Second quarter and first half report 2008

Unaudited

Financial highlights

Second quarter 2008

- Pre-tax operating profits before write-downs were NOK 4.6 billion (4.1)
- Profit for the period was NOK 3.4 billion (3.4)
- Return on equity was 18.1 per cent (20.4)
- Earnings per share were NOK 2.47 (2.50)
- The cost/income ratio was 49.0 per cent (49.1)
- The core capital ratio, including 50 per cent of interim profits, was 6.9 per cent (7.4)

First half 2008

- Pre-tax operating profits before write-downs were NOK 6.1 billion (7.8)
- Profit for the period was NOK 4.5 billion (6.3)
- Return on equity was 11.8 per cent (18.8)
- Earnings per share were NOK 3.27 (4.60)
- The cost/income ratio was 58.7 per cent (49.4)
- The core capital ratio, including 50 per cent of interim profits, was 6.9 per cent (7.4)

Comparable figures for 2007 in parentheses.

There has been no full or partial *external* audit of the half-yearly report and the half-yearly accounts, though the report has been reviewed and major accounting items and notes audited by DnB NOR's Group Audit. The report has been reviewed by the Audit Committee.

Report for the second quarter and first half of 2008

Sound performance in a challenging market

Introduction

Second quarter

The DnB NOR Group achieved pre-tax operating profits before write-downs of NOK 4 635 million in the second quarter of 2008, up from NOK 4 050 million in the year-earlier period. Profits for the quarter were NOK 3 360 million, as against NOK 3 407 million in the second quarter of 2007. There was sound quarterly performance in spite of a very challenging financial market situation.

Following an improvement in capital markets and narrowing credit margins in April and May, the situation once again deteriorated in June, partly owing to negative statements from international investment banks. The stock markets showed a corresponding trend, partly due to the unease concerning international financial institutions, but also on account of high oil prices and inflationary fears.

In spite of continued market turmoil, the Group showed a healthy operational performance and strong lending growth during the quarter, especially outside Norway. There was also a sound trend in other operating income, including the expected recovery of previous declines in bond values.

Combined spreads remained relatively stable. Lending spreads are expected to widen somewhat in consequence of higher interest rate levels and repricing of existing loans. However, it is expected that competition for deposits will remain strong and that deposit spreads will be under pressure.

The Group's cost programme, involving total cost-saving measures of NOK 1 billion, was on schedule and started to yield results in the second quarter of the year. The Group has decided to increase the cost reduction target by NOK 0.4 billion to compensate for cost pressure and ensure overall target attainment. Total costs increased due to acquisitions and international expansion.

Though parts of the economy may seem to be slowing down somewhat, the credit quality in the Group's portfolios remained sound. There were no major trend shifts or individual commitments that represented special challenges for the Group, but write-downs are expected to reach a more normalised level than has been the case over the past few quarters.

Return on equity was 18.1 per cent and earnings per share NOK 2.47, compared with 20.4 per cent and NOK 2.50 respectively in the second quarter of 2007.

Net interest income increased from NOK 4 219 million to NOK 5 016 million, while net other operating income rose from NOK 3 733 million in the second quarter of 2007 to NOK 4 064 million. Acquisitions and international expansion were one of the factors behind a rise in costs from NOK 3 902 million in the second quarter of 2007 to NOK 4 445 million. The Group recorded NOK 331 million in income due to changes in bond prices.

The Group's business areas generally showed a healthy performance and took new initiatives to strengthen future operations. The Group's diversified operations ensured a rise in income which made the Group less susceptible to the financial market volatility.

Corporate Banking and Payment Services recorded a strong rise in lending, especially outside Norway and in selected priority areas. In spite of strong international expansion, the business area recorded a stable cost/income ratio. There was a NOK 547 million rise in pre-tax operating profits before write-downs compared with the year-earlier period.

Retail Banking is focusing strongly on new self-service banking solutions while streamlining the branch network and rationalising the production of everyday banking services. After charges on retail customer loyalty programmes were removed, a number of customers chose to subscribe to these programmes. Pre-tax operating profits before write-downs reflected the effect of additional lags in connection with several interest rate increases and were down NOK 83 million from the second quarter of 2007. The effects of notified increases in customer interest rates will gradually materialise as from the third quarter of 2008.

DnB NOR Markets experienced an increase in customer business and good trading results in the second quarter. Pre-tax operating profits before write-downs rose by NOK 575 million, of which the reversal of unrealised mark-to-market losses on bonds accounted for NOK 233 million.

Performance in Life and Asset Management reflected the stock market turbulence as well as declining values in the property market. Vital's property portfolio was written down by NOK 1.7 billion in the second quarter in consequence of the general slowdown in the property market, especially for commercial property. The reorganising of the property portfolio compensated for parts of the write-down, and raised values by NOK 0.8 billion. The net effect on the income statement was NOK 861 million. Pre-tax operating profits before write-downs declined by NOK 77 million from the second quarter of 2007.

DnB NORD achieved a NOK 9 million rise in pre-tax operating profits before write-downs from the second quarter of 2007. Lending growth remained strong and was up 52 per cent, though there are signs of somewhat subdued growth in the Baltic region.

In June 2008, DnB NOR entered into an agreement with Oslo S Utvikling to lease premises for a new head office in Bjørvika in Oslo, scheduled for completion in 2012. The aim is that the new head office will contribute to increased integration and efficiency gains in the Group through new working methods and make the Group even more attractive to new employees.

The Norwegian Ministry of Finance has granted the Group a concession for the establishment of the non-life insurance company DnB NOR Skadeforsikring. Operations are scheduled to start on 1 January 2009.

Including 50 per cent of interim profits, the core capital ratio for the DnB NOR Group was 6.9 per cent as at 30 June 2008, compared with 7.4 per cent at end-June 2007. In spite of the financial market turmoil, the Group enjoyed a healthy liquidity situation.

On 18 June 2008, Anne Carine Tanum succeeded Olav Hytta as chairman of DnB NOR's Board of Directors.

First half

Profits for the first half of 2008 reflected the highly turbulent financial market, including a large, temporary decline in the value of the bond portfolio during the first quarter, which was partly recovered during the second quarter. There was an overall decline in value of NOK 1 333 million in the bond portfolio of DnB NOR Markets and a corresponding NOK 211 million decline in Eksportfinans' portfolio value. Overall, the financial market turmoil during the first half of the year had a significant impact on the Group's performance.

In April, DnB NOR Bank's long-term rating was raised to AA- by the rating agency Standard & Poor's.

DnB NOR has an ownership interest of 40 per cent in Eksportfinans and is part of a guarantee syndicate which issued a direct guarantee for bonds held by Eksportfinans with effect from 29 February 2008. As at 31 March 2008, DnB NOR's share of the guarantee was 48.2 per cent. During the second quarter, the Norwegian government decided to take part in the syndicate with a share corresponding to its ownership interest in Eksportfinans. The negative profit contribution of NOK 211 million from Eksportfinans can be ascribed to maturity effects relating to the value of the bond portfolio and DnB NOR's reduced 40.4 per cent share of the guarantee.

DnB NOR's pre-tax operating profits before write-downs came to NOK 6 089 million in the first half of 2008, down from NOK 7 818 million in the year-earlier period. After taxes, profits declined by 28.6 per cent to NOK 4 480 million. Return on equity was 11.8 per cent and earnings per share NOK 3.27, compared with 18.8 per cent and NOK 4.60 respectively in the first half of 2007. The cost/income ratio was 58.7 per cent in the first half of 2008, up from 49.4 per cent in the year-earlier period.

Performance in the business areas in the first half of the year was affected in various degrees by the financial market turmoil, with the most pronounced impact being in DnB NOR Markets and Life and Asset Management in the first quarter of 2008.

Corporate Banking and Payment Services recorded healthy growth and sound earnings in the first half of 2008, with pre-tax operating profits before write-downs of NOK 4 463 million, up NOK 717 million or 19 per cent from the year-earlier period.

Retail Banking achieved pre-tax operating profits before write-downs in line with the first half of 2007, at NOK 1 943 million. Rising interest rate levels caused a certain pressure on net interest income, while expenses were up due to expansion in the Swedish market.

DnB NOR Markets experienced large, negative price changes in its bond portfolio during the January through March period which were partly reversed in the second quarter. Pre-tax operating profits before write-downs were NOK 531 million in the first half of the year, down 59 per cent from the year-earlier period. Adjusted for the effects of widening credit spreads, profits were up NOK 570 million from the first half of 2007.

Life and Asset Management was affected by the weak stock markets during the first quarter of 2008, while performance in the second quarter reflected write-downs on property values. Pre-tax operating profits before write-downs for the January through June period were NOK 260 million, a reduction from NOK 1 095 million in the first half of 2007.

DnB NORD recorded pre-tax operating profits before write-downs of NOK 346 million in the first half of 2008, an increase of NOK 56 million or 19 per cent from the previous year, mainly reflecting a strong rise in volumes. Average customer lending rose by 49 per cent during the period.

For further details, see the balance sheet and risk information as at 30 June 2008 below in this report and in the report for the first quarter of the year.

Income statement for the second quarter

Income

Income totalled NOK 9 080 million for the April through June period in 2008, up NOK 1 127 million or 14.2 per cent from the second quarter of 2007.

Net interest income

Amounts in NOK million	2nd quarter 2008	Change	2nd quarter 2007
Net interest income	5 016	797	4 219
Lending and deposit volumes		627	
Lending and deposit spreads		171	
Guarantee fund levy		(52)	
Other net interest income		51	

Net interest income was NOK 5 016 million in the second quarter of 2008, up 18.9 per cent from the year-earlier period.

Average lending increased by NOK 167 billion or 19.5 per cent from the second quarter of 2007. There was a rise of NOK 24 billion or 4.7 per cent in average deposits. Lending spreads expanded by 0.05 percentage points compared with the year-earlier period, standing at 1.13 per cent. During the same period, deposit spreads widened by 0.04 percentage points to 1.05 per cent.

Due to rising credit risk margins in global financial markets, DnB NOR's funding costs were NOK 67 million higher than in the second quarter of 2007. Rising funding costs are expected to result in somewhat higher interest rate levels over the next few quarters, especially in the corporate market. A gradual widening in lending spreads is expected due to adjustments to higher interest rate levels.

With effect from 2008, Norwegian banks once again pay guarantee fund levies. For DnB NOR, there was an overall increase in levy payments of NOK 52 million from the second quarter of 2007.

Net other operating income

Amounts in NOK million	2nd quarter 2008	Change	2nd quarter 2007
Net other operating income	4 064	331	3 733
Net gains on foreign exchange and interest rate instruments [1]		473	
Changes in bond prices		343	
Net other commissions and fees		170	
Other income		(59)	
Net financial and risk result from Vital [2]		(123)	
Stock market-related income including financial instruments		(472)	

1) *Excluding guarantees and changes in income resulting from wider credit spreads.*
2) *Excluding guaranteed returns and allocations to policyholders.*

Net other operating income amounted to NOK 4 064 million, up 8.9 per cent from the second quarter of 2007.

The main factor behind the increase was changes in bond prices representing NOK 343 million. Other operating income also reflected the stock market turbulence, and write-downs on the property portfolio in Vital had a negative impact on income. However, there was a healthy trend in income from customer trading and ordinary own-account trading in DnB NOR Markets.

Operating expenses

Amounts in NOK million	2nd quarter 2008	Change	2nd quarter 2007
Operating expenses	4 445	542	3 902
Norwegian units		324	
Of which:			
IT expenses		115	
Properties		79	
Wage settlements		58	
Performance-based pay		(43)	
Marketing		40	
Operational leasing		39	
Increased use of services liable to VAT		30	
SkandiaBanken Bilfinans		24	
Other		(2)	
Cost programme		(42)	
Restructuring expenses, cost programme		28	
International units		218	
Of which:			
Sweden		76	
SalusAnsvar		56	
Svensk Fastighetsförmedling		21	
SkandiaBanken Bilfinans		20	
DnB NORD		43	
Other		3	

Operating expenses totalled NOK 4 445 million, up 13.9 per cent from the second quarter of 2007. The increase reflected both organic growth and the acquisition and establishment of new international operations.

Costs in Norwegian units rose by a total of NOK 324 million or 9.9 per cent from the second quarter of 2007. Staff numbers declined by 36 full-time positions in Norwegian operations during the same period, in spite of the acquisition of leasing operations during the first quarter of the year, which resulted in 60 new full-time positions. An extensive process has been initiated to improve operational stability and modernise the Group's IT infrastructure and systems, giving a NOK 115 million rise in IT costs from the second quarter of 2007. In the longer term, these initiatives will ensure greater customer satisfaction and higher productivity. The transition from financial to operational leasing activity for customers and the expansion of leasing operations gave a NOK 39 million rise in depreciation on leasing objects. The sale of bank properties and the transition to lease agreements caused a NOK 79 million increase in costs during the quarter compared with the year-earlier period, while financing costs were brought down.

The Group's cost programme started to yield results during the second quarter. Measures implemented ensured overall quarterly savings of NOK 42 million during the April through June period compared with the second quarter of 2007. However, restructuring costs of NOK 28 million were used to achieve cost savings, whereby the net quarterly effect of the measures was NOK 14 million.

