payable etc.	**2 392**	**2 253**
Net gains on financial instruments at fair value	**3 185**	**3 610**
Net gains on assets in Vital [1]	**23 883**	**16 131**
Guaranteed returns and allocations to policyholders in Vital	**17 005**	**14 584**
Premium income etc. included in the risk result in Vital	**4 249**	**4 314**
Insurance claims etc. included in the risk result in Vital	**8 907**	**4 324**
Net realised gains on investment securities (AFS)	**0**	**0**
Profit from companies accounted for by the equity method	**9**	**171**
Income from owned/leased premises	98	108
Fees on real estate broking	782	746
Net unrealised gains on investment property	(2)	0
Miscellaneous operating income	356	322
Total other income	**1 234**	**1 176**
Net other operating income	**13 732**	**13 204**

1) Of which:		
Financial instruments at fair value	*12 361*	*10 025*
Commercial paper and bonds, held to maturity	*3 013*	*2 973*
Loans and deposits	*27*	*19*
Investment property	*8 771*	*3 297*

Note 9 Net gains on financial instruments at fair value

	DnB NOR Group	
Amounts in NOK million	2007	2006
Dividends	25	10
Net gains on foreign exchange and financial derivatives	2 782	3 441
Net gains on commercial paper and bonds	(1 242)	(553)
Net gains on shareholdings	(41)	75
Net gains on other financial assets	(11)	(8)
Net gains on financial liabilities	(39)	78
Net interest on interest rate positions	674	141
Net gains on financial instruments, trading	2 149	3 184
Dividends	162	99
Net gains on loans at fair value	(283)	(1 247)
Net gains on financial guarantees	465	341
Net gains on commercial paper and bonds	8	49
Net gains on shareholdings	556	483
Net gains on financial liabilities	101	706
Net gains on financial instruments, designated as at fair value	1 009	431
Net gains on financial derivatives, hedging	56	(560)
Net gains on financial liabilities, hedged items	(29)	555
Ineffectiveness in hedging [1)]	27	(6)
Net gains on financial instruments at fair value	**3 185**	**3 610**

1) *Hedge effectiveness assessments must be seen in connection with other factors, including currency hedging.*

Note 10 Operating expenses

	DnB NOR Group	
Amounts in NOK million	2007	2006
Ordinary salaries	6 470	5 814
Employer's national insurance contributions	908	818
Pension expenses [1)]	1 117	913
Allocation to employees [2)]	476	164
Restructuring expenses [3)]	48	58
Other personnel expenses	395	421
Total salaries and other personnel expenses	**9 413**	**8 189**
Fees	895	781
EDP expenses	1 596	1 493
Postage and telecommunications	425	410
Office supplies	123	113
Marketing and public relations	662	599
Travel expenses	264	232
Reimbursement to Norway Post for transactions executed	221	269
Training expenses	82	77
Operating expenses on properties and premises [4)]	915	855
Operating expenses on machinery, vehicles and office equipment	139	121
Other operating expenses	683	573
Total other expenses	**6 005**	**5 523**
Total depreciation and impairment of fixed and intangible assets	**1 032**	**715**
Total operating expenses	**16 450**	**14 427**

1) *With effect from 31 December 2006, the Group changed the assumption concerning life expectancy in connection with the calculation of pension commitments. This has affected pension expenses for 2007.*
2) *Allocations to employees in 2007 were in the form of bonuses totalling NOK 181 million, including employer's national insurance contributions. In addition, provisions of NOK 295 million were made relating to the winding up of the employee investment funds.*
3) *Personnel-related restructuring expenses in 2006 have been reclassified from other operating expenses.*
4) *Costs relating to leased premises were NOK 674 million in 2007 and NOK 608 million in 2006.*

Note 11 Pensions

Description of the pension schemes

The DnB NOR Group has a joint, defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by Vital Forsikring. Pension benefits include retirement pensions, disability pensions and pensions for spouses and dependent children, which supplement benefits from the National Insurance Scheme. Full pension entitlements require 30 years of pensionable service and give the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme is in compliance with the Act on Occupational Pensions. In addition to this scheme, around 750 employees in the former Postbanken are covered by a group pension plan in the Norwegian Public Service Pension Fund.

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

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

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

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

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

Economic assumptions applied in calculating pension expenses and commitments:

Economic assumptions **DnB NOR Group**

	Expenses		Commitments	
			31 Dec.	31 Dec.
Per cent	2007	2006	2007	2006
Discount rate [1]	4.5	3.9	4.7	4.5
Anticipated return	5.6	4.9	5.8	5.6
Anticipated rise in salaries	4.5	3.5	4.5	4.5
Anticipated increase in basic amount	4.25	3.0	4.25	4.25
Anticipated rise in pensions	2.25	2.5	2.25	2.25
Anticipated CPA acceptance	35.0	40.0	35.0	35.0
Demographic assumptions about mortality [2]	K2005	K1963	K2005	K2005

1) *The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.*
2) *Statistical assumptions on population mortality, as officially estimated in 1963 and 2005 respectively.*

The anticipated return on pension funds was calculated by assessing the expected return on the assets encompassed by the current investment policy. The anticipated gain on fixed-rate investments is based on gross gains upon redemption on the balance sheet date. The anticipated return on equity and property investments reflects anticipated long-term real returns in the respective markets.

Pension expenses **DnB NOR Group**

	2007			2006		
Amounts in NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	443	96	540	502	(18)	484
Interest expenses on pension commitments	538	135	673	441	95	536
Anticipated return on pension funds	(482)	0	(482)	(418)	0	(418)
Changes in pension schemes	0	0	0	0	0	0
Amortisation of changes in estimates not recorded in the accounts	125	8	133	85	4	89
Administrative expenses	15	0	15	19	0	19
Employer's contributions	77	31	109	72	26	97
Risk coverage premium	0	85	85	0	74	74
Defined-contribution pension schemes	0	45	45	0	31	31
Net pension expenses	716	401	1 117	701	212	913

Note 11 Pensions (continued)

Pension commitments

DnB NOR Group

Amounts in NOK million	31 December 2007 Funded	Unfunded	Total	31 December 2006 Funded	Unfunded	Total
Accrued pension commitments	9 154	1 817	10 971	9 707	1 838	11 545
Estimated effect of future salary adjustments	2 589	732	3 321	2 890	708	3 598
Total pension commitments	11 743	2 549	14 292	12 597	2 546	15 143
Value of pension funds	(8 831)	0	(8 831)	(8 853)	0	(8 853)
Net pension commitments	2 912	2 549	5 460	3 744	2 546	6 290
Changes in the estimates not recorded in the accounts	(2 234)	174	(2 060)	(2 859)	(172)	(3 031)
Employer's contributions	397	308	705	159	329	488
Recorded pension commitments	1 075	3 031	4 105	1 044	2 703	3 747

Pension commitments

DnB NOR Group

Amounts in NOK million	2007	2006
Opening balance	15 143	14 161
Accumulated pension entitlements	522	505
Interest expenses	684	536
Pension payments	(563)	(525)
Changes in pension schemes	0	0
Changes in estimates not recorded in the accounts	(1 495)	466
Closing balance	14 292	15 143

Pension funds

DnB NOR Group

Amounts in NOK million	2007	2006
Opening balance	8 853	8 672
Anticipated return	479	447
Premium transfers	439	371
Pension payments	(365)	(357)
Changes in pension schemes	0	0
Changes in estimates not recorded in the accounts	(543)	(280)
Administrative expenses	(32)	0
Closing balance	8 831	8 853

Premium transfers in 2008 are expected to be NOK 450 million. Payments through operations are estimated at NOK 220 million.

Members

DnB NOR Group

	31 Dec. 2007	31 Dec. 2006
Number of persons covered by pension schemes	14 925	15 123
- of which in employment	9 549	9 865
- of which on retirement and disability pensions	5 376	5 258

Pension funds investments

DnB NOR Group

Per cent	31 Dec. 2007	31 Dec. 2006
Short-term bonds	22	21
Bonds held to maturity	28	30
Money market	8	5
Equities	25	30
Real estate	16	13
Other	3	2
Total	100	100

The table shows how pension funds including derivatives administered by Vital Forsikring were invested at year-end. The recorded return on assets administered by Vital Forsikring was 11.8 per cent for 2007. The recorded return amounted to 7.5 per cent in 2006.

Note 11 Pensions (continued)

Past developments					**DnB NOR Group**
	31 Dec.	31 Dec.	31 Dec.	31 Dec.	1 Jan.
Amounts in NOK million	2007	2006	2005	2004	2004
Gross pension commitments [1)]	14 996	15 631	14 627	13 702	12 091
Gross pension funds	(8 831)	(8 853)	(8 672)	(9 285)	(8 440)
Commitments not recorded in the accounts	(2 060)	(3 031)	(2 537)	(844)	0
Net recorded pension commitments	4 105	3 747	3 417	3 575	3 652

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

The following estimates are based on facts and conditions prevailing on 31 December 2007, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

Sensitivity analysis for pension calculations								**DnB NOR Group**
	Discount rate		Annual rise in salaries/ basic amount		Annual rise in pensions		Retirement rate	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
Percentage change in pensions								
Pension commitments	15-17	15-17	9-11	9-11	11-13	11-13	1-2	1-2
Net pension expenses for the period	16-18	17-19	19-21	17-19	17-19	15-17	1-2	1-2

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

Changes in other assumptions will not have the same effect:
A one percentage point rise in salaries or pensions will give an anticipated rise of 9 to 13 per cent, while a corresponding increase in the basic amount will give a 7 to 9 per cent rise in commitments.

Note 12 Number of employees/full-time positions

	DnB NOR Group	
	2007 [1)]	2006
Number of employees as at 31 December	13 817	12 187
- of which number of employees abroad	4 339	2 647
Number of employees calculated on a full-time basis as at 31 December	13 455	11 824
- of which number of employees calculated on a full-time basis abroad	4 290	2 618
Average number of employees	13 144	11 993
Average number of employees calculated on a full-time basis	12 751	11 616

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

Note 13 Net gains on fixed and intangible assets

	DnB NOR Group	
Amounts in NOK million	2007	2006
Aker Brygge, Oslo	865	
Other properties	1 540	213
Other	76	152
Net gains on fixed and intangible assets	**2 481**	**365**

Note 14 Write-downs on loans and guarantees

DnB NOR Group

Amounts in NOK million	2007 Lending [1]	2007 Guaran-tees	2007 Total	2006 Lending [1]	2006 Guaran-tees	2006 Total
Write-offs	230	0	230	227	0	227
New individual write-downs	822	28	850	678	14	692
Total new individual write-downs	1 052	28	1 080	905	14	919
Reassessed individual write-downs	302	6	308	344	27	371
Total individual write-downs	750	22	772	561	(13)	548
Recoveries on commitments previously written off	350	0	350	388	0	388
Changes in group write-downs on loans	(202)	-	(202)	(418)	-	(418)
Write-downs on loans and guarantees	**198**	**22**	**220**	**(245)**	**(13)**	**(258)**
Write-offs covered by individual write-downs made in previous years	663	0	663	699	0	699

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

Note 15 Write-downs on loans and guarantees for principal sectors [1]

DnB NOR Group

Amounts in NOK million	2007 New individual write-downs	2007 Reassessed individual write-downs	2007 Recoveries on commitments previously written off	2007 Net write-downs	2006 New individual write-downs	2006 Reassessed individual write-downs	2006 Recoveries on commitments previously written off	2006 Net write-downs
Retail customers	636	20	279	337	368	23	297	48
International shipping	0	1	0	(1)	24	1	5	18
Real estate	37	38	10	(11)	40	60	11	(31)
Manufacturing	118	103	20	(5)	98	70	6	22
Services and management	74	26	6	42	93	56	24	13
Trade	80	27	6	47	88	55	5	28
Oil and gas	1	0	0	1	0	7	0	(7)
Transportation and communication	26	38	1	(13)	56	15	2	39
Building and construction	63	7	7	49	40	30	14	(4)
Power and water supply	0	0	0	0	0	0	0	0
Seafood	21	10	9	2	55	39	5	11
Hotels and restaurants	10	10	0	0	10	6	11	(7)
Agriculture and forestry	9	10	1	(2)	20	6	3	11
Other sectors	3	11	11	(19)	27	2	5	20
Total customers	1 078	301	350	427	919	370	388	161
Credit institutions	2	7	0	(5)	0	1	0	(1)
Changes in group write-downs on loans	-	-	-	(202)	-	-	-	(418)
Write-downs on loans and guarantees	**1 080**	**308**	**350**	**220**	**919**	**371**	**388**	**(258)**
Of which individual write-downs on guarantees	*28*	*6*	*0*	*22*	*14*	*27*	*0*	*(13)*

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 16 Taxes

Taxes	**DnB NOR Group**	
Amounts in NOK million	2007	2006
Payable taxes	1 280	3 896
Deferred taxes	1 107	(1 015)
Total taxes	**2 387**	**2 881**

Balancing tax charges against pre-tax operating profit

Amounts in NOK million	2007	2006
Operating profit before taxes	17 409	14 689
Estimated income tax - nominal tax rate (28 per cent)	4 875	4 113
Tax effect of income taxable abroad	(311)	(195)
Tax effect of permanent differences	(2 560)	(1 228)
Taxes payable abroad	383	210
Inadequate tax provisions in previous year	0	(19)
Total taxes	**2 387**	**2 881**
Effective tax rate	14%	20%

Deferred tax assets/(deferred taxes)

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

Amounts in NOK million	2007	2006
Annual changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(692)	(1 707)
Changes recorded against profits	(1 107)	1 015
Other items recorded against equity:		
Acquisition of SalusAnsvar	(59)	0
Deferred tax assets/(deferred taxes) as at 31 December	(1 858)	(692)

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

Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Deferred tax assets		
Net prepaid pension entitlements	0	18
Net other tax-deductable temporary differences	136	20
Total deferred tax assets	**136**	**38**
Deferred taxes		
Fixed assets	1 161	1 056
Net pension commitments	(1 143)	(1 038)
Financial instruments	420	(643)
Loan assessment rules	357	549
Net other taxable temporary differences	1 527	806
Losses carried forward	(328)	0
Total deferred taxes	**1 994**	**730**

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

Amounts in NOK million	2007	2006
Fixed assets	46	110
Pensions	(87)	(94)
Financial instruments	1 062	71
Loan assessment rules	(192)	(581)
Other temporary differences	606	(691)
Losses carried forward	(328)	170
Deferred taxes	1 107	(1 015)

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

Tax group

DnB NOR's tax group consists of the parent company DnB NOR ASA and the wholly-owned Norwegian subsidiaries DnB NOR Bank ASA, Vital Forsikring ASA, DnB NOR Kapitalforvaltning ASA and Vital Skade AS, all with Norwegian subsidiaries where DnB NOR owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings.

At the end of 2007, net deferred taxes of NOK 93 million were capitalised for the tax group, as against NOK 705 million in 2006.

Note 17 Classification of financial instruments

As at 31 December 2007								**DnB NOR Group**
	Financial instruments at fair value through profit and loss		Financial derivatives designated	Financial assets and liabilities	Financial assets	Investments	Non-financial	
Amounts in NOK million	Trading	Designated as at fair value	as hedging instruments	carried at amortised cost [1]	available for sale	held to maturity	assets and liabilities	Total
Assets								
Cash and deposits with central banks				9 816				9 816
Lending to and deposits with credit institutions	36 737	1 576		26 066				64 379
Lending to customers	4 516	162 479		803 509				970 504
Commercial paper and bonds	97 723	79 879						177 602
Shareholdings	4 845	43 836						48 682
Financial assets, customers bearing the risk		19 868						19 868
Financial derivatives	65 430		503					65 933
Shareholdings, available for sale								0
Commercial paper and bonds, held to maturity						59 641		59 641
Investment property							33 078	33 078
Investments in associated companies							1 435	1 435
Intangible assets							7 742	7 742
Deferred tax assets							136	136
Fixed assets							3 496	3 496
Biological assets								0
Discontinuing operations							225	225
Other assets				3 704			7 678	11 382
Total assets	**209 251**	**307 638**	**503**	**843 096**	**0**	**59 641**	**53 791**	**1 473 919**
Liabilities and equity								
Loans and deposits from credit institutions	81 626	30		62 541				144 198
Deposits from customers	20 685	17 980		499 486				538 151
Financial derivatives	61 963		778					62 741
Securities issued	87 328	29 680		254 775				371 784
Insurance liabilities, customers bearing the risk							19 868	19 868
Liabilities to life insurance policyholders							191 626	191 626
Payable taxes							1 431	1 431
Deferred taxes							1 994	1 994
Other liabilities				15 698			12 020	27 717
Discontinuing operations								0
Provisions							5 207	5 207
Subordinated loan capital				33 226				33 226
Total liabilities	**251 603**	**47 691**	**778**	**865 726**	**0**	**0**	**232 146**	**1 397 944**
Total equity							**75 976**	**75 976**
Total liabilities and equity	**251 603**	**47 691**	**778**	**865 726**	**0**	**0**	**308 122**	**1 473 919**

1) *Includes hedged liabilities.*

Note 17 Classification of financial instruments (continued)

As at 31 December 2006 **DnB NOR Group**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial assets and liabilities carried at amortised cost [1)]	Financial assets available for sale	Investments held to maturity	Non-financial assets and liabilities	Total
Assets								
Cash and deposits with central banks				11 453				11 453
Lending to and deposits with credit institutions	53 505			17 585				71 091
Lending to customers		136 805		691 141				827 947
Commercial paper and bonds	102 596	69 444						172 040
Shareholdings	1 238	50 154						51 393
Financial assets, customers bearing the risk		18 840						18 840
Financial derivatives	57 541		458					57 999
Shareholdings, available for sale								0
Commercial paper and bonds, held to maturity						62 444		62 444
Investment property							25 816	25 816
Investments in associated companies							1 515	1 515
Intangible assets							6 471	6 471
Deferred tax assets							38	38
Fixed assets							5 478	5 478
Biological assets								0
Discontinuing operations							27	27
Other assets				3 261			4 430	7 691
Total assets	**214 881**	**275 243**	**458**	**723 440**	**0**	**62 444**	**43 776**	**1 320 242**
Liabilities and equity								
Loans and deposits from credit institutions	79 824			44 548				124 372
Deposits from customers	15 119	12 522		446 885				474 526
Financial derivatives	58 006		806					58 812
Securities issued	67 560	16 011		243 235				326 806
Insurance liabilities, customers bearing the risk							18 840	18 840
Liabilities to life insurance policyholders							188 096	188 096
Payable taxes							4 091	4 091
Deferred taxes							730	730
Other liabilities				9 287			9 525	18 812
Discontinuing operations								0
Provisions							4 768	4 768
Subordinated loan capital				33 977				33 977
Total liabilities	**220 508**	**28 534**	**806**	**777 932**	**0**	**0**	**226 050**	**1 253 829**
Total equity							**66 413**	**66 413**
Total liabilities and equity	**220 508**	**28 534**	**806**	**777 932**	**0**	**0**	**292 463**	**1 320 242**

1) Includes hedged liabilities.

