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DnB NOR Bank
Quarterly report
First quarter
2011

(unaudited)

Key figures

DnB NOR Bank Group				
Income statement	1st quarter	1st quarter	Full year	Full year
<i>Amounts in NOK million</i>	2011	2010	2010	2009
Net interest income	6 015	5 561	23 387	23 112
Net other operating income	2 432	2 861	13 067	11 824
Ordinary operating expenses	4 385	3 740	16 451	16 045
Other expenses	0	0	591	796
Pre-tax operating profit before write-downs	4 062	4 682	19 412	18 094
Net gains on fixed and intangible assets	5	11	23	26
Write-downs on loans and guarantees	892	947	2 997	7 710
Pre-tax operating profit	3 175	3 746	16 437	10 410
Taxes	889	1 236	4 827	4 351
Profit from operations and non-current assets held for sale, after taxes	(41)	(4)	75	80
Profit for the period	2 245	2 505	11 685	6 139
Profit attributable to shareholders	2 245	2 705	12 437	7 698
Profit attributable to minority interests	0	(199)	(752)	(1 559)

Balance sheet	31 March	31 Dec.	31 March	31 Dec.
<i>Amounts in NOK million</i>	2011	2010	2010	2009
Total assets	1 862 689	1 637 639	1 626 214	1 615 999
Lending to customers	1 187 026	1 184 100	1 139 958	1 128 791
Deposits from customers	698 441	664 012	607 946	613 627
Total equity	91 919	89 859	85 776	83 314
Average total assets	1 859 023	1 752 123	1 730 714	1 705 779

Key figures	1st quarter	1st quarter	Full year	Full year
<i>Per cent</i>	2011	2010	2010	2009
Average combined spread for lending and deposits	1.11	1.10	1.12	1.14
Cost/income ratio	51.9	48.6	47.6	45.9
Write-downs relative to net lending to customers, annualised	0.30	0.33	0.25	0.66
Return on equity	10.0	13.2	13.9	10.0
Core (Tier 1) capital ratio at end of period ¹⁾	9.2	8.5	9.2	8.4
Capital adequacy ratio at end of period ¹⁾	11.3	11.5	11.7	11.4

1) Including 50 per cent of profit for the period, except for the full year figures.

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

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Directors' report

- Healthy trend in business areas
- Financial performance influenced by negative mark-to-market adjustments
- Continued healthy underlying trend in portfolio quality
- Progress in the Baltic region and Poland

Introduction

The DnB NOR Bank Group ¹⁾ recorded a profit of NOK 2 245 million in the first quarter of 2011, down from NOK 2 505 million in the first quarter of 2010. There was a sound underlying income trend which, however, was counteracted by the effects of mark-to-market adjustments and non-recurring items. There was a clear improvement in operating profits in all business areas.

There was a rise in income of NOK 25 million or 0.3 per cent from the first quarter of 2010. Excluding a reduction in income due to mark-to-market adjustments of liabilities and associated instruments, the increase in income was approximately NOK 600 million. Average lending volumes, adjusted for exchange rate movements, rose by 6.3 per cent from the year-earlier period, which approximated the estimated credit growth from 2010 to 2011. Lending spreads widened by 0.04 percentage points from the first quarter of 2010, while deposit spreads remained stable. Excluding changes in mark-to-market adjustments of liabilities and associated instruments, other operating income also showed a healthy trend compared with the first quarter of 2010.

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.*

Operating expenses rose by NOK 645 million from the first quarter of 2010. However, the comparison was affected by a number of items of a non-recurring nature or with a corresponding direct effect on income. The most pronounced of these effects was the reversal of costs for contractual pension agreements (CPA) of NOK 355 million in the first quarter of 2010. The rise in costs must also be seen in association with the rise in income and higher activity levels. Among other things, the DnB NOR Bank Group has escalated its IT initiatives and market activities over the past year. Expenses directly related to operations rose by 2.8 per cent from the first quarter of 2010.

Risk developments in the banking group's loan portfolio were well under control. The first quarter saw write-downs on a few large commitments and a slight increase in collective write-downs. There was a significant reduction in write-downs in DnB NOR from the first quarter of 2010, and the write-downs recorded in the first quarter of 2011 were primarily related to operations in Latvia.

Profits from DnB NOR's operations in the Baltic States and Poland are estimated at NOK 26 million for the first quarter of 2011.

Return on equity was 10.0 per cent, compared with 13.2 per cent in the January through March period in 2010.

During the first quarter of 2011, DnB NOR was named 'Best marketer' for 2010 by the Kampanje magazine and the Norwegian Marketing Association. In addition, DnB NOR improved its ranking in the annual customer satisfaction report issued by Norsk Kundebarometer, and received the award as 'Best communicator within banking and finance in 2010'.

DnB NOR was the main sponsor of the World Ski Championships in Oslo, which were highly successful with respect to both sporting achievements and the number of spectators. The championships received extensive media coverage both in Norway and internationally, and feedback from customers who participated in the events arranged by DnB NOR during the championships was very positive.

During the first quarter of the year, DnB NOR's Board of Directors decided to change the name of the Group from DnB NOR to DNB and to include all of the Group's brands under this name. The name change is scheduled to be implemented in November 2011. The new name will be simpler and is already used by a number of customers. The coordination of the brands will offer opportunities to further strengthen initiatives target at the Group's customers.

Income statement

Net interest income

<i>Amounts in NOK million</i>	1st quarter		1st quarter	
	2011	Change	2010	
Net interest income	6 015	454	5 561	
Lending and deposit volumes		384		
Guarantee fund levy		182		
Equity and non-interest-bearing items		136		
Lending and deposit spreads		107		
Long-term funding costs		(168)		
Exchange rate movements		(71)		
Other net interest income		(116)		

Net interest income rose by 8.2 per cent from the first quarter of 2010.

Average lending volumes increased by NOK 54.0 billion and deposit volumes by NOK 67.6 billion. The rise in volumes gave a NOK 384 million rise in net interest income for the period.

Lending spreads widened by 0.04 percentage points, while deposit spreads remained stable. In total, the widening spreads gave a NOK 107 million rise in net interest income.

Long-term funding costs reduced income by NOK 168 million compared with the January through March period in 2010. However, as the banking group was subject to no guarantee fund levy in 2011, the reduction in income was eliminated.

Net other operating income

<i>Amounts in NOK million</i>	1st quarter		1st quarter	
	2011	Change	2010	
Net other operating income	2 432	(429)	2 861	
Net other commissions and fees		67		
Net stock market related income		43		
Real estate broking		19		
Profit from associated companies		11		
Net gains on foreign exchange and interest rate instruments		(644)		
Other operating income		75		

Total net other operating income was reduced with 15 per cent from the first quarter of 2010. There was a reduction in gains on foreign exchange and interest rate instruments of NOK 644 million, partly due to the exchange of own debt through basis swaps. Excluding this reduction, operation-related income rose by approximately NOK 215 million. Market developments improved between the quarters, resulting in a rise in income from several areas, including DnB NOR Markets.

Operating expenses

<i>Amounts in NOK million</i>	1st quarter		1st quarter	
	2011	Change	2010	

Operating expenses	4 385	645	3 740
Reversals in the first quarter of 2010:			
Reversal of CPA provisions		355	
Reduced provisions		97	
Non-recurring costs in the first quarter of 2011:			
Costs related to the acquisition of DnB NOR		28	
Direct income-related items:			
Operational leasing		30	
København Ejendomme		16	
Expenses directly related to operations:			
Cost programme		(109)	
Wage and price inflation		119	
Rise in IT-related fees		20	
Rise in pension expenses		34	
Higher activity levels		55	

The banking group's total expenses rose by NOK 645 million from the year-earlier period. However, cost levels in the first quarter of 2010 reflected sizeable reversals, and NOK 526 million of the rise in costs represented non-recurring items or had direct corresponding effects on the income side. The most pronounced of these effects was the reversal of costs for contractual pension agreements (CPA) of NOK 355 million in the first quarter of 2010. In addition, non-recurring costs relating to, among other things, the restructuring of DnB NOR were recorded. The remaining rise in costs was due to greater IT initiatives and a rise in customer-related activity. The banking group's cost programme compensated for wage and price inflation during the period.

Write-downs on commitments

Write-downs on loans and guarantees totalled NOK 892 million for the quarter, down NOK 55 million from the first quarter of 2010.

Individual write-downs have been relatively stable over the past three quarters at a considerably lower level than in the first quarter of 2010. Write-downs in the first quarter of 2011 related to a limited number of commitments, and there is a general trend towards a lower write-down level. Individual write-downs in DnB NOR showed a 75 per cent reduction from the first quarter of 2010.

There were reversals on collective write-downs during all quarters in 2010, while there was a marginal increase in such write-downs in the first quarter of 2011.

Net non-performing and doubtful commitments totalled NOK 18.9 billion as at 31 March 2011, down from NOK 21.8 billion a year earlier. Net non-performing and doubtful commitments represented 1.56 and 1.88 per cent, respectively, of lending volume on the same dates.

Taxes

The DnB NOR Bank Group's tax charge for the first quarter of 2011 was NOK 889 million, down from NOK 1 236 million in the year-earlier period. Relative to pre-tax operating profits, the tax charge was reduced from 33 per cent in the first quarter of 2010 to 28 per cent in the first quarter of 2011.

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.

On 23 December 2010, DnB NOR Bank acquired all shares in DnB NOR. Operations in the Baltic region and Poland were organised under Large Corporates and International, but will still be reported as a separate profit centre.

Retail Banking

Retail Banking is responsible for serving the DnB NOR Bank Group's 2.3 million personal customers and some 184 000 Norwegian corporate customers through the branch network in Norway. DnB NOR aspires to be a local bank for the whole of Norway while offering the expertise of a large bank. The aim is that coordinated service to these customer segments will make the services more accessible and give customers good personal financial advice.

Pre-tax operating profits totalled NOK 1 828 million in the first quarter of 2011, an increase of NOK 125 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs.

	1st quarter 2011	1st quarter 2010	Change
<i>Income statement in NOK million</i>			
Net interest income	3 610	3 432	178
Other operating income	887	854	32
Income attributable to product suppliers	289	310	(21)
Net other operating income	1 176	1 165	11
Total income	4 786	4 597	189
Ordinary operating expenses	2 553	2 512	41
Costs attributable to product suppliers	153	176	(23)
Total operating expenses	2 706	2 687	19
Pre-tax operating profit before write-downs	2 080	1 910	170
Net gains on fixed assets	1	0	1
Net write-downs on loans	252	207	46
Pre-tax operating profit	1 828	1 703	125
<i>Average balance sheet items in NOK billion</i>			
Net lending to customers	763.3	727.0	36.3
Deposits from customers	389.2	368.4	20.8
<i>Key figures in per cent</i>			
Lending spread ¹⁾	1.63	1.67	
Deposit spread ¹⁾	0.40	0.42	
Return on risk-adjusted capital ²⁾	24.7	25.4	
Cost/income ratio	56.5	58.5	
Ratio of deposits to lending	51.0	50.7	
Number of full-time positions, end period	4 845	4 953	

1) Calculated relative to the 3-month money market rate.

2) Calculated on the basis of internal measurement of risk-adjusted capital.

Average net lending increased by 5.0 per cent from the first quarter of 2010 to the corresponding period in 2011. In spite of low interest rate levels, the rate of growth in housing loans was lower than in the first quarter of 2010, while lending to small and medium-sized businesses showed a positive volume trend. There was fierce competition for deposits, and compared with the year-earlier period, average deposits rose by 5.6 per cent. The average ratio of deposits to lending increased marginally to 51 per cent for the quarter. Along with customer deposits, covered bonds based on residential mortgages in DnB NOR Boligkreditt were key sources of funding. At end-

March 2011, 92 per cent of lending volume in Retail Banking was funded by deposits and covered bonds.

Net interest income rose by NOK 178 million compared with the year-earlier period, of which NOK 116 million was due to the discontinuation of guarantee fund levies. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total average loans and deposits, was 1.21 per cent in the first quarter of 2011, down from 1.24 per cent in the year-earlier period. Retail Banking has competitive products and wishes to offer attractive prices in both the retail and corporate markets.

The increase in other operating income was mainly due to a rise in income from real estate broking in Norway and the valuation of a shareholding. A rise in depreciation on operational leasing in DnB NOR Finans gave a NOK 30 million increase in costs compared with the first quarter of 2010. The number of full-time positions was 4 845 at end-March 2011, of whom 4 527 worked in the business area's units in Norway.

The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. On an annual basis, net write-downs represented 0.13 per cent of lending in the first quarter of 2011, compared with 0.12 per cent in the year-earlier period. Net impaired commitments amounted to NOK 5.4 billion at end-March 2011, down NOK 0.1 billion from end-March 2010.

At end-February 2011, the market share of credit to wage earners was 27.9 per cent, down 0.5 percentage points from end-March 2010. The market share of total savings from wage earners was 33.9 per cent, while the market share of customer deposits was 32.4 per cent.

In April 2011, Norsk Kundebarometer named DnB NOR Eiendom Norway's most popular real estate broker. In March 2011, DnB NOR Eiendom won the Farmand award for best website for unlisted companies, while dnbnor.no was ranked as Norway's third best website in the listed company category. In February 2011, the Euromoney magazine named the DnB NOR Bank Group best provider of Private Banking services in Norway.

