

# Second quarter report 2007



DnB NOR Bank ASA

# Financial highlights

## **Second quarter 2007**

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- Pre-tax operating profits before write-downs were up 21.2 per cent to NOK 3.5 billion (2.9)
- Profits were NOK 2.5 billion (2.4)
- Expenses were reduced to 48.9 per cent of income (51.8)
- Return on equity was 17.2 per cent (19.0)
- The core capital ratio was 7.3 per cent (7.2)

## **First half 2007**

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- Pre-tax operating profits before write-downs were up 12.5 per cent to NOK 6.9 billion (6.1)
- Profits were NOK 4.9 billion (4.9)
- Expenses were reduced to 49.2 per cent of income (50.1)
- Return on equity was 17.4 per cent (19.5)
- The core capital ratio was 7.3 per cent (7.2)

Figures for the DnB NOR Bank Group.  
Comparable figures for 2006 in parentheses.

# Second quarter report 2007

## Introduction

### Second quarter

The DnB NOR Bank Group<sup>1)</sup> achieved very strong profits in the second quarter of 2007, with a return on equity of 17.2 per cent. There was a high level of activity in all business areas in both domestic and international operations. The banking group recorded a 14.2 per cent rise in income compared with the year-earlier period, while expenses were up 7.8 per cent. The strong Norwegian economy and sound portfolio quality resulted in low write-downs on loans and guarantees in the second quarter of 2007.

Pre-tax operating profits before write-downs came to NOK 3 524 million, up from NOK 2 908 million in the second quarter of 2006. Write-downs on loans and guarantees came to NOK 140 million, while the year-earlier period showed net reversals of NOK 165 million. After taxes, profits totalled NOK 2 477 million, a rise of NOK 36 million or 1.5 per cent from a year earlier. The cost/income ratio was reduced, standing at 48.9 per cent in the second quarter of 2007, compared with 51.8 per cent in the year-earlier period.

In order to meet new challenges in the financial services industry, DnB NOR reorganised parts of its operations and changed the composition of its group management team in the second quarter of 2007. During the quarter, DnB NOR Boligkreditt arranged its first bond issues, comprising covered bonds, in the international capital market. The issues were launched in July. International rating agencies gave the bonds the top rating AAA.

In late 2006, DnB NOR Bank signed an agreement to acquire the Polish BISE Bank through its partially owned subsidiary DnB NORD. A concession for the purchase was granted in April 2007. At end-June, DnB NORD held 91.9 per cent of the shares in BISE Bank. DnB NOR Bank completed the purchase of the Swedish real estate brokerage chain Svensk Fastighetsförmedling AB in the second quarter of 2007, making the real estate brokerage operations of the banking group the most extensive in the Nordic region.

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 7.3 per cent as at 30 June 2007. A partial audit has been conducted of the accounts of DnB NOR Bank and the banking group as at 30 June 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 30 June 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.

### First half

The banking group's pre-tax operating profits before write-downs came to NOK 6 879 million in the first half of 2007, up from NOK 6 116 million in the year-earlier period. After taxes, profits

totalled NOK 4 892 million, compared with NOK 4 899 million in the first half of 2006. Return on equity was 17.4 per cent, as against 19.5 per cent in the first half of 2006. The cost/income ratio was 49.2 per cent in the first half of 2007, down from 50.1 per cent in the year-earlier period.

## Income

Income totalled NOK 6 891 million for the April through June period, an increase of NOK 859 million or 14.2 per cent from the second quarter of 2006.

### Net interest income

Net interest income was NOK 4 250 million in the second quarter of 2007, up NOK 425 million or 11.1 per cent compared with the year-earlier period.

Average lending increased by NOK 117 billion or 15.6 per cent from the second quarter of 2006. The rise mainly represented well-secured housing loans and corporate customer loans with relatively low risk. There was a rise of NOK 79 billion or 17.9 per cent in average deposits. Lending spreads contracted by 0.24 percentage points compared with the year-earlier period, standing at 1.07 per cent at end-June 2007. During the same period, deposit spreads expanded by 0.22 percentage points to 0.99 per cent at end-June 2007.

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

#### Changes in net interest income

Amounts in NOK million	2nd quarter	2nd quarter	
	2007	Change	2006
Net interest income	4 250	425	3 825
DnB NORD	338	167	170
Lending and deposit volumes		380	
Lending and deposit spreads		(264)	
Other		141	

### Net other operating income

Net other operating income amounted to NOK 2 640 million in the second quarter of 2007, up NOK 433 million compared with the corresponding period of 2006. Factors contributing to the increase included healthy income from equity investments in the bank, corporate finance activity and sales of savings and insurance products.

Net other operating income represented 38.3 per cent of total income in the second quarter of 2007, as against 36.6 per cent in the year-earlier period.

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

#### Changes in net other operating income

Amounts in NOK million	2nd quarter	2nd quarter	
	2007	Change	2006
Net other operating income	2 640	433	2 207
DnB NORD	185	105	80
Net commissions and fees		96	
Net gains on equity investments		159	
Net gains on other financial instruments		54	
Other income		20	

<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.

## Operating expenses

Operating expenses totalled NOK 3 367 million in the second quarter of 2007, up NOK 243 million from the year-earlier period. Excluding operations in DnB NORD, there was a NOK 62 million rise in expenses.

The cost trend in the second quarter of 2007 reflected rising personnel expenses due to higher performance-based pay, the result of the 2006 wage settlements and higher pension costs. The banking group is in the midst of a period of investment, including product development and international start-ups. The investments will ensure a broader income base and improve conditions for future income growth. The accounts for the second quarter of 2006 included restructuring costs in excess of the original provisions.

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

### Changes in operating expenses

Amounts in NOK million	2nd quarter		2nd quarter 2006
	2007	Change	
Operating expenses	3 367	243	3 124
DnB NORD	354	181	173
Performance-based pay		48	
Wage settlements		58	
Pension expenses		44	
Depreciation and write-downs		26	
Other		(114)	

## Net gains on fixed and intangible assets

Net gains on fixed and intangible assets came to NOK 9 million in the second quarter of 2007, compared with NOK 151 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 140 million in the second quarter of 2007, with individual write-downs of NOK 110 million and group write-downs of NOK 30 million. A strong increase in volume contributed to a rise in group write-downs, which was partly offset by improved portfolio quality.

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 3 984 million at end-June 2007, up NOK 184 million from 31 December 2006. This figure included net non-performing and impaired commitments of NOK 402 million in BISE Bank. Net non-performing and impaired commitments represented 0.44 per cent of net lending at end-June 2007, down from 0.60 per cent a year earlier. Excluding DnB NORD, these figures were 0.37 and 0.55 per cent respectively.

## Taxes

The banking group's tax charge for the second quarter of 2007 was NOK 916 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 1 215 billion as at 30 June 2007, as against NOK 1 016 billion a year earlier.

Net lending to customers rose by NOK 118 billion or 15.2 per cent during the twelve-month period.

Customer deposits rose by NOK 71 billion or 15.3 per cent from the second 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 60.1 per cent at end-

June 2007, unchanged from a year earlier.

Securities issued by the banking group increased by NOK 47 billion or 16.7 per cent from the second quarter of 2006, totalling NOK 329 billion at end-June 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. As the first Norwegian credit institution, DnB NOR Boligkreditt AS issued covered bonds in the international capital market in July 2007. Covered bonds represent a new and important funding source for the banking group, and the introduction of this instrument scales back the banking group's liquidity risk.

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 requirements. The net risk-adjusted capital requirement increased by NOK 2.3 billion in the April through June period of 2007, to NOK 41.2 billion. The table below shows developments in the risk-adjusted capital requirement:

Amounts in NOK billion	30 June 2007	31 March 2007	31 Dec. 2006	30 June 2006
Credit risk	37.7	35.1	36.0	34.0
Market risk	2.8	2.7	2.4	2.2
Operational risk	4.2	4.2	4.0	3.7
Business risk	2.1	2.1	2.1	1.9
Gross risk-adjusted capital requirement	46.8	44.2	44.6	41.8
Diversification effect <sup>1)</sup>	5.6	5.3	4.9	4.9
Net risk-adjusted capital requirement	41.2	38.9	39.7	36.9
Diversification effect in per cent of gross risk-adjusted capital requirement <sup>1)</sup>	12.0	12.0	11.0	11.6

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.

Credit risk increased by NOK 2.6 billion in the second quarter of 2007, mainly due to higher volumes. NOK 0.2 billion of the increase resulted from DnB NORD's purchase of BISE Bank in Poland. Credit quality was sound and stable in the second quarter. There was brisk lending growth in the retail market. In the corporate market, credit growth was particularly high within shipping, offshore, commercial property and energy-related sectors. Some large loans were raised to refinance corporate debt or finance acquisitions and later syndicated. Large volumes have been syndicated in order to reduce concentration risk. Risk hedging in the banking group has not been materially affected by developments in the bond market and in hedge funds. The banking group is not directly affected by the problems in the US subprime mortgage loan market. If the unrest in the capital market continues, increases or spreads, however, this could have an indirect impact on the banking group.

Risk-weighted volume included in the calculation of the capital adequacy requirement increased by NOK 32.4 billion during the second quarter, to NOK 801.2 billion. There was a NOK 37.5 billion reduction according to transitional rules for IRB measurement. In the second quarter of 2007, DnB NOR Boligkreditt was approved as an IRB institution. As from 2007, equity is calculated on the basis of IFRS. The payment of dividends reduced equity in the second quarter, but gave a corresponding reduction in deductions in core capital. The core capital ratio was 7.3 per cent, while the capital adequacy ratio was 10.5 per cent.

## Business areas

The activities of the banking group are organised in three business areas according to the customer segments served by the banking group and the products offered. In addition, DnB NOR is regarded as a separate profit centre.

### Corporate Banking and Payment Services

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 1 914 million in the second quarter of 2007, an increase of NOK 303 million from the year-earlier period. A high level of activity with strong growth in volumes contributed to the rise in profits.

Reflecting the healthy rise in credit demand, average loans and guarantees rose by NOK 65.8 billion from the second quarter of 2006, to NOK 462.0 billion in the April through June period in 2007. Adjusted for exchange rate movements, there was an increase of NOK 67.3 billion.

Sound earnings and increased borrowing among corporate clients ensured a boost in liquidity in the business sector. The comfortable liquidity situation helped increase average deposits by NOK 39.5 billion from the year-earlier period, to NOK 279.0 billion.

Income totalled NOK 2 924 million in the second quarter of 2007, up NOK 462 million from the corresponding period in 2006. Ordinary net interest income rose by NOK 168 million. Due to strong competition, the combined spread contracted by 0.16 percentage points, while the deposit spread rose by 0.13 percentage points.

Other operating income increased by NOK 131 million, reflecting a high level of activity and a large number of transactions, which generated a rise in income from foreign exchange and interest rate products, corporate finance activity, guarantees and securities services. On the other hand, lower syndication activity reduced income from this product area. Within payment transfers, the shift to automated products reduced income in spite of rising volumes.

Operating expenses totalled NOK 988 million in the second quarter of the year, up NOK 105 million from the corresponding period of 2006. International expansion has resulted in rising staff numbers and increased investments. In addition, there was strong wage growth in Norwegian operations in 2006. Solid growth in operational leasing gave a significant increase in depreciation. The cost/income ratio was 33.8 per cent in the second quarter, down 2.1 percentage points from the corresponding period in 2006. At end-June 2007, staff in Corporate Banking and Payment Services represented 2 249 full-time positions after the reorganisation of the Group, including 617 positions in subsidiaries and 453 in international units.