Note 18 Information on fair value

Method to calculate fair value of financial instruments

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

Financial instruments recorded at amortised cost in the DnB NOR Group

Lending to and deposits with credit institutions and lending to customers
The pricing of lending to and deposits with credit institutions and lending to customers is based on market prices. Stipulated prices include additions to cover credit risk. The value of impaired commitments is determined by discounting expected future cash flows by the internal rate of return based on market conditions for corresponding loans not subject to impairment. Fair value is estimated as the recorded value of loans and deposits carried at amortised cost. Credit risk changes other than changes in expected future cash flows for impaired loans are not taken into account. Fixed-rate loans in Norwegian kroner are already recorded at fair value in the accounts and are not included in the estimates described above.

Commercial paper and bonds held to maturity
See note 29 for a breakdown of commercial paper and bonds, held to maturity, in Vital. The portfolio consists of securities traded in an active market. Fair value valuation is based on listed prices.

Loans from credit institutions and deposits from customers
Fair value is estimated at recorded value for loans from credit institutions and deposits from customers measured at amortised cost.

Securities issued and subordinated loan capital
The fair value of other securities issued and subordinated loan capital is measured based on agreed cash flows and credit risk on the balance sheet date.

Provisions
Liabilities included in issued financial guarantees are measured at fair value and recorded in the balance sheet. Thus, recorded and fair values are equal. The nominal value of guarantee commitments is not included in the balance sheet, see below for off-balance-sheet commitments and guarantee commitments.

Off-balance-sheet commitments and guarantee commitments
The figures only encompass the nominal values of guarantee commitments. Fair value is included under "Provisions" in the balance sheet.

Note 18 Information on fair value (continued)

	DnB NOR Group			
Amounts in NOK million	Recorded value 31 Dec. 2007	Adjustments to fair value 31 Dec. 2007	Recorded value 31 Dec. 2006	Adjustments to fair value 31 Dec. 2006
Assets [1]				
Cash and deposits with central banks	**9 816**		**11 453**	
Lending to and deposits with credit institutions, recorded at amortised cost	26 066		17 585	
Lending to and deposits with credit institutions, recorded at fair value	38 313		53 505	
Lending to and deposits with credit institutions	**64 379**		**71 091**	
Lending to customers, recorded at amortised cost	803 509		691 141	
Lending to customers, recorded at fair value	166 995		136 805	
Lending to customers	**970 504**		**827 947**	
Commercial paper and bonds	**177 602**		**172 040**	
Shareholdings	**48 682**		**51 393**	
Financial assets, customers bearing the risk	**19 868**		**18 840**	
Financial derivatives (incl. interes rate hedges)	**65 933**		**57 999**	
Commercial paper and bonds, held to maturity	**59 641**	**(1 301)**	**62 444**	**222**
Total	**1 416 424**	**(1 301)**	**1 273 206**	**222**
Liabilities [1]				
Loans and deposits from credit institutions, recorded at amortised cost	62 541		44 548	
Loans and deposits from credit institutions, recorded at fair value	81 657		79 824	
Loans and deposits from credit institutions	**144 198**		**124 372**	
Deposits from customers, recorded at amortised cost	499 486		446 885	
Deposits from customers, recorded at fair value	38 665		27 641	
Deposits from customers	**538 151**		**474 526**	
Financial derivatives	**62 741**		**58 812**	
Securities issued, recorded at amortised cost	254 775	(1 159)	243 235	(425)
Securities issued, recorded at fair value	117 009		83 571	
Securities issued	**371 784**	**(1 159)**	**326 806**	**(425)**
Provisions [2]	**5 207**		**4 768**	
Subordinated loan capital (recorded at amortised cost)	**33 226**	**(2 118)**	**33 977**	**(353)**
Total	**1 155 307**	**(3 278)**	**1 023 260**	**(779)**
Off-balance sheet commitments and guarantee commitments				
Total commitments [3]	328 078		261 979	
Total guarantee commitments etc. [2] [3]	69 781		60 020	
Total mortgages etc. [3]	92 668		75 931	

1) *In cases where hedging contracts have been entered into, the value of the hedged risk will be treated as an adjustment to the value of the hedged item. The hedged item is presented along with amortised cost. The value of the hedging instruments is recorded under financial derivatives.*
2) *See note 39 for a specification. Liabilities relating to financial guarantee contracts issued are measured at fair value and recorded under "Provisions" in the balance sheet.*
3) *See note 54 for a specification. As a result of the Group's opportunity to reprice the agreements, fair value equals nominal value except for issued financial guarantees, see footnote 2.*

Transferred assets with guarantee commitments

DnB NOR carries loans in its balance sheet which according to a binding agreement have been transferred to Eksportfinans and for which DnB NOR has issued guarantees. According to the agreement, DnB NOR carries interest rate risk and credit risk for the transferred loans.

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Lending to Eksportfinans	9 673	10 066

Note 19 Lending to and deposits with credit institutions

Amounts in NOK million	DnB NOR Group 31 Dec. 2007	31 Dec. 2006
Lending to and deposits with credit institutions, nominal amount [1)]	26 010	17 398
Individual write-downs	3	72
Lending to and deposits with credit institutions, after individual write-downs	26 006	17 326
+ Accrued interest and amortisation	59	260
Lending to and deposits with credit institutions, at amortised cost	26 066	17 585
Lending to and deposits with credit institutions, nominal amount [1)]	38 430	53 057
+ Accrued interest	(117)	496
+ Adjustment to fair value [2)]	0	(48)
Lending to and deposits with credit institutions, at fair value	38 313	53 505
Lending to and deposits with credit institutions	**64 379**	**71 091**
1) Of which: Repurchase agreements	*13 186*	*9 339*
2) Of which: Credit risk	*0*	*0*
Change in credit risk	*0*	*0*

Note 20 Lending to customers

Amounts in NOK million	DnB NOR Group 31 Dec. 2007	31 Dec. 2006
Lending to customers, nominal amount [1)]	803 808	692 207
Individual write-downs	1 953	1 820
Lending to customers, after individual write-downs	801 855	690 387
+ Accrued interest and amortisation	2 754	2 046
– Individual write-downs of accrued interest and amortisation	388	399
– Group write-downs	712	892
Lending to customers, at amortised cost	803 509	691 141
Lending to customers, nominal amount [1)]	166 190	136 271
+ Accrued interest	1 246	681
+ Adjustment to fair value [2)]	(440)	(147)
Lending to customers, at fair value	166 995	136 805
Lending to customers	**970 504**	**827 947**
1) Of which: Repurchase agreements	*3 942*	*4 183*
2) Of which: Credit risk	*(2)*	*4*
Change in credit risk	*(2)*	*0*

Note 21 Commitments for principal sectors [1)]

						DnB NOR Group
	Loans and receivables		Guarantees		Committed limits [2)]	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006
Retail customers	456 066	417 594	372	333	518 738	461 154
International shipping	90 982	74 184	6 023	4 275	146 245	135 547
Real estate	148 545	116 207	2 073	3 933	175 222	136 649
Manufacturing	55 345	36 676	9 355	9 023	100 013	76 368
Services	76 407	64 536	13 481	9 125	118 320	103 710
Trade	38 539	32 066	4 393	3 736	64 061	51 803
Oil and gas	17 938	12 720	3 306	3 115	40 559	38 245
Transportation and communication	20 237	16 698	4 307	4 005	37 763	37 047
Building and construction	12 450	11 223	5 935	5 684	23 618	21 840
Power and water supply	9 902	7 304	7 119	7 128	30 281	28 222
Seafood	11 219	10 069	56	141	14 183	12 251
Hotels and restaurants	3 753	3 544	389	349	4 765	4 733
Agriculture and forestry	6 856	7 533	28	32	7 610	8 189
Central and local government	9 007	7 394	3 694	96	17 094	11 146
Other sectors	10 798	8 910	4 179	3 380	28 587	30 655
Total customers, nominal amount						
after individual write-downs	968 044	826 658	64 708	54 355	1 327 058	1 157 560
− Group write-downs, customers	712	892	-	-	-	-
+ Other adjustments	3 172	2 181	(33)	(62)	-	-
Lending to customers	**970 504**	**827 947**	**64 675**	**54 292**	**1 327 058**	**1 157 560**
Credit institutions, nominal amount						
after individual write-downs	64 437	70 383	3 045	323	36 402	54 104
+ Other adjustments	(58)	708	0	0	-	-
Lending to and deposits with						
credit institutions	**64 379**	**71 091**	**3 045**	**323**	**36 402**	**54 104**

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

2) *Total committed limits for credit exposure.*

Note 22 Loans and guarantees according to geographical location [1)]

DnB NOR Group

Amounts in NOK million	Lending to customers 31 Dec. 2007	Lending to customers 31 Dec. 2006	Lending to and deposits with credit institutions 31 Dec. 2007	Lending to and deposits with credit institutions 31 Dec. 2006	Guarantees 31 Dec. 2007	Guarantees 31 Dec. 2006
Oslo	190 568	172 628	6 673	3 525	19 419	6 564
Eastern and southern Norway	335 857	308 431	1 469	245	21 255	20 959
Western Norway	119 119	106 393	2 453	48 998	7 862	10 094
Northern and central Norway	120 219	108 063	12 687	5 547	6 188	4 669
Total Norway	765 763	695 515	23 282	58 315	54 724	42 286
Western Europe	79 856	47 379	17 137	9 691	7 237	7 291
Russia	1 119	1 302	385	230	53	14
Baltic states	43 784	30 232	16 227	75	1 133	513
Poland	8 563	3 611	4 088	141	792	741
Other Eastern European countries	124	370	140	152	29	116
Total Europe outside Norway	133 446	82 894	37 977	10 289	9 245	8 675
USA and Canada	21 473	13 276	1 227	1 334	653	901
Bermuda and Panama [2)]	10 512	10 348	47	0	904	817
Other South and Central American countries	4 278	2 052	1	70	370	468
Total America	36 263	25 676	1 275	1 404	1 927	2 186
Singapore [2)]	10 893	9 041	549	13	1 266	920
Hong Kong	940	1 260	13	0	22	0
Other Asian countries	4 583	2 951	1 270	408	512	579
Total Asia	16 416	13 252	1 831	421	1 800	1 499
Liberia [2)]	6 099	6 884	0	0	1	1
Other African countries	677	460	59	23	114	62
Australia, New Zealand and Marshall Islands [2)]	11 333	3 796	15	1	37	45
Lending and guarantees [3)]	969 998	828 478	64 440	70 453	67 848	54 753
– Individual write-downs	1 953	1 820	3	72	95	76
– Group write-downs	712	892	0	0	-	-
+ Other adjustments	3 172	2 181	(58)	708	(33)	(62)
Loans and guarantees	**970 504**	**827 947**	**64 379**	**71 091**	**67 720**	**54 615**

1) *Based on the customer's address.*
2) *Representing shipping commitments.*
3) *All amounts represent gross lending and guarantees respectively before specified loan-loss provisions.*

Note 23 Developments in write-downs on loans and guarantees

DnB NOR Group

Amounts in NOK million	2007 Lending to credit institutions	2007 Lending to customers	2007 Guarantees	2007 Total	2006 Lending to credit institutions	2006 Lending to customers	2006 Guarantees	2006 Total
Write-downs as at 1 January	72	3 112	76	3 260	80	4 188	86	4 354
New write-downs	2	665	25	692	0	514	14	528
Increase in write-downs	0	155	3	158	0	164	0	164
Reassessed write-downs	7	295	6	308	1	343	27	371
Write-offs covered by previous write-downs	68	595	0	663	7	691	1	699
Changes in individual write-downs of accrued interest and amortisation	0	(25)	-	(25)	0	(260)	-	(260)
Changes in group write-downs	0	(202)	-	(202)	0	(418)	-	(418)
Changes in group structure	5	281	0	286	0	0	4	4
Changes due to exchange rate movement	(1)	(43)	(3)	(47)	0	(42)	0	(42)
Write-downs as at 31 December	3	3 053	95	3 151	72	3 112	76	3 260
Of which: Individual write-downs	*3*	*1 953*	*95*	*2 051*	*72*	*1 820*	*76*	*1 968*
Individual write-downs of accrued interest and amortisation	*0*	*388*	*-*	*388*	*0*	*399*	*-*	*399*
Group write-downs	*0*	*712*	*-*	*712*	*0*	*892*	*-*	*892*

Note 24 Non-performing and impaired commitments for principal sectors [1)]

DnB NOR Group

Amounts in NOK million	Gross non-performing and impaired commitments 31 Dec. 2007	Gross non-performing and impaired commitments 31 Dec. 2006	Total individual write-downs 31 Dec. 2007	Total individual write-downs 31 Dec. 2006	Net non-performing and impaired commitments 31 Dec. 2007	Net non-performing and impaired commitments 31 Dec. 2006
Retail customers	2 963	2 615	726	727	2 237	1 888
International shipping	47	0	15	0	32	0
Real estate	414	517	97	133	317	384
Manufacturing	717	916	353	384	364	532
Services and management	625	513	244	207	381	306
Trade	396	303	232	151	164	152
Oil and gas	1	1	0	0	1	1
Transportation and communication	281	226	88	94	193	132
Building and construction	333	175	125	56	208	119
Power and water supply	0	0	0	0	0	0
Seafood	156	180	68	94	88	86
Hotels and restaurants	94	99	26	28	68	71
Agriculture and forestry	113	137	21	18	92	119
Central and local government	0	0	0	0	0	0
Other sectors	82	14	53	4	29	10
Total customers	6 222	5 696	2 048	1 896	4 174	3 800
Credit institutions	3	72	3	72	0	0
Total	6 225	5 768	2 051	1 968	4 174	3 800

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 25 Commercial paper and bonds [1)]

DnB NOR Group

Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Commercial paper and bonds, trading		
Listed	92 058	98 183
Unlisted	4 988	3 717
Accrued interest	677	696
Commercial paper and bonds, trading [2)]	97 723	102 596
Commercial paper and bonds, designated as at fair value		
Listed	59 206	51 345
Unlisted	19 822	17 018
Accrued interest	851	1 080
Commercial paper and bonds, designated as at fair value	79 879	69 444
Commercial paper and bonds	**177 602**	**172 040**

1) *The figures represent maximum credit exposure.*

2) *Includes NOK 2 667 million and NOK 2 228 million in bonds for which DnB NOR Markets has entered into repurchase agreements, repos, as at 31 December 2007 and 31 December 2006 respectively. Bonds in the trading portfolio totalled NOK 95 454 million as at 31 December 2007, of which NOK 87 355 million represented international bonds. The portfolio consists of securities with high credit quality, and credit risk fluctuations within this portfolio are modest. EUR 100 million is the maximum limit for total investments in a single security. The composition of the trading portfolio of international bonds is shown below.*

DnB NOR Group

	Rating	*Per cent 31 Dec. 2007*	*NOK million 31 Dec. 2007*	*Per cent 31 Dec. 2006*	*NOK million 31 Dec. 2006*
Asset class					
Consumer credit	*AAA*	*6*	*5 215*	*6*	*5 548*
Residential mortgages	*AAA*	*76*	*66 574*	*74*	*65 229*
Corporate loans	*AAA*	*12*	*10 228*	*11*	*9 364*
Insurance	*AAA/AA*	*2*	*1 396*	*4*	*3 130*
Government-related	*AAA*	*2*	*1 770*	*3*	*2 715*
Traditional issuers/banks	*AA/A*	*2*	*2 172*	*3*	*2 239*
Total international bonds, trading		*100*	*87 355*	*100*	*88 225*

Note 26 Shareholdings

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Shareholdings, trading		
Listed Norwegian	996	721
Unlisted Norwegian	154	9
Mutual funds	210	19
International	3 486	489
Shareholdings, trading	4 845	1 238
Shareholdings, designated as at fair value		
Listed Norwegian	13 389	12 520
Unlisted Norwegian	1 010	1 948
Mutual funds	10 309	4 829
International	19 128	30 857
Shareholdings, designated as at fair value	43 836	50 154
Shareholdings	**48 682**	**51 393**

Note 27 Investments in shares, mutual funds and PCCs

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Total investments in shares, mutual funds and PCCs, excluding Vital	9 320	4 102
Total investments in shares, mutual funds and PCCs, Vital	39 362	47 291
Total investments in shares, mutual funds and PCCs	**48 682**	**51 393**

Specification of the largest investments in shares, mutual funds and PCCs as at 31 December 2007

DnB NOR Group excl. Vital

Recorded value in NOK 1 000	Number of shares	Ownership share in per cent [1]	Recorded value
Financial institutions			
Acta Holding	6 123 100	2.43	139 607
Other financial institutions			25 622
Total financial institutions			**165 229**
Norwegian companies			
Aker Seafoods	5 800 554	11.92	217 811
DnB NOR Employee Fund A shares	970 000	5.51	38 218
Fast Search & Transfer	6 428 293	1.91	90 832
HitecVision Private Equity III	191 959	4.35	32 700
Hurtigruten	3 979 125	14.34	177 071
Imarex	1 618 727	14.26	252 521
IT Fornebu Eiendom	1 459 587	12.61	148 179
Marine Harvest	68 537 078	1.97	239 880
Ocean Rig	2 448 200	1.44	97 316
Orkla	2 000 020	0.19	231 750
Oslo Børs VPS Holding	8 233 680	19.15	1 193 884
Vakt Service	15 769	4.71	27 470
Other Norwegian companies			738 862
Total Norwegian companies			**3 486 494**
Companies based abroad			
Cape Investment Corp	9 261	13.89	100 361
Norvestor IV (LP)		19.13	212 054
Pride International	2 600 000	1.55	456 454
Rowan Cies	1 000 000	0.90	217 065
Scorpion Offshore	6 397 300	11.95	439 814
Seadrill	2 323 150	0.58	308 119
Ship Finance International	365 244	0.50	47 023
TUI	12 500 000	4.98	1 923 237
Other companies based abroad			149 096
Total companies based abroad			**3 853 225**
Mutual funds			
Banklikviditet Global	500 000		506 753
Banklikviditet Norge	500 000		508 059
DnB NOR Likviditet (II)	53		53 032
DnB NOR Likviditet (IV)	51		50 460
DnB NOR Likviditet 20 (III)	54		53 698
DnB NOR Likviditet 20 (V)	6		57 176
DnB NOR OBX - ETF	4 984 876		209 514
Obligasjonsfond DnB NOR Aktiv Likviditet	967 113		100 826
Obligasjonsfond DnB NOR Kredittobligasjon	54 406		54 687
Other mutual funds			220 613
Total mutual funds			**1 814 819**
Total investments in shares, mutual funds and PCCs			9 319 766

