First quarter report 2005

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According to a resolution passed by the EU, all listed companies are required to prepare consolidated accounts for 2005 in accordance with IFRS, International Financial Reporting Standards (previously IAS, International Accounting Standards). Due to the EEA agreement, this also applies to Norwegian listed companies. DnB NOR ASA presents consolidated accounts for the first quarter of 2005 according to IFRS and IAS 34 Interim Financial Reporting.

The accounts and analyses presented below have been prepared on the basis of consolidated accounts according to IFRS principles. Changes in principles are described in a separate note for accounting principles. In consequence of delays in working out the final IFRS regulations, the DnB NOR Group has taken the opportunity to postpone the implementation of certain standards, including IAS 39 - Financial Instruments, until 1 January 2005. Figures for periods prior to 2005 are pro forma figures prepared as if the IFRS standards had been implemented as of 1 January 2004. Figures termed "NGAAP" have been prepared on the basis of accounting principles used by the DnB NOR Group up till 31 December 2004. These principles are described in more detail in the annual report for 2004.

The new regulations will have no impact on the strategy or the business and operative management of the DnB NOR Group. Thus far, capital adequacy regulations have not been adapted to financial reporting according to IFRS. However, new capital adequacy regulations adapted to IFRS are expected to be introduced during 2005.

Accounts based on previous principles

DnB NOR showed sound performance in the first quarter of the year, with a healthy rise in income, a reduction in expenses and low loan losses. Based on the accounting principles used by the DnB NOR Group up till 31 December 2004 (NGAAP), pre-tax operating profits before losses came to NOK 2 580 million, up NOK 498 million from the year-earlier period. Pre-tax operating profits increased from NOK 1 993 million to NOK 2 440 million. After taxes, profits came to NOK 1 782 million for the first three months of 2005, up from NOK 1 458 million in the year-earlier period. Before goodwill amortisation, earnings per share stood at NOK 1.45 in the first quarter of 2005 and NOK 1.23 in the year-earlier period. After goodwill amortisation, earnings per share were NOK 1.34 and NOK 1.11 respectively. Return on equity before goodwill amortisation was 16.2 per cent in the first quarter of 2005, up from 15.0 per cent in the corresponding period in 2004. After goodwill amortisation, return on equity was 15.0 and 13.5 per cent respectively. Figures for the first quarter of 2004 are adjusted for discontinued operations.

Accounts based on IFRS principles

According to IFRS principles, the Group's pre-tax operating profits before write-downs were NOK 2 752 million, a rise of NOK 1 348 million from the year-earlier period. The significant increase was partly attributable to restructuring costs of NOK 930 million charged to the first quarter accounts for 2004 in connection with the DnB NOR merger. After taxes, profits came to NOK 1 974 million for the first three months of 2005, up from NOK 1 946 million in the year-earlier period. Earnings per share stood at NOK 1.48, as against NOK 1.43 in the corresponding period last year.

At end-March 2005, total combined assets in the DnB NOR Group were NOK 1 298 billion, an increase from NOK 1 261 billion a year earlier. Including 50 per cent of profits, the core capital ratio was 7.6 per cent, up from 7.1 per cent at end-March 2004.

Integration efforts in the Group showed healthy progress during the January through March period, and the realisation of synergies is ahead of the original integration plan. Customer activity was maintained at a high level, and the healthy competitive climate in all markets provides incentive and motivation for the organisation. There was greater willingness to invest in the business sector and a slight rise in credit demand. In the retail market, credit demand remained brisk, especially with respect to well-secured housing loans. There was an increase in the number of housing loan customers. DnB NOR Markets maintained its leading market position in Norway and strengthened its position within corporate finance. Vital recorded sound growth in premium income, e.g. from defined-contribution pension schemes, while Asset Management achieved a healthy rise in income and scaled back costs.

Net interest income

Net interest income totalled NOK 3 350 million in the first quarter of 2005, up NOK 208 million compared with the first quarter of 2004.

Growth in average lending and deposit volumes of NOK 39 billion and NOK 22 billion respectively from the first quarter of 2004 boosted net interest income by NOK 195 million. The combined spread contracted by 0.04 percentage points compared with the year-earlier period, which reduced net interest income by NOK 41 million in the first quarter of 2005.

As the minimum equity requirement for the Norwegian Banks'

Guarantee Fund has been fulfilled, the Fund's board of directors has decided not to impose levies in 2005. This resulted in a NOK 111 million rise in net interest income in the first quarter of 2005 compared with the year-earlier period.

The table below specifies changes in net interest income between the two quarters, specified according to main items:

Changes in net interest income

Amounts in NOK million	1st quarter 2005	Change	1st quarter 2004
Net interest income based on previous principles	3 216	(82)	3 298
Discontinued operations	0	(238)	238
Net adjusted interest income based on previous principles	3 216	156	3 060
IFRS effects	134	52	82
Net interest income according to IFRS	3 350	208	3 142
Of which:			
Lending and deposit volumes		195	
Lending and deposit spreads		(41)	
Interbank funding and interest rate instruments		(36)	
Interest day		(25)	
Guarantee fund levies		111	
Other		4	

Net other operating income

Net other operating income amounted to NOK 2 605 million in the first quarter of 2005, down NOK 54 million compared with the corresponding period of 2004.

Commission income on banking services rose by NOK 72 million, while total income from insurance operations was up NOK 62 million from the first quarter of 2004.

There was a significant rise in value of the portfolio of equities and other financial instruments measured at fair value in the first quarter of 2004. As the portfolio showed no corresponding trend in 2005, income was reduced by NOK 156 million.

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

Changes in net other operating income

Amounts in NOK million	1st quarter 2005	Change	1st quarter 2004
Net other operating income based on previous principles	2 369	(809)	3 178
Discontinued operations	0	(977)	977
Net adjusted other operating income based on previous principles	2 369	168	2 201
IFRS effects	236	(223)	459
Net other operating income	2 605	(54)	2 660
Of which:			
Net income from life and pension insurance operations		62	
Commission income on banking services		72	
Net gains on financial instruments at fair value		(156)	
Other		(32)	

Operating expenses

Operating expenses totalled NOK 3 203 million in the first quarter of 2005, down NOK 1 195 million from the year-earlier period. Adjusted for restructuring costs of NOK 930 million in the first quarter of 2004, expenses declined by NOK 265 million.

Personnel expenses were brought down NOK 70 million from the first quarter of 2004, and the number of full-time positions was reduced by 727. As a result of higher performance-based pay, there was an increase in personnel expenses in DnB NOR Markets.

The realisation of synergies was ahead of the original integration plan, and synergies resulting from the merger were NOK 256 million higher in the first quarter of 2005 than in the year-earlier period. Due to the merger, staff had been scaled back by 1 150 full-time positions by 31 March 2005, while synergy measures had an accumulated effect on cost levels of an estimated NOK 335 million in the first quarter of 2005.

The table below shows changes in first-quarter expenses from 2004 to 2005:

Changes in operating expenses

Amounts in NOK million	1st quarter 2005	Change	1st quarter 2004
Operating expenses based on previous principles	3 005	(1 273)	4 278
Discontinued operations	0	(120)	120
Adjusted operating expenses based on previous principles	3 005	(1 153)	4 158
IFRS effects	198	(42)	240
Operating expenses	3 203	(1 195)	4 398
Of which:			
Performance-based pay		21	
Salaries and pension costs		17	
Other		(27)	
Restructuring costs		(930)	
Merger effects		(256)	
Other streamlining measures		(20)	

Write-downs and impaired commitments

Write-downs on loans and guarantees were NOK 136 million in the first quarter of 2005, with individual write-downs of NOK 186 million and reversals on group write-downs of NOK 50 million. Corresponding pro forma figures for the first quarter of 2004 showed net reversals of NOK 75 million, with net reversals of NOK 6 million on individual write-downs and reversals on group write-downs of NOK 69 million.

Due to low interest rate levels over the past two years, customers' financial position was strengthened during 2004. The positive trend continued in the first quarter of 2005, and write-downs remained at a low level.

Based on previous accounting principles, net losses on loans and guarantees would come to NOK 134 million in the first quarter of 2005 and NOK 135 million in the corresponding period of 2004. New losses and loan-loss provisions would represent NOK 335 million, while reversals and recoveries on previous losses and loan-loss provisions would total NOK 201 million. In the first quarter of 2004, new losses came to NOK 595 million, while reversals and recoveries were NOK 460 million.

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

Changes in write-downs

Amounts in NOK million	1st quarter 2005	Change	1st quarter 2004
Net loan losses based on previous principles	134	(1)	135
Discontinued operations	0	32	(32)
Net adjusted loan losses based on previous principles	134	31	103
IFRS effects	2	180	(178)
Net write-downs	136	211	(75)
Of which:			
Increase in net individual write-downs		192	
Reduction in group write-downs		19	

There was brisk growth in lending to both the retail and corporate markets during the January through March period of 2005. Portfolio quality remained unchanged from end-December 2004.

After deductions for individual write-downs, net impaired commitments came to NOK 5 815 million at end-March 2005, an increase of NOK 89 million from 31 December 2004.

Taxes

The DnB NOR Group's tax charge for the first quarter of 2005 was NOK 658 million, based on an anticipated average tax rate of 25 per cent of pre-tax operating profits. After the transition to IFRS, taxes on insurance operations will be classified as taxes for the DnB NOR Group. In the annual accounts for 2004, the DnB NOR Group incorporated profits from life insurance operations net after taxes.

Balance sheet and assets under management

At end-March 2005, total combined assets in the DnB NOR Group were NOK 1 298 billion, an increase of NOK 37 billion from a year earlier.

Total assets in the Group's balance sheet were NOK 960 billion as at 31 March 2005 and NOK 911 billion a year earlier. Lending to customers rose by NOK 43 billion, with NOK 35 billion and NOK 8 billion referring to the retail and corporate markets respectively. The 11 per cent rise in lending to retail customers mainly represented residential mortgages. The growth in corporate lending primarily reflected currency loans. The ratio of deposits to lending was maintained at a satisfactory level.

There was a NOK 16 billion rise in total assets in Vital from the first quarter of 2004.

Insurance provisions totalled NOK 168 billion at end-March 2005 and NOK 153 billion a year earlier.

Risk and capital adequacy

The estimated capital requirement increased by NOK 2.4 billion to NOK 32.8 billion during the first quarter as a result of higher ownership risk relating to Vital and growth in credit volume. Calculations indicate that the DnB NOR Group was well capitalised relative to the Group's equity and core capital.

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

Amounts in NOK billion	31 March 2005	31 Dec. 2004	31 March 2004 [1]
Credit risk	18.9	18.4	17.4
Market risk	1.8	1.8	1.6
Liquidity risk	0.4	0.7	0.6
Ownership risk for Vital	11.7	9.9	8.3
Operational risk	4.9	4.9	5.6
Risk-adjusted capital			
- before diversification [2]	37.6	35.6	33.6
- after diversification [2]	27.6	25.3	23.7
Addition for variations in expected credit losses	5.3	5.2	5.1
Estimated capital requirement	32.8	30.4	28.8

1) *Adjusted for discontinued operations.*

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

Credit demand in the corporate market increased, especially in the shipping sector, which was characterised by brisk activity and a sound trend in volumes. Credit quality was stable. The trend in net write-downs and impaired commitments confirms that in the short term, the Norwegian and international economies are at a favourable stage relative to credit risk. There was healthy growth in housing loans, and housing prices rose 8 per cent over the past 12 months.

The Group's overall market risk remained stable in the January through March period. Certain adjustments were made in the composition of the banking group's equity investments. There was high utilisation of limits for DnB NOR Markets' activity in arranging share issues and initial public offerings. The Group enjoyed a favourable liquidity position. There were no significant changes in the level of operational risk during the quarter.

Estimated risk-adjusted capital for ownership risk for Vital was NOK 11.7 billion at end-March 2005, up from NOK 9.9 billion at end-December 2004. The increase reflected a rise in equity investments and an increase in total assets, as well as a decline in unrealised gains. The proportion of share investments rose from 17 to 18 per cent during the quarter, while investments in bonds held to maturity declined from 33 to 32 per cent.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by NOK 23 billion in the first quarter, to NOK 615 billion. Including 50 per cent of profits, the DnB NOR Group's core capital ratio was 7.6 per cent, while the capital adequacy ratio was 10.6 per cent at end-March 2005.

