

## Second quarter report 2005



DnB NOR Bank ASA

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*The accounts for DnB NOR Bank with subsidiaries, the banking group, are based on Norwegian generally accepted accounting principles and the accounting regulations for banks. For the time being, it is not permissible for unlisted Norwegian banks to prepare the accounts according to IFRS. DnB NOR Bank has taken the opportunity to postpone the implementation of new lending regulations till 1 January 2006.*

## Introduction

The DnB NOR Bank Group <sup>1)</sup>, hereinafter called "the banking group", showed sound performance in the first half and second quarter of 2005. Adjusted for gains on the sale of subsidiaries and restructuring costs, profits were up 14.6 per cent in the first half of 2005. The banking group recorded a rise in income in spite of intensified competition, parallel to a reduction in expenses in line with the targets set for the integration process. The quality of the loan portfolios remained sound, with a low level of losses on loans and guarantees.

Pre-tax operating profits before losses came to NOK 4 705 million for the first half of 2005, compared with NOK 4 922 million in the year-earlier period. After taxes, profits stood at NOK 3 366 million, as against NOK 3 455 million in 2004. Return on equity was 17.1 per cent in the first half of 2005, compared with 18.1 per cent in the corresponding period of 2004.

The cost/income ratio was further improved, representing 54.5 per cent for the first half of 2005, as against 57.9 per cent for the corresponding period of 2004.

Pre-tax operating profits before losses for the second quarter of the year came to NOK 2 387 million, compared with NOK 2 653 million in the year-earlier period. After taxes, profits totalled NOK 1 775 million, compared with NOK 1 887 million in the second quarter of 2004. The cost/income ratio was 54.6 per cent for the second quarter of 2005. Return on equity was 17.6 per cent in the April through June period, compared with 19.3 per cent a year earlier. Including 50 per cent of profits, the core capital ratio was 7.4 per cent as at 30 June 2005.

Integration efforts in the banking group showed healthy progress, and at end-June the realisation of synergies was ahead of the integration plan. The process of reprofiling the branch network was completed during the second quarter, and all branch offices

now sport the new DnB NOR design. A clear majority of customers consider the changes positive.

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

Customer activity remained at a high level throughout the first half of 2005, and growth in corporate credit demand climbed during the second quarter. Credit demand in the retail market stayed high, especially with respect to well-secured housing loans.

Postbanken, which is part of the banking group, and Norway Post have entered into a new agreement on the distribution of banking services through the postal network from 2006 through 2012. The agreement will enter into force as of 1 January 2006 and is an extension of the current agreement between the two parties.

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

## Net interest income

Net interest income totalled NOK 3 306 million in the second quarter of 2005, down NOK 33 million compared with the second quarter of 2004.

Growth in average lending and deposit volumes of NOK 47 billion and NOK 24 billion respectively from the second quarter of 2004 boosted net interest income by NOK 238 million. The combined spread contracted by 0.11 percentage points compared with the year-earlier period, reducing net interest income by NOK 185 million from the second quarter of 2004.

Interest on other balance sheet items, including interbank funding and net result on problem commitments, declined by a total of NOK 86 million.

## Net other operating income

Net other operating income amounted to NOK 1 952 million in the second quarter of 2005. Adjusted for gains on the sale of subsidiaries in the second quarter of 2004, net other operating income showed an increase of NOK 154 million.

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<sup>1)</sup> 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.

Commission income rose by NOK 184 million while commissions payable rose by NOK 46 million compared with the year earlier period. Net gains on foreign exchange and financial instruments were up NOK 21 million while other ordinary operating income, including income on investments in associated companies, was down NOK 46 million.

### Operating expenses

Operating expenses totalled NOK 2 870 million in the second quarter of 2005, up NOK 42 million from the year-earlier period.

Salaries and other personnel expenses showed an increase of NOK 20 million from the second quarter of 2004. Wage settlements led to a NOK 30 million rise in expenses in the second quarter. Performance-based pay increased by NOK 36 million compared with the year-earlier period.

Marketing expenses rose NOK 17 million from the April through June period in 2004, while costs relating to real estate were up NOK 18 million. There was a NOK 33 million increase in losses on the sale of fixed assets. New initiatives also pushed up costs during the second quarter.

The realisation of synergies was ahead of the integration plan, and synergies resulting from the merger were NOK 194 million higher in the second quarter of 2005 than in the year-earlier period. Due to the merger, staff had been scaled back by 1 105 full-time positions by 30 June 2005, while synergy measures had an accumulated effect on cost levels of an estimated NOK 604 million in the first half of 2005.

### Loan-loss provisions

There were net reversals of NOK 40 million on losses on loans and guarantees in the second quarter of 2005, compared with net losses of NOK 82 million in the second quarter of 2004. New losses and loan-loss provisions amounted to NOK 203 million, while reversals on previous losses and loan-loss provisions totalled NOK 243 million. The second quarter of 2004 saw new losses of NOK 229 million and reversals of NOK 146 million.