Vital

Recorded value in NOK 1 000	Number of shares	Ownership share in per cent [1]	Recorded value
Financial institutions			
Storebrand	3 013 821	0.67	170 884
Other financial institutions			429 147
Total financial institutions			**600 031**
Norwegian companies			
Aker Kværner	1 762 483	0.64	254 679
Fred Olsen Energy	712 337	1.07	211 920
Norsk Hydro ASA	8 623 909	0.69	669 215
Norwegian Air Shuttle ASA	1 448 774	6.94	244 843
Norwegian Property	3 578 700	3.39	237 984
Orkla	12 089 244	1.13	1 235 607
Petroleum Geo Services	2 470 366	1.37	389 700
Renewable Energi Corporation	2 106 093	0.43	581 282
StatoilHydro ASA	18 023 513	0.57	3 045 974
Tandberg	1 906 541	1.68	216 392
Telenor ASA	11 155 016	0.66	1 447 363
Yara International ASA	2 967 499	1.02	746 326
Other Norwegian companies			2 378 007
Total Norwegian companies			**11 659 292**
Companies based abroad			
Acergy SA	2 535 074	1.30	307 378
Exxon Mobil Corporation	755 773	0.01	384 479
General Electric Company	1 460 414	0.01	293 959
IBM International Business Machines Corporation	410 554	0.03	240 982
Microsoft Corporation	1 897 632	0.02	366 817
Oracle Corporation	1 788 907	0.03	219 331
Polycom Inc	2 033 962	2.11	306 805
Prosafe SE	2 798 154	1.22	264 426
Royal Dutch Shell A	990 105	0.02	225 913
Seadrill	3 738 258	0.94	495 319
Other companies based abroad			15 292 851
Total companies based abroad			**18 398 259**
Mutual funds			
AKO Fund Limited - NOK Class C3	472 683		665 069
DnB NOR Art fund of Funds Class D	66 025		537 267
Index-tracking certificate on NDUEEGF	373 385		895 676
Morgan Stanley Equity Linked Cert	397 981		954 676
Morgan Stanley Equity Linked Cert	357 532		857 647
MSCI EM Notes - Deutsche Bank, London	276 621		663 558
Schrøder Intl Pacific EQ-IAC	3 978 223		319 481
Other mutual funds			3 810 782
Total mutual funds			**8 704 158**
Total investments in shares, mutual funds and PCCs			39 361 740

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

Note 28 Financial assets and insurance liabilities, customers bearing the risk

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Mutual funds	10 496	10 552
Bond funds	1 906	931
Money market funds	1 090	537
Combination funds	3 845	4 209
Bank deposits	2 532	2 611
Total financial assets, customers bearing the risk [1)]	**19 868**	**18 840**
Total insurance liabilities, customers bearing the risk	**19 868**	**18 840**

1) *The figures show a breakdown of customer assets invested in products with a choice of investment profile.*

Note 29 Commercial paper and bonds, held to maturity

	DnB NOR Group [1)]			
	Recorded value	Fair value	Recorded value	Fair value
Amounts in NOK million	31 Dec. 2007	31 Dec. 2007	31 Dec. 2006	31 Dec. 2006
Government/government-guaranteed	18 359	18 047	21 061	21 240
Government enterprises	2 534	2 664	3 883	4 037
Local governments	7 413	7 326	8 440	8 566
Financial institutions	23 593	23 008	22 565	22 443
Other issuers	6 241	5 793	4 888	4 773
Total commercial paper and bonds, held to maturity	58 139	56 838	60 837	61 059
Accrued interest	1 502	1 502	1 607	1 607
Commercial paper and bonds, held to maturity	**59 641**	**58 340**	**62 444**	**62 666**

Changes in holdings during the year

	DnB NOR Group [1)]
	Commercial paper and bonds,
Amounts in NOK million	held to maturity
Balance sheet as at 31 December 2005	**52 587**
Purchases	13 443
Redemptions	3 760
Adjustments	173
Balance sheet as at 31 December 2006	**62 444**
Purchases	6 810
Redemptions	9 232
Adjustments	(381)
Balance sheet as at 31 December 2007	**59 641**

Specification of bonds by currency

	DnB NOR Group [1)]			
	Recorded value	Fair value	Recorded value	Fair value
Amounts in NOK million	31 Dec. 2007	31 Dec. 2007	31 Dec. 2006	31 Dec. 2006
NOK	52 731	51 491	54 952	55 157
EUR	64	65	5 381	5 411
USD	4 964	4 895	435	419
JPY	380	388	69	72
Total commercial paper and bonds, held to maturity	58 139	56 838	60 837	61 059
Accrued interest	1 502	1 502	1 607	1 607
Commercial paper and bonds, held to maturity	**59 641**	**58 340**	**62 444**	**62 666**

1) *Applies exclusively to Vital.*

Note 30 Investment properties

Amounts in NOK million	**DnB NOR Group** Investment properties
Recorded value as at 31 December 2005	**23 143**
Additions, capitalised investments	284
Additions, acquisitions of other companies	1 384
Reclassification from shares	30
Net gains resulting from adjustment to fair value	1 439
Disposals	782
Exchange rate movements	316
Recorded value as at 31 December 2006	**25 816**
Additions, capitalised investments	1 032
Additions, acquisitions of other companies	0
Reclassification to other properties	10
Net gains resulting from adjustment to fair value	6 965
Disposals	316
Exchange rate movements	(407)
Recorded value as at 31 December 2007 [1]	**33 078**
1) Of which Vital	*32 908*
Amounts included in the income statement:	
Rental income from investment properties	1 937
Direct expenses (including repairs and maintenance) related to investment properties generating rental income	386
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income	1
Contractual commitments related to the acquisition or construction of investment properties, not capitalised as at 31 December 2007	3 087

Note 31 Investments in associated companies

Amounts in NOK million	**DnB NOR Group** 2007	2006
Book value as at 1 January	1 515	1 402
Share of profits after tax	9	170
Additions/disposals	25	(43)
Dividends	(114)	(13)
Recorded value as at 31 December [1]	**1 435**	**1 515**

DnB NOR Group

Amounts in NOK million	Assets 31 Dec. 2007 [2]	Liabilities 31 Dec. 2007 [2]	Income 2007 [2]	Profit 2007 [2]	Ownership share (%) 31 Dec. 2007	Recorded value 31 Dec. 2007	Fair value 31 Dec. 2007	Recorded value 31 Dec. 2006
Eksportfinans	218 501	215 846	0	(156)	40	1 062	1 062	1 215
Blå Holding [3]					40	274		233
NOKAS								28
Atento [1]	18	4	17	0	33	9	9	9
Doorstep	13	1	6	4	50	6	6	4
Sparebankmegleren	2	1	5	1	50	1	1	0
iTet	74	38	156	5	39	13	13	11
SACO SalusAnsvar Försäkrings	4	0	85	0	49	4	4	
ISA	36	1	29	7	20	36	36	
Ferd. Storjohanns Sønner [1]	11	6	5	3	32	14	14	14
Norsk Pensjon	21	12	0	(4)	25	5	5	3
Other associated companies						11	11	0
General and limited partnerships						1	1	0
Total						**1 435**		**1 515**

1) *Recorded values as at 31 December include deferred tax positions and value adjustments not reflected in the company's balance sheet.*
2) *Values in the accounts of associated companies.*
3) *BBS and Teller were merged with effect from 22 December 2007, forming the company Blå Holding. No accounts are currently available for this company.*

Note 32 Intangible assets

Amounts in NOK million	DnB NOR Group 31 Dec. 2007	31 Dec. 2006
Goodwill [1)]	6 660	5 823
Postbanken brand name [1)]	51	51
Capitalised systems development	653	520
Sundry intangible assets	379	77
Total intangible assets	**7 742**	**6 471**

1) *See note 33 for information regarding cash-generating units with goodwill and intangible assets with an indefinite useful life.*

DnB NOR Group

Amounts in NOK million	Goodwill	Postbanken brand name	Capitalised systems development	Sundry intangible assets	Total
Recorded value as at 1 January 2006	**5 623**	**51**	**311**	**57**	**6 042**
Additions			319	27	346
Additions from the acquisition/establishment of other companies	130		0		131
Disposals	108		40		149
Impairment	1		5		6
Depreciation			65	6	71
Exchange rate movements	179				179
Recorded value as at 31 December 2006	**5 823**	**51**	**520**	**77**	**6 471**
Original cost	8 087	119	1 268	238	9 712
Total depreciation and impairment	2 264	68	748	160	3 241
Recorded value as at 31 December 2006	**5 823**	**51**	**520**	**77**	**6 471**
Additions	99		309	59	466
Additions from the acquisition/establishment of other companies	1 019		3	275	1 297
Disposals			3		3
Impairment [1)]			57	5	62
Depreciation			118	28	146
Exchange rate movements	(129)				(129)
Recorded value as at 31 December 2007	**6 660**	**51**	**653**	**379**	**7 742**
Original cost	9 204	119	1 580	571	11 475
Total depreciation and impairment	2 545	68	927	192	3 733
Recorded value as at 31 December 2007	**6 660**	**51**	**653**	**379**	**7 742**

1) *Write-downs on outdated IT systems in Vital in connection with the introduction of new regulations for life insurance companies.*

Note 33 Cash-generating units with goodwill and intangible assets with an indefinite useful life

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

Goodwill **DnB NOR Group**

Amounts in NOK million

Cash-generating unit	Grounds for choosing cash-generating unit	Recorded goodwill 31 Dec. 2007	31 Dec. 2006
DnB NOR Asset Management	Total goodwill from units in the business area is assesed collectively and the cash-generating unit represents the entire business area. Operations are integrated, and synergies and rationalisation effects have been realised througout the organisation.	2 588	2 767
DnB NORD	Goodwill from the acquisition of 51 per cent of DnB NORD in December 2005 and the acquisition of 97.38 per cent of BISE Bank in 2007.	792	438
Retail Banking – Regional Division East and Coast	The item mainly consists of goodwill from the merger between DnB and Gjensidige NOR, plus some goodwill from previously acquired offices in Gjensidige NOR. The cash-generating unit will be the total regional network for the DnB NOR brand.	540	540
Cresco	Goodwill from the merger between DnB and Gjensidige NOR, plus the previous acquisition premium from the acquisition of Gjensidige Bank's credit card portfolio. The goodwill is evaluated against the cash flow from external distribution of card products under the Cresco brand in DnB NOR Kort.	502	502
Nordlandsbanken	Goodwill represents the acquisition premium from the acquisition of Nordlandsbanken. Nordlandsbanken remains a separate company in the DnB NOR Group and is a logical cash-generating unit.	478	478
Corporate Banking and Payment Services - Regional Division East and Coast	The item consists of goodwill from the merger between DnB and Gjensidige NOR allocated to corporate customers and is assessed against operations in the regional network in Corporate Banking and Payment Services.	448	448
Svensk Fastighetsförmedling	Goodwill from the acquisition of Svensk Fastighetsförmedling in the second quarter of 2007. The goodwill represents the value of greater distribution power in Sweden for the sale of housing loans and other products from the banking group.	335	
SalusAnsvar	Goodwill from the acquisition of 96 per cent of SalusAnsvar in the fourth quarter of 2007. The goodwill represents the value of greater distribution power in the Swedish retail and corporate markets.	317	
Vital	Goodwill consists of the acquisition premium from the acquisition of Vital and Gjensidige NOR Spareforsikring's pure endowment insurance portfolio plus capitalised goodwill in Vital.	218	290
DnB NOR Finans	Goodwill from the aquisition of SEB's leasing portfolio within vendor-based car financing in Sweden.	99	
Markets Equities	Goodwill related to Gjensidige NOR Equities is assessed against equity operations in DnB NOR Markets.	80	80
Corporate Banking and Payment Services Sweden	Goodwill stems from the acquisition of Norddeutsche Landesbank's organisation and portfolio in Sweden in September 2005. The acquisition was part of Corporate Banking and Payment Services' expansion in the Swedish market.	68	68
DnB NOR Monchebank	Goodwill from the acquisition of 97.3 per cent of the Russian bank Monchebank in the beginning of 2006.	67	72
DnB NOR Finans - profit centre IT Solutions/ICT	Goodwill stems from the purchase of Telenor Finans AS in 2000, and operations are integrated in DnB NOR Finans AS as a separate profit centre (DnB NOR Finans IT Solutions/ICT) engaged in ICT equipment hire.	46	46
Amex	At year-end 2007 DnB NOR's part of Amex' card operations in Norway represented distribution to retail customers. Distribution to corporate customers plus merchant operations were sold in 2006.	35	35
DnB NOR Næringsmegling	Goodwill from the acquisition of Nylander Næringsmegling AS, a commercial property broker in Trondheim in 2006.	28	27
Other		21	32
Total goodwill		6 660	5 823

Note 33 Cash-generating units with goodwill and intangible assets with an indefinite useful life (continued)

Intangible assets with an indefinite useful life — **DnB NOR Group**

Amounts in NOK million

		Recorded value	
Cash-generating unit	Grounds for choosing cash-generating unit	31 Dec. 2007	31 Dec. 2006
Postbanken	As of 1 January 2005, the Postbanken brand name is classified as an intangible asset with an indefinite useful life.	51	51

Testing of values

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

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

Tests performed concluded that there was no significant impairment of goodwill or intangible assets with an indefinite useful life in the Group at the end of 2007.

Key assumptions for impairment testing [1)] — **DnB NOR Group**

Per cent

Type of operation	Cash-generating unit	Required rate of return after tax	Average long-term growth
Asset management	DnB NOR Asset Management	9	2
Banking operations in Norway (loans and deposits)	Retail Banking - Regional Division East and Coast, Corporate Banking and Payment Services - Regional Division East and Coast, Nordlandsbanken, Postbanken	9	2
Banking operations in Denmark, Finland, Baltic states and Poland	DnB NORD	9	2
Banking operations in Russia	DnB NOR Monchebank	9	2
Banking operations in Sweden	Corporate Banking and Payment Services Sweden	9	2
Equities	Equities operations in DnB NOR Markets	15	2
Life insurance	Vital	9.5	2
Credit card operations	Amex, Cresco	10	2
Finance company	DnB NOR Finans	10	2

1) *Key assumptions regarding the required rate of return after tax and average long-term growth remain unchanged from 2006.*

Acquired goodwill in 2007

In the second quarter of 2007, DnB NOR acquired all of the shares in the Swedish real estate brokerage chain Svensk Fastighetsförmedling AB. Goodwill related to the acquisition represented SEK 396 million and includes the value of greater distribution power in Sweden for the sale of housing loans and other products from the DnB NOR Group.

In the first quarter of 2007, DnB NOR Finans entered into an agreement to acquire SEB's leasing portfolio within vendor-based car financing in Sweden. The acquisition was completed in the third quarter, and goodwill totalling SEK 117 million was recorded in the balance sheet.

On 1 November 2007, DnB NORD merged with the Polish BISE Bank and acquired 98.4 per cent of the shares by end-December 2007. The acquisition generated goodwill of EUR 90 million, of which DnB NOR's share was EUR 46 million, representing the value of greater distribution power in the Polish retail and corporate markets.

During the fourth quarter of 2007, DnB NOR acquired 96 per cent of the shares in SalusAnsvar AB, which distributes financial products to members of Swedish professional organisations and trade unions. Goodwill related to the acquisition represented SEK 373 million, reflecting greater distribution power in the Swedish retail and corporate markets.