Changes in group structure

Sale of Postbanken Eiendomsmegling

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

Integration

Integration efforts will remain a key priority for DnB NOR in 2005 and are followed closely by the Board of Directors and group management. The integration of DnB and Gjensidige NOR into a new and stronger financial services group is progressing according to plan. Merger plans included staff cuts of 1 630 full-time positions and cost savings of NOK 1 860 million. The cost savings target has been adjusted upward from NOK 1 760 million to NOK 1 860 million to reflect full consolidation of expenses in Vital based on IFRS principles. The synergies are scheduled to be realised over a period of three years, with full effect as from 2007.

Integration efforts made headway in 2004 and, based on IFRS principles, synergies of around NOK 732 million and staff cuts of 800 full-time positions were realised. Additional synergies of NOK 93 million and staff reductions of 178 full-time positions were achieved in 2003. Based on IFRS principles, the accumulated cost synergy target set for end-December 2005 is NOK 1 116 million.

During the first quarter of 2005, synergies of NOK 335 million and staff reductions of 170 full-time positions were realised. Restructuring provisions relating to the merger total NOK 1 860 million. Around 50 per cent of restructuring provisions refer to planned staff cuts. The provisions otherwise cover the coordination of IT systems and moving of 53 bank branches into common premises. At end-March 2005, NOK 1 130 million of the provisions had been utilised.

As at end-April 2005, 157 of the Group's 193 bank branches sported the new DnB NOR design. By summer, the remaining branch offices will be either merged or reprofiled. By end-September 2005, all key customer and administrative systems will be coordinated, with an aim to ensure uniform customer service in all bank branches.

Business areas

The activities of DnB NOR are organised into five business areas in addition to staff and support units. As independent profit centres, the business areas carry responsibility for customer segments served by the Group, as well as the products offered. Differentiated financial and non-financial requirements have been set for the business areas which in combination will help the DnB NOR Group reach its financial targets.

Corporate Banking

Based on IFRS, pre-tax operating profits were NOK 1 151 million for the first quarter of 2005 and NOK 1 184 million for the corresponding period last year. The analyses following below are based on NGAAP. For Corporate Banking these figures deviate from IFRS figures due to differences in the treatment of repossessed assets and write-downs on loans.

Corporate Banking recorded pre-tax operating profits based on NGAAP of NOK 1 075 million in the first quarter of 2005 and NOK 1 054 million in the year-earlier period. Performance reflected a healthy income trend in a demanding market situation.

There was a high level of customer-related activity in the first quarter. Companies showed greater willingness to invest, and there was a slight increase in credit demand. Competition for good customers intensified, particularly in the eastern part of the country.

Ordinary net interest income was up by NOK 6 million from the first quarter of 2004. Prolonged low interest levels and strong competition led to narrower spreads. Credit risk was satisfactorily priced. The total volume of loans and guarantees rose by NOK 9.7 billion from the year-earlier period. In addition, the business area arranged syndicated loans and commercial paper and bond issues for a total of NOK 46.8 billion. The quality of the credit portfolio was sound.

As a result of good liquidity among corporate customers, average deposits rose by a total of NOK 18.1 billion compared with the year-earlier period.

Due to the high level of activity within corporate finance and increased sales of currency products, other operating income showed a positive trend compared with the first quarter of 2004.

Costs were brought down by a total of NOK 33 million in the first quarter compared with the year-earlier period, primarily due to the realisation of synergies in connection with the merger. The business area was ahead of schedule in realising synergies, and staff synergies corresponding to a total of 178 full-time positions had been achieved by end-March 2005. The business area achieved synergies of NOK 37 million in the first quarter of 2005.

The satisfactory risk profile in the credit portfolio along with the good market conditions enjoyed by the business sector helped keep loan losses down in the first quarter. Net loan losses came to NOK 134 million.

Customer satisfaction remained stable at an acceptable level.

The internationalisation of the Norwegian business sector is on the rise. Several major customers demand good solutions also outside Norway. Corporate Banking wishes to follow customer expansion outside Norway within areas in which the Group has strong competence, and thus strengthen its position in the Nordic market.

A moderate risk profile and the anticipation of rising credit demand are expected to have positive implications for Corporate Banking's future development. The fierce competition will continue to exert some pressure on credit spreads during 2005. The EU resolution to impose punitive duties on fish exported from Norway has increased uncertainty in the fish farming industry. This could have negative consequences for some of DnB NOR's customers, but the impact remains unclear.

Retail Banking

Based on IFRS, pre-tax operating profits were NOK 910 million for the first quarter of 2005 and NOK 716 million for the corresponding period last year. The analyses following below are based on NGAAP.

Retail Banking recorded pre-tax operating profits of NOK 964 million in the first quarter, an improvement of NOK 229 million compared with the corresponding period of 2004.

The business area gave priority to products within savings, investment and pensions in the first quarter. A new special-term product was launched, and customers were offered debt financing for Vital products. A campaign to increase market shares in urban areas along the coast started in February. Terms for loyalty programme customers will be further improved through reductions in floating interest rates on housing loans over NOK 2 million. Postbanken launched the fund Postbanken Fremtid, and is currently working on a completely new concept for in-store banking services.

Lending growth continued high in the first quarter, with a rise in average lending of NOK 36 billion or 12 per cent compared with the year-earlier period. The increase in volume referred primarily to well-secured housing loans. Lending spreads averaged 1.7 per cent for the quarter, including card operations. Deposit spreads were 0.8 per cent on average. Both lending and deposit spreads were approximately on a level with the first quarter of 2004.

The strong lending growth boosted net interest income by NOK 140 million to a total of NOK 1 834 million compared with the first quarter of 2004. Net other operating income amounted to NOK 644 million, down NOK 29 million from the year-earlier period. A decline in income from real estate broking was among the factors contributing to the reduction.

Operating expenses came to NOK 1 514 million, representing a reduction of NOK 108 million or 7 per cent from the year-earlier period. The cost/income ratio in the first quarter was 60.9 per cent, a decrease of 7.4 percentage points from the corresponding period the previous year.

Retail Banking was ahead of target figures in realising synergies. The business area had achieved staff synergies corresponding to 667 full-time positions as at 31 March 2005, and realised synergies of NOK 103 million in the first quarter of the year. Staff numbered 4 191 full-time positions at end-March 2005.

Through the brand names DnB NOR, Postbanken and Nordlandsbanken, Retail Banking has strong market shares. The market share of overall lending to wage-earners was 30.9 per cent at end-February 2005. The corresponding figure in the savings market was 39.5 per cent.

The business area faces competition from both national and Nordic players in the Norwegian banking market. Competition for the bank's high net worth customers is expected to increase, and there will be many participants in the growing market for pension savings. The competition will be met through good products and sound customer relations as well as through a broad distribution system.

The outlook for the Norwegian economy in 2005 is good. A moderate rise in interest levels is anticipated, along with cautious improvement in the job market and increased housing investments, thus providing the basis for continued growth in Retail Banking.

DnB NOR Markets

Based on IFRS, pre-tax operating profits were NOK 410 million for the first quarter of 2005 and NOK 332 million in the corresponding period last year. The analyses following below are based on NGAAP.

Pre-tax operating profits rose to NOK 426 million in the first quarter of 2005, from NOK 350 million in the year-earlier period. Total revenues were up 10 per cent to NOK 723 million. Costs were NOK 11 million lower than in the first quarter last year, in spite of an increase in performance-based personnel expenses. All merger synergies were fully realised in 2004.

DnB NOR Markets obtained record earnings and profits in the first quarter, despite lower income on proprietary trading. Income on customer business was up 30 per cent compared with the good results achieved in the corresponding period of 2004.

Activity was high in all areas of operations. DnB NOR Markets maintained its leading market position in Norway and enhanced its position within corporate finance. Activity was brisk in the currency market. Demand for interest rate hedging products was moderate due to the continued low floating NOK interest rate and steep interest curve. DnB NOR launched DnB NOR OBX, the first exchange-traded fund (ETF) on Oslo Børs.

Income on customer business in foreign exchange and interest rate derivatives went up NOK 12 million to NOK 244 million. Volatility in exchange rates created satisfactory demand for currency hedging products.

Compared with the first quarter of 2004, customer-related revenues on the sale of securities and other investment products went up 44 per cent, from NOK 151 million to NOK 216 million. The benchmark index on Oslo Børs rose by 8.3 per cent in the first quarter, spurring record-high activity within equities trading. DnB NOR Markets devoted more resources to research and analysis relating to small and medium-sized businesses and shipping companies in the first quarter. Strong demand for direct investment in commercial property and capital-guaranteed savings products helped boost income.

Earnings on corporate finance services rose by NOK 60 million compared with the first quarter of 2004, to NOK 97 million. Activity remained high throughout the quarter, and DnB NOR Markets arranged several IPOs and equity issues. Markets was also the arranger for the government's sale of Statoil shares to the general public and the largest arranger of bond issues in the Norwegian market.

Income from the sale of custodial services totalled NOK 45 million, up NOK 2 million compared with the year-earlier period. Greater volume and higher market values compensated for narrower margins. The number of securities issues rose 67 per cent compared with the first quarter last year.

Earnings from market making and other proprietary trading came to NOK 110 million, down NOK 70 million compared with the high level in the first quarter of 2004.

Life Insurance and Pensions (Vital)

Based on IFRS, pre-tax operating profits were NOK 317 million for the first quarter of 2005 and NOK 245 million for the corresponding period last year, which also corresponds to profits in accordance with NGAAP.

Life Insurance and Pensions experienced healthy progress in the first quarter of 2005, recording high premium income, a net inflow of transfers and a satisfactory return on equity. Profits for allocation to life insurance policyholders were NOK 1 247 million.

First-quarter profits in 2005 reflected low interest levels and the upturn in Nordic equity markets. Recorded and value-adjusted returns on capital, excluding changes in unrealised gains on long-term securities, were 1.9 and 1.3 per cent respectively in the first quarter of 2005, compared with corresponding returns of 1.6 and 2.3 per cent in the year-earlier period. The risk result was negative at NOK 31 million in the first quarter of 2005, as against a negative NOK 146 million in the corresponding period last year. The administration result was negative at NOK 38 million, compared with a negative NOK 25 million in the corresponding period in 2004. The business area achieved synergies of NOK 21 million in the first quarter of 2005, which is in line with the planned realisation of synergies.

The securities adjustment reserve was reduced by NOK 868 million to NOK 2.7 billion in the first quarter of 2005, due among other things to income realised on the expiry of currency hedging contracts. While unrealised gains are part of the securities adjustment reserve, realised gains are part of profits for allocation.

Premium income was NOK 7.2 billion in the first quarter of the year, a decline of 5 per cent from the exceptionally high premium income within the retail market in the corresponding period of 2004. The recorded net inflow of transfers was NOK 959 million in the first quarter of 2005.

The first quarter of 2005 reflected the strong influx of medium-sized and large corporate customers and the 23.4 per cent growth in contractual payments within defined-contribution pension schemes relative to the year-earlier period.

Vital Forsikrings's solvency capital increased by NOK 0.4 billion from end-December 2004 to NOK 20 billion as at 31 March 2005, reflecting interim profits, changes in the securities adjustment reserve and a reduction in unrealised gains in the long-term securities portfolio.

Vital had a leading position within the management of policyholders' funds, with a market share of 34.6 per cent at the end of 2004. Within unit linked products, Vital held a market share of 40.6 per cent as at 13 December 2004.

At end-March, Vital Forsikring had 42 per cent of total assets invested in long-term securities and real estate. The company is thus well positioned for a market with prolonged low interest rates. The expected average annual return on current investments in long-term securities and real estate is estimated at 5.5 per cent over the next three years.

Vital anticipates continued growth in the market for pension savings in 2005. If statutory occupational pension schemes for all employees are introduced as proposed by the government, the market potential for Vital will increase. Vital is well prepared to meet market competition and has a clear aim to further develop its position as the largest company in Norway within life and pension insurance in the years ahead.

Asset Management

The transition to IFRS had no impact on pre-tax operating profits for the first quarter of 2005 and the corresponding period of 2004.

Asset Management showed satisfactory performance in the first quarter of the year, with pre-tax operating profits of NOK 81 million, up from NOK 39 million in the year-earlier period. Total revenues amounted to NOK 250 million. Commission income came to NOK 242 million, representing a rise of NOK 20 million on the corresponding period in 2004.

Commission income from the retail market stood at NOK 85 million, while income from institutional clients was NOK 157 million.

