

First quarter report 2006



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Introduction

DnB NOR achieved healthy profits in the first quarter of 2006, with a high level of activity throughout the Group. The first quarter figures reflected sound growth in domestic and international operations. In April 2006, the Group implemented a large-scale integration of DnB NOR's account systems.

Operations in DnB NORD and Monchebank are included in the Group as of the first quarter of 2006.

DnB NOR's pre-tax operating profits came to NOK 3 743 million in the first quarter of 2006, up from NOK 2 728 million in the year-earlier period. This is the best quarterly performance in the history of the Group. Relatively low risk in the loan portfolios resulted in very low write-downs on loans and guarantees for DnB NOR in the first quarter of 2006. After taxes, profits totalled NOK 2 849 million, an increase from NOK 2 046 million in the corresponding period of 2005. Return on equity was 19.2 per cent for the January through March period, up from 15.8 per cent in the first quarter of 2005. Earnings per share stood at NOK 2.11 and NOK 1.54 respectively. The cost/income ratio improved further, representing 48.2 per cent for the first quarter of 2006, down from 52.6 per cent in the year-earlier period. Excluding DnB NORD and Monchebank, the cost/income ratio for the first quarter of 2006 was 47.6 per cent.

Including 50 per cent of profits, the core capital ratio for the DnB NOR Group was 7.2 per cent at end-March 2006, compared with 7.6 per cent a year earlier.

During the first quarter of 2006, the market capitalisation of DnB NOR passed the NOK 100 billion mark. As at 31 March 2006, the Group's market capitalisation was NOK 118.0 billion, an increase of NOK 31.4 billion or 36.3 per cent from a year earlier.

Income

Income totalled NOK 7 177 million for the January through March period, an increase of NOK 1 165 million or 19.4 per cent from the first quarter of 2005.

Net interest income

Net interest income was NOK 3 622 million in the first quarter of 2006, up NOK 323 million compared with the year-earlier period. Excluding DnB NORD and Monchebank, net interest income increased by NOK 151 million from the first quarter of 2005.

Average lending, excluding DnB NORD and Monchebank, rose by NOK 98 billion or 17.0 per cent from the first quarter of 2005, while there was a rise of NOK 46 billion or 12.5 per cent in average deposits. The combined spread contracted by 0.15 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

<i>Amounts in NOK million</i>	1st quarter	Change	1st quarter
	2006		2005
Net interest income	3 622	323	3 299
DnB NORD	166	166	
Monchebank	6	6	
Lending and deposit volumes		404	
Lending and deposit spreads		(232)	
Other		(21)	

Net other operating income

Net other operating income amounted to NOK 3 555 million in the first quarter of 2006, up NOK 842 million or 31 per cent compared with the corresponding period of 2005. Adjusted for DnB NORD and Monchebank, net other operating income rose by NOK 765 million. The increase in commission income and income on financial instruments reflected brisk sales of mutual fund and pension products, a high level of activity within real estate broking, healthy income from corporate finance activity and favourable stock market conditions.

Net other operating income represented 49.5 per cent of total income in the first quarter of 2006, as against 45.1 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>	1st quarter	Change	1st quarter
	2006		2005
Net other operating income	3 555	842	2 713
DnB NORD	71	71	
Monchebank	6	6	
Net commissions and fees		367	
Net gains on equity investments		100	
Net gains on other financial instruments		248	
Net financial and risk result from Vital		85	
Other income		(34)	

Operating expenses

Operating expenses totalled NOK 3 459 million in the first quarter of 2006, up NOK 294 million from the year-earlier period. Excluding operations in DnB NORD and Monchebank, there was a NOK 136

million rise in expenses.

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>	1st quarter 2006	Change	1st quarter 2005
Operating expenses	3 459	294	3 165
DnB NORD	151	151	
Monchebank	7	7	
Performance-based pay		111	
Pension expenses		41	
IT investments		29	
Wage settlements		27	
Merger synergies		(115)	
New activities		43	

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 12 million in the first quarter of 2006, compared with NOK 17 million in the year-earlier period. The gains in 2006 referred to, inter alia, the sale of group properties.

Write-downs on commitments

The Group recorded low write-downs on both retail and corporate loans in the first quarter of 2006. Net reversals on write-downs on loans and guarantees came to NOK 12 million, with individual write-downs of NOK 71 million and reversals on group write-downs of NOK 83 million. The reversals on group write-downs reflected the positive trend in the Norwegian economy. In the first quarter of 2005, net write-downs came to NOK 136 million.

New individual write-downs totalled NOK 257 million, while reversals and recoveries came to NOK 186 million. In the corresponding period in 2005, new write-downs were NOK 386 million, while reversals and recoveries stood at NOK 200 million.

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

Changes in write-downs

<i>Amounts in NOK million</i>	1st quarter 2006	Change	1st quarter 2005
Net write-downs	(12)	(148)	136
DnB NORD	11	11	
Monchebank	2	2	
Reduction in individual write-downs		120	
Reduction in group write-downs		41	

After deductions for individual write-downs, net impaired commitments came to NOK 4 758 million at end-March 2006, a decline of NOK 7 million from 31 December 2005. Net impaired commitments represented 0.64 per cent of net lending at end-March 2006. Excluding DnB NORD and Monchebank, net impaired commitments represented 0.60 per cent of net lending, down from 0.95 per cent a year earlier.

Taxes

The DnB NOR Group's tax charge for the first quarter of 2006 was NOK 894 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 in the first quarter of 2006. The write-back was based on a clarification from the Ministry of Finance with respect to tax-related adjustments to amendments in the Accounting Act.

Balance sheet and assets under management

At end-March 2006, total combined assets in the DnB NOR Group were

NOK 1 495 billion, an increase of NOK 198 billion or 15.3 per cent from a year earlier.

Total assets in the Group's balance sheet were NOK 1 139 billion as at 31 March 2006 and NOK 961 billion a year earlier.

Net lending to customers rose by NOK 126 billion or 21.0 per cent during the twelve-month period, with DnB NORD and Monchebank accounting for NOK 26.8 billion.

Customer deposits rose by NOK 52 billion or 14.0 per cent from the first quarter of 2005, of which NOK 10.6 billion stemmed from DnB NORD and Monchebank.

The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 57.8 per cent at end-March 2006, down from 61.4 per cent a year earlier.

A significant share of DnB NOR's operations is funded through lending in Norwegian and international capital markets. Securities issued by the Group increased by NOK 62 billion or 31.1 per cent from the first quarter of 2005, totalling NOK 262 billion at end-March 2006.

Total assets in Vital were NOK 216 billion as at 31 March 2006, compared with NOK 183 billion a year earlier.

Risk and capital adequacy

DnB NOR quantifies risk by measuring risk-adjusted capital. Net risk-adjusted capital increased by NOK 3.6 billion in the January through March period of 2006, to NOK 37.5 billion. DnB NORD and Monchebank were included in the calculations as of 31 December 2005 and 1 January 2006 respectively. Calculations indicate that the DnB NOR Group was well capitalised relative to the Group's equity and core capital as at 31 March 2006.

The table below shows developments in the risk-adjusted capital requirement:

<i>Amounts in NOK billion</i>	31 March 2006	31 Dec. 2005	31 March 2005
Credit risk	33.8	31.1	24.2
Market risk	2.0	1.9	2.0
Ownership risk for Vital	10.6	8.7	9.0
Operational risk	4.4	4.2	4.0
Business risk	2.2	1.6	1.6
Gross risk-adjusted capital	53.1	47.6	40.6
Diversification effect ¹⁾	(15.6)	(13.7)	(13.4)
Net risk-adjusted capital	37.5	33.8	27.2
Diversification effect in per cent of gross risk-adjusted capital	29.4	28.8	33.0

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.

There was a further rise in corporate credit demand during the first quarter, combined with strong growth in housing loan portfolios.

Risk-adjusted capital for Vital increased by close to NOK 2 billion. The rise reflected significant growth in balance sheet assets and a greater proportion of assets being invested in equities and bonds parallel to a reduction in money market investments. Vital strengthened its buffer capital during the first quarter, mainly due to interim profits and a rise in the securities adjustment reserve. The gradual increase in long-term interest rates both in Norway and internationally has a positive impact on long-term risk assessments relating to returns on financial assets in Vital.

Market risk remained at a low, stable level throughout the first quarter.

Due to more extensive activity, there was a rise in risk-adjusted capital for operational and business risk. The Group recorded no major operational losses during the January through March period. In April, a

successful integration of account systems in DnB NOR was completed, which will reduce operational risk in the future.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by NOK 56.2 billion during the first quarter, to NOK 770.2 billion at end-March 2006. Including 50 per cent of profits, the core capital ratio was 7.2 per cent, while the capital adequacy ratio was 10.2 per cent.

The implementation of regulations from the Ministry of Finance on the accounting treatment of loans and guarantees in the accounts of DnB NOR Bank and the DnB NOR Bank Group from 1 January 2006 led to a slight increase in capital adequacy ratios.

Changes in group structure

During 2005, DnB NOR entered into an agreement to acquire the Russian bank Monchebank, headquartered in Murmansk. The agreement came into effect on 1 January 2006, and Monchebank is included in the Group's first quarter accounts. The acquisition of Monchebank gives the Group access to a very interesting growth area.

