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Quarterly report  
**Third quarter**  
**2011**

(unaudited)

# Key figures

## DnB NOR Group

Income statement	3rd quarter	3rd quarter	January-September		Full year
	2011	2010	2011	2010	2010
<i>Amounts in NOK million</i>					
Net interest income	6 394	5 978	18 460	17 283	23 436
<i>Net commissions and fees, core business <sup>1)</sup></i>	1 933	1 843	5 804	5 367	7 293
<i>Net financial items</i>	1 770	1 472	5 351	6 236	8 863
Net other operating income, total	3 703	3 315	11 154	11 603	16 156
Ordinary operating expenses	4 862	4 482	14 587	13 310	17 920
Other expenses	0	0	0	591	591
Pre-tax operating profit before write-downs	5 235	4 812	15 028	14 985	21 081
Net gains on fixed and intangible assets	6	(11)	20	(2)	24
Write-downs on loans and guarantees	1 170	643	2 519	2 468	2 997
Pre-tax operating profit	4 072	4 157	12 529	12 515	18 108
Taxes	1 604	1 149	3 633	3 754	4 121
Profit from operations and non-current assets held for sale, after taxes	25	30	(5)	17	75
<b>Profit for the period</b>	<b>2 493</b>	<b>3 038</b>	<b>8 890</b>	<b>8 778</b>	<b>14 062</b>
Profit attributable to shareholders	2 493	3 084	8 890	9 465	14 814
Profit attributable to minority interests	0	(46)	0	(687)	(752)

## Balance sheet

<i>Amounts in NOK million</i>	30 Sept.	31 Dec.	30 Sept.
	2011	2010	2010
Total assets	2 183 100	1 861 620	1 863 457
Lending to customers	1 247 477	1 170 341	1 152 001
Deposits from customers	752 660	641 914	606 502
Total equity	113 776	111 196	107 257
Average total assets	2 131 917	1 969 557	1 961 228
Total combined assets	2 439 059	2 140 868	2 134 307

## Key figures

	3rd quarter	3rd quarter	January-September		Full year
	2011	2010	2011	2010	2010
Combined weighted total average spread for lending and deposits (per cent)	1.11	1.16	1.11	1.14	1.15
Cost/income ratio (per cent)	48.2	48.2	49.3	49.4	47.6
Write-downs relative to average net lending to customers, annualised	0.38	0.22	0.28	0.29	0.26
Return on equity, annualised (per cent)	8.8	11.8	10.6	12.4	13.6
Earnings per share (NOK)	1.53	1.90	5.47	5.83	8.66
Dividend per share (NOK)	-	-	-	-	4.00
Tier 1 capital ratio at end of period (per cent) <sup>2)</sup>	9.3	9.7	9.3	9.7	10.1
Capital adequacy ratio at end of period (per cent) <sup>2)</sup>	11.0	12.1	11.0	12.1	12.4
Share price at end of period (NOK)	59.40	80.05	59.40	80.05	81.90
Price/book value	0.85	1.24	0.85	1.24	1.20

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

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

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

# Third quarter report 2011

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# Directors' report

## First three quarters 2011

DnB NOR recorded a profit of NOK 8 890 million in the first three quarters of 2011, an increase from NOK 8 778 million in the corresponding period of 2010. The rise in profits mainly reflected higher interest income, while there was a reduction in other operating income and a certain rise in costs. Pre-tax operating profits before write-downs were NOK 15 028 million, up from NOK 14 985 million in the first three quarters of 2010.

Average lending volumes increased by NOK 63.5 billion or 5.7 per cent from the first three quarters of 2010. Lending spreads was stable. Net interest income increased by NOK 1 177 million or 6.8 per cent during the period, mainly due to rising volumes.

Other operating income declined by NOK 448 million from the first three quarters of 2010. The reduction must be viewed in light of the NOK 1 170 million gain recorded by the Group in 2010 in connection with the merger between the payment services company Nordito and the Danish PBS Holding. Adjusted for the gains from the merger, other operating income rose by NOK 722 million. The weak financial market trend had a negative impact on the profit performance of Vital, especially in the third quarter, while there was a healthy underlying income trend in the other business areas during the period.

Operating expenses before impairment losses for goodwill and intangible assets rose by NOK 1 276 million from the first three quarters of 2010. Adjusted for the reversal of costs for contractual pension agreements (CPA) of NOK 367 million in 2010, there was a NOK 909 million increase in costs. The cost increase must be seen in association with the rise in income and higher activity levels. Among other things, DnB NOR has escalated its IT initiatives over the past year parallel to an increase in market and customer activities both in and outside Norway.

At NOK 2 519 million, the Group's write-downs on loans and guarantees were relatively unchanged from the first three quarters of 2010. There was an increase in collective write-downs and a significant reduction in individual write-downs.

Return on equity was 10.6 per cent, down from 12.4 per cent in the first three quarters of 2010. Earnings per share were NOK 5.47 in the first three quarters of 2011 and NOK 5.83 in the year-earlier period.

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

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

## Third quarter 2011

DnB NOR achieved a profit of NOK 2 493 million in the third quarter of 2011, down from NOK 3 038 million in the third quarter of 2010. Total income rose by NOK 803 million or 8.6 per cent, while operating expenses increased by NOK 380 million or 8.5 per cent. Write-downs on loans were up NOK 527 million, parallel to a NOK 454 million rise in taxes.

The Group's financial performance reflected the turbulence in the financial markets, which had a particularly negative impact on

profits in Vital. On the other hand, the turmoil also ensured significant income from mark-to-market adjustments of liabilities and associated instruments, which more than offset the decline in profits in Vital.

There was a positive trend in the Group's banking operations, reflected in both interest income and other operating income. The higher tax charge was primarily due to the fact that non-deductible losses on equities in Vital were recorded as expenses in accordance with the tax exemption model. Pre-tax operating profits before write-downs were NOK 5 235 million, up from NOK 4 812 million in the third quarter of 2010.

Over the past few months, DnB NOR has succeeded in reversing the falling trend in its market shares of lending, which once again are on the increase. Average lending volumes rose by 7.1 per cent from the third quarter of 2010. Parallel to this, the Group has worked systematically to increase deposits, and the average deposit volume was up 10.5 per cent from the July through September period in 2010. The ratio of deposits to lending was thus 60.3 per cent at end-September 2011, compared with 52.6 per cent a year earlier. The high ratio also reflected short-term money market deposits. Lending spreads contracted by 0.02 percentage points from the third quarter of 2010, while deposit spreads narrowed by 0.08 percentage points. Total interest income rose by NOK 415 million from the third quarter of 2010.

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

Net other operating income rose by NOK 388 million or 11.7 per cent compared with the third quarter of 2010. Apart from low income in Vital, the other business areas showed a positive income trend during the period.

Operating expenses rose by NOK 380 million or 8.5 per cent from the third quarter of 2010. The increase in costs in excess of ordinary wage and price inflation reflected a rise in income, a higher level of market activity and greater IT initiatives.

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

Return on equity was 8.8 per cent, down from 11.8 per cent in the third quarter of 2010. Earnings per share were NOK 1.53 and NOK 1.90, respectively, for the same periods.

The bank continued its adaptations to the new liquidity and capital requirements which are expected to be introduced over the next few years. Market uncertainty resulted in higher funding costs.

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

## Income statement

### Net interest income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2011	Change	2010
Net interest income	6 394	415	5 978
Lending and deposit volumes		588	
Guarantee fund levy		185	
Equity and non-interest bearing items		68	
Long-term funding costs		(124)	
Exchange rate movements		(156)	
Lending and deposit spreads		(170)	
Other net interest income		25	

Net interest income showed a positive trend during the period, rising by NOK 415 million from the third quarter of 2010, which reflected strong volume growth and rising pressure on spreads. Average lending volumes increased by 7.1 per cent and deposit volumes by 10.5 per cent from the year-earlier period. The ratio of deposits to lending was thus 60.3 per cent at end-September 2011. The high ratio also reflected short-term money market deposits. Adjusted for exchange rate effects, lending increased by 9.9 per cent, parallel to a 10.9 per cent rise in deposits.

Lending spreads contracted by 0.02 percentage points, while deposit spreads narrowed by 0.08 percentage points. Lending spreads in the personal customer market were most greatly affected by intense competition, while spreads showed a positive trend in other segments.

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

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

### Net other operating income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2011	Change	2010
Net other operating income	3 703	388	3 315
Net gains on foreign exchange and interest rate instruments <sup>1)</sup>		2 049	
Net unrealised gains on investment property		93	
Real estate broking		32	
Net other commissions and fees		29	
Net income from non-life insurance		20	
Net stock market-related income		(44)	
Profits from associated companies		(178)	
Net financial and risk result from Vital <sup>2)</sup>		(1 663)	
Other operating income		50	

1) Excluding guarantees.

2) Guaranteed returns and allocations to policyholders deducted.

Net other operating income increased by NOK 388 million from the third quarter of 2010. There was a particularly high level of income from mark-to-market adjustments in the banking group, which increased by a total of NOK 2 108 million from the year-earlier period. Volatile markets contributed to increased sales of currency and interest rate hedging products to the bank's customers. Due to the weak trend in the financial markets during the third quarter of 2011, there was a significant reduction in the net financial and risk result from Vital, which was negative at NOK 1 663 million. The financial performance of Vital is strongly affected by stock market

downturns, as was seen in the third quarter. In light of market developments, operating income in other areas of operation was at a satisfactory level.

### Operating expenses

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2011	Change	2010
Operating expenses	4 862	380	4 482
<i>Income-related items</i>			
Operational leasing			22
København Ejendomme			11
Performance-based pay			83
Sales expenses etc.			52
<i>Expenses related to operations</i>			
Cost programme			(89)
Wage and price inflation			125
IT expenses			93
Rise in pension expenses			29
Fees including rebranding project			41
Sundry expenses			14

The Group's operating expenses increased by NOK 380 million from the third quarter of 2010. The Group further expanded its operations in Norway and internationally, and there were rising costs in areas where remunerations are directly linked to income. In addition, marketing activities were stepped up considerably, which has helped the Group reverse the fall in market shares to growth over the past few quarters. This also ensured a rise in income.

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

The cost programme is on schedule.

### Write-downs on commitments

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

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

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

Net non-performing and doubtful commitments totalled NOK 14.5 billion at end-September 2011, down from NOK 20.8 billion a year earlier. Net non-performing and doubtful commitments represented 1.14 and 1.77 per cent, respectively, of lending volume on the same dates.

### Taxes

The DnB NOR Group's tax charge for the third quarter of 2011 was NOK 1 604 million, up from NOK 1 149 million in the year-earlier period. Relative to pre-tax operating profits, the tax charge increased to 39.4 per cent, from 27.6 per cent in the third quarter of 2010. The main factor behind the high tax charge in the third quarter of 2011 was losses on equity investments in Vital classified within the tax exemption model. In addition, a review was made of losses carried forward in DnB NORD, whereby deferred tax assets were recorded in the balance sheet. The estimated tax charge for the full year 2011

was also revised upwards in the third quarter, to 29 per cent, resulting in a higher tax charge for both the third and fourth quarter of the year.

## Business areas

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

From year-end 2010, DnB NOR is wholly-owned by DnB NOR. Operations in the Baltic region and Poland are organised under Large Corporates and International, but will still be reported as a separate profit centre.

### Retail Banking

Retail Banking is responsible for serving the Group's 2.1 million personal customers and some 220 000 corporate customers through the branch network in Norway. DnB NOR aspires to be a local bank for the whole of Norway, while offering the expertise of a large bank. The aim is that coordinated service to these customer segments will make the services more accessible and give customers good personal financial advice.

Pre-tax operating profits totalled NOK 1 788 million in the third quarter of 2011, an increase of NOK 63 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs.

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

### Average balance sheet items in NOK billion

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

### Key figures in per cent

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

1) Including collective write-downs from 2011.

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

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

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

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

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

High market activity and IT development contributed to raising operating expenses. The number of full-time positions was 5 001 at end-September 2011, with 4 674 in the business area's units in Norway.

The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. On an annual basis, net write-downs represented 0.13 per cent of lending in the third quarter of 2011, compared with 0.20 per cent in the year-earlier period. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-September 2011, down NOK 1.1 billion from end-September 2010.

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

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

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

### Large Corporates and International

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

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

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

1) Including collective write-downs from 2011.

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

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

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

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

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

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

Net write-downs on loans represented 0.25 per cent of net

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

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

### DnB NOR Markets

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

	3rd quarter 2011	3rd quarter 2010	Change
<i>Income statement in NOK million</i>			
FX, interest rate and commodity derivatives	433	308	125
Investment products	91	101	(10)
Corporate finance	227	216	10
Securities services	52	51	1
Total customer revenues	803	676	127
Net income from international bond portfolio	(1)	292	(293)
Other market making/trading revenues	608	264	344
Total trading revenues	607	555	51
Interest income on allocated capital	44	43	1
Total income	1 454	1 274	179
Operating expenses	486	466	20
Pre-tax operating profit	967	808	159

### Key figures in per cent

Return on risk-adjusted capital <sup>1)</sup>	45.9	36.2	
Cost/income ratio	33.5	36.6	
Number of full-time positions, end of period	693	666	27

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

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

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

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

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

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

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

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

### Insurance and Asset Management

Insurance and Asset Management is responsible for life insurance, pension savings, asset management and non-life insurance in the DnB NOR Group. Performance in the third quarter was strongly affected by the fall in equity values. The business area recorded a pre-tax operating loss of NOK 689 million, which represented a NOK 1 697 million decline in profits compared with the third quarter of 2010.