Due to sound quality in the credit portfolios combined with the healthy economic trend, write-downs were low in the April through June period. Net write-downs came to NOK 25 million.

Customer satisfaction showed a positive trend. There was strong lending growth in the second quarter of the year, and at end-May 2007, the share of credit to Norwegian corporate clients was 14.6 per cent, as against 15.5 per cent at end-June 2006.

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

### Retail Banking

Retail Banking recorded pre-tax operating profits of NOK 919 million in the second quarter of 2007, down NOK 264 million from the corresponding period in 2006. The decline was anticipated and can mainly be ascribed to narrowing spreads.

Brisk demand for housing loans caused an increase in average lending of 10.4 per cent or NOK 39.5 billion from the second quarter of 2006, to NOK 421.0 billion in the second quarter of 2007. Customer deposits increased by 8.0 per cent or NOK 15.9 billion to NOK 215.8 billion during the same period.

Net interest income from ordinary operations declined by NOK 225 million compared with the second quarter of 2006, to

NOK 1 632 million. Due to strong competition in the housing loan market, lending spreads contracted from 1.41 per cent in the second quarter of 2006, to 1.06 per cent in the corresponding period in 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 797 million, up NOK 37 million from the year-earlier period. The reduction in income from payment transactions was offset by higher income from sales of savings and insurance products.

Operating expenses were up 6.8 per cent, totalling NOK 1 594 million in the second quarter of the year, up from NOK 1 492 million in the year-earlier period. The cost/income ratio was 61.9 per cent, as against 54.8 per cent in the second quarter of 2006. Retail Banking staff numbered 3 664 full-time positions at end-June 2007 after the reorganisation of the Group.

Write-downs on loans and guarantees totalled NOK 64 million for the April through June period in 2007, an increase from NOK 47 million in the second quarter of 2006.

In the second quarter of 2007, DnB NOR Boligkreditt was granted a concession from Kredittilsynet to operate as a mortgage institution. The credit rating agencies assigned an AAA rating to the mortgage portfolio of DnB NOR Boligkreditt, which will ensure the bank lower funding-costs and thus competitive advantages.

In the second quarter of 2007, through cooperation with Vital, retail customers in DnB NOR were offered new savings products. Vital's Individual Market unit launched a new guaranteed fund with limited downside. In addition, it became possible for retail customers to invest in a global portfolio of private equity funds, savings products which have previously been reserved for large institutional clients. During the same period, DnB NOR Privatbank launched housing loans secured by property in Spain. In June, Postbanken Eiendom established monthly news broadcasts about property market trends via Web TV. In May, all Postbanken customers with card and Internet banking agreements received the solutions Verified by Visa and MasterCard SecureCode, making it safer to pay over the Internet. The new concept of in-store banking outlets, based on an agreement between DnB NOR and NorgesGruppen, is in a test phase, and full implementation is planned during the autumn of 2007.

At end-May 2007, the market share of credit to retail customers was 29.4 per cent, down from 30.2 per cent at end-June 2006. The market share of savings was 36.9 per cent at end-May 2007, compared with 37.7 per cent at end-June 2006. The number of customers subscribing to loyalty programmes increased by 10 per cent during the twelve-month period, totalling 1 104 000 at end-June, of whom 678 000 were under the DnB NOR brand while 426 000 had Postbanken Leve product packages. Postbanken Eiendom was reestablished in 2006 and had 21 franchise offices as at 30 June 2007.

Retail Banking aims to strengthen its position in a market characterised by intense competition from domestic and international players. Lending spreads have been narrowing, but interest rate adjustments will result in improvements during the second half of 2007. The acquisition of Svensk Fastighetsförmedling AB made the banking group the largest provider of real estate brokerage services in the Nordic region, and the introduction of housing loans for Swedish bank customers is an important step to build a customer portfolio and a long-term income base in the Swedish market.

### DnB NOR Markets

DnB NOR Markets achieved healthy profits in the second quarter of 2007. Pre-tax operating profits were NOK 628 million, up NOK 72 million or 12.9 per cent from the year-earlier period. The increase stemmed from customer-related activity. There was brisk demand for property investments and corporate finance services. Volatile exchange rates helped boost currency trading revenues.

During the second quarter of 2007, DnB NOR Markets became a member of the Copenhagen and Helsinki stock exchanges. It is also a member of Oslo Børs and the Stockholm stock exchange. Vital

Eiendomsfond was launched during the second quarter. The product enables investors to invest in a diversified unmortgaged property portfolio in cooperation with Vital.

Total revenues were NOK 1 030 million in the second quarter of 2007, an increase from NOK 908 million in the year-earlier period. Customer-related income rose by NOK 132 million or 18 per cent, reflecting a higher level of activity within corporate finance and foreign exchange and greater demand for custodial and other securities services. Costs were up NOK 50 million compared with the April through June period in 2006. The increase mainly reflected performance-based pay and investments in information technology. Return on capital was 47.0 per cent, and the cost/income ratio was 39.0 per cent.

Customer-related income from foreign exchange and interest rate derivatives was NOK 295 million, up NOK 62 million from the year-earlier period. There was brisk demand for foreign exchange products, while higher long-term interest rates resulted in somewhat reduced demand for interest rate hedging products.

Customer-related revenues from the sale of securities and other investment products came to NOK 181 million in the second quarter of 2007, down NOK 48 million or 21 per cent from the year-earlier period. The reduction was mainly a consequence of lower income from structured products and equities brokerage fees.

Customer-related revenues from corporate finance services were NOK 282 million, up NOK 106 million or 61 per cent from the second quarter of 2006. There was still a high level of activity within debt capital financing and project financing, and the level of activity within mergers and acquisitions was on the increase.

Customer-related revenues from the sale of custodial and other securities services rose to NOK 104 million, from NOK 92 million in the second quarter of 2006, reflecting a high level of activity.

Earnings from market making and other proprietary trading totalled NOK 125 million, a NOK 33 million reduction from the year-earlier period. Volatile interest rate markets contributed to the decline.

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.

## **DnB NORD**

DNB NORD recorded pre-tax operating profits of NOK 148 million in the second quarter of 2007, up NOK 76 million compared with the year-earlier period. The increase mainly reflected a rise in volumes and the acquisition of BISE Bank, which was incorporated in the accounts for the second quarter of 2007.

Lending averaged NOK 47.0 billion in the second quarter of 2007, up 65.1 per cent from the corresponding period in 2006. Average customer deposits rose by 82.3 per cent from the year-earlier period, to NOK 19.2 billion.

Income totalled NOK 523 million in the second quarter of the year, an increase of NOK 272 million or 108.7 per cent from the second quarter of 2006. Costs represented NOK 354 million, up NOK 181 million or 105.1 per cent from for the April through June period in 2006. The consolidation of BISE Bank accounted for NOK 140 million of income growth and NOK 121 million of the increase in costs from the second quarter of 2006. The cost/income ratio was 67.7 per cent in the April through June period. At end-June 2007, DnB NORD staff represented 3 052 full-time positions, with 863 full-time positions in BISE Bank.

BISE Bank in Poland was formally acquired on 26 April 2007 through the purchase of 77 per cent of the shares. Subsequent to this, DnB NORD has regularly purchased minority shares, bringing its holding to 91.9 per cent at end-June. BISE Bank was included in the accounts in the second quarter of 2007. See description in note 2.

At end-March 2007, DnB NORD initiated distribution of life insurance products in Latvia in cooperation with Vital. Initially, DnB NORD's loan customers in Latvia will be offered credit life insurance.

In Denmark and Finland, DnB NORD is a full-service bank for corporate customers, while the entities in the Baltic region and Poland also serve retail customers and small businesses. DnB NORD is well represented in the Baltic region and Poland, with more than 735 000 customers and 172 branches, and is thus well positioned and has good prospects in markets showing considerable growth. Efforts to harmonise and integrate systems and products in the DnB NORD network, ensuring that products and services can be offered across national borders, play an important part in capitalising on DnB NORD's position.

Strong credit growth is expected in the Baltic region in 2007, and DnB NORD expects to grow in pace with the total market. 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 acquisition of 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. In early autumn 2006, DnB NORD 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.

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

The Norwegian economy is experiencing a period of prosperity and 2007 looks set to be a year with solid growth. A high level of optimism, combined with low interest rates, has led to strong growth in demand for financial services from both the business sector and households. Investments for 2007 are at a higher level than last year and are expected to give high lending growth also in the second half of 2007.

The high capacity utilisation by Norwegian businesses and a growing labour shortage may, however, curb growth opportunities somewhat within parts of the business sector, while the global cooldown and the stronger Norwegian krone may lead to a decline in export growth.

The rise in housing prices and household borrowing was somewhat subdued during the first half of 2007, but remains at a high level. Household credit demand is expected to continue to be relatively high also during the second half of 2007. Norges Bank has signalled further interest rate increases, which are expected to stimulate growth in customer deposits.

In July, the banking group sold its premises at Aker Brygge as part of plans to sell all of the Group's bank buildings. The gain of just over NOK 860 million will be recorded as income in the third quarter of 2007.

Due to the banking group's position in the domestic market and intensifying competition in Norway, the Group will seek future growth also abroad. The acquisition of Svensk Fastighetsförmedling AB complements the banking group's existing operations in Sweden and represents a future potential for growth through greater distribution power. In addition to property sales, the aim is to distribute housing loans and other products from the DnB NOR Group. Possibilities for organic growth, smaller acquisitions in the Nordic region and structural initiatives through DnB NORD are under constant review. DnB NOR Bank is also considering opportunities for expanding cooperation with NORD/LB in relevant areas. The aim is to increase the share of income from international operations in the future.

The banking group's productivity and cost awareness will be further strengthened. High priority is being given to improving customer satisfaction and operational stability for customer systems.

Favourable economic conditions for Norway and DnB NOR indicate that 2007 will be a profitable year for the banking group.

Oslo, 8 August 2007  
The Board of Directors of DnB NOR Bank ASA

Olav Hytta  
(chairman)

Bent Pedersen  
(vice-chairman)

Per Hoffmann

Kari Lotsberg

Torill Rambjør

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke  
(group chief executive)

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# Income statement

DnB NOR Bank ASA						
		2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	Note	2007	2006	2007	2006	2006
Total interest income	4	13 679	9 260	25 945	17 416	39 108
Total interest expenses	4	10 223	6 009	19 098	11 038	25 997
<b>Net interest income</b>	<b>4</b>	<b>3 456</b>	<b>3 252</b>	<b>6 847</b>	<b>6 378</b>	<b>13 111</b>
Commissions and fees receivable etc.	5	1 528	1 461	3 024	3 023	5 861
Commissions and fees payable etc.	5	448	461	923	938	1 866
Net gains on financial instruments at fair value	5, 6	997	845	2 135	1 911	3 712
Net realised gains on investment securities (AFS)	5	0	0	0	0	0
Profit from companies accounted for by the equity method	5	0	0	0	0	0
Other income	5	197	152	398	322	2 909
<b>Net other operating income</b>	<b>5</b>	<b>2 275</b>	<b>1 998</b>	<b>4 634</b>	<b>4 317</b>	<b>10 615</b>
<b>Total income</b>		<b>5 731</b>	<b>5 250</b>	<b>11 481</b>	<b>10 696</b>	<b>23 726</b>
Salaries and other personnel expenses	7	1 444	1 340	2 922	2 714	5 538
Other expenses	7	1 041	1 211	2 140	2 278	4 609
Depreciation and impairment of fixed and intangible assets	7	101	89	194	178	383
<b>Total operating expenses</b>	<b>7</b>	<b>2 586</b>	<b>2 641</b>	<b>5 256</b>	<b>5 170</b>	<b>10 530</b>
Net gains on fixed and intangible assets	9	0	144	(2)	147	63
Write-downs on loans and guarantees	10	117	(162)	154	(213)	(337)
<b>Pre-tax operating profit</b>		<b>3 028</b>	<b>2 915</b>	<b>6 069</b>	<b>5 885</b>	<b>13 597</b>
Taxes		848	701	1 699	1 423	3 207
Profit from discontinuing operations after taxes		0	0	0	0	0
<b>Profit for the period</b>		<b>2 180</b>	<b>2 214</b>	<b>4 370</b>	<b>4 462</b>	<b>10 390</b>
Earnings per share (NOK) <sup>1)</sup>		12.66	12.86	25.38	25.92	60.36
Earnings per share for discontinuing operations (NOK) <sup>1)</sup>		0.00	0.00	0.00	0.00	0.00

1) DnB NOR Bank has not issued options or other financial instruments that could cause dilution of earnings per share.

