

## **Interim Report 2<sup>nd</sup> quarter 2006**

### **Nordea Bank Norge Group**

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*Nordea is the leading financial services group in the Nordic and Baltic Sea region. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has almost 11 million customers, more than 1,100 branch offices and a leading netbanking position with 4.4 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen*

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# Nordea Bank Norge Group

## Result summary first half year 2006

Nordea's operating profit for the first six months decreased by 17% to NOK 2,025m due to reduced positive net loan losses. The gain from the sale of the shares in Pan Fish ASA of NOK 794m was included in net loan losses in the second quarter of 2005. Both total income and total expenses increased by 3% resulting in a profit before loan losses of NOK 1,654m, an increase by 3%. Net profit amounted to NOK 1,494m, corresponding to a return on equity of 15.7%. The cost/income ratio was 55%. Loan losses were positive for the sixth consecutive quarter.

### Income

The first six months of 2006 was characterized by continued strong volume growth, but also by increased turbulence in financial markets. All central banks in the major markets in which Nordea operates, increased interest rates during the period. Equity markets were strong in the first part of the period, and volatile in the latter part. The MSCI Nordic Index has decreased by approx. 10% since mid-May when the market turbulence started.

In addition to generally increased competitive climate, margins were affected by the lag between the increases in the interest rate by the Central Bank and the possibility to adjust client rates. Following the two rate hikes in the spring, this effect has led to a significant reduction of the margins on household mortgages. Nordea is aiming to continue to increase its markets share in the mortgage markets from the current 12%. Hence, when the Central Bank hiked the interest rate on 30 May, Nordea responded by keeping the housing loan interest rate unchanged for gold customers in the customer programme, representing approx. 65% of mortgages volumes. As an effect of this adjustment, Nordea expects to increase market share and increase cross-selling to existing clients.

Total income increased by 3% to NOK 3,686m and net interest income grew by 1% to NOK 2,507m. Volume growth was strong in all segments with the exception of Corporate Banking. Total lending to the public increased by 21% to NOK 283bn. Mortgage lending to personal customers increased by 18% to NOK 99bn (84). The volume growth thereby compensated for the margin pressure. Deposits increased by 21% to NOK 161bn and deposit margins improved following increased market interest rates.

Net commission income increased by 11% to NOK 764m. Savings commissions in general

developed strongly and increased by 31%. Commission income from sale of life insurance products increased by 82% or NOK 18m, while brokerage and custody increased by NOK 13m and NOK 10m respectively. Commissions from payments increased by 12% to NOK 309m, while card related fees increased by 6% to NOK 167m. Total fee and commission expenses increased by 16% to NOK 237m.

Net gains/losses on items at fair value decreased by 6% to NOK 335m. The main reason is increased interest rate which has led to reduced gains from fixed income products and other interest bearing instruments.

The income from Equity method was NOK 25m.

### Expenses

Total expenses increased by 3% to NOK 2,032m.

Staff costs increased by 1% to NOK 1,222m and the number of FTEs decreased by 77 compared to last year mainly due to outsourcing of the cash services to Securitas AS during the second quarter of 2006. Other expenses were NOK 741m, up by 6% compared to last year. Higher business volumes have resulted in an increase in transaction and sales-related expenses, including IT costs.

Depreciation decreased by 7% to NOK 69m.

The percentage growth in income and expenses from the second quarter 2005 were both 3%. The established focus on cost management throughout the Group will continue. Even though the forecasts for economic growth in the Nordic region remains promising for 2006-2007, rising interest rates and the development in equity markets in general has increased uncertainty somewhat. If needed, additional flexibility on cost is provided, especially related to staff costs. Already running structural cost initiatives, such as the concept of applying lean production processes, will reduce costs and increase efficiency further, going forward.

The cost/income ratio was 55% which is the same level as in the first half year of 2005. For the full-year 2005, the cost/income ratio was 52%.

### Loan losses

Loan losses were positive at NOK 360m, following a continued flow of recoveries and low new provisions. In the first six months last year net loan losses were positive at NOK 835m, mainly due to gain from the sale of the shares in Pan Fish ASA. Overall credit quality remains strong.

Throughout this report, "Nordea Bank Norge" and "NBN" refer to the parent company Nordea Bank Norge ASA, business identity code 911 044 110, with its subsidiaries. The registered office of the company is in Oslo. Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in three business areas, all of which operate across national boundaries: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The consolidated interim report of Nordea Bank AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. This statutory interim report covers the operations of the legal entity Nordea Bank Norge ASA with its subsidiaries.

### ***Taxes***

The effective tax rate for the first half year 2006 was 26%.

### ***Net profit***

Net profit decreased by 15% to NOK 1,494m corresponding to a return on equity of 15.7% compared to 20% in the first six months last year.

### **Second quarter 2006**

Compared to the second quarter 2005, total revenues decreased by 5%, while total expenses were reduced by 1%. The operating profit decreased by 45% to NOK 911m and net profit by 42%. The decrease is due to lower gains from items at fair value and lower net positive loan losses.

### ***Income***

Total income decreased by 5% to NOK 1 757m compared to the second quarter 2005. Net interest income increased by 1% to NOK 1,239m. Compared to the first quarter 2006, net interest income decreased by 2%. Volume growth remained solid in all segments but Corporate Banking, however this was not enough to compensate for reduced margins, especially within mortgage lending. Deposit margins improved following higher market interest rates.

Compared to the second quarter last year, net commission income increased by 1% to NOK 374m. Savings related commissions increased by 21% to NOK 104m whereof commissions from sale of life insurance products amounted for approx. 50 % of the growth. Card related commission decreased by 3% to NOK 90m, while other payment related commissions increased by 7% to NOK 157m. Fees and commission expenses increased by 17% to NOK 125m. Compared to the first quarter 2006, net commission income was reduced by 4% mainly due to higher expenses related to payments.

Net gains/losses on items at fair value decreased by 53% to NOK 98m compared to the second quarter 2005. The main reason is the increases in the interest rate which influenced the fixed income portfolio negatively.

Compared to the first quarter 2006, net gains/losses on items at fair value decreased by 59%. There has been a reduction in gains from interest-, foreign exchange-, and equity related instruments due to increased interest rates and volatile equity markets during the second quarter 2006.

