

DnB NOR Bank ASA



Annual report 2007

The annual report has been produced by Group Financial Reporting, Corporate Communications and Designteam in DnB NOR.

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Paper: Gothic Silk 250/115 grams
No. of copies: 500
Print: Grafix AS, Scanner Trykk

Cover photo: Grøt fjorden 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.

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2007 in brief

	2007	2006
Pre-tax operating profits before write-downs (NOK million)	13 131	12 340
Profits for the year (NOK million)	11 382	9 595
Total assets at year-end (NOK billion)	1 250	1 105
Return on equity (per cent)	19.7	18.2

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 Bank 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

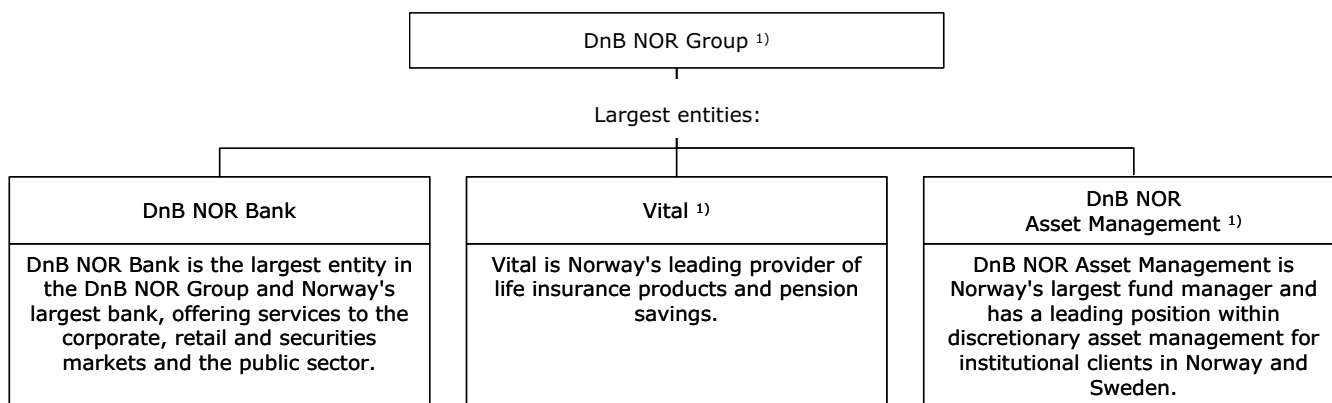
- The Group was granted a concession to purchase the Polish bank BISE Bank through its partially-owned subsidiary DnB NORD
- DnB NOR reorganised parts of its operations and changed the composition of its group management team to meet new challenges in the financial industry
- DnB NOR Boligkreditt AS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

Third quarter

- The financial turmoil had a limited impact on DnB NOR
- 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 Bank started sales of housing loans in Sweden



¹⁾ These units prepare separate reports.

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 Bank ASA prepares consolidated annual accounts for the banking group in accordance with IFRS, International Financial Reporting Standards. The statutory accounts of DnB NOR Bank ASA have been prepared in accordance with Norwegian IFRS regulations.

Operations in 2007

The DnB NOR Bank Group ¹⁾ recorded a healthy rise in profits in 2007 in spite of significant financial market turmoil in the second half of the year. The banking group's profit for the year came to NOK 11,4 billion, an increase of 18.6 per cent from 2006.

There was a strong rise in banking group income due to higher volumes and international expansion. Net interest income grew by 16.5 per cent from 2006.

Some negative items 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 257 million.

However, positive items more than compensated for the negative effects. The banking group sold its bank buildings in Norway, resulting in recorded gains of NOK 2 405 million.

Return on equity was 19.7 per cent in 2007, an increase from 18.2 per cent in 2006. The cost/income ratio, excluding allocations to employees, was 50.6 per cent in 2007 and 50.1 per cent in 2006.

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 banking 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 NOR 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 NOR's operations in Poland in November.

The banking 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, the banking group enjoyed a sound liquidity situation throughout the year, and the banking group was not materially affected by the tight financial market.

The establishment of DnB NOR Boligkreditt AS will ensure favourable funding of the banking 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.

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

In 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 banking group was 7.9 per cent as at 31 December 2007. The Board of Directors considers the banking 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 33 meetings. Important items on the agenda were the banking 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 also functions as the banks' Audit Committee, held seven meetings in 2007. The committee reviewed the quarterly and annual accounts, risk reporting and the work of the internal and statutory auditors.

The Board wishes to thank all of the banking 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: optimisation 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 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 NOR is an important contributor to the Group's increasing international operations.

Review of the annual accounts

Full year results 2007

The banking group's profit for the year came to NOK 11.4 billion in 2007, up 18.6 per cent from the previous year. Strong and robust growth resulted in a significant rise in profits. There was a 17.0 per cent rise in lending, while deposits grew by 12.9 per cent. Income increased by 9.6 per cent, and strong international expansion resulted in 16.3 per cent of income being generated outside Norway in 2007. Total costs rose by 12.7 per cent. Excluding costs relating to the employee investment funds, there was an increase of 10.7 per cent. Pre-tax operating profits before write-downs were up 6.4 per cent from 2006 in spite of special negative items due to the financial market turmoil and the dissolution of the employee funds.

Net interest income

Net interest income was NOK 18.0 billion in 2007, a rise of 16.5 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 specifies changes from 2006 to 2007 according to main items:

<i>Amounts in NOK million</i>	2007	Change	2006
Net interest income	18 015	2 546	15 469
Lending and deposit volumes		2 000	
Lending and deposit spreads		(271)	
Equity and non-interest-earning items		901	
Other net interest income		(84)	

Net other operating income

Net other operating income totalled NOK 9.4 billion in 2007, down 1.5 per cent from 2006. The decrease 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 11.7 per cent due to, among other things, an increase in the sale of foreign exchange and interest rate agreements.

Net other operating income represented 34.3 per cent of total income in 2007, compared with 38.2 per cent in 2006.

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

<i>Amounts in NOK million</i>	2007	Change	2006
Net other operating income	9 416	(141)	9 556
Net gains on FX and interest rate instruments excluding guarantees and credit margins		561	
Net stock market related income including financial instruments		278	
Net other commissions and fees		156	
Real estate broking		36	
Unrealised losses on bonds		(1 258)	
Other income		85	

Operating expenses

Operating expenses totalled NOK 14.3 billion in 2007, an increase of NOK 1.6 billion or 12.7 per cent from 2006. Excluding allocations to employees and costs relating to the dissolution of the employee investment funds, expenses came to NOK 13.9 billion, up 10.7 per cent from 2006.

The increase in operating expenses resulted from both greater activity levels and certain special costs. NOK 0.8 billion of the increase referred to the banking group's operations outside Norway, reflecting increased international focus, especially in DnB NOR and in Sweden. Expenses in Norwegian operations were up NOK 0.8 billion in consequence of high non-recurring costs for winding up the employee investment funds and the shift from financial to operational leasing.

The fact that the number of full-time positions in Norwegian operations was reduced by 7 from year-end 2006 to end-December 2007 parallel to an increase of 1 640 full-time positions in the banking 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:

<i>Amounts in NOK million</i>	2007	Change	2006
Operating expenses	14 300	1 614	12 686
Norwegian units		773	
Of which:			
Costs from dissolution of employee funds		257	
Rise in allocations to employees		11	
Pension expenses		177	
Wage settlements		172	
Performance-based pay		6	
IT expenses		123	
Operational leasing		93	
Other		(66)	
International units		841	
Of which:			
DnB NORD		582	
Sweden		198	
Other		62	

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 354 million in 2006. The increase was mainly due to the sale of the banking group's 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 banking 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 banking group's total tax charge for 2007 was NOK 4 010 million, representing 26.1 per cent of pre-tax operating profits. In 2006, the tax charge was NOK 3 357 million or 25.9 per cent of pre-tax operating profits. The banking group anticipates a future normalised tax level of 27 per cent.

Balance sheet

Total assets in the banking group's balance sheet were NOK 1 250 billion at year-end 2007, as against NOK 1 105 billion a year earlier.

Liquidity

Net lending to customers rose by NOK 142 billion or 17.0 per cent from 2006 to 2007. Customer deposits rose by NOK 62 billion or 12.9 per cent during the twelve-month period.

In order to keep the banking group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. 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, the banking group enjoyed a sound liquidity situation throughout the year, and the banking 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 55.3 per cent at end-December 2007, down from 57.3 per cent a year earlier.

Securities issued by the banking 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.

Corporate governance

The management of the banking group is based on the principles contained in the Norwegian Code of Practice for Corporate Governance. There are no significant deviations between the Code of Practice and the way it is implemented in 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.

Corporate governance in DnB NOR Bank is described in greater detail in the chapter "Management in DnB NOR" in DnB NOR's annual report 2007.

Risk and capitalisation

The banking group 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 6.7 billion to NOK 46.4 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:

<i>Amounts in NOK billion</i>	31 Dec. 2007	31 Dec. 2006
Credit risk	42.6	36.0
Market risk	3.6	2.4
Operational risk	4.4	4.0
Business risk	2.2	2.1
Gross risk-adjusted capital	52.8	44.6
Diversification effect ¹⁾	(6.4)	(4.9)
Net risk-adjusted capital	46.4	39.7
Diversification effect in per cent of gross risk-adjusted capital ¹⁾	12.1	11.0

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

Credit growth was 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 Bank 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 banking group's equity investments. Risk associated with the fall in value of the bond portfolio maintained by the banking group to ensure access to funding from Norges Bank and other central banks is treated as credit risk in the risk measurement.

During the first half of 2007, the banking group experienced a virus attack on its IT systems which for some days significantly hampered the banking group's operations. However, the costs were limited, and customers were generally not affected. The banking 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, the banking group fared well through 2007 due to the banking 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 the banking group to maintain a balance sheet structure with low liquidity risk.

Risk-weighted volume included in the calculation of the capital adequacy requirement was NOK 886 billion at end-December 2007, up 12.5 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 7.9 per cent in 2007, as against 6.8 per cent in 2006, while the capital adequacy ratio was 10.5 per cent at year-end 2007.

Business areas

At year-end 2007, activities in the banking group were organised in the business areas Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. The business areas operate as independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products. DnB NOR 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.

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 com-

pany, 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.

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 future growth rate, especially in Latvia.

Corporate social responsibility

Due to the banking group's role in society, its responsibilities go beyond the management of financial values. It is strategically important for the banking 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 banking group is a key factor in maintaining the trust of customers, shareholders, employees and society at large. The banking group's corporate social responsibility ambitions are outlined in a special policy. The most important elements are:

- the banking group wishes to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations
- the banking group 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
- the banking group aspires to be among the best financial institutions in the Nordic region within corporate social responsibility

The banking group's corporate social responsibility policy is based on the banking 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.

The banking group 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.

The banking 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.

The banking group's contribution to sustainable development also means being a good partner for cultural activities, sports, research and humanitarian organisations. The banking group supports a number of humanitarian organisations. In 2007, for example, Plan Norway and CARE Norway received funding towards their micro-finance projects. NOK 72 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.

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 banking 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 banking group's daily operations. All employees who are engaged in advising retail customers will be certified, and 310 advisers were certified in 2007.

The banking group is strongly committed to being an attractive workplace. In the current tight labour market, it is vital to implement measures to retain employees. The banking 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 0.4 point rise in employee satisfaction to 73 points on a scale from 0 to 100. This survey is one of the tools helping the banking group 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 the banking group. In 2007, 97 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 banking group. Moreover, more than 2 270 managers participated in development processes in their respective management teams. The purpose of management training activities in the banking group is to develop a common corporate culture and establish good working methods in the individual units and throughout the banking group. Several custom-made management training programmes to suit the specific needs of each business area were also implemented.

External environment

The banking group influences the external environment directly and indirectly. The banking 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. The banking group has a direct impact on the environment through its consumption of paper and energy, waste management, procurement and use of means of transport.

DnB NOR Bank wishes to reduce the banking group's direct environmental impact by keeping its own house in order. More than half of the banking group's employees now work in buildings certified under the eco-lighthouse programme. As part of environmental efforts, the banking group 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, the banking group decided to include alternative sources of energy in its strategic priority areas. The banking group's expertise within hydropower and offshore represents an advantage when the group 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 banking 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)

The banking group is committed to promoting and facilitating physical activity among its employees. This is part of the banking group's systematic and long-term HS&E work, based on Section 3-4 of the Norwegian Working Environment Act and the banking group's human resources policy targets.

By facilitating and encouraging physical activity, the banking group 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 the banking group 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 banking 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. DnB NOR's Ergonomics Committee has contributed its expertise during this process. The committee performs an advisory function and is part of the banking group's systematic HS&E work. The committee is involved in preventive measures to reduce work-related health problems and ensure that the banking group 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 banking group's Norwegian operations averaged 5.62 per cent in 2007, in comparison with 5.51 per cent in 2006. Priority is given to implementing preventive measures and to giving additional assistance to units with high levels of sickness absence. The banking group aims to reduce average sickness absence to below 5 per cent. It is also banking 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, the banking group 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 NOR in Denmark has implemented a sickness absence policy where managers conduct special sickness absence interviews to follow up high absentee rates. The banking group seeks to adapt

working hours to suit the different life phases and working situations of the employees.

HS&E and working environment training

The banking group endeavours to prevent injuries caused by robberies and threats through extensive security procedures and training programmes. In 2007, 45 managers and 11 safety representatives completed the banking 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 the banking group.

In 2007, the following number of employees in the banking 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: 78

Equality

The banking group 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. The banking group also has flexible schemes that make it easier to combine a career with family life. At year-end 2007, the gender balance in the banking group was 51.4 per cent women and 48.6 per cent men. DnB NOR Monchebank and DnB NORD are not included in these figures.

The banking group 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 banking 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 29 per cent. If figures for management level five are included, the total female representation was 31 per cent. At year-end 2007, DnB NORD had 9.5 per cent women at management level two.

Equal opportunity measures in the banking group:

- 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 economic 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 the banking group continue very strong, and it is DnB NOR Bank's assumption that the turmoil will have relatively limited consequences for the banking 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 Bank expects growth to continue in the most important segments of the banking 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.

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 banking group will work towards organic growth in existing operations and consider structural opportunities to reach its targets.

The Board of Directors of DnB NOR ASA 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

Profits in DnB NOR Bank ASA came to NOK 11 141 million. The profits were recorded against equity.

After allocations, distributable reserves total NOK 29.3 billion.

The share capital in DnB NOR Bank ASA was increased by NOK 300 million in November. Including share premiums, the bank received an equity injection of NOK 3 000 million.

The banking group's capital adequacy ratio as at 31 December 2007 was 10.5 per cent, with a core capital ratio of 7.9 per cent.

Correspondingly, capital adequacy in DnB NOR Bank ASA was 11.9 per cent and core capital 9.0 per cent.

In the opinion of the Board of Directors, DnB NOR Bank ASA will have adequate financial strength and flexibility to provide satisfactory support to operations in subsidiaries and meet the banking group's expansion requirements.

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 158 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 Bank ASA

Olav Hytta
(chairman)

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kari Lotsberg

Torill Rambjør

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke
(group chief executive)

Income statement

DnB NOR Bank ASA				DnB NOR Bank Group			
2005 ¹⁾	2006	2007	Amounts in NOK million	Note	2007	2006	2005 ¹⁾
27 476	39 108	56 598	Total interest income	6	62 214	42 720	29 652
15 500	25 997	41 748	Total interest expenses	6	44 199	27 251	16 251
11 976	13 111	14 850	Net interest income	6	18 015	15 469	13 401
5 714	5 861	5 916	Commissions and fees receivable etc.	8	6 632	6 249	5 898
1 980	1 866	1 923	Commissions and fees payable etc.	8	2 040	1 939	2 021
4 050	3 712	3 009	Net gains on financial instruments at fair value	8, 9	3 187	3 601	2 897
0	0	0	Net realised gains on investment securities (AFS)	8	0	0	0
0	0	0	Profit from companies accounted for by the equity method	8	9	171	97
648	2 909	2 621	Other income	8	1 628	1 475	1 343
8 431	10 615	9 624	Net other operating income	8	9 416	9 556	8 214
20 407	23 726	24 474	Total income		27 431	25 026	21 615
4 955	5 882	6 347	Salaries and other personnel expenses	10, 11	8 144	7 170	5 718
4 573	4 264	4 364	Other expenses	10	5 296	4 884	4 910
616	383	409	Depreciation and impairment of fixed and intangible assets	10	860	632	805
10 143	10 530	11 119	Total operating expenses	10	14 300	12 686	11 433
100	63	1 566	Net gains on fixed and intangible assets	13	2 481	354	162
(32)	(337)	75	write-downs on loans and guarantees	14, 15	220	(258)	(42)
10 395	13 597	14 846	Pre-tax operating profit		15 392	12 952	10 385
2 973	3 207	3 705	Taxes	16	4 010	3 357	3 058
0	0	0	Profit from discontinuing operations after taxes		0	0	0
7 422	10 390	11 141	Profit for the year		11 382	9 595	7 327
-	-	-	Profit attributable to shareholders		11 139	9 452	7 314
-	-	-	Profit attributable to minority interests		242	143	13
43.12	60.36	64.56	Earnings per share (NOK) ²⁾		64.55	54.91	42.56
0.00	0.00	0.00	Earnings per share for discontinuing operations (NOK) ²⁾		0.00	0.00	0.00

1) Pro forma figures.

