

Third quarter report 2006



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Introduction

Performance in the DnB NOR Group ¹⁾ in the first three quarters of the year reflected a high level of activity and strong progress in the business areas. There was healthy lending growth and brisk sales of savings and insurance products. In spite of fierce competition, the Group recorded a 12.2 per cent rise in total income in the first three quarters of 2006 compared with the year-earlier period, while expenses were up 9.4 per cent. The high level of activity in the Norwegian economy combined with low interest rate levels resulted in net reversals on write-downs on loans and guarantees for the DnB NOR Group after the first nine months of the year.

DnB NOR's pre-tax operating profits came to NOK 11 005 million in the first three quarters of 2006, up 15.5 per cent from the corresponding period in 2005. After taxes, profits were up 17.7 per cent, from NOK 7 148 million to NOK 8 414 million. Return on equity was 18.8 per cent for the January through September period, up from 17.9 per cent in the first three quarters of 2005. Earnings per share stood at NOK 6.21 and NOK 5.35 respectively.

The cost/income ratio improved further, representing 49.9 per cent for the first three quarters of 2006, down from 51.1 per cent in the year-earlier period.

In the third quarter of 2006, profits came to NOK 2 714 million, an increase from NOK 2 710 million in the year-earlier period. Return on equity was 18.0 per cent in the July through September period, compared with 19.8 per cent in the third quarter of 2005. Earnings per share for the two quarters were NOK 2.00 and NOK 2.03 respectively. The cost/income ratio stood at 51.0 per cent for the third quarter of 2006.

Including 50 per cent of interim profits, the core capital ratio for the

DnB NOR Group was 6.7 per cent as at 30 September 2006, compared with 7.4 per cent at end-December 2005.

During 2006, Vital has established a leading position in the mandatory occupational pension market.

DnB NOR established Postbanken Eiendom during the third quarter of 2006 and plans to offer real estate brokerage services in all of Postbanken's 42 customer service centres.

In September, DnB NOR opened a full service corporate branch in Shanghai and is the first foreign financial institution whose principal activity in the Chinese market is ship financing. DnB NOR is one of the world's leading ship financing banks with a portfolio in excess of USD 15 billion. During the third quarter of 2006, DnB NOR won this year's Lloyd's Shipping Economist Award for its syndicated lending activity to the shipping industry.

Operations in 2006 reflect the Group's significant investments in new international operations, product development and new IT systems, as well as extensive competence development programmes.

Income

Income totalled NOK 6 844 million for the July through September period, an increase of NOK 279 million or 4.3 per cent from the third quarter of 2005.

Net interest income

Net interest income was NOK 3 911 million in the third quarter of 2006, up NOK 485 million or 14.2 per cent compared with the year-earlier period.

Average lending increased by NOK 150 billion or 23.8 per cent from the third quarter of 2005. The rise mainly represented well-secured housing loans and corporate customer loans with low or medium risk. There was a rise of NOK 64 billion or 16.6 per cent in average deposits. The combined spread contracted by 0.10 percentage points compared with the year-earlier period, standing at 2.08 per cent at end-September

1) The third quarter report encompasses the entire DnB NOR Group, DnB NOR ASA. Separate quarterly reports are prepared for DnB NOR Bank ASA and Vital Forsikring ASA including underlying subsidiaries.

2006.

The table below specifies changes in net interest income between the two quarters according to main items:

Changes in net interest income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2006	Change	2005
Net interest income	3 911	485	3 426
DnB NOR	212	212	
Monchebank	9	9	
Lending and deposit volumes		462	
Lending and deposit spreads		(229)	
Other		32	

Net other operating income

Net other operating income amounted to NOK 2 932 million in the third quarter of 2006, down NOK 206 million or 6.6 per cent compared with the corresponding period of 2005. The reduction was partly attributable to realised gains on the sale of Storebrand shares and the Group's equity positions in Brazil in the third quarter of 2005.

Net other operating income represented 42.8 per cent of total income in the third quarter of 2006, as against 47.8 per cent in the year-earlier period.

The table below specifies changes in net other operating income between the two quarters according to main items:

Changes in net other operating income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2006	Change	2005
Net other operating income	2 932	(206)	3 139
DnB NOR	69	69	
Monchebank	4	4	
Net commissions and fees		(16)	
Net gains on equity investments		(315)	
Net gains on other financial instruments		(88)	
Net financial and risk result from Vital		37	
Other income		102	

Operating expenses

Operating expenses totalled NOK 3 491 million in the third quarter of 2006, up NOK 331 million from the year-earlier period. Excluding operations in DnB NOR and Monchebank, there was a NOK 147 million rise in expenses.

The cost trend in the third quarter of 2006 reflected rising personnel expenses due to higher pension costs and the result of this year's wage settlements. In addition, the Group is in the midst of a period of investment, product development and international start-ups. The investments will ensure a broader income base and improve conditions for future income growth in DnB NOR.

The table below shows changes in operating expenses between the two quarters according to main items:

Changes in operating expenses

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2006	Change	2005
Operating expenses	3 491	331	3 160
DnB NOR	175	175	
Monchebank	9	9	
Pension expenses		121	
Wage settlements		57	
Performance-based pay		15	
Marketing		28	
Merger synergies		(78)	
Other		4	

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 135 million in the third quarter of 2006, compared with NOK 130 million in the year-earlier period. The gains in 2006 referred to, inter alia, the sale of properties, including bank buildings.

Write-downs on commitments

The Group recorded low write-downs on both retail and corporate loans in the third quarter of 2006. Net reversals on write-downs on loans and guarantees came to NOK 70 million, with individual write-downs of NOK 25 million and reversals on group write-downs of NOK 95 million. The reversals on group write-downs reflected the positive trend in the Norwegian economy.

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 4 271 million at end-September 2006, a decline of NOK 480 million from 31 December 2005. Net non-performing and impaired commitments represented 0.52 per cent of net lending at end-September 2006, down from 0.74 per cent a year earlier.

Taxes

The DnB NOR Group's tax charge for the third quarter of 2006 was NOK 844 million. While the tax charge is normally based on an anticipated average tax rate of 25 per cent of the Group's pre-tax operating profits, there was a write-back of NOK 46 million in the third quarter of 2006, representing provisions for payable and deferred taxes.

Balance sheet and assets under management

At end-September 2006, total combined assets in the DnB NOR Group were NOK 1 630 billion, an increase of NOK 241 billion or 17.4 per cent from a year earlier.

Total assets in the Group's balance sheet were NOK 1 268 billion as at 30 September 2006, as against NOK 1 041 billion a year earlier.

Net lending to customers rose by NOK 149 billion or 22.9 per cent during the twelve-month period, of which NOK 35.9 billion referred to the acquisitions of DnB NOR and Monchebank.

Customer deposits rose by NOK 58 billion or 14.6 per cent from the third quarter of 2005, of which NOK 11.6 billion stemmed from the acquisitions of DnB NOR and Monchebank.

In order to keep the Group's liquidity risk at a low level, the majority of customer loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. With respect to short-term funding of the bank, restrictive borrowing limits have been established.

The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 57.1 per cent at end-September 2006, down from 61.2 per cent a year earlier.

Securities issued by the Group increased by NOK 94 billion or 42.4 per cent from the third quarter of 2005, totalling NOK 317 billion at end-September 2006. The majority of the securities were issued in international capital markets. DnB NOR has good access to the European and Asian capital markets, and the Group's funding base has been further expanded through a boost in activity in the US capital market.

The rating agencies' assessments of DnB NOR determine the Group's funding terms. In September 2006, the Canadian rating agency Dominion Bond Rating Service assigned a long-term rating of AA to DnB NOR Bank ASA. DnB NOR Bank already has an Aa3 rating from Moody's and an A+ rating from Standard & Poor's.

Total assets in Vital were NOK 213.5 billion as at 30 September 2006, compared with NOK 193.6 billion a year earlier.

Risk and capital adequacy

DnB NOR quantifies risk by measuring risk-adjusted capital. Net risk-adjusted capital increased by NOK 1.2 billion in the July through

September period of 2006, to NOK 39.2 billion. The table below shows developments in the risk-adjusted capital requirement:

	30 Sept. 2006	30 June 2006	31 Dec. 2005	30 Sept. 2005
<i>Amounts in NOK billion</i>				
Credit risk	35.7	34.0	31.1	27.5
Market risk	2.4	2.2	1.9	1.8
Ownership risk for Vital	9.4	8.7	8.7	9.6
Operational risk	4.8	4.4	4.2	4.1
Business risk	2.4	2.2	1.6	1.6
Gross risk-adjusted capital	54.6	51.5	47.6	44.6
Diversification effect ¹⁾	(15.4)	(13.5)	(13.7)	(14.3)
Net risk-adjusted capital	39.2	38.0	33.8	30.4
Diversification effect in per cent of gross risk-adjusted capital ¹⁾	28.2	26.3	28.8	31.9

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.*

The strong growth in corporate credit and in housing loans continued in the third quarter of 2006, and the rise in the risk-adjusted capital requirement for credit risk was due to higher volumes. Credit quality was very good. As part of risk management, loans totalling approximately NOK 11 billion to the shipping and offshore industries were syndicated in the third quarter of 2006.

Market risk rose by NOK 0.2 billion in the third quarter, to NOK 2.4 billion at end-September 2006. The increase in market risk reflected a positive price trend and greater exposure in the equity market.

The risk-adjusted capital requirement for Vital was up NOK 0.7 billion, totalling NOK 9.4 billion at end-September 2006. Due to the healthy stock market trend, the proportion of equity investments in Vital increased during the third quarter. The securities adjustment reserve increased by NOK 1.7 billion, thereby curbing the rise in the capital requirement. In the second quarter of 2006, Vital entered into contracts to hedge against significant reductions in share prices, while the potential for realising gains from rising share prices remains virtually unchanged. This scheme was continued in the third quarter, thus ensuring that Vital's risk-adjusted capital requirement was lower than would otherwise have been the case.

