Annual report 2004

The photographs in the annual report feature employees at work in the DnB NOR Group.
The annual report has been produced by DnB NOR Corporate Communications,
Group Financal Reporting and DnB NOR Graphic Centre.
Design: Marit Høyland
Photos: Stig B. Fiksdal and Anne Claude Belgau Lund (p. 31)
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Contents

The Group's annual report has been approved by the Board of Directors in the original Norwegian version. This is an English translation.

2004 in brief

- Pre-tax operating profits before losses (NOK million): 9 798 (8 681)
- Profits for the year (NOK million): 7 388 (5 378)
- Earnings per share (NOK): 6.05 (4.61)
- Proposed dividend (NOK): 2.55 (2.20)
- Total combined assets at year-end (NOK billion): 1 204 (1 186)

(2003 in parentheses. Earnings per share are calculated before goodwill amortisation.)

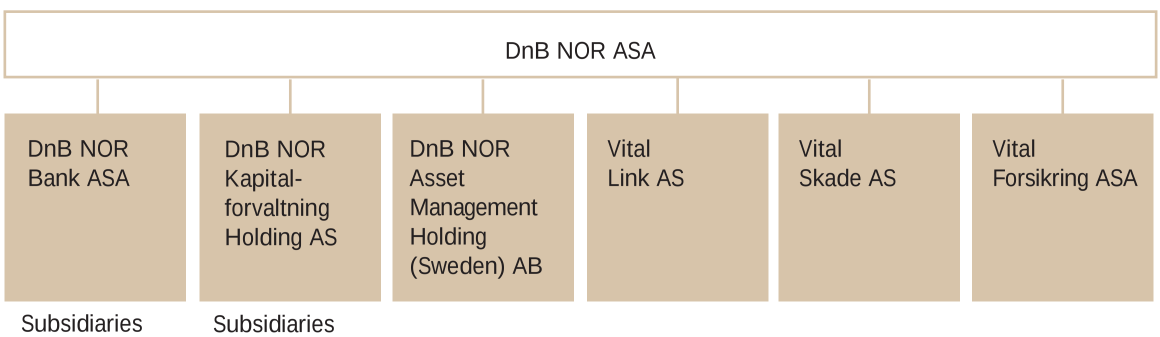
First quarter
- Gjensidige NOR Sparebank and Den norske Bank merged to form DnB NOR Bank ASA
- The new organisation became operative, and central business areas and staff and support units started moving into common premises
- Representative office opened in Shanghai, China
- The finance company Elcon Finans was sold *
- The two life and pension insurance companies were merged into one company, Vital Forsikring ASA
- The process of combining and coordinating mutual funds started

Second quarter
- DnB NOR's first group strategy was approved
- Branch opened in Helsinki, Finland
- The unit linked company Gjensidige NOR Fondsforsikring was sold *
- The real estate brokerage Postbanken Eiendomsmegling was sold *
- The asset management companies, including DnB Investor and Avanse Forvaltning, were merged into DnB NOR Asset Management

Third quarter
- The process of coordinating branch offices started, and uniform customer service was established
- Joint Internet portal introduced
- Winners of DnB NOR's Innovation Award 2004 announced

Fourth quarter
- The first regions completed the coordination of branch offices
- The Group's first TV advertising campaign was launched
- Operations within non-life and group life insurance products were sold

* Merger concession terms stipulated by the authorities



Key figures 1)

Profit and loss accounts

Amounts in NOK million	2004	2003	2002	2001	2000
Net interest income	13 214	13 789	13 887	13 310	12 395
Net other ordinary operating income	9 151	8 279	5 619	7 341	7 800
Gains on the sale of fixed assets	1 022	23	39	30	15
Ordinary operating expenses	12 506	13 191	12 537	12 450	11 887
Other expenses	1 082	219	394	123	81
Pre-tax operating profit before losses	9 798	8 681	6 613	8 107	8 242
Net losses/(reversals) on loans, guarantees etc.	167	1 891	1 023	604	(26)
Net gain/(loss) on long-term securities	106	224	(316)	(100)	741
Pre-tax operating profit	9 738	7 014	5 274	7 404	9 009
Taxes	2 350	1 636	1 642	1 378	2 219
Profit for the year	7 388	5 378	3 632	6 026	6 790
Earnings per share (NOK)	5.60	4.11	2.77	4.59	5.15

Balance sheets

Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002	31 Dec. 2001	31 Dec. 2000
Total assets	714 680	705 677	638 357	594 242	556 123
Net lending to customers	569 364	557 503	488 217	469 640	430 096
Deposits from customers	355 316	335 576	317 598	300 980	275 447
Average total assets for the year	741 305	697 223	622 732	575 183	535 088

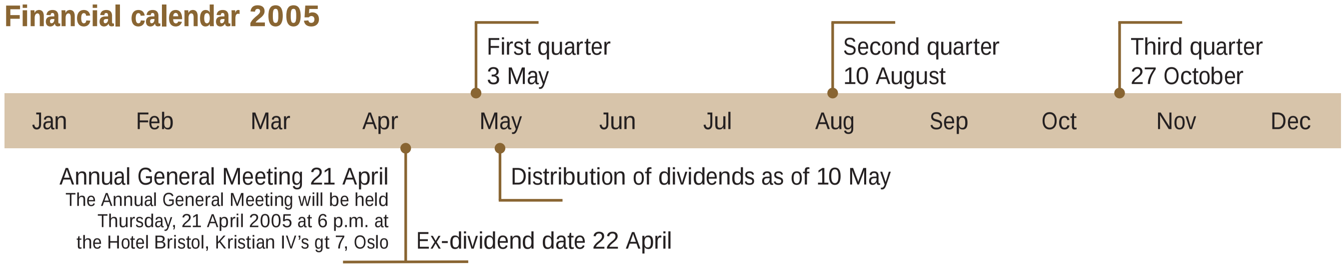
Key figures

	2004	2003	2002	2001	2000
Return on equity (%)	16.1	12.7	8.9	15.5	18.5
Dividends per share (NOK)	2.55	2.20	2.14	2.53	2.43
Core capital ratio (%)	7.6	6.8	7.1	7.1	6.3
Capital adequacy ratio (%)	10.7	9.8	9.9	10.0	9.6
Loan-loss ratio (%)	0.03	0.34	0.21	0.13	(0.01)
Combined interest rate spread (%)	2.39	2.62	2.77	2.75	2.91
Share price at year-end (NOK)	59.75	44.40	32.60	40.40	47.50
Equity per share including accrued dividend at end of period (NOK)	37.66	34.37	32.46	32.27	29.77
Price/book value	1.59	1.29	1.00	1.25	1.60

1) *All figures have been prepared in accordance with the DnB NOR Group's accounting principles as at 31 December 2004. Figures prior to 2004 are based on pro forma accounting figures which have been prepared as if the merger between DnB and Gjensidige NOR took place on 1 January 2000. Asset management operations acquired from Skandia are included in the figures as from 1 June 2002 and Nordlandsbanken as from 1 January 2003.*

Additional key figures and definitions can be found under "Financial analyses" on page 121. "Shareholders" on page 26 provides more key figures for the DnB NOR share.

Financial calendar 2005



Market expectations

The first full year as a merged DnB NOR is behind us, and our group has become firmly established in the market. The positive response from customers, employees and investors has been a gratifying inspiration in an exciting working environment.

The purpose of establishing DnB NOR was to create better options for our customers, a more inspiring workplace for our employees and a more profitable investment for our shareholders. Developments in 2004 reflected our success. I am grateful for the goodwill shown by customers and the authorities and for the unique effort our employees have put forth in what has been the largest reorganisation project ever in the Norwegian financial sector.

Our performance so far has shown that we have maintained our market shares. The primary target for operations from the standpoint of our shareholders, however, is that we also ensure profitability.

Some find that the current financial market is too short-term and volatile. In some areas this presents a clear challenge. Many market participants can be tempted to make a smaller, but safer and quick financial gain instead of waiting for more long-term industrial value creation. This was a challenge DnB NOR faced in connection with our own merger.

The stock market's task is to set a price on the long-term value generation in our operations. This means that our job is both to pursue sound industrial value creation and to ensure that the results are visible and acknowledged. This must be followed up on a daily basis as the stock market sets a new price on our shares every single day.

More than half of our employees and tens of thousands of our customers are already shareholders in DnB NOR. They share our hope for a healthy trend in share prices, reflecting the correlation between creating value for our customers and generating value for our shareholders.

One of the key sources of information as to whether we are doing our job well enough is the dialogue with our owners. We meet them in a number of arenas and learn a lot from talking with investors with in-depth knowledge of our own sector. And every single day, the entire financial market's opinion of us is reflected in the quotation of a share price.

The goal we have set for ourselves is to be second to none with respect to the quality of our financial information: Our message will be open and accessible, and we will be at the forefront of developments in adapting to new information requirements.

The dramatic international situation at the start of 2005 shows that we live in a closer, more entwined world than ever before. In a changeable world such as this, DnB NOR will help ensure the financial security of our customers and our shareholders.

Our core values, Team Spirit, Simplicity and Value Creation, will provide a sound platform for our staff. Motivated and dedicated employees are the key to our further success.

The market will demand our wholehearted commitment every day, and we are prepared to provide that.

In the current financial markets, no one can rest on their oars.

What DnB NOR aspires to be

Although the process of creating the future DnB NOR has come a long way, we have not yet achieved all of our goals. We have a clear vision of what DnB NOR should mean to customers, employees, shareholders and society at large.

The financial services group DnB NOR will

- meet the needs of households and companies for financial services nationally and, in selected areas, internationally
- with a history in Norway of more than 180 years, be vital to developments in cities and rural areas throughout the country
- create value and earnings through profitability and growth – so that DnB NOR becomes an increasingly attractive share
- maintain a diversified range of products and services that balances and secures our earnings base, also during fluctuations in the economy or in individual markets
- maintain financial strength and a well-developed understanding of risk
- show caution in the use of resources and efficiency in all our operations

We value a workplace where

- individuals look forward to going to work, have ample development opportunities and are proud to be a part of DnB NOR
- diversity in backgrounds, experience and competencies ensures a creative and inspiring working climate
- people show respect for each other and are committed to quality performance and, above all, to the value we create for our customers and shareholders
- most executives are trained and recruited internally
- executives delegate responsibility and value competence, initiative and independence
- decisions are unambiguous and made as close as possible to the customer
- remuneration is market-based and provides incentive
- the best people want to work

DnB NOR will be a workplace where employees

- work to earn customer trust, every single day
- think like owners because they *are* owners
- are more interested in teamwork than in internal politics
- gladly give credit to others for good results, and readily assume responsibility for mistakes and correct them before they become a greater problem
- work efficiently and smart and question old habits, routines and accepted truths
- seek new challenges

We aspire to be known as

- the entire country's local bank and the leading and best bank in the Norwegian financial services sector
- an open organisation doing what we say and delivering what we promise
- a company whose actions and what we stand for tolerate public scrutiny
- an organisation where everything we say and write is straightforward and understandable
- a driving force in innovation
- an active partner in the development of a society representing the good life, also for our children and grandchildren

Directors' report

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis.

All figures in the profit and loss accounts for 2003 and previous periods presented below are pro forma accounting figures for total operations in the DnB NOR Group. As from 31 March 2004, Elcon Finans is no longer consolidated in the group accounts. Unless otherwise specified, figures for previous periods have not been adjusted for Elcon Finans.

Operations in 2004

In 2004, DnB NOR attached great importance to maintaining sound customer relations and retaining market shares in profitable segments and business areas parallel to the implementation of the merger. In addition, the Group was concerned with adapting operations to new market conditions, including low interest rate levels. In spite of many challenges, DnB NOR managed to maintain a sound market position in 2004, while improving earnings by reducing costs.

DnB NOR was formally established in December 2003, and the banks, insurance companies and asset management operations were merged in the first part of 2004. In compliance with the terms of the concession, the finance company Elcon was sold in March. Agreements on the sale of the unit linked company Gjensidige NOR Fondsforsikring and the real-estate brokerage chain Postbanken Eiendomsmegling were also concluded. The sale of Postbanken Eiendomsmegling was implemented in January 2005. During 2004, the merged organisation became operative in all areas, and the process of moving into common premises was initiated in key business areas and staff and support units. The process of coordinating Gjensidige NOR's and DnB's branch offices into one branch network under the DnB NOR brand also got off to a good start during the year. Solutions for uniform customer service were established, and in several regions the redesigning and coordination of branch offices was completed by the end of 2004. A joint Internet application for the new bank's customers was established and market activity was stepped up, including the launching of new loyalty programmes for retail customers and changes in price structures. Merger activities in DnB NOR Markets were completed in 2004, and in March 2004 the life insurance companies were combined under Vital Forsikring ASA. The Board of Directors in DnB NOR notes that the extensive and important merger processes implemented in 2004 proved a success.

At the end of 2003, capital adequacy was marginally below the Group's target level. Nevertheless, the Board of Directors considered the Group adequately capitalised and stated that the target level was expected to be reached in the course of one to two years. At year-end 2004 the Group was well capitalised, with a core capital ratio of 7.6 per cent, compared with 6.8 per cent a year earlier. The sound capital adequacy gives the Group flexibility and scope of action.

There were major changes in the Group's parameters in 2004, including the combining of the Norwegian Savings Banks' Guarantee Fund and Commercial Banks' Guarantee Fund into one fund. When the funds were merged it was decided that savings banks should not pay levies to the guarantee fund for a period of three years, and the levies were limited to customer deposits covered by the guarantee fund. In consequence of these changes, the Group's payment of levies to the fund were halved in 2004 relative to 2003.

In March 2004, a new shareholder taxation model was proposed which will be of major significance to both DnB NOR and shareholders. Among other things, capital gains on companies' share investments will be tax-exempt, while a new tax model was proposed for Norwegian personal shareholders. The main elements in the proposal were approved in December.

Parallel to the merger process, service to customers was expanded, e.g. through the establishment of a representative office in Shanghai and a branch office in Finland.

In 2004, the Board of Directors established new guidelines for operations within the Group, where the division of responsibility between the various governing bodies in the Group was clarified. Much attention has been given to corporate governance. The Board held 19 meetings during the year, while the Audit Committee, which is a subcommittee of the Board consisting of four board members, held five. The committee reviewed the work of Group Audit, the accounts and risk reporting and in 2004 was engaged in preparations for the implementation of IFRS, International Financial Reporting Standards, as from 2005.

The Board of Directors would like to thank all of the Group's

Ingjerd Skjeldrum (born 1957)
Board employee representative in DnB NOR and DnB NOR Bank

Skjeldrum has been a full-time employee representative since the formation of Union Bank of Norway and chief group employee representative for the savings bank since 1 February 2000. She is a member of the national board of the Finance Sector Union, a former board member in Union Bank of Norway and Gjensidige NOR and has previously held positions within the retail market in Gjensidige NOR.

employees for their dedicated effort in 2004, which has resulted in solid profits and strong progress in the integration. The employees have shown great initiative and the ability to adapt to change during challenging times. The year has proven that the merger has been to the benefit of both shareholders and customers.

Strategy

DnB NOR's strategy was further developed in early 2004 in a process involving more than 500 managers throughout the Group. A strategic platform was established, providing important guidelines for business choices.

DnB NOR has Norway's largest customer base and is a leader in most Norwegian market segments. This market position provides a sound basis for generating further growth by developing and strengthening customer relationships. The business idea reflects DnB NOR's ambitions: *A local presence and a full range of services are our strengths.*

DnB NOR will be customers' best financial partner and will meet their needs for financial solutions throughout Norway and in selected areas in the international arena.

In the corporate and retail customer segments, the process of further developing service concepts and a product range closely adapted to individual customer needs is well under way. Improved advisory services and decision-making as close as possible to the customer are important aspects of the strategy. DnB NOR's various business areas cooperate closely to be able to offer customers good solutions at all times. DnB NOR must develop new products and services in step with the market. It is essential to offer solutions that bring convenience to the everyday lives of customers. Both internal and external communication should be open, honest and easy to understand.

The Group will base growth in the international arena on comparative advantages in the form of competence within various customer segments and industries, special product expertise or established relationships where it is logical to follow the customer outside Norway. DnB NOR has a strong position within asset management in the Nordic region and a leading position in international shipping. In certain other sectors, such as energy and fisheries, the Group has strong expertise and an international presence. DnB NOR is the preferred partner for international customers doing business in Norway.

A common value base and culture are prerequisites for creating a uniform DnB NOR image in the market. The Group's shared values, team spirit, simplicity and value creation, describe what should distinguish the organisation and work processes both internally and in relation to customers. The process of creating a DnB NOR culture will take several years, but is off to a good start through the work on the Group's strategic platform. Under the heading "This is the way we do things", units throughout the Group have defined what the Group's business idea and values mean for individual units and staff members. These values are also reflected in the leadership principles and in how the Group's brands will be projected in the market.

The Group has specified targets with respect to different stakeholder groups: customers, employees, shareholders and society at large. DnB NOR wishes to deliver products and services that are easily understood and adapted to meet the financial needs of customers. The Group seeks to offer a diversified and challenging workplace and to be the preferred alternative for investors giving priority to long-term value creation. At the same time DnB NOR wishes to be perceived as a financial services institution showing social responsibility.

The financial targets reflect the aim to create shareholder value. The Group seeks to achieve a return on equity and share price increases that are competitive in a Nordic context. The specific long-term targets are:

- A return on equity of over 15 per cent after tax but before goodwill amortisation
- A cost/income ratio under 50 per cent before goodwill amortisation
- A core capital ratio of minimum 7 per cent
- Around 50 per cent of annual profits should be distributed as dividends, provided that capital adequacy remains at a satisfactory level
- DnB NOR Bank ASA's ratings for ordinary long-term debt should be maintained at an Aa level

Review of the annual accounts

The DnB NOR Group recorded profits of NOK 7 388 million for 2004. Comparable profits for 2003 totalled NOK 5 378 million. Profits for the year corresponded to a return on equity excluding goodwill amortisation of 17.4 per cent for 2004, up 3.1 percentage points from 2003. Earnings per share were NOK 6.05 and NOK 4.61 respectively in 2004 and 2003. After goodwill amortisation, return on equity was 16.1 per cent in 2004 and 12.7 per cent in 2003, while earnings per share stood at NOK 5.60 and NOK 4.11 respectively.

Income

Income totalled NOK 23 386 million, a 6 per cent increase from NOK 22 091 million in 2003.

Net interest income

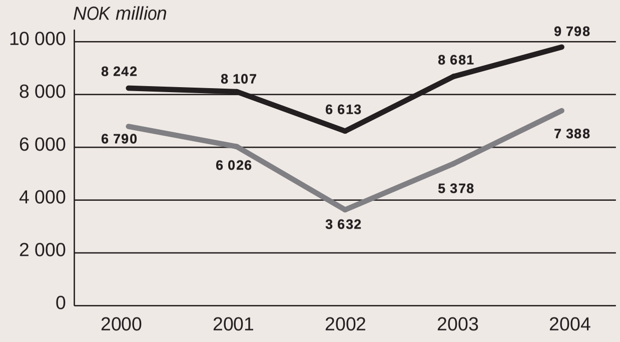
Net interest income declined by NOK 575 million from 2003 to 2004. Adjusted for the sale of operations in Elcon, however, net

Olav Hytta (born 1943)
Chairman of the board in DnB NOR and DnB NOR Bank
Not independent, see page 23 under corporate governance

Board member of Länsforsäkringar AB and vice-chairman of the board in Vital Forsikring. Hytta was employed in Fellesbanken in 1968 and has since held a number of positions within the Group, including deputy president in Gjensidige NOR and Union Bank of Norway, managing director of the Oslo/Akershus region in Union Bank of Norway and general manager and operations director in ABC Bank. Hytta was group chief executive in Gjensidige NOR from 2000 until December 2003. His education includes secondary school, commercial school and agricultural college.

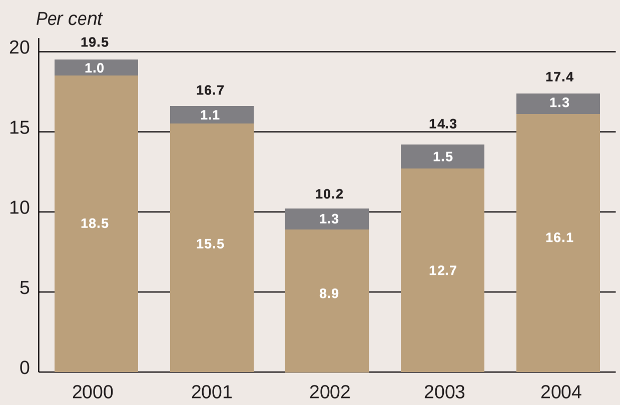
Profit performance

● Pre-tax operating profit before losses ● Profit for the year

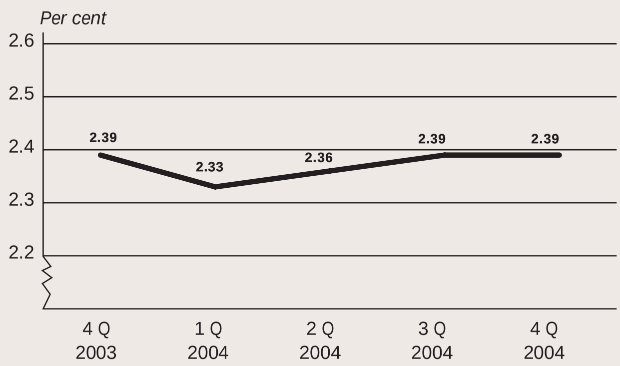


Return on equity

● Effect of goodwill amortisation on return on equity
● Return on equity after goodwill amortisation



Development in average interest rate spread 1)



1) Combined average spread for lending and deposits
Adjusted for the sale of Elcon

interest income was virtually unchanged from the previous year. A NOK 41 billion increase in average lending to customers combined with a NOK 12 billion rise in deposits boosted net interest income by NOK 822 million. Narrower interest spreads brought down net interest income by NOK 396 million. Lending spreads widened by an average 0.04 percentage points compared with 2003, while deposit spreads decreased by 0.17 percentage points. Lower interest rate levels in 2004 than in 2003 caused strong pressure on deposit spreads. At end-December 2004, interest rates on NOK 72 billion of the total deposit volume were 0.25 per cent or lower, as against NOK 59 billion at year-end 2003. Repeated interest rate cuts made it difficult to maintain the level of earnings on deposits. A possible increase in interest rate levels could give a considerable boost to income. Lower average interest rate levels reduced net funding effect of equity, share investments and fixed assets by NOK 633 million. However, new guarantee fund rules ensured a NOK 230 million rise in net interest income compared with 2003. No levies will be charged by the Norwegian Banks' Guarantee Fund in 2005. In 2004, the Group paid NOK 269 million in guarantee fund levies.

Other operating income

Net other operating income amounted to NOK 10 173 million in 2004, up NOK 1 871 million from 2003. The sale of operations in Elcon generated gains of NOK 946 million, but also caused a NOK 74 million reduction in other operating income. The Group's takeover of total operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte gave a NOK 240 million increase in income. These entities were previously joint ventures with Gjensidige NOR Forsikring and also provided services to cooperating companies. Adjusted for the sale of Elcon and the takeover of Driftspartner and Markedsstøtte, net other operating income increased by NOK 706 million compared with 2003. See description of corresponding effects under operating expenses.

Income from traditional financial services rose by NOK 167 million from the previous year. Due to the strong upturn on Oslo Børs, income increased by NOK 63 million within equities trading and NOK 164 million within fund management. The sale of insurance products through the bank's distribution network raised income by NOK 64 million. Real estate broking services also showed a positive income trend.

In consequence of stable interest rate levels and a narrow interest rate differential between NOK and other currencies, income on customer business in interest rate and foreign exchange instruments in DnB NOR Markets declined by NOK 229 million relative to 2003, but remained at a high level. However, the NOK 90 million rise in net interest income on this business must be taken into account. Income from payment transfers and interbank transactions rose by NOK 132 million from the previous year.

The business area Life Insurance and Pensions achieved profits for allocation to the owner and policyholders of NOK 3 269 million in 2004, a reduction of NOK 124 million from 2003. DnB NOR's share of profits was NOK 1 216 million and NOK 760 million respectively for the two years. The recorded and value-adjusted returns on capital were 6.5 and 7.1 per cent respectively in 2004, compared with 7.9 and 9.7 per cent in 2003. Operations within non-life and group life insurance were sold to Gjensidige Forsikring in 2004, generating pre-tax profits to the owner of NOK 255 million.

Earnings from proprietary trading in foreign exchange and interest rate instruments in DnB NOR Markets rose by NOK 304

Changes in net interest income			
Amounts in NOK million	*2004*	*Change*	*2003*
Net interest income	13 214	(575)	13 789
Elcon	238	(581)	818
Net adjusted interest income	12 976	6	12 971
Of which:			
Lending and deposit volumes		822	
Lending and deposit spreads		(396)	
Net funding effect of equity, share investments and fixed assets		(633)	
Contribution to the banks' guarantee fund		230	
Other		(16)	

Changes in net other operating income			
Amounts in NOK million	*2004*	*Change*	*2003*
Net other operating income	10 173	1 871	8 302
Elcon	-	(74)	74
Driftspartner and Markedsstøtte	240	240	-
Gain on the sale of assets	1 022	999	23
Net adjusted other operating income	8 911	706	8 205
Of which:			
Income from traditional financial services, adjusted		167	
Net profit from Life Insurance and Pensions		456	
Trading income on foreign exchange and interest rate instruments, DnB NOR Markets		304	
Equity-related income		(220)	

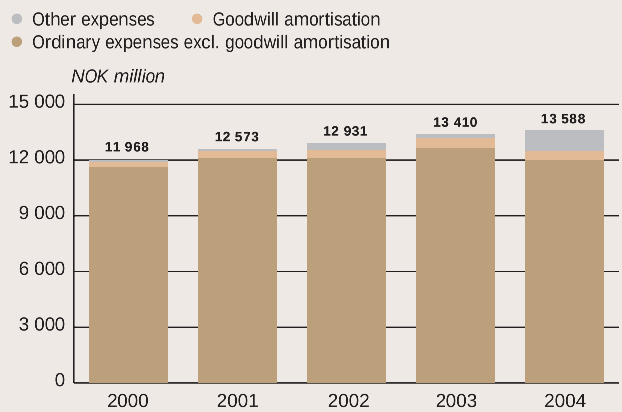
million relative to 2003, however, interest income on these activities declined by NOK 242 million. Equity-related income, e.g. dividends and gains on shareholdings, was NOK 220 million lower than in 2003. In consequence of rising equity prices in 2004, however, unrealised gains in the equity portfolio not recorded in the group accounts rose by NOK 65 million to NOK 110 million during the year.

Operating expenses

Operating expenses totalled NOK 13 588 million in 2004, up NOK 178 million from 2003. The sale of operations in Elcon brought down expenses by NOK 351 million, while the takeover of total operations in Driftspartner and Markedsstøtte pushed up operating expenses by NOK 240 million. Restructuring expenses, which represented the major part of other expenses, totalled NOK 930 million in 2004, compared with NOK 38 million in 2003. Adjusted for the sale of Elcon, the takeover of Driftspartner and Markedsstøtte and other special items, operating expenses were NOK 574 million lower in 2004 than in 2003. Costs were thus reduced 4.5 per cent, mainly as a result of the realisation of cost synergies and other measures to streamline operations. Before goodwill amortisation, the ordinary cost/income ratio, i.e. ordinary expenses relative to income, was 53.4 per cent in 2004, a reduction from 57.0 per cent in 2003.

Wage settlements resulted in a NOK 122 million rise in costs. Marketing expenses were up NOK 41 million, and costs related to sales through external distributors increased by NOK 39 million from the previous year. Merger synergies of NOK 705 million were realised in 2004. The target for the realisation of synergies in 2004 was NOK 528 million. Total synergies thus exceeded the target figure as at end-December 2004 by NOK 177 million. NOK 93 million of the NOK 705 million in total synergies reflected measures implemented in 2003 and NOK 44 million cost reductions which improved other operating income in the group

Cost developments



Cost implications of structual changes:
– acquisition of Skandia Asset Management: NOK 269 million in 2002
– acquisition of Nordlandsbanken: NOK 434 million in 2003
– restructuring expenses: NOK 930 million in 2004 and NOK 38 million in 2003
– greater ownership share in Driftspartner and Markedsstøtte: NOK 240 million in 2004
– sale of Elcon: NOK 351 million in 2004

Changes in total operating expenses

Amounts in NOK million	*2004*	*Change*	*2003*
Total operating expenses	13 588	178	13 410
Other expenses	1 082	863	219
Elcon	120	(351)	471
Driftspartner and Markedsstøtte	240	240	-
Total adjusted ordinary operating expenses	12 146	(574)	12 720
Of which:			
Wage settlements		122	
Marketing		41	
External distribution		39	
Performance-related personnel expenses		(40)	
Merger synergies		(568)	
Streamlining of operations		(168)	

accounts. Relative to cost levels in 2003, operating expenses for 2004 were brought down by NOK 568 million through the realisation of synergies. Group staff totalled 9 963 full-time positions at year-end 2004, a reduction of 1 081 from the beginning of the year. Adjusted for the sale of Elcon and acquired operations, staff levels were scaled back by 869 full-time positions during the year.

In the second half of 2004, a project was initiated to coordinate customer service. This involves moving branch offices into common premises under the new DnB NOR design, coordinating electronic channels, launching DnB NOR's loyalty programmes and presenting other key products and services under a uniform design. This process is scheduled to be completed in the course of 2005. At year-end 2004, more than 70 branch offices sported the new market profile.

Loan-loss provisions and non-performing commitments

Net losses on loans and guarantees totalled NOK 167 million in 2004, down from NOK 1 891 million in 2003. Losses in 2004 were significantly lower than the estimated normalised loss level during a business cycle. New losses and loan-loss provisions amounted to NOK 1 403 million, while reversals and recoveries on previous losses and loan-loss provisions represented a total of NOK 1 236 million. New losses totalled NOK 2 676 million in 2003, while reversals and recoveries came to NOK 785 million.

New losses and loan-loss provisions in the corporate market totalled NOK 1 044 million, and reversals and recoveries came to NOK 934 million. Corresponding figures for 2003 were losses of NOK 2 134 million and reversals of NOK 519 million. Due to the low interest rate levels in 2004, customers' financial position was strengthened. Market trends led to improved portfolio quality, reduced losses and increased reversals, especially in the manufacturing, service, transportation and building and construction industries. Parts of the fisheries industry still experience problems with respect to turnover and liquidity.

In the retail market, net losses came to NOK 57 million in 2004, with losses of NOK 191 million referring to card operations. The corresponding figures for 2003 were NOK 271 million and NOK 215 million respectively.

Non-performing and doubtful commitments, after specified loan-loss provisions, totalled NOK 5 974 million at year-end 2004, a reduction of NOK 2 058 million adjusted for the sale of Elcon. There was strong lending growth in the retail market in 2004, while non-performing and doubtful commitments in this segment were reduced by NOK 77 million from 2003. Non-performing and doubtful commitments in the corporate market were cut back by NOK 1 981 million. Improved portfolio quality compensated for the impact of higher credit and lending volumes, thus no changes were made in unspecified loan-loss provisions in 2004.

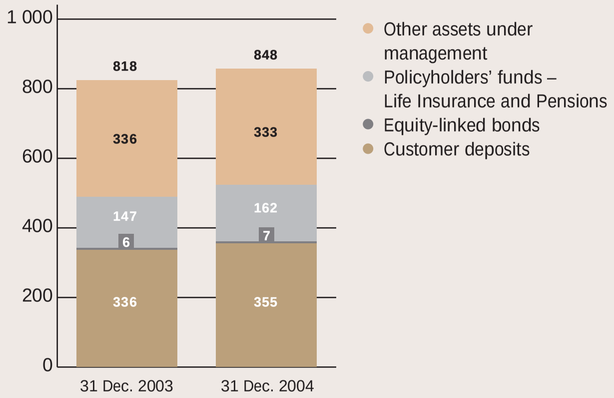
Taxes

In 2004, the tax exemption model was introduced for limited companies' share income. This implies that corporate shareholders are exempted from tax on dividends and capital gains on the sale of shares. At the same time, the right to deduct

Helge Leiro Baastad (born 1960)
Board member in DnB NOR
Not independent, see page 23 under corporate governance

Baastad is chief executive in Gjensidige Forsikring. Employed in Gjensidige Skadeforsikring since 1998. Former board member in Gjensidige NOR. He was previously employed in Jordan Norge and Denofa & Lilleborg fabrikker. Baastad is a graduate of the Norwegian School of Economics and Business Administration in Bergen.

Customer savings



Totals are net of inter-company balances.

losses on shares has been abolished. The tax exemption model applies to dividends received on 1 January 2004 or later and gains and losses realised on 26 March 2004 or later.

In consequence of the introduction of the tax exemption model, all unrealised timing differences concerning shares were eliminated at year-end 2004. Such timing differences referred primarily to previous write-downs for accounting purposes which were not tax-deductible. This resulted in a tax charge of NOK 82 million.

The shares in Elcon were sold on 29 March 2004. Due to the introduction of the tax exemption model, the Group achieved tax savings of NOK 300 million on the transaction.

The DnB NOR Group's tax charge for 2004 totalled NOK 2 350 million, representing 24 per cent of pre-tax operating profits. In 2003, the tax charge was NOK 1 636 million. The low tax rate in 2004 was due to the introduction of the tax exemption model as well as variations in profit contributions from the business area Life Insurance and Pensions, which is presented according to the equity method in the group accounts.

It has been decided to change year-end adjustments for 2003 for some subsidiaries. Dividends scheduled to be paid to DnB NOR ASA for 2003 will be reclassified as group contributions with no tax effect. This could result in a positive differential "RISK" adjustment of around NOK 3.40 per share if the reclassification is accepted by the tax authorities.

Balance sheet and assets under management

At end-December 2004, total combined assets in the DnB NOR Group were NOK 1 204 billion, up NOK 18 billion from the previous year.

Total assets in the Group's balance sheet were NOK 715 billion at year-end 2004, an increase from NOK 706 billion at the end of 2003. Lending to customers, after specified loan-loss provisions, totalled NOK 573 billion at end-December 2004, up NOK 12 billion from year-end 2003. Adjusted for the sale of Elcon, there was a NOK 39 billion rise in lending through 2004. Lending to retail customers rose by NOK 37 billion or 12.6 per cent, representing mainly residential mortgages. Adjusted for Elcon's portfolio, lending to corporate clients increased by NOK 2 billion or 0.8 per cent from 2003.

Total assets in the life and pension insurance companies were NOK 175 billion and NOK 160 billion at the end of 2004 and 2003 respectively. Policyholders' funds rose by NOK 15 billion in 2004, reflecting, among other things, a healthy net influx of customers. Other assets under management represented NOK 333 billion and NOK 336 billion in 2004 and 2003. Within other fund management operations, there was a net outflow of funds corresponding to NOK 22.7 billion in 2004. A positive trend in share prices and interest rates, however, ensured a corresponding increase in capital under management.

Savings under management in the DnB NOR Group totalled NOK 848 billion at end-December 2004, an increase of NOK 30 billion from year-end 2003. Customer deposits were up NOK 20 billion in 2004. The ratio of deposits to lending was 62.4 per cent at the end of 2004, compared with 60.2 per cent a year earlier. Adjusted for the sale of Elcon, the ratio of deposits to lending was 63.2 per cent at the end of 2003. The ratio of deposits to lending was maintained at a satisfactory level in spite of low interest rates.