Note 34 Fixed assets

Amounts in NOK million	DnB NOR Group 31 Dec. 2007	31 Dec. 2006
Bank buildings and other properties	424	3 241
Machinery, equipment and vehicles	2 955	2 004
Other fixed assets	118	233
Total fixed assets	**3 496**	**5 478**

Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles	DnB NOR Group Total 1)
Recorded value as at 1 January 2006	3 523	1 474	4 997
Additions	99	1 044	1 142
Additions from the aquisition/establishment of other companies			0
Fixed assets, reclassified as held for sale			0
Disposals	252	49	301
Impairment	(3)	0	(3)
Depreciation	136	467	603
Exchange rate movements	4	2	6
Recorded value as at 31 December 2006	3 241	2 004	5 245
Original cost	5 126	4 852	9 978
Total depreciation and impairment	1 885	2 848	4 733
Recorded value as at 31 December 2006	3 241	2 004	5 245
Additions	241	1 722	1 963
Additions from the aquisition/establishment of other companies	1	19	20
Fixed assets, reclassified as held for sale	207		207
Disposals	2 695	164	2 859
Impairment	25	3	28
Depreciation	128	616	744
Exchange rate movements	(4)	(7)	(11)
Recorded value as at 31 December 2007	424	2 955	3 379
Original cost	537	5 999	6 536
Total depreciation and impairment	113	3 044	3 157
Recorded value as at 31 December 2007	424	2 955	3 379

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

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

Leasing [1]

Amounts in NOK million	Operational leasing 2)	DnB NOR Group Financial leasing
Original cost	605	19 329
Total depreciation and impairment	150	5 598
Recorded value as at 31 December 2006	455	13 731
Additions	1 212	8 963
Disposals	52	2 596
Depreciation	144	3 431
Exchange rate movements	(8)	(30)
Recorded value as at 31 December 2007	1 464	16 638
Original cost	1 766	25 696
Total depreciation and impairment	302	9 058
Recorded value as at 31 December 2007	1 464	16 638

1) *Does not include operations in DnB NORD. Operational leasing is included in the above table of fixed assets.*
2) *The guaranteed residual value of the operational leasing portfolio was NOK 953 million as at 31 December 2007.*

Note 35 Loans and deposits from credit institutions

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Loans and deposits from credit institutions, trading	81 626	79 824
Loans and deposits from credit institutions, designated as at fair value	30	0
Loans and deposits from credit institutions, amortised cost	62 541	44 548
Loans and deposits from credit institutions	**144 198**	**124 372**
Of which contractual obligations	*143 696*	*123 728*

Note 36 Deposits from customers

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Deposits from customers, trading	20 685	15 119
Deposits from customers, designated as at fair value	17 980	12 522
Deposits from customers, amortised cost	499 486	446 885
Deposits from customers	**538 151**	**474 526**
Of which contractual obligations	*538 845*	*475 195*

Customer deposits for principal sectors

Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Retail customers	207 693	195 326
International shipping	46 987	34 727
Real estate	34 539	29 821
Manufacturing	22 109	15 069
Services	97 802	88 470
Trade	25 681	20 070
Oil and gas	12 475	10 574
Transportation and communication	15 987	15 341
Building and construction	10 792	7 917
Power and water supply	10 180	8 882
Seafood	23 822	2 751
Hotels and restaurants	2 878	1 473
Agriculture and forestry	2 059	2 476
Central and local government	2 627	19 786
Finance	23 213	22 512
Total deposits from customers, nominal amount	538 845	475 195
Adjustments	(694)	(669)
Deposits from customers	**538 151**	**474 526**

Note 37 Securities issued

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Commercial paper issued, nominal amount	97 806	68 216
Bond debt, nominal amount	272 575	257 379
Adjustments	1 403	1 211
Total securities issued	**371 784**	**326 806**

Changes in securities issued **DnB NOR Group**

Amounts in NOK million	Balance sheet 31 Dec. 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Changes in adjustments 2007	Balance sheet 31 Dec. 2006
Commercial paper issued, nominal amount	97 806	97 806	68 216	0	0	68 216
Bond debt, nominal amount	272 575	79 448	50 637	(13 615)	0	257 379
Adjustments	1 403	0	0	0	192	1 211
Total securities issued	**371 784**	**177 253**	**118 853**	**(13 615)**	**192**	**326 806**

Maturity of securities issued recorded at amortised cost as at 31 December 2007 1) 2) **DnB NOR Group**

Amounts in NOK million	NOK	Foreign currency	Total
2008	0	95	95
Total commercial paper issued, nominal amount	0	95	95
2008	0	66 984	66 984
2009	0	66 748	66 748
2010	0	61 898	61 898
2011	0	25 414	25 414
2012	0	16 448	16 448
2013	0	363	363
2014 and later	0	15 166	15 166
Total bond debt, recorded at amortised cost, nominal amount	0	253 021	253 021
Total securities issued recorded at amortised cost	0	253 116	253 116

Maturity of securities issued recorded at fair value as at 31 December 2007 1) 3) **DnB NOR Group**

Amounts in NOK million	NOK	Foreign currency	Total
2008	9 995	87 716	97 711
Total commercial paper issued, nominal amount	9 995	87 716	97 711
2008	4 066	3	4 069
2009	1 666	59	1 724
2010	6 420	139	6 559
2011	778	1	779
2012	887	2	888
2013	495	0	495
2014	5 040	0	5 040
Total bond debt, nominal amount	19 351	203	19 554
Total securities issued recorded at fair value, nominal amount	29 346	87 919	117 265
Adjustments	130	1 273	1 403
Securities issued	29 476	342 308	371 784

1) *Minus own bonds.*
2) *Includes hedged items.*
3) *Widening credit margins gave a NOK 43 million reduction in securities issued recorded at fair value.*

Note 38 Subordinated loan capital and perpetual subordinated loan capital securities

Amounts in NOK million	DnB NOR Group 31 Dec. 2007	DnB NOR Group 31 Dec. 2006
Term subordinated loan capital, nominal amount	17 578	20 764
Perpetual subordinated loan capital, nominal amount	6 747	7 741
Perpetual subordinated loan capital securities, nominal amount 1)	8 746	5 360
Adjustments	155	113
Total subordinated loan capital and perpetual subordinated loan capital securities	**33 226**	**33 977**

Changes in subordinated loan capital and perpetual subordinated loan capital secuities

DnB NOR Group

Amounts in NOK million	Balance sheet 31 Dec. 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Net change in recorded costs and adjust- ments 2007	Balance sheet 31 Dec. 2006
Term subordinated loan capital, nominal amount	17 578	1 778	3 917	(1 050)	2	20 764
Perpetual subordinated loan capital, nominal amount	6 747	0	100	(895)	0	7 741
Perpetual subordinated loan capital securities, nominal amount 1)	8 746	3 805	0	(423)	5	5 360
Adjustments	155	0	0	0	43	113
Total subordinated loan capital and perpetual subordinated loan capital securities	**33 226**	**5 583**	**4 017**	**(2 368)**	**50**	**33 977**

DnB NOR Group

Year raised	Recorded value in foreign currency		Interest rate	Maturity	Call date	Recorded value in NOK
Term subordinated loan capital						
2003	EUR	200	3-month EURIBOR + 0.70%	2013	2008	1 594
2003	EUR	200	3-month EURIBOR + 0.45%	2013	2008	1 594
2003	GBP	200	5.125% p.a.	2015	2010	2 174
2003	EUR	15	6-month EURIBOR + 0.61%	2013		120
2004	EUR	200	3-month EURIBOR + 0.30%	2016	2011	1 594
2004	EUR	11	6-month EURIBOR + 1.40%	2014	2009	88
2004	EUR	14	6-month EURIBOR + 0.61%	2014		112
2005	EUR	200	3-month EURIBOR + 0.20%	2015	2010	1 594
2005	EUR	3	4.39% p.a.	2015		20
2005	EUR	15	6-month EURIBOR + 0.60%	2015		120
2005	EUR	13	6-month EURIBOR + 0.60%	2015		104
2006	USD	500	3-month LIBOR + 0.23%	2016	2011	2 709
2006	EUR	500	3-month EURIBOR + 0.20%	2017	2012	3 986
2007	GBP	150	6.52% p.a.	2017	2012	1 631
2007	EUR	19	6-month EURIBOR + 0.90%	2017		147
Recorded costs						(10)
Total, nominal amount						17 578
Perpetual subordinated loan capital						
1996	USD	150	6-month LIBOR + 0.15%			813
1996	USD	200	6-month LIBOR + 0.125%			1 084
1996	JPY	3 000	4.00% p.a.		2011	145
1996	JPY	7 000	4.00% p.a.		2011	339
1999	JPY	10 000	4.51% p.a.		2029	484
2001	USD	215	3-month LIBOR + 0.25%			1 165
2006	GBP	250	4.875% p.a.		2011	2 718
Total, nominal amount						6 747
Perpetual subordinated loan capital securities 1)						
2001	USD	400	7.729% p.a.		2011	2 167
2002	EUR	350	7.07% p.a.		2012	2 790
2007	GBP	350	6.0116% p.a.		2017	3 805
Recorded costs						(16)
Total, nominal amount						8 746

1) *Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Kredittilsynet may require that the securities be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or the 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 39 Provisions

Amounts in NOK million	Issued financial guarantees [1]	Pension commitments [2]	Restructuring provisions	Allocations to employees	Other provisions	Total provisions
						DnB NOR Group
Recorded value as at 31 December 2006	**196**	**3 996**	**30**	**164**	**382**	**4 768**
New provisions, recorded in the accounts	28	0	0	476	118	622
Amounts used	0	0	30	164	256	450
Reversals of unutilised provisions	63	0	0	0	5	68
Other changes	(9)	346	0	0	0	337
Recorded value as at 31 December 2007	**151**	**4 342**	**0**	**476**	**238**	**5 207**

1) *Liabilities included in issued financial guarantees are measured at fair value in the balance sheet. Nominal guarantee commitments are recorded off the balance sheet, see note 18 Information on fair value.*
2) *Pension commitments before net overfunding are included. See note 11 Pensions for a specification of changes in pension commitments recorded in 2007.*

Note 40 Other liabilities

Amounts in NOK million	DnB NOR Group 31 Dec. 2007	DnB NOR Group 31 Dec. 2006
Short-term funding	3 305	1 153
Accrued expenses and prepaid revenues	4 351	2 424
Liabilities related to factoring	456	179
Documentary credits, cheques and other payment services	1 667	1 393
Unsettled contract notes	6 153	5 223
Accounts payable	2 207	2 055
Other liabilities	9 579	6 386
Total other liabilities	**27 717**	**18 812**

Note 41 Capital adequacy and capital management

New capital adequacy regulations, Basel II, entered into force on 1 January 2007, see below for further description of the DnB NOR Group's implementation of the Basel II regulations.

Capital adequacy calculations are subject to special consolidation rules governed by the Consolidation Regulations. Primary capital and nominal amounts used in calculating risk-weighted volume will deviate from figures in the DnB NOR Group's accounts, as associated companies which are consolidated in the accounts according to the equity method are consolidated according to the gross method in capital adequacy calculations.

Valuation rules used in the statutory accounts form the basis for the consolidation. As from the first quarter 2007, the Norwegian regulations on the use of IFRS have been implemented in statutory accounts of the companies in the Group. According to new regulations on primary capital calculations, most items that have affected equity upon transition to the Norwegian regulations on the use of IFRS should be deducted from core capital. The deductions are specified below.

Primary capital	**DnB NOR Group**	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006 [1)]
Share capital	13 327	13 341
Other equity	62 649	44 492
Total equity	75 976	57 833
Perpetual subordinated loan capital securities [2) 3)]	8 962	5 603
Deductions		
Pension funds above pension commitments	(171)	(182)
Goodwill	(6 689)	(4 454)
Deferred tax assets	(215)	(671)
Other intangible assets	(1 093)	(884)
Dividends payable	(5 997)	-
Unrealised gains on fixed assets	(30)	-
50 per cent of investments in other financial institutions	(2)	-
50 per cent of expected losses exceeding actual losses, IRB portfolios	(399)	-
Other	(164)	-
Additions		
Portion of unrecognised actuarial gains/losses, pension costs [4)]	1 214	1 810
Core capital	71 392	59 054
Perpetual subordinated loan capital	6 747	7 602
Perpetual subordinated loan capital securities [2) 3)]	0	0
Term subordinated loan capital [3)]	17 917	20 969
Deductions		
50 per cent of investments in other financial institutions	(2)	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(399)	-
Additions		
45 per cent of unrealised gains on fixed assets	18	-
Supplementary capital	24 281	28 571
Total eligible primary capital [5)]	95 673	87 625

Minimum capital requirement	**DnB NOR Group**
Amounts in NOK million	31 Dec. 2007
Credit risk, IRB [6)]	8 389
Of which:	
Retail commitments secured by residential property	2 751
Corporate commitments, small and medium sized companies	5 638
Claims calculated according to Basel I, transitional rules [7)]	60 213
Total minimum capital requirement, credit risk	68 602
Position risk	3 079
Settlement risk	0
Foreign exchange risk	226
Total minimum capital requirement, market risk	3 305
Operational risk	3 262
Deduction	(358)
Total capital requirements according to Basel II	74 811
Additions due to transitional rules (maximum 5 per cent reduction in relation to Basel I) [8)]	4 505
Total minimum capital requirement	79 316

Note 41 Capital adequacy and capital management (continued)

The table below illustrates the effect of the transition to Basel II regulations in 2007. The column "Basel I" reflects calculations based on the former capital adequacy regulations. The results of the Basel II calculations are shown in the column "Basel II". The transitional rules limit the effect of Basel II calculations to a reduction to 95 per cent of Basel I requirements in the first year of implementation. This restriction, known as "capital floor", is reflected in the capital adequacy shown in the column "Reported" in the table below. During 2007, the Group complied in full with the externally imposed capital requirements.

Capital adequacy **DnB NOR Group**

	Reported	Basel II	Basel I	
	31 Dec. 2007 [8)]	31 Dec. 2007	31 Dec. 2007	31 Dec. 2006 [1)]
Risk-weighted volume (NOK million) [5)]	991 455	935 140	1 037 747	880 292
Core capital ratio (%)	7.2	7.6	6.9	6.7
Capital ratio (%)	9.6	10.2	9.3	10.0

1) *Figures for previous periods have been prepared in accordance with rules prevailing on the reporting dates.*
2) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
3) *As at 31 December 2007 calculations of capital adequacy include a total of NOK 668 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the Group's balance sheet.*
4) *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 two-fifths of the amount recorded against equity can be included in capital adequacy calculations as at 31 December 2007. This effect will be reduced by one-fifth yearly up until and including 2008.*
5) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Group's accounts, as associated companies which are assessed in the accounts according to the equity method, are assessed according to the gross method in capital adequacy calculations.*
6) *As at 31 December 2007, credit risk for loans to retail customers secured by residential property in DnB NOR Bank ASA, excluding such loans under the brand name Postbanken, commitments with small and medium-sized corporate customers in the Regional Division East and the Regional Division Coast and the housing loan portfolio of DnB NOR Boligkreditt AS are reported according to the foundation IRB approach, Internal Ratings Based.*
7) *The minimum primary capital requirement for portfolios not mentioned in footnote 6 is 8 per cent of risk-weighted volume calculated according to Basel I regulations.*
8) *Due to transitional rules, minimum capital adequacy requirements for 2007, 2008 and 2009 cannot be reduced below 95, 90 and 80 per cent respectively relative to the Basel I requirements.*

Basel II implementation

Monitoring and managing risk is an integral part of financial operations. In DnB NOR, sound risk management is a strategic tool to enhance value generation. Risk-adjusted return is a key financial management parameter in the internal management of the DnB NOR Group. The Group's risk is measured in the form of risk-adjusted capital requirements, calculated for main risk categories and for all of the Group's business areas. Capital is thus allocated to the business areas on the basis of the estimated risk of operations, and return on capital is continually monitored.

Basel II

New capital requirements, Basel II, entered into force on 1 January 2007 and is divided into three parts, so-called pillars. Pillar 1 is about minimum capital adequacy requirements and is based on the previous capital adequacy regulations, Basel I. Pillar 2 is about institutions' assessment of their overall capital requirement and supervisory review, while Pillar 3 is about the disclosure of financial information. The regulations entail that there will be greater consistency between the authorities' capital adequacy regulations for financial institutions and the methodologies used by the financial institutions themselves in calculating capital requirements. The minimum capital requirement is still 8 per cent, with minimum 50 per cent representing core capital. The new regulations will result in changes in the risk-weighted volume included in the calculation of the capital adequacy requirement. A new methodology has been introduced for calculating credit risk, while operational risk calculations have been added as a new element. The shift from Basel I to Basel II has a more limited impact on the treatment of market risk.

Pillar 1 Approach used in capital adequacy calculations

Pillar 1 includes capital requirements for credit, market and operational risk. The DnB NOR Group has been granted permission to use the foundation IRB approach, Internal Rating Based, for credit risk to calculate the Group's capital adequacy as from 1 January 2007.

Use of the foundation IRB approach implies that the bank's own classification systems are used for capital adequacy purposes. The IRB system is defined as the models, work processes, decision-making processes, control mechanisms, IT systems and internal guidelines and routines used to classify and quantify credit risk.

The portfolios for which the Group has been granted permission to use the foundation IRB approach as from the first quarter of 2007 comprise loans to small and medium-sized companies as well as loans secured by residential property in DnB NOR Bank ASA excluding Postbanken. DnB NOR Boligkreditt AS was also granted permission to report its housing loan portfolio according to the IRB approach as from the second quarter of 2007. All other credit portfolios were reported in accordance with the former capital adequacy requirements, Basel I.

Note 41 Capital adequacy and capital management (continued)

Credit risk
Credit risk represents the chief risk category for the Group and refers to all claims against customers, mainly loans. In order to avoid large risk concentrations, the risk levels of individual customers, industries and geographical areas are monitored closely. In addition to verifying risk classifications, exposures to large customers are supervised through calculations which take the customer's credit quality and collateral into account.

The classification of commitments provides the basis for statistical calculations of expected losses in a long-term perspective and the need for equity on the basis of portfolio risk. DnB NOR's models for risk classification of customers are subject to continual improvement and testing. The models are adapted to different industries and segments and are successively upgraded to satisfy quality requirements according to Basel II. The models are based on three components:

1. *Estimated probability of default.* The counterparty (customer) is classified according to a scale of ten risk categories based on the probability of default. In addition, impaired and non-performing commitments are placed in categories 11 and 12 respectively for reporting purposes. The risk categories are defined on the basis of the scales used by international rating agencies.

2. *Exposure at default.* Exposure is an estimated figure which includes amounts drawn under credit limits (loans) as well as a percentage share of committed, undrawn credit lines.

3. *Loss given default*. This is a statistically modelled quantity indicating how much the Group expects to lose if the customer fails to meet his obligations, taking the collateral provided into consideration. Realisation values for collateral are set on the basis of experience and/or external data.

The credit risk models should show the average probability of default during a business cycle. However, no model is completely unaffected by cyclical fluctuations. Consequently, stress testing is used to assess whether the Group would be required to hold additional capital during a recession. Such assessments will be taken into account in the Group's management process to determine the correct level of capital.

Operational risk
On 1 January 2007, new regulations for capital requirements for operational risk entered into force. In a separate policy for operational risk management, the Board of Directors states that DnB NOR will have low operational risk. Thus, management places great emphasis on risk and quality in the management of the Group.

DnB NOR Bank ASA reported according to the standardised approach in 2007 and will consider a shift to the Advanced Measurement Approach at a later date.

Market risk
Overall, market risk represents a moderate share of the Group's total risk. Market risk in Vital is included under ownership risk in DnB NOR ASA. In 2007, DnB NOR reported market risk according to the standardised approach.

Pillar 2 Institutions' assessment of total capital requirement and supervisory review
According to Pillar 2, DnB NOR is required to have a process for assessing the Group's overall capital adequacy. This includes an analysis of the risks not encompassed by the Pillar 1 process and the capital requirement for growth, as well as an indication of how much above the minimum regulatory capital ratios the Group chooses to set its capital levels.

The staff unit Group Risk Analysis has overall responsibility for risk management and internal control and for assessing and reporting the Group's overall risk situation. Each quarter, Group Risk Analysis prepares a report to the Board of Directors of DnB NOR ASA regarding developments in the various risk categories as well as a report to the Board of Directors of DnB NOR Bank ASA regarding the trend in the banking group's credit risk.

As part of the adaptation to Pillar 2, the Board of Directors of DnB NOR ASA approved a new group capitalisation policy, aimed at ensuring that group equity is adequate to ensure effective and optimal use of equity relative to the scope and risk profile of operations. The equity of DnB NOR should enable the Group to achieve a competitive return on equity and obtain competitive terms in funding markets. Also, it should put the Group in a position to exploit growth opportunities in the market through either organic growth or acquisitions while meeting minimum capital adequacy requirements with a margin adapted to the Group's adopted risk profile and risk tolerance.

