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Annual Report
2010

DnB NOR

Important events in 2010

1

FIRST QUARTER

- The Group presented new financial targets at its Capital Markets Day in London
- The Group initiated an evaluation of the shareholder agreement relating to DnB NORD

2

SECOND QUARTER

- The merger between Nordito and the Danish company PBS Holding was completed
- The Board of Directors decided to unite the Group under one brand and to discontinue the use of the Postbanken brand
- The bank established its own Facebook page
- DnB NOR Eiendom launched a property search application for Iphone

3

THIRD QUARTER

- DnB NOR exercised the option entitling the Group to purchase the remaining 49 per cent of the shares in DnB NORD
- The Group climbed seven places in Synovate's annual corporate reputation ranking and was among the best banks
- For the second consecutive year, DnB NOR qualified for inclusion in the Dow Jones Sustainability World Index and was thus among the top 10 per cent within its industry worldwide in terms of sustainability
- The Group launched index funds

4

FOURTH QUARTER

- Standard & Poor's ranked DnB NOR as the eleventh best capitalised bank among the 75 largest international banks worldwide
- The Group's score in the annual Greenwich survey, measuring customer satisfaction in the large corporate segment, improved from 59 points in 2009 to 74 points in 2010
- DnB NOR was ranked as one of the best banks in the category "home mortgages above NOK 2 million" by Dine Penger, a Norwegian personal finances magazine
- The Group launched special home mortgages for young people
- The bank introduced 24/7 customer service

FINANCIAL CALENDAR 2011

Annual accounts 2010 (preliminary figures) and fourth quarter 2010	**10 FEBRUARY**
Annual General Meeting	**28 APRIL**
First quarter	**6 MAY**
Distribution of dividends	**AS OF 10 MAY**
Capital Markets Day in Oslo	**15 JUNE**
Second quarter	**12 JULY**
Third quarter	**27 OCTOBER**

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1) ABOUT DnB NOR'S REPORTING

DnB NOR's reporting for 2010 is divided into two printed reports.

BUSINESS REVIEW 2010: Contains detailed information about DnB NOR's operations.

ANNUAL REPORT 2010: Contains detailed information about the Group's Board of Directors and corporate governance, and includes the directors' report and the annual accounts.

Both reports are available online at *dnbnor.no/about-us*

BOARD OF DIRECTORS

1

2

3

4

5

6

1 ANNE CARINE TANUM (born 1954)
Chairman of the board in DnB NOR and DnB NOR Bank
(board member since 1999)
Former board member in DnB Holding, Den norske Bank and Vital Forsikring. Board chairman in the House of Literature Foundation and Kilden Drift AS. Board member in the South-Eastern Norway Regional Health Authority, Cappelen Damm AS, Try AS, the Henie Onstad Art Centre and IRIS. Former board chairman in the Norwegian Broadcasting Corporation (NRK), board vice-chairman in the Norwegian National Opera and long-standing managing director and owner of Tanum AS. Tanum holds a law degree from the University of Oslo.

Attended 13 of 13 board meetings in 2010.

2 BJØRN SUND (born 1945)
Board vice-chairman in DnB NOR
(board member since 1999)
Sund headed the work of building the new university hospital in Akershus. Managing director and board chairman in Advansia, a company specialising in project and construction management for large and complex projects. Board vice-chairman in Gassnova SF. Former board chairman in Gjensidige NOR and board member in Union Bank of Norway. Sund headed the development of the Winter Olympics site at Lillehammer, the Gardermoen airport project and the Telenor project at Fornebu. He is a graduate of the Norwegian University of Technology in Trondheim.

Attended 13 of 13 board meetings in 2010.

3 GUNILLA BERG (born 1960)
Board member in DnB NOR
(board member since 2009)
Executive vice president and CFO in Teracom Group. Former executive vice president and CFO in SAS AB and Kooperativa Förbundet AB and regional head of staff in AGA. Berg is a graduate of the Stockholm School of Economics.

Attended 11 of 13 board meetings in 2010.

4 BENTE BREVIK (born 1964)
Board member in DnB NOR
(board member since 2010)
Brevik is managing director of Stabburet AS and a member of Orkla Foods Nordic's management team. Board member in Dagligvareleverandørenes Forening (Grocery Manufacturers of Norway), Bakers AS and Procordia Food AB. She has previously held various positions in Nidar AS, Varta Battery AS and SC Johnson. Brevik is a graduate of BI Norwegian School of Management.

Attended 6 of 13 board meetings in 2010 (elected to the Board on 15 June 2010).

7

8

9

5 PER HOFFMANN (born 1951)
Board employee representative in DnB NOR and DnB NOR Bank (board member since 1999)
Employee representative in DnB NOR Bank. Former board member in DnB Holding and Den norske Bank.

Attended 5 of 13 board meetings in 2010.

6 JØRN O. KVILHAUG (born 1951)
Board employee representative in DnB NOR and Vital Forsikring (board member since 1999)
Full-time employee representative since 2005. Chief employee representative in Vital Forsikring. Former board member in DnB Holding. Kvilhaug previously worked as an insurance agent in the corporate market in Vital Forsikring.

Attended 9 of 13 board meetings in 2010.

7 BENT PEDERSEN (born 1942)
Board member in DnB NOR and board vice-chairman in DnB NOR Bank (board member since 1999)
Pedersen serves on the boards of several Danish companies. Former board member in DnB Holding and board vice-chairman in Den norske Bank. Managing director of KIRKBI A/S in Billund, Denmark from 1995 to 2006. He previously held executive positions in Privatbanken in Denmark and was a member of the group management team in Unibank in Denmark. He holds a cand. merc. degree from Copenhagen Business School.

Attended 12 of 13 board meetings in 2010.

8 TORE OLAF RIMMEREID (born 1962)
Board member in DnB NOR (board member since 2008)
Former board member in DnB NOR Bank. President and CEO of E-CO Energi AS, previous head of the Finance and Administration Department in the Norwegian Broadcasting Corporation (NRK) and group executive vice president, Financial Reporting and Finance, in the SpareBank 1 Group. He has held various positions in Christiania Bank. Is former political adviser for the Conservative Party's parliamentary group and is now board chairman in Oslo Teknopol IKS. Rimmereid has a master's degree in business administration and is an authorised financial analyst from the Norwegian School of Economics and Business Administration.

Attended 12 of 13 board meetings in 2010.

9 INGJERD SKJELDRUM (born 1957)
Board employee representative in DnB NOR and DnB NOR Bank (board member since 2002)
Full-time employee representative since 1990 and chief group employee representative for Union Bank of Norway from February 2000. Group employee representative in DnB NOR since 2003. Member of the national board of the Finance Sector Union. She is a former board member in Union Bank of Norway and Gjensidige NOR and has held positions within the retail market in Gjensidige NOR.

Attended 12 of 13 board meetings in 2010.

GOVERNING BODIES IN DnB NOR ASA

SUPERVISORY BOARD

Members elected by shareholders

Amund Skarholt, Oslo (chairman) (1 222)
Eldbjørg Løwer, Kongsberg (vice-chairman) (200)
Nils Halvard Bastiansen, Bærum (0)
Toril Eidesvik, Bergen (0)
Camilla Marianne Grieg, Bergen (0)
Elisabeth Grændsen, Lillehammer (244)
Herbjørn Hansson, Sandefjord (0)
Leif O. Høegh, Oslo (0)
Knut Hartvig Johannson, Snarøya (24 502)
Tomas Leire, Kristiansand (1 466)
Per Otterdahl Møller, Skien (0)
Dag J. Opedal, Oslo (1 705)
Ole Robert Reitan, Asker (0)
Gudrun B. Rollefsen, Hammerfest (0)
Arthur Sletteberg, Stabekk (2 444)
Merethe Smith, Oslo (0)
Birger Solberg, Oslo (2 888)
Gine Wang, Stavanger (0)
Hanne Rigmor Egenæss Wiig, Halden (1 705)

Deputies elected by shareholders

Erik Buchmann, Oslo (378)
Turid Dankertsen, Oslo (1 767)
Rolf Domstein, Måløy (0)
Harriet Hagan, Alta (244)
Bente Hagem, Ås (0)
Rolf Hodne, Stavanger (0)
Liv Johannson, Oslo (3 031)
Herman Mehren, Nevlunghamn (10)
Gry Nilsen, Drammen (0)
Einar Nistad, Rådal (1 222)
Asbjørn Olsen, Skedsmo (1 313)
Oddbjørn Paulsen, Bodø (10)
Anne Bjørg Thoen, Oslo (416)
Elsbeth Sande Tronstad, Oslo (0)
Lars Wenaas, Måndalen (300 000)

Members elected by employees

Rune André Bernbo, Frogn (120)
Bente H. Espenes, Oslo (402)
Bjørn Hennum, Drammen (395)
Svein Ove Kvalheim, Bergen (1 532)
Carl A. Løvvik, Bergen (116)
Svein Kåre Mikkelsen, Bergen (0)
Einar Pedersen, Kristiansund (0)
Eli Solhaug, Oslo (2 959)
Marianne Steinsbu, Oslo (3 602)
Per Åge Sørby, Oslo (0)

Deputies elected by employees

Tore Müller Andresen, Bergen (120)
Terje Bakken, Alta (636)
Randi Bergsveen, Vestre Toten (0)
Sarah Chapsang, Oslo (0)
Marion Hagland, Tønsberg (6 017)
Lillian Hattrem, Oslo (0)
Arve Hatlevoll, Oslo (307)
Svein Arne Kristoffersen, Alstadhaug (220)
Vigdis Mathisen, Oslo (0)
Tove Nakken, Trondheim (0)
Oddmunn Olsen, Trondheim (499)
Anne Liv Reistad, Nesoddtangen (695)
Bente Sørensen, Bergen (2 002)
Astrid Waaler, Oslo (0)
Arvid Åsen, Fjell (110)

CONTROL COMMITTEE

Members

Frode Hassel, Trondheim (chairman) (0)
Thorstein Øverland, Oslo (vice-chairman) (0)
Svein Nordvald Eriksen, Oslo (0)
Karl Olav Hovden, Kolbotn (0)

Deputies

Svein Brustad, Hvalstad (0)
Merete Smith, Oslo (0)

EXTERNAL AUDITOR

Ernst & Young AS

BOARD OF DIRECTORS

Members

Anne Carine Tanum, Rømskog (chairman) (300 000)
Bjørn Sund, Lysaker (vice-chairman) (31 196)
Gunilla Berg, Upplands Väsby (0)
Bente Brevik, Oslo (2 000)
Per Hoffmann, Oslo (2 362) [1)]
Jørn O. Kvilhaug, Hokksund (471) [1)]
Bent Pedersen, Stenløse (15 523)
Tore Olaf Rimmereid, Oslo (6 111)
Ingjerd Skjeldrum, Drammen (6 102) [1)]

Deputies for the employee representatives

Sverre Finstad, Moelv (7 745) [1)]
Jorunn Løvås, Fjell (0) [1)]
Tor M. Nordvold, Skedsmokorset (2 918) [1)]

ELECTION COMMITTEE

Amund Skarholt, Oslo (chairman) (1 222)
Eldbjørg Løwer, Kongsberg (200)
Per Otterdahl Møller, Skien (0)
Arthur Sletteberg, Stabekk (2 444)
Reier Søberg, Oslo (0)

AUDIT COMMITTEE

Tore Olaf Rimmereid, Oslo (chairman) (6 111)
Bente Brevik, Oslo (2 000)
Bent Pedersen, Stenløse (15 523)

COMPENSATION COMMITTEE

Anne Carine Tanum, Rømskog (chairman) (300 000)
Bjørn Sund, Lysaker (31 196)
Tore Olaf Rimmereid, Oslo (6 111)

GROUP AUDIT

Tor Steenfeldt-Foss (0)

GROUP MANAGEMENT

Group chief executive

Rune Bjerke (15 385)

CFO

Bjørn Erik Næss (21 548)

Group executive vice president Retail Banking

Karin Bing Orgland (5 410)

Group executive vice president Large Corporates and International

Leif Teksum (41 231)

Group executive vice president DnB NOR Markets

Ottar Ertzeid (123 800)

Group executive vice president Insurance and Asset Management

Tom Rathke (7 886)

Group executive vice president Operations

Liv Fiksdahl (6 209)

Group executive vice president HR

Solveig Hellebust (1 607)

Group executive vice president IT

Cathrine Klouman (10 846)

Group executive vice president Marketing and Communications

Trond Bentestuen, entitled to attend group management meetings (2 830)

Group executive vice president Corporate Centre

Kari Olrud Moen, entitled to attend group management meetings (2 475)

1) Not independent, see page 9 under "Corporate governance".

The figures in parentheses indicate shareholdings in DnB NOR ASA as at 31 December 2010. Shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 7-26 of the Act relating to annual accounts etc. are also included.

CORPORATE GOVERNANCE

DnB NOR'S MANAGEMENT AND BOARD OF DIRECTORS annually review the principles for corporate governance and how they are implemented in the Group. Pursuant to Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance dated 21 October 2010, DnB NOR hereby gives an account of the Group's corporate governance principles and practice.

Section 3-3b, second subsection of the Norwegian Accounting Act

The description below accounts for DnB NOR's compliance with Section 3-3b, second subsection of the Norwegian Accounting Act. The numbers refer to the section's numerical order.

1-3. Specification of the recommendations complied with by DnB NOR, information on where the recommendations are available and reasons for any non-conformance with the recommendations

The DnB NOR Group's corporate governance structure is based on Norwegian legislation. DnB NOR complies with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board, NUES. The Code of Practice is available on www.nues.no. Any deviations from the Code of Practice are accounted for under the description of DnB NOR's compliance with the Code of Practice below.

4. A description of the main elements in the Group's internal control and risk management systems linked to the accounts reporting process

See section 10 under the Norwegian Code of Practice for Corporate Governance below.

5. Articles of Association that completely or partially extend or depart from provisions stipulated in Chapter 5 of the Public Limited Companies Act

DnB NOR ASA's Articles of Association do not deviate from Chapter 5 of the Public Limited Companies Act, which governs general meetings.

6. The composition of governing bodies and a description of the main elements in prevailing instructions and guidelines

See sections 6, 7, 8 and 9 under the Norwegian Code of Practice for Corporate Governance below.

7. Articles of Association that regulate the appointment and replacement of directors

See section 8 under the Norwegian Code of Practice for Corporate Governance below.

8. Articles of Association and authorisations that allow the board to decide that the enterprise is to repurchase or issue the enterprise's own shares

See section 3 under the Norwegian Code of Practice for Corporate Governance below.

The Norwegian Code of Practice for Corporate Governance

The description below accounts for DnB NOR's compliance with the 15 sections in the Code of Practice.

SECTION 1
IMPLEMENTATION OF AND REPORTING ON CORPORATE GOVERNANCE

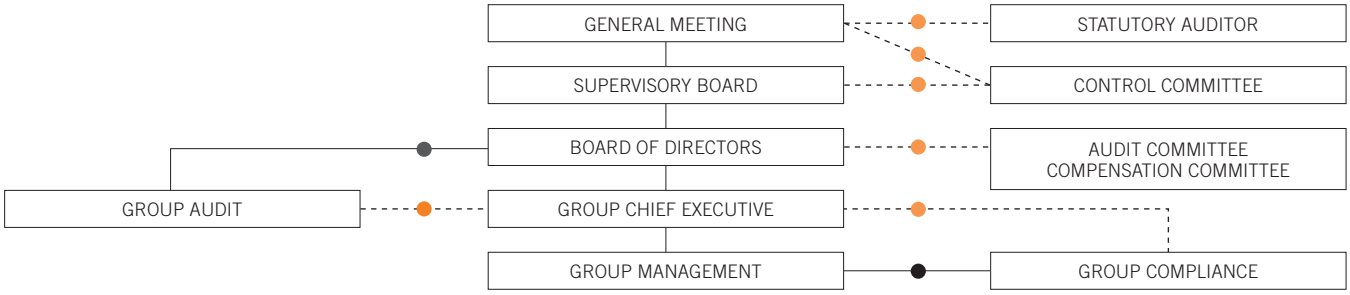
There are no significant deviations between the Code of Practice and the way it is complied with in DnB NOR. Two deviations have been accounted for in section 7 and section 14, respectively, below.

DnB NOR's vision is: Creating value through the art of serving the customer.

The values underlying the vision are *helpful*, *professional* and *show initiative*.

The vision and values form the basis for the Group's rules governing ethics and corporate social responsibility. The DnB NOR Group shall be characterised by high ethical standards and sound corporate governance. According to the Group's code of ethics, its employees should act with respect and consideration, and communication should be open, truthful and unambiguous. DnB NOR's code of ethics also includes guidelines on impartiality, the duty of confidentiality and the duty to notify, conflicts of interest, relations with customers and suppliers, media relations, securities trading, insider trading and relevant personal financial matters. The rules apply to all employees, including temporary staff, the Boards of Directors of DnB NOR ASA and DnB NOR Bank ASA and, as far as applicable, to other members of the Group's other governing bodies.

DnB NOR wishes to promote sustainable development through responsible business operations. This mainly implies taking ethical, environmental and social aspects into consideration in investing and lending. DnB NOR will not contribute to the infringement of human and labour rights, corruption, serious environmental damage or other acts which could be perceived to be unethical. Thus, DnB NOR has drawn up guidelines for corporate social responsibility for asset management and credit operations. In addition, DnB NOR's suppliers are required to meet certain requirements by signing a special declaration. Corporate social responsibility also means controlling business risk, keeping environmental order within the Group and being an attractive employer. DnB NOR wishes to be a partner for organisations and for sports and cultural institutions. For more information, please refer to the chapter on corporate social responsibility in the Business Review 2010 and the Group's corporate social responsibility report, which is available on



dnbnor.no. As a financial institution, DnB NOR is committed to curbing possible threats to its reputation and mitigating the risk of losing trust. A high ethical standard among employees and elected officers will strengthen the confidence the Group enjoys in society at large.

According to the DnB NOR Group's guidelines for the handling of information, employees and elected representatives have a duty not to disclose any information about the affairs of the Group or the Group's customers that may come to their knowledge by virtue of their position. The duty of confidentiality does not apply only to third parties, but also in relation to colleagues who do not need to be privy to such information in order to carry out their work. Furthermore, the rules apply to information about the Group's strategy and market plans and other aspects of competitive significance. The individual employee or elected representative is responsible for being fully updated on general and special confidentiality rules that apply to their areas of responsibility. Moreover, no DnB NOR employee is allowed to, via the computer systems or otherwise, actively seek information about colleagues, customers or third parties when they do not need to be privy to such information in order to carry out their work in the company.

The Group's code of ethics sets forth that employees must promptly inform their immediate superior or the group executive vice president, Group Audit, if they obtain knowledge about circumstances that are contrary to prevailing regulations issued by the authorities or represent major breaches of internal regulations. Employees who in a responsible manner notify reprehensible aspects pursuant to this item will be protected from any repercussions following such disclosure.

Violation of the code of ethics on the part of an employee could have consequences for his or her position in the Group. The complete code of ethics can be found on the Group's website, dnbnor.no

No deviations from the Code of Practice.

SECTION 2
BUSINESS

The object of DnB NOR is to engage in banking, insurance and financing and any related activities within the scope of Norwegian legislation in force at any time. The complete Articles of Association can be found on the Group's website, dnbnor.no.

The directors' report describes the Group's targets and strategies, and the market is kept updated through investor presentations in connection with quarterly accounts and presentations on special subjects. In annual strategy processes, the Board of Directors considers whether goals and guidelines established on the basis of the strategies are unambiguous, adequate, well operationalised and easily comprehensible for the employees. All key guidelines are available to the employees through DnB NOR's intranet.

No deviations from the Code of Practice.

SECTION 3
EQUITY AND DIVIDENDS

The Board of Directors continually reviews the capital situation in light of the company's targets, strategies and intended risk profile. As at 31 December 2010, DnB NOR had total equity of NOK 111.2 billion. According to statutory capital adequacy regulations for financial institutions, the Group's capital adequacy ratio was 12.4 per cent of risk-weighted assets, while the Tier 1 capital ratio was 10.1 per cent. The Norwegian authorities' minimum capital adequacy requirements are eight and four per cent respectively. Calculations were also made of the effect of full future implementation of the Basel II regulations for all of the Group's portfolios, excluding DnB NORD. The calculations showed a potential Tier 1 capital ratio of 12.3 per cent at end-December 2010 based on such implementation and excluding the effects of the limitations ensuing from the transitional rules. The Board of Directors considers the Group to be well capitalised in relation to current regulatory requirements.

See the chapter on capital management and risk categories in the Business Review 2010 for a further description of the rules on capital adequacy and the principles applied by DnB NOR to estimate capital requirements.

In the wake of the financial crisis, the Basel Committee on Banking Supervision, the Basel Committee, has proposed new and stricter liquidity and capital adequacy requirements for banks and financial institutions, called Basel III. Based on this, the proposed new rules are expected to be presented in the form of a new EU directive in the course of 2011. With respect to the capital adequacy requirements, the new rules imply an increase in common equity Tier 1 capital to 4.5 per cent plus the introduction of a 2.5 per cent capital conservation buffer, which means that the minimum common equity Tier 1 requirement will total 7 per cent. In addition, a countercyclical capital buffer ranging between 0 and 2.5 per cent will be introduced, depending on whether national authorities find reason to apply such a requirement during periods with strong credit growth. The total minimum common equity Tier 1 requirement will thus range between 7 and 9.5 per cent. If the buffer requirement is not fully satisfied, restrictions will be placed on the bank's dividend and discretionary bonus payments etc.

The total capital requirement, including subordinated loan capital, will remain at 8 per cent. Including the above-mentioned capital conservation buffer, the new minimum requirement will be 10.5 per cent. In addition, further capital requirements are being drawn up for systemically important banks to reduce the probability, and the negative effects, of such banks filing for bankruptcy. The process of determining specific guidelines will continue through 2011 and 2012. The new capital requirements will become effective on 1 January 2013, though there will be a gradual phasing-in of the various elements up until 1 January 2019. DnB NOR has started to prepare for the announced regulatory requirements.

The main elements in Basel III are described in further detail in the chapter on changes in the regulatory framework in the Business Review 2010.

Dividends
DnB NOR aims to manage group resources in a manner which will ensure shareholders a competitive return in the form of dividends and increases in share price relative to comparable investment alternatives. DnB NOR intends to distribute approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of expected profit levels in a normalised market situation, external parameters and the need to maintain a satisfactory capital adequacy level.

Repurchase of shares
To ensure flexibility in the Group's capital management, the Board of Directors has on previous occasions asked the Annual General Meeting for an authorisation to repurchase own shares. An agreement has previously been signed with the Norwegian government, represented by the Ministry of Trade and Industry, for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership remains unchanged. In order to ensure an optimal level of capital in the company, on 27 April 2010, the General Meeting authorised the Board of Directors to acquire own shares for a total face value of up to NOK 1 547 358 918, corresponding to 9.5 per cent of the company's share capital. The shares shall be purchased in a regulated market. Each share may be purchased at a price between NOK 10 and NOK 150. Acquired shares shall be sold in accordance with regulations on the reduction of capital in the Public Limited Companies Act. The authorisation will be valid for a period of 12 months from the date the resolution was passed at the General Meeting.

Increases in share capital
As the present time, no authorisation had been granted to the Board of Directors for an increase in the share capital of DnB NOR ASA.

No deviations from the Code of Practice.

SECTION 4
EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES
DnB NOR ASA has one class of shares. The Articles of Association, the Board of Directors and group management emphasise that all shareholders will be treated equally and have the same opportunity to exert influence. All shares carry equal voting rights. In connection with increases in share capital, existing shareholders will be given pre-emptive rights, unless such rights are derogated from due to special circumstances. In such case, the reasons for such a derogation will be specified. In cases when the Board of Directors asks the Annual General Meeting for an authorisation to repurchase own shares, shares will be purchased through the stock market at market price.

Largest shareholders
The Norwegian government, represented by the Ministry of Trade and Industry, is DnB NOR ASA's largest shareholder, owning 34 per cent of the shares. According to the State Ownership Report (White Paper no. 13 2006-2007) the purpose of the government's ownership in DnB NOR ASA is to ensure that the Group is headquartered in Norway and serves as a partner for Norwegian companies at home and in the export markets. This gives the business community access to a large, Norwegian-based financial services group with a high level of expertise. The State Ownership Report confirms that the Norwegian government's 34 per cent holding in DnB NOR ASA will be retained, as required by the Norwegian parliament in Report no. 212 (2002-2003) to the Storting.

The shares held by the Ministry are managed by the Department of Ownership, subject to special management guidelines which among other things stipulate that the Norwegian government cannot have representatives on the boards of directors or supervisory boards of financial institutions, but that the government, through participation in election committees, must ensure that the governing bodies include representatives from all shareholder groups. The guidelines require that the Ministry act in a manner conducive to equal treatment of DnB NOR's shareholders. Furthermore, the Ministry is required not to instruct DnB NOR on how to manage its operations.

In June 2010, the Norwegian government started working on a new report to the Storting regarding government ownership.

Second largest shareholder
Sparebankstiftelsen DnB NOR (the DnB NOR Savings Bank Foundation) is the second largest shareholder, owning 10.0 per cent of the shares. The foundation was established in autumn 2002, when the former Gjensidige NOR Sparebank (Union Bank of Norway) was converted to a limited company. According to Norwegian law, the foundation is required to be a stable, long-term owner in the Group. In order to ensure funds for its total operations, the foundation aims to achieve the highest possible risk-adjusted return on capital under management. More information is available on sparebankstiftelsen.no.

According to the Articles of Association of DnB NOR ASA, for as long as Sparebankstiftelsen DnB NOR owns 10 per cent or more of the shares in DnB NOR ASA, the question of sale or other disposal of shares in DnB NOR Bank ASA shall be considered by the General Meeting in DnB NOR ASA. The same applies to questions concerning a merger or demerger of the bank, disposal of a material portion of the bank's business or the issuing of shares in the bank to parties other than DnB NOR ASA.

Transactions with close associates
Instructions for the Board of Directors of DnB NOR ASA state that a board member must not participate in deliberations or decisions on issues where he or she personally or his or her close associates would be seen as having a direct or indirect personal or financial interest in the matter. The same principle is embodied in the Group's code of ethics. It is the duty of each board member to ensure that he or she is without prejudice in deliberations of specific matters. The Board of Directors must approve agreements between the company and a board member or the group chief executive. The Board must also approve agreements between the company and third parties where a board member or the group chief executive can be perceived to have a significant interest in the matter.

Board members must inform the Board of Directors if they have a direct, significant interest in an agreement entered into by the company or another company in the DnB NOR Group. The same applies if such agreement is signed by a company outside the DnB NOR Group in which the board member either has an ownership interest, serves on the board or has a senior management position. A notification should be sent to the board chairman, with a copy to the Group Secretariat.

Board members, or companies with which they are associated, should not take on special assignments for companies in the DnB NOR Group other than their board membership. If this occurs, however, the entire Board of Directors must be informed. Remuneration for such assignments is subject to approval by the Board of Directors.

With respect to the Group's other employees and elected officers, the Group's code of ethics lays down detailed rules regulating transactions with close associates. As a general rule, an employee or elected officer will be considered incompetent if circumstances exist that may lead others to believe that he or she promotes interests other than those of the DnB NOR Group. Employees must be aware of potential conflicts of interest if they combine positions of trust with other roles in the Group.

Where a transaction is not immaterial for either the DnB NOR Group or the close associate involved, unless it is a matter for consideration by the general meeting according to stipulations in the Public Limited Companies Act, the Board of Directors will ensure that a valuation is made by an independent third party. This also applies to any transactions between companies in the DnB NOR Group where minority shareholders are involved. Not immaterial transactions with close associates are described in a separate note to the annual accounts.

No deviations from the Code of Practice.

SECTION 5
FREELY NEGOTIABLE SHARES

The shares are listed on Oslo Børs (the Oslo Stock Exchange) and are freely negotiable. The Articles of Association include no form of restriction on negotiability.

No deviations from the Code of Practice.

SECTION 6
GENERAL MEETINGS AND CONTROL COMMITTEE

General Meeting

According to the Articles of Association, the annual general meeting shall be held before the end of April each year. The notice and registration form will be sent to shareholders and be published on the Group's website no later than 21 days prior to the date of the general meeting. The procedure for voting and for proposing resolutions is described in the notice of the general meeting.

According to the Articles of Association, the general meeting shall be chaired by the chairman of the Supervisory Board.

As a minimum, the chairman of the Board of Directors, at least one representative from the Control Committee and the statutory auditor will attend general meetings. Other board members may also attend the meetings. Representatives from group management will include the group chief executive, the chief financial officer, the head of Group Audit and specialists in certain fields. The minutes of general meetings are available on the Group's website, dnbnor.no.

The general meeting will appoint an Election Committee which will present a well-founded recommendation on proposed shareholder-elected members to the Supervisory Board, the Board of Directors and the Control Committee.

Decisions are generally made by simple majority. Decisions concerning the disposal of shares, mergers, demergers, the sale of a material part of DnB NOR Bank ASA's business or the issuing of shares in the bank to parties other than DnB NOR ASA, require the approval of at least two-thirds of the votes cast and of the share capital represented at the general meeting.

The voting procedure gives shareholders the opportunity to vote separately for each individual candidate nominated for election to the various governing bodies.

Shareholders may choose to appoint a proxy. In addition, a person will be appointed to vote for the shareholders in the capacity of proxy. As far as possible, the proxy form is drawn up so that separate voting instructions can be given for each matter to be considered by the meeting and each of the candidates nominated for election.

Control Committee

The Control Committee shall ensure that the Group conducts its business in an appropriate and satisfactory manner in compliance with laws, regulations and guidelines. The committee shall also make sure that the Board of Directors and the group chief executive maintain adequate supervision and control of subsidiaries. To the extent the committee finds it necessary, it may examine the Group's records, accounts, correspondence and assets, those of the Group itself as well as those on deposit with the Group. The Control Committee consists of four members and two deputies elected by the general meeting. The deputies attend all Control Committee meetings. The Control Committee held nine meetings in 2010.

No deviations from the Code of Practice.

SECTION 7
ELECTION COMMITTEE

In accordance with DnB NOR ASA's Articles of Association, the General Meeting and the Supervisory Board have established an Election Committee consisting of five members. The General Meeting has laid down instructions for how the Election Committee should carry out its duties. The members of the Election Committee shall be shareholders or representatives for shareholders and shall, as far as possible, represent all shareholders. No member of the Board of Directors or representative from group management is a member of the Election Committee. The committee is chaired by the chairman of the Supervisory Board, and members are elected by the general meeting for a term of two years.

The Election Committee submits recommendations to the General Meeting for the election of shareholder-elected members to the Supervisory Board and members of the Control Committee and Election Committee. The Election Committee also submits recommendations to the Supervisory Board for the election of shareholder-elected members of the Board of Directors. The recommendation should include relevant information on each candidate's background and independence. Furthermore, the committee proposes remunerations to members of the aforementioned bodies. The remuneration of the Election Committee is determined by the General Meeting. Information about the Election Committee and closing dates for proposing candidates can be found on the Group's website, dnbnor.no.

The Election Committee held nine meetings during 2010. The Committee presented a recommendation for the election of new members to the Supervisory Board, including the chairman and the new vice-chairman. In addition, the committee proposed candidates for election to the Board of Directors and the Election Committee and also carried out the preparatory work related to issues to be considered in 2011.

Deviation from the Code of Practice: DnB NOR has thus far not prepared rules for rotation of the members of the Election Committee.

SECTION 8
SUPERVISORY BOARD AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

Supervisory Board

The main responsibility of the Supervisory Board is to supervise the Board of Directors' and the group chief executive's management of the company. The Supervisory Board has 30 members, 20 of whom are elected by the shareholders at the general meeting. Emphasis is placed on ensuring broad representation from the company's shareholders. In addition, ten representatives are elected by and among the employees.

Board of Directors

The Board of Directors has up to twelve members, eight of whom are elected by the shareholders and four are representatives for the employees. No member of the group management team is a member of the Board of Directors. The Board of Directors is elected by the Supervisory Board. When electing members to the Board of Directors, the need for both continuity and independence should be met, while ensuring a balanced board composition. Members of the Board of Directors, the Supervisory Board and the Control Committee may hold such office for a period of no more than 12 consecutive years or for a total period not exceeding 20 years. Members are elected for terms of up to two years. As at 31 December 2010, the Board had nine members, six of whom were elected by the shareholders and three were representatives for the employees. Four of the members were women, three of whom were elected by the shareholders and one represented the employees.

The curricula vitae of the individual board members are found in the annual report and on the Group's website. The Board of Directors will consider the independence of its members, and their conclusion is presented in the listing of board members. When new board members are nominated, their suitability is assessed, including their independence. The assessment

is followed up on an annual basis by requesting a written confirmation from the board members. The Group has initiated processes to continually monitor which other assignments are held by the board members. See also the description under section 4 above, Transactions with close associates. In the annual report, the presentation of the Board of Directors lists any assignments for the Group and any significant appointments or assignments in other companies and organisations held by the members of the Board. Their record of attendance at board meetings is also specified.

Board members are encouraged to hold shares in the company. The survey of governing bodies specifies the number of DnB NOR shares held by members of governing bodies and their close associates as at 31 December 2010.

No deviations from the Code of Practice.

SECTION 9
THE WORK OF THE BOARD OF DIRECTORS
The duties of the Board of Directors

The Board of Directors has approved instructions governing its work and administrative procedures, including matters to be considered by the Board, the group chief executive's tasks and obligations towards the Board and rules on convening and conducting meetings. Instructions for the Board of Directors are available at dnbnor.no. The Board of Directors draws up an annual plan for its activities, covering duties stipulated in laws, regulations, resolutions passed by the authorities, the Articles of Association and decisions made by the general meeting and the Supervisory Board. The Board of Directors has also issued instructions for the group chief executive.

The Board evaluates its own work and work methods annually, and the evaluation forms the basis for adjustments and measures. In addition, the Board's competencies, overall and those of each board member, are evaluated.

The Board of Directors has the ultimate responsibility for the management of DnB NOR. Through the group chief executive, the Board shall ensure a sound organisation of business activities. The Board approves plans and budgets for operations and is continually updated on DnB NOR's financial position and development by approving quarterly and annual reports and through a monthly review of the Group's financial position and development. Responsibilities encompass DnB NOR's annual plan process, including principal goals and strategic choices for the Group, as well as financial three-year plans, budgets and forecasts for the Group and the business areas. Furthermore, the Board should ensure that operations are subject to adequate control and that the Group's equity capital is at a satisfactory level relative to the risk and scale of operations. The Board of Directors' responsibility for reviewing and reporting risk management and internal control is described in the chapter on governance in DnB NOR in the Business Review 2010.

A vice-chairman has been elected to chair meetings of the Board of Directors in the event that the chairman cannot or should not lead the work of the Board.

Audit Committee

The Board of Directors in DnB NOR ASA has an Audit Committee that will consist of up to four of the independent board members, with meetings normally held seven to eight times a year. The Audit Committee is a working committee for the Board of Directors, preparing matters and acting in an advisory capacity. Members are elected for a term of up to two years, and the chairman is appointed for a term of one year at a time. The Board of Directors has found it to be beneficial to have one Audit Committee for the entire DnB NOR Group, unless special requirements in countries where the Group is represented requires otherwise. The Audit Committee must have the overall competence required to fulfil its duties based on the organisation and operations of the Group. At least one of the committee members must have relevant accounting or auditing expertise. The purpose, responsibilities and functions of the Audit Committee are in compliance with international rules and standards. See section 10 Risk management and internal control for a further description of the Committee's duties.

Compensation Committee

The Board of Directors of DnB NOR ASA has a Compensation Committee consisting of three members of the company's Board of Directors. The committee normally meets three to four times a year. The committee puts forth a recommendation for the Board of Directors' guidelines for remuneration to senior executives in accordance with Section 6-16a in the Public Limited Companies Act. The committee draws up proposals and issues recommendations to the Board of Directors regarding the remuneration awarded to the group chief executive and acts in an advisory capacity to the group chief executive with respect to the remuneration and other important personnel-related matters concerning members of the group management team and any others reporting to the group chief executive.

Meeting structure

The group chief executive will prepare matters to be considered by the Board of Directors in consultation with the chairman of the Board. Each matter must be prepared and presented in a manner which provides a satisfactory basis for discussion.

Board proceedings are presided over by the board chairman. If neither the board chairman nor the vice-chairman participates, the Board must select a member to chair the meeting.

No deviations from the Code of Practice.

SECTIONS 10 AND 13
RISK MANAGEMENT AND INTERNAL CONTROL AND INFORMATION AND COMMUNICATIONS

The Board of Directors is responsible for ensuring that operations, financial reporting and asset management are subject to adequate control. The Board of Directors carries out a review of developments within the Group's most significant risk areas every four months and makes an annual review of its internal control system. The Business Review 2010 contains a description of risk management and internal control in the Group, including the Board of Directors' responsibilities and implementation and monitoring aspects. The key components of internal control governing financial reporting are described below.

The Board of Directors' reporting of the key components of internal control governing financial reporting

Internal control in DnB NOR is based on the framework from the Committee of Sponsoring Organizations of the Treadway Commission, COSO, and includes control environment, risk assessment, control activities, information and communication and monitoring. The content of the various elements is described below.

Control environment

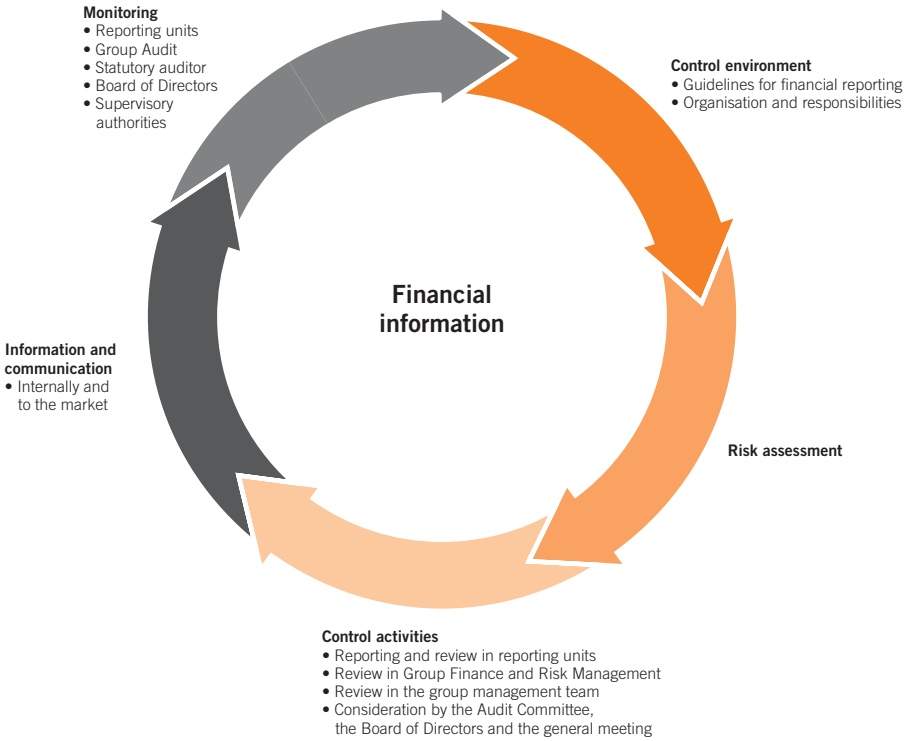
The core of the Group's operations consists of the qualities, integrity, ethical values and competencies of its individual employees, plus the environment in which they are working. In order to ensure effective and efficient control, DnB NOR has guidelines governing areas and bodies such as:

- ethics and corporate social responsibility
- DnB NOR's management model
- governance and effective operations
- authorisations
- the Board of Directors and Audit Committee
- communication
- risk management
- employees, including remuneration
- financial management, including financial reporting

Guidelines for financial reporting

The Board of Directors of DnB NOR ASA has prepared guidelines to ensure reliable, relevant, timely and uniform reporting to shareholders and other

Key elements in internal control related to financial reporting



capital market participants. The guidelines also cover internal needs. Together, these are called guidelines for financial reporting.

The guidelines govern both the content of and the financial reporting process for units in the Group, including requirements to avoid manipulation of the accounts.

Organisation and responsibilities

Group Finance and Risk Management is headed by the chief financial officer and is organised outside the business areas. The head of Group Financial Reporting reports to the chief financial officer and is responsible for matters such as financial reporting, budgets and financial plans, direct and indirect taxes and the internal control of financial reporting in the Group.

The heads of reporting units are responsible for ongoing financial monitoring and reporting. All these units have management teams and accounting units adapted to their organisation and operations. Managers must ensure that adequate and effective internal control is implemented in accordance with established requirements, and are responsible for complying with these requirements.

The Audit Committee will supervise the financial reporting process and ensure that the Group's internal control, including the internal audit and risk management system, functions effectively. Among other things, the Audit Committee reviews the quarterly and annual accounts and the report on developments in the Group's main risk categories, issued every four months. In addition, the Audit Committee shall ensure that the Group has independent and effective external audit procedures.

Financial reporting for the DnB NOR Group, the DnB NOR Bank Group and Vital Forsikring ASA is reviewed by Group Audit on a quarterly basis. The annual accounts of all the companies in the DnB NOR Group are audited by the statutory auditors, who, within the limits stipulated in international standards on auditing and quality control, ISA, partly base their audit on the work carried out by Group Audit.

Risk assessment

On behalf of the chief financial officer, the head of Group Financial Reporting identifies, assesses and monitors the risk of errors in the Group's financial reporting in cooperation with the heads of the reporting units.

Control activities

Reporting and review in reporting units

The reporting units are responsible for implementing adequate control activities to prevent errors in financial reporting.

Review in Group Finance and Risk Management

Group Finance and Risk Management prepares financial reports for the DnB NOR Group and ensures that such reporting is in line with prevailing legislation, accounting standards, current accounting principles and guidelines from the Board of Directors. The head of Group Financial Reporting prepares guidelines which explain the requirements to be fulfilled by the local units. Processes and a number of control measures have been prepared to ensure that financial reporting is of high quality. The measures include rules concerning authorisations, the division of responsibilities, reconciliation, change management, IT controls and management reviews.

Review in the group management team

The group chief executive and the chief financial officer will continually consider the financial results and target attainment of the business areas as well as critical aspects and events which will affect their future performance and optimal resource utilisation. A review covering, inter alia, these subjects, will be made in cooperation with the individual business areas at least on a quarterly basis. At the meetings, the risks associated with financial reporting, both in the short and the long term, are assessed. The group chief executive, the chief financial officer, managers in the relevant unit and relevant experts participate in the meetings, which are chaired by the group chief executive. The chief financial officer reviews such matters with the support units as and when required.

The group management team will review monthly financial reporting, includ-

ing trends in profit and loss and balance sheet items, the current status relative to statutory enactments, results for legal units and analyses of and comments to the financial performance of business areas and support units.

Consideration by the Audit Committee, the Board of Directors and the general meeting

The Audit Committee reviews quarterly financial reporting for the DnB NOR Group. The committee makes a thorough review of discretionary assessments and estimates in addition to any changes in accounting practice. In connection with its review of the accounts, the Committee has discussions with management, Group Audit and the statutory auditor. At least once a year, the Committee has separate meetings with the statutory auditors and the group chief audit executive without any members from management present. After the quarterly accounts and proposed annual accounts for the respective companies have been reviewed by the executive management, they are considered by the Boards of Directors of DnB NOR ASA and DnB NOR Bank ASA. The Audit Committee considers the quarterly accounts and the proposed annual accounts for DnB NOR ASA and the DnB NOR Group. The annual accounts are approved by the general meeting. The Board of Directors of Vital considers the quarterly accounts and the proposed annual accounts, which are approved by the general meeting.

Information and communication

The Group presents the Norwegian and international markets with extensive analytical information in connection with the quarterly reporting of financial information and presentations on particular topics. Parallel to this, the same information is made available to all interested parties on the websites of Oslo Børs and the Group.

Guidelines have been drawn up for the reporting of financial information to shareholders, investors and analysts. The guidelines also cover the Group's contact with shareholders other than through general meetings. The guidelines are based on openness and take into account the requirement for equal treatment of all participants in the market. They can be found on the Group's website dnbnor.no.

An overview of the dates for major events such as the annual general meeting, the publication of interim reports, public presentations and dividend payments is published on the Group's website.

The Board of Directors of DnB NOR ASA has stipulated specific requirements to be met by units in the Group. See the description above under "Control environment - Guidelines for financial reporting".

Monitoring

Reporting units

The heads of the reporting units are responsible for implementing adequate and effective internal control in accordance with established requirements, as well as for complying with these requirements. Every year, the units will make an evaluation of compliance with external and internal regulations and report the results of the internal control along with planned improvement measures.

The head of Group Financial Reporting reviews the units' and the Group's financial reporting and assesses any errors, deficiencies and needs for improvement.

Group Audit

Group Audit carries out operational and financial audits of units in the DnB NOR Group. An audit plan is prepared, which is discussed with group management, reviewed by the Audit Committee and approved by the Board of Directors. Group Audit's risk assessments form the basis for determining which units should be given priority in the auditing process. Special audit reports are prepared, which include the results of the audit, a description of any identified errors, proposed measures, a specification of responsible persons and deadlines. The audit reports are sent to the heads of the relevant companies, while the companies' Boards of Directors receive a summary report. An audit summary, reviewing all of the units in the DnB NOR Group, is presented to the Board of Directors of DnB NOR ASA once every six months. The Board of Directors of DnB NOR Bank ASA receives a monthly summary of the audit reports for the units in the DnB NOR Bank Group. The Boards of Directors of Vital and DnB NOR Kapitalforvaltning Holding AS receive quarterly summaries of audit reports for their respective units. The results of the financial audit of the DnB NOR Group, the DnB NOR Bank Group and Vital Forsikring ASA are reported to the Audit Committee each quarter.

Statutory auditor

The statutory auditor must provide a report to the Audit Committee on the main features of the audit carried out in the previous accounting year, including particular mention of any material weaknesses identified in internal control relating to the financial reporting process.

Board of Directors

The Board of Directors, represented by the Audit Committee, reviews the financial reporting process.

Supervisory authorities

The operations of the DnB NOR Group are supervised by Finanstilsynet (the Financial Supervisory Authority of Norway). Among other things, Finanstilsynet reviews annual and interim reports and the Group's Internal Capital Adequacy Assessment Process, ICAAP. The Board of Directors aims to have an open and constructive dialogue with Finanstilsynet.

No deviations from the Code of Practice.

SECTION 11
REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration paid to members of the Board of Directors, proposed by the Election Committee and approved by the Supervisory Board, is not performance-based or linked to options in DnB NOR ASA. The Board of Directors must approve any remuneration from the company to members of the Board of Directors other than ordinary remuneration for their service on the Board of Directors, Audit Committee and Compensation Committee and inform the Supervisory Board of such matters. Note 50 to the annual accounts for the DnB NOR Group shows remunerations to senior executives and elected officers in DnB NOR ASA.

No deviations from the Code of Practice.

SECTION 12
REMUNERATION OF THE EXECUTIVE MANAGEMENT

Guidelines for executive pay

DnB NOR's guidelines for determining remunerations to the group chief executive and other members of the group management team should, at all times, support prevailing strategy and values, while contributing to the attainment of the Group's targets. The total remuneration to the group chief executive and other senior executives consists of fixed salary (main element), benefits in kind, variable salary, pension and insurance schemes. With effect from 2010, when determining the variable salary of the group chief executive and other senior executives, stronger emphasis is placed on group measurement parameters for financial key figures, customer satisfaction and corporate reputation.

Group chief executive

The total remuneration to the group chief executive is determined on the basis of a total evaluation, based on market comparisons and reputational aspects. The remuneration should be competitive, but not market-leading.

The variable salary of the group chief executive is performance-based and determined on the basis of the following elements: financial risk-adjusted profits, customer satisfaction, employee satisfaction and the DnB NOR Group's reputation, as well as selected targets relating to the Group's business strategy. Variable salary cannot exceed 50 per cent of fixed salary, and

20 per cent of variable salary is paid in the form of shares in DnB NOR ASA, with a minimum holding period of two years.

Other senior executives

The total remuneration to other senior executives is determined based on the need to offer competitive terms in the various business areas, promote the Group's competitiveness in the labour market and enhance profitability in line with the Group's income and cost targets. The total remuneration must neither pose a threat to DnB NOR's reputation nor be market-leading, but should ensure that DnB NOR attracts and retains senior executives with the desired skills and experience.

Variable salary is determined based on whether specific group targets have been met, and on defined targets within the individual executive's area of responsibility. In addition, an overall assessment is made of total target attainment.

The variable salary scheme should be performance-based without exposing the Group to unwanted risk, and should pose no threat to DnB NOR's reputation. Variable salary cannot exceed 50 per cent of fixed salary, and 20 per cent of variable salary is paid in the form of shares in DnB NOR ASA, with a minimum holding period of two years. The level of variable salary in DnB NOR is considered to be moderate compared with prevailing levels in a number of international financial institutions.

The Board of Directors' statement concerning executive pay

The Board of Directors presents a statement to the general meeting proposing guidelines for remunerations to senior executives. The statement and information about remunerations paid to the individual members of the group management team can be found in note 50 to the annual accounts for the DnB NOR Group.

New guidelines

In the wake of the financial crisis, both the level and structure of remuneration systems in the financial services industry have been subject to international debate. For example, the EU has approved directives recommending guidelines for remunerations in the industry. Based on the EU guidelines, the Norwegian Ministry of Finance has proposed new remuneration regulations for financial institutions. The regulations entered into force on 1 January 2011. The new rules will have consequences for future remuneration practices in DnB NOR. For specific employees, a new requirement will be introduced whereby the service period for variable salary must be two years, while minimum 50 per cent of the earned variable salary must be in the form of shares with a minimum holding period. Finanstilsynet presented detailed guidelines to the regulations in February 2011.

