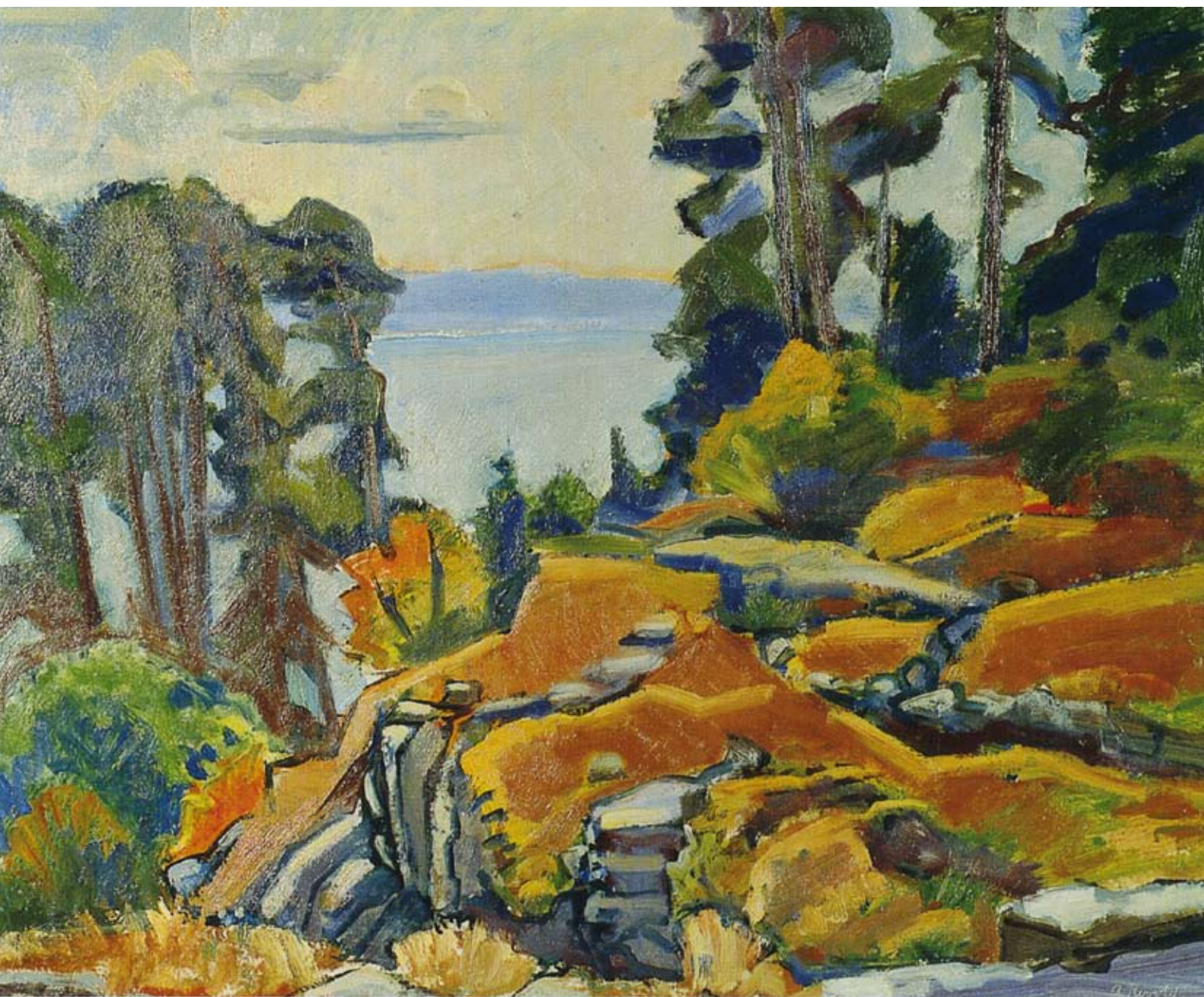


# Third quarter report 2005



Art from DnB NOR: Axel Revold, *Pine Tree by the Fjord*

DnB NOR Bank ASA

# Third quarter report 2005

*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

Performance in the DnB NOR Bank Group <sup>1)</sup>, hereinafter called "the banking group", in the third quarter of 2005 reflected a high level of market activity and a sound trend. There was a strong rise in lending volume and brisk sales of savings products. The high level of activity in the Norwegian economy combined with historically low interest rate levels and relatively low risk enabled the banking group to record net reversals on losses on loans and guarantees in the third quarter.

The banking group's pre-tax operating profits before losses came to NOK 7 325 million for the first nine months of 2005, up from NOK 7 056 million in the year-earlier period. After taxes, profits rose from NOK 5 118 million to NOK 5 504 million. Return on equity was 18.1 per cent for the first three quarters of 2005, compared with 17.4 per cent in the corresponding period of 2004.

