First half and second quarter report 2009
Unaudited

DnB NOR Bank ASA

Financial highlights

First half 2009

- Pre-tax operating profits before write-downs were NOK 9.3 billion (6.1)
- Profit for the period was NOK 3.7 billion (4.2)
- Profit after minority interests was NOK 4.4 billion (4.1)
- Return on equity was 12.9 per cent (12.6)
- The cost/income ratio, excluding impairment losses for goodwill, ratio was 46.2 per cent (55.7)
- The core capital ratio, including 50 per cent of interim profits, was 7.7 per cent (7.4)

Second quarter 2009

- Pre-tax operating profits before write-downs were NOK 3.3 billion (4.2)
- Profit for the period was NOK 0.6 billion (2.9)
- Profit after minority interests was NOK 1.2 billion (2.8)
- Return on equity was 6.3 per cent (17.0)
- The cost/income ratio, excluding impairment losses for goodwill, ratio was 52.8 per cent (48.3)
- The core capital ratio, including 50 per cent of interim profits, was 7.7 per cent (7.4)

Figures for the DnB NOR Bank Group.
Comparable figures for 2008 in parentheses.

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

Report for the first half and second quarter of 2009

- Sound operations and improved earnings from core activities
- Decline in profits due to special mark-to-market adjustments and write-downs
- Stable cost trend, good effects of cost programme
- Major challenges in Baltic region, impairment losses for goodwill and higher write-downs on loans
- High tax charge
- Improved capital adequacy ratio

First half

In light of the serious economic downturn, the DnB NOR Bank Group [1)] recorded healthy profits in the first half of the year, reflecting sound performance in Norwegian-related operations, large write-downs in the Baltic region and a relatively high tax charge. Profits totalled NOK 3 705 million, a decline from NOK 4 228 million in the first half of 2008.

The main reason for the decline in the banking group profits was the NOK 2 260 million operating loss recorded by DnB NORD, which is mainly due to large write-downs in the April through June period. The minority owners' share of DnB NORD's operating loss is reflected in DnB NOR Bank Group's profits, while only 51 per cent of the loss will affect DnB NOR's shareholders. Profits for the DnB NOR Bank Group, excluding the minority interests' share of the banking group profits, were NOK 4 423 million for the first six months of the year. Return on equity was 12.9 per cent in the first half of 2009, up from 12.6 per cent in the corresponding period in 2008.

Net interest income totalled NOK 10 177 million in the first half of 2008 and NOK 11 583 million in the first half of 2009, an increase of 13.8 per cent. During this period, average lending volume increased by 15.9 per cent. The rise in net interest income must also be viewed in light of the rising interest rate level through the first half of 2008, resulting in a negative lag before interest rate adjustments were reflected in the bank's rates. Interest rates declined during the first half of 2009, and the corresponding lag thus had a positive effect.

The turbulent economic situation resulted in strong fluctuations in other operating income during the first half of the year. Other operating income increased by NOK 2 808 million from the first half of 2008. Due to high volatility resulting from the financial crisis, there were greater differences between ask and bid prices in the financial and currency markets. This volatility was a key factor behind the rise in income, which was particularly pronounced in the January through March period. The liquidity portfolio in DnB NOR Markets, which was reclassified as held-to-maturity investments with effect from 1 July 2008, contributed to the rise in other operating income in the first half of 2009 compared with the year-earlier period. Other operating income in Retail Banking declined relative to the first half of 2008.

The banking group's cost programme and and adjustments to the prevailing market situation had an impact on costs in the first half of 2009 compared with the first half of 2008. Nevertheless, there was a NOK 654 million rise in operating expenses during the period, excluding impairment losses for goodwill. The banking group underwent a period of growth in the first six months of 2008, characterised by acquisitions and the establishment of new operations in Norway and internationally. These initiatives became fully effective in the first half of 2009 and were a key factor behind the rise in costs.

Due to the effect of economic developments in Latvia and Lithuania on DnB NORD's operations in the region, impairment losses for goodwill of NOK 570 million were required, of which NOK 291 million was recorded in the DnB NOR Bank Group's accounts. Excluding impairment losses, recorded goodwill in DnB NORD totalled NOK 794 million as at 30 June and primarily related to operations in Poland.

Write-downs on loans, including group write-downs, rose by NOK 3 446 million from the first half of 2008, to NOK 3 916 million. Write-downs in DnB NORD represented NOK 2 043 million or 52.2 per cent of the banking group's write-downs in the first half of 2009.

Aspects relating to the banking group's balance sheet and risk situation as at 30 June are described in further detail below.

Second quarter

The DnB NOR Bank Group achieved pre-tax operating profits before write-downs of NOK 627 million in the second quarter of 2009, down from NOK 2 863 million in the year-earlier period. Compared with the first quarter of 2009, there was a NOK 2 451 million decline in profits.

Key factors behind the decline in profits were significant mark-to-market adjustments and high write-downs in the Baltic region. The write-downs resulted from a major deterioration in the macroeconomic situation in the region and significant fiscal tightening. DnB NORD recorded an operating loss of NOK 1 886 million in the second quarter of 2009, compared with a profit of NOK 130 million

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

in the year-earlier period. The minority owners' share of DnB NORD's operating loss is included in the DnB NOR Bank Group's income statement. Return on equity was 6.3 per cent in the second quarter of 2009 and 17.0 per cent in the corresponding period in 2008.

In consequence of developments in DnB NORD, it was decided at end-June to focus activities in DnB NORD on its core markets in Eastern Europe. The branches in Denmark and Finland will be closed and their portfolios transferred to the owner banks.

Pre-tax operating profits before write-downs were NOK 3 331 million in the second quarter of 2009, down from NOK 4 194 million in the year-earlier period. Mark-to-market adjustments which are not related to underlying operations had a negative effect on the second quarter accounts. While such adjustments in the value of balance sheet items raised income by NOK 360 million in the second quarter of 2008, costs of NOK 1 306 million were recorded in the second quarter of 2009. However, there was significant income from customer and own-account trading in DnB NOR Markets.

Average net customer lending increased from NOK 1 036 billion in the April through June period in 2008, to NOK 1 166 billion in the corresponding period in 2009, though the upward trend clearly levelled off in 2009. Relative to the 3-month money market rate, lending spreads widened from 0.80 per cent to 1.58 per cent during the corresponding period, reflecting higher credit risk margins in the market. Parallel to this, there was a narrowing in deposit spreads.

Operating expenses, excluding impairment losses for goodwill, rose by NOK 134 million from the second quarter of 2008. The number of full-time positions was reduced by 148 during the same period, to 12 536. Adjusted for the transition from operational to financial leasing in DnB NOR Finans, an increase in IT development activity and a rise in performance-based pay, which can largely be set off against income items, there was a slight decline in costs. The banking group's cost programme, along with the consequences of the economic downturn, thus had effects that compensated for the wage and price inflation from 2008.

The banking group's cost programme was ahead of schedule, generating cost savings of NOK 96 million compared with the second quarter of 2008. The most significant savings were achieved through the streamlining of the branch network in Retail Banking, reduced procurement costs and improved production processes in the banking group. The cost/income ratio, excluding impairment losses for goodwill, was 52.8 per cent in the second quarter of 2009 and 48.3 per cent in the year-earlier period.

Write-downs on loans in DnB NOR Bank ASA were slightly lower than in the first quarter of 2009, while DnB NORD recorded signify-cantly higher write-downs than in the year-earlier period. Compared with the April through June period in 2008, the banking group's write-downs rose from NOK 275 million to NOK 2 318 million. Write-downs in DnB NORD totalled NOK 1 453 million in the second quarter of 2009, which represented 62.7 per cent of total write-downs. Overall, the write-downs were within previously estimated levels for 2009.

During the second quarter, a number of restructuring processes and other projects were implemented to help increase income and reduce costs. The business area Retail Norway became operative on 1 July 2009, whereby retail customers and small and medium-sized businesses in Norwegian regions will be ensured improved and more efficient service. Parallel to this, the business area Large Corporates and International was established to ensure better follow-up of the largest clients.

Access to long-term funding improved through the quarter, helped by the scheme to exchange covered bonds for Treasury bills. Investors showed keen interest when, in the second quarter, DnB NOR Bank ASA issued bonds with five-year maturities for EUR 2 billion, the equivalent of NOK 17.5 billion. The banking group was one of few banks able to raise funding in the ordinary market without a government guarantee. The DnB NOR Bank Group's total interest cost for these funds was 185 basis points above the money market rate, which is low compared with the price paid many competitors, but still significantly higher than before the financial crisis. This demonstrates that the banking group's average funding costs are rising, which must be compensated by wider lending spreads.

During the quarter, the banking group established the company DnB NOR Næringskreditt AS. The swap scheme for Treasury bills and covered bonds also encompasses property loans and loans to, or guaranteed by, the Norwegian government or municipalities. The company will play an important role in the banking group's funding strategy and serve as an additional instrument to meet long-term funding needs.

In April 2009, the rating agency Standard & Poor's affirmed the bank's long-term AA- credit rating.

In consequence of the economic downturn, credit demand was low in the second quarter. Lending volume grew by NOK 103 billion from the second quarter of 2008, but was down NOK 28 billion from end-December 2008, primarily due to exchange rate effects. This, along with sound underlying earnings, helped increase the core capital ratio from 7.3 per cent at end-March 2009 to 7.7 per cent at end-June 2009, including 50 per cent of interim profits. The banking group is considered to be adequately capitalised relative to the risk in the loan portfolios and other operations, but the Board of Directors nevertheless aims to increase capital adequacy in future.

Income statement for the second quarter

Net interest income

Amounts in NOK million	2nd quarter 2009	Change	2nd quarter 2008
Net interest income	5 793	722	5 071
Lending and deposit spreads		754	
Lending and deposit volumes		306	
Equity and non-interest-bearing items		(414)	
Long-term funding costs		(172)	
Guarantee fund levy		(108)	
Amortisation effect in the liquidity portfolio		221	
Exchange rate effects		198	
Other net interest income		(63)	

Net interest income was NOK 5 793 million in the second quarter of 2009, up 14.2 per cent from the year-earlier period. There was a NOK 3 million increase in net interest income compared with the first quarter of 2009.

The average lending volume was up NOK 130 billion or 12.6 per cent from the second quarter of 2008. There was brisk lending growth in the second half of 2008, which levelled off towards the end of the year. Thus far in 2009, there has been a slight decline in lending volume. The reduction in volume from the first to the second quarter of 2009 mainly reflected negative exchange rate effects.

Relative to the 3-month NIBOR rate, average lending spreads increased from 0.80 per cent in the second quarter of 2008 to 1.58 per cent in the second quarter of 2009. Lending spreads should cover higher funding costs and higher risk in the commitments. Repricing of loans will be a key priority, especially in the corporate market, and the banking group thus expects a further widening in lending spreads. However, repricing depends on the duration of contracts with individual corporate clients, and it will take time before higher funding costs and increased risk have been priced in for all customers.

Deposit growth averaged NOK 66.6 billion or 12.3 per cent. There was strong competition for deposits during the quarter, which can partly explain the decline in average deposit spreads from 1.29 per cent in the second quarter of 2008 to 0.30 per cent. In addition, the low interest rate level squeezes deposit spreads.

Competition is expected to remain fierce in the deposit market. A prolonged period of low interest rates could shift demand from traditional deposits to alternative savings products.

Due to widening credit risk margins in financial markets, the banking group's long-term funding costs were NOK 172 million higher than in the second quarter of 2008.

Net other operating income

Amounts in NOK million	2nd quarter 2009	Change	2nd quarter 2008
Net other operating income	1 876	(1 160)	3 036
Changes in credit margins		(817)	
Net gains on foreign exchange and interest rate instruments [1)]		(239)	
Net other commissions and fees		(16)	
Stock market-related income including financial instruments		(22)	
Other operating income		(65)	

1) Excluding guarantees and changes credit margins.

Net other operating income amounted to NOK 1 876 million, down 38.2 per cent from the second quarter of 2008 and 57.6 per cent from the first quarter of 2009. The reduction was due to the fact that market values were written up considerably in the previous quarters, while there were material write-downs in the second quarter of 2009. Recorded changes in the value of balance sheet items generated a net cost of NOK 1 306 million in the second quarter of 2009, compared with income of NOK 360 million in the year-earlier period. Such items reflect mark-to-market adjustments of credit margins on the banking group's liabilities, mainly in Eksportfinans, and value assessments of currency swap agreements for the exchange of group liabilities.

There was a high level of income from customer trading in foreign exchange, interest rate and commodity products during the quarter, as well as sound income from DnB NOR Markets' own positions. High levels of activity in Corporate Banking and Payment Services and Retail Banking also ensured a rise in income.

The banking group will seek to increase other operating income. A prolonged low interest rate level could boost demand for alternative investment products and raise income from these products.

Operating expenses

Amounts in NOK million	2nd quarter 2009	Change	2nd quarter 2008
Ordinary operating expenses	4 047	134	3 913
Norwegian units		116	
Of which:			
Performance-based pay		48	
IT expenses		59	
Wage and price inflation		106	
Operational leasing		33	
Cost programme		(96)	
Restructuring expenses, cost programme		6	
Other operating expenses		(40)	
International units		18	

Excluding impairment losses for goodwill, operating expenses totalled NOK 4 047 million, up NOK 134 million from the second quarter of 2008. Costs were brought down NOK 176 million compared with the first quarter of 2009.

The number of full-time positions was reduced from 12 684 to 12 536 during the period.

The transition from financial to operational leasing in DnB NOR Finans resulted in a NOK 61 million increase in costs in the banking group's Norwegian and international operations from the second quarter of 2008. There was also an increase in performance-based pay, which was a direct consequence of higher revenues. IT initiatives gave a NOK 65 million rise in costs in Norwegian and international units. In addition, the banking group took over 167 financial consultants from Norway Post, and the appurtenant costs were previously recorded as an income deduction through the distribution agreement with Norway Post. Adjusted for these factors, there was a slight decline in costs from the second quarter of 2008 to the corresponding period in 2009.

The estimated price and wage inflation for DnB NOR's operations in Norway and abroad since the second quarter of 2008 was NOK 131 million. The net effect of the cost programme, including restructuring costs, is estimated at NOK 90 million. Economic developments also brought down costs during the period, primarily due to adjustments in the number of full-time positions to reflect lower market activity.

The cost programme is ahead of schedule, and considerable efforts are being made to achieve cost savings. The most extensive measures relate to the streamlining of the branch network, reduced procurement costs and the shift to electronic customer communication. These measures are followed up on an ongoing basis.

The cost programme target has been adjusted upwards to annual cost savings of NOK 1.7 billion by the end of 2012. Measures to reach this target include a further professionalisation of the procurement process, IT streamlining and coordination of the banking group's staff and support functions.

Impairment losses for goodwill

At end-June 2009, recorded goodwill and intangible assets in the banking group's balance sheet were reviewed with respect to a possible decline in value. In consequence of macroeconomic developments and weak profits in DnB NORD Latvia and DnB NORD Lithuania, impairment losses for goodwill of NOK 570 million were recorded for the two units in DnB NORD in the second quarter of 2009. NOK 291 million of this was recorded in the DnB NOR Bank Group.