The DnB NOR Bank Group revised its strategy in the Swedish market in 2010 and discontinued the sale of housing loans carried in the bank's balance sheet. With effect from 28 March 2011, housing loan operations in Sweden were wound up, and the banking group's housing loan portfolio was sold.

In order to strengthen DnB NOR's position in Norway, the Postbanken brand will be gradually integrated into the DnB NOR brand in the course of 2011. The aim is to improve customer satisfaction and build a strong common corporate culture. The integration will give customers access to an even more extensive distribution network and product range than before.

The Norwegian economy is approaching normal activity growth, and unemployment levels have stabilised. Corporate credit demand is expected to increase further, which will be reflected in a rise in lending to Retail Banking's small and medium-sized corporate customers. The price pressure on low-risk housing loans is expected to continue, and Retail Banking expects the low level of write-downs on loans to prevail. Competition for stable deposits will continue to be strong, reflecting the introduction of new liquidity requirements for banks.

Large Corporates and International

Large Corporates and International serves the largest Norwegian corporate customers and is responsible for DnB NOR's entire international banking operations. Relationship management based on long experience and broad industry expertise forms an important basis for the business area's strategic initiatives.

The first quarter of 2011 was characterised by a high level of activity and a normalisation of the banking market both in Norway and internationally. Pre-tax operating profits came to NOK 1 415 million, up NOK 284 million from the year-earlier period.

	1st quarter 2011	1st quarter 2010	Change
<i>Income statement in NOK million</i>			
Net interest income	1 823	1 471	352
Other operating income	275	248	26
Income attributable to product suppliers	510	362	148
Net other operating income	588	548	40
Total income	2 608	2 082	527
Operating expenses	588	548	40
Costs attributable to product suppliers	218	151	67
Total operating expenses	806	699	107
Pre-tax operating profit before write-downs	1 802	1 383	419
Net write-downs on loans	387	252	135
Pre-tax operating profit	1 415	1 131	284

Average balance sheet items in NOK billion

Net lending to customers	349.4	328.3	21.2
Deposits from customers	230.0	196.2	33.8

Key figures in per cent

Lending spread ¹⁾	1.56	1.35
Deposit spread ¹⁾	0.05	0.11
Return on risk-adjusted capital ²⁾	17.6	13.5
Cost/income ratio	30.9	33.6
Ratio of deposits to lending	65.8	59.8
Number of full-time positions, end period	1 107	1 079

1) Calculated relative to the 3-month money market rate.

2) Calculated on the basis of internal measurement of risk-adjusted capital.

Developments in lending and deposits reflected a higher level of activity in the first quarter of 2011 than in the year-earlier period. Lending volumes increased by 6.4 per cent from the first quarter of 2010, but remained virtually unchanged from the fourth quarter of 2010. Adjusted for the effects of the strengthened Norwegian krone relative to the US dollar, there was, however, an increase of approximately NOK 5.9 billion from the fourth quarter.

Deposits rose by 17.2 per cent from the first quarter of 2010 and by 0.8 per cent from the fourth quarter of 2010. The ratio of deposits to lending increased by 6.1 percentage points from the first quarter of 2010.

Measured against the 3-month money market rate, lending spreads widened by 0.21 percentage points from the first quarter of 2010 and by 0.04 percentage points from the fourth quarter of 2010. The increasing spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads were reduced by 0.06 percentage points compared with the figure for the first quarter of 2010 and were virtually unchanged from the fourth quarter of 2010.

The increase in other operating income was mainly attributable to high income from trading in foreign exchange and interest rate instruments and from equity and securities services.

Operating expenses rose by 15.4 per cent from the first quarter of 2010, mainly due to increased sales of DnB NOR Markets products, a rise in the number of employees and extensive IT development activity. The level of costs was practically unchanged from the fourth quarter of 2010. At end-March 2011, staff in the business area represented 1 107 full-time positions, including 642 positions outside Norway.

The quality of the loan portfolio remained sound, and the improved macroeconomic situation, close follow-up of customers and active preventive measures ensured a positive trend from the preceding quarters. Certain corporate customers and customer segments may nevertheless face challenges if the macroeconomic situation worsens or if individual industries experience a prolonged major imbalance between supply and demand.

Write-downs on loans represented 0.45 per cent of net customer lending on an annual basis, up from 0.31 per cent in the first quarter of 2010. The write-downs referred to a limited number of commitments. Net impaired commitments totalled NOK 3.8 billion at end-March 2011. The corresponding figure at end-March 2010 was NOK 5.9 billion.

Large Corporates and International will build on its sound professional skills to find good solutions for its customers, offering close follow-up and high-quality advisory services. The DnB NOR Bank Group will give priority to retaining and developing long-term and profitable customer relationships. Credit demand is expected to pick up, coupled with intensifying competition for new transactions.

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.

DnB NOR Markets recorded a healthy level of profits in the first quarter of 2011. Pre-tax operating operating profits rose to NOK 1 115 million, up 24 per cent compared with the year-earlier period.

	1st quarter 2011	1st quarter 2010	Change
<i>Income statement in NOK million</i>			
FX, interest rate and commodity derivatives	327	292	35
Investment products	123	114	8
Corporate finance	207	122	85
Securities services	61	50	12
Total customer revenues	718	578	140
Net income liquidity portfolio	279	304	(25)
Other market making/trading revenues	612	401	211
Total trading revenues	891	705	186
Interest income on allocated capital	35	31	4
Total income	1 644	1 313	331
Operating expenses	529	417	112
Pre-tax operating profit	1 115	896	218

Key figures in per cent

Return on risk-adjusted capital ¹⁾	59.2	47.0
Cost/income ratio	32.2	31.7
Number of full-time positions, end period	677	660

1) Calculated on the basis of internal measurement of risk-adjusted capital.

There was a rise in income from both customer business and market making and other proprietary trading. Costs increased due to international expansion and IT-related investments.

Customer-related income from foreign exchange and interest rate and commodity derivatives rose by 12 per cent compared with the year-earlier period, with growth in all product areas. Prospects of a rise in interest rates resulted in increased demand for interest rate hedging products. In addition, the strengthening of the Norwegian krone and significant volatility in commodity prices boosted demand for both currency and commodity hedging.

Customer-related income from the sale of securities and other investment products was up 7 per cent compared with the first quarter of 2010. Income from bond and commercial paper trading showed the highest growth, in spite of fiercer competition. DnB NOR Markets retained its number one position within bond and commercial paper trading on Oslo Børs in the first quarter of 2011, as well as its position as the largest brokerage house on Oslo Børs and Oslo Axess within total equity trading. Income from alternative investment products remained low.

Customer-related revenues from corporate finance rose by 70 per cent from the first quarter of 2010. There was a high level of activity in the debt capital markets in both Norway and at the banking group's international units. The Global Finance magazine named DnB NOR best Nordic investment bank in this field. Activity levels in the equity markets were lower than in the year-earlier period.

Customer-related revenues from custodial and other securities services rose by 23 per cent compared with the first quarter of 2010, reflecting both higher activity levels and rising market values.

Income from market making and other proprietary trading increased by 26 per cent from the first quarter of 2010. The entire increase referred to trading in the fixed income market, while income from foreign exchange trading was somewhat lower than the previous year.

Strong competition and the increasing use of electronic trading causes pressure on prices for many of DnB NOR Markets' products. However, the pressure on prices is expected to be counteracted by a high level of activity and rising volumes.

DnB NOR

DnB NOR recorded a pre-tax operating loss of NOK 70 million in the first quarter of 2011, an improvement of NOK 317 million from the first quarter of 2010 due to a reduction in write-downs on loans.

<i>Income statement in NOK million</i>	1st	1st	Change
	quarter	quarter	
	2011	2010	
Net interest income	311	337	(26)
Other operating income	174	186	(12)
Total income	485	523	(38)
Total operating expenses	345	348	(3)
Pre-tax operating profit before write-downs	140	174	(35)
Net gains on fixed assets	3	(6)	9
Net write-downs on loans	213	556	(343)
Pre-tax operating profit	(70)	(387)	317
<i>Average balance sheet items in NOK billion</i>			
Net lending to customers	59.4	65.7	(6.3)
Deposits from customers	25.5	19.4	6.1
<i>Key figures in per cent</i>			
Lending spread ¹⁾	1.65	1.70	
Deposit spread ¹⁾	0.66	0.66	
Return on risk-adjusted capital ²⁾	(5.3)	(24.0)	
Ordinary cost/income ratio	71.2	66.6	
Ratio of deposits to lending	42.8	29.5	
Number of full-time positions, end period	3 155	3 142	

1) Calculated relative to the 3-month money market rate.

2) Calculated on the basis of internal measurement of risk-adjusted capital.

Average net lending to customers was reduced by 9.6 per cent from the first quarter of 2010 to the corresponding period in 2011.

Measured relative to lending at the end of the period, there was a 7.6 per cent reduction, with a 6.2 per centage point decline in the Baltic States and Poland. Poland was the only unit which recorded an increase in net lending from end-March 2010, of 15.2 per cent. Average customer deposits rose by 31.3 per cent from the first quarter of 2010.

Reduced volumes and lower activity levels due to the recession gave a decline in total income from these operations. Cost levels were stable.

The level of net write-downs on loans remained high compared with the banking group's other operations, though there was a significant reduction from the first quarter of 2010. Relative to average lending, write-downs came to 1.45 per cent on an annual

basis in the first quarter of 2011, down from 3.43 per cent in the year-earlier period.

The operations in DnB NOR are mainly concentrated in the Baltic States and Poland, and will be continued in the Baltics and Poland division in Large Corporates and International. The process of integrating operations more closely with the banking group started immediately after the full acquisition of DnB NOR in December 2010. Important steps in the process are the downscaling of operations in Copenhagen and the transfer of key functions to Oslo. The new Baltics and Poland division, including administrative expenses in Norway, showed estimated pre-tax operating profits of NOK 26 million in the first quarter of 2011, an improvement of NOK 43 million from the fourth quarter of 2010.

Important future activities will be closer integration with the banking group, the mitigation of losses and improved cost-efficiency. The positive trend in write-downs on loans is expected to continue. In the longer term, growth in the region is expected to surpass average European levels, and the banking group wishes to acquire its share of the renewed growth within a prudent risk profile. A positive volume trend due to rising growth in the region, combined with a lower write-down level, is expected to ensure greater profitability.

Balance sheet and liquidity

Total assets in the banking group's balance sheet were NOK 1 863 billion as at 31 March 2011 and NOK 1 626 billion a year earlier.

Measured in Norwegian kroner, net lending to customers increased by NOK 47 billion or 4.1 per cent from end-March 2010. Adjusted for exchange rate movements and the sale of the housing loan portfolio in Sweden, valued at NOK 6 billion, there was a 5.5 per cent increase in lending. Customer deposits rose by NOK 90 billion or 14.9 per cent during the corresponding period. After adjusting for exchange rate movements, there was a 16.0 per cent increase in deposits.

The banking group's ratio of customer deposits to net lending to customers increased from 53.3 per cent at end-March 2010 to 58.8 per cent a year later. Excluding short-term money market deposits, the ordinary ratio of deposits to lending was 56.6 per cent. During the same period, the ratio of deposits to lending in DnB NOR Bank ASA increased from 91.7 to 99.3 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 during the first quarter. The short-term funding markets were sound and stable for banks with good credit ratings, and a clear distinction is still made between the banks. Even though an increasing number of banks are considered to be well qualified, the banking group had ample access to funding at favourable prices during the first quarter.

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 end-March 2011, this share was 105.9 per cent. The background for this high share is that the banking group is in the process of adapting to the new regulatory framework, especially to the Basel III regulatory framework, which is expected to introduce stricter long-term funding requirements. Thus, the bank remained active in the long-term funding markets in the first quarter, and financially strong banks such as DnB NOR had good access to funding. The covered bonds market was expanding, and new markets are playing an increasingly important role to obtain more diversified funding sources. Among other things, the bank's new funding activities in the US market were well received. The cost of long-term funding remained considerably higher than was the case for DnB NOR and other banks prior to the financial crisis, but DnB NOR's good ratings and firm roots in a relatively robust Norwegian economy had a positive effect on both prices of and access to funding.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds in DnB NOR Bank was 4.0 years at end-March 2011, an increase from 3.2 years a year earlier.

Risk and capital adequacy

The risk situation in the first quarter reflected major fluctuations in the stock markets following the earthquake disaster in Japan and the unrest in the Middle East. There was a strong rise in the price of oil during the quarter.

The global economy generally showed a positive trend, though the weak sovereign debt position in some European countries put a damper on growth prospects for this region. The period of very low interest rates appears to be coming to a close, and on 7 April 2011, the European Central Bank raised its key interest rate by 0.25 percentage points. The Norwegian krone has appreciated and, at end-March 2011, was on a par with its strongest levels in 2003 and 2008. This presents challenges for industries exposed to competition. The Baltic economies have stabilised, and there is reason to expect a positive future trend.

The DnB NOR Bank Group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement decreased by NOK 0.4 billion during the first quarter of 2011, to NOK 52.0 billion. The table below shows developments in the risk-adjusted capital requirement.