# Balance sheet

		<b>DnB NOR Bank ASA</b>		
		30 June	31 Dec.	30 June
<i>Amounts in NOK million</i>	Note	2007	2006	2006
<b>Assets</b>				
Cash and deposits with central banks		6 524	9 346	11 877
Lending to and deposits with credit institutions	12	222 479	117 261	135 190
Lending to customers	11, 12	735 401	722 881	682 981
Commercial paper and bonds		108 885	137 302	90 529
Shareholdings		4 848	3 590	3 039
Financial derivatives		59 218	56 657	32 535
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity		0	0	0
Investment property		0	0	0
Investments in associated companies		569	569	537
Investments in subsidiaries		11 115	8 594	8 318
Intangible assets	13	2 074	1 990	1 996
Deferred tax assets		376	404	0
Fixed assets		1 986	2 687	2 693
Biological assets		0	0	0
Discontinuing operations	2	646	0	0
Other assets		6 513	6 033	4 568
<b>Total assets</b>		<b>1 160 634</b>	<b>1 067 313</b>	<b>974 263</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		150 124	120 072	122 273
Deposits from customers		506 635	457 465	446 040
Financial derivatives		62 588	57 258	32 302
Securities issued	14	325 511	324 183	278 678
Payable taxes		4 132	2 642	2 012
Deferred taxes		3	3	1 002
Other liabilities		22 720	21 087	10 992
Discontinuing operations	2	0	0	0
Provisions		3 980	4 113	3 741
Subordinated loan capital	14	33 397	33 240	30 489
<b>Total liabilities</b>		<b>1 109 089</b>	<b>1 020 064</b>	<b>927 527</b>
Minority interests		0	0	0
Revaluation reserve		0	0	0
Share capital		17 214	17 214	17 214
Other reserves and retained earnings		34 331	30 035	29 521
<b>Total equity</b>		<b>51 545</b>	<b>47 249</b>	<b>46 736</b>
<b>Total liabilities and equity</b>		<b>1 160 634</b>	<b>1 067 313</b>	<b>974 263</b>
Off-balance sheet transactions and contingencies	16			

# Income statement

		DnB NOR Bank Group				
		2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	Note	2007	2006	2007	2006	2006
Total interest income	4	14 911	10 087	28 401	19 026	42 720
Total interest expenses	4	10 661	6 262	20 111	11 539	27 251
<b>Net interest income</b>	<b>4</b>	<b>4 250</b>	<b>3 825</b>	<b>8 290</b>	<b>7 488</b>	<b>15 469</b>
Commissions and fees receivable etc.	5	1 696	1 546	3 310	3 196	6 249
Commissions and fees payable etc.	5	480	479	978	971	1 939
Net gains on financial instruments at fair value	5, 6	989	736	2 053	1 752	3 601
Net realised gains on investment securities (AFS)	5	0	0	0	0	0
Profit from companies accounted for by the equity method	5	21	24	58	52	171
Other income	5	414	380	817	746	1 475
<b>Net other operating income</b>	<b>5</b>	<b>2 640</b>	<b>2 207</b>	<b>5 260</b>	<b>4 774</b>	<b>9 556</b>
<b>Total income</b>		<b>6 891</b>	<b>6 032</b>	<b>13 550</b>	<b>12 262</b>	<b>25 026</b>
Salaries and other personnel expenses	7	1 886	1 649	3 733	3 321	6 849
Other expenses	7	1 271	1 320	2 552	2 533	5 205
Depreciation and impairment of fixed and intangible assets	7	209	156	387	292	632
<b>Total operating expenses</b>	<b>7</b>	<b>3 367</b>	<b>3 124</b>	<b>6 671</b>	<b>6 146</b>	<b>12 686</b>
Net gains on fixed and intangible assets	9	9	151	14	163	354
Write-downs on loans and guarantees	10	140	(165)	191	(192)	(258)
<b>Pre-tax operating profit</b>		<b>3 393</b>	<b>3 223</b>	<b>6 702</b>	<b>6 470</b>	<b>12 952</b>
Taxes		916	782	1 809	1 571	3 357
Profit from discontinuing operations after taxes		0	0	0	0	0
<b>Profit for the period</b>		<b>2 477</b>	<b>2 441</b>	<b>4 892</b>	<b>4 899</b>	<b>9 595</b>
Profit attributable to shareholders		2 398	2 407	4 759	4 831	9 452
Profit attributable to minority interests		78	34	133	69	143
Earnings per share (NOK) <sup>1)</sup>		13.93	13.98	27.65	28.06	54.91
Earnings per share for discontinuing operations (NOK) <sup>1)</sup>		0.00	0.00	0.00	0.00	0.00

1) DnB NOR Bank has not issued options or other financial instruments that could cause dilution of earnings per share.

# Balance sheet

		<b>DnB NOR Bank Group</b>		
		30 June	31 Dec.	30 June
<i>Amounts in NOK million</i>	Note	2007	2006	2006
<b>Assets</b>				
Cash and deposits with central banks		8 951	11 453	14 022
Lending to and deposits with credit institutions	12	117 346	65 203	82 484
Lending to customers	11, 12	892 579	838 023	774 846
Commercial paper and bonds		112 585	114 203	92 954
Shareholdings		5 097	3 818	3 242
Financial derivatives		59 285	56 345	32 658
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity		0	0	0
Investment property		138	148	173
Investments in associated companies		1 446	1 499	1 411
Investments in subsidiaries		-	-	-
Intangible assets	13	3 984	3 166	3 091
Deferred tax assets		185	190	25
Fixed assets		5 186	5 392	5 094
Biological assets		0	0	0
Discontinuing operations	2	812	27	67
Other assets		7 651	5 663	5 434
<b>Total assets</b>		<b>1 215 246</b>	<b>1 105 131</b>	<b>1 015 503</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions		163 750	124 383	133 047
Deposits from customers		536 524	480 471	465 359
Financial derivatives		62 512	57 646	32 410
Securities issued	14	328 508	326 806	281 508
Payable taxes		4 261	4 888	2 209
Deferred taxes		72	39	1 194
Other liabilities		24 610	15 367	12 734
Discontinuing operations	2	0	0	0
Provisions		4 199	4 372	3 982
Subordinated loan capital	14	34 151	33 979	31 234
<b>Total liabilities</b>		<b>1 158 588</b>	<b>1 047 950</b>	<b>963 678</b>
Minority interests		2 536	2 201	1 551
Revaluation reserve		0	0	0
Share capital		17 214	17 214	17 214
Other reserves and retained earnings		36 908	37 765	33 060
<b>Total equity</b>		<b>56 658</b>	<b>57 181</b>	<b>51 825</b>
<b>Total liabilities and equity</b>		<b>1 215 246</b>	<b>1 105 131</b>	<b>1 015 503</b>
Off-balance sheet transactions and contingencies	16			

# Statement of changes in equity

## DnB NOR Bank ASA

	Revalu- ation reserve	Share capital	Share premium reserve	Other equity <sup>1)</sup>	Total other reserves and retained earnings	Total equity <sup>1)</sup>
<i>Amounts in NOK million</i>						
Balance sheet as at 1 January 2006 NGAAP <sup>2)</sup>	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 IFRS effects				(18)	(18)	(18)
Total IFRS effects	0	0	0	1 161	1 161	1 161
<b>Balance sheet as at 1 January 2006</b>	<b>0</b>	<b>17 214</b>	<b>9 995</b>	<b>15 127</b>	<b>25 122</b>	<b>42 336</b>
Net change in currency translation reserve				(63)	(63)	(63)
Profit for the period				4 462	4 462	4 462
Net income for the period	0			4 399	4 399	4 399
<b>Balance sheet as at 30 June 2006</b>	<b>0</b>	<b>17 214</b>	<b>9 995</b>	<b>19 526</b>	<b>29 521</b>	<b>46 736</b>
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 IFRS effects				(23)	(23)	(23)
Total IFRS effects	0	0	0	1 891	1 891	1 891
<b>Balance sheet as at 31 December 2006</b>	<b>0</b>	<b>17 214</b>	<b>9 995</b>	<b>20 039</b>	<b>30 035</b>	<b>47 249</b>
Net change in currency translation reserve				(73)	(73)	(73)
Profit for the period				4 370	4 370	4 370
Net income for the period				4 297	4 297	4 297
<b>Balance sheet as at 30 June 2007</b>	<b>0</b>	<b>17 214</b>	<b>9 995</b>	<b>24 336</b>	<b>34 331</b>	<b>51 545</b>

1) Of which currency translation reserve:

Balance sheet as at 1 January 2006	22	22
Net change in currency translation reserve	(63)	(63)
Balance sheet as at 30 June 2006	(41)	(41)
Balance sheet as at 31 December 2006	(32)	(32)
Net change in currency translation reserve	(73)	(73)
Balance sheet as at 30 June 2007	(105)	(105)

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

# Statement of changes in equity (continued)

## DnB NOR Bank Group

<i>Amounts in NOK million</i>	Minority interests <sup>1)</sup>	Revalu- ation reserve	Share capital	Share premium reserve	Other equity <sup>1)</sup>	Total other reserves and retained earnings	Total equity <sup>1)</sup>
Balance sheet as at 1 January 2006 NGAAP <sup>2)</sup>	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 IFRS effects					18	18	18
Total IFRS effects	0	0	0	0	4 970	4 970	4 970
<b>Balance sheet as at 1 January 2006</b>	<b>947</b>	<b>0</b>	<b>17 214</b>	<b>10 711</b>	<b>20 910</b>	<b>31 622</b>	<b>49 783</b>
Net change in currency translation reserve	(12)				(96)	(96)	(108)
Profit for the period	69				4 831	4 831	4 899
Net income for the period	57	0	0	0	4 735	4 735	4 792
Dividends 2005					(3 297)	(3 297)	(3 297)
Minority interests, DnB NORD	545						545
Minority interests, other	2						2
<b>Balance sheet as at 30 June 2006</b>	<b>1 551</b>	<b>0</b>	<b>17 214</b>	<b>10 711</b>	<b>22 349</b>	<b>33 060</b>	<b>51 825</b>
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 IFRS effects					53	53	53
Total IFRS effects	0	0	0	0	7 941	7 941	7 941
<b>Balance sheet as at 31 December 2006</b>	<b>2 201</b>	<b>0</b>	<b>17 214</b>	<b>10 711</b>	<b>27 054</b>	<b>37 765</b>	<b>57 181</b>
Net change in currency translation reserve	(71)				(72)	(72)	(144)
Profit for the period	133				4 759	4 759	4 892
Net income for the period	62				4 687	4 687	4 749
Dividends 2006					(5 544)	(5 544)	(5 544)
Minority interests, DnB NORD	273						273
<b>Balance sheet as at 30 June 2007</b>	<b>2 536</b>	<b>0</b>	<b>17 214</b>	<b>10 711</b>	<b>26 196</b>	<b>36 908</b>	<b>56 658</b>
1) Of which currency translation reserve:							
Balance sheet as at 1 January 2006	0				(27)		(27)
Net change in currency translation reserve	(12)				(96)		(108)
Balance sheet as at 30 June 2006	(12)				(123)		(135)
Balance sheet as at 31 December 2006	44				(39)		6
Net change in currency translation reserve	(71)				(72)		(144)
Balance sheet as at 30 June 2007	(27)				(111)		(138)
2) Including effects of new regulations on the treatment of loans and guarantees.							

