



Q1

**DnB NOR BANK ASA**  
**QUARTERLY REPORT 2010**  
(unaudited)

# Financial highlights

## First quarter 2010

---

- Pre-tax operating profits before write-downs were NOK 4.7 billion (6.0)
- Profit for the period was NOK 2.5 billion (3.1)
- Profit after minority interests was NOK 2.7 billion (3.2)
- Return on equity was 13.2 per cent (17.3)
- The ordinary cost/income ratio was 48.6 per cent (41.3)
- The Tier 1 capital ratio, including 50 per cent of interim profits, was 8.5 per cent (7.3)

Comparable figures for the first quarter of 2009 in parentheses.

There has been no full or partial external audit of the first quarter report and the first quarter accounts, though the report has been reviewed by the Group's Audit.

# Report for the first quarter of 2010

## Introduction

Though the recession still affected the banking group's operations, the DnB NOR Bank Group <sup>1)</sup> recorded healthy profits in the first quarter of 2010. Profit for the period was NOK 2 505 million, down from NOK 3 078 million in the first quarter of 2009. Profits after minority interests increased from NOK 2 705 million in the first quarter of 2009, to NOK 3 238 million. Pre-tax operating profits before write-downs were NOK 4 682 million, down from NOK 5 991 million in the year-earlier period.

The first quarter of 2009 was characterised by financial turmoil and significant financial market volatility, resulting in extensive income from hedging transactions related to currency and interest rate products in DnB NOR Markets and higher market values on the banking group's liabilities. Income returned to a more normalised level in the first quarter of 2010.

Lending volumes declined somewhat through 2009, mainly due to exchange rate movements. Adjusted for these effects, average lending remained virtually unchanged from the first quarter of 2009. Costs for required long-term funding increased considerably compared with the situation prior to the financial crisis, which necessitated wider lending spreads. Average lending spreads were thus somewhat higher than in 2008, but unchanged from the first quarter of 2009.

Reduced costs partly compensated for lower income. Ordinary operating expenses, adjusted for the reversal of costs relating to contractual early retirement pensions, were reduced by NOK 128 million or 3.0 per cent from the first quarter of 2009, which was largely attributable to the banking group's cost programme. The cost reductions resulted from measures such as the streamlining of production functions and customer service, and from reduced procurement costs relating to IT operating services.

Write-downs on loans were reduced from NOK 1 598 million in the first quarter of 2009 to NOK 947 million. The level of write-downs reflected a positive development in the risk situation and a slight improvement in the global economy.

Return on equity was 13.2 per cent, down from 17.3 per cent in the first quarter of 2009.

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

Performance in the first quarter of 2010 still reflected sluggish credit demand and lower demand for some of the banking group's other products. However, market activity increased in the business areas, which is expected to be gradually reflected in the banking group's business volumes and profit figures.

The funding markets functioned normally in the first quarter of 2010, though long-term funding costs were still significantly higher than before the onset of the financial crisis. Expectations in the market of extensive future long-term borrowing needs among banks contributed to keeping banks' funding costs high.

As a result of the financial turmoil, the market and the authorities presented stricter capitalisation requirements for the financial services industry. The Tier 1 capital ratio increased from 7.3 per cent at end-March 2009 to 8.5 per cent at end-March 2010, including 50 per cent of interim profits. The Board of Directors considers the banking group to be well capitalised in relation to regulatory requirements and its Nordic competitors.

Through a legislative enactment, the Norwegian contractual early retirement pension scheme was discontinued in the first quarter of 2010 and replaced by a new scheme. However, all the details and calculations of the banking group's obligations under the new scheme are not yet finalised. The Norwegian Accounting Standards Board (NASB)

has recommended that the changes be recorded as a scaling down and a settlement to the former scheme, and that the new scheme be treated as a multi-company defined benefit pension scheme. In consequence of the enactment, the DnB NOR Bank Group recorded income of NOK 355 million in the first quarter accounts.

The evaluation of the cooperation with NORD/LB and the possible purchase of their 49 per cent ownership interest in DnB NORD, initiated at year-end 2009, is on schedule.

DnB NOR Bank ASA has had a 40 per cent ownership interest in the company Nordito AS, which has been engaged in payment transfers for Norwegian banks through its subsidiaries Teller AS and BBS (the Banks' Central Clearing House). A letter of intent on a merger between Nordito and the corresponding Danish company PBS was signed on 1 November 2009, but required concessions from the authorities in the respective countries. The merger was completed on 14 April 2010. After the merger, DnB NOR Bank ASA's ownership interest in the merged company is 18.2 per cent. The transaction is expected to generate gains of approximately NOK 1 billion for DnB NOR Bank ASA, which will be recorded in the accounts for the second quarter of 2010.

## Income statement

### Net interest income

<i>Amounts in NOK million</i>	1st quarter		1st quarter	
	2010	Change	2009	
Net interest income	5 561	(229)	5 790	
Lending and deposit volumes		150		
Lending and deposit spreads		(116)		
Exchange rate movements		(204)		
Other interest income		(60)		

Net interest income declined by 4.0 per cent from the first quarter of 2009, reflecting a reduction in lending volume in the market in consequence of depreciating exchange rates and limited credit demand. The falling interest rate level in the first quarter of 2009 gave a temporary increase in margin income, while rising interest rate levels in 2010 had corresponding negative effects.

Lending volumes continued to reflect weak credit demand in the first quarter of 2010, especially in the corporate market. The average lending volume declined by NOK 57 billion from the first quarter of 2009, though there was a slight increase through the first quarter of 2010 after a decrease through 2009. Adjusted for exchange rate movements, lending volumes remained virtually unchanged from the first quarter of 2009.

Relative to the 3-month NIBOR rate, average lending spreads were unchanged from the first quarter of 2009, but narrowed slightly compared with the fourth quarter. This was a result of intensifying competition in the market and lags resulting from notification periods for interest rate increases in the retail market.

There was also continued strong competition for deposits, and deposit spreads narrowed by 5 basis points from the first quarter of 2009. However, deposit spreads widened by 5 basis points from the fourth quarter.

### Net other operating income

<i>Amounts in NOK million</i>	1st quarter		1st quarter	
	2010	Change	2009	
Net other operating income	2 861	(1 563)	4 424	
Net stock market-related income		213		
Real estate broking		12		
Net other commissions and fees, including guarantees		12		
Profits from associated companies		(836)		
Net gains on foreign exchange and interest rate instruments <sup>1)</sup>		(1 056)		
Other operating income		(92)		

1) *Excluding guarantees.*

Net other operating income declined by 35.3 per cent from the first quarter of 2009. The market situation during the financial crisis ensured particularly high income at the start of 2009 due to significant market volatility and rising sales of hedging products. There was also strong income from associated companies, particularly Eksportfinans, in the first quarter of 2009 after recognising the effects of changes in credit margins in the income statement. Such income was thus reduced by NOK 836 million in the first quarter of 2010.

### Operating expenses

The banking group's total expenses were reduced by NOK 483 million from the first quarter of 2009 and by NOK 390 million from the fourth quarter of 2009. While the fourth quarter of 2009 reflected impairment losses for goodwill of NOK 338 million, the first quarter of 2010 saw the reversal of provisions for contractual early retirement pensions of NOK 355 million.

The table below shows expenses for the banking group's ordinary operations.

<i>Amounts in NOK million</i>	1st quarter		1st quarter	
	2010	Change	2009	
Total ordinary operating expenses	4 094	(128)	4 223	
Cost programme		(96)		
Restructuring expenses, cost programme		4		
Performance-based pay		(156)		
Pensions		(29)		
Wage and price inflation		129		
Operational leasing		45		
Other operating expenses, including lower activity levels		(25)		

Ordinary operating expenses were reduced by 3.0 per cent from the first quarter of 2009. The banking group's cost programme was a major contributory factor behind the positive cost trend. The most significant effects during this period can be ascribed to the streamlining of the branch network and production processes and reduced costs for the purchase of IT operating services. Adjustments to the market situation, which are not comprised by the cost programme, also resulted in cost reductions during the quarter.

The transition from financial to operational leasing gave a NOK 45 million increase in costs compared with the fourth quarter of 2009. There was a reduction in costs for performance-based pay of NOK 156 million, which must be seen in connection with the reduction in income.

### Write-downs on commitments

Write-downs totalled NOK 947 million for the quarter, down from NOK 1 598 million in the first quarter of 2009. Excluding DnB NORD, individual write-downs came to NOK 456 million in the first quarter of 2010, down NOK 266 million from the year-earlier period. There was a decline in most segments, though the shipping segment saw a rise in write-downs after very low figures in the first quarter of 2009. Nevertheless, the level of write-downs in the shipping segment remained low in the first quarter of 2010. There is still considerable uncertainty about future developments.

Write-downs in DnB NORD totalled NOK 556 million in the first quarter of 2010, down from NOK 591 million in the year-earlier period. The level of write-downs remained very high relative to the loan portfolio. Total write-downs in DnB NORD represented 3.43 per cent of DnB NORD's average loan portfolio in the first quarter of 2010, an increase from 2.64 per cent in the January through March period in 2009 and a decline from 4.40 per cent in the fourth quarter of 2009. The corresponding figures for the entire DnB NOR Bank Group were 0.34, 0.55 and 0.53 per cent in the first quarter of 2010, first quarter of 2009 and fourth quarter of 2009, respectively.

Net non-performing and net doubtful commitments totalled NOK 21.8 billion as at 31 March 2010, up NOK 7.9 billion from end-March 2009. Net non-performing and net doubtful commitments represented 1.88 per cent of lending volume as at 31 March 2010, an increase from 1.18 per cent a year earlier.

### Taxes

The DnB NOR Bank Group's tax charge for the first quarter of 2010 was NOK 1 236 million, NOK 83 million lower than in the year-earlier period. Relative to pre-tax operating profits, the tax charge increased from 30 to 33 per cent during the corresponding period. The tax charge in 2009 was particularly high due to developments in DnB NORD, impairment losses for goodwill, exchange rates and interest rate levels. The banking group's average tax charge in the first quarter of 2010 was still affected by the situation in DnB NORD.

## Business areas

With effect from 1 January 2010, activities in the DnB NOR Bank Group are organised in the business areas Retail Banking, Large Corporates and International and DnB NOR Markets. The business areas operate as independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products. DnB NOR is regarded as a separate profit centre.

### Retail Banking

Retail Banking is responsible for serving the banking group's 2.3 million personal customers and 180 000 small and medium-sized companies in the regional network in Norway. Coordinated services in local markets will strengthen the bank's customer relationships and increase customer satisfaction.

Pre-tax operating profits totalled NOK 1 714 million in the first quarter of 2010, an increase of NOK 191 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs.

	1st quarter 2010	1st quarter 2009	Change
<i>Income statement in NOK million</i>			
Net interest income	3 444	3 636	(192)
Other operating income	1 165	1 091	74
Total income	4 608	4 727	(119)
Operating expenses	2 687	2 730	(43)
Pre-tax operating profit before write-downs	1 921	1 997	(76)
Net gains on fixed assets	0	1	(1)
Net write-downs on loans	207	475	(268)
Pre-tax operating profit	1 714	1 523	191

### Average balance sheet items in NOK billion

	2010	2009	Change
Net lending to customers	725.5	694.4	31.2
Deposits from customers	367.6	363.5	4.1

### Key figures in per cent

Return on allocated capital <sup>1)</sup>	23.2	23.6
Cost/income ratio	58.3	57.8
Ratio of deposits to lending	50.7	52.4

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

Average lending increased by 4.5 per cent from the first quarter of 2009. The low interest rate levels contributed to continued brisk demand for housing loans. After a period of declining growth in loans to small and medium-sized companies, this stabilised in the first quarter of 2010. There was fierce competition for deposits, and compared with the year-earlier period, average deposits rose by 1.1 per cent, mainly due to an increase in the personal customer market. The ratio of deposits to lending declined by 1.7 percentage points from the first quarter of 2009, to 50.7 per cent.

The weighted interest rate spread, defined as total margin income on loans and deposits relative to total average loans and deposits, was 1.25 per cent in the first quarter of 2010, down from 1.32 per cent in the year-earlier period. The decline in weighted spreads was due to lags in interest rate adjustments, which had a positive effect due to falling interest rate levels at the beginning of 2009 and a corresponding negative effect due to rising interest rate levels in 2010. Adjusted for these effects, there was a minor increase of 0.03 percentage points in weighted spreads.

In consequence of changes in the accounting principles for recording marketing expenses paid by customers in DnB NOR Eiendom, both expenses and income rose by NOK 44 million compared with the first quarter of 2009. Adjusted for these gross items, other operating income rose by 2.7 per cent in the first quarter of 2010 compared with the year-earlier period.

Adjusted for the changes in principles, costs were brought down by NOK 87 million from the first quarter of 2009. Depreciation on operational leasing in DnB NOR Finans increased by NOK 45 million. The level of costs was affected by general wage inflation and streamlining measures in the banking group's cost programme,

resulting in lower staff levels in Norwegian operations. The number of full-time positions was 4 953 at end-March 2010. The cost/income ratio increased to 58.3 per cent, from 57.8 per cent in the first quarter of 2009.

The quality of the loan portfolio was sound. For personal customers, net write-downs were at a low level, and the situation was also satisfactory for corporate customers. Net write-downs relative to average net lending were reduced from 0.28 per cent in the first quarter of 2009 to 0.12 per cent in the corresponding period in 2010. Net impaired commitments amounted to NOK 5.5 billion at end-March 2010, roughly unchanged from a year earlier.

At end-February 2010, the market share of credit to wage earners was 28.4 per cent, a slight increase from the figure at end-March 2009. The market share of total savings from wage earners was 34.3 per cent, while the market share of customer deposits was 32.3 per cent.

From January 2010, organisational responsibility for DnB NOR Luxembourg was transferred to the business area Large Corporates and International. During the summer, the formal merger of DnB NOR Finans and DnB NOR Kort will be completed. The total operations of these units will be organised as a division in Retail Banking under the name DnB NOR Finans.

Norway has fared better through the recession than most other countries. Due to the financial crisis, stricter international regulations to strengthen banks' capital adequacy and liquidity have been proposed. Corresponding stable funding ratio requirements are also expected in Norway, which will increase competition for stable funding. Interest rates are expected to rise, but to remain at a low level. Housing loans will account for the rise in lending, whereas loans to businesses are expected to remain at a stable level. Net write-downs in the corporate segment in Retail Banking are expected to increase somewhat from the relatively low level in the first quarter of 2010.

### Large Corporates and International

Large Corporates and International offers Norwegian and international businesses a wide range of financial services and is committed to strong industry expertise in selected areas.

The business area's financial performance in the first quarter of 2010 was sound in view of prevailing market conditions, but reflected the demanding market situation. Pre-tax operating profits came to NOK 1 176 million, down NOK 313 million from the year-earlier period.

	1st quarter 2010	1st quarter 2009	Change
<i>Income statement in NOK million</i>			
Net interest income	1 516	1 620	(104)
Other operating income	610	839	(228)
Total income	2 127	2 459	(332)
Operating expenses	699	718	(19)
Pre-tax operating profit before write-downs	1 428	1 741	(313)
Net gains on fixed assets	0	0	0
Net write-downs on loans	252	253	(1)
Pre-tax operating profit	1 176	1 489	(313)

### Average balance sheet items in NOK billion

Net lending to customers	343.5	402.4	(58.9)
Deposits from customers	215.0	228.8	(13.7)

### Key figures in per cent

Return on allocated capital <sup>1)</sup>	10.5	14.3
Cost/income ratio	32.9	29.2
Ratio of deposits to lending	62.6	56.8

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

Credit demand and market activity levels were lower in the first quarter of 2010 than in the January through March period in 2009. There was a 14.6 per cent reduction in average lending between the quarters. After adjusting for exchange rate movements, there was a reduction of approximately 6 per cent during the same period. Average lending in the first quarter of 2010 was roughly on a level with the fourth quarter of 2009.

