

Third quarter report 2005

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.

The accounts and analyses presented below have been prepared on the basis of consolidated accounts according to IFRS principles. Figures for 2005 and 2004 have been adjusted to allow comparison. Figures for 2004 are in part pro forma, as certain standards, including IAS 39, were formally implemented as of 1 January 2005. Changes in principles are described in note 1 - Accounting principles and transition to IFRS. In connection with additional changes in IFRS regulations, certain adjustments will be made in reporting as of the fourth quarter of 2005. The changes are expected to have no material impact on accounting figures.

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.

Introduction

Performance in the DnB NOR Group in the third quarter of 2005 reflected a high level of market activity and a sound trend in the various business areas. There was a strong rise in lending volume and brisk sales of savings products. Synergies were realised ahead of schedule, resulting in further reductions in group operating expenses compared with the third quarter of 2004. The high level of activity in the Norwegian economy combined with historically low interest rate levels and sound risk management enabled the DnB NOR Group to record net reversals on write-downs on loans and guarantees in the third quarter.

DnB NOR's pre-tax operating profits before write-downs came to NOK 9 016 million for the first nine months of 2005, up from NOK 6 539 million in the year-earlier period. After taxes, profits rose from NOK 5 766 million to NOK 7 079 million. Return on equity was 17.8 per cent for the first three quarters of 2005, compared with 16.8 per cent in the corresponding period of 2004. Earnings per share stood at NOK 5.30 and NOK 4.37 respectively.

Pre-tax operating profits before write-downs for the third quarter of the year came to NOK 3 344 million, an increase from NOK 2 490 million in the year-earlier period. After taxes, profits totalled NOK 2 665 million, up NOK 721 million or 37 per cent from the third quarter of 2004. Return on equity was 19.5 per cent in the July through September period, compared with 16.7 per cent a year earlier. Earnings per share for the two quarters were NOK 1.99 and NOK 1.47 respectively. The cost/income ratio showed a positive trend, representing 48.9 per cent for the third quarter of 2005, down from 56.5 per cent in the year-earlier period.

Including 50 per cent of profits, the core capital ratio for the DnB NOR Group was 7.4 per cent as at 30 September 2005, compared with 7.3 per cent a year earlier.

On 21 June 2005, DnB NOR announced its plans to establish DnB NORD, to be jointly owned with Norddeutsche Landesbank Girozentrale (NORD/LB). An application for a concession to establish the new bank was sent to the Danish authorities during the third quarter. The bank's head office will be located in Copenhagen, and operations are expected to start up before the end of the year. As part of the agreement, DnB NOR took over the Swedish operations of NORD/LB during the third quarter of 2005, thus doubling its banking operations in Sweden.

The process of adapting to the new capital adequacy regulations, Basel II, is well under way in DnB NOR. During the third quarter of 2005, DnB NOR sent an application to Kredittilsynet (the Financial Supervisory Authority of Norway) for permission to

use internal measurement methods (IRB) for credit risk in calculating the Group's capital adequacy according to the new regulations as from 2007.

During the third quarter of 2005, DnB NOR and Gjensidige Forsikring agreed to continue their business cooperation, while the strategic cooperation agreement was terminated.

Net interest income

Net interest income totalled NOK 3 440 million in the third quarter of 2005, up NOK 39 million compared with the third quarter of 2004.

Growth in average lending and deposit volumes of NOK 60 billion and NOK 37 billion respectively from the third quarter of 2004 boosted net interest income by NOK 293 million. The combined spread contracted by 0.20 percentage points compared with the year-earlier period, reducing net interest income by NOK 285 million from the third 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	3rd quarter		3rd quarter
	2005	Change	2004
Net interest income	3 440	39	3 401
Of which:			
Lending and deposit volumes		293	
Lending and deposit spreads		(285)	
Levies to the banks' guarantee fund		70	
Other		(39)	

Net other operating income

Net other operating income amounted to NOK 3 103 million in the third quarter of 2005, up NOK 783 million compared with the corresponding period of 2004. The increase in income on financial instruments can be partly attributed to the sale of the Group's shareholdings in Brazil.

Net other operating income represented 47.4 per cent of total income in the third quarter of 2005, as against 40.6 per cent in the year-earlier period.

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

Changes in net other operating income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2005	Change	2004
Net other operating income	3 103	783	2 320
Of which:			
Commissions receivable on banking services		214	
Income on financial instruments		542	
Income from life insurance and pension operations		89	
Other income		(62)	

Operating expenses

Operating expenses totalled NOK 3 199 million in the third quarter of 2005, down NOK 32 million from the year-earlier period.

The table below shows changes in third-quarter expenses from 2004 to 2005 according to main items:

Changes in operating expenses

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2005	Change	2004
Operating expenses	3 199	(32)	3 231
Of which:			
Wage settlements		31	
Performance-based pay		88	
Marketing		36	
Synergies		(182)	
Other		(5)	

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 130 million for the third quarter of 2005. The largest gain in the third quarter totalled NOK 107 million and can be attributed to the sale of assets in Follalaks AS.

Write-downs on commitments

The Group recorded net reversals on write-downs on loans and guarantees of NOK 79 million in the third quarter of 2005, with reversals on individual write-downs of NOK 57 million and reversals on group write-downs of NOK 22 million. Corresponding figures for the third quarter of 2004 showed net reversals of NOK 164 million, with reversals on individual write-downs of NOK 95 million and reversals on group write-downs of NOK 69 million.

The Group recorded low write-downs on both retail and corporate loan portfolios.

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

Changes in write-downs

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2005	Change	2004
Net write-downs	(79)	85	(164)
Of which:			
Increase in net individual write-downs		38	
Reduction in group write-downs		47	

After deductions for individual write-downs, net impaired commitments came to NOK 4 934 million at end-September 2005, a decline of NOK 792 million from 31 December 2004. Net impaired commitments thus represented 0.73 per cent of net lending as at 30 September 2005, compared with 1.17 per cent a year earlier.

Taxes

The DnB NOR Group's tax charge for the third quarter of

2005 was NOK 888 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 are classified as taxes for the DnB NOR Group.

Balance sheet and assets under management

At end-September 2005, total combined assets in the DnB NOR Group were NOK 1 389 billion, an increase of NOK 128 billion from a year earlier.

Total assets in the Group's balance sheet were NOK 1 041 billion as at 30 September 2005 and NOK 916 billion a year earlier.

Net lending to customers rose by NOK 76 billion, with NOK 35 billion and NOK 41 billion referring to the retail and corporate markets respectively. The rise in lending to retail customers mainly represented well-secured housing loans.

The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 61.2 per cent at end-September 2005, up from 60.7 per cent a year earlier.

Total assets in Vital were NOK 193 billion at end-September 2005, compared with NOK 172 billion a year earlier.

Risk and capital adequacy

DnB NOR quantifies risk by measuring risk-adjusted capital. During the third quarter of 2005, net risk-adjusted capital increased by NOK 2.3 billion to NOK 30.4 billion, reflecting rising credit volumes and a somewhat higher risk associated with Vital. Calculations indicate that the DnB NOR Group was well capitalised relative to the Group's equity and core capital.

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

<i>Amounts in NOK billion</i>	30 Sept. 2005	30 June 2005	31 Dec. 2004	30 Sept. 2004 ¹⁾
Credit risk	27.5	25.0	23.6	23.7
Market risk	1.8	2.0	2.1	2.1
Ownership risk for Vital	9.6	9.0	7.2	8.2
Operational risk	4.1	4.0	4.0	3.9
Business risk	1.6	1.6	1.6	1.6
Gross risk-adjusted capital	44.6	41.6	38.5	39.4
Diversification effect ²⁾	(14.2)	(13.4)	(12.1)	(12.6)
Net risk-adjusted capital	30.4	28.1	26.4	26.7

Diversification effect in per cent

	30 Sept. 2005	30 June 2005	31 Dec. 2004	30 Sept. 2004
of gross risk-adjusted capital	31.9	32.3	31.4	32.1

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 significantly during the third quarter, with particularly strong growth in lending to the service industry. There was brisk activity in the shipping sector. As large credit volumes will be partly syndicated in the market, however, lower growth is expected in the fourth quarter. There was continued growth in housing loans, and housing prices were up around 10 per cent on an annual basis. Moderate write-downs on loans show that the current state of the Norwegian and international economies has a favourable impact on credit risk. Portfolio quality remained stable.

The risk level in Vital rose somewhat from the second quarter of the year. A healthy stock market trend throughout the third quarter ensured sound interim profits and an increase in unrealised gains in the securities portfolio. Nonetheless, strengthened buffer capital has not fully compensated for the rise in total assets and the proportion of equity investments, which represented 22 per cent of total assets

within life insurance at end-September 2005. In a longer perspective, the low level of long-term interest rates poses a challenge with respect to Vital's guaranteed rate of return on policyholders' funds. However, investments in bonds held to maturity and real estate ensure the company's flexibility over the next few years, representing 40 per cent of total assets within life insurance at end-September 2005. Kredittilsynet has proposed a reduction in the maximum base rate for insurance contracts established after 1 January 2006 and new pension entitlements in group schemes from the current 3 per cent to 2.75 or 2.5 per cent.