In the longer term, the Group's equity will be structured to ensure that core capital excluding hybrid securities exceeds 4.25 per cent of risk-weighted assets, with the addition of a capital buffer. The calculation model for risk-adjusted capital is used to measure the size of the capital buffer relative to risk tolerance limits. Risk will be quantified through calculations of risk-adjusted capital. In addition, stress tests for credit and market risk are important reference points. The capitalisation policy is reviewed annually as part of the Group's budget and strategy process.

As part of its supervisory process, Kredittilsynet will prepare an annual overall risk assessment for the Group, including feedback on the capitalisation of the Group. These assessments will play a significant part when determining the actual effect of the transfer to new capital adequacy regulations.

Note 41 Capital adequacy and capital management (continued)

Pillar 3 Requirements concerning the disclosure of financial information

Pillar 3 presents requirements concerning the disclosure of financial information on the Internet. The information must cover DnB NOR's adaptation to and compliance with the new capital adequacy regulations.

Further progress

The Group has applied for permission to use the advanced IRB approach for credit risk as from 1 January 2008. A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. Due to transitional rules, however, 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.

	2008	2009	2010
A	**Basel II, IRB approach** • Loans to retail customers in DnB NOR Bank ASA and Boligkreditt excluding Postbanken, loans secured by residential property • Small and medium-sized corporate customers in the Regional Division East and the Regional Division Coast (foundation approach)	**Basel II, IRB approach** • Item A reported according to Basel II in 2008 • Classified under item C in 2008 and subject to parallel reporting until IRB approval has been given, whereby IRB reporting will be initiated.	**Basel II, IRB approach** • Item A reported according to Basel II in 2009 • Classified under item C in 2008 and subject to parallel reporting until IRB approval has been given, whereby IRB reporting will be initiated.
B	**Basel II, standardised approach** • All other credit risk exposure except item A	**Basel II, standardised approach** • All other credit risk exposure except item A	**Basel II, standardised approach** • All other credit risk exposure except item A
C	**Parallel reporting of** Until approval has been given from Kredittilsynet: • Small and medium-sized corporate customers in the Regional Division East and the Regional Division Coast (advanced approach) • Loans to retail customers in Postbanken secured by residential property • Retail exposures in DnB NOR Kort • Other retail exposures (not secured by residential property) in DnB NOR Bank ASA New portfolio: • DnB NOR Finans ASA (advanced approach) • Banks and financial customers (advanced approach) • DnB NOR Markets: trading portfolio (advanced approach) • Large corporate customers in Norway (advanced approach)	**Parallel reporting of** • International entities excluding DnB NORD (advanced approach) • Nordlandsbanken ASA (advanced approach)	

Note 42 Risk

Risk management in DnB NOR

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

Organisation and authorisation structure

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

Monitoring and use

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

Relevant risk measures

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

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

More about risk in Vital

Risk within life insurance comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies, while insurance risk relates to uncertainty in estimates for life expectancy and disability. According to current parameters for life insurance operations in Norway, Vital carries the risk of fulfilling the company's commitments in contracts with policyholders. The return on financial assets must be sufficient to meet the guaranteed annual return to the company's policyholders. If this is not the case, additional allocations will have to be used, representing buffer capital built up from profits in previous years. Alternatively, the shortfall could be charged to equity.

Operations in Vital are different from operations in the rest of the Group, and risk in Vital is therefore managed separately. The purpose of risk management is to achieve the highest possible return for policyholders and the owner in the long term, subject to an acceptable risk level. The Board of Directors of Vital Forsikring has stipulated a risk level that is subject to continual monitoring through management models, operative rules and reporting requirements.

As part of regular reporting, stress tests are implemented based on the following assumptions: a 20 per cent decline in share prices, a 1 percentage point rise in interest rates, a 10 per cent appreciation of the Norwegian krone and a 5 per cent reduction in property values. The stress tests showed a satisfactory risk level in 2007.

Notes 44-46 specify market risk for the DnB NOR Group, including risk linked to financial instruments in Vital. Additional information concerning risk associated with operations in Vital is presented in notes 45, 46 and 49.

Note 42 Risk (continued)

Risk categories

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

- *Credit risk* is the risk of losses due to failure on the part of the Group's counterparties (customers) to meet their payment obligations towards the DnB NOR Group. Credit risk refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, leasing, factoring, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk. Credit spread risk, which is the risk of losses in the form of a decline in value of the securities portfolio due to an increasing difference between the effective yields on the portfolio and on government paper, is also included in the measurement of credit risk. Note 43 contains an assessment of the Group's credit risk at year-end 2006 and 2007.
- *Market risk* arises as a consequence of the Group's open positions in the foreign exchange, interest rate and capital markets. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates. Notes 44 to 46 contain an assessment of the Group's market risk at year-end 2006 and 2007.
- *Liquidity risk* is the risk that the Group will be unable to meet its payment obligations. Note 48 contains an assessment of the Group's liquidity risk at year-end 2006 and 2007.
- Risk within life insurance comprises *financial risk* and *insurance risk. Financial risk* is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies, while *insurance* risk relates to changes in future insurance obligations due to changes in policyholders' life expectancy and disability rate. Note 49 contains an assessment of the Group's insurance risk at year-end 2006 and 2007.
- *Operational risk* is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- *Business risk* is the risk of losses due to external factors such as the market situation or government regulations. This risk category also includes reputational risk.

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

Risk measurement is a field in constant development, and measurement methods and tools are subject to continual improvement. No significant changes were made in routines and procedures for risk monitoring in 2007.

Concentrations of risk

Concentrations of financial risk arise when financial instruments with identical characteristics are influenced in the same way by changes in economic or other factors. The identification of risk concentrations is subject to discretionary assessment. The general purpose of risk management in the Group is to reduce and control risk concentrations. With respect to credit risk, this is reflected in the requirement to maintain a credit portfolio with a sound sectoral and geographical balance and a syndication policy that guides the exposure to individual customers and industries, cf. note 4, 21 and 22. With respect to market risk, concentration risk is restricted by limits ensuring that exposure is divided among a number of instruments, ensuring sound diversification to meet changes in share prices, exchange rates and interest rate levels. The concentration of credit risk as at 31 December 2007 for international bonds in the trading portfolio and commercial paper and bonds held by Vital is shown in note 25. The concentration of credit risk for commercial paper and bonds held to maturity is shown in note 29. Currency risk is specified in note 46. Concentrations of interest rate risk are presented in note 45. The Group's investments in shares, mutual funds and PCCs are specified in note 27. The Group has no material risk concentrations apart from those referred to above.

Note 43 Credit risk

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

Management of credit risk in the Group is described in more detail in note 42 Risk.

DnB NOR's risk classification [1)]

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

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

Commitments according to risk classification — DnB NOR Group

Amounts in NOK billion	Gross loans	Guarantee commitments	Undrawn limits (committed)	Total commitments
Risk category based on probability of default				
1 - 4	572	43	203	818
5 - 6	187	9	53	249
7 - 10	63	2	10	75
Non-performing and impaired commitments	6	0	0	6
Total commitments as at 31 December 2006 [1)]	828	54	266	1 148
Risk category based on probability of default				
1 - 4	640	54	216	910
5 - 6	246	8	65	319
7 - 10	78	3	11	92
Non-performing and impaired commitments	6	0	0	6
Total commitments as at 31 December 2007 [1)]	970	65	292	1 327

1) *Based on nominal amount.*

Loan-loss level [1)]

	2007	2006
Normalised losses including loss of interest income in per cent of net lending	0.26	0.27

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

Collateral security

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

Note 43 Credit risk (continued)

Write-down ratio	**DnB NOR Group**	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Non-performing commitments (gross)	5 055	4 334
Impaired commitments (gross)	1 170	1 434
Gross non-performing and impaired commitments	6 225	5 768
Individual write-downs	2 051	1 968
Group write-downs	712	892
Write-down ratio (per cent)	44.4	49.6
Collateral for loans	3 824	2 983
Coverage ratio (per cent)	105.8	101.3

Commitments according to:	**DnB NOR Group**	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Residential mortgages < 80 per cent of collateral value	425 772	381 905
Residential mortgages > 80 per cent of collateral value	12 761	11 875
Credit card loans	11 193	10 974

Past due loans not subject to write-downs

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

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
No. of days past due/overdrawn		
1 - 29	149	350
30 - 59	205	280
60 - 89	103	25
> 90	261	21
Past due loans not subject to write-downs	718	676

Repossessed properties and other repossessed assets - recorded value

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

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Properties, current assets	0	2
Properties, fixed assets	10	101
Other repossessed current assets	149	119
Repossessed properties and other repossessed assets	159	222

Fair value

Fair value assessments on financial instruments entailing credit risk are based on price information provided by, among others, independent brokers. See note 25 Commercial paper and bonds, for credit risk on securities.

The credit risk element for loans carried at fair value is assessed according to the principles used for assessing write-downs on loans.

Note 44 Sensitivity analysis - market risk

Conditions for calculating market risk

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

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

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

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

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

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

Financial instruments in the Group excluding Vital are divided into 14 portfolios. Capital requirements for the portfolios are calculated on the basis of expected developments in the value of an instrument or index. An example of such a portfolio is the bank's equity investment portfolio, which is correlated against developments on Oslo Børs.

Financial assets in Vital are divided into eight portfolios. Capital requirements for the portfolios are calculated on the basis of developments in an index or a combination of several indices. Calculations of capital requirements for market risk in Vital are an isolated assessment of financial instruments in Vital. However, the calculation does not take account of Vital's obligations resulting from the guaranteed rate of return, insurance risk, equity buffers or dynamic portfolio management. See note 42 for a more detailed description of risk associated with the guaranteed rate of return.

Market risk specified below includes a deduction for diversification effects resulting from imperfect correlation between the portfolios in Vital and the rest of the Group. The diversification effect between market risk in Vital and the rest of the Group are estimated at 11 per cent in 2007. The diversification effect arises because it is highly unlikely that all loss events will occur at the same time. The calculation of the diversification effect for the aggregated market risk for the Group is based on the fact that loss distributions for market risk in Vital and in the rest of the Group are derived from underlying indices subject to different degrees of correlation, so-called driver-based aggregation.

Total market risk in the Group is estimated at NOK 16.9 billion and is carried by the policyholders in Vital and by DnB NOR's shareholders.

Market risk excluding Vital increased by NOK 1.2 billion from 2006 to 2007, mainly reflecting increased limits for operations in DnB NORD. Market risk in Vital was reduced by NOK 1.3 billion from 2006 to 2007, reflecting a reduction in Vital's shareholdings. The calculations do not reflect the risk-mitigating effect of the increased buffers in Vital. Overall, market risk in the Group declined by NOK 0.9 billion from 2006 to 2007.

	DnB NOR Group	
Amounts in NOK billion	2007	2006
Market risk excluding Vital	3.6	2.4
Market risk in Vital	15.3	16.6
Diversification effect	2.0	1.2
Total market risk	16.9	17.8
Diversification effect in per cent	11	6

Note 45 Interest rate sensitivity

Interest rate sensitivity for different intervals

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

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

DnB NOR Group excl. Vital

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2007						
NOK	26	71	79	310	334	41
USD	7	8	52	11	3	65
EUR	6	7	3	2	7	13
GBP	1	5	2	2	0	9
Other currencies	6	29	12	17	15	48
31 December 2006						
NOK	20	106	59	409	284	58
USD	3	14	58	34	1	75
EUR	0	4	4	5	1	13
GBP	0	4	3	1	0	6
Other currencies	5	5	5	13	2	21

Interest rate sensitivity for different intervals - financial current assets in Vital

The table shows interest rate sensitivity associated with financial current assets in Vital. The table does not include administrative interest rate risk and interest rate risk related to non-interest earning assets. Interest rate sensitivity has an impact on profit for distribution to the owner and funds transferred to policyholders. Commercial paper and bonds held to maturity are recorded at amortised cost.

Vital

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2007						
NOK	8	21	80	158	1 472	1 579
USD	2	22	62	46	139	223
EUR	5	144	15	80	268	214
GBP	1	43	0	6	67	29
Other currencies	0	11	0	16	19	24
31 December 2006						
NOK	16	14	116	343	986	1 242
USD	6	42	49	62	102	249
EUR	3	158	13	67	251	144
GBP	3	57	13	5	81	39
Other currencies	3	5	0	7	29	28

Duration	**Vital** 31 Dec. 2007	31 Dec. 2006
Norwegian bonds - average residual maturity (years) 1)	3.66	3.47
International bonds - average residual maturity (years) 1)	5.73	5.85
Money market - average residual maturity (years) 1)	0.58	0.35
Average effective interest rate - Norwegian bonds (per cent) 2)	5.75	3.92
Average effective interest rate - international bonds (per cent) 2)	4.48	3.98
Money market - average effective interest rate (per cent) 2)	5.90	4.09

1) *The calculation includes all interest-earning securities including derivatives.*
2) *The effective interest rate on individual bonds is calculated on the basis of the instrument's market value. Weighting to arrive at the average effective interest rate for the total holding is based on weights representing the bonds' percentage shares of total book value.*

Note 45 Interest rate sensitivity (continued)

Interest rate sensitivity - liabilities to insurance policyholders

Vital carries the risk of meeting liabilities in relation to policyholders. The return on financial assets must be sufficient to meet the guaranteed rate of return specified in insurance policies. Otherwise, inadequate returns will have to be covered by applying the securities adjustment reserve, additional allocations, representing buffer capital built up from profits from previous years, or equity.

The company's guaranteed rate of return averages 3.4 per cent. The average duration for future insurance payments was 16 years as at 31 December 2007.

Note 49 gives a description of the liability adequacy test worked out in connection with IFRS 4 Insurance Contracts concerning liabilities to policyholders as at 31 December 2007.

Note 46 Currency positions

The table shows net currency positions in the DnB NOR Group excluding Vital as at 31 December, including financial derivatives as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of eligible primary capital. Aggregate currency positions must be within 30 per cent of the eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

DnB NOR Group excl. Vital

Amounts in NOK million	Foreign currencies	of which: USD	EUR [1]	GBP	SEK	DKK	JPY	Other [1]
Net currency positions as at 31 December 2007	2 655	2 286	(3 008)	195	(36)	(137)	(6)	3 360
Net currency positions as at 31 December 2006	525	64	(6 888)	(19)	566	244	14	6 544

1) *The currency position must be evaluated together with the position in Euro, and can mainly be attributed to DnB NORD.*

Foreign currency exposure arises when Vital invests parts of its securities portfolio and property portfolio in the international securities market. Under Vital's current foreign currency hedging strategy, the total foreign currency exposure is reduced to a minimum.

Vital

Amounts in NOK million	Foreign currencies	of which: USD	EUR	GBP	SEK	DKK	JPY	Other
Net currency positions as at 31 December 2007	6 604	781	1 371	80	2 303	293	84	1 693
Net currency positions as at 31 December 2006	4 769	605	785	122	1 007	227	117	1 906

Note 47 Financial derivatives

General information on application of financial derivatives

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

"Over the counter" (OTC) options or forward contracts are contracts entered into outside the stock exchange. The contracts are tailor-made according to investor requirements with respect to the underlying object, number, price, expiration terms and maturity. The advantage of OTC derivatives is that customers are not limited to standardised contracts and can buy the precise position they wish. The disadvantage compared with the standardised market is that it can be difficult to find other contracting parties and to sell the contracts on the secondary market. Clearing of non-standardised OTC options is regulated by separate standard conditions stipulated by the clearing house NOS ASA, and the relationship between the actors in the market is regulated through agreements similar to those in the standardised market.

Note 47 Financial derivatives (continued)

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

- Forward contracts: a contract to buy or sell interest rate terms, amounts in foreign currencies, shares or commodities on a specified future date at a fixed price. Forward contracts are tailor-made contracts traded between counterparties in the OTC market.
- FRAs: agreements that fix the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the actual market interest rate is exchanged.
- Interest rate futures: standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
- Swaps: transactions where two parties exchange cash flows on a fixed amount over an agreed period. The majority of swaps are tailor-made and traded outside exchanges. The most important types of swaps traded by DnB NOR are:
  - interest rate swaps in which fixed rates of interests are exchanged for floating or floating rates of interest are exchanged for fixed
  - cross-currency interest rate swaps in which parties exchange both currency and interest payments
- Options: agreements giving the buyer the right, but not the obligation, to either buy (call option) or sell (put option) a specific quantity of a financial instrument or commodity at a predetermined and fixed price. The buyer pays a premium to the seller for this right. Options are traded both as OTCs (tailor-made) and as standardised contracts.
- Interest swaptions: option contracts affording protection against an interest rate rise (for the buyer/borrower) or an interest rate fall (for the seller/lender). By paying a premium in advance, the customer gains the right, but not the obligation, to use predetermined interest rate swap contracts in the future. Depending on the structure, the swaption may be exercised on a specific future date (European option) or at any time during the term of the option (American option).

The table shows nominal values on financial derivatives according to type of derivative as well as positive and negative market values. Positive market values are entered as assets in the balance sheet, whereas negative market values are entered as liabilities. The figures below do not include financial derivatives for customer trading, for which the DnB NOR Group enters into hedging contracts. See note 1 Accounting principles for a more detailed description of measurement of financial derivatives.

						DnB NOR Group
	31 December 2007			31 December 2006		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	3 687 728	1 139	1 040	1 817 686	1 277	973
Swaps	1 992 511	40 595	41 153	1 437 280	32 109	34 926
OTC options, bought and sold	118 338	813	285	36 478	249	61
Other OTC contracts	287	14	0	0	0	0
Total OTC derivatives	5 798 865	42 562	42 478	3 291 444	33 635	35 960
Futures, bought and sold	54 076	0	0	39 222	1	0
Total exchange-traded contracts	54 076	0	0	39 222	1	0
Total interest rate contracts	5 852 940	42 562	42 478	3 330 666	33 636	35 960
Foreign exchange contracts						
Forward contracts	1 038 791	11 690	13 641	697 129	7 300	10 751
Swaps	401 264	8 069	3 362	470 821	12 906	11 359
OTC options, bought and sold	46 781	282	327	24 129	250	100
Total foreign exchange contracts	1 486 837	20 041	17 330	1 192 078	20 456	22 210
Equity-related contracts						
Forward contracts	10 418	271	176	3 816	62	69
Swaps	101	0	1	0	0	0
OTC options, bought and sold	37 518	2 928	2 683	48 465	3 792	465
Total OTC derivatives	48 038	3 200	2 861	52 281	3 855	534
Futures, bought and sold	20 716	0	0	12 516	5	17
Options, bought and sold	3 556	102	45	2 248	47	91
Total exchange-traded contracts	24 272	102	45	14 764	52	108
Total equity-related contracts	72 309	3 302	2 906	67 045	3 907	642
Commodity-related contracts						
Swaps	481	29	28	0	0	0
Total commodity related contracts	481	29	28	0	0	0
Total financial derivatives	**7 412 567**	**65 933**	**62 741**	**4 589 789**	**57 999**	**58 812**
Of which: Applied for hedging purposes	*73 520*	*503*	*778*	*71 296*	*458*	*806*

Note 47 Financial derivatives (continued)

Further information on the use of financial derivatives in DnB NOR Markets

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

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

Further information on the use of financial derivatives in Vital

The purpose of employing financial derivatives in Vital is to be able to invest and allocate funds in accordance with the company's expectations of market trends, through swift and cost-effective asset and market exposure. In addition, the application of derivatives facilitates active risk management and adjustments in equity, interest rate and foreign exchange risk. See notes 42 and 44 for a further description.