Credit demand was brisk during the first half of 2005, and the quality of the portfolios showed improvement or remained stable. The banking group brought down the risk associated with the fishing industry in the second quarter, which included selling its shares in Pan Fish ASA. These shares were recorded as repossessed assets in the banking group's balance sheet. Due to the sale, previous losses of NOK 223 million were reversed.

After deductions for specified provisions, net non-performing and doubtful commitments came to NOK 5 877 million at end-June 2005, a decline of NOK 97 million from 31 December 2004.

### Taxes

The banking group's tax charge for the second quarter of 2005 was NOK 657 million, based on an anticipated average tax rate of 27 per cent of pre-tax operating profits.

### Balance sheet

Total assets in the banking group's balance sheet were NOK 786 billion as at 30 June 2005 and NOK 738 billion a year earlier. Net lending to customers rose by NOK 55 billion, with NOK 33 billion and NOK 22 billion referring to the retail and corporate markets respectively. The rise in lending to retail customers mainly represented residential mortgages. The ratio of deposits to lending was maintained at a satisfactory level.

### Risk and capital adequacy

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

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

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

Risk-weighted volume included in the calculation of the capital adequacy requirement rose by NOK 12 billion during the second quarter, to NOK 561 billion at end-June. Including 50 per cent of profits, the banking group's core capital ratio was 7.4 per cent as at 30 June 2005, while the capital adequacy ratio was 10.4 per cent. Excluding profits for the period, the core capital ratio was 7.1 per cent and the capital adequacy ratio 10.1 per cent.

Including 50 per cent of profits DnB NOR Bank ASA had a core capital ratio of 7.6 per cent, and a capital adequacy ratio of 10.7 per cent.

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

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

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

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

### Integration

The integration of DnB and Gjensidige NOR Sparebank into a new and stronger banking group is progressing according to plan, and the process is followed closely by the Board of Directors and group management. Merger plans included staff cuts of 1 425 full-time positions and annual cost synergies of NOK 1 600 million. The synergies are scheduled to be realised over a period of three years, with full effect as from 2007.

Integration efforts made headway in 2004 and synergies of around NOK 652 million were realised. Additional synergies of NOK 83 million were achieved in 2003. The accumulated cost synergy target set for end-December 2005 is NOK 960 million.

During the first half of 2005, synergies of NOK 604 million and staff reductions of 256 full-time positions were realised.

NOK 315 million of total cost synergies of NOK 604 million in the first half of 2005 referred to staff reductions. Cost savings within

IT and reduced use of consultants led to cost synergies of NOK 114 million, while NOK 175 million represented other cost savings.

Restructuring provisions relating to the merger total NOK 1 610 million. Around 50 per cent of restructuring provisions refer to planned staff cuts. The provisions otherwise cover the coordination of IT systems and moving of bank branches into common premises. At end-June 2005, NOK 1 195 million of the provisions had been utilised.

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

### Prospects for the rest of the year

The upturn in the global economy looks set to continue, although growth in 2005 is expected to be somewhat lower than in 2004. There has been strong expansion in the Norwegian economy. A steep rise in oil investments is expected to enhance economic growth in the domestic market during the rest of the year. Increased corporate investment is likely to provide a substantial stimulus to

growth as well as a rise in credit demand. Greater activity should lead to increased employment growth and a decline in joblessness. A somewhat sharper rise in inflation is anticipated during the rest of the year. The continuation of relatively low interest rates will be conducive to a strong rise in consumption and a high level of housing investment. Nonetheless, the brisk growth in household credit demand is expected to slow down somewhat during the year.

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

Due to the favourable business climate and continued low interest rates, losses on loans are expected to remain at a relatively low level throughout the rest of 2005.

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

Oslo, 9 August 2005

The Board of Directors of DnB NOR Bank ASA

Olav Hytta  
(chairman)  
(sig.)

Bent Pedersen  
(vice-chairman)  
(sig.)

Sten Sture Larre  
(sig.)

Per Hoffmann  
(sig.)

Torill Rambjør  
(sig.)

Ingjerd Skjeldrum  
(sig.)

Marit Wiig  
(sig.)

Heidi M. Petersen  
(sig.)

Svein Aaser  
(sig.)