Costs in the Group's international units rose by NOK 218 million during the second quarter compared with the year-earlier period, reflecting expansion and the acquisition of operations. The number of full-time positions in international units rose by 935 from the second quarter of 2007 to the second quarter of 2008.

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 3 million in the second quarter of 2008, compared with NOK 9 million in the year-earlier period.

Write-downs on commitments

The financial turmoil and the general economic situation had little impact on the repayment ability of DnB NOR's customers. Net write-downs on loans and guarantees came to NOK 275 million for the quarter, compared with NOK 140 million in the year-earlier period. The low level of write-downs in the past few quarters is expected to gradually normalise.

Individual write-downs totalled NOK 222 million. There was a moderate level of individual write-downs, which represented 0.09 per cent of lending on an annual basis. There was a certain reduction in reversals on previous write-downs.

Group write-downs increased by NOK 52 million from end-March 2008, mainly due to volume growth and a certain normalisation of the economic situation. The loss probability in the portfolios has not changed materially.

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 4.8 billion as at 30 June 2008, up NOK 1 billion from end-June 2007. The increase reflected somewhat higher default figures in DnB NORD and rising volumes in DnB NOR. Non-performing and impaired commitments represented 0.44 per cent of lending volume at end-June 2008, compared with 0.42 per cent a year earlier and at end-December 2007.

Taxes

The DnB NOR Group's tax charge for the second quarter of 2008 was NOK 1 003 million. The tax charge is based on an anticipated average tax rate of 23 per cent of pre-tax operating profits. The estimate for the full year has been maintained in spite of the weak stock markets during the first half, which could affect the relative tax charge. However, other temporary aspects counteract these effects. The estimate is based on the assumption that the stock markets will normalise during 2008.

Balance sheet and liquidity

Balance sheet and assets under management

As at 30 June 2008, total combined assets in the DnB NOR Group were NOK 1 906 billion, up from NOK 1 802 billion a year earlier. Total assets in the Group's balance sheet were NOK 1 577 billion at end-June 2008, an increase from NOK 1 437 billion a year earlier.

Net lending to customers rose by NOK 179 billion or 20.3 per cent during the twelve-month period, partly due to a number of small-scale acquisitions and general growth in the international corporate portfolio. Deposit volume was up NOK 37 billion or 7.1 per cent during the same period.

Total assets in Vital were NOK 227 billion as at 30 June 2008, a decline from NOK 229 billion twelve months earlier.

Liquidity

DnB NOR had good access to liquid funds during the second quarter of 2008, in spite of the financial market turmoil, which resulted in significant volatility and higher funding costs. The limits set by the Board of Directors for the Group's liquidity management remained unchanged in the second quarter of the year.

In order to keep the Group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The ratio of deposits to lending was 53.2 per cent as at 30 June 2008, compared with 52.0 per cent at end-March 2008. The ratio declined at the beginning of the quarter, but was strengthened in June. DnB NOR Boligkreditt, which issues well-secured covered bonds based on DnB NOR's housing loan portfolio, has become an increasingly important tool to ensure favourable funding of the Group's operations. Securities issued by the Group increased by NOK 135 billion or 41.1 per cent from end-June 2007, totalling NOK 464 billion as at 30 June 2008. The majority of the securities were issued in international capital markets. During the first half of the year, DnB NOR raised bond debt and subordinated loans for a total of NOK 115 billion. The loans were raised at competitive prices. The average cost increased from 7 to 50 basis points over the money market rate.

DnB NOR is continually reviewing prices and maturities in securities markets relative to alternative sources, such as available special-term corporate deposits in the money market.

Risk and capital adequacy

The DnB NOR Group quantifies risk by measuring risk-adjusted capital. Net risk-adjusted capital declined by NOK 0.1 billion in the April through June period, to NOK 54.5 billion. The table below shows developments in risk-adjusted capital:

Amounts in NOK billion	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
Credit risk	48.6	47.5	42.6	38.1
Market risk	4.2	4.2	3.6	2.9
Ownership risk for Vital	5.6	7.3	8.5	10.7
Operational risk	5.6	5.6	5.2	5.2
Business risk	2.7	2.7	2.5	2.5
Gross risk-adjusted capital requirement	66.7	67.2	62.4	59.4
Diversification effect [1)]	(12.2)	(12.6)	(13.6)	(14.5)
Net risk-adjusted capital requirement	54.5	54.6	48.8	44.9
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	18.2	18.7	21.8	24.4

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

There was continued brisk growth in credit volumes in the second quarter of 2008, with the greatest increases in Corporate Banking and Payment Services, reflecting strong international expansion, and in DnB NORD. Credit quality remained strong and stable. Even in difficult market conditions, DnB NOR syndicated loans in the shipping and offshore segment. Non-performing and impaired commitments showed a marginal increase from a very low level.

Due to continued financial market turmoil and falling property values, the return on financial assets in Vital remained weak during the second quarter. Vital used approximately NOK 1.7 billion of additional allocations to cover policyholders' guaranteed rate of return during the April through June period. Vital mitigated the company's risk level through the sale of shares and the continuation of an extensive hedging programme. At end-June 2008, Vital had an equity exposure of 12.5 per cent. Developments in commercial property values are an element of uncertainty affecting the company's future return on financial assets.

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

Amounts in NOK billion	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
4.25 per cent of risk-weighted assets	43.9	42.5	42.1	40.0
Capital buffer	17.7	17.4	15.8	15.3
Core capital target excl. hybrid securities	61.6	60.0	58.0	55.3
Statutory deductions in core capital	9.5	15.5	13.6	7.0
Equity target	71.0	75.4	71.5	62.3
Actual equity [1]	72.4	77.1	76.0	65.7
Equity reserve	1.4	1.7	4.4	3.4

1) Includes 50 per cent of interim profits.

The equity reserve was reduced to NOK 1.4 billion, mainly reflecting rising credit volumes. Calculations show that the Group is well capitalised.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 49 billion during the quarter, to NOK 1 046 billion. The Group raised new subordinated loan capital of NOK 5.5 billion in June. Including 50 per cent of interim profits, the core capital ratio was 6.9 per cent, while the capital adequacy ratio was 9.8 per cent.

Business areas

The activities of DnB NOR are organised in four business areas according to the customer segments served by the Group and the products offered. In addition, DnB NORD is regarded as a separate profit centre.

The financial market turmoil had differing effects on the performance of the business areas, and there was a certain reversal of former unrealised mark-to-market losses. Rising money market rates and higher funding costs also affected the performance of some of the business areas in the second quarter of 2008. However, there was a healthy underlying trend in most areas.

Corporate Banking and Payment Services

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
Net interest income	2 813	2 141	671	31.4
Other operating income	862	782	80	10.2
Total income	3 675	2 924	751	25.7
Operating expenses	1 193	988	205	20.7
Pre-tax operating profit before write-downs	2 482	1 935	547	28.2
Net gains on fixed assets	18	5	14	298.2
Net write-downs on loans	93	25	67	265.7
Pre-tax operating profit	2 407	1 914	493	25.7
Average balance sheet items in NOK billion				
Net lending to customers	517.4	397.1	120.3	30.3
Deposits from customers	295.8	279.0	16.8	6.0
Key figures in per cent				
Return on BIS capital	17.2	18.5		
Cost/income ratio	32.5	33.8		
Ratio of deposits to lending	57.2	70.3		

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 2 407 million in the second quarter of 2008, an increase of 25.7 per cent or NOK 493 million from the year-earlier period. Second quarter performance reflected a large number of new transactions coupled with great uncertainty in financial markets.

Credit demand was high throughout the second quarter of 2008, and average loans and guarantees totalled NOK 596 billion. Operations outside Norway accounted for the major part of the overall growth of NOK 134 billion from the second quarter of 2007.

The rise in deposits has levelled off over the past few quarters, and combined with brisk lending growth, this resulted in a reduction in the ratio of deposits to lending of 13.1 percentage points from the second quarter of 2007, to 57.2 per cent.

Due to the brisk lending growth, net interest income increased from the year-earlier period. Interest rate levels were rising in the Norwegian market, putting pressure on spreads. There was a stable trend in earnings in the Group's priority areas outside Norway. Lending spreads stood at 1.05 per cent in the second quarter of 2008, on a level with the year-earlier period. At 0.74 per cent, deposit spreads were also in line with the figure for the second quarter of 2007.

Brisk sales of foreign exchange and interest rate products helped raise income for the quarter. In spite of a sluggish syndication market in the second quarter of 2008, income from these products rose compared with the year-earlier period. There was also a rise in income from associated companies from the second quarter of 2007 to the corresponding period in 2008. Corporate Banking and Payment Services recorded a profit contribution from Eksportfinans of NOK 98 million in the second quarter of 2008.

International expansion contributed to a rise in operating expenses from the year-earlier period, including the acquisition of SkandiaBanken Bilfinans' operations in Sweden and Norway in early 2008. The number of full-time positions rose by 255 from the second quarter of 2007, and approximately 40 per cent of the increase took place in units outside Norway. At end-June 2008, staff in Corporate Banking and Payment Services represented 2 504 full-time positions, including 650 positions in Norwegian subsidiaries and 690 in international units. There was a rise in depreciation due to strong growth in operational leasing.

The quality of the loan portfolios remained sound, and there was a low level of net write-downs on loans in the second quarter of 2008 at 0.07 per cent of net customer lending, in spite of an increase from the previous year.

Customer satisfaction showed a positive trend. The market share of total lending in Norway increased by 0.2 percentage points from end-June 2007, to 15.0 per cent at end-May 2008.

Corporate Banking and Payment Services sees great opportunities for growth within its priority areas, though the effects of rising money market rates and the tight funding market are expected to result in a levelling off in general credit growth.

Retail Banking

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
Net interest income	1 804	1 780	24	1.4
Other operating income	826	797	30	3.7
Total income	2 630	2 576	54	2.1
Operating expenses	1 731	1 594	138	8.6
Pre-tax operating profit before write-downs	899	983	(83)	(8.5)
Net gains on fixed assets	0	0	0	0.0
Net write-downs on loans	84	64	20	30.8
Pre-tax operating profit	815	919	(103)	(11.2)
Average balance sheet items in NOK billion				
Net lending to customers	451.1	421.0	30.0	7.1
Deposits from customers	232.3	215.8	16.5	7.6
Key figures in per cent				
Return on BIS capital	33.8	20.9		
Cost/income ratio	65.8	61.9		
Ratio of deposits to lending	51.5	51.3		

Retail Banking recorded pre-tax operating profits of NOK 815 million in the second quarter of 2008, down NOK 103 million from the corresponding period in 2007. The decline in profits can be partly ascribed to higher costs due to international expansion.

Both lending and deposit volumes increased by just over 7 per cent from the second quarter of 2007, and the ratio of deposits to lending remained stable.

Net interest income rose by 1.4 per cent compared with the second quarter of 2007, but declined by 4.7 per cent from the first quarter of 2008. Interest rate levels and funding costs were increasing, and interest rates were raised twice during the second quarter. Due to the notification periods, the interest rate increases had little impact on income during the quarter, but will have full effect from the beginning of the third quarter. Relative to total lending and deposits, net interest income was 1.06 per cent, down from 1.12 per cent in the second quarter of 2007.

Other operating income reflected reduced income from the sale of structured products and from lower loyalty programme charges during the period, whereas income from the sale of non-life insurance, manual payment transactions and operations in Sweden made a positive contribution.

Operating expenses rose by NOK 138 million from the second quarter of 2007, with operations in Sweden accounting for NOK 116 million. Retail Banking staff numbered 3 907 full-time positions as at 30 June 2008. Ongoing streamlining measures have reduced staff numbers in operations in Norway.

Net write-downs on loans and guarantees rose by NOK 20 million from the April through June period in 2007, but were at a stable level relative to average lending volume.

At end-May 2008, the market share of credit to retail customers was 28.6 per cent, down from 29.2 per cent at end-June 2007. The market share of savings was 35.9 per cent at end-May 2008.

In-store banking outlets provide longer opening hours and a large number of service counters, representing an important step in increasing customers' accessibility to simple banking services. At end-June 2008, in-store banking outlets were established in approximately 830 grocery stores around Norway.

All of DnB NOR's 890 000 registered Internet banking customers have received information on the use of BankID. Approximately 80 per cent of the customers who have thus far started using BankID have also agreed to use BankAxess, an online payment application whereby funds are debited directly from their accounts. The Internet banks dnbnor.no and postbanken.no have been improved, offering a wider range of self-service solutions and a number of new SMS solutions. New fixed-rate deposits with a six-month term were introduced during the period.

DnB NOR and Nordlandsbanken removed charges on all customer loyalty programmes with effect from 1 May, which has resulted in highly positive responses from customers.

Retail Banking expects lending growth to level off and money market rates to remain high over the next few quarters. Major emphasis will be placed on increasing accessibility to DnB NOR through the Internet banks, mobile phones and in-store banking outlets, thus paving the way for the streamlining of operations and cost savings. There will be continued international expansion, with the main focus on Sweden.