<i>Amounts in NOK billion</i>	31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
Credit risk	45.9	45.5	47.4	50.9
Market risk	4.9	4.9	3.8	3.7
Operational risk	5.9	5.8	6.0	5.4
Business risk	4.0	3.9	3.8	3.4
Gross risk-adjusted capital requirement	60.7	60.1	61.0	63.3
Diversification effect ¹⁾	(8.7)	(7.7)	(8.0)	(7.2)
Net risk-adjusted capital requirement	52.0	52.4	53.0	56.1
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	(14.3)	(12.8)	(13.2)	(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.

The risk-adjusted capital requirement for credit showed a slight increase due to rising volumes. A significant weakening of the US dollar rate of around 5 per cent since end-December 2010 was a factor behind the modest growth in credit exposure measured in Norwegian kroner. Credit quality showed a continued healthy trend in most sectors, including the shipping sector. Nevertheless, significant elements of uncertainty still exist, including a low level of earnings and a weak market balance due to ample supply of new tonnage, especially in the dry bulk market, but also partly in the tanker market. Housing prices continued to climb, and commercial property showed a positive value trend. The volume of non-performing and doubtful commitments showed a moderate increase during the first quarter.

There were no significant changes in market risk limits or in equity investments during the quarter. This ensured a stable trend in risk-adjusted capital for market risk.

Operational risk, measured in terms of registered loss events, showed a slight increase, but remained stable at a low level. Risk-adjusted capital for operational risk and business risk is updated every six months.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 5.3 billion during

the quarter, to NOK 924 billion. According to the transitional rules for Basel II, risk-weighted volume cannot be less than 80 per cent of the Basel I requirement in 2011. Including 50 per cent of interim profits, the Tier 1 capital ratio was 9.2 per cent, and the capital adequacy ratio 11.3 per cent.

Calculations have also been made of the effect of full future implementation of the Basel II rules on all of the banking group's portfolios, excluding DnB NOR. The calculations showed a potential Tier 1 capital ratio of 11.6 per cent at end-March based on such implementation and on no limitations ensuing from the transitional rules.

Macroeconomic developments

The global economy grew by approximately 5 per cent in 2010. The positive trend continued in the first quarter of 2011. Growth in emerging economies, such as India and China, remained strong, whereas the upturn was weaker in industrialised countries. In the US, growth was somewhat subdued in the first quarter.

In Europe, there was a two-tiered situation. Several countries in southern Europe had large debt problems and weak economies. Countries such as Germany, Sweden and Finland experienced strong export-driven growth. The upturn in Germany contributed to keeping growth buoyant in the Euro area, when seen as a whole. The labour markets in most industrialised countries appear to have stabilised, but so far there are few signs of a significant decline in unemployment. There continued to be ample excess capacity in many countries.

The outlook for the world economy is uncertain. There are large imbalances in international trade. Several countries must drastically reduce their public expenditure and increase taxes to gain control of rapidly expanding national debt. This may curb growth. A continuing high oil price will also contribute to dampening activity levels. If the unrest in the Middle East and North Africa continues, this may influence the financial markets and the future outlook. However, the effects of the earthquake disaster in Japan on the world economy appear to be relatively limited.

The recession in the Baltic States was much deeper than in the rest of the EU. This was primarily due to large imbalances in the form of high debt prior to the financial crisis. Now, all three countries show clear signs of improvement, driven by strong export growth, whereas domestic demand continues to lag somewhat behind. Strong future growth is expected both in private consumption and investments, but it will take some time before economic activity in these countries reaches pre-financial crisis levels.

At end-March 2011, the economic situation in Norway was markedly better than it was one year before. In the course of 2010, the downturn in corporate investment came to a halt and was followed by an upturn. The real income of Norwegian households clearly increased. Combined with low interest rates, this contributed to strong consumption growth. Housing investments rose throughout 2010, but the number of new housing starts remained low. High population growth, low interest rates and rising housing prices indicate that housing investments may continue to rise. Unemployment already appears to have peaked, and the number of man-hours increased. Corporate credit demand increased in pace with rising investments. The credit growth of Norwegian households appears to have stabilised at an annual rate of approximately 6.5 per cent, but may gradually rise due to increasing activity in the housing market.

New regulatory framework

The DnB NOR Bank Group expects to benefit from continued ample access to funding, but at prices which are higher than prior to the financial crisis. This is partly attributable to expected new framework conditions for the financial services industry, including the Basel III regulatory framework, which will introduce stricter capital adequacy, liquidity and funding requirements. Within the EU/EEA, Basel III will be introduced in the form of a new capital requirements directive,

CRD IV. The new directive is expected to be published during the third quarter of 2011. Criteria will also be drawn up for the definition of systemically important banks both nationally and internationally. It is assumed that these banks will be subject to stricter requirements for loss-absorbing capacity. After a consultation round, a proposal outlining definitions and loss-absorbing capacity requirements is scheduled to be presented at the G20 meeting in November 2011. The DnB NOR Bank Group is working actively to become well positioned to meet the new requirements, and up until the new and stricter regulations are introduced, the banking group's funding activities will reflect a gradual adaptation to the regulations.

Finance Norway and DnB NOR have both responded to the report from the Norwegian Financial Crisis Commission. DnB NOR is particularly critical to the Commission's suggestion concerning an early introduction of the entire or parts of the new regulatory framework. The same applies to the proposal to impose special taxes and fees on Norwegian financial institutions. The principle of 'a level playing field' is crucial if Norwegian banks are to strengthen their competitive ability in the best interests of the Norwegian business community and private households.

Future prospects

There are many positive signs in the economies worldwide, including in Norway. However, the unrest in the Middle East and the earthquake disaster in Japan, in addition to the debt situation in southern Europe, contribute to a certain level of uncertainty. Nevertheless, this appears to have little impact on Norway, and developments give the DnB NOR Bank Group a sound basis for further strengthening its financial performance in Norway, the Baltic region and in its other international operations.

The banking group's efforts to strengthen its market initiatives and to improve customer satisfaction are starting to yield results. Uniting all of DnB NOR's brands under the name DNB will give even better opportunities for strengthened and targeted customer initiatives. The Group is well positioned to enhance its position and to further benefit from the positive trend in the Norwegian economy through balanced growth.

The DnB NOR Bank Group will continue to give priority to streamlining operations in all parts of the banking group to compensate, among other things, for growth in IT development and market activities.

In the Retail Banking business area, sound growth is anticipated, though pressure on spreads must also be expected, especially on housing loans. In the Large Corporates and International business area, increasing activity and higher earnings are anticipated. Portfolio quality is expected to remain sound in both business areas. In DnB NOR Markets, it is anticipated that greater market activity will give a rise in income. An improvement is expected in the markets of DnB NOR, resulting in a cautious increase in profits. In the longer term, it is expected that growth in the Baltic States and in Poland will again surpass average European levels.

For the rest of 2011, a continued positive trend is expected in the banking group's business areas, together with balanced growth, moderate write-downs and a rise in profits in the Baltic States and Poland. Lending growth of between 5 and 7 per cent is expected for the full year, but a continuing strong Norwegian krone may influence developments. Interest rate forecasts from Norges Bank indicate that the key interest rate will be raised by 0.75 percentage points until the end of 2011 and thereafter be gradually increased to a more normalised level. Over time, this will provide a basis for a rise in earnings.

Oslo, 5 May 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)

Income statement

		DnB NOR Bank ASA			
<i>Amounts in NOK million</i>	Note	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Total interest income	4	11 340	9 645	44 177	44 581
Total interest expenses	4	6 466	5 800	25 471	29 183
Net interest income	4	4 874	3 845	18 706	15 398
Commissions and fees receivable etc.	5	1 316	1 213	5 375	4 980
Commissions and fees payable etc.	5	452	440	1 867	1 752
Net gains on financial instruments at fair value	6	427	930	2 922	7 509
Other income	7	667	698	6 147	2 226
Net other operating income		1 959	2 402	12 577	12 963
Total income		6 833	6 247	31 283	28 361
Salaries and other personnel expenses	8, 9	1 737	1 229	6 660	6 586
Other expenses	8	1 537	1 359	5 610	4 703
Depreciation and write-downs of fixed and intangible assets	8	346	98	1 619	2 624
Total operating expenses	8	3 619	2 685	13 889	13 913
Net gains on fixed and intangible assets		0	0	6	(1)
Write-downs on loans and guarantees	10	517	293	813	3 135
Pre-tax operating profit		2 697	3 268	16 587	11 312
Taxes		755	915	4 270	3 849
Profit for the period		1 942	2 353	12 317	7 463

Comprehensive income statement

		DnB NOR Bank ASA			
<i>Amounts in NOK million</i>		1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Profit for the period		1 942	2 353	12 317	7 463
Exchange differences arising from the translation of foreign operations		(179)	48	(6)	(468)
Comprehensive income for the period		1 763	2 401	12 310	6 995

Balance sheet

DnB NOR Bank ASA

<i>Amounts in NOK million</i>	Note	31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
Assets					
Cash and deposits with central banks		239 242	12 997	12 219	29 023
Lending to and deposits with credit institutions		231 415	216 432	280 569	276 084
Lending to customers	11, 12	660 131	669 454	624 925	626 806
Commercial paper and bonds		252 675	280 423	304 034	304 948
Shareholdings		13 773	14 590	12 985	13 041
Financial derivatives		80 232	85 019	73 980	71 002
Commercial paper and bonds, held to maturity	13	106 220	113 751	113 186	113 302
Investments in associated companies		1 278	1 285	1 023	1 023
Investments in subsidiaries		22 948	22 932	25 942	26 174
Intangible assets	14	3 532	3 578	2 511	2 562
Deferred tax assets		523	481	1 148	1 153
Fixed assets		5 057	5 004	831	817
Other assets		9 205	9 332	7 159	6 146
Total assets		1 626 229	1 435 278	1 460 511	1 472 079
Liabilities and equity					
Loans and deposits from credit institutions		390 624	257 139	297 255	294 190
Deposits from customers		655 477	624 588	572 750	580 913
Financial derivatives		69 023	72 771	63 731	64 338
Debt securities issued	15	373 662	342 761	384 718	398 231
Payable taxes		1 346	1 594	7 993	7 142
Deferred taxes		58	3	7	7
Other liabilities		21 389	20 304	18 089	12 863
Provisions		455	709	646	739
Pension commitments		2 930	2 928	3 174	3 508
Subordinated loan capital	15	30 406	33 386	37 285	37 686
Total liabilities		1 545 370	1 356 182	1 385 648	1 399 617
Share capital		17 514	17 514	17 514	17 514
Share premium reserve		12 695	12 695	12 695	12 695
Other equity		50 650	48 887	44 654	42 253
Total equity		80 859	79 096	74 863	72 462
Total liabilities and equity		1 626 229	1 435 278	1 460 511	1 472 079
Off-balance sheet transactions, contingencies and post-balance sheet events	19				

Income statement

		DnB NOR Bank Group			
<i>Amounts in NOK million</i>		1st quarter	1st quarter	Full year	Full year
		2011	2010	2010	2009
Total interest income	4	15 020	13 157	57 399	59 047
Total interest expenses	4	9 004	7 596	34 012	35 935
Net interest income	4	6 015	5 561	23 387	23 112
Commissions and fees receivable etc.	5	1 548	1 452	6 337	5 956
Commissions and fees payable etc.	5	466	472	1 986	1 890
Net gains on financial instruments at fair value	6	662	1 298	4 973	6 180
Profit from companies accounted for by the equity method		72	61	180	93
Other income	7	616	522	3 562	1 485
Net other operating income		2 432	2 861	13 067	11 824
Total income		8 447	8 422	36 454	34 935
Salaries and other personnel expenses	8, 9	2 136	1 673	8 170	8 681
Other expenses	8	1 858	1 729	6 737	6 067
Depreciation and write-downs of fixed and intangible assets	8	391	337	2 135	2 094
Total operating expenses	8	4 385	3 740	17 042	16 841
Net gains on fixed and intangible assets		5	11	23	26
Write-downs on loans and guarantees	10	892	947	2 997	7 710
Pre-tax operating profit		3 175	3 746	16 437	10 410
Taxes		889	1 236	4 827	4 351
Profit from operations and non-current assets held for sale, after taxes		(41)	(4)	75	80
Profit for the period		2 245	2 505	11 685	6 139
Profit attributable to shareholders		2 245	2 705	12 437	7 698
Profit attributable to minority interests		0	(199)	(752)	(1 559)

Comprehensive income statement

		DnB NOR Bank Group			
<i>Amounts in NOK million</i>		1st quarter	1st quarter	Full year	Full year
		2011	2010	2010	2009
Profit for the period		2 245	2 505	11 685	6 139
Exchange differences arising from the translation of foreign operations		(185)	(44)	(135)	(998)
Comprehensive income for the period		2 060	2 462	11 550	5 141
Comprehensive income attributable to shareholders		2 060	2 769	12 444	7 288
Comprehensive income attributable to minority interests		0	(307)	(894)	(2 147)

