Annual report 2005

• Frits Thaulow, *A Winterday, 1890* •

DnB NOR

Shareholders registered as owners in DnB NOR ASA with the Norwegian Central Securities Depository (VPS) can now receive annual reports electronically instead of by regular mail. For more information, please contact your VPS registrar or go directly to www.vps.no/erapport.html.

Contents

The Group's annual report has been approved by the Board of Directors in the original Norwegian version. This is an English translation.

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2005 in brief

Pre-tax operating profits before write-downs (NOK million): 12 467 (9 391)
Profits for the year (NOK million): 10 144 (8 241)
Earnings per share (NOK): 7.59 (6.25)
Proposed dividend (NOK): 3.50 (2.55)
Total combined assets at year-end (NOK billion): 1 463 (1 244)
Return on equity (per cent): 18.8 (17.7)

(2004 in parentheses)

First quarter

- Accounts for the first quarter of 2005 were presented in accordance with new international reporting standards, IFRS
- As the first bank in Norway, DnB NOR launched an exchange-traded fund, DnB NOR OBX
- DnB NOR ASA's Board of Directors approved new equal opportunity measures for the Group

Second quarter

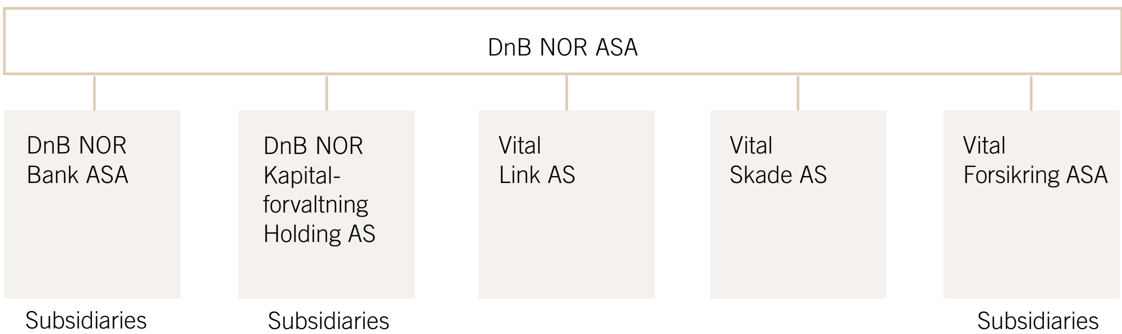
- DnB NOR and Norway Post renewed until 2012 the agreement on the sale of Postbanken's services in the postal network
- The Group sold its holdings in Pan Fish and Aurora Salmon
- The process of re-profiling all branch offices to the new DnB NOR image was completed
- DnB NOR entered into an agreement to become one of the global founding partners for the Nobel Peace Center
- The Group featured on the list of the 500 largest global companies
- The new Group Board of Directors was elected, with 41 per cent female representation
- The credit rating agency Standard & Poor's upgraded DnB NOR Bank ASA from A to A+

Third quarter

- DnB NOR launched first-home loans with interest rate ceiling for the customer group young adults
- Vital excluded 34 international companies from its investment portfolio based on new ethical management guidelines
- Nordlandsbanken was continued as a separate bank following approval by the Ministry of Finance
- DnB NOR Boligkreditt was established in response to increased competition within housing finance
- The Group sent an application to Kredittilsynet for permission to use the Advanced Internal Ratings-Based approach (IRB) for credit risk to calculate the Group's capital adequacy according to new capital adequacy regulations, Basel II
- Asset Management launched the "Save Smart" concept, consisting of five packaged fund portfolios

Fourth quarter

- DnB NOR established the jointly-owned bank DnB NORD together with the German bank NORD/LB
- Vital and Norway Post signed the market's largest defined-contribution pension agreement
- The Board of Directors adopted new corporate social responsibility guidelines for asset management and credit operations
- DnB NOR became one of the main sponsors of the "Ibsen Year 2006"



Key figures

Profit and loss accounts		
Amounts in NOK million	*2005*	*Pro forma 2004*
Net interest income	13 610	13 306
Net other ordinary operating income	11 721	10 486
Ordinary operating expenses	12 711	13 326
Other expenses	153	1 076
Pre-tax operating profit before write-downs	12 467	9 391
Net gains on fixed and intangible assets	775	914
Write-downs on loans and guarantees	133	(179)
Pre-tax operating profit	13 109	10 484
Taxes	2 965	2 322
Profit from discontinuing operations after taxes	0	79
Profit for the year	10 144	8 241
Earnings per share (NOK)	7.59	6.25

Balance sheets		
Amounts in NOK million	*31 Dec. 2005*	*Pro forma 31 Dec. 2004*
Total assets	1 081 191	911 702
Net lending to customers	697 504	583 431
Deposits from customers	410 991	353 084
Average total assets for the year	997 527	898 615

Key figures		
	2005	*Pro forma 2004*
Return on equity (%)	18.8	17.7
Dividends per share (NOK)	3.50	2.55
Core capital ratio (%)	7.4	7.6
Capital adequacy ratio (%)	10.2	10.7
Loan-loss ratio (%)	0.02	(0.03)
Combined interest rate spread (%)	2.21	2.37
Share price at year-end (NOK)	72.00	59.75
Equity per share including accrued dividend at end of period (NOK)	43.65	38.06
Price/book value (including accrued dividend)	1.65	1.57

Financial calendar 2006

First quarter
11 May

Second quarter
10 August

Third quarter
2 November

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Annual General Meeting 25 April
The Annual General Meeting will be held Tuesday, 25 April 2006 at 6 p.m. at the Hotel Bristol, Kristian IV's gt 7, Oslo.

Distribution of dividends: 8 May

Ex-dividend date: 26 April

A new international reality

When DnB NOR was established on 4 December 2003, the Group had a market capitalisation of NOK 58 billion. In January 2006, our market capitalisation passed the NOK 100 billion mark. Based on the proposed dividend for 2005, we will have distributed NOK 10 billion in dividends to our owners since the merger. At the same time, we have been able to reduce costs and consequently offer our customers more competitive prices thanks to the dedicated efforts and enthusiasm of thousands of staff members. This has also resulted in DnB NOR now having more customers than ever, despite all predictions to the contrary.

2005 was the year when DnB NOR's operations took on a new dimension. At the beginning of 2006, we have approximately 2 200 employees outside Norway, resulting from an expansion built on five solid pillars:

- We are the gateway to Norway and Norway's financial representation in international markets. Through our branch offices we can serve businesses throughout the world. We have an international presence within business sectors such as shipping and energy. We are one of the world's largest shipping banks.
- In 2005, we defined Sweden as part of our home market, and the Swedish loan portfolio was doubled through organic growth and the acquisition of portfolios. At the same time, we are already one of Sweden's leading asset managers and at the end of the year four of the ten best equity funds in Sweden were managed by DnB NOR Asset Management.
- During the year, we established a cooperation with Norddeutsche Landesbank LB. The new company, DnB NORD, commenced its operations in January 2006. Headquartered in Denmark, the new bank will serve Finland, the Baltic region and Poland. We are already the third largest bank in Lithuania and becoming an increasingly important market participant in Latvia and Poland.
- During 2005, we also completed negotiations to acquire the Russian Monchebank in Murmansk, where we now have more than 100 000 retail customers, 350 corporate customers and close to 200 employees. We have had a presence in Murmansk for many years, but our new initiative represents a considerable upgrading of what we can offer both Russian and international customers in one of Russia's most exciting economic regions.
- Asia is an important market for DnB NOR. In the course of 2006, we will open a branch in Shanghai, where we previously have had a representative office. Our branch in Singapore has the primary responsibility for our expansion in Asia.

The most important customers for DnB NOR are those we already have. Irrespective of our initiatives abroad, Norway and the Norwegian domestic market represent the core of our operations. This is where we will defend and further develop our position as Norway's strongest and best financial services group. But what we do abroad is also a direct consequence of the desire to maintain our strong position in the domestic market. An increasing number of companies are engaging in cross-border business activities. More Norwegians are moving abroad and need financial institutions that can accompany them. In Northern Norway, contact with Russia and new opportunities are generating renewed optimism and creating new jobs, requiring first-class financial services in both countries.

Over the last few years, there have been major structural cross-border movements on the ownership side in the European financial industry. After a quiet period, such cross-border activity will again be stepped up in the Nordic region. We are not alone in recognising the potential for growth in Asia, the Baltic states, Russia and the rest of Eastern Europe, and the future will be characterised by intense competition. Through DnB NOR's results, financial strength, corporate values, expertise and underlying strategy, management and employees are well-prepared to meet any challenges that may arise in the future.

Group chief executive

• Roar Wold, *title unknown* • © Roar Wold / BONO 2006 •

What DnB NOR aspires to be

DnB NOR has high ambitions. Our vision is that the Group will develop in step with the requirements and expectations of customers, employees, shareholders and society at large.

The financial services group DnB NOR will

- meet the needs of households and companies for financial services nationally and, in selected areas, internationally
- with a history in Norway of more than 180 years, be vital to developments in cities and rural areas throughout the country
- create value and earnings through profitability and growth – so that DnB NOR becomes an increasingly attractive share
- maintain a diversified range of products and services that balances and secures our earnings base, also during fluctuations in the economy or in individual markets
- maintain financial strength and a well-developed understanding of risk
- show caution in the use of resources and efficiency in all our operations

DnB NOR will be a workplace where employees

- work to earn customer trust, every single day
- think like owners because they *are* owners
- are more interested in teamwork than in internal politics
- gladly give credit to others for good results, and readily assume responsibility for mistakes and correct them before they become a greater problem
- work efficiently and smart and question old habits, routines and accepted truths
- seek new challenges

We value a workplace where

- individuals look forward to going to work, have ample development opportunities and are proud to be a part of DnB NOR
- diversity in backgrounds, experience and competencies ensures a creative and inspiring working climate
- people show respect for each other and are committed to quality performance and, above all, to the value we create for our customers and shareholders
- most executives are trained and recruited internally
- executives delegate responsibility and value competence, initiative and independence
- decisions are unambiguous and made as close as possible to the customer
- remuneration is market-based and provides incentive
- the best people want to work

We aspire to be known as

- the entire country's local bank and the leading and best bank in the Norwegian financial services sector
- an open organisation doing what we say and delivering what we promise
- a company whose actions and what we stand for tolerate public scrutiny
- an organisation where everything we say and write is straightforward and understandable
- a driving force in innovation
- an active partner in the development of a society representing the good life, also for our children and grandchildren

• Jostein Kirkerud, *title unknown* • © Jostein Kirkerud •
• *Reception area at TMV-odden in Trondheim* •

Directors' report

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis.

Pursuant to Section 3-9 of the Norwegian Accounting Act, DnB NOR ASA prepares consolidated annual accounts in accordance with IFRS, International Financial Reporting Standards. The accounts and analyses presented below have been prepared on the basis of consolidated accounts according to IFRS. The principles applied are described under accounting principles. Both formal comparison figures and pro forma figures have been prepared for 2004. Formal comparison figures do not include the effects of the implementation of IAS 39 and IFRS 4, as these standards were not implemented until 1 January 2005. Pro forma figures for 2004 are based on the same principles as the 2005 figures. The analyses presented below are based on pro forma accounting figures for 2004. Up until 31 December 2004, the DnB NOR Group prepared consolidated accounts on the basis of Norwegian accounting legislation, accounting regulations issued by the Norwegian Ministry of Finance and Norwegian generally accepted accounting principles. Note 1 - Transition to IFRS explains the effects of the transition.

Thus far, capital adequacy regulations have not been adapted to financial reporting according to IFRS.

Operations in 2005

DnB NOR showed healthy growth and good financial performance in 2005. There was a rise in income in spite of intensified competition, while operating expenses were scaled down in line with the Group's integration process targets. Integration efforts progressed well, and synergies were realised ahead of schedule. There was sound quality in loan portfolios and a low level of write-downs on loans and guarantees.

At the end of 2005, DnB NOR was the fourth largest company on Oslo Børs with a market capitalisation of seven per cent of all companies listed on the stock exchange. In 2005, the aggregate return for shareholders in the form of increases in the share price and distributed dividends totalled NOK 20 billion or 25 per cent.

There was a very high level of customer activity and brisk sales in DnB NOR throughout 2005, resulting in high lending growth in both the retail and corporate markets. During 2005, DnB NOR became one of the world's largest shipping banks.

In recent years, competition has increased considerably in the housing finance market. In response to this competition, the DnB NOR Boligkreditt was established in 2005. When new legislation is in place during 2006, the company will be able to reduce the funding costs for the Group's housing loan portfolio in international financial markets through the issue of covered bonds, which will benefit both customers and shareholders.

There was a substantial increase in customer deposits in DnB NOR in 2005, reflecting good liquidity in the business sector and a high household savings ratio. Traditional bank savings continued to dominate, but represented a declining share of total savings owing to the increased interest in insurance savings and structured savings products. In response to the intensifying competition for customer savings, DnB NOR Asset Management launched the "Save Smart" concept in 2005, consisting of five packaged fund portfolios with different risk profiles and investment horizons. The concept was well received in the market. In 2005, Vital consolidated its position as Norway's largest provider of pension savings and life insurance products, and the number of new customers increased significantly.

The credit rating agency Standard and Poor's upgraded its long-term credit rating for DnB NOR Bank ASA from A to A+ in 2005. The upgrading reflects, among other things, the successful implementation of the merger process between DnB and Gjensidige NOR, entailing lower funding costs for the Group.

In 2005, DnB NOR and Norway Post entered into a new agreement to offer services in the postal network from 2006 to 2012. The agreement entered into force on 1 January 2006 and was a continuation of the agreement between DnB NOR and Norway Post.

In 2005, DnB NOR reinforced its future growth platform by expanding its international presence. DnB NOR and Norddeutsche Landesbank, NORD/LB, decided to establish a cooperation in the Baltic region, DnB NORD, with 130 branches in Finland, Denmark, Estonia, Latvia, Lithuania and Poland. DnB NOR owns 51 per cent of the new bank, which is headquartered in Copenhagen. As part of the agreement, DnB NOR took over the Swedish

Bent Pedersen (born 1942)
Board member in DnB NOR and board vice-chairman in DnB NOR Bank

Pedersen is CEO of KIRKBI A/S in Billund, Denmark. He serves on the boards of several Danish companies. Former board member in DnB Holding and vice-chairman in Den norske Bank. Pedersen previously held executive positions in Privatbanken in Denmark and was for many years managing director and a member of the group management team. He was also a member of the group management team in Unibank in Denmark. He holds an M.Sc. in Economics from Copenhagen Business School.

Heidi M. Petersen (born 1958)
Board member in DnB NOR and DnB NOR Bank

Petersen is managing director of Rambøll Future AS. Board chairman in Sandefjord Lufthavn Torp and a board member in Skagerak Energi and OEC Consulting. Former research assistant at the Norwegian University of Science and Technology (NTNU) in Trondheim, vice president in Kværner Oil & Gas in Sandefjord and chief executive in Future Engineering. She is a graduate of the Norwegian School of Sport Sciences and holds an M.Sc. from the Norwegian University of Science and Technology (NTNU) in Trondheim, Department of Chemistry.

Per Terje Vold (born 1945)
Board member in DnB NOR

Vold is director general of the Norwegian Oil Industry Association. Former board member in Gjensidige NOR, Union Bank of Norway, Statkraft, Moelven Industrier, the Association of Norwegian Insurance Companies and Verdalsbruket. Former CEO in UNI Storebrand, vice president in Statoil and managing director of the Federation of Norwegian Process Industries. Board chairman in the Norwegian Petroleum Museum. He is a graduate of the University of Oslo and the Norwegian School of Economics and Business Administration in Bergen.

operations of NORD/LB in the third quarter of 2005 and thereby doubled the Group's bank operations in Sweden.

During 2005, DnB NOR entered into an agreement to acquire Monchebank in Russia, and will open a full-service branch in Shanghai and an office in Houston in 2006. These investments give DnB NOR a future growth potential in interesting markets and segments.

Integration in the Group progressed smoothly during 2005. The process is followed closely by DnB NOR's Board of Directors and group management. Merger plans included staff cuts of 1 630 full-time positions and cost synergies of NOK 1 860 million, with full effect as from 2007. On an annualised basis, the cost synergies achieved in the fourth quarter of 2005 represented NOK 1 692 million or 91 per cent of the target set for 2007. At year-end 2005, the number of full-time positions had been cut back by 1 423 or 87 per cent of the final target for 2007.

The process of re-profiling the branch network was completed in 2005 and all branches now sport the new DnB NOR image. As a further measure to improve customer service, DnB NOR introduced a central switchboard number and an integrated Internet bank in 2005. In addition, the sales and credit support systems in the two merger banks were merged in an integrated customer system.

Risk measurement is a field subject to constant change. During 2004-2005, DnB NOR completed an extensive project to improve risk measurement in the Group, to provide, among other things, a good basis for adapting to the new capital adequacy regulations, Basel II. In the third quarter of 2005, DnB NOR sent an application to Kredittilsynet for permission to use internal measurement methods, IRB, for credit risk to calculate the Group's capital adequacy according to the new regulations from 2007.

The Group's core capital ratio was 7.4 per cent at year-end 2005. The Board of Directors considers the Group to be very well capitalised relative to the risk level of the loan portfolios and other operations.

In 2005, special corporate social responsibility guidelines were drawn up for credit operations, equity investments and DnB NOR Asset Management, taking ethical, environmental and social aspects into consideration in investing and lending.

To secure high professional competence and ethical standards in its customer advisory services, DnB NOR has started a programme of certification of its financial advisers in the business area Retail Banking. In 2006, a process was initiated to certify all employees who are primarily engaged in advising retail customers.

During the year, the Board of Directors held 19 meetings and the Group's future strategies and structure were extensively discussed and evaluated. The Audit Committee, which is a subcommittee composed of four of the Board's members, held five meetings in 2005. The committee reviewed the quarterly and annual accounts, risk reporting and the work of the internal and statutory auditors, and was involved in the implementation of IFRS in the accounts.

The Board wishes to thank all of the Group's employees for their positive contributions throughout 2005, a year characterised by strong competition, a high level of customer activity and growth, good financial performance, large-scale restructuring of operations, as well as progress in the integration that was ahead of schedule at the end of the year. The employees have shown great commitment and the ability to adapt in a challenging year.

Strategy

DnB NOR has the largest customer base in the Norwegian financial market and is a leader in most market segments. This market position provides a sound basis for generating further growth by developing and strengthening customer relationships. The business idea reflects DnB NOR's ambitions:

- *DnB NOR will be customers' best financial partner and will meet their needs for financial solutions.*
- *A local presence and a full range of services are our strengths.*

In the corporate and retail customer segments, work is in progress to further develop service concepts and a product range well-adapted to meet individual customer needs. Improved advisory services and decision-making as close as possible to the customer are important aspects of the strategy. DnB NOR's various business areas work in close cooperation to offer customers good financial solutions at all times. DnB NOR must develop new products and services in step with the needs of the market. It is essential to offer solutions that bring convenience to the everyday lives of customers. Both internal and external communication should be open, honest and easy to understand.

The Group's international growth will be based on comparative advantages in the form of either competence within various customer segments and industries, special product expertise or established relationships where it is logical to accompany customers expanding outside Norway.

DnB NOR is the preferred partner for international customers doing business in Norway.

DnB NOR has a strong position within asset management in the Nordic region, and Sweden is defined as part of the Group's home market. The acquisition of NORD/LB's Swedish operations is part of the expansion in this region.

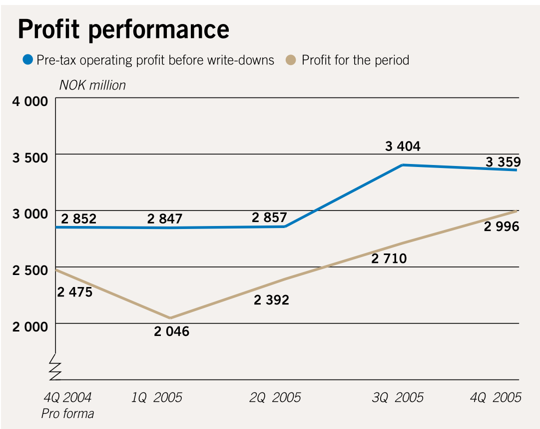
The Group holds a leading position within international shipping. DnB NOR also has strong expertise and an international presence in other sectors, such as energy and fisheries. The purchase of the Russian bank Monchebank, headquartered in Murmansk, is in line with DnB NOR's stated international strategy. There is a high level of activity in the energy, fisheries and shipping sectors in Murmansk and the Barents region, which correspond to DnB NOR's international priority areas.

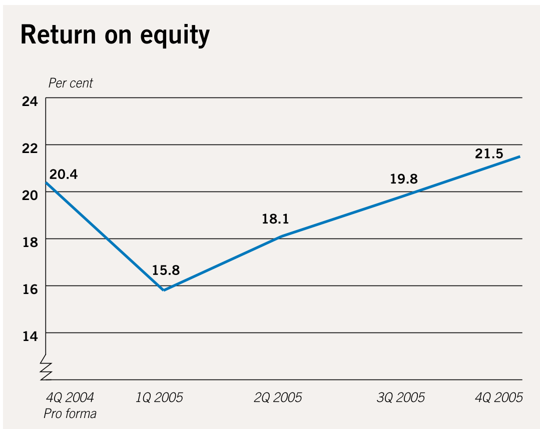
The Baltic states and Poland are important markets experiencing strong growth, and an increasing number of DnB NOR's customers are establishing operations in this area. Thus, the creation of DnB NORD, which is owned 51 per cent by DnB NOR and 49 per cent by NORD/LB, is an important strategic initiative in accompanying customers into one of Europe's most dynamic regions. DnB NORD has taken over NORD/LB's operations in Estonia, Latvia, Lithuania and Poland and will consequently have a strong market position from the start, with 130 branches, approximately 1 700 employees and a position as the third largest bank in Lithuania and the fourth largest in Latvia.

A common value base and culture are prerequisites for creating a uniform DnB NOR image in the market. The Group's shared values, team spirit, simplicity and value creation, describe what should distinguish the organisation and work processes both internally and in relation to customers. The Group's strategic platform forms the foundation and under the heading "This is the way we do things", units throughout the Group have defined what the Group's business idea and values mean for each unit and employee. Values are also reflected in the leadership principles and in how the Group's brands will be projected in the market.

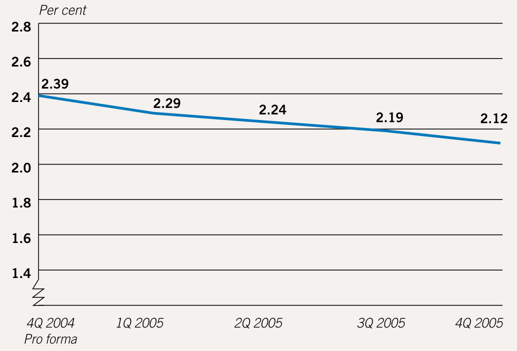
The financial targets reflect the aim to create shareholder value. The Group seeks to achieve a return on equity and share price increases that are competitive in a Nordic context. The specific long-term targets are:

- A return on equity above 15 per cent
- A cost/income ratio below 50 per cent by 2008
- A core capital ratio of minimum 7 per cent
- Approximately 50 per cent of annual profits should be distributed as dividends, provided that capital adequacy remains at a satisfactory level
- DnB NOR Bank ASA's ratings for ordinary long-term debt should be maintained at an Aa level according to Moody's



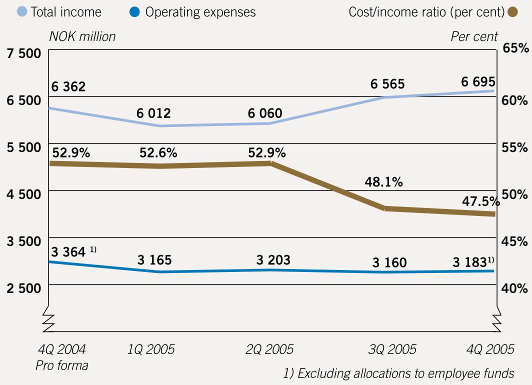


Development in average interest rate spread [1]



1) Combined average spread for lending and deposits

Cost/income ratio



1) Excluding allocations to employee funds

Review of the annual accounts

The DnB NOR Group recorded pre-tax operating profits before write-downs of NOK 12 467 million in 2005, up NOK 3 076 million or 33 per cent compared with 2004. Profits for the year totalled NOK 10 144 million, an increase of NOK 1 903 million or 23 per cent from the previous year. Return on equity was 18.8 per cent in 2005, up from 17.7 per cent in 2004. Earnings per share were NOK 7.59 and NOK 6.25 respectively. The ratio of ordinary expenses to income was 50.2 per cent in 2005 and 56.0 per cent in 2004.

Income

Income totalled NOK 25 331 million, an increase of NOK 1 539 million or 6.5 per cent from 2004.

Net interest income

Net interest income was NOK 13 610 million in 2005, a rise of NOK 304 million compared with 2004.

Growth in average lending and deposit volumes of NOK 59 billion and NOK 33 billion, or 10.7 and 9.3 per cent, respectively from 2004, boosted net interest income by NOK 1 138 million in 2005. Compared with 2004, the combined spread contracted by 0.16 percentage points, bringing down net interest income by NOK 889 million in 2005. No levies were paid to the Norwegian Banks' Guarantee Fund in 2005. In 2004, levies of NOK 269 million were paid.

Table 1 specifies changes in net interest income from 2004 according to main items.

Net other operating income

Net other operating income totalled NOK 11 721 million in 2005, up NOK 1 235 million from 2004. Net other operating income represented 46.3 per cent of total income in 2005, as against 44.1 per cent in 2004. 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.

Table 2 specifies changes from 2004 according to main items.

Table 1: Changes in net interest income

Amounts in NOK million	*2005*	*Change*	*2004*
Net interest income	13 610	304	13 306
Of which:			
Lending and deposit volumes		1 138	
Lending and deposit spreads		(889)	
Levies to the Banks' Guarantee Fund		269	
Other		(215)	

Table 2: Changes in net other operating income

Amounts in NOK million	*2005*	*Change*	*2004*
Net other operating income	11 721	1 235	10 486
Of which:			
Net commissions and fees		753	
Income on financial instruments		600	
Net financial and risk result from Vital		(117)	
Other income		(1)	

Operating expenses
Operating expenses totalled NOK 12 864 million in 2005, a reduction of NOK 1 538 million from 2004. The reduction was mainly a result of synergy gains and a cutback in costs due to changes in the pension scheme for employees. In addition, the 2004 accounts included restructuring provisions. The cost cuts were achieved in spite of the Group's strong expansion in Norway and abroad.

Table 3 shows changes from 2004 according to main items.

Net gains on fixed and intangible assets
Net gains on fixed and intangible assets came to NOK 775 million in 2005. The largest gains referred to the sale of ownership positions in Brazilian companies and the sale of holdings in fish farming companies and bank properties in Norway.

Write-downs on commitments
In consequence of low interest rate levels and the healthy financial position of households and the business sector, combined with sound quality in the Group's loan portfolios, DnB NOR recorded low write-downs on loans and guarantees in 2005. Net write-downs on loans and guarantees came to NOK 133 million, with individual write-downs of NOK 234 million and reversals on group write-downs of NOK 101 million. Corresponding figures for 2004 showed net reversals on write-downs of NOK 179 million, with individual write-downs of NOK 97 million and reversals on group write-downs of NOK 276 million.

New individual write-downs totalled NOK 877 million, while reversals and recoveries on previously impaired commitments came to NOK 643 million. In 2004, new individual write-downs were NOK 1 333 million, while reversals and recoveries stood at NOK 1 236 million.

Table 4 specifies changes in net write-downs from 2004 to 2005 according to main items.

After deductions for individual write-downs, net impaired commitments excluding DnB NORD came to NOK 4 083 million at year-end 2005. Net non-performing and impaired commitments represented 0.63 per cent of net lending at the end of 2005. Including DnB NORD, which was incorporated in DnB NOR's accounts as at 31 December 2005, net impaired commitments came to NOK 4 751 million at year-end.

Taxes
The DnB NOR Group's tax charge for 2005 totalled NOK 2 965 million, representing 22.6 per cent of pre-tax operating profits. In 2004, the tax charge was NOK 2 322 million or 22.1 per cent of pre-tax operating profits. The DnB NOR Group anticipates a future normalised tax level of 25 per cent. After the transition to IFRS, taxes on insurance operations are classified as taxes for the DnB NOR Group.

Balance sheet and assets under management
At end-December 2005, total combined assets in the DnB NOR Group were NOK 1 463 billion, an increase of NOK 219 billion or 17.6 per cent from a year earlier. Total assets in the Group's balance sheet were NOK 1 081 billion at year-end 2005 and NOK 912 billion a year earlier.

Net lending to customers rose by NOK 95 billion or 16.2 per cent in 2005, excluding DnB NORD, with NOK 36 billion and NOK 59 billion referring to the retail and corporate markets respectively. The

Table 3: Changes in operating expenses

Amounts in NOK million	*2005*	*Change*	*2004*
Operating expenses	12 864	(1 538)	14 402
Of which:			
Performance-based pay		215	
Wage settlements		133	
Marketing		104	
Restructuring provisions		(930)	
Synergies		(787)	
Pension expenses		(303)	
Other		30	

Table 4: Changes in write-downs

Amounts in NOK million	*2005*	*Change*	*2004*
Net write-downs	133	312	(179)
Of which:			
Increase in net individual write-downs		137	
Reduction in reversals on group write-downs		175	

rise in lending to retail customers mainly represented well-secured housing loans. The loan portfolio of DnB NORD totalled NOK 19 billion at end-December 2005.

Customer deposits rose by NOK 48 billion or 13.6 per cent in 2005, excluding deposits in DnB NORD. Customer deposits in DnB NORD totalled NOK 10 billion at year-end 2005. The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 58.9 per cent at end-December 2005, down from 60.5 per cent a year earlier.

The increase in customer deposits was not sufficient to finance the rise in the Group's total assets. A significant share of DnB NOR's operations is funded through lending in Norwegian and international capital markets. Securities issued by the Group represented NOK 237 billion at end-December 2005, an increase of NOK 44 billion or 22.9 per cent.

Total assets in Vital were NOK 203 billion at year-end 2005, compared with NOK 175 billion a year earlier.

Risk

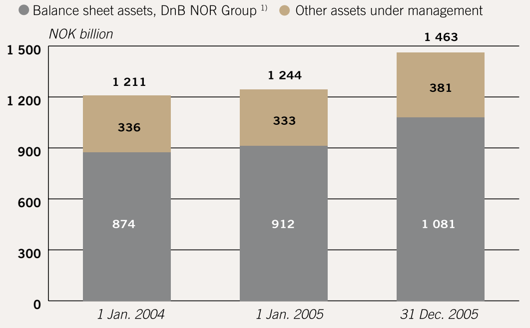
DnB NOR quantifies risk by measuring risk-adjusted capital. Net risk-adjusted capital increased by NOK 7.5 billion in 2005, reflecting rising credit volumes and an increase in total assets in Vital. In the fourth quarter of the year, DnB NORD was included in the calculations on a fully consolidated basis, resulting in an increase of approximately NOK 1.2 billion in net risk-adjusted capital.

Calculations indicate that the DnB NOR Group was very well capitalised relative to the Group's equity and core capital.

Table 5 shows developments in risk-adjusted capital.

The macroeconomic climate had a favourable impact on operations in 2005. Oil prices rose significantly parallel to very strong growth in the Norwegian and international economy. Inflation and interest rate levels remained low. The energy-dominated Oslo Børs climbed by a good 40 per cent in 2005, and petroleum investment rose. The Norwegian krone

Total combined assets



1) Includes total assets in Vital included in the balance sheet of the DnB NOR Group. Total assets in Vital before the elimination of balance sheet items were NOK 161 billion as at 1 January 2004, NOK 175 billion as at 1 January 2005 and NOK 203 billion as at 31 December 2005.

rate remained stable against the euro, but depreciated against the US dollar. Thus, exchange rate movements bolstered the competitiveness of the Norwegian business sector.

There was increasing credit demand during 2005. The second half of the year saw a significant rise in corporate lending, especially in the shipping and offshore sectors. The bank participated in various acquisition financings, the majority of which were initiated by private equity funds. DnB NOR primarily took part in financings where the bank had good knowledge of the acquired company. There was steady, high growth in housing loans throughout the year. Due to favourable macroeconomic parameters, credit quality was sound and stable. 2005 was a good year for the fish farming industry, and prices remained at a satisfactory level. The bank's risk exposure to this industry was reduced through the sale of shares in Pan Fish and other fish farming companies in which the bank had holdings due to the conversion of debt to equity in previous years.

Buoyant stock markets, rising property values and falling long-term interest rates ensured a healthy return on financial assets in Vital in 2005. The securities adjustment reserve increased by close to NOK 2 billion and additional allocations by NOK 1.4 billion. These buffers totalled NOK 9.1 billion at year-end 2005. In addition, bonds held to maturity in Vital

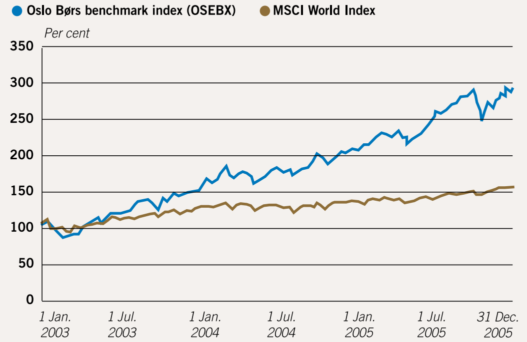
Table 5: Developments in risk-adjusted capital

Amounts in NOK billion	*31 Dec. 2005*	*31 Dec. 2004*
Credit risk	31.1	23.6
Market risk	1.9	2.1
Ownership risk for Vital	8.7	7.2
Operational risk	4.2	4.0
Business risk	1.6	1.6
Gross risk-adjusted capital	47.6	38.5
Diversification effect [1)]	(13.7)	(12.1)
Net risk-adjusted capital	33.8	26.4
Diversification effect in per cent of gross risk-adjusted capital	28.8	31.4

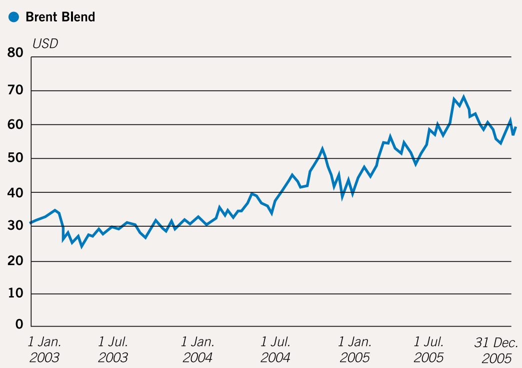
1) The diversification effect refers to the effect achieved by the Group in reducing risk by operating within several risk categories where unexpected losses are unlikely to occur at the same time.

Norwegian and international interest rates

Norwegian and international share price developments 1 January 2003 = 100



Oil price development



totalling NOK 51 billion generated average yields of 5.7 per cent, which helped maintain returns on financial assets. Strengthened buffer capital made it possible to increase the proportion of equity investments in life insurance operations from 16.6 per cent at the beginning of the year to 23.3 per cent at year-end. Over time, the low level of long-term interest rates could pose a challenge with respect to Vital's guaranteed rate of return on policyholders' funds.

Market risk remained at a low, stable level throughout the year. However, the risk associated with equity investments was reduced significantly while there was a moderate rise in risk both in the trading portfolio and for interest rate instruments in the banking portfolio. One of the reasons for this was the inclusion of DnB NORD as at 31 December 2005. Nevertheless, DnB NOR has low limits for position-taking in the interest rate and foreign exchange markets. The low risk level reflects the fact that approximately NOK 300 million in risk-adjusted capital refers to such positions in the trading portfolio. Equity risk was reduced through the sale of a number of equity holdings, for example in companies in Brazil and in Storebrand. Equity investments excluding subsidiaries and associated companies totalled approximately NOK 2 billion as at 31 December 2005.

Operational and business risk remained stable during 2005. As of 1 January 2005, systematic registration and quantification of operational errors and losses was introduced in the Group. In consequence of this, management's awareness of operational risk increased and efforts to reduce such risk were stepped up. The Group recorded no major operational losses in 2005, though there were certain operational disruptions linked to DnB NOR's IT systems which caused inconvenience for the Group's customers. A number of measures were introduced to secure operational stability. The integration of IT systems in the wake of the merger has still not been completed and continues to represent operational risk.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by 20.6 per cent during the year, to NOK 714 billion at end-December 2005. The core capital ratio was 7.4 per cent at year-end 2005, compared with 7.6 per cent in 2004. The capital adequacy ratio was 10.2 per cent at the end of 2005.

Business areas

Corporate Banking and Payment Services

Corporate Banking and Payment Services maintained its sound market position in 2005 and recorded a rise in profits.

There was intensifying competition in all segments of the Norwegian and international banking markets during 2005, resulting in narrower spreads. Customers' financial position improved, and credit demand

Per Hoffmann (born 1951)*
Board employee representative in DnB NOR and DnB NOR Bank

Hoffmann is an employee representative in DnB NOR Bank and former board member in DnB Holding and Den norske Bank.

Nina Britt Husebø (born 1957)*
Board employee representative in DnB NOR

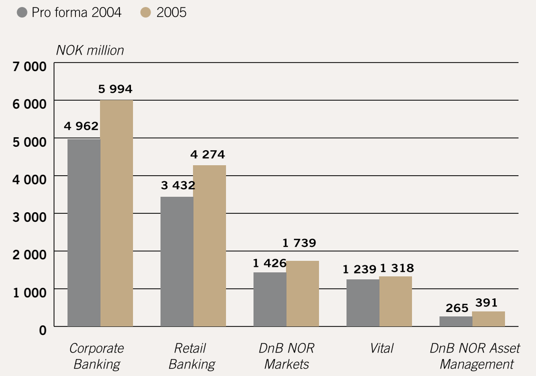
Husebø has been chief employee representative and an employee-elected deputy on the Board of Directors in DnB NOR Finans since 1995. Vice-chairman in the Group Employee Representative Committee, Finance Sector Union, in DnB NOR.

Jørn O. Kvilhaug (born 1951)*
Board employee representative in DnB NOR

Kvilhaug works as an insurer in Vital Forsikring. Former board member in DnB Holding.

** Not independent, see page 29 under "Corporate governance"*

Business areas – pre-tax operating profit



rose in the course of the year. In connection with the establishment of DnB NORD, Corporate Banking took over NORD/LB's banking operations in Sweden. It was decided to establish a branch in Shanghai, and the necessary applications were sent to the Chinese and Norwegian authorities. Corporate Banking increased its focus on customer loyalty programmes in 2005 by launching "Partner" and "Partner Pluss". The number of companies subscribing to such programmes rose by close to 20 per cent. In autumn 2005, Corporate Banking introduced mandatory occupational pensions for clients, a product provided by Vital.

During 2005, Payment Services was integrated into the business area Corporate Banking. The description of the business area below only includes operations in Corporate Banking. Corporate Banking achieved pre-tax operating profits of NOK 5 994 million, up from NOK 4 962 million in 2004. The positive trend was due to a combination of higher income, lower expenses and net sales gains.

Ordinary net interest income was up NOK 83 million from 2004, reflecting strong growth in volumes and an increase in front-end fees.

Other income stood at NOK 2 501 million, an increase of NOK 413 million compared with 2004. The rise was due to a high level of customer-related activity, providing healthy income from advisory services, higher income from corporate finance activity, sound income relating to foreign exchange and interest rate products and brisk syndication activity. Income from payment services declined due to changes in customer product preferences and the introduction of lower priced products.

Operating expenses totalled NOK 3 250 million in 2005, cut back by NOK 87 million compared with 2004. Synergies resulting from the DnB NOR merger compensated for rising costs due to higher salaries and international initiatives. Staff synergies realised by Corporate Banking in 2005 corresponded to 74 full-time positions, with a total of 219 full-time positions subsequent to the merger, while accumulated cost synergies of NOK 159 million had been realised by the end of 2005. At end-December 2005, Corporate Banking staff represented 1 809 full-time positions, including 546 positions in subsidiaries and 171 in international units.

The quality of the credit portfolio was sound and stable in 2005. Net reversals on write-downs on loans came to NOK 20 million. The level of write-downs reflected reversals on provisions on a number of commitments. Net gains on the sale of assets were NOK 511 million in 2005.

Credit demand from Norwegian companies rose significantly during 2005, and credit growth was on a level with the retail market during the last few months of the year. Total loans and guarantees averaged NOK 323 billion in 2005, which was NOK 26 billion above the 2004 figure, and Corporate Banking strengthened its position in the Norwegian market towards the end of the year. Thanks to sound liquidity in the business

• Svein Strand, *title unknown* • © Svein Strand / BONO 2006 •
• From the employee cafeteria at Kirkegata 18, Oslo •

sector in 2005, average deposits rose by NOK 24 billion to NOK 200 billion compared with the previous year.

Corporate Banking further enhanced its international presence during 2005, primarily in the shipping and energy sectors. DnB NOR is one of the world's foremost shipping banks.

The brisk demand for credit is expected to continue in 2006 and boost lending volumes. It is anticipated that strong competition and a low level of expected losses will prolong pressure on margins. A higher level of activity is expected in Sweden through the expansion of both banking operations and initiatives undertaken by DnB NOR Finans. The opening of an office in Houston and a branch in Shanghai will further strengthen DnB NOR's international presence. Corporate Banking aims to be the preferred supplier of mandatory occupational pensions to the bank's corporate customers.

Retail Banking

Retail Banking showed healthy progress in 2005.

Important parts of the integration after the DnB NOR merger were implemented in 2005, including moving bank branches into common premises at 53 locations. Products were harmonised and sales of the new customer loyalty programmes received high priority. Norway Post chose Postbanken as a partner in its round of tenders for the distribution of banking services in the postal network, and the new agreement will remain in force until the end of 2012. The product "first home loan with interest rate ceiling" was launched as part of a new initiative aimed at the customer group "young adults" and was highly successful. Parallel to this, measures to strengthen market positions in the largest cities along the Norwegian coast produced very good results. In November 2005, DnB NOR Eiendom was the first real estate broker in Norway to start sending property information to prospective buyers' mobile phones.

Retail Banking recorded pre-tax operating profits of NOK 4 274 million in 2005, an increase of NOK 841 million from the previous year. Brisk demand for housing loans combined with good sales results boosted lending by NOK 36 billion or 11.4 per cent compared with 2004. The increase in volume related mainly to well-secured housing loans. Bank deposits rose by NOK 9 billion or 5.0 per cent in 2005.

In consequence of the brisk growth in lending, net interest income was up NOK 360 million to NOK 7 660 million in 2005. Strong competition in the market caused narrower lending spreads, which averaged 1.6 per cent in 2005, down 0.1 percentage points compared with 2004.

Net other operating income increased by NOK 315 million from 2004. Income on real estate broking and the sale of mutual funds and insurance products helped boost income.

Operating expenses were brought down by NOK 232 million from 2004, totaling NOK 6 215 million for 2005. Retail Banking staff represented 4 103 full-time positions at year-end 2005. The business area was ahead of schedule in realising synergies in connection with the DnB NOR merger, with accumulated staff synergies corresponding to 700 full-time positions. Net write-downs on loans remained low in 2005, totalling NOK 254 million.

At end-December 2005, the share of credit to retail customers was 30.4 per cent, while the corresponding market share for deposits was 38.0 per cent.

Sales of customer loyalty programmes and Internet banking agreements were still increasing, and a total of 918 000 customers subscribed to loyalty programmes at end-December 2005. 532 000 were under the DnB NOR brand while 386 000 were Postbanken Leve product packages. The number of Internet banking agreements rose to just over 1.1 million, and 51 million Internet banking transactions were carried out in 2005, compared with 41 million in 2004.

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 achieved healthy profits in all areas of operation in 2005.

Financial performance reflected brisk activity in all customer segments, which can be partly attributed to record trading on Oslo Børs. The benchmark index rose by 40.5 per cent during the year, and 46 new companies were accepted for listing. There was also healthy demand for other investment products, as well as foreigh exchange and interest rate hedging products. DnB NOR Markets strengthened its position as the largest arranger of bond issues in an expanding market, and was the leading brokerage house within trading in bonds and commercial paper, equities and derivatives on Oslo Børs in 2005.

DnB NOR Markets introduced a number of new investment products in 2005, including Norway's first exchange-traded fund (ETF), a new fund for private investment capital and new credit derivatives in the form of credit linked notes (CLN).

Pre-tax operating profits increased by NOK 314 million or 22 per cent compared with 2004, to NOK 1 739 million. Return on equity stood at 55.5 per cent.

Income totalled NOK 3 018 million, up NOK 502 million from 2004. Costs increased by NOK 181 million to NOK 1 268 million, mainly due to a rise in performance-based pay reflecting healthy profits. The cost/income ratio was 42 per cent. All merger synergies were fully realised in 2004.

Income on customer business in foreign exchange and interest rate derivatives, excluding IFRS effects, was NOK 970 million, an increase of NOK 94 million compared with 2004. There was brisk demand for interest rate and currency hedging products in 2005. In addition, the customer portfolio expanded, and customers requested a broader range of products.

Customer-related revenues from the sale of securities and other investment products were NOK 797 million, up NOK 267 million compared with the previ-

Anne Carine Tanum (born 1954)
Board member in DnB NOR

Tanum is managing director and owner of the Tanum book store chain. Former board member in DnB Holding, Den norske Bank and Vital Forsikring. Board member in the Eastern Norway Regional Health Authority and the Norwegian National Opera. Former board chairman in NRK (the Norwegian Broadcasting Corporation). She previously worked in the Norwegian Ministry of the Environment. Tanum holds a law degree from the University of Oslo.

Ingjerd Skjeldrum (born 1957)*
Board employee representative in DnB NOR and DnB NOR Bank

Skjeldrum has been a full-time employee representative since the formation of Union Bank of Norway and chief group employee representative for the savings bank since 1 February 2000. She is a member of the national board of the Finance Sector Union, a former board member in Union Bank of Norway and Gjensidige NOR and has previously held positions within the retail market in Gjensidige NOR.

Berit Kjøll (born 1955)
Board member in DnB NOR

Kjøll is a vice president in Telenor and a board member in SAS, Tusenfryd and Telenor Mobil. Former board member in DnB Holding and managing director of Universitetenes Reisebyråkjede (now Kilroy Travels), Tusenfryd, Flytoget and Steen & Strøm. She is a graduate of the BI Norwegian School of Marketing.

** Not independent, see page 29 under "Corporate governance"*

ous year. This was due to a high level of activity and a strengthened market position within trading in equities and equity derivatives, combined with healthy demand for capital-guaranteed investment products and direct investments in commercial property.

Earnings on corporate finance services totalled NOK 387 million, an increase of NOK 178 million from 2004. There was brisk activity within initial public offerings (IPOs) and share issues, and DnB NOR Markets strengthened its position as an arranger of a number of IPOs in 2005. DnB NOR Markets Inc. in New York participated in several share and bond issues for the bank's customers in the US market.

Income from the sale of custodial services was NOK 237 million, up NOK 45 million from the previous year, reflecting brisk activity in the stock market and a high number of share issues. Customer demand for securities lending and securities financing services rose.

Earnings from market making and other proprietary trading totalled NOK 594 million, excluding IFRS effects, down NOK 69 million from the high level in 2004.

Fluctuations in the NOK exchange rate and Norwegian interest rate levels, stock market activity and credit market trends will be decisive factors for the business area's future performance.

Vital

Vital, Norway's largest provider of pension savings and life insurance products, showed healthy performance in 2005.

Vital experienced a significant rise in the number of customers in 2005, reflecting greater interest in defined-contribution pensions in the corporate market. In 2005, Norway Post chose Vital as their supplier of defined-contribution pensions, which will be the most extensive scheme of its kind in the Norwegian market. Four municipalities chose Vital as their pension supplier as from 1 January 2005, and in autumn 2005, an additional two municipalities decided to transfer to Vital as from 1 January 2006.

Total assets as at 31 December 2005 were NOK 202.7 billion, a rise of 16 per cent compared with year-end 2004. Increasing by 12 per cent, premium income totalled NOK 24.9 billion. Premium income in the retail market came to NOK 14.9 billion, up 56 per cent over the 12-month period.

Vital posted pre-tax operating profits of NOK 1 318 million in 2005, with profits of NOK 1 324 million in Vital Forsikring and a loss of NOK 6 million in Vital Link. The recorded and value-adjusted returns on capital in Vital Forsikring were 7.3 and 8.3 per cent respectively in 2005, compared with 6.5 and 7.1 per cent in 2004. The figures do not include unrealised gains on securities held to maturity. The interest result was NOK 6 053 million before transfers to additional allocations, as against NOK 4 137 million in 2004. The securities adjustment reserve increased by NOK 1 966 million, and NOK 1 500 million was transferred to additional allocations in 2005.

The administration result was negative at NOK 83 million, which was an improvement compared with a negative NOK 137 million the previous year, excluding restructuring provisions in 2004. The risk result came to NOK 94 million, as against a negative NOK 312 million in 2004.

Vital realised staff synergies corresponding to 48 full-time positions in 2005. Accumulated staff synergies representing 106 full-time positions and cost synergies of NOK 105 million had been realised by year-end 2005.

Vital's market share of policyholders' funds was 34.9 per cent at end-September 2005, compared with 34.7 per cent at end-December 2004.

In consequence of the introduction of mandatory occupational pensions, pension schemes will have to be established for some 550 000 employees in around 60 000 companies. This market is expected to represent annual premium payments of approximately NOK 3 billion. Vital aspires to secure a leading position in this market.

Vital has initiated the necessary preparations to meet changes in the pension system and in parameters for the industry resulting from the pension reform and new legislation for life insurance operations.

Vital anticipates continued growth in the market for pension savings and aims to consolidate its market position while generating sound profits for its owner and policyholders.

DnB NOR Asset Management

Favourable stock market performance helped ensure sound growth for DnB NOR Asset Management in 2005. During the year, Morgan Stanley's global equity index (MSCI World) rose 9.5 per cent measured in local currencies and by 22.4 per cent measured in Norwegian kroner. The stock exchanges in Stockholm and Oslo climbed 29.4 and 40.5 per cent respectively during this period. The "Save Smart" concept launched during 2005 was very well received in the market, and net subscriptions totalled more than NOK 5.4 billion for the year.

In 2005, minimum ethical standards were introduced for all investments, which imply that all companies DnB NOR Asset Management invests in, either through the business area's own mutual fund products or on behalf of customers, will be considered based on social, environmental and ethical criteria. The minimum standard criteria are in line with DnB NOR's policy for corporate social responsibility and international principles and conventions endorsed by the Group.

Pre-tax operating profits were NOK 391 million in 2005, up from NOK 265 million in 2004. Income totalled NOK 1 036 million in 2005, with commission income at NOK 1 007 million, an increase of NOK 102 million compared with 2004. Operating expenses in 2005 came to NOK 642 million, down NOK 38 million from the previous year. DnB NOR Asset Management realised staff synergies corresponding to 12 full-time positions in 2005, with accumulated staff synergies of 83 full-time positions subsequent to the DnB NOR merger. At year-end 2005, total cost synergies of NOK 86 million had been realised.

As at 31 December 2005, DnB NOR Asset Management had a total of NOK 549 billion under management, which was reduced to NOK 519 billion in early 2006 due to the completion of an investment mandate. Assets under management for the retail market came to NOK 60 billion, up from NOK 42 billion in 2004, while NOK 488 billion represented investment funds from institutional clients, compared with NOK 440 billion in 2004. The rise in assets under management in 2005 can be attributed to the healthy market trend and positive net sales.

Reflecting market developments, assets under management for operations in Norway rose 9.0 per cent during 2005. For the portfolio outside Norway, the increase in market value was 12.7 per cent.

In the Norwegian market, there was a net inflow of assets for investment of NOK 31.8 billion, while there was a NOK 0.5 billion reduction in assets under management in Sweden. The gross inflow of capital in 2005 in both Sweden and Norway was mainly channelled into fixed-income investments, including money market funds.

In 2006, DnB NOR Asset Management will give priority to the development and sale of core products. During the year, new operations focusing on the retail market in Sweden will be set up. In addition, distribution will be strengthened in Germany while a distribution network will be established in the Baltic region and Poland as part of the cooperation with DnB NORD.

The expectations of private and institutional 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. Sales of mutual funds are expected to increase in 2006 as a result of the introduction of the "Save Smart" concept. DnB NOR Asset Management is well-positioned for the anticipated rise in private pension savings in Norway and Sweden.

Corporate social responsibility

DnB NOR's role in society encompasses not only the management of financial values but also corporate social responsibility. For DnB NOR, it is strategically important to create a basis for long-term financial growth. This is done by combining profitability with environmental and social considerations.

The manner in which corporate social responsibility is exercised by the Group is a key factor in maintaining the trust of customers, shareholders, employees and society at large. Trust is an important part of the Group's value base.

DnB NOR's ambitions with respect to corporate social responsibility are outlined in a special policy. The key elements can be summarised as follows:

- DnB NOR wishes to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations.
- DnB NOR will show special care in connection with transactions and actions representing a risk of involvement in unethical conduct, infringement of human or labour rights, corruption or harm to the environment.

DnB NOR's corporate social responsibility policy is based on the Group's strategy, corporate culture and values, as well as on international principles and guidelines. DnB NOR has, among other things,

Bjørn Sund (born 1945)
Board vice-chairman in DnB NOR

At present Sund is heading the work of building the new university hospital (Nye Ahus) in Oslo. Board chairman in Advansia. Former board chairman in Gjensidige NOR and board member in Union Bank of Norway. Sund headed the development of the Winter Olympics site at Lillehammer, the development of Norway's main airport at Gardermoen and the Telenor project at Fornebu. He is a graduate of the Norwegian University of Technology in Trondheim.

Olav Hytta (born 1943)*
Board chairman in DnB NOR and DnB NOR Bank

Hytta is a board member of Länsforsäkringar AB and vice-chairman of the board in Vital Forsikring. He was employed in Fellesbanken in 1968 and has since held a number of positions within the Group, including deputy president in Gjensidige NOR and Union Bank of Norway, managing director of the Oslo/Akershus region in Union Bank of Norway and general manager and operations director in ABC Bank. Hytta was group chief executive in Gjensidige NOR from 2000 until December 2003. His education includes secondary school, commercial school and agricultural college.

** Not independent, see page 29 under "Corporate governance"*

endorsed the principles of the United Nations Global Compact, the OECD guidelines for international companies and the Transparency International guidelines to counteract corruption.

Responsible business operations mean primarily taking ethical, environmental and social aspects into consideration in investing and lending. In 2005, guidelines for corporate social responsibility were drawn up for credit operations, equity investments and DnB NOR Asset Management based on the Group's policy.

The guidelines imply that all credit evaluations and investments are based on ethical, environmental and social criteria. A minimum ethical standard was introduced in DnB NOR Asset Management entailing that companies systematically involved in unethical conduct, infringement of human or labour rights, corruption or harm to the environment are excluded from the investment portfolio. In 2005, DnB NOR Asset Management excluded one company due to breach of the ethical guidelines. Vital has chosen to have even stricter ethical criteria governing its investments. In addition to general minimum ethical criteria in line with DnB NOR Asset Management's criteria, Vital excludes companies producing tobacco or pornography and companies which are involved in the production or distribution of strategic components used in weapons of mass destruction. In 2005, Vital excluded 34 companies from the investment portfolio.

Earning the trust of the surrounding community and obtaining lasting commercial success is dependent on each individual employee maintaining high ethical standards. The Group's code of ethics applies to all employees and elected officers, comprising aspects such as customer and supplier relationships, duty of confidentiality, impartiality, gifts and services, trading in financial instruments and insider trading. Training and courses in handling ethical dilemmas are important instruments to make ethics an integrated part of the Group's daily operations. In 2005, several training tools in ethics were developed together with a certification programme for financial advisers in Retail Banking.

DnB NOR is strongly committed to being an attractive workplace. The Group's human resources policy should ensure diversity and equality, the necessary restructuring measures, competence development, sound health, safety and environmental standards, and good relations with the employee organisations. In 2005, emphasis was placed on creating a common corporate culture and meeting the needs of the employees during the reorganisation period. A survey carried out in the first quarter of 2005 showed that employee satisfaction was 68.42 on a scale from 0-100. In 2005, the Group invested NOK 81 million on training and further education programmes.

DnB NOR's contribution to sustainable development also entails being a good partner for sports, cultural and humanitarian organisations. The Group supports a number of charitable institutions and is a general sponsor of, for example, Plan Norway and the Nobel Peace Center. In 2005, NOK 14 million was paid to cooperating humanitarian organisations and in gifts to good causes. Sparebankstiftelsen DnB NOR (the Savings Bank Foundation) annually makes considerable financial donations to non-profit organisations. In 2005, the Foundation distributed NOK 65 million. DnB NOR also supports sports and culture through sponsorships.

In 2005, the DnB NOR share once again qualified for inclusion in FTSE4Good Europe, an index for investors who wish to promote sustainable development.

For the first time, DnB NOR is publishing a separate annual report on corporate social responsibility for 2005. In 2006, the work of integrating corporate social responsibility in business operations will be continued, by such measures as training, special follow-up initiatives and audits.

External environment

DnB NOR influences the external environment both directly and indirectly. The Group's investments and lending activities have an indirect impact on the environment and are governed by corporate social responsibility guidelines for credit operations and asset management. DnB NOR has a direct impact on the environment through its consumption of paper and energy, waste management, procurement and use of means of transport.

DnB NOR wishes to reduce the Group's direct environmental impact by keeping its own house in order. Measures implemented include certifying most large buildings under the eco-lighthouse programme. In 2005, a special declaration was introduced regarding suppliers' corporate social responsibility in connection with procurements. The declaration comprises environmental, social and ethical criteria and must be signed by all suppliers upon entering into a contract.

As part of environmental efforts, an environmental action plan was prepared by DnB NOR in 2005 containing specific targets for energy and paper consumption, air travel, procurements and environmental certification of properties in the period 2006-2008. Important initiatives in 2006 comprise charting the potential of energy savings in all large buildings and environmental certification of three new properties. Increased electronic communication, both internally and with customers, will also be facilitated to reduce paper consumption.

Environmental order in our own house – key figures for 2005:

- Energy consumption: 79.8 GWh
- Waste recycling ratio: 31 per cent
- Paper consumption: 957 tons
- Air travel: 318 040 kilometres

Health, safety and environment (HS&E)

As part of the Group's systematic and long-term HS&E work, DnB NOR will promote and facilitate physical and cultural activity among its employees. Several thousand DnB NOR employees participate in company sports activities and different cultural groups.

Physical training is offered to units where sedentary work can cause muscular tension.

Open-plan office solutions

The internal relocation of employees, partly to open-plan office solutions, continued in 2005, resulting in changes in working methods. This form of relocation has presented great challenges with respect to planning and involvement. In addition to ergonomic adjustments of workstations, great emphasis has been placed on noise screening measures in the design of open office landscapes to ensure a working environment with optimal communication and competence exchange opportunities.

Absence due to illness

Absence due to illness in the DnB NOR Group averaged 5.09 per cent of total working days in 2005, in comparison with 4.75 per cent in 2004. Priority is given to implementing preventive measures and to taking corrective action in areas with high absentee rates.

As an inclusive workplace, DnB NOR is committed to closely following up employees absent due to illness and to reducing, as far as possible, such periods of absence. Professional support in this area is provided by external occupational health services. Furthermore, DnB NOR seeks to adapt working hours to suit the different phases of life and working situations of the employees.

HS&E and working environment training

DnB NOR endeavours to prevent injuries caused by robberies and threats through extensive security procedures and training programmes. In 2005, 31 managers and 32 safety representatives completed the Group's internal HS&E and working environment training programmes, whose topics included security and preparedness. In addition, courses and drills in coping with bank robberies were held for 179 employees, threat management training courses for 324 employees and managers, as well as disaster recovery exercises for a total of 65 participants.

Occupational injuries

In 2005, a total of 20 occupational injuries were reported, with three employees exposed to robberies and threats. None of the employees exposed to robberies suffered physical injuries.

Equality

DnB NOR is committed to equality between men and women in the Group. Measures are implemented to ensure that men and women are given the same opportunities for professional and personal development, salary and career progression, as well as other benefits. DnB NOR also has flexible schemes that make it easier to combine a career with family life. In 2005, the gender balance in DnB NOR was 51.1 per cent women and 48.9 per cent men.

DnB NOR seeks greater diversity in its management teams. The target set by the Board of Directors for equality at the four top management levels in the Group calls for a minimum of 25 per cent women by the end of 2006 and minimum 30 per cent within the end of 2009. At the end of 2005, the proportion of women in the management teams at the four top levels was 21.0 per cent. If figures for management level five are included, female representation was 29 per cent, compared with 28 per cent in 2004.

• Thore Heramb, *Helene's Garden – Savings Bank Oak, 1994/95* •

Equal opportunity measures

In 2004, DnB NOR approved a number of measures to reach the Group's equal opportunity targets. This is a long-term process and the Group will pursue these measures.