The increase in the risk-adjusted capital requirement for operational and business risk reflected a higher level of activity and a rise in group income. The Group recorded no major operational losses during the July through September period in 2006. The operational stability of the Group's IT solutions was improved.

During the second quarter of 2006, the Board of Directors approved a new capitalisation policy for DnB NOR. In the longer term, the Group's equity will be structured to ensure that core capital excluding hybrid securities exceeds 4.25 per cent of risk-weighted assets, with the addition of a capital buffer. The capitalisation target corresponded to a core capital ratio of approximately 6.5 per cent as at 30 September 2006.

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

	30 Sept. 2006	30 June 2006	31 Dec. 2005	30 Sept. 2005
<i>Amounts in NOK billion</i>				
4.25 per cent of risk-weighted assets	36.4	34.4	30.3	28.1
Capital buffer	13.3	12.4	11.4	10.3
Core capital target excl. hybrid securities	49.7	46.8	41.7	38.5
Statutory deduction in core capital	3.7	3.7	3.0	6.6
Equity target	53.4	50.5	44.7	45.1
Actual equity acc. to NGAAP ¹⁾	55.7	54.3	49.9	50.0
Equity reserve	2.3	3.8	5.1	5.0

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

Calculations indicate that the DnB NOR Group was well capitalised as at 30 September 2006.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by NOK 46.5 billion during the third quarter, to NOK 857.1 billion at end-September 2006. Including 50 per cent of interim profits, the core capital ratio was 6.7 per cent, while the capital adequacy ratio was 10.3 per cent.

Business areas

The activities of DnB NOR are organised into five business areas which carry responsibility for customer segments served by the Group, as well as the products offered. In addition, DnB NOR is regarded as a separate profit centre.

Corporate Banking and Payment Services

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 4 832 million in the first three quarters of 2006, an increase of NOK 332 million from the year-earlier period. Bolstered by an expanding Norwegian economy, the high level of activity and continuing strong growth in volumes contributed to the healthy rise in profits.

Credit demand has been on the increase since the second quarter of 2004 and reached its highest level since 1988 in the third quarter of 2006. Due to strong earnings and a great willingness to invest in the business sector, average loans and guarantees were up NOK 80.8 billion compared with the first three quarters of 2005, to NOK 395.9 billion. Syndicated loans and commercial paper and bond issues for a total of NOK 96.3 billion were arranged, a rise of NOK 3.0 billion from the corresponding period in 2005. Sound liquidity among corporate clients ensured a NOK 46 billion rise in average deposits from the year-earlier period, to NOK 240 billion for the January through September period of 2006.

Ordinary net interest income was up NOK 591 million from the first three quarters of 2005. Strong competition in the market caused continued pressure on spreads, and the combined spread contracted by 0.17 percentage points from the third quarter of 2005 to the corresponding period in 2006.

Other operating income declined by a total of NOK 21 million during the first nine months of the year compared with the corresponding period in 2005, reflecting the fact that gains totalling NOK 277 million on the sale of repossessed assets were realised in the year-earlier period. There was a high level of customer activity in the first nine months of the year, and income from syndicated loans, corporate finance, foreign exchange and derivative products, securities services, guarantees and payment transfers increased compared with the corresponding period in 2005.

Operating expenses totalled NOK 2 654 million in the first three quarters of the year, up NOK 239 million from the corresponding period of 2005. The increase largely reflected international expansion, and thus far this year, new operations have been established in Asia, the US, Sweden and Russia. There was also a high level of activity in the Norwegian market, and domestic wage growth further contributed to the rise in costs. The cost/income ratio was 36.1 per cent, an improvement of 0.8 percentage points from the corresponding period in 2005. At end-September 2006, staff in Corporate Banking and Payment Services represented 2 584 full-time positions, including 588 positions in subsidiaries and 416 in international units.

Due to the healthy economic trend combined with sound quality in the credit portfolios, write-downs were low in the January through September period of 2006. Net reversals on loans came to NOK 4 million.

Market shares showed a satisfactory trend, and the market share of credit to Norwegian corporate clients was 15.5 per cent at end-August 2006, up from 15.0 per cent at end-September 2005.

Corporate Banking and Payment Services anticipates a continued high level of activity in the market, which is expected to ensure strong

demand for DnB NOR products and services, combined with fierce competition and pressure on spreads.

Retail Banking

Retail Banking showed a healthy profit trend in the first three quarters of 2006 and recorded pre-tax operating profits of NOK 3 500 million, up NOK 411 million from the corresponding period in 2005.

There was brisk lending growth, with a rise of NOK 39 billion or 11.4 per cent in average lending compared with the first three quarters of 2005. Customer deposits increased by NOK 5 billion or 2.6 per cent during the same period. Competition was fierce, and the average lending spread contracted by 0.19 percentage points, standing at 1.38 per cent in the first three quarters of 2006.

Net other operating income totalled NOK 2 343 million, up NOK 162 million from the year-earlier period. A significant rise in sales of savings and insurance products was a key factor behind the strong figures.

Operating expenses totalled NOK 4 525 million in the first three quarters of the year, down from NOK 4 581 million in the year-earlier period. The cost/income ratio was 55.4 per cent, an improvement of 2.9 percentage points. Retail Banking staff numbered 4 040 full-time positions at end-September 2006. During autumn 2006, 100 new employees will be recruited and follow a three-year training programme. Measures to reduce unwanted turnover among Retail Banking staff include a human resources policy adapted to various life situations.

Write-downs on loans remained low, totalling NOK 143 million for the January through September period in 2006.

At end-August 2006, the market share of credit to retail customers was 29.9 per cent, down from 30.6 per cent at end-September 2005. The market share of savings was 37.6 per cent.

A total of 1 049 000 customers subscribed to loyalty programmes at end-September 2006, of whom 638 000 were under the DnB NOR brand while 411 000 had Postbanken Leve product packages. The number of Internet banking agreements rose from 1.1 million to 1.4 million during this period.

Postbanken Eiendom was established as a new subsidiary in September 2006. Real estate broking is an important channel to boost lending and deposit volumes, and the aim is to offer real estate brokerage services in every Postbanken customer service centre. DnB NOR is expanding its non-life insurance operations, offering these products through both its branch offices and the Internet bank. There has been a threefold increase in sales by external partners during the last four years, and external channels represent a strategically important sales force in Retail Banking.

The agreement with the Federation of Norwegian Professional Associations, offering its 130 000 members DnB NOR banking and insurance products, was extended for a further four years, expiring at the end of 2010.

In order to meet intensifying competition from both domestic and international players, priority is given to developing new products and distribution solutions. Several new products adapted to the younger customer groups were launched during the first nine months of the year. During autumn 2006, lines of credit will be launched as a more flexible housing loan product.

DnB NOR Markets

DnB NOR Markets achieved healthy profits in the first three quarters of 2006. Pre-tax operating profits were up 33 per cent to NOK 1 618 million, compared with NOK 1 217 million in the year-earlier period. The markets were generally less active in the third quarter than in the two preceding quarters of 2006. At end-September 2006, DnB NOR Markets was the largest brokerage house on Oslo Børs within equities, bonds and derivatives.

Total revenues were NOK 2 712 million in the first three quarters of 2006, as against NOK 2 155 million in the year-earlier period. Customer-related revenues increased 22.4 per cent, with the most pronounced rise

within equities brokerage, corporate finance and custodial and other securities services.

There was an 18 per cent rise in costs, reflecting performance-based pay and investments in information technology. The cost/income ratio was 40.3 per cent and return on capital 50.0 per cent.

Customer-related income from foreign exchange and interest rate derivatives totalled NOK 714 million for the first three quarters of 2006, up NOK 21 million from the year-earlier period. Flatter interest curves helped boost demand for interest rate hedging products parallel to a rise in foreign exchange trading. This increase more than compensated for narrower spreads. During the third quarter, DnB NOR was named best Norwegian foreign exchange bank by the magazine Global Finance.

Customer-related revenues from the sale of securities and other investment products came to NOK 639 million, an increase of NOK 77 million from the first nine months of 2005. Due to the more bearish stock market in the third quarter, demand for equity-related products declined, though activity picked up towards the end of the period. There was brisk demand for property fund investments.

Income from corporate finance services was NOK 487 million in the first three quarters of 2006, up NOK 212 million from the year-earlier period. The stock market volatility which started at the end of the second quarter caused a slowdown in activity within share issues and initial public offerings in the July through September period. There was a continued high level of activity in the debt capital markets.

Income from the sale of custodial and other securities services totalled NOK 234 million in the first three quarters of 2006, an increase of NOK 70 million from the year-earlier period. The level of activity within securities lending and financing remained high.

Revenues from market making and other proprietary trading totalled NOK 565 million, up NOK 137 million compared with the year-earlier period. There was a rise in income from trading in interest rate instruments, while income was down within foreign exchange trading.

During the third quarter of the year, DnB NOR Markets launched "DnB NOR Private Equity", whereby the return on bank deposits depends on developments in an index comprising companies that primarily invest in other companies not listed on a stock exchange.

Fluctuations in the NOK exchange rate and Norwegian interest rate levels, stock market activity and credit market trends will be decisive factors for DnB NOR Markets' future performance, as will the business area's product development efforts and innovative capabilities. Strong competition and an increase in electronic trading are expected to further increase the pressure on spreads.

Vital

Vital achieved high premium income, growth in total assets and a healthy return on capital in the first three quarters of 2006. Profits for allocation comprised NOK 2 889 million to policyholders and NOK 1 096 million to the owner and taxes.

After taxes, Vital recorded profits of NOK 1 101 million, compared with NOK 971 million in the year-earlier period. The risk result within life insurance was negative at NOK 54 million, as against a positive NOK 42 million in the corresponding period last year. The administration result within life insurance was negative at NOK 63 million, an improvement of NOK 5 million from the year-earlier period.

The recorded return on capital within life insurance was 4.9 per cent, as against 5.2 per cent in the first three quarters of 2005. The value-adjusted return, excluding changes in unrealised gains in the portfolio of securities held to maturity, was 4.5 per cent, compared with 6.0 per cent in the year-earlier period. Including changes in the portfolio of securities held to maturity, the returns were 3.6 and 5.6 per cent respectively.

