Fourth quarter report 2005

• Frits Thaulow, *A Winterday, 1890* •

Preliminary and unaudited

DnB NOR

Review of the 2005 annual accounts and the results for the fourth quarter of 2005

In accordance with 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 comparable figures and pro forma figures have been prepared for 2004. Formal comparable figures do not include the effects of the implementation of IAS 39 and IFRS 4, as these standards were not introduced 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 Accounting principles and transition to IFRS explains the effects of the transition.

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

Introduction

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.

Profits for 2005 totalled NOK 10 144 million, an increase of NOK 1 903 million or 23 per cent from 2004.

The Board of Directors has proposed dividend of NOK 3.50 per share, compared with NOK 2.55 for 2004.

Fourth quarter performance 2005

DnB NOR's pre-tax operating profits before write-downs came to NOK 3 359 million in the fourth quarter of 2005, up from NOK 2 852 million in the year-earlier period. After taxes, profits totalled NOK 2 996 million, an increase of NOK 521 million or 21 per cent compared with the corresponding period of 2004. Return on equity was 21.5 per cent for the October through December period, up from 20.4 per cent in the fourth quarter of 2004. Earnings per share stood at NOK 2.24 and NOK 1.86 respectively. The ratio of ordinary expenses to income showed a very positive trend, representing 47.5 per cent for the fourth quarter of 2005, down from 52.9 per cent in the year-earlier period.

Net interest income totalled NOK 3 473 million in the fourth quarter, an increase of NOK 55 million from the fourth quarter of 2004. Average lending and deposits grew by NOK 89 billion and NOK 48 billion respectively, compared with the October through December period of 2004, ensuring a NOK 390 million increase in net interest income. The combined spread contracted by 0.27 percentage points compared with the year-earlier period, bringing down net interest income by NOK 369 million from the fourth quarter of 2004.

Net other operating income stood at NOK 3 222 million for the final three months of 2005, a NOK 278 million rise from the corresponding period of 2004. The increase mainly reflected commission income and income on financial instruments. Net other operating income represented 48.1 per cent of total income in the fourth quarter of 2005, as against 46.3 per cent in the year-earlier period.

Operating expenses totalled NOK 3 336 million in the October through December period in 2005, down NOK 174 million from the year-earlier period. The cost cuts stemmed primarily from the realisation of synergies and reduced pension expenses.

Net gains on fixed and intangible assets came to NOK 172 million for the fourth quarter of 2005. The gains recorded in the quarter can be attributed to the sale of bank properties.

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, the Group recorded net reversals on write-downs on loans and guarantees of NOK 48 million in the fourth quarter of 2005.

Full year results 2005

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.

The table below specifies changes in net interest income from 2004 according to main items:

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)	

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.

The table below specifies changes from 2004 according to main items:

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:			
Commissions receivable		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, a cutback in costs due to changes in the pension scheme for employees and a positive trend in financial markets in 2005. 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.

The table below shows changes from 2004 according to main items:

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	

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 losses and write-downs totalled NOK 805 million, while reversals and recoveries on previously impaired commitments came to NOK 571 million. In 2004, new losses and write-downs were NOK 1 333 million, while reversals and recoveries stood at NOK 1 236 million.

The table below specifies changes in net write-downs from 2004 to 2005 according to main items:

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	

After deductions for individual write-downs, net impaired commitments came to NOK 4 324 million at year-end 2005, a decline of NOK 1 402 million from 31 December 2004. Net impaired commitments represented 0.63 per cent of net lending at the end of 2005, compared with 0.97 per cent a year earlier. Including DnB NORD, which was incorporated in DnB NOR's accounts as at 31 December 2005, net impaired commitments came to NOK 4 993 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 217 billion or 17.4 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 2004, excluding DnB NORD, with NOK 36 billion and NOK 59 billion referring to the retail and corporate markets respectively. The 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 and capital adequacy

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.

The table below shows 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.*

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 totalling NOK 53 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 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.

Changes in group structure

Establishment of new international operations

DnB NOR strengthened its future growth platform in 2005 by expanding its international presence. DnB NOR and Norddeutsche Landesbank, NORD/LB, decided to establish a jointly owned bank in the Baltic Sea region, DnB NORD, with 130 branch offices in Finland, Denmark, Estonia, Latvia, Lithuania and Poland. DnB NOR owns 51 per cent of the bank, which is headquartered in Copenhagen. As part of the agreement, DnB NOR took over NORD/LB's operations in Sweden in the third quarter of 2005, thus doubling DnB NOR's banking operations in the Swedish market.

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 during 2006. These investments will give DnB NOR a future growth potential in interesting markets and segments.

Sale of subsidiaries and holdings in associated companies

In 2005, DnB NOR sold the subsidiaries Postbanken Eiendomsmegling AS, Aktiv Eiendomsmegling AS, Aurora Salmon AS and Follalaks AS. Holdings in the associated companies Pan Fish ASA and Helgelandske AS were also sold.

Integration

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.

Business areas

The activities of DnB NOR are organised in five business areas in addition to staff and support units. The business areas carry responsibility for customer segments served by the Group, as well as the products offered.

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 5 994 million, an increase of NOK 1 032 million compared with 2004. A very low level of write-downs on loans and guarantees and strong growth throughout the year ensured healthy profits in spite of fierce competition and pressure on margins. Higher lending volume compensated for narrowing spreads. Average lending and deposits increased by 8.8 per cent and 13.7 per cent respectively from 2004. Return on capital rose from 16.3 per cent in 2004 to 18.5 per cent in 2005.

Retail Banking recorded pre-tax operating profits of NOK 4 274 million, up NOK 841 million compared with 2004. Performance reflected both higher income and reduced expenses. Good sales results and brisk demand for housing loans boosted average lending by NOK 36 billion or 11.4 per cent compared with 2004. There was a 5.0 per cent increase in average customer deposits. Return on capital rose from 20.6 per cent in 2004 to 23.2 per cent in 2005.

DnB NOR Markets achieved pre-tax operating profits of NOK 1 739 million, a NOK 314 million increase from 2004, reflecting strong growth in all equity-related activities. DnB NOR Markets is Norway's largest investment bank. Return on capital rose from 52.0 per cent in 2004 to 55.5 per cent in 2005.