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

Balance sheet ¹⁾

DnB NOR Bank ASA				DnB NOR Bank Group			
1 Jan. 2006	31 Dec. 2006	31 Dec. 2007			31 Dec. 2007	31 Dec. 2006	1 Jan. 2006
			Amounts in NOK million	Note			
Assets							
19 715	9 346	6 602	Cash and deposits with central banks	18	9 816	11 453	21 229
74 648	117 261	178 742	Lending to and deposits with credit institutions	18, 19, 21, 22	52 302	65 203	31 427
627 892	722 881	763 472	Lending to customers	18, 20, 21, 22	980 239	838 023	707 916
76 798	137 302	112 273	Commercial paper and bonds	18, 25	114 542	114 203	78 018
3 174	3 590	8 731	Shareholdings	18, 26, 27	9 104	3 818	3 260
33 025	56 657	65 135	Financial derivatives	18, 47	64 445	56 345	33 128
0	0	0	Shareholding, available for sale		0	0	0
0	0	0	Commercial paper bonds, held to maturity		0	0	0
0	0	0	Investment property	28	170	148	270
537	569	585	Investments in associated companies	29	1 416	1 499	1 388
7 170	8 594	12 716	Investments in subsidiaries	30	-	-	-
1 932	1 990	2 087	Intangible assets	31	4 733	3 166	2 954
6	404	8	Deferred tax assets	16	128	190	37
2 860	2 687	882	Fixed assets	33	3 439	5 392	5 057
0	0	0	Biological assets		0	0	0
27	0	0	Discontinuing operations		225	27	27
3 597	6 033	13 087	Other assets		9 067	5 663	3 318
851 382	1 067 313	1 164 320	Total assets		1 249 625	1 105 131	888 029
Liabilities and equity							
97 510	120 072	129 162	Loans and deposits from credit institutions	18, 35	144 228	124 383	108 067
401 267	457 465	510 745	Deposits from customers	18, 36	542 307	480 471	417 734
30 641	57 258	63 257	Financial derivatives	18, 47	61 731	57 646	30 765
234 460	324 183	335 772	Securities issued	18, 37	371 784	326 806	236 631
778	2 642	343	Payable taxes		767	4 888	1 505
899	3	1 100	Deferred taxes	16	1 381	39	1 130
14 591	21 087	25 711	Other liabilities	40	23 205	15 367	12 188
0	0	0	Discontinuing operations		0	0	0
3 776	4 113	4 566	Provisions	18, 39	4 930	4 372	4 113
25 122	33 240	32 491	Subordinated loan capital	18, 38	33 226	33 979	26 112
809 045	1 020 064	1 103 147	Total liabilities		1 183 558	1 047 950	838 246
0	0	0	Minority interest		2 662	2 201	947
0	0	0	Revaluation reserve		0	0	0
17 214	17 214	17 514	Share capital		17 514	17 214	17 214
25 122	30 035	43 659	Other reserves and retained earnings		45 891	37 765	31 622
42 336	47 249	61 173	Total equity		66 068	57 181	49 783
851 382	1 067 313	1 164 320	Total liabilities and equity		1 249 625	1 105 131	888 029

Off-balance sheet transactions
and contingencies

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1) See note 17 for a classification of financial instruments.

Statement of changes in equity

DnB NOR Bank ASA						
	Revalu- ation reserve	Share capital	Share premium reserve ²⁾	Other equity ^{1) 3)}	Total other reserves and retained earnings	Total equity ¹⁾
<i>Amounts in NOK million</i>						
Balance sheet as at 1 January 2006 NGAAP ⁴⁾	0	17 214	9 995	13 966	23 961	41 176
IFRS effects						
IAS 39 - Extended use of fair value of financial instruments				383	383	383
IAS 16 - Market value of buildings for own use				448	448	448
IFRS 3 - Exclusion of goodwill amortisation				347	347	347
Other IFRS effects				(18)	(18)	(18)
Total IFRS effects	0	0	0	1 161	1 161	1 161
Balance sheet as at 1 January 2006	0	17 214	9 995	15 127	25 122	42 336
Net change in currency translation reserve				(54)	(54)	(54)
Profit for the period				4 846	4 846	4 846
Net income for the period	0			4 791	4 791	4 791
Reorganised operations, Sparebankgårdene				121	121	121
Balance sheet as at 31 December 2006	0	17 214	9 995	20 039	30 035	47 249
Balance sheet as at 31 December 2006 NGAAP	0	17 214	9 995	18 148	28 143	45 357
IFRS effects						
IAS 39 - Extended use of fair value of financial instruments				1 057	1 057	1 057
IAS 16 - Market value of buildings for own use				430	430	430
IFRS 3 - Exclusion of goodwill amortisation				428	428	428
Other IFRS effects				(23)	(23)	(23)
Total IFRS effects	0	0	0	1 891	1 891	1 891
Balance sheet as at 31 December 2006	0	17 214	9 995	20 039	30 035	47 249
Net change in currency translation reserve				(216)	(216)	(216)
Profit for the period				11 141	11 141	11 141
Net income for the period				10 924	10 924	10 924
Share issue		300	2 700		2 700	3 000
Balance sheet as at 31 December 2007	0	17 514	12 695	30 964	43 659	61 173
1) Of which currency translation reserve:						
Balance sheet as at 1 January 2006				22		22
Net change in currency translation reserve				(54)		(54)
Balance sheet as at 31 December 2006				(32)		(32)
Net change in currency translation reserve				(216)		(216)
Balance sheet as at 31 December 2007				(248)		(248)

1) Of which currency translation reserve:

Balance sheet as at 1 January 2006	22	22
Net change in currency translation reserve	(54)	(54)
Balance sheet as at 31 December 2006	(32)	(32)
Net change in currency translation reserve	(216)	(216)
Balance sheet as at 31 December 2007	(248)	(248)

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.

4) Including effects of new regulations on the treatment of loans and guarantees, and merger with DnB NOR Hypotek.

The tied-up share of retained earnings (fund for unrealised gains) in DnB NOR Bank ASA totalled NOK 2 516 million as at 31 December 2007.

Statement of changes in equity (continued)

DnB NOR Bank Group							
<i>Amounts in NOK million</i>	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 1 January 2006 NGAAP ⁴⁾	947	0	17 214	10 711	15 940	26 651	44 812
IFRS effects							
IAS 39 - Extended use of fair value of financial instruments					611	611	611
IAS 16 - Market value of buildings for own use					571	571	571
IFRS 3 - Exclusion of goodwill amortisation					474	474	474
IAS 10 - Dividends/Group contribution					3 297	3 297	3 297
Other IFRS effects					18	18	18
Total IFRS effects	0	0	0	0	4 970	4 970	4 970
Balance sheet as at 1 January 2006	947	0	17 214	10 711	20 910	31 622	49 783
Net change in currency translation reserve	44				(12)	(12)	32
Profit for the period	143				9 452	9 452	9 595
Net income for the period	187	0	0	0	9 441	9 441	9 627
Dividends 2005					(3 297)	(3 297)	(3 297)
Minority interests, DnB NORD	1 071						1 071
Other minority interests	(4)						(4)
Balance sheet as at 31 December 2006	2 201	0	17 214	10 711	27 054	37 765	57 181
Balance sheet as at 31 December 2006 NGAAP	2 201	0	17 214	10 711	19 113	29 824	49 240
IFRS effects							
IAS 39 - Extended use of fair value of financial instruments					1 174	1 174	1 174
IAS 16 - Market value of buildings for own use					529	529	529
IFRS 3 - Exclusion of goodwill amortisation					640	640	640
IAS 10 - Dividends/Group contribution					5 544	5 544	5 544
Other IFRS effects					53	53	53
Total IFRS effects	0	0	0	0	7 941	7 941	7 941
Balance sheet as at 31 December 2006	2 201	0	17 214	10 711	27 054	37 765	57 181
Net change in currency translation reserve	(72)				(168)	(168)	(240)
Profit for the period	242				11 139	11 139	11 382
Net income for the period	171				10 972	10 972	11 142
Dividends 2006					(5 544)	(5 544)	(5 544)
Share issue			300	2 700		2 700	3 000
Minority interests, DnB NORD	261						261
Other minority interests	30						30
Balance sheet as at 31 December 2007	2 662	0	17 514	13 411	32 480	45 891	66 068
<i>1) Of which currency translation reserve:</i>							
Balance sheet as at 1 January 2006	0				(27)		(27)
Net change in currency translation reserve	44				(12)		32
Balance sheet as at 31 December 2006	44				(39)		6
Net change in currency translation reserve	(72)				(168)		(240)
Balance sheet as at 31 December 2007	(28)				(206)		(234)

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.

4) Including effects of new regulations on the treatment of loans and guarantees.

Cash flow statement

DnB NOR Bank ASA			DnB NOR Bank Group	
2006	2007	Amounts in NOK million	2007	2006
Operations				
(107 359)	(49 089)	Net payments on loans to customers	(146 922)	(129 985)
58 942	59 589	Net receipts on deposits from customers	63 859	66 112
37 009	41 105	Interest received from customers	50 680	40 476
(8 857)	(17 296)	Interest paid to customers	(18 052)	(9 226)
		Net receipts/payments on the sale/acquisition of financial assets		
(52 057)	26 919	for investment or trading	(967)	(28 088)
6 140	4 027	Net receipts on commissions and fees	4 625	6 528
(11 463)	(13 087)	Payments to operations	(15 816)	(13 491)
(477)	(2 671)	Taxes paid	(2 832)	(562)
580	993	Other receipts	1 607	1 407
(77 542)	50 489	Net cash flow relating to operations	(63 819)	(66 829)
Investment activities				
(899)	2 857	Net receipts/payments on the sale/acquisition of fixed assets	3 187	(802)
212	9	Receipts on the sale of long-term investments in shares	9	212
(167)	(4 080)	Payments on the acquisition of long-term investments in shares	(4 080)	(167)
1 215	1 347	Dividends received on long-term investments in shares	248	115
362	133	Net cash flow relating to investment activity	(636)	(642)
Funding activity				
(6 833)	(49 164)	Net receipts/payments on loans to/from credit institutions	29 435	(13 852)
(5 831)	(7 064)	Net receipts/payments on other short-term liabilities	(2 416)	(5 493)
94 079	25 377	Net issue of bonds and commercial paper ¹⁾	58 281	92 803
10 302	5 436	Issue of subordinated loan capital	5 583	10 302
(2 152)	(3 917)	Redemptions of subordinated loan capital	(4 017)	(2 152)
0	3 000	Receipts of increase in share capital	3 000	0
(3 932)	(7 700)	Dividend/group contribution payments	(7 700)	(3 932)
(16 806)	(14 553)	Net interest payments on funding activity	(20 420)	(17 673)
68 826	(48 586)	Net cash flow from funding activity	61 745	60 003
(8 354)	2 036	Net cash flow	(2 710)	(7 468)
30 138	21 783	Cash as at 1 January	18 230	25 698
(8 354)	2 036	Net payments on cash	(2 710)	(7 468)
21 783	23 819	Cash as at 31 December ^{*)}	15 520	18 230
*) Of which:				
9 346	6 602	Cash and deposits with central banks	9 816	11 453
12 437	17 217	Deposits with credit institutions with no agreed period of notice ²⁾	5 703	6 777

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

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

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

Key figures

DnB NOR Bank Group

	2007	2006
Interest rate analyses		
1. Average combined spread for lending and deposits (%)	2.12	2.08
2. Spread for ordinary lending to customers (%)	1.08	1.27
3. Spread for deposits from customers (%)	1.04	0.81
Rate of return/profitability		
4. Net other operating income, per cent of total income	34.3	38.2
5. Cost/income ratio (%)	50.6	50.1
6. Return on equity (%)	19.7	18.2
Financial strength		
7. Core (Tier 1) capital ratio at end of period (%)	7.9	6.8
8. Capital adequacy ratio at end of period (%)	10.5	10.2
9. Core capital at end of period (NOK million)	69 569	53 554
10. Risk-weighted volume at end of period (NOK million)	886 099	787 311
Loan portfolio and write-downs		
11. Write-downs relative to net lending to customers	0.02	(0.03)
12. Net non-performing and impaired commitments, per cent of net lending	0.42	0.45
13. Net non-performing and impaired commitments at end of period (NOK million)	4 174	3 800
Liquidity		
14. Ratio of customer deposits to net lending to customers at end of period (%)	55.3	57.3
Staff		
15. Number of full-time positions at end of period	12 290	10 657

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.

Note 1 Accounting principles

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1. BASIS FOR PREPARING THE ACCOUNTS

DnB NOR Bank has prepared consolidated accounts for 2007 in accordance with IFRS, International Financial Reporting Standards as approved by the EU. The statutory accounts of DnB NOR Bank have been prepared in accordance with the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS.

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 banking 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 Bank 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 3 gives a description of important estimates and assumptions. Cf. also note 4 Changes in group structure.

5. CONSOLIDATION

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

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and associated companies.

When preparing consolidated accounts, intra-group transac-

tions and balances along with unrealised gains or losses on these transactions between group units are eliminated.

Subsidiaries and associated companies

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

Associated companies are companies in which DnB NOR Bank has a significant influence, that is the power to participate in the financial and operating policy decisions of the companies, but is not in control or joint control of the companies. An assumption of significant influence exists when DnB NOR Bank holds between 20 and 50 per cent of the voting share capital or primary capital in another entity. 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 banking group. The major entity in the banking group, DnB NOR Bank ASA, has Norwegian kroner as its functional currency. Balance sheet items of foreign branches and subsidiaries are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are charged directly to equity.

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 the banking group's share is included.

6. RECOGNITION OF ASSETS AND LIABILITIES

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

Assets are derecognised at the time actual risk relating to the

assets is transferred and control of 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 banking group are given below.

Financial assets and liabilities in the trading portfolio

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

The trading portfolio mainly includes financial assets in DnB NOR Markets and financial derivatives excluding derivatives used for hedging. 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 instruments designated as at fair value with changes in value recognised in profit or loss

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

Financial derivatives designated as hedging instruments

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

Loans and receivables carried at amortised cost

The loans and liabilities category 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

Measurement at fair value

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

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

Instruments not traded in an active market

Financial instruments not traded in an active market are valued according to different valuation techniques. When valuing ordinary, straightforward financial instruments, the banking 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 banking 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

Measurement at amortised cost

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.

Impairment of financial assets

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 the banking group has no intention of holding to maturity. The portfolio includes both commercial paper and bonds in the trading portfolio and commercial paper and bonds designated as at fair value through profit or loss.

Interest income and expenses on 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 are recorded under "Net gains on financial instruments at fair value".

Financial derivatives

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

Financial derivatives are presented as assets if the value is positive and as liabilities if there is a negative value. Netting is

undertaken if the banking group has a legally binding netting agreement with its counterparty and intends to make a net redemption or sell the asset and meet the obligation at the same time.

Interest income and expenses on other financial derivatives are included in "Net interest income" using the 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 banking group's shareholdings were classified as available for sale.

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

Loan commitments are classified as financial liabilities if the commitments can be settled net in cash or by issuing another financial instrument or if the banking group has a commitment to provide a loan at a below-market interest rate. The banking 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 banking 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 banking 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 banking 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 the banking group'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 the banking group 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 banking group owns both investment property and buildings acquired for own use. Buildings acquired for rental to tenants outside the banking group are classified as investment property. Multi-purpose buildings are classified partly as investment property and partly as own buildings provided that the building can be divided into sections that can be sold separately. If the building cannot be divided, it is classified as a building for own use unless the own use is only for an insignificant portion of the property.

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 are recorded under "Other income" in the income statement.

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 banking 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 the banking group 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 32. 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 banking 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 32 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 banking 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 banking group's pension commitments and pension funds or for pension expenses and premium income in the income statement.

Defined-contribution occupational pension schemes

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

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 the banking group's balance sheet.

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

Tax group

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

16. 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 banking group into business areas. Figures for the business areas are based on DnB NOR's management model and the banking group's accounting principles. The figures are based on a number of assumptions, estimates and discretionary distribution. See note 5 Segments.

The operational structure of the banking group includes three business areas and four staff and support units. DnB NORD is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the banking group, as well as the products offered.

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

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

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

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

A number of key functions along with profits from activities not related to the business areas' strategic operations are entered in the accounts under the Group Centre. This item comprises in-

come and expenses relating to the banking group's liquidity management, income from investments in equity instruments not included in the trading portfolio and interest income on the banking group's unallocated capital. Further entries include ownership-related expenses and income from the management of the bank's real estate portfolio. Goodwill and identified excess values linked to the banking group's takeover of shares in Postbanken, Nordlandsbanken, DnB NORD and the merger between DnB and Gjensidige NOR are charged to this item. Note 5 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, 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 5 Segments also shows a geographic breakdown of operations, including the Baltic region and Poland, Sweden and other international units.

17. 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.

18. 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.

19. 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 banking group's accounts, as associated companies which are presented in the accounts according to the equity method are included in capital adequacy calculations according to the gross method.

Valuation rules used in the statutory accounts form the basis for the consolidation. In 2007, the Norwegian regulations on the use of IFRS were implemented in the statutory accounts of the companies in the banking 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 Transition to IFRS

Up until 31 December 2006, DnB NOR Bank ASA and the banking group prepared 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. As from the first quarter of 2007, the banking group has prepared accounts in accordance with IFRS. DnB NOR Bank ASA has prepared statutory accounts according to the Norwegian IFRS regulations. See note 1 for further description. The most significant changes in accounting principles resulting from the transition to IFRS are described below. Reconciliation and a description of effects on equity in DnB NOR Bank and the banking group upon the transition as well as on profits for 2006 are shown in the statement of changes in equity and in the variance analysis for 2006 below. DnB NOR Bank ASA implemented the Norwegian IFRS regulations as of 1 January 2007. The IFRS regulations require that comparable figures be prepared for one accounting year, and an opening balance according to IFRS has been prepared as at 1 January 2006. DnB NOR Bank ASA and the banking group are part of the DnB NOR Group, which implemented IFRS on 1 January 2005. The opening balance date of the DnB NOR Group was 1 January 2004.

DnB NOR Bank ASA and the banking group have used the option under IFRS 1 to carry book values for the DnB NOR Group forward on the opening balance date for the bank and the banking group. Thus, no new valuation was made as at 1 January 2006.

The DnB NOR Group availed itself of the exemption from the duty to restate the balance sheet and accounts for previous periods according to IFRS 1, inter alia with respect to previous acquisitions. Consequently, the value of goodwill was carried forward in the IFRS accounts based on the value on 1 January 2004 in the consolidated accounts according to NGAAP. In connection with IFRS 1, a new valuation was made of certain balance sheet items on the opening balance date. In subsequent periods, the value of these assets has been reviewed based on the IFRS rules for impairment.

A number of financial instruments are recorded at market value according to IFRS, as opposed to the lower of cost and fair value based on NGAAP. Fixed-rate loans in Norwegian kroner are recorded at fair value according to IFRS, as against amortised cost according to NGAAP. See note 17 Classification of financial instruments.

The transition to IFRS entails changes in the value of a number of balance sheet items. The tax value of assets and liabilities remains unchanged, thus a new calculation has been made of deferred taxes/deferred tax assets.

After the transition to IFRS, DnB NOR Bank ASA and the banking group carry loans in their balance sheets which according to a binding legal agreement have been transferred to Eksportfinans and are guaranteed by the bank. According to the guarantee, DnB NOR carries interest rate risk and credit risk associated with the loans, and the loans must therefore be recorded in the balance sheet according to IFRS. The transition to IFRS implies that financial derivatives to a greater extent will have to be recorded gross.

Provisions for dividends and group contributions in the banking group are classified as equity until approved by the general meeting. According to NGAAP, dividends and group contributions were classified as debt on the balance sheet date. DnB NOR Bank ASA has prepared statutory accounts according to the Norwegian IFRS regulations, which give permission to continue to classify the above-mentioned items according to NGAAP.

The accounting effect of changes in accounting principles will be charged directly against equity. See the statement of changes in equity for a further specification of the effects of changes in accounting principles and the differences between equity according to NGAAP and according to IFRS on 1 January 2006 and on 31 December 2006, respectively.