In 2005, key priority was given to increasing the number of women at management level. Measures were implemented based on the following guidelines:

- Priority to be given to female applicants for management positions, subject to equal qualifications
- The best female candidate to be considered for positions in units with a minority of women
- Equality and diversity to be on the agenda in management training programmes
- Gender balance to be sought in the recruitment of trainees
- Flexible working hours and access to DnB NOR's IT systems outside of the office to be offered in large parts of the Group
- All vacancies to be advertised internally
- A minimum of one woman to be ensured as an introductory speaker/speaker at all major conferences

In 2006, DnB NOR will be represented in the Norwegian Financial Services Association's female management training programme "Futura". Furthermore, half of all participants on the talent programme GROWTH should be women. A separate programme and mentor scheme for female senior executive candidates will be implemented.

Future prospects

In 2005, economic growth was stronger than expected, partly on account of high oil prices and buoyant stock markets. DnB NOR experienced strong credit growth in both the retail and corporate markets.

DnB NOR expects the good general economic conditions to continue, even though it is forecast that growth in 2006 will be somewhat subdued compared with the previous year. A certain rise is anticipated in interest rate levels in Norway as a result of the need to adjust economic growth and credit market expansion. It is expected that inflation will remain low.

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 that the Group will show strong organic growth in Norwegian operations.

DnB NOR also sees considerable opportunities for strong growth in international markets in 2006. The Group has enhanced its position in an important growth area through the establishment of DnB NORD in the Baltic Sea region. In 2005, the Group increased its presence in Sweden considerably, and further expansion is planned over the coming years. DnB NOR considers Sweden part of its home market. 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 is strongly qualified. Through the establishment of the branch in Shanghai, DnB NOR will be well represented in one of the world's important growth areas and able to support Norwegian customers requiring financial services in China.

New IT solutions will be developed to strengthen service offerings and customer relationships. DnB NOR is also committed to employee training and competence building to ensure that the Group is well equipped to face new challenges.

Work has been commenced to achieve the same competitive terms in Norway that exist in the rest of the Nordic region, as reflected in, for example, capital adequacy regulations issued by Norwegian authorities. In this connection, the introduction of the Basel II rules governing capital adequacy is an important step, and DnB NOR expects that the amount of tied-up capital in the Group can be reduced over time.

Through the establishment of the company DnB NOR Boligkreditt, which will take over large parts of the housing loan portfolio, the Group has laid the foundations for reducing funding costs through the issue of covered bonds to the market once the regulations are approved by the authorities. In the longer term, these cost savings will benefit both customers and shareholders.

Dividends and allocation of profits

DnB NOR's primary aim is to create shareholder value through a competitive return in the form of increases in share price and the distribution of dividends. In line with the Group's dividend policy, DnB NOR intends to distribute approximately 50 per cent of annual profits as dividends, provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of normalised write-downs on loans, a normalised tax rate, changes in external parameters and the need for capital.

In 2004, DnB NOR distributed a dividend of NOK 2.55 per share. The proposed dividend of NOK 3.50 per share for 2005 gives a direct return of 4.9 per cent, based on a share price of NOK 72.00 as at 31 December 2005.

The proposed dividend per share implies that DnB NOR ASA will distribute a total of NOK 4 679 million in dividends for 2005.

Profits for 2005 in DnB NOR ASA came to NOK 4 708 million, attributing mainly to the transfer of group contributions and dividends from subsidiaries. The Group's capital adequacy ratio as at 31 December 2005 was 10.2 per cent, with a core capital ratio of 7.4 per cent. Correspondingly, capital adequacy in DnB NOR Bank ASA was 11.2 per cent and core capital 8.1 per cent. The banking group, which includes the bank and its subsidiaries, had a capital adequacy ratio of 10.6 per cent and a core capital ratio of 7.7 per cent.

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

The Board of Directors recommends allocating profits for the year, which represented NOK 4 708 million in DnB NOR ASA for 2005, as follows:

Amounts in NOK million	*2005*	*2004*
Dividend per share (NOK)	3.50	2.55
Share dividend	4 679	3 414
Transfers to other equity	29	2 075
Total allocations	4 708	5 489

In considering the dividend proposal for 2005, the Board of Directors emphasised the Group's healthy financial performance and sound capital adequacy. Furthermore, the payout ratio was considered in a long-term perspective, taking into account a normalised level of write-downs and taxes. In nominal terms, dividend payments correspond to 46 per cent of annual profits for 2005.

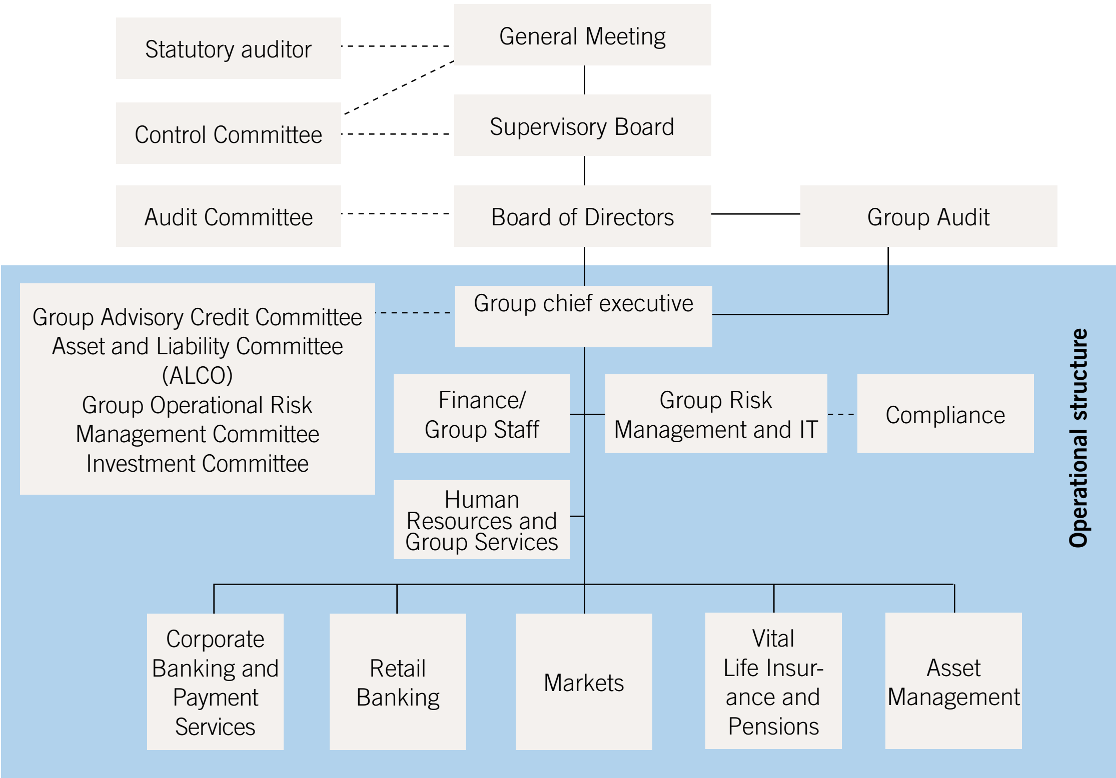
In connection with the finalisation of the annual accounts, the Board of Directors decided to allocate NOK 15 400 per employee to the employees' share investment fund. The total allocation amounted to NOK 153 million. Importance has been placed on expressing appreciation for the excellent work carried out by the staff during a challenging year for all and for the good results that were achieved.

Oslo, 8 March 2006
The Board of Directors of DnB NOR ASA

Olav Hytta *(chairman)*	Bjørn Sund *(vice-chairman)*	Per Hoffmann	Nina Britt Husebø
Berit Kjøll	Jørn O. Kvilhaug	Bent Pedersen	Heidi M. Petersen
Ingjerd Skjeldrum	Anne Carine Tanum	Per Terje Vold	Svein Aaser *(group chief executive)*

• Stig Andresen, *Vance 1991*• © Stig Andresen •

Corporate governance



The purpose of this chapter is to briefly describe how DnB NOR is managed and controlled. Management processes, descriptions of responsibilities, independence requirements, remuneration systems and the opportunity of shareholders to exert influence help protect the interests of shareholders, customers, employees and society at large. DnB NOR has also prepared a special report describing how the Group fills its role in society. The principles for corporate governance are reviewed by the Board of Directors on an annual basis.

The table below shows DnB NOR's compliance with the Norwegian Code of Practice for Corporate Governance. In addition, proposed principles for corporate governance from the Committee of European Banking Supervisors (CEBS) in connection with new international capital adequacy regulations and supervision of financial institutions have been taken into account.

Principles for corporate governance in DnB NOR will ensure:

- The establishment of and information on the Group's goals, strategies and values (1, 2)
- A clear division of roles and responsibilities between various bodies and management (6, 7, 8, 9, 10, 11, 14)
- Predictability and equal treatment of all shareholders (3, 4, 5)
- Shareholder involvement and influence (6, 7, 8, 13)
- Relevant and timely reporting to shareholders and other stakeholders (12)
- Independent and qualified board members (7, 8)
- Adequate remuneration to board members and management (9, 10, 11)
- That the Board of Directors and management have thorough insight into and control of the company's/ Group's development and operation (9)
- Compliance with laws, regulations and ethical standards (1)
- Independent internal and external auditors (9, 14)

(The figures in parentheses refer to the main items in the Norwegian code of practice for corporate governance, see separate listing.)

The Norwegian code of practice for corporate governance comprises the following main items:

1) *Implementation and reporting on corporate governance*
2) *Business*
3) *Equity and dividends*
4) *Equal treatment of shareholders and transactions with close associates*
5) *Freely negotiable shares*
6) *General meetings*
7) *Nomination committee*
8) *Corporate assembly and board of directors: composition and independence*
9) *The work of the board of directors*
10) *Remuneration of the board of directors*
11) *Remuneration of the executive management*
12) *Information and communications*
13) *Takeovers*
14) *Auditor*

Establishment of and information on the Group's goals, strategies and values

DnB NOR's Articles of Association describe the object of the company. The object of DnB NOR is ownership or ownership interests in other enterprises engaged in banking, insurance or financing, and any related activities, within the scope of Norwegian legislation in force at any time. The complete Articles of Association can be found on the Group's website: www.dnbnor.com

The Board of Directors has approved the group policy for corporate social responsibility and the code of ethics, as well as annual strategies for the Group and the various business areas. General descriptions can be found on the Group's website. The Board of Directors has also prepared guidelines to ensure relevant, timely and uniform reporting to shareholders and other capital market participants. Through investor presentations in connection with interim accounts and presentations on special subjects, the market is updated on the Group's goals and strategies. Employees are involved in preparing policies, guidelines, the code of ethics, standard procedures etc. and receive in-depth information through the Group's intranet.

Clear division of roles and responsibilities between various bodies and management

Through the Articles of Association, standard procedures, management and reporting systems, there is a detailed division of roles and responsibilities between various bodies in the Group. DnB NOR's principal bodies are the General Meeting, Supervisory Board, Board of Directors, Audit Committee (a sub-committee of the Board of Directors), Control Committee, the group chief executive and group management, Group Audit and statutory auditors. Special guidelines have been worked out for handling and giving notice of possible conflicts of interest between board members, decision-makers in the group management team and the company.

The General Meeting and the Supervisory Board have established an Election Committee which proposes candidates for election and recommends remuneration.

The parent company in the Group is a holding company with no business activity of its own, while the subsidiary DnB NOR Bank ASA represents the predominant part of the Group's operations and financial capacity. This structure creates strategic and operational challenges that are continually being assessed.

The Control Committee shall ensure that the Group conducts its business in an appropriate and satisfactory manner in compliance with laws, regulations and guidelines. The committee shall also make sure that the company's Board of Directors and the group chief executive maintain adequate supervision and control of subsidiaries. The Control Committee has four members and two deputies elected by the General Meeting.

Extensive descriptions of the responsibilities and duties of individual executives have been established for the group management team and the business areas. DnB NOR is a customer-oriented organisation divided into business areas and support and staff units. The business areas are fully responsible for customer relationships and for optimal customer service. They are also responsible for ensuring that the Group's products are geared to customer and market needs at all times. Clear-cut targets for profits, growth and returns are set for the business areas. The support and staff units assist the business areas and the rest of the Group and are primarily responsible for ensuring that the products they deliver are cost-effective and of high quality.

Predictability and equal treatment of all shareholders

The Articles of Association, the Board of Directors and group management emphasise equal treatment of shareholders. The company is committed to and pursues a predictable dividend policy, as described under DnB NOR stakeholders.

Shareholder involvement and influence

According to the Articles of Association, the annual general meeting shall be held before the end of April each year. The notice and agenda documents for the general meeting shall be sent to shareholders no later than two weeks before the meeting is to be held. Shareholders are entitled to appoint a proxy. The agenda, notice of the meeting and registration form will be available on the company's website. The general meeting has appointed an Election Committee which will present a well-founded recommendation on the election of shareholder-elected members to the Supervisory Board and Control Committee. The Supervisory Board elects members to the Board of Directors based on a well-founded recommendation from the Election Committee. Information on the Election Committee and deadlines for input can be found on the Group's website. According to the Articles of Association, the general meeting shall be chaired by the chairman of the Supervisory Board.

Relevant and timely reporting to shareholders and other stakeholders

The Board of Directors has prepared guidelines to ensure relevant, timely and uniform reporting to shareholders and other capital market participants. The guidelines also cover the company's contact with investors in arenas other than general meetings and are available on the Group's website. The company gives the market extensive analytical information in connection with account presentations and presentations on special subjects. Interim reports and the annual accounts are reviewed by the Audit Committee prior to approval by the Board of Directors. Information is made available to all interested parties on the company's website.

Independent and qualified board members

The Election Committee has presented criteria for the election of board members to the Supervisory Board, which elects members to the Board of Directors based on a recommendation from the Election Committee. The Election Committee also proposes the remuneration to board members. No board member or member of the group management team is a member of the Election Committee. The Board of Directors will consider the independence of its members. The directors who are not independent are indicated in the list of governing bodies. The curricula vitae of the individual board members are found in the annual report and on the company's website. The Board of Directors has also assessed its overall competencies in relation to current challenges. Guidelines have been worked out for handling and giving notice of possible conflicts of interest between decision-makers in the group management team, board members and the company.

Adequate remuneration to board members and management

Remuneration to members of the Board of Directors, proposed by the Election Committee and approved by the Supervisory Board, is not performance-based or linked to options in DnB NOR ASA. The Board of Directors must approve any remuneration other than ordinary remuneration to members of the Board of Directors and provide the Supervisory Board with the relevant information.

The group chief executive stipulates the remuneration to senior executives in consultation with the chairman of the Board of Directors on the basis of guidelines established by the Board. An extraordinary emolument may be awarded to senior employees in the DnB NOR Group on a discretionary basis. The criteria for such awards relate to results achieved and are established on the basis of ordinary compensation schemes in the different business areas. It is important that such schemes are performance-based without encouraging undue risk. They are intended to promote the company's competitiveness in the labour market, the Group's profitability and the desired trend in income and costs, as well as cooperation and team spirit throughout the Group. Note 10 under Notes to the annual accounts for the DnB NOR Group shows remuneration to senior executives and members of the Board of Directors in DnB NOR.

The Board of Directors' and management's insight into and control of the development and operation of the company and the Group

The Board of Directors has drawn up instructions and an annual plan for its operations, as well as instructions for the group chief executive.

DnB NOR carries out an annual strategy process with a three-year rolling horizon. Principal goals and strategic choices are established through a dynamic process – first at group level, thereafter in the business areas. Budgets, forecasts and risk-adjusted profit targets are set for all entities where it is natural to do so, based on adopted strategies and targets. The Board of Directors of the holding company, the management teams in the business areas and the boards of directors in the operative companies approve strategies and budgets and receive periodic reports on and analyses of developments relative to budgets and plans.

Emphasis is placed on maintaining information systems with sound data quality covering all significant activities in the Group. The systems should also enable controls through transparency and data traceability.

DnB NOR's internal control system shall ensure that risk analyses and management supervision related to identified risks are carried out, and that the Group runs its business in accordance with external regulations, adopted strategies and guidelines. A suitable distribution of responsibilities will prevent conflicts of interest. Internal control is an integral part of the Group's management and planning processes. The current position, and any risk brought to light during the control processes, are reported via the organisation to the group chief executive and the Board of Directors. In addition, Group Audit carries out independent risk assessments, testing and reporting of the Group's activities to the boards of directors of the various subsidiaries, the Board of Directors of DnB NOR ASA, the Audit Committee and group management. Reports from Group Audit are also presented to the Control Committee and the statutory auditor.

The group credit policy and credit strategies are established by the bank's Board of Directors, and the group chief executive has stipulated guidelines for their implementation. Each business area manages its own credit processes based on established guidelines.

Risk management is a key element in DnB NOR's management process. The boards of directors in the operative companies (e.g. the bank and the finance and insurance companies) stipulate limits for various risk categories and receive regular status reports. The Board of Directors in DnB NOR ASA receives periodic reports on the overall risk level for various risk categories.

The organisational structure of DnB NOR aims to ensure independent reporting. The staff unit Group Risk Management reports directly to the group chief executive and has overall responsibility for risk management and group compliance. The unit is responsible for quantifying various types of risk categories and analysing and reporting the Group's aggregate risk, including credit risk and operational risk. Information is provided to the market, shareholders and public authorities through quarterly reports. This information builds on internal risk reports which are subject to quality assurance by internal supervisory bodies and committees, including the Group Advisory Credit Committee and the Asset and Liability Committee. Findings and reporting are assessed on a continual basis by Group Audit, the Audit Committee and the Board of Directors.

Every year, the Board of Directors approves a strategy for the composition and allocation of risk capital based on public capital adequacy requirements and DnB NOR's assessment of the need for capital. Calculations of the need for and internal allocation of capital are based on the Group's own risk model.

The Group aims to fill vacant positions through internal recruitment. Management training programmes have been established for the entire Group, including the group management team. The programmes include guidelines for individual managers, define roles and responsibilities and provide advice for following up individual employees.

Compliance with laws, regulations and ethical standards

The operations of the financial services group are subject to a number of laws, regulations and guidelines. The staff unit Group Risk Management carries responsibility for overall monitoring and reporting of compliance risk and possible violations of regulations. Also, a network of compliance officers has been established to ensure that external and internal regulations are implemented in companies and business areas. The Group's senior compliance officer and the heads of the respective units will receive periodic reports on the current compliance situation in the individual units. Compliance is also tested by Group Audit.

DnB NOR has a comprehensive code of ethics which applies to all employees and elected officers in governing bodies. A high ethical standard among employees and elected officers will strengthen the confidence that the Group enjoys in society at large. The code of ethics addresses impartiality, conflicts of interest, relations with customers and suppliers, duty of confidentiality, relations with the media, securities trading, insider trading and relevant financial interests of a personal nature. There are also rules governing individual employees' notification requirement if they receive knowledge of circumstances which conflict with internal or external regulations or could damage the reputation of the Group. Any breach of the code of ethics will have consequences for the employment relationship.

Independent internal and statutory auditors

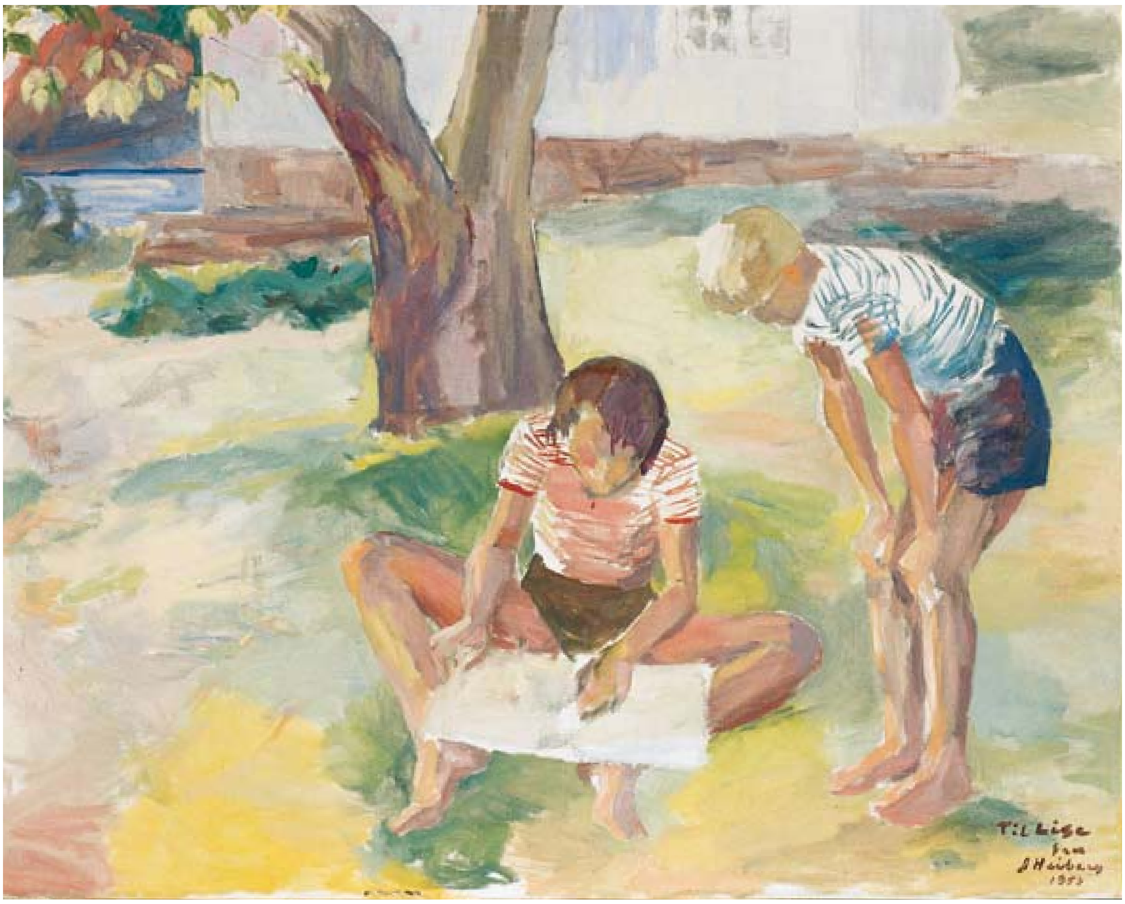
Independent and effective internal and external audits will help ensure satisfactory internal control as well as reliable financial reporting.

The Board of Directors in DnB NOR ASA has an Audit Committee consisting of four board members with meetings normally held five to six times a year. The purpose, responsibilities and functions of the Audit Committee are in compliance with international rules and standards. The Audit Committee also reviews drafts of quarterly and annual accounts before these are presented to and approved by the Board of Directors. In connection with its review of the accounts, the Committee has discussions with management, Group Audit and the statutory auditor.

One of the Audit Committee's responsibilities is to ensure that the Group has independent and effective internal and external audit procedures. At least once a year, the Committee meets with the auditors without any members from management present.

Group Audit has instructions from the Board of Directors, which also approves the department's annual plans and budgets. Group Audit reports its findings to the Board of Directors, the Audit Committee and the group chief executive.

Guidelines have been drawn up in respect of relations with the statutory auditor, including restrictions on what additional services can be undertaken, approval of fees and a policy to invite tenders for external audit services at least every five years. The Audit Committee submits a recommendation regarding the selection of statutory auditor and the statutory auditor's remuneration to the Board of Directors, which presents the proposals to the Annual General Meeting for approval. The guidelines can be found on the Group's website.



• Jean Heiberg, *In the Garden, 1953* • © Jean Heiberg / BONO 2006 •

Group management

Svein Aaser (born 1946)
Group chief executive
Aaser has been group chief executive in DnB, now DnB NOR, since 1998. He is former president and CEO of Hafslund Nycomed and deputy CEO of Nycomed Amersham. Aaser has also been managing director of Storebrand Skade, NORA matprodukter and Stabburet/Norge. From 1992 to 1994, he was president of NHO (Confederation of Norwegian Business and Industry). He is a graduate of the Norwegian School of Economics and Business Administration and has a degree from IMEDE, Lausanne.

Tom Grøndahl (born 1949)
Deputy CEO – chief financial officer, Finance/Group Staff
Grøndahl was group executive vice president responsible for Group Staff in DnB. He formerly headed DnB's Company Secretariat and DnB's International Division. Prior to this, he was deputy chief executive in Bergen Bank. Grøndahl has broad managerial experience also from Citibank, where he held the position of chief executive as well as various managerial positions in London, New York and Oslo. He is a graduate of the Norwegian School of Economics and Business Administration and holds an MBA from INSEAD.

Evlyn Raknerud (born 1947)
Group executive vice president, Human Resources and Group Services
Prior to the merger, Raknerud was responsible for Financial, Payment and Group Services in DnB. She was previously head of Postbanken's Human Resources Department and, prior to this, head of human resources within Corporate Banking and responsible for job training in DnB. For a few years, she also served as chief employee representative. Raknerud was educated at the Norwegian College of Banking and has additional management training from BI Norwegian School of Management.

Helge Forfang (born 1956)
Chief risk officer, Group Risk Management and IT
Forfang earlier held the position as general counsel in Gjensidige NOR and DnB NOR. He holds a law degree and has a Master's degree from BI Norwegian School of Management.

Leif Teksum (born 1952)
Group executive vice president, Corporate Banking and Payment Services
Teksum held the same responsibilities in DnB. He has experience from the petroleum industry and from various managerial positions in DnB and Bergen Bank. He has been executive vice president in charge of DnB Markets and Asset Management, and group executive vice president responsible for Financial Services. Teksum is a graduate of the Norwegian School of Economics and Business Administration.

Åsmund Skår (born 1959)
Group executive vice president, Retail Banking
Skår held the same responsibilities in Gjensidige NOR. He was previously group director in the core area Oslo/Akershus/Østfold in Union Bank of Norway and has held various other positions in the Group since 1986. Skår has also been employed by Skaarfish Group and Statoil. He is a graduate of the Norwegian School of Economics and Business Administration.

Ottar Ertzeid (born 1965)
Group executive vice president, DnB NOR Markets
Prior to the merger, Ertzeid was in charge of DnB Markets. He was previously deputy head of DnB Markets and held various positions within the FX/Treasury area in DnB. His prior professional experience includes the position as chief financial officer in DnB Boligkreditt and head of finance in Realkreditt. Ertzeid is a graduate of BI Norwegian School of Management.

Bård Benum (born 1962)
Group executive vice president, Vital
Prior to the merger, Benum was in charge of life insurance and pensions in Gjensidige NOR. He has previously held various managerial positions in Gjensidige Bank, Reitangruppen, Statoil and Norsk Hydro. Benum holds an engineering degree in industrial economics from the Norwegian University of Science and Technology (NTNU).

Øyvind Birkeland (born 1955)
Group executive vice president, DnB NOR Asset Management
Birkeland was previously group director responsible for the Capital Markets business area in Union Bank of Norway, head of Gjensidige NOR Merchant Bank, deputy president in Gjensidige NOR, head of Corporate Customers, and has held various other positions within the Group since 1979. Birkeland is a graduate of the Norwegian School of Economics and Business Administration.

Back row, left to right: Ottar Ertzeid, Jarl Veggan (group EVP, Corporate Communications), Helge Forfang
Middle row, left to right: Tom Grøndahl, Åsmund Skår, Svein Aaser, Leif Teksum
Front row, left to right: Bård Benum, Evlyn Raknerud, Øyvind Birkeland

Risk and capital management

Monitoring and managing risk is an integral part of financial operations. In DnB NOR, risk management is a strategic tool to enhance value generation. A sound risk culture is a core element in effective risk management, characterised by strong awareness of risk and risk management throughout the Group. The profitability of DnB NOR will depend on the Group's ability to identify, manage and accurately price risk arising in connection with financial services.

The Board of Directors of DnB NOR ASA has a clearly stated goal to maintain a low risk profile, which is reflected in the banking group's aim to maintain an Aa level rating for ordinary long-term debt. A competitive, long-term return is conditional on prudent risk assessment and a low risk profile.

Principles for risk management in DnB NOR

1. Organisation and authorisation structure

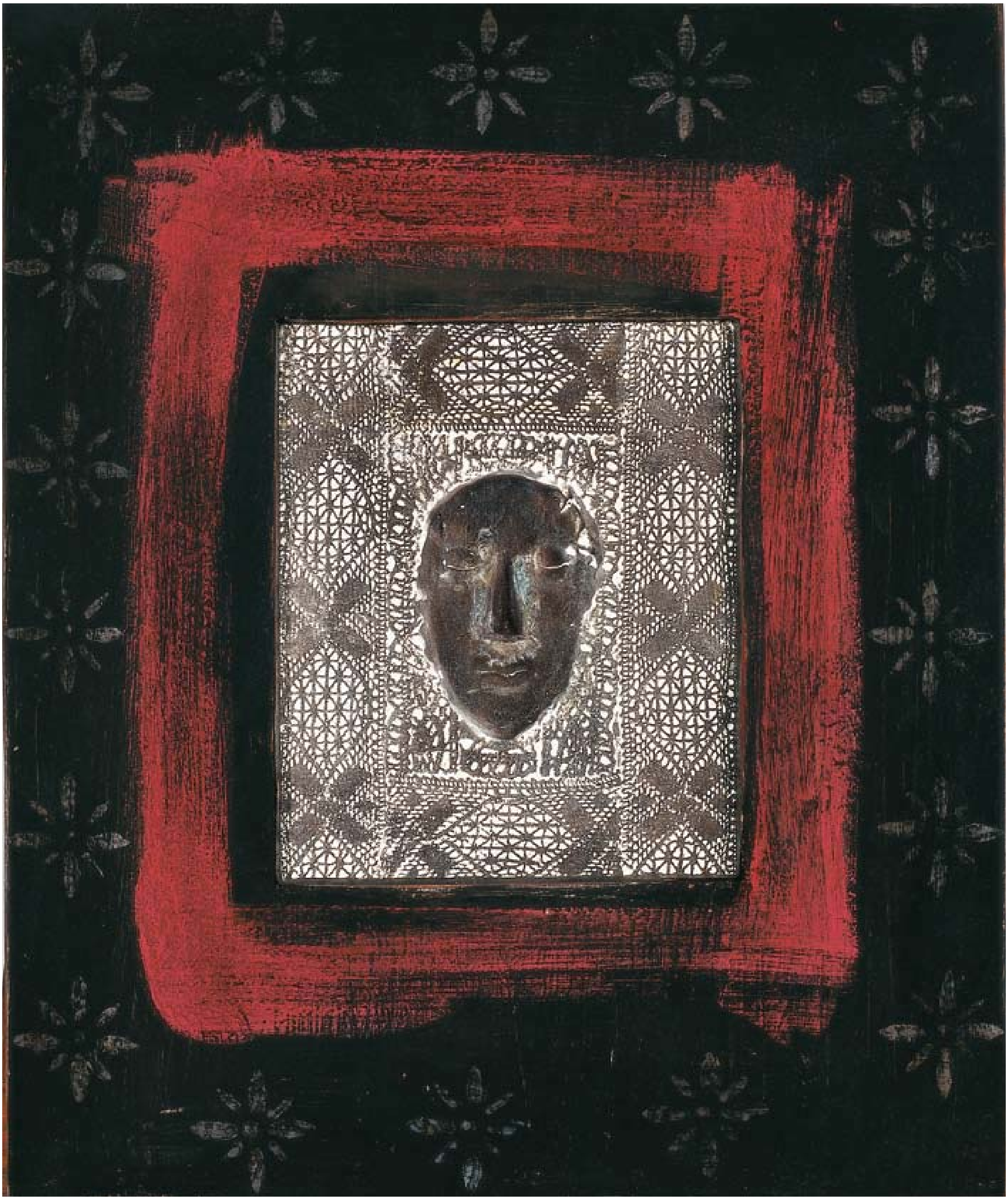
- *Board of Directors.* The Board of Directors of DnB NOR sets long-term targets for the Group's risk profile. The risk profile is operationalised through the risk management framework, including the establishment of authorisations.
- *Authorisations.* Authorisations must be in place for the extension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

2. Monitoring and use

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

3. Relevant risk measures

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



• Gunnar Torvund, *Reminder Panel, unknown date* • © Gunnar Torvund / BONO 2006 •

Responsibility for risk management and control

Responsibility for risk management and control is divided between the boards of directors, group management and line management.

The *Board of Directors* in DnB NOR ASA carries responsibility for ensuring that the Group is adequately capitalised relative to the risk and scope of operations and that capital requirements stipulated in laws and regulations are met. The Board of the holding company determines the Group's risk profile and return targets, as well as all group limits, authorisations and guidelines for risk management. Responsibility for some internal parameters will rest with the Board of Directors of the bank or one of the other subsidiaries.

The *group chief executive* is responsible for implementing risk management that helps achieve targets for operations set by the Board of Directors, including the development of effective management systems and internal control. The group chief executive is backed by the group management team in carrying out overall management. All decisions concerning risk and risk management are made by the group chief executive or a person authorised by him. All key decisions will generally be made in consultation with members of the group management team.

Several committees have been established to assist the group chief executive in preparing documentation and carrying out follow-ups and controls within various specialist areas:

- The *Group Advisory Credit Committee*, headed by the group chief credit officer, considers large individual credit proposals and other credits of an extraordinary nature. The committee plays a key role in formulating the Group's credit policy and credit strategies and in assessing portfolio risk.
- The *Asset and Liability Committee (ALCO)*, headed by the chief financial officer, handles matters relating to the management of market and financing risk, risk modelling, capital structure and return targets.
- The *Group Operational Risk Management Committee*, headed by the chief risk officer, helps ensure effective and consistent monitoring and reporting of operational risk throughout the Group. A key task is to make sure that the Group's routines relating to internal control and quality assurance are designed to provide added value relative to group operations.
- The *Investment Committee,* headed by the chief financial officer, is the Group's decision-making body for the purchase and sale of equity instruments in the banking portfolio. The committee makes decisions on purchases and sales up to NOK 250 million and acts in an advisory capacity for the group chief executive and the Board of Directors with respect to investments exceeding this amount.

Business areas and support units are responsible for overall risk management within their own unit. The main principle for risk management in DnB NOR is that all senior executives in the Group must be familiar with all significant risk factors within their area of responsibility in order to handle risk in a prudent and financially sound manner.

The organisational structure of DnB NOR aims to ensure independent reporting. The staff unit *Group Risk Management and IT* reports directly to the group chief executive and has overall responsibility for risk management, internal control and compliance, as well as for preparing and establishing systems for following up IT strategies.

The unit is also responsible for developing statistical models for quantifying various types of risk and total risk for the Group, for credit risk measurement and reporting and for analysing and reporting the Group's aggregate risk. The unit is responsible for the credit process and standard procedures for credit activity. Senior credit officers with special authorisation to approve large credits are organised under this unit. Professional responsibility for operational risk also rests with the unit.

Group Security is a support function within Human Resources and Group Services which is responsible for operative security measures and is organised independent of the business areas. The main focus is on advisory services and preventive measures. The unit also plays a key role in reporting and measuring operational risk.

Capital management

Assessment of capital requirements

In spite of sound risk management, occasional unexpected losses may occur, which makes it necessary to maintain an adequate equity base.

Through legislation, DnB NOR is subject to minimum capital and solvency requirements. Internal risk assessments are based on risk-adjusted capital. Risk-adjusted capital reflects the scope of losses that could occur under exceptional circumstances. Calculating risk-adjusted capital is thus a key element in assessing the equity required for the prudent operation of the Group.

The Group's Tier 1 capital is measured on the basis of both internal and external requirements. Recorded equity qualifies as Tier 1 capital after deducting goodwill and other intangible assets. Normally, recorded equity and Tier 1 capital will be significantly higher than external and internal minimum requirements. The difference reflects the need to maintain a buffer relative to statutory minimum requirements and the need for strategic flexibility.

Risk categories

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

- *Credit risk* is the risk of losses due to failure on the part of the Group's counterparties (customers) to meet their payment obligations towards DnB NOR ASA. Credit risk refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through

derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk.
- *Market risk* arises as a consequence of the bank's open positions in the foreign exchange, interest rate and capital markets. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates.
- *Liquidity risk* is the risk that the Group will be unable to meet its payment obligations.
- *Risk within life insurance* comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets will not be sufficient to meet the guaranteed rate of return specified in insurance policies, while insurance risk relates to changes in future insurance obligations due to changes in policyholders' life expectancy and disability rate.
- *Operational risk* is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- *Business risk* is the risk of losses due to external factors such as the market situation or government regulations. This risk category also includes reputational risk.

The implementation of Basel II will entail minimum capital requirements for credit risk, market risk and operational risk.

Risk measurement and risk-adjusted capital

Risk-adjusted capital makes it possible to compare risk across risk categories and business areas. Calculations of risk-adjusted capital are based on statistical methods. However, calculations of risk-adjusted capital require a certain level of discretion and estimation, which could, if changed, have an impact on capital estimates.

DnB NOR quantifies risk-adjusted capital for the following risk categories: credit risk, market risk, ownership risk for the life insurance company, operational risk and business risk. A significant diversification or portfolio effect arises when the various risks are added up, as it is highly unlikely that all losses will occur at the same time. The diversification effect between risk categories and business areas implies that the Group's risk-adjusted capital will be much lower than if the business areas had been independent units. Risk-adjusted capital for the various risk categories is calculated separately as well as for the Group as a whole. In addition, risk-adjusted capital is calculated for all business areas. Calculations are used in profitability measurement and as decision support within risk management.

Average losses over a normal business cycle represent expected costs which should primarily be covered through correct pricing. Risk-adjusted capital should cover unexpected losses. The quantification is based on statistical probability distribution for the various risk categories on the basis of historical data. As it is impossible to guard against all potential losses, DnB NOR has stipulated that risk-adjusted capital should cover 99.97 per cent of potential losses within a one-year horizon. This level is in accordance with an Aa level rating for ordinary long-term debt.

Estimated risk level

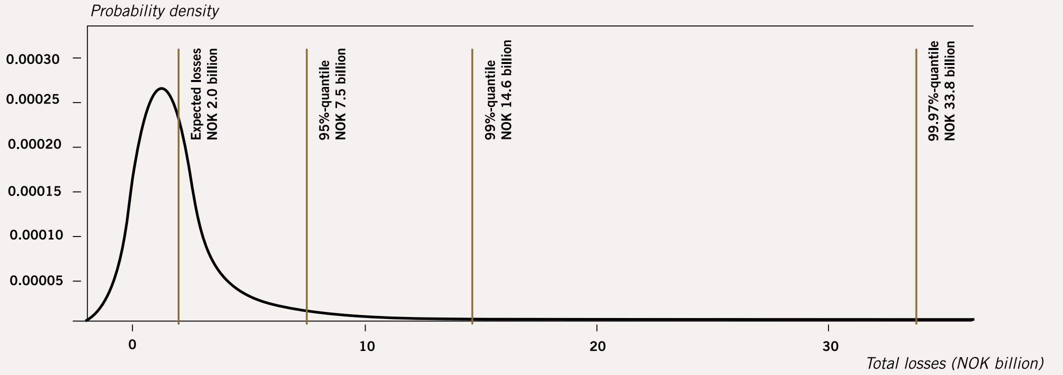
During 2005, DnB NOR started using a new, improved model for measuring risk-adjusted capital. See description on pages 42–43.

Table 1 shows the distribution of risk-adjusted capital for the various risk categories at the end of

Table 1: Estimated risk-adjusted capital for different risk categories and for the Group

Amounts in NOK billion	*31 Dec. 2005*	*31 Dec. 2004*
Credit risk	31.1	23.6
Market risk	1.9	2.1
Ownership risk for Vital	8.7	7.2
Operational risk	4.2	4.0
Business risk	1.6	1.6
Total risk-adjusted capital before diversification	47.6	38.5
Diversification effects	(13.7)	(12.1)
Total risk-adjusted capital after diversification	33.8	26.4

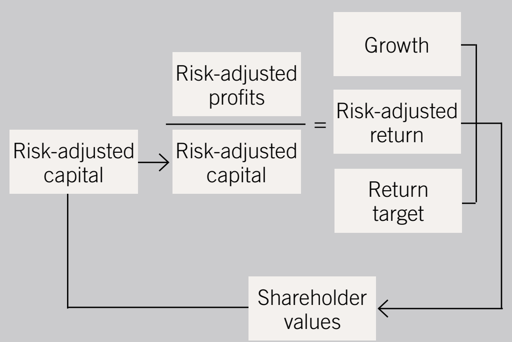
Estimated distribution of losses at year-end 2005



2005 and 2004. The Group's risk-adjusted capital as at 31 December 2005 totalled NOK 33.8 billion, taking account of the diversification between the different risk categories. The NOK 7.4 billion increase since year-end 2004 reflected significant growth in credit volumes and a rise in total assets in Vital. In the fourth quarter of 2005, DnB NORD was included in the calculations on a fully consolidated basis, resulting in an increase of approximately NOK 1.2 billion in net risk-adjusted capital.

Use in management and monitoring
Risk-adjusted return is a performance measure reflected in the internal management of the DnB NOR Group. Capital is thus allocated to the business areas on the basis of the estimated risk of operations, and return on capital is continually monitored. Capital requirements reflect the inherent risk in operations. Capital is also a scarce resource which must be utilised effectively. A high return on equity creates shareholder value and indicates potential growth areas.

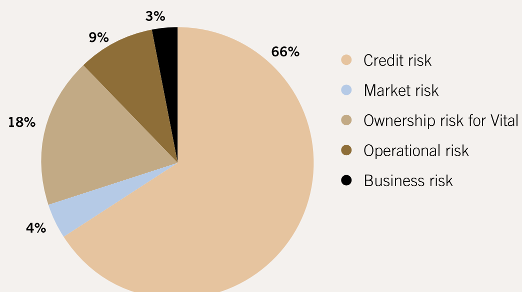
Use in management and monitoring



Risk management

Credit risk
Credit risk represents the chief risk category for the Group and refers to all claims against customers, mainly loans.

Risk-adjusted capital per risk category as at 31 December 2005



DnB NOR's credit process is based on the Group's credit policy, which has been approved by the bank's Board of Directors. The primary aim of credit operations is to maintain a credit portfolio with a composition and quality that ensures the bank's short and long-term profitability. The quality of the credit portfolio should be consistent with DnB NOR's low risk profile target.

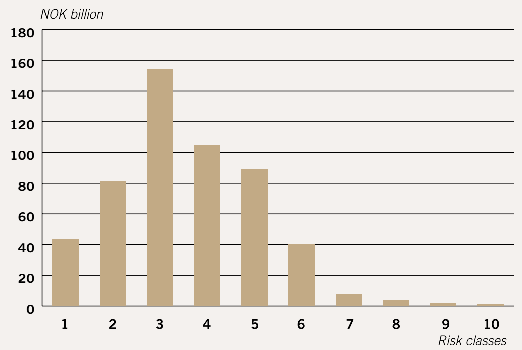
In order to manage risk and avoid large risk concentrations, the risk levels of individual customers, industries and geographical areas are monitored closely. In addition to following up risk classifications, exposures to large clients are followed up through calculations which take the customer's credit quality and collateral into account. Credit strategies are worked out for all business areas carrying credit risk. The strategies are reviewed and approved by the Board of Directors on an annual basis. Credit approval authorisations are personal and graded on the basis of expected default frequency. For large credits, there is a two-layered decision-making procedure where credit approval authority rests with the business units subject to approval by Group Credit Risk Management. All commitments within Corporate Banking are up for annual risk classification and renewal.

Retail Banking, which has large number of customers, aims to make a maximum number of credit decisions on the basis of automated scoring and decision support systems.

Data and analytical tools are an integrated part of risk management. The DnB NOR Group has extensive experience with classification systems as support for credit decisions and monitoring. Calculations of expected losses and risk-adjusted capital requirements for commitments on an individual and portfolio basis are integrated in the credit process.

The classification of commitments provides the basis for statistical calculations of expected losses in a long-term perspective and the need for equity on the basis of portfolio risk. DnB NOR's models for risk classification of customers are subject to continual improvement and testing. The models are adapted to different industries and segments and are successively upgraded to satisfy quality requirements according to Basel II. The models are based on the following components:

Credit portfolio according to risk classification 2005 – Corporate Banking



1. Probability of default. The counterparty (customer) is classified according to a scale of ten risk categories based on the probability of default. In addition, there are separate categories for commitments already classified as non-performing or doubtful. The risk categories are defined on the basis of the scales used by international rating companies.
2. Exposure at default. Exposure is an estimated figure which includes amounts drawn under credit limits (loans) as well as a percentage share of committed limits.
3. Loss given default. An assessment of how much the Group would lose if the customer fails to meet his obligations, taking the collateral provided into consideration. Realisation values are set on the basis of experience and/or external data.

Risk-adjusted capital for credit risk was NOK 31.1 billion at end-December 2005, compared with NOK 23.6 billion a year earlier. The increase reflected escalating credit growth in the corporate market throughout 2005, steady high growth in housing loans and the inclusion of DnB NORD as of 31 December 2005. Due to favourable macroeconomic parameters, credit quality was sound and stable.

Market risk

Overall, market risk represents a moderate share of the Group's total risk and relates primarily to long-term investments in equity instruments within banking operations. Market risk in Vital is included under ownership risk for the life insurance company.

Apart from risk associated with the bank's investment portfolio, market risk arises through trading activities and traditional banking activities such as customer lending and deposits. With respect to the latter, market risk may stem from differences in fixed-rate periods. Market risk in the trading portfolio arises through trading activities in the interest rate, foreign exchange and equity markets. The risk relates partly to customer business, though there is scope for moderate risk-taking within proprietary trading in foreign exchange and financial instruments.

Responsibility for all trading activities in the DnB NOR Bank Group, with the exception of DnB NORD, rests with DnB NOR Markets. Special limits have been established for DnB NORD. Limits for market risk in DnB NOR Markets are reviewed at least once a year and are determined by the bank's Board of Directors. The Group's Asset and Liability Committee, ALCO, considers and monitors utilisation of the limits. The guiding principle is that the sum of allocated limits at lower levels should not exceed the limit one level higher. Limits for foreign exchange risk and equity risk represent nominal amounts for individual positions, while limits for interest rate risk represent changes in value resulting from an interest rate adjustment of one basis point. Based on the DnB NOR Group's interest rate risk at year-end 2005, a parallel shift in interest rates in all currencies of one basis point would have resulted in a NOK 1.9 million change in value. In addition, sensitivity limits have been defined for options. A unit independent of trading operations checks positions in relation to limits and results on a daily basis.

Market risk is measured in the form of risk-adjusted capital. In addition, stress scenarios, sensitivity testing and daily calculations based on a Value-at-Risk model are used as operational decision support and control in DnB NOR Markets. Interest rate and currency risk in the banking group is centralised, as all units in the banking group must hedge their positions through the Treasury function. This ensures the quality and transparency of position-taking both locally and in the Group as a whole.

Responsibility for following up and managing the Group's equity investment portfolio rests with the Investment Division, which is part of the Finance/Group Staff unit.

Risk-adjusted capital for market risk declined from NOK 2.1 billion at the end of 2004 to NOK 1.9 billion at end-December 2005. In the course of the year, the risk associated with equity investments was reduced significantly while there was a moderate rise in risk both in the trading portfolio and for interest rate instruments in the banking portfolio. One of the reasons for this was the inclusion of DnB NORD.

Liquidity risk

Liquidity risk is managed and measured by means of various measurement techniques. The Board of Directors has established short-term limits which reduce the bank's dependence on short-term funding from the domestic and international money and capital markets. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, subordinated capital and long-term funding. Liquidity risk management includes stress testing, simulating the liquidity effect of a downgrading of the bank's international credit rating following one or more negative events. The results of such stress testing are included in the banking group's contingency plan for liquidity management during a financial crisis.

The Treasury function is responsible for operational liquidity management. The Investor Relations/Long-term Funding unit, which is part of Finance/Group Staff, is responsible for establishing principles and limits for liquidity management and for arranging long-term funding. Overall liquidity management in the DnB NOR Bank Group is based on DnB NOR Bank ASA providing funding for subsidiaries such as Nordlandsbanken, DnB NOR Finans and DnB NOR Hypotek as well as international branches and subsidiaries. The funding of DnB NORD corresponds to the percentage ownership of the DnB NOR Group in the bank.

The Group enjoyed a sound liquidity position at the end of 2005. There is healthy demand for the bank's commercial paper, and long-term funding in different currencies corresponding to NOK 52 billion was raised during 2005, of which NOK 5 billion was denominated in Norwegian kroner. In addition, an ordinary subordinated loan of EUR 200 million was raised, equalling close to NOK 1.2 billion. At end-December 2005, the average remaining term to maturity for the portfolio of senior bond debt was 2.5 years, on a level with the previous year. The Group aims to achieve a sound and stable maturity structure for funding activities over the next five years.

Liquidity management in DnB NOR implies maintaining a broad deposit base representing both retail and corporate customers together with diversified funding of other operations. As an element in this strategy, a number of funding programmes have been established in different markets. DnB NOR has a commercial paper programme of USD 8 billion in the US and a commercial paper programme of EUR 5 billion in Europe. In addition, the bank has a European Medium Term Note Programme of EUR 20 billion. The possibility of issuing covered bonds is under consideration. In addition to providing reasonable funding through capital markets, this represents a significant potential for expanding the investor base.

Priority is also given to maintaining sound business relations with a large number of international banks and on promoting the Group in international capital markets.

Risk in Vital Forsikring ASA – life insurance risk

Risk within life insurance comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets will not be sufficient to meet the guaranteed rate of return specified in insurance policies, while insurance risk relates to uncertainty in estimates for life expectancy and disability.

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

At the end of 2005, the average annual guaranteed return was 3.7 per cent. The maximum base rate for new contracts was reduced from 3.00 to 2.75 per cent with effect from 1 January 2006. Thus, the reduction will have limited impact on the average guaranteed rate of return. By end-September 2006, Kredittilsynet will consider whether the new rate should also apply to new entitlements under existing contracts. In such case, the reduction to 2.75 per cent will have a greater effect.

The purpose of risk management is to achieve the highest possible return for policyholders and the owner in the long term, subject to an acceptable risk level. Investment management has a long-term perspective.

The Board of Directors in Vital has established separate guidelines for the management of financial assets which regulate the risk profile relative to financial buffers. Operative management is based on a stress test which is then compared with the company's capital in excess of statutory requirements, i.e. the overall decline in value which Vital would be unable to cover while meeting statutory minimum solvency requirements. If the result of the stress test equals capital in excess of statutory requirements, risk capacity is utilised 100 per cent. Special rules have been established to ensure that the Board of Directors is notified if defined limits for risk capital utilisation are exceeded. The business area is also subject to government regulations on investment management, including risk diversification requirements and limitations on investment options. The risk situation for Vital is followed closely, including daily updates on returns on financial assets and forecasts for future developments. Reports are presented both to Vital's management and to the staff units Finance/Group Staff and Risk Management and IT in DnB NOR. Through regular assessments by ALCO, the risk situation in Vital is reviewed relative to the Group's overall risk profile. The group executive vice president responsible for Vital and the Board of Directors of Vital will ensure that Vital's risk management and financial strategy are consistent with the Group's risk profile.

Risk management in Vital Forsikring implies that market risk in the balance sheet is geared to the level of capital in excess of statutory requirements. Analyses have shown that in the longer term, such dynamic risk management will improve risk-adjusted returns. The probability of a highly negative outcome has been reduced, while there are good chances of benefiting from an upswing in stock markets.

The DnB NOR Group reported risk-adjusted capital for ownership risk related to Vital of NOK 8.7 billion at the end of 2005, as against NOK 7.3 billion at end-December 2004. The rise can be attributed to growth in total assets and a higher equity exposure in the portfolio, reflecting both direct equity investments and the use of derivative contracts, while the strengthening of buffer capital had the opposite effect. Ownership risk in Vital is followed up on a quarterly basis. The DnB NOR Group has assigned operational risk in the amount of NOK 0.1 billion to Vital.

Total assets in Vital showed strong growth in 2005, rising close to NOK 27.3 billion to NOK 202.7 billion. Equity exposure including derivative contracts within life insurance rose from 17 to 23 per cent, while the share of bonds held to maturity declined from 33 to 27 per cent. Total buffer capital in Vital in excess of statutory requirements rose from NOK 8.6 billion at end-December 2004 to NOK 9.1 billion at year-end 2005.

New operating parameters for life insurance companies will involve major changes for the industry, most importantly a sharper distinction between policyholders' funds and the company's own funds, a clearer distribution of risk between policyholders and the company and more transparent pricing of life insurance products. Kredittilsynet has proposed that statutory provisions on pricing and profit sharing should not enter into force until 1 January 2008.

Operational risk

Operational risk is a risk category which covers most costs associated with shortcomings in the quality of the Group's operations. As for other risk categories, DnB NOR aims to document low risk and high quality. Thus, great emphasis is placed on risk and quality in the operation and management of the Group.

The Board of Directors lays down the conditions for risk management in the Group and receives periodic reports on the current status and developments in the Group's risk situation. Administrative responsibility for managing operational risk rests with the Group Operational Risk Management Committee, whose members are the heads of all business areas and support units. A special unit within Group Risk Management and IT is responsible for ensuring that the Group's infrastructure is of adequate quality, while operative responsibility for the quality of operations is assigned to the individual line manager, including financial performance, staff members, the risk situation etc. Managers' most important tools are professional expertise and managerial skills, as well as action plans, control routines and good monitoring systems. Systematic risk assessments also ensure increased knowledge and awareness of the need for relevant improvements in the individual units.

Special sections have been established in all business areas and support units, carrying responsibility for the practical aspects of operational risk management. The sections monitor and report identified risks and help implement relevant preventive measures and improvements. These sections are organised independent of business operations.

Contingency and business continuity plans are central tools in operational risk management and subject to continual quality control.

IT processes represent a significant risk in the financial services industry. Extensive conversion and implementation programmes in the wake of the establishment of DnB NOR are still in progress. The risks ensuing from these processes are continually evaluated, and corrective measures are implemented as required.

The Board of Directors receives an annual report regarding the operational risk situation in the Group, including suggested improvement measures. In addition, the general quarterly risk report to the Board of Directors includes information regarding operational loss events and other relevant issues.

The Group aims to qualify for the Standardised Approach in the forthcoming regulations on capital requirements for operational risk (Basel II), and a number of activities have been initiated to ensure the necessary infrastructure, including the establishment of a database for registering operational losses.

Risk-adjusted capital for the Group's operational risk was estimated at NOK 4.2 billion at the end of 2005.

Business risk

Business risk arises due to unexpected changes in income resulting from external factors such as competitive forces causing a reduction in volumes and pressure on prices, or regulations that impair profitability due to a shortfall in income or rise in costs. Losses are incurred if the Group fails to adapt to changes. Thus, sound strategic planning is the key tool to reducing risk.

Changes in reputation could be a consequence of other risk factors. A damaged reputation could affect all business areas, independent of where in the Group the original incident occurred. The Group's reputation could also be harmed by negative events in other institutions, if the market considers DnB NOR to be in the same category.

DnB NOR has chosen to calculate risk-adjusted capital for business risk as a separate category. This is in line with Pillar 2 under the Basel II regulations, requiring that financial institutions consider the effect on capital of risk categories not included under Pillar 1. Calculations of capital are based on observed fluctuations in income and expenses adjusted for effects that could be linked to other risk categories. Risk-adjusted capital for business risk was estimated at NOK 1.6 billion at year-end 2005.

Basel II

On 30 September 2005, the DnB NOR Group sent an application to Kredittilsynet for permission to use the new capital adequacy regulations (Basel II) as of 1 January 2007. DnB NOR has thus applied for permission to use the Advanced Internal Ratings-Based approach (IRB) as from this date. The application was based on DnB NOR's evaluation of its current risk management system (IRB system), including how it harmonises with risk management requirements in the new regulations.

Adaptation to the new regulations continued throughout 2005, mainly through extensive analyses and the development of new routines, procedures and IT systems for use in the IRB system.

DnB NOR has taken part in QIS 5 (Quantitative Impact Study). Figures from the analysis show that previous estimates of a reduction of about 30 per cent in risk-weighted volume (calculated under Pillar 1) might be too conservative. The regulations are still being drafted, and transitional rules have been established to limit the effect over the next few years. Thus, it remains uncertain how the introduction of Basel II will affect the Group's capital requirements.

New model for measuring risk-adjusted capital

DnB NOR's total risk model is based on DnB's model for measuring risk-adjusted capital, which has been in use since 2000. The total risk model comprises the following risk categories: credit risk, market risk, operational risk and business risk, as well as the risk associated with ownership of the life insurance company Vital. DnB NOR calculates risk-adjusted capital at a 99.97 per cent confidence level and with a one-year horizon. The model simulates the risk associated with each risk category separately. The final estimated total risk results from a combination of two methods for aggregating the various risk categories.

Risk measurement is a field in constant development, and during 2004–2005, DnB NOR thus carried out an extensive project to improve risk measurement in the Group. Significant changes have been made relative to previous methods and models. Emphasis has been placed on adapting to the Basel II regulations and on using distribution models which give a better reflection of risk associated with extreme fluctuations. The project has received support from "Skattefunn", a public support scheme for research and development administered by the Research Council of Norway.

Credit risk

Risk-adjusted capital for credit risk is aggregated on the basis of individual commitments, where each commitment is classified with respect to quality according to expected default frequency and the magnitude of losses in the event of default. Commitments in DnB NOR's credit portfolio are divided into 34 sectors, ranging from business sectors such as energy and agriculture to residential mortgages. The model takes the volatility of the various sectors into account, for example whether losses in the sector are strongly interrelated and to what extent losses in the sector are correlated with the rest of the portfolio. In addition, the impact of large exposures is taken into account.

In the model, losses are simulated through cumulative normal distribution. This distribution is used in calculations of minimum capital adequacy requirements when applying the Internal Ratings-Based approach in the Basel II regulations.

Market risk

Market risk arises as a consequence of variations in financial results due to fluctuations in market prices on DnB NOR's open positions in the foreign exchange, interest rate and equity markets. Market risk in Vital is calculated separately. In general, capital for market risk is calculated by dividing the expected maximum exposure associated with the Group's financial assets or open positions between 15 portfolios. The portfolios reflect the price movements of an instrument or index. Liquidation periods vary from 250 trading days for the bank's investment portfolio to two days for positions in the most commonly traded currencies.

The simulation of losses is now based on a student's t6 distribution. The student's t6 distribution has a heavier tail than normal distribution, which was used earlier. This implies that there is a greater probability of losses at higher confidence levels. Return volatility may now vary over time (GARCH method).

Ownership risk related to Vital

Risk-adjusted capital for Vital reflects the risk that the DnB NOR Group, as owner of the life insurance company, will have to report a net loss for these operations and that the Group may have to provide the insurance company with new equity. In calculating risk-adjusted capital, changes in the value of the insurance company's financial assets are simulated, including the value of currency hedging. Assets in Vital are divided into individual portfolios, and changes in values are simulated on a daily basis, taking account of correlations between the portfolios. The total value is tested against limits indicating when DnB NOR will have to record losses. These limits will be affected by the securities adjustment reserve, interim profits and additional allocations, as well as the guaranteed rate of return.

Insurance risk reflects uncertainty in estimates for life expectancy and disability. Insurance risk also includes the risk that Kredittilsynet will require Vital to make extraordinary insurance provisions. Insurance risk is calculated on the basis of Vital's administration and risk results.

Like market risk in the rest of the Group, loss simulation is based on a student's t6 distribution, and the volatility in returns is modelled using the GARCH method.

The model now allows dynamic risk management over a 12-month measurement period. Thus, when financial buffers fall below a predetermined percentage of equity investments, the model allows active sales of shares to a pre-set minimum level for equity exposures. This implies a reduction in measured risk and is expected to better reflect the management of Vital.

Operational risk and business risk

Operational risk is calculated based on the minimum capital requirement for operational risk according to the Standardised Approach in the Basel II regulations. The Basel II minimum confidence level of 99.9 per cent has been calibrated against 99.97 per cent, which is the chosen confidence level for calculating risk-adjusted capital for DnB NOR.