Pre-tax operating profits before losses for the third quarter of the year came to NOK 2 620 million, an increase from NOK 2 135 million in the year-earlier period. After taxes, profits totalled NOK 2 139 million, up NOK 476 million or 29 per cent from the third quarter of 2004. Return on equity was 20.3 per cent in the July through September period, compared with 16.3 per cent a year earlier. The cost/income ratio showed a positive trend, representing 52 per cent for the third quarter of 2005, down from 56.3 per cent in the year-earlier period.

Including 50 per cent of profits, the core capital ratio for the banking group was 7.2 per cent as at 30 September 2005, compared with 7.7 per cent a year earlier.

On 21 June 2005, DnB NOR announced its plans to establish DnB NOR, to be jointly owned with Norddeutsche Landesbank Girozentrale (NORD/LB). An application for a concession to establish the new bank was sent to the Danish authorities during the

---

<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.

third quarter. The bank's head office will be located in Copenhagen, and operations are expected to start up before the end of the year. As part of the agreement, DnB NOR took over the Swedish operations of NORD/LB during the third quarter of 2005, thus doubling its banking operations in Sweden.

The process of adapting to the new capital adequacy regulations, Basel II, is well under way in the banking group. During the third quarter of 2005, DnB NOR sent an application to Kredittilsynet (the Financial Supervisory Authority of Norway) for permission to use internal measurement methods (IRB) for credit risk in calculating the Group's capital adequacy according to the new regulations as from 2007.

## Net interest income

Net interest income totalled NOK 3 376 million in the third quarter of 2005, up NOK 54 million compared with the third quarter of 2004.

Growth in average lending and deposit volumes of NOK 59 billion and NOK 40 billion respectively from the third quarter of 2004 boosted net interest income by NOK 310 million. The combined spread contracted by 0.20 percentage points compared with the year-earlier period, reducing net interest income by NOK 288 million from the third quarter of 2004.

Other balance sheet items, including the net result on problem commitments, showed an increase of NOK 32 million.

## Net other operating income

Net other operating income amounted to NOK 2 080 million in the third quarter of 2005, up NOK 517 million compared with the corresponding period of 2004.

Net commission income rose by NOK 161 million. Net gains on foreign exchange and financial instruments were up NOK 308 million compared with the year-earlier period, while net gains on the sale of fixed assets were up NOK 53 million.

Net other operating income represented 38.1 per cent of total income in the third quarter of 2005, as against 32 per cent in the year-earlier period.

## Operating expenses

Operating expenses totalled NOK 2 836 million in the third quarter of 2005, up NOK 85 million from the year-earlier period.

Salaries and other personnel expenses showed an increase of NOK 59 million from the third quarter of 2004. Wage settlements led to a NOK 27 million rise in expenses in the third quarter. Performance-based pay increased by NOK 86 million compared with the year-earlier period.

Marketing expenses rose NOK 33 million from the third quarter of 2004.

The realisation of synergies was ahead of the integration plan, and synergies resulting from the merger were NOK 154 million higher in the third quarter of 2005 than in the year-earlier period.

### **Loan-loss provisions**

The banking group recorded net reversals on losses on loans and guarantees of NOK 102 million in the third quarter of 2005. Corresponding figures for the third quarter of 2004 showed net reversals of NOK 121 million. New losses and loan-loss provisions amounted to NOK 209 million in the third quarter of 2005, while reversals on previous losses and loan-loss provisions totalled NOK 311 million. The third quarter of 2004 saw new losses of NOK 289 million and reversals of NOK 410 million.

The banking group recorded low losses on both retail and corporate loan portfolios.

After deductions for specified provisions, net non-performing and doubtful commitments came to NOK 5 206 million at end-September 2005, a decline of NOK 768 million from 31 December 2004. Net non-performing and doubtful commitments thus represented 0.8 per cent of net lending as at 30 September 2005, compared with 1.25 per cent a year earlier.

### **Net gains on long-term securities**

Net gains on investments in long-term securities amounted to NOK 208 million in the third quarter of 2005, which can be largely attributed to the sale of the banking group's assets in Brazil.

### **Taxes**

The banking group's tax charge for the third quarter of 2005 was NOK 791 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 832 billion as at 30 September 2005 and NOK 717 billion a year earlier.

Net lending to customers rose by NOK 77 billion, with NOK 35 billion and NOK 42 billion referring to the retail and corporate markets respectively. The rise in lending to retail customers mainly represented well-secured housing loans.

The ratio of customer deposits to net lending to customers was maintained at a satisfactory level, standing at 63.2 per cent at end-September 2005, up from 62.1 per cent a year earlier.

### **Risk and capital adequacy**

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

Market risk declined during the July through September period due to a net reduction in the banking group's equity exposure of

around NOK 750 million. The sale of equity holdings in fish-farming companies ensured a reduction in the banking group's risk exposure in this industry in the third quarter. There were no changes in the banking group's operational and business risk during the third quarter.

Risk-weighted volume included in the calculation of the capital adequacy requirement rose by NOK 30 billion during the third quarter, to NOK 591 billion at end-September. Including 50 per cent of profits, the banking group's core capital ratio was 7.2 per cent as at 30 September 2005, while the capital adequacy ratio was 10.2 per cent. Excluding profits for the period would reduce the ratios to 6.8 and 9.7 per cent respectively.