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 followed up as a separate profit centre.

Corporate Banking and Payment Services

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 1 475 million, compared with NOK 1 175 million in the first quarter of 2005. Healthy growth in volumes and a strengthened market position ensured a boost in income and stronger financial performance.

The brisk credit demand in the latter part of 2005 continued into 2006 at an accelerating pace. Average loans and guarantees were up NOK 63 billion to NOK 369 billion compared with the first quarter of 2005. The business sector displayed a great willingness to invest, while sound liquidity ensured a NOK 41 billion rise in average deposits, to NOK 231 billion, from the first quarter of 2005.

Ordinary net interest income was up NOK 167 million from the first quarter of 2005. In spite of healthy credit demand, strong competition in the market caused pressure on spreads both in Norway and internationally. The combined spread contracted by 0.2 percentage points from the corresponding period in 2005.

The first quarter of 2006 saw a very high level of customer activity, and other operating income was up NOK 17 million from the year-earlier period. There was high income on advisory services, corporate finance activity and foreign exchange instruments in the first quarter.

Operating expenses totalled NOK 864 million in the first quarter, up NOK 64 million compared with the year-earlier period. The rise mainly reflected costs relating to expanded and new international operations, especially in Sweden, Shanghai and Russia. At end-March 2006, staff in Corporate Banking and Payment Services represented 2 596 full-time positions, including 552 positions in subsidiaries and 437 in international units.

Due to the sound quality of the credit portfolio along with a healthy economic trend, write-downs remained low in the January through March period. Net reversals on loans came to NOK 4 million.

Monchebank, a regional bank on the Russian Cola Peninsula, was included in the business area as of 1 January 2006. Operations will be further developed in step with initiatives undertaken by Norwegian businesses in the region. Monchebank's local profile will be further developed, while further expansion will mainly take place in the energy, fisheries, shipping and transportation sectors, where DnB NOR has particularly strong expertise.

The level of activity in Sweden is expected to be stepped up with respect to both banking operations and DnB NOR Finans. The business area will further expand its international presence through 2006.

In cooperation with Vital, Corporate Banking and Payment Services aims to be the preferred supplier of mandatory occupational pensions to the bank's customers.

Retail Banking

Retail Banking showed a healthy long-term profit trend in the first quarter of 2006 and recorded pre-tax operating profits of NOK 1 112 million, up NOK 197 million from the corresponding period of 2005.

There was brisk lending growth, with a rise of NOK 38 billion or 11 per cent in average lending compared with the first quarter of 2005. Bank deposits increased by NOK 3 billion or 2 per cent. Strong market competition caused narrower lending spreads.

Net other operating income totalled NOK 800 million, up NOK 156 million on the year-earlier period. The rise reflected higher income from real estate broking, an increase in the number of loyalty programme customers and greater sales of structured products as well as mutual fund and insurance products.

There was a slight reduction in operating expenses, which totalled NOK 1 500 million in the first quarter, compared with NOK 1 507 million in the year-earlier period. The cost/income ratio was 55.9 per cent, an improvement from 60.5 per cent in the corresponding period of 2005. Retail Banking staff numbered 4 073 full-time positions at end-March 2006.

Write-downs on loans remained low, totalling NOK 71 million in the January through March period.

During the first quarter, all Internet banking customers from the former Gjensidige NOR were transferred to the new, joint Internet bank. A number of activities and tests were implemented during the period to prepare for the extensive integration of customer systems, which took place during the Easter week. A number of demanding processes are now nearing completion, which will release resources for future product development projects and new initiatives.

As part of the focus on young customers under the age of 26, the Total loyalty programme is being offered at half price. Card purchases are now free of charge for all loyalty customers. DnB NOR Eiendom's introduction of property information by mobile phone and Nordlandsbanken's launch of new loyalty programmes were well received by customers.

At end-February 2006, the share of credit to retail customers was 30.2 per cent, down from 30.9 per cent a year earlier. Sales of customer loyalty programmes and Internet banking agreements continue to increase. The number of customers subscribing to loyalty programmes rose by 23 per cent during the twelve-month period, totalling 953 000 at end-March 2006, with 557 000 under the DnB NOR brand and 396 000 under the Postbanken brand. The number of Internet banking agreements rose from 1.0 million to 1.3 million during this period.

Retail Banking aims to strengthen its position in a market characterised by strong competition from both domestic and international players. Competition will be met by developing new products and solutions geared to the market and by making efficient use of the Group's broad distribution network.

DnB NOR Markets

DnB NOR Markets recorded sound growth and healthy profits in the first quarter of the year. Pre-tax operating profits were up 45.6 per cent to NOK 609 million, from NOK 418 million in the year-earlier period.

Return on capital in DnB NOR Markets was 63.5 per cent and the cost/income ratio 40.6 per cent in the first quarter of 2006. In spite of intensifying competition, DnB NOR Markets maintained its leading market position in Norway within foreign exchange, interest rate and equity-related activities.

Total revenues were up 43.2 per cent to NOK 1 024 million, from NOK 715 million in the first quarter of 2005. There was a rise in income in all areas, the most pronounced increase being in equity-related activities. Income on customer business increased by NOK 206 million or 34.2 per cent.

Income on customer business in foreign exchange and interest rate derivatives totalled NOK 268 million, up NOK 24 million or 9.7 per cent from the year-earlier period. Interest rate volatility in the Norwegian and international markets caused healthy demand for interest rate hedging products. There was a rise in foreign exchange transactions relative to the previous year.

Customer-related revenues on the sale of securities and other investment products came to NOK 259 million, an increase of NOK 43 million or 19.9 per cent from the first quarter of 2005. The benchmark index on Oslo Børs rose by 19.2 per cent during the January through March period, spurring record activity in the equities market. There was brisk demand for direct investments in commercial property and capital-guaranteed savings products.

Income on corporate finance services was NOK 212 million, up NOK 115 million or 118.0 per cent compared with the year-earlier period. The positive trend reflected the high level of activity within share issues and mergers and acquisitions. DnB NOR Markets arranged three of five initial public offerings on Oslo Børs during the first quarter. There was brisk syndication activity, especially within shipping and real estate, while a large number of bond and commercial paper issues were arranged.

Income from the sale of custodial and other securities services totalled NOK 70 million, an increase of NOK 25 million or 55.3 per cent compared with 2005. Higher volumes, rising market capitalisations and a healthy inflow of share issues were the main factors behind the increase.

Revenues from market making and other proprietary trading totalled NOK 200 million, up NOK 90 million compared with the year-earlier period. There was a rise in income on trading in foreign exchange and interest rate instruments. A continued narrowing in credit spreads was another positive factor.

Costs increased by NOK 118 million compared with the first quarter of 2005, reflecting greater allocations to performance-based pay and significant investments in information technology.

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. Strong competition is expected to further increase the pressure on prices.

Vital

Vital achieved a rise in premium income, brisk growth in total assets and a healthy return on capital in the first quarter of 2006.

Pre-tax operating profits for Vital in the first quarter of 2006 were NOK 425 million, with profits of NOK 431 million in Vital Forsikring and a loss of NOK 6 million in Vital Link. Estimated preliminary profits for allocation to policyholders in Vital Forsikring for the period were NOK 1 677 million, while allocations to the owner and taxes represented NOK 431 million. In the first quarter of 2005, pre-tax operating profits for Vital totalled NOK 317 million. Total assets were NOK 215.7 billion at end-March 2006, a rise of 6.4 per cent from end-December 2005. Customer funds within defined-contribution pensions rose by 37 per cent from end-December 2005, totalling NOK 1.4 billion as at 31 March 2006.

Premium income totalled NOK 9.8 billion, up 37 per cent from the year-earlier period. Premium income for the period was NOK 6.1 billion in the corporate market and NOK 3.7 billion in the retail market, up 17 and 88 per cent from the first quarter of 2005. The low interest rate levels increased demand for capital-guaranteed savings products, while greater sales of unit linked products resulted in renewed interest in

equity funds. Vital recorded a net outflow of transfers of NOK 0.3 billion in the first quarter of 2006, which reflected a major conversion from schemes funded by insurance companies to pension funds during this period.

Recorded and value-adjusted returns on capital for Vital Forsikring were 2.1 and 2.8 per cent respectively in the first quarter of 2006, compared with corresponding returns of 1.9 and 1.3 per cent in the year-earlier period. The figures do not include changes in unrealised gains on securities held to maturity. The interest result was NOK 2 157 million, compared with NOK 1 635 million in the year-earlier period. The securities adjustment reserve increased by NOK 1.5 billion from end-December 2005, totalling NOK 7.0 billion as at 31 March 2006.

The risk result in Vital Forsikring was negative at NOK 34 million, as against a negative NOK 31 million in the corresponding period last year. The administration result was negative at NOK 21 million, compared with a negative NOK 38 million in the year-earlier period. As at 31 March 2006, solvency capital totalled NOK 24.8 billion, up from NOK 22.4 billion at end-December 2005. The rise can be attributed to first-quarter profits, an increase in the securities adjustment reserve and a decline in unrealised profits in the portfolio of securities held to maturity.