# Cash flow statement

## DnB NOR Bank ASA

Full year 2006    1st half 2006    1st half 2007

Amounts in NOK million

## DnB NOR Bank Group

1st half 2007    1st half 2006    Full year 2006

				1st half 2007	1st half 2006	Full year 2006
<b>Operations</b>						
(107 359)	(54 695)	(12 452)	Net payments on loans to customers	(50 896)	(66 148)	(129 985)
58 942	46 612	46 090	Net receipts on deposits from customers	48 566	48 992	66 112
37 009	15 667	22 881	Interest received from customers	25 103	17 209	40 476
(8 857)	(2 328)	(6 869)	Interest paid to customers	(6 976)	(2 491)	(9 226)
(52 057)	(12 069)	35 587	Net receipts/payments on the sale/aquisition of financial assets for investment or trading	6 645	(13 033)	(28 088)
6 140	3 291	3 128	Net receipts on commissions and fees	3 415	3 464	6 528
(11 463)	(6 153)	(6 240)	Payments to operations	(7 446)	(7 098)	(13 491)
(477)	(76)	(182)	Taxes paid	(253)	(144)	(562)
580	138	416	Other receipts	832	562	1 407
<b>(77 542)</b>	<b>(9 612)</b>	<b>82 360</b>	<b>Net cash flow relating to operations</b>	<b>18 989</b>	<b>(18 687)</b>	<b>(66 829)</b>
<b>Investment activity</b>						
(899)	100	(229)	Net receipts/payments on the sale/acquisition of fixed assets	(813)	(281)	(802)
45	(144)	(2 521)	Net receipts/payments on the sale/acquisition of long-term investments in shares	(1 293)	(144)	45
1 215	124	190	Dividends received on long-term investments in shares	167	89	115
<b>362</b>	<b>80</b>	<b>(2 559)</b>	<b>Net cash flow relating to investment activity</b>	<b>(1 939)</b>	<b>(336)</b>	<b>(642)</b>
<b>Funding activity</b>						
(6 833)	(29 487)	(73 980)	Net payments on loans from credit institutions	(15 410)	(21 339)	(13 852)
(5 831)	(9 138)	8 616	Net receipts/payments on other short-term liabilities	10 173	(8 986)	(5 567)
94 079	48 800	4 712	Net receipts on issue of bonds and commercial paper <sup>1)</sup>	4 977	49 434	92 803
10 302	6 825	4 310	Issue of subordinated loan capital	4 310	6 825	10 302
(2 152)	(296)	(2 186)	Redemptions of subordinated loan capital	(2 186)	(296)	(2 152)
(3 932)	(3 297)	(7 700)	Dividend/group contribution payments	(7 700)	(3 297)	(3 932)
(16 806)	(6 389)	(13 870)	Net interest payments on funding activity	(14 519)	(6 717)	(17 673)
<b>68 826</b>	<b>7 017</b>	<b>(80 098)</b>	<b>Net cash flow from funding activity</b>	<b>(20 355)</b>	<b>15 623</b>	<b>59 929</b>
<b>(8 354)</b>	<b>(2 516)</b>	<b>(297)</b>	<b>Net cash flow</b>	<b>(3 306)</b>	<b>(3 400)</b>	<b>(7 542)</b>
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)	(2 516)	(297)	Net payments of cash	(3 306)	(3 400)	(7 542)
21 783	27 623	21 486	Cash at end of period	14 924	22 372	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					
	2nd quarter	2nd quarter	1st half	1st half	Full year
	2007	2006	2007	2006	2006
<b>Interest rate analyses</b>					
1. Combined average spread for lending and deposits (%)	2.06	2.09	2.02	2.11	2.08
2. Spread for ordinary lending to customers (%)	1.07	1.32	1.08	1.35	1.27
3. Spread for deposits from customers (%)	0.99	0.77	0.94	0.76	0.81
<b>Rate of return/profitability</b>					
4. Net other operating income, per cent of total income	38.3	36.6	38.8	38.9	38.2
5. Cost/income ratio (%)	48.9	51.8	49.2	50.1	50.1
6. Return on equity, annualised (%)	17.2	19.0	17.4	19.5	18.2
<b>Financial strength</b>					
7. Core (Tier 1) capital ratio at end of period (%)	7.3	7.2	7.3	7.2	6.8
8. Capital adequacy ratio at end of period (%)	10.5	10.6	10.5	10.6	10.2
9. Core capital at end of period (NOK million)	58 322	52 300	58 322	52 300	53 554
10. Risk-weighted volume at end of period (NOK million)	801 222	723 941	801 222	723 941	787 311
<b>Loan portfolio and write-downs</b>					
11. Write-downs relative to net lending to customers, annualised	0.06	(0.09)	0.04	(0.05)	(0.03)
12. Net non-performing and impaired commitments, per cent of net lending	0.44	0.60	0.44	0.60	0.45
13. Net non-performing and impaired commitments at end of period (NOK million)	3 984	4 645	3 984	4 645	3 800
<b>Liquidity</b>					
14. Ratio of customer deposits to net lending to customers at end of period (%)	60.1	60.1	60.1	60.1	57.3
<b>Staff</b>					
15. Number of full-time positions at end of period	11 891	10 511	11 891	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 in equity. Average equity is calculated on the basis of recorded equity excluding minority interests.



## Note 1 – Transition to IFRS and accounting principles etc.

### Impact of transition to IFRS

With effect from 1 January 2007, the DnB NOR Bank Group has prepared accounts according to IFRS principles. 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. Up till 31 December 2006, the accounts of DnB NOR Bank ASA and the DnB NOR Bank Group were based on Norwegian accounting legislation, accounting regulations issued by the Ministry of Finance and Norwegian generally accepted accounting principles (NGAAP).

Effects on the income statement and equity of the transition from NGAAP to IFRS are presented below. The effects are described in further detail in note 2 to the first quarter report 2007.

DnB NOR Bank ASA		Effects on the income statement	DnB NOR Bank Group	
2nd quarter	First half		First half	2nd quarter
2006	2006	<i>Amounts in NOK million</i>	2006	2006
<b>2 063</b>	<b>4 029</b>	<b>Profit for the period NGAAP</b>	<b>4 543</b>	<b>2 365</b>
114	369	IAS 39 - Extended use of fair value of financial instruments	272	34
(5)	(8)	IAS 16 - Market value of buildings for own use	(23)	(19)
32	70	IFRS 3 - Exclusion of goodwill amortisation	112	52
10	3	Other IFRS effects	(5)	8
<b>2 214</b>	<b>4 462</b>	<b>Profit for the period IFRS</b>	<b>4 899</b>	<b>2 441</b>

DnB NOR Bank ASA	Equity	DnB NOR Bank Group
	Amounts in NOK million	
45 142	Balance sheet as at 30 June 2006 NGAAP	49 795
383	IAS 39 - Extended use of fair value of financial instruments	611
448	IAS 16 - Market value of buildings for own use	571
347	IFRS 3 - Exclusion of goodwill amortisation	474
	IAS 10 - Dividends/Group contribution	3 297
(18)	Other IFRS effects	18
1 161	Total IFRS effects as at 1 January 2006 <sup>1)</sup>	4 970
	Dividends 2005 paid in 2nd quarter 2006	(3 297)
433	IFRS effects on profit for the period <sup>2)</sup>	356
46 736	Balance sheet as at 30 June 2006 IFRS	51 825

1) The IFRS adjustments affect retained earnings only, see Statement of changes in equity.

2) For a specification of effects on the income statement, see table above.

### Accounting principles

The second quarter accounts have been prepared according to IFRS principles as approved by the EU, including IAS 34 - Interim Financial Reporting. A description of the accounting principles applied in preparing the accounts of the bank and the banking group is found in note 1 in the report for the first quarter of 2007.

### Estimates

When preparing the accounts of the bank and the banking group, 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 in the report for the first quarter of 2007 gives a description of important estimates and assumptions. 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 second quarter of 2007. See note 7 Operating expenses. In all other respects, the same estimation techniques and assumptions that are described in the report for the first quarter of 2007 have been applied when preparing the accounts for the second quarter of 2007.

### Comparable figures

Comparable figures are based on IFRS. Comparable figures have not been restated following the acquisition of Svensk Fastighetsförmedling or the acquisition of BISE Bank.

## Note 2 – Changes in group structure

### Svensk Fastighetsförmedling

DnB NOR Bank acquired all of the shares in the Swedish real estate brokerage chain Svensk Fastighetsförmedling AB for NOK 439 million in the second quarter of 2007, thus making the real estate brokerage operations of DnB NOR Bank Group the most extensive in the Nordic region.

The purchase was made with accounting effect from 30 June 2007. Thus, profit and loss items from the acquired company are not included in DnB NOR Bank Group's consolidated accounts for the first half of 2007. In connection with the acquisition, unrealised gains and goodwill totalling NOK 413 million were recorded in the balance sheet.

### BISE Bank

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 NOR Bank. Subsequent to this, DnB NOR Bank has regularly purchased minority shares, bringing its holding to 91.9 per cent at end-June. BISE Bank was included in DnB NOR Bank Group's consolidated accounts in the second quarter of 2007. The total cost of the shares was EUR 124.8 million. Accrued acquisition costs were EUR 4.1 million, consisting mainly of fees to advisers and assistance in connection with the share acquisitions.

Balance sheet	DnB NOR Bank Group	BISE Bank
	Capitalised value of BISE Bank on the acquisition date 30 April 2007	Capitalised value (acc. to IFRS) immediately before the acquisition date
<i>Amounts in NOK million</i>		
<b>Assets</b>		
Cash and deposits with central banks	133	133
Lending to and deposits with credit institutions	879	879
Lending to customers	3 904	3 930
Commercial paper and bonds	1 349	1 349
Intangible assets	505	10
Fixed assets	230	258
Other assets	137	137
<b>Total assets</b>	<b>7 137</b>	<b>6 696</b>
<b>Liabilities and equity</b>		
Loans and deposits from credit institutions	990	990
Deposits from customers	4 907	4 911
Securities issued	116	116
Other liabilities	246	204
Subordinated loan capital	86	86
Equity	792	389
<b>Total liabilities and equity</b>	<b>7 137</b>	<b>6 696</b>

The banking group's consolidated accounts for the second quarter of 2007 include profits from BISE Bank in the amount of NOK 14 million.

### Discontinuing operations

In July 2007, DnB NOR Bank Group sold its premises at Aker Brygge as part of plans to sell all of the banking group's bank buildings. The gain of just over NOK 860 million will be recorded in the third quarter of 2007. The premises at Aker Brygge are classified as discontinuing operations as at 30 June 2007.

## Note 3 – 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 carry responsibility for customer segments served by the banking group, as well as the products offered.