DnB NOR Markets

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
FX, interest rate and commodity derivatives	398	295	103	34.8
Investment products	176	181	(5)	(2.6)
Corporate finance	228	282	(54)	(19.1)
Securities services	104	104	(0)	(0.4)
Total customer revenues	905	861	44	5.1
Total market making/ trading revenues	640	125	516	414.0
Interest income on allocated capital	79	44	35	80.4
Total income	1 625	1 030	595	57.8
Operating expenses	422	402	20	4.9
Pre-tax operating profit	1 203	628	575	91.6
Key figures in per cent				
Return on BIS capital	70.2	47.0		
Cost/income ratio	26.0	39.0		

DnB NOR Markets achieved very strong profits in the second quarter of 2008. Pre-tax operating profits totalled NOK 1 203 million, an increase of NOK 575 million or 92 per cent from the second quarter of 2007. A certain improvement in international financial markets during April and May was followed by new market turmoil and a resulting increase in credit risk spreads towards the end of the quarter. Reversals on previous quarters' unrealised mark-to-market losses on the bank's liquidity portfolio of bonds made a positive contribution of NOK 233 million in the second quarter of 2008, while unrealised losses of NOK 23 million were recorded in the year-earlier period.

Well-diversified operations and a rise in customer business helped maintain a high level of customer-related income. A customer survey undertaken by Greenwich confirms good results for DnB NOR within cross-sales between the business areas.

Customer-related income from foreign exchange and interest rate and commodity derivatives increased due to continued healthy demand for interest rate and currency hedging products. A wider range of commodity price hedging products was well received by customers and contributed to strong growth.

Customer-related income from investment products declined compared with the second quarter of 2007. Higher income from the sale of bonds, equities and equity derivatives largely compensated for reduced sales of structured products and alternative investments. During the quarter, DnB NOR Markets launched new investment products, such as DnB NOR Shippingfond and the exchange-traded funds DnB NOR OBX Derivat Bear and DnB NOR OBX Derivat Bull in cooperation with DnB NOR Asset Management.

There was a lower level of activity for share issues and stock exchange listings than in the year-earlier period, resulting in a reduction in total customer-related revenues from corporate finance services. However, income from acquisitions and delistings of companies showed an increase from the second quarter of 2007. There was a positive trend for arranging commercial paper and bond issues. DnB NOR Markets strengthened its leading market position in

Norway. During the quarter, a Debt Capital Markets unit was established at the branch in New York.

Customer-related revenues from custodial and other securities services were on a level with the year-earlier period. There was a high level of activity within both securities services, custody and securities finance.

Earnings from market making and other proprietary trading were NOK 640 million, up NOK 516 million from the second quarter of 2007. Reversals on previous periods' unrealised losses on the liquidity portfolio of bonds contributed NOK 233 million. Income from other proprietary trading was NOK 407 million for the quarter, up NOK 259 million from the year-earlier period. The increase was a result of market making and ordinary position taking within set limits.

There was a rise in costs compared with the second quarter of 2007, reflecting the establishment of new units and a wider range of products.

There is high, stable credit quality in the bond portfolio, and unrealised changes in bond values are expected to be reversed by an estimated NOK 220 million per quarter over the residual maturity of three years, conditional on stable credit margins during this period.

Life and Asset Management

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
Total income	1 112	1 197	(85)	(7.1)
Operating expenses	575	584	(9)	(1.5)
Pre-tax operating profit	537	614	(77)	(12.5)
Balance sheet items in NOK billion (end of period)				
Assets under management	556.4	594.8	(38.4)	(6.5)
Key figures in per cent				
Return on equity 1)	18.6	35.2		
Cost/income ratio	51.7	48.8		

1) Calculated on the basis of recorded equity.

Life and Asset Management recorded an overall pre-tax operating profit of NOK 537 million in the second quarter of 2008, which represented a reduction of NOK 77 million from the year-earlier period. This comprised a profit of NOK 454 million in Vital and a profit of NOK 83 million in DnB NOR Asset Management. The business area's financial performance reflected the prolonged stock market turmoil.

Assets under management in Life and Asset Management totalled NOK 556 billion as at 30 June 2008.

The descriptions of the financial performance of Vital and DnB NOR Asset Management are divided into two separate sections below.

Vital

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
Interest result	(1 428)	3 316	(4 744)	(143.1)
Transferred to additional allocations	1 727	0	1 727	
Risk result	60	13	47	354.2
Administration result	(45)	(68)	22	(33.1)
Profit for risk and guaranteed rate of return	107	0	107	
Other	35	7	28	416.3
Allocations to policyholders	0	2 805	(2 805)	(100.0)
Pre-tax operating profit	454	464	(9)	(2.0)
Balance sheet items in NOK billion (end of period)				
Assets under management	227.0	229.3	(2.4)	(1.0)
Key figures in per cent				
Return on equity 1)	19.7	37.4		

1) Calculated on the basis of recorded equity.

Vital recorded pre-tax operating profits of NOK 454 million in the second quarter of 2008, which represented a reduction of NOK 10 million from the year-earlier period. The company used approximately NOK 1.7 billion of additional allocations in the second quarter of 2008 to cover policyholders' guaranteed rate of return.

Vital achieved recorded and value-adjusted returns of 0.1 per cent in the common portfolio in the second quarter of 2008. The stock market turmoil was the main factor behind the low returns.

The company's equity exposure, including underlying equity investments and the effects of option programmes, represented 12.5 per cent of total assets at end-June 2008. The equity exposure was reduced and the hedging programme restructured during the second quarter of 2008 to ensure greater stability and reduce the loss potential in connection with further falls in equity prices.

According to accounting regulations, property investments must be recorded at fair value. Valuations are based on external appraisals and internal models. In spite of rising market rent, property values were reduced by NOK 1.7 billion due to higher required rates of return in the market. A number of properties were demerged in separate subsidiaries during the second quarter, and market values are based on the assumption that the properties can be sold as separate limited companies. The restructuring of the property portfolio compensated for parts of the value changes and raised values by NOK 0.8 billion. Property values were reduced by a total of 2.7 per cent or NOK 861 million in the second quarter of 2008.

There was an increase in the risk result from the second quarter of 2007, reflecting a better result for disability insurance.

The administration result was negative due to a negative result for defined-contribution pensions, while the administration result for guaranteed-rate products was almost in balance.

There was a reduction in total assets, mainly due to surrenders of individual market products due to rising interest rate levels and new tax rules for individual pension savings. Surrenders totalled NOK 2.6 billion in the second quarter of 2008, while total surrenders from end-June 2007 represented NOK 10.9 billion. Recorded policyholders’ funds within defined-contribution pension schemes totalled NOK 4.3 billion at end-June 2008. Some 18 000 companies had entered into defined-contribution agreements.

As at 30 June 2008, Vital provided insurance coverage for more than one million policyholders through individual and group agreements. The customer portfolio also included agreements with some 25 000 companies, municipalities and public enterprises.

Vital launched new products for individual tax-incentive pension savings in June 2008, immediately after the act on individual pension savings was passed.

Vital is working continuously to improve customer service and simplify work processes, while improving the quality of customer systems. Parallel to cost reductions, operations will become more streamlined and uniform.

Vital opened an office in Lithuania in April 2008. The company already has an office in Latvia. Products are distributed through DnB NORD's network. Operations in the Baltic region are developing in line with the company's approved plans.

Vital's market share of policyholders' funds was 33.8 per cent at end-March 2008, up 0.2 percentage points from year-end 2007. The company had a market share of 28.3 per cent within group pensions, a 0.5 percentage point increase from end-December 2007. In the individual market, the market share rose by 0.1 percentage points to 51.9 per cent. The market share for defined-contribution pensions was 30.6 per cent, on a level with the figure at end-December 2007.

As at 30 June 2008, solvency capital totalled NOK 13.9 billion, compared with NOK 17.2 billion at end-March 2008 and NOK 21.8 billion as at 31 December 2007. Vital's interim performance and a reduction in the securities adjustment reserve were the main factors behind the reduction.

Vital aims to further expand its operations while providing the owner and policyholders with healthy returns. Key measures will be continued efforts to develop cost-effective and profitable operations while strengthening customer service and customer relations.

DnB NOR Asset Management

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
Commission income				
- from retail customers	92	140	(48)	(34.1)
- from institutional clients	145	188	(43)	(22.8)
Other income	38	23	14	61.7
Total income	275	351	(76)	(21.7)
Operating expenses	192	201	(9)	(4.5)
Pre-tax operating profit	83	150	(67)	(44.6)
Balance sheet items in NOK billion (end of period)				
Assets under management	500.5	548.5	(48.0)	(8.7)
Key figures in per cent				
Return on equity 1)	13.0	23.9		
Cost/income ratio	69.8	57.3		

1) Calculated on the basis of recorded equity.

DnB NOR Asset Management recorded pre-tax operating profits of NOK 83 million in the second quarter of 2008, down NOK 67 million from the year-earlier period. The decline mainly reflected lower management fees due to a decline in assets under management and lower performance-based fees.

There were several factors underlying the reduction in assets under management from the second quarter of 2007. NOK 28 billion of the decline stemmed from developments in equity prices and interest rate levels during the twelve-month period, while a stronger Norwegian krone gave a negative exchange effect of NOK 4 billion on international securities under management. The net outflow of funds was NOK 16 billion.

The market share for mutual funds in the Norwegian retail market was 37.5 per cent at end-May 2008, down from 38.1 per cent at end-June 2007.

At end-June 2008, the total number of mutual fund savings schemes exceeded 341 000. Annual subscriptions under savings schemes represented more than NOK 3.2 billion.

At end-May 2008, 41 DnB NOR funds, representing 34.5 per cent of all DnB NOR funds, had received four or five stars from the rating company Morningstar.

DnB NOR Asset Management anticipates a rise in private financial savings in both Norway and Sweden. Competition for new savings will necessitate continued development of tailor-made products and services. During the second quarter of the year, two new listed funds were launched in cooperation with DnB NOR Markets. The expectations of investors regarding developments in financial markets together with investor confidence in the stock market will have a strong impact on performance in the business area.

DnB NORD

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	Change	Change in per cent
Net interest income	409	338	71	21.0
Other operating income	165	185	(19)	(10.5)
Total income	574	523	52	9.9
Operating expenses	397	354	43	12.0
Pre-tax operating profit before write-downs	178	169	9	5.4
Net gains on fixed assets	1	5	(3)	(71.7)
Net write-downs on loans	53	26	27	106.8
Pre-tax operating profit	126	148	(22)	(14.6)
Average balance sheet items in NOK billion				
Net lending to customers	71.4	47.0	24.4	51.8
Deposits from customers	21.1	19.2	1.8	9.6
Key figures in per cent				
Return on BIS capital	7.2	13.9		
Cost/income ratio	69.1	67.7		
Ratio of deposits to lending	29.5	40.9		

DnB NORD recorded pre-tax operating profits of NOK 126 million in the second quarter of 2008, down NOK 22 million compared with the year-earlier period. Performance was influenced by rising funding costs and higher write-downs on loans.

Net customer lending showed continued growth, though the growth rate was somewhat more sluggish in the Baltic region and is expected to slow further. The market for customer deposits was characterised by fierce competition and narrower spreads, resulting in a weak development in deposits.

There was a 10 per cent increase in total income from the second quarter of 2007. Net interest income was affected by higher funding costs.

The rise in operating expenses was mainly due to a planned increase in staff levels. At end-June 2008, DnB NORD staff represented 3 460 full-time positions, up from 3 052 a year earlier.

Net write-downs on loans represented 30 basis points relative to net lending, up from 22 basis points in the year-earlier period. However, the loan portfolio is of good quality given the markets in which DnB NORD operates. Provided that the economic situation does not deteriorate further, no major increase is expected in the level of write-downs during the remainder of the year.

DnB NORD is well represented in the Baltic region and Poland, serving both retail and corporate customers. In Denmark and Finland, DnB NORD is a full-service bank for corporate customers. DnB NORD had more than 770 000 customers and 173 branches at end-June 2008.

Economic growth in the Baltic countries is expected to slow down to a more normalised level. The situation remains unstable, though there are some positive signs. Among other things, the Latvian government budget is in balance. High inflation combined with sluggish growth could, however, give reason for some concern.

Through the development and harmonisation of products across national borders, DnB NORD aims to participate actively in the extensive trading and investment activity in the Baltic Sea region.

Cost programme

The Group's cost programme was on schedule and started to yield results during the second quarter. Savings were achieved within several areas.

The branch network was extensively restructured and greater distribution power was ensured through the opening of in-store banking outlets. This offering will be expanded during the entire duration of the cost programme.

Efforts are being focused on streamlining relations with suppliers, both through insourcing and oursourcing projects, and on further exploiting the size of the DnB NOR Group to achieve better procurement agreements.

Other important elements in the cost programme are the phasing out of IT routines and the restructuring of internal operational processes.

Restructuring costs associated with the programme will accrue on an ongoing basis up till the second half of 2010, and the full accounting effect of the programme will thus not materialise until the end of 2010.

In order to further increase efficiency and make sure that the Group will achieve its financial targets, the Board of Directors has decided to raise the cost savings target from NOK 1 billion to NOK 1.4 billion.

Macroeconomic developments

The financial crisis continued to leave its mark on financial markets in the second quarter of 2008. Very low economic growth in the US has had negative ripple effects on the rest of the world. Initiated monetary and fiscal policy measures are expected to raise US activity levels during the autumn, though there is still a high level of uncertainty.