<i>Income statement in NOK million</i>	3rd	3rd	Change
	quarter	quarter	
	2011	2010	
Total income	(114)	1 565	(1 679)
Operating expenses	575	557	18
Pre-tax operating profit	(689)	1 008	(1 697)
Tax	519	(54)	572
Profit after tax	(1 208)	1 062	(2 269)

### Balances in NOK billion (end of period)

	3rd	3rd	Change
	quarter	quarter	
	2011	2010	
Assets under management	513.5	517.1	(3.5)

### Key figures in per cent

	3rd	3rd	Change
	quarter	quarter	
	2011	2010	
Return on risk-adjusted capital <sup>1)</sup>	(27.1)	30.3	
Cost/income ratio	0.0	35.6	
Number of full-time positions, end of period	1 067	1 055	12

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

### Vital

Vital's profit performance in the third quarter of 2011 reflected the weak stock market trend, both in Norway and internationally. The company recorded a pre-tax operating loss of NOK 756 million, which represented a NOK 1 674 million reduction in profits from the year-earlier period. Vital recorded pre-tax profits of NOK 274 million for the first three quarters of the year.

<i>Income statement in NOK million</i>	3rd	3rd	Change
	quarter	quarter	
	2011	2010	
Interest result	(3 954)	2 031	(5 985)
Risk result	202	(22)	224
- Of which provisions for higher life expectancy	(33)	(243)	210
Administration result	(8)	(11)	3
Profit on risk and guaranteed rate of return	133	141	(9)
Other	(6)	(9)	3
Allocations to policyholders	(2 877)	1 213	(4 090)
Pre-tax profit	(756)	918	(1 674)
Tax charge	508	(75)	583
Profit from Vital	(1 264)	993	(2 257)

### Balances in NOK billion (end of period)

	3rd	3rd	Change
	quarter	quarter	
	2011	2010	
Total assets	255.7	244.8	10.8
Assets under management			
- individual customers	62.3	64.9	(2.5)
- corporate customers	136.4	127.2	9.2
- public sector	35.4	30.3	5.1

### Key figures in per cent

	3rd	3rd	Change
	quarter	quarter	
	2011	2010	
Return on risk-adjusted capital <sup>1)</sup>	(30.2)	31.3	
Recorded return on assets	(1.6)	1.7	
Value-adjusted return on assets	(1.7)	2.6	
Number of full-time positions, end of period	740	732	7

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

Vital achieved recorded and value-adjusted returns of 1.7 and 0.4 per cent, respectively, on the common portfolio in the first three quarters of 2011, excluding changes in the value of bonds held to maturity. There was a positive recorded return in all sub-portfolios and adequate additional allocations to cover the guaranteed rate of return on existing contracts. A negative return of 2.2 per cent was recorded on the corporate portfolio during the third quarter, while there was a return of 0.4 per cent for the January through September period.

Vital's common portfolio represents a sound base, with approximately half of the funds invested in property and bonds held to maturity generating ongoing annual returns of approximately 5 per cent. These investments contribute to stabilising returns. The property portfolio gave a direct return of 2.4 per cent in the third quarter of 2011.

Total assets as at 30 September 2011 were NOK 256 billion, an increase of 3 per cent since end-December 2010. Recorded policyholders' funds within defined-contribution pension schemes totalled NOK 13.5 billion, an increase of 13.4 per cent from end-December 2010.

Premium income totalled NOK 6.0 billion in the third quarter of 2011, up 21.2 per cent compared with the year-earlier period.

Vital reported a net inflow of transfers of NOK 261 million in the third quarter of 2011, compared with a net outflow of NOK 136 million in the year-earlier period.

The company's solvency capital was reduced by NOK 3.8 billion from 31 December 2010, totalling NOK 20.7 billion at end-September 2011. The capital adequacy ratio was 9.8 per cent, well within the 8 per cent requirement.

Vital's market share of total policyholders' funds was 29.7 per cent at end-June 2011, down 0.2 percentage points from end-June 2010.

The volatile financial markets and weak stock market trend affected Vital's performance in the third quarter of 2011. Developments reflected the more sluggish international growth and the renewed focus on the European debt situation. The risk scenario indicates that the markets will remain volatile through the remainder of the year. Weak stock markets and prolonged low interest rate

levels may present a challenge for Vital. However, healthy returns on the company's fixed-interest and property portfolios may contribute to stabilising Vital's results. As part of the DnB NOR Group, Vital has the financial strength required to handle the expected market fluctuations. In order to increase the level of solvency capital, Vital received a NOK 3 billion equity injection from DnB NOR ASA in October. The increase in capital is part of the process to adapt to new capital requirements under the Solvency II regulations which will be introduced from 2013.

Vital aspires to increase its market shares within standardised and less capital-intensive investment products, and both product development and the organisation are being adapted to reflect this.

Preparations for Solvency II are on schedule, and Vital is working actively to adapt to changes in the regulatory framework. The company is closely following discussions in Europe concerning the Solvency II implementing rules. The Banking Law Commission has recently focused on paid-up policies. Vital supports the initiatives to ensure that paid-up policies will remain an attractive pension product also after the introduction of Solvency II. The Banking Law Commission's work to harmonise the occupational pension scheme and the pension reform will also be followed up.

#### DnB NOR Asset Management

DnB NOR Asset Management recorded pre-tax operating profits of NOK 36 million in the third quarter of 2011, a reduction of NOK 39 million from the year-earlier period. The decline in profits reflected a reduction in income from the company's asset management operations and agio gains compared with the third quarter of 2010.

<i>Income statement in NOK million</i>	3rd quarter 2011	3rd quarter 2010	Change
Net interest income	(6)	2	(8)
<i>Commission income</i>			
- from retail customers	79	92	(14)
- from institutional clients	107	113	(6)
Other operating income	5	13	(8)
Total income	184	221	(37)
Operating expenses	149	146	2
Pre-tax operating profit	36	75	(39)

#### Balances in NOK billion (end of period)

Asset under management	461.6	468.3	(6.8)
- retail customers	36.0	43.3	(7.3)
- institutional clients	425.6	425.0	0.5

#### Key figures in per cent

Return on risk-adjusted capital <sup>1)</sup>	19.1	41.7	
Cost/income ratio	80.5	66.2	
Number of full-time positions, end of period	216	217	(2)

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

Total commission income was reduced by NOK 20 million, of which performance-based revenues declined by NOK 15 million from the third quarter of 2010.

Market developments during the past 12-month period gave a NOK 1 billion rise in the market value of assets under management, while exchange rate movements caused a NOK 4 billion reduction. Negative net sales gave a NOK 4 billion decline in assets under management.

At end-September 2011, DnB NOR Asset Management was Norway's leading provider of mutual funds and discretionary asset management and had a market share of 24.2 per cent of the total mutual fund market in Norway.

As at 30 September 2011, the total number of mutual fund

savings schemes in the Norwegian market was approximately 271 000, with annual subscriptions of around NOK 2.8 billion. 43.8 per cent of DnB NOR's mutual funds had received four or five stars from the rating company Morningstar at end-September 2011. Eight of DnB NOR Asset Management's funds have the highest ranking, with five stars.

DnB NOR Asset Management expects an increase in private financial savings in both Norway and Sweden. Competition for savings will necessitate the continued development and adaptation of products and services. The expectations of investors regarding developments in financial markets, together with investor confidence in the stock market, will have a strong impact on profit performance in the business area.

#### DnB NOR Skadeforsikring

DnB NOR Skadeforsikring is in an expansion phase. Sales in the January through September period increased by 27 per cent compared with the year-earlier period. Non-life insurance products are sold mainly through the bank's distribution network, and special initiatives in the large cities have produced good results. At end-September 2011, gross premiums written came to NOK 1 176 million. The number of policyholders increased by 24 000 from end-December 2010, to approximately 174 000 at end-September 2011. A reduced claims frequency and a reinsurance programme which to a greater extent neutralises seasonal variations, contributed to improved profit performance in the third quarter of 2011.

#### DnB NORD

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

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

#### Average balance sheet items in NOK billion

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

#### Key figures in per cent

Lending spread <sup>1)</sup>	1.80	1.94	
Deposit spread <sup>1)</sup>	1.10	0.62	
Return on risk-adjusted capital <sup>2)</sup>	(39.2)	(2.0)	
Cost/income ratio	63.0	57.9	
Ratio of deposits to lending	38.1	35.9	

Number of full-time positions, end of period 3 234 3 138 96

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

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

Average net lending to customers was reduced by 4.2 per cent from the third quarter of 2010 to the corresponding period in 2011. Measured relative to lending at the end of the period, there was a 5.7 per cent reduction from end-September 2010, with a 7.0 per cent decline in lending in the Baltic States and a 17.7 per cent increase in

lending in Poland. The decline in lending in the Baltics was due to general market conditions. In spite of an improved macroeconomic situation in all these countries and increasing growth, it will take time before this is reflected in higher investment levels and rising credit demand. Average customer deposits rose by 1.6 per cent from the third quarter of 2010.

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

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

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

Important future activities will be closer integration with DnB NOR, the mitigation of write-downs and improved cost-efficiency. Write-downs on loans are expected to be reduced, though there is still some risk associated with the home mortgage portfolio in Latvia. DnB NOR will monitor the operations in Latvia more closely. Future growth in the region is expected to surpass average European levels. DnB NOR will work to improve operations in DnB NOR, and the sale of a wider product range, combined with a lower write-down level, is expected to ensure greater profitability.

## Balance sheet and liquidity

At end-September 2011, total combined assets in the DnB NOR Group were NOK 2 439 billion, an increase of NOK 305 billion or 14.3 per cent from a year earlier. Total assets in the Group's balance sheet were NOK 2 183 billion as at 30 September 2011 and NOK 1 863 billion a year earlier. Total assets in Vital were NOK 256 billion and NOK 245 billion, respectively, on the same dates.

Measured in Norwegian kroner, net lending to customers increased by NOK 95 billion or 8.3 per cent from end-September 2010. Adjusted for exchange rate movements, lending also showed a NOK 95 billion increase. Customer deposits rose by as much as NOK 146 billion or 24.1 per cent during the corresponding period. After adjusting for exchange rate movements, there was a NOK 145 billion increase in deposits.

The Group's ratio of deposits to lending increased significantly from 52.6 per cent at end-September 2010 to 60.3 per cent. The ratio of deposits to lending in DnB NOR Bank ASA rose from 89.1 to 104.6 per cent. The ratio of deposits to lending in DnB NOR Bank ASA reflects that all of the Group's loans which are not carried in the books of DnB NOR Boligkreditt are financed through customer deposits.

With respect to short-term funding, conservative limits have been set for refunding requirements. The Group stayed well within the established liquidity limits during the third quarter. The short-term funding markets were affected by the uncertainty concerning the international sovereign debt situation, and most of the short-term funding which was raised had very short maturities. The market remained very selective, and only banks with good credit ratings had

good access to funding. DnB NOR was one of these banks.

In order to keep the Group's long-term liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The Group has a self-imposed limit whereby such long-term or stable funding must represent minimum 90 per cent of customer lending. At end-September 2011, this share was 102.6 per cent. Due to the international volatility, the players in the long-term funding market were hesitant, and very few transactions were completed in the third quarter. Uncertainty in the market resulted in higher funding costs.

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

## Risk and capital adequacy

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

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

The DnB NOR Group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement increased by NOK 7.5 billion during the third quarter of 2011, to NOK 69.1 billion. The table below shows developments in the risk-adjusted capital requirement.

<i>Amounts in NOK billion</i>	30 Sept. 2011	30 June 2011	31 Dec. 2010	30 Sept. 2010
Credit risk	51.3	46.3	45.5	46.1
Market risk	6.1	6.2	6.0	4.4
Market risk in life insurance	13.2	14.1	12.5	11.5
Insurance risk	1.9	1.9	1.8	0.7
Operational risk	8.7	8.4	7.7	7.7
Business risk	4.7	4.7	4.5	4.5
Gross risk-adjusted capital requirement	85.9	81.6	78.0	74.9
Diversification effect <sup>1)</sup>	(16.8)	(20.0)	(18.8)	(16.3)
Net risk-adjusted capital requirement	69.1	61.6	59.1	58.6
Diversification effect in per cent of gross risk-adjusted capital requirement <sup>1)</sup>	19.6	24.5	24.2	21.7

*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.*

Risk-adjusted capital for credit increased by NOK 5 billion from end-June 2011, primarily due to rising volumes, reflecting a 9 per cent increase in the US dollar rate. There was stable, sound credit quality in the healthy portfolio, while the volume of non-performing and doubtful commitments continued its downward trend during the third quarter. Special factors caused a high level of write-downs on home mortgages in Latvia, though underlying economic growth in the

Baltic States remained positive. Low rates in the tanker, container and dry bulk segments in shipping have put pressure on shipping companies' earnings and liquidity. Lower portfolio quality must be expected in these segments in the future. The Norwegian commercial property market showed a positive trend, with increasing sales and a moderate rise in values.

Market risk in life insurance was lower at end-September 2011 than at end-June. Declining share prices reduced Vital's buffer capital by approximately NOK 3.8 billion in the third quarter, though this was offset by a lower equity exposure and other risk-mitigating measures. Long-term interest rates declined by approximately 0.75 percentage points during the third quarter and were on a level with policyholders' guaranteed rate of return at the end of the quarter. A prolonged fall in long-term interest rates will, over time, affect Vital's ability to assume risk to ensure a healthy return for policyholders. Over the next few years, an increase in reserves may be required to meet the anticipated increase in life expectancy. The industry is in dialogue with the authorities regarding the possible implementation of such an increase.

Market risk in operations other than life insurance is relatively stable. Falling equity prices have resulted in a certain reduction due to a lower remaining exposure. There were no significant changes in market risk limits during the quarter.

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

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 61.1 billion during the quarter, to NOK 1 126.4 billion. In 2011, risk-weighted volume cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. DnB NOR is encompassed by this limitation. Including 50 per cent of interim profits, the Tier 1 capital ratio was 9.3 per cent, while the capital adequacy ratio was 11.0 per cent. The reduction in the capital adequacy ratio reflected an increase in risk-weighted volume, which was partly due to exchange rate movements.

Calculations have also been made of the effect of full future implementation of the Basel II rules on all of the banking group's credit portfolios, excluding DnB NOR and disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 954 billion and a potential Tier 1 capital ratio of 11.0 per cent.