Market risk declined during the July through September period due to a net reduction in the Group's equity exposure of around NOK 750 million. The sale of equity holdings in fish-farming companies ensured a reduction in the Group's risk exposure in this industry in the third quarter. There were no changes in the Group's operational and business risk during the third quarter.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by NOK 28 billion during the third quarter, to NOK 662 billion at end-September. Including 50 per cent of profits, the DnB NOR Group's core capital ratio was 7.4 per cent as at 30 September 2005, while the capital adequacy ratio was 10.4 per cent. Excluding profits for the period would reduce the ratios to 6.9 and 9.9 per cent respectively.

Changes in group structure

DnB NOR Bank ASA sold its 51 per cent holding in Follalaks AS during the third quarter of 2005. The company was recorded as a subsidiary in DnB NOR's group accounts.

During the third quarter of 2005, Nordlandsbanken ASA sold its 28.8 per cent holding in Helgelandske AS. The company was recorded as an associated company in DnB NOR's group accounts.

Integration

Integration in the Group moved along smoothly during the third quarter. The process receives high priority and is followed closely by the Board of Directors and group management. Merger plans included staff cuts of 1 630 full-time positions and cost synergies of NOK 1 860 million. The synergies are scheduled to be realised over a period of three years, with full effect as from 2007.

During the first nine months of 2005, synergies of around NOK 1 096 million were realised. The accumulated annual cost synergy target set for end-December 2005 is NOK 1 116 million. As a result of synergy measures, the number of full-time positions has been scaled back by 1 355 during the integration period. The target is 1 630 full time positions by year-end 2007.

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 total annual cost synergies	732	1 096 ¹⁾		

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

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. Accounting figures for the business areas are presented according to IFRS principles.

Corporate Banking

Corporate Banking achieved pre-tax operating profits of NOK 4 468 million for the first three quarters of 2005, compared

with NOK 3 705 million for the corresponding period last year. Performance reflected a healthy income trend in a market characterised by intensifying competition throughout the period.

Ordinary net interest income was down NOK 32 million from the first nine months of 2004. Continued stable interest levels and fierce competition have led to a narrowing of spreads thus far in 2005. Lending spreads averaged 1.45 per cent in the first three quarters of 2005, contracting by 0.18 percentage points from the corresponding period in 2004. Average net lending to customers in the January through September period was NOK 272 billion, a rise of NOK 15 billion from the year-earlier period. Adjusted for exchange rate movements, there was a NOK 21 billion increase. In addition, the business area arranged syndicated loans and commercial paper and bond issues for a total of NOK 192 billion, a rise of NOK 71 billion from the corresponding period in 2004. DnB NOR accounted for more than 30 per cent of the credit supply to the Norwegian corporate market in the January through September period of 2005. The quality of the credit portfolio was further improved, with prices reflecting risk levels. DnB NOR took over NORD LB's operations in Sweden towards the end of the third quarter.

Deposit volume averaged NOK 195 billion for the first nine months of 2005, an increase of NOK 21 billion from the year-earlier period, which can be attributed to sound liquidity among customers.

Other operating income was up NOK 461 million from the year-earlier period due to a significant rise in corporate finance activity and brisk sales of foreign exchange products.

Costs were brought down by NOK 119 million in the first three quarters of the year compared with the year-earlier period. A reduction in costs resulting from the merger was partly outweighed by a rise in personnel expenses 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 208 full-time positions had been achieved by end-September 2005.

Due to the sound quality of the credit portfolio along with a healthy economic trend, write-downs were low in the July through September period. Net write-downs on loans and guarantees were NOK 117 million in the third quarter. Net gains on fixed and intangible assets totalled NOK 495 million for the same period, in part reflecting extensive sales of non-strategic assets.

New loyalty programmes launched for SME clients were well received in the market, attracting a growing number of clients. Customer satisfaction remained stable at an acceptable level. Statutory occupational pension schemes will be introduced as from 2006, and product offerings will be adapted to customer needs through cooperation with Vital.

Corporate clients made increasing use of web-based services during the first three quarters of the year, and the Group's Internet banks had a total of 74 000 corporate users at end-September 2005. A process is under way to establish a joint Internet bank for corporate clients in DnB NOR, and a new and improved Internet bank with better functionality will be launched before the end of 2005.

Retail Banking

Retail Banking has shown a healthy long-term profit trend and recorded pre-tax operating profits of NOK 3 089 million for the first three quarters of 2005, up 24 per cent from NOK 2 491 million for the corresponding period of 2004.

Due to high lending growth, net interest income was NOK 243 million higher in the January through September period of 2005 than in the year-earlier period. Good sales results boosted average lending by NOK 35 billion or 11.5 per cent compared with the first three quarters of 2004. Strong market competition caused narrower lending spreads, which averaged 1.60 per cent for the January through September period of 2005, down 0.13 percentage points

from the year-earlier period. Deposit spreads averaged 0.80 per cent in the corresponding period of 2005, a 0.02 percentage point reduction from a year earlier.

Net other operating income totalled NOK 2 181 million, up NOK 108 million on the year-earlier period. The rise mainly reflected increased sales of mutual fund products and higher income from real estate broking and insurance products.

Operating expenses were brought down NOK 242 million during the first three quarters of 2005 compared with the year-earlier period, totalling NOK 4 581 million. The cost/income ratio was 58.3 per cent, compared with 64.2 per cent in the corresponding period of 2004.

Retail Banking staff numbered 4 137 full-time positions at end-September 2005. The business area was ahead of schedule in realising synergies in connection with the DnB NOR merger. Accumulated staff synergies corresponding to 677 full-time positions had been realised as at 30 September 2005.

In September, Retail Banking launched a new product, first-home loans with interest rate ceilings, allowing customers to borrow 100 per cent of the purchase price at a favourable interest rate. The product is part of a new initiative aimed at the customer group 'young adults'. High net worth clients constitute another priority group for DnB NOR. These clients are served by the Investment Advisory Services unit. In September, DnB NOR Privatbank was ranked as Norway's best bank for high net worth clients. Retail Banking has launched new initiatives within geographical areas in which the bank has relatively low market shares, especially along the Norwegian coast, which have generated good results.

Sales of customer loyalty programmes and Internet banking agreements are still increasing, and a total of 892 000 customers subscribed to loyalty programmes at end-September 2005, with 519 000 under the DnB NOR brand and 373 000 under the Postbanken brand. The number of Internet banking agreements has risen to just over 1.1 million, and by end-September, 37 million Internet banking transactions had been carried out, compared with 30 million during the corresponding period last year.

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

DnB NOR Markets

DnB NOR Markets obtained healthy profits in the first three quarters of 2005. Pre-tax operating profits were up 9 per cent to NOK 1 129 million, from NOK 1 038 million in the year-earlier period. Return on equity was 49.3 per cent, while the cost/income ratio stood at 44.9 per cent.

Total revenues were NOK 2 067 million for the January through September period of 2005, up from NOK 1 855 million in the year-earlier period.

Income on customer business, excluding IFRS effects, rose 29.7 per cent compared with the corresponding period in 2004, with equities trading and corporate finance as the main contributors. Through 2005, DnB NOR Markets has confirmed its position as the largest equity brokerage firm at Oslo Børs (the Oslo Stock Exchange).

Earnings from market making and other proprietary trading totalled NOK 429 million, down NOK 59 million compared with the high level in 2004. Narrower credit spreads resulted in strong earnings on Markets' bond portfolio in 2004.

Income on customer business in foreign exchange and interest rate derivatives totalled NOK 693 million, up NOK 45 million from the year-earlier period. Volatility in the foreign exchange and interest rate markets boosted demand for both foreign exchange and interest rate products.

Customer-related revenues on the sale of securities and other investment products totalled NOK 563 million for the January through September period, as against NOK 382 million in the corresponding period of 2004. The benchmark index on Oslo Børs rose by 38.6 per cent from year-end 2004, spurring a surge in equities trading activity. There was brisk demand for capital-guaranteed savings products and direct investments in commercial property.

Earnings on corporate finance services were NOK 276 million for the first three quarters of the year, up from NOK 139 million in the year-earlier period. DnB NOR Markets arranged a number of share issues and initial public offerings (IPOs) during the first nine months of the year. In addition to brisk activity within share repurchases and advisory services, a large number of bond and commercial paper issues were arranged.

Income from the sale of custodial services totalled NOK 164 million for the January through September period, up from NOK 138 million in the year-earlier period. Significant stock market activity and a large number of share issues compensated for the increasing pressure on margins. There was a high level of activity within securities issues.

Costs increased by NOK 112 million due to a rise in performance-based pay reflecting healthy profits. Other costs remained stable. All merger synergies were fully realised in 2004.

During the third quarter of 2005, DnB NOR Markets launched several new investment products related to private equity funds, credit derivatives and the petroleum sector.

Life Insurance and Pensions (Vital)

Pre-tax operating profits for the business area were NOK 945 million for the first three quarters of 2005 and NOK 745 million for the corresponding period last year.

Performance in the first nine months of 2005 reflected the upturn in stock markets and low interest levels. Profits for allocation were NOK 4 117 million, with an estimated NOK 3 172 million for allocation to policyholders and NOK 945 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 5.2 and 6.0 per cent respectively in the first three quarters of 2005, compared with corresponding returns of 5.0 and 4.6 per cent in the year-earlier period.

The risk and administration results improved compared with 2004. The risk result within life insurance was NOK 42 million in the first three quarters of 2005, as against a negative NOK 268 million in the corresponding period last year. The administration result was negative at NOK 68 million, compared with a negative NOK 100 million in the year-earlier period. The realisation of merger synergies was on schedule.