Other aspects

At the present time, no employees in the DnB NOR Group have any outstanding subscription rights etc. See also the description of the Board of Directors' Compensation Committee in Section 9 above.

No deviations from the Code of Practice.

SECTION 14
CORPORATE TAKE-OVERS

The Board of Directors of DnB NOR ASA will handle any take-over bids in compliance with the principle of equal treatment of shareholders. Parallel to this, the Board will help ensure that shareholders are given adequate information in all situations that will affect shareholder interests. Cf. section 4, which gives an account of the Norwegian government's intention to retain its 34 per cent holding in DnB NOR ASA, as required by the Norwegian parliament.

Deviations from the Code of Practice: The Board of Directors has thus far chosen not to determine explicit guiding principles on how to act in the event of a take-over bid. The background for this exception is that the Norwegian government owns 34 per cent of the shares in DnB NOR ASA, making such principles not very relevant. The Board of Directors otherwise endorses the wording in this section of the Code.

SECTION 15
STATUTORY AUDITOR

The statutory auditor annually submits a plan for the audit to the Audit Committee and Control Committee. Guidelines have been drawn up in respect of relations with the statutory auditor, including restrictions on what additional services can be undertaken, approval of fees and guidelines to invite tenders for external audit services. The audit partner cannot hold this position for more than five years. At the end of the period, tenders should normally be invited from several auditing firms.

The Audit Committee submits a recommendation regarding the choice of auditor to the Board of Directors. The proposal is thereafter presented to the Supervisory Board, which submits a recommendation to the General Meeting. At least once a year, the Audit Committee holds a meeting with the auditors at which neither the group chief executive nor any other member of executive management is present.

The Audit Committee submits a recommendation regarding the statutory auditor's remuneration to the Board of Directors, which presents the remuneration proposal to the Annual General Meeting for approval.

The statutory auditor must provide a report to the Audit Committee on the main features of the audit carried out in the previous accounting year, including particular mention of any material weaknesses identified in internal control relating to the financial reporting process. The auditor must also provide the Audit Committee with:

1. an annual written confirmation of the auditor's independence,
2. information on services other than statutory audit provided to the company during the course of the financial year,
3. information on any threats to the auditor's independence, and documentary evidence of the measures implemented to combat such threats.

No deviations from the Code of Practice.

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DIRECTORS' REPORT

IN ACCORDANCE WITH THE PROVISIONS OF THE NORWEGIAN ACCOUNTING ACT, the Board of Directors confirms that the accounts have been prepared on a going concern basis.

Pursuant to Section 3-9 of the Norwegian Accounting Act, DnB NOR prepares consolidated annual accounts in accordance with IFRS, International Financial Reporting Standards, approved by the EU. The statutory accounts of DnB NOR ASA have been prepared in accordance with Norwegian IFRS regulations.

OPERATIONS IN 2010

DnB NOR recorded profits of NOK 14 062 million in 2010, a major improvement from NOK 7 026 million in 2009. Higher income and lower costs improved performance, and lower write-downs on loans had a positive effect on profits. Profit figures for 2010 also reflected non-recurring income. Pre-tax operating profits before write-downs rose from NOK 18 717 million in 2009 to NOK 21 081 million in 2010. The Group reached its financial targets for 2010 and showed sound progress in key areas.

Net interest income rose by NOK 803 million or 3.5 per cent from 2009 to 2010. Lending volumes increased by 5.0 per cent from year-end 2009 to end-December 2010, while deposits rose by 8.7 per cent from year-end 2009. Lending spreads remained unchanged from 2009, but increased towards the end of 2010. Relative to the 3-month money market rate, deposit spreads widened by 0.03 percentage points. Less need for funding due to a rise in equity, partly due to the capital increase in December 2009, also contributed to raising interest income.

At the start of 2009, the Group recorded particularly high income from hedging transactions related to foreign exchange and interest rate products due to the turbulent market situation in the wake of the financial crisis. Such income returned to a more normalised level in 2010. In the second quarter of the year, the Group recorded gains of NOK 1.2 billion in connection with the merger between the payment services company Nordito and the Danish PBS Holding. In addition, there was brisk activity in many units in the Group along with a high level of operating income. Net other operating income rose by a total of NOK 1 162 million from 2009 to 2010.

The Group's cost programme helped ensure significant cost reductions during the period from 2008 through 2010 and was the key factor behind the NOK 194 million reduction in ordinary operating expenses, excluding impairment losses for goodwill and intangible assets, from 2009 to 2010. The cost programme compensated for wage and price inflation and for the increase in market activities during the period. The programme measures include the streamlining of the branch structure, IT systems, procurement and internal processes. At end-December 2010, the programme was ahead of schedule to reach annual cost savings of NOK 2 billion by year-end 2012.

The improved macroeconomic situation contributed to a 61 per cent reduction in write-downs, from NOK 7 710 million in 2009 to NOK 2 997 million in 2010. The low write-downs confirmed DnB NOR's sound portfolio quality. Write-downs in DnB NORD nevertheless remained relatively high in 2010, but markedly lower than in 2009. Individual write-downs in DnB NORD were down 32 per cent from 2009.

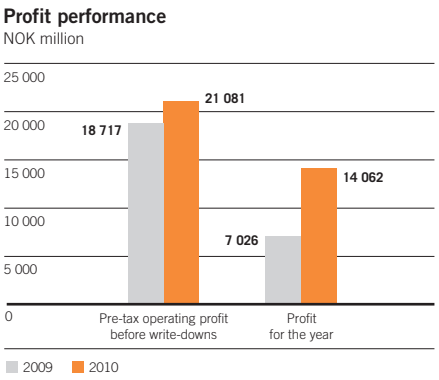
Return on equity was 13.6 per cent in 2010, up 3.0 percentage points from 2009. Earnings per share were NOK 8.66 in 2010 and NOK 6.43 in 2009. At year-end 2010, DnB NOR was the third largest company listed on Oslo Børs with a total market capitalisation of NOK 133 billion.

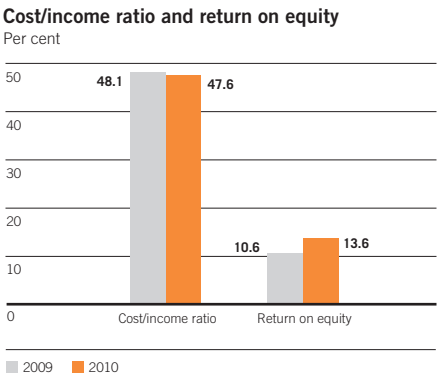
On 2 August 2010, DnB NOR exercised the option entitling the Group to purchase 100 per cent of the shares in DnB NORD. After negotiations, a purchase price of EUR 160 million was agreed on. DnB NORD was already fully consolidated in the DnB NOR Group's accounts before the transaction, and the acquisition thus had no significant effect on the income statements and balance sheets. DnB NOR is in the process of integrating DnB NORD's operations into the Group.

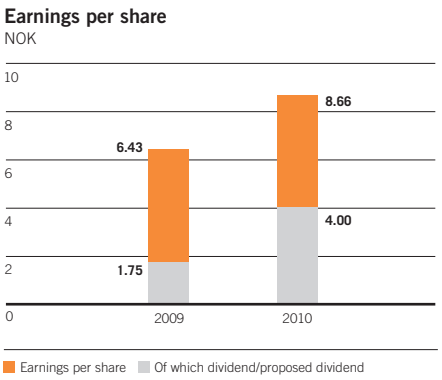
During 2010, DnB NOR stepped up customer and market activities, aiming to strengthen its market position in all segments. The market activities underpin the Group's vision and values. The Group climbed seven places in Synovate's annual corporate reputation ranking in 2010, and was among the best banks. In addition, the Group improved its scores in other reputation and customer satisfaction surveys. Thus, the Group's reputation was markedly enhanced during 2010. During the year, a new Internet portal was developed, and with effect from 1 January 2011, the Group's customer service phone is open 24 hours a day seven days a week. These measures have been well received by customers.

Sickness absence in DnB NOR's Norwegian operations was 4.3 per cent in 2010, a reduction from 5.1 per cent in 2009. The low sickness absence rate is a result of several targeted measures.

For the second consecutive year, DnB NOR qualified for inclusion in the Dow Jones Sustainability World Index, DJSI World in 2010. This means







that DnB NOR is regarded as being among the top 10 per cent within its industry worldwide in terms of sustainability.

Due to its strong position, DnB NOR had ample access to funding in 2010, though prices were much higher than before the financial crisis.

Due to the Group's healthy performance in 2010 and the approval of several IRB portfolios, the Tier 1 capital ratio rose from 9.3 per cent at year-end 2009 to 10.1 per cent at end-December 2010. Based on full implementation of internal risk models, IRB measurement, the Group would have had a potential Tier 1 capital ratio of 12.3 per cent at year-end 2010. The Board of Directors considers the Group to be well capitalised in relation to current regulatory requirements and its Nordic competitors. At year-end 2010, Standard & Poor's ranked DnB NOR as the eleventh best capitalised bank among the 75 largest international banks worldwide and best of the large Nordic banks.

In consequence of the financial crisis, the market and the authorities have presented requirements for higher capitalisation and lower liquidity risk in the financial industry. DnB NOR is preparing for the announced regulatory requirements. The Norwegian authorities are also considering further measures for the financial industry, based, among other things, on recommendations from the Financial Crisis Commission, which were circulated for public consultation in early 2011. One of the Board of Directors' key concerns is that the same competitive terms be established for all market participants.

The Board of Directors will propose a dividend of NOK 4.00 per share for 2010. The proposal is based on the Group's dividend policy, which aims to distribute 50 per cent of normalised annual profits as dividends.

The Board of Directors would like to thank all employees for their willingness and ability to put into practice the strategy of greater customer orientation, which will result in more satisfied customers and greater profitability.

STRATEGY AND TARGETS

DnB NOR's vision and values put the customer in focus. The aim to achieve stronger customer orientation throughout the Group is reflected in DnB NOR's vision, "Creating value through the art of serving the customer". A uniform corporate culture based on the Group's values, "helpful, professional and show initiative", will contribute to improving customer satisfaction. DnB NOR's three strategic ambitions to strengthen and consolidate its position in Norway, achieve profitable international growth and be among the most productive banks in Europe remain unchanged. DnB NOR is devoted to continual improvement and has initiated a number of measures to improve its customer service and product offering, while streamlining processes across the Group.

DnB NOR has a unique platform in the Norwegian market by virtue of its large customer base, distribution power and wide range of products. DnB NOR will strengthen and consolidate its position in Norway by offering an extensive distribution system and an attractive and complete range of products which meet customer needs and create values.

DnB NOR will achieve profitable international growth by building on its long-term relationships with its largest corporate clients. The Group's core competencies in selected industry sectors and product areas are a central part of the international customer initiatives within shipping, energy and seafood.

DnB NORD, which has its core operations in the Baltic region and Poland, became wholly owned by DnB NOR at year-end 2010. Full control of these operations offers opportunities for closer integration. Performance in DnB NORD, especially in the Baltic region, has been negatively influenced by the recession, though there were clear signs of recovery in 2010. In the longer term, growth in the region is expected to surpass average European levels, and DnB NOR's operations in the Baltic States and Poland are expected to contribute to the Group's long-term growth and profitability.

High priority is given to streamlining operations, and DnB NOR's goal is to be one of the most cost-effective market players in Europe. Important measures to reach this goal are specified in the Group's cost programme and include the coordination and streamlining of central processes within procurement, IT and other staff and support functions.

DnB NOR will give priority to long-term value creation for its shareholders and aims to achieve a return on equity and a market capitalisation which are competitive in relation to its Nordic peers. The successful implementation of DnB NOR's strategy will result in the Group reaching its long-term financial targets, which are:

- a return on equity above 13 per cent
- cost saving measures with an annual effect of NOK 2 billion by the end of 2012
- an ordinary cost/income ratio below 46 per cent from 2012

Profit performance in 2010 shows that DnB NOR is well on the way to reaching the long-term targets.

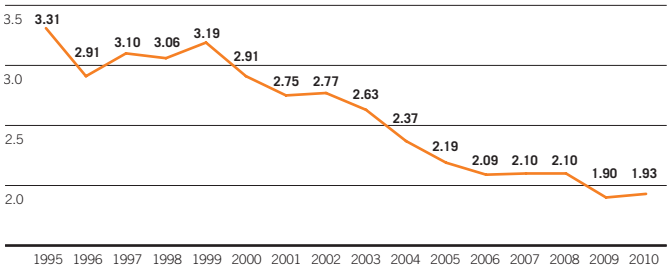
DnB NOR is adequately capitalised, and the Group's ambitions are reflected in its capitalisation target and dividend policy:

- DnB NOR to be among the best capitalised financial groups in the Nordic region
- AA level ratings for long-term debt for DnB NOR Bank ASA
- dividend payments representing approximately 50 per cent of annual profits

Dividends will be determined on the basis of expected profit levels in a normal situation, external parameters and the need to maintain capital adequacy at a satisfactory level.

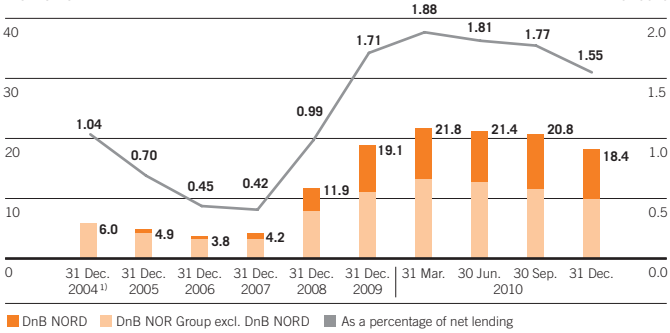
Development in average combined spread

Per cent



Net non-performing and impaired commitments

NOK billion Per cent



1) Pro forma figures prior to 2005.

REVIEW OF THE ANNUAL ACCOUNTS

Net interest income

Amounts in NOK million	2010	Change	2009
Net interest income	**23 436**	**803**	**22 633**
Lending and deposit spreads		172	
Lending and deposit volumes		890	
Exchange rate movements		(517)	
Long-term funding		(570)	
Equity and non-interest-bearing items		412	
Instalment fees etc.		216	
Amortisation effects in the liquidity portfolio		(181)	
Other net interest income		381	

Net interest income rose by 3.5 per cent compared with 2009, while the average lending volume declined by 1.3 per cent. However, there was an increase in lending from year-end 2009. Adjusted for exchange rate movements, the average lending volume increased by 1.4 per cent. The underlying volume growth reflects both the improved economic situation and greater market activity.

Relative to the 3-month money market rate, average lending spreads were unchanged from 2009, but widened towards the end of 2010. After the financial crisis, the real cost of required long-term funding is significantly higher than the 3-month money market rate. Thus, it will be necessary to increase lending spreads as and when lower-priced funding raised in previous periods must be replaced by new, higher-priced funding.

Average deposit volumes rose by NOK 18.6 billion from 2009, while deposit spreads widened by 0.03 percentage points. The Group stepped up its initiatives in the savings market, though the competition for deposits remained strong.

Net other operating income

Amounts in NOK million	2010	Change	2009
Net other operating income	**16 156**	**1 162**	**14 994**
Gain, Nordito		1 170	
Net stock market-related income		795	
Net financial and risk result from Vital [1]		477	
Net other commissions and fees		314	
Unrealised losses on investment property in 2009		109	
Profit from associated companies		87	
Real estate broking		87	
Net income from non-life insurance		36	
Net gains on foreign exchange and interest rate instruments		(2 050)	
Other operating income		135	

1) Guaranteed returns and allocations to policyholders deducted.

Net other operating income increased by 7.7 per cent from 2009. Excluding gains from the merger between Nordito and the Danish PBS Holding, other operating income was virtually unchanged from 2009. The improvement in the Norwegian economy compared with 2009 gave a rise in operating income. There was a major reduction in trading income in DnB NOR Markets in consequence of a normalisation of such income compared with the extraordinarily high level after the financial crisis.

Operating expenses

Amounts in NOK million	2010	Change	2009
Total operating expenses	**18 511**	**(400)**	**18 911**
Cost programme		(681)	
Wage and price inflation		557	
Operational leasing		177	
IT expenses		312	
Pensions		(512)	
Impairment losses for goodwill and intangible assets		(206)	
Other operating expenses		(47)	

Operating expenses were reduced by 2.1 per cent from 2009 to 2010. Due to a change of strategy for home mortgage activity in Sweden, impairment losses for goodwill of NOK 194 million were recorded. In addition, IT systems in DnB NORD were written down by NOK 346 million after new IT infrastructure plans in DnB NORD were approved. In 2010, DnB NOR decided to discontinue the use of the Postbanken brand. Thus, the value of the brand was written down by NOK 51 million. Total write-downs thus came to NOK 591 million. In 2009, corresponding write-downs came to NOK 796 million.

Adjusted for impairment losses for goodwill and intangible assets, expenses were reduced by 1.1 per cent. The cost/income ratio was reduced from 48.1 per cent in 2009 to 47.6 per cent in 2010. The Group's cost programme compensated for the effects of wage and price inflation and partially for the increase in market activities during 2010. Moreover, there were extraordinary effects from the restructuring of pension schemes and the closing of the former contractual pension, CPA, scheme. There was a rise in IT expenses due to the Group's strong focus on new products and solutions, and adjustments to the systems portfolios.

Write-downs on commitments

Write-downs on loans totalled NOK 2 997 million in 2010, down 61 per cent from NOK 7 710 million in 2009.

The decline in collective write-downs reflected the improved economic situation and better credit quality.

Excluding DnB NORD, individual write-downs came to NOK 1 811 million

in 2010, down 33 per cent from 2009. Large Corporates and International recorded the largest reduction, though write-downs also declined in Retail Banking.

Individual write-downs in DnB NORD came to NOK 2 262 million in 2010, down from NOK 3 346 million in 2009. The reduction reflected a more stable macroeconomic trend in the Baltic region.

Net non-performing and doubtful commitments totalled NOK 18.4 billion at end-December 2010, down NOK 0.7 billion from year-end 2009. There was a rise in non-performing commitments in the first quarter of 2010, while the rest of the year saw a reduction. Net non-performing and doubtful commitments represented 1.55 per cent of lending volume as at 31 December 2010, a reduction from 1.71 per cent a year earlier.

Taxes

The DnB NOR Group's total tax charge for 2010 was NOK 4 121 million, up NOK 35 million from 2009. Relative to pre-tax operating profits, the tax charge declined from 37 to 23 per cent from 2009 to 2010. The main factor behind the reduced tax charge was gains on equity investments in Vital classified within the so-called tax exemption model.

BALANCE SHEET, LIQUIDITY AND FUNDING

At end-December 2010, total combined assets in the DnB NOR Group were NOK 2 141 billion, an increase from NOK 2 076 billion a year earlier. Total assets in the Group's balance sheet were NOK 1 862 billion at year-end 2010 and NOK 1 823 billion a year earlier. Total assets in Vital were NOK 247 billion and NOK 232 billion, respectively, on the same dates.

Net lending to customers increased by NOK 55 billion or 5.0 per cent from year-end 2009 to end-December 2010. Customer deposits rose by NOK 51 billion or 8.7 per cent during the corresponding period. The Group's ratio of customer deposits to net lending to customers increased from 53.0 per cent at end-December 2009 to 54.8 per cent a year later. The Group aims to increase the ratio of deposits to lending. The ratio of deposits to lending in DnB NOR Bank ASA was 93.3 per cent at year-end 2010, which proved that loans which were not financed through DnB NOR Boligkreditt, were largely financed through customer deposits.

In order to keep the Group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The Group has a self-imposed limit whereby such long-term or stable funding must represent minimum 90 per cent of customer lending. At year-end 2010, this share was 104.6 per cent. With respect to short-term funding, conservative limits have been set for refunding requirements. The Group stayed well within the established liquidity limits through 2010.

Throughout 2010, the short-term funding markets were sound and stable for banks with good credit ratings, and the access to funding with different maturities was close to normal. Competition for short-term funding increased during 2010, reflecting improved credit ratings for an increasing number of banks.

Financially strong banks generally had good access to long-term funding. At times, however, uncertainty regarding European sovereign debt had pronounced effects on price levels. Funding costs remained at a high level in 2010, partly because banks, due to new funding requirements, need to prepare for a larger share of long-term funding. The cost of long-term funding in 2010 remained considerably higher than during the period prior to the financial crisis for both DnB NOR and its competitors.

The Basel Committee's proposal for new, global standards for quantitative regulation of liquidity and funding in the banking sector, Basel III, will change the existing regulatory framework. The implementation of the new standards may present a challenge for many banks and will require major changes to the banks' balance sheet structure. DnB NOR is in the process of preparing for the announced regulatory requirements.

CORPORATE GOVERNANCE

The management of DnB NOR is based on the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance.

During the year, the Board of Directors held 13 meetings. The Group's strategy, future development and structure were high on the agenda, in addition to the capitalisation of the Group in the wake of the financial crisis and announced changes in external parameters for the financial services industry.

The Board of Directors has two sub-committees, the Audit Committee and the Compensation Committee. The Audit Committee is composed of three of the Board's independent members and held seven meetings in 2010. The committee reviewed the quarterly and annual accounts and reports on developments in the Group's main risk categories. In addition, the committee reviewed the Group's internal control and risk management systems and the work of the internal and statutory auditors.

The Compensation Committee consists of three members of the Board of Directors and held six meetings in 2010. The committee draws up proposals and issues recommendations to the Board of Directors regarding the remuneration awarded to the group chief executive and acts in an advisory capacity to the group chief executive with respect to remunerations and other important personnel-related matters relating to the group management team.

RISK AND CAPITAL ADEQUACY

DnB NOR quantifies risk by measuring risk-adjusted capital, which is a guiding factor for the Group's capital requirement. Net estimated risk-adjusted capital declined by NOK 2.7 billion from year-end 2009, to NOK 58.8 billion.

Due to improved credit quality, risk-adjusted capital for credit declined by NOK 5.4 billion. Measured in Norwegian kroner, there was a moderate increase in credit volumes. The US dollar rate remained virtually unchanged from year-end 2009 to end-December 2010, thus the increase in credit exposure reflected actual growth. Risk-adjusted capital for market risk in life insurance rose by NOK 2.6 billion due to an increase in equity investments. The rise in other market risk reflects greater equity exposure and somewhat higher interest rate risk limits. Higher business volumes explain the developments in other risk categories.

Risk-adjusted capital for the DnB NOR Group

Amounts in NOK billion	31 Dec. 2010	31 Dec. 2009
Credit risk	45.5	50.9
Market risk	4.9	3.7
Market risk in life insurance	12.9	10.3
Insurance risk	1.8	1.6
Operational risk	7.7	7.2
Business risk	4.5	4.1
Gross risk-adjusted capital	77.3	77.6
Diversification effect [1]	(18.5)	(16.2)
Net risk-adjusted capital	58.8	61.5
Diversification effect in per cent of gross risk-adjusted capital [1]	23.9	20.8

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

Credit volumes in the corporate market increased somewhat both in Norway and internationally in 2010, while credit quality improved throughout the year in terms of both reduced probability of default and lower estimated write-downs. Shipping losses remained low in spite of significant deliveries of new vessels in most segments. China and other Asian countries maintained economic growth and ensured satisfactory utilisation of the fleet.

Credit quality also improved in that part of the portfolio which depends on developments in the Norwegian economy, primarily loans to private individuals and small and medium-sized businesses in Norway. The international financial crisis had little impact on Norwegian households. 2010 saw continued low unemployment, healthy wage growth, low housing loan rates and an increase in housing prices. There was stable growth in the home mortgage portfolio during 2010.

The Group was to some extent still affected by the weak trend in the international economy, especially in the Baltic States. However, write-downs in DnB NORD were reduced in 2010, and the Baltic economies show signs of stabilisation. Still, the uncertainty relating to DnB NORD must be expected to continue, and economic developments in the Baltic States will be vital to the level of write-downs. There was a generally low level of write-downs in the Group's Norwegian operations.

During 2010, the Group made extensive efforts to ensure the value of problem commitments. A number of problem commitments were restructured, with a positive result.

There were extensive movements in share prices and exchange rates, as well as in various interest rate add-ons, through 2010. DnB NOR has moderate limits for its own direct market exposure, thus the effects on profits were correspondingly small. Due to large fluctuations in money market rates and in the relative margins between various currencies, however, there were significant changes in the value of derivative positions relative to the Group's funding when one currency is used to fund loans in another currency. These changes in value are generally of a temporary nature and will be reversed over time. The derivative contracts are considered to serve as hedges for the Group's funding costs, and the changes in value are not included in the calculations of risk-adjusted capital for market risk.

There was a rise in market risk in Vital during the year due to an increase in the share of equities in the common portfolio from 13.7 per cent to 20.9 per cent from year-end 2009 to end-December 2010. The securities adjustment reserve increased by NOK 1.3 billion during 2010, to NOK 2.6 billion. Total additional allocations rose by NOK 0.1 billion to NOK 5.7 billion. There was a positive risk result in Vital before the required increase in reserves for higher life expectancy in the individual portfolio. As Norwegian life insurance companies offer life-long pension payments, higher life expectancy in the population is one of many risk factors. During 2010, Vital strengthened its reserves for individual pension insurance by NOK 973 million to reflect an upward adjustment of life expectancy assumptions. The remaining required increase in reserves is NOK 770 million, which will be recorded over the coming two years. The escalation plan has been approved by Finanstilsynet. The life insurance industry has also started a process to update life expectancy assumptions in the calculation base for premiums and reserves for group pension insurance. An updated calculation base for group pensions will be introduced in close dialogue with the authorities. Vital assumes that the increase in reserves primarily will be financed by future surpluses on investment results, subject to approval by Finanstilsynet. In consequence of the consistently low interest rate levels, Finanstilsynet has decided to lower the maximum calculation rate to 2.5 per cent with effect from 1 January 2011 for new contracts and from 1 January 2012 for new entitlements in existing contracts.

A total of 454 operational loss events were registered during 2010, causing an overall net loss of NOK 182 million. Potential losses relating to the same events represented NOK 1 billion, roughly on a level with previous years. The majority of events and the largest losses were in the category "processing and routine errors" relating to the Group's products and services. The Group is working continually to increase the quality of processes and routines. As in 2009, there was a continued rise in the number of fraud-related events. However, the effects of most of these events were recorded as credit losses even though operational risk constitutes the underlying cause.

DnB NOR enjoyed a sound liquidity situation at end-December 2010. The average remaining term to maturity for the portfolio of senior bond debt was 3.6 years at year-end, an increase from 3.0 years a year earlier. The Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement was NOK 1 028 billion at end-December 2010, down NOK 24.2 billion from 2009. The main reason for the reduction was that the Group was granted permission in the fourth quarter of 2010 to use internal risk models, IRB measurement, for most of its large corporate and bond portfolios. However, the transitional rules, which will remain in effect through 2011, allow a maximum reduction in risk-weighted volume of 20 per cent. The transitional floor applied at year-end 2010. The Tier 1 capital ratio was 10.1 per cent at end-December 2010 and 9.3 per cent at year-end 2009, while the capital adequacy ratio was 12.4 per cent at year-end 2010.

The Basel Committee's proposal for new global standards for quantitative regulation of liquidity and funding in the banking sector, Basel III, entails stricter capital adequacy requirements. Even though the proposal was moderated somewhat during 2010, it remains conservative and may be challenging to fulfil for a number of banks. However, due to the size and structure of its capital base, DnB NOR will be well positioned to meet the coming requirements.

BUSINESS AREAS

Activities in DnB NOR are organised in the business areas Retail Banking, Large Corporates and International, DnB NOR Markets and Insurance and Asset Management. The business areas operate as independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. DnB NORD, which became wholly owned by DnB NOR from year-end 2010, is also regarded as a separate profit centre.

Retail Banking delivered a sound financial performance in 2010. Pre-tax operating profits were NOK 6 719 million, down NOK 522 million or 7.2 per cent from the previous year. The relatively low and stable interest rate levels, combined with strong competition, put pressure on interest rate spreads. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, averaged 1.25 per cent in 2010, down from 1.30 per cent in 2009. Average lending rose by 3.9 per cent from 2009 to 2010. The rise in home mortgages was somewhat lower than in 2009, while the growth in lending to the business sector picked up through 2010. Average deposits were up 2.1 per cent, and the ratio of deposits to lending was 51 per cent in 2010. Covered bonds based on home mortgages from DnB NOR Boligkreditt are an important source of funding, and close to 90 per cent of lending volume was funded by deposits and bonds at year-end 2010. Net other operating income remained relatively stable compared with 2009. Income from real estate broking, non-life insurance and asset management gave a rise in income, while income from insurance savings and payment transfers was lower than the previous year. Strict cost control and the implementation of cost-reduction measures contributed to limiting total cost growth to 1.9 per cent compared with 2009. Net write-downs relative to average net lending remained at a low level and were reduced from 0.22 per cent in 2009 to 0.17 per cent in 2010. The quality of the loan portfolio was sound at year-end 2010.

Large Corporates and International recorded pre-tax operating profits of NOK 6 124 million in 2010, up NOK 455 million or 8.0 per cent from the previous year due to a decline in write-downs on loans. Rising activity levels throughout 2010 gave an increase in net interest income. The effects of higher funding costs were offset by widening lending spreads. Measured against the money market rate, lending spreads improved in all segments from 2009 and widened by 0.16 percentage points from 2009 to 2010 for the business area as a whole. Strong competition for deposits put pressure on deposit spreads, which narrowed by 0.05 percentage points compared with 2009. Average lending to customers declined by 6.1 per cent from 2009 to 2010, but rose by 4.4 per cent from year-end 2009 to year-end 2010 due to increasing market activity. Average deposits from customers were stable compared with 2009, but showed an increase towards the end of 2010. Other operating income showed a reduction from 2009,

though higher activity levels ensured a positive trend through 2010. The brisk activity also caused a rise in costs compared with 2009, and the cost/income ratio increased from 27.9 per cent in 2009 to 30.4 per cent in 2010. Relative to average lending, net write-downs on loans were reduced from 0.30 per cent in 2009 to 0.17 per cent in 2010. The quality of the portfolio was satisfactory in all sectors and showed a significant improvement towards the end of 2010.

DnB NOR Markets achieved healthy profits in 2010, in spite of a 31.8 per cent reduction in pre-tax operating profits from 2009, to NOK 3 638 million in 2010. Extraordinary volatility in interest rates and exchange rates at the beginning of 2009 generated a high level of income. The normalisation of the markets resulted in a NOK 1.8 billion reduction in income from 2009 to 2010, of which NOK 1.4 billion represented a decline in income from market making and other proprietary trading. There was a high level of activity in 2010, especially towards the end of the year, which offset the pressure on prices resulting from an increasing share of electronic trading and strong competition in the market. New records were set on Oslo Børs with respect to both equity and debt capital issues, which gave a strong increase in revenues from corporate finance compared with 2009. DnB NOR Markets was the largest investment bank on Oslo Børs within equity, bond and commercial paper trading and issues in 2010. Operating expenses were reduced by 4.1 per cent from 2009 to 2010.

Insurance and Asset Management achieved pre-tax operating profits of NOK 1 913 million in 2010, up NOK 666 million from 2009, reflecting a healthy return on financial assets.

Vital recorded pre-tax operating profits of NOK 1 724 million in 2010, an increase from NOK 1 156 million in 2009. The recorded and value-adjusted returns on assets were 6.2 per cent and 6.8 per cent, respectively, in 2010, an increase of approximately 1.5 percentage points from the previous year. The risk result was sound, but was reduced due to a NOK 973 million increase in reserves for higher life expectancy for the year. Transfers to Vital's policyholders totalled NOK 11.1 billion in 2010, of which NOK 6.6 billion represented the guaranteed rate of return. Costs were well under control in Vital and were reduced by 1.7 per cent from 2009 to 2010.

DnB NOR Asset Management recorded pre-tax operating profits of NOK 276 million in 2009, up NOK 59 million compared with 2009. Commission income, including performance-based revenues, rose by NOK 42 million or 5 per cent from 2009. The increase was mainly attributable to an 8.6 per cent rise in assets under management, to NOK 479.2 billion at end-December 2010. A positive development in market values was the main factor behind the increase. Costs were reduced by 9.0 per cent from 2009 to 2010.

DnB NOR Skadeforsikring was still in a build-up phase in 2010 and experienced a 70 per cent increase in premiums from 2009, to just over NOK 1 billion in 2010. Profits for 2010 reflected a high claims frequency, with a large number of claims for frost and fire damage.

DnB NORD, which became wholly owned by DnB NOR from year-end 2010, has its core operations in the Baltic region and Poland. DnB NORD recorded a pre-tax operating loss of NOK 1 481 million in 2010, compared with a loss of NOK 4 289 million in 2009. Financial performance still reflected the recession, though there were signs of improvement through 2010 both in DnB NORD's profit figures and in the Baltic economies. Average lending declined by close to 25 per cent from 2009 to 2010, of which approximately 7.5 percentage points was due to the transfer of a portfolio to DnB NOR in 2009. From year-end 2009 to end-December 2010, lending was reduced by just over 12 per cent. The Danish portfolio, which is in the process of being downscaled, showed the largest percentage decline, though there was also a reduction in lending volumes in the Baltic region through 2010. In Poland, lending volume rose by 17 per cent during the year measured in Norwegian kroner. Ordinary expenses were reduced by 14.4 per cent from 2009 to 2010, reflecting measures to streamline operations. A high level of write-downs on loans characterised DnB NORD's financial performance in 2010, though there was a significant reduction from 2009. Measured against average lending, write-downs declined from 4.70 per cent in 2009 to 2.89 per cent in 2010. A further reduction is anticipated in write-downs on loans.

CORPORATE SOCIAL RESPONSIBILITY

DnB NOR wishes to ensure sustainable development and long-term value creation through business operations which focus on environmental, ethical and social considerations. DnB NOR's aim is to make corporate social responsibility an integral part of its management tools to ensure a holistic and consistent approach in CSR matters.

DnB NOR's group policy for corporate social responsibility, CSR, is based on internationally recognised guidelines and initiatives, including the OECD's guidelines for multinational companies and the UN Global Compact.

The CSR policy applies to all parts of the Group's operations and comprises products, services, marketing, procurement, corporate governance, as well as internal processes concerning the working environment, ethics and environmental efficiency. Five areas have been selected as particularly relevant for the Group's CSR initiatives:

- customers and suppliers
- the climate challenge
- contribution to society
- life phases and diversity
- transparency

The Group has drawn up guidelines to ensure that the organisation complies with relevant CSR requirements.

To strengthen ethical awareness in the Group, an obligatory ethics programme has been introduced. Courses have also been established focusing on money laundering practices.

DnB NOR applies a diligence matrix in its lending activities to evaluate customers' social, environmental and ethical risk factors. In 2010, new routines were established to register such factors.

DnB NOR's suppliers must sign a declaration form stating that they do not contribute to human or labour rights violations, environmental harm or corruption. Rules have been established for the Group's investment operations to ensure that DnB NOR does not contribute to the infringement of human and labour rights, corruption, serious environmental damage or other acts which can be perceived to be unethical. Nor must DnB NOR invest in companies involved in the production of tobacco, pornography, anti-personnel mines or cluster weapons, or in companies which develop and produce components for use in weapons of mass destruction as a central part of their operations. At the end of 2010, 57 companies were excluded after breaching the guidelines. The Group has an active ownership policy entailing that companies are given the possibility to adjust their operations prior to a possible exclusion. During 2010, it was specified that the ethical investment guidelines also apply to external managers and mutual funds.

In 2010, DnB NOR supported sporting, cultural and charitable organisations and other non-profit projects with NOK 121 million. Among other things, a three-year collaboration agreement was entered into with the Norwegian Red Cross to strengthen the organisation's social work across Norway. In addition, a three-year agreement was entered into with CARE in Norway to develop new micro-credit institutions in Rwanda.

The DnB NOR Savings Bank Foundation is the second largest shareholder in the DnB NOR Group and donates a share of its profits to non-profit projects. In 2010, the foundation made donations totalling some NOK 100 million.

In 2010, DnB NOR qualified for inclusion, for the second year in a row, in the Dow Jones Sustainability World Index. The index consists of the top ten per cent companies in the world within each industry sector, and companies' performance with respect to economic, environmental and social factors is evaluated. In addition, DnB NOR is included in the FTSE4Good Index.

Both reputation and customer satisfaction are assessed when measuring and following up the group chief executive and the group executive vice presidents, which entails that the Group's CSR work forms part of the basis for group management's remuneration.

CSR policy documents and guidelines can be viewed on dnbnor.no.

THE EXTERNAL ENVIRONMENT

Sustainable environmental management and measures to reduce the scope and effects of climate change are prerequisites for long-term value creation for the DnB NOR Group. DnB NOR will contribute both through its own operations and by influencing customers and suppliers to make environmentally-friendly choices.

In 2010, DnB NOR became part of the Global Compact "Caring for Climate" initiative. DnB NOR also participated in the Carbon Disclosure Project, a climate reporting project.

The DnB NOR Group's direct impact on the environment is mainly related to its greenhouse gas emissions and waste from its office operations, whereas the Group's indirect impact on the environment is related to product and services procurement and requirements made to customers, suppliers and investment objects.

The Group's carbon audit can be viewed on dnbnor.no. In 2010, an environmental plan was approved for the new headquarters being constructed in Bjørvika in Oslo. The environmental targets include, among other things, reducing energy consumption and greenhouse gas emissions per employee by more than 50 per cent.

At the end of 2010, 29 of the buildings which DnB NOR uses for its own operations in Norway were environmentally-certified based on the Eco-lighthouse standard.

Real estate brokerage and property management are a significant part of the Group's product portfolio. In 2010, through Vital Eiendom, the Group contributed to establishing the Nordic Green Building Council. The organisation will work to promote higher environmental standards in Norwegian buildings.

Internal environmental efficiency [1)]

	2010	2009
Energy consumption (Gwh) [2)]	109.7	104.0
Energy consumption per employee (Kwh)	12 104	11 343
Purchased paper (tons)	675	859
Waste recycling ratio (per cent)	53	55
Eco-lighthouse certified buildings (number) [3)]	29	30
Domestic air travel (1 000 kms) [4)]	21 093	18 548
International air travel (1 000 kms) [4)]	21 451	16 155

1) All figures apply to the Group's operations in Norway.
2) The increase in energy consumption was primarily due to a colder autumn/winter in 2010.
3) One eco-lighthouse certified building was sold in 2010.
4) The increase in air travel was mainly due to greater activity compared with 2009.

EMPLOYEES AND MANAGERS

DnB NOR's employees are the most important resource in developing and maintaining good customer relationships and creating values together with customers. The Group has competent and motivated employees and is perceived to be an attractive workplace with good development opportunities. There was a significant increase in the number of training measures from 2009 to 2010.

The importance of high ethical standards and compliance with the Group's principles for corporate social responsibility is emphasised in all parts of the organisation, and training in ethics is obligatory for the whole Group. The Group's ethics programme and dilemma training were both continued in 2010. In addition, the programme was launched in English and implemented at DnB NOR's offices outside Norway. The purpose of the programme is to increase employee awareness of the ethical dilemmas which may be encountered in contact with customers and in connection with internal processes. A new e-learning course on money laundering was developed in 2010. The course is compulsory for all employees in the Group and is part of the authorisation scheme for financial advisers.

In 2010, 561 managers and other employees became authorised in accordance with the requirements under the Norwegian authorisation scheme for financial advisers. The purpose of the scheme is to strengthen the financial sector's reputation and ensure that each individual adviser satisfies the necessary competence requirements.

In 2010, DnB NOR joined the insurance industry's authorisation scheme for sellers and advisers who offer non-life insurance solutions in the Norwegian market. The scheme aims to ensure that sellers and advisers meet the competence requirements which are defined by the sector. In DnB NOR, 1 600 sellers and advisers and 250 managers are comprised by the scheme. In 2010, 1 115 employees passed the professional exam.

At the end of 2010, there were 13 365 employees in the Group, of whom 8 974 were based in Norway. DnB NOR's acquisition of the remaining shares in DnB NORD entailed that the Group, at the end of 2010, gained 3 200 new employees from DnB NORD's offices in Estonia, Latvia, Lithuania, Poland and Denmark. The integration of DnB NORD employees contributes to greater diversity and a further internationalisation of the Group. DnB NOR's vision and values, leadership principles and code of ethics play a central role in the integration process.

The employee survey which was carried out in February 2011 showed that the process of defining a strategic direction and establishing a clear and unambiguous vision for the Group has had the desired effect. The main employee satisfaction index rose as high as 76.6 points in 2011, compared with 74 points in 2010.

HEALTH, SAFETY AND ENVIRONMENT

Health, safety and environment (HS&E) are important elements in the Group's human resources policy. In 2010, key focus areas were leadership training, crisis management, sickness absence follow-up and inclusive workplace initiatives.

In 2010, DnB NOR established a new structure for its joint consultation and working environment committees whereby separate committees were established in the business areas and subsidiaries. In addition, HS&E meetings were established in the various regions to support the initiatives within health, safety and environment.

In 2010, exercises were conducted for employees assigned to the Group's Next-of-Kin Centre. The centre is operated in cooperation with the Norwegian Church Abroad.

The Group has separate guidelines addressing harassment, bullying and other improper conduct. The guidelines ensure that a reported incident is assessed swiftly, predictably and consistently. As part of the work to prevent harassment and bullying, the annual employee survey also contains specific questions about such issues.

In 2010, a total of 58 managers and safety representatives in the Group's operations in Norway completed the internal programme on working environment training. The purpose of the training is to provide the necessary insight and knowledge to comply with the Working Environment Act and DnB NOR's internal HS&E requirements.

DnB NOR endeavours to prevent injuries caused by robberies and threats through extensive security procedures and training programmes. In 2010, 15 courses were held on how to handle robberies in the Group's Norwegian operations. In addition, 235 employees attended various courses on threat management, security and fire protection.

In 2010, a total of 42 employees in the Group's Norwegian operations were exposed to threats. DnB NOR was not subject to robberies in 2010. 22 accidents and injuries were registered during working hours or in connection with commuting to and from work, but none were of a serious nature. All accidents and injuries are reported as occupational injuries by the Group.

Sickness absence and an inclusive workplace

In 2010, sickness absence was 4.3 per cent in the Group's Norwegian operations, an improvement from 5.1 per cent in 2009. Of 2 175 000 possible man-days, some 93 000 man-days were lost due to sickness absence in 2010. Units with high sickness absence rates were subject to special follow-up in 2010, and various preventive measures were established. A collaboration project was also established with the Norwegian Red Cross, the Norwegian Church City Mission and the Norwegian Heart and Lung Patient Organisation to help employees on long-term sick leave or those affected by extensive restructuring processes to return to work, within or outside the Group, as quickly as possible.

As an inclusive workplace, DnB NOR is committed to working systematically to reduce sickness absence, adapt working conditions for employees with special needs, follow up employees on long-term sick leave and increase the actual retirement age in the Group. The average retirement age remained relatively unchanged from 2009 to 2010.

EQUALITY

DnB NOR is committed to giving men and women the same opportunities for professional and personal development, combined with salary and career progression. The Group has flexible schemes that make it easier to combine a career with family life.

The gender distribution in the Group in 2010 was 55 per cent women and 45 per cent men, entailing no significant change from 2009. In the Group's Norwegian operations, the average age was 45.6 years for women and 44.4 years for men. 83 per cent of the employees who worked part-time were women and 17 per cent men. The average fixed salary was NOK 454 300 for women and NOK 582 800 for men in 2010.

The female representation target set by the Board of Directors for the top four management levels in the Group is minimum 30 per cent. The proportion of women in the group management team was 40 per cent in 2010, unchanged from 2009. At the top four and five management levels, female representation also remained virtually unchanged at 27 and 33 per cent, respectively, in 2010.

DnB NOR implements the following specific equal opportunity measures:

- Priority is given to female applicants for management positions, subject to equal qualifications
- The best female candidate shall be considered for positions in units where women are in a minority
- Equality and diversity are topics in the leadership development programmes

MACROECONOMIC DEVELOPMENTS

Global economic growth was approximately 5 per cent in 2010, after a decline of 0.6 per cent in 2009. However, there were significant national and regional differences. Growth was strong in certain European industrialised countries, in China and in some other Asian countries, but weak in other countries. In some of the countries worst affected by heavy national debt, GDP showed a downward trend. In 2010, the eurozone entered its most serious crisis since it was established. After the implementation of strong fiscal stimulus measures to counteract the effects of the financial crisis, fiscal policy was tightened in several countries at the end of 2010 without a corresponding compensation through monetary policy. In several of these countries, the growth outlook is weak. Countries with high growth in 2010 largely returned to pre-2009 levels, but growth will probably not continue at the same pace in 2011. It is expected that growth in the OECD area will decline from 2.8 per cent in 2010 to 2.3 per cent in 2011. Global economic expansion is expected to remain higher as countries in regions other than Europe and North America are growing strongly. Traditional Norwegian exports are mainly oriented towards global markets and will continue to benefit from the growth in the global economy.

The Baltic States were hard hit during the financial crisis, but showed signs of recovery towards the end of 2010. GDP increased moderately in the three Baltic States at the end of 2010, whereas manufacturing production showed strong growth. The upturn in exports, particularly to Germany and the Nordic region, was an important reason for the turnaround, while domestic demand remained comparatively weak. Unemployment, which rose steeply throughout the crisis, seemed to have passed a peak at the end of 2010.

The Norwegian economy is assumed to be approaching normal activity growth, and unemployment appears to have stabilised. After a fall in GDP of 1.3 per cent in 2009, economic growth picked up in 2010, particularly during the second half of the year, and is estimated at approximately 2 per cent for the whole of 2010. Higher household demand for consumer goods and housing contributed to the positive trend. An expansionary monetary and fiscal policy also had a positive effect and will continue to stimulate growth in household demand. Investment in the mainland economy is increasing, and the decline in manufacturing investment appears to be approaching a turning point. The fall in manufacturing production has also been reversed, resulting in a new upturn. The decline in employment stopped towards the middle of 2010 and subsequently rose somewhat. Unemployment has remained stable since end-June 2009.

FUTURE PROSPECTS

The international economy is in a period of moderate growth, but the debt situation in many countries may slow down growth in Europe and the US, making future developments more uncertain. However, the economic forecasts for the total global economy are relatively positive. The favourable economic situation gives DnB NOR a platform to further strengthen its operations while recording relatively low write-downs. Improvement in the Baltic economies is expected to strengthen financial performance in DnB NORD. The increase in market activity, which is given high priority in the organisation, will also help DnB NOR maintain and enhance the Group's solid position in traditional market segments.

DnB NOR had good access to both short-term and long-term funding in 2010, but at considerably higher prices than before the financial crisis. DnB NOR expects to continue to enjoy good access to funding. However, prices are not expected to return to pre-crisis levels, partly due to new external parameters, which will probably result in large future funding requirements for banks.

The Group aims to enhance its market position in Norway by increasing its presence in areas where the Group has limited operations.

The cost programme is expected to reach the target of annual cost savings of NOK 2 billion by the end of 2012. DnB NOR will continue to give priority to the streamlining of operations across the Group, partly to compensate for an escalation of market activities.

The Retail Banking business area expects housing loans to account for the majority of lending growth, though lending to small and medium-sized businesses is also expected to grow. The price pressure on low-risk housing loans is expected to continue. The Large Corporates and International business area anticipates a certain rise in credit demand, coupled with a slight widening in average lending spreads and pressure on deposit spreads. In DnB NOR Markets, high demand and brisk activity levels are expected to continue. The Insurance and Asset Management business area has short-term challenges related to developments in the financial markets, but is well-positioned for future growth and profitability. Expectations of rising interest rates in the longer term will strengthen the business area's ability to generate sound profits. Profits in DnB NORD are expected to stabilise and then show a slight increase. In the longer term, growth in the Baltic States and Poland is expected to again surpass average European levels.

The financial industry is facing considerable changes in relevant framework conditions through, for example, the Basel III rules, including stricter capitalisation, liquidity and funding requirements. As a result of the capital increase in 2009 and sound profits in 2010, DnB NOR is in a satisfactory position to meet new requirements. The Group is, however, committed to giving input to the regulatory process to ensure that conditions will be as equal as possible across national borders, so that Norwegian banks will not be at a disadvantage compared with financial institutions in other countries.

At the start of 2011, subject to balanced framework conditions, the Group is well positioned to reach its financial targets.

DIVIDENDS AND ALLOCATION OF PROFITS

The Board of Directors has approved a dividend policy which aims to create value for shareholders through both increases in the share price and dividend payments, which will ensure an attractive and competitive return. DnB NOR intends to distribute approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of expected profit levels in a normalised market situation, prevailing economic parameters and the Group's need for capital.

The Group's capital adequacy position was considerably strengthened at year-end 2010, partly due to the share capital increase in 2009. At the same time, however, uncertainty prevails over future economic developments and changes in the regulatory framework for the financial services industry. The Board of Directors has proposed a dividend of NOK 4.00 per share for 2010, which gives a dividend yield of 4.88 per cent based on a share price of NOK 81.90 as at 31 December 2010. The proposed dividend implies that DnB NOR ASA will distribute a total of NOK 6 515 million in dividends for 2010. The payout ratio represents 46.2 per cent of earnings per share. A dividend of NOK 1.75 per share was paid for 2009.

In connection with the dividend distributions to shareholders and the attainment of the Group's financial targets, the Board of Directors has decided to make allocations of NOK 235 million to the Group's employees.

Profits for 2010 in DnB NOR ASA came to NOK 7 092 million, attributing mainly to the transfer of group contributions from subsidiaries.