Write-downs on commitments

The wide-reaching international economic downturn has had varying consequences for the banking group's operations. While there has been a moderate increase in write-downs on loans in Norwegian-related operations, sizeable write-downs have been recorded in the Baltic States. Annualised write-downs in Norwegian-related operations in the second quarter of 2009 represented 0.22 per cent of the loan portfolio, while write-downs came to 5.31 per cent for DnB NORD. Normalised losses for the entire banking group were 0.27 per cent at end-June 2009. The corresponding figure for DnB NORD was 0.57 per cent.

Individual write-downs totalled NOK 1 852 million in the second quarter of 2009, compared with NOK 1 208 million in the first quarter of 2009 and NOK 222 million in the second quarter of 2008.

The effect of group write-downs on the income statement represented NOK 466 million in the second quarter, largely reflecting a higher risk level in the portfolios, especially in the Baltic region. In the banking group's Norwegian operations, there was little change, and economic developments had varying effects. There was a continued downturn in several industries, but a clear improvement in certain other sectors and in the retail market.

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 18.3 billion as at 30 June 2009, up NOK 13.5 billion from end-June 2008. Net non-performing and impaired commitments increased by NOK 4.4 billion from end-March to end-June 2009. There was a certain reduction in non-performing loans in the retail market during the second quarter. Non-performing and impaired commitments represented 1.56 per cent of lending volume at end-June 2009, compared with 0.44 per cent a year earlier and 0.99 per cent at end-December 2008.

Taxes

The DnB NOR Bank Group's tax charge for the second quarter of 2009 was NOK 393 million. As in the first quarter of 2009, the tax charge is based on an estimated average annual tax charge of

30 per cent of pre-tax operating profits. Impairment losses for goodwill are not tax-deductible and are not included in the tax calculation. After the adjustments, the tax charge for the second quarter of 2009 represented 38.5 per cent of pre-tax operating profits.

Balance sheet and liquidity

Total assets in the banking group's balance sheet were NOK 1 617 billion at end-June 2009, an increase from NOK 1 370 billion a year earlier. Net lending to customers rose by NOK 102.5 billion or 9.5 per cent from end-June 2008 to end-June 2009. Customer deposits were up NOK 50 billion or 8.8 per cent during the same period.

During the second quarter, the uncertainty in financial markets abated and access to short-term liquidity gradually improved. This resulted in lower price mark-ups in the money market, and the difference between money market rates and central bank rates narrowed both in Norway and abroad. There were still great differences in funding costs for various banks, depending on, among other things, rating and nationality.

The markets for long-term funding gradually improved, and both ordinary bonds and so-called covered bonds were issued in the international markets. However, issue costs rose considerably compared with the situation prior to the financial crisis, and market demand remained sluggish. In mid-May 2009, DnB NOR Bank ASA completed a five-year ordinary bond issue of EUR 2 billion. The bonds were issued at competitive terms, but the interest rate level was nevertheless much higher than before the financial crisis.

The Norwegian authorities' measures aimed at the financial services industry still have a stabilising effect on the banks' liquidity situation. Among other things, the measures implemented in the fourth quarter of 2008 give Norwegian banks the opportunity to exchange covered bonds for Treasury bills. The Treasury bills are tradeable in the ordinary financial markets, and the scheme is instrumental in ensuring the banking group long-term funding.

In order to keep the banking group's liquidity risk at a low level, the DnB NOR Bank Group has decided that minimum 90 per cent of loans to customers should be financed through customer deposits, long-term securities, subordinated loan capital and equity. With respect to short-term funding, conservative limits have been set for refunding requirements. The banking group's ratio of deposits to net customer lending was 52.8 per cent at end-June 2009, down from 53.2 per cent a year earlier. The ratio of deposits to lending in DnB NOR Bank ASA was 80.9 per cent as at 30 June 2009. In light of the financial crisis, the banking group aims to increase the ratio of deposits to lending in future.

Securities issued by the banking group increased by NOK 64.9 billion or 13.8 per cent from end-June 2008, totalling NOK 534 billion as at 30 June 2009. The average residual maturity of the portfolio of senior bonds was 2.9 years at end-June 2009, unchanged from a year earlier.

Risk and capital adequacy

The risk situation in the second quarter of 2009 was largely in line with expectations. The weak trend in the international real economy resulted in rising write-downs on loans. For the DnB NOR Bank Group, this was particularly the case in the Baltic States, where the banking group is exposed through DnB NORD. However, there was also a certain rise in write-downs within shipping and acquisition financing. There were moderate losses in the portfolio of Norwegian-related loans, and the portfolio appears to be robust, which can be partly explained by the extensive stimulus measures implemented by the Norwegian authorities.

The liquidity situation improved during the second quarter, and the banking group had ample access to capital market funding.

The DnB NOR Bank Group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement was reduced by NOK 0.5 billion during the second quarter, to NOK 63.6 billion. The table below shows developments in the risk-adjusted capital requirement:

Amounts in NOK billion	30 June 2009	31 March 2009	31 Dec. 2008	30 June 2008
Credit risk	57.5	58.4	59.2	48.6
Market risk	4.4	4.7	4.2	4.2
Operational risk	4.9	4.9	4.9	4.8
Business risk	3.3	3.3	2.8	2.4
Gross risk-adjusted capital requirement	70.1	71.2	71.1	60.1
Diversification effect [1)]	(6.5)	(7.1)	(6.9)	(6.7)
Net risk-adjusted capital requirement	63.6	64.1	64.1	53.4
Diversification effect in per cent of gross risk-adjusted capital requirement [1]	9	10	10	11

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 risk-adjusted capital requirement for credit was virtually unchanged from the first quarter. In consequence of macroeconomic developments, however, credit quality was reduced. Risk-adjusted capital measures the risk in the healthy portfolio. When problem commitments are classified as non-performing or impaired, risk-adjusted capital will no longer be calculated for the commitment, and the risk of losses will be covered by write-downs. This effect, along with a slight decline in total credit exposure, explains the stable trend in risk-adjusted capital for credit. The reduction in credit quality affected shipping and commercial property in particular. In spite of an increase in freight rates in some segments, the shipping industry is expected to have a high potential loss exposure for some time due to the slow recovery of the global economy. The downward revision in market values increases the risk for commercial property. However, the DnB NOR Bank Group's commercial property loans are primarily granted based on cash flow analyses.

Norges Bank's key policy rate was reduced by 4.5 percentage points from end-September 2008, to 1.25 per cent. Reduced interest rates and a lower than expected increase in unemployment in Norway have a positive effect on the risk situation within commercial property.

The large majority of Norwegian retail customers have floating-rate loans. The lower interest rate level has thus improved their debt servicing capacity and had a positive effect on housing prices.

Operational risk, measured in terms of occurred incidents, increased somewhat during the quarter, but remained low. The operational stability of the banking group's IT systems improved compared with previous years. These operations are still given high priority.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement declined by NOK 27.4 billion during the quarter, to NOK 1040 billion. The banking group's risk-weighted volume cannot be reduced below 80 per cent of the Basel I requirement in 2009. This limitation has had no significance in 2009. At end-June 2009, the banking group started to use the advanced IRB approach for parts of its corporate portfolio, resulting in a NOK 21.0 billion reduction in risk-weighted volume. Risk-weighted volume for the banking group at end-June represented 89.8 per cent of the corresponding volume based on the Basel I rules.

Including 50 per cent of interim profits, the core capital ratio was 7.7 per cent, while the capital adequacy ratio was 10.7 per cent. The core capital ratio has risen from 6.9 per cent since end-December 2008. In line with the approved capitalisation policy, the banking group will continue to increase its capital adequacy.

Business areas

In the second quarter of 2009, the DnB NOR Bank Group's business areas comprised Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. As of 1 July 2009, operations have been reorganised, whereby retail customers and small and medium-sized companies in Norway will be served by the same business area, Retail Norway, while the largest corporate clients will be served by the business area Large Corporates and International.

In addition, DnB NORD, in which the DnB NOR Bank Group has a 51 per cent ownership interest, is regarded as a separate profit centre. DnB NORD will also restructure operations with effect from the second half of 2009, winding up the branches in Denmark and Finland and transferring the customer portfolios in these countries to the owner banks, DnB NOR and NORD/LB.

Corporate Banking and Payment Services

Corporate Banking and Payment Services showed healthy performance in the second quarter of 2009 under challenging market conditions. Pre-tax operating profits of NOK 2 288 million were recorded, an increase of NOK 44 million from the year-earlier period.

Income statement in NOK million	2nd quarter 2009	2nd quarter 2008	Change
Net interest income	3 110	2 748	362
Other operating income	1 012	764	248
Total income	4 122	3 512	610
Operating expenses	1 229	1 193	36
Pre-tax operating profit before write-downs	2 893	2 319	574
Net gains on fixed assets	1	18	(17)
Net write-downs on loans	606	93	513
Pre-tax operating profit	2 288	2 245	44
Average balance sheet items in NOK billion			
Net lending to customers	599.8	517.4	82.4
Deposits from customers	346.1	295.8	50.4
Key figures in per cent			
Return on allocated capital [1)]	15.8	18.6	
Cost/income ratio	29.8	34.0	
Ratio of deposits to lending	57.7	57.2	

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

There was low credit demand in the second quarter of 2009, and average lending volume declined by 2.4 per cent from the first to the second quarter. Compared with the second quarter of 2008, however, average lending rose by 15.9 per cent, reflecting strong growth through 2008 and a weakening of the Norwegian krone relative to the euro and the US dollar.

Average deposits showed a stable trend through the second quarter of 2009, increasing by 17.0 per cent compared with the year-earlier period. The ratio of deposits to lending was up 0.5 percentage points from the second quarter of 2008 and 1.8 percentage points from the first quarter of 2009.

Measured against the money market rate, average lending spreads in the second quarter of 2009 were 1.67 per cent, up 0.62 percentage points from the second quarter of 2008 and 0.08 percentage points from the first quarter of 2009. There was a rise in lending spreads in all segments. The widening spreads helped compensate for the increase in funding costs and risk and higher guarantee fund levies.

A significant reduction in money market rates and strong competition for deposits resulted in narrowing deposit spreads from the second quarter of 2008 to the corresponding period in 2009. Relative to the money market rate, average deposit spreads were reduced by 0.47 percentage points to 0.27 per cent during the period.

Other operating income increased by 32.5 per cent from the second quarter of 2008, partly due to a significant increase in income from foreign exchange and interest rate products.

Expansion in strategic priority areas during the first half of 2008 contributed to the rise in operating expenses from the year-earlier period. There was a 3.4 per cent reduction in costs from the first quarter of 2009. Depreciation on operational leasing was one of the cost elements which showed an increase, rising by NOK 61 million from the second quarter of 2008 and by NOK 9 million from the first quarter of 2009. At end-June 2009, staff in the business area represented 2 485 full-time positions, including 693 positions in international units and 655 positions in Norwegian subsidiaries.

The quality of the loan portfolio remained sound, but was somewhat reduced due to the economic downturn. Several corporate customers felt the impact of the economic contraction, and negative consequences are expected for a rising number of customers.

Annualised write-downs on loans relative to average net customer lending stood at 0.40 per cent, which was on a level with the first quarter of 2009 but a rise from 0.07 per cent in the second quarter of 2008.

The market share of total lending in Norway declined by 0.7 percentage points from end-June 2008, to 14.5 per cent at end-May 2009. Compared with other commercial and savings banks, the market share was 32.9 per cent at end-May 2009, down 0.3 percentage points from end-June 2008. Important reasons for this development were reduced exposure to commercial property and strong growth in credit from international sources to the total market. The market share of deposits in Norway was 35.8 per cent at end-May 2009, unchanged from end-June 2008.

The DnB NOR Bank Group will build on its sound professional skills to find good solutions for its customers, offering close follow-up and strong support. Priority will be given to strong, long-term and profitable customer relations. Credit demand is expected to stay low during the remainder of 2009, coupled with pressure on deposit spreads.

Retail Banking

Retail Banking recorded pre-tax operating profits of NOK 946 million in the second quarter of 2009, up NOK 157 million from the corresponding period in 2008 and NOK 321 million from the first quarter of 2009. The falling trend in market shares for lending and savings has levelled off, and non-performing volumes were stable.

Income statement in NOK million	2nd quarter 2009	2nd quarter 2008	Change
Net interest income	2 046	1 807	240
Other operating income	730	797	(67)
Total income	2 776	2 604	172
Operating expenses	1 732	1 731	1
Pre-tax operating profit before write-downs	1 043	872	171
Net gains on fixed assets	0	0	0
Net write-downs on loans	98	84	14
Pre-tax operating profit	946	789	157
Average balance sheet items in NOK billion			
Net lending to customers	481.7	451.1	30.6
Deposits from customers	248.4	232.3	16.1
Key figures in per cent			
Return on allocated capital [1)]	35.5	32.0	
Cost/income ratio	62.4	66.5	
Ratio of deposits to lending	51.6	51.5	

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

In spite of a period of uncertainty resulting from the financial crisis, lending and deposit volumes have shown a positive trend. Average lending increased by 6.8 per cent from the second quarter of 2008, whereas deposits were up 6.9 per cent in the same period. The ratio of deposits to lending was 51.6 per cent, on a level with the second quarter of 2008. In addition to deposits from customers, covered bonds, based on home mortgages in DnB NOR Boligkreditt, represented an important source of funding. The total volume of covered bonds and customer deposits ensured Retail Banking close to 100 per cent funding of its lending volume.

Due to time lags in repricing, declining interest rate levels throughout the quarter resulted in higher lending spreads and narrower deposit spreads compared with the second quarter of 2008. Overall, there was a rise in margin income. The weighted interest rate margin, defined as total margin income on loans and deposits relative to average loans and deposits, was 1.12 per cent in the second quarter of 2009, up from 0.93 per cent in the second quarter of 2008.

Net other operating income came to NOK 730 million, down NOK 67 million from the second quarter of 2008. The business area's second quarter performance reflected declining sales of mutual fund and life insurance products and a reduction in income after the removal of charges on the bank's loyalty programmes on 1 May 2008.

Operating expenses were on a level with the second quarter of 2008 in spite of the transfer of 167 financial advisers from Norway Post to the DnB NOR Bank Group. The cost/income ratio improved by 4.1 percentage points to 62.4 per cent. Streamlining measures resulting from the banking group's cost programme were implemented as planned and contributed to curbing cost growth. Retail Banking staff numbered 3 837 full-time positions at end-June 2009, including the 163 full-time positions transferred from Norway Post.

Annualised net write-downs relative to average net lending increased marginally from 0.07 per cent in the second quarter of 2008 to 0.08 per cent in the second quarter of 2009. There was a satisfactory trend in non-performing loans during the period.

At end-May 2009, the market share of credit to retail customers was 28.4 per cent, showing a rising trend over the preceding months. The market share of savings was 35.3 per cent at end-May 2009.

An authorisation scheme for financial advisers was established on 1 January 2009, and the first DnB NOR Bank Group advisers have been authorised in accordance with the new industry standard.

In order to enable optimal customer service in 2009, improved interplay between the telephone bank, the Internet banks and the branch offices will be a key priority. The use of mobile phone banking services continues to grow. In May 2009, the mobile bank received approximately 2.1 million SMS messages, and 408 100 users of these services have been registered. SMS notification services for Postbanken were launched at the start of the second quarter.