# Profit and loss accounts

DnB NOR Bank ASA						
Amounts in NOK million	Note	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
Interest income	3	6 607	6 359	12 973	13 005	25 908
Interest expenses	3	3 636	3 383	7 116	7 264	14 280
<b>Net interest income and credit commissions</b>		<b>2 970</b>	<b>2 976</b>	<b>5 857</b>	<b>5 741</b>	<b>11 628</b>
Dividends		200	86	210	190	979
Commissions and fees receivable		1 492	1 398	2 898	2 762	5 546
Commissions and fees payable		505	498	999	977	1 936
Net gains on foreign exchange and financial instruments		415	371	923	879	1 689
Sundry ordinary operating income		161	146	297	316	651
Gains on the sale of fixed assets		27	(16)	30	(15)	9
<b>Net other operating income</b>		<b>1 789</b>	<b>1 486</b>	<b>3 359</b>	<b>3 155</b>	<b>6 937</b>
Salaries and other ordinary personnel expenses		1 196	1 209	2 433	2 486	4 926
Administrative expenses		857	848	1 639	1 696	3 355
Depreciation		152	154	302	314	653
Sundry ordinary operating expenses		289	295	585	613	1 234
Other expenses		39	6	40	786	903
<b>Total operating expenses</b>		<b>2 532</b>	<b>2 511</b>	<b>4 999</b>	<b>5 895</b>	<b>11 072</b>
<b>Pre-tax operating profit before losses</b>		<b>2 227</b>	<b>1 952</b>	<b>4 217</b>	<b>3 002</b>	<b>7 493</b>
Net losses on loans etc.	4	(62)	58	50	141	79
Net gains on long-term securities		3	(64)	99	1 243	1 535
<b>Pre-tax operating profit</b>		<b>2 292</b>	<b>1 830</b>	<b>4 265</b>	<b>4 104</b>	<b>8 950</b>
Taxes		619	494	1 152	1 108	2 358
<b>Profit for the period</b>		<b>1 673</b>	<b>1 336</b>	<b>3 114</b>	<b>2 996</b>	<b>6 592</b>
Earnings per share		9.86	7.88	18.35	17.66	38.86
Average total assets		753 336	721 354	739 397	708 638	714 390

# Balance sheets

DnB NOR Bank ASA				
Amounts in NOK million	Note	30 June 2005	31 Dec. 2004	30 June 2004
<b>Assets</b>				
Cash and deposits with central banks		1 106	8 286	4 771
Lending to and deposits with credit institutions		94 109	54 947	103 763
Gross lending to customers	4	563 162	525 645	503 492
- Specified loan-loss provisions		(2 373)	(2 494)	(3 038)
- Unspecified loan-loss provisions		(3 230)	(3 230)	(3 230)
Net lending to customers	4	557 559	519 921	497 224
Repossessed assets		202	456	335
Commercial paper and bonds		69 370	64 615	70 119
Shareholdings etc.		2 204	4 213	3 567
Investments in associated companies		537	583	617
Investments in subsidiaries		5 814	5 597	5 748
Intangible assets		2 120	2 256	2 643
Fixed assets		2 291	2 467	2 514
Other assets		24 711	23 138	17 215
Prepayments and accrued income		4 818	4 909	4 747
<b>Total assets</b>		<b>764 842</b>	<b>691 387</b>	<b>713 262</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		81 051	47 608	96 599
Deposits from customers		386 678	353 741	349 254
Securities issued		201 364	184 572	183 217
Other liabilities		25 774	40 337	15 355
Accrued expenses and prepaid revenues		5 966	4 318	6 205
Provisions for commitments		2 425	2 703	2 336
Subordinated loan capital		23 675	23 362	23 524
Share capital		16 964	16 964	16 964
Share premium reserve		7 745	7 745	7 745
Other equity		10 085	10 036	9 067
Profit for the period		3 114	0	2 996
<b>Total liabilities and equity</b>		<b>764 842</b>	<b>691 387</b>	<b>713 262</b>
Guarantee commitments		48 669	45 617	52 867

# Profit and loss accounts

DnB NOR Bank Group						
Amounts in NOK million	Note	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
Interest income	3	7 109	7 062	14 057	14 594	28 803
Interest expenses	3	3 803	3 723	7 515	7 878	15 428
<b>Net interest income and credit commissions</b>		<b>3 306</b>	<b>3 339</b>	<b>6 542</b>	<b>6 716</b>	<b>13 376</b>
Dividends		114	88	143	102	143
Commissions and fees receivable		1 546	1 362	3 008	2 856	5 764
Commissions and fees payable		521	475	1 030	1 014	2 010
Net gains on foreign exchange and financial instruments		409	388	923	848	1 675
Sundry ordinary operating income		368	414	695	841	1 541
Net gains on the sale of fixed assets		36	365	67	1 344	1 298
<b>Net other operating income</b>		<b>1 952</b>	<b>2 143</b>	<b>3 807</b>	<b>4 976</b>	<b>8 412</b>
Salaries and other ordinary personnel expenses		1 407	1 387	2 841	2 951	5 792
Administrative expenses		936	931	1 789	1 890	3 678
Depreciation		195	218	390	462	839
Sundry ordinary operating expenses		293	286	584	655	1 282
Other expenses		39	6	40	812	952
<b>Total operating expenses</b>		<b>2 870</b>	<b>2 828</b>	<b>5 644</b>	<b>6 771</b>	<b>12 544</b>
<b>Pre-tax operating profit before losses</b>		<b>2 387</b>	<b>2 653</b>	<b>4 705</b>	<b>4 922</b>	<b>9 244</b>
Net losses on loans etc.	4	(40)	82	94	218	167
Net gains on long-term securities		5	13	(0)	27	106
<b>Pre-tax operating profit</b>		<b>2 432</b>	<b>2 584</b>	<b>4 610</b>	<b>4 731</b>	<b>9 183</b>
Taxes		657	696	1 245	1 276	2 397
<b>Profit for the period</b>		<b>1 775</b>	<b>1 887</b>	<b>3 366</b>	<b>3 455</b>	<b>6 786</b>
Earnings per share		10.47	11.12	19.84	20.37	40.00
Average total assets		773 396	744 761	760 026	733 884	739 328