After close to five years of continuous strong growth in the Norwegian economy, it appears that the peak of the current cycle has passed. Nevertheless, Norway enjoys a more favourable economic situation than most other countries, and economic prospects remain favourable. High interest rates, less optimism and more stringent credit requirements will probably contribute to curbing credit demand. In the household sector, high interest rates and an anticipated weak development in share prices point to a rise in deposits. Lower corporate profits will contribute to dampening deposit growth in the corporate market. Coupled with higher-priced capital market funding, this will probably further intensify the competition for deposits.

Future prospects

Even though financial market volatility also leaves its mark on DnB NOR's accounts and operations, the Group's underlying, long-term development remains sound. Investments recovery is on schedule, and most of DnB NOR's operations are shielded from the most pronounced effects. DnB NOR thus expects the Group to strengthen its relative position.

In spite of a certain reduction in growth estimates, DnB NOR has a sound, broad platform for further growth. It is also probable that credit margins will improve in the Norwegian markets.

DnB NOR is committed to strengthening customer relations and increasing its earnings potential, inter alia by offering a wider range of financial products to an increasing number of customers.

There will be greater interaction between group entities. Strong emphasis will also be placed on giving customers at the international units the same range of products as that available in Norway.

The maturity effects relating to previous decreases in bond values will enable the Group to record income in future quarters, provided that credit margins remain unchanged.

The cost programme and the new targets for cost developments in the Group's Norwegian operations will have an increasing impact in the coming quarters. Total restructuring cost of NOK 1 150 million are expected to be used during the duration of the programme. The process to streamline group operations will continue, including efforts to boost productivity in the international entities. This will provide the basis for a lower cost/income ratio in future.

However, continued financial market turmoil represents an element of uncertainty, and there is also a possibility that a further decline in the property market could influence the Group's future performance.

A certain increase in write-downs on loans must be expected due to the economic slowdown in Norway and internationally. However, the starting point is good, with historically low default figures and credit losses. Individual write-downs are thus likely to remain at a historically low level for 2008.

Group write-downs are linked directly to economic developments, the quality of the portfolios and the size and composition of the loan portfolio and could show a different short-term trend than individual write-downs.

Given its robust capital base and continued good access to funding, DnB NOR is well positioned for the coming years. Based on the situation at end-June 2008, the target of a pre-tax operating profit before write-downs for 2008 on a par with 2007 is maintained. Similarly, the target of a pre-tax operating profit before write-downs of NOK 20 billion in 2010 remains unchanged.

Oslo, 9 July 2008
The Board of Directors of DnB NOR ASA

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Per Hoffmann

Jørn O. Kvilhaug

Bent Pedersen

Tore Olaf Rimmereid

Trine Sæther Romuld

Ingjerd Skjeldrum

Siri Pettersen Strandenes

Rune Bjerke
(group chief executive)

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DnB NOR Group

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DnB NOR ASA

Income statement [1)]

Amounts in NOK million	Note	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
		DnB NOR Group				
Total interest income	5	19 483	14 798	37 965	28 184	61 746
Total interest expenses	5	14 467	10 579	27 926	19 980	43 880
Net interest income	5	**5 016**	**4 219**	**10 039**	**8 204**	**17 866**
Commissions and fees receivable etc.	6	2 440	2 429	4 815	4 751	9 476
Commissions and fees payable etc.	6	590	562	1 172	1 149	2 392
Net gains on financial instruments at fair value	6, 7	1 433	989	665	2 047	3 185
Net gains on assets in Vital	6	787	6 118	(1 255)	10 690	23 883
Guaranteed returns and allocations to policyholders in Vital	6	437	5 598	(1 072)	9 791	17 005
Premium income etc. included in the risk result in Vital	6	1 074	917	2 140	2 331	4 249
Insurance claims etc. included in the risk result in Vital	6	1 014	904	1 968	2 305	8 907
Net realised gains on investment securities (AFS)	6	0	0	0	0	0
Profit from companies accounted for by the equity method	6	102	21	(192)	58	9
Other income	6	269	323	585	629	1 234
Net other operating income	6	**4 064**	**3 733**	**4 689**	**7 261**	**13 732**
Total income		**9 080**	**7 952**	**14 728**	**15 465**	**31 598**
Salaries and other personnel expenses	8	2 361	2 207	4 622	4 335	9 413
Other expenses	8	1 817	1 453	3 513	2 869	6 005
Depreciation and write-downs of fixed and intangible assets	8	266	242	503	442	1 032
Total operating expenses	8	**4 445**	**3 902**	**8 639**	**7 646**	**16 450**
Net gains on fixed and intangible assets		3	9	34	14	2 481
Write-downs on loans and guarantees	10	275	140	470	191	220
Pre-tax operating profit		**4 363**	**3 919**	**5 653**	**7 642**	**17 409**
Taxes		1 003	512	1 173	1 368	2 387
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		**3 360**	**3 407**	**4 480**	**6 274**	**15 022**
Profit attributable to shareholders		3 297	3 329	4 351	6 141	14 780
Profit attributable to minority interests		63	78	128	133	242
Earnings per share (NOK) [2)]		2.47	2.50	3.27	4.60	11.08
Earnings per share for discontinuing operations (NOK) [2)]		0.00	0.00	0.00	0.00	0.00

1) See note 4 for specification of income statement items in Vital.

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

Balance sheet [1)]

Amounts in NOK million	Note	30 June 2008	31 Dec. 2007	30 June 2007
		DnB NOR Group		
Assets				
Cash and deposits with central banks		16 235	9 816	8 951
Lending to and deposits with credit institutions		80 328	64 379	127 298
Lending to customers	11, 12	1 062 115	970 504	882 810
Commercial paper and bonds	13	177 104	177 602	157 273
Shareholdings		47 738	48 682	65 570
Financial assets, customers bearing the risk		18 549	19 868	19 105
Financial derivatives		58 716	65 933	61 024
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity	13	53 058	59 641	62 906
Investment property	14	32 517	33 078	26 662
Investments in associated companies		1 688	1 435	1 462
Intangible assets	15	8 820	7 742	7 196
Deferred tax assets		154	136	80
Fixed assets		3 950	3 496	5 245
Biological assets		0	0	0
Discontinuing operations		241	225	812
Other assets		15 412	11 382	10 668
Total assets		**1 576 626**	**1 473 919**	**1 437 061**
Liabilities and equity				
Loans and deposits from credit institutions		130 028	144 198	163 739
Deposits from customers		565 399	538 151	527 937
Financial derivatives		57 463	62 741	63 100
Securities issued	16	463 502	371 784	328 508
Insurance liabilities, customers bearing the risk		18 549	19 868	19 105
Liabilities to life insurance policyholders		186 945	191 626	191 452
Payable taxes		1 904	1 431	5 466
Deferred taxes		2 496	1 994	426
Other liabilities		31 666	27 717	31 239
Discontinuing operations		0	0	0
Provisions		5 259	5 207	4 503
Subordinated loan capital	16	38 540	33 226	34 152
Total liabilities		**1 501 750**	**1 397 944**	**1 369 627**
Minority interests		3 187	2 662	2 536
Revaluation reserve		0	0	0
Share capital		13 327	13 327	13 341
Other reserves and retained earnings		58 362	59 987	51 557
Total equity		**74 876**	**75 976**	**67 434**
Total liabilities and equity		**1 576 626**	**1 473 919**	**1 437 061**
Off-balance sheet transactions and contingencies	19			

1) *See note 4 for specification of balance sheet items in Vital.*

Statement of changes in equity

DnB NOR Group

Amounts in NOK million	Minority interests [1]	Revalu-ation reserve	Share capital	Share premium reserve	Other equity [1]	Total other reserves and retained earnings	Total equity [1]
Balance sheet as at 31 December 2006	**2 201**	**0**	**13 341**	**11 963**	**38 907**	**50 870**	**66 413**
Net change in currency translation reserve	(71)				(117)	(117)	(188)
Profit for the period	133				6 141	6 141	6 274
Net income for the period	62				6 024	6 024	6 086
Dividends 2006					(5 336)	(5 336)	(5 336)
Minority interests DnB NORD	273						273
Balance sheet as at 30 June 2007	**2 536**	**0**	**13 341**	**11 963**	**39 594**	**51 557**	**67 434**
Balance sheet as at 31 December 2007	**2 662**	**0**	**13 327**	**11 697**	**48 290**	**59 987**	**75 976**
Net change in currency translation reserve	19				(109)	(109)	(90)
Profit for the period	128				4 351	4 351	4 480
Net income for the period	147				4 243	4 243	4 390
Dividends 2007					(5 997)	(5 997)	(5 997)
Minority interests DnB NORD	378						378
New regulations for the life insurance industry [2]					130	130	130
Balance sheet as at 30 June 2008	**3 187**	**0**	**13 327**	**11 697**	**46 666**	**58 362**	**74 876**

1) *Of which currency translation reserve:*

Balance sheet as at 31 December 2006	*44*	*(44)*	*0*
Net change in currency translation reserve	*(71)*	*(117)*	*(188)*
Balance sheet as at 30 June 2007	*(27)*	*(161)*	*(188)*
Balance sheet as at 31 December 2007	*(28)*	*(275)*	*(303)*
Net change in currency translation reserve	*19*	*(109)*	*(90)*
Balance sheet as at 30 June 2008	*(9)*	*(384)*	*(393)*

2) *The implementation effect is adjusted in the second quarter due to new information.*

Cash flow statement

Amounts in NOK million	DnB NOR Group 1st half 2008	1st half 2007	Full year 2007
Operations			
Net payments on loans to customers	(85 034)	(51 472)	(147 421)
Net receipts on deposits from customers	23 641	45 933	65 651
Interest received from customers	32 826	24 886	50 211
Interest paid to customers	(11 616)	(6 844)	(17 733)
Net receipts/payments on the sale/acquisition of financial assets for investment or trading	14 315	17 105	22 440
Net receipts on commissions and fees	3 690	4 855	7 118
Payments to operations	(7 061)	(8 537)	(17 794)
Taxes paid	(699)	(353)	(3 980)
Receipts on premiums	7 559	11 236	13 295
Net receipts/payments on premium reserve transfers	1 276	(688)	(1 937)
Payments of insurance settlements	(8 511)	(12 373)	(19 621)
Other receipts	562	644	1 213
Net cash flow relating to operations	**(29 053)**	**24 393**	**(48 560)**
Investment activity			
Net receipts/payments on the sale/acquisition of fixed assets	(1 000)	(886)	3 087
Receipts on the sale of long-term investments in shares	133	0	9
Payments on the acquisition of long-term investments in shares	(2 493)	(1 293)	(4 080)
Dividends received on long-term investments in shares	103	167	248
Net cash flow relating to investment activity	**(3 257)**	**(2 012)**	**(736)**
Funding activity			
Net receipts/payments on loans to/from credit institutions	(38 568)	(19 546)	23 278
Net receipts/payments on other short-term liabilities	(3 207)	6 537	(10 622)
Net receipts on the issue of bonds and commercial paper 1)	98 049	4 977	58 281
Issue of subordinated loan capital	8 624	4 310	5 581
Redemptions of subordinated loan capital	(1 594)	(2 186)	(4 017)
Repurchase of own shares	0	0	(108)
Dividend payments	(5 997)	(5 336)	(5 336)
Net interest payments on funding activity	(14 551)	(14 519)	(20 420)
Net cash flow from funding activity	**42 756**	**(25 763)**	**46 637**
Net cash flow	**10 446**	**(3 382)**	**(2 659)**
Cash as at 1 January	15 935	18 594	18 594
Net receipts/payments of cash	10 446	(3 382)	(2 659)
Cash at end of period *)	26 380	15 211	15 935
**) Of which: Cash and deposits with central banks*	*16 235*	*8 951*	*9 816*
Deposits with credit institutions with no agreed period of notice 2)	*10 146*	*6 260*	*6 119*

1) A significant share of the Group's operations was funded by issuing bonds and commercial paper in 2007 and the first half of 2008.

