

Second quarter report 2006



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Introduction

DnB NOR achieved healthy profits in the first half of 2006, with brisk growth in all business areas in both its Norwegian and international operations. In spite of fierce competition and volatile stock markets, the Group recorded a 16.5 per cent rise in income in the first half of 2006 compared with the year-earlier period, while expenses were up 9.0 per cent.

DnB NOR's pre-tax operating profits came to NOK 7 447 million in the first half of 2006, up 26.0 per cent from the corresponding period in 2005. After taxes, profits were up 28.4 per cent, from NOK 4 438 million to NOK 5 700 million. Return on equity was 19.2 per cent for the January through June period, up from 16.9 per cent in the first half of 2005. Earnings per share stood at NOK 4.21 and NOK 3.32 respectively.

The cost/income ratio improved further, representing 49.3 per cent for the first half of 2006, down from 52.7 per cent in the year-earlier period.

In the second quarter of 2006, income was up 13.7 per cent compared with the corresponding period in 2005, while expenses increased by 8.7 per cent. Pre-tax operating profits came to NOK 3 704 million, an increase from NOK 3 190 million in the year-earlier period. After taxes, profits totalled NOK 2 851 million, up NOK 459 million or 19.2 per cent from a year earlier. Return on equity was 19.2 per cent in the April through June period, an increase from 18.0 per cent in the second quarter of 2005. Earnings per share for the two quarters were NOK 2.11 and NOK 1.78 respectively. The cost/income ratio showed a positive development, standing at 50.5 per cent for the second quarter of 2006, down from 52.9 per cent a year earlier.

Including 50 per cent of profits, the core capital ratio for the DnB NOR Group was 6.9 per cent as at 30 June 2006, compared with 7.4 per cent at end-December 2005.

The integration process is now completed, and synergy targets were

realised ahead of schedule. During Easter 2006, the Group implemented a highly successful integration of the account systems of the former DnB and Union Bank of Norway, thus completing the final major technical integration project in connection with the merger.

During the first half of 2006, Vital established a leading position in the mandatory occupational pension market, attracting a significant share of the largest customers.

In the second quarter of the year, DnB NOR Finans established new operations in Stockholm, which will strengthen the DnB NOR Group's presence and competitive power in the Swedish financial market.

In order to achieve an optimal level of equity in the Group, the Annual General Meeting held in the second quarter of 2006 authorised the Board of Directors of DnB NOR Bank ASA to acquire own shares for a total face value of up to 10 per cent of share capital. During the April through June period, approximately 2.7 million shares were repurchased.

The Board of Directors of DnB NOR ASA has appointed Rune Bjerke new group chief executive, succeeding Svein Aaser, who will retire on 31 December 2006.

Income

Income totalled NOK 6 891 million for the April through June period, an increase of NOK 831 million or 13.7 per cent from the second quarter of 2005.

Net interest income

Net interest income was NOK 3 781 million in the second quarter of 2006, up NOK 369 million or 10.8 per cent compared with the year-earlier period.

Average lending rose by NOK 131 billion or 21.9 per cent from the second quarter of 2005, while there was a rise of NOK 58 billion or 15.5 per cent in average deposits. The combined spread contracted by 0.10

percentage points compared with the year-earlier period.

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

Changes in net interest income

	2nd quarter		2nd quarter
<i>Amounts in NOK million</i>	2006	Change	2005
Net interest income	3 781	369	3 412
DnB NORD	156	156	
Monchebank	5	5	
Lending and deposit volumes		425	
Lending and deposit spreads		(201)	
Other		(16)	

Net other operating income

Net other operating income amounted to NOK 3 110 million in the second quarter of 2006, up NOK 462 million or 17.4 per cent compared with the corresponding period of 2005. The increase in net commission income reflected a rise in brokerage fees and credit broking income as well as brisk sales of savings and pension products.

Net other operating income represented 45.1 per cent of total income in the second quarter of 2006, as against 43.7 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

	2nd quarter		2nd quarter
<i>Amounts in NOK million</i>	2006	Change	2005
Net other operating income	3 110	462	2 648
DnB NORD	80	80	
Monchebank	5	5	
Net commissions and fees		203	
Net gains on equity investments		(117)	
Net gains on other financial instruments		246	
Net financial and risk result from Vital		74	
Other income		(29)	

Operating expenses

Operating expenses totalled NOK 3 483 million in the second quarter of 2006, up NOK 280 million from the year-earlier period. The cost trend in 2006 reflects the fact that 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. Excluding operations in DnB NORD and Monchebank, there was a NOK 98 million rise in expenses.

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

Changes in operating expenses

	2nd quarter		2nd quarter
<i>Amounts in NOK million</i>	2006	Change	2005
Operating expenses	3 483	280	3 203
DnB NORD	173	173	
Monchebank	9	9	
Performance-based pay		68	
Pension expenses		81	
IT investments		23	
Wage settlements		19	
Merger synergies		(111)	
Other		19	

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 151 million

in the second quarter of 2006, compared with NOK 455 million in the year-earlier period. The gains in 2006 referred to, inter alia, the sale of a number of bank buildings.

Write-downs on commitments

The Group recorded low write-downs on both retail and corporate loans in the second quarter of 2006. Net reversals on write-downs on loans and guarantees came to NOK 145 million, with individual write-downs of NOK 58 million and reversals on group write-downs of NOK 204 million. The reversals on group write-downs reflected the positive trend in the Norwegian economy. The method used by the Group to calculate group write-downs has been refined. A new, improved method was introduced in the second quarter for calculating the effect of cyclical fluctuations as well as non-identifiable losses included in group write-downs. This resulted in a reduction in group write-downs of around NOK 150 million, which was reflected in the accounts for the second quarter of 2006.

New individual write-downs totalled NOK 251 million, while reversals and recoveries came to NOK 193 million. In the corresponding period in 2005, new write-downs were NOK 275 million, while reversals and recoveries stood at NOK 92 million.

The table below specifies changes in net write-downs between the two quarters according to main items:

Changes in write-downs

	2nd quarter		2nd quarter
<i>Amounts in NOK million</i>	2006	Change	2005
Net write-downs	(145)	(268)	123
DnB NORD	8	8	
Monchebank	0	0	
Individual write-downs		(132)	
Group write-downs		(144)	

After deductions for individual write-downs, net impaired commitments came to NOK 4 645 million at end-June 2006, a decline of NOK 106 million from 31 December 2005. Net impaired commitments represented 0.60 per cent of net lending at end-June 2006, down from 0.88 per cent a year earlier.

Taxes

The DnB NOR Group's tax charge for the second quarter of 2006 was NOK 853 million, based on an anticipated average tax rate of 25 per cent of pre-tax operating profits. Too high provisions for taxes in 2005 resulted in a write-back of NOK 73 million in the second quarter of 2006.

Balance sheet and assets under management

At end-June 2006, total combined assets in the DnB NOR Group were NOK 1 573 billion, an increase of NOK 250 billion or 18.9 per cent from a year earlier.

Total assets in the Group's balance sheet were NOK 1 223 billion as at 30 June 2006, as against NOK 992 billion a year earlier.

Net lending to customers rose by NOK 142 billion or 22.9 per cent during the twelve-month period, with DnB NORD and Monchebank accounting for NOK 30.0 billion.

Customer deposits rose by NOK 77 billion or 20.0 per cent from the second quarter of 2005, of which NOK 11.4 billion stemmed from DnB NORD 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, bond debt and subordinated loan capital. With respect to short-term funding of the bank, conservative borrowing limits have been established.

The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 60.1 per cent at end-June 2006, down from 61.6 per cent a year earlier.

Securities issued by the Group increased by NOK 74 billion or 35.8 per cent from the second quarter of 2005, totalling NOK 282 billion

at end-June 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 will be further expanded through a boost in activity in the US capital market.

Total assets in Vital were NOK 214.3 billion as at 30 June 2006, compared with NOK 186.3 billion a year earlier.

Risk and capital adequacy

DnB NOR quantifies risk by measuring risk-adjusted capital. Net risk-adjusted capital increased by NOK 0.5 billion in the April through June period of 2006, to NOK 38.0 billion. The table below shows developments in risk-adjusted capital:

	30 June 2006	31 March 2006	31 Dec. 2005	30 June 2005
<i>Amounts in NOK billion</i>				
Credit risk	34.0	33.8	31.1	25.0
Market risk	2.2	2.0	1.9	2.0
Ownership risk for Vital	8.7	10.6	8.7	9.0
Operational risk	4.4	4.4	4.2	4.0
Business risk	2.2	2.2	1.6	1.6
Gross risk-adjusted capital	51.5	53.1	47.6	41.6
Diversification effect ¹⁾	(13.5)	(15.6)	(13.7)	(13.4)
Net risk-adjusted capital	38.0	37.5	33.8	28.1
Diversification effect in per cent of gross risk-adjusted capital ¹⁾	26.3	29.4	28.8	32.3

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 housing loans continued in the second quarter of 2006. Credit quality was very good. As part of risk management, a number of loans were syndicated in the second quarter of 2006, particularly within shipping and offshore. DnB NOR has a leading position in these industries, which have experienced a prolonged period of brisk growth.

Market risk rose by NOK 0.2 billion in the second quarter, to NOK 2.2 billion at end-June 2006.