### ***Expenses***

Total expenses decreased by 1% to NOK 1,006m compared to the second quarter 2005.

Staff costs decreased by 2% to NOK 605m while other expenses increased by 3% to NOK 366m, due to somewhat higher IT expenses and rents.

### ***Loan losses***

Loan losses were positive at NOK 154m in the quarter compared to NOK 800m in the same quarter last year. The gain of NOK 794m from the sale of the shares in Pan Fish ASA was included in net loan losses in the second quarter 2005.

### ***Net profit***

Compared to the second quarter 2005 net profit decreased by 42% to NOK 685m corresponding to a return on equity of 14.4%.

### **Credit portfolio**

Net impaired loans amounted to NOK 1,303m representing 0.42% of total lending at the end of the second quarter.

The share of personal customer lending was 43%. Within personal customer lending, mortgage loans accounted for 81%. Real estate management remains the largest industry exposure in the credit portfolio and amounts to NOK 44.1bn, representing 16% of the total lending portfolio.

### **Capital position**

Risk-weighted assets (RWA) increased by 22% to NOK 272bn reflecting the continued growth in business volumes. The Tier 1 capital ratio was 7.1% including the result for the first half year. The total capital ratio was 9.1%.

The Group's total capital exclusive of net profit for the period amounted to 23.2bn, which represents a capital ratio of 8.5%. The Tier 1 capital was NOK 17.7bn equalling 6.5%.

### **Outlook 2006**

Nordea's growth strategy is paying off and progress is increasingly visible in key growth areas. The number of core customers has increased and Nordea will continue the successful execution of its organic growth strategy.

Despite rising interest rates and a somewhat uncertain outlook for equity markets, Nordea Bank Norge expects to contribute in reaching the Nordea Group's ambition of at least 5 percentage points gap between revenue and cost growth for the full year 2006. This is based on the still stable macroeconomic forecasts, current business activity among Nordea's clients as well as Nordea's ability to execute on its growth strategy. A moderate cost increase, in line with the first half year, is expected for the full year 2006.

## Key financial figures

### Income statement

	Jan-Jun 2006	Jan-Jun 2005	Change %	Q2 2006	Q2 2005	Change %	Q1 2006	Change %
NOKm								
Net interest income	2,507	2,472	1	1,239	1,228	1	1,268	-2
Net fee and commission income	764	689	11	374	370	1	390	-4
Net gains/losses on items at fair value	335	356	-6	98	210	-53	237	-59
Equity method	25	17	47	14	5	180	11	27
Other income	55	47	17	32	39	-18	23	39
<b>Total operating income</b>	<b>3,686</b>	<b>3,581</b>	<b>3</b>	<b>1,757</b>	<b>1,852</b>	<b>-5</b>	<b>1,929</b>	<b>-9</b>
General administrative expenses:								
Staff costs	-1,222	-1,204	1	-605	-618	-2	-617	-2
Other expenses	-741	-700	6	-366	-357	3	-375	-2
Depreciation of tangible and intangible assets	-69	-74	-7	-35	-38	-8	-34	3
<b>Total operating expenses</b>	<b>-2,032</b>	<b>-1,978</b>	<b>3</b>	<b>-1,006</b>	<b>-1,013</b>	<b>-1</b>	<b>-1,026</b>	<b>-2</b>
Loan losses	360	835		154	800		206	
Disposals of tangible and intangible assets	11	9		6	5		5	
<b>Operating profit</b>	<b>2,025</b>	<b>2,447</b>	<b>-17</b>	<b>911</b>	<b>1,644</b>	<b>-45</b>	<b>1,114</b>	<b>-18</b>
Income tax expense	-531	-681	-22	-226	-459	-51	-305	-26
<b>Net profit</b>	<b>1,494</b>	<b>1,766</b>	<b>-15</b>	<b>685</b>	<b>1,185</b>	<b>-42</b>	<b>809</b>	<b>-15</b>

### Balance sheet

	30 Jun 2006	30 Jun 2005	31 Mar 2006
NOKbn			
Treasury bills and other interest-bearing securities	26.5	20.3	22.7
Loans and receivables to credit institutions	23.0	17.6	37.3
Loans and receivables to the public	283.0	234.4	268.5
Derivatives	2.4	3.3	2.0
Other assets	8.7	16.5	12.5
<b>Total assets</b>	<b>343.6</b>	<b>292.1</b>	<b>343.0</b>
Deposits by credit institutions	125.1	88.9	121.4
Deposits and borrowings from the public	160.9	132.5	155.7
Debt securities in issue	20.3	28.6	28.1
Derivatives	2.5	2.5	2.8
Subordinated liabilities	5.1	2.8	5.3
Other liabilities	10.3	18.7	11.0
Equity	19.4	18.1	18.7
<b>Total liabilities and equity</b>	<b>343.6</b>	<b>292.1</b>	<b>343.0</b>

### Ratios and key figures

	Jan-Jun 2006	Jan-Jun 2005	Q2 2006	Q2 2005	Q1 2006
Earnings per share (EPS), NOK	2.71	3.20	1.24	2.15	1.47
EPS, rolling 12 months up to period end, NOK	5.58	5.32	5.58	5.32	6.49
Equity per share <sup>1,2</sup> , NOK	35.12	32.78	35.12	32.78	33.88
Shares outstanding <sup>2,3</sup> , million	551	551	551	551	551
Return on equity, %	15.7	20.0	14.4	27.1	16.9
Cost/income ratio, %	55	55	57	55	53
Tier 1 capital ratio <sup>3,4</sup> , %	7.1	8.3	7.1	8.3	7.3
Total capital ratio <sup>3,4</sup> , %	9.1	9.7	9.1	9.7	9.5
Risk-weighted assets <sup>3</sup> , NOKbn	272	223	272	223	255
Number of employees (full-time equivalents) <sup>3</sup>	3,085	3,162	3,085	3,162	3,124

<sup>1</sup> Equity excluding revaluation reserves.

<sup>2</sup> See footnotes to Movements in equity on page 8.

<sup>3</sup> End of period.

<sup>4</sup> Including net profit for the period. For CAD figures according to FSA rules, see Note 7.