## Macroeconomic developments

During the summer, there was a shift in the international economy, and growth prospects were revised downward. Economic indicators for the OECD area showed lower than expected growth. In the financial markets, there was great uncertainty regarding the debt-ridden countries' ability to serve their debt, which was reflected in a higher interest rate differential depending on whether Treasury bonds were regarded as secure or non-secure. There was a significant decline in equity prices, as well as in the prices of a number of commodities. OECD unemployment levels stayed high. The rate of inflation in Norway remained moderate and was affected by high energy prices, high food prices and a rise in indirect taxes which will probably have a temporary effect on consumer price inflation.

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

In a number of countries, the authorities have limited means available to implement measures to counter a possible long-term stagnation. Many countries need to tighten fiscal policy in spite of

low growth. As interest rates are already low, a small reduction in interest rate levels is not likely to have much effect on demand from households and companies. Consequently, other monetary policy measures, such as increased liquidity injections, will be more relevant.

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

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

## New regulatory framework

DnB NOR expects to have continued satisfactory access to funding, but at higher interest rates than prior to the financial crisis. This is mainly attributable to the European sovereign debt crisis. In the longer term, however, the new regulatory framework for the financial services industry will also cause higher funding costs. The Basel III regulatory framework will introduce stricter capital adequacy, liquidity and funding requirements. Within the EU/EEA, Basel III will be introduced in the form of a new capital requirements directive, CRD IV. The latest CRD IV draft proposal was published in July and circulated for comments. According to plan, it will be presented to the EU Parliament in June 2012. The directive is expected to be approved by year-end 2012. The Norwegian Ministry of Finance has prepared draft legislation and a consultation paper for implementing CRD IV in Norway and aims to approve changes in regulations during the second half of 2012.

Criteria have been drawn up for the definition of systemically important banks both nationally and internationally. It is assumed that these banks will be subject to stricter requirements for loss-absorbing capacity. After a consultation round, a proposal outlining definitions and loss-absorbing capacity requirements is scheduled to be presented at the G20 meeting in November 2011. DnB NOR is working to become well positioned to meet the new requirements. Up until the new and stricter regulations are introduced, the Group's funding activities will reflect a gradual adaptation to the regulations.

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

## Future prospects

Norway, where DnB NOR has more than 80 per cent of its operations, enjoys a strong economy and stable future prospects. In the Retail Banking business area, a healthy trend is expected, but also rising funding costs. The Large Corporates and International business area will focus on more selective growth, but also anticipates wider spreads. In DnB NOR Markets, it is expected that market developments and the broad scope of its activities will ensure a continued high level of earnings. The Insurance and Asset Management business area is expected to gradually return to higher profit levels, provided that the stock markets normalise during the fourth quarter. Operations in DnB NOR are expected to show further improvement, though the situation in Latvia will remain challenging.

If the international unrest concerning the debt situation in Southern Europe continues, rising funding costs and a possible

weakening of DnB NOR's international portfolios could affect the Group's financial performance. It will be crucial that the EU countries succeed in agreeing on adequate stabilising measures. If the turmoil persists, it will also affect profits in the Group's Norwegian operations. Prolonged low interest rate levels and a further deterioration in the financial markets will have a negative impact on Vital's performance. In addition, new capital and liquidity requirements introduced by the authorities will be challenging to meet, especially if economic developments remain weak over a longer period.

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

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

Anne Carine Tanum  
(chairman)

Bjørn Sund  
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke  
(group chief executive)

# Income statement

<i>Amounts in NOK million</i>	Note	DnB NOR Group				
		3rd quarter 2011	3rd quarter 2010	January-September 2011 2010		Full year 2010
Total interest income	5	16 291	14 803	46 344	41 740	56 909
Total interest expenses	5	9 897	8 825	27 884	24 457	33 473
<b>Net interest income</b>	5	<b>6 394</b>	<b>5 978</b>	<b>18 460</b>	<b>17 283</b>	<b>23 436</b>
Commissions and fees receivable etc.	6	2 368	2 367	7 048	6 840	9 261
Commissions and fees payable etc.	6	580	587	1 664	1 710	2 220
Net gains on financial instruments at fair value	7	2 250	225	4 263	3 277	4 961
Net gains on assets in Vital		(5 266)	4 156	1 565	8 670	15 074
Guaranteed returns and allocations to policyholders in Vital		(4 208)	3 324	1 648	7 621	13 500
Premium income etc. included in the risk result in Vital		1 213	1 164	3 650	3 479	4 721
Insurance claims etc. included in the risk result in Vital		1 017	1 195	3 606	3 729	4 977
Premium income non-life insurance		292	260	805	735	1 009
Insurance claims etc. non-life insurance		218	206	624	669	918
Profit from companies accounted for by the equity method		(79)	99	(34)	108	180
Other income	8	531	356	1 400	2 221	2 565
<b>Net other operating income</b>		<b>3 703</b>	<b>3 315</b>	<b>11 154</b>	<b>11 603</b>	<b>16 156</b>
<b>Total income</b>		<b>10 097</b>	<b>9 294</b>	<b>29 614</b>	<b>28 886</b>	<b>39 592</b>
Salaries and other personnel expenses	9, 10	2 603	2 419	7 661	6 821	9 259
Other expenses	9	1 819	1 641	5 623	5 310	6 995
Depreciation and write-downs of fixed and intangible assets	9	439	421	1 302	1 770	2 256
<b>Total operating expenses</b>	9	<b>4 862</b>	<b>4 482</b>	<b>14 587</b>	<b>13 901</b>	<b>18 511</b>
Net gains on fixed and intangible assets		6	(11)	20	(2)	24
Write-downs on loans and guarantees	11	1 170	643	2 519	2 468	2 997
<b>Pre-tax operating profit</b>		<b>4 072</b>	<b>4 157</b>	<b>12 529</b>	<b>12 515</b>	<b>18 108</b>
Taxes		1 604	1 149	3 633	3 754	4 121
Profit from operations and non-current assets held for sale, after taxes		25	30	(5)	17	75
<b>Profit for the period</b>		<b>2 493</b>	<b>3 038</b>	<b>8 890</b>	<b>8 778</b>	<b>14 062</b>
Profit attributable to shareholders		2 493	3 084	8 890	9 465	14 814
Profit attributable to minority interests		0	(46)	0	(687)	(752)
Earnings/diluted earnings per share (NOK)		1.53	1.90	5.47	5.83	8.66
Earnings per share excluding operations held for sale (NOK)		1.52	1.88	5.47	5.82	8.62

# Comprehensive income statement

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2011	3rd quarter 2010	January-September 2011 2010		Full year 2010
Profit for the period	2 493	3 038	8 890	8 778	14 062
Exchange differences arising from the translation of foreign operations	130	(362)	(118)	(46)	(90)
<b>Comprehensive income for the period</b>	<b>2 623</b>	<b>2 676</b>	<b>8 772</b>	<b>8 732</b>	<b>13 971</b>
Comprehensive income attributable to shareholders	2 623	2 733	8 772	9 532	14 865
Comprehensive income attributable to minority interests	0	(57)	0	(801)	(894)

# Balance sheet

## DnB NOR Group

<i>Amounts in NOK million</i>	Note	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
<b>Assets</b>				
Cash and deposits with central banks		276 593	16 198	16 049
Lending to and deposits with credit institutions		56 432	47 792	50 369
Lending to customers	12, 13	1 247 477	1 170 341	1 152 001
Commercial paper and bonds		157 164	204 204	213 326
Shareholdings	14	72 069	75 179	66 534
Financial assets, customers bearing the risk		22 712	23 506	21 903
Financial derivatives		110 664	78 156	99 179
Commercial paper and bonds, held to maturity	15	165 849	179 461	180 015
Investment property	16	42 802	38 834	34 498
Investments in associated companies		2 050	2 307	1 912
Intangible assets	17	7 151	7 164	7 000
Deferred tax assets		505	915	227
Fixed assets		6 010	5 793	5 673
Operations and non-current assets held for sale		1 206	1 271	1 304
Other assets		14 417	10 499	13 467
<b>Total assets</b>		<b>2 183 100</b>	<b>1 861 620</b>	<b>1 863 457</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		356 347	257 931	258 063
Deposits from customers		752 660	641 914	606 502
Financial derivatives		75 908	60 871	69 256
Debt securities issued	18	596 266	501 668	533 313
Insurance liabilities, customers bearing the risk		22 712	23 506	21 903
Liabilities to life insurance policyholders		209 889	205 550	202 226
Insurance liabilities, non-life insurance		1 644	1 091	1 051
Payable taxes		3 729	4 865	3 687
Deferred taxes		205	116	510
Other liabilities		19 188	14 738	18 900
Operations held for sale		360	387	373
Provisions		560	946	890
Pension commitments		3 360	3 361	3 668
Subordinated loan capital	18	26 495	33 479	35 857
<b>Total liabilities</b>		<b>2 069 325</b>	<b>1 750 424</b>	<b>1 756 200</b>
Minority interests		0	0	1 965
Share capital		16 273	16 232	16 233
Share premium reserve		22 609	22 609	22 609
Other equity		74 894	72 356	66 450
<b>Total equity</b>		<b>113 776</b>	<b>111 196</b>	<b>107 257</b>
<b>Total liabilities and equity</b>		<b>2 183 100</b>	<b>1 861 620</b>	<b>1 863 457</b>
Off-balance sheet transactions, contingencies and post-balance sheet events	22			

# Statement of changes in equity

DnB NOR Group

<i>Amounts in NOK million</i>	Minority interests	Share capital <sup>1)</sup>	Share premium reserve	Other equity <sup>1)</sup>	Total equity <sup>1)</sup>
<b>Balance sheet as at 31 December 2009</b>	<b>2 755</b>	<b>16 231</b>	<b>22 609</b>	<b>59 808</b>	<b>101 403</b>
Profit for the period	(687)			9 465	8 778
Exchange differences arising from the translation of foreign operations	(114)			67	(46)
Comprehensive income for the period	(801)			9 532	8 732
Dividends paid for 2009 (NOK 1.75 per share)				(2 850)	(2 850)
Net purchase of treasury shares		2		(40)	(38)
Minority interests	10				10
<b>Balance sheet as at 30 September 2010</b>	<b>1 965</b>	<b>16 233</b>	<b>22 609</b>	<b>66 450</b>	<b>107 257</b>
<b>Balance sheet as at 31 December 2010</b>	<b>0</b>	<b>16 232</b>	<b>22 609</b>	<b>72 356</b>	<b>111 196</b>
Profit for the period				8 890	8 890
Exchange differences arising from the translation of foreign operations				(118)	(118)
Comprehensive income for the period				8 772	8 772
Dividends paid for 2010 (NOK 4.00 per share)				(6 515)	(6 515)
Net purchase of treasury shares		41		303	344
New regulations for the non-life insurance industry				(21)	(21)
<b>Balance sheet as at 30 September 2011</b>	<b>0</b>	<b>16 273</b>	<b>22 609</b>	<b>74 894</b>	<b>113 776</b>
<i>Of which currency translation reserve:</i>					
Balance sheet as at 31 December 2009	(63)			(359)	(422)
Comprehensive income for the period	(114)			67	(46)
Balance sheet as at 30 September 2010	(177)			(292)	(469)
Balance sheet as at 31 December 2010				(513)	(513)
Comprehensive income for the period				(118)	(118)
Balance sheet as at 30 September 2011				(631)	(631)
<i>1) Of which treasury shares, held by DnB NOR Markets for trading purposes:</i>					
Balance sheet as at 31 December 2010		(56)		(405)	(461)
Net purchase of treasury shares		41		303	344
Reversal of fair value adjustments through profit and loss				27	27
Balance sheet as at 30 September 2011		(15)		(75)	(90)

# Cash flow statement

## DnB NOR Group

<i>Amounts in NOK million</i>	January-September 2011	2010	Full year 2010
<b>Operating activities</b>			
Net payments on loans to customers	(78 783)	(34 802)	(56 175)
Net receipts on deposits from customers	104 310	9 729	51 286
Interest received from customers	35 749	32 059	43 692
Interest paid to customers	(10 015)	(7 984)	(10 986)
Net receipts/payments on the sale of financial assets for investment or trading	52 676	(8 131)	3 082
Net receipts on commissions and fees	5 380	5 280	7 122
Payments to operations	(13 140)	(12 089)	(16 931)
Taxes paid	(5 428)	(9 163)	(8 874)
Receipts on premiums	15 242	12 245	15 171
Net receipts on premium reserve transfers	2 068	823	727
Payments of insurance settlements	(10 341)	(9 523)	(12 936)
Other receipts	1 381	1 132	1 532
<b>Net cash flow relating to operating activities</b>	<b>99 099</b>	<b>(20 424)</b>	<b>16 710</b>
<b>Investment activities</b>			
Net payments on the acquisition of fixed assets	(1 535)	(1 373)	(2 032)
Receipts on the sale of long-term investments in shares	85	200	0
Payments on the acquisition of long-term investments in shares	0	(60)	(1 253)
Dividends received on long-term investments in shares	105	150	438
<b>Net cash flow relating to investment activities</b>	<b>(1 345)</b>	<b>(1 084)</b>	<b>(2 847)</b>
<b>Funding activities</b>			
Net receipts/payments on loans to credit institutions	81 494	(32 683)	(26 829)
Net receipts/payments on other short-term liabilities	9 109	10 568	(3 310)
Receipts on issued bonds and commercial paper	307 240	255 543	277 533
Payments on redeemed bonds and commercial paper	(223 699)	(214 758)	(257 013)
Redemptions of subordinated loan capital	(7 524)	(3 522)	(4 704)
Repurchase/sale of own shares/share issue	344	0	(64)
Dividend payments	(6 515)	(2 850)	(2 850)
Interest receipts on funding activities	10 595	9 715	13 250
Interest payments on funding activities	(17 827)	(16 431)	(22 456)
<b>Net cash flow from funding activities</b>	<b>153 216</b>	<b>5 582</b>	<b>(26 442)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>7 081</b>	<b>(82)</b>	<b>(153)</b>
<b>Net cash flow</b>	<b>258 051</b>	<b>(16 009)</b>	<b>(12 732)</b>
Cash as at 1 January	23 726	36 458	36 458
Net receipts/payments of cash	258 051	(16 009)	(12 732)
Cash at end of period <sup>1)</sup>	281 777	20 449	23 726
<i>*) Of which: Cash and deposits with central banks</i>	<i>276 593</i>	<i>16 049</i>	<i>16 198</i>
<i>Deposits with credit institutions with no agreed period of notice <sup>1)</sup></i>	<i>5 184</i>	<i>4 400</i>	<i>7 528</i>

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

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

## **Note 1      Accounting principles**

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The third quarter accounts 2011 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the Group is found in the annual report for 2010. The annual and interim accounts are prepared according to IFRS principles as approved by the EU. The Group's accounting principles and calculation methods are essentially the same as those described in the annual report for 2010. No new or amended accounting standards or interpretations entered into force during the third quarter of 2011.