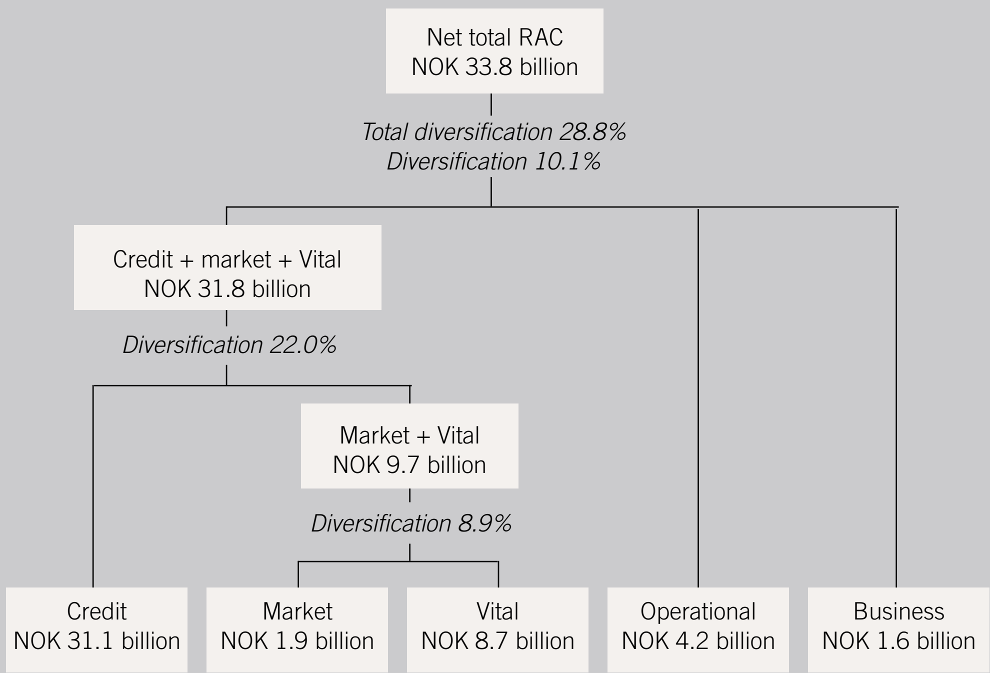
Risk-adjusted capital for business risk is a new element in DnB NOR's total risk model and is calculated on the basis of volatility in income and expenses which cannot be linked directly to any other risk categories.

Aggregation of risk categories

A significant diversification or portfolio effect in the aggregate risk-adjusted capital of the DnB NOR Group arises when the various risks are added together. DnB NOR's total risk model is based on a combination of driver-based and component-based aggregation of risk. Driver-based aggregation models the loss distribution for each risk category based on correlated underlying indices, while component-based aggregation applies a correlation matrix or copula to combine loss distributions.

Driver-based aggregation is used to combine market and credit losses and losses in Vital, while operational and business losses are correlated with other losses through component-based aggregation. Diversification effects between the risk categories thus appear at various levels. This can be seen from the diagram below, which quantifies risk-adjusted capital before and after aggregations at different levels.

Risk-adjusted capital (RAC) in NOK billion



Stakeholders
Shareholders

DnB NOR had a market capitalisation of NOK 96 billion at end-December 2005 and is the fourth largest company listed on Oslo Børs (the Oslo Stock Exchange).

As at 31 December 2005, DnB NOR had 1 336.9 million shares divided between close to 50 000 shareholders. The aggregate return[1] on the DnB NOR share was 25 per cent in 2005. The proposed dividend of NOK 3.50 per share provides a direct return[2] of 4.9 per cent.

Shareholder and dividend policy

DnB NOR aims to manage group resources in a manner which will ensure shareholders a competitive return in the form of dividends and increases in share price relative to comparable investment alternatives. All shareholders will be treated equally and have the same opportunity to exert influence through the principle of one share – one vote. DnB NOR intends to distribute approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of expected profit levels in a normalised market situation, external parameters and the need for core capital.

Market communication

DnB NOR maintains an open dialogue with shareholders and other participants in the stock market. In the opinion of the Group, transparent, correct, relevant and timely information will promote confidence and predictability and correct pricing of the company's shares. Information subject to disclosure requirements is provided in the form of notices to Oslo Børs and immediately thereafter published on DnB NOR's website and sent via e-mail to registered subscribers as well as to the Norwegian and international press. The company holds regular presentations for investors, analysts and the press, both in Norway and internationally, in the form of result presentations, capital markets days, seminars and one-to-one meetings with investors. The share is covered by 15 Nordic-based and 13 international brokerage houses. It is in the interest of DnB NOR that high-quality equity analyses are published. Emphasis is placed on providing relevant, complete and high-quality information and on ensuring that all analysts, regardless of their assessments of the DnB NOR share, receive equal treatment at all times. A list of analysts following the DnB NOR share can be found on www.dnbnor.com. Daily contact with investors and analysts is handled by the Investor Relations department.

[1] Aggregate return is defined as the closing price in 2005 less the closing price in 2004, adjusted for dividends paid in 2005 and divided by the closing price in 2004.

[2] Direct return is defined as the proposed dividend for 2005 divided by the share price as at 31 December 2005.

Financial calendar for 2006	
Annual General Meeting	25 April
Ex-dividend date	26 April
Distribution of dividends	8 May
1st quarter	11 May
2nd quarter	10 August
3rd quarter	2 November

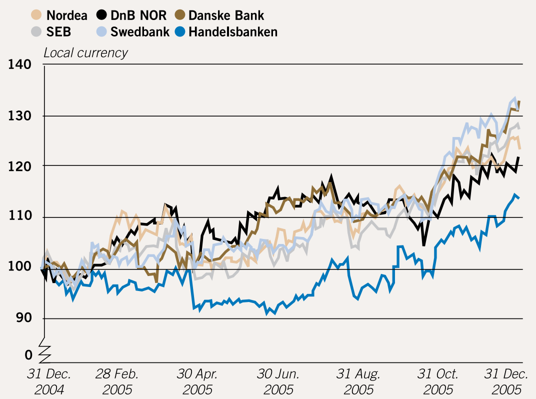
Preliminary accounts for 2006 will be released in February 2007.

Market conditions, returns and share turnover

At the end of 2005, DnB NOR was the fourth largest company on Oslo Børs with a market capitalisation of NOK 96 billion or 7 per cent of the value of all companies listed on the stock exchange. The proposed dividend of NOK 3.50 per share will give a direct return of 4.9 per cent. The price of the DnB NOR share rose by 20.4 per cent during 2005. Including dividends, the aggregate return was 24.8 per cent. Oslo Børs showed a healthy trend in 2005 compared with other stock exchanges around the world. Trading volume rose 34 per cent to NOK 1 211 billion, while the number of transactions declined by 7 per cent. The average daily trading volume for the DnB NOR share in 2005 was approximately 3.5 million shares (table 2). The relative share of total trading volume on Oslo Børs was down 1 percentage point to 7 per cent. At the beginning of 2006, the DnB NOR share is weighted on all relevant Oslo Børs indices, with 10.1, 7.1, 11.6 and 9.0 per cent respectively on the benchmark, all-share, OBX and mutual fund indices. DnB NOR is also represented on various global indices, but with relative low weights. It is possible to trade standardised derivative contracts on the DnB NOR share, and DnB NOR derivatives were sold on Oslo Børs on more than half of the trading days in 2005. Around 136 000 contracts were sold at a total value of NOK 30 million, which is a significant increase compared with 2004.

Share price development in 2005

31 December 2004 = 100



• Kjersti Wexelsen Goksøyr, *Strength* •

Share capital, share repurchase, subscription, cancellation and subscription rights programmes

At end-December 2005, the share capital of the company was NOK 13 368 748 980 divided into 1 336 874 898 shares. DnB NOR did not use the authorisation to repurchase shares during 2005, but will present a proposal to the Annual General Meeting in April 2006 to renew the authorisation to repurchase up to 10 per cent of the Group's share capital either through the stock market or by redeeming the relevant percentage of shares held by the Ministry of Trade and Industry at market price. Subscription rights under the former DnB scheme were exercised by employees in 2005, involving the issue of a total of 9 736 376 new shares with a face value of NOK 10 per share. At year-end 2005, all subscription rights programmes had been concluded, and no subscription rights are outstanding. No shares were cancelled in 2005.

Table 1: Total annual return as at 31 December 2005

Total annual return (%)	*Last year*	*Last two years*
DnB NOR	24.8	31.5
Nordic average [1)]	29.3	26.3

1) Unweighted average of Danske Bank, Swedbank, Nordea, SEB and Svenska Handelsbanken

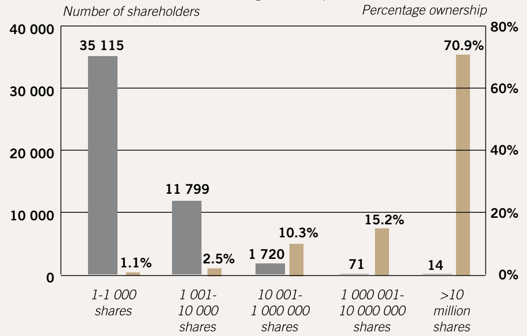
Table 2: The DnB NOR share in 2004 and 2005

In NOK unless otherwise indicated	*2005*	*2004*
Highest closing price	73.00	61.00
Lowest closing price	57.60	41.90
Closing price as at 31 December	72.00	59.75
Market capitalisation as at 31 December (NOK million)	96 255	79 297
Tax value as at 1 January the following year	72.00	59.50
"RISK" adjustment as at 1 January the following year	(3.50)	(2.56)
Dividends for the accounting year	3.50	2.55
Annual turnover (in 1 000)	882 359	1 121 503
Average daily turnover (in 1 000)	3 487	4 433
Annual turnover (NOK millon)	57 424	54 997
Turnover rate (%)	66	85

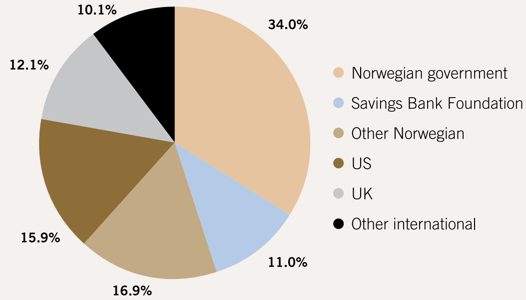
Table 3: Number of shares in 2004 and 2005

Number of shares	*2005*	*2004*
Outstanding as at 1 January	1 327 138 522	1 309 027 207
No. of shares cancelled	0	0
Share issue (subscription rights)	9 736 376	18 111 315
Shares for conversion	0	0
Outstanding as at 31 December	1 336 874 898	1 327 138 522
Holdings of own shares	0	0
No. of shares outstanding as at 31 December, incl. own shares	1 336 874 898	1 327 138 522
No. of subscription rights outstanding as at 31 December	0	11 951 372
No. of shares outstanding, fully diluted	1 336 874 898	1 339 089 894

Shareholders according to number of shares and percentage ownership as at 31 Dec. 2005



Ownership according to investor category as at 31 December 2005



Norwegian investors: 62 per cent – International investors: 38 per cent

Table 4: Largest shareholders as at 31 December 2005

	Per cent
Ministry of Trade and Industry	34.0
Savings Bank Foundation	11.0
JPMorgan Chase Bank, Treaty Account	4.4
State Street Bank, Client Omnibus D	3.9
National Insurance Scheme Fund	2.6
Capital Euro Pacific Growth Fund	2.5
Gjensidige Forsikring	2.2
Total other Norwegian insurance companies and private pension funds	2.1
Total funds in DnB NOR Asset Management	1.2
DnB NOR Ansattefond	1.2
Total other Norwegian fund management companies	1.1
Other shareholders [1)]	33.8
Total	100.0

[1)] *Including nominee accounts*

Shareholder structure

DnB NOR has close to 50 000 private and institutional shareholders, of which the largest are the Norwegian Ministry of Trade and Industry and Sparebankstiftelsen DnB NOR (the Savings Bank Foundation).

The shares held by the Ministry are managed by the Department of Ownership, subject to special management guidelines which among other things stipulate that the Norwegian government cannot have representatives on the boards of directors or supervisory boards of financial institutions and that the government, through participation in election committees, will ensure that the governing bodies include representatives from all shareholder groups. The guidelines are also intended to ensure that the Ministry will not act in a manner likely to raise doubt about the independence of the institution with respect to customers, e.g. in connection with credit decisions and monitoring of commitments. Further, the Ministry must act in a manner conducive to equal treatment of the financial institution's shareholders.

The object of the Savings Bank Foundation is to manage its long-term ownership interests in DnB NOR and support the company in its efforts to continue the savings bank tradition. As part of this strategy, the Foundation can use a portion of annual profits to make financial contributions to non-profit causes. The Foundation's governing body is the general meeting, with members elected among the bank's depositors and by county councils in eastern Norway. The general meeting has elected a board with six members.

During 2005, international investors' holdings rose from 33.5 to 38.1 per cent, while the percentage of freely traded shares held by Norwegian shareholders declined by 5.3 percentage points.

Table 5: Credit ratings (DnB NOR Bank ASA's credit ratings in bold type)			
Standard & Poor's Short-term	*Standard & Poor's Long-term*	*Moody's Short-term*	*Moody's Long-term*
A-1+	AAA	**P-1**	Aaa
A-1	AA+	P-2	Aa1
A-2	AA	P-3	Aa2
A-3	AA-	Not prime	**Aa3**
B	**A+**		A1
C	A		A2
	A-		A3
	BBB+		Baa1

Rating

The creditworthiness of DnB NOR Bank ASA is assessed by the rating agencies Moody's Investors Service and Standard & Poor's. Standard and Poor's upgraded its long-term credit rating in May 2005 to A+ with a stable outlook.

"RISK" adjustments and withholding tax

The introduction of new tax rules will affect the rules for "RISK" adjustments for DnB NOR's shareholders. "RISK" adjustments have been allocated to shareholders subject to Norwegian taxation on 1 January of the year following the fiscal year. The amount has been positive in years where the company's net taxable profits exceed dividend payments. In consequence of the introduction of the tax exemption model for corporate shareholders, the abovementioned rules for calculating annual "RISK" adjustments and allocations were abolished for these shareholders as of the 2004 fiscal year. Personal shareholders liable to Norwegian taxation will be allocated "RISK" adjustments for the DnB NOR share for the 2004 and 2005 fiscal years as before. Intragroup "RISK" was abolished as from the 2004 fiscal year and the rules concerning realisation "RISK" were abolished as of 26 March 2004. Dividends to shareholders not liable to Norwegian taxation will as a general rule be subject to Norwegian withholding tax at a rate of 25 per cent. If the shareholder is resident in a country which has a tax treaty with Norway, the withholding tax will generally be reduced, normally to 15 per cent. Dividends are normally taxable in the country in which the shareholder is resident. After the introduction of the tax exemption model, dividends earned as from 1 January 2004 by corporate shareholders resident in other EEA countries will generally be exempt from withholding tax. According to a transitional rule, no withholding tax will be deducted from dividends earned by personal shareholders resident in other EEA countries in 2005. Once the shareholder model is introduced as from 2006, these shareholders will be subject to withholding tax on dividends in excess of a specified normal return. This is consistent with the rules which will simultaneously enter into force for Norwegian personal shareholders.

The preliminary "RISK" adjustment as at 1 January 2006, which will be the final "RISK" adjustment for the DnB NOR share, is a negative NOK 3.50. Previous years' "RISK" adjustments will differ for former shareholders in Gjensidige NOR and DnB respectively. The following "RISK" adjustments have been allocated to DnB NOR shareholders and former shareholders in DnB and Gjensidige NOR as at 1 January each year.

Table 6: "RISK" adjustments for DnB NOR shareholders and former DnB and Gjensidige NOR shareholders

	"RISK" DnB NOR	*"RISK" DnB NOR (DnB)*	*"RISK" DnB NOR (GNO)[1)]*
1 Jan. 2006 estimate	(3.50)	(3.50)	(3.50)
1 Jan. 2005	(2.56)	(2.56)	(2.56)
1 Jan. 2004	(5.23)	(5.23)	(5.23)
1 Jan. 2003		6.44	(0.07)
1 Jan. 2002		(3.66)	2.83
1 Jan. 2001		2.64	4.53
1 Jan. 2000		(0.39)	3.25
1 Jan. 1999		(0.98)	1.98
1 Jan. 1998		(1.43)	3.36
1 Jan. 1997		(1.29)	3.55
1 Jan. 1996		(0.89)	0.71
1 Jan. 1995		(1.24)	(0.37)
1 Jan. 1994		0.00	(2.94)
1 Jan. 1993		0.00	0.00

1) Gjensidige NOR's "RISK" has been adjusted by 1/6.2 up to and including 1 January 2003.

• Atle Folstad, *Interior, Blue and Red, 1995* • © Atle Folstad / BONO 2006•

Customers

Customer relationships in DnB NOR should be based on a wide range of products and advisory services adapted to individual needs. Satisfied retail and corporate customers are fundamental to profitable growth.

In Norway, DnB NOR serves individuals, companies, organisations and the public sector via the most extensive distribution network in the Norwegian financial services industry. In 2005, Sweden was defined as part of the Group's home market. Through the establishment of DnB NORD, DnB NOR will gain a solid foothold in the entire Baltic region. The agreement to buy Monchebank in Murmansk also means that DnB NOR will be present in North-West Russia. DnB NOR's international network consists of seven branches and five representative offices on three continents.

Brands

DnB NOR has quickly become established as one of the strongest brands in Norway. The Group operates under a uniform name and profile, both in Norway and abroad. The brand is recognised through advertising campaigns, media coverage and sponsoring. The process of reprofiling all branch offices was completed in 2005.

Main brands	Distribution channels
DnB NOR	• 194 bank branches • 23 investment centres • Private banking • Internet bank: dnbnor.no • Telephone bank • Real estate broking in 78 locations
BANKEN	• 43 customer service centres • Internet bank: postbanken.no • Telephone bank • 300 post offices • 1 202 in-store postal outlets
NB NordlandsBanken	• 17 bank branches • Internet bank: nordlandsbanken.no • Telephone bank
VITAL	• 22 sales and advisory services offices • Sales through bank branches • Internet bank
Cresco®	• External distribution of credit cards
CARLSON Part of the DnB NOR Group	• Brand name in the mutual fund market in Sweden
	• More than 130 cooperation agreements with independent companies and financial advisers

The DnB NOR name is used in banking operations and by several service and product suppliers in the Group. The Group also has a number of other strong brands.

Customer service

In most areas, the Group's customer service is based on a multi-channel strategy, where service options within DnB NOR's extensive distribution network are for the most part chosen by the customers themselves. Customer service is coordinated across the business areas.

DnB NOR emphasises open and objective communication. Advice on products and services should be tailor-made to fit the needs of each individual customer. Pursuant to the Norwegian Financial Services Act, banks are obliged to give customers in-depth information on the options available and the consequences of their choices. In order to ensure high professional competence and ethical standards in customer advisory services, DnB NOR has started a certification programme for financial advisers within retail banking. A pilot project was completed in some counties in Norway in 2005.

During 2006, all employees whose main function is to provide advisory services to retail customers will complete the certification programme. The aim of such certification is to guarantee a high level of knowledge among financial advisers, resulting in good customer relations and advice of high professional and ethical quality.

Product development

DnB NOR wishes to develop products that meet the needs of both its customers and society in general. Trade unions, voluntary organisations and specialists outside the Group provide important contributions to the development of products and services. Surveys and discussion forums are also important sources.

Based on feedback from these sources, in 2005 the Group launched the product ”First-home loan with interest rate ceiling” for first-time buyers entering the housing market.

In 2006, priority will be given to developing products and concepts directed at the target group ”young adults”.

Customer satisfaction

For DnB NOR, an important aim is to have satisfied customers. The Group tracks customer satisfaction trends by carrying out regular surveys within both retail and corporate banking and receives feedback on what can be improved.

Efforts are continually being made to increase customer satisfaction. In 2006, initiatives will

• Carl Nesjar, *Cliffs by the Sea, 1986-87* • © Carl Nesjar / BONO 2006 •

include the recruitment of 70 new employees to the Telephone and Internet Banking division in Retail Banking in Norway to improve the level of service. During 2006, the customer satisfaction measuring systems will be further developed to ensure even better information on how internal ambitions match actual customer perception. DnB NOR has devoted considerable resources to developing services for small and medium-sized companies, including new customer loyalty programmes.

Complaints from customers

Complaints from retail customers in DnB NOR are handled by a special unit – Complaints Service. Nevertheless, the aim is that as many cases as possible should be dealt with where they arise, be it in the branch network, the Internet bank or the telephone bank. Surveys show a positive trend in customer perception of complaints management. The number of complaints from customers declined in the first three quarters of 2005 compared with the same period in the previous year. Complaints regarding different forms of fraud attempts increased in 2005, while complaints regarding prices declined.

Source of expertise

DnB NOR possesses extensive competence within areas such as personal finances, market development and business and industry. Many of the Group's employees have gained a position as sources of expertise in their local community.

Consumer economists and macroeconomists in DnB NOR are professional experts often used to provide information and insight through interviews in the press, articles on the Internet and in customer magazines and at seminars.

Courses and seminars

DnB NOR organises a number of courses and seminars for both companies and individuals. Course topics include roles and responsibilities of boards of directors, starting one's own company, retirement pension seminars, seminars for the energy sector, the property sector and the wood processing industry. Another example is the project "Setting up House", which is a collaboration between secondary schools and DnB NOR to teach 15 and 16 year olds about the financial aspects of setting up house. In cooperation with Dagens Næringsliv, a Norwegian business daily, DnB NOR supported the newspaper's "Gazelle Project" in 2005. At conferences throughout Norway, the project drew attention to emerging businesses.

Employees

DnB NOR's corporate culture should reflect the Group's three core values: team spirit, simplicity and value creation. DnB NOR is committed to management and employee development imparting these values.

Together with the code of conduct, DnB NOR's leadership principles provide the foundation for the Group's corporate culture. The code of conduct describes what employees can expect from the Group and what the Group expects from its staff members. The code of conduct challenges both managers and employees to create an attractive workplace. DnB NOR's leadership principles clearly describe the conduct expected from managers.

Employee satisfaction

In the first quarter of 2005, an employee satisfaction survey was carried out in the entire Group. The questions asked mainly related to the code of conduct, leadership principles and general matters related to job satisfaction and the Group's attractiveness as a workplace. The response rate was 78.7 per cent for the entire Group and 81.4 per cent for DnB NOR Bank ASA.

In total, the Group's employees had a satisfaction rate of 68.2 measured on a scale from 0-100. The result was satisfactory in light of the Group's ongoing integration process. The survey also showed that management training and efforts to build the desired corporate culture are bearing fruit. A new survey was carried out at the beginning of 2006.

Management training

Management training in the Group is organised primarily along three dimensions:

- Implementation of a three-phased process for each management team: "This is the way we do things in our management team".
- Implementation of the group programmes "Practical management training" and "The manager as coach".
- Development of tailor-made management training for each business area.

In 2005, 119 groups completed "This is the way we do things in our management team". 246 managers completed "Practical management training" and 65 managers "The manager as coach".

Competence development

During the integration process, DnB NOR identified competency needs resulting from new systems, products and work processes. DnB NOR has implemented competence-building measures within sales and financial advisory services, credit procedures, different products and systems as well as work processes. In-house training and supplementary education programmes were held in cooperation with external educational institutions.

In 2005, certification of financial advisers was commenced based on competence requirements in DnB NOR Retail Banking. This initiative will be intensified in 2006.

Competence is one of the Group's most important competitive advantages and in 2005 projects were completed in areas such as Internet-based learning, different competence tools and the use of different training methods. The purpose of the projects is to support each individual employee in taking initiatives and being responsible for his or her own development.

Descriptions of competence requirements have been drawn up for different positions, a competence survey has been completed and competence development plans have been established.

There were 8 350 participants in training programmes or further education for the Group's employees in 2005, and 327 employees received financial support to study at external educational institutions.

Trainee programme

DnB NOR's trainee programme is ranked among the best of its kind in Norway. In 2005, 13 new trainees were recruited from universities and colleges in Norway and abroad. This group has a good mix of genders and represents ethnic diversity.

The trainees complete a varied professional training programme lasting 18 months.

Contact and marketing activities directed towards educational establishments are considered to be important and DnB NOR therefore participates in various company presentations and professional programmes, as well as career days, student conferences and symposiums. In cooperation with ANSA, the Association of Norwegian Students Abroad, good contact has been established worldwide with institutions where Norwegian students study.

Since the commencement of the trainee programme in 1994, more than one hundred newly qualified students have completed the Group's programme.

Reassignment of competencies

DnB NOR seeks to maintain and reassign the competencies in the Group and therefore has its own temporary staff recruitment agency, DnB NOR Ressurs, and a separate consulting unit, DnB NOR Consulting. Positions in these units are filled through internal recruitment.

Staff levels

After the establishment of DnB NORD, the number of full-time positions in the Group totalled 11 446 as at 31 December 2005. Excluding DnB NORD, the number of employees in DnB NOR was 10 057 at the end of 2005, 51 per cent women and 49 per cent men. This is the equivalent of 9 692 full-time positions. 11.5 per cent of the total workforce work part-time. 20.3 per cent of the Group's female employees work part-time, compared to 2.4 per cent of male employees. During 2005, 963 employees left the

Group, representing 911 full-time positions. Of these, 308 received severance packages in accordance with the Group's restructuring regulations, of which 136 were in the form of redundancy pay and 10 part-time solutions. 162 employees received early retirement pensions, of which 107 were contractual early retirement pensions with supplementary pensions.

As at 31 December 2005, the average age of DnB NOR employees was 46.3 years, whereas the average length of service was 18.5 years and the average retirement age 61 years.

Recruitment and mobility

DnB NOR encourages internal recruitment and mobility. In 2005, 520 candidates from within the Group and 469 external candidates filled 989 vacant positions.

Career Change Centre

DnB NOR's Career Change lends assistance to employees made redundant and others who need advice in making a career change. In 2005, 210 employees received help and career advice. Approximately 15 per cent of visitors to the Career Change Centre left the Group.

Working environment

Demands for a more inclusive workplace, in combination with continuous reorganisation in 2005, affected the working environment in large parts of the DnB NOR Group. As an inclusive workplace, DnB NOR is committed to closely following up employees absent due to illness and to implementing necessary measures to reduce, as far as possible, such periods of absence. DnB NOR seeks to adapt working hours to suit the different phases of life and working situations of the employees.

Benefits

Employees in the DnB NOR Group enjoy a number of benefits, both financial and social, for example a group pension scheme, share-related benefits, corporate sports and cultural activities, and the possibility to rent vacation properties.

Occupational pension scheme

All employees in the DnB NOR Group are covered by an occupational pension scheme in accordance with the Act on Occupational Pensions. With effect from 1 January 2005, all employees are included in a common pension scheme.

Share-related benefits

All employees in wholly-owned companies in the DnB NOR Group qualify for inclusion in DnB NOR Ansattefond AS, an employee investment fund. Allocations to the fund for 2005 totalled NOK 153 million. This is the equivalent of a net allocation of NOK 13 400 per employee. The employee investment funds from the former DnB and Gjensidige NOR have been maintained in order to manage existing values.

As at 31 December 2005, the value of each A share in DnB NOR Ansattefond AS was estimated at NOK 21.15. The share price in DnB NOR ASA on the same date was NOK 72.00.

For eligible employees from the former DnB, full allotment amounted to an estimated pre-tax value of NOK 176 316 at year-end 2005. Employees from the former Gjensidige NOR who have been members of the scheme from its commencement had accumulated a value of NOK 251 657.

In total, 5,845 employees from the former DnB participated in subscription rights programmes in 2005. The subscription rights programme for employees in the former DnB expired in March 2005, whereas employees in the former Gjensidige NOR did not have subscription rights in 2005.

In 2005, all group employees received an offer to purchase a certain number of DnB NOR shares at a discounted price and on favourable terms. 5 359 employees accepted the offer.

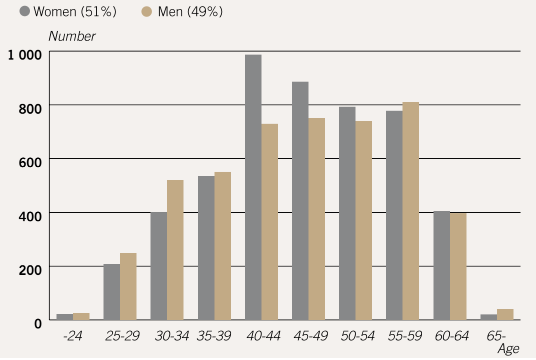
Company sports and cultural activities

DnB NOR motivates and facilitates physical and cultural activities for employees. This is a natural part of the Group's systematic and long-term commitment to health, safety and environment (HS&E). Several thousand DnB NOR employees participate in such activities.

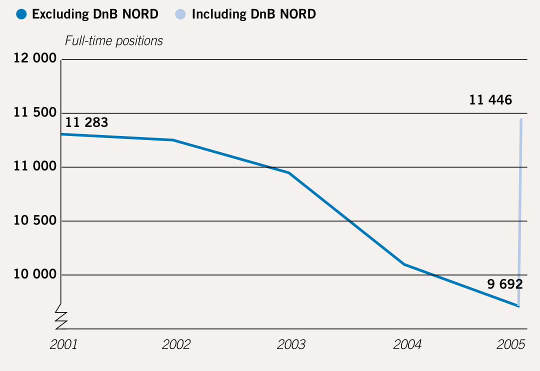
Vacation properties

Employees in DnB NOR have around 130 cabins and apartments at their disposal in Norway and abroad. All employees in the Group have the same right to use these vacation properties.

Number of employees according to age and gender as at 31 December 2005



Staff numbers



Society and the environment

In the view of DnB NOR, creating a long-term basis for financial and economic growth is strategically important. Thus, the Group is committed to combining profitability for customers and shareholders with environmental and social considerations.

DnB NOR's corporate social responsibility is based on the Group's strategy, corporate culture and values, as well as on international principles and guidelines concerning environmental, ethical and social considerations.

DnB NOR has endorsed the following principles and guidelines:

- United Nations Global Compact
- Transparency International
- OECD guidelines for multinational companies
- United Nations Environment Programme Financial Initiative

The Group's ambitions with respect to corporate social responsibility are outlined in a special policy. The key elements in the group policy can be summarised as follows:

- DnB NOR wishes to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations.
- DnB NOR will not offer products and services or perform acts representing a risk of involvement in unethical conduct, infringement of human or labour rights, corruption or harm to the environment.
- DnB NOR aspires to be among the best financial institutions in the Nordic region with respect to corporate social responsibility.

Corporate social responsibility should be an integrated part of DnB NOR's business operations. In 2005, guidelines for corporate social responsibility were implemented in the largest business areas. Guidelines were approved for credit operations, for the Investment Division and for DnB NOR Asset Management. DnB NOR exercises corporate social responsibility in relation to customers by developing products and services adapted to meet customer needs, taking customer satisfaction seriously, contributing to competence sharing and giving responsible and good advice. Furthermore, a separate declaration regarding the corporate social responsibility of suppliers has been drawn up, to be used in connection with procurement, as well as an environmental action plan. DnB NOR also considers being an attractive workplace part of corporate social responsibility, together with sponsoring sports, culture and humanitarian organisations.

Socially responsible investments

In 2005, DnB NOR Asset Management introduced a minimum ethical standard for all investments. The new guidelines are based on the United Nations Global Compact, the OECD guidelines for multinational companies and the Ottawa Convention. The guidelines imply that all investments are considered based on social, environmental and ethical criteria.

DnB NOR Asset Management enters into active dialogue with companies to attempt to influence them in a positive direction. If discreditable conditions are not improved within a certain period of time, the case is brought before an internal ethical committee, which decides whether the company should be excluded from the investment portfolio. So far, only investments in one company have been excluded due to ethical criteria, but several companies are currently being evaluated.

The asset management operations in Sweden offer several funds based on ethical criteria and the environmental funds Grønt Norden and Miljøinvest. In addition there are a number of tailor-made products for customers seeking stricter ethical criteria than the minimum standard. DnB NOR Asset Management has been involved in socially responsible investing since the late 1980s and has considerable competence within this area.

The pension company Vital, which is part of the DnB NOR Group, has chosen to have more extensive ethical criteria governing its investments than DnB NOR Asset Management. In addition to minimum criteria in line with the group policy, Vital excludes:

- companies producing tobacco
- companies producing pornography
- companies involved in the production or distribution of strategic components to be used in weapons of mass destruction

In 2005, Vital excluded 34 companies, which represent about 2.5 per cent of the investment portfolio. The exclusion of a further ten companies is currently being considered.

Environmental order in our own house

DnB NOR influences the environment both directly and indirectly. The Group's investments and lending activities have an indirect impact on the environment. These activities are governed by corporate social responsibility guidelines for credit operations and asset management.

As an office-based business, DnB NOR has a direct impact on the environment through its consumption of paper and energy, waste management, procurement and use of means of transport. DnB NOR wishes to reduce the Group's direct environmental impact by keeping its own house in order. An action plan with concrete targets for environmental efforts has been prepared for the period 2006–2008.

Environment: Status and action plan			
	2005	*2004*	*Targets 2006–2008*
Total energy consumption (GWh)	79.8	89.8	Survey of energy consumption in large buildings in 2006 3.5 per cent reduction in total energy consumption in 2006
Paper purchased (tons)	957	N/A	2.5 per cent annual reduction
Waste recycling ratio	31%	31%	Status quo
Electronic equipment: return scheme	Yes	Yes	Continue general return scheme Introduce mobile phone return scheme
Domestic air travel (Norway) (number of flights)	33 235	26 909	Status quo
International air travel (number of flights)	4 561	3 385	Maximum increase of 30 per cent in 2006
Eco-lighthouse certification, incl. re-certifications	0	7	Three certifications and four re-certifications in 2006
Procurements: special declaration on CSR	Yes	No	Use special declaration in contracts and renegotiations

Energy
In 2005, energy consumption totalled 79.8 GWh[1]. However, the figure does not include district and oil heating. During the last few years, energy efficiency measures have been implemented in most of DnB NOR's large buildings in connection with environmental certification. In 2006, DnB NOR will carry out a survey of the energy efficiency potential of all large buildings. The Group will also implement measures to improve the methods used to measure and monitor energy consumption.

Paper
During 2005, DnB NOR purchased a total of 957 tons of paper. DnB NOR's paper suppliers have to conform to strict environmental standards. Chlorine bleached paper is not used. The aim of DnB NOR is to reduce paper quantities by 2.5 per cent in 2006 by encouraging electronic communication both in-house and with customers.

Waste management
The waste recycling ratio was 31 per cent[2]. Environmental certification is one of the measures that ensures environmentally-friendly waste management. Discarded electronic equipment is delivered to environmentally-certified partners that recycle or destroy such products in an environmentally-friendly manner. Electronic equipment means computers plus appurtenant equipment, printers, copiers etc.

Transportation
The Group's travelling has an impact on the emission of greenhouse gases. In 2005, the number of flights increased by 24 per cent compared with 2004. The increase can partly be accounted for by increased activity abroad, such as the establishment of DnB NORD in the Baltic States and in Poland. In 2006, DnB NOR will seek to keep the number of domestic flights unchanged despite increased activity by, for example, facilitating increased use of video conferences. International travel will increase as a result of the major initiatives outside Norway. The target is an increase of maximum 30 per cent.

Suppliers
In 2005, DnB NOR introduced a special declaration regarding suppliers' corporate social responsibility. This means that all potential suppliers must sign a declaration confirming that they neither contribute to violation of human or labour rights, nor engage in environmental harm or corruption. Only suppliers that sign the declaration will be considered in connection with procurements.

Eco-lighthouse
The majority of DnB NOR's larger buildings have been certified under the eco-lighthouse programme. The eco-lighthouse certificate is a Norwegian public certificate recommended by the Norwegian Ministry of the Environment. In order to be certified as an eco-lighthouse, the company must conform to a number of environmental standards. The certificates must be renewed every three years.

The certification applies to routines and measures within purchasing and material consumption, energy consumption, transportation, waste management, water consumption, air quality and noise.

At the end of 2005, DnB NOR had certified 13 buildings. Approximately one third of the Group's employees work in these buildings. In 2006, there are plans to certify three new buildings and re-certify four

1) Measured energy consumption comprises about 90 per cent of the Group's office space. Energy consumption comprising part of shared costs in buildings where DnB NOR is a lessee, oil and district heating are not included. Oil and district heating constituted approximately 10 per cent of total measured energy consumption in 2004.

2) The recycling ratio is based on figures from refuse companies with which DnB NOR has a cooperation agreement and only comprises major buildings in the eastern part of southern Norway. In buildings where DnB NOR is a lessee, waste handling is based on agreements entered into by the lessor.

buildings. The target is that about half of the Group's employees will work in environmentally-certified buildings by the end of 2008.

Investment in society

As Norway's leading financial institution, DnB NOR is an important contributor, partner and source of expertise both locally and nationally.

Support to humanitarian organisations

DnB NOR supports a number of charitable institutions and good causes. At the local level, DnB NOR gives cash donations to charitable causes such as children and youth projects.

Since 1987, DnB NOR employees have, in a voluntary scheme, donated NOK 8 million to Save the Children Norway. Automatic monthly deductions are made from employee wages. Today, approximately 800 employees in the Group are registered on the scheme.

DnB NOR is a general sponsor of Plan Norway, a politically and religiously independent organisation engaged in child-centered development work in 45 countries.

DnB NOR also supports the Nobel Peace Center in Oslo. The centre's vision is to promote peace through reflection, debate and involvement. The agreement with the Nobel Peace Center has a value of NOK 14 million.

DnB NOR wishes to provide financial support and assistance when disasters strike. In total, the Group has given more than NOK 4 million to the victims of the tsunami disaster in South-East Asia, including direct contributions, free handling of public donations to the relief organisations and providing assistance in counting money raised. During 2005, DnB NOR also contributed funds and manpower to the TV campaign "Dream Catcher".

In recent years, DnB NOR has given a monetary gift to good causes instead of Christmas presents to the Group's business associates. In 2005, the Christmas present was given to the Church City Mission and Amnesty International.

Financial support to charitable causes

NOK million	*2005*
Cooperation agreements with humanitarian organisations	10.1
Donations	2.4
Funding of research professorships	1.5
Total	14.0

The Savings Bank Foundation

Sparebankstiftelsen DnB NOR (the Savings Bank Foundation), an independent foundation which is DnB NOR's second largest shareholder, gives financial contributions to a wide range of charitable causes. In 2005, the Foundation distributed NOK 65 million. Examples of ventures that received financial support in 2005 are drinking water coolers in upper secondary schools and the "Ibsen Year 2006" a commemoration of the centenary of the death of the Norwegian dramatist Henrik Ibsen. During the first six months of 2006, the Foundation will give priority to cultural heritage, outdoor activities and integration measures for people from ethnic minority backgrounds.

In addition to giving direct financial contributions, the Savings Bank Foundation invests in causes that benefit the general public. In 2005, the Foundation invested NOK 100 million in an instrument fund, Dextra Musica, and a considerable sum in the art fund Dextra Artes, which among other things administers the Astrup collection.

Sponsorship

DnB NOR sponsors Norwegian cultural activities and sports, and in 2005 donated approximately NOK 50 million, of which sports organisations received about 80 per cent and cultural institutions 20 per cent. This figure does not include costs related to following up the agreements, monetary gifts to charitable institutions and cooperation agreements with different public institutions.

The level of sponsorship funds will increase in 2006, one of the reasons being that DnB NOR is the main sponsor of the Ibsen Year 2006, one of Norway's largest cultural events ever.

Sponsoring activities play an important part in supporting DnB NOR's priority areas, core values and brand-building activities. Visit www.dnbnor.com for a complete overview of DnB NOR's cultural and sports sponsorship agreements.

Cultural and sports sponsorship agreements

NOK million	*2005*
Cultural sponsorship	9.9
Sports sponsorship	39.1
Total	49.0

Financial support to innovation, research and development

DnB NOR is strongly committed to strengthening the competitiveness of the Norwegian business community and stimulating innovation and competence. The Group is therefore financing two five-year professorships within finance, one in financial economics at the Norwegian School of Economics and Business Administration and one in asset management at BI Norwegian School of Management. The Group also

DnB NOR publishes a separate annual report on the Group's corporate social responsibility. See www.dnbnor.com

supports innovation through its own innovation centre and the annual DnB NOR Innovation Award.

Source of expertise

DnB NOR possesses extensive expertise within such areas as personal finances, market development and business and industry. This expertise is represented in more than 190 locations nationwide, and many of the Group's employees have gained a position as sources of expertise in the local community.

DnB NOR arranges a number of courses and seminars for both companies and private individuals. Course topics include roles and responsibilities of boards of directors, starting one's own company, retirement pension seminars, seminars for the energy sector, the property sector and the wood-processing industry. Another example is the project "Setting up House", which is a collaboration between secondary schools and DnB NOR to teach 15 and 16 year olds about the financial aspects of setting up house. 71 schools are participating in this project.

The consumer economists and macroeconomists in DnB NOR are professional experts who are often called upon to provide information and insight by giving interviews in the press, contributing articles for publication both on the internet and in customer magazines, and participating in seminars. Since 2002, DnB NOR and Postbanken have each had their own consumer economist. Their job is to give objective and precise information on personal finances. The macroeconomists prepare analyses and prognoses regarding national and global financial prospects for customers and the financial market.

Ethics

DnB NOR regards efforts to promote ethics as an important element in the Group's strategy. In the view of DnB NOR, earning the trust of the surrounding community and obtaining lasting commercial success is dependent on each individual employee maintaining high ethical standards. Being conscious of business ethics has an intrinsic value and contributes to promoting the Group's corporate culture, shared values and vision.

The Group's code of ethics has the full support of the Board of Directors and group management and applies to all employees and elected officers. Great importance is attached to the employees conforming to high ethical standards at all times, exercising due care and refraining from actions that may impair trust in DnB NOR.

Training and courses in handling ethical dilemmas are important instruments to make ethics an integrated part of the Group's daily operations. In 2005, several training tools were developed in ethics, including dilemma training for use in e-learning, department meetings and management courses. DnB NOR also offers college courses in ethics in cooperation with BI Norwegian School of Management.

Each individual manager is responsible for acquainting employees with the regulations and for putting relevant ethical problems on the agenda.

Employees in DnB NOR have a duty to notify any suspicion of breaches of the code of ethics.

Money laundering and economic crime

DnB NOR has a unit responsible for preventing and reporting economic crime, including fraud, laundering of proceeds from criminal acts and the financing of terrorism. Both manual and electronic methods are used to detect suspicious transactions. Great importance is also attached to preventive measures.

Statutory measures against money laundering and terror financing include identity control when registering new customers, the investigation of suspicious transactions, the reporting of irregularities to ØKOKRIM (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime) and the training of personnel.

All employees in DnB NOR handling customers and/or transactions attend a training course which gives an introduction in what money laundering is and how to detect suspicious transactions.

DnB NOR has been granted a concession to investigate suspicions of internal irregularities or breaches of the law committed by DnB NOR employees. Risk areas and recommended measures are illustrated in annual experience reports to group management and the Board of Directors.

FTSE4Good

DnB NOR is included in
the sustainability index FTSE4Good

DnB NOR is an active participant in several international networks that promote corporate social responsibility in business and industry. International partners within corporate social responsibility are:

- Global Compact: a worldwide network initiated by the UN, which is based on ten principles related to human and labour rights, corruption and the environment.
- United Nations Environment Programme (UNEP), Financial Initiative: a UN initiative for the financial industry which is an important contributor for sustainable development.
- Transparency International: a global organisation established in 1993 to combat corruption nationally and internationally.
- Amnesty International Norway, Justice Club: a part of the worldwide human rights organisation.

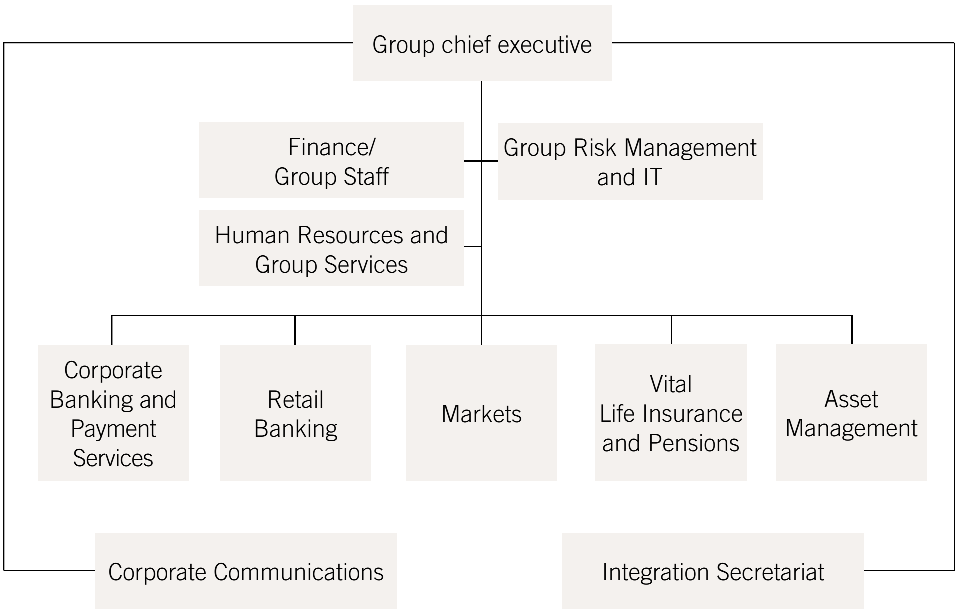
Business areas

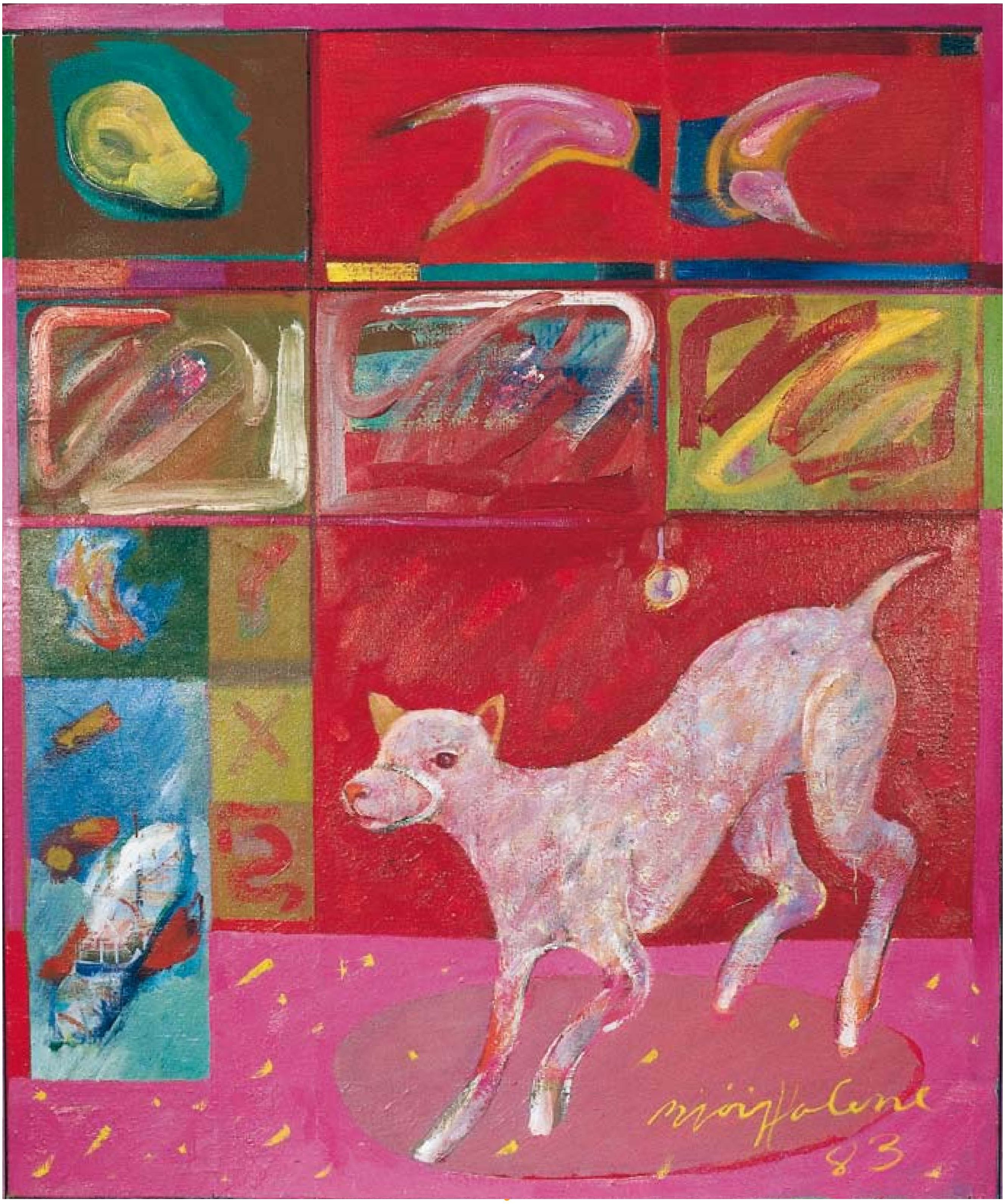
In 2005, the operational structure of DnB NOR included five business areas and four staff and support units. DnB NORD, which was incorporated in the Group as of year-end 2005, will initially be regarded as a new, sixth business area.

As independent profit centres, the business areas carry responsibility for customer segments served by the Group, as well as the products offered.

The operational structure of DnB NOR deviates from its legal structure as activities in subsidiaries fall in under the business area relevant to the company's primary operations. Activities in some subsidiaries are divided between the relevant business areas. This applies, for example, to Nordlandsbanken, where corporate market activities are included in Corporate Banking and Payment Services while retail market activities are included in Retail Banking.

The business areas carry responsibility for customer relationships and for serving specific customer segments, as well as for key distribution channels for the sale of customer products and for ensuring that the Group's products are adapted to market requirements. Responsibilities include marketing, customer service, distribution and risk assessment in addition to product development, production and product pricing. The business areas are also responsible for the most business-critical support functions and have the opportunity to influence other staff and support units in the Group by changing their demand pattern and levels of ambition.





• Bjørg Holene, *Zink, 1983* • © Bjørg Holene / BONO 2006 •

Management of the business areas

Differentiated financial and non-financial targets have been set for the business areas which in combination will help the DnB NOR Group reach communicated financial targets. Return on risk-adjusted capital is the key financial ratio for the business areas, representing each area's profits after taxes relative to the need for risk-adjusted capital. The need for risk-adjusted capital is based on the risk involved in operations in accordance with DnB NOR's total risk model. See section on "Risk and capital management" for a description of the model.

Cooperation between the business areas is an important element in DnB NOR's strategy. A wide range of products, services and distribution channels enables the Group to offer customer solutions across business areas. DnB NOR's financial management model and functional organisation entail that products and services are sold between the business areas. The pricing of such intra-group transactions is regulated by internal agreements generally based on market terms. Exceptions from the main principle are made for certain important customers and transactions that require extensive cooperation within the Group. To stimulate such cooperation, net profits relating to some of these transactions are recorded in the accounts of the relevant business areas. This refers primarily to income from customer trading in DnB NOR Markets. In 2005, such income totalled NOK 954 million. Double entries are eliminated in the group accounts.

Services provided by staff and support units will as far as possible be scaled according to demand and are priced at cost. Group overheads that cannot be debited according to use, are charged to the business areas' accounts on the basis of special distribution formulas. Costs relating to the Group's equity transactions and strategic initiatives, direct shareholder-related expenses and costs concerning the Group's governing bodies are not charged to the business areas.

Financial performance

All business areas recorded a rise in profits from 2004 to 2005.

Net interest income increased in both Retail Banking and Corporate Banking, in spite of pressure on margins in both business areas. Rising volumes more than compensated for narrower spreads.

Average lending in Corporate Banking was up 9 per cent from 2004 to 2005, while Retail Banking recorded 11 per cent lending growth during the same period. Deposits in Corporate Banking and Retail Banking rose by 14 and 5 per cent respectively.

There was also a rise in other operating income in all business areas from 2004 to 2005. Income trends reflected the high level of activity, and the Group recorded a boost in income from the sale of financial products, including mutual fund and insurance products, foreign exchange and interest rate products and corporate finance services.

Operating expenses were brought down in all business areas apart from DnB NOR Markets, reflecting the fact that the realisation of synergies in connection with the DnB NOR merger was on schedule. DnB NOR Markets completed the integration in 2004, and the increase in expenses could mainly be attributed to a rise in performance-based pay due to strong profits.

Write-downs on loans were at a very low level in 2005, with net reversals in Corporate Banking. The figures reflect sound quality in loan portfolios.

Profit and loss and balance sheet items and selected key figures (figures for 2004 are pro forma)

Profit and loss accounts

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital		DnB NOR Asset Management	
Amounts in NOK million	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*
Net interest income - ordinary operations	5 701	5 618	7 363	7 051	235	209	0	0	(21)	(6)
Interest on allocated capital	510	454	297	249	50	41	0	0	29	26
Net interest income	6 211	6 072	7 660	7 300	285	250	0	0	8	20
Net other operating income	2 501	2 088	3 084	2 769	2 733	2 266	2 423	2 417	1 028	925
Total income	8 712	8 161	10 744	10 069	3 018	2 516	2 423	2 417	1 036	945
Operating expenses *)	3 250	3 337	6 215	6 447	1 268	1 088	1 105	1 178	642	681
Pre-tax operating profit before write-downs	5 462	4 824	4 529	3 623	1 750	1 429	1 318	1 239	393	264
Write-downs on loans and net losses on assets	(532)	(137)	255	191	11	3	0	0	2	0
Pre-tax operating profit	5 994	4 962	4 274	3 432	1 739	1 426	1 318	1 239	391	265
**) Of which group overheads*	*61*	*67*	*32*	*33*	*13*	*16*	*6*	*11*	*3*	*5*

Main average balance sheet items

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital 1)		DnB NOR Asset Management	
Amounts in NOK billion	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*
Net lending to customers 2)	279.8	257.2	347.7	312.1	2.9	1.4				
Customer deposits 2)	199.9	175.8	197.0	187.6	11.0	9.4				
Assets under management							187.3	167.7	504.9	482.4

Key figures

	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		Vital 3)		DnB NOR Asset Management 3)	
Per cent	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*
Cost/income ratio	37.3	40.9	57.8	64.0	42.0	43.2			62.0	72.0
Ratio of deposits to lending 2)	71.4	68.4	56.7	60.1						
Return on capital BIS	18.5	16.3	23.2	20.6	55.5	52.0	16.6	19.1	21.6	15.3
Full-time positions 4) 5)	1 809	1 932	4 103	4 288	538	531	868	926	285	310

1) Total assets.

2) Based on nominal values.

3) Return on capital is calculated on the basis of recorded equity.

4) Figures are as at 31 December.

5) As the transition to IFRS has resulted in certain companies being reclassified as fully consolidated, four full-time positions in Corporate Banking were included as at 31 December 2005. Figures for 2004 have been restated accordingly. During 2005, the support unit Payment Services was incorporated in the business area Corporate Banking. The reorganisation will be reflected in the accounts as of 1 January 2006. Consequently, full-time positions in Corporate Banking are shown exclusive of Payment Services, which encompassed 547 full-time positions as at 31 December 2005.

Corporate Banking and Payment Services

Corporate Banking and Payment Services recorded pre-tax operating profits of NOK 5 994 million in 2005, a rise of NOK 1 032 million compared with 2004. A very low level of write-downs and strong growth through the year ensured healthy profits in spite of fierce competition and pressure on margins.

Operations

During 2005, Payment Services was integrated into the business area Corporate Banking. Payment Services is a support unit providing corporate clients with cash management services. The unit has group-wide responsibility for infrastructure projects affecting both retail and corporate customers. The description of the business area below only includes operations in Corporate Banking, while the operations of Payment Services are described in a separate section.

Corporate Banking serves large corporates, shipping clients and small and medium-sized companies, as well as the public sector and international corporations. Customers are served through central customer service departments, 60 financial services and business centres and 194 regional offices in Norway, as well as through the bank's telephone and Internet banks. In addition, Nordlandsbanken serves corporate clients in the county of Nordland. DnB NOR's international network comprises seven branches and five representative offices on three continents.

As a result of close cooperation with other units in the Group, Corporate Banking can offer extensive expertise combined with a wide range of financial products and services to both international clients and local communities in Norway.

Operations in Corporate Banking are organised in six customer divisions and also include the subsidiaries DnB NOR Finans, DnB NOR Næringsmegling and DnB NOR Hypotek as well as Nordlandsbanken's activities in the corporate market. The Nordic Corporate Division and the International Corporate Division serve the largest Norwegian corporate clients, financial institutions and the public sector, as well as international clients doing business in Norway, international clients in the oil and energy sector and selected large corporates in the Nordic region. The Shipping, Offshore and Logistics Division targets Norwegian and international clients operating in the relevant sectors. The Regional Division East and the Regional Division Coast serve corporate customers in Norway by being present in local communities, in addition to providing services over the phone and the Internet. To strengthen the Group's international operations, a separate division with responsibility for Sweden, Finland, Denmark and Germany was established in 2005.

DnB NOR Finans is the leading finance company in Norway. The company offers asset finance, factoring and related administrative services in the corporate market and public sector, as well as car loans to retail customers. DnB NOR Næringsmegling is the country's largest brokerage firm within commercial property, offering advisory services including portfolio analyses, valuations, development opportunities and property strategies. DnB NOR Hypotek offers financing for commercial property in urban areas in Norway.

Corporate Banking had 1 809 employees at end-December 2005, with 1 637 in Norway, including 546 in subsidiaries, and 171 in international units. Integration activities in the wake of the DnB NOR merger continued in 2005, and accumulated cost synergies of NOK 159 million had been realised by the end of the year. The business area has reached its synergy targets. The integration process in Corporate Banking is expected to be completed in the course of 2006.

Customers and market position

There was intensifying competition in all segments of the Norwegian banking market during 2005, resulting in narrower lending spreads. Credit demand rose in the course of the year, and Corporate Banking strengthened its market position in the second half of 2005. A rise in lending volume compensated for the narrowing spreads, thus the level of net interest income was maintained.

Corporate Banking further strengthened its international operations during 2005, primarily in the shipping and energy sectors. DnB NOR is one of the world's foremost shipping banks. In connection with the establishment of DnB NORD, Corporate Banking took over NORD/LB's banking operations in Sweden. At the time of the acquisition in September 2005, the lending portfolio totalled SEK 5.5 billion. There was greater expansion in international operations than in Norway, and Corporate Banking thus experienced stronger growth than the Norwegian banking industry in general.

Deposit volumes also rose appreciably during 2005, mainly due to sound liquidity in the business community. Corporate Banking retained its market shares

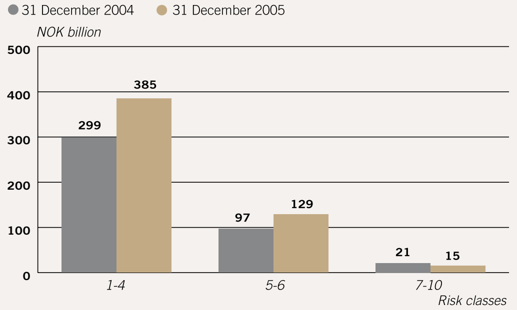
• Irma Salo Jæger • *Nightingale, 1984* • © Irma Salo Jæger / BONO 2006 •

during the year, and the deposit spread improved marginally.

Corporate Banking increased its focus on customer loyalty programmes in 2005 by launching "Partner" and "Partner Pluss". The number of companies subscribing to such programmes rose by close to 20 per cent during the year. In autumn 2005, Corporate Banking introduced mandatory occupational pensions for clients. Sales of this product, supplied by Vital, will be a priority area for Corporate Banking in 2006.

Customer satisfaction among corporate clients remained stable at a satisfactory level, which can be attributed to the high level of customer activity throughout the year and improved Internet banking services.

Credit exposure according to risk classification [1]



1) Based on DnB NOR's risk classification system where 1 represents the lowest risk and 10 the highest risk. The volume represents the expected outstanding amount in the event of default.

The quality of the credit portfolio is considered sound and showed improvement through 2005. The portfolio structure is satisfactory with respect to sector balance.

At end-December 2005, DnB NOR Finans had a 22 per cent market share within asset finance. At the end of the year, more than 92 per cent of factoring clients used the web-based solution Telefactor.

Strategy

Corporate Banking aims to be the customers' best partner, meeting their needs for financial services in Norway and Sweden and in selected areas in international markets where DnB NOR has, or may gain, competitive advantages through relationship building, competence or products.

Corporate Banking seeks to be the preferred choice for international companies and banks in Norway by virtue of DnB NOR's size in Norway and the Group's international network.

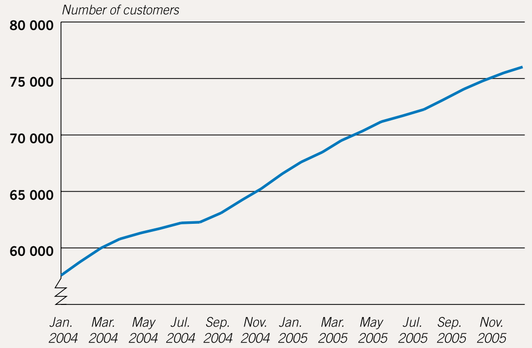
DnB NOR emphasises decision-making at the local level. Most credit decisions in domestic regions can be made within the scope of local authorisations. Local expertise combined with special industry knowledge provides an excellent basis for advisory services and risk analyses. A professional staff and good classification and decision support systems are key tools for managing credit risk in Corporate Banking and ensuring correct risk pricing. Systematic efforts are made to streamline work processes.

During 2005, DnB NOR approved guidelines for corporate social responsibility and ethics in credit operations. The guidelines state that risk associated with environmental, ethical and social aspects should be analysed on a par with other risk factors. Companies that systematically contribute to environmental harm or are involved in corruption or the infringement of human or labour rights will not be granted credit.