## Quarterly development

NOKm	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
Net interest income	1,239	1,268	1,303	1,256	1,228	2,507	2,472
Net fee and commission income (note 1)	374	390	483	400	370	764	689
Net gains/losses on items at fair value	98	237	366	138	210	335	356
Equity method	14	11	8	12	5	25	17
Other income	32	23	34	77	39	55	47
<b>Total operating income</b>	<b>1,757</b>	<b>1,929</b>	<b>2,194</b>	<b>1,883</b>	<b>1,852</b>	<b>3,686</b>	<b>3,581</b>
General administrative expenses (note 2):							
Staff costs	-605	-617	-559	-623	-618	-1,222	-1,204
Other expenses	-366	-375	-430	-346	-357	-741	-700
Depreciation of tangible and intangible assets	-35	-34	-41	-37	-38	-69	-74
<b>Total operating expenses</b>	<b>-1,006</b>	<b>-1,026</b>	<b>-1,030</b>	<b>-1,006</b>	<b>-1,013</b>	<b>-2,032</b>	<b>-1,978</b>
Loan losses	154	206	18	177	800	360	835
Disposals of tangible and intangible assets	6	5	15	12	5	11	9
<b>Operating profit</b>	<b>911</b>	<b>1,114</b>	<b>1,197</b>	<b>1,066</b>	<b>1,644</b>	<b>2,025</b>	<b>2,447</b>
Income tax expense	-226	-305	-359	-322	-459	-531	-681
<b>Net profit</b>	<b>685</b>	<b>809</b>	<b>838</b>	<b>744</b>	<b>1,185</b>	<b>1,494</b>	<b>1,766</b>
Earnings per share (EPS), NOK	1.24	1.47	1.52	1.35	2.15	2.71	3.20
EPS, rolling 12 months up to period end, NOK	5.58	6.49	6.07	5.68	5.32	5.58	5.32
	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
<b>Note 1 Net fee and commission income, NOKm</b>							
Asset Management commissions	8	7	9	6	5	15	10
Life insurance	20	20	13	11	11	40	22
Brokerage	50	46	91	42	47	96	83
Custody	23	21	18	17	20	44	34
Deposits	3	1	11	7	3	4	3
Total savings related commissions	104	95	142	83	86	199	152
Payments	157	152	146	144	147	309	277
Cards	90	77	82	89	92	167	157
Total payment commissions	247	229	228	233	239	476	434
Lending	12	18	20	48	32	30	45
Guarantees and document payments	41	44	42	38	36	85	74
Total lending related commissions	53	62	62	86	68	115	119
Other commission income	95	116	164	109	84	211	189
<b>Fee and commission income</b>	<b>499</b>	<b>502</b>	<b>596</b>	<b>511</b>	<b>477</b>	<b>1,001</b>	<b>894</b>
Payment expenses	-103	-91	-94	-96	-89	-194	-169
Other commission expenses	-22	-21	-19	-15	-18	-43	-36
<b>Fee and commission expenses</b>	<b>-125</b>	<b>-112</b>	<b>-113</b>	<b>-111</b>	<b>-107</b>	<b>-237</b>	<b>-205</b>
<b>Net fee and commission income</b>	<b>374</b>	<b>390</b>	<b>483</b>	<b>400</b>	<b>370</b>	<b>764</b>	<b>689</b>
	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
<b>Note 2 General administrative expenses, NOKm</b>							
Staff <sup>1</sup>	591	602	546	606	605	1,193	1,175
Profit sharing	14	15	13	16	13	29	29
Information technology <sup>2</sup>	122	128	160	116	115	250	242
Marketing	27	27	37	25	31	54	55
Postage, telephone and office expenses	28	31	35	29	29	59	53
Rents, premises and real estate expenses	90	87	101	91	89	177	168
Other	99	102	97	86	93	201	182
<b>Total</b>	<b>971</b>	<b>992</b>	<b>989</b>	<b>969</b>	<b>975</b>	<b>1,963</b>	<b>1,904</b>

<sup>1</sup> Variable salaries were NOKm 59 in Q2 2006 (Q1 2006: NOK 72m).

<sup>2</sup> Refers to IT operations, service expenses and consultant fees. Total IT-related costs in Q2 2006, including staff etc were NOKm 147 (Q1 2006: 153 NOKm).

## Income statement

NOKm	Note	Q2 2006	Q2 2005	Jan-Jun 2006	Jan-Jun 2005	Full year 2005
<b>Operating income</b>						
<i>Interest income</i>		3,392	2,520	6,584	5,177	10,991
<i>Interest expense</i>		-2,153	-1,292	-4,077	-2,705	-5,960
Net interest income		1,239	1,228	2,507	2,472	5,031
<i>Fee and commission income</i>		498	477	1,000	894	2,001
<i>Fee and commission expense</i>		-124	-107	-236	-205	-429
Net fee and commission income		374	370	764	689	1,572
Net gains/losses on items at fair value	2	98	210	335	356	860
Profit from companies accounted for under the equity method		14	5	25	17	37
Dividends		19	16	19	19	27
Other operating income		13	23	36	28	131
<b>Total operating income</b>		<b>1,757</b>	<b>1,852</b>	<b>3,686</b>	<b>3,581</b>	<b>7,658</b>
<b>Operating expenses</b>						
General administrative expenses:						
Staff costs		-605	-618	-1,222	-1,204	-2,386
Other expenses		-366	-357	-741	-700	-1,476
Depreciation, amortisation and impairment charges of tangible and intangible assets		-35	-38	-69	-74	-152
<b>Total operating expenses</b>		<b>-1,006</b>	<b>-1,013</b>	<b>-2,032</b>	<b>-1,978</b>	<b>-4,014</b>
Loan losses	3	154	800	360	835	1,030
Disposals of tangible and intangible assets		6	5	11	9	36
<b>Operating profit</b>		<b>911</b>	<b>1,644</b>	<b>2,025</b>	<b>2,447</b>	<b>4,710</b>
Income tax expense		-226	-459	-531	-681	-1,362
<b>Net profit</b>		<b>685</b>	<b>1,185</b>	<b>1,494</b>	<b>1,766</b>	<b>3,348</b>
Earnings per share, NOK		1.24	2.15	2.71	3.20	6.07