## **Note 2      Important accounting estimates and discretionary assessments**

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When preparing the consolidated accounts, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets, liabilities, income and expenses. A more detailed description of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2010.

## **Note 3      Changes in group structure**

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

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

## Note 4 Segments

### Business areas

The operational structure of DnB NOR includes four business areas and four staff and support units. The business areas are independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. DnB NOR's business areas comprise Retail Banking, Large Corporates and International, DnB NOR Markets and Insurance and Asset Management. DnB NOR's operations are organised under Large Corporates and International, but will still be regarded as a separate profit centre.

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

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

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

Certain customers and transactions of major importance require extensive cooperation within the Group. To stimulate such cooperation, operating income and expenses relating to some of these customers and transactions are recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in DnB NOR Markets. Double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", appurtenant costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". Double entries also include income from Insurance and Asset Management. Double entries are eliminated in the group accounts.

### Income statement, third quarter

	DnB NOR Group													
	Retail Banking		Large Corporates and International		DnB NOR Markets		Insurance and Asset Management		DnB NOR		Other operations/ eliminations <sup>1)</sup>		DnB NOR Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
<i>Amounts in NOK million</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	3 379	3 369	1 861	1 492	236	230	(92)	(66)	316	334	694	620	6 394	5 978
Interest on allocated capital <sup>2)</sup>	141	135	162	163	44	43	130	94	17	10	(494)	(445)	0	0
Net interest income	3 519	3 504	2 023	1 655	280	273	38	28	333	345	200	175	6 394	5 978
Other operating income	997	956	192	313	1 173	1 002	(152)	1 537	188	222	1 305	(714)	3 703	3 315
Income attributable to product suppliers	380	265	579	525	0	0	0	0	0	0	(959)	(790)	0	0
Net other operating income	1 377	1 221	772	838	1 173	1 002	(152)	1 537	188	222	346	(1 505)	3 703	3 315
Total income	4 896	4 724	2 795	2 493	1 454	1 274	(114)	1 565	521	567	546	(1 330)	10 097	9 294
Other operating expenses	2 680	2 503	591	528	486	466	575	557	328	328	201	101	4 862	4 482
Cost attributable to product suppliers	177	126	234	194	0	0	0	0	0	0	(412)	(319)	0	0
Operating expenses	2 858	2 628	825	721	486	466	575	557	328	328	(211)	(218)	4 862	4 482
Pre-tax operating profit before write-downs	2 038	2 096	1 970	1 772	967	808	(689)	1 008	193	240	757	(1 112)	5 235	4 812
Net gains on fixed and intangible assets	0	0	0	0	0	0	0	0	5	(14)	1	2	6	(11)
Write-downs on loans and guarantees <sup>3)</sup>	250	372	232	84	0	0	0	0	731	253	(44)	(66)	1 170	643
Write-downs attributable to product suppliers	0	0	0	1	0	0	0	0	0	0	0	(1)	0	0
Pre-tax operating profit	1 788	1 725	1 737	1 687	967	808	(689)	1 008	(533)	(28)	802	(1 042)	4 072	4 157

## Note 4 Segments (continued)

### 1) Other operations/eliminations:

Amounts in NOK million	Elimination of income/ cost attributable to product suppliers		Other eliminations		Group Centre *)		Total	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	0	0	(25)	(25)	719	645	694	620
Interest on allocated capital <sup>2)</sup>	0	0	0	0	(494)	(445)	(494)	(445)
Net interest income	0	0	(25)	(25)	225	200	200	175
Other operating income	0	0	(282)	(292)	1 588	(422)	1 305	(714)
Income attributable to product suppliers	(959)	(790)	0	0	0	0	(959)	(790)
Net other operating income	(959)	(790)	(282)	(292)	1 588	(422)	346	(1 505)
Total income	(959)	(790)	(307)	(317)	1 812	(223)	546	(1 330)
Other operating expenses	0	0	(307)	(317)	508	418	201	101
Cost attributable to product suppliers	(412)	(319)	0	0	0	0	(412)	(319)
Operating expenses	(412)	(319)	(307)	(317)	508	418	(211)	(218)
Pre-tax operating profit before write-downs	(548)	(471)	0	0	1 304	(641)	757	(1 112)
Net gains on fixed and intangible assets	0	0	0	0	1	2	1	2
Write-downs on loans and guarantees <sup>3)</sup>	0	0	0	0	(44)	(66)	(44)	(66)
Write-downs attributable to product suppliers	0	(1)	0	0	0	0	0	(1)
Pre-tax operating profit	(548)	(470)	0	0	1 349	(572)	802	(1 042)

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 income/cost attributable to product suppliers primarily concerns net profits on customer business carried out in cooperation between DnB NOR Markets and other business areas and taken to income in both areas.

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

*) Group Centre - pre-tax operating profit in NOK million	3rd quarter	
	2011	2010
+ Interest on unallocated equity etc.	277	211
+ Income from equities investments	61	7
+ Mark-to-market adjustments Treasury and fair value on lending	1 283	(856)
+ Eksportfinans AS	(27)	118
- Unallocated write-downs on loans and guarantees	(44)	(66)
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	64	56
- Unallocated pension expenses	16	(5)
- Funding costs on goodwill	14	13
Other	(194)	(54)
Pre-tax operating profit	1 349	(572)

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

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

### Main average balance sheet items

Amounts in NOK billion	DnB NOR Group													
	Retail Banking		Large Corporates and International		DnB NOR Markets		Insurance and Asset Management		DnB NOR		Other operations/ eliminations		DnB NOR Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net lending to customers <sup>1)</sup>	790.3	740.8	371.2	346.1	2.0	1.1	0.9	3.1	59.4	62.1	(2.3)	(4.8)	1 221.5	1 148.3
Deposits from customers <sup>1)</sup>	411.3	383.6	228.1	211.2	36.5	17.4			22.7	22.3	(0.9)	(3.6)	697.6	630.9
Assets under management <sup>2)</sup>							519.0	511.9					519.0	511.9
Allocated capital <sup>3)</sup>	18.8	20.0	21.8	24.0	6.0	6.4	17.7	13.9	4.3	4.6				

## Note 4 Segments (continued)

### Key figures

DnB NOR Group

Per cent	Retail Banking		Large Corporates and International		DnB NOR Markets		Insurance and Asset Management		DnB NOR D		Other operations		DnB NOR Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cost/income ratio <sup>4) 5)</sup>	58.4	55.6	29.5	28.9	33.5	36.6	(504.2)	35.6	63.0	57.9			48.2	48.2
Ratio of deposits to lending <sup>1) 6)</sup>	52.0	51.8	61.4	61.0					38.1	35.9			57.1	54.9
Return on allocated capital, annualised <sup>3)</sup>	27.2	24.6	22.8	20.1	45.9	36.2	(27.1)	30.3	(39.2)	(2.0)			13.4	19.1
Number of full-time positions as at 30 September	5 001	4 948	1 138	1 084	693	666	1 067	1 055	3 234	3 138	2 348	2 248	13 481	13 140

- 1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.
- 2) The figures include total assets in Vital.
- 3) The allocated capital and return on allocated capital for the business areas are calculated on the basis of internal measurement of risk-adjusted capital requirement. Capital allocated to Retail Banking and Large Corporates and International was adjusted downward in the third quarter of 2011 due to changes in the calculation models. Recorded capital is used for the Group.
- 4) Total operating expenses relative to total income.
- 5) Due to stock market developments, operating income in Vital was negative at NOK 371 million in the third quarter of 2011. This resulted in negative income for the Insurance and Asset Management business area.
- 6) Deposits from customers relative to net lending to customers.

### Comments to the income statement, third quarter

#### Retail Banking

Pre-tax operating profits totalled NOK 1 788 million in the third quarter of 2011, an increase of NOK 63 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs. Adjusted for the sale of DnB NOR's home mortgage portfolio in Sweden in the first quarter of 2011, average net lending increased by 7.5 per cent from the third quarter of 2010 to the corresponding period in 2011. The growth rate for home mortgages increased further in the third quarter of 2011. In addition, lending to small and medium-sized businesses showed a positive trend. Compared with the year-earlier period, average deposits rose by 7.2 per cent, while the average ratio of deposits to lending was 52.0 per cent for the quarter. Along with customer deposits, covered bonds based on home mortgages in DnB NOR Boligkreditt were key sources of funding. At end-September 2011, 93 per cent of lending volume in Retail Banking was funded by deposits and covered bonds. Net interest income was virtually unchanged from the third quarter of 2010. Increasing volumes and the discontinuation of guarantee fund levies compensated for the pressure on interest rate spreads, rising funding costs and lag effects related to the implementation of interest rate adjustments. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, was 1.13 per cent in the third quarter of 2011, down from 1.24 per cent in the year-earlier period. Relative to the 3-month money market rate, the spread on home mortgages was 0.79 per cent in the third quarter of 2011, down from 0.92 per cent in the year-earlier period. Rising income from real estate broking and from product suppliers and an increase in the market value of financial investments contributed to the positive trend in other operating income. Changes in the value of shares in partially-owned companies had a negative effect on income compared with the third quarter of 2010. High market activity and IT development contributed to raising operating expenses. The number of full-time positions was 5 001 at end-September 2011, with 4 674 in the business area's units in Norway. The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. On an annual basis, net write-downs represented 0.13 per cent of lending in the third quarter of 2011, compared with 0.20 per cent in the year-earlier period. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-September 2011, down NOK 1.1 billion from end-September 2010.

#### Large Corporates and International

Pre-tax operating profits came to NOK 1 737 million, up NOK 50 million from the year-earlier period. The level of activity showed a positive trend, and average lending increased by 7.3 per cent from the third quarter of 2010. A large part of Large Corporates and International's business is denominated in US dollars. A depreciation of the US dollar rate compared with the third quarter of 2010 reduced the growth in lending and deposits measured in Norwegian kroner. Adjusted for exchange rate movements, there was a 12.6 per cent rise in lending. There was an increase in lending of NOK 18.4 billion from the second to the third quarter of 2011. Deposits rose by 8.0 per cent from the third quarter of 2010, while the ratio of deposits to lending widened by 0.4 percentage points. Average deposit volumes were down 1.2 per cent compared with the second quarter of 2011, though there was a significant rise in deposits towards the end of the quarter. Relative to the 3-month money market rate, lending spreads widened by 0.20 percentage points from the third quarter of 2010 and by 0.06 percentage points from the second quarter of 2011, to 1.68 per cent. The widening spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads declined by 0.10 percentage points from the third quarter of 2010 and by 0.02 percentage points from the second quarter of 2011. The reduction in other operating income was mainly attributable to a negative development in the value of repossessed assets in the form of equities and ownership interests. Operating expenses rose by 14.4 per cent from the third quarter of 2010, mainly due to a rise in staff numbers in strategic priority areas and higher costs attributable to product suppliers. The cost/income ratio rose by 0.6 percentage points during the same period. At end-September 2011, staff in the business area represented 1 138 full-time positions, including 658 positions outside Norway. Net write-downs on loans represented 0.25 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.13 per cent. In the third quarter of 2010, net individual write-downs came to 0.10 per cent of net lending. Collective write-downs totalled NOK 108 million in the third quarter of 2011. The increase mainly reflected a less favourable market situation for the shipping industry. Collective write-downs were not included in the business area's accounts in 2010. Net non-performing and doubtful commitments amounted to NOK 1.4 billion at end-September 2011, down NOK 0.2 billion from end-June 2011. The corresponding figure at end-September 2010 was NOK 4.3 billion.

## Note 4 Segments (continued)

### DnB NOR Markets

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

### Revenues within various segments

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

### Insurance and Asset Management

#### *Vital:*

Vital's profit performance in the third quarter of 2011 reflected the weak stock market trend, both in Norway and internationally. The company recorded a pre-tax operating loss of NOK 756 million, which represented a NOK 1 674 million reduction in profits from the year-earlier period. Vital recorded pre-tax profits of NOK 274 million for the first three quarters of the year. Vital achieved recorded and value-adjusted returns of 1.7 and 0.4 per cent, respectively, on the common portfolio in the first three quarters of 2011, excluding changes in the value of bonds held to maturity. There was a positive recorded return in all sub-portfolios and adequate additional allocations to cover the guaranteed rate of return on existing contracts. A negative return of 2.2 per cent was recorded on the corporate portfolio during the third quarter, while there was a negative return of 0.4 per cent for the January through September period. Premium income totalled NOK 6.0 billion in the third quarter of 2011, up 21.2 per cent compared with the year-earlier period. See Vital's income statement, balance sheets and key figures on the next pages.

#### *DnB NOR Asset Management:*

DnB NOR Asset Management recorded pre-tax operating profits of NOK 36 million in the third quarter of 2011, a reduction of NOK 39 million from the year-earlier period. The decline in profits reflected a reduction in income from the company's asset management operations and agio gains compared with the third quarter of 2010. Total commission income was reduced by NOK 20 million, of which performance-based revenues declined by NOK 15 million from the third quarter of 2010.

