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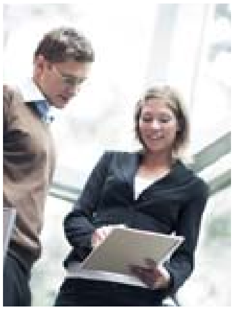

DnB NOR Bank ASA
Quarterly report
Fourth quarter 2010

(preliminary and unaudited)

DnB NOR

Key figures

Income statement	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Net interest income	6 130	5 675	23 387	23 112
Net other operating income	3 606	2 352	13 067	11 824
Ordinary operating expenses	4 219	3 792	16 451	16 045
Other expenses	0	338	591	796
Pre-tax operating profit before write-downs	5 517	3 896	19 412	18 094
Net gains on fixed and intangible assets	26	19	23	26
Write-downs on loans and guarantees	529	1 517	2 997	7 710
Pre-tax operating profit	5 014	2 398	16 437	10 410
Taxes	1 172	1 591	4 827	4 351
Profit from operations and non-current assets held for sale, after taxes	57	80	75	80
Profit for the period	**3 900**	**886**	**11 685**	**6 139**
Profit attributable to shareholders	3 965	1 320	12 437	7 698
Profit attributable to minority interests	(65)	(433)	(752)	(1 559)

Balance sheet	Full year	Full year
Amounts in NOK million	2010	2009
Total assets	1 637 639	1 615 999
Lending to customers	1 184 100	1 128 791
Deposits from customers	664 012	613 627
Total equity	89 859	83 314
Average total assets	1 752 123	1 705 779

Key figures	4th quarter	4th quarter	Full year	Full year
	2010	2009	2010	2009
Average combined spread for lending and deposits (per cent)	1.14	1.11	1.12	1.14
Cost/income ratio	43.3	47.2	47.6	45.9
Write-downs relative to net lending to customers (per cent)	0.28	0.53	0.25	0.66
Return on equity (per cent)	18.0	6.6	14.8	10.0
Core (Tier 1) capital ratio at end of period (per cent)	9.2	8.4	9.2	8.4
Capital adequacy ratio at end of period (per cent)	11.7	11.4	11.7	11.4

There has been no full or partial external audit of the fourth quarter report and the fourth quarter accounts, though the report has been reviewed by the DnB NOR Bank Group's Audit.

Fourth quarter and full year report 2010

Fourth quarter 2010

The DnB NOR Bank Group [1] recorded very healthy profits of NOK 3 900 million in the fourth quarter of 2010, a significant increase from NOK 886 million in the year-earlier period and a marked improvement from NOK 2 280 million in the third quarter of 2010. The profit figure is one of the best ever. The rise in profits reflected both higher income and lower write-downs on loans. Pre-tax operating profits before write-downs came to NOK 5 517 million, up from NOK 3 896 million in the fourth quarter of 2009. The high levels of activity in the fourth quarter also ensure a sound basis for operations in 2011.

The average lending volume rose by NOK 34.6 billion or 3.7 per cent from the year-earlier period. The increase reflects both the improved economic situation and greater market activity. Deposit volumes were up 9.5 per cent from the fourth quarter of 2009 and rose 3.2 per cent from the third quarter of 2010.

Relative to the 3-month money market rate, lending spreads widened by 0.06 percentage points from the fourth quarter of 2009 and 0.1 percentage points from the third quarter of 2010. Net interest income totalled NOK 6 130 million in the fourth quarter of 2010, a significant increase of 8 per cent from the fourth quarter of 2009.

Net other operating income came to NOK 3 606 million, up 53.3 per cent from the fourth quarter of 2009. The increase reflected, among other things, healthy income in DnB NOR Markets. Other operating income is very volatile in relation to mark-to-market adjustments, and the level of such income may vary in the future.

Ordinary operating expenses increased by 2.1 per cent, from NOK 4 130 million in the fourth quarter of 2009 to NOK 4 219 million in the October through December period in 2010. There was a rise in IT expenses from the fourth quarter of 2009, while other expenses remained relatively unchanged.

Write-downs on loans and guarantees totalled NOK 529 million in the fourth quarter, a decline from NOK 643 million in the third quarter of 2010 and a significant reduction from NOK 1 517 million in the fourth quarter of 2009. The level of write-downs in Norwegian operations was relatively stable, and the banking group's portfolio quality is sound. Write-downs in DnB NORD showed a slight increase from the third to the fourth quarter, but are expected to decline over the next few quarters.

Return on equity was 18.0 per cent, up from 6.6 per cent in the October through December period in 2009.

The DnB NOR Bank Group's scores in reputation and customer satisfaction surveys continued to improve during the fourth quarter of 2010, and greater customer activity contributed to the good results.

[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.*

Income statement for the fourth quarter

Net interest income

Amounts in NOK million	4th quarter 2010	Change	4th quarter 2009
Net interest income	6 130	455	5 675
Lending and deposit volumes		395	
Lending and deposit spreads		223	
Exchange rate movements		(51)	
Equity and non-interest-bearing items		132	
Long-term funding costs		(158)	
Other net interest income		(84)	

Net interest income rose by 8.0 per cent from the fourth quarter of 2009. The average lending volume increased by NOK 34.6 billion from the fourth quarter of 2009 and by NOK 15.9 billion from the third quarter of 2010. The improvement in the economy and the increase in customer activities helped boost lending growth. Adjusted for exchange rate movements, there was a NOK 46.1 billion rise in lending volume from the fourth quarter of 2009.

Relative to the 3-month money market rate, lending spreads widened by 0.06 percentage points from the fourth quarter of 2009. After the financial crisis, the real cost of required long-term funding is significantly higher than the 3-month money market rate. Thus, it will be necessary to increase lending spreads as and when lower-priced funding raised in previous periods must be replaced by new, higher-priced funding.

Deposit volumes increased by NOK 57.8 billion from the fourth quarter of 2009, while deposit spreads widened by 0.03 percentage points. However, there was continued strong competition for deposits. The ratio of deposits to lending was 56.1 per cent at end-December 2010, up 1.7 percentage points from a year earlier.

Net other operating income

Amounts in NOK million	4th quarter 2010	Change	4th quarter 2009
Net other operating income	3 606	1 254	2 352
Net stock market-related income		570	
Net other commissions and fees		164	
Increased income from IT services to Insurance and asset management [1]		139	
Profit from associated companies		121	
Net gains on foreign exchange and interest rate instruments [2]		108	
Real estate broking		24	
Other operating income		129	

1) *IT operations in DnB NOR were coordinated in a central unit in the bank in the second half of 2009.*
2) *Excluding guarantees.*

Net other operating income rose by 53.3 per cent from the fourth quarter of 2009. Due to a general improvement in financial markets, there was a healthy profit trend in DnB NOR Markets. In addition, there was an increase in commissions and fees receivable due to the improved economic situation, as well as higher income from associated companies, mainly Eksportfinans.

Operating expenses

Amounts in NOK million	4th quarter 2010	Change	4th quarter 2009
Operating expenses	4 219	88	4 130
Cost programme		(155)	
Wage and price inflation		120	
IT expenses [1)]		368	
Operational leasing		49	
Performance-based pay		32	
Impairment losses for goodwill and intangible assets		(338)	
Pensions		(49)	
Other operating expenses		62	

1) *A key factor behind the rise in IT expenses was the integration of the Group's IT operations in a central unit in the bank in the second half of 2009.*

The banking group's total expenses increased by NOK 88 million from the fourth quarter of 2009. Figures for the fourth quarter of 2009 included impairment losses for goodwill and other intangible assets totalling NOK 338 million, while there were no such write-downs in the fourth quarter of 2010. Thus, the banking group's ordinary operating expenses increased by approximately NOK 427 million from the fourth quarter of 2009. Particularly low IT system development costs in the October through December period in 2009 was the main factor behind the rise in expenses. The banking group's cost programme compensated for wage and price inflation and an increase in market activities during the period. The programme measures include the streamlining of the branch structure, IT systems, procurement and internal processes, which have resulted in significant cost reductions.

Write-downs on commitments

Write-downs on loans totalled NOK 529 million for the quarter, down 65 per cent or NOK 988 million from the fourth quarter of 2009. Write-downs also showed a slight decline from the third quarter of 2010 and appear to have stabilised at a level which reflects the generally high quality of the portfolios.

Excluding DnB NORD, individual write-downs came to NOK 553 million in the fourth quarter of 2010, which represented a slight increase from the year-earlier period.

Individual write-downs in DnB NORD totalled NOK 407 million in the fourth quarter of 2010, down from NOK 768 million in the year-earlier period. The level of write-downs in DnB NORD remained high relative to the loan portfolio. However, a more positive macro-economic trend in the Baltic region resulted in a pronounced reduction in write-down levels compared with 2009. Total write-downs in DnB NORD represented 1.95 per cent of the loan portfolio, a decrease from 4.40 per cent in the fourth quarter of 2009.

Taxes

The DnB NOR Bank Group's tax charge for the fourth quarter of 2010 was NOK 1 172 million, NOK 419 million lower than in the year-earlier period. Relative to pre-tax operating profits, the tax charge was reduced from 66.3 to 23.4 per cent between the periods. The main factors behind the reduction were significant tax-exempt gains on shares within the EEA and reduced losses in DnB NORD. The latter provides no basis for recording deferred tax assets in the balance sheet related to losses carried forward, as the losses cannot be expected to reduce tax on future profits within a reasonable time horizon. Losses in DnB NORD were much higher in 2009 than in 2010.

Business areas

Activities in the DnB NOR Bank Group are organised in the business areas Retail Banking, Large Corporates and International 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. Throughout 2010, DnB NOR Bank owned 51 per cent of DnB NORD's operations. With effect from 23 December 2010, however, DnB NOR Bank took over all shares in the company. Operations were organised under Large Corporates and International, but will still be regarded as a separate profit centre.

Retail Banking

Retail Banking serves personal customers and small and medium-sized companies in the regional network in Norway. More coordinated operations in local markets will strengthen customer relationships and increase customer satisfaction.

Income statement in NOK million	4th quarter 2010	4th quarter 2009	Change
Net interest income	3 631	3 595	36
Other operating income	781	850	(69)
Income attributable to product suppliers	347	347	1
Total income	4 760	4 792	(32)
Ordinary operating expenses	2 490	2 324	165
Cost attributable to product suppliers	187	203	(15)
Impairment losses for goodwill and intangible assets	0	102	(102)
Total operating expenses	2 677	2 629	48
Pre-tax operating profit before write-downs	2 083	2 162	(80)
Net gains on fixed assets	5	0	4
Net write-downs on loans	362	344	18
Pre-tax operating profit	1 725	1 818	(93)
Average balance sheet items in NOK billion			
Net lending to customers	748.3	719.6	28.7
Deposits from customers	382.1	366.8	15.2
Key figures in per cent			
Return on allocated capital [1)]	23.4	26.4	
Cost/income ratio	56.2	52.7	
Ratio of deposits to lending	51.1	51.0	

1) *Calculated on the basis of risk-adjusted capital*

Retail Banking showed a stable and healthy performance trend in 2010. Pre-tax operating profits were down 5.1 per cent in the fourth quarter of 2010 compared with the year-earlier period. Strong competition in the Norwegian market and rising costs related to long-term funding put pressure on interest income. Retail Banking maintained strict cost control, though higher IT expenses and an increase in depreciation on operational leasing due to rising volumes caused a certain increase in ordinary operating expenses. Net write-downs on loans represented 0.19 per cent of average lending, on a level with the fourth quarter of 2009. Net lending to customers rose by 4.0 per cent. The increase was primarily in loans to private individuals, though there was also rising growth in corporate lending through 2010. The quality of the loan portfolios was sound. Deposits increased by 4.2 per cent from the fourth quarter of 2009.

Large Corporates and International

Large Corporates and International is responsible for serving the largest Norwegian corporate customers and for the banking group's entire international banking operations. Relationship management based on long experience and a broad range of expertise will build strong, long-term and profitable customer relationships both in the domestic market and internationally within the banking group's selected priority areas.

Income statement in NOK million	4th quarter 2010	4th quarter 2009	Change
Net interest income	1 773	1 440	333
Other operating income	388	397	(9)
Income attributable to product suppliers	661	357	304
Total income	2 822	2 194	628
Operating expenses	533	434	99
Cost attributable to product suppliers	266	164	102
Total operating expenses	799	598	201
Pre-tax operating profit before write-downs	2 023	1 595	427
Net write-downs on loans	190	186	5
Pre-tax operating profit	1 833	1 410	423
Average balance sheet items in NOK billion			
Net lending to customers [1]	354.9	345.5	9.4
Deposits from customers [1]	247.2	221.0	26.2
Key figures in per cent			
Return on allocated capital [2]	21.3	13.3	
Ordinary cost/income ratio	28.3	27.3	
Ratio of deposits to lending	69.6	64.0	

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

2) Calculated on the basis of risk-adjusted capital

Higher activity levels, rising volumes and wider lending spreads contributed to strong income growth compared with the fourth quarter of 2009. Pre-tax operating profits were up 30 per cent from the year-earlier period. Average net lending to customers increased by 2.7 per cent from the fourth quarter of 2009, while deposits were up 11.8 per cent. There was strong competition for deposits, and deposit spreads were under pressure. The level of net write-downs on loans was relatively low at 0.21 per cent of average lending in the fourth quarter of 2010, unchanged from the year-earlier period. Portfolio quality remained sound.

DnB NORD

Operations in DnB NORD, which are mainly concentrated in the Baltic region and Poland, will be continued as a division in Large Corporates and International. The process of integrating operations into the DnB NOR Bank Group started immediately after the full acquisition of DnB NORD in December 2010. DnB NORD will continue to be regarded as a separate profit centre.

Income statement in NOK million	4th quarter 2010	4th quarter 2009	Change
Net interest income	355	369	(13)
Other operating income	120	182	(63)
Total income	475	551	(76)
Ordinary operating expenses	342	400	(57)
Impairment losses for goodwill and intangible assets	0	368	(368)
Total operating expenses	342	768	(426)
Pre-tax operating profit before write-downs	133	(217)	350
Net gains on fixed assets	13	(15)	29
Net write-downs on loans	304	845	(541)
Pre-tax operating profit	(159)	(1 078)	919
Average balance sheet items in NOK billion			
Net lending to customers	61.7	75.9	(14.2)
Deposits from customers	24.0	20.0	4.0
Key figures in per cent			
Return on allocated capital [1]	(11.2)	(28.9)	
Ordinary cost/income ratio	72.1	72.6	
Ratio of deposits to lending	38.9	26.4	

1) Calculated on the basis of risk-adjusted capital

Average net lending to customers was reduced by almost 19 per cent from the fourth quarter of 2009 to the corresponding period in 2010. The decline reflected the downscaling of DnB NORD's operations in Denmark and Finland and the impact of the global financial crisis, which has seriously affected the Baltic region. The reduction in lending in Denmark and Finland was partly due to the transfer of a portfolio to DnB NOR Bank at year-end 2009. In consequence of lower lending volumes, there was a 13.8 per cent decline in income compared with the fourth quarter of 2009. Cost efficiency measures and the downscaling of operations brought down ordinary operating expenses. The level of net write-downs remained high, but was reduced from 4.40 per cent of average lending in the fourth quarter of 2009 to 1.95 per cent in 2010. High write-downs in the Danish portfolio had a negative effect on the write-down percentage for the fourth quarter of 2010. Write-downs in the Baltic region and Poland represented 1.65 per cent in the October through December period.

DnB NOR Markets

DnB NOR Markets is Norway's largest investment bank, serving customers from DnB NOR's head office in Oslo, 13 regional sales desks in Norway, international offices and via electronic channels.

Income statement in NOK million	4th quarter 2010	4th quarter 2009	Change
FX, interest rate and commodity derivatives	387	311	75
Investment products	85	135	(49)
Corporate finance	365	130	235
Securities services	60	58	3
Total customer revenues	897	634	263
Market making/trading revenues	490	597	(108)
Interest income on allocated capital	35	28	7
Total income	1 422	1 259	163
Operating expenses	467	459	8
Pre-tax operating profit	955	800	155
Key figures in per cent			
Return on allocated capital [1]	49.6	41.5	
Cost/income ratio	32.8	36.5	

1) Calculated on the basis of risk-adjusted capital

DnB NOR Markets' level of profits in the fourth quarter of 2010 reflected brisk activity levels, which ensured sound growth in customer-related revenues. DnB NOR Markets was the largest brokerage house on Oslo Børs within trading in and issues of both equities, bonds and commercial paper. Increasing use of electronic trading caused pressure on prices, which was partly counteracted by rising volumes. Income from proprietary trading and other market making reflected a normalisation of the markets and less volatility compared with 2009.