Allocations in DnB NOR ASA

Amounts in NOK million	2010	2009
Total income	9 602	4 708
Total operating expenses	219	208
Pre-tax operating profit	9 383	4 500
Taxes	2 292	1 286
Profit for the year	7 092	3 214
Allocation of profit		
Share dividend	6 515	2 850
Transfers to/from other equity	577	364
Total allocations	7 092	3 214
Proposed dividend per share (NOK)	4.00	1.75

The Group's capital adequacy ratio as at 31 December 2010 was 12.4 per cent, with a Tier 1 capital ratio of 10.1 per cent. Correspondingly, the capital adequacy ratio in DnB NOR Bank ASA was 14.1 per cent and the Tier 1 capital ratio 11.1 per cent. The banking group, which includes the bank and its subsidiaries, had a capital adequacy ratio of 11.7 per cent and a Tier 1 capital ratio of 9.2 per cent.

In the opinion of the Board of Directors, following allocations, DnB NOR ASA will have adequate financial strength and flexibility to provide sufficient support to operations in subsidiaries and meet the Group's expansion requirements and changes in external parameters.

Oslo, 16 March 2011
The Board of Directors of DnB NOR ASA

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Gunilla Berg

Bente Brevik

Per Hoffmann

Jørn O. Kvilhaug

Bent Pedersen

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke
(group chief executive)

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INCOME STATEMENT

Amounts in NOK million	Note	2010	2009
Total interest income	19	56 909	58 363
Total interest expenses	19	33 473	35 730
Net interest income	19	**23 436**	**22 633**
Commissions and fees receivable etc.	21	9 261	8 724
Commissions and fees payable etc.	21	2 220	2 069
Net gains on financial instruments at fair value	23	4 961	6 286
Net gains on assets in Vital		15 074	13 462
Guaranteed returns and allocations to policyholders in Vital		13 500	12 712
Premium income etc. included in the risk result in Vital		4 721	4 705
Insurance claims etc. included in the risk result in Vital		4 977	4 613
Premium income non-life insurance		1 009	593
Insurance claims etc. non-life insurance		918	538
Profit from companies accounted for by the equity method	39	180	93
Other income	22	2 565	1 063
Net other operating income		**16 156**	**14 994**
Total income		**39 592**	**37 627**
Salaries and other personnel expenses	24	9 259	9 917
Other expenses	25	6 995	6 784
Depreciation and impairment of fixed and intangible assets	26	2 256	2 210
Total operating expenses		**18 511**	**18 911**
Net gains on fixed and intangible assets		24	26
Write-downs on loans and guarantees	10, 11	2 997	7 710
Pre-tax operating profit		**18 108**	**11 032**
Taxes	29	4 121	4 086
Profit from operations and non-current assets held for sale, after taxes		75	80
Profit for the year		**14 062**	**7 026**
Profit attributable to shareholders		14 814	8 585
Profit attributable to minority interests		(752)	(1 559)
Earnings/diluted earnings per share (NOK)	52	8.66	6.43
Earnings/diluted earnings per share excluding operations held for sale (NOK)	52	8.62	6.37

COMPREHENSIVE INCOME STATEMENT

	DnB NOR Group	
Amounts in NOK million	2010	2009
Profit for the year	14 062	7 026
Exchange differences arising from the translation of foreign operations	(90)	(1 096)
Comprehensive income for the year	**13 971**	**5 930**
Comprehensive income attributable to shareholders	14 865	8 076
Comprehensive income attributable to minority interests	(894)	(2 147)

BALANCE SHEET

Amounts in NOK million	Note	2010	2009
Assets			
Cash and deposits with central banks	30, 31, 32	16 198	31 859
Lending to and deposits with credit institutions	7, 8, 30, 31, 32	47 792	62 317
Lending to customers	7, 8, 30, 31, 32	1 170 341	1 114 886
Commercial paper and bonds	30, 32, 34	204 204	225 415
Shareholdings	30, 32, 33, 34	75 179	58 227
Financial assets, customers bearing the risk	30, 32, 36	23 506	21 337
Financial derivatives	16, 30, 32	78 156	70 072
Commercial paper and bonds, held to maturity	30, 31, 37	179 461	179 832
Investment property	38	38 834	33 381
Investments in associated companies	39	2 307	2 521
Intangible assets	40, 41	7 164	7 644
Deferred tax assets	29	915	246
Fixed assets	42	5 793	5 482
Operations and non-current assets held for sale		1 271	1 255
Other assets	44	10 499	8 979
Total assets		**1 861 620**	**1 823 453**
Liabilities and equity			
Loans and deposits from credit institutions	30, 31, 32	257 931	302 669
Deposits from customers	30, 31, 32, 45	641 914	590 745
Financial derivatives	16, 30, 32	60 871	53 019
Debt securities issued	30, 31, 32, 46	501 668	493 732
Insurance liabilities, customers bearing the risk	18, 36	23 506	21 337
Liabilities to life insurance policyholders	18	205 550	193 556
Insurance liabilities, non-life insurance	18	1 091	704
Payable taxes	29	4 865	9 093
Deferred taxes	29	116	525
Other liabilities	30, 49	14 738	12 331
Operations held for sale		387	366
Provisions	48	946	887
Pension commitments	27	3 361	4 036
Subordinated loan capital	30, 31, 32, 47	33 479	39 051
Total liabilities		**1 750 424**	**1 722 050**
Minority interests		0	2 755
Share capital		16 232	16 231
Share premium reserve		22 609	22 609
Other equity		72 356	59 808
Total equity		**111 196**	**101 403**
Total liabilities and equity		**1 861 620**	**1 823 453**
Off-balance sheet transactions and contingencies	54		

STATEMENT OF CHANGES IN EQUITY

				DnB NOR Group	
Amounts in NOK million	Minority interests	Share capital [1)]	Share premium reserve	Other equity [1)]	Total equity [1)]
Balance sheet as at 31 December 2008	**4 211**	**13 327**	**11 697**	**52 041**	**81 275**
Profit for the period	(1 559)			8 585	7 026
Exchange differences arising from the translation of foreign operations	(587)			(509)	(1 096)
Comprehensive income for the period	(2 147)			8 076	5 930
Issue of share capital		2 961	10 912		13 874
Net purchase of treasury shares		(57)		(309)	(366)
Minority interests DnB NORD	693				693
Other minority interests	(2)				(2)
Balance sheet as at 31 December 2009	**2 755**	**16 231**	**22 609**	**59 808**	**101 403**
Profit for the period	(752)			14 814	14 062
Exchange differences arising from the translation of foreign operations	(142)			51	(90)
Comprehensive income for the period	(894)			14 865	13 971
Dividends paid for 2009 (NOK 1.75 per share)				(2 850)	(2 850)
Net purchase of treasury shares		1		(71)	(70)
Acquisition of NORD/LB's shares in DnB NORD	(1 855)			605	(1 250)
Other minority interests	(6)				(6)
Compensation for natural damage (DnB NOR Skadeforsikring)				(2)	(2)
Balance sheet as at 31 December 2010	**0**	**16 232**	**22 609**	**72 356**	**111 196**
Of which currency translation reserve:					
Balance sheet as at 31 December 2008	524			150	674
Comprehensive income for the period	(587)			(509)	(1 096)
Balance sheet as at 31 December 2009	(63)			(359)	(422)
Comprehensive income for the period	(142)			51	(90)
Acquisition of NORD/LB's shares in DnB NORD	205			(205)	0
Balance sheet as at 31 December 2010	0			(513)	(513)

1) Of which treasury shares, held by DnB NOR Markets for trading purposes:				
Balance sheet as at 31 December 2009		*(57)*	*(302)*	*(359)*
Net purchase of treasury shares		*1*	*(71)*	*(70)*
Reversal of fair value adjustments through profit and loss			*(31)*	*(31)*
Balance sheet as at 31 December 2010		*(56)*	*(405)*	*(461)*

The share premium reserve can be used to cover financial losses. Other equity can be used in accordance with stipulations in the Public Limited Companies Act.

The share capital of DnB NOR ASA is NOK 16 287 988 610 divided into 1 628 798 861 shares, each with a nominal value of NOK 10.

CASH FLOW STATEMENT

Amounts in NOK million	DnB NOR Group 2010	2009
Operating activities		
Net receipts/payments on loans to customers	(56 175)	7 015
Net receipts on deposits from customers	51 286	15 999
Interest received from customers	43 692	47 321
Interest paid to customers	(10 986)	(12 294)
Net receipts/payments on the sale/acquisition of financial assets for investment or trading	3 082	(114 096)
Net receipts on commissions and fees	7 122	6 597
Payments to operations	(16 931)	(17 808)
Taxes paid	(8 874)	(1 070)
Receipts on premiums	15 171	16 326
Net receipts/payments on premium reserve transfers	727	(345)
Payments of insurance settlements	(12 936)	(12 069)
Other receipts	1 532	1 068
Net cash flow relating to operating activities	**16 710**	**(63 356)**
Investment activities		
Net payments on the acquisition of fixed assets	(2 032)	(1 118)
Payments on the acquisition of long-term investments in shares (see note 2)	(1 253)	0
Dividends received on long-term investments in shares	438	136
Net cash flow relating to investment activities	**(2 847)**	**(982)**
Funding activities		
Net receipts/payments on loans to credit institutions	(26 829)	124 259
Net payments on other short-term liabilities	(3 310)	(4 604)
Receipts on issued bonds and commercial papers (see note 46)	277 533	219 172
Payments on the redeemed bonds and commercial papers (see note 46)	(257 013)	(286 177)
Redemptions of subordinated loan capital (see note 47)	(4 704)	0
Repurchase of own shares/share issue	(64)	13 732
Dividend payments	(2 850)	0
Interest receipts on funding activities	13 250	2 879
Interest payments on funding activities	(22 456)	(21 882)
Net cash flow from funding activities	**(26 442)**	**47 380**
Effects of exchange rate changes on cash and cash equivalents	**(153)**	**(3 771)**
Net cash flow	**(12 732)**	**(20 730)**
Cash as at 1 January	36 458	57 188
Net payments of cash	(12 732)	(20 730)
Cash as at 31 December *)	23 726	36 458
**) Of which: Cash and deposits with central banks*	*16 198*	*31 859*
Deposits with credit institutions with no agreed period of notice 1)	*7 528*	*4 599*

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

ACCOUNTING PRINCIPLES

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1. CORPORATE INFORMATION

DnB NOR ASA is a Norwegian public limited company listed on Oslo Børs (the Oslo Stock Exchange). The consolidated accounts for 2010 were approved by the Board of Directors on 16 March 2011.

The DnB NOR Group offers banking, securities and investment services and insurance services and asset management services in the Norwegian and international retail and corporate markets.

The visiting address to the Group's head office is Stranden 21, Oslo, Norway.

2. BASIS FOR PREPARING THE ACCOUNTS

DnB NOR has prepared consolidated accounts for 2010 in accordance with IFRS, International Financial Reporting Standards, as approved by the EU. The statutory accounts of DnB NOR ASA have been prepared in according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS.

The consolidated accounts are based on the historic cost principle, with the following exceptions: financial assets available for sale, financial assets and liabilities (including financial derivatives) carried at fair value through profit or loss, financial instruments recorded as fair value hedges and investment property. The consolidated accounts are presented in Norwegian kroner. Unless otherwise specified, values are rounded off to the nearest million.

The Group's balance sheets are primarily based on an assessment of the liquidity of the balance sheet items.

3. CHANGES IN ACCOUNTING PRINCIPLES

The Group has made no changes in the accounting principles applied in 2010, but has implemented the following new standards, amendments and interpretations with effect from 1 January 2010:

The revised IFRS 3 – Business Combinations introduces certain changes and specifications with respect to the use of the acquisition method (the purchase method). Amendments relate to:

- goodwill in step acquisitions is measured at the acquisition date
- in step acquisitions, changes in value of former ownership interests should be reflected in the income statement
- minority interests may be measured at fair value at the acquisition date
- contingent considerations are measured at fair value at the acquisition date, and subsequent changes in value of the contingent consideration are reflected in the income statement
- acquisition costs in excess of issue and borrowing costs are expensed as they occur.

The revised IAS 27 – Consolidated and Separate Financial Statements includes complementary principles regarding the accounting treatment of changes in ownership interests in subsidiaries. The introduction of the revised standard implies that upon loss of control of a subsidiary, any residual holding in the former subsidiary must be measured at fair value and the gain or loss on the disposal recognised in profit or loss. Changes in ownership interests that do not result in loss of control shall be accounted for as an equity transaction. In addition, the rules relating to the distribution of losses between the majority and the minority have been changed, whereby losses are to be charged to the non-controlling interests (minority interests), even if the balance sheet value of the minority interest will thus be negative.

The following new standards and interpretations entered into force in 2010, but had no impact on the consolidated accounts:

- amendments to IFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions
- amendments to IAS 39 – Financial Instruments – Recognition and Measurement – hedging of risk components

Accounting principles (continued)

- IFRIC 12 – Service Concession Arrangements
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers
- IASB's annual improvement project

4. CONSOLIDATION

The consolidated accounts for DnB NOR ASA ("DnB NOR") include DnB NOR Bank ASA, Vital Forsikring ASA, DnB NOR Kapitalforvaltning Holding AS and DnB NOR Skadeforsikring AS including subsidiaries and associated companies.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and associated companies and are based on the same reporting periods as those used for the parent company.

When preparing the consolidated accounts, intra-group transactions and balances along with unrealised gains or losses on these transactions between group units are eliminated.

Subsidiaries and associated companies

Subsidiaries are defined as companies in which DnB NOR has control, directly or indirectly, through ownership or other means. DnB NOR recognises the existence of de facto control, but generally assumes to have control when the Group's direct or indirect holdings represent more than 50 per cent. With respect to companies where the Group's holding is 50 per cent or less, DnB NOR makes an assessment of whether other factors indicate de facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries that are sold are consolidated up till the time risk and control are transferred.

Associated companies are companies in which DnB NOR has a significant influence, that is the power to participate in the financial and operating policy decisions of the companies, but is not in control or joint control of the companies. DnB NOR assumes that significant influence exists when the Group holds between 20 and 50 per cent of the voting share capital or primary capital in another entity.

Associated companies are recognised in the group accounts according to the equity method. The investment is recorded at cost at the time of acquisition and is adjusted for subsequent changes in the Group's share of equity in the associated company. Any goodwill is included in the acquisition cost. The Group's share of profits or losses is recognised in the income statement and added to the balance sheet value of the investment along with other changes in equity which have not been reflected in the income statement. The Group's share of losses is not reflected in the income statement if the balance sheet value of the investment will be negative, unless the Group has taken on commitments or issued guarantees for the commitments of the associated company.

The Group's share of unrealised gains on transactions between the Group and its associated companies is eliminated. The same applies to unrealised losses provided that the transaction indicates a need for a write-down of the transferred assets.

Conversion of transactions in foreign currency

The major entity in the Group, DnB NOR Bank ASA, has Norwegian kroner as its functional currency. Balance sheet items of foreign branches and subsidiaries in other functional currencies are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are recorded as other income and expenses in the comprehensive income statement.

Monetary assets and liabilities in foreign currency are translated at exchange rates prevailing on the balance sheet date. Changes in value of such assets due to exchange rate movements between the transaction date and the balance sheet date, are recognised in the income statement.

5. BUSINESS COMBINATIONS

The acquisition method is applied for acquisitions of operations. The consideration is measured at fair value. Direct acquisition costs are expensed as they occur, with the exception of issue and borrowing costs.

Acquired assets and liabilities are recorded at fair value at the time of acquisition. If the consideration exceeds the fair value of identifiable assets and liabilities, the excess will be recorded as goodwill. See item 12 Intangible assets for more information about goodwill. If cost is lower than the fair value of identifiable assets and liabilities, the difference will be recognised in the income statement on the transaction date.

In connection with step acquisitions of subsidiaries, the Group will measure previous holdings in the company at fair value immediately before control is obtained, and any gains or losses will be recognised in profit or loss.

Contingent considerations are measured at fair value irrespective of the probability of the consideration being paid. Subsequent changes in the contingent consideration will be reflected in the income statement according to relevant standards.

Operations held for sale

The Group classifies operations as held for sale when the recorded value will be retrieved through a sale. An operation is classified as held for sale from the time management has approved a concrete plan to sell the operation in its current form and it is highly probable that the sale will take place shortly.

Subsidiaries which are acquired with a view to their subsequent sale, including companies taken over as part of loan restructurings, are immediately classified as assets held for sale if the Group intends to sell the subsidiary.

Operations held for sale are measured at the lower of the balance sheet value and fair value less costs to sell. Acquired operations which are immediately classified as held for sale are recorded at fair value less costs to sell upon initial recognition.

Profits after taxes for such operations are presented separately as "Profit from operations and non-current assets held for sale, after taxes" in the consolidated accounts. Total assets and liabilities from these operations are presented separately under "Operations and non-current assets held for sale" and "Operations held for sale" in the Group's balance sheet.

6. RECOGNITION IN THE INCOME STATEMENT

Interest income is recorded using the effective interest method. This implies that interest is recorded when incurred, with the addition of amortised front-end fees.

The effective interest rate is set by discounting contractual cash flows based on the expected life of the asset. Cash flows include front-end fees and direct marginal transaction costs which are not paid directly by the customer, plus any residual value at the expiry of the asset's expected life.

Interest is recorded according to the effective interest method with respect to both balance sheet items carried at amortised cost and balance sheet items carried at fair value in the income statement, with the exception of front-end fees on loans at fair value, which are recorded when earned. Interest taken to income on

Accounting principles (continued)

impaired commitments corresponds to the effective interest rate on the written-down value.

Interest income on financial instruments classified as lending is included in "Net interest income".

Fees and commissions are included in the income statement when the services are rendered. Fees for the establishment of loan agreements are included in cash flows when calculating amortised cost and recorded under "Net interest income" using the effective interest method. Fees that are incurred when establishing financial guarantees are included in the valuation and recorded over the term of the contract under "Net gains on financial instruments at fair value". "Net other operating income" includes among others fees and commissions relating to money transfers, asset management, including success fees, credit broking, real estate broking, corporate finance, securities services, insurance products and lease income from investment properties. Fees and commissions are recorded in the income statement when the services are rendered. Success fees are recorded when the fees with a high degree of certainty have been earned and can be measured in a reliable manner.

Dividends on investments are recognised from the date the dividends were approved at the general meeting.

7. FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and liabilities are recorded in the balance sheet at the time the Group becomes a party to the instruments' contractual obligations.

Derecognition of financial assets

The Group enters into agreements whereby assets are transferred to counterparties, though parts of or the entire risk and returns associated with the ownership are retained by the Group. If the major part of risk and returns is retained, the financial asset is not derecognised, but recorded at a value limited to the Group's continuing involvement. Such agreements could entail the transfer of a loan portfolio where the Group retains the risk and returns associated with the transferred portfolio by guaranteeing for all risks in the portfolio or entering into a total return swap.

When entering into agreements where neither the return nor the risk is retained or transferred to the counterparty, the asset will be derecognised if the Group has relinquished control of the asset. The Group's rights and obligations relating to the transferred asset are recorded as separate assets and liabilities in the balance sheet. In cases where the Group has retained control of the asset, the asset is recorded at an amount limited the Group's continuing involvement in the asset.

Derecognition of financial liabilities

Financial liabilities are derecognised at the time the rights to the contractual obligations have been fulfilled or cancelled or have expired.

Repurchase and reverse repurchase agreements

Securities which have been purchased under an agreement to resell and securities sold under an agreement to repurchase are generally not recognised and derecognised, as the risk and returns are normally not taken over or transferred. Such transactions primarily involve fixed-income securities.

Securities received, including securities received as collateral, are registered off the balance sheet irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group will record an obligation in the balance sheet. See note 35 Securities received which can be sold or repledged.

Transferred securities which the recipient is entitled to sell or repledge, are reported as securities in the Group's balance sheet and are specified in note 34 Repurchase agreements and securities lending.

Securities borrowing and lending agreements

Transactions mainly include equity borrowing or lending. Agreements on securities borrowing and lending are generally based on collateral in the form of cash or securities.

Equities which have been received or transferred in such transactions, are generally not recognised and derecognised, as risks and returns associated with ownership of the assets are normally not taken over or transferred.

Equities received, including equities received as collateral, are registered off the balance sheet irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group will record an obligation in the balance sheet. See note 35 Securities received which can be sold or repledged.

Transferred equities and equities received as collateral which the recipient is entitled to sell or repledge, are reported as equities or securities in the Group's balance sheet and are specified in note 34 Repurchase agreements and securities lending.

Classification and presentation

On initial recognition financial assets are classified in one of the following categories according to the type of instrument and the purpose of the investment:

- financial assets held for trading and derivatives carried at fair value with changes in value recognised in profit or loss
- financial instruments designated as at fair value with changes in value recognised in profit or loss
- financial derivatives designated as hedging instruments
- loans and receivables, carried at amortised cost
- held-to-maturity investments, carried at amortised cost

On initial recognition financial liabilities are classified in one of the following categories:

- financial liabilities held for trading and derivatives carried at fair value with changes in value recognised in profit or loss
- financial liabilities designated as at fair value with changes in value recognised in profit or loss
- financial derivatives designated as hedging instruments
- other financial liabilities carried at amortised cost
- issued financial guarantees

Guidelines for classification in the various portfolios of the DnB NOR Group are given below.

Financial assets and liabilities in the trading portfolio

Financial instruments in the trading portfolio are recorded at fair value excluding transaction costs. Fair value will normally be the transaction price, unless a different value can be justified based on observable market transactions. See the paragraph below on determining fair value at subsequent valuation.

Changes in value of the financial instruments are included under "Net gains on financial instruments at fair value" in the income statement. Interest income and expenses on fixed-income securities are included under "Net interest income" using the effective interest method.

Changes in value of financial instruments within life insurance are included under "Net gains on assets in Vital".

Financial derivatives are presented as an asset if the market value is positive and as a liability if there is a negative market

Accounting principles (continued)

value.

The trading portfolio mainly includes financial assets in DnB NOR Markets and financial derivatives excluding derivatives used for hedging. In addition, the portfolio includes securities issued and deposits where instruments are used actively in interest rate and liquidity management and have a short remaining maturity.

Financial assets and liabilities designated as at fair value with changes in value recognised in profit or loss

Financial instruments in the portfolio are recorded at fair value excluding transaction costs. Fair value will normally be the transaction price, unless a different value can be justified based on observable market transactions. See the paragraph below on determining fair value at subsequent valuation. Financial instruments are classified in this category if one of the following criteria is fulfilled:

- The classification eliminates or significantly reduces measurement inconsistency that would otherwise have arisen from measuring financial assets or liabilities or recognising the gain and losses on them on different bases
- The financial instruments are part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Changes in value of the financial instruments are included under "Net gains on financial instruments at fair value" in the income statement. Interest income and expenses relating to loans designated as at fair value and other fixed-income securities are included under "Net interest income".

Changes in value of financial instruments within life insurance are included under "Net gains on assets in Vital".

These portfolios include commercial paper and bonds, equities, fixed-rate loans in Norwegian kroner, financial assets – customers bearing the risk, current financial assets within life insurance, fixed-rate securities issued in Norwegian kroner, such as index-linked bonds and equity-linked bank deposits and other fixed-rate deposits in Norwegian kroner.

Financial derivatives designated as hedging instruments

See item 8 Hedge accounting.

Loans and receivables carried at amortised cost

Loans and receivables carried at amortised cost are recorded at the transaction price plus direct transaction costs. Recording and subsequent measurement follow the effective interest method. The effective interest method is described under item 6 Recognition in the income statement.

Upon subsequent measurement, amortised cost is set at the net present value of contractual cash flows based on the expected life of the financial instrument, discounted by the effective interest rate.

Interest income on financial instruments classified as lending is included under "Net interest income" using the effective interest method.

A decrease in value on the balance sheet date based on objective indications of impairment for loans valued at amortised cost and in the portfolios of fixed-rate loans measured at fair value, are reflected in "Write-downs on loans and guarantees".

Other changes in value of the portfolios of fixed-rate loans measured at fair value, and changes in value of loans included in the trading portfolio are included under "Net gains on financial instruments at fair value".

Held-to-maturity investments carried at amortised cost

Held-to-maturity investments are carried at amortised cost and recorded at the transaction price plus direct transaction costs. Recording and subsequent measurement follow the effective interest method. The effective interest method is described under item 6 Recognition in the income statement.

Upon subsequent measurement, amortised cost is set at the net present value of contractual cash flows based on the expected life of the financial instrument, discounted by the effective interest rate.

Interest income relating to the instruments is included under "Net interest income".

In 2008, the Group reclassified the liquidity portfolio in DnB NOR Markets from a trading portfolio to the held–to-maturity category.

Other financial liabilities carried at amortised cost

Financial liabilities carried at amortised cost are recorded at the transaction price less direct transaction costs.

Interest expenses on such instruments are included under "Net interest income" using the effective interest method.

This category includes deposits from customers and credit institutions, commercial paper issued, bonds, subordinated loan capital and perpetual subordinated loan capital securities.

Issued financial guarantees

Contracts resulting in the Group having to reimburse the holder for a loss incurred because a specific debtor fails to make payment when due, are classified as issued financial guarantees.

On initial recognition, issued financial guarantees are recorded at the consideration received for the guarantee.

Issued financial guarantees are subsequently measured at the higher of the consideration received for the guarantee excluding any amortised amounts recorded in the income statement and the best estimate of the consideration due if the guarantee is honoured.

When issuing financial guarantees, the consideration for the guarantee is recorded under "Provisions" in the balance sheet. Except for individually identified impaired commitments, any changes in the carrying amount of financial guarantee contracts issued are recorded as "Net gains on financial instruments at fair value". Changes in the value of such guarantee contracts are recorded under "Net write-downs on loans and guarantees".

Reclassification

Non-derivative financial assets may be reclassified from the held-for-trading category to the held-to-maturity or available-for-sale categories according to specific rules if the financial asset is no longer held for sale or repurchase in the near term.

Equity instruments and fixed-income securities that have quoted prices in an active market can be reclassified only in rare and extraordinary circumstances.

Fixed-income securities that do not have quoted prices in an active market, may be reclassified from the held-for-trading category to the loans and receivables category if the Group has the intention and ability to hold the financial assets for the foreseeable future or until maturity. If, after the reclassification, the Group increases its estimates for future cash receipts as a result of increased recoverability of those cash receipts, the effect of the increase will be recognised as an adjustment to the effective interest rate from the date the estimate was changed.

The Group will consider reclassifications based on the individual financial instruments. The earliest reclassification date will be the date when the asset is reclassified out of the trading category. The fair value of the financial asset on the reclassification date will be

Accounting principles (continued)

the new acquisition cost or amortised cost.

In 2008 the Group reclassified the liquidity portfolio in DnB NOR Markets from fair value through profit or loss to the held–to-maturity category. No reclassifications were made in 2010.

Determination of fair value

Fair value is the amount for which an asset could be traded, or a liability settled, in a transaction between independent parties. Financial assets and liabilities are measured at bid or asking prices respectively. Derivatives which are carried net, are recorded at mid-market prices on the balance sheet date.

Instruments traded in an active market

With respect to instruments traded in an active market, quoted prices are used, obtained from a stock exchange, a broker or a price-setting agency.

A market is considered active if it is possible to obtain external, observable prices, exchange rates or interest rates and these prices represent actual and frequent market transactions.

Most of the DnB NOR Group's financial derivatives, e.g. forward currency contracts, forward rate agreements (FRAs), interest rate options, currency options, interest rate swaps and interest rate futures, are traded in an active market. In addition, some investments in equities and commercial paper and bonds are traded in active markets. If no prices are quoted for the instrument in its entirety, but for the components, it is decomposed and valued on the basis of quoted prices on the individual components. Transactions with customers which are not directly observable in the market, are measured based on trades in other comparable markets and may be adjusted by adding a margin or changing the credit risk.

Instruments not traded in an active market

Financial instruments not traded in an active market are valued according to different valuation techniques and are divided into two categories:

Valuation based on observable market data:

- recently observed transactions in the relevant instrument between informed, willing and independent parties
- instruments traded in an active market which are substantially similar to the instrument that is valued
- other valuation techniques where key parameters are based on observable market data.

Valuation based on other factors than observable market data:

- estimated cash flows
- valuation of assets and liabilities in companies
- models where key parameters are not based on observable market data
- possible industry standards.

When using valuation techniques, values are adjusted for credit and liquidity risk. Valuations are based on pricing of risk for similar instruments.

Impairment of financial assets

On each balance sheet date, the Group will consider whether there are objective indications that the financial assets have decreased in value. A financial asset or group of financial assets is written down if there are objective evidence of impairment. Objective evidence of a decrease in value include serious financial problems on the part of the debtor, non-payment or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other special circumstances that have occurred.

Individual write-downs on loans and guarantees

If objective indications of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the effective interest rate. Renegotiation of loan terms to ease the position of the borrower qualifies as objective indications of impairment. In accordance with IAS 39, the best estimate is used to assess future cash flows. The effective interest rate used for discounting is not adjusted to reflect changes in the credit risk and terms of the loan due to objective indications of impairment being identified.

Individual write-downs on loans reduce the value of the commitments in the balance sheet. Changes in the assessed value of loans during the period are recorded under "Write-downs on loans and guarantees". Interest calculated according to the effective interest method on the written-down value of the loan is included in "Net interest income".

Collective write-downs on loans

Loans which have not been individually evaluated for impairment, are evaluated collectively in groups. Loans which have been individually evaluated, but not written down, are also evaluated in groups.

The evaluation is based on objective evidence of a decrease in value that has occurred on the balance sheet date and can be related to the group.

Loans are grouped on the basis of similar risk and value characteristics in accordance with the division of customers into sectors or industries and risk categories. The need for write-downs is estimated per customer group based on estimates of the general economic situation and loss experience for the respective customer groups.

Collective write-downs reduce the value of the commitments in the balance sheet. For loans, changes during the period are recorded under "Write-downs on loans and guarantees". Like individual write-downs, collective write-downs are based on discounted cash flows. Cash flows are discounted on the basis of statistics derived from individual write-downs. Interest is calculated on commitments subject to collective write-downs according to the same principles and experience base as for commitments evaluated on an individual basis.

Repossession of assets

Assets which are repossessed as part of the management of non-performing and impaired commitments, are recorded at fair value at the time of acquisition. Such assets are recorded in the balance sheet according to the nature of the asset. Subsequent valuations and classification of the impact on profits follow the principles for the relevant balance sheet item.

8. HEDGE ACCOUNTING

The Group enters into hedging transactions to manage interest rate risk on long-term borrowings and deposits in foreign currencies. These transactions are recorded as fair value hedges.

When instruments are individually hedged, there is a clear, direct and documented correlation between changes in the value of the hedged item resulting from the hedged risk and changes in the value of the financial derivative (hedging instrument).

Upon entering into the hedge relationship, the correlation between the hedged item and the hedging instrument is documented. In addition, the goal and strategy underlying the hedging transaction are documented. Changes in fair value related to the hedged risk of the hedged item and instrument are evaluated periodically to ensure the necessary hedge effectiveness. Hedging instruments are recorded at fair value and included under "Net

Accounting principles (continued)

gains on financial instruments at fair value" in the income statement.

Changes in the fair value of the hedged item attributable to the hedged risk will be recorded as an addition to or deduction from the balance sheet value of financial liabilities and assets and recorded under "Net gains on financial instruments at fair value" in the income statement.

If the hedge relationship ceases or adequate hedge effectiveness cannot be verified, the change in value of the hedged item is amortised over the remaining maturity.

DnB NOR Bank ASA undertakes fair value hedging of investments in subsidiaries to eliminate the currency risk on the invested amount. Hedging transactions are in the form of currency swaps or long-term borrowings in foreign currency. In the consolidated accounts, the hedge relationships are recorded as hedging of net investments in international operations.

9. OFFSETTING

Financial assets and financial liabilities are offset and the net amount recorded in the balance sheet only when the Group has a legally enforceable right to set off the amounts and when the Group intends to settle on a net basis. Income and costs are not offset unless such action is required or permitted under IFRS.

10. LEASING

A lease is classified as a finance lease if it transfers substantially the risks and rewards incident to ownership. Other leases are classified as operational leases.

DnB NOR as lessor

Operational leases

Operating leases are leases where a not insignificant share of the risk and rewards relating to the investment in the leased object accrues to DnB NOR at the end of the lease period. Operating assets are recorded as machinery, fixtures and fittings and means of transport. Income from operating leases is recognised over the lease term on a straight-line basis. Depreciation in the accounts is classified as ordinary depreciation.

Financial leases

Finance leases are classified as lending and at the inception of the lease, its value is set at an amount equal to the net investment in the lease. The net investment represents minimum lease payments, unguaranteed residual values and any direct expenses incurred by the lessor in negotiating the lease, discounted by the implicit interest rate (internal rate of return). Leasing income is recorded according to the annuity method, where the interest component is recorded under "Net interest income" while instalments reduce the balance sheet value of lending.

DnB NOR as lessee

Operational leasing

Lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of DnB NOR's use of the asset.

11. INVESTMENT PROPERTY AND FIXED ASSETS

Properties held to generate profits in customer portfolios through rental income or for an increase in value, are classified as investment property.

Other tangible assets are classified as fixed assets.

On initial recognition, investment properties are measured at cost including acquisition costs. In subsequent periods, investment properties are recorded at fair value. No annual depreciation is made on investment property. Internal and external expertise is used for valuations. A selection of external appraisals are obtained and compared with internal valuations. Sensitivity tests are carried out for various estimates of parameter values included in an overall evaluation. Changes in value of investment property excluding property managed by Vital are recorded under "Other income" in the income statement. Changes in value of investment property within life insurance are recorded under "Net gains on assets at fair value in Vital".

Other tangible assets are recorded at cost less accumulated depreciation and write-downs. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalised on the relevant assets when it is probable that future economic benefits associated with the expenditure will flow to the Group and can be measured reliably. Expenses for repairs and maintenance are recorded in the income statement as they occur.

Fixed assets held for sale are recorded at the lower of balance sheet value and fair value, excluding selling expenses.

The residual values and useful lives of the assets are reviewed annually and adjusted if required. Gains and losses on the sale of fixed assets are recorded under "Net gain on fixed and intangible assets" in the income statement.

12. INTANGIBLE ASSETS

Goodwill

An annual impairment test is made for all cash-generating units for goodwill. If there is objective evidence of a decrease in value during the year, a new test will be carried out in order to verify whether values are intact. The test is based on the units' value in use for the Group.

The choice of cash-generating unit is based on where it is possible to identify and separate cash flows relating to operations. A cash-generating unit may include goodwill from several transactions, and the impairment test is carried out on the unit's total recorded goodwill.

The tests are based on historical results and available budgets and plan figures approved by management. On the basis of plan figures for the cash-generating units, a future cash flow is estimated, defined as the potential return to the owner. The return includes profits from operations adjusted for the need to build sufficient capital to meet prevailing capital adequacy requirements. Higher capital requirements due to expanded operations could make it necessary to retain part of the profits or to inject more capital from the owner, if profits from operations are not adequate to build the necessary capital. Beyond the plan period, which in most cases is three years, cash flow trends are assumed to reflect market expectations for the type of operations carried out by the cash-generating unit.

The required rate of return is based on an assessment of the market's required rate of return for the type of operations carried out by the cash-generating unit. The required rate of return reflects the risk of the operations. Goodwill from the acquisition of companies generating cash flows in foreign currencies is translated at rates of exchange ruling on the balance sheet date.

Development of IT systems and software

Acquired software is recorded at cost with the addition of expenses incurred to make the software ready for use. Identifiable costs for internally developed software controlled by the Group where it is probable that economic benefits will cover development expenses at the balance sheet date, are recorded as intangible assets. When assessing balance sheet values, the economic benefits are evaluated on the basis of profitability analyses. Development expenses include expenses covering pay to employees directly involved in the project, materials and a share of directly related

Accounting principles (continued)

overhead expenses. Expenses relating to maintenance of software and IT systems are charged to the income statement as they occur. Software expenses recorded in the balance sheet are depreciated according to a straight line principle over their expected useful life, usually five years. The need for impairment testing is considered according to the principles described below.

13. IMPAIRMENT OF FIXED AND INTANGIBLE ASSETS

On each reporting date and if there is any indication of a decrease in value of fixed and intangible assets, the recoverable amount of the asset is calculated to estimate possible impairment needs.

The recoverable amount represents the higher of an asset's fair value less costs to sell and its value in use. If the asset's recorded value exceeds the estimated recoverable amount, the asset is immediately written down to its recoverable amount. See note 41 Goodwill and intangible assets with an indefinite useful life, for a description of impairment testing.

The Group uses the following criteria to consider whether there are indications that an asset has been impaired:

- a decline in the asset's market value
- changes in the long-term return requirement which may affect the discount rate used in the calculation of the asset's value in use
- plans to restructure or liquidate the asset
- the asset generates less income than anticipated.

14. PENSIONS

Defined benefit occupational pension schemes

In a defined benefit scheme, the employer is committed to paying future specified pension benefits.

The basis for calculating pension expenses is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Expenses are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to pensions.

Pension commitments which are administered through life insurance companies, are matched against funds within the scheme. When total pension funds exceed estimated pension commitments on the balance sheet date, the net value is classified as an asset in the balance sheet if it has been rendered probable that the overfunding can be utilised to cover future commitments. When pension commitments exceed pension funds, the net commitments are classified under liabilities in the balance sheet. Each scheme is considered separately.

Pension commitments which are not administered through life insurance companies, are recorded as liabilities in the balance sheet.

Pension commitments represent the present value of estimated future pension payments which in the accounts are classified as accumulated on the balance sheet date. The calculation of pension commitments is based on actuarial and economic assumptions about life expectancy, rise in salaries and early retirement. The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.

Deviations in estimates are recorded in the income statement over the average remaining service period when the difference exceeds the higher of 10 per cent of pension funds and 10 per cent of pension commitments.

The financial effects of changes in pension schemes are recorded as income or charged to expense on the date of the change, unless the rights under the new pension scheme are conditional on the employee remaining in service for a specified period.

Pension expenses are based on assumptions determined at the start of the period. Pension expenses are classified as personnel expenses in the income statement. Employer's contributions are included in pension expenses and pension commitments.

The Group's life insurance company, Vital Forsikring ASA, largely administers the Group's pension schemes in Norway. No eliminations are made with respect to the Group's pension commitments and pension funds or for pension expenses and premium income in the income statement.

Defined contribution occupational pension schemes

Under defined contribution pension schemes, the Group does not commit itself to paying specified future pension benefits, but makes annual contributions to the employees' group pension savings. Future pensions will depend on the size of annual contributions and the annual return on pension savings. After paying annual contributions, the Group thus has no further commitments linked to employees' work performance. Thus, no allocations are made for accrued pension commitments in such schemes. Defined contribution pension schemes are charged directly to the income statement.

15. INCOME TAX

Taxes for the year comprise payable taxes for the financial year, any payable taxes for previous years and changes in deferred taxes on temporary differences. Temporary differences are differences between the recorded value of an asset or liability and the taxable value of the asset or liability. The most significant temporary differences refer to pensions, depreciation of fixed assets and properties, impairment losses for goodwill and revaluations of certain financial assets and liabilities. Deferred taxes are calculated on the basis of tax rates and tax rules that are applied on the balance sheet date or are highly likely to be approved and are expected to be applicable when the deferred tax asset is realised or the deferred tax liability settled.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilised. Deferred taxes and deferred tax assets in the tax group are recorded net in DnB NOR's balance sheet.

Payable and deferred taxes are recorded against equity if the taxes refer to items recorded against equity during the same or in previous periods.

16. LIABILITIES TO POLICYHOLDERS

Products offered by Vital include group pension insurance, group association insurance, individual endowment insurance, individual annuity and pension insurance, products with a choice of investment profile and group life insurance. In addition, Vital offers individual risk non-life insurance, mainly statutory occupational injury insurance and appurtenant coverage.

Technical insurance reserves in life insurance

Technical insurance reserves, as defined in the Act on Insurance Activity, include the premium reserve, additional allocations, the securities adjustment reserve, the claims reserve, the risk equalisation fund, the administration reserve and other technical reserves. In addition, the premium fund, deposit fund and the pensioners' surplus fund are included in insurance provisions. Apart from the risk equalisation fund and the administration reserve, which are classified as equity, all insurance provisions

Accounting principles (continued)

are classified as liabilities to policyholders.

The premium reserve is a reserve to secure future insurance liabilities to policyholders and insured persons. The premium reserve represents the technical cash value, i.e. the net present value, of the company's total insurance liabilities including costs, less the cash value of future agreed premiums.

Additional allocations are a conditional allocation to policyholders where changes during the year are recognised in the income statement. The Insurance Act includes stipulations on the use and volume of additional allocations. According to these stipulations, maximum additional allocations per contract cannot exceed 12 per cent of the premium reserve for the contract. Actual allocations for the individual years are determined in connection with year-end adjustments. Additional allocations can be used to cover any rate-of-return shortfall if the annual return is lower than the guaranteed return.

The securities adjustment reserve represents the sum total of unrealised gains on current financial assets included in the common portfolio. If the portfolio of current financial assets shows a net unrealised loss, the securities adjustment reserve is set at zero. Additional unrealised losses are reflected in the income statement.

The claims reserve shall cover the company's anticipated indemnity payments for insurance claims which have not been settled or advanced against the company at the end of the accounting year. The claims reserve represents only the funds that would have been disbursed during the accounting year if the processing of the insurance claims had been completed.

The risk equalisation fund can be used to cover negative risk results and to strengthen premium reserves in connection with changes in demographic assumptions in the calculation base. Each year, up to 50 per cent of the company's total risk result can be allocated to the risk equalisation fund. The annual return is reviewed in connection with year-end adjustments. The risk equalisation fund is classified as equity in the balance sheet.

The premium fund contains premiums prepaid by policyholders within individual and group pension insurance. A share of annual profits is allocated to the pensioners' surplus fund. The fund is used to strengthen the premium reserve for pensioners in connection with adjustments in pension payments.

The administration reserve shall cover costs resulting from claims settlements after a possible dissolution of the company. The reserve is not considered to be associated with the insurance company's insurance risk relating to existing or future policyholders and should be classified as retained earnings.

Liabilities, customers bearing the risk

Allocations relating to insurance liabilities for which customers bear the risk represent the market value of invested policyholders' funds at any given time. The reserve covers a share of the surplus on the risk result and the guaranteed rate of return on the portfolio of products with a choice of investment profile and should correspond to expected payments from the company to customers reaching retirement age.

Assessment of liabilities to policyholders

Liabilities should be in reasonable proportion to the associated risk. This is ensured through continual monitoring of existing contracts. Furthermore, all premium rates prepared by the company shall be reported to Finanstilsynet, which has overall responsibility for controlling that adequate premiums are applied. Prevailing premium rates are continually reviewed.

With respect to group pension insurance, the basis for calculating premium reserves was changed on 1 January 2008, including new assumptions for life expectancy and marital status. With respect to existing individual pension insurance contracts, the calculation base has been changed due to new assumptions for life expectancy. The changes will be financed according to an escalation plan approved by Finanstilsynet for a period starting on 1 January 2009 and ending on 31 December 2012. The basis for calculating disability risk is more recent, taking account of the increase in disability registered in society at large. The base rate is used to calculate the present value of future premiums, payments and insurance provisions. The maximum base rate is stipulated by Finanstilsynet, based on the yield on long-term government bonds. As from 1 January 2012, the maximum base rate will be 2.5 per cent for rights earned in the future.

Adequacy test

The Group carries out a quarterly adequacy test to assess whether its premium reserves are adequate to cover its liabilities to policyholders. The test is described in more detail in Note 18 Insurance risk.

Recording of changes in liabilities to policyholders

Insurance premiums and insurance settlements are recorded by the amounts earned and accrued during the year. Accrual of premiums earned takes place through allocations to the premium reserve in the insurance fund.

Insurance contracts transferred from other companies are recognised at the time the insurance risk is taken over. If the risk is transferred as at 31 December, it is reflected in the accounts for the subsequent year. Transfer amounts include the policies' shares of additional allocations, the securities adjustment reserve and profits for the year.

The item "Net gains on assets in Vital" includes returns and gains less all losses, adjusted for allocations to or elimination of the securities adjustment reserve.

The item "Guaranteed returns and allocations to policyholders in Vital" includes the company's guaranteed rate of return on policyholders' funds plus policyholders' share of profits including transfers to additional allocations.

Premium income and insurance settlements comprise the elements used as a basis for calculating the risk result. The share of payments from policyholders allocated to the insurance funds is recorded in the balance sheet.

Administrative expenses are charged to policyholders through premium payments, returns and the dissolution of reserves. Total charges for policyholders are included in "Commissions and fees receivable etc.". Operating expenses and commission expenses are recorded in the group accounts according to type.

Technical insurance reserves in non-life insurance

Technical insurance reserves are assessed pursuant to the Act on Insurance Activity with appurtenant regulations. Finanstilsynet has formulated separate minimum requirements for the various reserve categories, which include the reserve for unearned gross premiums, the gross claims reserve, the security reserve and the administration reserve.

The reserve for unearned gross premiums represents accrual accounting of premiums written. The reserve relates to the unearned parts of the premiums written.

The claims reserve shall cover anticipated future compensation payments for claims which have been incurred, but not been fully settled on the balance sheet date. This includes both reported but not settled claims (RBNS) and incurred but not reported claims (IBNR). Reserves relating to known claims are assessed individually by the settlement team, while IBNR reserves are based on empirical data, using statistical models to estimate the scope of

Accounting principles (continued)

subsequent claims.

The premium reserve and the claims reserve shall cover the Group's anticipated compensation payments arising from existing insurance contracts. The security reserve shall protect the company against unforeseen developments in compensation payments. The total of the premium, claims and security reserves shall, at a confidence level of 99 per cent, in accordance with statistical calculations, cover the company's obligations on the reporting date.

Recognition in the income statement

"Premium income DnB NOR Skadeforsikring" includes premium income for own account. Insurance premiums are recorded as income in accordance with the insurance period.

"Insurance claims etc. DnB NOR Skadeforsikring" includes the cost of claims for own account and changes in the security reserve. The cost of claims comprises paid gross compensation payments and changes in gross claims reserves, excluding the reinsurance share.

17. SEGMENTS

Segment reporting is based on internal management reporting and resource allocation.

The income statement and balance sheets for segments have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Group into business areas. Figures for the business areas are based on DnB NOR's management model and the Group's accounting principles. The figures are based on a number of assumptions, estimates and discretionary distribution. See note 3 Segments.

The operational structure of DnB NOR includes four business areas and four staff and support units. 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.

According to DnB NOR's management model, the business areas are independent profit centres with responsibility for meeting requirements for return on allocated capital. All of the Group's customer activities are divided among the business areas, along with the related balance-sheet items, income and expenses.

Excess liquidity and liquidity deficits in the business areas are placed in or borrowed from the Group Treasury at market terms, where interest rates are based on duration and the Group's financial position.

When business areas cooperate on the delivery of financial services to customers, internal deliveries are based on market prices or simulated market prices according to agreements. In certain cases where it is particularly difficult to find relevant principles and prices for the distribution of items between two cooperating business areas, DnB NOR has chosen to show net contributions from each transaction in both business areas. The impact on profits is eliminated at group level.

Services provided by group services and staff units are charged to the business areas in accordance with service agreements. Joint expenses, which are indirectly linked to activities in the business areas, are charged to the business areas' accounts on the basis of distribution formulas.

A number of key functions along with profits from activities not related to the business areas' strategic operations are entered in the accounts under the Group Centre. This item comprises income and expenses relating to the Group's liquidity management, income from investments in equity instruments not included in the trading portfolio and interest income on the Group's unallocated capital. Further entries include ownership-related expenses and income from the management of the bank's real estate portfolio.

Return on capital is estimated on the basis of internal measurement of risk-adjusted capital requirements.

Note 3 Segments also shows a geographic breakdown of operations, including DnB NORD and other international operations.

18. RESTRUCTURING

If restructuring plans that change the scope of operations or the way operations are carried out are approved and communicated, the need for restructuring provisions will be considered. The provisions are reviewed on each reporting date and will be reversed as expenses are incurred.

19. CASH FLOW STATEMENTS

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice. The cash flow statement has been prepared in accordance with the direct method.

20. EQUITY AND CAPITAL ADEQUACY

Proposed dividends

Proposed dividends are part of equity until approved by the general meeting. Proposed dividends are not included in capital adequacy calculations.

Capital adequacy

The Basel II capital adequacy rules entered into force on 1 January 2007.

Capital adequacy calculations are subject to special consolidation rules governed by the Consolidation Regulations. Primary capital and nominal amounts used in calculating risk-weighted volume will deviate from figures in the DnB NOR Group's accounts, as associated companies which are presented in the accounts according to the equity method are included in capital adequacy calculations according to the gross method. Valuation rules used in the statutory accounts form the basis for the consolidation.

21. APPROVED STANDARDS AND INTERPRETATIONS THAT HAVE NOT ENTERED INTO FORCE

IFRS 9 – Financial Instruments

In the new IFRS 9, the number of measurement categories for financial assets is reduced from four to two, amortised cost and fair value. It will still be possible to use the fair value option for financial instruments which initially must be recorded at amortised cost if fair value measurement will reduce or eliminate measurement inconsistency. It will no longer be permissible to record unquoted equity instruments at cost.

With respect to financial obligations designated as at fair value, changes in fair value due to changes in credit risk should be recorded against other comprehensive income.

In order for a financial instrument to be measured at amortised costs, the instrument must have basic features in common with loans and be managed on a contractual cash flow basis. If the criteria for measuring the financial instrument at amortised cost are not met, the instrument must be measured at fair value.

The new standard requires a review of the existing classification of all financial instruments in the Group's balance sheet.

As a rule, loans to customers that are currently measured at amortised cost can still be measured at amortised cost according to the new rules.

Equities and financial derivatives will still be measured at fair value.

