



Financial highlights

First quarter 2008

- Pre-tax operating profits before write-downs were NOK 1.5 billion (3.8)
- Profit for the period was NOK 1.1 billion (2.9)
- Return on equity was 5.7 per cent (17.2)
- Earnings per share were NOK 0.79 (2.11)
- Expenses represented 74.3 per cent of income (49.8)
- The core capital ratio, including 50 per cent of interim profits, was 7.0 per cent (7.6)

Comparable figures for 2007 in parentheses.

First quarter report 2008

Healthy underlying operations, turbulent financial markets

Introduction

The DnB NOR Group recorded profits of NOK 1 120 million in the first quarter of 2008, a reduction from NOK 2 866 million in the first quarter of 2007. The Group showed sound underlying performance, with an increase in net interest income, healthy income from customer trading, a controlled cost trend and low write-downs on loans. The decline in profits reflected write-downs on bond and equity portfolios in various parts of the Group in consequence of the turmoil in the financial and stock markets. Return on equity was 5.7 per cent, compared with 17.2 per cent a year earlier. Earnings per share were NOK 0.79 and NOK 2.11 respectively.

Pre-tax operating profits before write-downs came to NOK 1 454 million, down from NOK 3 769 million in the year-earlier period. Net interest income increased from NOK 3 985 million to NOK 5 023 million, while net other operating income declined from NOK 3 528 million in the first quarter of 2007 to NOK 625 million as a result of write-downs. Factors such as international expansion drove costs up from NOK 3 744 million in the first quarter of 2007 to NOK 4 194 million in the first quarter of 2008.

Most business areas showed healthy operational performance during the first quarter. Corporate Banking and Payment Services achieved a NOK 144 million rise in pre-tax operating profits before write-downs in spite of the negative effect from write-downs related to Eksportfinans. In Retail Banking, there was a NOK 168 million increase in pre-tax operating profits before write-downs due to a higher level of activity and improved spreads. DnB NOR Markets recorded strong earnings from foreign exchange trading and interest rate derivatives, which partly compensated for the effects of write-downs on the bond portfolio. Life and Asset Management showed a healthy trend in premium income and good administration and risk results, but recorded a weak return on financial assets during the first quarter. DnB NOR achieved a rise in pre-tax operating profits before write-downs of NOK 45 million or 37 per cent.

Total write-downs resulting from the financial market turmoil and weak stock markets, which, among other things, caused a net loss in Vital, came to NOK 2 490 million in the first quarter of the year. Compared with the first quarter of 2007, when corresponding products made a positive contribution, there was a NOK 3 180 million decline in profits.

The financial market turmoil resulted in widening credit risk spreads, which also had a knock-on effect on high-quality bonds. DnB NOR recorded net write-downs for unrealised mark-to-market losses on the portfolio of bonds in DnB NOR Markets of NOK 1 566 million. In addition, a negative contribution from Eksportfinans of NOK 309 million was recorded in the first quarter accounts. DnB NOR has a holding 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 48.22 per cent. The contribution from Eksportfinans reflects both DnB NOR's ownership share and the guarantee issued.

There is sound underlying credit quality in the bond portfolios. The price changes were mainly due to inadequate liquidity in the markets, the fact that many banks had to sell portfolios due to their own liquidity and capital situation and the knock-on effects from the

US mortgage market. DnB NOR has no exposure to the US mortgage market or other corresponding high-risk investments or commitments. No permanent losses are expected on any of the securities included in the bond portfolios. If no further negative incidents occur and credit spreads stabilise, the portfolios will be revalued as and when the securities near maturity. The residual maturity of the bond portfolios is estimated at approximately three years for DnB NOR and around 3.3 years for Eksportfinans. This means that the Group will record reversals on write-downs of approximately NOK 310 million per quarter, provided that the markets remain unchanged.

Deteriorating stock markets caused a decline in financial income in Vital and write-downs on the bank's equity portfolio. Vital made a negative net contribution to the consolidated accounts of NOK 361 million, while the bank's equity portfolio was written down by NOK 254 million. A large part of Vital's assets are invested in fixed-income securities, which will provide current earnings independent of stock market trends.

Including 50 per cent of interim profits, the core capital ratio for the DnB NOR Group was 7.0 per cent as at 31 March 2008, compared with 7.2 per cent at end-December 2007. The Group enjoyed a healthy liquidity situation, and a number of new long-term loans were raised during the quarter, including the issue of covered bonds by DnB NOR Boligkreditt for a total of NOK 20.1 billion. In April 2008, the long-term rating of DnB NOR Bank was upgraded to AA- by the rating agency Standard & Poor's.

Bjørn Erik Næss assumed the position of new chief financial officer in DnB NOR during the first quarter, succeeding Tom Grøndahl.

Income

Income totalled NOK 5 648 million for the January through March period in 2008, down NOK 1 864 million or 24.8 per cent from the first quarter of 2007.

Net interest income

<i>Amounts in NOK million</i>	1st quarter		1st quarter
	2008	Change	2007
Net interest income	5 023	1 039	3 985
Lending and deposit volumes		623	
Lending and deposit spreads		229	
Guarantee fund levy		(55)	
Other net interest income		241	

Net interest income was NOK 5 023 million in the first quarter of 2008, up 26.1 per cent compared with the year-earlier period.

Average lending increased by NOK 150 billion or 18.1 per cent from the first quarter of 2007. There was a rise of NOK 58 billion or 11.9 per cent in average deposits. Lending spreads widened by 0.04 percentage points compared with the year-earlier period, standing at 1.13 per cent in the first quarter of 2008. During the same period, deposit spreads expanded by 0.09 percentage points to 1.04 per cent. Deposit spreads contracted somewhat during the January through March period in 2008 due to fierce competition, while there was a certain increase in lending spreads. Rising funding costs are expected to result in somewhat higher interest rate levels

over the next few quarters, especially in the corporate market.

Due to widening credit risk spreads in global financial markets, DnB NOR's funding costs were NOK 25 million higher in the first quarter of 2008 than in the year-earlier period.

With effect from the first quarter of 2008, Norwegian banks will once again have to pay guarantee fund levies. For DnB NOR, the levy paid in Norway came to NOK 52 million, while levies paid in other countries increased by NOK 3 million from the first quarter of 2007.

Net other operating income

<i>Amounts in NOK million</i>	1st quarter		1st quarter
	2008	Change	2007
Net other operating income	625	(2 903)	3 528
Net gains on foreign exchange and interest rate instruments ¹⁾		307	
Net other commissions and fees		131	
Stock market-related income including financial instruments		(612)	
Net financial and risk result from Vital ²⁾		(814)	
Unrealised losses on bonds		(1 927)	
Other operating income		12	

1) *Excluding guarantees and income reductions resulting from wider credit spreads.*

2) *Excluding guaranteed returns and allocations to policyholders.*

Net other operating income amounted to NOK 625 million in the first quarter of 2008, compared with NOK 3 528 million in the corresponding period of 2007. The reduction reflected mark-to-market losses resulting from widening credit spreads on bonds in DnB NOR Markets and Eksportfinans and unrealised losses on shares in the bank's investment portfolio and in Vital. The losses on bonds are expected to be reversed over the residual maturity of the portfolios. During the first quarter of the year, reversals of NOK 167 million were made on write-downs for previous periods in DnB NOR Markets.

Other group operations showed a sound trend during the first quarter compared with the year-earlier period. Customer trading in DnB NOR Markets experienced marked progress, with brisk demand for foreign exchange and interest rate derivatives. The sale of insurance products ensured a NOK 134 million rise in income from the first quarter of 2007. Due to weak stock markets, income from equities trading and asset management was somewhat reduced in the first quarter of 2008 compared with the year-earlier period, though there was an increase from the fourth quarter of 2007.

Operating expenses

<i>Amounts in NOK million</i>	1st quarter		1st quarter
	2008	Change	2007
Operating expenses	4 194	450	3 744
Norwegian units		200	
<i>Of which:</i>			
IT expenses		73	
Properties		55	
Operational leasing		39	
Wage settlements		34	
Other depreciation		18	
Other operating expenses		(19)	
International units		250	
<i>Of which:</i>			
SalusAnsvar		33	
Svensk Fastighetsförmedling		25	
BISE Bank		60	
Other operations in DnB NORD		85	
Other		47	

Operating expenses totalled NOK 4 194 million in the first quarter of 2008, up from NOK 3 744 million in the year-earlier period. The increase mainly reflected a higher level of activity and the acquisition and establishment of new international operations.

Costs in Norwegian units rose by NOK 200 million or 6.1 per cent from the first quarter of 2007. Staff numbers declined by 57 full-time positions during the same period, in spite of the acquisition of leasing operations, resulting in 60 new full-time positions in Norway, during the first quarter. The greatest rise in costs in Norwegian operations, NOK 73 million, resulted from IT development. An extensive process was initiated to improve operational stability and modernise the Group's IT infrastructure and systems. 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 operations gave a NOK 39 million rise in depreciation on leasing objects. The sale of bank properties and transition to lease agreements gave a NOK 55 million increase in costs during the quarter compared with the year-earlier period, while financing costs were brought down.

Costs in the Group's international units rose by NOK 250 million during the first quarter compared with the year-earlier period. The acquisitions of SalusAnsvar and Svensk Fastighetsförmedling raised costs by NOK 58 million. The acquisition of BISE Bank in Poland gave an increase in costs of NOK 60 million in DnB NORD, while other expansion in DnB NORD caused a rise in costs of NOK 85 million. The number of full-time positions in international units rose by 1 694 from the first quarter of 2007 to the first quarter of 2008.

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 31 million in the first quarter of 2008, compared with NOK 5 million in the year-earlier period.

Write-downs on commitments

The financial turmoil in the second half of 2007 and the first quarter of 2008 did not affect the financial position of DnB NOR's customers. Net write-downs on loans and guarantees came to NOK 195 million for the quarter, compared with NOK 51 million in the year-earlier period, mainly as a reflection of lower reversals on previous write-downs. Individual write-downs were NOK 159 million. There was a moderate level of individual write-downs, which represented 0.06 per cent of total lending on an annual basis. There was a certain reduction in reversals on previous write-downs. Group write-downs increased by NOK 37 million from end-December 2007, mainly due to volume growth and a certain normalisation of the economic situation from a very high level. 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 4.4 billion as at 31 March 2008, up NOK 1 billion from end-March 2007. The increase reflected the acquisition of BISE Bank and organic growth in DnB NORD. Non-performing and impaired commitments represented 0.43 per cent of lending volume at end-March 2008, compared with 0.39 per cent a year earlier and 0.42 per cent at end-December 2007.

Taxes

The DnB NOR Group's tax charge for the first quarter of 2008 was NOK 170 million. The tax charge is generally 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 quarter, which could affect the relative tax charge. The estimate is based on the assumption that the stock markets will normalise during 2008.

NOK 127 million in excess estimated taxes for 2007 was taken to income in the first quarter accounts. The correction can be viewed in light of new rules for carrying forward tax credits for withholding tax paid in countries outside Norway.

Liquidity

DnB NOR had good access to liquid funds during the first quarter of 2008, in spite of the financial market turmoil which resulted in significant volatility and higher funding costs. However, the price of long-term funding for banks rose significantly for both covered bonds, senior bank debt and subordinated loans. At times, only the best banks had access to such funding.

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. 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. The company issued new bonds for a total of NOK 20.1 billion during the first quarter of the year. Securities issued by the Group increased by NOK 50 billion or 13.4 per cent from end-March 2007, totalling NOK 422 billion as at 31 March 2008. The majority of the securities were issued in international capital markets.

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. Due to fluctuations in the money market, price movements and seasonal variations, there was a certain reduction in total deposits during the January through March period compared with the figure at year-end 2007.

