

Second quarter report 2005



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According to a resolution passed by the EU, all listed companies are required to prepare consolidated accounts for 2005 in accordance with IFRS, International Financial Reporting Standards (previously IAS, International Accounting Standards). Due to the EEA agreement, this also applies to Norwegian listed companies. DnB NOR ASA presents consolidated accounts for the second quarter of 2005 according to IFRS and IAS 34 Interim Financial Reporting.

The accounts and analyses presented below have been prepared on the basis of consolidated accounts according to IFRS principles. Changes in principles are described in note 1 – Transition to IFRS and accounting principles. In consequence of delays in working out the final IFRS regulations, the DnB NOR Group has taken the opportunity to postpone the implementation of certain standards, including IAS 39, until 1 January 2005. Figures for periods prior to 2005 are pro forma figures prepared as if the IFRS standards had been implemented as of 1 January 2004. Figures termed "NGAAP" have been prepared on the basis of accounting principles used by the DnB NOR Group up till 31 December 2004. These principles are described in more detail in the annual report for 2004.

The new regulations will have no impact on the strategy or the business and operative management of DnB NOR. Thus far, capital adequacy regulations have not been adapted to financial reporting according to IFRS. However, new capital adequacy regulations adapted to IFRS are expected to be introduced during 2005.

Introduction

The DnB NOR Group showed sound performance in the first half and second quarter of 2005, recording a rise in income in spite of intensified competition, parallel to a reduction in expenses in line with the targets set for the integration process. The quality of the loan portfolios remained sound, with a low level of write-downs on loans and guarantees.

Pre-tax operating profits before write-downs came to NOK 5 672 million for the first half of 2005, up from NOK 4 049 million in the year-earlier period. After taxes, profits rose from NOK 3 822 million to NOK 4 414 million. Return on equity was 17.0 per cent in the first half of 2005, compared with 16.5 per cent in the corresponding period of 2004. Earnings per share stood at NOK 3.30 and NOK 2.90 respectively.

The cost/income ratio was further improved, representing 53.2 per cent for the first half of 2005, as against 57.7 per cent for the corresponding period of 2004.

Pre-tax operating profits before write-downs for the second quarter of the year came to NOK 2 920 million, an increase from NOK 2 645 million in the year-earlier period. After taxes, profits totalled NOK 2 440 million, up from NOK 1 876 million in the second quarter of 2004. The cost/income ratio was 52.6 per cent for the second quarter of 2005. Return on equity was 18.6 per cent in the April through June period, compared with 16.4 per cent a year earlier. Earnings per share for the two quarters were NOK 1.82 and NOK 1.42 respectively. Including 50 per cent of profits, the core capital ratio was 7.5 per cent as at 30 June 2005.

Integration efforts in the Group showed healthy progress, and at end-June the realisation of synergies was ahead of the original integration plan. The process of reprofiling the branch network was completed during the second quarter, and all branch offices now sport the new DnB NOR design. A clear majority of customers consider the changes positive.

During the second quarter, the credit rating agency Standard and Poor's upgraded DnB NOR Bank ASA from A to A+, reflecting the completion of the merger process between DnB and Gjensidige NOR. The improved rating will ensure lower funding costs for the Group.

Customer activity remained at a high level throughout the first half of 2005, and growth in corporate credit demand climbed during the second quarter. Credit demand in the retail market stayed high,

especially with respect to well-secured housing loans.

Postbanken, which is part of DnB NOR, and Norway Post have entered into a new agreement on the distribution of banking services through the postal network from 2006 through 2012. The agreement will enter into force as of 1 January 2006 and is an extension of the current agreement between the two parties.

DnB NOR and Norddeutsche Landesbank Girozentrale (NORD/LB) have decided to establish a new bank in the Baltic Sea region with more than 100 branches, offices and subsidiaries in Finland, Denmark, Estonia, Latvia, Lithuania and Poland. DnB NOR will own 51 per cent of operations, which are scheduled to commence business as of 1 January 2006.

Net interest income

Net interest income totalled NOK 3 407 million in the second quarter of 2005, up NOK 6 million compared with the second quarter of 2004.

Growth in average lending and deposit volumes of NOK 47 billion and NOK 24 billion respectively from the second quarter of 2004 boosted net interest income by NOK 230 million. The combined spread contracted by 0.12 percentage points compared with the year-earlier period, reducing net interest income by NOK 190 million from the second quarter of 2004.

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

Changes in net interest income

Amounts in NOK million	2nd quarter		2nd quarter	
	2005	Change	2004	
Net interest income	3 407	6	3 401	
Of which:				
Lending and deposit volumes		230		
Lending and deposit spreads		(190)		
Interbank funding and interest rate instruments		(97)		
Net result on equity, share investments and fixed assets		45		
Levies to the banks' guarantee fund		28		
Other		(10)		

Net other operating income

Net other operating income amounted to NOK 2 755 million in the second quarter of 2005, up NOK 180 million compared with the corresponding period of 2004.

Commission income (commissions and fees receivable on payment transfers and insurance services and income on securities) rose by NOK 113 million. Net gains on financial instruments were up NOK 122 million from the second quarter of 2004.

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

Changes in net other operating income

Amounts in NOK million	2nd quarter		2nd quarter
	2005	Change	2004
Net other operating income	2 755	180	2 575
Of which:			
Commissions receivable on banking services		113	
Net gains on financial instruments		122	
Investments in associated companies		(17)	
Net income from life insurance and pension operations		(7)	
Other income		(32)	

Operating expenses

Operating expenses totalled NOK 3 241 million in the second quarter of 2005, down NOK 90 million from the year-earlier period.

Salaries and other personnel expenses were brought down by a total of NOK 25 million from the second quarter of 2004, while wage settlements led to a NOK 35 million rise in expenses. Performance-based pay in DnB NOR increased by NOK 31 million compared with the year-earlier period.

Marketing expenses rose NOK 20 million from the April through June period in 2004.

The realisation of synergies was ahead of the original integration plan, and synergies resulting from the merger were NOK 221 million higher in the second quarter of 2005 than in the year-earlier period. Due to the merger, staff had been scaled back by 1 278 full-time positions by 30 June 2005, while synergy measures had an accumulated effect on cost levels of an estimated NOK 695 million in the first half of 2005.

The table below shows changes in second-quarter expenses from 2004 to 2005:

Changes in operating expenses

Amounts in NOK million	2nd quarter		2nd quarter
	2005	Change	2004
Operating expenses	3 241	(90)	3 331
Of which:			
Wage settlements		35	
Performance-based pay		31	
Marketing		20	
Other, incl. new activities		45	
Merger synergies		(221)	

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 472 million in the first half of 2005, which can be largely attributed to the sale of the subsidiary Aurora Salmon AS, the bank's holding in Pan Fish ASA and the properties Akersgaten 64-67. Gains of NOK 59 million, NOK 314 million and NOK 64 million respectively were recorded in the accounts for the second quarter of 2005.

Write-downs and impaired commitments

Write-downs on loans and guarantees were NOK 123 million in the second quarter of 2005, with individual write-downs of NOK 183

million and reversals on group write-downs of NOK 60 million.

Corresponding figures for the second quarter of 2004 showed net reversals of NOK 39 million, with individual write-downs of NOK 108 million and reversals on group write-downs of NOK 69 million.

Credit demand was brisk during the first half of 2005, and the quality of the portfolios showed improvement or remained stable. The Group brought down the risk associated with the fishing industry in the second quarter, which included selling its shares in Pan Fish ASA.

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

Changes in write-downs

Amounts in NOK million	2nd quarter		2nd quarter
	2005	Change	2004
Net write-downs	123	84	39
Of which:			
Increase in net individual write-downs		75	
Reduction in group write-downs		9	

After deductions for individual write-downs, net impaired commitments came to NOK 5 571 million at end-June 2005, a decline of NOK 155 million from 31 December 2004.

Taxes

The DnB NOR Group's tax charge for the second quarter of 2005 was NOK 813 million, based on an anticipated average tax rate of 25 per cent of pre-tax operating profits. After the transition to IFRS, taxes on insurance operations will be classified as taxes for the DnB NOR Group. In previous accounts, the DnB NOR Group incorporated profits from life insurance operations according to the equity method, whereby taxes were netted against income.

Balance sheet and assets under management

At end-June 2005, total combined assets in the DnB NOR Group were NOK 1 325 billion, an increase of NOK 48 billion from a year earlier.

Total assets in the Group's balance sheet were NOK 993 billion as at 30 June 2005 and NOK 932 billion a year earlier. Net lending to customers rose by NOK 54 billion, with NOK 33 billion and NOK 21 billion referring to the retail and corporate markets respectively. The rise in lending to retail customers mainly represented residential mortgages. The ratio of deposits to lending was maintained at a satisfactory level.

Insurance provisions, i.e. Vital's commitments to policyholders, totalled NOK 173 billion at end-June 2005, compared with NOK 156 billion a year earlier.

Risk and capital adequacy

During the second quarter of 2005, DnB NOR started using a new, improved model for risk measurement, adapted to new requirements in the Basel II regulations due to be introduced in 2007. The new model will play a key part in meeting requirements for measuring and assessing the Group's risk level. According to the new model, the minimum capital requirement will be between 10 and 15 per cent lower than in DnB NOR's previous internal model. This indicates a capital requirement around NOK 18 billion below the formal core capital requirement. A more detailed description of the new model can be found in supplementary information for the second quarter of 2005.

The estimated capital requirement increased by NOK 0.8 billion during the quarter, to NOK 28.0 billion at end-June 2005, reflecting growth in credit volume. Calculations indicate that the DnB NOR Group was well capitalised relative to the Group's core capital.

The table below shows developments in the risk-adjusted capital requirement (figures for previous periods have been restated in accordance with the new model).

<i>Amounts in NOK billion</i>	30 June 2005	31 March 2005	31 Dec. 2004	30 June 2004 ¹⁾
Credit risk	24.8	24.2	23.6	23.9
Market risk	2.0	2.0	2.1	1.9
Ownership risk for Vital	9.0	9.0	7.2	7.4
Operational risk	4.0	4.0	4.0	3.9
Business risk	1.6	1.6	1.6	1.6
Gross risk-adjusted capital	41.4	40.6	38.5	38.7
Diversification effect ²⁾	(13.4)	(13.4)	(12.1)	(11.6)
Net risk-adjusted capital	28.0	27.2	26.4	27.1
Diversification effect in per cent of gross risk-adjusted capital	32.3	33.0	31.4	29.9

1) *Adjusted for discontinued operations.*

2) *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.*

Credit demand in the corporate market increased during the second quarter. There was brisk activity in the shipping sector, and credit risk was largely syndicated in the market. In the retail market, there was continued strong growth in housing loans.