# Balance sheets

DnB NOR Bank Group				
Amounts in NOK million	Note	30 June 2005	31 Dec. 2004	30 June 2004
<b>Assets</b>				
Cash and deposits with central banks		1 593	8 780	5 496
Lending to and deposits with credit institutions		57 643	21 604	65 436
Gross lending to customers	4	623 856	584 230	569 813
- Specified loan-loss provisions		(3 105)	(3 255)	(3 870)
- Unspecified loan-loss provisions		(3 534)	(3 534)	(3 534)
Net lending to customers	4	617 217	577 441	562 408
Reposessed assets		285	538	414
Commercial paper and bonds		68 207	62 986	68 248
Shareholdings etc.		2 597	4 611	4 085
Investments in associated companies		1 262	1 354	1 456
Intangible assets		2 463	2 637	3 082
Fixed assets		3 949	4 155	4 254
Other assets		25 069	22 943	17 409
Prepayments and accrued income		5 327	5 477	5 386
<b>Total assets</b>		<b>785 612</b>	<b>712 526</b>	<b>737 673</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		84 107	48 950	98 975
Deposits from customers		392 995	360 240	356 340
Securities issued		207 137	192 410	192 101
Other liabilities		27 053	41 140	16 567
Accrued expenses and prepaid revenues		6 455	5 013	6 733
Provisions for commitments		2 668	2 994	2 566
Subordinated loan capital		24 082	24 040	24 293
Share capital		16 964	16 964	16 964
Share premium reserve		8 461	8 461	8 461
Other equity		12 323	12 313	11 219
Profit for the period		3 366	0	3 455
<b>Total liabilities and equity</b>		<b>785 612</b>	<b>712 526</b>	<b>737 673</b>
Guarantee commitments		49 432	46 194	54 212

## **Note 1 – Accounting principles**

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The quarterly accounts are based on Norwegian accounting legislation, the accounting regulations issued by Kredittilsynet (the Financial Supervisory Authority of Norway) and Norwegian generally accepted accounting principles. The quarterly accounts comply with NRS 11 – the Norwegian accounting standard for interim reporting. A more detailed description of the bank's accounting principles can be found in the annual report for 2004.

Kredittilsynet has issued regulations on the accounting treatment of loans and guarantees effective as of 1 January 2005. According to transitional provisions, however, only companies with shares listed on the stock exchange are required to comply with the new regulations as from this date. Other companies may postpone implementation by one year. DnB NOR Bank has chosen to defer implementation until 1 January 2006.

## **Note 2 – Changes in group structure**

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### **Sale of Postbanken Eiendomsmegling AS**

In June 2004, DnB NOR Bank ASA signed an agreement on the sale of the real estate brokerages Postbanken Eiendomsmegling AS and Aktiv Eiendomsmegling AS. The sale was part of the concession terms for the DnB NOR merger. The agreement was approved by the purchaser in August 2004. The actual takeover took place on 3 January 2005, and the sale generated gains of NOK 16 million recorded in the first quarter accounts.

### **Operations required sold – discontinuing operations**

The sale of Postbanken Eiendomsmegling was finalised in the first quarter of 2005 (see above) while the sale of Elcon Finans was implemented in the first quarter of 2004. In the accounts for DnB NOR Bank Group, operations in the companies required sold are included. To facilitate analysis of operations in the banking group after the sales mentioned above, separate accounts for total operations in these companies have been prepared.

The accounts of the companies required sold are shown below as they have been included in the DnB NOR Bank Group's accounts. Operations in the 53 branch offices DnB NOR Bank was required to sell are not included in the accounts of discontinuing operations as the sale refers only to premises and equipment.

