First quarter report 2007

DnB NOR Bank ASA

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Following changes in regulations stipulated by the Norwegian Ministry of Finance in March 2007, banks and finance and mortgage companies are required to use IFRS or Norwegian IFRS regulations in the statutory accounts. This requirement will apply to interim accounts presented as from the second quarter of 2007 but is optional for the first quarter of 2007.

DnB NOR Bank has prepared statutory accounts for the first quarter of 2007 in accordance with Norwegian IFRS regulations. These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. The DnB NOR Bank Group [1] has prepared accounts for the first quarter of 2007 in accordance with IFRS. The new principles are described in notes to the accounts.

Introduction

The DnB NOR banking group recorded healthy profits in the first quarter of the year, with a return on equity of 16.8 per cent. The cost/income ratio was 49.6 per cent for the January through March period of 2007, compared with 48.5 per cent in the year-earlier period. The strong Norwegian economy and sound portfolio quality resulted in low write-downs on loans and guarantees in the first quarter of 2007.

The banking group's pre-tax operating profits before write-downs came to NOK 3 355 million in the first quarter of 2007, up from NOK 3 208 million in the corresponding period in 2006. After taxes, profits totalled NOK 2 415 million, compared with NOK 2 458 million in the first quarter of 2006.

As from 1 January 2007, capital adequacy calculations for some portfolios are based on the Basel II framework. The core capital ratio for the banking group was 7.5 per cent as at 31 March 2007. A partial audit has been conducted of the accounts of DnB NOR Bank and the banking group as at 31 March 2007, thus in accordance with capital adequacy rules, 50 per cent of interim profits has been included in the capital adequacy figures. The core capital ratio for the banking group as at 31 December 2006 was 6.8 per cent. The Board of Directors considers the banking group to be well capitalised relative to the risk level in the loan portfolios and other operations.

DnB NOR Bank aims to increase the share of income from the banking group's international operations. As part of this strategy, the bank has presented an offer to acquire the Swedish real estate brokerage chain Svensk Fastighetsförmedling AB. Through this transaction, the real estate brokerage operations of the banking group will become the most extensive in the Nordic region. During the first quarter of the year, DnB NOR Finans entered into an agreement to acquire SEB's leasing portfolio within vendor-based car financing in Sweden. In late 2006, DnB NOR Bank signed an agreement to acquire 76.3 per cent of the Polish BISE Bank through its partially owned subsidiary DnB NORD. In April 2007, the banking group received a concession for the acquisition. DnB NOR Bank expanded its operations in Asia during the first quarter of 2007 through the establishment of Corporate Finance Asia, a Singapore-based unit offering investment banking services. DnB NOR has adopted a plan to sell all remaining bank buildings.

New capital adequacy regulations, Basel II, entered into force with effect from 2007. During the first quarter of the year, Kredittilsynet (the Financial Supervisory Authority of Norway) granted the banking group permission to use the foundation IRB approach for credit risk to calculate the capital adequacy for some portfolios as from 1 January 2007.

Income

Income totalled NOK 6 659 million for the January through March period, an increase of NOK 429 million or 6.9 per cent from the first quarter of 2006.

Net interest income

Net interest income was NOK 4 040 million in the first quarter of 2007, up NOK 377 million or 10.3 per cent compared with the year-earlier period.

Average lending increased by NOK 120 billion or 16.7 per cent from the first quarter of 2006. The rise mainly represented well-secured housing loans and corporate customer loans with low or medium risk. There was a rise of NOK 65 billion or 15.2 per cent in average deposits. Lending spreads contracted by 0.30 percentage points compared with the year-earlier period, standing at 1.08 per cent at end-March 2007. During the same period, deposit spreads expanded by 0.19 percentage points to 0.94 per cent at end-March 2007.

The table below specifies changes from the first quarter of 2006 according to main items:

Changes in net interest income

Amounts in NOK million	1st quarter 2007	Change	1st quarter 2006
Net interest income	4 040	377	3 663
DnB NORD	233	79	154
Lending and deposit volumes		413	
Lending and deposit spreads		(352)	
Other		236	

[1] *DnB NOR Bank ASA is a subsidiary of DnB NOR ASA and part of the DnB NOR Group. The DnB NOR Bank Group, hereinafter called "the banking group", comprises the bank and the bank's subsidiaries. Other companies owned by DnB NOR ASA, including Vital Forsikring and DnB NOR Kapitalforvaltning, are not part of the banking group. Operations in DnB NOR ASA and the total DnB NOR Group are not covered in this report but described in a separate report and presentation.*

Net other operating income

Net other operating income amounted to NOK 2 620 million in the first quarter of 2007, up NOK 53 million compared with the corresponding period of 2006.

Net other operating income represented 39.3 per cent of total income in the first quarter of 2007, as against 41.2 per cent in the year-earlier period.

The table below specifies changes from the first quarter of 2006 according to main items:

Changes in net other operating income

Amounts in NOK million	1st quarter 2007	Change	1st quarter 2006
Net other operating income	2 620	53	2 567
DnB NORD	105	34	71
Net commissions and fees		(52)	
Net gains on equity investments		48	
Net gains on other financial instruments		(13)	
Other income		36	

Operating expenses

Operating expenses totalled NOK 3 305 million in the first quarter of 2007, up NOK 283 million from the year-earlier period. Excluding operations in DnB NORD, there was a NOK 214 million rise in expenses.

The cost trend in the first quarter of 2007 reflected rising personnel expenses due to higher pension costs and the result of the 2006 wage settlements. In addition, the banking group is in the midst of a period of investment, product development and international start-ups. The investments will ensure a broader income base and improve conditions for future income growth.

Pension expenses rose by NOK 65 million in the first quarter of 2007 compared with the year-earlier period. The increase was partly attributable to new calculations of pension commitments due to higher anticipated life expectancy.

The table below shows changes in operating expenses from the first quarter of 2006 according to main items:

Changes in operating expenses

Amounts in NOK million	1st quarter 2007	Change	1st quarter 2006
Operating expenses	3 305	283	3 022
DnB NORD	220	69	151
Wage settlements		58	
Pension expenses		65	
IT development		40	
Depreciation and write-downs		26	
Synergies		(22)	
Other		47	

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 5 million in the first quarter of 2007, compared with NOK 12 million in the year-earlier period. The gains referred to the sale of properties.

Write-downs on commitments

Write-downs on loans and guarantees came to NOK 51 million, with individual write-downs of NOK 88 million and reversals on group write-downs of NOK 37 million. The reversals on group write-downs reflected the positive trend in the Norwegian economy.

Portfolio quality showed a continued positive trend in the first quarter of 2007. After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 3 367 million at end-March 2007, a decline of NOK 433 million from 31 December 2006. Net non-performing and impaired commitments represented 0.39 per cent of net lending at end-March 2007, down from 0.64 per cent a year earlier.

Taxes

The banking group's tax charge for the first quarter of 2007 was NOK 893 million. The tax charge is based on an anticipated average tax rate of 27 per cent of the banking group's pre-tax operating profits.

Balance sheet

Total assets in the banking group's balance sheet were NOK 1 168 billion as at 31 March 2007, as against NOK 931 billion a year earlier.

Net lending to customers rose by NOK 115 billion or 15.5 per cent during the twelve-month period.

Customer deposits rose by NOK 82 billion or 19.3 per cent from the first quarter of 2006.

In order to keep the banking group's liquidity risk at a low level, the majority of customer loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. With respect to short-term funding of the bank, restrictive borrowing limits have been established.

The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 59.7 per cent at end-March 2007, up from 57.8 per cent a year earlier.

Securities issued by the banking group increased by NOK 68 billion or 26.1 per cent from the first quarter of 2006, totalling NOK 330 billion at end-March 2007. The majority of the securities were issued in international capital markets. The banking group has good access to the European, US and Asian capital markets, and there was a significant increase in the banking group's funding in the US capital market in 2006.

The rating agencies' assessments of DnB NOR are of significance to the banking group's funding terms. DnB NOR Bank has the following long-term ratings: Aa1 from Moody's, AA from Dominion Bond Rating Service and A+ with a positive outlook from Standard & Poor's.

Risk and capital adequacy

The banking group quantifies risk by measuring risk-adjusted capital requirement. The net risk-adjusted capital requirement increased by NOK 0.8 billion in the January through March period of 2007, to NOK 38.9 billion. The table below shows developments in the risk-adjusted capital requirement:

Amounts in NOK billion	31 March 2007	31 Dec. 2006	31 March 2006
Credit risk	35.1	36.0	33.8
Market risk	2.7	2.4	2.0
Operational risk	4.2	4.0	3.7
Business risk	2.1	2.1	1.9
Gross risk-adjusted capital	44.2	44.6	41.4
Diversification effect [1)	5.3	4.9	4.2
Net risk-adjusted capital	38.9	39.7	37.2
Diversification effect in per cent of gross risk-adjusted capital 1)	12.0	11.0	10.1

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

The decline in credit risk reflects improved credit quality and a moderate increase in credit volumes. Lending growth remains brisk in the retail market, while corporate credit volumes have been stable. The banking group has taken a cautious approach to extending credit to acquisition financing and commercial property projects.

There was a slight increase in market risk due to the bank's higher exposure in equity instruments.

During the first quarter, parts of the banking group's IT systems were affected by computer viruses. The cleanup process took some time, and the problems had certain negative effects on operations, though the impact on the bank's IT solutions for customers was less serious.

The banking group has been granted permission to use the foundation IRB approach for credit risk as from 1 January 2007. Use of the foundation IRB approach implies that the bank's own classification systems can be used for capital adequacy purposes. The portfolios for which the banking group has been granted permission to use the foundation IRB approach comprises loans to small and medium-sized companies as well as loans to retail customers secured by residential property, excluding Postbanken and DnB NOR Boligkreditt. See further description in note 17.

Risk-weighted volume included in the calculation of the capital adequacy requirement declined by NOK 18.4 billion during the first quarter, to NOK 768.9 billion. This was due to a NOK 17.9 billion increase according to previous rules and a NOK 36.3 billion reduction according to transitional rules for IRB measurement. In the first quarter of 2007, capital adequacy is calculated on the basis of IFRS accounts for the first time. The increase in statutory deductions in core capital mainly reflects the conversion from NGAAP to IFRS. The core capital ratio was 7.5 per cent, while the capital adequacy ratio was 11.2 per cent.

Business areas

The activities of the banking group are organised in three business areas according to the customer segments served by the group and the products offered. In addition, DnB NORD is regarded as a separate profit centre.

Corporate Banking and Payment Services

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 1 783 million in the first quarter of 2007, an increase of NOK 312 million from the year-earlier period. Strong growth in lending and deposit volumes contributed to the rise in profits.

Reflecting the healthy rise in credit demand throughout 2006, average loans and guarantees rose by NOK 78.8 billion from the first quarter of 2006, to NOK 448.0 billion. Sound profit margins among Norwegian corporate clients has also ensured a boost in liquidity in the business sector. Average deposits thus increased by NOK 41.1 billion from the year-earlier period, to NOK 271.8 billion.

Ordinary net interest income was up NOK 234 million in the first quarter of 2007 compared with the year-earlier period. There was continued strong competition in the Norwegian and international markets, and the combined spread contracted by 0.10 percentage points from the first quarter of 2006 to the corresponding period in 2007.

Due to a high level of customer activity, net other operating income increased by NOK 85 million from the first quarter of 2006. There was a rise in income from syndicated loans, foreign exchange and interest rate products and guarantee commissions, while lower corporate finance activity reduced income from this product area.

Operating expenses totalled NOK 982 million in the first quarter of the year, up NOK 119 million from the corresponding period of 2006. The increase reflected international initiatives in 2006, resulting in rising staff numbers and greater investments. In addition, there was strong wage growth in Norwegian operations compared with the first quarter of 2006. The cost/income ratio was 35.2 per cent in the first quarter, an improvement of 2.0 percentage points from the corresponding period in 2006. At end-March 2007, staff in Corporate Banking and Payment Services represented 2 635 full-time positions, including 606 positions in subsidiaries and 445 in international units.

Due to sound quality in the credit portfolios combined with the healthy economic trend, write-downs were low in the January through March period. Net write-downs came to NOK 31 million.

Market shares showed a satisfactory trend, and the market share of credit to Norwegian corporate clients was 15.1 per cent at end-February 2007, on a level with the figure a year earlier.

In the first quarter of 2007, the banking group acquired a car loan portfolio in Sweden valued at approximately SEK 2.4 billion.

Corporate Banking and Payment Services anticipates a continued high level of activity, though credit growth is expected to stabilise. The fierce competition is expected to prevail, causing continued pressure on spreads.

Retail Banking

Retail Banking recorded pre-tax operating profits of NOK 878 million in the first quarter of 2007, down NOK 227 million from the corresponding period in 2006. The decline was an anticipated consequence of narrowing spreads during the period.

Brisk demand for housing loans caused an increase in average lending of 11.1 per cent or NOK 41 billion from the first quarter of 2006, to NOK 412 billion in the first quarter of 2007. Customer deposits increased by 9.1 per cent or NOK 18 billion to NOK 212 billion during the same period.

Net interest income from ordinary operations declined by NOK 185 million compared with the first quarter of 2006, to NOK 1 604 million. Due to strong competition in the housing loan market, lending spreads contracted, standing at 1.08 per cent in the first quarter of 2007. Notification periods in connection with changes in customer interest rates will normally cause a shortfall in net interest income during periods of rising interest rates.

Net other operating income totalled NOK 775 million, down NOK 24 million from the year-earlier period. The reduction in income from payment transactions was partly offset by higher income from sales of insurance, mutual fund and structured products.

Operating expenses were up 3.5 per cent, totalling NOK 1 553 million in the first quarter of the year, up from NOK 1 500 million in the year-earlier period. The cost/income ratio was 61.9 per cent, as against 56.0 per cent in the first quarter of 2006. Retail Banking staff numbered 4 111 full-time positions at end-March 2007.

Write-downs on loans remained low, totalling NOK 77 million for the January through March period in 2007.

Equities trading via mobile phones was offered to the banking group's customers during the first quarter. Retail customers will soon be given the opportunity to invest in savings products which have previously been reserved for large institutional customers. Through cooperation with Vital, retail customers will be offered investments in a global portfolio of private equity funds. In March 2007, a special customer loyalty programme, Partner Start, was introduced for corporate clients and one-man businesses in the start-up phase. BankID, which is a personal electronic proof of identify for secure identification and signatures on the Internet, is under establishment and will be offered customers in the course of the year.