The banking group has started the introduction of chip cards, and most cards will be replaced by the end of 2011. Chip cards are more secure as the copying of cards is made more difficult while authorisation control is improved in offline situations.

The duration of the current recession remains uncertain, as do its effects on non-performing volumes and write-downs. This could result in lower total earnings from retail market operations in 2009 compared with 2008. However, the business area is well positioned to show strong performance in a longer term perspective.

DnB NOR Markets

DnB NOR Markets achieved healthy profits in the April through June period in 2009. Pre-tax operating profits totalled NOK 1 277 million, an increase of NOK 85 million from the year-earlier period. Return on equity was 67.1 per cent and the cost/income ratio 26.9 per cent.

Income statement in NOK million	2nd quarter 2009	2nd quarter 2008	Change
FX, interest rate and commodity derivatives	584	398	186
Investment products	228	176	52
Corporate finance	136	228	(92)
Securities services	49	104	(55)
Total customer revenues	997	905	91
Changes in credit spreads	0	233	(233)
Other market making/trading revenues	714	407	307
Total trading revenues	714	640	74
Interest income on allocated capital	37	69	(32)
Total income	1 748	1 615	133
Operating expenses	470	422	49
Pre-tax operating profit before write-downs	1 277	1 193	85
Net gains on fixed assets	0	0	0
Net write-downs on loans	0	0	0
Pre-tax operating profit	1 277	1 193	85
Key figures in per cent			
Return on allocated capital [1)]	67.1	79.3	
Cost/income ratio	26.9	26.1	

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

Customer-related income increased by 10.1 per cent from the second quarter of 2008, from NOK 905 million to NOK 997 million.

Customer-related income from foreign exchange and interest rate and commodity derivatives rose in consequence of continued brisk demand for interest rate hedging products. There was a higher level of activity and increased trading in bunker and freight derivatives.

Customer-related income from the sale of securities and other investment products was up 29.4 per cent compared with the second quarter of 2008. The level of activity within bond brokerage remained high, and there was a positive trend in the stock market. DnB NOR Markets achieved higher income from equities brokerage and was the largest brokerage house on Oslo Børs during the second quarter. Falling interest rates on bank deposits contributed to a certain rise in demand for other investment products. During the quarter, DnB NOR Markets launched several new products with returns linked to equities and corporate bonds.

Customer-related revenues from corporate finance services were reduced due to a low level of financial market activity within acquisitions, mergers and initial public offerings. A large number of commercial paper and bond issues were arranged, while share issue activity picked up from a very low level.

Due to low stock market values, increased pressure on prices and a lower level of activity within custodial services, revenues from securities services declined in the second quarter of 2009 compared with the year-earlier period.

Earnings from market making and other proprietary trading rose by NOK 74 million to NOK 714 million. The markets functioned more normally in the second quarter of 2009 than in the preceding quarters, with less volatility and lower spreads between ask and bid prices. The credit quality of the liquidity portfolio remains high.

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

DnB NORD

DnB NORD's performance in the second quarter of 2009 strongly reflected the economic downturn in the Baltic region. Rising write-downs on loans and impairment losses for goodwill in the banks in Latvia and Lithuania had a serious impact on profits. DnB NORD recorded a pre-tax operating loss of NOK 1 886 million in the second quarter of 2009, compared with profits of NOK 130 million in the year-earlier period.

Income statement in NOK million	2nd quarter 2009	2nd quarter 2008	Change
Net interest income	366	413	(47)
Other operating income	161	165	(5)
Total income	527	578	(51)
Operating expenses	965	397	569
Pre-tax operating profit before write-downs	(439)	182	(620)
Net gains on fixed assets	6	1	4
Net write-downs on loans	1 453	53	1 400
Pre-tax operating profit	(1 886)	130	(2 016)
Average balance sheet items in NOK billion			
Net lending to customers	86.0	71.4	14.7
Deposits from customers	21.7	21.1	0.7
Key figures in per cent			
Return on allocated capital 1)	(77.7)	7.0	
Cost/income ratio	183.3	68.6	
Ratio of deposits to lending	25.3	29.5	

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

Average lending showed continued growth compared with the second quarter of 2008. However, growth has slowed during 2009, partly due to write-downs. During the first half of 2009, customer lending was down 13.8 per cent measured in Norwegian kroner, corresponding to a 6.7 per cent reduction in euro.

Falling interest rate levels, rising funding costs and strong competition for deposits caused pressure on net interest income in the second quarter of 2009.

DnB NORD is closely monitoring cost developments, and excluding impairment losses for goodwill, operating expenses in the second quarter of 2009 were on a level with the year-earlier period and declined by 5.4 per cent compared with the first quarter of 2009. The number of full-time positions was reduced by 214 from end-December 2008, to 3 383 at end-June 2009.

Due to the repercussions of the economic downturn in the Baltic region, DnB NORD expects the units in Lithuania and Latvia to show a negative development in 2009 and probably also in 2010. Even though DnB NORD sees a significant potential in these markets in the longer term, the bank chose to record impairment losses for goodwill in Lithuania and Latvia totalling NOK 570 million in the second quarter of 2009.

Impairment losses for goodwill and write-downs on a repossessed property in Denmark had a total negative effect on operating profits before write-downs corresponding to NOK 682 million. Adjusted for non-recurring items, operating profits showed a positive trend from the first quarter due to a rise in other operating income and lower costs.

Write-downs on loans totalled NOK 1 453 million in the second quarter of 2009, with NOK 1 143 million representing individual write-downs and NOK 310 million group write-downs. Relative to average lending during the period, the annual level of individual write-downs was 5.31 per cent, while total write-downs represented 6.77 per cent. During the second quarter of 2008, total write-downs represented 0.30 per cent of lending on an annual basis. The majority of the write-downs refer to Lithuania and Latvia at NOK 493 million and NOK 773 million, respectively, for the quarter.

DnB NORD has decided to reorganise operations in Denmark and Finland, and the customer portfolios in these countries will be transferred to DnB NOR and NORD/LB based on the two banks' ownership shares. DnB NORD's head office will remain in Copenhagen. In the future, DnB NORD will focus on its Eastern European core markets Estonia, Latvia, Lithuania and Poland, where the bank has a strong market position or a long-term growth potential.

The Baltic States have experienced a serious economic cool-down over the past few quarters. DnB NORD expects a high level of write-downs in the region for some time and will concentrate on consolidating operations, following up high-risk commitments and improving cost efficiency. The banks in Lithuania and Latvia are well-established and have loan portfolios of NOK 29 billion and NOK 22 billion respectively, while the unit in Estonia was established quite recently and had a loan book of NOK 3 billion at end-June 2009.

The economic situation is more favourable in Poland, and DnB NORD will continue to develop products and services for retail customers here. The Polish unit had a loan portfolio of NOK 11 billion at end-June 2009.

Macroeconomic developments

The international economic downturn in the wake of the financial crisis intensified during the first quarter of 2009. In the second quarter, there were several signs that the situation was easing. Production continued to fall parallel to a rise in unemployment, but the rate of change was slower than in previous quarters, indicating that the strong monetary and fiscal stimulus measures were beginning to work.

Central banks' key policy rates were set at a very low level and most countries conducted a highly expansionary liquidity policy. Fiscal stimulus packages in the order of 3-5 per cent of gross domestic product in Asia and somewhat less in the USA and Europe contributed to keeping demand levels up. Higher commodity prices and strong stock exchanges around the world were indications of increased activity. A number of business and consumer confidence indicators also started to point in a positive direction. However, it will take some time before production and demand are strong enough to halt the rise in unemployment levels.

The Norwegian economy was negatively affected by the international recession. Nevertheless, several factors mitigated the downturn in Norway. The weakening of the Norwegian krone helped increase profitability and improve the competitive ability of the Norwegian manufacturing industry. Continued high oil investments also had a positive effect. The increase in the price of oil over the last few months further reinforced this trend and helped curb pessimism in the Norwegian economy. The most important measure was the shift to an expansionary monetary and fiscal policy, ensuring the Norwegian government greater manoeuvrability than most other countries. Unemployment is, however, expected to continue to rise, but will remain at a lower level than in the EU and the USA. How this will affect future business and consumer conduct and expectations is probably the greatest element of uncertainty.

The Baltic region is among the areas in the world with the greatest fall in production and demand in recent months. This is due to the fact that economic growth in the Baltic region was already slowing significantly prior to the onset of the financial crisis following several years of very strong expansion. In addition, exports represented a major part of total demand in Estonia, Latvia and Lithuania. Latvia saw the greatest fall in production, with an 18 per cent reduction in gross domestic product in the first quarter of 2009 compared with the year-earlier period. There were also major falls in production in Estonia and Lithuania of 15.6 and 13.6 per cent respectively for the same period. The decline in private consumption and investment was even greater and was a major factor behind the steep increase in unemployment. A positive element was that imports fell considerably more than exports, resulting in an improvement in the large trade deficits. Significantly lower wage and price inflation may, over time, also reinforce this trend, improving the ability of the Baltic States to compete with other countries. The state of the Baltic economies is closely tied to developments in the EU as the EU accounts for 70 per cent of exports from the region.

Future prospects

There is still great uncertainty about future economic developments, but there are now several signs that the negative trend may be about to reverse. However, in DnB NORD's primary market in the Baltic region, there are expectations of a significant reduction in gross domestic product and possible continued high write-downs.

In addition, developments within shipping and commercial property remain uncertain. The DnB NOR Bank Group still estimates that total write-downs in 2009 will reach NOK 8-10 billion on an annual basis, with higher write-downs than previously expected in the Baltic region and lower write-downs in Norway.

The main challenge for the banking group in 2009 will be to strengthen profits from ordinary operations, follow up problem commitments and solve problems in cooperation with customers. It will be very important to capitalise on the income potential of the existing customer base. The implementation of planned streamlining measures will be closely followed up.

It is expected that, in the short term, interest income will be under pressure due to the low interest rate levels. This will be partly counteracted by rising interest spreads, which are necessary to compensate for greater risk and higher funding costs. Other operating income must be expected to be volatile from quarter to quarter due to susceptibility to market value fluctuations, but over time, a positive trend is expected through the sale of hedging instruments to the banking group's customers and more cross sales between the product units and the distribution network. The banking group's various cost-cutting measures are expected to compensate for wage and price inflation. In addition to the existing cost programme, new cost-saving measures have been defined to streamline procurement, IT and staff and support functions. A new business area, Retail Norway, has also been established. By the end of 2009, it is expected that the cost-saving measures will provide annualised savings of NOK 800 million from the time the programme was introduced in the fourth quarter of 2007.

If interest rates continue to fall and reach a level close to zero, this will provide the financial industry with greater challenges. In such a scenario, credit must be priced relatively higher to compensate for the decline in income. Low interest rate levels will, however, also create greater opportunities for earnings from other products. It is likely that there will be rising demand for alternative savings products. DnB NOR has a wide range of products and services, which ensure the banking group an important alternative income base. One of the ambitions underlying the establishment of the business area Retail Norway is to increase cross sales in the banking group and thus achieve further growth in other operating income.

The DnB NOR Bank Group experienced a sharp drop in credit demand in the second quarter due to the economic downturn and reduced business activity levels. In light of the weakening real economy, no significant change is expected in credit demand during the remainder of 2009. The banking group will give priority to normal credit activity to Norwegian-related operations and ensure that it has the necessary lending capacity to cover normal credit demand.

DnB NOR has a good chance of strengthening income in the business areas while reducing costs through streamlining measures. Business operations will build up sufficient capital to compensate for greater write-downs. The target of pre-tax operating profits before write-downs of NOK 20 billion in 2010 remains firm. DnB NORs Board of Directors considers the banking group to be adequately capitalised and maintains the ambition to increase the core capital ratio through organic growth to minimum 8 per cent by the end of 2010.

Oslo, 9 July 2009
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 – half-yearly and quarterly accounts

After the release of the preliminary and unaudited accounts for the fourth quarter of 2008, some adjustments were made in the DnB NOR Bank ASA's figures for 2008. Figures for the fourth quarter of 2008 have been adjusted accordingly in this report.

Income statement

Amounts in NOK million	Note	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
		DnB NOR Bank ASA				
Total interest income	4	11 208	16 782	25 270	33 098	70 478
Total interest expenses	4	7 316	12 795	17 574	25 123	53 373
Net interest income	4	**3 892**	**3 988**	**7 696**	**7 975**	**17 105**
Commissions and fees receivable etc.	5	1 290	1 416	2 440	2 786	5 274
Commissions and fees payable etc.	5	495	499	869	944	1 878
Net gains on financial instruments at fair value	5, 6	1 749	1 306	4 643	194	1 626
Profit from companies accounted for by the equity method	5	0	0	0	0	0
Other income	5	368	250	734	509	1 695
Net other operating income	5	**2 913**	**2 473**	**6 948**	**2 545**	**6 716**
Total income		**6 805**	**6 461**	**14 644**	**10 519**	**23 821**
Salaries and other personnel expenses	7, 8	1 602	1 532	3 316	3 015	6 306
Other expenses	7	1 287	1 297	2 594	2 510	5 013
Depreciation and write-downs of fixed and intangible assets	7	380	84	481	167	465
Total operating expenses	7	**3 269**	**2 914**	**6 390**	**5 692**	**11 784**
Net gains on fixed and intangible assets		1	0	3	40	47
Write-downs on loans and guarantees	9	682	167	1 522	305	1 586
Pre-tax operating profit		**2 855**	**3 380**	**6 734**	**4 562**	**10 499**
Taxes		1 039	946	2 319	1 150	2 889
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		**1 816**	**2 434**	**4 415**	**3 412**	**7 610**

Comprehensive income statement according to IAS 1 [1)]

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
	DnB NOR Bank ASA				
Profit for the period	1 816	2 434	4 415	3 412	7 610
Exchange differences arising from the translation of foreign operations	(19)	(2)	(145)	(112)	434
Comprehensive income for the period	1 797	2 432	4 270	3 300	8 044

1) *The table is adjusted in accordance with the revised IAS 1 as from 1 January 2009. See note 1 Accounting principles.*

Balance sheet

Amounts in NOK million	Note	DnB NOR Bank ASA 30 June 2009	31 Dec. 2008	30 June 2008
Assets				
Cash and deposits with central banks		55 038	47 705	13 409
Lending to and deposits with credit institutions	10	258 015	245 652	207 012
Lending to customers	10, 11	726 382	824 223	793 193
Commercial paper and bonds	12	184 673	82 058	113 743
Shareholdings	13	8 635	9 317	9 617
Financial derivatives		87 839	137 751	59 830
Commercial paper and bonds, held to maturity	12	103 105	100 278	0
Investment property		0	0	0
Investments in associated companies		1 065	1 069	1 058
Investments in subsidiaries		20 942	19 192	16 274
Intangible assets	14	2 173	2 173	2 089
Deferred tax assets		9	10	8
Fixed assets		814	844	801
Discontinuing operations		0	0	0
Other assets		6 199	5 941	8 381
Total assets		**1 454 890**	**1 476 214**	**1 225 416**
Liabilities and equity				
Loans and deposits from credit institutions		204 373	147 371	105 621
Deposits from customers		587 593	570 312	539 620
Financial derivatives		83 839	119 168	58 354
Securities issued	15	431 137	507 680	390 402
Payable taxes		2 225	215	1 212
Deferred taxes		3 805	3 734	1 090
Other liabilities		21 917	10 608	22 692
Provisions		4 357	4 299	4 536
Subordinated loan capital	15	42 158	43 612	37 417
Total liabilities		**1 381 402**	**1 406 998**	**1 160 945**
Minority interests		0	0	0
Share capital		17 514	17 514	17 514
Share premium reserve		12 695	12 695	12 695
Other equity		43 278	39 007	34 262
Total equity		**73 487**	**69 217**	**64 472**
Total liabilities and equity		**1 454 890**	**1 476 214**	**1 225 416**
Off-balance sheet transactions and contingencies	19			