Deposits declined in the first quarter of 2010 compared with the year-earlier period due to the strengthening of the Norwegian krone coupled with lower demand for deposit products. The ratio of deposits to lending increased by 5.7 percentage points from the first quarter of 2009, but was reduced by 1.4 percentage points from the fourth quarter of 2009.

Measured against the 3-month NIBOR rate, average lending spreads in the first quarter of 2010 were 1.35 per cent, up 0.17 percentage points from the corresponding period in 2009 and up 0.04 percentage points from the fourth quarter of 2009. There was a rise in lending spreads in most segments, which helped compensate for the increase in funding costs. Declining money market rates and strong competition for deposits resulted in a 0.07 percentage point reduction in deposit spreads from the first quarter of 2009, to 0.11 per cent in the corresponding period in 2010.

The reduction in other operating income from the first quarter of 2009 was partly due to lower income from shares, foreign exchange and interest rate products, reflecting lower market volatility and sluggish demand for hedging products.

Operating expenses declined by 2.6 per cent compared with the year-earlier period. Costs increased by 16.8 per cent from the fourth quarter of 2009, mainly due to rising IT costs in the first quarter of 2010. At end-March 2010, staff in the business area represented 1 079 full-time positions, including 631 positions outside Norway.

The quality of the loan portfolio remained sound, but was somewhat impaired due to the recessionary climate. Some corporate customers and customer segments will continue to feel the consequences of the weak macroeconomic situation.

Individual write-downs on loans increased somewhat relative to the first quarter of 2009, representing 0.30 per cent of average net customer lending on an annual basis, up from 0.26 per cent in the first quarter of 2009. Net impaired commitments totalled NOK 5.9 billion at end-March 2010, while the corresponding figure at end-March 2009 was NOK 2.1 billion.

Large Corporates and International will build on its sound professional skills to find good solutions for its customers, offering close follow-up and strong support. The DnB NOR Bank Group will give priority to strong, long-term and profitable customer relations. Credit demand is expected to pick up somewhat, coupled with continued pressure on deposit spreads and a certain increase in lending spreads through 2010.

#### DnB NOR Markets

DnB NOR Markets is Norway's largest investment bank, serving customers from DnB NOR's head office in Oslo, 13 regional sales desks in Norway, six international offices and via electronic channels.

DnB NOR Markets achieved a satisfactory level of profits in the January through March period in 2010 in a market characterised by lower customer activity and more normal market conditions than in the year-earlier period. Pre-tax operating profits totalled NOK 904 million, down NOK 1 229 million from the extraordinarily high level in the first quarter of 2009, which was due to high market volatility in the midst of the financial turmoil.

	1st quarter 2010	1st quarter 2009	Change
<i>Income statement in NOK million</i>			
FX, interest rate and commodity derivatives	292	488	(196)
Investment products	114	185	(71)
Corporate finance	122	131	(9)
Securities services	50	41	8
Total customer revenues	578	846	(268)
Market making/trading revenues	705	1 766	(1 061)
Interest income on allocated capital	39	51	(12)
Total income	1 321	2 662	(1 341)
Operating expenses	417	528	(112)
Pre-tax operating profit before write-downs	904	2 133	(1 229)
Net gains on fixed assets	0	0	0
Net write-downs on loans	0	0	0
Pre-tax operating profit	904	2 133	(1 229)
<i>Key figures in per cent</i>			
Return on allocated capital <sup>1)</sup>	37.7	113.3	
Cost/income ratio	31.5	19.9	

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

Customer-related income from foreign exchange and interest rate and commodity derivatives declined compared with the first quarter of 2009. There was lower market volatility and a reduction in the level of customer activity, customer-related volumes and margins. Demand for commodity hedging picked up. The branch in Shanghai was granted a licence to offer products in local currency, which means that clients can carry out all their banking services at the branch.

Customer-related income from the sale of securities and other investment products was down NOK 71 million compared with the first quarter of 2009. The level of income within bond and commercial paper trading was lower than during the financial turmoil, though DnB NOR Markets further increased its market share on Oslo Børs (the Oslo Stock Exchange). Within equity trading, there was a rise in both the level of activity and income compared with the year-earlier period. Demand for alternative investment products rose somewhat, inter alia for property-related products.

Customer-related revenues from corporate finance services reflected the lower level of activity and reduced fees within debt capital products compared with the first quarter of 2009. In the equity market, there was a sound level of activity within share issues and initial public offerings. DnB NOR Markets stepped up its international activity within share trading and debt market products, and arranged the first dual listing on the Singapore Stock Exchange in accordance with the cooperation agreement with Oslo Børs. DnB NOR Markets Inc. in New York participated in 13 share issues and initial public offerings in the US market in the first quarter of 2010.

Higher market values and a rise in the level of activity within registrar services helped increase customer-related revenues from custodial and other securities services compared with the first quarter of 2009.

Income from the liquidity portfolio totalled NOK 304 million, up from NOK 296 million in the year-earlier period. Income from proprietary trading and other market making totalled NOK 401 million, a reduction of NOK 1 069 million compared with the first quarter of 2009, when income reflected the extraordinary situation in the currency and interest rate markets.

Developments in the equity, credit, commodity, currency and interest rate markets will be decisive for the business area's future performance. General economic developments and corporate activity levels will influence customer-related revenues. Income from market making and proprietary trading is expected to be lower in 2010 than at the beginning of 2009 as the financial turmoil recedes and more normal market conditions return.

## DnB NOR

The operations of DnB NOR, in which DnB NOR Bank ASA has a 51 per cent ownership interest, are mainly concentrated in the Baltic States and Poland. The operations in the Baltic States were particularly hard hit by the global recession.

DnB NOR recorded a pre-tax operating loss of NOK 387 million in the first quarter of 2010, which was roughly on a level with the year-earlier period, but a major improvement relative to the figures for the second through fourth quarter of 2009.

	1st quarter 2010	1st quarter 2009	Change
<i>Income statement in NOK million</i>			
Net interest income	337	448	(110)
Other operating income	186	185	1
Total income	523	633	(109)
Operating expenses	348	417	(69)
Pre-tax operating profit before write-downs	175	216	(40)
Net gains on fixed assets	(6)	1	(6)
Net write-downs on loans	556	590	(34)
Pre-tax operating profit	(387)	(374)	(12)

### Average balance sheet items in NOK billion

Net lending to customers	65.5	90.7	(25.2)
Deposits from customers	19.9	22.4	(2.4)

### Key figures in per cent

Return on allocated capital <sup>1)</sup>	(22.1)	(15.6)
Cost/income ratio	66.5	65.9
Ratio of deposits to lending	30.5	24.7

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

Average customer lending was reduced by 27.8 per cent compared with the first quarter of 2009, reflecting the sale of about 50 per cent of the Danish and Finnish portfolios for the equivalent of NOK 7.6 billion, to DnB NOR Bank ASA towards the end of 2009. The situation was more stable through the first quarter of 2010, with a 1.6 per cent decline in lending. Lending volume in DnB NOR in Poland grew roughly in step with market developments, while market shares remained relatively stable in the Baltic States.

Strong competition for deposits in the Baltic region put pressure on both deposit volumes and spreads. There was a decline in net interest income, reflecting lower volumes, general pressure on deposit spreads and reduced interest income due to lower interest rate levels, especially in Lithuania. High funding costs had an additional effect.

Other operating expenses were reduced by 16.5 per cent from the first quarter of 2009. Cost developments in DnB NOR are well under control, and the operations in Poland have been particularly good at improving cost efficiency.

Net write-downs on loans came to 3.43 per cent of average lending on an annual basis in the first quarter of 2010, up from 2.64 per cent in the first quarter of 2009. However, the level of write-downs was lower than in the other quarters of 2009, and the write-down ratio for the full year 2009 was 4.69 per cent.

It is expected that the Baltic economies will remain weak also in 2010, but there are some indications of stabilisation and also growth in certain industries. DnB NOR will focus on consolidating its operations, reducing losses and further improving cost-efficiency. In the longer term, DnB NOR expects growth in the region to again surpass average European levels.

Macroeconomic developments in Poland have been relatively robust compared with the Baltic States. DnB NOR sees considerable future opportunities in the Polish market, and will develop new products and services for personal customers.

DnB NOR expects write-downs on loans to be reduced from 2009, though the level in 2010 is also expected to be relatively high. Based on anticipated economic developments in the region, the decline in the level of write-downs is expected to continue over the next few years.

## Balance sheet and liquidity

Total assets in the banking group's balance sheet were NOK 1 626 billion at end-March 2010, compared with NOK 1 614 billion a year earlier.

Measured in Norwegian kroner, net lending to customers declined by NOK 48.7 billion or 4.1 per cent from end-March 2009. The reduction was mainly due to exchange rate movements. Adjusted for these effects, lending declined by NOK 11.1 billion, reflecting a downsizing of DnB NOR's portfolio and limited credit demand in the corporate sector.

Customer deposits increased by NOK 2.7 billion or 0.4 per cent during the corresponding period. After adjusting for exchange rate movements, there was a NOK 3.6 billion increase in customer deposits.

The banking group's ratio of customer deposits to net lending to customers increased from 50.9 per cent at end-March 2009 to 53.3 per cent a year later. During the same period, the ratio of deposits to lending in DnB NOR Bank ASA increased from 73.5 to 91.7 per cent, mainly due to the transfer of loans to DnB NOR Boligkreditt.

In order to keep the banking group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The banking group has a self-imposed limit whereby such long-term or stable funding must represent minimum 90 per cent of customer lending. With respect to short-term funding, conservative limits have been set for refunding requirements. The banking group stayed well within the established liquidity limits during the first quarter of 2010.

The short-term funding markets were consistently sound. Volumes, maturities and prices approximated normal levels, though there was greater focus on transactions with maturities of less than three months than before the financial crisis.

Funding costs in the long-term funding market for banks remained considerably higher than pre-crisis levels, but were relatively stable during the past two quarters. Though the financial crisis has gradually receded, expectations in the market of extensive future long-term borrowing among banks contributed to keeping funding costs at a high level. The average residual maturity of the portfolio of senior bonds and covered bonds in DnB NOR Bank was 3.2 years at end-March 2010, compared with 2.7 years a year earlier.

## Risk and capital adequacy

The risk situation in the first quarter of 2010 confirmed that the economic situation has stabilised. There was a reduction in the volume of write-downs, and the underlying trend in non-performing loans and credit quality showed a cautious improvement. There were insignificant write-downs in the Norwegian market. Capital markets were about to normalise, while access to funding improved.

The DnB NOR Bank Group quantifies risk by measuring risk-adjusted capital. Net risk-adjusted capital declined by NOK 3.1 billion from the fourth quarter of 2009 to the first quarter of 2010, to NOK 53.0 billion. The table below shows developments in risk-adjusted capital:

<i>Amounts in NOK billion</i>	31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
Credit risk	47.4	50.9	58.4	59.2
Market risk	3.8	3.7	4.7	4.9
Operational risk	6.0	5.4	4.9	4.9
Business risk	3.8	3.4	3.3	2.8
Gross risk-adjusted capital requirement	61.0	63.3	71.2	71.1
Diversification effect <sup>1)</sup>	(8.0)	(7.2)	(7.1)	(6.9)
Net risk-adjusted capital requirement	53.0	56.1	64.1	64.1
Diversification effect in per cent of gross risk-adjusted capital requirement <sup>1)</sup>	13.2	11.4	9.9	9.8

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

The decline in risk-adjusted capital was primarily due to reduced credit risk. Measured credit quality improved slightly during the first quarter, mainly due to a positive trend in the shipping and offshore markets. Shipping freight rates stabilised during the first quarter, and the situation improved somewhat for the container segment, which is the segment most severely affected by the decline in world trade. However, extensive deliveries of new tonnage in several shipping segments and the possibility of more sluggish growth in China represent key future risk factors.

The Norwegian krone was further strengthened, especially against the euro, but weakened against the US dollar. Thus, exchange rate movements had a limited net effect on credit exposure. Due to the stable economic trend in Norway, housing prices continued to climb during the first quarter. There was rising demand for commercial property in Norway, and the market once again experienced price levels which tended higher than valuations made in 2009.

Developments in DnB NOR seem to confirm the turnaround in the Baltic economies in mid-2009. There was a moderate rise in non-performing commitments, parallel to a reduction in the need for new write-downs.

The rise in market risk was due to an increase in equity positions related to credit commitments. Operational risk, measured in terms of occurred incidents, was low and stable.

In April 2010, the civil action against DnB NOR Bank ASA regarding loan-financed structured products commenced in the Oslo District Court. The bank regards this as an isolated case and points out that the full nominal value of the client's investment was redeemed. The lack of return on the product in question was due to the significant decline in global stock markets.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement declined by NOK 4 billion during the quarter, to NOK 957 billion. Following the Norwegian Ministry of Finance's decision to extend the transitional rules for Basel II until year-end 2011, the DnB NOR Bank Group's risk-weighted volume cannot be less than 80 per cent of the Basel I requirement. As the difference between the Basel I requirement and the formal capital adequacy requirement was 13.9 per cent, the limitation according to the transitional rules was not effective at end-March 2010. Including 50 per cent of interim profits, the Tier 1 capital ratio was 8.5 per cent, while the capital adequacy ratio was 11.5 per cent.

## Macroeconomic developments

Activity levels in the global economy are starting to pick up. World trade is showing signs of recovery and central countries are once again recording positive GDP growth. So far, the upturn has largely been driven by strong fiscal and monetary stimulus and by companies' stockbuilding. However, interest rate levels in Norway and internationally remain very low, and interest rate rises take longer

than expected.

In the US, GDP rose by 1.4 per cent from the third to the fourth quarter of 2009. The trend in the first quarter of 2010 indicates that growth is continuing, but probably at a somewhat slower pace. In the April issue of Consensus Forecasts, annual GDP growth is forecast at approximately 3 per cent in both 2010 and 2011.

Economic developments in the euro area were somewhat weaker than in the US, resulting in GDP growth of 0.1 per cent in the fourth quarter of 2009. Unemployment was 10 per cent of the labour force in February, and unemployment is expected to continue to rise until 2011. In Consensus Forecasts, GDP growth of 1.2 per cent is forecast in 2010 and 1.5 per cent in 2011.

Activity levels in the traditional industrialised countries have received extra help from countries such as China and India, where growth rates have remained higher. In these countries, considerable stimulus measures have also been implemented by the respective authorities, which has had a positive impact on economic activity levels. In China, GDP rose by 8.7 per cent in 2009, and in Consensus Forecasts, GDP growth in China is forecast at 9.9 per cent and 9.1 per cent in 2010 and 2011, respectively.

Despite a more positive global outlook, there are only modest signs of new growth in the Baltic region. According to Consensus Forecasts, the Baltic States will experience an economic downturn also in 2010, with a decline in GDP of approximately 0.5 to 3 per cent. However, there has already been an economic turnaround, and growth of approximately 3 per cent is expected in 2011.

According to preliminary national accounting figures, GDP for Mainland Norway rose by 0.3 per cent, seasonally adjusted, in the fourth quarter of 2009, after a cautious recovery also in the second and third quarter. This was principally due to increases in private consumption and greater investment in the oil sector and public administration, while housing investments and investments in mainland companies had a negative effect. New short-term statistics for, for example, private consumption and exports suggest that the positive trend is continuing in 2010. However, there are indications that weak growth in the engineering industry and among ship and oil platform producers is curbing the upturn in manufacturing production. In the first quarter of 2010, the labour market showed clearer signs of recovery than before, and the number of unemployed and persons on job creation schemes has shown a declining trend since the end of 2009. The unemployment rate in Norway was still low in an international perspective. In Consensus Forecasts, GDP growth for Mainland Norway is forecast at 2.3 per cent in 2010 and 2.8 per cent in 2011.