Balance sheet and assets under management

As at 31 March 2008, total combined assets in the DnB NOR Group were NOK 1 906 billion, up from NOK 1 747 billion a year earlier. Total assets in the Group's balance sheet were NOK 1 565 billion at end-March 2008, an increase from NOK 1 384 billion a year earlier.

Net lending to customers rose by NOK 174 billion or 20.6 per cent during the twelve-month period, partly due to a number of small-scale acquisitions. Lending volume at end-March 2008 was NOK 1 016 billion, a rise from NOK 842 billion or 20.6 per cent from a year earlier. Deposit volume at end-March 2008 was NOK 529 billion, a rise of 5.1 per cent from a year earlier.

Total assets in Vital were NOK 229 billion as at 31 March 2008, up from NOK 224 billion twelve months earlier.

Risk and capital adequacy

The risk situation in the first quarter of 2008 reflected the ongoing financial market turmoil. There was a significant downturn in the Norwegian and global stock markets, especially at the start of the year.

DnB NOR fared relatively well through this period and maintained a satisfactory level of liquidity. The Group launched new bond issues for the equivalent of NOK 44 billion. The average maturity of the bonds increased with effect from the beginning of 2008. The Group maintained a balance between short-term and long-term funding in line with the targets set by the Board of Directors, which are characterised as conservative by the rating agencies.

There was a further increase in credit risk spreads in the first quarter, resulting in additional write-downs of NOK 1.6 billion on the rating-based trading portfolio in DnB NOR Markets. Accumulated write-downs on the portfolio since June 2007 thus reached NOK 2.8 billion.

The DnB NOR Group quantifies risk by measuring risk-adjusted capital requirements, called risk-adjusted capital. Net risk-adjusted capital increased by NOK 4.1 billion in the January through March period, to NOK 53.0 billion. The table below shows developments in risk-adjusted capital:

	31 March 2008	31 Dec. 2007	30 June 2007	31 March 2007
<i>Amounts in NOK billion</i>				
Credit risk	46.3	42.6	37.7	35.1
Market risk	4.2	3.6	2.8	2.7
Ownership risk for Vital	7.1	8.5	8.2	9.8
Operational risk	5.6	5.2	5.0	5.0
Business risk	2.7	2.5	2.4	2.4
Gross risk-adjusted capital requirement	65.9	62.4	56.1	55.1
Diversification effect ¹⁾	(12.9)	(13.6)	(13.1)	(14.2)
Net risk-adjusted capital requirement	53.0	48.8	43.0	40.8
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	20	22	23	26

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 an increase in risk-adjusted capital for credit risk, market risk, operational risk and business risk and a decline in risk-adjusted capital for Vital.

There was strong growth in credit volumes in the first quarter of 2008, with the greatest increase in Corporate Banking and Payment Services due to higher volumes in the large corporate divisions and growth in DnB NOR Finans following the acquisition of leasing operations. Credit quality remained strong and stable. Even in difficult market conditions, DnB NOR syndicated lending volumes in the shipping and offshore segment. Non-performing and impaired commitments showed a marginal increase from a very low level.

Vital reported a net accounting loss for the first quarter, which was due to the stock market slide combined with new limitations on the use of additional allocations. On an annual basis, the additional allocations are adequate, with a good margin, to cover the shortfall in returns in the first quarter of the year relative to policyholders' guaranteed rate of return. Vital mitigated the company's risk level through the sale of shares and an extensive price hedging programme. At end-March 2008, Vital had an effective equity exposure of 15 per cent.

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

	31 March 2008	31 Dec. 2007	30 June 2007	31 March 2007
<i>Amounts in NOK billion</i>				
4.25 per cent of risk-weighted assets	42.6	42.1	38.6	37.2
Capital buffer	17.3	15.8	14.2	13.6
Core capital target excl. hybrid securities	59.8	58.0	52.8	50.8
Statutory deductions in core capital	15.4	13.6	6.9	11.4
Equity target	75.2	71.5	59.7	62.1
Actual equity ¹⁾	77.1	76.0	64.3	67.6
Equity reserve	1.9	4.4	4.6	5.5

1) *Includes 50 per cent of interim profits.*

The equity reserve was reduced from NOK 4.4 billion to NOK 1.9 billion. Calculations show that the Group is well capitalised.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 10 billion during the quarter, to NOK 1 001 billion. In connection with the transition to the Basel II regulations, the banking group's risk-weighted volume in 2007 could not be reduced below 95 per cent of the calculation base under the Basel I regulations. In 2008, the floor is set at 90 per cent. This gives a NOK 50 billion reduction in risk-weighted volume in the first quarter of 2008 compared with the first quarter of 2007. The underlying increase from year-end 2007 reflects the acquisition of

loan portfolios and strong growth.

Including 50 per cent of interim profits, the core capital ratio was 7.0 per cent, while the capital adequacy ratio was 9.5 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 various business areas in the first quarter of 2008. However, there was a healthy underlying trend in most areas.

Corporate Banking and Payment Services achieved an 8 per cent rise in pre-tax operating profits before write-downs. Adjusted for negative effects from Eksportfinans in the first quarter of 2008, profits were up 25 per cent.

Retail Banking was not directly affected by the financial turmoil and achieved an 18 per cent increase in profits.

DnB NOR Markets recorded unrealised losses on bonds of NOK 1 566 million, while there were sound earnings in other operations during the first quarter. Adjusted for the unrealised losses recorded in 2008, profit growth was 32 per cent.

Life and Asset Management recorded a pre-tax operating loss of NOK 277 million in the first quarter of 2008, a 157 per cent reduction compared with the year-earlier period. Performance in Vital was strongly affected by the stock market downturn during the first quarter of 2008, and the company had limited access to using additional allocations.

DnB NORD achieved a 37 per cent rise in pre-tax operating profits before write-downs compared with the first quarter of 2007. The financial market turmoil had a limited direct impact on DnB NORD. Adjusted for write-downs on bonds, profits were up 54 per cent.

Corporate Banking and Payment Services

<i>Amounts in NOK million</i>	1st quarter 2008	1st quarter 2007	Change	Change in per cent
Net interest income	2 616	2 036	580	28.5
Other operating income	501	757	(256)	(33.8)
Total income	3 117	2 793	324	11.6
Operating expenses	1 162	982	180	18.3
Pre-tax operating profit before write-downs	1 955	1 811	144	8.0
Net gains on fixed assets	9	4	6	151.0
Net write-downs on loans	73	31	42	134.9
Pre-tax operating profit	1 891	1 783	108	6.0

Average balance sheet items in NOK billion

Net lending to customers	484.6	385.6	99.0	25.7
Deposits from customers	303.4	271.8	31.6	11.6

Key figures in per cent

Return on BIS capital	15.2	17.9
Cost/income ratio	37.3	35.2
Ratio of deposits to lending	62.6	70.5

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 1 891 million in the first quarter of 2008, an increase of 6.0 per cent or NOK 108 million from the year-earlier period. A high level of activity in the quarter contributed to the rise in profits, despite the turmoil in financial markets and rising funding costs.

Credit demand was high throughout the first quarter of 2008, and average loans and guarantees totalled NOK 560 billion. Volumes increased by NOK 112 billion from the year-earlier period, and the strongest growth took place in operations outside Norway. Depreciating exchange rates reduced lending volumes, and adjusted for exchange rate movements, there was an increase of NOK 127 billion.

Sound growth and earnings combined with an increase in

borrowing among corporate clients helped ensure that the favourable liquidity situation in the business sector continued into the first quarter of 2008. This gave a rise in average deposits of NOK 31.6 billion from the year-earlier period, to NOK 303.4 billion. The growth in deposits was, however, somewhat lower than lending growth, thus the ratio of deposits to lending declined 7.9 percentage points to 62.6 per cent.

Income totalled NOK 3 117 million in the first quarter of 2008, up NOK 324 million from the corresponding period in 2007. Net interest income rose by NOK 580 million. The pressure on spreads in the Norwegian market eased somewhat at the start of 2008. At the same time, turmoil in the international credit markets created favourable conditions for increased earnings in DnB NOR's growth markets outside Norway.

In the first quarter of 2008, lending spreads contracted by 0.02 percentage points to 1.05 per cent compared with the year-earlier period, while there was an increase of 0.04 percentage points compared with the fourth quarter of 2007. Deposit spreads widened by 0.07 percentage points from the first quarter of 2007 and shrank by 0.01 percentage points from the fourth quarter of 2007.

Total other operating income was reduced by NOK 256 million, reflecting the negative profit contribution from Eksportfinans of NOK 309 million due to the financial market turmoil. The turmoil in the international credit markets had a limited impact on other operations. Other operating income showed a positive trend, up NOK 77 million from the corresponding period in 2007. Strong sales of foreign exchange and interest rate products contributed the most towards the rise in income during the first quarter. There was a low level of syndication activity, while income from payment services was higher in the first three months of 2008 than in the year-earlier period.

Operating expenses totalled NOK 1 162 million in the first quarter of the year, up NOK 180 million from the corresponding period in 2007. International expansion continued, resulting in both higher costs and rising staff numbers, and 83.5 per cent of the growth in the number of employees from the first quarter of 2007 took place outside Norway. There was also an increase in depreciation due to the strong increase in operational leasing. The cost/income ratio was 37.3 per cent in the first quarter of 2008, up from 35.2 per cent in the year-earlier period. As at 31 March 2008, staff in Corporate Banking and Payment Services represented 2 395 full-time positions, including 576 positions in Norwegian subsidiaries and 644 in international units.

The quality of the loan portfolios remains sound. Net write-downs on loans in the first quarter of 2008 totalled NOK 73 million, up NOK 42 million from the corresponding period in 2007.

Customer satisfaction showed a positive trend, and the market share of total lending increased by 0.6 percentage points from end-March 2007, to 15.2 per cent at end-February 2008.

Corporate Banking and Payment Services anticipates a continued high level of activity in all segments, though credit growth is expected to slow down due to pressured funding markets and rising money market rates.

Retail Banking

<i>Amounts in NOK million</i>	1st quarter 2008	1st quarter 2007	Change	Change in per cent
Net interest income	1 973	1 732	240	13.9
Other operating income	823	775	47	6.1
Total income	2 795	2 508	288	11.5
Operating expenses	1 673	1 553	120	7.7
Pre-tax operating profit before write-downs	1 123	955	168	17.6
Net gains on fixed assets	0	0	0	-
Net write-downs on loans	62	77	(15)	(19.6)
Pre-tax operating profit	1 061	878	183	20.9

Average balance sheet items in NOK billion

Net lending to customers	443.2	412.3	31.0	7.5
Deposits from customers	228.3	212.1	16.2	7.7

Key figures in per cent

Return on BIS capital	25.2	20.8
Cost/income ratio	59.8	61.9
Ratio of deposits to lending	51.5	51.4

Retail Banking recorded pre-tax operating profits of NOK 1 061 million in the first quarter of 2008, up NOK 183 million from the corresponding period in 2007. The rise in profits can be ascribed to a growth in volumes and the streamlining of operations in Norway.

Average lending volume increased by NOK 31 billion or 7.5 per cent to NOK 443 billion in the first quarter of 2008. Average customer deposits rose by 7.7 per cent or NOK 16 billion to NOK 228 billion during the same period.

Net interest income rose by NOK 240 million compared with the first quarter of 2007, to NOK 1 973 million. Relative to total lending and deposits, net interest income improved by 0.06 percentage points to 1.18 per cent. Money market rates rose fairly strongly during the first quarter, and based on this Retail Banking raised both lending and deposit rates at the end of the first quarter.

Net other operating income totalled NOK 823 million, up NOK 47 million from the year-earlier period. The main reason for the increase was a rise in income from the sale of non-life insurance, whereas income from the sale of structured products was reduced during the first quarter of 2008.