Use of derivatives as hedging instruments

The DnB NOR Group applies derivatives for, among other things, fair value hedging of interest rate risk related to long-term borrowing and deposits in foreign currencies. The majority of the Group's hedging instruments are swaps. Derivatives are recorded at market price.

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See notes 42 and 44. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business. The credit risk arising in connection with derivatives trading is included in the total credit risk of the DnB NOR Group. Netting agreements or bilateral suretyship agreements are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account such agreements, resulting in a reduction of capital adequacy requirements.

Note 48 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when due or replace deposits when withdrawn, whereby the Group will fail to meet its obligations to repay deposits and extend loans. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has established limits which restrict the short-term maturity of liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, subordinated capital and long-term funding. Liquidity risk management includes stress testing, simulating the liquidity effect of a downgrading of the bank's international credit rating following one or more negative events. The results of such stress testing are included in the banking group's contingency plan for liquidity management during a financial crisis.

Insurance obligations in Vital are not included in the table below. A major part of investments in Vital is in the form of easily marketable securities. Cf. note 49 for additional information about insurance risk.

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

Amounts in NOK million	Average interest rate (per cent)	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Loans and deposits from credit institutions	4.61	90 704	25 415	17 996	8 940	1 143		144 198
Deposits from customers	3.49	513 264	7 061	6 378	9 734	1 714		538 151
Securities issued	4.93	39 317	49 845	81 331	179 408	21 884		371 784
Sundry liabilities etc.		1 046	598	208	40	9	34 450	36 350
Subordinated loan capital	5.67					17 733	15 493	33 226
Financial derivatives, gross settlement (outgoing cash flows) [1]		682 733	467 931	422 316	413 099	138 216		2 124 295
Financial derivatives, net settlement		716	391	420	378			1 906
Total payments		1 327 780	551 242	528 649	611 599	180 698	49 943	3 249 910
1) Financial derivatives, gross settlement (incoming cash flows)		*683 363*	*465 517*	*418 362*	*411 347*	*141 830*		*2 120 420*

Residual maturity as at 31 December 2006 **DnB NOR Group**

Amounts in NOK million	Average interest rate (per cent)	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Loans and deposits from credit institutions	3.88	78 791	21 566	13 611	9 222	1 182		124 372
Deposits from customers	2.23	456 135	2 761	6 459	8 843	329		474 526
Securities issued	3.95	25 859	39 695	61 777	193 967	5 509		326 806
Sundry liabilities etc.		693	623	335	13	71	21 845	23 580
Subordinated loan capital	4.59					21 117	12 860	33 977
Financial derivatives, gross settlement (outgoing cash flows) [1]		438 417	340 682	300 962	300 143	84 734		1 464 938
Financial derivatives, net settlement		133	427	1 017	2 627	654		4 857
Total payments		1 000 027	405 754	384 159	514 816	113 596	34 705	2 453 057
1) Financial derivatives, gross settlement (incoming cash flows)		*436 024*	*340 124*	*301 179*	*304 150*	*87 071*	*36*	*1 468 584*

Note 49 Insurance risk

Risk within insurance comprises market risk and insurance risk. Market risk is the risk that the return on financial assets will not be sufficient to meet the guaranteed rate of return specified in insurance policies (see description in notes 44-46), while insurance risk mainly relates to changes in future insurance liabilities due to changes in policyholders' life expectancy and disability rate.

Analysis of insurance liabilities, customers bearing the risk and liabilities to policyholders **DnB NOR Group [1)]**

Amounts in NOK million	Insurance liabilities, customers bearing the risk	Liabilities to policyholders
Balance sheet as at 31 December 2005	**13 136**	**174 675**
Deposits	3 408	16 476
Return	2 535	14 899
Inflow of reserves	1 813	1 872
Outflow of reserves	393	6 191
Insurance payments	1 436	9 314
Other changes	(223)	(4 321)
Balance sheet as at 31 December 2006	**18 840**	**188 096**
Deposits	4 030	12 832
Return	1 594	18 337
Inflow of reserves	1 343	3 098
Outflow of reserves	421	7 354
Insurance payments	4 851	19 462
Other changes	(667)	(3 922)
Balance sheet as at 31 December 2007	**19 868**	**191 626**

1) *Refers only to Vital.*

Specification of liabilities to policyholders recorded in the balance sheet as at 31 December 2007 **DnB NOR Group [1)]**

	Group life insurance - defined-benefit pensions			Individual pension savings				
Amounts in NOK million	Private sector	Public sector	Group association insurance	Annuity and pension insurance	Endow-ment insurance	Other lines	Total 2007	Total 2006
Premium reserve	90 819	18 299	4 233	39 649	15 333	515	168 848	167 403
Additional allocations	4 740	851	276	2 239	526	0	8 632	6 429
Premium fund/pensioners' profit fund	3 403	1 296	100	648	0	0	5 447	6 436
Claims reserve	184	0	17	206	148	110	665	585
Security reserve	4 207	390	4	31	8	50	4 691	212
Total insurance liabilities	103 353	20 836	4 631	42 774	16 015	675	188 284	181 064
Securities adjustment reserve [2)]							3 342	7 032
Liabilities to policyholders	**103 353**	**20 836**	**4 631**	**42 774**	**16 015**	**675**	**191 626**	**188 096**
Unrealised gains on commercial paper and bonds held to maturity [3)]							(1 304)	222

1) *Refers only to Vital.*
2) *According to the accounting standard for insurance agreements (IFRS 4), the securities adjustment reserve is defined as a liability. The assumptions underlying the calculation of the insurance liabilities are described in a separate section under note 1 Accounting principles.*
3) *Unrealised gains on bonds held to maturity are not included in balance sheet values.*

Insurance risk

Within life insurance, insurance risk is mainly related to the likelihood of death and disability.

Risk for Vital related to changes in mortality rates is twofold. With respect to mortality risk coverage (mainly dependants' and children's pensions) lower mortality rates will give an improved risk result and a more limited need for provisions. For pensions that are currently payable, lower mortality rates will result in extended disbursement periods and thus require greater provisions.

In consequence of lower mortality rates and changes in civil status patterns, the calculation base for group pensions was changed with effect from 31 December 2007, resulting in a lower provisioning requirement for dependants' and children's pensions and a higher provisioning requirement for retirement pensions. The change has also resulted in a NOK 4.4 billion rise in premium reserves, representing 4.1 per cent of premium reserves for group pensions as at 31 December 2007. The provisions are in their entirety financed by profits for the year.

Note 49 Insurance risk (continued)

Disability risk is more exposed to short-term changes. No need has been identified to strengthen existing provisions relating to disability pensions or other disability products.

With respect to existing contracts, insurance risk is subject to continual review by analysing and monitoring risk results within each business sector. In addition, the company applies reinsurance as an instrument to reduce insurance risk. The company's current reinsurance contracts cover catastrophes and significant individual risks within group and individual insurance. The reinsurance agreements imply that Vital is responsible for risk up to a certain level while the reinsurer covers excess risk up to a maximum defined limit.

In order to reduce insurance risk exposure, it is mandatory that policyholders undergo a health check before entering into a contract for individual risk products. Individual health checks are also required under small-scale group schemes. With respect to group disability pensions, individual companies are subject to risk classification according to a specific assessment of risk in the individual companies. Risk classifications are reflected in customers' risk premiums.

Vital Forsikring's operations are concentrated in Norway. In this market, the portfolio is well diversified and without any concentrations of risk in specific geographical areas or industries.

The risk result arises when experience figures for mortality, disability and exit risk deviate from the assumptions underlying the calculation base for premiums and provisions. Exit risk relates to the issue of paid-up policies in group schemes. Up till now, increased administration reserves in connection with the issue of ordinary paid-up policies have been charged to the company's profits. As from 1 January 2008, this profit element will no longer apply, as responsibility for administration reserves for ordinary paid-up policies will be assigned to the individual pension scheme and be covered by premium payments.

Risk result **Vital**

	Group life insurance - defined-benefit pensions			Individual pension savings				
Amounts in NOK million	Private sector	Public sector	Group association insurance	Annuity and pension insurance	Endow-ment insurance	Other lines	Total 2007	Total 2006
Risk result 1)								
Risk result in 2007	(168)	(70)	11	(60)	33	32	(222)	
Risk result in 2006	(77)	13	25	(40)	37	31		(10)
Effect on the total risk result 2)								
1 per cent reduction in mortality rate							(3)	(6)
10 per cent reduction in mortality rate							(34)	(59)
5 per cent increase in disability rate							(95)	(88)
10 per cent increase in disability rate							(190)	(175)

1) *The risk result is included in the profits for allocation to policyholders and the owner. Changes in assumptions underlying the allocation and in tariff rates could have a greater impact on profits for allocation.*

2) *The effect on the total risk result for 2007 in the event of reductions in mortality rates of 1 and 10 per cent respectively and increases in disability rates of 5 and 10 per cent respectively.*

Description of liability adequacy test

In accordance with IFRS 4, the company has assessed whether its premium reserves are adequate to cover its liabilities. If the test shows that the premium reserves are too low to bear the future liabilities of the company, the difference should be recorded on the test date.

All tariff rates used by the company are based on past experience within product segments or business sectors. Thus, products may have different technical rates of interest, mortality and disability assumptions, and may incur different costs.

The company's result for the year can be divided into interest results, risk result and administration result. As a result of profit sharing between policyholders and the owner, only an aggregate positive result will lead to funds being allocated to policyholders. This is also how the liability adequacy test is constructed.

The calculation applies best estimate for expenses, retirement, mortality and disability in future cash flows. Long-term interest rate estimates constitute a fundamental part of the analysis. The long-term interest rate level on the test date has a decisive influence on the expected return underlying the test.

The adequacy test consists of the following elements:

1. Expected return
2. Guaranteed rate of return
3. Risk result
4. Administration result

The result of the test is the sum total of items 1-4. The liability adequacy test is performed each quarter for each of the four main categories: group pension insurance, group association insurance, individual annuity assurance and individual endowment insurance.

As at 31 December 2007, the adequacy test did not indicate a need for further provisions for liabilities to policyholders.

Note 49 Insurance risk (continued)

Solvency capital

The solvency capital consists of the securities adjustment reserve, additional allocations, the security reserve, equity, subordinated loan capital and perpetual subordinated loan capital securities and unrealised gains on long-term securities. All these elements, with the exception of part of the security reserve, can be used to meet the guaranteed rate of return on policyholders' funds.

	Vital [1)]	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Securities adjustment reserve	3 342	7 032
Additional allocations	8 632	6 429
Security reserve	255	205
Equity	8 363	7 155
Subordinated loan capital and perpetual subordinated loan capital securities	2 500	2 461
Unrealised gains on long-term securities	(1 304)	222
Total solvency capital	21 788	23 504
Guaranteed return on policyholders' funds	6 807	6 471

1) *As a result of the merger between Vital Forsikring and Vital Link in February 2007, products with a choice of investment profile are included with effect from 1 January 2007.*

Capital adequacy

Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent. At the end of 2007, Vital had a capital adequacy ratio of 9.7 per cent, compared with 9.8 per cent at the end of 2006. The core capital ratio was 7.6 per cent, as against 7.4 per cent a year earlier. As a result of the merger between Vital Forsikring and Vital Link in February 2007, products with a choice of investment profile are included with effect from 1 January 2007.

Risk weighted assets and eligible primary capital				**Vital** [1)]
	31 December 2007		31 December 2006	
Amounts in NOK million	Recorded	Weighted	Recorded	Weighted
Total assets	230 405	109 044	202 943	94 272
Primary capital				
Core capital		8 266		7 004
Net supplementary capital		2 268		2 236
Financial deduction		(4)		0
Total eligible primary capital		10 531		9 240
Capital adequacy requirement		8 724		7 542
Capital in excess of requirement		1 807		1 698

1) *As a result of the merger between Vital Forsikring and Vital Link in February 2007, products with a choice of investment profile are included with effect from 1 January 2007.*

Solvency margin capital

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

	Vital [1)]	
Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Total eligible primary capital	10 531	9 240
Additional allocations (50 per cent)	4 316	3 215
Security reserve in excess of the lower limit (55 per cent)	111	92
Solvency margin capital	14 958	12 546
Solvency margin capital requirement	7 510	7 648

1) *As a result of the merger between Vital Forsikring and Vital Link in February 2007, products with a choice of investment profile are included with effect from 1 January 2007.*

Note 50 Remunerations etc.

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

"The Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives

A. Guidelines for the coming accounting year

Remuneration to the group chief executive

The salary and bonus of the group chief executive should be determined on the basis of an overall assessment with main emphasis on the following aspects: financial performance, customer satisfaction, employee satisfaction and the DnB NOR Group's reputation. The bonus payment to the group chief executive will be determined based on concrete performance measurement of defined target areas and on a discretionary assessment specified in the group chief executive's scorecard. The bonus payment cannot exceed 50 per cent of annual fixed salary. The group chief executive does not receive performance-based remuneration other than the aforementioned bonus.

In addition to bonus payments, the group chief executive may receive benefits in kind such as a company car, newspapers and magazines, free home phone, free mobile and free fax machine. These benefits should reflect the group chief executive's functions in the Group or be in line with market practice and should not be significant relative to his basic salary.

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

Remuneration to other senior executives

The group chief executive determines the remuneration of senior executives in consultation with the Compensation Committee. The Board will honour any existing binding agreements. Salaries should be determined on the basis of the need for offering competitive terms in the various business areas. Salaries should promote the DnB NOR Group's competitiveness in the relevant labour market as well as the Group's profitability (including the desired trend in income and costs). Remuneration schemes must not pose a threat to DnB NOR's reputation or be market-leading. Salaries awarded should ensure that the DnB NOR Group attracts and retains people with the desired skills and experience.

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

Bonuses may be awarded to senior executives based on concrete performance measurement of defined target areas and on a discretionary assessment specified in the relevant executive's scorecard. Such schemes should be performance-based without encouraging undue risk and should not pose a threat to DnB NOR's reputation. In addition to ordinary salaries, bonuses should ensure that the DnB NOR Group attracts and retains people with the preferred competencies and experience. The maximum limit for bonus payments will be 50 per cent of fixed salary. The Board may, however, make exceptions for certain positions to ensure competitive terms. Though remunerations in the latter case should be competitive, they should not be market-leading.

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

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

The current defined-benefit pension scheme for senior executives with salaries exceeding 12G (12 times the National Insurance basic amount) will be closed. Employees who start employment in the Group after the closing date, will not be included in the top salary pension scheme. It is a stated aim to reduce future benefit entitlements. A working group has thus been appointed to consider prospective adjustment mechanisms for the closed scheme.

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

See table of remunerations for senior executives below.

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

80 per cent of the variable salary of the group chief executive and senior executives is paid in cash, while 20 per cent is paid in the form of shares with a minimum holding period of two years. Additional guidelines will be established.

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

The Board of Directors confirms that the guidelines set forth in the statement were complied with in 2007."

Terms for the chairman of the Board of Directors

Chairman of the Board of Directors of DnB NOR ASA, Olav Hytta, received a total remuneration of NOK 380 000 in 2007, compared with NOK 356 000 in 2006. In addition, Olav Hytta received remuneration for other board positions within the DnB NOR Group. In 2007, he received NOK 325 000 as chairman of the Board of Directors of DnB NOR Bank ASA, compared with NOK 304 000 in 2006. Benefits in kind from the DnB NOR Group were estimated at NOK 5 000, compared with NOK 9 000 in 2006. In 2007, pension payments totalled NOK 1 842 000, compared with NOK 1 795 000 in 2006.

Terms for the group chief executive

Rune Bjerke assumed the position as DnB NOR's group chief executive on 1 January 2007. The group chief executive in DnB NOR ASA received an ordinary salary of NOK 4 200 000 in 2007. Benefits in kind amounted to NOK 258 000. Costs for DnB NOR in connection with the group chief executive's pension scheme were NOK 2 913 000 for the 2007 accounting year. Costs are divided between DnB NOR ASA and DnB NOR Bank ASA. The Board of Directors of DnB NOR ASA has stipulated the group chief executive's bonus payment for 2007 at NOK 1 260 000.

Note 50 Remunerations etc. (continued)

Svein Aaser retired as group chief executive as at 31 December 2006 with the official retirement date being 1 January 2007. In 2007, he received holiday pay totalling NOK 1 067 000 and a bonus of NOK 15 000. Benefits in kind were estimated at NOK 81 000. In addition, pension payments represented NOK 3 255 000.