Income statement

Amounts in NOK million	Note	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
		DnB NOR Bank Group				
Total interest income	4	14 881	19 618	32 802	38 236	82 741
Total interest expenses	4	9 088	14 546	21 219	28 059	60 406
Net interest income	4	**5 793**	**5 071**	**11 583**	**10 177**	**22 335**
Commissions and fees receivable etc.	5	1 533	1 668	2 917	3 258	6 236
Commissions and fees payable etc.	5	516	535	932	1 010	2 021
Net gains on financial instruments at fair value	5, 6	1 032	1 426	3 172	642	3 430
Profit from companies accounted for by the equity method	5	(471)	102	426	(192)	632
Other income	5	299	375	716	794	1 569
Net other operating income	5	**1 876**	**3 036**	**6 300**	**3 492**	**9 847**
Total income		**7 669**	**8 107**	**17 883**	**13 669**	**32 182**
Salaries and other personnel expenses	7, 8	2 121	2 051	4 380	4 019	8 299
Other expenses	7	1 610	1 621	3 262	3 133	6 348
Depreciation and write-downs of fixed and intangible assets	7	607	240	919	463	1 296
Total operating expenses	7	**4 338**	**3 913**	**8 560**	**7 615**	**15 942**
Net gains on fixed and intangible assets		7	3	11	34	52
Write-downs on loans and guarantees	9	2 318	275	3 916	470	3 509
Pre-tax operating profit		**1 021**	**3 922**	**5 417**	**5 617**	**12 784**
Taxes		393	1 059	1 712	1 390	3 568
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		**627**	**2 863**	**3 705**	**4 228**	**9 215**
Profit attributable to shareholders		1 185	2 800	4 423	4 099	9 508
Profit attributable to minority interests		(558)	63	(718)	128	(293)

Comprehensive income statement according to IAS 1 1)

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
	DnB NOR Bank Group				
Profit for the period	627	2 863	3 705	4 228	9 215
Exchange differences arising from the translation of foreign operations	23	(9)	(525)	(87)	929
Comprehensive income for the period	650	2 854	3 180	4 141	10 144
Comprehensive income attributable to shareholders	1 171	2 798	4 226	3 993	9 885
Comprehensive income attributable to minority interests	(521)	56	(1 047)	147	259

1) The table is adjusted in accordance with the revised IAS 1 as from 1 January 2009. See note 1 Accounting principles.

Balance sheet

Amounts in NOK million	Note	DnB NOR Bank Group 30 June 2009	31 Dec. 2008	30 June 2008
Assets				
Cash and deposits with central banks		58 524	51 147	16 235
Lending to and deposits with credit institutions	10	62 140	54 187	72 526
Lending to customers	10, 11	1 178 785	1 206 842	1 076 266
Commercial paper and bonds	12	95 310	58 219	116 356
Shareholdings	14	9 061	9 642	9 924
Financial derivatives		86 414	136 567	57 342
Commercial paper and bonds, held to maturity	12	103 105	100 278	0
Investment property		583	167	168
Investments in associated companies		2 921	2 499	1 669
Investments in subsidiaries		-	-	-
Intangible assets	14	5 579	6 105	5 757
Deferred tax assets		382	253	146
Fixed assets		5 306	5 271	3 902
Discontinuing operations		164	246	241
Other assets		9 172	6 781	9 114
Total assets		**1 617 447**	**1 638 205**	**1 369 646**
Liabilities and equity				
Loans and deposits from credit institutions		234 169	178 834	129 770
Deposits from customers		622 522	606 915	572 298
Financial derivatives		64 795	93 207	55 217
Securities issued	15	534 481	614 183	469 552
Payable taxes		1 786	317	1 489
Deferred taxes		5 099	5 054	1 882
Other liabilities		24 855	12 380	25 310
Provisions		4 690	4 607	5 002
Subordinated loan capital	15	43 629	45 225	38 540
Total liabilities		**1 536 026**	**1 560 721**	**1 299 061**
Minority interests		4 010	4 211	3 187
Share capital		17 514	17 514	17 514
Share premium reserve		13 411	13 411	13 411
Other equity		46 485	42 346	36 473
Total equity		**81 421**	**77 483**	**70 585**
Total liabilities and equity		**1 617 447**	**1 638 205**	**1 369 646**
Off-balance sheet transactions and contingencies	19			

Statement of changes in equity

DnB NOR Bank ASA

Amounts in NOK million	Share capital	Share premium reserve	Other equity [1]	Total equity [1]
Balance sheet as at 31 December 2007	**17 514**	**12 695**	**30 964**	**61 173**
Comprehensive income for the period			3 300	3 300
Balance sheet as at 30 June 2008	**17 514**	**12 695**	**34 262**	**64 472**
Balance sheet as at 31 December 2008	**17 514**	**12 695**	**39 007**	**69 217**
Comprehensive income for the period			4 270	4 270
Balance sheet as at 30 June 2009	**17 514**	**12 695**	**43 278**	**73 487**

1) *Of which currency translation reserve:*

Balance sheet as at 31 December 2007			*(248)*	*(248)*
Comprehensive income for the period			*(112)*	*(112)*
Balance sheet as at 30 June 2008			*(360)*	*(360)*
Balance sheet as at 31 December 2008			*185*	*185*
Comprehensive income for the period			*(145)*	*(145)*
Balance sheet as at 30 June 2009			*40*	*40*

DnB NOR Bank Group

Amounts in NOK million	Minority interests [1]	Share capital	Share premium reserve	Other equity [1]	Total equity [1]
Balance sheet as at 31 December 2007	**2 662**	**17 514**	**13 411**	**32 480**	**66 068**
Comprehensive income for the period	147			3 993	4 141
Net dividends/group contribution paid for 2007				0	0
Minority interests DnB NORD	378				378
Balance sheet as at 30 June 2008	**3 187**	**17 514**	**13 411**	**36 473**	**70 585**
Balance sheet as at 31 December 2008	**4 211**	**17 514**	**13 411**	**42 346**	**77 483**
Comprehensive income for the period	(1 047)			4 226	3 180
Minority interests DnB NORD	838			(80)	759
Other minority interests	8			(8)	0
Balance sheet as at 30 June 2009	**4 010**	**17 514**	**13 411**	**46 485**	**81 421**

1) *Of which currency translation reserve:*

Balance sheet as at 31 December 2007	*(28)*			*(206)*	*(234)*
Comprehensive income for the period	*19*			*(106)*	*(87)*
Balance sheet as at 30 June 2008	*(9)*			*(312)*	*(321)*
Balance sheet as at 31 December 2008	*524*			*170*	*695*
Comprehensive income for the period	*(329)*			*(197)*	*(525)*
Balance sheet as at 30 June 2009	*196*			*(26)*	*170*

Cash flow statement

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year 2008	1st half 2008	1st half 2009	*Amounts in NOK million*	1st half 2009	1st half 2008	Full year 2008
			Operations			
(7 482)	(33 928)	70 431	Net receipts/payments on loans to customers	(7 186)	(89 527)	(152 300)
38 198	25 512	21 504	Net receipts on deposits from customers	21 296	26 366	42 427
51 882	24 745	17 004	Interest received from customers	27 166	33 097	71 823
(24 112)	(11 263)	(7 101)	Interest paid to customers	(7 614)	(11 754)	(25 220)
(49 460)	1 074	(82 968)	Net receipts/payments on the sale/aquisition of financial assets for investment or trading	(18 922)	1 583	(28 759)
3 398	1 890	1 445	Net receipts on commissions and fees	1 859	2 296	4 217
(8 821)	(4 451)	(7 032)	Payments to operations	(8 764)	(6 078)	(12 148)
(386)	(274)	(219)	Taxes paid	(362)	(666)	(927)
1 692	485	802	Other receipts	784	770	1 566
4 909	**3 790**	**13 866**	**Net cash flow relating to operations**	**8 258**	**(43 913)**	**(99 322)**
			Investment activity			
(462)	(47)	(158)	Net payments on the acquisition of fixed assets	(555)	(934)	(3 351)
50	65	0	Receipts on the sale of long-term investments in shares	0	133	133
(6 993)	(4 119)	(2 507)	Payments on the acquisition of long-term investments in shares	(84)	(2 493)	(2 721)
144	126	107	Dividends received on long-term investments in shares	97	103	147
(7 261)	**(3 975)**	**(2 559)**	**Net cash flow relating to investment activity**	**(542)**	**(3 191)**	**(5 792)**
			Funding activity			
(46 802)	(50 607)	41 819	Net receipts/payments on loans to/from credit institutions	51 901	(42 967)	12 969
(198)	5 216	12 207	Net receipts/payments on other short-term liabilities	11 598	5 898	10 976
104 901	59 940	(55 511)	Net issue of bonds and commercial paper	(52 223)	104 099	151 691
8 030	8 229	0	Issue of subordinated loan capital	0	8 624	8 747
(3 196)	(1 594)	0	Redemptions of subordinated loan capital	0	(1 594)	(3 196)
(379)	(1 262)	516	Dividend/group contribution payments/ receipts	0	(1 807)	(1 807)
(19 054)	(8 771)	(4 879)	Net interest payments on funding activity	(10 823)	(14 547)	(32 990)
43 302	**11 151**	**(5 848)**	**Net cash flow from funding activity**	**452**	**57 706**	**146 389**
40 950	**10 966**	**5 459**	**Net cash flow**	**8 167**	**10 600**	**41 275**
23 819	23 819	64 769	Cash as at 1 January	56 795	15 520	15 520
40 950	10 966	5 459	Net receipts of cash	8 167	10 600	41 276
64 769	34 785	70 228	Cash at end of period *)	64 962	26 120	56 795
			*) *Of which:*			
47 705	*13 409*	*55 038*	*Cash and deposits with central banks*	*58 524*	*16 235*	*51 147*
17 064	*21 375*	*15 189*	*Deposits with credit institutions with no agreed period of notice* 1)	*6 438*	*9 885*	*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 second quarter accounts 2009 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 2008. The annual and interim accounts are prepared according to IFRS principles as approved by the EU. New or amended standards which have an impact on the accounts of the DnB NOR Bank Group as from 1 January 2009 are described below.

IAS 1 – Presentation of Financial Statements (revised)
The banking group has applied the revised IAS 1 with effect from 1 January 2009. The implementation has resulted in changes in the bank and the banking group's statement of changes in equity and income statement. According to the revised standard, the statement of changes in equity shall only show details on transactions with owners. Other transactions recognised directly in equity should be presented on a separate line in the statement of changes in equity. In the income statement, these transactions should be shown in a statement of comprehensive income according to IAS 1 below the income statement.

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 2 Important accounting estimates and discretionary assessments in the annual report for 2008.

When calculating the fair value of margin-based loans in Norwegian kroner, the registered portfolio margin is measured against an estimated margin requirement at the end of the period. The difference between the estimated margin requirement and the registered margin represents a change in fair value, which is calculated by discounting the estimated margin loss. The discount period represents the expected time to the repricing of the portfolio. With effect from the first quarter of 2009, the margin requirement is calculated based on the bank's product profitability system. The margin requirement represents the bank's actual marginal funding costs, estimated operating expenses and risk costs (normalised losses and the cost of capital) based on the banking group's total risk model.

Note 3 Segments

Business areas

The operational structure of the DnB NOR Bank Group includes three business areas and four staff and support units. In addition, DnB NORD is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the Group, as well as the products offered. In the second quarter of 2009, the DnB NOR Bank Group's business areas comprised Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. As of 1 July 2009, operations have been reorganised, whereby retail customers and small and medium-sized companies in Norway will be served by the same business area, Retail Norway, while the largest corporate clients will be served by the business area Large Corporates and International.

In addition, DnB NORD, in which the DnB NOR Bank Group has a 51 per cent ownership interest, is regarded as a separate profit centre. DnB NORD will also restructure operations with effect from the second half of 2009, winding up the branches in Denmark and Finland and transferring the customer portfolios in these countries to the owner banks, DnB NOR and NORD/LB.

Corporate Banking and Payment Services	- offers a broad range of financial products and services in cooperation with several of the Bank 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.
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 Bank Group's product areas, customers are offered various financing, deposit and investment alternatives, as well as insurance, real estate broking and financial advisory services. In addition, extensive everyday banking services are provided through the Internet bank, mobile banking, SMS services, branch offices, in-store banking outlets, in-store postal outlets and Norway Post.
DnB NOR Markets	- the key products include 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 NORD	- 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 DnB NOR Bank Group's management model and the Group's accounting principles. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas and are based on a number of assumptions, estimates and discretionary distribution. Internal transfer rates used between the business areas are determined based on observable market rates, e.g. NIBOR. Additional costs relating to the Bank Group's long-term funding are charged to the business areas. According to the Bank Group's liquidity management policy, 90 per cent of lending is financed through stable deposits and long-term funding. The additional costs thus arising are charged to the business areas. In the management accounts, Corporate Banking and Payment Services and Retail Banking are measured based on the business areas' ordinary operations. Random IFRS effects are not taken into consideration.

Income statement, second quarter

DnB NOR Bank Group

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations [1]		DnB NOR Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK million	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income - ordinary operations	2 828	2 191	1 994	1 692	282	31	340	341	349	816	5 793	5 071
Interest on allocated capital [2]	283	557	52	114	37	69	26	71	(397)	(812)	0	0
Net interest income	3 110	2 748	2 046	1 807	320	100	366	413	(49)	4	5 793	5 071
Net other operating income	1 012	764	730	797	1 428	1 514	161	165	(1 454)	(205)	1 876	3 036
Total income	4 122	3 512	2 776	2 604	1 748	1 615	527	578	(1 503)	(201)	7 669	8 107
Operating expenses	1 229	1 193	1 732	1 731	470	422	965	397	(60)	170	4 338	3 913
Pre-tax operating profit before write-downs	2 893	2 319	1 043	872	1 277	1 193	(439)	182	(1 444)	(372)	3 332	4 194
Net gains on fixed and intangible assets	1	18	0	0	0	0	6	1	0	(17)	7	3
Write-downs on loans and guarantees [3]	606	93	98	84	0	0	1 453	53	162	46	2 318	275
Pre-tax operating profit	2 288	2 245	946	789	1 277	1 193	(1 886)	130	(1 605)	(434)	1 021	3 922

Note 3 Segments (continued)

1) Of which elimination of double entries:

Amounts in NOK million	*2nd quarter 2009*	*2nd quarter 2008*
Net interest income - ordinary operations	*0*	*0*
Interest on allocated capital	*0*	*0*
Net interest income	*0*	*0*
Net other operating income	*(619)*	*(454)*
Total income	*(619)*	*(454)*
Operating expenses	*0*	*0*
Pre-tax operating profit before write-downs	*(619)*	*(454)*
Net gains on fixed and intangible assets	*0*	*0*
Write-downs on loans and guarantees	*0*	*0*
Pre-tax operating profit	*(619)*	*(454)*

The elimination of double entries primarily concerns net profits on customer business carried out in cooperation between DnB NOR Markets and other business areas and taken to income in both areas.