### DnB NORD

DnB NORD recorded a pre-tax operating loss of NOK 533 million in the third quarter of 2011, compared with a loss of NOK 28 million in the third quarter of 2010. The weak performance mainly reflected a high level of write-downs on loans in Latvia. There was a positive profit trend in the other countries. Average net lending to customers was reduced by 4.2 per cent from the third quarter of 2010 to the corresponding period in 2011. Measured relative to lending at the end of the period, there was a 5.7 per cent reduction from end-September 2010, with an 11.6 per cent decline in lending in the Baltic States and an 18.3 per cent increase in lending in Poland. The decline in lending in the Baltics was due to general market conditions. In spite of an improved macroeconomic situation in all these countries and increasing growth, it will take time before this is reflected in higher investment levels and rising credit demand. Average customer deposits rose by 1.6 per cent from the third quarter of 2010. The reduction in other operating income was due to lower net gains on foreign exchange and interest rate instruments. Operating expenses were stable from the third quarter of 2010. In consequence of high write-downs in Latvia, net write-downs on loans showed a negative trend in the third quarter of 2011. During this quarter, Latvia accounted for 90 per cent of DnB NORD's write-downs on loans, and for 56 per cent of total write-downs in the DnB NOR Group. The write-downs in Latvia referred to home mortgages and were due to a reassessment of collateral values and rising costs associated with the process to repossess homes. Write-downs in the other DnB NORD units showed a stable or positive trend.

## Note 4 Segments (continued)

### Group Centre

The Group Centre recorded a pre-tax operating profit of NOK 1 349 million in the third quarter of 2011, compared with a loss of NOK 572 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled a loss of NOK 27 million in the third quarter of 2011, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with a profit of NOK 118 million in the third quarter of 2010. Income from equity investments totalled NOK 61 million in the third quarter of 2011, rising by NOK 54 million from the previous year. There was a profit contribution of NOK 1 283 million from own debt, loans carried at fair value and related derivatives in the third quarter of 2011, compared with a negative profit contribution of NOK 856 million in the corresponding period in 2010. There was a reduction of NOK 44 million in collective write-downs in the third quarter of 2011, compared with a reduction of NOK 66 million in the third quarter of 2010. The reduction was partly attributable to the fact that collective write-downs relating to the loan portfolios in Retail Banking and Large Corporates and International are included in the respective business areas' accounts with effect from 2011.

### Income statement, January-September

	DnB NOR Group													
	Retail Banking		Large Corporates and International		DnB NOR Markets		Insurance and Asset Management		DnB NOR D		Other operations/ eliminations		DnB NOR Group	
	Jan.-Sept.	2010	Jan.-Sept.	2010	Jan.-Sept.	2010	Jan.-Sept.	2010	Jan.-Sept.	2010	Jan.-Sept.	2010	Jan.-Sept.	2010
<i>Amounts in NOK million</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	10 159	10 145	5 304	4 268	647	704	(267)	(179)	917	1 039	1 701	1 305	18 460	17 283
Interest on allocated capital	426	363	472	451	114	110	342	248	43	27	(1 397)	(1 198)	0	0
Net interest income	10 584	10 508	5 776	4 719	762	814	74	69	960	1 066	304	107	18 460	17 283
Other operating income	2 790	2 720	782	762	3 905	3 235	2 186	2 872	528	507	964	1 507	11 154	11 603
Income attributable to product suppliers	988	916	1 584	1 345	0	0	0	0	0	0	(2 572)	(2 261)	0	0
Net other operating income	3 778	3 635	2 366	2 108	3 905	3 235	2 186	2 872	528	507	(1 608)	(754)	11 154	11 603
Total income	14 362	14 143	8 142	6 827	4 667	4 049	2 260	2 941	1 488	1 573	(1 304)	(648)	29 614	28 886
Other operating expenses	7 906	7 800	1 761	1 596	1 516	1 366	1 757	1 660	1 029	1 358	617	121	14 587	13 901
Cost attributable to product suppliers	482	488	654	540	0	0	0	0	0	0	(1 136)	(1 028)	0	0
Operating expenses	8 388	8 288	2 415	2 136	1 516	1 366	1 757	1 660	1 029	1 358	(519)	(907)	14 587	13 901
Pre-tax operating profit before write-downs	5 974	5 855	5 727	4 691	3 151	2 682	503	1 281	458	215	(785)	260	15 028	14 985
Net gains on fixed and intangible assets	2	1	0	0	0	0	0	0	12	(29)	6	25	20	(2)
Write-downs on loans and guarantees	603	862	838	396	0	0	0	0	1 123	1 509	(45)	(299)	2 519	2 468
Write-downs attributable to product suppliers	0	0	2	4	0	0	0	0	0	0	(2)	(4)	0	0
Pre-tax operating profit	5 372	4 994	4 888	4 292	3 151	2 683	503	1 281	(653)	(1 322)	(732)	587	12 529	12 515

### Comments to the income statement, January-September

DnB NOR recorded a profit for the periode of NOK 8 890 million in the first three quarters of 2011, an increase from NOK 8 778 million in the corresponding period of 2010. The rise in profits mainly reflected higher interest income, while there was a reduction in other operating income and a certain rise in costs. Pre-tax operating profits before write-downs were NOK 15 028 million, up from NOK 14 985 million in the first three quarters of 2010. Average lending volumes increased by NOK 63.5 billion or 5.7 per cent from the first three quarters of 2010. Lending spreads was stable. Net interest income increased by NOK 1 177 million or 6.8 per cent during the period, mainly due to rising volumes. Other operating income declined by NOK 448 million from the first three quarters of 2010. The reduction must be viewed in light of the NOK 1 170 million gain recorded by the Group in 2010 in connection with the merger between the payment services company Nordito and the Danish PBS Holding. Adjusted for the gains from the merger, other operating income rose by NOK 722 million. The weak financial market trend had a negative impact on the profit performance of Vital, especially in the third quarter, while there was a healthy underlying income trend in the other business areas during the period. Operating expenses before impairment losses for goodwill and intangible assets rose by NOK 1 276 million from the first three quarters of 2010. Adjusted for the reversal of costs for contractual pension agreements (CPA) of NOK 367 million in 2010, there was a NOK 909 million increase in costs. The cost increase must be seen in association with the rise in income and higher activity levels. Among other things, DnB NOR has escalated its IT initiatives over the past year parallel to a strong increase in market and customer activities both in and outside Norway. At NOK 2 519 million, the Group's write-downs on loans and guarantees were relatively unchanged from the first three quarters of 2010. There was an increase in collective write-downs, and a significant reduction in individual write-downs. Return on equity was 10.6 per cent, down from 12.4 per cent in the first three quarters of 2010. Earnings per share were NOK 5.47 in the first three quarters of 2011 and NOK 5.83 in the year-earlier period. Together, DnB NOR Eiendom and Postbanken Eiendom were Norway's largest real estate brokerage operation in the first half of 2011, with just over 12 000 sold properties, a 17 per cent increase from the year-earlier period. The name change from DnB NOR to DNB and the process to include the Group's products and services under the new brand name are on schedule. The name change will be implemented on 11 November 2011.

## Note 4 Segments (continued)

### Vital

The business area Insurance and Asset Management in DnB NOR comprises Vital Forsikring ASA and DnB NOR Kapitalforvaltning Holding AS and their respective subsidiaries, in addition to DnB NOR Skadeforsikring. 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. Operations are thus different from operations in the rest of the Group. Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by the Norwegian Ministry of Finance. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group's access to revenues and assets from life insurance operations. The tables below describe the income statement, balance sheet and key figures for Vital.

<b>Income statement</b> <sup>1)</sup>	3rd quarter		January-September		<b>Vital</b>
	2011	2010	2011	2010	Full year 2010
<i>Amounts in NOK million</i>					
Commissions and fees receivable etc.	567	579	1 735	1 719	2 303
Commissions and fees payable etc.	74	87	237	268	358
Net gains on assets in Vital	(5 275)	4 152	1 540	8 655	15 068
Guaranteed returns and allocations to policyholders in Vital	(4 208)	3 324	1 648	7 621	13 500
Premium income etc. included in the risk result in Vital	1 213	1 164	3 650	3 479	4 721
Insurance claims etc. included in the risk result in Vital	1 017	1 195	3 606	3 729	4 977
Other income	5		20	0	0
<b>Net other operating income</b>	<b>(372)</b>	<b>1 289</b>	<b>1 455</b>	<b>2 235</b>	<b>3 258</b>
<b>Total income</b>	<b>(372)</b>	<b>1 289</b>	<b>1 455</b>	<b>2 235</b>	<b>3 258</b>
Salaries and other personnel expenses	162	158	521	486	637
Other expenses	195	185	578	534	779
Depreciation and impairment of fixed and intangible assets	27	27	81	83	118
<b>Total operating expenses</b>	<b>384</b>	<b>371</b>	<b>1 181</b>	<b>1 103</b>	<b>1 534</b>
Net gains on fixed and intangible assets	0	0	0	1	1
<b>Pre-tax operating profit</b>	<b>(756)</b>	<b>918</b>	<b>274</b>	<b>1 133</b>	<b>1 724</b>
Taxes	508	(75)	255	0	(672)
<b>Profit for the period</b> <sup>2)</sup>	<b>(1 264)</b>	<b>993</b>	<b>19</b>	<b>1 133</b>	<b>2 396</b>

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) Breakdown of income statement	3rd quarter		January-September		<b>Vital</b>
	2011	2010	2011	2010	Full year 2010
<i>Amounts in NOK million</i>					
Interest result	(5 540)	2 070	(1 644)	2 811	6 033
Application of/(transferred to) additional allocations	1 586	(38)	1 586	0	(407)
Risk result	202	(22)	67	(233)	(242)
Administration result	(8)	(11)	(30)	(42)	(104)
Upfront pricing of risk and guaranteed rate of return	132	141	395	416	552
Transferred from security reserve	(6)	(9)	(22)	(16)	(14)
Funds transferred to policyholders	(2 877)	1 213	78	1 803	4 093
<b>Pre-tax operating profit in Vital</b>	<b>(756)</b>	<b>918</b>	<b>274</b>	<b>1 133</b>	<b>1 724</b>
Taxes	508	(75)	255	0	(672)
<b>Profit for the period in Vital</b>	<b>(1 264)</b>	<b>993</b>	<b>19</b>	<b>1 133</b>	<b>2 396</b>

## Note 4 Segments (continued)

### Balance sheets <sup>1)</sup>

	30 Sept. 2011	31 Dec. 2010	Vital 30 Sept. 2010
<i>Amounts in NOK million</i>			
<b>Assets</b>			
Lending to and deposits with credit institutions	7 532	4 730	5 932
Lending to customers	996	2 833	2 980
Commercial paper and bonds	52 284	46 574	54 812
Shareholdings <sup>2)</sup>	58 974	60 443	51 864
Financial assets, customers bearing the risk	22 712	23 506	21 903
Financial derivatives	1 505	2 445	2 245
Commercial paper and bonds, held to maturity	69 677	68 038	67 853
Investment property <sup>3)</sup>	37 494	35 961	33 784
Investments in associated companies	16	16	17
Intangible assets	246	256	262
Deferred tax assets	69	629	52
Fixed assets	12	21	27
Other assets	4 135	1 654	3 114
<b>Total assets</b>	<b>255 653</b>	<b>247 107</b>	<b>244 844</b>
<b>Liabilities and equity</b>			
Financial derivatives	2 282	1 299	1 347
Insurance liabilities, customers bearing the risk	22 712	23 506	21 903
Liabilities to life insurance policyholders	209 889	205 550	202 226
Payable taxes	1 085	27	16
Other liabilities	5 724	1 591	5 477
Pension commitments	223	224	222
Subordinated loan capital	2 505	2 497	2 503
<b>Total liabilities</b>	<b>244 420</b>	<b>234 693</b>	<b>233 694</b>
Share capital	1 321	1 321	1 321
Share premium reserve	1 175	1 175	1 175
Other equity	8 737	9 918	8 654
<b>Total equity</b>	<b>11 233</b>	<b>12 413</b>	<b>11 150</b>
<b>Total liabilities and equity</b>	<b>255 653</b>	<b>247 107</b>	<b>244 844</b>

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) Investments in Private Equity, PE, totalled NOK 2.9 billion at end-September 2011. See note 14 Investments in shares.

3) See note 16 Investment property.

### Key figures

	3rd quarter 2011	3rd quarter 2010	January-September 2011	January-September 2010	Vital Full year 2010
<i>Per cent</i>					
Recorded return, excluding unrealised gains on financial instruments <sup>1)</sup>	(1.6)	1.7	1.7	3.8	6.2
Value-adjusted return, excluding unrealised gains on commercial paper and bonds, held to maturity <sup>1)</sup>	(1.7)	2.6	0.4	4.0	6.8
Value-adjusted return, including unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets <sup>1)</sup>	(0.9)	2.8	1.2	4.9	6.9
Capital adequacy ratio at end of period <sup>2)</sup>	9.8	10.1	9.8	10.1	11.0
Core capital ratio at end of period <sup>2)</sup>	8.6	8.6	8.6	8.6	9.7
Solvency margin capital in per cent of requirement at end of period <sup>2) 3)</sup>	154	158	154	158	179

1) Refers to the common portfolio.