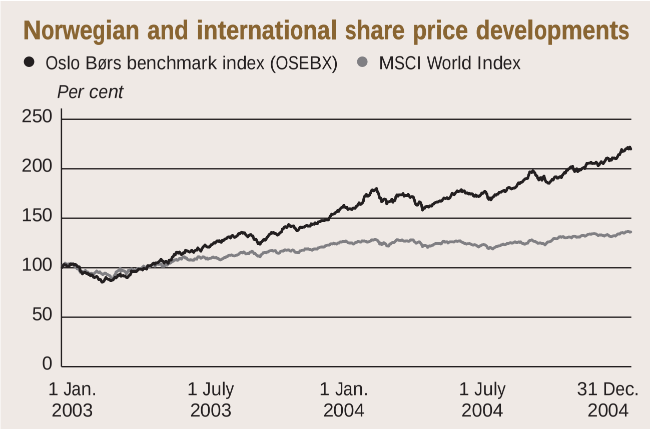
Risk

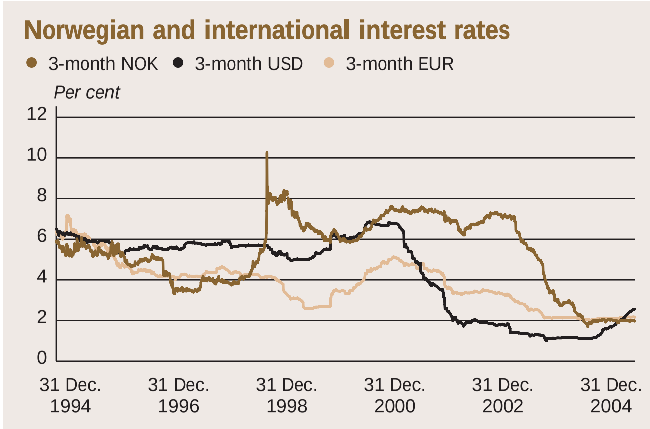
2004 was characterised by stable low interest levels, a weaker US dollar and high oil prices. There was strong international economic growth, which ensured a healthy performance within shipping. While there was a moderate upturn in international stock markets, the Oslo Børs benchmark index climbed 38.5 per cent. The economic growth rate in Norway was the highest in several years, driven by brisk income growth in the household sector coupled with improved profitability and investment in the business sector.

Thanks to the favourable economic trend, credit losses in 2004 were at an extremely low level. Parts of the fishing and fish farming industries are still in a vulnerable financial position, though the situation stabilised during the year. Among other things, there was a moderate increase in prices of farmed salmon. The quality of the Group's credit portfolio is considered at least as good as at year-end 2003. Corporate credit demand was sluggish in 2004, while there was a strong increase in hous-

Berit Kjøll (born 1955)
Board member in DnB NOR

Kjøll is a vice president in Telenor. Former board member in DnB Holding and managing director of Universitetenes Reisebyråkjede (now Kilroy Travels), Tusenfryd, Flytoget and Steen & Strøm. She is a graduate of the BI Norwegian School of Marketing.





ing loans. Thus, the share of housing loans rose from 53.7 to 57 per cent of total lending. Housing prices climbed 12 per cent in 2004. The extraordinary interest rate situation requires sound customer advisory services and a robust credit policy to meet the long-term interests of customers and the Group. Norges Bank has a stated goal to maintain a time lag relative to other countries with respect to interest rate increases, which has a positive impact on competitiveness in the Norwegian business sector.

The low interest rate level represents a challenge for operations within life and pension insurance. As of 1 January 2004, the maximum base rate for new entitlements under insurance contracts for group occupational pensions is 3 per cent, the same level as for new insurance contracts. The average guaranteed rate of return was 3.8 per cent at year-end 2004. The positive stock market trend and high current yields on bonds held to maturity and real estate investments ensured satisfactory value-adjusted profits for Life Insurance and Pensions. This, in turn, enabled the business area to build buffers in the form of unrealised gains on securities and additional allocations of NOK 2 491 million in 2004. At end-December 2004, the buffers totalled NOK 9.8 billion, which put Vital in a position to increase equity exposure from 13 to 17 per cent of financial investments.

DnB NOR has set low risk limits for position-taking in interest rate and currency markets. The low risk level can partly be explained by the fact that estimated risk-adjusted capital for trading activities in DnB NOR Markets involving market risk totals around NOK 200 million and that there is little volatility in profits relating to positions for own account. Exposure in the equity market was stable in 2004, and equity investments excluding subsidiaries and associated companies were around NOK 4 billion at year-end.

In consequence of the sale of Elcon Finans, DnB NOR had little need to increase funding from capital markets in 2004. Nevertheless, the Group worked actively to market DnB NOR vis-à-vis potential funding sources. Rating agencies are positive to the merger.

During 2004, DnB NOR recorded only minor operational losses. Important aspects of the merger have been implemented. Much attention is given to the various types of operational risk associated with the completion of the merger. Measures to contain risk are under continual review.

The core capital ratio of the DnB NOR Group at the end of 2004 was 7.6 per cent, with a core capital ratio of 7.5 per cent for the banking group. The Group's core capital exceeds the risk-adjusted capital requirement based on internal calculations by a comfortable margin. In the opinion of the Board of Directors, the Group is thus adequately capitalised relative to the current risk situation and the Group's risk profile and rating targets.

Business areas

Corporate Banking

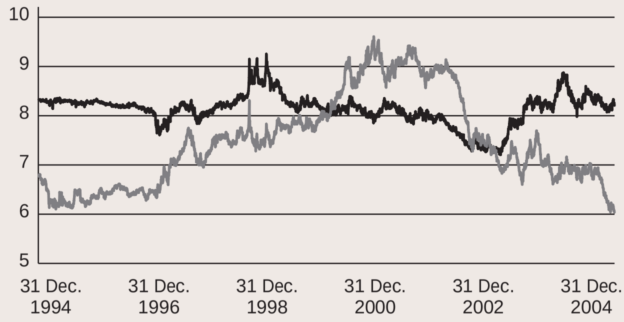
Customers' financial position was strengthened in 2004, resulting in improved portfolio quality and lower losses. Credit demand was low, but picked up towards the end of the year. Products and prices in the corporate segment were harmonised in 2004, and a new joint Internet portal for DnB NOR was launched. A growing number of customers use the Internet for banking services, and everyday banking needs are to an increasing extent covered through web-based solutions. In the first half of 2004, a branch was established in Helsinki, which completes DnB NOR's Nordic strategy for corporate clients. In addition, a representative office was opened in Shanghai.

Corporate Banking recorded pre-tax operating profits of NOK 4 787 million, up from NOK 3 346 million in 2003. The

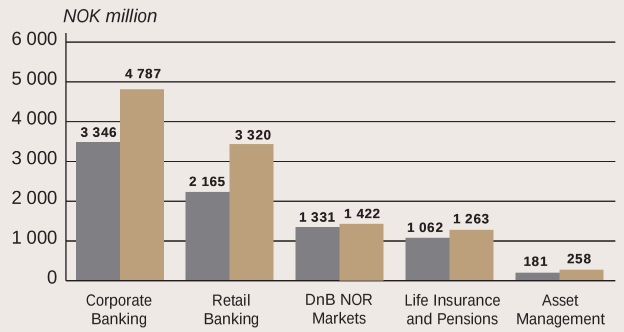
Jørn O. Kvilhaug (born 1951)
Board employee representative in DnB NOR

Kvilhaug works as an insurer in Vital Forsikring. Former board member in DnB Holding.

NOK exchange rate against the euro and the US dollar



Business areas – pre-tax operating profit



increase could be largely attributed to higher net interest income and lower costs. Ordinary net interest income was up NOK 260 million from 2003, primarily due to more accurate risk pricing.

Net other income amounted to NOK 2 206 million, on a level with 2003. There was a high level of customer-related activity in 2004. The low interest rate level held stable during the year, resulting in lower demand for interest rate hedging products and reduced income from foreign exchange and interest rate markets compared with the previous year. There was a rise in income from securities services, guarantees and payment transactions in 2004.

Costs were brought down by a total of NOK 93 million from 2003 to 2004, relating primarily to the realisation of synergies in connection with the merger. Staff synergies realised by Corporate Banking as at 31 December 2004 corresponded to 145 full-time positions, and accumulated cost synergies were NOK 67 million. At year-end 2004, Corporate Banking staff represented 1 831 full-time positions, with 521 in subsidiaries and 140 in international units.

The quality of the credit portfolio was sound and stable in 2004. Net loan losses were NOK 3 million, reflecting reversals on loan-loss provisions for several commitments.

Competition in the market intensified through 2004. The total volume of loans and guarantees was NOK 298 billion at year-end, down NOK 0.8 billion compared with 2003. Adjusted for exchange rate movements, there was an increase of NOK 2.7 billion. Market shares for corporate lending declined slightly in 2004 compared with 2003, but were maintained in those segments that Corporate Banking considers most attractive. Thanks to sound liquidity in the business sector in 2004, average deposits rose by NOK 6.8 billion to NOK 165.4 billion compared with the previous year. Market shares for deposits were marginally lower in 2004 than in 2003, one of the reasons being that DnB NOR did not wish to compete for the most costly deposits due to the Group's favourable funding situation.

A moderate risk profile and improved risk pricing are expected to have a positive impact on the future performance of Corporate Banking. Corporate credit demand is expected to increase in 2005. Due to the competitive climate and international trends in spreads, a slight reduction in credit margins is anticipated in 2005 compared with 2004.

Retail Banking

Performance in Retail Banking in 2004 reflected strong credit demand, rising housing prices and a sound financial position in the household sector.

The process of merging retail banking operations in DnB and Gjensidige NOR remained in focus throughout 2004. New loyalty programmes and a new price structure were introduced in September, which helped the business area retain its market position. A joint Internet portal and customer service phones were introduced in autumn. Efforts to coordinate and redesign the branch network started in the second half of 2004 and will be completed in the course of spring 2005.

Retail Banking recorded pre-tax operating profits of NOK 3 320 million in 2004, an increase of NOK 1 154 million from the previous year. Hefty sales efforts and the strong housing market resulted in growth in lending of NOK 42 billion or 16 per cent in 2004 compared with 2003. The increase in volume related mainly to well-secured housing loans. Bank deposits rose by NOK 6 billion or 3.2 per cent in 2004.

Net interest income was up NOK 285 million to NOK 7 171 million in 2004, mainly due to the rise in lending volume.

Per Hoffmann (born 1951)
Board employee representative in DnB NOR and DnB NOR Bank

Hoffmann is an employee representative in DnB NOR Bank and former board member in DnB Holding and Den norske Bank.

Net other operating income totalled NOK 2 755 million, a rise of 7.8 per cent from the previous year. Income on payment services and the sale of mutual funds and insurance products helped boost income.

Operating expenses were brought down 7 per cent or NOK 509 million to NOK 6 519 million in 2004. Retail Banking had realised staff synergies corresponding to 454 full-time positions at year-end 2004, and accumulated cost synergies totalled NOK 243 million. Retail Banking staff represented 4 288 full-time positions at year-end 2004 and was scaled back by 372 positions during the year.

Loan losses remained low in 2004, totalling NOK 100 million.

Debit and credit cards now represent the predominant means of payment. DnB NOR Kort provides card products to retail and corporate customers under the DnB NOR and Cresco brands.

In 2004, DnB NOR Eiendom acted as a broker for close to 16 000 residential properties, representing a market share of around 16 per cent. DnB NOR Eiendom will establish 11 new sales offices and recruit around 40 new employees in 2005.

Retail customers in DnB NOR have obtained better terms through new and more extensive loyalty programmes and the harmonisation of the price structure. In Postbanken, sales of the product package Leve remained brisk, and customer satisfaction rose during 2004. Retail Banking in Nordlandsbanken experienced a positive market trend, healthy profits and net growth in the number of active customers in 2004. At end-December 2004, the share of lending to wage-earners in the banking market was 38.2 per cent, while the corresponding market share for deposits was 36.7 per cent.

Retail Banking expects continued high lending growth and strong demand for savings products. High-quality advisory services, competitive prices and an efficient distribution network will provide opportunities for continued growth in profits.

DnB NOR Markets

DnB NOR Markets strengthened its market position through 2004 and was the largest investment bank on Oslo Børs within bonds and commercial paper, equities and equity derivatives. A number of new products and services were launched, including FX-linked bank deposits, 'Eiendomskonto' (a product offering investors favourable interest rates on deposits contingent on subsequent purchase of property interests), credit derivatives and a new service for trading equities on the Internet.

DnB NOR Markets achieved healthy profits in 2004. Pre-tax operating profits were NOK 1 422 million, up NOK 91 million from the previous year. The figure reflects the successful merger and a high level of activity, especially in securities markets.

Income totalled NOK 2 510 million, up from NOK 2 501 million in 2003. Interest income on allocated capital was down NOK 48 million due to lower interest levels.

Income on customer business in foreign exchange and interest rate derivatives was NOK 876 million, on a level with 2003. Demand for interest rate and foreign exchange products remained brisk in 2004. Low floating interest rates and the steep yield curve brought down demand for hedging interest rates on Norwegian kroner over the past year.

Customer-related revenues on the sale of securities and other investment products were NOK 530 million, a reduction of NOK 35 million from 2003. The benchmark index on Oslo Børs rose 38.5 per cent during 2004, spurring increased activity within equities trading. Income on the sale of capital-guaranteed investment products declined as a result of a narrow interest rate differential between NOK and other currencies and low interest rate levels. There was strong demand for direct investments in commercial property.

Earnings on corporate finance services totalled NOK 209 million, on a level with 2003. Low credit demand from companies had an impact on the market for syndicated loans, while there was a higher level of activity within advisory services and arranging the financing of private equity funds. DnB NOR Markets Inc. in New York participated in several share and bond issues for the bank's customers in the US market.

Income from the sale of custodial services totalled NOK 193 million, up from NOK 171 million the previous year. A higher turnover in the stock market boosted business volume, which more than compensated for lower prices. The range of securities financing services was expanded.

Earnings from market making and other proprietary trading showed a healthy trend, totalling NOK 664 million, up NOK 72 million from 2003.

Costs were brought down by NOK 81 million, or 6.9 per cent. DnB NOR Markets realised staff synergies corresponding to 84 full-time positions in 2004 in addition to 17 full-time positions in 2003. At year-end 2004, the business area had realised cost synergies of NOK 105 million. Markets staff represented 531 full-time positions at end-December 2004. The synergy targets set in connection with the merger were thus reached during 2004.

Fluctuations in the NOK exchange rate, Norwegian interest rate levels, stock market activity and credit market trends will be decisive factors for the business area's performance.

Life Insurance and Pensions

Vital strengthened its position as Norway's largest provider of pension savings and life insurance products in 2004. There were strong increases in premium income and total assets,

Per Terje Vold (born 1945)
Board member in DnB NOR

Vold is director general of the Norwegian Oil Industry Association. Former board member in Gjensidige NOR and Union Bank of Norway. Former managing director of the Federation of Norwegian Process Industries. He is a graduate of the University of Oslo and the Norwegian School of Economics and Business Administration in Bergen.

parallel to a healthy influx of new customers. Major aspects of the integration process in Vital in connection with the DnB NOR merger were completed in the course of the year.

The recorded and value-adjusted returns on capital were 6.5 and 7.1 per cent respectively in 2004, compared with 7.9 and 9.7 per cent in 2003. The figures do not include unrealised gains on long-term securities. Life Insurance and Pensions posted pre-tax operating profits of NOK 1 263 million in 2004. The interest result for Vital Forsikring was NOK 3 837 million, as against NOK 4 576 million in 2003. Additional allocations were increased by NOK 300 million in 2004 and NOK 925 million in 2003.

The administration result was negative at NOK 137 million, which was an improvement compared with a negative NOK 190 million the previous year. In addition, NOK 250 million in restructuring costs was charged to the administration result in 2004. The risk result was negative at NOK 312 million, as against a negative NOK 903 million in 2003. The figures included allocations to strengthen disability reserves of NOK 228 million in 2004 and NOK 781 million in 2003.

Operations within non-life and group life insurance were sold to Gjensidige Forsikring, generating pre-tax profits to the owner of NOK 255 million.

The business area's premium income rose NOK 5.5 billion to NOK 22.1 billion. Excluding the portfolio that was sold, there was a net inflow of transfers of NOK 3.7 billion due to a net influx of new customers.

Life Insurance and Pensions had realised staff synergies corresponding to 58 full-time positions by year-end 2004, and accumulated cost synergies were NOK 41 million, of which the owner was entitled to an estimated NOK 14 million.

Total assets as at 31 December 2004 were NOK 175.1 billion, a rise of 11 per cent compared with year-end 2003.

There was a strong increase in demand for guarantee-backed products in 2004. Life Insurance and Pensions' market share of premium income stood at 36.4 per cent at end-September 2004, up 2.3 percentage points from a year earlier. The business area's market share of policyholders' funds rose from 35.4 per cent at end-September 2003 to 35.6 per cent at end-September 2004.

The Report to the Norwegian Storting on the pension reform, presented in December 2004, sets the general direction for developments in the national pension system. The new Act relating to life insurance activity implies a modernisation of the industry. Vital is following developments closely and has initiated the necessary preparations to meet changes in the pension system and in external parameters for the industry.

Life Insurance and Pensions anticipates continued growth in the market for pension savings. The business area aims to consolidate its market position while generating sound profits for its owner and policyholders.

Asset Management

A favourable stock market trend helped ensure sound growth for Asset Management in 2004. The integration of operations continued at a brisk pace in 2004, which along with the rise in assets under management contributed to healthy performance. Parallel to the introduction of new savings products, existing funds were coordinated under the brand names DnB NOR, Postbanken, Avanse and Carlson.

Operations in Sweden were expanded through the takeover of Skandiabanken's discretionary asset management for a total of SEK 2.5 billion for retail clients and small businesses.

Pre-tax operating profits were NOK 258 million in 2004, up from NOK 181 million in 2003. Income totalled NOK 939 million in 2004. Commission income stood at NOK 905 million, an increase of NOK 91 million compared with 2003. Operating expenses in 2004 came to NOK 681 million, down NOK 11 million from the previous year. Asset Management had realised staff synergies corresponding to 71 full-time positions by the end of 2004, parallel to accumulated cost synergies of NOK 39 million.

During the year, Morgan Stanley's global equity index (MSCI World) rose by 14.7 per cent measured in local currencies and by 4.4 per cent measured in Norwegian kroner. The stock exchanges in Stockholm and Oslo climbed 16.6 and 38.5 per cent respectively during this period.

As at 31 December 2004, Asset Management had a total of NOK 482 billion under management. Assets under management for the retail market came to NOK 42 billion, up from NOK 37 billion in 2003, while NOK 440 billion represented investment funds from institutional clients, which compared with NOK 427 billion in 2003. The rise in assets under management in 2004 can largely be attributed to developments in stock and interest rate markets, along with the decline in the Norwegian krone rate.

As a consequence of market developments, assets under management for operations in Norway rose 6.8 per cent during 2004. For the portfolio outside Norway, the increase was 8.5 per cent.

The savings rate in the Norwegian market was positive in 2004, and the net inflow of assets for investment was NOK 12 billion. In Sweden, there was a NOK 27 billion reduction in assets under management. The gross inflow of capital in 2004 from both the retail and institutional markets in Sweden and Norway was mainly channelled into fixed-income investments, including

Anne Carine Tanum (born 1954)
Board member in DnB NOR

Tanum is managing director and owner of the Tanum book store chain. Former board member in DnB Holding, Den norske Bank and Vital Forsikring. She previously worked in the Norwegian Ministry of the Environment. Tanum holds a law degree from the University of Oslo.

money market funds.

In 2005, Asset Management will give priority to core products, i.e. the development and sale of Norwegian, Swedish and global equity and bond investments as well as balanced funds.

The expectations of investors regarding developments in financial markets will have a strong impact on performance in the business area, including investor confidence in the stock market. Sales of mutual funds, including equity funds, are expected to increase in 2005. Asset Management is well-positioned for the anticipated rise in private pension savings in Norway and Sweden.

Corporate social responsibility

DnB NOR has a key role in Norwegian society, serving as an important partner for more than two million retail customers and 150 000 corporate clients.

In addition to its role as financial partner, the Group carries responsibility in many other contexts, locally and nationally as well as globally. DnB NOR's ambition is declared in the group policy for corporate social responsibility:

DnB NOR wishes to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations.

This ambition can be fulfilled by ensuring compliance with the Group's credit routines, where risk assessments should reflect environmental and ethical considerations. In addition, Vital has established new guidelines for ethically responsible management of the company's financial assets (Socially Responsible Investment, SRI). This implies that Vital will show special care in connection with investments representing a risk of involvement in unethical conduct, infringement of human or labour rights, corruption or harm to the environment. Asset Management has also incorporated ethical and environmental considerations in standard procedures for investment management activities.

DnB NOR operates in an international market. It was therefore a logical move for the Group to endorse the ten principles of the UN Global Compact in the areas of human and labour rights, the environment and anti-corruption.

As a financial services provider, DnB NOR is highly dependent on the trust of the broader society. The Group's customers must have confidence in the professionalism and integrity of the DnB NOR organisation. The code of ethics for employees and elected officers covers aspects relating to customers and suppliers, the duty of confidentiality, participation and positions in business enterprises, gifts and services, trading in financial instruments and insider trading. To ensure compliance with the code of ethics, emphasis is placed on communicating the content to employees and elected officers. Priority is also given to training staff to exercise sound discretion with respect to ethical issues and to establishing sound advisory practices.

Social responsibility is exercised within the organisation through the Group's human resources policy, aiming to ensure diversity, the necessary restructuring and equality measures, sound health, safety and environmental standards and good relations with the employee organisations. Social responsibility is also exercised through the Group's presence in close to 250 local communities, as a financial services provider to households and partner for the business sector.

Each year, Sparebankstiftelsen DnB NOR (the Savings Bank Foundation) makes generous donations to non-profit causes.

DnB NOR's sponsorship activities represent a key element in highlighting the Group's value base. In addition to a number of local partnership agreements, DnB NOR is the main sponsor for a number of sports associations, cultural institutions and organisations, such as the Nobel Peace Center.

Funds are also earmarked for DnB NOR's annual innovation award as well as for awards in sports medicine from Vital Forsikring.

External environment

DnB NOR has a direct impact on the external environment through its use of materials and energy as well as services required to carry out its business operations.

Environmental efforts, which are regulated by the DnB NOR Group's policy for corporate social responsibility, aim to increase energy efficiency, reduce paper consumption and air travel and ensure eco-friendly procurement and responsible waste treatment. Environmental initiatives are certified according to the Norwegian 'eco-lighthouse' programme. At the end of 2004, all regional financial services centres, Vital's office in Bergen and DnB NOR's head office at Aker Brygge in Oslo were qualified for environmental certification.

DnB NOR's Internet banking applications and electronic banking services will scale back the use of transportation services and paper.

The DnB NOR share is included in FTSE4Good Europe, an index for investors who wish to promote sustainable development.

Health, safety and environment (HS&E)

Coordinating office space

As a step in the integration following the merger, DnB NOR made increasing use of open-plan office solutions in 2004,

Bent Pedersen (born 1942)

Board member in DnB NOR and board vice-chairman in DnB NOR Bank

Pedersen is CEO of KIRKBI A/S in Billund, Denmark. Former board member in DnB Holding and board vice-chairman in Den norske Bank. He previously held executive positions in Privatbanken in Denmark including several years as deputy chairman of the management board. He was also a member of the group management team in Unibank in Denmark. He holds an Msc degree in economics from Copenhagen Business School.

seeking better utilisation of office space and improved communication, as well as facilitating competence sharing. An open office landscape increases flexibility, but also presents challenges in ensuring a sound physical and mental working environment. A total of 3 900 DnB NOR employees in the Oslo area alone relocated internally during 2004.

HS&E and working environment training
31 managers and 56 staff members completed the Group's internal HS&E and working environment training in 2004. During the year, 20 courses in coping with threats were arranged, in which both managers and staff were actively involved.

Absence due to illness
Absence due to illness in the DnB NOR Group averaged 4.75 per cent of total working days in 2004, compared with 4.95 per cent in 2003. As an inclusive workplace, DnB NOR has initiated a number of measures to reduce absence due to illness, which has been relatively stable in recent years.

Occupational injuries
In 2004, a total of 14 occupational injuries were reported, with eight employees exposed to robberies and threats. None of the employees exposed to robberies suffered physical injuries.

Equality and diversity

DnB NOR seeks greater diversity in its management teams. The target set by the Board of Directors in DnB NOR ASA for equality at the four top management levels in the Group calls for a minimum of 25 per cent women by the end of 2006 and minimum 30 per cent within the end of 2009.

There is an approximate gender balance among staff as a whole. The proportion of women in the management groups at the four top levels, on the other hand, was only 21.5 per cent at year-end 2004.

DnB NOR is represented in a working committee set up by the Norwegian Financial Services Association, which carried out a survey of men and women in management positions. This is the most extensive survey of its kind within the Norwegian business sector, and was designed to find ways to improve the gender balance in executive positions within the financial sector.

For DnB NOR, the survey showed that women staff members are both qualified and motivated for senior executive positions. However, the survey also showed that many believe that women and men do not have equal opportunities.

Equal opportunity measures
DnB NOR has already implemented the following measures to reach the above equality targets:
- Equality is used as one of several criteria in job assignment processes
- The best female candidate is considered for positions in units with a minority of women
- Good gender balance in the recruitment of trainees
- The need for diversity is on the agenda in management training programmes
- Flexible working hours
- Offer of home PC with access to the DnB NOR network

On the basis of the survey, the measures below have been approved and will soon be introduced:
- Announce all vacancies internally
- Implement a new recruitment policy which meets the need for diversity in management teams
- Use more women speakers
- Ensure gender balance in projects
- Increase the visibility of competent women through:
  - Ensuring gender balance on internal boards in the Group
  - Letting more women present matters to the Board of Directors
- Prepare annual reports on the number of women at management levels 1 to 5 in each business area
- Ensure minimum 50 per cent participation of women in talent development programmes with a mentor scheme
- Implement a separate programme for women candidates for senior executive positions
- Increase mobility among managers

Future prospects

There was a strong upswing in the international economy in the second half of 2003, which continued into 2004. However, the brisk growth in the first quarter levelled off through the remainder of the year. Overall, DnB NOR anticipates sound economic growth in 2005, though it could be lower than in 2004.

Low interest rate levels, strong domestic demand and the international economic upturn contributed to production growth and greater optimism in Norway in 2004. A rise in exports, high oil prices and a favourable economic climate led to several upward adjustments in estimates for oil investments. Oil investment is expected to stimulate activity in the mainland economy again in 2005. A rise in employment is anticipated, along with a decline in unemployment. Oil prices are expected to continue high in 2005, though at a lower level than in 2004.

The Norwegian krone is expected to gain strength, which

Bjørn Sund (born 1945)
Board vice-chairman in DnB NOR

Sund currently holds chief responsibility for the building of Nye Ahus (the new university hospital at Lørenskog outside Oslo). Former board chairman in Gjensidige NOR and board member in Union Bank of Norway. Sund headed the development of the Winter Olympics site at Lillehammer, the development of Norway's main airport at Gardermoen and the Telenor project at Fornebu. He is a graduate of the Norwegian University of Technology in Trondheim.

could impair competitiveness in the export industry. Several investment projects are likely to be arranged outside Norway. Inflation is expected to rise, albeit from a very low level. Higher inflation outside Norway will probably have a limited impact due to the strength of the Norwegian krone, tougher competition in the domestic market and rising imports from low-cost countries. A modest increase in benchmark rates is expected from Norges Bank (the central bank of Norway) towards the end of the year. Interest rates are expected to remain low throughout the year, and consumption growth and demand for housing are expected to continue high in the household sector. This will provide an incentive for sheltered industries, which will in turn be conducive to an upturn in production and investment in 2005.

A moderate rise in credit demand is anticipated in the business sector, and the strong growth in household credit demand is expected to abate somewhat during the year. The household debt burden at the end of 2004 was very high. However, in relative terms interest expenses were low, thus the financial position of the household sector improved in 2004. In addition, there was a significant rise in housing prices.

DnB NOR expects that prolonged low interest levels will help maintain debt servicing capacity and ensure a continued low level of loan losses and non-performing commitments. The low interest rate levels coupled with the Norwegian economic boom are also expected to lead to rising demand for savings products with higher risk and return profiles than traditional bank deposits.

In 2005, the Group 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, parallel to an assessment of possible structural measures.

Improving customer relations is an important element in value creation. The Group will give priority to customer relationship management in all business areas in 2005, and introduce new services and solutions to strengthen customer relations.

The Board of Directors of the Norwegian Banks' Guarantee Fund has decided that no levies will be charged in 2005, as the Fund complies with the minimum equity requirement stipulated in the Guarantee Schemes Act. In 2004, the Group paid NOK 269 million in guarantee fund levies.

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. Although the Board has noted that sound progress and good results have been achieved thus far in the integration process, major challenges remain ahead, particularly regarding the integration of IT systems and the reshaping of the branch network.

Capital adequacy was at a satisfactory level at year-end 2004, though the Group can achieve further efficiencies in the use of capital by adapting the Group's financing strategy to reduce funding costs. Furthermore, DnB NOR will make 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, which in turn will be in the best interests of both shareholders and customers.

Dividends and allocation of profits

DnB NOR's primary aim is to create shareholder value through an attractive and competitive return in the form of increases in share price and the distribution of dividends. In line with the Group's dividend policy, DnB NOR intends to distribute approximately 50 per cent of annual profits as dividends, provided that capital adequacy is at a satisfactory level.

In 2003, DnB NOR distributed a dividend of NOK 2.20 per share. The proposed dividend of NOK 2.55 per share for 2004 gives a direct return of 4.3 per cent, based on a share price of NOK 59.75 as at 31 December 2004.

The proposed dividend per share implies that DnB NOR ASA will distribute a total of NOK 3 414 million in dividends for 2004, of which NOK 3 384 million represents dividends on shares issued as of 31 December 2004.

In addition, DnB NOR ASA will, in accordance with the subscription rights programme approved by the Annual General Meeting in DnB Holding ASA on 27 April 2000, allocate a total of NOK 30 million in dividends for 2004 for shares which in March 2005 are expected to be subscribed for by employees in the former DnB. According to the programme, the shares are entitled to dividends for 2004. The allocated amount represents the maximum dividend which can be required paid out in connection with the programme, assuming that all of the rights are exercised. Any remaining amount will be reversed to other equity in 2005.

Profits for 2004 in DnB NOR ASA came to NOK 5 489 million, attributing mainly to the transfer of group contributions and dividends from subsidiaries. The Group's capital adequacy ratio as at 31 December 2004 was 10.7 per cent, with a core capital ratio of 7.6 per cent. Correspondingly, capital adequacy in DnB NOR Bank ASA was 10.9 per cent and core capital 7.7 per cent. The banking group, which includes the bank and its subsidiaries, had a capital adequacy ratio of 10.6 per cent and a core capital ratio of 7.5 per cent.

Sverre Finstad (born 1955)
Board employee representative in DnB NOR and deputy board representative in DnB NOR Bank

Finstad is chairman of the Finance Sector Union, Oppland region. Employed in Union Bank of Norway in 1977 and a full-time employee representative since 1986. Former board member in both Gjensidige NOR and Union Bank of Norway.

In the opinion of the Board of Directors, following allocations, DnB NOR ASA will have sufficient financial strength and flexibility to support operations in subsidiaries and adequately meet the Group's expansion requirements.

The Board of Directors recommends allocating profits for the year, which amounted to NOK 5 489 million in DnB NOR ASA for 2004, as follows:

Amounts in NOK million	*2004*	*2003*
Dividend per share (NOK)	2.55	2.20
Share dividend	3 414	2 919
Transfers to other equity	2 075	200
Total allocations	5 489	3 118

In considering the dividend proposal for 2004 the Board of Directors has emphasised the sound performance in 2004 and the fact that the payout ratio, taking account of estimated average losses during a business cycle and tax expenses, represents approximately 50 per cent. In nominal terms, dividend payments correspond to 46 per cent of annual profits for 2004, or 43 per cent excluding goodwill amortisation.

In connection with the closing of the annual accounts, the Board of Directors decided to allocate NOK 14 000 per employee to the employees' share investment fund. The total allocation amounted to NOK 153 million. Importance has been placed on expressing appreciation for the excellent work carried out by the staff in 2004 and the results that were achieved. The allocations for 2002 through 2004 are thus as follows:

Amounts in NOK million	*2004*	*2003*	*2002*
DnB-ansattes Fond AS		86	44
Gjensidige NOR Ansattefond AS		37	5
DnB NOR Ansattefond AS	153		

Oslo, 8 March 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)

Jannik Lindbæk (born 1939)
Board vice-chairman in DnB NOR

Lindbæk has worked as an independent consultant and board member since 1999. Former board chairman in DnB Holding and Den norske Bank and board member in Vital Forsikring. Former group chief executive of Storebrand, managing director of Den Nordiske Investeringsbank (NIB) in Helsinki and executive vice president in International Finance Corporation (IFC), the World Bank Group in Washington D.C. He is a graduate of the Norwegian School of Economics and Business Administration in Bergen.

Corporate governance

The Norwegian Code of Practice for Corporate Governance was presented on 7 December 2004. DnB NOR was actively involved in the process of drawing up the standard and will adhere to the code.

In accordance with the code of practice, Oslo Børs recommends that companies comply with the standard as from the 2005 financial year and explain any deviations in their annual reports. The Board of Directors in DnB NOR has reviewed the various items and the code of practice as a whole and will hereby account for how the Group complies with the code.

Principles for corporate governance in DnB NOR will ensure:

- The establishment of and information on the Group's goals, strategies and values (1, 2)
- A clear division of roles and responsibilities between various bodies and management (6, 7, 8, 9, 10, 11, 14)
- Predictability and equal treatment of all shareholders (3, 4, 5)
- Shareholder involvement and influence (6, 7, 8, 13)
- Relevant and timely reporting to shareholders and other stakeholders (12)
- Independent and qualified board members (7, 8)
- Adequate remuneration to board members and management (9, 10, 11)
- That the Board of Directors and management have thorough insight into and control of the company's/Group's development and operation (9)
- Compliance with laws, regulations and ethical standards (1)
- Independent internal and external auditors (9, 14)

(The figures in parentheses refer to the main items in the Norwegian code of practice for corporate governance, see separate listing.)

The Norwegian code of practice for corporate governance comprises the following main items:

1) Implementation and reporting on corporate governance
2) Business
3) Equity and dividends
4) Equal treatment of shareholders and transactions with close associates
5) Freely negotiable shares
6) General meetings
7) Nomination committee
8) Corporate assembly and board of directors: composition and independence
9) The work of the board of directors
10) Remuneration of the board of directors
11) Remuneration of the executive management
12) Information and communications
13) Takeovers
14) Auditor

Establishment of and information on the Group's goals, strategies and values

DnB NOR's Articles of Association describe the object of the company. The object of DnB NOR is ownership or ownership interests in other enterprises engaged in banking, insurance, or financing, and any related activities, within the scope of Norwegian legislation in force at any time. The complete Articles of Association can be found on the Group's website: www.dnbnor.com.

The Board of Directors has approved the group policy for corporate social responsibility and the code of ethics, as well as annual strategies for the Group and the various business areas. General descriptions and the code of ethics can be found on the Group's website. The Board of Directors has also prepared guidelines to ensure relevant, timely and uniform reporting to shareholders and other capital market participants. Through investor presentations in connection with interim accounts and presentations on special subjects, the market is updated on the Group's goals and strategies. Employees have access to policies, guidelines, the code of ethics, standard procedures etc. through the Group's intranet.