Commercial paper and bonds held for trading will be measured

Accounting principles (continued)

at fair value. The Group may consider measuring commercial paper and bonds classified as held-to-maturity at amortised cost if it intends to collect the instruments' contractual cash flows. Contract terms and the Group's business model must be considered specifically for each instrument.

Equity instruments will not meet the terms for measurement at amortised cost. According to the new standard, unquoted equity instruments cannot be measured at cost. The amendment will not affect the measurement of the Group's equity instruments, as these are measured at fair value.

The Group will consider the effects of the new IFRS 9. To be able to make an overall assessment of the accounting effects of the new classification and measurement of the Group's financial instruments, it is considered prudent to await the completion of all stages of the project leading up to the new IFRS 9.

The entry into force of IFRS 9 has been delayed, and it remains uncertain when the standard will receive EU approval.

Amendments to IFRS 7 – New note information for derecognition of financial instruments
The amendments will require note information about financial instruments which are derecognised, but where the entity has a continuing involvement in the asset, e.g. through guarantees, options etc. For example, note information may be relevant in connection with the Group's repo transactions and securities lending transactions. The amendments to IFRS 7 will enter into force on 1 July 2011 and are expected to receive EU approval in the second quarter of 2011. The Group will apply the amendments to IFRS 7 as from 1 January 2012.

Amendments which are not expected to have a significant impact on the Group's use of accounting principles or note information:

Amendments to IAS 12 – Income Taxes
The amendments imply that deferred tax on investment property carried at fair value according to IAS 40 – Investment Property, as a rule should be determined based on the presumption that the carrying amount of the asset will be recovered through sale rather than use.

The amendments also apply to non-depreciable assets recorded at fair value according to the rules in IAS 16 – Property, Plant and Equipment. The amendments to IAS 12 will enter into force on 1 January 2012 and are expected to receive EU approval in the third quarter of 2011.

IAS 24 – Related Party Disclosures (revised)
The revised standard clarifies and simplifies the definition of related parties.

Amendments to IAS 32 – Classification of Rights Issues
The definition of financial obligations has been changed, whereby issued rights and certain options and warrants are classified as equity instruments. The amendments entered into force on 1 February 2010 with effect from 1 January 2011.

Amendments to IFRIC 14 and IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
The amendments imply that companies subject to a minimum funding requirement for a pension scheme may record prepayments of premiums due in a defined benefit pension scheme. The amendments entered into force on 1 January 2011.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
The interpretation gives guidance for accounting for transactions when a company settles all or parts of its financial obligations through the issue of equity instruments. The interpretation entered into force on 1 July 2010 with effect from 1 January 2011.

Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
The first amendment provides guidance on how companies should resume financial reporting in situations where their functional currency is, or has been, subject to severe hyperinflation, whereby the company has been unable to comply with the requirements in IAS 29 – Financial Reporting in Hyperinflationary Economies on the restatement of financial information. The second amendment removes the fixed dates in IFRS for derecognition and day 1 gains, replacing them with the date of transition to IFRS. The amendments to IFRS will enter into force on 1 July 2011 and are expected to receive EU approval in the third quarter of 2011.

IASB's annual improvement project

The annual improvement project was issued in May 2010. It describes eleven amendments to six standards which will enter into force during 2011 and are expected to receive EU approval during the first quarter of 2011.

In IAS 34 Interim Financial Reporting, it is specified that movements of financial instruments between the levels of the fair value hierarchy provide the basis for presenting updated information in accordance with IFRS 7.

Note 1 Important accounting estimates and discretionary assessments

When preparing the consolidated accounts, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied. In turn, this will affect the recorded values of assets and liabilities, income and expenses. Estimates and discretionary assessments are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date.

Write-downs on loans

If objective evidence of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the effective interest rate. Estimates of future cash flow are based on empirical data and discretionary assessments of future macroeconomic developments and developments in problem commitments, based on the situation on the balance sheet date. The estimates are the result of a process which involves the business areas and central credit units and represents management's best estimate. When considering write-downs on loans, there will be an element of uncertainty with respect to the identification of impaired loans, the estimation of amounts and the timing of future cash flows, including collateral assessments.

Individual write-downs

When estimating write-downs on individual commitments, both the current and the future financial positions of customers are considered. For corporate customers, the prevailing market situation is also reviewed, along with market conditions within the relevant industry and general market conditions which could affect the commitments. In addition, potential restructuring, refinancing and recapitalisation are taken into account. An overall assessment of these factors forms the basis for estimating future cash flow. The discount period is estimated on an individual basis or based on empirical data regarding the period up until a solution is found to the problems resulting in impairment of the commitment.

Collective write-downs

On each balance sheet date, commitments which have not been individually evaluated for impairment, are evaluated collectively in groups. Commitments which have been individually evaluated, but not individually written down, are also included in this category. Commitments are divided into customer groups on the basis of macroeconomic conditions which are assumed to have the same effect on the relevant customers. The expected future cash flow is estimated on the basis of expected losses and the anticipated economic situation for the respective customer groups. Expected losses are based on loss experience within the relevant customer groups. The economic situation is assessed by means of economic indicators for each customer group based on external information about the markets. Various parameters are used depending on the customer group in question. Key parameters are production gaps, which give an indication of capacity utilisation in the economy, housing prices and shipping freight rates. To estimate the net present value of expected future cash flows for commitments subject to collective write-downs, the observed discount effect estimated for the individually evaluated commitments is used.

Estimated impairment of goodwill

See note 41 for information regarding goodwill.

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using different valuation techniques. The Group considers and chooses techniques and assumptions that as far as possible are based on market conditions on the balance sheet date. When valuing financial instruments for which observable market data are not available, the Group will make assumptions regarding what it expects the market to use as a basis for valuing corresponding financial instruments. The valuations require a high level of discretion when calculating liquidity risk, credit risk and volatility. Changes in these factors could affect the established fair value of the Group's financial instruments. See also note 32 Financial instruments at fair value.

When determining the fair value of Private Equity, PE, funds, the industry's recognised guidelines for PE valuations are used. The industry standard has been prepared by the European Private Equity & Venture Capital Association, EVCA. The method is considered to represent the best basis for the best estimate of fair values for investments in not very liquid equity instruments. On the balance sheet date, the Group did not have access to valuations of PE funds as at 31 December 2010. Valuations in the consolidated accounts are thus based on valuations received for previous periods, adjusted for a time lag of approximately three months, in the reporting from the funds. The time lags are assessed based on a weighted index consisting of stock market parameters, using MSCI World as reference index, along with parameters for anticipated long-term returns on PE investments. If developments in the weighted quarterly index are within a determined reliability interval of –2.5/+7.5 percentage points, the portfolio value is adjusted by the parameter for anticipated long-term returns. If developments in the weighted quarterly index fall outside the reliability interval, a full valuation must be made relative to the weighted index. The method has been tested on historical data and is considered to have good prediction ability.

Valuation of properties within Vital Forsikring

The assumptions used in calculating the fair value of the property portfolio in Vital Forsikring can be found in note 38 Investment property.

Pension commitments

The net present value of pension commitments depends on current economic and actuarial assumptions. Any change made to these assumptions affects the pension commitments amount recorded in the balance sheet and pension expenses.

The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities. The type of pension fund investments and historical returns determine the expected return on pension funds. In the past, the average return on pension funds has been higher than the risk-free rate of interest as part of the pension funds has normally been placed in securities with slightly higher risk than government bonds. The estimated return is expected to be 1.4 percentage points higher than the risk-free interest rate.

Note 1 Important accounting estimates and discretionary assessments (continued)

Other fundamental assumptions for pension commitments include annual rise in salaries, annual rise in pensions and anticipated increase in the National Insurance basic amount (G). The assumptions are based on the updated guidance notes on pension assumptions issued by the Norwegian Accounting Standards Board. A sensitivity analysis is shown in note 27 Pensions.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant discretion is required in determining the income tax in the consolidated accounts. The final tax liability relating to many transactions and calculations will be uncertain. The Group recognises liabilities related to the future outcome of tax disputes based on estimates of additional taxes. When assessing the uncertain tax liabilities to be recognised in the balance sheet, the probability of the liability arising is considered. The liability is calculated on a best estimate basis. If the final outcome of the cases deviates from the originally allocated amounts, the deviations will affect income tax entered in the applicable period.

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Group will regularly be party to a number of legal actions. Any impact on the accounts will be considered in each case. See note 54 Off-balance sheet transactions, contingencies and post-balance sheet events.

The Norwegian government's stimulus package

The Norwegian government's stimulus package for the banks allows the banks to exchange covered bonds for Treasury bills. DnB NOR Bank ASA has purchased bonds from DnB NOR Boligkreditt which have been used as collateral for swap agreements with Norges Bank. The value of the collateral must exceed the value of the Treasury bills by a minimum safety margin throughout the contract period. At the end of the contract period, 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. From an accounting perspective, the Group is of the opinion that the terms for derecognition in IAS 39 have not been fulfilled, as the Group, through the swap agreements, retain the risk associated with changes in value of the bonds and other cash flows in the form of yields.

The interest rate paid by the banks in the swap scheme with Norges Bank is determined through auctions. In order to assess the fair value of the Group's existing funding through the swap scheme with Norges Bank, it is necessary to calculate the anticipated long-term yield on Treasury bills. The Group has thus made an assessment of the normal spread between the Treasury bill yield and NIBOR, based on developments in the interest rate market, which has been used when estimating the value of the funding as at 31 December 2010.

Transfer of loan portfolios

When transferring loan portfolios to, among others, Eksportfinans AS, the Group will consider whether the criteria for derecognition have been fulfilled in accordance with IAS 39. In cases where the Group retains the credit risk and margins relating to the loan portfolios, the risks and returns are not considered to be transferred to the counterparty, and the loan portfolios are retained in the Group's balance sheet. As at 31 December 2010, such portfolios totalled NOK 9 202 million.

Note 2 Changes in group structure

Merger between Nordito AS (Nordito) and PBS Holding AS (PBS)

DnB NOR Bank ASA previously had a 40 per cent ownership interest in Nordito AS. Operations in the Nordito Group included Teller AS and BBS (the Banks' Central Clearing House). PBS was engaged in the market for payment cards, payment solutions and exchange of payment information in Denmark. The merger was completed on 14 April 2010 with legal effect from 1 January 2009, with PBS as the acquiring company. After the merger, the company has changed its name to Nets. The Group has an 18.2 per cent ownership interest in Nets which is carried at fair value. In connection with the merger, BBS' properties in Oslo were demerged into a separate company, Nordito Property AS. DnB NOR has a 40 per cent ownership interest in the demerged company, which corresponds to its previous holding in Nordito. The ownership interest is accounted for by the equity method.

When calculating the gains generated by the transaction, the fair value of the total consideration received in the form of cash and shares in Nets and Nordito Property was assessed relative to the book value of the Nordito investment. The Group has received the following consideration:

- Consideration shares in Nets with an estimated fair value of NOK 1 226 million, plus dividend payments received of NOK 113 million.
- A 40 per cent ownership interest in Nordito Property AS. The fair value of the Group's holding was NOK 73 million.
- A cash consideration of NOK 168 million in connection with a reduction in capital in Nordito.
- A tax compensation of NOK 3 million relating to the transaction.

The total consideration was NOK 1 584 million, resulting in recorded gains for the DnB NOR Group of NOK 1 170 million. The merger between Nordito and PBS is a cross-border transaction and results in a taxable gain for Nordito's shareholders. 3 per cent of the shareholders' gains are recorded as income in accordance with the tax exemption model, whereby the gains are taxed at a rate of 0.84 per cent. The demerger of properties into Nordito Property AS was carried out in accordance with the tax continuity principle, whereby no tax is levied on Nordito or the DnB NOR Group.

Note 2 Changes in group structure (continued)

Acquisition of all shares DnB NORD

On 6 December 2010, DnB NOR Bank ASA entered into an agreement with Norddeutsche Landesbank (NORD/LB) to acquire NORD/LB's 49 per cent of the share capital in Bank DnB NORD A/S for a total of EUR 160 million. The agreement was finalised on 23 December 2010. According to IAS 27 Consolidated and Separate Financial Statements, the purchase of minority interests is regarded as an equity transaction which does not need to fulfil the same acquisition analysis requirements as an acquisition whereby the owner obtains a controlling interest. In principle, the values prior to the acquisition will be retained, and any deviation between the book value of the acquired assets and the purchase price will be reflected in the Group's equity. The book value of the minority interests in DnB NOR's accounts at end-September 2010 was EUR 245 million. Thus, the purchase price of EUR 160 million implied that the transaction, in isolation, increased other equity in the Group by EUR 85 million, while the minority interests of EUR 245 million were annulled. The purchase price of EUR 160 million corresponded to 59 per cent of the minority interest’s share of recorded equity in Bank DnB NORD at end-September 2010.

A total price of the shares lower than book value could be an indication of a possible decline in value of assets, which must be taken into account in impairment tests. In order to assess possible impairment losses, underlying units in DnB NORD were evaluated. No impairment losses on specific assets were identified. However, the analyses revealed that there is a significant differential between fair values and book values relating to functions at DnB NORD's head office in Copenhagen. The differential mainly concerns the capitalisation of the DnB NORD Group, administrative expenses which cannot be allocated to underlying units and the cost of hedging equity positions in subsidiaries. The calculation of the difference between fair value and book value relating to the head office in Copenhagen is based on the assumption that the organisational structure of DnB NORD will be the same as before the acquisition agreement was entered into. A restructuring of DnB NORD, transferring ownership of the subsidiaries to DnB NOR, will offer the opportunity to reduce negative aspects concerning capitalisation and also reduce the costs relating to administrative tasks in Copenhagen. The estimated value of the units in the Baltic region and Poland is in line with balance sheet values.

København Ejendomme Holding Aps (København Ejendomme) – newly established company

On 21 October 2010, Bovista, RC Real Estate, Nykredit, Bank DnB NORD and DnB NOR Bank entered into an agreement to settle an ongoing legal dispute, see note 54 Off-balance sheet transactions, contingencies and post-balance sheet events. The agreement was formally approved by the creditors on 5 November 2010, and the properties were taken over on 1 December. The property portfolio consists of 1 083 flats in prime location, mainly in central parts of Copenhagen.

The agreement implied that DnB NOR Bank purchased the property portfolio from the company in liquidation, Bovista, at fair value and paid an additional compensation to settle the dispute. The total amount paid was DKK 2 023 million. København Ejendomme has 22 wholly-owned subsidiaries, one for each of the acquired properties. The subsidiaries are organised as partnerships with one general partner each. The company structure includes a total of 45 companies. København Ejendomme is a wholly-owned subsidiary of DnB NOR Eiendomsutvikling AS, which is a wholly-owned subsidiary of DnB NOR Bank ASA. In the accounts, the properties are recorded as investment properties, which implies that they are carried at fair value.

Note 3 Segments

Business areas

The operational structure of DnB NOR includes four business areas and four staff and support units. Throughout 2010, DnB NOR owned 51 per cent of DnB NORD's operations. With effect from 23 December 2010, however, DnB NOR took over all shares in the company. Operations were organised under Large Corporates and International, but will still be regarded as a separate profit centre. The business areas are independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. DnB NOR's business areas comprised Retail Banking, Large Corporates and International, DnB NOR Markets and Insurance and Asset Management. From January 2010, organisational responsibility for DnB NOR Skadeforsikring and DnB NOR Luxembourg was transferred from Retail Banking to the business areas Insurance and Asset Management and Large Corporates and International, respectively. Figures for previous periods have been restated. The other business areas were not directly affected by the change.

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

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

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

Certain customers and transactions of major importance require extensive cooperation within the Group. To stimulate such cooperation, operating income and expenses relating to some of these customers and transactions are recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in DnB NOR Markets. With effect from 1 January 2010, the internal management reporting has been changed, whereby these double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", appurtenant costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". The net result of such transactions was previously included in other operating income. Double entries also include income from Insurance and Asset Management. Figures for 2009 have been adjusted correspondingly. Double entries are eliminated in the group accounts.

Note 3 Segments (continued)

Income statement **DnB NOR Group**

	Retail Banking		Large Corporates and International		DnB NOR Markets		Insurance and Asset Management		DnB NORD		Other operations/ eliminations [1]		DnB NOR Group	
Amounts in NOK million	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income - ordinary operations	13 643	14 425	5 884	5 333	928	1 100	(253)	(243)	1 383	1 462	1 851	556	23 436	22 633
Interest on allocated capital [2]	497	500	608	793	145	144	339	239	38	96	(1 627)	(1 771)	0	0
Net interest income	14 139	14 925	6 492	6 126	1 073	1 244	86	(5)	1 422	1 559	224	(1 216)	23 436	22 633
Profit from companies accounted for by the equity method	(56)	4	34	86	0	0	0	0	(6)	0	207	2	180	93
Other operating income	3 557	3 319	1 116	1 186	4 398	5 999	4 116	3 587	632	683	2 157	126	15 976	14 901
Income attributable to product suppliers	1 263	1 336	2 006	2 032	0	0	0	0	0	0	(3 269)	(3 368)	0	0
Net other operating income	4 764	4 660	3 157	3 304	4 398	5 999	4 116	3 587	627	684	(905)	(3 239)	16 156	14 994
Operating expenses	9 135	8 987	2 084	1 852	1 820	1 898	2 166	2 220	1 199	1 418	(150)	327	16 254	16 701
Depreciation and impairment of fixed and intangible assets	1 155	1 001	46	25	13	15	122	116	501	1 172	420	(119)	2 256	2 210
Cost attributable to product suppliers	675	770	806	749	0	0	0	0	0	0	(1 481)	(1 519)	0	0
Total operating expenses	10 965	10 758	2 935	2 627	1 833	1 913	2 288	2 335	1 700	2 589	(1 211)	(1 312)	18 511	18 911
Pre-tax operating profit before write-downs	7 938	8 826	6 713	6 803	3 638	5 331	1 913	1 247	348	(347)	530	(3 143)	21 081	18 717
Net gains on fixed and intangible assets	6	1	0	0	0	0	0	0	(15)	(13)	33	38	24	26
Write-downs on loans and guarantees [3]	1 225	1 586	586	1 128	0	0	0	0	1 813	3 929	(627)	1 067	2 997	7 710
Write-downs attributable to product suppliers	0	0	3	6	0	0	0	0	0	0	(3)	(6)	0	0
Pre-tax operating profit	6 719	7 241	6 124	5 669	3 638	5 331	1 913	1 247	(1 481)	(4 289)	1 194	(4 166)	18 108	11 032
Taxes													4 121	4 086
Profit from operations and non-current assets held for sale, after taxes											75	80	75	80
Profit for the year											1 268	(4 087)	14 062	7 026

Balance sheets **DnB NOR Group**

	Retail Banking		Large Corporates and International		DnB NOR Markets		Insurance and Asset Management		DnB NORD		Other operations/ eliminations		DnB NOR Group	
Amounts in NOK billion	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Net lending to customers [4]	759	723	354	340	25	8	3	3	59	68	(10)	(21)	1 190	1 120
Investments in associated companies [5]	0	0	0	0	0	0	0	0	0	0	2	2	2	3
Opertaions and non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	1	1	1	1
Other assets	8	9	33	21	588	676	249	234	18	15	(227)	(256)	668	699
Total assets	767	732	388	361	613	684	252	237	77	83	(235)	(275)	1 862	1 823
Assets under management	0	0	0	0	0	0	279	252	0	0	0	0	279	252
Total combined assets	767	732	388	361	613	684	531	489	77	83	(235)	(275)	2 141	2 076
Deposits from customers [4]	384	369	235	195	27	28	0	0	25	20	(4)	(4)	667	608
Operations held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities	363	344	128	136	580	651	238	228	48	56	(273)	(300)	1 084	1 114
Total liabilities	747	713	363	331	607	679	238	228	72	75	(276)	(304)	1 751	1 722
Allocated capital [6]	20	19	25	30	6	6	14	9	5	8	42	29	111	101
Total liabilities and equity	767	732	388	361	613	684	252	237	77	83	(235)	(275)	1 862	1 823

1) Other operations/eliminations:

Amounts in NOK million	*Elimination of income/cost attributable to product suppliers*		*Other eliminations*		*Group Centre* [*]		*Total*	
	2010	*2009*	*2010*	*2009*	*2010*	*2009*	*2010*	*2009*
Net interest income - ordinary operations	*0*	*0*	*(87)*	*(99)*	*1 939*	*655*	*1 851*	*556*
Interest on allocated capital [2]	*0*	*0*	*0*	*0*	*(1 627)*	*(1 771)*	*(1 627)*	*(1 771)*
Net interest income	*0*	*0*	*(87)*	*(99)*	*312*	*(1 116)*	*224*	*(1 216)*
Profit from companies accounted for by the equity method	*0*	*0*	*0*	*0*	*207*	*2*	*207*	*2*
Other operating income	*0*	*0*	*(1 138)*	*(436)*	*3 295*	*562*	*2 157*	*126*
Income attributable to product suppliers	*(3 269)*	*(3 368)*	*0*	*0*	*0*	*0*	*(3 269)*	*(3 368)*
Net other operating income	*(3 269)*	*(3 368)*	*(1 138)*	*(436)*	*3 502*	*564*	*(905)*	*(3 239)*
Operating expenses	*0*	*0*	*(1 226)*	*(535)*	*1 076*	*862*	*(150)*	*327*
Depreciaton and impairment of fixed and intangible assets	*0*	*0*	*0*	*0*	*420*	*(119)*	*420*	*(119)*
Cost attributable to product suppliers	*(1 481)*	*(1 519)*	*0*	*0*	*0*	*0*	*(1 481)*	*(1 519)*
Total operating expenses	*(1 481)*	*(1 519)*	*(1 226)*	*(535)*	*1 496*	*743*	*(1 211)*	*(1 312)*
Pre-tax operating profit before write-downs	*(1 788)*	*(1 849)*	*0*	*0*	*2 319*	*(1 294)*	*530*	*(3 143)*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*33*	*38*	*33*	*38*
Write-downs on loans and guarantees [3]	*0*	*0*	*0*	*0*	*(627)*	*1 067*	*(627)*	*1 067*
Write-downs attributable to product suppliers	*(3)*	*(6)*	*0*	*0*	*0*	*0*	*(3)*	*(6)*
Pre-tax operating profit	*(1 785)*	*(1 843)*	*0*	*0*	*2 979*	*(2 324)*	*1 194*	*(4 166)*

Note 3 Segments (continued)

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

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

*) Group Centre - pre-tax operating profit in NOK million	2010	2009
+ Gains Nordito **)	1 170	0
+ Interest on unallocated equity etc.	616	124
+ Income from equities invetments	247	(525)
+ Mark-to-market adjustments Treasury and fair value on lending	247	(525)
+ Eksportfinans AS	200	(200)
+ Net interest income DnB NOR ASA	(117)	(241)
- Unallocated write-downs on loans and guarantees	(627)	1 067
- Contractual pension (CPA) scheme	(367)	0
- Allocation to employees	234	131
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	219	208
- Uncallocated pension expenses	(9)	213
- Impairment loss for intangible assets	51	0
- Funding costs on goodwill	48	46
Other	(274)	175
Pre-tax operating profit	2 979	(2 324)

***) Nordito AS merged with PBS Holding AS 14 April 2010. The merger consideration provided a gain for the DnB NOR Group of NOK 1 170 million. See note 2 Changes in group structure.*

2) *The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.*
3) *See note 10 Write-downs on loans and guarantees.*
4) *Net lending to customers includes lending to credit institutions totalling NOK 19.5 billion in 2010 and NOK 5.5 billion in 2009. Customer deposits include deposits from credit institutions of NOK 24.7 billion in 2010 and NOK 16.9 billion in 2009. Deposits with and from banks are not included.*
5) *See note 39 Investments in associated companies.*
6) *Allocated capital for the business areas is calculated on the basis of internal measurement of risk-adjusted capital requirement. Allocated capital for the Group is recorded equity.*

Key figures **DnB NOR Group**

	Retail Banking		Large Corporates and International		DnB NOR Markets		Insurance and Asset Management		DnB NORD		Other operations		DnB NOR Group	
Per cent	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Cost/income ratio 1)	57.0	53.9	30.4	27.9	33.5	26.4	54.5	65.2	66.2	70.6			47.6	48.1
Ratio of deposits to lending as at 31 Dec. 2)	50.6	51.0	66.3	57.4					41.7	29.0			56.0	54.2
Return on allocated capital 3)	24.1	27.1	18.0	13.5	44.8	69.8	18.6	15.2	(19.1)	(33.7)			25.2	12.6
Number of full-time positions as at 31 Dec.	4 842	4 997	1 103	1 061	668	647	1 047	1 054	3 159	3 174	2 203	2 385	13 021	13 317

1) *Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and intangible assets.*
2) *Deposits from customers relative to net lending to customers. Customer deposits and net lending to customers include credit institutions.*
3) *The return on allocated capital for the business areas is calculated on the basis of internal measurement of risk-adjusted capital requirement. Recorded return on capital is used for the Group.*

Note 3 Segments (continued)

Comments to the results 2010

Retail Banking delivered a sound financial performance in 2010. Pre-tax operating profits were NOK 6 719 million, down NOK 522 million or 7.2 per cent from the previous year. The relatively low and stable interest rate levels, combined with strong competition, put pressure on interest rate spreads. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, averaged 1.25 per cent in 2010, down from 1.30 per cent in 2009. Average lending rose by 3.9 per cent from 2009 to 2010. The rise in home mortgages was somewhat lower than in 2009, while the growth in lending to the business sector picked up through 2010. Average deposits were up 2.1 per cent, and the ratio of deposits to lending was 51 per cent in 2010. Covered bonds based on home mortgages from DnB NOR Boligkreditt are an important source of funding, and close to 90 per cent of lending volume was funded by deposits and bonds at year-end 2010. Net other operating income remained relatively stable compared with 2009. Income from real estate broking, non-life insurance and asset management gave a rise in income, while income from insurance savings and payment transfers was lower than the previous year. Strict cost control and the implementation of cost-reduction measures contributed to limiting total cost growth to 1.9 per cent compared with 2009. Net write-downs relative to average net lending remained at a low level and were reduced from 0.22 per cent in 2009 to 0.17 per cent in 2010. The quality of the loan portfolio was sound at year-end 2010.

Large Corporates and International recorded pre-tax operating profits of NOK 6 124 million in 2010, up NOK 455 million or 8.0 per cent from the previous year due to a decline in write-downs on loans. Rising activity levels throughout 2010 gave an increase in net interest income. The effects of higher funding costs were offset by widening lending spreads. Measured against the money market rate, lending spreads improved in all segments from 2009 and widened by 0.16 percentage points from 2009 to 2010 for the business area as a whole. Strong competition for deposits put pressure on deposit spreads, which narrowed by 0.05 percentage points compared with 2009. Average lending to customers declined by 6.1 per cent from 2009 to 2010, but rose by 4.4 per cent from year-end 2009 to year-end 2010 due to increasing market activity. Average deposits from customers were stable compared with 2009, but showed an increase towards the end of 2010. Other operating income showed a reduction from 2009, though higher activity levels ensured a positive trend through 2010. The brisk activity also caused a rise in costs compared with 2009, and the cost/income ratio increased from 27.9 per cent in 2009 to 30.4 per cent in 2010. Relative to average lending, net write-downs on loans were reduced from 0.30 per cent in 2009 to 0.17 per cent in 2010. The quality of the portfolio was satisfactory in all sectors and showed a significant improvement towards the end of 2010.

DnB NOR Markets achieved healthy profits in 2010, in spite of a 31.8 per cent reduction in pre-tax operating profits from 2009, to NOK 3 638 million in 2010. Extraordinary volatility in interest rates and exchange rates at the beginning of 2009 generated a high level of income. The normalisation of the markets resulted in a NOK 1.8 billion reduction in income from 2009 to 2010, of which NOK 1.4 billion represented a decline in income from market making and other proprietary trading. There was a high level of activity in 2010, especially towards the end of the year, which offset the pressure on prices resulting from an increasing share of electronic trading and strong competition in the market. New records were set on Oslo Børs with respect to both equity and debt capital issues, which gave a strong increase in revenues from corporate finance compared with 2009. DnB NOR Markets was the largest investment bank on Oslo Børs within equity, bond and commercial paper trading and issues in 2010. Operating expenses were reduced by 4.1 per cent from 2009 to 2010.

Revenues within various segments		**DnB NOR Markets**
Amounts in NOK million	2010	2009
FX, interest rate and commodity derivatives	1 317	1 665
Investment products	399	766
Corporate finance	903	570
Securities services	218	190
Total customer revenues	2 838	3 191
Net income liquidity portfolio	1 151	1 147
Other market making/trading revenues	1 337	2 761
Total trading revenues	2 488	3 908
Interest income on allocated capital	145	144
Total income	5 471	7 243

Insurance and Asset Management achieved pre-tax operating profits of NOK 1 913 million in 2010, up NOK 666 million from 2009, reflecting a healthy return on financial assets.

Vital recorded pre-tax operating profits of NOK 1 724 million in 2010, an increase from NOK 1 156 million in 2009. The recorded and value-adjusted returns on assets were 6.2 per cent and 6.8 per cent, respectively, in 2010, an increase of approximately 1.5 percentage points from the previous year. The risk result was sound, but was reduced due to a NOK 973 million increase in reserves for higher life expectancy for the year. Transfers to Vital's policyholders totalled NOK 11.1 billion in 2010, of which NOK 6.6 billion represented the guaranteed rate of return. Costs were well under control in Vital and were reduced by 1.7 per cent from 2009 to 2010.

DnB NOR Asset Management recorded pre-tax operating profits of NOK 276 million in 2010, up NOK 59 million compared with 2009. Commission income, including performance-based revenues, rose by NOK 42 million or 5 per cent from 2009. The increase was mainly attributable to an 8.6 per cent rise in assets under management, to NOK 479.2 billion at end-December 2010. A positive development in market values was the main factor behind the increase. Costs were reduced by 9.0 per cent from 2009 to 2010.

DnB NOR Skadeforsikring was still in a build-up phase in 2010 and experienced a 70 per cent increase in premiums from 2009, to just over NOK 1 billion in 2010. Profits for 2010 reflected a high claims frequency, with a large number of claims for frost and fire damage.

Note 3 Segments (continued)

DnB NORD which became wholly owned by DnB NOR from year-end 2010, has its core operations in the Baltic region and Poland. DnB NORD recorded a pre-tax operating loss of NOK 1 481 million in 2010, compared with a loss of NOK 4 289 million in 2009. Financial performance still reflected the recession, though there were signs of improvement through 2010 both in DnB NORD's profit figures and in the Baltic economies. Average lending declined by close to 25 per cent from 2009 to 2010, of which approximately 7.5 percentage points was due to the transfer of a portfolio to DnB NOR in 2009. From year-end 2009 to end-December 2010, lending was reduced by just over 12 per cent. The Danish portfolio, which is in the process of being downscaled, showed the largest percentage decline, though there was also a reduction in lending volumes in the Baltic region through 2010. In Poland, lending volume rose by 17 per cent during the year measured in Norwegian kroner. Ordinary expenses were reduced by 14.4 per cent from 2009 to 2010, reflecting measures to streamline operations. A high level of write-downs on loans characterised DnB NORD's financial performance in 2010, though there was a significant reduction from 2009. Measured against average lending, write-downs declined from 4.70 per cent in 2009 to 2.89 per cent in 2010. A further reduction is anticipated in write-downs on loans.

Other units – The Group Centre recorded a pre-tax operating profit of NOK 2 979 million in 2010, compared with a loss of NOK 2 324 million in 2009. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 200 million in 2010, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with a loss of NOK 200 million in 2009. Income from equity investments totalled NOK 616 million in 2010, rising by NOK 492 million from the previous year. There was a profit contribution of NOK 130 million from own debt, loans carried at fair value and related derivatives in 2010, compared with a negative profit contribution of NOK 767 million in 2009. Nordito AS merged with PBS Holding on 14 April 2010. The merger consideration provided a gain of NOK 1 170 million. Pension expenses for the first quarter of 2010 were reduced by NOK 367 million due to the reversal of provisions for contractual early retirement pensions. Allocations for a general bonus to employees totalled NOK 234 million in 2010, in 2009 there was an allocations of NOK 131 million. In 2010, DnB NOR's Board of Directors decided to discontinue the use of the Postbanken brand. Thus, the value of the brand was written down by NOK 51 million. There was a NOK 627 million reduction in collective write-downs in 2010, compared with a NOK 1 067 million increase in 2009. The reduction reflected a positive trend in the risk situation and a slight improvement in the global economy.

Geographic areas

Income statement **DnB NOR Group**

	DnB NORD		Other international operations		Norway		DnB NOR Group	
Amounts in NOK million	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	1 422	1 559	2 848	2 392	19 167	18 682	23 436	22 633
Net other operating income	627	684	1 709	1 773	13 821	12 537	16 156	14 994
Total income	2 048	2 242	4 556	4 165	32 987	31 220	39 592	37 627

Balance sheet items **DnB NOR Group**

	DnB NORD		Other international operations		Norway		DnB NOR Group	
Amounts in NOK billion	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Net lending to customers [1)]	59	68	163	162	967	891	1 190	1 120
Total assets	77	83	304	290	1 480	1 450	1 862	1 823
Guarantees	2	2	15	7	59	56	76	66

1) *Net lending to customers includes lending to credit institutions totalling NOK 19.5 billion in 2010 and NOK 5.5 billion in 2009. Customer deposits include deposits from credit institutions of NOK 24.7 billion in 2010 and NOK 16.9 billion in 2009. Deposits with and from banks are not included.*

Product information

See note 19 Net interest income, note 20 Interest rates on selected balance sheet items, note 21 Net commission and fees receivable and note 22 Other income for further information on product.

Note 3 Segments (continued)

Vital

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

Income statement [1]		**Vital**
Amounts in NOK million	2010	2009
Commissions and fees receivable etc.	2 303	2 209
Commissions and fees payable etc.	358	336
Net gains on assets in Vital [*]	15 068	13 464
Guaranteed returns and allocations to policyholders in Vital	13 500	12 712
Premium income etc. included in the risk result in Vital	4 721	4 705
Insurance claims etc. included in the risk result in Vital	4 977	4 613
Net other operating income	**3 258**	**2 717**
Total income	**3 258**	**2 717**
Salaries and other personnel expenses	637	740
Other expenses	779	718
Depreciation and impairment of fixed and intangible assets	118	103
Total operating expenses	**1 534**	**1 561**
Net gains on fixed and intangible assets	1	0
Pre-tax operating profit	**1 724**	**1 156**
Taxes	(672)	(175)
Profit for the year [2]	**2 396**	**1 331**
**) Of which:*		
Financial instruments at fair value	*9 558*	*11 696*
Commercial paper and bonds, held to maturity	*3 010*	*2 323*
Loans and deposits	*98*	*(492)*
Investment property	*2 605*	*199*
Other	*(202)*	*(262)*

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

2) Breakdown of income statement

		Vital
Amounts in NOK million	*2010*	*2009*
Interest result	*6 033*	*3 043*
Application of/(transferred to) additional allocations	*(407)*	*(173)*
Risk result	*(242)*	*92*
Administration result	*(104)*	*(108)*
Profit on risk and guaranteed rate of return	*552*	*477*
Transferred from security reserve	*(14)*	*(36)*
Funds transferred to policyholders	*4 093*	*2 138*
Pre-tax operating profit	*1 724*	*1 156*
Taxes	*(672)*	*(175)*
Profit for the year	*2 396*	*1 331*

Note 3 Segments (continued)

Balance sheets [1] *Amounts in NOK million*	31 Dec. 2010	**Vital** 31 Dec. 2009
Assets		
Lending to and deposits with credit institutions	4 730	4 871
Lending to customers	2 833	3 076
Commercial paper and bonds	46 574	52 673
Shareholdings [2]	60 443	44 955
Financial assets, customers bearing the risk [3]	23 506	21 337
Financial derivatives	2 445	2 149
Commercial paper and bonds, held to maturity [4]	68 038	68 128
Investment property [5]	35 961	32 766
Investments in associated companies	16	19
Intangible assets	256	288
Deferred tax assets	629	52
Fixed assets	21	43
Other assets	1 654	2 109
Total assets	**247 107**	**232 465**
Liabilities and equity		
Financial derivatives	1 299	1 909
Insurance liabilities, customers bearing the risk [3] [6]	23 506	21 337
Liabilities to life insurance policyholders [6]	205 550	193 556
Payable taxes	27	654
Other liabilities	1 591	2 277
Provisions	224	227
Subordinated loan capital	2 497	2 489
Total liabilities	**234 693**	**222 448**
Share capital	1 321	1 321
Share premium reserve	1 175	1 175
Other equity	9 918	7 522
Total equity	**12 413**	**10 018**
Total liabilities and equity	**247 107**	**232 465**

1) *The figures encompass Vital Forsikring ASA including subsidiaries as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.*
2) *See note 33 Shareholdings for a specification of the largest investments in shares in Vital.*
3) *See note 36 Financial assets and insurance liabilities, customers bearing the risk.*
4) *See note 37 Commercial paper and bonds, held to maturity.*
5) *See note 38 Investment properties.*
6) *See note 18 Insurance risk.*

Key figures *Per cent*	2010	**Vital** 2009
Recorded return, excluding unrealised gains on financial instruments [1]	6.2	4.7
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds, held to maturity [1]	6.8	5.4
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets [1]	6.9	5.7
Capital adequacy ratio at end of period [2]	11.0	11.6
Tier 1 capital ratio at end of period [2]	9.7	9.7
Solvency capital in per cent of requirement at end of period [2] [3]	179	171

1) *Refers to the common portfolio.*
2) *Finanstilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted capital adequacy or solvency margin capital regulations to IFRS.*
3) *Solvency capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency capital requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.*

Note 4 Capitalisation policy and capital adequacy

Capitalisation policy

The Board of Directors has approved a new capitalisation policy that sets forth that Tier 1 capital in per cent of risk-weighted volume shall be minimum 8 per cent upon full completion of the IRB system. The Group's capitalisation level shall support the bank's AA level rating target for ordinary long-term funding. Relative to the current risk-weighted volume, which is based on a combination of the standardised approach and the IRB approach, it has been estimated that measurement according to the IRB approach would have given a reduction in risk-weighted volume of approximately 14 per cent at year-end 2010. The effect on the official capital adequacy ratio will, however, be less pronounced due to the transitional rules, which set a floor for the reduction in risk-weighted volume. Risk-weighted volume cannot be reduced below 80 per cent of corresponding amounts calculated in accordance with the Basel I rules. This entails that the official risk-weighted volume would have been unchanged since the floor was effective at the end of 2010. The transitional rules will apply until the end of 2011.

The DnB NOR Group had a Tier 1 capital ratio of 10.1 per cent and a capital ratio of 12.4 per cent at year-end 2010, compared with 9.3 and 12.1 per cent at year-end 2009. The DnB NOR Group is well prepared to meet the uncertain economic climate and stricter capitalisation requirements from the market and the authorities, and this gives the Group greater manoeuvrability to achieve profitable growth and implement structural changes.

According to the Group's capital strategy and dividend policy, the Group aims to be among the best capitalised financial groups in the Nordic region based on equal calculation principles. In addition, the Group will work towards an AA level rating for long-term debt. Dividends will be determined based on factors such as the need to maintain solidity at a satisfactory level and developments in external parameters, in addition to an evaluation of expected profit levels in a normal situation.

After the allocation of profits for 2010 and the finalisation of the share issue, the holding company DnB NOR ASA had a net liquidity reserve of NOK 16.4 billion, which can be used to strengthen the subsidiaries' capital base. At year-end 2010, none of the subsidiaries had such needs, but new capital adequacy requirements are being drawn up both for banking and insurance operations. DnB NOR ASA's capital strength and liquidity provide a sound platform from which to meet new capital adequacy requirements in the subsidiaries.

The DnB NOR Bank Group had a Tier 1 capital ratio of 9.2 per cent and a capital adequacy ratio of 11.7 per cent at year-end 2010, compared with 8.4 and 11.4 per cent, respectively in 2009. The same capital adequacy requirements from the Norwegian authorities apply to the banking group as to the entire DnB NOR Group, thus the 2010 requirements were met by a wide margin. In addition, a separate requirement from the US authorities to the banking group relating to the operations of the subsidiary DnB NOR Markets Inc. in New York must be fulfilled, whereby the Tier 1 capital ratio for the banking group must be 6 per cent and the total capital adequacy ratio 10 per cent. At year-end 2010, this requirement was also fulfilled by a wide margin.

Vital had a capital adequacy ratio of 11.0 per cent and a solvency margin of 179 per cent at year-end 2010, which is well above the regulatory requirements of 8 per cent and 100 per cent, respectively. Total annual profits after tax were NOK 2.4 billion of which NOK 1.2 billion were retained in the company. This capital increase, together with the strengthening of the securities adjustment reserve and additional allocations by NOK 1.5 billion, mean that Vital can increase the risk in its financial management operations to reflect its customer promises in 2011. As from 2013, the current solvency rules will be replaced by a common regulatory framework for the capitalisation of insurance companies in Europe, Solvency II. Vital is making the necessary preparations for this by, for example, adapting the management of the company to Finanstilsynet's stress tests and supervisory methodology and by participating in Quantitative Impact Studies (QIS), organised by the European supervisory organisation.

The Basel Committee's work on the new regulatory requirements relating to capitalisation and liquidity in banking and financial services groups resulted in a recommendation which was made public on 16 December 2010. The new rules will lead to stricter requirements with respect to capital adequacy, capital structure, liquidity buffers and financing structure. DnB NOR, based on its current capital structure, is expected to be relatively well prepared to meet the new requirements. The Board of Directors will, on an ongoing basis, evaluate the Group's capitalisation needs in light of international developments.

In addition to the regulatory assessment and allocation of capital to the Group's legal units, an allocation of capital to the operative business areas is made for management purposes, based on a calculation of risk-adjusted capital requirements according to the Group's internal calculations of economic capital.

Note 4 Capitalisation policy and capital adequacy (continued)

Capital adequacy

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

Primary capital	**DnB NOR Bank ASA**		**DnB NOR Bank Group**		**DnB NOR Group**	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
Share capital	17 514	17 514	17 514	17 514	16 232	16 231
Other equity	61 582	54 948	72 344	65 800	94 964	85 172
Total equity	79 096	72 462	89 859	83 314	111 196	101 403
Deductions						
Pension funds above pension commitments	0	0	(16)	(3)	(119)	(119)
Goodwill	(2 419)	(1 650)	(3 472)	(3 853)	(5 378)	(5 653)
Deferred tax assets	(481)	(1 153)	(324)	(295)	(977)	(300)
Other intangible assets	(1 159)	(912)	(1 963)	(1 980)	(2 219)	(2 270)
Dividends payable etc.	0	0	(6 000)	(3 750)	(6 515)	(2 850)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(1 024)	(1 033)	(1 024)	(1 033)	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(515)	(101)	(666)	(222)	(666)	(222)
Adjustments for unrealised losses/(gains) on debt recorded at fair value	94	182	(346)	(404)	(346)	(404)
Equity Tier 1 capital	73 592	67 796	76 018	71 745	94 946	89 553
Perpetual subordinated loan capital securities [1) 2)]	8 241	8 468	8 423	8 655	8 423	8 655
Tier 1 capital	81 833	76 264	84 441	80 400	103 368	98 208
Perpetual subordinated loan capital	7 004	6 830	7 004	6 830	7 004	6 830
Term subordinated loan capital [2)]	17 085	21 111	17 775	23 003	17 775	23 003
Deductions						
50 per cent of investments in other financial institutions	(1 024)	(1 033)	(1 024)	(1 033)	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(515)	(101)	(666)	(222)	(666)	(222)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	22 549	26 807	23 108	28 597	24 132	29 628
Total eligible primary capital [3)]	104 382	103 071	107 548	108 997	127 500	127 836
Risk-weighted volume	738 194	831 885	918 659	960 208	1 028 404	1 052 566
Minimum capital requirement	59 056	66 551	73 493	76 817	82 272	84 205
Equity Tier 1 ratio (%)	10.0	8.1	8.3	7.5	9.2	8.5
Tier 1 capital ratio (%)	11.1	9.2	9.2	8.4	10.1	9.3
Capital ratio (%)	14.1	12.4	11.7	11.4	12.4	12.1

1) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
2) *As at 31 December 2010, calculations of capital adequacy included a total of NOK 789 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the balance sheets of the banking group and the DnB NOR Group.*
3) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the consolidated accounts since a different consolidation method is used. Associated companies are consolidated gross in the capital adequacy calculations while the equity method is used in the accounts.*

Note 4 Capitalisation policy and capital adequacy (continued)

Due to transitional rules, the minimum capital adequacy requirements for 2009 and 2010 cannot be reduced below 80 per cent relative to the Basel I requirements.

Specification of risk-weighted volume and capital requirements **DnB NOR Group**

Amounts in NOK million	Nominal exposure 31 Dec. 2010	EAD [1] 31 Dec. 2010	Risk-weighted volume 31 Dec. 2010	Capital requirements 31 Dec. 2010	Capital requirements 31 Dec. 2009
IRB approach					
Corporate	677 874	590 120	313 788	25 103	3 627
Specialised Lending (SL)	2 351	2 282	1 467	117	0
Retail - mortgage loans	499 020	499 019	56 669	4 533	5 026
Other retail [2]	82 264	67 639	22 224	1 778	0
Securitisation	112 567	112 567	9 183	735	0
Total credit risk, IRB approach	1 374 076	1 271 626	403 331	32 266	8 654
Standardised approach					
Central government	137 833	146 014	1 825	146	303
Institutions	112 323	103 187	22 288	1 783	1 792
Corporate	341 497	256 903	245 091	19 607	49 272
Specialised Lending (SL)	6 148	5 945	5 945	476	661
Retail - mortgage loans	40 224	39 130	16 179	1 294	1 290
Retail - credit card exposures (QRRE) [2]	0	0	0	0	829
Other retail	61 986	39 672	30 928	2 474	3 935
Equity positions	4 561	4 561	4 649	372	207
Securitisation	7 572	7 572	1 463	117	2 009
Other assets	8 599	8 599	8 599	688	740
Total credit risk, standardised approach	720 743	611 584	336 967	26 957	61 038
Total credit risk	2 094 819	1 883 211	740 298	59 224	69 693
Market risk, standardised approach			30 824	2 466	2 306
Of which: Position risk			30 824	2 466	2 306
Currency risk			0	0	0
Operational risk			61 944	4 956	4 702
Net insurance, after eliminations			112 599	9 008	7 705
Deductions			(491)	(39)	(201)
Total risk-weighted volume and capital requirements before transitional rule			945 174	75 614	84 205
Additional capital requirements according to transitional rules			83 230	6 658	0
Total risk-weighted volume and capital requirements			1 028 404	82 272	84 205

1) EAD, exposure at default.
2) The credit card portfolio is reported as Other retail under the IRB approach from the third quarter of 2010.

Note 4 Capitalisation policy and 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 Group's portfolios.

	Reporting methods for credit risk in capital adequacy calculations	
Portfolios	31 Dec. 2010	31 Dec. 2011
Retail:		
- mortgage loans, DnB NOR Bank and DnB NOR Boligkreditt	IRB [1]	IRB [1]
- qualifying revolving retail exposures, DnB NOR Bank [2]	IRB [1]	IRB [1]
- mortgage loans, Nordlandsbanken	Standardised	IRB [1]
- loans in Norway, DnB NOR Finans, DnB NOR Bank	IRB [1]	IRB [1]
Corporates:		
- small and medium-sized corporates, DnB NOR Bank	Advanced IRB	Advanced IRB
- large corporate clients (scorecard models), DnB NOR Bank	Advanced IRB	Advanced IRB
- large corporate clients (simulation models), DnB NOR Bank	Standardised	Advanced IRB
- corporate clients, Nordlandsbanken	Standardised	Advanced IRB
- leasing DnB NOR Bank	Advanced IRB	Advanced IRB
- corporate clients, DnB NOR Næringskreditt	Standardised	Advanced IRB
Securitisation positions:		
- DnB NOR Markets' liquidity portfolio	IRB [1]	IRB [1]
Institutions:		
- banks and financial institutions, DnB NOR Bank	Standardised	Advanced IRB
Exceptions:		
- approved exceptions: government and municipalities, equity positions	Standardised	Standardised
- temporary exceptions: DnB NORD, DnB NOR Luxembourg, Monchebank and various other portfolios	Standardised	Standardised

1) There is only one IRB approach for retail exposures and securitisation positions.
2) Reported according to the IRB category Other retail exposures from the third quarter of 2010.

Note 5 Risk management

Risk management in DnB NOR

The Board of Directors of DnB NOR ASA has a clearly stated goal to maintain a low overall risk profile, which is reflected in the DnB NOR Bank Group's aim to maintain at least an AA level rating for ordinary long-term debt. The profitability of DnB NOR will depend on the banking group's ability to identify, manage and accurately price risk arising in connection with financial services.

Organisation and authorisation structure

- *Board of Directors*. The Board of Directors of DnB NOR ASA sets long-term targets for the Group's risk profile. The risk profile is operationalised through the risk management framework, including the establishment of authorisations. Risk-taking should take place within established limits.
- *Authorisations*. Authorisations must be in place for the extension of credit and for position and trading limits in all critical financial areas. All authorisations are personal. Authorisations and group limits are determined by the Board of Directors and can be delegated in the organisation, though any further delegation requires approval by an immediate superior.
- *Annual review of limits*. Risk limits are reviewed at least annually in connection with budget and planning processes.
- *Independent risk management functions*. Risk management functions and the development of risk management tools are undertaken by units that are independent of operations in the individual business areas.