At end-February 2007, the market share of credit to retail customers was 29.6 per cent, down from 30.2 per cent at end-March 2006. The market share of savings was 37.1 per cent at end-February 2007. The number of customers subscribing to loyalty programmes increased by 14 per cent during the 12-month period, totalling 1 080 000 at end-March, of whom 660 000 were under the DnB NOR brand while 420 000 had Postbanken Leve product packages. Postbanken Eiendom was established in 2006 and had 19 franchise offices as at 31 March 2007.

Retail Banking aims to strengthen its position in a market characterised by intense competition from domestic and international players. Competition will be met by developing new products and distribution solutions geared to the market and by making efficient use of the broad distribution network. Retail Banking will also seek future growth outside Norway. As part of this strategy, DnB NOR Bank has presented an offer to acquire the Swedish real estate brokerage chain Svensk Fastighetsförmedling AB. Through this transaction, the real estate brokerage operations of the banking group will become the most extensive in the Nordic region.

DnB NOR Markets

DnB NOR Markets achieved pre-tax operating profits of NOK 647 million in the first quarter of 2007, up NOK 52 million from the year-earlier period. Return on capital was 53.2 per cent. Due to stock market volatility, income from equities brokerage and corporate finance activity was lower than in the first quarter of 2006. However, higher income from foreign exchange and interest rate products and custodial and other securities services more than compensated for the decline.

Total revenues were NOK 1 063 million in the first quarter of 2007, an increase from NOK 1 010 million in the year-earlier period.

Costs totalled NOK 392 million in the first quarter of 2007, a decline from NOK 415 million in the January through March period in 2006. The 6 per cent reduction was due to non-recurring items in the first quarter of 2007. The cost/income ratio was 36.9 per cent, and full-time positions numbered 569 at end-March 2007.

Customer-related income from foreign exchange and interest rate derivatives rose to NOK 306 million in the first quarter of 2007, from NOK 268 million a year earlier. Higher Norwegian money market rates boosted demand for interest rate hedging products, while demand for foreign exchange products remained stable compared with the year-earlier period.

Customer-related revenues from the sale of securities and other investment products came to NOK 230 million, as against NOK 259 million in the first quarter of 2006. There was healthy demand for savings products such as property funds, bonds with embedded credit derivatives, index-linked bonds and equity-linked bank deposits. During the quarter, DnB NOR Markets launched bank deposits with returns linked to mutual funds based on DnB NOR Asset Management's equity and hedge funds. In addition, equities trading by mobile phone was introduced.

Customer-related revenues from corporate finance services were NOK 148 million, down NOK 64 million from the high level in the first quarter of 2006. In March 2007, DnB NOR Markets established a corporate finance department for Asia at the bank's branch in Singapore. There was a high level of activity in the debt capital markets, and DnB NOR Markets was the leading arranger of bond issues in Norwegian kroner in the first quarter of 2007.

Customer-related revenues from the sale of custodial and other securities services rose to NOK 91 million, from NOK 70 million in the first quarter of 2006. The 30 per cent increase reflected a high level of activity within securities lending and among international investors on Oslo Børs.

Earnings from market making and other proprietary trading totalled NOK 251 million, an increase from NOK 184 million in the year-earlier period. A rise in income from trading in interest rate instruments and narrower credit margins on bonds were factors contributing to the good performance.

Stock market activity, credit market trends and fluctuations in the NOK exchange rate and Norwegian interest rate levels will be decisive factors for the business area's future performance. Strong competition and an increase in electronic trading are expected to further increase the pressure on prices. Activity levels are generally lower in the second than in the first quarter of the year.

DnB NORD

DNB NORD recorded pre-tax operating profits of NOK 109 million in the first quarter of 2007, up NOK 44 million compared with the year-earlier period, mainly reflecting a strong rise in volumes.

Customer lending averaged NOK 38.9 billion in the first quarter of 2007, up 63.7 per cent from the corresponding period in 2006. Average deposit volume rose by 24.5 per cent from the year-earlier period, to NOK 13.0 billion.

Income totalled NOK 338 million in the first quarter of the year, an increase of NOK 113 million or 50.2 per cent from the first quarter of 2006. Costs represented NOK 220 million for the January through March period in 2007, up NOK 69 million or 45.7 per cent from the first quarter of 2006. The cost/income ratio was 65.1 per cent. At end-March 2007, DnB NORD staff represented 2 111 full-time positions.

A key strategic target for DnB NORD is to take part in the extensive commercial and investment activities throughout the Baltic Sea region. In order to succeed, major efforts are being made to harmonise products and integrate IT systems and products in the DnB NORD network, ensuring that products and services can be offered across national borders. This is expected to provide economies of scale and boost revenues.

In Poland, Denmark and Finland, DnB NORD is a full-service bank for corporate customers, while the entities in the Baltic region also serve retail customers and small businesses. DnB NORD is well represented in the Baltic region and Poland, with more than 715 000 customers and 122 branches, and is thus well positioned and has good prospects in markets showing considerable growth.

Strong credit growth is expected in the Baltic region in 2007, and DnB NORD expects to grow in pace with the total market. In early autumn 2006, DnB NOR initiated measures to minimise losses in the event of exchange rate volatility in Latvia. In the short term, a potential currency depreciation will thus have limited effect on DnB NORD's financial performance. In Poland, there is also brisk growth in the financial sector, and DnB NORD aims to increase market shares here by focusing on small and medium-sized companies. The agreement to acquire BISE Bank is part of this initiative. In Denmark and Finland, DnB NORD will seek greater market shares among large corporates and medium-sized businesses.

Prospects for the rest of the year

Towards the end of 2006, the strong growth in the Norwegian economy accelerated and underlying growth at the beginning of 2007 was very high. A high level of optimism among households and businesses indicate continued solid growth in the mainland economy in 2007. A lack of available resources in several areas will, however, curb the growth potential of certain business sectors, while a global economic cool-down may cause export growth to decline somewhat. It is expected that rising interest rates may result in a slowdown in both household consumption and investment growth.

Competition in the savings and loan markets is expected to continue to increase. To meet the intensifying competition, the banking group will exploit in full its size and scale of operations. In addition, productivity and cost awareness will be enhanced at all levels.

Due to the banking group's position in the domestic market and intensifying competition in Norway, the banking group will seek future growth also abroad. Therefore, during the last few years, the significance of the banking group's international operations has increased and the target is that the future share of income from international operations will increase. DnB NOR Bank's strategy is to expand internationally in sectors and product areas where the banking group has acquired special competence based on several years' experience, while it will remain important to accompany Norwegian customers when they establish businesses outside Norway. The banking group will closely observe future developments in the Nordic financial markets.

Favourable economic conditions for Norway and DnB NOR indicate that 2007 will be a profitable year for the banking group, with limited write-downs on loans.

Oslo, 2 May 2007
The Board of Directors of DnB NOR Bank ASA

Olav Hytta (chairman)	Bent Pedersen (vice-chairman)	Rune Bjerke
Per Hoffmann	Sten Sture Larre	Kari Lotsberg
Heidi M. Petersen	Torill Rambjør	Ingjerd Skjeldrum

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Income statement

		DnB NOR Bank ASA		
		1st quarter	1st quarter	Full year
Amounts in NOK million	Note	2007	2006	2006
Total interest income	5	12 266	8 156	39 108
Total interest expenses	5	8 875	5 029	25 997
Net interest income	5	**3 391**	**3 126**	**13 111**
Commissions and fees receivable etc.	6	1 495	1 562	5 861
Commissions and fees payable etc.	6	475	478	1 866
Net gains on financial instruments at fair value	6, 7	1 138	1 066	3 712
Net realised gains on investment securities (AFS)	6	0	0	0
Profit from companies accounted for by the equity method	6	0	0	4
Other income	6	202	169	2 904
Net other operating income	6	**2 359**	**2 320**	**10 615**
Total income		**5 750**	**5 446**	**23 726**
Salaries and other personnel expenses	8	1 478	1 374	5 538
Other expenses	8	1 098	1 066	4 609
Depreciation and impairment of fixed and intangible assets	8	94	89	383
Total operating expenses	8	**2 670**	**2 529**	**10 530**
Net gains on fixed and intangible assets	10	(2)	3	63
Write-downs on loans and guarantees	11	37	(50)	(337)
Pre-tax operating profit		**3 041**	**2 970**	**13 597**
Taxes		851	722	3 207
Profit from discontinuing operations after taxes		0	0	0
Profit for the period		**2 190**	**2 248**	**10 390**

Balance sheets

		DnB NOR Bank ASA			
		31 March	31 Dec.	31 March	1 Jan.
Amounts in NOK million	Note	2007	2006	2006	2006
Assets					
Cash and deposits with central banks		17 077	9 346	1 292	19 715
Lending to and deposits with credit institutions		198 630	117 261	109 125	74 648
Lending to customers	12, 13	712 206	722 881	650 631	627 892
Commercial paper and bonds		112 825	137 302	82 724	76 798
Shareholdings		4 515	3 590	3 045	3 174
Financial derivatives		57 134	56 657	28 097	33 025
Shareholdings, available for sale		0	0	0	0
Commercial paper and bonds, held to maturity		0	0	0	0
Investment property		0	0	0	0
Investments in associated companies		569	569	543	537
Investements in subsidiaries		9 034	8 594	8 081	7 170
Intangible assets	14	2 008	1 990	1 960	1 932
Deferred tax assets		384	404	5	6
Fixed assets		2 652	2 687	2 830	2 860
Biological assets		0	0	0	0
Discontinuing operations		0	0	0	27
Other assets		7 050	6 033	3 220	3 597
Total assets		**1 124 084**	**1 067 313**	**891 554**	**851 382**
Liabilities and equity					
Loans and deposits from credit institutions		132 346	120 072	100 083	97 510
Deposits from customers		485 324	457 465	408 919	401 267
Financial derivatives		58 705	57 258	30 936	30 641
Securities issued	15	326 899	324 183	259 051	234 460
Payable taxes		3 347	2 642	1 369	778
Deferred taxes		3	3	997	899
Other liabilities		27 198	21 087	14 693	14 591
Discontinuing operations		0	0	0	0
Provisions		4 110	4 113	3 716	3 776
Subordinated loan capital	15	36 744	33 240	27 227	25 122
Total liabilities		**1 074 677**	**1 020 064**	**846 990**	**809 045**
Minority interests		0	0	0	0
Revaluation reserve		0	0	0	0
Share capital		17 214	17 214	17 214	17 214
Other reserves and retained earnings		32 192	30 035	27 349	25 122
Total equity		**49 407**	**47 249**	**44 563**	**42 336**
Total liabilities and equity		**1 124 084**	**1 067 313**	**891 553**	**851 382**
Off-balance sheet transactions and contingencies	18				

Income statement

		DnB NOR Bank Group		
		1st quarter	1st quarter	Full year
Amounts in NOK million	Note	2007	2006	2006
Total interest income	5	13 490	8 939	42 720
Total interest expenses	5	9 450	5 276	27 251
Net interest income	5	**4 040**	**3 663**	**15 469**
Commissions and fees receivable etc.	6	1 614	1 649	6 249
Commissions and fees payable etc.	6	498	492	1 939
Net gains on financial instruments at fair value	6, 7	1 064	1 015	3 601
Net realised gains on investment securities (AFS)	6	0	0	0
Profit from companies accounted for by the equity method	6	37	29	171
Other income	6	403	366	1 475
Net other operating income	6	**2 620**	**2 567**	**9 556**
Total income		**6 659**	**6 230**	**25 026**
Salaries and other personnel expenses	8	1 847	1 672	6 849
Other expenses	8	1 281	1 214	5 205
Depreciation and impairment of fixed and intangible assets	8	177	136	632
Total operating expenses	8	**3 305**	**3 022**	**12 686**
Net gains on fixed and intangible assets	10	5	12	354
Write-downs on loans and guarantees	11	51	(26)	(258)
Pre-tax operating profit		**3 309**	**3 247**	**12 952**
Taxes		893	789	3 357
Profit from discontinuing operations after taxes		0	0	0
Profit for the period		**2 415**	**2 458**	**9 595**
Profit attributable to shareholders		2 361	2 424	9 452
Profit attributable to minority interests		54	34	143

Balance sheets

		DnB NOR Bank Group			
		31 March	31 Dec.	31 March	1 Jan.
Amounts in NOK million	Note	2007	2006	2006	2006
Assets					
Cash and deposits with central banks		18 685	11 453	2 742	21 229
Lending to and deposits with credit institutions		102 066	65 203	60 864	31 427
Lending to customers	12, 13	852 661	838 023	737 925	707 916
Commercial paper and bonds		115 404	114 203	84 581	78 018
Shareholdings		4 748	3 818	3 277	3 260
Financial derivatives		57 169	56 345	28 213	33 128
Shareholdings, available for sale		0	0	0	0
Commercial paper and bonds, held to maturity		0	0	0	0
Investment property		149	148	232	270
Investments in associated companies		1 450	1 499	1 427	1 388
Investments in subsidiaries		-	-	-	-
Intangible assets	14	3 177	3 166	3 054	2 954
Deferred tax assets		144	190	37	37
Fixed assets		5 526	5 392	5 062	5 057
Biological assets		0	0	0	0
Discontinuing operations		27	27	0	27
Other assets		6 817	5 663	3 283	3 318
Total assets		**1 168 024**	**1 105 131**	**930 697**	**888 029**
Liabilities and equity					
Loans and deposits from credit institutions		141 603	124 383	110 529	108 067
Deposits from customers		509 186	480 471	426 709	417 734
Financial derivatives		58 645	57 646	31 047	30 765
Securities issued	15	330 288	326 806	261 847	236 631
Payable taxes		5 579	4 888	2 145	1 505
Deferred taxes		34	39	1 203	1 130
Other liabilities		21 403	15 367	12 257	12 188
Discontinuing operations		0	0	0	0
Provisions		4 345	4 372	4 002	4 113
Subordinated loan capital	15	37 432	33 979	28 215	26 112
Total liabilities		**1 108 516**	**1 047 950**	**877 954**	**838 246**
Minority interests		2 226	2 201	1 520	947
Revaluation reserve		0	0	0	0
Share capital		17 214	17 214	17 214	17 214
Other reserves and retained earnings		40 068	37 765	34 008	31 622
Total equity		**59 508**	**57 181**	**52 742**	**49 783**
Total liabilities and equity		**1 168 024**	**1 105 131**	**930 697**	**888 029**
Off-balance sheet transactions and contingencies	18				