The credit quality of the Group's loan portfolios remained stable throughout the second quarter. The sale of sizeable equity holdings in fish-farming companies ensured a reduction in the Group's risk exposure in this industry. In consequence of higher prices, there was a significant improvement in profitability in the fish-farming industry during the January through June period.

The short-term risk level in Vital was unchanged from the first quarter of the year. Strengthened buffer capital compensated for a rise in total assets and a moderate increase in the proportion of equity investments, representing 18.8 per cent of total assets at end-June 2005. In the longer term, the decline in long-term interest rates represents a greater challenge with respect to Vital's guaranteed rate of return on policyholders' funds. However, investments in long-term securities and real estate ensure the company's flexibility over the next few years, representing 40 per cent of total assets at end-June 2005.

The Group's market risk remained stable during the April through June period. Due to the high level of customer activity in DnB NOR Markets, risk limits relating to share issues and initial public offerings were raised. The Group's equity investments were brought down, which included the sale of shares in Storebrand and Pan Fish. There were no changes in the Group's operational and business risk during the second quarter. Strict requirements on the operational stability of IT systems is a key challenge given high priority by group management.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by NOK 19 billion during the second quarter, to NOK 634 billion at end-June. Including 50 per cent of profits, the DnB NOR Group's core capital ratio was 7.5 per cent as at 30 June 2005, while the capital adequacy ratio was 10.5 per cent. Excluding profits for the period, the core capital ratio was 7.2 per cent and the capital adequacy ratio 10.2 per cent.

Changes in group structure

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). Nordlandsbanken Invest received shares in LSG as partial settlement for the shares in Aurora Salmon, thus bringing DnB NOR's holding in LSG to 5.89 per cent.

Sale of shares in Pan Fish ASA

DnB NOR Bank ASA sold its 24 per cent holding in Pan Fish ASA to institutional investors. After the transition to IFRS, Pan Fish has been recorded as an associated company in the group accounts.

Establishment of new banking group in the Baltic region – DnB NORD

In Norway, DnB NOR sees only a potential for organic growth, while further expansion must take place outside domestic borders. The Baltic region represents a large growth area, and on 21 June 2005, DnB NOR decided to establish a banking group under the name DnB NORD in cooperation with Norddeutsche Landesbank Girozentrale (NORD/LB), with operations in Denmark, Finland, Estonia, Latvia, Lithuania and Poland. DnB NOR will obtain a significant strategic position in important expanding markets through the agreement. The new entity will be owned 51 per cent by DnB NOR Bank and 49 per cent by NORD/LB. The new bank is scheduled to become operative as from January 2006.

DnB NORD will have a sound position in the Baltic Sea region from day one, with 1 450 employees, 111 branch offices, more than 550 000 customers and total assets of EUR 2.7 billion, corresponding to NOK 21 billion. DnB NOR will pay EUR 157.5 million, or NOK 1 240 million, for 51 per cent of the shares in DnB NORD.

In a parallel move, DnB NOR Bank will take over NORD/LB's operations in Sweden, which had extended credits totalling EUR 1 349 million as at 31 December 2004, corresponding to NOK 10.6 billion.

Integration

The integration of DnB and Gjensidige NOR into a new and stronger financial services group is progressing according to plan, and the process is followed closely by the Board of Directors and group management. Merger plans included staff cuts of 1 630 full-time positions and annual cost synergies of NOK 1 860 million. The cost synergy target has been adjusted upward from NOK 1 760 million to reflect full consolidation of expenses in Vital after the transition to IFRS principles. The synergies are scheduled to be realised over a period of three years, with full effect as from 2007.

Integration efforts made headway in 2004 and, based on IFRS principles, synergies of around NOK 732 million and staff cuts of 800 full-time positions were realised. Additional synergies of NOK 93 million and staff reductions of 178 full-time positions were achieved in 2003. The accumulated cost synergy target set for end-December 2005 is NOK 1 116 million.

The table below shows total annual synergy targets relative to realised synergies (adjusted for discontinued operations and IFRS effects).

<i>Amounts in NOK million</i>	2004 (30%)	2005 (60%)	2006 (90%)	2007 (100%)
Total annual cost synergy target	558	1 116	1 674	1 860
Realised cost synergies	732	695 ¹⁾		

1) *Figures as at 30 June 2005. Other figures are for the full year.*

During the first half of 2005, synergies of NOK 695 million and staff reductions of 300 full-time positions were realised. Net staff cuts in DnB NOR during the January through June period represented 325 full-time positions. Adjusted for discontinued operations, there was an increase of 19 full-time positions that can be attributed to new initiatives and strategic priorities.

The table below shows realised synergies and staff reductions per business area for the first half of 2005.

	Reduction in full-time positions 30 June 2005	Reduction in full-time positions 2003/ 2004	Total reduction in full-time positions 2003/ 30 June 2005	Cost synergies 30 June 2005 (NOK million)
Retail Banking	174	454	628	206
Corporate Banking	51	145	196	77
DnB NOR Markets	0	101	101	54
Asset Management	8	71	79	37
Life Insurance and Pensions	36	58	94	55
Staff units/other	31	149	180	266
Total	300	978	1 278	695

NOK 389 million of total cost synergies of NOK 695 million in the first half of 2005 referred to staff reductions. Cost savings within IT and reduced use of consultants led to cost synergies of NOK 119 million, while NOK 187 million represented other cost savings.

Restructuring provisions relating to the merger total NOK 1 860 million. Around 50 per cent of restructuring provisions refer to planned staff cuts. The provisions otherwise cover the coordination of IT systems and moving of bank branches into common premises. At end-June 2005, NOK 1 320 million of the provisions had been utilised.

The process of reprofiling the Group's branch offices was completed during the first half of the year. By end-September 2005, all key customer and administrative systems will be coordinated, aiming to ensure uniform customer service in all bank branches. Feedback from customers on the reorganisation has in general been positive.

Business areas

The activities of DnB NOR are organised into 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

Based on IFRS, pre-tax operating profits were NOK 2 722 million for the first half of 2005, compared with NOK 2 322 million for the corresponding period last year. The analyses which follow below are based on NGAAP. For Corporate Banking these figures deviate from IFRS figures due to differences in the treatment of repossessed assets and write-downs on loans.

Corporate Banking recorded pre-tax operating profits based on NGAAP of NOK 2 446 million in the first half of 2005 and NOK 2 197 million in the year-earlier period. Performance reflected a healthy income trend in a market characterised by fierce competition.

Ordinary net interest income was down NOK 8 million from the first half of 2004. Stable interest levels and strong competition led to a continued narrowing of spreads in the second quarter of 2005. The total volume of loans and guarantees, adjusted for exchange rate movements, rose by NOK 23 billion from the first half of 2004. In addition, the business area arranged syndicated loans and commercial paper and bond issues for a total of NOK 116 billion. The quality of the credit portfolio was good, with prices reflecting risk levels.

As a result of sound liquidity among customers, average deposits rose by NOK 18 billion compared with the first half of 2004.

Other operating income was up NOK 96 million from the year-earlier period due to brisk sales of interest rate products and a significant rise in corporate finance activity.

Costs were brought down by NOK 44 million in the first half of the year compared with the year-earlier period. A reduction in costs resulting from the merger was partly outweighed by a rise in costs relating to higher levels of activity in DnB NOR Finans and in international units. The business area was ahead of schedule in realising synergies, and staff synergies corresponding to a total of 196 full-time positions had been achieved by end-June 2005.

Due to the sound quality of the credit portfolio along with a healthy economic trend, loan losses were low in the January through June period. Net loan losses came to NOK 6 million.

Customer satisfaction remained stable at an acceptable level during the second quarter.

Corporate Banking launched new customer loyalty programmes for SME clients during the second quarter. The programmes 'Partner' and 'Partner pluss' include agreements on the use of the Internet banking applications and credit cards as well as favourable prices on a number of the Group's products. The new initiatives aim to strengthen Corporate Banking's offering to this customer segment.

Corporate clients make increasing use of web-based services, and the Group's Internet banks had a total of 71 000 corporate users at end-June 2005. For several customers, Internet banking is their main channel for everyday banking services, which places heavy demands on operational stability and good product solutions both in and outside Norway. A new and improved Internet bank for corporate clients will be launched within the end of 2005.

Retail Banking

Based on IFRS, pre-tax operating profits were NOK 1 950 million for the first half of 2005 and NOK 1 598 million for the corresponding period of 2004. The analyses which follow below are based on NGAAP, according to which Retail Banking recorded pre-tax operating profits of NOK 1 960 million in the first half, an improvement of NOK 324 million compared with the corresponding period of 2004.

Lending growth was 12 per cent from end-June 2004. Due to the competitive situation, lending spreads were marginally reduced, averaging 1.6 per cent for the January through June period. Deposit spreads were 0.8 per cent. High lending growth compensated for the pressure on spreads and ensured a NOK 126 million rise in net interest income compared with the first half of 2004. Net other operating income totalled NOK 1 405 million, up NOK 31 million on the year-earlier period.

Operating expenses came to NOK 3 067 million, representing a reduction of NOK 197 million or 6 per cent from the year-earlier period. The cost/income ratio was 59.7 per cent, compared with 65.6 per cent in the first half of 2004.

Retail Banking was ahead of schedule in realising synergies in connection with the DnB NOR merger. The business area had achieved accumulated staff synergies corresponding to 628 full-time positions as at 30 June 2005 and realised cost synergies of NOK 206 million in the first half of the year. Staff numbered 4 128 full-time positions at end-June 2005.

The integration of branch offices was completed during the second quarter of the year, and all 193 branches now sport the new DnB NOR design. The new branches have been well received by customers. Retail customers also benefit from the merger through better terms, and interest rates on housing loans for loyalty programme customers were reduced by up to 0.20 percentage points during the April through June period. At end-June, Norges Bank raised key interest rates 0.25 percentage points, and Retail Banking has adjusted its terms accordingly. A special lending product, a credit line secured by real estate, was launched in May. Postbanken won the round of tenders for the distribution of banking services through the postal network. The new agreement will remain in force until the end of 2012.

Retail Banking is committed to strengthening its market position in geographical areas with a large market potential, and 13 new real estate brokerage offices will be opened in the course of 2005. The business area aims to maintain its current position in a market characterised by strong competition from both domestic and international players. Competition will be met by establishing new products and solutions and by maintaining a broad distribution network.

DnB NOR Markets

Based on IFRS, pre-tax operating profits were NOK 720 million for the first half of 2005 and NOK 712 million in the corresponding period last year. The analyses which follow below are based on NGAAP.