Vital recorded pre-tax operating profits of NOK 1 318 million, up NOK 79 million compared with 2004. There was a significant increase in premium income, total assets and the number of new customers in 2005. Return on capital was 16.6 per cent in 2005.

Asset Management recorded pre-tax operating profits of NOK 391 million, a NOK 127 million increase compared with 2004. Asset Management is Norway's largest fund manager and has a leading position within discretionary asset management for institutional clients in Norway and Sweden. Return on capital rose from 15.3 per cent in 2004 to 21.6 per cent in 2005.

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.

Profit and loss accounts

DnB NOR Group

Amounts in NOK million	Note	4th quarter 2005	Pro forma 4th quarter 2004	4th quarter 2004 1)	Full year 2005	Pro forma full year 2004 2)	Full year 2004 1)	Pro forma full year 2003 3)
Total interest income	3	8 134	7 237	7 008	29 973	28 918	28 152	38 158
Total interest expenses	3	4 661	3 819	3 706	16 363	15 611	15 308	24 636
Net interest income	3	**3 473**	**3 418**	**3 302**	**13 610**	**13 306**	**12 844**	**13 522**
Commissions and fees receivable etc.	4, 5	2 378	2 016	2 039	8 665	7 857	7 948	6 398
Commissions and fees payable etc.	4, 5	566	564	564	2 323	2 267	2 267	2 119
Net gains on financial instruments at fair value	4	707	563	515	2 611	2 010	1 865	2 550
Net gains on assets at fair value in Vital	4, 5	3 925	1 887	1 887	14 379	10 138	10 138	760
Guaranteed returns and allocations to policyholders in Vital	4, 5	3 616	1 278	1 278	13 111	8 350	8 350	0
Premium income etc. included in the risk result in Vital	4, 5	1 594	899	899	3 925	3 439	3 439	0
Insurance claims etc. included in the risk result in Vital	4, 5	1 542	940	940	3 828	3 745	3 745	0
Net realised gains on investment securities (AFS)	4	0	26	41	167	59	89	0
Profit from companies accounted for by the equity method	4	1	2	23	118	98	169	159
Other income	4	342	333	330	1 117	1 247	1 247	1 022
Net other operating income	4, 5	**3 222**	**2 944**	**2 952**	**11 721**	**10 486**	**10 534**	**8 770**
Salaries and other personnel expenses	5, 6	1 635	1 711	1 711	6 737	6 874	6 874	6 577
Other expenses	5, 6	1 536	1 562	1 562	5 474	6 567	6 567	5 566
Depreciation and impairment of fixed and intangible assets	5, 6	165	238	238	653	961	961	1 240
Total operating expenses	5, 6	**3 336**	**3 510**	**3 510**	**12 864**	**14 402**	**14 402**	**13 382**
Pre-tax operating profit before write-downs		**3 359**	**2 852**	**2 744**	**12 467**	**9 391**	**8 976**	**8 909**
Net gains on fixed and intangible assets	9	172	(33)	(10)	775	914	1 005	(5)
Write-downs on loans and guarantees	10, 11	(48)	21	56	133	(179)	(38)	1 891
Pre-tax operating profit		**3 578**	**2 798**	**2 678**	**13 109**	**10 484**	**10 019**	**7 014**
Taxes	5	582	323	298	2 965	2 322	2 251	1 636
Profit from discontinuing operations after taxes		0	0	0	0	79	79	0
Profit for the period		**2 996**	**2 475**	**2 380**	**10 144**	**8 241**	**7 846**	**5 378**
Earnings per share		2.24	1.86	1.79	7.59	6.25	5.95	4.11

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. See further description under accounting principles.*

3) *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

DnB NOR Group

Amounts in NOK million	Note	31 Dec. 2005	1 Jan. 2005	31 Dec. 2004 [1)]	1 Jan. 2004 [1)]	Pro forma 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	12, 13	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 derivative instruments		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
Investments 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	14	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		4 986	6 722	12 729	17 084	11 350
Total assets		**1 081 287**	**911 798**	**901 606**	**874 324**	**885 623**
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 derivative instruments		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	-	-	92
Share capital		13 369	13 271	13 271	13 090	13 090
Other reserves and retained earnings		44 135	37 179	35 413	30 218	31 591
Total equity		**58 449**	**50 605**	**48 717**	**43 316**	**44 780**
Total liabilities and equity		**1 081 287**	**911 798**	**901 606**	**874 324**	**885 623**

Off-balance sheet transactions and contingencies 16

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. See further description under accounting principles.*

Changes in equity

DnB NOR Group

Amounts in NOK million	Minority interests	Revalu-ation reserve	Share capital	Share premium reserve	Currency trans-lation 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 properties for own use						516	516	516
Other effects					163	(212)	(49)	(49)
Total IFRS effects	0	0	0	0	163	1 039	1 201	1 201
Balance sheet as at 1 January 2004	**8**	**0**	**13 090**	**11 353**	**163**	**18 703**	**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 Investment	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**	**75**	**23 596**	**35 413**	**48 717**
IFRS effects								
IAS 39 - Application of amortised cost principle, including write-downs on loans						1 545	1 545	1 545
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	1 766	1 766	1 887
Balance sheet as at 1 January 2005	**33**	**122**	**13 271**	**11 741**	**75**	**25 362**	**37 179**	**50 605**
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 Investment	(3)						0	(3)
Sale of Follalaks	(37)						0	(37)
Balance sheet as at 31 December 2005	**946**	**0**	**13 369**	**11 963**	**86**	**32 085**	**44 135**	**58 449**

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.

Cash flow statements

Amounts in NOK million	DnB NOR Group Full year 2005	Full year 2004
OPERATIONS		
Net payments on loans to customers	(86 045)	(42 154)
Net receipts on deposits from customers	45 478	22 145
Interest and commisions 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	732	195
Payments on the acquisition of fixed assets	(1 138)	(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	**(405)**	**3 730**
FUNDING ACTIVITY		
Net loans from credit institutions	19 543	1 932
Net receipts on other short-term liabilities	2 626	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	**49 993**	**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.