## Future prospects

An increasing number of indicators suggest that the global economy is about to enter a new period of expansion. On the whole, renewed GDP growth is expected in most parts of the world. Write-downs in the DnB NOR Bank Group in the first quarter also indicate that the financial situation for the banking group's customers is improving in most segments. However, the upturn is geographically unevenly distributed and will manifest itself later in the EU countries than in the rest of the world. There are also problem areas which could slow down a new period of economic growth, including the debt situation of several EU countries and a continuing high level of unemployment worldwide. For the banking group, the uncertainty surrounding economic developments in the Baltic States and in the shipping markets continues to be an important factor.

Norway's economy, which is by far the most important for the DnB NOR Bank Group, is, however, on the road to recovery and is considerably stronger than the economies in the rest of Europe. GDP growth expectations and developments in the labour and housing markets indicate that a new economic growth period may be about to commence in Norway. Thus far, this has not resulted in higher credit demand, though renewed growth in the global economy is expected to increase general activity levels in the second half of 2010.

Long-term funding costs still show no signs of returning to pre-financial crisis levels. The introduction of new and stricter liquidity



and funding requirements may entail a lasting higher funding cost level. As the DnB NOR Bank Group has a strong position and enjoys confidence in the capital markets, it is expected that this will ensure access to short and long-term funding at competitive prices.

The financial crisis created considerable volatility in the financial markets at the end of 2008 and start of 2009. As a consequence of customer demand for hedging transactions and large pricing variations, both the DnB NOR Bank Group and other banks earned considerable additional income. The banking group's income in the first quarter of 2010 seemed to have returned to a more normalised level. However, changes in the value of balance sheet items may lead to future fluctuations in such income.

The cost programme has given the banking group considerable efficiency improvements over the last two years. Extensive streamlining measures had been implemented by end-March 2010 and it may be more demanding to implement measures with extensive cost-reducing effects in the future. Investments will also be made in marketing and customer-related initiatives, and further

investments will be made in the banking group's new IT platform. Nevertheless, the cost programme is expected to ensure cost reductions in line with the communicated targets.

In light of the financial crisis and the period of contraction, write-downs on loans were at a relatively low level in the first quarter of 2010. The level of write-downs in the first quarter confirms the banking group's expectations of somewhat lower write-downs in 2010.

The banking group's tax charge in 2009 was particularly high due to developments in DnB NORD. The tax charge for 2010 is expected to be relatively high due to developments in DnB NORD, but lower than in 2009.

Continuing weak credit demand in the first half of 2010, lower activity in the business sector and strong competition in most sectors may make it challenging to realise DnB NOR's income ambitions in the short term. Nevertheless, DnB NOR's communicated ambitions remain unchanged.

Oslo, 28 April 2010  
The Board of Directors of DnB NOR Bank ASA

Anne Carine Tanum  
(chairman)

Bent Pedersen  
(vice-chairman)

Per Hoffmann

Kari Lotsberg

Kai Nyland

Torill Rambjør

Ingjerd Skjeldrum

Rune Bjerke  
(group chief executive)

# Contents – quarterly accounts

## Accounts

Income statement DnB NOR Bank ASA.....	12
Balance sheet DnB NOR Bank ASA.....	13
Income statement DnB NOR Bank Group.....	14
Balance sheet DnB NOR Bank Group.....	15
Statement of changes in equity .....	16
Cash flow statement .....	17
Note 1 Accounting principles .....	18
Note 2 Important accounting estimates and discretionary assessments .....	18
Note 3 Segments.....	19
Note 4 Net interest income .....	23
Note 5 Net other operating income .....	24
Note 6 Net gains on financial instruments at fair value .....	26
Note 7 Operating expenses .....	26
Note 8 Number of employees/full-time positions.....	27
Note 9 Write-downs on loans and guarantees.....	28
Note 10 Lending to customers.....	29
Note 11 Net impaired loans and guarantees for principal sectors .....	29
Note 12 Commercial paper and bonds, held to maturity .....	30
Note 13 Intangible assets .....	31
Note 14 Debt securities issued and subordinated loan capital .....	32
Note 15 Capital adequacy.....	33
Note 16 Liquidity risk .....	34
Note 17 Information on related parties .....	35
Note 18 Off-balance sheet transactions, contingencies and post-balance sheet events .....	37

## Additional information

Key figures .....	38
Profit and balance sheet trends .....	39

# Income statement

		<b>DnB NOR Bank ASA</b>			
<i>Amounts in NOK million</i>		1st quarter	1st quarter	Full year	Full year
		2010	2009	2009	2008
Total interest income	4	9 645	14 062	44 581	70 478
Total interest expenses	4	5 800	10 258	29 183	53 373
<b>Net interest income</b>	<b>4</b>	<b>3 845</b>	<b>3 804</b>	<b>15 398</b>	<b>17 105</b>
Commissions and fees receivable etc.	5	1 213	1 150	4 980	5 274
Commissions and fees payable etc.	5	440	375	1 752	1 878
Net gains on financial instruments at fair value	6	930	2 894	7 509	1 626
Other income	5	698	366	2 226	1 695
<b>Net other operating income</b>	<b>5</b>	<b>2 402</b>	<b>4 035</b>	<b>12 963</b>	<b>6 716</b>
<b>Total income</b>		<b>6 247</b>	<b>7 839</b>	<b>28 361</b>	<b>23 821</b>
Salaries and other personnel expenses	7, 8	1 229	1 714	6 586	6 306
Other expenses	7	1 359	1 307	4 703	5 013
Depreciation and write-downs of fixed and intangible assets	7	98	100	2 624	465
<b>Total operating expenses</b>	<b>7</b>	<b>2 685</b>	<b>3 121</b>	<b>13 913</b>	<b>11 784</b>
Net gains on fixed and intangible assets		0	2	(1)	47
Write-downs on loans and guarantees	9	293	840	3 135	1 586
<b>Pre-tax operating profit</b>		<b>3 268</b>	<b>3 880</b>	<b>11 312</b>	<b>10 499</b>
Taxes		915	1 280	3 849	2 889
<b>Profit for the period</b>		<b>2 353</b>	<b>2 599</b>	<b>7 463</b>	<b>7 610</b>

# Comprehensive income statement

		<b>DnB NOR Bank ASA</b>			
<i>Amounts in NOK million</i>		1st quarter	1st quarter	Full year	Full year
		2010	2009	2009	2008
Profit for the period		2 353	2 599	7 463	7 610
Exchange differences arising from the translation of foreign operations		48	(127)	(468)	434
<b>Comprehensive income for the period</b>		<b>2 401</b>	<b>2 473</b>	<b>6 995</b>	<b>8 044</b>

# Balance sheet

		<b>DnB NOR Bank ASA</b>			
<i>Amounts in NOK million</i>	Note	31 March 2010	31 Dec 2009	31 March 2009	31 Dec. 2008
<b>Assets</b>					
Cash and deposits with central banks		12 219	29 023	55 292	47 705
Lending to and deposits with credit institutions		280 569	276 084	244 495	245 652
Lending to customers	10, 11	624 925	626 806	777 094	824 223
Commercial paper and bonds		304 034	304 948	136 087	82 058
Shareholdings		12 985	13 041	9 034	9 317
Financial derivatives		73 980	71 002	112 441	137 751
Commercial paper and bonds, held to maturity	12	113 186	113 302	91 763	100 278
Investments in associated companies		1 023	1 023	1 064	1 069
Investments in subsidiaries		25 942	26 174	18 631	19 192
Intangible assets	13	2 511	2 562	2 198	2 173
Deferred tax assets		1 148	1 153	9	10
Fixed assets		831	817	822	844
Other assets		7 159	6 146	6 466	5 941
<b>Total assets</b>		<b>1 460 511</b>	<b>1 472 079</b>	<b>1 455 395</b>	<b>1 476 214</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions		297 255	294 190	199 895	147 371
Deposits from customers		572 750	580 913	571 299	570 312
Financial derivatives		63 731	64 338	96 768	119 168
Debt securities issued	14	384 718	398 231	456 659	507 680
Payable taxes		7 993	7 142	1 363	215
Deferred taxes		7	7	3 778	3 734
Other liabilities		18 089	12 863	8 451	10 608
Provisions		3 820	4 247	4 327	4 299
Subordinated loan capital	14	37 285	37 686	41 164	43 612
<b>Total liabilities</b>		<b>1 385 648</b>	<b>1 399 617</b>	<b>1 383 705</b>	<b>1 406 998</b>
Share capital		17 514	17 514	17 514	17 514
Share premium reserve		12 695	12 695	12 695	12 695
Other equity		44 654	42 253	41 481	39 007
<b>Total equity</b>		<b>74 863</b>	<b>72 462</b>	<b>71 691</b>	<b>69 217</b>
<b>Total liabilities and equity</b>		<b>1 460 511</b>	<b>1 472 079</b>	<b>1 455 395</b>	<b>1 476 214</b>
Off-balance sheet transactions and contingencies	18				

# Income statement

		<b>DnB NOR Bank Group</b>			
<i>Amounts in NOK million</i>		1st quarter	1st quarter	Full year	Full year
		2010	2009	2009	2008
Total interest income	4	13 157	17 921	59 047	82 741
Total interest expenses	4	7 596	12 131	35 935	60 406
<b>Net interest income</b>	<b>4</b>	<b>5 561</b>	<b>5 790</b>	<b>23 112</b>	<b>22 335</b>
Commissions and fees receivable etc.	5	1 452	1 384	5 956	6 236
Commissions and fees payable etc.	5	472	415	1 890	2 021
Net gains on financial instruments at fair value	6	1 298	2 140	6 180	3 430
Profit from companies accounted for by the equity method	5	61	897	93	632
Other income	5	522	417	1 485	1 569
<b>Net other operating income</b>	<b>5</b>	<b>2 861</b>	<b>4 424</b>	<b>11 824</b>	<b>9 847</b>
<b>Total income</b>		<b>8 422</b>	<b>10 214</b>	<b>34 935</b>	<b>32 182</b>
Salaries and other personnel expenses	7, 8	1 673	2 258	8 681	8 299
Other expenses	7	1 729	1 652	6 067	6 348
Depreciation and write-downs of fixed and intangible assets	7	337	312	2 094	1 296
<b>Total operating expenses</b>	<b>7</b>	<b>3 740</b>	<b>4 223</b>	<b>16 841</b>	<b>15 942</b>
Net gains on fixed and intangible assets		11	4	26	52
Write-downs on loans and guarantees	10	947	1 598	7 710	3 509
<b>Pre-tax operating profit</b>		<b>3 746</b>	<b>4 396</b>	<b>10 410</b>	<b>12 784</b>
Taxes	9	1 236	1 319	4 351	3 568
Profit from operations and non-current assets held for sale, after taxes		(4)	0	80	0
<b>Profit for the period</b>		<b>2 505</b>	<b>3 078</b>	<b>6 139</b>	<b>9 215</b>
Profit attributable to shareholders		2 705	3 238	7 698	9 508
Profit attributable to minority interests		(199)	(161)	(1 559)	(293)

# Comprehensive income statement

		<b>DnB NOR Bank Group</b>			
<i>Amounts in NOK million</i>		1st quarter	1st quarter	Full year	Full year
		2010	2009	2009	2008
Profit for the period		2 505	3 078	6 139	9 215
Exchange differences arising from the translation of foreign operations		(44)	(548)	(998)	909
<b>Comprehensive income for the period</b>		<b>2 462</b>	<b>2 529</b>	<b>5 141</b>	<b>10 124</b>
Comprehensive income attributable to shareholders		2 769	3 055	7 288	9 865
Comprehensive income attributable to minority interests		(307)	(526)	(2 147)	259

# Balance sheet

## DnB NOR Bank Group

<i>Amounts in NOK million</i>	Note	31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
<b>Assets</b>					
Cash and deposits with central banks		15 287	31 859	58 185	51 147
Lending to and deposits with credit institutions		71 001	58 751	73 685	54 187
Lending to customers	10, 11	1 139 958	1 128 791	1 188 648	1 206 842
Commercial paper and bonds		178 444	177 613	57 001	58 219
Shareholdings		13 345	13 396	9 483	9 642
Financial derivatives		71 355	69 173	111 456	136 567
Commercial paper and bonds, held to maturity	12	113 186	113 302	91 763	100 278
Investment property		626	614	663	167
Investments in associated companies		2 563	2 502	3 391	2 499
Intangible assets	13	5 315	5 554	5 792	6 105
Deferred tax assets		251	241	236	253
Fixed assets		5 483	5 434	5 133	5 271
Operations and non-current assets held for sale		1 314	1 255	201	246
Other assets		8 088	7 513	8 335	6 781
<b>Total assets</b>		<b>1 626 214</b>	<b>1 615 999</b>	<b>1 613 973</b>	<b>1 638 205</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions		305 120	302 694	230 242	178 834
Deposits from customers		607 946	613 627	605 294	606 915
Financial derivatives		52 532	52 359	77 611	93 207
Debt securities issued	14	505 926	500 907	556 247	614 183
Payable taxes		9 812	8 715	1 470	317
Deferred taxes		625	575	5 059	5 054
Other liabilities		15 336	9 839	10 903	12 380
Operations held for sale		347	366	0	0
Provisions		4 191	4 553	4 638	4 607
Subordinated loan capital	14	38 600	39 051	42 624	45 225
<b>Total liabilities</b>		<b>1 540 437</b>	<b>1 532 685</b>	<b>1 534 089</b>	<b>1 560 721</b>
Minority interests		2 448	2 755	3 644	4 211
Share capital		17 514	17 514	17 514	17 514
Share premium reserve		13 411	13 411	13 411	13 411
Other equity		52 403	49 633	45 315	42 346
<b>Total equity</b>		<b>85 776</b>	<b>83 314</b>	<b>79 885</b>	<b>77 483</b>
<b>Total liabilities and equity</b>		<b>1 626 214</b>	<b>1 615 999</b>	<b>1 613 973</b>	<b>1 638 205</b>
Off-balance sheet transactions and contingencies	18				

# Statement of changes in equity

<b>DnB NOR Bank ASA</b>				
<i>Amounts in NOK million</i>	Share capital	Share premium reserve	Other equity	Total equity
<b>Balance sheet as at 31 December 2008</b>	<b>17 514</b>	<b>12 695</b>	<b>39 007</b>	<b>69 217</b>
Comprehensive income for the period			2 473	2 473
<b>Balance sheet as at 31 March 2009</b>	<b>17 514</b>	<b>12 695</b>	<b>41 481</b>	<b>71 691</b>
<b>Balance sheet as at 31 December 2009</b>	<b>17 514</b>	<b>12 695</b>	<b>42 253</b>	<b>72 462</b>
Comprehensive income for the period			2 401	2 401
<b>Balance sheet as at 31 March 2010</b>	<b>17 514</b>	<b>12 695</b>	<b>44 654</b>	<b>74 863</b>
<i>Of which currency translation reserve:</i>				
<i>Balance sheet as at 31 December 2008</i>			185	185
<i>Comprehensive income for the period</i>			(127)	(127)
<i>Balance sheet as at 31 March 2009</i>			59	59
<i>Balance sheet as at 31 December 2009</i>			(283)	(283)
<i>Comprehensive income for the period</i>			48	48
<i>Balance sheet as at 31 March 2010</i>			(235)	(235)

