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DnB NOR Bank
Quarterly report
Third quarter
2011

(unaudited)

Key figures

DnB NOR Bank Group

Income statement	3rd quarter	3rd quarter	January - September		Full year
	2011	2010	2011	2010	2010
<i>Amounts in NOK million</i>					
Net interest income	6 374	5 960	18 428	17 257	23 387
<i>Net commissions and fees, core business ¹⁾</i>	1 260	1 169	3 714	3 363	4 604
<i>Net financial items</i>	2 802	899	5 930	6 098	8 463
Net other operating income, total	4 062	2 069	9 644	9 461	13 067
Ordinary operating expenses	4 519	4 120	13 471	12 233	16 451
Other expenses	0	0	0	591	591
Pre-tax operating profit before write-downs	5 917	3 909	14 601	13 894	19 412
Net gains on fixed and intangible assets	6	(11)	20	(3)	23
Write-downs on loans and guarantees	1 170	643	2 519	2 468	2 997
Pre-tax operating profit	4 754	3 254	12 102	11 423	16 437
Taxes	1 210	1 004	3 267	3 656	4 827
Profit from operations and non-current assets held for sale, after taxes	25	30	(5)	17	75
Profit for the period	3 568	2 280	8 829	7 785	11 685
Profit attributable to shareholders	3 568	2 327	8 829	8 473	12 437
Profit attributable to minority interests	0	(46)	0	(687)	(752)

Balance sheet

Balance sheet	30 Sept.	31 Dec.	30 Sept.
	2011	2010	2010
<i>Amounts in NOK million</i>			
Total assets	1 944 557	1 637 639	1 642 373
Lending to customers	1 260 993	1 184 100	1 165 777
Deposits from customers	773 334	664 012	629 412
Total equity	92 585	89 859	87 267
Average total assets	1 895 241	1 752 123	1 745 342

Key figures

Key figures	3rd quarter	3rd quarter	January - September		Full year
	2011	2010	2011	2010	2010
<i>Per cent</i>					
Combined weighted total average spread for lending and deposits	1.10	1.13	1.09	1.12	1.12
Cost/income ratio	43.3	51.3	48.0	49.3	47.6
Write-downs relative to average net lending to customers, annualised	0.39	0.22	0.28	0.29	0.25
Return on equity, annualised	15.6	10.9	13.0	13.6	13.9
Core (Tier 1) capital ratio at end of period ²⁾	8.5	8.9	8.5	8.9	9.2
Capital adequacy ratio at end of period ²⁾	10.2	11.4	10.2	11.4	11.7

1) *Net commissions and fees, operational reporting includes commissions and fees related to money transfers and interbank transactions, asset management services, credit broking, real estate broking, custodial services, securities trading, sale of insurance products and other income from banking services. The revenues are expected to be fairly stable over time.*

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

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Directors' report

First three quarters 2011

The DnB NOR Bank Group ¹⁾ recorded a profit of NOK 8 829 million in the first three quarters of 2011, an increase from NOK 7 785 million in the corresponding period of 2010. The rise in profits mainly reflected higher interest income and a certain rise in costs. Pre-tax operating profits before write-downs were NOK 14 601 million, up from NOK 13 895 million in the first three quarters of 2010.

Average lending volumes increased by NOK 63.3 billion or 5.6 per cent from the first three quarters of 2010. Lending spreads was stable. Net interest income increased by NOK 1 171 million or 6.8 per cent during the period, mainly due to rising volumes.

Other operating income increased by NOK 183 million from the first three quarters of 2010. The increase must be viewed in light of the NOK 1 170 million gain recorded by the Group in 2010 in connection with the merger between the payment services company Nordito and the Danish PBS Holding. Adjusted for the gains from the merger, other operating income rose by NOK 1 354 million. There was a healthy underlying income trend in the business areas during the period.

Operating expenses before impairment losses for goodwill and intangible assets rose by NOK 1 239 million from the first three quarters of 2010. Adjusted for the reversal of costs for contractual pension agreements (CPA) of NOK 355 million in 2010, there was a NOK 884 million increase in costs. The cost increase must be seen in association with the rise in income and higher activity levels. Among other things, the banking group has escalated its IT initiatives over the past year parallel to an increase in market and customer activities both in and outside Norway.

At NOK 2 519 million, the DnB NOR Bank Group's write-downs on loans and guarantees were relatively unchanged from the first three quarters of 2010. There was an increase in collective write-downs and a significant reduction in individual write-downs.

Return on equity was 13.0 per cent, down from 13.6 per cent in the first three quarters of 2010.

Together, DnB NOR Eiendom and Postbanken Eiendom were Norway's largest real estate brokerage operation in the first half of 2011, with just over 12 000 sold properties, a 17 per cent increase from the year-earlier period.

The name change from DnB NOR to DNB and the process to include the DnB NOR Bank Group's products and services under the new brand name are on schedule. The name change will be implemented on 11 November 2011.

Third quarter 2011

The DnB NOR Bank Group achieved a profit of NOK 3 568 million in the third quarter of 2011, an increase from NOK 2 280 million in the third quarter of 2010. Total income rose by NOK 2 407 million or 30.0 per cent, while operating expenses increased by NOK 399 million or 9.7 per cent. Write-downs on loans were up NOK 527 million, parallel to a NOK 206 million rise in taxes.

There was a positive trend in both interest income and other operating income. The financial performance reflected the turbulence in the financial markets and the turmoil ensured significant income from mark-to-market adjustments of liabilities and associated instruments. Pre-tax operating profits before write-downs were NOK 5 917 million, up from NOK 3 909 million in the third quarter of 2010.

Over the past few months, the DnB NOR Bank Group has succeeded in reversing the falling trend in its market shares of lending, which once again are on the increase. Average lending volumes rose by 7.0 per cent from the third quarter of 2010. Parallel to this, the banking group has worked systematically to increase deposits, and the average deposit volume was up 9.7 per cent from the July through September period in 2010. The ratio of deposits to lending was thus 61.3 per cent at end-September 2011, compared with 54 per cent a year earlier. The high ratio also reflected short-term money market deposits.

Lending spreads contracted by 0.02 percentage points from the third quarter of 2010, while deposit spreads narrowed by 0.04 percentage points.

Total interest income rose by NOK 413 million from the third quarter of 2010.

Due to the increase in money market rates and higher funding costs in international financial markets, the DnB NOR Bank Group decided towards the end of the third quarter to raise interest rates on loans and deposits for personal and corporate customers.

Net other operating income rose by NOK 1 994 million which almost was a doubling compared with the third quarter of 2010.

Operating expenses rose by NOK 399 million or 9.6 per cent from the third quarter of 2010. The increase in costs in excess of ordinary wage and price inflation reflected a rise in income, a higher level of market activity and greater IT initiatives.

At NOK 1 170 million, the level of write-downs was higher than in the third quarter of 2010 and the second quarter of 2011. There was an increase in collective write-downs due to weaker economic conditions in some industries and higher write-downs on the home mortgage portfolio in Latvia. The individual write-downs also related to the home mortgage portfolio in Latvia and a few large individual commitments. Write-downs in the shipping segment remained at a very low level.

Return on equity was 15.6 per cent, up from 10.9 per cent in the third quarter of 2010.

The DnB NOR Bank Group continued its adaptations to the new liquidity and capital requirements which are expected to be introduced over the next few years. Market uncertainty resulted in higher funding costs.

DNB NOR achieved 28th place among all the Norwegian companies in Synovate's corporate reputation survey published in August, and was thus ranked best among the large Norwegian banks. The customer satisfaction score in the EPSI study increased from 64 to 69. Thus, the DnB NOR Bank Group continued the positive trend in its reputation and customer satisfaction scores.

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

Income statement

Net interest income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2011	Change	2010
Net interest income	6 374	413	5 960
Lending and deposit volumes		579	
Guarantee fund levy		185	
Equity and non-interest bearing items		42	
Lending and deposit spreads		(110)	
Long-term funding costs		(124)	
Exchange rate movements		(156)	
Other net interest income		(2)	

Net interest income showed a positive trend during the period, rising by NOK 413 million from the third quarter of 2010, which reflected strong volume growth and rising pressure on spreads. Average lending volumes increased by 7.0 per cent and deposit volumes by 9.7 per cent from the year-earlier period. The ratio of deposits to lending was thus 61.3 per cent at end-September 2011. The high ratio also reflected short-term money market deposits. Adjusted for exchange rate effects, lending increased by 9.7 per cent, parallel to a 10.2 per cent rise in deposits.

Lending spreads contracted by 0.02 percentage points from the third quarter of 2010, while deposit spreads narrowed by 0.04 percentage points. Lending spreads in the personal customer market were most greatly affected by intense competition, while spreads showed a positive trend in other segments.

The banking group raised its interest rates towards the end of the third quarter. Due to notification rules for interest rate adjustments on personal customer loans, it will take some time before the interest rate adjustments for these customers will take effect.

Higher long-term funding costs reduced income by NOK 124 million compared with the third quarter of 2010. However, as the banking group was not required to pay guarantee fund levies in 2011, amounting to NOK 185 million in 2010, the reduction in income was offset.

Net other operating income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2011	Change	2010
Net other operating income	4 062	1 994	2 069
Net gains on foreign exchange and interest rate instruments ¹⁾		2 122	
Net unrealised gains on investment property		93	
Real estate broking		32	
Net other commissions and fees		19	
Net stock market-related income		(128)	
Profits from associated companies		(178)	
Other operating income		33	

1) Excluding guarantees.

Net other operating income increased by NOK 1 994 million from the third quarter of 2010. There was a particularly high level of income from mark-to-market adjustments in the banking group, which increased by a total of NOK 2 108 million from the year-earlier period. Volatile markets contributed to increased sales of currency and interest rate hedging products to the bank's customers. In light of market developments, operating income in other areas of operation was at a satisfactory level.

Operating expenses

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2011	Change	2010
Operating expenses	4 519	399	4 120
<i>Income-related items</i>			
Operational leasing			22
København Ejendomme			11
Performance-based pay			70
Sales expenses etc.			53
<i>Expenses related to operations</i>			
Cost programme			(81)
Wage and price inflation			113
IT expenses			108
Rise in pension expenses			28
Fees including rebranding project			38
Sundry expenses			37

The banking group's operating expenses, increased by NOK 399 million from the third quarter of 2010. The banking group further expanded its operations in Norway and internationally, and there were rising costs in areas where remunerations are directly linked to income. In addition, marketing activities were stepped up considerably, which has helped the banking group reverse the fall in market shares to growth over the past few quarters. This also ensured a rise in income.

The banking group has increased its IT development activity to ensure that the IT systems adequately support the banking group's strategic priority areas.

The cost programme is on schedule.

Write-downs on commitments

Write-downs on loans and guarantees totalled NOK 1 170 million for the quarter, up NOK 527 million from the third quarter of 2010.

Individual write-downs in Retail Banking were reduced by NOK 100 million, while there was a NOK 40 million increase in Large Corporates and International relating to a few large commitments. Individual write-downs in DnB NORD rose by NOK 201 million, which mainly represented write-downs on the home mortgage portfolio in Latvia.

There was a NOK 385 million increase in collective write-downs. In the third quarter of 2010, reversals on collective write-downs represented NOK 134 million, while the weakened economic conditions after the summer of 2011 and the situation in the Latvian home mortgage market resulted in additional collective write-downs of NOK 251 million in the third quarter of 2011.

Net non-performing and doubtful commitments totalled NOK 14.5 billion at end-September 2011, down from NOK 20.8 billion a year earlier. Net non-performing and doubtful commitments represented 1.12 and 1.75 per cent, respectively, of lending volume on the same dates.

Taxes

The DnB NOR Bank Group's tax charge for the third quarter of 2011 was NOK 1 210 million, up from NOK 1 004 million in the year-earlier period. A review was made of losses carried forward in DnB NORD, resulting in recognition of a deferred tax asset. Relative to pre-tax operating profits, the tax charge was reduced to 25.5 per cent, from 30.9 per cent in the third quarter of 2010.

Business areas

Activities in the DnB NOR Bank Group are organised in the business areas Retail Banking, Large Corporates and International and DnB NOR Markets. The business areas operate as independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products.

From year-end 2010, DnB NOR is wholly-owned by DnB NOR. Operations in the Baltic region and Poland are 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 Group's 2.1 million personal customers and some 220 000 corporate customers through the branch network in Norway. DnB NOR Bank Group 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 1 788 million in the third quarter of 2011, an increase of NOK 63 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs.

<i>Income statement in NOK million</i>	3rd quarter 2011	3rd quarter 2010	Change
Net interest income	3 519	3 504	15
Other operating income	997	956	41
Income attributable to product suppliers	380	265	115
Net other operating income	1 377	1 221	156
Total income	4 896	4 724	172
Other operating expenses	2 680	2 503	178
Costs attributable to product suppliers	177	126	52
Total operating expenses	2 858	2 628	230
Pre-tax operating profit before write-downs	2 038	2 096	(58)
Net gains on fixed assets	0	0	0
Net write-downs on loans ¹⁾	250	372	(121)
Pre-tax operating profit	1 788	1 725	63

Average balance sheet items in NOK billion

Net lending to customers	790.3	740.8	49.5
Deposits from customers	411.3	383.6	27.7

Key figures in per cent

Lending spread ²⁾	1.46	1.61	
Deposit spread ²⁾	0.50	0.53	
Return on risk-adjusted capital ³⁾	27.2	24.6	
Cost/income ratio	58.4	55.6	
Ratio of deposits to lending	52.0	51.8	
Number of full-time positions, end of period	5 001	4 948	53

1) Including collective write-downs from 2011.

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

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

Adjusted for the sale of DnB NOR Bank Group's home mortgage portfolio in Sweden in the first quarter of 2011, average net lending increased by 7.5 per cent from the third quarter of 2010 to the corresponding period in 2011. The growth rate for home mortgages increased further in the third quarter of 2011. In addition, lending to small and medium-sized businesses showed a positive trend. Compared with the year-earlier period, average deposits rose by 7.2 per cent, while the average ratio of deposits to lending was 52.0 per cent for the quarter. Along with customer deposits, covered bonds based on home mortgages in DnB NOR Boligkreditt were key sources of funding. At end-September 2011, 93 per cent of lending volume in Retail Banking was funded by deposits and covered bonds.