**Note 2 – Changes in group structure (continued)**

<b>Profit and loss accounts</b>	<b>DnB NOR Bank Group</b>				
	<b>Discontinuing operations <sup>1)</sup></b>				
<i>Amounts in NOK million</i>	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
<b>Net interest income and credit commissions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>251</b>	<b>257</b>
Commissions and fees receivable	0	0	0	17	17
Commissions and fees payable	0	0	0	25	25
Net gain on foreign exchange and financial instruments	0	0	0	(1)	(1)
Sundry ordinary operating income	0	12	0	37	54
Gains on the sale of fixed assets	0	0	16	977	946
<b>Net other operating income</b>	<b>0</b>	<b>12</b>	<b>16</b>	<b>1 005</b>	<b>991</b>
Salaries and other ordinary personnel expenses	0	1	0	76	82
Administrative expenses	0	5	0	33	39
Depreciation	0	1	0	7	8
Sundry ordinary operating expenses	0	1	0	19	22
<b>Total operating expenses</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>135</b>	<b>151</b>
<b>Pre-tax operating profit before losses</b>	<b>0</b>	<b>4</b>	<b>16</b>	<b>1 121</b>	<b>1 097</b>
Net losses on loans etc.	0	0	0	23	23
<b>Pre-tax operating profit</b>	<b>0</b>	<b>4</b>	<b>16</b>	<b>1 098</b>	<b>1 074</b>
Taxes	0	0	0	296	290
<b>Profit for the period</b>	<b>0</b>	<b>4</b>	<b>16</b>	<b>802</b>	<b>784</b>

  

<b>Balance sheets</b>	<b>Discontinuing operations <sup>1)</sup></b>		
	30 June 2005	31 Dec. 2004	30 June 2004
<b>Assets</b>			
Lending to and deposits with credit institutions	0	33	20
Gross lending to customers	0	0	0
- Specified loan-loss provisions	0	0	0
- Unspecified loan-loss provisions	0	0	0
Net lending to customers	0	0	0
Reposessed assets	0	0	0
Shareholdings etc.	0	0	0
Intangible assets	0	9	10
Fixed assets	0	3	2
Other assets	0	1 140	1 172
Prepayments and accrued income	0	0	0
<b>Total assets</b>	<b>0</b>	<b>1 185</b>	<b>1 204</b>
<b>Liabilities and equity</b>			
Loans and deposits from credit institutions	0	0	0
Deposits from customers	0	0	0
Other liabilities	0	0	0
Accrued expenses and prepaid revenues	0	290	296
Provisions for commitments	0	7	3
Subordinated loan capital	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>297</b>	<b>299</b>
Share capital	0	20	20
Other equity	0	868	84
Profit for the period	0		802
<b>Total equity</b>	<b>0</b>	<b>888</b>	<b>905</b>
<b>Total liabilities and equity</b>	<b>0</b>	<b>1 185</b>	<b>1 204</b>

1) Includes the accounts of Postbanken Eiendomsmegling and Elcon as included in the accounts of the DnB NOR Bank Group in addition to the capital gains recorded on the sale of these operations.



**Note 3 – Net interest income and credit commissions**

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
Interest on loans to and deposits with credit institutions	534	606	1 021	1 311	2 407
Interest and credit commissions on instalment loans	4 495	4 264	8 857	8 735	17 367
Interest and credit commissions on overdraft and working capital facilities	649	624	1 260	1 239	2 473
Interest and credit commissions on building loans	80	64	153	127	268
Front-end fees, etc.	241	224	451	438	911
Interest on other loans to customers	21	31	40	85	206
<b>Total interest income on loans to customers</b>	<b>5 486</b>	<b>5 207</b>	<b>10 761</b>	<b>10 624</b>	<b>21 226</b>
Interest on commercial paper and bonds	481	498	993	984	2 031
Other interest income	106	48	199	86	244
<b>Total interest income</b>	<b>6 607</b>	<b>6 359</b>	<b>12 973</b>	<b>13 005</b>	<b>25 908</b>
Interest on loans and deposits from credit institutions	464	384	885	776	1 504
Interest on demand deposits from customers	808	779	1 552	1 733	3 335
Interest on time deposits from customers	177	45	345	93	196
Interest on special-term deposits from customers	259	246	516	533	1 014
<b>Total interest expenses on deposits from customers</b>	<b>1 244</b>	<b>1 070</b>	<b>2 414</b>	<b>2 359</b>	<b>4 544</b>
Interest on securities issued	1 391	895	2 688	1 786	4 033
Interest on subordinated loan capital	223	169	431	343	721
Levies to the banks' guarantee fund	0	23	0	128	244
Other interest expenses	314	841	699	1 872	3 233
<b>Total interest expenses</b>	<b>3 636</b>	<b>3 383</b>	<b>7 116</b>	<b>7 264</b>	<b>14 280</b>
<b>Net interest income and credit commissions</b>	<b>2 970</b>	<b>2 976</b>	<b>5 857</b>	<b>5 741</b>	<b>11 628</b>