<b>DnB NOR Bank Group</b>					
<i>Amounts in NOK million</i>	Minority interests	Share capital	Share premium reserve	Other equity	Total equity
<b>Balance sheet as at 31 December 2008</b>	<b>4 211</b>	<b>17 514</b>	<b>13 411</b>	<b>42 346</b>	<b>77 483</b>
Comprehensive income for the period	(526)			3 055	2 529
Minority interests DnB NOR	(49)			(77)	(126)
Other minority interests	8			(8)	0
<b>Balance sheet as at 31 March 2009</b>	<b>3 644</b>	<b>17 514</b>	<b>13 411</b>	<b>45 315</b>	<b>79 885</b>
<b>Balance sheet as at 31 December 2009</b>	<b>2 755</b>	<b>17 514</b>	<b>13 411</b>	<b>49 633</b>	<b>83 314</b>
Comprehensive income for the period	(307)			2 769	2 462
<b>Balance sheet as at 31 March 2010</b>	<b>2 448</b>	<b>17 514</b>	<b>13 411</b>	<b>52 403</b>	<b>85 776</b>
<i>Of which currency translation reserve:</i>					
<i>Balance sheet as at 31 December 2008</i>	524			170	695
<i>Comprehensive income for the period</i>	(365)			(183)	(548)
<i>Balance sheet as at 31 March 2009</i>	160			(13)	147
<i>Balance sheet as at 31 December 2009</i>	(63)			(240)	(303)
<i>Comprehensive income for the period</i>	(108)			64	(44)
<i>Balance sheet as at 31 March 2010</i>	(171)			(176)	(347)



# Cash flow statement

DnB NOR Bank ASA				DnB NOR Bank Group				
Full year 2008	Full year 2009	1st quarter 2009	1st quarter 2010		1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
				<i>Amounts in NOK million</i>				
<b>Operating activities</b>								
(7 482)	143 999	27 662	4 248	Net receipts/payments on loans to customers	(8 581)	(10 520)	8 510	(152 300)
38 198	29 734	4 248	(11 188)	Net receipts/payments on deposits from customers	(8 609)	3 601	29 199	42 427
51 882	28 491	9 570	5 402	Interest received from customers	10 116	14 901	48 013	71 823
(24 112)	(11 583)	(4 154)	(2 343)	Interest paid to customers	(2 522)	(4 424)	(12 502)	(25 220)
(49 460)	(160 632)	(44 647)	(3 914)	Net receipts/payments on the sale/aquisition of financial assets for investment or trading	(5 280)	14 948	(112 104)	(28 759)
3 398	3 227	614	660	Net receipts on commissions and fees	868	808	4 007	4 217
(8 821)	(12 700)	(3 659)	(2 467)	Payments to operations	(3 282)	(3 987)	(15 855)	(12 148)
(386)	(1 794)	(82)	(59)	Taxes paid	(100)	(146)	(596)	(927)
1 692	2 218	390	768	Other receipts	591	441	1 490	1 566
<b>4 909</b>	<b>20 960</b>	<b>(10 058)</b>	<b>(8 891)</b>	<b>Net cash flow relating to operating activities</b>	<b>(16 799)</b>	<b>15 623</b>	<b>(49 838)</b>	<b>(99 322)</b>
<b>Investment activities</b>								
(462)	(755)	(107)	(61)	Net payments on the acquisition of fixed assets	(98)	(96)	(977)	(3 351)
50	578	0	200	Receipts on the sale of long-term investments in shares	0	0	478	133
(6 993)	(10 045)	0	(60)	Payments on the acquisition of long-term investments in shares	0	0	0	(2 721)
144	206	13	11	Dividends received on long-term investments in shares	11	13	136	147
<b>(7 261)</b>	<b>(10 015)</b>	<b>(94)</b>	<b>89</b>	<b>Net cash flow relating to investment activities</b>	<b>(88)</b>	<b>(84)</b>	<b>(363)</b>	<b>(5 792)</b>
<b>Funding activities</b>								
(46 802)	57 105	51 972	(1 426)	Net receipts/payments on loans to/from credit institutions	(9 984)	28 853	122 316	12 969
(1 822)	1 713	(805)	5 969	Net receipts/payments on other short-term liabilities	6 778	(683)	(2 250)	9 140
497 981	206 147	171 504	136 122	Receipts on issued bonds and commercial paper	156 154	172 037	218 352	547 423
(393 129)	(284 179)	(199 313)	(146 845)	Payments on the redeemed bonds and commercial paper	(147 212)	(199 986)	(286 174)	(395 791)
8 030	0	0	0	Issue of subordinated loan capital	0	0	0	8 747
(3 196)	0	0	0	Redemptions of subordinated loan capital	0	0	0	(3 196)
(379)	647	0	0	Dividend/group contribution payments/receipts	0	0	0	(1 807)
11 628	9 862	2 913	2 061	Interest receipts on funding activities	787	778	2 890	3 617
(30 682)	(17 615)	(6 122)	(3 394)	Interest payments on funding activities	(5 011)	(7 725)	(21 879)	(36 607)
<b>41 629</b>	<b>(26 320)</b>	<b>20 149</b>	<b>(7 512)</b>	<b>Net cash flow from funding activities</b>	<b>1 512</b>	<b>(6 726)</b>	<b>33 255</b>	<b>144 496</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>								
<b>1 671</b>	<b>(3 357)</b>	<b>(2 016)</b>	<b>(72)</b>		<b>(63)</b>	<b>(2 047)</b>	<b>(3 771)</b>	<b>1 895</b>
<b>40 950</b>	<b>(18 732)</b>	<b>7 980</b>	<b>(16 387)</b>	<b>Net cash flow</b>	<b>(15 437)</b>	<b>6 766</b>	<b>(20 718)</b>	<b>41 277</b>
23 819	64 769	64 769	46 037	Cash as at 1 January	36 078	56 795	56 796	15 520
40 950	(18 732)	7 980	(16 387)	Net receipts/payments of cash	(15 437)	6 766	(20 718)	41 277
64 769	46 037	72 748	29 650	Cash at end of period <sup>1)</sup>	20 642	63 561	36 078	56 796
*) <i>Of which:</i>								
47 705	29 023	55 292	12 219	<i>Cash and deposits with central banks</i>	15 287	58 185	31 859	51 147
17 064	17 014	17 456	17 431	<i>Deposits with credit institutions with no agreed period of notice <sup>1)</sup></i>	5 355	5 377	4 219	5 648

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

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

## Note 1 Accounting principles

---

The first quarter accounts 2010 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the banking group is found in the annual report for 2009. The annual and interim accounts are prepared according to IFRS principles as approved by the EU. The banking group's accounting principles and calculation methods are essentially the same as those described in the annual report for 2009. New or amended standards which have an impact on the accounts of the DnB NOR Bank Group as from 1 January 2010 are described below. The amendments to IFRS 3 and IAS 27 did not affect the consolidated accounts for the first quarter of 2010, as no acquisitions were made and no holdings in subsidiaries bought or sold.

### **IFRS 3 – Business Combinations (revised)**

Compared with the prevailing IFRS 3, the revised standard introduces certain changes and specifications with respect to the use of the acquisition method (the purchase method). Amendments relate to goodwill in step acquisitions, minority interests and contingent considerations. Acquisition costs in excess of issue and borrowing costs shall be expensed as they occur. The revised standard shall be applied from the first annual accounting period beginning on or after 1 July 2009. IFRS 3 (R) cannot be applied retrospectively. The banking group introduced IFRS 3 (R) as from 1 January 2010. The revised standard will affect the banking group's recording of future acquisitions.

### **IAS 27 – Consolidated and Separate Financial Statements (revised)**

Compared with the prevailing IAS 27, the revised standard gives more guidance regarding the accounting treatment of changes in ownership interests in subsidiaries. The introduction of the revised standard implies that upon loss of control of a subsidiary, any residual holding in the former subsidiary must be measured at fair value and the gain or loss on the disposal recognised in profit or loss. In addition, current rules relating to the distribution of losses between the majority and the minority have been changed, whereby losses are to be charged to the non-controlling interests (minority interests), even if the balance sheet value of the minority interest will thus be negative. The revised standard shall be applied from the first annual accounting period beginning on or after 1 July 2009. The banking group introduced IAS 27 (R) as from 1 January 2010. The revised standard will affect the banking group's recording of future acquisitions and any sale/purchase of residual holdings in subsidiaries.

## Note 2 Important accounting estimates and discretionary assessments

---

When preparing the accounts of the bank and the banking group, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. A more detailed account of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2009.

The Norwegian Parliament passed the Act relating to the financing of a new contractual early retirement pension scheme (AFP) in February 2010, entering into force with effect as of 1 January 2011. The existing AFP scheme will only apply to employees who took out AFP prior to the parliamentary resolution and to those who reach 62 years of age and who choose AFP before the scheme ceases to exist at the end of 2010. Upon the transition to a new AFP scheme, the existing scheme will be discontinued.

Benefits provided under the new scheme are considered to be quite different from those provided under the former scheme, and, according to the Norwegian Accounting Standards Board (NASB), the transition to the new scheme is not to be regarded as a plan change, but as a curtailment and a settlement of the former scheme. Employees who do not qualify for the former AFP scheme in 2010 have no future rights under the scheme. This part of the pension commitments will be settled in the first quarter of 2010.

To calculate the effect of the settlement, a new pension calculation was made in the first quarter of 2010 to determine the remaining commitments under the former AFP scheme in the balance sheet as at 31 March 2010. The banking group's pension calculations for previous periods have been based upon actual pension acceptance of 35 per cent for all employees. In the new calculation, which shows the remaining commitments as at 31 March 2010, all employees born after 1948 are excluded. The remaining commitments include both those who have already chosen AFP (actual acceptance 100 per cent) and those who are born between 1942 and 1948, who can still choose AFP based on the former scheme in 2010. It is assumed that about 50 per cent of the employees born between 1942 and 1948 will choose AFP based on the former scheme in 2010. The calculation of the remaining AFP commitments in the accounts as at 31 March is based on an assumption of weighted AFP acceptance of 80 per cent. It is expected that the details of the new scheme will be finalised and implemented during the second half of 2010. The costs of the new AFP scheme are estimated to be at least as high as the banking group's previous AFP costs. In 2010, the costs relating to the former AFP scheme would have amounted to approximately NOK 40 million if the scheme had not been changed.

The effect of removing the commitments for employees born after 1948, including the appurtenant estimated changes in estimates and employers' contributions, is calculated at NOK 355 million. The amount was recorded as income in the first quarter of 2010 and is included in the item 'pension expenses' under 'operating expenses'.

## Note 3 Segments

### Business areas

The operational structure of the DnB NOR Bank Group includes three business areas and four staff and support units. DnB NOR is regarded as a separate profit centre. The business areas are independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products. The DnB NOR Bank Group's business areas comprise Retail Banking, Large Corporates and International and DnB NOR Markets. As of 1 July 2009, operations were reorganised, whereby private individuals and small and medium-sized companies in Norway are served by the same business area, Retail Banking, while the largest corporate clients in Norway and international clients are served by the business area Large Corporates and International. From January 2010, organisational responsibility for DnB NOR Luxembourg was transferred from Retail Banking to the business area Large Corporates and International. Figures for previous periods have been restated. The other business areas were not directly affected by the change.

- Retail Banking - offers a broad range of financial products and services through several brands and a wide distribution network. In cooperation with several of the banking group's product areas, customers are offered various financing and leasing, deposit and investment alternatives, 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, insurance, 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 corporates in cooperation with several of the banking group's product areas, including various types of financing solutions, deposits and investments, insurance, e-commerce products, commercial property brokerage, foreign currency, interest rate products, trade finance and corporate finance services.
- DnB NOR Markets - is the banking group's investment bank with the key products foreign exchange, interest rate and commodity products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services.
- DnB NOR - are mainly concentrated in the Baltic States and Poland and provides a broad range of products to both the retail and corporate markets.

The income statement and balance sheet for the business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Bank Group into business areas. Figures for the business areas are based on the DnB NOR Bank Group's management model and accounting principles. The figures have been restated in accordance with the banking group's current principles for allocating costs and capital between business areas and are based on a number of assumptions, estimates and discretionary distribution. Internal transfer rates used between the business areas are determined based on observable market rates, e.g. NIBOR. Additional costs relating to the banking group's long-term funding are charged to the business areas. According to the banking group's liquidity management policy, over 90 per cent of lending is financed through stable deposits and long-term funding. The additional costs related to long-term funding are charged to the business areas.

In the ongoing management reporting and financial performance monitoring, net profits on customer business carried out in cooperation between primarily DnB NOR Markets and customer units in other business areas, are taken to income in both areas. With effect from 1 January 2010, the internal management reporting has been changed, whereby these double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", apurtenant costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". The net result of such transactions was previously included in other operating income. Figures for 2009 have been adjusted correspondingly.

### Income statement

	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR		Other operations/ eliminations <sup>1)</sup>		DnB NOR Bank Group	
	1st quarter 2010	2009	1st quarter 2010	2009	1st quarter 2010	2009	1st quarter 2010	2009	1st quarter 2010	2009	1st quarter 2010	2009
<i>Amounts in NOK million</i>												
Net interest income - ordinary operations	3 325	3 462	1 336	1 340	260	239	328	409	312	340	5 561	5 790
Interest on allocated capital <sup>2)</sup>	119	174	181	280	39	51	9	39	(348)	(544)	0	0
Net interest income	3 444	3 636	1 516	1 620	299	290	337	448	(36)	(204)	5 561	5 790
Other operating income	854	758	248	286	1 022	2 372	186	185	550	822	2 861	4 424
Income attributable to product suppliers	310	333	362	552	0	0	0	0	(672)	(885)	0	0
Net other operating income	1 165	1 091	610	839	1 022	2 372	186	185	(122)	(63)	2 861	4 424
Total income	4 608	4 727	2 127	2 459	1 321	2 662	523	633	(157)	(267)	8 422	10 214
Other operating expenses	2 512	2 541	548	505	417	528	348	417	(85)	231	3 740	4 223
Cost attributable to product suppliers	176	189	151	213	0	0	0	0	(327)	(402)	0	0
Operating expenses	2 687	2 730	699	718	417	528	348	417	(412)	(171)	3 740	4 223
Pre-tax operating profit before write-downs	1 921	1 997	1 428	1 741	904	2 133	175	216	254	(97)	4 682	5 991
Net gains on fixed and intangible assets	0	1	0	0	0	0	(6)	1	17	2	11	4
Write-downs on loans and guarantees <sup>3)</sup>	207	475	249	247	0	0	556	590	(65)	286	947	1 598
Write-downs attributable to product suppliers	0	0	3	6	0	0	0	0	(3)	(6)	0	0
Pre-tax operating profit	1 714	1 523	1 176	1 489	904	2 133	(387)	(374)	338	(375)	3 746	4 396

## Note 3 Segments (continued)

1) Other operations/eliminations:

Amounts in NOK million	Elimination of income/ cost attributable							
	to product suppliers		Other eliminations		Group Centre <sup>*)</sup>		Total	
	1st quarter		1st quarter		1st quarter		1st quarter	
	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income - ordinary operations	0	0	(59)	24	371	316	312	340
Interest on allocated capital <sup>2)</sup>	0	0	0	0	(348)	(544)	(348)	(544)
Net interest income	0	0	(59)	24	24	(228)	(36)	(204)
Other operating income	0	0	(68)	(80)	619	902	550	822
Income attributable to product suppliers	(672)	(885)	0	0	0	0	(672)	(885)
Net other operating income	(672)	(885)	(68)	(80)	619	902	(122)	(63)
Total income	(672)	(885)	(128)	(56)	642	674	(157)	(267)
Other operating expenses	0	0	(127)	(57)	48	276	(85)	231
Cost attributable to product suppliers	(327)	(402)	0	0	0	0	(327)	(402)
Operating expenses	(327)	(402)	(127)	(57)	48	276	(412)	(171)
Pre-tax operating profit before write-downs	(345)	(483)	0	1	594	398	254	(97)
Net gains on fixed and intangible assets	0	0	0	(1)	16	3	17	2
Write-downs on loans and guarantees <sup>3)</sup>	0	0	0	0	(65)	286	(65)	286
Write-downs attributable to product suppliers	(3)	6	0	0	0	0	(3)	6
Pre-tax operating profit	(343)	(489)	0	0	675	115	338	(375)

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

The Group Centre includes Operations, HR (Human Resources), IT, Group Finance and Risk Management, Marketing and Communications, Corporate Centre, the partially owned company Eksportfinans, investments in IT infrastructure. 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	1st quarter	
	2010	2009
Reversal of contractual early retirement pensions	355	0
Income on equities	94	(90)
Interest on unallocated equity and other unallocated items	93	162
Unallocated write-downs on loans and guarantees	66	(341)
Portfolio hedging Treasury and fair value on lending	59	(317)
Eksportfinans AS	34	881
Funding costs on goodwill	(3)	6
Other	(22)	(185)
Pre-tax operating profit	675	115

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

3) See note 9 Write-downs on loans and guarantees.