Monitoring and use

- *Accountability*. All executives are responsible for risk within their own area of responsibility and must consequently be fully updated on the risk situation at all times.
- *Risk reporting*. Risk reporting in the Group ensures that all executives have the necessary information about current risk levels and future developments. To ensure high-quality, independent risk reports, responsibility for reporting is assigned to units that are independent of the operative units.
- *Capital assessment*. A summary and analysis of the Group's capital and risk situation is presented in a special risk report to the Board of Directors.
- *Use of risk information*. Risk is an integral part of the management and monitoring of business areas. Return on risk-adjusted capital is reflected in product pricing, profit calculations and in monitoring performance in the business areas.

Relevant risk measures

- *A common risk measure for the Group*. The Group's risk is measured in the form of risk-adjusted capital, calculated for main risk categories and for all of the Group's business areas.
- *Supplementary risk measure*. In addition, risk is followed up through supplementary risk measures adapted to operations in the various business areas, for example monitoring of positions relative to limits, key figures and portfolio risk targets.

A further description of risk management and internal control in the DnB NOR Group can be found in the chapter "Risk management and internal control" in DnB NOR Business Review 2010.

More about risk in Vital Forsikring ASA

Risk measurement in Vital Forsikring ASA, Vital, includes market, insurance, credit, operational and business risk. Market and insurance risk in life insurance comprises the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies and the risk related to changes in future insurance payments due to changes in life expectancy and disability rates.

According to current parameters for life insurance operations in Norway, Vital carries the risk of fulfilling the company's commitments in contracts with policyholders. The return on financial assets must be sufficient to meet the guaranteed annual return to the company's policyholders. If this is not the case, additional allocations will have to be used, representing buffer capital built up from profits in previous years. Alternatively, the shortfall could be charged to equity.

Risk management in Vital is part of the company's strategy, which has been approved by the Board of Directors. Through regular assessments by the Group's Asset and Liability Committee, ALCO, the risk situation in Vital is reviewed relative to the Group's overall risk profile. Vital's chief executive and Board of Directors are to help ensure that Vital's risk management and strategy are consistent with the Group's risk profile. The Risk Analysis and Control unit is responsible for reporting, monitoring and follow-up of total risk in Vital and is organised independent of the Group's financial management and business areas.

Processes have been established in DnB NOR to assess capital requirements relative to the Group's risk profile and the quality of established risk management and control systems. Developments in capital levels are a key element in long-term financial planning. The DnB NOR Group is required by the authorities to carry out an assessment of its risk profile and capital requirements, called ICAAP, Internal Capital Adequacy Assessment Process. Vital is part of this process, and a separate assessment is made of the company's capital requirements. The assessment is considered by Vital's Board of Directors. The assessment is subject to an annual review by Finanstilsynet through SREP, Supervisory Review and Evaluation Process. Finanstilsynet thus gives feedback on the capitalisation of the Group, including Vital.

The Group's risk, including Vital, is measured in the form of risk-adjusted capital requirements. The capital requirements reflect market, insurance, operational and business risk. Primary capital in Vital is maintained at an adequate level relative to risk-adjusted capital, while the capitalisation of the company must also ensure the necessary buffers relative to the regulatory minimum capital adequacy and solvency margin requirements. The capitalisation of Vital takes into account that the company is part of the DnB NOR Group and that the Group's equity reserves can also be used to the benefit of Vital.

Note 5 Risk management (continued)

Risk-adjusted capital for Vital totalled NOK 13.9 billion at year-end 2010, compared with NOK 11.2 billion a year earlier. Approximately 82 per cent of the NOK 13.9 billion represented market risk, 6 per cent insurance risk, 9 per cent operational risk, and the remaining 3 per cent business risk. Diversification effects between the various risk categories have been taken into account. A significant increase in the company's equity exposure contributed to the rise in risk-adjusted capital through the year.

Notes 13 to 15 specify market risk for the DnB NOR Group, including risk linked to financial instruments in Vital Forsikring. Additional information concerning risk associated with operations in Vital is presented in notes 16, 17 and 18.

Risk categories

For risk management purposes, DnB NOR distinguishes between the following risk categories:

- *Credit risk* is the risk of losses due to failure on the part of the Group's counterparties or customers to meet their payment obligations towards the DnB NOR Group. Credit risk refers to all claims against counterparties or customers, including credit risk in trading operations, country risk and settlement risk. Note 6 contains an assessment of the Group's credit risk at year-end 2009 and 2010.
- *Market risk* is the risk of losses or reduced future income due to fluctuations in market prices or exchange rates. The risk arises as a consequence of the bank's unhedged transactions and exposure in the foreign exchange, interest rate, commodity and equity markets. Notes 13-15 contain an assessment of the Group's market risk at year-end 2009 and 2010.
- *Liquidity risk* is the risk that the Group will be unable to meet its obligations as they fall due, and risk that the Group will be unable to meet its liquidity obligations without a substantial rise in appurtenant costs. In a broader perspective, liquidity risk also includes the risk that the Group will be unable to finance increases in assets as its funding requirements rise. Note 17 contains an assessment of the Group's liquidity risk at year-end 2009 and 2010.
- *Market risk in life insurance* is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies.
- *Insurance risk* comprises risk in life insurance and risk in non-life insurance. Within life insurance, risk is related to changes in future insurance obligations due to changes in life expectancy and disability rates. Within non-life insurance, insurance risk comprises premium risk, reserve risk and natural disaster risk.
- *Operational risk* is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- *Business risk* is the risk of losses due to changes in external factors such as the market situation or government regulations. This risk category also includes reputational risk.

DnB NOR uses a total risk model to quantify risk by calculating risk-adjusted capital. Risk-adjusted capital is calculated for individual risk categories, with the exception of liquidity risk, and for the Group's overall risk. Risk-adjusted capital should cover unexpected losses which may occur in the operations in exceptional circumstances. Quantifications are based on statistical probability calculations for the various risk categories where the parameters are determined after a review of historical data. The quantification requires a certain level of discretion and estimation.

Risk measurement is a field in constant development, and measurement methods and tools are subject to continual improvement.

Concentrations of risk

Concentrations of financial risk arise when financial instruments with identical characteristics are influenced in the same way by changes in economic or other factors. The identification of risk concentrations is subject to discretionary assessment. The general purpose of risk management in the Group is to reduce and control risk concentrations. The Group aims to avoid large credit risk concentrations, including large exposures to a customer or customer group as well as clusters of commitments in high-risk categories, industries and geographical areas, cf. notes 3, 7 and 8. Total credit risk as at 31 December 2010 is presented in note 6. With respect to market risk, concentration risk is restricted by limits ensuring that exposure is divided among a number of instruments, securing sound diversification to meet changes in share prices, exchange rates, commodity prices and interest rate levels. Concentrations of interest rate risk are presented in note 14. Currency risk is specified in note 15. The Group's largest investments in shares, mutual funds and equity certificates are specified in note 33. The Group has not identified material risk concentrations apart from in its core operations, including strategic priority areas, which are referred to above.

Note 6 Credit risk

Credit risk represents the chief risk category for the Group and refers to all claims against customers, mainly loans, but also commitments in the form of other extended credits, guarantees, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk.

Maximum exposure to credit risk [1]	**DnB NOR Group**	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Balance sheet items		
Deposits with central banks	12 845	28 246
Lending to and deposits with credit institutions	11 863	12 779
Lending to customers	1 051 301	962 873
Total lending and deposits carried at amortised cost	1 076 009	1 003 898
Lending to and deposits with credit institutions	35 929	49 538
Lending to customers	119 039	152 014
Total lending and deposits carried at fair value	154 968	201 552
Commercial paper and bonds	204 204	225 415
Financial derivatives	78 156	70 072
Commercial paper and bonds, held to maturity	179 461	179 832
Total credit risk exposure, balance sheet items	**1 692 799**	**1 680 769**
Off-balance sheet items		
Financial guarantees	76 221	77 989
Unutilised credit lines and offers of credit	412 653	408 836
Other guarantee commitments	5 143	6 218
Total credit risk exposure, off-balance sheet items	**494 017**	**493 043**
Total credit risk exposure	**2 186 816**	**2 173 812**

Loans and deposits designated as at fair value	**DnB NOR Group**	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Loans and deposits designated as at fair value	117 034	151 286
Total exposure to credit risk	117 034	151 286
Credit risk [2]	445	717
Change in credit risk	(272)	191

1) *Credit risk exposure according to IFRS is the amount that best represents the Group's maximum exposure to credit risk. For a financial asset, this is the gross carrying amount, net of any amounts offset in accordance with IAS 32 and recognised impairment losses.*
2) *Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.*

DnB NOR's risk classification [1]

	Probability of default (per cent)		External rating	
Risk class	As from	Up to	Moody's	Standard & Poor's
1	0.01	0.10	Aaa - A3	AAA - A-
2	0.10	0.25	Baa1 - Baa2	BBB+ - BBB
3	0.25	0.50	Baa3	BBB-
4	0.50	0.75	Ba1	BB+
5	0.75	1.25	Ba2	BB
6	1.25	2.00		
7	2.00	3.00	Ba3	BB-
8	3.00	5.00	B1	B+
9	5.00	8.00	B2	B
10	8.00	impaired	B3, Caa/C	B-, CCC/C

1) *DnB NOR's risk classification system, where 1 represents the lowest risk and 10 the highest risk.*

Note 6 Credit risk (continued)

Commitments according to risk classification **DnB NOR Group**

Amounts in NOK billion	Gross lending to customers	Guarantee commitments [1]	Undrawn limits (committed) [2]	Total commitments
Risk category based on probability of default				
1 - 4	614	49	230	893
5 - 6	331	18	74	423
7 - 10	151	6	27	184
Non-performing and impaired commitments	27	0	0	27
Total commitments as at 31 December 2009 [3]	1 123	73	331	1 527
Risk category based on probability of default				
1 - 4	715	57	259	1 031
5 - 6	306	14	75	395
7 - 10	130	3	16	149
Non-performing and impaired commitments	28	0	0	28
Total commitments as at 31 December 2010 [3]	1 179	74	350	1 603

1) Based on nominal amount.

Loan-loss level [1]	2010	2009
Normalised losses including loss of interest income in per cent of net lending	0.33	0.42

1) With effect from 2010, documentary credit commitments which are not related to deliveries of goods have been reclassified from documentary credit commitments to performance guarantees. Figures for 2009 have been adjusted accordingly.
2) Unutilised credit lines have been changed in line with the Basel II definition. Figures for 2009 have thus been increased by NOK 33 billion.
3) The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio). Calculations are based on a certain level of discretion and estimation.

Collateral security

Depending on the market and type of transaction, the Group uses collateral security to reduce risk. Collateral security can be in the form of physical assets, guarantees, cash deposits or netting agreements. The principal rule is that physical assets in the form of buildings, residential properties or warehouses should be insured. Evaluations of the value of collateral are based on a going concern assumption, with the exception of situations where write-downs have been made. In addition, factors which may affect the value of collateral, such as concession terms or easements, are taken into account. With respect to evaluations of both collateral in the form of securities and counterparty risk, the estimated effects of enforced sales and sales costs are also considered.

Write-down ratio **DnB NOR Group**

Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Non-performing commitments (gross)	17 313	19 523
Impaired commitments (gross)	10 369	7 353
Gross non-performing and impaired commitments	27 682	26 876
Individual write-downs	9 273	7 749
Collective write-downs	1 872	2 969
Write-downs in per cent of gross non-performing and impaired commitments	40.3	39.9
Collateral for non-performing and impaired commitments	17 793	18 928
Write-downs and collateral in per cent of gross non-performing and impaired commitments	104.5	110.3

Past due loans not subject to write-downs

The table below shows overdue amounts on loans and overdrafts on credits/deposits broken down on number of days after the due date that are not due to delays in payment transfers. Past due loans and overdrafts on credits/deposits are subject to continual monitoring. Commitments where a probable deterioration of customer solvency is identified are reviewed for impairment. Such reviews are also carried out for the commitments included in the table in cases where no deterioration of customer solvency has been identified. Past due loans subject to impairment are not included in the table.

DnB NOR Group

Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
No. of days past due/overdrawn		
1 - 29	1 238	1 210
30 - 59	466	451
60 - 89	103	140
> 90	261	441
Past due loans not subject to write-downs	2 068	2 242

Note 6 Credit risk (continued)

Repossessed properties and other assets - recorded value

Repossessed assets are assets acquired by units within the Group as part of the management of non-performing and impaired commitments. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviation from the carrying value of non-performing and impaired commitments at the time of acquisition is classified as write-downs on loans. Repossessed assets are recorded in the balance sheet according to the type of asset. When acquiring shares or mutual fund holdings, the assets are evaluated according to the principles described in the Accounting principles. Upon final sale, the difference relative to carrying value is recognised in the income statement according to the type of asset. Other asset additions in 2010 mainly included machinery, equipment and vehicles taken over from DnB NORD's operations in Estonia.

	DnB NOR Group	
Amounts in NOK million	2010	2009
Repossessed properties and other assets as at 1 January	224	197
Property additions	26	38
Other asset additions	116	128
Property disposals	22	13
Other asset disposals	125	126
Repossessed properties and other assets as at 31 December	219	224

Effects of changes in credit margins

The financial turmoil has caused a general rise in credit margins, which affects a number of items in the DnB NOR Group's balance sheet. Through 2009, there was a gradual normalisation of the markets, though the turmoil continued in 2010 due to the debt situation in a number of European countries. Credit margins remain higher than before the onset of the financial turmoil.

The DnB NOR Group has a 40 per cent ownership interest in Eksportfinans, and the company is recognised in the group accounts according to the equity method. Large parts of Eksportfinans' liabilities are carried at fair value through profit or loss. In the fourth quarter of 2008, the investors' required rate of return increased considerably, and the company was also downgraded. This resulted in significant unrealised gains on the company's existing liabilities. The margin requirements were significantly reduced through 2009. Unrealised gains after tax attributable to the DnB NOR Group were NOK 503 million at year-end 2009, but had been reduced to NOK 360 million at end-December 2010. Unrealised gains on the company's liabilities will be reversed over the remaining term to maturity.

Long-term borrowings in Norwegian kroner are carried at fair value through profit or loss. Due to narrowing credit margins, unrealised losses in the portfolio totalled NOK 138 million at year-end 2009. At year-end 2010, unrealised losses in the portfolio had been reduced to NOK 19 million. Unrealised losses on the company's liabilities will be reversed over the remaining term to maturity.

Note 7 Commitments for principal sectors [1)]

Commitments as at 31 December 2010 **DnB NOR Group**

Amounts in NOK million	Loans and receivables	Guarantees [2)]	Unutilised credit lines [3)]	Total commitments
Retail customers	559 062	283	99 357	658 701
International shipping	133 926	9 748	38 430	182 104
Real estate	175 806	2 173	19 828	197 807
Manufacturing	47 897	10 438	38 856	97 191
Services	73 961	5 105	23 941	103 007
Trade	33 942	4 413	20 662	59 016
Oil and gas	18 076	8 439	26 653	53 168
Transportation and communication	29 421	4 139	17 418	50 979
Building and construction	35 790	8 931	15 222	59 943
Power and water supply	22 843	12 355	17 287	52 485
Seafood	13 893	191	4 652	18 737
Hotels and restaurants	5 121	127	1 053	6 300
Agriculture and forestry	7 499	37	900	8 437
Central and local government	6 042	2 844	5 137	14 023
Other sectors	6 731	4 848	20 637	32 216
Total customers, nominal amount after individual write-downs	1 170 011	74 071	350 033	1 594 115
– Collective write-downs, customers	1 872	-	-	1 872
+ Other adjustments	2 202	95	-	2 297
Lending to customers	**1 170 341**	**74 166**	**350 033**	**1 594 540**
Credit institutions, nominal amount after individual write-downs	47 714	2 085	11 484	61 283
+ Other adjustments	77	0	-	77
Lending to and deposits with credit institutions	**47 792**	**2 085**	**11 484**	**61 360**

Commitments as at 31 December 2009 **DnB NOR Group**

Amounts in NOK million	Loans and receivables	Guarantees [2)]	Unutilised credit lines [3)]	Total commitments
Retail customers	531 761	281	84 550	616 592
International shipping	122 500	15 973	28 063	166 536
Real estate	156 771	1 539	10 898	169 208
Manufacturing	46 097	10 345	34 127	90 569
Services	95 108	5 583	27 491	128 182
Trade	36 335	3 326	21 486	61 148
Oil and gas	17 063	6 261	18 490	41 814
Transportation and communication	26 105	4 899	28 380	59 384
Building and construction	29 843	7 342	14 358	51 544
Power and water supply	14 111	8 792	15 077	37 980
Seafood	14 438	395	3 234	18 068
Hotels and restaurants	5 706	119	1 179	7 004
Agriculture and forestry	7 664	58	889	8 611
Central and local government	5 142	2 958	4 510	12 610
Other sectors	7 044	5 151	38 196	50 391
Total customers, nominal amount after individual write-downs	1 115 690	73 022	330 928	1 519 638
– Collective write-downs, customers	2 969	-	-	2 969
+ Other adjustments	2 165	(207)	-	1 958
Lending to customers	**1 114 886**	**72 815**	**330 928**	**1 518 627**
Credit institutions, nominal amount after individual write-downs	62 228	4 891	10 933	78 052
+ Other adjustments	89	0	-	89
Lending to and deposits with credit institutions	**62 317**	**4 891**	**10 933**	**78 141**

1) The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway.

2) With effect from 2010, documentary credit commitments which are not related to deliveries of goods have been reclassified from documentary credit commitments to performance guarantees. Figures for 2009 have been adjusted accordingly.

3) Unutilised credit lines have been changed in line with the Basel II definition. Figures for 2009 have thus been increased by NOK 33 billion.

Note 8 Commitments according to geographical location [1)]

Commitments as at 31 December 2010 **DnB NOR Group**

Amounts in NOK million	Loans and receivables	Guarantees [2)]	Unutilised credit lines [3)]	Total commitments
Oslo	211 013	19 648	72 656	303 317
Eastern and southern Norway	386 727	17 261	106 159	510 147
Western Norway	146 273	7 450	37 270	190 992
Northern and central Norway	156 597	7 378	32 625	196 599
Total Norway	900 609	51 737	248 710	1 201 055
Sweden	68 062	3 620	19 954	91 637
United Kingdom	25 094	4 450	1 147	30 691
Other Western European countries	60 229	5 476	28 987	94 693
Russia	1 360	43	131	1 533
Estonia	2 841	29	80	2 951
Latvia	18 242	492	844	19 577
Lithuania	22 690	441	1 806	24 938
Poland	14 408	690	1 786	16 884
Other Eastern European countries	251	73	3	326
Total Europe outside Norway	213 177	15 313	54 738	283 229
USA and Canada	25 573	5 017	33 076	63 665
Bermuda and Panama [4)]	17 828	324	7 449	25 601
Other South and Central American countries	6 109	2 353	6 004	14 466
Total America	49 510	7 694	46 529	103 733
Singapore [4)]	14 845	332	2 301	17 479
Hong Kong	3 780	7	856	4 643
Other Asian countries	13 067	386	990	14 443
Total Asia	31 692	725	4 147	36 565
Liberia [4)]	10 919	255	3 128	14 301
Other African countries	2 394	112	398	2 905
Australia, New Zealand and Marshall Islands [4)]	18 632	385	3 867	22 884
Commitments [5)]	1 226 935	76 220	361 517	1 664 671
– Individual write-downs	9 208	65	-	9 273
– Collective write-downs	1 872	-	-	1 872
+ Other adjustments	2 279	95	-	2 374
Net commitments	**1 218 133**	**76 251**	**361 517**	**1 655 900**

1) Based on the customer's address.
2) With effect from 2010, documentary credit commitments which are not related to deliveries of goods have been reclassified from documentary credit commitments to performance guarantees.
3) Unutilised credit lines have been changed in line with the Basel II definition.
4) Represents shipping commitments.
5) All amounts represent gross lending and guarantees respectively before individual write-downs.

Note 8 Commitments according to geographical location [1] (continued)

Commitments as at 31 December 2009 **DnB NOR Group**

Amounts in NOK million	Loans and receivables	Guarantees [2]	Unutilised credit lines [3]	Total commitments
Oslo	195 613	19 285	98 071	312 969
Eastern and southern Norway	376 933	18 681	86 646	482 260
Western Norway	137 234	8 708	35 458	181 400
Northern and central Norway	144 002	7 159	26 947	178 108
Total Norway	853 782	53 833	247 122	1 154 738
Sweden	65 607	1 907	14 690	82 204
United Kingdom	33 990	5 671	3 062	42 722
Other Western European countries	66 379	3 982	21 916	92 277
Russia	1 690	21	79	1 790
Estonia	2 327	8	172	2 507
Latvia	20 531	829	638	21 999
Lithuania	26 948	452	1 666	29 066
Poland	12 840	736	2 231	15 807
Other Eastern European countries	143	15	1	159
Total Europe outside Norway	230 454	13 622	44 456	288 531
USA and Canada	27 223	7 659	28 381	63 262
Bermuda and Panama [4]	16 222	527	5 258	22 007
Other South and Central American countries	3 492	620	5 473	9 585
Total America	46 937	8 806	39 111	94 854
Singapore [4]	13 707	835	2 426	16 968
Hong Kong	3 365	22	844	4 231
Other Asian countries	9 025	491	1 201	10 718
Total Asia	26 098	1 348	4 471	31 917
Liberia [4]	8 170	101	2 176	10 448
Other African countries	1 874	248	10	2 131
Australia, New Zealand and Marshall Islands [4]	18 277	32	4 515	22 824
Commitments [5]	1 185 592	77 989	341 860	1 605 443
– Individual write-downs	7 674	76	-	7 749
– Collective write-downs	2 969	-	-	2 969
+ Other adjustments	2 254	(207)	-	2 047
Net commitments	**1 177 203**	**77 706**	**341 860**	**1 596 771**

1) Based on the customer's address.
2) With effect from 2010, documentary credit commitments which are not related to deliveries of goods have been reclassified from documentary credit commitments to performance guarantees. Figures for 2009 have been adjusted accordingly.
3) Unutilised credit lines have been changed in line with the Basel II definition. Figures for 2009 have thus been increased by NOK 33 billion.
4) Represents shipping commitments.
5) All amounts represent gross lending and guarantees respectively before individual write-downs.

Note 9 Impaired commitments for principal sectors [1)]

DnB NOR Group

Amounts in NOK million	Gross impaired commitments 31 Dec. 2010	Gross impaired commitments 31 Dec. 2009	Total individual write-downs 31 Dec. 2010	Total individual write-downs 31 Dec. 2009	Net impaired commitments 31 Dec. 2010	Net impaired commitments 31 Dec. 2009
Retail customers [2) 3)]	6 727	5 428	2 246	1 589	4 481	3 838
International shipping	1 144	1 610	335	513	810	1 097
Real estate	3 742	3 464	1 239	1 205	2 503	2 259
Manufacturing	4 865	4 571	1 700	1 151	3 165	3 420
Services and management	2 378	1 653	857	913	1 521	740
Trade	1 515	1 432	817	764	698	668
Oil and gas	0	0	0	0	0	0
Transportation and communication	977	1 048	487	515	490	533
Building and construction	2 777	1 954	1 067	778	1 710	1 176
Power and water supply	188	15	162	5	25	9
Seafood	52	57	41	47	10	10
Hotels and restaurants	481	361	130	135	351	226
Agriculture and forestry	441	412	162	108	279	304
Central and local government	0	0	0	0	0	0
Other sectors	81	145	29	24	53	121
Total customers	25 368	22 151	9 272	7 748	16 097	14 403
Credit institutions	1	1	1	1	0	0
Total impaired loans and guarantees	25 369	22 152	9 273	7 749	16 097	14 403
Non-performing loans and guarantees not subject to write-downs [2)]	2 313	4 724	-	-	2 313	4 724
Total non-performing and impaired commitments	27 682	26 876	9 273	7 749	18 409	19 127

1) Includes loans and guarantees subject to individual write-downs for principal sectors and total non-performing loans and guarantees not subject to write-downs. The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway.
2) First quarter 2010 development includes an increase of NOK 817 million due to reclassification of non-performing commitments previously collectively written down in DnB NORD.
3) Including a NOK 98 million adjustment for commitments previously written down in 2010.

Note 10 Write-downs on loans and guarantees

DnB NOR Group

Amounts in NOK million	2010 Lending [1)]	2010 Guarantees	2010 Total	2009 Lending [1)]	2009 Guarantees	2009 Total
Write-offs [2)]	459	0	459	547	7	554
New individual write-downs [3)]	5 128	13	5 141	6 496	25	6 521
Total new individual write-downs	5 587	13	5 600	7 043	32	7 075
Reassessed individual write-downs	1 092	16	1 109	675	18	693
Recoveries on commitments previously written off	418	0	418	317	0	317
Net individual write-downs	4 077	(3)	4 074	6 051	14	6 065
Changes in collective write-downs on loans [3)]	(1 077)	-	(1 077)	1 645	-	1 645
Write-downs on loans and guarantees	**3 000**	**(3)**	**2 997**	**7 696**	**14**	**7 710**
Write-offs covered by individual write-downs made in previous years	2 209	8	2 217	1 610	17	1 627

1) Including write-downs on loans at fair value.
2) Including a NOK 98 million adjustment for commitments previously written down in 2010.
3) In the first quarter of 2010, collective write-downs of NOK 284 million were reclassified as individual write-downs following more precise identification of impairment on individual commitments in sub-portfolios in DnB NORD.

Write-downs on loans totalled NOK 2 997 million in 2010, down 61 per cent from NOK 7 710 million in 2009. The most pronounced decline took place in DnB NORD, though there was also a significant reduction in write-downs in Large Corporates and International. The decline in collective write-downs reflected the improved economic situation and better credit quality.

Excluding DnB NORD, individual write-downs came to NOK 1 811 million in 2010, down 33 per cent from 2009. Large Corporates and International recorded the largest reduction, though write-downs also declined in Retail Banking. Individual write-downs in DnB NORD came to NOK 2 262 million in 2010, down from NOK 3 346 million in 2009. The reduction reflected the improved macroeconomic trend in the Baltic region.

Net non-performing and doubtful commitments totalled NOK 18.4 billion at end-December 2010, down NOK 0.7 billion from year-end 2009. There was a rise in non-performing commitments in the first quarter of 2010, while the rest of the year saw a reduction. Net non-performing and doubtful commitments represented 1.55 per cent of lending volume as at 31 December 2010, a reduction from 1.71 per cent a year earlier.

Note 11 Write-downs on loans and guarantees for principal sectors [1)]

DnB NOR Group

	2010				2009			
Amounts in NOK million	New individual write-downs	Reassessed individual write-downs	Recoveries on commitments previously written off	Net write-downs	New individual write-downs	Reassessed individual write-downs	Recoveries on commitments previously written off	Net write-downs
Retail customers [2) 3)]	1 830	110	307	1 414	1 444	129	253	1 061
International shipping	356	63	12	281	544	1	23	520
Real estate	805	335	8	462	1 076	105	1	970
Manufacturing	835	98	1	736	945	180	0	765
Services and management	345	161	61	123	617	39	5	574
Trade	368	126	3	240	959	79	2	878
Oil and gas	3	0	0	3	0	0	0	0
Transportation and communication	192	87	2	103	396	42	17	337
Building and construction	487	86	8	393	678	41	1	637
Power and water supply	158	1	0	158	1	0	0	1
Seafood	9	0	0	9	11	21	0	(10)
Hotels and restaurants	92	16	0	76	104	13	0	92
Agriculture and forestry	95	25	1	69	81	16	1	62
Central and local government	0	0	0	0	0	3	0	(3)
Other sectors	22	0	14	9	218	16	14	187
Total customers	5 600	1 109	416	4 076	7 075	686	317	6 073
Credit institutions	0	0	2	(2)	0	7	0	(8)
Changes in collective write-downs on loans [2)]	-	-	-	(1 077)	-	-	-	1 645
Write-downs on loans and guarantees	**5 600**	**1 109**	**418**	**2 997**	**7 075**	**693**	**317**	**7 710**
Of which individual write-downs on guarantees	*13*	*16*	*0*	*(3)*	*32*	*18*	*0*	*14*

1) The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway.
2) In the first quarter of 2010, collective write-downs of NOK 284 million were reclassified as individual write-downs following more precise identification of impairment on individual commitments in sub-portfolios in DnB NORD.
3) Including a NOK 98 million adjustment for commitments previously written down in 2010.

Note 12 Developments in write-downs on loans and guarantees

DnB NOR Group

	2010				2009			
Amounts in NOK million	Lending to credit institutions	Lending to customers	Guarantees	Total	Lending to credit institutions	Lending to customers	Guarantees	Total
Write-downs as at 1 January	1	11 249	76	11 325	11	6 358	104	6 473
New write-downs	0	3 305	16	3 321	1	4 816	19	4 835
Increase in write-downs	0	1 824	(3)	1 821	0	1 679	6	1 685
Reassessed write-downs	0	1 093	16	1 109	11	664	18	693
Write-offs covered by previous write-downs	0	2 209	8	2 217	0	1 610	17	1 627
Changes in individual write-downs of accrued interest and amortisation	0	51	-	51	0	129	-	129
Changes in collective write-downs	0	(1 077)	-	(1 077)	0	1 645	-	1 645
Changes in group structure	0	0	0	0	0	(371)	(13)	(384)
Changes due to exchange rate movement	0	(313)	0	(313)	0	(733)	(5)	(738)
Write-downs as at 31 December	1	11 737	65	11 803	1	11 249	76	11 325
Of which: Individual write-downs	*1*	*9 207*	*65*	*9 273*	*1*	*7 673*	*76*	*7 749*
Individual write-downs of accrued interest and amortisation	*0*	*658*	*-*	*658*	*0*	*607*	*-*	*607*
Collective write-downs	*0*	*1 872*	*-*	*1 872*	*0*	*2 969*	*-*	*2 969*

Note 13 Market risk

Conditions for calculating market risk

Market risk arises as a consequence of open positions in foreign exchange, interest rate, commodity and equity instruments. Risk is linked to variations in financial results due to fluctuations in market prices and exchange rates.

DnB NOR uses a total risk model to quantify risk and calculates risk-adjusted capital for individual risk categories and for the Group's overall risk. Risk-adjusted capital should cover unexpected losses, which may occur in operations in exceptional circumstances. Quantifications are based on statistical probability calculations for the various risk categories, using historical data. Methods for calculating risk-adjusted capital for market risk are described in further detail below.

The risk-adjusted capital for market risk should, at a confidence level of 99.97 per cent, cover all potential losses related to market risk on positions on the balance sheet date over a period of one year. Calculations of risk-adjusted capital are based on statistical methods. In the loss simulations, there is a greater probability of major losses than if normal distribution is applied. Risk-adjusted capital calculations reflect the fact that volatility may vary over time. The calculations require a certain level of discretion and estimation. Key assumptions are described below.

The model has a one-year time horizon. Exposure could be either actual exposure or the expected maximum utilisation of limits and is a conservative estimate based on an extreme scenario where, in a hypothetical situation, the Group is assumed at all times to be incorrectly positioned relative to market developments during the period. Each limit is modelled on the basis of a specific liquidation period. The model takes account of correlations between the defined portfolios. Longer liquidation periods result in higher risk-adjusted capital. A lower level of correlation results in reduced risk-adjusted capital.

The liquidation period is the time required to realise positions in highly volatile markets and varies from 250 trading days for the bank's investment portfolio for equity instruments to two days for positions in the most commonly traded currencies. To estimate annual losses, each underlying instrument is simulated over a period of one year. Subsequent to this, losses for each potential liquidation period are estimated. For most instruments, the Group's positions may entail a potential for both gains and losses.

In the model calculations, losses from each limit are combined, and an overall loss is calculated for each day during the year simulations are made. Calculations are repeated 500 000 times, resulting in a probability distribution of the greatest daily loss during the year, based on the assumption that the Group is incorrectly positioned.

In 2010, financial instruments in the Group excluding Vital were divided into 24 portfolios. Risk-adjusted capital for the portfolios is calculated on the basis of expected developments in the value of an instrument or index. An example of such a portfolio is the bank's equity investment portfolio, which is correlated against developments on Oslo Børs.

Financial assets in Vital are divided into eight portfolios. Risk-adjusted capital for the portfolios are calculated on the basis of developments in an index or a combination of several indices. Calculations of risk-adjusted capital for market risk in Vital are an isolated assessment of financial instruments in Vital. However, the calculation does not take account of Vital's obligations resulting from the guaranteed rate of return, insurance risk, equity buffers or dynamic portfolio management. See note 5 for a more detailed description of risk associated with the guaranteed rate of return.

Market risk specified below includes a deduction for the diversification resulting from imperfect correlation between the portfolios in Vital and the rest of the Group. The diversification between market risk in Vital and the rest of the Group was estimated at 6 per cent in 2010. The diversification arises because it is highly unlikely that all loss events will occur at the same time. The diversification for the aggregated market risk for the Group is calculated based on the fact that loss distributions for market risk in Vital and in the rest of the Group are derived from underlying indices subject to different degrees of correlation, so-called driver-based aggregation.

Total market risk in the Group is estimated at NOK 19.6 billion and is carried by the policyholders in Vital and by DnB NOR's shareholders. The securities adjustment reserve and applicable additional allocations in Vital which can be used during an accounting year, totalled NOK 7.6 billion.

Market risk excluding Vital rose by NOK 1.2 billion from 2009 to 2010, to NOK 4.9 billion. The interest rate limits for both banking and trading activities increased from 2009 to 2010, resulting in higher market risk. Rising interest rate levels had the same effect. Market risk in Vital rose by NOK 2.5 billion from 2009 to 2010, reflecting a significant increase in Vital's shareholdings. Market risk in the Group increased by a total of NOK 3.4 billion from 2009 to 2010.

	DnB NOR Group	
Amounts in NOK billion	2010	2009
Market risk excluding Vital	4.9	3.7
Market risk in Vital	15.9	13.4
Diversification effect	1.2	0.8
Total market risk	19.6	16.2
Diversification effect in per cent	6	5

Note 14 Interest rate sensitivity

Interest rate sensitivity for different intervals

The vaule of items on and off the balance sheet is affected by interest rate movements. The table shows potential losses for DnB NOR Group excluding Vital and DnB NORD resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DnB NOR relative to the Group's positions. Also, all interest rate movements within the same interval will be unfavourable for the Group. The figures will thus reflect maximum losses for DnB NOR.

The calculations are based on the Group's positions as at 31 December and market rates on the same date. The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

				DnB NOR Group excl. Vital and DnB NORD		
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2010						
NOK	53	338	560	275	273	274
USD	28	86	9	6	5	116
EUR	5	26	72	8	43	16
GBP	1	1	1	2	1	1
Other currencies	8	14	14	19	14	53
31 December 2009						
NOK	81	259	20	60	214	4
USD	11	55	5	25	1	97
EUR	1	1	4	7	10	19
GBP	3	4	6	2	2	5
Other currencies	17	50	70	16	12	36

Interest rate sensitivity for different intervals - Vital

The table shows interest rate sensitivity associated with financial current assets in Vital. The table does not include administrative interest rate risk and interest rate risk related to non-interest-earning assets. Interest rate sensitivity has an impact on profit for distribution to the owner and funds transferred to policyholders. Commercial paper and bonds held to maturity are recorded at amortised cost and are not included in the table.

						Vital
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2010						
NOK	7	33	166	461	310	977
USD	0	71	97	61	283	175
EUR	0	134	44	85	206	112
GBP	1	15	0	7	60	51
Other currencies	2	1	42	10	27	8
31 December 2009						
NOK	13	57	55	531	740	1 287
USD	3	86	140	57	198	198
EUR	5	96	4	80	229	205
GBP	1	35	0	4	70	38
Other currencies	2	5	15	5	22	5

Duration		**Vital**
	31 Dec. 2010	31 Dec. 2009
Norwegian bonds - average residual maturity (years) [1]	3.42	3.92
International bonds - average residual maturity (years) [1]	5.98	5.79
Money market - average residual maturity (years) [1]	0.53	0.51
International credit - average residual maturity (years) [1]	5.58	5.30
Average effective interest rate - Norwegian bonds (per cent) [2]	4.17	4.26
Average effective interest rate - international bonds (per cent) [2]	3.25	3.24
Average effedtive interest rate - money market (per cent) [2]	2.72	2.62
Average effective interest rate - international credit (per cent) [2]	4.38	4.41

1) *The calculation includes all interest-earning securities including derivatives.*
2) *The effective interest rate on individual bonds is calculated on the basis of the instrument's market value. Weighting to arrive at the average effective interest rate for the total holding is based on weights representing the bonds' percentage shares of total market value.*

Note 14 Interest rate sensitivity (continued)

Interest rate sensitivity – liabilities to insurance policyholders

Vital carries the risk of meeting liabilities in relation to policyholders. The return on financial assets must be sufficient to meet the guaranteed rate of return specified in insurance policies. Otherwise, inadequate returns will have to be covered by applying the securities adjustment reserve, additional allocations, equity or subordinated loan capital.

The guaranteed rate of return must be complied with on a yearly basis.Measured in relation to customer funds the company's total guaranteed rate of return averages 3.3 per cent. The average duration for future insurance payments was 17 years as at 31 December 2010.

Note 18 gives a description of a liability adequacy test prepared in connection with IFRS 4 Insurance Contracts concerning liabilities to policy-holders as at 31 December 2010.

Note 15 Currency positions

The table shows net currency positions in the DnB NOR Group excluding Vital as at 31 December, including financial derivatives as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of eligible primary capital. Aggregate currency positions must be within 30 per cent of the eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

In Vital foreign currency exposure arises when the company invests parts of its securities portfolio and property portfolio in the international securities market. Under Vital's current foreign currency hedging strategy, the total foreign currency exposure is reduced to a minimum.

	Vital		**DnB NOR-konsernet ekskl. Vital**	
	Net currency positions		Net currency positions	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
USD	(3 595)	248	257	78
EUR	(941)	179	134	(498)
GBP	(745)	58	(1)	13
SEK	73	567	248	30
DKK	0	0	(360)	568
JPY	0	0	(46)	19
Other	(430)	1 179	204	(444)
Total foreign currencies	(5 638)	2 231	435	(233)

Note 16 Financial derivatives

General information on application of financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms, exchange rates and the value of equity instruments for fixed periods of time. Corresponding contracts stipulating prices on commodities and indexes are also defined as financial derivatives. Derivatives include swaps, forward contracts and options as well as combinations thereof, including forward rate agreements (FRAs), financial futures and agreements on the transfer of securities. Financial derivatives in DnB NOR are traded to manage liquidity and market risk arising from the Group's ordinary operations. In addition, the Group employs financial derivatives in its own account trading.

"Over the counter" (OTC) derivatives are contracts entered into outside the stock exchange. The contracts are tailor-made according to investor requirements with respect to the underlying object, number, price, expiration terms and maturity. The advantage of OTC derivatives is that customers are not limited to standardised contracts and can buy the precise position they wish. The disadvantage compared with the standardised market is that it can be difficult to find other contracting parties and to sell the contracts in the secondary market.

Note 16 Financial derivatives (continued)

The following derivatives are employed for both trading and hedging purposes in the DnB NOR Group:

- *Forward contracts*: a contract to buy or sell interest rate terms, amounts in foreign currencies, shares or commodities on a specified future date at a fixed price. Forward contracts are tailor-made contracts traded between counterparties in the OTC market.
- *FRAs*: agreements that fix the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the actual market interest rate is exchanged.
- *Interest rate futures*: standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
- *Swaps*: transactions where two parties exchange cash flows on a fixed amount over an agreed period. The majority of swaps are tailor-made and traded outside exchanges. The most important types of swaps traded by DnB NOR are:
  - interest rate swaps in which fixed rates of interests are exchanged for floating or floating rates of interest are exchanged for fixed
  - cross-currency interest rate swaps in which parties exchange both currency and interest payments
  - equity swaps in which interest rate returns are exchanged for equity returns.
- *Options*: agreements giving the buyer the right, but not the obligation, to either buy (call option) or sell (put option) a specific quantity of a financial instrument or commodity at a predetermined and fixed price. The buyer pays a premium to the seller for this right. Options are traded both as OTCs (tailor-made) and as standardised contracts.

The table shows nominal values on financial derivatives according to type of derivative as well as positive and negative market values. Positive market values are entered as assets in the balance sheet, whereas negative market values are entered as liabilities. See Accounting principles for a more detailed description of measurement of financial derivatives.

						DnB NOR Group
	31 December 2010			31 December 2009		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	1 361 446	358	575	1 546 777	1 565	1 841
Swaps	1 400 366	50 580	30 147	1 233 596	55 505	39 558
OTC options, bought and sold	86 915	115	141	84 800	122	59
Other OTC contracts	1 562	21	0	1 687	38	0
Total OTC derivatives	2 850 289	51 074	30 863	2 866 860	57 230	41 459
Exchange-traded contracts - futures, bought and sold	23 550	0	0	18 846	0	0
Total interest rate contracts	2 873 839	51 074	30 863	2 885 706	57 230	41 459
Foreign exchange contracts						
Forward contracts	955 765	3 366	3 514	897 390	4 505	6 275
Swaps	533 718	29 214	41 909	406 897	16 196	16 053
OTC options, bought and sold	24 588	414	402	30 073	358	351
Total foreign exchange contracts	1 514 072	32 995	45 824	1 334 359	21 058	22 679
Equity-related contracts						
Forward contracts	4 423	36	463	3 849	72	689
OTC options, bought and sold	8 345	202	210	14 544	759	299
Total OTC derivatives	12 768	238	673	18 394	831	988
Futures, bought and sold	9 316	11	37	8 936	0	113
Options, bought and sold	511	44	46	388	54	34
Total exchange-traded contracts	9 827	55	83	9 324	54	147
Total equity-related contracts	22 595	292	757	27 718	885	1 135
Equity-related derivatives recorded as shareholdings [1]		(124)	(645)		(601)	(942)
Commodity-related contracts						
Swaps	17 172	1 029	1 228	6 869	853	961
Options, bought and sold	0	0	0	19	2	1
Total commodity related contracts	17 172	1 029	1 228	6 888	855	962
Collaterals received/paid						
Total collaterals received/paid		(7 110)	(17 156)		(9 355)	(12 273)
Total financial derivatives	**4 427 678**	**78 156**	**60 871**	**4 254 670**	**70 072**	**53 019**
Of which: Applied for hedging purposes	*32 005*	*6 878*	*1 828*	*114 170*	*4 663*	*770*
- Interest rate swaps		*5 774*	*1 046*		*4 045*	*310*
- Interest rate and currency swaps		*1 104*	*782*		*588*	*460*

1) See note 33 Shareholdings.

Note 16 Financial derivatives (continued)

Use of financial derivatives in DnB NOR Markets

DnB NOR Markets acts as market maker and is obliged to furnish both offer and bid prices for specified option, forward or futures series with a maximum differential between the offer and bid price, together with a minimum volume. Market makers always trade for their own account. The purpose of own account trading, in addition to making a market, is position taking, which means intentional risk-taking within the foreign exchange, interest rate and equity markets to achieve profits arising from favourable price, exchange rate and index fluctuations. Arbitrage, that is profit taking from fluctuations in prices, exchange rates and indices for the same product in various markets, is also part of own-account trading.

Customer trading entails structuring and marketing financial derivatives for customers, enabling them to transfer, modify, take or reduce prevailing or expected risk. The majority of derivative transactions relate to customer trading.

DnB NOR uses interest rate and currency swaps to convert foreign currency borrowings into the desired currency. As a typical example, the bank raises a loan in euro, which is swapped to US dollars through a basis swap. In this case, the bank will pay a US dollar interest rate based on a swap curve and receive a euro interest rate reduced by a margin. Margin requirements may vary a great deal from day to day, which results in volatility in profit calculations which cannot be reduced through economic hedges. The fair value of contracts entered into declined by NOK 357 million in consequence of reduced margin requirements in 2009, while rising margin requirements through 2010 increased the fair value by NOK 567 million.

Use of financial derivatives in Vital

The purpose of employing financial derivatives in Vital is to be able to invest and allocate funds in accordance with the company's expectations of market trends, through swift and cost-effective asset and market exposure. In addition, the application of derivatives facilitates active risk management and adjustments in equity, interest rate and foreign exchange risk. See notes 14 and 15 for a further description.

Use of financial derivatives in DnB NOR Boligkreditt

The purpose of employing financial derivatives in DnB NOR Boligkreditt is to uncover and reduce foreign exchange and interest rate risk.

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See notes 5 and 13. Derivatives are traded with many different counter-parties and most of these are also engaged in other types of business. The credit risk arising in connection with derivatives trading is included in the total credit risk of the DnB NOR Group. Netting agreements or bilateral agreements on collateral are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account such agreements, resulting in a reduction of capital adequacy requirements.

Note 17 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations. Liquidity management in the DnB NOR Group is organised whereby DnB NOR Bank ASA is responsible for funding subsidiaries such as Nordlandsbanken, as well as international branches and subsidiaries. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has approved internal limits for the maturity of the bank's liabilities during various time periods, with main focus on one week and one month. Specific restrictions have been placed on the short–term maturity of the bank's net refinancing volumes during the various time periods. In addition, the various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis. A contingency plan has been established to handle market events. Covered bonds play a key role in liquidity management. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. The Group's ratio of deposits to lending was 54.8 per cent at year-end 2010, up from 53.0 per cent a year earlier. The ratio of deposits to lending in DnB NOR Bank ASA was 93.3 per cent at end-December 2010.

Throughout 2010, the short-term funding markets were sound and stable for banks with good credit ratings, and the access to funding with different maturities was close to normal. The markets remained selective, and the favourable market terms were primarily available to a small group of international banks, including DnB NOR. However, the group of international banks considered to be well qualified increased in the course of the year, resulting in somewhat stronger competition for funding. Its good rating in an international context strengthened the bank's position.

Financially strong banks generally had good access to long-term funding. At times, however, uncertainty regarding European sovereign debt had pronounced effects on price levels. There was a challenging market situation, though there was ample access to funding for financially strong banks. Combined with moderate lending growth, this has helped ensure a sound liquidity position.

As at 31 December 2010, the average remaining term to maturity for the portfolio of senior bond debt was 3.6 years, compared with 3.0 years a year earlier. The Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 17 Liquidity risk (continued)

Residual maturity as at 31 December 2010 [1)] **DnB NOR Group**

Amounts in NOK million	Average interest rate (per cent) [2)]	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets								
Cash and deposits with central banks		16 198						16 198
Lending to and deposits with credit institutions	0.63	22 164	19 993	5 603				47 760
Lending to customers	3.82	167 095	86 549	87 254	181 956	648 961	(1 872)	1 169 943
Commercial paper and bonds	5.29	23 999	53 063	80 283	104 248	123 389		384 982
Shareholdings							73 858	73 858
Other assets			6 410		974			7 384
Total		229 457	166 015	173 140	287 178	772 351	71 985	1 700 126
Liabilities								
Loans and deposits from credit institutions	1.45	128 343	7 636	45 115	76 811	327		258 232
Deposits from customers	1.76	628 506	9 803	2 682	434	187		641 612
Debt securities issued	2.79	46 045	85 000	100 755	176 274	89 073		497 147
Sundry liabilities etc.		384	3 439				2 624	6 447
Subordinated loan capital [3)]	1.75	239			86	17 082	15 246	32 653
Total		803 517	105 878	148 552	253 605	106 669	17 870	1 436 091
Financial derivatives								
Financial derivatives, gross settlement								
Incoming cash flows		476 955	452 425	234 037	54 244	583		1 218 244
Outgoing cash flows		479 781	456 054	235 535	54 792	599		1 226 761
Financial derivatives, net settlement		(12)	2 178	7 341	11 659	4 690		25 856
Total financial derivatives		(2 838)	(1 451)	5 843	11 110	4 675		17 339

Residual maturity as at 31 December 2009 [1)] **DnB NOR Group**

Amounts in NOK million	Average interest rate (per cent) [2)]	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets								
Cash and deposits with central banks		31 859						31 859
Lending to and deposits with credit institutions	0.96	38 275	7 511	7 056	4 781	4 641	24	62 288
Lending to customers	4.11	141 711	55 707	51 756	177 251	685 176	3 869	1 115 469
Commercial paper and bonds	6.96	19 607	66 188	96 652	87 105	136 072		405 623
Shareholdings							60 748	60 748
Other assets			6 190		974			7 164
Total		231 452	135 595	155 464	270 111	825 889	64 641	1 683 152
Liabilities								
Loans and deposits from credit institutions	1.58	158 506	12 480	8 093	124 078			303 157
Deposits from customers	2.02	571 887	10 867	7 183	250	546		590 734
Debt securities issued	2.93	63 584	87 026	100 485	204 620	30 514		486 228
Sundry liabilities etc.		499	3 808				638	4 945
Subordinated loan capital [3)]	2.54			309	942	21 512	15 299	38 062
Total		794 475	114 182	116 070	329 890	52 573	15 937	1 423 127
Financial derivatives								
Financial derivatives, gross settlement								
Incoming cash flows		498 780	462 040	323 363	364 558	100 911		1 749 652
Outgoing cash flows		487 050	455 643	316 214	362 844	95 841		1 717 593
Financial derivatives, net settlement		680	431	6 086	17 998	6 658		31 853
Total financial derivatives		12 409	6 829	13 235	19 712	11 728		63 912

1) *Not including value adjustments for financial instruments at fair value.*
2) *Average interest rate in per cent is calculated as total interest in NOK for the specific products in relation to the appurtenant average capital (nominal amount).*
3) *The maturity structure for subordinated loan capital is based on final maturities and does not reflect options to make early redemptions.*

Credit lines, commitments and documentary credit **DnB NOR Group**

Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Unutilised credit lines under 1 year	224 024	243 632
Unutilised credit lines over 1 year	191 825	168 564

Note 18 Insurance risk

INSURANCE RISK IN LIFE INSURANCE

Risk in Vital Forsikring ASA includes financial risk and insurance risk, in addition to operational risk and business risk. Financial risk comprises credit and market risk, which is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies (see description in notes 13-15). Insurance risk relates to changes in future insurance payments due to changes in life expectancy and disability rates. See note 3 Segments for the income statement, balance sheet and key figures for Vital Forsikring ASA including subsidiaries, referred to as "Vital".