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 have been restated in accordance with the banking group's current principles for allocating costs and capital between business areas and are based on a number of assumptions, estimates and discretionary distribution.

### Income statement 2nd quarter

Amounts in NOK million	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations <sup>1)</sup>		DnB NOR Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income - ordinary operations	1 794	1 627	1 632	1 858	57	65	303	156	464	119	4 250	3 825
Interest on allocated capital	347	184	147	104	44	21	35	15	(573)	(324)	0	0
Net interest income	2 141	1 810	1 780	1 962	101	87	338	170	(109)	(205)	4 250	3 825
Net other operating income	782	651	797	760	929	822	185	80	(52)	(106)	2 640	2 207
Total income	2 924	2 462	2 576	2 722	1 030	908	523	250	(162)	(311)	6 891	6 032
Operating expenses <sup>*)</sup>	988	884	1 594	1 492	402	352	354	173	29	224	3 367	3 124
Pre-tax operating profit before write-downs	1 935	1 578	983	1 230	628	556	169	78	(191)	(535)	3 524	2 907
Net gains on fixed and intangible assets	5	36	0	0	0	0	5	2	0	113	9	151
Write-downs on loans and guarantees	25	3	64	47	0	0	26	8	25	(224)	140	(165)
Pre-tax operating profit	1 914	1 611	919	1 183	628	556	148	72	(216)	(198)	3 393	3 223
<sup>*) Of which group overhead</sup>	31	27	14	12	6	5	0	0	(52)	(45)	0	0

### Income statement 1st half

Amounts in NOK million	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NORD		Other operations/ eliminations		DnB NOR Bank Group	
	1st half		1st half		1st half		1st half		1st half		1st half	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income - ordinary operations	3 527	3 126	3 236	3 647	109	124	509	299	908	292	8 290	7 488
Interest on allocated capital	650	338	276	192	82	38	65	25	(1 073)	(594)	0	0
Net interest income	4 178	3 464	3 512	3 839	190	163	575	324	(165)	(301)	8 290	7 488
Net other operating income	1 539	1 323	1 572	1 560	1 902	1 756	289	151	(43)	(16)	5 260	4 774
Total income	5 717	4 787	5 084	5 399	2 093	1 919	864	475	(207)	(317)	13 550	12 262
Operating expenses <sup>*)</sup>	1 971	1 748	3 147	2 992	794	768	574	324	186	315	6 671	6 146
Pre-tax operating profit before write-downs	3 746	3 039	1 937	2 406	1 299	1 151	290	151	(393)	(632)	6 879	6 115
Net gains on fixed and intangible assets	8	43	0	0	(1)	0	7	5	0	116	14	163
Write-downs on loans and guarantees	56	(1)	141	119	22	0	36	19	(65)	(329)	191	(192)
Pre-tax operating profit	3 698	3 083	1 797	2 288	1 275	1 151	260	137	(328)	(187)	6 702	6 470
<sup>*) Of which group overhead</sup>	59	50	29	24	13	10	0	0	(100)	(85)	0	0

#### 1) Of which elimination of double entrie

Amounts in NOK million	2nd quarter	
	2007	2006
Net interest income - ordinary operations	(2)	(4)
Interest on allocated capital		
Net interest income	(2)	(4)
Net other operating income	(422)	(326)
Total income	(423)	(329)
Operating expenses		
Pre-tax operating profit before write-downs	(423)	(329)
Net gains on fixed and intangible assets		
Write-downs on loans and guarantees		
Pre-tax operating profit	(423)	(329)

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.

## Note 3 – Business areas (continued)

### Main average balance sheet items

	DnB NOR Bank Group									
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NOR		Other operations/ eliminations	DnB NOR Bank Group
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	2nd quarter
Amounts in NOK billion	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net lending to customers <sup>1)</sup>	397.1	339.7	421.0	381.5	17.0	11.0	47.0	28.5	8.4	6.1
Deposits from customers <sup>1)</sup>	279.0	239.5	215.8	199.9	18.3	15.7	19.2	10.6	5.6	(8.5)
									538.0	457.1

### Key figures

	DnB NOR Bank Group									
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NOR		Other operations	DnB NOR Bank Group
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	2nd quarter
Per cent	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Cost/income ratio	33.8	35.9	61.9	54.8	39.0	38.8	67.7	68.9		48.9
Ratio of deposits to lending <sup>1)</sup>	70.3	70.5	51.3	52.4			40.9	37.0		60.4
Return on capital <sup>2) 3)</sup>	18.5	18.4	20.9	23.8	47.0	54.4	13.9	12.0		17.2
Number of full-time positions as at 30 June <sup>4)</sup>	2 249	2 600	3 664	4 056	580	545	3 052	1 845	2 345	1 467
									11 891	10 511

- 1) Based on nominal values and includes lending to and deposits from credit institutions.
- 2) 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 NOR is calculated as 6.5 per cent of risk-weighted volume.
- 3) 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 NOR is 20 per cent for 2007 and 15 per cent 2006.
- 4) As a consequence of the reorganization of the Group in June 2007, 405 and 444 full-time positions respectively have been transferred from Corporate Banking and Payment Services and Retail Banking to Other operations. This is expected to have limited effects on operating expenses as the services provided will be charged to the business areas, and no adjustments have been made in the presented figures.

## Note 4 – Net interest income

	DnB NOR Bank ASA				
	2nd quarter	2nd quarter	1st half	1st half	Full year
	2007	2006	2007	2006	2006
Amounts in NOK million					
Interest on loans to and deposits with credit institutions	2 569	1 015	4 300	1 725	4 391
Interest on loans to customers	9 723	7 181	18 611	13 712	30 098
Interest on impaired commitments	29	52	57	58	101
Interest on commercial paper and bonds	1 298	838	2 761	1 529	3 808
Front-end fees etc.	64	59	175	136	255
Other interest income	(4)	116	40	257	454
<b>Total interest income</b>	<b>13 679</b>	<b>9 260</b>	<b>25 945</b>	<b>17 416</b>	<b>39 108</b>
Interest on loans and deposits from credit institutions	1 613	986	2 882	1 716	4 177
Interest on demand deposits from customers	4 098	2 226	7 618	4 167	9 741
Interest on securities issued	3 895	2 703	7 657	5 013	11 835
Interest on subordinated loan capital	500	320	971	606	1 436
Other interest expenses	118	(227)	(30)	(464)	(1 192)
<b>Total interest expenses</b>	<b>10 223</b>	<b>6 009</b>	<b>19 098</b>	<b>11 038</b>	<b>25 997</b>
<b>Net interest income</b>	<b>3 456</b>	<b>3 252</b>	<b>6 847</b>	<b>6 378</b>	<b>13 111</b>

	DnB NOR Bank Group				
	2nd quarter	2nd quarter	1st half	1st half	Full year
	2007	2006	2007	2006	2006
Amounts in NOK million					
Interest on loans to and deposits with credit institutions	1 516	678	2 660	1 121	2 891
Interest on loans to customers	11 774	8 239	22 374	15 756	34 838
Interest on impaired commitments	38	59	66	70	124
Interest on commercial paper and bonds	1 371	863	2 860	1 587	3 934
Front-end fees etc.	73	72	193	157	281
Other interest income	138	177	248	336	651
<b>Total interest income</b>	<b>14 911</b>	<b>10 087</b>	<b>28 401</b>	<b>19 026</b>	<b>42 720</b>
Interest on loans and deposits from credit institutions	1 757	1 096	3 174	1 944	4 609
Interest on demand deposits from customers	4 303	2 293	7 945	4 303	10 054
Interest on securities issued	3 951	2 732	7 964	5 060	12 194
Interest on subordinated loan capital	512	328	992	622	1 466
Other interest expenses	139	(187)	36	(389)	(1 072)
<b>Total interest expenses</b>	<b>10 661</b>	<b>6 262</b>	<b>20 111</b>	<b>11 539</b>	<b>27 251</b>
<b>Net interest income</b>	<b>4 250</b>	<b>3 825</b>	<b>8 290</b>	<b>7 488</b>	<b>15 469</b>

## Note 5 – Net other operating income

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Money transfer fees receivable	656	674	1 290	1 360	2 710
Fees on asset management services	21	58	43	125	246
Fees on custodial services	104	99	202	188	369
Fees on securities broking	89	125	211	257	425
Corporate finance	222	95	370	312	546
Interbank fees	31	36	60	75	148
Credit broking commissions	93	103	200	140	290
Sales commissions on insurance products	64	80	153	178	349
Sundry commissions and fees receivable on banking services	247	191	495	389	779
<b>Total commissions and fees receivable etc.</b>	<b>1 528</b>	<b>1 461</b>	<b>3 024</b>	<b>3 023</b>	<b>5 861</b>
Money transfer fees payable	234	233	460	466	914
Commissions payable on fund management services	9	11	18	19	48
Fees on custodial services payable	37	35	74	68	124
Interbank fees	49	54	95	112	218
Credit broking commissions	2	8	20	18	34
Commissions payable on the sale of insurance products	2	2	5	4	4
Sundry commissions and fees payable on banking services	115	118	252	251	524
<b>Total commissions and fees payable etc.</b>	<b>448</b>	<b>461</b>	<b>923</b>	<b>938</b>	<b>1 866</b>
<b>Net gains on financial instruments at fair value</b>	<b>997</b>	<b>845</b>	<b>2 135</b>	<b>1 911</b>	<b>3 712</b>
<b>Net realised gains on investment securities (AFS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit from companies accounted for by the equity method</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
Income from owned/leased premises	13	38	44	70	115
Miscellaneous operating income <sup>1)</sup>	184	115	354	252	2 789
<b>Total other income</b>	<b>197</b>	<b>152</b>	<b>398</b>	<b>322</b>	<b>2 904</b>
<b>Net other operating income</b>	<b>2 275</b>	<b>1 998</b>	<b>4 634</b>	<b>4 317</b>	<b>10 615</b>

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 5 – Net other operating income (continued)

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Money transfer fees receivable	702	711	1 374	1 428	2 855
Fees on asset management services	22	58	46	127	248
Fees on custodial services	106	99	204	189	370
Fees on securities broking	90	126	212	259	427
Corporate finance	236	96	384	313	548
Interbank fees	32	36	62	75	148
Credit broking commissions	94	103	201	140	290
Sales commissions on insurance products	68	82	160	182	359
Sundry commissions and fees receivable on banking services	347	236	667	484	1 004
<b>Total commissions and fees receivable etc.</b>	<b>1 696</b>	<b>1 546</b>	<b>3 310</b>	<b>3 196</b>	<b>6 249</b>
Money transfer fees payable	241	237	473	474	936
Commissions payable on fund management services	9	11	18	19	48
Fees on custodial services payable	37	35	74	68	124
Interbank fees	50	54	98	112	219
Credit broking commissions	0	10	17	17	34
Commissions payable on the sale of insurance products	2	2	5	4	4
Sundry commissions and fees payable on banking services	141	131	294	277	576
<b>Total commissions and fees payable etc.</b>	<b>480</b>	<b>479</b>	<b>978</b>	<b>971</b>	<b>1 939</b>
<b>Net gains on financial instruments at fair value</b>	<b>989</b>	<b>736</b>	<b>2 053</b>	<b>1 752</b>	<b>3 601</b>
<b>Net realised gains on investment securities (AFS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit from companies accounted for by the equity method</b>	<b>21</b>	<b>24</b>	<b>58</b>	<b>52</b>	<b>171</b>
Income from owned/leased premises	7	34	31	65	113
Fees on real estate broking	214	197	381	355	746
Net unrealised gains on investment property	(2)	(1)	(2)	0	0
Miscellaneous operating income	195	150	407	326	616
<b>Total other income</b>	<b>414</b>	<b>380</b>	<b>817</b>	<b>746</b>	<b>1 475</b>
<b>Net other operating income</b>	<b>2 640</b>	<b>2 207</b>	<b>5 260</b>	<b>4 774</b>	<b>9 556</b>