At end-September 2006, the securities adjustment reserve totalled NOK 5.0 billion, down from NOK 5.5 billion as at 31 December 2005.

Recorded premium income in Vital increased by 5.0 per cent from the year-earlier period, to NOK 18.0 billion, rising by 5.4 per cent in the corporate market and by 4.5 per cent in the retail market. Greater sales of unit linked products reflected renewed interest in pension

savings with investment options.

Vital recorded a net outflow of transfers of NOK 2.7 billion in the first three quarters of 2006, while there was a net inflow of transfers of NOK 1.4 billion in the year-earlier period, reflecting major conversions from schemes funded by insurance companies to pension funds during this period.

Total assets were NOK 213.5 billion at end-September 2006, a rise from NOK 193.6 billion a year earlier. Recorded policyholders' funds within defined-contribution pension schemes totalled NOK 1 785 million, up 97 per cent from end-September 2005.

As at 30 September 2006, solvency capital totalled NOK 24.2 billion, up from NOK 22.4 billion at end-December 2005. The increase reflected the net effect of higher profits, reductions in the securities adjustment reserve and lower unrealised gains in the portfolio of securities held to maturity.

Vital strengthened its position as market leader in the first half of 2006, recording a market share of total policyholders' funds of 35.8 per cent. The market share for defined-contribution pension schemes was up from 33.1 per cent at end-December 2005 to 35.4 per cent as at 30 June 2006.

In the Norwegian fiscal budget, released on 6 October, the government proposed the removal of tax relief on private pension savings through individual pension agreements and annuities, with effect from 12 May 2006 and 1 January 2007 respectively. The proposed changes will entail limited tax incentives to encourage long-term pension savings. Irrespective of the outcome of the Norwegian parliament's deliberations, Vital will launch new products adapted to the external parameters that have been proposed. This is expected to ensure brisk sales of savings products in the retail market.

In the fourth quarter, Vital will commence selling employers' liability insurance to the corporate market, the most important products being group life and workers' compensation insurance.

Vital has applied for a concession to start operations in the retail market in Latvia and Lithuania. The planned start-up is in the first half of 2007 and will take place in close cooperation with DnB NOR.

A merger between Vital Forsikring and Vital Link is scheduled to be implemented with effect from 1 January 2007.

DnB NOR Asset Management

DnB NOR Asset Management showed satisfactory performance in the first three quarters of 2006 in spite of the stock exchange correction in May and subsequent uncertainty. Pre-tax operating profits came to NOK 338 million, up NOK 91 million on the year-earlier period.

Revenues totalled NOK 872 million, a rise of NOK 128 million or 17.2 per cent from the first three quarters of 2005. Commission income came to NOK 822 million, up NOK 109 million. Commission income from the retail market stood at NOK 377 million, while income from institutional clients was NOK 445 million.

Operating expenses for the January through September period of 2006 were NOK 534 million, up NOK 39 million compared with the corresponding period in 2005. The cost/income ratio was 61.2 per cent, an improvement of 5.4 percentage points from the corresponding period in 2005.

As at 30 September 2006, the business area had NOK 534 billion under management, an increase of NOK 23 billion from end-September 2005. NOK 27.5 billion of the increase in assets under management stemmed from developments in equity prices and interest rates during the twelve-month period, while the strengthening of the Swedish krona gave a positive exchange effect of NOK 17.4 billion on international securities under management. The net outflow of funds was NOK 21.4 billion. Adjusted for the termination of an investment mandate representing NOK 30.5 billion in January 2006, there was a net inflow of funds of NOK 9.1 billion.

Assets under management from the Norwegian market rose by 1.4 per cent. For the portfolio outside Norway, there was an 8.7 per cent increase in assets, measured in Norwegian kroner.

Investment funds from the retail market amounted to NOK 57 billion at end-September after a net increase of NOK 10 billion. The corresponding figures for institutional clients were NOK 477 billion and a net increase of NOK 14 billion in spite of the termination of a significant investment mandate. At end-September 2006, the total number of clients was 651 000.

The market share for mutual funds in the Norwegian retail market was 40.0 per cent at end-September 2006.

During the first three quarters of the year, more than 15 000 savings agreements were signed under the 'Save Smart' concept, which was introduced in autumn 2005. Through the 'Save Smart' funds, clients achieve an optimal spread on various investment alternatives and markets depending on their preferred investment horizon and risk profile. The 'Save Smart' funds generated sound returns in the third quarter of 2006. Annual subscriptions under savings agreements rose by 8.3 per cent from end-December 2005, to NOK 2.6 billion.

There were healthy returns on assets under management in spite of corrections in share prices in May, followed by greater market uncertainty. During the third quarter of 2006, three new DnB NOR funds received four or more stars from the rating company Morningstar, bringing the percentage of DnB NOR funds awarded a minimum of four stars by Morningstar to 33.6 per cent.

Distribution will be strengthened in Sweden and Germany. A web portal has been established in Sweden, which will be expanded to include a fund investment service. As part of the cooperation with DnB NOR, there are plans to establish distribution channels in the Baltic region and Poland.

The expectations of investors regarding developments in financial markets together with investor confidence in the stock market will have a strong impact on performance in the business area. The proposal in the Norwegian fiscal budget to change wealth taxation of fixed-income funds could, if approved, affect investment patterns in the fourth quarter of the year.

DnB NOR

DnB NOR recorded pre-tax operating profits of NOK 265 million in the first three quarters of 2006. Third-quarter profits totalled NOK 104 million, an increase of NOK 20 million compared with the second quarter of the year.

As at 30 September 2006, customer lending totalled NOK 35.6 billion, up 84 per cent from end-December 2005 and 20 per cent from end-June 2006. The rise in lending reflected the appreciation of the euro, and growth equalled 78 and 15 per cent respectively when adjusted for exchange rate movements. The deposit volume rose by 14 per cent from end-December 2005, to NOK 11.2 billion.

Income totalled NOK 792 million in the first three quarters of the year. There was a positive trend from the second to the third quarter, with a NOK 30 million rise in income. Costs represented NOK 499 million for the January through September period and showed a stable trend from the second to the third quarter in spite of an increase in activity. The second-quarter figure reflected non-recurring costs in connection with the rebranding of all offices to DnB NOR. The cost/income ratio was 62.9 per cent.

A key strategic target for DnB NOR is to take part in the extensive commercial and investment activities throughout the Baltic Sea region. In order to succeed, major efforts are being made to harmonise products and integrate IT systems and products in the DnB NOR network, ensuring that products and services can be offered across national borders. This is expected to provide economies of scale and boost revenues.

In Poland, Denmark and Finland, DnB NOR is a full-service bank for corporate customers, while the entities in the Baltic region also serve retail customers and small businesses. At end-September 2006, DnB NOR staff represented 1 917 full-time positions. DnB NOR is well represented in the Baltic region and Poland, with more than 680 000 customers and 126 branches, and is thus well positioned and

has good prospects in markets showing considerable growth. Average credit growth in the Baltic region is expected to exceed 25 per cent in 2006, and DnB NOR expects to grow in pace with or faster than the total market. In Poland, there is also brisk growth in the financial sector, and DnB NOR expects to expand in line with market growth. In Denmark and Finland, DnB NOR anticipates greater market shares in the large corporate segment and is intensifying sales activities aimed at medium-sized businesses.

Prospects for the rest of the year

The economic upturn in Norway continued throughout the third quarter and the healthy economic climate is expected to prevail. This will help maintain strong growth in corporate investment and brisk demand for credit. The rise in housing prices and household debt has remained high over a long period. Sound household finances signify that the growth in housing loans will not be notably subdued in the fourth quarter of 2006.

DnB NOR expects the high level of activity to continue, together with

strong demand for financial products and services. Strong competition and increasing pressure on customer spreads are being combated through the further streamlining of operations and innovation. Growth in Norway will be ensured by strengthening and improving customer relationships and the product range, while growth outside Norway will be ensured by improving current operations and through potential new acquisitions. Vital has applied for a concession to start life insurance operations in Latvia and Lithuania, scheduled to be established in the first half of 2007 in close cooperation with DnB NOR. DnB NOR Asset Management will strengthen distribution in Sweden and Germany and is planning to establish distribution channels in the Baltic region and Poland as part of its cooperation with DnB NOR.

Healthy income growth and rising wealth among both companies and households indicate a low level of write-downs on loans throughout the rest of the year and that 2006 will be a good year for the DnB NOR Group.

Oslo, 1 November 2006
The Board of Directors of DnB NOR ASA

Olav Hytta
(chairman)

Bjørn Sund
(vice-chairman)

Per Hoffmann

Nina Britt Husebø

Berit Kjøll

Jørn O. Kvilhaug

Bent Pedersen

Heidi M. Petersen

Ingjerd Skjeldrum

Anne Carine Tanum

Per Terje Vold

Svein Aaser
(group chief executive)