Remunerations etc. in 2007 — DnB NOR Group

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2007 1)	Paid remuneration 2)	Paid salaries 3)	Paid bonus 4)	Paid benefits in kind 5)	Paid total remuneration	Loans as at 31 Dec. 2007 6)	Accrued pension expenses	Current value of pension agreement 7)
Board of Directors of DnB NOR ASA									
Olav Hytta (chairman)	-	705	-	-	5	710	10	545	18 414
Johan Nic. Vold (vice-chairman) (from 19 June 2007)	-	160	-	-	-	160	3	-	-
Per Hoffmann	456	477	535	15	8	1 035	1 733	29	134
Nina Britt Husebø	349	238	407	33	16	694	136	32	224
Berit Kjøll (until 19 June 2007)	-	118	-	-	-	118	25	-	-
Jørn O. Kvilhaug	808	420	830	100	25	1 375	711	86	2 450
Bent Pedersen 8)	-	579	-	-	-	579	0	-	-
Heidi M. Petersen (until 5 November 2007)	-	380	-	-	-	380	2	-	-
Trine Sæther Romuld (from 19 June 2007) 8)	-	168	-	-	-	168	0	-	-
Ingjerd Skjeldrum	570	477	582	15	15	1 089	131	82	1 155
Siri Pettersen Strandenes (from 11 Dec. 2007)	-	182	-	-	1	182	0	-	-
Bjørn Sund 8)	-	358	-	-	-	358	0	-	-
Anne Carine Tanum	-	238	-	-	-	238	0	-	-
Per Terje Vold (until 19 June 2007)	-	153	-	-	1	154	0	-	-
Total Board of Directors	2 183	4 652	2 354	162	71	7 240	2 750	775	22 378
Group management									
Rune Bjerke, CEO	4 200	-	4 200	-	258	4 458	0	2 913	2 913
Tom Grøndahl, deputy CEO	2 678	-	2 824	818	215	3 857	695	2 441	27 192
Bård Benum, group EVP (until 30 April 2007)	-	-	1 233	15	130	1 378	4	513	-
Øyvind Birkeland, group EVP (until 11 June 2007)	-	-	2 182	15	213	2 409	3 945	885	11 068
Ottar Ertzeid, group EVP	1 600	-	2 455	7 465	189	10 109	0	559	4 865
Liv Fiksdahl, group EVP (from 11 June 2007)	1 615	-	1 349	724	163	2 236	2 233	598	4 073
Anne-Brit Folkvord, group EVP (from 11 June 2007)	1 615	-	1 349	499	173	2 021	882	742	5 557
Helge Forfang, group EVP (until 11 June 2007)	-	-	2 232	15	219	2 466	6 035	1 318	12 652
Cathrine Klouman, group EVP (from 11 June 2007)	1 979	-	1 783	609	140	2 531	3 238	824	3 636
Evlyn Raknerud, group EVP (until 11 June 2007)	-	-	1 496	15	776	2 287	0	452	9 143
Tom Rathke, group EVP (from 30 April 2007)	2 604	-	2 376	1 617	165	4 157	1 110	1 541	6 517
Åsmund Skår, group EVP	2 750	-	2 761	840	270	3 871	536	1 698	19 003
Leif Teksum, group EVP	3 000	-	2 983	915	234	4 132	2 207	1 646	21 103
Total group management	22 041	-	29 223	13 545	3 144	45 912	20 884	16 130	127 722
Control Committee									
Helge B. Andresen (until 24 April 2007)	-	173	-	-	-	173	0	-	-
Svein Brustad	-	233	-	-	-	233	0	-	-
Svein Norvald Eriksen (from 24 April 2007)	-	159	-	-	-	159	1 519	-	-
Ingebjørg Harto (from 24 April 2007)	-	159	-	-	-	159	0	-	-
Frode Hassel	-	328	-	-	-	328	0	-	-
Kristin Normann (until 24 April 2007)	-	136	-	-	-	136	0	-	-
Thorstein Øverland	-	233	-	-	-	233	0	-	-
Total Control Committee	-	1 418	-	-	-	1 418	1 519	-	-
Total Supervisory Board	4 065	1 262	6 204	348	439	8 253	28 118	-	-
Total	28 288	7 332	37 781	14 056	3 654	62 824	53 271	16 904	150 100
Total lending to other employees							11 127 293		

Note 50 Remunerations etc. (continued)

1) *Fixed annual salary at year-end for employees who were members of the Board of Directors, the group management team or the Supervisory Board as at 31 December 2007.*
2) *Includes remuneration received from all companies within the DnB NOR Group for service on Boards of Directors and committees. Remuneration from DnB NOR ASA was NOK 3 028 868.*
3) *Includes salary payments for the entire year and holiday pay on bonuses. Some employees were members of the Board of Directors, the group management team or the Supervisory Board for only parts of 2007.*
4) *The bonus of group chief executive Rune Bjerke for 2007 was stipulated at maximum 30 per cent of annual fixed salary. The bonus will be paid in 2008. Group executive vice president Ottar Ertzeid, head of DnB NOR Markets, has a performance-based salary including both fixed and variable payments. The size of the bonus depends on results achieved by the business area and on long-term performance. The bonus payment in 2007 to group executive vice president Tom Rathke comprised NOK 836 000 related to 2006 and NOK 781 000 related to 2007.*
5) *Benefits in kind include payments from the employee investment fund upon termination of employment and pension payments.*
6) *Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DnB NOR employees are extended on special terms, which are close to ordinary customer terms.*
7) *The net present value of pension agreements represents accrued pension commitments excluding payments into funded pension schemes. Assumptions used in actuarial calculations of accrued pension expenses and the present value of pension agreements are shown in note 11 Pensions.*
8) *Also a member of the Audit Committee.*

Other information on pension agreements

Ottar Ertzeid, Liv Fiksdahl, Anne-Brit Folkvord, Cathrine Klouman, Tom Rathke and Leif Teksum have pension agreements entitling them to a pension representing 70 per cent of fixed salary from the age of 62. Rune Bjerke, Tom Grøndahl and Åsmund Skår have pension agreements entitling them to a pension representing 70 per cent of fixed salary from the age of 60.

Subscription rights programme for employees

There was no subscription rights programme for employees at year-end 2007.

Remuneration to the statutory auditor	**DnB NOR ASA**		**DnB NOR Group**	
Amounts in NOK 1 000	2007	2006	2007	2006
Statutory audit [1]	469	462	16 383	13 299
Other certification services	73	228	2 464	3 106
Tax-related advice	0	0	1 897	2 889
Other services [2]	283	444	2 820	2 766
Total remuneration to the statutory auditor	825	1 133	23 564	22 060

1) *Includes fees for auditing funds managed by DnB NOR.*
2) *Other services performed for the DnB NOR Group in 2007 primarily concerned the implementation of IFRS in the statutory accounts and assistance relating to Basel II and IT audits. The auditor also assisted the Group in matters relating to restructuring and group structure.*

Note 51 Information on related parties

The largest owner of the DnB NOR Group is the Norwegian government, represented by the Ministry of Trade and Industry, which owns and controls 34 per cent of the shares in the parent company DnB NOR ASA. See note 53 Largest shareholders.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies are associated companies plus Sparebankstiftelsen DnB NOR (the Savings Bank Foundation). See note 31 for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms.

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

	Group management and Board of Directors		Related companies	
Amounts in NOK million	2007	2006	2007	2006
Loans as at 1 January	24	29	0	153
New loans/repayments during the year	(8)	(4)	14	(153)
Changes in group management or board composition	0	0	-	-
Loans as at 31 December	**16**	**24**	**14**	**0**
Interest income	**1**	**1**	**0**	**1**
Deposits as at 1 January 1)	14	10	10 753	10 924
Deposits/withdrawals during the year	3	4	(644)	(171)
Changes in group management or board composition	(3)	0	-	-
Deposits as at 31 December	**13**	**14**	**10 109**	**10 753**
Interest expenses	**0**	**0**	**398**	**315**
Guarantees 1)	**-**	**-**	**9 448**	**6 616**

1) *DnB NOR carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DnB NOR. According to the agreement, DnB NOR still carries interest rate risk and credit risk associated with the transferred portfolio. The loans are set off by deposits/payments from Eksportfinans. Apart from the syndicated loans described above, DnB NOR has also issued guarantees for other loans in Eksportfinans.*

No write-downs were made on loans to related parties in 2006 and 2007. Reference is made to note 50 for information on loans to group management members and directors. Transactions with deputy members of the Board of Directors are not included in the table above.

New and refinanced loans to group management and directors in 2007 amounted to NOK 10.6 million. In general, DnB NOR employee loans should be paid by automatic debit in monthly instalments in arrear. Employees' commitments are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

Note 52 Earnings per share

	DnB NOR Group	
	2007	2006
Profit for the year (NOK million)	15 022	11 808
Profit attributable to shareholders (NOK million) 1)	14 780	10 131
Average number of shares (in 1 000) 2)	1 333 402	1 335 449
Average number of shares, fully diluted (in 1 000) 2)	1 333 402	1 335 449
Earnings per share (NOK) 1)	11.08	8.74
Earnings per share, fully diluted (NOK) 1)	11.08	8.74

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

Note 53 Largest shareholders

Shareholder structure in DnB NOR ASA as at 31 December 2007	Shares in 1 000	Ownership in per cent
Norwegian Government/Ministry of Trade and Industry	453 102	34.00
Savings Bank Foundation	149 790	11.24
National Insurance Scheme Fund	54 195	4.07
Capital Research/Capital International	35 052	2.63
Jupiter Asset Management	19 735	1.48
Barclays Global Investors	19 606	1.47
Fidelity	17 503	1.31
DnB NOR Ansattefond	16 802	1.26
Putnam	13 622	1.02
Deutsche Bank AG/DWS Investments	13 177	0.99
Pioneer Investments	12 390	0.93
DnB NOR Asset Management	11 375	0.85
Oslo Pensjonsforsikring	11 000	0.83
Nordea Funds	8 427	0.63
Julius Baer Asset Management	8 095	0.61
Orkla ASA	7 500	0.56
Goldmans Sachs Funds	7 206	0.54
Zenit Asset Management	6 886	0.52
Neuberger Berman	6 339	0.48
JP Morgan Funds	6 023	0.45
Total largest shareholders	877 824	65.87
Other	454 830	34.13
Total	1 332 654	100.00

Note 54 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions		**DnB NOR Group**	
		31 Dec.	31 Dec.
Amounts in NOK million		2007	2006
Unutilised ordinary credit lines		307 303	245 827
Documentary credit commitments		19 693	15 705
Other commitments		1 082	447
Total commitments		328 078	261 979
Performance guarantees		23 304	21 702
Payment guarantees		21 753	18 010
Loan guarantees [1)]		13 044	6 302
Guarantees for taxes etc.		4 948	3 948
Other guarantee commitments		4 799	4 791
Total guarantee commitments [2)]		67 848	54 753
Support agreements		1 933	5 267
Total guarantee commitments etc. [*)]		69 781	60 020
*) Of which:			
Counter-guaranteed by financial institutions		1 300	1 584
Securities		92 668	75 931
are pledged as security for:	Loans [3)]	92 556	75 816
	Other activities	112	115

1) *DnB NOR carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR has issued guarantees. According to the agreement, DnB NOR still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 673 million were recorded in the balance sheet as at 31 December 2007.*
2) *Liabilities included in issued financial guarantees are measured at fair value and recorded in the balance sheet. See note 18 Information on fair value and note 39 Provisions.*
3) *NOK 92 556 million in securities as at 31 December 2007 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 31 December 2007, DnB NOR Group had borrowings of NOK 15 729 million from Norges Bank.*

As a member of Continuous Linked Settlement Bank (CLS Bank) DnB NOR has an obligation to contribute to cover any deficit in CLS Bank's central settlement account for member banks, even if the default is caused by another member bank. Initially, such deficit will be sought covered by other member banks based on transactions the respective banks have had with the member bank which has caused the deficit in CLS Bank. Should there remain an uncovered deficit in CLS Bank, this will be covered pro rata by the member banks in CLS (currently 71 of the world's largest banks), according to Article 9 "Loss Allocations" of CLS Bank's International Rules. According to the agreements between CLS and the member banks, the pro rata payment obligations related to such coverage of any remaining deficit are limited to USD 30 million per member bank. At the end of 2007, DnB NOR had not recorded any obligations in relation to CLS.

Contingencies

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

In 2004, DnB NOR Bank issued a writ against the Norwegian government, represented by the Central Tax Office for Large Companies, 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 interest rate and currency swaps, as no tax credit was awarded for net losses in the tax assessment. In 2006, the bank lost the case in the District Court. The outcome will have no material effect on the result for the DnB NOR Group. The decision has been appealed.

Lloyd´s Underwriters has announced an action for damages against Vital Skade AS, maintaining that the company has been wrongfully involved in an insurance claim of up to NOK 200 million by Vital Skade. The claim is contested.

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

Post balance-sheet events

The Board of Directors of DnB NOR ASA has proposed a dividend of NOK 4.50 per share for 2007, which will entail payments totalling NOK 5 997 million.

The financial market has been volatile during the first months of 2008. This has resulted in a significant rise in credit risk margins on bonds and commercial paper along with reduced market liquidity. Up until 12 March 2008, widening credit margins have caused a further decline in value of DnB NOR Bank's bond portfolio and portfolios owned by other group entities. It must be expected that enduring market turmoil and falling values may lead to write-downs on such portfolios in the accounts into 2008. However, the actual credit quality of the investments has not been materially impaired, and any write-downs are expected to be reversed over the residual maturity of the bonds.

Income statement

Amounts in NOK million	Note	2007	2006	2005
				DnB NOR ASA
Total interest income		275	132	173
Total interest expenses		265	185	186
Net interest income		**10**	**(53)**	**(13)**
Commissions and fees payable etc.		6	6	6
Net gains on financial instruments at fair value		0	11	(8)
Other income [1)]	2	3 268	9 904	5 532
Net other operating income		**3 262**	**9 909**	**5 517**
Total income		**3 272**	**9 856**	**5 504**
Salaries and other personnel expenses		1	2	38
Other expenses		210	182	164
Total operating expenses		**211**	**185**	**202**
Pre-tax operating profit		**3 061**	**9 672**	**5 302**
Taxes	4	409	2 311	595
Profit for the year		**2 652**	**7 360**	**4 708**
Earnings per share (NOK) [2)]		1.99	5.51	3.53
Earnings per share for discontinuing operations (NOK) [2)]		0.00	0.00	0.00

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

Balance sheet

Amounts in NOK million	Note	31 Dec. 2007	31 Dec. 2006	31 Dec. 2005
				DnB NOR ASA
Assets				
Deposits with DnB NOR Bank ASA		2 781	3 617	3 808
Lending to other group companies		230	225	225
Investments in group companies	5	51 642	48 642	48 612
Other receivables due from group companies		14 371	12 656	6 992
Other assets		0	0	45
Total assets		**69 023**	**65 140**	**59 682**
Liabilities and equity				
Loans from DnB NOR Bank ASA	6	5 632	5 719	5 936
Loans from other group companies		12 999	4 227	2 249
Other liabilities and provisions		5 233	6 582	4 697
Paid-in capital		24 994	25 275	25 303
Retained earnings		20 165	23 337	21 497
Total liabilities and equity		**69 023**	**65 140**	**59 682**

Statement of changes in equity

DnB NOR ASA

Amounts in NOK million	Share capital	Share premium reserve [1)]	Total paid-in capital	Retained earnings [2)]	Total equity
Balance sheet as at 31 December 2005	**13 369**	**11 934**	**25 303**	**21 497**	**46 800**
Profit for the period				7 360	7 360
Dividends for 2006				(5 336)	(5 336)
Own shares	(28)		(28)	(184)	(212)
Balance sheet as at 31 December 2006	**13 341**	**11 934**	**25 275**	**23 337**	**48 612**
Profit for the period				2 652	2 652
Dividends for 2007				(5 997)	(5 997)
Redemption of shares	(14)	(267)	(281)	173	(108)
Balance sheet as at 31 December 2007	**13 327**	**11 668**	**24 994**	**20 165**	**45 159**

1) *The share premium reserve can be used to cover financial losses.*
2) *Retained earnings can be used in accordance with stipulations in the Public Limited Companies Act.*

The share capital of DnB NOR ASA is NOK 13 326 536 150 divided into 1 332 653 615 shares of NOK 10 each. Each share carries one vote at the Annual General Meeting.

The Board of Directors of DnB NOR ASA has proposed a dividend of NOK 4.50 per share for 2007, which will entail payments totalling NOK 5 997 million. Earnings per share in 2007 were NOK 11.08.

Cash flow statement

DnB NOR ASA

Amounts in NOK million	2007	2006	2005
Operations			
Payments to operations	(29)	(24)	(177)
Taxes paid	(1 043)	0	(1 841)
Net cash flow relating to operations	**(1 072)**	**(24)**	**(2 018)**
Investment activity			
Net receipts on loans to group companies	0	0	1 727
Receipts on the sale of long-term investments in shares	0	43	1 119
Payments on the acquisition of long-term investments in shares	(3 000)	(30)	(3 756)
Net cash flow relating to investment activity	**(3 000)**	**13**	**(910)**
Equity funding			
Group contributions from subsidiaries	8 836	4 965	7 769
Dividend payments	(5 336)	(4 679)	(3 409)
Issue of new shares	0	0	320
Repurchase of own shares	(108)	(212)	0
Net cash flow relating to equity funding	**3 392**	**74**	**4 680**
Other liquidity financing			
Net payments on long-term liabilities	(217)	(217)	(1 955)
Net investments in credit institutions	836	191	213
Net interest payments on other liquidity financing	61	(37)	(10)
Net cash flow relating to other liquidity financing	**680**	**(63)**	**(1 752)**
Net cash flow	**0**	**0**	**0**

Note 1 – Transition to IFRS and accounting principles

Transition to IFRS

As of 1 January 2007 DnB NOR ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS (International Financial Reporting Standards), hereinafter called the Norwegian IFRS regulations. These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. DnB NOR ASA is the parent company in the DnB NOR Group, which implemented IFRS in the consolidated accounts as of 1 January 2005. The DnB NOR Group's opening balance date was 1 January 2004.

Up until 31 December 2006, DnB NOR ASA prepared statutory accounts based on Norwegian accounting legislation, the accounting regulations issued by the Ministry of Finance and Norwegian generally accepted accounting principles, hereinafter referred to as NGAAP. The transition to IFRS did not have any effect on the accounts other than certain reclassifications in income statement.

Changes in the income statement

- The line "Dividends from group companies/group contributions" is no longer included, and these items are presented under "Other income".
- The lines "Net gains on foreign exchange and financial instruments" and "Net gains on long-term securities" are no longer included, and these items are presented on the line "Net gains on financial instruments at fair value".

Accounting principles

Changes in accounting principles

The effects of changes in accounting principles are recorded directly against equity.

Ownership interests in group companies

Subsidiaries are defined as companies in which DnB NOR ASA has control, directly or indirectly, through a long-term ownership interest and a holding of more than 50 per cent of the voting share capital or primary capital. DnB NOR ASA's subsidiaries are DnB NOR Bank ASA, Vital Forsikring ASA, DnB NOR Kapitalforvaltning Holding AS and Vital Skade AS. All subsidiaries are 100 per cent owned.

In the accounts of DnB NOR ASA, investments in subsidiaries are recorded at cost.