2) The interest is calculated on the basis of internal measurement of risk-adjusted capital. Figures for previous periods have been restated in line with this.

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

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

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations 1)		DnB NOR Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK billion	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net lending to customers 1)	599.8	517.4	481.7	451.1	6.7	18.6	86.0	71.4	11.4	5.2	1 185.7	1 063.6
Deposits from customers 1)	346.1	295.8	248.4	232.3	22.2	22.6	21.7	21.1	(7.0)	(6.7)	631.4	565.0
Assets under management			0.1						(0.1)			

Key figures — **DnB NOR Bank Group**

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations		DnB NOR Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Per cent	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Cost/income ratio 2)	29.8	34.0	62.4	66.5	26.9	26.1	75.0	68.6			52.8	48.3
Ratio of deposits to lending 1) 3)	57.7	57.2	51.6	51.5			25.3	29.5			53.2	53.1
Return on allocated capital, annualised 4)	15.8	18.6	35.5	32.0	67.1	79.3	(77.7)	7.0				
Number of full-time positions as at 30 June 5)	2 485	2 504	3 837	3 907	658	641	3 383	3 460	2 173	2 173	12 536	12 684

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

2) Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill.

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

4) The return is calculated on the basis of internal measurement of risk-adjusted capital.

5) Includes 68 full-time positions in the Norwegian operations of SkandiaBanken Bilfinans, which were acquired on 31 January 2008, and 52 full-time positions in the company's Swedish operations, which were acquired on 29 February 2008. 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.

Comments to the income statement for the second quarter

Corporate Banking and Payments Services

Measured against the money market rate, average lending spreads in the second quarter of 2009 were 1.67 per cent, up 0.62 percentage points from the second quarter of 2008 and 0.08 percentage points from the first quarter of 2009. There was a rise in lending spreads in all segments. The widening spreads helped compensate for the increase in funding costs and risk and higher guarantee fund levies. A significant reduction in money market rates and strong competition for deposits resulted in narrowing deposit spreads from the second quarter of 2008 to the corresponding period in 2009. Relative to the money market rate, average deposit spreads were reduced by 0.47 percentage points to 0.27 per cent during the period. Other operating income increased by 32.5 per cent from the second quarter of 2008, partly due to a significant increase in income from foreign exchange and interest rate products. Expansion in strategic priority areas during the first half of 2008 contributed to the rise in operating expenses from the year-earlier period. There was a 3.4 per cent reduction in costs from the first quarter of 2009. Depreciation on operational leasing was one of the cost elements which showed an increase, rising by NOK 61 million from the second quarter of 2008 and by NOK 9 million from the first quarter of 2009

Retail Banking

Due to time lags in repricing, declining interest rate levels throughout the quarter resulted in higher lending spreads and narrower deposit spreads compared with the second quarter of 2008. Overall, there was a rise in margin income. The weighted interest rate margin, defined as total margin income on loans and deposits relative to average loans and deposits, was 1.12 per cent in the second quarter of 2009, up from 0.93 per cent in the second quarter of 2008. Net other operating income came to NOK 730 million, down NOK 67 million from the second quarter of 2008. The business area's second quarter performance reflected declining sales of mutual fund and life insurance products and a reduction in income after the removal of charges on the bank's loyalty programmes on 1 May 2008. Operating expenses were on a level with the second quarter of 2008 in spite of the transfer of 167 financial advisers from Norway Post to DnB NOR. The cost/income ratio improved by 4.1 percentage points to 62.4 per cent. Streamlining measures resulting from the Group's cost programme were implemented as planned and contributed to curbing cost growth.

Note 3 Segments (continued)

DnB NOR Markets

Customer-related income increased by 10.1 per cent from the second quarter of 2008, from NOK 905 million to NOK 997 million. Customer-related income from foreign exchange and interest rate and commodity derivatives rose in consequence of continued brisk demand for interest rate hedging products. There was a higher level of activity and increased trading in bunker and freight derivatives. Customer-related income from the sale of securities and other investment products was up 29.4 per cent compared with the second quarter of 2008. The level of activity within bond brokerage remained high, and there was a positive trend in the stock market. DnB NOR Markets achieved higher income from equities brokerage and was the largest brokerage house on Oslo Børs during the second quarter. Falling interest rates on bank deposits contributed to a certain rise in demand for other investment products. During the quarter, DnB NOR Markets launched several new products with returns linked to equities and corporate bonds. Customer-related revenues from corporate finance services were reduced due to a low level of financial market activity within acquisitions, mergers and initial public offerings. A large number of commercial paper and bond issues were arranged, while share issue activity picked up from a very low level. Due to low stock market values, increased pressure on prices and a lower level of activity within custodial services, revenues from securities services declined in the second quarter of 2009 compared with the year-earlier period. Earnings from market making and other proprietary trading rose by NOK 74 million to NOK 714 million. The markets functioned more normally in the second quarter of 2009 than in the preceding quarters, with less volatility and lower spreads between ask and bid prices. The credit quality of the liquidity portfolio remains high. Developments in the equity, credit, commodity, currency and interest rate markets will continue to be decisive for the business area's future performance.

DnB NORD

Falling interest rate levels, rising funding costs and strong competition for deposits caused pressure on net interest income in the second quarter of 2009. DnB NORD is closely monitoring cost developments, and excluding for impairment losses for goodwill, operating expenses in the second quarter of 2009 were on a level with the year-earlier period and declined by 5.4 per cent compared with the first quarter of 2009. Due to the repercussions of the economic downturn in the Baltic region, DnB NORD expects the units in Lithuania and Latvia to show a negative development in 2009 and probably also in 2010. Even though DnB NORD sees a significant potential in these markets in the longer term, the bank chose to record impairment losses for goodwill in Lithuania and Latvia totalling NOK 570 million in the second quarter of 2009.

Impairment losses for goodwill and write-downs on a repossessed property in Denmark had a total negative effect on operating profits before write-downs corresponding to NOK 682 million. Adjusted for non-recurring items, operating profits showed a positive trend from the first quarter due to a rise in other operating income and lower costs.

Income statement, first half

DnB NOR Bank Group

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations		DnB NOR Bank Group	
	1st half		1st half		1st half		1st half		1st half		1st half	
Amounts in NOK million	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income - ordinary operations	5 642	4 285	3 850	3 482	521	68	749	670	821	1 671	11 583	10 177
Interest on allocated capital 1)	667	1 060	122	219	88	117	65	131	(942)	(1 526)	0	0
Net interest income	6 309	5 345	3 972	3 701	609	185	814	802	(121)	144	11 583	10 177
Net other operating income	1 867	1 574	1 405	1 583	3 800	1 103	346	314	(1 118)	(1 081)	6 300	3 492
Total income	8 176	6 919	5 377	5 284	4 410	1 287	1 160	1 116	(1 239)	(937)	17 883	13 669
Operating expenses	2 502	2 355	3 557	3 404	999	797	1 382	761	120	298	8 560	7 615
Pre-tax operating profit before write-downs	5 673	4 564	1 820	1 880	3 411	491	(223)	355	(1 359)	(1 235)	9 322	6 054
Net gains on fixed and intangible assets	2	27	0	0	0	0	6	7	3	(1)	11	34
Write-downs on loans and guarantees 2)	1 175	166	250	145	0	0	2 043	85	448	74	3 916	470
Pre-tax operating profit	4 500	4 425	1 570	1 735	3 411	491	(2 260)	277	(1 804)	(1 310)	5 417	5 617

1) *The interest is calculated on the basis of internal measurement of risk-adjusted capital. Figures for previous periods have been restated in line with this.*

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

Comments to the income statement for the first half

In light of the serious economic downturn, the DnB NOR Bank Group recorded healthy profits in the first half of the year, reflecting sound performance in Norwegian-related operations, large write-downs in the Baltic region and a relatively high tax charge. Profits totalled NOK 3 705 million, a decline from NOK 4 228 million in the first half of 2008.

The main reason for the decline in the banking group profits was the NOK 2 260 million operating loss recorded by DnB NORD, which is mainly due to large write-downs in the April through June period. The minority owners' share of DnB NORD's operating loss is reflected in DnB NOR Bank Group's profits, while only 51 per cent of the loss will affect DnB NOR's shareholders. Profits for the DnB NOR Bank Group, excluding the minority interests' share of the banking group profits, were NOK 4 423 million for the first six months of the year. Return on equity was 12.9 per cent in the first half of 2009, up from 12.6 per cent in the corresponding period in 2008.

Net interest income totalled NOK 10 177 million in the first half of 2008 and NOK 11 583 million in the first half of 2009, an increase of 13.8 per cent. During this period, average lending volume increased by 15.9 per cent. The rise in net interest income must also be viewed in light of the rising interest rate level through the first half of 2008, resulting in a negative lag before interest rate adjustments were reflected in the bank's rates. Interest rates declined during the first half of 2009, and the corresponding lag thus had a positive effect.

Note 3 Segments (continued)

The turbulent economic situation resulted in strong fluctuations in other operating income during the first half of the year. Other operating income increased by NOK 2 808 million from the first half of 2008. Due to high volatility resulting from the financial crisis, there were greater differences between ask and bid prices in the financial and currency markets. This volatility was a key factor behind the rise in income, which was particularly pronounced in the January through March period. The liquidity portfolio in DnB NOR Markets, which was reclassified as held-to-maturity investments with effect from 1 July 2008, contributed to the rise in other operating income in the first half of 2009 compared with the year-earlier period. Other operating income in Retail Banking declined relative to the first half of 2008.

The banking group's cost programme and and adjustments to the prevailing market situation had an impact on costs in the first half of 2009 compared with the first half of 2008. Nevertheless, there was a NOK 654 million rise in operating expenses during the period, excluding impairment losses for goodwill. The banking group underwent a period of growth in the first six months of 2008, characterised by acquisitions and the establishment of new operations in Norway and internationally. These initiatives became fully effective in the first half of 2009 and were a key factor behind the rise in costs.

Due to the effect of economic developments in Latvia and Lithuania on DnB NORD's operations in the region, impairment losses for goodwill of NOK 570 million were required, of which NOK 291 million was recorded in the DnB NOR Bank Group's accounts. Excluding impairment losses, recorded goodwill in DnB NORD totalled NOK 794 million as at 30 June and primarily related to operations in Poland.

Write-downs on loans, including group write-downs, rose by NOK 3 446 million from the first half of 2008, to NOK 3 916 million. Write-downs in DnB NORD represented NOK 2 043 million or 52.2 per cent of the banking group's write-downs in the first half of 2009.

Note 4 Net interest income

DnB NOR Bank ASA

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Interest on loans to and deposits with credit institutions	1 756	2 866	4 088	5 474	12 045
Interest on loans to customers	7 408	12 443	16 959	24 699	51 814
Interest on impaired commitments	26	19	41	39	61
Interest on commercial paper and bonds	1 834	1 415	3 989	2 873	6 975
Front-end fees etc.	75	93	162	198	431
Other interest income	109	(55)	31	(186)	(848)
Total interest income	**11 208**	**16 782**	**25 270**	**33 098**	**70 478**
Interest on loans and deposits from credit institutions	939	1 547	2 121	2 997	6 099
Interest on demand deposits from customers	2 957	5 746	7 094	11 233	24 100
Interest on securities issued	1 965	3 941	5 096	8 122	16 912
Interest on subordinated loan capital	268	440	651	922	2 084
Other interest expenses [1)]	1 186	1 120	2 611	1 848	4 179
Total interest expenses	**7 316**	**12 795**	**17 574**	**25 123**	**53 373**
Net interest income	**3 892**	**3 988**	**7 696**	**7 975**	**17 105**

DnB NOR Bank Group

Amounts in NOK million	2nd quarter 2009	2nd quarter 2009	1st half 2009	1st half 2008	Full year 2008
Interest on loans to and deposits with credit institutions	528	1 091	1 235	2 126	3 991
Interest on loans to customers	12 232	17 005	27 109	33 038	71 734
Interest on impaired commitments	33	25	53	53	82
Interest on commercial paper and bonds	1 912	1 476	4 170	2 990	7 308
Front-end fees etc.	92	83	191	190	440
Other interest income	84	(62)	44	(161)	(815)
Total interest income	**14 881**	**19 618**	**32 802**	**38 236**	**82 741**
Interest on loans and deposits from credit institutions	1 252	1 961	2 674	3 599	7 256
Interest on demand deposits from customers	3 200	5 990	7 607	11 724	25 208
Interest on securities issued	3 457	4 970	8 252	9 832	21 583
Interest on subordinated loan capital	275	452	668	945	2 125
Other interest expenses [1)]	903	1 173	2 019	1 959	4 234
Total interest expenses	**9 088**	**14 546**	**21 219**	**28 059**	**60 406**
Net interest income	**5 793**	**5 071**	**11 583**	**10 177**	**22 335**

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

Note 5 Net other operating income

	DnB NOR Bank ASA				
	2nd quarter	2nd quarter	1st half	1st half	Full year
Amounts in NOK million	2009	2008	2009	2008	2008
Money transfer fees receivable	694	671	1 340	1 313	2 678
Fees on asset management services	6	10	10	23	31
Fees on custodial services	72	105	136	200	372
Fees on securities broking	78	92	141	190	333
Corporate finance	72	109	111	202	295
Interbank fees	27	28	51	55	112
Credit broking commissions	109	120	198	176	402
Sales commissions on insurance products	71	75	138	157	287
Sundry commissions and fees receivable on banking services	160	205	315	469	763
Total commissions and fees receivable etc.	**1 290**	**1 416**	**2 440**	**2 786**	**5 274**
Money transfer fees payable	256	226	469	433	888
Commissions payable on fund management services	0	23	(16)	26	22
Fees on custodial services payable	30	38	59	71	135
Interbank fees	40	44	75	86	174
Credit broking commissions	32	34	30	64	119
Commissions payable on the sale of insurance products	0	2	0	2	4
Sundry commissions and fees payable on banking services	138	133	253	262	537
Total commissions and fees payable etc.	**495**	**499**	**869**	**944**	**1 878**
Net gains on financial instruments at fair value	**1 749**	**1 306**	**4 643**	**194**	**1 626**
Income from owned/leased premises	26	15	54	46	101
Miscellaneous operating income	342	235	680	463	1 594
Total other income	**368**	**250**	**734**	**509**	**1 695**
Net other operating income	**2 913**	**2 473**	**6 948**	**2 545**	**6 716**

Note 5 Net other operating income (continued)