The securities adjustment reserve in Vital declined by NOK 3.6 billion in the second quarter of 2006 due to stock market volatility and rising interest rates both in Norway and internationally. Vital consequently entered into contracts to hedge against significant reductions in share prices, while the potential for realising gains from rising share prices remains virtually unchanged. Vital's risk-adjusted capital requirement was down NOK 2.0 billion in the second quarter of 2006.

On 16 June 2006, the Norwegian Storting (Parliament) decided to remove tax relief on private pension savings through individual pension agreements. The government proposes the abolishment of tax relief on annuities as from 2007. This could result in a major reduction in sales of such products and is an example of business risk for the industry.

The Group recorded no major operational losses during the April through June period in 2006. In April, a successful integration of account systems in DnB NOR was completed, which reduced operational risk. Compliance with regulations for real estate broking received special attention during the second quarter, and stricter routines were established.

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 corresponds to a core capital ratio of approximately 6.5 per cent as at 30 June 2006.

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

	30 June 2006	31 March 2006	31 Dec. 2005	30 June 2005
<i>Amounts in NOK billion</i>				
4.25 per cent of risk-weighted assets	34.4	32.7	30.3	26.9
Capital buffer	12.4	12.2	11.4	9.6
Core capital target excl. hybrid securities	46.8	45.0	41.7	36.6
Statutory deduction in core capital	3.7	3.7	3.0	6.6
Equity target	50.5	48.6	44.7	43.2
Actual equity acc. to NGAAP ¹⁾	54.4	53.3	49.9	48.8
Equity reserve	3.9	4.7	5.1	5.6

1) Includes 50 per cent of interim profits.

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

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by NOK 40.3 billion during the second quarter, to NOK 810.6 billion at end-June 2006. Including 50 per cent of profits, the core capital ratio was 6.9 per cent, while the capital adequacy ratio was 10.2 per cent.

Integration

The plan for the merger between DnB and Gjensidige NOR included staff cuts of 1 630 full-time positions and annual cost synergies of NOK 1 860 million. The synergies are scheduled to be realised over a period of three years, with full effect as from 2007.

On an annualised basis, the synergies realised in the second quarter of 2006 will correspond to NOK 1 884 million, which exceeds the 2007 synergy target by NOK 24 million. At end-June 2006, the number of full-time positions in the Group had been scaled back by 1 549, while termination of employment contracts entered into with employees represented 1 638 full-time positions.

The table below shows total annual synergy targets relative to realised synergies:

	2004 (30%)	2005 (60%)	2006 (90%)	2007 (100%)
<i>Amounts in NOK million</i>				
Total annual cost synergy target	558	1 116	1 674	1 860
Realised cost synergies	732	1 519	1 884 ¹⁾	

1) Annual effect of synergies realised in the second quarter of 2006.

The table below shows realised synergies and staff reductions per business area for the first half of 2006:

	Reduction in full-time positions first half 2006	Reduction in full-time positions 2003/ 2005	Total reduction in full-time positions 2003- 30 June 2006	Cost synergies first half 2006 (NOK million)
Retail Banking	43	700	743	284
Corporate Banking	34	219	253	113
DnB NOR Markets	0	101	101	54
DnB NOR Asset Management	1	83	84	41
Vital	15	106	121	65
Staff units/other	33	214	247	364
Total	126	1 423	1 549	921 ¹⁾

1) Semi-annual effect of synergies as at 30 June 2006.

NOK 438 million of total cost synergies of NOK 921 million in the first half of 2006 referred to staff reductions. Cost savings within IT and reduced use of consultants led to cost synergies of NOK 148 million, while NOK 335 million represented other cost savings.

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 NORD is followed up as a separate profit centre.

Corporate Banking and Payment Services

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 3 092 million in the first half of 2006, an increase from NOK 2 754 million in the year-earlier period. A 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 fourth quarter of 2005 and remained brisk in the second quarter of 2006. The business sector displayed a great willingness to invest, and average loans and guarantees were up NOK 72 billion to NOK 383 billion compared with the first half of 2005. Sound liquidity among corporate clients ensured a NOK 43 billion rise in average deposits in the first half of 2006, to NOK 235 billion.

Ordinary net interest income was up NOK 396 million from the first half of 2005. Strong competition in the market caused continued pressure on spreads, and the combined spread contracted by 0.21 percentage points from the second quarter of 2005 to the corresponding period in 2006.

The first half of 2006 saw a high level of customer activity, resulting in increased income from syndicated loans, corporate finance, foreign exchange products, securities services and payment transfers. Other operating income was up NOK 100 million compared with the year-earlier period.

Operating expenses totalled NOK 1 748 million in the first half of the year, up NOK 141 million compared with the corresponding period of 2005. The rise reflected a high level of activity in the domestic and international markets, as well as costs related to new operations in Sweden and Russia. The cost/income ratio was 36.4 per cent, an improvement of 2.1 percentage points from the corresponding period in 2005. At end-June 2006, staff in Corporate Banking and Payment Services represented 2 600 full-time positions, including 563 positions in subsidiaries and 440 in international units.

Due to the sound quality of the credit portfolios along with a healthy economic trend, write-downs remained low in the January through June period of 2006. Net reversals on loans came to NOK 1 million.

Strong demand combined with a number of successful market initiatives have led to further gains in market shares. The market share of credit to Norwegian corporate clients was 15.8 per cent at end-May 2006, up from 14.5 per cent at end-June 2005.

Corporate Banking and Payment Services anticipates a continued high level of activity and strong demand for products and services, combined with fierce competition and pressure on spreads.

The mandatory occupational pension scheme entered into force in Norway on 1 July 2006. Through the combined sales efforts of Corporate Banking and Payment Services and Vital, DnB NOR has become a leading supplier of mandatory occupational pensions.

Retail Banking

Retail Banking showed a healthy long-term profit trend in the first half of 2006 and recorded pre-tax operating profits of NOK 2 302 million, up NOK 352 million from the corresponding period in 2005.

There was brisk lending growth, with a rise of NOK 38.6 billion or 11.4 per cent in average lending compared with the first half of 2005. Customer deposits increased by NOK 4.5 billion or 2.3 per cent. Competition was fierce in the market for large housing loans, and the average lending spread contracted by 0.19 percentage points compared with the first half of 2005, standing at 1.44 per cent in the first half of 2006.

Net other operating income totalled NOK 1 560 million, up NOK 155 million from the year-earlier period. Significantly higher sales

of savings and insurance products were a key factor behind the strong figures.

Operating expenses totalled NOK 2 992 million in the first half of the year, down from NOK 3 054 million in the year-earlier period. The cost/income ratio was 55.3 per cent, an improvement of 3.7 percentage points from the first half of 2005. As a result of the renegotiated distribution agreement with Norway Post, the Postbanken division achieved a reduction in costs and a strong rise in profits. Retail Banking staff numbered 4 056 full-time positions at end-June 2006.

Write-downs on loans remained low, totalling NOK 119 million for the January through June period.

At end-May 2006, the share of credit to retail customers was 30.1 per cent, down from 30.8 per cent at end-June 2005.

In order to retain competitive power, Retail Banking decided in June 2006 to implement a rise in lending rates which did not fully reflect increases in the central bank's key interest rate. The lending rate was kept unchanged for first-home loans and for loyalty programme members with housing loans over NOK 1 million.

Sales of customer loyalty programmes and Internet banking agreements continued at a high level. The number of customers subscribing to DnB NOR loyalty programmes and Postbanken product packages has exceeded 1 million, rising by 12 per cent during the twelve-month period. The number of Internet banking agreements rose from 1.1 million to 1.3 million during this period.

In order to meet intensifying competition from both domestic and international players, priority was given to developing new products and distribution solutions. During the first half of the year, a number of new savings, credit and insurance products were introduced. Products such as first-home loans, rental deposit loans, student loan prepayments and car loans for young adults are all products adapted to the younger customer groups. More new products and solutions will be launched during the autumn.

DnB NOR launched a new mobile bank in May 2006, which will improve availability and provide new distribution opportunities.

DnB NOR Markets

DnB NOR Markets achieved healthy profits in the first half of 2006. Pre-tax operating profits were up 49.8 per cent to NOK 1 181 million, compared with NOK 788 million in the year-earlier period. Return on capital was 57.4 per cent and the cost/income ratio 39.4 per cent.

There was a rise in income in all areas relative to the first half of 2005, with high levels of activity in the stock and debt capital markets. The first half of 2006 saw rising demand for currency and interest rate hedging instruments.

Total revenues were up NOK 569 million or 41.3 per cent to NOK 1 948 million in the first half of 2006. Customer-related revenues increased by NOK 417 million or 37.2 per cent. Costs increased by NOK 177 million compared with the first half of 2005, reflecting investments in information technology, increased marketing activity and a rise in performance-based pay due to the strong increase in income.

Customer-related income from foreign exchange and interest rate derivatives totalled NOK 501 million, up NOK 20 million from the year-earlier period. There was rising demand for currency and interest rate hedging products, which more than compensated for narrower spreads.

Customer-related revenues from the sale of securities and other investment products came to NOK 488 million, an increase of NOK 128 million from the first half of 2005. The stock market was characterised by brisk activity and great volatility during the April through June period. DnB NOR Markets maintained its position as the largest brokerage house on Oslo Børs during the first half of the year. Due to the recent period of volatility, there was growing interest in DnB NOR OBX, exchange-traded funds (ETF), on Oslo Børs. The Norwegian equity derivative market experienced significant growth and a record level of activity.