DnB NOR Markets obtained healthy profits in the first half of 2005. Compared with the corresponding period of 2004, there was a rise in income in all areas apart from proprietary trading. There was a very high level of activity within equities trading and initial public offerings (IPOs). Share issue activity was brisk compared with the previous year. DnB NOR Markets enhanced its position within corporate finance.

During the second quarter, DnB NOR launched 'Bankinnskudd med Aktivaavkastning'. Customer returns reflect developments in share, bond, currency and commodity indices based on a selection of investment strategies.

Total revenues were up 9.8 per cent to NOK 1 387 million for the January through June period of 2005, up from NOK 1 263 million in the year-earlier period.

Costs increased by NOK 19 million or 3.3 per cent due to a rise in performance-based pay reflecting healthy profits. Other costs were brought down. All merger synergies were fully realised in 2004.

Pre-tax operating profits rose 14.6 per cent to NOK 796 million, from NOK 695 million in the year-earlier period. Return on equity was 52.7 per cent, while the cost/income ratio was 42.6 per cent.

Income on customer business in foreign exchange and interest rate derivatives totalled NOK 481 million, up NOK 42 million from the year-earlier period. An expanded customer portfolio and customer demand for a broader range of products helped boost sales of both foreign exchange and interest rate derivatives.

Customer-related revenues on the sale of securities and other investment products totalled NOK 360 million, up 28.4 per cent from NOK 281 million. The benchmark index on Oslo Børs rose by 19.7 per cent, spurring high activity within equities trading. DnB NOR Markets was the largest equity brokerage on Oslo Børs.

Earnings on corporate finance services were NOK 175 million, a rise of NOK 96 million or 122.6 per cent compared with the first half of 2004. Brisk activity within IPOs and share issues contributed to the healthy trend. Markets was the arranger for half of the 20 IPOs on Oslo Børs during the first six months of the year. A large number of bond and commercial paper issues were also arranged.

Income from the sale of custodial services totalled NOK 105 million, up NOK 14 million compared with the year-earlier period. Greater volume resulting from increased stock market activity and a higher number of share issues contributed to rising income. There was strong growth in securities issues.

Earnings from market making and other proprietary trading came to NOK 243 million, down NOK 110 million compared with the high level in the first half of 2004. Wider credit margins in the bond portfolio had a negative impact on profits for the second quarter of 2005.

Life Insurance and Pensions (Vital)

First-half operating profits according to IFRS correspond to operating profits according to NGAAP.

Pre-tax operating profits for the business area were NOK 581

million for the first half of 2005 and NOK 511 million for the corresponding period last year.

Performance within life insurance in the first half of 2005 reflected the upturn in stock markets and low interest levels. Profits for allocation were NOK 2 119 million, with an estimated NOK 1 536 million for allocation to policyholders and NOK 583 million to the owner and taxes.

Recorded and value-adjusted returns on capital within life insurance, excluding changes in the portfolio of long-term securities, were 3.1 and 3.3 per cent respectively in the first half of 2005, compared with corresponding returns of 3.7 and 3.2 per cent in the year-earlier period.

The risk result within life insurance was NOK 7 million in the first half of 2005, as against a negative NOK 257 million in the corresponding period last year. The administration result was negative at NOK 67 million, compared with a negative NOK 69 million in the corresponding period in 2004.

The business area had total assets of NOK 186 billion at end-June 2005, a rise of 6.1 per cent from end-December 2004.

Vital's performance improved in most key markets in the first half of 2005. At end-March 2005, Vital was market leader with a 34.9 per cent share of total policyholders' funds within life insurance and unit linked.

Premiums due within life insurance rose by NOK 1.7 billion compared with the year-earlier period. There was a net inflow of transfers of NOK 1.5 billion in the first half of 2005.

Solvency capital totalled NOK 22.4 billion as at 30 June 2005, up from NOK 19.6 billion at end-December 2004. The increase mainly reflected interim profits, changes in the securities adjustment reserve and unrealised gains in the long-term securities portfolio.

The business area achieved cost synergies of NOK 55 million in the first half of 2005, which is in line with the planned realisation of synergies.

Vital's market potential has increased in consequence of the Norwegian parliament's approval of the pension reform and the introduction of statutory occupational pension schemes. At end-June 2005, 1 432 companies had entered into agreements on defined-contribution pension schemes in Vital, encompassing a total of 43 000 members.

The main amendments to the Act on Insurance Activity are expected to enter into force in 2007. Vital is well prepared to meet the changes in external parameters.

Asset Management

First-half operating profits according to IFRS correspond to operating profits according to NGAAP.

Asset Management showed satisfactory performance in the first half of the year, with total revenues of NOK 487 million. Commission income came to NOK 474 million, representing a rise of NOK 27 million on the corresponding period in 2004.

Commission income from the retail market stood at NOK 169 million, while income from institutional clients was NOK 305 million.

Operating expenses for the January through June period were NOK 333 million, NOK 20 million lower than for comparable operations in the corresponding period of 2004. Synergies amounted to NOK 37 million in the first half of 2005, which is in line with the planned realisation of synergies.

Pre-tax operating profits totalled NOK 156 million, up from NOK 99 million in the year-earlier period.

As at 30 June 2005, the business area had NOK 491 billion under management, an increase of NOK 9.5 billion since 31 December 2004. NOK 26.2 billion of the increase in assets under management stemmed from developments in equity prices and interest rates, while the stronger Norwegian krone gave a negative exchange effect of NOK 18.9 billion on international securities

under management. The net inflow of new funds was NOK 2.2 billion. Assets under management for Norwegian clients rose by 6.3 per cent. In operations outside Norway, assets under management declined by 3.1 per cent measured in Norwegian kroner. Investment funds from the retail market amounted to NOK 44 billion at end-June after a net outflow of funds of NOK 1.2 billion. The corresponding figures for institutional clients were NOK 447 billion and a positive net inflow of NOK 3.4 billion respectively. At end-June 2005, the number of customers exceeded 686 000.

The Norwegian savings market has shown a positive trend thus far in 2005, and developments in the Norwegian stock market helped ensure sound performance in Norwegian equity funds in the first half of the year. Nevertheless, competition for available funds necessitates further adaptation of products and services. In 2005, Asset Management will devote further efforts to streamlining its fund offering, especially through the network of bank branches.

Prospects for the rest of the year

The upturn in the global economy looks set to continue, although growth in 2005 is expected to be somewhat lower than in 2004. There has been strong expansion in the Norwegian economy. A steep rise in oil investments is expected to enhance economic growth in the domestic market during the rest of the year. Increased corporate investment is likely to provide a substantial stimulus to growth as well as a rise in credit demand. Greater activity should lead to increased employment growth and a decline in joblessness. A somewhat sharper rise in inflation is anticipated during the rest of the year. The continuation of relatively low interest rates will be conducive to a strong rise in consumption and a high level of housing investment. Nonetheless, the brisk growth in household credit demand is expected to slow down somewhat during the year.

DnB NOR anticipates a tightening of monetary policy by Norges Bank albeit at a moderate pace. The 0.25 percentage point increase in key interest rates on 30 June probably indicates the first of several small increases over the next few years.

Due to the favourable business climate and continued low

interest rates, write-downs on loans are expected to remain at a relatively low level throughout the rest of 2005.

The annual wage settlements resulted in moderate nominal increases. However, this will still mean a substantial rise in real wages in 2005 and opens up for a high savings rate. The trend towards increased savings through insurance and combined products is expected to continue. Traditional bank deposits will still be the dominant form of savings, but will represent a declining percentage of the total savings volume.

The introduction of statutory occupational pension schemes from 1 January 2006 will represent annual premiums of close to NOK 4 billion, an increase of 25 per cent on the current premium level in the private sector. Through Vital, the DnB NOR Group is very well positioned to meet market competition for these funds.

Financial target figures

DnB NOR gives priority to long-term value creation for shareholders, seeking to achieve a return on equity and share price increases that are competitive in a Nordic context. This goal has been reflected in previous financial target figures for the Group.

DnB NOR has reviewed its financial target figures in light of the impact of the transition to IFRS. Although the new accounting principles will result in an increase in the cost/income ratio of approximately 2.5 percentage points and an estimated 0.5 percentage point decrease in return on equity, DnB NOR has decided to maintain its financial targets unchanged. The targets are:

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

Oslo, 9 August 2005

The Board of Directors of DnB NOR ASA

Olav Hytta (sig.)
(chairman)

Bjørn Sund (sig.)
(vice-chairman)

Per Hoffmann (sig.)

Nina Britt Husebø (sig.)

Berit Kjøl (sig.)

Jørn O. Kvilhaug (sig.)

Bent Pedersen (sig.)

Heidi M. Petersen (sig.)

Ingjerd Skjeldrum (sig.)

Anne Carine Tanum (sig.)

Per Terje Vold (sig.)

Svein Aaser (sig.)
(group chief executive)

Profit and loss accounts

		DnB NOR Group				
		2nd quarter	Pro forma 2nd quarter	1st half	Pro forma 1st half	Pro forma full year
<i>Amounts in NOK million</i>	Note	2005	2004	2005	2004	2004
Interest income	3	7 275	7 180	14 332	14 562	29 053
Interest expenses	3	3 868	3 779	7 575	8 018	15 672
Net interest income and credit commissions	3	3 407	3 401	6 757	6 543	13 380
Commissions and fees receivable etc.	4	2 081	1 963	4 107	3 919	7 857
Commissions and fees payable etc.	4	577	585	1 164	1 140	2 267
Net gains on financial instruments at fair value	4	576	484	1 029	1 093	2 010
Net gains on financial assets in life insurance and profits from insurance operations	4, 5	267	292	604	551	1 330
Net realised gains on investment securities (AFS)	4	31	1	31	8	59
Profit from companies accounted for by the equity method	4	34	51	95	79	94
Other income	4	343	369	658	725	1 432
Net other operating income	4	2 755	2 575	5 360	5 235	10 516
Staff costs	6	1 666	1 691	3 371	3 468	6 874
Other costs	6	1 411	1 403	2 747	3 768	6 670
Depreciation, impairment on fixed and intangible assets	6	165	237	326	494	961
Total operating expenses	6	3 241	3 331	6 445	7 729	14 505
Pre-tax operating profit before write-downs		2 920	2 645	5 672	4 049	9 391
Net gains on fixed and intangible assets	9	455	(10)	472	943	914
Write-downs on loans and guarantees	10, 11	123	39	259	(36)	(179)
Pre-tax operating profit		3 253	2 596	5 885	5 028	10 484
Taxes		813	719	1 471	1 285	2 322
Profit from discontinuing operations after taxes		0	0	0	79	79
Profit for the period		2 440	1 876	4 414	3 822	8 241
Earnings per share		1.82	1.42	3.30	2.90	6.25