Key figures

	DnB NOR Group			
	4th quarter 2005	Pro forma 4th quarter 2004	Full year 2005	Pro forma full year 2004
Interest rate analysis				
1. Combined average spread for lending and deposits (%)	2.12	2.39	2.21	2.37
2. Spread for ordinary lending to customers (%)	1.40	1.66	1.50	1.67
3. Spread for deposits from customers (%)	0.72	0.73	0.71	0.70
Rate of return/profitability				
4. Net other operating income, per cent of total income	48.1	46.3	46.3	44.1
5. Cost/income ratio (%)	47.5	52.9	50.2	56.0
6. Return on equity (%)	21.5	20.4	18.8	17.7
7. Average equity including allocated dividend (NOK million)	55 816	49 071	53 212	46 743
Financial strength				
8. Core (Tier 1) capital ratio at end of period (%)	7.4	7.6	7.4	7.6
9. Capital adequacy ratio at end of period (%)	10.2	10.7	10.2	10.7
10. Core capital at end of period (NOK million)	52 523	45 059	52 523	45 059
11. Total eligible primary capital at end of period (NOK million)	73 161	63 509	73 161	63 509
12. Risk-weighted volume at end of period (NOK million)	714 039	591 906	714 039	591 906
Loan portfolio and write-downs				
13. Write-downs relative to gross lending, annualised (%)	(0.03)	0.01	0.03	(0.04)
14. Net non-performing and impaired commitments, per cent of net lending	0.63	0.97	0.63	0.97
15. Accumulated write-downs relative to total gross lending (%)	0.54	0.85	0.54	0.85
16. Net non-performing and impaired commitments at end of period (NOK million)	4 324	5 726	4 324	5 726
Liquidity				
17. Ratio of customer deposits to net lending to customers at end of period (%)	58.9	60.5	58.9	60.5
Total assets owned or managed by DnB NOR				
18. Assets under management at end of period (NOK billion)	570	496	570	496
19. Average total combined assets (NOK billion)	1 426	1 253	1 314	1 261
20. Total combined assets at end of period (NOK billion)	1 463	1 246	1 463	1 246
21. Customer savings at end of period (NOK billion)	987	856	987	856
Staff				
22. Number of full-time positions at end of period	11 446	10 085	11 446	10 085
23. - of which in Vital	868	926	868	926
The DnB NOR share				
24. Number of shares at end of period (1 000)	1 336 875	1 327 139	1 336 875	1 327 139
25. Average number of shares (1 000)	1 336 875	1 325 899	1 334 474	1 317 744
26. Earnings per share (NOK)	2.24	1.86	7.59	6.25
27. Total shareholders' return (%)	6.7	12.2	25.3	40.7
28. Equity per share including allocated dividend at end of period (NOK)	43.75	38.13	43.75	38.13
29. Share price at end of period (NOK)	72.00	59.75	72.00	59.75
30. Price/book value	1.65	1.58	1.65	1.58
31. Market capitalisation (NOK billion)	96.3	79.3	96.3	79.3
32. Dividend per share (NOK)	n/a	n/a	3.50	2.55
33. "RISK" adjustment for the share as at 1 January the consecutive year (NOK)	-	-	(3.50)	(2.56)

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.
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.

Note 1 – Accounting principles and transition to IFRS

Accounting principles

The fourth quarter accounts have been prepared according to IFRS principles, including IAS 34, in force as at 31 December 2005, approved by the EU. A description of the accounting principles applied by the Group in preparing the accounts is found in note 1 to the first quarter report 2005. In the fourth quarter of 2005, the DnB NOR Group implemented IAS 39 - The Fair Value Option, whereby the portfolios of fixed-rate deposits and borrowings in Norwegian kroner are carried at fair value, with changes in value recorded through profit or loss. The portfolio of fixed-rate loans in Norwegian kroner is also recorded at fair value. Long-term fixed-rate borrowings and deposits in foreign currency are subject to interest rate hedging on an individual basis. This principle is used to avoid asymmetry in the accounts with respect to items included in the Group's interest rate management. 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. Cf. description under "Effects of the transition to IFRS" below.

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.

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.

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 17 "Business areas".

Effects of the transition to IFRS

The Group implemented IFRS 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.

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 and actuarial 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 breakdown of 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 to value transactions as from 1 January 2004. The breakdown of 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. The fourth quarter 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 on group 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.

Note 1 – Accounting principles and transition to IFRS (continued)

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 "IFRS adjusted 1 January 2005" shows effects including adjustments made in the fourth quarter of 2005, e.g the introduction of the Fair Value Option.

DnB NOR Group

Amounts in NOK billion	NGAAP 1 Dec. 2004	Adjusted IFRS 1 Jan. 2005
Cash and deposits with credit institutions	30 650	34 793
Net lending to customers	569 364	583 431
Commercial paper and bonds etc.	62 986	172 635
Shareholdings etc.	13 532	31 005
Fixed and intangible assets	9 746	30 584
Financial assets, customers bearing the risk	0	9 747
Other assets	28 403	49 604
Total assets	**714 680**	**911 798**
Loans and deposits from credit institutions	48 940	59 119
Deposits from customers	355 316	353 084
Securities issued	192 410	192 537
Insurance liabilities, customers bearing the risk	0	9 747
Liabilities to life insurance policyholders	0	152 965
Other liabilities and provisions	47 376	69 472
Primary capital	70 638	74 873
Total liabilites and equity	**714 680**	**911 798**

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". "Financial assets, customer bearing the risk" represents assets in the unit linked company Vital Link. Obligations referring to these assets are presented on the line "insurance liabilities - customer 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 and fixed-rate 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 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.

Note 1 – Accounting principles and transition to IFRS (continued)

Effects excluding IAS 39 [1)]	**DnB NOR Group**
Amounts in NOK million	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. The Group consolidates investments in companies over which it exercises control or significant influence. Repossessed assets classified as current assets were valued as loans according to IFRS.

Effects including IAS 39 [1)]	**DnB NOR Group**
Amounts in NOK million	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 for the period IFRS (pro forma, including 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 sheet above. The recording of financial instruments at amortised cost results in changes in the recording of fees and write-downs. See description under balance sheet 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 and deposits 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 table below presents effects of the full consolidation of insurance operations in the profit and loss accounts.