The telephone and the Internet are important customer service channels. Efforts to further develop Internet services and web-based tools will continue. Around 75 000 corporate customers use Corporate Banking's web-based services.

During 2005, Corporate Banking implemented a new strategy for serving SME clients. Customers are offered a full-service concept through their local business centre, the telephone portal 'Corporate Customer Service' or the Internet bank.

Increase in number of Internet banking customers 2004–2005



Sound customer relations are the basis for profitable growth, which will be ensured through a high level of customer activity, relevant customer service, increased cross-sales and by acquiring market shares in areas and segments where DnB NOR has a significant potential.

It has been decided to establish a branch in Shanghai, and the necessary applications have been sent to the Chinese and Norwegian authorities. The branch is scheduled to open in the course of 2006.

The investment in DnB NORD will strengthen Corporate Banking's position in Denmark and Finland and provide access to the markets in Lithuania, Latvia, Estonia and Poland. Moreover, DnB NOR has entered into an agreement to acquire Monchebank, headquartered in Murmansk. The international expansion is in line with DnB NOR's declared international strategy, focusing on selected areas and on industries such as energy, fisheries and shipping, as well as accompanying Norwegian customers expanding outside Norway.

Future prospects

Corporate Banking anticipates a positive trend in the Norwegian business community and for operations outside Norway. The brisk demand for credit will continue in 2006 and have a positive impact on lending volumes, while sound liquidity among customers is expected to give rise to a moderate increase in deposit volumes. The strong competition is expected to prolong pressure on margins.

• Håvard Vikhagen, *View* • © Håvard Vikhagen / BONO 2006 •

The expansion of operations in Sweden is expected to result in a higher level of activity, growth in volumes and an increase in the number of customers. During the first half of 2006, DnB NOR Finans will step up activity in Sweden as part of the company's efforts to become one of the leading providers of fleet management services in Scandinavia. To further enhance its presence in international markets of importance to the bank's customers, DnB NOR will open an office in Houston during spring 2006.

In consequence of the introduction of mandatory occupational pensions as of 1 January 2006, the majority of companies are required to establish pension agreements for employees in the course of the year. Corporate Banking aims to be the preferred supplier of mandatory occupational pensions to the bank's corporate customers.

Payment Services

Payment Services, organised as a support unit under Corporate Banking and Payment Services, is responsible for preparing group strategies for payment transfers in addition to procuring, developing and following up deliveries of competitive payment services from sub-contractors. The unit will sell and organise cash management services and offer related advisory services to the bank's corporate customers in cooperation with other units in the Group as well as external partners. The Group's payment solutions should bring convenience to the everyday lives of customers and help DnB NOR achieve its business goals. Payment Services had around 570 employees at end-December 2005.

DnB NOR has a very strong position in the market for payment transactions, and products generate healthy revenues for Retail and Corporate Banking. Key elements in the unit's strategy are to develop new services that create value for the bank and the bank's customers while ensuring that existing services meet customer expectations and the Group's profitability and cost efficiency targets.

It is expected that strong competition and pressure on prices and margins within payment transactions will continue, together with a greater focus on the establishment of international standards for payment services and solutions for companies operating in several countries. Banks in the EU are in the process of establishing a single payment market and infrastructure, which will bring significant changes in the longer term. DnB NOR joined a pan-European payment system for standardised euro payments in 2005, and the Group will thus be integrated in a payment transfer system encompassing 7 000 banks across Europe. The European market will develop into the largest payment market in the world, with a single currency and common standards.

DnB NOR is actively involved in the development of international payment systems. The Nordic region is a key strategic priority area within cash management. Efforts are expected to result in higher quality and lower priced services for customers. DnB NOR is well positioned in the market, offering customer-adapted and cost-effective payment transfer services both in and outside Norway.

Retail Banking

Retail Banking recorded pre-tax operating profits of NOK 4 274 million in 2005, an increase of NOK 841 million from 2004. Performance reflected both higher income and reduced expenses. Good sales results and brisk demand for housing loans boosted lending by NOK 36 billion or 11 per cent compared with 2004.

Operations

DnB NOR is market leader in the Norwegian retail market. Represented throughout the country, Retail Banking serves more than two million private individuals and 45 000 small businesses through a broad multi-channel distribution network. This network meets the different service and convenience needs of a diversified customer base. DnB NOR has 194 branch offices and 23 investment centres, 17 Nordlandsbanken offices and 43 Postbanken customer service centres. Postbanken's customers are also served through more than 300 post offices and around 1 200 in-store postal outlets. A new concept for banking services in shops is under development.

Retail customers are offered Internet banking solutions which provide an overview of all aspects of their customer relationships with the DnB NOR Group. With a total of more than one million users, dnbnor.no and postbanken.no are the largest Internet banks in Norway.

Retail Banking is organised in five customer divisions and three support units. The customer divisions, which are organised according to either geographical location or customer needs, comprise the branch network under Regional Division East and Regional Division Coast, Investment Advisory Services, Postbanken and Telephone and Internet Banking. Customers seeking advisory services requiring special competence are served by Investment Advisory Services, which includes DnB NOR Private Banking, the subsidiary DnB NOR Luxembourg and distribution through external partners. All operating procedures and production processes within Retail Banking are organised under the Bank Production division.

DnB NOR Kort is an independent entity within Retail Banking and heads the market within credit cards and consumer finance in Norway. Outside the bank's channels, card products are distributed through the Cresco brand. DnB NOR Eiendom AS is represented in 78 locations in Norway. Operating procedures for real estate broking activities are handled by DnB NOR Meglerservice. Vital Skade is responsible for agreements with various associations and for non-life insurance products sold through the Internet banks. DnB NOR Boligkreditt has been established and is ready to issue covered bonds.

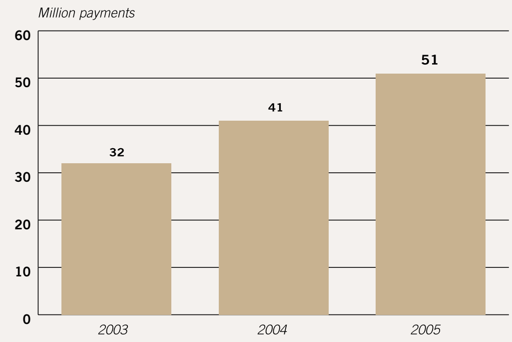
Retail Banking had 4 103 employees at year-end 2005. Important parts of the integration were implemented in 2005, including moving bank branches into common premises at 53 locations. Products were harmonised and sales of the new customer loyalty programmes received high priority. 532 000 customers have joined the programmes. Retail Banking was ahead of schedule in realising synergies in connection with the merger, and accumulated staff synergies corresponding to 700 full-time positions had been realised by year-end 2005.

Customers and market position

Lending and deposit volumes for Retail Banking averaged NOK 348 billion and NOK 197 billion respectively in 2005. Together, DnB NOR, Postbanken and Nordlandsbanken have strong market shares in the retail market. The market share of total lending to wage earners stood at 30 per cent at end-December 2005. At the same time, the market share of wage earners' savings was 38 per cent.

At the end of 2005, 532 000 customers had joined DnB NOR's loyalty programmes. Postbanken's product package, Postbanken Leve, had 386 000 participating customers. An increasing number of customers have housing loans in DnB NOR, numbering close to 424 000 at year-end 2005. There has been strong growth in the use of web-based solutions. There were an average of five million log-ins to the Internet banks each month through 2005, and 76 per cent of invoice payments were carried out electronically. The market constantly demands new products and solutions. In 2005, Retail Banking introduced first-home loans with interest rate ceiling at no extra cost. After the product was launched, Postbanken's sales of first-home loans have climbed 40 per cent.

Invoice payments over the Internet



Interest rate levels remained relatively stable throughout 2005. Norges Bank, the central bank of Norway, raised interest rates twice, by 0.25 percentage points on each occasion. Sound credit quality and strong competition led to a decline in lending spreads during the year.

Retail Banking is committed to improving customer satisfaction and loyalty in all target groups, and the customer segment young adults will remain a key priority in 2006.

Strategy

Retail Banking's aim is that every contact with the bank should be a pleasant experience for customers. Pleasant banking experiences ensue from the attitudes and conduct of employees and the solutions provided by Retail Banking. A further aim is that being a customer of Retail Banking should be perceived as a more positive experience than being a customer of another bank. Customers of the DnB NOR brand should experience that the bank offers relevant and applicable solutions together with individual customer service. Customers of the Postbanken brand should experience that the bank is easy to relate to, that its services are easy to use and that customer and advisory services are adapted to suit their needs.

Good advisory services, customer loyalty programmes and relevant customer dialogue are central tools to build strong customer relations. To ensure a high level of professional expertise and advisory services of a superior ethical standard, DnB NOR has initiated certification of advisers in Retail Banking. All employees who are primarily engaged in advising retail customers will be certified. DnB NOR should be easily accessible and distribution channels should be developed to reflect customer preferences.

In certain parts of Norway, Retail Banking has relatively modest market shares, though all customer segments have a substantial growth potential. In other areas, growth must primarily be based on selling a broader range of products to existing customers. Over the last few years, there has been stronger growth in housing loans to higher age groups. This trend is expected to persist and will ensure a continued growth potential for housing loans to financially sound households. Future priority areas will be young adults and high net worth clients, along with the sale of pension and non-life insurance products. The implementation of the new distribution agreements with Norway Post and NorgesGruppen will enable Postbanken to pursue an offensive strategy. In the short term, international growth opportunities will depend on the financial requirements of Norwegians abroad. In addition, the possibility of offering selected products and services to retail customers in the other Nordic countries and the Baltic region will be considered.

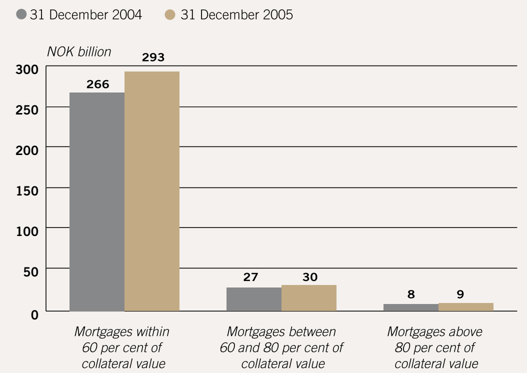
The primary aim of credit activity in Retail Banking is to maintain an optimal portfolio risk. As far as possible, credit scoring should be used as decision support in the credit process. Loans are granted on the basis of the customer's risk classification and past loan history, as well as the professional credit expertise of DnB NOR staff.

Future prospects

Expectations of a modest rise in interest rate levels, a slight improvement in the labour market and subdued growth in housing prices in 2006 provide the basis for continued growth. Retail Banking will face intensifying competition from both Norwegian and Nordic participants in the domestic banking market, but is well prepared to meet the competition based on good customer relations, new loyalty programmes, a broad distribution system, local market expertise and innovative solutions.

2006 will be characterised by a high level of activity. Satisfactory trends in profitability and market shares will be key targets. In addition, the business area seeks to improve customer satisfaction and loyalty, retain and develop competent and motivated employees, realise synergy targets and maintain adequate operational risk management.

Residential mortgages in Retail Banking



• Frederik Collett, *Mesna in Winter Splendour, 1906* •
• From DnB NOR's branch in Lillehammer. •

DnB NOR Markets

DnB NOR Markets is Norway's largest investment bank. Reflecting strong growth in all equity-related activities, DnB NOR Markets achieved operating profits of NOK 1 739 million in 2005, up 22 per cent compared with 2004.

Operations

The business area's main customer groups are Norwegian retail and corporate clients and the public sector. In addition, services are provided to international clients requesting services in Norway or services related to Norwegian kroner products. DnB NOR Markets provides services to clients outside Norway through the Group's international units, especially shipping and energy clients and Norwegian companies' international entities.

Customers are served from the head office in Oslo, 13 regional sales desks in Norway, offices in London, New York and Singapore, as well as through electronic channels. In addition, products are sold through other business areas in the Group, partner banks and external agents. Key products include foreign exchange and interest rate products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services. The organisation of DnB NOR Markets is based on decentralised customer service, e.g. through the regional sales desks. Service to major clients, risk management and support and control functions are centralised. Operations are organised under DnB NOR Bank ASA, with the exception of operations in the US, which include DnB NOR Markets Inc., a subsidiary established in 2004.

DnB NOR Markets had 538 employees at end-December 2005. All merger synergies were fully realised in 2004. The business area's volumes have expanded significantly after the integration without a corresponding increase in staff levels. The merger between DnB and Gjensidige NOR has provided a larger customer base, a broader market presence and greater expertise in local markets in Norway.

The Group's treasury function is organised under DnB NOR Markets. This is a support unit serving the entire Group. It is included neither in the description nor in the accounts for DnB NOR Markets below. The Group Treasury is described in a separate section.

Customers and market position

During 2005, DnB NOR Markets consolidated its position as market leader in Norway within trading in foreign exchange and interest rate products and equities, as well as custodial and other securities services. In addition, the business area strengthened its position within corporate finance.

In 2005, DnB NOR Markets was the largest equity brokerage house on Oslo Børs, with a market share of 10 per cent in terms of turnover. The market share for customer business in equity derivatives was just over 30 per cent. Retail customers' equity transactions over the Internet showed brisk growth in 2005. DnB NOR Markets was also the largest brokerage house on Oslo Børs within bonds and commercial paper, with market shares of 23 and 31 per cent respectively, and within capital-guaranteed investment products such as equity-linked bank deposits, with a roughly 40 per cent market share.

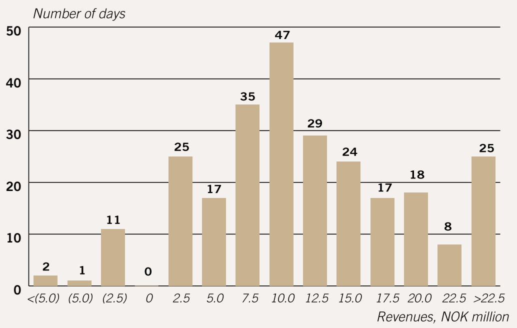
The sale of foreign exchange and interest rate derivatives to customers represented 32 per cent of DnB NOR Markets' income in 2005. Foreign exchange is the main product area, with traditional spot and forward contracts as key products. However, various interest rate hedging products, especially interest rate swaps, have gained significance in recent years. Due to the open Norwegian economy and strong fluctuations in exchange and interest rates, demand for currency and interest rate hedging products has increased. Rising floating interest rates, especially in US dollar, has caused greater demand for interest rate hedging products. More intense competition, resulting partly from trading via the Internet and other electronic channels, caused pressure on margins in 2005. A boost in sales compensated for the declining margins, reflecting both increased use of services by existing customers and new customers starting to use risk management instruments. In relative terms, shipping clients accounted for the most pronounced rise in sales. DnB NOR Markets' main competitors within hedging products are Nordic banks, while other European and global banks compete for the largest customers.

Income within the various segments

Amounts in NOK million	*2005*	*2004*
Foreign exchange and interest rate derivatives	970	876
Investment products	797	530
Corporate finance	387	209
Custodial and other securities services	237	193
Total customer income	2 392	1 808
Income from market making and other proprietary trading	594	664
IFRS adjustments	(18)	3
Interest on allocated apital	50	41
Total income	3 018	2 516

The sale of securities and other investment products represented 26 per cent of revenues in 2005. Due to general growth in the savings market, and most particularly in the equity market, there was a rise in business volume from both asset managers and customers' direct investment in financial instruments. Key products were equities and equity derivatives, primarily Norwegian. Income from retail customers and corporate and institutional clients were at approximately the same level. DnB NOR Markets also offers investments in property holdings. Emphasis is placed on offering innovative investment products. The Norwegian market for investment products is fragmented, with a number of competitors representing international and Norwegian banks and investment firms.

Daily revenue distribution in 2005



Average daily revenues in 2005: NOK 11.5 million

Corporate finance services in the form of equity and debt financing in capital markets and advisory services in connection with mergers, acquisitions etc. generated 13 per cent of DnB NOR Markets' revenues in 2005. Customers were mainly Norwegian enterprises and energy and shipping companies. DnB NOR Markets has special industry expertise within shipping, fishing and fish farming, energy and real estate. The level of activity rose through 2005 with respect to both public and private equity. DnB NOR Markets arranges commercial paper and bond issues in capital markets.

Custodial services accounted for 8 per cent of DnB NOR Markets' income in 2005. DnB NOR Markets operates as registrar for 56 per cent of the companies registered in the Norwegian Central Securities Depository (VPS), for 41 per cent of commercial paper issues and 32 per cent of bond issues. Settlement of securities for investors is an important part of custodial services, comprising both international investors' transactions in Norwegian securities and Norwegian investors' transactions in Norwegian and international securities. The majority of customers are businesses. Prices for securities services have been declining, though this trend has been offset by higher activity levels and growth in volume.

In addition to the segments described above, DnB NOR Markets also engages in market making and other proprietary trading in foreign exchange and interest rate instruments, fixed-income securities and, to some extent, equities. These activities have a moderate risk profile and have provided roughly one-fourth of DnB NOR Markets' revenues over the last few years. In this area, DnB NOR benefits from being a large bank in a small country with its own currency.

Strategy

DnB NOR Markets aims to be the leading investment bank for Norwegian and Norwegian-related customers as well as international clients requiring services relating to Norway and the Norwegian krone. In addition, DnB NOR Markets seeks to achieve competitive returns and high cost-efficiency through diversified operations with a moderate risk profile, mainly within Norwegian krone instruments. Due to technological developments and the standardisation of products, innovation and development are required with respect to products and services, markets and technology. High ethical standards are emphasised in all areas of operation.

DnB NOR Markets focuses on service concepts and financial advisory services that create value for customers and are adapted to differing customer needs.

In selected customer segments, DnB NOR Markets will engage in international operations in cooperation with Corporate Banking. Trading activities will support customer activity with products and prices.

Value creation in DnB NOR Markets is primarily based on sound customer relations and a broad distribution network. In-house production focuses on strategic products where DnB NOR has special advantages, such as Norwegian kroner. In product areas such as international equities, emphasis is placed on insourcing, cooperation agreements with other banks and on packaging solutions to reduce costs, risk and time-to-market. The strategy, which emphasises diversity and local presence, implies that broad physical and electronic distribution is of key importance for DnB NOR Markets.

Future prospects

Fluctuations in the NOK exchange rate and Norwegian interest rate levels, stock market activity and credit market trends will be decisive factors for the business area's performance. The downward pressure on prices is expected to continue as a result of fierce competition.

Group Treasury

The Group Treasury has prime responsibility for ensuring that the banking group is in a position to meet all payment obligations when due and will ensure that the Group's liquidity adjustments at any given time are within the limits approved by the bank's Board of Directors.

The Group Treasury manages interest rate risk in the Group and is responsible for transfer pricing of capital in relation to the business areas. Another important task for the Group Treasury is to ensure that there are adequate liquid funds available to cover all of the bank's settlement obligations in Norges Bank.

The Group Treasury had a staff of 16 at the end of 2005.

Vital

Vital, Norway's largest provider of pension savings and life insurance products, showed healthy performance in 2005. There was a significant increase in premium income, total assets and the number of new customers. Pre-tax operating profits before losses came to NOK 1 318 million in 2005. Profits for allocation to policyholders totalled NOK 4 508 million, while NOK 1 166 million was allocated to the owner and taxes.

Operations

The business area comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. Vital Forsikring ASA and Vital Link AS will merge once the conditions for such a merger have been determined, probably during the first half of 2006.

Vital is organised in market areas serving corporate clients, retail clients and the public sector, in addition to staff and support units. Total assets were NOK 202.7 billion at end-December 2005, with corporate clients accounting for around 50 per cent and retail customers and the public sector for 42 and 8 per cent respectively.

Businesses are offered defined-benefit and defined-contribution occupational pension schemes. At year-end 2005, defined-benefit schemes represented 78 per cent and defined-contribution schemes 22 per cent of total pension schemes. The market trend is that new schemes are of the defined-contribution type, though such schemes represent only a small percentage of total assets thus far. In 2005, Vital launched mandatory occupational pensions, which have to be established by the end of 2006 by all companies without an occupational pension scheme. The product is sold partly in cooperation with other units in the DnB NOR Group. Vital will offer employer's liability insurance in some corporate market segments as from autumn 2006.

In the retail market, long-term savings alternatives are offered in the form of individual pension agreements and annuities. Products are offered with guaranteed returns or with a choice of investment profile (unit linked).

Municipalities and public entities are offered contractual occupational pension schemes.

Vital's sales representatives serve customers throughout the country, and products are available through DnB NOR's distribution network and independent agents and via the Internet.

Vital had 868 employees at year-end 2005. Integration activities and the realisation of merger synergies in the wake of the DnB NOR merger are on schedule. At end-December 2005, cost synergies of NOK 105 million had been realised.

Customers and market position

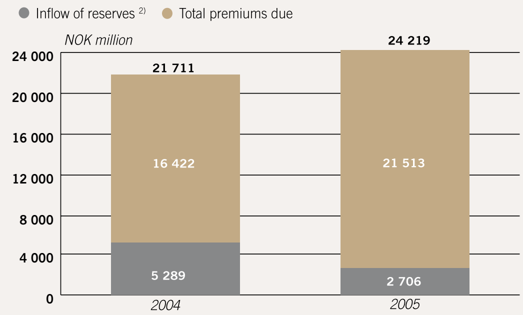
Vital recorded healthy growth in the markets for both group pension and individual insurance policies in 2005.

A number of customers transferred their pension schemes to Vital in 2005. There was a net inflow of transfers of NOK 1.2 billion. Extensive transfers of group pension schemes and significant interest in individual pension agreements were the main factors behind the strong influx of new customers.

Close to 500 000 persons were covered by group pension schemes in Vital at the end of 2005, while more than 600 000 had individual pension agreements. Taking into account that some 200 000 individuals had both group and individual pension agreements, policyholders in Vital at year-end 2005 numbered just over 900 000.

Vital's market share of policyholders' funds was 34.9 per cent at end-September 2005, compared with 34.7 per cent a year earlier. At the same time, market shares were 29.1 per cent for corporate clients and 50.0 per cent for retail customers.

Premium income and inflow of reserves in Vital 1)



1) The figures include premium income from non-life and group insurance products up till 1 July 2004.
2) The figures do not include premiums transferred from other Vital companies of NOK 421 million in 2004 and NOK 637 million in 2005. Total recorded premium income was NOK 22 132 million in 2004 and NOK 24 856 million in 2005.

Strategy

Vital aims to be the leading provider of pension savings in the Norwegian market and will further develop its position as a pension specialist. The company seeks to expand operations while providing the owner and policyholders with competitive returns. Devoting further efforts to improving cost efficiency, offering top-quality advisory services and maintaining high service levels and sound customer relations will be instrumental in reaching these targets. Furthermore, Vital will serve as an attractive entry portal for customers to the DnB NOR Group.

Strategic priorities in 2006 are mandatory occupational pensions, improved operational quality and expansion in the public sector, as well as strong sales and customer relationship management in the retail market. Critical success factors will be the conversion of IT systems and the implementation of a high performance culture as a cornerstone of all operations in Vital.

Vital has developed good systems for measuring and monitoring investment risk and has over time proven its ability to generate sound investment management results. Based on the company's inherent strengths, and as part of the DnB NOR Group, Vital will be able to maintain an investment portfolio which, over time, will

• Håkon Bleken • *From one of the employee cafeterias in Trondheim* • © Håkon Bleken / BONO 2006 •

ensure competitive returns for policyholders and the company's owner.

Vital complies with guidelines for ethically responsible management of the company's financial assets, which implies that Vital's assets should be managed in accordance with recognised international principles. In 2005, Vital introduced ethical criteria for all investments, and specific criteria exclude investment in companies that produce tobacco or pornography and companies involved in the production or distribution of components used in weapons of mass destruction. In 2005, Vital excluded 34 companies from its investment universe on the basis of these criteria.

Future prospects

Vital anticipates growth in the pension savings market in the coming years, both in schemes funded by employers and in private pensions. Mandatory occupational pensions are expected to represent a market of up to NOK 3 billion in annual premium income. Vital aspires to secure a leading position in this market in 2006.

The pension reform will generate greater interest in pension products in the market. The anticipated positive trend in household finances may help boost pension savings over the next few years.

New legislation for life insurance activity will primarily enter into force in 2008. The legislation will imply a modernisation of the industry and will have positive effects for policyholders and the owner. Policyholders will be offered greater opportunities for influencing investment choices and a more transparent price structure. Vital has initiated the necessary preparations to meet changes in the external parameters governing the industry.

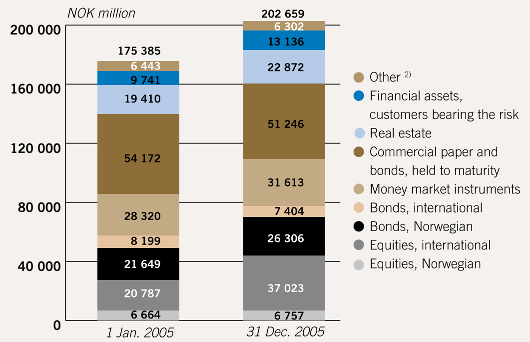
As at 31 December 2005, the average guaranteed rate of return on policyholders' funds in Vital Forsikring was 3.75 per cent, down from 3.81 per cent a year earlier. The reduction was due to the fact that the guaranteed rate of return on premiums paid to group pension schemes was reduced from 4.00 to 3.00 per cent as of 1 January 2004, in addition to significant new business from individual insurance contracts with a base rate of 3.00 per cent. The maximum base rate for new contracts signed after 1 January 2006 is 2.75 per cent. The average base rate is expected to decline further by an annual 0.04-0.06 percentage points over the next few years.

Higher life expectancy and changes in household and family structures have affected margins for retirement and dependants' pensions. While dependants' and children's pensions generated profits of NOK 629 million in 2005, retirement pensions caused a loss of NOK 509 million. Vital is planning to change its group dependants' and retirement pensions with effect from 1 January 2007, which will ensure more balanced results.

Vital has built up large financial buffers and has sound risk capacity to withstand fluctuations in financial markets. Vital's investment management has a long-term perspective, which has proved to generate the best returns over time. With around 40 per cent of total assets invested in bonds held to maturity and property providing stable returns, Vital is well positioned to face a future market situation characterised by low interest rates.

New solvency capital requirements for the insurance industry, "Solvency II", harmonised within the EU, are not expected to become effective until 2010. Modernised capital adequacy requirements for banks and other credit institutions, "Basel II", will be introduced as of 1 January 2007. In December 2005, Kredittilsynet published a temporary capital requirements proposal for Norwegian insurance companies for the period 2007 to 2009. During spring 2006, the Norwegian Ministry of Finance is expected to establish guidelines for further efforts to determine capital requirements for insurance companies up until the introduction of Solvency II. Vital takes a positive view of the harmonisation of EU regulations.

Balance sheet structure in Vital [1)]



1) The figures include derivatives
2) Including IFRS effects, representing NOK 240 million as at 1 January 2005 and NOK 998 million as at 31 December 2005

DnB NOR Asset Management

DnB NOR Asset Management showed satisfactory performance in 2005 in a market characterised by uncertainty at the beginning of the year. The business area achieved pre-tax operating profits of NOK 391 million, up 48 per cent compared with 2004. There was a positive market trend through 2005, reflecting greater interest in equity investments.

Operations

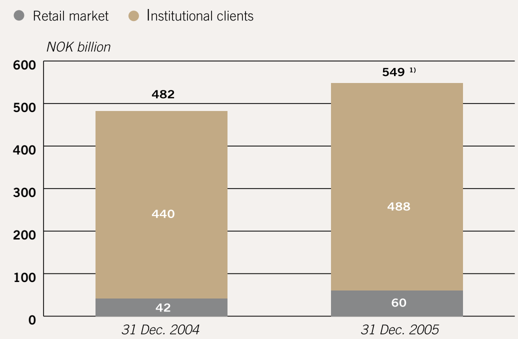
Asset Management is Norway's largest fund manager and has a leading position within discretionary asset management for institutional clients in Norway and Sweden. Asset Management serves retail customers and institutional clients in the Norwegian and Swedish savings markets, offering domestic and international asset management services. Operations are carried out under the brand name DnB NOR Kapitalforvaltning in the Norwegian market, while the brand names Carlson and DnB NOR Asset Management are used in the Swedish market. While customer activity is concentrated in Norway and Sweden, investment operations have also been established in London, New York and Hong Kong in order to provide competitive global asset management.

In Norway, asset management products are distributed to retail customers through DnB NOR's wide-ranging network of branches, post offices and regional financial services centres, as well as over the Internet and through external channels including brokers, investment advisers and cooperating savings banks. In Sweden and Germany, products are sold through local distributors. Sales and customer relationship management in the Swedish institutional market are handled by the business area's organisation. In Norway, these activities are carried out in cooperation with Corporate Banking.

Services comprise investment fund and discretionary portfolio management, including management and monitoring of investment portfolios, as well as advisory services relating to asset allocation and risk levels.

Assets under management totalled NOK 549 billion at year-end 2005, which was reduced to NOK 519 billion in early 2006 due to the completion of an investment mandate. DnB NOR Kapitalforvaltning ASA had a total of NOK 315 billion under management in Norway at year-end 2005. Asset management outside Norway is carried out by Carlson Fonder AB in Sweden, the Carlson Fund Management Company S.A. in Luxembourg, DnB NOR Asset Management (Ireland) Ltd. and through the hedge fund DnB NOR Absolute Return Investments AB. As at 31 December 2005, these companies had a total of NOK 233 billion under management.

Assets under management



1) Reduced to NOK 519 billion in early 2006 following termination of an investment mandate

The DnB NOR merger has strengthened Asset Management's customer relations, product range and staff competencies, and ensured access to a broad distribution network. Asset Management had 285 employees at end-December 2005. Integration activities and the realisation of merger synergies are on schedule and have provided synergy gains in the form of lower costs. At end-December 2005, accumulated cost synergies of NOK 86 million had been realised.

Customers and market position

The business area's largest clients are Skandia Liv and Vital Forsikring. Capital under management for Vital Forsikring was NOK 162 billion as at 31 December 2005.

Asset Management is the leading provider of fund management services to Norwegian institutional clients, while Carlson Investment Management AB is a key player in the Swedish institutional market. The

Assets under management and market shares in the Norwegian retail market[1)]

	31 December 2005		31 December 2004		31 December 2003	
Amounts in NOK million and per cent	*Fund capital*	*Market share*	*Fund capital*	*Market share*	*Fund capital*	*Market share*
Equity funds	21 345	29.6	19 403	35.6	18 847	39.8
Balanced funds	7 320	77.4	3 689	71.6	2 671	74.7
Fixed-income funds	28 099	51.0	16 628	66.4	16 605	69.0
Total mutual funds	56 763	41.5	39 720	46.9	38 123	50.8

Source: Norwegian Mutual Fund Association

1) Excluding sales to international clients

• Per Ung, *Brothers, 1975* • © Per Ung •
• From Øvre Slottsgate 3, Oslo •

market share for fund management in Norway was 32.8 per cent as at 31 December 2005. Asset Management leads the market within Norwegian equity and balanced funds.

The number of customers in the retail market exceeded 679 000 at the end of 2005, and more than 274 000 savings agreements had been signed.

The business area experienced a significant improvement in asset management performance in 2005, measured as returns in excess of benchmark indices for the portfolios. Nevertheless, competition for available funds necessitates further adaptation of products and services. Asset Management launched the "Save Smart" concept in 2005, which consists of five packaged fund portfolios with different risk profiles and investment horizons. The concept was well received in the market.

Returns on a number of major client portfolios and funds outperformed relevant benchmark indices in 2005. Funds which outperformed the relevant benchmarks included DnB NOR Health Care at 4.62 percentage points, DnB NOR Nordic Technology at 8.61 percentage points and DnB NOR Telecom at 16.50 percentage points. 23.4 per cent of the 120 funds assessed by the rating company Morningstar had received the top or second highest ranking at the end of 2005.

Strategy

Asset Management aspires to be the leading asset manager for customers in the Nordic region, providing sound long-term returns and a high level of service based on a thorough understanding of customer needs, including preferred risk profiles and investment horizons.

A presence in major financial markets gives the business area's asset managers and customers better access to information on companies and financial markets. The combination of regional and sector-oriented management teams provides the basis for selecting the best equity and bond investments.

Asset Management has had ethical guidelines for its operations since the late 1980s. In 2005, minimum ethical standards were introduced for all investments. The guidelines imply that all companies Asset Management invests in, either through the business area's own mutual fund products or on behalf of customers, will be considered based on social, environmental and ethical criteria. The minimum standard criteria are in line with DnB NOR's policy for corporate social responsibility and international principles and conventions endorsed by the Group.

Future prospects

In 2006, Asset Management will give priority to the development and sale of core products. During the year, new operations focusing on the retail market will be set up. In addition, distribution will be strengthened in Germany while a distribution network will be established in the Baltic region and Poland as part of the cooperation with DnB NORD.

The expectations of private and institutional 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. Sales of mutual funds are expected to increase in 2005 as a result of the introduction of the "Save Smart" concept. Asset Management is well-positioned for the anticipated rise in private pension savings in Norway and Sweden.

DnB NORD

In December 2005, DnB NOR came one step closer to becoming a major market participant in the Baltic region and Poland through the purchase of 51 per cent of the shares in the new bank DnB NORD. DnB NORD has operations in Denmark, Finland, Poland, Latvia, Lithuania and Estonia.

Operations

With more than 550 000 customers, DnB NORD is well positioned in markets which will provide good growth opportunities in the years ahead. Net customer lending was more than NOK 19 billion at year-end 2005. DnB NORD is owned 51 per cent by DnB NOR and 49 per cent by the German Norddeutsche Landesbank (NORD/LB). Operations are mainly built upon NORD/LB's well-developed branch network in the Baltic states and Poland, plus customer portfolios in Denmark and Finland. These operations generated pre-tax operating profits the equivalent of NOK 196 million in 2005. Bank DnB NORD was officially established when the Danish authorities approved the banking licence on 6 December 2005.

DnB NORD already has a significant presence in the Baltic Sea region, with more than 1 700 employees, 130 branches and a balance sheet of approximately EUR 3.5 billion, including the loan portfolios in Denmark and Finland, which were transferred from DnB NOR and NORD/LB in early 2006. DnB NORD is a full-service bank for small business customers in Poland, Denmark and Finland. In the Baltic states, DnB NORD also has a sound position in retail banking and the SME segment.

DnB NORD's head office is located in Copenhagen as part of the strategic expansion in the Danish market. DnB NORD Holding has two branches in Denmark and Finland, respectively. NORD/LB Latvija, NORD/LB Lietuva and NORD/LB Bank Polska are independent subsidiaries of DnB NORD Holding, which will all change their names to DnB NORD in May 2006.

Customers and market position

DnB NORD has more than 500 000 retail customers in Lithuania and Latvia. With 400 000 retail customers, the bank in Lithuania is ranked as number three in the market, while it is the fourth largest in Latvia.

The majority of DnB NORD's more than 55 000 corporate customers are also located in Lithuania and Latvia, predominantly within the SME segment. In Poland, customers are primarily large domestic companies, but the portfolio also has smaller regional and larger international borrowers. For the present, in Finland and Denmark, DnB NORD is a small player and the loan portfolio mainly consists of participations in bilateral agreements and large syndicates.

Strategy

With the establishment of DnB NORD, DnB NOR has achieved an important position in strategically important markets through a single agreement. DnB NOR's extensive product and process expertise, together with NORD/LB's established network for banking activities, have laid the foundation for further growth in the region.

The recent opening of a branch in Estonia means that DnB NORD has established itself in yet another market experiencing strong growth. The aim is to build up a full-service bank for retail and corporate customers.

Many of DnB NOR's customers have become established or are establishing themselves around the Baltic Sea. Based on a local presence and competence, DnB NOR can pursue and reinforce its strategy to accompany its customers abroad and be their local financial partner also in these countries.

DnB NORD's ambition is to become the most dynamic bank in the Baltic Sea region. In areas such as IT and product development, there is a need for greater integration and harmonisation in DnB NORD's banking network in order to increase the earnings potential and to benefit from economies of scale. DnB NORD's past history of growth will continue based on the following core values: dynamics, reliability, team spirit and simplicity.

Future prospects

DnB NORD is facing healthy prospects in 2006. In the Baltic states, the GDP growth rate is still at a high level compared with Western Europe, and there is considerable expansion in the financial sector. In 2006, average credit growth in the Baltic states is expected to be above 25 per cent, and DnB NORD expects to grow in pace with or quicker than the total market.

In Poland, there are strong growth forecasts for the financial sector, and DnB NORD is expected to grow in pace with the market. The opening of more branches in 2006 and a planned expansion in the SME segment will contribute to increasing profitability.

In Denmark and Finland, DnB NORD expects to achieve higher market shares among large and medium-sized businesses.

• A. Raanes, *title unknown, 1985* • © A. Raanes •

Staff and support units

The DnB NOR Group's central staff and support units perform functions for governing bodies and group management and ensure that the necessary infrastructure is in place to support the operative units. In addition, operational responsibilities are assigned to the support units to provide cost efficiencies for several areas and support functions that are not among the most critical to the operation of the business areas. In 2005, the DnB NOR Group established a central staff unit for all risk management throughout the Group.

Finance and group staff units

The central finance and group staff units are responsible for group functions within such areas as strategy, financial reporting, investor relations, funding and legal services. The unit also comprises the Company Secretariat, the Investment Division and DnB NOR Consulting, an internal consulting unit working with group management and the different business areas within the DnB NOR Group.

In 2005, an important part of the staff units' activities was the preparation of strategic reports and analyses of the Group's future earnings potential. The strategic studies resulted in the establishment of DnB NORD and the acquisition of Monchebank in North-West Russia in 2006. Following the DnB NOR merger, the staff units have also invested considerable resources in reporting and following up the integration process, the introduction of IFRS, new financial management systems for the DnB NOR Group and the planning and establishment of DnB NOR Boligkreditt, which will secure the Group lower funding costs.

The Investment Division manages the Group's strategic equity positions and DnB NOR's own properties. The division's financial investments in the equity market are subject to specific trading limits.

The finance and group staff units had a staff of 172 at the end of 2005.

Group Risk Management

At the beginning of 2005, a special unit for all risk management at group level was established, Group Risk Management. The unit's responsibilities include analysing and reporting the Group's total risk situation to both management and the Board of Directors, in addition to following up the Group's compliance with rules and regulations. The main reason for the establishment of the unit was the Group's increased focus on the value of good risk management and preparations regarding new capital adequacy regulations, Basel II.

The staff unit will ensure that DnB NOR maintains a high international level within risk management. Well-developed risk management increases the quality of business operations and customer service and reduces the Group's risk, resulting in improved financial results and growth in shareholder values.

The Group's business is dependent on good risk management models. Contributing to the development of risk management models and processes is an important function of the unit. The unit shall ensure that the quality of the Group's risk management is recognised by authorities and rating agencies, so that the Group can maintain a level of equity which reflects actual risk.

Group Risk Management has project responsibility for the Group's adjustment to new capital adequacy rules, Basel II, and the process is well under way. In the third quarter of 2005, DnB NOR applied to Kredittilsynet (the Financial Supervisory Authority of Norway) for permission to use internal measurement methods (IRB) for credit risk to calculate the Group's capital adequacy in accordance with new regulations as from 2007. The aim of the DnB NOR Group is to be approved as an IRBF institution, "Foundation Internal Ratings-Based approach", in 2007 and as an IRBA institution, "Advanced Internal Ratings-Based approach", in 2008.

Group Risk Management had a staff of 45 at the end of 2005.

IT

IT is responsible for preparing group strategies for IT, in addition to procuring, developing and following up deliveries of competitive IT services. The chosen solutions should bring convenience to the everyday lives of customers.

DnB NOR is an integrated group with extensive data exchange and deliveries between business areas. The IT strategy will ensure that the Group reaches its marketing and financial targets, while fulfilling the demands and expectations of the business areas and customers.

In 2005, a major part of the Group's IT resources were devoted to deliveries related to integration activities. Other important deliveries from the IT unit in 2005 were related to new customer functionality in the Internet banks, international payment transfers and activities in connection with external parameters and government requirements.

The IT integration activities are organised as a joint programme consisting of many projects to be concluded in 2006. Considerable IT resources will therefore subsequently be released to develop new customer solutions, secure the Group's adjustments

• Gunnar S. Gundersen, *Composition, 1979* • © Gunnar S. Gundersen / BONO 2006 •

to new framework conditions and lay the foundations for strategic initiatives.

The IT unit had a staff of almost 400 at the end of 2005.

Corporate Communications

The staff unit Corporate Communications provides communication services and draws up communication guidelines for the entire organisation. The unit has overall responsibility for the Group's media contact, external communications, corporate social responsibility, brands, sponsoring, as well as Internet communication. Corporate Communications is also responsible for DnB NOR's intranet, which is accessible to the entire Group.

The unit's activities should contribute to building and preserving the Group's brand and reputation.

Corporate Communications is an important adviser in connection with the establishment of ethical guidelines, both for the organisation in general and for the Group's asset management and credit activities.

DnB NOR is the most visible financial services group in the Norwegian media. The majority of media entries were positive or neutral in 2005, and a large percentage of the media entries were in regional and local newspapers.

Corporate Communications had 27 employees at the end of 2005.

Human Resources (HR) and Group Services

The unit provides the entire Group with services ranging from strategic assessments at group level to specific products and services to business and support units.

The unit will facilitate staff and management development in the Group through measures relating to DnB NOR's human resources strategy, leadership principles, organisational culture and core values. The unit will also promote competence and leadership development to help reach the targets of each business area and support unit.

Responsibilities of the unit include the Group's employer strategy, collective salary agreements and administrative guidelines. The unit offers the business areas help in connection with recruitment, reorganisation, career changes and advice on various human resources issues.

The unit carries strategic responsibility for procurement, targeting substantial discounts and savings. During 2005, total procurements amounted to NOK 6.5 billion, the number of suppliers was approximately 15 000 and contracts entered into provided cost savings of NOK 224 million for the Group.

The unit is responsible for the Group's use of office space and the cost of premises. During 2005, the unit worked out a strategy for property management, which through more effective utilisation of office space helped reduce group expenditure. During the year, the unit completed renegotiations of contracts regarding cafeteria and cleaning services, providing cost savings for the Group. An extensive project has been completed to outsource cash and ATM services to NOKAS. This will result in the Group achieving further cost savings of approximately NOK 60 million in 2006.

In 2005, customer satisfaction was given increased priority and customer satisfaction surveys among the Group's customers are now carried out. In the next strategy period, measures have been identified to considerably reduce the unit's costs, in areas such as purchasing, property management and streamlining of work processes.

Human Resources and Group Services had a staff of 741 at the end of 2005, including staff in DnB NOR Ressurs and employee representatives.

• Håkon Gullvåg, *In the Chair, 1998–99* • © Håkon Gullvåg •

Contents – annual accounts

DnB NOR Group – IFRS

DnB NOR ASA – NGAAP

Profit and loss accounts, incl. pro forma figures

					DnB NOR Group
			Pro forma	NGAAP	NGAAP
Amounts in NOK million	2005	2004 [1)]	2004 [2)]	2004 [3)]	2003 [3) 4)]
Total interest income	29 973	28 152	28 918	28 519	38 158
Total interest expenses	16 363	15 308	15 611	15 327	24 636
Net interest income	**13 610**	**12 844**	**13 306**	**13 192**	**13 522**
Commissions and fees receivable etc.	8 665	7 948	7 857	6 846	6 398
Commissions and fees payable etc.	2 323	2 267	2 267	2 135	2 119
Net gains on financial instruments at fair value	2 611	1 865	2 010	1 954	2 550
Net gains on assets at fair value in Vital	14 379	10 138	10 138	1 216	760
Guaranteed returns and allocations to policyholders in Vital	13 111	8 350	8 350	-	-
Premium income etc. included in the risk result in Vital	3 925	3 439	3 439	-	-
Insurance claims etc. included in the risk result in Vital	3 828	3 745	3 745	-	-
Net realised gains on investment securities (AFS)	167	89	59	-	-
Profit from companies accounted for by the equity method	118	169	98	218	159
Other income	1 117	1 247	1 247	1 180	1 022
Net other operating income	**11 721**	**10 534**	**10 486**	**9 279**	**8 770**
Salaries and other personnel expenses	6 737	6 874	6 874	6 233	6 577
Other expenses	5 474	6 567	6 567	6 275	5 566
Depreciation and impairment of fixed and intangible assets	653	961	961	1 068	1 240
Total operating expenses	**12 864**	**14 402**	**14 402**	**13 576**	**13 382**
Pre-tax operating profit before write-downs	**12 467**	**8 976**	**9 391**	**8 895**	**8 909**
Net gains on fixed and intangible assets	775	1 005	914	1 010	(5)
Write-downs on loans and guarantees	133	(38)	(179)	167	1 891
Pre-tax operating profit	**13 109**	**10 019**	**10 484**	**9 738**	**7 014**
Taxes	2 965	2 251	2 322	2 350	1 636
Profit from discontinuing operations after taxes	0	79	79	-	-
Profit for the year	**10 144**	**7 846**	**8 241**	**7 388**	**5 378**

1) *Official comparable figures. 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. See further description in note 1.*

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

3) *In accordance with NGAAP, operations in Vital were presented according to the equity method and are included under "Net gains on assets at fair value in Vital".*

4) *Pro forma figures according to NGAAP. The figures have been prepared as if the merger between DnB and Gjensidige NOR took place on 1 January 2003.*

Balance sheets, incl. pro forma figures

					DnB NOR Group
					Pro forma
Amounts in NOK million	31 Dec. 2005	1 Jan. 2005	31 Dec. 2004 [1)]	1 Jan. 2004 [1)]	1 Jan. 2004 [2)]
Assets					
Cash and deposits with central banks	21 229	8 780	8 780	8 570	8 570
Lending to and deposits with credit institutions	40 854	26 013	25 824	56 970	57 179
Lending to customers	697 504	583 431	566 518	527 179	545 611
Commercial paper and bonds	145 475	116 990	115 397	110 730	112 383
Shareholdings	35 980	29 195	28 881	22 827	22 932
Financial assets, customers bearing the risk	13 136	9 747	9 747	7 287	7 287
Financial derivatives	33 751	42 552	46 226	43 556	39 234
Shareholdings, available for sale	0	303	303	480	480
Commercial paper and bonds, held to maturity	52 587	55 645	54 172	46 724	47 968
Investment property	23 143	19 423	19 423	17 829	17 829
Investments in associated companies	1 402	1 507	1 504	1 424	1 495
Intangible assets	6 042	5 689	5 689	6 236	6 236
Deferred tax assets	52	326	937	629	89
Fixed assets	5 120	5 146	5 146	5 304	5 304
Biological assets	0	278	278	183	183
Discontinuing operations	27	51	51	1 312	1 493
Other assets	4 889	6 626	12 729	17 084	11 253
Total assets	**1 081 191**	**911 702**	**901 606**	**874 324**	**885 527**
Liabilities and equity					
Loans and deposits from credit institutions	108 053	59 119	49 086	78 485	89 346
Deposits from customers	410 991	353 084	353 403	330 168	330 120
Financial derivatives	31 845	44 721	44 696	44 814	44 878
Securities issued	236 588	192 537	190 444	180 135	181 432
Insurance liabilities, customers bearing the risk	13 136	9 747	9 747	7 287	7 287
Liabilities to life insurance policyholders	174 675	152 965	152 965	137 300	137 300
Payable taxes	943	2 574	2 574	209	209
Deferred taxes	1 759	0	0	0	0
Other liabilities	14 358	16 629	20 316	22 478	20 012
Discontinuing operations	0	24	24	1 227	1 227
Provisions	4 495	5 523	5 523	4 954	4 954
Subordinated loan capital	25 996	24 269	24 110	23 950	24 078
Total liabilities	**1 022 838**	**861 193**	**852 889**	**831 008**	**840 843**
Minority interests	946	33	33	8	8
Revaluation reserve	0	122	0	0	92
Share capital	13 369	13 271	13 271	13 090	13 090
Other reserves and retained earnings	44 038	37 082	35 413	30 218	31 494
Total equity	**58 353**	**50 508**	**48 717**	**43 316**	**44 684**
Total liabilities and equity	**1 081 191**	**911 702**	**901 606**	**874 324**	**885 527**

1) *Official comparable figures. 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. See further description in note 1.*

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

Profit and loss accounts

Vital 1)				DnB NOR Group	
2005	2004 2)	*Amounts in NOK million*	Note	2005	2004 2)
0	0	Total interest income	6	29 973	28 152
0	0	Total interest expenses	6	16 363	15 308
0	**0**	**Net interest income**	**6**	**13 610**	**12 844**
1 630	1 404	Commissions and fees receivable etc.	7	8 665	7 948
562	441	Commissions and fees payable etc.	7	2 323	2 267
0	0	Net gains on financial instruments at fair value	7, 8	2 611	1 865
14 369	10 110	Net gains on assets at fair value in Vital	7	14 379	10 138
13 111	8 350	Guaranteed returns and allocations to policyholders in Vital	7	13 111	8 350
3 925	3 439	Premium income etc. included in the risk result in Vital	7	3 925	3 439
3 828	3 745	Insurance claims etc. included in the risk result in Vital	7	3 828	3 745
0	0	Net realised gains on investment securities (AFS)	7	167	89
0	0	Profit from companies accounted for by the equity method	7	118	169
0	0	Other income	7	1 117	1 247
2 423	**2 417**	**Net other operating income**	**7**	**11 721**	**10 534**
575	656	Salaries and other personnel expenses	9	6 737	6 874
434	388	Other expenses	9	5 474	6 567
97	135	Depreciation and impairment of fixed and intangible assets	9	653	961
1 105	**1 178**	**Total operating expenses**	**9**	**12 864**	**14 402**
1 318	**1 239**	**Pre-tax operating profit before write-downs**		**12 467**	**8 976**
0	0	Net gains on fixed and intangible assets	14	775	1 005
0	0	Write-downs on loans and guarantees	15	133	(38)
1 318	**1 239**	**Pre-tax operating profit**		**13 109**	**10 019**
(331)	(78)	Taxes	17	2 965	2 251
0	0	Profit from discontinuing operations after taxes	3	0	79
1 649	**1 317**	**Profit for the year**		**10 144**	**7 846**
		Earnings per share (NOK)	35	7.59	5.95
		Diluted earnings per share (NOK)	35	7.59	5.92

1) *Vital, as the figures are presented in the group accounts before eliminations for intra-group transactions and balances.*

2) *Official comparable figures. 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. See further description in note 1.*

Balance sheets

Vital 1)						
				DnB NOR Group		
31 Dec. 2005	31 Dec. 2004 2)	*Amounts in NOK million*	Note	31 Dec. 2005	1 Jan. 2005	31 Dec. 2004 2)
		Assets				
0	0	Cash and deposits with central banks		21 229	8 780	8 780
11 527	5 780	Lending to and deposits with credit institutions	18, 40	40 854	26 013	25 824
0	0	Lending to customers	18, 40	697 504	583 431	566 518
67 457	54 377	Commercial paper and bonds	22, 40	145 475	116 990	115 397
32 445	24 371	Shareholdings	23, 24, 40	35 980	29 195	28 881
13 136	9 747	Financial assets, customers bearing the risk	25, 40	13 136	9 747	9 747
786	2 194	Financial derivatives	40	33 751	42 552	46 226
0	0	Shareholdings, available for sale	40	0	303	303
52 587	54 172	Commercial paper and bonds, held to maturity	26, 40	52 587	55 645	54 172
22 872	19 252	Investment property	27	23 143	19 423	19 423
14	14	Investments in associated companies	28	1 402	1 507	1 504
252	262	Intangible assets	29	6 042	5 689	5 689
0	30	Deferred tax assets	17	52	326	937
50	77	Fixed assets	31	5 120	5 146	5 146
0	0	Biological assets		0	278	278
0	0	Discontinuing operations		27	51	51
1 533	5 109	Other assets		4 889	6 626	12 729
202 659	**175 385**	**Total assets**		**1 081 191**	**911 702**	**901 606**
		Liabilities and equity				
0	0	Loans and deposits from credit institutions	40	108 053	59 119	49 086
0	0	Deposits from customers	32, 40	410 991	353 084	353 403
1 080	5	Financial derivatives	40	31 845	44 721	44 696
0	0	Securities issued	33, 40	236 588	192 537	190 444
13 136	9 747	Insurance liabilities, customers bearing the risk	25, 47	13 136	9 747	9 747
174 675	152 965	Liabilities to life insurance policyholders	47	174 675	152 965	152 965
0	0	Payable taxes		943	2 574	2 574
99	423	Deferred taxes		1 759	0	0
1 991	2 422	Other liabilities		14 358	16 629	20 316
0	0	Discontinuing operations		0	24	24
133	**37**	Provisions		**4 495**	**5 523**	**5 523**
2 594	2 519	Subordinated loan capital	34, 40	25 996	24 269	24 110
193 708	**168 118**	**Total liabilities**		**1 022 838**	**861 193**	**852 889**
0	0	Minority interests		946	33	33
0	0	Revaluation reserve		0	122	0
1 307	1 302	Share capital		13 369	13 271	13 271
7 643	5 965	Other reserves and retained earnings		44 038	37 082	35 413
8 951	**7 267**	**Total equity**		**58 353**	**50 508**	**48 717**
202 659	**175 385**	**Total liabilities and equity**		**1 081 191**	**911 702**	**901 606**
		Off-balance sheet transactions and contingencies	38			

1) *Vital, as the figures are presented in the group accounts before eliminations for intra-group transactions and balances.*
2) *Official comparable figures. 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. See further description in note 1.*

Cash flow statements

Amounts in NOK million	DnB NOR Group 2005	2004
OPERATIONS		
Net payments on loans to customers	(86 045)	(42 154)
Net receipts on deposits from customers	45 478	22 145
Interest received from customers	25 572	25 649
Interest paid to customers	(6 421)	(7 158)
Net payments on sales of financial assets for investment or trading	(22 547)	(15 382)
Net receipts on commissions and fees	8 689	7 799
Payments to operations	(14 918)	(16 103)
Taxes paid	(1 848)	(193)
Receipts on premiums	17 803	12 332
Net receipts on premium reserve transfers	1 704	2 838
Payments of insurance settlements	(8 017)	(9 404)
Other receipts	1 078	1 202
Net cash flow relating to operations	**(39 472)**	**(18 429)**
INVESTMENT ACTIVITY		
Receipts on the sale of fixed assets	909	195
Payments on the acquisition of fixed assets	(1 151)	(401)
Receipts on the sale of long-term investments in shares	1 291	3 879
Payments on the acquisition of long-term investments in shares	(1 349)	0
Dividends received on long-term investments in shares	59	57
Net cash flow relating to investment activity	**(241)**	**3 730**
FUNDING ACTIVITY		
Net receipts on loans from credit institutions	19 543	1 932
Net receipts on other short-term liabilities	2 463	1 100
Net issue of bonds and commercial paper	37 685	18 167
Issue of subordinated loan capital	1 594	1 648
Redemptions of subordinated loan capital	(952)	(74)
Share issue	320	568
Dividend payments	(3 410)	(2 909)
Net interest payments on funding activity	(7 413)	(6 771)
Net cash flow from funding activity	**49 830**	**13 661**
Net cash flow	**10 116**	**(1 038)**
Cash as at 1 January	14 597	15 635
Net receipts/payments on cash	10 116	(1 038)
Cash as at 31 December	24 714	14 597

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash/deposits with central banks and deposits with credit institutions with no agreed period of notice. According to previous accounts based on NGAAP, cash was defined as cash/deposits with central banks.

Changes in equity

DnB NOR Group

Amounts in NOK million	Minority interests	Revaluation reserve	Share capital	Share premium reserve	Currency translation reserve	Other equity	Total other reserves and retained earnings	Total equity
Balance sheet as at 31 December 2003 (NGAAP)	**8**	**0**	**13 090**	**11 353**	**0**	**17 664**	**29 017**	**42 115**
IFRS effects								
IAS 10 - Allocated dividends						2 919	2 919	2 919
IAS 19 - Pension commitments						(2 184)	(2 184)	(2 184)
IAS 16 - Fair value of property for own use						516	516	516
Other effects					0	(49)	(49)	(49)
Total IFRS effects	0	0	0	0	0	1 201	1 201	1 201
Balance sheet as at 1 January 2004	**8**	**0**	**13 090**	**11 353**	**0**	**18 865**	**30 218**	**43 316**
Net change in currency translation reserve					(87)		(87)	(87)
Total valuation changes not recognised in profit and loss					(87)		(87)	(87)
Profit for the period	(3)					7 849	7 849	7 846
Net income for the period	(3)				(87)	7 849	7 762	7 759
Share issue, employee subscription rights programme [1)]			181	388		(1)	387	568
Dividends						(2 909)	(2 909)	(2 909)
Minority interests Absolute Return Investments	2							2
Effects of more extensive consolidation requirements under IFRS	26					(46)	(46)	(20)
Balance sheet as at 31 December 2004	**33**	**0**	**13 271**	**11 741**	**(87)**	**23 759**	**35 413**	**48 717**
IFRS effects								
IAS 39 - Application of amortised cost principle, including write-downs on loans						1 448	1 448	1 448
IAS 39 - Increased application of fair value on financial instruments						315	315	315
IAS 39 - Other effects		122				(94)	(94)	26
Total IFRS effects	0	122	0	0	0	1 669	1 669	1 791
Balance sheet as at 1 January 2005	**33**	**122**	**13 271**	**11 741**	**(87)**	**25 429**	**37 082**	**50 508**
Net change in revaluation reserve, shares available for sale		(122)						(122)
Net change in currency translation reserve					11		11	11
Total valuation changes not recognised in profit and loss		(122)			11		11	(111)
Profit for the period	13					10 131	10 131	10 144
Net income for the period	13	(122)			11	10 131	10 142	10 033
Share issue, employee subscription rights programme [1)]			97	222			222	320
Dividends						(3 410)	(3 410)	(3 410)
Minority interests DnB NORD	940						0	940
Minority interests Absolute Return Investments	(3)						0	(3)
Sale of Follalaks	(37)						0	(37)
Balance sheet as at 31 December 2005	**946**	**0**	**13 369**	**11 963**	**(76)**	**32 151**	**44 038**	**58 353**

1) *In accordance with the subscription rights programme, employees subscribed for 12 929 907 shares at NOK 32.83 per share in the first quarter of 2004 and 9 736 376 shares at NOK 32.83 per share in the first quarter of 2005.*

Key figures

	DnB NOR Group 2005	Pro forma 2004
Interest rate analysis		
1. Combined average spread for lending and deposits (%)	2.21	2.37
2. Spread for ordinary lending to customers (%)	1.50	1.67
3. Spread for deposits from customers (%)	0.71	0.70
Rate of return/profitability		
4. Net other operating income, per cent of total income	46.3	44.1
5. Cost/income ratio (%)	50.2	56.0
6. Return on equity (%)	18.8	17.7
7. Average equity including allocated dividend (NOK million)	53 111	46 775
Financial strength		
8. Core (Tier 1) capital ratio at end of period (%)	7.4	7.6
9. Capital adequacy ratio at end of period (%)	10.2	10.7
10. Core capital at end of period (NOK million)	52 523	45 059
11. Total eligible primary capital at end of period (NOK million)	73 161	63 509
12. Risk-weighted volume at end of period (NOK million)	714 039	591 906
Loan portfolio and impairments		
13. Write-downs relative to gross lending (%)	0.02	(0.03)
14. Impaired commitments, per cent of net lending	0.63	0.97
15. Accumulated write-downs relative to total gross lending (%)	0.54	1.18
16. Net impaired commitments at end of period (NOK million)	4 083	5 974
Liquidity		
17. Ratio of customer deposits to net lending at end of period (%)	58.9	60.5
Total assets owned or managed by DnB NOR		
18. Assets under management at end of period (NOK billion)	570	496
19. Average total combined assets (NOK billion)	1 314	1 261
20. Total combined assets at end of period (NOK billion)	1 463	1 244
21. Customer savings at end of period (NOK billion)	987	856
Staff		
22. Number of full-time positions at end of period	11 446	10 085
23. - of which in Vital	868	926
The DnB NOR share		
24. Number of shares at end of period (1 000)	1 336 875	1 327 139
25. Average number of shares (1 000)	1 334 474	1 317 744
26. Earnings per share (NOK)	7.59	6.25
27. Total shareholders' return (%)	25.30	40.70
28. Equity per share including allocated dividend at end of period (NOK)	43.65	38.06
29. Share price at end of period (NOK)	72.00	59.75
30. Price/book value	1.65	1.57
31. Market capitalisation (NOK billion)	96.3	79.3
32. Dividend per share (NOK)	3.50	2.55
33. "RISK" adjustment for the share as at 1 January the consecutive year (NOK)	(3.50)	(2.56)

Definitions

1, 2, 3	Excluding discontinuing operations.
4	Including operations in Vital.
5	Expenses/total income, including operations in Vital. Excluding restructuring provisions in the first quarter of 2004 and allocation to DnB NOR's employee funds in the fourth quarter of 2004 and 2005.
6	Net profits excluding discontinuing operations and adjusted for the period's change in fair value recognised directly in equity. Average equity including net profits, allocated dividend, available-for-sale assets, translation differences and other revaluations recognised directly in equity. Average equity excluding minority interests.
14, 16	Excluding DnB NORD in 2005.
15, 16	Figures for 2004 are calculated according to NGAAP.
26	Excluding discontinuing operations. Earnings excluding minority interests. Holdings of own shares are not included in the average number of shares.
29	The last quoted share price on Oslo Børs at end of period relative to the book value of equity at end of period.
31	Number of shares multiplied by the share price at end of period.