Analysis of insurance liabilities, customers bearing the risk, and liabilities to policyholders

		DnB NOR Group [1]
Amounts in NOK million	Insurance liabilities, customers bearing the risk	Liabilities to policyholders
Balance sheet as at 31 December 2008	**16 454**	**184 791**
Deposits	3 055	11 411
Return	4 021	10 225
Inflow of reserves	796	3 239
Outflow of reserves	846	3 754
Insurance payments	1 799	10 386
Other changes	(344)	(1 971)
Balance sheet as at 31 December 2009	**21 337**	**193 556**
Deposits	2 368	11 680
Return	2 368	13 314
Inflow of reserves	533	3 681
Outflow of reserves	697	2 936
Insurance payments	1 794	11 267
Other changes	(611)	(2 478)
Balance sheet as at 31 December 2010	**23 506**	**205 550**

1) Refers only to Vital.

Description of the insurance products

The company offers traditional life and pension insurance, unit-linked insurance and non-life insurance. A calculation rate is used to determine provisions and premiums. The highest calculation rate is set by Finanstilsynet (the Financial Supervisory Authority of Norway). This interest rate is often called the calculation rate, and is 2.5 per cent for new insurance contracts. The calculation rate is the annual guaranteed rate of return on policyholders' funds. In most unit-linked insurance products, policyholders bear the financial risk. Non-life insurance policies are products generating payments related to policyholders' life and health. These products are not subject to profit sharing and are repriced annually.

Group contracts

Under group defined-benefit pensions, pension payments are disbursed from an agreed age and until the death of the policyholder. It can also be agreed that the pension payments cease at a certain age. A defined-benefit pension may include a retirement pension, disability pension, spouse pension and children's pension. Group defined-benefit pensions follow the regulations for the insurance industry effective from 1 January 2008. This means that policyholders pay in advance an annual premium for interest rate risk, insurance risk and administration. The company is entitled to change the premium annually. Interest in excess of the guaranteed rate of return is awarded to policyholders in its entirety. If the interest is between 0 and the guaranteed rate of return, the company can use additional allocations to meet the guaranteed rate of return, otherwise the company must cover the deficit. A positive risk result may either be used to increase the risk equalisation fund or be distributed to the policyholders. No more than 50 per cent of annual profits may be allocated to the risk equalisation fund. The company must cover any remaining losses after the risk equalisation fund has been used. The administration result is allocated in its entirety to the company. For short term risk contracts, the risk result is transferred directly to the company.

When a member terminates a pension agreement or a pension agreement ends, he or she is entitled to a paid-up policy. Rights earned on the termination date are continued in paid-up policies. Paid-up policies have a separate profit model where a minimum of 80 per cent of profits are distributed to policyholders. Profits for distribution consist of the interest result and the risk result. The administration result is allocated in its entirety to the company.

Group association insurance is pension insurance taken out by associations for their members. Association insurance can comprise retirement pensions, disability pensions, spouse pensions and children pensions.

Individual contracts

Individual annuity and pension insurance policies are savings schemes whereby the company disburses monthly amounts up until the death of the policyholder, or until the policyholder reaches an agreed age. This usually comprises a retirement pension, disability pension, spouse pension and children's pension.

Individual endowment insurance policies are contracts whereby the company disburses an agreed amount upon the death of the policyholder or when the policyholder attains an agreed age. Individual endowment insurance may also include disability cover, which is a one-off benefit for permanent disability.

Note 18 Insurance risk (continued)

For individual contracts sold prior to 1 January 2008, the past profit-sharing scheme applies, which implies that the interest result, the risk result and the administration result are included in the profits to be distributed between policyholders and the company. No less than 65 per cent of annual profits must be distributed to policyholders. The new regulations apply to contracts sold as of 1 January 2008.

Contracts where policyholders bear the risk
Defined-contribution pensions are group pension schemes where the employees bear the financial risk. However, full or partial hedging of the paid amount can be bought upon retirement age.

Individual unit-linked insurance polices are endowment insurance policies or annuity insurance polices where policyholders bear the financial risk.

Other sectors
Group life insurance policies are death-risk insurance policies taken out by employers or associations for their employees or members and, where applicable, also for their spouses and children. The amount recoverable under the policy is disbursed upon the death of the policyholder. Group life insurance may also comprise disability cover, which is a one-off benefit for permanent disability.

Employer's liability insurance is a one-year risk product which companies link to their pension agreements. This may be corporate group life insurance or accident insurance. Occupational injury insurance is mandatory for all enterprises.

Specification of liabilities to policyholders recorded in the balance sheet as at 31 December 2010 **DnB NOR Group [1)]**

	Group insurance schemes-defined-benefit pensions			Individual pension savings					
Amounts in NOK million	Private sector	Public sector	Group association insurance	Annuity and pension insurance	Endow-ment insurance	Group life insurance	Non-life insurance	Total 2010	Total 2009
Premium reserve	112 560	28 289	3 860	33 517	11 915	352	0	190 493	180 731
Additional allocations	3 020	903	163	1 322	285	0	0	5 694	5 550
Securities adjustment reserve	1 527	391	56	462	147	9	0	2 591	1 306
Claims reserve	184	0	23	234	238	445	689	1 813	1 414
Premium fund	2 773	1 602	41	336	0	0	0	4 752	4 410
Pensioners' profit fund	9	0	0	0	0	0	0	9	2
Other technical reserves	0	0	0	0	0	0	199	199	143
Liabilities to policyholders	**120 072**	**31 184**	**4 143**	**35 871**	**12 585**	**806**	**889**	**205 550**	**193 556**
Unrealised gains on bonds held to maturity [2)]								1 100	865

1) Refers only to Vital.
2) Unrealised gains on bonds held to maturity are not included in balance sheet values.

Insurance risk

Within life insurance, insurance risk is mainly related to the likelihood of death and disability.

Insurance risk in Vital Forsikring ASA is divided, in varying degrees, between policyholders and the company. With respect to the non-life insurance products employers' liability insurance and certain pure risk products, the company is exposed to insurance risk. For group pension agreements and new individual pension and endowment insurance products, the company's risk represents its obligation to cover a possible negative risk result. The company is credited up to 50 per cent of any positive risk result in the form of allocations to the risk equalisation fund. With respect to individual insurance policies sold prior to 1 January 2008, the risk result is included in profits for allocation to policyholders and the company, where the company is entitled to receive up to 35 per cent of annual profits.

Risk for Vital Forsikring ASA related to changes in mortality rates is twofold. With respect to mortality risk coverage (mainly spouse and children's pensions) lower mortality rates will give an improved risk result and a more limited need for provisions. For pensions that are currently payable, lower mortality rates will result in extended disbursement periods and thus require greater provisions. It will be possible to cover the required increase in reserves relating to insurance risk by future surpluses on investment results. Due to higher life expectancy, vital needs to strengthen recorded premium reserves within individual and group pension insurance.

During 2010, Vital Forsikring ASA strengthened its reserves for individual pension insurance by NOK 973 million to reflect an upward adjustment of life expectancy assumptions. The remaining required increase in reserves is NOK 770 million, which will be recorded over the coming two years. The escalation plan has been approved by Finanstilsynet.

The life insurance industry has also started a process to update life expectancy assumptions in the calculation base for premiums and reserves for group pension insurance. An updated calculation base for group pensions will be introduced in close dialogue with the authorities. Vital Forsikring ASA assumes that the increase in reserves primarily will be financed be future surpluses on investment result, subject to approval by Finanstilsynet.

Disability risk is more exposed to short-term changes. Allocations covering incurred, unsettled insurance claims are under continuous review. No further needs for strengthening existing provisions relating to disability pensions or other disability products have been identified.

With respect to existing contracts, insurance risk is subject to continual review by analysing and monitoring risk results within each business sector. In addition, the company applies reinsurance as an instrument to reduce insurance risk. The company's current reinsurance contracts cover catastrophes and significant individual risks within group and individual insurance. The reinsurance agreements imply that Vital Forsikring ASA is responsible for risk up to a certain level while the reinsurer covers excess risk up to a maximum defined limit.

Note 18 Insurance risk (continued)

In order to reduce insurance risk exposure, it is mandatory that policyholders undergo a health check before entering into a contract for individual risk products. Individual health checks are also required under small-scale group schemes. In connection with the sale of disability pensions, policyholders are divided into risk categories based on a concrete risk assessment in each individual case.

Vital Forsikring ASA's operations are concentrated in Norway. In this market, the portfolio is well diversified and without any concentrations of risk in specific geographical areas or industries.

The risk result arises when empirical data for mortality, disability and exit risk deviate from the assumptions underlying the calculation base for premiums and provisions. When the risk result generates a surplus, the surplus can be allocated to the risk equalisation fund. The risk equalisation fund cannot exceed 150 per cent of the company's total risk premiums for the accounting year. If there is a deficit on the risk result, the risk equalisation fund can be used. The risk equalisation fund does not apply to risk contracts with a maximum term of one year, paid-up policies or individual contracts regulated by the former profit sharing rules.

Risk result **Vital Forsikring ASA**

	Group life insurance - defined-benefit pensions			Individual pension savings				
Amounts in NOK million	Private sector	Public sector	Group association insurance	Annuity and pension insurance	Endow-ment insurance	Other sectors	Total 2010	Total 2009
Risk result								
Risk result in 2010 *)	410	133	(24)	(889)	178	(50)	(242)	
Risk result in 2009	252	25	4	(255)	77	(11)		92
Sensitivities - effect on risk result in 2010								
5 per cent reduction in mortality rate	(15)	(8)	0	(9)	2	7	(22)	
10 per cent increase in disability rate	(126)	(37)	(2)	(16)	(6)	(13)	(199)	
*) *Of which:* *Mortality risk*	*35*	*25*	*32*	*9*	*53*	*(3)*	*151*	*223*
Longevity risk	*(52)*	*(24)*	*(21)*	*(86)*	*0*	*0*	*(183)*	*(336)*
Disability rate	*423*	*72*	*7*	*(3)*	*28*	*(47)*	*481*	*382*
Other	*3*	*60*	*(43)*	*(809)*	*97*	*0*	*(692)*	*(177)*

The table shows the effect on the risk result for 2010 of given changes in empirical mortality or disability data. The cost of introducing a new calculation base for annuity, pension and group association insurance is recorded under "Other".

Permanent changes in the calculation assumptions will require changes in premiums and provisions. With respect to group life insurance and individual policies sold after 1 January 2008, it will be possible to finance higher premium reserve requirements by the risk result for the year, or by current or future investment results. For individual contracts sold prior to 1 January 2008, rising premium reserve requirements can be financed by profits for allocation or future profits for allocation. The table below shows the effect of changes in key calculation assumptions on gross premium reserves.

Calculation assumptions **Vital Forsikring ASA**

Amounts in NOK million	Change in per cent	Effect on gross premiumreserve
Mortality	-5	+1 836
Disability	+10	+2 150

Mortality and disability

The table shows the net annual risk premium for a sum assured of NOK 100 000. For spouse pensions, the premium shown is for an annual spouse pension of NOK 10 000 paid from the death of the primary policyholder until the spouse reaches the age of 77. For disability pensions, the premium shown is for an annual disability pension of NOK 10 000 paid until 67 years of age.

Vital Forsikring ASA

	Men			Women		
Amounts in NOK million	30 years	45 years	60 years	30 years	45 years	60 years
Individual life insurance	136	340	1 447	68	170	724
Individual disability lump sum	223	695	0	333	1 177	0
Individual disability pension	394	1 000	3 229	630	1 900	4 858
Spouse pensions in group schemes	20	164	698	17	79	224
Disability pensions in group schemes	254	556	1 114	388	975	1 672

Premiums for individual disability pensions are based on the company's own experience and were last changed in 2006. Premiums for spouse and disability pensions in group schemes are based on the company's own experience and were last changed in 2008.

Note 18 Insurance risk (continued)

Guaranteed rate of return

The table shows long-term developments in the average guaranteed rate of return for each sector. The guaranteed rate of return is shown as a percentage of the premium reserve, premium fund and additional allocations, and is measured as at 31 December. The guaranteed rate of return is gradually reduced each year as the rate for premiums paid within group pensions is guaranteed at 3 per cent.

				Vital
Per cent	2010	2009	2008	2007
Group pension insurance, private sector	3.4	3.5	3.6	3.7
Group pension insurance, public sector	3.0	3.1	3.1	3.2
Individual pension insurance	3.4	3.5	3.4	3.4
Individual endowment insurance	2.8	3.1	3.3	3.4
Group association insurance	4.0	4.1	4.1	4.1
Total	3.3	3.4	3.5	3.6

Liability adequacy test

In accordance with IFRS 4, the company has assessed whether its premium reserves are adequate to cover its liabilities. If the test shows that the premium reserves are too low to bear the future liabilities of the company, the difference should be recorded on the test date. Adequacy tests are implemented each quarter.

All tariff rates used by the company are based on past experience within product segments or business sectors. Thus, products may have different technical rates of interest, mortality and disability assumptions, and may incur different costs. The adequacy test assesses the margins in the tariff rates.

The risk-free interest rate is calculated based on observable Norwegian swap rates. It is assumed that the risk-free interest rate will converge against a long-term macroeconomic target rate. The realistic value of the liabilities is calculated as the net present value of future cash flows generated by the insurance contracts, subject to a risk-free interest rate curve.

The adequacy test indicated no need for further provisions covering liabilities to policyholders as at 31 December 2010.

Solvency capital

The solvency capital consists of the securities adjustment reserve, additional allocations, the security reserve, equity, subordinated loan capital and perpetual subordinated loan capital securities and unrealised gains on bonds held to maturity. All these elements, with the exception of the risk equalisation fund and part of the security reserve, can be used to meet the guaranteed rate of return on policyholders' funds.

		Vital
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Securities adjustment reserve	2 591	1 307
Additional allocations	5 694	5 550
Security reserve	158	143
Risk equalisation fund	661	407
Equity	11 752	9 611
Subordinated loan capital and perpetual subordinated loan capital securities	2 492	2 489
Unrealised gains on bonds held to maturity	1 100	865
Total solvency capital	24 448	20 372
Guaranteed return on policyholders' funds [1)]	6 821	6 627

1) One-year guaranteed rate of return on insurance contracts at end of period.

Capital adequacy

Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent. At the end of 2010, Vital Forsikring ASA had a capital adequacy ratio of 11.0 per cent, compared with 11.6 per cent at the end of 2009. The Tier 1 capital ratio was 9.7 per cent, on a level with a year earlier.

Risk-weighted volume and eligible primary capital **Vital Forsikring ASA**

	31 December 2010		31 December 2009	
Amounts in NOK million	Recorded	Weighted	Recorded	Weighted
Total assets	247 465	113 607	232 971	97 239
Primary capital				
Tier 1 capital		10 980		9 465
Net Tier 2 capital		1 572		1 804
Financial deduction		0		0
Total eligible primary capital		12 552		11 269
Capital adequacy requirement		9 089		7 779
Capital in excess of requirement		3 463		3 490

Note 18 Insurance risk (continued)

Solvency capital

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

	Vital Forsikring ASA	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Total eligible primary capital	12 552	11 269
Additional allocations (50 per cent)	2 847	2 775
Risk equalisation fund (50 per cent)	331	203
Security reserve in non-life insurance (above 50 per cent of the minimum requirement)	71	64
Solvency capital	15 800	14 312
Solvency capital requirement	8 838	8 317

INSURANCE RISK IN NON-LIFE INSURANCE

DnB NOR Skadeforsikring was established in 2008. Non-life insurance risk increased during 2010 in consequence of growth in the insurance portfolio. The premium portfolio totalled NOK 1 165 million at year-end 2010. More than 96 per cent of the premium portfolio represents insurance coverage for individual customers. A limited range of products is offered to small and medium-sized companies.

Risk in DnB NOR Skadeforsikring comprises insurance, market, credit, operational and business risk. Insurance risk includes the risk of losses if insurance premiums fail to cover future claims payments. An increase in claims frequency can be due to seasonal variations or reflect more lasting effects. A permanent change in claims frequency due to, for example, changes in customer behaviour and new types of claims, will have the most pronounced effect on profitability. Indemnity payments are influenced by a number of factors, including the number of catastrophic losses and inflation. Exposure to natural disasters is limited through the company's compulsory membership in the Norwegian Natural Perils Pool. Insufficient risk diversification with respect to risk categories and sums insured and the geographic locations and types of operations covered by the insurance policies could also have a negative effect on insurance risk.

DnB NOR Skadeforsikring has established a reinsurance programme to help neutralise the consequences of particularly serious insurance events. The programme is adapted to the company's overall risk, which is the sum of insurance risk, market risk and credit risk. Risk utilisation is measured relative to both the prevailing Solvency I regulations and the coming Solvency II regulations. The company’s reinsurance policy is that no individual claim for own account should represent more than 1 per cent of the company’s gross budgeted premiums written.

During 2010, DnB NOR Skadeforsikring had an excess of loss programme covering individual losses and events above a given limit within the individual product groups. The programme was adapted to the risk profile of the portfolio and was divided between several reinsurers to spread the risk. The company’s reinsurance programme had a positive impact on the company’s financial performance in 2010.

Significant changes have been made to the reinsurance programme for 2011. In addition to excess of loss contracts, proportional contracts have been entered into, covering products for corporate clients and fire/combined products for individual clients. The aim is to help ensure that the most volatile products in the portfolio become more predictable.

Insurance risk is subject to continual review by monitoring the profitability of all products. In addition, a quarterly evaluation is made of the claims reserve.

Note 19 Net interest income

DnB NOR Group

Amounts in NOK million	2010 Recorded at fair value	2010 Recorded at amortised cost [1]	2010 Total	2009 Recorded at fair value	2009 Recorded at amortised cost [1]	2009 Total
Interest on loans to and deposits with credit institutions	1 865	393	2 259	893	827	1 720
Interest on loans to customers	1 636	41 433	43 068	7 097	39 802	46 899
Interest on impaired loans, individually written down	0	611	611	0	459	459
Interest on commercial paper and bonds	7 309	0	7 309	5 420	0	5 420
Interest on commercial paper and bonds, held to maturity	-	2 259	2 259	-	2 714	2 714
Front-end fees etc.	4	283	287	66	308	374
Other interest income	79	1 036	1 115	51	727	778
Total interest income	**10 893**	**46 016**	**56 909**	**13 526**	**44 837**	**58 363**
Interest on loans and deposits from credit institutions	4 316	691	5 008	3 565	1 261	4 826
Interest on deposits from customers	1 138	9 848	10 986	1 358	10 921	12 279
Interest on debt securities issued	5 983	6 256	12 239	8 240	5 529	13 769
Interest on subordinated loan capital	68	599	667	184	881	1 066
Other interest expenses [2]	3 745	828	4 573	2 829	962	3 791
Total interest expenses	**15 250**	**18 223**	**33 473**	**16 176**	**19 553**	**35 730**
Net interest income	**(4 357)**	**27 793**	**23 436**	**(2 651)**	**25 284**	**22 633**

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

Note 20 Interest rates on selected balance sheet items

DnB NOR Group [1]

	Average interest rate in per cent [2] 2010	Average interest rate in per cent [2] 2009	Average volume in NOK million 2010	Average volume in NOK million 2009
Assets				
Lending to and deposits with credit institutions	0.63	0.96	169 181	174 987
Lending to customers	3.82	4.11	1 141 640	1 152 950
Commercial paper and bonds	5.29	6.96	165 429	107 490
Liabilities				
Loans and deposits from credit institutions	1.45	1.58	346 146	305 130
Deposits from customers	1.76	2.02	624 039	606 373
Securities issued	2.79	2.93	532 517	538 320

1) Applies to the DnB NOR Group excluding Vital.
2) Average interest rate in per cent is calculated as total interest in NOK for the specific products in relation to the appurtenant average capital (nominal amount).

Note 21 Net commissions and fees receivable

	DnB NOR Group	
Amounts in NOK million	2010	2009
Money transfer fees receivable	2 957	3 031
Fees on asset management services	1 096	1 021
Fees on custodial services	295	275
Fees on securities broking	303	279
Corporate finance	608	312
Interbank fees	97	106
Credit broking commissions	474	367
Sales commissions on insurance products	2 579	2 447
Sundry commissions and fees receivable on banking services	851	886
Total commissions and fees receivable etc.	**9 261**	**8 724**
Money transfer fees payable	1 112	1 015
Commissions payable on asset management services	121	59
Fees on custodial services payable	112	106
Interbank fees	140	153
Credit broking commissions	48	52
Commissions payable on the sale of insurance products	137	111
Sundry commissions and fees payable on banking services	550	573
Total commissions and fees payable etc.	**2 220**	**2 069**
Net commissions and fees receivable	**7 040**	**6 655**

Note 22 Other income

	DnB NOR Group	
Amounts in NOK million	2010	2009
Fees on real estate broking	860	774
Net unrealised gain on investment property	0	(109)
Miscellaneous operating income [1)]	1 704	399
Total other income	**2 565**	**1 063**

1) The increase in miscellaneous operating income in 2010 compared with year-earlier primarily attributable to the merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010, which generated gains of NOK 1 170 million. For further information, see note 2 Changes in group structure.

Note 23 Net gains on financial instruments at fair value

	DnB NOR Group	
Amounts in NOK million	2010	2009
Foreign exchange and financial derivatives	3 450	4 466
Commercial paper and bonds	593	451
Shareholdings	(42)	223
Other financial assets	0	212
Financial liabilities	(216)	564
Net gains on financial instruments, trading	3 784	5 917
Loans at fair value	1	(323)
Commercial paper and bonds	(54)	193
Shareholdings	624	121
Financial liabilities	(438)	(33)
Net gains on financial instruments, designated as at fair value	133	(42)
Financial derivatives, hedging	(3 961)	94
Financial assets, hedged items	(20)	32
Financial liabilities, hedged items	3 992	(261)
Net gains on hedged items [1) 2)]	11	(135)
Financial guarantees	646	377
Dividends	387	169
Net gains on financial instruments at fair value	**4 961**	**6 286**

1) *With respect to hedged liabilities, the hedged risk is recorded at fair value, while the rest of the instrument is recorded at amortised cost. Derivatives used for hedging are recorded at fair value. Changes in fair value arising from hedged risk are presented under Financial derivatives, hedging.*
2) *The DnB NOR Group uses hedge accounting for long-term borrowings in foreign currency in DnB NOR Boligkreditt and DnB NOR Bank ASA. Loans are hedged 1:1 through external contracts where there is a correlation between currencies, interest rate flows and the hedging instrument. At the time the loans are raised, DnB NOR Markets considers whether to enter into a hedging transaction for the relevant loan based on the Group's foreign currency positions and the underlying interest rate exposure for the loan. Hedging transactions which are entered into, are documented. For the bank, the NOK leg of a hedging transaction will be exposed to 3-month interest rates. For DnB NOR Boligkreditt, hedging transactions are entered into to further reduce the interest rate risk on the NOK leg of the hedging transaction. These transactions are not subject to hedge accounting.*

Note 24 Salaries and other personnel expenses

	DnB NOR Group	
Amounts in NOK million	2010	2009
Salaries	7 071	7 206
Employer's national insurance contributions	1 025	1 082
Pension expenses [1)]	448	960
Restructuring expenses	36	82
Other personnel expenses	680	587
Total salaries and other personnel expenses	**9 259**	**9 917**

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

Note 25 Other expenses

	DnB NOR Group	
Amounts in NOK million	2010	2009
Fees [1]	1 437	1 155
IT expenses	1 635	1 741
Postage and telecommunications	377	412
Office supplies	99	99
Marketing and public relations	812	572
Travel expenses	244	234
Reimbursement to Norway Post for transactions executed	151	203
Training expenses	75	73
Operating expenses on properties and premises [2]	1 280	1 306
Operating expenses on machinery, vehicles and office equipment	151	145
Other operating expenses	735	846
Total other expenses	**6 995**	**6 784**

1) Systems development fees totalled NOK 986 million in 2010 and NOK 623 million in 2009.
2) Costs relating to leased premises were NOK 1 038 million in 2010 and NOK 1 039 million in 2009.

Note 26 Depreciation and write-downs of fixed and intangible assets [1]

	DnB NOR Group	
Amounts in NOK million	2010	2009
Write-downs of machinery, vehicles and office equipment	967	747
Other depreciation of tangible and intangible assets	640	630
Write-downs of activated systems development	354	66
Impairment losses for goodwill [2]	194	730
Other write-downs of intangible assets	103	37
Total depreciation and write-downs of fixed and intangible assets	**2 256**	**2 210**

1) See note 40 Intangible assets and note 42 Fixed assets.
2) Impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling were recorded in 2010. In 2009, DnB NOR recorded impairment losses for goodwill of NOK 201 million relating to operations in Sweden, Svensk Fastighetsförmedling AB and SalusAnsvar, and NOK 529 million relating to DnB NORD.

Note 27 Pensions

Description of the pension schemes

Up until year-end 2010, the DnB NOR Group had a defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by Vital Forsikring. Pension benefits included retirement pensions, disability pensions and pensions for spouses and dependent children, which supplemented benefits from the National Insurance Scheme. Full pension entitlements required 30 years of pensionable service and gave the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme was in compliance with the Act on Occupational Pensions. The Group also has commitments related to the top salary pension scheme for salaries exceeding 12G (12 times the National Insurance basic amount) and early retirement agreements. Commitments relating to salaries exceeding 12G and early retirement agreements are funded through the companies' operations. The top salary pension scheme was closed with effect from 30 June 2008.

With effect from 1 January 2011, the pension scheme no longer provides coverage for dependants' and children's pensions, which were replaced by an extended dependants' and child allowance in the group pension scheme as from the same date.

The defined benefit scheme for retirement and disability pensions for employees in Norway was closed as at 31 December 2010. As from 1 January 2011, employees who take up employment in DnB NOR are included in a newly established defined contribution scheme for retirement pensions and a new defined benefit scheme for disability coverage. The premium rates for defined contribution pensions are in line with the statutory maximum rates:

Salary representing 1-6 times the National Insurance basic amount: 5 per cent
Salary representing 6-12 times the National Insurance basic amount: 8 per cent

In addition, around 590 employees in the former Postbanken are covered by a closed group pension plan in the Norwegian Public Service Pension Fund.

Note 27 Pensions (continued)

The Norwegian companies in the Group have been part of the contractual pension (CPA) scheme for the banking and financial services industry. In addition, the Group has an agreement on contractual pensions according to public sector rules with respect to employees who are members of the Public Service Pension Fund. The CPA scheme was an early retirement option entitling employees aged between 62 and 66 to a pension. The scheme was coordinated with the National Insurance Scheme, where ordinary retirement pensions are granted from the age of 67.

The Norwegian Parliament passed an Act relating to the financing of a new contractual pension scheme in February 2010. The new scheme entered into force as from 1 January 2011. The former AFP scheme applies only to employees who had selected early retirement prior to the parliamentary resolution and to those who reached 62 years of age and who had chosen the old scheme before it was terminated with effect from 30 November 2010. Upon the transition to a new AFP scheme, the former scheme will be discontinued.

The new CPA scheme will give a life-long supplement to ordinary pension payments. The employees can opt for the new CPA scheme from the age of 62 and can choose to combine pension payments with continued employment. Benefits provided under the new scheme are considered to be quite different from those provided under the former scheme and the transition to the new scheme is thus not to be regarded as a plan change, but as a curtailment and settlement of the former scheme. Employees who did not qualify for the former CPA scheme in 2010 have no future rights under the old scheme. This part of the pension commitments was settled in the first quarter of 2010. The effect of terminating the commitments for employees born after 30 November 1948, including the related changes in estimates and employers' contributions, was NOK 367 million. The amount was recorded as income in the first quarter of 2010 and reduced pension expenses.

The new CPA scheme should be recorded as a defined benefit multi-company scheme in the accounts and will be funded by an annual premium representing a percentage of salaries between 1 and 7.1G. The premium for 2011 was set at 1.4 per cent. Thus far, no details have been presented on how the new commitments should be recorded in the accounts. The costs of the new CPA scheme are estimated to be at least as high as the Group's previous CPA costs. For members of the Norwegian Public Service Pension Fund, the CPA scheme will continue unchanged in 2011.

Employer's contributions are included in pension expenses and commitments. In pension schemes where pension funds exceed pension commitments, no allocation has been made for employer's contributions.

Subsidiaries and branches outside Norway have separate schemes for their employees, mainly in the form of defined-contribution schemes. Pension expenses for employees outside Norway represent NOK 85 million of the Group's total pension expenses of NOK 448 million.

Economic assumptions applied in calculating pension expenses and commitments:

Economic assumptions **DnB NOR Group**

	Expenses		Commitments	
Per cent	2010	2009	31 Dec. 2010	31 Dec. 2009
Discount rate [1]	4.4	3.8	4.1	4.4
Anticipated return [2]	5.6	5.8	5.5	5.6
Anticipated rise in salaries	4.25	4.00	4.00	4.25
Anticipated increase in basic amount	4.00	3.75	3.75	4.00
Anticipated rise in pensions	2.25	2.00	2.00	2.25
Anticipated CPA acceptance	Actual acceptance	35.0	Actual acceptance	35.0
Demographic assumptions about mortality [3]	K2005	K2005	K2005	K2005

1) *The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.*
2) *The anticipated return on pension funds was calculated by assessing the expected return on the assets encompassed by the current investment policy. The anticipated gain on fixed-rate investments is based on gross gains upon redemption on the balance sheet date. The anticipated return on equity and property investments reflects anticipated long-term real returns in the respective markets.*
3) *K2005 is a calculation base for statistical mortality assumptions, which includes two projected calculations of mortality based on empirical data from the period 1996 to 2001. One of the calculation bases is projected up until 2005, while the other is projected up until 2020. Mortality rates are expected to be lower in 2020 than in 2005. When calculating pension costs and pension commitments, a combination of both calculation bases has been used.*

Note 27 Pensions (continued)

Pension expenses **DnB NOR Group**

	2010			2009		
Amounts in NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	400	50	450	440	120	560
Interest expenses on pension commitments	500	86	586	459	87	547
Anticipated return on pension funds	(537)	0	(537)	(537)	0	(537)
Changes in pension schemes	(5)	(348)	(352)	0	0	0
Amortisation of changes in estimates not recorded in the accounts	5	1	6	72	18	90
Administrative expenses	41	0	41	55	0	55
Employer's contributions	54	18	72	49	29	78
Risk coverage premium	0	85	85	0	80	80
Total defined benefit pension schemes	458	(106)	352	538	333	871
Defined-contribution pension schemes			96			88
Net pension expenses			448			960

Pension commitments **DnB NOR Group**

	31 Dec. 2010			31 Dec. 2009		
Amounts in NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Accrued pension commitments	11 118	1 662	12 781	10 087	1 884	11 971
Estimated effect of future salary adjustments	2 276	356	2 632	1 836	465	2 302
Total pension commitments	13 394	2 019	15 413	11 923	2 349	14 272
Value of pension funds	(10 178)	0	(10 178)	(9 892)	0	(9 892)
Net pension commitments	3 217	2 019	5 235	2 031	2 349	4 381
Changes in the estimates not recorded in the accounts	(2 855)	101	(2 754)	(1 225)	122	(1 103)
Employer's contributions	440	276	716	271	327	598
Total recorded pension commitments	801	2 396	3 197	1 077	2 798	3 875
Of which: Recorded defined benefit pension commitments			*3 361*			*3 875*
Recorded defined benefit pension assets			*164*			*0*

Pension commitments **DnB NOR Group**

Amounts in NOK million	2010	2009
Opening balance	14 272	14 937
Accumulated pension entitlements	450	560
Interest expenses	586	547
Pension payments	(665)	(687)
Changes in pension schemes	(232)	0
Changes in estimates not recorded in the accounts	1 002	(1 084)
Closing balance	15 413	14 272

Pension funds **DnB NOR Group**

Amounts in NOK million	2010	2009
Opening balance	9 892	9 443
Anticipated return	537	537
Premium transfers	584	678
Pension payments	(411)	(431)
Changes in pension schemes	0	0
Changes in estimates not recorded in the accounts	(382)	(281)
Administrative expenses	(42)	(55)
Closing balance	10 178	9 892

Premium transfers in 2011 are expected to be NOK 650 million. Payments through operations are estimated at NOK 300 million.

Past developments **DnB NOR Group**

Amounts in NOK million	31 Dec. 2010	31 Dec. 2009	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
Gross pension commitments [1)]	16 129	14 870	15 696	14 996	15 631
Gross pension funds	(10 178)	(9 892)	(9 443)	(8 831)	(8 853)
Commitments not recorded in the accounts	(2 754)	(1 103)	(2 279)	(2 060)	(3 031)
Net recorded pension commitments	3 197	3 875	3 975	4 105	3 747

1) Gross pension commitments include employer's contributions.

Note 27 Pensions (continued)

Members	DnB NOR Group	
	31 Dec. 2010	31 Dec. 2009
Number of persons covered by pension schemes	15 941	16 046
- of which in employment	10 196	10 261
- of which on retirement and disability pensions	5 745	5 785

Pension funds investments

The table below shows a percentage breakdown of pension funds in the group pension schemes administered by Vital Forsikring. Vital Forsikring administers NOK 8 697 million of the Group's total pension funds. The recorded return on assets in the common portfolio administered by Vital Forsikring was 6.2 per cent in 2010 and 4.7 per cent in 2009.

	DnB NOR Group	
Per cent	31 Dec. 2010	31 Dec. 2009
Commercial paper and bonds at fair value	15	23
Commercial paper and bonds, held to maturity	33	36
Money market	12	9
Equities	21	14
Real estate	18	17
Other	2	2
Total	100	100

Sensitivity analysis for pension calculations

The following estimates are based on facts and conditions prevailing on 31 December 2010, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

								DnB NOR Group
	Discount rate		Annual rise in salaries/ basic amount		Annual rise in pensions		Retirement rate	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
Percentage change in pensions								
Pension commitments	15-17	15-17	9-11	9-11	11-13	11-13	1-2	1-2
Net pension expenses for the period	16-18	17-19	19-21	17-19	17-19	15-17	1-2	1-2

Pension commitments are particularly susceptible to changes in the discount rate. A reduction in the discount rate will, as an isolated factor, result in an increase in pension commitments. A one percentage point change in the discount rate will cause a change in pension commitments in the order of 15 to 17 per cent.

Higher salary increases and adjustments in pensions will also cause a rise in pension commitments. A one percentage point rise in salaries or the basic amount will give an anticipated rise of 9 to 11 per cent, while a corresponding increase in pensions will give a 11 to 13 per cent rise in commitments.

Note 28 Number of employees/full-time positions

	DnB NOR Group	
	2010	2009
Number of employees as at 31 December	13 365	13 691
- of which number of employees abroad	4 391	4 524
Number of employees calculated on a full-time basis as at 31 December	13 021	13 317
- of which number of employees calculated on a full-time basis abroad	4 338	4 436
Average number of employees	13 485	14 159
Average number of employees calculated on a full-time basis	13 131	13 768

Note 29 Taxes

Taxes		**DnB NOR Group**
Amounts in NOK million	2010	2009
Payable taxes	5 199	9 001
Changes in deferred taxes	(1 078)	(4 915)
Total taxes	**4 121**	**4 086**

Balancing tax charges against pre-tax operating profit

Amounts in NOK million	2010	2009
Operating profit before taxes	18 108	11 032
Estimated income tax - nominal tax rate (28 per cent)	5 070	3 089
Tax effect of different tax rates in other countries	60	78
Tax effect of debt interest distribution with international branches	57	(36)
Tax effect of tax-exempt income and non-deductible expenses	(1 626)	204
Estimated taxes on tax-related losses which cannot be utilised [1)]	459	1 010
Excess tax provision previous year	101	(259)
Total taxes	**4 121**	**4 086**
Effective tax rate	23%	37%

Deferred tax assets/(deferred taxes)

28 per cent deferred tax calculation on all temporary differences (Norway)

Amounts in NOK million	2010	2009
Annual changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(279)	(5 194)
Changes recorded against profits	1 078	4 915
Other changes:		
Acquisition of companies	0	0
Deferred tax assets/(deferred taxes) as at 31 December	799	(279)

Deferred tax assets and deferred taxes in the balance sheet affect the following temporary differences:

Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Deferred tax assets		
Fixed assets	856	0
Net prepaid pension entitlements	(550)	13
Financial instruments [2)]	(550)	13
Net other tax-deductable temporary differences	(276)	80
Losses carried forward	1 676	153
Total deferred tax assets	**915**	**246**
Deferred taxes		
Fixed assets	6	874
Net pension commitments	0	(1 048)
Financial instruments [2)]	32	1 022
Loan assessment rules	0	119
Net other taxable temporary differences	78	42
Losses and credit allowances carried forward	0	(484)
Total deferred taxes	**116**	**525**

Deferred taxes in the profit and loss accounts affect the following temporary differences:

Amounts in NOK million	2010	2009
Fixed assets	(77)	(220)
Pensions	192	72
Financial instruments	(426)	(10 279)
Loan assessment rules	(119)	(119)
Other temporary differences	391	(741)
Losses and credit allowances carried forward	(1 039)	6 372
Deferred taxes	(1 078)	(4 915)

1) *Deferred taxes for tax-deductible differences (mainly losses carried forward) in subsidiaries are not recognised in the balance sheet unless the Group can prove that these tax positions will be utilised in the future.*

2) *A significant share of the financial instruments are carried at fair value in the accounts, while for tax purposes, the same instruments are recorded on an accrual basis in accordance with the realisation principle. This gives rise to large differences between profits stated in the accounts and profits computed for tax purposes for the individual accounting years, especially in years with significant fluctuations in interest rate levels and exchange rates. These differences are offset in the longer term.*

Note 29 Taxes (continued)

Deferred tax assets are capitalised to the extent it is probable that the Group will have taxable income against which temporary differences can be utilised. It will be possible to use deferred tax assets related to losses/credit allowances carried forward in connection with the use of group contributions. Net deferred taxes on temporary differences within the same tax group are assessed and entered net in the accounts.

The DnB NOR Group's total tax charge for 2010 was NOK 4 121 million, up NOK 35 million from 2009. Relative to pre-tax operating profits, the tax charge declined from 37 to 23 per cent from 2009 to 2010. Tax-exempt income on shares in 2010 was the main factor behind the reduced tax charge. DnB NOR has not recorded the change in deferred tax assets relating to the increase in losses carried forward in DnB NORD due to uncertainty regarding the economic value of the tax deductions arising when using the right to carry such losses forward. Unrecorded deferred tax assets relating to losses carried forward totalled NOK 733 million at year-end 2010.

Payable taxes for 2009 are strongly influenced by the reversal of taxable temporary differences for previous years. Differences in payable tax levels mainly reflect different rules for the treatment of financial instruments in the accounts and for tax purposes, see footnote 2 above.

Key factors behind tax-exempt income and non-deductible expenses are joint taxation of Norwegian and international operations, tax-exempt income from share investments and goodwill amortisation.

Tax group

DnB NOR's tax group consists of the parent company DnB NOR ASA and the wholly-owned Norwegian subsidiaries DnB NOR Bank ASA, Vital Forsikring ASA, DnB NOR Kapitalforvaltning ASA and DnB NOR Skadeforsikring AS, all with Norwegian subsidiaries where DnB NOR owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings.

At the end of 2010, net deferred tax assets of NOK 732 million were capitalised for the tax group, as against deferred taxes of NOK 399 million in 2009.

Note 30 Classification of financial instruments

As at 31 December 2010 **DnB NOR Group**

	Financial instruments at fair value through profit and loss		Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost [1]	Investments held to maturity	
Amounts in NOK million	Trading	Designated as at fair value				Total
Cash and deposits with central banks	8 208	0		7 990		16 198
Lending to and deposits with credit institutions	35 287	641		11 863		47 792
Lending to customers	2 647	116 392		1 051 301		1 170 341
Commercial paper and bonds	40 471	163 733				204 204
Shareholdings	10 393	64 786				75 179
Financial assets, customers bearing the risk		23 506				23 506
Financial derivatives	71 279		6 878			78 156
Commercial paper and bonds, held to maturity					179 461	179 461
Other assets				10 499		10 499
Total financial assets	168 284	369 059	6 878	1 081 654	179 461	1 805 336
Loans and deposits from credit institutions	104 036	121 350		32 544		257 931
Deposits from customers	34 213	15 756		591 944		641 914
Financial derivatives	59 043		1 828			60 871
Debt securities issued	153 941	36 598		311 129		501 668
Other liabilities				14 738		14 738
Subordinated loan capital		1 260		32 219		33 479
Total financial liabilities [2]	351 234	174 965	1 828	982 575	0	1 510 602

1) Includes hedged liabilities.
2) Contractual obligations of financial liabilities designated as at fair value totalled NOK 174 521 million.

Note 30 Classification of financial instruments (continued)

As at 31 December 2009 **DnB NOR Group**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost [1]	Investments held to maturity	Total
Cash and deposits with central banks				31 859		31 859
Lending to and deposits with credit institutions	48 844	694		12 779		62 317
Lending to customers	1 422	150 592		962 873		1 114 886
Commercial paper and bonds	44 251	181 164				225 415
Shareholdings	10 638	47 589				58 227
Financial assets, customers bearing the risk		21 337				21 337
Financial derivatives	65 438		4 633			70 072
Commercial paper and bonds, held to maturity					179 832	179 832
Other assets				8 979		8 979
Total financial assets	170 592	401 376	4 633	1 016 490	179 832	1 772 924
Loans and deposits from credit institutions	134 833	118 074		49 762		302 669
Deposits from customers	43 208	19 860		527 676		590 745
Financial derivatives	52 249		770			53 019
Debt securities issued	168 033	35 622		290 076		493 732
Other liabilities				12 331		12 331
Subordinated loan capital		1 379		37 672		39 051
Total financial liabilities [2]	398 324	174 936	770	917 517	0	1 491 546

1) Includes hedged liabilities.
2) Contractual obligations of financial liabilities designated as at fair value totalled NOK 175 089 million.

Note 31 Fair value of financial instruments at amortised cost

DnB NOR Group

Amounts in NOK million	Recorded value 31 Dec. 2010	Fair value 31 Dec. 2010	Recorded value 31 Dec. 2009	Fair value 31 Dec. 2009
Cash and deposits with central banks	7 990	7 990	31 859	31 859
Lending to and deposits with credit institutions	11 863	11 863	12 779	12 779
Lending to customers	1 051 301	1 052 131	962 873	957 490
Commercial paper and bonds, held to maturity	179 461	179 632	179 832	180 174
Total financial assets	1 250 616	1 251 616	1 187 344	1 182 302
Loans and deposits from credit institutions	32 544	32 544	49 762	49 762
Deposits from customers	591 944	591 944	527 676	527 676
Securities issued	311 129	309 460	290 076	291 357
Subordinated loan capital	32 219	30 433	37 672	35 200
Total financial liabilities	967 837	964 382	905 185	903 995

Financial instruments at amortised cost

Most assets and liabilities in the DnB NOR Group's balance sheet are carried at amortised cost. This primarily applies to loans, deposits and borrowings in the banking group's balance sheet, but also investments in bonds held to maturity. Long-term borrowings in Norwegian kroner are carried at fair value, while long-term borrowings in other currencies are carried at amortised cost. Hedge accounting may be applied.

Recording balance sheet items at amortised cost implies that the originally agreed cash flows are used, possibly adjusted for impairment. Such valuations will not always give values which are consistent with market assessments of the same instruments. Discrepancies may be due to diverging views on macro-economic prospects, market conditions, risk aspects and return requirements, as well as varying access to accurate information. The above table shows estimated fair values of items carried at amortised cost. Values are measured based on prices quoted in an active market where such information is available, internal models calculating a theoretical value when no such active market exists, or comparisons of prices on instruments in the portfolio relative to the last available transaction prices.

Note 31 Fair value of financial instruments at amortised cost (continued)

Valuations are based on the individual instruments' characteristics and values on the balance sheet date. However, these values do not include the total value of customer relationships, market access, brands, organisational aspects, employees and structural capital. Consequently, such intangible assets are generally not recorded in the accounts. In addition, most transactions with customers are assessed and priced collectively for several products, and products recorded in the balance sheet are considered along with other products and services used by the customer. Individual assets and liabilities recorded in the balance sheet thus give no adequate reflection of the total value of the Group's operations.

Lending to and deposits with credit institutions and lending to customers

The market for the purchase and sale of loan portfolios was restricted at year-end 2010. When valuing loans, the loan portfolio has been divided into the following categories: retail customers, shipping/offshore/logistics, energy international corporates, Nordic corporates, regional corporate clients, credit institutions, Sweden, DnB NOR Finans and Nordlandsbanken. In addition, separate calculations have been made for DnB NORD.

The valuations are based on average margins in December, considered relative to the business units' best estimate of the potential margin requirement at year-end 2010 if the loans had been extended at that time. Differentiated margin requirements have been calculated for each category, as specified above, based on estimated costs related to lending. The margin requirement includes costs covering normalised losses, which, as opposed to write-downs recorded in the annual accounts, represent a long-term assessment of loss levels. Normalised losses for shipping, offshore and logistics are above the Group's average normalised losses. Average credit margins increased in 2010 and are roughly on a level with the Group's margin requirements.

In DnB NORD loan terms, especially in Poland, are much longer than for other units in the Group. These calculations are based on the units' best estimates for duration and market terms.

There is fierce competition in the Norwegian retail market. There were no notified interest rate adjustments which had not been implemented in this market at year-end 2010. The fair value of retail loans and deposits at current prices has thus been set at amortised cost.

With respect to impaired loans, an assessment has been made of potential cash flows for the loans discounted by the effective rate of interest adjusted for changes in market conditions for corresponding non-impaired loans. Lending rates prior to provisions being made reflect the increased credit risk of the commitment. Given the general uncertainty in fair value measurements, DnB NOR believes that the impaired value gives a good reflection of the fair value of these loans.

Customers will often use loan products which are carried partly at amortised cost and partly at fair value. The profitability of a customer relationship is considered on an aggregate basis, and prices are set based on an overall evaluation. Correspondingly, a possible reduction in the customer relationship value is based on an overall assessment of all products. Any decline or change in the value of products recorded at fair value is assessed based on the difference between the agreed price and the corresponding price of new products on the balance sheet date. Any decline in value apart from price changes on specific products is included in the overall assessment of credits in the relevant customer relationship. Any reduction in the total customer relationship value is measured on the basis of amortised cost and reported under write-downs on loans.

Commercial paper and bonds, held to maturity (see note 37 Commercial paper and bonds, held to maturity)

The bond market improved somewhat through 2010, though it is still not possible to observe prices for large parts of the portfolio. Thus, models have been used to stipulate the value of parts of the bond portfolios. These models are based on available indices representing credit risk and liquidity aspects.

Lending to and deposits from credit institutions and deposits from customers

The estimated fair value equals the balance sheet value for credit institutions. With respect to deposits from customers, fair value is assessed to equal amortised cost.

Securities issued and subordinated loan capital

Fair value measurement of securities issued and subordinated loan capital raised in foreign currency is based on future cash flows and assessed credit risk on the balance sheet date. The valuation is based on broker quotes. Values in connection with potential new issues are used, in the same way as for loans.

Note 32 Financial instruments at fair value

					DnB NOR Group
Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1]	Total
Assets as at 31 December 2010					
Deposits with central banks	0	8 208	0	0	8 208
Lending to and deposits with credit institutions	0	35 894	0	35	35 929
Lending to customers	0	2 646	115 839	555	119 039
Commercial paper and bonds	156 827	41 949	3 856	1 572	204 204
Shareholdings [2]	38 683	28 123	8 372		75 179
Financial assets, customers bearing the risk	23 506	0	0		23 506
Financial derivatives	0	77 641	515		78 156
Liabilities as at 31 December 2010					
Loans and deposits from credit institutions	0	224 816	0	571	225 387
Deposits from customers	0	49 716	0	254	49 969
Debt securities issued	0	189 342	0	1 197	190 539
Subordinated loan capital	0	1 248	0	12	1 260
Financial derivatives	0	60 471	401		60 871
Assets as at 31 December 2009					
Deposits with central banks	0	0	0	0	0
Lending to and deposits with credit institutions	0	49 503	0	34	49 537
Lending to customers	0	1 425	149 893	695	152 013
Commercial paper and bonds	172 751	48 959	2 180	1 525	225 415
Shareholdings [2]	49 055	3 549	5 623		58 227
Financial assets, customers bearing the risk	21 337	0	0		21 337
Financial derivatives	0	69 619	453		70 072
Liabilities as at 31 December 2009					
Loans and deposits from credit institutions	0	252 251	0	656	252 907
Deposits from customers	0	62 827	0	242	63 069
Debt securities issued	0	202 514	0	1 142	203 656
Subordinated loan capital	0	1 367	0	12	1 379
Financial derivatives	0	52 669	350		53 019

1) *Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*
2) *In addition to pure equity investments, this item includes mutual fund holdings and equity-related derivatives linked to DnB NOR Markets' market-making activities (level 2). See note 33 Shareholdings.*

Valuation based on prices in an active market
Classified as level 1 are financial instruments valued by using quoted prices in active markets for identical assets or liabilities.

Instruments in this category include listed shares and mutual funds, Treasury bills and commercial paper traded in active markets.

Valuation based on observable market data
Classified as level 2 are financial instruments which are valued by using inputs other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, including quoted prices in non-active markets for identical assets or liabilities.

Included in this category are, among others, interbank derivatives such as interest rate swaps, currency swaps and forward contracts with prices quoted on Reuters or Bloomberg, basis swaps between the currencies NOK, EUR, USD and GBP and cross-currency interest rate derivatives with customers with insignificant credit margins. Exchange-traded options are classified as level 2 if it is possible to scan or interpolate/extrapolate implicit volatility based on observable prices.