The business area had total assets of NOK 193 billion at end-September 2005, a rise of 12 per cent from a year earlier.

At end-June 2005, Vital was market leader with a 34.4 per cent share of total policyholders' funds within life insurance and unit linked.

Premiums due in the first three quarters of the year totalled NOK 14.1 billion, an 18 per cent rise compared with the year-earlier period. The business area recorded a net inflow of transfers of NOK 1.4 billion in the first nine months of 2005. At end-September 2005, 1 531 companies had entered into agreements on defined-contribution pension schemes with Vital, encompassing a total of around 45 000 members. Customer funds represented NOK 908 million.

Solvency capital totalled NOK 24.8 billion as at 30 September 2005, up from NOK 19.1 billion a year earlier. The increase mainly reflected interim profits.

In the course of the fourth quarter, Vital will enter into an

agreement with Norway Post on the most extensive defined-contribution pension scheme in the market. The scheme will cover 26 000 members and has an estimated annual premium of more than NOK 200 million.

Vital expects continued growth in the market for pension savings in consequence of the Norwegian parliament's approval of the pension reform and the introduction of statutory occupational pension schemes. 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.

In the third quarter of 2005, Kredittilsynet proposed a reduction in the maximum base rate for life insurance contracts from the current 3 per cent to 2.75 or 2.5 per cent for insurance contracts established after 1 January 2006 and new pension entitlements in group schemes. Approval of these measures is expected in the fourth quarter of 2005.

Since end-September 2005, the stock market has shown a negative trend. Nonetheless, the high level of solvency capital as at 30 September gives the business area a sound basis for withstanding market volatility.

Asset Management

Asset Management showed satisfactory performance in the first nine months of the year, with pre-tax operating profits of NOK 244 million, up from NOK 189 million in the year-earlier period.

Revenues totalled NOK 742 million. Commission income came to NOK 714 million, a rise of NOK 44 million on the corresponding period in 2004. Commission income from the retail market stood at NOK 259 million, while income from institutional clients was NOK 455 million.

Operating expenses for the January through September period were NOK 496 million, NOK 13 million lower than for comparable operations in the corresponding period of 2004. Synergies were realised according to plan.

As at 30 September 2005, the business area had NOK 511 billion under management, an increase of NOK 29.2 billion since 31 December 2004. NOK 39.6 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 16.2 billion on international securities under management. The net inflow of new funds was NOK 5.7 billion. Investment funds from the retail market amounted to NOK 47 billion at end-September after a net outflow of funds of NOK 1.1 billion. The corresponding figures for institutional clients were NOK 464 billion and a positive net inflow of NOK 6.9 billion respectively. At end-September 2005, the number of customers exceeded 676 000.

Thus far in 2005, the business area has experienced a significant improvement in asset management performance, measured as returns in excess of benchmark indices for the

portfolios.

Growth in the Norwegian savings market and developments in the Norwegian stock market during the first nine months of 2005 helped ensure sound performance in Norwegian equity funds. Nevertheless, competition for available funds necessitates further adaptation of products and services. In September, Asset Management launched the 'Save Smart' concept, which consists of five packaged fund portfolios with different risk profiles and investment horizons. The fund packages were well received in the market.

Asset Management will devote further efforts to streamlining its fund offerings, especially through the bank's branch network.

Prospects for the rest of the year

The Norwegian economy has developed favourably and shows a broad-based upturn. Optimism in the business community and the household sector is high.

Growth in domestic corporate credit demand is expected to remain brisk for the rest of the year. Due to the strong krone and low interest levels, companies have repaid much of their foreign debt and increased borrowings from Norwegian credit institutions. The strong krone exchange rate could impair the competitiveness of the export industry.

Credit growth in the household sector is expected to remain high throughout 2005. The labour market shows a positive trend.

The share of the population in age groups with high savings rates and growing interest in pension savings is rising. The introduction of statutory occupational pension schemes as of 1 January 2006 will give a boost to total pension savings. The DnB NOR Group's extensive distribution network and broad range of services represent an advantage in the sharp competition for such funds.

Competition in the home mortgage market has intensified in recent years. In order to meet the competition, the Group has established the company DnB NOR Boligkreditt AS. Once new legislation is in place in 2007, the company will be able to ensure lower-priced funding of the Group's home mortgage portfolio in international financial markets through the issue of covered bonds, to the benefit of customers and shareholders.

Outside Norway, DnB NOR will enhance its position through the establishment of DnB NOR, which will be represented in Denmark, Sweden, the Baltic region and Poland, and the takeover of NOR/LB's operations in Sweden. Expansion in these market areas will strengthen DnB NOR's future growth platform and income base, in addition to a further diversification of the Group's credit portfolios.

The first weeks in October saw a downturn in the stock market. The DnB NOR Group is well positioned to handle stock market volatility.

Oslo, 26 October 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

<i>Amounts in NOK million</i>	Note	DnB NOR Group				
		3rd quarter 2005	Pro forma 3rd quarter 2004	January-September 2005	Pro forma January-September 2004	Pro forma full year 2004
Interest income	3	7 626	7 229	21 958	21 791	29 053
Interest expenses	3	4 187	3 829	11 762	11 847	15 672
Net interest income and credit commissions	3	3 440	3 401	10 196	9 944	13 380
Commissions and fees receivable etc.	4	2 181	1 923	6 288	5 842	7 857
Commissions and fees payable etc.	4	593	564	1 757	1 704	2 267
Net gains on financial instruments at fair value	4	820	354	1 849	1 447	2 010
Net gains on financial assets in life insurance and profits from insurance operations	4, 5	289	240	893	791	1 330
Net realised gains on investment securities (AFS)	4	100	25	131	33	59
Profit from companies accounted for by the equity method	4	22	13	117	92	94
Other income	4	283	329	942	1 053	1 432
Net other operating income	4	3 103	2 320	8 463	7 555	10 516
Staff costs	6	1 730	1 695	5 102	5 163	6 874
Other costs	6	1 306	1 306	4 053	5 073	6 670
Depreciation, impairment on fixed and intangible assets	6	162	230	488	724	961
Total operating expenses	6	3 199	3 231	9 644	10 960	14 505
Pre-tax operating profit before write-downs		3 344	2 490	9 016	6 539	9 391
Net gains on fixed and intangible assets	9	130	3	602	947	914
Write-downs on loans and guarantees	10, 11	(79)	(164)	180	(200)	(179)
Pre-tax operating profit		3 553	2 657	9 438	7 686	10 484
Taxes		888	714	2 360	1 999	2 322
Profit from discontinuing operations after taxes		0	0	0	79	79
Profit for the period		2 665	1 943	7 079	5 766	8 241
Earnings per share		1.99	1.47	5.30	4.37	6.25

Balance sheets

		DnB NOR Group			
				Pro forma	Pro forma
<i>Amounts in NOK million</i>	Note	30 Sept. 2005	1 January 2005	30 Sept. 2004	1 January 2004
Assets					
Cash and deposits with central banks		24 264	8 780	12 802	8 570
Lending to and deposits with credit institutions		52 477	25 397	30 448	54 496
Gross lending to customers	12, 13	656 655	588 153	581 935	551 646
- Accumulated write-downs		(4 530)	(4 981)	(5 427)	(6 294)
Net lending to customers	12, 13	652 125	583 172	576 508	545 352
Trading securities - commercial paper and bonds		60 738	48 470	48 470	32 221
Trading securities - shareholdings etc.		1 323	1 117	1 117	272
Financial assets - customers bearing the risk		12 016	9 747	9 230	7 287
Other financial instruments at fair value through profit and loss					
- commercial paper and bonds		78 916	67 966	67 898	79 550
Other financial instruments at fair value through profit and loss					
- shareholdings etc.		32 033	28 078	25 695	22 660
Financial derivative instruments		32 558	41 148	36 493	37 693
Financial derivative instruments used for hedging		1 443	1 828	1 828	1 504
Shareholdings - available for sale		0	303	271	480
Commercial paper and bonds - held to maturity		52 282	55 645	56 588	47 414
Investment property		19 703	18 616	16 934	16 884
Investments in associated companies		1 362	1 507	1 641	1 495
Intangible assets	14	5 345	5 574	5 847	6 089
Deferred tax assets		395	406	350	183
Fixed assets		5 808	6 189	6 250	6 303
Biological assets		0	278	278	183
Discontinuing operations		0	25	25	1 479
Accrued income and prepaid expenses		1 872	2 311	2 145	2 029
Other assets		6 006	6 220	14 722	10 968
Total assets		1 040 665	912 779	915 539	883 113
Liabilities and equity					
Loans and deposits from credit institutions		103 297	59 174	73 734	89 346
Deposits from customers		399 183	353 957	350 132	330 635
Financial derivative instruments		30 260	44 134	39 796	43 850
Securities issued		220 630	192 812	191 869	181 775
Insurance liabilities - customers bearing the risk		12 016	9 747	9 230	7 287
Liabilities to life insurance policyholders		168 056	153 488	149 713	137 693
Other liabilities		20 590	14 721	15 394	12 673
Accrued expenses and prepaid income		2 575	3 822	8 004	4 943
Discontinuing operations		0	24	24	1 227
Provisions		4 822	5 486	5 047	4 844
Subordinated loan capital		25 193	25 256	24 981	24 504
Total liabilities		986 622	862 620	867 925	838 778
Minority interests		6	33	44	8
Revaluation reserve		0	122	92	92
Share capital		13 367	13 271	13 220	13 090
Other reserves and retained earnings		40 670	36 734	34 259	31 144
Total equity		54 043	50 159	47 614	44 334
Total liabilities and equity		1 040 665	912 779	915 539	883 113