	DnB NOR Bank Group				
	2nd quarter	2nd quarter	1st half	1st half	Full year
Amounts in NOK million	2009	2008	2009	2008	2008
Money transfer fees receivable	757	722	1 460	1 419	2 899
Fees on asset management services	21	22	40	40	70
Fees on custodial services	74	107	139	204	382
Fees on securities broking	78	93	141	191	334
Corporate finance	93	132	154	235	378
Interbank fees	28	29	53	57	117
Credit broking commissions	110	121	200	178	406
Sales commissions on insurance products	107	121	211	242	443
Sundry commissions and fees receivable on banking services	264	321	520	691	1 208
Total commissions and fees receivable etc.	**1 533**	**1 668**	**2 917**	**3 258**	**6 236**
Money transfer fees payable	273	240	500	462	942
Commissions payable on fund management services	0	23	(16)	26	22
Fees on custodial services payable	30	38	59	71	135
Interbank fees	41	46	78	89	180
Credit broking commissions	16	39	14	66	119
Commissions payable on the sale of insurance products	3	4	7	7	27
Sundry commissions and fees payable on banking services	153	145	289	288	597
Total commissions and fees payable etc.	**516**	**535**	**932**	**1 010**	**2 021**
Net gains on financial instruments at fair value	**1 032**	**1 426**	**3 172**	**642**	**3 430**
Profit from companies accounted for by the equity method 1)	**(471)**	**102**	**426**	**(192)**	**632**
Income from owned/leased premises	21	0	38	19	45
Fees on real estate broking	205	211	373	373	658
Net unrealised gains on investment property	(111)	0	(111)	0	0
Miscellaneous operating income	184	164	416	402	866
Total other income	**299**	**375**	**716**	**794**	**1 569**
Net other operating income	**1 876**	**3 036**	**6 300**	**3 492**	**9 847**

1) *Widening credit spreads have had a negative effect on Eksportfinans' liquidity portfolio of bonds. The company has entered into an agreement with a syndicate comprising most of Eksportfinans' owners. With effect from 1 March 2008, the agreement will protect Eksportfinans from further value reductions in the portfolio. Taking the guarantee into account, there was a negative profit contribution of NOK 486 million from the company in the second quarter of 2009. Liabilities in Eksportfinans are largely recorded at fair value, and narrowing credit margins have a negative effect on the company's profits. At end-June 2009, the accumulated effect of widening credit margins raised DnB NOR Bank Group's share of profits in the company by approximately NOK 1.4 billion.*

Note 6 Net gains on financial instruments at fair value

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
DnB NOR Bank ASA					
Dividends	100	121	112	138	177
Net gains on commercial paper and bonds [1)]	133	(18)	933	(1 672)	(969)
Net gains on shareholdings	(45)	(115)	(48)	(346)	(1 161)
Net gains on other financial assets [2)]	1 561	1 318	3 646	2 073	3 579
Net gains on financial instruments at fair value	**1 749**	**1 306**	**4 643**	**194**	**1 626**

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
DnB NOR Bank Group					
Dividends	90	99	104	120	162
Net gains on commercial paper and bonds [1)]	193	(14)	440	(1 684)	(763)
Net gains on shareholdings	(51)	(122)	(57)	(398)	(1 298)
Net gains on other financial assets [2)]	799	1 462	2 685	2 605	5 331
Net gains on financial instruments at fair value	**1 032**	**1 426**	**3 172**	**642**	**3 430**

1) *The reclassification of the liquidity portfolio in DnB NOR Markets in the third quarter of 2008 resulted in a NOK 233 million reduction in net gains on financial instruments at fair value in the second quarter of 2009 compared with the second quarter of 2008.*
2) *The markets functioned more normally in the second quarter of 2009 than in the preceding quarters, with less volatility and lower spreads. This resulted in unrealised losses of NOK 279 million and NOK 639 million in DnB NOR Bank ASA and the DnB NOR Bank Group, respectively, on financial derivatives entered into in connection with funding of the Bank's balance sheet with foreign currency.*

Note 7 Operating expenses

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
DnB NOR Bank ASA					
Ordinary salaries	1 168	1 069	2 399	2 120	4 480
Employer's national insurance contributions	158	147	337	288	678
Pension expenses	179	213	356	416	796
Allocation to employees	0	0	0	0	0
Restructuring expenses [1)]	19	29	35	41	70
Other personnel expenses	78	74	188	150	283
Total salaries and other personnel expenses	**1 602**	**1 532**	**3 316**	**3 015**	**6 306**
Fees	281	219	533	432	945
EDP expenses	303	333	631	643	1 241
Postage and telecommunications	78	67	159	140	299
Office supplies	16	18	30	33	62
Marketing and public relations	103	154	214	249	502
Travel expenses	47	42	76	79	168
Reimbursement to Norway Post for transactions executed	52	58	103	111	207
Training expenses	9	14	26	28	53
Operating expenses on properties and premises	263	248	533	494	988
Operating expenses on machinery, vehicles and office equipment	22	23	47	46	87
Other operating expenses [1)]	113	122	241	254	460
Other expenses	**1 287**	**1 297**	**2 594**	**2 510**	**5 013**
Depreciation and write-downs of fixed and intangible assets [2)]	**380**	**84**	**481**	**167**	**465**
Total operating expenses	**3 269**	**2 914**	**6 390**	**5 692**	**11 784**

Note 7 Operating expenses (continued)

					DnB NOR Bank Group
	2nd quarter	2nd quarter	1st half	1st half	Full year
Amounts in NOK million	2009	2008	2009	2008	2008
Ordinary salaries	1 575	1 471	3 221	2 891	6 033
Employer's national insurance contributions	223	215	476	426	920
Pension expenses	210	239	420	469	906
Allocation to employees	0	0	0	0	0
Restructuring expenses [1)]	19	29	36	41	70
Other personnel expenses	94	97	226	192	370
Total salaries and other personnel expenses	**2 121**	**2 051**	**4 380**	**4 019**	**8 299**
Fees	315	249	597	496	1 092
EDP expenses	360	393	765	754	1 478
Postage and telecommunications	95	91	201	183	389
Office supplies	25	27	50	51	100
Marketing and public relations	137	195	281	336	670
Travel expenses	61	55	102	106	227
Reimbursement to Norway Post for transactions executed	52	58	103	111	207
Training expenses	14	22	39	43	80
Operating expenses on properties and premises	314	296	639	586	1 188
Operating expenses on machinery, vehicles and office equipment	34	37	74	71	141
Other operating expenses [1)]	201	196	411	395	775
Other expenses	**1 610**	**1 621**	**3 262**	**3 133**	**6 348**
Depreciation and write-downs of fixed and intangible assets [2)]	**607**	**240**	**919**	**463**	**1 296**
Total operating expenses	**4 338**	**3 913**	**8 560**	**7 615**	**15 942**

1) Restructuring costs relating to the cost programme were NOK 36 million in the second quarter of 2009 for both the DnB NOR Bank Group and DnB NOR Bank ASA.

2) In consequence of macroeconomic developments and weak profits in DnB NORD Latvia and DnB NORD Lithuania, impairment losses for goodwill of NOK 570 million were recorded for the two units in DnB NORD in the second quarter of 2009. NOK 291 million of this was recorded in DnB NOR Bank Group. DnB NOR ASA's investment in Bank DnB NORD was written down by a corresponding amount.

Note 8 Number of employees/full-time positions

					DnB NOR Bank ASA
	2nd quarter	2nd quarter	1st half	1st half	Full year
	2009 [1)]	2008 [2)]	2009 [1)]	2008 [2)]	2008 [2)]
Number of employees at end of period	7 370	7 400	7 370	7 400	7 376
of which number of employees abroad	443	411	443	411	429
Number of employees calculated on a full-time basis at end of period	7 126	7 161	7 126	7 161	7 140
of which number of employees calculated on a full-time basis abroad	435	406	435	406	422
Average number of employees	7 465	7 457	7 481	7 438	7 414
Average number of employees calculated on a full-time basis	7 218	7 146	7 233	7 138	7 145

					DnB NOR Bank Group
	2nd quarter	2nd quarter	1st half	1st half	Full year
	2009 [1)]	2008 [2)]	2009 [1)]	2008 [2)]	2008 [2)]
Number of employees at end of period	12 892	12 998	12 892	12 998	13 207
of which number of employees abroad	4 578	4 559	4 578	4 559	4 806
Number of employees calculated on a full-time basis at end of period	12 536	12 684	12 536	12 684	12 848
of which number of employees calculated on a full-time basis abroad	4 494	4 516	4 494	4 516	4 713
Average number of employees	13 054	12 862	13 146	12 774	12 965
Average number of employees calculated on a full-time basis	12 700	12 534	12 790	12 445	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.

2) Includes 68 full-time positions in the Norwegian operations of SkandiaBanken Bilfinans, which were acquired on 31 January 2008, and 52 full-time positions in the company's Swedish operations, which were acquired on 29 February 2008.

Note 9 Write-downs on loans and guarantees

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
DnB NOR Bank ASA					
Write-offs	102	19	123	46	196
New individual write-downs	578	205	1 367	408	1 331
Total new individual write-downs	680	224	1 490	454	1 527
Reassessed individual write-downs	47	19	183	73	127
Total individual write-downs	633	205	1 308	381	1 400
Recoveries on commitments previously written off	81	67	169	146	303
Change in group write-downs on loans	130	29	383	70	489
Write-downs on loans and guarantees 1)	**682**	**167**	**1 522**	**305**	**1 586**
Write-offs covered by individual write-downs made in previous years	149	134	370	270	617
1) Of which indvidual write-downs on guarantees	*(3)*	*3*	*(1)*	*27*	*(15)*

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
DnB NOR Bank Group					
Write-offs	143	22	175	53	335
New individual write-downs	2 000	318	3 446	611	2 925
Total new individual write-downs	2 142	340	3 621	664	3 260
Reassessed individual write-downs	205	37	383	118	246
Total individual write-downs	1 938	303	3 238	546	3 014
Recoveries on commitments previously written off	85	81	177	165	335
Change in group write-downs on loans	466	52	856	89	830
Write-downs on loans and guarantees 1)	**2 318**	**275**	**3 916**	**470**	**3 509**
Write-offs covered by individual write-downs made in previous years	205	186	745	322	678
1) Of which indvidual write-downs on guarantees	*10*	*4*	*12*	*38*	*5*

The weak trend in the international economy resulted in higher credit risk due to somewhat reduced credit quality and thus rising write-downs on loans in the second quarter of 2009. For DnB NOR Bank Group, this was particularly the case in the Baltic States, where the Bank Group is exposed through DnB NORD. However, there was also a certain rise in write-downs within shipping and acquisition financing. The portfolio of Norwegian-related loans is of high quality, and there are low write-downs for retail customers and small and medium-sized businesses, which is partly attributable to the extensive stimulus measures implemented by the Norwegian authorities.

The reduced credit quality affected shipping and commercial property in particular. In spite of an increase in freight rates in some segments, the shipping industry is expected to have a potential high loss exposure for some time due to the slow recovery of the global economy. The downward revision in market values increases the risk for commercial property. However DnB NOR Bank Group's commercial property loans are primarily granted based on cash flow analyses. Reduced interest rates and a lower than expected increase in unemployment in Norway have a positive effect on risk in this industry. For this reason, and based on the Bank Group's credit strategy, which focuses on financially strong customers and long-term leases, no significant additional write-downs are expected within property financing in the medium term.

Note 10 Lending to customers

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2008	31 Dec. 2008	30 June 2009	*Amounts in NOK million*	30 June 2009	31 Dec. 2008	30 June 2008
611 437	645 492	545 813	Lending to customers, nominal amount	983 391	1 022 108	891 945
1 188	1 758	2 557	Individual write-downs	6 504	4 256	2 170
610 249	643 734	543 255	Lending to customers, after individual write-downs	976 887	1 017 852	889 775
2 212	2 653	1 138	+ Accrued interest and amortisation	2 038	3 762	2 989
410	439	494	- Individual write-downs of accrued interest and amortisation	574	478	420
464	994	1 347	- Group write-downs	2 363	1 625	717
611 587	644 954	542 552	Lending to customers, at amortised cost	975 989	1 019 511	891 627
180 757	176 928	183 039	Lending to customers, nominal amount	201 555	184 639	183 894
1 442	1 882	838	+ Accrued interest	896	1 907	1 413
(593)	460	(47)	+ Adjustment to fair value	346	785	(668)
181 606	179 269	183 830	Lending to customers, at fair value 1)	202 797	187 331	184 639
793 193	**824 223**	**726 382**	**Lending to customers**	**1 178 785**	**1 206 842**	**1 076 266**

1) *The fair value of loans in Norwegian kroner was reduced by NOK 190 million in the first quarter and NOK 38 million in the second quarter of 2009 due to widening credit margins.*

Note 11 Net non-performing and impaired commitments for principal sectors 1)

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2008	31 Dec. 2008	30 June 2009	*Amounts in NOK million*	30 June 2009	31 Dec. 2008	30 June 2008
1 823	2 554	2 732	Retail customers	5 128	4 129	2 513
0	0	1 480	International shipping	1 577	37	85
247	944	903	Real estate	3 034	2 447	452
97	1 504	2 656	Manufacturing	3 762	2 322	437
178	504	572	Services	1 141	823	394
91	99	844	Trade	1 295	275	212
0	171	0	Oil and gas	0	172	0
56	89	126	Transportation and communication	578	485	199
94	126	475	Building and construction	923	347	145
0	1	3	Power and water supply	13	26	1
7	365	105	Seafood	191	443	61
32	68	57	Hotels and restaurants	222	115	61
103	125	136	Agriculture and forestry	279	206	152
0	0	0	Central and local government	0	0	0
0	1	0	Other sectors	111	95	89
2 728	6 551	10 089	Total customers	18 254	11 922	4 801
0	0	69	Credit institutions	68	0	0
2 728	6 551	10 158	Total	18 322	11 922	4 801

1) *Includes non-performing commitments and commitments subject to individual 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.*

Note 12 Investments in bonds

Information about the portfolios

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

As part of ongoing liquidity management, DnB NOR Bank needs to maintain a holding of securities that can be used in different ways to regulate the liquidity requirement and as a basis for furnishing collateral for operations in various countries. Among other things, the securities serve as collateral for short and long-term borrowing in a number of central banks and as a basis for liquidity buffers to meet regulatory requirements.

The bank has chosen to cover its need for liquid securities by investing in high-quality international bonds. As at 30 June 2009, the liquidity portfolio in DnB NOR Markets represented the equivalent of NOK 102.9 billion. 97.7 per cent of the securities had an AAA rating, while 2.2 per cent are rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs.

		DnB NOR Bank Group	
		Per cent	NOK million
	Rating	30 June 2009	30 June 2009
Asset class			
Consumer credit	AAA	4	3 892
Residential mortgages	AAA/AA	66	69 844
Corporate loans	AAA/AA	8	8 730
Government-related	AAA	22	22 615
Insurance	AAA/AA/A/BBB	0	105
Total liquidity portfolio DnB NOR Markets, nominal values		100	105 186
Accrued interest, including amortisation effects			(2 294)
Total liquidity portfolio DnB NOR Markets			102 892

In addition, DnB NOR Bank had Norwegian bonds and fixed-income securities equivalent to a balance sheet value of NOK 90.1 billion, mainly used for customer trading and position taking in Norwegian interest rate instruments.

Like DnB NOR Bank, DnB NORD and Eksportfinans use investments in bonds and fixed-income securities for liquidity purposes and as a basis for furnishing collateral to central banks. At end-June 2009, the value of the DnB NORD portfolio was equivalent to NOK 5.5 billion. Eksportfinans had a liquidity portfolio of NOK 66.4 billion. The Eksportfinans portfolio was structured largely in line with DnB NOR Bank's portfolio, though it contained a larger share of financial sector investments. Through its ownership interest and the issue of guarantees, DnB NOR Bank is exposed to 40.4 per cent of value changes in the portfolio. In addition, a guarantee of up to NOK 142 million has been issued to one of the other owners of Eksportfinans. In addition, Eksportfinans had a short-term portfolio of NOK 23.0 billion.