Statement of changes in equity

DnB NOR Bank ASA

Amounts in NOK million	Revalu-ation reserve	Share capital	Share premium reserve	Other equity [1]	Total other reserves and retained earnings	Total equity
Balance sheet as at 1 January 2006 NGAAP [2]	0	17 214	9 995	13 966	23 961	41 176
IFRS effects						
IAS 39 - Extended use of fair value of financial instruments				383	383	383
IAS 16 - Market value of buildings for own use				448	448	448
IFRS 3 - Exclusion of goodwill amortisation				347	347	347
Other				(18)	(18)	(18)
Total IFRS effects	0	0	0	1 161	1 161	1 161
Balance sheet as at 1 January 2006	**0**	**17 214**	**9 995**	**15 127**	**25 122**	**42 336**
Net change in currency translation reserve				(21)	(21)	(21)
Profit for the period				2 248	2 248	2 248
Net income for the period	0			2 227	2 227	2 227
Balance sheet as at 31 March 2006	**0**	**17 214**	**9 995**	**17 354**	**27 349**	**44 563**
Balance sheet as at 31 December 2006 NGAAP	0	17 214	9 995	18 148	28 143	45 357
IFRS effects						
IAS 39 - Extended use of fair value of financial instruments				1 057	1 057	1 057
IAS 16 - Market value of buildings for own use				430	430	430
IFRS 3 - Exclusion of goodwill amortisation				428	428	428
Other				(23)	(23)	(23)
Total IFRS effects	0	0	0	1 891	1 891	1 891
Balance sheet as at 31 December 2006	**0**	**17 214**	**9 995**	**20 039**	**30 035**	**47 249**
Net change in currency translation reserve				(32)	(32)	(32)
Profit for the period				2 190	2 190	2 190
Net income for the period				2 157	2 157	2 157
Balance sheet as at 31 March 2007	**0**	**17 214**	**9 995**	**22 197**	**32 192**	**49 407**

1) *Of which currency translation reserve:*

Balance sheet as at 1 January 2006	*22*	*22*
Net change in currency translation reserve	*(21)*	*(21)*
Balance sheet as at 31 March 2006	*1*	*1*
Balance sheet as at 31 December 2006	*(32)*	*(32)*
Net change in currency translation reserve	*(32)*	*(32)*
Balance sheet as at 31 March 2007	*(64)*	*(64)*

2) *Including effects of new regulations on the treatment of loans and guarantees, and merger with DnB NOR Hypotek.*

Statement of changes in equity

DnB NOR Bank Group

Amounts in NOK million	Minority interests [1]	Revalu-ation reserve	Share capital	Share premium reserve	Other equity [1]	Total other reserves and retained earnings	Total equity
Balance sheet as at 1 January 2006 NGAAP [2]	947	0	17 214	10 711	15 940	26 651	44 812
IFRS effects							
IAS 39 - Extended use of fair value of financial instruments					611	611	611
IAS 16 - Market value of buildings for own use					571	571	571
IFRS 3 - Exclusion of goodwill amortisation					474	474	474
IAS 10 - Dividends/Group contribution					3 297	3 297	3 297
Other					18	18	18
Total IFRS effects	0	0	0	0	4 970	4 970	4 970
Balance sheet as at 1 January 2006	**947**	**0**	**17 214**	**10 711**	**20 910**	**31 622**	**49 783**
Net change in currency translation reserve	(9)				(38)	(38)	(46)
Profit for the period	34				2 424	2 424	2 458
Net income for the period	26	0	0	0	2 386	2 386	2 412
Minority interests, DnB NORD	545						545
Minority interests, other	2						2
Balance sheet as at 31 March 2006	**1 520**	**0**	**17 214**	**10 711**	**23 297**	**34 008**	**52 742**
Balance sheet as at 31 December 2006 NGAAP	2 201	0	17 214	10 711	19 113	29 824	49 240
IFRS effects							
IAS 39 - Extended use of fair value of financial instruments					1 174	1 174	1 174
IAS 16 - Market value of buildings for own use					529	529	529
IFRS 3 - Exclusion of goodwill amortisation					640	640	640
IAS 10 - Dividends/Group contribution					5 544	5 544	5 544
Other					53	53	53
Total IFRS effects	0	0	0	0	7 941	7 941	7 941
Balance sheet as at 31 December 2006	**2 201**	**0**	**17 214**	**10 711**	**27 054**	**37 765**	**57 181**
Net change in currency translation reserve	(30)				(58)	(58)	(88)
Profit for the period	54				2 361	2 361	2 415
Net income for the period	25				2 303	2 303	2 328
Balance sheet as at 31 March 2007	**2 226**	**0**	**17 214**	**10 711**	**29 357**	**40 068**	**59 508**

1) *Of which currency translation reserve:*

	Minority interests	Other equity	Total equity
Balance sheet as at 1 January 2006	*0*	*(27)*	*(27)*
Net change in currency translation reserve	*(9)*	*(38)*	*(46)*
Balance sheet as at 31 March 2006	*(9)*	*(64)*	*(73)*
Balance sheet as at 31 December 2006	*44*	*(39)*	*6*
Net change in currency translation reserve	*(30)*	*(58)*	*(88)*
Balance sheet as at 31 March 2007	*14*	*(96)*	*(82)*

2) *Including effects of new regulations on the treatment of loans and guarantees.*

Cash flow statements

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year 2006	1st quarter 2006	1st quarter 2007	*Amounts in NOK million*	1st quarter 2007	1st quarter 2006	Full year 2006
			OPERATIONS			
(107 359)	(16 346)	10 448	Net receipts/payments on loans to customers	(14 663)	(23 236)	(129 985)
58 942	6 587	26 682	Net receipts on deposits from customers	27 424	7 839	66 112
37 009	7 204	10 738	Interest received from customers	11 937	7 951	40 476
(8 857)	(1 120)	(2 644)	Interest paid to customers	(2 788)	(1 190)	(9 226)
(52 057)	(1 909)	28 049	Net receipts/payments on sales of financial assets for investment or trading	1 542	(2 462)	(28 088)
6 140	1 831	1 527	Net receipts on commissions and fees	1 645	1 918	6 528
(11 463)	(3 092)	(3 272)	Payments to operations	(3 845)	(3 551)	(13 491)
(477)	(39)	(127)	Taxes paid	(186)	(70)	(562)
580	94	158	Other receipts	359	290	1 407
(77 542)	**(6 790)**	**71 559**	**Net cash flow relating to operations**	**21 426**	**(12 512)**	**(66 829)**
			INVESTMENT ACTIVITY			
(899)	(50)	(80)	Net payments on the acquisition of fixed assets	(327)	(138)	(802)
45	(144)	0	Net receipts/payments on the sale/acquisition of long-term investments in shares	0	(144)	45
1 215	57	87	Dividends received on long-term investments in shares	87	46	115
362	**(137)**	**7**	**Net cash flow relating to investment activity**	**(240)**	**(236)**	**(642)**
			FUNDING ACTIVITY			
(6 833)	(32 529)	(61 209)	Net receipts/payments on loans from credit institutions	(14 152)	(27 598)	(13 852)
(5 831)	(3 513)	5 578	Net receipts/payments on other short-term liabilities	5 655	(3 056)	(5 567)
94 079	25 034	4 546	Net issue of bonds and commercial paper [1)]	5 342	25 637	92 803
10 302	2 925	4 310	Issue of subordinated loan capital	4 310	2 925	10 302
(2 152)	(296)	0	Redemptions of subordinated loan capital	0	(296)	(2 152)
(3 932)	0	0	Dividend payments	0	0	(3 932)
(16 806)	(2 804)	(7 997)	Net interest payments on funding activity	(8 430)	(2 976)	(17 673)
68 826	**(11 183)**	**(54 770)**	**Net cash flow from funding activity**	**(7 274)**	**(5 364)**	**59 929**
(8 354)	**(18 110)**	**16 796**	**Net cash flow**	**13 912**	**(18 111)**	**(7 542)**
30 138	30 138	21 783	Cash as at 1 January	18 230	25 698	25 698
0	0	0	Increase in cash and deposits through acquisitions	0	74	74
(8 354)	(18 110)	16 796	Net receipts/payments on cash	13 912	(18 111)	(7 542)
21 783	12 029	38 580	Cash at end of period	32 142	7 661	18 230

The cash flow statement shows receipts and payments of cash and cash equivalents during the year. The statement has been prepared in accordance with the direct method and has been adjusted for items that do not generate cash flows, such as accruals, depreciation and write-downs on loans and guarantees. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

1) A significant share of the Group's operations was during 2006 funded by issuing bonds and commercial paper.

Key figures

		DnB NOR Bank Group		
		1st quarter 2007	1st quarter 2006	Full year 2006
Interest rate analyses				
1.	Combined average spread for lending and deposits (%)	2.02	2.13	2.08
2.	Spread for ordinary lending to customers (%)	1.08	1.38	1.27
3.	Spread for deposits from customers (%)	0.94	0.75	0.81
Rate of return/profitability				
4.	Net other operating income, per cent of total income	39.3	41.2	38.2
5.	Cost/income ratio (%)	49.6	48.5	50.1
6.	Return on equity, annualised (%)	16.8	19.4	18.2
Financial strength				
7.	Core (Tier 1) capital ratio at end of period (%)	7.5	7.4	6.8
8.	Capital adequacy ratio at end of period (%)	11.2	10.4	10.2
9.	Core capital at end of period (NOK million)	57 514	50 180	53 554
10.	Risk-weighted volume at end of period (NOK million)	768 863	682 239	787 311
Loan portfolio and write-downs				
11.	Write-downs relative to net lending to customers, annualised	0.01	0.00	(0.03)
12.	Net non-performing and impaired commitments, per cent of net lending	0.39	0.64	0.45
13.	Net non-performing and impaired commitments at end of period (NOK million)	3 367	4 758	3 800
Liquidity				
14.	Ratio of customer deposits to net lending to customers at end of period (%)	59.7	57.8	57.3
Staff				
15.	Number of full-time positions at end of period	10 895	10 511	10 710

Definitions

1, 2, 3 Based on nominal values excluding lending to and deposits with credit institutions and impaired loans.

5 Total expenses relative to total income. Expenses are excluding allocation to employees.

6 Profit for the period are exclusive of profit attributable to minority interests and are adjusted for the period`s change in fair value recognised directly in equity. Average equity is calculated on the basis of recorded equity excluding minority interests.

Note 1 – Accounting principles etc.

BASIS FOR PREPARING THE ACCOUNTS

DnB NOR Bank ASA and the bank including subsidiaries, the banking group, have prepared accounts for the first quarter of 2007 in accordance with IFRS, including IAS 34 – Interim Financial Reporting. The banking group is included in the DnB NOR Group, which implemented IFRS in the consolidated accounts as of 1 January 2005. The DnB NOR Group's opening balance date was 1 January 2004.

DnB NOR Bank ASA has prepared statutory accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS (International Financial Reporting Standards) hereinafter called the Norwegian IFRS regulations. These regulations give permission to record provisions for dividends and group contribution in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. The Norwegian IFRS regulations also imply that the bank will use all other accounting principles resulting from IFRS in full.

Changes in IFRS 8 – Segment Reporting and IFRS 2 – Share-based Payment were issued by IASB in the fourth quarter of 2006. Changes in IAS 23 – Borrowing Costs were issued by IASB in the first quarter of 2007. The effective date of these standards is 1 January 2009. Hence, the bank and the banking group have not adopted these regulations in the accounts for the first quarter of 2007.

COMPARISON FIGURES

DnB NOR Bank and the banking group implemented IFRS as of 1 January 2007. The opening balance date according to IFRS was 1 January 2006, thus comparable figures according to new principles have been prepared for 2006. The effects of the transition to IFRS are described in further detail in note 2.

ESTIMATES

When preparing the consolidated accounts, management makes assessments and estimates and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. Note 3 gives a description of important estimates and assumptions.

ACCOUNTING PRINCIPLES

The accounting principles applied by DnB NOR Bank and the banking group according to IFRS are described below.

Consolidation

The consolidated accounts of the banking group include DnB NOR Bank ASA including subsidiaries and associated companies.

Subsidiaries are defined as companies in which DnB NOR Bank has control, directly or indirectly, through ownership or other means and a holding of more than 50 per cent of the voting share capital or primary capital. DnB NOR Bank considers the existence of de facto control, but generally assumes to have control when holding more than 50 per cent of the voting share capital or primary capital in another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the banking group. Subsidiaries that are sold are consolidated up till the time risk and control are transferred.

Associated companies are companies in which DnB NOR Bank has a significant influence, that is the power to participate in the financial and operating policy decisions of the companies, but is not in control or joint control of the companies. An assumption of significant influence exists when DnB NOR Bank holds between 20 and 50 per cent of the voting share capital or primary capital in another entity. Associates are recognised in the banking group accounts according to the equity method. In the statutory accounts, investments in subsidiaries and associates are recorded at cost.

Conversion of transactions in foreign currency

Norwegian kroner serve as the reporting currency for the banking group. DnB NOR Bank ASA, has Norwegian kroner as its functional currency.

Balance sheet items of foreign branches and subsidiaries are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are charged directly to equity.

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

Business combinations

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

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

In connection with acquisitions of less than 100 per cent ownership, 100 per cent of excess fair value is recorded in the balance sheet, with the exception of goodwill where only DnB NOR Bank's share is included.

Recognition and derecognition of assets and liabilities

Assets and liabilities are recorded in the balance sheet at the time the banking group assumes actual control of the rights to the assets and takes on a real commitment.

Assets are derecognised at the time actual risk relating to the assets is transferred and control of rights to the assets is annulled or expired.

Financial instruments

Classification of financial instruments

On initial recognition financial assets are classified in one of the following categories according to the purpose of the investment:

- Financial assets held for trading (trading portfolio), carried at fair value through profit or loss
- Other financial instruments designated at fair value with changes in value recognised in the income statement
- Financial derivatives designated as hedging instruments
- Loans and receivables, carried at amortised cost
- Held-to-maturity investments, carried at amortised cost
- Available-for-sale financial instruments carried at fair value, with changes in value recorded against equity

On initial recognition financial liabilities are classified in one of the following categories:

- Financial liabilities held for trading (trading portfolio), carried at fair value through profit or loss
- Financial liabilities designated as at fair value with changes in value recognised in the income statement
- Other financial liabilities carried at amortised cost

Financial assets and liabilities in the trading portfolio

Instruments in the trading portfolio are typically subject to frequent trading and positions are established with an aim to obtain short-term gains.