Balance sheets

		DnB NOR Group			
		30 June	1 January	Pro forma	Pro forma
<i>Amounts in NOK million</i>		2005	2005	30 June	1 January
				2004	2004
Assets					
Cash and deposits with central banks		1 593	8 780	5 496	8 570
Lending to and deposits with credit institutions		63 825	25 397	70 591	54 496
Gross lending to customers	12, 13	626 712	588 153	574 002	551 646
- Accumulated write-downs		(4 778)	(4 981)	(5 597)	(6 294)
Net lending to customers	12, 13	621 934	583 172	568 405	545 352
Trading securities - commercial paper and bonds		57 148	48 470	48 470	32 221
Trading securities - shareholdings etc.		412	1 117	1 117	272
Financial assets - customers bearing the risk		10 766	9 747	8 942	7 287
Other financial instruments at fair value through profit and loss					
- commercial paper and bonds		75 010	67 966	69 837	79 550
Other financial instruments at fair value through profit and loss					
- shareholdings etc.		29 680	28 078	25 382	22 660
Financial derivative instruments		37 021	41 148	30 262	37 693
Financial derivative instruments used for hedging		2 189	1 828	1 828	1 504
Shareholdings - available for sale		210	303	231	480
Commercial paper and bonds - held to maturity		51 656	55 645	55 837	47 414
Investment property		18 335	18 616	16 829	16 884
Investments in associated companies		1 382	1 507	1 606	1 495
Intangible assets	14	5 399	5 574	6 034	6 089
Deferred tax assets		416	406	355	183
Fixed assets		5 990	6 189	6 327	6 303
Biological assets		147	278	278	183
Discontinuing operations		0	25	25	1 479
Accrued income and prepaid expenses		2 207	2 311	2 429	2 029
Other assets		7 586	6 220	11 540	10 968
Total assets		992 904	912 779	931 820	883 113
Liabilities and equity					
Loans and deposits from credit institutions		94 150	59 174	109 198	89 346
Deposits from customers		382 959	353 957	352 210	330 635
Financial derivative instruments		36 636	44 134	31 700	43 850
Securities issued		205 636	192 812	191 558	181 775
Insurance liabilities - customers bearing the risk		10 766	9 747	8 942	7 287
Liabilities to life insurance policyholders		162 143	153 488	147 127	137 693
Other liabilities		16 552	14 721	9 526	12 673
Accrued expenses and prepaid income		3 161	3 822	5 039	4 943
Discontinuing operations		0	24	24	1 227
Provisions		5 101	5 486	5 086	4 844
Subordinated loan capital		24 283	25 256	25 679	24 504
Total liabilities		941 387	862 620	886 088	838 778
Minority interests		42	33	41	8
Revaluation reserve		90	122	92	92
Share capital		13 369	13 271	13 220	13 090
Other reserves and retained earnings		38 016	36 734	32 379	31 144
Total equity		51 517	50 159	45 732	44 334
Total liabilities and equity		992 904	912 779	931 820	883 113

Changes in equity

DnB NOR Group								
Total other reserves and retained earnings								
Amounts in NOK million	Minority interests	Revaluation reserve	Share capital	Share premium reserve	Currency translation reserve	Other equity	Total other reserves and retained earnings	Total equity
Balance sheet as at 31 December 2003 (NGAAP)	8	0	13 090	11 353	0	17 664	29 017	42 115
IFRS effects (pro forma)								
IAS 39 - Allocated to dividends						2 919	2 919	2 919
IAS 19 - Pension commitments						(2 184)	(2 184)	(2 184)
IAS 39 - Write-downs on loans						1 164	1 164	1 164
IAS 39 - Increased application of fair value on securities						397	397	397
IAS 16 - Fair value of property for own use						516	516	516
IAS 39 - Portfolio hedging of interest rate risk						(388)	(388)	(388)
IAS 39 - Realised gains on repurchases						122	122	122
IAS 39 - Application of amortised cost principle						(265)	(265)	(265)
Other effects		92				(155)	(155)	(63)
Total IFRS effects (pro forma)	0	92	0	0	0	2 127	2 127	2 219
Balance sheet as at 1 January 2004 (pro forma)	8	92	13 090	11 353	0	19 791	31 144	44 334
Net change in revaluation reserve		0						0
Other changes not recognised in profit and loss					71		71	71
Total valuation changes not recognised in profit and loss					71		71	71
Profit for the period						3 822	3 822	3 822
Net income for the period					71	3 822	3 893	3 893
Share issue, employee subscription rights programme ¹⁾			129	295			295	424
Dividends for 2003						(2 919)	(2 919)	(2 919)
Effects of more extensive consolidation requirements under IFRS	34					(34)	(34)	(0)
Balance sheet as at 30 June 2004 (pro forma)	41	92	13 220	11 648	71	20 660	32 379	45 732
Balance sheet as at 31 December 2004 (NGAAP)	9	0	13 271	11 741	0	21 577	33 318	46 598
IFRS effects								
IAS 39 - Allocated to dividends						3 415	3 415	3 415
IAS 19 - Pension commitments						(2 170)	(2 170)	(2 170)
IAS 39 - Write-downs on loans						1 339	1 339	1 339
IAS 39 - Increased application of fair value on securities						594	594	594
IAS 16 - Fair value of property for own use						507	507	507
IFRS 3 - Reversal of goodwill amortisation						582	582	582
IAS 36 - Goodwill impairment						(211)	(211)	(211)
IAS 39 - Portfolio hedging of interest rate risk						(388)	(388)	(388)
IAS 39 - Realised gains on repurchases						331	331	331
IAS 39 - Application of amortised cost principle						(299)	(299)	(299)
Other effects	24	122			(69)	(215)	(284)	(139)
Total IFRS effects	24	122	0	0	(69)	3 485	3 416	3 562
Balance sheet as at 1 January 2005	33	122	13 271	11 741	(69)	25 061	36 734	50 159
Net change in revaluation reserve		(32)						(32)
Other changes not recognised in profit and loss					76		76	76
Total valuation changes not recognised in profit and loss		(32)			76		76	44
Profit for the period	13					4 401	4 401	4 414
Net income for the period	13	(32)			76	4 401	4 477	4 458
Share issue, employee subscription rights programme ¹⁾			97	222			222	320
Dividends for 2004						(3 410)	(3 410)	(3 410)
Own shares			(0)			(9)	(9)	(9)
Minority interest Absolute Return Investments	(3)							(3)
Balance sheet as at 30 June 2005	42	90	13 369	11 963	7	26 045	38 016	51 517

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

DnB NOR Group

Pro forma
1st half 1st half
2005 2004

Amounts in NOK million

OPERATIONS

Net payments on loans to customers	(38 637)	(21 616)
Net receipts on deposits from customers	27 598	20 782
Interest and commissions received from customers	12 551	12 635
Interest paid to customers	(2 117)	(2 902)
Other receipts on commissions and fees	4 080	3 794
Net payments on sales of financial assets for investment or trading	(7 840)	(14 013)
Receipts of interest on financial assets for investment or trading	1 008	953
Net receipts/payments on trading in foreign exchange and financial derivatives	303	(272)
Other receipts	806	865
Payments to operations	(7 352)	(8 148)
Taxes paid	(784)	0
Net receipts on premiums	7 690	7 818
Net receipts on premium reserve transfers	1 472	2 381
Payments of insurance settlements	(4 959)	(4 339)
Net cash flow relating to operations	(6 181)	(2 062)

INVESTMENT ACTIVITY

Net payments on the acquisition of fixed assets	(25)	(102)
Receipts on the sale of long-term investments in shares	825	278
Dividends received on long-term investments in shares	87	40
Net cash flow relating to investment activity	887	216

FUNDING ACTIVITY

Net investments in/loans from credit institutions	(5 109)	2 757
Net payments on other short-term liabilities	(3 713)	(4 908)
Net issue of bonds and commercial paper	13 007	6 424
Share issue	320	424
Purchase of own shares	(9)	0
Dividend payments	(3 410)	(2 919)
Net interest payments on funding activity	(2 979)	(3 006)
Net cash flow from funding activity	(1 893)	(1 228)
Net cash flow	(7 187)	(3 074)
Cash and deposits with Norges Bank as at 1 January	8 780	8 570
Net payments on cash and deposits with Norges Bank	(7 187)	(3 074)
Cash and deposits with Norges Bank as at 30 June	1 593	5 496

Key figures

	DnB NOR Group				
	2nd quarter 2005	Pro forma 2nd quarter 2004	1st half 2005	Pro forma 1st half 2004	Pro forma full year 2004
Interest rate analysis					
1. Combined average spread for lending and deposits (%)	2.24	2.36	2.26	2.34	2.36
2. Spread for ordinary lending to customers (%)	1.54	1.70	1.57	1.66	1.67
3. Spread for deposits from customers (%)	0.69	0.66	0.69	0.68	0.70
Rate of return/profitability					
4. Net other operating income, per cent of total income	44.7	43.1	44.2	44.4	44.0
5. Cost/income ratio (%)	52.6	55.7	53.2	57.7	60.7
6. Return on equity (%)	18.6	16.4	17.0	16.5	17.7
7. Average equity including allocated dividend (NOK million)	51 754	45 734	51 550	45 495	46 740
Financial strength					
8. Core (Tier 1) capital ratio at end of period (%)	7.2	6.9	7.2	6.9	7.6
9. Core (Tier 1) capital ratio at end of period incl. 50 per cent of profit for the period (%)	7.5	7.2	7.5	7.2	-
10. Capital adequacy ratio at end of period (%)	10.2	10.1	10.2	10.1	10.7
11. Capital adequacy ratio at end of period incl. 50 per cent of profit for the period (%)	10.5	10.4	10.5	10.4	-
12. Core capital at end of period (NOK million)	45 945	40 760	45 945	40 760	45 059
13. Total eligible primary capital at end of period (NOK million)	64 897	59 672	64 897	59 672	63 059
14. Risk-weighted volume at end of period (NOK million)	634 057	588 370	634 057	588 370	591 906
Loan portfolio and impairments					
15. Write-downs relative to gross lending, annualised (%)	0.08	0.03	0.08	(0.01)	0.01
16. Impaired commitments, per cent of net lending	0.88	1.40	0.88	1.40	0.97
17. Accumulated write-downs relative to total gross lending (%)	0.76	0.98	0.76	0.98	0.85
18. Net impaired commitments at end of period (NOK million)	5 571	8 031	5 571	8 031	5 726
Liquidity					
19. Ratio of customer deposits to net lending to customers at end of period (%)	61.6	62.0	61.6	62.0	60.7
Total assets owned or managed by DnB NOR					
20. Assets under management at end of period (NOK billion)	505	502	505	502	496
21. Average total combined assets (NOK billion)	1 311	1 269	1 292	1 261	1 261
22. Total combined assets at end of period (NOK billion)	1 325	1 277	1 325	1 277	1 246
23. Customer savings at end of period (NOK billion)	894	861	894	861	857
Staff					
24. Number of full-time positions at end of period	9 755	10 385	9 755	10 385	10 085
25. - of which in Life Insurance and Pensions	880	970	880	970	926
The DnB NOR share					
26. Number of shares at end of period (1 000)	1 336 875	1 321 957	1 336 875	1 321 957	1 327 139
27. Average number of shares (1 000)	1 336 875	1 321 957	1 332 088	1 315 918	1 317 744
28. Earnings per share (NOK)	1.82	1.42	3.30	2.90	6.25
29. Total shareholders' return (%)	4.20	10.50	13.00	12.00	41.50
30. Equity per share including accrued dividend at end of period (NOK)	38.54	34.59	38.54	34.59	37.79
31. Share price at end of period (NOK)	68.25	47.30	68.25	47.30	59.75
32. Price/book value	1.77	1.37	1.77	1.37	1.58
33. Market capitalisation (NOK billion)	91.2	62.5	91.2	62.5	79.3
34. Dividend per share (NOK)	n/a	n/a	n/a	n/a	2.55
35. "RISK" adjustment for the share as at 1 January the consecutive year (NOK)	-	-	-	-	-
36. "RISK" adjustment for the Gjensidige NOR-share as at 1 January the consecutive year (NOK)	n/a	n/a	n/a	n/a	(2.55)