Classification

On 13 October 2008, the International Accounting Standards Board, IASB, approved amendments to IAS 39 Financial Instruments - Recognition and Measurements and IFRS 7 Financial Instruments – Disclosure. Following the amendments, it is permitted to reclassify certain financial assets in the categories "fair value through profit or loss" and "available for sale" to other categories for financial assets. To qualify for reclassification, special circumstances must have occurred and according to the IASB, the situation in the credit markets could be regarded as rare circumstances. Reclassification in the third quarter of 2008 could be made with accounting effect from 1 July 2008. The EU approved the amendments on 15 October 2008. On 16 October 2008, the Ministry of Finance adopted regulations implementing amendments to the Norwegian rules in the accounting standards IAS 39 and IFRS 7.

In the third quarter accounts, the banking group chose to reclassify the liquidity portfolio in DnB NOR Markets from the "fair value through profit or loss" category to the "held to maturity" category. This resulted in an accumulated rise in profits of NOK 1 539 million compared with the result if the previous valuation principle had been retained. For the second quarter of 2009, there would have been a NOK 1 238 million rise in profits if the portfolio had not been reclassified. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, compared with NOK 102.9 billion at end-June 2009.

Note 12 Investments in bonds (continued)

Effects of the reclassification of the liquidity portfolio — DnB NOR Bank Group

Amounts in NOK million	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Amortisation effect	221	0	434	0	487
Net interest income	221	0	434	0	487
Value adjustment	0	(94)	0	(1 827)	(1 827)
Maturity effects	0	327	0	494	494
Net gains on financial instruments at fair value	0	233	0	(1 333)	(1 333)
Effects of reclassification on profits					
Recorded amortisation effect	221	0	434	0	487
Net gain if valued at fair value	1 459	0	1 896	0	(2 514)
Effects of reclassification on profits	(1 238)	0	(1 462)	0	3 001
Effects of reclassification on the balance sheet					
Recorded, unrealised losses at end of period	1 665	2 586	1 665	2 586	2 099
Unrealised losses, if valued at fair value	3 204	2 586	3 204	2 586	5 100
Effects of reclassification on the balance sheet	1 539	0	1 539	0	3 001

Development in the liquidity portfolio after the reclassification — DnB NOR Bank Group

Beløp i millioner kroner	30 June 2009	31 March 2009	31 Dec. 2008	30 Sept. 2008	30 June 2008
Liquidity portfolio, recorded value	102 892	91 146	99 106	88 008	85 647
Liquidity portfolio, if valued at fair value	101 352	88 369	96 105	86 527	85 647
Effects of reclassification on the balance sheet	1 539	2 777	3 001	1 481	0

Measurement

With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets is reclassified as held-to-maturity investments. During the fourth quarter of 2008, the bank also invested in a portfolio of commercial paper with maturities ranging between three and six months. At end-June 2009, the portfolio totalled NOK 0.2 billion. Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

Other bond portfolios in the banking group are classified as securities carried at fair value with changes in value recognised in profit or loss. If there are no observable prices in the market, the value is set by using models which incorporate relevant market information.

The reclassification in accordance with the amendments to IAS 39, as described above, 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, such prices have been virtually non-existent. In order to meet the disclosure requirement at end-June 2009, 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 half of 2009, profits would have risen by NOK 1 462 million. A corresponding model has also been used for valuing part of the bond portfolio in Eksportfinans.

The remaining term to maturity of DnB NOR Markets' liquidity portfolio is estimated at three years, and the value of one basis point was NOK 28 million at end-June 2009.

Note 13 Investments in shares

Investments in shares are carried at fair value. Measurement at fair value is described in note 1 Accounting principles in the annual report for 2008. The market situation has resulted in greater uncertainty regarding fair value assessments, especially for shares not listed on a stock exchange.

The banking group's investments in Private Equity, PE, and Management Buyout Funds totalled NOK 325 million at end-June, on a level with investments at end-December 2008. When determining the fair value of Private Equity investments, the "International Private Equity and Venture Capital Valuation Guidelines" and similar guidelines are used. The method used is one of several instruments to determine the best estimate of fair values for investments in not very liquid equity instruments and is based on reports on returns from portfolio companies, with a time lag of approximately three months. This has represented a challenge in the market situation prevailing during the past year, which has been characterised by considerable uncertainty and a sharp fall in equity prices. On each reporting data, the need to adapt valuations due to lags in information will be considered.

Note 14 Intangible assets

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2008	31 Dec. 2008	30 June 2009	*Amounts in NOK million*	30 June 2009	31 Dec. 2008	30 June 2008
1 653	1 657	1 652	Goodwill	4 037	4 548	4 695
51	51	51	Postbanken brand name	51	51	51
366	448	455	Systems development	955	860	513
20	18	15	Other intangible assets	536	645	499
2 089	**2 173**	**2 173**	**Total intangible assets**	**5 579**	**6 105**	**5 757**

The macroeconomic situation in the Baltic region has worsened since year-end 2008. Uncertainty surrounds the future development and profitability of DnB NORD's operations in Lithuania and Latvia. Large write-downs on loans resulted in a sizeable operating loss in the first half of 2009, though the banks' ordinary operations remain sound. These units expect large write-downs on loans in the coming quarters. The situation is expected to normalise in 2012. Reduced future profit estimates and the need for capital injections resulted in a lower expected cash flow at end-June 2009 than indicated in previous estimates. Goodwill in Lithuania and Latvia has therefore been tested for impairment, whereby total impairment losses of NOK 570 million were identified. After recording impairment losses, there is no remaining recorded goodwill for the Latvian entity. In Lithuania, the remaining goodwill totals EUR 5 million, the equivalent of NOK 45 million. DnB NOR Bank Group's share of the impairment losses, representing NOK 291 million, is included under "Depreciation and impairment of fixed and intangible assets" in the income statement.

The economic situation in Poland is not considered to have changed materially since year-end 2008. No impairment losses for goodwill have been identified in Poland, though the cash-generating unit will be closely monitored in future reporting periods. Operations in Poland are in a build-up phase with increasing initiatives in the retail segment. At the same time, there is a need to rationalise operations following the merger with BISE Bank. The value of the operations is dependent on planned measures being implemented and that they have the anticipated effects.

Note 15 Securities issued and subordinated loan capital

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

Securities issued — **DnB NOR Bank ASA**

Amounts in NOK million	31 June 2009	31 Dec. 2008	30 June 2008
Commercial paper issued, nominal amount	159 567	194 700	118 080
Bond debt, nominal amount	266 585	305 356	272 382
Adjustments	4 986	7 623	(60)
Total securities issued	**431 137**	**507 680**	**390 402**

Changes in securities issued — **DnB NOR Bank ASA**

Amounts in NOK million	Balance sheet 30 June 2009	Issued 2009	Matured/ redeemed 2009	Exchange rate movements 2009	Other adjustments 2009	Balance sheet 31 Dec. 2008
Commercial paper issued, nominal amount	159 567	154 518	189 423	(228)		194 700
Bond debt, nominal amount	266 585	28 242	48 848	(18 166)		305 356
Adjustments	4 986				(2 638)	7 623
Total securities issued	**431 137**	**182 760**	**238 271**	**(18 394)**	**(2 638)**	**507 680**

Subordinated loan capital and perpetual subordinated loan capital securities — **DnB NOR Bank ASA**

Amounts in NOK million	Balance sheet 30 June 2009	Issued 2009	Matured/ redeemed 2009	Exchange rate movements 2009	Other adjustments 2009	Balance sheet 31 Dec. 2008
Term subordinated loan capital, nominal amount	23 415			(428)		23 843
Perpetual subordinated loan capital, nominal amount	7 625			(382)		8 007
Perpetual subordinated loan capital securities, nominal amount [2]	9 448			(294)		9 742
Adjustments	1 670				(350)	2 019
Total subordinated loan capital and perpetual subordinated loan capital securities	**42 158**	**0**	**0**	**(1 104)**	**(350)**	**43 612**

Securities issued — **DnB NOR Bank Group**

Amounts in NOK million	30 June 2009	31 Dec. 2008	30 June 2008
Commercial paper issued, nominal amount	159 643	194 852	118 234
Bond debt, nominal amount [1]	362 469	405 040	352 024
Adjustments	12 369	14 291	(706)
Total securities issued	**534 481**	**614 183**	**469 552**

Changes in securities issued — **DnB NOR Bank Group**

Amounts in NOK million	Balance sheet 30 June 2009	Issued 2009	Matured/ redeemed 2009	Exchange rate movements 2009	Other adjustments 2009	Balance sheet 31 Dec. 2008
Commercial paper issued, nominal amount	159 643	154 537	189 491	(255)		194 852
Bond debt, nominal amount [1]	362 469	32 785	50 054	(25 302)		405 040
Adjustments	12 369				(1 921)	14 291
Total securities issued	**534 481**	**187 322**	**239 545**	**(25 557)**	**(1 921)**	**614 183**

Subordinated loan capital and perpetual subordinated loan capital securities — **DnB NOR Bank Group**

Amounts in NOK million	Balance sheet 30 June 2009	Issued 2009	Matured/ redeemed 2009	Exchange rate movements 2009	Other adjustments 2009	Balance sheet 31 Dec. 2008
Term subordinated loan capital, nominal amount	24 864			(568)		25 432
Perpetual subordinated loan capital, nominal amount	7 625			(382)		8 007
Perpetual subordinated loan capital securities, nominal amount [2]	9 448			(294)		9 742
Adjustments	1 692				(352)	2 044
Total subordinated loan capital and perpetual subordinated loan capital securities	**43 629**	**0**	**0**	**(1 244)**	**(352)**	**45 225**

1) *Minus own bonds. Outstanding covered bonds in DnB NOR Boligkreditt totalled NOK 187.8 billion as at 30 June 2009. The cover pool represented NOK 261.5 billion.*

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

Note 16 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. The figures as at 30 June 2009 are partially based on estimates.

DnB NOR Bank ASA		**Primary capital**	**DnB NOR Bank Group**	
31 Dec. 2008	30 June 2009	*Amounts in NOK million*	30 June 2009	31 Dec. 2008
17 514	17 514	Share capital	17 514	17 514
51 702	51 558	Other equity	60 201	59 969
69 217	69 072	Total equity	77 716	77 483
		Deductions		
0	0	Pension funds above pension commitments	(3)	(1)
(1 657)	(1 652)	Goodwill	(4 226)	(4 737)
(10)	(9)	Deferred tax assets	(435)	(306)
(516)	(521)	Other intangible assets	(1 570)	(1 584)
0	0	Unrealised gains on fixed assets	(28)	(30)
(1 070)	(1 051)	50 per cent of investments in other financial institutions	(1 051)	(1 070)
(288)	(36)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(112)	(339)
(323)	(323)	Adjustments for unrealised losses/(gains) on liabilites recorded at fair value	(2 039)	(2 284)
		Additions		
555	-	Portion of unrecognised actuarial gains/losses, pension costs 1)	-	594
65 908	65 480	Equity Tier 1 capital	68 253	67 726
9 742	9 448	Perpetual subordinated loan capital securities 2) 3)	9 652	9 945
75 649	74 928	Core capital	77 905	77 671
8 007	7 625	Perpetual subordinated loan capital	7 625	8 007
23 843	23 230	Term subordinated loan capital 3)	25 264	26 083
		Deductions		
(1 070)	(1 051)	50 per cent of investments in other financial institutions	(1 051)	(1 070)
(288)	(36)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(112)	(339)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
30 492	29 767	Supplementary capital	31 744	32 700
106 141	104 695	Total eligible primary capital 4)	109 649	110 371
965 059	891 622	Risk-weighted volume	1 040 051	1 120 428
77 205	71 330	Minimum capital requirement	83 204	89 634
6.8	7.3	Equity Tier 1 ratio (%)	6.6	6.0
7.8	8.4	Core capital ratio (%)	7.5	6.9
11.0	11.7	Capital ratio (%)	10.5	9.9
-	7.6	Equity Tier 1 ratio including 50 per cent of profit for the period (%)	6.8	-
-	8.7	Core capital ratio including 50 per cent of profit for the period (%)	7.7	-
-	12.0	Capital ratio including 50 per cent of profit for the period (%)	10.7	-

1) *Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance established a transitional rule for the years 2005 to 2008 meant to reduce the negative effect when calculating capital adequacy.*

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

3) *As at 30 June 2009, calculations of capital adequacy included a total of NOK 788 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.*

4) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Bank Group's 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 2008 and 2009 cannot be reduced below 90 and 80 per cent respectively relative to the Basel I requirements. Risk-weighted volume for the DnB NOR Bank Group at end-June represented 89.8 per cent of the corresponding volume based on the Basel I rules.

Note 16 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.

	31 Dec. 2008			31 Dec. 2009			31 Dec. 2010		
	Approaches			Approaches			Approaches		
Portfolios	Standardised	Foundation IRB	Advanced IRB	Standardised	Foundation IRB	Advanced IRB	Standardised	Foundation IRB	Advanced IRB
Retail:									
- mortgage loans, DnB NOR Bank and DnB NOR Boligkreditt			X			X			X
- qualifying revolving retail exposure, DnB NOR Kort	X					X			X
- mortgage loans and other portfolios, Nordlandsbanken	X			X					X
Corporates:									
- small and medium-sized corporates, DnB NOR Bank		X				X			X
- leasing and loans in Norway, DnB NOR Finans excluding the portfolio from SkandiaBanken Bilfinans	X					X			X
- factoring and large clients in Norway, DnB NOR Finans plus the car portfolio in Sweden	X			X					X
- large corporate customers in Norway, DnB NOR Bank	X			X					X
- other corporate clients, DnB NOR Bank	X			X					X
- all corporate portfolios, Nordlandsbanken	X			X					X
Institutions:									
- banks and financial institutions	X			X					X
Exceptions:									
- approved exceptions: government and municipalities, equity positions, commercial papers	X			X			X		
- temporary exceptions: DnB NORD, DnB NOR Luxembourg, Monchebank and various other portfolios	X			X			X		

Note 17 Liquidity risk

Liquidity risk is the risk that the banking group will be unable to meet its payment obligations. Liquidity management in the DnB NOR Bank Group is organised whereby DnB NOR Bank ASA is responsible for funding subsidiaries such as Nordlandsbanken and DnB NOR Finans, as well as international branches and subsidiaries. DnB NORD is funded with a share corresponding to the DnB NOR Bank Group's holding in the bank. Liquidity risk is managed and measured by means of various measurement techniques.

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 the general public should largely be financed through customer deposits, subordinated capital and long-term funding. The banking group's ratio of deposits to lending was 52.8 per cent at end-June 2009, an increase from 50.9 per cent at end-March. The ratio of deposits to lending in DnB NOR Bank ASA was 80.9 per cent at end-June 2009.

Access to short-term liquidity gradually improved in the second quarter of 2009. This resulted in lower price mark-ups in the money market, and the difference between money market rates and central bank rates narrowed both in Norway and abroad. There were still great differences in funding costs for various banks, depending on credit rating and nationality. However, these differences tend to be reduced as the market situation improves.