Changes in equity

DnB NOR Group								
Total other reserves and retained earnings								
<i>Amounts in NOK million</i>	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 financial instruments						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					15		15	15
Total valuation changes not recognised in profit and loss					15		15	15
Profit for the period						5 766	5 766	5 766
Net income for the period					15	5 766	5 781	5 781
Share issue, employee subscription rights programme ¹⁾			129	295			295	424
Dividends for 2003						(2 919)	(2 919)	(2 919)
Minority interests Absolute Return Investment	2							2
Effects of more extensive consolidation requirements under IFRS	34					(42)	(42)	(8)
Balance sheet as at 30 September 2004 (pro forma)	44	92	13 220	11 648	15	22 596	34 259	47 614
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 financial instruments						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		(122)						(122)
Other changes not recognised in profit and loss					66		66	66
Total valuation changes not recognised in profit and loss		(122)			66		66	(56)
Profit for the period	13					7 066	7 066	7 079
Net income for the period	13	(122)			66	7 066	7 132	7 023
Share issue, employee subscription rights programme ¹⁾			97	222			222	320
Dividends for 2004						(3 410)	(3 410)	(3 410)
Own shares			(1)			(9)	(9)	(10)
Minority interests Absolute Return Investment	(3)							(3)
Follalaks sold	(37)							(37)
Balance sheet as at 30 September 2005	6	0	13 367	11 963	(3)	28 709	40 670	54 043

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

January-September
2005 2004

Amounts in NOK million

OPERATIONS

Net payments on loans to customers	(69 249)	(30 543)
Net receipts on deposits from customers	43 938	19 303
Interest and commissions received from customers	20 128	19 284
Interest paid to customers	(3 539)	(4 473)
Other receipts on commissions and fees	6 283	5 777
Net payments on sales of financial assets for investment or trading	(17 131)	(12 605)
Receipts of interest on financial assets for investment or trading	1 008	1 415
Net payments on trading in foreign exchange and financial derivatives	(3 573)	(1 878)
Other receipts	1 051	1 020
Payments to operations	(11 254)	(11 783)
Net receipts on premiums	12 608	11 108
Net receipts on premium reserve transfers	1 440	2 563
Payments of insurance settlements	(7 070)	(6 608)
Net cash flow relating to operations	(25 360)	(7 420)

INVESTMENT ACTIVITY

Net payments on the acquisition of fixed assets	(73)	(152)
Receipts on the sale of long-term investments in shares	1 291	3 827
Dividends received on long-term investments in shares	91	40
Net cash flow relating to investment activity	1 309	3 715

FUNDING ACTIVITY

Net loans from credit institutions	14 753	8 356
Net receipts/ payments on other short-term liabilities	4 240	(4 042)
Net issue of bonds and commercial paper	28 218	10 111
Issue of subordinated loan capital	1 564	0
Redemptions of subordinated loan capital	(1 040)	0
Share issue	320	424
Purchase of own shares	(12)	0
Dividend payments	(3 410)	(2 919)
Net interest payments on funding activity	(5 098)	(3 993)
Net cash flow from funding activity	39 535	7 937
Net cash flow	15 484	4 232
Cash and deposits with Norges Bank as at 1 January	8 780	8 570
Net receipts on cash and deposits with Norges Bank	15 484	4 232
Cash and deposits with Norges Bank as at 30 September	24 264	12 802

Key figures

	DnB NOR Group				
	3rd quarter 2005	Pro forma 3rd quarter 2004	Pro forma January-September 2005	Pro forma 2004	Pro forma full year 2004
Interest rate analysis					
1. Combined average spread for lending and deposits (%)	2.19	2.39	2.24	2.36	2.36
2. Spread for ordinary lending to customers (%)	1.47	1.67	1.54	1.67	1.67
3. Spread for deposits from customers (%)	0.72	0.72	0.70	0.69	0.70
Rate of return/profitability					
4. Net other operating income, per cent of total income	47.4	40.6	45.4	43.2	44.0
5. Cost/income ratio (%)	48.9	56.5	51.7	57.3	60.7
6. Return on equity (%)	19.5	16.7	17.8	16.8	17.7
7. Average equity including allocated dividend (NOK million)	52.756	46.631	52.000	45.786	46.740
Financial strength					
8. Core (Tier 1) capital ratio at end of period (%)	6.9	6.9	6.9	6.9	7.6
9. Core (Tier 1) capital ratio at end of period incl. 50 per cent of profit for the period (%)	7.4	7.3	7.4	7.3	-
10. Capital adequacy ratio at end of period (%)	9.9	10.0	9.9	10.0	10.7
11. Capital adequacy ratio at end of period incl. 50 per cent of profit for the period (%)	10.4	10.4	10.4	10.4	-
12. Core capital at end of period (NOK million)	45.970	40.850	45.970	40.850	45.059
13. Total eligible primary capital at end of period (NOK million)	65.776	59.137	65.776	59.137	63.059
14. Risk-weighted volume at end of period (NOK million)	661.802	591.794	661.802	591.794	591.906
Loan portfolio and impairments					
15. Write-downs relative to gross lending, annualised (%)	(0.05)	(0.11)	0.04	(0.05)	0.01
16. Impaired commitments, per cent of net lending	0.73	1.17	0.73	1.17	0.97
17. Accumulated write-downs relative to total gross lending (%)	0.67	0.93	0.67	0.93	0.85
18. Net impaired commitments at end of period (NOK million)	4.934	6.864	4.934	6.864	5.726
Liquidity					
19. Ratio of customer deposits to net lending to customers at end of period (%)	61.2	60.7	61.2	60.7	60.7
Total assets owned or managed by DnB NOR					
20. Assets under management at end of period (NOK billion)	528	504	528	504	496
21. Average total combined assets (NOK billion)	1.357	1.269	1.313	1.264	1.261
22. Total combined assets at end of period (NOK billion)	1.389	1.261	1.389	1.261	1.246
23. Customer savings at end of period (NOK billion)	933	861	933	861	857
Staff					
24. Number of full-time positions at end of period	9.692	10.242	9.692	10.242	10.085
25. - of which in Life Insurance and Pensions	867	994	867	994	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	1.333.701	1.317.931	1.317.744
28. Earnings per share (NOK)	1.99	1.47	5.30	4.37	6.25
29. Total shareholders' return (%)	(1.1)	12.6	17.5	26.1	41.5
30. Equity per share including allocated dividend at end of period (NOK)	40.42	36.02	40.42	36.02	37.79
31. Share price at end of period (NOK)	67.50	53.25	67.50	53.25	59.75
32. Price/book value	1.67	1.48	1.67	1.48	1.58
33. Market capitalisation (NOK billion)	90.2	70.4	90.2	70.4	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. Excluding restructuring provisions in the first quarter of 2004 and allocation to DnB NOR's employee funds in the fourth quarter of 2004.
- 6 Net profits excluding discontinuing operations and adjusted for period's change in fair value recognised directly to equity.
Average equity including net profits, allocated dividend, available-for-sale assets, translation differences and other revaluations recognised directly to 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 – Accounting principles and transition to IFRS

DESCRIPTION OF TRANSITIONAL EFFECTS AND CHANGES IN ACCOUNTING PRINCIPLES

The third 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 third quarter and first three quarters of 2004 as well as equity as at 30 September 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 third 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 third 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 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 deadline for implementation was set at 1 September 2005. However, EU approval of the standard is not expected until the fourth quarter of 2005. The DnB NOR Group believes that implementation of the rules requires approval by the EU and will thus start applying the FVO in the fourth quarter of 2005. The use of FVO could result in changes in the DnB NOR Group's opening balance sheet.

The introduction of the FVO and possible amendments to or new interpretations of standards will result in certain changes in reporting as of the fourth quarter of 2005. The changes are expected to have no material impact on accounting figures.

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

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 – Accounting principles and transition to IFRS (continued)**Result for the period, transition from NGAAP to IFRS ¹⁾**

<i>Amounts in NOK million</i>	DnB NOR Group	
	3rd quarter 2004	Jan.-Sept. 2004
Result for the period (NGAAP)	1 823	5 085
IFRS 3 - Annulment of goodwill amortisation	93	278
IAS 39 - Change in individual and group write-downs	44	131
IAS 39 - Increased application of fair value on financial instruments	26	263
IAS 39 - Portfolio hedge accounting - interest rate risk	11	32
IAS 39 - Application of amortised cost principle	(25)	(74)
IAS 27/28 - Consolidation of subsidiaries and associated companies	(30)	45
Other effects	1	4
Total IFRS effects	120	680
Result for the period IFRS (pro forma)	1 943	5 766

1) Effects are calculated after taxes.

Equity as at 30 September 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	Total equity
Balance sheet as at 30 Sept. 2004 (NGAAP)	10		13 220	11 648		22 765	34 413	47 642
IFRS effects as at 1 January 2004 (pro forma) ¹⁾		92				2 127	2 127	2 219
IAS 27 - Effects of new consolidation requirements	34					(42)	(42)	(8)
IAS 21 - Exchange rate movements					15	(15)	0	0
IAS 39 - Dividends paid						(2 919)	(2 919)	(2 919)
IFRS effects on the profit for the period (pro forma) ²⁾						680	680	680
Balance sheet as at 30 Sept. 2004 IFRS (pro forma)	44	92	13 220	11 648	15	22 596	34 259	47 614

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

2) For a specification of profit and loss effects, see table above.