## Note 6 – Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Dividends	141	74	239	159	89
Net gains on foreign exchange and financial derivatives	611	751	1 051	1 635	3 551
Net gains on financial derivatives, hedging	(542)	(289)	(751)	(778)	(560)
Net gains on fixed rate loans	(325)	(303)	(451)	(656)	(1 144)
Net gains on financial guarantees	99	62	208	124	328
Net gains on commercial paper and bonds	(101)	(152)	25	(244)	(669)
Net gains on shareholdings	148	122	401	296	647
Net gains on other financial assets	(41)	(13)	(39)	(6)	(8)
Net gains on financial liabilities, hedged items	589	306	816	819	555
Net gains on financial liabilities, other	296	246	421	512	784
Net interest on interest rate positions	123	39	215	52	141
<b>Net gains on financial instruments at fair value</b>	<b>997</b>	<b>845</b>	<b>2 135</b>	<b>1 911</b>	<b>3 712</b>

## Note 6 – Net gains on financial instruments at fair value (continued)

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Dividends	125	57	136	91	103
Net gains on foreign exchange and financial derivatives	629	782	1 272	1 680	3 443
Net gains on financial derivatives, hedging	(524)	(288)	(731)	(778)	(565)
Net gains on fixed rate loans	(352)	(332)	(492)	(720)	(1 247)
Net gains on financial guarantees	108	67	225	136	341
Net gains on commercial paper and bonds	(102)	(168)	(160)	(262)	(504)
Net gains on shareholdings	132	39	385	227	558
Net gains on other financial assets	(41)	(13)	(39)	(6)	(8)
Net gains on financial liabilities, hedged items	589	306	816	819	555
Net gains on financial liabilities, other	302	246	427	512	784
Net interest on interest rate positions	123	39	215	52	141
<b>Net gains on financial instruments at fair value</b>	<b>989</b>	<b>736</b>	<b>2 053</b>	<b>1 752</b>	<b>3 601</b>

## Note 7 – Operating expenses

<i>Amounts in NOK million</i>	<b>DnB NOR Bank ASA</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Ordinary salaries	1 026	967	2 054	1 992	4 018
Employer's national insurance contributions	134	128	277	263	533
Pension expenses <sup>1)</sup>	223	179	446	337	718
Other personnel expenses	60	66	145	123	269
<b>Total salaries and other personnel expenses</b>	<b>1 444</b>	<b>1 340</b>	<b>2 922</b>	<b>2 714</b>	<b>5 538</b>
Fees	144	127	308	267	565
EDP expenses	270	286	557	554	1 107
Postage and telecommunications	76	84	153	163	322
Office supplies	18	18	38	36	77
Marketing and public relations	107	98	212	182	399
Travel expenses	44	38	84	70	150
Reimbursement to Norway Post for transactions executed	59	73	99	156	269
Training expenses	13	10	27	21	52
Operating expenses on properties and premises	206	213	416	440	849
Operating expenses on machinery, vehicles and office equipment	21	15	45	36	81
Allocation to employees	0	0	0	0	124
Restructuring expenses	0	158	0	158	260
Other operating expenses	83	91	202	195	355
<b>Other expenses</b>	<b>1 041</b>	<b>1 211</b>	<b>2 140</b>	<b>2 278</b>	<b>4 609</b>
<b>Depreciation and impairment of fixed and intangible assets</b>	<b>101</b>	<b>89</b>	<b>194</b>	<b>178</b>	<b>383</b>
<b>Total operating expenses</b>	<b>2 586</b>	<b>2 641</b>	<b>5 256</b>	<b>5 170</b>	<b>10 530</b>

## Note 7 – Operating expenses (continued)

<i>Amounts in NOK million</i>	<b>DnB NOR Bank Group</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Ordinary salaries	1 370	1 201	2 685	2 449	5 039
Employer's national insurance contributions	188	162	378	334	692
Pension expenses <sup>1)</sup>	245	199	487	376	794
Other personnel expenses	83	86	182	161	324
<b>Total salaries and other personnel expenses</b>	<b>1 886</b>	<b>1 649</b>	<b>3 733</b>	<b>3 321</b>	<b>6 849</b>
Fees	158	136	330	284	613
EDP expenses	314	321	640	622	1 242
Postage and telecommunications	98	96	188	188	367
Office supplies	26	24	53	48	103
Marketing and public relations	145	132	284	241	518
Travel expenses	56	46	105	86	186
Reimbursement to Norway Post for transactions executed	59	73	99	156	269
Training expenses	19	14	38	29	68
Operating expenses on properties and premises	213	208	431	435	846
Operating expenses on machinery, vehicles and office equipment	33	23	69	54	120
Allocation to employees	0	0	0	0	146
Restructuring expenses	2	108	3	108	190
Other operating expenses	149	139	311	283	539
<b>Other expenses</b>	<b>1 271</b>	<b>1 320</b>	<b>2 552</b>	<b>2 533</b>	<b>5 205</b>
<b>Depreciation and impairment of fixed and intangible assets</b>	<b>209</b>	<b>156</b>	<b>387</b>	<b>292</b>	<b>632</b>
<b>Total operating expenses</b>	<b>3 367</b>	<b>3 124</b>	<b>6 671</b>	<b>6 146</b>	<b>12 686</b>

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 2007.

## Note 8 – Number of employees/full-time positions

	<b>DnB NOR Bank ASA</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Number of employees at end of period	7 329	7 288	7 329	7 288	7 323
of which number of employees abroad	390	251	390	251	305
Number of employees calculated on a full-time basis at end of period	7 086	7 027	7 086	7 027	7 072
of which number of employees calculated on a full-time basis abroad	330	247	330	247	293
Average number of employees	7 327	7 307	7 325	7 337	7 306
Average number of employees calculated on a full-time basis	7 082	7 040	7 089	7 067	7 043

	<b>DnB NOR Bank Group</b>				
	2nd quarter 2007	2nd quarter 2006	1st half 2007	1st half 2006	Full year 2006
Number of employees at end of period	12 225	10 847	12 225	10 847	11 030
of which number of employees abroad	3 640	2 383	3 640	2 383	2 512
Number of employees calculated on a full-time basis at end of period	11 891	10 511	11 891	10 511	10 710
of which number of employees calculated on a full-time basis abroad	3 594	2 349	3 594	2 349	2 486
Average number of employees	11 987	10 852	11 548	10 790	10 861
Average number of employees calculated on a full-time basis	11 663	10 506	11 193	10 444	10 523



## Note 9 – Net gains on fixed and intangible assets

	<b>DnB NOR Bank ASA</b>				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2007	2006	2007	2006	2006
Exporama		28		28	28
Other		116	(2)	119	35
<b>Net gains on fixed and intangible assets</b>	<b>0</b>	<b>144</b>	<b>(2)</b>	<b>147</b>	<b>63</b>

	<b>DnB NOR Bank Group</b>				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2007	2006	2007	2006	2006
Development area, Oppegård					47
Lodalen Utvikling					44
Kirkegaten 17, Oslo					31
Scanrope		16		16	16
Exporama		30		30	30
Bogstadveien 45, Oslo		61		61	61
Other	9	44	14	56	125
<b>Net gains on fixed and intangible assets</b>	<b>9</b>	<b>151</b>	<b>14</b>	<b>163</b>	<b>354</b>

## Note 10 – Write-downs on loans and guarantees

	<b>DnB NOR Bank ASA</b>				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2007	2006	2007	2006	2006
Write-offs	37	25	92	97	191
New individual write-downs	160	160	361	300	473
Total new individual write-downs	197	185	453	397	664
Reassessed individual write-downs	27	49	126	140	273
Total individual write-downs	170	136	327	257	391
Recoveries on commitments previously written off	83	96	155	162	334
Change in group write-downs on loans	30	(202)	(18)	(308)	(394)
<b>Write-downs on loans and guarantees <sup>1)</sup></b>	<b>117</b>	<b>(162)</b>	<b>154</b>	<b>(213)</b>	<b>(337)</b>
Write-offs covered by individual write-downs made in previous years	192	204	349	262	606
<i>1) Of which individual write-downs on guarantees</i>	<i>(4)</i>	<i>1</i>	<i>7</i>	<i>(10)</i>	<i>(14)</i>

	<b>DnB NOR Bank Group</b>				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2007	2006	2007	2006	2006
Write-offs	41	38	97	113	227
New individual write-downs	225	213	452	395	692
Total new individual write-downs	266	251	549	508	919
Reassessed individual write-downs	72	72	184	178	371
Total individual write-downs	194	179	365	330	548
Recoveries on commitments previously written off	84	121	167	201	388
Change in group write-downs on loans	30	(224)	(7)	(321)	(418)
<b>Write-downs on loans and guarantees <sup>1)</sup></b>	<b>140</b>	<b>(165)</b>	<b>191</b>	<b>(192)</b>	<b>(258)</b>
Write-offs covered by individual write-downs made in previous years	201	273	382	354	699
<i>1) Of which individual write-downs on guarantees</i>	<i>(6)</i>	<i>1</i>	<i>5</i>	<i>(9)</i>	<i>(13)</i>

## Note 11 – Lending to customers

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2006	31 Dec. 2006	30 June 2007		30 June 2007	31 Dec. 2006	30 June 2006
<i>Amounts in NOK million</i>						
560 282	589 086	586 868	Lending to customers, nominal amount	741 832	702 203	638 076
1 468	1 213	1 158	Individual write-downs	1 987	1 820	2 083
558 814	587 873	585 710	Lending to customers, after individual write-downs	739 845	700 383	635 993
1 552	1 960	2 311	+ Accrued interest and amortisation	2 588	2 126	1 631
			- Individual write-downs of accrued interest and amortisation	417	399	542
541	398	404				
841	756	719	- Group write-downs	932	892	964
558 985	588 679	586 898	Lending to customers, at amortised cost	741 084	701 217	636 118
123 330	133 671	148 314	Lending to customers, nominal amount	151 340	136 271	137 903
326	675	781	+ Accrued interest	794	681	449
340	(144)	(592)	+ Adjustment to fair value	(639)	(147)	376
123 996	134 202	148 503	Lending to customers, classified at fair value	151 495	136 805	138 728
<b>682 981</b>	<b>722 881</b>	<b>735 401</b>	<b>Lending to customers</b>	<b>892 579</b>	<b>838 023</b>	<b>774 846</b>

## Note 12 – Net non-performing and impaired commitments for principal sectors <sup>1)</sup>

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2006	31 Dec. 2006	30 June 2007		30 June 2007	31 Dec. 2006	30 June 2006
<i>Amounts in NOK million</i>						
1 881	1 579	1 578	Retail customers	1 927	1 888	2 284
0	0	0	International shipping	0	0	0
497	261	372	Real estate	475	384	829
293	323	103	Manufacturing	380	532	437
210	131	120	Services	444	306	331
149	100	89	Trade	146	152	206
10	0	0	Oil and gas	1	1	10
41	70	70	Transportation and communication	215	132	145
103	81	103	Building and construction	164	119	129
0	0	0	Power and water supply	10	0	0
74	62	27	Fishing	58	86	74
56	56	27	Hotels and restaurants	46	71	66
61	90	58	Agriculture and forestry	93	119	125
0	0	0	Central and local government	0	0	0
0	0	(3)	Other sectors	25	10	7
3 375	2 753	2 544	Total customers	3 984	3 800	4 645
0	0	0	Credit institutions	0	0	0
3 375	2 753	2 544	Total	3 984	3 800	4 645

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 13 – Intangible assets

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2006	31 Dec. 2006	30 June 2007		30 June 2007	31 Dec. 2006	30 June 2006
<i>Amounts in NOK million</i>						
1 752	1 658	1 654	Goodwill <sup>1)</sup>	3 449	2 759	2 798
51	51	51	Postbanken brand name	51	51	51
193	281	351	Systems development	369	293	193
0	0	18	Other intangible assets <sup>1)</sup>	115	63	49
<b>1 996</b>	<b>1 990</b>	<b>2 074</b>	<b>Total intangible assets</b>	<b>3 984</b>	<b>3 166</b>	<b>3 091</b>

1) As at 30 June 2007 the figures for Svensk Fastighetsförmedling AB and BISE Bank included in the DnB NOR Bank Group, are based on preliminary acquisition analyses. See note 2.