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

Financial assets and liabilities designated at fair value through profit and loss
Financial assets and financial liabilities designated at fair value include commercial paper and bonds, equities, fixed-rate loans in Norwegian kroner, fixed-rate securities issued in Norwegian kroner, such as index-linked bonds and bank deposits and other fixed-rate deposits. These instruments are included in the portfolios, which are managed together and valued at fair value. Financial guarantees are also included in this category.

Financial derivatives designated as hedging instruments
The banking group uses derivative instruments as part of its risk exposure management to manage exposures to interest rate. Derivatives used in hedge accounting are recorded as financial derivatives in the balance sheet.

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

Held-to-maturity investments, carried at amortised cost
The category includes securities held to maturity and is carried at amortised cost.

Available-for-sale financial instruments carried at fair value, with changes in value recorded against equity
Assets classified as available for sale include financial assets not included in other categories.

Other financial liabilities carried at amortised cost
Other financial liabilities that are not included in the trading portfolio or the portfolio designated as at fair value with changes recognised in profit or loss, are carried at amortised cost.

Measurement

Initial recognition of financial instruments
Financial instruments are measured at fair value on the trade date.

Subsequent measurement

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

Financial instruments, for which offsetting market risks can be identified with a reasonable degree of probability, are recorded at mid-market prices on the balance sheet date. Other financial assets and liabilities are measured at bid or asking prices respectively.

<u>Instruments traded in an active market</u>
Most of the banking group's financial derivatives, e.g. forward currency contracts, forward rate agreements (FRAs), interest rate options, currency options, interest rate swaps and interest rate futures, are traded in an active market. In addition, some investments in equities and commercial paper and bonds are traded in active markets.

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

<u>Instruments not traded in an active market</u>
Financial instruments not traded in an active market are valued according to different valuation techniques. When valuing ordinary, straightforward financial instruments, the banking group uses recognised option and discounting models with inputs from observable markets. For more complex products, valuation techniques that as far as possible are based on market information are used. When applying such valuation techniques, the value is adjusted for, e.g., credit risk and liquidity risk.

Financial instruments in the banking group not traded in an active market mainly include the portfolios of fixed-rate loans, deposits and borrowings in Norwegian kroner, certain non-standardised derivative contracts, investments in unlisted shares, loans in the trading portfolio, financial guarantees and structured products. Financial guarantee contracts issued are initially measured at fair value. Subsequently, these guarantees are in the accounts evaluated at the highest of fair value adjusted for any cumulative amortisation of commissions and or the implicit liability in the contract.

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

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

Some of the banking group's products consist of different elements, e.g. deposits, securities and financial derivatives, so-called structured products. Structured products include equity-linked bank deposits and equity-linked bonds. All elements in the products are recorded at aggregate fair value.

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

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

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

<u>Impairments on financial assets</u>

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

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

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

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

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

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

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

Presentation in the balance sheet and income statement

Cash and deposits with central banks
Cash is defined as cash and deposits with central banks.

Lending
Loans are recorded, dependent on the counterparty, either as lending to and deposits with credit institutions or lending to customers, regardless of measurement principle.

Interest income on instruments classified as lending are included in "Net interest income" using the internal rate method, irrespective of measurement principle. The method is described in the section on amortised cost.

A decrease in value on the balance sheet date based on objective evidence of impairment for loans valued at amortised cost and in the portfolio of fixed-rate loans in Norwegian kroner, which are measured at fair value, are reflected in "Write-downs on loans and guarantees".

Other changes in value of the portfolio of fixed-rate loans in Norwegian kroner, which are measured at fair value, or changes in value of loans included in the trading portfolio are included under "Net gains on financial instruments at fair value".

Commercial paper and bonds
Interest-bearing securities which DnB NOR Bank has no intention of holding to maturity are classified as commercial paper and bonds. The portfolio includes both commercial paper and bonds in the trading portfolio and commercial paper and bonds classified at fair value through profit and loss.

Interest income and expenses on other portfolios of commercial paper and bonds are included in "Net interest income" using the internal rate method. The method is described in more detail in the section on amortised cost. Other changes in value are recorded under "Net gains on financial instruments at fair value" in the income statement.

Shareholdings
Shareholdings include shareholdings in the trading portfolios as well as shareholdings and mutual funds classified at fair value.

Changes in value are recorded under "Net gains on financial instruments at fair value".

Financial derivatives
Financial derivatives are classified as either financial derivatives in the trading portfolio or as derivatives used in hedge accounting. Financial derivatives are presented as assets if the value is positive and as liabilities if there is a negative value. Netting is undertaken if the banking group has a legally binding netting agreement with its counterparty and intends to make a net redemption or sell the asset and meet the obligation at the same time.

Interest income and expenses on other financial derivatives are included in "Net interest income" using the internal rate method. The method is described in more detail in the section on amortised cost. Other changes in value are recorded under "Net gains on financial instruments at fair value".

Shareholdings available for sale
As at 31 March 2007 and for periods in 2006 none of the banking group's shareholdings were classified as available for sale.

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

Commercial paper and bonds, held to maturity
As at 31 March 2007 and in 2006 none of the banking group's shareholdings were classified as available for sale.

Loans and deposits from credit institutions and deposits from customers
Liabilities to credit institutions and customers are recorded, dependent on the counterparty, either as loans and deposits from credit institutions or deposits from customers, regardless of measurement category.

Interest expenses on instruments classified as loans and deposits from credit institutions and deposits from customers are included in "Net interest income" using the internal rate method. Other changes in value are recorded under "Net gains on financial instruments at fair value".

Securities issued and subordinated loan capital
Securities issued and subordinated loan capital includes commercial paper issued, bond debt, subordinated loan capital and perpetual subordinated loan capital securities, regardless of measurement category.

Interest expenses on instruments classified as securities issued and subordinated loan capital are included in "Net interest income" using the internal rate method. Other changes in value are recorded under "Net gains on financial instruments at fair value" in the income statement. Other changes include change in value due to changes in DnB NOR Bank ASA's long-term credit rating.

Financial guarantee contracts and loan commitments
Contracts that require the banking group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms in a debt instrument, are classified as financial guarantee contracts.

Loan commitments are classified as financial liabilities if the commitments can be settled net in cash or by delivering or issuing another financial instrument or if the banking group has a commitment to provide a loan at a below-market interest rate. The banking group did not have any such loan commitments classified as financial liabilities as at 31 March 2007.

Except for individually identified impaired commitments, any changes in the value of financial guarantee contracts issued including amortisation of commissions are recorded as "Net gains on financial instruments at fair value". Changes in the value of financial guarantee contracts issued included in individually identified impaired commitments are recorded under "Write-downs on loans and guarantees". The fair values of financial guarantee contracts issued are recorded under "Provisions" in the balance sheet.

Hedge accounting and risk management
The banking group's portfolios of fixed-rate loans, deposits and borrowings make it necessary to manage and hedge interest rate risk. To reflect this in

the accounts the banking group combines the use of selected fair value hedge accounting and designates financial assets and liabilities as assets of liabilities at fair value with changes in value recognised in the income statement. The banking group classifies these portfolios dependent on whether the instruments are issued in Norwegian kroner or foreign currency. The portfolios of fixed-rate loans in Norwegian kroner, securities issued in Norwegian kroner and fixed-rate deposits from customers in Norwegian kroner are measured at fair value with changes in value recognised in the income statement. Fixed-rate instruments issued in foreign currency are subject to fair value interest rate hedging on an individual basis. In such cases, there is a clear, direct and documented correlation between changes in the value of the currency loan (hedged item) and changes in the value of the financial derivative (hedging instrument).

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

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

This is done to avoid asymmetry in the accounts as a result of items included in the banking group’s interest rate management being assessed according to different principles. Use of the above principles for group items involving interest rate risk will ensure that the overall presentation of such items in DnB NOR Bank’s accounts is consistent with the banking group’s interest rate management and actual financial performance.

Leasing

Finance leases are agreements, which basically transfer all risk and returns associated with the leasing object to the lessee. Such leases are classified as lending and recorded at amortised cost. Leasing income is recorded according to the annuity method, where the interest component is recorded under net interest income while instalments reduce the balance sheet value of lending. In cases where another party guarantees the residual value due to the lessee, the residual value is repaid over the term of the contract.

Upon the sale of leasing objects, gains or losses will regularly occur. The net present value of expected future net sales gains is recorded in the balance sheet. Realised gains and changes in value of future sales gains are included in net interest income.

Operational leases are agreements where DnB NOR Bank guarantees the residual value for the lessee at the end of the contract period. Leasing income is recorded under "Other operating income". Operating equipment is recorded as machinery, fittings and vehicles in the balance sheet. Depreciation for accounting purposes is calculated using the annuity method and classified as ordinary depreciation.

Investment property, own buildings and other fixed assets

Investment property

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

Investment properties are measured initially at cost and thereafter at fair value with changes in fair value recognised in the profit or loss for the period in which it arises. No annual depreciation is made on investment property. Internal or external expertise is used for valuations based on discounted annual rental income. Changes in value of investment property are recorded under "Other income" in the income statement.

Buildings for own use

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

Buildings for own use, which the banking group shall sell, are reclassified as "Discontinuing operations". Recorded value is the lower of cost and recoverable amount.

Other fixed assets

Other tangible assets are classified as fixed assets and recorded at cost less accumulated depreciation and write-downs. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalised on the relevant assets when it is probable that future economic benefits associated with the expenditure will flow to the banking group and can be measured reliably. Expenses for repairs and maintenance are recorded in the income statement as they occur.

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

Buildings for own use	50-100	years
Technical installations	10	years
Machinery	3-10	years
Fixtures and fittings	5-10	years
Computer equipment	3-5	years
Means of transport	5-7	years

The residual values and useful lives of the assets are reviewed annually and adjusted if required. Gains and losses on the sale of fixed assets are recorded in the line item "Net gain on fixed and intangible assets" in the income statement.

Impairment assessment

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

Intangible assets

Goodwill

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

IT systems and software

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

Pensions

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

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

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

Pension commitments represent the present value of estimated future pension payments, which in the accounts are classified as accumulated on the balance sheet date. The calculation of pension commitments is based on actuarial and economic assumptions about life expectancy, rise in salaries, early retirement etc. The discount rate used is determined by reference to market yields as at 31 December 2006 on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.

Deviations in estimates are recorded in the income statement over the average remaining service period when the difference exceeds the greatest of 10 per cent of pension funds and 10 per cent of pension commitments.

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

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

Taxes

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

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilised. Deferred taxed and deferred tax assets in the tax group are recorded net in the banking group's balance sheet.

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

Tax group

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

Accrual accounting of interest and fees

Interest and commissions are included in the income statement when earned as income or incurred as expenses. Unrealised gains and losses on interest rate hedges in connection with changes in market rates on fixed-rate deposits and borrowings in foreign currency are amortised under "Net interest income".

Fees that represent direct payment for services rendered are recognised as income upon payment. Fees for the establishment of loan agreements are included in cash flows when calculating amortised cost and recorded under "Net interest income" using the internal rate method. Fees that are included when establishing financial guarantees are included in the valuation and recorded under "Net gains on financial instruments at fair value".

Recording of interest

Interest income is recorded using the internal rate method. This implies that nominal interest is recorded when incurred, with the addition of amortised front-end fees less direct marginal establishment costs. Interest is recorded according to the internal rate method with respect to both balance sheet items carried at amortised cost and balance sheet items carried at fair value with changes in value recognised in the income statement. Interest taken to income on impaired commitments corresponds to the internal rate of return on the written-down value. Cf. "Measurement at fair value", "Measurement at amortised cost" and "Impairments on financial assets" above.

Restructuring

If restructuring plans that change the scope of operations or the way operations are carried out are approved, the need for restructuring provisions will be considered. If restructuring expenses cannot be shown to help generate income in subsequent periods and future expenses represent actual obligations on the balance sheet date, the net present value of future cash flows will be charged to the accounts and recorded as a liability in the balance sheet. The provisions will be reversed as expenses are incurred.

Cash flow statements

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice.

Equity and capital adequacy

Dividends and group contributions

Dividends received in DnB NOR Bank ASA are recorded in the same year that provisions are made in the company declaring the dividends. Distributed dividends and group contributions are recorded as liabilities in accordance with the Board of Directors' proposal on the balance sheet date.

The banking group classifies dividends as equity until approved by the general meeting. Provisions for dividends and group contributions are not included in the capital adequacy calculations.

Minority interests

Minority interests are presented as a separate part of equity.

Capital adequacy

Capital adequacy calculations are based on special consolidation rules based on the statutory accounts prepared according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS as from the first quarter of 2007.

Note 2 – Transition to IFRS

Up until 31 December 2006, DnB NOR Bank ASA and the banking group prepared accounts based on Norwegian accounting legislation, the accounting regulations issued by the Ministry of Finance and Norwegian generally accepted accounting principles, hereinafter referred to as NGAAP. The banking group has prepared accounts for the first quarter of 2007 in accordance with IFRS. DnB NOR Bank ASA has prepared statutory accounts according to the Norwegian IFRS regulations. See note 1 for further description. The most significant changes in accounting principles resulting from the transition to IFRS are described below. Reconciliation and a description of effects on equity in DnB NOR Bank and the banking group upon the transition as well as on profits for the first quarter of 2006 and the full year 2006 are shown in the statement of changes in equity and in the variance analysis for the first quarter of 2006 and the full year 2006 below.

DnB NOR Bank ASA implemented the Norwegian IFRS regulations as of 1 January 2007. The formal opening balance date was 1 January 2006. DnB NOR Bank ASA and the banking group is part of the DnB NOR Group, which implemented IFRS on 1 January 2005. The opening balance date of the DnB NOR Group was 1 January 2004.

The DnB NOR Group availed itself of the exemption from the duty to restate the balance sheet and accounts for previous periods according to IFRS 1, inter alia with respect to previous acquisitions. Consequently, the value of goodwill was carried forward in the IFRS accounts based on the value on 1 January 2004 in the consolidated accounts according to NGAAP. In connection with IFRS 1, a new valuation was made of certain balance sheet items on the opening balance date. In subsequent periods, the value of these assets has been reviewed based on the IFRS rules for impairment.

DnB NOR Bank ASA and the banking group has used the option under IFRS 1 to carry book values for the DnB NOR Group forward on the opening balance date for the bank and the banking group. Thus, no new valuation has been made as at 1 January 2006.

A number of financial instruments are recorded at market value according to IFRS, as opposed to the lower of cost and fair value based on NGAAP. Fixed-rate loans in Norwegian kroner are recorded at fair value according to IFRS, as against amortised cost according to NGAAP.