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

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

Key figures

	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
					DnB NOR Group
Interest rate analysis					
1. Combined average spread for lending and deposits (%)	2.18	2.09	2.17	2.07	2.14
2. Spread for ordinary lending to customers (%)	1.13	1.08	1.13	1.09	1.09
3. Spread for deposits from customers (%)	1.05	1.01	1.04	0.98	1.05
Rate of return/profitability					
4. Net other operating income, per cent of total income	44.8	46.9	31.8	46.9	43.5
5. Cost/income ratio (%)	49.0	49.1	58.7	49.4	50.6
6. Return on equity, annualised (%)	18.1	20.4	11.8	18.8	22.0
7. RARORAC, annualised (%)	21.1	23.5	12.2	23.1	21.6
8. RORAC, annualised (%)	23.2	29.7	15.5	28.0	31.9
9. Average equity including allocated dividend (NOK million)	72 986	65 357	73 442	65 464	67 063
10. Return on average risk-weighted volume, annualised (%)	1.31	1.53	0.88	1.40	1.66
Financial strength					
11. Core (Tier 1) capital ratio at end of period (%)	6.7	7.0	6.7	7.0	7.2
12. Core (Tier 1) capital ratio incl. 50 per cent of profit (%)	6.9	7.4	6.9	7.4	-
13. Capital adequacy ratio at end of period (%)	9.6	9.9	9.6	9.9	9.6
14. Capital adequacy ratio incl. 50 per cent of profit (%)	9.8	10.2	9.8	10.2	-
15. Core capital at end of period (NOK million)	69 599	63 827	69 599	63 827	71 392
16. Risk-weighted volume at end of period (NOK million)	1 045 834	908 346	1 045 834	908 346	991 455
Loan portfolio and write-downs					
17. Individual write-downs relative to average net lending to customers, annualised	0.09	0.05	0.08	0.05	0.05
18. Write-downs relative to average net lending to customers, annualised	0.11	0.06	0.09	0.05	0.02
19. Net non-performing and impaired commitments, per cent of net lending	0.44	0.42	0.44	0.42	0.42
20. Net non-performing and impaired commitments at end of period (NOK million)	4 801	3 815	4 801	3 815	4 174
Liquidity					
21. Ratio of customer deposits to net lending to customers at end of period (%)	53.2	59.8	53.2	59.8	55.5
Total assets owned or managed by DnB NOR					
22. Customer assets under management at end of period (NOK billion)	535	576	535	576	572
23. Total combined assets at end of period (NOK billion)	1 906	1 802	1 906	1 802	1 834
24. Average total assets (NOK billion)	1 574	1 431	1 547	1 386	1 412
25. Customer savings at end of period (NOK billion)	1 101	1 105	1 101	1 105	1 111
Staff					
26. Number of full-time positions at end of period	13 919	13 021	13 919	13 021	13 455
The DnB NOR share					
27. Number of shares at end of period (1 000)	1 332 654	1 334 089	1 332 654	1 334 089	1 332 654
28. Average number of shares (1 000)	1 332 654	1 334 089	1 332 654	1 334 089	1 333 402
29. Earnings per share (NOK)	2.47	2.50	3.27	4.60	11.08
30. Dividend per share (NOK)	-	-	-	-	4.50
31. Total shareholders' return (%)	(16.2)	(0.1)	(17.4)	(0.1)	(1.7)
32. Dividend yield (%)	-	-	-	-	5.42
33. Equity per share including allocated dividend at end of period (NOK)	53.79	48.65	53.79	48.65	55.01
34. Share price at end of period (NOK)	64.80	76.20	64.80	76.20	83.00
35. Price/earnings ratio	6.55	7.63	9.92	8.28	7.49
36. Price/book value	1.20	1.57	1.20	1.57	1.51
37. Market capitalisation (NOK billion)	86.4	102.0	86.4	102.0	110.6

For definitions of selected items, see next page.

Key figures (continued)

Definitions

1, 2, 3	Based on nominal values excluding lending to and deposits with credit institutions and impaired loans.
5	Total expenses relative to total income. Expenses are exclusive of allocation to employees.
6	Profit for the period, excluding profit attributable to minority interests, adjusted for the period's change in fair value recognised in equity. Average equity is calculated on the basis of recorded equity excluding minority interests.
7	RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital) is defined as risk-adjusted profits relative to risk-adjusted capital requirement. Risk-adjusted profits indicate the level of profits in a normalised situation. The risk-adjusted capital requirement is described in further detail in the chapter "Management in DnB NOR" in the DnB NOR Group's annual report for 2007.
8	RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement. Profits for the period are exclusive of profits attributable to minority interests and are adjusted for the period's change in fair value recognised directly in equity and for the difference between recorded interest on average equity and interest on risk-adjusted capital.
10	Profit for the period relative to average risk-weighted volume.
22	Total assets under management for customers in Life and Asset Management.
23	Total assets and customer assets under management.
25	Total deposits from customers, assets under management and equity-linked bonds.
27	The Annual General Meeting on 30 April 2008 authorised the Board of Directors of DnB NOR ASA to acquire own shares for a total face value of up to NOK 1 332 653 615, corresponding to 10 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 30 April 2008. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with the Ministry of Trade and Industry for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares. Number of shares in 2006 are excluding the 2 786 thousand own shares repurchased in accordance with the authorisation issued by DnB NOR's General Meeting. DnB NOR has no outstanding subscription rights for employees.
29	Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
31	Closing price at end of period less closing price at beginning of period, included dividends reinvested in DnB NOR shares on the dividend payment date, relative to closing price at beginning of period.
33	Equity at end of period excluding minority interests relative to number of shares at end of period.
34	Closing price at end of period relative to annualised earnings per share.
36	Closing price at end of period relative to recorded equity at end of period.
37	Number of shares multiplied by closing price at end of period.

Note 1 Accounting principles etc.

Accounting principles

The second quarter and first half accounts have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the Group in preparing the accounts is found in the annual report for 2007 which was prepared according to IFRS principles as approved by the EU.

Estimates

When preparing the consolidated accounts, management makes assessments and estimates and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. Notes 1 and 2 in the annual report for 2007 give a description of important estimates and assumptions.

Comparable figures

Comparable figures have not been restated following the acquisition of SkandiaBanken Bilfinans in 2008 and SalusAnsvar in 2007.

Note 2 Changes in group structure

SkandiaBanken Bilfinans

In order to further strengthen its market position, DnB NOR, through its subsidiary DnB NOR Finans, acquired SkandiaBanken Bilfinans in Norway and Sweden and has thus become one of the key providers of car financing in Scandinavia. The operations in Norway were taken over with effect from 31 January 2008, while the company's operations in Sweden were taken over on 29 February 2008.

Information about the acquisitions, including preliminary acquisition analyses, was presented in DnB NOR's report for the first quarter of 2008. The information was not subject to changes during the second quarter of 2008.

Note 3 Business areas

The operational structure of DnB NOR includes four business areas and four staff and support units. In addition, DnB NORD is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the Group, as well as the products offered.

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

Income statement, second quarter — **DnB NOR Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations [1]		DnB NOR Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	2 166	1 794	1 692	1 632	31	57	6	1	341	303	779	431	5 016	4 219
Interest on allocated capital	647	347	112	147	79	44	30	21	68	35	(935)	(594)	0	0
Net interest income	2 813	2 141	1 804	1 780	111	101	35	22	409	338	(156)	(163)	5 016	4 219
Net other operating income	862	782	826	797	1 514	929	1 077	1 175	165	185	(381)	(135)	4 064	3 733
Total income	3 675	2 924	2 630	2 576	1 625	1 030	1 112	1 197	574	523	(537)	(298)	9 080	7 952
Operating expenses *)	1 193	988	1 731	1 594	422	402	575	584	397	354	127	(19)	4 445	3 902
Pre-tax operating profit before write-downs	2 482	1 935	899	983	1 203	628	537	614	178	169	(664)	(278)	4 635	4 050
Net gains on fixed and intangible assets	18	5	0	0	0	0	0	0	1	5	(17)	0	3	9
Write-downs on loans and guarantees	93	25	84	64	0	0	0	0	53	26	46	25	275	140
Pre-tax operating profit	2 407	1 914	815	919	1 203	628	537	614	126	148	(726)	(304)	4 363	3 919
**) Of which group overhead*	*38*	*31*	*24*	*14*	*8*	*6*	*10*	*9*	*8*	*0*	*(88)*	*(61)*	*0*	*0*

Income statement, first half — **DnB NOR Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations		DnB NOR Group	
	1st half		1st half		1st half		1st half		1st half		1st half		1st half	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	4 243	3 527	3 482	3 236	68	109	7	0	670	509	1 568	822	10 039	8 204
Interest on allocated capital	1 212	650	216	276	156	82	57	39	123	65	(1 763)	(1 112)	0	0
Net interest income	5 455	4 178	3 698	3 512	225	190	63	39	793	575	(195)	(289)	10 039	8 204
Net other operating income	1 363	1 539	1 649	1 572	1 103	1 902	1 305	2 140	314	289	(1 045)	(181)	4 689	7 261
Total income	6 818	5 717	5 347	5 084	1 327	2 093	1 368	2 178	1 107	864	(1 240)	(471)	14 728	15 465
Operating expenses *)	2 355	1 971	3 404	3 147	797	794	1 108	1 083	761	574	213	78	8 639	7 646
Pre-tax operating profit before write-downs	4 463	3 746	1 943	1 937	531	1 299	260	1 095	346	290	(1 454)	(548)	6 089	7 818
Net gains on fixed and intangible assets	27	8	0	0	0	(1)	0	0	7	7	(1)	0	34	14
Write-downs on loans and guarantees	166	56	145	141	0	22	0	0	85	36	74	(65)	470	191
Pre-tax operating profit	4 325	3 698	1 798	1 797	531	1 275	260	1 095	268	260	(1 529)	(483)	5 653	7 642
**) Of which group overhead*	*76*	*59*	*47*	*29*	*16*	*13*	*21*	*18*	*9*	*0*	*(170)*	*(118)*	*0*	*0*

1) Other operations/ eliminations:

	Elimination of double entries		*Other eliminations*		*Group Centre*		*Total*	
	2nd quarter		*2nd quarter*		*2nd quarter*		*2nd quarter*	
Amounts in NOK million	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*
Net interest income - ordinary operations	*0*	*(2)*	*(27)*	*(33)*	*807*	*466*	*779*	*431*
Interest on allocated capital	*0*	*0*	*0*	*0*	*(935)*	*(594)*	*(935)*	*(594)*
Net interest income	*0*	*(2)*	*(27)*	*(33)*	*(128)*	*(128)*	*(156)*	*(163)*
Net other operating income	*(454)*	*(422)*	*(86)*	*(79)*	*158*	*367*	*(381)*	*(135)*
Total income	*(454)*	*(424)*	*(113)*	*(113)*	*30*	*239*	*(537)*	*(298)*
Operating expenses	*0*	*0*	*(114)*	*(113)*	*240*	*94*	*127*	*(19)*
Pre-tax operating profit before write-downs	*(454)*	*(424)*	*0*	*0*	*(211)*	*146*	*(664)*	*(278)*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*(17)*	*0*	*(17)*	*0*
Write-downs on loans and guarantees	*0*	*0*	*0*	*0*	*46*	*25*	*46*	*25*
Pre-tax operating profit	*(454)*	*(424)*	*0*	*0*	*(273)*	*120*	*(726)*	*(304)*

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

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

Note 3 Business areas (continued)

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

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations		DnB NOR Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK billion	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net lending to customers [1]	517.4	397.1	451.1	421.0	18.6	17.0			71.4	47.0	(5.0)	(1.8)	1053.4	880.3
Deposits from customers [1]	295.8	279.0	232.3	215.8	22.6	18.3			21.1	19.2	(12.6)	(1.8)	559.1	530.6
Assets under management [2]							562.8	591.3					562.8	591.3

Key figures — **DnB NOR Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations		DnB NOR Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Per cent	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Cost/income ratio [3]	32.5	33.8	65.8	61.9	26.0	39.0	51.7	48.8	69.1	67.7			49.0	49.1
Ratio of deposits to lending [1) 4)]	57.2	70.3	51.5	51.3					29.5	40.9			53.1	60.3
Return on capital, annualised [5) 6)]	17.2	18.5	33.8	20.9	70.2	47.0	18.6	35.2	7.2	13.9			18.1	20.4
RORAC, annualised [6) 7)]	18.7	19.2	33.1	33.0	79.3	82.6	25.0	40.8	7.0	13.4			23.2	25.9
Number of full-time positions as at 30 June [8]	2 504	2 249	3 907	3 664	641	580	1 185	1 130	3 460	3 052	2 223	2 345	13 919	13 021

1) *Based on nominal values and includes lending to and deposits from credit institutions.*
2) *Assets under management include total assets in Vital.*
3) *Total operating expenses relative to total income.*
4) *Deposits from customers relative to net lending to customers.*
5) *Return on capital is calculated on the basis of allocated capital. Allocated capital for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NORD is calculated as 6.5 per cent of risk-weighted volume. Recorded equity is used for Life and Asset Management.*
6) *Estimated return on capital is based on profit after tax. A tax rate of 28 per cent is applied for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NOR Asset Management. A tax rate of 20 per cent has been used for DnB NORD, while accounted taxes are applied for Vital.*
7) *RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement.*
8) *An increase of 218 full-time positions in Retail Banking resulting from the acquisition of SalusAnsvar in December 2007.*

Note 4 Life and Asset Management

The business area Life and Asset Management in DnB NOR comprises Vital Forsikring ASA and DnB NOR Kapitalforvaltning Holding AS, both with subsidiaries. The tables below marked "Life and Asset Management" show selected income statement items and key figures for the whole area.

Vital Forsikring ASA including subsidiaries, hereinafter referred to as "Vital", is fully consolidated in the DnB NOR Group's accounts. Vital's lines of business are life insurance and pension savings. Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by the Norwegian Ministry of Finance. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group’s access to revenues and assets from life insurance operations. The tables below marked "Vital" describe the income statement and balance sheet for Vital as included in the DnB NOR Group's accounts.