Note 1 – Accounting principles and transition to IFRS (continued)

IFRS [1] Amounts in NOK million	Vital 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 accounting year	**1 317**	

NGAAP [2] Amounts in NOK million	Vital 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 Amounts in NOK million	DnB NOR Group 2004
Net profit from Vital	1 216
Goodwill amortisation	101
Profit for the accounting year	**1 317**

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 financial 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

1) *The table shows full consolidation of Vital in accordance with IFRS principles for consolidation prior to elimination of intra-group transactions and balances.*

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.*

Note 2 – 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 9.

Establishment of DnB NORD

On 21 June 2005, DnB NOR and Norddeutsche Landesbank (NORD/LB) announced their plans to establish a jointly owned 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 branch offices. 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 4 300 million. The transaction increased goodwill in DnB NOR's consolidated accounts by EUR 1 million, representing compensation to NORD/LB for the Finnish portfolio.

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**

Note 2 – Changes in group structure (continued)

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 would have risen by NOK 703 million parallell to a NOK 177 million increase in annual profits.

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.

Note 3 – Net interest income

	DnB NOR Group			
Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Interest income	8 134	7 008	29 973	28 152
Interest expenses	4 661	3 706	16 363	15 308
Net interest income	**3 473**	**3 302**	**13 610**	**12 844**

Last five quarters

Amounts in NOK million	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	Pro forma 4th quarter 2004
Interest income	8 134	7 587	7 222	7 030	7 237
Interest expenses	4 661	4 161	3 810	3 730	3 819
Net interest income	**3 473**	**3 426**	**3 412**	**3 299**	**3 418**

Note 4 – Net other operating income

	DnB NOR Group			
Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Commissions and fees receivable etc.	2 378	2 039	8 665	7 948
Commissions and fees payable etc.	566	564	2 323	2 267
Net gains on financial instruments at fair value	707	515	2 611	1 865
Net gains on assets at fair value in Vital	3 925	1 887	14 379	10 138
Guaranteed returns and allocations to policyholders in Vital	3 616	1 278	13 111	8 350
Premium income etc. included in the risk result in Vital	1 594	899	3 925	3 439
Insurance claims etc. included in the risk result in Vital	1 542	940	3 828	3 745
Net realised gains on investment securities (AFS)	0	41	167	89
Profit from companies accounted for by the equity method	1	23	118	169
Other income	342	330	1 117	1 247
Net other operating income	**3 222**	**2 952**	**11 721**	**10 534**

Last five quarters

Amounts in NOK million	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	Pro forma 4th quarter 2004
Commissions and fees receivable etc.	2 378	2 181	2 081	2 026	2 016
Commissions and fees payable etc.	566	593	577	587	564
Net gains on financial instruments at fair value	707	875	453	575	563
Net gains on assets at fair value in Vital	3 925	4 438	2 389	3 627	1 887
Guaranteed returns and allocations to policyholders in Vital	3 616	4 141	2 127	3 227	1 278
Premium income etc. included in the risk result in Vital	1 594	797	777	757	899
Insurance claims etc. included in the risk result in Vital	1 542	761	737	788	940
Net realised gains on investment securities (AFS)	0	100	67	0	26
Profit from companies accounted for by the equity method	1	22	35	61	2
Other income	342	220	287	269	333
Net other operating income	**3 222**	**3 139**	**2 648**	**2 713**	**2 944**

Note 5 – Vital

Description of the business area

The business area Vital in DnB NOR comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS.

Accounts according to IFRS

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

Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by the Norwegian Ministry of Finance. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group’s access to revenues and assets from life insurance operations.

Below, the profit and loss accounts and balance sheets for Vital as included in the DnB NOR Group's accounts according to IFRS are described.

Profit and loss accounts [1)]

				Vital
Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Total interest income				
Total interest expenses				
Net interest income				
Commissions and fees receivable etc.	500	352	1 630	1 404
Commissions and fees payable etc.	185	121	562	441
Net gains on financial instruments at fair value				
Net gains on assets at fair value in Vital	3 913	1 889	14 369	10 110
Guaranteed returns and allocations to policyholders in Vital	3 616	1 278	13 111	8 350
Premium income etc. included in the risk result in Vital	1 595	899	3 925	3 439
Insurance claims etc. included in the risk result in Vital	1 542	940	3 828	3 745
Net realised gains on investment securities (AFS)				
Profit from companies accounted for by the equity method				
Other income				
Net other operating income	**664**	**801**	**2 423**	**2 417**
Salaries and other personnel expenses	151	160	575	656
Other expenses	116	113	434	388
Depreciation and impairment of fixed and intangible assets	24	37	97	135
Total operating expenses	**291**	**310**	**1 105**	**1 178**
Pre-tax operating profit before write-downs	**373**	**491**	**1 318**	**1 239**
Net gains on fixed and intangible assets				
Write-downs on loans and guarantees				
Pre-tax operating profit	**373**	**491**	**1 318**	**1 239**
Taxes	(306)	(175)	(331)	(78)
Profit from discontiuning operations after taxes				
Profit for the period [2)]	**679**	**666**	**1 649**	**1 317**

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

Note 5 – Vital (continued)

2) *Breakdown of profit and loss accounts* **Vital**

Amounts in NOK million	*4th quarter 2005*	*4th quarter 2004*	*Full year 2005*	*Full year 2004*
Administration result [a)]	*(15)*	*(287)*	*(83)*	*(387)*
Pension costs [c)]	*380*		*380*	
Interest result	*1 912*	*802*	*6 053*	*4 137*
Risk result	*52*	*(44)*	*94*	*(312)*
Transferred from security reserve	*2*	*3*	*(4)*	*0*
Result from other activities/other provisions	*0*	*245*	*0*	*131*
Profits for distribution within life insurance [b)]	*1 571*	*719*	*5 680*	*3 569*
Transferred to additional allocations	*1 500*	*300*	*1 500*	*300*
Funds transferred to policyholders	*(164)*	*(73)*	*3 008*	*2 033*
Pre-tax operating profit – life insurance	*235*	*492*	*1 172*	*1 236*
Pre-tax operating profit – unit linked	*(14)*	*2*	*(6)*	*3*
Taxes	*(426)*	*(175)*	*(452)*	*(78)*
Profit for the period	*647*	*666*	*1 618*	*1 317*
Reversal of pension liabilities previously charged to the Group accounts [c)]	*31*		*31*	
Result for the period in Vital in the Group accounts	*679*	*666*	*1 649*	*1 317*

a) *The results for 2004 includes restructuring provisions of NOK 250 million.*

b) *Specification of profits for distribution within life insurance*	*1 571*	*719*	*5 680*	*3 569*
Of which profit for operations subject to profit sharing	*1 547*	*462*	*5 648*	*3 426*
- funds transferred to policyholders	*(164)*	*(74)*	*3 008*	*2 033*
- funds transferred to additional allocations	*1 500*	*300*	*1 500*	*300*
- profits for allocation to the owner and taxes	*211*	*236*	*1 140*	*1 093*
Of which profit from operations not subject to profit sharing	*24*	*257*	*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.