## Note 14 – Securities issued and subordinated loan capital

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

<b>Securities issued</b>		<b>DnB NOR Bank ASA</b>		
		30 June 2007	31 Dec. 2006	30 June 2006
<i>Amounts in NOK million</i>				
Commercial paper issued, nominal amount		70 083	67 963	67 335
Bond debt, nominal amount		254 513	255 008	210 191
Adjustments		915	1 212	1 152
<b>Total securities issued</b>		<b>325 511</b>	<b>324 183</b>	<b>278 678</b>

<b>Changes in securities issued</b>		<b>DnB NOR Bank ASA</b>				
	Balance sheet 30 June 2007	Issued 2007	Matured/ redeemed 2007	Exchange movements 2007	Changes in adjustments 2007	Balance sheet 31 Dec. 2006
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	70 083	50 381	47 530	(732)	0	67 963
Bond debt, nominal amount	254 513	28 645	20 995	(8 144)	0	255 008
Adjustments	915	0	0	0	(297)	1 212
<b>Total securities issued</b>	<b>325 511</b>	<b>79 026</b>	<b>68 525</b>	<b>(8 876)</b>	<b>(297)</b>	<b>324 183</b>

<b>Subordinated loan capital and perpetual subordinated loan capital securities</b>		<b>DnB NOR Bank ASA</b>				
	Balance sheet 30 June 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Net change in recorded costs and adjustments 2007	Balance sheet 31 Dec. 2006
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	17 272	0	2 271	(638)	2	20 180
Perpetual subordinated loan capital, nominal amount	7 251	0	0	(391)	0	7 642
Perpetual subordinated loan capital securities, nominal amount <sup>1)</sup>	9 277	4 143	0	(228)	2	5 360
Adjustments	(403)	0	0	0	(462)	59
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>33 397</b>	<b>4 143</b>	<b>2 271</b>	<b>(1 258)</b>	<b>(458)</b>	<b>33 240</b>

<b>Securities issued</b>		<b>DnB NOR Bank Group</b>		
		30 June 2007	31 Dec. 2006	30 June 2006
<i>Amounts in NOK million</i>				
Commercial paper issued, nominal amount		70 175	68 216	67 602
Bond debt, nominal amount		257 421	257 379	212 745
Adjustments		913	1 211	1 161
<b>Total securities issued</b>		<b>328 508</b>	<b>326 806</b>	<b>281 508</b>

<b>Changes in securities issued</b>		<b>DnB NOR Bank Group</b>				
	Balance sheet 30 June 2007	Issued 2007	Matured/ redeemed 2007	Exchange movements 2007	Changes in adjustments 2007	Balance sheet 31 Dec. 2006
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	70 175	50 421	47 729	(734)	0	68 216
Bond debt, nominal amount	257 421	30 022	21 780	(8 201)	0	257 379
Adjustments	913	0	0	0	(298)	1 211
<b>Total securities issued</b>	<b>328 508</b>	<b>80 443</b>	<b>69 509</b>	<b>(8 934)</b>	<b>(298)</b>	<b>326 806</b>

<b>Subordinated loan capital and perpetual subordinated loan capital securities</b>		<b>DnB NOR Bank Group</b>				
	Balance sheet 30 June 2007	Issued 2007	Matured/ redeemed 2007	Exchange rate movements 2007	Net change in recorded costs and adjustments 2007	Balance sheet 31 Dec. 2006
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	17 919	84	2 271	(660)	2	20 764
Perpetual subordinated loan capital, nominal amount	7 341	0	10	(391)	0	7 741
Perpetual subordinated loan capital securities, nominal amount <sup>1)</sup>	9 277	4 143	0	(228)	2	5 360
Adjustments	(386)	0	0	0	(498)	113
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>34 151</b>	<b>4 227</b>	<b>2 281</b>	<b>(1 279)</b>	<b>(494)</b>	<b>33 979</b>

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 15 – Capital adequacy

New capital adequacy regulations, Basel II, entered into force on 1 January 2007, see below for further description of the DnB NOR Group's implementation of the Basel II regulations.

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 Bank 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 <sup>1)</sup>	30 June 2007		30 June 2007	31 Dec. 2006 <sup>1)</sup>
		<i>Amounts in NOK million</i>		
17 214	17 214	Share capital	17 214	17 214
28 143	32 146	Other equity	37 064	32 026
45 357	49 360	Total equity	54 278	49 240
5 360	8 206	Perpetual subordinated loan capital securities <sup>2) 3)</sup>	8 750	5 603
		Deductions		
(39)	(39)	Pension funds above pension commitments	(45)	(49)
(1 094)	(1 654)	Goodwill	(3 481)	(1 990)
(752)	(376)	Deferred tax assets	(233)	(625)
(308)	(420)	Other intangible assets	(554)	(394)
-	0	Group contribution, payable	0	-
-	(430)	Unrealised gains on fixed assets	(558)	-
0	(1 062)	50 per cent of investments in other financial institutions	(1 062)	0
-	-	Other	49	-
		Additions		
1 664	1 109	Portion of unrecognised actuarial gains/losses, pension costs <sup>4)</sup>	1 179	1 768
50 188	54 696	Core capital	58 322	53 554
7 502	7 213	Perpetual subordinated loan capital	7 265	7 602
-	1 071	Perpetual subordinated loan capital securities <sup>2) 3)</sup>	764	-
19 885	17 157	Term subordinated loan capital <sup>3)</sup>	18 153	20 969
		Deductions		
(2 144)	(1 062)	50 per cent of investments in other financial institutions	(1 062)	(2 144)
		Additions		
-	267	45 per cent of unrealised gains on fixed assets	342	-
25 243	24 646	Supplementary capital	25 461	26 427
75 431	79 342	Total eligible primary capital <sup>5)</sup>	83 783	79 981

DnB NOR Bank ASA		Minimum capital requirement	DnB NOR Bank Group	
30 June 2007			30 June 2007	
		<i>Amounts in NOK million</i>		
12 091		Credit risk, IRB <sup>6)</sup>	12 372	
		Of which:		
3 154		Retail commitments secured by residential property	3 435	
8 937		Corporate commitments, small and medium sized companies	8 937	
35 953		Claims calculated according to Basel I, transitional rules <sup>7)</sup>	40 992	
48 044		Total minimum capital requirement, credit risk	53 364	
1 009		Counterparty risk	1 013	
3 362		Position risk	3 422	
2		Settlement risk	2	
143		Foreign exchange risk	144	
4 517		Total minimum capital requirement, market risk	4 581	
2 857		Operational risk	2 857	
(170)		Deductions	(170)	
54 239		Total capital requirements according to Basel II	59 619	
2 794		Addition due to transitional rules (maximum 5 per cent reduction in relation to Basel I) <sup>8)</sup>	4 479	
57 033		Total minimum capital requirement	64 098	

## Note 15 – Capital adequacy (continued)

The table below illustrates the effect of the transition to Basel II regulations in the first half of 2007. The column "Basel I" reflects calculations based on the former capital adequacy regulations. The results of the Basel II calculations have been included in the capital adequacy calculations shown in the "Basel II" column. The transitional rules limit the effect of Basel II calculations to a reduction to 95 per cent of Basel I requirements in the first year of implementation. This restriction, known as "Capital floor" is reflected in the capital adequacy shown in the "Reported" column in the table below.

### Capital adequacy

	Reported 30 June 2007 <sup>8)</sup>	Basel II 30 June 2007	DnB NOR Bank ASA Basel I	
			30 June 2007	31 Dec. 2006 <sup>1)</sup>
Risk-weighted volume (NOK million) <sup>5)</sup>	712 911	677 985	750 432	708 428
Core capital ratio (%)	7.7	8.1	7.3	7.1
Capital ratio (%)	11.1	11.7	10.6	10.6
Core capital ratio including 50 per cent of profit for the period (%)	7.7	8.1	7.3	-
Capital ratio including 50 per cent of profit for the period (%)	11.1	11.7	10.6	-

### Capital adequacy

	Reported 30 June 2007 <sup>8)</sup>	Basel II 30 June 2007	DnB NOR Bank Group Basel I	
			30 June 2007	31 Dec. 2006 <sup>1)</sup>
Risk-weighted volume (NOK million) <sup>5)</sup>	801 222	745 230	838 744	787 311
Core capital ratio (%)	7.3	7.8	7.0	6.8
Capital ratio (%)	10.5	11.2	10.0	10.2
Core capital ratio including 50 per cent of profit for the period (%)	7.3	7.8	7.0	-
Capital ratio including 50 per cent of profit for the period (%)	10.5	11.2	10.0	-

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 30 June 2007 calculations of capital adequacy include a total of NOK 700 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 30 June 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 Bank 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 the second quarter of 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, commitments with small and medium sized corporate customers in the Regional Division East and the Regional Division Coast and the housing- loan portfolio of DnB NOR Boligkreditt AS 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.

## 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 Bank Group. The banking 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 are 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 Bank 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.

## Note 15 – Capital adequacy (continued)

The portfolios for which the Group has been granted permission to use the foundation IRB approach as from the first quarter of 2007 comprises loans to small and medium-sized companies as well as loans secured by residential property in DnB NOR Bank ASA excluding Postbanken. DnB NOR Boligkreditt AS was also granted permission to report its housing-loan portfolio according to the IRB approach as from the second quarter of 2007. All other credit portfolios are reported in accordance with the former capital adequacy requirements, Basel I.

### 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 supervised through calculations which take the customer's credit quality and collateral into account.

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.* 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.* 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.* 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 at a later date.

### Market risk

Overall, market risk represents a moderate share of the Group's total risk. In 2007, DnB NOR will report market risk according to the standardised approach.

### Further progress

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 Board of Directors of DnB NOR ASA 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 of DnB NOR ASA 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.

## Note 15 – Capital adequacy (continued)

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 are presented on separate pages on [www.dnbnor.com](http://www.dnbnor.com).