Income statement — **Life and Asset Management**

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Total income	1 112	1 197	1 368	2 178	4 674
Total operating expenses	575	584	1 108	1 083	2 316
Pre-tax operating profit	537	614	260	1 095	2 357
Taxes	23	(348)	47	(317)	(1 942)
Profit after taxes	**514**	**961**	**213**	**1 412**	**4 299**

Key figures — **Life and Asset Management**

	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Assets under management at end of period (NOK billion)	556	595	556	595	593
Return on equity, annualised (%) 1)	18.6	35.2	3.6	25.4	38.1
RORAC, annualised (%) 2)	25.0	40.8	2.6	29.7	44.0
Cost/income ratio (%)	51.7	48.8	81.0	49.7	49.6
Number of full-time positions at end of period	1 185	1 130	1 185	1 130	1 130

1) *Calculated based on recorded equity.*

2) *RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement.*

Income statement 1) — **Vital**

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Total interest income					
Total interest expenses					
Net interest income					
Commissions and fees receivable etc.	552	453	1 135	910	1 810
Commissions and fees payable etc.	105	138	248	297	560
Net gains on financial instruments at fair value					
Net gains on assets in Vital	767	6 116	(1 303)	10 688	23 824
Guaranteed returns and allocations to policyholders in Vital	437	5 598	(1 072)	9 791	17 005
Premium income etc. included in the risk result in Vital	1 074	917	2 140	2 331	4 249
Insurance claims etc. included in the risk result in Vital	1 014	904	1 968	2 305	8 907
Net realised gains on investment securities (AFS)					
Profit from companies accounted for by the equity method					
Other income					
Net other operating income	**837**	**846**	**827**	**1 536**	**3 411**
Total income	**837**	**846**	**827**	**1 536**	**3 411**
Salaries and other personnel expenses	190	188	369	363	766
Other expenses	169	164	328	285	595
Depreciation and write-downs of fixed and intangible assets	24	31	37	52	164
Total operating expenses	**383**	**383**	**734**	**700**	**1 525**
Net gains on fixed and intangible assets					
Write-downs on loans and guarantees					
Pre-tax operating profit	**454**	**464**	**93**	**835**	**1 886**
Taxes	0	(390)	0	(390)	(2 074)
Profit from discontinuing operations after taxes					
Profit for the period 2)	**454**	**853**	**93**	**1 225**	**3 960**

1) *The figures encompass Vital Forsikring ASA including subsidiaries as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.*

Note 4 Life and Asset Management (continued)

2) Breakdown of income statement

Amounts in NOK million	*2nd quarter 2008*	*2nd quarter 2007*	*1st half 2008*	*1st half 2007*	**Vital** *Full year 2007*
Interest result	*(1 428)*	*3 316*	*(3 229)*	*5 760*	*15 546*
Application of/(transferred to) additional allocations	*1 727*	*0*	*3 071*	*0*	*(3 000)*
Risk result	*60*	*13*	*171*	*26*	*(4 658)*
Administration result	*(45)*	*(68)*	*(62)*	*(88)*	*(275)*
Profit for risk and guaranteed rate of return	*107*		*215*		
Transferred from security reserve	*34*	*1*	*12*	*(8)*	*(43)*
Profit for distribution within Vital	*454*	*3 262*	*177*	*5 690*	*7 570*
Funds transferred to policyholders	*0*	*2 805*	*84*	*4 866*	*5 661*
+ Reversal of goodwill amortisation/write-downs	*0*	*5*	*0*	*11*	*(22)*
Pre-tax operating profit in Vital	*454*	*464*	*93*	*835*	*1 886*
Taxes	*0*	*(390)*	*0*	*(390)*	*(2 074)*
Profit for the period in Vital	*454*	*853*	*93*	*1 225*	*3 960*

Balance sheets 1)

Amounts in NOK million	30 June 2008	31 Dec. 2007	**Vital** 30 June 2007
Assets			
Cash and deposits with central banks			
Lending to and deposits with credit institutions	9 009	12 152	10 634
Lending to customers			
Commercial paper and bonds	66 798	63 060	44 687
Shareholdings	37 593	39 362	60 183
Financial assets, customers bearing the risk	18 549	19 868	19 105
Financial derivatives	2 717	1 488	1 739
Commercial paper and bonds, held to maturity	53 058	59 641	62 906
Investment property 2)	32 350	32 908	26 524
Investments in associated companies	19	19	16
Intangible assets	218	184	342
Deferred tax assets		1 164	
Fixed assets	38	46	49
Discontinuing operations			
Other assets	6 638	2 688	3 160
Total assets	**226 987**	**232 579**	**229 346**
Liabilities and equity			
Loans and deposits from credit institutions			
Deposits from customers			
Financial derivatives	3 588	1 010	587
Securities issued			
Insurance liabilities, customers bearing the risk	18 549	19 868	19 105
Liabilities to life insurance policyholders	186 945	191 626	191 452
Payable taxes			
Deferred taxes	644		494
Other liabilities	6 010	6 030	6 318
Discontinuing operations			
Provisions	154	154	199
Subordinated loan capital	2 481	2 500	2 534
Total liabilities	**218 372**	**221 188**	**220 690**
Minority interests			
Revaluation reserve			
Share capital	1 321	1 321	1 310
Other reserves and retained earnings	7 295	10 070	7 345
Total equity	**8 616**	**11 391**	**8 656**
Total liabilities and equity	**226 987**	**232 579**	**229 346**

1) *The figures encompass Vital Forsikring ASA including subsidiaries as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.*
2) *Vital's property portfolio was written down by NOK 1.7 billion in the second quarter in consequence of the general slowdown in the property market. The restructuring of the property portfolio compensated for parts of the write-down and raised values by NOK 0.8 billion. The net effect on the income statement was NOK 861 million. See note 14 Investment property.*

Note 4 Life and Asset Management (continued)

Key figures — **Vital**

Per cent	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Recorded return, excluding unrealised gains on financial instruments 1)	0.1	2.6	0.0	4.8	11.8
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds, held to maturity 1)	0.1	3.7	(1.7)	5.1	9.5
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets 1)	(0.9)	3.0	(2.5)	4.1	8.8
Expenses in per cent of insurance provisions 2)	0.93	1.03	0.94	0.99	1.02
Capital adequacy ratio at end of period 3)	9.6	8.6	9.6	8.6	9.7
Core capital ratio at end of period 3)	7.7	6.5	7.7	6.5	7.6
Policyholders' funds from products with guaranteed returns at end of period (NOK billion)	187	191	187	191	192
Policyholders' funds from products with a choice of investment profile at end of period (NOK billion)	19	19	19	19	20
Solvency margin capital in per cent of requirement at end of period 3) 4)	160	165	160	165	199

1) *Refers to the common portfolio as from 1 January 2008. Figures prior to 1 January 2008 refer to the total return for Vital.*

2) *Figures are annualised.*

3) *Kredittilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted capital adequacy or solvency margin capital regulations to IFRS.*

4) *Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin capital requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.*

Note 5 Net interest income

DnB NOR Group

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Interest on loans to and deposits with credit institutions	1 094	1 519	2 127	2 667	4 898
Interest on loans to customers	16 868	11 788	32 766	22 336	50 382
Interest on impaired commitments	25	38	53	66	129
Interest on commercial paper and bonds	1 476	1 371	2 990	2 860	5 912
Front-end fees etc.	83	73	190	193	445
Other interest income	(62)	8	(161)	61	(19)
Total interest income	**19 483**	**14 798**	**37 965**	**28 184**	**61 746**
Interest on loans and deposits from credit institutions	1 963	1 757	3 603	3 175	6 790
Interest on demand deposits from customers	5 907	4 221	11 587	7 813	18 140
Interest on securities issued	4 970	3 951	9 832	7 964	16 322
Interest on subordinated loan capital	452	512	945	992	2 001
Other interest expenses 1)	1 175	139	1 960	37	628
Total interest expenses	**14 467**	**10 579**	**27 926**	**19 980**	**43 880**
Net interest income	**5 016**	**4 219**	**10 039**	**8 204**	**17 866**

1) *Other interest expenses include interest rate adjustments resulting from interest swaps entered into. Derivatives are recorded at fair value.*

Note 6 Net other operating income

	DnB NOR Group				
	2nd quarter	2nd quarter	1st half	1st half	Full year
Amounts in NOK million	2008	2007	2008	2007	2007
Money transfer fees receivable	722	701	1 418	1 372	2 804
Fees on asset management services	309	338	620	633	1 466
Fees on custodial services	107	106	204	204	415
Fees on securities broking	93	90	191	212	400
Corporate finance	132	236	235	384	791
Interbank fees	29	32	57	62	127
Credit broking commissions	121	94	178	201	338
Sales commissions on insurance products	668	487	1 343	1 016	2 000
Sundry commissions and fees receivable on banking services	260	346	568	666	1 134
Total commissions and fees receivable etc.	**2 440**	**2 429**	**4 815**	**4 751**	**9 476**
Money transfer fees payable	241	241	462	473	995
Commissions payable on fund management services	45	39	75	69	211
Fees on custodial services payable	38	35	70	71	135
Interbank fees	46	50	89	98	194
Credit broking commissions	39	0	66	17	55
Commissions payable on the sale of insurance products	35	53	118	125	242
Sundry commissions and fees payable on banking services	147	143	291	297	560
Total commissions and fees payable etc.	**590**	**562**	**1 172**	**1 149**	**2 392**
Net gains on financial instruments at fair value	**1 433**	**989**	**665**	**2 047**	**3 185**
Net gains on assets in Vital	**787**	**6 118**	**(1 255)**	**10 690**	**23 883**
Guaranteed returns and allocations to policyholders in Vital	**437**	**5 598**	**(1 072)**	**9 791**	**17 005**
Premium income etc. included in the risk result in Vital	**1 074**	**917**	**2 140**	**2 331**	**4 249**
Insurance claims etc. included in the risk result in Vital	**1 014**	**904**	**1 968**	**2 305**	**8 907**
Net realised gains on investment securities (AFS)	**0**	**0**	**0**	**0**	**0**
Profit from companies accounted for by the equity method 1)	**102**	**21**	**(192)**	**58**	**9**
Income from owned/leased premises	(4)	12	15	33	98
Fees on real estate broking	211	214	373	381	782
Net unrealised gains on investment property	0	(2)	0	(2)	(2)
Miscellaneous operating income	62	99	197	218	356
Total other income	**269**	**323**	**585**	**629**	**1 234**
Net other operating income	**4 064**	**3 733**	**4 689**	**7 261**	**13 732**

1) *Widening credit spreads have had a negative effect on Eksportfinans' liquidity portfolio of bonds. The company has entered into an agreement with a syndicate comprising most of Eksportfinans' owners. With effect from 1 March 2008, the agreement will protect Eksportfinans from further value reductions in the portfolio. Taking the guarantee into account, the company made a contribution of NOK 98 million to the DnB NOR Group's accounts for the second quarter of 2008. A one basis point change in value will give an increase or reduction in profits of approximately NOK 7 million for the DnB NOR Group. The average residual maturity of the portfolio is around 3.4 years.*

Note 7 Net gains on financial instruments at fair value

	DnB NOR Group				
	2nd quarter	2nd quarter	1st half	1st half	Full year
Amounts in NOK million	2008	2007	2008	2007	2007
Dividends	103	128	125	142	188
Net gains on commercial paper and bonds 1)	(14)	(102)	(1 684)	(160)	(1 233)
Net gains on shareholdings	(122)	132	(398)	385	515
Net gains on other financial assets	1 466	831	2 622	1 681	3 716
Net gains on financial instruments at fair value	**1 433**	**989**	**665**	**2 047**	**3 185**

1) *The liquidity portfolio of DnB NOR Markets totalled NOK 83 billion at end-June 2008 after unrealised mark-to-market losses of NOK 1 333 million in 2008. The residual maturity of the portfolio is around three years. A one basis point change in value will give an increase or reduction in profits of approximately NOK 28 million. The underlying credit quality is considered to be strong and stable.*

Note 8 Operating expenses

	DnB NOR Group				
Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Ordinary salaries	1 703	1 627	3 329	3 135	6 470
Employer's national insurance contributions	251	229	495	457	908
Pension expenses	271	275	540	539	1 117
Allocation to employees [1)]	0	0	0	0	476
Restructuring expenses	29	13	41	26	48
Other personnel expenses	108	62	217	180	395
Total salaries and other personnel expenses	**2 361**	**2 207**	**4 622**	**4 335**	**9 413**
Fees	343	196	665	403	895
EDP expenses	423	424	820	816	1 596
Postage and telecommunications	98	105	202	207	425
Office supplies	30	31	56	62	123
Marketing and public relations	218	165	380	328	662
Travel expenses	67	65	128	123	264
Reimbursement to Norway Post for transactions executed	58	59	111	99	221
Training expenses	24	21	48	42	82
Operating expenses on properties and premises	326	206	624	414	915
Operating expenses on machinery, vehicles and office equipment	39	33	75	70	139
Other operating expenses	190	149	404	304	683
Other expenses	**1 817**	**1 453**	**3 513**	**2 869**	**6 005**
Depreciation and write-downs of fixed and intangible assets	**266**	**242**	**503**	**442**	**1 032**
Total operating expenses	**4 445**	**3 902**	**8 639**	**7 646**	**16 450**

1) *Allocations to employees in 2007 were in the form of bonuses totalling NOK 181 million, including employer's national insurance contributions. In addition, provisions of NOK 295 million were made relating to the winding up of the employee investment funds.*