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

3) 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

<i>Amounts in NOK million</i>	<b>DnB NOR Group</b>				
	3rd quarter 2011	3rd quarter 2010	January-September 2011 2010		Full year 2010
Interest on loans to and deposits with credit institutions	384	308	976	816	1 061
Interest on loans to customers	12 108	11 303	35 569	31 835	43 411
Interest on impaired commitments	56	90	180	191	247
Interest on commercial paper and bonds	2 480	2 403	7 057	7 054	9 568
Front-end fees etc.	61	60	201	192	287
Other interest income	1 202	640	2 361	1 652	2 334
<b>Total interest income</b>	<b>16 291</b>	<b>14 803</b>	<b>46 344</b>	<b>41 740</b>	<b>56 909</b>
Interest on loans and deposits from credit institutions	1 115	1 297	3 468	3 782	5 008
Interest on deposits from customers	3 642	2 938	10 011	7 981	10 986
Interest on debt securities issued	3 962	3 291	11 067	8 827	12 239
Interest on subordinated loan capital	156	176	466	508	667
Other interest expenses <sup>1)</sup>	1 022	1 123	2 871	3 359	4 573
<b>Total interest expenses</b>	<b>9 897</b>	<b>8 825</b>	<b>27 884</b>	<b>24 457</b>	<b>33 473</b>
<b>Net interest income</b>	<b>6 394</b>	<b>5 978</b>	<b>18 460</b>	<b>17 283</b>	<b>23 436</b>

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

## Note 6 Net commissions and fees receivable

<i>Amounts in NOK million</i>	<b>DnB NOR Group</b>				
	3rd quarter 2011	3rd quarter 2010	January-September 2011 2010		Full year 2010
Money transfer fees receivable	783	803	2 223	2 236	2 957
Fees on asset management services	254	244	832	824	1 096
Fees on custodial services	71	69	238	220	295
Fees on securities broking	59	58	217	217	303
Corporate finance	107	157	331	401	608
Interbank fees	24	25	69	72	97
Credit broking commissions	190	112	455	274	474
Sales commissions on insurance products	646	682	1 965	1 954	2 579
Sundry commissions and fees receivable on banking services	234	218	716	641	851
<b>Total commissions and fees receivable etc.</b>	<b>2 368</b>	<b>2 367</b>	<b>7 048</b>	<b>6 840</b>	<b>9 261</b>
Money transfer fees payable	277	286	771	788	1 112
Commissions payable on fund management services	33	34	102	95	121
Fees on custodial services payable	28	28	94	88	112
Interbank fees	32	34	96	105	140
Credit broking commissions	22	36	64	92	48
Commissions payable on the sale of insurance products	26	39	93	119	137
Sundry commissions and fees payable on banking services	162	130	443	423	550
<b>Total commissions and fees payable etc.</b>	<b>580</b>	<b>587</b>	<b>1 664</b>	<b>1 710</b>	<b>2 220</b>
<b>Net commissions and fees receivable</b>	<b>1 788</b>	<b>1 780</b>	<b>5 383</b>	<b>5 130</b>	<b>7 040</b>

## Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	DnB NOR Group				
	3rd quarter 2011	3rd quarter 2010	January-September		Full year
	2011	2010	2011	2010	2010
Dividends	105	95	458	332	387
Net gains on commercial paper and bonds	266	270	369	836	539
Net gains on shareholdings	33	33	(21)	(113)	582
Net gains on other financial instruments <sup>1)</sup>	1 846	(173)	3 457	2 222	3 453
<b>Net gains on financial instruments at fair value</b>	<b>2 250</b>	<b>225</b>	<b>4 263</b>	<b>3 277</b>	<b>4 961</b>

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

## Note 8 Other income

Amounts in NOK million	DnB NOR Group				
	3rd quarter 2011	3rd quarter 2010	January-September		Full year
	2011	2010	2011	2010	2010
Income from owned/leased premises	74	33	153	45	66
Fees on real estate broking	252	220	752	638	860
Net unrealised gains on investment properties	93	0	100	0	0
Miscellaneous operating income <sup>1)</sup>	113	104	395	1 539	1 639
<b>Total other income</b>	<b>531</b>	<b>356</b>	<b>1 400</b>	<b>2 221</b>	<b>2 565</b>

1) The merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010, generated a gain of NOK 1 170 million.

## Note 9 Operating expenses

Amounts in NOK million	DnB NOR Group				
	3rd quarter 2011	3rd quarter 2010	January-September		Full year
	2011	2010	2011	2010	2010
Salaries	1 931	1 772	5 608	5 241	7 071
Employer's national insurance contributions	263	254	791	765	1 025
Pension expenses <sup>1)</sup>	250	221	760	290	448
Restructuring expenses	(4)	13	(1)	55	36
Other personnel expenses	163	160	502	471	680
<b>Total salaries and other personnel expenses</b>	<b>2 603</b>	<b>2 419</b>	<b>7 661</b>	<b>6 821</b>	<b>9 259</b>
Fees <sup>2)</sup>	434	322	1 249	1 072	1 437
IT expenses <sup>2)</sup>	420	421	1 255	1 290	1 635
Postage and telecommunications	87	85	273	278	377
Office supplies	21	21	67	70	99
Marketing and public relations	218	166	708	587	812
Travel expenses	54	52	183	161	244
Reimbursement to Norway Post for transactions executed	43	51	128	115	151
Training expenses	11	12	50	48	75
Operating expenses on properties and premises	328	313	1 029	972	1 280
Operating expenses on machinery, vehicles and office equipment	36	31	109	104	151
Other operating expenses	168	168	573	612	735
<b>Other expenses</b>	<b>1 819</b>	<b>1 641</b>	<b>5 623</b>	<b>5 310</b>	<b>6 995</b>
Impairment losses for goodwill <sup>3)</sup>	0	0	0	194	194
Depreciation and write-downs of fixed and intangible assets <sup>4)</sup>	439	421	1 302	1 576	2 063
<b>Total depreciation and write-downs of fixed and intangible assets</b>	<b>439</b>	<b>421</b>	<b>1 302</b>	<b>1 770</b>	<b>2 256</b>
<b>Total operating expenses</b>	<b>4 862</b>	<b>4 482</b>	<b>14 587</b>	<b>13 901</b>	<b>18 511</b>

1) Pension expenses were reduced by NOK 367 million for the first quarter of 2010 due to the reversal of provisions for contractual early retirement pensions.

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

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

4) See note 17 Intangible assets.

## Note 10 Number of employees/full-time positions

	DnB NOR Group				
	3rd quarter 2011	3rd quarter 2010	January-September		Full year 2010
Number of employees at end of period	13 885	13 481	13 885	13 481	13 365
- of which number of employees abroad	4 551	4 421	4 551	4 421	4 391
Number of employees calculated on a full-time basis at end of period	13 481	13 140	13 481	13 140	13 021
- of which number of employees calculated on a full-time basis abroad	4 468	4 359	4 468	4 359	4 338
Average number of employees	13 708	13 480	13 523	13 504	13 485
Average number of employees calculated on a full-time basis	13 316	13 128	13 145	13 146	13 131

## Note 11 Write-downs on loans and guarantees

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

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

Write-downs on loans and guarantees totalled NOK 1 170 million for the quarter, up NOK 527 million from the third quarter of 2010. Individual write-downs in Retail Banking were reduced by NOK 100 million, while there was a NOK 40 million increase in Large Corporates and International relating to a few large commitments. Individual write-downs in DnB NORD rose by NOK 201 million, which mainly represented write-downs on the home mortgage portfolio in Latvia. There was a NOK 385 million increase in collective write-downs. In the third quarter of 2010, reversals on collective write-downs represented NOK 134 million, while the weakened economic conditions after the summer of 2011 and the situation in the Latvian home mortgage market resulted in additional collective write-downs of NOK 251 million in the third quarter of 2011.

## Note 12 Lending to customers

Amounts in NOK million	DnB NOR Group		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Lending to customers, nominal amount	1 169 652	1 057 383	1 027 593
Individual write-downs	9 266	9 207	9 376
Lending to customers, after individual write-downs	1 160 386	1 048 177	1 018 217
+ Accrued interest and amortisation	2 269	1 952	1 760
- Individual write-downs of accrued interest and amortisation	726	658	670
- Collective write-downs	2 204	1 872	2 315
Lending to customers, at amortised cost	1 159 725	1 047 598	1 016 991
Lending to customers, nominal amount	86 701	121 834	133 408
+ Accrued interest	443	549	1 013
+ Adjustment to fair value	608	359	589
Lending to customers, at fair value <sup>1)</sup>	87 752	122 742	135 010
<b>Lending to customers</b>	<b>1 247 477</b>	<b>1 170 341</b>	<b>1 152 001</b>

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

## Note 13 Net impaired loans and guarantees for principal customer groups <sup>1)</sup>

<i>Amounts in NOK million</i>	<b>DnB NOR Group</b>		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Private individuals <sup>2)</sup>	3 793	4 481	4 708
Transportation by sea and pipelines, vessel construction	279	810	2 234
Real estate	2 724	2 503	2 723
Manufacturing	2 246	3 165	2 917
Services	1 100	1 521	1 482
Trade	511	698	718
Oil and gas	0	0	310
Transportation and communication	412	490	1 359
Building and construction	618	1 710	1 027
Power and water supply	2	25	95
Seafood	60	10	21
Hotels and restaurants	318	351	364
Agriculture and forestry	284	279	270
Central and local government	0	0	0
Other sectors	17	53	51
Total customers	12 364	16 097	18 279
Credit institutions	0	0	0
Total net impaired loans and guarantees	12 364	16 097	18 279
Non-performing loans and guarantees not subject to write-downs	2 102	2 313	2 545
Total net non-performing and doubtful loans and guarantees	14 466	18 409	20 824

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

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

## Note 14 Investments in shares

Investments in shares are carried at fair value. Measurement at fair value is described in Accounting principles in the annual report for 2010.

When determining the fair value of Private Equity investments, PE, the "International Private Equity and Venture Capital Valuation Guidelines" and similar guidelines are used. The method used is one of several instruments to determine the best estimate of fair values for investments in not very liquid equity instruments and is based on reports on returns from portfolio companies, with a time lag of approximately three months. The time lag in the access to information could be a challenge in relation to the valuation of the PE portfolio. On each reporting date, a special method is therefore used to make the required adaptations. A description of the model can be found in note 1 Important accounting estimates and discretionary assessments in the annual report for 2010.

<b>Private Equity investments</b>	<b>DnB NOR Group</b>		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
<i>Amounts in NOK million</i>			
Private Equity and Management Buyout Funds in DnB NOR Bank Group	397	459	385
Private Equity investments in Vital	2 933	2 816	2 681
Total Private Equity investments	3 330	3 275	3 066

## Note 15 Commercial paper and bonds, held to maturity

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

### Measurement of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement at end-September 2011, the portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the portfolio in the first nine months of 2011, there would have been a NOK 1.5 billion reduction in profits.

### Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 30 September 2011 was NOK 2.1 billion higher than if the previous valuation principle had been retained. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, compared with NOK 42.4 billion at end-September 2011. The average term to maturity of the portfolio is 3.8 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 15 million at end-September 2011.

#### Effects on profits of the reclassification

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

#### Effects on the balance sheet of the reclassification

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

#### Development in the portfolio after the reclassification

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

## Note 15 Commercial paper and bonds, held to maturity (continued)

### DnB NOR Markets' international bond portfolio

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

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

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

The average term to maturity of DnB NOR Markets' international bond portfolio is 3.3 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 23 million at end-September 2011.

### Commercial paper and bonds, held to maturity

Amounts in NOK million	DnB NOR Group		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
DnB NOR Markets	97 871	112 567	113 209
Vital	69 677	68 038	67 853
Other units <sup>1)</sup>	(1 700)	(1 144)	(1 047)
<b>Commercial paper and bonds, held to maturity</b>	<b>165 849</b>	<b>179 461</b>	<b>180 015</b>

1) Including eliminations of Vital's investments in bonds issued by DnB NOR Boligkreditt.

### Vital Forsikring

Vital Forsikring's portfolio of held-to-maturity bonds represents bonds issued by highly creditworthy borrowers. At end-September 2011, bonds with government guarantees represented approximately 24 per cent of the portfolio. The remaining bonds are generally issued by municipalities/county municipalities and finance companies with sound creditworthiness. All investments in bonds issued by finance companies represent senior debt, which has the highest ranking in the capital structure and first priority if the issuer goes bankrupt. Only in exceptional cases does Vital invest in bonds issued by traditional manufacturing companies.

## Note 16 Investment property

Investment properties in the Group are principally owned by Vital Forsikring. Vital's portfolio totalled NOK 37 494 million as at 30 September 2011.

At end-September, a review was made of the Norwegian investment properties, based on Vital's valuation model. As a supplement to the values in the internal model, appraisals were obtained from independent, external appraisers for properties representing 39 per cent of the values in the property portfolio in Norway. Calculations in the model and balance sheet values were 0.3 per cent higher than the average of the external appraisals. The Group's valuations are based on the best available information regarding the properties' characteristics and values. Increased levels of activity in both the rental and transaction market ensure greater access to market information, which makes both internal and external valuations less uncertain.

With effect from the third quarter of 2011, the same rate of return of 8.5 per cent is used in the internal valuation model for all periods. Previously, one rate was used during the contract period while another was used outside the contract period. The results of the review on 30 September 2011 are considered to be consistent with the market, based on relevant transactions in the market, external appraisals during the last few quarters and Vital Eiendom's market view.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Based on the current portfolio and contract structure, and other things equal, a 0.25 percentage point reduction in the required rate of return will increase the value of the property portfolio by 4.0 per cent or NOK 982 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 4.3 per cent or NOK 1 049 million.

In line with established practice, the valuation of properties in Sweden and the portfolio in Vital Eiendomsfond was based on an external valuation in the third quarter. Other partially owned properties are subject to a semi-annual external valuation.

The value of investment property in Vital was adjusted upwards by NOK 405 million from end-June 2011 to end-September 2011. The value increased by NOK 720 million from year-end 2010.

### Changes in the value of investment properties

<i>Amounts in NOK million</i>	<b>DnB NOR Group</b> Investment property
<b>Recorded value as at 31 December 2009</b>	<b>33 381</b>
Additions, purchases of new properties	77
Additions, capitalised investments	788
Additions, acquired companies	0
Net gains resulting from adjustment to fair value	51
Net gains resulting from adjustment to fair value of projects	(10)
Disposals	247
Exchange rate movements etc.	459
<b>Recorded value as at 30 September 2010 <sup>1)</sup></b>	<b>34 498</b>
<b>Recorded value as at 31 December 2010</b>	<b>38 834</b>
Additions, purchases of new properties	1 189
Additions, capitalised investments	595
Additions, acquired companies <sup>2)</sup>	1 811
Net gains resulting from adjustment to fair value	788
Net gains resulting from adjustment to fair value of projects	32
Disposals	404
Exchange rate movements etc.	(42)
<b>Recorded value as at 30 September 2011 <sup>1)</sup></b>	<b>42 802</b>

1) The value of investment properties in Vital was NOK 37 494 million as at 30 September 2011 and NOK 33 784 million as at 30 September 2010.