DnB NOR Bank and the banking group implemented regulations from the Norwegian Ministry of Finance on the accounting treatment of loans and guarantees with effect from 1 January 2006. In 2005, the bank and the banking group implemented Norwegian Accounting Standard 6A on pension expenses. The stated changes in principles implied consistency between NGAAP and IFRS regarding the recording of loans at amortised costs and pensions.

Result for the period – transition from NGAAP to IFRS

The most significant effects of the transition to the Norwegian IFRS regulations on 1 January 2007 are listed below.

- According to IFRS, a number of financial instruments are recorded at market value, as against the lower of cost and fair value based on NGAAP. The portfolios of fixed-rate loans in Norwegian kroner are recorded at fair value, while they were recorded at amortised cost according to NGAAP.
- Goodwill is no longer subject to amortisation, but will regularly be tested for impairment and any shortfall will be written down.
- Upon transition to IFRS for the DnB NOR Group, land was revalued to fair value. The revalued amount represented the new cost on the transition date. These values were carried forward in the bank and the banking group. On the transition date 1 January 2007, these adjustments represented NOK 597 million and NOK 694 million respectively for the bank and the banking group.

DnB NOR Bank ASA	Effects on the income statement	DnB NOR Bank Group
Full year		Full year
2006	Amounts in NOK million	2006
9 659	Profit for the period NGAAP	8 872
674	IAS 39 - Extended use of fair value of financial instruments	563
(19)	IAS 16 - Market value of buildings for own use	(42)
80	IFRS 3 - Exclusion of goodwill amortisation	166
(5)	Other effects	35
10 390	Profit for the period IFRS	9 595

Note 3 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 banking 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 banking 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 32 Cash-generating units with goodwill and intangible assets with an indefinite useful life.

Income taxes

The banking 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 banking group recognises liabilities related to the future outcome of tax disputes based on estimates of additional taxes. If the final outcome of the cases deviates from the originally allocated amounts, the deviations will affect income tax entered in the applicable period.

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 banking group makes evaluations and applies methods and assumptions that are mainly based on market conditions existing at the balance sheet date. The banking 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 banking 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.

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Banking Group will regularly be party to a number of legal actions. Any impact on the accounts will be considered in each case. See note 51.

Note 4 Changes in group structure

SalusAnsvar

DnB NOR Bank'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 Bank's offer. The acceptance deadline was extended to 9 November. As at 31 December 2007, DnB NOR Bank had acquired 96.0 per cent of the share capital, representing 98.8 per cent of the voting shares in SalusAnsvar. DnB NOR Bank 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 Bank 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 Bank's consolidated accounts for 2007. If the acquisition had taken place with effect from 1 January 2007, the banking 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. 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

DnB NOR Bank Group

Amounts in SEK million

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 Bank Group	SalusAnsvar	DnB NOR Bank Group	SalusAnsvar
	Recorded value of SalusAnsvar on the acquisition date 31 Dec. 2007	Recorded value (acc. to IFRS) immediately before the acquisition date	Recorded value of SalusAnsvar on the acquisition date 31 Dec. 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	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 4 Changes in group structure (continued)

Svensk Fastighetsförmedling

DnB NOR Bank 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 Bank Group the most extensive in the Nordic region.

The purchase was made with accounting effect from 30 June 2007 and was reflected in the banking group's consolidated accounts as of this date. Profit and loss items relating to the acquired company are included in the banking group'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 banking 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. DnB NOR Bank 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 banking group. Goodwill will be subject to annual impairment testing.

Acquisition analysis Svensk Fastighetsförmedling

DnB NOR Bank Group

Amounts in SEK million

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/customer relations	12
Deferred tax	3
Goodwill	396

Excess of cost over book value **404**

Balance sheet	DnB NOR Bank Group	Svensk Fastighets- förmedling	DnB NOR Bank 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 4 Changes in group structure (continued)

BISE Bank

In late 2006, DnB NOR Bank 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 NORD 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 banking 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. 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

Amounts in EUR million

DnB NOR Bank Group

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 Bank Group.

Balance sheet

	DnB NOR Bank Group	BISE Bank	DnB NOR Bank Group	BISE Bank
	Recorded value of BISE Bank on the acquisition date 30 April 2007	Recorded value (acc. to IFRS) immediately before the acquisition date	Recorded value of BISE Bank on the acquisition date 30 April 2007	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 4 Changes in group structure (continued)

SEB's vendor-based car financing

During 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. 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 banking group's income statement for 2007. If the acquisition had taken place with effect from 1 January 2007, the banking 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 banking group's position in the Swedish market, DnB NOR Finans 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 banking 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 Finans 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 banking group's bank buildings in Norway, gains totalling NOK 2 405 million were recorded as income in 2007.

Note 5 Segments

Business areas

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

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

Income statement

Amounts in NOK million	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NOR		Other operations/ eliminations ¹⁾		DnB NOR Bank Group	
	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	3 374	1 758	1 522	1 205	62 214	42 720
External interest expenses	9 813	5 456	7 733	4 019	23 156	14 591	1 332	678	2 165	2 507	44 199	27 251
Interest on allocated capital	1 537	814	641	433	189	93	154	68	(2 520)	(1 409)		
Net internal interest income	(5 242)	(3 642)	(9 056)	(5 667)	12 561	7 678	(940)	(392)	2 678	2 023		
Net interest income	9 195	7 408	7 655	7 649	395	344	1 255	757	(485)	(689)	18 015	15 469
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	637	316	2 363	1 668	9 407	9 386
Other internal operating income	2 461	1 731	321	220	(169)	(114)	(6)	(6)	(2 608)	(1 832)		
Net other operating income	3 026	2 750	3 106	3 100	2 894	3 563	631	310	(241)	(166)	9 416	9 556
Operating expenses *)	3 935	3 590	6 261	6 026	1 507	1 526	1 150	642	588	270	13 440	12 054
Depreciation and impairment of fixed and intangible assets	221	114	62	50	11	11	160	85	406	371	860	632
Total operating expenses	4 156	3 704	6 322	6 076	1 517	1 537	1 310	728	994	641	14 300	12 686
Pre-tax operating profit before write-downs	8 064	6 454	4 439	4 673	1 772	2 370	576	339	(1 720)	(1 497)	13 131	12 340
Net gains on fixed and intangible assets	19	134	44	9	(1)		14	9	2 404	201	2 481	354
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	469	274	951	(896)	15 392	12 952
Taxes ²⁾	2 242	1 857	1 181	1 280	490	664	88	41	9	(484)	4 010	3 357
Profit for the year	5 764	4 775	3 037	3 291	1 259	1 706	381	233	941	(411)	11 382	9 595
*) Of which group overhead	127	95	57	49	25	21			(209)	(164)		

Balance sheets

Amounts in NOK billion	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NOR		Other operations/ eliminations		DnB NOR Bank Group	
	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	61	38	2	5	1 001	853
Investments in associated companies	1	1	0	0			0		0	0	1	1
Assets, discontinuing operations							0			0	0	0
Other assets *)	14	8	9	10	537	510	13	8	(325)	(286)	247	251
Total assets	491	394	452	421	556	525	74	46	(323)	(280)	1 250	1 105
Deposits from customers ³⁾	284	248	224	210	29	20	23	13	6	8	565	500
Liabilities, discontinuing operations											0	0
Other liabilities	172	116	215	197	523	501	47	31	(338)	(296)	619	548
Total liabilities	456	365	438	407	552	521	70	44	(332)	(288)	1 184	1 048
Allocated capital ⁴⁾	35	29	14	14	4	3	4	3	9	8	66	57
Total liabilities and equity	491	394	452	421	556	525	74	46	(323)	(280)	1 250	1 105
*) Of which investments in fixed and intangible assets etc.	2	1	1	0	0	0	1	0	0	0	4	1

Note 5 Segments (continued)

1) Other operations/eliminations:

Amounts in NOK million	Elimination of double entries		Group Center / Other eliminations ^{*)}		Total	
	2007	2006	2007	2006	2007	2006
External interest income			1 522	1 205	1 522	1 205
External interest expenses			2 165	2 507	2 165	2 507
Interest on allocated capital			(2 520)	(1 409)	(2 520)	(1 409)
Net internal interest income	(14)	(21)	2 692	2 044	2 678	2 023
Net interest income	(14)	(21)	(471)	(668)	(485)	(689)
Income from associated companies			4	(3)	4	(3)
Other external operating income			2 363	1 668	2 363	1 668
Other internal operating income	(1 651)	(1 295)	(957)	(536)	(2 608)	(1 832)
Net other operating income	(1 651)	(1 295)	1 410	1 129	(241)	(166)
Operating expenses			588	270	588	270
Depreciation and impairment of fixed and intangible assets			406	371	406	371
Total operating expenses	0	0	994	641	994	641
Pre-tax operating profit before write-downs	(1 664)	(1 317)	(55)	(180)	(1 720)	(1 497)
Net gains on fixed and intangible assets			2 404	201	2 404	201
Write-downs on loans and guarantees			(266)	(400)	(266)	(400)
Pre-tax operating profit	(1 664)	(1 317)	2 615	421	951	(896)

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

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

*) Group Centre/ Other eliminations - 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	38	(20)
Funding costs on goodwill	(85)	(59)
Portfolio hedging, Treasury	(100)	(298)
Allocation to employees	(291)	(23)
Other	(179)	(302)
Pre-tax operating profit	2 615	421

- 2) A tax rate of 28 per cent is applied for Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. A tax rate of 20 per cent has been used for DnB NOR with effect from the second quarter of 2007 compared with 15 per cent for previous periods.
- 3) Net lending to customers includes lending to credit institutions totalling NOK 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 and DnB NOR Markets is calculated as 6.5 per cent of risk-weighted volume.

Key figures

DnB NOR Bank Group

Per cent	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NOR		Other operations		DnB NOR Bank Group	
	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	69.5	68.2			52.1	50.7
Ratio of deposits to lending as at 31 Dec. ²⁾	59.6	64.7	50.5	51.2			37.2	33.9			56.4	58.2
Return on capital ^{3) 4)}	18.6	18.2	23.5	23.6	33.0	56.8	10.6	10.5			19.7	18.2
Number of full-time positions as at 31 Dec. ^{5) 6)}	2 316	2 635	3 853	4 080	612	562	3 236	1 989	2 273	1 392	12 290	10 657

- 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 NOR is calculated as 6.5 per cent of risk-weighted volume.
- 4) Estimated return on capital is based on profit after tax. A tax rate of 28 per cent is applied for Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. A tax rate of 20 per cent has been used for DnB NOR with effect from the second quarter of 2007, compared with 15 per cent for previous periods.
- 5) As a consequence of the reorganisation of the banking group in June 2007, 405 and 444 full-time positions respectively have been transferred from Corporate Banking and Payment Services and Retail Banking to the Group Centre. As the services are repurchased, there is a limited effect on operating expenses in the business areas, and the presented figures have thus not been adjusted.
- 6) An increase of 240 full-time positions in Retail Banking resulted from the acquisition of Svensk Fastighetsförmedling AB and SalusAnsvar AB in 2007.

Note 5 Segments (continued)

Geographic areas ¹⁾

Income statement

Amounts in NOK million	DnB NOR Bank Group									
	Baltic States and Poland		Sweden		Other international operations		Norway		DnB NOR Bank Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External interest income	3 039	1 515	959	353	4 847	3 054	53 369	37 799	62 214	42 720
External interest expenses	1 164	617	105	13	3 455	2 229	39 475	24 391	44 199	27 251
External operating income	630	321	84	7	576	381	8 125	8 847	9 416	9 556
Total external income	2 504	1 218	939	347	1 968	1 206	22 020	22 255	27 431	25 026

Balance sheet items

Amounts in NOK billion	DnB NOR Bank Group									
	Baltic States and Poland		Sweden		Other international operations		Norway		DnB NOR Bank Group	
	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	828	748	1 001	853
Total assets	62	40	36	13	119	77	1 032	975	1 250	1 105
Guarantees	2	1	1	1	6	4	59	48	68	55
Investments in fixed and intangible assets etc.	1	0	1	0	0	0	1	1	4	1

- 1) The DnB NOR Bank 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 6 Net interest income

DnB NOR Bank ASA			DnB NOR Bank Group	
2006	2007	Amounts in NOK million	2007	2006
2 702	4 993	Interest on loans to and deposits with credit institutions, recorded at fair value	3 204	2 017
1 544	3 394	Interest on loans to and deposits with credit institutions, recorded at amortised cost	1 021	732
5 283	8 042	Interest on loans to customers, recorded at fair value	8 177	5 283
24 395	32 882	Interest on loans to customers, recorded at amortised cost	42 293	29 284
247	293	Interest on impaired loans, individually written down	322	270
3 808	5 699	Interest on commercial paper and bonds, recorded at fair value	5 912	3 934
255	427	Front-end fees etc.	445	281
80	115	Other interest income, items recorded at fair value	115	80
793	752	Other interest income, items recorded at amortised cost	725	838
39 108	56 598	Total interest income	62 214	42 720
3 301	4 777	Interest on loans and deposits from credit institutions, recorded at fair value	4 591	3 169
876	1 391	Interest on loans and deposits from credit institutions, recorded at amortised cost	2 201	1 441
724	1 493	Interest on loans and deposits from customers, recorded at fair value	1 494	724
9 017	16 210	Interest on loans and deposits from customers, recorded at amortised cost	16 965	9 330
4 145	4 206	Interest on securities issued, recorded at fair value	4 348	4 145
7 689	11 204	Interest on securities issued, recorded at amortised cost incl. hedged items	11 974	8 049
1 436	1 959	Interest on subordinated loan capital, recorded at amortised cost incl. hedged items	2 001	1 466
(1 212)	476	Other interest expenses, items recorded at fair value ¹⁾	488	(1 163)
20	31	Other interest expenses, items recorded at amortised cost	138	91
25 997	41 748	Total interest expenses	44 199	27 251
13 111	14 850	Net interest income	18 015	15 469

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 Bank ASA	
			Average interest rate in per cent ¹⁾	Average volume in NOK million
			2007	2006
Assets				
Lending to and deposits with credit institutions	4.74	3.60	191 307	121 963
Lending to customers	5.65	4.48	732 967	666 546
Commercial paper and bonds	4.88	4.36	115 927	94 502
Liabilities				
Loans and deposits from credit institutions	4.48	3.93	137 802	98 505
Deposits from customers	3.56	2.27	496 755	429 188
Securities issued	4.84	3.93	321 232	279 608

			DnB NOR Bank Group	
			Average interest rate in per cent ¹⁾	Average volume in NOK million
			2007	2006
Assets				
Lending to and deposits with credit institutions	4.79	4.05	102 159	71 478
Lending to customers	5.72	4.56	891 753	763 100
Commercial paper and bonds	5.17	4.55	113 377	92 928
Liabilities				
Loans and deposits from credit institutions	4.61	3.97	147 418	108 196
Deposits from customers	3.50	2.24	526 849	448 410
Securities issued	4.93	4.01	333 996	284 396

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

Note 8 Net other operating income

DnB NOR Bank ASA			DnB NOR Bank Group	
2006	2007	Amounts in NOK million	2007	2006
2 710	2 594	Money transfer fees receivable	2 807	2 855
246	78	Fees on asset management services	87	248
369	407	Fees on custodial services	415	370
425	398	Fees on securities	400	427
546	693	Corporate Finance	792	548
148	123	Interbank fees	127	148
290	335	Credit broking commissions	338	290
349	283	Sales commissions on insurance products	297	359
779	1 006	Sundry commissions and fees receivable on banking services	1 368	1 004
5 861	5 916	Total commissions and fees receivable etc.	6 632	6 249
914	943	Money transfer fees payable	995	936
48	98	Commissions payable on asset management services	98	48
124	140	Fees on custodial services payable	140	124
218	188	Interbank fees	194	219
34	61	Credit broking commissions	55	34
4	5	Sale commissions on insurance products	5	4
524	490	Sundry commissions and fees payable on banking services	555	576
1 866	1 923	Total commissions and fees payable etc.	2 040	1 939
3 712	3 009	Net gains on financial instruments at fair value	3 187	3 601
0	0	Net realised gains on investment securities (AFS)	0	0
0	0	Profit from companies accounted for by the equity method	9	171
115	122	Income from owned/leased premises	95	113
0	0	Fees in real estate broking	782	746
0	0	Net unrealised gains on investments property	(2)	0
2 794	2 499	Miscellaneous operating income ¹⁾	753	616
2 909	2 621	Total other income	1 628	1 475
10 615	9 624	Net other operating income	9 416	9 556
1 175	1 721	1) Of which dividends from group companies/group contributions	-	-

Note 9 Net gains on foreign exchange and financial instruments at fair value

DnB NOR Bank ASA			DnB NOR Bank Group	
2006	2007	Amounts in NOK million	2007	2006
10	25	Dividends	25	10
3 550	2 363	Net gains on foreign exchange and financial derivatives	2 796	3 438
(553)	(1 236)	Net gains on commercial paper and bonds	(1 242)	(553)
75	(41)	Net gains on shareholdings	(41)	75
(8)	7	Net gains on other financial assets	(11)	(8)
78	(39)	Net gains on financial assets	(39)	78
141	674	Net interest on interest rate positions	674	141
3 293	1 753	Net gains on financial instruments, trading	2 163	3 181
79	137	Dividends	150	93
(1 144)	(262)	Net gains on loans at fair value	(283)	(1 247)
328	439	Net gains on financial guarantees	465	341
(116)	(16)	Net gains on commercial paper and bonds	8	49
572	569	Net gains on shareholdings	556	483
706	359	Net gains on financial liabilities, other	101	706
425	1 227	Net gains on financial instruments, designated as at fair value	997	426
(560)	69	Net gains on financial derivatives, hedging	56	(560)
555	(39)	Net gains on financial liabilities, hedged items	(29)	555
(6)	29	Ineffectiveness in hedging ¹⁾	27	(6)
3 712	3 009	Net gains on financial instruments at fair value	3 187	3 601

1) Hedge effectiveness assessments must be seen in connection with other factors, including currency hedging.

Note 10 Operating expenses

DnB NOR Bank ASA			DnB NOR Bank Group	
2006	2007	Amounts in NOK million	2007	2006
4 018	4 212	Ordinary salaries	5 554	5 039
533	550	Employer's national insurance contributions	765	692
718	923	Pension expenses ¹⁾	1 010	794
124	341	Allocation to employees ²⁾	414	146
221	48	Restructuring expenses ³⁾	48	175
269	273	Other personnel expenses	352	324
5 882	6 347	Total salaries and other personnel expenses	8 144	7 170
565	589	Fees	657	613
1 107	1 143	EDP expenses	1 329	1 242
322	321	Postage and telecommunications	393	367
77	71	Office supplies	107	103
399	423	Marketing and public relations	585	518
150	171	Travel expenses	218	186
269	221	Reimbursement to Norway Post for transactions executed	221	269
52	52	Training expenses	72	68
849	854	Operating expenses on properties and premises ⁴⁾	889	846
81	92	Operating expenses on machinery, vehicles and office equipment	138	120
394	427	Other operating expenses	686	554
4 264	4 364	Total other expenses	5 296	4 884
383	409	Total depreciation and impairment of fixed and intangible assets	860	632
10 530	11 119	Total operating expenses	14 300	12 686

- 1) With effect from 31 December 2006, the banking 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 the employees in 2007 were in the form of bonuses of NOK 158 million and NOK 130 million, including employer's national insurance contributions, for the DnB NOR Bank Group and DnB NOR Bank ASA, respectively. In addition, provisions relating to the winding up of the employee investment funds represented NOK 257 million for the DnB NOR Bank Group and NOK 212 million for DnB NOR Bank ASA.
- 3) Personnel-related restructuring expenses in 2006 have been reclassified from other operating expenses.
- 4) Costs relating to leased premises were NOK 659 million and NOK 639 million respectively for DnB NOR Bank ASA and the DnB NOR Bank Group in 2007, compared with NOK 642 million and NOK 586 million in 2006.