Operating expenses totalled NOK 1 673 million in the first quarter of the year, up NOK 120 million from the year-earlier period. Acquisitions and establishments in Sweden accounted for NOK 71 million of the cost increase. The cost/income ratio was improved by 2.1 percentage points to 59.8 per cent. Retail Banking staff numbered 3 883 full-time positions as at 31 March 2008. Ongoing streamlining measures have reduced staff numbers in operations in Norway.

Write-downs on loans and guarantees remained at a stable, low level, totalling NOK 62 million for the January through March period in 2008, a reduction from NOK 77 million in the first quarter of 2007.

At end-February 2008, the market share of credit to retail customers was 28.5 per cent, down from 29.6 per cent as at 31 March 2007. The market share of savings was 35.8 per cent at end-February 2008.

DnB NOR has applied for a concession to sell non-life insurance, and 1 January 2009 is the scheduled start-up date of the new company. The establishment of DnB NOR Skadeforsikring will help boost sales, and an important long-term target is to capture a significant share of the non-life insurance market.

The introduction of BankID for all DnB NOR's Internet bank customers started in autumn 2007 and will be completed during summer 2008. As at 31 March 2008, 150 000 customers had received BankID. During 2008, BankID will be available as a signature solution also for mobile phones. Retail Banking has started using secure e-mails for customers under the DnB NOR brand, a solution which facilitates simple and safe customer communication. Parallel to this, the Internet bank and the mobile bank are being further improved to enhance Retail Banking's electronic customer services, enabling a greater degree of self-service. Early in March, Postbanken also

launched SMS and mobile bank services. In-store banking outlets, in cooperation with NorgesGruppen, will be nationwide during 2008.

DnB NOR-owned Svensk Fastighetsförmedling AB was awarded first prize for best website in Sweden's largest survey of websites, the Web Service Award, where 150 Internet sites participated.

Retail Banking expects money market rates to remain high, coupled with intense market competition. Rising interest rates are expected to result in lower activity in the housing market and will contribute to curbing future growth. To increase competitiveness, DnB NOR will remove the charge on its customer loyalty programmes from 1 May 2008. Close to 700 000 customers will thus have access to very attractive everyday banking products and services. The work to streamline and automate operations will continue, combined with investments in new operations outside Norway.

DnB NOR Markets

<i>Amounts in NOK million</i>	1st quarter 2008	1st quarter 2007	Change	Change in per cent
Net interest income	102	89	13	14.4
Other operating income	(412)	973	(1 385)	(142.3)
Total income	(309)	1 063	(1 372)	(129.1)
Operating expenses	375	392	(17)	(4.4)
Pre-tax operating profit before write-downs	(684)	670	(1 355)	(202.1)
Net gains on fixed assets	0	(1)	1	-
Net write-downs on loans	0	22	(22)	-
Pre-tax operating profit	(684)	647	(1 331)	(205.8)

Key figures in per cent

Return on BIS capital	(45.4)	53.2
Cost/income ratio	(121.3)	36.9

Performance in DnB NOR Markets reflected the turmoil in global financial markets, which was reinforced during the first quarter of 2008. The business area recorded a pre-tax operating loss of NOK 684 million, a reduction of NOK 1 331 million compared with the first quarter of 2007 due to widening credit spreads on the bank's liquidity portfolio of bonds.

There was a healthy underlying trend, with high income from foreign exchange and interest rate instruments. Excluding the effect of changes in credit spreads on the bond portfolio, there was a 21 per cent rise in income compared with the year-earlier period, to NOK 1 257 million. After adjusting the value of the bond portfolio, income was negative at NOK 309 million, compared with income of NOK 1 063 million in the first quarter of 2007, representing a reduction of NOK 1 372 million.

Costs were 4 per cent lower than in the year-earlier period. Full-time positions numbered 617 as at 31 March 2008.

Customer-related income from currency, interest rate and commodity derivatives totalled NOK 434 million, up from NOK 306 million in the year-earlier period. Great fluctuations in interest rates, exchange rates and commodity prices resulted in strong demand for currency, interest rate and commodity hedging products.

Customer-related revenues from the sale of securities and other investment products came to NOK 117 million, down from NOK 230 million in the year-earlier period.

DnB NOR Markets was the largest brokerage house on Oslo Børs with respect to trading in both equities and equity derivatives in the first quarter of 2008. Due to changes in external parameters for structured savings products, there was a pronounced reduction in sales of these types of products compared with the first quarter of 2007. Falling stock markets contributed to more sluggish demand for alternative investments.

DnB NOR Markets listed its first warrants on Oslo Børs in March 2008 and also launched the product Contracts for Difference, CFD. A CFD is a derivative product enabling customers to buy exposure to an underlying share, index or commodity. Web TV was launched as a new information channel for customers during the quarter.

Customer-related revenues from corporate finance services totalled NOK 129 million, down NOK 19 million from the first quarter

of 2007. Due to the prevailing market situation, there was a lower level of activity for share issues and stock exchange listings, thus increasing the significance of advisory services, delistings, mergers and acquisitions. In January, DnB NOR Markets established a corporate finance department at the bank's branch in London.

Customer-related revenues from custodial and other securities services came to NOK 85 million, down NOK 5 million compared with the first quarter of 2007. The reduction can be ascribed to a slow-down in stock market activity during the first quarter compared with the first quarter of 2007.

Earnings from market making and other proprietary trading were NOK 427 million, up from NOK 223 million in the first quarter of 2007 adjusted for the effect of widening credit spreads on the bank's liquidity portfolio of bonds. The increase in credit spreads on the bond portfolio gave an unrealised loss of NOK 1 566 million, compared with a gain of NOK 28 million in the year-earlier period. The credit quality of the bond portfolio is firm and stable. The decline in value is expected to be reversed over the residual maturity of the bonds, which is three years.

Life and Asset Management

<i>Amounts in NOK million</i>	1st quarter 2008	1st quarter 2007	Change	Change in per cent
Total income	256	981	(725)	(73.9)
Operating expenses	533	499	34	6.8
Pre-tax operating profit	(277)	482	(759)	(157.5)
<u>Balance sheet items in NOK billion (end of period)</u>				
Assets under management	569.3	587.8	(18.5)	(3.1)
<u>Key figures in per cent</u>				
Return on equity ¹⁾	(9.4)	15.8		
Cost/income ratio	208.0	50.9		

1) Calculated on the basis of recorded equity

Life and Asset Management recorded an overall pre-tax operating loss of NOK 277 million in the first quarter of 2008, which represented a reduction of NOK 759 million from the year-earlier period. This comprised a loss of NOK 361 million in Vital and a profit of NOK 84 million in DnB NOR Asset Management.

The process of integrating the Life and Asset Management business area is in progress. The business area will cut back costs by between NOK 100 million and NOK 150 million during the 2008 to 2010 period.

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

Vital

<i>Amounts in NOK million</i>	1st quarter 2008	1st quarter 2007	Change	Change in per cent
Interest result	(457)	2 444	(2 901)	(118.7)
Risk result	111	13	98	780.4
Administration result	(17)	(20)	3	-
Advance pricing risk and guaranteed rate of return	108	-	108	-
Other	(23)	(9)	(14)	-
Profit for distribution	(277)	2 428	(2 705)	(111.4)
Allocations to policyholders	84	2 061	(1 977)	(95.9)
+ Reversal of goodwill amortisation	-	6	(6)	(100.0)
Pre-tax operating profit	(361)	372	(733)	(197.2)

Balance sheet items in NOK billion (end of period)

Assets under management	228.6	224.4	4.2	1.9
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Key figures in per cent

Return on equity ¹⁾	(13.2)	15.3		
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1) Calculated on the basis of recorded equity

After taking additional allocations of NOK 1 344 million to income, Vital recorded a pre-tax operating loss of NOK 361 million in the first quarter of 2008, which represented a reduction of NOK 733 million

from the year-earlier period.

Vital achieved a negative recorded return of 0.1 per cent in the common portfolio in the first quarter of 2008. The value-adjusted return, excluding changes in unrealised gains in the portfolio of held-to-maturity securities, was negative at 1.8 per cent. The stock market downturn was the main factor behind the low value-adjusted return in the first quarter of 2008. There was a value-adjusted return of 1.3 per cent in the corporate portfolio.

The risk result was NOK 111 million, an increase from NOK 13 million in the first quarter of 2007, while the administration result was negative at NOK 17 million, an improvement from a negative NOK 20 million in the year-earlier period.

Total assets were NOK 229 billion as at 31 March 2008, down 1.7 per cent from 31 December 2007. Due to rising interest rate levels and new tax rules for individual pension savings, surrenders of individual market products totalled NOK 3.0 billion during the first quarter of 2008.

Recorded policyholders' funds within defined-contribution pension schemes totalled NOK 4 043 million at end-March 2008. Around 17 500 companies had entered into such agreements.

Premium income totalled NOK 9.3 billion, a 4.6 per cent increase from the corresponding period in 2007. Premium income for group pensions represented NOK 7.6 billion, up 18 per cent from the year-earlier period. The main factor behind the increase was the transfer of funds from government schemes. In consequence of the uncertainty surrounding the parameters for individual pension savings combined with the negative financial market trend, premium income in the individual market declined by 38 per cent to NOK 1.5 billion compared with the first quarter of 2007. There was a net inflow of transfers of NOK 1.4 billion in the first quarter of 2008, compared with NOK 0.2 billion in the year-earlier period.

As at 31 March 2008, Vital provided insurance coverage for more than one million policyholders through individual and group agreements. The customer portfolio also included some 25 000 companies, municipalities and public enterprises.

Vital's market share of policyholders' funds was 33.6 per cent at end-December 2007, down 1.1 percentage points from 2006. The company had a market share of 27.8 per cent within group pensions, a 0.2 percentage point reduction of from the previous year. In the individual market, the market share declined by 0.4 percentage points to 51.8 per cent. The market share for defined-contribution pensions was 30.6 per cent at end-December 2007.

As at 31 March 2008, solvency capital totalled NOK 17.2 billion, compared with NOK 21.8 billion at end-December 2007. The negative interim performance and a reduction in the securities adjustment reserve were the main factors behind the reduction.

As from 1 January 2008, operations in Vital have been adapted to new regulations for life insurance companies. The new regulations entail a clearer distinction between policyholders' funds and company funds, a clearer division of risk between policyholders and the company, and more transparent product pricing. In the longer term, the new regulations will have a positive effect on company earnings and make it easier to adapt products to meet customer needs.

Vital is working continuously to improve customer service and simplifying work processes, while improving the quality of customer systems. Vital aims to further expand its operations while providing the owner and policyholders with healthy returns. The company has a strong ambition to further develop its position as the pension specialist in the Norwegian market.

DnB NOR Asset Management

<i>Amounts in NOK million</i>	1st quarter 2008	1st quarter 2007	Change	Change in per cent
Total income	266	292	(25)	(8.6)
Operating expenses	182	182	1	0.3
Pre-tax operating profit	84	110	(26)	(23.5)
<u>Balance sheet items in NOK billion (end of period)</u>				
Assets under management	515.9	545.6	(29.7)	(5.4)
<u>Key figures in per cent</u>				
Return on equity ¹⁾	13.5	18.6		
Cost/income ratio	68.5	62.3		

1) Calculated on the basis of recorded equity

DnB NOR Asset Management recorded pre-tax operating profits of NOK 84 million in the first quarter of 2008, down NOK 26 million from the year-earlier period. The decline mainly reflected lower income due to a decline in assets under management.

Revenues totalled NOK 266 million, a reduction of NOK 26 million from the first quarter of 2007. Commission income came to NOK 230 million, down NOK 51 million from the year-earlier period. Commission income from the retail market stood at NOK 90 million, while income from institutional clients was NOK 140 million. Corresponding figures for the first quarter of 2007 were NOK 128 million and NOK 153 million respectively.

Operating expenses for the January through March period of 2008 were NOK 182 million, on a level with the corresponding period in 2007. The cost/income ratio was 68.5 per cent. Full-time positions numbered 301 at end-March 2008.