Net interest income was virtually unchanged from the third quarter of 2010. Increasing volumes and the discontinuation of guarantee fund levies compensated for the pressure on interest rate spreads, rising funding costs and lag effects related to the implementation of interest rate adjustments. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, was 1.13 per cent in the third quarter of 2011, down from 1.24 per cent in the year-earlier period. Relative to the 3-month money market rate, the spread on home mortgages was 0.79 per cent in the third quarter of 2011, down from 0.92 per cent in the year-earlier period.

Rising income from real estate broking and from product suppliers and an increase in the market value of financial investments contributed to the positive trend in other operating income. Changes in the value of shares in partially-owned companies had a negative effect on income compared with the third quarter of 2010.

High market activity and IT development contributed to raising operating expenses. The number of full-time positions was 5 001 at end-September 2011, with 4 674 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 third quarter of 2011, compared with 0.20 per cent in the year-earlier period. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-September 2011, down NOK 1.1 billion from end-September 2010.

The Group's market share of credit to households has shown a positive trend for the year to date and stood at 27.8 per cent at end-August 2011. The Group's market share of household deposits was 34.4 per cent, showing a stable trend.

In October, DnB NOR Bank Group raised the maximum limit for the BSU home savings scheme for young people from NOK 20 000 to NOK 50 000 per year. This is an offer to young adults who wish to increase their home savings beyond the current tax-deductible amount.

Norway is experiencing strong economic and employment growth, while unemployment levels are lower than at the beginning of 2011. New requirements from the authorities with respect to improved liquidity and a higher share of long-term funding are expected to result in higher funding costs for banks and contribute to increasing interest rate levels. Competition for stable deposits will remain strong. Retail Banking expects stable demand for both home mortgages and loans to small and medium-sized companies. Financial market developments may necessitate wider lending spreads relative to the short-term money market rate. The level of write-downs on loans in both the personal and corporate customer segments is expected to remain low.

Large Corporates and International

Large Corporates and International offers large Norwegian and international corporate customers the Group's full range of financial services. The business area's strategic platform is based on broad industry expertise and long-term relationships.

Pre-tax operating profits came to NOK 1 737 million, up NOK 50 million from the year-earlier period.

	3rd quarter 2011	3rd quarter 2010	Change
<i>Income statement in NOK million</i>			
Net interest income	2 023	1 655	368
Other operating income	192	313	(121)
Income attributable to product suppliers	579	525	54
Net other operating income	772	838	(66)
Total income	2 795	2 493	302
Operating expenses	591	528	63
Costs attributable to product suppliers	234	194	41
Total operating expenses	825	721	104
Pre-tax operating profit before write-downs	1 970	1 772	198
Net gains on fixed assets	0	0	0
Net write-downs on loans ¹⁾	233	85	147
Pre-tax operating profit	1 737	1 687	50
<i>Average balance sheet items in NOK billion</i>			
Net lending to customers	371.2	346.1	25.2
Deposits from customers	228.1	211.2	16.9
<i>Key figures in per cent</i>			
Lending spread ²⁾	1.68	1.48	
Deposit spread ²⁾	0.01	0.11	
Return on risk-adjusted capital ³⁾	22.8	20.1	
Cost/income ratio	29.5	28.9	
Ratio of deposits to lending	61.4	61.0	
Number of full-time positions, end of period	1 138	1 084	53

1) Including collective write-downs from 2011.

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

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

The level of activity showed a positive trend, and average lending increased by 7.3 per cent from the third quarter of 2010. A large part of Large Corporates and International's business is denominated in US dollars. A depreciation of the US dollar rate compared with the third quarter of 2010 reduced the growth in lending and deposits measured in Norwegian kroner. Adjusted for exchange rate movements, there was a 12.6 per cent rise in lending. There was an increase in lending of NOK 18.4 billion from the second to the third quarter of 2011.

Deposits rose by 8.0 per cent from the third quarter of 2010, while the ratio of deposits to lending widened by 0.4 percentage points. Average deposit volumes were down 1.2 per cent compared with the second quarter of 2011, though there was a significant rise in deposits towards the end of the quarter.

Relative to the 3-month money market rate, lending spreads widened by 0.20 percentage points from the third quarter of 2010 and by 0.06 percentage points from the second quarter of 2011, to 1.68 per cent. The widening spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads declined by 0.10 percentage points from the third quarter of 2010 and by 0.02 percentage points from the second quarter of 2011.

The reduction in other operating income was mainly attributable to a negative development in the value of repossessed assets in the form of equities and ownership interests. Operating expenses rose by 14.4 per cent from the third quarter of 2010, mainly due to a rise in staff numbers in strategic priority areas and higher costs attributable to product suppliers. The cost/income ratio rose by 0.6 percentage points during the same period. At end-September 2011, staff in the business area represented 1 138 full-time positions, including 658 positions outside Norway.

Net write-downs on loans represented 0.25 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.13 per cent. In the third quarter of 2010, net individual write-downs came to 0.10 per cent of net lending. Collective write-downs totalled NOK 108 million in the third quarter of 2011. The increase mainly reflected a less favourable market situation for the shipping industry. Collective write-downs were not included in the business area's accounts in 2010. Net non-performing and doubtful commitments amounted to NOK 1.4 billion at end-September 2011, down NOK 0.2 billion from end-June 2011. The corresponding figure at end-September 2010 was NOK 4.3 billion.

The quality of the loan portfolio remained sound, and close follow-up of customers and preventive measures ensured a positive trend from the preceding quarters. Certain customer segments may nevertheless face challenges, depending on market conditions. The DnB NOR Bank Group will give priority to retaining and developing long-term and profitable customer relationships through sound professional skills, good solutions, close follow-up and support in a challenging market situation. Average lending spreads are expected to increase somewhat, while the pressure on deposits spreads is expected to continue.

DnB NOR Markets

DnB NOR Markets is Norway's largest provider of securities and investment services. The business area recorded a strong level of profits in the third quarter of 2011. Significant fluctuations in exchange rates and lower long-term interest rates ensured a high level of activity within currency and interest rate hedging. Pre-tax operating profits totalled NOK 967 million, up NOK 159 million or 19.6 per cent compared with the year-earlier period.

	3rd quarter 2011	3rd quarter 2010	Change
<i>Income statement in NOK million</i>			
FX, interest rate and commodity derivatives	433	308	125
Investment products	91	101	(10)
Corporate finance	227	216	10
Securities services	52	51	1
Total customer revenues	803	676	127
Net income from international bond portfolio	(1)	292	(293)
Other market making/trading revenues	608	264	344
Total trading revenues	607	555	51
Interest income on allocated capital	44	43	1
Total income	1 454	1 274	179
Operating expenses	486	466	20
Pre-tax operating profit	967	808	159
<i>Key figures in per cent</i>			
Return on risk-adjusted capital ¹⁾	45.9	36.2	
Cost/income ratio	33.5	36.6	
Number of full-time positions, end of period	693	666	27

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

Customer-related revenues totalled NOK 803 million, up 18.7 per cent from the third quarter of 2010. Lower income from equities trading and equity issues was more than offset by a rising level of activity within currency and interest rate hedging. The cost/income ratio declined to 33.5 per cent, from 36.6 per cent in the third quarter of 2010.

Customer-related income from foreign exchange and interest rate and commodity derivatives rose by 40.8 per cent from the year-earlier period. Declining long-term interest rates boosted demand for interest rate hedging among customers. Due to large fluctuations in the Norwegian kroner rate, both importers and exporters were active in hedging currency positions. There was brisk commodity hedging activity at the start of the quarter due to falling oil prices.

Customer-related income from the sale of securities and other investment products was down 10 per cent compared with the third quarter of 2010. Stock market volatility resulted in lower income from equities brokerage. This was partly offset by higher income from bond brokerage, and DnB NOR Markets increased its market share on Oslo Børs in this product segment.

Customer-related revenues from corporate finance services increased by 4.8 per cent from the third quarter of 2010. A higher level of income from advisory services and the arrangement of debt capital issues more than offset the lower income from equity issues and initial public offerings. The new corporate finance unit at the Group's branch in Chile completed its first acquisition transaction during the third quarter.

Customer-related revenues from custodial and other securities services were at the same level as a year earlier. There was a high level of activity in all of these operations.

Income from market making and other proprietary trading totalled NOK 607 million, up NOK 51 million from the year-earlier period. The general increase in credit spreads in the market resulted in mark-to-market losses on bonds of NOK 370 million, which will be reversed over time. These losses were more than offset by rising income from trading in foreign exchange and interest rate instruments.

Developments in the equity, credit, commodity, currency and interest rate markets will be decisive for the business area's future performance.

DnB NORD

DnB NORD recorded a pre-tax operating loss of NOK 533 million in the third quarter of 2011, compared with a loss of NOK 28 million in the third quarter of 2010. The weak performance mainly reflected a high level of write-downs on loans in Latvia. There was a positive profit trend in the other countries.

	3rd quarter 2011	3rd quarter 2010	Change
<i>Income statement in NOK million</i>			
Net interest income	333	345	(12)
Other operating income	188	222	(34)
Total income	521	567	(46)
Total operating expenses	328	328	1
Pre-tax operating profit before write-downs	193	240	(47)
Net gains on fixed assets	5	(14)	19
Net write-downs on loans	731	253	477
Pre-tax operating profit	(533)	(28)	(505)

Average balance sheet items in NOK billion

Net lending to customers	59.4	62.1	(2.6)
Deposits from customers	22.7	22.3	0.4

Key figures in per cent

Lending spread ¹⁾	1.80	1.94	
Deposit spread ¹⁾	1.10	0.62	
Return on risk-adjusted capital ²⁾	(39.2)	(2.0)	
Cost/income ratio	63.0	57.9	
Ratio of deposits to lending	38.1	35.9	
Number of full-time positions, end of period	3 234	3 138	96

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 4.2 per cent from the third quarter of 2010 to the corresponding period in 2011. Measured relative to lending at the end of the period, there was a 5.7 per cent reduction from end-September 2010, with a 7.0 per cent decline in lending in the Baltic States and a 17.7 per cent increase in lending in Poland. The decline in lending in the Baltics was due to general market conditions. In spite of an improved macroeconomic situation in all these countries and increasing growth, it will take time before this is reflected in higher investment levels and rising credit demand. Average customer deposits rose by 1.6 per cent from the third quarter of 2010.

The reduction in other operating income was due to lower net gains on foreign exchange and interest rate instruments. Operating expenses were stable from the third quarter of 2010.

In consequence of high write-downs in Latvia, net write-downs on loans showed a negative trend in the third quarter of 2011. During this quarter, Latvia accounted for 90 per cent of DnB NORD's write-downs on loans and for 56 per cent of total write-downs in the DnB NOR Bank Group. The write-downs in Latvia referred to residential mortgages and were due to a reassessment of collateral values and rising costs associated with the process repossessing of properties. Write-downs in the other DnB NORD units showed a stable or positive trend.

The operations in DnB NORD are mainly concentrated in the Baltic States and Poland and are continued as a separate division in Large Corporates and International. The operations in Copenhagen are being downscaled, whereby important functions and assets have been or will be transferred to Norway. When the Group presented the figures for the second quarter of 2011, it stated that the future strategy in Poland was being assessed and that the sale of these operations would be considered. The increasing international financial market turmoil this summer and autumn has given far less favourable conditions for selling banking operations. The DnB NOR Bank Group will continue to review the strategy for the Polish operations.

Important future activities will be closer integration with the DnB NOR Bank Group, the mitigation of write-downs and improved cost-efficiency.

Write-downs on loans are expected to be reduced, though there is still some risk associated with the home mortgage portfolio in Latvia. The DnB NOR Bank Group will monitor the operations in Latvia more closely. Future growth in the region is expected to surpass average European levels. The DnB NOR Bank Group will work to improve operations in DnB NOR, and the sale of a wider product range, 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 1 945 billion as at 30 September 2011 and NOK 1 642 billion a year earlier.

Measured in Norwegian kroner, net lending to customers increased by NOK 95 billion or 8.2 per cent from end-September 2010. Adjusted for exchange rate movements, lending also showed a NOK 94.6 billion increase. Customer deposits rose by as much as NOK 144 billion or 22.9 per cent during the corresponding period. After adjusting for exchange rate movements, there was a NOK 143 billion increase in deposits.

The banking group's ratio of deposits to lending increased significantly from 54 per cent at end-September 2010 to 61.3 per cent. The ratio of deposits to lending in DnB NOR Bank ASA rose from 89.1 to 104.6 per cent. The ratio of deposits to lending in DnB NOR Bank ASA reflects that all of the banking group's loans which are not carried in the books of DnB NOR Boligkreditt are financed through customer deposits.

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 third quarter. The short-term funding markets were affected by the uncertainty concerning the international sovereign debt situation, and most of the short-term funding which was raised had very short maturities. The market remained very selective, and only banks with good credit ratings had good access to funding. DnB NOR was one of these banks.

In order to keep the banking group's long-term 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-September 2011, this share was 102.6 per cent. Due to the international volatility, the players in the long-term funding market were hesitant, and very few transactions were completed in the third quarter. Uncertainty in the market resulted in higher funding costs.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds in DnB NOR Bank was 4.4 years at end-September 2011, compared with 3.4 years a year earlier.

Risk and capital adequacy

The risk situation worsened in the third quarter. Debt problems in the Euro countries, the US debt downgrade and weaker key macro-economic variables gave rise to fear of a new economic downturn, especially in parts of Europe and the US. The uncertainty resulted in high volatility and increased risk premiums in the capital markets. In turn, this led to significant reductions in equity prices and made it more demanding for financial institutions to obtain market-based funding.

However, Norwegian economic expansion remained brisk due to high activity levels in the oil and gas sector. Strong employment growth was coupled with low unemployment levels. Housing prices continued to rise. Though Norges Bank had previously announced an increase in its key policy rate, the central bank chose to leave the rate unchanged in light of increasing international uncertainty. The strong Norwegian krone rate and relatively high wage inflation presented increasing challenges for Norwegian exposed industries.