Operating expenses for the quarter were NOK 169 million, NOK 12 million lower than for comparable operations in the corresponding period of 2004. Synergies amounted to NOK 18 million in the first quarter of 2005, which is in line with the planned realisation of synergies.

As at 31 March 2005, the business area had NOK 492 billion under management, an increase of NOK 10 billion or 2 per cent since 31 December 2004. NOK 7.8 billion of the increase in assets under management stemmed from developments in equity prices and interest rates, while the stronger Norwegian krone gave a negative exchange effect of NOK 3.7 billion on international securities under management. The net inflow of new funds was NOK 6.5 billion. Assets under management for Norwegian clients rose by 4.8 per cent. In operations outside Norway, asset under management declined by 0.8 per cent measured in Norwegian kroner, which corresponded to a rise of 0.9 per cent measured in customers' local currencies. Investment funds from the retail market amounted to NOK 43 billion at end-March after a net outflow of funds of NOK 572 million. The corresponding figures for institutional clients were NOK 449 billion and a positive net inflow of NOK 7.1 billion respectively. At end-March 2005, the number of customers totalled 696 000.

The Norwegian savings market has shown a positive development thus far in 2005, and the continued upturn in the Norwegian stock market has helped ensure a sound trend in Norwegian equity funds in 2005. Nevertheless, competition for available funds necessitates further adaptation of products and services. In cooperation with DnB NOR Markets, in the first quarter Asset Management launched the first exchange-traded fund in Norway, DnB NOR OBX. In 2005, Asset Management will devote further efforts to streamlining its fund offering, especially through the branch network.

An agreement was signed with Skandia Liv in the first quarter to take over their share of the company DnB NOR Absolute Return Investments (ARI), which manages hedge funds.

Prospects for the rest of the year

Healthy growth is expected in the international economy in 2005, with the US and China at the forefront. In the euro area, however, the sluggish growth rate looks set to prevail.

Norway is enjoying increased production and greater optimism, with sound prospects for higher growth than in 2004. International demand will help ensure higher export growth. Oil prices are expected to remain high. Inflation is rising, albeit from a very low level. On account of the Norwegian exchange rate, Norges Bank (the central bank of Norway) is expected to implement just a marginal rise in benchmark rates towards the end of the year. Companies in the petroleum sector have announced a significant increase in their level of investment, which will provide a major impetus to the mainland economy during 2005. Due to rising employment and prolonged low interest rates, consumption growth and demand for housing are expected to continue high in the household sector. The large number of housing starts in 2004 should contribute to strong growth in housing investment again in 2005. The manufacturing industry is expected to increase investment in 2005. Low interest rate levels coupled with the Norwegian economic boom are expected to shift demand for savings products more towards equities, mutual funds and combined products than traditional bank savings.

DnB NOR is well prepared to meet the anticipated healthy trend in the Norwegian economy. As the largest financial institution in an economy that is expected to show a more favourable trend than a number of competitor countries, the Group will be well positioned for growth. In this connection, DnB NOR's position in Northern Norway, e.g. through Nordlandsbanken, provides a sound strategic platform. Petroleum activity is expected to provide a strong impetus for growth in the region.

Over several years, DnB NOR has been committed to improving credit quality and anticipates that prolonged low interest rate levels will ensure a continued low level of write-downs and non-performing commitments in 2005.

In 2005, DnB NOR will introduce various measures to ensure broad-based growth. Strengthening market shares in profitable segments and areas where the Group has a natural growth potential will be part of the strategy. There could be both organic and structural growth at local levels in areas where DnB NOR has competitive advantages.

The integration process will be monitored closely by the Board of Directors and group management in 2005, and the realisation of synergies will be given high priority. The Group is making preparations for the transition to the new capital adequacy regulations, Basel II, expected to become effective as from 2008. Through the new regulations, the benefits of sound risk management, systems and procedures will be reflected in a lower cost of capital.

Oslo, 2 May 2005
The Board of Directors of DnB NOR ASA

Jannik Lindbæk (vice-chairman)	Olav Hytta (chairman)	Bjørn Sund (vice-chairman)
Helge Leiro Baastad	Sverre Finstad	Per Hoffmann
Berit Kjøll	Jørn O. Kvilhaug	Bent Pedersen
Ingjerd Skjeldrum	Anne Carine Tanum	Per Terje Vold

Svein Aaser
(group chief executive)

Profit and loss accounts

Amounts in NOK million	Note	1st quarter 2005	Pro forma 1st quarter 2004	Pro forma full year 2004
		DnB NOR Group		
Interest income	3	7 057	7 381	29 053
Interest expenses	3	3 707	4 239	15 672
Net interest income and credit commissions	3	**3 350**	**3 142**	**13 380**
Commissions and fees receivable etc.	4	2 026	1 956	7 857
Commissions and fees payable etc.	4	587	555	2 267
Net gains on financial instruments at fair value	4	453	609	2 010
Net gains on financial assets in life insurance and profits from insurance operations	4, 5	337	259	1 330
Net realised gains on investment securities (AFS)	4	0	7	59
Profit from companies accounted for by the equity method	4	61	28	94
Other income	4	316	355	1 432
Net other operating income	4	**2 605**	**2 660**	**10 516**
Staff costs	6	1 706	1 776	6 874
Other costs	6	1 337	2 364	6 670
Depreciation, impairment on fixed and intangible assets	6	161	257	961
Total operating expenses	6	**3 203**	**4 398**	**14 505**
Pre-tax operating profit before write-downs		**2 752**	**1 404**	**9 391**
Net gains on fixed and intangible assets		17	953	914
Write-downs on loans and guarantees	9, 10	136	(75)	(179)
Pre-tax operating profit		**2 633**	**2 432**	**10 484**
Taxes		658	565	2 322
Profit from discontinuing operations after taxes		0	79	79
Profit for the period		**1 974**	**1 946**	**8 241**
Earnings per share		1.48	1.49	6.28

Balance sheets

Amounts in NOK million	Note	31 March 2005	1 January 2005	Pro forma 31 March 2004	Pro forma 1 January 2004
				DnB NOR Group	
Assets					
Cash and deposits with central banks		7 366	8 780	3 284	8 570
Lending to and deposits with credit institutions		49 342	25 397	67 419	54 496
Gross lending to customers	11, 12	605 593	588 153	563 765	551 646
- Accumulated write-downs		(4 788)	(4 981)	(5 792)	(6 294)
Net lending to customers	11, 12	600 805	583 172	557 973	545 352
Trading securities - commercial paper and bonds		52 999	48 470	48 470	32 221
Trading securities - shareholdings etc.		1 270	1 117	1 117	272
Financial assets - customers bearing the risk		10 354	9 747	8 676	7 287
Other financial instruments at fair value through profit and loss - commercial paper and bonds		75 152	67 966	61 388	79 550
Other financial instruments at fair value through profit and loss - shareholdings etc.		29 288	28 078	24 668	22 660
Financial derivative instruments		34 384	41 148	39 785	37 693
Financial derivative instruments used for hedging		1 200	1 828	1 828	1 504
Shareholdings - available for sale		298	303	277	480
Commercial paper and bonds - held to maturity		54 390	55 645	53 342	47 414
Investment property		18 725	18 616	17 170	16 884
Investments in associated companies		1 452	1 507	1 690	1 495
Intangible assets	13	5 524	5 574	6 175	6 089
Deferred tax assets		427	406	686	183
Fixed assets		6 240	6 189	6 314	6 303
Biological assets		247	278	278	183
Discontinuing operations		0	25	25	1 479
Accrued income and prepaid expenses		2 596	2 311	2 548	2 029
Other assets		7 737	6 220	7 957	10 968
Total assets		**959 797**	**912 779**	**911 071**	**883 113**
Liabilities and equity					
Loans and deposits from credit institutions		87 222	59 174	85 742	89 346
Deposits from customers		368 358	353 957	341 015	330 635
Financial derivative instruments		33 822	44 134	42 237	43 850
Securities issued		200 006	192 812	192 698	181 775
Insurance liabilities - customers bearing the risk		10 354	9 747	8 676	7 287
Liabilities to life insurance policyholders		157 972	153 488	144 612	137 693
Other liabilities		14 594	14 721	13 373	12 673
Accrued expenses and prepaid income		4 103	3 822	5 048	4 943
Discontinuing operations		0	24	24	1 227
Provisions		5 374	5 486	5 188	4 844
Subordinated loan capital		25 523	25 256	25 666	24 504
Total liabilities		**907 328**	**862 620**	**864 280**	**838 778**
Minority interests		33	33	41	8
Revaluation reserve		116	122	92	92
Share capital		13 366	13 271	13 220	13 090
Other reserves and retained earnings		38 954	36 734	33 438	31 144
Total equity		**52 470**	**50 159**	**46 791**	**44 334**
Total liabilities and equity		**959 797**	**912 779**	**911 071**	**883 113**

Changes in equity

DnB NOR Group

Amounts in NOK million	Minority interests	Revalu-ation reserve	Share capital	Share premium reserve	Currency trans-lation reserve	Other equity	Total other reserves and retained earnings	Total equity
Balance sheet as at 31 December 2003 (NGAAP)	**8**	**0**	**13 090**	**11 353**	**0**	**17 664**	**29 017**	**42 115**
IFRS effects (pro forma)								
Allocated to dividends						2 919	2 919	2 919
Pension commitments						(2 184)	(2 184)	(2 184)
Write-downs on loans						1 164	1 164	1 164
Increased application of fair value on securities						397	397	397
Fair value of property for own use						516	516	516
Portfolio hedging of interest rate risk						(388)	(388)	(388)
Realised gains on repurchases						122	122	122
Application of amortised cost principle						(265)	(265)	(265)
Other effects		92				(155)	(155)	(63)
Total IFRS effects (pro forma)	0	92	0	0	0	2 127	2 127	2 219
Balance sheet as at 1 January 2004 (pro forma)	**8**	**92**	**13 090**	**11 353**	**0**	**19 791**	**31 144**	**44 334**
Net change in revaluation reserve		0						0
Other changes not recognised in profit and loss					81		81	81
Total valuation changes not recognised in profit and loss					81		81	81
Profit for the period						1 946	1 946	1 946
Net income for the period					81	1 946	2 027	2 027
Share issue, employee subscription rights programme [1]			129	295			295	424
Effects of more extensive consolidation requirements under IFRS	34					(28)	(28)	6
Balance sheet as at 31 March 2004 (pro forma)	**41**	**92**	**13 220**	**11 648**	**81**	**21 709**	**33 438**	**46 791**

Amounts in NOK million	Minority interests	Revalu-ation reserve	Share capital	Share premium reserve	Currency trans-lation reserve	Other equity	Total other reserves and retained earnings	Total equity
Balance sheet as at 31 December 2004 (NGAAP)	**9**	**0**	**13 271**	**11 741**	**0**	**21 577**	**33 318**	**46 598**
IFRS effects								
Allocated to dividends						3 415	3 415	3 415
Pension commitments						(2 170)	(2 170)	(2 170)
Write-downs on loans						1 339	1 339	1 339
Increased application of fair value on securities						594	594	594
Fair value of property for own use						507	507	507
Reversal of goodwill amortisation						582	582	582
Goodwill impairment						(211)	(211)	(211)
Portfolio hedging of interest rate risk						(388)	(388)	(388)
Realised gains on repurchases						331	331	331
Application of amortised cost principle						(299)	(299)	(299)
Other effects	24	122			(69)	(215)	(284)	(139)
Total IFRS effects	24	122	0	0	(69)	3 485	3 416	3 562
Balance sheet as at 1 January 2005	**33**	**122**	**13 271**	**11 741**	**(69)**	**25 061**	**36 734**	**50 159**
Net change in revaluation reserve		(5)						(5)
Other changes not recognised in profit and loss					43		43	43
Total valuation changes not recognised in profit and loss		(5)			43		43	38
Profit for the period	1					1 974	1 974	1 974
Net income for the period	1	(5)			43	1 974	2 017	2 012
Share issue, employee subscription rights programme [1]			97	222			222	320
Own shares			(3)			(20)	(20)	(23)
Balance sheet as at 31 March 2005	**33**	**116**	**13 366**	**11 963**	**(26)**	**27 017**	**38 954**	**52 470**

1) *In accordance with the subscription rights programme, employees subscribed for 12 929 907 shares at NOK 32.83 per share in the first quarter of 2004 and 9 736 376 shares at NOK 32.83 per share in the first quarter of 2005.*