2) See note 3 Changes in group structure for information about acquired companies.

## Note 17 Intangible assets

<i>Amounts in NOK million</i>	<b>DnB NOR Group</b>		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Goodwill <sup>1)</sup>	5 295	5 378	5 381
IT systems development <sup>1)</sup>	1 548	1 416	1 213
Other intangible assets	308	370	406
<b>Total intangible assets</b>	<b>7 151</b>	<b>7 164</b>	<b>7 000</b>

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

## Note 18 Debt securities issued and subordinated loan capital

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

Debt securities issued	DnB NOR Group		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
<i>Amounts in NOK million</i>			
Commercial paper issued, nominal amount	205 599	153 934	175 332
Bond debt, nominal amount <sup>1)</sup>	373 116	336 912	340 144
Adjustments	17 551	10 823	17 838
<b>Total debt securities issued</b>	<b>596 266</b>	<b>501 668</b>	<b>533 313</b>

Changes in debt securities issued	DnB NOR Group					
	Balance sheet 30 Sept. 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	205 599	193 911	142 292	46		153 934
Bond debt, nominal amount <sup>1)</sup>	373 116	113 329	81 407	4 282		336 912
Adjustments	17 551				6 728	10 823
<b>Total debt securities issued</b>	<b>596 266</b>	<b>307 240</b>	<b>223 699</b>	<b>4 329</b>	<b>6 728</b>	<b>501 668</b>

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Group					
	Balance sheet 30 Sept. 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	14 365		2 923	121		17 167
Perpetual subordinated loan capital, nominal amount	4 845		2 263	103		7 005
Perpetual subordinated loan capital securities, nominal amount <sup>2)</sup>	5 958		2 338	55		8 241
Adjustments	1 327				262	1 065
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>26 495</b>	<b>0</b>	<b>7 524</b>	<b>279</b>	<b>262</b>	<b>33 479</b>

1) Minus own bonds. Outstanding covered bonds in DnB NOR Boligkreditt totalled NOK 331.3 billion as at 30 September 2011. The cover pool represented NOK 440.9 billion.

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

## Note 19 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 Bank ASA		DnB NOR Bank Group		DnB NOR Group	
	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.
<i>Amounts in NOK million</i>	2011	2010	2011	2010	2011	2010
Share capital	17 514	17 514	17 514	17 514	16 273	16 232
Other equity	65 340	61 582	70 656	72 344	88 613	94 964
Total equity	82 854	79 096	88 170	89 859	104 885	111 196
Deductions						
Pension funds above pension commitments	0	0	(25)	(16)	(181)	(119)
Goodwill	(2 409)	(2 419)	(3 879)	(3 472)	(5 751)	(5 378)
Deferred tax assets	(529)	(481)	(476)	(324)	(573)	(977)
Other intangible assets	(1 064)	(1 159)	(2 061)	(1 963)	(2 309)	(2 219)
Dividends payable etc.	0	0	0	(6 000)	0	(6 515)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(1 018)	(1 024)	(1 018)	(1 024)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(903)	(515)	(869)	(666)	(869)	(666)
Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	14	94	(473)	(346)	(473)	(346)
Equity Tier 1 capital	76 946	73 592	79 339	76 018	94 699	94 946
Perpetual subordinated loan capital securities <sup>1) 2)</sup>	5 958	8 241	6 140	8 423	6 140	8 423
Tier 1 capital	82 903	81 833	85 478	84 441	100 839	103 368
Perpetual subordinated loan capital	4 845	7 004	4 845	7 004	4 845	7 004
Term subordinated loan capital <sup>2)</sup>	14 279	17 085	14 821	17 775	14 821	17 775
Deductions						
50 per cent of investments in other financial institutions	(1 018)	(1 024)	(1 018)	(1 024)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(903)	(515)	(869)	(666)	(869)	(666)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	17 202	22 549	17 797	23 108	18 815	24 132
Total eligible primary capital <sup>3)</sup>	100 106	104 382	103 276	107 548	119 654	127 500
Risk-weighted volume	843 984	738 194	1 010 928	918 659	1 126 388	1 028 404
Minimum capital requirement	67 519	59 056	80 874	73 493	90 111	82 272
Equity Tier 1 capital ratio (%)	9.1	10.0	7.8	8.3	8.4	9.2
Tier 1 capital ratio (%)	9.8	11.1	8.5	9.2	9.0	10.1
Capital ratio (%)	11.9	14.1	10.2	11.7	10.6	12.4
Equity Tier 1 capital ratio including 50 per cent of profit for the period (%)	9.1	-	7.8	-	8.8	-
Tier 1 capital ratio including 50 per cent of profit for the period (%)	9.8	-	8.5	-	9.3	-
Capital ratio including 50 per cent of profit for the period (%)	11.9	-	10.2	-	11.0	-

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

2) As at 30 September 2011, calculations of capital adequacy for the banking group and DnB NOR Group included a total of NOK 638 million in subordinated loan capital in associated companies.

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

## Note 19 Capital adequacy (continued)

### Specification of risk-weighted volume and capital requirements

	Nominal exposure		Risk-weighted volume	DnB NOR Group Capital requirements	
	30 Sept. 2011	EAD <sup>1)</sup> 30 Sept. 2011		30 Sept. 2011	30 Sept. 2011
<i>Amounts in NOK million</i>					
<b>IRB approach</b>					
Corporate	794 917	686 095	363 912	29 113	25 103
Specialised Lending (SL)	4 153	4 089	2 071	166	117
Retail - mortgage loans	527 896	527 896	67 593	5 407	4 533
Retail - other exposures	88 076	72 672	23 361	1 869	1 778
Securitisation	97 871	97 871	10 337	827	735
<b>Total credit risk, IRB approach</b>	<b>1 512 912</b>	<b>1 388 623</b>	<b>467 275</b>	<b>37 382</b>	<b>32 266</b>
<b>Standardised approach</b>					
Central government	86 629	102 367	54	4	146
Institutions	139 393	115 325	25 623	2 050	1 783
Corporate	394 708	292 362	278 817	22 305	19 607
Specialised Lending (SL)	0	0	0	0	476
Retail - mortgage loans	45 887	41 159	20 165	1 613	1 294
Retail - credit card exposures (QRRE)	1	1	0	0	0
Retail - other exposures	82 160	43 847	32 563	2 605	2 474
Equity positions	3 939	3 939	4 028	322	372
Securitisation	5 300	5 300	1 013	81	117
Other assets	12 494	12 494	12 494	999	688
<b>Total credit risk, standardised approach</b>	<b>770 511</b>	<b>616 793</b>	<b>374 757</b>	<b>29 981</b>	<b>26 957</b>
<b>Total credit risk</b>	<b>2 283 424</b>	<b>2 005 416</b>	<b>842 032</b>	<b>67 363</b>	<b>59 224</b>
<b>Market risk, standardised approach</b>			38 775	3 102	2 466
Of which: Position risk, equity-and debt instruments			38 775	3 102	2 466
Currency risk			0	0	0
<b>Operational risk</b>			61 944	4 956	4 956
Net insurance, after eliminations			118 726	9 498	9 008
Deductions			(700)	(56)	(39)
Total risk-weighted volume and capital requirements before transitional rule			1 060 777	84 862	75 614
Additional capital requirements according to transitional rules <sup>2)</sup>			65 611	5 249	6 658
<b>Total risk-weighted volume and capital requirements</b>			<b>1 126 388</b>	<b>90 111</b>	<b>82 272</b>

1) EAD, exposure at default.

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

## Note 19 Capital adequacy (continued)

### Basel II implementation

#### Further progress

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

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

1) There is only one IRB approach for retail exposures and securitisation positions.

2) Reported according to the IRB category Retail - other exposures.

## Note 20 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations. The Board of Directors in DnB NOR Bank ASA has established internal limits which restrict the short-term maturity of liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. The Group's ratio of deposits to lending was 60.3 per cent at end-September 2011, up from 52.6 per cent a year earlier. The high ratio also reflected short-term money market deposits. During the same period, the ratio of deposits to lending in DnB NOR Bank ASA increased from 89.1 to 104.6 per cent.

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

As at 30 September 2011, the average remaining term to maturity for the portfolio of bond debt was 4.4 years, compared with 3.4 years a year earlier. DnB NOR aims to achieve a sound and stable maturity structure for funding over the next five years.

## Note 21 Information on related parties

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Major transactions and agreements with related parties:

### **Eksportfinans**

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DnB NOR Bank ASA's share of the agreement corresponded to 40 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S, approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement was renewed in June 2009, June 2010 and June 2011. The renewal in 2010 resulted in a reduction in the limit for the liquidity reserve to USD 2 billion. DnB NOR Bank ASA's share of this agreement represents approximately USD 1.1 billion. Eksportfinans has not availed itself of this credit line.

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

### **Stimulus packages**

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

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

The bank has purchased bonds from Boligkreditt, which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39.20 Financial Instruments – Recognition and Measurement. The bank is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds are treated as own bonds and netted against issued bonds in Boligkreditt.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-September 2011, this funding represented NOK 76 billion. At end-September 2011, the bank's investments in Treasury bills used in the swap agreements represented NOK 50.3 billion.

## Note 22 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information		DnB NOR Group		
		30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
<i>Amounts in NOK million</i>				
Performance guarantees <sup>1)</sup>		51 060	36 323	37 999
Payment guarantees		23 264	22 111	19 203
Loan guarantees <sup>2)</sup>		14 293	9 690	11 305
Guarantee to the Norwegian Banks' Guarantee Fund		0	498	498
Guarantees for taxes etc.		5 272	4 547	4 698
Other guarantee commitments		2 320	3 052	3 454
Total guarantee commitments		96 209	76 221	77 157
Support agreements		9 457	7 695	7 939
Total guarantee commitments etc. <sup>*)</sup>		105 666	83 916	85 095
Unutilised credit lines and loan offers		511 726	412 653	443 319
Documentary credit commitments <sup>1)</sup>		3 523	3 196	2 786
Other commitments		1 483	1 947	2 359
Total commitments		516 732	417 796	448 464
Total guarantee and off-balance commitments		622 398	501 712	533 559
Securities		139 713	169 664	171 063
- are pledged as security for:				
Loans <sup>3)</sup>		139 587	169 539	170 935
Other activities		126	125	128

*\*) Of which counter-guaranteed by financial institutions* 20            15            202

- 1) *With effect from the fourth quarter of 2010, documentary credit commitments which are not related to deliveries of goods have been reclassified from documentary credit commitments to performance guarantees. Figures for previous periods have been adjusted accordingly.*
- 2) *DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which the bank has issued guarantees. According to the agreement, DnB NOR Bank still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 10 535 million were recorded in the balance sheet as at 30 September 2011. These loans are not included under guarantees in the table.*
- 3) *As at 30 September 2011, NOK 75 361 million in securities was pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank.*

### Contingencies

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

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

Ivar Petter Røeggen has instituted legal proceedings against DnB NOR Bank ASA, claiming that two investment agreements for structured products be declared null and void. The Borgarting Court of Appeal found in favour of the bank on 30 September 2011. The disputed amount only applies to the civil action in question, which must be evaluated as a separate case. The judgment is not final.

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

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

KLP Kreditt AS has instituted legal proceedings against DnB NOR Bank ASA, claiming repayment of too high guarantee commissions paid and has contended that the bank is not entitled to regulate guarantee commission rates for a loan portfolio of just under NOK 2 billion in excess of an alleged agreed fixed rate. The Oslo District Court found in favour of the bank on 3 June 2011. The judgment is final.

### Post-balance sheet events

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

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

# DnB NOR ASA

## Income statement

Amounts in NOK million	DnB NOR ASA			
	3rd quarter 2011	3rd quarter 2010	January-September 2011	Full year 2010
Total interest income	136	130	364	471
Total interest expenses	100	105	283	396
<b>Net interest income</b>	<b>36</b>	<b>24</b>	<b>81</b>	<b>74</b>
Commissions and fees payable etc.	1	1	5	6
Other income <sup>1)</sup>	0	0	0	9 533
<b>Net other operating income</b>	<b>(1)</b>	<b>(1)</b>	<b>(5)</b>	<b>9 527</b>
<b>Total income</b>	<b>35</b>	<b>23</b>	<b>77</b>	<b>9 602</b>
Salaries and other personnel expenses	1	1	4	6
Other expenses	63	55	183	213
Depreciation and write-downs of fixed and intangible assets	0	0	0	0
<b>Total operating expenses</b>	<b>64</b>	<b>56</b>	<b>187</b>	<b>219</b>
<b>Pre-tax operating profit</b>	<b>(30)</b>	<b>(33)</b>	<b>(110)</b>	<b>9 383</b>
Taxes	(8)	(9)	(31)	2 292
<b>Profit for the period</b>	<b>(22)</b>	<b>(24)</b>	<b>(80)</b>	<b>7 092</b>
Earnings/diluted earnings per share (NOK)	(0.01)	(0.01)	(0.05)	4.35
Earnings per share excluding operations held for sale (NOK)	(0.01)	(0.01)	(0.05)	4.35

1) Dividends from group companies/group contributions.