Note 2 – Changes in group structure**Sale of Postbanken Eiendomsmegling AS**

In June 2004, DnB NOR Bank ASA signed an agreement with Terra-Gruppen AS on the sale of the real estate brokerages Postbanken Eiendomsmegling AS and Aktiv Eiendomsmegling AS. The sale was part of the concession terms for the DnB NOR merger. The agreement was approved by the purchaser in August 2004. The actual takeover took place on 3 January 2005.

Sale of Aurora Salmon AS

Through Nordlandsbanken Invest AS, DnB NOR sold its wholly owned subsidiary Aurora Salmon AS to Lerøy Seafood Group ASA (LSG) during the second quarter of 2005. Nordlandsbanken Invest received shares in LSG as partial settlement for the shares in Aurora Salmon. The shares in LSG were sold during the third quarter of 2005.

Sale of shares in Pan Fish ASA

During the second quarter of 2005, DnB NOR Bank ASA sold its 24 per cent holding in Pan Fish ASA to institutional investors. After the transition to IFRS, Pan Fish was recorded as an associated company in the group accounts.

Sale of Follalaks AS

DnB NOR Bank ASA sold its 51 per cent holding in Follalaks AS during the third quarter of 2005. The company was recorded as a subsidiary in DnB NOR's group accounts.

Sale of Helgelandske AS

Nordlandsbanken ASA sold its 28.8 per cent holding in Helgelandske AS during the third quarter of 2005. The company was recorded as an associated company in DnB NOR's group accounts.

The accounting effect of the sales is shown in note 9.

Note 3 – Net interest income and credit commissions

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2005	Pro forma	January-September 2005	Pro forma	Pro forma
		3rd quarter 2004		January-September 2004	full year 2004
Interest income	7 626	7 229	21 958	21 791	29 053
Interest expenses	4 187	3 829	11 762	11 847	15 672
Net interest income and credit commissions	3 440	3 401	10 196	9 944	13 380

Last five quarters

<i>Amounts in NOK million</i>	3rd quarter 2005	Pro forma	1st quarter 2005	Pro forma	Pro forma
		2nd quarter 2005		4th quarter 2004	3rd quarter 2004
	Interest income	7 626	7 275	7 057	7 262
Interest expenses	4 187	3 868	3 707	3 825	3 829
Net interest income and credit commissions	3 440	3 407	3 350	3 436	3 401

Note 4 – Net other operating income

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2005	Pro forma	January-September 2005	Pro forma	Pro forma
		3rd quarter 2004		January-September 2004	full year 2004
Commissions and fees receivable etc.	2 181	1 923	6 288	5 842	7 857
Commissions and fees payable etc.	593	564	1 757	1 704	2 267
Net gains on financial instruments at fair value	820	354	1 849	1 447	2 010
Net gains on financial assets in life insurance and profits from insurance operations	289	240	893	791	1 330
Net realised gains on investment securities (AFS)	100	25	131	33	59
Profit from companies accounted for by the equity method	22	13	117	92	94
Other income	283	329	942	1 053	1 432
Net other operating income	3 103	2 320	8 463	7 555	10 516

Last five quarters

<i>Amounts in NOK million</i>	3rd quarter 2005	Pro forma	1st quarter 2005	Pro forma	Pro forma
		2nd quarter 2005		4th quarter 2004	3rd quarter 2004
	Commissions and fees receivable etc.	2 181	2 081	2 026	2 015
Commissions and fees payable etc.	593	577	587	563	564
Net gains on financial instruments at fair value	820	576	453	563	354
Net gains on financial assets in life insurance and profits from insurance operations	289	267	337	539	240
Net realised gains on investment securities (AFS)	100	31	0	26	25
Profit from companies accounted for by the equity method	22	34	61	2	13
Other income	283	343	316	379	329
Net other operating income	3 103	2 755	2 605	2 960	2 320

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 Forsikringselskabet 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 (the Financial Supervisory Authority of Norway). 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. 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.

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⁾

Amounts in NOK million	Life Insurance and Pensions				
	3rd quarter 2005	Pro forma 3rd quarter 2004	January-September 2005	Pro forma January-September 2004	Pro forma full year 2004
Interest income					
Interest expenses					
Net interest income and credit commissions					
Commissions and fees receivable etc.	400	345	1 130	1 053	1 404
Commissions and fees payable etc.	134	104	377	320	441
Net gains on financial instruments at fair value					
Net gains on financial assets in life insurance and profits from insurance operations	289	240	893	791	1 330
Net realised gains on investment securities (AFS)					
Profit from companies accounted for by the equity method					
Other income	46	31	114	93	124
Net other operating income	601	512	1 760	1 616	2 417
Staff costs	134	159	424	497	656
Other costs	80	89	317	276	388
Depreciation, impairment on fixed and intangible assets	22	29	73	98	134
Total operating expenses	236	278	814	871	1 178
Pre-tax operating profit before write-downs	364	233	945	744	1 239
Net gains on fixed and intangible assets					
Write-downs on loans and guarantees					
Pre-tax operating profit ²⁾	364	233	945	744	1 239
Taxes	(8)	11	(26)	97	(78)
Profit from discontinuing operations after taxes					
Profit for the period	372	222	971	647	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)

2) Breakdown of profit and loss accounts

Amounts in NOK million	Life Insurance and Pensions				
	3rd quarter 2005	Pro forma 3rd quarter 2004	Pro forma January-September 2005	Pro forma 2004	Pro forma Full year 2004
Administration result	(1)	(31)	(68)	(100)	(387)
Interest result	1 963	577	4 141	3 335	4 137
Risk result before additional provisions for disability	51	31	149	(12)	(84)
Total	2 013	577	4 222	3 223	3 666
Transferred from security reserve	(7)	4	(6)	(3)	0
Additional provisions for disability ^{a)}	16	42	107	256	228
Result from other activities/other provisions	0	(24)	0	(114)	131
Profits for distribution within life insurance ^{b)}	1 990	515	4 109	2 850	3 569
Transferred to additional allocations	0	0	0	0	300
Funds transferred to policyholders	1 636	280	3 172	2 107	2 033
Pre-tax operating profit – life insurance	354	235	937	743	1 236
Pre-tax operating profit – unit linked	10	(2)	8	1	33
Pre-tax operating profit – Life Insurance and Pensions	364	233	945	744	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 within life insurance	1 990	515	4 109	2 850	3 569
Of which profit for operations subject to profit sharing	1 987	539	4 101	2 964	3 426
- funds transferred to policyholders	1 636	280	3 172	2 107	2 033
- funds transferred to additional allocations	0	0	0	0	300
- profits for allocation to the owner and taxes	351	259	929	858	1 093
Of which profit from operations not subject to profit sharing	3	(24)	8	(114)	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.

Note 5 – Life Insurance and Pensions (continued)**Balance sheets ¹⁾**

<i>Amounts in NOK million</i>	Life Insurance and Pensions			
	30 Sept. 2005	1 January 2005	Pro forma 30 Sept. 2004	Pro forma 1 January 2004
Assets				
Cash and deposits with central banks				
Lending to and deposits with credit institutions	9 872	5 165	5 995	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	12 016	9 747	9 230	7 287
Other financial instruments at fair value through profit and loss				
- commercial paper and bonds	64 191	55 313	53 708	53 744
Other financial instruments at fair value through profit and loss				
- shareholdings etc.	30 001	24 371	22 565	19 398
Financial derivative instruments	118	2 189	612	442
Financial derivative instruments used for hedging				
Shareholdings - available for sale				
Commercial paper and bonds - held to maturity	52 282	55 645	56 588	47 414
Investment property	19 445	18 445	16 763	16 687
Investments in associated companies	14	14	14	14
Intangible assets	213	292	334	416
Deferred tax assets				
Fixed assets	1 168	1 094	1 083	1 067
Biological assets				
Discontinuing operations				
Accrued income and prepaid expenses	32	4	38	64
Other assets	3 155	2 830	5 505	7 026
Total assets	192 508	175 109	172 434	157 765
Liabilities and equity				
Loans and deposits from credit institutions				
Deposits from customers				
Financial derivative instruments				
Securities issued				
Insurance liabilities - customers bearing the risk	12 016	9 747	9 230	7 287
Liabilities to life insurance policyholders	168 056	153 488	149 713	137 693
Other liabilities	938	922	1 628	2 832
Accrued expenses and prepaid income	281	761	2 027	663
Discontinuing operations				
Provisions				
Deferred tax liabilities	394	423	680	598
Subordinated loan capital	2 578	2 519	2 566	2 732
Total liabilities	184 263	167 860	165 844	151 805
Minority interests				
Revaluation reserve				
Share capital	2 423	2 418	2 418	2 418
Other reserves and retained earnings	5 821	4 831	4 172	3 541
Total equity	8 245	7 249	6 591	5 960
Total liabilities and equity	192 508	175 109	172 434	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.