Note 11 Pensions

Description of the pension schemes

The DnB NOR Banking Group has a joint, defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by Vital Forsikring. Pension benefits include retirement pensions, disability pensions and pensions for spouses and dependent children, which supplement benefits from the National Insurance Scheme. Full pension entitlements require 30 years of pensionable service and give the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme is in compliance with the Act on Occupational Pensions. In addition to this scheme, around 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 banking group have adopted the contractual pension (CPA) scheme for the banking and financial services industry. In addition, an agreement on contractual pensions according to public sector rules has been entered into with respect to employees who are members of the Public Service Pension Fund. Provisions have thus been made in the accounts to cover anticipated future CPA acceptance. Upon retirement under a contractual pension agreement, employees continue as members of the group pension scheme, earning benefits up till ordinary retirement age.

The banking group also has commitments relating to salaries exceeding 12G (12 times the National Insurance basic amount) and early retirement agreements. Commitments relating to salaries exceeding 12G and early retirement agreements are funded through the Group's operations. 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 <i>Per cent</i>	Expenses		Commitments	
	2007	2006	31 Dec. 07	31 Dec. 06
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

Amounts in NOK million	2007			DnB NOR Bank ASA 2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	347	90	436	352	13	365
Interest expenses on pension commitments	456	122	577	364	87	451
Expected return on pension funds	(380)	0	(380)	(332)	0	(332)
Changes in pension schemes	0	0	0	0	0	0
Amortisation of changes in estimates not recorded in the accounts	108	7	114	74	4	78
Administrative expenses	11	0	11	14	0	14
Employer's contributions	64	28	92	56	24	80
Risk coverage premium	0	61	61	0	56	56
Defined-contribution pension schemes	0	11	11	0	6	6
Net pension expenses	604	318	923	528	190	718

Note 11 Pensions (continued)

Pension commitments

<i>Amounts in NOK million</i>	31 Dec. 2007			DnB NOR Bank ASA 31 Dec. 2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Accrued pension commitments	7 484	1 613	9 097	7 969	1 674	9 643
Estimated effect of future salary adjustments	2 096	636	2 732	2 438	648	3 086
Total pension commitments	9 580	2 250	11 830	10 407	2 322	12 729
Value of pension funds	(6 965)	0	(6 965)	(7 029)	0	(7 029)
Net pension commitments	2 615	2 250	4 864	3 378	2 322	5 700
Changes in estimates not recorded in the accounts	(1 804)	206	(1 598)	(2 398)	(135)	(2 533)
Employer's contributions	365	282	647	145	308	453
Recorded pension commitments	1 176	2 738	3 914	1 125	2 495	3 620

Pension expenses

<i>Amounts in NOK million</i>	2006			DnB NOR Bank Group 2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	383	97	481	407	6	413
Interest expenses on pension commitments	483	126	608	386	91	477
Expected return on pension funds	(405)	0	(405)	(353)	0	(353)
Changes in pension schemes	0	0	0	0	0	0
Amortisation of changes in estimates not recorded in the accounts	113	7	120	79	4	83
Administrative expenses	13	0	13	16	0	16
Employer's contributions	69	29	98	61	24	85
Risk coverage premium	0	74	74	0	65	65
Defined-contribution pension schemes	0	21	21	0	8	8
Net pension expenses	656	354	1 010	596	198	794

Pension commitments

<i>Amounts in NOK million</i>	31 Dec. 2007			DnB NOR Bank Group 31 Dec. 2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Accrued pension commitments	7 961	1 680	9 641	8 423	1 741	10 164
Estimated effect of future salary adjustments	2 275	663	2 938	2 570	669	3 239
Total pension commitments	10 237	2 343	12 580	10 993	2 410	13 403
Value of pension funds	(7 452)	0	(7 452)	(7 466)	0	(7 466)
Net pension commitments	2 785	2 343	5 128	3 527	2 410	5 937
Changes in estimates not recorded in the accounts	(1 906)	194	(1 712)	(2 514)	(147)	(2 661)
Employer's contributions	378	286	664	151	315	466
Recorded pension commitments	1 257	2 823	4 079	1 164	2 578	3 742

DnB NOR Bank ASA

Pension commitments

31 Dec. 2006	31 Dec. 2007	<i>Amounts in NOK million</i>	DnB NOR Bank Group	
			31 Dec. 2007	31 Dec. 2006
11 945	12 729	Opening balance	13 403	12 622
373	401	Accumulated pension entitlements	464	410
451	577	Interest expenses	608	477
(454)	(491)	Pension payments	(507)	(470)
0	0	Changes in pension schemes	0	0
414	(1 386)	Changes in estimates not recorded in the accounts	(1 388)	364
12 729	11 830	Closing balance	12 580	13 403

DnB NOR Bank ASA

Pension funds

31 Dec. 2006	31 Dec. 2007	<i>Amounts in NOK million</i>	DnB NOR Bank Group	
			31 Dec. 2007	31 Dec. 2006
6 969	7 029	Opening balance	7 466	7 395
332	377	Expected return	402	353
285	338	Premium transfers	367	325
(292)	(301)	Pension payments	(311)	(303)
0	0	Changes in pension schemes	0	0
(265)	(478)	Changes in estimates not recorded in the accounts	(473)	(304)
0	(32)	Administrative expenses	(34)	0
7 029	6 965	Closing balance	7 452	7 466

Premium transfers in 2008 are expected to be NOK 300 million. Payments through operations are estimated at NOK 210 million.

Note 11 Pensions (continued)

DnB NOR Bank ASA		Members	DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
11 950	11 584	Number of persons covered by the pension schemes	13 221	13 429
7 611	7 096	- in employment	8 520	9 865
4 339	4 488	- on retirement and disability pensions	4 701	5 258

Pension funds investments		31 Dec. 2007	31 Dec. 2006
<i>Per cent</i>			
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 derivative contracts 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.

Past developments		DnB NOR Bank Group				
		31 Dec. 2007	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	1 Jan. 2004
<i>Amounts in NOK million</i>						
Gross pension commitments ¹⁾		13 243	13 869	13 070	12 050	10 593
Gross pension funds		(7 452)	(7 466)	(7 395)	(7 853)	(7 137)
Commitments not recorded in the accounts		(1 712)	(2 661)	(2 255)	(715)	0
Net recorded pension commitments		4 079	3 742	3 419	3 481	3 457

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 Bank ASA							
		Discount rate		Annual rise in salaries/ basic amount		Annual rise in pensions		Retirement rate	
<i>Change in percentage points</i>		+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

Sensitivity analysis for pension calculations		DnB NOR Bank Group							
		Discount rate		Annual rise in salaries/ basic amount		Annual rise in pensions		Retirement rate	
<i>Change in percentage points</i>		+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 Bank ASA			DnB NOR Bank Group	
2006	2007		2007 ¹⁾	2006
7 318	7 373	Number of employees as at 31 December	12 610	10 976
266	323	- of which number om employees abroad	4 171	2 512
7 067	7 133	Number of employees calculated on a full-time basis as at 31 December	12 290	10 657
255	319	- of which number of employees calculated on a full-time basis abroad	4 126	2 486
7 302	7 355	Average number of employees	11 928	10 818
7 038	7 115	Average number of employees calculated on a full-time basis	11 592	10 481

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 Bank ASA			DnB NOR Bank Group	
2006	2007	Amounts in NOK million	2007	2006
	706	Aker Brygge, Oslo	865	
28	821	Other properties	1 540	213
35	39	Other	76	141
63	1 566	Net gains on fixed and intangible assets	2 481	354

Note 14 Write-downs on loans and guarantees

Amounts in NOK million	2007			DnB NOR Bank ASA 2006		
	Lending ¹⁾	Guarantees	Total	Lending ¹⁾	Guarantees	Total
Write-offs	199	0	199	191	0	191
New individual write-downs	585	10	595	460	13	473
Total new individual write-downs	784	10	794	651	13	664
Reassessed individual write-downs	182	5	187	246	27	273
Total individual write-downs	602	5	607	405	(14)	391
Recoveries on commitments previously written off	298	0	298	334	0	334
Changes in group write-downs on loans	(234)	-	(234)	(394)	-	(394)
Write-downs on loans and guarantees	70	5	75	(323)	(14)	(337)
Write-offs covered by individual write-downs made in previous years	605	0	605	606	0	606

Amounts in NOK million	2007			DnB NOR Bank Group 2006		
	Lending ¹⁾	Guarantees	Total	Lending ¹⁾	Guarantees	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 Bank ASA

Amounts in NOK million	2007				2006			
	New individual write-downs	Reassessed individual write-downs	Recoveries on commitments previously written off	Net write-downs	New individual write-downs	Reassessed individual write-downs	Recoveries on commitments previously written off	Net write-downs
Retail customers	549	0	266	283	237	8	280	(51)
International shipping	0	0	0	0	20	1	5	14
Real estate	27	21	9	(3)	37	43	7	(13)
Manufacturing	44	63	1	(20)	29	29	0	0
Services	35	18	2	15	63	48	21	(6)
Trade	65	14	5	46	63	49	1	13
Oil and gas	1	0	0	1	0	7	0	(7)
Transportation and communication	20	33	1	(14)	29	11	2	16
Building and construction	36	4	7	25	35	29	11	(5)
Power and water supply	0	0	0	0	0	0	0	0
Seafood	9	9	5	(5)	5	36	5	(36)
Hotels and restaurants	4	7	0	(3)	7	4	0	3
Agriculture and forestry	4	5	0	(1)	17	6	2	9
Other sectors	0	13	2	(15)	122	1	0	121
Total customers	794	187	298	309	664	272	334	58
Credit institutions	0	0	0	0	0	1	0	(1)
Change in group write-downs on loans	-	-	-	(234)	-	-	-	(394)
Write-downs on loans and guarantees	794	187	298	75	664	273	334	(337)

Of which individual write-downs on guarantees

10 5 0 5 13 27 0 (14)

DnB NOR Bank Group

Amounts in NOK million	2007				2006			
	New individual write-downs	Reassessed individual write-downs	Recoveries on commitments previously written off	Net write-downs	New individual write-downs	Reassessed individual write-downs	Recoveries on commitments previously written off	Net write-downs
Retail customers	636	20	279	337	297	23	297	(23)
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)	97	70	6	21
Services	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	15	39	5	(29)
Hotels and restaurants	10	10	0	0	15	6	11	(2)
Agriculture and forestry	9	10	1	(2)	20	6	3	11
Other sectors	3	11	11	(19)	134	2	5	127
Total customers	1 078	301	350	427	919	370	388	161
Credit institutions	2	7	0	(5)	0	1	0	(1)
Change 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 13 27 0 (14)

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

DnB NOR Bank ASA		Taxes	DnB NOR Bank Group	
2006	2007	Amounts in NOK million	2007	2006
4 501	2 212	Payable taxes	2 665	4 601
(1 294)	1 493	Deferred taxes	1 345	(1 244)
3 207	3 705	Total taxes	4 010	3 357

Balancing tax charges against pre-tax operating profit

2006	2007	Amounts in NOK million	2007	2006
13 597	14 846	Operating profit before taxes	15 392	12 952
3 807	4 157	Estimated income tax - nominal tax rate (28 per cent)	4 310	3 627
(69)	(95)	Tax effect of income taxable abroad	(280)	(162)
(683)	(580)	Tax effect of permanent differences	(376)	(308)
152	223	Taxes payable abroad	356	219
0	0	Inadequate tax provisions in previous year	0	(19)
3 207	3 705	Total taxes	4 010	3 357
24 %	25 %	Effective tax rate	26 %	26 %

Deferred tax assets/(deferred taxes)

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

2006	2007	Amounts in NOK million	2007	2006
Annual changes in deferred tax assets/(deferred taxes)				
(893)	401	Deferred tax assets/(deferred taxes) as at 1 January	151	(1 093)
1 294	(1 493)	Changes recorded against profits	(1 345)	1 244
Other items recorded against equity:				
0	0	Acquisition of SalusAnsvar	(59)	0
401	(1 092)	Deferred tax assets/(deferred taxes) as at 31 December	(1 253)	151

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

31 Dec. 2006	31 Dec. 2007	Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Deferred tax assets				
(155)	0	Fixed assets	0	(280)
1 017	0	Net pension commitments	0	1 052
613	0	Financial instruments	0	599
(499)	0	Loan assessment rules	0	(508)
(572)	8	Net other tax-deductible temporary differences	128	(673)
404	8	Total deferred tax assets	128	190
Deferred taxes				
0	81	Fixed assets	311	0
0	(1 090)	Net pension commitments	(1 136)	0
0	370	Financial instruments	420	0
0	350	Loan assessment rules	357	0
3	1 389	Net other taxable temporary differences	1 433	39
0	0	Losses carried forward	(4)	0
3	1 100	Total deferred taxes	1 381	39

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

2 006	2007	Amounts in NOK million	2007	2006
19	(74)	Fixed assets	(28)	62
(95)	(73)	Pensions	(84)	(90)
(344)	983	Financial instruments	1 018	(397)
(125)	(149)	Loan assessment rules	(151)	(136)
(749)	806	Other temporary differences	594	(683)
0	0	Losses carried forward	(4)	0
(1 294)	1 493	Deferred taxes	1 345	(1 244)

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

Tax group

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

Note 17 Classification of financial instruments

As at 31 December 2007	Financial instruments		Financial	Financial	Financial assets available for sale	Investments held to maturity	DnB NOR Bank ASA	
	at fair value		derivatives	assets and			Non-	Total
	through profit and loss	Designated as	as hedging	liabilities			financial	
<i>Amounts in NOK million</i>	Trading	at fair value	instruments	carried at am- ortised cost ¹⁾			assets and liabilities	
Assets								
Cash and deposits with central banks				6 602				6 602
Lending to and deposits with credit institutions	95 509	3 106		80 127				178 742
Lending to customers	4 516	164 485		594 471				763 472
Commercial paper and bonds	97 760	14 513						112 273
Shareholdings	4 845	3 885						8 731
Financial derivatives	64 632		503					65 135
Shareholdings, available for sale								0
Commercial paper and bonds, held to maturity								0
Investment property								0
Investments in associated companies				585				585
Investments in subsidiaries				12 716				12 716
Intangible assets							2 087	2 087
Deferred tax assets							8	8
Fixed assets							882	882
Biological assets								0
Discontinuing operations								0
Other assets				3 239			9 848	13 087
Total assets	267 261	185 989	503	697 741	0	0	12 826	1 164 320
Liabilities and equity								
Loans and deposits from credit institutions	89 520	25		39 617				129 162
Deposits from customers	20 716	17 957		472 072				510 745
Financial derivatives	62 479		778					63 257
Securities issued	87 328	22 787		225 656				335 772
Payable taxes							343	343
Deferred taxes							1 100	1 100
Other liabilities				15 095			10 616	25 711
Discontinuing operations								0
Provisions							4 566	4 566
Subordinated loan capital				32 491				32 491
Total liabilities	260 043	40 769	778	784 932	0	0	16 624	1 103 147
Total equity							61 173	61 173
Total liabilities and equity	260 043	40 769	778	784 932	0	0	77 797	1 164 320

1) Includes hedged liabilities.

Note 17 Classification of financial instruments (continued)

As at 31 December 2006	DnB NOR Bank ASA							
	Financial instruments at fair value through profit and loss	Financial derivatives designated as hedging instruments	Financial assets and liabilites carried at am- ortised cost ¹⁾	Financial assets available for sale	Investments held to maturity	Non- financial assets and liabilities	Total	
	Trading	Designated as at fair value						
Amounts in NOK million								
Assets								
Cash and deposits with central banks				9 346			9 346	
Lending to and deposits with credit institutions	85 514			31 746			117 261	
Lending to customers		134 202		588 679			722 881	
Commercial paper and bonds	127 324	9 978					137 301	
Shareholdings	1 238	2 351					3 590	
Financial derivatives	56 199		458				56 657	
Shareholdings, available for sale							0	
Commercial paper and bonds, held to maturity							0	
Investment property							0	
Investments in associated companies				569			569	
Investments in subsidiaries				8 594			8 594	
Intangible assets						1 990	1 990	
Deferred tax assets						404	404	
Fixed assets						2 687	2 687	
Biological assets							0	
Discontinuing operations							0	
Other assets				4 268		1 765	6 033	
Total assets	270 275	146 530	458	643 203	0	0	6 846	1 067 313
Liabilities and equity								
Loans and deposits from credit institutions	83 356			36 717				120 072
Deposits from customers	15 129	12 522		429 814				457 465
Financial derivatives	56 452		806					57 258
Securities issued	67 560	15 689		240 934				324 183
Payable taxes						2 642		2 642
Deferred taxes						3		3
Other liabilities				16 600		4 487		21 087
Discontinuing operations								0
Provisions						4 113		4 113
Subordinated loan capital				33 240				33 240
Total liabilities	222 496	28 212	806	757 305	0	0	11 245	1 020 064
Total equity							47 249	47 249
Total liabilities and equity	222 496	28 212	806	757 305	0	0	58 494	1 067 313

1) Includes hedged liabilities.