As at 31 March 2008, the business area had NOK 515.9 billion under management, a reduction of NOK 29.7 billion from a year earlier. NOK 7.9 billion of the decline in assets under management stemmed from developments in equity prices and interest rates during the twelve-month period, while a stronger Norwegian krone gave a negative exchange effect of NOK 11.9 billion on international securities under management. The net outflow of funds was NOK 9.9 billion.

Investment funds from the retail market amounted to NOK 53.2 billion as at 31 March 2008 after a net reduction of NOK 8.2 billion from end-March 2007. The corresponding figures for institutional clients were NOK 462.7 billion and a reduction of NOK 21.5 billion respectively.

The market share for mutual funds in the Norwegian retail market was 38.3 per cent at end-February 2008.

At end-March 2008, the total number of mutual fund savings schemes exceeded 349 000. Annual subscriptions under savings schemes represented more than NOK 3.3 billion.

As at 31 March 2008, 39 DnB NOR funds had received four or five stars from the rating company Morningstar, bringing the percentage of DnB NOR funds awarded a minimum of four stars to 32.8 per cent.

DnB NOR Asset Management anticipates a rise in private financial savings in both Norway and Sweden. Competition for new savings will necessitate continued development and adaptation of products and services. In order to improve competitiveness, DnB NOR Asset Management has adjusted management fees on money market funds.

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

<i>Amounts in NOK million</i>	1st quarter 2008	1st quarter 2007	Change	Change in per cent
Net interest income	382	237	146	61.5
Other operating income	149	105	44	42.2
Total income	531	341	190	55.6
Operating expenses	365	220	145	65.6
Pre-tax operating profit before write-downs	167	121	45	37.4
Net gains on fixed assets	6	2	4	181.6
Net write-downs on loans	32	11	21	195.2
Pre-tax operating profit	140	112	28	24.7

Average balance sheet items in NOK billion

Net lending to customers	62.6	38.9	23.7	60.9
Deposits from customers	21.3	13.0	8.3	64.2

Key figures in per cent

Return on BIS capital	9.5	11.9		
Cost/income ratio	68.7	64.5		
Ratio of deposits to lending	34.1	33.4		

DnB NORD recorded pre-tax operating profits of NOK 140 million in the first quarter of 2008, up NOK 28 million compared with the year-earlier period. Performance in the first quarter of 2008 was influenced by increasing funding costs, a somewhat slower growth rate and rising costs, especially in Poland due to the integration of BISE Bank.

Net customer lending averaged NOK 62.6 billion in the first quarter of 2008, up 60.9 per cent from the corresponding period in 2007, though growth slowed down in the quarter. Customer deposits rose by 64.1 per cent to NOK 21.3 billion.

Income totalled NOK 531 million, an increase of NOK 190 million or 55.6 per cent from the first quarter of 2007. The financial turmoil had a moderate effect on other operating income, resulting in write-downs on securities of NOK 20 million.

Operating expenses came to NOK 365 million, up NOK 145 million or 65.6 per cent from the year-earlier period. The cost increase was mainly due to the acquisition of BISE Bank in Poland, and 65 per cent of DnB NORD's total cost increase came from operations in Poland. At end-March 2008, DnB NORD staff represented 3 239 full-time positions, up from 2 111 a year earlier.

Net write-downs on loans and guarantees were NOK 32 million in the first quarter of 2008, compared with NOK 11 million in the year-earlier period.

An important strategic target for DnB NORD is to have an active role in the extensive trading and investment activity in the Baltic Sea region. In order to succeed, DnB NORD is in the process of harmonising products and integrating IT solutions across national borders.

DnB NORD is well represented in the Baltic region and Poland, with more than 770 000 customers and 173 branches. In Denmark and Finland, DnB NORD is a full-service bank for corporate customers, while the entities in the Baltic region and Poland also serve retail customers.

The economic situation in the Baltic countries is still unstable, but there are some positive signs. For example, the interest rate differential between Euro and the Baltic currencies has been reduced, and Latvia's government budget is in balance.

Prospects for the rest of the year

The first quarter of 2008 was characterised by increasing unrest in the financial markets, which led to a sharp fall in global stock markets at the beginning of this period. The downturn was particularly strong for Oslo Børs. The problems had a knock-on effect on several parts of the Western world, resulting in reduced consumer confidence and a downward trend in house prices. Liquidity in the international banking market has dried up in consequence of several large international market participants reporting problems and the rising uncertainty about future prospects.

Several central banks have implemented strong measures to re-

establish trust in the financial markets and stimulate activity in the real economy. Key interest rates have been lowered several times, with the largest reductions in the US, and the global banking system has received several cash injections.

There is still a positive trend in Norway, with relatively few indications of a weakening economy. There was high activity and strong credit demand during the quarter, stimulated by such factors as the high price of oil. Unemployment is at a record-low level. The outcome of the annual wage negotiations appears to be in line with expectations and is forecasted to have a relatively neutral effect on the economy and interest rates.

Internationally, there is a downward interest rate trend due to the financial turmoil. There are clear signs that interest rates in Norway are about to go into reverse, despite signs of rising inflation. A strong currency and weaker prospects in export markets are expected to curb exports. Growth in manufacturing output is on the decline, but from a high level. Both the manufacturing industry and the oil sector have planned strong investment growth in 2008, though some investments may be postponed. Investments in commercial property are expected to be more moderate than in recent years. Corporate lending growth has been very high, but the problems in the credit markets will contribute to curbing growth.

In DnB NOR's opinion, higher interest rates and a more sluggish housing market will only subdue household lending growth to a limited extent. Credit spreads may widen somewhat, primarily in the corporate sector, if credit risk premiums increase and the credit shortage in the financial markets becomes more severe.

The Group is well positioned to increase activity in profitable areas and has a sound base for further expansion. DnB NOR will

consider both organic growth opportunities and bolt-on acquisitions to increase its earnings base. The goal to further diversify the Group's Norwegian income base while continuing to expand internationally remains in force.

Productivity will be increased in the Group's Norwegian operations by strengthening the quality of the Group's IT deliveries and by implementing a comprehensive cost programme. Measures to strengthen the quality of the IT systems are well under way and will reduce operational problems while streamlining production processes. As a result, competitiveness and customer satisfaction are expected to improve.

The cost programme has now been initiated and has started to yield results. DnB NOR will report on the status of this work in connection with the presentation of the accounts for the second quarter of the year.

Several of the negative aspects that characterised the first quarter of 2008 are due to accrual accounting and will be partly reversed later in the year. Consequently, at end-April, Vital had already turned loss into profit. If the markets stabilise, pre-tax operating profits before write-downs in line with the 2007 figure should be within reach in 2008.

In autumn 2007, DnB NOR set new financial targets to be achieved by 2010. Despite the market turmoil in the first quarter, the targets remain unchanged. In the view of the Board of Directors, the targets will be reached despite a certain volatility in the quarterly results. Enjoying sound underlying earnings and performance, the Group is robust and well prepared to meet future challenges and seize the opportunities thus created.

Oslo, 28 April 2008
The Board of Directors of DnB NOR ASA

Olav Hytta
(chairman)

Johan Nic. Vold
(vice-chairman)

Per Hoffmann

Nina Britt Husebø

Jørn O. Kvilhaug

Bent Pedersen

Trine Sæther Romuld

Ingjerd Skjeldrum

Siri Pettersen Strandenes

Bjørn Sund

Anne Carine Tanum

Rune Bjerke
(group chief executive)

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DnB NOR ASA

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Income statement ¹⁾

		DnB NOR Group			
		1st quarter	1st quarter	Full year	Full year
<i>Amounts in NOK million</i>		2008	2007	2007	2006
Amounts in NOK million	Note				
Total interest income	5	18 482	13 386	61 746	42 381
Total interest expenses	5	13 459	9 401	43 880	27 092
Net interest income	5	5 023	3 985	17 866	15 289
Commissions and fees receivable etc.	6	2 375	2 322	9 476	8 963
Commissions and fees payable etc.	6	582	587	2 392	2 253
Net gains on financial instruments at fair value	6, 7	(767)	1 057	3 185	3 610
Net gains on assets in Vital	6	(2 043)	4 572	23 883	16 131
Guaranteed returns and allocations to policyholders in Vital	6	(1 508)	4 193	17 005	14 584
Premium income etc. included in the risk result in Vital	6	1 066	1 414	4 249	4 314
Insurance claims etc. included in the risk result in Vital	6	955	1 401	8 907	4 324
Net realised gains on investment securities (AFS)	6	0	0	0	0
Profit from companies accounted for by the equity method	6	(294)	37	9	171
Other income	6	316	306	1 234	1 176
Net other operating income	6	625	3 528	13 732	13 204
Total income		5 648	7 513	31 598	28 493
Salaries and other personnel expenses	8	2 261	2 129	9 413	8 189
Other expenses	8	1 696	1 416	6 005	5 523
Depreciation and write-downs of fixed and intangible assets	8	237	199	1 032	715
Total operating expenses	8	4 194	3 744	16 450	14 427
Net gains on fixed and intangible assets		31	5	2 481	365
Write-downs on loans and guarantees	10	195	51	220	(258)
Pre-tax operating profit		1 290	3 723	17 409	14 689
Taxes		170	856	2 387	2 881
Profit from discontinuing operations after taxes		0	0	0	0
Profit for the period		1 120	2 866	15 022	11 808
Profit attributable to shareholders		1 055	2 812	14 780	11 665
Profit attributable to minority interests		66	54	242	143
Earnings per share (NOK) ²⁾		0.79	2.11	11.08	8.74
Earnings per share for discontinuing operations (NOK) ²⁾		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⁾

		DnB NOR Group			
		31 March	31 Dec.	31 March	31 Dec.
Amounts in NOK million	Note	2008	2007	2007	2006
Assets					
Cash and deposits with central banks		13 067	9 816	18 685	11 453
Lending to and deposits with credit institutions		71 909	64 379	109 713	71 091
Lending to customers	11, 12	1 015 909	970 504	842 298	827 947
Commercial paper and bonds		174 563	177 602	165 668	172 040
Shareholdings		45 049	48 682	61 091	51 393
Financial assets, customers bearing the risk		18 124	19 868	18 867	18 840
Financial derivatives		110 113	65 933	58 006	57 999
Shareholdings, available for sale		0	0	0	0
Commercial paper and bonds, held to maturity		53 386	59 641	60 093	62 444
Investment property		33 584	33 078	25 846	25 816
Investments in associated companies		1 614	1 435	1 467	1 515
Intangible assets	13	8 793	7 742	6 393	6 471
Deferred tax assets		150	136	28	38
Fixed assets		3 832	3 496	5 590	5 478
Biological assets		0	0	0	0
Discontinuing operations		232	225	27	27
Other assets		14 675	11 382	9 888	7 691
Total assets		1 564 999	1 473 919	1 383 659	1 320 242
Liabilities and equity					
Loans and deposits from credit institutions		148 439	144 198	141 592	124 372
Deposits from customers		528 740	538 151	503 129	474 526
Financial derivatives		104 937	62 741	59 474	58 812
Securities issued	14	421 696	371 784	330 288	326 806
Insurance liabilities, customers bearing the risk		18 124	19 868	18 867	18 840
Liabilities to life insurance policyholders		190 257	191 626	189 715	188 096
Payable taxes		1 421	1 431	4 707	4 091
Deferred taxes		2 213	1 994	767	730
Other liabilities		32 655	27 717	23 951	18 812
Discontinuing operations		0	0	0	0
Provisions		5 177	5 207	4 582	4 768
Subordinated loan capital	14	33 724	33 226	37 432	33 977
Total liabilities		1 487 382	1 397 944	1 314 503	1 253 829
Minority interests		3 137	2 662	2 226	2 201
Revaluation reserve		0	0	0	0
Share capital		13 327	13 327	13 341	13 341
Other reserves and retained earnings		61 154	59 987	53 589	50 870
Total equity		77 618	75 976	69 156	66 413
Total liabilities and equity		1 564 999	1 473 919	1 383 659	1 320 242
Off-balance sheet transactions and contingencies	16				