Balance sheet

DnB NOR Bank Group

<i>Amounts in NOK million</i>	Note	31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
Assets					
Cash and deposits with central banks		242 242	16 198	15 287	31 859
Lending to and deposits with credit institutions		69 633	43 837	71 001	58 751
Lending to customers	11, 12	1 187 026	1 184 100	1 139 958	1 128 791
Commercial paper and bonds		146 989	162 071	178 444	177 613
Shareholdings		14 187	14 954	13 345	13 396
Financial derivatives		70 063	76 781	71 355	69 173
Commercial paper and bonds, held to maturity	13	106 220	113 751	113 186	113 302
Investment property		2 963	2 872	626	614
Investments in associated companies		2 329	2 291	2 563	2 502
Intangible assets	14	5 001	5 001	5 315	5 554
Deferred tax assets		360	262	251	241
Fixed assets		5 818	5 767	5 483	5 434
Operations and non-current assets held for sale		1 326	1 271	1 314	1 255
Other assets		8 530	8 482	8 088	7 513
Total assets		1 862 689	1 637 639	1 626 214	1 615 999
Liabilities and equity					
Loans and deposits from credit institutions		384 704	257 931	305 120	302 694
Deposits from customers		698 441	664 012	607 946	613 627
Financial derivatives		59 147	60 622	52 532	52 359
Debt securities issued	15	574 744	509 447	505 926	500 907
Payable taxes		4 703	4 822	9 812	8 715
Deferred taxes		185	113	625	575
Other liabilities		14 420	13 009	15 336	9 839
Operations held for sale		350	387	347	366
Provisions		538	925	855	847
Pension commitments		3 040	3 038	3 337	3 707
Subordinated loan capital	15	30 498	33 474	38 600	39 051
Total liabilities		1 770 770	1 547 780	1 540 437	1 532 685
Minority interests		0	0	2 448	2 755
Share capital		17 514	17 514	17 514	17 514
Share premium reserve		13 411	13 411	13 411	13 411
Other equity		60 993	58 933	52 403	49 633
Total equity		91 919	89 859	85 776	83 314
Total liabilities and equity		1 862 689	1 637 639	1 626 214	1 615 999
Off-balance sheet transactions, contingencies and post-balance sheet events	19				

Statement of changes in equity

DnB NOR Bank ASA				
<i>Amounts in NOK million</i>	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2009	17 514	12 695	42 253	72 462
Profit for the period			2 353	2 353
Exchange differences arising from the translation of foreign operations			48	48
Comprehensive income for the period			2 401	2 401
Balance sheet as at 31 March 2010	17 514	12 695	44 654	74 863
Balance sheet as at 31 December 2010	17 514	12 695	48 887	79 096
Profit for the period			1 942	1 942
Exchange differences arising from the translation of foreign operations			(179)	(179)
Comprehensive income for the period			1 763	1 763
Balance sheet as at 31 March 2011	17 514	12 695	50 650	80 859
<i>Of which currency translation reserve:</i>				
<i>Balance sheet as at 31 December 2009</i>			(283)	(283)
<i>Comprehensive income for the period</i>			48	48
<i>Balance sheet as at 31 March 2010</i>			(235)	(235)
<i>Balance sheet as at 31 December 2010</i>			(270)	(270)
<i>Comprehensive income for the period</i>			(179)	(179)
<i>Balance sheet as at 31 March 2011</i>			(449)	(449)

DnB NOR Bank Group					
<i>Amounts in NOK million</i>	Minority interests	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2009	2 755	17 514	13 411	49 633	83 314
Profit for the period	(199)			2 705	2 505
Exchange differences arising from the translation of foreign operations	(108)			64	(44)
Comprehensive income for the period	(307)			2 769	2 462
Balance sheet as at 31 March 2010	2 448	17 514	13 411	52 403	85 776
Balance sheet as at 31 December 2010	0	17 514	13 411	58 933	89 859
Profit for the period				2 245	2 245
Exchange differences arising from the translation of foreign operations				(185)	(185)
Comprehensive income for the period				2 060	2 060
Balance sheet as at 31 March 2011	0	17 514	13 411	60 993	91 919
<i>Of which currency translation reserve:</i>					
<i>Balance sheet as at 31 December 2009</i>	(63)			(240)	(303)
<i>Comprehensive income for the period</i>	(108)			64	(44)
<i>Balance sheet as at 31 March 2010</i>	(171)			(176)	(347)
<i>Balance sheet as at 31 December 2010</i>	0			(438)	(438)
<i>Comprehensive income for the period</i>	0			(185)	(185)
<i>Balance sheet as at 31 March 2011</i>	0			(623)	(623)

Cash flow statement

DnB NOR Bank ASA				DnB NOR Bank Group				
Full year	Full year	1st quarter	1st quarter		1st quarter	1st quarter	Full year	Full year
2009	2010	2010	2011	<i>Amounts in NOK million</i>	2011	2010	2010	2009
Operating activities								
143 999	6 814	4 248	(299)	Net receipts/payments on loans to customers	(13 355)	(8 581)	(56 030)	8 510
29 734	43 944	(11 188)	34 521	Net receipts/payments on deposits from customers	38 189	(8 609)	50 491	29 199
28 491	26 870	5 402	7 000	Interest received from customers	11 695	10 116	44 214	48 013
(11 583)	(10 834)	(2 343)	(3 028)	Interest paid to customers	(3 211)	(2 522)	(11 527)	(12 502)
(160 632)	18 264	(3 914)	41 766	Net receipts/payments on the sale/aquisition of financial assets for investment or trading	32 442	(5 280)	508	(112 104)
3 227	3 646	660	896	Net receipts on commissions and fees	1 114	868	4 433	4 007
(12 700)	(12 975)	(2 467)	(3 049)	Payments to operations	(3 769)	(3 282)	(15 584)	(15 855)
(1 794)	(7 912)	(59)	(990)	Taxes paid	(1 036)	(100)	(8 032)	(596)
2 218	4 811	768	671	Other receipts	620	591	2 529	1 490
20 960	72 627	(8 891)	77 489	Net cash flow relating to operating activities	62 688	(16 799)	11 003	(49 838)
Investment activities								
(755)	(2 495)	(61)	(349)	Net payments on the acquisition of fixed assets	(577)	(98)	(1 968)	(977)
578	200	200	43	Receipts on the sale of long-term investments in shares	43	0	0	478
(10 045)	(1 313)	(60)	0	Payments on the acquisition of long-term investment in shares	0	0	(1 253)	0
206	216	11	12	Dividends received on long-term investments in shares	26	11	438	136
(10 015)	(3 391)	89	(293)	Net cash flow relating to investment activities	(508)	(88)	(2 783)	(363)
Funding activities								
57 105	(20 032)	(1 426)	125 675	Net receipts/payments on loans to/from credit institutions	110 134	(9 984)	(26 351)	122 316
1 713	(9 331)	5 969	(956)	Net receipts/payments on other short-term liabilities	(4 382)	6 778	2 131	(2 250)
206 147	181 307	136 122	166 817	Receipts on issued bonds and commercial paper	223 383	156 154	278 237	218 352
(284 179)	(231 268)	(146 845)	(129 709)	Payments on redeemed bonds and commercial paper	(147 302)	(147 212)	(257 013)	(286 174)
0	(3 522)	0	(2 263)	Redemptions of subordinated loan capital	(2 263)	0	(4 704)	0
647	(3 224)	0	0	Dividend/group contribution payments/receipts	0	0	(3 750)	0
9 862	17 340	2 061	4 340	Interest receipts on funding activities	3 325	787	13 219	2 890
(17 615)	(14 599)	(3 394)	(3 406)	Interest payments on funding activities	(5 762)	(5 011)	(22 454)	(21 879)
(26 320)	(83 329)	(7 512)	160 498	Net cash flow from funding activities	177 134	1 512	(20 685)	33 255
(3 357)	234	(72)	(8 474)	Effects of exchange rate changes on cash and cash equivalents	(8 456)	(63)	(153)	(3 771)
(18 732)	(13 860)	(16 386)	229 219	Net cash flow	230 858	(15 437)	(12 618)	(20 718)
64 769	46 037	46 037	32 177	Cash as at 1 January	23 459	36 078	36 078	56 796
(18 732)	(13 860)	(16 386)	229 219	Net receipts/payments of cash	230 858	15 437	(12 618)	(20 718)
46 037	32 177	29 650	261 397	Cash at end of period ¹⁾	254 317	20 642	23 459	36 078
*) <i>Of which:</i>								
29 023	12 997	12 219	239 242	<i>Cash and deposits with central banks</i>	242 242	15 287	16 198	31 859
17 014	19 180	17 431	22 155	<i>Deposits with credit institutions with no agreed period of notice ¹⁾</i>	12 076	5 355	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 first quarter accounts 2011 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 2010. 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 2010. None of the new or amended accounting standards which entered into force during the first quarter of 2011 had any material impact on the accounts of the banking group.

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 description of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2010.

Note 3 Segments

Business areas

The operational structure of the DnB NOR Bank Group includes three business areas and four staff and support units. 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. Throughout 2010, the DnB NOR Bank Group owned 51 per cent of DnB NOR's operations. With effect from 23 December 2010, however, the DnB NOR Bank Group acquired 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	- offers a broad range of financial products and services through 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, insurance, 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, 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 NOR	- 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.

The risk-adjusted capital requirement is a measure of the banking group's economic capital, based on its risk systems. It is used to measure the capital required to fund transactions and volumes. The banking group's actual equity is affected by external parameters and is not directly comparable with the risk-adjusted capital requirement. Returns in the table of key figures below are calculated based on the risk-adjusted capital requirement.

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. Double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", apportioned costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". Double entries are eliminated in the group accounts.

Note 3 Segments (continued)

Income statement

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR		Other operations/eliminations ¹⁾		DnB NOR Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
<i>Amounts in NOK million</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	3 473	3 325	1 674	1 336	209	260	299	328	361	312	6 015	5 561
Interest on allocated capital ²⁾	138	108	150	136	35	31	12	9	(334)	(283)	0	0
Net interest income	3 610	3 432	1 823	1 471	244	291	311	337	27	29	6 015	5 561
Other operating income	887	854	275	248	1 400	1 022	174	186	(304)	550	2 432	2 861
Income attributable to product suppliers	289	310	510	362	0	0	0	0	(799)	(672)	0	0
Net other operating income	1 176	1 165	785	610	1 400	1 022	174	186	(1 103)	(122)	2 432	2 861
Total income	4 786	4 597	2 608	2 082	1 644	1 313	485	523	(1 076)	(93)	8 447	8 422
Other operating expenses	2 553	2 512	588	548	529	417	345	348	370	(85)	4 385	3 740
Cost attributable to product suppliers	153	176	218	151	0	0	0	0	(372)	(327)	0	0
Operating expenses	2 706	2 687	806	699	529	417	345	348	(2)	(412)	4 385	3 740
Pre-tax operating profit before write-downs	2 080	1 910	1 802	1 383	1 115	896	140	174	(1 074)	319	4 062	4 682
Net gains on fixed and intangible assets	1	0	0	0	0	0	3	(6)	1	16	5	11
Write-downs on loans and guarantees ³⁾	252	207	385	249	0	0	213	556	41	(65)	892	947
Write-downs attributable to product suppliers	0	0	2	3	0	0	0	0	(2)	(3)	0	0
Pre-tax operating profit	1 828	1 703	1 415	1 131	1 115	896	(70)	(387)	(1 113)	403	3 175	3 746

1) Other operations/eliminations:

	Elimination of income/ cost attributable							
	to product suppliers		Other eliminations		Group Centre ^{*)}		Total	
	1st quarter		1st quarter		1st quarter		1st quarter	
<i>Amounts in NOK million</i>	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	0	0	0	0	361	313	361	312
Interest on allocated capital ²⁾	0	0	0	0	(334)	(283)	(334)	(283)
Net interest income	0	0	0	0	27	30	27	29
Other operating income	0	0	(13)	(457)	(291)	1 008	(304)	550
Income attributable to product suppliers	(799)	(672)	0	0	0	0	(799)	(672)
Net other operating income	(799)	(672)	(13)	(457)	(291)	1 008	(1 103)	(122)
Total income	(799)	(672)	(13)	(458)	(264)	1 037	(1 076)	(93)
Other operating expenses	0	1	(13)	(458)	383	372	370	(85)
Cost attributable to product suppliers	(372)	(327)	0	0	0	0	(372)	(327)
Operating expenses	(372)	(327)	(13)	(458)	383	373	(2)	(412)
Pre-tax operating profit before write-downs	(428)	(345)	0	0	(646)	664	(1 074)	319
Net gains on fixed and intangible assets	0	0	0	0	1	16	1	16
Write-downs on loans and guarantees ³⁾	0	0	0	0	41	(65)	41	(65)
Write-downs attributable to product suppliers	(2)	(3)	0	0	0	0	(2)	(3)
Pre-tax operating profit	(426)	(343)	0	0	(687)	745	(1 113)	403

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, Treasury, 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.

	1st quarter	
	2011	2010
*) Group Centre - pre-tax operating profit in NOK million		
+ Interest on unallocated equity etc.	181	77
+ Income from equities investments	30	99
+ Mark-to-market adjustments Treasury and fair value on lending	(815)	121
+ Eksportfinans AS	93	34
- Unallocated write-downs on loans and guarantees	41	(65)
- Contractual pension (CPA) scheme	0	(355)
- Unallocated pension expenses	26	(10)
- Funding costs on goodwill	12	10
Other	(96)	(5)
Pre-tax operating profit	(687)	745

2) The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.