Accounting principles

Basis for preparing the accounts

The DnB NOR Group has prepared consolidated accounts for 2005 in accordance with International Financial Reporting Standards as approved by the EU.

When preparing the opening balance sheet as at 1 January 2004, IFRS 1 – First-time Adoption of IFRS was applied. The Group took the option to postpone the implementation of IAS 39 and IFRS 4 to 1 January 2005.

The Group has chosen to use the option to implement IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and Measurement, The Fair Value Option as of 1 January 2005.

The transition to IFRS has resulted in a number of changes in the Group's accounting principles and presentation of the profit and loss accounts, balance sheets, equity and cash flows. The accounting effect of changes in the Group's accounting principles has been charged against equity as at 1 January 2004. In addition, the effect of new principles according to IAS 39 and IFRS 4 has been charged against equity as at 1 January 2005. Note 1 gives a description of the effects of the transition to IFRS on the Group's profit and loss accounts, balance sheets and equity. For a description of effects of the transition on the Group's cash flow statement, see Cash flow statements.

Comparable figures

Official comparable figures for 2004 are based on IFRS principles in force as at 31 December 2005, excluding items 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.

Estimates

When preparing the consolidated accounts, management makes assessments and estimates and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. Note 2 gives a description of important estimates and assumptions.

Consolidation

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

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and associated companies.

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

Insurance operations

Vital Forsikring ASA including subsidiaries and Vital Link AS, hereinafter referred to as Vital, 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, see note 5 Vital. Life insurance operations are incorporated in the DnB NOR Group's accounts according to the same principles that apply to the rest of the Group. Total assets in Vital, belonging to both policyholders and the owner, are shown on the respective line items in the Group's balance sheet. As operations in Vital are different from operations in the rest of the Group, the business area's profit and loss and balance sheet items are also presented in separate columns.

Other subsidiaries and associated companies

Subsidiaries are defined as companies in which DnB NOR has control, directly or indirectly, through ownership interests or a holding of more than 50 per cent of the voting share capital or primary capital and a decisive influence on the company's operations. Subsidiaries are consolidated from the time DnB NOR takes over control of the company, including financial risk. Subsidiaries that are sold are consolidated up till the time risk and control are transferred.

Associated companies in which DnB NOR has a long-term holding of between 20 and 50 per cent and a significant influence on operations, are carried in the group accounts according to the equity method.

Conversion of transactions in foreign currency

Norwegian kroner serves as the functional and reporting currency for the DnB NOR Group. Balance sheet items of foreign branches and subsidiaries are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are charged directly to equity.

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

Business combinations

Business combinations are recorded according to IFRS 3 - Business Combinations. The purchase method is applied for acquisitions of subsidiaries. Cost is measured at fair value of the consideration, taking account of any equity instruments issued in addition to any direct costs relating to the transaction. Possible share issue expenses are not included in cost, but deducted from equity.

Repossessed identifiable tangible and intangible assets and liabilities are recorded at fair value at the time of acquisition. If cost exceeds the value of identifiable assets and liabilities, the excess will be recorded as goodwill. Goodwill is not amortised, but is subject to impairment testing on an annual basis or more frequently if there are indications of impairment. If cost is lower than the value of identifiable assets and liabilities, the difference will be recognised in the profit and loss account on the transaction date.

In connection with acquisitions 100 per cent of excess values is recorded in the balance sheet, with the exception of goodwill where only DnB NOR's share is included.

Recognition of assets and liabilities

Assets and liabilities are recorded in the balance sheet of the DnB NOR Group at the time the Group assumes actual control of the rights to the assets and takes on a real commitment.

Assets are derecognised at the time actual risk relating to the assets is transferred and control of rights to the assets is annulled or expired. Liabilities are derecognised at the time the commitment is annulled or expired. DnB NOR carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR has issued guarantees. According to the agreement, DnB NOR still carries interest rate and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 818 million were recorded in the balance sheet as at 31 December 2005.

Financial instruments

General

Purchases and sales of financial instruments are measured at fair value on the settlement date, normally at transaction prices. Changes in value up till the settlement date are recognised in the profit and loss account.

Financial assets are classified in one of the following categories according to the purpose of the investment:

- Trading portfolio, carried at fair value
- Financial instruments carried at fair value with changes in value recognised in the profit and loss account
- Loans and liabilities, carried at amortised cost
- Held-to-maturity investments, carried at amortised cost
- Available-for-sale financial instruments carried at fair value, with changes in value recorded against equity

Financial liabilities are classified in one of the following categories:

- Trading portfolio, carried at fair value
- Financial liabilities carried at fair value with changes in value recognised in the profit and loss account
- Other financial liabilities carried at amortised cost

Trading portfolio

Instruments in the trading portfolio are typically subject to frequent trading, positions are established with an aim to obtain short-term gains and transactions can cause significant changes in value. Instruments in the trading portfolio are included in the respective line items in the balance sheet.

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

Financial instruments included in interest rate management

The Group's portfolios of fixed-rate loans, deposits and borrowings make it necessary to hedge interest rate risk. Long-term fixed-rate borrowings and deposits in foreign currency are subject to interest rate hedging on an individual basis. See section of hedge accounting below.

The portfolios of fixed-rate loans in Norwegian kroner, securities issued in Norwegian kroner and fixed-rate customer deposits in Norwegian kroner are carried at fair value, with changes in fair value recorded through profit or loss. The portfolio includes ordinary bonds, index-linked bonds, equity-linked bank deposits and other fixed-rate deposits. This is done to avoid asymmetry in the accounts as a result of items included in the Group's interest rate management being assessed according to different principles. Use of the above principles for group items involving interest rate risk will ensure that the overall presentation of DnB NOR's accounts is consistent with the Group's interest rate management and actual financial performance.

Presentation in the balance sheet

Financial assets carried at fair value include commercial paper and bonds, equities, fixed-rate loans in Norwegian kroner, financial derivatives, financial assets within unit linked, available-for-sale instruments as well as current financial assets within life insurance. Customers carry the financial risk for financial assets within unit linked. Assets classified as available for sale include securities not included in other categories.

The loans and liabilities category includes portfolios of loans and other financial assets with fixed or expected cash flows that are not traded in an active market, carried at fair value through profit and loss or available for sale. Such assets are carried at amortised cost.

The DnB NOR Group's portfolio of securities held to maturity is carried at amortised cost. The portfolio consists of long-term securities in Vital which the Group both intends and is able to hold to maturity.

Financial liabilities in the trading portfolio and financial derivatives are carried at fair value. Other financial liabilities that are not included in the trading portfolio or in the portfolios included in interest rate management, are carried at amortised cost.

Financial derivatives are classified as either financial derivatives in the trading portfolio or as derivatives used in hedge accounting. Derivatives used in hedge accounting and gains/losses on the hedged items are recorded together in the balance sheet. Derivatives in the trading portfolio are presented as assets if the market value is positive and as liabilities if there is a negative market value. Netting is undertaken if the Group has a legally binding netting agreement and intends to either make a net redemption or sell the asset and meet the obligation at the same time.

Presentation in the profit and loss account

Interest income and expenses on instruments carried at fair value are included in "Net interest income" using the effective interest method. The method is described in more detail in the section on amortised cost below. Other changes in value are recorded under "Net gains on financial instruments at fair value" in the profit and loss account. Changes in value of the portfolio of fixed-rate loans based on an assessment of objective evidence of a decrease in value on the balance sheet date, are reflected in "Write-downs on loans".

Changes in value of financial instruments in the trading portfolio and changes in value of long-term borrowings and deposits in foreign currency are included under "Net gains on financial instruments at fair value".

With respect to financial instruments carried at amortised cost, changes in value resulting from a decrease in value on the balance sheet date, are reflected in "Write-downs on loans". Changes in value in excess of write-downs are recorded under "Net interest income".

Changes in value of instruments within life insurance and financial assets within unit linked are recorded under "Net gains on assets at fair value in Vital".

Unrealised changes in value in the available-for-sale portfolio are recorded against equity. If there is objective evidence of a decrease in value on the balance sheet date for available-for-sale assets, the write-down is recognised in the profit and loss account. When realised, such gains or losses are recorded under "Net realised gains on available-for-sale financial instruments".

Measurement at fair value

Some instruments are recorded at fair value on the balance sheet date. Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between independent parties. Calculations are based on the going concern assumption, and provisions for credit risk on the instruments are reflected in the measurement.

Contracts are recorded in the balance sheet on the transaction date.

Financial instruments for which offsetting market risks can be identified with a reasonable degree of probability, are recorded at mid-market prices on the balance sheet date. Listed financial equity instruments covering insurance obligations are measured at the most recent listed transaction price. Other financial assets and liabilities are measured at bid or asking prices respectively.

<u>Instruments traded in an active market</u>

Most of the DnB NOR Group's financial derivatives, e.g. forward currency contracts, forward rate agreements (FRAs), interest rate options, currency options, interest rate swaps and interest rate futures, are traded in an active market. In addition, some investments in equities and commercial paper and bonds are traded in active markets.

A market is considered active if it is possible to obtain external, observable prices, exchange rates or volatilities and these prices represent actual and frequent market transactions. With respect to instruments traded in an active market, quoted prices are used, obtained from a stock exchange, a broker or a price-setting agency. If no prices are quoted for the instrument, it is decomposed and valued on the basis of quoted prices on the individual components.

<u>Instruments not traded in an active market</u>

Financial instruments not traded in an active market are valued according to different valuation techniques. When valuing ordinary, straightforward financial instruments, the Group uses recognised models based on observable market data. For more complex products, valuation techniques that as far as possible are based on market information are used. When applying such valuation techniques, the value is adjusted for, e.g., credit risk and liquidity risk.

Financial instruments in the DnB NOR Group not traded in an active market mainly include the portfolios of fixed-rate loans, deposits and borrowings in Norwegian kroner, certain non-standardised derivative contracts, investments in unlisted shares, loans in the trading portfolio and structured products.

The fair value of the portfolios of fixed-rate loans, deposits and borrowings in Norwegian kroner is estimated at the value of contractual cash flows discounted by the market rate including a credit risk margin on the balance sheet date.

When valuing non-standardised derivative contracts, such as 'over-the-counter' options (OTC options) and unlisted instruments, a theoretical price is set based on market inputs.

Some of the Group's products consist of different elements, e.g. deposits, securities and financial derivatives, so-called structured products. Structured products offered by DnB NOR include equity-linked bank deposits and equity-linked bonds, which are recorded at aggregate fair value, see description above. There is an insignificant volume of other structured products.

Some of the Group's investments in equities and participations are traded in non-active markets. When determining fair values, the following aspects are considered:

- Price at the time of the last capital increase or transaction between independent parties, adjusted for any changes in market conditions since the time of the capital increase/transaction
- Valuations made previously in connection with a possible business combination, adjusted for any changes in market conditions since the time of the business combination
- Fair value based on the expected future cash flow of the investment, provided that the investment has low liquidity

Measurement at amortised cost

Financial instruments not recorded at fair value are recorded at amortised cost and measured using the effective interest method. When using the effective interest method, the internal rate of return for the commitment is calculated. The internal rate of return is set by discounting contractual cash flows based on the expected life of the financial instrument. Cash flows include front-end fees and direct marginal transaction costs not covered by the customer, as well as any residual value at the end of the expected life of the instrument. Amortised cost is the net present value of such cash flows discounted by the internal rate of return.

Write-downs on financial assets measured at amortised cost

Individual write-downs

If objective evidence of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the internal rate of return on the loan. The internal rate of return used is the internal rate of return on the loan prior to the identification of objective evidence of impairment, adjusted for changes in market rates up to the measurement date. Changes in the credit risk of the loan due to objective evidence of impairment are not taken into consideration when adjusting the internal rate of return used for discounting.

Objective evidence of a decrease in value of a loan or loan portfolio includes serious financial problems on the part of the debtor, non-payment or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other special circumstances that have occurred.

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

Group write-downs

Loans which have not been individually evaluated for impairment are evaluated collectively in groups. Loans which have been individually evaluated, but not written down, are also evaluated in groups. The evaluation is based on objective evidence of a decrease in value that has occurred on the balance sheet date and can be related to the group.

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

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

Interest calculated according to the effective interest method on the written-down value of the loan is included in "Net interest income".

Hedge accounting

Long-term borrowings and deposits in foreign currency are hedged against interest rate risk on an individual basis. In such cases, there is a clear, direct and documented correlation between changes in the value of the currency loan (hedged item) and changes in the value of the financial derivative (hedging instrument).

Upon entering into the transaction, the correlation between the hedged item and the hedging instrument is documented. In addition, the goal and strategy underlying the hedging transaction are documented. Correlations are verified in the form of a test of hedge effectiveness at the beginning and end of the relevant period. Hedging instruments are recorded at fair value and included under ”Net gains on financial instruments at fair value” in the profit and loss account. In cases where adequate effectiveness between the hedged item and the hedging instrument is documented, the change in fair value attributable to interest rate risk will be recorded as an addition to or deduction from financial liabilities. The change in value will be included under ”Net gains on financial instruments at fair value” in the profit and loss account. Financial derivatives used as hedging instruments are presented in the balance sheet together with the hedged items.

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

Investment property, own buildings and other fixed assets

Investment property

The Group owns both investment property and buildings acquired for own use. Buildings acquired for rental to tenants outside the Group are classified as investment property. Multi-purpose buildings are classified partly as investment property and partly as own buildings provided that the building can be divided into sections that can be sold separately. If the building cannot be divided into sections, it is classified as a building for own use.

No annual depreciation is made on investment property carried at market value with changes in value recognised in the profit and loss account. Internal or external expertise is used for valuations based on discounted annual rental income. Changes in value of investment property excluding property managed by Vital are recorded under "Other income" in the profit and loss account. Changes in value of investment property within life insurance are recorded under "Net gains on assets at fair value in Vital".

Buildings for own use

Buildings acquired for own use are classified as fixed assets. Properties are recorded at cost less accumulated depreciation and write-downs.

Buildings for own use which the Group has decided to sell, are reclassified as properties held for sale under other assets. Recorded value is the lower of cost and recoverable amount.

Other fixed assets

Buildings for own use and other tangible assets are classified as fixed assets and recorded at cost less accumulated depreciation and write-downs. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalised on the relevant assets when it is probable that future economic benefits associated with the expenditure will flow to DnB NOR and can be measured reliably. Expenses for repairs and maintenance are recorded in the profit and loss account as they occur.

Land is not depreciated. Based on cost less any residual value, other assets are subject to straight line depreciation over their expected useful life according to the following rates:

Buildings for own use	50-100	years
Technical installations	10	years
Machinery	3-10	years
Fixtures and fittings	5-10	years

Computer equipment	3-5	years
Means of transport	5-7	years

The residual values and useful lives of the assets are reviewed annually and adjusted if required. Gains and losses on the sale of fixed assets are recorded in the profit and loss account.

Assessment of the need for write-downs

On each reporting date, assets are reviewed to look for indications of a decrease in value. If there is any indication of impairment, the recoverable amount of the asset is calculated. The recoverable amount represents the higher of an asset's fair value less costs to sell and its value in use. If the asset's recorded value exceeds the estimated recoverable amount, the asset is immediately written down to its recoverable amount. See note 30 for a description of impairment testing.

Intangible assets

Goodwill

Capitalised goodwill is not depreciated. An assessment of objective evidence of impairment is made on each reporting date. See note 30. If such evidence exists, an impairment test is implemented. An annual review is made for all cash-generating units to verify whether values are unchanged. The choice of cash-generating unit is based on where it is possible to identify and separate cash flows relating to operations. A cash-generating unit may include goodwill from several transactions, and the impairment test is carried out on the unit's total capitalised goodwill. Future cash flows are based on historical results and available budgets and plan figures approved by management. Beyond the plan period, which in most cases is three years, cash flow trends are assumed to reflect the general expected economic growth rate for the type of operations carried out by the cash-generating unit. The required rate of return/discount rate is based on an assessment of the market's required rate of return for the type of operations carried out by the cash-generating unit. This required rate of return reflects the risk of operations. Any decrease in value which is not considered to be temporary is written down in the accounts. Goodwill from the acquisition of companies generating cash flows in foreign currencies is recorded in the balance sheet in the same currency and translated at rates of exchange ruling on the balance sheet date.

IT systems and software

Acquired software is recorded at cost with the addition of expenses incurred to make the software ready for use. Identifiable costs for internally developed software controlled by the Group where it is probable that economic benefits will exceed development expenses, are recorded as intangible assets if it is expected to have a useful life of more than three years. Direct expenses include expenses covering pay to employees directly involved in the project, materials and a share of relevant overhead expenses. Expenses relating to maintenance of software and IT systems are charged to the profit and loss account as they occur. Software expenses recorded in the balance sheet are depreciated over their expected useful life, usually five years. The need for impairment-testing is considered according to the principles described under other fixed assets.

Pensions

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

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

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

Pension commitments represent the present value of estimated future pension payments which in the accounts are classified as accumulated on the balance sheet date. The calculation of pension commitments is based on actuarial and economic assumptions about life expectancy, rise in salaries, early retirement etc. The discount rate used is determined by reference to market yields at the balance sheet date on 10-year government bonds, plus an addition that takes into account that the commitments have maturity terms of up to 30 years.

Upon transition to IFRS, the DnB NOR Group has chosen to charge deviations in estimates and scheme changes not recorded according to previous accounting principles to equity. See further description in note 1. Deviations in estimates arising after the transition to IFRS will be recorded in the profit and loss account over the average remaining service period when the difference exceeds the greater of 10 per cent of pension funds and 10 per cent of pension commitments.

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

Pension expenses are based on assumptions determined at the start of the period. Expenses in connection with the accumulation of pension rights are classified as personnel expenses in the profit and loss account. Employer's contributions are included in pension expenses and pension commitments.

The Group's pension schemes are largely administered by the Group's life insurance company, Vital Forsikring ASA. No eliminations are made with respect to the Group's pension commitments and pension funds.

Taxes

Taxes for the year comprise payable taxes for the financial year, any payable taxes for previous years and changes in deferred taxes. In accordance with IAS 12 Income Taxes, deferred taxes are calculated on temporary differences. Temporary differences are differences between the recorded value of an asset or liability and the taxable value of the asset or liability. Deferred taxes are calculated on the basis of tax rates and tax rules that have been approved on the balance sheet date or are highly likely to be approved and are expected to be applicable when the deferred tax asset is realised or the deferred tax liability settled. The most significant temporary differences refer to pensions, depreciation of fixed assets and properties and revaluations of certain financial assets and liabilities.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilised.

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

Tax group

DnB NOR's tax group consists of the parent company DnB NOR ASA and Norwegian subsidiaries where DnB NOR owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings.

Deferred taxes and deferred tax assets in the tax group are recorded net in DnB NOR's balance sheet.

Liabilities to policyholders

Insurance obligations are recorded in accordance with IFRS 4 Insurance Contracts.

Classification of contracts

Contracts where insurance risk represents a significant share of overall risk associated with the product, are defined as insurance contracts in the accounts. Derivatives embedded in products that meet the requirements for insurance contracts, are not separated or evaluated individually.

Products offered by Vital include group pension insurance, group association insurance, individual endowment insurance, individual annuity and pension insurance, as well as group life insurance. In addition, Vital Link offers unit linked products. With the exception of unit-linked endowment insurance, where the insurance element represents 1 per cent of the premium, all products are defined as insurance contracts. Unit-linked endowment insurance is reclassified as investment contracts and treated accordingly.

Unit-linked endowment insurance represented 1.5 per cent of total investment funds as at 31 December 2005.

Classification of liabilities to policyholders

Liabilities to policyholders in Vital comprise the insurance fund, the securities adjustment reserve and the security reserve. The insurance fund includes the premium reserve, additional allocations, the premium fund, the pension adjustment fund, the claims reserve and other technical reserves.

The premium reserve is a reserve required to secure future insurance liabilities to policyholders and insured persons. The premium reserve represents the cash value of the company's total insurance liabilities including costs, less the cash value of future agreed premiums. The calculation of the premium reserve is based on the same assumptions as those used to calculate the premium for individual insurance contracts, i.e. the same assumptions about mortality and disability rates, basic rate of return and cost levels.

Additional allocations are a conditional allocation to policyholders where changes during the year are recognised in the profit and loss account and thus affect annual profits for distribution. The allocations can be used if the annual return is lower than the guaranteed return.

The premium fund contains premiums prepaid by policyholders within individual and group pension insurance.

The pension adjustment fund consists of payments from policyholders within group pension insurance. The fund can be used to strengthen the premium reserve for pensioners in connection with adjustments in pension payments.

The securities adjustment reserve consists of net unrealised gains on financial assets, with the exception of gains on bonds held to maturity. If there is a net unrealised loss in the portfolio, the value of the securities adjustment reserve is set at nil. The securities adjustment reserve is in its entirety recorded under liabilities in the accounts.

Classification of insurance liabilities, customers bearing the risk

Insurance liabilities, customers bearing the risk represent the market value of invested customer funds in Vital Link AS (unit linked).

Product survey, insurance contracts

Group pension insurance: Legislation on occupational pensions and defined-contribution pensions regulates tax-favoured private occupational pension insurance schemes. Occupational pension schemes may include retirement pensions, disability pensions and pensions for spouses and dependent children. Defined-contribution pensions include only retirement pension capital.

Group association insurance: Pension insurance contracts previously entered into by professional associations for specific groups of members. No new contracts are being signed, neither for associations nor for members.

Individual life insurance: Insurance contracts with private individuals, where the company pays an agreed sum on the death of the policyholder. May include a savings element, whereby the capital saved is also paid upon death or at the end of the agreed policy term. May also include payment of a lump sum in the event of permanent disability.

Individual insurance contracts where the company makes monthly payments as long as a person lives or until a certain age is reached. Comprises retirement pensions, disability pensions and pensions for spouses and dependent children.

Unit linked is a life insurance product where policyholders decide how to distribute funds between various investment alternatives.

Group life insurance is death risk insurance under which an employer or professional association insures employees or members and, where agreed, their spouses and children. The insured amount is paid as a lump sum upon the death of the insured. May also include the payment of a capital sum on disability, see under individual life insurance.

Assessment of liabilities to policyholders

The implementation of IFRS 4 has not resulted in changes in the accounting treatment of insurance contracts.

Liabilities should be in reasonable proportion to the associated risk. This is ensured through continual monitoring of existing contracts. Furthermore, all tariff rates prepared by the company shall be reported to Kredittilsynet (the Financial Supervisory Authority of Norway), which has overall responsibility for controlling that adequate premiums are applied. Prevailing tariff rates are continually reviewed at company and industry level.

With respect to group pensions, the industry uses a common calculation base from 1963 when working out tariffs for risk associated with life expectancy.

The basis for calculating disability risk is more recent, taking account of the increase in disability registered in society at large. New tariff rates for group disability pension was taken into use by the company in 2001. A new tariff was introduced for municipal schemes as of 1 January 2004.

For existing contracts within individual annuity and pension insurance and individual endowment insurance, the basis of calculation used for large parts of the portfolio dates further back. For new contracts, the basis of calculation is adapted to more recent experience material.

The base rate is used to calculate the present value of future premiums, payments and insurance provisions. The maximum base rate is stipulated by Kredittilsynet, based on the yield on long-term government bonds. The maximum base rate for new contracts signed after 1 January 2006 is 2.75 per cent. For contracts signed prior to 1 January 2006, the base rate is generally between 4.00 and 3.00 per cent.

Adequacy test

In accordance with IFRS 4, since autumn 2004, the company has carried out an adequacy test to assess whether its premium reserves are adequate to cover its liabilities to policyholders. The test is described in more detail in Note 47 Insurance risk.

Recording of changes in liabilities to policyholders

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

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

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

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

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

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

Segments

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 4 "Segments".

The operational structure of DnB NOR includes five business areas and four staff and support units. DnB NORD, which was incorporated in the Group as of year-end 2005, will be reported as a sixth business area. The business areas carry responsibility for customer segments served by the Group, as well as the products offered.

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

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

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

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

A number of key functions along with profits from activities not related to the business areas' strategic operations are entered in the accounts under the Group Centre. This item comprises income and expenses relating to the Group's liquidity management, income from investments in equity instruments not included in the trading portfolio and interest income on the Group's unallocated capital. Further entries include ownership-related expenses and income from the management of the bank's real estate portfolio. Goodwill and excess values as well as related write-downs linked to the Group's takeover of shares in Vital, Postbanken, Skandia Asset Management, Nordlandsbanken and the merger between DnB and Gjensidige NOR are charged to this item. Note 4 Segments shows the distribution of unallocated goodwill and excess values per business area.

Return on capital is estimated on the basis of official requirements in accordance with regulations issued by Kredittilsynet, with the exception of Vital and DnB NOR Asset Management, where calculations are based on recorded equity. In addition, return on risk-adjusted capital is calculated for each business area. Risk-adjusted capital is a joint measure for credit risk, market risk, business risk, operational risk and ownership risk associated with life insurance operations. See further description in the section on risk and capital management.

The strategy of the DnB NOR Group is to accompany customers expanding outside Norway. This implies that operations outside Norway are largely based on Norwegian customers and operations related to Norway. Following the acquisition of 51 per cent of the shares in DnB NORD, the Baltic region and Poland represent a new geographic market area, which will be reflected in the reporting of geographic segments.

Accrual accounting of interest and fees

Interest and commissions are included in the profit and loss account when earned as income or incurred as expenses. Unrealised gains and losses on interest rate hedges in connection with changes in market rates on fixed-rate deposits and borrowings in foreign currency, are amortised under "Net interest income".

Fees which represent direct payment for services rendered are recognised as income upon payment. Fees for the establishment of loan agreements are included in cash flows when calculating amortised cost and recorded under "Net interest income" using the effective interest method.

Recording of interest

Interest income is recorded using the effective interest method. This implies that nominal interest is recorded when incurred, with the addition of amortised front-end fees less direct marginal establishment costs. Interest is recorded according to the effective interest method with respect to both balance sheet items carried at amortised cost and balance sheet items carried at fair value with changes in value recognised in the profit and loss account. Interest taken to income on impaired commitments corresponds to the internal rate of return on the written-down value. Cf. "Measurement at fair value", "Measurement at amortised cost" and "Write-downs on financial assets measured at amortised cost".

Restructuring

If restructuring plans that change the scope of operations or the way operations are carried out are approved, the need for restructuring provisions will be considered. If restructuring expenses cannot be shown to help generate income in subsequent periods and future expenses represent actual obligations on the balance sheet date, the net present value of future cash flows will be charged to the accounts and recorded as a liability in the balance sheet. The provisions will be reversed as expenses are incurred.

Premiums and discounts on bonds issued

Upon the repurchase of issued bonds, premiums and discounts are settled on the purchase date.

Cash flow statements

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

Equity and capital adequacy

Allocations to dividends

Dividends are classified as part of equity until distributed. Allocations to dividends are not included in capital adequacy calculations.

Minority interests

Minority interests are presented as a separate part of equity.

Capital adequacy

Capital adequacy regulations are not adapted to account presentations according to IFRS. For the time being, capital adequacy calculations are based on special consolidation rules for statutory accounts, which thus far are not allowed to be restated according to IFRS. However, the new Norwegian Accounting Standard 6A opens up for eliminating unamortised deviations in estimates relating to pensions in the statutory accounts. Companies in the DnB NOR Group took this accounting standard into use as from the fourth quarter of 2005 and have chosen to charge deviations in estimates and effects of changes in pension schemes not recorded according to previous accounting principles, against equity. With respect to capital adequacy, the change implies that four-fifths of the amount recorded against equity can be included in core capital calculations, to be reduced by one-fifth per year as from 2005.

Note 1 Transition to IFRS

The Group implemented IFRS as of 1 January 2005. The accounts have been prepared in accordance with IFRS principles in force as at 31 December 2005, approved by the EU, cf. more detailed description under Accounting principles. The Group implemented IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and Measurement, The Fair Value Option (FVO) as of 1 January 2005.

Up until 31 December 2004, the DnB NOR Group prepared consolidated accounts on the basis of Norwegian accounting legislation, accounting regulations issued by the Norwegian Ministry of Finance and Norwegian generally accepted accounting principles (NGAAP). A more detailed description of the principles can be found in the Group's annual report for 2004. Effects of the transition to IFRS are described in the document "IFRS – new international accounting principles", published in April 2005. The main effects of the transition on the Group's profit and loss accounts and balance sheets are presented below. For a description of effects of the transition on the Group's cash flow statement, see Cash flow statement.

In the fourth quarter of 2005, the Group implemented IAS 39 – The Fair Value Option, FVO, effective from 1 January 2005. The effect of the transition to FVO was charged against equity as at 1 January 2005, and profits for the first three quarters of 2005 have been adjusted accordingly. Effective from the fourth quarter of 2005, the Group has made certain adjustments to the presentation of life insurance operations in the profit and loss account. The effect of the changes on figures presented for previous periods in 2005 are described in section 1 of "Supplementary Information for Investors and Analysts – Full Year 2005 Results". This publication is available on the Group's website www.dnbnor.com.

Application of IFRS 1 - First-time Adoption of IFRS

IFRS 1 was applied when preparing the opening balance sheet as at 1 January 2004. The accounting effect of changes in accounting principles is charged directly to equity. See Changes in equity for a further specification of the effects.

The Group has made the following exceptions from the duty to restate the balance sheet and accounts for previous periods retrospectively, as outlined in IFRS 1:

- Business combinations recorded prior to 1 January 2004 have not been restated. The values recorded in the balance sheet prepared according to Norwegian accounting principles as at 31 December 2003 have been carried forward.
- Properties for own use have been recorded at fair value as at 1 January 2004. In consequence, properties have been revalued by a total of around NOK 700 million. Upon transition to IFRS, the revalued market prices represent the new cost of these assets.
- Pension commitments that were unrecorded as at 1 January 2004 in compliance with previous accounting rules, have been charged to equity. New economic values have been used.
- Exchange differences arising when consolidating accounts from foreign branches and subsidiaries as at 1 January 2004 are eliminated. Exchange differences calculated as of 1 January 2004 are presented as a separate element of other equity, see "Changes in equity".
- IAS 39 - Measurement of Financial Instruments has been implemented as of 1 January 2005. In consequence, transitional effects due to deviations between Norwegian accounting principles and IFRS have been recorded as at 1 January 2005. When stipulating values on financial instruments for which there is no active market in connection with the transition to IFRS, the Group availed itself of the opportunity not to adjust for day one profits as from 1 January 2004. The "Changes in equity" specifies effects of the introduction of IAS 39. As of 1 January 2005, the Group has chosen to reclassify financial assets and liabilities in accordance with IAS 39. See more detailed description under Accounting principles. The annual accounts include pro forma comparable profit and loss figures for 2004, prepared as if IAS 39 had been implemented as of 1 January 2004. See further details under "Effects of the transition on the Group's profits" below.
- Subscription rights issued prior to 7 November 2002 and vested as at 1 January 2005 have not been restated according to IFRS 2 - Share-based Payments. The DnB NOR Group has not issued subscription rights or established option schemes after 7 November 2002 and has thus been able to use the exception rule.
- IFRS 4 - Insurance Contracts was implemented as of 1 January 2005. Upon transition to IFRS, certain provisions that are unique to Norway, e.g. the security reserve, additional allocations and the securities adjustment reserve, are classified as insurance liabilities in the group accounts. The implementation of IFRS 4 has not resulted in other changes in the recording of insurance liabilities.
- Upon transition to IFRS, the Group considered whether any development costs charged to expense in accordance with previous accounting principles should be recorded in the balance sheet in accordance with IAS 38 – Intangible assets. At the time of the transition to IFRS, however, the Group was in the midst of the integration process in connection with the DnB NOR merger, and the scope of new development activity was therefore very limited. The Group thus did not record further systems development costs in the balance sheet upon the transition to IFRS.

In accordance with IFRS 1, the Group has made no retrospective restatement for:

- Financial assets and liabilities that according to previous accounting principles were not recorded in the balance sheet prior to 1 January 2005.
- Hedge accounting according to previous principles prior to 1 January 2005. Hedge accounting is applied in the accounts as of 1 January 2005 to the extent this satisfies criteria stipulated in IAS 39.
- Estimates based on Norwegian accounting principles as of 1 January 2004.

Effects of the transition on the Group's balance sheets

The table below shows effects of the transition to IFRS for main line items in the balance sheet. The column "Adjusted IFRS" shows effects including adjustments made in the fourth quarter of 2005, e.g the introduction of the Fair Value Option.

	DnB NOR Group	
	Adjusted IFRS	NGAAP
Amounts in NOK million	01.01.05	31.12.04
Cash and deposits with credit institutions	34 793	30 650
Net lending to customers	583 431	569 364
Commercial paper and bonds etc.	172 635	62 986
Shareholdings etc.	31 005	13 532
Fixed and intangible assets	30 584	9 746
Financial assets, customers bearing the risk	9 747	0
Other assets	49 508	28 403
Total assets	**911 702**	**714 680**
Loans and deposits from credit institutions	59 119	48 940
Deposits from customers	353 084	355 316
Securities issued	192 537	192 410
Insurance liabilities, customers bearing the risk	9 747	0
Liabilities to life insurance policyholders	152 965	0
Other liabilities and provisions	69 472	47 376
Primary capital	74 777	70 638
Total liabilites and equity	**911 702**	**714 680**

As of 1 January 2005, Vital Forsikring ASA including subsidiaries and Vital Link AS are fully consolidated in the DnB NOR Group's accounts. Insurance operations are consolidated according to type in the balance sheet according to IFRS. According to NGAAP, the equity method was applied in presenting insurance operations under "Investments in Life Insurance and Pensions and associated companies". Vital's balance

Note 1 Transition to IFRS (continued)

sheet items presented according to IFRS are shown in a separate column marked "Vital" in the balance sheet. "Financial assets, customers bearing the risk" represents assets in the unit linked company Vital Link. Obligations referring to these assets are presented on the line "Insurance liabilities - customers bearing the risk".

According to previous accounting principles, holdings taken over in connection with non-performing commitments were classified as repossessed assets and evaluated as lending. According to IFRS, companies in which DnB NOR has control or significant influence are fully consolidated or presented according to the equity method respectively. Investments that the Group has approved for sale are treated as assets held for sale in accordance with IFRS 5.

In accordance with IFRS, DnB NOR will recognise loans transferred to Eksportfinans, for which DnB NOR has issued guarantees, in the balance sheet.

Certain financial derivatives were recorded net according to NGAAP and gross according to IFRS.

Fixed-rate loans, deposits and borrowings in Norwegian kroner are recorded at fair value according to IFRS. According to NGAAP, fixed-rate loans were recorded at nominal value less loan-loss provisions. Fixed-rate deposits and borrowings were recorded at nominal value with the addition of premiums or deduction of discounts.

Financial instruments not carried at fair value are recorded at amortised cost according to IFRS. Amortised cost is the net present value of contractual cash flows discounted by the internal rate of return on the loan. According to NGAAP, fees representing direct payment for services rendered were taken to income upon receipt. Fees for the establishment of loan agreements, in excess of related costs, were amortised over the life of the loan.

Write-downs on loans according to IFRS are recorded if objective evidence of a decrease in value can be found. Write-downs represent the difference between the value of the loan in the balance sheet and the net present value of expected future cash flows discounted by the original effective rate of interest. Specified loan-loss provisions according to NGAAP were calculated as the difference between the nominal value of the commitment and the value of collateral and the customer's estimated solvency, taking the probability of losses into account.

Repurchases of issued bonds and commercial paper are classified as a reduction in liabilities, and premiums and discounts are settled immediately. According to NGAAP, premiums and discounts were amortised over the remaining term of the bonds, and repurchases of bonds in the trading portfolio were classified as assets.

Effects of the transition on the Group's equity

Upon transition to IFRS, the DnB NOR Group has chosen to charge deviations in estimates and in pension commitments plan changes not recorded according to previous accounting principles to equity.

According to IFRS, write-downs on loans are made if objective evidence of a decrease in value can be found. Calculations are based on discounted cash flows. Specified loan-loss provisions according to NGAAP were calculated as the difference between the nominal value of the commitment and the value of collateral and the customer's estimated solvency, taking the probability of losses into account. The transition to IFRS implied e.g. a reversal of unspecified loan-loss provisions.

According to IFRS, allocations to dividends are classified as part of equity until approved by the Annual General Meeting. According to previous accounting principles, dividends were classified as liabilities upon the allocation of annual profits.

Effects of the transition on the Group's profits

The table below presents significant effects resulting from changes in valuations according to IFRS.

Effects excluding IAS 39 [1)]

Amounts in NOK million	**DnB NOR Group** 2004
Result (NGAAP)	**7 388**
IFRS 3 - Annulment of goodwill amortisation	582
IAS 36 - Impairment of goodwill	(211)
IAS 27/28 - Consolidation of subsidiaries and associated companies	82
Other effects	5
Total IFRS effects	458
Result IFRS (official comparable figures, excl. IAS 39)	**7 846**

1) Effects are calculated after taxes.

Goodwill is no longer subject to ordinary amortisation, but will regularly be tested for impairment and any impairment will be written down. According to IFRS, the Group consolidates investments in companies over which it exercises control or significant influence.

Effects including IAS 39 [1)]

Amounts in NOK million	**DnB NOR Group** 2004
Result IFRS (official comparable figures, excl. IAS 39)	**7 846**
IAS 39 - Increased valuation of financial instruments at fair value	324
IAS 39 - Transition to amortised cost principle, including changes in individual and group write-downs	138
IAS 39 - Increased valuation at fair value in subsidiaries and associated companies	(71)
Other effects	5
Result IFRS (pro forma, incl. IAS 39)	**8 241**

1) Effects are calculated after taxes.

A number of balance sheet items have been recorded at fair value according to IFRS, as against the lower of historic cost and fair value according to NGAAP. See also balance sheets above. The recording of financial instruments at amortised cost results in changes in the recording of fees and in the measurement of loans. See description under balance sheets above. The DnB NOR Group's interest rate management encompasses the following items denominated in Norwegian kroner: fixed-rate loans, deposits and borrowings. When implementing IAS 39, the portfolio of fixed-rate loans, deposits and borrowings in Norwegian kroner are recorded at fair value. The portfolios of fixed-rate borrowings and deposits in foreign currency have been subject to interest rate hedging on an individual basis. Overall, this has produced approximately the same effects as the financial hedging used in the internal management of the DnB NOR Group. When preparing pro forma accounting figures for items included in the Group's interest rate management, financial hedging based on NGAAP is still being used.

As of 1 January 2005, Vital Forsikring ASA including subsidiaries and Vital Link AS are fully consolidated in the accounts of the DnB NOR Group. According to NGAAP, operations were recorded according to the equity method and included under 'Net profit/(loss) from Life Insurance and Pensions' under 'Net other operating income'. The tables below presents effects of the full consolidation of insurance operations in the profit and loss accounts.

Note 1 Transition to IFRS (continued)

Profit and loss accounts IFRS [1]	Vital	
Amounts in NOK million	2004	
Total interest income		
Total interest expenses		
Net interest income		
Commissions and fees receivable etc.	1 404	a
Commissions and fees payable etc.	441	a
Net gains on financial instruments at fair value		
Net gains on assets at fair value in Vital	10 110	c
Guaranteed returns and allocations to policyholders in Vital	8 350	c
Premium income etc. included in the risk result in Vital	3 439	b
Insurance claims etc. included in the risk result in Vital	3 745	b
Net realised gains on investment securities (AFS)		
Profit from companies accounted for by the equity method		
Other income		
Net other operating income	**2 417**	
Salaries and other personnel expenses	656	a
Other expenses	388	a
Depreciation and impairment of fixed and intangible assets	135	a
Total operating expenses	**1 178**	
Pre-tax operating profit before write-downs	**1 239**	
Net gains on fixed and intangible assets		
Write-downs on loans and guarantees		
Pre-tax operating profit	**1 239**	
Taxes	(78)	
Profit from discontinuing operations after taxes		
Profit for the year	**1 317**	

Financial performance [2]	Vital	
Amounts in NOK million	2004	
Interest result	4 137	c
Risk result	(312)	b
Administration result	(387)	a
Result other operations	131	a,c
Transferred to security reserve	0	c
Profit for distribution in life insurance	**3 569**	
Funds transferred to policyholders	2 033	c
Additional allocations	300	c
Pre-tax operating profit life insurance	**1 236**	
Pre-tax operating profit unit linked	3	a,b,c
Taxes	(78)	
Profit Vital	**1 317**	

NGAAP	DnB NOR Group
Amounts in NOK million	2004
Net profit from Vital	1 216
Goodwill amortisation	101
Profit for the year	**1 317**

1) *The table shows full consolidation of Vital in accordance with IFRS principles for consolidation prior to elimination of intra-group transactions.*
2) *Profits for 2004 for Vital were incorporated in the DnB NOR Group's accounts according to the equity method. The table shows the various profit and loss elements.*

a)

Amounts in NOK million	2004
Commissions and fees receivable etc.	1 404
Commissions and fees payable etc.	441
Total operating expenses	1 178
Administration result, IFRS	(215)
- Pension costs	(30)
- Restructuring provisions	250
+ Other items not charged to the administration result, less the administration result in Vital Link	49
Administration resultat in Vital Forsikring, NGAAP	(387)

b)

Amounts in NOK million	2004
Premium income etc. included in the risk result in Vital	3 439
Insurance claims etc. included in the risk result in Vital	3 745
Risk result, IFRS	(306)
- Risk result in Vital Link	6
Risk result in Vital Forsikring, NGAAP	(312)

c)

Amounts in NOK million	2004
Net gains on assets at fair value in Vital	10 110
Guaranteed returns and allocations to policyholders in Vital	8 350
Net gains on assets after allocations to policyholders, IFRS	1 760
+ Allocation to policyholders, including transfers to additional allocation	2 333
+ Pension costs	(30)
+ Restructuring provisions	250
- Other, including result in Vital Link	175
Interest result in Vital Forsikring, NGAAP	4 137

Note 2 Important accounting estimates and discretionary assessments

Estimates and discretionary assessments are subject to continual evaluation and are based on historic experience and other factors, including expected future events. Per definition, the resulting accounting estimates will rarely be fully consistent with the final outcome. Management's assessment of important estimates and assumptions is discussed below.

Estimates and underlying assumptions are subject to continual evaluation. Changes in accounting estimates are accounted for in the profit and loss accounts in the period when the changes take place. If the changes also apply to future periods, the effect is divided between current and future periods.

Estimated goodwill impairment

The Group carries out annual tests to assess goodwill impairment, see description under Accounting principles. Recoverable amounts from cash-generating units are used to calculate value in use. These calculations require the application of plan figures and macro-economic projections. See note 30.

Fair value of derivatives and other financial instruments

The fair value of financial instruments not traded in an active market (such as unlisted derivatives) is determined by employing valuation techniques. The Group makes evaluations and applies methods and assumptions that are mainly based on market conditions on the balance sheet date.

Economic life for technical installations and equipment

DnB NOR determines the economic life and related depreciation rates for fixed assets. Depreciation is increased if the economic life is shorter than previously estimated, and technically obsolete and discarded assets are written down.

Pension commitments

By applying a number of assumptions, several actuarial factors are used to determine the present value of pension commitments. Any change made to these assumptions affects the pension commitment amount recorded in the balance sheet. Net pension expenses are calculated based upon assumptions such as the discount rate.

The discount rate assumption is determined based on 10-year government bond yields on the balance sheet date, plus an addition that takes into account that the terms of the commitments are longer than ten years. The addition equals the yield differential between 10 and 30-year government bonds in the international market. The type of pension fund investments and historical returns determine the expected return on pension funds. In the past, the average return on pension funds has been higher than the risk-free rate of interest as part of the pension funds have normally been placed in securities with slightly higher risk than government bonds. In the longer term, the return on pension funds is estimated to be 1 percentage point above the risk-free rate of interest.

Other fundamental assumptions for pension commitments include annual rise in salaries, annual rise in pensions, anticipated increase in the National Insurance basic amount (G) and anticipated CPA acceptance (early retirement pension). See note 11 and Accounting principles.

Group write-downs on loans and guarantees

Write-downs will be made if objective evidence of impairment can be identified. Economic indicators in certain sectors are used as objective evidence criteria for group write-downs in DnB NOR. The need for write-downs is estimated per customer group based on risk classification and includes estimates of future economic developments and loss experience for the respective customer groups.

All write-downs will be made based on discounted values, the discount rate being the loans' internal rate prior to impairment. In principle, all cash flows on commitments and groups should be identified and an assessment must be made as to which cash flows are at risk. Given the large number of commitments that are reviewed at both individual and group level, such estimations must be based on approximations and historical material. Since the group write-down system does not provide access to the actual cash flows included in the relevant commitments, discounting for group write-downs is estimated based on historical data for individual write-downs.

The average discount effect for individual commitments is estimated in relation to discounted cash flows. Based on the ratio of these cash flows to calculated commitment values, an estimate is made of the cash flows represented in the basis for group write-downs.

See Accounting principles for a further description of the method used for individual write-downs and group write-downs.

Income tax

The Group is taxed for income in many countries. In the group accounts, income tax assessments are subject to discretion. The final tax liability relating to certain transactions and calculations will be uncertain. Tax liabilities regarding future decisions in tax dispute cases are entered in the group accounts based on best estimates. If the final outcome of the cases deviates from the originally allocated amounts, the deviations will affect income tax entered in the accounts and provisions for deferred taxes in the applicable period. See note 17 Taxes.

Note 3 Changes in group structure

Sale of Postbanken Eiendomsmegling AS

In June 2004, DnB NOR Bank ASA signed an agreement with Terra-Gruppen AS on the sale of the real estate brokerages Postbanken Eiendomsmegling AS and Aktiv Eiendomsmegling AS. The sale was part of the concession terms for the DnB NOR merger. The agreement was approved by the purchaser in August 2004. The actual takeover took place on 3 January 2005.

Sale of Aurora Salmon AS

Through Nordlandsbanken Invest AS, DnB NOR sold its wholly owned subsidiary Aurora Salmon AS to Lerøy Seafood Group ASA (LSG) during the second quarter of 2005. Nordlandsbanken Invest received shares in LSG as partial settlement for the shares in Aurora Salmon. The shares in LSG were sold during the third quarter of 2005.

Sale of shares in Pan Fish ASA

During the second quarter of 2005, DnB NOR Bank ASA sold its 24 per cent holding in Pan Fish ASA to institutional investors. After the transition to IFRS, Pan Fish was recorded as an associated company in the group accounts.

Sale of Follalaks AS

DnB NOR Bank ASA sold its 51 per cent holding in Follalaks AS during the third quarter of 2005. The company was recorded as a subsidiary in DnB NOR's group accounts.

Sale of Helgelandske AS

Nordlandsbanken ASA sold its 28.8 per cent holding in Helgelandske AS during the third quarter of 2005. The company was recorded as an associated company in DnB NOR's group accounts.

The accounting effects of the sales are shown in note 14.

Balance sheet effects	**DnB NOR Group**
Amounts in NOK million	2005
Cash received from sales	832
Cash in companies sold	-
Net cash flow	832

Establishment of DnB NORD

On 21 June 2005, DnB NOR and Norddeutsche Landesbank (NORD/LB) announced their plans to establish a co operation bank, DnB NORD, to be owned 51 per cent by DnB NOR and 49 per cent by NORD/LB. DnB NORD was established in autumn 2005, and on 16 December 2005, the Norwegian Ministry of Finance granted DnB NOR permission to acquire 51 per cent of the company. DnB NORD thus became part of the DnB NOR Group at year-end 2005. Headquartered in Copenhagen, DnB NORD has operations in Denmark, Finland, Estonia, Latvia, Lithuania and Poland. In the Baltic region and Poland, DnB NORD has taken over the operations of NORD/LB, with a total of 130 branches. In the Baltic states, DnB NORD has both retail and corporate customers, while operations in Denmark, Finland and Poland are aimed at corporate customers.

As a first step in the business combination, DnB NORD was established by NORD/LB and headquartered in Copenhagen. In connection with the takeover of operations in the Baltic region and Poland, goodwill in the amount of EUR 94.2 million, the equivalent of NOK 751 million, was recorded in DnB NORD's balance sheet. DnB NOR's share represented NOK 383 million. Once the permission from the Ministry of Finance was in place on 16 December 2005, and with accounting effect as of 31 December 2005, DnB NOR acquired 51 per cent of DnB NORD's voting share capital for an amount of EUR 167.2 million. DnB NORD is thus included as a subsidiary in DnB NOR's consolidated balance sheet as at 31 December 2005. Accrued acquisition costs totalled EUR 2.1 million, representing mainly fees to lawyers and advisers. An additional NOK 45 million in goodwill was recorded in DnB NOR's consolidated balance sheet in connection with the acquisition.

DnB NORD's balance sheet at year-end 2005 did not include the Finnish and Danish portfolios that were transferred to DnB NORD from NORD/LB and DnB NOR at the beginning of 2006. Net customer loans in these portfolios totalled some NOK 4.3 billion. The transaction increased goodwill in DnB NOR's consolidated accounts by EUR 1 million, representing compensation to NORD/LB for excess values related to the Finnish portfolio.

Note 3 Changes in group structure (continued)

Balance sheet *Amounts in NOK million*	DnB NOR Group Capitalised value of DnB NORD on the acquisition date 31 Dec. 2005	DnB NORD Capitalised value (acc. to IFRS) immediately before the acquisition date
Assets		
Cash and deposits with central banks	1 124	1 124
Lending to and deposits with credit institutions	1 432	1 432
Lending to customers	19 379	19 379
Commercial paper and bonds	1 964	1 964
Goodwill	428	751
Other intangible assets	66	66
Fixed assets	400	400
Other assets	165	165
Total assets	24 956	25 279
Liabilities and equity		
Loans and deposits from credit institutions	10 663	10 663
Deposits from customers	9 812	9 812
Securities issued	1 276	1 276
Other liabilities	346	346
Subordinated loan capital	570	570
Equity	2 289	2 612
Total liabilities and equity	24 956	25 279

The acquisition of DnB NORD was reflected in the accounts as of 31 December 2005. Thus, profit and loss items from the acquired company are not included in DnB NOR's consolidated accounts for 2005. If the acquisition had taken place with effect from 1 January 2005, the Group's operating income and annual profits would have risen by NOK 703 million and NOK 177 million, respectively.

Acquisition of NORD/LB's operations in Sweden

In the third quarter of 2005, DnB NOR took over NORD/LB's operations in Sweden, including a loan portfolio of approximately EUR 600 million and bond portfolios totalling just over EUR 50 million. In connection with the acquisition, goodwill of NOK 68 million was capitalised in the balance sheet of DnB NOR.

Operations classified as held for sale [1)]

Profit and loss accounts *Amounts in NOK million*	DnB NOR Group 2005	 2004 [1)]
Net interest income		252
Net other operating income		45
Total operating expenses		151
Pre-tax operating profit before write-downs	0	146
Net gains on fixed and intangible assets		0
Write-downs on loans and guarantees		33
Pre-tax operating profit	0	113
Taxes		34
Profit for the year	**0**	**79**
Earnings per share for discontinuing operations (NOK)	-	0.06
Diluted earnings per share for discontinuing operations (NOK)	-	0.06

1) *Applies to the companies Postbanken Eiendomsmegling, Elcon Finans and Gjensidige NOR Fondsforsikring. Postbanken Eiendomsmegling was sold on 3 January 2005 for NOK 54.5 million, representing a gain of NOK 18 million. Elcon Finans was sold for NOK 3.6 billion, representing a gain of NOK 946 million. Gjensidige NOR Fondsforsikring was sold for NOK 180.9 million, representing a gain of NOK 35 million. The last two sales were completed in 2004.*

Fixed assets classifed as held for sale

Fixed assets classified as held for sale as at 31 December 2004 were the properties Dr. Graaruds plass in Telemark and Amtmand Blomsgate in Drammen. The properties were sold on 1 January 2005 and gains from the sales amounted to NOK 1.5 million and NOK 1.8 million respectively. In the profit and loss account, the gains are recorded on the line "Net gains on fixed and intangible assets".

The property Farmannsgate 12 in Fredrikstad was classified as held for sale as at 31 December 2005. The property was sold in January 2006.

Note 4 Segments

Business areas

Profit and loss accounts [1] — **DnB NOR Group**

Amounts in NOK million	Corporate Banking 2005	Corporate Banking 2004	Retail Banking 2005	Retail Banking 2004	DnB NOR Markets 2005	DnB NOR Markets 2004	Vital 2005	Vital 2004	DnB NOR Asset Management 2005	DnB NOR Asset Management 2004	Other operations [2] 2005	Other operations [2] 2004	DnB NOR Group 2005	DnB NOR Group 2004
External interest income	10 977	10 188	14 351	13 819	3 719	2 582			6	5	920	1 559	29 973	28 152
External interest expenses	3 070	2 566	2 580	2 648	7 866	5 798			2	5	2 844	4 291	16 363	15 308
Interest on allocated capital	510	454	297	249	50	41			29	26	(886)	(770)		
Net internal interest income	(2 206)	(2 253)	(4 408)	(4 109)	4 382	3 425			(25)	(5)	2 257	2 943		
Net interest income	6 211	5 823	7 660	7 311	285	250			8	20	(554)	(560)	13 610	12 844
Income from associated companies	74	50	0	0							44	119	118	169
Other external operating income	1 527	1 367	2 836	2 578	2 842	2 320	2 775	2 729	1 096	968	526	403	11 603	10 365
Other internal operating income	900	835	248	191	(109)	(54)	(352)	(312)	(69)	(43)	(619)	(617)		
Net other operating income	2 501	2 252	3 084	2 769	2 733	2 266	2 423	2 417	1 028	925	(48)	(95)	11 721	10 534
Operating expenses *)	3 162	3 240	6 165	6 408	1 250	1 072	1 008	1 044	635	671	(9)	1 006	12 212	13 440
Depreciation and impairment of fixed and intangible assets	88	98	50	39	18	16	97	134	8	10	393	666	653	961
Total operating expenses	3 250	3 337	6 215	6 447	1 268	1 088	1 105	1 178	642	681	384	1 672	12 864	14 402
Pre-tax operating profit before write-downs	5 462	4 738	4 529	3 633	1 750	1 429	1 318	1 239	393	264	(986)	(2 327)	12 467	8 976
Net gains on fixed and intangible assets	511	13	(1)	(1)	0	(3)			(2)	0	267	995	775	1 005
Write-downs on loans and guarantees	(20)	(168)	254	101	10	0					(112)	30	133	(38)
Pre-tax operating profit	5 994	4 919	4 274	3 532	1 739	1 426	1 318	1 239	391	265	(608)	(1 361)	13 109	10 019
Depreciation and impairment of goodwill and excess values [3]				12						211		(223)		
Adjusted pre-tax operating profit	5 994	4 919	4 274	3 520	1 739	1 426	1 318	1 239	391	54	(608)	(1 138)	13 109	10 019
Taxes													2 965	2 251
Profit from discontinuing operations after taxes														79
Profit for the year													10 144	7 846
**) Of which group overhead*	*61*	*67*	*32*	*33*	*13*	*16*	*6*	*11*	*3*	*5*	*(115)*	*(132)*		

Balance sheets [1] — **DnB NOR Group**

Amounts in NOK billion	Corporate Banking 31.12.05	Corporate Banking 31.12.04	Retail Banking 31.12.05	Retail Banking 31.12.04	DnB NOR Markets 31.12.05	DnB NOR Markets 31.12.04	DnB NORD [4] 31.12.05	DnB NORD [4] 31.12.04	Vital 31.12.05	Vital 31.12.04	DnB NOR Asset Management 31.12.05	DnB NOR Asset Management 31.12.04	Other operations [2] 31.12.05	Other operations [2] 31.12.04	DnB NOR Group 31.12.05	DnB NOR Group 31.12.04
Net lending to customers [5]	313	246	369	321	9	6	19						(2)	2	708	574
Investments in associated companies	1	1	0	0					0	0			1	1	1	2
Assets, discontinuing operations													0	0	0	0
Other assets *)	8	8	6	5	346	280	6		203	175	1	3	(198)	(146)	372	326
Total assets	322	255	374	326	355	286	25		203	175	1	3	(199)	(143)	1 081	902
Assets under management [6]											549	482	(167)	(149)	381	333
Total combined assets											550	485	(366)	(292)	1 463	1 234
Deposits from customers [5]	211	163	190	186	7	7	10						13	2	430	358
Liabilities, discontinuing operations														0		0
Other liabilities	86	70	170	127	346	277	13		194	168	0	2	(215)	(149)	593	495
Total liabilities	297	233	360	313	352	284	23		194	168	0	2	(203)	(148)	1 023	853
Allocated capital [7]	25	21	14	12	3	2	3		9	7	1	1	4	4	58	49
Total liabilities and equity	322	255	374	326	355	286	25		203	175	1	3	(199)	(143)	1 081	902
**) Of which investments in fixed assets*	*0*	*0*	*0*	*0*	*0*	*0*	*0*		*0*	*0*	*0*	*0*	*1*	*0*	*1*	*1*

Key figures [1] — **DnB NOR Group**

Per cent	Corporate Banking 2005	Corporate Banking 2004	Retail Banking 2005	Retail Banking 2004	DnB NOR Markets 2005	DnB NOR Markets 2004	DnB NORD [4] 2005	DnB NORD [4] 2004	Vital 2005	Vital 2004	DnB NOR Asset Management 2005	DnB NOR Asset Management 2004	Other operations [2] 2005	Other operations [2] 2004	DnB NOR Group 2005	DnB NOR Group 2004
Cost/income ratio	37.3	41.3	57.8	64.0	42.0	43.2					62.0	72.0			50.8	61.6
Ratio of deposits to lending as at 31 Dec.	67.4	66.3	51.4	58.1			51.0								60.7	62.3
Return on capital [8]	18.5	16.2	23.2	21.2	55.5	52.0			16.6	19.1	21.6	15.3			18.8	17.1
Number of full-time positions as at 31 Dec. [9] [10]	1 809	1 932	4 103	4 288	538	531	1 754		868	926	285	310	2 089	2 099	11 446	10 085

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.*

Note 4 Segments (continued)

2) Other operations:	Elimination of double entries		Eliminations		Group Centre		Total	
Amounts in NOK million	2005	2004	2005	2004	2005	2004	2005	2004
External interest income			0	0	920	1 559	920	1 559
External interest expenses			0	0	2 844	4 291	2 844	4 291
Interest on allocated capital			0	0	(886)	(770)	(886)	(770)
Net internal interest income	(12)	9	(134)	(132)	2 403	3 066	2 257	2 943
Net interest income	(12)	9	(134)	(132)	(407)	(437)	(554)	(560)
Income from associated companies			(0)	(0)	44	119	44	119
Other external operating income			0	0	526	403	526	403
Other internal operating income	(942)	(731)	(348)	(229)	671	343	(619)	(617)
Net other operating income	(942)	(731)	(348)	(229)	1 241	865	(48)	(95)
Operating expenses			(445)	(250)	436	1 256	(9)	1 006
Depreciaton and impairment of fixed and intangible assets			0	0	393	665	393	666
Total operating expenses	0	0	(445)	(249)	829	1 921	384	1 672
Pre-tax operating profit before write-downs	(954)	(723)	(38)	(111)	5	(1 493)	(986)	(2 327)
Net gains on fixed and intangible assets			0	0	267	995	267	995
Write-downs on loans and guarantees			(3)	0	(109)	30	(112)	30
Pre-tax operating profit	(954)	(723)	(35)	(111)	381	(527)	(608)	(1 361)
Depreciation and impairment of goodwill and excess values			0	0	0	(223)	0	(223)
Adjusted pre-tax operating profit	(954)	(723)	(35)	(111)	381	(305)	(608)	(1 138)

The Group Centre includes Human Resources and Group Services, Finance/Group Staff, Risk Management and IT, Payment Services, 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.

Group Centre - pre-tax operating profit in NOK million	2005	2004
Income on equities	566	129
Net gains on fixed and intangible assets	144	1 008
Group write-downs	101	0
Portfolio hedging, Treasury	2	(27)
Unallocated gains/(losses)	0	(34)
Restructuring provisions, DnB NOR merger	0	(930)
Goodwill impairments	0	(211)
Allocation to employee funds (conserns employees in the Group Centre)	(20)	(37)
Funding costs on goodwill	(111)	(108)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(202)	(153)
Other	(100)	(164)
Pre-tax operating profit	381	(527)

3) Goodwill and excess values related to mergers and acquisitions initiated by the Group are not allocated to the business areas in DnB NOR's management reporting.

4) Acquisition of DnB NORD, effective as of 31 December 2005.