Transactions with group companies

Transactions with subsidiaries are conducted in accordance with general business conditions and principles whereby income, expenses, losses and gains are distributed as correctly as possible between the group companies.

Dividends and group contributions

Dividends and group contributions from group companies are recorded in the accounts in the same year as provisions are made in the relevant companies. Group contributions received are classified as dividends when considered to represent return on invested capital. Distributed dividends and group contributions are recorded as liabilities in accordance with the Board of Directors proposal on the balance sheet date.

Taxation

Taxes for the year comprise payable taxes for the financial year and changes in the value of deferred taxes and deferred tax assets.

Deferred taxes are calculated on the basis of differences between the profits stated in the accounts and the profits computed for tax purposes, which will be offset in the future. Evaluations are based on the balance sheet and tax position on the balance sheet date. Taxable and tax-deductible timing differences will be netted against each other within the same time interval. Deferred tax assets can be recognised as assets in the balance sheet when it is considered probable that the tax-deductible timing differences may be realised.

Note 2 Dividends/group contributions from subsidiaries

Dividends/group contributions from subsidiaries	**DnB NOR ASA**	
Amounts in NOK million	2007	2006
Group contributions received from:		
DnB NOR Bank ASA	0	7 700
Other group companies	240	24
Dividends received from:		
DnB NOR Bank ASA	0	0
Vital Forsikring ASA	3 028	2 048
Vital Link AS [1)]	0	132
Total dividends/group contributions from subsidiaries	**3 268**	**9 904**

Allocations	**DnB NOR ASA**	
Amounts in NOK million	2007	2006
Proposed dividends per share (NOK)	4.50	4.00
Share dividend	5 997	5 336
Transfers to other equity	(3 345)	2 024
Total allocations	**2 652**	**7 360**

1) *Vital Link was merged with Vital Forsikring in February 2007, with effect from 1 January 2007.*

Note 3 Remunerations etc.

All employees in DnB NOR ASA are also employed in one of the underlying companies within the Group. The holding company purchases services from other units within the Group. The group chief executive, the deputy CEO and the heads of certain staff units are employed in both DnB NOR ASA and one of the subsidiaries in the Group. Personnel expenses and other administrative expenses relating to these individuals are divided between the subsidiaries and DnB NOR ASA according to use.

See note 50 for the DnB NOR Group for further details on remunerations etc. See also note 7 for DnB NOR ASA, specifying shares in DnB NOR ASA owned by senior executives and members of governing bodies.

Note 4 Taxes

	DnB NOR ASA	
Amounts in NOK million	2007	2006
Tax base		
Operating profit in DnB NOR ASA	3 061	9 672
Calculated effect from dividends/group contributions from subsidiaries	(1 599)	(2 180)
Permanent differences	0	763
Tax base for the year	1 462	8 255
Taxes		
Payable taxes	409	2 311
Total taxes	**409**	**2 311**

Note 5 Investments in subsidiaries as at 31 December 2007 [1)]

DnB NOR ASA

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	Recorded value
DnB NOR Bank		17 514 311	175 143 110		17 514 311	100.0	41 892 502
DnB NORD	EUR	632 095	322 368 501	EUR	322 368	51.0	
Den Norske Investments	GBP	210	210 000	GBP	210	100.0	
DnB NOR Asia	SGD	20 000	20 000 000	SGD	20 000	100.0	
DnB NOR Bogstadveien 45 A		12 181	12 181 162		12 181	100.0	
DnB NOR Boligkreditt		902 000	9 020 000		902 000	100.0	
DnB NOR Bygg		112 826	112 826		112 826	100.0	
DnB NOR Eiendom		2 503	25 033		2 503	100.0	
DnB NOR Eiendomsutvikling		91 000	91 000 000		91 000	100.0	
DnB NOR Finans		842 000	8 420 000		842 000	100.0	
DnB NOR Invest Holding		200 000	200 000		200 000	100.0	
DnB NOR Luxembourg	EUR	17 352	70 000	EUR	17 352	100.0	
DnB NOR Markets Inc.	USD	1	1 000	USD	1	100.0	
DnB NOR Meglerservice		1 200	12		1 200	100.0	
DnB NOR Monchebank	RUB	500 000	494 937 073	RUB	494 937	99.0	
DnB NOR Næringsmegling		1 000	10 000		1 000	100.0	
DnB NOR Reinsurance		21 000	21 000		21 000	100.0	
Hafjell Holding		10 000	1 000		10 000	100.0	
Lørenfaret NE 1		500	5 000		500	100.0	
Netaxept		10 500	26 250 000		10 500	100.0	
Nordlandsbanken		625 062	50 004 984		625 062	100.0	
Postbanken Eiendom		2 000	20 000		2 000	100.0	
Realkreditt Eiendom		11 000	11 000		11 000	100.0	
SalusAnsvar	SEK	85 614	20 552 925	SEK	82 215	96.0	
Svensk Fastighetsförmedling	SEK	8 940	89 400	SEK	8 940	100.0	
Viul Hovedgård		7 500	750 000		7 500	100.0	
DnB NOR Kapitalforvaltning Holding		220 050	220 050		220 050	100.0	2 215 929
DnB NOR Kapitalforvaltning		109 680	548 402		109 680	100.0	
DnB NOR Asset Management Holding (Sweden)	SEK	135 200	1 352 000	SEK	135 200	100.0	
DnB NOR Fondene		10 000	10 000		10 000	100.0	
Vital Forsikring		1 320 682	52 827 288		1 320 682	100.0	7 495 044
Vital Eiendom		10 000	20 000		10 000	100.0	
Vital Eiendomsforvaltning		3 000	3 000		3 000	100.0	
Vital Pekon		1 400	1 400		1 400	100.0	
Vital Skade		13 500	13 500		13 500	100.0	38 440
Total investments in subsidiaries							**51 641 915**

1) *Major subsidiaries and sub-subsidiaries in the DnB NOR Group.*

Note 6 Loans and deposits from credit institutions

Loan totalling NOK 5 632 million has been granted by DnB NOR Bank ASA at general market terms.

Note 7 Shares in DnB NOR ASA held by members of governing bodies and senior executives

	Number of shares 31 Dec. 2007
Supervisory Board of DnB NOR ASA	
Members elected by shareholders	
Benedicte Berg Schilbred, chairman	4 001
Ole-Eirik Lerøy, vice-chairman	10 000
Wenche Agerup	0
Nils Halvard Bastiansen	0
Jan-Erik Dyvi	27 664
Toril Eidesvik	0
Anne Cathrine Frøstrup	124
Elisabeth Grændsen	200
Herbjørn Hansson	25 000
Knut Hartvig Johannson	10 000
Erik Sture Larre sr.	389 639
Tomas Leire	0
Eldbjørg Løwer	0
Dag J. Opedal	1 395
Merethe Smith	0
Birger Solberg	4 000
Arthur Sletteberg	0
Tove Storrødvann	209
Gine Wang	0
Hanne Egenæss Wiig	0
Members elected by employees	
Else Carlsen	1 100
Bente H. Espenes	188
Yvonne Fjellvang	303
Svein Ove Kvalheim	500
Carl A. Løvvik	0
Marit Pettersvold	1 088
Anne Liv Reistad	464
Eli Solhaug	188
Marianne Steinsbu	2 600
Berit Ur	3 591

	Number of shares 31 Dec. 2007
Control Committee of DnB NOR ASA	
Frode Hassel, chairman	0
Svein Norvald Eriksen	0
Ingebjørg Harto	0
Thorstein Øverland	0
Board of Directors of DnB NOR ASA	
Olav Hytta, chairman	6 851
Johan Nic. Vold, vice-chairman	2 500
Per Hoffmann	1 301
Nina Britt Husebø	0
Jørn O. Kvilhaug	285
Bent Pedersen	12 701
Trine Sæther Romuld	0
Ingjerd Skjeldrum	3 956
Siri Pettersen Strandenes	1
Bjørn Sund	15 524
Anne Carine Tanum	0
Senior executives	
Rune Bjerke, CEO	10 093
Tom Grøndahl, deputy CEO	25 840
Ottar Ertzeid, group executive vice president	24 995
Liv Fiksdahl, group executive vice president	320
Anne-Brit Folkvord, group executive vice president	4 450
Cathrine Klouman, group executive vice president	3 287
Tom Rathke, group executive vice president	842
Åsmund Skår, group executive vice president	7 106
Leif Teksum, group executive vice president	26 085
Group Audit	
Harald Jægtnes, group executive vice president	4 332
The statutory auditor owns no shares in DnB NOR ASA	

The figures also include shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 1-5 of the Act on Public Limited Companies.

Oslo, 12 March 2008
The Board of Directors of DnB NOR ASA

Olav Hytta
(chairman)

Johan Nic. Vold
(vice-chairman)

Per Hoffmann

Nina Britt Husebø

Jørn O. Kvilhaug

Bent Pedersen

Trine Sæther Romuld

Ingjerd Skjeldrum

Siri Pettersen Strandenes

Bjørn Sund

Anne Carine Tanum

Rune Bjerke
(group chief executive)

Auditor's report

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers AS
Postboks 748
NO-0106 Oslo
Telephone +47 02316
Telefax +47 23 16 10 00

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

Auditor's report for 2007

We have audited the annual financial statements of DnB NOR ASA as of December 31, 2007, showing a profit of NOK 2 652 million for the parent company and a profit of NOK 15 022 million for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statement of the parent company comprises the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The financial statement of the group comprises the balance sheet, the statement of income and cash flows, the statement of changes in equity and the accompanying notes. Simplified IFRS according to the Norwegian accounting act § 3-9 and the accounting regulations issued by Kredittilsynet (the Financial Supervisory Authority of Norway) have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Group Chief Executive. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in accordance with simplified IFRS according to the Norwegian accounting act § 3-9 and the accounting regulations issued by Kredittilsynet
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of December 31, 2007, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, March 12, 2008
PricewaterhouseCoopers AS

Geir Julsvoll
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Control Committee's Report

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

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

In connection with the closing of the accounts for the 2007 financial year, the Control Committee has examined the Directors' Report, the annual accounts and the Auditor's Report for DnB NOR ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of DnB NOR and the Group, and recommends the approval of the Directors' Report and annual accounts for the 2007 financial year.

Oslo, 13 March 2008

Frode Hassel
(chairman)

Svein N. Eriksen

Ingebjørg Harto

Thorstein Øverland

Svein Brustad
(deputy)

Contact information

DnB NOR ASA
Organisation number: 981 276 957 MVA
Group chief executive: Rune Bjerke
Mailing address: NO-0021 Oslo
Visiting address: Stranden 21, Oslo
www.dnbnor.com
Tel: +47 915 03000

DnB NOR Bank ASA
Organisation number: 984 851 006 MVA

DnB NOR Markets
Headed by: Ottar Ertzeid
Mailing address: NO-0021 Oslo
Visiting address: Stranden 21, Oslo
www.dnbnor.no/markets
Tel: +47 915 03000

Vital Forsikring ASA
Organisation number: 914 782 007 MVA
Headed by: Tom Rathke
Mailing address: P.O. Box 7500, NO-5020 Bergen
Visiting addresses: Folke Bernadottes vei 40, Fyllingsdalen, Beddingen 16, Trondheim and Vollsveien 17 A, Lysaker
www.vital.no
Tel: +47 55 17 70 00

DnB NOR Kapitalforvaltning ASA
Organisation number: 880 109 162 MVA
Headed by: Torkild Varran
Mailing address: NO-0021 Oslo
Visiting address: Øvre Slottsgate 3, Oslo
www.dnbnor.no/kapitalforvaltning
Tel: +47 915 03000

Nordlandsbanken ASA
Organisation number: 914 713 196 MVA
Headed by: Morten Støver
Mailing address: NO-8002 Bodø
Visiting address: Moloveien 16, Bodø
www.nordlandsbanken.no
Tel: +47 915 08900

Postbanken
Headed by: Jarle Mortensen
Mailing address: NO-0021 Oslo
Visiting address: Kirkegata 21, Oslo
www.postbanken.no
Tel: +47 915 03800

DnB NOR Finans AS
Organisation number: 920 953 743 MVA
Headed by: Stein Ove Steffensen
Mailing address: P.O. Box 7125, NO-5020 Bergen
Visiting address: Lars Hillesgate 30, Bergen
www.dnbnorfinans.no
Tel: +47 56 12 85 00

DnB NOR Eiendom AS
Organisation number: 910 968 955 MVA
Headed by: Kjell Thomassen
Mailing address: NO-0021 Oslo
Visiting address: Kirkegata 21, Oslo
www.dnbnoreiendom.no
Tel: +47 915 03000

Postbanken Eiendom AS
Organisation number: 880 984 332 MVA
Headed by: Thore Cato Stentun
Mailing address: NO-0021 Oslo
Visiting address: Kirkegata 21, Oslo
www.postbankeneiendom.no
Tel: +47 915 03000

DnB NOR Boligkreditt AS
Organisation number: 985 621 551 MVA
Headed by: Øivind Birkeland
Mailing address: NO-0021 Oslo
Visiting address: Kirkegata 21, Oslo
Tel: +47 915 03000

DnB NOR Næringsmegling AS
Organisation number: 975 265 145 MVA
Headed by: Sverre Seeberg
Mailing address: NO-0021 Oslo
Visiting address: Stranden 21, Oslo
www.dnbnornaringsmegling.no
Tel: +47 22 94 86 60

International branches

DnB NOR Bank ASA, Denmark branch
Headed by: Hilde Knoph Fallang
Address: Dampfærgevej 28, DK-2100 Copenhagen Ø, Denmark
Tel: +45 333 66 200

DnB NOR Bank ASA, Finland branch
Headed by: Timo Reinikainen
Address: Urho Kekkosen katu 7B, 5 krs, FI-00100 Helsinki, Finland
Tel: +358 10 548 2100

For information about customer service, branch offices and Internet banks, see www.dnbnor.no or call +47 915 04800 (Retail Banking) or +47 915 07700 (Corporate Banking). For information about press contacts, see www.dnbnor.com

DnB NOR Bank ASA, Sweden branch
Headed by: Peter H. Carlsson
Mailing address: P.O. Box 3041, SE-103 63 Stockholm, Sweden
Visiting address: Kungsgatan 18, Stockholm
Tel: +46 8 473 41 00

DnB NOR Bank ASA, Filiale Deutschland
Headed by: Jan Rognlid
Mailing address: Postfach 301260, DE-20305 Hamburg, Germany
Visiting address: Bleichenbrücke 11, Hamburg
Tel: +49 40 3575200

DnB NOR Bank ASA, London Branch
Headed by: Terje Turnes
Address: 20, St. Dunstan's Hill, GB-London EC3R 8HY, England
Tel: +44 207 621 1111

DnB NOR Bank ASA, New York Branch
Headed by: Kristin H. Holth
Address: 200 Park Avenue 31st Floor,
New York, N.Y. 10166-0396, USA
Tel: +1 212 681 3800

DnB NOR Bank ASA, Singapore Branch
Headed by: Erik Borgen
Address: 8 Shenton Way, #48-02, Temasek Tower,
Singapore 068811
Tel: +65 6220 6144

DnB NOR Bank ASA, Chile Branch
Headed by: Trine Loe
Address: Magdalena 140, piso 19
Las Condes, Santiago
The branch will open in summer 2008.

DnB NOR Bank ASA, Shanghai Branch
Headed by: Espen Lund
Address: 901 Shanghai Central Plaza, 381 Huai Hai Zhong Lu
200020 Shanghai, P.R. China
Tel: +86 21 6132 2888

Subsidiaries

Bank DnB NORD A/S
Headed by: Sven Herlyn
Address: Dampfærgevej 28, DK-2100 Copenhagen Ø, Denmark
Tel: +45 76 70 05 00

DnB NOR Luxembourg S.A.
Headed by: Frode Ekeli
Mailing address: P.O. Box 867, L-2018 Luxembourg
Visiting address: 13, rue Goethe, L-1637 Luxembourg
Tel: +352 45 49 451

DnB NOR Markets, Inc. New York
Headed by: Niels Lyng-Olsen
Address: 200 Park Avenue 31st Floor,
New York, N.Y. 10166-0396, USA
Tel: +1 212 681 3800

DnB NOR Asset Management AB
Headed by: Anders Jonsson
Mailing address: Box 3510, SE-103 69 Stockholm, Sweden
Visiting address: Kungsgatan 18, Stockholm
Tel: +46 8 473 41 00

OAO DnB NOR Monchebank
Headed by: Valentina Dvoinishnikova
Address: Lenina Avenue 14, 183032 Murmansk, Russia
Tel: +7 8152 555 301

Representative offices

Houston, USA
Headed by: Espen Kvilekval
Address: Three Allen Center 333 Clay Street,
Suite 4010 Houston, Texas 77002, USA
Tel: + 1 832 214 5800

Rio de Janeiro, Brazil
Headed by: Tom M. Ringseth
Mailing address: Caixa Postal 1620,
CEP 20001-970 Rio de Janeiro, RJ Brazil
Visiting address: Praia do Flamengo 66, Bloco,
B/Sala 1014, 22228-900 Rio de Janeiro
Tel: +55 21 2285 1795

DnB NOR has decided to open representative offices in Athens, Greece and Mumbai, India.

Investor Relations

Bjørn Erik Næss
Chief financial officer
Tel: +47 22 48 29 22
bjorn.erik.naess@dnbnor.no

Per Sagbakken
Head of Investor Relations/Long-term Funding
Tel: +47 22 48 20 72
per.sagbakken@dnbnor.no

Thor Tellefsen
Tel: +47 22 94 93 88
thor.tellefsen@dnbnor.no

Jo Teslo
Tel: +47 22 94 92 86
jo.teslo@dnbnor.no

Helge Stray
Tel: +47 22 94 93 76
helge.stray@dnbnor.no

Corporate Communications

Trond Bentestuen
Group executive vice president
Tel: +47 22 48 16 91
trond.bentestuen@dnbnor.no

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

The annual report has been produced by Group Financial Reporting, Corporate Communications and Designteam in DnB NOR.

Design: Marit Høyland, Designteam
Photo editor: Stig B. Fiksdal, Corporate Communications
Translation: Gina Fladmoe and Nathalie Samuelsen, Corporate Communications
Paper: Gothic Silk 250/115 grams
No. of copies: 4 000
Print: Grafix AS, Aller Trykk

Cover photo: Grøtfjorden outside Tromsø in the North of Norway is a popular place for people wishing to challenge the forces of nature by wave surfing, kitesurfing or mountain climbing. In the winter months, the magical Northern Lights can be admired in the night sky. Photo: Rune Rørmyr