3) See note 10 Write-downs on loans and guarantees.

Note 3 Segments (continued)

Main average balance sheet items

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR		Other operations/ eliminations		DnB NOR Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK billion	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net lending to customers ¹⁾	763.3	727.0	349.4	328.3	3.4	0.9	59.4	65.7	13.2	12.0	1 188.8	1 134.0
Deposits from customers ¹⁾	389.2	368.4	230.0	196.2	26.8	19.4	25.5	19.4	19.3	19.4	690.8	622.9
Allocated capital ²⁾	21.6	19.5	23.5	24.5	5.5	5.6	4.3	5.2				

Key figures

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR		Other operations		DnB NOR Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Per cent	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cost/income ratio ³⁾	56.5	58.5	30.9	33.6	32.2	31.7	71.2	66.6			51.9	48.6
Ratio of deposits to lending ^{1) 4)}	51.0	50.7	65.8	59.8			42.8	29.5			58.1	54.9
Return on allocated capital, annualised ²⁾	24.7	25.4	17.6	13.5	59.2	47.0	(5.3)	(24.0)				
Number of full-time positions as at 31 March	4 845	4 953	1 107	1 079	677	660	3 155	3 142	2 189	2 274	11 972	12 107

- 1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.
- 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.
- 4) Deposits from customers relative to net lending to customers.

Comments to the income statement

Retail Banking

Pre-tax operating profits totalled NOK 1 828 million in the first quarter of 2011, an increase of NOK 125 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs. Average net lending increased by 5.0 per cent from the first quarter of 2010 to the corresponding period in 2011. In spite of low interest rate levels, the rate of growth in housing loans was lower than in the first quarter of 2010, while lending to small and medium-sized businesses showed a positive volume trend. There was fierce competition for deposits, and compared with the year-earlier period, average deposits rose by 5.6 per cent. The average ratio of deposits to lending increased marginally to 51 per cent for the quarter. Along with customer deposits, covered bonds based on residential mortgages in DnB NOR Boligkreditt were key sources of funding. At end-March 2011, 92 per cent of lending volume in Retail Banking was funded by deposits and covered bonds. Net interest income rose by NOK 178 million compared with the year-earlier period, of which NOK 116 million was due to the discontinuation of guarantee fund levies. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total average loans and deposits, was 1.21 per cent in the first quarter of 2011, down from 1.24 per cent in the year-earlier period. Retail Banking has competitive products and wishes to offer attractive prices in both the retail and corporate markets. The increase in other operating income was mainly due to a rise in income from real estate broking in Norway and the valuation of a shareholding. A rise in depreciation on operational leasing in DnB NOR Finans gave a NOK 30 million increase in costs compared with the first quarter of 2010. The number of full-time positions was 4 845 at end-March 2011, of whom 4 527 worked in the business area's units in Norway. The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. On an annual basis, net write-downs represented 0.13 per cent of lending in the first quarter of 2011, compared with 0.12 per cent in the year-earlier period. Net impaired commitments amounted to NOK 5.4 billion at end-March 2011, down NOK 0.1 billion from end-March 2010. At end-February 2011, the market share of credit to wage earners was 27.9 per cent, down 0.5 percentage points from end-March 2010. The market share of total savings from wage earners was 33.9 per cent, while the market share of customer deposits was 32.4 per cent.

Large Corporates and International

The first quarter of 2011 was characterised by a high level of activity and a normalisation of the banking market both in Norway and internationally. Pre-tax operating profits came to NOK 1 415 million, up NOK 284 million from the year-earlier period. Developments in lending and deposits reflected a higher level of activity in the first quarter of 2011 than in the year-earlier period. Lending volumes increased by 6.4 per cent from the first quarter of 2010, but remained virtually unchanged from the fourth quarter of 2010. Adjusted for the effects of the strengthened Norwegian krone relative to the US dollar, there was, however, an increase of approximately NOK 5.9 billion from the fourth quarter. Deposits rose by 17.2 per cent from the first quarter of 2010 and by 0.8 per cent from the fourth quarter of 2010. The ratio of deposits to lending increased by 6.1 percentage points from the first quarter of 2010. Measured against the 3-month money market rate, lending spreads widened by 0.21 percentage points from the first quarter of 2010 and by 0.04 percentage points from the fourth quarter of 2010. The increasing spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads were reduced by 0.06 percentage points compared with the figure for the first quarter of 2010 and were virtually unchanged from the fourth quarter of 2010. The increase in other operating income was mainly attributable to high income from trading in foreign exchange and interest rate instruments and from equity and securities services. Operating expenses rose by 15.4 per cent from the first quarter of 2010, mainly due to increased sales of DnB NOR Markets products, a rise in the number of employees and extensive IT development activity. The level of costs was practically unchanged from the fourth quarter of 2010. At end-March 2011, staff in the business area represented 1 107 full-time positions, including 642 positions outside Norway. The quality of the loan portfolio remained sound, and the improved macro-economic situation, close follow-up of customers and active preventive measures ensured a positive trend from the preceding quarters. Certain corporate customers and customer segments may nevertheless face challenges if the macroeconomic situation worsens or if individual industries experience a prolonged major imbalance between supply and demand. Write-downs on loans represented 0.45 per cent of net customer lending on an annual basis, up from 0.31 per cent in the first quarter of 2010. The write-downs referred to a limited number of

Note 3 Segments (continued)

commitments. Net impaired commitments totalled NOK 3.8 billion at end-March 2011. The corresponding figure at end-March 2010 was NOK 5.9 billion.

DnB NOR Markets

DnB NOR Markets recorded a healthy level of profits in the first quarter of 2011. Pre-tax operating operating profits rose to NOK 1 115 million, up 24 per cent compared with the year-earlier period. There was a rise in income from both customer business and market making and other proprietary trading. Costs increased due to international expansion and IT-related investments. Customer-related income from foreign exchange and interest rate and commodity derivatives rose by 12 per cent compared with the year-earlier period, with growth in all product areas. Prospects of a rise in interest rates resulted in increased demand for interest rate hedging products. In addition, the strengthening of the Norwegian krone and significant volatility in commodity prices boosted demand for both currency and commodity hedging. Customer-related income from the sale of securities and other investment products was up 7 per cent compared with the first quarter of 2010. Income from bond and commercial paper trading showed the highest growth, in spite of fiercer competition. DnB NOR Markets retained its number one position within bond and commercial paper trading on Oslo Børs in the first quarter of 2011, as well as its position as the largest brokerage house on Oslo Børs and Oslo Axess within total equity trading. Income from alternative investment products remained low. Customer-related revenues from corporate finance rose by 70 per cent from the first quarter of 2010. There was a high level of activity in the debt capital markets in both Norway and at the banking group's international units. The Global Finance magazine named DnB NOR best Nordic investment bank in this field. Activity levels in the equity markets were lower than in the year-earlier period. Customer-related revenues from custodial and other securities services rose by 23 per cent compared with the first quarter of 2010, reflecting both higher activity levels and rising market values. Income from market making and other proprietary trading increased by 26 per cent from the first quarter of 2010. The entire increase referred to trading in the fixed income market, while income from foreign exchange trading was somewhat lower than the previous year. Strong competition and the increasing use of electronic trading causes pressure on prices for many of DnB NOR Markets' products. However, the pressure on prices is expected to be counteracted by a high level of activity and rising volumes.

Revenues within various segments

<i>Amounts in NOK million</i>	DnB NOR Markets	
	1st quarter 2011	1st quarter 2010
FX, interest rate and commodity derivatives	327	292
Investment products	123	114
Corporate finance	207	122
Securities services	61	50
Total customer revenues	718	578
Net income liquidity portfolio	279	304
Other market making/trading revenues	612	401
Total trading revenues	891	705
Interest income on allocated capital	35	31
Total income	1 644	1 313

DnB NORD

DnB NORD recorded a pre-tax operating loss of NOK 70 million in the first quarter of 2011, an improvement of NOK 317 million from the first quarter of 2010 due to a reduction in write-downs on loans. Average net lending to customers was reduced by 9.6 per cent from the first quarter of 2010 to the corresponding period in 2011. Measured relative to lending at the end of the period, there was a 7.6 per cent reduction, with a 6.2 per cent point decline in the Baltic States and Poland. Poland was the only unit which recorded an increase in net lending from end-March 2010, of 15.2 per cent. Average customer deposits rose by 31.3 per cent from the first quarter of 2010. Reduced volumes and lower activity levels due to the recession gave a decline in total income from these operations. Cost levels were stable. The level of net write-downs on loans remained high compared with the banking group's other operations, though there was a significant reduction from the first quarter of 2010. Relative to average lending, write-downs came to 1.45 per cent on an annual basis in the first quarter of 2011, down from 3.43 per cent in the year-earlier period.

Other units – Group Centre

The Group Centre recorded a pre-tax operating loss of NOK 687 million in the first quarter of 2011, compared with a profit of NOK 745 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 93 million in the first quarter of 2011, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with NOK 34 million in the first quarter of 2010. Income from equity investments totalled NOK 30 million in the first quarter of 2011, a decrease of NOK 69 million from the previous year. There was a negative profit contribution of NOK 815 million from own debt, loans carried at fair value and related derivatives in the first quarter of 2011, compared with a profit contribution of NOK 121 million in the corresponding period in 2010. Pension expenses for the first quarter of 2010 were reduced by NOK 355 million due to the reversal of provisions for contractual early retirement pensions. There was an increase of NOK 41 million in collective write-downs in the first quarter of 2011, compared with a reduction of NOK 65 million in the first quarter of 2010.

Note 4 Net interest income

<i>Amounts in NOK million</i>	DnB NOR Bank ASA			
	1st quarter	1st quarter	Full year	Full year
	2011	2010	2010	2009
Interest on loans to and deposits with credit institutions	1 447	1 573	5 693	7 203
Interest on loans to customers	6 955	5 338	26 709	28 390
Interest on impaired commitments	32	31	119	97
Interest on commercial paper and bonds	2 322	2 215	9 256	7 853
Front-end fees etc.	57	48	271	332
Other interest income	528	440	2 128	705
Total interest income	11 340	9 645	44 177	44 581
Interest on loans and deposits from credit institutions	1 189	1 145	4 912	4 206
Interest on deposits from customers	3 029	2 340	10 835	11 568
Interest on debt securities issued	1 154	972	4 369	7 743
Interest on subordinated loan capital	152	156	644	1 031
Other interest expenses ¹⁾	941	1 186	4 711	4 634
Total interest expenses	6 466	5 800	25 471	29 183
Net interest income ²⁾	4 874	3 845	18 706	15 398

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	1st quarter	1st quarter	Full year	Full year
	2011	2010	2010	2009
Interest on loans to and deposits with credit institutions	309	228	1 067	1 690
Interest on loans to customers	11 622	10 047	43 925	47 924
Interest on impaired commitments	59	36	247	118
Interest on commercial paper and bonds	2 388	2 287	9 538	8 115
Front-end fees etc.	60	63	287	374
Other interest income	580	496	2 334	826
Total interest income	15 020	13 157	57 399	59 047
Interest on loans and deposits from credit institutions	1 204	1 190	5 008	4 824
Interest on deposits from customers	3 212	2 520	11 528	12 487
Interest on debt securities issued	3 483	2 610	12 239	13 768
Interest on subordinated loan capital	154	165	667	1 066
Other interest expenses ¹⁾	951	1 111	4 571	3 790
Total interest expenses	9 004	7 596	34 012	35 935
Net interest income	6 015	5 561	23 387	23 112

1) Other interest expenses include interest rate adjustments resulting from interest swaps entered into.