5) Net lending to customers includes lending to credit institutions totalling NOK 10.6 billion in 2005 and NOK 7.4 billion in 2004. Customer deposits includes deposits from credit institutions of NOK 19.0 billion in 2005 and NOK 4.4 billion in 2004. Deposits with and from banks are not included.

6) The "Other operations" column includes assets managed by DnB NOR Asset Management on behalf of Vital, representing NOK 167 billion in 2005 and NOK 149 billion in 2004.

7) Allocated capital for Corporate Banking, Retail Banking and DnB NOR Markets is calculated as 7 per cent of risk-weighted volume. Recorded equity is used for Vital and DnB NOR Assets Management.

8) Estimated return on capital is based on profit after tax. A tax rate of 28 per cent is applied for Corporate Banking, Retail Banking, DnB NOR Markets and DnB NOR Asset Management. The expected tax rate for Vital is 0 per cent.

9) As the transition to IFRS has resulted in certain companies being reclassified as fully consolidated, four full-time positions in Corporate Banking and 21 in Other operations were included as at 31 December 2005. Figures for 2004 have been restated accordingly.

10) During 2005, the support unit Payment Services was incorporated in the business area Corporate Banking. The reorganisation will be reflected in the accounts as of 1 January 2006. Consequently, full-time positions in Corporate Banking are shown exclusive of Payment Services, which encompassed 547 full-time positions as at 31 December 2005.

Note 4 Segments (continued)

Geographic areas [1]

Profit and loss accounts					DnB NOR Group	
	Baltic states and Poland [2]		Other		DnB NOR Group	
Amounts in NOK million	2005	2004	2005	2004	2005	2004
External interst income	-	-	29 973	28 152	29 973	28 152
External interest expenses	-	-	16 363	15 308	16 363	15 308
External operating income	-	-	11 721	10 534	11 721	10 534
Total external income	-	-	25 331	23 378	25 331	23 378

Balance sheet items					DnB NOR Group	
	Baltic states and Poland [2]		Other		DnB NOR Group	
Amounts in NOK billion	31.12.05	31.12.04	31.12.05	31.12.04	31.12.05	31.12.04
Net lending to customers	19	-	689	574	708	574
Total assets	22	-	1 059	902	1 081	902
Guarantees	1	-	50	46	51	46
Investments in fixed assets etc.	0	-	1	1	1	1

1) *DnB NOR's strategy is to accompany customers as they expand their activities into new markets. Operations outside Norway are to a large extent based on Norwegian-related customers and represent less than 10 per cent of total assets, sales to external customers and profits. Activities in the Baltic states and Poland through the purchase of 51 per cent of the shares in DnB NORD represent a new market segment.*

2) *Acquisition effective as of 31 December 2005.*

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.

Pre-tax operating profit		**Vital**
Amounts in NOK million	2005	2004
Interest result	6 053	4 137
Risk result	94	(312)
Administration result [1]	(83)	(387)
Pension costs [2]	380	-
Total result	5 684	3 438
Transferred from security reserve	(4)	0
Result from other activities/other provisions	0	131
Profit for distribution within life insurance [*]	5 680	3 569
Transferred to additional allocations	1 500	300
Funds transferred to policyholders	3 008	2 033
Pre-tax operating profit - life insurance	1 172	1 236
Pre-tax operating profit - unit linked	(6)	3
Reversal of pension liabilities previously charged to the Group accounts [2]	151	-
Pre-tax operating profit Vital	1 318	1 239

**) Specification of profits for distribution within life insurance*		
Of which profit for operations subject to profit sharing	*5 648*	*3 426*
- funds transferred to policyholders	*3 008*	*2 033*
- funds transferred to additional allocations	*1 500*	*300*
- profits for allocation to the owner and taxes	*1 140*	*1 093*
Of which profit from operations not subject to profit sharing	*32*	*143*

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.

1) *The results for 2004 include restructuring provisions of NOK 250 million.*

2) *Increase in pension costs after transition to IFRS in Vital in 2005. The effect for the owner of the reversal before taxes, NOK 151 million, was reflected in the DnB NOR Group's opening balance sheet as at 1 January 2004.*

Key figures		**Vital**
Per cent	2005	2004
Recorded return, excluding unrealised gains on financial instruments [1]	7.3	6.5
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds held to maturity [1]	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]	7.7	7.7
Return on capital after taxes [2]	16.6	19.1
Expenses in per cent of policyholders' funds [1) 3)]	0.90	0.90
Capital adequacy ratio at the end of the period [1) 4)]	11.7	14.1
Core capital ratio at the end of the period [1) 4)]	8.9	10.7
Policyholders funds, life insurance, at the end of the period (NOK billion)	175	153
Policyholders funds, unit linked, at the end of the period (NOK billion)	13	10
Solvency margin capital in per cent of requirement at the end of the period [1) 4) 5)]	158	163

1) *Vital Forsikring ASA including subsidiaries.*
2) *Calculated on the basis of recorded equity.*
3) *Expenses charged to the administration result. Calculated according to NGAAP.*
4) *Kredittilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted solvency capital or capital adequacy regulations to IFRS.*
5) *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 Net interest income

	DnB NOR Group [1]	
Amounts in NOK million	2005	2004
Interest on loans to and deposits with credit institutions	1 514	1 825
Interest on loans valued at amortised cost, customers [2) 3)]	21 982	22 527
Interest on impaired loans, individually written down [2)]	205	201
Interest on loans valued at fair value, customers [3)]	3 181	334
Interest on commercial paper and bonds	2 114	2 033
Front and back-end fees	97	672
Other interest income	878	560
Total interest income [*)]	**29 973**	**28 152**
Interest on loans and deposits from credit institutions	2 554	1 802
Interest on loans and deposits from customers	5 509	4 541
Interest on securities issued	6 314	4 547
Interest on subordinated loan capital	915	725
Levies to the banks' guarantee funds	0	269
Other interest expenses [4)]	1 071	3 424
Total interest expenses [**)]	**16 363**	**15 308**
Net interest income [***)]	**13 610**	**12 844**

**) Of which totalt interest income on loans not valued at fair value excl. front-end fees*	*23 012*	*24 481*
***) Of which totalt interest expense on deposits not valued at fair value excl. guarantee fund levies*	*10 187*	*10 455*
****) Of which net gains on early redemptions*	*320*	*465*

1) *No effects from Vital.*
2) *The 2004 figures do not include amortisation effects.*
3) *Fixed-rate loans in Norwegian kroner are recorded at fair value in 2005. Interest is included in the official 2004 figures for these items under Interest on loans at amortised cost, customers. In 2004, loans to customers in the trading portfolio are valued at fair value.*
4) *Other interest expenses include interest rate adjustments resulting from interest rate swaps entered into. Under IFRS, derivatives are recorded at fair value. The interest rate item is therefore not included in the above specification. In 2004, only interest rate swaps entered into in the trading portfolio were carried at fair value.*

Note 7 Net other operating income

Amounts in NOK million	DnB NOR Group 2005	2004
Money transfer fees receivable	3 057	3 193
Fees on asset management services	1 178	1 063
Fees on custodial services	309	253
Fees on securities broking	370	254
Corporate finance	415	256
Guarantee commissions	303	389
Interbank fees	185	182
Credit broking commissions	190	126
Sales commissions on insurance products	1 802	1 534
Sundry commissions and fees receivable on banking services	855	699
Total commissions and fees receivable etc.	**8 665**	**7 948**
Money transfer fees payable	1 048	1 141
Commissions payable on fund management services	102	130
Fees on custodial services payable	94	83
Interbank fees	259	243
Credit broking commissions	200	179
Commissions payable on the sale of insurance products	207	169
Sundry commissions and fees payable on banking services	412	321
Total commissions and fees payable etc.	**2 323**	**2 267**
Net gains on financial instruments at fair value	**2 611**	**1 865**
Net gains on assets at fair value in Vital [1)]	**14 379**	**10 138**
Guaranteed returns and allocations to policyholders in Vital	**13 111**	**8 350**
Premium income etc. included in the risk result in Vital	**3 925**	**3 439**
Insurance claims etc. included in the risk result in Vital	**3 828**	**3 745**
Net realised gains on investment securities (AFS)	**167**	**89**
Profit from companies accounted for by the equity method	**118**	**169**
Income from owned/leased premises	96	201
Fees on real estate broking	645	581
Net unrealised gains on investment property	(9)	(26)
Miscellaneous operating income	384	491
Total other income	**1 117**	**1 247**
Net other operating income	**11 721**	**10 534**

1) Of which:		
Financial instruments at fair value	*8 492*	*5 512*
Commercial paper and bonds, held to maturity	*3 063*	*3 070*
Loans and deposits	*17*	*30*
Investment property	*2 653*	*1 402*

Note 8 Net gains on financial instruments at fair value

Amounts in NOK million	DnB NOR Group [1) 2005	DnB NOR Group [1) 2004
Dividends	5	12
Net gains on foreign exchange and financial derivatives	3 293	1 564
Net gains on commercial paper and bonds	(146)	174
Net gains on shareholdings	119	21
Net gains on other financial assets	(189)	(129)
Net gains on financial liabilities	210	23
Net interest on interest rate positions	(91)	21
Net gains on financial instruments classified as trading	3 202	1 687
Dividends	116	134
Net gains on fixed rate loans	(1 712)	-
Net gains on commercial paper and bonds	(101)	38
Net gains on shareholdings	551	6
Net gains on financial liabilities	556	-
Net gains on financial instruments classified at fair value [2)	(590)	178
Net gains on financial instruments at fair value	**2 611**	**1 865**

1) No effects from Vital.

2) The 2004 figures include instruments in the banking portfolio that were not classified at fair value prior to the implementation of IAS 39, but were measured at the lower of fair value and cost.

Note 9 Operating expenses

Amounts in NOK million	DnB NOR Group 2005	DnB NOR Group 2004
Ordinary salaries	5 179	5 119
Employer's national insurance contributions	752	758
Pension expenses	400	704
Social expenses	407	294
Total salaries and other personnel expenses	**6 737**	**6 874**
Fees	652	573
EDP expenses	1 439	1 520
Postage and telecommunications	491	547
Office supplies	110	130
Marketing and public relations	506	452
Travel expenses	197	198
Reimbursement to Norway Post for transactions executed	555	574
Training expenses	51	45
Operating expenses on properties and premises	854	966
Operating expenses on machinery, vehicles and office equipment taken to expense	89	75
Insurance	46	65
Allocations to employee funds	153	146
Provisions for restructuring measures	0	930
Other operating expenses	331	345
Other expenses	**5 474**	**6 567**
Depreciation of fixed and intangible assets	622	725
Impairment of lease agreements and goodwill	31	236
Depreciation and impairment of fixed and intangible assets	**653**	**961**
Total operating expenses	**12 864**	**14 402**

Note 10 Remunerations etc.

Terms for the group chief executive

The group chief executive in DnB NOR ASA received an ordinary salary of NOK 4 244 000 in 2005, compared with NOK 3 963 000 in 2004. Benefits in kind amounted to NOK 364 000, as against NOK 223 000 in 2004, and the pension premium paid during the year was NOK 257 000, compared with NOK 120 000 in 2004. The figures represent the total ordinary remuneration to the group chief executive. Costs are divided between DnB NOR ASA and DnB NOR Bank ASA.

The Board of Directors of DnB NOR ASA has stipulated the ordinary salary to the group chief executive at NOK 4 375 000 as of 1 January 2006.

The Board of Directors of DnB NOR ASA has stipulated the group chief executive's bonus payment for 2005 at NOK 1 260 000. The bonus payment for 2004, paid in 2005, was NOK 1 925 000 for extraordinary effort. The Board of Directors has stipulated that the maximum future bonus payment for the group chief executive may amount to 35 per cent of annual salary.

According to the employment contract, the group chief executive is entitled to two years' salary if employment is terminated prior to the age of 60. If, during this period, he were to receive income from other permanent employment, negotiations will be initiated to reduce the amount to be paid by DnB NOR.

The retirement age of the group chief executive is 60 years. The Board of Directors has asked the group chief executive to continue beyond this age, and an agreement has been reached whereby he will retire on 1 January 2007. During the first year, the pension will represent 100 per cent of the salary at the time of retirement, which will be reduced by an amount corresponding to 10 percentage points the first three years until the pension constitutes 70 per cent for the fourth and consecutive years. The pension, which will be covered through DnB NOR's operations, will be coordinated with pension entitlements from previous employers and be adjusted annually in line with the consumer price index. Costs for DnB NOR in connection with the group chief executive's pension scheme were NOK 3 921 000 for the 2005 accounting year.

Terms for the chairman of the Board of Directors

Olav Hytta has been chairman of the Board of Directors in DnB NOR ASA since the merger between DnB and Gjensidige NOR came into effect on 4 December 2003. As chairman of the Board of Directors in DnB NOR ASA, he received a total remuneration of NOK 350 000 in 2005, compared with NOK 425 000 in 2004 (of which NOK 100 000 was a bonus for extraordinary effort). Benefits in kind from the DnB NOR Group were estimated at NOK 144 000, compared with NOK 132 000 in 2004.

In addition, Olav Hytta received remuneration for other board positions within the Group. In 2005, he received NOK 300 000 as chairman of the Board of Directors in DnB NOR Bank ASA, compared with NOK 283 000 in 2004, and NOK 200 000 as vice-chairman in Vital Forsikring ASA, remained unchanged from 2004. In 2005, pension payments totalled NOK 1 755 000, compared with NOK 1 700 000 in 2004. Olav Hytta resigned as chief executive officer in December 2003 and became officially retired on 1 January 2004. In accordance with the merger agreement, for up to 24 months from the date of the merger, Olav Hytta was entitled to remuneration terms at least on a par with what he received as group chief executive. In line with provisions in the merger plan, Olav Hytta assumed the role of ordinary board chairman in DnB NOR ASA and DnB NOR Bank ASA as of 4 December 2005. As of this date, he also received ordinary directors' remuneration.

Paid directors' remuneration in 2005 [1)]

Amounts in NOK 1 000	2005
Helge Leiro Baastad (withdrew on 24 June 2005)	110
Per Hoffmann [2)]	440
Nina Britt Husebø (deputy until 14 June 2005, member from 14 June 2005) [2)]	119
Olav Hytta (chairman)	850
Berit Kjøll	220
Jørn O. Kvilhaug [2)]	220
Jannik Lindbæk (vice-chairman, withdrew on 14 June 2005)	126
Bent Pedersen	535
Heidi M. Petersen (new member from 14 June 2005)	273
Ingjerd Skjeldrum [2)]	440
Bjørn Sund (vice-chairman)	350
Anne Carine Tanum	220
Per Terje Vold	285
Bjørn Davidsen (deputy) [2)]	110
Sverre Finstad (member until 14 June 2005, deputy from 14 June 2005) [2)]	251
Tor Nordvold (deputy) [2)]	200
Remuneration paid to the Board of Directors	4 749

1) Directors' remuneration paid in 2005 in DnB NOR ASA totalled NOK 2 860 000. Certain directors also receive directors' remunerations from other units in the Group and remuneration on account of membership on the Audit Committee. These remunerations are included in the table above.

2) In addition, employee representatives receive ordinary salary.

Note 10 Remunerations etc. (continued)

Remuneration terms of group management

The information below applies to group management, with the exception of Svein Aaser, whose terms are described above.

Title/name	Notice period	Termination payment	Pension terms
Group executive vice president Bård Benum	6 months	0 months	70 per cent of pensionable income upon termination of employment at 62 years. Pensionable income is salary at termination date.
Group executive vice president Øivind Birkeland	6 months	0 months	70 per cent of pensionable income upon termination of employment at 60 years. Pensionable income is salary at termination date.
Group executive vice president Ottar Ertzeid	6 months	0 months	70 per cent of pensionable income upon termination of employment at 62 years. Pensionable income is salary at termination date.
Group executive vice president Helge Forfang	6 months	0 months	70 per cent of pensionable income upon termination of employment at 62 years. Pensionable income is salary at termination date.
Deputy CEO Tom Grøndahl	6 months	0 months	70 per cent of pensionable income upon termination of employment at 62 years. Pensionable income is salary at termination date.
Group executive vice president Bente A. Landsnes (until 31 Dec. 2005)	6 months	0 months	70 per cent of pensionable income upon termination of employment at 62 years. Pensionable income is salary at termination date.
Group executive vice president Evlyn Raknerud	6 months	0 months	66 per cent of pensionable income upon termination of employment at 62 years. Pensionable income is salary at termination date.
Group executive vice president Åsmund Skår	6 months	0 months	70 per cent of pensionable income upon termination of employment at 60 years. Pensionable income is salary at termination date.
Group executive vice president Leif Teksum	6 months	0 months	70 per cent of pensionable income upon termination of employment at 62 years. Pensionable income is salary at termination date.

Group executive vice president Ottar Ertzeid, head of DnB NOR Markets, has a performance-based salary including both fixed and variable payments. Ottar Ertzeid's salary depends on results achieved by the business area and on long-term performance.

Guidelines for remuneration to group management, approved by the Board of Directors of DnB NOR ASA

"The group chief executive determines the remuneration to his management group. The remuneration should ensure that the DnB NOR Group attracts and retains people with the preferred competencies and experience. Remuneration can comprise a fixed salary and bonus payments. Pension schemes and any agreements on severance pay etc. shall be seen in connection with other remuneration and be drawn up to ensure competitive terms. The various components in remuneration, pension schemes and severance pay, either alone or together, must not be such that they could be detrimental to DnB NOR's reputation. The group chief executive must consult the chairman of the Board of Directors before making a decision."

Remuneration to the group management team excluding the group chief executive totalled NOK 28 791 000 in 2005.

Compensation to group management and the Board of Directors [1)]

	DnB NOR Group	
Amounts in NOK 1 000	31 Dec. 2005	31 Dec. 2004
Salaries and other ordinary remunerations	40 247	37 929
Pension expenses	14 178	12 314
Total	54 425	50 243
Present value of pension commitments (gross)	100 941	71 899

1) Directors' remuneration for employee representatives is included in the table, but other remunerations and liabilities are not included.

Remunerations to elected representatives

	DnB NOR ASA	
Amounts in NOK 1 000	2005	2004
Remuneration to the Board of Directors	2 860	2 783
Remuneration to the Audit Commitee	270	270
Remuneration to the Supervisory Board	371	442
Remuneration to the Control Committee [1)]	1 490	1 406

1) DnB NOR has the same committee members in all companies in the Group. Remuneration to the Control Committee represents the total remuneration within the Group.

Note 10 Remunerations etc. (continued)

Subscription rights programme for employees

In 2000, the Annual General Meeting of DnB Holding ASA decided to establish a general subscription rights programme giving all DnB Group employees the right to purchase shares in the company. The scheme was continued in DnB NOR. The scheme gave employees the right to subscribe for a specified number of shares in the holding company during the period 2003 through 2005 corresponding to one-third of the awarded rights for each year at a price of NOK 32.83 per share. Subscription rights were granted on the basis of the pensionable salary of the individual employee, ranging from 2 000 to 20 000 subscription rights. Each subscription right entitled the subscriber to demand the issue of one share. In March 2005, 9 736 376 subscription rights were exercised to subscribe for shares. At the end of 2005, there were no remaining subscription rights under this programme.

Loan facilities to employees and elected representatives as at 31 December 2005

Amounts in NOK 1 000	Lending
Employees in the DnB NOR Group	
Group management	
Svein Aaser, CEO	0
Tom Grøndahl, deputy CEO	716
Bård Benum, group executive vice president	1 968
Øyvind Birkeland, group executive vice president	1 792
Ottar Ertzeid, group executive vice president	0
Helge Forfang, group executive vice president	3 325
Bente A. Landsnes, group executive vice president (withdrew on 31 December 2005)	4 171
Evlyn Raknerud, group executive vice president	0
Åsmund Skår, group executive vice president	2 743
Leif Teksum, group executive vice president	2 475
Employees, total	7 833 364
Elected representatives in DnB NOR ASA	
Board of Directors	
Olav Hytta, chairman	0
Bjørn Sund, vice-chairman	0
Per Hoffmann	1 450
Nina Britt Husebø	1 055
Berit Kjøll	0
Jørn O. Kvilhaug	481
Bent Pedersen	0
Heidi Marie Petersen	3 425
Ingjerd Skjeldrum	98
Anne Carine Tanum [1)]	5 016
Per Terje Vold	0
Supervisory Board	
Harald Norvik, chairman	0
Total members of the Supervisory Board	32 824
Control Committee, total	936

1) *Includes close associates.*

Loans to shareholder-elected representatives as well as their family members and close associates are extended on ordinary customer terms. Loans to DnB NOR employees are extended on special terms, which are close to ordinary customer terms.

Remuneration to the statutory auditor	**DnB NOR ASA**		**DnB NOR Group**	
Amounts in NOK 1 000	2005	2004	2005	2004
Statutory audit [1)]	450	450	9 078	8 555
Other certification services	0	0	716	204
Tax-related advice	8	112	2 039	1 133
Other services [2)]	624	139	1 957	1 535
Total remuneration to the statutory auditor	**1 082**	**701**	**13 790**	**11 427**

1) *The Group's statutory auditor, PwC, is also the statutory auditor for DnB NORD. As of 2006, remuneration for the audit of DnB NORD will be included in the remuneration to the statutory auditor.*

2) *Other services for the DnB NOR Group in 2005 mainly related to assistance in implementing IFRS and due diligence reviews in connection with the acquisition of Monchebank.*

Note 11 Pensions

Description of the pension schemes

With effect from 1 January 2005, the DnB NOR Group established a joint, defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by Vital Forsikring. Pension benefits include retirement pensions, disability pensions and pensions for spouses and dependent children, which supplement benefits from the National Insurance Scheme. Full pension entitlements require 30 years of pensionable service and give the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme is in compliance with the Act on Occupational Pensions. In addition to this scheme, around 800 employees in the former Postbanken are covered by a group pension plan in the Norwegian Public Service Pension Fund.

With effect from 1 July 2005, the scheme was changed, whereby the right to a paid-up policy upon termination of employment only applies to retirement pensions. In this connection, employees' accumulated paid-up values related to disability pensions and survivor's pensions have been transferred. Subsequent to this, disability pensions and survivor's pensions for employees and survivor's pensions for retirement pensioners represent risk coverage without accumulation of capital. The annual risk coverage premium is included in pension expenses. Consequently, the Group's pension commitments and pension funds have been considerably reduced. The elimination of pension funds and commitments resulted in a NOK 322 million increase in income in the form of reduced pension costs being recognised in 2005.

With few exceptions, companies in the Group have adopted the contractual pension (CPA) scheme for the banking and financial services industry. In addition, an agreement on contractual pensions according to public sector rules has been entered into with respect to employees who are members of the Public Service Pension Fund. Provisions have thus been made in the accounts to cover anticipated future CPA acceptance. Upon retirement under a contractual pension agreement, employees continue as members of the group pension scheme, earning benefits up till ordinary retirement age.

The Group also has commitments relating to salaries exceeding 12G (12 times the National Insurance basic amount) and early retirement agreements. Commitments relating to salaries exceeding 12G and early retirement agreements are funded through the Group's operations with respect to employees from the former DnB Group. In the former Gjensidige NOR Group, commitments relating to salaries exceeding 12G, and in general also early retirement entitlements, were organised as group pension insurance schemes funded by Vital Forsikring. Under other forms of early retirement than CPA, employees resign from the company pension plans but are, upon reaching the ordinary retirement age, compensated for the reduction in benefits earned. The aim is to also coordinate these commitments in the future.

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

Subsidiaries and branches outside Norway have separate schemes for their employees.

Economic assumptions applied in calculating pension expenses and commitments:

Economic assumptions — **DnB NOR Group**

	Expenses		Commitments		
Per cent	2005	2004	31 Dec. 2005	31 Dec. 2004	1 Jan. 2004
Discount rate	4.7	5.4	3.9	4.7	5.4
Anticipated return	5.7	6.4	4.9	5.7	6.4
Anticipated rise in salaries	3.5	3.5	3.5	3.5	3.5
Anticipated increase in basic amount	3.0	3.0	3.0	3.0	3.0
Anticipated rise in pensions	2.5	3.0	2.5	2.5	3.0
Anticipated CPA acceptance	40.0	40.0	40.0	40.0	40.0

The discount rate is determined by reference to market yields at the balance sheet date on 10-year government bonds, plus an addition that takes into account that the terms of the commitments are longer than 10 years. The addition equals the yield differential between 10 and 30-year government bonds in the international market. The type of pension fund investments and historical returns determine the expected return on pension funds. In the past, the average return on pension funds has been higher than the risk-free rate of interest as part of the pension funds have normally been placed in securities with higher risk than government bonds. In the longer term, the return on pension funds is estimated to be 1 percentage point above the risk-free rate of interest. See breakdown of pension funds as at 31 December 2005 on next page.

Pension expenses — **DnB NOR Group**

	2005			2004		
Amounts in NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	513	119	632	512	96	608
Interest expenses on pension commitments	488	95	583	508	96	604
Anticipated return on pension funds	(507)	0	(507)	(535)	0	(535)
Changes in pension schemes	(332)	10	(322)	13	1	14
Amortisation of changes in estimates not recorded in the accounts	(1)	0	(1)	0	0	0
Administrative expenses	15	0	15	13	0	13
Net pension expenses	176	224	400	510	194	704

Note 11 Pensions (continued)

Pension commitments — **DnB NOR Group**

Amounts in NOK million	31 December 2005 Funded	Unfunded	Total	31 December 2004 Funded	Unfunded	Total	1 January 2004 Funded	Unfunded	Total
Accrued pension commitments	8 295	1 739	10 034	8 825	1 632	10 457	7 582	1 437	9 019
Estimated effect of future salary adjustments	3 341	786	4 127	2 353	452	2 805	2 186	446	2 632
Total pension commitments	11 636	2 525	14 161	11 178	2 084	13 262	9 768	1 883	11 652
Value of pension funds	(8 672)	0	(8 672)	(9 285)	0	(9 285)	(8 439)	0	(8 440)
Net pension commitments	2 963	2 525	5 488	1 893	2 084	3 977	1 329	1 883	3 212
Changes in the estimates not recorded in the accounts	(2 206)	(331)	(2 537)	(814)	(30)	(844)	0	0	0
Employer's contribution	159	307	466	175	265	440	186	253	439
Recorded pension commitments	916	2 501	3 417	1 255	2 319	3 575	1 515	2 136	3 652

Pension commitments — **DnB NOR Group**

Amounts in NOK million	2005	2004
Opening balance	13 262	11 652
Accumulated pension entitlements	506	498
Interest expenses	586	604
Pension payments	(501)	(492)
Changes in pension schemes	(1 505)	13
Changes in estimates not recorded in the accounts	1 813	988
Closing balance	14 161	13 262

Pension funds — **DnB NOR Group**

Amounts in NOK million	2005	2004
Opening balance	9 285	8 440
Anticipated return	523	531
Premium transfers	445	682
Pension payments	(355)	(326)
Changes in pension schemes	(1 173)	0
Changes in estimates not recorded in the accounts	(52)	(43)
Closing balance	8 672	9 285

Premium transfers in 2006 are expected to be NOK 450 million. Payments through operations are estimated at NOK 150 million.

Members — **DnB NOR Group**

	31 Dec. 2005	31 Dec. 2004
Number of persons covered by pension schemes	15 683	15 951
- in employment	10 698	11 039
- on retirement and disability pensions	4 985	4 912

Pension funds investments — **DnB NOR Group**

Per cent	31 Dec. 2005	31 Dec. 2004
Short-term bonds	18	18
Bonds held to maturity	27	33
Money market	17	17
Equities	23	17
Real estate	12	12
Other	3	4
Total	100	100

The table shows how pension funds including derivatives administered by Vital Forsikring were invested at year-end. The recorded return on assets administered by Vital Forsikring was 7.3 per cent for 2005. The recorded return amounted to 6.5 per cent in 2004. See note 5 for further information.

Historic developments — **DnB NOR Group**

Amounts in NOK million	31 Dec. 2005	31 Dec. 2004	1 Jan. 2004	NGAAP 31 Dec. 2002	NGAAP 31 Dec. 2001
Gross pension commitments	14 627	13 702	12 091	8 566	7 809
Gross pension funds	(8 672)	(9 285)	(8 440)	(6 426)	(6 218)
Commitments not recorded in the accounts	(2 537)	(844)	0	(1 284)	(944)
Net recorded pension commitments	3 417	3 575	3 652	856	648

Note 12 Number of employees/full-time positions [1) 2)]

	DnB NOR Group	
	2005	2004
Number of employees as at 31 December	11 831	10 482
of which in Vital	903	960
Number of employees calculated on a full-time basis as at 31 December	11 446	10 085
of which in Vital	868	926
Average number of employees	10 258	10 966
of which in Vital	919	1 023
Average number of employees calculated on a full-time basis	9 873	10 517
of which in Vital	884	985

1) *Elcon was sold on 30 March 2004, representing 464 employees, corresponding to 441 full-time positions. Gjensidige NOR Fondsforsikring was sold during the second quarter of 2004, representing eight full-time positions.*

2) *There was an increase of 1 778 employees, corresponding to 1 754 full-time positions, resulting from the acquisition of 51 per cent of the shares in DnB NORD in December 2005.*

Note 13 Restructuring provisions

		DnB NOR Group		
Amounts in NOK million		31 Dec. 2005	Accrued expenses 2005	31 Dec. 2004
DnB NOR merger		235	764	998
Of which:	*IT*		*311*	
	Staff cuts		*295*	
	Real estate		*88*	
	Other		*70*	

Neither new provisions nor reversals of unutilised provisions have been made in 2005. Remaining liabilities are divided among IT, personnel measures and property and will be applied during 2006.

Note 14 Net gains on fixed and intangible assets

	DnB NOR Group	
Amounts in NOK million	2005	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	18	
Elcon Finans		946
Gjensidige NOR Fondsforsikring		35
Other	71	24
Net gains on fixed and intangible assets	**775**	**1 005**

Note 15 Write-downs on loans and guarantees

DnB NOR Group

Amounts in NOK million	2005 Lending at amortised cost	2005 Guaran-tees	2005 Total	2004 Lending	2004 Guaran-tees	2004 Total
New individual write-downs	815	62	877	1 163	35	1 198
Reassessed individual write-downs	594	49	643	1 216	20	1 236
Total individual write-downs	221	13	234	(53)	15	(38)
Changes in group write-downs	(101)	0	(101)	0	0	0
Write-downs on loans and guarantees	**120**	**13**	**133**	**(53)**	**15**	**(38)**

Note 16 Write-downs on loans and guarantees for principal sectors

DnB NOR Group

Amounts in NOK million	2005 New individual write-downs	2005 Reassessed individual write-downs	2005 Net write-downs	2004 New individual write-downs	2004 Reassessed individual write-downs	2004 Net write-downs
Retail customers	493	222	270	359	302	57
International shipping	12	5	7	9	55	(46)
Real estate	31	67	(36)	83	76	7
Manufacturing	67	37	29	173	274	(101)
Services	42	143	(101)	157	372	(215)
Trade	55	30	25	100	49	51
Oil and gas	2	7	(5)	0	43	(43)
Transportation and communication	22	10	12	31	6	25
Building and construction	31	20	11	88	26	62
Power and water supply	1	0	1	0	0	0
Fishing	48	44	4	126	17	109
Hotels and restaurants	12	16	(4)	26	6	20
Agriculture and forestry	4	4	1	12	1	11
Other sectors	6	24	(18)	27	9	18
Total customers	826	629	196	1 191	1 236	(45)
Credit institutions	51	14	38	7	0	7
Changes in group write-downs			(101)			0
Total	**877**	**643**	**133**	**1 198**	**1 236**	**(38)**
Of which guarantees	*62*	*49*	*13*	*35*	*20*	*15*

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

Note 17 Taxes

Taxes	DnB NOR Group	
Amounts in NOK million	2005	2004
Payable taxes	930	2 559
Deferred taxes	2 035	(308)
Total taxes	**2 965**	**2 251**

Balancing tax charges against pre-tax operating profit

Amounts in NOK million	2005	2004
Operating profit before taxes	13 109	10 019
Estimated income tax - nominal tax rate (28 per cent)	3 671	2 805
Tax effect of income taxable abroad	(132)	(453)
Tax effect of permanent differences	(767)	154
Tax effect of transition to the tax exemption model	0	(321)
Tax assets in discontinued operations	0	(34)
Taxes payable abroad	178	100
Inadequate tax provisions in previous year	15	0
Total taxes	**2 965**	**2 251**
Effective tax rate	23%	22%

Deferred tax assets/(deferred taxes)

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

Amounts in NOK million	2005	2004
Annual changes in deferred tax assets/(deferred taxes):		
Deferred tax assets/(deferred taxes) as at 1 January	937	629
Changes recorded against profits	(2 035)	342
Shares, available for sale	0	(34)
Other items recorded against equity:		
IAS 39 - Transition to amortised cost	(734)	0
IAS 39 - Increased use of fair value on financial instruments	175	0
Other effects	(50)	0
Deferred tax assets/(deferred taxes) as at 31 December	(1 707)	937

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

Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Deferred tax assets		
Fixed assets	0	(848)
Net pension commitments	25	995
Financial instruments	0	270
Net other tax-deductable temporary differences	23	245
Losses carried forward	4	275
Total deferred tax assets	52	937
Deferred taxes		
Fixed assets	946	0
Net pension commitments	(937)	0
Financial instruments	(714)	0
Loan assessment rules	1 130	0
Net other taxable temporary differences	1 500	0
Losses carried forward	(166)	0
Total deferred taxes	1 759	0

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

Amounts in NOK million	2005	2004
Fixed assets	80	179
Pensions	33	(58)
Financial instruments	381	(278)
Loan assessment rules	(390)	0
Other temporary differences	1 826	(141)
Losses carried forward	105	(10)
Deferred taxes	2 035	(308)

Deferred tax assets are capitalised to the extent it is probable that the Group will have taxable income against which temporary differences can be utilised. Net deferred taxes on temporary differences within the same tax group are assessed and entered net in the accounts.

Note 17 Taxes (continued)

Tax group

DnB NOR's tax group consists of the parent company DnB NOR ASA and the wholly-owned Norwegian subsidiaries DnB NOR Bank ASA, Vital Forsikring ASA, Vital Link AS, DnB NOR Kapitalforvaltning AS and Vital Skade AS, all with Norwegian subsidiaries where DnB NOR owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings.

At the end of 2005, net deferred taxes of NOK 1 733 million were capitalised for the tax group (2004: deferred tax assets of NOK 922 million).

"RISK"	Estimate	Final
Amounts in NOK per share	2005	2004
"RISK" adjustment	(3.50)	(2.56)

Note 18 Lending

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Lending to and deposits with credit institutions, nominal amount	17 734	9 673
Individual write-downs	80	2
Lending to and deposits with credit institutions, after individual write-downs	17 654	9 671
Accrued interest [1)]	51	0
Amortisation (fees etc.)	0	0
Individual write-downs of accrued interest and amortisation [1)]	0	0
Group write-downs	0	0
Lending to and deposits with credit institutions, at amortised cost	17 705	9 671
Lending to and deposits with credit institutions, nominal amount	23 122	16 153
Accrued interest [1)]	66	-
Adjustment to fair value [*) 2)]	(39)	-
Lending to and deposits with credit institutions, fair value	23 149	16 153
Lending to and deposits with credit institutions	**40 854**	**25 824**
Lending to customers, nominal amount	649 748	573 307
Individual write-downs	2 185	3 255
Lending to customers, after individual write-downs	647 563	570 052
Accrued interest [1)]	2 581	-
Amortisation (fees etc.)	(453)	-
Individual write-downs of accrued interest and amortisation [1)]	659	-
Group write-downs	1 419	3 534
Lending to customers, at amortised cost	647 612	566 518
Lending to customers, nominal amount	48 515	-
Accrued interest [1)]	274	-
Adjustment to fair value [*) 2)]	1 103	-
Lending to customers, fair value	49 892	-
Lending to customers **)	**697 504**	**566 518**
**) Of which: Credit risk*	*(37)*	*-*
Change in credit risk	*(3)*	*-*
***) Of which: Reduced-rate commitments*	*141*	*114*

1) Figures as at 31 December 2004 are recorded on the line "Other assets".
2) Figures as at 31 December 2004 only include adjustments for credit risk, i.e. specified loan-loss provisions.

Note 19 Commitments for principal sectors

						DnB NOR Group
	Loans and receivables [1]		Guarantees [1]		Committed limits [2]	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004	31 Dec. 2005	31 Dec. 2004	31 Dec. 2005	31 Dec. 2004
Retail customers	374 115	330 785	356	340	419 173	348 579
International shipping	53 696	32 003	2 925	7 108	93 610	59 841
Real estate	98 908	82 900	2 600	3 284	115 297	98 476
Manufacturing	23 977	20 422	5 353	4 909	50 932	44 040
Services	47 248	30 569	6 803	7 783	75 161	62 893
Trade	27 074	21 207	2 900	2 941	45 086	41 475
Oil and gas	7 486	4 811	2 884	2 081	26 631	15 848
Transportation and communication	15 842	12 966	2 700	2 038	24 647	25 030
Building and construction	9 027	6 239	3 932	2 967	17 362	12 829
Power and water supply	6 148	4 725	5 604	5 637	20 403	19 092
Central and local government	8 992	8 973	196	39	10 592	9 472
Fishing	3 716	3 622	248	221	4 598	4 372
Hotels and restaurants	6 444	4 455	37	22	7 145	5 254
Agriculture and forestry	3 401	1 424	89	91	7 515	4 761
Other sectors	10 003	4 952	4 004	3 198	25 827	20 925
Total customers	696 078	570 052	40 631	42 658	943 980	772 888
Credit institutions [3]	40 776	25 824	905	3 410	69 814	49 318
Total	736 854	595 876	41 537	46 069	1 013 794	822 206

Of which:	*Loans to credit institutions*	*27 099*
	Loans to customers	*647 563*
	Loans recorded at fair value	*49 892*

1) *Loans, receivables and guarantees after write-downs according to IFRS as at 31 December 2005 and after specified loan-loss provisions according to NGAAP as at 31 December 2004.*
2) *Total committed limits for credit exposure.*
3) *Credit institutions are recorded in the balance sheet on the line "Lending to and deposits with credit institutions".*

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

Note 20 Net impaired commitments for principal sectors

DnB NOR Group

Amounts in NOK million	Net impaired commitments 31 Dec. 2005	Net impaired commitments 31 Dec. 2004 1)	Total individual write-downs 31 Dec. 2005	Total individual write-downs 31 Dec. 2004 1)
Retail customers	2 058	2 285	826	839
International shipping	(2)	(14)	15	40
Real estate	816	1 255	193	285
Manufacturing	411	536	343	413
Services	286	563	298	705
Trade	138	219	191	209
Oil and gas	9	3	3	0
Transportation and communication	107	96	72	79
Building and construction	111	394	78	387
Power and water supply	2	0	2	0
Fishing	186	492	195	244
Hotels and restaurants	69	76	31	48
Agriculture and forestry	61	32	17	10
Central and local government	6	0	0	0
Other sectors	469	33	6	113
Total customers	4 727	5 970	2 270	3 372
Credit institutions	24	4	80	11
Total	4 751	5 974	2 350	3 383

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) Figures for 2004 are calculated according to NGAAP.

Note 21 Write-downs on loans and guarantees

DnB NOR Group

Amounts in NOK million	2005 Lending to credit institutions	2005 Lending to customers	2005 Guarantees	2005 Total	2004 1) Lending to credit institutions	2004 1) Lending to customers	2004 1) Guarantees	2004 1) Total
Write-downs as at 1 January	2	5 874	127	6 003	2	8 043	123	8 168
New write-downs	51	291	42	384	0	486	32	518
Increase in write-downs	0	28	20	48	0	374	4	378
Reassessed write-downs	14	267	42	323	0	903	21	924
Changes in group write-downs	0	(101)	0	(101)	0	0	0	0
Write-offs covered by write-downs	(41)	1 661	60	1 680	0	914	11	925
Changes in group structure	0	99	0	99	0	(295)	0	(295)
Changes due to exchange rate movement	0	0	0	0	0	(2)	0	(2)
Write-downs as at 31 December	80	4 263	87	4 430	2	6 789	127	6 918
Of which: Individual write-downs	*80*	*2 185*	*86*	*2 350*	*2*	*3 255*	*126*	*3 383*
Individual write-downs of accrued interest and amortisation	*0*	*659*	*0*	*659*	*-*	*-*	*-*	*-*
Group write-downs	*0*	*1 419*	*1*	*1 420*	*0*	*3 534*	*1*	*3 535*

1) Figures for 2004 are calculated according to NGAAP.

Note 22 Commercial paper and bonds

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Commercial paper and bonds, trading		
Listed	65 694	45 845
Unlisted	2 026	2 625
Commercial paper and bonds, trading [1)]	67 720	48 470
Commercial paper and bonds classified at fair value		
Listed	58 539	44 030
Unlisted	17 468	10 347
Commercial paper and bonds classified at fair value [2)]	76 007	54 377
Commercial paper and bonds not measured at fair value prior to the implementation of IAS 39		
Listed		9 773
Unlisted		2 777
Commercial paper and bonds not measured at fair value prior to the implementation of IAS 39 [3)]		12 549
Accrued interest	1 748	-
Commercial paper and bonds	**145 475**	**115 397**

1) *Includes NOK 1 036 million and NOK 3 156 million in bonds for which the Group has entered into repurchase agreements, repos, as at 31 December 2005 and 31 December 2004 respectively. Bonds in the trading portfolio totalled NOK 65 780 million as at 31 December 2005, of which NOK 58 111 million represented international bonds. The portfolio consists of securities with high credit quality, and credit risk fluctuations within this portfolio are modest. EUR 100 million is the maximum limit for total investments in a single security. The composition of the portfolio in foreign currency is shown below.*

		DnB NOR Group
Per cent	*Rating*	*31 Dec. 2005*
Asset class		
Consumer credit (ABS)	*AAA*	*5*
Residential mortgages (ABS)	*AAA*	*53*
Corporate loans (ABS)	*AAA*	*14*
Insurance (ABS)	*AAA/AA*	*6*
Government-related (ABS)	*AAA*	*11*
Traditional issuers/banks	*AA/A*	*10*
Total foreign bonds, trading		*100*

2) *Commercial paper and bonds in Vital totalled NOK 66 438 million as at 31 December 2005. The composition of the portfolio is shown below.*

	Vital
Per cent	*31 Dec. 2005*
Government/government guaranteed	*50*
Government enterprises	*1*
Local governments	*6*
Financial institutions	*33*
Other issuers	*11*
Total commercial paper and bonds classified at fair value	*100*
Of which listed	*77*

3) *The fair value of these commercial paper and bonds was NOK 12 653 million as at 31 December 2004.*

Note 23 Shareholdings

Amounts in NOK million	DnB NOR Group 31 Dec. 2005	 31 Dec. 2004
Shareholdings trading		
Listed Norwegian	660	393
Unlisted Norwegian	71	2
Mutual funds	46	16
International	599	704
Shareholdings trading	1 377	1 115
Shareholdings classified at fair value		
Listed Norwegian	8 796	6 630
Unlisted Norwegian	1 830	389
Mutual funds	2 857	2 278
International	21 120	15 074
Shareholdings classified at fair value	34 603	24 371
Shareholdings not measured at fair value prior to the implementation of IAS 39		
Listed Norwegian		235
Unlisted Norwegian		825
Mutual funds		1 944
International		391
Shareholdings not measured at fair value prior to the implementation of IAS 39 [1)]		3 395
Shareholdings	**35 980**	**28 881**

1) *The fair value of these shareholdings was NOK 3 709 million as at 31 December 2004.*

Note 24 Investments in shares, mutual funds and PCCs

Book value in NOK 1 000	DnB NOR Group excl. Vital Number of shares	Ownership share in per cent [1]	Book value
Financial institutions			
Acta Holding	1 120 000	0.45	20 104
Helgeland Sparebank	19 261	0.95	4 333
EH Group	132 436	0.20	648
Sparebanken Øst	25	0.00	7
Voss Veksel- og Landmandsbank	2	0.00	4
Bluewater Insurance	57	0.00	3
Sandnes Sparebank	12	0.00	3
Høland Sparebank	16	0.00	2
Sparebanken Vestfold	5	0.00	1
Norwegian companies			
Oslo Børs Holding	983 392	19.67	393 357
Fast Search & Transfer	8 718 726	3.08	215 788
VPS Holding	829 180	16.58	215 587
OVDS	2 324 195	19.91	147 586
IT Fornebu Eiendom	1 459 587	12.61	113 994
Orkla	400 000	0.19	111 800
Tomra Systems	2 045 246	1.15	98 870
Aker	391 283	0.34	77 376
DnB Ansattes Fond, A shares	1 470 000	8.35	57 918
Norsk Vekst Private Equity Fund			45 435
Bergerveien 12			41 710
Sinvest	437 000	0.76	37 582
Troms Fylkes Dampskibselskap	470 855	6.02	35 550
Andvord Tybring-Gjedde	5 000 000	2.36	35 200
NOS	2 233 408	9.32	33 501
Pan Fish	13 525 000	0.98	28 267
Rieber & Søn	423 282	0.53	21 270
EFD-Elva Fritz Dusseldorf	588 235	12.12	20 000
Eltek	145 600	0.45	16 290
Ignis	12 500 000	2.30	15 813
Slottsparken Eiendom			14 508
Saltens Bilruter	18 125	16.54	14 152
Energivekst	145 870	4.35	13 099
DnB NOR Ansattefond	590 000	8.65	11 765
Norman	187 600	1.77	10 787
Ocean Rig	108 800	0.11	10 051
Gjensidige NOR Ansattefond, A shares	250 000	2.39	9 580
Sikon Øst	52 500	10.50	9 503
Høyteknologisenteret i Bergen	3 700	3.91	9 361
Viking Venture	81 030	4.99	8 103
SMB Invest III	49 781	8.10	8 000
Norsk Tillitsmann	15 784	14.64	7 971
KS Norsk Vekst II			7 597
Buskerud Telemark Vestfold Investeringsfond	7 084	8.87	7 596
Technor	641 500	2.30	7 473
Telebygget			7 425
Byggma	230 080	2.44	7 363
Camillo Eitzen & Co	100 000	0.28	7 025
Komplett	90 000	0.75	7 020
KS Venturos Technology III			6 873
Grenland Group	255 003	0.99	6 566
Spama	7 674	24.32	6 139
Ibas Holding	261 000	2.06	6 029
Ganger Rolf	10 000	0.11	5 773
Altinex	10 698 420	0.66	5 510
Cotech	1 360 874	27.00	5 443
Aktiv Kapital	50 000	0.11	5 150
FSN Capital II			4 578
Petrolia Drilling	1 350 000	0.26	4 388
DNO	72 402	0.03	4 299
Norwegian Air Shuttle	51 400	0.28	4 042
Photocure	80 000	0.45	4 000
KS Teknoinvest VIII			3 985
Blom	110 000	0.34	3 839
Revus Energy	70 150	0.21	3 486
Naturmin Pharma Holding	185 201	6.81	2 013
Lerøy Seafood Group	16 000	0.04	1 160
IT Fornebu	45 904	6.44	528
DnB Ansattes Fond, B shares	200 000	1.61	200
Gjensidige NOR Ansattefond, B shares	1 000	0.01	12
Scan-Sense	2 749 385	13.53	0
BoltSafe	2 123 620	32.75	0
Companies based abroad			
General Maritime Corporation	1 922 309	4.97	510 778
Euroclear	15 625	0.41	36 727
Cape Investments	4 162	9.99	23 973
Anoto Group	1 000 000	0.79	21 530
Golar lng	190 000	0.37	17 148
Crew Gold Corporation	1 700 000	0.53	15 785
Golden Ocean Group	3 664 000	1.48	13 960
SeaDrill	240 000	0.11	12 991
Optima Glory	13	13.00	8 778
Ship Finance International	48 667	0.07	6 409
Swift	477	0.54	815
Mutual funds			
DnB NOR Aktiv Rente	1 379 202		138 679
DnB NOR Likviditet 20 (V)	13 447		134 875
DnB NOR Global Quant Cl. B	100 000		101 159
DnB NOR Likviditet 20 (III)	68 681		68 699
DnB NOR Likviditet (IV)	65 659		65 611
DnB NOR Kredittobligasjon	50 703		52 094
Aktiehedgefond PRIMUS	510 519		48 497
DnB NOR Obx	414 586		46 189
Postbanken Aksjefokus	150 000		15 097
DnB NOR Likviditet (II)	5 040		5 058
Other shareholdings etc.			140 490
Total investments in shares, mutual funds and PCCs			3 535 730

Note 24 Investments in shares, mutual funds and PCCs (continued)

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	Vital Book value
Financial institutions			
UBS	269 856	0.024	173 444
Storebrand	2 010 984	0.778	117 140
Citigroup	351 123	0.007	115 382
HSBC Holdings	1 060 717	0.009	115 042
Royal Bank of Scotland Group	525 059	0.017	107 118
Zurich Financial Services Group	72 316	0.050	104 031
Prudential	1 398 873	0.059	89 437
American International Group	190 909	0.007	88 200
Capital One Financial	125 165	0.048	73 226
Bank of America Corporation	228 330	0.006	71 352
Commerce Bancorp	289 984	0.178	67 566
Man Group	285 001	0.093	63 278
Wachovia Corporation	168 404	0.011	60 277
J P Morgan Chase and Co	208 986	0.006	56 165
Wells Fargo and Company	124 225	0.007	52 850
Mitsubishi UFJ Financial Group	557	0.006	51 120
Genworth Financial CL A	186 832	0.082	43 747
Lloyds TSB Group	756 103	0.014	42 936
Banche Populari Unite Scrl	281 573	0.082	41 650
Mizuho Financial Group	658	0.005	35 333
Prudential Financial	69 530	0.013	34 458
PNC Financial Services Group	78 054	0.027	32 679
Credit Agricole	149 290	0.010	31 729
Radian Group	79 645	0.092	31 597
Goldman Sachs Group	35 059	0.008	30 317
Hannover Rueckversicherrung	125 683	0.104	30 045
E Trade Financial Corp	209 690	0.057	29 618
Countrywide Financial Corp	126 992	0.021	29 400
ACE Limited	79 443	0.025	28 747
Admiral Group	530 784	0.204	28 074
Aflac	84 958	0.017	26 704
Barkleys	369 684	0.006	26 257
Sanpaolo IMI SpA	239 428	0.016	25 262
Banco Comercial Portugues	1 356 669	0.042	25 247
Chicago Mercantile Exchange	10 143	0.030	25 240
Lehman Brothers Holdings	29 026	0.011	25 191
Royal Bank of Canada	46 864	0.007	24 669
SLM Corporation	63 594	0.015	23 722
Marshall & Ilsley Corp	79 210	0.035	23 085
Softbank Corporation	80 400	0.008	22 970
Sumitomo Mitsui Financial Group	316	0.004	22 661
Manulife Financial Corporation	53 853	0.007	21 311
Commonwealth Bank of Australia	94 786	0.007	20 127
Bank of Montreal	52 691	0.011	19 853
Indymac Bancorp	71 344	0.112	18 850
Banco Populare di Verona e n	131 285	0.035	17 920
Progressive Corporation	22 372	0.011	17 691
Nomura Holdings	135 000	0.007	17 503
Dexia	111 377	0.010	17 329
National Australia Bank	107 339	0.007	17 274
Australia and NZ Banking Group	137 021	0.007	16 300
Westpac Banking Corporation	134 681	0.007	15 219
Sun Life Financial Services of Canada	51 578	0.009	13 971
Millea Holdings	106	0.006	12 345
Lazard	54 657	0.146	11 806
Investors Financial SVCS CP	46 319	0.069	11 551
Canadian Imperial Bank of Commerce	24 501	0.007	10 852
ORIX Corporation	6 100	0.007	10 516
T & D Holdings	21 250	0.009	9 533
Macquarie Bank	26 705	0.012	9 040
Resona Holdings	320	0.006	8 720
Mitsui Sumitomo Insurance Company	96 000	0.006	7 947
Banco Santander Central Hispano	84 680	0.001	7 541
Sumitomo Trust and Banking Co	108 000	0.006	7 466
Daiwa Securities Group	86 000	0.006	6 596
Cott	65 716	0.092	6 563
HBOS	56 065	0.001	6 472
ING Groep NV	26 371	0.001	6 171
BNP Paribas	11 054	0.001	6 035
Credit Suisse Group	17 475	0.001	6 015
Merrill Lynch and Co	12 225	0.001	5 607
Banco Bilbao Vizcaya Argentaria	46 440	0.001	5 593
American Express	15 740	0.001	5 485
Morgan Stanley	14 092	0.001	5 414
Nikko Cordinal Corp	50 500	0.005	5 412
AMP	141 100	0.008	5 390
Allianz AG	5 168	0.001	5 281

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	Vital Book value
US Bancorp	26 091	0.001	5 281
QBE Insurance Group	53 706	0.007	5 229
Takefuji Corporation	11 370	0.008	5 225
UniCredito Italiano SpA	110 447	0.002	5 134
Sompo Japan Insurance	54 000	0.005	4 941
Deutsche Bank AG	7 370	0.001	4 821
Axa	21 544	0.001	4 691
Shinsei Bank	116 000	0.009	4 539
Fannie Mae	13 379	0.001	4 422
ABN AMRO Holding	24 790	0.001	4 374
Suncorp Metway	43 259	0.008	4 308
Freddie Mac	9 462	0.001	4 187
National Bank of Canada	11 901	0.007	4 161
Washington Mutual	13 384	0.002	3 942
Societe Generale de France	4 718	0.001	3 915
Bank of Yokohama	69 000	0.005	3 820
Bank of Nova Scotia	13 688	0.001	3 661
Fortis	16 564	0.001	3 565
Credit Saison Co	10 300	0.006	3 480
Softbank Investment Corp	746	0.008	3 415
Mitsui Trust	41 000	0.005	3 331
MetLife	9 950	0.001	3 301
Bank Kyoto	40 000	0.012	3 270
Assicuazioni Generali SpA	13 741	0.001	3 240
Allstate Corporation	8 824	0.001	3 231
Insurance Australia Group	119 842	0.008	3 226
MBNA Corporation	17 132	0.001	3 150
Chiba Bank	50 000	0.006	2 837
St Paul Travelers Companies	9 136	0.001	2 763
Promise Co	6 100	0.005	2 747
Aiful Corporation	4 650	0.003	2 628
The Shizuoka Bank	38 000	0.005	2 577
Aviva	31 366	0.001	2 571
Aeon Credit Service Co	4 000	0.008	2 561
Hartford Financial Services Group	4 228	0.001	2 459
Bank of New York Company	11 135	0.001	2 401
MITSUBISHI UFJ SEC	27 776	0.424	2 358
SunTrust Banks	4 760	0.001	2 345
Muenchener Rueckversicherungs Gesellschaft	2 566	0.001	2 344
Acom Co	5 180	0.003	2 253
Swiss Reinsurance	4 551	0.001	2 249
Aegon NV	20 164	0.001	2 214
BB and T Corporation	7 760	0.001	2 202
Nordea Bank	31 333	0.001	2 199
National City Corporation	8 966	0.001	2 038
Bank of Fukuoka	35 000	0.005	2 026
Joyo Bank	50 000	0.006	2 014
State Street Corporation	4 778	0.001	1 794
Neopost SA	2 630	0.008	1 779
Allied Irish Banks	12 154	0.001	1 752
Chubb Corporation	2 647	0.001	1 750
Fifth Third Bancorp	6 849	0.001	1 749
IntesaBci SpA	45 806	0.001	1 637
Golden West Financial Corp	3 608	0.001	1 612
KBC Bankverzekeringsholding	2 491	0.001	1 565
Commerzbank AG	7 493	0.001	1 557
Charles Schwab Corporation	15 463	0.001	1 536
Marsh and McLennan Companies	7 071	0.001	1 521
Regions Financial Corporation	6 514	0.001	1 507
Danske Bank	6 315	0.001	1 501
Hokuhoku Financial Group	47 000	0.004	1 486
Moodys Corp	3 564	0.001	1 482
Bank of Ireland	13 463	0.001	1 430
Mellon Financial Corporation	5 890	0.001	1 366
KeyCorp	6 084	0.001	1 357
Franklin Resources	2 097	0.001	1 335
Legal and General Group	92 549	0.001	1 313
Gunma Bank	26 000	0.005	1 301
Handelsbanken A shares	7 611	0.001	1 276
North Fork Bancorporation	6 075	0.001	1 125
77 Bank	20 000	0.005	1 028
Japan Associated Finance (JAFCO)	1 700	0.004	1 027
Comerica Corporated	2 621	0.002	1 007
National Bank of Greece	3 426	0.001	985
Macquarie Communications	34 583	0.009	976
Legg Mason	1 193	0.001	967
Brookfield Asset Mangement	2 793	0.001	949
CIT Group	2 628	0.001	921

Note 24 Investments in shares, mutual funds and PCCs (continued)

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	Vital Book value
Banco Popular Espanol SA	11 175	0.001	919
Deutsche Boerse	1 319	0.001	912
SEB A shares	6 368	0.001	886
Ameriprise Financial	3 148	0.000	874
AMBAC Financial Group	1 666	0.002	869
XL Capital	1 894	0.001	864
Sovereign Bancorp	5 757	0.002	843
AON Corp	3 211	0.001	782
Fidelity National Financial	3 084	0.002	768
Mediobanca Banca di Credito Finanziario Spa	5 958	0.001	768
Northern Trust Corporation	2 180	0.001	765
Amsouth Bancorporation	4 279	0.001	759
Lincoln National Corp	2 109	0.001	757
UnumProvident Corporation	4 785	0.002	737
MBIA INC	1 784	0.001	727
T Rowe Price Group	1 478	0.001	721
Power Corp of Canada	3 876	0.001	711
3i Group	7 145	0.001	704
Jefferson Pilot Corp	1 813	0.001	699
Capitalia SPA	17 565	0.001	686
Hudson City Bancorp	7 772	0.001	638
Alpha Bank AE	3 208	0.001	633
M and T Bank Corp	857	0.001	633
Everest Re Group	929	0.002	631
Sampo	5 339	0.001	628
Power Financial Corp	3 184	0.000	616
Irish Life and Permanent	4 444	0.002	612
SAFECO Corp	1 570	0.001	601
Banca Antonveneta SpA	2 806	0.001	589
MGIC Investment Corp	1 299	0.001	579
Groupe Bruxelles Lambert Sa	861	0.001	570
Hypo Real Estate Holding	1 615	0.001	567
Great West Lifeco	3 179	0.000	566
Cincinnati Financial Corp	1 867	0.001	565
Zions Bancorp	1 099	0.001	562
Erste Bank Osterreich	1 487	0.001	559
EFG Eurobank Ergasias	2 565	0.001	547
Synovus Financial Corp	2 914	0.001	533
Amvescap	10 084	0.001	518
Friends Provident	23 287	0.001	513
Compass Bancshares	1 558	0.001	509
Banco Popolare di Milano	6 778	0.002	501
Berkley (W.R.) Corp	1 500	0.001	484
Torchmark	1 221	0.001	460
Alleanza Assicurazioni Spa	5 388	0.001	449
Royal & Sun Alliance Insurance Group	30 457	0.001	445
Depfa Bank	4 300	0.001	429
Resolution	5 675	0.000	427
Unionbancal Corporation	893	0.001	416
Huntington Bancshares	2 581	0.001	415
Australian Stock Exchange	2 536	0.002	409
Shinko Securities	12 000	0.001	409
Janus Capital Group	3 214	0.001	405
Banca Monte dei Paschi di Siena Spa	12 269	0.001	387
Associated Banc-Corp	1 675	0.001	369
IGM Financial	1 376	0.001	368
Euronext	1 032	0.001	363
First Horizon Natl	1 392	0.001	362
AXA Asia Pacific Holdings	13 822	0.001	349
RenaissanceRe Holdings	1 147	0.002	343
New York Community Bancorp	3 040	0.001	340
Bank of Piraeus	2 313	0.001	334
Partnerre	746	0.001	332
Intesabci Spa	9 742	0.001	325
Mercantile Bankshares	850	0.001	325
Banca Nazionale del Lavaro SpA	14 314	0.000	318
Old Republic International Corp	1 787	0.001	318
PMI Group Inc/The	1 077	0.001	300
CI Financial	2 000	0.001	290
Allied Capital Corp	1 451	0.001	289
Schroders	2 439	0.001	269
Suruga Bank	3 000	0.001	256
TCF Financial	1 390	0.001	255
TSX Group	930	0.003	252
Banca Fideuram SpA	6 669	0.001	244
TopDanmark	400	0.002	234
Fineco Group SPA	3 607	0.001	234
London Stock Exchange	3 226	0.001	233