Note 9 Number of employees/full-time positions

	DnB NOR Group				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007 [1)]
Number of employees at end of period	14 270	13 394	14 270	13 394	13 817
- of which number of employees abroad	4 726	3 795	4 726	3 795	4 339
Number of employees calculated on a full-time basis at end of period	13 919	13 021	13 919	13 021	13 455
- of which number of employees calculated on a full-time basis abroad	4 682	3 747	4 682	3 747	4 290
Average number of employees	14 127	13 148	14 019	12 707	13 144
Average number of employees calculated on a full-time basis	13 764	12 789	13 653	12 349	12 751

1) *Staff in SalusAnsvar, which was acquired on 31 December 2007, represented 235 employees/218 full-time positions.*

Note 10 Write-downs on loans and guarantees

				DnB NOR Group	
Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Write-offs	22	41	53	97	230
New individual write-downs	318	225	611	452	850
Total new individual write-downs	340	266	664	549	1 080
Reassessed individual write-downs	37	72	118	184	308
Total individual write-downs	303	194	546	365	772
Recoveries on commitments previously written off	81	84	165	167	350
Change in group write-downs on loans	52	30	89	(7)	(202)
Write-downs on loans and guarantees [1)]	**275**	**140**	**470**	**191**	**220**
Write-offs covered by individual write-downs made in previous years	186	201	322	382	663
1) Of which individual write-downs on guarantees	*4*	*(6)*	*38*	*5*	*22*

Note 11 Lending to customers

			DnB NOR Group
Amounts in NOK million	30 June 2008	31 Dec. 2007	30 June 2007
Lending to customers, nominal amount	887 449	803 808	732 137
Individual write-downs	2 170	1 953	1 987
Lending to customers, after individual write-downs	885 279	801 855	730 150
+ Accrued interest and amortisation	2 961	2 754	2 514
– Individual write-downs of accrued interest and amortisation	420	388	417
– Group write-downs	717	712	932
Lending to customers, at amortised cost	887 103	803 509	731 315
Lending to customers, nominal amount	174 320	166 190	151 340
+ Accrued interest	1 351	1 246	794
+ Adjustment to fair value	(659)	(440)	(640)
Lending to customers, at fair value	175 012	166 995	151 495
Lending to customers	**1 062 115**	**970 504**	**882 810**

Note 12 Net non-performing and impaired commitments for principal sectors [1)]

	DnB NOR Group		
Amounts in NOK million	30 June 2008	31 Dec. 2007	30 June 2007
Retail customers	2 513	2 237	1 927
International shipping	85	32	0
Real estate	452	317	475
Manufacturing	437	364	370
Services	394	381	325
Trade	212	164	145
Oil and gas	0	1	1
Transportation and communication	199	193	191
Building and construction	145	208	162
Power and water supply	1	0	5
Seafood	61	88	58
Hotels and restaurants	61	68	46
Agriculture and forestry	152	92	93
Central and local government	0	0	0
Other sectors	89	29	17
Total customers	4 801	4 174	3 815
Credit institutions	0	0	0
Total	4 801	4 174	3 815

1) *The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway. Customers are classified according to their main line of business.*

Note 13 Investments in bonds

The DnB NOR Group has investments in bonds through several of the Group's entities. DnB NOR Bank, DnB NORD, Vital Forsikring and the associated company Eksportfinans all have their own bond portfolios for a variety of purposes.

As part of ongoing liquidity management, DnB NOR Bank needs to maintain a holding of securities that can be used in different ways 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.

Vital Forsikring's investments in bond portfolios are both in the form of ordinary financial investments and investments securing the company's long-term guaranteed rates of return to policyholders.

The bank has chosen to cover its need for liquid securities by investing in high-quality international bonds. As at 30 June 2008, this portfolio represented the equivalent of NOK 83.4 billion. 99.1 per cent of the securities had an AAA rating, while none of the securities were rated lower than A. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Residential Mortgage Backed Securities, RMBS, represented 77.6 per cent of the total portfolio, securitised loans to the corporate market 10.7 per cent, corresponding consumer finance loans 5.1 per cent and other loans 6.6 per cent.

In addition, DnB NOR Bank had Norwegian bonds and fixed-income securities equivalent to a balance sheet value of NOK 28.7 billion used for customer trading and position taking in Norwegian interest rate instruments.

Like DnB NOR Bank, DnB NORD and Eksportfinans use investments in bonds and fixed-income securities for liquidity purposes and as a basis for furnishing collateral to central banks. At end-June 2008, the value of the DnB NORD portfolio was equivalent to NOK 4.2 billion. Eksportfinans had a total portfolio of NOK 66.5 billion. The Eksportfinans portfolio was structured largely in line with DnB NOR Bank's portfolio, though it contained a larger share of financial sector investments. Through its ownership interest and the issue of guarantees, DnB NOR is exposed to 40.4 per cent of value changes in the portfolio.

At end-June 2008, Vital Forsikring had investments in fixed-income securities for a total of NOK 119.9 billion.

The DnB NOR Group classifies the bonds as securities measured at fair value with changes in value recognised in profit or loss. Bonds in Vital's long-term portfolios are classified as held to maturity.

Price estimates on securities are obtained from a number of brokers and brokerage houses. The price estimates are then compared. An assessment is also made of own transactions and of price information from known new issues. When evaluating the portfolios, DnB NOR will use the most reasonable and reliable values. The price estimates are subject to ongoing assessment and analysis.

Note 13 Investments in bonds (continued)

In cases where no price information for the individual securities is available, values are estimated based on information about corresponding securities with similar characteristics with respect to rating, maturity, country and other criteria.

Vital's portfolio of held-to-maturity bonds is recorded at amortised cost and written down if there is objective evidence of a decrease in value.

Values in the bond portfolios in the first and second quarter of the year developed as follows:

	DnB NOR Group			
Amounts in NOK million	Accumulated unrealised losses 30 June 2008	Net MTM change 2nd quarter 2008	Net MTM change 1st quarter 2008	Accumulated unrealised losses 31 Dec. 2007
Portfolio				
DnB NOR Markets	2 586	233	(1 566)	1 253
DnB NORD	25			
Eksportfinans [1)]	670	6	(363)	313
Vital [2)]	2 135			

1) *The figures for Eksportfinans represent net mark-to-market losses included in DnB NOR's consolidated accounts, based on the Group's 40 per cent ownership interest, recorded according to the equity method, and its share of the guarantee for Eksportfinans' bond portfolio (40.43 per cent). Mark-to-market effects on Eksportfinans' funding and other profit elements in the company's accounts are not included.*
2) *The figures represent gross values in Vital before they are broken down on portfolios and profits from the various portfolios are allocated to policyholders and the owner. Bonds in Vital are managed in combination with other investment categories, and thus the allocation of profits to policyholders and the owner cannot be unambiguously described for an individual asset class such as bonds.*

Note 14 Investment property

Investment properties owned by the Group are principally owned by Vital Forsikring. Vital Forsikring has implemented a complete review of investment properties in the company's portfolios at end-June 2008 and obtained appraisal estimates from independent appraisal companies. The company has reviewed the appraisals and made independent assessments based on supplementary information about individual properties. Following the review, the value of the portfolios was reduced by NOK 1.7 billion or 5.4 per cent.

The property portfolio has been restructured in 2008, whereby properties that were previously directly owned have been demerged in separate subsidiaries. Seen in isolation, the restructuring resulted in a NOK 839 million increase in the value of investment properties, classified as net gains on assets in Vital along with the reduction in value referred to above.

Changes in the value of investment properties:

	DnB NOR Group
Amounts in NOK million	Investment property
Recorded value as at 31 December 2007 [1)]	**33 078**
Additions	1 087
Disposals	857
Value changes	(1 719)
Value changes due to demergers into separate subsidiaries	839
Exchange rate movements	89
Recorded value as at 30 June 2008 [1)]	**32 517**

1) *The value of investment properties in Vital was NOK 32 908 million as at 31 December 2007 and NOK 32 350 million as at 30 June 2008.*

Note 15 Intangible assets

	DnB NOR Group		
Amounts in NOK million	30 June 2008	31 Dec. 2007	30 June 2007
Goodwill	7 523	6 660	6 375
Postbanken brand name	51	51	51
Systems development	737	653	642
Other intangible assets	509	379	127
Total intangible assets	**8 820**	**7 742**	**7 196**

Note 16 Securities issued and subordinated loan capital

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

Securities issued

	DnB NOR Group		
Amounts in NOK million	30 June 2008	31 Dec. 2007	30 June 2007
Commercial paper issued, nominal amount	118 234	97 806	70 175
Bond debt, nominal amount [1)]	345 974	272 575	257 421
Adjustments	(706)	1 403	913
Total securities issued	**463 502**	**371 784**	**328 508**

Changes in securities issued

	DnB NOR Group					
Amounts in NOK million	Balance sheet 30 June 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
Commercial paper issued, nominal amount	118 234	183 540	162 427	(685)	0	97 806
Bond debt, nominal amount [1)]	345 974	106 790	31 619	(1 773)	0	272 575
Adjustments	(706)	0	0	0	(2 109)	1 403
Total securities issued	**463 502**	**290 330**	**194 046**	**(2 458)**	**(2 109)**	**371 784**

Subordinated loan capital and perpetual subordinated loan capital securities

	DnB NOR Group					
Amounts in NOK million	Balance sheet 30 June 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
Term subordinated loan capital, nominal amount	24 077	8 436	1 594	(342)	0	17 578
Perpetual subordinated loan capital, nominal amount	6 374	0	0	(373)	0	6 747
Perpetual subordinated loan capital securities, nominal amount [2)]	8 396	0	0	(350)	0	8 746
Adjustments	(307)	0	0	0	(462)	155
Total subordinated loan capital and perpetual subordinated loan capital securities	**38 540**	**8 436**	**1 594**	**(1 065)**	**(462)**	**33 226**

1) Outstanding covered bonds totalled NOK 77.3 billion as at 30 June 2008. The cover pool represented NOK 87.2 billion.

2) Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Kredittilsynet may require that the securities 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.

Note 17 Capital adequacy

The DnB NOR 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. The figures as at 30 June 2008 are partially based on estimates.

Primary capital	**DnB NOR Group**	
Amounts in NOK million	30 June 2008	31 Dec. 2007
Share capital	13 327	13 327
Other equity	57 198	62 649
Total equity	70 524	75 976
Perpetual subordinated loan capital securities 1) 2)	8 584	8 962
Deductions		
Pension funds above pension commitments	(222)	(171)
Goodwill	(7 552)	(6 689)
Deferred tax assets	(271)	(215)
Other intangible assets	(1 307)	(1 093)
Dividends payable	0	(5 997)
Unrealised gains on fixed assets	(30)	(30)
50 per cent of investments in other financial institutions	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(447)	(399)
Adjustments for urealised losses/(gains) on liabilities recorded at fair value	(288)	(164)
Additions		
Portion of unrecognised actuarial gains/losses, pension costs 3)	608	1 214
Core capital	69 599	71 392
Perpetual subordinated loan capital	6 374	6 747
Term subordinated loan capital 2)	24 346	17 917
Deductions		
50 per cent of investments in other financial institutions	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(447)	(399)
Additions		
45 per cent of unrealised gains on fixed assets	18	18
Supplementary capital	30 291	24 281
Total eligible primary capital 4)	99 890	95 673
Risk-weighted volume	1 045 834	991 455
Minimum capital requirement	83 667	79 316
Core capital ratio (%)	6.7	7.2
Capital ratio (%)	9.6	9.6
Core capital ratio including 50 per cent of profit for the period (%)	6.9	-
Capital ratio including 50 per cent of profit for the period (%)	9.8	-

1) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
2) *As at 30 June 2008 calculations of capital adequacy include a total of NOK 643 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the Group's balance sheet.*
3) *Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance has established a transitional rule whereby one-fifth of the amount recorded against equity can be included in capital adequacy calculations in 2008.*
4) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Group's accounts, as associated companies which are assessed in the accounts according to the equity method, are assessed according to the gross method in capital adequacy calculations.*

Due to transitional rules, the minimum capital adequacy requirements for 2007, 2008 and 2009 cannot be reduced below 95, 90 and 80 per cent respectively relative to the Basel I requirements.

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. Below is a time schedule for the reporting of portfolios according to the IRB approach.

	2008	2009	2010
A	**Basel II, IRB approach** • Loans to retail customers in DnB NOR Bank ASA incl. Postbanken and loans in DnB NOR Boligkreditt, secured by residential property • Small and medium sized corporate customers in the Regional Division East and the Regional Division Coast (foundation approach)	**Basel II, IRB approach** • Item A reported according to Basel II in 2008 • Classified under item C in 2008 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated	**Basel II, IRB approach** • Item A reported according to Basel II in 2009 • Classified under item C in 2009 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated
B	**Basel II standardised approach** • All other credit risk exposure except item A	**Basel II standardised approach** • All other credit risk exposure except item A	**Basel II standardised approach** • All other credit risk exposure except item A
C	**Parallel reporting of** Until approval has been given from Kredittilsynet: • Small and medium sized corporate customers in the Regional Division East and the Regional Division Coast (advanced approach) • Retail exposures in DnB NOR Kort New portfolio: • DnB NOR Finans ASA (advanced approach)	**Parallel reporting of** • International entities excluding DnB NORD (advanced approach) • Nordlandsbanken ASA (advanced approach) • Large corporate customers in Norway (advanced approach) • Banks and financial customers (advanced approach) • DnB NOR Markets (advanced approach)	

Note 18 Information on related parties

Major transactions with related parties during the first half of the year:

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. As at 30 June 2008, shareholders representing 99.5 per cent of the shares had agreed to participate, including the Norwegian government, which has a 15 per cent holding. At end-June 2008, DnB NOR Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment. Eksportfinans expects no losses in the portfolio in question and expects the bonds to be repaid at maturity.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S increased a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. DnB NOR Bank ASA's share of this agreement represents approximately USD 2.2 billion. At end-June 2008, Eksportfinans had not availed itself of this credit line.