Income from corporate finance services was NOK 387 million, up NOK 212 million compared with the year-earlier period. Activity was brisk within initial public offerings, especially share issues, until May, but

subsequently levelled off due to the stock market slowdown. There was a high level of activity in the debt capital market, and DnB NOR Markets acted as manager for the greatest number of bond issues in Norwegian kroner in the first half of 2006.

Income from the sale of custodial and other securities services totalled NOK 162 million, an increase of NOK 57 million compared with the first half of 2005, reflecting record-breaking share trading on Oslo Børs and a high level of activity within share issues. Securities lending activity was record-high.

Revenues from market making and other proprietary trading totalled NOK 354 million, up NOK 111 million compared with the year-earlier period. Income mainly stemmed from trading in foreign exchange and interest rate and credit instruments.

During the second quarter of the year, DnB NOR Markets launched "DnB NOR Eiendomsfond", a product enabling investors to invest in a diversified property portfolio. In addition, DnB NOR Markets introduced new investment products such as real return bonds and collateralised debt obligations (CDOs).

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 is expected to further increase the pressure on prices.

Vital

Vital achieved high premium income, growth in total assets and a stronger market position in the first half of 2006.

Pre-tax operating profits for Vital were NOK 760 million, compared with NOK 581 million in the year-earlier period. While Vital Forsikring recorded profits of NOK 774 million, there was a loss of NOK 14 million in Vital Link.

Estimated profits for allocation to policyholders in Vital Forsikring were NOK 2 862 million. The risk result was negative at NOK 96 million, as against a positive NOK 7 million in the corresponding period last year. The administration result was negative at NOK 44 million, an improvement from a negative NOK 67 million in the year-earlier period, which can mainly be ascribed to growth in administrative income.

Stock markets were volatile during the January through June period. The recorded return on capital was 3.8 per cent, up from 3.1 per cent in the first half of 2005. The value-adjusted return, excluding changes in unrealised gains in the portfolio of securities held to maturity, was 2.6 per cent, compared with 3.3 per cent in the year-earlier period. Including changes in the portfolio of securities held to maturity, the returns were 1.4 and 3.4 per cent respectively. The property portfolio was revalued by 3.3 per cent in the first half of 2006 and generated a return of 6.4 per cent.

In the first half of 2006, the securities adjustment reserve declined by NOK 2.2 billion to NOK 3.3 billion. As at 30 June 2006, solvency capital totalled NOK 21.6 billion, down from NOK 22.4 billion at end-December 2005. The reduction in solvency capital reflected the net effect of interim profits, reductions in the securities adjustment reserve and lower unrealised gains in the portfolio of securities held to maturity. Vital's strategy is to generate satisfactory profits for its owner and policyholders also in periods with somewhat weaker value-adjusted returns. Vital considers that it has satisfactory risk capacity to withstand financial market volatility.

Premium income for Vital Forsikring and Vital Link totalled NOK 14.4 billion, up 21 per cent from NOK 11.9 billion in the year-earlier period. Premium income on group pension policies was NOK 7.7 billion, up 7 per cent.

In the retail market, premium income totalled NOK 6.7 billion, a 42 per cent increase from NOK 4.7 billion in the first half of 2005. The low interest rate levels helped boost demand for interest-guaranteed products, while greater sales of unit linked products reflected renewed interest in equity funds.

Vital recorded a net outflow of transfers of NOK 0.8 billion in the first

half of 2006, primarily as a result of several major conversions from schemes funded by insurance companies to pension funds during this period.

Total assets were NOK 214.3 billion at end-June 2006, a rise from NOK 186.3 billion a year earlier. Recorded customer funds within defined-contribution pension schemes totalled NOK 1 538 million, up 49 per cent from end-December 2005.

Vital's market share of policyholders' funds rose from 35.2 per cent at end-December 2005 to 35.6 per cent as at 30 June 2006. The market share for defined-contribution pension schemes was up 3.5 percentage points from end-December 2005 to 36.6 per cent as at 31 March 2006.

As at 30 June 2006, Vital had entered into approximately 5 500 mandatory occupational pension agreements, encompassing some 75 000 members and representing contractual annual deposits totalling NOK 350 million. In addition, a number of framework agreements covering 50 000 employees had been signed. The accumulation of pension entitlements will start on 1 July 2006, and the final deadline for entering into such contracts is 31 December 2006.

On 16 June 2006, the Norwegian Storting (Parliament) decided to remove tax relief on private pension savings through individual pension agreements. This represented 4.5 per cent of premium income in Vital in the first half of 2006. The government proposes the abolishment of tax relief on annuities as from 2007.

The new Act on Insurance Activity entered into force on 1 July 2006, and the transition date is 1 January 2008. The new regulations will create a clearer distinction between the funds of the company and those of policyholders, a clearer risk apportionment between policyholders and the company and more transparent pricing of life insurance products. The new rules will permit the merging of unit linked companies and ordinary life insurance companies. A merger between Vital Forsikring and Vital Link is scheduled to be implemented during 2006. Vital takes a positive view of the opportunities offered by the new regulations and has initiated the necessary measures to adapt products and systems and improve competencies.

DnB NOR Asset Management

DnB NOR Asset Management showed satisfactory performance in the first half of 2006 in spite of the stock exchange correction in May and subsequent uncertainty. Pre-tax operating profits came to NOK 229 million, up from NOK 158 million in the year-earlier period.

Revenues totalled NOK 585 million, a rise of NOK 94 million or 19 per cent from the first half of 2005. Commission income came to NOK 553 million, up NOK 79 million on the corresponding period in 2005. Commission income from the retail market stood at NOK 258 million, while income from institutional clients was NOK 294 million.

Operating expenses for the January through June period of 2006 were NOK 355 million, up NOK 22 million compared with the corresponding period in 2005. The cost/income ratio was 60.8 per cent, an improvement of 7.1 percentage points from the corresponding period in 2005.

As at 30 June 2006, the business area had NOK 522 billion under management, an increase of NOK 31 billion from end-June 2005. NOK 26.1 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 12.5 billion on international securities under management. The net outflow of funds was NOK 8 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 22.5 billion.

Assets under management from the Norwegian market rose by 4.7 per cent. For the portfolio outside Norway, there was an 8.2 per cent increase in assets, measured in Norwegian kroner.

Investment funds from the retail market amounted to NOK 57 billion at end-June after a net increase of NOK 13 billion. The corresponding figures for institutional clients were NOK 465 billion and a net increase of NOK 18 billion, including the effect of the termination of an investment

mandate representing NOK 30.5 billion. At end-June 2006, the number of customers exceeded 664 000.

The market share for mutual funds in the Norwegian retail market showed a positive trend, standing at 41.1 per cent at end-June 2006.

During the first half of the year, more than 12 000 savings agreements were signed under the 'Save Smart' concept, which was introduced in autumn 2005. Annual subscriptions under savings agreements rose by 7.8 per cent from end-December 2005, to NOK 2.8 billion. DnB NOR Asset Management leads the hedge fund market in Norway.

There were healthy returns on assets under management in spite of corrections in share prices in May, followed by greater market uncertainty. During the second quarter of 2006, six 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 30.1 per cent.

Distribution will be strengthened in Sweden and Germany, and distribution channels will be established in the Baltic region and Poland as part of the cooperation with DnB NORD.

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.

DnB NORD

DNB NORD recorded pre-tax profits of NOK 162 million in the first half of 2006. Second-quarter profits totalled NOK 84 million, up NOK 7 million compared with the first quarter.

As at 30 June 2006, customer lending totalled NOK 29.8 billion, rising 54 per cent from end-December 2005 and 12 per cent from end-March 2006. The deposit volume rose by 12 per cent from end-December 2005, to NOK 11 billion.

Income totalled NOK 500 million in the first half of the year, with a NOK 26 million rise from the first to the second quarter. Costs represented NOK 324 million for the January through June period and in the second quarter were NOK 22 million higher than in the first quarter. The rise in costs reflected the increase in activity and the rebranding of all offices to DnB NORD in May 2006. The cost/income ratio was 64.8 per cent.

A key strategic target for DnB NORD 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 and integrate IT systems and products in the DnB NORD 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 NORD is a full-service bank for corporate customers, while the entities in the Baltic region also serve retail customers and small businesses. DnB NORD is well represented in the Baltic region and Poland, with 1 845 full-time positions and 126 branch offices at end-June 2006. DnB NORD has more than 650 000 customers 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 NORD 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 NORD expects to expand in line with market growth. In Denmark and Finland, DnB NORD 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 is continuing. High oil prices and increasing investments in the oil industry are two factors stimulating Norway's economy.

It is expected that the business sector's demand for credit will be high throughout 2006. The demand for housing loans is also very strong and is expected to remain at a high level until the end of 2006, in spite of signals from Norges Bank that it will increase its key interest rate in the coming months.

The aim of DnB NOR is to maintain or increase market shares in Norway. Competition will be met primarily with competitive prices, products adapted to the market and effective use of DnB NOR's extensive distribution network.