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
Interest on loans to and deposits with credit institutions	369	526	753	998	1 821
Interest and credit commissions on instalment loans	4 967	4 814	9 820	10 053	19 805
Interest and credit commissions on overdraft and working capital facilities	667	649	1 297	1 291	2 564
Interest and credit commissions on building loans	80	64	153	127	268
Leasing income	127	123	254	464	714
Factoring income	17	13	31	49	79
Front-end fees, etc.	257	242	479	473	1 001
Interest on other loans to customers	31	44	64	106	250
<b>Total interest income on loans to customers</b>	<b>6 146</b>	<b>5 949</b>	<b>12 097</b>	<b>12 563</b>	<b>24 682</b>
Interest on commercial paper and bonds	488	568	1 008	993	2 071
Other interest income	107	18	199	40	230
<b>Total interest income</b>	<b>7 109</b>	<b>7 062</b>	<b>14 057</b>	<b>14 594</b>	<b>28 803</b>
Interest on loans and deposits from credit institutions	500	456	981	951	1 794
Interest on demand deposits from customers	822	792	1 580	1 764	3 390
Interest on time deposits from customers	178	46	347	96	201
Interest on special-term deposits from customers	263	253	528	551	1 047
<b>Total interest expenses on deposits from customers</b>	<b>1 263</b>	<b>1 092</b>	<b>2 455</b>	<b>2 412</b>	<b>4 638</b>
Interest on securities issued	1 476	1 049	2 881	2 070	4 585
Interest on subordinated loan capital	224	171	432	346	725
Levies to the banks' guarantee fund	0	28	0	139	269
Other interest expenses	341	927	766	1 961	3 417
<b>Total interest expenses</b>	<b>3 803</b>	<b>3 723</b>	<b>7 515</b>	<b>7 878</b>	<b>15 428</b>
<b>Net interest income and credit commissions</b>	<b>3 306</b>	<b>3 339</b>	<b>6 542</b>	<b>6 716</b>	<b>13 376</b>

**Note 4 – Net losses on loans and guarantees**

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
<b>Specification of net losses</b>					
Write-offs <sup>a)</sup>	39	56	200	256	571
Increase in specified loan-loss provisions <sup>b)</sup>	42	99	80	214	250
New specified loan-loss provisions <sup>c)</sup>	78	11	177	171	361
Total new specified provisions	159	166	457	641	1.182
Reassessed specified provisions <sup>d)</sup>	19	49	148	392	828
Total specified provisions	140	117	309	249	354
Recoveries on commitments previously written off <sup>e)</sup>	202	59	259	108	275
<b>Net losses on loans and guarantees</b>	<b>(62)</b>	<b>58</b>	<b>50</b>	<b>141</b>	<b>79</b>
<b>Specification of changes</b>					
Increase in specified provisions <sup>b) and c) minus d) and f)</sup>	(77)	(172)	(143)	(318)	(801)
+ Write-offs covered by specified provisions made in previous years <sup>f)</sup>	178	234	252	311	584
+ Write-offs not covered by specified provisions made in previous years <sup>a)</sup>	39	56	200	256	571
- Recoveries on commitments previously written off <sup>e)</sup>	202	59	259	108	275
<b>Net losses on loans and guarantees</b>	<b>(62)</b>	<b>58</b>	<b>50</b>	<b>141</b>	<b>79</b>
<i>Of which net losses on guarantees</i>	<i>(7)</i>	<i>2</i>	<i>17</i>	<i>(1)</i>	<i>7</i>

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	2nd quarter 2005	2nd quarter 2004	1st half 2005	1st half 2004	Full year 2004
<b>Specification of net losses</b>					
Write-offs <sup>a)</sup>	46	68	215	285	507
Increase in specified loan-loss provisions <sup>b)</sup>	63	127	119	279	378
New specified loan-loss provisions <sup>c)</sup>	94	33	205	261	518
Total new specified provisions	203	229	539	825	1 403
Reassessed specified provisions <sup>d)</sup>	37	62	172	460	924
Total specified provisions	166	167	367	364	479
Recoveries on commitments previously written off <sup>e)</sup>	206	84	273	147	312
<b>Net losses on loans and guarantees</b>	<b>(40)</b>	<b>82</b>	<b>94</b>	<b>218</b>	<b>167</b>
<b>Specification of changes</b>					
Increase in specified provisions <sup>b) and c) minus d) and f)</sup>	(84)	(165)	(181)	(322)	(865)
+ Write-offs covered by specified provisions made in previous years <sup>f)</sup>	204	263	333	401	837
+ Write-offs not covered by specified provisions made in previous years <sup>a)</sup>	46	68	215	285	507
- Recoveries on commitments previously written off <sup>e)</sup>	206	84	273	147	312
<b>Net losses on loans and guarantees</b>	<b>(40)</b>	<b>82</b>	<b>94</b>	<b>218</b>	<b>167</b>
<i>Of which net losses on guarantees</i>	<i>(7)</i>	<i>2</i>	<i>17</i>	<i>(1)</i>	<i>15</i>

a)-f) Show connections between the items.

**Note 5 – Non-performing and doubtful commitments**

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2004	31 Dec. 2004	30 June 2005	<i>Amounts in NOK million</i>	30 June 2005	31 Dec. 2004	30 June 2004
<b>Non-performing commitments</b>						
7 261	5 641	5 838	Before specified provisions	7 179	6 895	9 255
4 625	3 471	3 720	After specified provisions <sup>1)</sup>	4 503	4 196	6 050
<b>Doubtful commitments</b>						
2 170	1 512	1 251	Before specified provisions	2 009	2 460	3 030
1 684	1 091	811	After specified provisions <sup>1)</sup>	1 374	1 778	2 275

1) DnB NOR Bank ASA in 2004: Includes NOK 392 million in commitments taken over from Elcon in the first half of 2004.