c) *Increase in pension costs after transition to IFRS in Vital in 2005. The effect for the owner of the reversal after taxes, NOK 31 million, was reflected in the DnB NOR Group's opening balance sheet as at 1 January 2004.*

Note 5 – Vital (continued)

Balance sheets [1]	Vital	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Assets		
Cash and deposits with central banks		
Lending to and deposits with credit institutions	11 527	5 780
Lending to customers		
Commercial paper and bonds	67 457	54 377
Shareholdings	32 445	24 371
Financial assets, customers bearing the risk	13 136	9 747
Financial derivatives	786	2 194
Shareholdings, available for sale		
Commercial paper and bonds, held to maturity	52 587	54 172
Investment property	22 872	19 252
Investments in associated companies	14	14
Intangible assets	252	262
Deferred tax assets		30
Fixed assets	50	77
Biological assets		
Discontinuing operations		
Other assets	1 533	5 109
Total assets	**202 659**	**175 385**
Liabilities and equity		
Loans and deposits from credit institutions		
Deposits from customers		
Financial derivatives	1 080	5
Securities issued		
Insurance liabilities, customers bearing the risk	13 136	9 747
Liabilities to life insurance policyholders	174 675	152 965
Payable taxes		
Deferred taxes	99	423
Other liabilities	1 991	2 422
Discontinuing operations		
Provisions	133	37
Subordinated loan capital	2 594	2 519
Total liabilities	**193 708**	**168 118**
Minority interests		
Revaluation reserve		
Share capital	1 307	1 302
Other reserves and retained earnings	7 643	5 965
Total equity	**8 951**	**7 267**
Total liabilities and equity	**202 659**	**175 385**

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

Note 5 – Vital (continued)

Key figures — **Vital**

Per cent	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Recorded return, excluding unrealised gains on financial instruments [1]	2.1	1.5	7.3	6.5
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds held to maturity [1]	2.4	2.5	8.3	7.1
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds held to maturity and unrealised gains on current assets [1]	2.1	2.7	7.7	7.7
Return on capital after taxes [2] [3]	17.2	28.1	16.5	19.1
Expenses in per cent of policyholders' funds [1] [2] [4] [5]	1.03	0.87	0.90	0.90
Capital adequacy ratio at the end of the period [1] [5]	11.7	14.1	11.7	14.1
Core capital ratio at the end of the period [1] [5]	8.9	10.7	8.9	10.7
Policyholders funds, life insurance, at the end of the period (NOK billion)	174.7	153.0	174.7	153.0
Policyholders funds unit linked at the end of the period (NOK billion)	13.1	9.7	13.1	9.7
Solvency margin capital in per cent of requirement at the end of the period [1] [5] [6]	158.0	162.8	158.0	162.8

1) *Vital Forsikring ASA including subsidiaries*
2) *Figures are annualised.*
3) *Calculated on the basis of recorded equity.*
4) *Expenses charged to the administration result. Calculated according to NGAAP.*
5) *Kredittilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted solvency capital or capital adequacy regulations to IFRS.*
6) *Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.*

Accounts according to NGAAP

Engaged in life and unit linked insurance, the business area applies accounting for such operations. Columns showing figures for Vital refer to the life insurance company and unit linked operations in Vital Link. Columns showing figures for Life insurance refer to operations in Vital Forsikring ASA including subsidiaries.

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

Profit and loss accounts - NGAAP — **Vital**

Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Premium income for own account	7 681	5 327	24 856	22 132
Income from financial assets	4 686	2 088	17 417	19 562
Income from assets related to unit linked insurance business	545	179	2 521	754
Other insurance-related income	(5)	201	1	266
Insurance settlements for own account	3 207	3 645	11 764	11 895
Increase in insurance provisions etc.	5 972	2 725	19 745	15 236
Insurance-related operating expenses	457	360	1 524	1 439
Expenses related to financial assets	738	(1 652)	3 529	8 897
Expenses related to unit linked insurance business	0	3	3	8
Other insurance-related expenses	386	399	485	479
Transferred from/(to) securities adjustment reserve	(562)	(1 572)	(1 966)	(1 090)
Result of technical profit and loss accounts before special provisions	1 584	742	5 778	3 669
Transferred to additional allocations	1 500	300	1 500	300
Funds transferred to policyholders	(164)	(74)	3 008	2 033
Result of technical profit and loss accounts for life insurance operations	249	516	1 270	1 336
Other expenses	28	22	104	97
Result of ordinary operations	221	494	1 166	1 239
Taxes	(426)	(175)	(452)	(78)
Profit for the period	647	669	1 618	1 317

Note 5 – Vital (continued)

Balance sheets - NGAAP

	Vital	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Financial assets	181 436	158 457
Assets related to unit linked insurance business	13 136	9 741
Accounts receivable	1 171	2 052
Other assets	3 152	2 138
Prepaid expenses and accrued income	2 766	2 757
Total assets	201 661	175 145
Paid-in capital	2 466	2 443
Retained earnings	4 912	4 864
Subordinated and perpetual subordinated loan capital securities	2 594	2 519
Securities adjustment reserve	5 503	3 538
Insurance provisions	169 172	149 796
Provisions in unit linked insurance business	13 136	9 741
Provisions for commitments	302	651
Liabilities	3 260	1 028
Accrued expenses and prepaid income	315	565
Total equity and liabilities	201 661	175 145
Market value above acquisition cost of bonds held to maturity	3 268	3 935

Solvency capital - NGAAP

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

Note 6 – Operating expenses

Amounts in NOK million	DnB NOR Group 4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Salaries and other personnel expenses	1 635	1 711	6 737	6 874
Other expenses	1 536	1 562	5 474	6 567
Depreciation and impairment of fixed and intangible assets	165	238	653	961
Total operating expenses [1)]	**3 336**	**3 510**	**12 864**	**14 402**

Last five quarters

Amounts in NOK million	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	Pro forma 4th quarter 2004
Salaries and other personnel expenses	1 635	1 730	1 666	1 706	1 711
Other expenses	1 536	1 268	1 372	1 298	1 562
Depreciation and impairment of fixed and intangible assets	165	162	165	161	238
Total operating expenses [1)]	**3 336**	**3 160**	**3 203**	**3 165**	**3 510**

1) In the fourth quarter of 2005, NOK 73 million in systems development costs previously carried to expense was reclassified and recognised as assets.