Income statement

		DnB NOR Group				
		3rd quarter	3rd quarter	January-September	Full year	
<i>Amounts in NOK million</i>	Note	2006	2005	2006	2005	2005
Total interest income		10 961	7 587	29 826	21 839	29 973
Total interest expenses		7 049	4 161	18 511	11 702	16 363
Net interest income		3 911	3 426	11 315	10 137	13 610
Commissions and fees receivable etc.	3, 4	2 142	2 181	6 857	6 288	8 665
Commissions and fees payable etc.	3, 4	532	593	1 675	1 757	2 323
Net gains on financial instruments at fair value	3	596	875	2 214	1 904	2 611
Net gains on assets in Vital	3, 4	2 723	4 438	10 109	10 454	14 379
Guaranteed returns and allocations to policyholders in Vital	3, 4	2 392	4 141	8 853	9 495	13 111
Premium income etc. included in the risk result in Vital	3, 4	1 001	797	3 122	2 331	3 925
Insurance claims etc. included in the risk result in Vital	3, 4	960	761	3 178	2 286	3 828
Net realised gains on investment securities (AFS)	3	0	100	0	167	167
Profit from companies accounted for by the equity method	3	94	22	146	118	118
Other income	3	262	220	854	776	1 117
Net other operating income	3, 4	2 932	3 139	9 597	8 499	11 721
Total income		6 844	6 565	20 911	18 636	25 331
Salaries and other personnel expenses	4, 5	1 985	1 730	5 837	5 102	6 737
Other expenses	4, 5	1 323	1 268	4 076	3 938	5 474
Depreciation and impairment of fixed and intangible assets	4, 5	183	162	519	488	653
Total operating expenses	4, 5	3 491	3 160	10 432	9 528	12 864
Net gains on fixed and intangible assets	8	135	130	298	602	775
Write-downs on loans and guarantees	9, 10	(70)	(79)	(228)	180	133
Pre-tax operating profit		3 558	3 613	11 005	9 530	13 109
Taxes	4	844	903	2 591	2 383	2 965
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		2 714	2 710	8 414	7 148	10 144
Profit attributable to:						
Shareholders		2 668	2 710	8 300	7 135	10 131
Minority interests		46	0	115	13	13
Earnings per share (NOK)		2.00	2.03	6.21	5.35	7.59
Diluted earnings per share (NOK)		2.00	2.03	6.21	5.35	7.59
Earnings per share for discontinuing operations (NOK)		0.00	0.00	0.00	0.00	0.00
Diluted earnings per share for discontinuing operations (NOK)		0.00	0.00	0.00	0.00	0.00

Balance sheets

		DnB NOR Group		
<i>Amounts in NOK million</i>	Note	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
Assets ¹⁾				
Cash and deposits with central banks		15 474	21 229	24 264
Lending to and deposits with credit institutions		69 116	40 854	53 198
Lending to customers	11, 12, 13	801 657	697 504	652 405
Commercial paper and bonds		161 954	145 475	140 283
Shareholdings		45 781	35 980	33 355
Financial assets, customers bearing the risk		16 005	13 136	12 016
Financial derivatives		51 775	33 751	33 980
Commercial paper and bonds, held to maturity		62 478	52 587	52 282
Investment property		25 173	23 143	20 753
Investments in associated companies		1 457	1 402	1 362
Intangible assets	14	6 446	6 042	5 401
Deferred tax assets		42	52	260
Fixed assets		5 244	5 120	4 777
Discontinuing operations		43	27	0
Other assets		5 460	4 889	6 194
Total assets		1 268 107	1 081 191	1 040 528
Liabilities and equity ¹⁾				
Loans and deposits from credit institutions		121 107	108 053	103 295
Deposits from customers		457 485	410 991	399 273
Financial derivatives		46 533	31 845	30 614
Securities issued		316 534	236 588	222 248
Insurance liabilities, customers bearing the risk		16 005	13 136	12 016
Liabilities to life insurance policyholders		182 181	174 675	168 056
Payable taxes		3 331	943	3 934
Deferred taxes		1 740	1 759	17
Other liabilities		20 058	14 358	16 706
Discontinuing operations		0	0	0
Provisions		4 282	4 495	4 806
Subordinated loan capital		36 359	25 996	25 193
Total liabilities		1 205 615	1 022 838	986 157
Minority interests		1 650	946	6
Revaluation reserve		0	0	0
Share capital		13 341	13 369	13 367
Other reserves and retained earnings		47 501	44 038	40 998
Total equity		62 492	58 353	54 371
Total liabilities and equity		1 268 107	1 081 191	1 040 528
Off-balance sheet transactions and contingencies	16			

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

Statement of changes in equity

DnB NOR Group

<i>Amounts in NOK million</i>	Minority interests ¹⁾	Revaluation reserve	Share capital	Share premium reserve	Other equity ¹⁾	Total other reserves and retained earnings	Total equity
Balance sheet as at 1 January 2005	33	122	13 271	11 741	25 341	37 082	50 508
Net change in shares available for sale		(122)					(122)
Net change in currency translation reserve					(23)	(23)	(23)
Total valuation changes not recognised in profit and loss		(122)			(23)	(23)	(144)
Profit for the period	13				7 135	7 135	7 148
Net income for the period	13	(122)			7 112	7 112	7 003
Share issue, employee subscription rights programme ²⁾			97	222		222	320
Dividends 2004					(3 410)	(3 410)	(3 410)
Own shares			(1)		(9)	(9)	(10)
Minority interests Absolute Return Investments	(3)						(3)
Sale of Follalaks	(37)						(37)
Balance sheet as at 30 September 2005	6	0	13 367	11 963	29 035	40 998	54 371
Balance sheet as at 31 December 2005	946	0	13 369	11 963	32 075	44 038	58 353
Net change in currency translation reserve	47				28	28	75
Profit for the period	115				8 300	8 300	8 414
Net income for the period	162				8 327	8 327	8 489
Dividends 2005					(4 680)	(4 680)	(4 680)
Own shares			(28)		(184)	(184)	(212)
Share issue DnB NORD	527						527
Adjustment to opening balance DnB NORD	18						18
Minority interests Monchebank	2						2
Minority interests iTicket	1				(1)	(1)	0
Sale of Store Elvegården	(6)					0	(6)
Balance sheet as at 30 September 2006	1 650	0	13 341	11 963	35 538	47 501	62 492

1) Of which currency translation reserve:

<i>Balance sheet as at 1 January 2005</i>	0				(87)		(87)
<i>Net change in currency translation reserve</i>	0				(23)		(23)
<i>Balance sheet as at 30 September 2005</i>	0				(110)		(110)
<i>Balance sheet as at 31 December 2005</i>	0				(76)		(76)
<i>Net change in currency translation reserve</i>	47				28		75
<i>Balance sheet as at 30 September 2006</i>	47				(49)		(2)

2) In accordance with the subscription rights programme, employees subscribed for 9 736 376 shares at NOK 32.83 per share in the first quarter of 2005.

Cash flow statements

DnB NOR Group

<i>Amounts in NOK million</i>	January-September 2006	2005	Full year 2005
Operations			
Net payments on loans to customers	(104 197)	(69 249)	(86 045)
Net receipts on deposits from customers	44 356	43 938	45 478
Interest received from customers	27 041	20 128	25 572
Interest paid to customers	(3 993)	(3 539)	(6 421)
Net payments on sales of financial assets for investment or trading	(28 455)	(16 023)	(22 547)
Net receipts on commissions and fees	6 629	6 283	8 689
Payments to operations	(11 728)	(11 254)	(14 918)
Taxes paid	(186)	0	(1 848)
Receipts on premiums	13 460	12 608	17 803
Net receipts/payments on premium reserve transfers	(1 992)	1 440	1 704
Payments of insurance settlements	(9 203)	(7 070)	(8 017)
Other receipts	1 021	1 051	1 078
Net cash flow relating to operations	(67 246)	(21 687)	(39 472)
Investment activity			
Net payments on the acquisition of fixed assets	(528)	(73)	(242)
Receipts on the sale of long-term investments in shares	27	1 291	1 291
Payments on the acquisition of long-term investments in shares	(153)	0	(1 349)
Dividends received on long-term investments in shares	43	91	59
Net cash flow relating to investment activity	(611)	1 309	(241)
Funding activity			
Net loans received on/paid to credit institutions	(10 281)	22 357	19 543
Net receipts on other short-term liabilities	3 821	568	2 463
Net issue of bonds and commercial paper ¹⁾	78 376	28 218	37 685
Issue of subordinated loan capital	10 080	1 564	1 594
Redemptions of subordinated loan capital	(596)	(1 040)	(952)
Share issue, minority interests	527	0	0
Share issue, employee subscription programme	0	320	320
Repurchase of own shares	(212)	(13)	0
Dividend payments	(4 680)	(3 410)	(3 410)
Net interest payments on funding activity	(10 826)	(5 098)	(7 413)
Net cash flow from funding activity	66 209	43 466	49 830
Net cash flow	(1 648)	23 088	10 116
Cash as at 1 January	24 714	14 597	14 597
Net receipts/payments on cash	(1 648)	23 088	10 116
Cash at end of period	23 065	37 685	24 714

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

1) A significant share of the Group's operations was during 2005 and 2006 funded by issuing bonds and commercial paper.

Key figures ¹⁾

	DnB NOR Group				
	3rd quarter	3rd quarter	January-September	Full year	
	2006	2005	2006	2005	2005
Interest rate analysis					
1. Combined average spread for lending and deposits (%)	2.08	2.18	2.12	2.22	2.21
2. Spread for ordinary lending to customers (%)	1.25	1.46	1.33	1.52	1.50
3. Spread for deposits from customers (%)	0.83	0.72	0.79	0.70	0.71
Rate of return/profitability					
4. Net other operating income, per cent of total income (%)	42.8	47.8	45.9	45.6	46.3
5. Cost/income ratio (%)	51.0	48.1	49.9	51.1	50.2
6. Return on equity, annualised (%)	18.0	19.8	18.8	17.9	18.8
7. RARORAC, annualised (%)	20.5	25.6	22.8	25.4	25.7
8. RORAC, annualised (%)	25.7	33.8	28.0	32.0	31.8
9. Average equity including allocated dividend (NOK million)	59 449	53 054	58 974	52 329	53 111
10. Return on average risk-weighted volume, annualised (%)	1.30	1.67	1.42	1.52	1.58
Financial strength					
11. Core (Tier 1) capital ratio at end of period (%)	6.3	6.9	6.3	6.9	7.4
12. Core (Tier 1) capital ratio incl. 50 per cent of profit for the period (%)	6.7	7.4	6.7	7.4	-
13. Capital adequacy ratio at end of period (%)	9.8	9.9	9.8	9.9	10.2
14. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	10.3	10.4	10.3	10.4	-
15. Core capital at end of period (NOK million)	53 897	45 970	53 897	45 970	52 523
16. Risk-weighted volume at end of period (NOK million)	857 063	661 802	857 063	661 802	714 039
Loan portfolio and write-downs					
17. Write-downs relative to net lending to customers, annualised	(0.03)	(0.05)	(0.04)	0.04	0.02
18. Net non-performing and impaired commitments, per cent of net lending to customers	0.52	0.74	0.52	0.74	0.63
19. Net non-performing and impaired commitments at end of period (NOK million)	4 271	4 934	4 271	4 934	4 751
Liquidity					
20. Ratio of customer deposits to net customer lending at end of period (%)	57.1	61.2	57.1	61.2	58.9
Total assets owned or managed by DnB NOR					
21. Assets under management at end of period (NOK billion)	560	528	560	528	570
22. Total combined assets at end of period (NOK billion)	1 630	1 389	1 630	1 389	1 463
23. Customer savings at end of period (NOK billion)	1 021	933	1 021	933	987
Staff					
24. Number of full-time positions at end of period	11 791	9 692	11 791	9 692	11 446
The DnB NOR share					
25. Number of shares at end of period (1 000)	1 334 089	1 336 875	1 334 089	1 336 875	1 336 875
26. Average number of shares (1 000)	1 334 101	1 336 875	1 335 801	1 333 701	1 334 474
27. Earnings per share (NOK)	2.00	2.03	6.21	5.35	7.59
28. Total shareholders' return (%)	3.4	(1.1)	15.4	17.5	25.3
29. Equity per share including allocated dividend at end of period (NOK)	45.61	40.67	45.61	40.67	42.94
30. Share price at end of period (NOK)	79.90	67.50	79.90	67.50	72.00
31. Price/book value	1.75	1.66	1.75	1.66	1.68
32. Market capitalisation (NOK billion)	106.6	90.2	106.6	90.2	96.3