**Note 6 – Capital adequacy**

<b>DnB NOR Bank ASA</b>			<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>		
30 June 2004	31 Dec. 2004	30 June 2005		30 June 2005	31 Dec. 2004	30 June 2004
16 964	16 964	16 964	Share capital	16 964	16 964	16 964
16 812	17 781	17 831	Other equity	20 784	20 774	19 680
33 776	34 745	34 795	Total equity	37 749	37 738	36 644
5 315	5 270	5 358	Perpetual subordinated loan capital securities <sup>1) 2)</sup>	5 592	5 531	5 734
Reductions						
(996)	(814)	(814)	Pension funds above pension commitments	(855)	(853)	(1 024)
(1 512)	(1 460)	(1 356)	Goodwill	(1 824)	(1 967)	(2 103)
(972)	(717)	(705)	Deferred tax assets	(634)	(646)	(849)
(160)	(78)	(59)	Other intangible assets	(68)	(88)	(170)
35 451	36 945	37 218	Core capital	39 960	39 715	38 232
6 299	5 528	5 895	Perpetual subordinated loan capital <sup>1) 2)</sup>	5 995	5 367	6 278
11 911	12 565	12 423	Term subordinated loan capital <sup>2)</sup>	13 084	13 538	13 031
18 210	18 092	18 317	Net supplementary capital	19 078	18 905	19 309
1 611	2 514	2 242	Deductions	2 242	2 514	1 617
52 050	52 523	53 294	Total eligible primary capital <sup>3)</sup>	56 796	56 105	55 924
<b>471 384</b>	<b>480 291</b>	<b>512 179</b>	<b>Total risk-weighted volume</b>	<b>561 352</b>	<b>528 240</b>	<b>532 107</b>
7.5	7.7	7.3	Core capital ratio (per cent)	7.1	7.5	7.2
11.0	10.9	10.4	Capital ratio (per cent)	10.1	10.6	10.5
Including 50 per cent of profit for the period:						
7.8	-	7.6	Core capital ratio (per cent)	7.4	-	7.5
11.4	-	10.7	Capital ratio (per cent)	10.4	-	10.8

1) Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.

2) Calculations of capital adequacy include a total of NOK 589 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.

3) Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Bank Group's accounts as a different consolidation method ("pro rata consolidation") is used in calculating capital adequacy.

All figures are presented in accordance with rules prevailing at the time in question.

## Note 7 – Profit and balance sheet trends

Profit and loss accounts	DnB NOR Bank ASA				
	2nd quarter 2005	1st quarter 2005	4th quarter 2004	3rd quarter 2004	2nd quarter 2004
<i>Amounts in NOK million</i>					
<b>Net interest income and commissions</b>	<b>2 970</b>	<b>2 887</b>	<b>2 927</b>	<b>2 960</b>	<b>2 976</b>
Dividends	200	10	774	15	86
Commissions and fees receivable	1 492	1 406	1 417	1 366	1 398
Commissions and fees payable	505	494	460	498	498
Net gains on foreign exchange and financial instruments	415	508	470	339	371
Sundry ordinary operating income	161	136	183	151	146
Net gains on the sale of fixed assets	27	4	7	18	(16)
<b>Net other operating income</b>	<b>1 789</b>	<b>1 570</b>	<b>2 391</b>	<b>1 391</b>	<b>1 486</b>
Salaries and other ordinary personnel expenses	1 196	1 237	1 208	1 232	1 209
Administrative expenses	857	782	869	790	848
Depreciation	152	151	188	151	154
Sundry ordinary operating expenses	289	295	339	282	295
Other expenses	39	2	105	12	6
<b>Total operating expenses</b>	<b>2 532</b>	<b>2 467</b>	<b>2 709</b>	<b>2 468</b>	<b>2 511</b>
<b>Pre-tax operating profit before losses</b>	<b>2 227</b>	<b>1 990</b>	<b>2 609</b>	<b>1 883</b>	<b>1 952</b>
Net losses on loans etc.	(62)	112	116	(178)	58
Net gains on long-term securities	3	95	224	67	(64)
<b>Pre-tax operating profit</b>	<b>2 292</b>	<b>1 973</b>	<b>2 718</b>	<b>2 128</b>	<b>1 830</b>
Taxes	619	533	675	575	494
<b>Profit for the period</b>	<b>1 673</b>	<b>1 441</b>	<b>2 043</b>	<b>1 553</b>	<b>1 336</b>
Earnings per share	9.86	8.49	12.04	9.16	7.88
Average total assets	753 336	725 458	718 653	721 631	721 354