## Balance sheet

Amounts in NOK million	DnB NOR ASA		
	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
<b>Assets</b>			
Deposits with DnB NOR Bank ASA	18 289	25 981	18 721
Lending to other group companies	225	225	225
Investments in group companies	51 216	51 216	51 126
Receivables due from Vital	0	4 833	0
Other assets	31	0	31
<b>Total assets</b>	<b>69 761</b>	<b>82 255</b>	<b>70 103</b>
<b>Liabilities and equity</b>			
Loans from and outstandings to DnB NOR Bank ASA	10 353	10 240	11 273
Outstandings to other group companies	0	5 171	0
Other liabilities and provisions	3	7 360	0
Paid-in capital	38 844	38 844	38 844
Retained earnings	20 560	20 640	19 984
<b>Total liabilities and equity</b>	<b>69 761</b>	<b>82 255</b>	<b>70 103</b>

## Statement of changes in equity

Amounts in NOK million	DnB NOR ASA			
	Share capital	Share premium reserve	Other equity	Total equity
<b>Balance sheet as at 31 December 2009</b>	<b>16 288</b>	<b>22 556</b>	<b>20 064</b>	<b>58 908</b>
Profit for the period			(79)	(79)
<b>Balance sheet as at 30 September 2010</b>	<b>16 288</b>	<b>22 556</b>	<b>19 984</b>	<b>58 829</b>
<b>Balance sheet as at 31 December 2010</b>	<b>16 288</b>	<b>22 556</b>	<b>20 640</b>	<b>59 484</b>
Profit for the period			(80)	(80)
<b>Balance sheet as at 30 September 2011</b>	<b>16 288</b>	<b>22 556</b>	<b>20 560</b>	<b>59 405</b>

## 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). 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 2010.

# Key figures

	<b>DnB NOR Group</b>				
	3rd quarter	3rd quarter	January-September	Full year	
	2011	2010	2011	2010	2010
<b>Interest rate analysis</b>					
1. Combined weighted total average spread for lending and deposits (%)	1.11	1.16	1.11	1.14	1.15
2. Average spread for ordinary lending to customers (%)	1.55	1.57	1.57	1.58	1.61
3. Average spread for deposits from customers (%)	0.33	0.41	0.31	0.34	0.32
<b>Rate of return/profitability</b>					
4. Net other operating income, per cent of total income	36.7	35.7	37.7	40.2	40.8
5. Cost/income ratio (%)	48.2	48.2	49.3	49.4	47.6
6. Return on equity, annualised (%)	8.8	11.8	10.6	12.4	13.6
7. RARORAC, annualised (%)	11.5	19.1	16.7	18.5	19.0
8. RORAC, annualised (%)	13.4	19.1	17.7	19.8	25.2
9. Average equity including allocated dividend (NOK million)	112 649	103 920	112 656	101 999	103 292
10. Return on average risk-weighted volume, annualised (%)	0.92	1.11	1.13	0.94	1.17
<b>Financial strength</b>					
11. Tier 1 capital ratio at end of period (%)	9.0	9.2	9.0	9.2	10.1
12. Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	9.3	9.7	9.3	9.7	-
13. Capital ratio at end of period (%)	10.6	11.7	10.6	11.7	12.4
14. Capital ratio incl. 50 per cent of profit for the period (%)	11.0	12.1	11.0	12.1	-
15. Tier 1 capital at end of period (NOK million)	100 839	98 529	100 839	98 529	103 368
16. Risk-weighted volume at end of period (NOK million)	1 126 388	1 066 639	1 126 388	1 066 639	1 028 404
<b>Loan portfolio and write-downs</b>					
17. Individual write-downs relative to average net lending to customers, annualised	0.30	0.27	0.25	0.37	0.36
18. Write-downs relative to average net lending to customers, annualised	0.38	0.22	0.28	0.29	0.26
19. Net non-performing and net doubtful commitments, per cent of net lending	1.14	1.77	1.14	1.77	1.55
20. Net non-performing and net doubtful commitments at end of period (NOK million)	14 466	20 824	14 466	20 824	18 409
<b>Liquidity</b>					
21. Ratio of customer deposits to net lending to customers at end of period (%)	60.3	52.6	60.3	52.6	54.8
<b>Total assets owned or managed by DnB NOR</b>					
22. Customer assets under management at end of period (NOK billion)	490	496	490	496	509
23. Total combined assets at end of period (NOK billion)	2 439	2 134	2 439	2 134	2 141
24. Average total assets (NOK billion)	2 139	1 987	2 132	1 961	1 970
25. Customer savings at end of period (NOK billion)	1 243	1 103	1 243	1 103	1 151
<b>Staff</b>					
26. Number of full-time positions at end of period	13 481	13 140	13 481	13 140	13 021
<b>The DnB NOR share</b>					
27. Number of shares at end of period (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
28. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
29. Earnings per share (NOK)	1.53	1.90	5.47	5.83	8.66
30. Earnings per share excluding operations held for sale (NOK)	1.52	1.88	5.47	5.82	8.62
31. Dividend per share (NOK)	-	-	-	-	4.00
32. Total shareholders' return (%)	(21.0)	26.8	(24.1)	30.9	33.9
33. Dividend yield (%)	-	-	-	-	4.88
34. Equity per share including allocated dividend at end of period (NOK)	69.85	64.64	69.85	64.64	68.27
35. Share price at end of period (NOK)	59.40	80.05	59.40	80.05	81.90
36. Price/earnings ratio	9.78	10.64	8.14	10.31	9.50
37. Price/book value	0.85	1.24	0.85	1.24	1.20
38. Market capitalisation (NOK billion)	96.8	130.4	96.8	130.4	133.4

For definitions of selected key figures, see next page.

## Key figures (continued)

### Definitions

- 1, 2, 3 Based on nominal values excluding impaired loans, measured against the 3-month money market rate.
- 5 Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and other intangible assets and reversals of provisions for contractual early retirement pensions. Total income excludes a gain resulting from the merger between the payment services company Nordito and the Danish PBS Holding in the second quarter of 2010.
- 6 Profit for the period, excluding profit attributable to minority interests. Average equity is calculated on the basis of recorded equity excluding minority interests.
- 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 "Capital management and risk categories" in the DnB NOR Group's annual report for 2010.
- 8 RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement. Profits for the period exclude profits attributable to minority interests and are adjusted for the difference between recorded interest on average equity and interest on risk-adjusted capital.
- 10 Profit for the period relative to average risk-weighted volume.
- 22 Total assets under management for customers in Insurance and Asset Management.
- 23 Total assets and customer assets under management.
- 25 Total deposits from customers, assets under management and equity-linked bonds.
- 27 The Annual General Meeting on 28 April 2011 authorised the Board of Directors of DnB NOR ASA to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 28 April 2011. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with Norwegian Government/Ministry of Trade and Industry for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares.
- 29 Excluding profits attributable to minority interests. Holdings of own shares are not included in calculations of earnings per share.
- 30 Excluding operations held for sale and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
- 32 Closing price at end of period less closing price at beginning of period, including dividends reinvested in DnB NOR shares on the dividend payment date, relative to closing price at beginning of period.
- 34 Equity at end of period excluding minority interests relative to number of shares at end of period.
- 36 Closing price at end of period relative to annualised earnings per share.
- 37 Closing price at end of period relative to recorded equity at end of period.
- 38 Number of shares multiplied by the closing share price at end of period.

# Profit and balance sheet trends

## Income statement

	<b>DnB NOR Group</b>				
	3rd quarter	2nd quarter	1st quarter	4th quarter	3rd quarter
<i>Amounts in NOK million</i>	2011	2011	2011	2010	2010
Total interest income	16 291	15 150	14 902	15 168	14 803
Total interest expenses	9 897	9 102	8 884	9 015	8 825
<b>Net interest income</b>	<b>6 394</b>	<b>6 048</b>	<b>6 018</b>	<b>6 153</b>	<b>5 978</b>
Commissions and fees receivable etc.	2 368	2 366	2 314	2 420	2 367
Commissions and fees payable etc.	580	553	532	511	587
Net gains on financial instruments at fair value	2 250	1 351	662	1 684	225
Net gains on assets in Vital	(5 266)	3 349	3 481	6 404	4 156
Guaranteed returns and allocations to policyholders in Vital	(4 208)	2 884	2 972	5 879	3 324
Premium income etc. included in the risk result in Vital	1 213	1 211	1 226	1 242	1 164
Insurance claims etc. included in the risk result in Vital	1 017	1 355	1 234	1 248	1 195
Premium income non-life insurance	292	218	295	273	260
Insurance claims etc. non-life insurance	218	164	242	249	206
Profit from companies accounted for by the equity method	(79)	(28)	72	72	99
Other income	531	472	397	343	356
<b>Net other operating income</b>	<b>3 703</b>	<b>3 984</b>	<b>3 467</b>	<b>4 553</b>	<b>3 315</b>
<b>Total income</b>	<b>10 097</b>	<b>10 032</b>	<b>9 485</b>	<b>10 706</b>	<b>9 294</b>
Salaries and other personnel expenses	2 603	2 614	2 444	2 438	2 419
Other expenses	1 819	1 874	1 930	1 685	1 641
Depreciation and write-downs of fixed and intangible assets	439	444	419	487	421
<b>Total operating expenses</b>	<b>4 862</b>	<b>4 931</b>	<b>4 793</b>	<b>4 610</b>	<b>4 482</b>
Net gains on fixed and intangible assets	6	9	5	26	(11)
Write-downs on loans and guarantees	1 170	457	892	529	643
<b>Pre-tax operating profit</b>	<b>4 072</b>	<b>4 652</b>	<b>3 805</b>	<b>5 593</b>	<b>4 157</b>
Taxes	1 604	1 116	913	367	1 149
Profit from operations and non-current assets held for sale, after taxes	25	11	(41)	57	30
<b>Profit for the period</b>	<b>2 493</b>	<b>3 546</b>	<b>2 851</b>	<b>5 284</b>	<b>3 038</b>
Earnings/diluted earnings per share (NOK)	1.53	2.18	1.76	3.25	1.90

## Profit and balance sheet trends (continued)

Balance sheet	DnB NOR Group				
	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	276 593	15 828	242 242	16 198	16 049
Lending to and deposits with credit institutions	56 432	41 096	72 781	47 792	50 369
Lending to customers	1 247 477	1 201 961	1 173 213	1 170 341	1 152 001
Commercial paper and bonds	157 164	187 293	195 390	204 204	213 326
Shareholdings	72 069	79 154	75 602	75 179	66 534
Financial assets, customers bearing the risk	22 712	23 689	23 875	23 506	21 903
Financial derivatives	110 664	67 627	71 282	78 156	99 179
Commercial paper and bonds, held to maturity	165 849	165 706	173 167	179 461	180 015
Investment property	42 802	41 134	38 997	38 834	34 498
Investments in associated companies	2 050	2 157	2 346	2 307	1 912
Intangible assets	7 151	7 071	7 174	7 164	7 000
Deferred tax assets	505	173	1 262	915	227
Fixed assets	6 010	5 968	5 842	5 793	5 673
Operations and non-current assets held for sale	1 206	1 172	1 326	1 271	1 304
Other assets	14 417	13 818	12 571	10 499	13 467
<b>Total assets</b>	<b>2 183 100</b>	<b>1 853 848</b>	<b>2 097 070</b>	<b>1 861 620</b>	<b>1 863 457</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	356 347	207 494	384 704	257 931	258 063
Deposits from customers	752 660	647 880	678 402	641 914	606 502
Financial derivatives	75 908	51 018	59 165	60 871	69 256
Debt securities issued	596 266	538 314	566 214	501 668	533 313
Insurance liabilities, customers bearing the risk	22 712	23 689	23 875	23 506	21 903
Liabilities to life insurance policyholders	209 889	213 390	212 773	205 550	202 226
Insurance liabilities, non-life insurance	1 644	1 445	900	1 091	1 051
Payable taxes	3 729	2 092	4 577	4 865	3 687
Deferred taxes	205	219	185	116	510
Other liabilities	19 188	25 315	17 437	14 738	18 900
Operations held for sale	360	331	350	387	373
Provisions	560	560	586	946	890
Pension commitments	3 360	3 369	3 365	3 361	3 668
Subordinated loan capital	26 495	27 702	30 503	33 479	35 857
<b>Total liabilities</b>	<b>2 069 325</b>	<b>1 742 819</b>	<b>1 983 037</b>	<b>1 750 424</b>	<b>1 756 200</b>
Minority interests	0	0	0	0	1 965
Share capital	16 273	16 253	16 251	16 232	16 233
Share premium reserve	22 609	22 609	22 609	22 609	22 609
Other equity	74 894	72 167	75 173	72 356	66 450
<b>Total equity</b>	<b>113 776</b>	<b>111 028</b>	<b>114 033</b>	<b>111 196</b>	<b>107 257</b>
<b>Total liabilities and equity</b>	<b>2 183 100</b>	<b>1 853 848</b>	<b>2 097 070</b>	<b>1 861 620</b>	<b>1 863 457</b>

# Information about the DnB NOR Group

## Head office DnB NOR ASA

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

## Board of Directors in DnB NOR ASA

Anne Carine Tanum, chairman  
Bjørn Sund, vice-chairman  
Jarle Berge  
Bente Brevik  
Sverre Finstad  
Carl A. Løvvik  
Tore Olaf Rimmereid  
Ingjerd Skjeldrum

## Group management

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Karin Bing Orgland	Group executive vice president, Retail Banking
Leif Teksum	Group executive vice president, Large Corporates and International
Ottar Ertzeid	Group executive vice president, DnB NOR Markets
Tom Rathke	Group executive vice president, Insurance and Asset Management
Liv Fiksdahl	Group executive vice president, Operations
Solveig Hellebust	Group executive vice president, HR
Cathrine Klouman	Group executive vice president, IT
Trond Bentestuen	Group executive vice president, Marketing and Communications
Kari Olrud Moen	Group executive vice president, Corporate Centre

## Investor Relations

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

## Financial calendar 2012

Preliminary results 2011 and fourth quarter 2011	9 February
Annual General Meeting	25 April
Ex-dividend date	26 April
Distribution of dividends	as of 7 May
First quarter 2012	27 April
Second quarter 2012	12 July
Third quarter 2012	25 October

## Other sources of information

### Annual reports

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

### Quarterly publications

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

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

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Translation: Gina Fladmoe and Nathalie Samuelson, DnB NOR.*