Note 17 Classification of financial instruments (continued)

As at 31 December 2007	Financial instruments		Financial	Financial	DnB NOR Bank Group			
	at fair value		derivatives	assets and	Financial		Non-	Total
	through profit and loss		designated	liabilites	assets	Investments	financial	
	Designated as	as hedging	carried at am-	available	held to	assets and		
Amounts in NOK million	Trading	at fair value	instruments	ortised cost ¹⁾	for sale	maturity	liabilities	
Assets								
Cash and deposits with central banks				9 816				9 816
Lending to and deposits with credit institutions	36 737	1 576		13 989				52 302
Lending to customers	4 516	167 056		808 667				980 239
Commercial paper and bonds	97 723	16 818						114 542
Shareholdings	4 845	4 259						9 104
Financial derivatives	63 942		503					64 445
Shareholdings, available for sale								0
Commercial paper and bonds, held to maturity								0
Investment property							170	170
Investments in associated companies							1 416	1 416
Intangible assets							4 733	4 733
Deferred tax assets							128	128
Fixed assets							3 439	3 439
Biological assets								0
Discontinuing operations							225	225
Other assets				3 173			5 893	9 067
Total assets	207 763	189 709	503	835 645	0	0	16 005	1 249 625
Liabilities and equity								
Loans and deposits from credit institutions	81 626	30		62 571				144 228
Deposits from customers	20 685	17 980		503 642				542 307
Financial derivatives	60 953		778					61 731
Securities issued	87 328	29 680		254 775				371 784
Payable taxes							767	767
Deferred taxes							1 381	1 381
Other liabilities				15 698			7 507	23 205
Discontinuing operations								0
Provisions							4 930	4 930
Subordinated loan capital				33 226				33 226
Total liabilities	250 593	47 691	778	869 912	0	0	14 584	1 183 558
Total equity							66 068	66 068
Total liabilities and equity	250 593	47 691	778	869 912	0	0	80 652	1 249 625

1) Includes hedged liabilities.

Note 17 Classification of financial instruments (continued)

As at 31 December 2006	DnB NOR Bank Group						
	Financial instruments at fair value through profit and loss	Financial derivatives designated as hedging instruments	Financial assets and liabilities carried at am- ortised cost ¹⁾	Financial assets available for sale	Investments held to maturity	Non- financial assets and liabilities	Total
	Trading	Designated as at fair value					
<i>Amounts in NOK million</i>							
Assets							
Cash and deposits with central banks				11 453			11 453
Lending to and deposits with credit institutions	53 505			11 698			65 203
Lending to customers		136 805		701 217			838 023
Commercial paper and bonds	102 596	11 606					114 202
Shareholdings	1 238	2 580					3 818
Financial derivatives	55 887		458				56 345
Shareholdings, available for sale							0
Commercial paper and bonds, held to maturity							0
Investment property						148	148
Investments in associated companies						1 499	1 499
Intangible assets						3 166	3 166
Deferred tax assets						190	190
Fixed assets						5 392	5 392
Biological assets							0
Discontinuing operations						27	27
Other assets				3 261		2 403	5 663
Total assets	213 227	150 991	458	727 628	0	0	1 105 131
Liabilities and equity							
Loans and deposits from credit institutions	79 824			44 559			124 383
Deposits from customers	15 119	12 522		452 830			480 471
Financial derivatives	56 840		806				57 646
Securities issued	67 560	16 011		243 235			326 806
Payable taxes						4 888	4 888
Deferred taxes						39	39
Other liabilities				9 287		6 080	15 367
Discontinuing operations							0
Provisions						4 372	4 372
Subordinated loan capital				33 979			33 979
Total liabilities	219 342	28 534	806	783 889	0	0	1 047 950
Total equity						57 181	57 181
Total liabilities and equity	219 342	28 534	806	783 889	0	0	1 105 131

1) Includes hedged liabilities.

Classification of financial instruments at the transition to IFRS

DnB NOR Bank ASA

			DnB NOR Bank Group	
Recorded value under NGAAP ¹⁾	Designated as at fair value under IFRS		Designated as at fair value under IFRS	Recorded value under NGAAP ¹⁾
31 Dec. 2006	1 Jan. 2007	<i>Amounts in NOK million</i>	1 Jan. 2007	31 Dec. 2006
		Assets ²⁾		
134 346	134 202	Lending to customers	136 805	136 952
9 973	9 978	Commercial paper and bonds	11 606	11 597
1 456	2 351	Shareholdings	2 580	1 601
		Liabilities ³⁾		
13 346	12 522	Deposits from customers	12 522	13 346
15 635	15 689	Securities issued	16 011	15 957

1) According to IFRS-compliant presentation formats.

2) Included in the banking portfolio under NGAAP. Lending to customers was recorded at amortised cost. Commercial paper and bonds and short-term shareholdings were recorded at the lower of cost and fair value. Long-term shareholdings were recorded at cost.

3) Included in the banking portfolio and recorded at cost under NGAAP.

Note 18 Information on fair value

Method to calculate fair value of financial instruments

Financial instruments recorded at fair value in the DnB NOR Bank Group

See description in note 1 Accounting principles.

Financial instruments recorded at amortised cost in the DnB NOR Bank Group

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.

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 Bank ASA		
		Recorded value	Adjustments to fair value	Recorded value
		31 Dec. 2007	31 Dec. 2007	31 Dec. 2006
Amounts in NOK million				
Assets ¹⁾				
Cash and deposits with central banks	6 602			9 346
Lending to and deposits with credit institutions, recorded at amortised cost	80 127			31 746
Lending to and deposits with credit institutions, recorded at fair value	98 615			85 514
Lending to and deposits with credit institutions	178 742			117 261
Lending to customers, recorded at amortised cost	594 471			588 679
Lending to customers, recorded at fair value	169 000			134 202
Lending to customers	763 472			722 881
Commercial paper and bonds	112 273			137 302
Shareholdings	8 731			3 590
Financial derivatives (incl. interest rate hedges)	65 135			56 657
Total	1 134 954	0		1 047 036
Liabilities ¹⁾				
Loans and deposits from credit institutions, recorded at amortised cost	39 617			36 717
Loans and deposits from credit institutions, recorded at fair value	89 545			83 356
Loans and deposits from credit institutions	129 162			120 072
Deposits from customers, recorded at amortised cost	472 072			429 814
Deposits from customers, recorded at fair value	38 673			27 651
Deposits from customers	510 745			457 465
Financial derivatives	63 257			57 258
Securities issued, recorded at amortised cost	225 656	(1 159)		240 934
Securities issued, recorded at fair value	110 115			83 249
Securities issued	335 772	(1 159)		324 183
Provisions ²⁾	4 566			4 113
Subordinated loan capital (recorded at amortised cost)	32 491	(2 118)		33 240
Total	1 075 993	(3 278)		996 332
Off-balance sheet commitments and guarantee commitments				
Total commitments ³⁾	302 523			250 004
Total guarantee commitments etc. ^{2) 3)}	64 105			76 597
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 51 for a specification. As a result of the Bank 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 Bank Group carries loans in its balance sheet which according to a binding agreement have been transferred to Eksportfinans and for which DnB NOR Bank Group has issued guarantees. According to the agreement, DnB NOR Bank Group carries interest rate risk and credit risk for the transferred loans.

		DnB NOR Bank ASA	
		31 Dec. 2007	31 Dec. 2006
Amounts in NOK million			
Lending to Eksportfinans		9 673	10 066

Note 18 Information on fair value (continued)

	Recorded value	Adjustments to fair value	Recorded value	Adjustments to fair value
Amounts in NOK million	31 Dec. 2007	31 Dec. 2007	31 Dec. 2006	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	13 989		11 593	
Lending to and deposits with credit institutions, recorded at fair value	38 313		53 610	
Lending to and deposits with credit institutions	52 302		65 203	
Lending to customers, recorded at amortised cost	808 667		701 217	
Lending to customers, recorded at fair value	171 571		136 805	
Lending to customers	980 239		838 023	
Commercial paper and bonds	114 542		114 203	
Shareholdings	9 104		3 818	
Financial derivatives (incl. interest rate hedges)	64 445		56 345	
Total	1 230 447	0	1 089 045	0
Liabilities ¹⁾				
Loans and deposits from credit institutions, recorded at amortised cost	62 571		44 559	
Loans and deposits from credit institutions, recorded at fair value	81 657		79 824	
Loans and deposits from credit institutions	144 228		124 383	
Deposits from customers, recorded at amortised cost	503 642		452 830	
Deposits from customers, recorded at fair value	38 665		27 641	
Deposits from customers	542 307		480 471	
Financial derivatives	61 731		57 646	
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⁾	4 930		4 372	
Subordinated loan capital (recorded at amortised cost)	33 226	(2 118)	33 979	(353)
Total	1 158 205	(3 278)	1 027 657	(779)
Off-balance sheet commitments and guarantee commitments				
Total commitments ³⁾	328 078		261 979	
Total guarantee commitments etc. ^{2) 3)}	69 781		60 258	
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 are recorded under financial derivatives.

2) See note 39 for specification. Liabilities relating to financial guarantee contracts issued are measured at fair value and recorded under "Provisions" in the balance sheet.

3) See note 51 for specification. As a result of the Bank 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 Bank Group carries loans in its balance sheet which according to a binding agreement have been transferred to Eksportfinans and for which DnB NOR Bank Group has issued guarantees. According to the agreement, DnB NOR Bank Group carries interest rate risk and credit risk for the transferred loans.

		DnB NOR Bank Group	
		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>			
Lending to Eksportfinans		9 673	10 066

Note 19 Lending to and deposits with credit institutions

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
31 740	80 131	Lending to and deposits with credit institutions, nominal amount ¹⁾	13 933	11 511
72	2	Individual write-downs	3	72
31 667	80 128	Lending to and deposits with credit institutions, after individual write-downs	13 929	11 438
79	(1)	+ Accrued interest and amortisation	59	260
31 746	80 127	Lending to and deposits with credit institutions, at amortised cost	13 989	11 698
85 149	98 314	Lending to and deposits with credit institutions, nominal amount ¹⁾	38 430	53 057
414	283	+ Accrued interest	(117)	496
(48)	18	+ Adjustment to fair value ²⁾	0	(48)
85 514	98 615	Lending to and deposits with credit institutions, at fair value	38 313	53 505
117 261	178 742	Lending to and deposits with credit institutions	52 302	65 203
9 337	13 033	1) Of which: Repurchase agreements	13 186	9 339
0	0	2) Of which: Credit risk	0	0
0	0	Change in credit risk	0	0

Note 20 Lending to customers

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
589 086	594 067	Lending to customers, nominal amount ¹⁾	808 811	702 203
1 213	1 082	Individual write-downs	1 953	1 820
587 873	592 985	Lending to customers, after individual write-downs	806 857	700 383
1 960	2 338	+ Accrued interest and amortisation	2 909	2 126
398	376	– Individual write-downs of accrued interest and amortisation	388	399
756	477	– Group write-downs	712	892
588 679	594 471	Lending to customers, at amortised cost	808 667	701 217
133 671	168 166	Lending to customers, nominal amount ¹⁾	170 765	136 271
675	1 236	+ Accrued interest	1 247	681
(144)	(401)	+ Adjustment to fair value ²⁾	(440)	(147)
134 202	169 001	Lending to customers, at fair value	171 572	136 805
722 881	763 472	Lending to customers	980 239	838 023
4 163	3 885	1) Of which: Repurchase agreements	3 942	4 183
4	(2)	2) Of which: Credit risk	(2)	4
0	(2)	Change in credit risk	(2)	0

Note 21 Commitments for principal sectors ¹⁾

DnB NOR Bank ASA						
	Loans and receivables		Guarantees		Committed limits ²⁾	
	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.
<i>Amounts in NOK million</i>	2007	2006	2007	2006	2007	2006
Retail customers	322 061	359 404	347	317	378 014	402 464
International shipping	89 788	73 462	6 023	4 276	144 737	130 585
Real estate	131 720	106 176	3 770	3 888	158 537	123 259
Manufacturing	42 283	28 005	8 196	8 533	79 876	61 783
Services	63 916	55 853	13 080	10 963	103 704	89 809
Trade	26 596	23 190	3 572	3 457	49 806	41 856
Oil and gas	16 969	12 098	3 305	3 103	39 567	36 449
Transportation and communication	12 244	10 972	4 072	3 816	29 057	30 553
Building and construction	7 379	7 542	5 135	4 536	16 968	17 356
Power and water supply	8 437	6 128	6 718	6 741	26 929	25 805
Seafood	8 612	7 929	44	133	11 308	10 019
Hotels and restaurants	2 681	2 842	333	344	3 606	3 997
Agriculture and forestry	4 534	5 817	26	29	5 252	6 515
Central and local government	6 709	6 284	2 986	92	13 640	10 028
Other sectors	17 222	15 840	3 081	1 458	28 720	28 537
Total customers, nominal amount after individual write-downs	761 151	721 542	60 687	51 686	1 089 722	1 019 015
- Group write-downs, customers	477	756				
+ Other adjustments	2 797	2 093	(31)	(87)		
Lending to customers	763 472	722 881	60 656	51 599	1 089 722	1 019 015
Credit institutions, nominal amount after individual write-downs	178 443	116 816	3 367	24 865	126 020	55 421
+ Other adjustments	300	445	0	0	0	0
Lending to and deposits with credit institutions	178 742	117 261	3 367	24 865	126 020	55 421

	DnB NOR Bank Group					
	Loans and receivables		Guarantees		Committed limits ²⁾	
	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.
<i>Amounts in NOK million</i>	2007	2006	2007	2006	2007	2006
Retail customers	456 066	417 594	372	333	518 738	461 154
International shipping	90 982	74 184	6 023	4 276	146 245	131 430
Real estate	148 545	116 207	2 073	3 933	175 222	134 522
Manufacturing	55 345	36 589	9 355	9 110	100 013	76 137
Services	78 207	66 568	13 481	11 228	120 121	101 756
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	37 083
Transportation and communication	20 237	16 698	4 307	4 004	37 763	36 723
Building and construction	12 450	11 224	5 935	5 533	23 618	21 840
Power and water supply	9 902	7 304	7 119	7 279	30 281	28 072
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	18 575	16 961	4 179	1 426	36 364	30 655
Total customers, nominal amount after individual write-downs	977 622	836 654	64 708	54 591	1 336 636	1 147 493
- Group write-downs, customers	712	892				
+ Other adjustments	3 328	2 261	(33)	(91)		
Lending to customers	980 239	838 023	64 675	54 500	1 336 636	1 147 493
Credit institutions, nominal amount after individual write-downs	52 360	64 495	3 045	323	36 402	54 104
+ Other adjustments	(58)	708	0	0	0	0
Lending to and deposits with credit institutions	52 302	65 203	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 Bank ASA						
	Lending to customers		Lending to and deposits with credit institutions		Guarantees	
	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>						
Oslo	165 880	161 344	4 920	3 139	19 299	6 621
Eastern and southern Norway	266 079	282 277	1 474	243	21 250	20 948
Western Norway	109 407	104 598	85 518	100 540	7 859	32 990
Northern and central Norway	83 631	82 573	13 984	403	4 436	3 687
Total Norway	624 997	630 792	105 896	104 325	52 844	64 246
Western Europe	65 430	40 834	51 192	10 452	7 057	8 396
Russia	493	377	255	164	25	10
Baltic states	1 076	534	14 334	0	261	26
Poland	67	59	3 508	74	24	20
Other Eastern European countries	115	249	135	137	29	111
Total Europe outside Norway	67 181	42 053	69 424	10 827	7 396	8 563
USA and Canada	21 268	13 301	1 064	1 221	653	901
Bermuda and Panama ²⁾	10 512	10 333	47	0	904	817
Other South and Central American countries	4 246	2 032	1	70	370	467
Total America	36 026	25 666	1 112	1 291	1 927	2 185
Singapore ²⁾	10 758	9 031	662	13	1 266	920
Hong Kong	870	1 188	13	0	13	0
Other Asian countries	4 477	2 941	1 265	406	508	575
Total Asia	16 105	13 160	1 939	419	1 787	1 495
Liberia ²⁾	6 099	6 883	0	0	1	1
Other African countries	541	412	59	23	114	62
Australia, New Zealand and Marshall Islands ²⁾	11 285	3 790	14	1	37	45
Lending and guarantees ³⁾	762 234	722 757	178 445	116 889	64 105	76 596
- Individual write-downs	1 082	1 213	2	72	51	45
- Group write-downs	477	756	0	0		
+ Other adjustments	2 797	2 093	300	445	(31)	(87)
Lending and guarantees	763 472	722 881	178 742	117 261	64 023	76 464

1) Based on the customer's address.

2) Represents shipping commitments.

3) All amounts represent gross lending and guarantees respectively before specified loan-loss provisions.

Note 22 Loans and guarantees according to geographical location ¹⁾ (continued)

DnB NOR Bank Group

Amounts in NOK million	Lending to customers		Lending to and deposits with credit institutions		Guarantees	
	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.
	2007	2006	2007	2006	2007	2006
Oslo	190 400	174 605	6 673	3 486	19 419	6 564
Eastern and southern Norway	335 857	308 081	1 469	245	21 255	20 959
Western Norway	124 621	112 112	2 453	48 998	7 862	10 094
Northern and central Norway	122 494	110 395	610	74	6 188	4 669
Total Norway	773 372	705 193	11 205	52 803	54 724	42 286
Western Europe	81 826	47 698	17 137	9 360	7 237	7 528
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	135 416	83 213	37 977	9 958	9 245	8 912
USA and Canada	21 473	13 276	1 227	1 291	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	1 361	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	406	512	579
Total Asia	16 416	13 252	1 831	419	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⁾	979 576	838 474	52 362	64 568	67 848	54 990
- Individual write-downs	1 953	1 820	3	72	95	76
- Group write-downs	712	892	0	0		
+ Other adjustments	3 328	2 261	(58)	708	(33)	(91)
Lending and guarantees	980 239	838 023	52 302	65 203	67 720	54 823

1) Based on the customer's address.