Valuation based on other than observable market data
Included in this category are loans to customers and instruments where credit margins constitute a major part of adjustments to market value.

Lending to and deposits with credit institutions (level 2)
Lending to and deposits with credit institutions are primarily relevant for DnB NOR Markets. The valuation is mainly based on agreed interest rate terms measured against a swap curve. The fixed-rate period is relatively short.

Note 32 Financial instruments at fair value (continued)

Lending to customers (level 3)
Loans consist primarily of fixed-rate loans in Norwegian kroner and parts of the portfolio of margin loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed interest flows over the term of the loan, using a discount factor adjusted for margin requirements. A margin requirement is calculated for margin loans, and the difference between the agreed and the actual margin is discounted over the average expected time to the repricing of the loan.

In addition, DnB NORD has a small portfolio of loans carried at fair value. The value of this portfolio converted into Norwegian kroner will be affected by exchange rate movements when converting the company's balance sheet from local currency.

Commercial paper and bonds (levels 2 and 3)
The valuation under level 2 is primarily based on observable market data in the form of interest rate curves, exchange rates and credit margins related to the characteristics of the individual credit or bond. For paper classified as level 3, the valuation is based on indicative prices from third parties or comparable paper.

The value of DnB NORD's portefolio converted into Norwegian kroner will be affected by exchange rate movements in connection with the conversion of the company's balance sheet from local currency.

Equities including mutual fund holdings and equity-related derivatives related to market-making (levels 2 and 3)
Equities classified as level 2 comprise equity derivatives used in DnB NOR Markets' market-making activities. Most of these derivatives are related to the most traded equities on Oslo Børs, and the valuation is based on the price development of the relevant/underlying equity and observable or estimated volatility. Equities in level 2 also comprise mutual fund holdings where the underlying investments are quoted equities, as well as a small volume of other mutual funds. Instruments which are classified as level 3 essentially comprise property funds, limited partnership units, private equity investments, as well as hedge fund units and investments in unquoted equities.

Financial assets, customers bearing the risk (level 1)
The item applies in its entirety to unit-linked products in Vital, and the value development of the underlying funds is available on a daily basis.

Financial derivatives (levels 2 and 3)
The market values classified as level 2 are primarily currency forward contracts and interest rate and currency swaps. The valuation is based on swap curves, and credit margins constitute a minor part of the value. In addition, the item comprises derivatives related to commodities and forward rate agreements. These are valued based on observable market prices. The market values classified as level 3 are primarily connected to currency options, interest rate options in Norwegian kroner, as well as index derivatives. The valuation is based on indicative prices from third parties.

Loans and deposits from credit institutions (level 2)
See "Lending to and deposits with credit institutions" above. The item also includes borrowings from Norges Bank in connection with the Norwegian government's covered bonds exchange scheme. The funding obtained through this scheme totalled NOK 118.1 billion at year-end 2010. See note 51 Information on related parties.

Deposits from customers (level 2)
Deposits carried at fair value include special-term deposits. The valuation is primarily based on measurement in relation to a swap curve, and changes in credit margins have an insignificant effect.

Debt securities issued (level 2)
The valuation is primarily based on observable market data in the form of interest rate curves and credit margins. The item consists mainly of funding in Norwegian kroner. For foreign currency funding, hedge accounting is used. In all other respects, securities are carried at amortised cost.

Subordinated loan capital (level 2)
Subordinated loans carried at fair value consist of two loans in Norwegian kroner, and the valuation is based on observable interest rate curves and credit margins.

Note 32 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

DnB NOR Group

	Financial assets				Financial liabilities
Amounts in NOK million	Lending to customers	Commercial paper and bonds	Share-holdings [1]	Financial derivatives	Financial derivatives
Balance as at 31 December 2009	**149 893**	**2 180**	**5 623**	**453**	**350**
Net gains on financial instruments	(20)	(39)	1 204	(44)	28
Additions/purchases	5 067	2 775	1 976	305	238
Sales	0	1 120	398	0	0
Settled	39 019	480	0	199	215
Transferred from Level 1 or Level 2	0	1 053	0	0	0
Transferred to Level 1 or Level 2	0	461	35	0	0
Other [2]	(83)	(53)	2	0	0
Balance as at 31 December 2010	**115 839**	**3 856**	**8 372**	**515**	**401**

1) *Equities classified as level 3 comprise, in addition to pure equity investments, property fund units, limited partnership units, private equity investments and hedge fund units. Shares in Nets received as consideration in connection with the merger between the payment services company Nordito and the Danish PBS Holding, representing NOK 1 226 million, are included under "additions/purchases". The value of the investment increased by NOK 420 million from the merger date till year-end 2010.*

2) *Includes exchange rate effects arising from the translation of foreign operations.*

Lending to customers

The portfolio of loans carried at fair value consists primarily of fixed-rate loans in Norwegian kroner and a share of margin loans in Norwegian kroner. In addition, DnB NORD has a small loan portfolio which is recorded at fair value.

Fixed-rate loans

The valuation of the loans is based on interest rates agreed with the customers concerned, discounted by a margin requirement based on the market situation at year-end 2010, as evaluated by Retail Banking. Fierce competition and transparency in the form of interest rate barometers within this market segment mean that there is relatively little uncertainty surrounding the margin requirement for such loans. With respect to these loans, customers have, as a rule, no possibility to withdraw from the agreements without paying compensation for the difference between the estimated and the registered margin. Fixed-rate loans carried at fair value totalled NOK 30 415 million at year-end 2010.

Margin loans carried at fair value

A typical margin loan is a loan with a reference interest rate and a margin add-on. Reference rates will normally be set for a period of three months, but the margin can be determined for considerably longer periods. In times of significant interest rate fluctuations and reduced liquidity in the market, as was the case during the financial turmoil, long-term funding costs increased. This is of significance for the margin requirements used by the bank in its calculations. The margin requirements are measured against agreed margins, and discrepancies are discounted over average periods up until the expected margin adjustment. This period is based on feedback from the Group's business areas, but will require significant judgment based on past experience. The period up until the actual adjustment of the margin represents the largest element of uncertainty in these calculations. Margin loans carried at fair value totalled NOK 85 424 million at year-end 2010.

Commercial paper and bonds

Investments classified as level 3 primarily consisted of municipal and government securities with short fixed-interest terms. The securities were of high quality, but with limited liquidity.

Equities including mutual fund holdings

Of the total invested amount of NOK 8 372 million at year-end 2010, NOK 3 275 million was invested in private equity funds, NOK 1 266 million in property funds, NOK 30 million in limited partnerships, NOK 1 374 million in unquoted hedge funds and NOK 2 427 million in unquoted equities. A common denominator for these investments is that there is a lag in the access to information from the units. In times of financial market turmoil, there may be considerable uncertainty related to the valuation of these investments.

Financial derivatives, assets and liabilities

Items classified as level 3 are primarily currency options, interest rate options in Norwegian kroner and derivatives related to developments in the consumer price index.

Note 32 Financial instruments at fair value (continued)

Sensitivity analysis, level 3		**DnB NOR Group**
Amounts in NOK million	Recorded value 31 December 2010	Effect of reasonably possible alternative assumptions
Lending to customers	115 839	(147)
Commercial paper and bonds	3 856	(7)
Shareholdings	8 372	-
Financial derivatives, net	114	-

In order to show the sensitivity of the loan portfolio, the discount rate on fixed-rate loans and the margin requirement on margin-based loans have been increased by 10 basis points. Level 3 bonds mainly represent investments in Norwegian municipalities, country municipalities, savings banks and power companies. The table shows the effects of a 10 basis point increase in the discount rate. Level 3 equities represent a total of NOK 5 524 million in private equity investments, property funds, hedge funds and unquoted equities in Vital Forsikring. Lags in the access to information from the units may generally represent an element of uncertainty in the valuation of this type of investments. However, it is difficult to measure the sensitivity of the insurance portfolios with respect to the effects this may have for the owner. When determining the fair value of Private Equity funds, the industry’s recognised guidelines for PE valuations are used. The industry standard has been prepared by the European Private Equity & Venture Capital Association, EVCA. The method is considered to represent the best basis for the best estimate of fair values for investments in not very liquid equity instruments. In the bank's portfolio of level 3 equities, alternative assumptions for important items have had only insignificant effects.

Note 33 Shareholdings

Investments in shares, mutual funds and equity certificates [1]	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Total investments in shares, mutual funds and equity certificates, excluding Vital	14 736	13 272
Total investments in shares, mutual funds and equity certificates, Vital	60 443	44 955
Total investments in shares, mutual funds and equity certificates	**75 179**	**58 227**

Specification of the largest investments in shares, mutual funds and equity certificates as at 31 December 2010

	DnB NOR Group excl. Vital		
Recorded value in NOK 1 000	Number of shares	Ownership share in per cent [2]	Recorded value
Financial institutions			
Gjensidige Forsikring [3]	1 206 382	0.2	70 573
Storebrand [3]	2 292 632	0.5	100 073
Other financial institutions			3 313
Total financial institutions			**173 959**
Norwegian companies			
Aker Solutions [3]	2 048 184	0.7	203 282
DnB NOR Eiendomsinvest I [3]	2 883 124	7.9	129 741
Hurtigruten	16 479 125	3.9	80 418
IT-Fornebu Holding	1 464 294	12.6	207 930
Kongsberg Automotive	26 835 050	6.6	130 150
Marine Harvest [3]	114 958 546	3.2	709 294
Norsk Hydro [3]	9 669 757	0.6	412 028
Norvestor IV LP	1	19.2	141 270
Orkla [3]	8 744 419	0.8	495 809
Petroleum Geo-Services [3]	1 873 923	0.9	170 246
Renewable Energy Corporation [3]	9 449 806	0.9	168 112
Statoil [3]	8 878 858	0.3	1 230 610
Telenor [3]	7 038 244	0.4	667 226
TGS Nopec Geophysical [3]	590 227	0.6	77 615
Yara International [3]	1 475 074	0.5	497 837
Other Norwegian companies			851 478
Total Norwegian companies			**6 173 045**
Companies based abroad			
Cape Investment	9 261	13.9	120 942
Deep Sea Supply [3]	7 368 930	5.8	88 943
Nets	33 547 173	18.2	1 645 828
Noble	470 000	0.2	97 123
Pride International [3]	8 070 800	4.7	1 568 718
Prosafe	1 289 092	0.6	59 814
Rowan Cos. [3]	1 938 708	1.5	394 618
Royal Caribbean Cruises [3]	459 531	0.6	126 968
Seadrill [3]	8 037 817	2.2	1 585 058
Subsea 7 [3]	875 326	0.4	125 172
Teekay [3]	1 610 000	0.2	310 629
Transocean [3]	300 500	0.1	121 700
Other companies based abroad			410 691
Total companies based abroad			**6 656 203**
Equity related derivatives [3]			**(521 120)**
Mutual funds			
Interest funds			1 459 243
Combination funds			872
Mutual funds			186 019
Other funds			607 608
Total mutual funds			**2 253 742**
Total investments in shares, mutual funds and equity certificates			14 735 829

	Vital		
Recorded value in NOK 1 000	Number of shares	Ownership share in per cent [2]	Recorded value
Financial institutions			
Storebrand	5 243 666	1.2	228 886
Gjensidige Forsikring	1 738 800	0.3	101 720
Other financial institutions			504 407
Total financial institutions			**835 012**
Norwegian companies			
Aker Solutions	2 077 928	0.8	206 234
Fred Olsen Energy	482 036	0.7	124 269
Marine Harvest	32 318 324	0.9	199 404
Norsk Hydro	10 684 744	0.7	455 277
Norwegian Air Shuttle	1 305 837	3.8	153 436
Orkla	13 258 161	1.1	751 738
Oslo Børs VPS Holding	8 233 680	19.2	576 358
Petroleum Geo-Services	3 131 215	1.4	284 471
Schibsted	1 125 259	1.0	193 545
Statoil	14 655 826	0.5	2 031 297
Telenor	10 285 961	0.6	975 109
TGS Nopec Geophysical	1 849 085	1.8	243 155
Yara International	2 572 175	0.9	868 109
Other Norwegian companies			1 546 528
Total Norwegian companies			**8 608 929**
Companies based abroad			
Apple	106 856	0.0	200 342
BHP Billiton	486 891	0.0	131 268
Exxon Mobil	762 275	0.0	323 974
General Electric	1 918 668	0.0	203 975
Google	58 324	0.0	201 361
Microsoft	1 362 507	0.0	221 114
Nestle	370 784	0.0	126 592
Pfizer	1 333 148	0.0	135 684
Procter and Gamble	370 558	0.0	138 558
Prosafe	2 690 433	1.2	124 836
Royal Caribbean Cruises	1 055 388	0.5	291 604
Seadrill	3 301 779	0.9	651 111
Siemens	189 207	0.0	136 769
Subsea 7	3 710 182	1.1	530 556
Total	388 893	0.0	120 238
Other companies based abroad			14 228 203
Total companies based abroad			**17 766 185**
Mutual funds			
Interest funds			17 135 140
Combination funds			26 413
Mutual funds			11 008 199
Hedge funds			2 246 901
Private equity funds			2 816 444
Total mutual funds			**33 233 097**
Total investments in shares, mutual funds and equity certificates			60 443 224

1) *Primary capital certificates were savings banks' form of "shares", but did not give full ownership rights to equity, as is the case with shares. During 2009, a change was made to primary capital certificates, whereby the name was changed to equity certificates. The main difference between equity certificates and primary capital certificates is that investors' ownership interests in savings banks can now be held stable. This is possible as a larger share of profits can be distributed in the form of gifts. Savings banks can thus avoid dilution effects.*

2) *Ownership share in per cent is based on the company's total share capital and does not include derivative contracts.*

3) *Shares and funds carried at fair value in DnB NOR Markets totalled NOK 10 660 million at year-end 2010, and equity-related derivatives represented minus NOK 521 million. DnB NOR Markets' equity investment are mainly an instrument in hedging its equity derivative exposure through the business area's market making activities. Value at Risk for the equity operations in DnB NOR Markets represented approximately NOK 3,1 million at year-end 2010.*

Note 34 Repurchase agreements and securities lending

Transferred assets still recognised in the balance sheet	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Repurchase agreements		
Commercial paper and bonds - Treasury bills / bonds	319	292
Securities lending		
Shares	1 370	373
Total repurchase agreements and securities lending	1 689	665

Liabilities associated with the assets	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Repurchase agreements		
Loans and deposits from credit institutions	295	292
Deposits from customers	21	0
Securities lending		
Loans and deposits from credit institutions	1 310	319
Deposits from customers	129	73
Total liabilities	1 754	683

Note 35 Securities received which can be sold or repledged

Securities received [1]	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Reverse repurchase agreements		
Commercial paper and bonds	1 189	1 148
Securities borrowing		
Shares	3 073	2 542
Total securities received	4 262	3 690
Of which securities received and subsequently sold or repledged:		
Commercial paper and bonds	*1 003*	*1 148*
Shares	*1 895*	*441*

1) Securities received are not recognised in the balance sheet.

Note 36 Financial assets and insurance liabilities, customers bearing the risk

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Mutual funds	11 513	10 718
Bond funds	5 007	3 868
Money market funds	2 296	1 636
Combination funds	2 674	2 747
Bank deposits	2 015	2 368
Total financial assets, customers bearing the risk [1]	**23 506**	**21 337**
Total insurance liabilities, customers bearing the risk	**23 506**	**21 337**

1) The figures show a breakdown of customer assets invested in products with a choice of investment profile. For such assets, the customers carry the financial risk.

Note 37 Commercial paper and bonds, held to maturity

As part of ongoing liquidity management, DnB NOR Bank has invested in a portfolio of securities. The portfolio can be used 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. With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets was reclassified from the category "fair value through profit or loss" to "held-to-maturity investments". Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

Measurement

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the liquidity portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the liquidity portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. The markets normalised through 2009. However, due to increasing financial market turmoil resulting from the debt situation in a number of European countries, especially in the first half of 2010, there were still no observable prices for large parts of the portfolio. In order to meet the disclosure requirement at end-December 2010, the liquidity portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the liquidity portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the liquidity portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the liquidity portfolio in 2010, there would have been a NOK 107 million increase in profits.

Effects of the reclassifications of the liquidity portfolio

The reclassification of the liquidity portfolios resulted in a rise in profits of NOK 634 million at end- December 2010 compared with the result if the previous valuation principle had been retained. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, compared with NOK 54.1 billion at year-end 2010. The average term to maturity of the portfolio is 3.6 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 15 million at end-December 2010.

Effects of the reclassification of the liquidity portfolio	**DnB NOR Group**	
Amounts in NOK million	2010	2009
Effects on profits		
Recorded amortisation effect	429	544
Net gain if valued at fair value	536	2 819
Effects of reclassification on profits	(107)	(2 275)
Effects on the balance sheet		
Recorded, unrealised losses at end of period	1 234	1 662
Unrealised losses, if valued at fair value	1 868	2 404
Effects of reclassification on the balance sheet	634	741

Development in the liquidity portfolio after the reclassification	**DnB NOR Group**	
Beløp i millioner kroner	31 Dec. 2010	31 Dec. 2009
Liquidity portfolio, recorded value	54 087	68 600
Liquidity portfolio, if valued at fair value	53 453	67 859
Effects of reclassification on the balance sheet	634	741

DnB NOR Markets' liquidity portfolio

After the reclassification date, DnB NOR Markets has chosen to increase its investments in held-to-maturity securities. As at 31 December 2010, DnB NOR Markets' portfolio represented NOK 113 billion. 96.3 per cent of the securities in the portfolio had an AAA rating, while 3.0 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. The structure of DnB NOR Markets' liquidity portfolio is shown below.

Note 37 Commercial paper and bonds, held to maturity (continued)

	DnB NOR Group	
	Per cent 31 Dec. 2010	NOK million 31 Dec. 2010
Asset class		
Consumer credit	2	2 190
Residential mortgages	64	73 387
Corporate loans [1]	2	2 578
Government-related	31	35 909
Total liquidity portfolio DnB NOR Markets, nominal values	100	114 064
Accrued interest, including amortisation effects		(1 497)
Total liquidity portfolio DnB NOR Markets	100	112 567
Of which reclassified portfolio		54 087

1) *The exposure to the insurance sector represented only 0.01 per cent of the total portfolio at end-December. With effect from the second quarter of 2010, the exposure to this sector is included in the asset class corporate loans.*

The average term to maturity of DnB NOR Markets' liquidity portfolio is 3.4 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 34 million at end-December 2010.

Commercial paper and bonds, held to maturity	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
DnB NOR Markets	112 567	112 969
Vital	68 038	68 128
Other units [1]	(1 144)	(1 265)
Commercial paper and bonds, held to maturity	**179 461**	**179 832**

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

Vital Forsikring

Vital Forsikring's portfolio of held-to-maturity bonds represents bonds issued by highly creditworthy borrowers. At end-December 2010, bonds with government guarantees represented approximately 22 per cent of the portfolio. The remaining bonds are generally issued by municipalities/county municipalities and finance companies with sound creditworthiness. All investments in bonds issued by finance companies represent senior debt, which has the highest ranking in the capital structure and first priority if the issuer goes bankrupt. Only in exceptional cases does Vital invest in bonds issued by traditional manufacturing companies.

Note 38 Investment properties

Investment properties owned by the Group are principally owned by Vital Forsikring. The properties in Vital are part of the common portfolio and are owned with the intention to achieve long-term returns for policyholders. Vital's property portfolio is recorded at fair value on the balance sheet date. Vital values the properties based on an internal model and external valuations. In the internal model, the present value of expected cash flows is estimated. Contractual cash flows are discounted with a normalised nominal required rate of return, whereas future non-contractual cash flows are discounted with a required rate of return which includes an extra risk premium. The model stipulates a required rate of return of 6.25 per cent during the contract period and, subsequent to this, 9.25 per cent, for office premises. The anticipated inflation rate and the implicit assumption regarding real interest rates are kept unchanged during the two periods. The difference in the required rates of return thus solely reflects an increase in the risk premium. The increase in the risk premium of 3 percentage points is intended to compensate for the shift from a reliable and known cash flow to a cash flow which does not have the same degree of predictability. In principle, the same rate of return is used for hotels and shopping centres, but following an individual assessment, the required rate of return was revised downwards by up to 0.75 percentage points for certain properties and upwards by up to 1.5 percentage points for others.

DnB NOR bases the calculation of the normalised required rate of return on a risk-free rate of interest, normally a government bond yield with a duration of three to five years, where a relevant risk premium related to the asset class or the project to be valued is subsequently added.

Future market rents are considered individually for each property based on a wide range of information, including external market statistics, external analyses and market assessments, internal market interpretations and information about and knowledge of local market conditions and the properties' technical condition. The model uses market rent rates at the end of the period, which means that real prices are assumed to neither increase nor decline.

There were no changes in the market or the portfolio during 2010 which had any material impact on key parameters used in the internal valuation. Through the year, however, market rents for parts of the office portfolio were adjusted downwards.

At end-December 2010, a complete review was made of the investment properties. The properties in Sweden were valued based on external appraisals from a highly professional, independent appraiser with a leading market position. The properties in Norway were valued based on the company's own valuation model. As a supplement to the values in the internal model, appraisals were obtained from two independent, external appraisers for a representative selection of properties corresponding to approximately 29 per cent of the property portfolio in Norway. The purpose of the external appraisals is to benchmark the internal valuations against independent references. Calculations in the model and balance sheet values are 3.7 per cent higher than the average of the external appraisals, which are considered to be within an acceptable reliability interval.

The property market generally showed a positive trend through 2010. Activity picked up in the rental market. Rent levels stabilised, but due to higher vacancy rates, the expected increase in rent levels largely failed to materialise. There was a significant increase in transaction volumes compared with the two preceding years, and due to strong competition for relatively few attractive properties, the required rate of return declined slightly during the year.

Through 2010, contractual rent for the wholly-owned portfolio in Norway declined by NOK 14 million to NOK 1 575 million, while market rents were down NOK 22 million to NOK 1 697 million. Adjusted for changes in the portfolio, contractual rents rose by NOK 48 million, while market rents increased by NOK 15 million. At year-end 2010, economic vacancy in the portfolio was 4.4 per cent, unchanged from a year earlier.

The value of investment property was adjusted upwards by NOK 341 million from end-December 2009 to end-December 2010, of which NOK 3 million represented revaluations of ongoing projects. Costs relating to projects in Vital will normally be guaranteed through turnkey contracts, while income will generally be ensured through contracts concluded before the projects are started.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Other things equal, a 0.25 percentage point change in the required rate of return will change the value of the property portfolio by approximately 3.5 per cent or NOK 832 million. Other things equal, a 5 per cent change in future market rents will change the value of the property portfolio by approximately 3.9 per cent or NOK 934 million.

Tenants in Vital's properties are subject to a semi-annual credit evaluation. In 2010, 1 per cent of the tenants were categorised as non-creditworthy and unable to provide collateral.

Note 38 Investment properties (continued)

Investment properties according to geographical location **Vital**

Type of building	Location	Fair value *NOK million*	Annual rent level per m² *NOK*	Gross rental area *m²*	Average rental period *No. of years*
Office buildings	Eastern Norway	11 177	1 498	557 339	4.7
Office buildings	Rest of Norway	3 162	1 424	169 129	3.6
Shopping centres	Norwegian cities	7 845	2 111	219 074	3.9
Hotels	Norwegian cities	3 845	1 462	158 186	10.6
Office buildings/shopping centres/hotels	London/Stockholm/Gothenburg/Malmø	9 881	2 603	244 535	4.0
Other	Eastern and Western Norway	49	1 362	3 536	0.0
Total investment properties as at 31 December 2010		35 961	1 793	1 351 798	4.7
Total investment properties as at 31 December 2009		32 766	1 710	1 314 466	5.0
Change in 2010		3 194	83	37 332	(0.3)
Total investment properties as at 31 December 2010		35 961	1 793	1 351 798	4.7

Prosjects, expected completion **Vital**

Amounts in NOK million	2011	2012	2013
Contractual obligations for property purchases and development	817	92	23

Amounts included in the income statement **DnB NOR Group**

Amounts in NOK million	2010	2009
Rental income from investment properties	2 165	2 069
Direct expenses (including repairs and maintenance) related to investment properties generating rental income	410	414
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income	1	0
Total	1 754	1 655

Changes in the value of investment properties **DnB NOR Group**

Amounts in NOK million	Investment properties
Recorded value as at 31 December 2008	**32 558**
Additions, purchases of new properties	1 844
Additions, capitalised investments	749
Additions, acquired companies	520
Net gains resulting from adjustment to fair value	(778)
Net gains resulting from adjustment to fair value of projects	(218)
Disposals	720
Exchange rate movements etc.	(575)
Recorded value as at 31 December 2009	**33 381**
Additions, purchases of new properties [1)]	4 021
Additions, capitalised investments	1 257
Additions, acquired companies	0
Net gains resulting from adjustment to fair value	338
Net gains resulting from adjustment to fair value of projects	3
Disposals	504
Exchange rate movements etc.	339
Recorded value as at 31 December 2010 [2)]	**38 834**

1) *On 1 December 2010, DnB NOR Bank ASA took over the property portfolio of Bovista, a company in liquidation. The bank paid a total of DKK 2 023 million for the properties. For further information, see note 2 Changes in group structure.*

2) *The balance sheet value of projects was NOK 1 962 million as at 31 December 2010.*

Note 39 Investments in associated companies

	DnB NOR Group	
Amounts in NOK million	2010	2009
Recorded value as at 1 January	2 521	2 517
Share of profits after tax	180	93
Additions/disposals	(114)	17
Dividends	(280)	(106)
Recorded value as at 31 December [1)]	**2 307**	**2 521**

						DnB NOR Group	
Amounts in NOK million	Assets 31 Dec. 2010 [2)]	Liabilities 31 Dec. 2010 [2)]	Income 2010 [2)]	Profit 2010 [2)]	Ownership share (%) 31 Dec. 2010	Recorded value 31 Dec. 2010 [3)]	Recorded value 31 Dec. 2009 [3)]
Eksportfinans AS	215 549	210 394	818	622	40	1 831	1 911
Faktor Eiendom ASA [4)]	2 329	1 258	522	(125)	31	148	
Amports Inc. [5)]	903	412	88	2	29	142	
Nordito AS [6)]							395
Nordito Property AS [6)]	137	67	21	10	40	80	
Doorstep AS	9	0	2	1	50	9	8
Other associated companies						96	206
Total						**2 307**	**2 521**

1) *Include deferred tax positions and value adjustments not reflected in the company's balance sheet.*
2) *Values in the accounts of associated companies. Preliminary account have been used.*
3) *Eksportfinans entered into an agreement with a syndicate comprising most of the companys' owners. With effect from 1 March 2008, the agreement protects the company from further value reductions in the liquidity portfolio of bonds. Taking the guarantee into account, there was a profit contribution of NOK 200 million from the company as at 31 December 2010 compared with a loss of NOK 200 million as at 31 December 2009.*
4) *During the second quarter of 2010, Faktor Eiendom ASA completed a private placement totalling NOK 250 million, and the bank converted NOK 249 million from debt to equity. The fair value of the bank's ownership interest in the company on the conversion date was based on the company's share price on 21 May 2010, the day after the general meeting approved the share issue. The closing price of the share was NOK 0.87 on 21 May. After the conversion, DnB NOR Bank acquired a 30.8 per cent ownership interest in the company, which was later reduced to 30.6 per cent. Based on the share price of NOK 0.51 as at 31 December 2010, the fair value of the bank's ownership interest was NOK 113 million. Projected financial statement for the third quarter of 2010 is used.*
5) *This auto transport company receives and prepares cars prior to and following overseas shipping. In the fourth quarter of 2010, the company's three large creditors agreed to recapitalise the company. The company's debt was converted to share capital in November 2010.*
6) *Nordito AS was merged with PBS Holding AS on 14 April 2010. The DnB NOR Group has a 18.2 per cent ownership interest in the merged company, Nets AS. In connection with the merger, the properties owned by Nordito AS were demerged into a separate company, Nordito Property AS.*

Note 40 Intangible assets

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Goodwill [1]	5 378	5 405
Postbanken brand name [1]	0	51
Capitalised systems development	1 416	1 490
Sundry intangible assets	370	699
Total intangible assets	**7 164**	**7 644**

	DnB NOR Group				
Amounts in NOK million	Goodwill [1]	Postbanken brand name [1]	Capitalised systems development [2]	Sundry intangible assets [3] [4]	Total
Cost as at 31 December 2008	10 038	119	2 171	954	13 282
Additions			711	254	965
Additions from the acquisition/establishment of other companies	29				29
Increase/reduction in cost price	(153)				(153)
Disposals	84		274		358
Exchange rate movements	(161)		(6)	(28)	(195)
Cost as at 31 December 2009	9 668	119	2 601	1 181	13 569
Total depreciation and impairment as at 31 December 2008	3 372	68	1 063	298	4 801
Depreciation			265	132	397
Impairment	730		52	24	807
Disposals			274		274
Exchange rate movements	(161)		(6)	(28)	(195)
Total depreciation and impairment as at 31 December 2009	4 264	68	1 112	482	5 925
Recorded value as at 31 December 2009	**5 405**	**51**	**1 490**	**699**	**7 644**
Cost as at 1 January 2010	9 668	119	2 601	1 181	13 569
Additions			686	14	700
Additions from the acquisition/establishment of other companies					0
Increase/reduction in cost price					0
Disposals			48	226	274
Exchange rate movements	83		(12)	7	78
Cost as at 31 December 2010	9 752	119	3 227	975	14 073
Total depreciation and impairment as at 1 January 2010	4 264	68	1 112	482	5 925
Depreciation			335	129	464
Impairment [5]	194	51	353		599
Disposals					0
Exchange rate movements	83		(12)	7	78
Total depreciation and impairment as at 31 December 2010	4 375	119	1 812	605	6 910
Recorded value as at 31 December 2010	**5 378**	**0**	**1 416**	**370**	**7 164**

1) *See note 41 for information regarding goodwill and intangible assets with an indefinite useful life.*
2) *Software expenses recorded in the balance sheet are depreciated according to the straight line principle over their expected useful life, usually five years.*
3) *Sundry intangible assets mainly comprise IT software and excess values relating to customer contracts and distributor networks. Sundry intangible assets are depreciated according to the straight line principle over the assets' expected useful lives, which range from three to ten years.*
4) *The Group's investment in Nordisk Tekstil Holding AS is reported as an investment held for sale, and the value of the "KID" brand is presented under "Operations and non-current assets held for sale" in the balance sheet. The investment was valued at NOK 559 million at year-end 2010 and was not subject to depreciation or impairment in 2010.*
5) *For some time, DnB NORD has been working on developing new IT solutions for its operations. Due to significant changes in framework conditions and in the assumptions underlying the project, a new implementation plan and updated cost estimates were worked out, whereby the IT solutions were impaired by EUR 43 million in the second quarter of 2010, the equivalent of NOK 346 million.*

Note 41 Goodwill and intangible assets with an indefinite useful life

The DnB NOR Group continually reviews whether the value of recorded goodwill and other intangible assets with an indefinite useful life is intact, and a complete impairment test of all cash-generating units is performed at least once a year. In the DnB NOR Group's balance sheet, the individual goodwill items and intangible assets with an indefinite useful life are allocated to cash-generating units according to which units benefit from the acquired asset. The cash-generating unit is chosen based on considerations relating to where it is possible to identify and distinguish cash flows related to the unit. A cash-generating unit may record goodwill from several transactions, and an impairment test is then performed on the total goodwill entered in the accounts in the cash-generating unit.

Testing of values and key assumptions used in value in use calculations

Impairment testing of capitalised values is done by discounting expected future cash flows from the unit. The assessments are based on the value in use of the cash-generating units. The value in use represents the sum total of the estimated present value of expected cash flows for the plan period and projected cash flows after the plan period. Cash flows for the plan period normally have a three-year perspective based on budgets and plans approved by management. It must be possible to prove that budgets and plans based on past performance in the relevant unit are realistic. In the medium term, projections beyond the plan period are based on the expected economic growth rate for the cash-generating units. In the long-term an annual growth of 2.5 per cent is anticipated, which equals the expected long-term inflation rate. When a deviating long-term growth rate is used for cash-generating units, an explanation is provided in the description below.

The discount rate is based on an assessment of the market's required rate of return for the type of activity performed in the cash-generating unit. This required rate of return reflects the risk of operations. Impairment tests are generally performed on cash flows after tax in order to be able to directly employ the market's required rate of return. If the test shows that there may be a need for impairment, an assessment is also made of the pre-tax value of the cash flows. In assessments for the 2010 accounting year, a discount rate based on an adjusted capital asset pricing model has been used wish a risk-free interest rate corresponding to the 10-year government bond yield in the unit's home market plus a 4.5 per cent risk premium. Beta values are estimated for each cash-generating unit. For units in countries outside the Nordic region, such as the Baltic States, Poland and Russia, the discount rate is adjusted for country risk.

For units where recorded goodwill approximates the estimated value in use, DnB NOR has carried out sensitivity analyses. These consider whether a change of key assumptions used in valuations of a unit would result in its capitalised value exceeding its value in use.

Goodwill and intangible assets with an indefinite useful life

Goodwill	**DnB NOR Group**	
Unit	Recorded 31 Dec. 2010	Recorded 31 Dec. 2009
DnB NOR Asset Management	1 675	1 568
DnB NORD [1)]	218	223
Retail Banking - parent bank	987	987
Cresco	502	502
Nordlandsbanken	478	478
DnB NOR Finans - Car financing in Norway	365	365
DnB NOR Finans - Car financing in Sweden	344	319
Svensk Fastighetsförmedling AB	0	188
SalusAnsvar	231	215
Vital	215	215
Other	363	344
Total goodwill	5 378	5 405

Intangible assets with an indefinite useful life	**DnB NOR Group**	
Unit	Recorded 31 Dec. 2010	Recorded 31 Dec. 2009
Postbanken	0	51

1) DnB NOR's share of recorded goodwill in DnB NORD is 51 per cent.

DnB NOR Asset Management

The unit includes asset management operations, mainly in Norway and Sweden. Total goodwill from units in the operational area is assessed collectively, and the cash-generating unit represents the entire operational area. Operations are integrated, and synergies and rationalisation effects have been realised throughout the organisation. The operational area is the lowest level at which cash flows can be identified. DnB NOR's management agreement with Skandia Liv was renegotiated in 2009. Thus, volumes were reduced while previous requirements for an international presence were removed. However, the negotiation of the agreement has not resulted in changes in the level of follow-ups, and the cash-generating unit is thus unchanged. The most critical assumptions for cash flows during the plan period are developments in the securities markets, net sales of mutual funds and margins. A required rate of return corresponding to 12.1 per cent before tax has been used.

Note 41 Goodwill and intangible assets with an indefinite useful life (continued)

DnB NORD
DnB NORD was established in 2005 and thus took over NORD/LB's existing subsidiaries in the Baltic States and Poland. Recorded goodwill in DnB NORD stems from the establishment and from the acquisition of BISE Bank in Poland in 2007. Goodwill related to operations in the Baltic region has been impaired to nil. Goodwill recorded by DnB NOR represents 51 per cent of recorded goodwill in DnB NORD, also after DnB NOR's acquisition of the remaining shares in DnB NORD. Key assumptions for cash flows during the plan period are expected growth, developments in funding costs and margins and the level of write-downs on loans. DnB NORD has prepared specific plans for the period up until 2019 which are used in the impairment tests. A required rate of return of 10.8 per cent after tax was used, corresponding to around 13.2 per cent before tax.

Retail Banking – parent bank
The unit encompasses banking operations (loans and deposits) in the regional network in Norway, excluding Nordlandsbanken and Postbanken, and recorded goodwill mainly represents goodwill from the merger between DnB and Gjensidige NOR and some goodwill from previously acquired offices in Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and write-downs on loans. A required rate of return corresponding to 10.9 per cent before tax has been used.

Cresco
The unit encompasses external distribution of credit cards under the Cresco brand. Goodwill stems from the merger between DnB and Gjensidige NOR and the previous acquisition premium from the acquisition of Gjensidige Bank's credit card portfolio. Key assumptions for cash flows during the plan period are developments in margins, volumes and write-downs on loans. A required rate of return corresponding to 11.6 per cent before tax has been used.

Nordlandsbanken
The unit encompasses banking operations (loans and deposits) in Nordlandsbanken. Goodwill represents the acquisition premium from the acquisition of Nordlandsbanken. Nordlandsbanken remains a separate company in the DnB NOR Group and is a logical cash-generating unit. Key assumptions for cash flows during the plan period are developments in margins, volumes and write-downs on loans. A required rate of return corresponding to 8.5 per cent before tax has been used.

DnB NOR Finans – Car financing in Norway
The unit encompasses DnB NOR's car financing operations in Norway, and goodwill stems from DnB NOR's acquisition of SkandiaBanken Bilfinans' operations in Norway with effect from 2008. Critical assumptions for cash flows during the plan period are car sales figures in Norway and DnB NOR Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of write-downs on loans. A required rate of return corresponding to 11.3 per cent before tax has been used.

DnB NOR Finans – Car financing in Sweden
The unit encompasses DnB NOR Finans' car financing operations and leasing portfolio in Sweden. Goodwill stems from the previous acquisition of leasing portfolios and operations within vendor-based car financing in Sweden, and from the acquisition of SkandiaBanken's car financing operations in Sweden in 2008. For 2008, the respective acquired operations were classified as separate cash-generating units, but from 2009, operations in Sweden are integrated and followed up as one cash-generating unit. Key assumptions for cash flows are car sales figures in Sweden and DnB NOR Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of write-downs on loans. A required rate of return corresponding to 14.1 per cent before tax has been used.

SalusAnsvar
In 2007, DnB NOR acquired 96 per cent of the shares in SalusAnsvar, which is an independent distributor of life and pension insurance, non-life insurance and banking products to members of associations and trade unions in Sweden. The remaining 4 per cent of the shares was acquired in 2008. Key assumptions for cash flows during the plan period are developments in the sales volume of insurance and banking products. A required rate of return corresponding to 13.2 per cent before tax has been used.

Vital
The unit encompasses pension and life insurance operations. Goodwill consists of the acquisition premium from the acquisition of Vital and Gjensidige NOR Spareforsikring's portfolio. Key assumptions for cash flows during the plan period are developments in securities markets and the risk result. A required rate of return corresponding to 9.1 per cent before tax has been used.

Recorded impairment losses

Impairment losses per unit	**DnB NOR Group**	
Amounts in NOK million	2010	2009
Svensk Fastighetsförmedling AB	194	99
Brand name Postbanken	51	0
SalusAnsvar	0	102
DnB NORD [1)]	0	529
Total impairment losses on intangible assets	245	730

1) DnB NOR's share of impairment losses for DnB NORD.

Note 41 Goodwill and intangible assets with an indefinite useful life (continued)

Svensk Fastighetsförmedling AB

Recorded goodwill for Svensk Fastighetsförmedling AB including the housing loan portfolio in Sweden was SEK 232 million at year-end 2009. Svensk Fastighetsförmedling provides real estate brokerage services in Sweden and was acquired in the second quarter of 2007. In consequence of a revised strategy in Sweden, it has been decided to discontinue the sale of housing loans from DnB NOR in Sweden. The remaining goodwill, the equivalent of NOK 194 million, was thus impaired to nil in the second quarter of 2010. A required rate of return of 9.0 per cent after tax was used in the evaluation, which corresponds to approximately 10.8 per cent before tax. Impairment losses were also recorded in 2009, representing NOK 99 million. The cash-generating unit is included in the Retail Banking business area, see note 3 Segments.

Postbanken brand

The recorded value of the brand stems from the merger between DnB NOR and Postbanken in 1999. DnB NOR has decided to integrate Postbanken and DnB NOR, whereby the Postbanken brand will be phased out. In consequence of the decision, the remaining value of the brand, NOK 51 million, was impaired in its entirety in the second quarter of 2010.

SalusAnsvar

Goodwill relating to SalusAnsvar totalled SEK 266 million, the equivalent of NOK 231 million, at year-end 2010. DnB NOR has changed its strategy for these operations, whereby SalusAnsvar has now been given more independent responsibility for its strategic direction. The company showed a positive development in 2010, and no impairment losses relating to the company were identified for 2010, but the test is sensitive to changes in key assumptions. In 2009, impairment losses of SEK 124 million, the equivalent of NOK 102 million, were recorded. The cash-generating unit is included in the Retail Banking business area, see note 3 Segments.

DnB NORD

DnB NORD's recorded goodwill relates to operations in Poland and represented EUR 52.7 million or NOK 428 million at end-December 2010, of which DnB NOR recorded 51 per cent or NOK 218 million. DnB NORD has prepared plans covering the period up till 2019, which have been used in the impairment test. The cash flows are based on financial plans approved by DnB NORD's Board of Directors. The unit has shown low operational profitability, but Poland has a relatively strong economy, and the situation with respect to write-downs on loans is better than in the Baltic States. DnB NORD has initiated measures to reduce costs and increase income. Combined with relatively strong annual growth in net lending of 23 per cent during the plan period, these measures are gradually expected to increase profitability. Long-term growth is estimated at 3 per cent. The test did not identify further impairment losses relating to the unit for 2010, but the test is sensitive to changes in key assumptions. In 2009, the test identified an impairment loss of EUR 35.3 million, the equivalent of NOK 311 million, relating to DnB NORD's operations in Poland, of which DnB NOR's share was NOK 159 million. During 2009, recorded goodwill in DnB NORD relating to operations in Lithuania, Latvia and Estonia was impaired to nil. The write-down of acquisition costs and DnB NOR's share of impairment losses for goodwill in DnB NORD gave an overall cost of NOK 529 million in DnB NOR's accounts for 2009. The cash-generating unit is included in the DnB NORD profit centre, see note 3 Segments.

Note 42 Fixed assets

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Bank buildings and other properties	554	506
Machinery, equipment and vehicles	5 127	4 861
Other fixed assets	112	115
Total fixed assets	**5 793**	**5 482**

	DnB NOR Group		
Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles [1)]	Total [2)]
Recorded value as at 31 December 2008	570	4 577	5 146
Additions	185	1 809	1 994
Additions from the aquisition/establishment of other companies			
Fixed assets, reclassified as held for sale			
Depreciation [3)]	29	986	1 015
Impairment			
Disposals	161	469	630
Exchange rate movements	(59)	(69)	(128)
Recorded value as at 31 December 2009	506	4 861	5 367
Original cost	632	10 586	9 468
Total depreciation and impairment	126	5 726	4 102
Recorded value as at 31 December 2009	506	4 861	5 367
Additions	309	2 109	2 418
Additions from the aquisition/establishment of other companies			
Fixed assets, reclassified as held for sale			
Depreciation [3)]	17	1 106	1 123
Impairment			
Disposals	220	724	944
Exchange rate movements	(24)	(12)	(36)
Recorded value as at 31 December 2010	554	5 127	5 681
Original cost	693	11 166	11 858
Total depreciation and impairment	139	6 039	6 178
Recorded value as at 31 December 2010	554	5 127	5 681

The DnB NOR Group has not furnished security for loans/funding of fixed assets, including property.

1) *Including computer equipment and related software.*
2) *The total does not include "Other fixed assets".*
3) *Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:*

Technical installations	*10 years*
Machinery	*3-10 years*
Fixtures and fittings	*5-10 years*
Computer equipment	*3-5 years*
Means of transport	*5-7 years*

Note 43 Leasing

Financial leases (as lessor)	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Gross investment in the lease		
Due within 1 year	9 622	8 126
Due in 1-5 years	23 199	25 099
Due in more than 5 years	2 244	2 900
Total gross investment in the lease	35 065	36 126
Present value of minimum lease payments		
Due within 1 year	9 170	7 775
Due in 1-5 years	18 838	20 674
Due in more than 5 years	1 501	1 975
Total present value of lease payments	29 509	30 425
Unearned financial income	5 556	5 701
Unguaranteed residual values accruing to the lessor	46	38
Accumulated loan-loss provisions	1 529	759
Variable lease payments recognised as income during the period	115	133

Operational leases (as lessor)	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Future minimum lease payments under non-cancellable leases		
Due within 1 year	2 221	1 904
Due in 1-5 years	6 618	5 955
Due in more than 5 years	3 562	3 332
Total future minimum lease payments under non-cancellable leases	12 400	11 191

Operational leases (as lessee)	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Minimum future lease payments under non-cancellable leases		
Due within 1 year	102	89
Due in 1-5 years	1 023	916
Due in more than 5 years	7 195	7 573
Total minimum future lease payments under non-cancellable leases	8 320	8 578
Total minimum future sublease payments expected to be received under non-cancellable subleases	36	76
Leases recognised as an expense during the period		
Minimum lease payments	801	765
Variable lease payments	0	0
Total leases recognised as an expense during the period	801	765
Impairment on leases	11	17

Financial leases (as lessor)
The DnB NOR Group's financial leasing operations apply to DnB NOR Bank ASA and DnB NORD in Poland and the Baltic States.

Operational leases (as lessor)
Comprises operational leasing operations in DnB NOR Bank ASA and DnB NORD in Poland, in addition to leasing of investment properties in Vital.

Operational leases (as lessee)
Mainly comprises premises leased by DnB NOR Bank ASA. The strong growth in contractual minimum lease payments which are due in more than five years must be seen in conjunction with the agreement to lease new headquarters in Bjørvika in Oslo, which will be ready in 2012.

Note 44 Other assets

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Accrued expenses and prepaid revenues	1 847	1 127
Amounts outstanding on documentary credits and other payment services	1 374	744
Unsettled contract notes	983	1 041
Past due, unpaid insurance premiums	743	1 408
Other amounts outstanding	5 551	4 660
Total other assets [1)]	**10 499**	**8 979**

1) Other assets are generally of a short-term nature.

Note 45 Deposits from customers for principal sectors [1)]

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Retail customers	247 241	234 199
International shipping	60 543	48 335
Real estate	32 556	30 192
Manufacturing	21 980	21 115
Services	104 608	92 729
Trade	34 826	28 102
Oil and gas	22 236	26 011
Transportation and communication	23 117	26 255
Building and construction	15 085	13 652
Power and water supply	24 255	11 521
Seafood	4 961	3 442
Hotels and restaurants	1 838	1 782
Agriculture and forestry	2 986	2 665
Central and local government	20 473	17 160
Finance	24 498	33 142
Total deposits from customers, nominal amount	641 202	590 300
Adjustments	712	444
Deposits from customers	**641 914**	**590 745**

1) The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway.

Note 46 Debt securities issued

Amounts in NOK million	DnB NOR Group 31 Dec. 2010	31 Dec. 2009
Commercial paper issued, nominal amount	153 934	168 028
Bond debt, nominal amount [1]	336 912	313 141
Adjustments	10 823	12 563
Total debt securities issued	**501 668**	**493 732**

Changes in debt securities issued

Amounts in NOK million	Balance sheet 31 Dec. 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	DnB NOR Group Balance sheet 31 Dec. 2009
Commercial paper issued, nominal amount	153 934	153 934	168 028	0		168 028
Bond debt, nominal amount [1]	336 912	123 600	88 985	(10 844)		313 141
Adjustments	10 823				(1 740)	12 563
Total debt securities issued	**501 668**	**277 533**	**257 013**	**(10 844)**	**(1 740)**	**493 732**

Maturity of debt securities issued recorded at amortised cost as at 31 December 2010 [1) 2)]

Amounts in NOK million	NOK	DnB NOR Group Foreign currency	Total
2011	0	24	24
Total commercial paper issued, nominal amount	0	24	24
2011	0	66 423	66 423
2012	0	32 941	32 941
2013	0	36 216	36 216
2014	0	37 062	37 062
2015	0	45 719	45 719
2016	0	10 555	10 555
2017 and later	0	73 563	73 563
Total bond debt, recorded at amortised cost, nominal amount	0	302 480	302 480
Total debt securities issued recorded at amortised cost, nominal amount	0	302 504	302 504

Maturity of debt securities issued recorded at fair value as at 31 December 2010 [1)]

Amounts in NOK million	NOK	DnB NOR Group Foreign currency	Total
2011	6	153 904	153 910
Total commercial paper issued, nominal amount	6	153 904	153 910
2011	5 149	7	5 156
2012	1 296	0	1 296
2013	1 809	0	1 809
2014	15 962	0	15 962
2015	5 244	0	5 244
2016	663	0	663
2017 and later	4 301	0	4 301
Total bond debt, nominal amount	34 425	7	34 431
Total debt securities issued recorded at fair value, nominal amount	34 430	153 911	188 341
Adjustments	2 167	8 656	10 823
Debt securities issued	36 597	465 071	501 668

1) Minus own bonds. Outstanding covered bonds in DnB NOR Boligkreditt totalled NOK 285.9 billion as at 31 December 2010. The cover pool represented NOK 395.4 billion.

2) Includes hedged items.