The DnB NOR Bank Group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement increased by NOK 5.0 billion during the third quarter of 2011, to NOK 57.6 billion. The table below shows developments in the risk-adjusted capital requirement.

<i>Amounts in NOK billion</i>	30 Sept. 2011	30 June 2011	31 Dec. 2010	30 Sept. 2010
Credit risk	51.3	46.3	45.5	46.1
Market risk	4.8	4.8	5.0	4.4
Operational risk	6.1	5.9	5.8	5.8
Business risk	4.0	4.0	4.0	3.9
Gross risk-adjusted capital requirement	66.2	61.1	60.2	60.3
Diversification effect ¹⁾	(8.6)	(8.5)	(8.2)	(7.7)
Net risk-adjusted capital requirement	57.6	52.6	52.0	52.6
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	13.1	13.9	13.6	12.7

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.*

Risk-adjusted capital for credit increased by NOK 5 billion from end-June 2011, primarily due to rising volumes, reflecting a 9 per cent increase in the US dollar rate. There was stable, sound credit quality in the healthy portfolio, while the volume of non-performing and doubtful commitments continued its downward trend during the third quarter. Special factors caused a high level of write-downs on mortgages in Latvia, though underlying economic growth in the Baltic States remained positive. Low rates in the tanker, container and dry bulk segments in shipping have put pressure on shipping companies' earnings and liquidity. Lower portfolio quality must be expected in these segments in the future. The Norwegian commercial property market showed a positive trend, with increasing sales and a moderate rise in values.

There was an increase in registered events entailing operational risk in the third quarter, which nevertheless remained at a low level. The operational stability of the banking group's IT systems deteriorated somewhat during the third quarter. There was a slight increase in risk-adjusted capital for operational risk due to higher business volumes.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 62.3 billion during the quarter, to NOK 1 010.9 billion. In 2011, risk-weighted volume cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. DnB NOR is encompassed by this limitation. Including 50 per cent of interim profits, the Tier 1 capital ratio was 8.5 per cent, while the capital adequacy ratio was 10.2 per cent. The reduction in the capital adequacy ratio reflected an increase in risk-weighted volume, which was partly due to exchange rate movements.

Calculations have also been made of the effect of full future implementation of the Basel II rules on all of the banking group's credit portfolios, excluding DnB NOR and disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 837 billion and a potential Tier 1 capital ratio of 10.2 per cent.

Macroeconomic developments

During the summer, there was a shift in the international economy, and growth prospects were revised downward. Economic indicators for the OECD area showed lower than expected growth. In the financial markets, there was great uncertainty regarding the debt-

ridden countries' ability to serve their debt, which was reflected in a higher interest rate differential depending on whether Treasury bonds were regarded as secure or non-secure. There was a significant decline in equity prices, as well as in the prices of a number of commodities. OECD unemployment levels stayed high. The rate of inflation in Norway remained moderate and was affected by high energy prices, high food prices and a rise in indirect taxes which will probably have a temporary effect on consumer price inflation.

GDP growth remained high in the emerging economies, though the rate of growth declined. The authorities in these countries attempted to dampen growth by tightening economic policy, which included raising key policy rates. In the US and Europe, however, interest rate increases are expected to be postponed.

In a number of countries, the authorities have limited means available to implement measures to counter a possible long-term stagnation. Many countries need to tighten fiscal policy in spite of low growth. As interest rates are already low, a small reduction in interest rate levels is not likely to have much effect on demand from households and companies. Consequently, other monetary policy measures, such as increased liquidity injections will be more relevant.

If attempts to find a political solution to the debt problems fail, some countries may end up defaulting on their debt. A number of European banks have large holdings of Treasury bonds in these countries and will then have to record sizeable losses. The European Central Bank and the EU Financial Stability Facility may also suffer great losses. This could have serious consequences, and the possibility of a new financial crisis cannot be excluded.

Norway has experienced moderate economic growth over the past couple of years. Thus far in 2011, growth has increased somewhat. There has been a certain decline in the rate of unemployment, which has stabilised at a level which is lower than the average for the past ten years. The level of inflation has been low, as has the interest rate level. There has been high real wage growth, with a rise in both employment levels and the number of social benefit recipients. Strong growth in real household income and low interest rates have given an increase in consumption levels and housing investment and contributed to boosting economic growth. There has been a particularly high level of activity in the housing market, with a significant rise in resale home prices. Based on prospects of a prevailing low interest rate level and falling inflation, a further increase is expected in household demand. In turn, this will contribute to increasing corporate investment. In addition, greater investments in the petroleum industry and energy production will result in higher activity levels. However, due to the slow growth in the international economy, Norwegian export industries are expected to experience reduced demand and a weak price trend in the future. If the weak global trend continues, it will, over time, gradually also affect the rest of the Norwegian economy.

New regulatory framework

The banking group expects to have continued satisfactory access to funding, but at higher interest rates than prior to the financial crisis. This is mainly attributable to the European sovereign debt crisis. In the longer term, however, the new regulatory framework for the financial services industry will also cause higher funding costs. The

Basel III regulatory framework 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 latest CRD IV draft proposal was published in July and circulated for comments. According to plan, it will be presented to the EU Parliament in June 2012. The directive is expected to be approved by year-end 2012. The Norwegian Ministry of Finance has prepared draft legislation and a consultation paper for implementing CRD IV in Norway and aims to approve changes in regulations during the second half of 2012.

Criteria have been 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. DnB NOR is working to become well positioned to meet the new requirements. Up until the new and stricter regulations are introduced, the Group's funding activities will reflect a gradual adaptation to the regulations.

In the opinion of the banking group, it is vital that competition in the market is based on equal framework conditions. Norwegian regulations, taxes and fees which may be introduced should not be implemented in a different manner or earlier than corresponding international measures.

Future prospects

Norway, where the DnB NOR Bank Group has most of its operations, enjoys a strong economy and stable future prospects. In the Retail Banking business area, a healthy trend is expected, but also rising funding costs. The Large Corporates and International business area will focus on more selective growth but also anticipates wider spreads. In DnB NOR Markets, it is expected that market developments and the broad scope of its activities will ensure a continued high level of earnings. Operations in DnB NOR are expected to show further improvement, though the situation in Latvia will remain challenging.

If the international unrest concerning the debt situation in Southern Europe continues, rising funding costs and a possible weakening of DnB NOR's international portfolios could affect the banking group's financial performance. It will be crucial that the EU countries succeed in agreeing on adequate stabilising measures. If the turmoil persists, it will also affect profits in the banking group's Norwegian operations. In addition, new capital and liquidity requirements introduced by the authorities will be challenging to meet, especially if economic developments remain weak over a longer period.

Overall, DnB NOR nevertheless expects a positive future financial trend for the banking group. Due to lower interest rate levels, high financial market volatility, more sluggish growth and new regulatory requirements, it may be more demanding to reach the financial targets in the short term. However, the Group's strategy and long-term targets remain unchanged.

Oslo, 26 October 2011
The Board of Directors of DnB NOR ASA

Anne Carine Tanum
(chairman)

Jarle Berge
(vice-chairman)

Sverre Finstad

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	3rd quarter 2011	3rd quarter 2010	January - September		Full year
				2011	2010	2010
Total interest income	5	12 386	12 753	35 276	32 545	44 177
Total interest expenses	5	6 902	6 700	19 849	18 697	25 471
Net interest income	5	5 483	6 053	15 427	13 848	18 706
Commissions and fees receivable etc.	6	1 408	1 401	4 071	3 913	5 375
Commissions and fees payable etc.	6	503	499	1 423	1 425	1 867
Net gains on financial instruments at fair value	7	1 295	442	3 623	3 077	2 922
Other income	8	365	609	1 739	3 364	6 147
Net other operating income		2 564	1 954	8 010	8 930	12 577
Total income		8 047	8 006	23 437	22 778	31 283
Salaries and other personnel expenses	9, 10	1 929	1 985	5 553	4 892	6 660
Other expenses	9	1 464	1 450	4 464	4 229	5 610
Depreciation and write-downs of fixed and intangible assets	9	403	740	1 236	1 197	1 619
Total operating expenses	9	3 795	4 175	11 253	10 319	13 889
Net gains on fixed and intangible assets		0	2	4	1	6
Write-downs on loans and guarantees	11	466	541	1 240	880	813
Pre-tax operating profit		3 786	3 292	10 949	11 580	16 587
Taxes		1 170	856	3 175	3 127	4 270
Profit for the period		2 617	2 436	7 774	8 453	12 317

Comprehensive income statement

DnB NOR Bank ASA					
<i>Amounts in NOK million</i>	3rd quarter 2011	3rd quarter 2010	January - September		Full year
			2011	2010	2010
Profit for the period	2 617	2 436	7 774	8 453	12 317
Exchange differences arising from the translation of foreign operations	85	(338)	(129)	20	(6)
Comprehensive income for the period	2 702	2 098	7 645	8 473	12 310

Balance sheet

		DnB NOR Bank ASA		
<i>Amounts in NOK million</i>	Note	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Assets				
Cash and deposits with central banks		273 298	12 997	13 107
Lending to and deposits with credit institutions		226 627	216 432	203 940
Lending to customers	12, 13	700 866	669 454	664 764
Commercial paper and bonds		211 477	280 423	284 180
Shareholdings		12 249	14 590	14 514
Financial derivatives		118 719	85 019	103 725
Commercial paper and bonds, held to maturity	14	98 858	113 751	113 742
Investments in associated companies		1 139	1 285	1 010
Investments in subsidiaries		33 111	22 932	21 741
Intangible assets	15	3 472	3 578	3 469
Deferred tax assets		529	481	299
Fixed assets		5 168	5 004	4 838
Other assets		8 696	9 332	9 881
Total assets		1 694 209	1 435 278	1 439 208
Liabilities and equity				
Loans and deposits from credit institutions		366 672	257 139	252 128
Deposits from customers		732 978	624 588	592 326
Financial derivatives		94 851	72 771	86 527
Debt securities issued	16	368 961	342 761	373 377
Payable taxes		2 345	1 594	2 924
Deferred taxes		57	3	(48)
Other liabilities		11 855	20 304	12 301
Provisions		441	709	625
Pension commitments		2 920	2 928	3 244
Subordinated loan capital	16	26 389	33 386	34 543
Total liabilities		1 607 468	1 356 182	1 357 946
Share capital		17 514	17 514	17 514
Share premium reserve		12 695	12 695	12 695
Other equity		56 532	48 887	51 053
Total equity		86 741	79 096	81 262
Total liabilities and equity		1 694 209	1 435 278	1 439 208
Off-balance sheet transactions, contingencies and post-balance sheet events	20			

Income statement

DnB NOR Bank Group						
<i>Amounts in NOK million</i>	Note	3rd quarter 2011	3rd quarter 2010	January - September		Full year
		2011	2010	2011	2010	2010
Total interest income	5	16 417	14 932	46 704	42 106	57 399
Total interest expenses	5	10 044	8 972	28 277	24 849	34 012
Net interest income	5	6 374	5 960	18 428	17 257	23 387
Commissions and fees receivable etc.	6	1 641	1 634	4 772	4 642	6 337
Commissions and fees payable etc.	6	525	527	1 478	1 516	1 986
Net gains on financial instruments at fair value	7	2 265	260	4 259	3 325	4 973
Profit from companies accounted for by the equity method		(79)	99	(34)	108	180
Other income	8	761	603	2 126	2 902	3 562
Net other operating income		4 062	2 069	9 644	9 461	13 067
Total income		10 436	8 029	28 072	26 718	36 454
Salaries and other personnel expenses	9, 10	2 329	2 148	6 811	6 003	8 170
Other expenses	9	1 778	1 579	5 442	5 136	6 737
Depreciation and write-downs of fixed and intangible assets	9	411	393	1 219	1 684	2 135
Total operating expenses	9	4 519	4 120	13 471	12 823	17 042
Net gains on fixed and intangible assets		6	(11)	20	(3)	23
Write-downs on loans and guarantees	11	1 170	643	2 519	2 468	2 997
Pre-tax operating profit		4 754	3 254	12 102	11 423	16 437
Taxes		1 210	1 004	3 267	3 656	4 827
Profit from operations and non-current assets held for sale, after taxes		25	30	(5)	17	75
Profit for the period		3 568	2 280	8 829	7 785	11 685
Profit attributable to shareholders		3 568	2 327	8 829	8 473	12 437
Profit attributable to minority interests		0	(46)	0	(687)	(752)

Comprehensive income statement

DnB NOR Bank Group					
<i>Amounts in NOK million</i>	3rd quarter 2011	3rd quarter 2010	January - September		Full year
	2011	2010	2011	2010	2010
Profit for the period	3 568	2 280	8 829	7 785	11 685
Exchange differences arising from the translation of foreign operations	124	(390)	(102)	(92)	(135)
Comprehensive income for the period	3 693	1 890	8 726	7 693	11 550
Comprehensive income attributable to shareholders	3 693	1 947	8 726	8 494	12 444
Comprehensive income attributable to minority interests	0	(57)	0	(801)	(894)

Balance sheet

DnB NOR Bank Group

<i>Amounts in NOK million</i>	Note	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Assets				
Cash and deposits with central banks		276 593	16 198	16 049
Lending to and deposits with credit institutions		49 515	43 837	44 937
Lending to customers	12, 13	1 260 993	1 184 100	1 165 777
Commercial paper and bonds		105 993	162 071	163 042
Shareholdings		12 711	14 954	14 869
Financial derivatives		110 341	76 781	98 363
Commercial paper and bonds, held to maturity	14	98 858	113 751	113 742
Investment property		5 308	2 872	714
Investments in associated companies		2 034	2 291	1 896
Intangible assets	15	5 030	5 001	4 831
Deferred tax assets		408	262	227
Fixed assets		5 994	5 767	5 642
Operations and non-current assets held for sale		1 206	1 271	1 304
Other assets		9 574	8 482	10 981
Total assets		1 944 557	1 637 639	1 642 373
Liabilities and equity				
Loans and deposits from credit institutions		356 347	257 931	258 063
Deposits from customers		773 334	664 012	629 412
Financial derivatives		74 789	60 622	69 387
Debt securities issued	16	601 114	509 447	540 418
Payable taxes		2 507	4 822	3 508
Deferred taxes		205	113	597
Other liabilities		13 300	13 009	13 298
Operations held for sale		360	387	373
Provisions		504	925	853
Pension commitments		3 035	3 038	3 345
Subordinated loan capital	16	26 476	33 474	35 852
Total liabilities		1 851 972	1 547 780	1 555 106
Minority interests		0	0	1 965
Share capital		17 514	17 514	17 514
Share premium reserve		13 411	13 411	13 411
Other equity		61 659	58 933	54 376
Total equity		92 585	89 859	87 267
Total liabilities and equity		1 944 557	1 637 639	1 642 373
Off-balance sheet transactions, contingencies and post-balance sheet events	20			