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	Vital Book value
ICAP	4 800	0.001	226
Corp Mapfre SA	1 909	0.001	213
Perpetual	623	0.002	210
TD Banknorth Group	1 061	0.001	209
CNP Assurances	368	0.000	196
Provident Financial	2 665	0.001	170
Banco Espirito Santo	1 501	0.001	163
Close Brothers Group	1 497	0.001	158
Banco BPI Sa	4 838	0.001	149
Mediolanum	3 158	0.000	140
Fairfax Financial Holdings	139	0.001	135
Cattles	3 340	0.001	128
Babcock & Brown	1 482	0.001	126
Norwegian companies			
Statoil	9 999 192	0.457	1 549 875
Norsk Hydro	2 181 886	0.843	1 512 047
Telenor	13 624 580	0.798	902 628
Orkla	3 067 916	1.473	857 483
Yara International	3 331 448	1.058	327 315
Norske Skog A shares	2 837 440	1.494	304 315
Schibsted	1 167 176	1.685	234 602
DNO	3 500 470	1.547	208 278
Aker Kværner	488 584	0.888	202 518
Petroleum Geo Services	950 090	1.583	197 619
Tomra Systems	3 828 289	2.145	184 906
Norgani Hotels	2 953 500	9.887	165 396
Prosafe	534 068	1.566	153 010
TGS Nopec Geo	475 293	1.819	150 668
Tandberg Television	1 455 781	1.960	129 928
Expert Eilag	1 347 391	4.063	96 338
Tandberg	2 064 228	1.537	85 253
Aktiv Kapital	762 500	1.616	78 538
Chipcon Group	155 324	6.624	77 662
Eltek	636 191	1.972	71 094
Wilh Wilhelmsen A shares	269 522	0.731	66 976
Four Seasons IV	42 386	10.000	64 935
Nordic Semiconductor	960 787	2.904	63 892
Bergens Tidende	122 994	7.889	59 406
Cermaq	1 046 607	1.131	57 302
Stepstone	5 629 200	5.709	52 352
Aker Yards	160 691	0.780	52 064
Wilh Wilhelmsen B shares	237 100	1.855	51 806
Fred Olsen Energy	205 100	0.335	49 839
Fast Search and Transfer	1 844 104	0.652	45 734
NextGenTel Holding	949 697	3.410	45 111
Lerøy Seafood Group	579 273	1.471	42 287
Andvord Tybring Gjedde	5 922 300	2.794	42 048
Smedvig B shares	257 800	0.922	40 217
Fjord Seafood	8 613 200	1.460	38 329
Ekornes	307 357	0.835	38 189
Four Seasons V BK/S	393 792	7.400	33 504
Subsea 7	398 798	0.285	31 804
Reiten Co Capital Partners	4 200	13.333	29 509
Superoffice	927 600	4.421	29 312
Pan Fish	13 836 100	1.000	28 917
Opera Software	1 274 986	1.240	28 687
Viking Venture	336 174	18.372	27 533
Vmetro	982 700	4.276	25 845
Rieber og Søn	495 757	0.623	24 912
Energivekst	97 247	3.175	24 215
Veidekke	123 812	0.433	23 834
Smedvig A shares	117 855	0.219	23 217
OPRA Technologies	3 762 500	6.825	22 575
Opticom	165 289	1.023	21 983
Powel	896 060	4.674	21 953
Aker American Shipping	249 835	0.905	20 486
Marin Vekst	150 000	13.863	19 500
Software Innovation	847 004	5.285	18 803
Photocure	354 900	2.018	17 390
Nera	1 041 759	0.843	16 356
Kongsberg Automotive	314 000	0.709	15 135
Kongsberg Gruppen	119 957	0.400	14 875
Telecomputing	1 009 000	2.856	14 126
Telenor Venture 2	29 980	5.990	12 921
Rica Hotel og Restaurant Kjede	319 000	1.329	12 186
TTS Marine	392 443	1.951	12 166
Seadrill	212 000	0.096	11 501

Note 24 Investments in shares, mutual funds and PCCs (continued)

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	**Vital** Book value
Q Free	446 920	0.878	9 519
Odfjell B shares	81 000	0.384	9 477
Odfjell	65 610	0.100	8 989
Real Estate Central Europe	5 000	13.699	8 750
Other shareholdings in Norwegian companies			78 838
Companies based abroad			
General Electric Company	1 528 876	0.014	362 852
BP	4 397 918	0.021	316 456
Royal Caribbean Cruises	977 582	0.509	296 696
Microsoft Corporation	1 652 881	0.015	292 673
Stolt Nielsen	1 001 329	1.522	223 797
Chevron Corp	580 476	0.028	223 137
Exxon Mobil Corporation	535 958	0.008	203 847
Stolt Offshore	2 383 694	1.236	187 120
IBM International Business Machines Corporation	306 102	0.019	170 375
Procter and Gamble Company	428 012	0.017	167 746
Pfizer	1 020 396	0.014	161 126
GlaxoSmithKline	848 834	0.015	144 951
Toyota Motor Corporation	379 000	0.010	133 066
Johnson and Johnson	300 991	0.010	122 489
Intel Corporation	723 491	0.012	122 278
Eni SpA	639 317	0.016	119 639
Novartis AG	333 047	0.012	118 151
Time Warner	946 928	0.021	111 823
AT&T	663 789	0.020	110 075
Transocean	220 137	0.067	103 880
3M Company	196 359	0.026	103 044
Vodafone Group	7 030 167	0.011	102 562
Baker Hughes	244 897	0.072	100 789
Roche Holding	98 877	0.014	100 229
Nestle	48 962	0.012	98 860
BASF	190 881	0.036	98 655
Amgen	178 984	0.015	95 574
Wyeth	303 311	0.023	94 618
Tyco International	474 949	0.024	92 814
Telefonica	890 460	0.018	90 395
Sanofi Aventis	152 127	0.011	89 913
Koninklijke Philips Electronics NV	419 320	0.032	87 914
Abbott Laboratories	324 970	0.021	86 764
Cisco Systems	745 192	0.012	86 385
Coca Cola Company	316 112	0.013	86 282
Wellpoint	155 918	0.025	84 239
Wal Mart Stores	263 836	0.006	83 608
Nokia	672 499	0.015	82 986
International Paper Company	364 333	0.074	82 916
Volvo B shares	258 543	0.089	82 379
Siemens	141 444	0.016	81 792
Total	47 764	0.008	80 953
Frontline	313 409	0.419	80 860
Oracle Corporation	958 543	0.019	79 249
National Oilwell Varco	184 362	0.107	78 272
Alcan	279 386	0.075	77 346
AstraZeneca	228 556	0.014	75 163
Accenture	376 905	0.066	73 680
Compagnie de Saint Gobain	181 156	0.052	72 707
Portalplayer	378 723	1.630	72 625
Enel SpA	1 361 371	0.022	72 144
Thyssen Krupp	509 343	0.099	71 681
Alcoa	352 107	0.040	70 501
Royal Dutch Shell A shares	342 378	0.008	70 486
PepsiCo	173 499	0.010	69 407
Comcast Corp New	390 136	0.029	68 579
Medtronic	170 869	0.014	66 608
National Grid	988 625	0.036	65 334
Illinois Tool Works	108 069	0.037	64 388
Encana Corp	207 086	0.024	63 092
Google	21 558	0.013	60 559
BHP Billiton	524 187	0.015	59 233
Target Corporation	158 615	0.018	59 039
BEA Systems	922 081	0.235	58 690
Kimberly Clark Corporation	143 877	0.030	58 113
BT Group	2 197 881	0.026	56 911
Nissan Motor Company	816 700	0.018	55 990
Walgreen	185 459	0.018	55 581
Diamond Offshore Drilling	113 261	0.088	53 347
Corus Group	7 759 397	0.175	53 218
Nexen	165 588	0.064	53 194

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	**Vital** Book value
Dell	261 135	0.011	53 029
CVS Corporation	286 232	0.035	51 206
Cardinal Health	109 512	0.026	50 980
Royal Dutch Shell B shares	233 995	0.008	50 539
Applied Material	411 996	0.026	50 048
Home Depot	181 479	0.008	49 743
Takeda Pharmaceutical Co	133 600	0.015	48 899
Hewlett Packard Company	245 431	0.009	47 579
Zimmer Holdings	104 157	0.042	47 564
Kerr McGee Corporation	76 928	0.067	47 329
UnitedHealth Group Incorporated	111 668	0.009	46 986
Verizon Communications	228 826	0.008	46 669
PPL Corp	233 762	0.123	46 536
McGraw Hill Companies	132 356	0.035	46 272
Honda Motor Company	116 900	0.013	45 134
Valero Energy Corp	125 546	0.049	43 865
Canon	110 600	0.012	43 780
Genentech	68 304	0.006	42 782
CSX Corp	124 175	0.057	42 688
Masco Corporation	205 246	0.047	41 957
Health Net	118 413	0.105	41 333
Qualcomm	138 280	0.008	40 337
Manpower	127 659	0.147	40 195
Merck and Company	185 809	0.008	40 022
Seagate Technology	289 173	0.061	39 142
Pepco Holdings	253 151	0.134	38 346
Eli Lilly and Co	97 871	0.009	37 503
Informatica	461 350	0.531	37 487
United Technologies Corporation	98 558	0.010	37 312
Tesco	967 814	0.012	37 295
Sprint Nextel Corp	233 739	0.017	36 972
Pirelli & Co	5 904 135	0.114	36 593
EON	52 371	0.008	36 554
SAS	418 575	0.254	36 416
Fuji Photo Film Company	162 000	0.031	36 246
First Data Corporation	124 169	0.016	36 162
Automatic Data Processing	115 633	0.020	35 931
News Corp CL A When Iss	338 057	0.015	35 595
Pernod Ricard	30 170	0.034	35 519
East Japan Railway Company	756	0.019	35 174
CenterPoint Energy	402 500	0.130	35 022
JFE Holdings	153 800	0.026	34 940
Boeing Company	73 153	0.009	34 792
Nintendo Co	42 400	0.030	34 662
Corning Incorporated	258 377	0.018	34 396
Carnival Corporation	94 340	0.015	34 157
Reckitt Benckiser	151 981	0.021	33 921
Mitsui + Co	387 000	0.024	33 636
Apple Computer	68 840	0.008	33 510
Kao Corporation	182 000	0.033	32 994
Nippon Steel Corporation	1 360 000	0.020	32 769
Schlumbergers	49 773	0.008	32 742
France Telecom	195 164	0.008	32 719
Check Point Software Technologies	235 700	0.092	32 079
Motorola	208 584	0.009	31 906
Vivendi Universal	150 849	0.014	31 880
Texas Instruments Incorporated	146 499	0.009	31 813
The Hershey Company	84 230	0.046	31 511
Linear Technology Corporation	127 843	0.042	31 224
Rogers Communications cl B	108 957	0.047	31 074
Alcatel	370 724	0.028	31 001
Groupe Danone	42 888	0.016	30 230
NTT DoCoMo	2 901	0.006	29 957
Sears Holdings Corp	37 887	0.023	29 638
Public Services Enterprise Group Incorporated	66 726	0.028	29 355
Ericsson B-share	1 263 287	0.009	29 342
Abercrombie & Fitch	66 055	0.076	29 153
Biomet	117 715	0.047	29 149
Rio Tinto	93 262	0.009	28 784
Lifepoint Hospitals	112 170	0.197	28 482
Host Marriott Corp	219 710	0.062	28 192
Bellsouth Corporation	153 633	0.008	28 192
Walt Disney Company	173 007	0.008	28 080
Yahoo	105 052	0.008	27 870
Nortel Networks Corporation	1 351 565	0.032	27 812
Lowes Companies	61 512	0.008	27 765
Anglo American	120 487	0.008	27 718
Pride International	130 547	0.002	27 182

Note 24 Investments in shares, mutual funds and PCCs (continued)

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1)]	Vital Book value
TeliaSonera	747 885	0.016	27 170
Tokyo Electric Power Company	164 900	0.012	27 103
United Parcel Service	51 928	0.008	26 424
Advanced Medical Optics	92 410	0.138	26 156
Caterpillar	66 448	0.010	25 993
CBS Class B	117 552	0.008	25 949
Deutsche Telecom	228 759	0.005	25 726
Bristol Myers Squibb Company	162 153	0.008	25 232
Cosmote Mobile Telecommunication	167 303	0.050	25 095
Brunswick Corp	90 762	0.094	24 989
eBay	84 614	0.006	24 780
Kohls Corporation	75 061	0.022	24 701
Eastman Kodak Company	155 864	0.054	24 696
Telus Corporation Non Vote	91 200	0.054	24 672
Starwood Hotels and Resorts Worldwide	56 959	0.026	24 630
Matsushita Electric Industrials Company	187 000	0.008	24 406
Diageo	248 458	0.008	24 333
Andrx Corp	217 297	0.296	24 234
E I du Pont de Nemours and Company	83 970	0.008	24 165
McDonalds Corporation	103 939	0.008	23 732
Deutsche Lufthansa	237 255	0.052	23 706
Asahi Glass Co	270 000	0.023	23 591
BHP Billiton	213 202	0.009	23 532
Bridgestone	167 000	0.020	23 520
Belgam	106 399	0.029	23 412
Dow Chemical	78 864	0.008	23 400
Parker Hannifin Corp	52 300	0.044	23 359
Central Japan Railway Company	357	0.016	23 143
AES Corp	215 300	0.033	23 078
SAP	18 766	0.006	22 956
Gilead Sciences	64 297	0.014	22 914
Terna	1 369 559	0.068	22 807
Wolfson Microelectronics	578 903	0.520	22 746
STMicroelectronics	186 646	0.021	22 615
Southwest Airlines	202 900	0.026	22 573
HJ Heinz Company	98 464	0.028	22 482
Unilever	47 840	0.008	22 104
Anheuser Busch Companies	75 687	0.010	22 017
Sony Corporation	79 500	0.008	21 983
Urban Outfitters	127 008	0.155	21 767
Beckman Coulter	56 463	0.091	21 754
Cadbury Schweppes	336 838	0.016	21 516
InBev	72 727	0.012	21 359
Harley Davidson	59 785	0.021	20 844
Bed Bath and Beyond	84 560	0.029	20 699
Astellas Pharma	77 610	0.014	20 481
Advance Auto Parts	68 391	0.063	20 126
West Japan Railway	713	0.036	20 125
Mitsui OSK Lines	339 000	0.028	20 012
BG Group	298 563	0.009	19 939
NTL	43 101	0.051	19 869
Exelon Corporation	55 166	0.008	19 850
Koninklijke KPN	292 235	0.013	19 770
Smurfit Stone Container Corp	204 647	0.081	19 636
Komatsu	175 000	0.018	19 587
Liberty International	170 382	0.053	19 420
Seven & I Holdings	66 000	0.005	19 121
Mitsubishi Electric Corporation	399 000	0.019	19 113
St Joe Co (The)	41 678	0.055	18 970
Burlington Resources	32 388	0.008	18 904
ASML Holding	139 454	0.029	18 824
Rautaruukki Oyj	114 000	0.082	18 711
EMC Corporation	201 527	0.008	18 586
Suez	87 847	0.009	18 453
Rio Tinto	53 003	0.012	18 166
Emerson Electric	35 640	0.009	18 027
Occidental Petroleum Corporation	33 284	0.008	18 003
Duke Realty Corp	79 573	0.055	17 996
Genzyme Corporation	37 312	0.015	17 882
Kubota Corp	314 000	0.024	17 852
VOPAK	87 000	0.139	17 789
OTE Hellenic Telecom	123 437	0.025	17 746
TUI	128 046	0.072	17 693
RWE	35 301	0.007	17 636
Obayashi Corp	353 000	0.049	17 598
Tomkins	504 459	0.065	17 578
Halliburton	41 753	0.008	17 517
FedEx Corporation	25 012	0.008	17 510

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1)]	Vital Book value
Pearson	218 890	0.027	17 493
Mitsubishi Corporation	116 000	0.007	17 369
Telecom ItaliaSpa	882 695	0.007	17 343
Sega Sammy Holdings	76 176	0.027	17 262
Toshiba Corporation	426 000	0.013	17 205
Sharp Corporation	167 000	0.015	17 188
Koninklijke Numico	61 160	0.037	17 087
Agrium	114 176	0.087	16 956
Honeywell International	66 800	0.008	16 849
Canadian Pacific Railway	58 415	0.037	16 493
Atwood Oceanics	31 100	0.003	16 432
Nippon Yusen KK	353 000	0.029	16 363
Devon Energy Corporation	37 662	0.008	15 949
Koninklijke DSM	57 532	0.061	15 853
Suncor Energy	36 950	0.008	15 704
Bayer	55 714	0.008	15 704
Rinker Group Limited	191 572	0.021	15 653
WM Wrigley Jr Co	34 693	0.018	15 619
Unilever	231 882	0.008	15 540
Chubu Electric Power Company	95 800	0.013	15 444
LVMH Moet Hennessy Louis Vuitton	25 761	0.005	15 442
Kansai Electric Power Company	106 000	0.011	15 416
SABMiller	123 791	0.011	15 268
Repsol YPF	77 114	0.006	15 195
Nitto Denko Corp	28 800	0.017	15 184
Aetna	23 654	0.008	15 105
Burlington Northern Santa Fe Corporation	31 290	0.008	15 005
Biogen Idec	48 845	0.014	14 993
Carrefour	47 142	0.007	14 903
Mattel	136 068	0.033	14 576
Canadian Natural Resources	43 628	0.008	14 574
Endesa	82 119	0.008	14 574
Duke Energy Corporation	78 099	0.008	14 516
Novo Nordisk	38 125	0.013	14 472
Southern Company	61 588	0.008	14 400
Koninklijke Ahold	284 671	0.018	14 392
Hoya Corporation	58 700	0.013	14 278
Dominion Resources	27 159	0.008	14 197
Starbucks Corp	68 956	0.018	14 012
Nisshin Steel Co	640 666	0.064	14 003
Nippon Telegraph and Telephone Corporation	452	0.004	13 899
Station Casinos	30 064	0.044	13 802
Newmont Mining Corporation	38 101	0.009	13 777
Daiichi Sankyo Company Limited	105 132	0.014	13 721
Sun Microsystems	481 625	0.014	13 664
Kuraray Company	193 000	0.050	13 530
Stagecoach Group	1 000 023	0.094	13 427
Baxter International	52 410	0.008	13 361
Costco Wholesale Corporation	39 855	0.008	13 350
Canadian National Railway Company	24 682	0.009	13 326
Caremark Rx	37 809	0.008	13 259
Anadarko Petroleum Corporation	20 492	0.009	13 147
TXU Corporation	38 330	0.016	13 026
Findus B class	2 256 458	0.000	12 997
Stanley Electric Co	117 300	0.062	12 900
Tosoh Corp	429 000	0.071	12 749
Loreal	25 335	0.004	12 708
Adobe Systems	50 374	0.008	12 607
Apache Corporation	27 077	0.008	12 563
Renault	22 759	0.008	12 524
Fujitsu	242 000	0.012	12 467
Comcast Corporation Cl A Special Common Stock	71 664	0.009	12 466
Hitachi	270 000	0.008	12 314
Kawasaki Kisen Kaisha	290 000	0.049	12 311
Alltel	28 800	0.010	12 305
Petro Canada	45 488	0.018	12 300
Cable and Wireless	882 964	0.037	12 240
Rodamco Europe	21 784	0.024	12 231
Marathon Oil Corporation	29 546	0.008	12 198
Infineon Technologies	195 909	0.026	12 095
L air Liquide	9 300	0.009	12 070
Schering	26 692	0.014	12 067
Iberdrola	65 379	0.007	12 057
Monsanto Company	22 809	0.008	11 974
Guidant Corporation	27 276	0.008	11 959
Woolworths	142 582	0.012	11 933
Oji Paper Co	297 000	0.028	11 876
Whitbread	106 971	0.042	11 801

Note 24 Investments in shares, mutual funds and PCCs (continued)

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	**Vital** Book value
BAE Systems	265 276	0.008	11 772
Leggett & Platt	75 623	0.040	11 757
Sysco Corporation	55 238	0.009	11 614
Kyocera Corporation	23 500	0.012	11 594
Continental	19 317	0.013	11 568
Schneider Electric	19 218	0.008	11 566
Union Pacific Corporation	21 160	0.008	11 535
Eisai Co	40 600	0.014	11 529
Ricoh Company	97 000	0.013	11 491
Sigmatel	127 732	0.358	11 330
Hays	775 080	0.048	11 307
Northrop Grumman Corp	27 402	0.008	11 153
Ajinomoto Co	161 000	0.025	11 148
Garmin	24 800	0.023	11 142
Utstarcom	204 039	0.169	11 136
Liberty Media Corporation	206 482	0.008	11 003
Sapient Corp	285 300	0.049	10 992
Talisman Energy	30 685	0.008	10 957
Shin Etsu Chemical Company	30 400	0.007	10 935
Sankyo Co Ltd Gunma	27 800	0.028	10 893
Family Mart	47 500	0.049	10 873
HCA Healthcare Company	31 794	0.008	10 872
Denso Corporation	46 000	0.005	10 741
Mitsubishi Estate Company	76 000	0.006	10 682
Juniper Networks	70 206	0.013	10 601
St Jude Medical	30 920	0.009	10 510
NEC Corporation	249 000	0.012	10 485
Wesfarmers	56 928	0.015	10 454
Best Buy Company	35 496	0.011	10 451
VNU NV	46 470	0.018	10 396
Aeon Co	60 400	0.008	10 395
ABB	158 335	0.008	10 372
Research In Motion	23 290	0.012	10 361
Norfolk Southern Corporation	33 719	0.008	10 236
SGS	1 798	0.023	10 235
Praxair	28 059	0.009	10 062
Waste Management	48 938	0.009	10 057
Cendant Corporation	86 034	0.008	10 049
General Mills	30 080	0.008	10 045
Tokyo Gas Company	334 000	0.012	10 040
Scottish Power	157 641	0.009	9 960
Deutsche Post	60 849	0.005	9 953
Federated Department Stores	21 982	0.013	9 873
Westfield Group	108 881	0.006	9 821
Deere and Company	21 227	0.009	9 790
Polycom	94 363	0.098	9 776
Centrica	325 413	0.009	9 637
Medco Health Solutions	25 438	0.009	9 611
Kose Corporation	35 328	0.064	9 566
EOG Resources	19 160	0.008	9 519
Hennes & Mauritz B shares	41 259	0.006	9 478
Staples	61 383	0.008	9 439
Keyence Corporation	4 900	0.011	9 431
Omnicom Group	16 278	0.009	9 383
Entergy Corporation	20 154	0.010	9 369
Axis Shield	261 200	0.538	9 351
Nike	15 899	0.008	9 343
Millicom Intl. Cellular SDR	50 900	0.082	9 289
Petco Animal Supplies	62 318	0.108	9 262
FirstEnergy Corporation	27 907	0.008	9 257
POCT Holding	230 517	0.000	9 175
Weyerhauser Company	20 404	0.008	9 166
Volkswagen	25 712	0.008	9 161
Smith and Nephew	146 669	0.016	9 130
ITV	697 203	0.017	9 118
Medimunne	38 392	0.016	9 104
Tohoku Electric Power	66 000	0.013	9 087
Blue Nile	33 248	0.008	9 075
CRH	45 654	0.009	9 061
PG and E Corp	35 998	0.010	9 048
Electronic Arts	25 436	0.008	9 010
Cigna Corporation	11 837	0.009	8 953
Becton Dickinson and Company	21 987	0.009	8 945
Salcomp Oy C	42 982	0.000	8 866
JC Penney Co	23 511	0.009	8 851
Vivendi Environnement	28 963	0.007	8 846
Next	49 360	0.019	8 808
PSA Peugeot Citroen	22 576	0.009	8 781

Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	**Vital** Book value
GUS	72 856	0.007	8 740
Lafarge	14 333	0.008	8 700
Boston Scientific Corp	52 389	0.006	8 688
Gannett Company	21 096	0.009	8 652
FPL Group	30 492	0.008	8 581
Clear Channel Communications	40 256	0.007	8 573
American Electric Power Company	34 113	0.009	8 567
TransCanada Corp	40 170	0.008	8 534
Sara Lee Corporation	66 447	0.008	8 504
Fanuc	14 800	0.006	8 499
Essilor International	15 568	0.015	8 480
Yum Brands	26 668	0.009	8 465
Scottish and Southern Energy	71 788	0.008	8 462
Foster Group	301 559	0.015	8 358
Pioneer Corp	89 000	0.049	8 353
Kyushu Electric Power Company	56 700	0.012	8 327
Coles Myer	163 863	0.013	8 310
Ingersoll Rand Company	30 308	0.018	8 285
Amazon.Com	25 863	0.006	8 257
Agilent Technologies Incagilus	36 440	0.007	8 214
Phelps Dodge Corp	8 410	0.009	8 193
KDDI	210	0.005	8 192
American Tower Corp A	44 565	0.011	8 178
Danaher Corporation	21 626	0.007	8 168
Murata Manufacturing	18 800	0.008	8 154
Xerox Corp	82 011	0.009	8 135
Telecom Italia Rnc	485 956	0.008	8 131
XTO Energy	27 270	0.008	8 114
Barrick Gold Corporation	42 941	0.008	8 067
Sumitomo Corp	92 000	0.007	8 049
Marks and Spencer Group	136 851	0.008	8 034
TDK Corp	17 200	0.013	8 022
Mitsui Fudosan Co	53 000	0.006	7 282
Sumitomo Realty & Development	28 000	0.006	4 120
GPT Group	148 888	0.007	3 032
Stockland	92 890	0.007	2 999
Lend Lease Corp	28 512	0.007	2 051
Macquarie Goodman Management	81 797	0.006	1 942
Leopalace21	7 100	0.004	1 743
Centro Properties Group	53 903	0.007	1 695
Simon Property Group	3 092	0.001	1 604
Land Securities Group	6 892	0.001	1 332
Prologis	4 013	0.002	1 270
Mirvac Group	57 671	0.007	1 180
Equity Office Properties Trust	5 639	0.001	1 158
Investa Property Group	114 098	0.007	1 125
Equity Residential Properties	4 038	0.001	1 070
Vornado Realty Trust	1 750	0.001	989
General Growth Properties	2 895	0.001	921
Nippon Building Fund	16	0.004	913
Archstone Smith Trust	3 063	0.002	869
Japan Real Estate	15	0.004	836
Kimco Realty Corp	3 628	0.003	788
British Land Co	5 951	0.001	737
Plum Creek Timber Co	2 888	0.002	705
Boston Properties	1 347	0.001	676
Avalon Communities	931	0.001	563
Public Storage	1 198	0.001	549
Gecina	703	0.001	545
Apartment Invt Mgmt Co A shares	2 117	0.002	543
Unibail Company	546	0.001	490
Developers Divers Realty	1 397	0.001	445
Istar Financial	1 604	0.001	387
Macerich Co	806	0.001	366
Hammerson	2 950	0.001	350
Brookfield Properties	1 650	0.001	329
Slough Estates	4 580	0.001	319
Ntt Urban Devt	7	0.001	314
Health Care Ppty Invest	1 810	0.001	313
Gandel Retail Trust	30 725	0.001	305
Immofinanz Immobilien Anlagen AG	4 074	0.001	264
Japan Retail Fund Invt	5	0.002	263
Inmobiliaria Colonial	670	0.001	256
Liberty Property Trust	857	0.001	249
DB RREEF TRUST	35 282	0.001	244
Castellum	1 000	0.002	243
Ivg Immobilien	1 684	0.001	238
Corio	533	0.001	195

Note 24 Investments in shares, mutual funds and PCCs (continued)

			Vital
Book value in NOK 1 000	Number of shares	Ownership share in per cent [1]	Book value
Great Portland Estates	3 769	0.002	188
Metrovacesa	450	0.000	184
Klepierre SA	265	0.001	168
Wereldhave N.V.	256	0.001	163
Fabege	1 200	0.001	155
Tokyo Tatemono CO	2 000	0.001	135
Centro Retail Trust	15 492	0.002	116
Ing Industrial Fund	9 576	0.001	106
Wihlborgs Fastigheter	240	0.001	39
Other shareholdings in companies based abroad			2 514 809
Mutual funds			
DnB NOR Art fund of Funds Class D	132 049		1 104 600
Private Equity Fund			990 064
Mondrian Emerging Market			697 045
DnB NOR Investment Fund, kl E	358 924		393 762
AKO Fund Limited - NOK Class C3	306 555		324 267
Schroder Intl Japan Equity	2 401 017		156 026
SISF Intl Pacific	1 574 759		88 077
Neo Med Innovation LP.	1 271		16 794
Total investments in shares, mutual funds and PCCs			32 444 676

1) Ownership share in per cent is based on the company's total share capital.

Share exposure in Vital

At the start of 2005, shares accounted for 17 per cent of Vital's total exposure, as a proportion of total assets, including derivatives and hedge funds. During the year, this figure increased and at year-end it stood at 23 per cent, including derivatives and hedge funds. Vital's share exposure is split between Norwegian and international investments. The Norwegian portfolio consists mainly of shares listed on Oslo Børs, representing an overall risk corresponding to the Oslo Børs benchmark index. The international portfolio is generally split between different regions in accordance with the Morgan Stanley Developed World Index, with North America accounting for around 59 per cent, Europe 28 per cent and Asia 13 per cent.

Note 25 Financial assets, customers bearing the risk

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Mutual funds	7 121	4 385
Bond funds	680	624
Money market funds	392	335
Combination funds	3 500	2 861
Bank deposits/demand deposits	1 443	1 542
Total financial assets, customers bearing the risk [1]	**13 136**	**9 747**
Total insurance liabilities, customers bearing the risk	**13 136**	**9 747**

1) The figures show a breakdown of customer assets invested in unit-linked insurance policies in Vital Link.

Note 26 Commercial paper and bonds, held to maturity

	DnB NOR Group [1]			
Amounts in NOK million	Recorded value 31 Dec. 2005	Fair value 31 Dec. 2005	Recorded value 31 Dec. 2004 [2]	Fair value 31 Dec. 2004
Government/government guaranteed	16 610	17 890	17 523	18 764
Government enterprises	4 149	4 508	3 985	4 394
Local governments	8 175	8 805	9 978	10 636
Financial institutions	19 090	20 063	21 002	22 488
Other issuers	3 207	3 247	1 684	1 824
Commercial paper and bonds, held to maturity	51 231	54 514	54 172	58 106
Accrued interest	1 356	1 356	-	-
Commercial paper and bonds, held to maturity	**52 587**	**55 870**	**54 172**	**58 106**
Of which listed	66%		79%	

Changes in holdings during the year

Amounts in NOK million	DnB NOR Group [1] Commercial paper and bonds, held to maturity
Opening balance as at 31 December 2004	54 172
Purchases and redemptions	(2 877)
Accrued premiums and discounts	(64)
Accrued interest	1 356
Closing balance as at 31 December 2005	52 587

Specification of bonds by currency

	DnB NOR Group [1]	
Amounts in NOK million	Recorded value 31 Dec. 2005	Fair value 31 Dec. 2005
NOK	45 381	48 148
EUR	5 288	5 817
USD	487	465
JPY	75	84
Commercial paper and bonds, held to maturity	51 231	54 514
Accrued interest	1 356	1 356
Commercial paper and bonds, held to maturity	**52 587**	**55 870**

1) *Applies exclusively to Vital.*
2) *The portfolio of commercial paper and bonds held to maturity in foreign currency was recorded at amortised cost as at 31 December 2004, based on historical exchange rates. As at 31 December 2005, the portfolio was recorded at amortised cost based on the prevailing rates of exchange. If the valuation had been based on the same principle as at 31 December 2004, the portfolio would have been valued at NOK 54 353 million.*

Note 27 Investment properties

Amounts in NOK million	DnB NOR Group Investment properties
Original cost	17 176
Revalued amount	2 247
Book value as at 1 January 2005	**19 423**
Additions, acquisitions of new properties	297
Additions, capitalised investments	489
Additions, acquisitions of other companies	2 015
Reclassification from shares	97
Net gains/losses resulting from adjustment to fair value	1 133
Disposals	(301)
Exchange rate movements	(12)
Book value as at 31 December 2005 [1)]	**23 143**
1) Of which Vital	*22 872*

Amounts includes in the profit and loss accounts:	
Rental income from investment properties	1 584
Direct expenses (including repairs and maintenance) related to investment properties generating rental income	302
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income	2
Contractual commitments related to the acquisition or construction of investment properties, not capitalised as at 31 December 2005	170

Note 28 Investments in associated companies

Amounts in NOK million	DnB NOR Group 2005	 2004
Book value as at 1 January	1 507	1 438
Share of profits after tax	118	169
Additions/disposals	(144)	72
Paid dividends	(79)	(176)
Book value as at 31 December	**1 402**	**1 504**

Amounts in NOK million	Assets 31 Dec. 2005	Liabilities 31 Dec. 2005	Income 2005	Profit 2005	Ownership share (%) 31.12.05	Balance sheet value 31 Dec. 2005	Fair value 31 Dec. 2005
Eksportfinans [1)]	141 923	139 108	3 463	242	0.40	1 081	1 127
BBS [1)]	931	582	1 472	81	0.40	126	139
Teller	585	491	277	23	0.40	38	38
NOKAS	297	234	485	5	0.41	26	26
Atento [2)]	17	2	14	(1)	0.33	9	9
Doorstep	9	0	2	0	0.50	4	4
Sparebankmegleren	2	1	4	0	0.50	0	1
Scanrope	250	162	213	3	0.23	19	19
iTet	81	50	174	2	0.44	5	14
Lodalen Utvikling (joint venture) [2)]	434	406	7	27	0.50	78	84
Ferd. Storjohanns Sønner [2)]	12	6	4	3	0.32	14	14
ANS/KS						2	2
Total						1 402	1 476

1) Balance sheet values as at 31 December 2005 do not include estimated dividends for 2005. These are entered as other receivables and amount to NOK 46 million for Eksportfinans and NOK 13 million for BBS.

2) Balance sheet values as at 31 December 2005 include deferred tax positions and value adjustments, not reflected in the company's balance sheet.

Note 29 Intangible assets

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Goodwill	5 623	5 276
Postbanken brand name	51	51
Capitalised systems development	311	192
Sundry intangible assets	57	169
Total intangible assets	**6 042**	**5 689**

					DnB NOR Group
Amounts in NOK million	Goodwill	Postbanken brand name	Capitalised systems development	Sundry intangible assets	Total
Book value as at 31 December 2003	5 711	62	385	78	6 236
Additions			47	119	166
Disposals	163		35	24	222
Impairment	233		50		283
Depreciation		11	155	4	170
Exchange rate movements	(39)				(39)
Book value as at 31 December 2004	**5 276**	**51**	**192**	**169**	**5 689**
Original cost	7 519	119	770	323	8 731
Total write-downs and depreciation	2 243	68	578	154	3 043
Book value as at 31 December 2004	**5 276**	**51**	**192**	**169**	**5 689**
Additions			219	2	221
Additions from the acquisition/establishment of other companies	547			42	589
Disposals	1			156	157
Impairment	23		9		32
Depreciation			91		91
Exchange rate movements	(176)				(176)
Book value as at 31 December 2005	**5 623**	**51**	**311**	**57**	**6 042**
Original cost	8 065	119	989	211	9 384
Total depreciation and write-downs	2 442	68	678	154	3 342
Book value as at 31 December 2005	**5 623**	**51**	**311**	**57**	**6 042**

Note 30 Cash-generating units with goodwill and intangible assets with an indefinite useful life

In the DnB NOR Group's balance sheet, the individual goodwill items and intangible assets with an indefinite useful life are allocated to cash-generating units according to which units benefit from the acquired asset. The cash-generating unit is chosen based on considerations relating to where it is possible to identify and distinguish cash flows related to the unit. A cash-generating unit may record goodwill from several transactions, and an impairment test is then performed on the total goodwill entered in the accounts in the cash-generating unit. The table below shows the different cash-generating units and the total capitalised value of goodwill and intangible assets with an indefinite useful life in each unit.

Goodwill
Amounts in NOK million

Cash-generating unit	Grounds for choosing cash-generating unit	DnB NOR Group Capitalised goodwill 31 Dec. 2005
DnB NOR Asset Management	Total goodwill from units in the business area is assesed collectively and the cash-generating unit represents the entire business area. Operations are integrated, and synergies and rationalisation effects have been realised througout the organisation.	2 523
Retail Banking – Regional Division East and Coast	The item mainly consists of goodwill from the merger between DnB and Gjensidige NOR, plus some goodwill from previously acquired offices in Gjensidige NOR. The cash-generating unit will be the total regional network for the DnB NOR brand.	575
Cresco	Goodwill from the merger between DnB and Gjensidige NOR, plus previous acquisition premium from the acquisition of Gjensidige Bank's credit card portfolio. The goodwill is evaluated against the cash flow from external distribution of card products under the Cresco brand in DnB NOR Kort.	537
Amex	Amex' card operations in Norway consist of distribution to retail and corporate customers plus merchant operations. These operations are assessed collectively.	134
Nordlandsbanken	Goodwill consists of the acquisition premium from the acquisition of Nordlandsbanken. Nordlandsbanken is continued as a separate company in the DnB NOR Group and is a logical cash-generating unit.	478
Vital	Goodwill consists of the acquisition premium from the acquisition of Vital and Gjensidige NOR's pure endowment insurance portfolio plus capitalised goodwill in Vital.	292
Corporate Banking – Regional Division East and Coast	The item consists of goodwill from the merger between DnB and Gjensidige NOR allocated to Corporate Banking and is assessed against operations in the regional network in Corporate Banking.	448
Markets Equities	Goodwill related to Gjensidige NOR Equities is assessed against equity operations in DnB NOR Markets.	80
DnB NOR Finans - profit centre IT Solutions/ICT	Goodwill stems from the purchase of Telenor Finans AS in 2000, and operations are integrated in DnB NOR Finans AS as a separate profit centre (DnB NOR Finans IT Solutions/ICT) and is engaged in ICT equipment hire.	46
DnB NORD	Goodwill from the acquisition of 51 per cent of DnB NORD in December 2005. See note 3 Changes in group structure.	428
Corporate Banking Sweden	Acquisition of Norddeutsche Landesbank's organisation and portfolio in Sweden. The acquisition is part of Corporate Banking's expansion in the Swedish market.	68
Other		16
Total goodwill		5 623

Intangible assets with an indefinite useful life
Amounts in NOK million

Cash-generating unit	Grounds for choosing cash-generating unit	DnB NOR Group Capitalised value 31 Dec. 2005
Postbanken	As of 1 January 2005, the Postbanken brand name is classified as an intangible asset with an indefinite useful life.	51

Note 30 Cash-generating units with goodwill and intangible assets with an indefinite useful life (continued)

Testing of values

Impairment testing of capitalised values is done by discounting expected future cash flows from the unit (value in use). The cash flows are based on historical results and available budgets and plan figures approved by management. Beyond the plan period, which in most cases is three years, cash flow trends are assumed to reflect the general expected economic growth rate. Alternatively, a specific average growth factor for relevant products, industries or countries in which the unit operates could be used. The table below shows average annual growth rates employed in the impairment tests.

The discount rate is based on an assessment of the market's required rate of return for the type of activity performed in the cash-generating unit. This required rate of return reflects the risk of operations. Impairment tests are performed on cash flows after tax in order to be able to directly employ the market's required rate of return. If the test shows that there may be a need for impairment, an assessment is also made of the pre-tax value of the cash flows.

Tests performed concluded that there was no significant impairment of goodwill or intangible assets with an indefinite useful life in the Group at the end of 2005.

Key assumtions for impairment testing **DnB NOR Group**

Per cent Type of operation	Cash-generating unit	Required rate of return after tax	Average growth year 1-3	Average long-term growth
Asset management	DnB NOR Asset Management	9	8	2
Banking operations (loans and deposits)	Retail Banking - Regional Division East and Coast, Corporate Banking - Regional Division East and Coast, Nordlandsbanken, Postbanken	9		2
Equities	Equities operations in DnB NOR Markets	15		2
Life insurance	Vital	10	5	2
Credit card operations	Amex, Cresco	10	(8)	2
Finance company	DnB NOR Finans	10	13	2

Acquired goodwill in 2005

With effect from 30 September 2005, DnB NOR acquired Norddeutsche Landesbank's organisation and portfolio in Sweden. The acquired loan portfolio represented a capitalised value of approximately EUR 600 million, equivalent to NOK 4.8 billion, while the bond portfolio was valued at more than EUR 50 million, equivalent to approximately NOK 400 million. DnB NOR paid an acquisition premium of EUR 8 million for the organisation. Capitalised goodwill, including expenses, was the equivalent of NOK 68 million. The acquisition is part of DnB NOR's expansion in the Swedish market and the acquired unit will provide a foundation for future growth.

With effect from 31 December 2005, DnB NOR acquired 51 per cent of the shares in the newly established bank DnB NORD, which has banking operations in the Baltic states and Poland, as well as in Denmark and Finland. The acquisition price was EUR 167.2 million, equivalent to NOK 1 332.6 million. In addition, acquisition costs equivalent to NOK 27.9 million were capitalised. Goodwill related to the acquisition amounted to NOK 427.5 million, reflecting future growth in the area. There are no plans to sell units as a consequence of the acquisition. See note 3 for a more detailed description.

In addition, during 2005, minor acquisitions were made within real estate broking and asset management. Capitalised goodwill related to these acquisitions totalled NOK 20 million.

Note 31 Fixed assets

Amounts in NOK million	DnB NOR Group 31 Dec. 2005	31 Dec. 2004
Bank buildings and other properties	3 523	3 756
Machinery, equipment and vehicles	1 474	1 283
Other fixed assets	122	107
Total fixed assets	**5 120**	**5 146**

	DnB NOR Group		
Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles	Total [1)]
Book value as at 31 December 2003	3 801	1 324	5 125
Additions	255	352	607
Fixed assets, reclassified as held for sale	26		26
Disposals	123	5	128
Depreciation	151	388	539
Book value as at 31 December 2004	3 756	1 283	5 039
Original cost	5 603	3 106	8 709
Total write-downs and depreciation	1 847	1 823	3 670
Book value as at 31 December 2004	3 756	1 283	5 039
Additions	275	655	930
Additions from the aquisition/establishment of other companies	173	182	355
Fixed assets, reclassified as held for sale	27		27
Disposals	498	285	783
Impairment	3		3
Depreciation	153	361	514
Book value as at 31 December 2005	3 523	1 474	4 997
Original cost	5 279	3 857	9 136
Total depreciation and write-downs	1 756	2 383	4 139
Book value as at 31 December 2005	3 523	1 474	4 997

The DnB NOR Group has not furnished security for loans/funding of fixed assets, including property.

1) The total does not include "Other fixed assets".

Note 32 Deposits from customers

Amounts in NOK million	DnB NOR Group 31 Dec. 2005	31 Dec. 2004
Deposits from customers with no fixed term or period of notice	288 239	281 428
Deposits from customers with a fixed term or period of notice	122 710	71 850
Accrued interest expenses	42	126
Total deposits from customers	**410 991**	**353 403**

Note 33 Securities issued

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Commercial paper issued	69 445	49 009
Bond debt	165 289	141 435
Accrued interest etc. 1)	1 854	-
Total securities issued	**236 588**	**190 444**

Securities issued recorded at amortised cost as at 31 December 2005 2)

Amounts in NOK million	NOK	Foreign currency	Total
2006	875	20 566	21 441
2007	(444)	31 912	31 468
2008	394	43 487	43 881
2009	0	17 555	17 555
2010	452	25 971	26 423
2011	0	199	199
2012 and later	0	1 819	1 819
Recorded costs and amortised discounts	0	(97)	(97)
Total bond debt	1 277	141 412	142 689

Securities issued recorded at fair value as at 31 December 2005 2)

Amounts in NOK million	NOK	Foreign currency	Total
2006	1 750	67 695	69 445
Total commercial paper issued	1 750	67 695	69 445
2006	6 489	0	6 489
2007	8 212	0	8 212
2008	4 443	0	4 443
2009	1 532	0	1 532
2010	429	0	429
2011	538	0	538
2012 and later	958	0	958
Total bond debt	22 600	0	22 600
Total	24 350	67 695	92 045

Accrued interest etc. 1)	1 854
Securities issued	236 588

1) *Includes changes in market value of securities recorded at fair value in 2005. There was a negative change in value of NOK 10 million due to changes in DnB NOR Bank ASA's long-term credit rating.*

2) *Minus own bonds.*

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Note 34 Subordinated loan capital and perpetual subordinated loan capital securities

	DnB NOR Group	
Amounts in NOK million	Balance sheet 31 Dec. 2005	Balance sheet 31 Dec. 2004
Term subordinated loan capital	14 563	13 212
Perpetual subordinated loan capital	5 770	5 628
Perpetual subordinated loan capital securities [1)]	5 465	5 270
Accrued interest etc.	198	-
Total subordinated loan capital	**25 996**	**24 110**

Subordinated loan capital and perpetual subordinated loan capital secuities at amortised cost

Amounts in NOK million	Balance sheet 31 Dec. 2005	Transition to IFRS	Issued 2005	Matured/ redeemed 2005	Exchange rate movements 2005	Net change in recorded costs 2005	Balance sheet 31 Dec. 2004
Term subordinated loan capital	14 563	0	2 159	732	(84)	8	13 212
Perpetual subordinated loan capital	5 770	0	0	302	444	1	5 628
Perpetual subordinated loan capital securities [1)]	5 465	0	0	0	191	5	5 270
Accrued interest etc.	198	198	-	-	-	-	-
Total	25 996	198	2 159	1 034	551	13	24 110

Year raised	Recorded value in foreign currency		Interest rate	Maturity	Call date	Recorded value in NOK
Term subordinated loan capital						
2000	EUR	6	3.70% p.a.	2010		49
2001	USD	45	3-month LIBOR + 0.625%	2011	2006	304
2001	USD	125	3-month LIBOR + 0.75%	2011	2006	844
2001	NOK	245	3.7% p.a.	2011	2006	245
2002	USD	100	3-month LIBOR + 0.50%	2012	2007	675
2002	EUR	200	3-month EURIBOR + 0.60%	2012	2007	1 594
2002	EUR	200	3-month EURIBOR + 0.75%	2012	2007	1 594
2003	EUR	200	3-month EURIBOR + 0.70%	2013	2008	1 594
2003	EUR	200	3-month EURIBOR + 0.45%	2013	2008	1 594
2003	EUR	15	6-month EURIBOR + 0.61%	2013		120
2003	GBP	200	5.125% p.a.	2015	2010	2 325
2004	EUR	11	6-month EURIBOR + 1.40%	2014	2009	88
2004	EUR	14	6-month EURIBOR + 0.61%	2014		113
2004	EUR	200	3-month EURIBOR + 0.3%	2016	2011	1 594
2005	EUR	200	3-month EURIBOR + 0.20%	2015	2010	1 594
2005	EUR	3	4.39% p.a.	2015		20
2005	EUR	15	3.014% p.a.	2015		120
2005	EUR	13	6-month EURIBOR + 0.60%	2015		105
Recorded costs						(10)
Total term subordinated loan capital						14 563
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 452
1986	USD	150	6-month LIBOR + 0.15%			1 013
1986	USD	200	6-month LIBOR + 0.125%			1 351
1996	JPY	3 000	4.00% p.a.		2011	172
1996	JPY	7 000	4.00% p.a.		2011	401
1996	USD	105	7.65% p.a.		2006	709
1997	NOK	100	4.14% p.a.		2007	100
1999	JPY	10 000	4.51% p.a.		2029	573
Recorded costs						0
Total perpetual subordinated loan capital						5 770
Perpetual subordinated loan capital securities [1)]						
2001	USD	400	7.729% p.a.		2011	2 701
2002	EUR	350	7.07% p.a.		2012	2 790
Recorded costs						(25)
Total perpetual subordinated loan capital securities						5 465

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

Note 35 Earnings per share

	DnB NOR Group	
		Pro forma
	2005	2004
Profit for the year (NOK million)	10 144	8 241
Average number of shares (in 1 000)	1 334 474	1 317 744
Average number of shares - fully diluted (in 1 000)	1 334 474	1 323 786
Earnings per share (NOK)	7.59	6.25
Earnings per share fully diluted (NOK) [1)]	7.59	6.23

1) *Reflects the impact of the subscription rights programme for employees. At the start of 2005, there were outstanding subscription rights corresponding to 9 736 376 shares. These were exercised on 31 March 2005 at a price of NOK 32.83 per share. At the end of 2005, there were no outstanding subscription rights.*

Note 36 Largest shareholders

Shareholder structure in DnB NOR ASA as at 31 December 2005	Shares in 1 000	Ownership in per cent
Ministry of Trade and Industry	454 537	34.00
Sparebankstiftelsen DnB NOR (Savings Bank Foundation DnB NOR)	146 391	10.95
JPMorgan Chase Bank, Treaty Account [1)]	58 824	4.40
State Street Bank & Client Omnibus D [1)]	51 958	3.89
Folketrygdfondet	34 721	2.60
Euro Pacific Growth Fund	33 158	2.48
Gjensidige Forsikring	29 472	2.20
JPMorgan Chase Bank, Fidelity Lending Account	22 198	1.66
Fidelity Funds - Europe Fund	17 590	1.32
The Northern Trust Treaty Account [1)]	16 107	1.20
Mellon Bank as Agent [1)]	15 660	1.17
Deutsche Bank AG Client Account [1)]	11 824	0.88
Capital International Worlds Growth	10 936	0.82
The Northern Trust, USL Treaty Account [1)]	10 496	0.79
Orkla ASA	10 000	0.75
Oslo Pensjonsforsikring	10 000	0.75
State Street Bank & Client Omnibus F [1)]	9 858	0.74
JPMorgan Chase Bank, Omnibus Lending Account [1)]	9 703	0.73
DnB NOR Ansattefond AS (DnB NOR Emloyee Fund AS)	8 500	0.64
Deutsche Bank AG London	8 031	0.60
Total largest shareholders	969 964	72.57
Other	366 911	27.43
Total	1 336 875	100.00

1) *Registered as nominee in the Norwegian Central Securities Depository.*

Note 37 Capital adequacy according to NGAAP [1)]

Amounts in NOK million	DnB NOR Group 31 Dec. 2005	 31 Dec. 2004
Share capital	13 369	13 271
Other equity	36 491	33 327
Total equity	49 859	46 598
Perpetual subordinated loan capital securities [2) 3)]	5 698	5 531
Pension funds above pension commitments	(165)	(1 141)
Goodwill	(4 673)	(4 902)
Deferred tax assets	(111)	(728)
Other intangible assets	(499)	(299)
Portion of actuarial unrecognised gains/losses [4)]	2 413	
Core capital	52 523	45 059
Perpetual subordinated loan capital [2) 3)]	5 770	5 367
Term subordinated loan capital [3)]	14 868	13 538
Supplementary capital	20 638	18 905
Deductions	0	455
Total eligible primary capital [5)]	73 161	63 509
Total risk-weighted volume	714 039	591 906
Core capital ratio (per cent)	7.4	7.6
Capital ratio (per cent)	10.2	10.7

Specification of risk-weighted volume

Amounts in NOK million Risk-weight:	0%	4%	Nominal amounts as at 31 December 2005 [3)] 10%	20%	50%	100%	Risk-weighted volume 31 Dec. 2005	 31 Dec. 2004
Banking portfolio [1)]								
Cash and ordinary deposits with banks	21 370			14 788		77	3 035	1 511
Short-term investments in securities	34 265	2 506	101	55 332		43 600	54 777	44 020
Lending	6 919		13	44 163	342 138	326 449	506 352	413 197
Other assets	1 695			998	4 407	3 984	6 387	6 620
Fixed assets	20 514		4 149	28 813	26	31 370	37 560	34 572
Total assets	84 762	2 506	4 263	144 093	346 571	405 480	608 111	499 919
Guarantee commitments	939		499	6 007	115	48 959	33 242	30 429
Approved, undrawn credits	107 444			8 702	6 061	77 762	41 266	39 468
Financial derivatives							3 175	1 343
Other	5			482		4 782	1 556	224
Total off-balance-sheet instruments	108 388	0	499	15 191	6 176	131 503	79 239	71 464
Total risk-weighted volume, banking portfolio	193 151	2 506	4 762	159 285	352 748	536 983	687 350	571 383
Trading portfolio [1)]								
Position risk, equity instruments							1 505	406
Position risk, debt instruments							23 218	17 211
Settlement risk							18	4
Counterparty risk and other risks							12 582	10 273
Currency risk							1 213	
Total risk-weighted volume, trading portfolio							38 536	27 894
Total risk-weighted volume, banking and trading portfolio							725 885	599 277
Deduction for:								
Investments in primary capital in other financial institutions							0	455
Unrealised gains on securities in insurance operations							6 040	0
Specified and unspecified loan-loss provisions							5 807	6 917
Total risk-weighted volume							714 039	591 906

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. The trading portfolio does not correspond with the definition 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 578 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 statutory accounts. The Ministry of Finance has established a transitional rule whereby four-fifths of the amount recorded against equity can be included in capital adequacy calculations as at 31 December 2005. This effect will be reduced by one-fifth in each of the subsequent four years.*
5) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Group's accounts as a different consolidation method ("pro rata consolidation") is used in calculating capital adequacy in relation to associated companies.*

All figures are presented according to current prevailing rules.

Note 38 Off-balance sheet transactions, contingencies and post-balance sheet events

		DnB NOR Group	
Amounts in NOK million		31 Dec. 2005	31 Dec. 2004
Unutilised ordinary credit lines		186 328	165 845
Documentary credit commitments		9 115	8 629
Other commitments		1 654	1
Total commitments		**197 097**	**174 475**
Performance guarantees		14 764	13 433
Payment guarantees		14 519	11 577
Loan guarantees [1)]		4 013	10 916
Guarantee to the Norwegian Banks' Guarantee Fund [2)]		0	2 676
Guarantees for taxes etc.		3 077	2 790
Other guarantee commitments		5 163	4 803
Total guarantee commitments		**41 537**	**46 194**
Support agreements		4 995	2 482
Total guarantee commitments etc. [*)]		**46 532**	**48 676**
*) Of which:			
Counter-guaranteed by financial institutions		1 498	1 481
Joint and several liabilities		0	45
Securities		49 669	43 843
are pledged as security for:	Loans [3)]	49 558	43 728
	Other activities	111	115

1) *DnB NOR carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR has issued guarantees. According to the agreement, DnB NOR still carries interest rate and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 818 million were recorded in the balance sheet as at 31 December 2005.*
2) *As of 1 January 2005, members are no longer required to guarantee the minimum requirements for capital in the Norwegian Banks' Guarantee Fund.*
3) *NOK 49 558 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank. As at 31 December 2005, DnB NOR Group had borrowings of NOK 10 000 million from Norges Bank.*

As a member of Continuous Linked Settlement Bank (CLS Bank) DnB NOR has an obligation to contribute to cover any deficit in CLS Bank's central settlement account for member banks, even if the default is caused by another member bank. Initially, such deficit will be sought covered by other member banks based on transactions the respective banks have had with the member bank which has caused the deficit in CLS Bank. Should there remain an uncovered deficit in CLS Bank, this will be covered pro rata by the member banks in CLS (currently 71 of the world's largest banks), according to Article 9 "Loss Allocations" of CLS Bank's International Rules. According to the agreements between CLS and the member banks, the pro rata payment obligations related to such coverage of any remaining deficit are limited to USD 30 million per member bank. At the end of 2005, DnB NOR had not recorded any obligations in relation to CLS.

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.

In 2004, Nordlandsbanken ASA filed a suit against KPMG, claiming compensation on the basis of KPMG's audit of Finance Credit AS. The parties reached agreement in the damage suit, and Nordlandsbanken received a final settlement of NOK 45 million. The settlement ensured reversals on previous write-downs in the third quarter of 2005.

Finance Credit AS' estate in bankruptcy filed a claim in 2004 to reverse the debtor's repayment of credit facilities in Union Bank of Norway ASA (now DnB NOR Bank ASA) in autumn 2001 and spring 2002. The amount of the claim was NOK 160 million. The District Court found in favour of the bank. The sentence was appealed, but the appeal was later dropped.

Patricia Long and Wien Air Alaska Inc. filed in 2005 a suit against, among others, DnB NOR Bank ASA before a US court, claiming compensation of USD 160 million. In February 2006, the action was discontinued by the plaintiffs.

Amalie Riis has 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 disputes the claim. In the view of the bank, there is no legal basis for the claim and the limitation period has expired. The bank is also of the opinion that the same claim has been filed previously, and that the former ruling in favour of the bank is legally binding.

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 38 Off-balance sheet transactions, contingencies and post-balance sheet events (continued)

Post balance-sheet events

At the beginning of 2006, loan portfolios totalling some NOK 4.3 billion were transferred to DnB NORD from NORD/LB and DnB NOR. The transaction increased goodwill in DnB NOR's consolidated accounts related to DnB NORD by EUR 1 million, representing compensation for excess values in NORD/LB for the Finnish operations.

DnB NOR has acquired Monchebank, a Russian bank headquartered in Murmansk, from the Russian Rosbank. The agreement on the purchase of shares in Monchebank was signed on 31 January 2006, and Monchebank has thus become part of the DnB NOR Group.

The Board of Directors of DnB NOR ASA has proposed dividend of NOK 3.50 per share for 2005, which will entail payments totalling NOK 4 679 million.

Note 39 Information on related parties

The largest owner of the DnB NOR Group is the Norwegian Ministry of Trade and Industry, which owns and controls 34 per cent of the company (see note 36). The Group's parent company is DnB NOR ASA.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies are associated companies plus Sparebankstiftelsen DnB NOR (the Savings Bank Foundation). See note 28 for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms.

Transactions with related parties				**DnB NOR Group**
	Group management and Board of Directors		Related companies	
Amounts in NOK million	2005	2004	2005	2004
Loans as at 1 January	25	20	81	123
New loans/repayments during the year	(1)	4	72	(42)
Changes in group management or board composition	4	1	-	-
Loans as at 31 December	**29**	**25**	**153**	**81**
Interest income	**1**	**1**	**3**	**4**
Deposits as at 1 January	14	15	208	434
Deposits/withdrawals during the year	(3)	0	553	(226)
Changes in group management or board composition	(1)	(1)	-	-
Deposits as at 31 December	**10**	**14**	**761**	**208**
Interest expenses	**0**	**0**	**0**	**0**
Guarantees	**-**	**-**	**10**	**9**

No write-downs were made on loans to related parties in 2005 and 2004. Reference is made to note 10 for information on loans to senior executives and elected representatives. The section on governing bodies includes a list of group management members and directors. Transactions with deputy members on the Board of Directors are not included in the table above.

New loans to group management and directors in 2005 amounted to NOK 7 million. In general, DnB NOR employee loans should be paid by automatic debit in monthly instalments in arrear. Employees' commitments are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

Note 40 Fair value of financial instruments

				DnB NOR Group
	Recorded value	Fair value	Recorded value	Fair value
Amounts in NOK million	31 Dec. 2005	31 Dec. 2005	31 Dec. 2004 [1]	31 Dec. 2004
Assets				
Cash and deposits with central banks	**21 229**	**21 229**	**8 780**	**8 780**
Lending to and deposits with credit institutions, fair value	23 149	23 149	16 153	16 270
Lending to and deposits with credit institutions, amortised cost	17 705	17 705	9 671	9 743
Lending to and deposits with credit institutions	**40 854**	**40 854**	**25 824**	**26 013**
Lending to customers, fair value	49 892	49 892	0	0
Lending to customers, amortised cost	647 612	647 612	566 518	566 518
Lending to customers	**697 504**	**697 504**	**566 518**	**566 518**
Commercial paper and bonds	**145 475**	**145 475**	**115 397**	**116 989**
Shareholdings	**35 980**	**35 980**	**28 881**	**29 195**
Financial assets, customer bearing the risk	**13 136**	**13 136**	**9 747**	**9 747**
Financial derivatives	**33 751**	**33 751**	**46 226**	**46 226**
Shareholdings, available for sale	**0**	**0**	**303**	**303**
Commercial paper and bonds, held to maturity	**52 587**	**55 870**	**54 172**	**58 106**
Total assets	**1 040 516**	**1 043 799**	**855 849**	**861 878**
Libilities				
Loans from credit institutions, fair value	63 385	63 385	39 590	39 643
Loans from credit institutions, amortised cost	44 668	44 668	9 495	9 507
Loans from credit institutions	**108 053**	**108 053**	**49 086**	**49 150**
Deposits from customers, fair value	23 833	23 833	5 415	5 458
Deposits from customers, amortised cost	387 158	387 158	347 988	347 627
Deposits from customers	**410 991**	**410 991**	**353 403**	**353 085**
Financial derivatives	**31 845**	**31 845**	**44 696**	**44 696**
Securities issued, fair value	92 844	92 844	159 551	160 768
Securities issued, amortised cost	143 744	143 804	30 893	32 080
Securities issued	**236 588**	**236 648**	**190 444**	**192 849**
Subordinated loan capital, fair value	0	0	23 362	24 600
Subordinated loan capital, amortised cost	25 996	26 611	748	748
Subordinated loan capital	**25 996**	**26 611**	**24 110**	**25 348**
Total liabilities	**813 472**	**814 147**	**661 739**	**665 128**
Off-balance sheet commitments and guarantee commitments				
Total commitments [2]	197 097	197 097	174 475	174 475
Total guarantee commitments etc. [2]	46 532	46 532	48 676	48 676
Total mortgages etc. [2]	49 669	49 669	43 843	43 843

1) *In accordance with NGAAP, fair value adjustments on loans and liabilities recorded at fair value are classified as "Other assets" and "Other liabilities" in the balance sheet as at 31 December 2004. Thus, the values specified as recorded values for these items equal cost. Also, recorded values as at 31 December 2004 are exclusive of accrued interest.*

2) *See note 38 for specification. As a result of the Group's opportunity to reprice the agreements, fair value equals nominal value.*

Note 40 Fair value of financial instruments (continued)

Method to calculate fair value of financial instruments

Financial instruments recorded at fair value in the DnB NOR Group
See description in the Accounting principles.