Vital's market share of policyholders' funds was 35.2 per cent at end-December 2005, compared with 34.7 per cent a year earlier. A large number of agreements on mandatory occupational pensions were entered into with customers during the first quarter of 2006, representing a considerable business volume. A greater number of agreements are expected to be signed in the second quarter of the year, while some agreements will also be signed in the second half year, even though the accumulation of pension entitlements will start on 1 July 2006.

Vital seeks to expand operations while generating sound profits for its owner and policyholders. Vital takes a positive view of the flexible solutions outlined in the draft for new operational rules for life insurance companies. Being well prepared to meet the market competition, Vital has strong ambitions to further develop its position as a pension specialist in the Norwegian market in the years to come.

DnB NOR Asset Management

DnB NOR Asset Management showed satisfactory performance in the first quarter of 2006, with pre-tax operating profits of NOK 119 million, up from NOK 81 million in the year-earlier period.

Revenues totalled NOK 290 million, a rise of NOK 40 million or 16 per cent from the first quarter of 2005. Commission income came to NOK 280 million, up NOK 38 million on the corresponding period in 2005. Commission income from the retail market stood at NOK 126 million, while income from institutional clients was NOK 154 million.

Operating expenses for the January through March period of 2006 were NOK 172 million, up NOK 3 million compared with the corresponding period of 2005.

As at 31 March 2006, the business area had NOK 530 billion under management, an increase of NOK 38 billion from end-March 2005. NOK 52.9 billion of the increase in assets under management stemmed from developments in equity prices and interest rates, while the weakening of the Swedish krona gave a negative exchange effect of NOK 7.2 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 7.3 per cent. For the portfolio outside Norway, there was an 8.0 per cent increase in assets, measured in Norwegian kroner.

Investment funds from the retail market amounted to NOK 60 billion at end-March after a net increase of NOK 17.0 billion. The corresponding figures for institutional clients were NOK 470 billion and a net

increase of NOK 21.0 billion. At end-March 2006, the number of customers exceeded 670 000.

The market share for balanced funds showed a positive trend, standing at 78 per cent at end-March 2006, excluding sales to customers outside Norway.

During the first quarter, more than 9 000 savings agreements were signed under the 'Save Smart' concept, which was introduced in autumn 2005. The number of active savings agreements exceeded 284 000 at end-March 2006, up 3.5 per cent during the three-month period. DnB NOR Asset Management leads the market for hedge funds in Norway.

Returns on assets under management are good and on the increase. During the first quarter of 2006, four 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 25.8 per cent.

During the first quarter of 2006, a number of activities were initiated to establish new operations in the Swedish retail market. Distribution will be strengthened in 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 operating profits of NOK 77 million in the first quarter of 2006, an increase of NOK 23 million compared with average quarterly profits in 2005. Performance reflected growth in local markets and the fact that DnB NORD took over corporate loan portfolios from DnB NOR and NORD/LB totalling NOK 4.5 billion in Denmark and Finland during the quarter.

As at 31 March 2006, lending volume was NOK 26.6 billion, up 37 per cent from end-December 2005, including acquired portfolios. The deposit volume rose by 4.3 per cent from end-December 2005, standing at NOK 10.2 billion as at 31 March 2006.

There was a NOK 31 million rise in costs to NOK 151 million in the first quarter of 2006 compared with average costs per quarter in 2005. This reflected the increase in activity during 2005 and 2006 and the establishment of operations in Finland and Denmark and the head office in Copenhagen.

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 and had more than 1 800 employees and around 130 branch offices at end-March 2006.

With more than 550 000 customers, DnB NORD is well positioned in markets with a considerable growth potential over the next years. 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 quicker 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.

Prospects for the rest of the year

The economic upturn in Norway continued throughout the first quarter. The healthy economic climate is expected to prevail. DnB NOR expects that oil investments will continue to increase in 2006, stimulating Norway's mainland economy. Investments are at a historically high level and are expected to remain high also over the next few years. Considerable optimism ensures strong growth in corporate investment and high demand for credit. The rise in housing prices and household debt has remained high over a long period. A strong increase in wealth during the last three years signifies that household credit growth will not be notably subdued in 2006.

Following completion of the integration process, DnB NOR is well equipped to intensify its efforts in the Norwegian market. DnB NOR aims to maintain or increase market shares in Norway. In combination with good prospects for the Norwegian economy in 2006, this should indicate strong organic growth in the Group's Norwegian operations. DnB NOR also foresees considerable opportunities for strong international growth in 2006. The Group has enhanced its position in an important growth area through the establishment of DnB NORD in the Baltic Sea region. Further expansion is planned in Sweden over the coming years. The takeover of Monchebank has given DnB NOR an important foothold in North-West Russia, an area showing strong economic growth and good potential for business development within areas where DnB NOR has considerable expertise.

Healthy income growth and rising wealth among both companies and households indicate a low level of write-downs on loans for DnB NOR in 2006.

Oslo, 10 May 2006
The Board of Directors of DnB NOR ASA

Olav Hytta
(chairman)

Bjørn Sund
(vice-chairman)

Per Hoffmann

Nina Britt Husebø

Berit Kjøl

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Bent Pedersen

Heidi M. Petersen

Ingjerd Skjeldrum

Anne Carine Tanum

Per Terje Vold

Svein Aaser
(group chief executive)

Profit and loss accounts

DnB NOR Group						
		1st quarter	1st quarter	Full year	Pro forma full year	Full year
<i>Amounts in NOK million</i>	Note	2006	2005	2005	2004 ¹⁾	2004 ²⁾
Total interest income		8 864	7 030	29 973	28 918	28 152
Total interest expenses		5 242	3 730	16 363	15 611	15 308
Net interest income		3 622	3 299	13 610	13 306	12 844
Commissions and fees receivable etc.	4, 5	2 412	2 026	8 665	7 857	7 948
Commissions and fees payable etc.	4, 5	576	587	2 323	2 267	2 267
Net gains on financial instruments at fair value	4	946	575	2 611	2 010	1 865
Net gains on assets at fair value in Vital	4, 5	4 941	3 627	14 379	10 138	10 138
Guaranteed returns and allocations to policyholders in Vital	4, 5	4 453	3 227	13 111	8 350	8 350
Premium income etc. included in the risk result in Vital	4, 5	1 063	757	3 925	3 439	3 439
Insurance claims etc. included in the risk result in Vital	4, 5	1 097	788	3 828	3 745	3 745
Net realised gains on investment securities (AFS)	4	0	0	167	59	89
Profit from companies accounted for by the equity method	4	29	61	118	98	169
Other income	4	290	269	1 117	1 247	1 247
Net other operating income	4, 5	3 555	2 713	11 721	10 486	10 534
Total income		7 177	6 012	25 331	23 792	23 378
Salaries and other personnel expenses	5, 6	1 925	1 706	6 737	6 874	6 874
Other expenses	5, 6	1 375	1 298	5 474	6 567	6 567
Depreciation and impairment of fixed and intangible assets	5, 6	159	161	653	961	961
Total operating expenses	5, 6	3 459	3 165	12 864	14 402	14 402
Net gains on fixed and intangible assets	9	12	17	775	914	1 005
Write-downs on loans and guarantees	10, 11	(12)	136	133	(179)	(38)
Pre-tax operating profit		3 743	2 728	13 109	10 484	10 019
Taxes	5	894	682	2 965	2 322	2 251
Profit from discontinuing operations after taxes		0	0	0	79	79
Profit for the period		2 849	2 046	10 144	8 241	7 846
Profit attributable to:						
Shareholders		2 815	2 045	10 131	8 244	7 849
Minority interests		34	1	13	(3)	(3)
Earnings per share (NOK)		2.11	1.54	7.59	6.25	5.95
Diluted earnings per share (NOK)		2.11	1.54	7.59	6.23	5.92
Earnings per share for discontinuing operations (NOK)		0.00	0.00	0.00	0.06	0.06
Diluted earnings per share for discontinuing operations (NOK)		0.00	0.00	0.00	0.06	0.06

1) Pro forma figures including effects resulting from the implementation of IAS 39 and IFRS 4.

2) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

Balance sheets

		DnB NOR Group				
		31 March	31 Dec.	31 March	1 Jan.	31 Dec.
<i>Amounts in NOK million</i>		2006	2005	2005	2005	2004 ¹⁾
Note						
Assets ²⁾						
Cash and deposits with central banks		2 742	21 229	7 366	8 780	8 780
Lending to and deposits with credit institutions		67 955	40 854	51 555	26 013	25 824
Lending to customers	12, 13, 14	727 482	697 504	601 079	583 431	566 518
Commercial paper and bonds		151 725	145 475	128 538	116 990	115 397
Shareholdings		43 510	35 980	30 558	29 195	28 881
Financial assets, customers bearing the risk		15 143	13 136	10 354	9 747	9 747
Financial derivatives		30 818	33 751	35 194	42 552	46 226
Shareholdings, available for sale		0	0	298	303	303
Commercial paper and bonds, held to maturity		56 518	52 587	54 390	55 645	54 172
Investments property		23 583	23 143	19 690	19 423	19 423
Investments in associated companies		1 440	1 402	1 452	1 507	1 504
Intangible assets	15	6 159	6 042	5 647	5 689	5 689
Deferred tax assets		53	52	292	326	937
Fixed assets		5 121	5 120	5 222	5 146	5 146
Biological assets		0	0	247	278	278
Discontinuing operations		0	27	0	51	51
Other assets		6 407	4 889	9 004	6 626	12 729
Total assets		1 138 657	1 081 191	960 886	911 702	901 606
Liabilities and equity ²⁾						
Loans and deposits from credit institutions		110 535	108 053	87 222	59 119	49 086
Deposits from customers		420 836	410 991	369 018	353 084	353 403
Financial derivatives		31 280	31 845	33 028	44 721	44 696
Securities issued		261 995	236 588	199 824	192 537	190 444
Insurance liabilities, customers bearing the risk		15 143	13 136	10 354	9 747	9 747
Liabilities to life insurance policyholders		182 838	174 675	157 977	152 965	152 965
Payable taxes		1 687	943	2 403	2 574	2 574
Deferred taxes		1 832	1 759	0	0	0
Other liabilities		18 115	14 358	18 161	16 629	20 316
Discontinuing operations		0	0	0	24	24
Provisions		4 297	4 495	5 374	5 523	5 523
Subordinated loan capital		28 401	25 996	24 658	24 269	24 110
Total liabilities		1 076 957	1 022 838	908 018	861 193	852 889
Minority interests		1 520	946	33	33	33
Revaluation reserve		0	0	116	122	0
Share capital		13 369	13 369	13 366	13 271	13 271
Other reserves and retained earnings		46 811	44 038	39 353	37 082	35 413
Total equity		61 699	58 353	52 868	50 508	48 717
Total liabilities and equity		1 138 657	1 081 191	960 886	911 702	901 606
Off-balance sheet transactions and contingencies	17					

1) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

2) See note 5 for specification of balance sheet items in Vital.

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		(5)					(5)
Net change in currency translation reserve					23	23	23
Total valuation changes not recognised in profit and loss		(5)			23	23	18
Profit for the period	1				2 045	2 045	2 046
Net income for the period	1	(5)			2 068	2 068	2 064
Share issue, employee subscription rights programme ²⁾			97	222		222	320
Own shares			(3)		(20)	(20)	(23)
Balance sheet as at 31 March 2005	33	116	13 366	11 963	27 390	39 353	52 868
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	(9)				(42)	(42)	(50)
Profit for the period	34				2 815	2 815	2 849
Net income for the period	26				2 773	2 773	2 799
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 31 March 2006	1 520	0	13 369	11 963	34 848	46 811	61 699

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>23</i>	<i>23</i>
<i>Balance sheet as at 31 March 2005</i>	<i>0</i>	<i>(65)</i>	<i>(65)</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>(9)</i>	<i>(42)</i>	<i>(50)</i>
<i>Balance sheet as at 31 March 2006</i>	<i>(9)</i>	<i>(118)</i>	<i>(127)</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			
	1st quarter 2006	1st quarter 2005	Full year 2005	Full year 2004
<i>Amounts in NOK million</i>				
Operations				
Net payments on loans to customers	(27 345)	(17 851)	(86 045)	(42 154)
Net receipts on deposits from customers	8 165	14 907	45 478	22 145
Interest received from customers	7 283	6 748	25 572	25 649
Interest paid to customers	(985)	(1 056)	(6 421)	(7 158)
Net payments on sales of financial assets for investment or trading	(11 688)	(12 197)	(22 547)	(15 382)
Net receipts on commissions and fees	2 184	2 039	8 689	7 799
Payments to operations	(4 045)	(3 845)	(14 918)	(16 103)
Taxes paid	0	0	(1 848)	(193)
Receipts on premiums	6 146	4 934	17 803	12 332
Net receipts/payments on premium reserve transfers	(111)	978	1 704	2 838
Payments of insurance settlements	(2 498)	(2 536)	(8 017)	(9 404)
Other receipts	362	668	1 078	1 202
Net cash flow relating to operations	(22 532)	(7 211)	(39 472)	(18 429)
Investment activity				
Net payments on the acquisition of fixed assets	(197)	(124)	(242)	(206)
Receipts on the sale of long-term investments in shares	0	163	1 291	3 879
Payments on the acquisition of long-term investments in shares	(144)	0	(1 349)	0
Dividends received on long-term investments in shares	0	0	59	57
Net cash flow relating to investment activity	(341)	39	(241)	3 730
Funding activity				
Net loans received on/paid to credit institutions	(23 662)	21 644	19 543	1 932
Net receipts/payments on other short-term liabilities	1 004	(67)	2 463	1 100
Net issue of bonds and commercial paper ¹⁾	28 138	5 218	37 685	18 167
Issue of subordinated loan capital	2 925	0	1 594	1 648
Redemptions of subordinated loan capital	(296)	0	(952)	(74)
Share issue, minority interests	527	0	0	0
Share issue, employee subscription programme	0	320	320	568
Repurchase of own shares	0	(23)	0	0
Dividend payments	0	0	(3 410)	(2 909)
Net interest payments on funding activity	(2 554)	(2 385)	(7 413)	(6 771)
Net cash flow from funding activity	6 082	24 707	49 830	13 661
Net cash flow	(16 791)	17 535	10 116	(1 038)
Cash as at 1 January	24 714	14 597	14 597	15 635
Net receipts/payments on cash	(16 791)	17 535	10 116	(1 038)
Cash at end of period	7 922	32 132	24 714	14 597

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 quarter of 2006 and throughout 2005, funded by issuing bonds and commercial paper.

Key figures ¹⁾

	DnB NOR Group			
	1st quarter 2006	1st quarter 2005	Full year 2005	Pro forma full year 2004
Interest rate analysis				
1. Combined average spread for lending and deposits (%)	2.16	2.29	2.21	2.37
2. Spread for ordinary lending to customers (%)	1.41	1.61	1.50	1.67
3. Spread for deposits from customers (%)	0.75	0.68	0.71	0.70
Rate of return/profitability				
4. Net other operating income, per cent of total income	49.5	45.1	46.3	44.1
5. Cost/income ratio (%)	48.2	52.6	50.2	56.0
6. Return on equity (%)	19.2	15.8	18.8	17.7
7. Average equity including allocated dividend (NOK million)	58 793	51 752	53 111	46 775
Financial strength				
8. Core (Tier 1) capital ratio at end of period (%)	7.0	7.4	7.4	7.6
9. Capital adequacy ratio at end of period (%)	10.0	10.5	10.2	10.7
10. Core capital at end of period (NOK million)	54 053	45 628	52 523	45 059
11. Total eligible primary capital at end of period (NOK million)	76 990	64 309	73 161	63 509
12. Risk-weighted volume at end of period (NOK million)	770 232	615 011	714 039	591 906
Loan portfolio and write-downs				
13. Write-downs relative to gross lending, annualised (%)	0.01	0.09	0.02	(0.03)
14. Net non-performing and impaired commitments, per cent of net lending	0.64	0.95	0.63	0.97
15. Accumulated write-downs relative to total gross lending (%)	0.54	0.79	0.54	1.18
16. Net non-performing and impaired comm. at end of period (NOK million)	4 758	5 815	4 751	5 974
Liquidity				
17. Ratio of customer deposits to net lending at end of period (%)	57.8	61.4	58.9	60.5
Total assets owned or managed by DnB NOR				
18. Assets under management at end of period (NOK billion)	554	506	570	496
19. Average total combined assets (NOK billion)	1 479	1 271	1 314	1 261
20. Total combined assets at end of period (NOK billion)	1 495	1 297	1 463	1 244
21. Customer savings at end of period (NOK billion)	980	882	987	856
Staff				
22. Number of full-time positions at end of period	11 707	9 874	11 446	10 085
23. - of which in Vital	901	894	868	926
The DnB NOR share				
24. Number of shares at end of period (1 000)	1 336 875	1 336 875	1 336 875	1 327 139
25. Average number of shares (1 000)	1 336 875	1 327 139	1 334 474	1 317 744
26. Earnings per share (NOK)	2.11	1.54	7.59	6.25
27. Total shareholders' return (%)	17.9	8.4	25.3	40.7
28. Equity per share including allocated dividend at end of period (NOK)	46.15	39.62	43.65	38.06
29. Share price at end of period (NOK)	88.25	64.75	72.00	59.75
30. Price/book value	1.91	1.65	1.65	1.57
31. Market capitalisation (NOK billion)	118.0	86.6	96.3	79.3
32. Dividend per share (NOK)	n/a	n/a	3.50	2.55
33. "RISK" adjustment for the share as at 1 January the consecutive year (NOK)	-	-	(3.50)	(2.56)

1) Comparable figures excluding DnB NORD and Moncebank.

Definitions

- 1, 2, 3 Excluding discontinuing operations.
- 5 Total expenses relative to total income. Excluding restructuring provisions in 2004 and allocations to DnB NOR's employee funds in 2004 and 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 and adjusted for allocated dividends.
- 15, 16 Figures for 2004 are calculated according to NGAAP.
- 26 Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
- 27 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.
- 30 The last quoted share price on Oslo Børs at end of period relative to recorded equity at end of period.
- 31 Number of shares multiplied by the closing share price at end of period.