Cash flow statements

Amounts in NOK million	**DnB NOR Group** 1st quarter 2005	Pro forma 1st quarter 2004
OPERATIONS		
Net payments on loans to customers	(17 851)	(11 005)
Net receipts on deposits from customers	14 907	9 926
Interest and commisions received from customers	6 748	6 792
Interest paid to customers	(1 056)	(1 135)
Other receipts on commissions and fees.	2 039	1 854
Net payments on sales of financial assets for investment or trading	(9 161)	(3 623)
Receipts of interest on financial assets for investment or trading	618	272
Net payments on trading in foreign exchange and financial derivatives	(3 654)	(3 837)
Other receipts	668	543
Payments to operations	(2 396)	(5 429)
Net payment of premiums	4 934	5 601
Net receipts on premium reserve transfers	978	730
Payment of insurance settlements	(2 536)	(2 004)
Net cash flow relating to operations	**(5 762)**	**(1 314)**
INVESTMENT ACTIVITY		
Net payments on the acquisition of fixed assets	(124)	(51)
Receipts on the sale of long-term investments in shares	163	220
Net cash flow relating to investment activity	**39**	**169**
FUNDING ACTIVITY		
Net investments in/loans from credit institutions	2 695	(17 588)
Net payments/receipts on other short-term liabilities	(1 516)	6 382
Net issue of bonds and commercial paper	5 218	8 795
Share issues	320	424
Repurchase of own shares	(23)	0
Net interest payments on funding activity	(2 385)	(2 154)
Net cash flow from funding activity	**4 309**	**(4 142)**
Net cash flow	**(1 414)**	**(5 286)**
Cash and deposits with Norges Bank as at 1 January	8 780	8 570
Net payments on cash and deposits with Norges Bank	(1 414)	(5 286)
Cash and deposits with Norges Bank as at 31 March	7 366	3 284

Key figures

	1st quarter 2005	DnB NOR Group Pro forma 1st quarter 2004	Pro forma full year 2004
Interest rate analysis			
1. Combined average spread for lending and deposits (%)	2.29	2.33	2.36
2. Spread for ordinary lending to customers (%)	1.61	1.63	1.67
3. Spread for deposits from customers (%)	0.68	0.70	0.70
Rate of return/profitability			
4. Net other operating income, per cent of total income	43.7	45.8	44.0
5. Cost/income ratio (%)	53.8	59.8	60.7
6. Return on equity (%)	15.3	16.4	17.7
7. Average equity including allocated dividend (NOK million)	51 282	45 538	46 740
Financial strength			
8. Core (Tier 1) capital ratio at end of period (%)	7.4	7.0	7.6
9. Core (Tier 1) capital ratio at end of period incl. 50 per cent of profit for the period (%)	7.6	7.1	-
10. Capital adequacy ratio at end of period (%)	10.5	10.2	10.7
11. Capital adequacy ratio at end of period incl. 50 per cent of profit for the period (%)	10.6	10.3	-
12. Core capital at end of period (NOK million)	45 628	40 224	45 059
13. Total eligible primary capital at end of period (NOK million)	64 309	58 763	63 059
14. Risk-weighted volume at end of period (NOK million)	615 011	576 656	591 906
Loan portfolio and impairments			
15. Write-downs relative to gross lending, annualised (%)	0.09	(0.05)	(0.03)
16. Impaired commitments, per cent of net lending	0.95	1.44	0.97
17. Accumulated write-downs relative to total gross lending (%)	0.79	1.03	0.85
18. Impaired commitments at end of period (NOK million)	5 815	8 137	5 726
Liquidity			
19. Ratio of customer deposits to net lending to customers at end of period (%)	61.3	61.1	60.7
Total assets owned or managed by DnB NOR			
20. Assets under management at end of period (NOK billion)	506	503	496
21. Average total combined assets (NOK billion)	1 272	1 253	1 261
22. Total combined assets at end of period (NOK billion)	1 298	1 261	1 246
23. Customer savings at end of period (NOK billion)	883	851	857
Staff			
24. Number of full-time positions at end of period	9 874	10 601	10 085
25. - of which in Life Insurance and Pensions	894	993	926
The DnB NOR share			
26. Number of shares at end of period (1 000)	1 336 875	1 321 957	1 327 139
27. Average number of shares (1 000)	1 327 139	1 309 880	1 317 744
28. Earnings per share (NOK)	1.48	1.43	6.28
29. Total shareholders' return (%)	8.37	1.40	41.50
30. Equity per share including accrued dividend at end of period (NOK)	39.25	35.40	37.79
31. Share price at end of period (NOK)	64.75	45.00	59.75
32. Price/book value	1.65	1.27	1.58
33. Market capitalisation (NOK billion)	86.6	59.5	79.3
34. Dividend per share (NOK)	n/a	n/a	2.55
35. "RISK" adjustment for the share as at 1 January the consecutive year (NOK)	-	-	-
36. "RISK" adjustment for the Gjensidige NOR-share as at 1 January the consecutive year (NOK)	n/a	n/a	(2.55)

Definitions

1, 2, 3	Excluding discontinuing operations.
4	Including life insurance operations.
5	Ordinary operating expenses/total operating income, including life insurance operations.
6	Net profits excluding discontinuing operations and adjusted for period's change in fair value recognised directly in equity. Average equity including net profits, available-for-sale assets, translation differences and other revaluations recognised directly in equity. Average equity excluding minority interests and cash flow hedge reserves.
28	Earnings excluding minority interests and discontinuing operations. Holdings of own shares are not included in the average number of shares.
31	The last quoted share price on Oslo Børs at end of period relative to the book value of equity at end of period.
33	Number of shares multiplied by the share price at end of period.

Note 1 – Transition to IFRS and accounting principles

TRANSITION TO IFRS FOR THE DnB NOR GROUP

Transitional effects

Accounting principles
The first quarter accounts have been prepared according to IFRS, including IAS 34. Up till 31 December 2004, the DnB NOR Group's consolidated accounts were based on Norwegian accounting legislation, accounting regulations issued by Kredittilsynet (the Financial Supervisory Authority of Norway) and Norwegian generally accepted accounting principles. Below is a description of the most important changes in accounting principles resulting from the transition to IFRS. Reconciliation and a description of the impact on the Group's equity upon the transition to IFRS, as well as the profit and loss accounts for the first quarter of 2004, are presented in the changes in equity statement and in the variance analysis for the first quarter of 2004, respectively.

The DnB NOR Group's annual accounts for 2005 will be presented according to IFRS principles in force as at 31 December 2005. The version of IAS 39 which allows the recording of the institution's issued debt securities not included in the trading portfolio at fair value has yet to be approved by the EU. Also, the EU has not yet approved stipulations in IAS 39 that open up for using core deposits in portfolio hedging of interest rate risk. The accounts for the first quarter of 2005 have been prepared within the scope of prevailing IFRSs without using the options not yet approved by the EU. However, see description of Eksportfinans ASA below. By employing approved methods for portfolio hedging and assessing fixed-rate loans at fair value, DnB NOR's overall presentation of the accounts will generally be consistent with the Group's interest rate management and actual financial performance.

The fair value option in IAS 39 is expected to be revised, whereby the EU will also accept that the institution's debt is recorded at fair value. IFRS is under revision, and there may be changes during 2005 based on new interpretations of existing standards, amendments to existing or the introduction of new standards as well as in the way the standards are implemented. In consequence of the factors mentioned above, the accounting principles used by the DnB NOR Group in preparing consolidated accounts later in 2005 may deviate from those described below.

The accounting principles will also be applied consistently when consolidating holdings in subsidiaries and associated companies. When incorporating equity from the investment in Eksportfinans ASA, however, the version of IAS 39 - Financial Instruments not yet approved by the EU has been used. Consequently, financial assets and liabilities in Eksportfinans have been recorded at fair value, reflecting the actual underlying financial situation of the company.

Application of IFRS 1 – First-time Adoption of IFRS
The Group has implemented IFRS as of 1 January 2005. Comparable figures will be prepared for 2004, which implies that the formal opening balance sheet is per 1 January 2004. The DnB NOR Group has applied IFRS 1 when preparing the opening balance sheet. The accounting effect of changes in accounting principles will be charged directly to equity. See the changes in equity statement for a further specification of the effects of changes in accounting principles.

The Group has made the following exceptions from the duty to restate the opening balance sheet retrospectively, as outlined in IFRS 1:

- Business combinations recorded prior to 1 January 2004 have not been restated. The values recorded in the balance sheet prepared according to Norwegian accounting principles as at 31 December 2003 have been carried forward.
- Properties for own use have been recorded at fair value as at 1 January 2004.
- Pension commitments that were unrecorded as at 1 January 2004 in compliance with previous accounting rules, have been charged to equity. New parameter values have been used.
- Exchange differences arising when incorporating figures from foreign subsidiaries and branches as at 1 January 2004 are deemed to be zero.
- IAS 39 - Measurement of Financial Instruments has been implemented as of 1 January 2005. In consequence, transitional effects due to deviations between Norwegian accounting principles and IFRS will be recorded as at 1 January 2005. The Group has chosen to reclassify financial assets and liabilities according to IFRS 39 as of the same date.
- Subscription rights issued prior to 7 November 2002 and vested as at 1 January 2005 have not been restated according to IFRS 2 - Share-based Payments. The DnB NOR Group has not issued subscription rights or established option schemes after 7 November 2002.
- IFRS 4 - Insurance Contracts has been implemented as of 1 January 2005.

In accordance with IFRS 1, the Group has made no retrospective restatement for:

- Financial assets and liabilities that according to previous accounting principles were not recorded in the balance sheet prior to 1 January 2005.
- Hedge accounting according to previous principles prior to 1 January 2005. Hedge accounting will be applied in the accounts as of 1 January 2005 to the extent this satisfies criteria stipulated in IAS 39.
- Estimates based on Norwegian accounting principles as of 1 January 2004.
- Operations held for sale. As from 1 January 2005, such operations are recorded in compliance with IFRS 5 – Discontinuing Operations.

Pro forma accounting figures
As stated above, the DnB NOR Group will implement IAS 39 – Financial Instruments, IFRS 2 – Share-based Payments, IFRS 4 – Insurance Contracts and IFRS 5 – Discontinuing Operations as of 1 January 2005. However, the accounts include pro forma figures for 2004 prepared as if the DnB NOR Group had implemented these standards as of 1 January 2004. Still, the pro forma figures will not be fully documented according to requirements in the respective standards. Official comparable figures based on principles in force at any given time will be included in the annual accounts. Due to varying principles, however, they will be of limited information value.

ACCOUNTING PRINCIPLES

Consolidation
The consolidated accounts for DnB NOR ASA ("DnB NOR") include DnB NOR Bank ASA, Vital Forsikring ASA, Vital Link AS, DnB NOR Kapitalforvaltning Holding AS, DnB NOR Asset Management Holding AB and Vital Skade AS including subsidiaries and associated companies.

Insurance operations
As of 1 January 2005, Vital Forsikring ASA including subsidiaries and Vital Link AS are fully consolidated in the DnB NOR Group's accounts. Note 5 shows the profit and loss accounts and balance sheets for the companies as included in the Group's accounts according to IFRS.

Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by Kredittilsynet. Life insurance operations are incorporated in the DnB NOR Group's accounts according to the same principles that apply to the rest of the Group. Any deviations resulting from differences between the special accounting regulations for profit sharing and IFRS are charged directly to the DnB NOR Group's equity when preparing pro forma figures. When preparing accounts for the first quarter of 2005, such effects have been netted against profits.

Other subsidiaries and associated companies
Subsidiaries are defined as companies in which DnB NOR has control, directly or indirectly, through ownership interests or a holding of more than 50 per cent of the voting share capital or primary capital and a decisive influence on the company's operations. Subsidiaries are consolidated from the time DnB NOR takes over control of the company, including financial risk.

Associated companies in which DnB NOR has a long-term holding of between 20 and 50 per cent and a significant influence on operations, are carried in the group accounts according to the equity method.

According to previous accounting principles, holdings of a short-term nature were carried at cost. Holdings taken over in connection with non-performing commitments were classified as repossessed assets and measured as lending.

Norwegian kroner serves as the functional and reporting currency for the DnB NOR Group. Balance sheet items of foreign branches and subsidiaries are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are charged directly to equity.

Upon transition to IFRS, all exchange differences calculated according to previous accounting principles are deemed to be zero. Exchange differences calculated as of 1 January 2004 are presented as a separate element of other equity, see changes in equity statement.