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			8 453	8 453
Exchange differences arising from the translation of foreign operations			20	20
Comprehensive income for the period			8 473	8 473
Merger with DnB NOR Finans AS			327	327
Balance sheet as at 30 September 2010	17 514	12 695	51 053	81 262
Balance sheet as at 31 December 2010	17 514	12 695	48 887	79 096
Profit for the period			7 774	7 774
Exchange differences arising from the translation of foreign operations			(129)	(129)
Comprehensive income for the period			7 645	7 645
Balance sheet as at 30 September 2011	17 514	12 695	56 532	86 741
<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>			20	20
<i>Merger with DnB NOR Finans AS</i>			19	19
<i>Balance sheet as at 30 September 2010</i>			(244)	(244)
<i>Balance sheet as at 31 December 2010</i>			(270)	(270)
<i>Comprehensive income for the period</i>			(129)	(129)
<i>Balance sheet as at 30 September 2011</i>			(398)	(398)

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	(687)			8 473	7 785
Exchange differences arising from the translation of foreign operations	(114)			21	(92)
Comprehensive income for the period	(801)			8 494	7 693
Group contribution for 2009 to DnB NOR ASA				(3 750)	(3 750)
Minority interests	10				10
Balance sheet as at 30 September 2010	1 965	17 514	13 411	54 376	87 267
Balance sheet as at 31 December 2010	0	17 514	13 411	58 933	89 859
Profit for the period				8 829	8 829
Exchange differences arising from the translation of foreign operations				(102)	(102)
Comprehensive income for the period				8 726	8 726
Group contribution for 2010 to DnB NOR ASA				(6 000)	(6 000)
Balance sheet as at 30 September 2011	0	17 514	13 411	61 659	92 585
<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>	(114)			21	(92)
<i>Balance sheet as at 30 September 2010</i>	(177)			(219)	(396)
<i>Balance sheet as at 31 December 2010</i>				(438)	(438)
<i>Comprehensive income for the period</i>				(102)	(102)
<i>Balance sheet as at 30 September 2011</i>				(540)	(540)

Cash flow statement

DnB NOR Bank ASA			DnB NOR Bank Group			
Full year	January - September					
2010	2010	2011	Amounts in NOK million			
			January - September	Full year		
			2011	2010	2010	
Operating activities						
6 814	11 589	(31 940)				
			Net receipts/payments on loans to customers	(78 612)	(34 660)	(56 030)
43 944	5 014	101 512				
			Net receipts on deposits from customers	102 894	9 741	50 491
26 870	19 837	21 178				
			Interest received from customers	36 140	32 448	44 214
(10 834)	(7 851)	(9 853)				
			Interest paid to customers	(10 407)	(8 377)	(11 527)
			Net receipts/payments on the sale of			
18 264	4 053	75 565				
			financial assets for investment or trading	58 983	(8 451)	508
3 646	2 638	2 644				
			Net receipts on commissions and fees	3 290	3 276	4 433
(12 975)	(9 080)	(9 872)				
			Payments to operations	(12 108)	(11 098)	(15 584)
(7 912)	(7 340)	(2 416)				
			Taxes paid	(5 663)	(8 833)	(8 032)
4 811	1 960	1 721				
			Other receipts	2 107	1 812	2 529
72 627	20 821	148 539	Net cash flow relating to operating activities	96 623	(24 141)	11 003
Investment activities						
(2 495)	(1 339)	(1 300)				
			Net payments on the acquisition of fixed assets	(1 456)	(1 334)	(1 968)
200	200	85				
			Receipts on the sale of long-term investments in shares	85	200	0
(1 313)	(60)	(10 164)				
			Payments on the acquisition of long-term investment in shares	0	(60)	(1 253)
216	347	105				
			Dividends received on long-term investments in shares	105	150	438
(3 391)	(852)	(11 274)	Net cash flow relating to investment activities	(1 266)	(1 044)	(2 783)
Funding activities						
(20 032)	(14 749)	90 695				
			Net receipts/payments on loans to credit institutions	84 286	(30 803)	(26 351)
(9 331)	651	2 986				
			Net receipts/payments on other short-term liabilities	11 345	13 265	2 131
181 307	182 050	213 562				
			Receipts on issued bonds and commercial paper	304 473	255 602	278 237
(231 268)	(203 651)	(189 423)				
			Payments on redeemed bonds and commercial paper	(223 699)	(214 758)	(257 013)
(3 522)	(3 522)	(7 524)				
			Redemptions of subordinated loan capital	(7 524)	(3 522)	(4 704)
(3 224)	526	(4 524)				
			Dividend/group contribution payments/receipts	(6 000)	(3 750)	(3 750)
17 340	12 741	14 098				
			Interest receipts on funding activities	10 565	9 692	13 219
(14 599)	(10 804)	(9 954)				
			Interest payments on funding activities	(17 827)	(16 430)	(22 454)
(83 329)	(36 758)	109 916	Net cash flow from funding activities	155 619	9 295	(20 685)
234	165	6 949	Effects of exchange rate changes on cash and cash equivalents	7 081	(82)	(153)
(13 860)	(16 624)	254 130	Net cash flow	258 057	(15 972)	(12 618)
46 037	46 037	32 177				
			Cash as at 1 January	23 459	36 078	36 078
(13 860)	(16 624)	254 130				
			Net receipts/payments of cash	258 057	(15 972)	(12 618)
32 177	29 412	286 307				
			Cash at end of period ¹⁾	281 517	20 106	23 459
*) Of which:						
12 997	13 107	273 298				
			Cash and deposits with central banks	276 593	16 049	16 198
19 180	16 305	13 009				
			Deposits with credit institutions with no agreed period of notice ¹⁾	4 924	4 057	7 261

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 third 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. No new or amended accounting standards or interpretations entered into force during the third quarter of 2011.

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 Changes in group structure

On 16 June 2011, DnB NOR Bank ASA took over all the shares in Royston Norway from Propinvest Ltd. as part of the restructuring of the bank's commitment with the company. In addition, a company in Sweden and another in Finland were acquired. The acquired companies are organised into three independent sub-groups and own a total of 62 commercial properties, of which 55 are located in Norway, four in Sweden and three in Finland. The fair value of the properties was estimated at approximately NOK 1.8 billion on the acquisition date. The bank will seek to further develop the properties, aiming for a future sale. The bank is expected to own the properties for a few years, which means that the consolidation requirement must be fulfilled.

The companies were taken over at the price of NOK 1. On the acquisition date, the acquired companies had a total negative equity of NOK 218 million. Prior to the acquisition, DnB NOR Bank ASA had written down the commitment by a corresponding amount.

Note 4 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. DnB NOR's operations are 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", appurtenant 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 4 Segments (continued)

Income statement, third quarter

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR		Other operations/ eliminations ¹⁾		DnB NOR Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>Amounts in NOK million</i>												
Net interest income - ordinary operations	3 379	3 369	1 861	1 492	236	230	316	334	582	535	6 374	5 960
Interest on allocated capital ²⁾	141	135	162	163	44	43	17	10	(364)	(351)	0	0
Net interest income	3 519	3 504	2 023	1 655	280	273	333	345	218	184	6 374	5 960
Other operating income	997	956	192	313	1 173	1 002	188	222	1 512	(424)	4 062	2 069
Income attributable to product suppliers	380	265	579	525	0	0	0	0	(959)	(790)	0	0
Net other operating income	1 377	1 221	772	838	1 173	1 002	188	222	553	(1 214)	4 062	2 069
Total income	4 896	4 724	2 795	2 493	1 454	1 274	521	567	771	(1 030)	10 436	8 029
Other operating expenses	2 680	2 503	591	528	486	466	328	328	433	296	4 519	4 120
Cost attributable to product suppliers	177	126	234	194	0	0	0	0	(412)	(319)	0	0
Operating expenses	2 858	2 628	825	721	486	466	328	328	21	(23)	4 519	4 120
Pre-tax operating profit before write-downs	2 038	2 096	1 970	1 772	967	808	193	240	750	(1 007)	5 917	3 909
Net gains on fixed and intangible assets	0	0	0	0	0	0	5	(14)	1	2	6	(11)
Write-downs on loans and guarantees ³⁾	250	372	232	84	0	0	731	253	(44)	(66)	1 170	643
Write-downs attributable to product suppliers	0	0	0	1	0	0	0	0	0	(1)	0	0
Pre-tax operating profit	1 788	1 725	1 737	1 687	967	808	(533)	(28)	795	(937)	4 754	3 254

1) Other operations/eliminations:

	Elimination of income/ cost attributable							
	to product suppliers		Other eliminations		Group Centre ^{*)}		Total	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2011	2010	2011	2010	2011	2010	2011	2010
<i>Amounts in NOK million</i>								
Net interest income - ordinary operations	0	0	0	0	582	535	582	535
Interest on allocated capital ²⁾	0	0	0	0	(364)	(351)	(364)	(351)
Net interest income	0	0	0	0	218	184	218	184
Other operating income	0	0	(44)	(119)	1 556	(304)	1 512	(424)
Income attributable to product suppliers	(959)	(790)	0	0	0	0	(959)	(790)
Net other operating income	(959)	(790)	(44)	(119)	1 556	(304)	553	(1 214)
Total income	(959)	(790)	(44)	(119)	1 774	(121)	771	(1 030)
Other operating expenses	0	1	(44)	(119)	477	414	433	296
Cost attributable to product suppliers	(412)	(319)	0	0	0	0	(412)	(319)
Operating expenses	(412)	(319)	(44)	(119)	477	415	21	(23)
Pre-tax operating profit before write-downs	(548)	(471)	0	0	1 298	(535)	750	(1 007)
Net gains on fixed and intangible assets	0	0	0	0	1	2	1	2
Write-downs on loans and guarantees ³⁾	0	0	0	0	(44)	(66)	(44)	(66)
Write-downs attributable to product suppliers	0	(1)	0	0	0	0	0	(1)
Pre-tax operating profit	(548)	(470)	0	0	1 342	(467)	795	(937)

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.

	3rd quarter	
	2011	2010
^{*)} Group Centre - pre-tax operating profit in NOK million		
+ Interest on unallocated equity etc.	270	205
+ Income from equities investments	34	74
+ Mark-to-market adjustments Treasury and fair value on lending	1 299	(875)
+ Eksportfinans AS	(27)	118
- Unallocated write-downs on loans and guarantees	(44)	(66)
- Unallocated pension expenses	16	(5)
- Funding costs on goodwill	14	13
Other	(248)	(47)
Pre-tax operating profit	1 342	(467)

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

3) As from 1 January 2011, changes in collective write-downs are also included in the accounts of Retail Banking and Large Corporates and International. See note 11 Write-downs on loans and guarantees for an analysis of the gross change in write-downs for the banking group.

Note 4 Segments (continued)

Main average balance sheet items

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR D		Other operations/ eliminations		DnB NOR Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		2nd quarter	
<i>Amounts in NOK billion</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net lending to customers ¹⁾	790.3	740.8	371.2	346.1	2.0	1.1	59.4	62.1	12.1	12.1	1 235.0	1 162.1
Deposits from customers ¹⁾	411.3	383.6	228.1	211.2	36.5	17.4	22.7	22.3	19.8	19.5	718.3	654.0
Allocated capital ²⁾	18.8	20.0	21.8	24.0	6.0	6.4	4.3	4.6				

Key figures

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR D		Other operations		DnB NOR Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
<i>Per cent</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cost/income ratio ³⁾	58.4	55.6	29.5	28.9	33.5	36.6	63.0	57.9			43.3	51.3
Ratio of deposits to lending ^{1) 4)}	52.0	51.8	61.4	61.0			38.1	35.9			58.2	56.3
Return on allocated capital, annualised ²⁾	27.2	24.6	22.8	20.1	45.9	36.2	(39.2)	(2.0)				
Number of full-time positions as at 30 September	5 001	4 948	1 138	1 084	693	666	3 234	3 138	2 348	2 243	12 414	12 080

- 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. Capital allocated to Retail Banking and Large Corporates and International was adjusted downward in the third quarter of 2011 due to changes in the calculation models.
- 3) Total operating expenses relative to total income.
- 4) Deposits from customers relative to net lending to customers.

Comments to the income statement, third quarter

Retail Banking

Pre-tax operating profits totalled NOK 1 788 million in the third quarter of 2011, an increase of NOK 63 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs. Adjusted for the sale of DnB NOR Bank Group's home mortgage portfolio in Sweden in the first quarter of 2011, average net lending increased by 7.5 per cent from the third quarter of 2010 to the corresponding period in 2011. The growth rate for home mortgages increased further in the third quarter of 2011. In addition, lending to small and medium-sized businesses showed a positive trend. Compared with the year-earlier period, average deposits rose by 7.2 per cent, while the average ratio of deposits to lending was 52.0 per cent for the quarter. Along with customer deposits, covered bonds based on home mortgages in DnB NOR Boligkredit were key sources of funding. At end-September 2011, 93 per cent of lending volume in Retail Banking was funded by deposits and covered bonds. Net interest income was virtually unchanged from the third quarter of 2010. Increasing volumes and the discontinuation of guarantee fund levies compensated for the pressure on interest rate spreads, rising funding costs and lag effects related to the implementation of interest rate adjustments. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, was 1.13 per cent in the third quarter of 2011, down from 1.24 per cent in the year-earlier period. Relative to the 3-month money market rate, the spread on home mortgages was 0.79 per cent in the third quarter of 2011, down from 0.92 per cent in the year-earlier period. Rising income from real estate broking and from product suppliers and an increase in the market value of financial investments contributed to the positive trend in other operating income. Changes in the value of shares in partially-owned companies had a negative effect on income compared with the third quarter of 2010. High market activity and IT development contributed to raising operating expenses. The number of full-time positions was 5 001 at end-September 2011, with 4 674 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 third quarter of 2011, compared with 0.20 per cent in the year-earlier period. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-September 2011, down NOK 1.1 billion from end-September 2010.