Definitions

- 1, 2, 3 Excluding discontinuing operations.
- 4 Including operations in Life Insurance and Pensions.
- 5 Expenses/Total income, including operations in Life Insurance and Pensions.
- 6 Net profits excluding discontinuing operations and adjusted for period's change in fair value recognised directly in equity.
Average equity including net profits, dividend, available-for-sale assets, translation differences and other revaluations recognised directly in equity.
Average equity excluding minority interests and cash flow hedge reserves.
- 28 Excluding discontinuing operations. Earnings excluding minority interests. Holdings of own shares are not included in the average number of shares.
- 31 The last quoted share price on Oslo Børs at end of period relative to the book value of equity at end of period.
- 33 Number of shares multiplied by the share price at end of period.

Note 1 – Transition to IFRS and accounting principles

DESCRIPTION OF TRANSITIONAL EFFECTS AND CHANGES IN ACCOUNTING PRINCIPLES

The second quarter accounts have been prepared according to IFRS, including IAS 34. Up till 31 December 2004, the DnB NOR Group's consolidated accounts were based on Norwegian accounting legislation, accounting regulations issued by Kredittilsynet (the Financial Supervisory Authority of Norway) and Norwegian generally accepted accounting principles. (NGAAP).

Impact of transition to IFRS

Effects of the transition from NGAAP to IFRS on the Group's profits for the second quarter and first half of 2004 as well as equity as at 30 June 2004 are presented in the variance analysis below. Effects resulting from the transition to IFRS are described in further detail in note 1 to the first quarter report 2005.

Accounting principles

A description of the accounting principles applied by the Group in preparing the accounts for the second quarter of 2005 is found in note 1 to the first quarter report 2005.

The DnB NOR Group's annual accounts for 2005 will be presented according to IFRS principles in force as at 31 December 2005. The version of IAS 39 which allows the recording of the institution's issued debt securities not included in the trading portfolio at fair value has yet to be approved by the EU. See description of the fair value option below. Also, the EU has not yet approved stipulations in IAS 39 that open up for using core deposits in portfolio hedging of interest rate risk. The accounts for the second quarter of 2005 have been prepared within the scope of prevailing IFRSs without using the options not yet approved by the EU. However, see description of Eksportfinans ASA below. By employing approved methods for portfolio hedging and assessing fixed-rate loans at fair value, DnB NOR's overall presentation of the accounts will generally be consistent with the Group's interest rate management and actual financial performance.

In June 2005, IASB (International Accounting Standards Board) issued the Fair Value Option (FVO). FVO allows for the recording of liabilities outside the trading portfolio at fair value. The standard is expected to receive EU approval during autumn 2005. The DnB NOR Group will consider applying FVO in order to reduce inconsistency in the accounts resulting from collectively managed balance sheet items being assessed according to different valuation principles. The use of FVO could result in changes in the DnB NOR Group's opening balance sheet.

IFRS is under revision, and there may be changes during 2005 based on amendments to or new interpretations of existing standards, the introduction of new standards as well as in the way the standards are put into practise. In consequence of the

factors mentioned above, the accounting principles used by the DnB NOR Group in preparing consolidated accounts later in 2005 may deviate from the principles used in preparing the accounts for the second quarter of 2005.

The accounting principles are applied consistently when consolidating holdings in subsidiaries and associated companies. When incorporating equity from the investment in Eksportfinans ASA, however, the version of IAS 39 - Financial Instruments not yet approved by the EU has been used. Consequently, financial assets and liabilities in Eksportfinans have been recorded at fair value, reflecting the actual underlying financial situation of the company.

Pro forma accounting figures

As stated above, the DnB NOR Group implemented IAS 39 – Financial Instruments, IFRS 2 – Share-based Payments, IFRS 4 – Insurance Contracts and IFRS 5 – Discontinuing Operations as of 1 January 2005. However, the accounts include pro forma figures for 2004 prepared as if the DnB NOR Group had implemented these standards as of 1 January 2004. Still, the pro forma figures are not fully documented according to requirements in the respective standards. Official comparable figures based on principles in force at any given time will be included in the annual accounts. Due to varying application of principles, however, they will be of limited information value.

SEGMENTS

The activities of the DnB NOR Group are organised into five functional business areas and four staff and support units. The business areas are set up according to the customer segments served by the Group, as well as the products offered.

Selected profit and loss figures for the business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Group. The figures are based on a number of assumptions, estimates and discretionary distribution.

The new regulations have no impact on the Group's strategy or the business and operative management of the DnB NOR Group.

CASH FLOW STATEMENTS

As banking represents the main line of business in the DnB NOR Group, the consolidated cash flow statements are structured on the basis of banking operations. The statements reflect the main aspects of the Group's liquidity management, with special emphasis on cash flows relating to lending and funding activities.

Note 1 – Transition to IFRS and accounting principles (continued)

Result for the period, transition from NGAAP to IFRS ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group	
	2nd quarter 2004	1st half 2004
Result for the period according to NGAAP	1 745	3 262
IFRS 3 - Annulment of goodwill amortisation	93	186
IAS 39 - Change in individual and group write-downs	44	87
IAS 39 - Increased application of fair value on securities	37	235
IAS 39 - Portfolio hedge accounting - interest rate risk	11	22
IAS 39 - Application of amortised cost principle	(24)	(47)
IAS 27/28 - Consolidation of subsidiaries and associated companies	(31)	76
Other effects	2	1
Total IFRS effects	131	560
Result for the period IFRS (pro forma)	1 876	3 822

1) Effects are calculated after taxes.

Equity as at 30 June 2004, transition from NGAAP to IFRS

<i>Amounts in NOK million</i>	DnB NOR Group						
	Minority interests	Revalu- ation reserve	Share capital	Share premium reserve	Currency trans- lation reserve	Other equity	Total other reserves and retained earnings
Balance sheet as at 30 June 2004 (NGAAP)	8	13 220	11 648	20 997	32 645	45 872	
IFRS effects as at 1 January 2004 (pro forma) ¹⁾	0	92	0	0	0	2 127	2 127
IAS 27 - Effects of new consolidation requirements	34					(34)	(34)
IAS 21 - Exchange rate movements					71	(71)	0
IAS 39 - Dividends paid						(2 919)	(2 919)
IFRS effects on the profit for the period (pro forma) ²⁾						560	560
Balance sheet as at 30 June 2004 IFRS (pro forma)	41	92	13 220	11 648	71	20 660	32 379

1) For a specification of implementation effects, see Changes in equity.

2) For a specification of profit and loss effects, see Result for the period, transition from NGAAP to IFRS.

Note 2 – Changes in group structure

Sale of Postbanken Eiendomsmegling AS

In June 2004, DnB NOR Bank ASA signed an agreement on the sale of the real estate brokerages Postbanken Eiendomsmegling AS and Aktiv Eiendoms-megling 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). Nordlandsbanken Invest received shares in LSG as partial settlement for the shares in Aurora Salmon, thus bringing DnB NOR's holding in LSG to 5.89 per cent.

Sale of shares in Pan Fish ASA

DnB NOR Bank ASA sold its 24 per cent holding in Pan Fish ASA to institutional investors. After the transition to IFRS, Pan Fish has been recorded as an associated company in the group accounts.

Note 3 – Net interest income and credit commissions

	DnB NOR Group				
	2nd quarter	Pro forma 2nd quarter	1st half	Pro forma 1st half	Pro forma full year
<i>Amounts in NOK million</i>	2005	2004	2005	2004	2004
Interest income	7 275	7 180	14 332	14 562	29 053
Interest expenses	3 868	3 779	7 575	8 018	15 672
Net interest income and credit commissions	3 407	3 401	6 757	6 543	13 380

Last five quarters

	2nd quarter	1st quarter	Pro forma 4th quarter	Pro forma 3rd quarter	Pro forma 2nd quarter
	2005	2005	2004	2004	2004
<i>Amounts in NOK million</i>					
Interest income	7 275	7 057	7 262	7 229	7 180
Interest expenses	3 868	3 707	3 825	3 829	3 779
Net interest income and credit commissions	3 407	3 350	3 436	3 401	3 401

Note 4 – Net other operating income

	DnB NOR Group				
	2nd quarter	Pro forma 2nd quarter	1st half	Pro forma 1st half	Pro forma full year
<i>Amounts in NOK million</i>	2005	2004	2005	2004	2004
Commissions and fees receivable etc.	2 081	1 963	4 107	3 919	7 857
Commissions and fees payable etc.	577	585	1 164	1 140	2 267
Net gains on financial instruments at fair value	576	484	1 029	1 093	2 010
Net gains on financial assets in life insurance and profits from insurance operations	267	292	604	551	1 330
Net realised gains on investment securities (AFS)	31	1	31	8	59
Profit from companies accounted for by the equity method	34	51	95	79	94
Other income	343	369	658	725	1 432
Net other operating income	2 755	2 575	5 360	5 235	10 516

Last five quarters

	2nd quarter	1st quarter	Pro forma 4th quarter	Pro forma 3rd quarter	Pro forma 2nd quarter
	2005	2005	2004	2004	2004
<i>Amounts in NOK million</i>					
Commissions and fees receivable etc.	2 081	2 026	2 015	1 923	1 963
Commissions and fees payable etc.	577	587	563	564	585
Net gains on financial instruments at fair value	576	453	563	354	484
Net gains on financial assets in life insurance and profits from insurance operations	267	337	539	240	292
Net realised gains on investment securities (AFS)	31	0	26	25	1
Profit from companies accounted for by the equity method	34	61	2	13	51
Other income	343	316	379	329	369
Net other operating income	2 755	2 605	2 960	2 320	2 575

Note 5 – Life Insurance and Pensions

Description of the business area

The business area Life Insurance and Pensions in DnB NOR comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. Gjensidige NOR Fondsforsikring AS is not included in the figures. The company was sold to Forsikringsselskabet Danica in May 2004.