### Main average balance sheet items

Amounts in NOK billion	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR D		Other operations/eliminations <sup>1)</sup>		DnB NOR Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net lending to customers <sup>1)</sup>	725.5	694.4	343.5	402.4	21.3	4.8	65.5	90.7	(3.5)	(1.0)	1 152.3	1 191.3
Deposits from customers <sup>1)</sup>	367.6	363.5	215.0	228.8	27.0	17.3	19.9	22.4	20.5	(6.6)	650.1	625.3
Allocated capital <sup>2)</sup>	21.6	18.8	32.7	30.3	7.0	5.5	5.7	7.8				

### Key figures

Per cent	DnB NOR Bank Group											
	Retail Banking		Large Corporates and International		DnB NOR Markets		DnB NOR D		Other operations		DnB NOR Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Cost/income ratio <sup>3)</sup>	58.3	57.8	32.9	29.2	31.5	19.9	66.5	65.9			48.6	41.3
Ratio of deposits to lending <sup>1) 4)</sup>	50.7	52.4	62.6	56.8			30.5	24.7			56.4	52.5
Return on allocated capital, annualised <sup>2)</sup>	23.2	23.6	10.5	14.3	37.7	113.3	(22.1)	(15.6)				
Number of full-time positions as at 31 March <sup>5)</sup>	4 953	5 256	1 079	1 068	660	656	3 142	3 480	2 274	2 270	12 107	12 730

1) Based on nominal values and includes lending to and deposits from credit institutions.

2) The allocated capital and return on allocated capital are calculated on the basis of internal measurement of risk-adjusted capital.

3) Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and reversals on provisions for contractual early retirement pensions.

4) Deposits from customers relative to net lending to customers.

5) Due to changes in the agreement with Norway Post, 162.6 full-time positions were transferred from Norway Post on 1 May 2009. Costs and corresponding headcount figures were included with effect from the first quarter of 2009.

## Note 3 Segments (continued)

### Comments to the income statement

#### Retail Banking

Average lending increased by 4.5 per cent from the first quarter of 2009. The low interest rate levels contributed to continued brisk demand for housing loans. After a period of declining growth in loans to small and medium-sized companies, this stabilised in the first quarter of 2010. There was fierce competition for deposits, and compared with the year-earlier period, average deposits rose by 1.1 per cent, mainly due to an increase in the personal customer market. The ratio of deposits to lending declined by 1.7 percentage points from the first quarter of 2009, to 50.7 per cent. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total average loans and deposits, was 1.25 per cent in the first quarter of 2010, down from 1.32 per cent in the year-earlier period. The decline in weighted spreads was due to lags in interest rate adjustments, which had a positive effect due to falling interest rate levels at the beginning of 2009 and a corresponding negative effect due to rising interest rate levels in 2010. Adjusted for these effects, there was a minor increase of 0.03 percentage points in weighted spreads. In consequence of changes in the accounting principles for recording marketing expenses paid by customers in DnB NOR Eiendom, both expenses and income rose by NOK 44 million compared with the first quarter of 2009. Adjusted for these gross items, other operating income rose by 2.7 per cent in the first quarter of 2010 compared with the year-earlier period. Adjusted for the changes in principles, costs were brought down by NOK 87 million from the first quarter of 2009. Depreciation on operational leasing in DnB NOR Finans increased by NOK 45 million. The level of costs was affected by general wage inflation and streamlining measures in the banking group's cost programme, resulting in lower staff levels in Norwegian operations. The number of full-time positions was 4 953 at end-March 2010. The cost/income ratio increased to 58.3 per cent, from 57.8 per cent in the first quarter of 2009. The quality of the loan portfolio was sound. For personal customers, net write-downs were at a low level, and the situation was also satisfactory for corporate customers. Net write-downs relative to average net lending were reduced from 0.28 per cent in the first quarter of 2009 to 0.12 per cent in the corresponding period in 2010. Net impaired commitments amounted to NOK 5.5 billion at end-March 2010, roughly unchanged from a year earlier.

#### Large Corporates and International

Credit demand and market activity levels were lower in the first quarter of 2010 than in the January through March period in 2009. There was a 14.6 per cent reduction in average lending between the quarters. After adjusting for exchange rate movements, there was a reduction of approximately 6 per cent during the same period. Average lending in the first quarter of 2010 was roughly on a level with the fourth quarter of 2009. Deposits declined in the first quarter of 2010 compared with the year-earlier period due to the strengthening of the Norwegian krone coupled with lower demand for deposit products. The ratio of deposits to lending increased by 5.7 percentage points from the first quarter of 2009, but was reduced by 1.4 percentage points from the fourth quarter of 2009. Measured against the 3-month NIBOR rate, average lending spreads in the first quarter of 2010 were 1.35 per cent, up 0.17 percentage points from the corresponding period in 2009 and up 0.04 percentage points from the fourth quarter of 2009. There was a rise in lending spreads in most segments, which helped compensate for the increase in funding costs. Declining money market rates and strong competition for deposits resulted in a 0.07 percentage point reduction in deposit spreads from the first quarter of 2009, to 0.11 per cent in the corresponding period in 2010. The reduction in other operating income from the first quarter of 2009 was partly due to lower income from shares, foreign exchange and interest rate products, reflecting lower market volatility and sluggish demand for hedging products. Operating expenses declined by 2.6 per cent compared with the year-earlier period. Costs increased by 16.8 per cent from the fourth quarter of 2009, mainly due to rising IT costs in the first quarter of 2010. At end-March 2010, staff in the business area represented 1 079 full-time positions, including 631 positions outside Norway. The quality of the loan portfolio remained sound, but was somewhat impaired due to the recessionary climate. Some corporate customers and customer segments will continue to feel the consequences of the weak macroeconomic situation. Individual write-downs on loans increased somewhat relative to the first quarter of 2009, representing 0.30 per cent of average net customer lending on an annual basis, up from 0.26 per cent in the first quarter of 2009. Net impaired commitments totalled NOK 5.9 billion at end-March 2010, while the corresponding figure at end-March 2009 was NOK 2.1 billion.

#### DnB NOR Markets

Customer-related income from foreign exchange and interest rate and commodity derivatives declined compared with the first quarter of 2009. There was lower market volatility and a reduction in the level of customer activity, customer-related volumes and margins. Demand for commodity hedging picked up. The branch in Shanghai was granted a licence to offer products in local currency, which means that clients can carry out all their banking services at the branch. Customer-related income from the sale of securities and other investment products was down NOK 71 million compared with the first quarter of 2009. The level of income within bond and commercial paper trading was lower than during the financial turmoil, though DnB NOR Markets further increased its market share on Oslo Børs (the Oslo Stock Exchange). Within equity trading, there was a rise in both the level of activity and income compared with the year-earlier period. Demand for alternative investment products rose somewhat, inter alia for property-related products. Customer-related revenues from corporate finance services reflected the lower level of activity and reduced fees within debt capital products compared with the first quarter of 2009. In the equity market, there was a sound level of activity within share issues and initial public offerings. DnB NOR Markets stepped up its international activity within share trading and debt market products, and arranged the first dual listing on the Singapore Stock Exchange in accordance with the cooperation agreement with Oslo Børs. DnB NOR Markets Inc. in New York participated in 13 share issues and initial public offerings in the US market in the first quarter of 2010. Higher market values and a rise in the level of activity within registrar services helped increase customer-related revenues from custodial and other securities services compared with the first quarter of 2009. Income from the liquidity portfolio totalled NOK 304 million, up from NOK 296 million in the year-earlier period. Income from proprietary trading and other market making totalled NOK 401 million, a reduction of NOK 1 069 million compared with the first quarter of 2009, when income reflected the extraordinary situation in the currency and interest rate markets.

## Note 3 Segments (continued)

Revenues within various segments	DnB NOR Markets	
	1st quarter 2010	1st quarter 2009
<i>Amounts in NOK million</i>		
FX, interest rate and commodity derivatives	292	488
Investment products	114	185
Corporate finance	122	131
Securities services	50	41
Total customer revenues	578	846
Net income liquidity portfolio	304	296
Other market making/trading revenues	401	1 470
Total trading revenues	705	1 766
Interest income on allocated capital	39	51
Total income	1 321	2 662

### DnB NORD

Average customer lending was reduced by 27.8 per cent compared with the first quarter of 2009, reflecting the sale of about 50 per cent of the Danish and Finnish portfolios for the equivalent of NOK 7.6 billion, to DnB NOR Bank ASA towards the end of 2009. The situation was more stable through the first quarter of 2010, with a 1.6 per cent decline in lending. Lending volume in DnB NORD in Poland grew roughly in step with market developments, while market shares remained relatively stable in the Baltic States. Strong competition for deposits in the Baltic region put pressure on both deposit volumes and spreads. There was a decline in net interest income, reflecting lower volumes, general pressure on deposit spreads and reduced interest income due to lower interest rate levels, especially in Lithuania. High funding costs had an additional effect. Other operating expenses were reduced by 16.5 per cent from the first quarter of 2009. Cost developments in DnB NORD are well under control, and the operations in Poland have been particularly good at improving cost efficiency. Net write-downs on loans came to 3.43 per cent of average lending on an annual basis in the first quarter of 2010, up from 2.64 per cent in the first quarter of 2009. However, the level of write-downs was lower than in the other quarters of 2009, and the write-down ratio for the full year 2009 was 4.69 per cent.

### Other units – Group Center

The Group Centre recorded a pre-tax operating of NOK 675 million in 2010, compared with NOK 115 million in 2009. Through a legislative enactment, the Norwegian contractual early retirement pension scheme was discontinued in the first quarter of 2010 and replaced by a new scheme. However, all the details and calculations for the new scheme are not yet finalised. The Norwegian Accounting Standards Board (NASB) has recommended that the changes be recorded as a reduction to the former scheme, and that the new scheme be treated as a multi-company defined benefit pension scheme or possibly as a defined contribution scheme. In consequence of the enactment, the DnB NOR Bank Group recorded income of NOK 355 million in the first quarter accounts. Profits attributable to the banking group from the associated company Eksportfinans totalled NOK 34 million in 2010, including the share of the portfolio guarantee issued for the liquidity portfolio, while there was a positive profit contribution of NOK 881 million in 2009. The sound financial performance in 2009 was due to large unrealised gains on own debt due to higher margin requirements. Income from equity investments totalled NOK 94 million in 2010, up NOK 185 million from the previous year. Profit effects relating to own debt, the fair value of loans carried at fair value and related derivatives represented NOK 59 million in 2010, compared with a negative profit contribution of NOK 317 million in 2009. There was a NOK 66 million reduction in collective write-downs in 2009, compared with a NOK 341 million increase in the year-earlier period. The level of write-downs reflected a positive development in the risk situation and a slight improvement in the global economy.

## Note 4 Net interest income

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
Interest on loans to and deposits with credit institutions	1 573	2 332	7 203	12 045
Interest on loans to customers	5 338	9 551	28 390	51 814
Interest on impaired commitments	31	15	97	61
Interest on commercial paper and bonds	2 215	2 155	7 853	6 975
Front-end fees etc.	48	87	332	431
Other interest income	440	(78)	705	(848)
<b>Total interest income</b>	<b>9 645</b>	<b>14 062</b>	<b>44 581</b>	<b>70 478</b>
Interest on loans and deposits from credit institutions	1 145	1 182	4 206	6 099
Interest on demand deposits from customers	2 340	4 137	11 568	24 100
Interest on debt securities issued	972	3 131	7 743	16 912
Interest on subordinated loan capital	156	384	1 031	2 084
Other interest expenses <sup>1)</sup>	1 186	1 425	4 634	4 179
<b>Total interest expenses</b>	<b>5 800</b>	<b>10 258</b>	<b>29 183</b>	<b>53 373</b>
<b>Net interest income</b>	<b>3 845</b>	<b>3 804</b>	<b>15 398</b>	<b>17 105</b>

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
Interest on loans to and deposits with credit institutions	228	706	1 690	3 991
Interest on loans to customers	10 047	14 877	47 924	71 734
Interest on impaired commitments	36	19	118	82
Interest on commercial paper and bonds	2 287	2 258	8 115	7 308
Front-end fees etc.	63	100	374	440
Other interest income	496	(40)	826	(815)
<b>Total interest income</b>	<b>13 157</b>	<b>17 921</b>	<b>59 047</b>	<b>82 741</b>
Interest on loans and deposits from credit institutions	1 190	1 421	4 824	7 256
Interest on demand deposits from customers	2 520	4 406	12 487	25 208
Interest on debt securities issued	2 610	4 795	13 768	21 583
Interest on subordinated loan capital	165	393	1 066	2 125
Other interest expenses <sup>1)</sup>	1 111	1 116	3 790	4 234
<b>Total interest expenses</b>	<b>7 596</b>	<b>12 131</b>	<b>35 935</b>	<b>60 406</b>
<b>Net interest income</b>	<b>5 561</b>	<b>5 790</b>	<b>23 112</b>	<b>22 335</b>

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

## Note 5 Net other operating income

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
Money transfer fees receivable	637	646	2 781	2 678
Fees on asset management services	59	43	209	252
Fees on custodial services	72	63	268	372
Fees on securities broking	80	63	277	333
Corporate finance	67	39	259	295
Interbank fees	22	23	102	112
Credit broking commissions	74	89	363	402
Sales commissions on insurance products	83	67	266	287
Sundry commissions and fees receivable on banking services	117	116	455	543
<b>Total commissions and fees receivable etc.</b>	<b>1 213</b>	<b>1 150</b>	<b>4 980</b>	<b>5 274</b>
Money transfer fees payable	231	213	947	888
Commissions payable on fund management services	0	(16)	(16)	22
Fees on custodial services payable	28	29	105	135
Interbank fees	33	35	147	174
Credit broking commissions	22	(2)	64	119
Commissions payable on the sale of insurance products	0	0	0	4
Sundry commissions and fees payable on banking services	126	116	505	537
<b>Total commissions and fees payable etc.</b>	<b>440</b>	<b>375</b>	<b>1 752</b>	<b>1 878</b>
<b>Net gains on financial instruments at fair value</b>	<b>930</b>	<b>2 894</b>	<b>7 509</b>	<b>1 626</b>
Income from owned/leased premises	28	28	114	101
Miscellaneous operating income	671	338	2 112	1 594
<b>Total other income</b>	<b>698</b>	<b>366</b>	<b>2 226</b>	<b>1 695</b>
<b>Net other operating income</b>	<b>2 402</b>	<b>4 035</b>	<b>12 963</b>	<b>6 716</b>



## Note 5 Net other operating income (continued)

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
Money transfer fees receivable	690	703	3 034	2 899
Fees on asset management services	75	59	263	293
Fees on custodial services	74	65	275	382
Fees on securities broking	81	63	279	334
Corporate finance	97	61	335	378
Interbank fees	23	24	106	117
Credit broking commissions	75	90	367	406
Sales commissions on insurance products	119	104	411	443
Sundry commissions and fees receivable on banking services	217	216	886	985
<b>Total commissions and fees receivable etc.</b>	<b>1 452</b>	<b>1 384</b>	<b>5 956</b>	<b>6 236</b>
Money transfer fees payable	243	227	1 015	942
Commissions payable on fund management services	0	(16)	(16)	22
Fees on custodial services payable	29	29	107	135
Interbank fees	34	36	153	180
Credit broking commissions	21	(2)	52	119
Commissions payable on the sale of insurance products	6	5	12	27
Sundry commissions and fees payable on banking services	139	136	568	597
<b>Total commissions and fees payable etc.</b>	<b>472</b>	<b>415</b>	<b>1 890</b>	<b>2 021</b>
<b>Net gains on financial instruments at fair value</b>	<b>1 298</b>	<b>2 140</b>	<b>6 180</b>	<b>3 430</b>
<b>Profit from companies accounted for by the equity method <sup>1)</sup></b>	<b>61</b>	<b>897</b>	<b>93</b>	<b>632</b>
Income from owned/leased premises	13	17	29	45
Fees on real estate broking	180	168	774	658
Net unrealised gains on investment property	0	0	(109)	0
Miscellaneous operating income	328	233	792	866
<b>Total other income</b>	<b>522</b>	<b>417</b>	<b>1 485</b>	<b>1 569</b>
<b>Net other operating income</b>	<b>2 861</b>	<b>4 424</b>	<b>11 824</b>	<b>9 847</b>

1) Eksportfinans entered into an agreement with a syndicate comprising most of the company's owners. With effect from 1 March 2008, the agreement protects the company from further value reductions in the liquidity portfolio of bonds. Taking the guarantee into account, there was a profit contribution of NOK 34 million from the company in the first quarter of 2010. Liabilities in Eksportfinans are largely recorded at fair value, and narrowing credit margins have a negative effect on the company's profits. At end-March 2010, the accumulated negative effect of changes in credit margins on the DnB NOR Bank Group's share of profits in the company were approximately NOK 246 million.