Clear division of roles and responsibilities between various bodies and management

Through the Articles of Association, standard procedures, management and reporting systems, there is a clear division of roles and responsibilities between various bodies in the Group. DnB NOR's principal bodies are the General Meeting, Supervisory Board, Board of Directors, Audit Committee (a sub-committee of the Board of Directors), Control Committee, the group chief executive and group management, internal auditors (Group Audit) and external auditors. Special guidelines have been worked out for handling and giving notice of possible conflicts of interest between board members, decision-makers in the group management team and the company.

The General Meeting and the Supervisory Board have established an Election Committee which proposes candidates for election and recommends remuneration. A thorough description of external and internal bodies can be found in the annual report for 2003, which is available on the Group's website.

Clear-cut guidelines regarding line responsibilites have been established for the group management team and the business areas. DnB NOR is a customer-oriented organisation divided into business areas and support and staff units. The business areas are wholly responsible for customer relationships and for optimal customer service. They are also responsible for ensuring that the Group's products are geared to customer and market needs at all times. Clear-cut targets for profits, growth and returns are set for the business areas. The support and staff units assist the business areas and the rest of the Group and are primarily responsible for ensuring that the products they deliver are cost-effective and of high quality.

Predictability and equal treatment of all shareholders

The Articles of Association, the Board of Directors and group management emphasise equal treatment of shareholders. According to Article 2-2 (3) of the Articles of Association, however, acquisition of shares is dependent on approval by the company's Board of Directors. A proposal to revoke the relevant provision will be presented at the Annual General Meeting on 21 April 2005. Pursuant to legislation, acquisitions of more than 10 per cent of the shares require approval by the authorities.

The company is committed to and pursues a predictable dividend policy, as described on page 26.

Shareholder involvement and influence

According to the Articles of Association, the annual general meeting shall be held before the end of April. The notice and agenda documents for the general meeting shall be sent to shareholders no later than two weeks before the meeting is to be held. Shareholders are entitled to appoint a proxy. The agenda, notice of the meeting and registration form will be available on the company's website. The general meeting has appointed an Election Committee which will present a well-founded recommendation on the election of shareholder-elected members to the Supervisory Board and Control Committee. The Supervisory Board elects members to the Board of Directors based on a well-founded recommendation from the Election Committee. Information on the Election Committee and deadlines for input can be found on the Group's website. According to the Articles of Association, the general meeting shall be chaired by the chairman of the Supervisory Board.

Relevant and timely reporting to shareholders and other stakeholders

The Board of Directors has prepared guidelines to ensure relevant, timely and uniform reporting to shareholders and other capital market participants. The guidelines also cover the company's contact with investors in arenas other than general meetings and are available on the Group's website. The company gives the market extensive analytical information in connection with account presentations and presentations on special subjects. Interim reports and the annual accounts are reviewed by the Audit Committee prior to approval by the Board of Directors. At the same time, information is made available to all interested parties through Oslo Børs and on the company's website.

Independent and qualified board members

The Election Committee has presented criteria for the election of board members to the Supervisory Board, which elects members to the Board of Directors based on a recommendation from the Election Committee. The Election Committee also proposes the remuneration to board members. No board member or member of group management are members of the Election Committee. The Board of Directors will consider the independence of its members, and their conclusion is presented in the listing of board members. The curricula vitae of the individual board members are found in the annual report and on the company's website. The Board of Directors has also assessed its overall competencies in relation to current challenges. Guidelines have been worked out for handling and giving notice of possible conflicts of interest between decision-makers in the group management team, board members and the company.

Adequate remuneration to board members and management

Remuneration to members of the Board of Directors, proposed by the Election Committee and approved by the Supervisory Board, is not performance-based or linked to options in DnB NOR ASA. The Board of Directors must approve any remuneration other than ordinary remuneration to board members and members of the Audit Committee and provide the Supervisory Board with the relevant information.

The group chief executive stipulates the remuneration to senior executives in consultation with the chairman of the Board of Directors on the basis of guidelines established by the Board. An extraordinary emolument may be awarded to senior employees in the DnB NOR Group on a discretionary basis. The criteria for such awards relate to results achieved and are established on the basis of ordinary compensation schemes in the different business areas. It is important that such schemes are performance-based without encouraging undue risk. They are intended to promote the company's competitiveness in the labour market, the Group's profitability and the desired trend in income and costs, as well as cooperation and team spirit throughout the Group. Note 10 on page 83 shows remuneration to senior executives and members of the Board of Directors in DnB NOR.

The Board of Directors' and management's insight into and control of the development and operation of the company and the Group

The Board of Directors has drawn up instructions and an annual plan for its operations, as well as instructions for the group chief executive.

DnB NOR carries out an annual strategy process with a three-year rolling horizon. Principal goals and strategic choices are established through a dynamic process – first at group level, thereafter in the business areas. Budgets, forecasts and risk-adjusted profit targets are set for all entities where it is natural to do so, based on adopted strategies and targets. The boards of directors in the holding company and the operative companies approve strategies and budgets and receive short-term periodic reports on and analyses of developments relative to budgets and plans. At group level, Group Financial Reporting prepares both internal and external financial reports.

DnB NOR's internal control system shall ensure that risk analyses and management supervision related to identified risks are carried out, and that the Group runs its business in accordance with external regulations, adopted strategies and guidelines. Internal control is an integral part of the Group's management and planning processes. The current position, and any risk brought to light during the control processes, are reported via the organisation to the group chief executive and the Board of Directors. In addition, Group Audit carries out independent risk assessments, testing and reporting of the Group's activities to the boards of directors of the various subsidiaries, the Board of Directors of the holding company, the Audit Committee and group management. Reports from Group Audit are also presented to the Control Committee and the external auditor.

The group credit policy and credit strategies are established by the bank's Board of Directors, and the group chief executive has stipulated guidelines for their implementation. Responsibility for the overall management and control of the Group's credit process rests with Group Credit, which operates independent of the business areas. Each business area manages its own credit processes based on established guidelines. As from 1 January 2005, management and supervision of overall risk is the responsibility of the chief risk officer, a member of the group management team.

Risk management is a key element in DnB NOR's management process. The boards of directors in the operative companies (e.g. the bank and the finance and insurance companies) stipulate limits for various risk categories and receive regular status reports. The Board of Directors in DnB NOR ASA receives periodic reports on the overall risk level for various risk categories. Information is provided to the market, shareholders and public authorities through quarterly reports. This information builds on internal risk reports which are subject to quality assurance by internal supervisory bodies and committees, including the Group Credit Committee and the Asset and Liability Committee. Findings and reporting are assessed on a continual basis by Group Audit, the Audit Committee and the Board of Directors.

Compliance with laws, regulations and ethical standards

The operations of the financial services group are subject to a number of laws, regulations and guidelines. Compliance is a line responsibility and is tested by Group Audit. A network of compliance officers has been established to ensure that external and internal regulations are implemented in companies and business areas. The organisation of the Group's compliance function is under review.

DnB NOR has a comprehensive code of ethics which applies to all employees and elected officers in governing bodies. A high ethical standard among employees and elected officers will strengthen the confidence that the Group enjoys in society at large. The code of ethics addresses impartiality, conflicts of interest, relations with customers and suppliers, duty of confidentiality, notification requirements, relations with the media, securities trading, insider trading and relevant financial interests of a personal nature. Breaches of the code of ethics will have diverse consequences.

Independent internal and external auditors

Independent and effective internal and external audits will help ensure satisfactory internal control as well as reliable financial reporting.

The Board of Directors in DnB NOR ASA has an Audit Committee established in DnB in 1999, consisting of four board members, with meetings normally held five to six times a year. The purpose, responsibilities and functions of the Audit Committee are in compliance with international rules and standards. The Audit Committee also reviews drafts of quarterly and annual accounts before these are presented to and approved by the Board of Directors. In connection with its review of the accounts, the Committee has discussions with management, Group Audit and the external auditor.

One of the Audit Committee's responsibilities is to ensure that the Group has independent and effective internal and external audit procedures. At least once a year, the Committee meets with the auditors without any members from management present.

Group Audit has instructions from the Board of Directors, which also approves the department's annual plans and budgets. Group Audit, which has around 50 auditors, reports its findings to the Board of Directors, the Audit Committee and the group chief executive.

Guidelines have been drawn up in respect of relations with the external auditor, including restrictions on what additional services can be undertaken, approval of fees and a policy to invite tenders for external audit services at least every five years. The Audit Committee submits a recommendation regarding the selection of external auditor and the external auditor's remuneration to the Board of Directors, which presents the proposals to the Annual General Meeting for approval. The guidelines can be found on the Group's website.

Group management

Front row, from the left: Evlyn Raknerud, Svein Aaser, Bente A. Landsnes, Leif Teksum and Øyvind Birkeland.
Back row, from the left: Åsmund Skår, Tom Grøndahl, Bård Benum, Ottar Ertzeid and Helge Forfang.

Svein Aaser (born 1946) *Group chief executive*
Aaser has been group chief executive in DnB, and now in DnB NOR, from 1998. He is former president and CEO of Hafslund Nycomed and deputy CEO of Nycomed Amersham. Aaser has also been managing director of Storebrand Skade and of NORA matprodukter. He is a graduate of the Norwegian School of Economics and Business Administration and has a degree from IMEDE, Lausanne.

Tom Grøndahl (born 1949) *Deputy CEO – chief financial officer, Finance/Group Staff*
Grøndahl was group executive vice president responsible for Group Staff in DnB. He formerly headed DnB's Company Secretariat and DnB's International Division. Prior to this, he was deputy chief executive in Bergen Bank. Grøndahl has broad managerial experience also from Citibank, where he held the position of chief executive as well as various managerial positions in London, New York and Oslo. He is a graduate of the Norwegian School of Economics and Business Administration and holds an MBA from INSEAD.

Bård Benum (born 1962) *Group EVP, Life Insurance and Pensions*
Benum was earlier in charge of life insurance and pensions in Gjensidige NOR. He has previously held various managerial positions in Gjensidige Bank, Reitangruppen, Statoil and Norsk Hydro. Benum holds an engineering degree in industrial economics.

Øyvind Birkeland (born 1955) *Group EVP, Asset Management*
Birkeland was previously group director responsible for the Capital Markets business area in Union Bank of Norway, head of Gjensidige NOR Merchant Bank, deputy president in Gjensidige NOR, head of Corporate Customers, and has held various other positions within the Group since 1979. Birkeland is a graduate of the Norwegian School of Economics and Business Administration.

Ottar Ertzeid (born 1965) *Group EVP, DnB NOR Markets*
Prior to the merger, Ertzeid was in charge of DnB Markets. He was previously deputy head of DnB Markets and held various positions within the FX/Treasury area in DnB. His prior professional experience includes the position as chief financial officer in DnB Boligkreditt and head of finance in Realkreditt. Ertzeid is a graduate of the Norwegian School of Management, BI.

Helge Forfang (born 1956) *Chief risk officer, Risk Management*
Forfang earlier held the position as general counsel in Gjensidige NOR and DnB NOR. He holds a law degree and has a Master's degree from the Norwegian School of Management, BI.

Bente A. Landsnes (born 1957) *Group EVP, IT and Payment Services*
Landsnes was earlier responsible for Banking Products in Gjensidige NOR, including IT and payment services. She has previously been group director responsible for Financial and Payment Services and director of International Services/Settlement in Union Bank of Norway, head of the IT and Interbank Section at the Banks' Central Clearing House and general manager at Bankenes Utredningsselskap.

Evlyn Raknerud (born 1947) *Group EVP, Human Resources and Group Services*
Raknerud was responsible for Financial, Payment and Group Services in DnB. She was previously head of Postbanken's Human Resources Department and, prior to this, head of human resources within Corporate Banking and responsible for job training in DnB. For a few years, she also served as chief employee representative. Raknerud was educated at the Norwegian College of Banking and has additional management training from the Norwegian School of Management, BI.

Åsmund Skår (born 1959) *Group EVP, Retail Banking*
Skår held the same responsibilities in Gjensidige NOR. He was previously group director in the core area Oslo/Akershus/Østfold in Union Bank of Norway and has held various other positions in the Group since 1986. Skår has also been employed by Skaarfish Group and Statoil. He is a graduate of the Norwegian School of Economics and Business Administration.

Leif Teksum (born 1952) *Group EVP, Corporate Banking*
Teksum held the same responsibilities in DnB. Teksum has experience from the petroleum industry and from various managerial positions in DnB and Bergen Bank. He has been executive vice president in charge of DnB Markets and Asset Management, and group executive vice president responsible for Financial Services. Teksum is a graduate of the Norwegian School of Economics and Business Administration.

DnB NOR stakeholders

Shareholders

DnB NOR had a market capitalisation of over NOK 79 billion at end-December 2004 and is the fourth largest company on Oslo Børs (the Oslo Stock Exchange).

As at 31 December 2004, DnB NOR had 1 327.1 million shares divided between close to 50 000 shareholders. There was a significant increase in the value of the share in 2004. The proposed dividend of NOK 2.55 per share provides a direct return of 4.27 per cent.

Shareholder and dividend policy

DnB NOR aims to manage group resources in a manner which will ensure shareholders a competitive return in the form of dividends and increases in share price relative to comparable investment alternatives. All shareholders will be treated equally and have the same opportunity to exert influence through the principle of one share – one vote. DnB NOR intends to distribute approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of expected profit levels in a normalised market situation, external parameters and the Group's capital adequacy.

Market communication

DnB NOR maintains an open dialogue with shareholders and other participants in the stock market. In the opinion of the Group, information should be relevant, timely, complete and of high quality to promote confidence and predictability and correct pricing of the company's shares. Information subject to disclosure requirements will be provided in the form of notices to Oslo Børs and immediately thereafter be published on DnB NOR's website and sent via e-mail to registered subscribers as well as to the Norwegian and international press. In addition, the company will hold regular presentations for investors, analysts and the press, both in Norway and internationally, in the form of result presentations, capital markets days, seminars and one-to-one meetings with investors.

A large number of equity analysts follow developments in the DnB NOR share. The share is covered by institutional investors' own analysts and a total of 27 both large and small investment banks and brokerage houses, of which 15 are Nordic-based and 12 international. It is in the interests of DnB NOR that high-quality equity analyses are published. All analysts, regardless of their assessments of the DnB NOR share, receive equal treatment. A list of analysts following the DnB NOR share can be found on www.dnbnor.com. Daily contact with investors and analysts is handled by DnB NOR's Investor Relations department.

Financial calendar for 2005	
Annual General Meeting	21 April
Ex-dividend date	22 April
Distribution of dividends	From 10 May
1st quarter	3 May
2nd quarter	10 August
3rd quarter	27 October

Preliminary accounts for 2005 will be released in February 2006.

Market conditions, returns and share turnover

At the end of 2004, DnB NOR was the fourth largest company on Oslo Børs with a market capitalisation of NOK 79.3 billion or 8.5 per cent of the value of all companies listed on the stock exchange. The proposed dividend of NOK 2.55 per share will give a direct return of 4.27 per cent. The overall annual return on the DnB NOR share, which reflects both price increases and dividends, shows that the share outperformed its Nordic competitors each year over the past five years (table 1). Oslo Børs showed a healthy trend in 2004 and reached an all-time high in December. The 2004 return was 33.3 per cent, compared with 48.4 per cent in 2004. The number of transactions rose by 45 per cent, while there was a rise in trading volume of 64 per cent to NOK 902.5 billion compared with the previous year.

The DnB NOR share, which was traded for the first time on 5 December 2003, experienced a 34.6 per cent price increase during 2004, from NOK 44.40 to NOK 59.75, with an average daily volume of over 4.4 million shares. In comparison, an average of 3.8 million DnB shares and 429 000 Gjensidige NOR (GNO) shares were traded per day in 2003. The value of the company's traded shares was reduced by NOK 5 billion to NOK 55 billion in 2004, and the relative share of total trading volume on Oslo Børs was down 2.4 percentage points to 8.5 per cent (table 2). The decline can be attributed to a particularly high turnover in DnB NOR shares in 2003, the year of the merger. At the beginning of 2005, the DnB NOR share was weighted on all relevant Oslo Børs indices, with 12.36, 8.60, 13.57 and 10 per cent respectively on the benchmark, all-share, OBX and mutual fund indices. DnB NOR is also represented on various global indices, but with relative low weights. It is possible to trade standardised derivative contracts on the DnB NOR share, and

Table 1: Total annual return as at 31 December 2004

Total annual return (%)	*Last year*	*Last 2 years*	*Last 3 years*	*Last 4 years*	*Last 5 years*
DnB NOR (DnB)*	39.5	40.5	18.2	9.8	16.5
DnB NOR (GNO) **	39.5	38.9	18.7	16.4	21.2
Nordic average ***	24.3	30.8	10.7	5.6	12.2

* *DnB NOR (DnB) is based on share price developments and dividends for DnB from 2000 through 2003*
** *DnB NOR (GNO) is based on share price developments and dividends for GNO from 2000 through 2003, the cash consideration of NOK 43 per share and the closing price as at 31 December 2004 based on the 1:6.2 exchange ratio with DnB*
*** *Unweighted average of Danske Bank, FöreningsSparbanken, Nordea, SEB and Svenska Handelsbanken*

Table 2: The DnB NOR share in 2003 and 2004

In NOK unless otherwise indicated	*2004*	*2003*
Highest closing price	61.00	45.30
Lowest closing price	41.90	42.90
Closing price	59.75	44.40
Market capitalisation (NOK million)	79 297	58 121
Tax value as at 1 Jan. the following year	59.50	44.90
RISK adjustment as at 1 Jan. the following year	(2.55)	(5.23)
Dividends for the accounting year	2.55	2.20
Annual turnover (in 1 000) [1]	1 121 503	1 000 255
Average daily turnover (in 1 000) [1]	4 433	4 001
Annual turnover (NOK millon) [2]	54 997	59 780
Turnover rate (%) [1]	85	124

1) *Aggregate figures for DnB (1 Jan.-4 Dec.) and DnB NOR (5-31 Dec.) in 2003*
2) *Aggregate figures for DnB and Gjensidige NOR (1 Jan.-4 Dec.) and DnB NOR (5-31 Dec.) in 2003*

DnB NOR derivatives were sold on more than half of the trading days. Around 65 000 contracts were sold at a total value of NOK 12.8 million, which is an increase compared with 2003.

Share capital, share repurchase, subscription, cancellation and subscription rights programmes

In connection with the merger between DnB and Gjensidige NOR, the share capital in DnB NOR was increased through the issue of shares to former Gjensidige NOR shareholders. At end-December 2004, the share capital of the company was NOK 13 271 385 220 divided into 1 327 138 522 shares. DnB NOR did not use the authorisations to repurchase shares during 2004, but will present a proposal to the Annual General Meeting in April 2005 to renew the authorisation to repurchase up to 10 per cent of the Group's share capital either through the stock market or by redeeming the relevant percentage of shares held by the Ministry of Trade and Industry at market price.

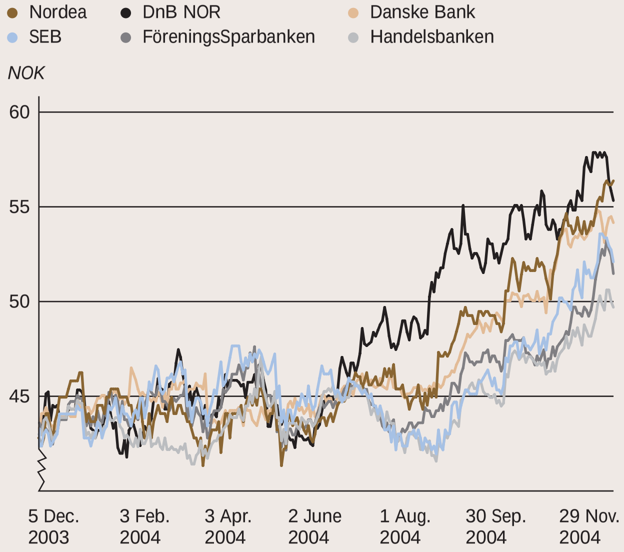
Subscription rights under the former schemes of both DnB and Gjensidige NOR were exercised by employees in 2004, involving the issue of a total of 18 111 315 new shares with a face value of NOK 10 per share. No shares were cancelled in 2004. In the subscription rights programme for former DnB employees, 11 951 372 rights were outstanding as at 31 December 2004, with final conversion to DnB NOR shares in March 2005 at the subscription price of NOK 32.83 per share. When fully exercised, the remaining subscription rights may have a dilutive effect of around 0.9 per cent. The Annual General Meeting and

Table 3: Number of shares 2002-2004

Number of shares	*2004*	*2003*	*DnB 2002*	*GNO 2002*
Outstanding as at 1 Jan.	1 309 027 207	769 630 475	770 590 475	46 889 356
No. of shares cancelled	0	960 000	8 067 000	-
Share issue (subscription rights)	18 111 315	18 637 **	-	-
Shares for conversion	-	539 396 732	-	40 107 111
Outstanding as at 31 Dec.	1 327 138 522	1 309 027 207	770 590 475	86 996 467
Holdings of own shares	0	0	960 000	-
No. of shares outstanding as at 31 Dec., less own shares	1 327 138 522	1 309 027 207	769 630 475	86 996 467
No. of subscription rights outstanding as at 31 Dec.	11 951 372*	33 256 262 **	26 421 000	1 161 000
No. of shares outstanding, fully diluted	1 339 089 894	1 342 283 469	796 051 475	88 157 467

* *The exercise price for the outstanding subscription rights is NOK 32.83. For the subscription rights to be exercised, the DnB NOR share price must show a rise equal to or higher than an unweighted basket of other Nordic banking shares.*
** *Subscription rights in the former Gjensidige NOR were converted at the rate of 1:6.2 in 2003*

Share price development for DnB NOR and Nordic competitors as from 5 December 2003 (rebased)



the Board of Directors have given holders of subscription rights under the DnB scheme an unconditional right to subscribe for shares for the first two-thirds of their holdings, as the return on the share outperformed the reference index. For the rights remaining under the scheme, the DnB NOR share must show a rise equal to or higher than a reference index comprising five other financial institutions (Danske Bank, Sparebanken Midt-Norge, Nordea, SEB and Svenska Handelsbanken). The calculation period is five days. During the calculation period from 16 to 22 February 2005, the DnB NOR share price outperformed the reference index, and rights holders were presented with an offer to subscribe for DnB NOR shares for the remaining third.

Shareholder structure

DnB NOR has close to 50 000 private and institutional shareholders, of which the largest are the Norwegian Ministry of Trade and Industry, Sparebankstiftelsen DnB NOR (the Savings Bank Foundation) and Gjensidige Forsikring. During 2004, the Ministry of Trade and Industry increased its holdings from 31.4 to 34 per cent.

The shares held by the Ministry are managed by the Department of Ownership, subject to special management guidelines which among other things stipulate that the Norwegian government cannot have representatives on the boards of directors or supervisory boards of financial institutions and that the government, through participation in election committees, will ensure that the governing bodies include representatives from all shareholder groups. The guidelines are also intended to ensure that the Ministry will not act in a manner likely to raise doubt about the independence of the institution with respect to customers, e.g. in connection with credit decisions and monitoring of commitments. Further, the Ministry must act in a manner conducive to equal treatment of the financial institution's shareholders.

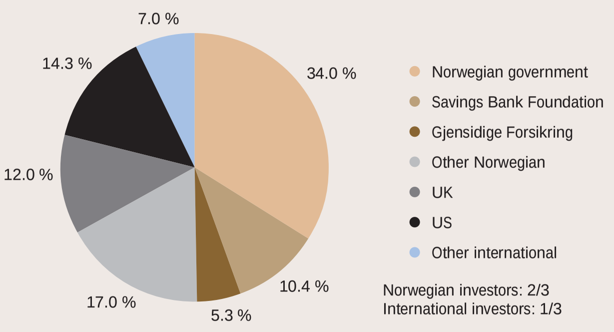
The object of the Savings Bank Foundation is to manage its long-term ownership interests in DnB NOR and support the company in its efforts to continue the savings bank tradition. As part of this strategy, the Foundation can use a portion of annual profits to make financial contributions to non-profit causes. The Foundation's governing body is the general meeting, with members elected among the bank's depositors and by county councils in eastern Norway. The general meeting has elected a board with six members.

Table 4: Largest shareholders as at 31 December 2004

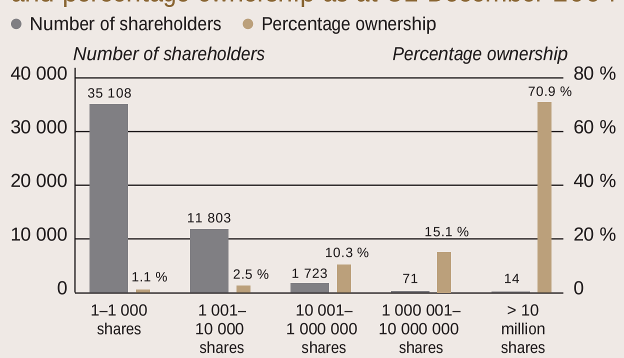
	(per cent)
Ministry of Trade and Industry	34.0
Savings Bank Foundation	10.4
Gjensidige Forsikring	5.3
Capital International	3.3
National Insurance Scheme Fund	2.2
Fidelity Investments	1.9
Orkla ASA	1.6
Total funds in DnB NOR Asset Management	1.4
Total other Norwegian fund management companies	1.3
DnB NOR employee funds	1.2
Total other Norwegian insurance companies and private pension funds	2.0
Other shareholders *	35.4
Total	100.0

** Including nominee accounts*

Ownership according to investor category as at 31 December 2004



Shareholders according to number of shares and percentage ownership as at 31 December 2004



During 2004, international investors' holdings rose from 32.4 to 33.3 per cent, while the Norwegian government increased its holdings by 2.6 percentage points. The percentage of freely traded shares held by Norwegian shareholders declined by 3.5 percentage points.

Rating

The creditworthiness of DnB NOR Bank ASA is assessed by the rating agencies Moody's Investors Service and Standard & Poor's. Moody's upgraded its rating in July 2004, from Aa3 with a negative outlook to Aa3 with a stable outlook for long-term debt, while the best rating, P-1, was maintained for short-term debt. Standard & Poor's gave the bank a credit rating of A with a positive outlook for long-term debt and a short-term debt rating of A-1 in January 2004. These ratings were confirmed in December.

Tax adjustments

The introduction of new tax rules will affect "RISK" adjustments for DnB NOR's shareholders. "RISK" adjustments have been allocated to shareholders subject to Norwegian taxation on 1 January of the year following the fiscal year.

New rules for corporate shareholders
In consequence of the introduction of the tax exemption model for Norwegian companies, the rules for calculating annual "RISK" adjustments and allocations will be abolished for corporate shareholders as of the 2004 fiscal year. Gains on the purchase and sale of shares will thus be exempted from tax as of 26 March 2004. Dividends will still be exempted from tax.

New rules for personal shareholders
Personal shareholders liable to Norwegian taxation will in general be allocated "RISK" adjustments for the DnB NOR share for the 2004 fiscal year. However, the rules for "RISK" adjustments have been changed significantly:

- Dividends and group contributions received will not be included in "RISK" adjustments for 2004 and 2005
- Dividends and group contributions distributed in 2004 and 2005 will reduce "RISK" adjustments as before
- Intra-group "RISK" will be abolished as from the 2004 fiscal year
- The rules concerning realisation "RISK" were abolished as of 26 March 2004

As DnB NOR ASA generally receives sizeable group contributions from subsidiaries and distributes large amounts in dividends, "RISK" adjustments will normally be negative. The final "RISK" adjustment will probably be made as of 1 January 2006. Original cost and accumulated "RISK" as of this date will be included in the basis for tax exemption according to the shareholder model, to be introduced as of 1 January 2006.

The preliminary "RISK" adjustment as at 1 January 2005 is estimated at a negative NOK 2.55. Previous years' "RISK" adjustments will differ for former shareholders in Gjensidige NOR and DnB respectively. Table 6 shows "RISK" adjustments allocated to DnB NOR shareholders and former shareholders in DnB and Gjensidige NOR as at 1 January each year.

Table 5: Credit ratings
(DnB NOR Bank's credit ratings in bold type)

Standard & Poor's Short-term	*Standard & Poor's Long-term*	*Moody's Short-term*	*Moody's Long-term*
A-1+	AAA	P-1	Aaa
A-1	AA+	P-2	Aa1
A-2	AA	P-3	Aa2
A-3	AA-	Not prime	Aa3
B	A+		A1
C	A		A2
	A-		A3
	BBB+		Baa1

Table 6: "RISK" adjustments for former DnB and Gjensidige NOR shareholders and DnB NOR shareholders

	RISK DnB NOR (DnB)	*RISK DnB NOR (GNO)*
1 Jan. 2005 estimate	(2.55)	(2.55)
1 Jan. 2004 [1)]	(5.23)	(5.23)
1 Jan. 2003	6.44	(0.07)*
1 Jan. 2002	(3.66)	2.83*
1 Jan. 2001	2.64	4.53*
1 Jan. 2000	(0.39)	3.25*
1 Jan. 1999	(0.98)	1.98*
1 Jan. 1998	(1.43)	3.36*
1 Jan. 1997	(1.29)	3.55*
1 Jan. 1996	(0.89)	0.71*
1 Jan. 1995	(1.24)	(0.37)*
1 Jan. 1994	0.00	(2.94)*
1 Jan. 1993	0.00	0.00*

* Gjensidige NOR's "RISK" has been adjusted by 1:6.2 up till 2003.

[1)] It has been decided to change year-end adjustments for 2003 for some subsidiaries. Dividends scheduled to be paid to DnB NOR ASA for 2003 will be reclassified as group contributions with no tax effect. This could result in a positive differential "RISK" adjustment of around NOK 3.40 per share if the reclassification is accepted by the tax authorities.

Customers

DnB NOR offers a wide range of products and services. The Group's central customer units, branch network, Internet and telephone banking services represent Norway's most extensive distribution system for financial services.

The Group wishes to further strengthen its local presence. Thus in 2004 branch offices were given more extensive credit approval authority within both retail and corporate banking.

Customer relations

Customer relationships with individuals and businesses in Norway represent the foundation for profitable growth. The Group also seeks to be the preferred gateway to Norway for foreign companies. Selected products and services in areas where DnB NOR has a competitive edge are also offered by the Group in international markets. DnB NOR's position as one of the world's leading shipping banks represents one result of this selective strategy.

Brands

The DnB NOR brand name was launched in the market in 2004. The name change will be fully implemented when all branch offices have been coordinated during the first half of 2005. The Group will then be recognised under a uniform name and profile.

The DnB NOR brand is used in banking operations and by several product and service providers within the Group (see separate listing).

The DnB NOR Group also includes a number of other strong brands (see separate listing).

Multi-channel strategy

The Group's customer service in most areas is based on a multi-channel strategy, where service options within DnB NOR's extensive distribution network are for the most part chosen by the customers themselves:

- Branch offices
- Regional specialist units (investment centres within Retail Banking, financial services centres within Corporate Banking and sales desks in Markets)
- Central units
- Telephone
- Internet banks

Other service concepts are offered within selected product areas. This could be indirect distribution, such as in consumer financing, or one-to-one contact, e.g. in connection with occupational pensions, discretionary asset management or private banking services targeting the high-net-worth segment in the retail market.

Brands in the DnB NOR Group

DnB NOR	• Retail banking • Corporate banking
BANKEN	• Retail banking
VITAL	• Life and pension insurance market
NB NordlandsBanken	• Banking market in the county of Nordland
Cresco®	• Consumer finance
American Express	• Credit cards
CARLSON Part of the DnB NOR Group	• Brand name in the mutual fund market in Sweden

Entities within the Group using the DnB NOR name:

- DnB NOR – banking services, retail and corporate markets
- DnB NOR Markets – investment bank
- DnB NOR Asset Management – mutual funds and discretionary asset management
- DnB NOR Eiendom – real estate brokerage services
- DnB NOR Hypotek – financing of commercial property and housing cooperatives
- DnB NOR Finans – leasing, rentals, fleet management and corporate lending
- DnB NOR Næringsmegling – brokerage services relating to commercial property
- DnB NOR Kort – consumer finance and credit cards

DnB NOR's distribution capacity in the retail market

Main brands	Distribution channels
DnB NOR	• 193 bank branches • 26 investment centres • Private banking • Real estate broking in 67 locations • Internet bank: dnbnor.no • Telephone bank
BANKEN	• 42 customer service centres • Internet bank: postbanken.no • Telephone bank • 303 post offices • 1 202 in-store postal outlets
NB NordlandsBanken	• 19 bank branches • Internet bank: nordlandsbanken.no • Telephone bank

Customer service
The process of coordinating customer service within all business areas was started in 2004.

Corporate Banking serves customers through central units, telephone and Internet banking, regional financial services centres, business centres and the domestic network of offices and branches. In addition, Nordlandsbanken serves corporate clients in the county of Nordland. Internationally, service is provided through 13 branches and representative offices. In 2004, DnB NOR opened offices in Helsinki, Finland, and Shanghai, China. (The photo to the right shows Espen Lund, head of the Shanghai office.)

Through cooperation with the Group's other business areas and support functions, mainly within cash management, corporate finance and foreign exchange and interest rate instruments, DnB NOR offers corporate customers a wide range of financial products and services.

In autumn 2004, Retail Banking began the extensive process of developing and coordinating the customer loyalty programmes of the two former banks. Through the expansion of the loyalty programmes and harmonisation of prices, customers receive better overall price terms than before the merger.

In DnB NOR Markets, the coordination process was largely completed during the first quarter of 2004. DnB NOR Markets offers a broad range of securities and investment services in all customer segments. Customer service is also provided through 15 regional sales desks, thus giving customers throughout the country access to Norwegian and international expertise. In addition, DnB NOR Markets offers a range of services on the Internet, including fast and efficient equities and currency trading.

Vital established joint products and customer service in the retail and corporate markets in 2004. Municipalities and public enterprises are now offered uniform products and joint customer service, with customer data on the same IT platform. In addition, joint routines have been established for the distribution of information and reporting of results to all customers.

In the first half of 2004, DnB NOR Asset Management began the process of combining and coordinating the mutual funds offered by the two former financial services groups with the aim of establishing a simpler and better range of fund options. DnB NOR Asset Management has its own staff of portfolio managers and analysts in New York, Hong Kong, London and Stockholm, in addition to those based in Bergen and Oslo. The business area's own portfolio managers along with the DnB NOR Group's extensive advisory network help customers choose the right savings alternatives.

Coordination of offices and branches
The coordination of the branch networks in the two former groups started in September 2004. This process will continue until June 2005, when the merging of all branches will be fully implemented. The branches will meet the public under the DnB NOR profile and offer uniform customer service. Branch offices will be merged in 51 localities where both the former DnB and Gjensidige NOR were represented.

When this process is completed, the Group will have 193 bank branches, 26 investment centres and 60 financial services and business centres. The network will also include Nordlandsbanken's 19 branches and Postbanken's distribution network comprising 42 customer service centres, 303 post offices and banking services in 1 202 in-store postal outlets.

Real estate brokerage operations are represented in 67 locations.

The Group has offices in 134 municipalities in all of Norway's 19 counties. In addition, DnB NOR's international network comprises offices on five continents.

Telephone and Internet banking
The customer portal www.dnbnor.no on the Internet was launched in September 2004, replacing the earlier websites. Postbanken and Nordlandsbanken have their own Internet banks. The Group's joint telephone service for retail and corporate customers was also launched in the autumn of 2004.