The transition to IFRS entails changes in the value of a number of balance sheet items. The tax value of assets and liabilities remains unchanged, thus a new calculation has been made of deferred taxes/deferred tax assets.

DnB NOR Bank ASA and the banking group carry loans in their balance sheets, which according to a binding legal agreement have been transferred to Eksportfinans and are guaranteed by the bank. According to the guarantee, DnB NOR carries interest rate risk and credit risk associated with the loans. The transition to IFRS implies that financial derivatives to a greater extent will have to be recorded gross.

Provisions for dividends and group contributions in the banking group are classified as equity until approved by the general meeting. According to NGAAP, dividends and group contributions were classified as debt on the balance sheet date. DnB NOR Bank ASA has prepared statutory accounts according to the Norwegian IFRS regulations, which give permission to continue to classify the above-mentioned items according to NGAAP.

The accounting effect of changes in accounting principles will be charged directly against equity. See the statement of changes in equity for a further specification of the effects of changes in accounting principles.

DnB NOR Bank and the banking group implemented regulations from the Norwegian Ministry of Finance on the accounting treatment of loans and guarantees with effect from 1 January 2006. In 2005, the bank and the banking group implemented Norwegian Accounting Standard 6A on pension expenses. The stated changes in principles implied consistency between NGAAP and IFRS regarding the recording of loans at amortised costs and pensions.

Result for the period – transition from NGAAP to IFRS

The most significant effects of the transition to the Norwegian IFRS regulations on 1 January 2007 are listed below.

- According to IFRS, a number of financial instruments are recorded at market value, as against the lower of cost and fair value based on NGAAP. The portfolios of fixed-rate loans in Norwegian kroner are recorded at fair value, while they were recorded at amortised cost according to NGAAP.
- Goodwill is no longer subject to amortisation, but will regularly be tested for impairment and any shortfall will be written down.
- Upon transition to IFRS for the DnB NOR Group, land was revalued to fair value. The revalued amount represented the new cost on the transition date. These values were carried forward in the bank and the banking group.

DnB NOR Bank ASA		Effects on the income statement	DnB NOR Bank Group	
1st quarter	Full year		Full year	1st quarter
2006	2006	*Amounts in NOK million*	2006	2006
1 967	**9 659**	**Profit for the period NGAAP**	**8 872**	**2 178**
255	674	IAS 39 - Extended use of fair value of financial instruments	563	237
(4)	(19)	IAS 16 - Market value of buildings for own use	(42)	(4)
38	80	IFRS 3 - Exclusion of goodwill amortisation	166	59
(7)	(5)	Other effects	35	(13)
2 248	**10 390**	**Profit for the period IFRS**	**9 595**	**2 458**

Note 3 – Important accounting estimates and discretionary assessments

The bank and the banking group make estimates and assumptions concerning the future. The resulting accounting estimates will rarely be fully consistent with the final outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment of goodwill

The banking group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Income taxes

The bank and the banking group are subject to income taxes in numerous jurisdictions. Significant discretion is required in determining the worldwide provision for income taxes in the consolidated accounts. The final tax liability relating to many transactions and calculations will be uncertain. The bank and the banking group recognise liabilities related to the future outcome of tax disputes based on estimates of additional taxes. If the final outcome of the cases deviates from the originally allocated amounts, the deviations will affect income tax entered in the applicable period.

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The bank and the banking group make evaluations and applies methods and assumptions that are mainly based on market conditions existing at the balance sheet date. The bank and the banking group use discounted cash flow analysis for available-for-sale financial assets that are not traded in active markets. Fair values of liabilities included in financial guarantees are measured according to the same techniques as for loans described below.

Write-downs on loans

Write-downs will be made if objective evidence of impairment can be identified. Objective evidence of a decrease in value of a loan includes serious financial problems on the part of the debtor, non-payment or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other special circumstances that have occurred. Criteria for objective evidence for group write-downs in the banking group include indicators for portfolio quality and business prospects for specific industries.

All write-downs will be made based on discounted values, the discount rate being the loans' internal rate prior to impairment. In principle, all cash flows on commitments and groups should be identified and an assessment must be made as to which cash flows are at risk. Given the large number of commitments that are reviewed at both individual and group level, such estimations must be based on approximations and historical material. Since the bank and the banking group write-down system does not provide access to the actual cash flows included in the relevant commitments, discounting for group write-downs is estimated based on historical data for individual write-downs.

The average discount effect for individual commitments is estimated in relation to discounted cash flows. Based on the ratio of these cash flows to calculated commitment values, an estimate is made of the cash flows represented in the basis for group write-downs.

See note 1 Accounting principles etc. for a further description of the method used for individual write-downs and group write-downs.

Pension commitments

The net present value of pension commitments depends on current economic and actuarial assumptions. Any change made to these assumptions affects the pension commitments amount recorded in the balance sheet and the pension expense.

The discount rate used is determined by reference to market yields as at 31 December 2006 on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities. The type of pension fund investments and historical returns determine the expected return on pension funds. In the past, the average return on pension funds has been higher than the risk-free rate of interest as part of the pension funds have normally been placed in securities with slightly higher risk than government bonds. Over the last 12 years, Norwegian life insurance companies have recorded an average excess return of 1.1 percentage points. The expected return has thus been estimated on the basis of the discount rate plus an addition reflecting past excess returns.

With effect from 31 December 2006, the bank and the banking group changed the assumption concerning life expectancy in connection with the calculation of pension commitments. This has affected pension expenses for the first quarter of 2007. See note 8 Operating expenses.

Other fundamental assumptions for pension commitments include annual rise in salaries, annual rise in pensions, anticipated increase in the National Insurance basic amount (G) and anticipated CPA acceptance (early retirement pension).

Economic life for technical installations and equipment

The bank and the banking group determine the economic life and related depreciation rates for fixed assets. Depreciation is increased if the economic life is shorter than previously estimated, and technically obsolete and discarded assets are written down.

Systems development

The balance sheet value of IT systems developed in-house and purchased by the bank and the banking group is assessed relative to the discounted value of future cash flows.

Contingencies

Due to its extensive operations in Norway and abroad, the bank and the banking group will regularly be party to a number of legal actions. Any impact on the accounts will be considered in each case.

Note 4 – Business areas

The activities of the DnB NOR Bank Group, which include DnB NOR Bank ASA and subsidiaries, are organised into three functional business areas and four staff and support units. In addition, DnB NORD is reported as a separate profit centre. The business areas are set up according to the customer segments served by the banking group as well as the products offered independent of the banking group's legal structure.

The income statement and balance sheets for business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Bank Group into business areas. Figures for the business areas are based on DnB NOR's management model and the banking group's accounting principles. The figures are based on a number of assumptions, estimates and discretionary distribution.

Income statement [1)] — **DnB NOR Bank Group**

	Corporate Banking and Payment Services 1st quarter		Retail Banking 1st quarter		DnB NOR Markets 1st quarter		DnB NORD 1st quarter		Other operations/ eliminations [2)] 1st quarter		DnB NOR Bank Group 1st quarter	
Amounts in NOK million	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income - ordinary operations	1 733	1 499	1 604	1 789	52	59	206	143	445	173	4 040	3 663
Interest on allocated capital	303	154	128	88	37	17	27	11	(496)	(270)	0	0
Net interest income	2 036	1 653	1 732	1 877	89	76	233	154	(52)	(97)	4 040	3 663
Net other operating income	757	671	775	800	973	934	105	71	10	91	2 620	2 567
Total income	2 793	2 325	2 508	2 676	1 063	1 010	338	225	(42)	(6)	6 659	6 230
Operating expenses [*)]	982	864	1 553	1 500	392	415	220	151	157	92	3 305	3 022
Pre-tax operating profit before write-downs	1 811	1 461	955	1 176	670	595	118	74	(199)	(97)	3 355	3 208
Net gains on fixed and intangible assets	4	7	0	0	(1)	0	2	3	1	3	5	12
Write-downs on loans and guarantees	31	(4)	77	71	22	0	11	11	(90)	(105)	51	(26)
Pre-tax operating profit	1 783	1 472	878	1 105	647	595	109	65	(109)	11	3 309	3 247
**) Of which group overhead*	*27*	*23*	*14*	*12*	*6*	*5*	*0*	*0*	*(48)*	*(40)*	*0*	*0*

1) Figures for the business areas are based in internal management reporting. The figures have been restated in accordance with the banking group's current principles for allocating costs and capital between business areas.

2) Of which elimination of double entries:

Amounts in NOK million	*Elimination of double entries 1st quarter 2007*	*2006*
Net interest income - ordinary operations	*(3)*	*(6)*
Interest on allocated capital		
Net interest income	*(3)*	*(6)*
Net other operating income	*(330)*	*(314)*
Total income	*(334)*	*(321)*
Operating expenses		
Pre-tax operating profit before write-downs	*(334)*	*(321)*
Net gains on fixed and intangible assets		
Write-downs on loans and guarantees		
Pre-tax operating profit	*(334)*	*(321)*

The elimination of double entries primarily concerns net profits on customer business carried out in cooperation between DnB NOR Markets and other business areas and taken to income in both areas.

Main average balance sheet items [1)] — **DnB NOR Bank Group**

	Corporate Banking and Payment Services 1st quarter		Retail Banking 1st quarter		DnB NOR Markets 1st quarter		DnB NORD 1st quarter		Other operations/ eliminations 1st quarter		DnB NOR Bank Group 1st quarter	
Amounts in NOK billion	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net lending to customers [2)]	385.6	320.1	412.3	371.1	13.5	7.5	38.9	23.7	3.5	5.5	853.8	728.0
Customer deposits [2)]	271.8	230.7	212.1	194.3	14.6	12.8	13.0	10.4	(3.4)	(5.7)	508.1	442.6

Key figures [1)] — **DnB NOR Bank Group**

	Corporate Banking and Payment Services 1st quarter		Retail Banking 1st quarter		DnB NOR Markets 1st quarter		DnB NORD 1st quarter		Other operations 1st quarter		DnB NOR Bank Group 1st quarter	
Per cent	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Cost/income ratio	35.2	37.2	61.9	56.0	36.9	41.1	65.1	67.2			49.6	48.5
Ratio of deposits to lending [2)]	70.5	72.1	51.4	52.4			33.3	43.9			59.5	60.8
Return on capital [3) 4)]	17.9	18.0	20.8	23.9	53.2	66.9	13.0	13.5			16.8	19.4
Number of full-time positions as at 31 March	2 635	2 596	4 111	4 073	569	538	2 111	1 831	1 470	1 472	10 895	10 511

1) Figures for the business areas are based in internal management reporting. The figures have been restated in accordance with the banking group's current principles for allocating costs and capital between business areas.

2) Based on nominal values and includes lending to/ deposits from credit institutions.

3) Return on capital is calculated on the basis of allocated capital. Allocated capital for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NORD is calculated as 6.5 per cent of risk-weighted volume.

4) Estimated return on capital is based on profit after tax. A tax rate of 28 per cent is applied for Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. The expected tax rate for DnB NORD is 15 per cent.

Note 5 – Net interest income

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year 2006	1st quarter 2006	1st quarter 2007	*Amounts in NOK million*	1st quarter 2007	1st quarter 2006	Full year 2006
4 391	710	1 732	Interest on loans to and deposits with credit institutions	1 144	442	2 891
30 098	6 531	8 888	Interest on loans to customers	10 599	7 517	34 838
101	5	28	Interest on impaired commitments	28	11	124
3 808	691	1 463	Interest on commercial paper and bonds	1 489	724	3 934
255	77	111	Front-end fees etc.	120	86	281
454	142	44	Other interest income	110	159	651
39 108	**8 156**	**12 266**	**Total interest income**	**13 490**	**8 939**	**42 720**
4 177	730	1 270	Interest on loans and deposits from credit institutions	1 418	847	4 609
9 741	1 941	3 520	Interest on demand deposits from customers	3 642	2 010	10 054
11 835	2 309	3 762	Interest on securities issued	4 013	2 328	12 194
1 436	286	471	Interest on subordinated loan capital	480	293	1 466
(1 192)	(237)	(148)	Other interest expenses	(102)	(203)	(1 072)
25 997	**5 029**	**8 875**	**Total interest expenses**	**9 450**	**5 276**	**27 251**
13 111	**3 126**	**3 391**	**Net interest income**	**4 040**	**3 663**	**15 469**

Note 6 – Net other operating income

	DnB NOR Bank ASA		
Amounts in NOK million	1st quarter 2007	1st quarter 2006	Full year 2006
Money transfer fees receivable	634	686	2 710
Fees on asset management services	22	67	246
Fees on custodial services	98	89	369
Fees on securities broking	122	132	425
Corporate finance	147	216	546
Interbank fees	29	39	148
Credit broking commissions	106	36	290
Sales commissions on insurance products	89	98	349
Sundry commissions and fees receivable on banking services	248	198	779
Total commissions and fees receivable etc.	**1 495**	**1 562**	**5 861**
Money transfer fees payable	226	233	914
Commissions payable on fund management services	9	8	48
Fees on custodial services payable	37	34	124
Interbank fees	46	59	218
Credit broking commissions	18	10	34
Commissions payable on the sale of insurance products	3	2	4
Sundry commissions and fees payable on banking services	137	133	524
Total commissions and fees payable etc.	**475**	**478**	**1 866**
Net gains on financial instruments at fair value	**1 138**	**1 066**	**3 712**
Net realised gains on investment securities (AFS)	**0**	**0**	**0**
Profit from companies accounted for by the equity method	**0**	**0**	**4**
Income from owned/leased premises	31	32	115
Miscellaneous operating income [1)]	171	137	2 789
Total other income	**202**	**169**	**2 904**
Net other operating income	**2 359**	**2 320**	**10 615**

1) Of which dividends/group contributions from subsidiaries represent NOK 1 175 million and gains from the winding-up of the subsidiary Luxcap NOK 1 080 million in the fourth quarter of 2006.