## Note 6 Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>			
	1st quarter	1st quarter	Full year	Full year
	2010	2009	2009	2008
Dividends	41	12	195	177
Net gains on commercial paper and bonds	120	800	1 015	(969)
Net gains on shareholdings	125	(2)	341	(1 161)
Net gains on other financial instruments <sup>1)</sup>	645	2 084	5 959	3 579
<b>Net gains on financial instruments at fair value</b>	<b>930</b>	<b>2 894</b>	<b>7 509</b>	<b>1 626</b>

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>			
	1st quarter	1st quarter	Full year	Full year
	2010	2009	2009	2008
Dividends	41	14	157	162
Net gains on commercial paper and bonds	358	247	646	(763)
Net gains on shareholdings	127	(5)	339	(1 298)
Net gains on other financial instruments <sup>1)</sup>	772	1 885	5 038	5 331
<b>Net gains on financial instruments at fair value</b>	<b>1 298</b>	<b>2 140</b>	<b>6 180</b>	<b>3 430</b>

1) The market situation during the financial crisis ensured particularly high income at the start of 2009 due to significant market volatility and rising sales of hedging products.

## Note 7 Operating expenses

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>			
	1st quarter	1st quarter	Full year	Full year
	2010	2009	2009	2008
Salaries	1 125	1 231	4 734	4 480
Employer's national insurance contributions	155	179	672	678
Pension expenses <sup>1)</sup>	(187)	177	652	796
Restructuring expenses	12	16	62	70
Other personnel expenses	125	110	466	283
<b>Total salaries and other personnel expenses</b>	<b>1 229</b>	<b>1 714</b>	<b>6 586</b>	<b>6 306</b>
Fees <sup>2)</sup>	308	252	757	945
EDP expenses <sup>2)</sup>	362	328	1 218	1 241
Postage and telecommunications	74	81	297	299
Office supplies	14	14	53	62
Marketing and public relations	111	110	435	502
Travel expenses	32	29	145	168
Reimbursement to Norway Post for transactions executed	22	51	203	207
Training expenses	12	17	45	53
Operating expenses on properties and premises	273	270	1 064	988
Operating expenses on machinery, vehicles and office equipment	27	25	88	87
Other operating expenses	122	128	398	460
<b>Other expenses</b>	<b>1 359</b>	<b>1 307</b>	<b>4 703</b>	<b>5 013</b>
Impairment losses for goodwill <sup>3)</sup>	0	0	0	0
Depreciation and write-downs of fixed and intangible assets	98	0	2 624	465
<b>Depreciation and write-downs of fixed and intangible assets</b>	<b>98</b>	<b>100</b>	<b>2 624</b>	<b>465</b>
<b>Total operating expenses</b>	<b>2 685</b>	<b>3 121</b>	<b>13 913</b>	<b>11 784</b>

## Note 7 Operating expenses (continued)

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
Salaries	1 473	1 647	6 323	6 033
Employer's national insurance contributions	220	253	949	920
Pension expenses <sup>1)</sup>	(174)	210	812	906
Restructuring expenses	12	17	63	70
Other personnel expenses	142	132	534	370
<b>Total salaries and other personnel expenses</b>	<b>1 673</b>	<b>2 258</b>	<b>8 681</b>	<b>8 299</b>
Fees <sup>2)</sup>	349	282	913	1 092
EDP expenses <sup>2)</sup>	451	405	1 489	1 478
Postage and telecommunications	93	106	379	389
Office supplies	23	25	91	100
Marketing and public relations	185	144	529	670
Travel expenses	43	41	198	227
Reimbursement to Norway Post for transactions executed	22	51	203	207
Training expenses	20	25	67	80
Operating expenses on properties and premises	322	325	1 272	1 188
Operating expenses on machinery, vehicles and office equipment	37	40	140	141
Other operating expenses	185	209	786	775
<b>Other expenses</b>	<b>1 729</b>	<b>1 652</b>	<b>6 067</b>	<b>6 348</b>
Impairment losses for goodwill <sup>3)</sup>	0	0	730	234
Depreciation and write-downs of fixed and intangible assets	337	312	1 364	1 062
<b>Depreciation and write-downs of fixed and intangible assets</b>	<b>337</b>	<b>312</b>	<b>2 094</b>	<b>1 296</b>
<b>Total operating expenses</b>	<b>3 740</b>	<b>4 223</b>	<b>16 841</b>	<b>15 942</b>

1) Pension expenses for the first quarter of 2010 were reduced by NOK 335 million and NOK 355 million for DnB NOR Bank ASA and the DnB NOR Bank Group, respectively, due to the reversal of provisions for contractual early retirement pensions.

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

3) For the full year 2009, DnB NOR Bank Group recorded impairment losses for goodwill of NOK 201 million relating to operations in Sweden, Svensk Fastighetsförmedling AB and SalusAnsvar, and NOK 529 million relating to DnB NORD.

## Note 8 Number of employees/full-time positions

	<b>DnB NOR Bank ASA</b>			
	1st quarter 2010	1st quarter 2009 <sup>1)</sup>	Full year 2009 <sup>1)</sup>	Full year 2008
Number of employees at end of period	7 276	7 450	7 375	7 376
of which number of employees abroad	482	437	477	429
Number of employees calculated on a full-time basis at end of period	7 052	7 202	7 146	7 140
of which number of employees calculated on a full-time basis abroad	476	427	471	422
Average number of employees	7 307	7 500	7 407	7 414
Average number of employees calculated on a full-time basis	7 085	7 256	7 167	7 145

  

	<b>DnB NOR Bank Group</b>			
	1st quarter 2010	1st quarter 2009 <sup>1)</sup>	Full year 2009 <sup>1)</sup>	Full year 2008
Number of employees at end of period	12 437	13 079	12 607	13 207
of which number of employees abroad	4 362	4 676	4 415	4 806
Number of employees calculated on a full-time basis at end of period	12 107	12 730	12 263	12 848
of which number of employees calculated on a full-time basis abroad	4 287	4 599	4 329	4 713
Average number of employees	12 468	13 240	12 943	12 965
Average number of employees calculated on a full-time basis	12 138	12 887	12 588	12 638

1) Due to changes in the agreement with Norway Post, 162.6 full-time positions were transferred from Norway Post on 1 May 2009. Costs and corresponding head-count figures were included with effect from the first quarter of 2009.

## Note 9 Write-downs on loans and guarantees

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
Write-offs	18	21	419	196
New individual write-downs	584	789	2 295	1 331
Total new individual write-downs	602	811	2 714	1 527
Reassessed individual write-downs	134	136	304	127
Total individual write-downs	468	675	293	1 400
Recoveries on commitments previously written off	88	88	293	303
Change in collective write-downs on loans	(88)	253	1 018	489
<b>Write-downs on loans and guarantees <sup>*)</sup></b>	<b>293</b>	<b>840</b>	<b>3 135</b>	<b>1 586</b>
Write-offs covered by individual write-downs made in previous years	198	221	641	617
<i>*) Of which individual write-downs on guarantees</i>	9	3	2	(15)

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
Write-offs	25	33	554	335
New individual write-downs <sup>1)</sup>	1 637	1 446	6 521	2 925
Total new individual write-downs	1 662	1 479	7 075	3 260
Reassessed individual write-downs	231	179	693	246
Total individual write-downs	1 431	1 300	6 382	3 014
Recoveries on commitments previously written off	94	92	317	335
Change in collective write-downs on loans <sup>1)</sup>	(390)	390	1 645	830
<b>Write-downs on loans and guarantees <sup>*)</sup></b>	<b>947</b>	<b>1 598</b>	<b>7 710</b>	<b>3 509</b>
Write-offs covered by individual write-downs made in previous years	292	540	1 627	678
<i>*) Of which individual write-downs on guarantees</i>	8	2	14	5

1) In the first quarter of 2010, collective write-downs of NOK 284 million were reclassified as individual write-downs following more precise identification of impairment on individual commitments in sub-portfolios in DnB NORD.

Write-downs totalled NOK 947 million for the quarter, down from NOK 1 598 million in the first quarter of 2009. Excluding DnB NORD, individual write-downs came to NOK 456 million in the first quarter of 2010, down NOK 266 million from the year-earlier period. There was a decline in most segments, though the shipping segment saw a rise in write-downs after very low figures in the first quarter of 2009. Nevertheless, the level of write-downs in the shipping segment remained low in the first quarter of 2010. There is still considerable uncertainty about future developments.

Write-downs in DnB NORD totalled NOK 556 million in the first quarter of 2010, down from NOK 591 million in the year-earlier period. The level of write-downs remained very high relative to the loan portfolio. Total write-downs in DnB NORD represented 3.43 per cent of DnB NORD's average loan portfolio in the first quarter of 2010, an increase from 2.64 per cent in the January through March period in 2009 and a decline from 4.40 per cent in the fourth quarter of 2009. The corresponding figures for the entire DnB NOR Bank Group were 0.34, 0.55 and 0.53 per cent in the first quarter of 2010, first quarter of 2009 and fourth quarter of 2009, respectively.

## Note 10 Lending to customers

DnB NOR Bank ASA					DnB NOR Bank Group				
31 Dec. 2008	31 March 2009	31 Dec. 2009	31 March 2010		31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008	
645 492	595 920	496 993	502 113	Lending to customers, nominal amount	994 352	976 842	995 093	1 022 108	
1 758	2 178	3 061	3 323	Individual write-downs	8 682	7 673	4 886	4 256	
				Lending to customers, after individual write-downs	985 670	969 169	990 207	1 017 852	
643 734	593 741	493 932	498 790	+ Accrued interest and amortisation	1 832	1 746	2 835	3 762	
2 653	1 904	876	629	- Individual write-downs of accrued interest and amortisation	612	607	525	478	
439	466	515	513	- Collective write-downs	2 577	2 969	1 911	1 625	
994	1 233	1 878	1 809						
644 954	593 946	492 414	497 096	Lending to customers, at amortised cost	984 313	967 340	990 606	1 019 511	
176 928	181 573	133 567	126 774	Lending to customers, nominal amount	153 938	160 233	196 037	184 639	
1 882	1 444	701	951	+ Accrued interest	1 078	802	1 481	1 907	
460	131	124	102	+ Adjustment to fair value	629	416	523	785	
179 269	183 148	134 392	127 828	Lending to customers, at fair value <sup>1)</sup>	155 645	161 452	198 042	187 331	
<b>824 223</b>	<b>777 094</b>	<b>626 806</b>	<b>624 925</b>	<b>Lending to customers</b>	<b>1 139 958</b>	<b>1 128 791</b>	<b>1 188 648</b>	<b>1 206 842</b>	

1) The fair value of loans in Norwegian kroner has been reduced by NOK 13 million from 31 December 2009 due to widening credit margins.

## Note 11 Net impaired loans and guarantees for principal sectors <sup>1)</sup>

DnB NOR Bank ASA					DnB NOR Bank Group				
31 Dec. 2008	31 March 2009	31 Dec. 2009	31 March 2010		31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008	
1 929	2 050	1 739	1 666	Private individuals <sup>2)</sup>	4 546	3 838	3 440	2 893	
0	0	1 065	2 770	International shipping	2 793	1 097	31	37	
896	835	996	739	Real estate	2 477	2 259	2 091	1 938	
1 491	1 310	2 361	2 355	Manufacturing	3 405	3 420	2 010	1 965	
446	352	157	204	Services	1 374	740	789	677	
75	933	817	817	Trade	659	668	1 084	156	
171	156	0	0	Oil and gas	359	0	156	172	
74	300	173	832	Transportation and communication	1 219	533	598	131	
94	91	293	267	Building and construction	996	1 176	252	174	
1	1	0	124	Power and water supply	132	9	1	26	
364	8	6	6	Seafood	0	10	8	367	
59	66	80	82	Hotels and restaurants	251	226	81	65	
97	107	106	93	Agriculture and forestry	270	304	240	141	
0	0	0	0	Central and local government	0	0	0	0	
1	5	113	10	Other sectors	16	121	5	63	
5 698	6 214	7 905	9 966	Total customers	18 498	14 403	10 787	8 807	
0	2	1	0	Credit institutions	0	0	72	0	
5 698	6 216	7 906	9 966	Total net impaired loans and guarantees	18 498	14 403	10 859	8 807	
853	1 071	1 502	1 508	Non-performing loans and guarantees not to subject to write-downs <sup>2) 3)</sup>	3 315	4 724	3 093	3 115	
6 551	7 287	9 408	11 474	Total net not-performing and doubtful loans and guarantees	21 813	19 127	13 952	11 922	

1) Includes loans and guarantees subject to individual write-downs for principal sectors, and total non-performing loans and guarantees not subject to write-downs. The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway. With effect from the second quarter of 2009, a new standard for industry codes has been introduced which corresponds to the new EU standard, NACE Rev. 2. Customers are classified according to their main line of business.

2) First quarter development includes an increase of NOK 817 million due to reclassification of non-performing commitments previously collectively written down in DnB NORD.

3) Figures for previous periods are restated for sub-portfolios in DnB NORD.

## Note 12 Commercial paper and bonds, held to maturity

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

### Measurement

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the liquidity portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the liquidity portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. The markets normalised during 2009 and the first quarter of 2010, though there are still no observable prices for large parts of the portfolio. In order to meet the disclosure requirement at end-March 2010, the liquidity portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the liquidity portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the liquidity portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the liquidity portfolio in the first quarter of 2010, there would have been a NOK 368 million reduction in profits.

### Effects of the reclassifications of the liquidity portfolio

The reclassification of the liquidity portfolios resulted in a rise in profits of NOK 646 million at end-March 2010 compared with the result 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 62.9 billion at end-March 2010. The average term to maturity of the portfolio is estimated at 3.18 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 19 million at end-March 2010.