Note 7 – Restructuring provisions [1)]

Amounts in NOK million	DnB NOR Group 31 Dec. [2)] 2005	Accrued expenses 2005	31 Dec. [2)] 2004
DnB NOR merger	235	764	998
Of which: IT		*311*	
Staff cuts		*295*	
Real estate		*88*	
Other		*70*	

1) In the fourth quarter of 2004, NOK 250 million was allocated to restructuring measures in Vital in connection with the merger between Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA. These provisions are not included in the above table. Remaining provisions for restructuring measures previous to the DnB NOR merger are included in the table and amounted to NOK 40 million as at 31 December 2004.

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

Note 8 – Number of employees/full-time positions [1)]

	DnB NOR Group 4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Number of employees at end of period	11 831	10 482	11 831	10 482
Number of employees calculated on a full-time basis at end of period	11 446	10 085	11 446	10 085
Average number of employees	10 349	10 557	10 258	10 966
Average number of employees calculated on a full-time basis	9 980	10 158	9 873	10 517

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

Note 9 – Net gains on fixed and intangible assets

	DnB NOR Group			
Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Follalaks			107	
Helgelandske			16	
Aurora Salmon	4		63	
Pan Fish			314	
Akersgt. 64-67, Oslo	24		88	
Haraldsgate 125, Haugesund	52		52	
Søndregate 12, Trondheim	46		46	
Postbanken Eiendomsmegling	2		18	
Elcon Finans		(31)		946
Gjensidige NOR Fondsforsikring				35
Other	44	21	71	24
Net gains on fixed and intangible assets	**172**	**(10)**	**775**	**1 005**

Note 10 – Write-downs on loans and guarantees

	DnB NOR Group			
Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
New individual write-downs	44	275	805	1 198
Reassessed individual write-downs	47	125	324	924
Total individual write-downs	(3)	150	481	274
Recoveries on commitments previously written off	76	94	247	312
Group write-downs	31	0	(101)	0
Write-downs on loans and guarantees	**(48)**	**56**	**133**	**(38)**
Of which write-downs on guarantees	*19*	*21*	*19*	*15*

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

	DnB NOR Group			
Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Retail customers	(4)	(76)	105	57
International shipping	(9)	(7)	12	(46)
Real estate	(13)	19	(23)	7
Manufacturing	28	61	58	(101)
Services and management	(58)	13	(87)	(215)
Trade	7	(5)	40	51
Oil and gas	0	(7)	(4)	(43)
Transportation and communication	8	2	18	25
Building and construction	13	9	19	62
Power and water supply	0	0	2	0
Fishing	(33)	44	3	179
Other sectors	43	10	(251)	184
Total customers	(18)	63	(108)	160
Credit institutions	(17)	7	66	7
IFRS effects concerning individual write-downs [1)]	(44)	(14)	276	(205)
Group write-downs	31	0	(101)	0
Total write-downs on loans and guarantees	**(48)**	**56**	**133**	**(38)**

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) For 2004, the effects were due to reclassifications according to IFRS.

Note 12 – Net lending to principal sectors [1)]

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Retail customers	374 247	330 785
International shipping	48 751	32 003
Real estate	95 805	82 900
Manufacturing	23 731	20 422
Services and management	45 902	30 569
Trade	27 075	21 207
Oil and gas	7 486	4 811
Transportation and communication	15 845	12 966
Building and construction	8 867	6 239
Power and water supply	6 151	4 725
Fishing	8 963	8 973
Hotels and restaurants	3 716	3 622
Agriculture and forestry	6 445	4 455
Central and local government	3 401	1 424
Other sectors	12 689	7 798
IFRS effects	9 849	(2 846)
Group write-downs	1 419	3 534
Total net lending to customers	**697 504**	**566 518**

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

1) Lending after individual write-downs.

Note 13 – Net non-performing and impaired commitments

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Non-performing and impaired commitments	7 305	9 229
Write-downs	2 312	3 255
Net non-performing and impaired commitments	**4 993**	**5 974**

Note 14 – Intangible assets

	DnB NOR Group	
Amounts in NOK million	31 Dec. 2005	31 Dec. 2004
Goodwill	5 623	5 276
Systems development	311	192
Postbanken brand name	51	51
Other intangible assets	57	170
Total intangible assets	**6 042**	**5 689**

Note 15 – Capital adequacy according to NGAAP [1)]

	DnB NOR Group	
Amounts in NOK million	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
Reductions		
Pension funds above pension commitments	(165)	(1 141)
Goodwill	(4 673)	(4 902)
Deferred tax assets	(111)	(728)
Other intangible assets	(499)	(299)
Additions		
Portion of unrecognised actuarial 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
Net 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

1) *Kredittilsynet has not adapted Norwegian capital adequacy regulations to IFRS. For the time being, capital adequacy calculations are based on special consolidation rules for the statutory accounts, which thus far are not allowed to be restated according to IFRS.*
2) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
3) *Calculations of capital adequacy include a total of NOK 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 bank's 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.*

Note 16 – Off-balance sheet transactions, contingencies and post balance-sheet events

Off-balance sheet transactions and additional information		DnB NOR Group	
		31 Dec.	31 Dec.
Amounts in NOK million		2005	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		13 831	10 916
Guarantee to the Norwegian Banks' Guarantee Fund 1)		0	2 676
Guarantees for taxes etc.		3 077	2 790
Other guarantee commitments		5 163	4 803
Total guarantee commitments		51 355	46 194
Support agreements		4 995	2 482
Total guarantee commitments etc. *)		56 349	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	49 558	43 728
	Other activities	111	115

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

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Group's financial position. The disputes involving the highest amounts are described below.