Competitive climate
The DnB NOR Group has a leading position in all segments of the Norwegian financial market. Competition is strong in these markets, and in some market segments it is greater than ever. More available options and a larger number of participants are among the factors behind the increased competition. Nonetheless, the Group has maintained its market shares.

As a major market participant, DnB NOR faces competition from many different sources:
- Large national and Nordic players
- Local and regional savings banks
- Niche specialists

Competition in the retail market is expected to tighten further due, among other things, to the increased flow of information, accelerated product development, greater competition for affluent customers and the large number of players in the market for pension savings.

Deposit guarantee
DnB NOR has a better deposit guarantee than its Nordic competitors. Pursuant to legislation on guarantee schemes, every customer in a Norwegian bank is covered for deposits of up to NOK 2 million, which corresponds to around EUR 250 000. In comparison, the guarantee amount for Danish banks is EUR 40 000, EUR 28 000 for Swedish banks and EUR 20 000 for Finnish banks.


RENESAS
Carrier
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Employees

The process of creating a new, common corporate culture which reflects the DnB NOR Group's core values, team spirit, simplicity and value creation, is well under way.

A new human resources policy has been prepared, called DnB NOR's code of conduct, which describes what employees can expect of the Group and what the Group expects of its staff members. Through the code of conduct, both managers and staff are called upon to create an attractive workplace.

Leadership principles

Together with the code of conduct, DnB NOR's new leadership principles form the core of the new culture, presenting a clear statement of the conduct expected of its managers.
DnB NOR's three leadership principles are:

- I build team spirit
- I advocate simplicity
- I take part in value creation

Management training

In 2004, the first part of the management training programme "This is the way we do things in our management team" was completed by more than 120 management teams including group management. Several of the teams have started on the second part of the programme, which primarily focuses on individual managers in the team. Two additional management training programmes were launched at the end of the year, one of which deals with leadership responsibilities and roles, while the other emphasises counselling and following up individual employees.

Trainee programme

In the period from 1994 to 2004, around one hundred recent graduates of universities and colleges in Norway and abroad completed DnB NOR's trainee programme. Trainees receive 18 months of training in various specialist units, with continual follow-ups and support from a mentor as well as the Group's trainee coordinator, who also arranges the programme. Surveys show that DnB NOR's trainee programme is ranked among the best of its kind in Norway.

DnB NOR is strongly committed to maintaining contact with colleges and universities in Norway and abroad. The Group regularly holds presentations and participates in business and career seminars and student conferences.

Competence development

During the integration process, DnB NOR devoted considerable resources to identifying existing competencies relative to new positions and competence requirements.

In consequence of the establishment of new solutions for branch offices, systems, products and work processes, several competence-building measures have been implemented throughout the Group. Moreover, DnB NOR makes use of training programmes for financial advisers with respect to new national competence requirements.

DnB NOR also promotes competence development by offering training programmes in cooperation with external partners, aiming to provide opportunities for advanced training and higher education in the Group. In this connection, support schemes have been set up in the form of financial grants and time off for studying.

DnB NOR's competence strategy was further developed in 2004, aiming to set the direction for building the competencies best suited to attain DnB NOR's business goals. An important aspect is that each staff member carries responsibility for their own training and development.

There were nearly 7 700 participants in training programmes or further education for the Group's employees in 2004. 331 employees received financial support to study at external educational institutions.

Reassignment of competencies

DnB NOR seeks to retain and reassign the competencies existing in the Group and has thus established its own temporary employment agency, DnB NOR Ressurs, and a separate consulting unit, DnB NOR Consulting. Positions in these units are filled through internal recruitment.

Staff levels and restructuring

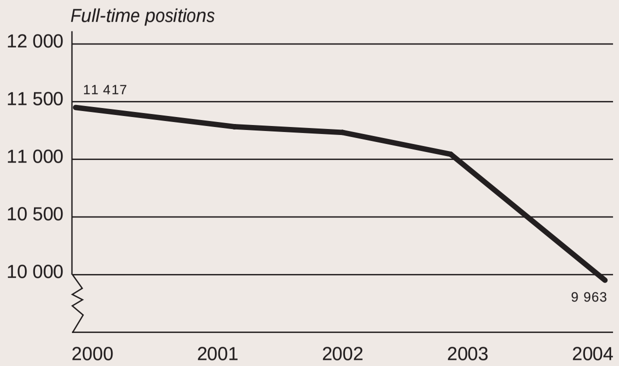
The number of full-time positions in DnB NOR totalled 9 963 at the end of 2004, 51.6 per cent women and 48.4 per cent men. This means that the indicated staff cuts of 1 630 full-time positions within the end of 2006 are within reach. By end-December 2004, 755 employees had resigned.

In cooperation with the employee representatives, DnB NOR has established a special set of rules to be applied during reorganisation, restructuring and when assigning positions to employees.

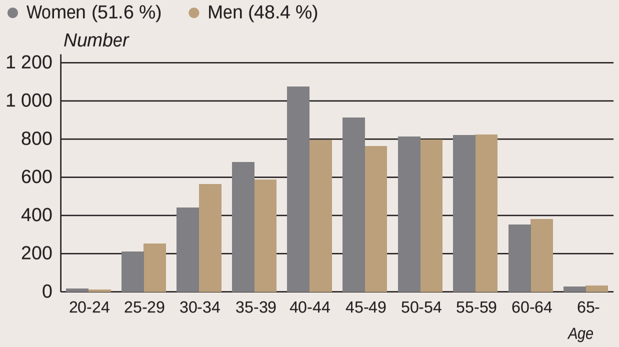
Of those who resigned in 2004, 572 received severance packages, of which 403 were in the form of redundancy pay and 15 part-time solutions. 154 received early retirement pensions, of which 94 were contractual pension agreements.

As at 31 December 2004, the average age of Group employees was 46 years.

Staff numbers



Number of employees according to age and gender as at 31 December 2004



Career Centre

DnB NOR has established a Career Centre to lend assistance to employees made redundant and others who need help to change their work situation. Around 150 staff members have received help and counselling, and it is expected that this need will rise as more branch offices are merged.

Recruitment and mobility

DnB NOR encourages internal recruitment and mobility. The Group aims to fill all vacant positions through internal recruitment. A total of 1 455 candidates, 639 women and 816 men, applied for 251 vacant positions in the DnB NOR Group in 2004.

Benefits

Employees in the DnB NOR Group enjoy a number of benefits, both financial and social, e.g. group pension scheme, insurance coverage, share-related benefits, employee loans and sports activities.

Occupational pension scheme

All employees in the DnB NOR Group are covered by an occupational pension scheme in accordance with the Act on Occupational Pensions. In 2004 it was agreed to coordinate all of the schemes in the former DnB and Gjensidige NOR and establish a joint scheme for DnB NOR effective as of 1 January 2005. According to plan, the new pension scheme will not increase cost levels or result in appreciable changes in employee pension entitlements.

Share-related benefits

In 2004, group management decided to continue the employee fund scheme. Allocations for 2004, totalling NOK 146 million, will go to the new DnB NOR Ansattefond AS, which includes all employees in the DnB NOR Group. DnB-ansattes Fond AS and Gjensidige NOR Ansattefond AS will be maintained in order to manage existing values.

The value of each A share in DnB-ansattes Fond as at 31 December 2004 was estimated at NOK 34.12. The share price in DnB NOR ASA on the same date was NOK 59.75.

For eligible employees in the former DnB full allotment from the fund currently amounts to 3 922 A shares at an estimated value before taxes of NOK 133 819. Employees in Vital and Postbanken with full entitlement have correspondingly accumulated 2 146 A shares at an estimated pre-tax value of NOK 73 222.

The gross value before taxes for employees participating in the former Gjensidige NOR Ansattefond from the start is now NOK 190 103, based on a value of NOK 32.57 per share.

8 582 employees participated in subscription rights programmes in 2004. The subscription rights programme for employees in the former Gjensidige NOR expired in October 2004. The programme for staff in the former DnB will expire in March 2005.

In 2004, all staff members in the Group received, as on several previous occasions, an offer to purchase a certain number of DnB NOR shares at a discounted price and on favourable terms. 5 797 employees accepted the offer.

Company sports activities

Over 2 600 DnB NOR staff members participate in company sports activities, and the company has around 50 sports groups. The Group contributed NOK 4 million to these activities in 2004. Company sports activities are considered of great value in connection with building corporate culture and team spirit and maintaining health.

Vacation properties

In 2004, the DnB NOR Group decided to establish guidelines for the use of vacation properties as a staff benefit. The DnB NOR Group has around 130 cabins at its disposal in Norway in addition to some weekly time-share agreements abroad. All employees in the Group have the same right to use these vacation properties.

Society

For more than 180 years, the Group has played an important role in Norwegian society, not least in local communities. DnB NOR wishes to maintain this position and has thus chosen to maintain a presence in close to 250 locations throughout Norway. This strategy is based on strong local ties, authorising employees to make decisions where the customer is.

DnB NOR wishes to be the preferred partner for customers by offering capital and expertise. The Group demonstrates its commitment by assisting customers in good times as well as bad. DnB NOR will be a partner for both large companies operating in the international market and the local grocery shop, offering solutions adapted to differing customer needs.

Corporate social responsibility

The Group's role in Norwegian society is in keeping with the values and norms characterising society at large. This is reflected in all parts of the Group's business operations, such as advisory services, credit procedures and asset management.

DnB NOR's corporate social responsibility is based on the Group's corporate culture, values and strategy, as well as on international principles and guidelines concerning environmental, ethical and social considerations*.

DnB NOR has endorsed the following principles and guidelines:

- United Nations Global Compact
- OECD guidelines for multinational companies
- UNEP FI principles (United Nations Environment Programme Financial Initiative)
- Transparency International

** Social considerations refer primarily to conditions within the company (including health, environment and safety, diversity, equality and relations with the employee organisations), but also to external factors such as the company's presence in local communities (creating jobs, providing financial services, sponsorship etc.) and global issues such as human rights and child labour.*

The Group's ambitions with respect to social responsibility are outlined in a special policy for the DnB NOR Group. The key elements in the group policy can be summarised as follows:

DnB NOR wishes to promote sustainable development through responsible business operations giving priority to environmental, ethical and social considerations.

DnB NOR will not offer products and services or perform acts representing a risk of involvement in unethical conduct, infringement of human or labour rights, corruption or harm to the environment. The following guidelines have been established by group management:

- Financial advisory services must meet ethical standards and safeguard customer interests
- DnB NOR's credit activities will take environmental, ethical and social issues into account
- Asset management operations for life insurance and pension clients will reflect a high level of environmental and ethical quality
- Asset management, savings products and other products and services will reflect a high level of environmental and ethical quality
- DnB NOR's equity investments will reflect environmental, ethical and social responsibility

DnB NOR employees are the chief ambassadors for the Group's social responsibility, both through conduct reflecting high ethical standards and through specific environmental measures (order in our own house). A set of rules, "This is how we do things", stipulates what the Group expects from its employees.

The Group's code of ethics is communicated to employees through various information channels. Ethics and the incorpora-


nen til ditt nye lokale DnB NOR kontor!
DnB NOR

tion of ethical standards in business operations are subject to discussion in various courses.

Environmental order in our own house

Special guidelines have been worked out for environmental effort in DnB NOR, based, among other things, on the principles set forth in the UNEP FI, where DnB NOR has participated since 1999, and on the UN Global Compact, endorsed by DnB NOR in 2004. A new action plan for environmental initiatives is under preparation.

Energy consumption in properties used by the DnB NOR Group totalled 89.8 GWh in 2004, down 2 per cent from 91.7 GWh for the corresponding office space in 2003. However, the actual decline in total energy consumption was much steeper due to the reduction in office space in 2004. Electricity was used as the primary source of energy for heating and cooling where district heating and cooling is unavailable. The majority of large buildings used by DnB NOR have built-in energy conservation systems that automatically regulate ventilation, lighting and temperature. At the head office at Aker Brygge in Oslo, energy consumption is mainly based on district heating and heat pumps powered by seawater. The merger between DnB and Gjensidige NOR involves a substantial reduction in total energy consumption as well as office space.

Vital Eiendom, which manages properties owned by the DnB NOR Group, has, in cooperation with the Government Energy Fund, represented by Enova, established a programme for eco-friendly and cost-effective energy consumption. The programme will be completed during 2005 and involves some 239 000 m^2, of which around 65 000 m^2 are used by DnB NOR with a total annual consumption of around 23 GWh. Estimated savings are calculated at 14 per cent. The rehabilitation of the office building in Lørenfaret 1, Oslo, has reduced energy consumption for lighting by 70 per cent. In that connection, Vital Eiendom, on behalf of DnB NOR, received the prestigious EU Green Light Award in competition with similar projects from all over Europe. All light fixtures containing PCB have been removed from properties owned by the DnB NOR Group.

A group standard procedure for procurement has been worked out by DnB NOR to ensure eco-efficient purchasing of products and services.

DnB NOR is committed to reducing the Group's paper consumption, in particular the most paper-intensive products, such as account statements and other notices, as well as copying paper. During 2004, measures to reduce the number of paper-based account statements for special account agreements were implemented, which significantly reduced paper consumption as well as printing and postage expenses.

During 2004, the remaining financial services centres, Vital's office in Bergen and DnB NOR's head office at Aker Brygge in Oslo were certified in accordance with the "eco-lighthouse" programme. Eco-lighthouse certification is an official Norwegian environmental management and certification programme supported by several business and environmental organisations.

Corporate social responsibility and business operations

DnB NOR has a significant indirect impact on the environment through the Group's business activities. This applies in particular to the extension of credit to a variety of companies and activities, and to asset management operations, where DnB NOR Asset Management manages substantial funds on behalf of investors.

DnB NOR is a major lender to retail customers, the business community and the public sector. As a lender, DnB NOR bears strong responsibility, which includes ensuring that lending propositions are in harmony with public interests and standards. The group standard procedure for credit activity stipulates that ethical and environmental issues must be thoroughly assessed and included in risk analyses.

DnB NOR Asset Management has incorporated ethical and environmental considerations in standard procedures for investment management activities. DnB NOR has established several funds and offers portfolio management for institutional investors whose investment preferences reflect social, ethical and environmental considerations. The asset management operations in Sweden also offer several funds based on ethical criteria. Investments are not made in companies where earnings are linked to products such as alcohol, tobacco, weapons or pornography. The funds invest in companies which fulfil national and international environmental requirements and support sustainable development. Responsibility and performance relative to the UN Convention on Human Rights and the international Labour Rights Convention are also reviewed. In addition, DnB NOR offers two environmental funds, Grønt Norden and Miljøinvest.

As a financial institution, DnB NOR places major importance on innovation, the key to future competitive clout, jobs and value creation. DnB NOR's Innovation Award is a measure to stimulate creativity in Norway and is aimed towards knowledge-based business development. Established companies, entrepreneurs and public sector representatives can compete for the award, which is bestowed both nationally and locally.

Sponsorship

DnB NOR is committed to supporting Norwegian cultural activities, sports and selected organisations. DnB NOR's sponsoring activities include the brand names DnB NOR, Postbanken, Cresco, Nordlandsbanken and Vital.

Sponsoring activities play an important part in supporting DnB NOR's core values and brands. In addition to a number of local partnership agreements, DnB NOR is the main sponsor for various sports associations, cultural institutions and organisations.

Savings Bank Foundation

Sparebankstiftelsen DnB NOR (the Savings Bank Foundation) intends to be a stable, long-term owner in DnB NOR ASA. Norwegian savings banks have a tradition of channelling parts of their profits back into the local community. This tradition will be pursued by the Savings Bank Foundation.

With a holding of over 10 per cent, the Foundation is DnB NOR's second largest shareholder. 25 per cent of profits, representing mainly dividends on DnB NOR shares, can be donated to non-profit causes.

The Foundation will support projects throughout Norway. In 2004, the Savings Bank Foundation made donations to large, nation-wide projects such as the children's and youth opera, a new fair ground at the Norwegian Museum of Cultural History and the Norwegian Heritage foundation. Large donations were also made to local projects, with special emphasis on cultural heritage and programmes aimed at young people aged between 13 and 18. Total contributions from the Foundation in 2004 came to NOK 40 million.

Business areas

The operational structure of DnB NOR includes five business areas and four 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.

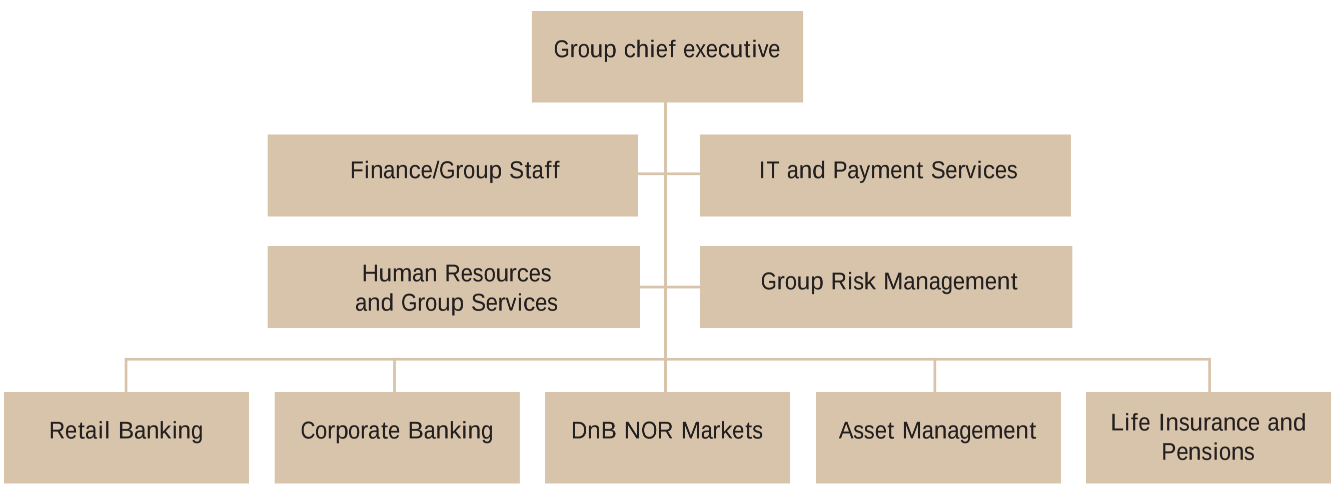
The operational structure of DnB NOR deviates from its legal structure as activities in subsidiaries fall in under the business area relevant to the company's primary operations. Activities in some subsidiaries, e.g. Nordlandsbanken, are divided between several business areas.

The business areas carry responsibility for specific customer segments and key distribution channels, including sales of customer products, marketing, customer service, distribution and risk assessment in addition to product development, production and product pricing. The business areas are also responsible for the most business-critical support functions and have the opportunity to influence other staff and support units in the Group by changing their demand pattern and levels of ambition.

Cooperation between the business areas is an important element in DnB NOR's strategy. A wide range of products, services and distribution channels enables the Group to offer customer solutions across business areas.

Certain customers and transactions of major importance require extensive cooperation within the Group. To stimulate such cooperation, net income relating to some of these transactions is recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in DnB NOR Markets. In 2004, such income totalled NOK 723 million. Double entries are eliminated in the group accounts. The effects of internal transactions between the Group's trading portfolio and banking portfolio are, however, not eliminated.

Operational structure of the DnB NOR Group



Financial targets

Differentiated financial and non-financial requirements have been set for the business areas which in combination will help the DnB NOR Group reach communicated financial targets. Return on equity is the key ratio for the business areas, representing each area's profits after taxes relative to financial capital requirements. The need for financial capital is based on the risk involved in operations in accordance with DnB NOR's risk management model.

Internal pricing

DnB NOR's financial management model and functional organisation entail the sale of products and services between the business areas in the Group. The pricing of such intra-group transactions is regulated by internal agreements generally based on market terms.

Services provided by staff and support units will as far as possible be scaled and priced according to demand. Group overheads that cannot be debited according to use, are charged to the business areas' accounts on the basis of special distribution formulas. Goodwill amortisation and costs relating to the Group's equity transactions and strategic initiatives are not charged to the business areas. Nor are the business areas charged with direct shareholder-related expenses and costs concerning the Group's governing bodies.

Sale of companies

In connection with the merger, the Norwegian authorities required the sale of certain entities by the DnB NOR Group. This applied to Elcon Finans, Postbanken Eiendomsmegling, Aktiv Eiendomsmegling and Gjensidige NOR Fondsforsikring. All sales were completed or sales agreements entered into during 2004.

The description of the business areas in the annual report, including financial information, does not include these companies. In the accounts for the business areas, accounts for the companies are combined under the entry "Discontinuing operations".

The terms of the merger also required the sale of a total of 53 banking outlets. This process is under way, and the accounts and descriptions for the business areas include operations in branch offices that have not been sold.

Financial performance

Net interest income showed a relatively stable trend from 2003 to 2004. Adjusted for the effect of lower interest on allocated capital, both Corporate Banking and Retail Banking recorded increases in net interest income. In Corporate Banking, this was due to more accurate risk pricing, while in Retail Banking, the 16 per cent growth in lending had a positive impact.

Other operating income was up 23 per cent from 2003 to 2004, reflecting healthy performance within payment transfers, the sale of mutual funds and insurance products, a high level of activity within Life Insurance and Pensions and Asset Management and gains on the sale of Elcon.

Operating expenses were scaled back in all business areas from 2003 to 2004, mainly through the realisation of synergies. Total operating expenses in the Group were 1.3 per cent higher in 2004 than in 2003 due to restructuring provisions in 2004 relating to the merger between Gjensidige NOR and DnB.

The loan-loss situation showed major improvement from 2003 to 2004, which was largely attributable to low interest rate levels and sound liquidity in the business sector.

Profit and loss and balance sheet items and selected key figures

Profit and loss accounts												DnB NOR Group
	Net interest income		*Net other operating income*		*Operating expenses*		*Pre-tax operating profit/(loss) before losses*		*Net losses on loans and long-term securities*		*Pre-tax operating profit/(loss)*	
Amounts in NOK million	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*
Corporate Banking	5 786	5 897	2 206	2 212	3 203	3 295	4 789	4 814	2	1 467	4 787	3 346
Retail Banking	7 171	6 886	2 755	2 555	6 519	7 028	3 407	2 412	87	247	3 320	2 165
DnB NOR Markets	268	466	2 242	2 035	1 090	1 171	1 419	1 329	(3)	(1)	1 422	1 331
Life Insurance and Pensions	0	0	1 263	1 062	0	0	1 263	1 062	0	0	1 263	1 062
Asset Management	13	45	925	828	681	692	258	181	0	0	258	181
Discontinuing operations	257	829	1 025	144	151	529	1 131	443	23	172	1 108	270
Other operations	(280)	(334)	(243)	(533)	1 945	694	(2 468)	(1 561)	(49)	(218)	(2 419)	(1 343)
DnB NOR Group	13 214	13 789	10 173	8 302	13 588	13 410	9 798	8 681	60	1 667	9 738	7 014

Main balance sheet items, average balances												DnB NOR Group
	Interest on allocated capital (NOK million)		*Allocated capital*		*BIS capital [1]*		*Net lending to customers*		*Customer deposits*		*Assets under management*	
Amounts in NOK billion	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*
Corporate Banking	393.8	765.2	18.9	17.8	21.9	21.7	246.8	248.7	165.4	158.6		
Retail Banking	157.9	295.6	7.6	6.9	11.5	10.1	302.1	260.5	186.2	180.4		
DnB NOR Markets	37.4	85.8	1.8	2.0	1.9	2.0	1.4	1.5	9.4	10.1		
Life Insurance and Pensions	147.0	283.0	7.1	6.6	4.2	3.9					154.5	136.7
Asset Management	19.2	37.4	0.9	0.9	-	-					482.4	433.4
Discontinuing operations							7.1	24.8	0.1	0.4		
Other operations [2]			9.6	8.2	1.6	2.4	15.2	2.5	(6.0)	(6.1)	(140.6)	(120.0)
DnB NOR Group			46.0	42.2	41.1	40.0	572.5	538.0	355.1	343.4	496.4	450.1

Key figures										DnB NOR Group
	Cost/income ratio excl. goodwill amortisation		*Ratio of deposits to lending*		*Return on equity*		*Return on equity (BIS)*		*Full-time positions 31 December*	
Per cent	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*	*2004*	*Pro forma 2003*
Corporate Banking	40.0	40.6	67.0	63.8	18.2	13.6	16.0	11.7	1 831	1 951
Retail Banking	65.4	74.2	61.6	69.2	31.5	22.7	21.3	16.4	4 288	4 660
DnB NOR Markets	43.4	46.8			56.9	48.1	53,2	47.6	531	610
Life insurance and Pensions					17.9	13.7	28.5	20.8	926	1 022
Asset Management	72.5	79.2			20.1	15.1	-	-	310	359
Discontinuing operations									5	456
Other operations									2 073	1 986
DnB NOR Group	53.4	57.0	62.0	63.8	16.1	12.7	17.1	12.7	9 963	11 044

Pro forma accounting figures have been prepared as if the merger between DnB and Gjensidige NOR had been implemented with effect from 1 January 2003.

[1] *BIS capital represents 7 per cent of average risk-weighted assets for the business areas*
[2] *Includes capital allocated to other units as well as unallocated capital*

Corporate Banking

Corporate Banking recorded pre-tax operating profits of NOK 4 787 million in 2004, a rise of NOK 1 441 million compared with 2003. A very low level of losses and sound operations ensured healthy profits in spite of the business sector's relatively sluggish demand for credit and financing.

Operations

Corporate Banking serves large corporates, shipping clients and small and medium-sized companies, as well as the public sector and international corporations. Operations in Norway are organised into five customer divisions and also include the subsidiaries DnB NOR Finans, DnB NOR Næringsmegling and DnB NOR Hypotek as well as Nordlandsbanken's activities in the corporate market.

DnB NOR offers corporate clients a broad range of financial products and services. In close cooperation with the other business areas and support functions, competencies in Corporate Banking are available to both international clients and local communities in Norway. DnB NOR is one of the world's foremost shipping banks.

Customers are served through central units, telephone and Internet banking, 60 financial services and business centres and 229 regional offices in Norway. In addition, Nordlandsbanken serves corporate clients in the county of Nordland. DnB NOR's international network comprises seven branches and a number of representative offices.

DnB NOR Finans is one of the leading finance companies in Norway, offering a range of services in the corporate market and public sector, including leasing, rentals, fleet management, corporate loans and factoring.

Nordlandsbanken, which operates as a separate brand, has enhanced the Group's position in the northernmost parts of Norway.

DnB NOR Næringsmegling is the country's largest brokerage firm within commercial property, offering advisory services with respect to portfolio analyses, valuations, development opportunities and property strategy.

DnB NOR Hypotek offers flexible financing for commercial property and housing co-operatives throughout Norway.

At the end of 2004, there were 1 831 full-time positions in Corporate Banking, with 1 691 in Norway, including 521 in subsidiaries, and 140 in international units.

The integration process maintained a brisk pace in 2004, resulting in accumulated cost synergies of NOK 67 million. The business area was ahead of schedule in realising synergies. The coordination of financial services centres as well as the introduction of a joint service concept was completed during 2004, as was the process of integrating Nordlandsbanken.

Customers and market position

DnB NOR leads the market for large Norwegian corporates and has a sound position among small and medium-sized companies. The strong market position was upheld in 2004. At the end of the year, DnB NOR had a total of more than 112 000 corporate clients, a rise of around 800 from a year earlier.

Competition in the market intensified during 2004. Credit demand in Norway was weak during most of the year, but picked up during the last few months. The business sector's lack of willingness to invest combined with very sound liquidity resulted in sluggish growth in new lending and limited use of credit facilities.

Corporate Banking's market shares, based on statistics from Norges Bank, declined somewhat in 2004, which can be partly attributed to lower exposure to high-risk clients. In addition, a larger portion of DnB NOR's lending was denominated in foreign currencies compared with other market participants, and the NOK/USD exchange rate had a particularly large impact towards the end of 2004. Market shares were upheld in the segments considered most attractive by Corporate Banking.

The sound liquidity in the business sector in 2004 boosted deposit volumes by 4.3 per cent. Corporate Banking's market shares of deposits, based on statistics from Norges Bank, declined slightly in 2004 as a result of fierce competition for deposits in the Norwegian financial market. Due to the Group's favourable funding situation, DnB NOR had no need to compete for the most costly deposits in 2004.

Its strong international presence will increase Corporate Banking's ability to offer corporate clients good solutions outside Norway. The business area experienced a positive trend in its exposure to international clients and Norwegian clients located abroad.

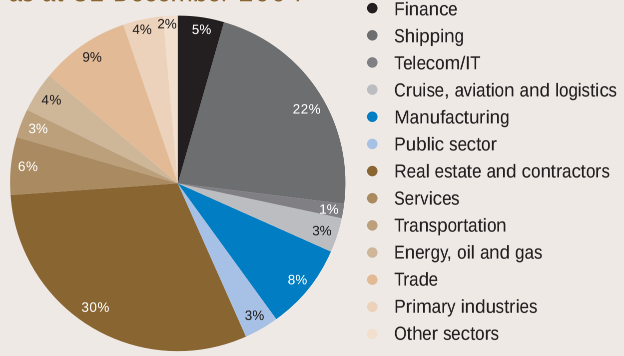
There was a high level of customer activity in 2004, resulting

in an increase in the number of customers. Customer feedback regarding the merger was positive.

Capacity levels in the banking industry coupled with low investment growth led to increased competition, especially for the best customers, and put pressure on spreads. The stable, low interest rate level through 2004 caused further pressure. Nevertheless, Corporate Banking succeeded in maintaining spreads due to better risk pricing. The volume of loans and guarantees totalled NOK 298 billion at the end of 2004, a reduction of NOK 0.8 billion compared with the end of 2003. Adjusted for exchange rate movements, there was an increase of NOK 2.7 billion.

The quality of the credit portfolio is considered sound and showed improvement through 2004. The portfolio structure is satisfactory with respect to sector balance.

Credit exposure according to sector as at 31 December 2004



Customer satisfaction showed a positive trend in 2004, which can be attributed to the high level of customer activity, good everyday banking solutions and more streamlined Internet banking services.

At end-December 2004, DnB NOR Finans had a 22.0 per cent market share within asset finance, down 0.7 percentage points from the previous year. At the end of the year, around 80 per cent of factoring clients used the web-based solution Telefactor.

Strategy

Corporate Banking aims to be the best financial partner for Norwegian companies and international customers' preferred partner in Norway. In special industries, such as shipping, oil and energy, DnB NOR will also be a partner for companies operating outside Norway. An increasing number of customers within industries such as retail trade and hotels define the Nordic region as their home market. Corporate Banking has faced this challenge by establishing a special strategy for the Nordic market.

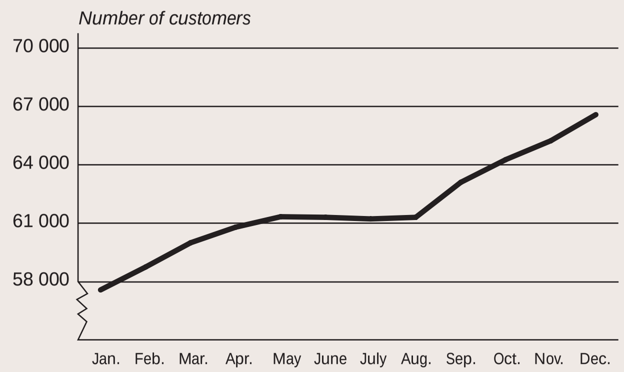
Corporate Banking seeks to be the preferred choice for companies and banks establishing business in Norway by virtue of DnB NOR's size in Norway and through the Group's international network.

During 2004, Corporate Banking worked out a new strategy for serving small companies, providing systematic customer service to ensure that even the smallest of customers will benefit from the Group's full range of products.

DnB NOR emphasises decision-making at the local level. Most credit decisions in domestic regions can be made within the scope of local authorisations. Local expertise combined with special industry knowledge both nationally and internationally provide an excellent basis for advisory services and risk analyses. A professional staff and good classification and decision support systems are key tools for managing credit risk in Corporate Banking.

Corporate Banking gives high priority to developing Internet services and web-based financial tools. More than 66 000 corporate clients use such services.

Increase in number of Internet banking customers in 2004



Future prospects

Corporate Banking anticipates a positive trend in the Norwegian business community and in the international shipping industry, and thus continued sound liquidity. Willingness to invest is expected to improve, which will increase demand for credit. Interest rate levels are expected to remain low, and the strong competition in domestic and international markets is expected to persist, which could prolong the strong pressure on spreads.

Retail Banking

Retail Banking recorded pre-tax operating profits of NOK 3 320 million in 2004, an increase of NOK 1 154 million from 2003. Healthy sales figures and brisk demand for housing loans boosted lending by NOK 42 billion or 16 per cent in 2004 compared with 2003.

The rise in lending volume related mainly to well-secured housing loans. The business area maintained its market position during a year characterised by integration and restructuring. Retail Banking realised significant cost cuts in 2004 resulting from the merger.

Operations

DnB NOR is market leader in the Norwegian retail market, with an average NOK 302 billion in lending and NOK 186 billion in deposits in 2004. Retail Banking is represented throughout Norway, serving more than two million private individuals and 53 000 small businesses. Once the coordination of the branch network is completed, DnB NOR will have 193 branch offices and 24 investment centres, 18 Nordlandsbanken offices and 37 Postbanken customer service centres. Postbanken's customers are also served through more than 300 post offices and around 1 200 in-store postal outlets.

Retail customers are offered Internet banking solutions which provide an overview of all aspects of their customer relationships with the DnB NOR Group. The website dnbnor.no, which is among the largest in Norway, and the customer service phones (+47) 915 04800 for DnB NOR and (+47) 915 03800 for Postbanken have been established.

Retail Banking is organised into five customer divisions, card operations and subsidiaries. The five customer divisions are Regional Division East and Regional Division Coast, which are responsible for the branch network; Investment Advisory Services, which serves customers seeking advisory services requiring special competence; Telephone and Internet Banking and Postbanken. Investment Advisory Services includes DnB NOR Private Banking, Retail Banking's service channel in the high net worth segment.

DnB NOR Kort is an independent entity within Retail Banking and heads the market within credit cards and consumer finance in Norway. Outside the bank's channels, card products are distributed through the Cresco brand. All operational procedures and production within Retail Banking are organised under the division Bank Production.

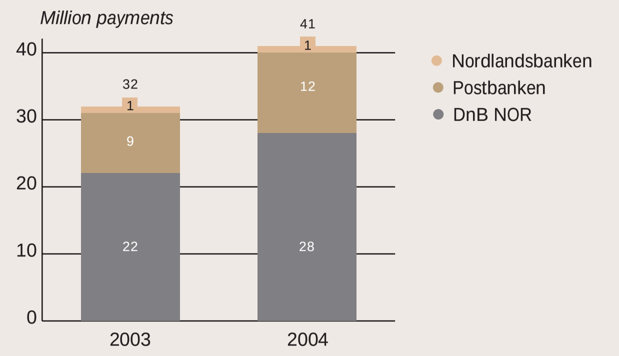
The subsidiary DnB NOR Eiendom AS is responsible for real estate broking activities and leads the market within this segment. The company will establish 11 new sales offices and recruit around 40 new staff members in 2005. The subsidiaries DnB NOR Meglerservice, Union Bank of Norway International Luxembourg SA, DnB NOR Boligkreditt and Vital Skade AS are also organised under Retail Banking.