On 19 May 2009, DnB NOR Bank ASA completed its first international benchmark bond issue since August 2008, totalling EUR 2 billion, the equivalent of NOK 17.5 billion. The bonds have a five-year maturity. The price paid was 1.85 percentage points above the swap rate, which is competitive compared with the price paid by corresponding international borrowers.

The Norwegian authorities' measures aimed at the financial services industry still have a stabilising effect on the banks' liquidity situation. Among other things, the measures implemented in the fourth quarter of 2008 give Norwegian banks the opportunity to exchange covered bonds for Treasury bills. The Treasury bills are tradeable in the ordinary financial markets, and the scheme is instrumental in ensuring the DnB NOR Bank Group long-term funding.

Note 17 Liquidity risk (continued)

DnB NOR Bank Group's liquidity situation at end-June 2009 can be characterised as sound. In consequence of wider credit margins in financial markets, however, costs relating to capital market funding have increased. At end-June 2009, the average remaining term to maturity for the portfolio of senior bond debt was 2.9 years, on a level with the year-earlier figure. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 18 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 renewd in June 2009. DnB NOR Bank ASA's share of this agreement represents approximately USD 2.2 billion. At end-June 2009, 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 management 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, while a total of NOK 21.4 billion was transferred in the first quarter of 2009, and in second quarter it was transferred further NOK 31.1 billion. 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 June 2009 totalled NOK 350 million.

DnB NOR Bank ASA invested NOK 54.1 billion in covered bonds issued by DnB NOR Boligkreditt in the first quarter of 2009 and NOK 10.1 billion in the second quarter, bringing the total invested amount to NOK 94.8 billion. The bank uses 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.

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 7.5 billion at end-June 2009.

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 3.2 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.

Note 18 Information on related parties (forts.)

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 will be between three and six months. The swap agreements lasts for periods of up to five years, and the banks undertake to purchase new Treasury bills with six-month maturities 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. 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 Financial Instruments – Recognition and Measurement, Section 20. 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-June 2009, this funding represented NOK 80.2 billion. The bank's investment in Treasury bills amounted to NOK 57.9 billion at 30 June 2009.

Note 19 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2008	31 Dec. 2008	30 June 2009	*Amounts in NOK million*	30 June 2009	31 Dec. 2008	30 June 2008
295 287	299 210	281 396	Unutilised ordinary credit lines	304 022	337 818	330 204
19 391	24 627	18 441	Documentary credit commitments	18 591	24 896	19 653
529	496	452	Other commitments	513	540	696
315 208	324 333	300 290	Total commitments	323 127	363 254	350 553
25 850	32 575	25 415	Performance guarantees	27 370	34 367	27 672
21 177	22 553	20 930	Payment guarantees	23 412	24 582	22 328
14 986	14 871	14 472	Loan guarantees [1)]	15 258	16 202	15 695
0	0	939	Guarantee to the Norwegian Banks' Guarantee Fund	939	0	0
5 522	4 759	5 215	Guarantees for taxes etc.	5 255	4 801	5 556
4 274	4 764	4 289	Other guarantee commitments	5 079	5 448	4 868
71 810	79 522	71 261	Total guarantee commitments [2)]	77 313	85 399	76 120
0	0	0	Support agreements	4 728	4 499	2 333
71 810	79 522	71 261	Total guarantee commitments etc. [*)]	82 041	89 899	78 453
			*) Of which:			
404	360	225	Counter-guaranteed by financial institutions	327	566	784
91 984	202 611	174 197	Securities	174 197	202 611	91 984
91 872	202 464	174 052	are pledged as security for: Loans [3)]	174 052	202 464	91 872
112	147	145	Other activities	145	147	112

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 9 369 million were recorded in the balance sheet as at 30 June 2009.*

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

3) *As at 30 June 2009, NOK 52 134 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 Banking 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 NORD 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. It is not the size of the amount disputed that is significant, rather whether this will serve as a test case for similar cases. The bank contests the claim.

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.

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

We hereby confirm that the half-yearly financial statements for the banking group and the company for the period 1 January through 30 June 2009 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the banking group and the company taken as a whole.

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

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

Oslo, 9 July 2009
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)

Bjørn Erik Næss
(chief financial officer)

Key figures

		2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
		DnB NOR Bank Group				
Interest rate analyses						
1.	Combined weighted total average spread for lending and deposits (%)	1.14	0.97	1.14	0.98	1.02
2.	Spread for ordinary lending to customers (%)	1.58	0.80	1.57	0.83	1.00
3.	Spread for deposits from customers (%)	0.30	1.29	0.31	1.26	1.07
Rate of return / profitability						
4.	Net other operating income, per cent of total income	24.5	37.4	35.2	25.5	30.6
5.	Cost/income ratio (%)	52.8	48.3	46.2	55.7	48.8
6.	Return on equity, annualised (%)	6.3	17.0	12.9	12.6	14.0
Financial strength						
7.	Core (Tier 1) capital ratio at end of period (%)	7.5	7.2	7.5	7.2	6.9
8.	Core (Tier 1) capital incl. 50 per cent of profit for the period (%)	7.7	7.4	7.7	7.4	-
9.	Capital adequacy ratio at end of period (%)	10.5	10.3	10.5	10.3	9.9
10.	Capital adequacy ratio incl. 50 per cent of profit for the period (%)	10.7	10.5	10.7	10.5	-
11.	Core capital at end of period (NOK million)	77 905	67 795	77 905	67 795	77 671
12.	Risk-weighted volume at end of period (NOK million)	1 040 051	943 339	1 040 051	943 339	1 120 428
Loan portfolio and write-downs						
13.	Individual write-downs relative to average net lending to customers, annualised	0.63	0.09	0.52	0.07	0.25
14.	Write-downs relative to average net lending to customers, annualised	0.79	0.11	0.66	0.09	0.33
15.	Net non-performing and impaired commitments, per cent of net lending	1.54	0.44	1.54	0.44	0.98
16.	Net non-performing and impaired commitments at end of period (NOK million)	18 322	4 801	18 322	4 801	11 922
Liquidity						
17.	Ratio of customer deposits to net lending to customers at end of period (%)	52.8	53.2	52.8	53.2	50.3
Staff						
18.	Number of full-time positions at end of period	12 536	12 684	12 536	12 684	12 848

Definitions

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.

6 Profit for the period, excluding profit attributable to minority interests, adjusted for the period's change in fair value recognised in equity. Average equity is calculated on the basis of recorded equity excluding minority interests.

Profit and balance sheet trends

Income statement **DnB NOR Bank ASA**

Amounts in NOK million	2nd quarter 2009	1st quarter 2009	4th quarter 2008	3rd quarter 2008	2nd quarter 2008
Total interest income	11 208	14 062	19 038	18 343	16 782
Total interest expenses	7 316	10 258	14 515	13 736	12 795
Net interest income	**3 892**	**3 804**	**4 523**	**4 607**	**3 988**
Commissions and fees receivable etc.	1 290	1 150	1 199	1 289	1 416
Commissions and fees payable etc.	495	375	471	463	499
Net gains on financial instruments at fair value	1 749	2 894	368	1 064	1 306
Profit from companies accounted for by the equity method	0	0	0	0	0
Other income	368	366	907	279	250
Net other operating income	**2 913**	**4 035**	**2 003**	**2 169**	**2 473**
Total income	**6 805**	**7 839**	**6 526**	**6 776**	**6 461**
Salaries and other personnel expenses	1 602	1 714	1 657	1 633	1 532
Other expenses	1 287	1 307	1 292	1 211	1 297
Depreciation and write-downs of fixed and intangible assets	380	100	219	79	84
Total operating expenses	**3 269**	**3 121**	**3 168**	**2 924**	**2 914**
Net gains on fixed and intangible assets	1	2	3	5	0
Write-downs on loans and guarantees	682	840	910	370	167
Pre-tax operating profit	**2 855**	**3 880**	**2 450**	**3 486**	**3 380**
Taxes	1 039	1 280	762	976	946
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	**1 816**	**2 599**	**1 688**	**2 510**	**2 434**

Profit and balance sheet trends (continued)

Balance sheet — **DnB NOR Bank ASA**

Amounts in NOK million	30 June 2009	31 March 2009	31 Dec. 2008	30 Sept. 2008	30 June 2008
Assets					
Cash and deposits with central banks	55 038	55 292	47 705	42 544	13 409
Lending to and deposits with credit institutions	258 015	244 495	245 652	216 137	207 012
Lending to customers	726 382	777 094	824 223	805 129	793 193
Commercial paper and bonds	184 673	136 087	82 058	33 665	113 743
Shareholdings	8 635	9 034	9 317	10 718	9 617
Financial derivatives	87 839	112 441	137 751	77 219	59 830
Commercial paper and bonds, held to maturity	103 105	91 763	100 278	88 008	0
Investment property	0	0	0	0	0
Investments in associated companies	1 065	1 064	1 069	1 060	1 058
Investements in subsidiaries	20 942	18 631	19 192	16 512	16 274
Intangible assets	2 173	2 198	2 173	2 091	2 089
Deferred tax assets	9	9	10	9	8
Fixed assets	814	822	844	809	801
Discontinuing operations	0	0	0	0	0
Other assets	6 199	6 466	5 941	7 623	8 381
Total assets	**1 454 890**	**1 455 395**	**1 476 214**	**1 301 524**	**1 225 416**
Liabilities and equity					
Loans and deposits from credit institutions	204 373	199 895	147 371	132 622	105 621
Deposits from customers	587 593	571 299	570 312	562 457	539 620
Financial derivatives	83 839	96 768	119 168	67 920	58 354
Securities issued	431 137	456 659	507 680	404 258	390 402
Payable taxes	2 225	1 363	215	2 109	1 212
Deferred taxes	3 805	3 778	3 734	1 079	1 090
Other liabilities	21 917	8 451	10 608	20 110	22 692
Provisions	4 357	4 327	4 299	4 438	4 536
Subordinated loan capital	42 158	41 164	43 612	39 296	37 417
Total liabilities	**1 381 402**	**1 383 705**	**1 406 998**	**1 234 289**	**1 160 945**
Minority interests	0	0	0	0	0
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	43 278	41 481	39 007	37 026	34 262
Total equity	**73 487**	**71 691**	**69 217**	**67 236**	**64 472**
Total liabilities and equity	**1 454 890**	**1 455 395**	**1 476 214**	**1 301 524**	**1 225 416**

Profit and balance sheet trends (continued)

Income statement

DnB NOR Bank Group

Amounts in NOK million	2nd quarter 2009	1st quarter 2009	4th quarter 2008	3rd quarter 2008	2nd quarter 2008
Total interest income	14 881	17 921	22 916	21 589	19 618
Total interest expenses	9 088	12 131	16 615	15 731	14 546
Net interest income	**5 793**	**5 790**	**6 301**	**5 857**	**5 071**
Commissions and fees receivable etc.	1 533	1 384	1 458	1 521	1 668
Commissions and fees payable etc.	516	415	509	502	535
Net gains on financial instruments at fair value	1 032	2 140	1 186	1 602	1 426
Profit from companies accounted for by the equity method	(471)	897	1 201	(377)	102
Other income	299	417	402	373	375
Net other operating income	**1 876**	**4 424**	**3 737**	**2 618**	**3 036**
Total income	**7 669**	**10 214**	**10 038**	**8 475**	**8 107**
Salaries and other personnel expenses	2 121	2 258	2 139	2 140	2 051
Other expenses	1 610	1 652	1 691	1 523	1 621
Depreciation and write-downs of fixed and intangible assets	607	312	588	245	240
Total operating expenses	**4 338**	**4 223**	**4 418**	**3 909**	**3 913**
Net gains on fixed and intangible assets	7	4	6	13	3
Write-downs on loans and guarantees	2 318	1 598	2 314	725	275
Pre-tax operating profit	**1 021**	**4 396**	**3 312**	**3 854**	**3 922**
Taxes	393	1 319	1 138	1 041	1 059
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	**627**	**3 078**	**2 174**	**2 814**	**2 863**
Profit attributable to shareholders	1 185	3 239	2 891	2 833	2 800
Profit attributable to minority interests	(558)	(161)	(402)	(20)	63

Profit and balance sheet trends (continued)

Balance sheet — **DnB NOR Bank Group**

Amounts in NOK million	30 June 2009	31 March 2009	31 Dec. 2008	30 Sept. 2008	30 June 2008
Assets					
Cash and deposits with central banks	58 524	58 185	51 147	45 792	16 235
Lending to and deposits with credit institutions	62 140	73 685	54 187	44 189	72 526
Lending to customers	1 178 785	1 188 648	1 206 842	1 132 757	1 076 266
Commercial paper and bonds	95 310	57 001	58 219	37 288	116 356
Shareholdings	9 061	9 483	9 642	11 056	9 924
Financial derivatives	86 414	111 456	136 567	75 368	57 342
Commercial paper and bonds, held to maturity	103 105	91 763	100 278	88 008	0
Investment property	583	663	167	175	168
Investments in associated companies	2 921	3 391	2 499	1 295	1 669
Investments in subsidiaries	-	-	-	-	-
Intangible assets	5 579	5 792	6 105	5 869	5 757
Deferred tax assets	382	236	253	172	146
Fixed assets	5 306	5 133	5 271	4 293	3 902
Discontinuing operations	164	201	246	249	241
Other assets	9 172	8 335	6 781	9 608	9 114
Total assets	**1 617 447**	**1 613 973**	**1 638 205**	**1 456 119**	**1 369 646**
Liabilities and equity					
Loans and deposits from credit institutions	234 169	230 242	178 834	161 641	129 770
Deposits from customers	622 522	605 294	606 915	597 173	572 298
Financial derivatives	64 795	77 611	93 207	60 359	55 217
Securities issued	534 481	556 247	614 183	490 871	469 552
Payable taxes	1 786	1 470	317	2 419	1 489
Deferred taxes	5 099	5 059	5 054	1 892	1 882
Other liabilities	24 855	10 903	12 380	22 402	25 310
Provisions	4 690	4 638	4 607	4 942	5 002
Subordinated loan capital	43 629	42 624	45 225	40 676	38 540
Total liabilities	**1 536 026**	**1 534 089**	**1 560 721**	**1 382 375**	**1 299 061**
Minority interests	4 010	3 644	4 211	3 287	3 187
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	46 485	45 315	42 346	39 531	36 473
Total equity	**81 421**	**79 885**	**77 483**	**73 744**	**70 585**
Total liabilities and equity	**1 617 447**	**1 613 973**	**1 638 205**	**1 456 119**	**1 369 646**

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
Trond Sannes Marthinsen	tel. +47 22 94 93 76	trond.marthinsen@dnbnor.no
Thor Tellefsen	tel. +47 22 94 93 88	thor.tellefsen@dnbnor.no
Jo Teslo	tel. +47 22 94 92 86	jo.teslo@dnbnor.no

Other sources of information

Annual reports

Annual reports for the DnB NOR Bank Group and DnB NOR Group are available on dnbnor.com.

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.

The quarterly report has been produced by Group Financial Reporting, Marketing and Communications and Profile and Design in DnB NOR.
Print: LOS Digital AS

dnbnor.com