When preparing consolidated accounts, intra-group transactions and balances along with unrealised gains on these transactions between group units are eliminated.

Business combinations
The DnB NOR Group has not recorded any new business combinations after 1 January 2004. New business combinations will be recorded according to IFRS 3 - Business Combinations. The purchase method is applied for acquisitions of subsidiaries. Cost is measured at fair value of the consideration, taking account of any equity instruments issued in addition to any direct costs relating to the transaction. Repossessed identifiable assets and liabilities are measured at fair value. If cost exceeds the value of identifiable assets and liabilities, the excess will be recorded as goodwill. If cost is lower than the value of identifiable assets and liabilities, the difference will be recognised in the profit and loss account.

Recognition of assets and liabilities
Assets and liabilities are recorded in the balance sheet of the DnB NOR Group at the time the Group assumes actual control of the rights to the assets and takes on a real commitment. Assets and liabilities are derecognised at the time actual control of the rights to the assets is annulled or expires. Liabilities are derecognised at the time the commitment is annulled or expired. According to IFRS, DnB NOR will recognise loans transferred to Eksportfinans, for which DnB NOR has issued guarantees, in the balance sheet.

Measurement and classification of financial assets and liabilities
In compliance with IAS 39, financial assets as at 1 January 2005 are classified as either part of the trading portfolio, other financial instruments at fair value, available-for-sale financial assets, held-to-maturity financial assets or loans and receiv-ables. Financial liabilities are classified as either part of the trading portfolio or as issued debt securities in the banking portfolio. The classification is based on the purpose of the investment.

Measurement and classification of financial instruments at fair value
Instruments traded in an active market
Financial instruments traded in an active market are valued at quoted prices at the time of the transaction. The prices used in the valuation are the bid price for financial assets and the asking price for financial liabilities. Mid-market prices should be used for instruments with offsetting market risks, while net positions are valued at bid or asking prices respectively. When establishing fair value, the instrument's accumulated credit risk margin is calculated and recorded in the balance sheet. The instruments are valued at current market prices on the balance sheet date.

Instruments not traded in an active market
Financial instruments not traded in an active market are valued according to valuation techniques based on externally observable parameter values. Valuation techniques include using prices from recent transactions between independent parties, references to instruments that are substantially the same or discounted cash flows.

When one of the Group's products consists of a main product, e.g. a bond, and an embedded financial derivative, e.g. an equity index option, the product is split into the underlying elements, which are valued separately. Such combined products are called structured products and include equity-linked bank deposits and equity-linked bonds. Upon initial recognition of structured products, the derivative is recorded at fair value and the host contract at amortised cost. The residual value is assigned to the host contract. In subsequent periods, the derivative is recorded at fair value and the host contract at amortised cost.

Financial assets carried at fair value
Financial assets carried at fair value include the trading portfolio, other financial instruments at fair value, financial assets for which the customer carries the risk, available-for-sale instruments as well as current financial assets within life insurance. In addition, the portfolio of fixed-rate loans is recorded at fair value. Assets in the trading portfolio, other financial instruments at fair value and available-for-sale instruments represent the trading and banking portfolios according to the classification in the annual report for 2004. Financial derivatives giving DnB NOR a right were classified as financial derivatives in the trading portfolio, with the exception of derivatives used in portfolio hedging. Financial assets for which the customer carries the risk represent financial assets within unit linked. Available-for-sale assets represent securities DnB NOR intends to sell.

Loans recorded at fair value
Fixed-rate loans in the DnB NOR Group are carried at fair value. Fair value is estimated as the contractual cash flow discounted by the market rate on the balance sheet date

Financial liabilities carried at fair value
Financial derivatives involving an obligation for the DnB NOR Group are classified as either financial derivatives in the trading portfolio or as derivatives used in hedge accounting.

Presentation in the profit and loss accounts and balance sheets
Changes in the value of instruments recorded at fair value are presented under ”net gains on financial instruments at fair value” in the profit and loss accounts. Income from trading in interest rate positions in the trading portfolio is presented under ”net gains on financial instruments at fair value”. Changes in the value of instruments within life insurance are presented under ”net gains on financial assets in life insurance and profits from insurance operations”. Unrealised changes in value of the available-for-sale portfolio are recognised to equity. Once such gains or losses are realised, they are recorded under ”net realised gains on investment securities”.

Measurement and classification of financial instruments at amortised cost

Amortised cost
Financial instruments not recorded at fair value are recorded at amortised cost and measured using the effective interest method. Amortised cost is historic cost less direct expenses and discounts or premiums resulting from amortisation according to the effective interest method and after any impairment losses. When using the effective interest method, the internal rate of return for the commitment is calculated. The internal rate of return is set by discounting contractual cash flows within the expected life of the financial instrument. Cash flows include front-end fees and direct marginal transaction costs not covered by the customer.

Financial assets recorded at amortised cost
In the DnB NOR Group, securities held to maturity are recorded at amortised cost. The portfolio represents long-term securities within life insurance. Other financial assets not recorded at fair value are classified as lending and other amounts due and recorded at amortised cost. Fixed assets and properties for rent (leasing) are classified as lending.

All loans in the Group's balance sheet, with the exception of fixed-rate loans, are carried at amortised cost. Evaluations are based on all contractual and expected cash flows and include any residual value of leasing contracts and impaired commitments.

Financial liabilities recorded at amortised cost
Financial liabilities not included in the trading portfolio are classified as securities issued in the banking portfolio and recorded at amortised cost. See paragraph on hedge accounting below.

Write-downs of financial assets recorded at amortised cost

Individual write-downs
If objective evidence of a decrease in value can be found, losses on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of expected future cash flows discounted by the original effective rate of interest. The assessment initially includes all loan commitments, regardless of the probability of impairment. Write-down estimates only take account of conditions existing on the balance sheet date.

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

Individual write-downs reduce the value of commitments in the balance sheet, and changes during the period are recorded under "write-downs on loans and guarantees".

Group write-downs
Loans which have not been individually evaluated for impairment are evaluated collectively in groups. Loans are grouped on the basis of similar risk and value characteristics. The need for write-downs is estimated per customer group based on risk classification and includes estimates of future economic developments and loss experience for the respective customer groups. Calculations only take account of weaker solvency caused by conditions existing on the balance sheet date.

Group write-downs reduce the value of commitments in the balance sheet, and changes during the period are recorded under "write-downs on loans and guarantees".

Hedge accounting

Hedge accounting will be applied for recording certain liabilities involving interest rate risk. Hedge accounting will be used for individual items or on a portfolio basis.

Individual hedging
Individual hedging is applied to borrowing in foreign currency representing interest rate risk. In such cases, there is a clear, direct and documented correlation between changes in the value of the currency loan (hedged item) and changes in the value of the financial derivative (hedging instrument). This correlation is verified by assessing hedge effectiveness at the start and end of the relevant period. Hedging instruments are recorded at fair value and included under ”net gains on financial instruments at fair value” in the profit and loss accounts. In cases where adequate effectiveness between the hedged item and the hedging instrument is documented, the change in fair value attributable to interest rate risk will be recorded as an addition to or deduction from securities issued. The change in value will be included under ”net gains on financial instruments at fair value” in the profit and loss accounts.

Portfolio hedging
Loans and deposits in Norwegian kroner representing interest rate risk are hedged on a portfolio basis. Loans and deposits (the hedged items) are grouped in portfolios on the basis of future repricing time periods. Financial derivatives are designated as hedging instruments and assigned to the respective repricing time periods. Hedging instruments are recorded at fair value and included under ”net gains on financial instruments at fair value” in the profit and loss accounts and under ”financial derivatives used for hedging” in the balance sheet. If adequate hedge effectiveness is recognised, changes in fair value attributable to interest rate risk for the portfolio of loans and deposits are recorded under ”securities issued” and ”deposits from customers” respectively in the balance sheet. If the ratio of changes in the value of the hedged item and the hedging instrument is between 80 and 125 per cent, adequate hedge effectiveness is documented.

Investment property and other fixed assets

Investment property
Buildings acquired for rental to tenants outside the Group are classified as investment property. Investment property is recorded at market value and changes in value recognised in the profit and loss accounts. The owner's share of value changes is recorded under "Other income".

Buildings for own use
Buildings acquired for own use are classified as fixed assets. In the opening balance sheet, the DnB NOR Group has applied approximate market values for properties in compliance with the option offered in IFRS 1. In consequence, properties have been revalued by a total of around NOK 700 million. Upon transition to IFRS, the revalued market price represents the new cost of these assets. After transition to IFRS, properties will be recorded at the new cost price less accumulated depreciation and write-downs.

Other fixed assets
Other fixed assets are recorded at cost and depreciated over their expected useful life.

Assessment of the need for write-downs
The need to write down fixed assets is considered when there are indications that the amount by which they are recognised in the balance sheet (carrying amount) exceeds the recoverable amount. The recoverable amount represents the higher of a property's fair value less costs to sell and its value in use.

Intangible assets
Intangible assets with indefinite lives, including goodwill, are not amortised. Other intangible assets with finite lives are amortised over their expected useful life.

An assessment for impairment of intangible assets will be made on each reporting date. Assets generating joint cash flows are considered collectively. Future cash flows are estimated on the basis of the market situation for comparable assets, taking account of expected price developments, growth prospects, return requirements and the duration of cash flows. Any decrease in value which is not considered to be temporary is written down in the accounts. Goodwill from the acquisition of companies generating cash flows in foreign currencies is recorded in the balance sheet in the same currency and translated at rates of exchange ruling on the balance sheet date.

Pensions
Pension commitments are calculated on the basis of economic assumptions on the balance sheet date. Expenses related to accrued pension entitlements are recorded as personnel expenses in the accounts. Pension expenses and pension commitments include employer’s national insurance contributions.

Upon transition to IFRS, the DnB NOR Group has chosen to charge deviations in estimates and plan changes not recorded according to previous accounting principles to equity. Deviations in estimates arising after the transition to IFRS will be recorded in the profit and loss accounts when the difference exceeds the greater of 10 per cent of pension funds and 10 per cent of pension commitments.

Pension funds and pension commitments administered through the Group's life insurance company Vital Forsikring ASA are recorded as net assets in the balance sheet if the scheme is overfunded and as net liabilities if the scheme is underfunded. Net overfunding is not eliminated.

Taxes
Taxes for the year are amortised on the basis of estimated annual tax charges. The DnB NOR Group anticipates an average tax charge of 25 per cent of the Group's pre-tax operating profits. Upon transition to IFRS, taxes for insurance operations will be included in taxes for the DnB NOR Group. In the formal annual accounts for 2004, the DnB NOR Group incorporated profits from life insurance operations net after taxes.

Insurance liabilities
Insurance liabilities are recorded according to IFRS 4 – Insurance Contracts. The implementation of IFRS 4 has not resulted in any special changes in the recording of insurance contracts. As from 2007, IFRS 4 is expected to require that insurance contracts be recorded at fair value.

Upon transition to IFRS, certain provisions that are unique to Norway, e.g. the security reserve, additional allocations and the securities adjustment reserve, will be classified as insurance liabilities in the group accounts.

A loss test was carried out on the balance sheet date in accordance with IFRS 4 to document that returns on assets invested in insurance operations adequately cover obligations. Any negative difference must be charged to equity.

Changes in insurance liabilities are included under ”net gains on financial assets in life insurance and profits from insurance operations”. Income from the administration of customers' insurance schemes and respective distribution costs are presented under ”commissions and fees receivable etc.” and ”commissions and fees payable etc.” respectively.

Amortisation

Recording of interest
Interest income is recorded using the effective interest method. Interest taken to income on impaired commitments will correspond to the internal rate of return on the written-down value.

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

Premiums and discounts on bonds issued
Upon the repurchase of issued bonds, premiums and discounts are settled on the purchase date.

Equity and capital adequacy

Allocations to dividends
Dividends are classified as part of equity until distributed. Allocations to dividends are not included in capital adequacy calculations.

Minority interests
Minority interests are presented as a separate part of equity.

Capital adequacy

Capital adequacy regulations are not adapted to account presentations according to IFRS. For the time being, capital adequacy calculations are based on special consolidation rules for statutory accounts, which thus far are not allowed to be restated according to IFRS.

New capital adequacy regulations adapted to IFRS are expected to be introduced during 2005. The regulations, which will be based on a recommendation from CEBS, are expected to introduce certain exceptions with respect to which capital elements can be included, along with some transitional rules.