2) Represents 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

<i>Amounts in NOK million</i>	2007				2006			
	Lending to	Lending to	Guarantees	Total	Lending to	Lending to	Guarantees	Total
	credit institutions	customers			credit institutions	customers		
Write-downs as at 1 January	72	2 367	46	2 485	80	3 428	60	3 568
New write-downs	0	508	7	515	0	359	13	372
Increased write-downs	0	77	3	80	0	66	0	66
Reassessed write-downs	0	182	5	187	1	245	27	273
Write-offs covered by write-downs	68	537	0	605	7	599	0	606
Changes in individual write-downs og accrued interest and amorisation	0	(23)	-	(23)	0	(260)	-	(260)
Changes in group write-downs	0	(234)	-	(234)	0	(394)	-	(394)
Changes in group structure	0	0	0	0	0	35	0	35
Changes due to exchange rate movement	(2)	(41)	0	(43)	0	(23)	0	(23)
Write-downs as at 31 December	2	1 935	51	1 988	72	2 367	46	2 485
<i>Of which: Individual write-downs</i>	2	1 082	51	1 135	72	1 213	46	1 331
<i>Individual write-downs of accrued interest and amortisation</i>	0	376	-	376	0	398	-	398
<i>Group write-downs</i>	0	477	-	477	0	756	-	756

<i>Amounts in NOK million</i>	2007				2006			
	Lending to	Lending to	Guarantees	Total	Lending to	Lending to	Guarantees	Total
	credit institutions	customers			credit institutions	customers		
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
Increased 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 write-downs	68	595	0	663	7	691	1	699
Changes in individual write-downs og accrued interest and amorisation	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
<i>Of which: Individual write-downs</i>	3	1 953	95	2 051	72	1 820	76	1 968
<i>Individual write-downs of accrued interest and amortisation</i>	0	388	-	388	0	399	-	399
<i>Group write-downs</i>	0	712	-	712	0	892	-	892

Note 24 Non-performing and impaired commitments for principal sectors ¹⁾

<i>Amounts in NOK million</i>	Gross non-performing and impaired commitments		Total individual write-downs		DnB NOR Bank ASA Net non-performing and impaired commitments	
	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006
Retail customers	2 274	2 144	525	565	1 749	1 579
International shipping	0	0	0	0	0	0
Real estate	262	348	54	87	208	261
Manufacturing	237	574	167	251	70	323
Services	230	237	98	106	132	131
Trade	223	199	135	99	88	100
Oil and gas	0	0	0	0	0	0
Transportation and communication	108	108	44	39	64	70
Building and construction	155	119	68	38	87	81
Power and water supply	0	0	0	0	0	0
Seafood	30	107	16	45	14	62
Hotels and restaurants	38	75	17	19	21	56
Agriculture and forestry	56	100	9	10	47	90
Central and local government	0	0	0	0	0	0
Other sectors	0	0	0	0	0	0
Total customers	3 613	4 011	1 133	1 259	2 480	2 753
Credit institutions	2	72	2	72	0	0
Total	3 615	4 083	1 135	1 331	2 480	2 753

<i>Amounts in NOK million</i>	Gross non-performing and impaired commitments		Total individual write-downs		DnB NOR Bank Group Net non-performing and impaired commitments	
	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	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	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 Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
		Commercial paper and bonds, trading		
98 183	92 095	Listed	92 058	98 183
28 230	4 988	Unlisted	4 988	3 717
911	677	Accrued interest	677	696
127 324	97 760	Commercial paper and bonds, trading ²⁾	97 723	102 596
		Commercial paper and bonds, designated as at fair value		
7 531	8 802	Listed	10 892	9 111
2 311	5 590	Unlisted	5 781	2 340
135	120	Accrued interest	145	155
9 978	14 513	Commercial paper and bonds, designated as at fair value	16 818	11 606
137 302	112 273	Commercial paper and bonds	114 542	114 203

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 Bank ASA				DnB NOR Bank Group					
NOK million	Per cent	NOK million	Per cent		Per cent	NOK million	Per cent	NOK million	
31 Dec. 2006	31 Dec. 2006	31 Dec. 2007	31 Dec. 2007	Rating	31 Dec. 2007	31 Dec. 2007	31 Dec. 2006	31 Dec. 2006	
				Asset class					
5 548	6	5 215	6	Consumer credit	AAA	6	5 215	6	5 548
65 229	74	66 574	76	Residential mortgages	AAA	76	66 574	74	65 229
9 364	11	10 228	12	Corporate loans	AAA	12	10 228	11	9 364
3 130	4	1 396	2	Insurance	AAA/AA	2	1 396	4	3 130
2 715	3	1 770	2	Government-related	AAA	2	1 770	3	2 715
2 239	3	2 172	2	Traditional issuers/banks	AA/A	2	2 172	3	2 239
88 225	100	87 355	100	Total international bonds, trading		100	87 355	100	88 225

Note 26 Shareholdings

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
		Shareholdings, trading		
721	996	Listed Norwegian	996	721
9	154	Unlisted Norwegian	154	9
19	210	Mutual funds	210	19
489	3 486	International	3 486	489
1 238	4 845	Shareholdings, trading	4 845	1 238
		Shareholdings, designated as at fair value		
0	0			
335	1 729	Listed Norwegian	1 897	495
1 461	542	Unlisted Norwegian	604	1 524
452	1 378	Mutual funds	1 391	464
102	236	International	366	97
2 351	3 885	Shareholdings, designated as at fair value	4 259	2 580
3 590	8 731	Shareholdings	9 104	3 818

Note 27 Investments in shares, mutual funds and PCCs

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007	Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
3 590	8 731	Total investments in shares, mutual funds and PCCs	9 104	3 818

Specification of the largest investments in shares, mutual funds and PCCs as at 31 December 2007

DnB NOR Bank ASA				DnB NOR Bank Group			
Recorded value in NOK 1 000	Number of shares	Ownership share in per cent ¹⁾	Recorded value	Recorded value in NOK 1 000	Number of shares	Ownership share in per cent ¹⁾	Recorded value
Financial institutions				Financial institutions			
Acta Holding	6 123 100	2.43	139 607	Acta Holding	6 123 100	2.43	139 607
Other financial institutions			25 622	Other financial institutions			25 622
Total financial institutions			165 229	Total financial institutions			165 229
Norwegian companies				Norwegian companies			
Aker Seafoods	5 800 554	11.92	217 811	Aker Seafoods	5 800 554	11.92	217 811
DnB NOR Ansattefond A-aksjer	970 000	5.51	38 218	DnB NOR Ansattefond A-aksjer	970 000	5.51	38 218
Fast Search & Transfer	6 428 293	1.91	90 832	Fast Search & Transfer	6 428 293	1.91	90 832
HitecVision Private Equity III	191 959	4.35	32 700	HitecVision Private Equity III	191 959	4.35	32 700
Imarex	1 618 727	14.26	252 521	Hurtigruten	3 979 125	14.34	177 071
IT Fornebu Eiendom	1 459 587	12.61	148 179	Imarex	1 618 727	0.14	252 521
Marine Harvest	68 537 078	1.97	239 880	IT Fornebu Eiendom	1 459 587	12.61	148 179
Ocean Rig	2 448 200	1.44	97 316	Marine Harvest	68 537 078	1.97	239 880
Orkla	2 000 020	0.19	231 750	Ocean Rig	2 448 200	1.44	97 316
Oslo Børs VPS Holding	8 233 680	19.15	1 193 884	Orkla	2 000 020	0.19	231 750
Vakt Service	15 769	4.71	27 470	Oslo Børs VPS Holding	8 233 680	19.15	1 193 884
Other Norwegian companies			685 670	Vakt Service	15 769	4.71	27 470
Total Norwegian companies			3 256 230	Other Norwegian companies			738 703
Companies based abroad				Total Norwegian companies			3 486 335
Norvestor IV (LP)		19.13	212 054	Companies based abroad			
Pride International	2 600 000	1.55	456 454	Cape Investment Corp	9 261	13.89	100 361
Rowan Cies	1 000 000	0.90	217 065	Norvestor IV (LP)		19.13	212 054
Scorpion Offshore	6 397 300	11.95	439 814	Pride International	2 600 000	1.55	456 454
Seadrill	2 323 150	0.58	308 119	Rowan Cies	1 000 000	0.90	217 065
Ship Finance International	365 244	0.50	47 023	Scorpion Offshore	6 397 300	11.95	439 814
TUI	12 500 000	4.98	1 923 237	Seadrill	2 323 150	0.58	308 119
Other companies based abroad			118 361	Ship Finance International	365 244	0.50	47 023
Total companies based abroad			3 722 129	TUI	12 500 000	4.98	1 923 237
Mutual funds				Other companies based abroad			148 116
Banklikviditet Global	500 000		506 753	Total companies based abroad			3 852 245
Banklikviditet Norge	500 000		508 059	Mutual funds			
DnB NOR OBX - ETF	4 984 876		209 514	Banklikviditet Norge	500 000		508 059
Obligasjonsfond DnB NOR Aktiv Likviditet	967 113		100 826	Banklikviditet Global	500 000		506 753
Obligasjonsfond DnB NOR Kredittobligasjon	54 406		54 687	DnB NOR OBX - ETF	4 984 876		209 514
Other mutual funds			207 337	Obligasjonsfond DnB NOR Aktiv Likviditet	967 113		100 826
Total mutual funds			1 587 176	Obligasjonsfond DnB NOR Kredittobligasjon	54 406		54 687
Total short-term investments in shares, mutual funds and PCCs			8 730 764	Other mutual funds			220 613
				Total mutual funds			1 600 453
				Total short-term investments in shares, mutual funds and PCCs			9 104 261

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

Note 28 Investment properties

		DnB NOR Bank Group
<i>Amounts in NOK million</i>		Investment properties
Recorded value as at 31 December 2005		270
Additions, capitalised investments		0
Additions, acquisitions of other companies		0
Net gains resulting from adjustment to fair value		(3)
Disposals		119
Exchange rate movements		0
Recorded value as at 31 December 2006		148
Additions, capitalised investments		33
Additions, acquisitions of other companies		0
Reclassification to other properties		10
Net gains resulting from adjustment to fair value		0
Disposals		1
Exchange rate movements		0
Recorded value as at 31 December 2007		170
Amounts included in the income statement:		
Rental income from investment properties		2
Direct expenses (including repairs and maintenance) related to investment properties generating rental income		0
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income		1
Contractual commitments related to the acquisition or construction of investment properties, not capitalised as at 31 December 2007		0

Note 29 Investments in associated companies

		DnB NOR Bank Group	
<i>Amounts in NOK million</i>		2007	2006
Recorded value as at 1 January		1 499	1 388
Share of profits after tax		9	171
Additions/disposals		22	(46)
Dividends		(114)	(13)
Recorded value as at 31 December ¹⁾		1 416	1 499

		DnB NOR Bank Group						
<i>Amounts in NOK million</i>		Assets	Liabilities	Income	Profit	Ownership share (%)	Recorded value	Recorded value
		31 Dec.	31 Dec.			31 Dec.	31 Dec.	31 Dec.
		2007 ²⁾	2007 ²⁾	2007 ²⁾	2007 ²⁾	2007	2007	2006
Eksportfinans		218 501	215 846	0	(156)	40	1 062	1 215
Blå Holding ³⁾						40	274	233
NOKAS								28
Atento ¹⁾		18	4	17	0	33	9	9
Doorstep		13	1	6	4	50	6	4
Sparebankmegleren		2	1	5	1	50	1	0
iTet		74	38	156	5	39	13	11
SACO SalusAnsvar Försäkrings		4	0	85	0	49	4	
ISA		36	1	29	7	20	36	
Other associated companies							11	
General and limited partnerships							1	0
Total							1 416	1 499

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 30 Investments in subsidiaries

						DnB NOR Bank ASA	
						Ownership	Book
						share in	value
						per cent	
Amounts in NOK 1 000							
Values in NOK unless otherwise indicated							
Foreign subsidiaries							
DnB NORD	EUR	632 095	322 368 501	EUR	322 368	51.0	3 015 994
Den Norske Investments	GBP	210	210 000	GBP	210	100.0	2 283
DnB NOR Asia	SGD	20 000	20 000 000	SGD	20 000	100.0	75 414
DnB NOR Luxembourg	EUR	17 352	70 000	EUR	17 352	100.0	138 334
DnB NOR Markets Inc.	USD	1	1 000	USD	1	100.0	1 985
DnB NOR Monchebank	RUB	500 000	494 937 073	RUB	494 937	99.0	181 486
DnB NOR Reinsurance		21 000	21 000		21 000	100.0	21 000
SalusAnsvar	SEK	85 614	20 552 925	SEK	82 215	96.0	617 074
Svensk Fastighetsförmedling	SEK	8 940	89 400	SEK	8 940	100.0	375 088
Domestic subsidiaries							
DnB NOR Bogstadveien 45 A		12 181	12 181 162		12 181	100.0	12 716
DnB NOR Boligkreditt		902 000	9 020 000		902 000	100.0	3 170 000
DnB NOR Bygg		112 826	112 826		112 826	100.0	83 886
DnB NOR Eiendom		2 503	25 033		2 503	100.0	75 349
DnB NOR Eiendomsutvikling		91 000	91 000 000		91 000	100.0	129 229
DnB NOR Finans		842 000	8 420 000		842 000	100.0	2 117 791
DnB NOR Invest Holding		200 000	200 000		200 000	100.0	543 000
DnB NOR Meglerservice		1 200	12		1 200	100.0	10 221
DnB NOR Næringsmegling		1 000	10 000		1 000	100.0	24 000
Hafjell Holding		10 000	1 000		10 000	100.0	12 400
Lørenfaret NE 1		500	5 000		500	100.0	500
Netaxept		10 500	26 250 000		10 500	100.0	67 675
Nordlandsbanken		625 062	50 004 984		625 062	100.0	1 864 444
Postbanken Eiendom		2 000	20 000		2 000	100.0	31 455
Realkreditt Eiendom		11 000	11 000		11 000	100.0	133 033
Viul Hovedgård		7 500	750 000		7 500	100.0	11 766
Total investments in subsidiaries						12 716 127	

Note 31 Intangible assets

DnB NOR Bank ASA

31 Dec. 2006	31 Dec. 2007	Amounts in NOK million	DnB NOR Group 31 Dec. 2007	31 Dec. 2006
1 658	1 653	Goodwill ¹⁾	3 850	2 759
51	51	Postbanken brand name ¹⁾	51	51
281	362	Capitalised systems development	464	293
0	22	Sundry intangible assets	367	63
1 990	2 087	Total intangible assets	4 733	3 166

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

DnB NOR Bank ASA					
Amounts in NOK million	Goodwill	Postbanken brand name	Capitalised systems development	Sundry intangible assets	Total
Recorded value as at 1 January 2006	1 751	51	130	0	1 932
Additions			201		201
Additions from the acquisition/establishment of other companies					
Disposals	99		40		139
Impairment					0
Depreciation			10		
Exchange rate movements	5				5
Recorded value as at 31 December 2006	1 658	51	281	0	1 990
Original cost	2 038	120	512	152	2 822
Total depreciation and impairment	380	69	231	152	832
Recorded value as at 31 December 2006	1 658	51	281	0	1 990
Additions			126	22	147
Additions from the acquisition/establishment of other companies					
Disposals			3		3
Impairment					
Depreciation			42		42
Exchange rate movements	(5)				(5)
Recorded value as at 31 December 2007	1 653	51	362	22	2 087
Original cost	2 038	120	634	174	2 966
Total depreciation and impairment	385	69	272	152	879
Recorded value as at 31 December 2007	1 653	51	362	22	2 087

DnB NOR Bank Group					
Amounts in NOK million	Goodwill	Postbanken brand name	Capitalised systems development	Sundry intangible assets	Total
Recorded value as at 1 January 2006	2 731	51	130	42	2 954
Additions	130		218	27	374
Additions from the acquisition/establishment of other companies					
Disposals	108		40		148
Impairment					
Depreciation			14	5	19
Exchange rate movements	5				5
Recorded value as at 31 December 2006	2 759	51	293	63	3 166
Original cost	3 328	120	512	194	4 154
Total depreciation and impairment	569	69	219	131	988
Recorded value as at 31 December 2006	2 759	51	293	63	3 166
Additions	99		217	60	375
Additions from the acquisition/establishment of other companies	1 019		3	278	1 300
Disposals			3		3
Impairment				5	5
Depreciation			47	28	75
Exchange rate movements	(20)				(20)
Recorded value as at 31 December 2007	3 850	51	464	367	4 733
Original cost	4 445	120	729	532	5 826
Total depreciation and impairment	595	69	265	164	1 093
Recorded value as at 31 December 2007	3 850	51	464	367	4 733

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

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

Goodwill

Amounts in NOK million

DnB NOR Bank Group

Cash-generating unit	Grounds for choosing cash-generating unit	Recorded goodwill	
		31 Dec. 2007	31 Dec. 2006
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 of the acquisition premium from the acquisition of Nordlandsbanken. Nordlandsbanken remains a separate company in the DnB NOR Bank 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	
DnB NOR Finans	Goodwill from the acquisition 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 Bank Group'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		17	25
Total goodwill		3 850	2 759

Intangible assets with an indefinite useful life

Amounts in NOK million

DnB NOR Bank Group

Cash-generating unit	Grounds for choosing cash-generating unit	Recorded value	
		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

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

Testing of values

Impairment testing of capitalised values is done by discounting expected future cash flows from the unit (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 2006.

Key assumptions for impairment testing ¹⁾

<i>Per cent</i>		DnB NOR Bank Group	
Type of operation	Cash-generating unit	Required rate of return after tax	Average long-term growth
Banking operations in Norway (loans and deposits)	Retail Banking - Regional Division East and Coast, Corporate Banking and Payment Services - Regional Division East and Coast, Nordlandsbanken, Postbanken	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
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.

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

Goodwill

Amounts in NOK million

DnB NOR Bank ASA

Cash-generating unit	Grounds for choosing cash-generating unit	Recorded goodwill	
		31 Dec. 2007	31 Dec. 2006
Retail Banking - Regional Division East and Coast	The item mainly consists of goodwill from the merger between DnB and Gjensidige NOR, plus some goodwill from previously acquired offices in Gjensidige NOR. The cash-generating unit will be the total regional network for the DnB NOR brand.	530	530
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.	493	493
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
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
Amex	At year-end 2007 DnB NOR Bank Group'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
Other		0	5
Total goodwill		1 653	1 658

Intangible assets with an indefinite useful life

Amounts in NOK million

DnB NOR Bank ASA

Cash-generating unit	Grounds for choosing cash-generating unit	Recorded value	
		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

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

Key assumptions for impairment testing ¹⁾

Per cent		DnB NOR Bank ASA	
Type of operation	Cash-generating unit	Required rate of return after tax	Average long-term growth
Banking operations in Norway (loans and deposits)	Retail Banking - Regional Division East and Coast, Corporate Banking and Payment Services - Regional Division East and Coast, Nordlandsbanken, Postbanken	9	2
Banking operations in Sweden	Corporate Banking and Payment Services Sweden	9	2
Equities	Equities operations in DnB NOR Markets	15	2
Credit card operations	Amex, Cresco	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, the DnB NOR Bank Group 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 bank Group'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 Bank Group 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 33 Fixed assets

<i>Amounts in NOK million</i>	DnB NOR Bank ASA	
	31 Dec. 2007	31 Dec. 2006
Bank buildings and other properties	45	1 802
Machinery, equipment and vehicles	837	885
Other fixed assets	1	1
Total fixed assets	882	2 687

<i>Amounts in NOK million</i>	DnB NOR Bank ASA		
	Bank buildings and other properties	Machinery, equipment and vehicles	Total ¹⁾
Recorded value as at 1 January 2006	1 905	954	2 859
Additions	72	205	277
Additions from the aquisition/establishment of other companies			0
Fixed assets, reclassified as held for sale			0
Disposals	96	2	98
Impairment			
Depreciation	78	271	349
Exchange rate movements	(1)	(2)	(3)
Recorded value as at 31 December 2006	1 802	885	2 686
Original cost	2 747	2 986	5 732
Total depreciation and impairment	945	2 100	3 045
Recorded value as at 31 December 2006	1 802	885	2 686
Additions	16	260	276
Additions from the aquisition/establishment of other companies			0
Fixed assets, reclassified as held for sale			0
Disposals	1 707	28	1 735
Impairment			
Depreciation	67	277	344
Exchange rate movements		(3)	(3)
Recorded value as at 31 December 2007	45	837	881
Original cost	78	2 759	2 830
Total depreciation and impairment	33	1 922	1 948
Recorded value as at 31 December 2007	45	837	881

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

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

Note 33 Fixed assets (continued)

<i>Amounts in NOK million</i>	DnB NOR Bank Group	
	31 Dec. 2007	31 Dec. 2006
Bank buildings and other properties	424	3 241
Machinery, equipment and vehicles	2 897	1 918
Other fixed assets	118	234
Total fixed assets	3 439	5 392

<i>Amounts in NOK million</i>	DnB NOR Bank Group		
	Bank buildings and other properties	Machinery, equipment and vehicles	Total ¹⁾
Recorded value as at 1 January 2006	3 523	1 412	4 935
Additions	99	987	1 086
Additions from the acquisition/establishment of other companies			
Fixed assets, reclassified as held for sale			
Disposals	252	49	301
Impairment	(3)		(3)
Depreciation	136	432	568
Exchange rate movements	4	(1)	3
Recorded value as at 31 December 2006	3 241	1 918	5 159
Original cost	5 126	4 582	9 708
Total depreciation and write-downs	1 885	2 664	4 549
Recorded value as at 31 December 2006	3 241	1 918	5 159
Additions	241	1 714	1 955
Additions from the acquisition/establishment of other companies	1	19	0
Fixed assets, reclassified as held for sale	207		0
Disposals	2 695	163	2 858
Impairment	25	3	28
Depreciation	128	579	707
Exchange rate movements	(4)	(8)	(12)
Recorded value as at 31 December 2007	424	2 897	3 321
Original cost	537	5 944	6 481
Total depreciation and write-downs	113	3 047	3 160
Recorded value as at 31 December 2007	424	2 897	3 321

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

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

Leasing ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Bank Group	
	Operational leasing ²⁾	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.