Note 1 – Accounting principles

Accounting principles

The first quarter accounts have been prepared according to IFRS principles, including IAS 34. 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, excluding items for 2004 covered by IAS 39 and IFRS 4, which are recorded according to NGAAP and reclassified in accordance with IFRS presentation models. The profit and loss accounts and balance sheets include comparable pro forma accounting figures for 2004, prepared as if IAS 39 and IFRS 4 had been implemented as of 1 January 2004. However, the pro forma figures are not fully documented according to requirements in the respective standards.

Comparable figures have not been restated as a result of the establishment of DnB NORD and purchase of Monchebank, see note 2.

Business areas

The operational structure of DnB NOR includes five business areas and four staff and support units. In addition, DnB NORD, 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 3 Business areas.

Note 2 – Changes in group structure

DnB NORD

In December 2005, DnB NOR and Norddeutsche Landesbank, NORD/LB, established a joint bank, DnB NORD, owned 51 per cent by DnB NOR and 49 per cent by NORD/LB. Headquartered in Copenhagen, DnB NORD has operations in Denmark, Finland, Estonia, Latvia, Lithuania and Poland. DnB NORD was included in the consolidated balance sheet as of 31 December 2005.

At the beginning of 2006, loan portfolios in Denmark and Finland totalling NOK 4.5 billion were transferred from NORD/LB and DnB NOR to DnB NORD. In consequence, DnB NOR's capitalised goodwill referring to DnB NORD increased by EUR 1 million, representing compensation to NORD/LB for excess values related to the Finnish operations.

Monchebank

During 2005, DnB NOR entered into an agreement to acquire the Russian bank Monchebank, headquartered in Murmansk. The agreement came into effect on 1 January 2006, and Monchebank is included in the Group's 2006 first quarter accounts.

In connection with the purchase of Monchebank, goodwill representing RUB 302.2 million was recorded in DnB NOR's balance sheet, the equivalent of NOK 72.4 million.

Note 3 – Business areas

Profit and loss accounts

Amounts in NOK million	DnB NOR Group													
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital		DnB NOR Asset Management		DnB NOR ¹⁾		Other operations/eliminations ²⁾	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income - ordinary operations	1 499	1 332	1 789	1 785	59	49	0	0	(3)	(1)	166		112	134
Interest on allocated capital	166	109	94	63	18	10	0	0	9	6	0		(288)	(188)
Net interest income	1 665	1 441	1 883	1 848	77	59	0	0	6	5	166		(176)	(54)
Net other operating income	663	646	800	644	947	656	722	604	284	245	71		68	(83)
Total income	2 328	2 087	2 683	2 492	1 024	715	722	604	290	250	237		(108)	(137)
Operating expenses ^{*)}	864	800	1 500	1 507	415	297	297	287	172	169	151		59	104
Pre-tax operating profit before write-downs	1 465	1 287	1 183	985	609	418	425	317	119	81	86		(168)	(241)
Write-downs on loans and net losses on assets	(11)	112	71	70	0	0	0	0	0	0	8		(94)	(63)
Pre-tax operating profit	1 475	1 175	1 112	915	609	418	425	317	119	81	77		(74)	(178)
^{*) Of which group overhead}	23	16	12	9	5	3	8	6	2	1	0		(51)	(35)

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

2) Other operations:

Amounts in NOK million	Elimination of double entries		Eliminations		Group Centre ^{*)}	
	1st quarter		1st quarter		1st quarter	
	2006	2005	2006	2005	2006	2005
Net interest income - ordinary operations	(6)	(2)	(10)	(21)	128	158
Interest on allocated capital					(288)	(188)
Net interest income	(6)	(2)	(10)	(21)	(160)	(30)
Net other operating income	(306)	(220)	(116)	(106)	490	243
Total income	(313)	(222)	(126)	(128)	331	213
Operating expenses			(119)	(133)	178	238
Pre-tax operating profit before write-downs	(313)	(222)	(7)	6	152	(25)
Write-downs on loans and net losses on assets			0	0	(94)	(63)
Pre-tax operating profit	(313)	(222)	(7)	6	246	38

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 deliveries between support units and business areas. Further, intra-group company transactions and possible 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.

	1st quarter	
	2006	2005
^{*) Group Centre - pre-tax operating profit in NOK million}		
Income on equities	172	84
Portfolio hedging, Treasury	132	33
Group write-downs	91	50
Net gains on fixed and intangible assets	3	27
Funding costs on goodwill	(30)	(25)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(45)	(61)
Unallocated gains/(losses)	(46)	(44)
Other	(32)	(27)
Pre-tax operating profit	246	38

Note 3 – Business areas (continued)

Main average balance sheet items

Main average balance sheet items												DnB NOR Group				
	Corporate Banking and Payment Services				Retail Banking		DnB NOR Markets		Vital ¹⁾		DnB NOR Asset Management		DnB NOR ²⁾		Other operations/ eliminations	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK billion	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net lending to customers ³⁾	320.1	262.3	371.1	333.3	7.5	2.2							23.8		(2.4)	(5.0)
Customer deposits ³⁾	230.7	189.5	194.3	190.9	12.8	8.8							10.4		(12.0)	(8.5)
Assets under management									209.2	179.3	539.4	487.0			(171.0)	(151.5)

Key figures

Key figures	DnB NOR Group																
	Corporate Banking and Payment Services				Retail Banking		DnB NOR Markets		Vital		DnB NOR Asset Management		DnB NOR ²⁾		Other operations		
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		
	Per cent	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cost/income ratio	37.1	38.3	55.9	60.5	40.6	41.6					59.1	67.6	63.8				
Ratio of deposits to lending ³⁾	72.1	72.2	52.4	57.3									43.8				
Return on capital BIS ⁴⁾	16.8	15.5	22.3	20.9	63.5	60.5	18.8	17.3	23.8	20.3	12.7						
Full-time positions	2 596	2 444	4 073	4 191	538	522	901	894	296	302	1 831				1 472	1 522	

1) Assets under management include total assets.

2) DnB NOR²⁾ was incorporated in the Group from year-end 2005.

3) Based on nominal values.

4) 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 NOR²⁾ is calculated as 7 per cent of risk-weighted volume. Recorded equity is used for Vital and DnB NOR Asset Management.

Note 4 – Net other operating income

	DnB NOR Group			
	1st quarter	1st quarter	Full year	Full year
<i>Amounts in NOK million</i>	2006	2005	2005	2004
Money transfer fees receivable	717	732	3 057	3 193
Fees on asset management services	335	275	1 178	1 063
Fees on custodial services	89	68	309	253
Fees on securities broking	133	90	370	254
Corporate finance	217	98	415	256
Guarantee commissions	84	73	303	389
Interbank fees	39	45	185	182
Credit broking commissions	36	27	190	126
Sales commissions on insurance products	512	425	1 802	1 534
Sundry commissions and fees receivable on banking services	249	193	855	699
Total commissions and fees receivable etc.	2 412	2 026	8 665	7 948
Money transfer fees payable	236	254	1 048	1 141
Commissions payable on fund management services	30	25	102	130
Fees on custodial services payable	34	29	94	83
Interbank fees	59	64	259	243
Credit broking commissions	8	46	200	179
Commissions payable on the sale of insurance products	61	58	207	169
Sundry commissions and fees payable on banking services	148	110	412	321
Total commissions and fees payable etc.	576	587	2 323	2 267
Net gains on financial instruments at fair value	946	575	2 611	1 865
Net gains on assets at fair value in Vital	4 941	3 627	14 379	10 138
Guaranteed returns and allocations to policyholders in Vital	4 453	3 227	13 111	8 350
Premium income etc. included in the risk result in Vital	1 063	757	3 925	3 439
Insurance claims etc. included in the risk result in Vital	1 097	788	3 828	3 745
Net realised gains on investment securities (AFS)	0	0	167	89
Profit from companies accounted for by the equity method	29	61	118	169
Income from owned/leased premises	29	12	96	201
Fees on real estate broking	158	123	645	581
Net unrealised gains on investment property	1	0	(9)	(26)
Miscellaneous operating income	102	134	384	491
Total other income	290	269	1 117	1 247
Net other operating income	3 555	2 713	11 721	10 534

Note 4 – Net other operating income (continued)**Last five quarters**

<i>Amounts in NOK million</i>	DnB NOR Group				
	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005
Money transfer fees receivable	717	771	758	795	732
Fees on asset management services	335	348	296	260	275
Fees on custodial services	89	90	67	85	68
Fees on securities broking	133	103	96	81	90
Corporate finance	217	142	91	84	98
Guarantee commissions	84	80	73	77	73
Interbank fees	39	46	49	44	45
Credit broking commissions	36	66	51	46	27
Sales commissions on insurance products	512	516	448	413	425
Sundry commissions and fees receivable on banking services	249	216	251	195	193
Total commissions and fees receivable etc.	2 412	2 378	2 181	2 081	2 026
Money transfer fees payable	236	259	257	279	254
Commissions payable on fund management services	30	18	32	27	25
Fees on custodial services payable	34	21	19	25	29
Interbank fees	59	66	73	56	64
Credit broking commissions	8	39	56	58	46
Commissions payable on the sale of insurance products	61	69	45	35	58
Sundry commissions and fees payable on banking services	148	95	109	98	110
Total commissions and fees payable etc.	576	566	593	577	587
Net gains on financial instruments at fair value	946	707	875	453	575
Net gains on assets at fair value in Vital	4 941	3 925	4 438	2 389	3 627
Guaranteed returns and allocations to policyholders in Vital	4 453	3 616	4 141	2 127	3 227
Premium income etc. included in the risk result in Vital	1 063	1 594	797	777	757
Insurance claims etc. included in the risk result in Vital	1 097	1 542	761	737	788
Net realised gains on investment securities (AFS)	0	0	100	67	0
Profit from companies accounted for by the equity method	29	1	22	35	61
Income from owned/leased premises	29	21	24	39	12
Fees on real estate broking	158	175	172	175	123
Net unrealised gains on investment property	1	(11)	0	2	0
Miscellaneous operating income	102	156	23	71	134
Total other income	290	342	220	287	269
Net other operating income	3 555	3 222	3 139	2 648	2 713

Note 5 – 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 profit and loss accounts and balance sheets for Vital as included in the DnB NOR Group's accounts, are described.