Key figures

<i>Per cent</i>	Life Insurance and Pensions			
	3rd quarter 2005	Pro forma 3rd quarter 2004	Pro forma January-September 2005	Pro forma Full year 2004
Recorded return ¹⁾	2.1	1.3	5.2	6.5
Value-adjusted return excl. unrealised gains on long-term securities ¹⁾	2.7	1.3	6.0	7.1
Value-adjusted return incl. unrealised gains on long-term securities ¹⁾	2.2	1.7	5.6	7.7
Return on equity after taxes ^{2) 3)}	17.9	12.1	16.3	19.3

1) Vital Forsikring ASA including subsidiaries.

2) Figures are annualised.

3) Calculated on the basis of recorded equity.

Note 5 – Life Insurance and Pensions (continued)

Accounts according to NGAAP

Engaged in life and unit linked insurance, the business area applies accounting for such 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.

Kredittilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance has not adapted solvency capital or capital adequacy regulations to IFRS. For the time being, solvency and capital adequacy calculations are based on rules for statutory accounts, which thus far are not allowed to be restated according to IFRS.

Profit and loss accounts - NGAAP	Life Insurance and Pensions				
	3rd quarter 2005	3rd quarter 2004	January-September 2005	January-September 2004	Full year 2004
<i>Amounts in NOK million</i>					
Premium income for own account	5 257	4 163	17 175	16 804	22 132
Income from financial assets	5 413	8 629	12 731	17 474	19 562
Income from assets related to unit linked insurance business	1 078	186	1 976	575	754
Other insurance-related income	(22)	8	6	65	266
Insurance settlements for own account	2 891	2 726	8 557	8 250	11 895
Increase in insurance provisions etc.	4 470	2 686	13 773	12 511	15 236
Insurance-related operating expenses	329	340	1 067	1 079	1 439
Expenses related to financial assets	965	6 574	2 791	10 549	8 897
Expenses related to unit linked insurance business	(2)	0	3	5	8
Other insurance-related expenses	73	18	99	80	479
Transferred from/(to) securities adjustment reserve	(976)	(104)	(1 404)	482	(1 090)
Result of technical profit and loss accounts before special provisions	2 025	538	4 193	2 926	3 669
Transferred to additional allocations	0	0	0	0	300
Funds transferred to policyholders	1 636	280	3 172	2 107	2 033
Result of technical profit and loss accounts for life insurance operations	389	258	1 021	819	1 336
Other expenses	25	24	76	75	97
Result of ordinary operations	363	233	945	744	1 239
Taxes	(8)	11	(26)	97	(78)
Profit for the period	372	222	971	647	1 317

Balance sheets - NGAAP	Life Insurance and Pensions		
	30 Sept. 2005	31 Dec. 2004	30 Sept. 2004
<i>Amounts in NOK million</i>			
Financial assets	173 083	158 457	148 446
Assets related to unit linked insurance business	12 016	9 741	9 230
Accounts receivable	2 664	2 052	4 778
Other assets	2 772	2 138	7 215
Prepaid expenses and accrued income	2 541	2 757	2 801
Total assets	193 077	175 145	172 472
Paid-in capital	2 466	2 443	2 441
Retained earnings	5 840	4 864	4 198
Subordinated and perpetual subordinated loan capital securities	2 578	2 519	2 566
Securities adjustment reserve	4 942	3 538	1 966
Insurance provisions	163 477	149 796	147 604
Provisions in unit linked insurance business	12 016	9 741	9 230
Provisions for commitments	624	651	854
Liabilities	934	1 028	1 711
Accrued expenses and prepaid income	200	565	1 903
Total equity and liabilities	193 077	175 145	172 472
Market value above acquisition cost of bonds held to maturity	3 586	3 935	3 692

Note 5 – Life Insurance and Pensions (continued)**Key figures - NGAAP**

<i>Per cent</i>	Life Insurance and Pensions				
	3rd quarter 2005	3rd quarter 2004	January-September 2005	January-September 2004	Full year 2004
Expenses in per cent of policyholders' funds ^{1) 2) 3)}	0.83	0.87	0.85	0.91	0.90
Capital adequacy ratio ^{1) 4)}	12.6	12.7	12.6	12.7	14.1
Core capital ratio ^{1) 4)}	9.4	9.1	9.4	9.1	10.7
Policyholders' funds, life insurance operations (NOK billion) ^{4) 5)}	167	149	167	149	152
Asset under management, unit linked operations (NOK billion) ⁴⁾	12	9	12	9	10
Solvency margin capital in per cent of solvency capital requirement ^{1) 4) 6)}	151	137	151	137	163

1) Life insurance operations.

2) Figures are annualised.

3) Expenses charged to the administration result.

4) Figures at end of period.

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

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

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 Sept. 2005	31 Dec. 2004	30 Sept. 2004
Profit for the period	4 109		2 850
Securities adjustment reserve	4 942	3 538	1 966
Additional allocations	2 324	2 357	2 053
Security reserve	203	197	200
Equity	7 156	7 156	5 856
Subordinated loan capital and perpetual subordinated loan capital securities	2 483	2 449	2 496
Unrealised gains on long-term securities	3 586	3 935	3 692
Total solvency capital	24 802	19 630	19 112
Guaranteed return on policyholders' funds	4 352	5 271	4 095

Note 6 – Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2005	Pro forma 3rd quarter 2004	January-September 2005	Pro forma January-September 2004	Pro forma full year 2004
Staff costs	1 730	1 695	5 102	5 163	6 874
Other costs	1 306	1 306	4 053	5 073	6 670
Depreciation, impairment on fixed assets and intangible assets	162	230	488	724	961
Total operating expenses	3 199	3 231	9 644	10 960	14 505

Last five quarters

<i>Amounts in NOK million</i>	3rd quarter	2nd quarter	1st quarter	Pro forma	Pro forma
	2005	2005	2005	4th quarter 2004	3rd quarter 2004
Staff costs	1 730	1 666	1 706	1 711	1 695
Other costs	1 306	1 411	1 337	1 597	1 306
Depreciation, impairment on fixed assets and intangible assets	162	165	161	238	230
Total operating expenses	3 199	3 241	3 203	3 545	3 231

Note 7 – Restructuring provisions

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 September 2005	Accrued expenses 2005	1 January 2005
DnB NOR merger	383	575 ¹⁾	958
Other restructuring provisions	30	10	40
Total	413	585	998
<i>1) Of which: IT</i>		245	
<i>Staff cuts</i>		220	
<i>Real estate</i>		83	
<i>Other</i>		27	

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

	DnB NOR Group			
	3rd quarter 2005	Pro forma 3rd quarter 2004	Pro forma January-September 2005	Pro forma January-September 2004
Number of employees at end of period	10 062	10 638	10 062	10 482
Number of employees calculated on a full-time basis at end of period	9 692	10 242	9 692	10 085
Average number of employees	10 118	10 733	10 228	11 102
Average number of employees calculated on a full-time basis	9 740	10 305	9 838	10 517

1) Following the transition to IFRS, additional fully consolidated units representing 25 employees and 25 full-time positions have been included as at 30 September 2005. Figures for 2004 have been adjusted accordingly.

Note 9 – Net gains on fixed and intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group			
	3rd quarter 2005	Pro forma 3rd quarter 2004	Pro forma January-September 2005	Pro forma January-September 2004
Follalaks	107		107	
Helgelandske	16		16	
Aurora Salmon			59	
Pan Fish			314	
Akersgt. 64-67			64	
Postbanken Eiendomsmegling			16	
Elcon Finans				880
Gjensidige NOR Fondsforsikring		35		35
Other	7	(32)	26	24
Net gains on fixed and intangible assets	130	3	602	947
				914

Note 10 – Write-downs on loans and guarantees

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2005	Pro forma 3rd quarter 2004	January-September 2005	Pro forma January-September 2004	Pro forma full year 2004
Specification of write-downs					
Write-offs ^{a)}	112	74	327	359	507
Increase in specified loan-loss provisions ^{b)}	82	(27)	201	254	378
New specified loan-loss provisions ^{c)}	15	243	220	501	518
Total new specified provisions	209	289	748	1 114	1 403
Reassessed specified provisions ^{d)}	105	339	277	800	924
Total specified provisions	104	(50)	471	314	479
Recoveries on commitments previously written off ^{e)}	206	71	479	217	312
IFRS effects	23	(43)	188	(297)	(345)
Write-downs on loans and guarantees	(79)	(164)	180	(200)	(179)
Specification of changes					
Increase in/(reversals on) specified provisions ^{b) and c) minus d) and f)}	(160)	(389)	(342)	(716)	(865)
+ Write-offs covered by specified provisions made in previous years ^{f)}	152	265	486	671	837
+ Write-offs not covered by specified provisions made in previous years ^{a)}	112	74	327	359	507
- Recoveries on commitments previously written off ^{e)}	206	71	479	217	312
+ IFRS effects	23	(43)	188	(297)	(345)
Write-downs on loans and guarantees	(79)	(164)	180	(200)	(179)
<i>Of which write-downs on guarantees</i>	<i>(17)</i>	<i>(4)</i>	<i>0</i>	<i>(6)</i>	<i>15</i>