## Balance sheet

NOKm	Note	30 Jun 2006	31 Dec 2005	30 Jun 2005
<b>Assets</b>				
Cash and balances with central banks		868	4,071	1,174
Treasury bills and other eligible bills		26,593	16,905	20,337
Loans and receivables to credit institutions	4	22,972	17,860	17,590
Loans and receivables to the public	4	282,974	257,869	234,354
Shares		1,489	509	385
Derivatives	6	2,379	2,730	3,321
Fair value changes of the hedged items in portfolio hedge of interest rate risk		225	491	1,037
Investments in associated undertakings		624	626	623
Property and equipment		411	440	473
Deferred tax assets		814	821	1,089
Prepaid expenses and accrued income		1,446	1,241	1,188
Other assets		2,777	6,797	10,542
<b>Total assets</b>		<b>343,572</b>	<b>310,360</b>	<b>292,113</b>
<b>Liabilities</b>				
Deposits by credit institutions		125,074	95,767	88,926
Deposits and borrowings from the public		160,919	147,892	132,531
Debt securities in issue		20,338	27,543	28,593
Derivatives	6	2,489	1,966	2,521
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-23	199	629
Current tax liabilities		1,269	1,131	1,311
Other liabilities		4,772	7,287	12,504
Accrued expenses and prepaid income		1,941	1,362	1,794
Retirement benefit obligations		2,321	2,267	2,386
Subordinated liabilities		5,106	5,298	2,844
<b>Total liabilities</b>		<b>324,206</b>	<b>290,712</b>	<b>274,039</b>
<b>Equity</b>				
Share capital		3,860	3,860	3,860
Other reserves		953	953	953
Retained earnings		14,553	14,835	13,261
<b>Total equity</b>		<b>19,366</b>	<b>19,648</b>	<b>18,074</b>
<b>Total liabilities and equity</b>		<b>343,572</b>	<b>310,360</b>	<b>292,113</b>
Assets pledged for own liabilities		18,889	16,884	14,427
Contingent liabilities		38,976	29,983	27,321
Commitments		424,720	230,601	261,722

## Movements in equity

NOKm	Share capital <sup>1</sup>	Share premium account	Retained earnings	Total
<b>Balance at end of year, at 31 Dec 2005</b>	<b>3,860</b>	<b>953</b>	<b>14,835</b>	<b>19,648</b>
Currency translation differences			-1	-1
Dividend for 2005			-1,775	-1,775
Net profit for the period			1,494	1,494
<b>Balance at 30 Jun 2006</b>	<b>3,860</b>	<b>953</b>	<b>14,553</b>	<b>19,366</b>

NOKm	Share capital <sup>1</sup>	Share premium account	Retained earnings	Total
<b>Balance at end of year, at 31 Dec 2004</b>	<b>3,860</b>	<b>953</b>	<b>13,850</b>	<b>18,663</b>
Change in accounting policies:				
IAS 39 Financial instruments			-159	-159
<b>Balance at beginning of year, at 1 Jan 2005</b>	<b>3,860</b>	<b>953</b>	<b>13,691</b>	<b>18,504</b>
Currency translation differences			4	4
Dividend for 2004			-2,200	-2,200
Net profit for the period			1,766	1,766
<b>Balance at 30 Jun 2005</b>	<b>3,860</b>	<b>953</b>	<b>13,261</b>	<b>18,074</b>

<sup>1</sup> Total shares registered was 551,358,576 (551,358,576) with face value NOK 7.



## Cash flow statement

NOKm	Jan-Jun 2006	Jan-Jun 2005
<i>Operating activities</i>		
Operating profit	2,025	2,447
Adjustments for items not included in cash flow	456	-670
Income taxes paid	-397	18
Cash flow from operating activities before changes in operating assets and liabilities	2,084	1,795
Changes in operating assets and liabilities	-11,255	-17,506
Cash flow from operating activities	-9,171	-15,711
<i>Investing activities</i>		
Property and equipment	-29	-42
Other financial fixed assets	-13	0
Cash flow from investing activities	-42	-42
<i>Financing activities</i>		
Issued subordinated liabilities	-193	152
Dividend paid	-1,775	-2,200
Cash flow from financing activities	-1,968	-2,048
<b>Cash flow for the period</b>	<b>-11,181</b>	<b>-17,801</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15,891</b>	<b>26,401</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,710</b>	<b>8,600</b>
<b>Change</b>	<b>-11,181</b>	<b>-17,801</b>
<b>Cash and cash equivalents</b>	<b>30 Jun</b>	<b>30 Jun</b>
The following items are included in cash and cash equivalents (NOKm):	<u>2006</u>	<u>2005</u>
Cash and balances with central banks	868	1,174
Loans and receivables to credit institutions, payable on demand	3,842	7,426

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled:

- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available at any time.

Loans and receivables to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

# Notes

## Note 1 Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU. These statements are presented in accordance with IAS 34 "Interim Financial Reporting".

Financial institutions in Norway have for the time being not been given the admittance to prepare the accounts regarding the parent company in accordance with IFRS. The financial statement for Nordea Bank Norge ASA, prepared in accordance with the Norwegian Accounting Act and GAAP in Norway, including current regulations regarding financial statements for banks, are presented on page 16-18.

## Basis for presentation

The accounting policies and the basis for calculations are, in all material aspects, unchanged in comparison with the 2005 Annual Report.

## Increased transparency for Commissions

The presentation of "Net fee and commission income" has been changed, to better illustrate the nature of Nordea's commission income and expense. The effects were described in the interim report for the first quarter 2006.

	Jan-Jun 2006	Jan-Dec 2005	Jan-Jun 2005
<b>EUR 1 = NOK</b>			
Income statement (average)	7.9267	8.0124	8.1436
Balance sheet (at end of period)	7.9450	7.9840	7.9060
<b>USD 1 = NOK</b>			
Income statement (average)	6.4530	6.4424	6.3369
Balance sheet (at end of period)	6.2340	6.7700	6.5420
<b>SEK 1 = NOK</b>			
Income statement (average)	0.8501	0.8640	0.8912
Balance sheet (at end of period)	0.8603	0.8504	0.8376
<b>DKK 1 = NOK</b>			
Income statement (average)	1.0625	1.0753	1.0939
Balance sheet (at end of period)	1.0651	1.0701	1.0610

	Q2	Q2	Jan-Jun	Jan-Jun
<b>Note 2 Net gains/losses on items at fair value, NOKm</b>	2006	2005	2006	2005
Shares/participations and other share-related instruments	9	6	48	22
Interest-bearing securities and other interest-related instruments*	22	160	110	294
Other financial instruments*	20	0	38	0
Foreign exchange gains/losses*	47	44	139	40
<b>Total</b>	<b>98</b>	<b>210</b>	<b>335</b>	<b>356</b>

\* Interest and foreign exchange related derivatives are in the second quarter 2006 presented at the same lines as interest bearing securities and foreign exchange gains/losses respectively, in stead of as earlier under other financial instruments. The comparative figures are changed correspondingly.