Profit and loss accounts ¹⁾

	1st quarter 2006	1st quarter 2005	Full year 2005	Vital Full year 2004
<i>Amounts in NOK million</i>				
Total interest income				
Total interest expenses				
Net interest income				
Commissions and fees receivable etc.	450	361	1 630	1 404
Commissions and fees payable etc.	177	125	562	441
Net gains on financial instruments at fair value				
Net gains on assets at fair value in Vital	4 936	3 626	14 369	10 110
Guaranteed returns and allocations to policyholders in Vital	4 453	3 227	13 111	8 350
Premium income etc. included in the risk result in Vital	1 063	757	3 925	3 439
Insurance claims etc. included in the risk result in Vital	1 097	788	3 828	3 745
Net realised gains on investment securities (AFS)				
Profit from companies accounted for by the equity method				
Other income				
Net other income	722	604	2 423	2 417
Total operating income	722	604	2 423	2 417
Salaries and other personnel expenses	153	137	575	656
Other expenses	124	119	434	388
Depreciation and impairment of fixed and intangible assets	21	31	97	135
Total operating expenses	297	287	1 105	1 178
Net gains on fixed and intangible assets				
Write-downs on loans and guarantees				
Pre-tax operating profit	425	317	1 318	1 239
Taxes	(2)	(11)	(331)	(78)
Profit from discontinuing operations after taxes				
Profit for the period ²⁾	426	328	1 649	1 317

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 5 – Vital (continued)

2) Breakdown of profit and loss accounts

	1st quarter 2006	1st quarter 2005	Full year 2005	Vital Full year 2004
<i>Amounts in NOK million</i>				
Interest result	2 157	1 635	6 053	4 137
Risk result	(34)	(31)	94	(312)
Administration result ^{a)}	(21)	(38)	(83)	(387)
Pension costs ^{b)}	0	0	380	0
Total result	2 102	1 566	5 684	3 438
Transferred from security reserve	0	1	(4)	0
Result from other activities/other provisions	0	0	0	131
Profit for distribution within life insurance ^{c)}	2 102	1 567	5 680	3 569
Transferred to additional allocations	0	0	1 500	300
Funds transferred to policyholders	1 677	1 247	3 008	2 033
Pre-tax operating profit - life insurance	425	320	1 172	1 236
Pre-tax operating profit - unit linked	(6)	(3)	(6)	3
Taxes	(2)	(11)	(452)	(78)
Profit for the period	421	328	1 618	1 317
Adjustments in the Group accounts ^{b)}	6	0	31	0
Result for the period in Vital in the Group accounts	426	328	1 649	1 317

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

Of which profit for operations subject to profit sharing

- funds transferred to policyholders	2 097	1 565	5 648	3 426
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- funds transferred to policyholders	1 677	1 247	3 008	2 033
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- funds transferred to additional allocations	0	0	1 500	300
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- profits for allocation to the owner and taxes	420	318	1 140	1 093
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Of which profit from operations not subject to profit sharing	5	2	32	143
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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) The results for 2004 includes restructuring provisions of NOK 250 million.

b) 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 6 million in the accounts for the first quarter of 2006.

Note 5 – Vital (continued)**Balance sheets ¹⁾**

	31 March 2006	31 Dec. 2005	31 March 2005	Vital 31 Dec. 2004
<i>Amounts in NOK million</i>				
Assets				
Cash and deposits with central banks				
Lending to and deposits with credit institutions	7 978	11 527	8 308	5 780
Lending to customers				
Commercial paper and bonds	67 144	67 457	61 361	54 377
Shareholdings	39 956	32 445	25 496	24 371
Financial assets, customers bearing the risk	15 143	13 136	10 354	9 747
Financial derivatives	2 255	786	489	2 194
Shareholdings, available for sale				
Commercial paper and bonds, held to maturity	56 518	52 587	54 390	54 172
Investment property	23 350	22 872	19 518	19 252
Investments in associated companies	14	14	14	14
Intangible assets	279	252	270	262
Deferred tax assets				30
Fixed assets	48	50	98	77
Biological assets				
Discontinuing operations				
Other assets	3 039	1 533	2 957	5 109
Total assets	215 725	202 659	183 256	175 385
Liabilities and equity				
Loans and deposits from credit institutions				
Deposits from customers				
Financial derivatives	233	1 080	18	5
Securities issued				
Insurance liabilities, customers bearing the risk	15 143	13 136	10 354	9 747
Liabilities to life insurance policyholders	182 838	174 675	157 978	152 965
Payable taxes				
Deferred taxes	665	99	412	423
Other liabilities	6 340	1 991	4 360	2 422
Discontinuing operations				
Provisions	121	133		37
Subordinated loan capital	2 581	2 594	2 538	2 519
Total liabilities	207 919	193 708	175 660	168 118
Minority interests				
Revaluation reserve				
Share capital	1 307	1 307	1 302	1 302
Other reserves and retained earnings	6 498	7 643	6 293	5 965
Total equity	7 805	8 951	7 596	7 267
Total liabilities and equity	215 725	202 659	183 256	175 385

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 5 – Vital (continued)

Key figures

	1st quarter 2006	1st quarter 2005	Full year 2005	Vital Full year 2004
<i>Per cent</i>				
Recorded return, excluding unrealised gains on financial instruments ¹⁾	2.1	1.9	7.3	6.5
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds held to maturity ¹⁾	2.8	1.3	8.3	7.1
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	1.1	7.7	7.7
Return on capital after taxes ^{2) 3)}	18.8	17.3	16.6	19.1
Expenses in per cent of policyholders' funds ^{1) 2) 4) 5)}	0.85	0.88	0.90	0.90
Capital adequacy ratio at the end of the period ^{1) 5)}	10.4	14.1	11.7	14.1
Core capital ratio at the end of the period ^{1) 5)}	7.9	10.6	8.9	10.7
Policyholders funds, life insurance, at the end of the period (NOK billion)	182.8	158.0	174.7	153.0
Policyholders funds unit linked at the end of the period (NOK billion)	15.1	10.4	13.1	9.7
Solvency margin capital in per cent of requirement at the end of the period ^{1) 5) 6)}	151.0	154.0	158.0	162.8

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 6 – Operating expenses

	1st quarter 2006	1st quarter 2005	Full year 2005	DnB NOR Group Full year 2004
<i>Amounts in NOK million</i>				
Ordinary salaries	1 424	1 257	5 179	5 119
Employer's national insurance contributions	204	195	752	758
Pension expenses	203	162	400	704
Social expenses	93	92	407	294
Total salaries and other personnel expenses	1 925	1 706	6 737	6 874
Fees	192	174	652	573
EDP expenses	358	335	1 439	1 520
Postage and telecommunications	104	112	491	547
Office supplies	27	28	110	130
Marketing and public relations	134	128	506	452
Travel expenses	51	42	197	198
Reimbursement to Norway Post for transactions executed	83	125	555	574
Training expenses	17	13	51	45
Operating expenses on properties and premises	232	205	854	966
Operating expenses on machinery, vehicles and office equipment taken to expense	32	18	89	75
Allocations to employee funds	0	0	153	146
Provisions for restructuring measures	0	0	0	930
Other operating expenses	145	117	377	411
Other expenses	1 375	1 298	5 474	6 567
Depreciation and impairment of fixed and intangible assets	159	161	653	961
Total operating expenses	3 459	3 165	12 864	14 402

Note 6 – Operating expenses (continued)

Last five quarters	DnB NOR Group				
	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005
<i>Amounts in NOK million</i>					
Ordinary salaries	1 424	1 378	1 296	1 248	1 257
Employer's national insurance contributions	204	174	197	186	195
Pension expenses ¹⁾	203	(36)	125	148	162
Social expenses	93	119	112	83	92
Total salaries and other personnel expenses	1 925	1 635	1 730	1 666	1 706
Fees	192	140	141	197	174
EDP expenses	358	364	365	375	335
Postage and telecommunications	104	126	125	127	112
Office supplies	27	30	25	27	28
Marketing and public relations	134	147	104	127	128
Travel expenses	51	64	42	50	42
Reimbursement to Norway Post for transactions executed	83	156	142	132	125
Training expenses	17	18	9	12	13
Operating expenses on properties and premises	232	214	200	235	205
Operating expenses on machinery, vehicles and office equipment taken to expense	32	26	21	23	18
Allocations to employee funds	0	153	0	0	0
Provisions for restructuring measures	0	0	0	0	0
Other operating expenses	145	98	94	67	117
Other expenses	1 375	1 536	1 268	1 372	1 298
Depreciation and impairment of fixed and intangible assets	159	165	162	165	161
Total operating expenses	3 459	3 336	3 160	3 203	3 165

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 assumed.