There will be considerable future activity in international operations. Operations in Sweden and in DnB NORD will be further strengthened in the years ahead. Monchebank has provided DnB NOR with an important foothold in North-West Russia, an area showing strong economic growth.

During the first six months of 2006, Vital gained a leading position in the Norwegian mandatory occupational pension market, thereby laying the foundation for an increase in future premium income.

As part of its cooperation with DnB NORD, DnB NOR Asset Management will strengthen distribution in Sweden and Germany and establish distribution channels in the Baltic region and Poland.

Favourable economic conditions for Norway and DnB NOR indicate that 2006 will be a good year for the DnB NOR Group.

Oslo, 9 August 2006
The Board of Directors of DnB NOR ASA

Olav Hytta
(chairman)

Bjørn Sund
(vice-chairman)

Per Hoffmann

Nina Britt Husebø

Berit Kjøl

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				
		2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	Note	2006	2005	2006	2005	2005
Total interest income		10 001	7 222	18 865	14 252	29 973
Total interest expenses		6 219	3 810	11 462	7 540	16 363
Net interest income		3 781	3 412	7 403	6 711	13 610
Commissions and fees receivable etc.	3, 4	2 304	2 081	4 716	4 107	8 665
Commissions and fees payable etc.	3, 4	567	577	1 143	1 164	2 323
Net gains on financial instruments at fair value	3	672	453	1 618	1 028	2 611
Net gains on assets in Vital	3, 4	2 445	2 389	7 386	6 016	14 379
Guaranteed returns and allocations to policyholders in Vital	3, 4	2 008	2 127	6 460	5 354	13 111
Premium income etc. included in the risk result in Vital	3, 4	1 059	777	2 122	1 534	3 925
Insurance claims etc. included in the risk result in Vital	3, 4	1 121	737	2 218	1 525	3 828
Net realised gains on investment securities (AFS)	3	0	67	0	67	167
Profit from companies accounted for by the equity method	3	24	35	52	95	118
Other income	3	302	287	592	556	1 117
Net other operating income	3, 4	3 110	2 648	6 664	5 360	11 721
Total income		6 891	6 060	14 068	12 072	25 331
Salaries and other personnel expenses	4, 5	1 927	1 666	3 852	3 371	6 737
Other expenses	4, 5	1 379	1 372	2 754	2 670	5 474
Depreciation and impairment of fixed and intangible assets	4, 5	177	165	336	326	653
Total operating expenses	4, 5	3 483	3 203	6 942	6 368	12 864
Net gains on fixed and intangible assets	8	151	455	163	472	775
Write-downs on loans and guarantees	9, 10	(145)	123	(158)	259	133
Pre-tax operating profit		3 704	3 190	7 447	5 917	13 109
Taxes	4	853	797	1 747	1 479	2 965
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		2 851	2 392	5 700	4 438	10 144
Profit attributable to:						
Shareholders		2 816	2 380	5 631	4 425	10 131
Minority interests		34	12	69	13	13
Earnings per share (NOK)		2.11	1.78	4.21	3.32	7.59
Diluted earnings per share (NOK)		2.11	1.78	4.21	3.32	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		
		30 June 2006	31 Dec. 2005	30 June 2005
<i>Amounts in NOK million</i>	Note			
Assets ¹⁾				
Cash and deposits with central banks		14 022	21 229	1 593
Lending to and deposits with credit institutions		90 282	40 854	64 538
Lending to customers	11, 12, 13	764 657	697 504	622 238
Commercial paper and bonds		154 927	145 475	132 723
Shareholdings		42 868	35 980	30 091
Financial assets, customers bearing the risk		14 800	13 136	10 766
Financial derivatives		34 742	33 751	38 766
Shareholdings, available for sale		0	0	210
Commercial paper and bonds, held to maturity		60 898	52 587	51 656
Investments property		24 042	23 143	19 341
Investments in associated companies		1 425	1 402	1 382
Intangible assets	14	6 264	6 042	5 440
Deferred tax assets		40	52	301
Fixed assets		5 152	5 120	5 000
Biological assets		0	0	147
Discontinuing operations		67	27	0
Other assets		8 376	4 889	8 061
Total assets		1 222 564	1 081 191	992 251
Liabilities and equity ¹⁾				
Loans and deposits from credit institutions		133 056	108 053	94 182
Deposits from customers		459 734	410 991	383 179
Financial derivatives		33 217	31 845	36 871
Securities issued		281 773	236 588	207 473
Insurance liabilities, customers bearing the risk		14 800	13 136	10 766
Liabilities to life insurance policyholders		182 208	174 675	162 149
Payable taxes		2 457	943	3 139
Deferred taxes		1 819	1 759	0
Other liabilities		18 065	14 358	13 310
Discontinuing operations		0	0	0
Provisions		4 220	4 495	5 113
Subordinated loan capital		31 606	25 996	24 283
Total liabilities		1 162 957	1 022 838	940 465
Minority interests		1 551	946	42
Revaluation reserve		0	0	90
Share capital		13 342	13 369	13 369
Other reserves and retained earnings		44 715	44 038	38 285
Total equity		59 607	58 353	51 786
Total liabilities and equity		1 222 564	1 081 191	992 251
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⁾	Revalu- ation 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		(32)					(32)
Net change in currency translation reserve					(27)	(27)	(27)
Total valuation changes not recognised in profit and loss		(32)			(27)	(27)	(59)
Profit for the period	13				4 425	4 425	4 438
Net income for the period	13	(32)			4 398	4 398	4 379
Share issue, employee subscription rights programme ²⁾			97	222		222	320
Dividends 2004					(3 410)	(3 410)	(3 410)
Own shares			0		(9)	(9)	(9)
Minority interests Absolute Return Investments	(3)						(3)
Balance sheet as at 30 June 2005	42	90	13 369	11 963	26 322	38 285	51 786
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	(12)				(95)	(95)	(107)
Profit for the period	69				5 631	5 631	5 700
Net income for the period	57				5 536	5 536	5 593
Dividends 2005					(4 680)	(4 680)	(4 680)
Own shares			(27)		(177)	(177)	(204)
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
Balance sheet as at 30 June 2006	1 551	0	13 342	11 963	32 752	44 715	59 607

1) Of which currency translation reserve:

<i>Balance sheet as at 1 January 2005</i>	<i>0</i>	<i>(87)</i>	<i>(87)</i>
<i>Net change in currency translation reserve</i>	<i>0</i>	<i>(27)</i>	<i>(27)</i>
<i>Balance sheet as at 30 June 2005</i>	<i>0</i>	<i>(114)</i>	<i>(114)</i>
<i>Balance sheet as at 31 December 2005</i>	<i>0</i>	<i>(76)</i>	<i>(76)</i>
<i>Net change in currency translation reserve</i>	<i>(12)</i>	<i>(95)</i>	<i>(107)</i>
<i>Balance sheet as at 30 June 2006</i>	<i>(12)</i>	<i>(172)</i>	<i>(184)</i>

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		
	First half 2006	First half 2005	Full year 2005
<i>Amounts in NOK million</i>			
Operations			
Net payments on loans to customers	(71 250)	(38 637)	(86 045)
Net receipts on deposits from customers	49 442	27 598	45 478
Interest received from customers	16 589	12 551	25 572
Interest paid to customers	(3 078)	(2 117)	(6 421)
Net payments on sales of financial assets for investment or trading	(17 863)	(6 529)	(22 547)
Net receipts on commissions and fees	4 489	4 080	8 689
Payments to operations	(8 129)	(7 352)	(14 918)
Taxes paid	(12)	(784)	(1 848)
Receipts on premiums	9 098	7 690	17 803
Net receipts/payments on premium reserve transfers	(496)	1 472	1 704
Payments of insurance settlements	(6 063)	(4 959)	(8 017)
Other receipts	790	806	1 078
Net cash flow relating to operations	(26 483)	(6 181)	(39 472)
Investment activity			
Net payments on the acquisition of fixed assets	(238)	(25)	(242)
Receipts on the sale of long-term investments in shares	0	825	1 291
Payments on the acquisition of long-term investments in shares	(144)	0	(1 349)
Dividends received on long-term investments in shares	43	87	59
Net cash flow relating to investment activity	(339)	887	(241)
Funding activity			
Net loans received on/paid to credit institutions	(18 119)	31 738	19 543
Net receipts/payments on other short-term liabilities	(6 542)	(3 713)	2 463
Net issue of bonds and commercial paper ¹⁾	52 709	13 007	37 685
Issue of subordinated loan capital	6 825	0	1 594
Redemptions of subordinated loan capital	(296)	0	(952)
Share issue, minority interests	527	0	0
Share issue, employee subscription programme	0	320	320
Repurchase of own shares	(94)	(9)	0
Dividend payments	(4 680)	(3 410)	(3 410)
Net interest payments on funding activity	(5 594)	(2 979)	(7 413)
Net cash flow from funding activity	24 736	34 954	49 830
Net cash flow	(2 086)	29 660	10 116
Cash as at 1 January	24 714	14 597	14 597
Net receipts/payments on cash	(2 086)	29 660	10 116
Cash at end of period	22 628	44 256	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 in the first half of 2006 and throughout 2005, funded by issuing bonds and commercial paper.