Note 6 – Net other operating income (continued)

Last five quarters					**DnB NOR Bank ASA**
	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
Amounts in NOK million	2007	2006	2006	2006	2006
Money transfer fees receivable	634	671	679	674	686
Fees on asset management services	22	68	52	58	67
Fees on custodial services	98	97	83	99	89
Fees on securities broking	122	87	81	125	132
Corporate finance	147	183	51	95	216
Interbank fees	29	33	40	36	39
Credit broking commissions	106	92	58	103	36
Sales commissions on insurance products	89	102	69	80	98
Sundry commissions and fees receivable on banking services	248	186	204	191	198
Total commissions and fees receivable etc.	**1 495**	**1 520**	**1 318**	**1 461**	**1 562**
Money transfer fees payable	226	211	238	233	233
Commissions payable on fund management services	9	20	9	11	8
Fees on custodial services payable	37	28	27	35	34
Interbank fees	46	49	57	54	59
Credit broking commissions	18	8	8	8	10
Commissions payable on the sale of insurance products	3	(2)	2	2	2
Sundry commissions and fees payable on banking services	137	169	105	118	133
Total commissions and fees payable etc.	**475**	**483**	**445**	**461**	**478**
Net gains on financial instruments at fair value	**1 138**	**1 082**	**719**	**845**	**1 066**
Net realised gains on investment securities (AFS)	**0**	**0**	**0**	**0**	**0**
Profit from companies accounted for by the equity method	**0**	**4**	**0**	**0**	**0**
Income from owned/leased premises	31	18	27	38	32
Miscellaneous operating income [1)]	171	2 407	131	115	137
Total other income	**202**	**2 425**	**158**	**152**	**169**
Net other operating income	**2 359**	**4 548**	**1 750**	**1 998**	**2 320**

1) *Of which dividends/group contributions from subsidiaries represent NOK 1 175 million and gains from the winding-up of the subsidiary Luxcap NOK 1 080 million in the fourth quarter of 2006.*

Note 6 – Net other operating income (continued)

	DnB NOR Bank Group		
Amounts in NOK million	1st quarter 2007	1st quarter 2006	Full year 2006
Money transfer fees receivable	672	718	2 855
Fees on asset management services	24	68	248
Fees on custodial services	99	89	370
Fees on securities broking	122	133	427
Corporate finance	149	217	548
Interbank fees	30	39	148
Credit broking commissions	107	36	290
Sales commissions on insurance products	91	100	359
Sundry commissions and fees receivable on banking services	320	249	1 004
Total commissions and fees receivable etc.	**1 614**	**1 649**	**6 249**
Money transfer fees payable	232	236	936
Commissions payable on fund management services	9	8	48
Fees on custodial services payable	37	34	124
Interbank fees	47	59	219
Credit broking commissions	17	7	34
Commissions payable on the sale of insurance products	3	2	4
Sundry commissions and fees payable on banking services	152	146	576
Total commissions and fees payable etc.	**498**	**492**	**1 939**
Net gains on financial instruments at fair value	**1 064**	**1 015**	**3 601**
Net realised gains on investment securities (AFS)	**0**	**0**	**0**
Profit from companies accounted for by the equity method	**37**	**29**	**171**
Income from owned/leased premises	23	31	113
Fees on real estate broking	167	158	746
Net unrealised gains on investment property	0	1	0
Miscellaneous operating income	213	176	616
Total other income	**403**	**366**	**1 475**
Net other operating income	**2 620**	**2 567**	**9 556**

Note 6 – Net other operating income (continued)

Last five quarters	DnB NOR Bank Group				
	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
Amounts in NOK million	2007	2006	2006	2006	2006
Money transfer fees receivable	672	708	719	711	718
Fees on asset management services	24	69	52	58	68
Fees on custodial services	99	97	84	99	89
Fees on securities broking	122	87	81	126	133
Corporate finance	149	184	52	96	217
Interbank fees	30	33	40	36	39
Credit broking commissions	107	92	58	103	36
Sales commissions on insurance products	91	105	72	82	100
Sundry commissions and fees receivable on banking services	320	256	263	236	249
Total commissions and fees receivable etc.	**1 614**	**1 632**	**1 421**	**1 546**	**1 649**
Money transfer fees payable	232	219	243	237	236
Commissions payable on fund management services	9	20	9	11	8
Fees on custodial services payable	37	28	27	35	34
Interbank fees	47	49	57	54	59
Credit broking commissions	17	10	7	10	7
Commissions payable on the sale of insurance products	3	(2)	2	2	2
Sundry commissions and fees payable on banking services	152	178	120	131	146
Total commissions and fees payable etc.	**498**	**503**	**465**	**479**	**492**
Net gains on financial instruments at fair value	**1 064**	**1 147**	**702**	**736**	**1 015**
Net realised gains on investment securities (AFS)	**0**	**0**	**0**	**0**	**0**
Profit from companies accounted for by the equity method	**37**	**24**	**94**	**24**	**29**
Income from owned/leased premises	23	26	22	34	31
Fees on real estate broking	167	194	198	197	158
Net unrealised gains on investment property	0	0	0	(1)	1
Miscellaneous operating income	213	178	113	150	176
Total other income	**403**	**397**	**332**	**380**	**366**
Net other operating income	**2 620**	**2 698**	**2 085**	**2 207**	**2 567**

Note 7 - Net gains on financial instruments at fair value

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year	1st quarter	1st quarter		1st quarter	1st quarter	Full year
2006	2006	2007	*Amounts in NOK million*	2007	2006	2006
89	84	98	Dividends	11	34	103
3 503	893	669	Net gains on foreign exchange and financial derivatives	872	906	3 395
(560)	(490)	(209)	Net gains on financial derivatives, hedging	(208)	(490)	(565)
(1 144)	(353)	(126)	Net gains on fixed rate loans	(139)	(388)	(1 247)
328	62	110	Net gains on financial guarantees	117	69	341
(669)	(92)	126	Net gains on commercial paper and bonds	(59)	(94)	(504)
647	174	253	Net gains on shareholdings	253	188	558
(8)	7	2	Net gains on other financial assets	2	7	(8)
603	504	(2)	Net gains on financial liabilities, hedged items	(2)	504	603
784	266	125	Net gains on financial liabilities, other	125	266	784
141	12	92	Net interest on interest rate positions	92	12	141
3 712	**1 066**	**1 138**	**Net gains on financial instruments at fair value**	**1 064**	**1 015**	**3 601**

Note 8 – Operating expenses

Amounts in NOK million	DnB NOR Bank ASA 1st quarter 2007	1st quarter 2006	Full year 2006
Ordinary salaries	1 028	1 024	4 018
Employer's national insurance contributions	143	135	533
Pension expenses [1)]	222	158	718
Other personnel expenses	85	57	269
Total salaries and other personnel expenses	**1 478**	**1 374**	**5 538**
Fees	164	139	565
EDP expenses	287	268	1 107
Postage and telecommunications	77	79	322
Office supplies	20	18	77
Marketing and public relations	105	85	399
Travel expenses	40	33	150
Reimbursement to Norway Post for transactions executed	40	83	269
Training expenses	14	11	52
Operating expenses on properties and premises	210	226	849
Operating expenses on machinery, vehicles and office equipment	24	21	81
Allocation to employees	0	0	124
Restructuring expenses	0	0	260
Other operating expenses	119	103	355
Other expenses	**1 098**	**1 066**	**4 609**
Depreciation and impairment of fixed and intangible assets	**94**	**89**	**383**
Total operating expenses	**2 670**	**2 529**	**10 530**

Last five quarters

Amounts in NOK million	DnB NOR Bank ASA 1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006	1st quarter 2006
Ordinary salaries	1 028	1 055	971	967	1 024
Employer's national insurance contributions	143	146	125	128	135
Pension expenses [1)]	222	183	198	179	158
Other personnel expenses	85	76	69	66	57
Total salaries and other personnel expenses	**1 478**	**1 460**	**1 363**	**1 340**	**1 374**
Fees	164	189	110	127	139
EDP expenses	287	313	240	286	268
Postage and telecommunications	77	84	75	84	79
Office supplies	20	22	18	18	18
Marketing and public relations	105	123	93	98	85
Travel expenses	40	47	32	38	33
Reimbursement to Norway Post for transactions executed	40	36	76	73	83
Training expenses	14	23	8	10	11
Operating expenses on properties and premises	210	196	213	213	226
Operating expenses on machinery, vehicles and office equipment	24	27	18	15	21
Allocation to employees	0	124	0	0	0
Restructuring expenses	0	55	47	158	0
Other operating expenses	119	66	94	91	103
Other expenses	**1 098**	**1 307**	**1 024**	**1 211**	**1 066**
Depreciation and impairment of fixed and intangible assets	**94**	**107**	**99**	**89**	**89**
Total operating expenses	**2 670**	**2 873**	**2 486**	**2 641**	**2 529**

1) *With effect from 31 December 2006, the bank changed the assumption concerning life expectancy in connection with the calculation of pension commitments. This has affected pension expenses for the first quarter of 2007.*

Note 8 – Operating expenses (continued)

Amounts in NOK million	DnB NOR Bank Group 1st quarter 2007	 1st quarter 2006	 Full year 2006
Ordinary salaries	1 315	1 248	5 039
Employer's national insurance contributions	190	172	692
Pension expenses [1)]	242	177	794
Other personnel expenses	100	75	324
Total salaries and other personnel expenses	**1 847**	**1 672**	**6 849**
Fees	172	149	613
EDP expenses	327	301	1 242
Postage and telecommunications	90	92	367
Office supplies	27	24	103
Marketing and public relations	139	109	518
Travel expenses	48	40	186
Reimbursement to Norway Post for transactions executed	40	83	269
Training expenses	18	14	68
Operating expenses on properties and premises	218	227	846
Operating expenses on machinery, vehicles and office equipment	37	31	120
Allocation to employees	0	0	146
Restructuring expenses	1	0	190
Other operating expenses	163	144	539
Other expenses	**1 281**	**1 214**	**5 205**
Depreciation and impairment of fixed and intangible assets	**177**	**136**	**632**
Total operating expenses	**3 305**	**3 022**	**12 686**

Last five quarters

Amounts in NOK million	DnB NOR Bank Group 1st quarter 2007	 4th quarter 2006	 3rd quarter 2006	 2nd quarter 2006	 1st quarter 2006
Ordinary salaries	1 315	1 345	1 245	1 201	1 248
Employer's national insurance contributions	190	189	168	162	172
Pension expenses [1)]	242	198	220	199	177
Other personnel expenses	100	82	80	86	75
Total salaries and other personnel expenses	**1 847**	**1 815**	**1 713**	**1 649**	**1 672**
Fees	172	202	127	136	149
EDP expenses	327	345	275	321	301
Postage and telecommunications	90	91	87	96	92
Office supplies	27	30	24	24	24
Marketing and public relations	139	159	118	132	109
Travel expenses	48	61	39	46	40
Reimbursement to Norway Post for transactions executed	40	36	76	73	83
Training expenses	18	27	12	14	14
Operating expenses on properties and premises	218	207	204	208	227
Operating expenses on machinery, vehicles and office equipment	37	38	28	23	31
Allocation to employees	0	146	0	0	0
Restructuring expenses	1	36	47	108	0
Other operating expenses	163	121	134	139	144
Other expenses	**1 281**	**1 499**	**1 172**	**1 320**	**1 214**
Depreciation and impairment of fixed and intangible assets	**177**	**176**	**163**	**156**	**136**
Total operating expenses	**3 305**	**3 491**	**3 049**	**3 124**	**3 022**

1) *With effect from 31 December 2006, the banking group changed the assumption concerning life expectancy in connection with the calculation of pension commitments. This has affected pension expenses for the first quarter of 2007.*

Note 9 - Number of employees/full-time positions

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year 2006	1st quarter 2006	1st quarter 2007		1st quarter 2007	1st quarter 2006	Full year 2006
7 323	7 337	7 327	Number of employees at end of period	11 206	10 861	11 030
7 072	7 065	7 080	Number of employees calculated on a full-time basis at end of period	10 895	10 511	10 710
7 306	7 367	7 324	Average number of employees	11 110	10 728	10 861
7 043	7 094	7 097	Average number of employees calculated on a full-time basis	10 724	10 382	10 523

Note 10 - Net gains on fixed and intangible assets

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year 2006	1st quarter 2006	1st quarter 2007	*Amounts in NOK million*	1st quarter 2007	1st quarter 2006	Full year 2006
			Development area, Oppegård			47
			Lodalen Utvikling			44
			Kirkegaten 17, Oslo			31
			Scanrope			16
28			Exporama			30
			Bogstadveien 45, Oslo			61
35	3	(2)	Other	5	12	125
63	**3**	**(2)**	**Net gains on fixed and intangible assets**	**5**	**12**	**354**

Note 11 - Write-downs on loans and guarantees

DnB NOR Bank ASA				DnB NOR Bank Group		
Full year 2006	1st quarter 2006	1st quarter 2007	*Amounts in NOK million*	1st quarter 2007	1st quarter 2006	Full year 2006
191	72	55	Write-offs	57	74	227
473	140	200	New individual write-downs	226	183	692
664	212	255	Total new individual write-downs	283	257	919
273	91	98	Reassessed individual write-downs	112	106	371
391	121	157	Total individual write-downs	171	151	548
334	66	72	Recoveries on commitments previously written off	83	80	388
(394)	(105)	(48)	Change in group write-downs on loans	(37)	(97)	(418)
(337)	**(50)**	**37**	**Write-downs on loans and guarantees**	**51**	**(26)**	**(258)**
(14)	*(11)*	*11*	*Of which indvidual write-downs on guarantees*	*11*	*(10)*	*(13)*
606	58	157	Write-offs covered by individual write-downs made in previous years	181	81	699

Note 12 – Lending to customers

DnB NOR Bank ASA				DnB NOR Bank Group		
31 March 2006	31 Dec. 2006	31 March 2007 [1]	*Amounts in NOK million*	31 March 2007	31 Dec. 2006	31 March 2006
530 502	589 086	570 850	Lending to customers, nominal amount	709 186	702 203	602 736
1 498	1 213	1 147	Individual write-downs	1 744	1 820	2 086
529 003	587 873	569 703	Lending to customers, after individual write-downs	707 442	700 383	600 651
1 584	1 960	2 144	+ Accrued interest and amortisation	2 354	2 126	1 624
531	398	391	- Individual write-downs of accrued interest and amortisation	392	399	547
1 063	756	700	- Group write-downs	847	892	1 229
528 992	588 679	570 755	Lending to customers, at amortised cost	708 557	701 217	600 499
120 690	133 671	141 104	Lending to customers, nominal amount	143 763	136 271	136 302
305	675	615	+ Accrued interest	626	681	411
644	(144)	(268)	+ Adjustment to fair value	(286)	(147)	713
121 639	134 202	141 451	Lending to customers, classified at fair value	144 103	136 805	137 426
650 631	**722 881**	**712 206**	**Lending to customers**	**852 661**	**838 023**	**737 925**

1) *During the first quarter of 2007, lending totalling 24.9 billion was transferred to the bank's wholly owned subsidiary DnB NOR Boligkreditt AS.*

Note 13 – Net impaired commitments for principal sectors [1]

DnB NOR Bank ASA				DnB NOR Bank Group		
31 March 2006	31 Dec. 2006	31 March 2007	*Amounts in NOK million*	31 March 2007	31 Dec. 2006	31 March 2006
1 873	1 579	1 566	Retail customers	1 894	1 888	2 210
(31)	(24)	(25)	International shipping	(27)	(10)	(34)
513	261	291	Real estate	389	384	872
315	347	113	Manufacturing	284	542	486
257	131	116	Services	197	306	365
168	100	111	Trade	169	152	214
9	0	0	Oil and gas	0	1	11
64	70	63	Transportation and communication	119	132	175
116	81	85	Building and construction	126	119	142
0	0	0	Power and water supply	0	0	0
90	62	28	Fishing	55	86	101
59	56	28	Hotels and restaurants	47	71	90
68	90	73	Agriculture and forestry	105	119	127
0	0	0	Central and local government	0	0	0
(11)	0	0	Other sectors	9	10	(6)
3 490	2 753	2 449	Total customers	3 367	3 800	4 752
6	0	0	Credit institutions	0	0	6
3 496	2 753	2 449	Total	3 367	3 800	4 758

1) *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 14 - Intangible assets

DnB NOR Bank ASA				DnB NOR Bank Group		
31 March 2006	31 Dec. 2006	31 March 2007	*Amounts in NOK million*	31 March 2007	31 Dec. 2006	31 March 2006
1 751	1 658	1 656	Goodwill	2 750	2 759	2 800
51	51	51	Postbanken brand name	51	51	51
159	281	301	Systems development	313	293	159
0	0	0	Other intangible assets	65	63	45
1 960	**1 990**	**2 008**	**Total intangible assets**	**3 177**	**3 166**	**3 054**

Note 15 – Securities issued and subordinated loan capital

As an element in liquidity management, the DnB NOR Bank Group issues and redeems own securities.