## Note 16 – Off-balance sheet transactions and contingencies

### Off-balance sheet transactions and additional information

DnB NOR Bank ASA				DnB NOR Bank Group		
30 June 2006	31 Dec. 2006	30 June 2007		30 June 2007	31 Dec. 2006	30 June 2006
			<i>Amounts in NOK million</i>			
214 823	234 098	233 210	Unutilised ordinary credit lines	248 321	245 827	226 116
13 502	15 571	16 970	Documentary credit commitments	17 269	15 705	13 634
353	335	403	Other commitments	440	447	353
228 678	250 004	250 583	Total commitments	266 030	261 979	240 103
16 236	20 550	21 773	Performance guarantees	22 748	21 702	16 997
19 273	17 388	17 181	Payment guarantees	17 933	18 247	19 847
16 287	40 514	56 821	Loan guarantees <sup>1)</sup>	7 081	16 368	16 581
3 339	3 922	5 279	Guarantees for taxes etc.	5 308	3 948	3 378
4 587	4 290	5 822	Other guarantee commitments	6 419	4 791	5 930
59 722	86 664	106 876	Total guarantee commitments <sup>2)</sup>	59 489	65 056	62 733
0	0	0	Support agreements	5 330	5 267	4 571
59 722	86 664	106 876	Total guarantee commitments etc. <sup>*)</sup>	64 819	70 323	67 304
			*) Of which:			
1 476	1 568	1 677	Counter-guaranteed by financial institutions	1 689	1 584	1 505
56 494	75 931	70 751	Securities	70 751	75 931	56 494
56 383	75 816	70 639	are pledged as security for:   Loans <sup>3)</sup>	70 639	75 816	56 383
111	115	112	Other activities	112	115	111

- 1) As at 30 June 2007, DnB NOR Bank has issued a guarantee for the loans in DnB NOR Boligkreditt AS with NOK 49 808 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 9 993 million were recorded in the balance sheet as at 30 June 2007.
- 2) Liabilities included in issued financial guarantees are measured at fair value and recorded in the balance sheet.
- 3) As at 30 June 2007 NOK 70 639 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. As at 30 June 2007, DnB NOR Bank Group had borrowings of NOK 10 030 million from 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 17 – Profit and balance sheet trends

Income statement	DnB NOR Bank ASA				
	2nd quarter 2007	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006
<i>Amounts in NOK million</i>					
Total interest income	13 679	12 266	11 517	10 175	9 260
Total interest expenses	10 223	8 875	8 110	6 849	6 009
<b>Net interest income</b>	<b>3 456</b>	<b>3 391</b>	<b>3 407</b>	<b>3 326</b>	<b>3 252</b>
Commissions and fees receivable etc.	1 528	1 495	1 520	1 318	1 461
Commissions and fees payable etc.	448	475	483	445	461
Net gains on financial instruments at fair value	997	1 138	1 082	719	845
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	0	0	0	0	0
Other income <sup>1)</sup>	197	202	2 429	158	152
<b>Net other operating income</b>	<b>2 275</b>	<b>2 359</b>	<b>4 548</b>	<b>1 750</b>	<b>1 998</b>
<b>Total income</b>	<b>5 731</b>	<b>5 750</b>	<b>7 955</b>	<b>5 075</b>	<b>5 250</b>
Salaries and other personnel expenses	1 444	1 478	1 460	1 363	1 340
Other expenses	1 041	1 098	1 307	1 024	1 211
Depreciation and impairment of fixed and intangible assets	101	94	107	99	89
<b>Total operating expenses</b>	<b>2 586</b>	<b>2 670</b>	<b>2 873</b>	<b>2 486</b>	<b>2 641</b>
Net gains on fixed and intangible assets	0	(2)	21	(105)	144
Write-downs on loans and guarantees	117	37	(48)	(76)	(162)
<b>Pre-tax operating profit</b>	<b>3 028</b>	<b>3 041</b>	<b>5 151</b>	<b>2 560</b>	<b>2 915</b>
Taxes	848	851	1 139	645	701
Profit from discontinuing operations after taxes	0	0	0	0	0
<b>Profit for the period</b>	<b>2 180</b>	<b>2 190</b>	<b>4 012</b>	<b>1 915</b>	<b>2 214</b>

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 17 – Profit and balance sheet trends (continued)

### Balance sheet

	DnB NOR Bank ASA				
	30 June	31 March	31 Dec.	30 Sept.	30 June
<i>Amounts in NOK million</i>	2007	2007	2006	2006	2006
<b>Assets</b>					
Cash and deposits with central banks	6 524	17 077	9 346	13 324	11 877
Lending to and deposits with credit institutions	222 479	198 630	117 261	139 147	135 190
Lending to customers	735 401	712 206	722 881	699 141	682 981
Commercial paper and bonds	108 885	112 825	137 302	100 963	90 529
Shareholdings	4 848	4 515	3 590	2 915	3 039
Financial derivatives	59 218	57 134	56 657	50 182	32 535
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	569	537	537
Investments in subsidiaries	11 115	9 034	8 594	8 417	8 318
Intangible assets	2 074	2 008	1 990	2 032	1 996
Deferred tax assets	376	384	404	7	0
Fixed assets	1 986	2 652	2 687	2 742	2 693
Biological assets	0	0	0	0	0
Discontinuing operations	646	0	0	0	0
Other assets	6 513	7 050	6 033	2 786	4 568
<b>Total assets</b>	<b>1 160 634</b>	<b>1 124 084</b>	<b>1 067 313</b>	<b>1 022 194</b>	<b>974 263</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	150 124	132 346	120 072	112 566	122 273
Deposits from customers	506 635	485 324	457 465	442 214	446 040
Financial derivatives	62 588	58 705	57 258	44 965	32 302
Securities issued	325 511	326 899	324 183	313 473	278 678
Payable taxes	4 132	3 347	2 642	2 669	2 012
Deferred taxes	3	3	3	972	1 002
Other liabilities	22 720	27 198	21 087	17 433	10 992
Discontinuing operations	0	0	0	0	0
Provisions	3 980	4 110	4 113	3 780	3 741
Subordinated loan capital	33 397	36 744	33 240	35 425	30 489
<b>Total liabilities</b>	<b>1 109 089</b>	<b>1 074 677</b>	<b>1 020 064</b>	<b>973 496</b>	<b>927 527</b>
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	34 331	32 192	30 035	31 484	29 521
<b>Total equity</b>	<b>51 545</b>	<b>49 406</b>	<b>47 249</b>	<b>48 698</b>	<b>46 736</b>
<b>Total liabilities and equity</b>	<b>1 160 634</b>	<b>1 124 084</b>	<b>1 067 313</b>	<b>1 022 194</b>	<b>974 263</b>

## Note 17 – Profit and balance sheet trends (continued)

### Income statement

	DnB NOR Bank Group				
	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter
<i>Amounts in NOK million</i>	2007	2007	2006	2006	2006
Total interest income	14 911	13 490	12 651	11 043	10 087
Total interest expenses	10 661	9 450	8 628	7 085	6 262
<b>Net interest income</b>	<b>4 250</b>	<b>4 040</b>	<b>4 023</b>	<b>3 958</b>	<b>3 825</b>
Commissions and fees receivable etc.	1 696	1 614	1 632	1 421	1 546
Commissions and fees payable etc.	480	498	503	465	479
Net gains on financial instruments at fair value	989	1 064	1 147	702	736
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	21	37	24	94	24
Other income	414	403	397	332	380
<b>Net other operating income</b>	<b>2 640</b>	<b>2 620</b>	<b>2 698</b>	<b>2 085</b>	<b>2 207</b>
<b>Total income</b>	<b>6 891</b>	<b>6 659</b>	<b>6 721</b>	<b>6 042</b>	<b>6 032</b>
Salaries and other personnel expenses	1 886	1 847	1 815	1 713	1 649
Other expenses	1 271	1 281	1 499	1 172	1 320
Depreciation and impairment of fixed and intangible assets	209	177	176	163	156
<b>Total operating expenses</b>	<b>3 367</b>	<b>3 305</b>	<b>3 491</b>	<b>3 049</b>	<b>3 124</b>
Net gains on fixed and intangible assets	9	5	66	124	151
Write-downs on loans and guarantees	140	51	(16)	(51)	(165)
<b>Pre-tax operating profit</b>	<b>3 393</b>	<b>3 309</b>	<b>3 313</b>	<b>3 169</b>	<b>3 223</b>
Taxes	916	893	1 032	755	782
Profit from discontinuing operations after taxes	0	0	0	0	0
<b>Profit for the period</b>	<b>2 477</b>	<b>2 415</b>	<b>2 281</b>	<b>2 414</b>	<b>2 441</b>
Profit attributable to shareholders	2 398	2 361	2 253	2 368	2 407
Profit attributable to minority interests	78	54	28	46	34

## Note 17 – Profit and balance sheet trends (continued)

### Balance sheet

	DnB NOR Bank Group				
	30 June	31 March	31 Dec.	30 Sept.	30 June
<i>Amounts in NOK million</i>	2007	2007	2006	2006	2006
<b>Assets</b>					
Cash and deposits with central banks	8 951	18 685	11 453	15 474	14 022
Lending to and deposits with credit institutions	117 346	102 066	65 203	63 821	82 484
Lending to customers	892 579	852 661	838 023	811 944	774 846
Commercial paper and bonds	112 585	115 404	114 203	103 696	92 954
Shareholdings	5 097	4 748	3 818	3 088	3 242
Financial derivatives	59 285	57 169	56 345	50 288	32 658
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	0	0	0	0	0
Investment property	138	149	148	147	173
Investments in associated companies	1 446	1 450	1 499	1 444	1 411
Investments in subsidiaries	-	-	-	-	-
Intangible assets	3 984	3 177	3 166	3 189	3 091
Deferred tax assets	185	144	190	27	25
Fixed assets	5 186	5 526	5 392	5 190	5 094
Biological assets	0	0	0	0	0
Discontinuing operations	812	27	27	43	67
Other assets	7 651	6 817	5 663	4 116	5 434
<b>Total assets</b>	<b>1 215 246</b>	<b>1 168 024</b>	<b>1 105 131</b>	<b>1 062 465</b>	<b>1 015 503</b>
<b>Liabilities and equity</b>					
Loans and deposits from credit institutions	163 750	141 603	124 383	121 111	133 047
Deposits from customers	536 524	509 186	480 471	463 177	465 359
Financial derivatives	62 512	58 645	57 646	45 053	32 410
Securities issued	328 508	330 288	326 806	316 466	281 508
Payable taxes	4 261	5 579	4 888	2 997	2 209
Deferred taxes	72	34	39	1 133	1 194
Other liabilities	24 610	21 403	15 367	17 917	12 734
Discontinuing operations	0	0	0	0	0
Provisions	4 199	4 345	4 372	4 013	3 982
Subordinated loan capital	34 151	37 432	33 979	36 200	31 234
<b>Total liabilities</b>	<b>1 158 588</b>	<b>1 108 516</b>	<b>1 047 950</b>	<b>1 008 065</b>	<b>963 678</b>
Minority interests	2 536	2 226	2 201	1 650	1 551
Revaluation reserve	0	0	0	0	0
Share capital	17 214	17 214	17 214	17 214	17 214
Other reserves and retained earnings	36 908	40 068	37 765	35 535	33 060
<b>Total equity</b>	<b>56 658</b>	<b>59 508</b>	<b>57 181</b>	<b>54 399</b>	<b>51 825</b>
<b>Total liabilities and equity</b>	<b>1 215 246</b>	<b>1 168 024</b>	<b>1 105 131</b>	<b>1 062 465</b>	<b>1 015 503</b>

# Information about the DnB NOR Bank Group

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## DnB NOR Bank ASA

Organisation number 984 851 006 MVA

## Board of Directors in DnB NOR Bank ASA

Olav Hytta, chairman  
Bent Pedersen, vice-chairman  
Per Hoffmann  
Kari Lotsberg  
Torill Rambjør  
Tore Olaf Rimmereid  
Ingjerd Skjeldrum

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## Financial calendar 2007

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](http://www.dnbnor.com).

### Quarterly publications

Quarterly reports are available on [www.dnbnor.com](http://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](mailto:investor.relations@dnbnor.no).

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