1) Comparable figures excluding DnB NOR and Monchebank.

Definitions

- 1, 2, 3 Based on nominal values, excluding credit institutions and non-performing loans. Includes loans syndicated to Eksportfinans and guaranteed by DnB NOR Bank ASA. According to IFRS, these loans cannot be excluded from the Group's balance sheet.
- 5 Total expenses relative to total income. Excluding allocations to DnB NOR's employee funds in 2005.
- 6 Profits for the period are exclusive of profits attributable to minority interests and are adjusted for the period's change in fair value recognised directly in equity. 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. Risk-adjusted profits indicate the level of profits in a normalized situation.
- 8 RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital. Profits for the period are exclusive of profits attributable to minority interests and are adjusted for the period's change in fair value recognised directly in equity and for the difference between recorded interest on average equity and interest on risk-adjusted capital.
- 10 Profit for the period divided by average risk-weighted volume.
- 21 Total assets under management for customers in DnB NOR Asset Management and Vital.
- 22 Total assets and assets under management.
- 23 Total deposits from customers, assets under management and equity-linked bonds.
- 27 Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
- 28 Closing price at end of period less closing price at beginning of period, included dividends reinvested in DnB NOR shares on the dividend payment date, divided by closing price at beginning of period.
- 29 Equity at end of period excluding minority interests divided by number of shares at end of period.
- 31 The last quoted share price on Oslo Børs at end of period relative to recorded equity at end of period.
- 32 Number of shares multiplied by the closing share price at end of period.

Note 1 – Accounting principles

Accounting principles

The third quarter accounts have been prepared according to IFRS principles, including IAS 34 - Interim Financial Reporting. A description of the accounting principles applied by the Group in preparing the accounts is found in the annual accounts for 2005.

Comparable figures

Comparable figures are based on IFRS. Comparable figures have not been restated as a result of the establishment of DnB NOR and purchase of Monchebank.

Business areas

The operational structure of DnB NOR includes five business areas and four staff and support units. In addition, DnB NOR, which was incorporated in the Group from year-end 2005, is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the Group, as well as the products offered.

The profit and loss accounts 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 2 Business areas.

Note 2 – Business areas

Amounts in NOK million	DnB NOR Group													
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital		DnB NOR Asset Management		DnB NOR ²⁾		Other operations/eliminations	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income - ordinary operations	1 691	1 497	1 851	1 828	70	60			(3)	0	224		78	41
Interest on allocated capital	237	134	121	76	27	13			13	8	(12)		(386)	(231)
Net interest income	1 928	1 630	1 972	1 904	97	72			10	9	212		(308)	(190)
Net other operating income	620	741	783	775	667	703	634	600	278	245	69		(118)	74
Total income	2 548	2 371	2 755	2 679	764	776	634	600	288	253	281		(426)	(115)
Operating expenses ¹⁾	906	809	1 533	1 528	327	337	298	236	179	162	175		73	89
Pre-tax operating profit before write-downs	1 642	1 562	1 222	1 152	437	439	336	364	109	91	106		(498)	(204)
Write-downs on loans and net losses on assets	(99)	(183)	24	13	0	10			0	2	13		(144)	(51)
Pre-tax operating profit	1 740	1 745	1 198	1 139	437	429	336	364	109	89	92		(354)	(153)
<i>*) Of which group overhead</i>	26	15	12	9	5	3	7	6	2	1	0		(53)	(34)

Amounts in NOK million	DnB NOR Group													
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital		DnB NOR Asset Management		DnB NOR ²⁾		Other operations/eliminations ³⁾	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income - ordinary operations	4 817	4 226	5 498	5 469	194	171			(4)	(3)	573		237	274
Interest on allocated capital	601	364	327	209	68	35			34	21	(34)		(997)	(629)
Net interest income	5 418	4 590	5 825	5 678	262	206			30	18	539		(759)	(355)
Net other operating income	1 926	1 948	2 343	2 181	2 450	1 949	2 012	1 759	843	726	219		(197)	(64)
Total income	7 344	6 537	8 168	7 858	2 712	2 155	2 012	1 759	872	744	758		(956)	(419)
Operating expenses ¹⁾	2 654	2 416	4 525	4 581	1 094	928	916	814	534	496	499		210	294
Pre-tax operating profit before write-downs	4 690	4 122	3 643	3 277	1 618	1 227	1 096	945	338	249	260		(1 166)	(713)
Write-downs on loans and net losses on assets	(142)	(378)	143	188	0	10			0	2	28		(555)	(245)
Pre-tax operating profit	4 832	4 500	3 500	3 089	1 618	1 217	1 096	945	338	247	232		(611)	(468)
<i>*) Of which group overhead</i>	76	45	36	26	16	10	24	17	7	2	0		(159)	(101)

1) Figures for the business areas are based in internal management reporting. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas.

2) Included in the balance sheet of the DnB NOR Group as of 31 December 2005.

Note 2 – Business areas (continued)

3) Other operations:	Elimination of double entries		Eliminations		Group Centre ¹⁾	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
Amounts in NOK million	2006	2005	2006	2005	2006	2005
Net interest income - ordinary operations	(19)	(9)	(122)	(95)	379	378
Interest on allocated capital					(997)	(629)
Net interest income	(19)	(9)	(122)	(95)	(618)	(251)
Net other operating income	(861)	(645)	(282)	(282)	947	863
Total income	(880)	(654)	(405)	(377)	329	612
Operating expenses			(365)	(359)	575	653
Pre-tax operating profit before write-downs	(880)	(654)	(40)	(17)	(246)	(41)
Write-downs on loans and net losses on assets			0	(3)	(555)	(242)
Pre-tax operating profit	(880)	(654)	(40)	(14)	309	201

The Group Centre includes Human Resources and Group Services, Finance/Group Staff, Risk Management and IT, Corporate Communications, 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. The eliminations refer mainly to internal services from support units to business areas and between business areas. Further, intra-group company transactions and gains and losses on transactions between companies in the Group are eliminated. The elimination of double entries 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.

*) Group Centre - pre-tax operating profit in NOK million	Jan.-Sept.	
	2006	2005
Group write-downs	402	132
Income on equities	325	433
Net gains on fixed and intangible assets	153	110
Funding costs on goodwill	(102)	(78)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(138)	(150)
Portfolio hedging, Treasury	(170)	(39)
Unallocated	(180)	(103)
Other	20	(104)
Pre-tax operating profit	309	201

Main average balance sheet items ¹⁾

Amounts in NOK billion	DnB NOR Group													
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital ²⁾		DnB NOR Asset Management		DnB NOR ³⁾		Other operations/ eliminations	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net lending to customers ⁴⁾	340.8	271.7	381.5	342.6	9.0	2.6					28.5		(4.4)	(4.7)
Customer deposits ⁴⁾	240.5	194.5	201.2	196.1	13.2	9.9					10.7		(13.0)	(9.0)
Assets under management							211.5	184.6	533.7	493.9			(171.5)	(156.2)

Key figures ¹⁾

Per cent	DnB NOR Group													
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital		DnB NOR Asset Management		DnB NOR ³⁾		Other operations	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cost/income ratio	36.1	36.9	55.4	58.3	40.3	43.0			61.2	66.6	65.8			
Ratio of deposits to lending ⁴⁾	70.6	71.6	52.7	57.2							37.6			
Return on capital BIS ⁵⁾	17.0	19.0	22.6	22.7	50.0	53.1	16.8	16.3	21.1	18.3	12.5			
Full-time positions ⁶⁾	2 584	2 341	4 040	4 137	550	530	940	867	305	291	1 917		1 456	1 527

1) Figures for the business areas are based in internal management reporting. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas.

2) Assets under management include total assets.

3) Included in the balance sheet of the DnB NOR Group as of 31 December 2005.

4) Based on nominal values.

5) Return on capital is calculated on the basis of allocated capital. Allocated capital for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NOR is calculated as 7 per cent of risk-weighted volume. Recorded equity is used for Vital and DnB NOR Asset Management.

6) An increase of 250 full-time positions in Corporate Banking and Payment Services resulting from the acquisition of Monchebank in January 2006.