Reductions in the number of branch offices and employees are in line with the integration plan. The coordination of branch offices started in September 2004 and will go on till the summer of 2005, when 193 branch offices in 134 Norwegian municipalities will be integrated under the DnB NOR brand and offer uniform customer service.

Customers and market position

Through the brands DnB NOR, Postbanken and Nordlandsbanken, Retail Banking has strong market shares. The market share of lending to wage-earners in the banking market has

Invoice payments over the Internet



shown a satisfactory trend and stood at around 38 per cent at end-December 2004. At the same time, the market share of wage-earners' bank savings was approximately 37 per cent.

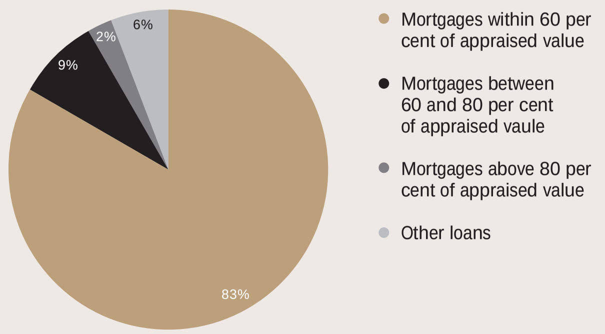
At the end of 2004, around 550 000 customers subscribed to DnB NOR's loyalty programmes. Postbanken's product package, Postbanken Leve, has been taken into use by 317 000 customers. An increasing number of customers have housing loans in DnB NOR, numbering close to 410 000 at year-end 2004. There were an average of four million log-ins to the Internet banks each month through 2004, and 70 per cent of invoice payments were carried out electronically.

In addition to three programmes adapted to special customer segments, separate programmes are offered to children, teenagers and students. The new programmes provide customer benefits and have been well received in the market. The harmonisation of prices and interest rates are cost-effective for customers and are expected to result in increased sales and thus limit the income shortfall.

Retail Banking is committed to improving customer satisfaction and loyalty in all target groups, and the customer segment young adults will be a key priority in 2005.

2004 was characterised by a more stable interest rate level than 2003, resulting in relatively constant spreads during most of the year.

Retail market lending as at 31 December 2004



Strategy

Retail Banking's principal aim is to be customers' preferred adviser for simpler, safer and better management of personal finances through all stages of the customer's life. The business area's ambition is to be the most efficient provider of financial services to retail customers in the Nordic region. Key instruments in achieving this position are multi-channel distribution, loyalty programmes, selective market plans and advisory services. DnB NOR should be easily accessible, and distribution channels should be developed to reflect customer preferences. Retail Banking has a defined growth strategy in selected areas. Management and staff training is given high priority to ensure that the business area reaches its long-term goals.

Credit activity in Retail Banking aims primarily to maintain low portfolio risk, reflected in default frequency and the magnitude of losses as well as the division into risk categories. In general, credit scores are used as decision support in the credit process. Loans are granted on the basis of customer risk, determined by credit scores and payment ability, along with staff credit competencies and customer relationships. Systems and routines have been designed to ensure that credit decisions can be made as close as possible to the customer. In Postbanken, standardised credit applications are approved locally while more complex matters are handled by a central unit.

Future prospects

Retail Banking expects continued low interest rate levels, a slight improvement in the labour market and rising housing prices in 2005, which provides the basis for continued high lending growth. Greater interest in pension savings is expected to result in higher demand for insurance and savings products. Retail Banking will face competition from both Norwegian and Nordic participants in the domestic banking market. Competition for the bank's high net worth customers will increase, and there will be many competitors in the growing market for pension savings. Retail Banking is well prepared to meet the competition through good customer relations, new loyalty programmes, a broad distribution system, local market expertise and innovative solutions.

2005 will be characterised by a high level of activity and further integration. Satisfactory trends in profitability and market shares will be key targets. In addition, the business area seeks to improve customer satisfaction and loyalty, retain and develop competent and motivated employees, realise synergy targets and maintain adequate operational risk management.

DnB NOR Markets

DnB NOR Markets is Norway's largest investment bank with a market share of 35 per cent in terms of revenues at end-December 2004. A high level of activity in capital markets and the successful implementation of the merger helped ensure record profits for the business area in 2004.

Operations

Key products include foreign exchange and interest rate products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services.

Customers are served from the head office in Oslo, 13 regional sales desks in Norway, offices in London, New York and Singapore, as well as through electronic channels. In addition, products are sold through other business areas in the Group, partner banks and external agents.

Markets' main customer groups are Norwegian retail and corporate clients and the public sector. In addition, services are provided to international clients requesting services in Norway or services relating to Norwegian kroner and NOK products. Markets provides services to clients outside Norway through the Group's international units, especially shipping and energy clients and Norwegian companies' international entities.

The organisation of Markets is based on decentralised customer service, e.g. through the regional sales desks. Service to major clients, risk-taking and support and control functions are centralised. Operations are organised under DnB NOR Bank ASA, with the exception of operations in the US, which include DnB NOR Markets Inc., a subsidiary established in 2004.

The merging of DnB's and Gjensidige NOR's capital markets operations was completed early in 2004, when the new organisation, staff levels, systems and job locations were largely in place. Synergy targets for staff levels and costs, set prior to the merger, were reached during 2004. The DnB NOR merger has provided a larger customer base, a broader market presence and greater expertise in local markets in Norway.

Customers and market position

Markets' clients and market positions vary depending on the products and services in question.

Income within the various segments		
Amounts in NOK million	*2004*	*2003*
Foreign exchange and interest rate derivatives	876	866
Investment products	530	565
Corporate finance	209	220
Custodial and other securities services	193	171
Total customer income	1 808	1 823
Income from market making and other proprietary trading	664	592
Interest on allocated capital	37	86
Total income	2 510	2 501

The sale of foreign exchange and interest rate derivatives to customers represents 35 per cent of Markets' income, of which corporate clients and public sector entities account for 98 per cent. Small and medium-sized businesses provide about the same percentage of Markets' income as large corporate and shipping clients. Foreign exchange is the main product area, with traditional spot and forward contracts as key products. Various interest rate hedging products, especially interest rate swaps, have gained significance in recent years.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Being the largest bank in a country with its own currency is a competitive advantage for DnB NOR. Due to the open Norwegian economy and strong fluctuations in exchange and interest rates, demand for currency and interest rate hedging products has increased. More intense competition, resulting partly from trading via the Internet and other electronic channels, causes pressure on spreads. Growth in the overall market has compensated for the decline in spreads, reflecting both increased use of services by existing customers and new customers taking risk management instruments into use. Demand for interest rate and foreign exchange products remained brisk in 2004. Low floating interest rates and the steep yield curve brought down demand for interest rates hedging products in Norwegian kroner over the past year. As from 2005, IFRS will be introduced for Norwegian listed companies, including a new accounting standard for financial instruments (IAS 39), which could boost interest in hedging products. Markets' main competitors within hedging products are Nordic banks, while other European and global banks have joined the competition for the largest customers.

The sale of securities and other investment products represented 21 per cent of revenues in 2004. Due to growth in the savings market, there was a rise in business volume from both asset managers and customers' direct investment in financial instruments. Key products were equities and equity derivatives, primarily Norwegian. Retail customers provided approximately the same amount of business as corporate and institutional clients. In 2004, Markets was the largest equity brokerage house on Oslo Børs, with market shares of 11 per cent in terms of turnover and 14 per cent in terms of the number of transactions. The market share for customer business in equity derivatives was around 40 per cent. Markets' retail customers carry out roughly two-thirds of equity transactions over the Internet.

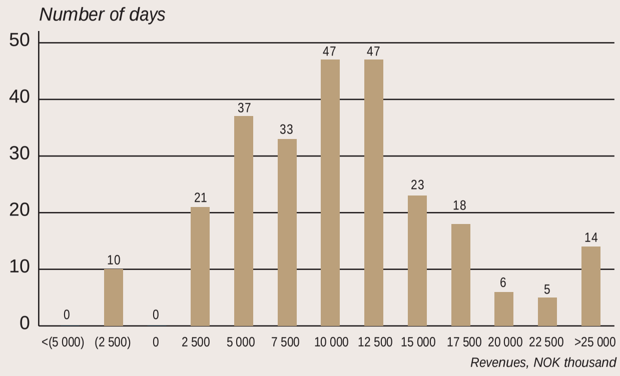
Markets was also the largest brokerage house on Oslo Børs within bonds and commercial paper, with a market share of around 30 per cent, and within capital-guaranteed products, with a roughly 40 per cent market share. The majority of customers are private individuals, while fixed-income instruments are primarily traded by institutional clients. Markets also offers investments in commercial property holdings. The Norwegian market for investment products is fragmented, with a number of competitors representing international and Norwegian banks and capital markets operations.

The sale of corporate finance services in the form of equity and debt financing in capital markets and advisory services in connection with mergers, acquisitions etc. represented 8 per cent of Markets' revenues and was carried out in cooperation with Corporate Banking. Customers were mainly Norwegian enterprises and shipping companies. Markets has special industry expertise within shipping, fishing and fish farming, energy and real estate.

Markets arranges commercial paper and bond issues in capital markets, including hybrid capital such as perpetual subordinated loan capital securities.

Markets offers custodial services and operates as registrar in the Norwegian Central Securities Depository (VPS) for investors and issuers of equities, bonds and commercial paper. All Norwegian public limited companies are required to be registered in VPS. DnB NOR acts as registrar for 58 per cent of the companies registered in VPS, for 40 per cent of commercial paper issues and 34 per cent of bond issues.

Daily revenue distribution



Settlement of securities for investors is an important part of custodial services, comprising both international investors' transactions in Norwegian securities and Norwegian investors' transactions in Norwegian and international securities. The majority of customers are businesses. Prices on securities services have been declining, though this trend has been offset by higher activity levels and growth in volume.

In addition to the segments described above, Markets also engages in market making and other proprietary trading in foreign exchange and interest rate instruments, fixed-income securities and, to some extent, equities. These activities have a moderate risk profile and have provided roughly one-fourth of Markets' revenues over the last few years. In this area, DnB NOR benefits from being a large bank in a small country with its own currency.

Strategy

Markets aims to be the leading investment bank for Norwegian and Norwegian-related customers as well as international clients requiring services relating to Norway and the Norwegian krone.

Markets seeks to achieve competitive returns and high cost efficiency through diversified operations with a moderate risk profile, mainly within Norwegian kroner instruments.

Markets emphasises service concepts and financial advisory services that create value for customers and are adapted to differing customer needs. Small and medium-sized business clients along with investment offerings to retail customers have become increasingly important. Trading activities will support customer activity with products and prices.

Sound customer relations and a broad distribution network help enhance value creation in Markets. In-house production focuses on strategic products where DnB NOR has special advantages, such as Norwegian kroner.

In product areas such as international equities, emphasis is placed on insourcing, cooperation agreements with other banks and packaging solutions to reduce costs, risk and time-to-market.

The strategy, which emphasises diversity and local presence, implies that broad physical and electronic distribution is of key importance for Markets.

Future prospects

Fluctuations in the NOK exchange rate and Norwegian interest rate levels, stock market activity and credit market trends will be decisive factors for the business area's performance.

Life Insurance and Pensions

Vital strengthened its position as Norway's largest provider of pension savings and life insurance products in 2004. There was a healthy increase in premium income, total assets and the number of new customers. Major aspects of the integration process in Vital were completed in the course of the year.

Operations

Life Insurance and Pensions in DnB NOR comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. The present Vital Forsikring ASA was formed through the merger between the former Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA in March 2004. The company's total assets were NOK 165 billion at year-end 2004. Operations within non-life and group life insurance were sold to Gjensidige Forsikring ASA in 2004.

Life Insurance and Pensions is divided into business areas for corporate clients, retail clients and the public sector, in addition to staff and support units.

Businesses are offered occupational pensions adapted to customer needs for defined-benefit and defined-contribution schemes.

In the retail market, long-term savings alternatives are offered in the form of individual pension agreements and annuities. Products are offered with guaranteed returns or with a choice of investment profile (unit linked).

Municipalities and public entities are offered contractual occupational pension schemes.

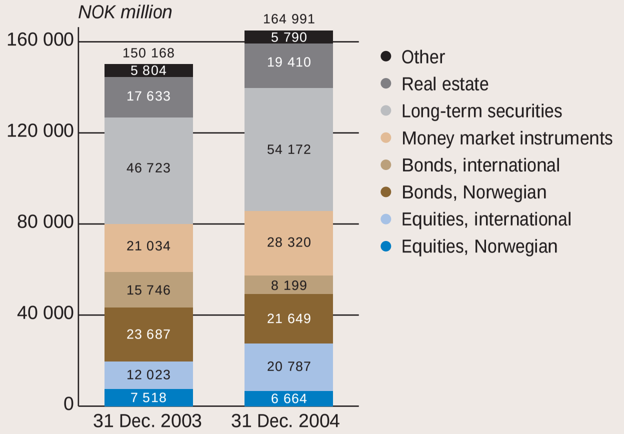
Vital's sales representatives serve customers throughout the country, and products are available through DnB NOR's and Postbanken's distribution networks, and independent agents and via the Internet.

Customers and market position

Life Insurance and Pensions recorded healthy growth in the markets for both group pension and individual insurance policies in 2004.

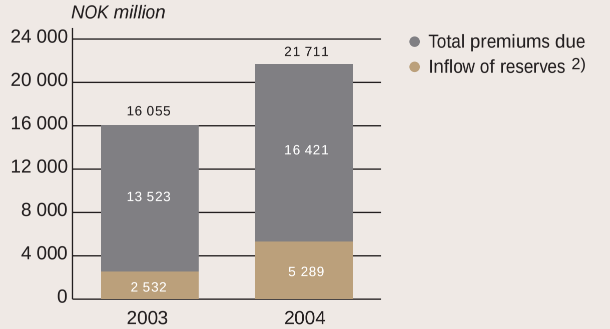
A number of customers transferred their pension schemes to Vital in 2004. Excluding the portfolio that was sold, there was a net inflow of transfers of NOK 3.7 billion. Extensive transfers of group pension schemes to Vital and rising interest in individual

Balance sheet structure – Life Insurance and Pensions[1)]



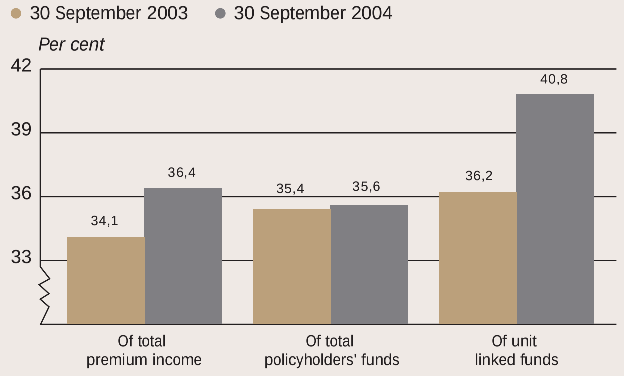
1) The figures include derivatives and apply to Vital Forsikring ASA Figures as at 31 December 2003 are pro forma

Premium income and inflow of reserves – Life Insurance and Pensions [1)]



1) The figures include premium income for non-life and group insurance products up till 1 July 2004
2) The figures do not include premiums transferred from other Vital companies of NOK 545 million in 2003 and NOK 421 million in 2004. Total recorded premium income was NOK 16 600 million in 2003 and NOK 22 132 million in 2004

Market shares – Life Insurance and Pensions



pension agreements after the Norwegian Pension Commission presented its recommendation in January 2004 were the main factors behind the strong influx of new customers.

Close to 500 000 persons were covered by group pension schemes in Vital at the end of 2004, while more than 600 000 had individual pension agreements. Taking into account that some 160 000 individuals had both group and individual pension agreements, policyholders in Vital at year-end 2004 numbered close to 940 000.

Vital's market share of premium income was 36.4 per cent as at 30 September 2004, up 2.3 percentage points from a year earlier. The business area's market share of policyholders' funds was 35.6 per cent at end-September 2004, up 0.2 percentage points. Market shares were 29.7 per cent for corporate clients and 52.3 per cent for retail customers respectively as at 30 September 2004. Vital Link strengthened its position as Norway's leading provider of unit linked insurance, with a market share of policyholders' funds of 40.8 per cent as at 30 September 2004, up from 36.2 per cent a year earlier.

Strategy

Vital aims to be Norway's strongest entity within life insurance and pension savings. The company seeks to expand operations within its business segments while providing the owner and policyholders with healthy returns. Devoting further efforts to improving cost efficiency, offering top-quality advisory services, maintaining high levels of service and customer relationship management and serving as an attractive entry portal for customers to the DnB NOR Group will be instrumental in reaching these targets.

Life Insurance and Pensions has also developed sound systems for measuring and monitoring investment risk and has over time proven its ability to generate sound investment management results. Vital continually adapts the portfolio structure to the company's ability to carry investment risk. Based on the company's inherent strengths, and as part of the DnB NOR Group, Vital will be able to maintain an investment portfolio which over time will ensure competitive returns for policyholders and the company's owner.

The business area's strategic platform comprises a vision, a business idea and brand values. The vision is expressed in the statement "Vital makes the future simpler". The business idea can be summed up as "Vital's function is to provide its customers with financial security and flexibility", while the company's brand values are Credible, Helpful and Sporty.

The strategic platform reflects the high ambitions Life Insurance and Pensions has with respect to future developments and sets the standard for how managers and employees should act in relation to customers, stakeholders and each other.

In October 2004, Life Insurance and Pensions introduced new guidelines for ethically responsible management of the company's financial assets, which implies that Vital's assets should be managed in accordance with recognised international principles.

Future prospects

The report to the Norwegian Storting on the pension reform sets the general direction for developments in the national pension system. New legislation for life insurance activity implies a modernisation of the industry. Life Insurance and Pensions has initiated the necessary preparations to meet changes in the pension system and in parameters for the industry.

Life Insurance and Pensions anticipates continued growth in the market for pension savings in the coming years. An increasing number of companies are expected to offer employees occupational pension schemes parallel to a rise in individual pension savings.

Market growth will also reflect the Norwegian government's proposal for compulsory occupational pensions. A minimum contribution is expected to be introduced for occupational pensions for all wage-earners who do not already have better schemes.

Life Insurance and Pensions is well prepared to meet the competition in the market and has a clear ambition to consolidate its position in the coming years.

At the end of 2004, around 45 per cent of total assets in life insurance operations were classified as long-term securities and real estate. Over the next three years, the portfolio of long-term securities and real estate will provide an average annual return of around 5.5 per cent. Solvency capital, which can be applied to cover the guaranteed rate of return on policyholders' funds, increased by close to NOK 3.6 billion in 2004. The rise in solvency capital makes it possible to increase investments in asset classes that are expected to provide higher returns. These factors will enable Life Insurance and Pensions to withstand lower interest rate levels and financial market fluctuations in future.

Asset Management

Asset Management is Norway's largest fund manager and has a leading position within discretionary asset management for institutional clients in Norway and Sweden. Asset Management showed satisfactory performance in 2004.

Though the market was characterised by uncertainty at the beginning of the year, developments took a favourable turn, reflecting greater interest in equity investments.

Operations

Asset Management serves the Norwegian and Swedish savings markets, offering domestic and international asset management services. Operations are carried out under the brand name DnB NOR Kapitalforvaltning in the Norwegian institutional and retail markets. The brand names Carlson and DnB NOR Asset Management are used in the Swedish institutional and retail markets. While customer activity is concentrated in Norway and Sweden, investment operations have also been established in London, New York and Hong Kong in order to provide competitive global asset management.

Services comprise investment fund and discretionary portfolio management, including management and monitoring of investment portfolios, as well as advisory services relating to asset allocation and risk levels.

Fund management outside Norway is carried out by Carlson Fonder AB in Sweden, the Carlson Fund Management Company S.A. in Luxembourg, DnB NOR Asset Management (Ireland) Ltd. and through DnB NOR Absolute Return Investments AB, a hedge fund company jointly owned with Skandia Liv. As at 31 December 2004, these companies had a total of NOK 220 billion under management.

In Norway, asset management products are distributed to retail customers through DnB NOR's wide-ranging network of branches, post offices and regional financial services centres, as well as over the Internet and through external channels including brokers, investment advisers and cooperating savings banks. In Sweden and Germany, the business area's products are sold through local distributors. Sales and customer relationship management in the Swedish institutional market are handled by the business area's organisation. In Norway, these activities are carried out in cooperation with Corporate Banking.

The DnB NOR merger strengthened Asset Management's customer relations, product range and staff competencies, and ensured access to a broader distribution network.

Integration activities and the realisation of synergies are on schedule. The integration of the two organisations' asset management operations will provide synergy gains in the form of lower costs. Total annual cost savings are estimated at NOK 100 million.

Customers and market position

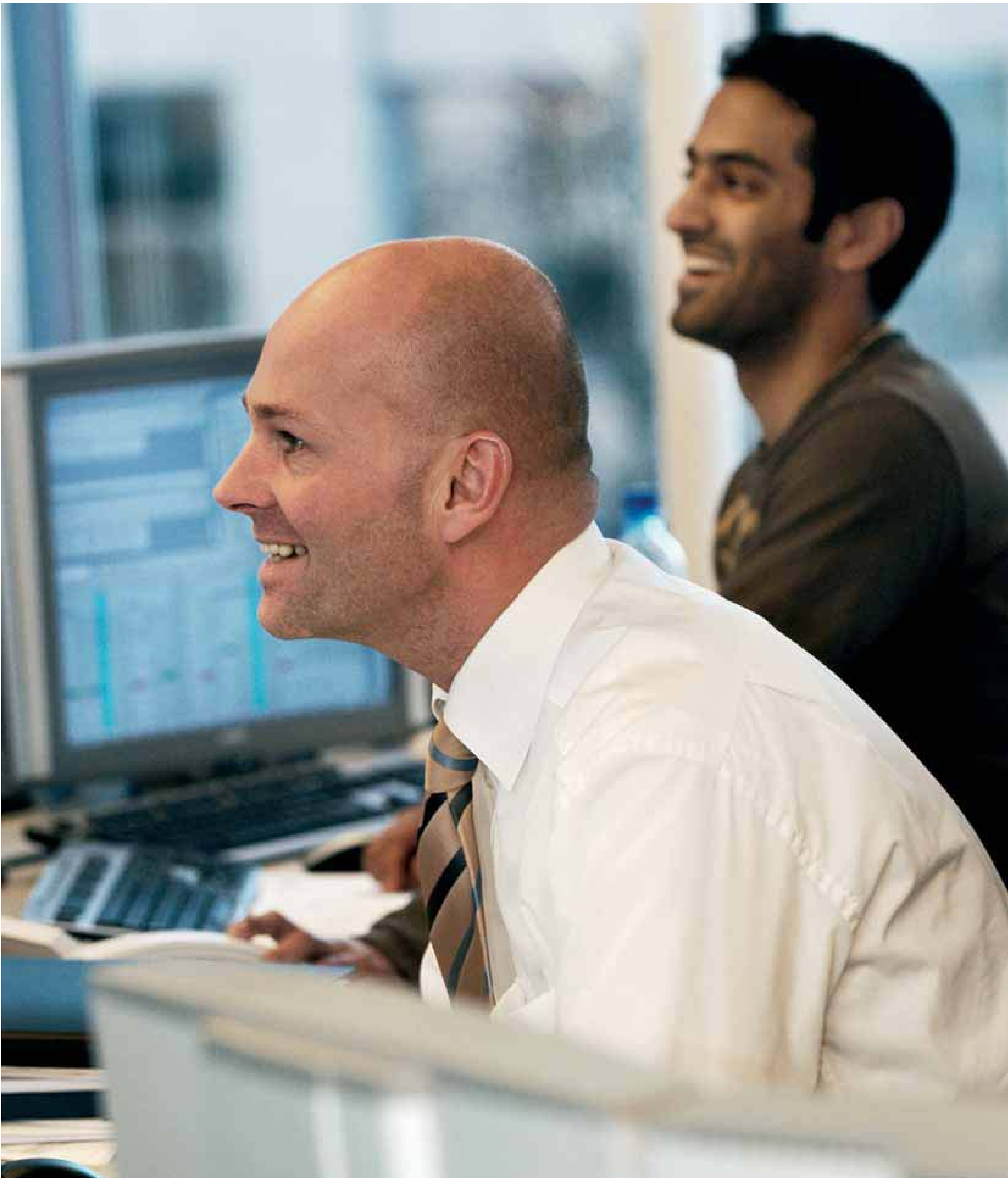
The business area's largest clients are Skandia Liv and Vital Forsikring. Capital under management for Vital Forsikring was NOK 149 billion as at 31 December 2004.

At the end of 2004, Asset Management had a market share of around 30 per cent in the Norwegian institutional market. Carlson Investment Management AB had a market share of around 20 per cent in the Swedish institutional market. The market share for fund management in Sweden was 1.2 per cent at year-end 2004. In Norway, the market share for fund management was 36.6 per cent as at 31 December 2004.

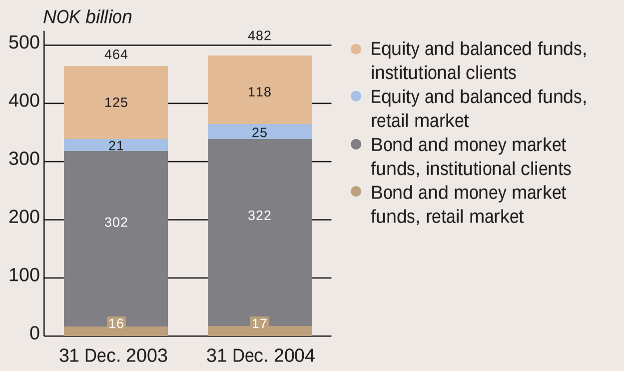
Asset Management leads the market within Norwegian corporate bond, treasury bond and money market funds.

Fund management and market shares in Norway

	31 December 2004	
NOK million and per cent	*Capital*	*Market share*
Equity funds, Norwegian	10 280	27.4
Equity funds, international	13 582	23.4
Balanced funds	4 251	62.0
Bond funds	11 107	39.9
Money market funds	26 899	53.1
Total mutual funds under management	66 119	36.6



Assets under management



The number of customer relationships in the retail market exceeded 710 000 at the end of 2004, and more than 245 000 savings agreements had been signed.

Returns on a number of major client portfolios and funds outperformed relevant benchmark indices in 2004. Funds which outperformed the relevant benchmarks included DnB Global Health Care at 5.8 percentage points, DnB Nordic Technology at 14.3 percentage points, Avanse Telecom at 16.1 percentage points and Avanse Helse at 5.3 percentage points. 27 per cent of the 130 funds assessed by the rating company Morningstar had received the top or second highest ranking at the end of 2004.

Strategy

Asset Management aspires to be the leading asset manager for customers in the Nordic region, providing sound long-term returns and a high level of service based on a thorough understanding of customer needs, including preferred risk profiles and investment horizons.

A presence in major financial markets gives the business area's asset managers and customers better access to information on companies and financial markets. The combination of regional and sector-oriented management teams provides the basis for selecting the best equity and bond investments.

Future prospects

In 2005, Asset Management will give priority to core products, i.e. the development and sale of Norwegian, Swedish and global equity and bond investments as well as balanced funds.

The expectations of investors regarding developments in financial markets will have a strong impact on performance in the business area, including investor confidence in the stock market. Sales of mutual funds, including equity funds, are expected to increase in 2005. Asset Management is well-positioned for the anticipated rise in private pension savings in Norway and Sweden.

Staff and support units

The DnB NOR Group's staff and support units comprise those functions that serve governing bodies and group management and ensure that the necessary infrastructure is in place to support the operative units. In addition, special responsibilities are assigned to core staff and support units to provide cost efficiencies for several areas and carry out support functions that are not among the most critical to the operation of the business areas.

Support units include Human Resources and Group Services and IT and Payment Services. Group staff units include Finance/Group Staff and Group Risk Management.

Staff and support units are responsible for developing relevant products and services, as well as ensuring efficient and effective operations at competitive terms. The business areas set requirements for price and service levels on the products and services offered, and the units sell their services to other parts of the organisation in accordance with internal contracts between the relevant parties. For those staff units that cannot sell their services according to use, costs are allocated to the business areas on the basis of special distribution formulas. Shareholder-related expenses and costs linked to strategic decisions are not allocated.

Human Resources (HR) and Group Services

The unit consists of six divisions that provide the entire Group with services ranging from strategic assessments at group level to the delivery of specific products and services. The unit sells services to other areas in the Group and charges expenses on the basis of actual use pursuant to special agreements.

The HR Development division will facilitate staff and management development in the Group through measures relating to DnB NOR's human resources strategy, leadership principles, organisational culture and core values. The division will also promote competence development to help reach the targets set by each business area and support unit.

Responsibilities of the HR Management division include employer strategy, collective salary agreements and administrative guidelines. The division offers the business areas help in connection with recruitment, reorganisation, career changes and advice on various human resources issues. In 2004, the division completed an extensive process of coordinating employee benefits, routines and systems, as well as ensuring satisfactory employment routines and procedures relating to staff reductions in the new group.

The Group Procurement division carries strategic responsibility for procurement, targeting substantial discounts and savings. During 2004, contracts entered into by the division provided cost savings of NOK 214 million for the Group.

The Real Estate division is responsible for the Group's use of office space and the cost of premises. The division provides functional office space adapted to the needs of the Group, including cables, furniture and signboards. During the year the division worked out a strategy for property management, and through more effective utilisation of office space helped reduce group expenditure.

Group Security is responsible for the Group's security systems and the prevention of economic crime. During 2004 the division presented group management with a threat evaluation and contingency plans, established parameters and standard procedures for security and evaluated branch offices in connection with the integration.

The Group Services division provides the business areas with operational and advisory services in non-strategic areas such as salary, cash handling, ATM, postal and graphic services, settlement and control, cafeterias and housekeeping, purchasing and remittance and accounting services. In 2004, the division introduced new procedures and service routines that helped bring down costs in DnB NOR.

The unit is ahead of schedule with respect to the realisation of merger synergies. During the year, the number of full-time positions was reduced from 758 to 705. When all merger synergies have been realised, the number of full-time positions is expected to be around 650.

Strategy

The unit provides services to group management, the business areas and other parts of the Group with an agreed level of service at competitive prices, and aims to be the preferred partner and service provider for the Group. All of the divisions within the unit have prepared strategies. In 2005, quality and pricing in a selective sampling of the products and services provided by the unit will be evaluated relative to external competitors.

Future prospects

Measures have been identified for achieving substantial cost reductions over the next three years. In addition, the Group Procurement division plans further cutbacks in the Group's procurement costs. The targets set by the unit cannot be achieved without competent managers and staff. Thus in 2005, the unit will focus on organisational development, employee and management development and close cooperation with customers.

IT and Payment Services

The unit is responsible for setting up group strategies for IT and payment services, in addition to procuring, developing and following up deliveries of competitive IT and payment services. The unit will sell and organise cash management services and offer related advisory services to the bank's customers in cooperation with other units in the Group as well as external partners. The chosen solutions should bring convenience to the everyday lives of customers and help DnB NOR achieve its business goals.

IT and Payment Services had a staff of around 950 at year-end 2004, representing professional and competent specialist groups. The unit devotes systematic effort to further developing staff competencies in the relevant specialist areas as well as further enhancing management skills and building a strong culture.

IT

Strategy

DnB NOR is an integrated group with extensive data exchange and deliveries between business areas. The strategy will ensure that the IT area helps enable the Group to reach its targets, parallel to fulfilling the demands and expectations of the business areas and customers. The strategy sets the direction within management, risk and security, architecture and infrastructure, agreements and procurement as well as organisational structure and the assignment of roles.

The most important IT deliveries in 2004 related to integration activities carried out to enable DnB NOR to act as one bank in relation to customers.

Future prospects

The Group's realisation of synergies is highly dependent on the integration of the IT systems from the former Gjensidige NOR and DnB's. A special project has been established to handle the integration process, which will continue up till 2007. The project was on schedule, showing good progress in 2004.

Payment Services

Strategy

DnB NOR has a very strong position in the market for payment transactions. Payment Services generates healthy revenues in the retail and corporate markets. Key elements in the unit's strategy are to develop new services based on business opportunities that create value for the bank and the bank's customers, to ensure profitability and cost efficiency for existing services, parallel to ensuring that the functionality of the services meets customer expectations.

In 2004, DnB NOR was named best bank for trade finance services in Norway. Several successful activities were arranged for customers, including a Cash Management Day, which was the largest customer event in 2004.

Future prospects

Strong competition and pressure on prices and spreads within payment transactions is expected, as well as greater focus on the establishment of international standards for payment services and solutions for companies operating in several countries. DnB NOR is well positioned in the market, offering customer-adapted and cost-effective payment transfer services.

Finance/Group Staff and Group Risk Management

In addition to business areas and support units, the organisation includes Finance/Group Staff and Group Risk Management.

In 2004 the staff units were instrumental in the establishment of a strategic platform for the new group, supervised the integration process and made preparations for the introduction of IFRS and the Basel II regulations. An entity for handling mergers, acquisitions and disposals was set up, with responsibility for the Group's major acquisition and disposal projects.

At the beginning of 2005, a special unit for all risk management at group level was established, Group Risk Management. The unit holds overall responsibility for risk management, internal control and compliance, including credit risk, market risk, operational risk and insurance risk.

Contents – annual accounts

Risk and capital management

Monitoring and managing risk is an integral part of financial operations. In DnB NOR, sound risk management is a strategic tool to enhance value generation.

A sound risk culture is a core element in effective risk management, characterised by strong awareness of risk and risk management throughout the Group. The profitability of DnB NOR will depend on the Group's ability to identify, manage and accurately price risk arising in connection with financial services.

The Board of Directors of DnB NOR ASA has a clearly stated goal to maintain a low risk profile, which is reflected in the banking group's aim to maintain an Aa-level rating for ordinary long-term debt.

A competitive, long-term return is conditional on prudent risk assessment and a low risk profile.

Authorisations must be in place for the extension of credit and for position and trading limits in all critical financial areas. All authorisations are personal. Authorisations and limits are determined by the Board of Directors and can be delegated to lower levels in the organisation, though any further delegation requires approval by an immediate superior.

The Group's risk is measured in the form of risk-adjusted capital, calculated for main risk categories and for all of the Group's business areas. In addition, risk is followed up based on the monitoring of positions relative to limits and authorisations, key figures and portfolio risk measurement. Return on risk-adjusted capital is a key measure in calculating profits and monitoring performance in the business areas.

Risk limits are reviewed annually in connection with budget and planning processes, and key limits are considered by the Board of Directors. In addition, more detailed guidelines, routines and limitations are set for the individual business areas.

All executives are responsible for risk within their own area of responsibility and must consequently be fully updated on the risk situation at all times. Risk reporting in the Group must ensure that all executives have the necessary information about current risk levels and future developments. Each quarter, a summary and analysis of the Group's risk situation is presented in a special risk report to the Board of Directors. To ensure high-quality, independent risk reports, responsibility for reporting is assigned to units that are independent of the operative units.

Responsibility for risk management and control

Responsibility for risk management and control is divided between the boards of directors, group management and line management.

The *Board of Directors in DnB NOR ASA* carries responsibility for ensuring that the Group is adequately capitalised relative to the risk and scope of operations and that capital requirements stipulated in laws and regulations are met. The Board of the holding company determines the Group's risk profile and return targets, as well as all group limits, authorisations and guidelines for risk management. Responsibility for some internal parameters will rest with the Board of Directors of the bank or one of the other subsidiaries.