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. have filed a suit against, among others, DnB NOR Bank ASA before a US court, claiming compensation of USD 160 million. The bank disputes the claim and has requested that the case be dismissed.

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.

Post balance-sheet events

At the beginning of 2006, loan portfolios totaling some NOK 4 300 million were transferred to DnB NORD from NORD/LB and DnB NOR. The transaction increased goodwill in DnB NOR's consolidated accounts by EUR 1 million, representing compensation to NORD/LB for the Finnish portfolio.

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.

Note 17 – Business areas

Profit and loss accounts, fourth quarter

DnB NOR Group

	Corporate Banking 4th quarter		Retail Banking 4th quarter		DnB NOR Markets 4th quarter		Vital 4th quarter		Asset Management 4th quarter		Other operations 4th quarter	
Amounts in NOK million	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest income - ordinary operations	1 476	1 299	1 894	1 804	64	60	0	0	(19)	(1)	57	141
Interest on allocated capital	146	112	88	64	15	10	0	0	8	6	(257)	(192)
Net interest income	1 622	1 411	1 982	1 868	79	70	0	0	(10)	5	(200)	(52)
Net other operating income	601	690	903	696	784	618	664	801	302	242	(33)	(95)
Total income	2 223	2 101	2 885	2 564	863	688	664	801	292	247	(233)	(147)
Operating expenses *)	851	820	1 634	1 623	340	272	291	310	147	172	73	314
Pre-tax operating profit before write-downs	1 372	1 281	1 252	941	523	416	373	491	145	76	(306)	(460)
Write-downs on loans and net losses on assets	(154)	35	67	(25)	0	2	0	0	0	(0)	(134)	54
Pre-tax operating profit	1 526	1 246	1 185	966	522	413	373	491	145	76	(172)	(515)
**) Of which group overhead*	*15*	*17*	*8*	*8*	*3*	*4*	*2*	*3*	*1*	*1*	*(29)*	*(33)*

Profit and loss accounts, full year

DnB NOR Group

	Corporate Banking		Retail Banking		DnB NOR Markets		Vital		Asset Management		Other operations 1)	
Amounts in NOK million	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest income - ordinary operations	5 701	5 369	7 363	7 062	235	209	0	0	(21)	(6)	332	210
Interest on allocated capital	510	454	297	249	50	41	0	0	29	26	(886)	(770)
Net interest income	6 211	5 823	7 660	7 311	285	250	0	0	8	20	(554)	(560)
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)
Total income	8 712	8 075	10 744	10 080	3 018	2 516	2 423	2 417	1 036	945	(602)	(655)
Operating expenses *)	3 250	3 337	6 215	6 447	1 268	1 088	1 105	1 178	642	681	384	1 672
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)
Write-downs on loans and net losses on assets	(532)	(181)	255	101	11	3	0	0	2	(0)	(379)	(966)
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)
**) Of which group overhead*	*61*	*67*	*32*	*33*	*13*	*16*	*6*	*11*	*3*	*5*	*(115)*	*(132)*

1) Other operations:

	Elimination of double entries		Eliminations		Group Centre	
Amounts in NOK million	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*
Net interest income - ordinary operations	*(12)*	*9*	*(134)*	*(132)*	*479*	*333*
Interest on allocated capital					*(886)*	*(770)*
Net interest income	*(12)*	*9*	*(134)*	*(132)*	*(407)*	*(437)*
Net other operating income	*(942)*	*(731)*	*(348)*	*(229)*	*1 241*	*865*
Total income	*(954)*	*(723)*	*(482)*	*(361)*	*834*	*428*
Operating expenses			*(445)*	*(249)*	*829*	*1 921*
Pre-tax operating profit before write-downs	*(954)*	*(723)*	*(38)*	*(111)*	*5*	*(1 493)*
Write-downs on loans and net losses on assets			*(3)*	*(0)*	*(376)*	*(966)*
Pre-tax operating profit	*(954)*	*(723)*	*(35)*	*(111)*	*381*	*(527)*

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 (concerns 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)*

Note 17 – Business areas (continued)

Main average balance sheet items

DnB NOR Group

Amounts in NOK billion	Corporate Banking 2005	Corporate Banking 2004	Retail Banking 2005	Retail Banking 2004	DnB NOR Markets 2005	DnB NOR Markets 2004	Vital [1] 2005	Vital [1] 2004	Asset Management 2005	Asset Management 2004	Other operations 2005	Other operations 2004
Net lending to customers [2]	279.8	246.8	347.7	312.1	2.9	1.4					(3.5)	5.2
Customer deposits [2]	199.9	165.4	197.0	187.6	11.0	9.4					(8.8)	(7.4)
Assets under management							187.3	167.7	504.9	482.4	(158.5)	(140.6)

Key figures

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	Vital [3] 2005	Vital [3] 2004	Asset Management [3] 2005	Asset Management [3] 2004	Other operations [4] 2005	Other operations [4] 2004
Cost/income ratio	37.3	41.3	57.8	64.0	42.0	43.2			62.0	72.0		
Ratio of deposits to lending [2]	71.4	67.0	56.7	60.1								
Return on capital BIS	18.5	16.2	23.2	21.2	55.5	52.0	16.6	19.1	21.6	15.3		
Full-time positions [5] [6] [7]	1 809	1 932	4 103	4 288	538	531	868	926	285	310	3 844	2 099

1) *Assets under management include total assets.*
2) *Based on nominal values.*
3) *Return on capital is calculated on the basis of recorded equity.*
4) *Other operations in 2005 include 1 754 full-time positions in DnB NORD.*
5) *Figures are as at 31 December.*
6) *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 have been included as at 31 December 2005. Figures for 2004 have been restated accordingly.*
7) *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 18 – Profit and balance sheet trends