Balance sheets	DnB NOR Bank ASA				
	30 June 2005	31 March 2005	31 Dec. 2004	30 Sept. 2004	30 June 2004
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	1 106	7 074	8 286	12 397	4 771
Lending to and deposits with credit institutions	94 109	80 071	54 947	61 846	103 763
Net lending to customers	557 559	538 379	519 921	506 053	497 224
Repossession assets	202	331	456	511	335
Commercial paper and bonds	69 370	69 349	64 615	67 153	70 119
Shareholdings etc.	2 204	4 490	4 213	3 694	3 567
Investments in associated companies	537	537	583	617	617
Investments in subsidiaries	5 814	5 579	5 597	5 752	5 748
Other assets	33 941	33 182	32 770	35 389	27 119
<b>Total assets</b>	<b>764 842</b>	<b>738 992</b>	<b>691 387</b>	<b>693 411</b>	<b>713 262</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	81 051	74 808	47 608	61 202	96 599
Deposits from customers	386 678	369 912	353 741	347 603	349 254
Securities issued	201 364	193 799	184 572	183 511	183 217
Other liabilities	34 166	40 462	47 358	39 815	23 896
Subordinated loan capital	23 675	23 800	23 362	22 967	23 524
Equity	37 909	36 210	34 745	38 313	36 773
<b>Total liabilities and equity</b>	<b>764 842</b>	<b>738 992</b>	<b>691 387</b>	<b>693 411</b>	<b>713 262</b>

**Note 7 – Profit and balance sheet trends (continued)****Profit and loss accounts**

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	2nd quarter 2005	1st quarter 2005	4th quarter 2004	3rd quarter 2004	2nd quarter 2004
<b>Net interest income and commissions</b>	<b>3 306</b>	<b>3 236</b>	<b>3 337</b>	<b>3 322</b>	<b>3 339</b>
Dividends	114	30	23	18	88
Commissions and fees receivable	1 546	1 463	1 491	1 416	1 362
Commissions and fees payable	521	510	491	504	475
Net gains on foreign exchange and financial instruments	409	514	486	342	388
Sundry ordinary operating income	368	327	370	331	414
Net gains on the sale of fixed assets	36	31	(6)	(40)	365
<b>Net other operating income</b>	<b>1 952</b>	<b>1 855</b>	<b>1 872</b>	<b>1 563</b>	<b>2 143</b>
Salaries and other ordinary personnel expenses	1 407	1 434	1 413	1 428	1 387
Administrative expenses	936	853	925	863	931
Depreciation	195	194	208	169	218
Sundry ordinary operating expenses	293	291	341	286	286
Other expenses	39	2	135	5	6
<b>Total operating expenses</b>	<b>2 870</b>	<b>2 773</b>	<b>3 022</b>	<b>2 751</b>	<b>2 828</b>
<b>Pre-tax operating profit before losses</b>	<b>2 387</b>	<b>2 318</b>	<b>2 187</b>	<b>2 135</b>	<b>2 653</b>
Net losses on loans etc.	(40)	134	70	(121)	82
Net gains on long-term securities	5	(5)	55	24	13
<b>Pre-tax operating profit</b>	<b>2 432</b>	<b>2 178</b>	<b>2 172</b>	<b>2 280</b>	<b>2 584</b>
Taxes	657	588	504	617	696
<b>Profit for the period</b>	<b>1 775</b>	<b>1 590</b>	<b>1 668</b>	<b>1 663</b>	<b>1 887</b>
Earnings per share	10.47	9.37	9.83	9.80	11.12
Average total assets	773 396	746 656	742 289	747 255	744 761

**Balance sheets**

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	30 June 2005	31 March 2005	31 Dec. 2004	30 Sept. 2004	30 June 2004
<b>Assets</b>					
Cash and deposits with central banks	1 593	7 366	8 780	12 802	5 496
Lending to and deposits with credit institutions	57 643	43 804	21 604	24 052	65 436
Net lending to customers	617 217	597 010	577 441	570 694	562 408
Reposessed assets	285	412	538	580	414
Commercial paper and bonds	68 207	68 352	62 986	65 365	68 248
Shareholdings etc.	2 597	4 873	4 611	4 176	4 085
Investments in associated companies	1 262	1 264	1 354	1 492	1 456
Other assets	36 807	35 206	35 212	38 304	30 131
<b>Total assets</b>	<b>785 612</b>	<b>758 288</b>	<b>712 526</b>	<b>717 466</b>	<b>737 673</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	84 107	77 175	48 950	63 511	98 975
Deposits from customers	392 995	375 533	360 240	354 487	356 340
Securities issued	207 137	199 575	192 410	192 310	192 101
Other liabilities	36 177	42 343	49 147	41 728	25 866
Subordinated loan capital	24 082	24 308	24 040	23 718	24 293
Equity	41 114	39 354	37 738	41 712	40 099
<b>Total liabilities and equity</b>	<b>785 612</b>	<b>758 288</b>	<b>712 526</b>	<b>717 466</b>	<b>737 673</b>

1) As from 31 March 2004, Elcon was no longer consolidated in the group accounts.