2) DnB NOR Finans was merged with DnB NOR ASA in the third quarter of 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 5 Net commissions and fees receivable

<i>Amounts in NOK million</i>	DnB NOR Bank ASA			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Money transfer fees receivable	660	637	2 735	2 781
Fees on asset management services	60	59	240	209
Fees on custodial services	84	72	293	268
Fees on securities broking	87	80	293	277
Corporate finance	61	67	430	259
Interbank fees	21	22	93	102
Credit broking commissions	124	74	468	363
Sales commissions on insurance products	64	83	307	266
Sundry commissions and fees receivable on banking services	156	117	516	455
Total commissions and fees receivable etc.	1 316	1 213	5 375	4 980
Money transfer fees payable	232	231	1 060	947
Commissions payable on fund management services	0	0	0	(16)
Fees on custodial services payable	32	28	112	105
Interbank fees	29	33	133	147
Credit broking commissions	32	22	62	64
Commissions payable on the sale of insurance products	0	0	0	0
Sundry commissions and fees payable on banking services	127	126	500	505
Total commissions and fees payable etc.	452	440	1 867	1 752
Net commissions and fees receivable ¹⁾	864	773	3 508	3 227

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Money transfer fees receivable	709	690	2 960	3 034
Fees on asset management services	64	75	252	263
Fees on custodial services	85	74	301	275
Fees on securities broking	89	81	303	279
Corporate finance	117	97	608	335
Interbank fees	22	23	97	106
Credit broking commissions	126	75	474	367
Sales commissions on insurance products	102	119	491	411
Sundry commissions and fees receivable on banking services	234	217	851	886
Total commissions and fees receivable etc.	1 548	1 452	6 337	5 956
Money transfer fees payable	242	243	1 111	1 015
Commissions payable on fund management services	0	0	0	(16)
Fees on custodial services payable	32	29	112	107
Interbank fees	31	34	140	153
Credit broking commissions	19	21	48	52
Commissions payable on the sale of insurance products	4	6	24	12
Sundry commissions and fees payable on banking services	139	139	550	568
Total commissions and fees payable etc.	466	472	1 986	1 890
Net commissions and fees receivable	1 082	981	4 351	4 066

1) DnB NOR Finans was merged with DnB NOR ASA in the third quarter of 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 gains on financial instruments at fair value

<i>Amounts in NOK million</i>	DnB NOR Bank ASA			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Dividends	58	41	376	195
Net gains on commercial paper and bonds ¹⁾	(296)	120	(717)	1 015
Net gains on shareholdings	71	125	698	341
Net gains on other financial instruments	594	645	2 565	5 959
Net gains on financial instruments at fair value	427	930	2 922	7 509

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Dividends	72	41	380	157
Net gains on commercial paper and bonds	(84)	357	542	646
Net gains on shareholdings	107	127	613	339
Net gains on other financial instruments	567	773	3 438	5 038
Net gains on financial instruments at fair value	662	1 298	4 973	6 180

1) Unrealised gains on DnB NOR Bank ASA's investments in covered bonds issued by DnB NOR Boligkreditt were NOK 216 million in the first quarter of 2011. Investments in such bonds totalled NOK 109.8 billion at 31 March 2011, which have been used in the exchange scheme with the Norwegian government. See note 18 Information on related parties – stimulus packages.

Note 7 Other income

<i>Amounts in NOK million</i>	DnB NOR Bank ASA			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Income from owned/leased premises	19	28	85	114
Group contributions and dividends from subsidiaries	0	0	1 960	651
Miscellaneous operating income	649	671	4 102	1 461
Total other income ¹⁾	667	698	6 147	2 226

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Fees on real estate broking	199	180	860	774
Net unrealised gains on investment property	9	0	0	(109)
Miscellaneous operating income	408	342	2 701	820
Total other income ¹⁾	616	522	3 562	1 485

1) The increase in miscellaneous operating income from 2009 to 2010 was primarily attributable to the merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010. DnB NOR ASA and the DnB NOR Bank Group thus recorded income of NOK 1 485 million and NOK 1 170 million respectively. In addition there was 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 8 Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Bank ASA			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Salaries	1 230	1 125	5 092	4 734
Employer's national insurance contributions	174	155	700	672
Pension expenses ¹⁾	192	(187)	254	652
Restructuring expenses	2	12	45	62
Other personnel expenses	139	125	569	466
Total salaries and other personnel expenses	1 737	1 229	6 660	6 586
Fees ²⁾	357	308	1 264	757
IT expenses ²⁾	378	362	1 479	1 218
Postage and telecommunications	72	74	295	297
Office supplies	12	14	53	53
Marketing and public relations	162	111	498	435
Travel expenses	43	32	177	145
Reimbursement to Norway Post for transactions executed	42	22	151	203
Training expenses	18	12	57	45
Operating expenses on properties and premises	275	273	1 061	1 064
Operating expenses on machinery, vehicles and office equipment	25	27	107	88
Other operating expenses	153	122	467	398
Other expenses	1 537	1 359	5 610	4 703
Impairment losses for goodwill ³⁾	0	0	0	0
Depreciation and write-downs of fixed and intangible assets ⁴⁾	346	98	1 619	2 624
Depreciation and write-downs of fixed and intangible assets	346	98	1 619	2 624
Total operating expenses ⁵⁾	3 619	2 685	13 889	13 913

Note 8 Operating expenses (continued)

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Salaries	1 539	1 473	6 272	6 323
Employer's national insurance contributions	226	220	903	949
Pension expenses ¹⁾	215	(174)	325	812
Restructuring expenses	2	12	47	63
Other personnel expenses	153	142	624	534
Total salaries and other personnel expenses	2 136	1 673	8 170	8 681
Fees ²⁾	390	349	1 385	913
IT expenses ²⁾	428	451	1 649	1 489
Postage and telecommunications	88	93	345	379
Office supplies	21	23	91	91
Marketing and public relations	236	185	775	529
Travel expenses	52	43	212	198
Reimbursement to Norway Post for transactions executed	42	22	151	203
Training expenses	19	20	67	67
Operating expenses on properties and premises	338	322	1 247	1 272
Operating expenses on machinery, vehicles and office equipment	35	37	147	140
Other operating expenses	208	185	667	786
Other expenses	1 858	1 729	6 737	6 067
Impairment losses for goodwill ³⁾	0	0	194	730
Depreciation and write-downs of fixed and intangible assets ⁴⁾	391	337	1 941	1 364
Depreciation and write-downs of fixed and intangible assets	391	337	2 135	2 094
Total operating expenses	4 385	3 740	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 NOR. Impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling were recorded in second quarter of 2010.

4) See note 14 Intangible assets.

5) DnB NOR Finans was merged with DnB NOR ASA in the third quarter of 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 9 Number of employees/full-time positions

	DnB NOR Bank ASA			
	1st quarter 2011	1st quarter 2010	Full year 2010 ¹⁾	Full year 2009
Number of employees at end of period	7 821	7 276	7 829	7 375
of which number of employees abroad	678	482	647	477
Number of employees calculated on a full-time basis at end of period	7 564	7 052	7 585	7 146
of which number of employees calculated on a full-time basis abroad	668	476	638	471
Average number of employees	7 815	7 307	7 489	7 407
Average number of employees calculated on a full-time basis	7 565	7 085	7 232	7 167

	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Number of employees at end of period	12 301	12 437	12 288	12 607
of which number of employees abroad	4 319	4 362	4 296	4 415
Number of employees calculated on a full-time basis at end of period	11 972	12 107	11 970	12 263
of which number of employees calculated on a full-time basis abroad	4 263	4 287	4 245	4 329
Average number of employees	12 307	12 468	12 431	12 943
Average number of employees calculated on a full-time basis	11 972	12 138	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 Write-downs on loans and guarantees

<i>Amounts in NOK million</i>	DnB NOR Bank ASA			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Write-offs ¹⁾	28	18	356	419
New individual write-downs	842	584	2 178	2 295
Total new individual write-downs	870	602	2 535	2 714
Reassessed individual write-downs	236	134	680	304
Recoveries on commitments previously written off	119	88	401	293
Net individual write-downs	515	380	1 454	2 117
Change in collective write-downs on loans	2	(88)	(641)	1 018
Write-downs on loans and guarantees ^{*) 2)}	517	293	813	3 135

Write-offs covered by individual write-downs made in previous years

184 198 1 650 641

**) Of which individual write-downs on guarantees*

5 9 (5) 2

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Write-offs ¹⁾	43	25	459	554
New individual write-downs	1 308	1 637	5 141	6 521
Total new individual write-downs	1 351	1 662	5 600	7 075
Reassessed individual write-downs	357	231	1 109	693
Recoveries on commitments previously written off	123	94	418	317
Net individual write-downs	870	1 337	4 074	6 065
Change in collective write-downs on loans	21	(390)	(1 077)	1 645
Write-downs on loans and guarantees ^{*)}	892	947	2 997	7 710

Write-offs covered by individual write-downs made in previous years

515 292 2 217 1 627

**) Of which individual write-downs on guarantees*

8 8 (3) 14

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

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

Write-downs on loans and guarantees totalled NOK 892 million for the quarter, down NOK 55 million from the first quarter of 2010. Individual write-downs have been relatively stable over the past three quarters at a considerably lower level than in the first quarter of 2010. Write-downs in the first quarter of 2011 related to a limited number of individual commitments, and there is a general trend towards a lower write-down level. Individual write-downs in DnB NOR showed a 75 per cent reduction from the first quarter of 2010.

Note 11 Lending to customers

DnB NOR Bank ASA				DnB NOR Bank Group				
31 Dec. 2009	31 March 2010	31 Dec. 2010	31 March 2011		31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
				<i>Amounts in NOK million</i>				
496 993	502 113	576 834	577 657	Lending to customers, nominal amount	1 078 029	1 064 223	994 352	976 842
3 061	3 323	3 931	4 344	Individual write-downs	9 650	9 207	8 682	7 673
				Lending to customers, after				
493 932	498 790	572 903	573 313	individual write-downs	1 068 379	1 055 017	985 670	969 169
876	629	721	915	+ Accrued interest and amortisation	2 270	2 001	1 832	1 746
				- Individual write-downs of accrued				
515	513	544	556	interest and amortisation	703	658	612	607
1 878	1 809	1 343	1 318	- Collective write-downs	1 866	1 872	2 577	2 969
492 414	497 096	571 737	572 354	Lending to customers, at amortised cost	1 068 081	1 054 488	984 313	967 340
<hr/>								
133 567	126 774	97 063	87 215	Lending to customers, nominal amount	118 254	128 561	153 938	160 233
701	951	570	600	+ Accrued interest	692	669	1 078	802
124	102	84	(37)	+ Adjustment to fair value	(1)	382	629	416
134 392	127 827	97 717	87 777	Lending to customers, at fair value ¹⁾	118 946	129 612	155 645	161 452
626 806	624 925	669 454	660 131	Lending to customers	1 187 026	1 184 100	1 139 958	1 128 791

1) The fair value of loans in Norwegian kroner has been reduced by NOK 37 million from 31 December 2010 due to widening margin requirement.

Note 12 Net impaired loans and guarantees for principal customer groups ¹⁾

DnB NOR Bank ASA				DnB NOR Bank Group				
31 Dec. 2009	31 March 2010	31 Dec. 2010	31 March 2011		31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
				<i>Amounts in NOK million</i>				
1 739	1 666	1 819	1 686	Private individuals ^{2) 3)}	4 368	4 481	4 546	3 838
1 065	2 770	747	553	Transportation by sea and pipelines, vessel construction	608	810	2 793	1 097
996	739	871	2 493	Real estate	4 063	2 503	2 477	2 259
2 361	2 355	1 523	1 447	Manufacturing	2 976	3 165	3 405	3 420
157	204	635	561	Services	1 405	1 521	1 374	740
817	817	1 184	221	Trade	669	698	659	668
0	0	0	0	Oil and gas	0	0	359	0
173	832	182	171	Transportation and communication	473	490	1 219	533
293	267	955	615	Building and construction	1 416	1 710	996	1 176
0	124	24	10	Power and water supply	10	25	132	9
6	6	4	4	Seafood	11	10	0	10
80	82	100	95	Hotels and restaurants	335	351	251	226
106	93	123	121	Agriculture and forestry	286	279	270	304
0	0	0	0	Central and local government	1	0	0	0
113	10	45	29	Other sectors	39	53	16	121
7 905	9 966	8 211	8 005	Total customers	16 659	16 097	18 498	14 403
0	0	0	0	Credit institutions	0	0	0	0
7 905	9 966	8 211	8 005	Total net impaired loans and guarantees	16 659	16 097	18 498	14 403
				Non-performing loans and guarantees				
1 501	1 508	785	746	not subject to write-downs ²⁾	2 263	2 313	3 315	4 724
				Total net non-performing and doubtful loans				
9 406	11 474	8 996	8 751	and guarantees	18 922	18 409	21 813	19 127

1) Includes loans and guarantees subject to individual write-downs for principal customer groups, and total non-performing loans and guarantees not subject to write-downs. The breakdown into principal customer groups is based on standardised sector and industry categories set up by Statistics Norway.

2) First quarter 2010 development includes an increase of NOK 817 million due to reclassification of non-performing commitments previously collectively written down in DnB NOR.

3) Including a NOK 98 million adjustment for commitments previously written down in the fourth quarter of 2010.

Note 13 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 at end-March 2011. In order to meet the disclosure requirement at end-March 2011, 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 the first quarter of 2011, there would have been a NOK 14 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 620 million at end-March 2011 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 49.5 billion at end-March 2011. The average term to maturity of the portfolio is 3.7 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 14 million at end-March 2011.

Effects of the reclassification of the liquidity portfolio

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Effects on profits				
Recorded amortisation effect	81	136	429	544
Net gain if valued at fair value	94	232	536	2 819
Effects of reclassification on profits	(14)	(95)	(107)	(2 275)
Effects on the balance sheet				
Recorded, unrealised losses	1 153	1 526	1 234	1 662
Unrealised losses, if valued at fair value	1 774	2 172	1 868	2 404
Effects of reclassification on the balance sheet	620	646	634	741

Development in the liquidity portfolio after the reclassification

<i>Amounts in NOK million</i>	DnB NOR Bank Group			
	31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
Liquidity portfolio, recorded value	49 544	54 087	62 885	68 600
Liquidity portfolio, if valued at fair value	48 924	53 453	62 239	67 859
Effects of reclassification on the balance sheet	620	634	646	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 March 2011, DnB NOR Markets' portfolio represented NOK 105 billion. 94.3 per cent of the securities in the portfolio had an AAA rating, while 4.1 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. According to new liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. Thus, new investments will be included in the trading portfolio and carried at fair value. The structure of DnB NOR Markets' liquidity portfolio is shown below.