	Q2	Q2	Jan-Jun	Jan-Jun
<b>Note 3 Loan losses, NOKm</b>	2006	2005	2006	2005
<b>Loan losses divided by category</b>				
Write-offs and provisions for loans and receivables	-100	-227	-134	-266
- Of which, to credit institutions <sup>1</sup>	-3	-3	-3	-3
- Of which, to the public	-97	-224	-131	-263
Reversals and recoveries for loans and receivables to the public	254	1,027	494	1,101
<b>Total</b>	<b>154</b>	<b>800</b>	<b>360</b>	<b>835</b>

<sup>1</sup> Refers to Transfer risks

#### Specifications

##### *Provisions for individually assessed loans*

Realised loan losses during the period	-89	-67	-107	-132
Reversed amount of previous provisions made for realised losses during the period	75	61	91	125
This period's provisions for probable loan losses	-58	-214	-86	-244
Recoveries of previous periods' realised loan losses	26	3	29	21
Reversals of provisions for probable loan loss no longer required	197	560	245	616
This period's costs for individually assessed loans, net	151	343	172	386

##### *Provisions for groups of significant loans*

Allocation to allowance	-9	-4	-9	-4
Withdrawal from allowance	31	55	215	55
This period's change of provisions for groups of significant loans	22	51	206	51

##### *Provisions for groups of not significant loans*

Realised loan losses during the period	0	0	0	0
Recoveries of previous periods' realised loan losses	0	0	0	0
Allocation to allowance	-1	-3	-2	-7
Withdrawal from allowance	0	0	1	0
This period's net costs of provisions for groups of not significant loans	-1	-3	-1	-7

##### *Transfer risks*

Allocation to allowance for transfer risks	-18	0	-18	-3
Withdrawal from allowance for transfer risks	0	0	4	0
This period's change of provisions for transfer risks	-18	0	-14	-3

##### *Contingent liabilities*

Net cost for redemption of guarantees and other contingent liabilities	0	1	-3	1
This period's net cost for redemption of guarantees and other contingent liabilities	0	1	-3	1

Change in value of assets taken over for protection of claims	0	408	0	407
<b>Loan losses</b>	<b>154</b>	<b>800</b>	<b>360</b>	<b>835</b>

**Note 4 Loan and receivables and their impairment**

	30 Jun 2006	31 Dec 2005	30 Jun 2005
NOKm			
Loans and receivables to credit institutions and central banks	22,972	21,134	17,904
Loans and receivables to the public	282,974	257,869	234,354
<b>Total</b>	<b>305,946</b>	<b>279,003</b>	<b>252,258</b>

**Loan and receivables by categories of borrowers**

	Credit institutions	Corporates	Households	Public sector	Total
30 Jun 2006, NOKm					
Loans and receivables, not impaired <sup>1</sup>	22,972	159,404	121,415	852	304,643
Impaired loans and receivables	0	1,876	893	0	2,769
<b>Loans and receivables before allowances</b>	<b>22,972</b>	<b>161,280</b>	<b>122,308</b>	<b>852</b>	<b>307,412</b>
Allowances for individually assessed loans		-450	-185		-635
Allowances for groups of significant loans		-622	0		-622
Allowances for groups of not significant loans		-17	-192		-209
<b>Allowances</b>	<b>0</b>	<b>-1,089</b>	<b>-377</b>	<b>0</b>	<b>-1,466</b>
<b>Loans and receivables, book value</b>	<b>22,972</b>	<b>160,191</b>	<b>121,931</b>	<b>852</b>	<b>305,946</b>

<sup>1</sup> Of which non-performing loans on which interest is taken as income

0

**Specification of impaired loans and receivables**

<b>Impaired loans and receivables before allowances</b>	<b>0</b>	<b>1,876</b>	<b>893</b>	<b>0</b>	<b>2,769</b>
Of which non-performing		469	584		1,053
Of which performing		1,407	309		1,716
<b>Allowances for impaired loans and receivables</b>	<b>0</b>	<b>-1,089</b>	<b>-377</b>	<b>0</b>	<b>-1,466</b>
Of which non-performing		-238	-210		-448
Of which performing		-851	-167		-1,018
<b>Book value of impaired loans and receivables</b>	<b>0</b>	<b>787</b>	<b>516</b>	<b>0</b>	<b>1,303</b>
Of which non-performing		231	374		605
Of which performing		556	142		698

	Credit institutions	Corporates	Households	Public sector	Total
31 Dec 2005, NOKm					
Loans and receivables, not impaired <sup>1</sup>	21,134	142,418	112,822	715	277,089
Impaired loans and receivables	0	2,941	867	0	3,808
<b>Loans and receivables before allowances</b>	<b>21,134</b>	<b>145,359</b>	<b>113,689</b>	<b>715</b>	<b>280,897</b>
Allowances for individually assessed loans		-698	-171		-869
Allowances for groups of significant loans		-814	0		-814
Allowances for groups of not significant loans		-18	-193		-211
<b>Allowances</b>	<b>0</b>	<b>-1,530</b>	<b>-364</b>	<b>0</b>	<b>-1,894</b>
<b>Loans and receivables, book value</b>	<b>21,134</b>	<b>143,829</b>	<b>113,325</b>	<b>715</b>	<b>279,003</b>