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 Kredittilsynet. Life insurance operations according to IFRS are incorporated in the DnB NOR Group's accounts based on the same principles that apply to the rest of the DnB NOR Group. Any deviations resulting from differences between the special accounting regulations for profit sharing and IFRS are charged directly to the DnB NOR Group's equity in the pro forma figures. This practice is continued in profit and loss accounts for the first half of 2005.

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

Profit and loss accounts ¹⁾

	Life Insurance and Pensions				
	2nd quarter	Pro forma 2nd quarter	1st half	Pro forma 1st half	Pro forma full year
<i>Amounts in NOK million</i>	2005	2004	2005	2004	2004
Interest income					
Interest expenses					
Net interest income and credit commissions					
Commissions and fees receivable etc.	369	349	730	708	1 404
Commissions and fees payable etc.	118	110	243	217	441
Net gains on financial instruments at fair value					
Net gains on financial assets in life insurance and profits from insurance operations	267	293	604	551	1 330
Net realised gains on investment securities (AFS)					
Profit from companies accounted for by the equity method					
Other income	37	31	68	62	124
Net other operating income	555	563	1 159	1 105	2 417
Staff costs	153	174	290	337	656
Other costs	118	86	237	187	388
Depreciation, impairment on fixed and intangible assets	20	35	51	69	134
Total operating expenses	291	296	578	593	1 178
Pre-tax operating profit before write-downs	264	266	581	511	1 239
Net gains on fixed and intangible assets					
Write-downs on loans and guarantees					
Pre-tax operating profit	264	266	581	511	1 239
Taxes	(7)	46	(18)	86	(78)
Profit from discontinuing operations after taxes					
Profit for the period	271	220	599	425	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 – Life Insurance and Pensions (continued)**Balance sheets ¹⁾****Life Insurance and Pensions**

	30 June 2005	1 January 2005	Pro forma 30 June 2004	Pro forma 1 January 2004
<i>Amounts in NOK million</i>				
Assets				
Cash and deposits with central banks				
Lending to and deposits with credit institutions	7 341	5 165	5 147	4 206
Gross lending to customers				
- Accumulated write-downs				
Net lending to customers				
Trading securities - commercial paper and bonds				
Trading securities - shareholdings etc.				
Financial assets - customers bearing the risk	10 766	9 747	8 942	7 287
Other financial instruments at fair value through profit and loss				
- commercial paper and bonds	65 348	55 313	52 866	53 744
Other financial instruments at fair value through profit and loss				
- shareholdings etc.	27 037	24 371	22 509	19 398
Financial derivative instruments	272	2 189	140	442
Financial derivative instruments used for hedging				
Shareholdings - available for sale				
Commercial paper and bonds - held to maturity	51 656	55 645	55 837	47 414
Investment property	18 161	18 445	16 658	16 687
Investments in associated companies	14	14	14	14
Intangible assets	231	292	359	416
Deferred tax assets	30			
Fixed assets	1 104	1 094	1 085	1 067
Biological assets				
Discontinuing operations				
Accrued income and prepaid expenses	32	4	31	64
Other assets	3 373	2 830	4 895	7 026
Total assets	185 364	175 109	168 483	157 765
Liabilities and equity				
Loans and deposits from credit institutions				
Deposits from customers				
Financial derivative instruments			353	
Securities issued				
Insurance liabilities - customers bearing the risk	10 766	9 747	8 942	7 287
Liabilities to life insurance policyholders	162 143	153 488	147 127	137 693
Other liabilities	1 048	922	2 047	2 832
Accrued expenses and prepaid income	552	761	275	663
Discontinuing operations				
Provisions				
Deferred tax liabilities	405	423	674	598
Subordinated loan capital	2 577	2 519	2 689	2 732
Total liabilities	177 491	167 860	162 108	151 805
Minority interests				
Revaluation reserve				
Share capital	2 423	2 418	2 418	2 418
Other reserves and retained earnings	5 450	4 831	3 956	3 541
Total equity	7 873	7 249	6 375	5 960
Total liabilities and equity	185 364	175 109	168 483	157 765

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 – Life Insurance and Pensions (continued)

Accounts according to NGAAP

Engaged in life and unit linked insurance, the business area applies accounting standards which in certain respects deviate from the principles used for the Group's other operations. 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. Columns showing figures for Life insurance refer to operations in Vital Forsikring ASA including subsidiaries. Columns showing figures for Life Insurance and Pensions refer to the life insurance company and unit linked operations in Vital Link.

Profit and loss accounts - NGAAP

			Life Insurance and Pensions		
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2005	2004	2005	2004	2004
Premium income for own account	4 737	4 712	11 918	12 641	22 132
Income from financial assets	3 540	3 977	7 318	8 845	19 562
Income from assets related to unit linked insurance business	360	(37)	898	389	754
Other insurance-related income	15	27	28	57	266
Insurance settlements for own account	2 821	2 714	5 666	5 524	11 895
Increase in insurance provisions etc.	3 331	3 158	9 303	9 825	15 236
Insurance-related operating expenses	371	357	738	739	1 439
Expenses related to financial assets	238	2 542	1 826	3 974	8 897
Expenses related to unit linked insurance business	2	1	5	5	8
Other insurance-related expenses	15	23	26	62	479
Transferred from/(to) securities adjustment reserve	(1 296)	1 625	(428)	586	(1 090)
Result of technical profit and loss accounts before special provisions	578	1 509	2 168	2 389	3 669
Transferred to additional allocations	0	0	0	0	300
Funds transferred to policyholders	289	1 220	1 536	1 827	2 033
Result of technical profit and loss accounts for life insurance operations	289	289	633	562	1 336
Other expenses	25	23	51	51	97
Result of ordinary operations ¹⁾	264	266	581	511	1 239
Taxes	(7)	46	(18)	86	(78)
Profit for the period	271	220	599	425	1 317

Balance sheets - NGAAP

	Life Insurance and Pensions		
	30 June	31 Dec.	30 June
<i>Amounts in NOK million</i>	2005	2004	2004
Financial assets	167 874	158 457	147 214
Assets related to unit linked insurance business	10 766	9 741	8 942
Accounts receivable	2 874	2 052	4 219
Other assets	2 321	2 138	5 677
Prepaid expenses and accrued income	2 071	2 757	2 117
Total assets	185 906	175 145	168 169
Paid-in capital	2 466	2 443	2 441
Retained earnings	5 466	4 864	3 976
Subordinated and perpetual subordinated loan capital securities	2 577	2 519	2 689
Securities adjustment reserve	3 966	3 538	1 862
Insurance provisions	158 547	149 796	145 136
Provisions in unit linked insurance business	10 766	9 741	8 942
Provisions for commitments	634	651	843
Liabilities	1 043	1 028	2 085
Accrued expenses and prepaid income	442	565	195
Total equity and liabilities	185 906	175 145	168 169
Market value above acquisition cost of bonds held to maturity	4 183	3 935	2 961

Note 5 – Life Insurance and Pensions (continued)

1) Breakdown of profit and loss accounts

Amounts in NOK million	Life Insurance and Pensions				
	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
Administration result	(29)	(44)	(67)	(69)	(387)
Interest result	543	1 697	2 178	2 758	4 137
Risk result before additional provisions for disability	70	(68)	98	(134)	(84)
Total	584	1 585	2 209	2 555	3 666
Transferred from/(to) security reserve	0	(3)	1	(7)	0
Additional provisions for disability ^{a)}	32	42	91	123	228
Result from other activities/other provisions	0	(52)	0	(90)	131
Profits for distribution^{b)}	552	1 487	2 119	2 335	3 569
Transferred to additional allocations	0	0	0	0	300
Funds transferred to policyholders	289	1 220	1 536	1 827	2 033
Result of ordinary operations – life insurance	263	269	583	509	1 236
Result of ordinary operations – unit linked	1	(2)	(2)	3	3
Result of ordinary operations – Life Insurance and Pensions	264	266	581	511	1 239

a) NOK 140 million was allocated to strengthen the premium reserve to cover insurance claims in 2004. Allocations of NOK 140 million are scheduled for 2005.

b) Specification of profits for distribution	552	1 487	2 119	2 335	3 569
Of which profit for operations subject to profit sharing	549	1 541	2 114	2 425	3 426
- funds transferred to policyholders	289	1 220	1 536	1 827	2 033
- funds transferred to additional allocations	0	0	0	0	300
- profits for allocation to the owner and taxes	260	321	578	598	1 093
Of which profit from operations not subject to profit sharing	3	(53)	5	(90)	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.

Key figures - NGAAP

Per cent	Life Insurance and Pensions				
	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
Recorded return ¹⁾	1.2	2.1	3.1	3.7	6.5
Value-adjusted return excl. unrealised gains on long-term securities ¹⁾	2.0	1.0	3.3	3.2	7.1
Value-adjusted return incl. unrealised gains on long-term securities ¹⁾	2.3	0.3	3.4	3.2	7.7
Return on equity after taxes ^{2) 3)}	11.6	14.4	13.1	14.1	19.3
Expenses in per cent of policyholders' funds ^{1) 2) 4)}	0.85	0.93	0.87	0.93	0.90
Capital adequacy ratio ^{1) 5)}	12.8	13.1	12.8	13.1	14.1
Core capital ratio ^{1) 5)}	9.6	9.3	9.6	9.3	10.7
Policyholders' funds, life insurance operations (NOK billion) ^{5) 6)}	162	147	162	147	152
Asset under management, unit linked operations (NOK billion) ⁵⁾	11	9	11	9	10
Solvency margin capital in per cent of solvency capital requirement ^{1) 5) 7)}	155	141	155	141	163

1) Life insurance operations.