The *group chief executive* is responsible for risk management within the Group, including the development of effective management systems, internal control and monitoring of compliance with existing routines. The group chief executive is backed by the group management team in carrying out overall management. All decisions concerning risk and risk management are made by the group chief executive or a person authorised by him. All key decisions will generally be made in consultation with the group management team.

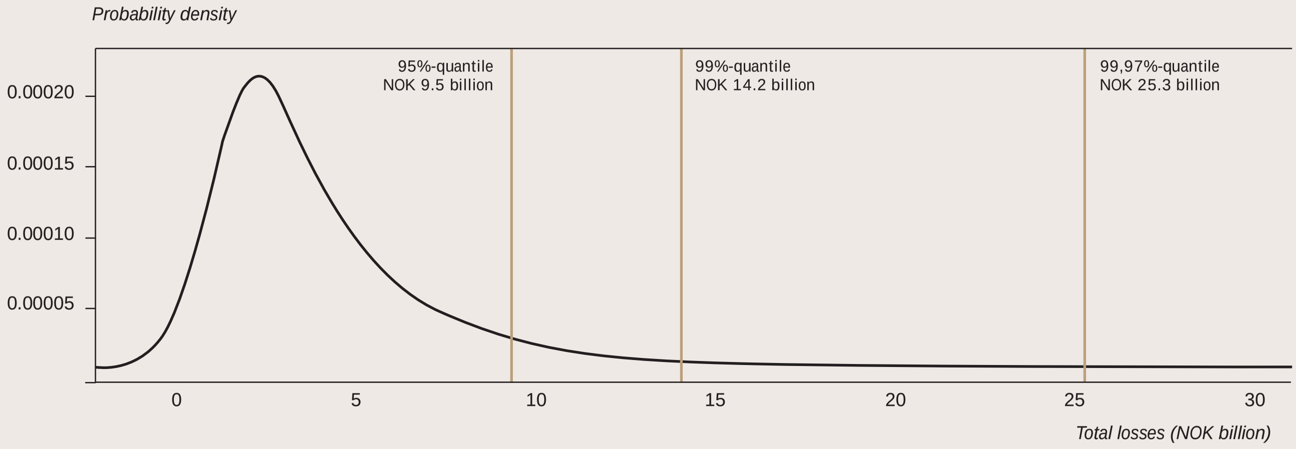
Several committees have been established to assist the group chief executive in preparing documentation and carrying out follow-ups and controls within various specialist areas:

- The *Group Credit Committee*, headed by the group chief credit officer, considers large individual credit proposals and other credits of an extraordinary nature. The committee plays a key role in formulating the Group's credit policy and credit strategies and in assessing portfolio risk.
- The *Asset & Liability Committee* (ALCO), headed by the chief financial officer, handles matters relating to the management of market and financing risk, capital modelling, capital structure and return targets.
- The *Group Operational Risk Management Committee*, headed by the chief risk officer, helps ensure effective and consistent monitoring and reporting of operational risk throughout the Group. A key task is to make sure that the Group's routines relating to internal control and quality assurance are designed to provide added value relative to group operations.
- The *Investment Committee*, headed by the chief financial officer, is the Group's decision-making body for the purchase and sale of equity instruments in the banking portfolio. The committee makes decisions on purchases and sales up to NOK 250 million and acts in an advisory capacity for the group chief executive and the Board of Directors for transactions exceeding this amount.

Business areas and support units are responsible for overall risk management within their own unit. The main principle for risk management in DnB NOR is that all senior executives in the Group must be familiar with all significant risk factors within their area of responsibility in order to handle risk in a prudent and financially sound manner.

The organisational structure of DnB NOR aims to ensure independent reporting. The staff unit *Group Risk Management*, which includes Group Risk Analysis and Group Credit, reports directly to the group chief executive and has overall responsibility for risk management, internal control and compliance. *Group Risk Analysis* is responsible for developing statistical models for quantifying various types of risk and total risk for the Group. The department carries responsibility for analysing and reporting the

Estimated distribution of losses at year-end 2004



Group's aggregate risk. Professional responsibility for operational risk also rests with this unit. *Group Credit* is an independent staff unit responsible for the credit process and standard procedures for credit activity, in addition to credit risk measurement and reporting. Senior credit officers with special authorisation to approve large credits are also organised under this unit.

Group Security is a support function within Human Resources and Group Services which is responsible for operative security measures and is organised independent of the business areas. The main focus is on advisory services and preventive measures. The unit also plays a key role in reporting and measuring operational risk.

The role of *Group Audit* in risk management is primarily to supervise internal control by monitoring compliance with procedures and regulations and ensuring that models, tools and reporting help give management and the Board of Directors a correct picture of the risk situation.

Capital management

In spite of sound risk management, occasional unexpected losses may occur, which makes it necessary to maintain an adequate equity base.

Through legislation, DnB NOR is subject to minimum capital requirements. Internal calculations of the Group's capital requirement are based on risk-adjusted capital. The Group's Tier 1 capital is measured on the basis of both internal and external requirements. Recorded equity qualifies as Tier 1 capital after deducting goodwill and other intangible assets. Normally, recorded equity will be significantly higher than external and internal minimum requirements. The difference reflects the need to maintain a buffer relative to statutory minimum requirements and the need for strategic flexibility.

Risk measurement and risk-adjusted capital

In DnB NOR, risk-adjusted capital is established as a joint measure for quantifying risk. Risk-adjusted capital indicates how much capital is required to run operations. The higher the risk, the higher the level of capital.

DnB NOR quantifies risk-adjusted capital for the following risk categories: credit risk, market risk, liquidity risk, ownership risk for the life insurance company and operational risk. Risk-adjusted capital for the various risk categories is calculated separately as well as for the Group as a whole. The estimated requirement is divided between all business areas. Calculations are used in profitability measurement and as decision support within risk management. This methodology makes it possible to compare risk across risk categories and business areas.

Calculations of risk-adjusted capital are based on statistical methods. However, calculations of risk-adjusted capital require a certain level of discretion and estimation, which could, if changed, have an impact on capital estimates.

Average losses over a normal business cycle represent expected costs which should primarily be covered through correct pricing. Risk-adjusted capital should cover unexpected losses. The quantification is based on statistical probability calculations for the various risk categories on the basis of historical data. As it is impossible to guard against all potential losses, DnB NOR has stipulated that risk-adjusted capital should cover 99.97 per cent of potential losses within a one-year horizon. This level is in accordance with an Aa level rating for ordinary long-term debt.

Credit risk

Risk-adjusted capital for credit risk is aggregated on the basis of individual commitments, where each commitment is classified with respect to quality according to estimated default frequency and the magnitude of losses in the event of default. DnB NOR divides commitments into ten risk categories depending on estimated default frequency. In addition, there is a separate category for commitments already classified as non-performing or doubtful. The classification is based on accounting data and non-financial factors such as managerial aspects. The portfolio classification provides the basis for statistical calculations of expected losses in a longer perspective and for estimating risk-adjusted capital.

Market risk

Risk-adjusted capital for market risk is quantified by simulating potential losses based on the anticipated maximum exposure, liquidation periods for positions and estimated correlations between the various market risks. Modelled liquidation periods vary from 250 days for equity investments to two days for positions in the most commonly traded currencies.

Liquidity risk
Risk-adjusted capital for liquidity risk is calculated on the basis of losses that would incur if the Group is unable to meet its payment obligations. Risk is quantified based on the ratio between short-term funding minus liquid assets, and the less liquid assets.

Ownership risk related to Vital
Risk-adjusted capital for Vital reflects the risk that the DnB NOR Group will have to report a net loss for these operations and that the Group may have to provide the insurance company with new equity. The probability that the net loss will be lower than risk-adjusted capital is 99.97 per cent. In calculating risk-adjusted capital for Vital, changes in the value of financial assets in Vital are simulated. Assets in Vital are divided into individual portfolios, and changes in values are simulated on a daily basis, taking account of correlations between the portfolios. The total value is tested against limits indicating when DnB NOR will have to record net losses. These limits will be affected by the securities adjustment reserve, interim profits and additional allocations, as well as the guaranteed rate of return.

Operational risk
Operational risk is quantified by means of international benchmarks and assessments of the risk of losses associated with current operations based on an analysis of group operations.

Estimated capital requirement
A significant diversification or portfolio effect arises when the various risks are added up, as it its highly unlikely that all losses will occur at the same time. The diversification effect between risk categories and business areas implies that the Group's risk-adjusted capital will be much lower than if the business areas had been independent units. Table 1 shows the distribution of risk-adjusted capital for the various risk categories at the end of 2004 and 2003. The Group's risk-adjusted capital as at 31 December 2004 totalled NOK 25.3 billion, taking account of the diversification between the different risk categories.

Annual expected credit losses should equal average losses over a normal business cycle. Losses will vary significantly from one year to the next within a business cycle. In calculating the capital requirement, a figure corresponding to three times annual normalised losses is added to risk-adjusted capital to ensure that DnB NOR will be adequately capitalised to meet unexpected losses at any time within a normal business cycle. The estimated capital requirement as at 31 December 2004 was NOK 30.4 billion.

Use in risk management and monitoring
Risk-adjusted profitability is a key performance measure in the internal management of the DnB NOR Group. Capital is thus allocated to the business areas on the basis of the estimated risk of operations, and return on capital is continually monitored. Capital requirements reflect the inherent risk in operations. Capital is also a scarce resource which must be utilised effectively. A high return on equity creates shareholder value and indicates potential growth areas.

Risk management

Credit risk
Credit risk is the risk of losses due to failure on the part of the Group's counterparties (customers) to meet their payment obligations towards DnB NOR.

Credit risk, which represents the chief risk category for the Group, refers to all claims against customers, mainly loans. Liabilities in the form of other extended credits, guarantees, interest-bearing securities, approved, undrawn credits, as well as counterparty risk arising through derivatives and foreign exchange contracts also involve credit risk. Settlement risk, which arises in connection with payment transfers because not all transactions take place in real time, also involves counterparty risk.

DnB NOR's credit process is based on the Group's credit policy, which is approved by the Board of Directors. The primary aim of credit operations is to maintain a credit portfolio with a composition and quality that ensures the bank's short and long-term profitability. The quality of the credit portfolio should be consistent with DnB NOR's low risk profile target.

The risk levels of individual customers and industries and their geographical locations are monitored closely to avoid large risk concentrations. Credit strategies are worked out for all business areas carrying credit risk, subject to annual review. Credit approval authorisations are personal and graded on the basis of expected default frequency. For large credits, there is a

Table 1: Estimated risk-adjusted capital for different risk categories and for the Group

Amounts in NOK billion	*31 December 2004*	*31 December 2003*
Credit risk	18.4	17.1
Market risk	1.8	1.6
Liquidity risk	0.7	0.7
Ownership risk for Vital	9.9	8.5
Operational risk	4.9	5.6
Total risk-adjusted capital before diversification	35.6	33.5
Diversification effects	(10.3)	(10.1)
Total risk-adjusted capital after diversification	25.3	23.4
Addition for variations in expected credit losses	5.2	5.0
Estimated capital requirement	30.4	28.4

Calculations as at 31 December 2003 are adjusted for the sale of Elcon.

two-layered decision-making procedure where credit approval authority rests with the business units subject to approval by Group Credit. All commitments within Corporate Banking are up for annual renewal.

Retail Banking, which has large number of customers, aims to make a maximum number of credit decisions on the basis of automated scoring and decision support systems.

Data and analytical tools are an integrated part of risk management. The DnB NOR Group has extensive experience with classification systems as support for credit decisions and monitoring. Calculations of expected losses in a long-term perspective and risk-adjusted capital are integrated in the credit process.

Portfolio classification provides a basis for statistical calculations of expected losses in a long-term perspective and the need for equity on the basis of portfolio risk. DnB NOR's models for risk classification of customers are subject to continuous improvement and testing. There are a total of eight main model categories which are each specially adapted to different industries and segments. The models are based on the following components:

1. Probability of default. The counterparty (customer) is classified according to a scale of ten risk categories based on the probability of default. In addition, there is a separate category for commitments already classified as non-performing or doubtful. The risk categories are defined on the basis of the scales used by international rating companies.
2. Exposure at default. Exposure is a calculated figure which includes amounts drawn under credit limits (loans) as well as a percentage share of committed limits.
3. Loss given default. An assessment of how much the Group would lose if the customer fails to meet his obligations, taking the collateral provided into consideration. Realisation values are set on the basis of experience and/or external data.

DnB NOR´s internal rating

Risk category	Lower limit	Upper limit
1	0.01%	0.10%
2	0.10%	0.25%
3	0.25%	0.50%
4	0.50%	0.75%
5	0.75%	1.25%
6	1.25%	2.00%
7	2.00%	3.00%
8	3.00%	5.00%
9	5.00%	8.00%
10	8.00%	15.00%

Risk-adjusted capital for credit risk rose 7.6 per cent during 2004, totalling NOK 18.4 billion at year-end. The increase was due to rising volumes, with strong growth in the retail market, especially in residential mortgages. The Group has a high-quality credit portfolio.

Market risk

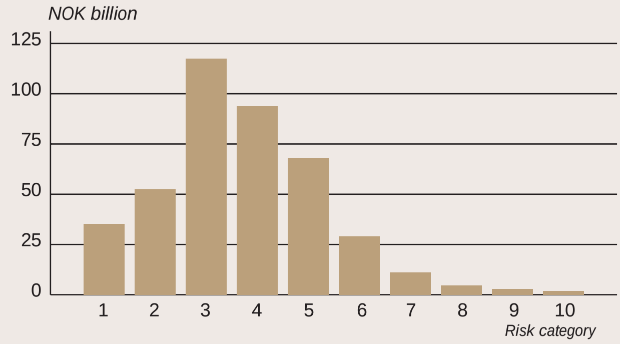
Market risk arises as a consequence of the banking group's open positions in the foreign exchange, interest rate and capital markets. The risk is linked to variations in financial results due to fluctuations in market prices.

Overall, market risk represents a moderate share of the Group's total risk and relates primarily to long-term investments in equity instruments within banking operations. Market risk in Vital is included under life insurance risk.

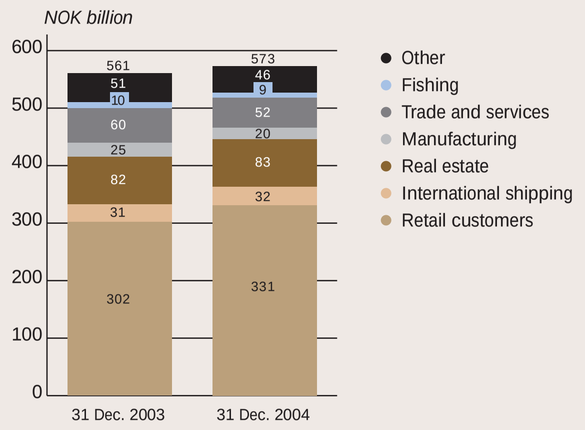
Market risk in the trading portfolio arises through trading activities in the interest rate, foreign exchange and equity markets. The risk relates partly to customer business, though there is scope for moderate risk-taking within proprietary trading in foreign exchange and financial instruments. Market risk also arises in the banking portfolio, which represents traditional banking activities in the form of lending, customer deposits and investments in interest rate and equity instruments. Market risk in the banking portfolio can stem from different fixed-interest periods for assets and liabilities.

Responsibility for all trading activities in the DnB NOR Bank Group rests with DnB NOR Markets. Limits for market risk in DnB NOR Markets are reviewed at least once a year and are determined by the bank's Board of Directors. The Group's Asset and Liability Committee, ALCO, considers and monitors utilisation of the limits. The guiding principle is that the sum of allocated limits at lower levels should not exceed the limit one level higher. Limits for foreign exchange and equity represent nominal amounts for individual positions, while limits for interest rate risk represent changes in value resulting from an interest rate adjustment of one basis point. Based on the DnB NOR Group's interest rate risk at year-end 2004, a parallel shift in interest rates in all

Credit portfolio according to risk category 2004 – Corporate Banking



Lending to principal sectors



currencies of one basis point would have resulted in a NOK 1.9 million change in value. In addition, sensitivity limits have been defined for options. A unit independent of brokerage operations checks positions in relation to limits and results on a daily basis.

Market risk is measured in the form of risk-adjusted capital, which is included in calculations of the Group's overall capital requirement and also used as a distribution formula for activities involving market risk. In addition, stress scenarios, sensitivity testing and daily calculations based on a Value-at-Risk model are used as operational decision support tools by position takers and the operative control units. This applies especially to Norwegian interest rate operations, which have the most active position-taking.

Interest rate and currency risk in the banking group is centralised, as all units in the banking group must hedge their positions through the Treasury function. This ensures the quality and transparency of position-taking both locally and in the Group as a whole.

Responsibility for following up and managing the Group's equity investments as part of banking operations rests with the Investment Division, which is part of the Finance/Group Staff unit.

Due to a rise in equity investments within banking operations, risk-adjusted capital for market risk rose from NOK 1.6 billion at the end of 2003 to NOK 1.8 billion at end-December 2004.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations.

Liquidity risk is managed and measured by means of various measurement techniques. The Board of Directors has established short-term limits which reduce the bank's dependence on short-term funding from the domestic and international money and capital markets. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, subordinated capital and long-term funding. Liquidity risk management includes stress testing.

The Treasury function is responsible for operational liquidity management. The Investor Relations/Long-term Funding unit, which is part of Finance/Group Staff, is responsible for establishing principles and limits for liquidity management and for arranging long-term funding. Overall management of liquidity risk in the DnB NOR Bank Group is based on DnB NOR Bank ASA providing funding for subsidiaries such as Nordlandsbanken, DnB NOR Finans and DnB NOR Hypotek as well as international branches and subsidiaries.

The Group enjoyed a sound liquidity position at the end of 2004. The sale of Elcon Finans was completed in 2004 and provided liquid funds of around NOK 28 billion. There is healthy demand for the bank's commercial paper, and long-term funding in different currencies corresponding to NOK 34 billion was raised during 2004, of which NOK 2 billion was denominated in Norwegian kroner. In addition, an ordinary subordinated loan of EUR 200 million was raised, equalling close to NOK 2 billion. At end-December 2004, the average remaining term to maturity for the portfolio of senior bond debt was 2.5 years, down from 2.7 years one year earlier. The Group aims to achieve a sound and stable maturity structure for funding activities over the next five years.

DnB NOR seeks to have a broad range of funding sources and a large investor base for financing operations. This is achieved through established funding programmes in different markets. DnB NOR has a commercial paper programme of USD 8 billion in the US and a commercial paper programme of EUR 5 billion in Europe. In addition, the bank has a European Medium Term Note Programme of USD 20 billion. The possibility of issuing secured bonds is under consideration. In addition to providing reasonable funding through capital markets, this represents a significant potential for expanding the investor base. Priority is also given to maintaining sound business relations with a large number of international banks and on promoting the Group in international capital markets.

At the end of 2004, risk-adjusted capital for liquidity risk was on a level with the figure at year-end 2003.

Life insurance risk

Risk within life insurance comprises financial risk and insurance risk. Financial risk is the risk that the return on financial assets is not sufficient to meet the guaranteed rate of return specified in insurance policies, while insurance risk relates to uncertainty in estimates for life expectancy and disability.

According to current parameters for life insurance operations in Norway, Vital carries the risk of fulfilling the company's commitments in contracts with policyholders. The return on financial assets must be sufficient to meet the guaranteed annual return to the company's policyholders. If this is not the case, additional allocations will have to be used, representing buffer capital built up from profits in previous years. Alternatively, the shortfall could be charged to equity.

At the end of 2004, the average guaranteed annual return was 3.8 per cent. As of 1 January 2004, the maximum base rate for new entitlements under insurance contracts for group occupational pensions was reduced from 4 to 3 per cent. However, it will take several years for this to result in any appreciable decline in the average annual guaranteed rate of return.

The purpose of risk management is to achieve the highest possible return for policyholders and the owner in the long term, subject to an acceptable risk level. The risk situation for Vital is followed closely, including daily updates on returns on financial assets and forecasts for future developments. Vital has established separate guidelines for the management of financial assets which regulate the risk profile relative to financial buffers. Operative management is based on a stress test where a comparison is made with the company's buffer capital, i.e. the overall decline in value which would prevent Vital from meeting statutory minimum capital adequacy requirements. If the result of the stress test equals buffer capital, risk capacity is utilised 100 per cent. Special rules have been established to ensure that the Board of Directors is notified if defined limits for risk capital utilisation are exceeded. The business area is also subject to government regulations on asset management, including risk diversification requirements and limitations on investment options. Financial risk in Vital is monitored and reported to management on a daily basis.

Risk management in Vital Forsikring implies that market risk in the balance sheet is geared to the level of buffer capital. Analyses have shown that in the longer term, dynamic risk management will improve risk-adjusted returns. The probability of a highly negative outcome has been reduced, while there are good chances of benefiting from an upswing in stock markets.

Risk-adjusted capital for ownership risk related to Vital was NOK 9.9 billion at the end of 2004, as against NOK 8.5 billion at end-December 2003. The rise can be partly attributed to growth in total assets and a higher equity exposure in the portfolio, while the strengthening of buffer capital had the opposite effect.

Total assets in Vital showed strong growth in 2004, rising by nearly NOK 15 billion to NOK 165 billion. The company's equity exposure rose from 13 to 17 per cent, while the share of bonds held to maturity was increased from 31 to 33 per cent. Total buffer capital in Vital rose by NOK 2.2 billion during the year, to NOK 8.6 billion at end-December.

New operating parameters for life insurance companies will involve major changes for the industry, most importantly a sharper distinction between policyholders' funds and the company's own funds, a clearer distribution of risk between policyholders and the company and more transparent pricing of life insurance products. The new rules are expected to enter into force in 2006. Kredittilsynet will establish transitional rules.

Operational risk

Operational risk is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.

Operational risk is a risk category which covers most costs associated with shortcomings in the quality of the Group's operations. As for other risk categories, DnB NOR aims to document low risk and high quality. Thus, great emphasis is placed on risk and quality in the operation and management of the Group.

The Board of Directors lays down the conditions for risk management in the Group and receives periodic reports on current status and developments in the Group's risk situation. Administrative responsibility for managing operational risk rests with the Group Operational Risk Management Committee, whose members are the heads of all business areas and support units. A special unit within Group Risk Management is responsible for ensuring that the Group's infrastructure is of adequate quality, while operative responsibility for the quality of operations is assigned to the individual line manager, including financial performance, staff members, the risk situation etc. Managers' most important tools are professional expertise and managerial skills, as well as action plans, control routines and good monitoring systems. Systematic risk assessments also ensure increased knowledge and awareness of the need for relevant improvements in the individual units.

Experience shows that major organisational changes increase operational risk. Thus, in connection with the establishment of DnB NOR, a number of measures were implemented to reduce both short and long-term operational risk. Special analyses were carried out for the various types of risk resulting from the merger process, and measures were initiated to remedy the situation. The integration process is now for the most part completed, and though much remains to be done with respect to IT integration, thus far no major negative surprises have been noted during the process.

Risk management is based on ensuring that the Group meets the various competence and organisational requirements contained in the coming new rules for supervision and capital adequacy (Basel II), and a number of activities have been initiated to establish the necessary infrastructure. With effect from January 2005, a special tool for registering all significant operational losses in the Group was taken into use.

A new insurance policy has been established as part of the Group's overall management of operational risk. The insurance policy emphasises risk-preventing measures and presents requirements for cost-effective hedging models.

Risk-adjusted capital for the Group's operational risk was estimated at NOK 4.9 billion at the end of 2004.

Basel II and DnB NOR

The new EU directive for capital adequacy, Capital Requirements Directive (CRD), is expected to be introduced in Norway through the EEA agreement. The new rules are based on the proposed new standard for capital adequacy from the Bank for International Settlements (BIS), Basel II.

The new rules are based on three pillars:

- Pillar 1 defines minimum capital requirements for credit risk, market risk and operational risk. The rules opens up for different methods whereby reporting is based in varying degrees on the bank's own risk measurements
- Pillar 2 deals with the supervisory role of the authorities and how this role is exercised
- Pillar 3 deals with market discipline and requirements concerning institutions' risk reporting

The process of adapting to the new rules was well under way in both DnB and Gjensidige NOR prior to the merger in December 2003. In DnB NOR, a special group project was established to continue the work. The group project is organised under Group Risk Management and is headed by the chief financial officer.

DnB NOR has high ambitions with respect to implementing the new capital adequacy regulations as well as to risk management in general. The organisation has many years of experience in the development and use of internal models based on the same basic principles as those found in the new capital adequacy regulations. DnB NOR aims to use the Advanced Internal Ratings-Based approach (IRBA) for credit risk. The existing risk models were identified in 2004, and the process of adjusting these models and developing new ones which meet the Basel II requirements is well under way.

With respect to operational risk, DnB NOR aims to use the Standardised Approach. The Group will consider whether to convert to the Advanced Measurement Approach by 2011.

The new capital adequacy regulations set strict requirements for consistent treatment of data, one example being requirements for traceability of the data used for preparing key risk figures such as borrowers' default probability. This, in turn, places heavy demands on the Group's IT systems. During 2004, DnB NOR started establishing innovative IT architecture which supports the Group's ambitions for sound risk management in line with the new regulations.

The Advanced Internal Ratings-Based approach will enter into force on 1 January 2008, while the Standardised Approach for operational risk will apply from 1 January 2007. The rules open up for a three-year implementation period for banks. DnB NOR is thus planning implementation between 1 January 2008 and 31 December 2010. With respect to credit risk, parallel reports will be prepared for a period of two years for the portfolio which is planned to be converted to reporting according to the new capital adequacy regulations. This implies that DnB NOR will have to prepare reports according to the new rules as from 1 January 2006 with respect to the portfolio which is set to meet the new requirements as from 1 January 2008.

A formal application for adaptation to the new capital adequacy regulations will be sent to the supervisory authorities within 30 September 2005, containing a detailed description of a number of aspects relating to the requirements in the new rules, given the Group's level of ambition.

Profit and loss accounts

		DnB NOR Group		
Amounts in NOK million	Note	2004	Pro forma 2003	Pro forma 2002
Interest income	3, 5	28 578	38 430	42 959
Interest expenses	3, 5	15 365	24 641	29 072
Net interest income and credit commissions	3, 5	**13 214**	**13 789**	**13 887**
Dividends	6	146	212	171
Net profit/(loss) from Life Insurance and Pensions	7	1 216	760	(271)
Commissions and fees receivable on banking services	6	6 846	6 398	5 918
Commissions and fees payable on banking services	6	2 135	2 119	2 019
Net gain on foreign exchange and financial instruments	6, 8	1 680	1 847	774
Sundry ordinary operating income	6	1 398	1 181	1 046
Gains on the sale of fixed assets	6	1 022	23	39
Net other operating income	6	**10 173**	**8 302**	**5 658**
Salaries and other personnel expenses	9, 10, 11, 12	6 233	6 577	6 005
Administrative expenses	9	3 864	3 982	3 947
Depreciation	9	1 067	1 200	1 077
Sundry ordinary operating expenses	9	1 342	1 433	1 508
Other expenses	9	1 082	219	394
Total operating expenses	9	**13 588**	**13 410**	**12 931**
Pre-tax operating profit before losses		**9 798**	**8 681**	**6 613**
Net losses on loans, guarantees, etc.	14, 15	167	1 891	1 023
Net gain/(losses) on long-term securities	16	106	224	(316)
Pre-tax operating profit		**9 738**	**7 014**	**5 274**
Taxes	17	2 350	1 636	1 642
Profit for the year		**7 388**	**5 378**	**3 632**
Dividends	40	3 415	2 919	2 805
Transferred to other equity	40	3 973	2 459	828
Total transfers and adjustments		**7 388**	**5 378**	**3 632**
Earnings per share (NOK)		5.60	4.11	2.77
Diluted earnings per share (NOK)		5.57	4.10	2.76

Balance sheets

		DnB NOR Group		
				Pro forma
Amounts in NOK million	Note	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Assets				
Cash and deposits with central banks		8 780	8 570	22 944
Lending to and deposits with credit institutions	18	21 870	28 331	26 615
Gross lending to customers	18, 19, 20, 21, 22, 24	576 153	565 546	494 601
- Specified loan-loss provisions	23	(3 255)	(4 329)	(2 884)
- Unspecified loan-loss provisions	23	(3 534)	(3 714)	(3 501)
Net lending to customers		569 364	557 503	488 217
Repossessed assets	31	538	576	651
Commercial paper and bonds	18, 26	62 986	59 398	51 745
Shareholdings etc.	18, 27, 28, 29	4 881	4 011	4 364
Investments in Life Insurance and Pensions and associated companies	7, 18, 30	8 651	7 365	7 184
Intangible assets	17, 18, 32	5 573	6 484	6 733
Fixed assets	18, 31, 33, 34	4 173	4 475	4 425
Other assets	18	22 441	23 643	19 382
Prepayments and accrued income	18	5 424	5 321	6 098
Total assets		**714 680**	**705 677**	**638 357**
Liabilities and equity				
Loans and deposits from credit institutions	35	48 940	78 497	80 302
Deposits from customers	35, 36	355 316	335 576	317 598
Securities issued	35, 37, 38	192 410	181 649	138 568
Other liabilities	35	38 955	35 305	35 359
Accrued expenses and prepaid revenues	35	5 101	5 992	5 034
Provisions for commitments	23, 35	3 320	2 834	3 000
Subordinated loan capital	39	18 770	18 126	13 519
Perpetual subordinated loan capital securities	39	5 270	5 583	5 292
Total liabilities		**668 082**	**663 562**	**598 672**
Share capital	40	13 271	13 090	13 090
Share premium reserve	40	11 741	11 353	11 353
Other equity	40	21 586	17 672	15 242
Total equity		**46 598**	**42 115**	**39 685**
Total liabilities and equity		**714 680**	**705 677**	**638 357**
Other commitments and conditional commitments	48, 49, 50			

Cash flow statements

	DnB NOR Group		
Amounts in NOK million	2004	Pro forma 2003	Pro forma 2002
OPERATIONS			
Lending and funding activity			
Net payments made on instalment loans	(58 915)	(46 759)	(27 449)
Net receipts on credit lines and other current accounts	33 783	23 920	10 417
Receipts on loans and guarantees previously written off	331	275	426
Net receipts/payments on time deposits from customers	4 792	(12 481)	8 782
Interest and commissions received from customers	25 649	34 922	35 643
Interest paid to customers	(7 158)	(11 595)	(15 623)
Other operations			
Other receipts on commissions and fees	6 705	5 966	4 916
Net receipts/payments on trading in short-term investments in shares	(932)	292	(340)
Dividends received on short-term investments in shares	89	114	116
Net payments on trading in fixed-income securities	(5 018)	(2 674)	(1 617)
Interest earned on fixed-income securities	1 977	2 263	2 622
Net receipts/payments on trading in foreign exchange and financial derivatives	567	350	(7 372)
Other receipts	1 138	1 658	992
Payments to operations	(16 174)	(12 617)	(12 801)
Taxed paid	(130)	(1 984)	(1 403)
Net cash flow relating to operations	**(13 295)**	**(18 350)**	**(2 691)**
INVESTMENT ACTIVITY			
Receipts on the sale of fixed assets	145	99	195
Payments on the acquisition of fixed assets	(348)	(256)	(419)
Receipts on the sale of long-term investments in shares and other participations	3 879	1 046	304
Payments on the acquisition of long-term investments in shares and other participations	0	(4 845)	(2 714)
Dividends received on long-term investments in shares and other participations	57	128	54
Net cash flow relating to investment activity	**3 733**	**(3 828)**	**(2 580)**
FUNDING ACTIVITY			
Net investments in/loans from credit institutions	3 180	(9 630)	18 146
Net issue of bonds and commercial papers	18 167	30 062	10 313
Net payments on other short-term liabilities	(3 979)	(2 821)	(615)
Net payments on other long-term liabilities	(60)	(283)	(351)
Issue of subordinated loan capital	1 648	5 747	6 147
Redemption of subordinated loan capital	(74)	(2 088)	(1 966)
Inflows of perpetual subordinated loan capital securities	0	0	2 552
Dividend payments	(2 909)	(2 805)	(2 647)
Share issue	568	1	0
Repurchase of own shares	0	0	(35)
Net interest payments on funding activity	(6 771)	(10 378)	(8 396)
Net cash flow from funding activity	**9 772**	**7 804**	**23 148**
Net cash flow	**210**	**(14 374)**	**17 877**
Cash and deposits with Norges Bank as at 1 January	8 570	22 944	5 067
Net receipts/payments on cash and deposits with Norges Bank	210	(14 374)	17 877
Cash and deposits with Norges Bank as at 31 December	8 780	8 570	22 944

The cash flow statements show cash flows grouped according to source and use. Cash equivalents are defined as cash and deposits with Norges Bank.

Accounting principles

The accounts of DnB NOR are based on Norwegian accounting legislation, the accounting regulations issued by Kredittilsynet (the Financial Supervisory Authority of Norway), and Norwegian generally accepted accounting principles.

CHANGES IN ACCOUNTING PRINCIPLES

The effects of changes in accounting principles are recorded directly against equity, with the exception of changes concerning life insurance operations. The only changes made in accounting principles in 2004 are certain insignificant reclassifications.

CONSOLIDATION

The consolidated accounts of 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. Subsidiaries are defined as companies in which DnB NOR has control, directly or indirectly, through a long-term ownership interest and 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.

Vital Forsikring ASA and Vital Link AS are presented in the group accounts according to the equity method. This implies that the profit to DnB NOR is presented net after deductions for goodwill amortisation and eliminations in the Group's profit and loss account, while the net value of the investment in these operations is shown as an asset in the balance sheet. Operations in Life Insurance and Pensions are fundamentally different from operations in the rest of the Group. Also, regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the Group's access to revenues and assets in these operations.

Other subsidiaries are consolidated. In the accounts of DnB NOR ASA, investments in subsidiaries are recorded at cost.

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. In the accounts of the individual companies, ownership interests in the form of share investments are valued at cost, while holdings in general partnerships are recorded according to the equity method.

Holdings of a short-term nature are not consolidated in the accounts. Holdings taken over in connection with non-performing commitments are generally of a short-term nature.

Balance sheet items of foreign branches and subsidiaries are translated into Norwegian kroner at the rates prevailing on the balance sheet date, while average rates are used for items in the profit and loss account. Changes in net assets due to exchange rate fluctuations are recorded directly against equity.

The balance sheet items of acquired operations to be consolidated according to the equity method, are recorded at fair market value. Any intangible assets identified are considered and classified separately. Any positive residual value is classified as goodwill. Goodwill is amortised in the group accounts over its expected useful economic life. Any negative residual value which cannot be linked to assets or conditional commitments is recorded as negative goodwill and charged systematically to the profit and loss account over the relevant period of time.

Goodwill recorded in the balance sheet is reviewed on each reporting date. Assets generating joint cash flows are considered collectively. Future cash flows are estimated based on 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.

CLASSIFICATION AND VALUATION

Trading portfolio and banking portfolio

DnB NOR makes a distinction in the accounting treatment of financial instruments entered into as part of proprietary trading to achieve a gain by exploiting price differences and changes, and agreements regarding the management of other group operations. Agreements in the first category constitute the trading portfolio and are part of DnB NOR Markets' operations, while all other agreements are included in the banking portfolio.

The trading portfolio includes negotiable securities, investment fund holdings, interest rate instruments recorded in the balance sheet, foreign currency positions and financial derivatives. The trading portfolio is recorded according to the market value principle.