Full year results 2010

The DnB NOR Bank Group recorded profits of NOK 11 685 million in 2010, a major improvement from NOK 6 139 million in 2009. Higher income improved performance, and lower write-downs on loans had a positive effect on profits. Profit figures for 2010 also reflected non-recurring income. Pre-tax operating profits before write-downs rose from NOK 18 094 million in 2009 to NOK 19 412 million in 2010.

Net interest income rose by NOK 275 million or 1.2 per cent from 2009 to 2010. Average lending volumes declined by 1.4 per cent, but rose by 4.9 per cent from year-end 2009 to end-December 2010. Average deposits increased by 5.1 per cent from 2009 to 2010. Average lending spreads remained unchanged from 2009, but increased towards the end of 2010. Relative to the 3-month money market rate, deposit spreads widened by 0.02 percentage points.

At the start of 2009, the banking group recorded particularly high income from hedging transactions related to currency and interest rate products due to the turbulent market situation in the wake of the financial crisis. Such income returned to a more normalised level in 2010. In the second quarter of the year, the banking group recorded gains of NOK 1.2 billion in connection with the merger between the payment services company Nordito and the Danish PBS Holding. In addition, many units in the banking group recorded a high level of operating income. Net other operating income rose by a total of NOK 1 243 million from 2009 to 2010.

The banking group's cost programme helped ensure significant cost reductions during the period from 2008 through 2010. The cost programme compensated for wage and price inflation and partially for the increase in market activities during the period. The programme measures include the streamlining of the branch structure, IT systems, procurement and internal processes.

The improved macroeconomic situation contributed to lower write-downs. Write-downs were reduced by 61 per cent, from NOK 7 710 million in 2009 to NOK 2 997 million in 2010. The low write-downs confirmed the DnB NOR Bank Group's sound portfolio quality. Write-downs in DnB NORD remained relatively high in 2010, but markedly lower than in 2009. Individual write-downs in DnB NORD were down 32 per cent from 2009.

Return on equity was 14.8 per cent in 2010, up 4.8 percentage points from 2009.

On 2 August 2010, DnB NOR Bank exercised the option entitling the banking group to purchase NORD/LB's 49 per cent ownership interest in DnB NORD. After negotiations between the parties, a purchase price of EUR 160 million was agreed on. DnB NORD was already fully consolidated in the DnB NOR Bank Group's accounts before the transaction, and the acquisition thus had no immediate effect on the income statements and balance sheets. The DnB NOR Bank Group has initiated a process aimed at restructuring operations in DnB NORD and thus achieve commercial gains.

During 2010, the DnB NOR Bank Group stepped up customer and market activities, aiming to strengthen its market position in all segments. The market activities underpin the banking group's vision and values. DnB NOR climbed seven places in Synovate's annual corporate reputation ranking in 2010, and was among the best banks. In addition, the Group improved its scores in other reputation and customer satisfaction surveys in 2010. Thus, the Group's reputation was markedly enhanced during 2010. During the year, a new Internet portal was developed, and with effect from 1 January 2011, DnB NOR's customer service phone is open 24 hours a day seven days a week. These measures have been well received by customers.

Sickness absence in DnB NOR's Norwegian operations was 4.3 per cent in 2010, a reduction from 5.2 per cent in 2009. The low sickness absence rate is a result of targeted measures.

For the second consecutive year, DnB NOR qualified for inclusion in the Dow Jones World Sustainability Index, DJSI World. This means that DnB NOR is regarded as being among the top 10 per cent within its industry worldwide in terms of sustainability.

Due to its strong position, the DnB NOR Bank Group had ample access to funding in 2010, though prices were much higher than before the financial crisis.

Due to the banking group's healthy performance in 2010, the Tier 1 capital ratio rose from 8.4 per cent at year-end 2009 to 9.2 per cent at end-December 2010. Based on full IRB implementation, the banking group would have had a potential Tier 1 capital ratio of 11.5 per cent at year-end 2010. The Board of Directors considers the banking group to be well capitalised in relation to current regulatory requirements and its Nordic competitors. At year-end 2010, Standard & Poor's ranked DnB NOR as the eleventh best capitalised bank among the 75 largest international banks worldwide.

In consequence of the financial crisis, the market and the authorities have presented stricter capitalisation requirements for the financial industry. The DnB NOR Bank Group is preparing for the announced regulatory requirements. The Norwegian authorities are also considering further measures for the financial industry, based, among other things, on recommendations from the Financial Crisis Commission, which were circulated for public consultation in early 2011. One of the Board of Directors' key concerns is that the same competitive terms be established for all market participants.

Income statement for 2010

Net interest income

Amounts in NOK million	2010	Change	2009
Net interest income	23 387	275	23 112
Lending and deposit spreads		98	
Lending and deposit volumes		907	
Exchange rate movements		(508)	
Equity and non-interest-bearing items		173	
Long-term funding costs		(570)	
Other net interest income		174	

Net interest income rose by 1.2 per cent compared with 2009, while the average lending volume declined by 1.4 per cent. Adjusted for exchange rate movements, the average lending volume increased by 1.4 per cent. The underlying volume growth reflects both the improved economic situation and greater market activity.

Relative to the 3-month money market rate, average lending spreads were unchanged from 2009, but widened towards the end of 2010. After the financial crisis, the real cost of required long-term funding is significantly higher than the 3-month money market rate. Thus, it will be necessary to increase lending spreads as and when lower-priced funding raised in previous periods must be replaced by new, higher-priced funding.

Deposit volumes rose by NOK 31.1 billion from 2009, while deposit spreads widened by 0.02 percentage points. The banking group stepped up its initiatives in the savings market, though the competition for deposits remained strong.

Net other operating income

Amounts in NOK million	2010	Change	2009
Net other operating income	13 067	1 243	1 824
Gain, Nordito		1 170	
Net stock market-related income		775	
Increased income from IT services to Insurance and asset management [1]		523	
Net other commissions and fees		276	
Unrealised losses on investment property in 2009		109	
Profit from associated companies		87	
Real estate broking		87	
Net gains on foreign exchange and interest rate instruments [2]		(1 972)	
Other operating income		188	

1) *IT operations in DnB NOR were coordinated in a central unit in the bank in the second half of 2009.*
2) *Excluding guarantees.*

Net other operating income increased by 10.5 per cent from 2009. Excluding the non-recurring gain from the merger between Nordito and the Danish PBS Holding, other operating income rose by 0.6 per cent. The improvement in the Norwegian economy compared with 2009 gave a rise in income in many parts of the banking group. There was a major reduction in trading income in DnB NOR Markets in consequence of a normalisation of such income compared with the extraordinarily high level after the financial crisis.

Operating expenses

Amounts in NOK million	2010	Change	2009
Total operating expenses	17 042	201	16 841
Cost programme		(607)	
Wage and price inflation		491	
IT expenses [1]		806	
Operational leasing		177	
Pensions		(487)	
Impairment losses for goodwill and intangible assets		(206)	
Other operating expenses		26	

1) *A key factor behind the rise in IT expenses was the integration of the Group's IT operations in a central unit in the bank in the second half of 2009.*

Operating expenses increased by 1.2 per cent from 2009 to 2010. Due to a change of strategy for housing loan activity in Sweden, impairment losses for goodwill of NOK 194 million were recorded. In addition, IT systems in DnB NORD were written down by NOK 346 million after new IT infrastructure plans in DnB NORD were approved. In 2010, the DnB NOR Bank's Board of Directors decided to discontinue the use of the Postbanken brand. Thus, the value of the brand was written down by NOK 51 million. These non-recurring items represented a total of NOK 591 million. In 2009, corresponding write-downs came to NOK 796 million.

Adjusted for impairment losses for goodwill and intangible assets, expenses rose by 2.4 per cent. The cost/income ratio increased from 45.9 per cent in 2009 to 47.6 per cent in 2010. The banking group's cost programme compensated for the effects of wage and price inflation and partially for the increase in market activities during 2010. Moreover, non-recurring effects in 2010 related to pensions and IT system development had both cost-increasing and cost-reducing effects.

Write-downs on commitments

Write-downs on loans totalled NOK 2 997 million in 2010, down 61 per cent from NOK 7 710 million in 2009. The most pronounced decline took place in DnB NORD, though there was also a significant reduction in write-downs in Large Corporates and International. The decline in collective write-downs reflected the improved economic situation and better credit quality.

Excluding DnB NORD, individual write-downs came to NOK 1 811 million in 2010, down 33 per cent from 2009. Large Corporates and International recorded the largest reduction, though write-downs also declined in Retail Banking.

Individual write-downs in DnB NORD came to NOK 2 262 million in 2010, down from NOK 3 346 million in 2009. The reduction reflected the improved macroeconomic trend in the Baltic region.

Net non-performing and doubtful commitments totalled NOK 18.4 billion at end-December 2010, down NOK 0.7 billion from year-end 2009. There was a rise in non-performing commitments in the first quarter of 2010, while the rest of the year saw a reduction. Net non-performing and doubtful commitments represented 1.55 per cent of lending volume as at 31 December 2010, a reduction from 1.71 per cent a year earlier.

Taxes

The DnB NOR Bank Group's total tax charge for 2010 was NOK 4 827 million, up NOK 476 million from 2009. Relative to pre-tax operating profits, the tax charge declined from 41.8 to 29.4 per cent from 2009 to 2010. The main factors behind the reduction were significant tax-exempt gains on shares within the EEA and reduced losses in DnB NORD. The latter provides no basis for recording deferred tax assets in the balance sheet related to losses carried forward, as the losses cannot be expected to reduce tax on future profits within a reasonable time horizon. Losses in DnB NORD were much higher in 2009 than in 2010.

Balance sheet and liquidity

Total assets in the banking group's balance sheet were NOK 1 638 billion at year-end 2010 and NOK 1 616 billion a year earlier.

Net lending to customers increased by NOK 55 billion or 4.9 per cent from year-end 2009 to end-December 2010. Adjusted for exchange rate movements, there was a 4.7 per cent increase. Customer deposits rose by NOK 50 billion or 8.2 per cent during the corresponding period. After adjusting for exchange rate movements, there was also an 8.3 per cent increase in deposits. The banking group's ratio of customer deposits to net lending to customers increased from 54.4 per cent at end-December 2009 to 56.1 per cent a year later. The banking group aims to increase the ratio of deposits to lending. The ratio of deposits to lending in DnB NOR Bank ASA was 93.3 per cent at year-end 2010, which proved that loans which were not financed through DnB NOR Boligkreditt, were largely financed through customer deposits.

In order to keep the banking group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The banking group has a self-imposed limit whereby such long-term or stable funding must represent minimum 90 per cent of customer lending. At year-end 2010, this share was 104.6 per cent. With respect to short-term funding, conservative limits have been set for refunding requirements. The banking group stayed well within the established liquidity limits through 2010.

Throughout 2010, the short-term funding markets were sound and stable for banks with good credit ratings, and the access to funding with different maturities was close to normal. Competition for short-term funding increased during 2010, reflecting improved credit ratings for an increasing number of banks.

Financially strong banks generally had good access to long-term funding. At times, however, uncertainty regarding European sovereign debt had pronounced effects on price levels, and the markets were still challenging at the end of the year. Funding costs remained at a high level in 2010, partly because banks, due to new funding requirements, need to prepare for a larger share of long-term funding. The cost of long-term funding in 2010 remained considerably higher than during the period prior to the financial crisis for both the DnB NOR Bank Group and its competitors.

The Basel Committee's proposal for new, global standards for quantitative regulation of liquidity and funding in the banking sector, Basel III, will change existing framework conditions. The implementation of the new standards may present a challenge for many banks and will require major changes to the banks' balance sheet structure. The DnB NOR Bank Group is in the process of preparing for the announced regulatory requirements.

Risk and capital adequacy

The DnB NOR Bank Group quantifies risk by measuring risk-adjusted capital, which is a guiding factor for the banking group's capital requirement. Net risk-adjusted capital declined by NOK 3.7 billion from year-end 2009, to NOK 52.4 billion.

Due to improved credit quality, risk-adjusted capital for credit declined by NOK 5.4 billion. Measured in Norwegian kroner, there was a moderate increase in credit volumes. The US dollar rate remained virtually unchanged from year-end 2009 to end-December 2010, thus the increase in credit exposure reflected actual growth. The rise in market risk reflects greater equity exposure and somewhat higher interest rate risk limits. Higher business volumes explain the developments in other risk categories.

Amounts in NOK billion	31 Dec. 2010	30 Sept. 2010	30 June 2010	31 Dec. 2009
Credit risk	45.5	46.1	48.9	50.9
Market risk	4.9	4.4	4.3	3.7
Operational risk	5.8	5.8	6.0	5.4
Business risk	3.9	3.9	3.8	3.4
Gross risk-adjusted capital requirement	60.1	60.3	63.0	63.3
Diversification effect [1)]	(7.7)	(7.7)	(7.8)	(7.2)
Net risk-adjusted capital requirement	52.4	52.6	55.2	56.1
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	12.8	12.7	12.3	11.4

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 volumes in the corporate market increased somewhat both in Norway and internationally in 2010, while credit quality improved throughout the year in terms of both reduced probability of default and lower estimated write-downs. Shipping losses remained low in spite of significant deliveries of new vessels in most segments. China and other Asian countries maintained economic growth and ensured satisfactory utilisation of the fleet.

Credit quality also improved in that part of the portfolio which depends on developments in the Norwegian economy, primarily loans to private individuals and small and medium-sized businesses in Norway. The international financial crisis had little impact on Norwegian private households. 2010 saw continued low unemployment, healthy wage growth, low housing loan rates and an increase in housing prices. There was stable growth in the housing loan portfolio during 2010.

The banking group was to some extent affected by the continued weak trend in the international economy, especially in the Baltic States. However, write-downs in DnB NORD were reduced in 2010, and the economies show signs of stabilisation. Still, the uncertainty relating to DnB NORD will continue, and economic developments in the Baltic States will be vital to the level of write-downs. There was a generally low level of write-downs in the banking group's Norwegian operations.

During 2010, the banking group made extensive efforts to ensure the value of problem commitments. A number of problem commitments were restructured, with a positive result.

There were extensive movements in share prices and exchange rates, as well as in various interest rate add-ons, through 2010. The DnB NOR Bank Group has moderate limits for its own direct market exposure, thus the effects on profits were correspondingly small. Due to large fluctuations in money market rates and in the relative margins between various currencies, however, there were significant changes in the value of derivative positions relative to the banking group's funding when one currency is used to fund loans in another currency. These changes in value are generally of a temporary nature and will be reversed over time. The derivative contracts are considered to serve as hedges for the banking group's funding costs, and the changes in value are not included in the calculations of risk-adjusted capital for market risk.

A total of 352 operational loss events were registered during 2010, causing an overall net loss of NOK 92 million. Potential losses relating to the same events represented NOK 1.2 billion, roughly on a level with previous years. The majority of events and the largest losses were in the category "processing and routine errors" relating to the banking group's products and services. The banking group is working continually to increase the quality of processes and routines. As in 2009, there was a continued rise in the number of fraud-related events. However, the effects of most of these events were recorded as credit losses even though operational risk constitutes the underlying cause.

The DnB NOR Bank Group enjoyed a sound liquidity situation at end-December 2010. The average remaining term to maturity for the portfolio of senior bond debt was 3.6 years at year-end, an increase from 3.0 years a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement was NOK 919 billion at end-December 2010, down NOK 41.5 billion from 2009. The main reason for the reduction was that the banking group was granted permission in the fourth quarter of 2010 to use internal risk models, IRB measurement, for most of its credit portfolios for large corporate clients. The transitional rules, which will remain in effect through 2011, allow a maximum reduction in risk-weighted volume of 20 per cent. The transitional floor applied at year-end 2010. The Tier 1 capital ratio was 9.2 per cent at end-December 2010 and 8.4 per cent at year-end 2009, while the capital adequacy ratio was 11.7 per cent at year-end 2010.