<sup>1</sup> Of which non-performing loans on which interest is taken as income

0

**Specification of impaired loans and receivables**

<b>Impaired loans and receivables before allowances</b>	<b>0</b>	<b>2,941</b>	<b>867</b>	<b>0</b>	<b>3,808</b>
Of which non-performing		482	562		1,044
Of which performing		2,459	305		2,764
<b>Allowances for impaired loans and receivables</b>	<b>0</b>	<b>-1,530</b>	<b>-364</b>	<b>0</b>	<b>-1,894</b>
Of which non-performing		-269	-195		-464
Of which performing		-1,261	-169		-1,430
<b>Book value of impaired loans and receivables</b>	<b>0</b>	<b>1,411</b>	<b>503</b>	<b>0</b>	<b>1,914</b>
Of which non-performing		213	367		580
Of which performing		1,198	136		1,334

Note 4, continued

30 Jun 2005, NOKm	Credit institutions	Corporates	Households	Public sector	Total
Loans and receivables, not impaired <sup>1</sup>	17,904	126,403	104,264	639	249,210
Impaired loans and receivables	0	4,560	668	4	5,232
<b>Loans and receivables before allowances</b>	<b>17,904</b>	<b>130,963</b>	<b>104,932</b>	<b>643</b>	<b>254,442</b>
Allowances for individually assessed loans		-1,112	-165	-2	-1,279
Allowances for groups of significant loans		-865			-865
Allowances for groups of not significant loans		-1	-39		-40
<b>Allowances</b>	<b>0</b>	<b>-1,978</b>	<b>-204</b>	<b>-2</b>	<b>-2,184</b>
<b>Loans and receivables, book value</b>	<b>17,904</b>	<b>128,985</b>	<b>104,728</b>	<b>641</b>	<b>252,258</b>

<sup>1</sup> Of which non-performing loans on which interest is taken as income

0

#### Specification of impaired loans and receivables

<b>Impaired loans and receivables before allowances</b>	<b>0</b>	<b>4,560</b>	<b>668</b>	<b>4</b>	<b>5,232</b>
Of which non-performing		702	547	4	1,253
Of which performing		3,858	121	0	3,979
<b>Allowances for impaired loans and receivables</b>	<b>0</b>	<b>-1,978</b>	<b>-204</b>	<b>-2</b>	<b>-2,184</b>
Of which non-performing		-380	-191	-2	-573
Of which performing		-1,598	-13	0	-1,611
<b>Book value of impaired loans and receivables</b>	<b>0</b>	<b>2,582</b>	<b>464</b>	<b>2</b>	<b>3,048</b>
Of which non-performing		322	356	2	680
Of which performing		2,260	108	0	2,368

	30 Jun 2006	31 Dec 2005	30 Jun 2005
Allowances/impaired loans and receivables before allowances, %	52.9	49.7	41.7
Impaired loans and receivables before allowances/loans and receivables to the public before allowances, %	0.9	1.5	2.1

	30 Jun 2006	31 Dec 2005	30 Jun 2005
<b>Assets taken over for protection of claims, NOKm</b>			
<b>Current assets</b>			
Land and buildings	1	1	2
Shares and other participations	0	0	2
Other assets	5	2	2
<b>Total</b>	<b>6</b>	<b>3</b>	<b>6</b>

#### Note 5 Classification of financial instruments, NOKm

30 Jun 2006	Loans and receivables	Held to maturity	Held for trading	Assets at fair value	Derivatives used for hedging	Available for sale	Total
<b>Financial assets</b>							
Cash and balances with central banks	868						868
Treasury bills and other eligible bills			26,593				26,593
Loans and receivables to credit institutions	22,972						22,972
Loans and receivables to the public	282,974						282,974
Derivatives			1,927		452		2,379
Fair value changes of the hedged items in portfolio							
hedge of interest rate risk	225						225
Shares			1,434			55	1,489
Prepaid expenses and accrued income	1,446						1,446
Other assets	2,772						2,772
<b>Total</b>	<b>311,257</b>	<b>0</b>	<b>29,954</b>	<b>0</b>	<b>452</b>	<b>55</b>	<b>341,718</b>

Note 5, continued

30 Jun 2006	Held for trading	Liabilities at fair value	Derivatives used for hedging	Other financial liabilities	Total
<b>Financial liabilities</b>					
Deposits by credit institutions				125,074	125,074
Deposits and borrowings from the public				160,919	160,919
Debt securities in issue				20,338	20,338
Derivatives	1,815		674		2,489
Fair value changes of the hedged items in portfolio					
hedge of interest rate risk				-23	-23
Other liabilities	1,342			3,407	4,749
Accrued expenses and prepaid income				1,941	1,941
Subordinated liabilities				5,106	5,106
<b>Total</b>	<b>3,157</b>	<b>0</b>	<b>674</b>	<b>316,762</b>	<b>320,593</b>

**Note 6 Derivatives, NOKm**

30 Jun 2006	Assets Fair value	Liabilities Fair value	Total nom amount
<b>Derivatives held for trading</b>			
Interest rate derivatives	249	506	214,172
Equity derivatives	239	35	-2,266
Foreign exchange derivatives	769	604	68,413
Other derivatives	670	670	10,285
<b>Total</b>	<b>1,927</b>	<b>1,815</b>	<b>290,604</b>
<b>Derivatives used for hedging</b>			
Interest rate derivatives	451	514	35,477
Foreign exchange derivatives	1	160	537
<b>Total</b>	<b>452</b>	<b>674</b>	<b>36,014</b>
<b>Derivatives, total</b>			
Interest rate derivatives	700	1,020	249,649
Equity derivatives	239	35	-2,266
Foreign exchange derivatives	770	764	68,950
Other derivatives	670	670	10,285
<b>Total</b>	<b>2,379</b>	<b>2,489</b>	<b>326,618</b>

	30 Jun 2006	31 Dec 2005	30 Jun 2005
<b>Note 7 Capital adequacy</b>			
Tier 1 capital, NOKm <sup>1</sup>	19,217	17,934	18,409
Capital base, NOKm <sup>1</sup>	24,737	23,554	21,595
Risk-weighted assets, NOKbn	272	237	223
Tier 1 capital ratio, % <sup>1</sup>	7.1	7.6	8.3
Total capital ratio, % <sup>1</sup>	9.1	9.9	9.7

<sup>1</sup> Including the result for the first six months. According to FSA rules (excluding the result for the first half year): Tier 1 capital NOK 17,723m (30 Jun 2005: NOK 16,643m), capital base NOK 23,243m (30 Jun 2005: NOK 19,829m), Tier 1 capital ratio 6.5% (30 Jun 2005: 7.5%), total capital ratio 8.5% (30 Jun 2005: 8.9%).