Income from trading in interest rate and currency positions recorded in DnB NOR Markets' balance sheet is classified as interest income. Other income from the trading portfolio is included under "Net gain on foreign exchange and financial instruments" and "Commissions and fees receivable on banking services".

Life and pension insurance

The accounts for Vital have been prepared in conformity with general accounting principles and regulations issued by Kredittilsynet for the annual accounts etc. of insurance companies, containing rules which in certain respects deviate from the accounting principles and definitions used for other operations. The accounts for Vital are used as a basis for presentation in the group accounts without adjustment for differences in principles.

Insurance premiums and insurance payments are entered in the profit and loss accounts when earned as income or incurred as expenses according to the accrual and the matching principle. Transfers of premium reserves on the transfer of insurance contracts are recorded as premium income in the company taking over the contract and as premium payments in the company transferring the contract. Such items are recorded in the profit and loss accounts when the risk relating to insurance payments is transferred.

Financial assets include short-term investments in shares, bonds and other financial instruments. Such financial assets are stated at market value. Differences between market value and cost are recorded in the accounts, and unrealised gains are provisionally allocated to the securities adjustment reserve.

Investments in buildings and real estate are classified as financial assets, and changes in value during the year are recorded in the profit and loss accounts. No ordinary depreciation is made on buildings and real estate classified as financial assets.

Bonds to be held until maturity are classified and recorded as fixed assets. Such bonds are stated at cost (acquisition cost plus transaction costs), and premiums/discounts are amortised over the remaining maturity according to the straight line principle.

With respect to life insurance operations the effects of changes in accounting principles are recorded directly in the profit and loss account for the period in which the changes come into effect. This contrasts with the procedure followed for other group operations.

Allocations to the insurance funds are charged to the profit and loss account. The insurance funds comprise the premium reserve, additional allocations, the premium and pension adjustment funds, the claims reserve and other technical reserves. Additional allocations are distributed to policyholders and can be used to meet any shortfall between the actual and guaranteed return on policyholders' funds.

Profits after compulsory provisions are allocated to policyholders and the company's owner. Taxes are deducted from the profits allocated to the owner. Pursuant to limits stipulated by Kredittilsynet, a maximum of 35 per cent of profits can be allocated to the owner. The actual allocation, which must be within the limit stipulated, will represent a return on equity corresponding to it's relative share of return on financial assets, adjusted for the corresponding relative share of the security reserve and subordinated loans less interest expenses, with the addition of a percentage of policyholders' funds plus a percentage of the adjusted risk premium.

Loans and non-performing and doubtful commitments

Loans are recorded at their nominal value with the exception of non-performing and doubtful commitments, reduced-rate loans and loans to customers in debt rescheduling countries. All loans, guarantees and other outstanding claims against a customer are considered collectively.

Loans and other commitments which are not serviced in accordance with the loan agreement are classified as non-performing unless the situation is considered to be temporary. Commitments will be classified as non-performing no later than 90 days past the formal due date. Loans, guarantees etc. which are classified as high-risk without being in default are subject to special surveillance and risk considerations. If a loss is likely to occur as a result of the value of collateral and the customer's financial position, the commitments are classified as doubtful.

Repossessed assets

Repossessed assets are assets acquired by units within the Group as part of the management of non-performing and doubtful commitments. At the time of acquisition such assets are valued at their estimated realisable value. When assets are repossessed for prompt resale, they are classified as current assets. Any losses on the resale of and write-down for the diminution in value of such assets are recorded under losses on loans and guarantees, etc. as losses/write-downs on repossessed assets. Any gains or reversals of previous write-downs are classified as a re-assessment of repossessed assets.

If assets are acquired for own use or for long-term administration and development, the assets are classified and evaluated as fixed assets in the balance sheet. Gains, losses, write-downs and reassessments of such assets are made according to the principles for assessing fixed assets.

Losses on loans and guarantees, etc.

Commitments classified as non-performing, doubtful or high-risk commitments are continuously monitored with respect to their loss potential. Any losses are classified as specified loan-loss provisions or write-offs. Specified loan-loss provisions represent an estimate of losses which are linked to identified customers. When, in all probability, losses must be considered final, they are classified as write-offs. Specified loan-loss provisions represent the difference between the nominal value of the commitment and the value of collateral and the customer's estimated solvency. When assessing the need for provisions, the credit risk element of other exposures to the customer, e.g. financial derivatives, is taken into account. In some segments with homogeneous customer characteristics, an alternative model is used to assess loan losses, based on previous experience concerning collateral value, customer solvency and the general economic situation. The resulting provisions are classified as specified.

Specified provisions reduce the book value of the commitments in the balance sheet, and changes in provisions during the period are recorded under losses in the profit and loss account. Write-offs covered by previous specified loan-loss provisions are netted against these provisions. Write-offs are recorded directly in the profit and loss account when the losses are not covered by previous loan-loss provisions or when there are deviations from previous provisions when losses are considered final. Subsequent repayments on commitments previously classified as final losses are classified as recoveries on loans previously written off.

Once a commitment is classified as non-performing, unpaid interest taken to income and other income is reversed, and no further income is recorded unless coverage is provided by underlying values in the commitment. Interest accrued during the year is reversed under net interest income, while accrued, unpaid interest referring to previous years is charged to loan losses. The same procedure is applied for doubtful commitments, though interest paid is taken to income if collateral values and the customer's financial position provide adequate coverage.

Loans with significantly reduced interest rate terms are classified as reduced-rate loans. The difference between the original and the reduced interest rate terms is recorded as a write-off. The difference in interest income on these loans is calculated on the basis of actual maturity and discounted by the original loan rate to net present value.

Unspecified loan-loss provisions cover losses which, based on the situation on the balance sheet date, are likely to occur in addition to identified losses and specified loan-loss provisions. Unspecified loan-loss provisions will cover losses resulting from current events which have not yet been reflected in assessments of collateral values and the customer's financial position, as well as current events which must be expected to affect loan-loss assessments at a later date. Calculations of unspecified provisions are based on risk management systems and the division of the credit portfolio into risk categories. Provisions derive directly from volume, risk and previous experience regarding loss developments in various parts of the credit portfolio. Changes in unspecified loan-loss provisions during the period are recorded in the profit and loss account.

Accumulated specified and unspecified loan-loss provisions are deducted from lending in the balance sheet. Specified and unspecified provisions are also made on losses on guarantees which are considered doubtful. These provisions are entered under liabilities in the balance sheet.

Leasing

Assets and buildings for rent (leasing) are defined as lease financing and classified as lending in the accounts. Leasing income is recorded according to the annuity method. The interest component of the lease receipts is recorded as interest income, while the instalment component reduces the value of the lease in the balance sheet. Contracts with guaranteed residual value are reduced to residual value over the term of the contract. For tax purposes, the declining balance method is applied.

Factoring

Accounts receivable where the credit risk of the account debtors has been assumed, are recorded under other assets in the balance sheet. Financing of accounts receivable in excess of the credit risk assumed and financing of accounts receivable without any credit risk coverage is recorded under lending in the balance sheet. In the event that advances paid on accounts receivable for which credit risk has been assumed amount to less than the credit risk, the difference is included under liabilities in the balance sheet. Accounts receivable factored without assuming credit risk and without financing, are not recorded in the balance sheet.

Financial instruments

Financial instruments include securities such as shares, PCCs, bonds and commercial paper, as well as investment fund holdings, other short-term debt instruments and financial derivatives.

Securities in the trading portfolio

Securities included in the trading portfolio are recorded at market value on the balance sheet date.

Short-term debt instruments included in the trading portfolio are reported at net present value, and unrealised gains and losses are recorded in the accounts.

Securities in the banking portfolio

Short-term investments in shares are recorded at the lower of the total portfolio's acquisition cost and market value.

Bonds and commercial paper are recorded at the lower of the total portfolio's acquisition cost and market value. Holdings of bonds issued by DnB NOR and included in the banking portfolio are netted against bond debt in the balance sheet.

Issued index-linked bonds are classified as securities issued. The bond element is recorded as a zero-coupon bond. Discounts or yields on the bond are recorded in the profit and loss account over the life of the bond. The remaining element is recorded as an option. The value of the option is netted against the hedging contract, and any gains or losses are entered in the accounts when the index-linked bond is issued.

Shares held as long-term investments are stated at cost. If the fair market value of the shares is significantly lower than cost, and the decrease in value is not expected to be temporary, the shares will be written down. Write-downs are reversed when the conditions for writing down the shares no longer apply.

Financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms, exchange rates and the value of equity instruments for fixed periods of time. Corresponding contracts stipulating prices on commodities and indexes are defined as financial derivatives in this context. Derivatives include swaps, forward contracts and options as well as combinations thereof, including forward rate agreements (FRAs), financial futures and agreements on the transfer of securities.

Interest rate and foreign exchange contracts are classified as part of either the trading portfolio or banking portfolio when entered into, depending on the intentions behind the individual agreement.

When financial derivatives are used to hedge securities recorded in the balance sheet, the value of the derivatives is included when stipulating the securities' market value. Positions are hedged when financial instruments are linked to other identified financial instruments on the transaction date, and the maturities and prices of the instruments are closely related.

Financial derivatives included in the trading portfolio are recorded at market value. Gains and losses on financial derivatives included in the banking portfolio are amortised according to the underlying maturity and reported under the related items in the profit and loss account.

When financial derivatives are used to manage risk on balance-sheet items, due to cost factors such agreements are entered into through the business units in the Group trading such instruments in the market. Internal transactions between the trading portfolio and the banking portfolio are valued according to principles relevant to these portfolios without eliminating internal gains and losses. See note 48.

Properties and other fixed assets

Assets generating joint cash flows are considered collectively. Future cash flows are estimated based on the market situation for comparable assets, taking account of expected price developments, growth prospects, return requirements and the duration of cash flows.

Assets are written down when there are clear indications of a decrease in value which is not expected to be temporary. Such write-downs are reversed when the reasons for writing down the assets no longer apply.

Bank buildings and other properties in the balance sheet are stated at cost adjusted for previous revaluations with the deduction of accumulated ordinary depreciation and write-downs. Properties belonging to similar categories are evaluated on a portfolio basis.

When negative net future cash flows related to leases on vacated and sublet premises are identified, the net present value of the cash flow is charged to the profit and loss account.

Other ordinary operating assets have been valued according to the same principle as that applied for bank buildings and other properties.

Software

Development of software is classified as intangible assets provided that the criteria for being recorded in the balance sheet are met. Costs related to the development of software are recorded in the balance sheet when significant and the software is expected to have sustainable value. Software developed by DnB NOR which is recorded in the balance sheet is depreciated on the basis of a conservative estimate of expected life. Such software is written down if the value of expected financial benefits is lower than recorded value.

Costs for reestablishing or maintaining the financial value of IT systems and systems applications are classified as maintenance and charged to the accounts as they occur.

Software acquired in connection with the purchase of personal computers is considered collectively with the hardware.

Assets and liabilities in foreign currency

Assets and liabilities denominated in foreign currencies are recognised as financial assets and translated to NOK according to exchange rates prevailing on the balance sheet date.

ACCRUALS

Income is recorded in the profit and loss account when accrued. Costs are matched against income and charged to the accounts in the same accounting period as related income. Incurred costs related to income earned in subsequent periods are deferred. Costs which will occur in future periods concerning accrued income are charged to the profit and loss account during the same period. Future costs not related to future income are charged to the accounts when the costs are identified.

Recording of interest and fees

Interest and commissions are included in the profit and loss account when earned as income or incurred as expenses. Unrealised gains and losses on loans, deposits and borrowings arising on interest rate hedges in connection with changes in market rates, are amortised under net interest income.

Fees which represent direct payment for services rendered are recognised as income upon payment. Fees for the establishment of loan agreements in excess of the actual costs involved are amortised over the life of the loan.

Employee subscription rights programme

Issued subscription rights with no intrinsic value are not charged to the accounts. When rights are exercised, the increase in the number of shares, the share capital and the share premium reserve will be recorded directly against equity. The net present value of the employer's national insurance contributions relating to the exercise of employee options is calculated based on the assumption that the subscription rights will have economic value when exercised and that all options will be exercised. The net present value of the estimated employer's national insurance contributions will be charged to the accounts over the time to maturity according to the straight line principle. See note 10.

Premiums and discounts on bonds issued

Issued bonds are recorded in the balance sheet at their nominal value with the addition of premiums or deduction of discounts. Premiums and discounts are amortised as an adjustment to current interest expenses until final maturity of the bonds. Discounts on raising other long-term capital are treated correspondingly.

DnB NOR will regularly repurchase bonds issued by itself in connection with ongoing funding activity. Gains or losses resulting from the repurchase and resale of own bonds are in this respect amortised over the remaining term of the bonds according to the straight line principle.

Provisions for restructuring measures

If restructuring plans are approved which change the scope of operations or the way operations are carried out, the need for provisions for restructuring measures will be considered. If expenses arising from the implementation of such measures are not linked to future income and the future expenses represent actual commitments on the balance sheet date, the net present value of future cash flows is charged to the accounts and recorded under liabilities in the balance sheet. The provisions are reversed when costs are incurred.

Pension expenses and pension commitments

Expenses related to accrued pension entitlements are recorded as personnel expenses in the accounts. The basis for calculating pension expenses is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Expenses are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to pensions.

Pension commitments which are administered through life insurance companies or pension funds are matched against funds within the scheme. When total pension funds exceed estimated pension commitments on the balance sheet date, the net value is classified as an asset in the balance sheet if it has been rendered probable that the overfunding can be utilised to cover future commitments. When pension commitments exceed pension funds, the net commitments are classified under liabilities in the balance sheet. Each scheme is considered separately.

Pension commitments which are not administered through life insurance companies or pension funds are recorded as liabilities in the balance sheet.

Pension commitments represent the present value of probable future pension payments. The calculation is based on actuarial assumptions about life expectancy, rise in salaries, early retirement and other changes concerning those entitled to a pension.

Assumptions on which the calculation of pension commitments is based are reviewed annually and must be expected to change over time. Such changes may include:

- changes in pension schemes
- changes in economic parameters
- changes in actuarial assumptions
- deviations between the anticipated and actual return on pension funds

The financial effects of changes in pension-schemes are amortised over the average remaining service period of the employees. The accumulated effect of other changes or deviations is amortised in the profit and loss accounts over the average remaining service period or measured against the higher of total pension commitments and pension funds at the beginning of the financial year. In cases where the effect of changes in a scheme is not amortised and total unamortised changes and deviations exceed 10 per cent of the higher of these two figures, the excess is amortised in the profit and loss account over the average remaining service period of the employees in the scheme.

Depreciation of operating assets and intangible assets

Ordinary depreciation is based on the estimated economic life of the asset. The straight line principle is applied.

Taxation

Taxes for the year comprise payable taxes for the financial year and changes in the value of deferred taxes and deferred tax assets. Any changes in the value of deferred taxes and deferred tax assets will be shown as taxes for the year in the profit and loss account along with the tax liability for the year.

Deferred taxes are calculated on the basis of differences between the profits stated in the accounts and the profits computed for tax purposes which will be offset in the future. Evaluations are based on the balance sheet and tax position on the balance sheet date. Taxable and tax-deductible timing differences will be netted against each other within the same time interval. Deferred tax assets can be recognised as assets in the balance sheet when it is considered probable that the tax-deductible timing differences may be realised.

BUSINESS AREAS

Profit and loss accounts and balance sheets for the business areas are based on internal financial reporting for the functional organisation of the DnB NOR Group. Segment information is not reported according to geographic location, as there are no appreciable differences in risk and return in the various geographic regions. Figures for the business areas are based on DnB NOR's management model, developed in connection with the integration of the two financial services groups, and comparable figures are thus pro forma. The figures are bases on a number of assumptions, estimates and discretionary distribution.

The activities of 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.

One of the terms of the concession for the merger between DnB and Gjensidige NOR was the sale of the companies Elcon, Gjensidige NOR Fondsforsikring, Postbanken Eiendomsmegling and Aktiv Eiendomsmegling. Profit and loss and balance sheet items for all of these companies are shown as a separate entry in the accounts for the business areas.

According to DnB NOR's management model, the five business areas are independent profit centres with responsibility for meeting requirements for return on allocated capital. All of the Group's customer activities are divided among the business areas, along with the related balance-sheet items, income and expenses.

Excess liquidity and liquidity deficits in the business areas are placed in or borrowed from the Domestic Treasury at market terms, where interest rates are based on duration and the Group's financial position.

When business areas cooperate on the delivery of financial services to customers, internal deliveries are based on market prices or simulated market prices according to special agreements. In certain cases where it is particularly difficult to find relevant principles and prices for the distribution of items between two cooperating business areas, DnB NOR has chosen to show net contributions from each transaction in both business areas. The impact on profits will be eliminated at group level.

Services provided by group services or staff units are charged to the business areas in accordance with service agreements. Joint expenses which are indirectly linked to activities in the business areas are charged to the business areas' accounts on the basis of general distribution formulas.

A number of key functions along with profits from activities not related to the business areas' strategic operations are entered in the accounts under the Group Centre. This item comprises income and expenses relating to the Group's liquidity management, income from investments in equity instruments not included in the trading portfolio and interest income on the Group's unallocated capital. Further entries include ownership-related expenses and income from the management of the bank's real estate portfolio. Goodwill and identified unrealised gains as well as related write-downs linked to the Group's takeover of shares in Vital, Postbanken, Skandia Asset Management, Nordlandsbanken and the merger between DnB and Gjensidige NOR are charged to this item.

Return on capital is calculated relative to allocated capital. Allocated capital is determined on the basis of internal models giving capital requirements which deviate from official requirements stipulated by Kredittilsynet. The allocation of capital to the business areas is based on the principles for calculating risk-adjusted capital. Risk-adjusted capital is a joint measure for credit risk, market risk, liquidity risk, operational risk and ownership risk associated with life insurance operations. A figure corresponding to three years' normalised credit losses in the business areas is added. The allocation is based on a number of assumptions and assessments. Other approaches to the distribution of capital could result in substantial changes in return on capital for the business areas.

The distribution method implies that there will be major or minor deviations between the sum of capital distributed to the business areas and the equity entered in the Group's balance sheet. The difference could be attributed to short-term variations in group profits, or possible supplementary reserves for uncertainty in economic developments, the need for capital reserves for growth as well as technical and legal factors.

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.

PRO FORMA FIGURES

The profit and loss accounts and balance sheets above, as well as the notes to the accounts below, are based on pro forma accounting figures which have been prepared as if the merger between DnB and Gjensidige NOR took place on 1 January 2002.

Note 1 – Changes in group structure

Sale of Elcon Finans AS

In the first quarter of 2004, DnB NOR Bank ASA entered into an agreement with Santander Consumer Finance on the sale of Elcon for a total of NOK 3 600 million. The sale provided a gain of NOK 946 million after deductions for transaction costs and value adjustments.

Sale of Gjensidige NOR Fondsforsikring AS

In May 2004, DnB NOR ASA signed an agreement with Forsikringsselskabet Danica on the sale of Gjensidige NOR Fondsforsikring AS. Danica is a subsidiary of Danske Bank. The sale provided a gain of NOK 35 million.

Sale of Postbanken Eiendomsmegling AS

In June 2004, DnB NOR Bank ASA signed an agreement with Terra-Gruppen AS on the sale of the real estate brokerages Postbanken Eiendomsmegling AS and Aktiv Eiendomsmegling AS. The agreement was approved by the board of directors in Terra-Gruppen in August. The actual takeover took place 3 January 2005. As DnB NOR carried the risk for and maintained control over operations up till this date, the companies' profits for 2004 were recorded in the accounts of the DnB NOR Group.

Operations required sold – discontinuing operations

In the accounts for DnB NOR Group, operations in the companies required to be sold are included (see above). To facilitate analysis of operations in DnB NOR after the sales mentioned above, separate accounts for total operations in these companies have been prepared.

Operations in these companies will be included in DnB NOR's accounts until a binding sales agreement has been concluded and all substantial risk has been transferred to the purchaser. The accounts of the companies to be sold are shown below as they have been included in the DnB NOR Group's accounts. In note 2, Business areas, these companies are shown separately under the caption "Discontinuing operations". The figures in note 2 have been restated according to the Group's current principles for the distribution of costs and allocation of capital to the business areas. Operations in the 53 branch offices DnB NOR was required to sell are included in the business area accounts as the sale refers only to premises and equipment.

Note 1 – Changes in group structure (continued)

Profit and loss accounts	Discontinuing operations [1]		
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Net interest income and credit commissions	**258**	**929**	**718**
Commissions and fees receivable on banking services	17	81	73
Commissions and fees payable on banking services	25	61	18
Net gain/(loss) on foreign exchange and financial instruments	(1)	6	(1)
Sundry ordinary operating income	54	118	97
Gains on the sale of fixed assets	981	0	0
Net other operating income	**1 026**	**144**	**151**
Salaries and other personnel expenses	82	289	244
Administrative expenses	39	117	120
Depreciation	8	25	21
Sundry ordinary operating expenses	22	98	82
Total operating expenses	**151**	**529**	**468**
Pre-tax operating profit before losses	**1 133**	**544**	**402**
Net losses on loans, guarantees, etc.	23	173	76
Pre-tax operating profit	**1 110**	**371**	**326**
Taxes	300	107	92
Profit for the year	**810**	**264**	**234**

Balance sheets	Discontinuing operations [1]		
			Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Assets			
Cash and deposits with central banks	0	0	104
Lending to and deposits with credit institutions	33	392	364
Gross lending to customers	0	27 700	23 508
- Specified loan-loss provisions	0	(114)	(65)
- Unspecified loan-loss provisions	0	(181)	(177)
Net lending to customers	0	27 405	23 267
Repossessed assets	0	134	238
Shareholdings etc.	0	40	32
Intangible assets	9	152	334
Fixed assets	3	23	18
Other assets	1 177	323	42
Prepayments and accrued income	0	92	63
Total assets	**1 222**	**28 561**	**24 462**
Liabilities and equity			
Loans and deposits from credit institutions	0	24 520	20 858
Deposits from customers	0	283	287
Other liabilities	1	771	627
Accrued expenses and prepaid revenues	300	180	144
Provisions for commitments	7	23	34
Subordinated loan capital	0	350	375
Total liabilities	**308**	**26 127**	**22 325**
Share capital	20	2 043	1 768
Other equity	894	391	369
Total equity	**914**	**2 434**	**2 137**
Total liabilities and equity	**1 222**	**28 561**	**24 462**

1) *Includes the accounts of Elcon, Postbanken Eiendomsmegling and Gjensidige NOR Fondsforsikring as included in the accounts of the DnB NOR Group in addition to the capital gain recorded on the sale of Elcon and Gjensidige NOR Fondsforsikring. As at 31 December 2004, Elcon and Gjensidige NOR Fondsforsikring are no longer consolidated in the group accounts.*

Note 2 – Business areas [1)]

Profit and loss accounts [2)]

DnB NOR Group

Amounts in NOK million	Net interest income 2004	Net interest income 2003	Net other operating income 2004	Net other operating income 2003	Operating expenses 2004	Operating expenses 2003	Pre-tax operating profit/(loss) before losses 2004	Pre-tax operating profit/(loss) before losses 2003	Net losses on loans and long-term securities 2004	Net losses on loans and long-term securities 2003	Pre-tax operating profit/(loss) 2004	Pre-tax operating profit/(loss) 2003
Corporate Banking	5 786	5 897	2 206	2 212	3 203	3 295	4 789	4 814	2	1 467	4 787	3 346
Retail Banking	7 171	6 886	2 755	2 555	6 519	7 028	3 407	2 412	87	247	3 320	2 165
DnB NOR Markets	268	466	2 242	2 035	1 090	1 171	1 419	1 329	(3)	(1)	1 422	1 331
Life Insurance and Pensions	0	0	1 263	1 062	0	0	1 263	1 062	0	0	1 263	1 062
Asset Management	13	45	925	828	681	692	258	181	0	0	258	181
Discontinuing operations	257	829	1 025	144	151	529	1 131	443	23	172	1 108	270
Other operations [3)]	(280)	(334)	(243)	(533)	1 945	694	(2 468)	(1 561)	(49)	(218)	(2 419)	(1 343)
DnB NOR Group	13 214	13 789	10 173	8 302	13 588	13 410	9 798	8 681	60	1 667	9 738	7 014

Main balance sheet items, average balances [2)]

Amounts in NOK billion	Interest on allocated capital (NOK million) 2004	Interest on allocated capital (NOK million) 2003	Allocated capital [4)] 2004	Allocated capital [4)] 2003	BIS capital [5)] 2004	BIS capital [5)] 2003	Net lending to customers [6)] 2004	Net lending to customers [6)] 2003	Customer deposits [6)] 2004	Customer deposits [6)] 2003	Assets under management [7)] 2004	Assets under management [7)] 2003
Corporate Banking	393.8	765.2	18.9	17.8	21.9	21.7	246.8	248.7	165.4	158.6		
Retail Banking	157.9	295.6	7.6	6.9	11.5	10.1	302.1	260.5	186.2	180.4		
DnB NOR Markets	37.4	85.8	1.8	2.0	1.9	2.0	1.4	1.5	9.4	10.1		
Life Insurance and Pensions	147.0	283.0	7.1	6.6	4.2	3.9					154.5	136.7
Asset Management	19.2	37.4	0.9	0.9	-	-					482.4	433.4
Discontinuing operations							7.1	24.8	0.1	0.4		
Other operations [3)]			9.6	8.2	1.6	2.4	15.2	2.5	(6.0)	(6.1)	(140.6)	(120.0)
DnB NOR Group			46.0	42.2	41.1	40.0	572.5	538.0	355.1	343.4	496.4	450.1

Key figures [2)]

Per cent	Cost/income ratio excl. goodwill amortisation 2004	Cost/income ratio excl. goodwill amortisation 2003	Ratio of deposits to lending 2004	Ratio of deposits to lending 2003	Return on equity 2004	Return on equity 2003	Return on equity (BIS) 2004	Return on equity (BIS) 2003	Full-time positions 31 Dec. 2004	Full-time positions 31 Dec. 2003
Corporate Banking	40.0	40.6	67.0	63.8	18.2	13.6	16.0	11.7	1 831	1 951
Retail Banking	65.4	74.2	61.6	69.2	31.5	22.7	21.3	16.4	4 288	4 660
DnB NOR Markets	43.4	46.8			56.9	48.1	53.2	47.6	531	610
Life Insurance and Pensions					17.9	13.7	28.5	20.8	926	1 022
Asset Management	72.5	79.2			20.1	15.1	-	-	310	359
Discontinuing operations									5	456
Other operations									2 073 [8)]	1 986
DnB NOR Group	53.4	57.0	62.0	63.8	16.1	12.7	17.1	12.7	9 963	11 044

Profit and loss accounts with full allocation of goodwill amortisation [9)]

Amounts in NOK million	Pre-tax operating profit/(loss) 2004	Pre-tax operating profit/(loss) 2003	Goodwill amortisation etc. 2004	Goodwill amortisation etc. 2003	Adjusted pre-tax operating profit/(loss) 2004	Adjusted pre-tax operating profit/(loss) 2003
Corporate Banking	4 787	3 346	54	56	4 733	3 291
Retail Banking	3 320	2 165	167	167	3 152	1 998
DnB NOR Markets	1 422	1 331	36	36	1 386	1 295
Life Insurance and Pensions	1 263	1 062	101	101	1 162	961
Asset Management	258	181	211	231	47	(50)
Discontinuing operations	1 108	270	7	27	1 101	243
Other operations [3)]	(2 419)	(1 343)	(577)	(618)	(1 842)	(725)
DnB NOR Group	9 738	7 014	0	0	9 738	7 014

Note 2 – Business areas (continued) [1)]

1) Figures for 2003 are pro forma.

2) Figures for the business areas are based on internal management reporting. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas. The management principles applied have been coordinated, thus the figures are not comparable with figures for previous periods for either DnB or Gjensidige NOR. In 2004, changes were made in the allocation of certain items between the business areas and the method for allocating capital to Life Insurance and Pensions. The 2003 figures have been adjusted correspondingly.

3) Other operations:

	Net interest income		Net other operating income		Operating expenses		Pre-tax operating profit/(loss) before losses		Net losses on loans and long-term securities		Pre-tax operating profit/(loss)	
Amounts in NOK million	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Group Centre *)	(256)	(299)	692	577	2 151	1 027	(1 715)	(748)	(56)	(219)	(1 659)	(529)
Double entries	9	(13)	(731)	(654)	0	2	(723)	(670)	0	0	(723)	(670)
Eliminations	(33)	(22)	(204)	(456)	(206)	(335)	(31)	(143)	6	2	(38)	(144)
Total	(280)	(334)	(243)	(533)	1 945	694	(2 468)	(1 561)	(49)	(218)	(2 419)	(1 343)

*) Total external income and expenses from operations in Gjensidige NOR Driftspartner are included in these items as from the first quarter of 2004, representing NOK 58 million per quarter.

Eliminations refer mainly to internal deliveries between the support units Human Resources and Group Services, IT and Payment Services and the business areas. Further, intra-group company transactions and possible gains and losses on transactions between companies in the Group are eliminated. The elimination of double entries concerns net profits on customer business carried out in cooperation between DnB NOR Markets and other business areas and taken to income in both areas.

Group Centre - pre-tax operating profit/(loss) in NOK million	2004	2003
Restructuring provisions, DnB NOR merger	(930)	
Goodwill amortisation/fair value adjustments	(614)	(689)
Funding costs, equity investments	(175)	(353)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(146)	(101)
Unallocated pension expenses	(119)	(42)
Unallocated losses	(40)	
Allocation to employee funds (concerns employees in the Group centre)	(37)	(29)
Unallocated income from associated companies	69	
Income on equity investments	168	418
Income on unallocated capital	201	352
Other	(34)	(84)
Pre-tax operating profit/(loss)	(1 659)	(529)

4) The figures include the average capital requirement for the period. The allocation of capital is based on DnB NOR's internal management model, which includes credit, market, insurance, liquidity and operational risk for each business area. In addition, capital is maintained to comply with statutory requirements, cover uncertainty in risk estimates and serve as a buffer to meet future needs.

5) BIS capital is estimated at 7 per cent of average risk-weighted volume for the business areas.

6) Net lending to customers includes lending to credit institutions with NOK 13.6 billion in 2004 and NOK 1.4 billion in 2003. Customer deposits includes deposits from credit institutions with NOK 5.1 billion in 2004 and NOK 5.2 billion in 2003. Deposits with and from banks are not included.

7) The "Other operations" line includes assets managed by Asset Management on behalf of Life Insurance and Pensions, representing NOK 140.6 billion in 2004 and NOK 119.6 billion in 2003.

8) 209 full-time positions in the former joint venture companies Gjensidige NOR Driftsparter and Gjensidige NOR Markedsstøtte are included as from 1 January 2004.

9) Goodwill related to mergers and acquisitions initiated by the Group is not allocated to the business areas. Goodwill related to the merger between Gjensidige NOR and DnB totalled NOK 1 717 million, of which NOK 188 million referred to Elcon. The remaining goodwill will generally be amortised over twenty years starting in January 2003. Goodwill related to Cresco will be amortised over eight years. After the sale of Elcon annual goodwill amortisation related to the merger will amount to NOK 112 million. Goodwill related to the acquisition of Nordlandsbanken amounted to NOK 531 million and is amortised over ten years starting in January 2003. Goodwill related to the acquisition of Skandia Asset Management amounted to SEK 3 402 million and is amortised over twenty years starting in January 2002. Goodwill in Vital is amortised by NOK 25 million each quarter, ending in 2005. The amortisation of Postbanken's fair value adjustments amounted to NOK 10 million per quarter, with the major items ending in 2004. In connection with the merger between Gjensidige and Union Bank of Norway in the second quarter of 1999, goodwill totalling NOK 849 million was capitalised with an amortisation period of between five and eight years. In 2001, goodwill in the Gjensidige NOR companies totalling NOK 383 million was recorded in the balance sheet. See also note 32.

Note 3 – Net interest income and credit commissions

		DnB NOR Group	
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Interest on loans to and deposits with credit institutions	1 825	2 773	3 161
Interest and credit commissions on instalment loans	19 574	26 944	30 181
Interest and credit commissions on overdraft and working capital facilities	2 564	3 141	3 462
Interest and credit commissions on building loans	268	419	527
Leasing income	714	1 599	1 949
Factoring income	79	185	202
Front-end fees, back-end fees	1 001	868	686
Interest on other loans to customers	250	181	180
Total interest income on loans to customers	24 451	33 336	37 188
Interest on commercial paper, bonds, etc.	2 071	2 222	2 555
Other interest income	231	98	56
Total interest income	**28 578**	**38 430**	**42 959**
Interest on loans and deposits from credit institutions	1 794	2 362	2 579
Interest on demand deposits from customers	3 374	8 373	11 782
Interest on time deposits from customers	201	373	415
Interest on special-term deposits from customers	995	2 824	4 022
Total interest expenses on deposits from customers	4 570	11 570	16 219
Interest on securities issued	4 585	4 796	4 731
Interest on subordinated loan capital	725	662	517
Levies to the banks' guarantee funds	269	499	471
Other interest expenses	3 421	4 752	4 556
Total interest expenses	**15 365**	**24 641**	**29 072**
Net interest income and credit commissions	**13 214**	**13 789**	**13 887**

Note 4 – Unrecorded interest on loans

		DnB NOR Group	
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Accrued, unrecorded interest on non-performing and doubtful loans as at 1 January	1 099	1 224	1 481
- Recorded interest on non-performing and doubtful loans accrued in previous periods [1)]	210	272	348
- Identified loss of unrecorded interest accrued in previous periods [2)]	605	698	159
+ Accrued, unrecorded interest on non-performing and doubtful loans during the period [3)]	613	829	350
+ Exchange rate movements	(2)	17	(100)
Accrued, unrecorded interest on non-performing and doubtful loans as at 31 December	894	1 099	1 224

1) *Included in the profit and loss accounts as a reduction in net loan losses.*
2) *Will result in a reduction in accrued interest recorded in the balance sheet, but no further changes provided that such interest has been reversed in previous years. Indentified losses of interest accrued in previous periods in excess of previous provisions are recorded as loan losses.*
3) *Included in the profit and loss accounts as a reduction in net interest income.*

The note shows changes in accrued interest on non-performing and doubtful commitments (see notes 21 and 22) which has not been taken to income, but recorded in the balance sheet as a claim against customers set off against provisions. Changes during the year represent payments of interest accrued in previous years on such commitments, write-offs of such claims when it is highly probable that the loss is final, provisions for accrued, unrecorded interest on the commitments, along with changes in accrued interest recorded in the balance sheet due to exchange rate movements.

Note 5 – Interest rates on selected balance sheet items

Per cent	2004	DnB NOR Group Pro forma 2003	Pro forma 2002
Commercial paper and bonds			
Trading portfolio	3.05	3.46	3.81
Banking portfolio	3.69	4.36	5.68
Loans and deposits from credit institutions			
Loans and deposits with no fixed term or period of notice	2.51	5.99	7.89
Loans and deposits with a fixed term or period of notice	1.89	3.42	4.88
Deposits from customers			
Deposits with no fixed term	1.10	2.86	5.03
Fixed-term deposits	1.54	4.00	6.06
Securities issued			
Commercial paper issued	1.96	4.12	5.63
Bond debt	2.54	4.54	5.22
Own bonds included in the banking portfolio	2.28	5.78	6.03

The average interest rate is calculated as interest in per cent of average capital.