Note 3 – Net other operating income

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2006	3rd quarter 2005	January-September 2006	January-September 2005	Full year 2005
Money transfer fees receivable	719	758	2 145	2 285	3 057
Fees on asset management services	311	296	968	831	1 178
Fees on custodial services	84	67	272	220	309
Fees on securities broking	81	96	340	267	370
Corporate finance	52	91	364	274	415
Guarantee commissions	92	73	265	223	303
Interbank fees	40	49	115	139	185
Credit broking commissions	58	51	198	124	190
Sales commissions on insurance products	443	448	1 443	1 286	1 802
Sundry commissions and fees receivable on banking services	263	251	748	639	855
Total commissions and fees receivable etc.	2 142	2 181	6 857	6 288	8 665
Money transfer fees payable	243	257	716	790	1 048
Commissions payable on fund management services	27	32	87	84	102
Fees on custodial services payable	27	19	96	73	94
Interbank fees	57	73	169	193	259
Credit broking commissions	9	56	29	161	200
Commissions payable on the sale of insurance products	47	45	175	139	207
Sundry commissions and fees payable on banking services	122	109	402	317	412
Total commissions and fees payable etc.	532	593	1 675	1 757	2 323
Net gains on financial instruments at fair value	596	875	2 214	1 904	2 611
Net gains on assets in Vital	2 723	4 438	10 109	10 454	14 379
Guaranteed returns and allocations to policyholders in Vital	2 392	4 141	8 853	9 495	13 111
Premium income etc. included in the risk result in Vital	1 001	797	3 122	2 331	3 925
Insurance claims etc. included in the risk result in Vital	960	761	3 178	2 286	3 828
Net realised gains on investment securities (AFS)	0	100	0	167	167
Profit from companies accounted for by the equity method	94	22	146	118	118
Income from owned/leased premises	16	24	79	75	96
Fees on real estate broking	198	172	553	470	645
Net unrealised gains on investment property	0	0	0	2	(9)
Miscellaneous operating income	48	23	222	228	384
Total other income	262	220	854	776	1 117
Net other operating income	2 932	3 139	9 597	8 499	11 721

Note 3 – Net other operating income (continued)

Last five quarters	DnB NOR Group				
	3rd quarter 2006	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005
<i>Amounts in NOK million</i>					
Money transfer fees receivable	719	710	717	771	758
Fees on asset management services	311	322	335	348	296
Fees on custodial services	84	99	89	90	67
Fees on securities broking	81	126	133	103	96
Corporate finance	52	96	217	142	91
Guarantee commissions	92	89	84	80	73
Interbank fees	40	36	39	46	49
Credit broking commissions	58	103	36	66	51
Sales commissions on insurance products	443	488	512	516	448
Sundry commissions and fees receivable on banking services	263	236	249	216	251
Total commissions and fees receivable etc.	2 142	2 304	2 412	2 378	2 181
Money transfer fees payable	243	237	236	259	257
Commissions payable on fund management services	27	30	30	18	32
Fees on custodial services payable	27	35	34	21	19
Interbank fees	57	54	59	66	73
Credit broking commissions	9	11	8	39	56
Commissions payable on the sale of insurance products	47	67	61	69	45
Sundry commissions and fees payable on banking services	122	133	148	95	109
Total commissions and fees payable etc.	532	567	576	566	593
Net gains on financial instruments at fair value	596	672	946	707	875
Net gains on assets in Vital	2 723	2 445	4 941	3 925	4 438
Guaranteed returns and allocations to policyholders in Vital	2 392	2 008	4 453	3 616	4 141
Premium income etc. included in the risk result in Vital	1 001	1 059	1 063	1 594	797
Insurance claims etc. included in the risk result in Vital	960	1 121	1 097	1 542	761
Net realised gains on investment securities (AFS)	0	0	0	0	100
Profit from companies accounted for by the equity method	94	24	29	1	22
Income from owned/leased premises	16	34	29	21	24
Fees on real estate broking	198	197	158	175	172
Net unrealised gains on investment property	0	(1)	1	(11)	0
Miscellaneous operating income	48	73	102	156	23
Total other income	262	302	290	342	220
Net other operating income	2 932	3 110	3 555	3 222	3 139

Note 4 – Vital

The business area Vital in DnB NOR comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. As of 1 January 2005, Vital Forsikring ASA including subsidiaries and Vital Link AS are fully consolidated in the DnB NOR Group's accounts. 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.

Below, the income statement and balance sheets for Vital as included in the DnB NOR Group's accounts, are described.

Income statement ¹⁾					Vital
<i>Amounts in NOK million</i>	3rd quarter	3rd quarter	January-September		Full year
	2006	2005	2006	2005	2005
Total interest income					
Total interest expenses					
Net interest income					
Commissions and fees receivable etc.	433	400	1 338	1 130	1 630
Commissions and fees payable etc.	160	134	501	377	562
Net gains on financial instruments at fair value					
Net gains on assets in Vital	2 714	4 439	10 084	10 456	14 369
Guaranteed returns and allocations to policyholders in Vital	2 392	4 141	8 853	9 495	13 111
Premium income etc. included in the risk result in Vital	1 001	797	3 122	2 331	3 925
Insurance claims etc. included in the risk result in Vital	960	761	3 178	2 286	3 828
Net realised gains on investment securities (AFS)					
Profit from companies accounted for by the equity method					
Other income					
Net other operating income	634	600	2 012	1 759	2 423
Total income	634	600	2 012	1 759	2 423
Salaries and other personnel expenses	168	134	493	424	575
Other expenses	112	80	364	317	434
Depreciation and impairment of fixed and intangible assets	18	22	59	73	97
Total operating expenses	298	236	916	814	1 105
Net gains on fixed and intangible assets					
Write-downs on loans and guarantees					
Pre-tax operating profit	336	364	1 096	945	1 318
Taxes	(1)	(8)	(5)	(26)	(331)
Profit from discontinuing operations after taxes					
Profit for the period ²⁾	337	372	1 101	971	1 649

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

Note 4 – Vital (continued)

2) Breakdown of income statement

Amounts in NOK million	3rd quarter	3rd quarter	January-September		Vital
	2006	2005	2006	2005	2005
Interest result	340	1 963	4 105	4 141	6 053
Risk result	42	35	(54)	42	94
Administration result	(19)	(1)	(63)	(68)	(83)
Pension costs ^{a)}	0	0	0	0	380
Total result	362	1 997	3 987	4 115	5 684
Transferred from security reserve	0	(7)	0	(6)	(4)
Profit for distribution within life insurance ^{*)}	362	1 990	3 987	4 109	5 680
Transferred to additional allocations	0	0	0	0	1 500
Funds transferred to policyholders	27	1 636	2 889	3 172	3 008
Pre-tax operating profit - life insurance	335	354	1 098	937	1 172
Pre-tax operating profit - unit linked	(5)	10	(19)	8	(6)
Taxes	(1)	(8)	(5)	(26)	(452)
Profit for the period in Vital	331	372	1 084	971	1 618
Adjustments in the Group accounts ^{a)}	6	0	17	0	31
Result for the period in Vital in the Group accounts	337	372	1 101	971	1 649

*) Specification of profits for distribution within life insurance

Of which profit for operations subject to profit sharing	357	1 987	3 972	4 101	5 648
- funds transferred to policyholders	27	1 636	2 889	3 172	3 008
- funds transferred to additional allocations	0	0	0	0	1 500
- profits for allocation to the owner and taxes	330	351	1 083	929	1 140
Of which profit from operations not subject to profit sharing	5	3	15	8	32

Profits for allocation to the owner and taxes for life insurance operations subject to profit sharing include:

- return on equity, subordinated loan capital and the security reserve, calculated as the company's return on capital, less accrued interest on subordinated loans and allocations to the security reserve
- margin on policyholders' funds
- margin on effective risk premium adjusted for survival risk on contracts providing sufficient profits

According to regulations, profits for allocation to the owner and taxes cannot exceed 35 per cent of profits for operations subject to profit sharing. If this figure is negative, the entire amount should be charged to the owner. Total profits to the owner and taxes also include profits from operations not subject to profit sharing.

- a) Increase in pension costs after transition to IFRS for pensions in Vital in 2005. The effect for the owner of the transition after taxes, NOK 31 million, was reflected in the DnB NOR Group's opening balance sheet as at 1 January 2004. Reversal of goodwill amortisation represented NOK 6 million and NOK 17 million respectively in the accounts for the third quarter and for the January through September period of 2006.

Note 4 – Vital (continued)**Balance sheets ¹⁾**

<i>Amounts in NOK million</i>	30 Sept. 2006	31 Dec. 2005	Vital 30 Sept. 2005
Assets			
Cash and deposits with central banks			
Lending to and deposits with credit institutions	6 234	11 527	10 606
Lending to customers			
Commercial paper and bonds	58 258	67 457	64 191
Shareholdings	42 412	32 445	30 001
Financial assets, customers bearing the risk	16 005	13 136	12 016
Financial derivatives	1 251	786	472
Commercial paper and bonds, held to maturity	62 478	52 587	52 282
Investment property	25 026	22 872	20 496
Investments in associated companies	14	14	14
Intangible assets	318	252	213
Deferred tax assets			
Fixed assets	43	50	137
Discontinuing operations			
Other assets	1 497	1 533	3 187
Total assets	213 536	202 659	193 615
Liabilities and equity			
Loans and deposits from credit institutions			
Deposits from customers			
Financial derivatives	1 480	1 080	354
Securities issued			
Insurance liabilities, customers bearing the risk	16 005	13 136	12 016
Liabilities to life insurance policyholders	182 181	174 675	168 056
Payable taxes			
Deferred taxes	661	99	394
Other liabilities	1 920	1 991	1 953
Discontinuing operations			
Provisions	205	133	
Subordinated loan capital	2 575	2 594	2 578
Total liabilities	205 027	193 708	185 351
Minority interests			
Revaluation reserve			
Share capital	1 310	1 307	1 307
Other reserves and retained earnings	7 199	7 643	6 957
Total equity	8 509	8 951	8 264
Total liabilities and equity	213 536	202 659	193 615

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

Note 4 – Vital (continued)

Key figures					Vital
	3rd quarter 2006	3rd quarter 2005	January-September 2006 2005		Full year 2005
<i>Per cent</i>					
Recorded return, excluding unrealised gains on financial instruments ¹⁾	1.1	2.1	4.9	5.2	7.3
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds held to maturity ¹⁾	1.9	2.7	4.5	6.0	8.3
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds held to maturity and unrealised gains on current assets ¹⁾	2.2	2.2	3.6	5.6	7.7
Return on capital after taxes ^{2) 3)}	15.8	17.9	16.8	16.3	16.6
Expenses in per cent of policyholders' funds ^{1) 2) 4)}	0.81	0.83	0.84	0.85	0.90
Capital adequacy ratio at the end of the period ^{1) 5)}	10.2	12.6	10.2	12.6	11.7
Core capital ratio at the end of the period ^{1) 5)}	7.8	9.4	7.8	9.4	8.9
Policyholders funds, life insurance, at the end of the period (NOK billion)	182	168	182	168	175
Policyholders funds unit linked at the end of the period (NOK billion)	16	12	16	12	13
Solvency margin capital in per cent of requirement at the end of the period ^{1) 5) 6)}	148	151	148	151	158

1) Vital Forsikring ASA including subsidiaries.