Including 50 per cent of profits DnB NOR Bank ASA had a core capital ratio of 7.3 per cent, and a capital adequacy ratio of 10.4 per cent.

### **Integration**

Integration in the banking group moved along smoothly during the third quarter. The process receives high priority and is followed closely by the Board of Directors and group management. Merger plans included staff cuts of 1 425 full-time positions and 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.

During the first nine months of 2005, synergies of around NOK 952 million were realised. The accumulated annual cost synergy target set for end-December 2005 is NOK 960 million.

### **Organisation**

The retirement age of the group chief executive is 60 years. The Board of Directors has asked the group chief executive to continue beyond this age, and an agreement has been reached whereby he will retire on 1 January 2007.

### **Prospects for the rest of the year**

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

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

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

Competition in the home mortgage market has intensified in recent years. In order to meet the competition, the banking group has established the company DnB NOR Boligkreditt AS. Once new legislation is in place in 2006, the company will be able to ensure lower-priced funding of the banking group's home mortgage portfolio in international financial markets through the issue of covered bonds, to the benefit of customers and DnB NOR's shareholders.

Outside Norway, the banking group will enhance its position through the establishment of DnB NORD, which will be represented in Denmark, Finland, the Baltic region and Poland, and the takeover of NORD/LB's operations in Sweden. Expansion in these market areas will strengthen the banking group's future growth platform and income base, in addition to a further diversification of the credit portfolios.

The first weeks in October saw a downturn in the stock market. The banking group is well positioned to handle stock market volatility.

Oslo, 26 October 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  
(group chief executive)  
(sig.)

# Profit and loss accounts

		DnB NOR Bank ASA				
<i>Amounts in NOK million</i>	Note	3rd quarter 2005	3rd quarter 2004	January - 2005	September 2004	Full year 2004
Interest income	2	6 978	6 468	19 951	19 474	25 908
Interest expenses	2	3 962	3 508	11 078	10 772	14 280
<b>Net interest income and credit commissions</b>		<b>3 016</b>	<b>2 960</b>	<b>8 873</b>	<b>8 701</b>	<b>11 628</b>
Dividends		2	15	212	205	979
Commissions and fees receivable		1 540	1 366	4 439	4 128	5 546
Commissions and fees payable		492	498	1 491	1 476	1 936
Net gains on foreign exchange and financial instruments		629	339	1 552	1 218	1 689
Sundry ordinary operating income		136	151	433	468	651
Gains on the sale of fixed assets		9	18	39	2	9
<b>Net other operating income</b>		<b>1 825</b>	<b>1 391</b>	<b>5 184</b>	<b>4 546</b>	<b>6 937</b>
Salaries and other ordinary personnel expenses		1 266	1 232	3 699	3 719	4 926
Administrative expenses		797	790	2 436	2 486	3 355
Depreciation		141	151	443	465	653
Sundry ordinary operating expenses		292	282	877	895	1 234
Other expenses		7	12	47	798	903
<b>Total operating expenses</b>		<b>2 502</b>	<b>2 468</b>	<b>7 502</b>	<b>8 363</b>	<b>11 072</b>
<b>Pre-tax operating profit before losses</b>		<b>2 338</b>	<b>1 883</b>	<b>6 555</b>	<b>4 884</b>	<b>7 493</b>
Net losses on loans etc.	3	(58)	(178)	(7)	(37)	79
Net gains on long-term securities		7	67	106	1 311	1 535
<b>Pre-tax operating profit</b>		<b>2 403</b>	<b>2 128</b>	<b>6 668</b>	<b>6 232</b>	<b>8 950</b>
Taxes		649	575	1 800	1 683	2 358
<b>Profit for the period</b>		<b>1 754</b>	<b>1 553</b>	<b>4 868</b>	<b>4 549</b>	<b>6 592</b>
Earnings per share		10.34	9.16	28.69	26.82	38.86
Average total assets		777 299	721 631	752 031	712 969	714 390

# Balance sheets

		DnB NOR Bank ASA		
<i>Amounts in NOK million</i>	Note	30 Sept. 2005	31 Dec. 2004	30 Sept. 2004
<b>Assets</b>				
Cash and deposits with central banks		23 741	8 286	12 397
Lending to and deposits with credit institutions		82 059	54 947	61 846
Gross lending to customers	4	591 780	525 645	512 137
- Specified loan-loss provisions		(2 284)	(2 494)	(2 854)
- Unspecified loan-loss provisions		(3 230)	(3 230)	(3 230)
Net lending to customers	4	586 265	519 921	506 053
Repossessed assets		122	456	511
Commercial paper and bonds		78 406	64 615	67 153
Shareholdings etc.		2 530	4 213	3 694
Investments in associated companies		537	583	617
Investments in subsidiaries		6 463	5 597	5 752
Intangible assets		2 126	2 256	2 578
Fixed assets		2 241	2 467	2 466
Other assets		21 570	23 138	25 775
Prepayments and accrued income		5 192	4 909	4 570
<b>Total assets</b>		<b>811 254</b>	<b>691 387</b>	<b>693 411</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		91 718	47 608	61 202
Deposits from customers		402 768	353 741	347 603
Securities issued		216 381	184 572	183 511
Other liabilities		27 120	40 337	30 101
Accrued expenses and prepaid revenues		6 999	4 318	7 392
Provisions for commitments		2 151	2 703	2 322
Subordinated loan capital		24 455	23 362	22 967
Share capital		16 964	16 964	16 964
Share premium reserve		7 745	7 745	7 745
Other equity		10 085	10 036	9 054
Profit for the period		4 868	0	4 549
<b>Total liabilities and equity</b>		<b>811 254</b>	<b>691 387</b>	<b>693 411</b>
Guarantee commitments etc. and contingencies	6			