#### Effects of the reclassification of the liquidity portfolio

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
<b>Effects on profits</b>				
Recorded amortisation effect	136	167	544	339
Net gain if valued at fair value	(232)	(223)	2 819	(2 678)
Effects of reclassification on profits	368	390	(2 275)	3 017
<b>Effects on the balance sheet</b>				
Recorded, unrealised losses at end of period	1 526	2 039	1 662	2 206
Unrealised losses, if valued at fair value	2 172	5 000	2 404	5 223
Effects of reclassification on the balance sheet	646	2 961	741	3 017

#### Development in the liquidity portfolio after the reclassification

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>			
	31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
Liquidity portfolio, recorded value	62 885	68 600	83 878	92 914
Liquidity portfolio, if valued at fair value	62 239	67 859	80 917	89 898
Effects of reclassification on the balance sheet	646	741	2 961	3 017

### DnB NOR Markets' liquidity portfolio

After the reclassification date, DnB NOR Markets has chosen to increase its investments in held-to-maturity securities. As at 31 March 2010, DnB NOR Markets' portfolio represented NOK 113 billion. 96.4 per cent of the securities in the portfolio had an AAA rating, while 3.1 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Treasury bills in Portugal, Italy, Ireland, Greece or Spain. The structure of DnB NOR Markets' liquidity portfolio is shown below.

## Note 12 Commercial paper and bonds, held to maturity (continued)

Asset class	DnB NOR Bank Group	
	Per cent	NOK million
	31 March 2010	31 March 2010
Consumer credit	2	2 838
Residential mortgages	60	68 697
Corporate loans	4	4 999
Government-related	33	38 325
Insurance	0	57
Total liquidity portfolio DnB NOR Markets, nominal values	100	114 917
Accrued interest, including amortisation effects		(1 962)
Total liquidity portfolio DnB NOR Markets	100	112 955
Of which reclassified portfolio		62 885

The average term to maturity of DnB NOR Markets' liquidity portfolio is estimated at 3.25 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 25 million at end-March 2010.

### Commercial paper and bonds, held to maturity

Amounts in NOK million	DnB NOR Bank Group			
	31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
DnB NOR Markets	112 955	112 969	91 146	99 106
Other units	231	333	616	1 172
<b>Commercial paper and bonds, held to maturity</b>	<b>113 186</b>	<b>113 302</b>	<b>91 763</b>	<b>100 278</b>

## Note 13 Intangible assets

DnB NOR Bank ASA				Amounts in NOK million	DnB NOR Bank Group			
31 Dec. 2008	31 March 2009	31 Dec. 2009	31 March 2010		31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
1 657	1 650	1 650	1 651	Goodwill	3 631	3 605	4 263	4 548
51	51	51	51	Postbanken brand name	51	51	51	51
448	481	629	580	Systems development	1 169	1 199	916	860
18	16	232	229	Other intangible assets	464	699	562	645
<b>2 173</b>	<b>2 198</b>	<b>2 562</b>	<b>2 511</b>	<b>Total intangible assets</b>	<b>5 315</b>	<b>5 554</b>	<b>5 792</b>	<b>6 105</b>

## Note 14 Debt securities issued and subordinated loan capital

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

Debt securities issued	DnB NOR Bank ASA			
	31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
<i>Amounts in NOK million</i>				
Commercial paper issued, nominal amount	175 932	167 989	186 351	194 700
Bond debt, nominal amount	202 684	224 418	263 379	305 356
Adjustments	6 101	5 824	6 929	7 623
<b>Total debt securities issued</b>	<b>384 718</b>	<b>398 231</b>	<b>456 659</b>	<b>507 680</b>

Changes in debt securities issued	DnB NOR Bank ASA					
	Balance sheet 31 March 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	175 932	126 678	119 892	1 157		167 989
Bond debt, nominal amount	202 684	9 444	26 953	(4 225)		224 418
Adjustments	6 101				277	5 824
<b>Total debt securities issued</b>	<b>384 718</b>	<b>136 122</b>	<b>146 845</b>	<b>(3 068)</b>	<b>277</b>	<b>398 231</b>

Subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Bank ASA					
	Balance sheet 31 March 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	20 632			(479)		21 111
Perpetual subordinated loan capital, nominal amount	6 881			51		6 830
Perpetual subordinated loan capital securities, nominal amount <sup>1)</sup>	8 331			(137)		8 468
Adjustments	1 441				164	1 277
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>37 285</b>	<b>0</b>	<b>0</b>	<b>(565)</b>	<b>164</b>	<b>37 686</b>

Debt securities issued	DnB NOR Bank Group			
	31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
<i>Amounts in NOK million</i>				
Commercial paper issued, nominal amount	175 966	168 028	186 441	194 852
Bond debt, nominal amount <sup>2)</sup>	315 060	319 917	354 910	405 040
Adjustments	14 900	12 962	14 897	14 291
<b>Total debt securities issued</b>	<b>505 926</b>	<b>500 907</b>	<b>556 247</b>	<b>614 183</b>

Changes in debt securities issued	DnB NOR Bank Group					
	Balance sheet 31 March 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	175 966	126 688	119 908	1 159		168 028
Bond debt, nominal amount <sup>2)</sup>	315 060	29 467	27 305	(7 019)		319 917
Adjustments	14 900				1 938	12 962
<b>Total debt securities issued</b>	<b>505 926</b>	<b>156 154</b>	<b>147 212</b>	<b>(5 861)</b>	<b>1 938</b>	<b>500 907</b>

Subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Bank Group					
	Balance sheet 31 March 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	21 931			(524)		22 455
Perpetual subordinated loan capital, nominal amount	6 881			51		6 830
Perpetual subordinated loan capital securities, nominal amount <sup>1)</sup>	8 331			(137)		8 468
Adjustments	1 457				160	1 297
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>38 600</b>	<b>0</b>	<b>0</b>	<b>(610)</b>	<b>160</b>	<b>39 051</b>

1) Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Finanstilsynet may require that the securities should be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.

2) Minus own bonds. Outstanding covered bonds in DnB NOR Boligkreditt totalled NOK 240.1 billion as at 31 March 2010. The cover pool represented NOK 336.3 billion.



## Note 15 Capital adequacy

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

DnB NOR Bank ASA		Primary capital	DnB NOR Bank Group	
31 Dec. 2009	31 March 2010		31 March 2010	31 Dec. 2009
		<i>Amounts in NOK million</i>		
17 514	17 514	Share capital	17 514	17 514
54 948	54 996	Other equity	65 756	65 800
72 462	72 510	Total equity	83 271	83 314
		Deductions		
0	0	Pension funds above pension commitments	(26)	(3)
(1 650)	(1 651)	Goodwill	(3 879)	(3 853)
(1 153)	(1 148)	Deferred tax assets	(307)	(295)
(912)	(860)	Other intangible assets	(1 714)	(1 980)
0	0	Group contribution, payable	(3 750)	(3 750)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 033)	(1 037)	50 per cent of investments in other financial institutions	(1 037)	(1 033)
(101)	(133)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(282)	(222)
182	186	Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	(300)	(404)
67 796	67 868	Equity Tier 1 capital	71 947	71 745
8 468	8 331	Perpetual subordinated loan capital securities <sup>1) 2)</sup>	8 512	8 655
76 264	76 199	Tier 1 capital	80 458	80 400
6 830	6 881	Perpetual subordinated loan capital	6 881	6 830
21 111	20 632	Term subordinated loan capital <sup>2)</sup>	22 496	23 003
		Deductions		
(1 033)	(1 037)	50 per cent of investments in other financial institutions	(1 037)	(1 033)
(101)	(133)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(282)	(222)
		Additions		
(1)	0	45 per cent of unrealised gains on fixed assets	18	18
26 807	26 343	Tier 2 capital	28 076	28 597
103 071	102 542	Total eligible primary capital <sup>3)</sup>	108 534	108 997
831 885	835 621	Risk-weighted volume	956 594	960 208
66 551	66 850	Minimum capital requirement	76 528	76 817
8.1	8.1	Equity Tier 1 capital ratio (%)	7.5	7.5
9.2	9.1	Tier 1 capital ratio (%)	8.4	8.4
12.4	12.3	Capital ratio (%)	11.3	11.4
-	8.3	Equity Tier 1 capital ratio including 50 per cent of profit for the period (%)	7.7	-
-	9.3	Tier 1 capital ratio including 50 per cent of profit for the period (%)	8.5	-
-	12.4	Capital ratio including 50 per cent of profit for the period (%)	11.5	-

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

2) As at 31 March 2010, calculations of capital adequacy included a total of NOK 745 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.

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

Due to transitional rules, the minimum capital adequacy requirements for 2009 and 2010 cannot be reduced below 80 per cent relative to the Basel I requirements. Risk-weighted volume for the DnB NOR Bank Group at the end of March 2010 represented 86.1 per cent of the corresponding volume based on the Basel I rules.

## Note 15 Capital adequacy (continued)

### Basel II implementation

#### Further progress

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

Portfolios	Reporting methods for credit risk in capital adequacy calculations		
	31 Dec. 2009	31 Dec. 2010	31 Dec. 2011
<b>Retail:</b>			
- mortgage loans, DnB NOR Bank and DnB NOR Boligkreditt	IRB <sup>1)</sup>	IRB <sup>1)</sup>	IRB <sup>1)</sup>
- qualifying revolving retail exposure, DnB NOR Kort	Standardised	IRB <sup>1)</sup>	IRB <sup>1)</sup>
- mortgage loans, Nordlandsbanken	Standardised	IRB <sup>1)</sup>	IRB <sup>1)</sup>
- loans in Norway, DnB NOR Finans	Standardised	IRB <sup>1)</sup>	IRB <sup>1)</sup>
- remaining portfolios, DnB NOR Finans	Standardised	Standardised	Standardised
<b>Corporates:</b>			
- small and medium-sized corporates, DnB NOR Bank	Advanced IRB	Advanced IRB	Advanced IRB
- large corporate clients, DnB NOR Bank	Standardised	Advanced IRB	Advanced IRB
- corporate clients, Nordlandsbanken	Standardised	Advanced IRB	Advanced IRB
- leasing and loans in Norway, DnB NOR Finans	Standardised	Advanced IRB	Advanced IRB
- remaining portfolios, DnB NOR Finans	Standardised	Standardised	Standardised
- corporate clients, DnB NOR Næringskreditt	Standardised	Advanced IRB	Advanced IRB
<b>Institutions:</b>			
- banks and financial institutions	Standardised	Standardised	Advanced IRB
<b>Exceptions:</b>			
- approved exceptions: government and municipalities, equity positions, commercial paper	Standardised	Standardised	Standardised
- temporary exceptions: DnB NOR, DnB NOR Luxembourg, Monchebank and various other portfolios	Standardised	Standardised	Standardised

1) For mortgage loans, no distinction is made between the foundation and the advanced IRB approach.

## Note 16 Liquidity risk

Liquidity risk is the risk that the banking group will be unable to meet its payment obligations. The Board of Directors has established internal limits which restrict the short-term maturity of the bank's liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. The banking group's ratio of deposits to lending was 53.3 per cent at end-March 2010, up from 50.9 per cent a year earlier. The ratio of deposits to lending in DnB NOR Bank ASA was 91.7 per cent at end-March 2010.

The short-term funding markets were consistently sound through the first quarter. Volumes, maturities and prices approximated normal levels, though there was greater focus on transactions with maturities of less than three months than before the financial crisis. Funding costs in the long-term funding market for banks remain considerably higher than pre-crisis levels, but were relatively stable during the past two quarters. However, expectations in the market of extensive future long-term borrowing contribute to keeping the banks funding costs at a high level.

DnB NOR Bank's liquidity situation at end-March 2010 can be characterised as sound. As at 31 March 2010, the average remaining term to maturity for the portfolio of senior bond debt was 3.2 years, compared with 2.7 years a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

## Note 17 Information on related parties

---

Major transactions and agreements with related parties:

### **Eksportfinans**

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DnB NOR Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement was renewed in June 2009. DnB NOR Bank ASA's share of this agreement represents approximately USD 2.2 billion. At end-March 2010, Eksportfinans had not availed itself of this credit line.

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

### **DnB NOR Boligkreditt**

DnB NOR Boligkreditt AS is 100 per cent owned by DnB NOR Bank ASA. As part of ordinary business transactions, a large number of banking transactions are entered into between DnB NOR Boligkreditt AS (Boligkreditt) and DnB NOR Bank ASA (the bank), including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the "Agreement relating to transfer of loan portfolio between DnB NOR Bank ASA and DnB NOR Boligkreditt AS" (the transfer agreement) and the "Contract concerning purchase of management services" (the servicing agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. In 2008, portfolios representing NOK 93.6 billion were transferred from the bank to Boligkreditt. Portfolios transferred in 2009 represented a total of NOK 88.5 billion. In the first quarter of 2010 additional transfers of NOK 9.0 billion were made. The transfers are based on market terms.

Pursuant to the management agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. Boligkreditt pays an annual management fee for these services based on the lending volume under management. For new loans approved through the bank's channels, a sales commission for each loan is also paid. The fee paid for the period January through March 2010 totalled NOK 323 million.

At end-March 2010 the bank had invested NOK 130.3 billion in covered bonds issued by Boligkreditt. The bank has used bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

### **DnB NOR Næringskreditt**

DnB NOR Næringskreditt (Næringskreditt) is 100 per cent owned by DnB NOR Bank ASA. The mortgage institution was established to issue covered bonds secured by a cover pool comprising commercial property and is instrumental in the bank's asset and liability management as a source of short and long-term funding. In its stimulus packages, the Norwegian Ministry of Finance has opened up for the use of such bonds in the swap scheme with Treasury bills on a par with covered bonds issued by Boligkreditt. The bonds will be used in swap schemes with the Norwegian government, as collateral for central banks loans or sold in the market.

The company stated operations in the third quarter of 2009, and loans with a total value of NOK 2.8 billion were thus transferred from DnB NOR Bank ASA to the company. At end-March 2010, commitments with a total value of NOK 13.8 billion had been transferred. The transfers are made in agreement with the customers. The portfolio will be diversified with respect to property types, sizes and locations. Like Boligkreditt, Næringskreditt will purchase management and administrative services from DnB NOR Bank ASA. The fee paid for the period January through March 2010 totalled NOK 41 million.

## Note 17 Information on related parties (continued)

### Vital Forsikring

As part of the company's ordinary investment activity, Vital Forsikring ASA (Vital) has subscribed for covered bonds issued by Boligkreditt. Vital's investments in Boligkreditt are limited to listed covered bonds. Vital's holding of Boligkreditt bonds was valued at NOK 7.1 billion at end-March 2010.

DnB NOR Bank ASA has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to Vital for an accumulated amount equivalent to NOK 2.8 billion. In connection with the sale, interest rate and currency swaps were entered into, protecting Vital against currency risk and providing a total return based on Norwegian interest rates. DnB NOR Bank ASA still carries interest rate, settlement and credit risk associated with the relevant loans. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet. The set-offs to the loans are recorded as deposits from customers.

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

### Stimulus packages

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

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

DnB NOR Bank ASA has purchased bonds from DnB NOR 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 will be treated as own bonds and netted against issued bonds in DnB NOR 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 2010, this funding represented NOK 118.1 billion. At end-March 2010, the bank's investments in Treasury bills used in the swap agreements represented NOK 113.7 billion.