2) Figures are annualised.

3) Calculated on the basis of recorded equity.

4) Expenses charged to the administration result within life insurance. Calculated according to NGAAP.

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

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

Note 5 – Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2006	3rd quarter 2005	January-September 2006 2005		Full year 2005
Ordinary salaries	1 438	1 296	4 256	3 801	5 179
Employer's national insurance contributions	198	197	595	578	752
Pension expenses	248	125	680	435	400
Social expenses	102	112	307	287	407
Total salaries and other personnel expenses	1 985	1 730	5 837	5 102	6 737
Fees	161	141	534	512	652
EDP expenses	336	365	1 079	1 075	1 439
Postage and telecommunications	99	125	313	364	491
Office supplies	26	25	80	81	110
Marketing and public relations	133	104	422	359	506
Travel expenses	51	42	157	133	197
Reimbursement to Norway Post for transactions executed	76	142	232	399	555
Training expenses	14	9	47	33	51
Operating expenses on properties and premises	211	200	656	639	854
Operating expenses on machinery, vehicles and office equipment taken to expense	28	21	83	63	89
Allocations to employee funds	0	0	0	0	153
Other operating expenses	187	94	473	279	377
Other expenses	1 323	1 268	4 076	3 938	5 474
Depreciation and impairment of fixed and intangible assets	183	162	519	488	653
Total operating expenses	3 491	3 160	10 432	9 528	12 864

Note 5 – Operating expenses (continued)

Last five quarters	DnB NOR Group				
	3rd quarter 2006	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005
<i>Amounts in NOK million</i>					
Ordinary salaries	1 438	1 393	1 424	1 378	1 296
Employer's national insurance contributions	198	193	204	174	197
Pension expenses ¹⁾	248	229	203	(36)	125
Social expenses	102	112	93	119	112
Total salaries and other personnel expenses	1 985	1 927	1 925	1 635	1 730
Fees	161	181	192	140	141
EDP expenses	336	386	358	364	365
Postage and telecommunications	99	110	104	126	125
Office supplies	26	26	27	30	25
Marketing and public relations	133	155	134	147	104
Travel expenses	51	55	51	64	42
Reimbursement to Norway Post for transactions executed	76	73	83	156	142
Training expenses	14	16	17	18	9
Operating expenses on properties and premises	211	213	232	214	200
Operating expenses on machinery, vehicles and office equipment taken to expense	28	23	32	26	21
Allocations to employee funds	0	0	0	153	0
Other operating expenses	187	141	145	98	94
Other expenses	1 323	1 379	1 375	1 536	1 268
Depreciation and impairment of fixed and intangible assets	183	177	159	165	162
Total operating expenses	3 491	3 483	3 459	3 336	3 160

1) The low pension expenses in the fourth quarter of 2005 are due to the fact that changes in the subsidiaries' pension schemes had a much greater impact than previously estimated.

Note 6 – Restructuring provisions

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2006 ¹⁾	Accrued expenses 2006	31 Dec. 2005 ²⁾
DnB NOR merger	31	204	235
<i>Of which: IT</i>		71	
Staff cuts		126	
Real estate		7	

1) The table shows the provisions remaining to cover restructuring measures not yet implemented in DnB NOR Asset Management.

2) In connection with the merger between DnB and Gjensidige NOR, a total of NOK 1 860 million was allocated to restructuring measures.

Note 7 – Number of employees/full-time positions

	DnB NOR Group				
	3rd quarter 2006	3rd quarter 2005	January-September 2006	January-September 2005	Full year 2005
Number of employees at end of period	12 182	10 062	12 182	10 062	11 831
Number of employees calculated on a full-time basis at end of period	11 791	9 692	11 791	9 692	11 446
Average number of employees	12 173	10 118	12 072	10 228	10 258
Average number of employees calculated on a full-time basis	11 804	9 740	11 691	9 838	9 873

Note 8 – Net gains on fixed and intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2006	3rd quarter 2005	January-September		Full year 2005
			2006	2005	
Development area in Oppegård	47		47		
Lodalen Utvikling	44		44		
Kirkegaten 17, Oslo	22		22		
Scanrope			16		
Exporama			30		
Bogstadveien 45, Oslo			61		
Haraldsgate 125, Haugesund					52
Søndregate 12, Trondheim					46
Follalaks		107		107	107
Helgelandske		16		16	16
Pan Fish				314	314
Aurora Salmon				59	63
Akersgt. 64-67, Oslo				64	88
Postbanken Eiendomsmegling				16	18
Other	22	7	78	26	71
Net gains on fixed and intangible assets	135	130	298	602	775

Note 9 – Write-downs on loans and guarantees

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2006	3rd quarter 2005	January-September		Full year 2005
			2006	2005	
New individual write-downs	185	173	693	834	877
Reassessed individual write-downs	66	109	244	278	337
Total individual write-downs	119	64	449	556	540
Recoveries on commitments previously written off	94	121	295	244	306
Change in group write-downs	(95)	(22)	(382)	(132)	(101)
Write-downs on loans and guarantees	(70)	(79)	(228)	180	133
<i>Of which write-downs on guarantees</i>	<i>(1)</i>	<i>(17)</i>	<i>(11)</i>	<i>1</i>	<i>13</i>

Note 10 – Write-downs on loans and guarantees for principal sectors ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2006	3rd quarter 2005	January-September		Full year 2005
			2006	2005	
Retail customers	13	(8)	126	214	270
International shipping	2	2	1	22	7
Real estate	1	13	(23)	(11)	(36)
Manufacturing	1	8	11	29	29
Services and management	(14)	(27)	(6)	(30)	(101)
Trade	1	(9)	30	34	25
Oil and gas	0	3	(1)	(4)	(5)
Transportation and communication	7	0	28	10	12
Building and construction	9	2	0	6	11
Power and water supply	(1)	0	(1)	2	1
Fishing	3	4	8	(37)	4
Other sectors	3	(57)	(19)	(7)	(21)
Total customers	25	(69)	154	228	196
Credit institutions	0	12	0	84	38
Change in group write-downs	(95)	(22)	(382)	(132)	(101)
Write-downs on loans and guarantees	(70)	(79)	(228)	180	133
<i>Of which write-downs on guarantees</i>	<i>(1)</i>	<i>(17)</i>	<i>(11)</i>	<i>1</i>	<i>13</i>

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

Note 11 – Lending to customers

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
Lending to customers, nominal amount	715 439	585 322	538 329
Individual write-downs	1 970	2 185	3 184
Lending to customers, after individual write-downs	713 470	583 137	535 145
Accrued interest	2 631	2 374	2 064
Amortisation (fees etc.)	(395)	(453)	(445)
Individual write-downs of accrued interest and amortisation	488	659	818
Group write-downs	1 018	1 419	1 346
Lending to customers, at amortised cost	714 200	582 980	534 599
Lending to customers, nominal amount ¹⁾	86 934	112 940	115 759
Accrued interest	192	481	475
Adjustment to fair value	332	1 103	1 572
Lending to customers, fair value	87 458	114 524	117 805
Lending to customers	801 657	697 504	652 405

1) Including lending with interest fixing period recorded at fair value.

Note 12 – Net lending to principal sectors ^{1) 2)}

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
Retail customers	406 143	374 115	357 259
International shipping	70 227	53 696	41 782
Real estate	115 491	98 908	87 905
Manufacturing	33 997	23 977	23 108
Services and management	58 423	47 248	42 035
Trade	32 553	27 074	25 807
Oil and gas	13 077	7 486	10 323
Transportation and communication	21 090	15 842	14 737
Building and construction	10 124	9 027	7 238
Power and water supply	7 554	6 148	6 626
Fishing	10 392	8 992	9 473
Hotels and restaurants	3 849	3 716	3 975
Agriculture and forestry	7 143	6 444	5 447
Central and local government	3 351	3 401	1 369
Other sectors	6 989	10 003	13 820
Net lending to customers, nominal amount	800 404	696 078	650 904

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

2) Lending after individual write-downs.