The Basel Committee's proposal for new global standards for quantitative regulation of liquidity and funding in the banking sector, Basel III, entails stricter capital adequacy requirements. Even though the proposal was moderated somewhat during 2010, it remains conservative and may be challenging to fulfil for a number of banks. However, due to the size and structure of its capital base, the banking group will be well positioned to meet the coming requirements.

Macroeconomic developments

Global economic growth was approximately 5 per cent in 2010, after a decline of 0.6 per cent in 2009. However, there were significant national and regional differences. Growth was strong in certain European industrialised countries, in China and in some other Asian countries, but weak in other countries. In some of the countries worst affected by heavy national debt, GDP showed a downward trend. In

2010, the eurozone entered its most serious crisis since it was established. After the implementation of strong fiscal stimulus measures to counteract the effects of the financial crisis, fiscal policy was tightened in several countries at the end of 2010 without a corresponding compensation through monetary policy. In several of these countries, the growth outlook is weak. Countries with high growth in 2010 largely returned to pre-2009 levels, but growth will probably not continue at the same pace in 2011. It is expected that growth in the OECD area will decline from 2.8 per cent in 2010 to 2.3 per cent in 2011. Global economic expansion is expected to remain higher as countries in regions other than Europe and North America are growing strongly. Traditional Norwegian exports are mainly oriented towards global markets and will continue to benefit from the growth in the global economy.

The Baltic States were hard hit during the financial crisis, but showed signs of recovery towards the end of 2010. GDP increased moderately in the three Baltic States at the end of 2010, whereas manufacturing production showed strong growth. The upturn in exports, particularly to Germany and the Nordic region, was an important reason for the turnaround, while domestic demand remained comparatively weak. Unemployment, which rose steeply throughout the crisis, seemed to have passed a peak at the end of 2010.

The Norwegian economy is assumed to be approaching normal activity growth, and unemployment appears to have stabilised. After a fall in GDP of 1.3 per cent in 2009, economic growth picked up in 2010, particularly during the second half of the year, and is estimated at approximately 2 per cent for the whole of 2010. Higher household demand for consumer goods and housing contributed to the positive trend. An expansionary monetary and fiscal policy also had a positive effect and will continue to stimulate growth in household demand. Investment in the mainland economy is increasing, and the decline in manufacturing investment appears to be approaching a turning point. The fall in manufacturing production has also been reversed, resulting in a new upturn. The decline in employment stopped towards the middle of 2010 and has subsequently risen somewhat. Unemployment has remained stable since end-June 2009.

Future prospects

The international economy is in a period of moderate growth, but the debt situation in many countries may slow down growth in Europe and the US, making future developments more uncertain. However, the economic forecasts for the total global economy are relatively positive. The favourable economic situation gives the DnB NOR Bank Group a platform to further strengthen its operations while recording relatively low write-downs. Improvement in the Baltic economies is expected to strengthen financial performance in DnB NORD. The increase in market activity, which is given high priority in the organisation, will also help the DnB NOR Bank Group maintain and enhance the banking group's solid position in traditional market segments.

The DnB NOR Bank Group had good access to both short-term and long-term funding in 2010, but at considerably higher prices than before the financial crisis. The DnB NOR bank Group expects to continue to enjoy good access to funding. However, prices are not expected to return to pre-crisis levels, partly due to new external parameters, which will probably result in large future funding requirements for banks.

The banking group aims to enhance its market position in Norway by increasing its presence in areas where the banking group has limited operations.

The DnB NOR Bank Group will continue to give priority to the streamlining of operations across the banking group, partly to compensate for an escalation of market activities.

The Retail Banking business area expects housing loans to account for the majority of lending growth, though lending to small and medium-sized businesses is also expected to grow. The price pressure on low-risk housing loans is expected to continue. The Large Corporates and International business area anticipates a certain rise in credit demand, coupled with a slight widening in average lending spreads and pressure on deposit spreads. In DnB NOR Markets, high demand and brisk activity levels are expected to continue. Profits in DnB NORD are expected to stabilise and then show a slight increase. In the longer term, growth in the Baltic States and Poland is expected to again surpass average European levels.

The financial industry is facing considerable changes in relevant framework conditions through, for example, the Basel III rules, including stricter capitalisation, liquidity and funding requirements. As a result of sound profits in 2010, the DnB NOR Bank Group is in a satisfactory position to meet new requirements. The banking group is, however, committed to giving input to the regulatory process to ensure that conditions will be as equal as possible across national borders, so that Norwegian banks will not be at a disadvantage compared with financial institutions in other countries.

At the start of 2011, subject to balanced framework conditions, DnB NOR is well positioned to reach its financial targets.

Allocation of profits

Annual profits in DnB NOR Bank ASA totalled NOK 12 317 million. The Board of Directors has proposed a group contribution from DnB NOR Bank ASA to DnB NOR ASA of NOK 6 000 million after taxes. The remaining profits will be transferred to other equity.

The capital adequacy ratio of DnB NOR Bank ASA was 14.1 per cent and the Tier 1 capital ratio 11.1 per cent at year-end 2009. The banking group, which comprises the bank and subsidiaries, had a capital adequacy ratio of 11.7 per cent and a Tier 1 capital ratio of 9.2 per cent.

In the opinion of the Board of Directors, following allocations, DnB NOR Bank ASA will have adequate financial strength and flexibility to provide sufficient support to operations in the banking group and meet changes in external parameters.

Oslo, 9 February 2011
The Board of Directors of DnB NOR Bank ASA

Anne Carine Tanum
(chairman)

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kai Nyland

Torill Rambjør

Ingjerd Skjeldrum

Berit Svendsen

Rune Bjerke
(group chief executive)

Contents – quarterly accounts

Accounts

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Income statement

Amounts in NOK million	Note	4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
		DnB NOR Bank ASA			
Total interest income	5	11 632	9 227	44 177	44 581
Total interest expenses	5	6 773	5 501	25 471	29 183
Net interest income	5	**4 859**	**3 726**	**18 706**	**15 398**
Commissions and fees receivable etc.	6	1 462	1 211	5 375	4 980
Commissions and fees payable etc.	6	442	429	1 867	1 752
Net gains on financial instruments at fair value	7	(155)	975	2 922	7 509
Other income	6	2 782	1 100	6 147	2 226
Net other operating income	6	**3 646**	**2 856**	**12 577**	**12 963**
Total income		**8 505**	**6 582**	**31 283**	**28 361**
Salaries and other personnel expenses	8, 9	1 768	1 678	6 660	6 586
Other expenses	8	1 380	932	5 610	4 703
Depreciation and write-downs of fixed and intangible assets	8	422	1 934	1 619	2 624
Total operating expenses	8	**3 570**	**4 544**	**13 889**	**13 913**
Net gains on fixed and intangible assets		5	(4)	6	(1)
Write-downs on loans and guarantees	11	(68)	467	813	3 135
Pre-tax operating profit		**5 007**	**1 566**	**16 587**	**11 312**
Taxes	10	1 144	504	4 270	3 849
Profit for the period		**3 864**	**1 063**	**12 317**	**7 463**

Comprehensive income statement

Amounts in NOK million	4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
	DnB NOR Bank ASA			
Profit for the period	3 864	1 063	12 317	7 463
Exchange differences arising from the translation of foreign operations	(26)	1	(6)	(468)
Comprehensive income for the period	**3 838**	**1 064**	**12 310**	**6 995**

Balance sheet

Amounts in NOK million	Note	DnB NOR Bank ASA 31 Dec. 2010	31 Dec. 2009
Assets			
Cash and deposits with central banks		12 997	29 023
Lending to and deposits with credit institutions		216 432	276 084
Lending to customers	12, 13	669 454	626 806
Commercial paper and bonds		280 423	304 948
Shareholdings		14 590	13 041
Financial derivatives		85 019	71 002
Commercial paper and bonds, held to maturity	14	113 751	113 302
Investments in associated companies		1 285	1 023
Investments in subsidiaries		22 932	26 174
Intangible assets	15	3 578	2 562
Deferred tax assets		481	1 153
Fixed assets		5 004	817
Other assets		9 332	6 146
Total assets		**1 435 278**	**1 472 079**
Liabilities and equity			
Loans and deposits from credit institutions		257 139	294 190
Deposits from customers		624 588	580 913
Financial derivatives		72 771	64 338
Debt securities issued	16	342 761	398 231
Payable taxes		1 594	7 142
Deferred taxes		3	7
Other liabilities		20 304	12 863
Provisions		3 637	4 247
Subordinated loan capital	16	33 386	37 686
Total liabilities		**1 356 182**	**1 399 617**
Share capital		17 514	17 514
Share premium reserve		12 695	12 695
Other equity		48 887	42 253
Total equity		**79 096**	**72 462**
Total liabilities and equity		**1 435 278**	**1 472 079**
Off-balance sheet transactions and contingencies	20		

Income statement

Amounts in NOK million	Note	DnB NOR Bank Group 4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
Total interest income	5	15 293	12 818	57 399	59 047
Total interest expenses	5	9 163	7 143	34 012	35 935
Net interest income	5	**6 130**	**5 675**	**23 387**	**23 112**
Commissions and fees receivable etc.	6	1 696	1 448	6 337	5 956
Commissions and fees payable etc.	6	470	467	1 986	1 890
Net gains on financial instruments at fair value	7	1 649	1 051	4 973	6 180
Profit from companies accounted for by the equity method	6	72	(49)	180	93
Other income	6	660	369	3 562	1 485
Net other operating income	6	**3 606**	**2 352**	**13 067**	**11 824**
Total income		**9 736**	**8 027**	**36 454**	**34 935**
Salaries and other personnel expenses	8, 9	2 167	2 164	8 170	8 681
Other expenses	8	1 602	1 289	6 737	6 067
Depreciation and write-downs of fixed and intangible assets	8	450	678	2 135	2 094
Total operating expenses	8	**4 219**	**4 130**	**17 042**	**16 841**
Net gains on fixed and intangible assets		26	19	23	26
Write-downs on loans and guarantees	11	529	1 517	2 997	7 710
Pre-tax operating profit		**5 014**	**2 398**	**16 437**	**10 410**
Taxes	10	1 172	1 591	4 827	4 351
Profit from operations and non-current assets held for sale, after taxes		57	80	75	80
Profit for the period		**3 900**	**886**	**11 685**	**6 139**
Profit attributable to shareholders		3 965	1 320	12 437	7 698
Profit attributable to minority interests		(65)	(433)	(752)	(1 559)

Comprehensive income statement

Amounts in NOK million	DnB NOR Bank Group 4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
Profit for the period	3 900	886	11 685	6 139
Exchange differences arising from the translation of foreign operations	(42)	18	(135)	(998)
Comprehensive income for the period	**3 857**	**904**	**11 550**	**5 141**
Comprehensive income attributable to shareholders	3 950	1 389	12 444	7 288
Comprehensive income attributable to minority interests	(93)	(485)	(894)	(2 147)

Balance sheet

		DnB NOR Bank Group	
		31 Dec.	31 Dec.
Amounts in NOK million	Note	2010	2009
Assets			
Cash and deposits with central banks		16 198	31 859
Lending to and deposits with credit institutions		43 837	58 751
Lending to customers	12, 13	1 184 100	1 128 791
Commercial paper and bonds		162 071	177 613
Shareholdings		14 954	13 396
Financial derivatives		76 781	69 173
Commercial paper and bonds, held to maturity	14	113 751	113 302
Investment property		877	614
Investments in associated companies		2 291	2 502
Intangible assets	15	5 001	5 554
Deferred tax assets		262	241
Fixed assets		7 763	5 434
Operations and non-current assets held for sale		1 271	1 255
Other assets		8 482	7 513
Total assets		**1 637 639**	**1 615 999**
Liabilities and equity			
Loans and deposits from credit institutions		257 931	302 694
Deposits from customers		664 012	613 627
Financial derivatives		60 622	52 359
Debt securities issued	16	509 447	500 907
Payable taxes		4 822	8 715
Deferred taxes		113	575
Other liabilities		13 009	9 839
Operations held for sale		387	366
Provisions		3 963	4 553
Subordinated loan capital	16	33 474	39 051
Total liabilities		**1 547 780**	**1 532 685**
Minority interests		0	2 755
Share capital		17 514	17 514
Share premium reserve		13 411	13 411
Other equity		58 933	49 633
Total equity		**89 859**	**83 314**
Total liabilities and equity		**1 637 639**	**1 615 999**

Off-balance sheet transactions and contingencies	20		

Statement of changes in equity

DnB NOR Bank ASA

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2008	**17 514**	**12 695**	**39 007**	**69 217**
Profit for the period			7 463	7 463
Exchange differences arising from the translation of foreign operations			(468)	(468)
Comprehensive income for the period			6 995	6 995
Group contribution for 2009 to DnB NOR ASA			(3 750)	(3 750)
Balance sheet as at 31 December 2009	**17 514**	**12 695**	**42 253**	**72 462**
Profit for the period			12 317	12 317
Exchange differences arising from the translation of foreign operations			(6)	(6)
Comprehensive income for the period			12 310	12 310
Merger with DnB NOR Finans AS			323	323
Group contribution for 2010 to DnB NOR ASA			(6 000)	(6 000)
Balance sheet as at 31 December 2010	**17 514**	**12 695**	**48 887**	**79 096**
Of which currency translation reserve :				
Balance sheet as at 31 December 2008			*185*	*185*
Comprehensive income for the period			*(468)*	*(468)*
Balance sheet as at 31 December 2009			*(283)*	*(283)*
Comprehensive income for the period			*(6)*	*(6)*
Merger with DnB NOR Finans AS			*19*	*19*
Balance sheet as at 31 December 2010			*(270)*	*(270)*

DnB NOR Bank Group

Amounts in NOK million	Minority interests	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2008	**4 211**	**17 514**	**13 411**	**42 346**	**77 483**
Profit for the period	(1 559)			7 698	6 139
Exchange differences arising from the translation of foreign operations	(587)			(410)	(998)
Comprehensive income for the period	(2 147)			7 288	5 141
Minority interests DnB NORD	693				693
Other minority interests	(2)				(2)
Balance sheet as at 31 December 2009	**2 755**	**17 514**	**13 411**	**49 633**	**83 314**
Profit for the period	(752)			12 437	11 685
Exchange differences arising from the translation of foreign operations	(142)			7	(135)
Comprehensive income for the period	(894)			12 444	11 550
Group contribution for 2009 to DnB NOR ASA				(3 750)	(3 750)
Acquisition of NORD/LB's shares in DnB NORD	(1 855)			605	(1 250)
Minority interests	(6)				(6)
Balance sheet as at 31 December 2010	**0**	**17 514**	**13 411**	**58 933**	**89 859**
Of which currency translation reserve :					
Balance sheet as at 31 December 2008	*524*			*170*	*695*
Comprehensive income for the period	*(587)*			*(410)*	*(998)*
Balance sheet as at 31 December 2009	*(63)*			*(240)*	*(303)*
Comprehensive income for the period	*(142)*			*7*	*(135)*
Acquisition of NORD/LB's shares in DnB NORD	*205*			*(205)*	*0*
Balance sheet as at 31 December 2010	*0*			*(438)*	*(438)*

Cash flow statement

DnB NOR Bank ASA			DnB NOR Bank Group	
Full year 2009	Full year 2010	*Amounts in NOK million*	Full year 2010	Full year 2009
		Operating activities		
143 999	1 940	Net receipts/payments on loans to customers	(53 354)	8 510
29 734	43 944	Net receipts on deposits from customers	50 491	29 199
28 491	26 870	Interest received from customers	44 214	48 013
(11 583)	(10 834)	Interest paid to customers	(11 527)	(12 502)
		Net receipts/payments on the sale/aquisition of		
(160 632)	25 143	financial assets for investment or trading	2 504	(112 104)
3 227	3 646	Net receipts on commissions and fees	4 433	4 007
(12 700)	(12 975)	Payments to operations	(15 584)	(15 855)
(1 794)	(7 912)	Taxes paid	(8 032)	(596)
2 218	7 609	Other receipts	2 529	1 490
20 960	**77 431**	**Net cash flow relating to operating activities**	**15 674**	**(49 838)**
		Investment activities		
(755)	(2 495)	Net payments on the acquisition of fixed assets	(3 963)	(977)
578	200	Receipts on the sale of long-term investments in shares	200	478
(10 045)	(1 313)	Payments on the acquisition of long-term investment in shares	(1 313)	0
206	216	Dividends received on long-term investments in shares	438	136
(10 015)	**(3 391)**	**Net cash flow relating to investment activities**	**(4 638)**	**(363)**
		Funding activities		
57 105	(30 924)	Net receipts/payments on loans to/from credit institutions	(31 292)	122 316
1 713	(6 994)	Net receipts/payments on other short-term liabilities	4 256	(2 250)
206 147	181 307	Receipts on issued bonds and commercial paper	278 237	218 352
(284 179)	(231 268)	Payments on redeemed bonds and commercial paper	(257 013)	(286 174)
0	(3 522)	Redemptions of subordinated loan capital	(4 704)	0
647	526	Dividend/group contribution payments/receipts	(3 750)	0
9 862	17 340	Interest receipts on funding activities	13 219	2 890
(17 615)	(14 599)	Interest payments on funding activities	(22 454)	(21 879)
(26 320)	**(88 133)**	**Net cash flow from funding activities**	**(23 502)**	**33 255**
(3 357)	**234**	**Effects of exchange rate changes on cash and cahs equivalents**	**(153)**	**(3 771)**
(18 732)	**(13 860)**	**Net cash flow**	**(12 618)**	**(20 718)**
64 769	46 037	Cash as at 1 January	36 078	56 796
(18 732)	(13 860)	Net payments of cash	(12 618)	(20 718)
46 037	32 177	Cash at end of period *)	23 459	36 078
		**) Of which:*		
29 023	*12 997*	*Cash and deposits with central banks*	*16 198*	*31 859*
		Deposits with credit institutions with no agreed		
17 014	*19 180*	*period of notice* [1]	*7 261*	*4 219*

1) 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 period. 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.