## Note 18 Off-balance sheet transactions, contingencies and post-balance sheet events

### Off-balance sheet transactions and additional information

DnB NOR Bank ASA				DnB NOR Bank Group				
31 Dec. 2008	31 March 2009	31 Dec. 2009	31 March 2010		31 March 2010	31 Dec. 2009	31 March 2009	31 Dec. 2008
				<i>Amounts in NOK million</i>				
32 575	26 591	24 621	23 374	Performance guarantees	24 532	26 000	28 141	34 367
22 553	21 164	18 138	18 320	Payment guarantees	20 271	19 250	23 656	24 582
14 871	14 299	10 702	12 385	Loan guarantees <sup>1)</sup>	13 312	11 774	15 529	16 202
				Guarantee to the Norwegian Banks'				
0	0	939	939	Guarantee Fund	939	939	0	0
4 759	5 264	4 617	4 681	Guarantees for taxes etc.	4 719	4 655	5 308	4 801
4 764	4 597	3 643	5 091	Other guarantee commitments	5 520	3 892	5 240	5 448
79 522	71 914	62 659	64 791	Total guarantee commitments	69 293	66 510	77 874	85 399
0	0	0	0	Support agreements	8 015	8 045	4 728	4 499
79 522	71 914	62 659	64 791	Total guarantee commitments etc. <sup>*)</sup>	77 308	74 555	82 602	89 899
322 651	325 683	369 299	498 436	Unutilised credit lines and loan offers	478 528	376 282	329 724	361 259
24 627	21 533	14 734	15 253	Documentary credit commitments	15 351	14 839	21 770	24 896
496	466	390	790	Other commitments	835	516	500	540
347 774	347 682	384 424	514 479	Total commitments	494 714	391 638	351 994	386 695
427 296	419 596	447 083	579 270	Total guarantee and off-balance commitments	572 022	466 193	434 596	476 594
202 611	151 847	151 067	191 389	Securities	191 389	151 067	151 847	202 611
202 464	151 704	150 934	191 261	- are pledged as security for:	191 261	150 934	151 704	202 464
147	143	133	128	Loans <sup>2)</sup>	128	133	143	147
				Other activities	128	133	143	147
				<i>*) Of which counter-guaranteed by financial institutions</i>	200	209	324	566
360	223	206	105					

- 1) DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR 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 9 291 million were recorded in the balance sheet as at 31 March 2010. These loans are not included under guarantees in the table.
- 2) As at 31 March 2010, NOK 70 312 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank.

### Contingencies

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

Bovista ApS in Copenhagen, which is a wholly-owned subsidiary of RC Real Estate, has sued Bank DnB NOR for up to DKK 180 million plus interest, claiming that the bank has wrongfully used proceeds from the sale of properties as loan repayments without consulting the company. The bank contests the claim.

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 and that the bank be ordered to pay costs of NOK 266 000 plus interest on late payments. The disputed amount is not significant in itself and only applies to the civil action in question, which must be evaluated separately. The bank contests the claim.

In addition to the above-mentioned civil action brought against DnB NOR Bank ASA by Ivar Petter Røeggen, a group action with 19 plaintiffs has been brought against the bank, relating to the sale of the same structured products as the action brought by Røeggen. The bank maintains that there is no legal basis for a group action and contests the claim. The civil action was halted by the court pending the outcome of another civil action where there was also a dispute as to whether a case related to structured products could be filed as a group action. After the Supreme Court rejected the filing of the second case as a group-action, the court in the civil action against DnB NOR Bank ASA gave the parties until 19 April to file pleadings before the court decides whether to rule on dismissal.

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.

## Note 18 Off-balance sheet transactions, contingencies and post balance-sheet events (continued)

### Post balance-sheet events

DnB NOR ASA has had a 40 per cent ownership interest in Nordito AS (Nordito), and the company is recorded as an associated company in the DnB NOR Group's accounts as at 31 March 2010. Operations in the Nordito Group include Teller AS and BBS (the Banks' Central Clearing House).

There was a long process to merge Nordito with PBS Holding AS (PBS), which engages in corresponding operations in Denmark. The merger between Nordito and PBS was approved by the Norwegian Ministry of Finance on 12 April 2010 and completed on 14 April. The merger will have accounting effect from 1 January 2009, with PBS as the acquiring company. Prior to the merger, BBS' properties were demerged into a separate company, Nordito Property AS, and the capital in Nordito was reduced. After the merger, DnB NOR Bank ASA has an ownership interest of 40 per cent in Nordito Property and holds shares in PBS corresponding to an 18.2 per cent ownership interest. There is still some uncertainty regarding the gain generated by the merger, but it is expected to be approximately NOK 1 billion, which will be recorded in the accounts for the second quarter of 2010.

On 22 April 2010, the bank converted loans to Faktor Eiendom ASA totalling NOK 250 million to shares in the company. Parallel to this, a private placement of shares was implemented to further strengthen the company's balance sheet. After the share issue, DnB NOR will have a 31 per cent ownership interest in the company.

## Key figures

	<b>DnB NOR Bank Group</b>			
	1st quarter 2010	1st quarter 2009	Full year 2009	Full year 2008
<b>Interest rate analyses</b>				
1. Combined weighted total average spread for lending and deposits (%)	1.10	1.14	1.14	1.02
2. Spread for ordinary lending to customers (%)	1.56	1.56	1.59	1.00
3. Spread for deposits from customers (%)	0.28	0.33	0.29	1.07
<b>Rate of return/profitability</b>				
4. Net other operating income, per cent of total income	34.0	43.3	33.8	30.6
5. Cost/income ratio (%)	48.6	41.3	46.1	48.8
6. Return on equity, annualised (%)	13.2	17.3	10.0	14.0
<b>Financial strength</b>				
7. Core (Tier 1) capital ratio at end of period (%)	8.4	7.1	8.4	6.9
8. Core (Tier 1) capital incl. 50 per cent of profit for the period (%)	8.5	7.3	-	-
9. Capital adequacy ratio at end of period (%)	11.3	10.0	11.4	9.9
10. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	11.5	10.1	-	-
11. Core capital at end of period (NOK million)	80 458	76 244	80 400	77 671
12. Risk-weighted volume at end of period (NOK million)	956 594	1 067 483	960 208	1 120 428
<b>Loan portfolio and write-downs</b>				
13. Individual write-downs relative to average net lending to customers, annualised	0.47	0.41	0.52	0.25
14. Write-downs relative to average net lending to customers, annualised	0.33	0.54	0.66	0.33
15. Net non-performing and net doubtful commitments, per cent of net lending	1.86	1.17	1.69	0.98
16. Net non-performing and net doubtful commitments at end of period (NOK million)	21 813	13 952	19 127	11 922
<b>Liquidity</b>				
17. Ratio of customer deposits to net lending to customers at end of period (%)	53.3	50.9	53.0	50.3
<b>Staff</b>				
18. Number of full-time positions at end of period	12 107	12 730	12 263	12 848
<b>Definitions</b>				
1, 2, 3	Based on nominal values excluding lending to and deposits with credit institutions and 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 reversals of provisions for contractual early retirement pensions.			
6	Profit for the period, excluding profit attributable to minority interests. Average equity is calculated on the basis of recorded equity excluding minority interests.			

# Profit and balance sheet trends

## Income statement

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	1st quarter 2010	4th quarter 2009	3rd quarter 2009	2nd quarter 2009	1st quarter 2009
Total interest income	9 645	9 227	10 084	11 208	14 062
Total interest expenses	5 800	5 501	6 108	7 316	10 258
<b>Net interest income</b>	<b>3 845</b>	<b>3 726</b>	<b>3 976</b>	<b>3 892</b>	<b>3 804</b>
Commissions and fees receivable etc.	1 213	1 211	1 329	1 290	1 150
Commissions and fees payable etc.	440	429	454	495	375
Net gains on financial instruments at fair value	930	975	1 892	1 749	2 894
Other income	698	1 100	393	368	366
<b>Net other operating income</b>	<b>2 402</b>	<b>2 856</b>	<b>3 159</b>	<b>2 913</b>	<b>4 035</b>
<b>Total income</b>	<b>6 247</b>	<b>6 582</b>	<b>7 135</b>	<b>6 805</b>	<b>7 839</b>
Salaries and other personnel expenses	1 229	1 678	1 593	1 602	1 714
Other expenses	1 359	932	1 177	1 287	1 307
Depreciation and write-downs of fixed and intangible assets	98	1 934	210	380	100
<b>Total operating expenses</b>	<b>2 685</b>	<b>4 544</b>	<b>2 979</b>	<b>3 269</b>	<b>3 121</b>
Net gains on fixed and intangible assets	0	(4)	0	1	2
Write-downs on loans and guarantees	293	467	1 145	682	840
<b>Pre-tax operating profit</b>	<b>3 268</b>	<b>1 566</b>	<b>3 011</b>	<b>2 855</b>	<b>3 880</b>
Taxes	915	504	1 027	1 039	1 280
<b>Profit for the period</b>	<b>2 353</b>	<b>1 063</b>	<b>1 985</b>	<b>1 816</b>	<b>2 599</b>

## Balance sheet

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	31 March 2010	31 Dec. 2009	30 Sept. 2009	30 June 2009	31 March 2009
<b>Assets</b>					
Cash and deposits with central banks	12 219	29 023	26 819	55 038	55 292
Lending to and deposits with credit institutions	280 569	276 084	250 385	258 015	244 495
Lending to customers	624 925	626 806	666 560	726 382	777 094
Commercial paper and bonds	304 034	304 948	301 214	184 673	136 087
Shareholdings	12 985	13 041	9 994	8 635	9 034
Financial derivatives	73 980	71 002	85 999	87 839	112 441
Commercial paper and bonds, held to maturity	113 186	113 302	105 569	103 105	91 763
Investments in associated companies	1 023	1 023	1 027	1 065	1 064
Investments in subsidiaries	25 942	26 174	28 254	20 942	18 631
Intangible assets	2 511	2 562	2 221	2 173	2 198
Deferred tax assets	1 148	1 153	9	9	9
Fixed assets	831	817	814	814	822
Other assets	7 159	6 146	23 061	6 199	6 466
<b>Total assets</b>	<b>1 460 511</b>	<b>1 472 079</b>	<b>1 501 925</b>	<b>1 454 890</b>	<b>1 455 395</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	297 255	294 190	288 132	204 373	199 895
Deposits from customers	572 750	580 913	570 419	587 593	571 299
Financial derivatives	63 731	64 338	81 040	83 839	96 768
Debt securities issued	384 718	398 231	426 059	431 137	456 659
Payable taxes	7 993	7 142	3 109	2 225	1 363
Deferred taxes	7	7	3 822	3 805	3 778
Other liabilities	18 089	12 863	11 198	21 917	8 451
Provisions	3 820	4 247	4 454	4 357	4 327
Subordinated loan capital	37 285	37 686	38 544	42 158	41 164
<b>Total liabilities</b>	<b>1 385 648</b>	<b>1 399 617</b>	<b>1 426 778</b>	<b>1 381 402</b>	<b>1 383 705</b>
Share capital	17 514	17 514	17 514	17 514	17 514
Share premium reserve	12 695	12 695	12 695	12 695	12 695
Other equity	44 654	42 253	44 938	43 278	41 481
<b>Total equity</b>	<b>74 863</b>	<b>72 462</b>	<b>75 147</b>	<b>73 487</b>	<b>71 691</b>
<b>Total liabilities and equity</b>	<b>1 460 511</b>	<b>1 472 079</b>	<b>1 501 925</b>	<b>1 454 890</b>	<b>1 455 395</b>

## Profit and balance sheet trends (continued)

Income statement	DnB NOR Bank Group				
	1st quarter 2010	4th quarter 2009	3rd quarter 2009	2nd quarter 2009	1st quarter 2009
<i>Amounts in NOK million</i>					
Total interest income	13 157	12 818	13 427	14 881	17 921
Total interest expenses	7 596	7 143	7 573	9 088	12 131
<b>Net interest income</b>	<b>5 561</b>	<b>5 675</b>	<b>5 854</b>	<b>5 793</b>	<b>5 790</b>
Commissions and fees receivable etc.	1 452	1 448	1 591	1 533	1 384
Commissions and fees payable etc.	472	467	491	516	415
Net gains on financial instruments at fair value	1 298	1 051	1 957	1 032	2 140
Profit from companies accounted for by the equity method	61	(49)	(284)	(471)	897
Other income	522	369	400	299	417
<b>Net other operating income</b>	<b>2 861</b>	<b>2 352</b>	<b>3 172</b>	<b>1 876</b>	<b>4 424</b>
<b>Total income</b>	<b>8 422</b>	<b>8 027</b>	<b>9 026</b>	<b>7 669</b>	<b>10 214</b>
Salaries and other personnel expenses	1 673	2 164	2 137	2 121	2 258
Other expenses	1 729	1 289	1 516	1 610	1 652
Depreciation and write-downs of fixed and intangible assets	337	678	497	607	312
<b>Total operating expenses</b>	<b>3 740</b>	<b>4 130</b>	<b>4 151</b>	<b>4 338</b>	<b>4 223</b>
Net gains on fixed and intangible assets	11	19	(4)	7	4
Write-downs on loans and guarantees	947	1 517	2 277	2 318	1 598
<b>Pre-tax operating profit</b>	<b>3 746</b>	<b>2 398</b>	<b>2 595</b>	<b>1 021</b>	<b>4 396</b>
Taxes	1 236	1 591	1 047	393	1 319
Profit from operations and non-current assets held for sale, after taxes	(4)	80	0	0	0
<b>Profit for the period</b>	<b>2 505</b>	<b>886</b>	<b>1 548</b>	<b>627</b>	<b>3 078</b>
Profit attributable to shareholders	2 705	1 320	1 955	1 185	3 238
Profit attributable to minority interests	(199)	(433)	(408)	(558)	(161)

Balance sheet	DnB NOR Bank Group				
	31 March 2010	31 Dec. 2009	30 Sept. 2009	30 June 2009	31 March 2009
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	15 287	31 859	29 899	58 524	58 185
Lending to and deposits with credit institutions	71 001	58 751	67 382	62 140	73 685
Lending to customers	1 139 958	1 128 791	1 146 949	1 178 785	1 188 648
Commercial paper and bonds	178 444	177 613	177 340	95 310	57 001
Shareholdings	13 345	13 396	10 361	9 061	9 483
Financial derivatives	71 355	69 173	84 662	86 414	111 456
Commercial paper and bonds, held to maturity	113 186	113 302	105 569	103 105	91 763
Investment property	626	614	584	583	663
Investments in associated companies	2 563	2 502	2 599	2 921	3 391
Intangible assets	5 315	5 554	6 224	5 579	5 792
Deferred tax assets	251	241	239	382	236
Fixed assets	5 483	5 434	5 588	5 306	5 133
Operations and non-current assets held for sale	1 314	1 255	168	164	201
Other assets	8 088	7 513	7 113	9 172	8 335
<b>Total assets</b>	<b>1 626 214</b>	<b>1 615 999</b>	<b>1 644 677</b>	<b>1 617 447</b>	<b>1 613 973</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	305 120	302 694	297 129	234 169	230 242
Deposits from customers	607 946	613 627	603 422	622 522	605 294
Financial derivatives	52 532	52 359	67 545	64 795	77 611
Debt securities issued	505 926	500 907	528 124	534 481	556 247
Payable taxes	9 812	8 715	2 515	1 786	1 470
Deferred taxes	625	575	5 175	5 099	5 059
Other liabilities	15 336	9 839	13 599	24 855	10 903
Operations held for sale	347	366	0	0	0
Provisions	4 191	4 553	4 801	4 690	4 638
Subordinated loan capital	38 600	39 051	39 940	43 629	42 624
<b>Total liabilities</b>	<b>1 540 437</b>	<b>1 532 685</b>	<b>1 562 249</b>	<b>1 536 026</b>	<b>1 534 089</b>
Minority interests	2 448	2 755	3 265	4 010	3 644
Share capital	17 514	17 514	17 514	17 514	17 514
Share premium reserve	13 411	13 411	13 411	13 411	13 411
Other equity	52 403	49 633	48 237	46 485	45 315
<b>Total equity</b>	<b>85 776</b>	<b>83 314</b>	<b>82 428</b>	<b>81 421</b>	<b>79 885</b>
<b>Total liabilities and equity</b>	<b>1 626 214</b>	<b>1 615 999</b>	<b>1 644 677</b>	<b>1 617 447</b>	<b>1 613 973</b>



# Information about the DnB NOR Bank Group

## Head office DnB NOR ASA

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

## DnB NOR Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

## Board of Directors in DnB NOR Bank ASA

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

## 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

## Other sources of information

### Annual reports

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

### Quarterly publications

Quarterly reports are available on dnbnor.com. Separate quarterly reports are prepared for the DnB NOR Group and Vital.

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