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

Statement of changes in equity

DnB NOR Group

<i>Amounts in NOK million</i>	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	(30)				(93)	(93)	(123)
Profit for the period	54				2 812	2 812	2 866
Net income for the period	25				2 719	2 719	2 744
Balance sheet as at 31 March 2007	2 226	0	13 341	11 963	41 626	53 589	69 156
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	26				(99)	(99)	(73)
Profit for the period	66				1 055	1 055	1 120
Net income for the period	92				956	956	1 047
Minority interests DnB NORD	383						383
New regulations for the life insurance industry					214	214	214
Balance sheet as at 31 March 2008	3 137	0	13 327	11 697	49 458	61 154	77 618

1) Of which currency translation reserve:

<i>Balance sheet as at 31 December 2006</i>	<i>44</i>				<i>(44)</i>		<i>0</i>
<i>Net change in currency translation reserve</i>	<i>(30)</i>				<i>(93)</i>		<i>(123)</i>
<i>Balance sheet as at 31 March 2007</i>	<i>14</i>				<i>(137)</i>		<i>(123)</i>
<i>Balance sheet as at 31 December 2007</i>	<i>(28)</i>				<i>(275)</i>		<i>(303)</i>
<i>Net change in currency translation reserve</i>	<i>26</i>				<i>(99)</i>		<i>(73)</i>
<i>Balance sheet as at 31 March 2008</i>	<i>(2)</i>				<i>(374)</i>		<i>(376)</i>

Cash flow statement

	DnB NOR Group			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
<i>Amounts in NOK million</i>				
Operations				
Net payments on loans to customers	(37 223)	(14 417)	(147 421)	(135 673)
Net receipts/payments on deposits from customers	(10 844)	27 313	65 651	66 315
Interest received from customers	15 933	11 833	50 211	40 136
Interest paid to customers	(5 709)	(2 739)	(17 733)	(9 065)
Net receipts/payments on the sale/acquisition of financial assets for investment or trading	11 195	7 467	22 440	(33 948)
Net receipts on commissions and fees	1 865	2 354	7 118	9 243
Payments to operations	(4 491)	(4 351)	(17 794)	(15 726)
Taxes paid	(170)	(222)	(3 980)	(613)
Receipts on premiums	7 353	8 177	13 295	17 442
Net payments on premium reserve transfers	(348)	(11)	(1 937)	(2 209)
Payments of insurance settlements	(3 769)	(5 657)	(19 621)	(11 942)
Other receipts	378	262	1 213	1 107
Net cash flow relating to operations	(25 831)	30 009	(48 560)	(74 932)
Investment activity				
Net receipts/payments on the sale/acquisition of fixed assets	(553)	(356)	3 087	(932)
Receipts on the sale of long-term investments in shares	15	0	9	212
Payments on the acquisition of long-term investments in shares	(2 493)	0	(4 080)	(167)
Dividends received on long-term investments in shares	15	87	248	115
Net cash flow relating to investment activity	(3 016)	(269)	(736)	(771)
Funding activity				
Net receipts/payments on loans to/from credit institutions	(7 132)	(16 010)	23 278	(8 215)
Net payments on other short-term liabilities	(1 971)	(1 140)	(10 622)	(2 786)
Net receipts on the issue of bonds and commercial paper ¹⁾	53 432	5 342	58 281	95 281
Issue of subordinated loan capital	2 926	4 310	5 581	10 302
Redemptions of subordinated loan capital	(1 594)	0	(4 017)	(2 433)
Repurchase of own shares/share issue	0	0	(108)	(212)
Dividend payments	0	0	(5 336)	(4 680)
Net interest payments on funding activity	(7 077)	(8 430)	(20 420)	(17 674)
Net cash flow from funding activity	38 584	(15 928)	46 637	69 583
Net cash flow	9 737	13 812	(2 659)	(6 120)
Cash as at 1 January	15 935	18 594	18 594	24 714
Net payments of cash	9 737	13 812	(2 659)	(6 120)
Cash at end of period ^{*)}	25 672	32 405	15 935	18 594
 ^{*) Of which: Cash and deposits with central banks}	 13 067	 18 685	 9 816	 11 453
^{Deposits with credit institutions with no agreed period of notice ²⁾}	12 605	13 720	6 119	7 141

1) A significant share of the Group's operations was funded by issuing bonds and commercial paper in 2006, 2007 and the first quarter 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

	DnB NOR Group			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Interest rate analysis				
1. Combined average spread for lending and deposits (%)	2.17	2.04	2.14	2.10
2. Spread for ordinary lending to customers (%)	1.13	1.09	1.09	1.28
3. Spread for deposits from customers (%)	1.04	0.95	1.05	0.82
Rate of return/profitability				
4. Net other operating income, per cent of total income	11.1	47.0	43.5	46.3
5. Cost/income ratio (%)	74.3	49.8	50.6	50.1
6. Return on equity, annualised (%)	5.7	17.2	22.0	19.5
7. RARORAC, annualised (%)	2.9	22.7	21.6	22.0
8. RORAC, annualised (%)	6.4	26.1	31.9	28.4
9. Average equity including allocated dividend (NOK million)	73 897	65 571	67 063	59 862
10. Return on average risk-weighted volume, annualised (%)	0.45	1.31	1.66	1.50
Financial strength				
11. Core (Tier 1) capital ratio at end of period (%)	7.0	7.4	7.2	6.7
12. Core (Tier 1) capital ratio incl. 50 per cent of profit (%)	7.0	7.6	-	-
13. Capital adequacy ratio at end of period (%)	9.4	10.7	9.6	10.0
14. Capital adequacy ratio incl. 50 per cent of profit (%)	9.5	10.8	-	-
15. Core capital at end of period (NOK million)	69 766	64 531	71 392	59 054
16. Risk-weighted volume at end of period (NOK million)	1 001 595	871 660	991 455	880 292
Loan portfolio and write-downs				
17. Write-downs relative to net lending to customers, annualised	0.08	0.02	0.02	(0.03)
18. Net non-performing and impaired commitments, per cent of net lending	0.43	0.39	0.42	0.45
19. Net non-performing and impaired commitments at end of period (NOK million)	4 435	3 367	4 174	3 800
Liquidity				
20. Ratio of customer deposits to net lending to customers at end of period (%)	52.0	59.7	55.5	57.3
Total assets owned or managed by DnB NOR				
21. Assets under management at end of period (NOK billion)	549	572	572	575
22. Total combined assets at end of period (NOK billion)	1 906	1 747	1 834	1 688
23. Average total assets (NOK billion)	1 520	1 340	1 412	1 209
24. Customer savings at end of period (NOK billion)	1 079	1 078	1 111	1 052
Staff				
25. Number of full-time positions at end of period	13 647	12 011	13 455	11 824
The DnB NOR share				
26. Number of shares at end of period (1 000)	1 332 654	1 334 089	1 332 654	1 334 089
27. Average number of shares (1 000)	1 332 654	1 334 089	1 333 402	1 335 449
28. Earnings per share (NOK)	0.79	2.11	11.08	8.74
29. Dividend per share (NOK) ¹⁾	-	-	4.50	4.00
30. Total shareholders' return (%)	(6.9)	(3.1)	(1.7)	27.8
31. Dividend yield (%)	-	-	5.42	4.52
32. Equity per share including allocated dividend at end of period (NOK)	55.89	50.17	55.01	48.13
33. Share price at end of period (NOK)	77.30	85.80	83.00	88.50
34. Price/earnings ratio	24.42	10.18	7.49	10.13
35. Price/book value	1.38	1.71	1.51	1.84
36. Market capitalisation (NOK billion)	103.0	114.5	110.6	118.1

1) Proposed dividend for 2007.

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.
- 21 Total assets under management for customers in Life and Asset Management.
- 22 Total assets and assets under management.
- 24 Total deposits from customers, assets under management and equity-linked bonds.
- 26 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.
- 28 Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
- 30 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.
- 32 Equity at end of period excluding minority interests relative to number of shares at end of period.
- 33 Closing price at end of period relative to annualised earnings per share.
- 35 Closing price at end of period relative to recorded equity at end of period.
- 36 Number of shares multiplied by closing price at end of period.

Note 1 Accounting principles etc.

Accounting principles

The first quarter accounts have been prepared according to IFRS principles as approved by the EU, including 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.

Valuation of bond investments

In the wake of the US sub-prime crisis, the bond market has become significantly less liquid than was previously the case, which was particularly notable in the first few months of the year. This means that prices obtained from brokers are based to a lesser extent on transactions in an active market. Observable transactions give limited price information, as such transactions in many cases are of an enforced nature. Prices obtained from brokers still form the basis for valuations, but prices have been set without the broker undertaking to purchase the assessed volumes. Cf. Note 6 Net other operating income and Note 7 Net gains on financial instruments at fair value.

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 BISE Bank, Svensk Fastighetsförmedling and SalusAnsvar in 2007.

Note 2 Changes in group structure

SalusAnsvar

SalusAnsvar was included in the consolidated accounts with effect from 31 December 2007. The final acquisition analysis is shown below. It is unchanged from the preliminary acquisition analysis presented in DnB NOR's annual report for 2007.

Acquisition analysis SalusAnsvar	DnB NOR Group
<i>Amounts in SEK million</i>	<i>31 December 2007</i>
Cost price	
Purchase of shares, 96 per cent	720
Transaction costs	9
Cost price	729
Excess of cost over book value	
Cost price	729
Share of equity, excl. minority interests, 96 per cent	183
Excess of cost over book value	546
Allocation of excess values	
Value of customer contracts and customer relations	250
Deferred taxes	70
Minority's share of excess values	7
Identified excess values	173
Goodwill	373
Excess of cost over book value	546

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. Through the purchase, the Group has taken over 115 000 customer contracts, 120 employees and a total credit portfolio of approximately NOK 11 billion, equally balanced between Norway and Sweden.

The transactions have been approved by Norwegian and Swedish authorities, and 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.

Car financing for private individuals and companies is part of DnB NOR Finans' core operations and a special priority area for DnB NOR. The acquisition is also a further step on DnB NOR's way to becoming a complete financial services group in Sweden.

DnB NOR Finans offers loans, leasing and fleet management in Norway and Sweden. After the completion of these transactions, the company finances a portfolio of around 250 000 cars. The market share within car financing is approximately 30 per cent in Norway and just below 20 per cent in Sweden.

Note 2 Changes in group structure (continued)

The cost price was NOK 1 076 million for SkandiaBanken Bilfinans in Norway and SEK 1 093 million for SkandiaBanken Bilfinans in Sweden. No excess values were identified relating to recorded assets and liabilities in the companies. In connection with the acquisition, a due diligence was undertaken of the companies to identify any additional intangible assets and commitments.

For SkandiaBanken Bilfinans in Norway, the value of customer contracts and customer relations and systems is estimated at NOK 95 million. The excess value of customer contracts and customer relations is depreciated over three years according to the straight-line principle, while capitalised systems development is depreciated over five years. Deferred taxes on intangible assets total NOK 27 million.

For SkandiaBanken Bilfinans in Sweden, the value of customer contracts and customer relations is estimated at SEK 80 million. The excess value of customer contracts and customer relations is depreciated over three years according to the straight-line principle. Deferred taxes on intangible assets total SEK 22 million.

Other excess values are classified as goodwill and represent the value of greater distribution power in the Norwegian and Swedish retail and corporate markets. Goodwill will be subject to annual impairment testing.

The acquisitions resulted in a NOK 105 million increase in operating income, while profits roughly broke even in the first quarter of 2008.