Key figures ¹⁾

	DnB NOR Group				
	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Full year 2005
Interest rate analysis					
1. Combined average spread for lending and deposits (%)	2.14	2.24	2.14	2.26	2.21
2. Spread for ordinary lending to customers (%)	1.35	1.54	1.37	1.57	1.50
3. Spread for deposits from customers (%)	0.79	0.69	0.77	0.69	0.71
Rate of return/profitability					
4. Net other operating income, per cent of total income	45.1	43.7	47.4	44.4	46.3
5. Cost/income ratio (%)	50.5	52.9	49.3	52.7	50.2
6. Return on equity, annualised (%)	19.2	18.0	19.2	16.9	18.8
7. RARORAC, annualised (%)	22.2	24.7	24.1	25.3	25.7
8. RORAC, annualised (%)	30.7	34.5	31.5	32.8	34.7
9. Average equity including allocated dividend (NOK million)	58 680	52 180	58 737	51 966	53 111
Financial strength					
10. Core (Tier 1) capital ratio at end of period (%)	6.6	7.2	6.6	7.2	7.4
11. Core (Tier 1) capital ratio incl. 50 per cent of profit for the period (%)	6.9	7.5	6.9	7.5	-
12. Capital adequacy ratio at end of period (%)	9.9	10.2	9.9	10.2	10.2
13. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	10.2	10.5	10.2	10.5	-
14. Core capital at end of period (NOK million)	53 560	45 945	53 560	45 945	52 523
15. Total eligible primary capital at end of period (NOK million)	80 087	64 897	80 087	64 897	73 161
16. Risk-weighted volume at end of period (NOK million)	810 569	634 057	810 569	634 057	714 039
Loan portfolio and write-downs					
17. Write-downs relative to gross lending to customers, annualised (%)	(0.08)	0.08	(0.04)	0.08	0.02
18. Net non-performing and impaired commitments, per cent of net lending to customers	0.60	0.88	0.60	0.88	0.63
19. Accumulated write-downs relative to total gross lending to customers (%)	0.48	0.76	0.48	0.76	0.54
20. Net non-performing and impaired commitments at end of period (NOK million)	4 645	5 571	4 645	5 571	4 751
Liquidity					
21. Ratio of customer deposits to net lending at end of period (%)	60.1	61.6	60.1	61.6	58.9
Total assets owned or managed by DnB NOR					
22. Assets under management at end of period (NOK billion)	547	505	547	505	570
23. Average total combined assets (NOK billion)	1 534	1 310	1 506	1 291	1 314
24. Total combined assets at end of period (NOK billion)	1 573	1 323	1 573	1 323	1 463
25. Customer savings at end of period (NOK billion)	1 011	894	1 011	894	987
Staff					
26. Number of full-time positions at end of period	11 738	9 755	11 738	9 755	11 446
27. - of which in Vital	926	880	926	880	868
The DnB NOR share					
28. Number of shares at end of period (1 000)	1 334 190	1 336 875	1 334 190	1 336 875	1 336 875
29. Average number of shares (1 000)	1 336 427	1 336 875	1 336 651	1 332 088	1 334 474
30. Earnings per share (NOK)	2.11	1.78	4.21	3.32	7.59
31. Total shareholders' return (%)	(9.0)	9.6	11.6	18.8	25.3
32. Equity per share including allocated dividend at end of period (NOK)	44.68	38.81	44.68	38.74	43.65
33. Share price at end of period (NOK)	77.25	68.25	77.25	68.25	72.00
34. Price/book value	1.73	1.77	1.73	1.77	1.65
35. Market capitalisation (NOK billion)	103.1	91.2	103.1	91.2	96.3
36. Dividend per share (NOK)	n/a	n/a	n/a	n/a	3.50
37. "RISK" adjustment for the share as at 1 January the consecutive year (NOK)	n/a	n/a	n/a	n/a	(3.50)

1) Comparable figures excluding DnB NORD and Moncebank.

Definitions

- 1,2,3 Based on nominal values, excluding credit institutions and non-performing loans.
- 5 Total expenses relative to total income. Excluding allocations to DnB NOR's employee funds in 2005.
- 6 Net profits excluding discontinuing operations and profits attributable to minority interests, adjusted for changes in the revaluation reserve.
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 normal situation.
- 8 RORAC (Return On Risk-Adjusted Capital) is defined as profits after losses and taxes relative to risk-adjusted capital.
- 30 Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
- 31 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, divided by closing price at beginning of period.
- 34 The last quoted share price on Oslo Børs at end of period relative to recorded equity at end of period.
- 35 Number of shares multiplied by the closing share price at end of period.

Note 1 – Accounting principles

Accounting principles

The second 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

Income statement, second quarter ¹⁾												DnB NOR Group			
	Corporate Banking and Payment Services 2nd quarter		Retail Banking 2nd quarter		DnB NOR Markets 2nd quarter		Vital 2nd quarter		DnB NOR Asset Management 2nd quarter		DnB NOR ²⁾ 2nd quarter		Other operations/ eliminations 2nd quarter		
Amounts in NOK million	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
Net interest income - ordinary operations	1 627	1 398	1 858	1 856	65	62			2	(2)	183		47	99	
Interest on allocated capital	198	121	112	70	23	13			11	7	(11)		(334)	(210)	
Net interest income	1 824	1 519	1 970	1 926	88	75			13	5	172		(287)	(111)	
Net other operating income	643	561	760	761	836	589	656	555	281	236	80		(147)	(54)	
Total income	2 468	2 079	2 730	2 687	924	664	656	555	294	241	252		(434)	(166)	
Operating expenses ¹⁾	884	807	1 492	1 546	352	294	321	291	184	164	173		78	101	
Pre-tax operating profit before write-downs	1 584	1 272	1 238	1 141	572	370	335	264	110	77	80		(511)	(267)	
Write-downs on loans and net losses on assets	(33)	(307)	47	105	0	0			0	0	6		(317)	(130)	
Pre-tax operating profit	1 617	1 580	1 191	1 035	572	370	335	264	110	77	73		(195)	(136)	
^{*)} Of which group overhead	27	14	12	8	5	3	9	6	2	1	0		(56)	(33)	

Income statement, first half ¹⁾												DnB NOR Group		
	Corporate Banking and Payment Services 1st half		Retail Banking 1st half		DnB NOR Markets 1st half		Vital 1st half		DnB NOR Asset Management 1st half		DnB NOR ²⁾ 1st half		Other operations/ eliminations ³⁾ 1st half	
Amounts in NOK million	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income - ordinary operations	3 126	2 729	3 647	3 641	124	111			(1)	(3)	349		159	233
Interest on allocated capital	364	230	207	133	41	23			21	13	(22)		(611)	(398)
Net interest income	3 490	2 959	3 854	3 774	166	134			19	10	327		(452)	(165)
Net other operating income	1 306	1 207	1 560	1 405	1 783	1 245	1 378	1 159	565	481	151		(79)	(137)
Total income	4 796	4 166	5 414	5 179	1 948	1 379	1 378	1 159	585	491	478		(531)	(302)
Operating expenses ¹⁾	1 748	1 607	2 992	3 054	768	591	618	578	355	333	324		137	205
Pre-tax operating profit before write-downs	3 049	2 559	2 421	2 125	1 181	788	760	581	229	158	154		(668)	(508)
Write-downs on loans and net losses on assets	(44)	(195)	119	176	0	0			0	0	15		(411)	(194)
Pre-tax operating profit	3 092	2 754	2 302	1 950	1 181	788	760	581	229	158	139		(257)	(314)
^{*)} Of which group overhead	50	30	24	17	10	7	17	12	5	1	0		(106)	(67)

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:

Amounts in NOK million	Elimination of double entries		Eliminations		Group Centre ^{*)}	
	1st half	1st half	1st half	1st half	1st half	1st half
	2006	2005	2006	2005	2006	2005
Net interest income - ordinary operations	(10)	(5)	(78)	(49)	247	287
Interest on allocated capital					(611)	(398)
Net interest income	(10)	(5)	(78)	(49)	(364)	(111)
Net other operating income	(624)	(432)	(236)	(261)	781	556
Total income	(634)	(437)	(314)	(310)	417	445
Operating expenses			(289)	(284)	427	489
Pre-tax operating profit before write-downs	(634)	(437)	(25)	(27)	(9)	(44)
Write-downs on loans and net losses on assets			0	0	(411)	(194)
Pre-tax operating profit	(634)	(437)	(25)	(27)	402	150

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	1st half	
	2006	2005
Group write-downs	295	110
Income on equities	225	254
Portfolio hedging, Treasury	159	(81)
Net gains on fixed and intangible assets	116	18
Funding costs on goodwill	(64)	(50)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(90)	(102)
Unallocated	(100)	(11)
Other	(138)	13
Pre-tax operating profit	402	150

Main average balance sheet items ¹⁾

Amounts in NOK billion	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital ²⁾		DnB NOR Asset Management		DnB NOR ³⁾		DnB NOR Group Other operations/eliminations	
	1st half		1st half		1st half		1st half		1st half		1st half		1st half	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net lending to customers ⁴⁾	329.9	266.9	376.3	337.7	9.3	2.3					26.1		(4.7)	(4.5)
Customer deposits ⁴⁾	235.1	191.8	197.1	192.6	14.2	9.0					10.5		(13.7)	(8.8)
Assets under management							210.9	181.7	533.5	488.3			(171.2)	(154.0)