SEGMENTS

The activities of the DnB NOR Group are organised into five functional business areas and four staff and support units. The business areas are set up according to the customer segments served by the Group, as well as the products offered.

Selected profit and loss figures for the business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Group. The figures are based on a number of assumptions, estimates and discretionary distribution and are pro forma.

The new regulations have no impact on the Group's strategy or the business and operative management of the DnB NOR Group.

CASH FLOW STATEMENTS

As banking represents the main line of business in the DnB NOR Group, the consolidated cash flow statements are structured on the basis of banking operations. The statements reflect the main aspects of the Group's liquidity management, with special emphasis on cash flows relating to lending and funding activities.

Note 1 – Transition to IFRS and accounting principles (continued)

Variance analysis for the first quarter of 2004

Profit and loss according to NGAAP		DnB NOR Group		Profit and loss according to IFRS
Amounts in NOK million	NGAAP 1st quarter 2004	Reclassifi-cation	Reclassified 1st quarter 2004	*Amounts in NOK million*
Interest income	7 462	(268)	7 194	Interest income
Interest expenses	4 164	(2)	4 162	Interest expenses
Net interest income and credit commissions	**3 298**	**(266)**	**3 032**	**Net interest income and credit commissions**
Dividends	14	(14)	0	
Net profit from Life Insurance and Pensions	178	(178)	0	
Commissions and fees receivable etc.	1 708	(17)	1 691	Commissions and fees receivable etc.
Commissions and fees payable etc.	544	(25)	519	Commissions and fees payable etc.
Net gain on foreign exchange and financial instruments	453	37	490	Net gains on financial instruments at fair value
		178	178	Net gains on financial assets in life insurance and profits from insurance operations
		7	7	Net realised gains on investment securities (AFS)
		57	57	Profit from companies accounted for by the equity method
Sundry ordinary operating income	390	(112)	278	Other income
Gains on the sale of fixed assets	979	(979)	0	
Net other operating income	**3 178**	**(996)**	**2 182**	**Net other operating income**
Salaries and other personnel expenses	1 679	(82)	1 597	Staff costs
Administrative expenses	1 004	1 243	2 247	Other costs
Depreciation	290	(2)	287	Depreciation, impairment on fixed and intangible assets
Sundry ordinary operating expenses	374	(374)	0	
Other expenses	931	(931)	0	
Total operating expenses	**4 278**	**(146)**	**4 131**	**Total operating expenses**
Pre-tax operating profit before losses	**2 199**	**(1 115)**	**1 083**	**Pre-tax operating profit before write-downs**
		978	978	Net gains on fixed and intangible assets
Net losses on loans, guarantees, etc.	135	(40)	95	Write-downs on loans and guarantees
Net gain on long-term securities	15	(15)	0	
Pre-tax operating profit	**2 078**	**(113)**	**1 966**	**Pre-tax operating profit**
Taxes	561	(34)	527	Taxes
	0	79	79	Profit from discontinuing operations after taxes
Profit for the period	**1 517**	**0**	**1 517**	**Profit for the period**

Note 1 – Transition to IFRS and accounting principles (continued)

Variance analysis for the first quarter of 2004

Profit and loss according to IFRS — **DnB NOR Group**

Amounts in NOK million	Full consolidation of Vital	Annulment of goodwill amortisation	Change in fair value	Amortised cost/ write-downs	Loans transferred under guarantee	Other effects	Pro forma IFRS 1st quarter 2004
Interest income				113	78	(4)	7 381
Interest expenses				17	55	5	4 239
Net interest income and credit commissions	**0**	**0**	**0**	**96**	**23**	**(9)**	**3 142**
Commissions and fees receivable etc.	288				(23)		1 956
Commissions and fees payable etc.	36						555
Net gains on financial instruments at fair value			120	(1)			609
Net gains on financial assets in life insurance and profits from insurance operations	56	25					259
Net realised gains on investment securities (AFS)							7
Profit from companies accounted for by the equity method						(28)	28
Other income	31					46	355
Net other operating income	**339**	**25**	**120**	**(1)**	**(23)**	**18**	**2 660**
Staff costs	163					17	1 776
Other costs	100					17	2 364
Depreciation, impairment on fixed and intangible assets	34	(74)				10	257
Total operating expenses	**297**	**(74)**	**0**	**0**	**0**	**44**	**4 398**
Pre-tax operating profit before write-downs	**42**	**99**	**120**	**95**	**0**	**(35)**	**1 404**
Net gains on fixed and intangible assets				(23)		(2)	953
Write-downs on loans and guarantees				(170)			(75)
Pre-tax operating profit	**42**	**99**	**120**	**243**	**0**	**(37)**	**2 432**
Taxes	40	7	(34)	30		(5)	565
Profit from discontinuing operations after taxes							79
Profit for the period	**0**	**93**	**154**	**213**	**0**	**(33)**	**1 946**

Note 2 – Changes in group structure

Sale of Postbanken Eiendomsmegling AS

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

Note 3 – Net interest income and credit commissions

	DnB NOR Group		
Amounts in NOK million	1st quarter 2005	Pro forma 1st quarter 2004	Pro forma full year 2004
Interest income	7 057	7 381	29 053
Interest expenses	3 707	4 239	15 672
Net interest income and credit commissions	**3 350**	**3 142**	**13 380**

Last five quarters *Amounts in NOK million*	1st quarter 2005	Pro forma 4th quarter 2004	Pro forma 3rd quarter 2004	Pro forma 2nd quarter 2004	Pro forma 1st quarter 2004
Interest income	7 057	7 262	7 229	7 180	7 381
Interest expenses	3 707	3 825	3 829	3 779	4 239
Net interest income and credit commissions	**3 350**	**3 436**	**3 401**	**3 401**	**3 142**

Note 4 – Net other operating income

	DnB NOR Group		
Amounts in NOK million	1st quarter 2005	Pro forma 1st quarter 2004	Pro forma full year 2004
Commissions and fees receivable etc.	2 026	1 956	7 857
Commissions and fees payable etc.	587	555	2 267
Net gains on financial instruments at fair value	453	609	2 010
Net gains on financial assets in life insurance and profits from insurance operations	337	259	1 330
Net realised gains on investment securities (AFS)	0	7	59
Profit from companies accounted for by the equity method	61	28	94
Other income	316	355	1 432
Net other operating income	**2 605**	**2 660**	**10 516**

Last five quarters *Amounts in NOK million*	1st quarter 2005	Pro forma 4th quarter 2004	Pro forma 3rd quarter 2004	Pro forma 2nd quarter 2004	Pro forma 1st quarter 2004
Commissions and fees receivable etc.	2 026	2 015	1 923	1 963	1 956
Commissions and fees payable etc.	587	563	564	585	555
Net gains on financial instruments at fair value	453	563	354	484	609
Net gains on financial assets in life insurance and profits from insurance operations	337	539	240	292	259
Net realised gains on investment securities (AFS)	0	26	25	1	7
Profit from companies accounted for by the equity method	61	2	13	51	28
Other income	316	379	329	369	355
Net other operating income	**2 605**	**2 960**	**2 320**	**2 575**	**2 660**

Note 5 – Life Insurance and Pensions

Description of the business area

The business area Life Insurance and Pensions in DnB NOR comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. Gjensidige NOR Fondsforsikring AS is not included in the figures. The company was sold to Forsikringsselskabet Danica in May 2004.

Accounts according to IFRS

As of 1 January 2005, Vital Forsikring ASA including subsidiaries and Vital Link AS are fully consolidated in the DnB NOR Group's accounts.

Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by Kredittilsynet. Life insurance operations are incorporated in the DnB NOR Group's accounts according to the same principles that apply to the rest of the DnB NOR Group. Any deviations resulting from differences between the special accounting regulations for profit sharing and IFRS are charged directly to the DnB NOR Group's equity in the pro forma figures. This practice is continued in profit and loss accounts for the first quarter of 2005.

Below, the profit and loss accounts and balance sheets for Life Insurance and Pensions as included in the DnB NOR Group's accounts according to IFRS are described.

Profit and loss accounts 1)

	Life Insurance and Pensions		
		Pro forma	Pro forma
	1st quarter	1st quarter	full year
Amounts in NOK million	2005	2004	2004
Interest income			
Interest expenses			
Net interest income and credit commissions			
Commissions and fees receivable etc.	361	360	1 404
Commissions and fees payable etc.	125	107	441
Net gains on financial instruments at fair value			
Net gains on financial assets in life insurance and profits from insurance operations	337	259	1 330
Net realised gains on investment securities (AFS)			
Profit from companies accounted for by the equity method			
Other income	31	31	124
Net other operating income	**604**	**542**	**2 417**
Staff costs	137	163	656
Other costs	119	100	388
Depreciation, impairment on fixed and intangible assets	31	34	134
Total operating expenses	**287**	**297**	**1 178**
Pre-tax operating profit before write-downs	**317**	**246**	**1 239**
Net gains on fixed and intangible assets			
Write-downs on loans and guarantees			
Pre-tax operating profit	**317**	**246**	**1 239**
Taxes	(11)	40	(78)
Profit from discontinuing operations after taxes			
Profit for the period	**328**	**206**	**1 317**

1) *The figures encompass Vital Forsikring ASA including subsidiaries and Vital Link AS as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.*

Note 5 – Life Insurance and Pensions (continued)

Balance sheets [1)]	Life Insurance and Pensions			
Amounts in NOK million	31 March 2005	1 January 2005	Pro forma 31 March 2004	Pro forma 1 January 2004
Assets				
Cash and deposits with central banks				
Lending to and deposits with credit institutions	6 095	5 165	7 816	4 206
Gross lending to customers				
- Accumulated write-downs				
Net lending to customers				
Trading securities - commercial paper and bonds				
Trading securities - shareholdings etc.				
Financial assets - customers bearing the risk	10 354	9 747	8 676	7 287
Other financial instruments at fair value through profit and loss				
- commercial paper and bonds	61 361	55 313	51 663	53 744
Other financial instruments at fair value through profit and loss				
- shareholdings etc.	25 496	24 371	21 853	19 398
Financial derivative instruments	472	2 189	408	442
Financial derivative instruments used for hedging				
Shareholdings - available for sale				
Commercial paper and bonds - held to maturity	54 390	55 645	53 342	47 414
Investment property	18 552	18 445	16 999	16 687
Investments in associated companies	14	14	14	14
Intangible assets	270	292	371	416
Deferred tax assets				
Fixed assets	1 116	1 094	1 094	1 067
Biological assets				
Discontinuing operations				
Accrued income and prepaid expenses	4	4	5	64
Other assets	2 744	2 830	2 494	7 026
Total assets	**180 870**	**175 109**	**164 734**	**157 765**
Liabilities and equity				
Loans and deposits from credit institutions				
Deposits from customers				
Financial derivative instruments				
Securities issued				
Insurance liabilities - customers bearing the risk	10 354	9 747	8 676	7 287
Liabilities to life insurance policyholders	157 972	153 488	144 612	137 693
Other liabilities	699	922	1 678	2 832
Accrued expenses and prepaid income	1 317	761	333	663
Discontinuing operations				
Provisions				
Deferred tax liabilities	412	423	590	598
Subordinated loan capital	2 538	2 519	2 686	2 732
Total liabilities	**173 293**	**167 860**	**158 575**	**151 805**
Minority interests				
Revaluation reserve				
Share capital	2 418	2 418	2 418	2 418
Other reserves and retained earnings	5 159	4 831	3 740	3 541
Total equity	**7 577**	**7 249**	**6 159**	**5 960**
Total liabilities and equity	**180 870**	**175 109**	**164 734**	**157 765**

1) *The figures encompass Vital Forsikring ASA including subsidiaries and Vital Link AS as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.*

Note 5 – Life Insurance and Pensions (continued)

Accounts according to previous accounting principles (NGAAP)

Engaged in life and unit linked insurance, the business area applies accounting standards which in certain respects deviate from the principles used for the Group's other operations. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group's access to revenues and assets from life insurance operations. Columns showing figures for Life insurance refer to operations in Vital Forsikring ASA including subsidiaries. Columns showing figures for Life Insurance and Pensions refer to the life insurance company and unit linked operations in Vital Link.