Large Corporates and International

Pre-tax operating profits came to NOK 1 737 million, up NOK 50 million from the year-earlier period. The level of activity showed a positive trend, and average lending increased by 7.3 per cent from the third quarter of 2010. A large part of Large Corporates and International's business is denominated in US dollars. A depreciation of the US dollar rate compared with the third quarter of 2010 reduced the growth in lending and deposits measured in Norwegian kroner. Adjusted for exchange rate movements, there was a 12.6 per cent rise in lending. There was an increase in lending of NOK 18.4 billion from the second to the third quarter of 2011. Deposits rose by 8.0 per cent from the third quarter of 2010, while the ratio of deposits to lending widened by 0.4 percentage points. Average deposit volumes were down 1.2 per cent compared with the second quarter of 2011, though there was a significant rise in deposits towards the end of the quarter. Relative to the 3-month money market rate, lending spreads widened by 0.20 percentage points from the third quarter of 2010 and by 0.06 percentage points from the second quarter of 2011, to 1.68 per cent. The widening spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads declined by 0.10 percentage points from the third quarter of 2010 and by 0.02 percentage points from the second quarter of 2011. The reduction in other operating income was mainly attributable to a negative development in the value of repossessed assets in the form of equities and ownership interests. Operating expenses rose by 14.4 per cent from the third quarter of 2010, mainly due to a rise in staff numbers in strategic priority areas and higher costs attributable to product suppliers. The cost/income ratio rose by 0.6 percentage points during the same period. At end-September 2011, staff in the business area represented 1 138 full-time positions, including 658 positions outside Norway. Net write-downs on loans represented 0.25 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.13 per cent. In the third quarter of 2010, net individual write-downs came to 0.10 per cent of net lending. Collective write-downs totalled NOK 108 million in the third quarter

Note 4 Segments (continued)

of 2011. The increase mainly reflected a less favourable market situation for the shipping industry. Collective write-downs were not included in the business area's accounts in 2010. Net non-performing and doubtful commitments amounted to NOK 1.4 billion at end-September 2011, down NOK 0.2 billion from end-June 2011. The corresponding figure at end-September 2010 was NOK 4.3 billion.

DnB NOR Markets

DnB NOR Markets is Norway's largest provider of securities and investment services. The business area recorded a strong level of profits in the third quarter of 2011. Significant fluctuations in exchange rates and lower long-term interest rates ensured a high level of activity within currency and interest rate hedging. Pre-tax operating profits totalled NOK 967 million, up NOK 159 million or 19.6 per cent compared with the year-earlier period. Customer-related revenues totalled NOK 803 million, up 18.7 per cent from the third quarter of 2010. Lower income from equities trading and equity issues was more than offset by a rising level of activity within currency and interest rate hedging. The cost/income ratio declined to 33.5 per cent, from 36.6 per cent in the third quarter of 2010. Customer-related income from foreign exchange and interest rate and commodity derivatives rose by 40.8 per cent from the year-earlier period. Declining long-term interest rates boosted demand for interest rate hedging among customers. Due to large fluctuations in the Norwegian kroner rate, both importers and exporters were active in hedging currency positions. There was brisk commodity hedging activity at the start of the quarter due to falling oil prices. Customer-related income from the sale of securities and other investment products was down 10 per cent compared with the third quarter of 2010. Stock market volatility resulted in lower income from equities brokerage. This was partly offset by higher income from bond brokerage, and DnB NOR Markets increased its market share on Oslo Børs in this product segment. Customer-related revenues from corporate finance services increased by 4.8 per cent from the third quarter of 2010. A higher level of income from advisory services and the arrangement of debt capital issues more than offset the lower income from equity issues and initial public offerings. The new corporate finance unit at the Group's branch in Chile completed its first acquisition transaction during the third quarter. Customer-related revenues from custodial and other securities services were at the same level as a year earlier. There was a high level of activity in all of these operations. Income from market making and other proprietary trading totalled NOK 607 million, up NOK 51 million from the year-earlier period. The general increase in credit spreads in the market resulted in mark-to-market losses on bonds of NOK 370 million, which will be reversed over time. These losses were more than offset by rising income from trading in foreign exchange and interest rate instruments.

Revenues within various segments

<i>Amounts in NOK million</i>	DnB NOR Markets	
	3rd quarter 2011	3rd quarter 2010
FX, interest rate and commodity derivatives	433	308
Investment products	91	101
Corporate finance	227	216
Securities services	52	51
Total customer revenues	803	676
Net income international bond portfolio	(1)	292
Other market making/trading revenues	608	264
Total trading revenues	607	555
Interest income on allocated capital	44	43
Total income	1 454	1 274

DnB NORD

DnB NORD recorded a pre-tax operating loss of NOK 533 million in the third quarter of 2011, compared with a loss of NOK 28 million in the third quarter of 2010. The weak performance mainly reflected a high level of write-downs on loans in Latvia. There was a positive profit trend in the other countries. Average net lending to customers was reduced by 4.2 per cent from the third quarter of 2010 to the corresponding period in 2011. Measured relative to lending at the end of the period, there was a 5.7 per cent reduction from end-September 2010, with a 7.0 per cent decline in lending in the Baltic States and a 17.7 per cent increase in lending in Poland. The decline in lending in the Baltics was due to general market conditions. In spite of an improved macroeconomic situation in all these countries and increasing growth, it will take time before this is reflected in higher investment levels and rising credit demand. Average customer deposits rose by 1.6 per cent from the third quarter of 2010. The reduction in other operating income was due to lower net gains on foreign exchange and interest rate instruments. Operating expenses were stable from the third quarter of 2010. In consequence of high write-downs in Latvia, net write-downs on loans showed a negative trend in the third quarter of 2011. During this quarter, Latvia accounted for 90 per cent of DnB NORD's write-downs on loans and for 56 per cent of total write-downs in the DnB NOR Bank Group. The write-downs in Latvia referred to residential mortgages and were due to a reassessment of collateral values and rising costs associated with the process repossessing of properties. Write-downs in the other DnB NORD units showed a stable or positive trend.

Note 4 Segments (continued)

Group Centre

The Group Centre recorded a pre-tax operating profit of NOK 1 342 million in the third quarter of 2011, compared with a loss of NOK 467 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled a loss of NOK 27 million in the third quarter of 2011, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with a profit of NOK 118 million in the third quarter of 2010. Income from equity investments totalled NOK 34 million in the third quarter of 2011, a decrease of NOK 39 million from the previous year. There was a profit contribution of NOK 1 299 million from own debt, loans carried at fair value and related derivatives in the third quarter of 2011, compared with a negative profit contribution of NOK 875 million in the corresponding period in 2010. There was a reduction of NOK 44 million in collective write-downs in the third quarter of 2011, compared with a reduction of NOK 66 million in the third quarter of 2010. The reduction was partly attributable to the fact that collective write-downs relating to the loan portfolios in Retail Banking and Large Corporates and International are included in the respective business areas' accounts with effect from 2011.

Income statement, January-September

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR		Other operations/ eliminations		DnB NOR Bank Group	
	Jan. - Sept.	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>Amounts in NOK million</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	10 159	10 145	5 304	4 268	647	704	917	1 039	1 402	1 100	18 428	17 257
Interest on allocated capital	426	363	472	451	114	110	43	27	(1 056)	(950)	0	0
Net interest income	10 584	10 508	5 776	4 719	762	814	960	1 066	346	149	18 428	17 257
Other operating income	2 790	2 720	782	762	3 905	3 235	528	507	1 640	2 237	9 644	9 461
Income attributable to product suppliers	988	916	1 584	1 345	0	0	0	0	(2 572)	(2 261)	0	0
Net other operating income	3 778	3 635	2 366	2 108	3 905	3 235	528	507	(932)	(24)	9 644	9 461
Total income	14 362	14 143	8 142	6 827	4 667	4 049	1 488	1 573	(586)	125	28 072	26 718
Other operating expenses	7 906	7 800	1 761	1 596	1 516	1 366	1 029	1 358	1 259	703	13 471	12 823
Cost attributable to product suppliers	482	488	654	540	0	0	0	0	(1 136)	(1 028)	0	0
Operating expenses	8 388	8 288	2 415	2 136	1 516	1 366	1 029	1 358	124	(325)	13 471	12 823
Pre-tax operating profit before write-downs	5 974	5 855	5 727	4 691	3 151	2 682	458	215	(710)	450	14 601	13 894
Net gains on fixed and intangible assets	2	1	0	0	0	0	12	(29)	6	24	20	(3)
Write-downs on loans and guarantees	603	862	838	396	0	0	1 123	1 509	(45)	(299)	2 519	2 468
Write-downs attributable to product suppliers	0	0	2	4	0	0	0	0	(2)	(4)	0	0
Pre-tax operating profit	5 372	4 994	4 888	4 292	3 151	2 683	(653)	(1 322)	(656)	777	12 102	11 423

Comments to the income statement, January - September

The DnB NOR Bank Group recorded a profit of NOK 8 829 million in the first three quarters of 2011, an increase from NOK 7 785 million in the corresponding period of 2010. The rise in profits mainly reflected higher interest income and a certain rise in costs. Pre-tax operating profits before write-downs were NOK 14 601 million, up from NOK 13 895 million in the first three quarters of 2010. Average lending volumes increased by NOK 63.3 billion or 5.6 per cent from the first three quarters of 2010. Lending spreads was stable. Net interest income increased by NOK 1 171 million or 6.8 per cent during the period, mainly due to rising volumes. Other operating income increased by NOK 183 million from the first three quarters of 2010. The increase must be viewed in light of the NOK 1 170 million gain recorded by the Group in 2010 in connection with the merger between the payment services company Nordito and the Danish PBS Holding. Adjusted for the gains from the merger, other operating income rose by NOK 1 354 million. There was a healthy underlying income trend in the business areas during the period. Operating expenses before impairment losses for goodwill and intangible assets rose by NOK 1 239 million from the first three quarters of 2010. Adjusted for the reversal of costs for contractual pension agreements (CPA) of NOK 355 million in 2010, there was a NOK 884 million increase in costs. The cost increase must be seen in association with the rise in income and higher activity levels. Among other things, the banking group has escalated its IT initiatives over the past year parallel to an increase in market and customer activities both in and outside Norway. At NOK 2 519 million, the DnB NOR Bank Group's write-downs on loans and guarantees were relatively unchanged from the first three quarters of 2010. There was an increase in collective write-downs and a significant reduction in individual write-downs. Return on equity was 13.0 per cent, down from 13.6 per cent in the first three quarters of 2010. Together, DnB NOR Eiendom and Postbanken Eiendom were Norway's largest real estate brokerage operation in the first half of 2011, with just over 12 000 sold properties, a 17 per cent increase from the year-earlier period. The name change from DnB NOR to DNB and the process to include the DnB NOR Bank Group's products and services under the new brand name are on schedule. The name change will be implemented on 11 November 2011.

Note 5 Net interest income

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	3rd quarter	3rd quarter	January - September		Full year
	2011	2010	2011	2010	2010
Interest on loans to and deposits with credit institutions	1 847	1 007	4 891	4 249	5 693
Interest on loans to customers	6 887	8 723	21 055	19 712	26 709
Interest on impaired commitments	33	29	101	92	119
Interest on commercial paper and bonds	2 413	2 329	6 842	6 822	9 256
Front-end fees etc.	56	80	187	183	271
Other interest income	1 149	585	2 200	1 486	2 128
Total interest income	12 386	12 753	35 276	32 545	44 177
Interest on loans and deposits from credit institutions	1 137	1 311	3 460	3 728	4 912
Interest on deposits from customers	3 596	2 916	9 849	7 849	10 835
Interest on debt securities issued	1 233	1 166	3 545	3 177	4 369
Interest on subordinated loan capital	154	167	463	481	644
Other interest expenses ¹⁾	783	1 141	2 532	3 462	4 711
Total interest expenses	6 902	6 700	19 849	18 697	25 471
Net interest income ²⁾	5 483	6 053	15 427	13 848	18 706

<i>Amounts in NOK million</i>	DnB NOR Bank Group				
	3rd quarter	3rd quarter	January - September		Full year
	2011	2010	2011	2010	2010
Interest on loans to and deposits with credit institutions	388	302	995	815	1 067
Interest on loans to customers	12 241	11 448	35 938	32 224	43 925
Interest on impaired commitments	56	90	180	191	247
Interest on commercial paper and bonds	2 470	2 393	7 029	7 033	9 538
Front-end fees etc.	61	60	201	192	287
Other interest income	1 202	640	2 361	1 652	2 334
Total interest income	16 417	14 932	46 704	42 106	57 399
Interest on loans and deposits from credit institutions	1 115	1 297	3 468	3 782	5 008
Interest on deposits from customers	3 786	3 086	10 404	8 375	11 528
Interest on debt securities issued	3 962	3 291	11 067	8 827	12 239
Interest on subordinated loan capital	156	176	466	508	667
Other interest expenses ¹⁾	1 023	1 123	2 871	3 357	4 571
Total interest expenses	10 044	8 972	28 277	24 849	34 012
Net interest income	6 374	5 960	18 428	17 257	23 387

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 had no accounting effect for the banking group.