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

Note 19 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information		**DnB NOR Group**	
Amounts in NOK million	30 June 2008	31 Dec. 2007	30 June 2007
Unutilised ordinary credit lines	330 204	307 303	248 321
Documentary credit commitments	19 653	19 693	17 269
Other commitments	696	1 082	440
Total commitments	350 553	328 078	266 030
Performance guarantees	27 672	23 304	22 748
Payment guarantees	22 328	21 753	17 933
Loan guarantees 1)	15 695	13 044	7 081
Guarantees for taxes etc.	5 556	4 948	5 308
Other guarantee commitments	4 868	4 799	6 419
Total guarantee commitments 2)	76 120	67 848	59 489
Support agreements	2 333	1 933	5 330
Total guarantee commitments etc. *)	78 453	69 781	64 819
*) Of which:			
Counter-guaranteed by financial institutions	784	1 300	1 689
Securities	91 984	92 668	70 751
are pledged as security for: Loans 3)	91 872	92 556	70 639
Other activities	112	112	112

1) DnB NOR carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR has issued guarantees. According to the agreement, DnB NOR still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 232 million were recorded in the balance sheet as at 30 June 2008.

2) Liabilities included in issued financial guarantees are measured at fair value and recorded in the balance sheet.

3) NOK 91 872 million in securities as at 30 June 2008 has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank. As at 30 June 2008, DnB NOR Group had borrowings of NOK 10 billion from Norges Bank.

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Group's financial position.

Lloyd´s Underwriters had announced an action for damages against Vital Skade AS, maintaining that the company had been wrongfully involved in an insurance claim of up to NOK 200 million by Vital Skade AS. The announced action has been withdrawn with final effect.

In 2004, DnB NOR Bank issued a writ against the Norwegian government, represented by the Central Tax Office for Large Enterprises, requiring that the tax assessment for 2002 be invalidated. The bank claimed that the tax authorities made incorrect use of the realisation principle with respect to currency and interest rate swaps, as no tax credit was awarded for net losses in the tax assessment in line with the bank's view. The bank lost the case in the District Court in 2006 and in the Court of Appeal in April 2008. The decision has been appealed to the Supreme Court. The outcome will have no material effect on the Group's accounts.

Heidelberger Cement Pensjonskasse/Norcem AS has filed a complaint with the court of conciliation against Vital Forsikring, with a claim for damages of up to NOK 110 million. It is claimed that Vital Forsikring ASA gave incorrect advice in connection with a transfer of assets from a premium fund under the company's pension scheme. The claim is contested.

Note 20 Profit and balance sheet trends

Income statement — **DnB NOR Group**

Amounts in NOK million	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007
Total interest income	19 483	18 482	17 543	16 019	14 798
Total interest expenses	14 467	13 459	12 543	11 357	10 579
Net interest income	**5 016**	**5 023**	**5 000**	**4 663**	**4 219**
Commissions and fees receivable etc.	2 440	2 375	2 486	2 239	2 429
Commissions and fees payable etc.	590	582	616	628	562
Net gains on financial instruments at fair value	1 433	(767)	700	439	989
Net gains on assets in Vital	787	(2 043)	3 856	9 337	6 118
Guaranteed returns and allocations to policyholders in Vital	437	(1 508)	1 117	6 097	5 598
Premium income etc. included in the risk result in Vital	1 074	1 066	703	1 215	917
Insurance claims etc. included in the risk result in Vital	1 014	955	2 778	3 823	904
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	102	(294)	(10)	(40)	21
Other income	269	316	320	285	323
Net other operating income	**4 064**	**625**	**3 545**	**2 926**	**3 733**
Total income	**9 080**	**5 648**	**8 545**	**7 589**	**7 952**
Salaries and other personnel expenses	2 361	2 261	2 875	2 203	2 207
Other expenses	1 817	1 696	1 699	1 437	1 453
Depreciation and write-downs of fixed and intangible assets	266	237	335	255	242
Total operating expenses	**4 445**	**4 194**	**4 908**	**3 895**	**3 902**
Net gains on fixed and intangible assets	3	31	1 593	874	9
Write-downs on loans and guarantees	275	195	(41)	70	140
Pre-tax operating profit	**4 363**	**1 290**	**5 269**	**4 498**	**3 919**
Taxes	1 003	170	193	826	512
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	**3 360**	**1 120**	**5 076**	**3 673**	**3 407**
Earnings per share (NOK)	2.47	0.79	3.76	2.72	2.50

Note 20 Profit and balance sheet trends (continued)

Balance sheet **DnB NOR Group**

Amounts in NOK million	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007	30 June 2007
Assets					
Cash and deposits with central banks	16 235	13 067	9 816	8 805	8 951
Lending to and deposits with credit institutions	80 328	71 909	64 379	92 759	127 298
Lending to customers	1 062 115	1 015 909	970 504	908 424	882 810
Commercial paper and bonds	177 104	174 563	177 602	156 581	157 273
Shareholdings	47 738	45 049	48 682	59 310	65 570
Financial assets, customers bearing the risk	18 549	18 124	19 868	19 325	19 105
Financial derivatives	58 716	110 113	65 933	69 585	61 024
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	53 058	53 386	59 641	60 075	62 906
Investment property	32 517	33 584	33 078	32 530	26 662
Investments in associated companies	1 688	1 614	1 435	1 399	1 462
Intangible assets	8 820	8 793	7 742	7 224	7 196
Deferred tax assets	154	150	136	91	80
Fixed assets	3 950	3 832	3 496	3 313	5 245
Biological assets	0	0	0	0	0
Discontinuing operations	241	232	225	1 641	812
Other assets	15 412	14 675	11 382	9 489	10 668
Total assets	**1 576 626**	**1 564 999**	**1 473 919**	**1 430 551**	**1 437 061**
Liabilities and equity					
Loans and deposits from credit institutions	130 028	148 439	144 198	148 800	163 739
Deposits from customers	565 399	528 740	538 151	532 478	527 937
Financial derivatives	57 463	104 937	62 741	73 315	63 100
Securities issued	463 502	421 696	371 784	317 082	328 508
Insurance liabilities, customers bearing the risk	18 549	18 124	19 868	19 325	19 105
Liabilities to life insurance policyholders	186 945	190 257	191 626	194 841	191 452
Payable taxes	1 904	1 421	1 431	6 518	5 466
Deferred taxes	2 496	2 213	1 994	134	426
Other liabilities	31 666	32 655	27 717	30 041	31 239
Discontinuing operations	0	0	0	0	0
Provisions	5 259	5 177	5 207	4 571	4 503
Subordinated loan capital	38 540	33 724	33 226	32 759	34 152
Total liabilities	**1 501 750**	**1 487 382**	**1 397 944**	**1 359 864**	**1 369 627**
Minority interests	3 187	3 137	2 662	2 467	2 536
Revaluation reserve	0	0	0	0	0
Share capital	13 327	13 327	13 327	13 327	13 341
Other reserves and retained earnings	58 362	61 154	59 987	54 894	51 557
Total equity	**74 876**	**77 618**	**75 976**	**70 687**	**67 434**
Total liabilities and equity	**1 576 626**	**1 564 999**	**1 473 919**	**1 430 551**	**1 437 061**

DnB NOR ASA

Income statement

DnB NOR ASA

Amounts in NOK million	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Total interest income	65	72	111	113	275
Total interest expenses	86	62	166	117	265
Net interest income	**(21)**	**10**	**(54)**	**(3)**	**10**
Commissions and fees payable etc.	2	2	3	3	6
Net gains on financial instruments at fair value	0	0	0	0	0
Other income [1]	0	0	0	0	3 268
Net other operating income	**(2)**	**(2)**	**(3)**	**(3)**	**3 262**
Total income	**(23)**	**8**	**(57)**	**(6)**	**3 272**
Salaries and other personnel expenses	1	0	2	0	1
Other expenses	83	53	134	106	210
Total operating expenses	**84**	**54**	**136**	**106**	**211**
Pre-tax operating profit	**(107)**	**(45)**	**(194)**	**(112)**	**3 061**
Taxes	(30)	(13)	(54)	(31)	409
Profit for the period	**(77)**	**(33)**	**(140)**	**(81)**	**2 652**
Earnings per share (NOK) [2]	(0.06)	(0.02)	(0.10)	(0.06)	1.99
Earnings per share for discontinuing operations (NOK) [2]	0.00	0.00	0.00	0.00	0.00

1) Dividends from group companies/group contributions.

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

Balance sheet

DnB NOR ASA

Amounts in NOK million	30 June 2008	31 Dec. 2007	30 June 2007
Assets			
Deposits with DnB NOR Bank ASA	4 667	2 781	6 832
Lending to other group companies	230	230	225
Investments in group companies	51 642	51 642	48 642
Other receivables due from group companies	21	14 371	26
Other assets	54	0	31
Total assets	**56 615**	**69 023**	**55 757**
Liabilities and equity			
Loans from DnB NOR Bank ASA	10 360	5 632	5 557
Loans from other group companies	623	11 623	422
Other liabilities and provisions	612	6 609	1 246
Paid-in capital	24 994	24 994	25 275
Retained earnings	20 025	20 165	23 257
Total liabilities and equity	**56 615**	**69 023**	**55 757**

Statement of changes in equity

DnB NOR ASA

Amounts in NOK million	Share capital	Share premium reserve	Total paid-in capital	Retained earnings	Total equity
Balance sheet as at 31 December 2006	**13 341**	**11 934**	**25 275**	**23 337**	**48 612**
Profit for the period				(81)	(81)
Balance sheet as at 30 June 2007	**13 341**	**11 934**	**25 275**	**23 257**	**48 532**
Balance sheet as at 31 December 2007	**13 327**	**11 668**	**24 994**	**20 165**	**45 159**
Profit for the period				(140)	(140)
Balance sheet as at 30 June 2008	**13 327**	**11 668**	**24 994**	**20 025**	**45 020**

Accounting principles

DnB NOR ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS (International Financial Reporting Standards), hereinafter called the Norwegian IFRS regulations. These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. A description of the accounting principles applied by DnB NOR ASA in preparing the accounts is found in the annual report for 2007.

Group contributions

DnB NOR ASA is the parent company in the DnB NOR Group. During the second quarter of 2008, DnB NOR ASA received and transferred group contributions from and to DnB NOR Bank ASA in the amount of NOK 6 455 and NOK 4 648 million respectively. In addition, DnB NOR ASA transferred and received group contributions to and from Vital Forsikring ASA in the amount of NOK 6 455 and NOK 4 648 million respectively. Both DnB NOR Bank ASA and Vital Forsikring ASA are wholly-owned subsidiaries of DnB NOR ASA. The group contributions represent settlement of ordinary year-end adjustments for the 2007 accounting year.

Statement pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the Group and the company for the period 1 January through 30 June 2008 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the Group over the next accounting period
- description of major transactions with related parties.

Oslo, 9 July 2008
The Board of Directors of DnB NOR ASA

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Per Hoffmann

Jørn O. Kvilhaug

Bent Pedersen

Tore Olaf Rimmereid

Trine Sæther Romuld

Ingjerd Skjeldrum

Siri Pettersen Strandenes

Rune Bjerke
(group chief executive)

Bjørn Erik Næss
(chief financial officer)

Information about the DnB NOR Group

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Telephone	+47 915 03000
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Organisation number	Register of Business Enterprises NO 981 276 957 MVA

Board of Directors in DnB NOR ASA

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Bjørn Sund, vice-chairman
Per Hoffmann
Jørn O. Kvilhaug
Bent Pedersen
Tore Olaf Rimmereid
Trine Sæther Romuld
Ingjerd Skjeldrum
Siri Pettersen Strandenes

Group management

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Leif Teksum	Group executive vice president, Corporate Banking and Payment Services
Åsmund Skår	Group executive vice president, Retail Banking
Ottar Ertzeid	Group executive vice president, DnB NOR Markets
Liv Fiksdahl	Group executive vice president, Operations
Tom Rathke	Group executive vice president, Life and Asset Management
Anne-Brit Folkvord	Group executive vice president, HR
Cathrine Klouman	Group executive vice president, IT

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Financial calendar 2008

Preliminary results 2007	14 February
Annual General Meeting	30 April
Distribution of dividends	15 May
First quarter	29 April
Second quarter	10 July
Third quarter	30 October

Other sources of information

Annual reports

Annual reports for the DnB NOR Group are available on www.dnbnor.com. Separate annual reports are prepared for the DnB NOR Bank Group and Vital.

Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on www.dnbnor.com. Separate quarterly reports are prepared for the DnB NOR Bank Group and Vital.

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

The quarterly report has been produced by Group Financial Reporting, Corporate Communications and Designteam in DnB NOR.
Print: LO&S Grafisk AS

www.dnbnor.com

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