Financial instruments recorded at amortised cost in the DnB NOR Group

Loans and deposits to customers and credit institutions
The pricing of loans and deposits to customers and credit institutions is based on market prices. Stipulated prices include additions to cover credit risk. The value of impaired commitments is determined by discounting expected future cash flows by the internal rate of return based on market conditions for corresponding loans not subject to impairment. Fair value is estimated as the recorded value of loans and deposits carried at amortised cost. Credit risk changes other than changes in expected future cash flows for impaired loans are not taken into account.

Commercial paper and bonds held to maturity
See note 26 for a breakdown of commercial paper and bonds held to maturity in Vital. The portfolio mainly consists of securities traded in an active market. Fair value valuation is based on listed prices.

Other securities issued, amortised cost
The fair value of other securities issued is measured based on agreed cash flows and credit risk on the balance sheet date.

Financial derivatives

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

"Over the counter" (OTC) options or forward contracts are contracts entered into outside the stock exchange. The contracts are tailor-made according to investor requirements with respect to the underlying object, number, price, expiration terms and maturity. The advantage of OTC derivatives is that customers are not limited to standardised contracts and can buy the precise position they wish. The disadvantage compared with the standardised market is that it can be difficult to find other contracting parties and to sell the contracts on the secondary market. Clearing of non-standardised OTC options is regulated by separate standard conditions stipulated by the clearing house NOS ASA, and the relationship between the actors in the market is regulated through agreements similar to those in the standardised market.

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

- Forward contracts: a contract to buy or sell interest, foreign currencies, shares or commodities on a specified future date at a fixed price. Forward contracts are tailor-made contracts traded between counterparties in the OTC market.
- FRAs: agreements that fix the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the market interest rate is exchanged.
- Interest rate futures: standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
- Swaps: transactions where two parties exchange cash flows on a fixed amount over an agreed period. The majority of swaps are tailor-made and traded outside exchanges. The most important types of swaps traded by DnB NOR are:
    - interest rate swaps in which fixed rates of interests are exchanged for floating or floating rates of interest are exchanged for fixed
    - cross-currency interest rate swaps in which parties exchange both currency and interest payments
- Options: agreements giving the buyer the right, but not the obligation, to either buy (call option) or sell (put option) a specific quantity of a financial instrument or commodity at a predetermined and fixed price. The buyer pays a premium to the seller for this right. Options are traded both as OTCs (tailor-made) and as standardised contracts.
- Interest swaptions: option contracts affording protection against an interest rate rise (for the buyer/borrower) or an interest rate fall (for the seller/lender). By paying a premium in advance, the customer gains the right, but not the obligation, to use predetermined interest rate swap contracts in the future. Depending on the structure, the swaption may be exercised on a specific future date (European option) or at any time during the term of the option (American option).

Use of derivatives as hedging instruments
The DnB NOR Group applies derivatives among others to hedge interest rate risk related to long-term borrowing and deposits in foreign currencies. The majority of the Group's hedging instruments are swaps. Derivatives are recorded at market price.

Risk related to financial derivatives
Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See notes 41 and 42. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business. The credit risk arising in connection with derivatives trading is included in the total credit risk of the DnB NOR Group. Netting agreements or bilateral suretyship agreements are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements also take into account such agreements, resulting in a reduction of capital adequacy requirements.

Note 40 Fair value of financial instruments (continued)

Further information on the use of financial derivatives in DnB NOR Markets

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

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

Further information on the use of financial derivatives in Vital

The purpose of employing financial derivatives in Vital is to be able to invest and allocate funds in accordance with the company's expectations of market trends, through swift and cost-effective asset and market exposure. In addition, the application of derivatives facilitates active risk management and adjustments in equity, interest rate and foreign exchange risk. See notes 41 and 42 for a further description.

Financial derivatives **DnB NOR Group**

	31 December 2005			31 December 2004		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	1 013 720	296	277	832 396	551	570
Forward contracts	0	0	0	0	0	0
Swaps	1 192 025	13 969	13 474	1 088 224	25 156	18 693
OTC options, bought and sold	32 612	241	193	20 870	292	230
Other OTC contracts	15	6	0	11	0	3
Total OTC derivatives	2 238 372	14 512	13 944	1 941 501	25 999	19 496
Futures, bought and sold	19 335	1	0	(1 563)	0	2
Options, bought and sold	0	0	0	0	0	0
Total exchange-traded contracts	19 335	1	0	(1 563)	0	2
Total interest rate contracts	2 257 707	14 513	13 944	1 939 938	25 999	19 498
Foreign exchange contracts	0	0	0	0	0	0
Forward contracts [1)]	442 722	12 864	6 335	418 339	9 834	12 464
Swaps	194 993	2 888	8 402	159 142	8 164	10 607
OTC options, bought and sold	15 436	94	182	16 482	98	233
Total foreign exchange contracts	653 151	15 846	14 919	593 963	18 096	23 304
Equity-related contracts	0	0	0	0	0	0
Forward contracts	1 041	17	144	787	21	142
Swaps	(1 403)	0	45	(78)	0	1
OTC options, bought and sold	42 690	2 981	2 725	36 768	1 742	1 719
Total OTC derivatives	42 328	2 998	2 914	37 477	1 763	1 862
Futures, bought and sold	812	0	10	341	11	0
Options, bought and sold	1 922	37	57	1 549	45	32
Total exchange-traded contracts	2 734	37	67	1 890	56	32
Total equity-related contracts	45 062	3 035	2 981	39 367	1 819	1 894
Accrued interest		357	0		312	0
Total derivatives [*)]	**2 955 920**	**33 751**	**31 845**	**2 573 268**	**46 226**	**44 696**
**) Of which applied for hedging purposes*	*21 470*	*787*	*1 080*	*36 539*	*3 682*	*791*

1) *Forward contracts used to manage currency risk in the portfolio of commercial paper and bonds held to maturity were not included in the balance sheet as at 31 December 2004. As of 31 December 2005, these derivatives were recorded at market value. If the same principle had been applied on 31 December 2004, an unrealised loss of NOK 170 million would have been recorded.*

The table above shows nominal values on financial derivatives according to type of derivative and term of the contract as well as positive and negative market values. Positive market values are entered as assets in the balance sheet, whereas negative market values are entered as liabilities. The figures above do not include financial derivatives for customer trading, for which the DnB NOR Group enters into hedging contracts. See Accounting principles for a more detailed description of measurement of financial derivatives.

Note 41 Risk

Risk profile target

The Board of Directors of DnB NOR ASA has a clearly stated goal to maintain a low risk profile, which is reflected in the DnB NOR Bank's aim to maintain an Aa level rating for ordinary long-term debt. A competitive, long-term return is conditional on prudent risk assessment and a low risk profile.

More about risk in Vital

Risk within life insurance comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets will not be sufficient to meet the guaranteed rate of return specified in insurance policies. Otherwise, inadequate returns will have to be covered by applying the securities adjustment reserve, additional allocations, equity and subordinated loans. The company is subject to government regulations on investment management, including risk diversification requirements and limitations on investment options. In addition, the company has to meet statutory capital adequacy and solvency margin requirements. Insurance risk relates mainly to changes in future insurance obligations due to changes in policyholders' life expectancy and disability rate.

Operations in Vital are different from operations in the rest of the Group, and risk in Vital is therefore managed separately. The purpose of risk management is to achieve the highest possible return for policyholders and the owner in the long term, subject to an acceptable risk level. The Board of Directors of Vital Forsikring has stipulated a risk level that is subject to continual monitoring through management models, operative rules and reporting requirements.

As part of regular reporting, stress tests are implemented based on the following assumptions: a 20 per cent decline in share prices, a 1 percentage point rise in interest rates, a 10 per cent appreciation of the Norwegian krone and a 5 per cent reduction in property values. Capital adequacy and solvency margin capital were at a satisfactory level in 2005.

Note 42 specifies market risk for the DnB NOR Group, including risk linked to financial instruments in Vital. Additional information concerning risk associated with operations in Vital is presented in notes 43, 44 and 46.

Risk management tools in DnB NOR

Organisation and authorisation structure

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

Monitoring and use

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

Relevant risk measures

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

Note 41 Risk (continued)

Risk categories

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

- *Credit risk* is the risk of losses due to failure on the part of the Group's counterparties (customers) to meet their payment obligations towards the DnB NOR Group. Credit risk refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk. Note 45 contains an assessment of the Group's credit risk as at 31 December 2005.
- *Market risk* arises as a consequence of the Group's open positions in the foreign exchange, interest rate and capital markets. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates. Market risk also includes financial risk within life insurance operations. Financial risk is the risk that the return on financial assets will not be sufficient to meet the guaranteed rate of return specified in insurance policies. Notes 42 to 44 contain an assessment of the Group's market risk as at 31 December 2005.
- *Liquidity risk* is the risk that the Group will be unable to meet its payment obligations. Note 46 contains an assessment of the Group's liquidity risk as at 31 December 2005.
- *Insurance risk* relates to changes in future insurance obligations due to changes in policyholders' life expectancy and disability rate. Note 47 contains an assessment of the Group's insurance risk as at 31 December 2005.
- *Operational risk* is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- *Business risk* is the risk of losses due to external factors such as the market situation or government regulations. This risk category also includes reputational risk.

Risk measurement is a field in constant development, and measurement methods and tools are subject to continual improvement. No significant changes were made in routines and procedures for risk monitoring in 2005.

Concentrations of risk

Concentrations of financial risk arise when financial instruments with identical characteristics are influenced in the same way by changes in economic or other factors. The identification of risk concentrations is subject to discretionary assessment. The general purpose of risk management in the Group is to reduce and control risk concentrations. With respect to credit risk, this is reflected in the requirement to maintain a credit portfolio with a sound sectoral and geographical balance and a syndication policy that guides the exposure to individual customers and industries, cf. note 4 and 19. With respect to market risk, concentration risk is restricted by limits ensuring that exposure is divided among a number of instruments, ensuring sound diversification to meet changes in share prices, exchange rates and interest rate levels. The concentration of credit risk as at 31 December 2005 for international bonds in the trading portfolio and commercial paper and bonds held by Vital is shown in note 22. The concentration of credit risk for commercial paper and bonds held to maturity is shown in note 26. Currency risk is specified in notes 4 and 44. Concentrations of interest rate risk are presented in note 43. The Group's investments in shares, mutual funds and PCCs are specified in note 24.

Note 42 Sensitivity analysis - market risk

Conditions for calculating market risk

Market risk arises as a consequence of open positions in the foreign exchange, interest rate and capital markets. Risk is linked to variations in financial results due to fluctuations in market prices or exchange rates. Risk is quantified as the capital required to cover all potential losses relating to market risk in the course of a year at a 99.97 per cent confidence level. Calculations of risk-adjusted capital are based on statistical methods. However, calculations of risk-adjusted capital require a certain level of discretion and estimation, which could, if changed, have an impact on estimated capital requirements.

Market risk arises in DnB NOR Markets as a consequence of open positions in the foreign exchange, interest rate and capital markets, in the Group Treasury due to the bank's interest rate risk, in the bank's investment portfolio for equity instruments and in Vital related to developments in the value of the company's financial assets.

In general, market risk is calculated through simulation of potential losses on the basis of expected maximum exposure, liquidation periods for positions and correlations between defined portfolios.

Market risk in the Group excluding Vital is calculated by dividing the Group’s expected maximum exposure to financial assets or open positions between 15 portfolios. Portfolio values reflect the price movements of an instrument or index. Liquidation periods vary from 250 trading days for the bank’s investment portfolio to two days for positions in the most commonly traded currencies.

When calculating market risk in Vital below, assets in Vital are divided into eight portfolios which reflect the price movements of an index or a combination of indices. The assets are adjusted for derivative contracts. The calculations below refer only to financial assets in Vital and thus do not take into account obligations resulting from the guaranteed rate of return, insurance risk, equity buffers or dynamic portfolio management in Vital. See note 43 for a more detailed description of risk associated with the guaranteed rate of return.

Market risk specified below includes diversification effects and correlations between the portfolios in Vital and the rest of the Group. The diversification effect between market risk in Vital and in the rest of the Group is estimated at 6 per cent for 2005. The diversification effect arises when the various risks are added together, as it is highly unlikely that all losses will occur at the same time. The diversification effect for the aggregated market risk for the Group is a consequence of the fact that loss distributions for market risk in Vital and in the rest of the Group are derived from underlying indices subject to different degrees of correlation, so-called driver-based aggregation.

Based on the assumptions outlined above, total market risk in the Group is calculated at close to NOK 21 billion. This market risk is carried by policyholders in Vital and the owner.

The Group's market risk increased from 2004 to 2005, mainly due to a rise in Vital's share exposure. The risk-reducing effect of larger buffers has not been taken into account in the calculations. The relative significance of the diversification effect declined compared with the previous year as market risk in Vital was subject to a greater increase than other market risk.

	DnB NOR Group	
Amounts in NOK billion	2005	2004
Market risk excluding Vital	1.9	2.1
Market risk in Vital	20.0	13.1
Diversification effect	1.2	1.2
Total market risk	20.8	14.0
Diversification in per cent	6%	8%

Note 43 Interest rate sensitivity

Interest rate sensitivity for different intervals — **DnB NOR Group excl. Vital**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
NOK	28	72	26	336	237	25
USD	12	18	30	1	4	42
EUR	1	11	10	41	47	6
GBP	0	1	3	2	4	1
Other currencies	4	11	10	3	3	10

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

The calculations are based on the Group's positions as at 31 December 2005 and market rates on the same date.

Interest rate sensitivity for different intervals - financial current assets — **Vital**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
NOK	1	16	81	379	393	870
USD			3	35	109	148
EUR			3	90	495	587
GBP			1	7	74	82
Other currencies		6	11	7	29	53

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

Duration	
Norwegian bonds - average residual maturity (years)	3.68
International bonds - average residual maturity (years)	5.43
Average effective interest rate on Norwegian bonds (per cent) [1)]	2.33
Average effective interest rate on international bonds (per cent) [1)]	3.75

1) *The effective interest rate on individual bonds is calculated on the basis of the instrument's market value. Weighting to arrive at the average effective interest rate for the total holding is based on weights representing the bonds' percentage shares of total book value.*

Interest rate sensitivity – liabilities to insurance policyholders

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

The company's guaranteed rate of return averages 3.66 per cent. The average duration for future insurance payments was 14 years as at 31 December 2005.

Note 47 gives a description of the liability adequacy test worked out in connection with IFRS 4 Insurance Contracts concerning liabilities to policyholders as at 31 December 2005.

Note 44 Currency positions

DnB NOR Group excl. Vital

Amounts in NOK million	Foreign currencies	of which: USD	EUR	GBP	SEK	DKK	JPY	Others [1]
Net currency positions	570	(1 104)	(4 860)	582	1 995	(11)	277	3 691

The table above shows net currency positions in the DnB NOR Group excluding Vital as at 31 December 2005, including financial derivatives as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of eligible primary capital. Aggregate currency positions must be within 30 per cent of the eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

Vital

Amounts in NOK million	Foreign currencies	of which: USD	EUR	GBP	SEK	DKK	JPY	Others
Net currency positions	3 103	944	684	212	478	171	147	467

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

1) The currency position must be evaluated together with the position in Euro, and can mainly be attributed to the establishment of DnB NORD. See note 3.

Note 45 Credit risk

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

Management of credit risk in the Group is described in more detail in note 41.

DnB NOR's internal rating

	Probability of default (per cent)	
Risk class	As from	Up to
1	0.03	0.10
2	0.10	0.25
3	0.25	0.50
4	0.50	0.75
5	0.75	1.25
6	1.25	2.00
7	2.00	3.00
8	3.00	5.00
9	5.00	8.00
10	8.00	40.00

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

Amounts in NOK billion	Gross loans	Guarantee commitments	Undrawn limits (committed)	Total commitments
Risk class based on probability of default				
1 - 4	351	44	146	541
5 - 6	130	1	19	150
7 - 10	86	1	2	89
Non-performing and impaired commitments	9	0	0	9
Total commitments as at 31 December 2004 [1)]	576	46	167	789
Risk class based on probability of default				
1 - 4	466	26	188	680
5 - 6	170	10	21	201
7 - 10	59	5	2	66
Non-performing and impaired commitments	7	0	0	7
Total commitments as at 31 December 2005	702	41	211	954

Loan-loss level [2)]	2005	2004
Normalised losses including loss of interest income in per cent of net lending	0.28	0.30

1) *Figures for 2004 are calculated according to NGAAP.*
2) *The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio). Calculations are based on a certain level of discretion and estimation.*

Collateral security

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

Note 45 Credit risk (continued)

Commitments according to:		**DnB NOR Group**
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Residential mortgages < 80 per cent of collateral value	342 110	307 967
Residential mortgages > 80 per cent of collateral value	10 743	11 086
Credit card loans	10 667	9 788

Past due loans not subject to write-downs [1]	**DnB NOR Group**
Amounts in NOK million	31 Dec. 2005
No. of days past due/overdrawn	
1 - 29	241
30 - 59	316
60 - 89	55
> 90	71
Past due loans not subject to write-downs	683

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

Repossessed properties and other repossessed assets	**DnB NOR Group**
	Recorded value
Amounts in NOK million	31 Dec. 2005
Properties, current assets	71
Properties, fixed assets	171
Other repossessed current assets [1]	33
Repossessed properties and other repossessed assets	275

Repossessed assets are assets acquired by units within the Group as part of the management of non-performing and impaired commitments. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviation from the carrying value of non-performing and impaired commitments at the time of acquisition is classified as write-downs on loans. Repossessed assets are recorded in the balance sheet according to the type of asset. When acquiring shares or mutual fund holdings, the assets should be evaluated according to the principles described under Accounting principles. Upon final sale, the difference relative to carrying value should be recognised in the profit and loss account according to the type of asset. If assets are not intended for long-term possession or use, the assets are classified as current assets. If assets are acquired for own use or for long-term administration and development, the assets are classified as fixed assets.

Note 46 Liquidity risk

Liquidity risk – DnB NOR Group excluding Vital

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when due or replace deposits when withdrawn, whereby the bank will fail to meet its obligations to repay deposits and extend loans. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has established short-term limits to reduce the bank's dependence on short-term funding from the domestic and international money and capital markets. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, subordinated capital and long-term funding. Liquidity risk management includes stress testing, simulating the liquidity effect of a downgrading of the bank's international credit rating following one or more negative events. The results of such stress testing are included in the banking group's contingency plan for liquidity management during a financial crisis.

Liquidity risk – Vital

Liquidity risk in Vital is limited to financial derivatives and is considered to be insignificant.

Residual maturity as at 31 December 2005 **DnB NOR Group**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Loans and deposits from credit institutions	65 520	17 592	9 278	14 207	1 456		108 053
Deposits from customers	389 120	7 504	4 355	9 784	229		410 991
Securities issued	24 544	47 162	25 332	135 199	4 350		236 588
Sundry liabilities	982	307	281	3	5	12 780	14 358
Subordinated loan capital					14 761	11 235	25 996
Financial derivatives, gross settlement (outgoing cash flows) *) 1)	236 093	177 417	208 608	245 398	60 245		927 762
Financial derivatives, net settlement 2)	149	95	621	2 217	501		3 583
Total payments **)	716 408	250 077	248 475	406 808	81 548	24 015	1 727 331
**) Financial derivatives, gross settlement (incoming cash flows)*	*238 911*	*176 562*	*208 662*	*246 703*	*62 906*		*933 743*
***) Of which payments from Vital*	*48 977*	*19 260*	*6 711*	*6 274*	*1 829*		*83 050*

1) Includes interest rate swaps, futures and cross-currency interest rate swaps.
2) Includes FRAs, currency options, interest rate options and equity derivatives.

Note 47 Insurance risk

Risk within life insurance comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets will not be sufficient to meet the guaranteed rate of return specified in insurance policies (see description in notes 42-44), while insurance risk relates to changes in future insurance liabilities due to changes in policyholders' life expectancy and disability rate.

Analysis of liabilities to policyholder and insurance liabilities customers bearing the risk **DnB NOR Group [1]**

Amounts in NOK million	Liabilities to policyholders	Insurance liabilities, customers bearing the risk
Balance sheet as at 31 December 2004	152 965	9 747
Deposits	19 348	2 164
Return	13 784	2 518
Inflow of reserves	2 708	635
Outflow of reserves	(1 657)	(529)
Insruance payments	(8 391)	(1 135)
Other changes	(4 083)	(263)
Balance sheet as at 31 December 2005	**174 675**	**13 136**

1) Refers only to Vital.

Note 47 Insurance risk (continued)

Insurance risk

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

Risk for Vital related to changes in mortality rates is twofold. In connection with death prior to life expectancy, reserves will be released from insurance funds and transferred back to profits for allocation, which will have a positive effect on the risk result. In the opposite case, if a pensioner lives longer than expected, it will have a negative impact on the risk result in the form of a longer than expected disbursement period.

With respect to mortality risk, annual deviations from tariff rates will have no significant impact on profits for allocation. Lasting demographic changes, providing grounds for adjusting tariff rates, could have a significant impact on profits for allocation.

Disability risk is more exposed to short-term changes as disability pension payments are affected by legislative amendments and cyclical fluctuations.

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

To reduce the insurance risk of insurance policies, it is mandatory that policyholders undergo a health check. Individual health checks are also required under small-scale group schemes. With respect to pure group disability pensions, individual companies are subject to risk classification according to a specific assessment of risk in the individual companies.

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

The table below shows the risk result for death and disability for 2005.

Risk result in 2005 **Vital**

Amounts in NOK million	Group pension insurance	Group association insurance	Individual annuity assurance	Individual endowment insruance	Total
Death	97	20	(40)	46	123
Disability	88	15	33	(9)	127
Risk result before allocation to other reserves	185	35	(7)	37	250

Over the past three years, the total risk result has in average represented 3 per cent of profits for allocation to policyholders and the owner. Annual fluctuations in the risk result will have little impact on profits for allocation. Changes in assumptions underlying the allocation and in tariff rates could have a greater impact on profits for allocation.

The table below shows the effect on the total risk result for 2005 in the event of reductions in mortality rates of 1 and 10 per cent respectively and increases in disability rates of 5 and 10 per cent respectively.

Vital

Amounts in NOK million	Group pension insurance	Group association insurance	Individual annuity assurance	Individual endowment insruance	Total
1 per cent reduction in mortality rate	(4.1)	-	(1.9)	0.6	(5.4)
10 per cent reduction in mortality rate	(41.0)	(0.4)	(19.2)	5.5	(55.1)
5 per cent increase in disability rate	(58.5)	(0.8)	(7.7)	(5.2)	(72.2)
10 per cent increase in disability rate	(117.0)	(1.5)	(15.4)	(10.3)	(144.2)

Description of liability adequacy test

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

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

The company's result for the year can be divided into interest results, risk result and administration result. As a result of profit sharing between policyholders and the owner, only an aggregate positive result will lead to funds being allocated to policyholders. This is also how the liability adequacy test is constructed.

The calculation applies best estimate for expenses, retirement, mortality and disability in future cash flows. Long-term interest rate estimates constitute a fundamental part of the analysis. The long-term interest rate level on the test date has a decisive influence on the expected return underlying the test.

The adequacy test consists of the following elements:

1. Expected return
2. Guaranteed rate of return
3. Risk result
4. Administration result

The result of the test is the sum total of items 1-4. The liability adequacy test is performed each quarter for each of the four main categories: group pension insurance, group association insurance, individual annuity assurance and individual endowment insurance. The Group has implemented the liability adequacy test since autumn 2004. As at 31 December 2005, the adequacy test did not indicate a need for further provisions for liabilities to policyholders.

Note 47 Insurance risk (continued)

Solvency capital

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

	Life insurance	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Securities adjustment reserve	5 503	3 538
Additional allocations	3 788	2 357
Security reserve	201	197
Equity	7 155	7 155
Subordinated loan capital and perpetual subordinated loan capital securities	2 499	2 449
Unrealised gains on long-term securities	3 268	3 935
Total solvency capital	22 415	19 630
Guaranteed return on policyholders' funds	5 887	5 271

Capital adequacy

Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent. At the end of 2005, life insurance operations had a capital adequacy ratio of 11.7 per cent, compared with 14.1 per cent at the end of 2004. The core capital ratio was 8.9 per cent, as against 10.7 per cent a year earlier.

Risk weighted assets and eligible primary capital				**Life insurance**
	31 December 2005		31 December 2004	
Amounts in NOK million	Recorded	Weighted	Recorded	Weighted
Total assets	187 968	79 293	164 991	63 325
Primary capital				
Core capital		7 038		6 801
Net supplementary capital		2 274		2 224
Financial deduction		0		(73)
Total eligible primary capital		9 312		8 953
Capital adequacy requirement		6 343		5 066
Capital in excess of requirement		2 969		3 886

Solvency margin capital

Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments on the liabilities side of the balance sheet. The solvency margin requirements for Norwegian life insurance companies are subject to regulations on the calculations of solvency capital requirements and solvency margin capital, as laid down by the Ministry of Finance on 19 May 1995. As at 31 December 2005, life insurance operations had solvency margin capital of NOK 11 296 million, compared with NOK 10 238 million a year earlier. The estimated solvency margin requirements at end-December 2005 was NOK 7 130 million.

	Life insurance	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Total eligble primary capital	9 312	8 953
Additional allocations (50 per cent)	1 894	1 178
Security reserve in excess of the lower limit (55 per cent)	90	107
Solvency margin capital	11 296	10 238
Solvency margin capital requirement	7 130	6 289

Profit and loss accounts

Amounts in NOK million	Note	DnB NOR ASA 2005	2004	2003
Interest income		173	101	169
Interest expenses		186	229	276
Net interest income and credit commissions		**(13)**	**(128)**	**(107)**
Dividends from group companies/group contributions	1	5 532	7 881	3 629
Net gains on foreign exchange and financial instruments		(9)	0	0
Commissions and fees payable		6	8	4
Net other operating income		**5 517**	**7 874**	**3 625**
Salaries and other ordinary personnel expenses		38	37	19
Administrative expenses		160	102	63
Sundry operating expenses		4	7	7
Other expenses		0	7	0
Total operating expenses		**202**	**153**	**89**
Pre-tax operating profit before losses		**5 302**	**7 592**	**3 429**
Net gains on long-term securities		0	15	0
Pre-tax operating profit before losses		**5 302**	**7 607**	**3 429**
Taxes	3	595	2 118	311
Profit for the year		**4 708**	**5 489**	**3 118**
Dividends	6	4 679	3 414	2 919
Transferred to other equity	6	29	2 075	200
Total transfers and allocations		**4 708**	**5 489**	**3 118**
Earnings per share (NOK)		3.53	4.17	4.04

Balance sheets

Amounts in NOK million	Note	DnB NOR ASA 31 Dec. 2005	31 Dec. 2004	31 Dec. 2003
Assets				
Deposits with DnB NOR Bank ASA		3 808	4 021	1 423
Lending to other group companies		225	2 055	1 825
Investments in group companies	4	48 612	45 975	46 121
Other receivables due from group companies		6 992	8 069	6 103
Other assets	3	45	57	30
Total assets		**59 682**	**60 177**	**55 502**
Liabilities and equity				
Loans from DnB NOR Bank ASA	5	5 936	6 153	6 370
Loans from and liabilities to other group companies		2 249	2 025	2 420
Other liabilities and provisions		4 697	5 552	2 919
Total liabilities		**12 882**	**13 730**	**11 709**
Share capital	6, 7	13 369	13 271	13 090
Share premium reserve	6	11 934	11 712	11 324
Other equity	6	21 497	21 463	19 379
Total equity		**46 800**	**46 447**	**43 793**
Total liabilities and equity		**59 682**	**60 177**	**55 502**

Cash flow statements

	DnB NOR ASA		
Amounts in NOK million	2005	2004	2003
Operations			
Payments to operations	(177)	(178)	(85)
Taxes paid	(1 841)	0	(912)
Net cash flow relating to operations	**(2 018)**	**(178)**	**(997)**
Investment activity			
Net payment made on loans to other credit institutions	0	(225)	0
Net receipts on loans to group companies	1 727	0	0
Receipts on the sale of long-term investments in shares	1 119	134	0
Payments on the acquisition of long-term investments in shares	(3 756)	0	(3 233)
Net cash flow relating to investment activity	**(910)**	**(91)**	**(3 233)**
Equity funding			
Group contributions from subsidiaries	7 769	5 581	3 407
Dividend payments	(3 409)	(2 908)	(1 847)
Issue of new shares	320	569	0
Net cash flow relating to equity funding	**4 680**	**3 242**	**1 560**
Other liquidity financing			
Net payments on long-term liabilities	(1 955)	(217)	2 000
Net investments in credit institutions	213	(2 598)	844
Net interest payments on other liquidity financing	(10)	(158)	(174)
Net cash flow relating to other liquidity financing	**(1 752)**	**(2 973)**	**2 670**
Net cash flow	**0**	**0**	**0**

Accounting principles

The accounts for DnB NOR ASA have been prepared in accordance with Norwegian accounting legislation, accounting regulations issued by the Ministry of Finances and generally accepted accounting principles (NGAAP).

Changes in accounting principles

The effects of changes in accounting principles are recorded directly against equity. The only changes in accounting principles in 2005 are certain insignificant reclassifications.

Ownership interests in group companies

Subsidiaries are defined as companies in which DnB NOR ASA has control, directly or indirectly, through a long-term ownership interest and a holding of more than 50 per cent of the voting share capital or primary capital, and has a decisive influence on the company's operations. DnB NOR ASA's subsidiaries are DnB NOR Bank ASA, Vital Forsikring ASA, Vital Link AS, DnB NOR Kapitalforvaltning Holding AS and Vital Skade AS. All subsidiaries are 100 per cent owned.

In the accounts of DnB NOR ASA, investments in subsidiaries are recorded at cost.

Transactions with group companies

Transactions with subsidiaries are conducted in accordance with general business conditions and principles whereby income, expenses, losses and gains are distributed as correctly as possible between the group companies.

Dividends and group contributions

Dividends and group contributions from group companies are recorded in the accounts in the same year as provisions are made in the relevant companies.

Group contributions received are classified as dividends when considered to represent return on invested capital.

Accruals

Income is recorded in the profit and loss account when accrued. Costs are matched against income and charged to the accounts in the same accounting period as related income. Incurred costs related to income earned in subsequent periods are deferred. Costs which will occur in future periods concerning accrued income are charged to the profit and loss account during the same period. Future costs not related to future income are charged to the accounts when the costs are identified.

Taxation

Taxes for the year comprise payable taxes for the financial year and changes in the value of deferred taxes and deferred tax assets.

Deferred taxes are calculated on the basis of differences between the profits stated in the accounts and the profits computed for tax purposes which will be offset in the future. Evaluations are based on the balance sheet and tax position on the balance sheet date. Taxable and tax-deductible timing differences will be netted against each other within the same time interval. Deferred tax assets can be recognised as assets in the balance sheet when it is considered probable that the tax-deductible timing differences may be realised.

Note 1 Dividends/group contributions from subsidiaries

Amounts in NOK million	DnB NOR ASA 2005	2004	2003
Group contributions received from:			
DnB NOR Bank ASA	2 262	7 727	3 140
Other group companies	30	154	41
Dividends received from:			
DnB NOR Bank ASA	1 668	0	0
Vital Forsikring ASA	1 572	0	448
Total dividends/group contributions from subsidiaries [1)]	5 532	7 881	3 629

1) In addition, DnB NOR ASA received in 2003 NOK 2 704 million in group contributions and dividends from Union Bank of Norway ASA and NOK 456 million in net dividends from Gjensidige NOR Spareforsikring ASA. These items were included in annual profits for Gjensidige NOR ASA, which were recorded against equity.

Note 2 Remunerations etc.

All employees in DnB NOR ASA are also employed in one of the underlying companies within the Group. The holding company purchases services from other units within the Group. The group chief executive, group executive vice presidents and the heads of certain staff units are employed in both DnB NOR ASA and one of the subsidiaries in the Group. Personnel expenses and other administrative expenses relating to these individuals are divided between the subsidiaries and DnB NOR ASA according to use.

See note 10 for the DnB NOR Group for further details on remunerations etc. See also note 7 for DnB NOR ASA, specifying shares in DnB NOR ASA owned by senior management and members of governing bodies.

Note 3 Taxes

Amounts in NOK million	DnB NOR ASA 2005	2004	2003
Tax base			
Operating profit in DnB NOR ASA	5 302	7 607	3 429
Dividends/group contributions from subsidiaries	(3 237)	(24)	(2 319)
Changes in temporary differences	(31)	(5)	19
Permanent differences	0	(16)	0
Tax base for the year	2 034	7 562	1 129
Elements in the calculation of deferred taxes			
Tax-deductible temporary differences	0	31	36
Calculation base for deferred taxes	0	(31)	(36)
Deferred tax assets	0	9	10
Taxes			
Payable taxes	570	2 117	316
Deferred taxes	9	1	(5)
Inadequate tax provisions in previous years	16	0	0
Total taxes	**595**	**2 118**	**311**

Note 4 Investments in subsidiaries as at 31 December 2005 1)

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	DnB NOR ASA Book value
DnB NOR Bank		17 214 311	172 143 110		17 214 311	100	38 892 502
Bank DnB NORD	EUR	317 095	317 095 100	EUR	317 095	51	
Den Norske Investments	GBP	210	210 000	GBP	210	100	
DnB NOR Asia	SGD	20 000	20 000 000	SGD	20 000	100	
DnB NOR Boligkreditt		650 000	6 500 000		650 000	100	
DnB NOR Eiendom		2 503	25 033		2 503	100	
DnB NOR Eiendomsutvikling		91 000	91 000 000		91 000	100	
DnB NOR Finans		787 000	7 870 000		787 000	100	
DnB NOR Fiskeriutvikling		1 000	1 000		1 000	100	
DnB NOR Hypotek		825 000	8 250 000		825 000	100	
DnB NOR Invest Holding		200 000	200 000		200 000	100	
DnB NOR Luxembourg	EUR	17 352	70 000	EUR	17 352	100	
DnB NOR Markets Inc.	USD	1	1 000	USD	1	100	
DnB NOR Meglersevice		700	7		700	100	
DnB NOR Næringsmegling		1 000	10 000		1 000	100	
DnB NOR Reinsurance		11 000	11 000		11 000	100	
Hafjell Alpinsenter		26 330	2 633		26 330	100	
Kreditt-Finans		21 000	42 000		21 000	100	
Lodalen Holding		1 100	1 100		1 100	100	
Luxcap	EUR	30 000	800 000	EUR	30 000	100	
Lørenfaret NE 1		500	5 000		500	100	
Netaxept		10 500	26 250 000		10 500	100	
Nordlandsbanken		625 062	50 004 984		625 062	100	
Realkreditt Eiendom		11 000	11 000		11 000	100	
Sparebankgårdene		204 920	204 920		204 920	100	
Viul Hovedgård		7 500	750 000		7 500	100	
DnB NOR Kapitalforvaltning Holding		220 050	220 050		220 050	100	2 215 929
DnB NOR Kapitalforvaltning		109 680	548 402		109 680	100	
DnB NOR Asset Management Holding (Sweden)	SEK	135 100	1 351 000	SEK	135 100	100	
Vital Forsikring		1 227 403	49 096 108		1 227 403	100	7 238 045
Vital Eiendom		10 000	10 000		10 000	100	
Vital Eiendomsforvaltning		3 000	3 000		3 000	100	
Vital Pekon		1 400	1 400		1 400	100	
Vital Link		80 000	80 000		80 000	100	227 000
Vital Skade		13 500	13 500		13 500	100	38 440
Total investments in subsidiaries							48 611 916

1) *Major subsidiaries and sub-subsidiaries in the DnB NOR Group.*

Note 5 Loans and deposits from credit institutions

The entire loan of NOK 5 936 million has been granted by DnB NOR Bank ASA at general market terms.

Note 6 Equity

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
			DnB NOR ASA	
Balance sheet as at 31 December 2004	**13 271**	**11 712**	**21 463**	**46 447**
Reversals of dividends for 2004 [1]			5	5
Share issue [2]	97	222		320
Profit for the year			4 708	4 708
Dividends			4 679	4 679
Balance sheet as at 31 December 2005	**13 369**	**11 934**	**21 497**	**46 800**

The share capital of DnB NOR ASA is NOK 13 368 748 980 divided into 1 336 874 898 shares of NOK 10 each. Each share carries one vote at the Annual General Meeting.

1) *Allocations to cover dividends relating to subscription rights not exercised.*
2) *In accordance with the current subscription rights programme, employees subscribed for 9 736 376 shares at NOK 32.83 per share in the first quarter of 2005.*

Note 7 Shares in DnB NOR ASA held by members of governing bodies and senior management

	Shareholdings 31 Dec. 2005
Supervisory Board of DnB NOR ASA	
Members elected by shareholders	
Harald Norvik, chairman	1 010
Rannveig Munkeby Arentz, vice-chairman	0
Wenche Agerup	0
Widar Slemdal Andersen	0
Nils Halvard Bastiansen	0
Anne Cathrine Frøstrup	124
Elisabeth Grændsen	200
Herbjørn Hansson	50 000
Jan Willy Hopland	1
Knut Hartvig Johannson	10 000
Erik Sture Larre sr.	50 439
Ole-Eirik Lerøy	5 000
Odd Lunde	0
Trond Mohn	643 060
Dag J. Opedal	1 395
Anita Roarsen	1
Benedicte Berg Schilbred	10 201
Jørgen Tømmerås	9 864
Marit Tønsberg	0
Tor Peter Øwre	0
Members elected by employees	
Else Carlsen	912
Bente H. Espenes	116
Yvonne Fjellvang	115
Hanne M. Lundberg	690
Jorunn Løvaas	0
Berit Pedersen	0
Anne L. Reistad	276
Eli Solhaug	0
Siri E. Stensrud	1 000
Bjørg Wiers	613

	Shareholdings 31 Dec. 2005
Control Committee of DnB NOR ASA	
Helge B. Andresen, chairman	12 800
Kristin Normann, vice-chairman	0
Frode Hassel	0
Thorstein Øverland	0
Board of Directors of DnB NOR ASA	
Olav Hytta, chairman	6 851
Bjørn Sund, vice-chairman	15 524
Per Hoffmann	1 113
Nina Britt Husebø	876
Berit Kjøll	0
Jørn O. Kvilhaug	97
Bent Pedersen	12 701
Heidi M. Petersen	2 449
Ingjerd Skjeldrum	3 863
Anne Carine Tanum	0
Per Terje Vold	1 156
Senior management	
Svein Aaser, CEO	61 739
Tom Grøndahl, deputy CEO	25 745
Bård Benum, group executive vice president	2 579
Øyvind Birkeland, group executive vice president	1 550
Ottar Ertzeid, group executive vice president	24 807
Helge Forfang, group executive vice president	0
Evlyn Raknerud, group executive vice president	11 052
Åsmund Skår, group executive vice president	7 011
Leif Teksum, group executive vice president	25 897
Group Audit	
Harald Jægtnes, group executive vice president	4 237

The statutory auditor owns no shares in DnB NOR ASA

The figures also include shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 1-5 of the Act on Public Limited Companies.

Note 8 Information on related parties

	DnB NOR ASA		
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004	31 Dec. 2003
Intra-group items - assets			
Lending to and deposits with credit institutions	3 808	4 021	1 423
Lending to subsidiaries	225	2 055	1 825
Outstanding claims against subsidiaries	6 992	8 069	6 103
Intra-group items - liabilities			
Loans from credit institutions	5 936	6 153	6 370
Loans from other subsidiaries	0	1 830	1 825
Liabilities to subsidiaries	2 249	195	596

Oslo, 8 March 2006
The Board of Directors of DnB NOR ASA

Olav Hytta
(chairman)

Bjørn Sund
(vice-chairman)

Per Hoffmann

Nina Britt Husebø

Berit Kjøll

Jørn O. Kvilhaug

Bent Pedersen

Heidi M. Petersen

Ingjerd Skjeldrum

Anne Carine Tanum

Per Terje Vold

Svein Aaser
(group chief executive)

Auditor's report

To the Annual General Meeting and Supervisory Board of DnB NOR ASA

We have audited the annual financial statements of DnB NOR ASA as of 31 December 2005, showing a profit of NOK 4 708 million for the parent company and a profit of NOK 10 144 million for the Group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statement of income and cash flows, the statement of changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and the Group Chief Executive. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2005, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of 31 December 2005, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations

Oslo, 8 March 2006
PricewaterhouseCoopers AS

Geir Julsvoll
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Control Committee's Report

To the Supervisory Board and the Annual General Meeting of DnB NOR ASA

The Control Committee has carried out internal controls in DnB NOR ASA and the Group in accordance with law and instructions laid down by the Supervisory Board.

In connection with the closing of the accounts for the 2005 financial year, the Control Committee has examined the Directors' Report, the annual accounts and the Auditor's Report for DnB NOR ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of DnB NOR and the Group, and recommends the approval of the Directors' Report and annual accounts for the 2005 financial year.

Oslo, 16 March 2006

Helge B. Andresen *(chairman)*

Thorstein Øverland

Kristin Normann *(vice-chairman)*

Svein Brustad *(deputy)*

Frode Hassel

Anita Roarsen *(deputy)*

• Rolf Nesch, *Heraldic Goose, 1960* • © Rolf Nesch / BONO 2006 •

Pension reform

The Pension Commission's report on the modernising of the National Insurance Scheme, submitted in January 2004, represented the last of a number of committee reports on the future of the pension system. The report, subsequent debate, political decisions and media focus all contributed towards a growing interest in pension issues and retirement savings.

The long-term savings market in Norway is probably facing more significant changes than ever before. Under the new pension system, companies must bear a larger share of the costs, while individuals must assume a greater responsibility for their investment choices in determining the level of their pensions.

Occupational pensions for all

As part of the pension reform, in spring 2005, the Norwegian parliament decided to introduce a mandatory occupational pension scheme with effect from 2006. The principal feature of the scheme is that employers have to pay annual contributions for each employee amounting to a minimum two per cent of each employee's gross salary between 1G and 12G (G = the National Insurance basic amount). Employers are also obliged to cover the costs of administering the pension scheme. This means that approximately 60 000 companies with 550 000 employees which do not already have occupational pensions which meet the minimum requirements must establish an approved pension scheme during 2006. This expansion is expected to represent annual premium payments exceeding NOK 3 billion.

It is expected that most new pension schemes will be of the defined contribution type with a minimum contribution. The payment of a pension contribution of two per cent of salary over 1G for 40 years will give an employee with an annual salary of NOK 364 194 (6G) at year-end 2005 a lifelong annual pension of approximately NOK 34 000. Persons whose participation period is less than 40 years will receive proportionally less. Many will probably wish to save more by adding to these mandatory occupational pensions or through other forms of saving. As from 2007, it is expected that an increasing number of people will adopt this point of view and wish to increase their pension savings. Another consequence of the new pension scheme may be that some employers will seek to attract the best employees by offering defined contribution pension schemes that are more generous than those fulfilling the minimum requirements.

National Insurance Scheme

It is expected that the modernisation of the Norwegian National Insurance Scheme will be implemented in 2010, with a gradual introduction for those born after 1950 and with full effect for those born in 1965 or later. An important change is that the calculation of pension entitlements will be based on the total number of years in the workforce, whereas the 20 best years provide the basis today. This means that large groups of future pensioners will not have been in the workforce long enough and/or will have too low income during certain periods to achieve high national insurance benefits. A further important change will be that if average life expectancy continues to increase, individual employees will have to bear the consequences by extending their working lives to prevent their pensions from being reduced. Calculations show that, according to the new rules, a person with a salary level of 6G must have this level of income for at least 43 years in order to obtain a pension from the National Insurance Scheme which is 50 per cent of income. Early retirement may result in a considerable reduction in pension levels, particularly on account of a longer expected retirement period, but also as a result of a shorter contribution period.

The modernisation of the National Insurance Scheme entails that every person will receive an overview of earned pension entitlements and expected future pension payments, reminding each recipient to review their private finances and adapt their savings to meet their retirement needs.

Modernisation of the regulations

The regulations governing life insurance and pension savings schemes are subject to continual change. New legislation applying to defined contribution and occupational pension schemes which will be adapted to mandatory occupational pensions and the reform of the National Insurance Scheme, will be of particular significance. A modernisation of regulations governing life insurance companies is also in the offing and will probably enter into force some time during the period 2007 through 2009. The main purpose of the new rules is to make a clear distinction between the assets of policyholders and owners of insurance companies, and to separately price the savings products' different elements, asset management, insurance risk and administration. The current profit sharing system between policyholders and owners will no longer apply for new contracts. The new regulations open the way for the same company to sell both unit-linked insurance and traditional life insurance. Customers will benefit both from a wider range of investment choices and a more transparent pricing structure.

Safeguarding pensions – brick by brick

Safeguarding pensions is rather like putting up a building. For most people, the National Insurance Scheme is the foundation wall. The minimum pen-

• Inger Sitter, *Composition* • © Inger Sitter / BONO 2006 •

sion is fairly secure, whereas contributions from supplementary pensions are less so. To find out what the total gross amount of the pension will be, capital assets and any potential inheritance must be added to the expected occupational pension. The resulting sum must then be compared to what one considers a satisfactory amount to live on during retirement, inclusive of what one wishes to leave to one's heirs, plus a safety margin. When all these "bricks" have been used, one's own personal pension savings represent the remaining bricks to finish the building. The size of annual savings and the type of investment will to a great extent depend on how long an individual has until retirement age. The longer the time remaining, the less the annual savings amount and the greater the risk exposure may be. Many discover that they have started pension savings too late to achieve their desired level of pension.

DnB NOR – well prepared

Pension savings will be one of the largest and most interesting growth areas for the financial services industry for many years to come owing to the great changes in parameters governing pension savings, the high standard of living in the Norwegian population and buoyant prospects for the Norwegian economy.

To meet future challenges, DnB NOR offers a complete range of products within savings and pensions. Traditional pension products are supplied by Vital, whereas other parts of the Group offer mutual funds, investments in shares, bonds and other fixed-income products, services related to property investments and different types of bank savings. The products are offered through the most extensive financial services distribution network in Norway, through the bank branches of DnB NOR, Postbanken and Nordlandsbanken, as well as through direct contact with a large number of corporate customers. A number of qualified customer advisers give advice to customers themselves or refer them to colleagues who are specialists in specific fields. DnB NOR is therefore very well-equipped to face the competition for pension funds.

Stability in the Norwegian economy

Over the last 35 years, petroleum activity has expanded to become the most important industry in Norway and now represents more than one-fifth of value creation (GDP), close to half of exports and one-fourth of investments.

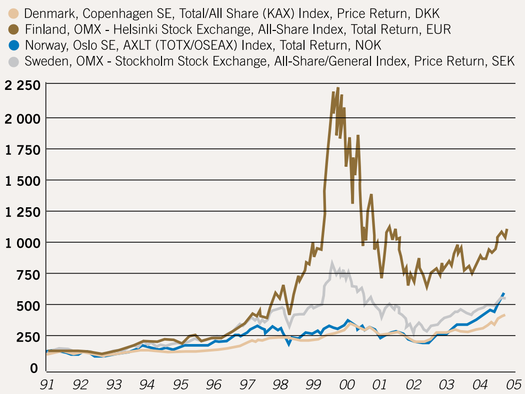
The considerable fluctuations in crude oil prices have created a myth that the Norwegian economy is more volatile than other Nordic economies. In consequence, investors are pricing Norwegian companies lower than corresponding enterprises in other Nordic countries. However, figures for the last 15 years, until and including 2004, do not confirm this myth.

Measured by the standard deviation in the growth rates of economic fundamentals, Norway and Denmark show the most stable development in most areas. Volatility in the Swedish and particularly the Finnish economy is much greater. Due to changes in the price of oil, it is logical that the Norwegian current account balance and GDP growth show the greatest volatility, though in fixed prices and for Mainland Norway, volatility is very low. It is a widespread belief that the energy-dominated Norwegian stock exchange is the most volatile in the Nordic region. However, the technology-dominated stock exchanges in Finland and Sweden have been subject to greater swings over the past 15 years. With respect to investments, the greatest stability is in Denmark. Norway is next, followed closely by Sweden, while the highest investment volatility is found in Finland. With respect to private consumption and unemployment, Norway stands out by having the highest consumption growth, the lowest unemployment rate and, parallel to this, the greatest stability. Changes in the unemployment rate represent the most important macroeconomic risk indicator for the business community.

Some illustrative facts:

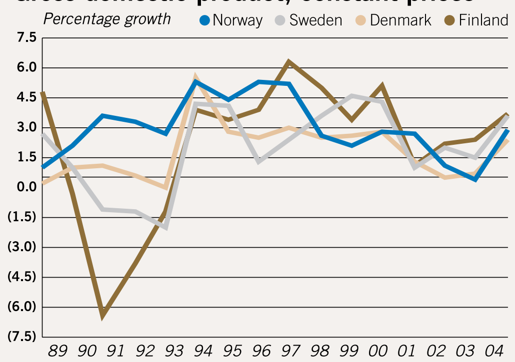
1. Fluctuating oil prices cause variable revenues, especially for the central government, since the marginal tax rate on net revenues from petroleum extraction is 78 per cent. In addition, the government receives revenues from its ownership of petroleum operations. The impact on production is limited.
2. Norwegian crude oil production has declined during the past three years, while gas production has increased. These trends are expected to remain unchanged. At present, gas income represents about one-fifth of total petroleum revenues. Gas prices are stipulated in long-term agreements and are considerably more stable than oil prices.
3. There are few persons employed directly in the petroleum sector and in affiliated areas such as shipyards etc., slightly above two per cent of the workforce. The majority of these are involved in current operating procedures which are little affected by changing oil prices.
4. With respect to investments in the petroleum and affiliated sectors, it is not the spot price of crude oil that is the main driving force, but the changing prospects regarding oil and gas prices six to eight years ahead and onwards. Long-term price expectations change less than oil prices.

Equities 2 January 1991 = 100



The higher volatility in Finland and Sweden in recent years may in part have been caused by the burst of the IT bubble in 2000, which hurt these two countries much more than Denmark and Norway. This may be illustrated by the development in equity prices, as shown in the diagram.

Gross domestic product, constant prices

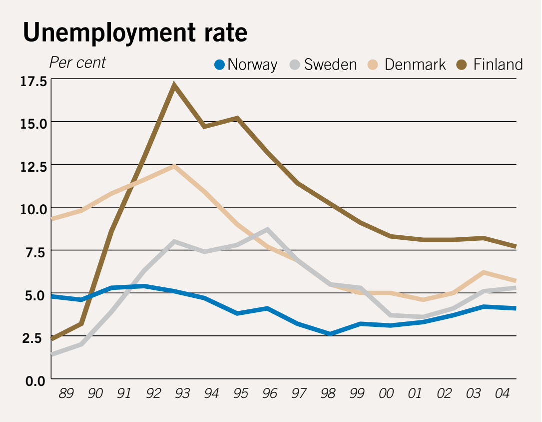


The diagram shows that with respect to GDP in constant prices, Denmark has been the least volatile of the large Nordic countries over the last 15 years, closely followed by Norway. The economies of Sweden and Finland have been considerably more volatile. A main reason for the high volatility in the Finnish GDP was the collapse of the Soviet Union in 1991, when Finland almost over night lost one fifth of its export market. Even if we disregard this factor by looking at the last five years, we see that Sweden and Finland still showed the highest volatility, but the standard deviation in GDP is substantially reduced in all countries.

5. An estimated 40 per cent of petroleum investments is imported, and this share is on the rise. This curbs the impact of changing investment levels on the Norwegian economy.
6. Petroleum investments tend to rise in the wake of an international economic boom. This has contributed to stabilising the economy, and is also a reason why Norway for many years has shown a different cyclical pattern than its oil-importing neighbours. One explanation for this may be that an international economic upturn causes oil prices to rise. After a certain period with higher oil prices, price expectations are revised upwards, thus triggering new oil investments. Oil companies' long-term price assumptions are now well below the current price of crude oil. The companies are not likely to notably scale back their investment plans until the crude oil price falls below an estimated USD 40 per barrel.

The main reason why changes in the price of oil have relatively limited impact on economic stability is the Government Pension Fund - Global (previously the Government Petroleum Fund) and the fiscal rule for use of the petroleum wealth. The Fund serves as a buffer between government revenues and spending. Rising oil prices initially result in more capital being channelled into the Fund, while the fiscal rule ensures that only four per cent of the rise in capital and total fund assets can be used during the subsequent year. If oil prices were to drop to a level where the net value of the remaining petroleum reserves falls to zero, transfers to the fund will stop, though spending will continue. The money available for spending will depend on the return on the Fund's assets, in other words developments in international equity and bond prices. The plunge in oil prices in 1986 forced a tightening of government expenditure, which resulted in a strong increase in the number of bankruptcies, higher unemployment, falling housing prices and a crisis in the banking industry. However, when oil prices dropped sharply in 1998, after the establishment of the Government Pension Fund – Global, there was no need for fiscal tightening.

The Nordic countries have different economic policy measures at their disposal. As a member of the Euro area, Finland can make no interest rate or exchange rate adjustments. The Growth and Stability Pact restricts fiscal policy stimulation to a central government deficit of three per cent of GDP. Due to limited opportunities for demand regulation, it is necessary to have great flexibility on the supply side to conduct a successful stabilisation policy. This is most relevant in relation to the labour market. Insufficient flexibility may at times lead to both a higher unemployment level and greater volatility in the economy. Finland has the highest unemployment rate and the most volatile economy in the Nordic region. Denmark has the most flexible labour market and greater fiscal freedom than Finland, though monetary policy is restricted by the Danish krone being tied to the euro.



Sweden and Norway have the greatest freedom in economic policy and have been most successful in maintaining low and stable unemployment rates. Norway is in a class of its own due to the existence of the Government Pension Fund – Global, with capital of close to NOK 1 300 billion at end-September 2005, the Government Pension Fund – Norway, previously called the National Insurance Scheme Fund, with capital in excess of NOK 184 billion, and holdings in commercial enterprises of NOK 600 billion. In addition, the net present value of unextracted oil and gas is close to NOK 2 700 billion, according to estimates from the Ministry of Finance. These figures indicate that Norway is in a strong position to continue its successful stabilisation policy.

As petroleum reserves are extracted and transformed into financial assets invested throughout the world, Norway becomes less and less oil price dependent, but more and more dependent on developments in international financial markets.

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(Will be upgraded to a branch during 2006)

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Governing bodies

Supervisory Board

Members elected by shareholders
Wenche Agerup, Oslo (0)
Widar Slemdal Andersen, Rælingen (0)
Rannveig Munkeby Arentz, Åsen (vice-chairman) (0)
Nils Halvard Bastiansen, Bærum (0)
Anne Cathrine Frøstrup, Hønefoss (124)
Elisabeth Grændsen, Lillehammer (200)
Herbjørn Hansson, Sandefjord (50 000)
Jan Willy Hopland, Oslo (1)
Knut Hartvig Johannson, Snarøya (10 000)
Erik Sture Larre sr, Oslo (50 439)
Ole-Eirik Lerøy, Bergen (5 000)
Odd Lunde, Bærum (0)
Trond Mohn, Paradis (643 060) [1]
Harald Norvik, Nesodden (chairman) (1 010)
Dag J. Opedal, Oslo (1 395)
Anita Roarsen, Oslo (1)
Benedicte Berg Schilbred, Tromsø (10 201)
Jørgen Tømmerås, Overhalla (9 864)
Marit Tønsberg, Sørumsand (0)
Tor Peter Øwre, Tromsø (0)

Deputies elected by shareholders
Erik Buchmann, Oslo (310)
Turid Dankertsen, Oslo (1 767)
Rolf Domstein, Måløy (0)
Jan-Erik Dyvi, Oslo (27 664)
Eva Granly Fredriksen, Oslo (1)
Harriet Hagan, Alta (200)
Rolf Hodne, Stavanger (0)
Liv Johannson, Oslo (2 480)
Herman Mehren, Nevlunghamn (10)
Aage Møst, Bærum (52 760)
Einar Nistad, Rådal (1 000)
Asbjørn Olsen, Skedsmo (855)
Oddbjørn Paulsen, Bodø (10)
Arthur Sletteberg, Stabekk (0)
Birger Solberg, Oslo (4 000)
Tove Storrødvann, Ski (209)
Anne Bjørg Thoen, Oslo (341)
Lars Wenaas, Måndalen (1 323 400)
Hanne Egenæss Wiig, Halden (0)

Members elected by employees
Else Carlsen, Bødalen (912)
Bente H. Espenes, Oslo (116)
Eli Solhaug, Oslo (0)
Siri E. Stensrud, Oslo (1 000)
Jorunn Løvaas, Bergen (0)
Hanne Mette Lundberg, Hamar (690)
Berit Pedersen, Arendal (0)
Anne Liv Reistad, Nesoddtangen (276)
Yvonne Fjellvang, Oslo (115)
Bjørg Wiers, Bergen (613)

Deputies elected by employees
Per Kr. Andresen, Oslo (4 906)
Marianne Steinsbu, Oslo (2 412)
Trond Maroni, Oslo (4 028)
Lars Kristiansen, Oslo (0)
Lillian Hattrem, Oslo (0)
Svein-Ove Kvalheim, Bergen (500)
Trond Erik Mikkelsen, Bergen (673)
Bjørn Hennum, Drammen (1 503)
Jaran Pedersen, Gjøvik (0)
Tor Arne Kræmer, Tromsø (115)
Per Storstad, Molde (3 913)
Eirik Frøytlog, Lørenskog (0)
Anne Lise Henriksen, Oslo (0)
Inger Hagen Granheim, Oslo (0)
Eskild Wold, Trondheim (115)
Torill Tvedt, Bergen (943)

Control Committee

Members
Helge B. Andresen, Hamar (chairman) (12 800)
Frode Hassel, Trondheim (0)
Kristin Normann, Oslo (vice-chairman) (0)
Thorstein Øverland, Oslo (0)

Deputies
Svein Brustad, Hvalstad (0)
Anita Roarsen, Oslo (1)

Board of Directors

Members
Per Hoffmann, Oslo (1 113) [2]
Nina Britt Husebø, Bergen (876) [2]
Olav Hytta, Oslo (chairman) (6 851) [2]
Berit Kjøll, Oslo (0)
Jørn O. Kvilhaug, Hokksund (97) [2]
Bent Pedersen, Stenløse (12 701)
Heidi M. Petersen, Sandefjord (2 449)
Ingjerd Skjeldrum, Drammen (3 863) [2]
Bjørn Sund, Lysaker (vice-chairman) (15 524)
Anne Carine Tanum, Rømskog (0)
Per Terje Vold, Oslo (1 156)

Deputies for the employee representatives
Bjørn Davidsen, Oslo (3 002) [2]
Sverre Finstad, Moelv (3 112) [2]
Tor M. Nordvold, Skedsmokorset (1 538) [2]
Janne C. Sundby, Stavern (576) [2]

Election Committee

Trond Mohn, Paradis (643 060) [1]
Per Otterdahl Møller, Skien (620)
Harald Norvik, Nesodden (chairman) (1 010)
Benedicte Berg Schilbred, Tromsø (10 201)
Jan Solberg, Rasta (0)

Audit Committee

Bent Pedersen, Stenløse (12 701)
Heidi M. Petersen, Sandefjord (2 449)
Bjørn Sund, Lysaker (chairman) (15 524)
Per Terje Vold, Oslo (1 156)

[1] the number also includes the shares of the spouse
[2] not independent, see page 29 under "Corporate governance"

Group Management

Group chief executive
Svein Aaser (61 739)

Finance/Group Staff
Tom Grøndahl (25 745)

Human Resources and Group Services
Evlyn Raknerud (11 052)

Risk Management and IT
Helge Forfang (0)

Corporate Banking and Payment Services
Leif Teksum (25 897)

Retail Banking
Åsmund Skår (7 011)

DnB NOR Markets
Ottar Ertzeid (24 807)

Vital
Bård Benum (2 579)

DnB NOR Asset Management
Øyvind Birkeland (1 550)

Auditors

Geir Julsvoll (0)
Harald Jægtnes (4 237)

The figures in parentheses indicate shareholdings in DnB NOR ASA as at 31 December 2005. Shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 1-5 of the Act on Public Limited Companies are also included.



- Johan Christian Dahl, *Port of Bergen with the Fortress of Bergenhus, 1856*
- Frithjof Smith-Hald, *Sunset, 1894*
- Frits Thaulow, *A Winterday, 1890*

The works of art featured in the annual report are part of DnB NOR’s collection. This is one of Norway’s largest private art collections, consisting of over 10 000 works of art dating back from the end of the 1800s to the present day. The works of art are on display in DnB NOR’s offices in Norway and abroad, where they can be enjoyed by employees, customers and other visitors.

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