## Segment reporting - Customer responsible units

	Retail Banking		Corporate and Institutional Banking		Business Area Total			Group Treasury		Group Functions and Eliminations		Nordea Group		
NOKm	Jan-Jun		Jan-Jun		Jan-Jun		Change	Jan-Jun		Jan-Jun		Jan-Jun		Change
Customer responsible units	2006	2005	2006	2005	2006	2005	%	2006	2005	2006	2005	2006	2005	%
Net interest income	2,008	1,948	477	447	2,485	2,395	4	71	-63	-49	140	2,507	2,472	1
Net fee and commission income	571	451	230	256	801	707	13	7	4	-44	-22	764	689	11
Net gains/losses on items at fair value	293	219	-94	75	199	294	-32	21	204	115	-142	335	356	-6
Equity method	0	0	25	13	25	13	92	0	0	0	4	25	17	47
Other income	16	8	-1	7	15	15	0	0	0	40	32	55	47	17
<b>Total operating income</b>	<b>2,888</b>	<b>2,626</b>	<b>637</b>	<b>798</b>	<b>3,525</b>	<b>3,424</b>	<b>3</b>	<b>99</b>	<b>145</b>	<b>62</b>	<b>12</b>	<b>3,686</b>	<b>3,581</b>	<b>3</b>
<i>of which allocations</i>	<i>608</i>	<i>465</i>	<i>-163</i>	<i>-124</i>	<i>445</i>	<i>341</i>		<i>0</i>	<i>0</i>	<i>-445</i>	<i>-341</i>	<i>0</i>	<i>0</i>	
Staff costs	-641	-594	-212	-208	-853	-802	6	-6	-6	-363	-396	-1,222	-1,204	1
Other expenses	-856	-844	-63	-92	-919	-936	-2	-14	-12	192	248	-741	-700	6
Depreciation of tangible and intangible assets	-29	-29	0	-1	-29	-30	-3	0	0	-40	-44	-69	-74	-7
<b>Total operating expenses</b>	<b>-1,526</b>	<b>-1,467</b>	<b>-275</b>	<b>-301</b>	<b>-1,801</b>	<b>-1,768</b>	<b>2</b>	<b>-20</b>	<b>-18</b>	<b>-211</b>	<b>-192</b>	<b>-2,032</b>	<b>-1,978</b>	<b>3</b>
<i>of which allocations</i>	<i>-342</i>	<i>-331</i>	<i>4</i>	<i>-27</i>	<i>-338</i>	<i>-358</i>		<i>-7</i>	<i>-5</i>	<i>345</i>	<i>363</i>	<i>0</i>	<i>0</i>	
Loan losses	240	482	119	62	359	544		0	0	1	291	360	835	
Disposals of tangible and intangible assets	11	10	0	0	11	10		0	0	0	-1	11	9	
<b>Operating profit</b>	<b>1,613</b>	<b>1,651</b>	<b>481</b>	<b>559</b>	<b>2,094</b>	<b>2,210</b>	<b>-5</b>	<b>79</b>	<b>127</b>	<b>-148</b>	<b>110</b>	<b>2,025</b>	<b>2,447</b>	<b>-17</b>
<b>Balance sheet, NOKbn</b>														
Loans and receivables to the public	218	186	55	45	273	231	18	5	0	5	3	283	234	21
Other assets	3	3	22	24	25	27	-7	88	66	-52	-35	61	58	5
<b>Total assets</b>	<b>221</b>	<b>189</b>	<b>77</b>	<b>69</b>	<b>298</b>	<b>258</b>	<b>16</b>	<b>93</b>	<b>66</b>	<b>-47</b>	<b>-32</b>	<b>344</b>	<b>292</b>	<b>18</b>
Deposits and borrowings from the public	117	97	40	37	157	134	17	0	0	4	-2	161	132	22
Other liabilities	23	51	9	17	32	68	-53	177	98	-45	-24	164	142	15
<b>Total liabilities</b>	<b>140</b>	<b>148</b>	<b>49</b>	<b>54</b>	<b>189</b>	<b>202</b>	<b>-6</b>	<b>177</b>	<b>98</b>	<b>-41</b>	<b>-26</b>	<b>325</b>	<b>274</b>	<b>19</b>
Economic capital/equity	8	7	3	3	11	10	10	2	1	6	7	19	18	6
<b>Total liabilities and allocated equity</b>	<b>148</b>	<b>155</b>	<b>52</b>	<b>57</b>	<b>200</b>	<b>212</b>	<b>-6</b>	<b>179</b>	<b>99</b>	<b>-35</b>	<b>-19</b>	<b>344</b>	<b>292</b>	<b>18</b>
<b>Other segment items</b>														
Capital expenditure, NOKm	25	30	8	10	33	40		7	8	0	0	40	48	

As from Q4 2005 central loan loss provisions are reported within the respective business area instead of within "Group functions and eliminations". Allocations of income and costs in foreign branches (mainly Cayman Islands and New York) to respective customer responsible units have been refined in Q4 2005. Data for previous quarters in 2005 has been adjusted.

# Nordea Bank Norge ASA

## Statement of income

	2nd quarter		Jan-June		Full year
NOKm	2006	2005	2006	2005	2005
Interest income	3,141	2,276	6,109	4,679	9,893
Interest expenses	2,028	1,173	3,864	2,457	5,361
<b>Net interest income</b>	<b>1,113</b>	<b>1,103</b>	<b>2,245</b>	<b>2,222</b>	<b>4,532</b>
Dividends and profit from group companies and associated companies	133	88	209	162	311
Commissions and fees	500	478	1,002	895	2,002
Commission expenses	-125	-107	-236	-204	-427
Net change in value and profit (loss) on securities	-224	172	-354	192	531
Net change in value and profit (loss) on foreign exchange and financial derivatives	286	1	622	110	213
Other non-interest income	22	30	52	42	170
<b>Total non-interest income</b>	<b>592</b>	<b>662</b>	<b>1,295</b>	<b>1,197</b>	<b>2,800</b>
Personnel expenses	575	591	1,162	1,149	2,271
Administrative expenses	231	233	479	460	981
Ordinary depreciation and write-downs	33	37	66	72	145
Other non-interest expenses	127	114	244	221	463
<b>Total non-interest expenses</b>	<b>966</b>	<b>975</b>	<b>1,951</b>	<b>1,902</b>	<b>3,860</b>
<b>Operating profit before loan losses and profit on long-term securities</b>	<b>739</b>	<b>790</b>	<b>1,589</b>	<b>1,517</b>	<b>3,472</b>
Provisions for losses on loans and guarantees	-161	-802	-368	-841	-1,044
Profit (losses/write-downs) on long-term securities	-1	-	32	2	98
<b>Operating profit</b>	<b>899</b>	<b>1,592</b>	<b>1,989</b>	<b>2,360</b>	<b>4,614</b>
Income taxes	205	427	486	618	1,262
<b>Net profit</b>	<b>694</b>	<b>1,165</b>	<b>1,503</b>	<b>1,742</b>	<b>3,352</b>