2) Figures are annualised.

3) Calculated on the basis of recorded equity.

4) Expenses charged to the administration result.

5) Figures at end of period.

6) Policyholders' funds include insurance provisions and 75 per cent of the securities adjustment reserve.

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

Note 5 – Life Insurance and Pensions (continued)

Solvency capital - NGAAP

The solvency capital consists of profit for the period, 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.

<i>Amounts in NOK million</i>	Life insurance		
	30 June 2005	31 Dec. 2004	30 June 2004
Profit for the period	2 119		2 335
Securities adjustment reserve	3 966	3 538	1 862
Additional allocations	2 331	2 357	2 059
Security reserve	196	197	204
Equity	7 156	7 156	5 856
Subordinated loan capital and perpetual subordinated loan capital securities	2 482	2 449	2 619
Unrealised gains on long-term securities	4 183	3 935	2 961
Total solvency capital	22 432	19 630	17 896
Guaranteed return on policyholders' funds	2 900	5 271	2 714

Note 6 – Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2005	Pro forma 2nd quarter 2004	1st half 2005	Pro forma 1st half 2004	Pro forma full year 2004
Staff costs	1 666	1 691	3 371	3 468	6 874
Other costs	1 411	1 403	2 747	3 768	6 670
Depreciation, impairment on fixed assets and intangible assets	165	237	326	494	961
Total operating expenses	3 241	3 331	6 445	7 729	14 505

Last five quarters

<i>Amounts in NOK million</i>	2nd quarter 2005	1st quarter 2005	Pro forma 4th quarter 2004	Pro forma 3rd quarter 2004	Pro forma 2nd quarter 2004
	2005	2005	2004	2004	2004
Staff costs	1 666	1 706	1 711	1 695	1 691
Other costs	1 411	1 337	1 597	1 306	1 403
Depreciation, impairment on fixed assets and intangible assets	165	161	238	230	237
Total operating expenses	3 241	3 203	3 545	3 231	3 331

Note 7 – Restructuring provisions

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2005	Accrued expenses 2005	1 January 2005
DnB NOR merger	540	418 *)	958
Other restructuring provisions	30	10	40
Total	570	428	998

*)	Of which:	IT	185
		Staff cuts	158
		Real estate	60
		Other	15

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

	2nd quarter 2005	Pro forma 2nd quarter 2004	1st half 2005	DnB NOR Group	
				Pro forma 1st half 2004	Pro forma full year 2004
Number of employees at end of period	10 144	10 821	10 144	10 821	10 482
Number of employees calculated on a full-time basis at end of period	9 755	10 385	9 755	10 385	10 085
Average number of employees	10 225	10 973	10 287	11 286	10 966
Average number of employees calculated on a full-time basis	9 830	10 508	9 890	10 800	10 517

1) Following the transition to IFRS, additional fully consolidated units representing 83 employees and 82 full-time positions have been included as at 30 June 2005. Figures for 2004 have been adjusted accordingly.

Note 9 – Net gains on fixed and intangible assets

Amounts in NOK million	2nd quarter 2005	Pro forma 2nd quarter 2004	1st half 2005	DnB NOR Group	
				Pro forma 1st half 2004	Pro forma full year 2004
Aurora Salmon	59		59		
Pan Fish	314		314		
Akersgt. 64-67	64		64		
Postbanken Eiendomsmegling			16		
Elcon Finans				886	855
Gjensidige NOR Fondsforsikring					35
Other	18	(10)	19	57	24
Net gains on fixed and intangible assets	455	(10)	472	943	914

Note 10 – Write-downs on loans and guarantees

	DnB NOR Group				
	2nd quarter	Pro forma 2nd quarter	1st half	Pro forma 1st half	Pro forma full year
Amounts in NOK million	2005	2004	2005	2004	2004
Specification of write-downs					
Write-offs ^{a)}	46	68	215	285	507
Increase in specified loan-loss provisions ^{b)}	63	127	119	279	378
New specified loan-loss provisions ^{c)}	94	33	205	261	518
Total new specified provisions	203	229	539	825	1 403
Reassessed specified provisions ^{d)}	37	62	172	460	924
Total specified provisions	166	167	367	364	479
Recoveries on commitments previously written off ^{e)}	206	84	273	147	312
IFRS effects	163	(43)	165	(254)	(345)
Write-downs on loans and guarantees	123	39	259	(36)	(179)
Specification of changes					
Increase in/(reversals on) specified provisions ^{b) and c) minus d) and f)}	(84)	(165)	(181)	(322)	(865)
+ Write-offs covered by specified provisions made in previous years ^{f)}	204	263	333	401	837
+ Write-offs not covered by specified provisions made in previous years ^{a)}	46	68	215	285	507
- Recoveries on commitments previously written off ^{e)}	206	84	273	147	312
+ IFRS effects	163	(43)	165	(254)	(345)
Write-downs on loans and guarantees	123	39	259	(36)	(179)
Of which write-downs on guarantees	(7)	2	17	(1)	15

a)-f) Show connections between the items.

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

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2005	Pro forma 2nd quarter 2004	1st half 2005	Pro forma 1st half 2004	Pro forma full year 2004
Retail customers	91	51	97	71	57
International shipping	17	(25)	20	(25)	(46)
Real estate	(14)	5	(24)	(9)	7
Manufacturing	19	5	21	66	(101)
Services and management	(3)	(19)	(3)	(235)	(215)
Trade	6	(7)	43	25	51
Oil and gas	0	0	(7)	(4)	(43)
Transportation and communication	6	6	10	18	25
Building and construction	(4)	(1)	4	46	62
Power and water supply	0	1	2	0	0
Fishing	11	70	32	115	179
Other sectors	(241)	(3)	(173)	151	184
Total customers	(112)	84	22	220	160
Credit institutions	72	(2)	72	(2)	7
IFRS effects	163	(43)	165	(254)	(345)
Total write-downs on loans and guarantees	123	39	259	(36)	(179)

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

Note 12 – Net lending to principal sectors ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2005	1 January 2005	Pro forma 30 June 2004
Retail customers	347 800	330 785	314 563
International shipping	38 632	32 003	33 927
Real estate	84 737	82 900	81 928
Manufacturing	22 877	20 422	20 817
Services and management	32 872	30 569	30 856
Trade	23 667	21 207	22 421
Oil and gas	10 231	4 811	3 610
Transportation and communication	14 170	12 966	13 043
Building and construction	7 291	6 239	6 184
Power and water supply	4 609	4 725	4 838
Fishing	8 893	8 973	9 403
Hotels and restaurants	3 765	3 622	4 002
Agriculture and forestry	4 558	4 455	4 257
Central and local government	2 664	1 424	2 307
Other sectors and IFRS effects	16 535	19 549	17 728
Total net lending to customers	623 301	584 650	569 884

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 – Impaired commitments

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2005	1 January 2005	Pro forma 30 June 2004
Non-performing and doubtful commitments	8 982	9 229	12 149
Write-downs	3 411	3 503	4 118
Net impaired commitments	5 571	5 726	8 031

Note 14 – Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2005	1 January 2005	30 June 2004
Goodwill	4 976	5 035	5 360
Systems development	17	27	103
Postbanken brand name	45	50	56
Other intangible assets	360	462	516
Total intangible assets	5 399	5 574	6 034

Note 15 – Capital adequacy according to NGAAP ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2005	31 Dec. 2004	30 June 2004
Share capital	13 369	13 271	13 220
Other equity	33 631	33 327	29 390
Total equity	47 000	46 598	42 610
Perpetual subordinated loan capital securities ^{2) 3)}	5 592	5 531	5 985
Reductions			
Pension funds above pension commitments	(1 249)	(1 141)	(1 313)
Goodwill	(4 437)	(4 902)	(5 236)
Deferred tax assets	(715)	(728)	(910)
Other intangible assets	(246)	(299)	(375)
Core capital	45 945	45 059	40 760
Perpetual subordinated loan capital ^{2) 3)}	5 995	5 367	6 025
Term subordinated loan capital ³⁾	13 084	13 538	13 502
Net supplementary capital	19 078	18 905	19 528
Deductions	126	455	616
Total eligible primary capital ⁴⁾	64 897	63 509	59 672
Total risk-weighted volume	634 057	591 906	588 370
Core capital ratio (per cent)	7.2	7.6	6.9
Capital ratio (per cent)	10.2	10.7	10.1
Including 50 per cent of profit for the period			
Core capital ratio (per cent)	7.5		7.2
Capital ratio (per cent)	10.5		10.4

- 1) The Financial Supervisory Authority of Norway 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 589 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the Group's balance sheet.
- 4) 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.

Note 16 – Business areas

Profit and loss accounts, second quarter ¹⁾

Amounts in NOK million	DnB NOR Group											
	Net income		Total operating expenses		Of which group overhead		Pre-tax operating profit before write-downs		Write-downs on loans and net losses on assets		Pre-tax operating profit	
	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter	2nd quarter
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Corporate Banking	2 064	2 002	800	843	15	17	1 264	1 160	(307)	21	1 572	1 138
Retail Banking	2 691	2 601	1 546	1 634	8	8	1 145	967	105	85	1 040	882
DnB NOR Markets	649	617	294	264	3	4	355	353	0	0	355	353
Life Insurance and Pensions	555	563	291	296	2	3	264	266	0	0	264	266
Asset Management	240	232	164	172	1	1	76	60	0	0	76	60
Double entries	(215)	(128)	0	0			(215)	(128)	0	0	(215)	(128)
Group Centre	258	141	219	133	(29)	(33)	39	8	(130)	(70)	169	78
Eliminations	(80)	(52)	(72)	(11)			(7)	(42)	0	13	(7)	(54)
DnB NOR Group	6 162	5 976	3 241	3 331	0	0	2 920	2 645	(333)	49	3 253	2 596

Profit and loss accounts, first half ¹⁾

Amounts in NOK million	DnB NOR Group											
	Net income		Total operating expenses		Of which group overhead		Pre-tax operating profit before write-downs		Write-downs on loans and net losses on assets		Pre-tax operating profit	
	1st half	1st half	1st half	1st half	1st half	1st half	1st half	1st half	1st half	1st half	1st half	1st half
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Corporate Banking	4 136	4 012	1 609	1 700	30	33	2 528	2 312	(195)	(10)	2 722	2 322
Retail Banking	5 179	4 965	3 054	3 250	16	17	2 125	1 715	176	117	1 950	1 598
DnB NOR Markets	1 311	1 284	591	572	7	8	720	712	0	0	720	712
Life Insurance and Pensions	1 159	1 105	578	593	3	5	581	511	0	0	581	511
Asset Management	490	452	333	353	1	2	156	99	0	0	156	99
Double entries	(437)	(306)	0	0			(437)	(306)	0	0	(437)	(306)
Group Centre ²⁾	456	388	447	1 317	(57)	(66)	8	(930)	(194)	(1 100)	202	170
Eliminations	(177)	(122)	(167)	(56)			(9)	(66)	0	12	(9)	(78)
DnB NOR Group	12 117	11 778	6 445	7 729	0	0	5 672	4 049	(214)	(979)	5 885	5 028