Note 13 – Net impaired commitments for principal sectors

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
Retail customers	2 176	2 058	2 173
International shipping	(3)	(2)	(33)
Real estate	715	816	885
Manufacturing	406	411	440
Services	268	286	450
Trade	208	138	194
Oil and gas	9	9	10
Transportation and communication	97	107	90
Building and construction	121	111	206
Power and water supply	0	2	0
Fishing	62	186	365
Hotels and restaurants	88	69	56
Agriculture and forestry	110	61	70
Central and local government	0	6	0
Other sectors	14	469	20
Total customers	4 271	4 727	4 926
Credit institutions	0	24	8
Total	4 271	4 751	4 934

Note 14 – Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
Goodwill	5 853	5 623	5 195
Systems development	475	311	119
Postbanken brand name	51	51	51
Other intangible assets	67	57	35
Total intangible assets	6 446	6 042	5 401

Note 15 – Capital adequacy according to NGAAP ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
Share capital	13 341	13 369	13 367
Other equity	38 569	36 491	33 620
Total equity	51 910	49 859	46 988
Perpetual subordinated loan capital securities ^{2) 3)}	5 709	5 698	5 590
Reductions			
Pension funds above pension commitments	(218)	(165)	(1 263)
Goodwill	(4 546)	(4 673)	(4 394)
Deferred tax assets	(92)	(111)	(732)
Other intangible assets	(675)	(499)	(217)
Additions			
Portion of unrecognised actuarial gains/losses ⁴⁾	1 810	2 413	-
Core capital	53 897	52 523	45 970
Perpetual subordinated loan capital ^{2) 3)}	8 486	5 770	5 648
Term subordinated loan capital ³⁾	21 870	14 868	14 190
Net supplementary capital	30 356	20 638	19 838
Deductions	76	0	32
Total eligible primary capital ⁵⁾	84 178	73 161	65 776
Total risk-weighted volume	857 063	714 039	661 802
Core capital ratio (per cent)	6.3	7.4	6.9
Capital ratio (per cent)	9.8	10.2	9.9
Including 50 per cent of profit for the period			
Core capital ratio (per cent)	6.7	-	7.4
Capital ratio (per cent)	10.3	-	10.4

- 1) *Kredittilsynet has not adapted Norwegian capital adequacy regulations to IFRS. For the time being, capital adequacy calculations are based on special consolidation rules for the statutory accounts, which thus far are not allowed to be restated according to IFRS.*
- 2) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
- 3) *Calculations of capital adequacy include a total of NOK 754 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the Group's balance sheet.*
- 4) *Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance has established a transitional rule whereby three-fifths of the amount recorded against equity can be included in capital adequacy calculations as at 30 September 2006. This effect will be reduced by one-fifth yearly.*
- 5) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Group's accounts as a different consolidation method ("pro rata consolidation") is used in calculating capital adequacy in relation to associated companies.*

All figures are presented in accordance with rules prevailing at the time in question.

Note 16 – Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information	DnB NOR Group		
	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
<i>Amounts in NOK million</i>			
Unutilised ordinary credit lines	237 789	186 328	167 875
Documentary credit commitments	16 856	9 115	8 536
Other commitments	513	1 654	1 704
Total commitments	255 158	197 097	178 115
Performance guarantees	19 962	14 764	14 206
Payment guarantees	19 824	14 519	12 685
Loan guarantees	9 859	4 013	12 744
Guarantees for taxes etc.	3 451	3 077	3 001
Other guarantee commitments	4 620	5 163	6 015
Total guarantee commitments	57 716	41 537	48 651
Support agreements	4 076	4 995	3 588
Total guarantee commitments etc. *)	61 792	46 531	52 239
*) Of which:			
Counter-guaranteed by financial institutions	1 627	1 498	1 286
Joint and several liabilities	0	0	325
Securities	56 502	49 669	51 718
are pledged as security for:			
Loans	56 387	49 558	51 608
Other activities	115	111	110

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. The disputes involving the highest amounts are described below.

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

DnB NOR Bank issued a writ against the Norwegian government, represented by the Central Tax Office for Large Companies, requiring that the tax assessment for 2002 be invalidated. The bank claimed that the tax authorities made incorrect use of the realisation principle with respect to interest rate and currency swaps, as no tax credit was awarded for net losses in the tax assessment. The bank lost the case in the District Court. The outcome will have no material effect on the group accounts. The decision has been appealed.

Note 17 – Profit and balance sheet trends

Income statement	DnB NOR Group				
	3rd quarter 2006	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005
<i>Amounts in NOK million</i>					
Total interest income	10 961	10 001	8 864	8 134	7 587
Total interest expenses	7 049	6 219	5 242	4 661	4 161
Net interest income	3 911	3 781	3 622	3 473	3 426
Commissions and fees receivable etc.	2 142	2 304	2 412	2 378	2 181
Commissions and fees payable etc.	532	567	576	566	593
Net gains on financial instruments at fair value	596	672	946	707	875
Net gains on assets in Vital	2 723	2 445	4 941	3 925	4 438
Guaranteed returns and allocations to policyholders in Vital	2 392	2 008	4 453	3 616	4 141
Premium income etc. included in the risk result in Vital	1 001	1 059	1 063	1 594	797
Insurance claims etc. included in the risk result in Vital	960	1 121	1 097	1 542	761
Net realised gains on investment securities (AFS)	0	0	0	0	100
Profit from companies accounted for by the equity method	94	24	29	1	22
Other income	262	302	290	342	220
Net other operating income	2 932	3 110	3 555	3 222	3 139
Total income	6 844	6 891	7 177	6 695	6 565
Salaries and other personnel expenses	1 985	1 927	1 925	1 635	1 730
Other expenses	1 323	1 379	1 375	1 536	1 268
Depreciation and impairment of fixed and intangible assets	183	177	159	165	162
Total operating expenses	3 491	3 483	3 459	3 336	3 160
Net gains on fixed and intangible assets	135	151	12	172	130
Write-downs on loans and guarantees	(70)	(145)	(12)	(48)	(79)
Pre-tax operating profit	3 558	3 704	3 743	3 578	3 613
Taxes	844	853	894	582	903
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	2 714	2 851	2 849	2 996	2 710
Earnings per share (NOK)	2.00	2.11	2.11	2.24	2.03
Diluted earnings per share (NOK)	2.00	2.11	2.11	2.24	2.03
Earnings per share for discontinuing operations (NOK)	0.00	0.00	0.00	0.00	0.00
Diluted earnings per share for discontinuing operations (NOK)	0.00	0.00	0.00	0.00	0.00

Note 17 – Profit and balance sheet trends (continued)

Balance sheets	DnB NOR Group				
	30 Sept. 2006	30 June 2006	31 March 2006	31 Dec. 2005	30 Sept. 2005
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	15 474	14 022	2 742	21 229	24 264
Lending to and deposits with credit institutions	69 116	90 282	67 955	40 854	53 198
Lending to customers	801 657	764 657	727 482	697 504	652 405
Commercial paper and bonds	161 954	154 927	151 725	145 475	140 283
Shareholdings	45 781	42 868	43 510	35 980	33 355
Financial assets, customers bearing the risk	16 005	14 800	15 143	13 136	12 016
Financial derivatives	51 775	34 742	30 818	33 751	33 980
Commercial paper and bonds, held to maturity	62 478	60 898	56 518	52 587	52 282
Investment property	25 173	24 042	23 583	23 143	20 753
Investments in associated companies	1 457	1 425	1 440	1 402	1 362
Intangible assets	6 446	6 264	6 159	6 042	5 401
Deferred tax assets	42	40	53	52	260
Fixed assets	5 244	5 152	5 121	5 120	4 777
Discontinuing operations	43	67	0	27	0
Other assets	5 460	8 376	6 407	4 889	6 194
Total assets	1 268 107	1 222 564	1 138 657	1 081 191	1 040 528
Liabilities and equity					
Loans and deposits from credit institutions	121 107	133 056	110 535	108 053	103 295
Deposits from customers	457 485	459 734	420 836	410 991	399 273
Financial derivatives	46 533	33 217	31 280	31 845	30 614
Securities issued	316 534	281 773	261 995	236 588	222 248
Insurance liabilities, customers bearing the risk	16 005	14 800	15 143	13 136	12 016
Liabilities to life insurance policyholders	182 181	182 208	182 838	174 675	168 056
Payable taxes	3 331	2 457	1 687	943	3 934
Deferred taxes	1 740	1 819	1 832	1 759	17
Other liabilities	20 058	18 065	18 115	14 358	16 706
Discontinuing operations	0	0	0	0	0
Provisions	4 282	4 220	4 297	4 495	4 806
Subordinated loan capital	36 359	31 606	28 401	25 996	25 193
Total liabilities	1 205 615	1 162 957	1 076 957	1 022 838	986 157
Minority interests	1 650	1 551	1 520	946	6
Revaluation reserve	0	0	0	0	0
Share capital	13 341	13 342	13 369	13 369	13 367
Other reserves and retained earnings	47 501	44 715	46 811	44 038	40 998
Total equity	62 492	59 607	61 699	58 353	54 371
Total liabilities and equity	1 268 107	1 222 564	1 138 657	1 081 191	1 040 528

Income statement DnB NOR ASA

According to NGAAP ¹⁾

<i>Amounts in NOK million</i>	3rd quarter 2006	3rd quarter 2005	January-September		Full year 2005
			2006	2005	
Interest income	34	59	95	126	173
Interest expenses	50	48	134	139	186
Net interest income and credit commissions	(17)	11	(39)	(13)	(13)
Dividends from group companies/group contributions	0	0	0	0	5 532
Net gains on foreign exchange and financial instruments	0	(5)	0	(5)	(9)
Commissions and fees payable etc.	2	1	5	5	6
Net other operating income	(2)	(6)	(5)	(10)	5 517
Salaries and other ordinary personnel expenses	0	5	0	25	38
Administrative expenses	45	41	135	122	160
Sundry ordinary operating expenses	3	3	3	3	4
Total operating expenses	48	48	138	150	202
Pre-tax operating profit before write-downs	(67)	(43)	(182)	(174)	5 302
Net gains on long-term securities	11	0	11	0	0
Pre-tax operating profit	(55)	(43)	(171)	(174)	5 302
Taxes	(16)	(12)	(48)	(49)	595
Profit for the period	(40)	(31)	(123)	(125)	4 708

Balance sheets DnB NOR ASA

According to NGAAP ¹⁾

<i>Amounts in NOK million</i>	30 Sept. 2006	31 Dec. 2005	30 Sept. 2005
Assets			
Deposits with DnB NOR Bank ASA	3 611	3 808	8 266
Lending to other group companies	225	225	1 951
Investments in group companies	48 642	48 612	46 031
Other receivables due from group companies	4	6 992	328
Other assets	50	45	59
Total assets	52 532	59 682	56 634
Liabilities and equity			
Loans from DnB NOR Bank ASA	5 719	5 936	5 936
Loans from other group companies	345	2 249	1 906
Other liabilities and provisions	3	4 697	2 146
Paid-in capital	25 275	25 303	25 303
Retained earnings	21 190	21 497	21 343
Total liabilities and equity	52 532	59 682	56 634

1) See description under accounting principles for DnB NOR ASA in the 2005 annual report for the DnB NOR Group.

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