SkandiaBanken Bilfinans – Norway

Preliminary acquisition analysis SkandiaBanken Bilfinans - Norway		DnB NOR Group
<i>Amounts in NOK million</i>		31 January 2008
Cost price		
Purchase of shares, 100 per cent		1 076
Cost price		1 076
Excess of cost over book value		
Cost price		1 076
Share of equity		565
Excess of cost over book value		511
Allocation of excess values		
Value of systems, customer contracts and customer relations		95
Deferred taxes		27
Identified excess values		68
Goodwill		443
Excess of cost over book value		511

Balance sheet	DnB NOR Group	SkandiaBanken Bilfinans - Norway
	Recorded value of SkandiaBanken Bilfinans - Norway on the acquisition date 31 January 2008	Recorded value (acc. to IFRS) immediately before the acquisition date
<i>Amounts in NOK million</i>		
Assets		
Lending to customers	5 270	5 270
Intangible assets	541	3
Other assets	72	72
Total assets	5 883	5 345
Liabilities and equity		
Loan and deposits from credit institutions	4 606	4 606
Deferred taxes	123	96
Other liabilities	78	78
Equity	1 076	565
Total liabilities and equity	5 883	5 345

Note 2 Changes in group structure (continued)

SkandiaBanken Bilfinans – Sweden

Preliminary acquisition analysis SkandiaBanken Bilfinans - Sweden

Amounts in SEK million

DnB NOR Group

29 February 2008

Cost price	
Purchase of shares, 100 per cent	1 093
Cost price	1 093
Excess of cost over book value	
Cost price	1 093
Share of equity, 100 per cent	593
Excess of cost over book value	500
Allocation of excess values	
Value of customer contracts and customer relations	80
Deferred taxes	22
Identified excess values	58
Goodwill	443
Excess of cost over book value	500

Balance sheet	DnB NOR Group	SkandiaBanken	DnB NOR Group	SkandiaBanken
	Recorded value of	Bilfinans - Sweden	Recorded value of	Bilfinans - Sweden
	SkandiaBanken	Recorded value	SkandiaBanken	Recorded value
	Bilfinans - Sweden	(acc. to IFRS)	Bilfinans - Sweden	(acc. to IFRS)
	on the acquisition	immediately before	on the acquisition	immediately before
	date 29 February 2008	the acquisition date	date 29 February 2008	the acquisition date
	Amounts in SEK million	Amounts in SEK million	Amounts in NOK million	Amounts in NOK million
Assets				
Lending to customers	6 391	6 391	5 484	5 484
Intangible assets	522	0	448	0
Other assets	11	11	8	8
Total assets	6 924	6 402	5 940	5 492
Liabilities and equity				
Loan and deposits from credit institutions	5 781	5 781	4 960	4 960
Deferred taxes	22	0	19	0
Other liabilities	28	28	23	23
Equity	1 093	593	938	509
Total liabilities and equity	6 924	6 402	5 940	5 492

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

	DnB NOR Group													
	Corporate Banking and Payment Services				DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations ¹⁾		DnB NOR Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK million	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income - ordinary operations	2 077	1 733	1 790	1 604	37	52	1	(1)	329	206	789	391	5 023	3 985
Interest on allocated capital	538	303	183	128	65	37	27	18	53	31	(867)	(518)	0	0
Net interest income	2 616	2 036	1 973	1 732	102	89	28	17	382	237	(78)	(127)	5 023	3 985
Net other operating income	501	757	823	775	(412)	973	228	964	149	105	(664)	(47)	625	3 528
Total income	3 117	2 793	2 795	2 508	(309)	1 063	256	981	531	341	(742)	(173)	5 648	7 513
Operating expenses ^{*)}	1 162	982	1 673	1 553	375	392	533	499	365	220	86	97	4 194	3 744
Pre-tax operating profit before write-downs	1 955	1 811	1 123	955	(684)	670	(277)	482	167	121	(828)	(270)	1 454	3 769
Net gains on fixed and intangible assets	9	4	0	0	0	(1)	0	0	6	2	16	1	31	5
Write-downs on loans and guarantees	73	31	62	77	0	22	0	0	32	11	28	(90)	195	51
Pre-tax operating profit	1 891	1 783	1 061	878	(684)	647	(277)	482	140	112	(841)	(180)	1 290	3 723
*) Of which group overhead	39	27	24	14	8	6	10	9	1	0	(81)	(57)	0	0

1) Other operations/ eliminations:

	Elimination of double entries		Other eliminations		Group Centre		Total	
	1st quarter		1st quarter		1st quarter		1st quarter	
	2008	2007	2008	2007	2008	2007	2008	2007
Amounts in NOK million								
Net interest income - ordinary operations	0	(3)	(43)	(35)	831	429	789	391
Interest on allocated capital			0	0	(867)	(518)	(867)	(518)
Net interest income	0	(3)	(43)	(35)	(35)	(89)	(78)	(127)
Net other operating income	(415)	(330)	(78)	(84)	(171)	367	(664)	(47)
Total income	(415)	(333)	(121)	(119)	(206)	278	(742)	(173)
Operating expenses			(120)	(119)	207	216	86	97
Pre-tax operating profit before write-downs	(415)	(333)	0	0	(413)	62	(828)	(270)
Net gains on fixed and intangible assets			0	0	16	1	16	1
Write-downs on loans and guarantees			0	0	28	(90)	28	(90)
Pre-tax operating profit	(415)	(333)	0	0	(425)	153	(841)	(180)

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

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	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007		
Amounts in NOK billion																
Net lending to customers ¹⁾	484.6	385.6	443.2	412.3	14.4	13.5					62.6	38.9	(7.5)	(6.5)	997.4	843.7
Deposits from customers ¹⁾	303.4	271.8	228.3	212.1	21.1	14.6					21.3	13.0	(13.1)	(9.3)	561.0	502.1
Assets under management ²⁾							581.0	589.5							581.0	589.5

Key figures

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	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007		
Per cent																
Cost/income ratio ³⁾	37.3	35.2	59.8	61.9	(121.3)	36.9	208.0	50.9	68.7	64.5			74.3	49.8		
Ratio of deposits to lending ^{1) 4)}	62.6	70.5	51.5	51.4					34.1	33.3			56.3	59.5		
Return on capital, annualised ^{5) 6)}	15.2	17.9	25.2	20.8	(45.4)	53.2	(9.4)	15.8	9.5	11.9			5.7	17.2		
RORAC, annualised ^{6) 7)}	15.7	18.7	40.2	36.1	(64.1)	86.6	(16.5)	18.5	8.8	11.6			2.9	22.7		
Number of full-time positions as at 31 March ^{8) 9)}	2 395	2 635	3 883	4 111	617	569	1 166	1 116	3 329	2 111	2 257	1 470	13 647	12 011		

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 with effect from the second quarter of 2007, compared with 15 per cent for previous periods, 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) As a consequence of the reorganisation of the Group in June 2007, 405 and 444 full-time positions respectively have been transferred from Corporate Banking and Payment Services and Retail Banking to Group Centre. As the services are repurchased, there is a limited effect on operating expenses in the business areas, and the presented figures have thus not been adjusted.

9) An increase of 240 full-time positions in Retail Banking resulting from the acquisition of Svensk Fastighetsförmedling and SalusAnsvar in 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. Vital Link AS and Vital Forsikring ASA merged in February 2007 with accounting effect from 1 January 2007. 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

Amounts in NOK million	Life and Asset Management			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Total income	256	981	4 674	3 893
Total operating expenses	533	499	2 316	1 973
Pre-tax operating profit	(277)	482	2 357	1 920
Taxes	24	31	(1 942)	(634)
Profit after taxes	(300)	451	4 299	2 554

Key figures

	Life and Asset Management			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Assets under management at end of period (NOK billion)	569	588	593	591
Return on equity, annualised (%) ¹⁾	(9.4)	15.8	38.1	24.6
RORAC, annualised (%) ²⁾	(16.5)	18.5	44.0	25.9
Cost/income ratio (%)	208.0	50.9	49.6	50.7
Number of full-time positions at end of period	1 166	1 116	1 130	1 115

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⁾

Amounts in NOK million	Vital			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Total interest income				
Total interest expenses				
Net interest income				
Commissions and fees receivable etc.	583	458	1 810	1 836
Commissions and fees payable etc.	142	160	560	673
Net gains on financial instruments at fair value				
Net gains on assets in Vital	(2 070)	4 572	23 824	16 117
Guaranteed returns and allocations to policyholders in Vital	(1 508)	4 193	17 005	14 584
Premium income etc. included in the risk result in Vital	1 066	1 414	4 249	4 314
Insurance claims etc. included in the risk result in Vital	955	1 401	8 907	4 324
Net realised gains on investment securities (AFS)				
Profit from companies accounted for by the equity method				
Other income				
Net other operating income	(10)	689	3 411	2 686
Total income	(10)	689	3 411	2 686
Salaries and other personnel expenses	179	176	766	690
Other expenses	159	122	595	487
Depreciation and write-downs of fixed and intangible assets	13	20	164	77
Total operating expenses	351	318	1 525	1 254
Net gains on fixed and intangible assets				
Write-downs on loans and guarantees				
Pre-tax operating profit	(361)	372	1 886	1 431
Taxes	0	0	(2 074)	(771)
Profit from discontinuing operations after taxes				
Profit for the period ²⁾	(361)	372	3 960	2 202

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

	1st quarter 2008	1st quarter 2007	Full year 2007	Vital Full year 2006
<i>Amounts in NOK million</i>				
Interest result	(1 801)	2 444	15 546	7 094
Application of/(transferred to) additional allocations	1 344	0	(3 000)	(2 740)
Risk result	111	13	(4 658)	(10)
Administration result	(17)	(20)	(275)	(91)
Profit for risk and guaranteed rate of return	108			
Transferred from security reserve	(23)	(9)	(43)	(5)
Profit for distribution within Vital	(277)	2 428	7 570	4 247
Funds transferred to policyholders	84	2 061	5 661	2 838
+ Reversal of goodwill amortisation/write-downs	0	6	(22)	22
Pre-tax operating profit in Vital	(361)	372	1 886	1 431
Taxes	0	0	(2 074)	(771)
Profit for the period in Vital	(361)	372	3 960	2 202

Balance sheets ¹⁾

	31 March 2008	31 Dec. 2007	31 March 2007	Vital 31 Dec. 2006
<i>Amounts in NOK million</i>				
Assets				
Cash and deposits with central banks				
Lending to and deposits with credit institutions	12 905	12 152	8 716	7 185
Lending to customers				
Commercial paper and bonds	66 103	63 060	50 264	57 838
Shareholdings	34 088	39 362	56 057	47 291
Financial assets, customers bearing the risk	18 124	19 868	18 867	18 840
Financial derivatives	3 650	1 488	837	1 654
Commercial paper and bonds, held to maturity	53 386	59 641	60 093	62 444
Investment property ²⁾	33 422	32 908	25 697	25 668
Investments in associated companies	19	19	16	16
Intangible assets	217	184	326	294
Deferred tax assets	1 164	1 164	185	185
Fixed assets	33	46	52	75
Discontinuing operations				
Other assets	5 463	2 688	3 263	2 161
Total assets	228 574	232 579	224 375	223 650
Liabilities and equity				
Loans and deposits from credit institutions				
Deposits from customers				
Financial derivatives	1 461	1 010	828	1 166
Securities issued				
Insurance liabilities, customers bearing the risk	18 124	19 868	18 867	18 840
Liabilities to life insurance policyholders	190 257	191 626	189 715	188 096
Payable taxes				
Deferred taxes				
Other liabilities	4 859	6 030	2 314	3 259
Discontinuing operations				
Provisions	154	154	125	124
Subordinated loan capital	2 476	2 500	2 545	2 556
Total liabilities	217 330	221 188	214 393	214 040
Minority interests				
Revaluation reserve				
Share capital	1 321	1 321	1 310	1 310
Other reserves and retained earnings	9 923	10 070	8 672	8 300
Total equity	11 244	11 391	9 982	9 610
Total liabilities and equity	228 574	232 579	224 375	223 650

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) In connection with the transition to new regulations for the life insurance industry as from 1 January 2008, an external appraisal was made of all buildings owned by Vital. The review was carried out during the third and fourth quarters of 2007. No new, complete external valuation was made in the first quarter of 2008. The values are set based on completed transactions, rent level trends and external brokers' valuations in connection with current sales processes.