1) Figures for 2004 are pro forma

2) Group Centre - pre-tax operating profit in NOK million	1st half	
	2005	2004
Income on equities	239	180
Group write-downs	110	92
Net gains on fixed and intangible assets	18	992
Portfolio hedging, Treasury	11	(10)
Unallocated gains/(losses)	(2)	71
Funding costs on goodwill	(49)	(54)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(102)	(77)
Goodwill impairments	0	(105)
Restructuring provisions, DnB NOR merger	0	(930)
Other	(22)	12
Pre-tax operating profit	202	170

Note 16 – Business areas (continued)

Profit and loss accounts - NGAAP

DnB NOR Group

	Net interest income		Net other operating income		Total operating expenses		Pre-tax operating profit before losses		Net losses on loans and long-term securities		Pre-tax operating profit	
	1st half		1st half		1st half		1st half		1st half		1st half	
<i>Amounts in NOK million</i>	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Corporate Banking	2 879	2 888	1 132	1 035	1 559	1 603	2 451	2 320	6	122	2 446	2 197
Retail Banking	3 710	3 584	1 405	1 374	3 067	3 263	2 048	1 695	88	59	1 960	1 636
DnB NOR Markets	93	136	1 294	1 127	591	572	796	692	0	(3)	796	695
Life Insurance and Pensions	0	0	581	511	0	0	581	511	0	0	581	511
Asset Management	8	6	479	446	333	353	154	99	(3)	0	156	99
Discontinuing operations	0	250	0	1 005	0	135	0	1 120	0	23	0	1 097
Double entries	(5)	3	(432)	(309)	0	0	(437)	(306)	0	0	(437)	(306)
Other operations	(164)	(248)	440	405	695	1 489	(419)	(1 332)	1	(23)	(420)	(1 309)
Eliminations	(18)	(26)	(141)	(182)	(167)	(69)	9	(139)	0	12	9	(151)
DnB NOR Group	6 504	6 592	4 757	5 413	6 078	7 346	5 184	4 659	92	191	5 092	4 468

Main balance sheet items (average balances) and key figures - NGAAP

DnB NOR Group

	Net lending to customers		Customer deposits		Assets under management		Cost/income ratio excl. goodwill amortisation (%)		Ratio of deposits to lending (%)	
	1st half		1st half		1st half		1st half		1st half	
<i>Amounts in NOK billion</i>	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Corporate Banking	256.9	246.5	181.8	164.0			38.8	40.8	70.8	66.5
Retail Banking	337.7	301.6	192.6	185.2			59.7	65.6	57.0	61.4
DnB NOR Markets	2.3	1.5	9.0	9.1			42.6	45.3		
Life Insurance and Pensions					167.5	150.7				
Asset Management					488.3	480.2	68.4	78.1		
Discontinuing operations		14.1		0.2						
Other operations	(4.5)	10.5	(8.8)	(7.8)	(154.0)	(136.4)				
DnB NOR Group	592.5	574.2	374.7	350.6	501.8	494.5	51.7	58.8	63.3	61.1

Note 17 – Profit and balance sheet trends

Profit and loss accounts

DnB NOR Group

	2nd quarter	1st quarter	Pro forma 4th quarter	Pro forma 3rd quarter	Pro forma 2nd quarter
<i>Amounts in NOK million</i>	2005	2005	2004	2004	2004
Interest income	7 275	7 057	7 262	7 229	7 180
Interest expenses	3 868	3 707	3 825	3 829	3 779
Net interest income and credit commissions	3 407	3 350	3 436	3 401	3 401
Commissions and fees receivable etc.	2 081	2 026	2 015	1 923	1 963
Commissions and fees payable etc.	577	587	563	564	585
Net gains on financial instruments at fair value	576	453	563	354	484
Net gains on financial assets in life insurance and profits from insurance operations	267	337	539	240	292
Net realised gains on investment securities (AFS)	31	0	26	25	1
Profit from companies accounted for by the equity method	34	61	2	13	51
Other income	343	316	379	329	369
Net other operating income	2 755	2 605	2 960	2 320	2 575
Staff costs	1 666	1 706	1 711	1 695	1 691
Other costs	1 411	1 337	1 597	1 306	1 403
Depreciation, impairment on fixed and intangible assets	165	161	238	230	237
Total operating expenses	3 241	3 203	3 545	3 231	3 331
Pre-tax operating profit before write-downs	2 920	2 752	2 852	2 490	2 645
Net gains on fixed and intangible assets	455	17	(33)	3	(10)
Write-downs on loans and guarantees	123	136	21	(164)	39
Pre-tax operating profit	3 253	2 633	2 798	2 657	2 596
Taxes	813	658	323	714	719
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	2 440	1 974	2 475	1 943	1 876
Earnings per share	1.82	1.49	1.87	1.47	1.42

Note 17 – Profit and balance sheet trends (continued)

Balance sheets

	DnB NOR Group				
	30 June	31 March	1 Jan.	Pro forma	Pro forma
	2005	2005	2005	30 Sept.	30 June
<i>Amounts in NOK million</i>				2004	2004
Assets					
Cash and deposits with central banks	1 593	7 366	8 780	12 802	5 496
Lending to and deposits with credit institutions	63 825	49 342	25 397	30 448	70 591
Gross lending to customers	626 712	605 593	588 153	581 935	574 002
- Accumulated write-downs	(4 778)	(4 788)	(4 981)	(5 427)	(5 597)
Net lending to customers	621 934	600 805	583 172	576 508	568 405
Trading securities - commercial paper and bonds	57 148	52 999	48 470	48 470	48 470
Trading securities - shareholdings etc.	412	1 270	1 117	1 117	1 117
Financial assets - customers bearing the risk	10 766	10 354	9 747	9 230	8 942
Other financial instruments at fair value through profit and loss					
- commercial paper and bonds	75 010	75 152	67 966	67 898	69 837
Other financial instruments at fair value through profit and loss					
- shareholdings etc.	29 680	29 288	28 078	25 695	25 382
Financial derivative instruments	37 021	34 384	41 148	36 493	30 262
Financial derivative instruments used for hedging	2 189	1 200	1 828	1 828	1 828
Shareholdings - available for sale	210	298	303	271	231
Commercial paper and bonds - held to maturity	51 656	54 390	55 645	56 588	55 837
Investment property	18 335	18 725	18 616	16 934	16 829
Investments in associated companies	1 382	1 452	1 507	1 641	1 606
Intangible assets	5 399	5 524	5 574	5 847	6 034
Deferred tax assets	416	427	406	350	355
Fixed assets	5 990	6 240	6 189	6 250	6 327
Biological assets	147	247	278	278	278
Discontinuing operations	0	0	25	25	25
Accrued income and prepaid expenses	2 207	2 596	2 311	2 145	2 429
Other assets	7 586	7 737	6 220	14 722	11 540
Total assets	992 904	959 797	912 779	915 539	931 820
Liabilities and equity					
Loans and deposits from credit institutions	94 150	87 222	59 174	73 734	109 198
Deposits from customers	382 959	368 358	353 957	350 132	352 210
Financial derivative instruments	36 636	33 822	44 134	39 796	31 700
Securities issued	205 636	200 006	192 812	191 869	191 558
Insurance liabilities - customers bearing the risk	10 766	10 354	9 747	9 230	8 942
Liabilities to life insurance policyholders	162 143	157 972	153 488	149 713	147 127
Other liabilities	16 552	14 594	14 721	15 394	9 526
Accrued expenses and prepaid income	3 161	4 103	3 822	8 004	5 039
Discontinuing operations	0	0	24	24	24
Provisions	5 101	5 374	5 486	5 047	5 086
Subordinated loan capital	24 283	25 523	25 256	24 981	25 679
Total liabilities	941 387	907 328	862 620	867 925	886 088
Minority interests	42	33	33	44	41
Revaluation reserve	90	116	122	92	92
Share capital	13 369	13 366	13 271	13 220	13 220
Other reserves and retained earnings	38 016	38 954	36 734	34 259	32 379
Total equity	51 517	52 470	50 159	47 614	45 732
Total liabilities and equity	992 904	959 797	912 779	915 539	931 820

Profit and loss accounts DnB NOR ASA

According to NGAAP

<i>Amounts in NOK million</i>	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
Interest income	34	14	67	34	101
Interest expenses	46	51	92	138	229
Net interest income and credit commissions	(12)	(37)	(24)	(104)	(128)
Dividends from group companies/group contributions	0	0	0	0	7 881
Commissions and fees payable etc.	3	3	4	5	8
Net other operating income	(3)	(3)	(4)	(5)	7 874
Salaries and other ordinary personnel expenses	0	1	20	21	37
Administrative expenses	41	26	81	54	102
Sundry ordinary operating expenses	0	2	1	2	7
Other expenses	0	0	0	7	7
Total operating expenses	41	28	102	84	153
Pre-tax operating profit before losses	(56)	(69)	(130)	(194)	7 592
Net gains on long-term securities	0	0	0	0	15
Pre-tax operating profit	(56)	(69)	(130)	(194)	7 607
Taxes	(16)	(19)	(36)	(54)	2 118
Profit for the period	(40)	(49)	(94)	(140)	5 489

Balance sheets DnB NOR ASA

According to NGAAP

<i>Amounts in NOK million</i>	30 June 2005	31 Dec. 2004	30 June 2004	31 Dec. 2003
Assets				
Deposits with DnB NOR Bank ASA	8 228	4 021	3 778	1 423
Lending to other group companies	1 921	2 055	2 041	1 825
Investments in group companies	46 031	45 975	45 975	46 121
Other receivables due from group companies	328	8 069	350	6 103
Other assets	58	57	197	30
Total assets	56 566	60 177	52 341	55 502
Liabilities and equity				
Loans from DnB NOR Bank ASA	5 936	6 153	6 153	6 370
Loans from other group companies	1 800	2 025	1 816	2 420
Other liabilities and provisions	2 152	5 552	294	2 919
Paid-in capital	25 303	24 983	24 839	24 414
Retained earnings	21 375	21 463	19 239	19 379
Total liabilities and equity	56 566	60 177	52 341	55 502