Note 7 – Restructuring provisions ¹⁾

Amounts in NOK million	DnB NOR Group		
	31 March ²⁾ 2006	Accrued expenses 2006	31 Dec. ²⁾ 2005
DnB NOR merger	140	94	235
Of which: IT		36	
Staff cuts		57	
Real estate		1	

1) In the fourth quarter of 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 8 – Number of employees/full-time positions ¹⁾

	DnB NOR Group			
	1st quarter 2006	1st quarter 2005	Full year 2005	Full year 2004
Number of employees at end of period	12 099	10 271	11 831	10 482
Number of employees calculated on a full-time basis at end of period	11 707	9 874	11 446	10 085
Average number of employees	11 942	10 348	10 258	10 966
Average number of employees calculated on a full-time basis	11 555	9 951	9 873	10 517

1) Following the transition to IFRS, additional fully consolidated units representing 25 employees and 25 full-time positions have been included as at 31 December 2005. Figures for 2004 have been adjusted accordingly.

Note 9 – Net gains on fixed and intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group			
	1st quarter 2006	1st quarter 2005	Full year 2005	Full year 2004
Follalaks			107	
Helgelandske			16	
Aurora Salmon			63	
Pan Fish			314	
Akersgt. 64-67, Oslo			88	
Haraldsgate 125, Haugesund			52	
Søndregate 12, Trondheim			46	
Postbanken Eiendomsmegling		16	18	
Elcon Finans				946
Gjensidige NOR Fondsforsikring				35
Other	12	1	71	24
Net gains on fixed and intangible assets	12	17	775	1 005

Note 10 – Write-downs on loans and guarantees

<i>Amounts in NOK million</i>	DnB NOR Group			
	1st quarter 2006	1st quarter 2005	Full year 2005	Full year 2004 ¹⁾
New individual write-downs	257	386	877	1 198
Reassessed individual write-downs	106	133	337	924
Total individual write-downs	151	253	540	274
Recoveries on commitments previously written off	80	67	306	312
Group write-downs	(83)	(50)	(101)	0
Write-downs on loans and guarantees	(12)	136	133	(38)
<i>Of which write-downs on guarantees</i>	<i>(10)</i>	<i>25</i>	<i>13</i>	<i>15</i>

1) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

Note 11 – Write-downs on loans and guarantees for principal sectors

<i>Amounts in NOK million</i>	DnB NOR Group			
	1st quarter 2006	1st quarter 2005	Full year 2005	Full year 2004 ¹⁾
Retail customers	69	131	270	57
International shipping	0	3	7	(46)
Real estate	(12)	(10)	(36)	7
Manufacturing	7	2	29	(101)
Services and management	3	0	(101)	(215)
Trade	4	37	25	51
Oil and gas	0	(7)	(5)	(43)
Transportation and communication	7	4	12	25
Building and construction	4	8	11	62
Power and water supply	0	2	1	0
Fishing	(3)	(52)	4	109
Other sectors	(8)	68	(21)	49
Total customers	71	186	196	(45)
Credit institutions	0	0	38	7
Group write-downs	(83)	(50)	(101)	0
Write-downs on loans and guarantees	(12)	136	133	(38)
<i>Of which write-downs on guarantees</i>	<i>(10)</i>	<i>25</i>	<i>13</i>	<i>15</i>

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.

1) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

Note 12 – Lending to customers

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2006	31 Dec. 2005	31 March 2005	31 Dec. 2004 ¹⁾
Lending to customers, nominal amount	633 573	585 322	482 855	573 307
Individual write-downs	2 086	2 185	3 360	3 255
Lending to customers, after individual write-downs	631 487	583 137	479 495	570 052
Accrued interest ²⁾	2 152	2 374	892	-
Amortisation (fees etc.)	(386)	(453)	(165)	-
Individual write-downs of accrued interest and amortisation ²⁾	547	659	0	-
Group write-downs	1 318	1 419	1 428	3 534
Lending to customers, at amortised cost	631 388	582 980	478 794	566 518
Lending to customers, nominal amount ³⁾	95 211	112 940	119 665	-
Accrued interest ²⁾	170	481	319	-
Adjustment to fair value	713	1 103	2 301	-
Lending to customers, fair value	96 094	114 524	122 285	-
Lending to customers	727 482	697 504	601 079	566 518

1) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

2) Figures as at 31 December 2004 are recorded on the line "Other assets".

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

Note 13 – Net lending to principal sectors¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2006	31 Dec. 2005	31 March 2005	31 Dec. 2004 ²⁾
Retail customers	377 799	374 115	338 046	330 785
International shipping	58 155	53 696	33 784	32 003
Real estate	107 976	98 908	82 899	82 900
Manufacturing	28 415	23 977	23 383	20 422
Services and management	46 863	47 248	32 687	30 569
Trade	31 131	27 074	24 185	21 207
Oil and gas	6 969	7 486	6 297	4 811
Transportation and communication	16 917	15 842	13 586	12 966
Building and construction	9 667	9 027	6 611	6 239
Power and water supply	6 960	6 148	4 845	4 725
Fishing	10 579	8 992	9 155	8 973
Hotels and restaurants	3 519	3 716	3 746	3 622
Agriculture and forestry	6 213	6 444	4 462	4 455
Central and local government	4 493	3 401	2 490	1 424
Other sectors	11 042	10 003	12 984	4 952
Net lending to customers, nominal amount	726 696	696 078	599 160	570 052

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.

1) Lending after individual write-downs.

2) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

Note 14 – Net impaired commitments for principal sectors

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2006	31 Dec. 2005	31 March 2005	31 Dec. 2004 ¹⁾
Retail customers	2 210	2 058	2 089	2 285
International shipping	(34)	(2)	(6)	(14)
Real estate	872	816	1 235	1 255
Manufacturing	486	411	738	536
Services	365	286	545	563
Trade	214	138	186	219
Oil and gas	11	9	1	3
Transportation and communication	175	107	110	96
Building and construction	142	111	342	394
Power and water supply	0	2	11	0
Fishing	101	186	426	492
Hotels and restaurants	90	69	69	76
Agriculture and forestry	127	61	48	32
Central and local government	0	6	0	0
Other sectors	(6)	469	14	33
Total customers	4 752	4 727	5 805	5 970
Credit institutions	6	24	10	4
Total	4 758	4 751	5 815	5 974

1) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

Note 15 – Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2006	31 Dec. 2005	31 March 2005	31 Dec. 2004
Goodwill	5 682	5 623	5 229	5 276
Systems development	368	311	171	192
Postbanken brand name	51	51	51	51
Other intangible assets	59	57	196	170
Total intangible assets	6 159	6 042	5 647	5 689

Note 16 – Capital adequacy according to NGAAP ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group			
	31 March 2006	31 Dec. 2005	31 March 2005	31 Dec. 2004
Share capital	13 369	13 369	13 366	13 271
Other equity	38 721	36 491	33 573	33 327
Total equity	52 090	49 859	46 939	46 598
Perpetual subordinated loan capital securities ^{2) 3)}	5 626	5 698	5 611	5 531
Reductions				
Pension funds above pension commitments	(195)	(165)	(1 229)	(1 141)
Goodwill	(4 609)	(4 673)	(4 703)	(4 902)
Deferred tax assets	(112)	(111)	(715)	(728)
Other intangible assets	(557)	(499)	(274)	(299)
Additions				
Portion of unrecognised actuarial gains/losses ⁴⁾	1 810	2 413	-	-
Core capital	54 053	52 523	45 628	45 059
Perpetual subordinated loan capital ^{2) 3)}	8 490	5 770	5 601	5 367
Term subordinated loan capital ³⁾	14 447	14 868	13 451	13 538
Net supplementary capital	22 938	20 638	19 053	18 905
Deductions	0	0	372	455
Total eligible primary capital ⁵⁾	76 990	73 161	64 309	63 509
Total risk-weighted volume	770 232	714 039	615 011	591 906
Core capital ratio (per cent)	7.0	7.4	7.4	7.6
Capital ratio (per cent)	10.0	10.2	10.5	10.7
Including 50 per cent of profit for the period				
Core capital ratio (per cent)	7.2	-	7.6	-
Capital ratio (per cent)	10.2	-	10.6	-

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 564 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 31 March 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 17 – Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information		DnB NOR Group			
<i>Amounts in NOK million</i>		31 March 2006	31 Dec. 2005	31 March 2005	31 Dec. 2004 ¹⁾
Unutilised ordinary credit lines		218 670	186 328	157 200	165 845
Documentary credit commitments		10 550	9 115	12 004	8 629
Other commitments		337	1 654	0	1
Total commitments		229 557	197 097	169 204	174 475
Performance guarantees		19 514	14 764	13 033	13 433
Payment guarantees		17 489	14 519	16 887	11 577
Loan guarantees		6 638	13 831	13 930	10 916
Guarantee to the Norwegian Banks' Guarantee Fund ²⁾		0	0	0	2 676
Guarantees for taxes etc.		3 268	3 077	1 833	2 790
Other guarantee commitments		5 273	5 163	4 912	4 803
Total guarantee commitments		52 182	51 355	50 595	46 194
Support agreements		3 109	4 995	5 398	2 482
Total guarantee commitments etc. *)		55 291	56 349	55 993	48 676
*) Of which:					
Counter-guaranteed by financial institutions		1 426	1 498	1 330	1 481
Joint and several liabilities		0	0	43	45
Securities are		55 285	49 669	47 622	43 843
pledged as security for:	Loans	55 174	49 558	47 507	43 728
	Other activities	111	111	115	115

1) Items covered by IAS 39 and IFRS 4 are valued according to NGAAP and reclassified according to IFRS-compliant presentation formats for the profit and loss accounts and balance sheets.