Note 4 Life and Asset Management (continued)

Key figures

	1st quarter 2008	1st quarter 2007	Full year 2007	Vital Full year 2006
<i>Per cent</i>				
Recorded return, excluding unrealised gains on financial instruments ¹⁾	(0.1)	2.2	11.8	7.5
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds, held to maturity ¹⁾	(1.8)	1.4	9.5	8.1
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets ¹⁾	(1.6)	1.1	8.8	6.4
Expenses in per cent of insurance provisions ²⁾	0.94	0.95	1.02	1.00
Capital adequacy ratio at end of period ^{3) 4)}	9.7	8.9	9.7	9.8
Core capital ratio at end of period ^{3) 4)}	7.7	6.7	7.6	7.4
Policyholders' funds from products with guaranteed returns at end of period (NOK billion)	190	190	192	188
Policyholders' funds from products with a choice of investment profile at end of period (NOK billion)	18	19	20	19
Solvency margin capital in per cent of requirement at end of period ^{3) 4) 5)}	186	166	199	164

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) As a result of the merger between Vital Forsikring and Vital Link in February 2007, products with a choice of investment profile are included with effect from 1 January 2007.

5) 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

	1st quarter 2008	1st quarter 2007	Full year 2007	DnB NOR Group Full year 2006
<i>Amounts in NOK million</i>				
Interest on loans to and deposits with credit institutions	1 033	1 148	4 898	2 904
Interest on loans to customers	15 899	10 548	50 382	34 630
Interest on impaired commitments	28	28	129	124
Interest on commercial paper and bonds	1 514	1 489	5 912	3 934
Front-end fees etc.	107	120	445	281
Other interest income	(99)	53	(19)	508
Total interest income	18 482	13 386	61 746	42 381
Interest on loans and deposits from credit institutions	1 640	1 418	6 790	4 610
Interest on demand deposits from customers	5 680	3 592	18 140	9 892
Interest on securities issued	4 861	4 013	16 322	12 194
Interest on subordinated loan capital	493	480	2 001	1 466
Other interest expenses	785	(102)	628	(1 069)
Total interest expenses	13 459	9 401	43 880	27 092
Net interest income	5 023	3 985	17 866	15 289

Note 6 Net other operating income

Amounts in NOK million	DnB NOR Group			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Money transfer fees receivable	696	671	2 804	2 852
Fees on asset management services	311	295	1 466	1 325
Fees on custodial services	97	99	415	370
Fees on securities broking	98	122	400	427
Corporate finance	104	149	791	548
Interbank fees	28	30	127	148
Credit broking commissions	57	107	338	290
Sales commissions on insurance products	675	530	2 000	2 000
Sundry commissions and fees receivable on banking services	308	320	1 134	1 003
Total commissions and fees receivable etc.	2 375	2 322	9 476	8 963
Money transfer fees payable	222	232	995	936
Commissions payable on fund management services	30	29	211	128
Fees on custodial services payable	32	36	135	119
Interbank fees	43	47	194	219
Credit broking commissions	28	17	55	34
Commissions payable on the sale of insurance products	84	71	242	236
Sundry commissions and fees payable on banking services	144	153	560	582
Total commissions and fees payable etc.	582	587	2 392	2 253
Net gains on financial instruments at fair value	(767)	1 057	3 185	3 610
Net gains on assets in Vital	(2 043)	4 572	23 883	16 131
Guaranteed returns and allocations to policyholders in Vital	(1 508)	4 193	17 005	14 584
Premium income etc. included in the risk result in Vital	1 066	1 414	4 249	4 314
Insurance claims etc. included in the risk result in Vital	955	1 401	8 907	4 324
Net realised gains on investment securities (AFS)	0	0	0	0
Profit from companies accounted for by the equity method ¹⁾	(294)	37	9	171
Income from owned/leased premises	19	21	98	108
Fees on real estate broking	162	167	782	746
Net unrealised gains on investment property	0	0	(2)	0
Miscellaneous operating income	135	118	356	322
Total other income	316	306	1 234	1 176
Net other operating income	625	3 528	13 732	13 204

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 negative contribution of NOK 309 million to the DnB NOR Group's accounts for the first quarter of 2008. A one basis point change in value will give an increase or reduction in profits of approximately NOK 8 million for the DnB NOR Group. The average residual maturity of the portfolio is around 3.3 years.

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	DnB NOR Group			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Dividends	23	13	188	109
Net gains on commercial paper and bonds ¹⁾	(1 670)	(59)	(1 233)	(504)
Net gains on shareholdings	(277)	253	515	558
Net gains on other financial assets	1 157	850	3 716	3 447
Net gains on financial instruments at fair value ²⁾	(767)	1 057	3 185	3 610

1) The liquidity portfolio of DnB NOR Markets totalled NOK 84 billion at end-March 2008 after unrealised mark-to-market losses of NOK 1 566 million. The residual maturity of the portfolio is around 3 years. A one basis point change in value will give an increase or reduction in profits of approximately NOK 25 million. The underlying credit quality is considered to be strong and stable.

2) The decline in the first quarter of 2008 reflects unrealised losses resulting from widening credit spreads and stock market volatility.

Note 8 Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Group			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Ordinary salaries	1 627	1 507	6 470	5 814
Employer's national insurance contributions	244	227	908	818
Pension expenses	269	264	1 117	913
Allocation to employees ¹⁾	0	0	476	164
Restructuring expenses	12	12	48	58
Other personnel expenses	109	118	395	421
Total salaries and other personnel expenses	2 261	2 129	9 413	8 189
Fees	322	207	895	781
EDP expenses	397	393	1 596	1 493
Postage and telecommunications	103	102	425	410
Office supplies	26	31	123	113
Marketing and public relations	162	163	662	599
Travel expenses	61	58	264	232
Reimbursement to Norway Post for transactions executed	53	40	221	269
Training expenses	24	21	82	77
Operating expenses on properties and premises	298	208	915	855
Operating expenses on machinery, vehicles and office equipment	36	37	139	121
Other operating expenses	213	155	683	573
Other expenses	1 696	1 416	6 005	5 523
Depreciation and write-downs of fixed and intangible assets	237	199	1 032	715
Total operating expenses	4 194	3 744	16 450	14 427

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			
	1st quarter 2008	1st quarter 2007	Full year 2007 ¹⁾	Full year 2006
Number of employees at end of period	14 015	12 362	13 817	12 187
- of which number of employees abroad	4 516	2 787	4 339	2 647
Number of employees calculated on a full-time basis at end of period	13 647	12 011	13 455	11 824
- of which number of employees calculated on a full-time basis abroad	4 460	2 766	4 290	2 618
Average number of employees	13 911	12 266	13 144	11 993
Average number of employees calculated on a full-time basis	13 543	11 909	12 751	11 616

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

<i>Amounts in NOK million</i>	DnB NOR Group			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
Write-offs	31	57	230	227
New individual write-downs	293	226	850	692
Total new individual write-downs	324	283	1 080	919
Reassessed individual write-downs	81	112	308	371
Total individual write-downs	243	171	772	548
Recoveries on commitments previously written off	84	83	350	388
Change in group write-downs on loans	37	(37)	(202)	(418)
Write-downs on loans and guarantees ¹⁾	195	51	220	(258)
Write-offs covered by individual write-downs made in previous years	136	181	663	699
<i>1) Of which individual write-downs on guarantees</i>	<i>34</i>	<i>11</i>	<i>22</i>	<i>(13)</i>

Note 11 Lending to customers

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2008	31 Dec. 2007	31 March 2007	31 Dec. 2006
Lending to customers, nominal amount	847 098	803 808	698 944	692 207
Individual write-downs	2 079	1 953	1 744	1 820
Lending to customers, after individual write-downs	845 020	801 855	697 200	690 387
+ Accrued interest and amortisation	3 016	2 754	2 237	2 046
– Individual write-downs of accrued interest and amortisation	412	388	392	399
– Group write-downs	665	712	847	892
Lending to customers, at amortised cost	846 959	803 509	698 198	691 141
Lending to customers, nominal amount	167 956	166 190	143 763	136 271
+ Accrued interest	1 299	1 246	626	681
+ Adjustment to fair value	(305)	(440)	(290)	(147)
Lending to customers, at fair value	168 950	166 995	144 100	136 805
Lending to customers	1 015 909	970 504	842 298	827 947

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

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2008	31 Dec. 2007	31 March 2007	31 Dec. 2006
Retail customers	2 352	2 237	1 894	1 888
International shipping	52	32	0	0
Real estate	435	317	389	384
Manufacturing	385	364	257	532
Services	352	381	197	306
Trade	208	164	169	152
Oil and gas	0	1	0	1
Transportation and communication	198	193	119	132
Building and construction	132	208	126	119
Power and water supply	1	0	0	0
Seafood	71	88	55	86
Hotels and restaurants	50	68	47	71
Agriculture and forestry	130	92	105	119
Central and local government	0	0	0	0
Other sectors	65	29	9	10
Total customers	4 431	4 174	3 367	3 800
Credit institutions	4	0	0	0
Total	4 435	4 174	3 367	3 800

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

Note 13 Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2008	31 Dec. 2007	31 March 2007	31 Dec. 2006
Goodwill	7 493	6 660	5 694	5 823
Postbanken brand name	51	51	51	51
Systems development	686	653	570	520
Other intangible assets	562	379	77	77
Total intangible assets	8 793	7 742	6 393	6 471

Note 14 Securities issued and subordinated loan capital

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

Securities issued

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2008	31 Dec. 2007	31 March 2007	31 Dec. 2006
Commercial paper issued, nominal amount	124 828	97 806	67 450	68 216
Bond debt, nominal amount ¹⁾	294 776	272 575	261 610	257 379
Adjustments	2 091	1 403	1 228	1 211
Total securities issued	421 696	371 784	330 288	326 806

Changes in securities issued

<i>Amounts in NOK million</i>	DnB NOR Group					
	Balance sheet 31 March 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
Commercial paper issued, nominal amount	124 828	102 344	74 674	(648)	0	97 806
Bond debt, nominal amount ¹⁾	294 776	44 255	18 624	(3 430)	0	272 575
Adjustments	2 091	0	0	0	688	1 403
Total securities issued	421 696	146 599	93 298	(4 078)	688	371 784

Subordinated loan capital and perpetual subordinated loan capital securities

<i>Amounts in NOK million</i>	DnB NOR Group					
	Balance sheet 31 March 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
Term subordinated loan capital, nominal amount	18 574	2 926	1 594	(335)	0	17 578
Perpetual subordinated loan capital, nominal amount	6 432	0	0	(315)	0	6 747
Perpetual subordinated loan capital securities, nominal amount ²⁾	8 383	0	0	(364)	0	8 746
Adjustments	335	0	0	0	180	155
Total subordinated loan capital and perpetual subordinated loan capital securities	33 724	2 926	1 594	(1 013)	180	33 226

1) Outstanding covered bonds totalled NOK 54.6 billion as at 31 March 2008. The cover pool represented NOK 64.6 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 15 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.