Key figures ¹⁾

Per cent	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital		DnB NOR Asset Management		DnB NOR ³⁾		DnB NOR Group Other operations	
	1st half		1st half		1st half		1st half		1st half		1st half		1st half	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cost/income ratio	36.4	38.6	55.3	59.0	39.4	42.8			60.8	67.9	67.8			
Ratio of deposits to lending ⁴⁾	71.3	71.9	52.4	57.0							40.1			
Return on capital BIS ⁵⁾	17.0	17.9	22.3	21.9	57.4	52.2	17.2	15.4	22.2	18.5	12.0			
Full-time positions ⁶⁾	2 600	2 413	4 056	4 128	545	521	926	880	301	294	1 845		1 467	1 519

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				
	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Full year 2005
Money transfer fees receivable	710	795	1 427	1 527	3 057
Fees on asset management services	322	260	658	535	1 178
Fees on custodial services	99	85	189	153	309
Fees on securities broking	126	81	259	171	370
Corporate finance	96	84	313	182	415
Guarantee commissions	89	77	173	151	303
Interbank fees	36	44	75	89	185
Credit broking commissions	103	46	140	73	190
Sales commissions on insurance products	488	413	1 000	838	1 802
Sundry commissions and fees receivable on banking services	236	195	484	388	855
Total commissions and fees receivable etc.	2 304	2 081	4 716	4 107	8 665
Money transfer fees payable	237	279	474	533	1 048
Commissions payable on fund management services	30	27	60	52	102
Fees on custodial services payable	35	25	68	54	94
Interbank fees	54	56	112	120	259
Credit broking commissions	11	58	20	105	200
Commissions payable on the sale of insurance products	67	35	128	93	207
Sundry commissions and fees payable on banking services	133	98	281	208	412
Total commissions and fees payable etc.	567	577	1 143	1 164	2 323
Net gains on financial instruments at fair value	672	453	1 618	1 028	2 611
Net gains on assets in Vital	2 445	2 389	7 386	6 016	14 379
Guaranteed returns and allocations to policyholders in Vital	2 008	2 127	6 460	5 354	13 111
Premium income etc. included in the risk result in Vital	1 059	777	2 122	1 534	3 925
Insurance claims etc. included in the risk result in Vital	1 121	737	2 218	1 525	3 828
Net realised gains on investment securities (AFS)	0	67	0	67	167
Profit from companies accounted for by the equity method	24	35	52	95	118
Income from owned/leased premises	34	39	63	51	96
Fees on real estate broking	197	175	355	298	645
Net unrealised gains on investment property	(1)	2	0	2	(9)
Miscellaneous operating income	73	71	174	205	384
Total other income	302	287	592	556	1 117
Net other operating income	3 110	2 648	6 664	5 360	11 721

Note 3 – Net other operating income (continued)**Last five quarters**

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005
Money transfer fees receivable	710	717	771	758	795
Fees on asset management services	322	335	348	296	260
Fees on custodial services	99	89	90	67	85
Fees on securities broking	126	133	103	96	81
Corporate finance	96	217	142	91	84
Guarantee commissions	89	84	80	73	77
Interbank fees	36	39	46	49	44
Credit broking commissions	103	36	66	51	46
Sales commissions on insurance products	488	512	516	448	413
Sundry commissions and fees receivable on banking services	236	249	216	251	195
Total commissions and fees receivable etc.	2 304	2 412	2 378	2 181	2 081
Money transfer fees payable	237	236	259	257	279
Commissions payable on fund management services	30	30	18	32	27
Fees on custodial services payable	35	34	21	19	25
Interbank fees	54	59	66	73	56
Credit broking commissions	11	8	39	56	58
Commissions payable on the sale of insurance products	67	61	69	45	35
Sundry commissions and fees payable on banking services	133	148	95	109	98
Total commissions and fees payable etc.	567	576	566	593	577
Net gains on financial instruments at fair value	672	946	707	875	453
Net gains on assets in Vital	2 445	4 941	3 925	4 438	2 389
Guaranteed returns and allocations to policyholders in Vital	2 008	4 453	3 616	4 141	2 127
Premium income etc. included in the risk result in Vital	1 059	1 063	1 594	797	777
Insurance claims etc. included in the risk result in Vital	1 121	1 097	1 542	761	737
Net realised gains on investment securities (AFS)	0	0	0	100	67
Profit from companies accounted for by the equity method	24	29	1	22	35
Income from owned/leased premises	34	29	21	24	39
Fees on real estate broking	197	158	175	172	175
Net unrealised gains on investment property	(1)	1	(11)	0	2
Miscellaneous operating income	73	102	156	23	71
Total other income	302	290	342	220	287
Net other operating income	3 110	3 555	3 222	3 139	2 648

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⁾

	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Vital Full year 2005
<i>Amounts in NOK million</i>					
Total interest income					
Total interest expenses					
Net interest income					
Commissions and fees receivable etc.	455	369	905	730	1 630
Commissions and fees payable etc.	164	118	341	243	562
Net gains on financial instruments at fair value					
Net gains on assets in Vital	2 435	2 391	7 371	6 017	14 369
Guaranteed returns and allocations to policyholders in Vital	2 008	2 127	6 460	5 354	13 111
Premium income etc. included in the risk result in Vital	1 059	777	2 122	1 534	3 925
Insurance claims etc. included in the risk result in Vital	1 121	737	2 218	1 525	3 828
Net realised gains on investment securities (AFS)					
Profit from companies accounted for by the equity method					
Other income					
Net other operating income	656	555	1 378	1 159	2 423
Total income	656	555	1 378	1 159	2 423
Salaries and other personnel expenses	172	153	325	290	575
Other expenses	128	118	252	237	434
Depreciation and impairment of fixed and intangible assets	20	20	41	51	97
Total operating expenses	321	291	618	578	1 105
Net gains on fixed and intangible assets					
Write-downs on loans and guarantees					
Pre-tax operating profit	335	264	760	581	1 318
Taxes	(2)	(7)	(4)	(18)	(331)
Profit from discontinuing operations after taxes					
Profit for the period ²⁾	337	271	764	600	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

	2nd quarter	2nd quarter	1st half	1st half	Vital
Amounts in NOK million	2006	2005	2006	2005	Full year 2005
Interest result	1 608	543	3 765	2 178	6 053
Risk result	(62)	38	(96)	7	94
Administration result	(23)	(29)	(44)	(67)	(83)
Pension costs ^{a)}	0	0	0	0	380
Total result	1 523	552	3 625	2 118	5 684
Transferred from security reserve	0	0	0	1	(4)
Result from other activities/other provisions	0	0	0	0	0
Profit for distribution within life insurance ^{*)}	1 523	552	3 625	2 119	5 680
Transferred to additional allocations	0	0	0	0	1 500
Funds transferred to policyholders	1 185	289	2 862	1 536	3 008
Pre-tax operating profit - life insurance	338	263	763	583	1 172
Pre-tax operating profit - unit linked	(9)	1	(14)	(2)	(6)
Taxes	(2)	(7)	(4)	(18)	(452)
Profit for the period in Vital	332	271	753	600	1 618
Adjustments in the Group accounts ^{a)}	5	0	11	0	31
Result for the period in Vital in the Group accounts	337	271	764	600	1 649

^{*)} Specification of profits for distribution within life insurance

Of which profit for operations subject to profit sharing	1 518	549	3 615	2 114	5 648
- funds transferred to policyholders	1 185	289	2 862	1 536	3 008
- funds transferred to additional allocations	0	0	0	0	1 500
- profits for allocation to the owner and taxes	333	260	753	578	1 140
Of which profit from operations not subject to profit sharing	5	3	10	5	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 amounted to NOK 5 million in the accounts for the second quarter of 2006.

Note 4 – Vital (continued)**Balance sheets ¹⁾***Amounts in NOK million*

	30 June 2006	31 Dec. 2005	Vital 30 June 2005
Assets			
Cash and deposits with central banks			
Lending to and deposits with credit institutions	8 850	11 527	8 053
Lending to customers			
Commercial paper and bonds	61 973	67 457	65 348
Shareholdings	39 347	32 445	27 037
Financial assets, customers bearing the risk	14 800	13 136	10 766
Financial derivatives	1 427	786	507
Shareholdings, available for sale			
Commercial paper and bonds, held to maturity	60 898	52 587	51 656
Investment property	23 869	22 872	19 167
Investments in associated companies	14	14	14
Intangible assets	304	252	231
Deferred tax assets			30
Fixed assets	46	50	113
Biological assets			
Discontinuing operations			
Other assets	2 751	1 533	3 405
Total assets	214 279	202 659	186 327
Liabilities and equity			
Loans and deposits from credit institutions			
Deposits from customers			
Financial derivatives	807	1 080	235
Securities issued			
Insurance liabilities, customers bearing the risk	14 800	13 136	10 766
Liabilities to life insurance policyholders	182 208	174 675	162 149
Payable taxes			
Deferred taxes	662	99	405
Other liabilities	4 880	1 991	2 291
Discontinuing operations			
Provisions	192	133	12
Subordinated loan capital	2 557	2 594	2 577
Total liabilities	206 107	193 708	178 435
Minority interests			
Revaluation reserve			
Share capital	1 310	1 307	1 307
Other reserves and retained earnings	6 862	7 643	6 584
Total equity	8 172	8 951	7 892
Total liabilities and equity	214 279	202 659	186 327