Profit and loss accounts - NGAAP		**Life insurance**	
Amounts in NOK million	1st quarter 2005	1st quarter 2004	Full year 2004
Premium income for own account	6 615	6 659	19 096
Income from financial assets	3 775	4 865	19 554
Other insurance-related income	13	30	265
Insurance settlements for own account	2 454	2 583	10 661
Increase in insurance provisions etc.	5 327	5 272	12 931
Insurance-related operating expenses	301	315	1 200
Expenses related to financial assets	1 583	1 431	8 888
Other insurance-related expenses	11	39	479
Transferred from securities adjustment reserve	868	(1 039)	(1 090)
Result of technical profit and loss accounts before special provisions	1 595	875	3 666
Transferred to additional allocations	0	0	300
Funds transferred to policyholders	1 247	607	2 033
Result of technical profit and loss accounts for life insurance operations	348	268	1 333
Other expenses	28	28	97
Result of ordinary operations [1)]	320	240	1 236
Taxes	(10)	39	(64)
Profit for the period	330	201	1 300

Balance sheets - NGAAP		**Life insurance**	
Amounts in NOK million	31 March 2005	31 Dec. 2004	31 March 2004
Financial assets	164 006	158 387	148 314
Accounts receivable	2 282	1 916	1 662
Other assets	1 793	1 962	3 307
Prepaid expenses and accrued income	2 561	2 726	2 395
Total assets	170 642	164 991	155 678
Paid-in capital	2 343	2 343	2 343
Retained earnings	5 142	4 812	3 714
Subordinated and perpetual subordinated loan capital securities	2 468	2 449	2 616
Securities adjustment reserve	2 670	3 538	3 486
Insurance provisions	155 667	149 790	141 003
Provisions for commitments	641	659	756
Liabilities	693	836	1 638
Accrued expenses and prepaid income	1 020	565	122
Total equity and liabilities	170 642	164 991	155 678
Market value above acquisition cost of bonds held to maturity	3 637	3 935	4 047

Note 5 – Life Insurance and Pensions (continued)

1) *Breakdown of profit and loss accounts*

Amounts in NOK million	*1st quarter 2005*	*1st quarter 2004*	*Full year 2004*
	Life insurance		
Administration result	*(38)*	*(25)*	*(387)*
Interest result	*1 635*	*1 061*	*4 137*
Risk result before additional provisions for disability	*28*	*(65)*	*(84)*
Total	*1 625*	*971*	*3 666*
Transferred from security reserve	*1*	*(4)*	*0*
Additional provisions for disability [a]	*59*	*82*	*228*
Result from other activities/other provisions	*0*	*(38)*	*131*
Profits for distribution [b]	*1 567*	*847*	*3 569*
Transferred to additional allocations	*0*	*0*	*300*
Funds transferred to policyholders	*1 247*	*607*	*2 033*
Result of ordinary operations	*320*	*240*	*1 236*

a) *NOK 140 million was allocated to strengthen the premium reserve to cover insurance claims in 2004. Allocations of NOK 140 million are scheduled for 2005.*

b) *Specification of profits for distribution*	*1 567*	*847*	*3 569*
Of which profit for operations subject to profit sharing	*1 565*	*884*	*3 426*
- funds transferred to policyholders	*1 247*	*607*	*2 033*
- funds transferred to additional allocations	*0*	*0*	*300*
- profits for allocation to the owner and taxes	*318*	*277*	*1 093*
Of which profit from operations not subject to profit sharing	*2*	*(37)*	*143*

Profits for allocation to the owner and taxes for life insurance operations subject to profit sharing include:

- *return on equity, subordinated loan capital and the security reserve, calculated as the company's return on capital, less accrued interest on subordinated loans and allocations to the security reserve*
- *margin on policyholders' funds*
- *margin on effective risk premium adjusted for survival risk on contracts providing sufficient profits*

According to regulations, profits for allocation to the owner and taxes cannot exceed 35 per cent of profits for operations subject to profit sharing. If this figure is negative, the entire amount should be charged to the owner. Total profits to the owner and taxes also include profits from operations not subject to profit sharing.

Key figures - NGAAP

Per cent	1st quarter 2005	1st quarter 2004	Full year 2004
	Life Insurance and Pensions		
Recorded return [1]	1.9	1.6	6.5
Value-adjusted return excl. unrealised gains on long-term securities [1]	1.3	2.3	7.1
Value-adjusted return incl. unrealised gains on long-term securities [1]	1.1	3.0	7.7
Return on equity after taxes [2] [3]	14.6	13.9	19.3
Expenses in per cent of policyholders' funds [1] [2] [4]	0.88	0.93	0.90
Capital adequacy ratio [1] [5]	14.1	13.2	14.1
Core capital ratio [1] [5]	10.6	9.3	10.7
Policyholders' funds, life insurance operations (NOK billion) [5] [6]	158	144	152
Asset under management, unit linked operations (NOK billion) [5]	10	9	10
Solvency margin capital in per cent of solvency capital requirement [1] [5] [7]	154	145	159

1) *Life insurance operations.*
2) *Figures are annualised.*
3) *Calculated on the basis of recorded equity.*
4) *Expenses charged to the administration result.*
5) *Figures at end of period.*
6) *Policyholders' funds include insurance provisions and 75 per cent of the securities adjustment reserve.*
7) *Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.*

Note 5 – Life Insurance and Pensions (continued)

Solvency capital - NGAAP

The solvency capital consists of profit for the period, the securities adjustment reserve, additional allocations, the security reserve, equity, subordinated loan capital and perpetual subordinated loan capital securities and unrealised gains on long-term securities. All these elements, with the exception of part of the security reserve, can be used to meet the guaranteed rate of return on policyholders' funds.

		Life insurance	
Amounts in NOK million	31 March 2005	31 Dec. 2004	31 March 2004
Profit for the period	1 567		847
Securities adjustment reserve	2 670	3 538	3 486
Additional allocations	2 340	2 357	2 067
Security reserve	196	197	201
Equity	7 156	7 156	5 856
Subordinated loan capital and perpetual subordinated loan capital securities	2 468	2 449	2 616
Unrealised gains on long-term securities	3 637	3 935	4 047
Total solvency capital	20 033	19 630	19 120
Guaranteed return on policyholders' funds	1 431	5 271	1 310

Note 6 – Operating expenses

		DnB NOR Group	
Amounts in NOK million	1st quarter 2005	Pro forma 1st quarter 2004	Pro forma full year 2004
Staff costs	1 706	1 776	6 874
Other costs	1 337	2 364	6 670
Depreciation, impairment on fixed assets and intangible assets	161	257	961
Total operating expenses	**3 203**	**4 398**	**14 505**

Last five quarters *Amounts in NOK million*	1st quarter 2005	Pro forma 4th quarter 2004	Pro forma 3rd quarter 2004	Pro forma 2nd quarter 2004	Pro forma 1st quarter 2004
Staff costs	1 706	1 711	1 695	1 691	1 776
Other costs	1 337	1 597	1 306	1 403	2 364
Depreciation, impairment on fixed assets and intangible assets	161	238	230	237	257
Total operating expenses	**3 203**	**3 545**	**3 231**	**3 331**	**4 398**

Note 7 – Restructuring provisions

		DnB NOR Group	
Amounts in NOK million	31 March 2005	Accrued expenses 2005	1 January 2005
DnB NOR merger	730	228 *)	958
Other restructuring provisions	30	10	40
Total	761	238	998

**)*	*Of which:*	*IT*	*99*
		Staff cuts	*81*
		Real estate	*41*
		Other	*7*

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

	DnB NOR Group		
	1st quarter 2005	Pro forma 1st quarter 2004	Pro forma full year 2004
Number of employees at end of period	10 271	11 137	10 482
Number of employees calculated on a full-time basis at end of period	9 874	10 601	10 085
Average number of employees	10 347	11 600	10 966
Average number of employees calculated on a full-time basis	9 951	11 092	10 517

1) *Following the transition to IFRS, additional fully consolidated units representing 122 employees and 121 full-time positions have been included as at 31 March 2005. Figures for 2004 have been adjusted accordingly.*

Note 9 – Write-downs on loans and guarantees

	DnB NOR Group		
Amounts in NOK million	1st quarter 2005	Pro forma 1st quarter 2004	Pro forma full year 2004
Specification of write-downs			
Write-offs [a)]	168	216	507
Increase in specified loan-loss provisions [b)]	56	152	378
New specified loan-loss provisions [c)]	111	228	518
Total new specified provisions	335	595	1 403
Reassessed specified provisions [d)]	134	398	924
Total specified provisions	201	198	479
Recoveries on commitments previously written off [e)]	67	62	312
IFRS effects	2	(210)	(345)
Write-downs on loans and guarantees	**136**	**(75)**	**(179)**
Specification of changes			
Increase in/(reversals on) specified provisions [b) and c) minus d) and f)]	(97)	(157)	(865)
+ Write-offs covered by specified provisions made in previous years [f)]	130	138	837
+ Write-offs not covered by specified provisions made in previous years [a)]	168	216	507
- Recoveries on commitments previously written off [e)]	67	62	312
+ IFRS effects	2	(210)	(345)
Write-downs on loans and guarantees	**136**	**(75)**	**(179)**
Of which write-downs on guarantees	*25*	*(3)*	*15*

a)-f) Show connections between the items.

Note 10 – Write-downs on loans and guarantees for principal sectors

	DnB NOR Group		
Amounts in NOK million	1st quarter 2005	Pro forma 1st quarter 2004	Pro forma full year 2004
Retail customers	6	20	57
International shipping	3	0	(46)
Real estate	(10)	(14)	7
Manufacturing	2	61	(101)
Services and management	0	(216)	(215)
Trade	37	32	51
Oil and gas	(7)	(4)	(43)
Transportation and communication	4	12	25
Building and construction	8	47	62
Power and water supply	2	(2)	0
Fishing	21	45	179
Other sectors	68	154	184
Total customers	134	135	160
Credit institutions	0	0	7
IFRS effects	2	(210)	(345)
Total write-downs on loans and guarantees	**136**	**(75)**	**(179)**

The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway. Customers are classified according to their main line of business.

Note 11 – Net lending to principal sectors [1)]

	DnB NOR Group		
Amounts in NOK million	31 March 2005	1 January 2005	Pro forma 31 March 2004
Retail customers	338 046	330 785	303 468
International shipping	33 784	32 003	32 964
Real estate	82 899	82 900	81 445
Manufacturing	23 383	20 422	21 474
Services and management	32 687	30 569	31 977
Trade	24 185	21 207	22 081
Oil and gas	6 297	4 811	3 824
Transportation and communication	13 586	12 966	12 285
Building and construction	6 611	6 239	5 645
Power and water supply	4 845	4 725	5 729
Fishing	9 155	8 973	9 739
Hotels and restaurants	3 746	3 622	3 903
Agriculture and forestry	4 462	4 455	3 696
Central and local government	2 490	1 424	2 245
Other sectors and IFRS effects	16 056	19 549	18 977
Total net lending to customers	602 232	584 650	559 451

The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway. Customers are classified according to their main line of business.

1) *Lending after individual write-downs.*

Note 12 – Impaired commitments

Amounts in NOK million	31 March 2005	1 January 2005	DnB NOR Group Pro forma 31 March 2004
Non-performing and doubtful commitments	9 175	9 229	12 451
Write-downs	3 360	3 503	4 314
Net impaired commitments	5 815	5 726	8 137

Note 13 – Intangible assets

Amounts in NOK million	DnB NOR Group 31 March 2005	1 January 2005
Goodwill	4 966	5 035
Systems development	23	27
Postbanken brand name	48	50
Other intangible assets	487	462
Total intangible assets	**5 524**	**5 574**

Note 14 – Capital adequacy according to previous accounting principles (NGAAP) [1)]

Amounts in NOK million	31 March 2005	DnB NOR Group 31 Dec. 2004	31 March 2004
Share capital	13 366	13 271	13 220
Other equity	33 573	33 327	29 401
Total equity	46 939	46 598	42 621
Perpetual subordinated loan capital securities [2) 3)]	5 611	5 531	6 011
Reductions			
Pension funds above pension commitments	(1 229)	(1 141)	(1 500)
Goodwill	(3 399)	(4 902)	(5 353)
Deferred tax assets	(715)	(728)	(1 157)
Other intangible assets	(1 579)	(299)	(397)
Core capital	45 628	45 059	40 224
Perpetual subordinated loan capital [2) 3)]	5 601	5 367	6 849
Term subordinated loan capital [3)]	13 451	13 538	12 665
Net supplementary capital	19 053	18 905	19 514
Deductions	372	455	975
Total eligible primary capital [4)]	64 309	63 509	58 763
Total risk-weighted volume	615 011	591 906	576 656
Core capital ratio (per cent)	7.4	7.6	7.0
Capital ratio (per cent)	10.5	10.7	10.2
Including 50 per cent of profit for the period			
Core capital ratio (per cent)	7.6		7.1
Capital ratio (per cent)	10.6		10.3

1) Norwegian FSA has not adapted Norwegian capital adequacy regulations to IFRS. For the time being, capital adequacy calculations are based on special consolidation rules for the statutory accounts, which thus far are not allowed to be restated according to IFRS.