# Profit and loss accounts

		DnB NOR Bank Group				
<i>Amounts in NOK million</i>	Note	3rd quarter 2005	3rd quarter 2004	January - September 2005	September 2004	Full year 2004
Interest income	2	7 519	7 097	21 576	21 692	28 803
Interest expenses	2	4 142	3 775	11 658	11 653	15 428
<b>Net interest income and credit commissions</b>		<b>3 376</b>	<b>3 322</b>	<b>9 918</b>	<b>10 039</b>	<b>13 376</b>
Dividends		4	18	148	120	143
Commissions and fees receivable		1 582	1 416	4 590	4 273	5 764
Commissions and fees payable		509	504	1 539	1 519	2 010
Net gains on foreign exchange and financial instruments		650	342	1 573	1 190	1 675
Sundry ordinary operating income		341	331	1 036	1 171	1 541
Net gains on the sale of fixed assets		13	(40)	80	1 305	1 298
<b>Net other operating income</b>		<b>2 080</b>	<b>1 563</b>	<b>5 886</b>	<b>6 539</b>	<b>8 412</b>
Salaries and other ordinary personnel expenses		1 487	1 428	4 328	4 379	5 792
Administrative expenses		866	863	2 654	2 752	3 678
Depreciation		186	169	575	631	839
Sundry ordinary operating expenses		290	286	874	942	1 282
Other expenses		9	5	49	818	952
<b>Total operating expenses</b>		<b>2 836</b>	<b>2 751</b>	<b>8 480</b>	<b>9 522</b>	<b>12 544</b>
<b>Pre-tax operating profit before losses</b>		<b>2 620</b>	<b>2 135</b>	<b>7 325</b>	<b>7 056</b>	<b>9 244</b>
Net losses on loans etc.	3	(102)	(121)	(8)	97	167
Net gains on long-term securities		208	24	208	51	106
<b>Pre-tax operating profit</b>		<b>2 929</b>	<b>2 280</b>	<b>7 540</b>	<b>7 011</b>	<b>9 183</b>
Taxes		791	617	2 036	1 893	2 397
<b>Profit for the period</b>		<b>2 139</b>	<b>1 663</b>	<b>5 504</b>	<b>5 118</b>	<b>6 786</b>
Earnings per share		12.61	9.80	32.45	30.17	40.00
Average total assets		796 224	747 255	772 092	738 341	739 328

# Balance sheets

		DnB NOR Bank Group		
<i>Amounts in NOK million</i>	Note	30 Sept. 2005	31 Dec. 2004	30 Sept. 2004
<b>Assets</b>				
Cash and deposits with central banks		24 264	8 780	12 802
Lending to and deposits with credit institutions		43 872	21 604	24 052
Gross lending to customers	4	654 538	584 230	577 929
- Specified loan-loss provisions		(2 912)	(3 255)	(3 701)
- Unspecified loan-loss provisions		(3 534)	(3 534)	(3 534)
Net lending to customers	4	648 092	577 441	570 694
Repossessed assets		201	538	580
Commercial paper and bonds		77 252	62 986	65 365
Shareholdings etc.		2 731	4 611	4 176
Investments in associated companies		1 298	1 354	1 492
Intangible assets		2 476	2 637	2 993
Fixed assets		3 869	4 155	4 178
Other assets		21 926	22 943	26 012
Prepayments and accrued income		5 661	5 477	5 121
<b>Total assets</b>		<b>831 642</b>	<b>712 526</b>	<b>717 466</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		93 425	48 950	63 511
Deposits from customers		409 374	360 240	354 487
Securities issued		222 156	192 410	192 310
Other liabilities		28 793	41 140	31 234
Accrued expenses and prepaid revenues		7 415	5 013	7 944
Provisions for commitments		2 378	2 994	2 549
Subordinated loan capital		24 850	24 040	23 718
Share capital		16 964	16 964	16 964
Share premium reserve		8 461	8 461	8 461
Other equity		12 320	12 313	11 168
Profit for the period		5 504	0	5 118
<b>Total liabilities and equity</b>		<b>831 642</b>	<b>712 526</b>	<b>717 466</b>
Guarantee commitments etc. and contingencies	6			