Note 13 Commercial paper and bonds, held to maturity (continued)

Asset class	DnB NOR Bank Group	
	Per cent	NOK million
	31 March 2011	31 March 2011
Consumer credit	2	2 022
Residential mortgages	64	68 328
Corporate loans ¹⁾	2	2 341
Government-related	32	33 738
Total liquidity portfolio DnB NOR Markets, nominal values	100	106 430
Accrued interest, including amortisation effects		(1 395)
Total liquidity portfolio DnB NOR Markets	100	105 035
Of which reclassified portfolio		49 544

1) The exposure to the insurance sector represented only 0.01 per cent of the total portfolio at end-March 2011. 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 3.3 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 23 million at end-March 2011.

Commercial paper and bonds, held to maturity

Amounts in NOK million	DnB NOR Bank Group			
	31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
	DnB NOR Markets	105 035	112 567	112 955
Other units	1 185	1 184	231	333
Commercial paper and bonds, held to maturity	106 220	113 751	113 186	113 302

Note 14 Intangible assets

DnB NOR Bank ASA				Amounts in NOK million	DnB NOR Bank Group			
31 Dec. 2009	31 March 2010	31 Dec. 2010	31 March 2011		31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
1 650	1 651	2 419	2 422	Goodwill ¹⁾	3 464	3 471	3 631	3 605
51	51	0	0	Postbanken brand name	0	0	51	51
629	580	789	755	IT systems development ¹⁾	1 190	1 160	1 169	1 199
232	229	370	354	Other intangible assets	347	370	464	699
2 562	2 511	3 578	3 532	Total intangible assets	5 001	5 001	5 315	5 554

1) In the first quarter of 2011 there was not identified any need for impairment losses of goodwill or IT systems. The valuations are based on reported figures for the first quarter compared with approved plans for the various cash-generating units.

Note 15 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			
	31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
<i>Amounts in NOK million</i>				
Commercial paper issued, nominal amount	185 617	153 910	175 932	167 989
Bond debt, nominal amount	185 543	183 140	202 684	224 418
Adjustments	2 502	5 711	6 101	5 824
Total debt securities issued	373 662	342 761	384 718	398 231

Changes in debt securities issued	DnB NOR Bank ASA					
	Balance sheet 31 March 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	185 617	148 019	114 155	(2 156)		153 910
Bond debt, nominal amount	185 543	18 799	15 554	(842)		183 140
Adjustments	2 502				(3 209)	5 711
Total debt securities issued	373 662	166 817	129 709	(2 998)	(3 209)	342 761

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Bank ASA					
	Balance sheet 31 March 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	16 789			(295)		17 085
Perpetual subordinated loan capital, nominal amount	4 456		2 263	(285)		7 004
Perpetual subordinated loan capital securities, nominal amount ¹⁾	8 055			(186)		8 241
Adjustments	1 106				50	1 056
Total subordinated loan capital and perpetual subordinated loan capital securities	30 406	0	2 263	(766)	50	33 386

Debt securities issued	DnB NOR Bank Group			
	31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
<i>Amounts in NOK million</i>				
Commercial paper issued, nominal amount	185 639	153 934	175 966	168 028
Bond debt, nominal amount ²⁾	384 946	344 392	315 060	319 917
Adjustments	4 159	11 122	14 900	12 962
Total debt securities issued	574 744	509 447	505 926	500 907

Changes in debt securities issued	DnB NOR Bank Group					
	Balance sheet 31 March 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	185 639	148 026	114 164	(2 157)		153 934
Bond debt, nominal amount ²⁾	384 946	75 357	33 138	(1 665)		344 392
Adjustments	4 159				(6 963)	11 122
Total debt securities issued	574 744	223 383	147 302	(3 822)	(6 963)	509 447

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Bank Group					
	Balance sheet 31 March 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	16 863			(305)		17 167
Perpetual subordinated loan capital, nominal amount	4 456		2 263	(286)		7 005
Perpetual subordinated loan capital securities, nominal amount ¹⁾	8 055			(186)		8 241
Adjustments	1 124				64	1 060
Total subordinated loan capital and perpetual subordinated loan capital securities	30 498	0	2 263	(777)	64	33 474

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 322.0 billion as at 31 March 2011. The cover pool represented NOK 403.3 billion.

Note 16 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. 2010	31 March 2011		31 March 2011	31 Dec. 2010
		<i>Amounts in NOK million</i>		
17 514	17 514	Share capital	17 514	17 514
61 582	61 403	Other equity	72 159	72 344
79 096	78 917	Total equity	89 673	89 859
		Deductions		
0	0	Pension funds above pension commitments	(34)	(16)
(2 419)	(2 422)	Goodwill	(3 464)	(3 472)
(481)	(523)	Deferred tax assets	(423)	(324)
(1 159)	(1 109)	Other intangible assets	(1 962)	(1 963)
0	0	Group contribution, payable	(6 000)	(6 000)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 024)	(1 000)	50 per cent of investments in other financial institutions	(1 000)	(1 024)
(515)	(984)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(1 136)	(666)
94	93	Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	(281)	(346)
73 592	72 972	Equity Tier 1 capital	75 343	76 018
8 241	8 055	Perpetual subordinated loan capital securities ^{1) 2)}	8 233	8 423
81 833	81 027	Tier 1 capital	83 576	84 441
7 004	4 456	Perpetual subordinated loan capital	4 456	7 004
17 085	16 789	Term subordinated loan capital ²⁾	17 428	17 775
		Deductions		
(1 024)	(1 000)	50 per cent of investments in other financial institutions	(1 000)	(1 024)
(515)	(984)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(1 136)	(666)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
22 549	19 261	Tier 2 capital	19 766	23 108
104 382	100 288	Total eligible primary capital ³⁾	103 342	107 548
738 194	730 131	Risk-weighted volume	923 972	918 659
59 056	58 410	Minimum capital requirement	73 918	73 493
10.0	10.0	Equity Tier 1 capital ratio (%)	8.2	8.3
11.1	11.1	Tier 1 capital ratio (%)	9.0	9.2
14.1	13.7	Capital ratio (%)	11.2	11.7
-	10.1	Equity Tier 1 capital ratio including 50 per cent of profit for the period (%)	8.3	-
-	11.2	Tier 1 capital ratio including 50 per cent of profit for the period (%)	9.2	-
-	13.9	Capital ratio including 50 per cent of profit for the period (%)	11.3	-

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 March 2011, calculations of capital adequacy included a total of NOK 742 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.

Note 16 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements

	Nominal exposure		Risk-weighted volume	DnB NOR Bank ASA	
	EAD ¹⁾			Capital requirements	Capital requirements
	31 March 2011	31 March 2011		31 March 2011	31 Dec. 2010
<i>Amounts in NOK million</i>					
IRB approach					
Corporate	665 649	571 711	308 091	24 647	24 567
Specialised Lending (SL)	3 393	3 331	1 545	124	117
Retail - mortgage loans	83 473	83 473	18 765	1 501	1 444
Retail - other exposures ²⁾	84 075	69 179	22 221	1 778	1 778
Securitisation	105 035	105 035	8 116	649	735
Total credit risk, IRB approach	941 626	832 728	358 736	28 699	28 641
Standardised approach					
Central government	88 321	86 532	5	0	143
Institutions	427 979	362 209	66 835	5 347	5 323
Corporate	226 190	185 741	177 290	14 183	14 235
Specialised Lending (SL)	0	0	0	0	476
Retail - mortgage loans	2 871	2 535	1 207	97	293
Retail - credit card exposures (QRRE) ²⁾	0	0	0	0	0
Retail - other exposures	31 160	17 688	12 616	1 009	1 078
Equity positions	28 129	28 129	28 327	2 266	2 267
Securitisation	0	0	0	0	0
Other assets	3 804	3 804	3 804	304	196
Total credit risk, standardised approach	808 454	686 638	290 084	23 207	24 010
Total credit risk	1 750 080	1 519 366	648 820	51 906	52 651
Market risk, standardised approach			31 249	2 500	2 404
Of which: Position risk, equity-and debt instruments			29 528	2 362	2 404
Currency risk			1 721	138	0
Operational risk			52 117	4 169	4 169
Deductions			(2 055)	(164)	(168)
Total risk-weighted volume and capital requirements before transitional rule			730 131	58 411	59 056
Additional capital requirements according to transitional rules ³⁾			0	0	0
Total risk-weighted volume and capital requirements			730 131	58 411	59 056

1) EAD, exposure at default.

2) The credit card portfolio is reported as Retail - other exposures under the IRB approach from the third quarter of 2010.

3) Due to transitional rules, the minimum capital adequacy requirements for 2010 and 2011 cannot be reduced below 80 per cent relative to the Basel I requirements.

Note 16 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements	DnB NOR Bank Group				
	Nominal exposure	EAD ¹⁾	Risk-weighted volume	Capital requirements	Capital requirements
	31 March 2011	31 March 2011	31 March 2011	31 March 2011	31 Dec. 2010
<i>Amounts in NOK million</i>					
IRB approach					
Corporate	677 322	583 578	313 774	25 102	25 103
Specialised Lending (SL)	3 393	3 331	1 545	124	117
Retail - mortgage loans	503 223	503 223	60 765	4 861	4 533
Retail - other exposures ²⁾	84 075	69 179	22 221	1 778	1 778
Securitisation	105 035	105 035	8 116	649	735
Total credit risk, IRB approach	1 373 049	1 264 345	406 420	32 514	32 266
Standardised approach					
Central government	101 432	112 820	27	2	146
Institutions	131 817	121 711	25 976	2 078	1 940
Corporate	345 872	261 600	248 184	19 855	19 912
Specialised Lending (SL)	0	0	0	0	476
Retail - mortgage loans	40 421	39 354	16 641	1 331	1 294
Retail - credit card exposures (QRRE) ²⁾	0	0	0	0	0
Retail - other exposures	56 511	39 108	28 681	2 295	2 474
Equity positions	4 276	4 276	4 474	358	361
Securitisation	6 568	6 568	1 266	101	117
Other assets	8 303	8 303	8 303	664	684
Total credit risk, standardised approach	695 201	593 741	333 552	26 684	27 404
Total credit risk	2 068 250	1 858 086	739 972	59 198	59 670
Market risk, standardised approach			31 563	2 525	2 466
Of which: Position risk, equity-and debt instruments			29 740	2 379	2 466
Currency risk			1 823	146	0
Operational risk			61 080	4 886	4 886
Deductions			(2 492)	(199)	(203)
Total risk-weighted volume and capital requirements before transitional rule			830 124	66 410	66 819
Additional capital requirements according to transitional rules ³⁾			93 849	7 508	6 673
Total risk-weighted volume and capital requirements			923 972	73 918	73 493

1) EAD, exposure at default.

2) The credit card portfolio is reported as Retail - other exposures under the IRB approach from the third quarter of 2010.

3) Due to transitional rules, the minimum capital adequacy requirements for 2010 and 2011 cannot be reduced below 80 per cent relative to the Basel I requirements.

Note 16 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.

Portfolios	Reporting methods for credit risk in capital adequacy calculations	
	31 March 2011	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 NOR, 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 Retail - other exposures.

Note 17 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 58.8 per cent at end-March 2011, up from 53.3 per cent a year earlier. Excluding short-term money market deposits, the ordinary ratio of deposits to lending was 56.6 per cent. During the same period, the ratio of deposits to lending in DnB NOR Bank ASA increased from 91.7 to 99.3 per cent.

The short-term funding markets were stable for banks with good credit ratings during the first quarter of 2011. The banking group maintained a high level of activity in the long-term funding markets in the first quarter. Financially strong banks had good access to funding, and the market generally showed rising interest in covered bonds. Combined with moderate lending growth, this helped ensure a sound liquidity position.

As at 31 March 2011, the average remaining term to maturity for the portfolio of bond debt was 4.0 years, compared with 3.2 years a year earlier. DnB NOR Bank aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 18 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. Eksportfinans has 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 (Boligkreditt) is 100 per cent owned by DnB NOR Bank ASA (the bank). As part of ordinary business transactions, a large number of banking transactions are entered into between Boligkreditt and 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 and 2009, portfolios representing NOK 93.6 billion and NOK 88.5 billion, respectively, were transferred from the bank to Boligkreditt. Portfolios transferred in 2010 represented a total of NOK 36.2 billion. Transfers of NOK 9.6 billion were made in the first quarter of 2011. 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 March 2011 totalled NOK 317 million.

At end-March 2011 the bank had invested NOK 109.8 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 the bank. 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. At end-March 2011, commitments with a total value of NOK 17.8 billion had been transferred from the bank to the company. The portfolio is diversified with respect to property types, sizes and locations. The transfers are made in agreement with the customers and are based on market terms. Like Boligkreditt, Næringskreditt purchases management and administrative services from the bank. In addition, administrative services relating to the company's operations are purchased from Boligkreditt. The fee paid to the bank and Boligkreditt for the period January through March 2011 totalled NOK 11 million.

Note 18 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 8.5 billion at end-March 2011.

The bank has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to Vital for an amount which was equivalent to NOK 1.0 billion at end-March 2011. 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. The bank 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.

The bank 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 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-March 2011, this funding represented NOK 101.8 billion. At end-March 2011, the bank's investments in Treasury bills used in the swap agreements represented NOK 66.2 billion.