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

3) Calculations of capital adequacy include a total of NOK 592 million in subordinated loan capital in life insurance operations and associated companies, in addition to subordinated loan capital in the Group's balance sheet.

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

Note 15 – Business areas

Profit and loss accounts [1)] DnB NOR Group

	Net income 1st quarter		Total operating expenses 1st quarter		Of which group overhead 1st quarter		Pre-tax operating profit before write-downs 1st quarter		Write-downs on loans and net losses on assets 1st quarter		Pre-tax operating profit 1st quarter	
Amounts in NOK million	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Corporate Banking	2 072	2 010	809	858	15	17	1 263	1 152	112	(31)	1 151	1 184
Retail Banking	2 488	2 364	1 507	1 616	8	8	980	748	70	32	910	716
DnB NOR Markets	707	640	297	308	3	4	410	332	0	0	410	332
Life Insurance and Pensions	604	542	287	297	2	3	317	245	0	0	317	245
Asset Management	250	220	169	181	1	1	81	39	0	0	81	39
Double entries	(222)	(178)	0	0			(222)	(178)	0	0	(222)	(178)
Group Centre [2)]	153	273	228	1 184	(29)	(33)	(75)	(911)	(63)	(1 030)	(12)	119
Eliminations	(97)	(69)	(95)	(45)			(2)	(24)	0	0	(2)	(24)
DnB NOR Group	5 955	5 802	3 203	4 398	0	0	2 752	1 404	119	(1 029)	2 633	2 432

1) *Figures for 2004 are proforma.*

2) *Group Centre - pre-tax operating profit in NOK million*	*1st quarter 2005*	*1st quarter 2004*
Unallocated expenses, real estate	*(64)*	*(7)*
Ownership - related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	*(61)*	*(49)*
Portfolio hedging, Treasury	*(22)*	*(5)*
Unallocated income from associated companies	*(11)*	*18*
Restructuring provisions, DnB NOR merger	*0*	*(930)*
Goodwill write-downs	*0*	*(53)*
Unallocated pension expenses	*0*	*(18)*
Net gains on fixed and intagible assets	*27*	*978*
Group write-downs	*50*	*46*
Income on equities	*79*	*152*
Other	*(10)*	*(13)*
Pre-tax operting profit	*(12)*	*119*

Business areas according to previous accounting principles (NGAAP)

Profit and loss accounts - NGAAP DnB NOR Group

	Net interest income 1st quarter		Net other operating income 1st quarter		Total operating expenses 1st quarter		Pre-tax operating profit before losses 1st quarter		Net losses on loans and long-term securities 1st quarter		Pre-tax operating profit 1st quarter	
Amounts in NOK million	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Corporate Banking	1 411	1 417	574	548	776	809	1 209	1 156	134	102	1 075	1 054
Retail Banking	1 834	1 694	644	673	1 514	1 622	964	745	0	10	964	735
DnB NOR Markets	42	69	681	586	297	308	426	347	0	(3)	426	350
Life Insurance and Pensions	0	0	317	245	0	0	317	245	0	0	317	245
Asset Management	5	2	245	217	169	181	81	39	0	0	81	39
Discontinuing operations	0	250	0	991	0	128	0	1 114	0	23	0	1 091
Other operations	(76)	(134)	(92)	(83)	249	1 230	(416)	(1 447)	6	(11)	(423)	(1 436)
DnB NOR Group	3 216	3 298	2 369	3 178	3 005	4 278	2 580	2 199	139	121	2 440	2 078

Main balance sheet items (average balances) and key figures - NGAAP DnB NOR Group

	Net lending to customers 1st quarter		Customer deposits 1st quarter		Assets under management 1st quarter		Cost/income ratio excl. goodwill amortisation (%) 1st quarter		Ratio of deposits to lending (%) 1st quarter	
Amounts in NOK billion	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Corporate Banking	252.4	246.4	179.6	161.5			39.0	41.1	71.2	65.5
Retail Banking	333.3	296.9	190.9	184.4			60.9	68.3	57.3	62.1
DnB NOR Markets	2.2	1.2	8.8	8.7			41.1	47.0		
Life Insurance and Pensions					165.1	148.3				
Asset Management					487.0	476.9	67.7	82.4		
Discontinuing operations		28.2		0.5						
Other operations	(5.0)	(3.7)	(8.5)	(7.4)	(151.5)	(133.9)				
DnB NOR Group	583.0	569.1	370.9	347.8	500.6	491.2	51.5	63.7	63.6	61.1

Note 16 – Profit and balance sheet trends

Profit and loss accounts — **DnB NOR Group**

Amounts in NOK million	1st quarter 2005	Pro forma 4th quarter 2004	Pro forma 3rd quarter 2004	Pro forma 2nd quarter 2004	Pro forma 1st quarter 2004
Interest income	7 057	7 262	7 229	7 180	7 381
Interest expenses	3 707	3 825	3 829	3 779	4 239
Net interest income and credit commissions	**3 350**	**3 436**	**3 401**	**3 401**	**3 142**
Commissions and fees receivable etc.	2 026	2 015	1 923	1 963	1 956
Commissions and fees payable etc.	587	563	564	585	555
Net gains on financial instruments at fair value	453	563	354	484	609
Net gains on financial assets in life insurance and profits from insurance operations	337	539	240	292	259
Net realised gains on investment securities (AFS)	0	26	25	1	7
Profit from companies accounted for by the equity method	61	2	13	51	28
Other income	316	379	329	369	355
Net other operating income	**2 605**	**2 960**	**2 320**	**2 575**	**2 660**
Staff costs	1 706	1 711	1 695	1 691	1 776
Other costs	1 337	1 597	1 306	1 403	2 364
Depreciation, impairment on fixed and intangible assets	161	238	230	237	257
Total operating expenses	**3 203**	**3 545**	**3 231**	**3 331**	**4 398**
Pre-tax operating profit before write-downs	**2 752**	**2 852**	**2 490**	**2 645**	**1 404**
Net gains on fixed and intangible assets	17	(33)	3	(10)	953
Write-downs on loans and guarantees	136	21	(164)	39	(75)
Pre-tax operating profit	**2 633**	**2 798**	**2 657**	**2 596**	**2 432**
Taxes	658	323	714	719	565
Profit from discontinuing operations after taxes	0	0	0	0	79
Profit for the period	**1 974**	**2 475**	**1 943**	**1 876**	**1 946**
Earnings per share	1.48	1.89	1.47	1.42	1.49

Note 16 – Profit and balance sheet trends (continued)

Balance sheets					DnB NOR Group
			Pro forma	Pro forma	Pro forma
	31 March	1 Jan.	30 Sept.	30 June	31 March
Amounts in NOK million	2005	2005	2004	2004	2004
Assets					
Cash and deposits with central banks	7 366	8 780	12 802	5 496	3 284
Lending to and deposits with credit institutions	49 342	25 397	30 448	70 591	67 419
Gross lending to customers	605 593	588 153	581 935	574 002	563 765
- Accumulated write-downs	(4 788)	(4 981)	(5 427)	(5 597)	(5 792)
Net lending to customers	600 805	583 172	576 508	568 405	557 973
Trading securities - commercial paper and bonds	52 999	48 470	48 470	48 470	48 470
Trading securities - shareholdings etc.	1 270	1 117	1 117	1 117	1 117
Financial assets - customers bearing the risk	10 354	9 747	9 230	8 942	8 676
Other financial instruments at fair value through profit and loss - commercial paper and bonds	75 152	67 966	67 898	69 837	61 388
Other financial instruments at fair value through profit and loss - shareholdings etc.	29 288	28 078	25 695	25 382	24 668
Financial derivative instruments	34 384	41 148	36 493	30 262	39 785
Financial derivative instruments used for hedging	1 200	1 828	1 828	1 828	1 828
Shareholdings - available for sale	298	303	271	231	277
Commercial paper and bonds - held to maturity	54 390	55 645	56 588	55 837	53 342
Investment property	18 725	18 616	16 934	16 829	17 170
Investments in associated companies	1 452	1 507	1 641	1 606	1 690
Intangible assets	5 524	5 574	5 847	6 034	6 175
Deferred tax assets	427	406	350	355	686
Fixed assets	6 240	6 189	6 250	6 327	6 314
Biological assets	247	278	278	278	278
Discontinuing operations	0	25	25	25	25
Accrued income and prepaid expenses	2 596	2 311	2 145	2 429	2 548
Other assets	7 737	6 220	14 722	11 540	7 957
Total assets	**959 797**	**912 779**	**915 539**	**931 820**	**911 071**
Liabilities and equity					
Loans and deposits from credit institutions	87 222	59 174	73 734	109 198	85 742
Deposits from customers	368 358	353 957	350 132	352 210	341 015
Financial derivative instruments	33 822	44 134	39 796	31 700	42 237
Securities issued	200 006	192 812	191 869	191 558	192 698
Insurance liabilities - customers bearing the risk	10 354	9 747	9 230	8 942	8 676
Liabilities to life insurance policyholders	157 972	153 488	149 713	147 127	144 612
Other liabilities	14 594	14 721	15 394	9 526	13 373
Accrued expenses and prepaid income	4 103	3 822	8 004	5 039	5 048
Discontinuing operations	0	24	24	24	24
Provisions	5 374	5 486	5 047	5 086	5 188
Subordinated loan capital	25 523	25 256	24 981	25 679	25 666
Total liabilities	**907 328**	**862 620**	**867 925**	**886 088**	**864 280**
Minority interests	33	33	44	41	41
Revaluation reserve	116	122	92	92	92
Share capital	13 366	13 271	13 220	13 220	13 220
Other reserves and retained earnings	38 954	36 734	34 259	32 379	33 438
Total equity	**52 470**	**50 159**	**47 614**	**45 732**	**46 791**
Total liabilities and equity	**959 797**	**912 779**	**915 539**	**931 820**	**911 071**

Profit and loss accounts DnB NOR ASA

According to previous accounting principles (NGAAP)

Amounts in NOK million	1st quarter 2005	1st quarter 2004	Full year 2004
Interest income	33	20	101
Interest expenses	46	87	229
Net interest income and credit commissions	**(12)**	**(67)**	**(128)**
Dividends from group companies/group contributions	0	0	7 881
Commissions and fees payable etc.	1	2	8
Net other operating income	**(1)**	**(2)**	**7 874**
Salaries and other ordinary personnel expenses	20	20	37
Administrative expenses	41	28	102
Sundry ordinary operating expenses	0	1	7
Other expenses	0	7	7
Total operating expenses	**61**	**56**	**153**
Pre-tax operating profit before losses	**(74)**	**(125)**	**7 592**
Net gains on long-tem securities	0	0	15
Pre-tax operating profit	**(74)**	**(125)**	**7 607**
Taxes	(21)	(35)	2 118
Profit for the period	**(53)**	**(90)**	**5 489**

Balance sheets DnB NOR ASA

According to previous accounting principles (NGAAP)

Amounts in NOK million	31 March 2005	31 Dec. 2004	31 March 2004	31 Dec. 2003
Assets				
Deposits with DnB NOR Bank ASA	4 537	4 021	1 740	1 423
Lending to other group companies	2 035	2 055	1 794	1 825
Investments in group companies	45 975	45 975	46 121	46 121
Other receivables due from group companies	7 882	8 069	6 081	6 103
Other assets	60	57	26	30
Total assets	**60 489**	**60 177**	**55 762**	**55 502**
Liabilities and equity				
Loans from DnB NOR Bank ASA	6 153	6 153	6 370	6 370
Loans from other group companies	2 042	2 025	2 311	2 420
Other liabilities and provisions	5 623	5 552	2 954	2 919
Paid-in capital	25 303	24 983	24 839	24 414
Retained earnings	21 368	21 463	19 289	19 379
Total liabilities and equity	**60 489**	**60 177**	**55 762**	**55 502**

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