## Note 1 – Accounting principles

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 – Net interest income and credit commissions

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	3rd quarter 2005	3rd quarter 2004	January - September 2005	September 2004	Full year 2004
Interest on loans to and deposits with credit institutions	547	566	1 568	1 877	2 407
Interest and credit commissions on instalment loans	4 784	4 300	13 641	13 035	17 367
Interest and credit commissions on overdraft and working capital facilities	661	613	1 920	1 851	2 473
Interest and credit commissions on building loans	83	67	236	194	268
Front-end fees, etc.	238	255	689	693	911
Interest on other loans to customers	21	72	61	156	206
<b>Total interest income on loans to customers</b>	<b>5 787</b>	<b>5 307</b>	<b>16 547</b>	<b>15 931</b>	<b>21 226</b>
Interest on commercial paper and bonds	524	521	1 517	1 505	2 031
Other interest income	121	75	319	161	244
<b>Total interest income</b>	<b>6 978</b>	<b>6 468</b>	<b>19 951</b>	<b>19 474</b>	<b>25 908</b>
Interest on loans and deposits from credit institutions	537	377	1 421	1 153	1 504
Interest on demand deposits from customers	913	784	2 465	2 517	3 335
Interest on time deposits from customers	201	52	546	145	196
Interest on special-term deposits from customers	342	233	858	766	1 014
<b>Total interest expenses on deposits from customers</b>	<b>1 455</b>	<b>1 069</b>	<b>3 869</b>	<b>3 428</b>	<b>4 544</b>
Interest on securities issued	1 520	1 042	4 208	2 829	4 033
Interest on subordinated loan capital	231	182	662	524	721
Levies to the banks' guarantee fund	0	65	0	193	244
Other interest expenses	219	774	918	2 646	3 233
<b>Total interest expenses</b>	<b>3 962</b>	<b>3 508</b>	<b>11 078</b>	<b>10 772</b>	<b>14 280</b>
<b>Net interest income and credit commissions</b>	<b>3 016</b>	<b>2 960</b>	<b>8 873</b>	<b>8 701</b>	<b>11 628</b>

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	3rd quarter 2005	3rd quarter 2004	January - September 2005	September 2004	Full year 2004
Interest on loans to and deposits with credit institutions	378	421	1 130	1 419	1 821
Interest and credit commissions on instalment loans	5 271	4 859	15 091	14 911	19 805
Interest and credit commissions on overdraft and working capital facilities	674	633	1 971	1 923	2 564
Interest and credit commissions on building loans	83	67	236	194	268
Leasing income	132	125	386	589	714
Factoring income	16	14	47	63	79
Front-end fees, etc.	276	272	756	745	1 001
Interest on other loans to customers	38	78	102	184	250
<b>Total interest income on loans to customers</b>	<b>6 491</b>	<b>6 048</b>	<b>18 588</b>	<b>18 611</b>	<b>24 682</b>
Interest on commercial paper and bonds	531	522	1 539	1 515	2 071
Other interest income	119	106	319	147	230
<b>Total interest income</b>	<b>7 519</b>	<b>7 097</b>	<b>21 576</b>	<b>21 692</b>	<b>28 803</b>
Interest on loans and deposits from credit institutions	585	430	1 565	1 381	1 794
Interest on demand deposits from customers	920	794	2 500	2 559	3 390
Interest on time deposits from customers	201	53	549	149	201
Interest on special-term deposits from customers	349	240	876	791	1 047
<b>Total interest expenses on deposits from customers</b>	<b>1 470</b>	<b>1 087</b>	<b>3 925</b>	<b>3 498</b>	<b>4 638</b>
Interest on securities issued	1 612	1 154	4 493	3 223	4 585
Interest on subordinated loan capital	232	183	664	530	725
Levies to the banks' guarantee fund	0	70	0	209	269
Other interest expenses	244	851	1 010	2 812	3 417
<b>Total interest expenses</b>	<b>4 142</b>	<b>3 775</b>	<b>11 658</b>	<b>11 653</b>	<b>15 428</b>
<b>Net interest income and credit commissions</b>	<b>3 376</b>	<b>3 322</b>	<b>9 918</b>	<b>10 039</b>	<b>13 376</b>