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				
	3rd quarter 2005	Pro forma 3rd quarter 2004	January-September 2005	Pro forma January-September 2004	Pro forma full year 2004
Retail customers	12	62	109	133	57
International shipping	2	(14)	21	(39)	(46)
Real estate	13	(4)	(11)	(13)	7
Manufacturing	81	(231)	102	(165)	(101)
Services and management	(27)	7	(29)	(227)	(215)
Trade	(9)	30	34	56	51
Oil and gas	3	(30)	(4)	(34)	(43)
Transportation and communication	0	5	10	23	25
Building and construction	2	7	6	53	62
Power and water supply	0	0	2	0	0
Fishing	4	20	36	134	179
Other sectors	(122)	25	(295)	176	184
Total customers	(41)	(123)	(19)	97	160
Credit institutions	(61)	2	11	0	7
IFRS effects	23	(43)	188	(297)	(345)
Total write-downs on loans and guarantees	(79)	(164)	180	(200)	(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 Sept. 2005	1 January 2005	Pro forma 30 Sept. 2004
Retail customers	357 259	330 785	322 095
International shipping	41 782	32 003	32 626
Real estate	87 905	82 900	82 018
Manufacturing	23 108	20 422	22 408
Services and management	42 035	30 569	31 089
Trade	25 807	21 207	22 113
Oil and gas	10 323	4 811	3 649
Transportation and communication	14 737	12 966	12 901
Building and construction	7 238	6 239	6 061
Power and water supply	6 626	4 725	4 933
Fishing	9 473	8 973	9 318
Hotels and restaurants	3 975	3 622	3 925
Agriculture and forestry	5 447	4 455	4 284
Central and local government	1 369	1 424	1 775
Other sectors and IFRS effects	16 387	19 549	18 792
Total net lending to customers	653 471	584 650	577 986

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 Sept. 2005	1 January 2005	Pro forma 30 Sept. 2004
Non-performing and doubtful commitments	8 118	9 229	10 813
Write-downs	3 184	3 503	3 949
Net impaired commitments	4 934	5 726	6 864

Note 14 – Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2005	1 January 2005	Pro forma 30 Sept. 2004
Goodwill	5 060	5 035	5 208
Systems development	15	27	95
Postbanken brand name	42	50	53
Other intangible assets	228	462	491
Total intangible assets	5 345	5 574	5 847

Note 15 – Capital adequacy according to NGAAP ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2005	31 Dec. 2004	30 Sept. 2004
Share capital	13 367	13 271	13 220
Other equity	33 620	33 327	29 337
Total equity	46 988	46 598	42 557
Perpetual subordinated loan capital securities ^{2) 3)}	5 590	5 531	5 859
Reductions			
Pension funds above pension commitments	(1 263)	(1 141)	(1 322)
Goodwill	(4 394)	(4 902)	(5 085)
Deferred tax assets	(732)	(728)	(912)
Other intangible assets	(217)	(299)	(247)
Core capital	45 970	45 059	40 850
Perpetual subordinated loan capital ^{2) 3)}	5 648	5 367	5 829
Term subordinated loan capital ³⁾	14 190	13 538	12 748
Net supplementary capital	19 838	18 905	18 577
Deductions	32	455	291
Total eligible primary capital ⁴⁾	65 776	63 509	59 137
Total risk-weighted volume	661 802	591 906	591 794
Core capital ratio (per cent)	6.9	7.6	6.9
Capital ratio (per cent)	9.9	10.7	10.0
Including 50 per cent of profit for the period			
Core capital ratio (per cent)	7.4		7.3
Capital ratio (per cent)	10.4		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 578 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 – Other off-balance sheet transactions and contingencies

Other off-balance sheet transactions and additional information	DnB NOR Group		
	30 Sept. 2005	1 Jan. 2005	Pro forma 30 Sept. 2004
<i>Amounts in NOK million</i>			
Unutilised ordinary credit lines	167 875	165 845	156 109
Documentary credit commitments	8 536	7 531	6 870
Other commitments	1 704	1 099	1 100
Total commitments	178 115	174 475	164 079
Performance guarantees	14 206	13 433	13 404
Payment guarantees	12 685	11 577	12 325
Loan guarantees	12 744	10 916	12 912
Guarantee to the Norwegian Banks' Guarantee Fund	0	2 676	2 556
Guarantees for taxes etc.	3 001	2 790	2 781
Other guarantee commitments	6 015	4 803	4 834
Total guarantee commitments	48 651	46 194	48 812
Support agreements	3 588	2 482	438
Total guarantee commitments etc. *)	52 239	48 676	49 250
*) Of which:			
Counter-guaranteed by financial institutions	1 286	1 481	1 553
Joint and several liabilities	325	45	0
Securities	51 718	43 843	45 904
Total mortgages etc.	51 718	43 843	45 904
are pledged as security for:			
Loans	51 608	43 728	45 787
Other activities	110	115	117

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Group's financial position. The disputes involving the highest amounts are described in [årsrapporten for 2004](#). [Nedenfor redegjøres for eventuell endring i rettsvistene i løpet av de tre første kvartalene i 2005.](#)

[Nordlandsbanken ASA reiste i 2004 sak mot KPMG med krav om erstatning med bakgrunn i KPMGs revisjon av Finance Credit AS. Partene har forlikt erstatningssakene og Nordlandsbanken mottok 45 millioner kroner som endelig oppgjør. Forliket gav en inngang på tidligere nedskrevne engasjementer i tredje kvartal.](#)

Finance Credit AS' estate in bankruptcy filed a claim in 2004 to reverse the debtor's repayment of credit facilities in Union Bank of Norway ASA (now DnB NOR Bank ASA) in autumn 2001 and spring 2002. The amount of the claim is NOK 160 million. [Banken ble frifunnet i Tingretten. Dommen ble anket. Anken ble senere frafalt.](#)

[Patricia Long og Wien Air Alaska Inc. har reist søksmål med krav om erstatning på USD 160 millioner mot DnB NOR Bank ASA, for domstol i USA. Banken bestrider kravet og har påstått saken avvist](#)

Note 17 – Business areas

Profit and loss accounts, third quarter ¹⁾

Amounts in NOK million	DnB NOR Group											
	Corporate Banking 3rd quarter		Retail Banking 3rd quarter		DnB NOR Markets 3rd quarter		Life Insurance and Pensions 3rd quarter		Asset Management 3rd quarter		Other operations 3rd quarter	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest income - ordinary operations	1 496	1 486	1 828	1 794	60	51	0	0	0	3	55	67
Interest on allocated capital	134	112	76	62	13	10	0	0	7	6	(229)	(190)
Net interest income	1 630	1 598	1 904	1 856	72	61	0	0	7	9	(174)	(123)
Net other operating income	722	429	775	686	684	510	601	512	245	237	76	(53)
Total income	2 352	2 026	2 679	2 542	757	571	601	512	252	246	(98)	(176)
Operating expenses ^{*)}	790	817	1 528	1 573	337	244	236	278	162	156	146	162
Pre-tax operating profit before write-downs	1 562	1 209	1 152	969	420	327	364	233	90	90	(244)	(338)
Write-downs on loans and net losses on assets	(183)	(174)	13	76	10	1	0	0	2	(0)	(51)	(70)
Pre-tax operating profit	1 745	1 383	1 139	893	409	326	364	233	87	90	(193)	(268)
<i>*) Of which group overhead</i>	15	17	8	8	3	4	2	3	1	1	(29)	(33)

Profit and loss accounts, January-September ¹⁾

Amounts in NOK million	DnB NOR Group											
	Corporate Banking Jan.-Sept.		Retail Banking Jan.-Sept.		DnB NOR Markets Jan.-Sept.		Life Insurance and Pensions Jan.-Sept.		Asset Management Jan.-Sept.		Other operations ²⁾ Jan.-Sept.	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest income - ordinary operations	4 225	4 257	5 469	5 250	171	150	0	0	(3)	(5)	334	292
Interest on allocated capital	364	343	209	185	35	31	0	0	18	19	(626)	(578)
Net interest income	4 588	4 599	5 678	5 435	206	180	0	0	16	15	(292)	(285)
Net other operating income	1 900	1 440	2 181	2 073	1 861	1 674	1 760	1 616	726	683	35	70
Total income	6 489	6 039	7 858	7 508	2 067	1 855	1 760	1 616	742	698	(256)	(216)
Operating expenses ^{*)}	2 399	2 517	4 581	4 823	928	816	814	871	496	509	426	1 423
Pre-tax operating profit before write-downs	4 090	3 521	3 277	2 685	1 140	1 039	945	744	246	189	(683)	(1 639)
Write-downs on loans and net losses on assets	(378)	(183)	188	193	10	1	0	0	2	(0)	(245)	(1 157)
Pre-tax operating profit	4 468	3 705	3 089	2 491	1 129	1 038	945	744	244	189	(438)	(482)
<i>*) Of which group overhead</i>	46	50	24	25	10	12	5	8	2	3	(86)	(99)

1) Figures for 2004 are pro forma.