2) As of 1 January 2005, members are no longer required to guarantee the minimum requirements for capital in the Norwegian Banks' Guarantee Fund.

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.

Patricia Long and Wien Air Alaska Inc. filed a suit against, among others, DnB NOR Bank ASA before a US court, claiming compensation of USD 160 million. The bank disputed the claim and requested that the case be dismissed. The action was discontinued by the plaintiffs.

Amalie Riis filed a suit claiming up to NOK 500 million in compensation, plus interest as from 1974, for the alleged loss of inheritance as a result of Den norske Creditbank's (now DnB NOR Bank ASA) extension of credits to the shipping company Olsen & Ugelstad in 1975. The complaint was filed with the Oslo Conciliation Court in October 2004. The Conciliation Court reviewed the complaint and referred the case to the District Court. The bank disputed the claim. In the view of the bank, there was no legal basis for the claim and the limitation period had expired. The bank was also of the opinion that the same claim had been filed previously, and that the former ruling in favour of the bank is legally binding. The case is deemed to be invalid, pursuant to section 299 of the Norwegian Civil Procedure Act, as the plaintiff has not issued a claim against the bank within the statutory time limit.

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 has 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 claims 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.

Note 18 – Profit and balance sheet trends

Profit and loss accounts	DnB NOR Group				
	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005
<i>Amounts in NOK million</i>					
Total interest income	8 864	8 134	7 587	7 222	7 030
Total interest expenses	5 242	4 661	4 161	3 810	3 730
Net interest income	3 622	3 473	3 426	3 412	3 299
Commissions and fees receivable etc.	2 412	2 378	2 181	2 081	2 026
Commissions and fees payable etc.	576	566	593	577	587
Net gains on financial instruments at fair value	946	707	875	453	575
Net gains on assets at fair value in Vital	4 941	3 925	4 438	2 389	3 627
Guaranteed returns and allocations to policyholders in Vital	4 453	3 616	4 141	2 127	3 227
Premium income etc. included in the risk result in Vital	1 063	1 594	797	777	757
Insurance claims etc. included in the risk result in Vital	1 097	1 542	761	737	788
Net realised gains on investment securities (AFS)	0	0	100	67	0
Profit from companies accounted for by the equity method	29	1	22	35	61
Other income	290	342	220	287	269
Net other operating income	3 555	3 222	3 139	2 648	2 713
Total income	7 177	6 695	6 565	6 060	6 012
Salaries and other personnel expenses	1 925	1 635	1 730	1 666	1 706
Other expenses	1 375	1 536	1 268	1 372	1 298
Depreciation and impairment of fixed and intangible assets	159	165	162	165	161
Total operating expenses	3 459	3 336	3 160	3 203	3 165
Net gains on fixed and intangible assets	12	172	130	455	17
Write-downs on loans and guarantees	(12)	(48)	(79)	123	136
Pre-tax operating profit	3 743	3 578	3 613	3 190	2 728
Taxes	894	582	903	797	682
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	2 849	2 996	2 710	2 392	2 046
Earnings per share (NOK)	2.11	2.24	2.03	1.78	1.54
Diluted earnings per share (NOK)	2.11	2.24	2.03	1.78	1.54
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 18 – Profit and balance sheet trends (continued)

Balance sheets	DnB NOR Group				
	31 March 2006	31 Dec. 2005	30 Sept. 2005	30 June 2005	31 March 2005
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	2 742	21 229	24 264	1 593	7 366
Lending to and deposits with credit institutions	67 955	40 854	53 198	64 538	51 555
Lending to customers	727 482	697 504	652 405	622 238	601 079
Commercial paper and bonds	151 725	145 475	140 283	132 723	128 538
Shareholdings	43 510	35 980	33 355	30 091	30 558
Financial assets, customers bearing the risk	15 143	13 136	12 016	10 766	10 354
Financial derivatives	30 818	33 751	33 980	38 766	35 194
Shareholdings, available for sale	0	0	0	210	298
Commercial paper and bonds, held to maturity	56 518	52 587	52 282	51 656	54 390
Investment property	23 583	23 143	20 753	19 341	19 690
Investments in associated companies	1 440	1 402	1 362	1 382	1 452
Intangible assets	6 159	6 042	5 401	5 440	5 647
Deferred tax assets	53	52	260	301	292
Fixed assets	5 121	5 120	4 777	5 000	5 222
Biological assets	0	0	0	147	247
Discontinuing operations	0	27	0	0	0
Other assets	6 407	4 889	6 194	8 061	9 004
Total assets	1 138 657	1 081 191	1 040 528	992 251	960 886
Liabilities and equity					
Loans and deposits from credit institutions	110 535	108 053	103 295	94 182	87 222
Deposits from customers	420 836	410 991	399 273	383 179	369 018
Financial derivatives	31 280	31 845	30 614	36 871	33 028
Securities issued	261 995	236 588	222 248	207 473	199 824
Insurance liabilities, customers bearing the risk	15 143	13 136	12 016	10 766	10 354
Liabilities to life insurance policyholders	182 838	174 675	168 056	162 149	157 977
Payable taxes	1 687	943	3 934	3 139	2 403
Deferred taxes	1 832	1 759	17	0	0
Other liabilities	18 115	14 358	16 706	13 310	18 161
Discontinuing operations	0	0	0	0	0
Provisions	4 297	4 495	4 806	5 113	5 374
Subordinated loan capital	28 401	25 996	25 193	24 283	24 658
Total liabilities	1 076 957	1 022 838	986 157	940 465	908 018
Minority interests	1 520	946	6	42	33
Revaluation reserve	0	0	0	90	116
Share capital	13 369	13 369	13 367	13 369	13 366
Other reserves and retained earnings	46 811	44 038	40 998	38 285	39 353
Total equity	61 699	58 353	54 371	51 786	52 868
Total liabilities and equity	1 138 657	1 081 191	1 040 528	992 251	960 886

Profit and loss accounts DnB NOR ASA

According to NGAAP ¹⁾

<i>Amounts in NOK million</i>	1st quarter 2006	1st quarter 2005	Full year 2005	Full year 2004
Interest income	28	33	173	101
Interest expenses	41	46	186	229
Net interest income and credit commissions	(13)	(12)	(13)	(128)
Dividends from group companies/group contributions	0	0	5 532	7 881
Net gains on foreign exchange and financial instruments	0	0	(9)	0
Commissions and fees payable etc.	1	1	6	8
Net other operating income	(1)	(1)	5 517	7 874
Salaries and other ordinary personnel expenses	0	20	38	37
Administrative expenses	45	41	160	102
Sundry ordinary operating expenses	0	0	4	7
Other expenses	0	0	0	7
Total operating expenses	45	61	202	153
Pre-tax operating profit before losses	(59)	(74)	5 302	7 592
Net gains on long-term securities	0	0	0	15
Pre-tax operating profit	(59)	(74)	5 302	7 607
Taxes	(16)	(21)	595	2 118
Profit for the period	(42)	(53)	4 708	5 489

Balance sheets DnB NOR ASA

According to NGAAP ¹⁾

<i>Amounts in NOK million</i>	31 March 2006	31 Dec. 2005	31 March 2005	31 Dec. 2004
Assets				
Deposits with DnB NOR Bank ASA	3 810	3 808	4 537	4 021
Lending to other group companies	225	225	2 035	2 055
Investments in group companies	48 612	48 612	45 975	45 975
Other receivables due from group companies	6 992	6 992	7 882	8 069
Other assets	50	45	60	57
Total assets	59 688	59 682	60 489	60 177
Liabilities and equity				
Loans from DnB NOR Bank ASA	5 936	5 936	6 153	6 153
Loans from other group companies	2 314	2 249	2 042	2 025
Other liabilities and provisions	4 680	4 697	5 582	5 552
Paid-in capital	25 303	25 303	25 303	24 983
Retained earnings	21 455	21 497	21 410	21 463
Total liabilities and equity	59 688	59 682	60 489	60 177

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

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