**Note 3 – Net losses on loans and guarantees**

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	3rd quarter 2005	3rd quarter 2004	January - September 2005	September 2004	Full year 2004
<b>Specification of net losses</b>					
Write-offs <sup>a)</sup>	100	60	301	316	571
Increase in specified loan-loss provisions <sup>b)</sup>	33	(47)	113	169	250
New specified loan-loss provisions <sup>c)</sup>	(6)	204	171	372	361
Total new specified provisions	127	217	585	857	1.182
Reassessed specified provisions <sup>d)</sup>	35	336	183	727	828
Total specified provisions	92	(119)	402	130	354
Recoveries on commitments previously written off <sup>e)</sup>	150	59	409	167	275
<b>Net losses on loans and guarantees</b>	<b>(58)</b>	<b>(178)</b>	<b>(7)</b>	<b>(37)</b>	<b>79</b>
<b>Specification of changes</b>					
Increase in specified provisions <sup>b) and c) minus d) and f)</sup>	(54)	(359)	(197)	(684)	(801)
+ Write-offs covered by specified provisions made in previous years <sup>f)</sup>	46	181	298	497	584
+ Write-offs not covered by specified provisions made in previous years <sup>a)</sup>	100	60	301	316	571
- Recoveries on commitments previously written off <sup>e)</sup>	150	60	409	166	275
<b>Net losses on loans and guarantees</b>	<b>(58)</b>	<b>(178)</b>	<b>(7)</b>	<b>(37)</b>	<b>79</b>
<i>Of which net losses on guarantees</i>	<i>(17)</i>	<i>(4)</i>	<i>0</i>	<i>(5)</i>	<i>7</i>

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	3rd quarter 2005	3rd quarter 2004	January - September 2005	September 2004	Full year 2004
<b>Specification of net losses</b>					
Write-offs <sup>a)</sup>	112	74	327	359	507
Increase in specified loan-loss provisions <sup>b)</sup>	82	(27)	201	254	378
New specified loan-loss provisions <sup>c)</sup>	15	243	220	501	518
Total new specified provisions	209	289	748	1 114	1 403
Reassessed specified provisions <sup>d)</sup>	105	339	277	800	924
Total specified provisions	104	(50)	471	314	479
Recoveries on commitments previously written off <sup>e)</sup>	206	71	479	217	312
<b>Net losses on loans and guarantees</b>	<b>(102)</b>	<b>(121)</b>	<b>(8)</b>	<b>97</b>	<b>167</b>
<b>Specification of changes</b>					
Increase in specified provisions <sup>b) and c) minus d) and f)</sup>	(160)	(389)	(342)	(716)	(865)
+ Write-offs covered by specified provisions made in previous years <sup>f)</sup>	152	265	486	671	837
+ Write-offs not covered by specified provisions made in previous years <sup>a)</sup>	112	74	327	359	507
- Recoveries on commitments previously written off <sup>e)</sup>	206	71	479	217	312
<b>Net losses on loans and guarantees</b>	<b>(102)</b>	<b>(121)</b>	<b>(8)</b>	<b>97</b>	<b>167</b>
<i>Of which net losses on guarantees</i>	<i>(17)</i>	<i>(4)</i>	<i>0</i>	<i>(6)</i>	<i>15</i>

a)-f) Show connections between the items.



**Note 4 – Non-performing and doubtful commitments**

DnB NOR Bank ASA			Amounts in NOK million	DnB NOR Bank Group		
30 Sept. 2004	31 Dec. 2004	30 Sept. 2005		30 Sept. 2005	31 Dec. 2004	30 Sept. 2004
<b>Non-performing commitments</b>						
6 064	5 641	5 402	Before specified provisions	6 528	6 895	7 897
3 684	3 471	3 324	After specified provisions <sup>1)</sup>	3 995	4 196	4 929
<b>Doubtful commitments</b>						
1 958	1 512	998	Before specified provisions	1 778	2 460	3 126
1 459	1 091	623	After specified provisions <sup>1)</sup>	1 211	1 778	2 183

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

**Note 5 – Capital adequacy**

DnB NOR Bank ASA			Amounts in NOK million	DnB NOR Bank Group		
30 Sept. 2004	31 Dec. 2004	30 Sept. 2005		30 Sept. 2005	31 Dec. 2004	30 Sept. 2004
16 964	16 964	16 964	Share capital	16 964	16 964	16 964
16 799	17 781	17 830	Other equity	20 782	20 774	19 629
33 763	34 745	34 795	Total equity	37 746	37 738	36 593
5 322	5 270	5 359	Perpetual subordinated loan capital securities <sup>1) 2)</sup>	5 590	5 531	5 759
Reductions						
(996)	(814)	(816)	Pension funds above pension commitments	(852)	(853)	(1 025)
(1 496)	(1 460)	(1 367)	Goodwill	(1 825)	(1 967)	(2 032)
(972)	(717)	(705)	Deferred tax assets	(651)	(646)	(843)
(157)	(78)	(54)	Other intangible assets	(62)	(88)	(159)
35 464	36 945	37 212	Core capital	39 945	39 715	38 293
6 300	5 528	5 548	Perpetual subordinated loan capital <sup>1) 2)</sup>	5 648	5 367	6 002
11 932	12 565	13 549	Term subordinated loan capital <sup>2)</sup>	14 190	13 538	12 748
18 231	18 092	19 097	Net supplementary capital	19 838	18 905	18 750
1 605	2 514	2 177	Deductions	2 177	2 514	1 610
52 091	52 523	54 131	Total eligible primary capital <sup>3)</sup>	57 607	56 105	55 433
479 290	480 291	542 306	Total risk-weighted volume	591 116	528 240	533 292
7.4	7.7	6.9	Core capital ratio (per cent)	6.8	7.5	7.2
10.9	10.9	10.0	Capital ratio (per cent)	9.7	10.6	10.4
Including 50 per cent of profit for the period:						
7.9	-	7.3	Core capital ratio (per cent)	7.2	-	7.7
11.3	-	10.4	Capital ratio (per cent)	10.2	-	10.9