Securities issued — **DnB NOR Bank ASA**

Amounts in NOK million	31 March 2007	31 Dec. 2006	31 March 2006
Commercial paper issued, nominal amount	67 208	67 963	85 554
Bond debt, nominal amount	258 568	255 008	171 908
Adjustments	1 123	1 212	1 588
Total securities issued	**326 899**	**324 183**	**259 051**

Amounts in NOK million	1st quarter 2007
Changes in securities issued	2 716

Subordinated loan capital and perpetual subordinated loan capital securities — **DnB NOR Bank ASA**

Amounts in NOK million	Balance sheet 31 March 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Net change in recorded costs and adjustments 2007	Balance sheet 31 Dec. 2006
Term subordinated loan capital, nominal amount	19 850	0	0	(331)	1	20 180
Perpetual subordinated loan capital, nominal amount	7 470	0	0	(172)	0	7 642
Perpetual subordinated loan capital securities, nominal amount [1]	9 448	4 183	0	(96)	1	5 360
Adjustments	(24)	0	0	0	(83)	59
Total	**36 744**	**4 183**	**0**	**(599)**	**(81)**	**33 240**

Securities issued — **DnB NOR Bank Group**

Amounts in NOK million	31 March 2007	31 Dec. 2006	31 March 2006
Commercial paper issued, nominal amount	67 450	68 216	85 823
Bond debt, nominal amount	261 744	257 379	174 413
Adjustments	1 094	1 211	1 611
Total securities issued	**330 288**	**326 806**	**261 847**

Amounts in NOK million	1st quarter 2007
Changes in securities issued	3 482

Subordinated loan capital and perpetual subordinated loan capital securities — **DnB NOR Bank Group**

Amounts in NOK million	Balance sheet 31 March 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Net change in recorded costs and adjustments 2007	Balance sheet 31 Dec. 2006
Term subordinated loan capital, nominal amount	20 417	0	0	(349)	1	20 764
Perpetual subordinated loan capital, nominal amount	7 570	0	0	(172)	0	7 741
Perpetual subordinated loan capital securities, nominal amount [1]	9 448	4 183	0	(96)	1	5 360
Adjustments	(3)	0	0	0	(116)	113
Total	**37 432**	**4 183**	**0**	**(617)**	**(113)**	**33 979**

1) *Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Kredittilsynet may require that the securities should be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.*

Note 16 – Capital adequacy

New capital adequacy regulations, Basel II, entered into force on 1 January 2007. See note 17 for a further description of the DnB NOR Bank Group's implementation of the Basel II regulations. Due to the transition to new regulations, the banking group's core capital and capital adequacy ratios rose by 0.4 and 0.5 percentage points respectively.

Capital adequacy calculations are subject to special consolidation rules governed by the Consolidation Regulations. Primary capital and nominal amounts used in calculating risk-weighted volume will deviate from figures in the DnB NOR banking group's accounts, as associated companies which are consolidated in the accounts according to the equity method are consolidated according to the gross method in capital adequacy calculations.

Valuation rules used in the statutory accounts form the basis for the consolidation. As from the first quarter 2007, the Norwegian IFRS regulations have been implemented in statutory accounts of the companies in the banking group, see note 1. According to new regulations on primary capital calculations, most items that have affected equity upon transition to the Norwegian IFRS regulations should be deducted from core capital. The deductions are specified below.

DnB NOR Bank ASA		**Primary capital**	**DnB NOR Bank Group**	
31 Dec. 2006 [1)]	31 March 2007	*Amounts in NOK million*	31 March 2007	31 Dec. 2006 [1)]
17 214	17 214	Share capital	17 214	17 214
28 143	31 098	Other equity	41 113	32 026
45 357	48 312	Total equity	58 328	49 240
5 360	8 030	Perpetual subordinated loan capital securities [2) 3)]	8 628	5 603
		Deductions		
(39)	(39)	Pension funds above pension commitments	(46)	(49)
(1 094)	(1 656)	Goodwill	(2 781)	(1 990)
(752)	(384)	Deferred tax assets	(192)	(625)
(308)	(352)	Other intangible assets	(447)	(394)
-	-	Group contribution, payable	(5 544)	-
-	(430)	Unrealised gains on fixed assets	(558)	-
-	(1 067)	50 per cent of investments in other financial institutions	(1 067)	-
-	(1)	Other	13	-
		Additions		
1 664	1 109	Portion of unrecognised actuarial gains/losses, pension costs [4)]	1 179	1 768
50 188	53 523	Core capital	57 514	53 554
7 502	7 403	Perpetual subordinated loan capital	7 503	7 602
0	1 419	Perpetual subordinated loan capital securities [2) 3)]	1 059	0
19 885	19 632	Term subordinated loan capital [3)]	20 691	20 969
		Deductions		
(2 144)	(1 067)	50 per cent of investments in other financial institutions	(1 067)	(2 144)
		Additions		
-	268	45 per cent of unrealised gains on fixed assets	345	-
25 243	27 655	Supplementary capital	28 531	26 427
75 431	81 177	Total eligible primary capital [5)]	86 045	79 981

DnB NOR Bank ASA	**Minimum capital requirement**	**DnB NOR Bank Group**
31 March 2007	*Amounts in NOK million*	31 March 2007
11 058	Credit risk, IRB [6)]	11 058
	Of which:	
2 711	Retail commitments secured by residential property	2 711
8 347	Corporate commitments, Regional Divisions East and Coast	8 347
33 946	Claims calculated according to Basel I, transitional rules [7)]	40 183
45 005	Total capital requirement, credit risk	51 241
1 227	Counterparty risk	1 229
3 131	Position risk	3 160
2	Settlement risk	2
131	Foreign exchange risk	132
4 491	Total capital requirement market risk	4 524
2 857	Operational risk	2 857
(171)	Deductions	(171)
52 183	Total capital requirements	58 452
3 057	Addition due to transitional rules (max 5 per cent reduction in relation to Basel I) [8)]	3 057
55 240	Total capital requirements	61 509

Note 16 – Capital adequacy (continued)

DnB NOR Bank ASA		Capital adequacy	DnB NOR Bank Group	
Basel I 31 Dec. 2006 1)	Reported 31 March 2007 8)	*Amounts in NOK million*	Reported 31 March 2007 8)	Basel I 31 Dec. 2006 1)
708 428	690 490	Risk-weighted volume 5)	768 863	787 311
7.1	7.8	Core capital ratio (%)	7.5	6.8
10.6	11.8	Capital ratio (%)	11.2	10.2
-	7.8	Core capital ratio including 50 per cent of profit for the period (%)	7.5	-
-	11.8	Capital ratio including 50 per cent of profit for the period (%)	11.2	-

1) *Figures for previous periods have been prepared in accordance with rules prevailing on the reporting dates.*
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) *As at March 31 2007 calculations of capital adequacy include a total of NOK 731 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.*
4) *Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance has established a transitional rule whereby two-fifths of the amount recorded against equity can be included in capital adequacy calculations as at 31 March 2007. This effect will be reduced by one-fifth yearly up until and including 2008.*
5) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR banking group's accounts since a different consolidation method is used. Associated companies are consolidated gross in the capital adequacy calculations while the equity method is used in the accounts.*
6) *In 2007, credit risk for loans to retail customers secured by residential property in DnB NOR Bank ASA, excluding such loans under the brand-name Postbanken, and commitments with small corporate customers in the Regional Division East and the Regional Division Coast, are reported according to the foundation IRB approach, Internal Ratings Based.*
7) *The minimum capital requirements for all portfolios not mentioned in footnote 6 are 8 per cent of risk-weighted volume calculated according to Basel I rules.*
8) *Due to transitional rules, minimum capital requirements for 2007, 2008 and 2009 can maximum be reduced to 95, 90 and 80 per cent respectively in relation to the requirements according to Basel I rules.*

Note 17 – Capital adequacy – Basel II implementation

Monitoring and managing risk is an integral part of financial operations. In DnB NOR, sound risk management is a strategic tool to enhance value generation. Risk-adjusted return is a key financial management parameter in the internal management of the DnB NOR Group. The Group's risk is measured in the form of risk-adjusted capital requirements, calculated for main risk categories and for all of the Group's business areas. Capital is thus allocated to the business areas on the basis of the estimated risk of operations, and return on capital is continually monitored.

Basel II

New capital requirements, Basel II, entered into force on 1 January 2007 and is divided into three parts, so-called pillars. Pillar 1 is about minimum capital adequacy requirements and is based on the previous capital adequacy regulations, Basel I. Pillar 2 is about institutions' assessment of their overall capital requirement and supervisory review, while Pillar 3 is about the disclosure of financial information. The regulations entail that there will be greater consistency between the authorities' capital adequacy regulations for financial institutions and the methodologies used by the financial institutions themselves in calculating capital requirements. The minimum capital requirement is still 8 per cent, with minimum 50 per cent representing core capital. The new regulations will result in changes in the risk-weighted volume included in the calculation of the capital adequacy requirement. A new methodology has been introduced for calculating credit risk, while operational risk calculations have been added as a new element. The shift from Basel I to Basel II has a more limited impact on the treatment of market risk.

Pillar 1 Approach used in capital adequacy calculations

Pillar 1 includes capital requirements for credit, market and operational risk. The DnB NOR Group has been granted permission to use the foundation IRB, Internal Ratings Based, approach for credit risk to calculate the Group's capital adequacy as from 1 January 2007.

Use of the foundation IRB approach implies that the bank's own classification systems are used for capital adequacy purposes. The IRB system is defined as the models, work processes, decision-making processes, control mechanisms, IT systems and internal guidelines and routines used to classify and quantify credit risk. During 2006, DnB NOR implemented important parts of the IRB system, mainly through the development of routines, procedures and IT systems.

The portfolios for which the Group has been granted permission to use the foundation IRB approach as from 2007 comprises loans to small and medium-sized companies as well as loans secured by residential property in DnB NOR ASA excluding Postbanken. I 2007 all other credit portfolios will be reported in accordance with the former capital adequacy requirements.

Credit risk

Credit risk represents the chief risk category for the Group and refers to all claims against customers, mainly loans. In order to avoid large risk concentrations, the risk levels of individual customers, industries and geographical areas are monitored closely. In addition to verifying risk classifications, exposures to large clients are followed up through calculations which take the customer's credit quality and collateral into account.

Note 17 – Capital adequacy – Basel II implementation (continued)

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

1. Estimated probability of default (PD). The counterparty (customer) is classified according to a scale of ten risk categories based on the probability of default. In addition, impaired and non-performing commitments are placed in categories 11 and 12 respectively for reporting purposes. The risk categories are defined on the basis of the scales used by international rating agencies.
2. Exposure at default (EAD). Exposure is an estimated figure which includes amounts drawn under credit limits (loans) as well as a percentage share of committed, undrawn credit lines.
3. Loss given default (LGD). This is a statistically modelled quantity indicating how much the Group expects to lose if the customer fails to meet his obligations, taking the collateral provided into consideration. Realisation values for collateral are set on the basis of experience and/or external data.

The credit risk models should show the average probability of default during a business cycle. However, no model is completely unaffected by cyclical fluctuations. Consequently, stress testing is used to assess whether the bank would be required to hold additional capital during a recession. Such assessments will be taken into account in the bank's management process to determine the correct level of capital.

Operational risk

On 1 January 2007, new regulations for capital requirements for operational risk entered into force. In a separate policy for operational risk management, the Board of Directors states that DnB NOR will have low operational risk. Thus, management places great emphasis on risk and quality in the management of the Group.

DnB NOR Bank ASA will report according to the standardised approach in 2007 and will consider a shift to the advanced measurement approach (AMA) at a later date.

Market risk

Overall, market risk represents a moderate share of the Group's total risk. Market risk in Vital is included under ownership risk in DnB NOR ASA. In 2007, DnB NOR will report market risk according to the standardised approach.

Further progress

Throughout 2006, there was parallel reporting to Kredittilsynet (the Financial Supervisory Authority of Norway) of portfolios for which use of the foundation IRB approach had been approved as from 1 January 2007, serving as a test reporting of risk-weighted assets according to the new regulations compared with previous reporting. In June 2006, the Group applied for permission to use the advanced IRB approach for credit risk as from 1 January 2008. A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. Due to transitional rules, however, the minimum capital adequacy requirements for 2007, 2008 and 2009 will be reduced to a maximum of 95, 90 and 80 per cent respectively relative to the Basel I requirements.