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

	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Vital Full year 2005
<i>Per cent</i>					
Recorded return, excluding unrealised gains on financial instruments ¹⁾	1.7	1.2	3.8	3.1	7.3
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds held to maturity ¹⁾	(0.2)	2.0	2.6	3.3	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⁾	(0.8)	2.3	1.4	3.4	7.7
Return on capital after taxes ^{2) 3)}	15.5	13.7	17.2	15.4	16.6
Expenses in per cent of policyholders' funds ^{1) 2) 4) 5)}	0.85	0.85	0.85	0.87	0.90
Capital adequacy ratio at the end of the period ^{1) 5)}	10.5	12.8	10.5	12.8	11.7
Core capital ratio at the end of the period ^{1) 5)}	7.9	9.6	7.9	9.6	8.9
Policyholders funds, life insurance, at the end of the period (NOK billion)	182	162	182	162	175
Policyholders funds unit linked at the end of the period (NOK billion)	15	11	15	11	13
Solvency margin capital in per cent of requirement at the end of the period ^{1) 5) 6)}	147	155	147	155	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. 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

	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	DnB NOR Group Full year 2005
<i>Amounts in NOK million</i>					
Ordinary salaries	1 393	1 248	2 818	2 505	5 179
Employer's national insurance contributions	193	186	397	381	752
Pension expenses	229	148	432	310	400
Social expenses	112	83	205	175	407
Total salaries and other personnel expenses	1 927	1 666	3 852	3 371	6 737
Fees	181	197	373	371	652
EDP expenses	386	375	743	710	1 439
Postage and telecommunications	110	127	214	239	491
Office supplies	26	27	54	55	110
Marketing and public relations	155	127	289	255	506
Travel expenses	55	50	105	92	197
Reimbursement to Norway Post for transactions executed	73	132	156	258	555
Training expenses	16	12	33	25	51
Operating expenses on properties and premises	213	235	445	440	854
Operating expenses on machinery, vehicles and office equipment taken to expense	23	23	55	41	89
Allocations to employee funds	0	0	0	0	153
Other operating expenses	141	67	286	185	377
Other expenses	1 379	1 372	2 754	2 670	5 474
Depreciation and impairment of fixed and intangible assets	177	165	336	326	653
Total operating expenses	3 483	3 203	6 942	6 368	12 864

Note 5 – Operating expenses (continued)

Last five quarters

Amounts in NOK million	DnB NOR Group				
	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005
Ordinary salaries	1 393	1 424	1 378	1 296	1 248
Employer's national insurance contributions	193	204	174	197	186
Pension expenses ¹⁾	229	203	(36)	125	148
Social expenses	112	93	119	112	83
Total salaries and other personnel expenses	1 927	1 925	1 635	1 730	1 666
Fees	181	192	140	141	197
EDP expenses	386	358	364	365	375
Postage and telecommunications	110	104	126	125	127
Office supplies	26	27	30	25	27
Marketing and public relations	155	134	147	104	127
Travel expenses	55	51	64	42	50
Reimbursement to Norway Post for transactions executed	73	83	156	142	132
Training expenses	16	17	18	9	12
Operating expenses on properties and premises	213	232	214	200	235
Operating expenses on machinery, vehicles and office equipment taken to expense	23	32	26	21	23
Allocations to employee funds	0	0	153	0	0
Other operating expenses	141	145	98	94	67
Other expenses	1 379	1 375	1 536	1 268	1 372
Depreciation and impairment of fixed and intangible assets	177	159	165	162	165
Total operating expenses	3 483	3 459	3 336	3 160	3 203

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 ¹⁾

Amounts in NOK million	DnB NOR Group		
	30 June ²⁾ 2006	Accrued expenses 2006	31 Dec. ²⁾ 2005
DnB NOR merger	66	168	235
Of which: IT		67	
Staff cuts		94	
Real estate		7	

1) In 2004, NOK 250 million was allocated to restructuring measures in Vital in connection with the merger between Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA. These provisions are not included in the above table.

2) In connection with the merger between DnB and Gjensidige NOR, a total of NOK 1 860 million was allocated to restructuring measures. The table shows the provisions remaining to cover restructuring measures not yet implemented.

Note 7 – Number of employees/full-time positions

	DnB NOR Group				
	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Full year 2005
Number of employees at end of period	12 117	10 144	12 117	10 144	11 831
Number of employees calculated on a full-time basis at end of period	11 738	9 755	11 738	9 755	11 446
Average number of employees	12 102	10 225	12 022	10 287	10 258
Average number of employees calculated on a full-time basis	11 715	9 830	11 635	9 890	9 873

Note 8 – Net gains on fixed and intangible assets

	DnB NOR Group				
<i>Amounts in NOK million</i>	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Full year 2005
Follalaks					107
Helgelandske					16
Pan Fish		314		314	314
Aurora Salmon		59		59	63
Scanrope	16		16		
Exporama	30		30		
Bogstadveien 45, Oslo	61		61		
Akersgt. 64-67, Oslo		64		64	88
Haraldsgate 125, Haugesund					52
Søndregate 12, Trondheim					46
Postbanken Eiendomsmegling				16	18
Other	44	18	56	19	71
Net gains on fixed and intangible assets	151	455	163	472	775

Note 9 – Write-downs on loans and guarantees

	DnB NOR Group				
<i>Amounts in NOK million</i>	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Full year 2005
New individual write-downs	251	275	508	588	877
Reassessed individual write-downs	72	36	178	152	337
Total individual write-downs	179	239	330	436	540
Recoveries on commitments previously written off	121	56	201	67	306
Change in group write-downs ¹⁾	(204)	(60)	(287)	(110)	(101)
Write-downs on loans and guarantees	(145)	123	(158)	259	133
<i>Of which write-downs on guarantees</i>	<i>1</i>	<i>(7)</i>	<i>(9)</i>	<i>18</i>	<i>13</i>

1) During the second quarter of 2006, NOK 150 million was reversed due to changes in estimates reflected in the income statement.

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

	DnB NOR Group				
<i>Amounts in NOK million</i>	2nd quarter 2006	2nd quarter 2005	1st half 2006	1st half 2005	Full year 2005
Retail customers	44	91	113	222	270
International shipping	(1)	17	(1)	20	7
Real estate	(13)	(14)	(25)	(24)	(36)
Manufacturing	3	19	10	21	29
Services and management	5	(3)	8	(3)	(101)
Trade	25	6	29	43	25
Oil and gas	(2)	0	(2)	(7)	(5)
Transportation and communication	15	6	22	10	12
Building and construction	(12)	(4)	(8)	4	11
Power and water supply	0	0	0	2	1
Fishing	8	11	5	(41)	4
Other sectors	(14)	(18)	(22)	50	(21)
Total customers	58	111	129	297	196
Credit institutions	0	72	0	72	38
Change in group write-downs ²⁾	(204)	(60)	(287)	(110)	(101)
Write-downs on loans and guarantees	(145)	123	(158)	259	133
<i>Of which write-downs on guarantees</i>	<i>1</i>	<i>(7)</i>	<i>(9)</i>	<i>18</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.

2) During the second quarter of 2006, NOK 150 million was reversed due to changes in estimates reflected in the income statement.

Note 11 – Lending to customers

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2006	31 Dec. 2005	30 June 2005
Lending to customers, nominal amount	674 004	585 322	507 367
Individual write-downs	2 083	2 185	3 411
Lending to customers, after individual write-downs	671 922	583 137	503 956
Accrued interest	2 289	2 374	1 936
Amortisation (fees etc.)	(407)	(453)	(428)
Individual write-downs of accrued interest and amortisation	541	659	526
Group write-downs	1 073	1 419	1 368
Lending to customers, at amortised cost	672 189	582 980	503 570
Lending to customers, nominal amount ¹⁾	91 922	112 940	116 214
Accrued interest	171	481	213
Adjustment to fair value	376	1 103	2 241
Lending to customers, fair value	92 469	114 524	118 668
Lending to customers	764 657	697 504	622 238

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 June 2006	31 Dec. 2005	30 June 2005
Retail customers	394 313	374 115	347 800
International shipping	63 739	53 696	38 632
Real estate	115 653	98 908	84 737
Manufacturing	30 875	23 977	22 877
Services and management	50 192	47 248	32 872
Trade	32 583	27 074	23 667
Oil and gas	8 805	7 486	10 231
Transportation and communication	17 068	15 842	14 170
Building and construction	10 798	9 027	7 291
Power and water supply	7 244	6 148	4 609
Fishing	10 812	8 992	8 893
Hotels and restaurants	3 662	3 716	3 765
Agriculture and forestry	6 607	6 444	4 558
Central and local government	2 028	3 401	2 664
Other sectors	11 892	10 003	12 976
Net lending to customers, nominal amount	766 272	696 078	619 742

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 June 2006	31 Dec. 2005	30 June 2005
Retail customers	2 284	2 058	2 029
International shipping	(29)	(2)	(35)
Real estate	829	816	1 035
Manufacturing	466	411	759
Services	331	286	121
Trade	206	138	294
Oil and gas	10	9	1
Transportation and communication	145	107	90
Building and construction	129	111	719
Power and water supply	0	2	0
Fishing	74	186	379
Hotels and restaurants	66	69	89
Agriculture and forestry	125	61	69
Central and local government	0	6	0
Other sectors	7	469	17
Total customers	4 645	4 727	5 566
Credit institutions	0	24	5
Total	4 645	4 751	5 571