Note 1 Accounting principles

The fourth quarter accounts 2010 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the banking group is found in the annual report for 2009. The annual and interim accounts are prepared according to IFRS principles as approved by the EU. The banking group's accounting principles and calculation methods are essentially the same as those described in the annual report for 2009. New or amended standards which have an impact on the accounts of the DnB NOR Bank Group as from 1 January 2010 are described below.

IFRS 3 – Business Combinations (revised)
The revised standard introduces certain changes and specifications with respect to the use of the acquisition method (the purchase method). Amendments relate to goodwill in step acquisitions, minority interests and contingent considerations. Acquisition costs in excess of issue and borrowing costs shall be expensed as they occur. The revised standard shall be applied from the first annual accounting period beginning on or after 1 July 2009. IFRS 3 (R) cannot be applied retrospectively. The banking group introduced IFRS 3 (R) as from 1 January 2010.

IAS 27 – Consolidated and Separate Financial Statements (revised)
The revised standard gives extensive principles regarding the accounting treatment of changes in ownership interests in subsidiaries. The introduction of the revised standard implies that upon loss of control of a subsidiary, any residual holding in the former subsidiary must be measured at fair value and the gain or loss on the disposal recognised in profit or loss. In addition, the rules relating to the distribution of losses between the majority and the minority have been changed, whereby losses are to be charged to the non-controlling interests (minority interests), even if the balance sheet value of the minority interest will thus be negative. The revised standard shall be applied from the first annual accounting period beginning on or after 1 July 2009. The banking group introduced IAS 27 (R) as from 1 January 2010.

Note 2 Important accounting estimates and discretionary assessments

When preparing the accounts of the bank and the banking group, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets, liabilities, income and expenses. A more detailed account of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2009.

The Norwegian Parliament passed an Act relating to the financing of a new contractual early retirement pension scheme (AFP) in February 2010. The new scheme entered into force as from 1 January 2011. The former AFP scheme applies only to employees who had selected early retirement prior to the parliamentary resolution and to those who reached 62 years of age and who had chosen the old scheme before it was terminated at the end of 2010. Upon the transition to a new AFP scheme, the former scheme will be discontinued.

Benefits provided under the new scheme are considered to be quite different from those provided under the former scheme and the transition to the new scheme is thus not to be regarded as a plan change, but as a curtailment and settlement of the former scheme. Employees who did not qualify for the former AFP scheme in 2010 have no future rights under the old scheme. This part of the pension commitments was settled in the first quarter of 2010.

The effect of terminating the commitments for employees born after 1948, including the related changes in estimates and employers' contributions, was calculated at 335 and 355 NOK million for the bank and the banking group respectively. The amounts were recorded as income in the first quarter of 2010 and are included in the item 'pension expenses' under 'operating expenses' in the income statement.

The new AFP scheme should be recorded as a defined benefit multi-company scheme in the accounts. Thus far, no details have been presented on how the new commitments should be recorded in the accounts. The premium for the new AFP scheme is expected to be announced in the first quarter of 2011. The costs of the new AFP scheme are estimated to be at least as high as the banking group's previous AFP costs.

Note 3 Changes in group structure

Merger between Nordito AS (Nordito) and PBS Holding AS (PBS)

DnB NOR Bank ASA previously had a 40 per cent ownership interest in Nordito AS. Operations in the Nordito Group included Teller AS and BBS (the Banks' Central Clearing House). PBS was engaged in the market for payment cards, payment solutions and exchange of payment information in Denmark. The merger was completed on 14 April 2010 with effect from 1 January 2009, with PBS as the acquiring company. After the merger, the company has changed its name to Nets. The banking group has an 18.2 per cent ownership interest in Nets which is carried at fair value. In connection with the merger, BBS' properties in Oslo were demerged into a separate company, Nordito Property AS. The DnB NOR Bank Group has a 40 per cent ownership interest in the demerged company, which corresponds to its previous holding in Nordito. The ownership interest is accounted for by the equity method.

When calculating the gains generated by the transaction, the fair value of the total consideration received in the form of cash and shares in Nets and Nordito Property was assessed relative to the book value of the Nordito investment. The banking group received the following consideration:

- Consideration shares in Nets with an estimated fair value of NOK 1 226 million, plus dividend payments received of NOK 113 million.
- A 40 per cent ownership interest in Nordito Property AS. The fair value of the banking group's holding was NOK 73 million.
- A cash consideration of NOK 168 million in connection with a reduction in capital in Nordito.
- A tax compensation of NOK 3 million relating to the transaction.

The total consideration was NOK 1 584 million, resulting in recorded gains of NOK 1 485 million for DnB NOR Bank ASA and NOK 1 170 million for the DnB NOR Bank Group. The merger between Nordito and PBS is a cross-border transaction and results in a taxable gain for Nordito's shareholders. 3 per cent of the shareholders' gains are recorded as income in accordance with the tax exemption model, whereby the gains are taxed at a rate of 0.84 per cent. The demerger of properties into Nordito Property AS was carried out in accordance with the tax continuity principle, whereby no tax is levied on Nordito or the DnB NOR Bank Group.

Merger between DnB NOR Finans AS and DnB NOR Bank ASA

DnB NOR Finans, which was previously a wholly-owned subsidiary of DNB NOR Bank, was merged with DnB NOR Bank on 1 September 2010 with accounting effect from 1 January 2010. Figures for DnB NOR Bank ASA for previous periods have not been restated. The merger was accounted for according to the pooling of interests method.

Acquisition of all shares DnB NORD

On 6 December 2010, DnB NOR Bank ASA entered into an agreement with Norddeutsche Landesbank (NORD/LB) to acquire NORD/LB's 49 per cent of the share capital in Bank DnB NORD A/S for a total of EUR 160 million. The agreement was finalised on 23 December 2010. According to IAS 27 Consolidated and Separate Financial Statements, the purchase of minority interests is regarded as an equity transaction which does not need to fulfil the same acquisition analysis requirements as an acquisition whereby the owner obtains a controlling interest. In principle, the values prior to the acquisition will be retained, and any deviation between the book value of the acquired assets and the purchase price will be reflected in the Group's equity. The book value of the minority interests in DnB NOR's accounts at end-September 2010 was EUR 245 million. Thus, the purchase price of EUR 160 million implied that the transaction, in isolation, increased other equity in the banking group by EUR 85 million, while the minority interests of EUR 245 million were annulled. The purchase price of EUR 160 million corresponded to 59 per cent of the recorded equity in Bank DnB NORD at end-September 2010.

A total price of the shares lower than book value could be an indication of a possible decline in value of assets, which must be taken into account in impairment tests. In order to assess possible impairment losses, underlying units in DnB NORD were evaluated. No impairment losses on specific assets were identified. However, the analyses revealed that there is a significant differential between fair values and book values relating to functions at DnB NORD's head office in Copenhagen. The differential mainly concerns the capitalisation of the DnB NORD Group, administrative expenses which cannot be allocated to underlying units and the cost of hedging equity positions in subsidiaries. The calculation of the difference between fair value and book value relating to the head office in Copenhagen is based on the assumption that the organisational structure of DnB NORD will be the same as before the acquisition agreement was entered into. A restructuring of DnB NORD, transferring ownership of the subsidiaries to DnB NOR, will offer the opportunity to reduce negative aspects concerning capitalisation and also reduce the costs relating to administrative tasks in Copenhagen. The estimated value of the units in the Baltic region and Poland is in line with balance sheet values.

København Ejendomme Holding Aps (København Ejendomme) – newly established company

On 21 October 2010, Bovista, RC Real Estate, Nykredit, Bank DnB NORD and DnB NOR Bank entered into an agreement to settle an ongoing legal dispute, see note 22 Off-balance sheet transactions and contingencies. The agreement was formally approved by the creditors on 5 November 2010, and the properties were taken over on 1 December. The property portfolio consists of 1 083 flats in prime location, mainly in central parts of Copenhagen.

The agreement implied that DnB NOR Bank purchased the property portfolio from the company in liquidation, Bovista, at fair value and paid an additional compensation to settle the dispute. The total amount paid was DKK 2 023 million. København Ejendomme has 22 wholly-owned subsidiaries, one for each of the acquired properties. The subsidiaries are organised as partnerships with one general partner each. The company structure includes a total of 45 companies. København Ejendomme is a wholly-owned subsidiary of DnB NOR Eiendomsutvikling AS, which is a wholly-owned subsidiary of DnB NOR Bank ASA. In the accounts, the properties are recorded as investment properties, which implies that they are carried at fair value.

Note 4 Segments

Business areas

The operational structure of the DnB NOR Bank Group includes three business areas and four staff and support units. Throughout 2010, DnB NOR Bank Group owned 51 per cent of DnB NORD's operations. With effect from 23 December 2010, however, DnB NOR Bank Group took over all shares in the company. Operations were organised under Large Corporates and International, but will still be regarded as a separate profit centre. The business areas are independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products. The DnB NOR Bank Group's business areas comprise Retail Banking, Large Corporates and International and DnB NOR Markets. From January 2010, organisational responsibility for DnB NOR Luxembourg was transferred from Retail Banking to the business area Large Corporates and International. Figures for previous periods have been restated. The other business areas were not directly affected by the change.

Retail Banking	- offers a broad range of financial products and services through several brands and a wide distribution network. In cooperation with several of the banking group's product areas, customers are offered various financing and leasing, deposit and investment alternatives, as well as real estate broking and financial advisory services. In addition, extensive everyday banking services are provided through the Internet bank, mobile banking, SMS services, branch offices, insurance, in-store banking outlets, in-store postal outlets and Norway Post.
Large Corporates and International	- offers a broad range of financial products and services to large Norwegian and international customers in cooperation with several of the banking group's product areas, including various types of financing solutions, deposits and investments, insurance, e-commerce products, commercial property brokerage, foreign currency, interest rate products, trade finance and corporate finance services.
DnB NOR Markets	- is the banking group's investment bank with the key products foreign exchange, interest rate and commodity products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services.
DnB NORD	- are mainly concentrated in the Baltic States and Poland and provides a broad range of products to both the retail and corporate markets.

The income statement and balance sheet for the 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 the DnB NOR Bank Group's management model and 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. Internal transfer rates used between the business areas are determined based on observable market rates, e.g. NIBOR. Additional costs relating to the banking group's long-term funding are charged to the business areas. According to the banking group's liquidity management policy, over 90 per cent of lending is financed through stable deposits and long-term funding.

Certain customers and transactions of major importance require extensive cooperation within the banking group. To stimulate such cooperation, operating income and expenses relating to some of these customers and transactions are recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in DnB NOR Markets. With effect from 1 January 2010, the internal management reporting has been changed, whereby these double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", appurtenant costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". The net result of such transactions was previously included in other operating income. Figures for 2009 have been adjusted correspondingly. Double entries are eliminated in the group accounts.

Income statement for the fourth quarter

DnB NOR Bank Group

	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NORD		Other operations/ eliminations [1]		DnB NOR Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income - ordinary operations	3 497	3 496	1 616	1 287	224	288	344	354	449	250	6 130	5 675
Interest on allocated capital [2]	134	99	157	153	35	28	12	14	(338)	(294)	0	0
Net interest income	3 631	3 595	1 773	1 440	259	315	355	369	111	(44)	6 130	5 675
Other operating income	781	850	388	397	1 164	943	120	182	1 154	(21)	3 606	2 352
Income attributable to product suppliers	347	347	661	357	0	0	0	0	(1 008)	(704)	0	0
Net other operating income	1 128	1 197	1 049	754	1 164	943	120	182	145	(724)	3 606	2 352
Total income	4 760	4 792	2 822	2 194	1 422	1 259	475	551	257	(768)	9 736	8 027
Other operating expenses	2 490	2 427	533	434	467	459	342	768	386	43	4 219	4 130
Cost attributable to product suppliers	187	203	266	164	0	0	0	0	(453)	(367)	0	0
Operating expenses	2 677	2 629	799	598	467	459	342	768	(67)	(324)	4 219	4 130
Pre-tax operating profit before write-downs	2 083	2 162	2 023	1 595	955	800	133	(217)	324	(444)	5 517	3 896
Net gains on fixed and intangible assets	5	0	0	0	0	0	13	(15)	8	34	26	19
Write-downs on loans and guarantees [3]	362	344	191	189	0	0	304	845	(329)	139	529	1 517
Write-downs attributable to product suppliers	0	0	(1)	(3)	0	0	0	0	1	3	0	0
Pre-tax operating profit	1 725	1 818	1 833	1 410	955	800	(159)	(1 078)	660	(553)	5 014	2 398

Note 4 Segments (continued)

1) *Other operations/eliminations:*

Amounts in NOK million	*Elimination of income/cost attributable to product suppliers 4th quarter 2010*	*2009*	*Other eliminations 4th quarter 2010*	*2009*	*Group Centre [*] 4th quarter 2010*	*2009*	*Total 4th quarter 2010*	*2009*
Net interest income - ordinary operations	*0*	*0*	*0*	*7*	*449*	*243*	*449*	*250*
Interest on allocated capital [2)]	*0*	*0*	*0*	*0*	*(338)*	*(294)*	*(338)*	*(294)*
Net interest income	*0*	*0*	*0*	*7*	*111*	*(51)*	*111*	*(44)*
Other operating income	*0*	*0*	*(101)*	*(99)*	*1 255*	*78*	*1 154*	*(21)*
Income attributable to product suppliers	*(1 008)*	*(704)*	*0*	*0*	*0*	*0*	*(1 008)*	*(704)*
Net other operating income	*(1 008)*	*(704)*	*(101)*	*(99)*	*1 255*	*78*	*145*	*(724)*
Total income	*(1 008)*	*(704)*	*(101)*	*(92)*	*1 366*	*28*	*257*	*(768)*
Other operating expenses	*0*	*0*	*(101)*	*(92)*	*487*	*134*	*386*	*43*
Cost attributable to product suppliers	*(453)*	*(367)*	*0*	*0*	*0*	*0*	*(453)*	*(367)*
Operating expenses	*(453)*	*(367)*	*(101)*	*(92)*	*487*	*135*	*(67)*	*(324)*
Pre-tax operating profit before write-downs	*(555)*	*(337)*	*0*	*0*	*879*	*(107)*	*324*	*(444)*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*8*	*34*	*8*	*34*
Write-downs on loans and guarantees [3)]	*0*	*0*	*0*	*0*	*(329)*	*139*	*(329)*	*139*
Write-downs attributable to product suppliers	*1*	*3*	*0*	*0*	*0*	*0*	*1*	*3*
Pre-tax operating profit	*(556)*	*(340)*	*0*	*0*	*1 215*	*(213)*	*660*	*(553)*