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 578 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 6 – Guarantee commitments etc. and contingencies

### Guarantee commitments etc. and additional information

DnB NOR Bank ASA				DnB NOR Bank Group		
30 Sept. 2004	31 Dec. 2004	30 Sept. 2005	<i>Amounts in NOK million</i>	30 Sept. 2005	31 Dec. 2004	30 Sept. 2004
153 967	164 578	167 762	Unutilised ordinary credit lines	167 875	165 845	156 109
5 675	7 527	8 535	Documentary credit commitments	8 536	7 531	6 870
1 100	1 098	1 074	Other commitments	1 704	1 099	1 100
160 742	173 202	177 371	Total commitments	178 115	174 475	164 079
12 926	13 257	14 004	Performance guarantees	14 206	13 433	13 404
11 525	11 059	12 443	Payment guarantees	12 685	11 577	12 325
12 776	10 913	12 741	Loan guarantees	12 744	10 916	12 912
2 556	2 556	0	Guarantee to the Norwegian Banks' Guarantee Fund	0	2 676	2 556
2 682	2 766	2 980	Guarantees for taxes etc.	3 001	2 790	2 781
5 245	5 067	6 225	Other guarantee commitments	6 015	4 803	4 834
47 710	45 617	48 393	Total guarantee commitments	48 651	46 194	48 812
			Support agreements	3 588	2 482	438
47 710	45 617	48 393	Total guarantee commitments etc. *)	52 239	48 676	49 250
			*) Of which:			
1 553	1 481	1 286	Counter-guaranteed by financial institutions	1 286	1 481	1 553
0	43	325	Joint and several liabilities	325	45	0
45 904	43 843	51 718	Securities	51 718	43 843	45 904
45 904	43 843	51 718	Total mortgages etc.	51 718	43 843	45 904
45 787	43 728	51 608	are pledged as security for: Loans	51 608	43 728	45 787
117	115	110	Other activities	110	115	117

### Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Bank 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. The disputes involving the highest amounts are described in the annual report for 2004. Below is a description of developments in the legal disputes during the first three quarters of 2005.

In 2004, Nordlandsbanken ASA filed a suit against KPMG, claiming compensation on the basis of KPMG's audit of Finance Credit AS. The parties reached agreement in the damage suit, and Nordlandsbanken received a final settlement of NOK 45 million. The settlement ensured reversals on previous loan-losses in the third quarter of 2005.

Finance Credit AS' estate in bankruptcy filed a claim in 2004 to reverse the debtor's repayment of credit facilities in Union Bank of Norway ASA (now DnB NOR Bank ASA) in autumn 2001 and spring 2002. The amount of the claim was NOK 160 million. The District Court found in favour of the bank. The sentence was appealed and the appeal was later dropped.

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

**Note 7 – Profit and balance sheet trends**

<b>Profit and loss accounts</b>	<b>DnB NOR Bank ASA</b>				
	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	4th quarter 2004	3rd quarter 2004
<i>Amounts in NOK million</i>					
<b>Net interest income and commissions</b>	<b>3 016</b>	<b>2 970</b>	<b>2 887</b>	<b>2 927</b>	<b>2 960</b>
Dividends	2	200	10	774	15
Commissions and fees receivable	1 540	1 492	1 406	1 417	1 366
Commissions and fees payable	492	505	494	460	498
Net gains on foreign exchange and financial instruments	629	415	508	470	339
Sundry ordinary operating income	136	161	136	183	151
Net gains on the sale of fixed assets	9	27	4	7	18
<b>Net other operating income</b>	<b>1 825</b>	<b>1 789</b>	<b>1 570</b>	<b>2 391</b>	<b>1 391</b>
Salaries and other ordinary personnel expenses	1 266	1 196	1 237	1 208	1 232
Administrative expenses	797	857	782	869	790
Depreciation	141	152	151	188	151
Sundry ordinary operating expenses	292	289	295	339	282
Other expenses	7	39	2	105	12
<b>Total operating expenses</b>	<b>2 502</b>	<b>2 532</b>	<b>2 467</b>	<b>2 709</b>	<b>2 468</b>
<b>Pre-tax operating profit before losses</b>	<b>2 338</b>	<b>2 227</b>	<b>1 990</b>	<b>2 609</b>	<b>1 883</b>
Net losses on loans etc.	(58)	(62)	112	116	(178)
Net gains on long-term securities	7	3	95	224	67
<b>Pre-tax operating profit</b>	<b>2 403</b>	<b>2 292</b>	<b>1 973</b>	<b>2 718</b>	<b>2 128</b>
Taxes	649	619	533	675	575
<b>Profit for the period</b>	<b>1 754</b>	<b>1 673</b>	<b>1 441</b>	<b>2 043</b>	<b>1 553</b>
Earnings per share	10.34	9.86	8.49	12.04	9.16
Average total assets	777 299	753 336	725 458	718 653	721 631