Note 6 Net commissions and fees receivable

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	3rd quarter 2011	3rd quarter 2010	January - September 2011	September 2010	Full year 2010
Money transfer fees receivable	731	744	2 076	2 071	2 735
Fees on asset management services	53	57	175	182	240
Fees on custodial services	70	70	238	219	293
Fees on securities broking	58	57	207	214	293
Corporate finance	75	85	205	263	430
Interbank fees	22	23	65	69	93
Credit broking commissions	188	111	449	269	468
Sales commissions on insurance products	71	82	204	234	307
Sundry commissions and fees receivable on banking services	139	172	452	390	516
Total commissions and fees receivable etc.	1 408	1 401	4 071	3 913	5 375
Money transfer fees payable	269	273	746	749	1 060
Commissions payable on fund management services	0	0	0	0	0
Fees on custodial services payable	28	28	94	88	112
Interbank fees	30	33	91	100	133
Credit broking commissions	28	45	88	103	62
Commissions payable on the sale of insurance products	0	0	0	0	0
Sundry commissions and fees payable on banking services	148	121	404	385	500
Total commissions and fees payable etc.	503	499	1 423	1 425	1 867
Net commissions and fees receivable ¹⁾	905	902	2 648	2 488	3 508

<i>Amounts in NOK million</i>	DnB NOR Bank Group				
	3rd quarter 2011	3rd quarter 2010	January - September 2011	September 2010	Full year 2010
Money transfer fees receivable	784	803	2 226	2 237	2 960
Fees on asset management services	57	34	185	191	252
Fees on custodial services	71	73	243	225	301
Fees on securities broking	59	58	217	217	303
Corporate finance	107	157	331	401	608
Interbank fees	24	25	69	72	97
Credit broking commissions	190	112	455	274	474
Sales commissions on insurance products	115	154	329	383	491
Sundry commissions and fees receivable on banking services	234	218	716	641	851
Total commissions and fees receivable etc.	1 641	1 634	4 772	4 642	6 337
Money transfer fees payable	277	286	771	788	1 111
Commissions payable on fund management services	0	0	0	0	0
Fees on custodial services payable	28	28	94	88	112
Interbank fees	32	34	96	105	140
Credit broking commissions	22	36	64	92	48
Commissions payable on the sale of insurance products	5	11	10	20	24
Sundry commissions and fees payable on banking services	162	133	443	423	550
Total commissions and fees payable etc.	525	527	1 478	1 516	1 986
Net commissions and fees receivable	1 116	1 107	3 294	3 126	4 351

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 had no accounting effect for the banking group.

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	DnB NOR Bank ASA				
	3rd quarter 2011	3rd quarter 2010	January - September 2011 2010		Full year 2010
Dividends	99	91	434	637	376
Net gains on commercial paper and bonds ¹⁾	111	261	474	601	(717)
Net gains on shareholdings	(37)	109	(118)	28	698
Net gains on other financial instruments ²⁾	1 121	(19)	2 832	1 811	2 565
Net gains on financial instruments at fair value	1 295	442	3 623	3 077	2 922

Amounts in NOK million	DnB NOR Bank Group				
	3rd quarter 2011	3rd quarter 2010	January - September 2011 2010		Full year 2010
Dividends	104	93	453	327	380
Net gains on commercial paper and bonds	296	270	400	838	542
Net gains on shareholdings	5	100	(43)	(70)	613
Net gains on other financial instruments ²⁾	1 860	(203)	3 449	2 230	3 438
Net gains on financial instruments at fair value	2 265	260	4 259	3 325	4 973

1) Unrealised losses on DnB NOR Bank ASA's investments in covered bonds issued by DnB NOR Boligkreditt were NOK 150 million in the third quarter of 2011. Investments in such bonds totalled NOK 110.1 billion at 30 September 2011, of which NOK 109.7 billion have been used in the exchange scheme with the Norwegian government. See note 19 Information on related parties – stimulus packages.

2) Due to high financial market volatility, mark-to-market adjustments had significant positive income effects during the third quarter of 2011, while there were substantial negative effects in the third quarter of 2010.

Note 8 Other income

Amounts in NOK million	DnB NOR Bank ASA				
	3rd quarter 2011	3rd quarter 2010	January - September 2011 2010		Full year 2010
Income from owned/leased premises	21	10	59	65	85
Group contributions and dividends from subsidiaries	0	0	0	0	1 960
Miscellaneous operating income ¹⁾	343	599	1 680	3 300	4 102
Total other income	365	609	1 739	3 364	6 147

Amounts in NOK million	DnB NOR Bank Group				
	3rd quarter 2011	3rd quarter 2010	January - September 2011 2010		Full year 2010
Income from owned/leased premises	78	37	167	60	87
Fees on real estate broking	252	220	752	638	860
Net unrealised gains on investment properties	93	0	100	0	0
Miscellaneous operating income ¹⁾	338	346	1 108	2 204	2 614
Total other income	761	603	2 126	2 902	3 562

1) 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.

Note 9 Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	3rd quarter 2011	3rd quarter 2010	January - September 2011	September 2010	Full year 2010
Salaries	1 419	1 462	4 014	3 790	5 092
Employer's national insurance contributions	180	206	539	525	700
Pension expenses ¹⁾	187	171	574	133	254
Restructuring expenses	1	12	4	53	45
Other personnel expenses	140	134	422	391	569
Total salaries and other personnel expenses	1 929	1 985	5 553	4 892	6 660
Fees ²⁾	390	307	1 081	937	1 264
IT expenses ²⁾	368	408	1 100	1 144	1 479
Postage and telecommunications	69	75	208	216	295
Office supplies	11	13	35	39	53
Marketing and public relations	130	105	446	344	498
Travel expenses	41	43	134	113	177
Reimbursement to Norway Post for transactions executed	43	51	128	115	151
Training expenses	7	14	39	37	57
Operating expenses on properties and premises	271	259	828	800	1 061
Operating expenses on machinery, vehicles and office equipment	24	21	75	72	107
Other operating expenses	110	154	390	413	467
Other expenses	1 464	1 450	4 464	4 229	5 610
Impairment losses for goodwill ³⁾	0	0	0	0	0
Depreciation and write-downs of fixed and intangible assets ⁴⁾	403	740	1 236	1 197	1 619
Depreciation and write-downs of fixed and intangible assets	403	740	1 236	1 197	1 619
Total operating expenses ⁵⁾	3 795	4 175	11 253	10 319	13 889

Note 9 Operating expenses (continued)

<i>Amounts in NOK million</i>	DnB NOR Bank Group				
	3rd quarter 2011	3rd quarter 2010	January - September		Full year 2010
			2011	2010	
Salaries	1 733	1 587	5 006	4 654	6 272
Employer's national insurance contributions	233	224	696	674	903
Pension expenses ¹⁾	210	182	643	191	325
Restructuring expenses	2	12	5	55	47
Other personnel expenses	152	142	460	430	624
Total salaries and other personnel expenses	2 329	2 148	6 811	6 003	8 170
Fees ²⁾	424	321	1 198	1 034	1 385
IT expenses ²⁾	430	404	1 257	1 293	1 649
Postage and telecommunications	83	79	254	256	345
Office supplies	20	21	62	65	91
Marketing and public relations	211	158	688	564	775
Travel expenses	48	45	160	139	212
Reimbursement to Norway Post for transactions executed	43	51	128	115	151
Training expenses	9	11	44	44	67
Operating expenses on properties and premises	318	301	994	938	1 247
Operating expenses on machinery, vehicles and office equipment	35	30	106	101	147
Other operating expenses	158	159	551	585	667
Other expenses	1 778	1 579	5 442	5 136	6 737
Impairment losses for goodwill ³⁾	0	0	0	194	194
Depreciation and write-downs of fixed and intangible assets ⁴⁾	411	393	1 219	1 491	1 941
Depreciation and write-downs of fixed and intangible assets	411	393	1 219	1 684	2 135
Total operating expenses	4 519	4 120	13 471	12 823	17 042

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 also include system development fees and must be viewed relative to IT expenses.

3) Impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling were recorded in second quarter of 2010.

4) See note 15 Intangible assets.

5) 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 10 Number of employees/full-time positions

	DnB NOR Bank ASA				
	3rd quarter 2011	3rd quarter 2010	January - September		Full year 2010
			2011	2010	
Number of employees at end of period	8 145	7 895	8 145	7 895	7 829
of which number of employees abroad	705	651	705	651	647
Number of employees calculated on a full-time basis at end of period	7 870	7 657	7 870	7 657	7 585
of which number of employees calculated on a full-time basis abroad	692	638	692	638	638
Average number of employees	8 030	7 388	7 912	7 319	7 489
Average number of employees calculated on a full-time basis	7 762	7 166	7 651	7 097	7 232

	DnB NOR Bank Group				
	3rd quarter 2011	3rd quarter 2010	January - September		Full year 2010
			2011	2010	
Number of employees at end of period	12 787	12 395	12 787	12 395	12 288
of which number of employees abroad	4 460	4 326	4 460	4 326	4 296
Number of employees calculated on a full-time basis at end of period	12 414	12 080	12 414	12 080	11 970
of which number of employees calculated on a full-time basis abroad	4 378	4 266	4 378	4 266	4 245
Average number of employees	12 625	12 387	12 443	12 419	12 431
Average number of employees calculated on a full-time basis	12 263	12 063	12 095	12 090	12 075

Note 11 Write-downs on loans and guarantees

DnB NOR Bank ASA					
<i>Amounts in NOK million</i>	3rd quarter	3rd quarter	January - September	Full year	
	2011	2010	2011	2010	2010
Write-offs ¹⁾	41	151	409	274	356
New individual write-downs	512	576	1 422	1 532	2 178
Total new individual write-downs	553	727	1 831	1 806	2 535
Reassessed individual write-downs	26	47	376	366	680
Recoveries on commitments previously written off	88	85	302	248	401
Net individual write-downs	439	595	1 154	1 192	1 454
Change in collective write-downs on loans	28	(54)	86	(312)	(641)
Write-downs on loans and guarantees ^{*) 2)}	466	541	1 240	880	813
Write-offs covered by individual write-downs made in previous years	180	377	933	783	1 650
<i>*) Of which individual write-downs on guarantees</i>	<i>3</i>	<i>(15)</i>	<i>0</i>	<i>1</i>	<i>(5)</i>

DnB NOR Bank Group					
<i>Amounts in NOK million</i>	3rd quarter	3rd quarter	January - September	Full year	
	2011	2010	2011	2010	2010
Write-offs ¹⁾	53	176	447	346	459
New individual write-downs	1 118	948	2 855	3 772	5 141
Total new individual write-downs	1 171	1 124	3 302	4 118	5 600
Reassessed individual write-downs	157	262	788	746	1 109
Recoveries on commitments previously written off	94	85	318	258	418
Net individual write-downs	919	776	2 197	3 113	4 074
Change in collective write-downs on loans	251	(134)	322	(645)	(1 077)
Write-downs on loans and guarantees ^{*)}	1 170	643	2 519	2 468	2 997
Write-offs covered by individual write-downs made in previous years	485	459	1 983	1 157	2 217
<i>*) Of which individual write-downs on guarantees</i>	<i>(16)</i>	<i>(16)</i>	<i>(14)</i>	<i>21</i>	<i>(3)</i>

1) Including a NOK 98 million adjustment for commitments previously written down in the third quarter of 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 1 170 million for the quarter, up NOK 527 million from the third quarter of 2010. Individual write-downs in Retail Banking were reduced by NOK 100 million, while there was a NOK 40 million increase in Large Corporates and International relating to a few large commitments. Individual write-downs in DnB NOR rose by NOK 201 million, which mainly represented write-downs on the home mortgage portfolio in Latvia. There was a NOK 385 million increase in collective write-downs. In the third quarter of 2010, reversals on collective write-downs represented NOK 134 million, while the weakened economic conditions after the summer of 2011 and the situation in the Latvian home mortgage market resulted in additional collective write-downs of NOK 251 million in the third quarter of 2011.

Note 12 Lending to customers

DnB NOR Bank ASA				DnB NOR Bank Group		
30 Sept. 2010	31 Dec. 2010	30 Sept. 2011		30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
			<i>Amounts in NOK million</i>			
560 418	576 834	642 337	Lending to customers, nominal amount	1 175 961	1 064 223	1 034 538
4 437	3 931	3 995	Individual write-downs	9 266	9 207	9 376
			Lending to customers, after			
555 982	572 903	638 342	individual write-downs	1 166 695	1 055 017	1 025 162
588	721	878	+ Accrued interest and amortisation	2 323	2 001	1 836
			- Individual write-downs of accrued			
566	544	549	interest and amortisation	726	658	670
1 678	1 343	1 440	- Collective write-downs	2 204	1 872	2 315
554 325	571 737	637 231	Lending to customers, at amortised cost	1 166 089	1 054 488	1 024 012
<hr/>						
109 359	97 063	63 194	Lending to customers, nominal amount	93 788	128 561	140 033
953	570	433	+ Accrued interest	519	669	1 090
127	84	10	+ Adjustment to fair value	597	382	642
110 439	97 717	63 636	Lending to customers, at fair value ¹⁾	94 904	129 612	141 765
664 764	669 454	700 866	Lending to customers	1 260 993	1 184 100	1 165 777

1) The fair value of loans in Norwegian kroner was reduced by NOK 96 million from 31 December 2010 due to widening margin requirement.

Note 13 Net impaired loans and guarantees for principal customer groups ¹⁾

DnB NOR Bank ASA				DnB NOR Bank Group		
30 Sept. 2010	31 Dec. 2010	30 Sept. 2011		30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
			<i>Amounts in NOK million</i>			
2 000	1 819	1 487	Private individuals ²⁾	3 793	4 481	4 708
2 169	747	232	Transportation by sea and pipelines, vessel construction	279	810	2 234
918	871	2 258	Real estate	2 724	2 503	2 723
1 486	1 523	1 393	Manufacturing	2 246	3 165	2 917
366	635	377	Services	1 100	1 521	1 482
968	1 184	143	Trade	511	698	718
0	0	0	Oil and gas	0	0	310
1 053	182	139	Transportation and communication	412	490	1 359
238	955	159	Building and construction	618	1 710	1 027
95	24	0	Power and water supply	2	25	95
14	4	53	Seafood	60	10	21
89	100	89	Hotels and restaurants	318	351	364
98	123	104	Agriculture and forestry	284	279	270
1	0	0	Central and local government	0	0	0
45	45	16	Other sectors	17	53	51
9 541	8 211	6 450	Total customers	12 364	16 097	18 279
0	0	0	Credit institutions	0	0	0
9 541	8 211	6 450	Total net impaired loans and guarantees	12 364	16 097	18 279
			Non-performing loans and guarantees			
786	785	711	not subject to write-downs	2 102	2 313	2 545
			Total net non-performing and doubtful loans			
10 327	8 996	7 161	and guarantees	14 466	18 409	20 824

1) Includes loans and guarantees subject to individual write-downs 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) Including a NOK 98 million adjustment for commitments previously written down in the third quarter of 2010.