2) Other operations:

Amounts in NOK million	Double entries Jan.-Sept.		Group Centre ^{*)} Jan.-Sept.		Eliminations Jan.-Sept.	
	2005	2004	2005	2004	2005	2004
	Net interest income - ordinary operations	(9)	9	(244)	(248)	587
Interest on allocated capital			0	0	(626)	(578)
Net interest income	(9)	9	(244)	(248)	(39)	(46)
Net other operating income	(645)	(455)	712	671	(32)	(146)
Total income	(654)	(447)	468	423	(71)	(192)
Operating expenses			675	1 549	(249)	(126)
Pre-tax operating profit before write-downs	(654)	(447)	(207)	(1 126)	178	(66)
Write-downs on loans and net losses on assets				(441)	(1 165)	196
Pre-tax operating profit	(654)	(447)	234	39	(18)	(73)

	Jan.-Sept.	
	2005	2004
<i>*) Group Centre - pre-tax operating profit in NOK million</i>		
Income on equities	456	169
Group write-downs	132	137
Portfolio hedging, Treasury	78	(15)
Net gains on fixed and intangible assets	28	1 020
Funding costs on goodwill	(77)	(80)
Unallocated gains/(losses)	(148)	(68)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(150)	(106)
Goodwill impairments	0	(158)
Restructuring provisions, DnB NOR merger	0	(930)
Other	(85)	69
Pre-tax operating profit	234	39

Note 17 – Business areas (continued)

Main average balance sheet items ¹⁾

Amounts in NOK billion	Corporate Banking		Retail Banking		DnB NOR Markets		Life Insurance and Pensions		Asset Management		DnB NOR Group Other operations	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net lending to customers	271.7	256.6	342.6	307.3	2.6	1.4					(4.7)	8.6
Customer deposits	194.5	173.9	196.1	187.1	9.9	9.3					(9.0)	(6.9)
Assets under management							170.4	152.6	493.9	482.6	(156.2)	(138.5)

Key figures

Per cent	Corporate Banking		Retail Banking		DnB NOR Markets		Life Insurance and Pensions ²⁾		Asset Management ²⁾		DnB NOR Group Other operations	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Cost/income ratio	37.0	41.7	58.3	64.2	44.9	44.0			66.8	73.0		
Ratio of deposits to lending ¹⁾	71.6	67.8	57.2	60.9								
Return on equity BIS	18.9	16.3	22.7	20.3	49.3	51.1	16.3	13.5	20.7	14.6		
Full-time positions ^{3) 4)}	1 791	1 934	4 137	4 288	530	531	867	926	291	310	2 077	2 092

1) Based on nominal values.

2) Return on equity is calculated on the basis of recorded equity.

3) Figures for 2004 are as at 31 December and pro forma.

4) As the transition to IFRS has resulted in certain companies being reclassified as fully consolidated, four full-time positions in Corporate Banking and 21 in the Group Centre have been included as at 30 September 2005. Figures for 2004 have been restated accordingly.

Note 18 – Profit and balance sheet trends

Profit and loss accounts

Amounts in NOK million	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	DnB NOR Group	
				Pro forma 4th quarter 2004	Pro forma 3rd quarter 2004
Interest income	7 626	7 275	7 057	7 262	7 229
Interest expenses	4 187	3 868	3 707	3 825	3 829
Net interest income and credit commissions	3 440	3 407	3 350	3 436	3 401
Commissions and fees receivable etc.	2 181	2 081	2 026	2 015	1 923
Commissions and fees payable etc.	593	577	587	563	564
Net gains on financial instruments at fair value	820	576	453	563	354
Net gains on financial assets in life insurance and profits from insurance operations	289	267	337	539	240
Net realised gains on investment securities (AFS)	100	31	0	26	25
Profit from companies accounted for by the equity method	22	34	61	2	13
Other income	283	343	316	379	329
Net other operating income	3 103	2 755	2 605	2 960	2 320
Staff costs	1 730	1 666	1 706	1 711	1 695
Other costs	1 306	1 411	1 337	1 597	1 306
Depreciation, impairment on fixed and intangible assets	162	165	161	238	230
Total operating expenses	3 199	3 241	3 203	3 545	3 231
Pre-tax operating profit before write-downs	3 344	2 920	2 752	2 852	2 490
Net gains on fixed and intangible assets	130	455	17	(33)	3
Write-downs on loans and guarantees	(79)	123	136	21	(164)
Pre-tax operating profit	3 553	3 253	2 633	2 798	2 657
Taxes	888	813	658	323	714
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	2 665	2 440	1 974	2 475	1 943
Earnings per share	1.99	1.82	1.49	1.87	1.47

Note 18 – Profit and balance sheet trends (continued)

Balance sheets	DnB NOR Group				
	30 Sept. 2005	30 June 2005	31 March 2005	1 Jan. 2005	Pro forma 30 Sept. 2004
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	24 264	1 593	7 366	8 780	12 802
Lending to and deposits with credit institutions	52 477	63 825	49 342	25 397	30 448
Gross lending to customers	656 655	626 712	605 593	588 153	581 935
- Accumulated write-downs	(4 530)	(4 778)	(4 788)	(4 981)	(5 427)
Net lending to customers	652 125	621 934	600 805	583 172	576 508
Trading securities - commercial paper and bonds	60 738	57 148	52 999	48 470	48 470
Trading securities - shareholdings etc.	1 323	412	1 270	1 117	1 117
Financial assets - customers bearing the risk	12 016	10 766	10 354	9 747	9 230
Other financial instruments at fair value through profit and loss - commercial paper and bonds	78 916	75 010	75 152	67 966	67 898
Other financial instruments at fair value through profit and loss - shareholdings etc.	32 033	29 680	29 288	28 078	25 695
Financial derivative instruments	32 558	37 021	34 384	41 148	36 493
Financial derivative instruments used for hedging	1 443	2 189	1 200	1 828	1 828
Shareholdings - available for sale	0	210	298	303	271
Commercial paper and bonds - held to maturity	52 282	51 656	54 390	55 645	56 588
Investment property	19 703	18 335	18 725	18 616	16 934
Investments in associated companies	1 362	1 382	1 452	1 507	1 641
Intangible assets	5 345	5 399	5 524	5 574	5 847
Deferred tax assets	395	416	427	406	350
Fixed assets	5 808	5 990	6 240	6 189	6 250
Biological assets	0	147	247	278	278
Discontinuing operations	0	0	0	25	25
Accrued income and prepaid expenses	1 872	2 207	2 596	2 311	2 145
Other assets	6 006	7 586	7 737	6 220	14 722
Total assets	1 040 665	992 904	959 797	912 779	915 539
Liabilities and equity					
Loans and deposits from credit institutions	103 297	94 150	87 222	59 174	73 734
Deposits from customers	399 183	382 959	368 358	353 957	350 132
Financial derivative instruments	30 260	36 636	33 822	44 134	39 796
Securities issued	220 630	205 636	200 006	192 812	191 869
Insurance liabilities - customers bearing the risk	12 016	10 766	10 354	9 747	9 230
Liabilities to life insurance policyholders	168 056	162 143	157 972	153 488	149 713
Other liabilities	20 590	16 552	14 594	14 721	15 394
Accrued expenses and prepaid income	2 575	3 161	4 103	3 822	8 004
Discontinuing operations	0	0	0	24	24
Provisions	4 822	5 101	5 374	5 486	5 047
Subordinated loan capital	25 193	24 283	25 523	25 256	24 981
Total liabilities	986 622	941 387	907 328	862 620	867 925
Minority interests	6	42	33	33	44
Revaluation reserve	0	90	116	122	92
Share capital	13 367	13 369	13 366	13 271	13 220
Other reserves and retained earnings	40 670	38 016	38 954	36 734	34 259
Total equity	54 043	51 517	52 470	50 159	47 614
Total liabilities and equity	1 040 665	992 904	959 797	912 779	915 539

Profit and loss accounts DnB NOR ASA

According to NGAAP

<i>Amounts in NOK million</i>	3rd quarter 2005	3rd quarter 2004	January-September 2005	January-September 2004	Full year 2004
Interest income	59	35	126	69	101
Interest expenses	48	44	139	182	229
Net interest income and credit commissions	11	(9)	(13)	(113)	(128)
Dividends from group companies/group contributions	0	0	0	0	7 881
Net gains on foreign exchange and financial instruments	(5)	0	(5)	0	0
Commissions and fees payable etc.	1	2	5	7	8
Net other operating income	(6)	(2)	(10)	(7)	7 874
Salaries and other ordinary personnel expenses	5	1	25	22	37
Administrative expenses	41	26	122	80	102
Sundry ordinary operating expenses	3	2	3	4	7
Other expenses	0	0	0	7	7
Total operating expenses	48	29	150	113	153
Pre-tax operating profit before losses	(43)	(40)	(174)	(234)	7 592
Net gains on long-term securities	0	13	0	13	15
Pre-tax operating profit	(43)	(26)	(174)	(220)	7 607
Taxes	(12)	(7)	(49)	(62)	2 118
Profit for the period	(31)	(19)	(125)	(159)	5 489

Balance sheets DnB NOR ASA

According to NGAAP

<i>Amounts in NOK million</i>	30 Sept. 2005	31 Dec. 2004	30 Sept. 2004	31 Dec. 2003
Assets				
Deposits with DnB NOR Bank ASA	8 266	4 021	3 921	1 423
Lending to other group companies	1 951	2 055	2 061	1 825
Investments in group companies	46 031	45 975	45 975	46 121
Other receivables due from group companies	328	8 069	359	6 103
Other assets	59	57	55	30
Total assets	56 634	60 177	52 371	55 502
Liabilities and equity				
Loans from DnB NOR Bank ASA	5 936	6 153	6 153	6 370
Loans from other group companies	1 906	2 025	1 882	2 420
Other liabilities and provisions	2 146	5 552	277	2 919
Paid-in capital	25 303	24 983	24 839	24 414
Retained earnings	21 343	21 463	19 220	19 379
Total liabilities and equity	56 634	60 177	52 371	55 502

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