Note 14 – Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2006	31 Dec. 2005	30 June 2005
Goodwill	5 723	5 623	5 103
Systems development	427	311	163
Postbanken brand name	51	51	51
Other intangible assets	63	57	123
Total intangible assets	6 264	6 042	5 440

Note 15 – Capital adequacy according to NGAAP ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2006	31 Dec. 2005	30 June 2005
Share capital	13 342	13 369	13 369
Other equity	38 391	36 491	33 631
Total equity	51 733	49 859	47 000
Perpetual subordinated loan capital securities ^{2) 3)}	5 478	5 698	5 592
Reductions			
Pension funds above pension commitments	(213)	(165)	(1 249)
Goodwill	(4 533)	(4 673)	(4 437)
Deferred tax assets	(91)	(111)	(715)
Other intangible assets	(625)	(499)	(246)
Additions			
Portion of unrecognised actuarial gains/losses ⁴⁾	1 810	2 413	-
Core capital	53 560	52 523	45 945
Perpetual subordinated loan capital ^{2) 3)}	8 236	5 770	5 995
Term subordinated loan capital ³⁾	18 321	14 868	13 084
Net supplementary capital	26 557	20 638	19 078
Deductions	30	0	126
Total eligible primary capital ⁵⁾	80 087	73 161	64 897
Total risk-weighted volume	810 569	714 039	634 057
Core capital ratio (per cent)	6.6	7.4	7.2
Capital ratio (per cent)	9.9	10.2	10.2
Including 50 per cent of profit for the period			
Core capital ratio (per cent)	6.9	-	7.5
Capital ratio (per cent)	10.2	-	10.5

- 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 741 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 June 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.

Note 16 – Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information		DnB NOR Group		
		30 June 2006	31 Dec. 2005	30 June 2005
<i>Amounts in NOK million</i>				
Unutilised ordinary credit lines		226 116	186 328	158 010
Documentary credit commitments		13 634	9 115	9 323
Other commitments		353	1 654	41
Total commitments		240 103	197 097	167 374
Performance guarantees		16 997	14 764	13 137
Payment guarantees		19 623	14 519	11 695
Loan guarantees		7 018	4 013	13 424
Guarantees for taxes etc.		3 378	3 077	2 907
Other guarantee commitments		5 905	5 163	4 925
Total guarantee commitments		52 920	41 537	46 088
Support agreements		4 571	4 995	5 398
Total guarantee commitments etc. *)		57 491	46 531	51 486
*) Of which:				
Counter-guaranteed by financial institutions		1 505	1 498	1 330
Joint and several liabilities		0	0	41
Securities		56 494	49 669	42 392
are pledged as security for:	Loans	56 383	49 558	42 282
	Other activities	111	111	111

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				
	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005
<i>Amounts in NOK million</i>					
Total interest income	10 001	8 864	8 134	7 587	7 222
Total interest expenses	6 219	5 242	4 661	4 161	3 810
Net interest income	3 781	3 622	3 473	3 426	3 412
Commissions and fees receivable etc.	2 304	2 412	2 378	2 181	2 081
Commissions and fees payable etc.	567	576	566	593	577
Net gains on financial instruments at fair value	672	946	707	875	453
Net gains on assets in Vital	2 445	4 941	3 925	4 438	2 389
Guaranteed returns and allocations to policyholders in Vital	2 008	4 453	3 616	4 141	2 127
Premium income etc. included in the risk result in Vital	1 059	1 063	1 594	797	777
Insurance claims etc. included in the risk result in Vital	1 121	1 097	1 542	761	737
Net realised gains on investment securities (AFS)	0	0	0	100	67
Profit from companies accounted for by the equity method	24	29	1	22	35
Other income	302	290	342	220	287
Net other operating income	3 110	3 555	3 222	3 139	2 648
Total income	6 891	7 177	6 695	6 565	6 060
Salaries and other personnel expenses	1 927	1 925	1 635	1 730	1 666
Other expenses	1 379	1 375	1 536	1 268	1 372
Depreciation and impairment of fixed and intangible assets	177	159	165	162	165
Total operating expenses	3 483	3 459	3 336	3 160	3 203
Net gains on fixed and intangible assets	151	12	172	130	455
Write-downs on loans and guarantees	(145)	(12)	(48)	(79)	123
Pre-tax operating profit	3 704	3 743	3 578	3 613	3 190
Taxes	853	894	582	903	797
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	2 851	2 849	2 996	2 710	2 392
Earnings per share (NOK)	2.11	2.11	2.24	2.03	1.78
Diluted earnings per share (NOK)	2.11	2.11	2.24	2.03	1.78
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 June	31 March	31 Dec.	30 Sept.	30 June
<i>Amounts in NOK million</i>	2006	2006	2005	2005	2005
Assets					
Cash and deposits with central banks	14 022	2 742	21 229	24 264	1 593
Lending to and deposits with credit institutions	90 282	67 955	40 854	53 198	64 538
Lending to customers	764 657	727 482	697 504	652 405	622 238
Commercial paper and bonds	154 927	151 725	145 475	140 283	132 723
Shareholdings	42 868	43 510	35 980	33 355	30 091
Financial assets, customers bearing the risk	14 800	15 143	13 136	12 016	10 766
Financial derivatives	34 742	30 818	33 751	33 980	38 766
Shareholdings, available for sale	0	0	0	0	210
Commercial paper and bonds, held to maturity	60 898	56 518	52 587	52 282	51 656
Investment property	24 042	23 583	23 143	20 753	19 341
Investments in associated companies	1 425	1 440	1 402	1 362	1 382
Intangible assets	6 264	6 159	6 042	5 401	5 440
Deferred tax assets	40	53	52	260	301
Fixed assets	5 152	5 121	5 120	4 777	5 000
Biological assets	0	0	0	0	147
Discontinuing operations	67	0	27	0	0
Other assets	8 376	6 407	4 889	6 194	8 061
Total assets	1 222 564	1 138 657	1 081 191	1 040 528	992 251
Liabilities and equity					
Loans and deposits from credit institutions	133 056	110 535	108 053	103 295	94 182
Deposits from customers	459 734	420 836	410 991	399 273	383 179
Financial derivatives	33 217	31 280	31 845	30 614	36 871
Securities issued	281 773	261 995	236 588	222 248	207 473
Insurance liabilities, customers bearing the risk	14 800	15 143	13 136	12 016	10 766
Liabilities to life insurance policyholders	182 208	182 838	174 675	168 056	162 149
Payable taxes	2 457	1 687	943	3 934	3 139
Deferred taxes	1 819	1 832	1 759	17	0
Other liabilities	18 065	18 115	14 358	16 706	13 310
Discontinuing operations	0	0	0	0	0
Provisions	4 220	4 297	4 495	4 806	5 113
Subordinated loan capital	31 606	28 401	25 996	25 193	24 283
Total liabilities	1 162 957	1 076 957	1 022 838	986 157	940 465
Minority interests	1 551	1 520	946	6	42
Revaluation reserve	0	0	0	0	90
Share capital	13 342	13 369	13 369	13 367	13 369
Other reserves and retained earnings	44 715	46 811	44 038	40 998	38 285
Total equity	59 607	61 699	58 353	54 371	51 786
Total liabilities and equity	1 222 564	1 138 657	1 081 191	1 040 528	992 251

Income statement DnB NOR ASA

According to NGAAP ¹⁾

<i>Amounts in NOK million</i>	2006	2005	2006	2005	2005
Interest income	34	34	62	67	173
Interest expenses	44	46	84	92	186
Net interest income and credit commissions	(9)	(12)	(22)	(24)	(13)
Dividends from group companies/group contributions	0	0	0	0	5 532
Net gains on foreign exchange and financial instruments	0	0	0	0	(9)
Commissions and fees payable etc.	2	3	3	4	6
Net other operating income	(2)	(3)	(3)	(4)	5 517
Salaries and other ordinary personnel expenses	0	0	0	20	38
Administrative expenses	45	41	90	81	160
Sundry ordinary operating expenses	0	0	0	1	4
Total operating expenses	45	41	90	102	202
Pre-tax operating profit before losses	(57)	(56)	(115)	(130)	5 302
Taxes	(16)	(16)	(32)	(36)	595
Profit for the period	(41)	(40)	(83)	(94)	4 708

Balance sheets DnB NOR ASA

According to NGAAP ¹⁾

<i>Amounts in NOK million</i>	30 June 2006	31 Dec. 2005	30 June 2005
Assets			
Deposits with DnB NOR Bank ASA	3 532	3 808	8 228
Lending to other group companies	225	225	1 921
Investments in group companies	48 642	48 612	46 031
Other receivables due from group companies	35	6 992	328
Other assets	77	45	58
Total assets	52 511	59 682	56 566
Liabilities and equity			
Loans from DnB NOR Bank ASA	5 719	5 936	5 936
Loans from other group companies	262	2 249	1 800
Other liabilities and provisions	18	4 697	2 152
Paid-in capital	25 276	25 303	25 303
Retained earnings	21 237	21 497	21 375
Total liabilities and equity	52 511	59 682	56 566

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

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