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 income/cost attributable to product suppliers 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, Marketing and Communications, Corporate Centre, the partially owned company Eksportfinans 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 - pre-tax operating profit in NOK million*	*4th quarter 2010*	*2009*
Income from equities investments	*527*	*(66)*
Interest on unallocated equity	*226*	*(120)*
Mark-to-market adjustments Treasury and fair value on lending	*220*	*115*
Eksportfinans AS	*87*	*(113)*
Unallocated write-downs on loans and guarantees	*(329)*	*139*
Other	*(174)*	*111*
Pre-tax operating profit	*1 215*	*(213)*

2) *The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.*
3) *See note 11 Write-downs on loans and guarantees.*

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

Amounts in NOK billion	Retail Banking 4th quarter 2010	2009	Large Corporates and International 4th quarter 2010	2009	DnB NOR Markets 4th quarter 2010	2009	DnB NORD 4th quarter 2010	2009	Other operations/ eliminations 4th quarter 2010	2009	DnB NOR Bank Group 4th quarter 2010	2009
Net lending to customers [1)]	748.3	719.6	354.9	345.5	25.8	6.4	61.7	75.9	8.4	(3.1)	1 199.1	1 144.3
Deposits from customers [1)]	382.1	366.8	247.2	221.0	21.0	28.0	24.0	20.0	19.1	(4.6)	693.4	631.2
Allocated capital [2)]	21.1	19.7	24.6	30.3	5.5	5.5	4.5	7.8				

Key figures — **DnB NOR Bank Group**

Per cent	Retail Banking 4th quarter 2010	2009	Large Corporates and International 4th quarter 2010	2009	DnB NOR Markets 4th quarter 2010	2009	DnB NORD 4th quarter 2010	2009	Other operations 4th quarter 2010	2009	DnB NOR Bank Group 4th quarter 2010	2009
Cost/income ratio [3)]	56.2	52.7	28.3	27.3	32.8	36.5	72.2	72.6			43.3	47.2
Ratio of deposits to lending [1) 4)]	51.1	51.0	69.6	64.0			38.9	26.4			57.8	55.2
Return on allocated capital, annualised [2)]	23.4	26.4	21.3	13.3	49.6	41.5	(11.2)	(28.9)				
Number of full-time positions as at 31 December	4 842	4 997	1 103	1 061	668	647	3 159	3 174	2 308	2 484	12 080	12 363

1) *Based on nominal values and includes lending to and deposits from credit institutions.*
2) *The allocated capital and return on allocated capital for the business areas are calculated on the basis of internal measurement of risk-adjusted capital requirement.*
3) *Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and intangible assets.*
4) *Deposits from customers relative to net lending to customers.*

Note 4 Segments (continued)

Comments to the income statement for the fourth quarter

Retail Banking

Retail Banking showed a stable and healthy performance trend in 2010. Pre-tax operating profits were down 5.1 per cent in the fourth quarter of 2010 compared with the year-earlier period. Strong competition in the Norwegian market and rising costs related to long-term funding put pressure on interest income. Retail Banking maintained strict cost control, though higher IT expenses and an increase in depreciation on operational leasing due to rising volumes caused a certain increase in ordinary operating expenses. Net write-downs on loans represented 0.19 per cent of average lending, on a level with the fourth quarter of 2009. Net lending to customers rose by 4.0 per cent. The increase was primarily in loans to private individuals, though there was also rising growth in corporate lending through 2010. The quality of the loan portfolios was sound. Deposits increased by 4.2 per cent from the fourth quarter of 2009.

Large Corporates and International

Higher activity levels, rising volumes and wider lending spreads contributed to strong income growth compared with the fourth quarter of 2009. Pre-tax operating profits were up 30 per cent from the year-earlier period. Average net lending to customers increased by 2.7 per cent from the fourth quarter of 2009, while deposits were up 11.8 per cent. There was strong competition for deposits, and deposit spreads were under pressure. The level of net write-downs on loans was relatively low at 0.21 per cent of average lending in the fourth quarter of 2010, unchanged from the year-earlier period. Portfolio quality remained sound.

DnB NOR Markets

DnB NOR Markets' level of profits in the fourth quarter of 2010 reflected brisk activity levels, which ensured sound growth in customer-related revenues. DnB NOR Markets was the largest brokerage house on Oslo Børs within trading in and issues of both equities, bonds and commercial paper. Increasing use of electronic trading caused pressure on prices, which was partly counteracted by rising volumes. Income from proprietary trading and other market making reflected a normalisation of the markets and less volatility compared with 2009.

Revenues within various segments

	DnB NOR Markets	
Amounts in NOK million	4th quarter 2010	4th quarter 2009
FX, interest rate and commodity derivatives	387	311
Investment products	85	135
Corporate finance	365	130
Securities services	60	58
Total customer revenues	897	634
Net income liquidity portfolio	291	230
Other market making/trading revenues	199	367
Total trading revenues	490	597
Interest income on allocated capital	35	28
Total income	1 422	1 259

DnB NORD

Average net lending to customers was reduced by almost 19 per cent from the fourth quarter of 2009 to the corresponding period in 2010. The decline reflected the downscaling of DnB NORD's operations in Denmark and Finland and the impact of the global financial crisis, which has seriously affected the Baltic region. The reduction in lending in Denmark and Finland was partly due to the transfer of a portfolio to DnB NOR Bank at year-end 2009. In consequence of lower lending volumes, there was a 13.8 per cent decline in income compared with the fourth quarter of 2009. Cost efficiency measures and the downscaling of operations brought down ordinary operating expenses. The level of net write-downs remained high, but was reduced from 4.40 per cent of average lending in the fourth quarter of 2009 to 1.95 per cent in 2010. High write-downs in the Danish portfolio had a negative effect on the write-down percentage for the fourth quarter of 2010. Write-downs in the Baltic region and Poland represented 1.65 per cent in the October through December period.

Other units – Group Centre

The Group Centre recorded a pre-tax operating profit of NOK 660 million in the fourth quarter of 2010, compared with a loss of NOK 553 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 87 million in fourth quarter of 2010, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with a loss of NOK 113 million in the year-earlier period. Income from equity investments totalled NOK 527 million in the fourth quarter of 2010, an increase of NOK 593 million from the previous year. There was a profit contribution of NOK 226 million form own debt, loans carried at fair value and related derivatives in the fourth quarter of 2010, compared with a negative profit contribution of NOK 121 million in the corresponding period in 2009. There was a NOK 329 million reduction in collective write-downs in the third quarter of 2010, compared with a NOK 139 million increase in the year-earlier period. The reduction reflected a positive trend in the risk situation and a slight improvement in the global economy.

Note 4 Segments (continued)

Income statement, full year

DnB NOR Bank Group

Amounts in NOK million	Retail Banking Full year 2010	Retail Banking Full year 2009	Large Corporates and International Full year 2010	Large Corporates and International Full year 2009	DnB NOR Markets Full year 2010	DnB NOR Markets Full year 2009	DnB NORD Full year 2010	DnB NORD Full year 2009	Other operations/ eliminations Full year 2010	Other operations/ eliminations Full year 2009	DnB NOR Bank Group Full year 2010	DnB NOR Bank Group Full year 2009
Net interest income - ordinary operations	13 643	14 425	5 884	5 333	928	1 100	1 383	1 462	1 549	791	23 387	23 112
Interest on allocated capital [1)]	497	500	608	793	145	144	38	96	(1 288)	(1 532)	0	0
Net interest income	14 139	14 925	6 492	6 126	1 073	1 244	1 422	1 559	261	(741)	23 387	23 112
Other operating income	3 501	3 324	1 151	1 272	4 398	5 999	627	684	3 391	545	13 067	11 824
Income attributable to product suppliers	1 263	1 336	2 006	2 032	0	0	0	0	(3 269)	(3 368)	0	0
Net other operating income	4 764	4 660	3 157	3 304	4 398	5 999	627	684	122	(2 823)	13 067	11 824
Total income	18 903	19 585	9 649	9 430	5 471	7 243	2 048	2 242	382	(3 564)	36 454	34 935
Other operating expenses	10 290	9 989	2 130	1 877	1 833	1 913	1 700	2 589	1 089	473	17 042	16 841
Cost attributable to product suppliers	675	770	806	749	0	0	0	0	(1 481)	(1 519)	0	0
Operating expenses	10 965	10 758	2 935	2 627	1 833	1 913	1 700	2 589	(392)	(1 046)	17 042	16 841
Pre-tax operating profit before write-downs	7 938	8 826	6 713	6 803	3 638	5 331	348	(347)	774	(2 519)	19 412	18 094
Net gains on fixed and intangible assets	6	1	0	0	0	0	(15)	(13)	32	38	23	26
Write-downs on loans and guarantees [2)]	1 225	1 586	586	1 128	0	0	1 813	3 929	(627)	1 067	2 997	7 710
Write-downs attributable to product suppliers	0	0	3	6	0	0	0	0	(3)	(6)	0	0
Pre-tax operating profit	6 719	7 241	6 124	5 669	3 638	5 331	(1 481)	(4 289)	1 436	(3 542)	16 437	10 410

1) *The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.*
2) *See note 11 Write-downs on loans and guarantees.*

Comments to the full year income statement

The DnB NOR Bank Group recorded profits for the period of NOK 11 685 million in 2010, a major improvement from NOK 6 139 million in 2009. Higher income improved performance, and lower write-downs on loans had a positive effect on profits. Profit figures for 2010 also reflected non-recurring income. Pre-tax operating profits before write-downs rose from NOK 18 094 million in 2009 to NOK 19 412 million in 2010.

Net interest income rose by NOK 275 million or 1.2 per cent from 2009 to 2010. Average lending volumes declined by 1.4 per cent, but rose by 4.9 per cent from year-end 2009 to end-December 2010. Average deposits increased by 5.1 per cent from 2009 to 2010. Average lending spreads remained unchanged from 2009, but increased towards the end of 2010. Relative to the 3-month money market rate, deposit spreads widened by 0.02 percentage points.

At the start of 2009, the banking group recorded particularly high income from hedging transactions related to currency and interest rate products due to the turbulent market situation in the wake of the financial crisis. Such income returned to a more normalised level in 2010. In the second quarter of the year, the banking group recorded gains of NOK 1.2 billion in connection with the merger between the payment services company Nordito and the Danish PBS Holding. In addition, many units in the banking group recorded a high level of operating income. Net other operating income rose by a total of NOK 1 243 million from 2009 to 2010.

The banking group's cost programme helped ensure significant cost reductions during the period from 2008 through 2010. The cost programme compensated for wage and price inflation and partially for the increase in market activities during the period. The programme measures include the streamlining of the branch structure, IT systems, procurement and internal processes.

The improved macroeconomic situation contributed to lower write-downs. Write-downs were reduced by 61 per cent, from NOK 7 710 million in 2009 to NOK 2 997 million in 2010. The low write-downs confirmed the DnB NOR Bank Group's sound portfolio quality. Write-downs in DnB NORD remained relatively high in 2010, but markedly lower than in 2009. Individual write-downs in DnB NORD were down 32 per cent from 2009.

Return on equity was 14.8 per cent in 2010, up 4.8 percentage points from 2009.

On 2 August 2010, DnB NOR Bank exercised the option entitling the banking group to purchase NORD/LB's 49 per cent ownership interest in DnB NORD. After negotiations between the parties, a purchase price of EUR 160 million was agreed on. DnB NORD was already fully consolidated in the DnB NOR Bank Group's accounts before the transaction, and the acquisition thus had no immediate effect on the income statements and balance sheets. The DnB NOR Bank Group has initiated a process aimed at restructuring operations in DnB NORD and thus achieve commercial gains.

During 2010, the DnB NOR Bank Group stepped up customer and market activities, aiming to strengthen its market position in all segments. The market activities underpin the banking group's vision and values. DnB NOR climbed seven places in Synovate's annual corporate reputation ranking in 2010, and was among the best banks. In addition, the Group improved its scores in other reputation and customer satisfaction surveys in 2010. Thus, the Group's reputation was markedly enhanced during 2010. During the year, a new Internet portal was developed, and with effect from 1 January 2011, DnB NOR's customer service phone is open 24 hours a day seven days a week. These measures have been well received by customers.

Sickness absence in DnB NOR's Norwegian operations was 4.3 per cent in 2010, a reduction from 5.2 per cent in 2009. The low sickness absence rate is a result of targeted measures.

Note 4 Segments (continued)

For the second consecutive year, DnB NOR qualified for inclusion in the Dow Jones World Sustainability Index, DJSI World. This means that DnB NOR is regarded as being among the top 10 per cent within its industry worldwide in terms of sustainability.

Due to its strong position, the DnB NOR Bank Group had ample access to funding in 2010, though prices were much higher than before the financial crisis.

Due to the banking group's healthy performance in 2010, the Tier 1 capital ratio rose from 8.4 per cent at year-end 2009 to 9.2 per cent at end-December 2010. Based on full IRB implementation, the banking group would have had a potential Tier 1 capital ratio of 11.5 per cent at year-end 2010. The Board of Directors considers the banking group to be well capitalised in relation to current regulatory requirements and its Nordic competitors. At year-end 2010, Standard & Poor's ranked DnB NOR as the eleventh best capitalised bank among the 75 largest international banks worldwide.

In consequence of the financial crisis, the market and the authorities have presented stricter capitalisation requirements for the financial industry. The DnB NOR Bank Group is preparing for the announced regulatory requirements. The Norwegian authorities are also considering further measures for the financial industry, based, among other things, on recommendations from the Financial Crisis Commission, which were circulated for public consultation in early 2011. One of the Board of Directors' key concerns is that the same competitive terms be established for all market participants.

Note 5 Net interest income

Amounts in NOK million	DnB NOR Bank ASA 4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
Interest on loans to and deposits with credit institutions	1 443	1 569	5 693	7 203
Interest on loans to customers	6 998	5 388	26 709	28 390
Interest on impaired commitments	26	28	119	97
Interest on commercial paper and bonds	2 434	1 967	9 256	7 853
Front-end fees etc.	88	69	271	332
Other interest income	643	206	2 128	705
Total interest income	**11 632**	**9 227**	**44 177**	**44 581**
Interest on loans and deposits from credit institutions	1 184	1 056	4 912	4 206
Interest on deposits from customers	2 986	2 181	10 835	11 568
Interest on debt securities issued	1 192	1 122	4 369	7 743
Interest on subordinated loan capital	163	166	644	1 031
Other interest expenses 1)	1 249	977	4 711	4 634
Total interest expenses	**6 773**	**5 501**	**25 471**	**29 183**
Net interest income 2)	**4 859**	**3 726**	**18 706**	**15 398**

Amounts in NOK million	DnB NOR Bank Group 4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
Interest on loans to and deposits with credit institutions	252	264	1 067	1 690
Interest on loans to customers	11 701	10 033	43 925	47 924
Interest on impaired commitments	56	37	247	118
Interest on commercial paper and bonds	2 506	2 019	9 538	8 115
Front-end fees etc.	96	85	287	374
Other interest income	681	380	2 334	826
Total interest income	**15 293**	**12 818**	**57 399**	**59 047**
Interest on loans and deposits from credit institutions	1 226	1 087	5 008	4 824
Interest on deposits from customers	3 153	2 375	11 528	12 487
Interest on debt securities issued	3 412	2 580	12 239	13 768
Interest on subordinated loan capital	159	175	667	1 066
Other interest expenses 1)	1 214	926	4 571	3 790
Total interest expenses	**9 163**	**7 143**	**34 012**	**35 935**
Net interest income	**6 130**	**5 675**	**23 387**	**23 112**

1) *Other interest expenses include interest rate adjustments resulting from interest swaps entered into.*
2) *See note 3 Changes in group structure. The merger with DnB NOR Finans has been accounted in the third quarter 2010 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