2) The guaranteed residual value of the operational leasing portfolio was NOK 953 million as at 31 December 2007.

Note 34 Real estate

	DnB NOR Bank ASA			
<i>Book value in NOK million</i>	Bank buildings	Commercial properties	Sites/ projects	Total
Oslo	3	1	0	4
Eastern Norway and southern Norway	0	16	4	20
Bergen	0	0	0	0
Rest of western Norway	0	0	0	0
Northern Norway and central Norway	0	1	0	1
Abroad	15	3	1	19
Total recorded value	18	21	5	45

<i>Floor space in 1 000 square metres</i>				
Own use	3	0	0	3
Tenants	4	0	0	4
Not rented out	0	0	0	0
Total floor space	6	0	0	6
Number of external tenants	14	0	0	14
Annual rental income from external tenants in NOK million	122	0	0	122

	DnB NOR Bank Group			
<i>Book value in NOK million</i>	Bank buildings	Commercial properties	Sites/ projects	Total
Oslo	4	1	6	11
Eastern Norway and southern Norway	0	19	163	183
Bergen	0	0	2	2
Rest of western Norway	0	0	0	0
Northern Norway and central Norway	20	3	4	27
Abroad	196	4	1	201
Total recorded value	219	28	177	424

<i>Floor space in 1 000 square metres</i>				
Own use	39	0	5	44
Tenants	8	0	0	8
Not rented out	0	0	0	0
Total floor space	47	0	5	52
Number of external tenants	102	0	0	102
Annual rental income from external tenants in NOK million	83	11	1	95

Note 35 Loans and deposits from credit institutions

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
83 356	89 520	Loans and deposits from credit institutions, trading	81 626	79 824
0	25	Loans and deposits from credit institutions, designated as at fair value	30	0
36 717	39 617	Loans and deposits from credit institutions, amortised cost	62 571	44 559
120 072	129 162	Loans and deposits from credit institutions	144 228	124 383
<i>119 504</i>	<i>128 640</i>	<i>Of which contractual obligations</i>	<i>143 725</i>	<i>123 739</i>

Note 36 Deposits from customers

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
15 129	20 716	Deposits from customers, trading	20 685	15 119
12 522	17 957	Deposits from customers, designated as at fair value	17 980	12 522
429 814	472 072	Deposits from customers, amortised cost	503 642	452 830
457 465	510 745	Deposits from customers	542 307	480 471
<i>458 177</i>	<i>511 516</i>	<i>Of which contractual obligations</i>	<i>542 999</i>	<i>481 140</i>

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
183 870	192 318	Retail customers	207 693	195 326
34 537	46 877	International shipping	46 987	34 727
28 966	33 675	Real estate	34 539	29 821
14 280	20 466	Manufacturing	22 109	15 069
86 416	94 767	Services	97 802	88 470
19 115	24 279	Trade	25 681	20 070
10 567	12 470	Oil and gas	12 475	10 574
14 918	13 728	Transportation and communication	15 987	15 341
6 859	9 301	Building and construction	10 792	7 917
8 106	9 376	Power and water supply	10 180	8 882
2 139	18 870	Seafood	23 822	2 751
1 368	2 329	Hotels and restaurants	2 878	1 473
2 071	1 752	Agriculture and forestry	2 059	2 476
19 118	2 174	Central and local government	2 627	19 786
25 848	29 134	Finance	27 367	28 457
458 177	511 516	Total deposits from customers	542 999	481 140
(713)	(771)	Adjustments	(692)	(669)
457 465	510 745	Deposits from customers	542 307	480 471

Note 37 Securities issued

DnB NOR Bank ASA

31 Dec. 2006	31 Dec. 2007			31 Dec. 2007	31 Dec. 2006
		<i>Amounts in NOK million</i>			
67 963	97 711	Commercial paper issued, nominal amount		97 806	68 216
255 008	237 033	Bond debt, nominal amount		272 575	257 379
1 212	1 028	Adjustments		1 403	1 211
324 183	335 772	Total securities issued		371 784	326 806

DnB NOR Bank Group

Changes in securities issued

	Balance sheet 31 Dec. 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Changes in adjustments 2007	Balance sheet 31 Dec. 2006
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	97 711	97 711	67 963	0	0	67 963
Bond debt, nominal amount	237 033	44 455	48 815	(13 615)	0	255 008
Adjustments	1 028	0	0	0	(184)	1 212
Total securities issued	335 772	142 166	116 778	(13 615)	(184)	324 183

DnB NOR Bank ASA

Maturity of securities issued recorded at amortised cost as at 31 December 2007 ^{1) 2)}

<i>Amounts in NOK million</i>	NOK	Foreign currency	Total
2008	0	66 364	66 364
2009	0	66 280	66 280
2010	0	48 588	48 588
2011	0	25 409	25 409
2012	0	3 269	3 269
2013	0	363	363
2014 and later	0	13 917	13 917
Total bond debt, recorded at amortised cost, nominal amount	0	224 188	224 188

DnB NOR Bank ASA

Maturity of securities issued recorded at fair value as at 31 December 2007 ^{1) 3)}

<i>Amounts in NOK million</i>	NOK	Foreign currency	Total
2008	9 995	87 716	97 711
Total commercial paper issued, nominal amount	9 995	87 716	97 711
2008	3 825	0	3 825
2009	1 666	0	1 666
2010	4 520	0	4 520
2011	778	0	778
2012	887	0	887
2013	495	0	495
2014 and later	675	0	675
Total bond debt, nominal amount	12 845	0	12 845
Total securities issued recorded at fair value, nominal amount	22 840	87 716	110 556
Adjustments	(54)	1 082	1 028
Securities issued	22 785	312 986	335 772

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 37 Securities issued (continued)

Changes in securities issued

	Balance sheet 31 Dec. 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	DnB NOR Bank Group Changes in adjustments 2007	Balance sheet 31 Dec. 2006
<i>Amounts in NOK million</i>						
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)}

	NOK	Foreign currency	DnB NOR Bank Group Total
<i>Amounts in NOK million</i>			
2008	0	95	95
Total commercial paper issued, nominal amount	0	66 984	66 984
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)}

	NOK	Foreign currency	DnB NOR Bank Group Total
<i>Amounts in NOK million</i>			
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 and later	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

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007	<i>Amounts in NOK million</i>	31 Dec. 2007	31 Dec. 2006
20 180	16 868	Term subordinated loan capital, nominal amount	17 578	20 764
7 642	6 747	Perpetual subordinated loan capital, nominal amount	6 747	7 741
5 360	8 746	Perpetual subordinated loan capital securities, nominal amount ¹⁾	8 746	5 360
59	131	Adjustments	155	113
33 240	32 491	Total subordinated loan capital and perpetual subordinated loan capital securities	33 226	33 979

Changes in subordinated loan capital and perpetual subordinated loan capital securities					DnB NOR Bank ASA	
<i>Amounts in NOK million</i>	Balance sheet 31 Dec. 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Net change in recorded costs 2007	Balance sheet 31 Dec. 2006
Term subordinated loan capital, nominal amount	16 868	1 631	3 917	(1 027)	2	20 180
Perpetual subordinated loan capital, nominal amount	6 747	0	0	(895)	0	7 642
Perpetual subordinated loan capital securities, nominal amount ¹⁾	8 746	3 805	0	(423)	5	5 360
Adjustments	131	0	0	0	72	59
Total subordinated loan capital and perpetual subordinated loan capital securities	32 491	5 436	3 917	(2 346)	79	33 240

DnB NOR Bank ASA						
Year raised	Book value in foreign currency		Interest rate	Maturity	Call date	Book value in NOK
Term subordinated loan capital						
2003	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
2004	EUR	200	3-month EURIBOR + 0.30%	2016	2011	1 594
2005	EUR	200	3-month EURIBOR + 0.20%	2015	2010	1 594
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
Recorded costs						(10)
Total, nominal amount						16 868
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
2007	GBP	250	4.875% p.a.		2011	2 718
Total, nominal amount						6 747
Perpetual subordinated loan capital securities						
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

Note 38 Subordinated loan capital and perpetual subordinated loan capital securities (continued)

Changes in subordinated loan capital and perpetual subordinated loan capital securities					DnB NOR Bank Group	
<i>Amounts in NOK million</i>	Balance sheet 31 Dec. 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Net change in recorded costs 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	33 979

						DnB NOR Bank Group
Year raised	Book value in foreign currency		Interest rate	Maturity	Call date	Book value in NOK
Term subordinated loan capital						
2003	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%			
2007	GBP	250	4.875% p.a.		2011	2 718
Total, nominal amount						6 747
Perpetual subordinated loan capital securities						
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 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

DnB NOR Bank ASA						
<i>Amounts in NOK million</i>	Issued financial guarantees ¹⁾	Pension commitments ²⁾	Restructuring provisions	Allocations to employees	Other provisions	Total provisions
Recorded value as at 31 December 2006	161	3 674	0	124	155	4 113
New provisions, recorded in the accounts	10	0	0	341	86	437
Amounts used	0	0	0	124	54	178
Reversals of unutilised provisions	61	0	0	0	0	61
Other changes	(5)	259	0	0	0	254
Recorded value as at 31 December 2007	105	3 933	0	341	186	4 566

DnB NOR Bank Group						
<i>Amounts in NOK million</i>	Issued financial guarantees ¹⁾	Pension commitments ²⁾	Restructuring provisions	Allocations to employees	Other provisions	Total provisions
Recorded value as at 31 December 2006	196	3 804	0	146	227	4 372
New provisions, recorded in the accounts	28	0	0	414	157	600
Amounts used	0	0	0	146	121	266
Reversals of unutilised provisions	63	0	0	0	5	68
Other changes	(9)	302	0	0	0	293
Recorded value as at 31 December 2007	151	4 107	0	414	258	4 930

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

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007	<i>Amounts in NOK million</i>	31 Dec. 2007	31 Dec. 2006
751	2 880	Short-term funding	3 305	1 153
1 996	2 950	Accrued expenses and prepaid revenues	3 571	2 156
0	0	Liabilities related to factoring	456	179
1 351	1 629	Documentary credits, cheques and other payment services	1 667	1 393
5 223	6 153	Unsettled contract notes	6 153	5 223
7 757	6 463	Group contribution/dividends	-	-
305	331	Accounts payable	583	327
3 705	5 305	Other liabilities	7 470	4 937
21 087	25 711	Total other liabilities	23 205	15 367

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 Bank 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 IFRS regulations have been implemented in statutory accounts of the companies in the banking group, see note 1. 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.

DnB NOR Bank ASA		Primary capital	DnB NOR Bank Group	
31 Dec. 2006 ¹⁾	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006 ¹⁾
		<i>Amounts in NOK million</i>		
17 214	17 514	Share capital	17 514	17 214
28 143	43 659	Other equity	48 553	32 026
45 357	61 173	Total equity	66 068	49 240
5 360	8 746	Perpetual subordinated loan capital securities ^{2) 3)}	8 962	5 603
		Deductions		
(39)	(14)	Pension funds above pension commitments	(19)	(49)
(1 094)	(1 653)	Goodwill	(3 880)	(1 990)
(752)	(8)	Deferred tax assets	(208)	(625)
(308)	(435)	Other intangible assets	(893)	(394)
-	0	Unrealised gains on fixed assets	(30)	-
-	(1 045)	50 per cent of investments in other financial institutions	(1 045)	-
-	(394)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(399)	-
-	(22)	Other	(164)	-
		Additions		
1 664	1 109	Portion of unrecognised actuarial gains/losses, pension costs ⁴⁾	1 186	1 768
50 188	67 459	Core capital	69 579	53 554
7 502	6 747	Perpetual subordinated loan capital	6 747	7 602
0	0	Perpetual subordinated loan capital securities ^{2) 3)}	0	0
19 885	16 755	Term subordinated loan capital ³⁾	17 917	20 969
		Deductions		
(2 144)	(1 045)	50 per cent of investments in other financial institutions	(1 045)	(2 144)
-	(394)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(399)	-
		Additions		
-	0	45 per cent of unrealised gains on fixed assets	18	-
25 243	22 063	Supplementary capital	23 238	26 427
75 431	89 522	Total eligible primary capital ⁵⁾	92 816	79 981

DnB NOR Bank ASA		Minimum capital requirement	DnB NOR Bank Group	
31 Dec. 2007			31 Dec. 2007	
		<i>Amounts in NOK million</i>		
7 907		Credit risk, IRB ⁶⁾	8 389	
		Of which:		
2 269		Retail commitments secured by residential property	2 751	
5 638		Corporate commitments, small and medium sized companies	5 638	
43 512		Claims calculated according to Basel I, transitional rules ⁷⁾	51 609	
51 419		Total minimum capital requirement, credit risk	59 998	
3 436		Position risk	3 079	
0		Settlement risk	0	
226		Foreign exchange risk	226	
3 662		Total minimum capital requirement, market risk	3 305	
3 247		Operational risk	3 262	
(167)		Deductions	(167)	
58 161		Total capital requirements according to Basel II	66 398	
1 855		Addition due to transitional rules (maximum 5 per cent reduction in relation to Basel I) ⁸⁾	4 490	
60 016		Total minimum capital requirement	70 888	

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 have been included in the capital adequacy calculations shown in the "Basel II" column. 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 "Reported" column in the table below. During 2007, the Group complied in full with the externally imposed capital requirements.

Capital adequacy

	Reported 31 Dec. 2007 ⁸⁾	Basel II 31 Dec. 2007	DnB NOR Bank ASA Basel I	
			31 Dec. 2007	31 Dec. 2006 ¹⁾
Risk-weighted volume (NOK million) ⁵⁾	750 206	727 013	789 690	708 428
Core capital ratio (%)	9.0	9.3	8.6	7.1
Capital ratio (%)	11.9	12.3	11.4	10.6

Capital adequacy

	Reported 31 Dec. 2007 ⁸⁾	Basel II 31 Dec. 2007	DnB NOR Bank Group Basel I	
			31 Dec. 2007	31 Dec. 2006 ¹⁾
Risk-weighted volume (NOK million) ⁵⁾	886 099	829 976	932 584	787 311
Core capital ratio (%)	7.9	8.4	7.5	6.8
Capital ratio (%)	10.5	11.2	10.0	10.2

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 banking 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 Bank Group's accounts since a different consolidation method is used. Associated companies are consolidated gross in the capital adequacy calculations while the equity method is used in the accounts.

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 capital requirements for all portfolios not mentioned in footnote 6 are 8 per cent of risk-weighted volume calculated according to Basel I rules.

8) Due to transitional rules, minimum capital requirements for 2007, 2008 and 2009 cannot be reduced below 95, 90 and 80 per cent respectively in relation to the requirements according to Basel I rules.

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 Bank Group. The banking 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 are 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 Bank Group has been granted permission to use the foundation IRB approach, Internal Ratings 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. During 2006, DnB NOR implemented important parts of the IRB system, mainly through the development of routines, procedures and IT systems.

Note 41 Capital adequacy and capital management (continued)

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 housingloan 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.

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 clients 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 banking 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 banking group would be required to hold additional capital during a recession. Such assessments will be taken into account in the banking 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. 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 Analyses has overall responsibility for risk management and internal control and for assessing and reporting the Group's overall risk situation. Each quarter, Group Risk Analyses 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> All other credit risk exposure except item A 	Basel II, standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A 	Basel II, standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A
C	Parallel reporting of Until approval has been given from Kredittilsynet: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> DnB NOR Finans ASA (advanced approach) Large corporate customers in Norway (advanced approach) Banks and financial customers (advanced approach) DnB NOR Markets: trading portfolio (advanced approach) 	Parallel reporting of <ul style="list-style-type: none"> 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 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.

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 banking 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 banking 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.
- *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.

Note 42 Risk (continued)

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. notes 5, 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 is shown in note 25, respectively. The concentration of credit risk for commercial paper and bonds held to maturity is shown in note 28. Currency risk is specified in note 47. Concentrations of interest rate risk are presented in note 46. The banking group's investments in shares, mutual funds and PCCs are specified in note 27. The banking 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 banking group and refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk.

Management of credit risk in the banking group is described in more detail in note 42 Risk.

DnB NOR's risk classification ¹⁾

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

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

Note 43 Credit risk (continued)

Commitments according to risk classification

		DnB NOR Bank ASA		
			Undrawn limits (committed)	Total commitments
<i>Amounts in NOK billion</i>		Gross loans	Guarantee commitments	
Risk category based on probability of default				
1 - 4	514	40	188	741
5 - 6	157	10	49	216
7 - 10	48	2	8	58
Non-performing and impaired commitments	4	0	0	4
Total commitments as at 31 December 2006 ¹⁾	723	52	245	1 019
Risk category based on probability of default				
1 - 4	498	52	197	747
5 - 6	197	6	58	260
7 - 10	64	3	12	79
Non-performing and impaired commitments	4	0	0	4
Total commitments as at 31 December 2007 ¹⁾	762	61	267	1 090

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.