Primary capital

	DnB NOR Group	
	31 March	31 Dec.
<i>Amounts in NOK million</i>	2008	2007
Share capital	13 327	13 327
Other equity	63 236	62 649
Total equity	76 563	75 976
Perpetual subordinated loan capital securities ^{1) 2)}	8 585	8 962
Deductions		
Pension funds above pension commitments	(215)	(171)
Goodwill	(7 523)	(6 689)
Deferred tax assets	(265)	(215)
Other intangible assets	(1 309)	(1 093)
Dividends payable	(5 997)	(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	(443)	(399)
Other	(279)	(164)
Additions		
Portion of unrecognised actuarial gains/losses, pension costs ³⁾	608	1 214
Core capital	69 696	71 392
Perpetual subordinated loan capital	6 432	6 747
Perpetual subordinated loan capital securities ^{1) 2)}	0	0
Term subordinated loan capital ²⁾	18 868	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	(443)	(399)
Additions		
45 per cent of unrealised gains on fixed assets	18	18
Supplementary capital	24 876	24 281
Total eligible primary capital ⁴⁾	94 572	95 673
Risk-weighted volume	1 000 649	991 455
Minimum capital requirement	80 052	79 316
Core capital ratio (%)	7.0	7.2
Capital ratio (%)	9.4	9.6
Core capital ratio including 50 per cent of profit for the period (%)	7.0	-
Capital ratio including 50 per cent of profit for the period (%)	9.5	-

- 1) Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.
- 2) As at 31 March 2008 calculations of capital adequacy include a total of NOK 662 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 15 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Item A reported according to Basel II in 2008 Classified under item C in 2008 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated 	Basel II, IRB approach <ul style="list-style-type: none"> Item A reported according to Basel II in 2009 Classified under item C in 2009 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated
B	Basel II standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A 	Basel II standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A 	Basel II standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A
C	Parallel reporting of Until approval has been given from Kredittilsynet: <ul style="list-style-type: none"> Small and medium sized corporate customers in the Regional Division East and the Regional Division Coast (advanced approach) Retail exposures in DnB NOR Kort Other retail exposures in DnB NOR Bank ASA New portfolio: <ul style="list-style-type: none"> DnB NOR Finans ASA (advanced approach) 	Parallel reporting of <ul style="list-style-type: none"> 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 16 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information		DnB NOR Group			
		31 March 2008	31 Dec. 2007	31 March 2007	31 Dec. 2006
<i>Amounts in NOK million</i>					
Unutilised ordinary credit lines		314 307	307 303	247 916	245 827
Documentary credit commitments		18 906	19 693	15 455	15 705
Other commitments		652	1 082	564	447
Total commitments		333 865	328 078	263 935	261 979
Performance guarantees		25 315	23 304	23 248	21 702
Payment guarantees		20 952	21 753	17 428	18 010
Loan guarantees ¹⁾		13 984	13 044	6 462	6 302
Guarantees for taxes etc.		5 154	4 948	4 000	3 948
Other guarantee commitments		4 972	4 799	6 121	4 791
Total guarantee commitments ²⁾		70 378	67 848	57 259	54 753
Support agreements		2 084	1 933	4 438	5 267
Total guarantee commitments etc. ^{*)}		72 462	69 781	61 697	60 020
*) Of which:					
Counter-guaranteed by financial institutions		713	1 300	1 806	1 584
Securities		87 539	92 668	73 953	75 931
are pledged as security for: Loans ³⁾		87 426	92 556	73 839	75 816
Other activities		113	112	114	115

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 8 807 million were recorded in the balance sheet as at 31 March 2008.

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

3) NOK 87 426 million in securities as at 31 March 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 31 March 2008, DnB NOR Group had borrowings of NOK 472 million 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.

In 2004, DnB NOR Bank issued a writ against the Norwegian government, represented by the Central Tax Office for Large Companies, requiring that the tax assessment for 2002 be invalidated. The bank claimed that the tax authorities made incorrect use of the realisation principle with respect to interest rate and currency swaps, as no tax credit was awarded for net losses in the tax assessment. The bank lost the case in the District Court in 2006 and in the Court of Appeal in April 2008. The term of appeal for the Supreme Court expires in May 2008. It has not been decided whether to lodge an appeal. The outcome will have no material effect on the result for the DnB NOR Group.

Lloyd's Underwriters has announced an action for damages against Vital Skade AS, maintaining that the company has been wrongfully involved in an insurance claim of up to NOK 200 million by Vital Skade. The claim is contested.

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 17 Profit and balance sheet trends

Income statement	DnB NOR Group				
	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007	1st quarter 2007
<i>Amounts in NOK million</i>					
Total interest income	18 482	17 543	16 019	14 798	13 386
Total interest expenses	13 459	12 543	11 357	10 579	9 401
Net interest income	5 023	5 000	4 663	4 219	3 985
Commissions and fees receivable etc.	2 375	2 486	2 239	2 429	2 322
Commissions and fees payable etc.	582	616	628	562	587
Net gains on financial instruments at fair value	(767)	700	439	989	1 057
Net gains on assets in Vital	(2 043)	3 856	9 337	6 118	4 572
Guaranteed returns and allocations to policyholders in Vital	(1 508)	1 117	6 097	5 598	4 193
Premium income etc. included in the risk result in Vital	1 066	703	1 215	917	1 414
Insurance claims etc. included in the risk result in Vital	955	2 778	3 823	904	1 401
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	(294)	(10)	(40)	21	37
Other income	316	320	285	323	306
Net other operating income	625	3 545	2 926	3 733	3 528
Total income	5 648	8 545	7 589	7 952	7 513
Salaries and other personnel expenses	2 261	2 875	2 203	2 207	2 129
Other expenses	1 696	1 699	1 437	1 453	1 416
Depreciation and write-downs of fixed and intangible assets	237	335	255	242	199
Total operating expenses	4 194	4 908	3 895	3 902	3 744
Net gains on fixed and intangible assets	31	1 593	874	9	5
Write-downs on loans and guarantees	195	(41)	70	140	51
Pre-tax operating profit	1 290	5 269	4 498	3 919	3 723
Taxes	170	193	826	512	856
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	1 120	5 076	3 673	3 407	2 866
Earnings per share (NOK)	0.79	3.76	2.72	2.50	2.11

Note 17 Profit and balance sheet trends (continued)

Balance sheet

	31 March 2008	31 Dec. 2007	30 Sept. 2007	DnB NOR Group	
<i>Amounts in NOK million</i>				30 June 2007	31 March 2007
Assets					
Cash and deposits with central banks	13 067	9 816	8 805	8 951	18 685
Lending to and deposits with credit institutions	71 909	64 379	92 759	127 298	109 713
Lending to customers	1 015 909	970 504	908 424	882 810	842 298
Commercial paper and bonds	174 563	177 602	156 581	157 273	165 668
Shareholdings	45 049	48 682	59 310	65 570	61 091
Financial assets, customers bearing the risk	18 124	19 868	19 325	19 105	18 867
Financial derivatives	110 113	65 933	69 585	61 024	58 006
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	53 386	59 641	60 075	62 906	60 093
Investment property	33 584	33 078	32 530	26 662	25 846
Investments in associated companies	1 614	1 435	1 399	1 462	1 467
Intangible assets	8 793	7 742	7 224	7 196	6 393
Deferred tax assets	150	136	91	80	28
Fixed assets	3 832	3 496	3 313	5 245	5 590
Biological assets	0	0	0	0	0
Discontinuing operations	232	225	1 641	812	27
Other assets	14 675	11 382	9 489	10 668	9 888
Total assets	1 564 999	1 473 919	1 430 551	1 437 061	1 383 659
Liabilities and equity					
Loans and deposits from credit institutions	148 439	144 198	148 800	163 739	141 592
Deposits from customers	528 740	538 151	532 478	527 937	503 129
Financial derivatives	104 937	62 741	73 315	63 100	59 474
Securities issued	421 696	371 784	317 082	328 508	330 288
Insurance liabilities, customers bearing the risk	18 124	19 868	19 325	19 105	18 867
Liabilities to life insurance policyholders	190 257	191 626	194 841	191 452	189 715
Payable taxes	1 421	1 431	6 518	5 466	4 707
Deferred taxes	2 213	1 994	134	426	767
Other liabilities	32 655	27 717	30 041	31 239	23 951
Discontinuing operations	0	0	0	0	0
Provisions	5 177	5 207	4 571	4 503	4 582
Subordinated loan capital	33 724	33 226	32 759	34 152	37 432
Total liabilities	1 487 382	1 397 944	1 359 864	1 369 627	1 314 503
Minority interests	3 137	2 662	2 467	2 536	2 226
Revaluation reserve	0	0	0	0	0
Share capital	13 327	13 327	13 327	13 341	13 341
Other reserves and retained earnings	61 154	59 987	54 894	51 557	53 589
Total equity	77 618	75 976	70 687	67 434	69 156
Total liabilities and equity	1 564 999	1 473 919	1 430 551	1 437 061	1 383 659

DnB NOR ASA

Income statement

	DnB NOR ASA			
	1st quarter 2008	1st quarter 2007	Full year 2007	Full year 2006
<i>Amounts in NOK million</i>				
Total interest income	46	41	275	132
Total interest expenses	80	55	265	185
Net interest income	(33)	(14)	10	(53)
Commissions and fees payable etc.	1	1	6	6
Net gains on financial instruments at fair value	0	0	0	11
Other income ¹⁾	0	0	3 268	9 904
Net other operating income	(1)	(1)	3 262	9 909
Total income	(34)	(14)	3 272	9 856
Salaries and other personnel expenses	1	0	1	2
Other expenses	51	52	210	182
Total operating expenses	53	52	211	185
Pre-tax operating profit	(87)	(67)	3 061	9 672
Taxes	(24)	(19)	409	2 311
Profit for the period	(63)	(48)	2 652	7 360
Earnings per share (NOK) ²⁾	(0.05)	(0.04)	1.99	5.51
Earnings per share for discontinuing operations (NOK) ²⁾	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			
	31 March 2008	31 Dec. 2007	31 March 2007	31 Dec. 2006
<i>Amounts in NOK million</i>				
Assets				
Deposits with DnB NOR Bank ASA	2 762	2 781	3 612	3 617
Lending to other group companies	225	230	225	225
Investments in group companies	51 642	51 642	48 642	48 642
Other receivables due from group companies	14 371	14 371	12 662	12 656
Other assets	24	0	19	0
Total assets	69 024	69 023	65 160	65 140
Liabilities and equity				
Loans from DnB NOR Bank ASA	5 645	5 632	5 719	5 719
Loans from other group companies	11 675	11 623	4 295	4 227
Other liabilities and provisions	6 608	6 609	6 582	6 582
Paid-in capital	24 994	24 994	25 275	25 275
Retained earnings	20 102	20 165	23 289	23 337
Total liabilities and equity	69 024	69 023	65 160	65 140

Statement of changes in equity

	DnB NOR ASA				
	Share capital	Share premium reserve	Total paid-in capital	Retained earnings	Total equity
<i>Amounts in NOK million</i>					
Balance sheet as at 31 December 2006	13 341	11 934	25 275	23 337	48 612
Profit for the period				(48)	(48)
Balance sheet as at 31 March 2007	13 341	11 934	25 275	23 289	48 564
Balance sheet as at 31 December 2007	13 327	11 668	24 994	20 165	45 159
Profit for the period				(63)	(63)
Balance sheet as at 31 March 2008	13 327	11 668	24 994	20 102	45 097

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. DnB NOR ASA is the parent company in the DnB NOR Group.

Information about the DnB NOR Group

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Board of Directors in DnB NOR ASA

Olav Hytta, chairman
Johan Nic. Vold, vice-chairman
Per Hoffmann
Nina Britt Husebø
Jørn O. Kvilhaug
Bent Pedersen
Trine Sæther Romuld
Ingjerd Skjeldrum
Siri Pettersen Strandenes
Bjørn Sund
Anne Carine Tanum

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 Erteid	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	as of 15 May
First quarter	29 April
Second quarter	10 July
Third quarter	23 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.

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