Note 19 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information

DnB NOR Bank ASA				DnB NOR Bank Group				
31 Dec. 2009	31 March 2010	31 Dec. 2010	31 March 2011		31 March 2011	31 Dec. 2010	31 March 2010	31 Dec. 2009
				<i>Amounts in NOK million</i>				
36 049	35 243	34 564	33 678	Performance guarantees ¹⁾	35 325	36 323	36 454	37 479
18 138	18 320	20 597	19 773	Payment guarantees	21 316	22 111	20 271	19 250
10 702	12 385	10 650	11 056	Loan guarantees ²⁾	10 441	9 690	13 312	11 774
				Guarantee to the Norwegian Banks'				
939	939	498	0	Guarantee Fund	0	498	939	939
4 617	4 681	4 511	4 817	Guarantees for taxes etc.	4 865	4 547	4 719	4 655
3 643	5 091	2 776	2 760	Other guarantee commitments	3 064	3 052	5 520	3 892
74 087	76 660	73 596	72 085	Total guarantee commitments	75 011	76 221	81 215	77 989
0	0	0	0	Support agreements	7 992	7 695	8 015	8 045
74 087	76 660	73 596	72 085	Total guarantee commitments etc. ^{*)}	83 003	83 916	89 230	86 034
401 853	435 358	431 089	435 004	Unutilised credit lines and loan offers ³⁾	405 706	412 653	415 451	408 836
3 306	3 384	3 146	3 259	Documentary credit commitments ¹⁾	3 369	3 196	3 429	3 360
390	790	287	276	Other commitments	326	325	835	516
405 550	439 532	434 522	438 539	Total commitments	409 402	416 174	419 715	412 713
479 637	516 192	508 117	510 624	Total guarantee and off-balance commitments	492 405	500 090	508 945	498 747
151 067	191 389	169 633	101 234	Securities	101 234	169 633	191 389	151 067
150 934	191 261	169 539	101 109	- are pledged as security for: Loans ⁴⁾	101 109	169 539	191 261	150 934
133	128	125	125	Other activities	125	125	128	133
				<i>*) Of which counter-guaranteed by financial institutions</i>				
206	105	11	0		10	15	200	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 the 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 8 751 million were recorded in the balance sheet as at 31 March 2011. These loans are not included under guarantees in the table.

3) In 2010, unutilised credit lines have been changed in line with the Basel II definition. Figures for previous periods have been adjusted accordingly.

4) As at 31 March 2011, NOK 83 128 million in securities was 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.

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.

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. Other units in the DnB NOR Bank Group are also involved in legal disputes relating to structured products. The DnB NOR Bank Group 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.

Post-balance sheet events

On 11 April 2011, Relacom AB' creditors took over the shares in the company. The holding of DnB NOR Bank ASA represents 30.8 per cent of the share capital. The company will be recorded as an associated company in the balance sheet.

No information has come to light about other important circumstances which had occurred on the balance sheet date on 31 March 2011 and up till the Board of Directors' final consideration of the accounts on 5 May 2011.

Key figures

	DnB NOR Bank Group			
	1st quarter 2011	1st quarter 2010	Full year 2010	Full year 2009
Interest rate analyses				
1. Combined weighted total average spread for lending and deposits (%)	1.11	1.10	1.12	1.14
2. Spread for ordinary lending to customers (%)	1.59	1.56	1.59	1.59
3. Spread for deposits from customers (%)	0.27	0.28	0.30	0.29
Rate of return/profitability				
4. Net other operating income, per cent of total income	28.8	34.0	35.8	33.8
5. Cost/income ratio (%)	51.9	48.6	47.6	45.9
6. Return on equity, annualised (%)	10.0	13.2	13.9	10.0
Financial strength				
7. Core (Tier 1) capital ratio at end of period (%)	9.0	8.4	9.2	8.4
8. Core (Tier 1) capital incl. 50 per cent of profit for the period (%)	9.2	8.5	-	-
9. Capital adequacy ratio at end of period (%)	11.2	11.3	11.7	11.4
10. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	11.3	11.5	-	-
11. Core capital at end of period (NOK million)	83 576	80 458	84 441	80 400
12. Risk-weighted volume at end of period (NOK million)	923 972	956 594	918 659	960 208
Loan portfolio and write-downs				
13. Individual write-downs relative to average net lending to customers, annualised	0.30	0.47	0.34	0.52
14. Write-downs relative to average net lending to customers, annualised	0.30	0.33	0.25	0.66
15. Net non-performing and net doubtful commitments, per cent of net lending	1.55	1.86	1.53	1.69
16. Net non-performing and net doubtful commitments at end of period (NOK million)	18 922	21 813	18 409	19 127
Liquidity				
17. Ratio of customer deposits to net lending to customers at end of period (%)	58.8	53.3	56.1	54.4
Staff				
18. Number of full-time positions at end of period	11 972	12 107	11 970	12 263

Definitions

- 1, 2, 3 Based on nominal values excluding impaired loans, measured against the 3-month money market rate.
- 5 Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and 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

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	1st quarter 2011	4th quarter 2010	3rd quarter 2010	2nd quarter 2010	1st quarter 2010
Total interest income	11 340	11 632	12 753	10 147	9 645
Total interest expenses	6 466	6 773	6 700	6 197	5 800
Net interest income	4 874	4 859	6 053	3 950	3 845
Commissions and fees receivable etc.	1 316	1 462	1 401	1 299	1 213
Commissions and fees payable etc.	452	442	499	486	440
Net gains on financial instruments at fair value	427	(155)	442	1 705	930
Other income	667	2 782	609	2 057	698
Net other operating income	1 959	3 646	1 954	4 575	2 402
Total income	6 833	8 505	8 006	8 524	6 247
Salaries and other personnel expenses	1 737	1 768	1 985	1 679	1 229
Other expenses	1 537	1 380	1 450	1 421	1 359
Depreciation and write-downs of fixed and intangible assets	346	422	740	359	98
Total operating expenses	3 619	3 570	4 175	3 459	2 685
Net gains on fixed and intangible assets	0	5	2	0	0
Write-downs on loans and guarantees	517	(68)	541	46	293
Pre-tax operating profit	2 697	5 007	3 292	5 020	3 268
Taxes	755	1 144	856	1 355	915
Profit for the period	1 942	3 864	2 436	3 664	2 353

Balance sheet

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010	31 March 2010
Assets					
Cash and deposits with central banks	239 242	12 997	13 107	6 804	12 219
Lending to and deposits with credit institutions	231 415	216 432	203 940	411 080	280 569
Lending to customers	660 131	669 454	664 764	639 499	624 925
Commercial paper and bonds	252 675	280 423	284 180	259 627	304 034
Shareholdings	13 773	14 590	14 514	15 726	12 985
Financial derivatives	80 232	85 019	103 725	98 069	73 980
Commercial paper and bonds, held to maturity	106 220	113 751	113 742	116 382	113 186
Investments in associated companies	1 278	1 285	1 010	997	1 023
Investments in subsidiaries	22 948	22 932	21 741	25 752	25 942
Intangible assets	3 532	3 578	3 469	2 474	2 511
Deferred tax assets	523	481	299	1 078	1 148
Fixed assets	5 057	5 004	4 838	827	831
Other assets	9 205	9 332	9 881	9 239	7 159
Total assets	1 626 229	1 435 278	1 439 208	1 587 553	1 460 511
Liabilities and equity					
Loans and deposits from credit institutions	390 624	257 139	252 128	336 395	297 255
Deposits from customers	655 477	624 588	592 326	608 140	572 750
Financial derivatives	69 023	72 771	86 527	75 546	63 731
Debt securities issued	373 662	342 761	373 377	435 615	384 718
Payable taxes	1 346	1 594	2 924	2 264	7 993
Deferred taxes	58	3	(48)	7	7
Other liabilities	21 389	20 304	12 301	9 289	18 089
Provisions	455	709	625	664	646
Pension commitments	2 930	2 928	3 244	3 175	3 174
Subordinated loan capital	30 406	33 386	34 543	37 621	37 285
Total liabilities	1 545 370	1 356 182	1 357 946	1 508 716	1 385 648
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	50 650	48 887	51 053	48 628	44 654
Total equity	80 859	79 096	81 262	78 837	74 863
Total liabilities and equity	1 626 229	1 435 278	1 439 208	1 587 553	1 460 511

Profit and balance sheet trends (continued)

Income statement	DnB NOR Bank Group				
	1st quarter 2011	4th quarter 2010	3rd quarter 2010	2nd quarter 2010	1st quarter 2010
<i>Amounts in NOK million</i>					
Total interest income	15 020	15 293	14 932	14 017	13 157
Total interest expenses	9 004	9 163	8 972	8 281	7 596
Net interest income	6 015	6 130	5 960	5 736	5 561
Commissions and fees receivable etc.	1 548	1 696	1 634	1 555	1 452
Commissions and fees payable etc.	466	470	527	516	472
Net gains on financial instruments at fair value	662	1 649	260	1 767	1 298
Profit from companies accounted for by the equity method	72	72	99	(52)	61
Other income	616	660	603	1 778	522
Net other operating income	2 432	3 606	2 069	4 531	2 861
Total income	8 447	9 736	8 029	10 267	8 422
Salaries and other personnel expenses	2 136	2 167	2 148	2 183	1 673
Other expenses	1 858	1 602	1 579	1 828	1 729
Depreciation and write-downs of fixed and intangible assets	391	450	393	954	337
Total operating expenses	4 385	4 219	4 120	4 964	3 740
Net gains on fixed and intangible assets	5	26	(11)	(2)	11
Write-downs on loans and guarantees	892	529	643	878	947
Pre-tax operating profit	3 175	5 014	3 254	4 423	3 746
Taxes	889	1 172	1 004	1 415	1 236
Profit from operations and non-current assets held for sale, after taxes	(41)	57	30	(8)	(4)
Profit for the period	2 245	3 900	2 280	2 999	2 505
Profit attributable to shareholders	2 245	3 965	2 327	3 441	2 705
Profit attributable to minority interests	0	(65)	(46)	(442)	(199)

Balance sheet	DnB NOR Bank Group				
	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010	31 March 2010
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	242 242	16 198	16 049	9 807	15 287
Lending to and deposits with credit institutions	69 633	43 837	44 937	200 364	71 001
Lending to customers	1 187 026	1 184 100	1 165 777	1 168 394	1 139 958
Commercial paper and bonds	146 989	162 071	163 042	141 028	178 444
Shareholdings	14 187	14 954	14 869	16 115	13 345
Financial derivatives	70 063	76 781	98 363	95 039	71 355
Commercial paper and bonds, held to maturity	106 220	113 751	113 742	116 382	113 186
Investment property	2 963	2 872	714	685	626
Investments in associated companies	2 329	2 291	1 896	1 799	2 563
Intangible assets	5 001	5 001	4 831	4 751	5 315
Deferred tax assets	360	262	227	223	251
Fixed assets	5 818	5 767	5 642	5 573	5 483
Operations and non-current assets held for sale	1 326	1 271	1 304	1 310	1 314
Other assets	8 530	8 482	10 981	11 197	8 088
Total assets	1 862 689	1 637 639	1 642 373	1 772 666	1 626 214
Liabilities and equity					
Loans and deposits from credit institutions	384 704	257 931	258 063	338 956	305 120
Deposits from customers	698 441	664 012	629 412	645 346	607 946
Financial derivatives	59 147	60 622	69 387	61 726	52 532
Debt securities issued	574 744	509 447	540 418	582 775	505 926
Payable taxes	4 703	4 822	3 508	2 630	9 812
Deferred taxes	185	113	597	670	625
Other liabilities	14 420	13 009	13 298	11 656	15 336
Operations held for sale	350	387	373	376	347
Provisions	538	925	853	889	855
Pension commitments	3 040	3 038	3 345	3 337	3 337
Subordinated loan capital	30 498	33 474	35 852	38 937	38 600
Total liabilities	1 770 770	1 547 780	1 555 106	1 687 299	1 540 437
Minority interests	0	0	1 965	2 011	2 448
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	60 993	58 933	54 376	52 430	52 403
Total equity	91 919	89 859	87 267	85 367	85 776
Total liabilities and equity	1 862 689	1 637 639	1 642 373	1 772 666	1 626 214

Information about the DnB NOR Bank Group

Head office DnB NOR ASA

Mailing address NO-0021 Oslo
Visiting address Stranden 21, Oslo
Telephone +47 915 03000
Internet dnbnor.no
Organisation number Register of Business Enterprises NO 981 276 957 MVA

DnB NOR Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

Board of Directors in DnB NOR Bank ASA

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

Investor Relations

Bjørn Erik Næss, chief financial officer	tel. +47 22 48 29 22	bjorn.erik.naess@dnbnor.no
Per Sagbakken, head of IR/Long-term Funding	tel. +47 22 48 20 72	per.sagbakken@dnbnor.no
Thor Tellefsen	tel. +47 22 94 93 88	thor.tellefsen@dnbnor.no
Trond Sannes Marthinsen	tel. +47 22 94 93 76	trond.marthinsen@dnbnor.no

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

Othr 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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Translation: Gina Fladmoe and Nathalie Samuelsen, DnB NOR.*