Note 6 Net other operating income

	DnB NOR Bank ASA			
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Money transfer fees receivable	664	696	2 735	2 781
Fees on asset management services	58	64	240	209
Fees on custodial services	74	72	293	268
Fees on securities broking	79	72	293	277
Corporate finance	166	55	430	259
Interbank fees	23	28	93	102
Credit broking commissions	199	67	468	363
Sales commissions on insurance products	73	66	307	266
Sundry commissions and fees receivable on banking services	126	91	516	455
Total commissions and fees receivable etc.	**1 462**	**1 211**	**5 375**	**4 980**
Money transfer fees payable	311	228	1 060	947
Commissions payable on fund management services	0	0	0	(16)
Fees on custodial services payable	24	23	112	105
Interbank fees	33	37	133	147
Credit broking commissions	(41)	9	62	64
Commissions payable on the sale of insurance products	0	0	0	0
Sundry commissions and fees payable on banking services	115	132	500	505
Total commissions and fees payable etc.	**442**	**429**	**1 867**	**1 752**
Net gains on financial instruments at fair value	**(155)**	**975**	**2 922**	**7 509**
Income from owned/leased premises	20	27	85	114
Group contributions and dividends from subsidiaries	1 960	651	1 960	651
Miscellaneous operating income [1)]	802	421	4 101	1 461
Total other income	**2 782**	**1 099**	**6 147**	**2 226**
Net other operating income [2)]	**3 646**	**2 856**	**12 577**	**12 963**

1) *The increase in miscellaneous operating income in 2010 compared with year-earlier primarily attributable to the merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010, which generated gains of NOK 1 485 million. In addition, there was a NOK 500 million increase in the management fee from DnB NOR Boligkreditt and a NOK 523 million rise in income from Insurance and Asset Management for the provision of IT services in connection with the integration of DnB NOR's IT operations in a central unit in the bank in the second half of 2009.*

2) *See note 3 Changes in group structure. The merger with DnB NOR Finans was completed in the third quarter of 2010 and was accounted for according to the pooling of interests method. Figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

Note 6 Net other operating income (continued)

	DnB NOR Bank Group			
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Money transfer fees receivable	723	762	2 960	3 034
Fees on asset management services	61	77	252	263
Fees on custodial services	76	75	301	275
Fees on securities broking	86	73	303	279
Corporate finance	207	72	608	335
Interbank fees	24	29	97	106
Credit broking commissions	200	68	474	367
Sales commissions on insurance products	107	103	491	411
Sundry commissions and fees receivable on banking services	210	190	851	886
Total commissions and fees receivable etc.	**1 696**	**1 448**	**6 337**	**5 956**
Money transfer fees payable	323	245	1 111	1 015
Commissions payable on fund management services	0	0	0	(16)
Fees on custodial services payable	24	23	112	107
Interbank fees	36	38	140	153
Credit broking commissions	(44)	16	48	52
Commissions payable on the sale of insurance products	4	0	24	12
Sundry commissions and fees payable on banking services	127	144	550	568
Total commissions and fees payable etc.	**470**	**467**	**1 986**	**1 890**
Net gains on financial instruments at fair value	**1 649**	**1 051**	**4 973**	**6 180**
Profit from companies accounted for by the equity method [1)]	**72**	**(49)**	**180**	**93**
Fees on real estate broking	223	198	860	774
Net unrealised gains on investment property	0	1	0	(109)
Miscellaneous operating income [2)]	437	169	2 701	821
Total other income	**660**	**369**	**3 562**	**1 485**
Net other operating income	**3 606**	**2 352**	**13 067**	**11 824**

1) *Eksportfinans entered into an agreement with a syndicate comprising most of the companys' owners. With effect from 1 March 2008, the agreement protects the company from further value reductions in the liquidity portfolio of bonds. Taking the guarantee into account, there was a profit contribution of NOK 87 million from the company in the fourth quarter of 2010.*

2) *The increase in miscellaneous operating income in 2010 compared with year-earlier primarily attributable to the merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010, which generated gains of NOK 1 170 million and a NOK 523 million rise in income from Insurance and Asset Management for the provision of IT services in connection with the integration of DnB NOR's IT operations in a central unit in the bank in the second half of 2009.*

Note 7 Net gains on financial instruments at fair value

	DnB NOR Bank ASA			
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Dividends [1]	(261)	64	376	195
Net gains on commercial paper and bonds [2]	(1 318)	115	(717)	1 015
Net gains on shareholdings	670	266	698	341
Net gains on other financial instruments [3]	754	530	2 565	5 959
Net gains on financial instruments at fair value	**(155)**	**975**	**2 922**	**7 509**

	DnB NOR Bank Group			
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Dividends	53	33	380	157
Net gains on commercial paper and bonds	(135)	141	703	646
Net gains on shareholdings	683	278	613	339
Net gains on other financial instruments [3]	1 046	599	3 277	5 038
Net gains on financial instruments at fair value	**1 649**	**1 051**	**4 973**	**6 180**

1) *Dividends received from Group companies are reclassified to other operating income in DnB NOR Bank ASA in the fourth quarter of 2010. In the Bank Group such dividends are eliminated.*
2) *Unrealised gains on DnB NOR Bank ASA's investments in covered bonds issued by DnB NOR Boligkreditt were just over NOK 1.1 billion in the fourth quarter of 2010. Investments in such bonds totalled NOK 123.1 billion at year-end 2010, which have been used in the exchange scheme with the Norwegian government. See note 19 Information on related parties – stimulus packages.*
3) *Net gains in DnB NOR Markets were exceptionally high in the first half of 2009 due to the turmoil in the financial markets.*

Note 8 Operating expenses

	DnB NOR Bank ASA			
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Salaries	1 303	1 182	5 092	4 734
Employer's national insurance contributions	175	179	700	672
Pension expenses [1]	121	119	254	652
Restructuring expenses	(8)	1	45	62
Other personnel expenses	178	198	569	466
Total salaries and other personnel expenses	**1 768**	**1 678**	**6 660**	**6 586**
Fees [2]	327	(11)	1 264	757
IT expenses [2]	335	308	1 479	1 218
Postage and telecommunications	79	68	295	297
Office supplies	14	13	53	53
Marketing and public relations	154	124	498	435
Travel expenses	63	47	177	145
Reimbursement to Norway Post for transactions executed	36	49	151	203
Training expenses	21	12	57	45
Operating expenses on properties and premises	262	271	1 061	1 064
Operating expenses on machinery, vehicles and office equipment	35	21	107	88
Other operating expenses	54	30	467	398
Other expenses	**1 380**	**932**	**5 610**	**4 703**
Impairment losses for goodwill [3]	0	0	0	0
Depreciation and write-downs of fixed and intangible assets [4]	422	1 934	1 619	2 624
Depreciation and write-downs of fixed and intangible assets	**422**	**1 934**	**1 619**	**2 624**
Total operating expenses [5]	**3 570**	**4 544**	**13 889**	**13 913**

Note 8 Operating expenses (continued)

	DnB NOR Bank Group			
Amounts in NOK million	4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
Salaries	1 618	1 523	6 272	6 323
Employer's national insurance contributions	229	247	903	949
Pension expenses 1)	134	182	325	812
Restructuring expenses	(8)	1	47	63
Other personnel expenses	194	210	624	534
Total salaries and other personnel expenses	**2 167**	**2 164**	**8 170**	**8 681**
Fees 2)	350	35	1 385	913
IT expenses 2)	356	372	1 649	1 489
Postage and telecommunications	88	84	345	379
Office supplies	26	22	91	91
Marketing and public relations	211	121	775	529
Travel expenses	73	61	212	198
Reimbursement to Norway Post for transactions executed	36	49	151	203
Training expenses	23	17	67	67
Operating expenses on properties and premises	309	318	1 247	1 272
Operating expenses on machinery, vehicles and office equipment	46	30	147	140
Other operating expenses	83	179	667	786
Other expenses	**1 602**	**1 289**	**6 737**	**6 067**
Impairment losses for goodwill 3)	0	338	194	730
Depreciation and write-downs of fixed and intangible assets 4)	450	339	1 941	1 364
Depreciation and write-downs of fixed and intangible assets	**450**	**678**	**2 135**	**2 094**
Total operating expenses	**4 219**	**4 130**	**17 042**	**16 841**

1) *Pension expenses for the first quarter of 2010 were reduced by NOK 335 million and NOK 355 million for DnB NOR Bank ASA and the DnB NOR Bank Group, respectively, due to the reversal of provisions for contractual early retirement pensions.*
2) *Fees include system development fees and must be viewed relative to IT expenses.*
3) *For the full year 2009, the DnB NOR Bank Group recorded impairment losses for goodwill of NOK 201 million relating to operations in Sweden, Svensk Fastighetsförmedling AB and SalusAnsvar, and NOK 529 million relating to DnB NORD. Impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling were recorded in second quarter of 2010.*
4) *See note 15 Intangible assets.*
5) *See note 3 Changes in group structure. The merger with DnB NOR Finans has been accounted for according to the pooling of interests methodin the third quarter of 2010, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

Note 9 Number of employees/full-time positions

	DnB NOR Bank ASA			
	4th quarter 2010	4th quarter 2009	Full year 2010 1)	Full year 2009
Number of employees at end of period	7 829	7 375	7 829	7 375
of which number of employees abroad	647	477	647	477
Number of employees calculated on a full-time basis at end of period	7 585	7 146	7 585	7 146
of which number of employees calculated on a full-time basis abroad	638	471	638	471
Average number of employees	7 997	7 345	7 489	7 407
Average number of employees calculated on a full-time basis	7 638	7 113	7 232	7 167

	DnB NOR Bank Group			
	4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
Number of employees at end of period	12 288	12 607	12 288	12 607
of which number of employees abroad	4 296	4 415	4 296	4 415
Number of employees calculated on a full-time basis at end of period	11 970	12 263	11 970	12 263
of which number of employees calculated on a full-time basis abroad	4 245	4 329	4 245	4 329
Average number of employees	12 469	12 702	12 431	12 943
Average number of employees calculated on a full-time basis	12 033	12 346	12 075	12 588

1) *DnB NOR Finans was merged with DnB NOR Bank ASA in the third quarter of 2010. This resulted in the transfer of 577 employees, corresponding to 562.7 full-time positions, to DnB NOR Bank ASA, of whom 148 employees, corresponding to 144.4 full-time positions, work in the bank's international operations.*

Note 10 Taxes

DnB NOR Bank ASA		Balancing tax charges against pre-tax operating profit	DnB NOR Group	
Full year 2009	Full year 2010	*Amounts in NOK million*	Full year 2010	Full year 2009
11 312	16 587	Operating profit before taxes	16 437	10 410
3 167	4 644	Estimated income tax - nominal tax rate (28 per cent)	4 602	2 915
(17)	(237)	Tax effect of income taxable abroad	137	1 165
(36)	57	Tax effect of debt interest distribution with international branches	57	(36)
659	(490)	Tax effect of tax-excempt income and non-deductible expenses	(390)	394
59	296	Taxes payable abroad	386	(104)
17	0	Excess tax provision previous year	35	17
3 849	**4 270**	**Total taxes**	**4 827**	**4 351**
34%	26%	Effective tax rate	29%	42%

The DnB NOR Bank Group's total tax charge for 2010 was NOK 4 827 million, up NOK 476 million from 2009. Relative to pre-tax operating profits, the tax charge declined from 42 to 29 per cent from 2009 to 2010. The positive stock market trend was the main factor behind the reduced tax charge.

Key factors behind tax-exempt income and non-deductible expenses are joint taxation of Norwegian and international operations, tax-exempt income from share investments and goodwill amortisation.

Note 11 Write-downs on loans and guarantees

				DnB NOR Bank ASA
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Write-offs [1]	83	282	356	419
New individual write-downs	627	206	2 160	2 295
Total new individual write-downs	710	488	2 516	2 714
Reassessed individual write-downs	295	101	661	304
Recoveries on commitments previously written off	153	68	401	293
Net individual write-downs	262	319	1 454	2 117
Change in collective write-downs on loans	(329)	148	(641)	1 018
Write-downs on loans and guarantees *) [2]	**(68)**	**467**	**813**	**3 135**
Write-offs covered by individual write-downs made in previous years	867	86	1 650	641
**) Of which indvidual write-downs on guarantees*	*(6)*	*1*	*(5)*	*2*

				DnB NOR Bank Group
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Write-offs [1]	113	311	459	554
New individual write-downs [3]	1 351	1 220	5 122	6 521
Total new individual write-downs	1 464	1 531	5 581	7 075
Reassessed individual write-downs	343	155	1 090	693
Recoveries on commitments previously written off	160	75	418	317
Net individual write-downs	961	1 301	4 074	6 065
Change in collective write-downs on loans [3]	(432)	216	(1 077)	1 645
Write-downs on loans and guarantees *)	**529**	**1 517**	**2 997**	**7 710**
Write-offs covered by individual write-downs made in previous years	1 060	98	2 217	1 627
**) Of which indvidual write-downs on guarantees*	*(24)*	*(2)*	*(3)*	*14*

1) Including a NOK 98 million adjustment for commitments previously written down in 2010.

2) The merger with DnB NOR Finans has been accounted in the third quarter 2010 for according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.

3) In the first quarter of 2010, collective write-downs of NOK 284 million were reclassified as individual write-downs following more precise identification of impairment on individual commitments in sub-portfolios in DnB NORD.

Write-downs on loans totalled NOK 529 million for the quarter, down 65 per cent or NOK 988 million from the fourth quarter of 2009. Write-downs also showed a slight decline from the third quarter of 2010 and appear to have stabilised at a level which reflects the generally high quality of the portfolios. Excluding DnB NORD, individual write-downs came to NOK 553 million in the fourth quarter of 2010, which represented a slight increase from the year-earlier period.

Individual write-downs in DnB NORD totalled NOK 407 million in the fourth quarter of 2010, down from NOK 768 million in the year-earlier period. The level of write-downs in DnB NORD remained high relative to the loan portfolio. However, a more positive macroeconomic trend in the Baltic region resulted in a pronounced reduction in write-down levels compared with 2009. Total write-downs in DnB NORD represented 1.95 per cent of the loan portfolio, a decrease from 4.40 per cent in the fourth quarter of 2009.

Note 12 Lending to customers

DnB NOR Bank ASA 31. des. 2009	31 Dec. 2010	Amounts in NOK million	DnB NOR Bank Group 31 Dec. 2010	31. des. 2009
496 993	576 834	Lending to customers, nominal amount	1 064 223	976 842
3 061	3 931	Individual write-downs	9 207	7 673
493 932	572 903	Lending to customers, after individual write-downs	1 055 017	969 169
876	721	+ Accrued interest and amortisation	2 001	1 746
515	544	- Individual write-downs of accrued interest and amortisation	658	607
1 878	1 343	- Collective write-downs	1 872	2 969
492 414	571 737	Lending to customers, at amortised cost	1 054 488	967 340
133 567	97 063	Lending to customers, nominal amount	128 561	160 233
701	570	+ Accrued interest	669	802
124	84	+ Adjustment to fair value	382	416
134 392	97 717	Lending to customers, at fair value [1]	129 612	161 452
626 806	**669 454**	**Lending to customers**	**1 184 100**	**1 128 791**

1) *The fair value of loans in Norwegian kroner increased by NOK 81 million from 31 December 2009 due to narrowing margin requirement.*

Note 13 Net impaired loans and guarantees for principal sectors [1)]

DnB NOR Bank ASA 31 Dec. 2009	31 Dec. 2010	Amounts in NOK million	DnB NOR Bank Group 31 Dec. 2010	31 Dec. 2009
1 739	1 819	Private individuals [2) 3)]	4 481	3 838
1 065	747	International shipping	810	1 097
996	871	Real estate	2 503	2 259
2 361	1 523	Manufacturing	2 938	3 420
157	635	Services	1 521	740
817	1 184	Trade	698	668
0	0	Oil and gas	227	0
173	182	Transportation and communication	490	533
293	955	Building and construction	1 710	1 176
0	24	Power and water supply	25	9
6	4	Seafood	10	10
80	100	Hotels and restaurants	351	226
106	123	Agriculture and forestry	279	304
0	0	Central and local government	0	0
113	45	Other sectors	53	121
7 905	8 211	Total customers	16 097	14 403
1	0	Credit institutions	0	0
7 906	8 211	Total net impaired loans and guarantees	16 097	14 403
1 502	785	Non-performing loans and guarantees not subject to write-downs [2)]	2 313	4 724
9 408	8 996	Total net non-performing and doubtful loans and guarantees	18 409	19 127

1) *Includes loans and guarantees subject to individual write-downs for principal sectors, and total non-performing loans and guarantees not subject to write-downs. The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway.*
2) *Figures for 2010 includes an increase of NOK 817 million due to reclassification of non-performing commitments previously collectively written down in DnB NORD.*
3) *Including a NOK 98 million adjustment for commitments previously written down in 2010.*

Note 14 Commercial paper and bonds, held to maturity

As part of ongoing liquidity management, DnB NOR Bank has invested in a portfolio of securities. The portfolio can be used to regulate the liquidity requirement and as a basis for furnishing collateral for operations in various countries. Among other things, the securities serve as collateral for short and long-term borrowing in a number of central banks and as a basis for liquidity buffers to meet regulatory requirements. With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets was reclassified from the category "fair value through profit or loss" to "held-to-maturity investments". Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

Measurement

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the liquidity portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the liquidity portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. The markets normalised through 2009. However, due to increasing financial market turmoil resulting from the debt situation in a number of European countries, especially in the first half of 2010, there were still no observable prices for large parts of the portfolio. In order to meet the disclosure requirement at end-December 2010, the liquidity portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the liquidity portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the liquidity portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the liquidity portfolio in 2010, there would have been a NOK 107 million increase in profits.