Profit and loss accounts

DnB NOR Group

Amounts in NOK million	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	Pro forma 4th quarter 2004
Total interest income	8 134	7 587	7 222	7 030	7 237
Total interest expenses	4 661	4 161	3 810	3 730	3 819
Net interest income	**3 473**	**3 426**	**3 412**	**3 299**	**3 418**
Commissions and fees receivable etc.	2 378	2 181	2 081	2 026	2 016
Commissions and fees payable etc.	566	593	577	587	564
Net gains on financial instruments at fair value	707	875	453	575	563
Net gains on assets at fair value in Vital	3 925	4 438	2 389	3 627	1 887
Guaranteed returns and allocations to policyholders in Vital	3 616	4 141	2 127	3 227	1 278
Premium income etc. included in the risk result in Vital	1 594	797	777	757	899
Insurance claims etc. included in the risk result in Vital	1 542	761	737	788	940
Net realised gains on investment securities (AFS)	0	100	67	0	26
Profit from companies accounted for by the equity method	1	22	35	61	2
Other income	342	220	287	269	333
Net other operating income	**3 222**	**3 139**	**2 648**	**2 713**	**2 944**
Salaries and other personnel expenses	1 635	1 730	1 666	1 706	1 711
Other expenses	1 536	1 268	1 372	1 298	1 562
Depreciation and impairment of fixed and intangible assets	165	162	165	161	238
Total operating expenses	**3 336**	**3 160**	**3 203**	**3 165**	**3 510**
Pre-tax operating profit before write-downs	**3 359**	**3 404**	**2 857**	**2 847**	**2 852**
Net gains on fixed and intangible assets	172	130	455	17	(33)
Write-downs on loans and guarantees	(48)	(79)	123	136	21
Pre-tax operating profit	**3 578**	**3 613**	**3 190**	**2 728**	**2 798**
Taxes	582	903	797	682	323
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	**2 996**	**2 710**	**2 392**	**2 046**	**2 475**
Earnings per share	2.24	2.03	1.78	1.54	1.86

Note 18 – Profit and balance sheet trends (continued)

Balance sheets					DnB NOR Group
Amounts in NOK million	31 Dec. 2005	30 Sept. 2005	30 June 2005	31 March 2005	1 Jan. 2005
Assets					
Cash and deposits with central banks	21 229	24 264	1 593	7 366	8 780
Lending to and deposits with credit institutions	40 854	53 198	64 538	51 555	26 013
Lending to customers	697 504	652 405	622 238	601 079	583 431
Commercial paper and bonds	145 475	140 283	132 723	128 538	116 990
Shareholdings	35 980	33 355	30 091	30 558	29 195
Financial assets, customers bearing the risk	13 136	12 016	10 766	10 354	9 747
Financial derivatives	33 751	33 980	38 766	35 194	42 552
Shareholdings, available for sale	0	0	210	298	303
Commercial paper and bonds, held to maturity	52 587	52 282	51 656	54 390	55 645
Investment property	23 143	20 753	19 341	19 690	19 423
Investments in associated companies	1 402	1 362	1 382	1 452	1 507
Intangible assets	6 042	5 401	5 440	5 647	5 689
Deferred tax assets	52	260	301	292	326
Fixed assets	5 120	4 777	5 000	5 222	5 146
Biological assets	0	0	147	247	278
Discontinuing operations	27	0	0	0	51
Other assets	4 986	6 290	8 157	9 100	6 722
Total assets	**1 081 287**	**1 040 625**	**992 348**	**960 983**	**911 798**
Liabilities and equity					
Loans and deposits from credit institutions	108 053	103 295	94 182	87 222	59 119
Deposits from customers	410 991	399 273	383 179	369 018	353 084
Financial derivatives	31 845	30 614	36 871	33 028	44 721
Securities issued	236 588	222 248	207 473	199 824	192 537
Insurance liabilities, customers bearing the risk	13 136	12 016	10 766	10 354	9 747
Liabilities to life insurance policyholders	174 675	168 056	162 149	157 977	152 965
Payable taxes	943	3 934	3 139	2 403	2 574
Deferred taxes	1 759	17	0	0	0
Other liabilities	14 358	16 706	13 310	18 161	16 629
Discontinuing operations	0	0	0	0	24
Provisions	4 495	4 806	5 113	5 374	5 523
Subordinated loan capital	25 996	25 193	24 283	24 658	24 269
Total liabilities	**1 022 838**	**986 157**	**940 465**	**908 018**	**861 193**
Minority interests	946	6	42	33	33
Revaluation reserve	0	0	90	116	122
Share capital	13 369	13 367	13 369	13 366	13 271
Other reserves and retained earnings	44 135	41 095	38 381	39 450	37 179
Total equity	**58 449**	**54 468**	**51 882**	**52 965**	**50 605**
Total liabilities and equity	**1 081 287**	**1 040 625**	**992 348**	**960 983**	**911 798**

Profit and loss accounts DnB NOR ASA

According to NGAAP

Amounts in NOK million	4th quarter 2005	4th quarter 2004	Full year 2005	Full year 2004
Interest income	47	35	173	101
Interest expenses	47	44	186	229
Net interest income and credit commissions	**0**	**(9)**	**(13)**	**(128)**
Dividends from group companies/group contributions	5 532	0	5 532	7 881
Net gains on foreign exchange and financial instruments	(3)	0	(9)	0
Commissions and fees payable etc.	1	2	6	8
Net other operating income	**5 527**	**(2)**	**5 517**	**7 874**
Salaries and other ordinary personnel expenses	13	1	38	37
Administrative expenses	38	26	160	102
Sundry ordinary operating expenses	0	2	4	7
Other expenses	0	0	0	7
Total operating expenses	**52**	**29**	**202**	**153**
Pre-tax operating profit before losses	**5 476**	**(40)**	**5 302**	**7 592**
Net gains on long-tem securities	0	13	0	15
Pre-tax operating profit	**5 476**	**(26)**	**5 302**	**7 607**
Taxes	595	(7)	595	2 118
Profit for the period	**4 882**	**(19)**	**4 708**	**5 489**

Balance sheets DnB NOR ASA

According to NGAAP

Amounts in NOK million	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	48 612	45 975	46 121
Other receivables due from group companies	6 992	8 069	6 103
Other assets	45	57	30
Total assets	**59 682**	**60 177**	**55 502**
Liabilities and equity			
Loans from DnB NOR Bank ASA	5 936	6 153	6 370
Loans from other group companies	2 249	2 025	2 420
Other liabilities and provisions	4 697	5 552	2 919
Paid-in capital	25 303	24 983	24 414
Retained earnings	21 497	21 463	19 379
Total liabilities and equity	**59 682**	**60 177**	**55 502**

Frontpage: Ole Mæhle • DnB NOR Grafisk Senter • 10.2005

www.dnbnor.com

DnB NOR