Note 14 Commercial paper and bonds, held to maturity

As part of ongoing liquidity management, DnB NOR Bank has invested in a portfolio of securities. The portfolio can be used to regulate the liquidity requirement and as a basis for furnishing collateral for operations in various countries. Among other things, the securities serve as collateral for short and long-term borrowing in a number of central banks and as a basis for liquidity buffers to meet regulatory requirements. With effect from 1 July 2008, the international bond 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 of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the 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. In order to meet the disclosure requirement at end-September 2011, the 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 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 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 portfolio in the first nine months of 2011, there would have been a NOK 1.5 billion reduction in profits.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 30 September 2011 was NOK 2.1 billion higher than 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 42.4 billion at end-September 2011. The average term to maturity of the portfolio is 3.8 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 15 million at end-September 2011.

Effects on profits of the reclassification

<i>Amounts in NOK million</i>	DnB NOR Bank Group				
	3rd quarter 2011	3rd quarter 2010	January - September 2011 2010		Full year 2010
Recorded amortisation effect	110	103	267	338	429
Net gain, if valued at fair value	(1 476)	259	(1 248)	141	536
Effects of reclassification on profits	1 586	(156)	1 515	196	(107)

Effects on the balance sheet of the reclassification

<i>Amounts in NOK million</i>	DnB NOR Bank Group		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Recorded, unrealised losses	967	1 234	1 325
Unrealised losses, if valued at fair value	3 116	1 868	2 262
Effects of reclassification on the balance sheet	2 149	634	938

Development in the portfolio after the reclassification

<i>Amounts in NOK million</i>	DnB NOR Bank Group		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Reclassified portfolio, recorded value	42 367	54 087	58 090
Reclassified portfolio, if valued at fair value	40 218	53 453	57 153
Effects of reclassification on the balance sheet	2 149	634	938

DnB NOR Markets' international bond portfolio

After the reclassification date, DnB NOR Markets has chosen to increase its investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in covered bonds in the third quarter of 2011 are included in the trading portfolio and are recorded at fair value. As at 30 September 2011, DnB NOR Markets' international bond portfolio represented NOK 116.6 billion. 91.3 per cent of the securities in the portfolio had an AAA rating, while 4.8 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Treasury bills in Portugal, Italy, Ireland, Greece or Spain. The structure of DnB NOR Markets' international bond portfolio is shown below.

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

Asset class	DnB NOR Bank Group	
	Per cent	NOK million
	30 Sept. 2011	30 Sept. 2011
Consumer credit	1	1 294
Residential mortgages	52	61 413
Corporate loans ¹⁾	1	1 529
Government related	31	35 883
Covered bonds	15	17 530
Total international bond portfolio DnB NOR Markets, nominal values	100	117 650
Accrued interest, amortisation effects and fair value adjustments		(1 053)
Total international bond portfolio DnB NOR Markets		116 596
Total international bond portfolio DnB NOR Markets, held to maturity		97 871
Of which reclassified portfolio		42 367

1) The exposure to the insurance sector represented only 0.01 per cent of the total portfolio at end-September 2011.

The average term to maturity of DnB NOR Markets' international bond 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-September 2011.

Commercial paper and bonds, held to maturity

Amounts in NOK million	DnB NOR Bank Group		
	30 Sept.	31 Dec.	30 Sept.
	2011	2010	2010
DnB NOR Markets	97 871	112 567	113 209
Other units	(987)	1 184	533
Commercial paper and bonds, held to maturity	98 884	113 751	113 742

Note 15 Intangible assets

DnB NOR Bank ASA			Amounts in NOK million	DnB NOR Bank Group		
30 Sept. 2010	31 Dec. 2010	30 Sept. 2011		30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
2 419	2 419	2 409	Goodwill ¹⁾	3 422	3 471	3 474
649	789	739	IT systems development ¹⁾	1 303	1 160	951
400	370	324	Other intangible assets	305	370	406
3 469	3 578	3 472	Total intangible assets	5 030	5 001	4 831

1) Impairment losses were not included in the third quarter of 2011.

Note 16 Debt securities issued and subordinated loan capital

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

Debt securities issued	DnB NOR Bank ASA		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
<i>Amounts in NOK million</i>			
Commercial paper issued, nominal amount	205 582	153 910	175 305
Bond debt, nominal amount	157 223	183 140	191 722
Adjustments	6 156	5 711	6 350
Total debt securities issued	368 961	342 761	373 377

Changes in debt securities issued	DnB NOR Bank ASA					
	Balance sheet 30 Sept. 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	205 582	193 897	142 273	49		153 910
Bond debt, nominal amount	157 223	19 665	47 149	1 567		183 140
Adjustments	6 156				445	5 711
Total debt securities issued	368 961	213 562	189 423	1 616	445	342 761

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Bank ASA					
	Balance sheet 30 Sept. 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	14 279		2 923	117		17 085
Perpetual subordinated loan capital, nominal amount	4 845		2 263	104		7 004
Perpetual subordinated loan capital securities, nominal amount ¹⁾	5 958		2 338	55		8 241
Adjustments	1 307				251	1 056
Total subordinated loan capital and perpetual subordinated loan capital securities	26 389	0	7 524	276	251	33 386

Debt securities issued	DnB NOR Bank Group		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
<i>Amounts in NOK million</i>			
Commercial paper issued, nominal amount	205 599	153 934	175 332
Bond debt, nominal amount ²⁾	377 829	344 392	346 980
Adjustments	17 686	11 122	18 106
Total debt securities issued	601 114	509 447	540 418

Changes in debt securities issued	DnB NOR Bank Group					
	Balance sheet 30 Sept. 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	205 599	193 911	142 292	46		153 934
Bond debt, nominal amount ²⁾	377 829	110 562	81 407	4 282		344 392
Adjustments	17 686				6 564	11 122
Total debt securities issued	601 114	304 473	223 699	4 329	6 564	509 447

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Bank Group					
	Balance sheet 30 Sept. 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	14 365		2 923	121		17 167
Perpetual subordinated loan capital, nominal amount	4 845		2 263	103		7 005
Perpetual subordinated loan capital securities, nominal amount ¹⁾	5 958		2 338	55		8 241
Adjustments	1 308				247	1 060
Total subordinated loan capital and perpetual subordinated loan capital securities	26 476	0	7 524	279	247	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 331.3 billion as at 30 September 2011. The cover pool represented NOK 440.9 billion.

Note 17 Capital adequacy

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

DnB NOR Bank ASA		Primary capital	DnB NOR Bank Group	
31 Dec. 2010	30 Sept. 2011	<i>Amounts in NOK million</i>	30 Sept. 2011	31 Dec. 2010
17 514	17 514	Share capital	17 514	17 514
61 582	65 340	Other equity	70 656	72 344
79 096	82 854	Total equity	88 170	89 859
		Deductions		
0	0	Pension funds above pension commitments	(25)	(16)
(2 419)	(2 409)	Goodwill	(3 879)	(3 472)
(481)	(529)	Deferred tax assets	(476)	(324)
(1 159)	(1 064)	Other intangible assets	(2 061)	(1 963)
0	0	Group contribution, payable	0	(6 000)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 024)	(1 018)	50 per cent of investments in other financial institutions	(1 018)	(1 024)
(515)	(903)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(869)	(666)
94	14	Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	(473)	(346)
73 592	76 946	Equity Tier 1 capital	79 339	76 018
8 241	5 958	Perpetual subordinated loan capital securities ^{1) 2)}	6 140	8 423
81 833	82 903	Tier 1 capital	85 478	84 441
7 004	4 845	Perpetual subordinated loan capital	4 845	7 004
17 085	14 279	Term subordinated loan capital ²⁾	14 821	17 775
		Deductions		
(1 024)	(1 018)	50 per cent of investments in other financial institutions	(1 018)	(1 024)
(515)	(903)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(869)	(666)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
22 549	17 202	Tier 2 capital	17 797	23 108
104 382	100 106	Total eligible primary capital ³⁾	103 276	107 548
738 194	843 984	Risk-weighted volume	1 010 928	918 659
59 056	67 519	Minimum capital requirement	80 874	73 493
10.0	9.1	Equity Tier 1 capital ratio (%)	7.8	8.3
11.1	9.8	Tier 1 capital ratio (%)	8.5	9.2
14.1	11.9	Capital ratio (%)	10.2	11.7
-	9.1	Equity Tier 1 capital ratio including 50 per cent of profit for the period (%)	7.8	-
-	9.8	Tier 1 capital ratio including 50 per cent of profit for the period (%)	8.5	-
-	11.9	Capital ratio including 50 per cent of profit for the period (%)	10.2	-

1) Perpetual subordinated loan capital securities can represent up to 15 per cent of Tier 1 capital. The excess will qualify as Tier 2 capital.

2) As at 30 September 2011, calculations of capital adequacy for the banking group included a total of NOK 638 million in subordinated loan capital in associated companies.

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 17 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
	30 Sept. 2011	30 Sept. 2011		30 Sept. 2011	31 Dec. 2010
<i>Amounts in NOK million</i>					
IRB approach					
Corporate	785 385	676 455	356 626	28 530	24 567
Specialised Lending (SL)	4 153	4 089	2 071	166	117
Retail - mortgage loans	77 752	77 752	19 299	1 544	1 444
Retail - other exposures	88 076	72 672	23 361	1 869	1 778
Securitisation	97 871	97 871	10 337	827	735
Total credit risk, IRB approach	1 053 237	928 839	411 695	32 936	28 641
Standardised approach					
Central government	71 781	69 633	22	2	143
Institutions	454 861	408 081	75 463	6 037	5 323
Corporate	262 641	213 076	205 179	16 414	14 235
Specialised Lending (SL)	0	0	0	0	476
Retail - mortgage loans	3 132	2 817	2 120	170	293
Retail - credit card exposures (QRRE)	1	1	0	0	0
Retail - other exposures	58 506	23 106	17 009	1 361	1 078
Equity positions	37 900	37 900	38 091	3 047	2 267
Securitisation	0	0	0	0	0
Other assets	3 847	3 847	3 847	308	196
Total credit risk, standardised approach	892 669	758 460	341 732	27 339	24 010
Total credit risk	1 945 905	1 687 299	753 427	60 274	52 651
Market risk, standardised approach			40 537	3 243	2 404
Of which: Position risk, equity-and debt instruments			40 537	3 243	2 404
Currency risk			0	0	0
Operational risk			52 117	4 169	4 169
Deductions			(2 097)	(168)	(168)
Total risk-weighted volume and capital requirements before transitional rule			843 984	67 519	59 056
Additional capital requirements according to transitional rules ²⁾			0	0	0
Total risk-weighted volume and capital requirements			843 984	67 519	59 056

1) EAD, exposure at default.

2) 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 17 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
	30 Sept. 2011	30 Sept. 2011	30 Sept. 2011	30 Sept. 2011	31 Dec. 2010
<i>Amounts in NOK million</i>					
IRB approach					
Corporate	794 917	686 095	363 912	29 113	25 103
Specialised Lending (SL)	4 153	4 089	2 071	166	117
Retail - mortgage loans	527 896	527 896	67 593	5 407	4 533
Retail - other exposures	88 076	72 672	23 361	1 869	1 778
Securitisation	97 871	97 871	10 337	827	735
Total credit risk, IRB approach	1 512 912	1 388 623	467 275	37 382	32 266
Standardised approach					
Central government	86 629	102 367	54	4	146
Institutions	149 183	125 115	27 581	2 206	1 940
Corporate	398 359	296 012	282 468	22 597	19 912
Specialised Lending (SL)	0	0	0	0	476
Retail - mortgage loans	45 887	41 159	20 165	1 613	1 294
Retail - credit card exposures (QRRE)	1	1	0	0	0
Retail - other exposures	82 160	43 847	32 563	2 605	2 474
Equity positions	3 691	3 691	3 883	311	361
Securitisation	5 300	5 300	1 013	81	117
Other assets	12 672	12 672	12 672	1 014	684
Total credit risk, standardised approach	783 882	630 163	380 398	30 432	27 404
Total credit risk	2 296 794	2 018 786	847 673	67 814	59 670
Market risk, standardised approach			38 775	3 102	2 466
Of which: Position risk, equity-and debt instruments			38 775	3 102	2 466
Currency risk			0	0	0
Operational risk			61 080	4 886	4 886
Deductions			(2 736)	(219)	(203)
Total risk-weighted volume and capital requirements before transitional rule			944 791	75 583	66 819
Additional capital requirements according to transitional rules ²⁾			66 137	5 291	6 673
Total risk-weighted volume and capital requirements			1 010 928	80 874	73 493

1) EAD, exposure at default.

2) 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 17 Capital adequacy (continued)

Basel II implementation

Further progress

A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. The IRB system is defined as the models, work processes, decision-making processes, control mechanisms, IT systems and internal guidelines and routines used to classify and quantify credit risk. Status and a time schedule for the implementation of the different reporting methods used for the banking group's portfolios are shown below.

Portfolios	Reporting methods for credit risk in capital adequacy calculations	
	30 Sept. 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' international bond 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 small 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 18 Liquidity risk

Liquidity risk is the risk that the banking group will be unable to meet its payment obligations. The Board of Directors in DnB NOR Bank ASA has established internal limits which restrict the short-term maturity of liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. The banking group's ratio of deposits to lending was 61.3 per cent at end-September 2011, up from 54 per cent a year earlier. The high ratio also reflected short-term money market deposits. During the same period, the ratio of deposits to lending in DnB NOR Bank ASA increased from 89.1 to 104.6 per cent.

The uncertainty concerning the international sovereign debt situation affected the money and capital markets during the third quarter. In the commercial paper market, maturities were generally less than a month, compared with maturities of up to three and six months under more normal market conditions. The players in the long-term funding market were hesitant, and very few transactions were completed in the third quarter. Due to the brisk funding activity earlier in the first half of 2011, DnB NOR Bank still enjoyed a healthy liquidity situation.