Commitments according to risk classification

		DnB NOR Bank Group		
			Undrawn limits (committed)	Total commitments
<i>Amounts in NOK billion</i>		Gross loans	Guarantee commitments	
Risk category based on probability of default				
1 - 4	581	42	194	816
5 - 6	188	11	51	250
7 - 10	63	2	10	75
Non-performing and impaired commitments	6	0	0	6
Total commitments as at 31 December 2006 ¹⁾	838	55	255	1 147
Risk category based on probability of default				
1 - 4	650	54	216	920
5 - 6	246	8	65	319
7 - 10	78	3	11	92
Non-performing and impaired commitments	6	0	0	6
Total commitments as at 31 December 2007 ¹⁾	980	65	292	1 337

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 banking group uses collateral security to reduce risk. Collateral security can be in the form of physical assets, guarantees, cash deposits or netting agreements. The principal rule is that physical assets in the form of buildings, residential properties or warehouses should be insured. Evaluations of 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)

DnB NOR Bank ASA		Write-down ratio	DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
		<i>Amounts in NOK million</i>		
3 412	3 246	Non-performing commitments (gross)	5 055	4 334
671	369	Impaired commitments (gross)	1 170	1 434
4 083	3 615	Gross non-performing and impaired commitments	6 225	5 768
1 331	1 135	Individual write-downs	2 051	1 968
756	477	Group write-downs	712	892
51.1	44.6	Write-down ratio (per cent)	44.4	49.6
2 169	2 071	Collateral for loans	3 824	2 983
104.2	101.9	Coverage ratio (per cent)	105.8	101.3

DnB NOR Bank ASA		Commitments according to:	DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
		<i>Amounts in NOK million</i>		
341 900	313 716	Home mortgages < 80 per cent of appraised value	425 451	381 580
10 887	11 746	Home mortgages > 80 per cent of appraised value	12 758	11 872
10 974	11 193	Credit card loans	11 193	10 974

Past due loans not subject to write-downs

The table 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 Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
		<i>Amounts in NOK million</i>		
		No. of days past due/overdrawn		
297	102	1 - 29	149	350
89	113	30 - 59	205	280
15	34	60 - 89	103	25
10	59	> 90	261	21
411	308	Past due loans not subject to write-downs	718	676

Reposessed assets and other reposessed assets

Reposessed assets are assets acquired by units within the banking group as part of the management of non-performing and impaired commitments. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviation from the carrying value of non-performing and impaired commitments at the time of acquisition is classified as write-downs on loans. Reposessed 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 profit and loss account according to the type of asset. If assets are not intended for long-term possession or use, the assets are classified as current assets. If assets are acquired for own use or for long-term administration and development, the assets are classified as fixed assets.

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
		<i>Amounts in NOK million</i>		
0	0	Properties, current assets	0	2
13	9	Properties, fixed assets	10	101
149	149	Other reposessed current assets	149	119
162	158	Reposessed properties and other reposessed 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 the foreign exchange, interest rate and capital markets. 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 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 banking group is assumed at all times to be incorrectly positioned relative to market developments during the period. Each limit is modelled on the basis of a specific liquidation period. In addition, the model takes account of correlations between the defined portfolios. Longer liquidation periods result in higher risk-adjusted capital 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 banking group's positions may entail a potential for both gains and losses.

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

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.

The risk-adjusted capital requirement for market risk rose from NOK 2.4 billion at year-end 2006 to NOK 3.6 billion at end-December 2007. The increase reflected increased limits for operations in DnB NOR.

<i>Amounts in NOK billion</i>	DnB NOR Bank Group	
	2007	2006
Market risk	3.6	2.4

Note 45 Interest rate sensitivity

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

The calculations are based on positions as at 31 December and market rates on the same date.

The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

DnB NOR Bank Group ¹⁾						
Amounts in NOK million	Up to 1 month	From 1 months to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 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

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

Note 46 Currency positions

The table below shows net currency positions as at 31 December, including financial derivatives as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of the 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 Bank ASA								
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	2 754	2 277	308	192	(14)	(15)	(12)	17
Net currency positions as at 31 December 2006	248	842	(447)	(21)	(63)	3	11	(77)

DnB NOR Bank Group								
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	270	55	(7 010)	(13)	(140)	244	14	7 120

1) The currency position must be evaluated together with the position in Euro, and can mainly be attributed to DnB NORD.

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 the DnB NOR Bank Group are traded to manage liquidity and market risk arising from the banking group's ordinary operations. In addition, the banking group employs financial derivatives in its own account trading.

"Over the counter" (OTC) 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 in 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 participants in the market is regulated through agreements similar to those in the standardised market.

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

- Forward contracts: a contract to buy or sell interest rate terms, amounts in foreign currencies, shares or commodities on a specified future date at a fixed price. Forward contracts are tailor-made contracts traded between counterparties in the OTC market.
- FRAs: agreements that fix the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the actual market interest rate is exchanged.
- Interest rate futures: standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
- Swaps: transactions where two parties exchange cash flows on a fixed amount over an agreed period. The majority of swaps are tailor-made and traded outside exchanges. The most important types of swaps traded by DnB NOR are:
 - interest rate swaps in which fixed rates of interests are exchanged for floating or floating rates of interest are exchanged for fixed
 - cross-currency interest rate swaps in which parties exchange both currency and interest payments
- 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).

Note 47 Financial derivatives (continued)

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 Bank Group enters into hedging contracts. See note 1 Accounting principles for a more detailed description of measurement of financial derivatives.

	31 December 2007			31 December 2006		
	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
<i>Amounts in NOK million</i>						
Interest rate contracts						
FRA-contracts	3 073 687	1 039	941	1 422 863	1 004	841
Swaps	1 958 740	41 493	42 479	1 567 179	32 314	34 141
OTC options, bought and sold	115 541	812	285	49 586	249	61
Other OTC contracts	287	14	0	53	13	0
Total OTC derivatives	5 148 255	43 359	43 705	3 039 681	33 580	35 043
Futures, bought and sold	1 427	0	0	247	1	0
Total exchange-traded contracts	1 427	0	0	247	1	0
Total interest rate contracts	5 149 682	43 359	43 705	3 039 928	33 581	35 043
Foreign exchange contracts						
Forward contracts	1 016 697	11 479	13 452	712 156	7 097	10 549
Swaps	322 566	7 305	3 082	320 153	12 141	10 924
OTC options, bought and sold	46 138	244	289	24 130	250	100
Total foreign exchange contracts	1 385 401	19 027	16 823	1 056 439	19 488	21 573
Equity-related contracts						
Forward contracts	3 415	205	176	1 242	33	69
OTC options, bought and sold	31 079	2 425	2 490	40 960	3 502	465
Total OTC derivatives	34 494	2 630	2 667	42 202	3 535	534
Futures, bought and sold	3 099	0	0	888	5	17
Options, bought and sold	3 556	102	45	2 249	47	91
Total exchange-traded contracts	6 655	102	45	3 137	52	108
Total equity-related contracts	41 149	2 732	2 712	45 339	3 587	642
Commodity-related contracts						
Swaps	319	17	17	64	1	0
Total commodity related contracts	319	17	17	64	1	0
Total financial derivatives	6 576 551	65 135	63 257	4 141 770	56 657	57 258
<i>Of which: Applied for hedging purposes</i>	<i>73 520</i>	<i>503</i>	<i>778</i>	<i>71 296</i>	<i>458</i>	<i>806</i>

Note 47 Financial derivatives (continued)

	31 December 2007			DnB NOR Bank Group 31 December 2006		
	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
<i>Amounts in NOK million</i>						
Interest rate contracts						
FRA-contracts	3 074 131	1 039	942	1 422 863	1 004	841
Swaps	1 964 033	40 487	40 707	1 570 332	31 932	34 461
OTC options, bought and sold	118 238	813	285	49 586	249	61
Other OTC contracts	287	14	0	53	13	0
Total OTC derivatives	5 156 689	42 354	41 934	3 042 834	33 198	35 363
Futures, bought and sold	1 427	0	0	247	1	0
Total exchange-traded contracts	1 427	0	0	247	1	0
Total interest rate contracts	5 158 116	42 354	41 934	3 043 081	33 199	35 363
Foreign exchange contracts						
Forward contracts	1 021 401	11 560	13 535	714 507	7 098	10 549
Swaps	328 480	7 384	3 003	320 882	12 141	10 924
OTC options, bought and sold	46 781	282	327	24 135	250	100
Total foreign exchange contracts	1 396 662	19 226	16 865	1 059 524	19 489	21 573
Equity-related contracts						
Forward contracts	3 415	205	176	1 242	33	69
OTC options, bought and sold	34 126	2 530	2 683	42 030	3 566	529
Total OTC derivatives	37 541	2 735	2 859	43 272	3 599	598
Futures, bought and sold	3 099	0	0	888	5	17
Options, bought and sold	3 556	102	45	2 249	47	91
Total exchange-traded contracts	6 655	102	45	3 137	52	108
Total equity-related contracts	44 196	2 837	2 904	46 409	3 651	706
Commodity-related contracts						
Swaps	481	29	28	144	6	4
Total commodity related contracts	481	29	28	144	6	4
Total financial derivatives	6 599 456	64 445	61 731	4 149 158	56 345	57 646
<i>Of which: Applied for hedging purposes</i>	<i>73 520</i>	<i>503</i>	<i>778</i>	<i>71 296</i>	<i>458</i>	<i>806</i>

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.

Use of derivatives as hedging instruments

The DnB NOR Bank 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 Bank Group. Netting agreements or bilateral suretyship agreements are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account such agreements, resulting in a reduction of capital adequacy requirements.

Note 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 bank 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.

Residual maturity as at 31 December 2007

DnB NOR Bank ASA

<i>Amounts in NOK million</i>	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	4.48	92 852	23 906	11 070	851	484		129 162
Deposits from customers	3.56	490 488	4 900	4 231	9 437	1 689		510 745
Securities issued	4.84	39 168	49 234	80 508	151 191	15 671		335 772
Sundry liabilities		115	143	101			31 361	31 719
Subordinated loan capital	5.67					16 998	15 493	32 491
Financial derivatives, gross settlement (outgoing cash flows) ¹⁾		589 431	409 506	416 803	428 470	135 611		1 979 821
		713	367	356	127			1 563
Total payments		1 212 767	488 056	513 069	590 075	170 453	46 854	3 021 274

1) Financial derivatives, gross settlement
(incoming cash flows)

589 343 407 776 413 419 429 095 139 996 1 979 629

Residual maturity as at 31 December 2007

DnB NOR Bank Group

<i>Amounts in NOK million</i>	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	90 734	25 415	17 996	8 940	1 143		144 228
Deposits from customers	3.50	517 420	7 061	6 378	9 734	1 714		542 307
Securities issued	4.93	39 317	49 845	81 331	179 408	21 884		371 784
Sundry liabilities		1 046	598	208	40	9	28 382	30 282
Subordinated loan capital	5.67					17 733	15 493	33 226
Financial derivatives, gross settlement (outgoing cash flows) ¹⁾		592 380	413 216	416 808	405 219	133 332		1 960 955
		716	368	391	332			1 808
Total payments		1 241 613	496 503	523 112	603 672	175 814	43 875	3 084 589

1) Financial derivatives, gross settlement
(incoming cash flows)

592 124 411 441 413 142 404 209 137 212 1 958 127

Note 49 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 Bank 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 Bank 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 Bank's reputation or be market-leading. Salaries awarded should ensure that the DnB NOR Bank 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 Bank 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 Bank'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 Bank 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 Bank 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 Bank ASA, Olav Hytta, received a total remuneration of NOK 325 000 in 2007, compared with NOK 304 000 in 2006. In addition, Olav Hytta received remuneration for other board positions within the DnB NOR Group. In 2007, he received NOK 380 000 as chairman of the Board of Directors of DnB NOR ASA, compared with NOK 356 000 in 2006. Benefits in kind from the DnB NOR Bank ASA were estimated at NOK 5 000, compared with NOK 6 000 in 2006. In 2007, pension payments totalled NOK 1 842 000, compared with NOK 1 795 000 in 2006.

Note 49 Remunerations etc. (continued)

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.

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 Bank ASA

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

Note 49 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. For those who have received remuneration for more than one position, the following amounts are related to DnB NOR Bank ASA:
Per Hoffmann: NOK 238 000
Olav Hytta: NOK 325 000
Bent Pedersen: NOK 266 000
Heidi M. Petersen: NOK 118 000
Ingjerd Skjeldrum: NOK 238 000
- 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.

DnB NOR Bank ASA		Remuneration to the statutory auditor	DnB NOR Bank Group	
2006	2007	Amounts in NOK 1 000	2007	2006
3 063	3 140	Statutory audit	10 981	7 807
2 399	627	Other certification services	1 436	2 685
1 178	679	Tax-related advice	1 412	2 631
760	1 396	Other services ¹⁾	2 374	1 574
7 402	5 843	Total remuneration to the statutory auditor	16 203	14 697

- 1) Other services performed for the DnB NOR Bank Group in 2007 primarily concerned the implementation of IFRS in the statutory accounts and assistance relating to Basel II and IT audit.

Note 50 Information on related parties

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

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

Transactions with related parties

<i>Amounts in NOK million</i>	Group management and Board of Directors		DnB NOR Bank Group	
	2007	2006	2007	2006
Loans as at 1 January	17	21	0	153
New loans/repayments during the year	(1)	(4)	14	(153)
Changes in group management or board composition	0	0	-	-
Loans as at 31 December	15	17	14	0
Interest income	1	1	0	1
Deposits as at 1 January ¹⁾	13	9	10 753	10 924
Deposits/withdrawals during the year	4	4	(644)	(171)
Changes in group management or board composition	(6)	0	-	-
Deposits as at 31 December	11	13	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 49 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.

DnB NOR Bank ASA		Transactions with other DnB NOR Group companies	DnB NOR Bank Group	
2006	2007		2007	2006
66 253	139 632	Loans as at 31 December	9 735	10 076
2 020	3 649	Other receivables as at 31 December	590	393
15 757	11 085	Deposits as at 31 December	4 185	5 956
8 083	1 847	Other liabilities as at 31 December ¹⁾	2	7 700
2 150	5 121	Interest income	504	364
404	646	Interest expenses	323	161
1 019	1 208	Net other operating income	903	843
235	231	Operating expenses	78	86

1) Other liabilities in 2006 represented group contributions payable to DnB NOR ASA with NOK 7.7 million.

Note 51 Off-balance sheet transactions, contingencies and post-balance sheet events

DnB NOR Bank ASA		Off-balance sheet transactions	DnB NOR Bank Group	
31 Dec. 2006	31 Dec. 2007		31 Dec. 2007	31 Dec. 2006
		<i>Amounts in NOK million</i>		
234 098	282 169	Unutilised ordinary credit lines	307 303	245 827
15 571	19 391	Documentary credit commitments	19 693	15 705
335	963	Other commitments	1 082	447
250 004	302 523	Total commitments	328 078	261 979
20 550	22 135	Performance guarantees	23 304	21 702
17 388	21 139	Payment guarantees	21 753	18 247
30 447	11 460	Loan guarantees ¹⁾	13 044	6 302
3 922	4 921	Guarantees for taxes etc.	4 948	3 948
4 290	4 451	Other guarantee commitments	4 799	4 791
76 596	64 105	Total guarantee commitments ²⁾	67 848	54 990
0	0	Support agreements	1 933	5 268
76 596	64 105	Total guarantee commitments etc. ^{*)}	69 781	60 258
		*) Of which:		
1 568	1 292	Counter-guaranteed by financial institutions	1 300	1 584
75 931	92 668	Securities	92 668	75 931
		are pledged as security for:		
75 816	92 556	Loans ³⁾	92 556	75 816
115	112	Other activities	112	115

1) DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR Bank has issued guarantees. According to the agreement, DnB NOR 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 Bank Group had borrowings of NOK 15 729 million from Norges Bank.

As a member of Continuous Linked Settlement Bank (CLS Bank) DnB NOR Bank 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 Bank had not recorded any obligations in relation to CLS.

Contingencies

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

In 2004, DnB NOR Bank issued a writ against the Norwegian government, represented by the Central Tax Office for Large 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 banking group. The decision has been appealed.

Post balance sheet events

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 entities in the DnB NOR Group. 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.

Oslo, 12 March 2008
The Board of Directors of DnB NOR Bank ASA

Olav Hytta
(chairman)

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kari Lotsberg

Torill Rambjør

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke
(group chief executive)

Auditor's report for 2007

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

We have audited the annual financial statements of DnB NOR Bank ASA as of December 31, 2007, showing a profit of NOK 11 141 million for the parent company and a profit of NOK 11 382 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 and the changes in equity 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, 12 March 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 Bank ASA

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

In connection with the closing of the accounts for the 2007 financial year, the Control Committee has examined the Director's Report, the annual accounts and the Auditor's Report for DnB NOR Bank ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of DnB NOR Bank and the banking group, and recommends the approval of the Director's Report and annual accounts for the 2007 financial year.

Oslo, 13 March 2008

Frode Hassel
(*chairman*)

Svein N. Eriksen

Ingebjørg Harto

Thorstein Øverland

Svein Brustad
(*deputy*)

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DnB NOR has decided to open representative
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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

Governing bodies in DnB NOR Bank ASA

Supervisory Board

Members elected by shareholders

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

Deputies elected by shareholders

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

Members elected by employees

Else Carlsen, Bødalen
Bente H. Espenes, Oslo
Bjørn Hennum, Drammen
Eli Solhaug, Oslo
Marianne Steinsbu, Oslo
Siri E. Stensrud, Oslo
Berit Ur, Sandnes

Deputies elected by employees

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

Control Committee

Members

Svein N. Eriksen, Oslo
Ingebjørg Harto, Oslo
Frode Hassel, Trondheim (leder)
Thorstein Øverland, Oslo

Deputies

Svein Brustad, Hvalstad

Board of Directors

Members

Per Hoffmann, Oslo
Olav Hytta, Oslo (leder)
Kari Lotsberg, Enebyberg
Bent Pedersen, Stenløse (vice-chairman)
Torill Rambjør, Tjøme
Tore Olaf Rimmereid, Oslo
Ingjerd Skjeldrum, Drammen

Deputies for the employee representatives

Sverre Finstad, Moelv
Jorunn Løvås, Fjell

Election Committee

Eldbjørg Løwer, Kongsberg
Per Otterdahl Møller, Skien
Benedicte Berg Schilbred, Tromsø (leder)
Arthur Sletteberg, Stabekk
Reier Søberg, Oslo (observatør)

Group management

Group chief executive

Rune Bjerke

Deputy CEO and CFO

Tom Grøndahl (up until 1 March 2008)

CFO

Bjørn Erik Næss (from 1 March 2008)

Group executive vice president Corporate Banking and Payment Services

Leif Teksum

Group executive vice president

Retail Banking

Åsmund Skår

Group executive vice president DnB NOR Markets

Ottar Ertzeid

Group executive vice president HR

Anne-Brit Folkvord

Group executive vice president Operations

Liv Fiksdahl

Group executive vice president IT

Cathrine Klouman

Internal auditor

Harald Jægtnes

External auditor

Geir Julsvoll

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.