Note 47 Subordinated loan capital and perpetual subordinated loan capital securities

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Term subordinated loan capital, nominal amount	17 167	22 455
Perpetual subordinated loan capital, nominal amount	7 005	6 830
Perpetual subordinated loan capital securities, nominal amount [1]	8 241	8 468
Adjustments	1 065	1 297
Total subordinated loan capital and perpetual subordinated loan capital securities	**33 479**	**39 051**

Changes in subordinated loan capital and perpetual subordinated loan capital securities **DnB NOR Group**

Amounts in NOK million	Balance sheet 31 Dec. 2010	Issued 2010	Matured/ redeemed 2010	Exchange rate movements 2010	Other adjustments 2010	Balance sheet 31 Dec. 2009
Term subordinated loan capital, nominal amount	17 167		4 704	(583)		22 455
Perpetual subordinated loan capital, nominal amount	7 005			175		6 830
Perpetual subordinated loan capital securities, nominal amount [1]	8 241			(227)		8 468
Adjustments	1 065				(232)	1 297
Total subordinated loan capital and perpetual subordinated loan capital securities	**33 479**	**0**	**4 704**	**(636)**	**(232)**	**39 051**

DnB NOR Group

Year raised	Recorded value in foreign currency		Interest rate	Maturity	Call date	Recorded value in NOK
Term subordinated loan capital						
2004	EUR	11	6-month EURIBOR + 2.40%	2014	2009	86
2004	EUR	200	3-month EURIBOR + 0.30%	2016	2011	1 563
2006	EUR	500	3-month EURIBOR + 0.20%	2017	2012	3 907
2006	USD	500	3-month LIBOR + 0.23%	2016	2011	2 923
2007	GBP	150	6.52% p.a.	2017	2012	1 358
2008	GBP	250	6.17% p.a.	2018	2013	2 263
2008	NOK	1 200	3-month NIBOR + 1.60%	2018	2013	1 200
2008	NOK	250	7.60% p.a.	2018	2013	250
2008	GBP	400	7.25% p.a.	2020	2015	3 621
Other						(3)
Total, nominal amount						17 167
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 257
1986	USD	150	6-month LIBOR + 0.15%			877
1986	USD	200	6-month LIBOR + 0.13%			1 169
1996	JPY	3 000	4.00% p.a.		2011	216
1996	JPY	7 000	4.00% p.a.		2011	503
1999	JPY	10 000	4.51% p.a.		2029	719
2006	GBP	250	4.88% p.a.		2011	2 263
Other						1
Total, nominal amount						7 005
Perpetual subordinated loan capital securities [1]						
2001	USD	400	7.73% p.a.		2011	2 338
2002	EUR	350	7.07% p.a.		2012	2 735
2007	GBP	350	6.01% p.a.		2017	3 168
Total, nominal amount						8 241

1) *Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Finanstilsynet may require the securities to be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or the 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 48 Provisions

			DnB NOR Group
Amounts in NOK million	Issued financial guarantees	Other provisions	Total provisions [1]
Recorded value as at 31 December 2009	**303**	**584**	**887**
New provisions, recorded in the accounts	28	512	539
Amounts used	3	291	294
Reversals of unutilised provisions	127	49	176
Other changes	(5)	(5)	(10)
Recorded value as at 31 December 2010	**195**	**751**	**946**

1) Provisions which are assumed to be settled after 12 months totalled NOK 376 million as at 31 December 2010.

Note 49 Other liabilities

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Short-term funding	2 624	638
Accrued expenses and prepaid revenues	3 439	3 808
Liabilities related to factoring	126	102
Documentary credits, cheques and other payment services	1 729	682
Unsettled contract notes	1 892	2 050
Accounts payable	1 147	484
Other liabilities	3 782	4 567
Total other liabilities [1]	**14 738**	**12 331**

1) Other liabilities are generally of a short-term nature.

Note 50 Remunerations etc.

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors will present the following remuneration guidelines to the Annual General Meeting:

"The Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives
DnB NOR's guidelines for determining remunerations to the group chief executive and other members of the group management team should, at all times, support prevailing strategy and values, while contributing to the attainment of the Group's targets. The remunerations should inspire conduct to build the desired corporate culture with respect to performance and profit orientation. In connection with this statement, the Board of Directors has passed no resolution entailing changes to the principles for the stipulation of remunerations compared with statements presented previously.

Decision-making process
The Board of Directors in DnB NOR ASA has established a compensation committee consisting of three members: the chairman of the Board, the vice-chairman and one board member.

The Compensation Committee prepares matters for the Board of Directors and has the following main responsibilities:
- Annually evaluate and present its recommendations regarding the total remuneration awarded to the group chief executive
- Annually prepare a recommendation for the group chief executive's score card
- Based on suggestions from the group chief executive, decide the remuneration and other key benefits awarded to the group executive vice president, Group Audit
- Act in an advisory capacity to the group chief executive regarding remunerations and other key benefits for members of the group management team and, when applicable, for others who report to the group chief executive
- Consider other matters as decided by the Board of Directors and/or the Compensation Committee
- Evaluate other personnel-related issues which can be assumed to entail great risk to the Group's reputation

A. Guidelines for the coming accounting year
Remuneration to the group chief executive
The total remuneration to the group chief executive consists of fixed salary (main element), benefits in kind, variable salary, and pension and insurance schemes. The total remuneration is determined based on a total evaluation, and the variable part of the salary is primarily based on the following elements: financial risk-adjusted profits, customer satisfaction and the DnB NOR Group's reputation. In addition, the total evaluation will also reflect compliance with the Group's vision, values, code of ethics and leadership principles. The new regulations on remuneration schemes in the financial services industry and the appurtenant guidelines in a circular from Finanstilsynet will be taken into consideration with respect to remunerations for 2011.

The fixed salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Variable salary to the group chief executive is determined based on specific performance measurements of defined target areas stipulated in the group chief executive's score card and an overall assessment. Variable salary cannot exceed 50 per cent of fixed salary. The group chief executive is not awarded performance-based payments other than the stated bonus.

In addition to variable salary, the group chief executive can be granted benefits in kind such as company car, newspapers/periodicals and telephone schemes. Benefits in kind should be relevant to the group chief executive's function or in line with market practice, and should not be significant relative to the group chief executive's fixed salary.

The Board of Directors will respect the agreement entered into with the group chief executive, whereby his retirement age is 60 years with a pension representing 70 per cent of fixed salary. If employment is terminated prior to the age of 60, the pension will be paid from the age of 60 with the deduction of 1/14 of the pension amount for each full year remaining to his 60th birthday. According to the agreement, the group chief executive is entitled to a termination payment for two years if employment is terminated prior to the age of 60. If, during this period, the group chief executive receives income from other employment, the termination payment will be reduced by an amount corresponding to the salary received from this employment. Benefits in kind will be maintained for a period of three months.

Remuneration to other senior executives
The group chief executive determines the remunerations to senior executives in agreement with the Chairman of the Board of Directors. The Board of Directors will honour existing binding agreements.

The total remuneration to senior executives consists of fixed salary (main element), benefits in kind, variable salary, and pension and insurance schemes. The total remuneration is determined based on the need to offer competitive terms in the various business areas. The remunerations should promote the Group's competitiveness in the relevant labour market, as well as the Group's profitability, including the desired trend in income and costs. The total remuneration must neither pose a threat to DnB NOR's reputation nor be market-leading, but should ensure that DnB NOR attracts and retains senior executives with the desired skills and experience.

The fixed salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Benefits in kind may be offered to senior executives to the extent the benefits have a relevant connection to the employee's function in the Group or are in line with market practice. The benefits should not be significant relative to the employee's fixed salary.

Note 50 Remunerations etc. (continued)

Implementation of regulations on remuneration schemes in the financial services industry
DnB NOR will work on the implementation and follow-up of the regulations through and beyond 2011. The Group will prepare revised group remuneration guidelines to ensure compliance with the regulations and appurtenant guidelines. The regulations will be implemented in the organisation in accordance with the provisions of the regulations and guidelines in a manner which ensures that the Group's practices safeguard DnB NOR's reputation.

There will be challenges of a legal nature related to the Group's international branches and subsidiaries, as the Norwegian regulations and guidelines will not always correspond to local legislation and local rules concerning remunerations in financial institutions. In such cases, the Group will seek advice from Finanstilsynet and international experts to ensure that the Group's practices are in compliance with both Norwegian and local regulations concerning remuneration in financial institutions.

Variable salary is based on specific performance measurements of defined target areas stipulated in the executive's score card and an overall assessment reflecting compliance with the Group's vision, values, code of ethics and leadership principles. The scheme should be performance-based without exposing the Group to unwanted risk, nor should the scheme pose a threat to DnB NOR's reputation. Variable salary (bonus) cannot exceed 50 per cent of fixed salary.

Pension schemes and any agreements on termination payments etc. should be considered relative to other remuneration and should ensure competitive terms. The various components in pension schemes and severance pay, either alone or together, must not be such that they could pose a threat to DnB NOR’s reputation.

As a main rule, senior executives are entitled to a pension at the age of 65, though this can be deviated from. In accordance with the Group's pension scheme for all employees, defined benefit pension entitlements should not exceed 70 per cent of fixed salary and should constitute maximum 12 times the National Insurance basic amount. However, the DnB NOR Group will honour existing agreements. A defined contribution scheme was established for the Group with effect from 1 January 2011, whereby pensionable income will be limited to 12 times the National Insurance basic amount. Parallel to this, the Group's defined benefit pension scheme was closed for new members as from 31 December 2010. Senior executives who are covered by the defined benefit scheme will be given the opportunity to transfer to defined contribution pensions.

As a main rule, no termination payment agreements will be signed. However, the Group will honour existing agreements.

When entering into new agreements, the guidelines generally apply and comprise all senior executives.

See table of remunerations for senior executives below.

B. Binding guidelines for shares, subscription rights, options etc. for the coming accounting year
An amount corresponding to 50 per cent of the earned variable salary of the group chief executive and senior executives is invested in shares in DnB NOR ASA. The minimum holding periods are one year for one-third of the shares, two years for one-third of the shares and three years for the final one-third of the shares. Guidelines for the shareholdings have been established for 2011.

No additional shares, subscription rights, options or other forms of remuneration only linked to shares or only to developments in the share price of the company or other companies within the Group, will be awarded to the group chief executive or senior executives. The group chief executive and senior executives are, however, given the opportunity to participate in a share subscription scheme on the same terms as other employees in the DnB NOR Group.

C. Statement on the senior executive salary policy in the previous account year
As in previous years, the performance-based pay agreement for 2010 for the head of DnB NOR Markets deviates from the model used for the other group executive vice presidents. The agreement has a higher maximum limit.

In all other respects, the guidelines determined for 2010 have been followed.

D. Statement on the effects for the company and the shareholders of remuneration agreements awarding shares, subscription rights, options etc.
An amount corresponding to 20 per cent of the gross variable salary earned by the group chief executive and senior executives in 2010 is invested in shares in DnB NOR ASA. The Board of Directors believes that the awarding of shares to senior executives, in view of the total number of shares in the company, will have no negative consequences for the company or the shareholders."

Terms for the chairman of the Board of Directors

Anne Carine Tanum received a total remuneration of NOK 445 000 in 2010, compared with NOK 430 000 in 2009. In addition, she received NOK 355 000 as chairman of the Board of Directors of DnB NOR Bank ASA, the same as in 2009.

Terms for the group chief executive

Rune Bjerke received an ordinary salary of NOK 4 667 000 in 2010, compared with NOK 4 639 000 in 2009. The Board of Directors of DnB NOR ASA stipulated the group chief executive's bonus payment for 2010 at NOK 1 890 000, compared with NOK 676 000 for 2009. The bonus for 2010 will be paid in 2011. Benefits in kind were estimated at NOK 276 000, compared with NOK 305 000 in 2009. Costs for DnB NOR in connection with the group chief executive’s pension scheme were NOK 3 494 000 for the 2010 accounting year, compared with NOK 3 272 000 in 2009. Costs are divided between DnB NOR ASA and DnB NOR Bank ASA.

Note 50 Remunerations etc. (continued)

Remunerations etc. in 2010 **DnB NOR Group**

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2010 [1]	Paid remuneration in 2010 [2]	Paid salaries in 2010 [3]	Bonus earned in 2009, paid in 2010 [4] [5]	Benefits in kind in 2010	Total remuneration in 2010	Bonus earned in 2010, to be paid in 2011 [4]	Loans as at 31 Dec. 2010 [6]	Accrued pension expenses	Current value of pension agreement [7]
Board of Directors of DnB NOR ASA										
Anne Carine Tanum (chairman) [8]	-	800	-	-	0	800	-	0	-	-
Bjørn Sund (vice-chairman) [8]	-	355	-	-	0	355	-	0	-	-
Gunilla Berg	-	260	-	-	0	260	-	0	-	-
Per Hoffmann	579	520	585	9	14	1 128	20	1 601	48	1 676
Jørn O. Kvilhaug	971	455	986	89	17	1 546	20	385	180	5 433
Bent Pedersen [9]	-	630	-	-	1	631	-	0	-	-
Tore Olaf Rimmereid [8] [9]	-	395	-	-	1	396	-	1	-	-
Ingjerd Skjeldrum	633	520	657	9	11	1 197	20	452	84	2 098
Bente Brevik (from 15 June 2010) [9]	-	187	-	-	0	187	-	0	-	-
Siri Pettersen Strandenes (until 15 June 2010) [9]	-	256	-	-	1	256	-	3	-	-
Total Board of Directors	2 183	4 378	2 227	106	44	6 755	60	2 441	312	9 206
Group management										
Rune Bjerke, CEO	4 592	-	4 667	674	276	5 618	1 890	0	3 494	12 074
Bjørn Erik Næss, CFO	3 282	-	3 409	1 044	176	4 630	1 468	1 980	4 040	10 365
Ottar Ertzeid, group EVP	1 650	-	2 439	8 409	168	11 015	8 818	42	574	6 885
Liv Fiksdahl, group EVP	1 826	-	1 866	695	169	2 730	871	2 797	797	7 023
Solveig Hellebust, group EVP	1 906	-	1 870	564	177	2 610	859	0	157	270
Cathrine Klouman, group EVP	2 161	-	2 246	796	321	3 364	1 011	3 495	1 075	6 879
Karin Bing Orgland, group EVP	2 768	-	2 861	923	177	3 961	989	3	1 348	17 325
Tom Rathke, group EVP	2 884	-	3 098	1 199	177	4 474	1 282	301	2 400	15 137
Leif Teksum, group EVP	3 291	-	3 418	1 047	228	4 693	1 493	1 804	2 367	32 526
Total group management	24 359	-	25 875	15 351	1 869	43 095	18 681	10 422	16 251	108 484
Control Committee										
Frode Hassel (chairman)	-	387	-	-	-	387	-	0	-	-
Thorstein Øverland (vice-chairman)	-	283	-	-	17	300	-	1	-	-
Svein Norvald Eriksen	-	243	-	-	-	243	-	1 568	-	-
Karl Olav Hovden	-	385	-	-	4	389	-	6	-	-
Merete Smith	-	264	-	-	-	264	-	0	-	-
Svein Brustad	-	243	-	-	-	243	-	0	-	-
Total Control Committee	-	1 803	-	-	21	1 824	-	1 576	-	-
Total Supervisory Board	-	1 158	-	-	-	1 158	-	-	-	-
Total	26 541	7 339	28 102	15 458	1 934	52 832	18 741	14 439	16 563	117 691
Total lending to other employees								12 443 451		

Note 50 Remunerations etc. (continued)

Remunerations etc. in 2009 **DnB NOR Group**

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2009 [1]	Paid remuneration in 2009 [2]	Paid salaries in 2009 [3]	Bonus earned in 2008, paid in 2009 [4]	Benefits in kind in 2009	Total remuneration in 2009	Bonus earned in 2009, to be paid in 2010 [4] [5]	Loans as at 31 Dec. 2009 [6]	Accrued pension expenses	Current value of pension agreement [7]
Board of Directors of DnB NOR ASA										
Anne Carine Tanum (chairman) [8]	-	785	-	-	0	785	-	0	-	-
Bjørn Sund (vice-chairman) [8]	-	393	-	-	0	393	-	0	-	-
Gunilla Berg (from 17 June 2009)	-	139	-	-	0	139	-	0	-	-
Per Hoffmann	561	520	573	0	23	1 116	10	1 656	44	1 706
Jørn O. Kvilhaug	908	455	1 011	40	17	1 523	10	745	128	4 700
Bent Pedersen [9]	-	630	-	-	0	630	-	0	-	-
Tore Olaf Rimmereid [8] [9]	-	328	-	-	0	328	-	0	-	-
Trine Sæther Romuld (until 17 June 2009)	-	173	-	-	0	173	-	0	-	-
Ingjerd Skjeldrum	613	520	637	0	12	1 169	10	496	70	1 966
Siri Pettersen Strandenes [9]	-	540	-	-	1	541	-	0	-	-
Total Board of Directors	2 082	4 481	2 221	40	53	6 795	30	2 897	242	8 372
Group management										
Rune Bjerke, CEO	4 437	-	4 639	0	305	4 945	674	106	3 272	8 846
Bjørn Erik Næss, CFO	3 186	-	3 187	956	195	4 339	1 044	2 644	2 704	4 646
Ottar Ertzeid, group EVP	1 650	-	2 520	6 300	166	8 986	8 409	6	509	5 598
Liv Fiksdahl, group EVP	1 715	-	1 744	497	184	2 425	695	2 728	637	5 543
Solveig Hellebust, group EVP (from 1 April 2009)	1 850	-	1 308	-	127	1 435	564	0	142	107
Cathrine Klouman, group EVP	2 098	-	2 133	629	161	2 923	796	3 639	952	5 657
Kari Olrud Moen, acting group EVP (until 1 April 2009)	1 383	-	1 498	277	146	1 921	598	0	381	1 327
Jarle Mortensen, acting group EVP (until 1 July 2009)	1 500	-	1 718	200	176	2 094	710	2 722	382	5 829
Karin Bing Orgland, group EVP (from 1 July 2009)	2 700	-	2 351	1 144	160	3 655	923	67	1 113	15 055
Tom Rathke, group EVP	2 800	-	3 005	420	219	3 644	1 199	362	2 019	11 814
Åsmund Skår, group EVP (until 20 February 2009)	2 913	-	3 058	437	91	3 586	701	269	1 335	17 366
Leif Teksum, group EVP	3 195	-	3 244	959	233	4 436	1 047	1 939	2 071	30 137
Total group management	29 426	-	30 406	11 818	2 165	44 390	17 360	14 482	15 517	111 923
Control Committee										
Frode Hassel (chairman)	-	389	-	-	-	389	-	0	-	-
Thorstein Øverland (vice-chairman)	-	283	-	-	-	283	-	0	-	-
Svein Brustad	-	243	-	-	-	243	-	0	-	-
Svein Norvald Eriksen	-	245	-	-	-	245	-	1 264	-	-
Ingebjørg Harto (until 21 April 2009)	-	216	-	-	-	216	-	0	-	-
Karl Olav Hovden (from 21 April 2009)	-	36	-	-	122	158	-	0	-	-
Merete Smith	-	282	-	-	-	282	-	0	-	-
Total Control Committee	-	1 694	-	-	122	1 816	-	1 264	-	-
Total Supervisory Board	-	1 278	-	-	-	1 278	-	-	-	-
Total	31 508	7 454	32 627	11 858	2 340	54 280	17 390	18 643	15 760	120 295
Total lending to other employees								14 191 189		

1) *Fixed annual salary at year-end for employees who were members of the Board of Directors or the group management team during the year.*
2) *Includes remuneration received from all companies within the DnB NOR Group for service on Boards of Directors and committees. Remuneration from DnB NOR ASA was NOK 2 823 000 in 2010.*
3) *Includes salary payments for the entire year and holiday pay on bonuses. Some employees were members of the Board of Directors or the group management team for only parts of the year.*
4) *20 per cent of variable salary is in the form of shares at the market price prevailing at the time of allotment. The shares have a minimum holding period of two years. The allotment date was 29 April 2010 for bonuses earned in 2009, and a total of 19 896 shares were bought in the market at a price of NOK 69.08 per share. The allotment date for bonuses earned in 2008 was 7 May 2009, and a total of 20 436 shares were bought in the market at a price of NOK 44.89 per share.*
5) *The variable salary earned by group executive vice president Ottar Ertzeid, head of DnB NOR Markets, in 2009 was invested in its entirety in shares in DnB NOR ASA. The shares have a minimum holding period of three years.*
6) *Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DnB NOR employees are extended on special terms, which are close to ordinary customer terms.*
7) *The net present value of pension agreements represents accrued pension commitments excluding payments into funded pension schemes. Assumptions used in actuarial calculations of accrued pension expenses and the present value of pension agreements are shown in note 27 Pensions.*
8) *Also a member of the Compensation Committee.*
9) *Also a member of the Audit Committee.*

Note 50 Remunerations etc. (continued)

Other information on pension agreements

Rune Bjerke has a pension agreement entitling him to a pension representing 70 per cent of fixed salary from the age of 60. Ottar Ertzeid, Liv Fiksdahl, Cathrine Klouman, Bjørn Erik Næss, Tom Rathke and Leif Teksum have pension agreements entitling them to a pension representing 70 per cent of fixed salary from the age of 62. Karin Bing Orgland has a pension agreement entitling her to a pension representing 70 per cent of fixed salary from the age of 65. Solveig Hellebust has a pension agreement entitling her to a pension representing 70 per cent of fixed salary, limited to 12 times the National Insurance basic amount, from the age of 65.

Subscription rights programme for employees

There was no subscription rights programme for employees in the DnB NOR Group at year-end 2010.

Remuneration to the statutory auditor	**DnB NOR ASA**		**DnB NOR Group**	
Amounts in NOK 1 000	2010	2009	2010	2009
Statutory audit [1]	701	597	24 275	23 136
Other certification services	250	775	2 274	2 083
Tax-related advice [2]	3 400	3 663	4 226	4 164
Other services	460	1 247	2 875	1 988
Total remuneration to the statutory auditor	4 811	6 282	33 650	31 371

1) Includes fees for auditing funds managed by DnB NOR.
2) Mainly related to assistance in tax matters for employees outside Norway.

Note 51 Information on related parties

The largest owner of the DnB NOR Group is the Norwegian government, represented by the Ministry of Trade and Industry, which owns and controls 34 per cent of the shares in the parent company DnB NOR ASA. See note 53 Largest shareholders.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies are associated companies plus Sparebankstiftelsen DnB NOR (the Savings Bank Foundation). See note 39 for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms.

Transactions with related parties				**DnB NOR Group**
	Group management and Board of Directors		Related companies	
Amounts in NOK million	2010	2009	2010	2009
Loans as at 1 January	22	26	381	9
New loans/repayments during the year	(4)	(7)	1 177	372
Changes in related parties	0	3	0	0
Loans as at 31 December	**18**	**22**	**1 558**	**381**
Interest income	**1**	**1**	**41**	**0**
Deposits as at 1 January [1]	22	18	9 702	11 084
Deposits/withdrawals during the year	0	7	469	(1 382)
Changes in related parties	0	(2)	0	0
Deposits as at 31 December	**22**	**22**	**10 171**	**9 702**
Interest expenses	**1**	**1**	**168**	**188**
Guarantees [1]	**-**	**-**	**10 483**	**20 869**

1) DnB NOR carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DnB NOR. According to the agreement, DnB NOR still carries interest rate risk and credit risk associated with the transferred portfolio. These portfolios totalled NOK 9 203 million and NOK 9 215 million respectively at year-end 2010 and 2009. The loans are set off by deposits/payments from Eksportfinans. DnB NOR has also issued guarantees for other loans in Eksportfinans.

No write-downs were made on loans to related parties in 2009 and 2010. Reference is made to note 50 for information on loans to group management members and directors. Transactions with deputy members of the Board of Directors are not included in the table above. In general, DnB NOR employee loans should be paid by automatic debit in monthly instalments in arrear. Employees' commitments are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

Note 51 Information on related parties (continued)

Major transactions and agreements with related parties

Eksportfinans

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DnB NOR Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S, approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement was renewed in June 2009 and in June 2010. The most recent renewal resulted in a reduction in the limit to USD 2 billion. DnB NOR Bank ASA's share of this agreement represents approximately USD 1.1 billion. At end-December 2010, Eksportfinans had not availed itself of this credit line.

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

Stimulus packages

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

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

DnB NOR Bank ASA has purchased bonds from DnB NOR Boligkreditt AS, which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39.20 Financial Instruments – Recognition and Measurement. The bank is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds are treated as own bonds and netted against issued bonds in Boligkreditt.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-December 2010, this funding represented NOK 118.1 billion. At end-December 2010, the bank's investments in Treasury bills used in the swap agreements represented NOK 102.3 billion.

Note 52 Earnings per share

	DnB NOR Group	
	2010	2009
Profit for the year (NOK million)	14 062	7 026
Profit attributable to shareholders (NOK million)	14 814	8 585
Profit attributable to shareholders excluding operations held for sale (NOK million)	14 739	8 505
Profit from operations and non-current assets held for sale, after taxes	75	80
Average number of shares (in 1 000) [1]	1 623 198	1 335 838
Average number of shares, fully diluted (in 1 000) [1]	1 623 198	1 335 838
Earnings/diluted earnings per share (NOK) [2]	8.66	6.43
Earnings/dilutet earnings per share excluding operations held for sale (NOK)	8.62	6.37
Earnings/diluted earnings per share, operations held for sale (NOK)	0.05	0.06

1) *Holdings of own shares are not included in calculations of the number of shares.*
2) *On 6 December 2010, DnB NOR Bank ASA entered into an agreement with Norddeutsche Landesbank (NORD/LB) to acquire 49 per cent of the share capital in Bank DnB NORD A/S for a total of EUR 160 million. The agreement was finalised on 23 December 2010. Earnings per share for 2010 have thus been calculated based on profits for the period without adjusting for minority interests. For further information, see note 2 Changes in group structure.*

Note 53 Largest shareholders

Shareholder structure in DnB NOR ASA as at 31 December 2010	Shares in 1 000	Ownership in per cent
Norwegian Government/Ministry of Trade and Industry	553 792	34.00
DnB NOR Savings Bank Foundation	163 369	10.03
National Insurance Scheme Fund	80 263	4.93
Capital Research/Capital International	43 026	2.64
Fidelity Investments	32 863	2.02
Blackrock Investments	28 542	1.75
People's Bank of China	22 409	1.38
Jupiter Asset Management	21 314	1.31
Threadneedle Investment Funds	16 250	1.00
DnB NOR Funds	14 911	0.92
Standard Life	13 082	0.80
Schroder Investment Management	11 730	0.72
Nordea Funds	11 031	0.68
Vanguard	8 988	0.55
Deutsche Bank AG/DWS Investments	8 746	0.54
Kuwait Investment Authority	8 177	0.50
Legal & General	8 051	0.49
Bessemer	7 928	0.49
State Street Global Advisors	7 520	0.46
Storebrand Funds	7 315	0.45
Total largest shareholders	1 069 306	65.65
Other	559 493	34.35
Total	1 628 799	100.00

Note 54 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information		DnB NOR Group	
Amounts in NOK million		31 Dec. 2010	31 Dec. 2009
Performance guarantees [1)]		36 323	37 479
Payment guarantees		22 111	19 250
Loan guarantees [2)]		9 690	11 774
Guarantees to the Norwegian Banks' Guarantee Fund		498	939
Guarantees for taxes etc.		4 547	4 655
Other guarantee commitments		3 052	3 892
Total guarantee commitments		76 221	77 989
Support agreements		7 695	8 045
Total guarantee commitments etc. [*)]		83 916	86 034
Unutilised credit lines and loan offers [3)]		412 653	408 836
Documentary credit commitments [1)]		3 196	3 360
Other commitments		1 947	2 858
Total commitments		417 796	415 054
Total guarantee and off-balance commitments		501 712	501 088
Securities		169 633	151 067
- are pledged as security for:	Loans [4)]	169 539	150 934
	Other activities	94	133
**) Of which counter-guaranteed by financial institutions*		*15*	*209*

1) With effect from the fourth quarter of 2010, documentary credit commitments which are not related to deliveries of goods have been reclassified from documentary credit commitments to performance guarantees. Figures for 2009 have been adjusted accordingly.

2) DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which 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 9 202 million were recorded in the balance sheet as at 31 December 2010. These loans are not included under guarantees in the table.

3) Unutilised credit lines have been changed in line with the Basel II definition. Figures for 2009 have thus been increased by NOK 33 billion.

4) As at 31 December 2010, NOK 92 309 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. As at 31 December 2010, the DnB NOR Group had borrowings of NOK 3 billion from Norges Bank.

Note 54 Off-balance sheet transactions, contingencies and post-balance sheet events (continued)

As a member of Continuous Linked Settlement Bank (CLS Bank) DnB NOR has an obligation to contribute to cover any deficit in CLS Bank's central settlement account for member banks, even if the default is caused by another member bank. Initially, such deficit will be sought covered by other member banks based on transactions the respective banks have had with the member bank which has caused the deficit in CLS Bank. Should there remain an uncovered deficit in CLS Bank, this will be covered pro rata by the member banks in CLS (currently 71 of the world's largest banks), according to Article 9 "Loss Allocations" of CLS Bank's International Rules. According to the agreements between CLS and the member banks, the pro rata payment obligations related to such coverage of any remaining deficit are limited to USD 30 million per member bank. At the end of 2010, DnB NOR had not recorded any obligations in relation to CLS.

DnB NOR Boligkreditt AS (Boligkreditt)

At end-December 2010, Boligkreditt had issued covered bonds with a total balance sheet value of NOK 285.0 billion. In the event of bankruptcy, the bondholders have preferential rights to the company's cover pool. At year-end 2010, DnB NOR Bank ASA had invested NOK 123.1 billion in covered bonds issued by Boligkreditt, used in the exchange scheme with the Norwegian government. In addition, Vital had invested NOK 7.8 billion in such bonds.

Covered bonds	**Boligkreditt**	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Total listed covered bonds	255 760	205 700
Total private placements under the bond programme	29 251	17 536
Adjustment		
Accrued interest	3 696	2 554
Unrealised gains/losses	699	4 762
Total debt securities issued	289 406	230 552

Cover pool	**Boligkreditt**	
Amounts in NOK million	31 Dec. 2010	31 Dec. 2009
Pool of eligible loans	388 579	311 366
Market value of derivatives	6 869	9 868
Supplementary assets	0	1 557
Total collateralised assets	395 449	322 790
Over-collateralisation (per cent)	135	140

Contingencies

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

Bovista ApS in Copenhagen, which is a wholly-owned subsidiary of RC Real Estate, has sued Bank DnB NORD A/S 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. During the fourth quarter of 2010, a settlement was reached whereby DnB NOR Bank ASA purchased the property portfolio of the company in liquidation at market value plus a compensation in order to settle the dispute. The case was formally settled on 4 March 2011.

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

Ivar Petter Røeggen has instituted legal proceedings against DnB NOR Bank ASA, claiming that two investment agreements for structured products be declared null and void. The bank was ordered by the Oslo District Court to pay the plaintiff costs of NOK 230 000 plus interest on late payments. The judgment was passed with dissent and the bank has appealed the decision. The disputed amount only applies to the civil action in question, which must be evaluated as a separate case.

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

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

KLP Kreditt AS has instituted legal proceedings against DnB NOR Bank ASA, claiming repayment of too high guarantee commissions paid and has contended that the bank is not entitled to regulate guarantee commission rates for a loan portfolio of just under NOK 2 billion in excess of an alleged agreed fixed rate. The bank contests the claims.

Post-balance sheet events

No information has come to light about important matters which had occurred on the balance sheet date 31 December 2010 and up until the Board of Directors' final consideration of the annual accounts on 16 March 2011.

INCOME STATEMENT

		DnB NOR ASA	
Amounts in NOK million	Note	2010	2009
Total interest income		471	122
Total interest expenses		396	523
Net interest income		**74**	**(401)**
Commissions and fees payable etc.		6	5
Other income [1)]	1	9 533	5 114
Net other operating income		**9 527**	**5 109**
Total income		**9 602**	**4 708**
Salaries and other personnel expenses		6	6
Other expenses		213	202
Depreciation and write-downs of fixed and intangible assets		0	0
Total operating expenses		**219**	**208**
Pre-tax operating profit		**9 383**	**4 500**
Taxes	3	2 292	1 286
Profit for the year		**7 092**	**3 214**
Earnings/diluted earnings per share (NOK)		4.35	2.41
Earnings per share excluding operations held for sale (NOK)		4.35	2.41

1) Dividends from group companies/group contributions.

BALANCE SHEET

		DnB NOR ASA	
Amounts in NOK million	Note	31 Dec. 2010	31 Dec. 2009
Assets			
Deposits with DnB NOR Bank ASA		25 981	22 747
Lending to other group companies		225	228
Investments in group companies	4	51 216	51 126
Receivables due from Vital		4 833	0
Other assets		0	0
Total assets		**82 255**	**74 101**
Liabilities and equity			
Loans from and outstandings to DnB NOR Bank ASA	5	10 240	11 161
Outstandings to other group companies		5 171	95
Other liabilities and provisions		7 360	3 937
Paid-in capital		38 844	38 844
Retained earnings		20 640	20 064
Total liabilities and equity		**82 255**	**74 101**

STATEMENT OF CHANGES IN EQUITY

				DnB NOR ASA
Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2008	**13 327**	**11 668**	**19 700**	**44 694**
Profit for the period			3 214	3 214
Dividends for 2009 (NOK 1.75 per share)			(2 850)	(2 850)
Issue of share capital	2 961	10 889		13 850
Balance sheet as at 31 December 2009	**16 288**	**22 556**	**20 064**	**58 908**
Profit for the period			7 092	7 092
Dividends for 2010 (NOK 4.00 per share [1])			(6 515)	(6 515)
Balance sheet as at 31 December 2010	**16 288**	**22 556**	**20 640**	**59 484**

1) Proposed dividend.

The share premium reserve can be used to cover financial losses. Other equity can be used in accordance with stipulations in the Public Limited Companies Act.

The share capital of DnB NOR ASA is NOK 16 287 988 610 divided into 1 628 798 861 shares, each with a nominal value of NOK 10.

CASH FLOW STATEMENT

		DnB NOR ASA
Amounts in NOK million	2010	2009
Operations		
Payments to operations	(225)	(17)
Taxes paid	(1 079)	6
Net cash flow relating to operations	**(1 304)**	**(11)**
Investment activity		
Receipts on the sale of long-term investments in shares	0	0
Payments on the acquisition of long-term investments in shares	0	0
Net cash flow relating to investment activity	**0**	**0**
Equity funding		
Group contributions from subsidiaries	5 113	85
Dividend payments	(2 850)	0
Issue of new shares	0	13 789
Net cash flow relating to equity funding	**2 263**	**13 874**
Other liquidity financing		
Net payments on long-term liabilities	(946)	(193)
Net investments in credit institutions	(109)	(13 113)
Net interest payments on other liquidity financing	96	(557)
Net cash flow relating to other liquidity financing	**(959)**	**(13 863)**
Net cash flow	**0**	**0**

ACCOUNTING PRINCIPLES

Basis for preparing the accounts
DnB NOR ASA is the parent company in the DnB NOR Group. DnB NOR ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS, hereinafter called the Norwegian IFRS regulations. These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting.

Changes in accounting principles
The effects of changes in accounting principles are recorded directly against equity.

Ownership interests in group companies
Subsidiaries are defined as companies in which DnB NOR ASA has control, directly or indirectly, through a long-term ownership interest and a holding of more than 50 per cent of the voting share capital or primary capital. DnB NOR ASA's subsidiaries are DnB NOR Bank ASA, Vital Forsikring ASA, DnB NOR Kapitalforvaltning Holding AS and DnB NOR Skadeforsikring AS. All subsidiaries are 100 per cent owned.

In the accounts of DnB NOR ASA, investments in subsidiaries are recorded at cost.

Transactions with group companies
Transactions with subsidiaries are conducted in accordance with general business conditions and principles whereby income, expenses, losses and gains are distributed as correctly as possible between the group companies.

Dividends and group contributions
Dividends and group contributions from group companies are recorded in the accounts in the same year as provisions are made in the relevant companies. Group contributions received are classified as dividends when considered to represent return on invested capital. Distributed dividends and group contributions are recorded as liabilities in accordance with the Board of Directors proposal on the balance sheet date.

Taxes
Taxes for the year comprise payable taxes for the financial year and changes in the value of deferred taxes and deferred tax assets.

Deferred taxes are calculated on the basis of differences between the profits stated in the accounts and the profits computed for tax purposes, which will be offset in the future. Evaluations are based on the balance sheet and tax position on the balance sheet date. Taxable and tax-deductible timing differences will be netted against each other within the same time interval. Deferred tax assets can be recognised as assets in the balance sheet when it is considered probable that the tax-deductible timing differences may be realised.

Note 1 Dividends/group contributions from subsidiaries

Dividends/group contributions from subsidiaries		DnB NOR ASA
Amounts in NOK million	2010	2009
Group contributions received from:		
DnB NOR Bank ASA	8 333	5 208
Vital Forsikring ASA	1 200	0
Other group companies	0	(94)
Total group contributions from subsidiaries	**9 533**	**5 114**

Allocations		DnB NOR ASA
Amounts in NOK million	2010	2009
Proposed dividends per share (NOK)	4.00	1.75
Share dividend	6 515	2 850
Transfers to other equity	577	364
Total allocations	**7 092**	**3 214**

Note 2 Remunerations etc.

All employees in DnB NOR ASA are also employed in one of the underlying companies within the Group. The holding company purchases services from other units within the Group. The group chief executive and group executive vice presidents are employed in both DnB NOR ASA and one of the subsidiaries in the Group. Personnel expenses and other administrative expenses relating to these individuals are divided between the subsidiaries and DnB NOR ASA according to use.

See note 50 for the DnB NOR Group for further details on remunerations etc. See also note 6 for DnB NOR ASA, specifying shares in DnB NOR ASA owned by senior executives and members of governing bodies.

Note 3 Taxes

		DnB NOR ASA
Amounts in NOK million	2010	2009
Tax base		
Operating profit in DnB NOR ASA	9 383	4 500
Calculated effect from group contributions from subsidiaries	(1 200)	94
Tax base for the year	8 183	4 594
Taxes		
Payable taxes	2 292	1 161
Changes in deferred taxes	0	125
Total taxes	**2 292**	**1 286**

Note 4 Investments in subsidiaries as at 31 December 2010 [1)]

DnB NOR ASA

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	Recorded value
DnB NOR Bank		17 514 311	175 143 110		17 514 311	100.0	41 892 503
DnB NORD	EUR	1 082 095	1 082 095 100	EUR	1 082 095	100.0	
Den Norske Syndicates	GBP	200	200 000	GBP	200	100.0	
DnB NOR Asia	SGD	20 000	20 000 000	SGD	20 000	100.0	
DnB NOR Boligkreditt		1 577 000	15 770 000		1 577 000	100.0	
DnB NOR Eiendom		10 003	100 033		10 003	100.0	
DnB NOR Eiendomsutvikling		91 000	91 000 000		91 000	100.0	
DnB NOR Invest Holding		100 000	200 000		100 000	100.0	
DnB NOR Luxembourg	EUR	17 352	70 000	EUR	17 352	100.0	
DnB NOR Markets Inc.	USD	1	1 000	USD	1	100.0	
DnB NOR Meglerservice		1 200	12		1 200	100.0	
DnB NOR Monchebank	RUB	800 000	800 000 000	RUB	800 000	100.0	
DnB NOR Næringskreditt		550 000	550 000		550 000	100.0	
DnB NOR Næringsmegling		1 000	10 000		1 000	100.0	
DnB NOR Reinsurance		21 000	21 000		21 000	100.0	
Nordlandsbanken		625 062	50 004 984		625 062	100.0	
Postbanken Eiendom		2 000	20 000		2 000	100.0	
SalusAnsvar	SEK	85 614	21 403 568	SEK	85 614	100.0	
Svensk Fastighetsförmedling	SEK	8 940	89 400	SEK	8 940	100.0	
DnB NOR Kapitalforvaltning Holding		220 050	220 050		220 050	100.0	1 365 929
DnB NOR Kapitalforvaltning		109 680	548 402		109 680	100.0	
DnB NOR Asset Management Holding (Sweden)	SEK	135 200	1 352 000	SEK	135 200	100.0	
DnB NOR Skadeforsikring		265 000	265 000		265 000	100.0	462 700
Vital Forsikring		1 320 682	52 827 288		1 320 682	100.0	7 495 045
Vital Eiendom		10 000	20 000		10 000	100.0	
Vital Eiendomsforvaltning		3 000	3 000		3 000	100.0	
Vital Pekon		1 400	1 400		1 400	100.0	
Total investments in subsidiaries							**51 216 177**

1) Major subsidiaries and sub-subsidiaries in the DnB NOR Group.

Note 5 Loans and deposits from credit institutions

Loans totalling NOK 10 240 million have been granted by DnB NOR Bank ASA at general market terms.

Note 6 Shares in DnB NOR ASA held by members of governing bodies and senior executives

	Number of shares 31 Dec. 2010
Supervisory Board of DnB NOR ASA	
Members elected by shareholders	
Amund Skarholt, chairman	1 222
Eldbjørg Løwer, vice-chairman	200
Nils Halvard Bastiansen	0
Toril Eidesvik	0
Camilla Marianne Grieg	0
Elisabeth Grændsen	244
Herbjørn Hansson	0
Leif O. Høegh	0
Knut Hartvig Johannson	24 502
Tomas Leire	1 466
Per Otterdahl Møller	0
Dag J. Opedal	1 705
Ole Robert Reitan	0
Gudrun B. Rollefsen	0
Arthur Sletteberg	2 444
Merethe Smith	0
Birger Solberg	2 888
Gine Wang	0
Hanne Rigmor Egenæss Wiig	1 705
Members elected by employees	
Rune André Bernbo	120
Bente H. Espenes	402
Bjørn Hennum	395
Svein Ove Kvalheim	1 532
Carl A. Løvvik	116
Svein Kåre Mikkelsen	0
Einar Pedersen	0
Eli Solhaug	2 959
Marianne Steinsbu	3 602
Per Åge Sørby	0

	Number of shares 31 Dec. 2010
Control Committee of DnB NOR ASA	
Frode Hassel, chairman	0
Thorstein Øverland, vice-chairman	0
Svein Norvald Eriksen	0
Karl Olav Hovden	0
Board of Directors of DnB NOR ASA	
Anne Carine Tanum, chairman	300 000
Bjørn Sund, vice-chairman	31 196
Gunilla Berg	0
Bente Brevik	2 000
Per Hoffmann	2 362
Jørn O. Kvilhaug	471
Bent Pedersen	15 523
Tore Olaf Rimmereid	6 111
Ingjerd Skjeldrum	6 102
Senior executives	
Rune Bjerke, CEO	15 385
Bjørn Erik Næss, CFO	21 548
Ottar Ertzeid, group executive vice president	123 800
Liv Fiksdahl, group executive vice president	6 209
Solveig Hellebust, group executive vice president	1 607
Cathrine Klouman, group executive vice president	10 846
Karin Bing Orgland, group executive vice president	5 410
Tom Rathke, group executive vice president	7 886
Leif Teksum, group executive vice president	41 231
Group Audit	
Tor Steenfeldt-Foss, group executive vice president	0
The statutory auditor owns no shares in DnB NOR ASA	

The figures also include shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 7-26 of the Act relating to annual accounts, etc.

Oslo, 16 March 2011
The Board of Directors of DnB NOR ASA

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Gunilla Berg

Bente Brevik

Per Hoffmann

Jørn O. Kvilhaug

Bent Pedersen

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke
(group chief executive)

STATEMENT

pursuant to Section 5-5 of the Securities Trading Act

We hereby confirm that the annual accounts for the Group and the company for 2010 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

The directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group.

Oslo, 16 March 2011
The Board of Directors of DnB NOR ASA

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Gunilla Berg

Bente Brevik

Per Hoffmann

Jørn O. Kvilhaug

Bent Pedersen

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke
(group chief executive)

Bjørn Erik Næss
(chief financial officer)

AUDITOR'S REPORT

To the Annual General Meeting and Supervisory Board of DnB NOR ASA

AUDITOR'S REPORT FOR 2010

Report on the financial statements

We have audited the accompanying financial statements of DnB NOR ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2010, the statements of income, changes in equity and cash flows for the year then ended as well as a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated balance sheet as at 31 December 2010, the statements of income and comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Group Chief Executive's responsibility for the financial statements

The Board of Directors and Group Chief Executive are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the Group, and for such internal control as the Board of Directors and Group Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of DnB NOR ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of DnB NOR ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards on Accounting as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the international standard on assurance engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the Board of Directors and Group Chief Executive have fulfilled their duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 16 March 2011
ERNST & YOUNG AS
Erik Mamelund
State Authorised Public Accountant (Norway)
(sign.)

(This translation from Norwegian has been made for information purposes only.)

CONTROL COMMITTEE'S REPORT

TO THE SUPERVISORY BOARD AND THE ANNUAL GENERAL MEETING OF DnB NOR ASA

The Control Committee has carried out supervision of DnB NOR ASA and the Group in accordance with law and instructions laid down by the Supervisory Board.

In connection with the closing of the accounts for the 2010 financial year, the Control Committee has examined the Directors' Report, the annual accounts and the Auditor's Report for DnB NOR ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of DnB NOR and the Group, and recommends the approval of the Directors' Report and annual accounts for the 2010 financial year.

Oslo, 16 March 2011

Frode Hassel
(chairman)

Thorstein Øverland
(vice-chairman)

Svein N. Eriksen

Karl Olav Hovden

Svein Brustad
(deputy)

Merethe Smith
(deputy)

KEY FIGURES

	DnB NOR Group	
	2010	2009
Interest rate analysis		
1. Average combined spread for lending and deposits (%)	1.15	1.15
2. Spread for ordinary lending to customers (%)	1.61	1.61
3. Spread for deposits from customers (%)	0.32	0.29
Rate of return/profitability		
4. Net other operating income, per cent of total income	40.8	39.8
5. Cost/income ratio (%)	47.6	48.1
6. Return on equity (%)	13.6	10.6
7. RARORAC (%)	19.0	17.2
8. RORAC (%)	25.2	12.6
9. Average equity including allocated dividend (NOK million)	103 292	81 236
10. Return on average risk-weighted volume (%)	1.17	0.83
Financial strength		
11. Core (Tier 1) capital ratio at end of period (%)	10.1	9.3
12. Capital adequacy ratio at end of period (%)	12.4	12.1
13. Core capital at end of period (NOK million)	103 368	98 208
14. Risk-weighted volume at end of period (NOK million)	1 028 404	1 052 566
Loan portfolio and write-downs		
15. Individual write-downs relative to average net lending to customers (%)	0.36	0.53
16. Write-downs relative to average net lending to customers (%)	0.26	0.67
17. Net non-performing and net doubtful commitments, per cent of net lending	1.55	1.71
18. Net non-performing and net doubtful commitments at end of period (NOK million)	18 409	19 127
Liquidity		
19. Ratio of customer deposits to net customer lending at end of period (%)	54.8	53.0
Total assets owned or managed by DnB NOR		
20. Assets under management at end of period (NOK billion)	509	468
21. Total combined assets at end of period (NOK billion)	2 141	2 076
22. Average total assets (NOK billion)	1 970	1 906
23. Customer savings at end of period (NOK billion)	1 151	1 059
Staff		
24. Number of full-time positions at end of period	13 021	13 317
The DnB NOR share		
25. Number of shares at end of period (1 000)	1 628 799	1 628 799
26. Average number of shares (1 000)	1 628 799	1 335 838
27. Earnings per share (NOK)	8.66	6.43
28. Earnings per share excluding operations held for sale (NOK)	8.62	6.37
29. Dividend per share (NOK) [1)]	4.00	1.75
30. Total shareholders' return (%)	33.9	144.7
31. Dividend yield (%)	4.88	2.79
32. Equity per share including allocated dividend at end of period (NOK)	68.27	60.56
33. Share price at end of period (NOK)	81.90	62.75
34. Price/earnings ratio	9.50	9.85
35. Price/book value	1.20	1.04
36. Market capitalisation (NOK billion)	133.4	102.2

1) Proposed dividend for 2010.

For definition of selected key figures, see next page.

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 and other intangible assets and reversals of provisions for contractual early retirement pensions. Total income exclude gains resulting from the merger between the payment services company Nordito and the Danish PBS Holding.

6 Profit for the period, excluding profit attributable to minority interests. Average equity is calculated on the basis of recorded equity excluding minority interests.

7 RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital) is defined as risk-adjusted profits relative to risk-adjusted capital requirements. Risk-adjusted profits indicate the level of profits in a normalised situation. The risk-adjusted capital requirement is described in further detail in the chapter "Management in DnB NOR".

8 RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement. Profits for the period exclude profits attributable to minority interests and are adjusted for the period's change in fair value recognised directly in equity and for the difference between recorded interest on average equity and interest on risk-adjusted capital.

10 Profit for the period relative to average risk-weighted volume.

20 Total assets under management for customers in Insurance and Asset Management.

21 Total assets and assets under management.

23 Total deposits from customers, assets under management and equity-linked bonds.

25 The Annual General Meeting on 27 April 2010 authorised the Board of Directors of DnB NOR ASA to acquire own shares for a total face value of up to NOK 1 547 358 918, corresponding to 9.5 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 27 April 2010. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with Ministry of Trade and Industry for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares.

27 Excluding profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.

28 Excluding operations held for sale and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.

30 Closing price at end of period less closing price at beginning of period, including dividends reinvested in DnB NOR shares on the dividend payment date, relative to closing price at beginning of period.

32 Equity at end of period excluding minority interests relative to the number of shares at end of period.

34 Closing price at end of period relative to annualised earnings per share.

35 Closing price at end of period relative to recorded equity at end of period.

36 Number of shares multiplied by closing price at end of period.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 28 April 2011 at 6 p.m. at DnB NOR's premises in Kirkegt. 21, Oslo. Information on how to register attendance and items on the agenda can be found at dnbnor.no/agm.

Shareholders registered as owners in DnB NOR ASA with the Norwegian Central Securities Depository (VPS) may opt to receive annual reports and the notice of the Annual General Meeting electronically. For more information about Investor Account Services, please contact your VPS registrar. Shareholders with VPS accounts in DnB NOR who do not wish to receive notices by regular mail, may register at dnbnor.no/investor-account-services. Choose "New user sign-up".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements regarding the future prospects of DnB NOR, including estimates, strategies and objectives. The risks and uncertainties inherent in all forward-looking statements can lead to actual developments and profits differing materially from what has been expressed or implied.

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