<b>Balance sheets</b>	<b>DnB NOR Bank ASA</b>				
	30 Sept. 2005	30 June 2005	31 March 2005	31 Dec. 2004	30 Sept. 2004
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	23 741	1 106	7 074	8 286	12 397
Lending to and deposits with credit institutions	82 059	94 109	80 071	54 947	61 846
Net lending to customers	586 265	557 559	538 379	519 921	506 053
Repossessed assets	122	202	331	456	511
Commercial paper and bonds	78 406	69 370	69 349	64 615	67 153
Shareholdings etc.	2 530	2 204	4 490	4 213	3 694
Investments in associated companies	537	537	537	583	617
Investments in subsidiaries	6 463	5 814	5 579	5 597	5 752
Other assets	31 130	33 941	33 182	32 770	35 389
<b>Total assets</b>	<b>811 254</b>	<b>764 842</b>	<b>738 992</b>	<b>691 387</b>	<b>693 411</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	91 718	81 051	74 808	47 608	61 202
Deposits from customers	402 768	386 678	369 912	353 741	347 603
Securities issued	216 381	201 364	193 799	184 572	183 511
Other liabilities	36 269	34 166	40 462	47 358	39 815
Subordinated loan capital	24 455	23 675	23 800	23 362	22 967
Equity	39 662	37 909	36 210	34 745	38 313
<b>Total liabilities and equity</b>	<b>811 254</b>	<b>764 842</b>	<b>738 992</b>	<b>691 387</b>	<b>693 411</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>				
	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	4th quarter 2004	3rd quarter 2004
<b>Net interest income and commissions</b>	<b>3 376</b>	<b>3 306</b>	<b>3 236</b>	<b>3 337</b>	<b>3 322</b>
Dividends	4	114	30	23	18
Commissions and fees receivable	1 582	1 546	1 463	1 491	1 416
Commissions and fees payable	509	521	510	491	504
Net gains on foreign exchange and financial instruments	650	409	514	486	342
Sundry ordinary operating income	341	368	327	370	331
Net gains on the sale of fixed assets	13	36	31	(6)	(40)
<b>Net other operating income</b>	<b>2 080</b>	<b>1 952</b>	<b>1 855</b>	<b>1 872</b>	<b>1 563</b>
Salaries and other ordinary personnel expenses	1 487	1 407	1 434	1 413	1 428
Administrative expenses	866	936	853	925	863
Depreciation	186	195	194	208	169
Sundry ordinary operating expenses	290	293	291	341	286
Other expenses	9	39	2	135	5
<b>Total operating expenses</b>	<b>2 836</b>	<b>2 870</b>	<b>2 773</b>	<b>3 022</b>	<b>2 751</b>
<b>Pre-tax operating profit before losses</b>	<b>2 620</b>	<b>2 387</b>	<b>2 318</b>	<b>2 187</b>	<b>2 135</b>
Net losses on loans etc.	(102)	(40)	134	70	(121)
Net gains on long-term securities	208	5	(5)	55	24
<b>Pre-tax operating profit</b>	<b>2 929</b>	<b>2 432</b>	<b>2 178</b>	<b>2 172</b>	<b>2 280</b>
Taxes	791	657	588	504	617
<b>Profit for the period</b>	<b>2 139</b>	<b>1 775</b>	<b>1 590</b>	<b>1 668</b>	<b>1 663</b>
Earnings per share	12.61	10.47	9.37	9.83	9.80
Average total assets	796 224	773 396	746 656	742 289	747 255

**Balance sheets**

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	30 Sept. 2005	30 June 2005	31 March 2005	31 Dec. 2004	30 Sept. 2004
<b>Assets</b>					
Cash and deposits with central banks	24 264	1 593	7 366	8 780	12 802
Lending to and deposits with credit institutions	43 872	57 643	43 804	21 604	24 052
Net lending to customers	648 092	617 217	597 010	577 441	570 694
Reposessed assets	201	285	412	538	580
Commercial paper and bonds	77 252	68 207	68 352	62 986	65 365
Shareholdings etc.	2 731	2 597	4 873	4 611	4 176
Investments in associated companies	1 298	1 262	1 264	1 354	1 492
Other assets	33 933	36 807	35 206	35 212	38 304
<b>Total assets</b>	<b>831 642</b>	<b>785 612</b>	<b>758 288</b>	<b>712 526</b>	<b>717 466</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	93 425	84 107	77 175	48 950	63 511
Deposits from customers	409 374	392 995	375 533	360 240	354 487
Securities issued	222 156	207 137	199 575	192 410	192 310
Other liabilities	38 587	36 177	42 343	49 147	41 728
Subordinated loan capital	24 850	24 082	24 308	24 040	23 718
Equity	43 250	41 114	39 354	37 738	41 712
<b>Total liabilities and equity</b>	<b>831 642</b>	<b>785 612</b>	<b>758 288</b>	<b>712 526</b>	<b>717 466</b>