# Nordea Bank Norge ASA

## Balance Sheet

NOKm	Note	30.06.06	30.06.05	31.12.05
<b>Assets</b>				
Cash and deposits with central banks		868	1,174	4,071
Deposits with and loans to credit institutions		28,443	27,477	28,793
<b>Total cash and claims on credit institutions</b>		<b>29,311</b>	<b>28,651</b>	<b>32,864</b>
Loans to customers		250,925	209,343	228,810
Specific provisions for individually assessed loans		-549	-1,228	-791
Provisions for groups of loans		-831	-880	-1,025
<b>Net loans to customers</b>		<b>249,545</b>	<b>207,235</b>	<b>226,994</b>
<b>Reposessed assets</b>		<b>2</b>	<b>4</b>	<b>1</b>
Certificates and bonds		27,848	21,571	17,777
Equities and investments		1,488	385	509
<b>Total securities</b>		<b>29,336</b>	<b>21,956</b>	<b>18,286</b>
<b>Associated companies</b>		<b>624</b>	<b>623</b>	<b>626</b>
<b>Equities and investments in group companies</b>		<b>3,525</b>	<b>3,434</b>	<b>3,338</b>
<b>Deferred tax assets, goodwill and other intangible assets</b>		<b>800</b>	<b>1,022</b>	<b>808</b>
<b>Real estate and machinery</b>		<b>392</b>	<b>453</b>	<b>421</b>
<b>Other assets</b>		<b>4,953</b>	<b>12,922</b>	<b>9,221</b>
<b>Prepaid expenses and accrued income</b>		<b>1,340</b>	<b>1,043</b>	<b>1,147</b>
<b>Total assets</b>		<b>319,828</b>	<b>277,343</b>	<b>293,706</b>
<b>Liabilities and equity</b>				
Deposits from credit institutions		108,589	80,448	88,431
Deposits from customers		154,549	132,691	144,069
<b>Total deposits</b>		<b>263,138</b>	<b>213,139</b>	<b>232,500</b>
Certificates and bond loans		20,252	24,629	23,523
Other liabilities		7,882	14,787	11,140
Accrued expenses and prepaid receivables		1,804	1,580	1,158
Allowances for liabilities		2,295	2,342	2,237
<b>Total other liabilities</b>		<b>32,233</b>	<b>43,338</b>	<b>38,058</b>
<b>Subordinated loan capital</b>		<b>5,104</b>	<b>2,843</b>	<b>5,298</b>
Share capital		3,860	3,860	3,860
Reserves		13,990	12,421	13,990
Profit for the period		1,503	1,742	0
<b>Total equity</b>	1	<b>19,353</b>	<b>18,023</b>	<b>17,850</b>
<b>Total liabilities and equity</b>		<b>319,828</b>	<b>277,343</b>	<b>293,706</b>

# Nordea Bank Norge ASA

## Note 1 Equity

NOKm	Share capital <sup>1</sup>	Share premium account	Reserve for evaluation differences	Retained earnings	Total
<b>Balance at end of year, at 31 Dec 2005</b>	<b>3,860</b>	<b>953</b>	<b>1,567</b>	<b>11,470</b>	<b>17,850</b>
Net profit for the period				1,503	1,503
<b>Balance at 30 Jun 2006</b>	<b>3,860</b>	<b>953</b>	<b>1,567</b>	<b>12,973</b>	<b>19,353</b>

<sup>1</sup>Total shares registered were 551,358,576 (551,358,576) with face value NOK 7.

Nordea Bank AB (Publ), corporate registration no. 516406-0120, owns 100 per cent of the shares in Nordea Bank Norge ASA.

NOKm	Share capital <sup>1</sup>	Share premium account	Reserve for evaluation differences	Retained earnings	Total
<b>Balance at end of year, at 31 Dec 2004</b>	<b>3,860</b>	<b>953</b>	<b>1,525</b>	<b>10,153</b>	<b>16,491</b>
Change in accounting policies:					
Revaluation of loans				-184	-184
Other changes			-28		-28
<b>Balance at beginning of year, at 1 Jan 2005</b>	<b>3,860</b>	<b>953</b>	<b>1,497</b>	<b>9,969</b>	<b>16,279</b>
Currency translation differences				2	2
Net profit for the period				1,742	1,742
<b>Balance at 30 Jun 2005</b>	<b>3,860</b>	<b>953</b>	<b>1,497</b>	<b>11,713</b>	<b>18,023</b>

## Note 2 Capital ratio

	NOK billion	
<b>Risk-weighted assets as at</b>	<b>30.06.06</b>	<b>30.06.05</b>
Total assets	197.6	166.1
Total off-balance sheet items	37.8	27.0
Total market and foreign exchange risk	9.8	3.2
<b>Risk-weighted assets</b>	<b>245.2</b>	<b>196.3</b>

	NOK million		%	
<b>Capital ratio as at</b>	<b>30.06.06</b>	<b>30.06.05</b>	<b>30.06.06</b>	<b>30.06.05</b>
Tier 1 capital	16,122	15,190	6.6	7.7
Supplementary capital	5,104	2,843	2.1	1.5
Deductions	-13	-13	0.0	0.0
<b>Total capital</b>	<b>21,213</b>	<b>18,020</b>	<b>8.7</b>	<b>9.2</b>

The capital ratio requirement is 8%.

Capital ratio according to FSA rules.