Effects of the reclassifications of the liquidity portfolio

The reclassification of the liquidity portfolio increased the value of the portfolio by NOK 634 million at end-December 2010 compared with the situation if the previous valuation principle had been retained. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, compared with NOK 54.1 billion at end-December 2010. The average term to maturity of the portfolio is 3.6 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 15 million at end-December 2010.

Effects of the reclassification of the liquidity portfolio			**DnB NOR Bank Group**	
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2010	2009	2010	2009
Effects on profits				
Recorded amortisation effect	91	65	429	544
Net gain if valued at fair value	395	28	536	2 819
Effects of reclassification on profits	(304)	37	(107)	(2 275)
Effects on the balance sheet				
Recorded, unrealised losses			1 234	1 662
Unrealised losses, if valued at fair value			1 868	2 404
Effects of reclassification on the balance sheet			634	741

Development in the liquidity portfolio after the reclassification	**DnB NOR Bank Group**	
	31 Dec.	31 Dec.
Amounts in NOK million	2010	2009
Liquidity portfolio, recorded value	54 087	68 600
Liquidity portfolio, if valued at fair value	53 453	67 859
Effects of reclassification on the balance sheet	634	741

DnB NOR Markets' liquidity portfolio

After the reclassification date, DnB NOR Markets has chosen to increase its investments in held-to-maturity securities. As at 31 December 2010, DnB NOR Markets' portfolio represented NOK 113 billion. 96.3 per cent of the securities in the portfolio had an AAA rating, while 3.0 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Treasury bills in Portugal, Italy, Ireland, Greece or Spain. The structure of DnB NOR Markets' liquidity portfolio is shown below.

Note 14 Commercial paper and bonds, held to maturity (continued)

	DnB NOR Bank Group	
	Per cent 31 Dec. 2010	NOK million 31 Dec. 2010
Asset class		
Consumer credit	2	2 190
Residential mortgages	64	73 387
Corporate loans [1)]	2	2 578
Government-related	31	35 909
Total liquidity portfolio DnB NOR Markets, nominal values	100	114 064
Accrued interest, including amortisation effects		(1 497)
Total liquidity portfolio DnB NOR Markets	100	112 567
Of which reclassified portfolio		54 087

1) *The exposure to the insurance sector represented only 0.01 per cent of the total portfolio at end-December. With effect from the second quarter of 2010, the exposure to this sector is included in the asset class corporate loans.*

The average term to maturity of DnB NOR Markets' liquidity portfolio is 3.4 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 25 million at end-December 2010.

Commercial paper and bonds, held to maturity

	DnB NOR Bank Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
DnB NOR Markets	112 567	112 969
Other units	1 184	333
Commercial paper and bonds, held to maturit	**113 751**	**113 302**

Note 15 Intangible assets

DnB NOR Bank ASA			DnB NOR Bank Group	
31 Dec. 2009	31 Dec. 2010	*Amounts in NOK million*	31 Dec. 2010	31 Dec. 2009
1 650	2 419	Goodwill	3 471	3 605
51	0	Postbanken brand name	0	51
629	789	Systems development	1 160	1 199
232	370	Other intangible assets	370	699
2 562	**3 578**	**Total intangible assets**	**5 001**	**5 554**

Svensk Fastighetsförmedling AB

Recorded goodwill for Svensk Fastighetsförmedling AB (SFAB) including the housing loan portfolio in Sweden was SEK 232 million at year-end 2009. In consequence of a revised strategy in Sweden, it has been decided to discontinue the sale of housing loans from DnB NOR in Sweden and the remaining goodwill related to SFAB was impaired, with an effect of NOK 194 million in the income statement for the second quarter of 2010. A required rate of return of 9.0 per cent after tax was used in the evaluation.

Other goodwill

In the fourth quarter of 2010 no impairment losses have been identified for units carrying goodwill.

Postbanken brand

The Board of Directors of DnB NOR has decided to integrate Postbanken and DnB NOR, whereby the Postbanken brand will be phased out. In consequence of the decision, the remaining value of the brand, NOK 51 million, was impaired in its entirety in the second quarter of 2010.

IT system in DnB NORD

For some time, DnB NORD has been working on developing new IT solutions for its operations. Due to significant changes in framework conditions and in the assumptions underlying the project, a new implementation plan and updated cost estimates were worked out, whereby the IT solutions were impaired by EUR 43 million in the second quarter of 2010, the equivalent of NOK 346 million.

Note 16 Debt securities issued and subordinated loan capital

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

Debt securities issued

DnB NOR Bank ASA		
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Commercial paper issued, nominal amount	153 910	167 989
Bond debt, nominal amount	183 140	224 418
Adjustments	5 711	5 824
Total debt securities issued	**342 761**	**398 231**

Changes in debt securities issued

DnB NOR Bank ASA						
Amounts in NOK million	Balance sheet 31 Dec. 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
Commercial paper issued, nominal amount	153 910	153 910	167 989	0		167 989
Bond debt, nominal amount	183 140	27 397	63 279	(5 396)		224 418
Adjustments	5 711				(113)	5 824
Total debt securities issued	**342 761**	**181 307**	**231 268**	**(5 396)**	**(113)**	**398 231**

Subordinated loan capital and perpetual subordinated loan capital securities

DnB NOR Bank ASA						
Amounts in NOK million	Balance sheet 31 Dec. 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
Term subordinated loan capital, nominal amount	17 085		3 522	(504)		21 111
Perpetual subordinated loan capital, nominal amount	7 004			173		6 830
Perpetual subordinated loan capital securities, nominal amount [1]	8 241			(227)		8 468
Adjustments	1 056				(221)	1 277
Total subordinated loan capital and perpetual subordinated loan capital securities	**33 386**	**0**	**3 522**	**(558)**	**(221)**	**37 686**

Debt securities issued

DnB NOR Bank Group		
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Commercial paper issued, nominal amount	153 934	168 028
Bond debt, nominal amount [2]	344 392	319 917
Adjustments	11 122	12 962
Total debt securities issued	**509 447**	**500 907**

Changes in debt securities issued

DnB NOR Bank Group						
Amounts in NOK million	Balance sheet 31 Dec. 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
Commercial paper issued, nominal amount	153 934	153 934	168 028	0		168 028
Bond debt, nominal amount [2]	344 392	124 303	88 985	(10 844)		319 917
Adjustments	11 122				(1 840)	12 962
Total debt securities issued	**509 447**	**278 237**	**257 013**	**(10 844)**	**(1 840)**	**500 907**

Subordinated loan capital and perpetual subordinated loan capital securities

DnB NOR Bank Group						
Amounts in NOK million	Balance sheet 31 Dec. 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
Term subordinated loan capital, nominal amount	17 167		4 704	(583)		22 455
Perpetual subordinated loan capital, nominal amount	7 005			175		6 830
Perpetual subordinated loan capital securities, nominal amount [1]	8 241			(227)		8 468
Adjustments	1 060				(237)	1 297
Total subordinated loan capital and perpetual subordinated loan capital securities	**33 474**	**0**	**4 704**	**(636)**	**(237)**	**39 051**

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. Finanstilsynet may require that the securities should be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.*

2) *Minus own bonds. Outstanding covered bonds in DnB NOR Boligkreditt totalled NOK 285.9 billion as at 31 December 2010. The cover pool represented NOK 395.4 billion.*

Note 17 Capital adequacy

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

DnB NOR Bank ASA		Primary capital	DnB NOR Bank Group	
31 Dec. 2009	31 Dec. 2010	*Amounts in NOK million*	31 Dec. 2010	31 Dec. 2009
17 514	17 514	Share capital	17 514	17 514
54 948	61 582	Other equity	72 344	65 800
72 462	79 096	Total equity	89 859	83 314
		Deductions		
0	0	Pension funds above pension commitments	(16)	(3)
(1 650)	(2 419)	Goodwill	(3 472)	(3 853)
(1 153)	(481)	Deferred tax assets	(324)	(295)
(912)	(1 159)	Other intangible assets	(1 963)	(1 980)
0	0	Group contribution, payable	(6 000)	(3 750)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 033)	(1 024)	50 per cent of investments in other financial institutions	(1 024)	(1 033)
(101)	(515)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(666)	(222)
182	94	Adjustments for unrealised losses/(gains) on liabilites recorded at fair value	(346)	(404)
67 796	73 592	Equity Tier 1 capital	76 018	71 745
8 468	8 241	Perpetual subordinated loan capital securities 1) 2)	8 423	8 655
76 264	81 833	Tier 1 capital	84 441	80 400
6 830	7 004	Perpetual subordinated loan capital	7 004	6 830
21 111	17 085	Term subordinated loan capital 2)	17 775	23 003
		Deductions		
(1 033)	(1 024)	50 per cent of investments in other financial institutions	(1 024)	(1 033)
(101)	(515)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(666)	(222)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
26 807	22 549	Tier 2 capital	23 108	28 597
103 071	104 382	Total eligible primary capital 3)	107 548	108 997
831 885	738 194	Risk-weighted volume	918 659	960 208
66 551	59 056	Minimum capital requirement	73 493	76 817
8.1	10.0	Equity Tier 1 capital ratio (%)	8.3	7.5
9.2	11.1	Tier 1 capital ratio (%)	9.2	8.4
12.4	14.1	Capital ratio (%)	11.7	11.4

1) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*

2) *As at 31 December 2010, calculations of capital adequacy included a total of NOK 789 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.*

3) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the consolidated accounts since a different consolidation method is used. Associated companies are consolidated gross in the capital adequacy calculations while the equity method is used in the accounts.*

Due to transitional rules, the minimum capital adequacy requirements for 2009 and 2010 cannot be reduced below 80 per cent relative to the Basel I requirements.

Note 17 Capital adequacy (continued)

Basel II implementation

Further progress

A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. 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. Below is a time schedule for the implementation of the different reporting methods used for the banking group's portfolios.

	Reporting methods for credit risk in capital adequacy calculations	
Portfolios	31 Dec. 2010	31 Dec. 2011
Retail:		
- mortgage loans, DnB NOR Bank and DnB NOR Boligkreditt	IRB [1)]	IRB [1)]
- qualifying revolving retail exposures, DnB NOR Bank [2)]	IRB [1)]	IRB [1)]
- mortgage loans, Nordlandsbanken	Standardised	IRB [1)]
- loans in Norway, DnB NOR Finans, DnB NOR Bank	IRB [1)]	IRB [1)]
Corporates:		
- small and medium-sized corporates, DnB NOR Bank	Advanced IRB	Advanced IRB
- large corporate clients (scorecard models), DnB NOR Bank	Advanced IRB	Advanced IRB
- large corporate clients (simulation models), DnB NOR Bank	Standardised	Advanced IRB
- corporate clients, Nordlandsbanken	Standardised	Advanced IRB
- leasing DnB NOR Bank	Advanced IRB	Advanced IRB
- corporate clients, DnB NOR Næringskreditt	Standardised	Advanced IRB
Securitisation positions:		
- DnB NOR Markets' liquidity portfolio	IRB [1)]	IRB [1)]
Institutions:		
- banks and financial institutions, DnB NOR Bank	Standardised	Advanced IRB
Exceptions:		
- approved exceptions: government and municipalities, equity positions	Standardised	Standardised
- temporary exceptions: DnB NORD, DnB NOR Luxembourg, Monchebank and various other portfolios	Standardised	Standardised

1) *There is only one IRB approach for retail exposures and securitisation positions.*
2) *Reported according to the IRB category Other retail exposures.*

Note 18 Liquidity risk

Liquidity risk is the risk that the banking group will be unable to meet its payment obligations. The Board of Directors has established internal limits which restrict the short-term maturity of the bank's liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. The banking group's ratio of deposits to lending was 56.1 per cent at end-December 2010, up from 54.4 per cent a year earlier. The ratio of deposits to lending in DnB NOR Bank ASA was 93.3 per cent at end-December 2010.

The short-term money markets showed a sound and stable development in the fourth quarter of 2010, and the access to maturities and prices was close to normal. The markets remained selective, and the favourable market terms were primarily available to a small group of international banks, including DnB NOR Bank. However, the group of international banks considered to be well qualified increased in the course of the year, resulting in somewhat stronger competition for funding. Its good rating in an international context strengthened the bank's position.

The banking group maintained a high level of activity within long-term funding in the fourth quarter. There was a challenging market situation, though there was ample access to funding for financially strong banks. Combined with moderate lending growth, this has helped ensure a sound liquidity position.

As at 31 December 2010, the average remaining term to maturity for the portfolio of senior bond debt was 3.6 years, compared with 3.0 years a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 19 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DnB NOR Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S, approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement was renewed in June 2009 and in June 2010. The most recent renewal resulted in a reduction in the limit to USD 2 billion. DnB NOR Bank ASA's share of this agreement represents approximately USD 1.1 billion. At end-December 2010, Eksportfinans had not availed itself of this credit line.

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

DnB NOR Boligkreditt

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

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. In 2008, portfolios representing NOK 93.6 billion were transferred from the bank to Boligkreditt. Portfolios transferred in 2009 represented a total of NOK 88.5 billion. Transfers of NOK 9.0 billion and NOK 8.3 billion, respectively, were made in the first and second quarter of 2010. An additional NOK 9.7 and NOK 9.2 billion were transferred in the third and fourth quarter. The transfers are based on market terms.

Pursuant to the management agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. Boligkreditt pays an annual management fee for these services. The fee paid for the period January through December 2010 totalled NOK 1 261 million.

At end-December 2010 the bank had invested NOK 123.1 billion in covered bonds issued by Boligkreditt. The bank has used bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

DnB NOR Næringskreditt

DnB NOR Næringskreditt AS (Næringskreditt) is 100 per cent owned by DnB NOR Bank ASA. The mortgage institution was established to issue covered bonds secured by a cover pool comprising commercial property.

The company started operations in the third quarter of 2009, and loans with a total value of NOK 2.8 billion were thus transferred from DnB NOR Bank ASA to the company. At end-December 2010, commitments with a total value of NOK 17.3 billion had been transferred. The transfers are made in agreement with the customers. The portfolio will be diversified with respect to property types, sizes and locations. Like Boligkreditt, Næringskreditt purchases management and administrative services from DnB NOR Bank ASA. In addition, administrative services relating to the company's operations are purchased from Boligkreditt. The fee paid to the bank and Boligkreditt in 2010 totalled NOK 38 million.

Note 19 Information on related parties (continued)

Vital Forsikring

As part of the company's ordinary investment activity, Vital Forsikring ASA (Vital) has subscribed for covered bonds issued by Boligkreditt. Vital's investments in Boligkreditt are limited to listed covered bonds. Vital's holding of Boligkreditt bonds was valued at NOK 7.8 billion at end-December 2010.

DnB NOR Bank ASA has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to Vital for an accumulated amount equivalent to NOK 2.8 billion. In connection with the sale, interest rate and currency swaps were entered into, protecting Vital against currency risk and providing a total return based on Norwegian interest rates. DnB NOR Bank ASA still carries interest rate, settlement and credit risk associated with the relevant loans. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet. The set-offs to the loans are recorded as deposits from customers.

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

Stimulus packages

On 24 October 2008, the Norwegian parliament authorised the Ministry of Finance to launch a scheme whereby the government and the banks exchange Treasury bills for covered bonds for an agreed period. Norges Bank administers the scheme on commission from the Ministry of Finance.