Pillar 2 Institutions' assessment of total capital requirement and supervisory review

According to Pillar 2, DnB NOR is required to have a process for assessing the Group's overall capital adequacy. This includes an analysis of the risks not encompassed by the Pillar 1 process and the capital requirement for growth, as well as an indication of how much above the minimum regulatory capital ratios the Group chooses to set its capital levels.

The staff unit, Group Risk Management has overall responsibility for risk management and internal control and for assessing and reporting the Group's overall risk situation. Each quarter, Group Risk Management prepares a report to the holding company board regarding developments in the various risk categories as well as a report to the Board of Directors of DnB NOR Bank ASA regarding the trend in the banking group's credit risk.

As part of the adaptation to Pillar 2, the Board of Directors approved a new group capitalisation policy in April 2006, aimed at ensuring that group equity is adequate to ensure effective and optimal use of equity relative to the scope and risk profile of operations. The equity of DnB NOR should enable the Group to achieve a competitive return on equity and obtain competitive terms in funding markets. Also, it should put the Group in a position to exploit growth opportunities in the market through either organic growth or acquisitions while meeting minimum capital adequacy requirements with a margin adapted to the Group's adopted risk profile and risk tolerance.

In the longer term, the Group's equity will be structured to ensure that core capital excluding hybrid securities exceeds 4.25 per cent of risk-weighted assets, with the addition of a capital buffer. The calculation model for risk-adjusted capital is used to measure the size of the capital buffer relative to risk tolerance limits. Risk will be quantified through calculations of risk-adjusted capital. In addition, stress tests for credit and market risk are important reference points. The capitalisation policy is reviewed annually as part of the Group's budget and strategy process.

As part of its supervisory process, Kredittilsynet will prepare an annual overall risk assessment for the Group, including feedback on the capitalisation of the Group. These assessments will play a significant part when determining the actual effect of the transfer to new capital adequacy regulations.

Pillar 3 Requirements concerning the disclosure of financial information

Pillar 3 presents requirements concerning the disclosure of financial information on the Internet. The information must cover DnB NOR's adaptation to and compliance with the new capital adequacy regulations. Such information will be presented on separate pages on www.dnbnor.com.

Note 18 – Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information

DnB NOR Bank ASA				DnB NOR Bank Group		
31 March 2006	31 Dec. 2006	31 March 2007	*Amounts in NOK million*	31 March 2007	31 Dec. 2006	31 March 2006
208 455	234 098	234 252	Unutilised ordinary credit lines	247 916	245 827	219 144
10 430	15 571	15 222	Documentary credit commitments	15 455	15 705	10 550
325	335	399	Other commitments	564	447	337
219 210	250 004	249 873	Total commitments	263 935	261 979	230 031
18 793	20 550	22 231	Performance guarantees	23 248	21 702	19 514
16 616	17 388	16 187	Payment guarantees	17 654	18 247	17 489
16 177	40 514	50 565	Loan guarantees [1)]	6 462	16 368	16 336
3 244	3 922	3 973	Guarantees for taxes etc.	4 000	3 948	3 268
5 210	4 290	5 594	Other guarantee commitments	6 121	4 791	5 298
60 040	86 664	98 551	Total guarantee commitments [2)]	57 485	65 056	61 905
0	0	0	Support agreements	4 438	5 267	3 109
60 040	86 664	98 551	Total guarantee commitments etc. [*)]	61 923	70 323	65 014
			*) Of which:			
1 402	1 568	1 794	Counter-guaranteed by financial institutions	1 803	1 584	1 426
55 285	75 931	73 953	Securities	73 953	75 931	55 285
55 174	75 816	73 839	are pledged as security for: Loans [3)]	73 839	75 816	55 174
111	115	114	Other activities	114	115	111

1) *As at 31 March 2007, DnB NOR Bank has issued a guarantee for the loans in DnB NOR Boligkreditt AS with NOK 43 728 million. DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR Bank has issued guarantees. According to the agreement, DnB NOR Bank still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 888 million were recorded in the balance sheet as at 31 March 2007.*

2) *Liabilities included in issued financial guarantees are measured at fair value and recorded in the balance sheet.*

3) *As at 31 March 2007 NOK 73 839 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank.*

Contingencies

Due to its extensive operations in Norway and abroad, the banking 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 banking group's financial position.

In 2004, DnB NOR Bank issued a writ against the Norwegian government, represented by the Central Tax Office for Large Companies, requiring that the tax assessment for 2002 be invalidated. The bank claimed that the tax authorities made incorrect use of the realisation principle with respect to interest rate and currency swaps, as no tax credit was awarded for net losses in the tax assessment. In 2006, the bank lost the case in the District Court. The outcome will have no material effect for the banking group. The decision has been appealed.

Note 19 – Profit and balance sheet trends

Income statement — **DnB NOR Bank ASA**

Amounts in NOK million	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006	1st quarter 2006
Total interest income	12 266	11 517	10 175	9 260	8 156
Total interest expenses	8 875	8 110	6 849	6 009	5 029
Net interest income	**3 391**	**3 407**	**3 326**	**3 252**	**3 126**
Commissions and fees receivable etc.	1 495	1 520	1 318	1 461	1 562
Commissions and fees payable etc.	475	483	445	461	478
Net gains on financial instruments at fair value	1 138	1 082	719	845	1 066
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	0	4	0	0	0
Other income [1)]	202	2 425	158	152	169
Net other operating income	**2 359**	**4 548**	**1 750**	**1 998**	**2 320**
Total income	**5 750**	**7 955**	**5 075**	**5 250**	**5 446**
Salaries and other personnel expenses	1 478	1 460	1 363	1 340	1 374
Other expenses	1 098	1 307	1 024	1 211	1 066
Depreciation and impairment of fixed and intangible assets	94	107	99	89	89
Total operating expenses	**2 670**	**2 873**	**2 486**	**2 641**	**2 529**
Net gains on fixed and intangible assets	(2)	21	(105)	144	3
Write-downs on loans and guarantees	37	(48)	(76)	(162)	(50)
Pre-tax operating profit	**3 041**	**5 151**	**2 560**	**2 915**	**2 970**
Taxes	851	1 139	645	701	722
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	**2 190**	**4 012**	**1 915**	**2 214**	**2 248**

1) *Of which dividends/group contributions from subsidiaries represent NOK 1 175 million and gains from the winding-up of the subsidiary Luxcap NOK 1 080 million in the fourth quarter of 2006.*

Note 19 – Profit and balance sheet trends (continued)

Balance sheets					**DnB NOR Bank ASA**
Amounts in NOK million	31 March 2007	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006
Assets					
Cash and deposits with central banks	17 077	9 346	13 324	11 877	1 292
Lending to and deposits with credit institutions	198 630	117 261	139 147	135 190	109 125
Lending to customers	712 206	722 881	699 141	682 981	650 631
Commercial paper and bonds	112 825	137 302	100 963	90 529	82 724
Shareholdings	4 515	3 590	2 915	3 039	3 045
Financial derivatives	57 134	56 657	50 182	32 535	28 097
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	0	0	0	0	0
Investment property	0	0	0	0	0
Investments in associated companies	569	569	537	537	543
Investements in subsidiaries	9 034	8 594	8 417	8 318	8 081
Intangible assets	2 008	1 990	2 032	1 996	1 960
Deferred tax assets	384	404	7	0	5
Fixed assets	2 652	2 687	2 742	2 693	2 830
Biological assets	0	0	0	0	0
Discontinuing operations	0	0	0	0	0
Other assets	7 050	6 033	2 786	4 568	3 220
Total assets	**1 124 084**	**1 067 313**	**1 022 194**	**974 263**	**891 554**
Liabilities and equity					
Loans and deposits from credit institutions	132 346	120 072	112 566	122 273	100 083
Deposits from customers	485 324	457 465	442 214	446 040	408 919
Financial derivatives	58 705	57 258	44 965	32 302	30 936
Securities issued	326 899	324 183	313 473	278 678	259 051
Payable taxes	3 347	2 642	2 669	2 012	1 369
Deferred taxes	3	3	972	1 002	997
Other liabilities	27 198	21 087	17 433	10 992	14 693
Discontinuing operations	0	0	0	0	0
Provisions	4 110	4 113	3 780	3 741	3 716
Subordinated loan capital	36 744	33 240	35 425	30 489	27 227
Total liabilities	**1 074 677**	**1 020 064**	**973 496**	**927 527**	**846 990**
Minority interests	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Share capital	17 214	17 214	17 214	17 214	17 214
Other reserves and retained earnings	32 192	30 035	31 484	29 521	27 349
Total equity	**49 407**	**47 249**	**48 698**	**46 736**	**44 563**
Total liabilities and equity	**1 124 084**	**1 067 313**	**1 022 194**	**974 263**	**891 553**

Note 19 – Profit and balance sheet trends (continued)

Income statement					**DnB NOR Bank Group**
Amounts in NOK million	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006	1st quarter 2006
Total interest income	13 490	12 651	11 043	10 087	8 939
Total interest expenses	9 450	8 628	7 085	6 262	5 276
Net interest income	**4 040**	**4 023**	**3 958**	**3 825**	**3 663**
Commissions and fees receivable etc.	1 614	1 632	1 421	1 546	1 649
Commissions and fees payable etc.	498	503	465	479	492
Net gains on financial instruments at fair value	1 064	1 147	702	736	1 015
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	37	24	94	24	29
Other income	403	397	332	380	366
Net other operating income	**2 620**	**2 698**	**2 085**	**2 207**	**2 567**
Total income	**6 659**	**6 721**	**6 042**	**6 032**	**6 230**
Salaries and other personnel expenses	1 847	1 815	1 713	1 649	1 672
Other expenses	1 281	1 499	1 172	1 320	1 214
Depreciation and impairment of fixed and intangible assets	177	176	163	156	136
Total operating expenses	**3 305**	**3 491**	**3 049**	**3 124**	**3 022**
Net gains on fixed and intangible assets	5	66	124	151	12
Write-downs on loans and guarantees	51	(16)	(51)	(165)	(26)
Pre-tax operating profit	**3 309**	**3 313**	**3 169**	**3 223**	**3 247**
Taxes	893	1 032	755	782	789
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	**2 415**	**2 281**	**2 414**	**2 441**	**2 458**
Profit attributable to shareholders	2 361	2 253	2 368	2 407	2 424
Profit attributable to minority interests	54	28	46	34	34

Note 19 – Profit and balance sheet trends (continued)

Balance sheets					**DnB NOR Bank Group**
Amounts in NOK million	31 March 2007	31 Dec. 2006	30 Sept. 2006	30 June 2006	31 March 2006
Assets					
Cash and deposits with central banks	18 685	11 453	15 474	14 022	2 742
Lending to and deposits with credit institutions	102 066	65 203	63 821	82 484	60 864
Lending to customers	852 661	838 023	811 944	774 846	737 925
Commercial paper and bonds	115 404	114 203	103 696	92 954	84 581
Shareholdings	4 748	3 818	3 088	3 242	3 277
Financial derivatives	57 169	56 345	50 288	32 658	28 213
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	0	0	0	0	0
Investment property	149	148	147	173	232
Investments in associated companies	1 450	1 499	1 444	1 411	1 427
Investments in subsidiaries	-	-	-	-	-
Intangible assets	3 177	3 166	3 189	3 091	3 054
Deferred tax assets	144	190	27	25	37
Fixed assets	5 526	5 392	5 190	5 094	5 062
Biological assets	0	0	0	0	0
Discontinuing operations	27	27	43	67	0
Other assets	6 817	5 663	4 116	5 434	3 283
Total assets	**1 168 024**	**1 105 131**	**1 062 465**	**1 015 503**	**930 697**
Liabilities and equity					
Loans and deposits from credit institutions	141 603	124 383	121 111	133 047	110 529
Deposits from customers	509 186	480 471	463 177	465 359	426 709
Financial derivatives	58 645	57 646	45 053	32 410	31 047
Securities issued	330 288	326 806	316 466	281 508	261 847
Payable taxes	5 579	4 888	2 997	2 209	2 145
Deferred taxes	34	39	1 133	1 194	1 203
Other liabilities	21 403	15 367	17 917	12 734	12 257
Discontinuing operations	0	0	0	0	0
Provisions	4 345	4 372	4 013	3 982	4 002
Subordinated loan capital	37 432	33 979	36 200	31 234	28 215
Total liabilities	**1 108 516**	**1 047 950**	**1 008 065**	**963 678**	**877 954**
Minority interests	2 226	2 201	1 650	1 551	1 520
Revaluation reserve	0	0	0	0	0
Share capital	17 214	17 214	17 214	17 214	17 214
Other reserves and retained earnings	40 068	37 765	35 535	33 060	34 008
Total equity	**59 508**	**57 181**	**54 399**	**51 825**	**52 742**
Total liabilities and equity	**1 168 024**	**1 105 131**	**1 062 465**	**1 015 503**	**930 697**

Information about the DnB NOR Bank Group

Head office DnB NOR ASA

Mailing address	NO-0021 Oslo
Visiting address	Stranden 21, Oslo
Telephone	+47 915 03000
Internet	www.dnbnor.com
Organisation number	Register of Business Enterprises NO 981 276 957 MVA

DnB NOR Bank ASA

Organisation number	984 851 006 MVA

Board of Directors in DnB NOR ASA

Olav Hytta, chairman
Bent Pedersen, vice-chairman
Rune Bjerke
Per Hoffmann
Sten Sture Larre
Kari Lotsberg
Heidi M. Petersen
Torill Rambjør
Ingjerd Skjeldrum

Investor Relations

Tom Grøndahl, deputy CEO/chief financial officer	tel. +47 22 48 29 22	tom.grondahl@dnbnor.no
Per Sagbakken, head of IR/Long-term Funding	tel. +47 22 48 20 72	per.sagbakken@dnbnor.no
Thor Tellefsen	tel. +47 22 94 93 88	thor.tellefsen@dnbnor.no
Jo Teslo	tel. +47 22 94 92 86	jo.teslo@dnbnor.no
Helge Stray	tel. +47 22 94 93 76	helge.stray@dnbnor.no

Financial calendar 2007

Annual General Meeting	24 April
Distribution of dividends	as of 7 May
First quarter	3 May
Second quarter	9 August
Third quarter	1 November

Other sources of information

Annual reports

Annual reports for the DnB NOR Bank Group and DnB NOR Group are available on www.dnbnor.com.

Quarterly publications

Quarterly reports are available on www.dnbnor.com. Separate quarterly reports are prepared for the DnB NOR Group and Vital.

The publications can be ordered by sending an e-mail to investor.relations@dnbnor.no.

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