As at 30 September 2011, the average remaining term to maturity for the portfolio of bond debt was 4.4 years, compared with 3.4 years a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 19 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DnB NOR Bank ASA's share of the agreement corresponded to 40 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, June 2010 and June 2011. The renewal in 2010 resulted in a reduction in the limit for the liquidity reserve 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, 2009 and 2010, portfolios representing NOK 93.6 billion, NOK 88.5 billion and NOK 36.2 billion, respectively, were transferred from the bank to Boligkreditt. Transfers of NOK 21.7 billion were made for the period January through September 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 and financial and liquidity management. Boligkreditt pays an annual management fee for these services. The fee paid for the period January through September 2011 totalled NOK 508 million.

At end-September 2011 the bank had invested NOK 110.1 billion in covered bonds issued by Boligkreditt. The bank has used bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

DnB NOR Næringskreditt

DnB NOR Næringskreditt AS (Næringskreditt) is 100 per cent owned by 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-September 2011, commitments with a total value of NOK 19.8 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 September 2011 totalled NOK 37 million.

Note 19 Information on related parties (continued)

Vital Forsikring

As part of the company's ordinary investment activity, Vital Forsikring ASA (Vital) has subscribed for covered bonds issued by Boligkreditt. Vital's investments in Boligkreditt are limited to listed covered bonds. Vital's holding of Boligkreditt bonds was valued at NOK 4.8 billion at end-September 2011.

The bank has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to Vital. At end-September 2011, the recorded value of these loans was NOK 687 million. 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-September 2011, this funding represented NOK 76 billion. At end-September 2011, the bank's investments in Treasury bills used in the swap agreements represented NOK 50,3 billion.

Bank DnB NOR D A/S

DnB NOR Bank ASA took over all shares in DnB NOR with effect from December 2010. As part of the integration process, the shares in the banking operations in Latvia and Lithuania were transferred to DnB NOR Bank ASA in the second quarter of 2011 after the bank received final permission from the Ministry of Finance on 29 June 2011. The transaction was entered into based on market terms, and the bank paid NOK 4.1 billion for the shares. The purchase price was reduced by approximately NOK 0,2 billion in the third quarter of 2011, to just over NOK 3,9 billion.

Note 20 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		
30 Sept. 2010	31 Dec. 2010	30 Sept. 2011	<i>Amounts in NOK million</i>		
			30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
36 060	34 564	49 577	Performance guarantees ¹⁾	51 060	37 999
17 694	20 597	21 736	Payment guarantees	23 264	19 203
10 702	10 650	16 818	Loan guarantees ²⁾	14 293	11 305
			Guarantee to the Norwegian Banks'		
498	498	0	Guarantee Fund	0	498
4 661	4 511	5 222	Guarantees for taxes etc.	5 272	4 698
3 110	2 776	2 024	Other guarantee commitments	2 320	3 454
72 725	73 596	95 378	Total guarantee commitments	96 209	77 157
0	0	0	Support agreements	9 457	7 939
72 725	73 596	95 378	Total guarantee commitments etc. ^{*)}	105 666	85 096
467 579	431 089	517 341	Unutilised credit lines and loan offers	511 726	443 319
2 746	3 146	3 362	Documentary credit commitments ¹⁾	3 523	2 786
525	287	191	Other commitments	247	557
470 850	434 522	520 894	Total commitments	515 496	446 662
543 575	508 117	616 272	Total guarantee and off-balance commitments	621 162	531 757
171 063	169 664	139 713	Securities	139 713	171 063
170 935	169 539	139 587	- are pledged as security for: Loans ³⁾	139 587	170 935
128	125	126	Other activities	126	128
104	11	11	<i>*) Of which counter-guaranteed by financial institutions</i>	20	202

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 10 535 million were recorded in the balance sheet as at 30 September 2011. These loans are not included under guarantees in the table.

3) As at 30 September 2011, NOK 75 361 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 Borgarting Court of Appeal found in favour of the bank on 30 September 2011. The disputed amount only applies to the civil action in question, which must be evaluated as a separate case. The judgment is not final.

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 Oslo District Court found in favour of the bank on 3 June 2011. The judgment is final.

Post-balance sheet events

On 4 October 2011, DnB NOR Bank ASA took over all shares in the companies Pres-Vac Engineering Aps and Valpress GmbH (Pres-Vac) for a total of EUR 1 as part of the restructuring of the banking group's commitments with the companies. Among other things, Pres-Vac develops and produces tank valves for ships.

No information has come to light about other important circumstances which had occurred on the balance sheet date on 30 September 2011 and up till the Board of Directors' final consideration of the accounts on 26 October 2011.

Key figures

	DnB NOR Bank Group				
	3rd quarter 2011	3rd quarter 2010	January - September 2011	September 2010	Full year 2010
Interest rate analyses					
1. Combined weighted total average spread for lending and deposits (%)	1.10	1.13	1.09	1.12	1.12
2. Average spread for ordinary lending to customers (%)	1.55	1.55	1.55	1.56	1.59
3. Average spread for deposits from customers (%)	0.33	0.37	0.30	0.32	0.30
Rate of return/profitability					
4. Net other operating income, per cent of total income	38.9	25.8	34.4	35.4	35.8
5. Cost/income ratio (%)	43.3	51.3	48.0	49.3	47.6
6. Return on equity, annualised (%)	15.6	10.9	13.0	13.6	13.9
Financial strength					
7. Core (Tier 1) capital ratio at end of period (%)	8.5	8.4	8.5	8.4	9.2
8. Core (Tier 1) capital incl. 50 per cent of profit for the period (%)	8.5	8.9	8.5	8.9	-
9. Capital adequacy ratio at end of period (%)	10.2	11.0	10.2	11.0	11.7
10. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	10.2	11.4	10.2	11.4	-
11. Core capital at end of period (NOK million)	85 478	80 830	85 478	80 830	84 441
12. Risk-weighted volume at end of period (NOK million)	1 010 928	960 375	1 010 928	960 375	918 659
Loan portfolio and write-downs					
13. Individual write-downs relative to average net lending to customers, annualised	0.31	0.27	0.24	0.36	0.34
14. Write-downs relative to average net lending to customers, annualised	0.39	0.22	0.28	0.29	0.25
15. Net non-performing and net doubtful commitments, per cent of net lending	1.12	1.75	1.12	1.75	1.53
16. Net non-performing and net doubtful commitments at end of period (NOK million)	14 466	20 824	14 466	20 824	18 409
Liquidity					
17. Ratio of customer deposits to net lending to customers at end of period (%)	61.3	54.0	61.3	54.0	56.1
Staff					
18. Number of full-time positions at end of period	12 414	12 080	12 414	12 080	11 970

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 excludes a gain resulting from the merger between the payment services company Nordito and the Danish PBS Holding in the second quarter of 2010.
- 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				
	3rd quarter 2011	2nd quarter 2011	1st quarter 2011	4th quarter 2010	3rd quarter 2010
Total interest income	12 386	11 551	11 340	11 632	12 753
Total interest expenses	6 902	6 481	6 466	6 773	6 700
Net interest income	5 483	5 070	4 874	4 859	6 053
Commissions and fees receivable etc.	1 408	1 347	1 316	1 462	1 401
Commissions and fees payable etc.	503	468	452	442	499
Net gains on financial instruments at fair value	1 295	1 901	427	(155)	442
Other income	365	708	667	2 782	609
Net other operating income	2 564	3 487	1 959	3 646	1 954
Total income	8 047	8 557	6 833	8 505	8 006
Salaries and other personnel expenses	1 929	1 887	1 737	1 768	1 985
Other expenses	1 464	1 464	1 537	1 380	1 450
Depreciation and write-downs of fixed and intangible assets	403	488	346	422	740
Total operating expenses	3 795	3 839	3 619	3 570	4 175
Net gains on fixed and intangible assets	0	3	0	5	2
Write-downs on loans and guarantees	466	256	517	(68)	541
Pre-tax operating profit	3 786	4 466	2 697	5 007	3 292
Taxes	1 170	1 250	755	1 144	856
Profit for the period	2 617	3 215	1 942	3 864	2 436

Balance sheet

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010
Assets					
Cash and deposits with central banks	273 298	12 320	239 242	12 997	13 107
Lending to and deposits with credit institutions	226 627	211 955	231 415	216 432	203 940
Lending to customers	700 866	666 233	660 131	669 454	664 764
Commercial paper and bonds	211 477	240 757	252 675	280 423	284 180
Shareholdings	12 249	13 875	13 773	14 590	14 514
Financial derivatives	118 719	77 133	80 232	85 019	103 725
Commercial paper and bonds, held to maturity	98 858	99 151	106 220	113 751	113 742
Investments in associated companies	1 139	1 202	1 278	1 285	1 010
Investments in subsidiaries	33 111	27 047	22 948	22 932	21 741
Intangible assets	3 472	3 451	3 532	3 578	3 469
Deferred tax assets	529	516	523	481	299
Fixed assets	5 168	5 130	5 057	5 004	4 838
Other assets	8 696	9 287	9 205	9 332	9 881
Total assets	1 694 209	1 368 059	1 626 229	1 435 278	1 439 208
Liabilities and equity					
Loans and deposits from credit institutions	366 672	214 940	390 624	257 139	252 128
Deposits from customers	732 978	626 789	655 477	624 588	592 326
Financial derivatives	94 851	60 940	69 023	72 771	86 527
Debt securities issued	368 961	328 088	373 662	342 761	373 377
Payable taxes	2 345	1 503	1 346	1 594	2 924
Deferred taxes	57	56	58	3	(48)
Other liabilities	11 855	20 770	21 389	20 304	12 301
Provisions	441	394	455	709	625
Pension commitments	2 920	2 931	2 930	2 928	3 244
Subordinated loan capital	26 389	27 607	30 406	33 386	34 543
Total liabilities	1 607 468	1 284 019	1 545 370	1 356 182	1 357 946
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	56 532	53 830	50 650	48 887	51 053
Total equity	86 741	84 040	80 859	79 096	81 262
Total liabilities and equity	1 694 209	1 368 059	1 626 229	1 435 278	1 439 208

Profit and balance sheet trends (continued)

Income statement	DnB NOR Bank Group				
	3rd quarter 2011	2nd quarter 2011	1st quarter 2011	4th quarter 2010	3rd quarter 2010
<i>Amounts in NOK million</i>					
Total interest income	16 417	15 268	15 020	15 293	14 932
Total interest expenses	10 044	9 229	9 004	9 163	8 972
Net interest income	6 374	6 039	6 015	6 130	5 960
Commissions and fees receivable etc.	1 641	1 583	1 548	1 696	1 634
Commissions and fees payable etc.	525	487	466	470	527
Net gains on financial instruments at fair value	2 265	1 332	662	1 649	260
Profit from companies accounted for by the equity method	(79)	(28)	72	72	99
Other income	761	749	616	660	603
Net other operating income	4 062	3 150	2 432	3 606	2 069
Total income	10 436	9 189	8 447	9 736	8 029
Salaries and other personnel expenses	2 329	2 346	2 136	2 167	2 148
Other expenses	1 778	1 806	1 858	1 602	1 579
Depreciation and write-downs of fixed and intangible assets	411	416	391	450	393
Total operating expenses	4 519	4 568	4 385	4 219	4 120
Net gains on fixed and intangible assets	6	8	5	26	(11)
Write-downs on loans and guarantees	1 170	457	892	529	643
Pre-tax operating profit	4 754	4 173	3 175	5 014	3 254
Taxes	1 210	1 168	889	1 172	1 004
Profit from operations and non-current assets held for sale, after taxes	25	11	(41)	57	30
Profit for the period	3 568	3 015	2 245	3 900	2 280
Profit attributable to shareholders	3 568	3 015	2 245	3 965	2 327
Profit attributable to minority interests	0	0	0	(65)	(46)

Balance sheet	DnB NOR Bank Group				
	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	276 593	15 828	242 242	16 198	16 049
Lending to and deposits with credit institutions	49 515	35 431	69 633	43 837	44 937
Lending to customers	1 260 993	1 215 365	1 187 026	1 184 100	1 165 777
Commercial paper and bonds	105 993	138 366	146 989	162 071	163 042
Shareholdings	12 711	14 277	14 187	14 954	14 869
Financial derivatives	110 341	66 243	70 063	76 781	98 363
Commercial paper and bonds, held to maturity	98 858	99 151	106 220	113 751	113 742
Investment property	5 308	4 991	2 963	2 872	714
Investments in associated companies	2 034	2 140	2 329	2 291	1 896
Intangible assets	5 030	4 951	5 001	5 001	4 831
Deferred tax assets	408	356	360	262	227
Fixed assets	5 994	5 947	5 818	5 767	5 642
Operations and non-current assets held for sale	1 206	1 172	1 326	1 271	1 304
Other assets	9 574	10 131	8 530	8 482	10 981
Total assets	1 944 557	1 614 349	1 862 689	1 637 639	1 642 373
Liabilities and equity					
Loans and deposits from credit institutions	356 347	207 494	384 704	257 931	258 063
Deposits from customers	773 334	668 506	698 441	664 012	629 412
Financial derivatives	74 789	51 016	59 147	60 622	69 387
Debt securities issued	601 114	543 181	574 744	509 447	540 418
Payable taxes	2 507	1 579	4 703	4 822	3 508
Deferred taxes	205	185	185	113	597
Other liabilities	13 300	21 930	14 420	13 009	13 298
Operations held for sale	360	331	350	387	373
Provisions	504	492	538	925	853
Pension commitments	3 035	3 045	3 040	3 038	3 345
Subordinated loan capital	26 476	27 697	30 498	33 474	35 852
Total liabilities	1 851 972	1 525 457	1 770 770	1 547 780	1 555 106
Minority interests	0	0	0	0	1 965
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	61 659	57 967	60 993	58 933	54 376
Total equity	92 585	88 892	91 919	89 859	87 267
Total liabilities and equity	1 944 557	1 614 349	1 862 689	1 637 639	1 642 373

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DnB NOR Bank ASA

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Jarle Berge, vice-chairman
Sverre Finstad
Kai Nyland
Torill Rambjør
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Financial calendar 2012

Preliminary results 2011 and fourth quarter 2011	9 February
First quarter 2012	27 April
Second quarter 2012	12 July
Third quarter 2012	25 October

Other sources of information

Annual reports

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

Quarterly publications

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

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

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