Under the swap scheme, the government sells Treasury bills to the banks in a time-limited swap for covered bonds. The banks have free disposal over the Treasury bills they acquire and may sell them in the market if they so wish. Treasury bill maturities are between three and six months. The swap agreements last for periods of up to five years, and the banks undertake to purchase new Treasury bills when the agreement period expires. The Treasury bills are priced at NIBOR plus a premium corresponding to the margin at the time the agreement was concluded. As an additional requirement, there must be a spread of minimum 40 basis points between the agreed interest rate and the Treasury bill yield. Upon expiry of the agreements, the banks are under an obligation to repurchase the covered bonds from the government at the original selling price. Payments related to the covered bonds are credited to the banks on the same day as the payments are made, unless default occurs during the duration of the swap agreement.

DnB NOR Bank ASA has purchased bonds from Boligkreditt, which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39.20 Financial Instruments – Recognition and Measurement. The bank is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds are treated as own bonds and netted against issued bonds in DnB NOR Boligkreditt.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-December 2010, this funding represented NOK 118.1 billion. At end-December 2010, the bank's investments in Treasury bills used in the swap agreements represented NOK 102.3 billion.

Note 20 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information

DnB NOR Bank ASA 31 Dec. 2009	DnB NOR Bank ASA 31 Dec. 2010	*Amounts in NOK million*	DnB NOR Bank Group 31 Dec. 2010	DnB NOR Bank Group 31 Dec. 2009
35 420	34 564	Performance guarantees [1]	36 323	36 852
18 138	20 597	Payment guarantees	22 111	19 250
10 702	10 650	Loan guarantees [2]	9 690	11 774
939	498	Guarantee to the Norwegian Banks' Guarantee Fund	498	939
4 617	4 511	Guarantees for taxes etc.	4 547	4 655
3 643	2 776	Other guarantee commitments	3 052	3 892
73 458	73 596	Total guarantee commitments	76 221	77 362
0	0	Support agreements	7 695	8 045
73 458	73 595	Total guarantee commitments etc. [*]	83 916	85 407
401 853	431 089	Unutilised credit lines and loan offers [3]	412 653	408 836
3 936	3 146	Documentary credit commitments [1]	3 196	3 987
390	287	Other commitments	325	516
406 179	434 522	Total commitments	416 174	413 339
479 637	508 117	Total guarantee and off-balance commitments	500 090	498 747
151 067	169 633	Securities	169 633	151 067
150 934	169 539	- are pledged as security for: Loans [4]	169 539	150 934
133	94	Other activities	94	133
206	*11*	**) Of which counter-guaranteed by financial institutions*	*15*	*209*

1) *With effect from the fourth quarter of 2010, documentary credit commitments which are not related to deliveries of goods have been reclassified from documentary credit commitments to performance guarantees. Figures for previous periods have been adjusted accordingly.*

2) *DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR Bank has issued guarantees. According to the agreement, DnB NOR Bank still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 202 million were recorded in the balance sheet as at 31 December 2010. These loans are not included under guarantees in the table.*

3) *Unutilised credit lines have been changed in line with the Basel II definition. Figures for the fourth quarter of 2009 have thus been increased by NOK 33 billion.*

4) *As at 31 December 2010, NOK 92 309 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank. As at 31 December 2010, the DnB NOR Bank Group had borrowings of NOK 3 billion from Norges Bank.*

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Bank 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.

Bovista ApS in Copenhagen, which is a wholly-owned subsidiary of RC Real Estate, has sued Bank DnB NORD A/S for up to DKK 180 million plus interest, claiming that the bank has wrongfully used proceeds from the sale of properties as loan repayments without consulting the company. During the fourth quarter of 2010, a settlement was reached whereby DnB NOR Bank ASA purchased the property portfolio of the company in liquidation at market value plus a compensation in order to settle the dispute. The case has not been formally settled pending registration of the property deeds.

DnB NOR Markets Inc. in New York has been sued for up to USD 25 million plus interest and charges in connection with the underwriting of a bond issue (Lehman Brothers). The company contests the claim.

Ivar Petter Røeggen has instituted legal proceedings against DnB NOR Bank ASA, claiming that two investment agreements for structured products be declared null and void. The bank was ordered by the Oslo District Court to pay the plaintiff costs of NOK 230 000 plus interest on late payments. The judgment was passed with dissent and the bank has appealed the decision. The disputed amount only applies to the civil action in question, which must be evaluated as a separate case.

In addition to the civil action brought by Ivar Petter Røeggen, a group action against DnB NOR Bank ASA with 19 plaintiffs has been described in previous quarterly reports, relating to the sale of the same structured products as the action brought by Røeggen. The group action has been dismissed in a final judgment. The plaintiffs have subsequently submitted individual civil actions against DnB NOR Bank ASA. The bank contests the claims.

DnB NOR Bank ASA has brought an action against seven Norwegian municipalities for the settlement of interest swaps on commercial terms. The municipalities have stopped their payments under the agreements citing that full settlement took place upon payment of the residual value of the investments made. The bank's total claim in the civil action is NOK 968 million plus interest on overdue payments.

KLP Kreditt AS has instituted legal proceedings against DnB NOR Bank ASA, claiming repayment of too high guarantee commissions paid and has contended that the bank is not entitled to regulate guarantee commission rates for a loan portfolio of just under NOK 2 billion in excess of an alleged agreed fixed rate. The bank contests the claims.

Key figures

		DnB NOR Bank Group			
		4th quarter 2010	4th quarter 2009	Full year 2010	Full year 2009
Interest rate analyses					
1.	Combined weighted total average spread for lending and deposits (%)	1.14	1.11	1.12	1.14
2.	Spread for ordinary lending to customers (%)	1.65	1.59	1.59	1.59
3.	Spread for deposits from customers (%)	0.26	0.23	0.30	0.29
Rate of return / profitability					
4.	Net other operating income, per cent of total income	37.0	29.3	35.8	33.8
5.	Cost/income ratio (%)	43.3	47.2	47.6	45.9
6.	Return on equity, annualised (%)	18.0	6.6	14.8	10.0
Financial strength					
7.	Core (Tier 1) capital ratio at end of period (%)	9.2	8.4	9.2	8.4
8.	Capital adequacy ratio at end of period (%)	11.7	11.4	11.7	11.4
9.	Core capital at end of period (NOK million)	84 441	80 400	84 441	80 400
10.	Risk-weighted volume at end of period (NOK million)	918 659	960 208	918 659	960 208
Loan portfolio and write-downs					
11.	Individual write-downs relative to average net lending to customers, annualised	0.28	0.46	0.34	0.52
12.	Write-downs relative to average net lending to customers, annualised	0.13	0.53	0.25	0.66
13.	Net non-performing and net doubtful commitments, per cent of net lending	1.53	1.69	1.53	1.69
14.	Net non-performing and net doubtful commitments at end of period (NOK million)	18 409	19 127	18 409	19 127
Liquidity					
15.	Ratio of customer deposits to net lending to customers at end of period (%)	56.1	54.4	56.1	54.4
Staff					
16.	Number of full-time positions at end of period	11 970	12 263	11 970	12 263

Definitions

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

5 Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill, other intangible assets and reversals of provisions for contractual early retirement pensions. Total income exclude gains resulting from the merger between the payment services company Nordito and the Danish PBS Holding.

6 Profit for the period, excluding profit attributable to minority interests. Average equity is calculated on the basis of recorded equity excluding minority interests.

Profit and balance sheet trends

Income statement — **DnB NOR Bank ASA**

Amounts in NOK million	4th quarter 2010	3rd quarter 2010	2nd quarter 2010	1st quarter 2010	4th quarter 2009
Total interest income	11 632	12 753	10 147	9 645	9 227
Total interest expenses	6 773	6 700	6 197	5 800	5 501
Net interest income	**4 859**	**6 053**	**3 950**	**3 845**	**3 726**
Commissions and fees receivable etc.	1 462	1 401	1 299	1 213	1 211
Commissions and fees payable etc.	442	499	486	440	429
Net gains on financial instruments at fair value	(155)	442	1 705	930	975
Other income	2 782	609	2 057	698	1 100
Net other operating income	**3 646**	**1 954**	**4 575**	**2 402**	**2 856**
Total income	**8 505**	**8 006**	**8 524**	**6 247**	**6 582**
Salaries and other personnel expenses	1 768	1 985	1 679	1 229	1 678
Other expenses	1 380	1 450	1 421	1 359	932
Depreciation and write-downs of fixed and intangible assets	422	740	359	98	1 934
Total operating expenses	**3 570**	**4 175**	**3 459**	**2 685**	**4 544**
Net gains on fixed and intangible assets	5	2	0	0	(4)
Write-downs on loans and guarantees	(68)	541	46	293	467
Pre-tax operating profit	**5 007**	**3 292**	**5 020**	**3 268**	**1 566**
Taxes	1 144	856	1 355	915	504
Profit for the period	**3 864**	**2 436**	**3 664**	**2 353**	**1 063**

Balance sheet — **DnB NOR Bank ASA**

Amounts in NOK million	31 Dec. 2010	30 Sept. 2010	30 June 2010	31 March 2010	31 Dec. 2009
Assets					
Cash and deposits with central banks	12 997	13 107	6 804	12 219	29 023
Lending to and deposits with credit institutions	216 432	203 940	411 080	280 569	276 084
Lending to customers	669 454	664 764	639 499	624 925	626 806
Commercial paper and bonds	280 423	284 180	259 627	304 034	304 948
Shareholdings	14 590	14 514	15 726	12 985	13 041
Financial derivatives	85 019	103 725	98 069	73 980	71 002
Commercial paper and bonds, held to maturity	113 751	113 742	116 382	113 186	113 302
Investments in associated companies	1 285	1 010	997	1 023	1 023
Investements in subsidiaries	22 932	21 741	25 752	25 942	26 174
Intangible assets	3 578	3 469	2 474	2 511	2 562
Deferred tax assets	481	299	1 078	1 148	1 153
Fixed assets	5 004	4 838	827	831	817
Other assets	9 332	9 881	9 239	7 159	6 146
Total assets	**1 435 278**	**1 439 208**	**1 587 553**	**1 460 511**	**1 472 079**
Liabilities and equity					
Loans and deposits from credit institutions	257 139	252 128	336 395	297 255	294 190
Deposits from customers	624 588	592 326	608 140	572 750	580 913
Financial derivatives	72 771	86 527	75 546	63 731	64 338
Debt securities issued	342 761	373 377	435 615	384 718	398 231
Payable taxes	1 594	2 924	2 264	7 993	7 142
Deferred taxes	3	(48)	7	7	7
Other liabilities	20 304	12 301	9 289	18 089	12 863
Provisions	3 637	3 869	3 839	3 820	4 247
Subordinated loan capital	33 386	34 543	37 621	37 285	37 686
Total liabilities	**1 356 182**	**1 357 946**	**1 508 716**	**1 385 648**	**1 399 617**
Share capital	17 514	17 514	17 514	17 514	17 514
Share premium reserve	12 695	12 695	12 695	12 695	12 695
Other equity	48 887	51 053	48 628	44 654	42 253
Total equity	**79 096**	**81 262**	**78 837**	**74 863**	**72 462**
Total liabilities and equity	**1 435 278**	**1 439 208**	**1 587 553**	**1 460 511**	**1 472 079**

Profit and balance sheet trends (continued)

Income statement

DnB NOR Bank Group

Amounts in NOK million	4th quarter 2010	3rd quarter 2010	2nd quarter 2010	1st quarter 2010	4th quarter 2009
Total interest income	15 293	14 932	14 017	13 157	12 818
Total interest expenses	9 163	8 972	8 281	7 596	7 143
Net interest income	**6 130**	**5 960**	**5 736**	**5 561**	**5 675**
Commissions and fees receivable etc.	1 696	1 634	1 555	1 452	1 448
Commissions and fees payable etc.	470	527	516	472	467
Net gains on financial instruments at fair value	1 649	260	1 767	1 298	1 051
Profit from companies accounted for by the equity method	72	99	(52)	61	(49)
Other income	660	603	1 778	522	369
Net other operating income	**3 606**	**2 069**	**4 531**	**2 861**	**2 352**
Total income	**9 736**	**8 029**	**10 267**	**8 422**	**8 027**
Salaries and other personnel expenses	2 167	2 148	2 183	1 673	2 164
Other expenses	1 602	1 579	1 828	1 729	1 289
Depreciation and write-downs of fixed and intangible assets	450	393	954	337	678
Total operating expenses	**4 219**	**4 120**	**4 964**	**3 740**	**4 130**
Net gains on fixed and intangible assets	26	(11)	(2)	11	19
Write-downs on loans and guarantees	529	643	878	947	1 517
Pre-tax operating profit	**5 014**	**3 254**	**4 423**	**3 746**	**2 398**
Taxes	1 172	1 004	1 415	1 236	1 591
Profit from operations and non-current assets held for sale, after taxes	57	30	(8)	(4)	80
Profit for the period	**3 900**	**2 280**	**2 999**	**2 505**	**886**
Profit attributable to shareholders	3 965	2 327	3 441	2 705	1 320
Profit attributable to minority interests	(65)	(46)	(442)	(199)	(433)

Balance sheet

DnB NOR Bank Group

Amounts in NOK million	31 Dec . 2010	30 Sept. 2010	30 June 2010	31 March 2010	31 Dec. 2009
Assets					
Cash and deposits with central banks	16 198	16 049	9 807	15 287	31 859
Lending to and deposits with credit institutions	43 837	44 937	200 364	71 001	58 751
Lending to customers	1 184 100	1 165 777	1 168 394	1 139 958	1 128 791
Commercial paper and bonds	162 071	163 042	141 028	178 444	177 613
Shareholdings	14 954	14 869	16 115	13 345	13 396
Financial derivatives	76 781	98 363	95 039	71 355	69 173
Commercial paper and bonds, held to maturity	113 751	113 742	116 382	113 186	113 302
Investment property	877	714	685	626	614
Investments in associated companies	2 291	1 896	1 799	2 563	2 502
Intangible assets	5 001	4 831	4 751	5 315	5 554
Deferred tax assets	262	227	223	251	241
Fixed assets	7 763	5 642	5 573	5 483	5 434
Operations and non-current assets held for sale	1 271	1 304	1 310	1 314	1 255
Other assets	8 482	10 981	11 197	8 088	7 513
Total assets	**1 637 639**	**1 642 373**	**1 772 666**	**1 626 214**	**1 615 999**
Liabilities and equity					
Loans and deposits from credit institutions	257 931	258 063	338 956	305 120	302 694
Deposits from customers	664 012	629 412	645 346	607 946	613 627
Financial derivatives	60 622	69 387	61 726	52 532	52 359
Debt securities issued	509 447	540 418	582 775	505 926	500 907
Payable taxes	4 822	3 508	2 630	9 812	8 715
Deferred taxes	113	597	670	625	575
Other liabilities	13 009	13 298	11 656	15 336	9 839
Operations held for sale	387	373	376	347	366
Provisions	3 963	4 197	4 226	4 191	4 553
Subordinated loan capital	33 474	35 852	38 937	38 600	39 051
Total liabilities	**1 547 780**	**1 555 106**	**1 687 299**	**1 540 437**	**1 532 685**
Minority interests	0	1 965	2 011	2 448	2 755
Share capital	17 514	17 514	17 514	17 514	17 514
Share premium reserve	13 411	13 411	13 411	13 411	13 411
Other equity	58 933	54 376	52 430	52 403	49 633
Total equity	**89 859**	**87 267**	**85 367**	**85 776**	**83 314**
Total liabilities and equity	**1 637 639**	**1 642 373**	**1 772 666**	**1 626 214**	**1 615 999**

Information about the DnB NOR Bank Group

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DnB NOR Bank ASA

Organisation number	Register of Business Enterprises NO 984 851 006 MVA

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Anne Carine Tanum, chairman
Bent Pedersen, vice-chairman
Per Hoffmann
Kai Nyland
Torill Rambjør
Ingjerd Skjeldrum
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Financial calendar 2011

Preliminary results 2010 and fourth quarter 2010	10 February
First quarter 2011	6 May
Capital Markets Day, Oslo	15 June
Second quarter 2011	12 July
Third quarter 2011	27 October

Other sources of information

Annual reports

Annual reports for the DnB NOR Bank and DnB NOR Bank Group are available on dnbnor.no. Separate yearly reports are prepared for the DnB NOR Group and Vital.

Quarterly publications

Quarterly reports are available on dnbnor.no. Separate quarterly reports are prepared for the DnB NOR Group and Vital.

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

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