Note 6 – Net other operating income

Amounts in NOK million	2004	DnB NOR Group Pro forma 2003	Pro forma 2002
Dividends	**146**	**212**	**171**
Net profit/(loss) from Life Insurance and Pensions	**1 216**	**760**	**(271)**
Money transfer fees receivable	3 193	3 069	3 019
Fees on asset management services	1 180	986	888
Fees on custodial services	253	222	203
Fees on securities broking	510	453	362
Guarantee commissions	389	378	327
Interbank fees	182	214	192
Credit broking commissions	126	117	144
Sales commissions on insurance products	297	226	172
Sundry commissions and fees receivable on banking services	716	734	611
Total commissions and fees receivable on banking services	**6 846**	**6 398**	**5 918**
Money transfer fees payable	1 141	1 166	1 221
Fees on custodial services payable	83	63	48
Interbank fees	243	258	243
Sundry commissions and fees payable on banking services	667	632	507
Total commissions and fees payable on banking services	**2 135**	**2 119**	**2 019**
Net gain/(loss) on short-term shareholdings	12	163	(343)
Net gain on commercial paper and bonds	212	523	199
Net gain on trading in foreign exchange and financial derivatives [1)]	2 884	1 495	1 210
Net loss on other short-term interest instruments [1)]	1 428	333	292
Net gain on foreign exchange and financial instruments	**1 680**	**1 847**	**774**
Operating income on real estate	39	61	58
Rental income [2)]	162	63	61
Fees on real estate broking	618	595	516
Share of profit in associated companies	218	159	111
Remunerations	1	21	27
Miscellaneous operating income [2)]	361	282	272
Total sundry ordinary operating income	**1 398**	**1 181**	**1 046**
Gains on the sale of fixed assets [3)]	**1 022**	**23**	**39**
Net other operating income	**10 173**	**8 302**	**5 658**

1) *As these activities are managed collectively, the items must be evaluated together and relative to interest income on the same activities.*

2) *Total external income from operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these items as from the first quarter of 2004, and represented NOK 240 million in 2004.*

3) *Of which NOK 946 million represented gains on the sale of Elcon, after deduction for transactions cost and value adjustments, and NOK 35 million represented gains on the sale of Gjensidige NOR Fondsforsikring in 2004.*

Note 7 – Life Insurance and Pensions

Net profit from Life Insurance and Pensions

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. 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. The item "Net profit from Life Insurance and Pensions" in the group accounts represents the DnB NOR Group's share of profits from the business area less goodwill amortisation. 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 [1)]

	Life insurance		
Amounts in NOK million	2004	Pro forma 2003	Pro forma 2002
Premium income for own account	19 096	14 047	15 984
Income from financial assets	19 554	22 864	28 796
Other insurance-related income	265	122	60
Insurance settlements for own account	10 661	10 876	8 272
Increase in insurance provisions etc.	12 931	8 078	11 392
Insurance-related operating expenses	1 200	1 215	1 177
Expenses related to financial assets	8 888	9 784	26 930
Other insurance-related expenses	479	165	82
Transferred from/(to) securities adjustment reserve	(1 090)	(2 448)	53
Result of technical profit and loss accounts before special provisions	3 666	4 467	(2 960)
Transferred from/(to) additional allocations	(300)	(925)	2 796
Funds transferred to policyholders	2 033	2 254	31
Result of technical profit and loss accounts for life insurance	1 333	1 288	(195)
Other expenses	97	148	171
Result of ordinary operations [2)]	1 236	1 140	(366)
Taxes/(tax revenues)	(64)	236	(229)
Profit for the period	1 300	904	(137)

Adjustments in the DnB NOR Group's accounts when accounting for Life Insurance and Pensions

	DnB NOR Group		
Amounts in NOK million	2004	Pro forma 2003	Pro forma 2002
Profit for the period from life insurance operations	1 300	904	(137)
- Goodwill amortisation [3)]	101	101	101
Net profit/(loss) from life insurance operations	1 199	803	(238)
Net profit/(loss) from unit linked activities	17	(42)	(33)
Net profit/(loss) from Life Insurance and Pensions	1 216	760	(271)

Balance sheets [1)]

	Life insurance		
Amounts in NOK million	31 Dec. 2004	Pro forma 31 Dec. 2003	Pro forma 31 Dec. 2002
Financial assets	158 387	140 243	126 650
Accounts receivable	1 916	2 175	4 025
Other assets	1 962	5 283	2 720
Prepaid expenses and accrued income	2 726	2 467	2 211
Total assets	164 991	150 168	135 606
Paid-in capital	2 343	2 343	2 343
Retained earnings	4 812	3 512	3 512
Subordinated and perpetual subordinated loan capital securities	2 449	2 663	3 052
Securities adjustment reserve	3 538	2 448	0
Insurance provisions	149 790	135 135	125 221
Provisions for commitments	659	756	35
Liabilities	836	2 792	1 281
Accrued expenses and prepaid income	564	519	162
Total equity and liabilities	164 991	150 168	135 606
Market value above acquisition cost of bonds held to maturity	3 935	2 842	924

Note 7 – Life Insurance and Pensions (continued)

1) *The profit and loss accounts and balance sheets for life insurance operations have been prepared in conformity with general accounting principles and regulations for the annual accounts of insurance companies issued by Kredittilsynet.*

2) *Breakdown of profit and loss accounts*

	Life insurance		
Amounts in NOK million	*2004*	*Pro forma 2003*	*Pro forma 2002*
Administration result [a)]	*(387)*	*(190)*	*(242)*
Interest result [b)]	*4 137*	*5 501*	*(2 793)*
Risk result before additional provisions for disability	*(84)*	*(122)*	*137*
Total	*3 666*	*5 189*	*(2 898)*
Transferred from/(to) security reserve	*0*	*(17)*	*52*
Additional provisions for disability [c)]	*228*	*781*	*206*
Result from other activities/other provisions [b)]	*131*	*(72)*	*(79)*
Profit/(loss) for distribution [d)]	*3 569*	*4 319*	*(3 131)*
Transferred from/(to) additional allocations	*(300)*	*(925)*	*2 796*
Funds transferred to policyholders	*2 033*	*2 254*	*31*
Result of ordinary operations	*1 236*	*1 140*	*(366)*

a) *Administration result was in 2004 charged with NOK 250 million restructuring costs, in connection with the merger between Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA.*

b) *Including pre-tax profit to the owner of NOK 255 million from sale of operations within non-life and group life insurance in 2004.*

c) *NOK 140 million has been allocated to strengthen the premium reserve to cover insurance claims in 2004. Further allocations of NOK 140 million are scheduled for 2005.*

d) *Specification of profit/(loss) for distribution*	*3 569*	*4 319*	*(3 131)*
Of which profit/(loss) for operations subject to profit sharing	*3 426*	*4 379*	*(3 082)*
- funds transferred to policyholders	*2 033*	*2 254*	*31*
- funds transferred from/(to) additional allocations	*(300)*	*(925)*	*2 796*
- profit/(loss) for allocation to the owner and taxes	*1 093*	*1 200*	*(317)*
Of which profit/(loss) from operations not subject to profit sharing	*143*	*(61)*	*(49)*

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.

3) *Goodwill is amortised over 10 years.*

Key figures

	Life Insurance and Pensions		
Per cent	2004	Pro forma 2003	Pro forma 2002
Recorded return [1)]	6.5	7.9	1.6
Value-adjusted return excl. unrealised gains on long-term securities [1)]	7.1	9.7	1.5
Value-adjusted return incl. unrealised gains on long-term securities [1)]	7.7	11.0	2.0
Return on equity after taxes [2)]	17.9	13.7	(5.9)
Expenses in per cent of policyholders' funds [1) 3)]	0.90	0.96	1.05
Capital adequacy ratio [1) 4)]	14.1	13.8	15.3
Core capital ratio [1) 4)]	10.7	9.6	10.1
Policyholders' funds, life insurance (NOK billion) [4) 5)]	152	137	125
Assets under management, unit linked operations (NOK billion) [4)]	10	7	4
Solvency margin capital in per cent of solvency capital requirement [1) 4) 6)]	159	153	155

1) *Life insurance operations.*
2) *Calculated on the basis of allocated risk capital.*
3) *Expenses charged to the administration result.*
4) *Figures at end of period.*
5) *Policyholders' funds include insurance provisions and 75 per cent of the securities adjustment reserve.*
6) *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 7 – Life Insurance and Pensions (continued)

Solvency

Solvency capital

The solvency capital consists of 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.

The table shows the composition of and developments in solvency capital.

	Life insurance		
		Pro forma	Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Securities adjustment reserve	3 538	2 448	0
Additional allocations	2 357	2 050	1 211
Security reserve	197	197	180
Equity	7 156	5 856	5 856
Subordinated loan capital and perpetual subordinated loan capital securities	2 449	2 662	3 052
Unrealised gains on long-term securities	3 935	2 842	924
Total solvency capital	19 630	16 055	11 223
Guaranteed return on policyholders' funds	5 271	4 936	4 691

Capital adequacy

Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent. At the end of 2004, life insurance operations had a capital adequacy ratio of 14.1 per cent, compared with pro forma 13.8 per cent at the end of 2003. The core capital ratio was 10.7 per cent, as against pro forma 9.6 per cent a year earlier.

The table gives a specification of weighted volumes and primary capital.

	Life insurance					
	2004		Pro forma 2003		Pro forma 2002	
Amounts in NOK million	Book value	Weighted	Book value	Weighted	Book value	Weighted
Total assets	164 991	63 325	150 168	56 151	135 606	51 016
Primary capital						
Core capital		6 801		5 390		5 169
Net supplementary capital		2 224		2 437		2 709
Financial deduction		(73)		(104)		(71)
Total eligble primary capital		8 952		7 724		7 807
Capital adequacy requirement		5 066		4 492		4 081
Capital in excess of requirement		3 886		3 232		3 726

Solvency margin capital

Solvency marginal capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments on the liabilities side of the balance sheet. The solvency margin requirements for Norwegian life insurance companies are subject to regulations on the calculations of solvency capital requirements and solvency margin capital, as laid down by the Ministry of Finance on 19 May 1995. As at 31 December 2004, life insurance operations had solvency margin capital of NOK 10 238 million, compared with pro forma NOK 8 838 million a year earlier. The estimated solvency margin requirements at end-December 2004 was NOK 6 450 million.

Solvency margin capital as at 31 December is calculated as follows:

	Life insurance		
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Total eligble primary capital	8 953	7 724	7 807
Additional allocations (50 per cent)	1 178	1 025	605
Security reserve in excess of the lower limit (55 per cent)	107	89	81
Solvency margin capital	10 238	8 838	8 493
Solvency margin capital requirement	6 450	5 827	5 468

Note 8 – Net gain on foreign exchange and financial instruments

		DnB NOR Group	
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Net gain on trading portfolio	1 575	1 484	1 005
Net gain/(loss) on equity investments in the banking portfolio	(10)	156	(293)
Net gain on other investments in the banking portfolio	115	206	62
Net gain on foreign exchange and financial instruments	**1 680**	**1 847**	**774**

Unrecorded market value above book value in the banking portfolio at end of period

Short-term shareholdings	110	45	0
Commercial paper and bonds	104	57	12

Note 9 – Operating expenses

		DnB NOR Group	
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Ordinary salaries [1)]	4 590	4 836	4 550
Employer's national insurance contributions	686	712	691
Pension expenses	683	666	456
Social expenses	274	363	308
Total ordinary salaries and other personnel expenses	**6 233**	**6 577**	**6 005**
Fees	482	526	576
EDP expenses [2)]	1 341	1 361	1 271
Postage and telecommunications [1)]	515	554	531
Office supplies	121	117	150
Marketing and public relations	441	451	477
Travel expenses	170	194	219
Reimbursement to Norway Post for transactions executed [3)]	574	563	491
Training expenses	39	46	56
Sundry administrative expenses	180	169	176
Total administrative expenses	**3 864**	**3 982**	**3 947**
Depreciation on EDP equipment etc.	197	278	310
Goodwill amortisation	509	550	437
Depreciation on other machinery, equipment and vehicles	222	228	206
Depreciation on properties and premises	128	132	111
Other depreciation	10	12	12
Total depreciation	**1 067**	**1 200**	**1 077**
Rent and operating expenses on rented premises [1)]	714	659	703
Operating expenses on real estate	233	218	198
Operating expenses on machinery, vehicles and office equipment taken to expense	77	103	81
Insurance	65	60	49
Membership fees, Norwegian Financial Services Association and Savings Banks Association	13	17	12
Miscellaneous ordinary operating expenses	240	376	465
Total sundry ordinary operating expenses	**1 342**	**1 433**	**1 508**
Allocations to employee funds	139	114	46
Provisions for restructuring measures	930	38	299
Losses on the sale of fixed assets	12	28	10
Write-downs on rental contracts and fixed assets	1	40	39
Total other expenses	**1 082**	**219**	**394**
Total operating expenses	**13 588**	**13 410**	**12 931**

1) *Total expenses from operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these line items as from the first quarter of 2004, and represented NOK 240 million in 2004.*

2) *These expenses concern the purchase, operation and maintenance of computers and software. The Group's IT expenses totalled NOK 2 265 million, NOK 2 512 million and NOK 2 399 million for 2004, 2003 and 2002 respectively, which in addition to EDP expenses include depreciation, systems development, remuneration to external consultants, as well as salaries and other operating expenses relating to the Group's IT operations.*

3) *Other reimbursement to Norway Post is included in "Interest expenses" and "Commissions and fees payable on banking services".*

Note 10 – Remunerations etc.

Terms for the group chief executive

The group chief executive in DnB NOR ASA received an ordinary salary of NOK 3 963 000 in 2004, compared with NOK 3 202 000 in 2003. In January 2005, the Board of Directors conferred a bonus for 2004 of NOK 1 925 000 on the group chief executive for extraordinary effort. The bonus payment for 2003 was NOK 400 000. Benefits in kind were estimated at NOK 223 000, as against NOK 269 000 in 2003, and the pension premium paid during the year was NOK 120 000, compared with NOK 118 000 in 2003. The figures represent the total remuneration to the group chief executive. Costs are divided between DnB NOR Bank ASA and DnB NOR ASA.

The Board of Directors of DnB NOR ASA has stipulated the annual remuneration of to the group chief executive at NOK 4 200 000 as of 1 January 2005.

According to the employment contract, the group chief executive is entitled to two years' salary if employment is terminated prior to the age of 60. If, during this period, he were to receive income from other permanent employment, negotiations will would be initiated to reduce the amount to be paid by DnB NOR.

Both the group chief executive and DnB NOR have the right to request his retirement with pension entitlements after he reaches the age of 60. During the first year, the pension will represent 100 per cent of the salary at the time of retirement, which will be reduced by an amount corresponding to 10 percentage points the first three years until the pension constitutes 70 per cent for the fourth and consecutive years. The pension, which will be covered through DnB NOR's operations, will be coordinated with pension entitlements from previous employers and be adjusted annually in line with the consumer price index. Costs for DnB NOR in connection with the group chief executive's pension scheme were NOK 3 097 000 for the 2004 accounting year.

The group chief executive has subscribed for 6 667 subscription rights under the general subscription rights programme for all former DnB employees. See more detailed description of the programme below.

Terms for the chairman of the Board of Directors

Olav Hytta has been chairman of the Board of Directors in DnB NOR ASA since the merger came into effect on 4 December 2003. As chairman of the Board of Directors in DnB NOR ASA, he receivied a total remuneration of NOK 425 000 in 2004, of which NOK 100 000 represented a lump-sum payment for extraordinary effort. Benefits in kind from the DnB NOR Group were estimated at NOK 132 000, compared with NOK 181 000 in 2003.

In addition, Hytta received remuneration for other board positions within the Group. In 2004 he received NOK 283 000 as chairman of the Board of Directors in DnB NOR Bank ASA and NOK 200 000 as vice-chairman in Vital Forsikring ASA. Hytta resigned as chief executive officer in December 2003 and became officially retired on 1 January 2004, with an annual pension of NOK 1 700 000, corresponding to 70 per cent of his annual salary. In accordance with the merger agreement, for up to 24 months from the date of the merger Hytta is entitled to remuneration terms at least on a par with what he received as group chief executive. The sum of ordinary directors' fees and pension payments implies compliance with this agreement.

Terms relating to other senior executives

Group executive vice president Ottar Ertzeid, head of DnB NOR Markets, has a performance-based salary including both fixed and variable payments. Ertzeid's salary depends on results achieved by the business area and on long-term performance.

The Board of Directors in DnB NOR ASA has approved the following guidelines for remuneration to senior executives:

"The group chief executive determines the remuneration to his management team. The remuneration should ensure that the DnB NOR Group attracts and retains people with the preferred competencies and experience. Remuneration can comprise a fixed salary and bonus payments. Pension schemes and any agreements on severance pay etc. shall be seen in connection with other remuneration and be drawn up to ensure competitive terms. The various components in remuneration, pension schemes and severance pay, either alone or together, must not be such that they could be detrimental to DnB NOR's reputation. The group chief executive must consult the chairman of the Board of Directors before making a decision."

Remuneration to the group management team excluding the group chief executive totalled NOK 26 465 000.

Remunerations to elected representatives

	DnB NOR ASA		
		Pro forma	Pro forma
Amounts in NOK 1 000	2004	2003	2002
Remuneration to the Board of Directors	2 783	3 593	3 729
Remuneration to the Audit Commitee 1)	270	95	95
Remuneration to the Supervisory Board	442	835	922
Remuneration to the Control Committee *)	2 134	1 490	**)

1) Figures for 2002 and 2003 apply only to the former DnB.

**) DnB NOR has the same committee members in all companies in the Group. Remuneration to the Control Committee represents the total remuneration within the Group.*

***) Remuneration for 2002 represents discountinuing operations.*

Subscription rights programme for employees

In 2000, the Annual General Meeting of DnB Holding ASA decided to establish a general subscription rights programme giving all DnB Group employees the right to purchase shares in the company. The scheme is continued in DnB NOR. The scheme gives employees the right to subscribe for a specified number of shares in the holding company during the period 2003 to 2005 corresponding to one-third of the awarded rights for each year at a price of NOK 32.83 per share. Subscription rights were granted on the basis of the pensionable salary of the individual employee, ranging from 2 000 to 20 000 subscription rights. Each subscription right entitles the subscriber to demand the issue of one share. The subscription rights cannot be transferred and will be cancelled upon termination of employment. At year-end 2004, a total of 11 734 684 subscription rights were registered under the scheme.

Note 10 – Remunerations etc. (continued)

The rights can only be exercised if the return on the share is as good as or better than the return on a share index consisting of Nordic financial institutions. This requirement was met in both 2003, 2004 and 2005. The final period for exercising subscription rights is from 1 March to 15 March 2005.

The Annual General Meeting of Gjensidige NOR ASA decided in 2002 to give employees in the Group 250 subscription rights on shares in the company at a price of NOK 248.92 per share. Up to half of the subscription rights could be exercised during the period from 1 October through 15 October 2003 and the remainder during the period from 1 October through 15 October 2004. In October 2003, a total of 3 006 subscription rights were exercised. Upon the establishment of DnB NOR ASA, it was necessary to convert the number of subscription rights and the exercise price for shares in the new company. In October 2004, 5 181 408 subscription rights were exercised to subscribe for shares at the price of 27.95 per share. At year-end 2004, there were no remaining subscription rights under this programme.

Loan facilities to employees and elected representatives as at 31 December 2004

Amounts in NOK 1 000	Lending
Employees in the DnB NOR Group	
Senior employees	
Svein Aaser, CEO	56
Tom Grøndahl, deputy CEO	747
Bård Benum, group executive vice president	2 219
Øyvind Birkeland, group executive vice president	4 947
Ottar Ertzeid, group executive vice president	1
Helge Forfang, group executive vice president	2 567
Harald Jægtnes, group executive vice president, Group Audit	1 368
Bente A. Landsnes, group executive vice president	1 471
Evlyn Raknerud, group executive vice president	0
Åsmund Skår, group executive vice president	2 460
Leif Teksum, group executive vice president	2 630
Employees, total	8 373 000
Elected representatives in DnB NOR ASA	
Board of Directors	
Olav Hytta, chairman	55
Jannik Lindbæk, vice-chairman	0
Bjørn Sund, vice-chairman	0
Helge Leiro Baastad	0
Sverre Finstad	233
Per Hoffmann	758
Berit Kjøll [1)]	3 292
Jørn O. Kvilhaug	502
Bent Pedersen	0
Ingjerd Skjeldrum	142
Anne Carine Tanum [2)]	3 000
Per Terje Vold	0
Supervisory Board	
Harald Norvik, chairman	1 158
Total members of the Supervisory Board	151 080
Control Committee, total	992

1) *Co-debtor with spouse.*
2) *Includes close associates.*

Loans to shareholders-elected representatives as well as their family members and close associates are extended on ordinary customer terms. Loans to DnB NOR employees are extended on special terms, which are close to ordinary customer terms.

Remuneration to the statutory auditor

	DnB NOR Group		
Amounts in NOK 1 000	2004	Pro forma 2003	Pro forma 2002
Auditor's remuneration			
Audit of operations in DnB NOR ASA	450	590	715
Audit of other operations in Norway	5 558	7 775	8 377
Audit of international operations	2 547	1 914	1 932
Other audit-related remuneration			
Operations in Norway	1 630	4 624	6 050
International operations	566	162	151
Remunerations for tax advice			
Operations in Norway	353	1 191	722
International operations	242	38	150
Other remunerations			
Operations in Norway	33	567	2 554
International operations	48	92	130
Total remuneration to the statutory auditor	**11 427**	**16 953**	**20 781**

Note 11 – Pensions

With effect from 1 January 2004, a joint, defined benefit occupational pension scheme was established for all employees in the DnB NOR Group in the form of a group pension scheme funded by Vital Forsikring. Pension benefits include retirement pensions, disability pensions and pensions for spouses and dependent children, which supplement benefits from the National Insurance Scheme. Full pension entitlements require 30 years of pensionable service and give the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme is in compliance with the Act on Occupational Pensions and replaces corresponding schemes in the former Gjensidige NOR Group and individual companies in the former DnB Group. In addition to this scheme, around 900 employees in the former Postbanken AS are covered by a group pension plan in the Norwegian Public Service Pension Fund.

The Group also has commitments relating to salaries exceeding the National Insurance Scheme's base rate and early retirement agreements. With few exceptions, companies in the Group have adopted the contractual pension (CPA) scheme for the banking and financial services industry. In addition, an agreement on contractual pensions according to public-sector rules has been entered into with respect to employees who are members of the Public Service Pension Fund. Provisions have thus been made in the accounts to cover anticipated future CPA acceptance.

Commitments relating to salaries exceeding the National Insurance Scheme's base rate are funded through the bank's operations with respect to employees from the former DnB Group. In the former Gjensidige NOR Group, commitments relating to salaries exceeding the National Insurance Scheme's base rate, and in general also early retirement entitlements, are organised as group pension insurance schemes funded by Vital Forsikring. Upon retirement under a contractual pension agreement, employees continue as members of the group pension scheme, earning benefits up till ordinary retirement age. Under other forms of early retirement, employees resign from the company pension plans but are, upon reaching the ordinary retirement age, compensated for the reduction in benefits earned. Work is currently under way to coordinate these pension schemes of the DnB NOR Group. The coordination is expected to be completed in the course of 2005.

Subsidiaries and branches outside Norway have separate schemes for their employees.

Economic assumptions applied in calculating pension expenses and commitments:

	Commitments		Expenses	
Per cent	31 Dec. 2004	31 Dec. 2003	2004	2003
Discount rate	4.7	6.0	6.0	6.0
Anticipated return	5.7	7.0	7.0	7.0
Anticipated rise in salaries	3.5	3.5	3.5	3.5
Anticipated increase in base rate	3.0	3.0	3.0	3.0
Anticipated rise in pensions	2.5	3.0	3.0	3.0
Anticipated CPA acceptance	40.0	40.0	40.0	40.0

The economic assumptions have a long-term perspective.

Pension expenses		**DnB NOR Group**	
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Net present value of pension entitlements - regular pension	472	418	293
Net present value of pension entitlements - CPAs	42	38	46
Interest expenses on pension commitments	538	527	497
Return on pension funds	483	581	266
Pension expenses	570	402	570
Amortisation of changes in pension schemes	17	20	17
Amortisation of losses/(gains) not recorded in the accounts	96	244	(131)
Net pension expenses *)	683	666	456
**) Of which: Funded schemes*	*508*	*532*	*261*
Unfunded schemes	*176*	*134*	*196*

Note 11 – Pensions (continued)

Pension commitments

	DnB NOR Group		
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	Pro forma 31 Dec. 2002
Accrued pension commitments - regular pensions	8 522	7 748	6 394
Accrued pension commitments - CPAs	966	748	825
Estimated effect of future salary adjustments	2 394	1 282	1 347
Estimated pension commitments	11 882	9 778	8 566
Value of pension funds	7 960	7 615	6 426
Net pension commitments	3 922	2 163	2 140
Changes in pension schemes not recorded in the accounts	(391)	(226)	(200)
Losses not recorded in the accounts	(3 007)	(1 431)	(1 084)
Net recorded pension commitments *)	523	506	856
**) Of which: Net overfunding in funded schemes*	*1 078*	*893*	*585*
Commitments in unfunded schemes	*1 602*	*1 399*	*1 441*

Pension schemes based on investment funds were overfunded by NOK 1 176 million and underfunded by NOK 97 million respectively as at 31 December 2004. Pension commitments which are not financed through investment funds and where future pension payments are funded through DnB NOR's operations amounted to NOK 1 602 million as at 31 December 2004.

	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Number of persons covered by pension schemes	14 543	14 449	14 118

Note 12 – Number of employees/full-time positions [1) 2)]

	DnB NOR Group		
	2004	Pro forma 2003 [3)]	Pro forma 2002 [3)]
Number of employees as at 31 December	10 359	11 678	11 971
of which in Life Insurance and Pensions	960	1 058	1 094
Number of employees calculated on a full-time basis as at 31 December	9 963	11 044	11 233
of which in Life Insurance and Pensions	926	1 022	1 066
Average number of employees	10 831	11 950	11 987
of which in Life Insurance and Pensions	1 023	1 108	1 149
Average number of employees calculated on a full-time basis	10 390	11 341	11 281
of which in Life Insurance and Pensions	985	1 072	1 121

1) *The full-year pro forma 2003 figures include 456 full-time positions in Elcon, Gjensidige NOR Fondsforsikring and Postbanken Eiendomsmegling. These subsidiaries have been sold or sales contracts have been agreed upon during the first half of 2004.*
2) *Elcon was sold on 30 March 2004, representing 464 employees, corresponding to 441 full-time positions. Gjensidige NOR Fondsforsikring was sold during the second quarter of 2004, representing eight full-time positions. 209 full-time-positions from the former joint venture companies Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included as from 1 January 2004.*
3) *Restated according to new definitions.*

Note 13 – Restructuring provisions

				DnB NOR Group	
	31 Dec.	Expenses	New provisions	31 Dec.	Pro forma 31 Dec.
Amounts in NOK million	2004	2004	2004 [1]	2003	2002
DnB NOR merger *)	958	828	930	856	
Other restructuring provisions	40	56	0	97	266
Total	998	885 [2]	930	953	266
**) Of which: IT*		*259*			
Staff cuts		*452*			
Real estate		*55*			
Other		*61*			

1) *In March 2004, the Board of Directors of DnB NOR ASA approved a restructuring plan for the integration of DnB NOR. The provision represents 50 per cent of total restructuring provisions in the DnB NOR merger.*

2) *In addition, a total of NOK 74 million was utilised in 2003 concerning the DnB NOR merger.*

Note 14 – Net losses on loans, guarantees, etc.

		DnB NOR Group	
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Specification of net losses			
Write-offs [a]	507	725	461
Increase in specified loan-loss provisions [b]	378	288	283
New specified loan-loss provisions [c]	518	1 657	1 076
Total new specified provisions	1 403	2 671	1 820
Reassessed specified provisions [d]	924	509	371
Total specified provisions	479	2 162	1 449
Recoveries on commitments previously written off [e]	312	276	425
Increase in unspecified provisions during the period [f]	0	5	0
Net losses on loans, guarantees etc.	**167**	**1 891**	**1 023**
Specification of changes			
Increase in/(reversals on) specified provisions [b) and c) minus d) and g)]	(865)	773	343
+ Increase in unspecified provisions [f]	0	5	0
+ Write-offs covered by specified provisions made in previous years [g]	837	664	644
+ Write-offs not covered by specified provisions made in previous years [a]	507	725	461
- Recoveries on commitments previously written off [e]	312	276	425
Net losses on loans, guarantees etc.	**167**	**1 891**	**1 023**
Of which net losses/(reversals) on guarantees	*15*	*(7)*	*35*

a)-g) Show connections between the items.

Note 15 – Net losses on loans, guarantees etc. for principal sectors

DnB NOR Group

	2004				Pro forma 2003			
Amounts in NOK million	New specified provisions [1]	Reassessed specified provisions	Recoveries on commitments previously written off	Net losses/ (reversals)	New specified provisions [1]	Reassessed specified provisions	Recoveries on commitments previously written off	Net losses/ (reversals)
Retail customers	359	100	202	57	537	74	192	271
International shipping	9	17	38	(46)	21	53	28	(60)
Real estate	83	65	11	7	158	76	14	67
Manufacturing	173	271	3	(101)	414	70	2	342
Services	157	349	23	(215)	443	103	20	319
Trade	100	46	3	51	173	27	5	141
Oil and gas	0	21	22	(43)	6	6	4	(3)
Transportation and communication	31	4	2	25	80	9	3	69
Building and construction	88	25	1	62	176	18	2	156
Power and water supply	0	0	0	0	0	0	0	0
Fishing	196	15	2	179	187	55	4	128
Hotels and restaurants	26	5	1	20	42	5	0	38
Agriculture and forestry	12	0	1	11	13	2	1	11
Other sectors	27	6	3	18	30	12	1	17
Total customers	1 261	924	312	25	2 280	509	276	1 495
Credit institutions	7	0	0	7	5	0	0	5
Repossessed assets	135	0	0	135	385	0	0	385
Increase in unspecified provisions				0				5
Total losses/reversals on loans, guarantees etc.	**1 403**	**924**	**312**	**167**	**2 671**	**509**	**276**	**1 891**

	Pro forma 2002			
Amounts in NOK million	New specified provisions [1]	Reassessed specified provisions	Recoveries on commitments previously written off	Net losses/ (reversals)
Retail customers	512	37	251	224
International shipping	10	98	21	(110)
Real estate	225	36	5	183
Manufacturing	315	58	21	236
Services	307	30	42	235
Trade	177	52	20	105
Oil and gas	0	33	32	(65)
Transportation and communication	37	6	16	15
Building and construction	25	3	6	15
Power and water supply	0	1	1	(3)
Fishing	66	4	3	59
Hotels and restaurants	8	5	1	3
Agriculture and forestry	38	3	2	32
Other sectors	7	4	4	(1)
Total customers	1 725	371	425	928
Credit institutions	0	0	0	0
Repossessed assets	95	0	0	95
Increase in unspecified provisions				0
Total losses/reversals on loans, guarantees etc.	**1 820**	**371**	**425**	**1 023**

1) *New specified provisions include direct write-offs, increases in specified loan-loss provisions and new specified loan-loss provisions.*

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. Losses are specified in accordance with note 14.

Note 16 – Net gains/(losses) on long-term securities

	DnB NOR Group		
Amounts in NOK million	2004	Pro forma 2003	Pro forma 2002
Gains			
Bankpower	4	0	0
BBS	7	0	0
Bolig- og Næringsbanken	0	22	0
Eksportfinans	1	0	0
Europay Norge	0	(1)	176
Norsk Tillitsmann	3	0	0
Other	6	13	1
Losses			
Other	0	0	1
Write-downs			
Storebrand	(89)	(209)	468
Nordlandsbanken	0	0	19
NOS	0	12	0
Other	3	7	5
Net gains/(losses) on long-term securities	**106**	**224**	**(316)**

Note 17 – Taxes

In consequence of permanent differences between the accounts and the tax base according to Norwegian rules, DnB NOR has regularly shown a tax charge relative to pre-tax operating profits which has been lower than the ordinary tax rate for Norwegian companies. The relatively low tax level has partly been attributable to the fact that taxes have been deducted from profit contributions from life insurance companies and that dividends received on investments in shares and gains on sale of shares are tax-exempt. Further, there have been no taxes on income in certain international units as the units have had tax-deductible timing differences against which such income has been netted. These differences are not included in the basis for calculating deferred taxes. Furthermore, goodwill amortisation on share investments has not been tax-deductible. It has been necessary to make a corresponding adjustment when calculating the Group's tax charge.

In 2004, the tax exemption model was introduced for limited companies' share income. This implies that corporate shareholders are exempted from tax on dividends and capital gains on the sale of shares. At the same time, the right to deduct losses on shares has been abolished. The tax exemption model applies to dividends received on 1 January 2004 or later and gains and losses realised on 26 March 2004 or later. In consequence of the introduction of the tax exemption model, all unrealised timing differences concerning shares were eliminated at year-end 2004. Such timing differences referred primarily to previous write-downs for accounting purposes which were not tax-deductible. This resulted in a tax charge of NOK 82 million.

Life Insurance and Pensions has been presented according to the equity method in the group accounts and have reported profits after taxes. Timing differences for life insurance operations are not included in the basis for calculating deferred taxes in the DnB NOR Group.

DnB NOR has requested the approval of the Central Tax Office for Large Companies to change year-end adjustments for 2003 for some subsidiaries by reclassifying dividends scheduled to be paid to DnB NOR ASA for 2003 as group contributions with no tax effect. This could result in a positive differential RISK adjustment of around NOK 3.40 per share if the reclassification is accepted by the tax authorities.

Taxes	DnB NOR Group		
Amounts in NOK million	2004	Pro forma 2003	Pro forma 2002
Norway	2 353	75	1 663
Abroad	100	104	97
Total payable taxes	2 453	179	1 760
Deferred taxes	(185)	513	(847)
Changes in deferred taxes due to transition to the tax exemption model	82	0	0
Changes in deferred taxes resulting from the acquisition of companies	0	314	78
Taxes on group contributions to/from subsidiaries consolidated according to the equity method	0	810	651
Effect of debt interest distribution in previous years	0	(180)	0
Total taxes	**2 350**	**1 636**	**1 642**

Note 17 – Taxes (continued)

Balancing tax charges against pre-tax operating profit		DnB NOR Group	
		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Operating profit before taxes	9 738	7 014	5 274
Estimated income tax - nominal tax rate (28 per cent)	2 727	1 964	1 477
Tax effect of net profit from Life Insurance and Pensions and taxation of international units	(453)	(346)	(98)
Tax effect of permanent differences	(106)	113	142
Tax effect of transition to the tax exemption model	82	0	0
Tax assets in discontinuing operations	0	(44)	0
Taxes payable abroad	100	104	97
Inadequate tax provisions in previous years	0	25	24
Effect of debt interest distribution in previous years	0	(180)	0
Total taxes	2 350	1 636	1 642
Effective tax rate	24%	23%	31%

Tax base		Pro forma	Pro forma
Amounts in NOK million	2004	2003	2002
Operating profit in DnB NOR Group	**9 738**	**7 014**	**5 274**
Reversals of net profit from Life Insurance and Pensions and taxation of interantional units	(1 619)	(1 227)	(329)
Permanent differences	(377)	404	505
Changes in timing differences and tax losses carried forward			
Timing differences	660	(1 992)	2 647
Changes in timing differences due to the acquisition of operations	0	(1 121)	0
Use of losses carried forward and tax allowance for dividends	0	(102)	83
Use of losses carried forward in subsidiaries consolidated according to the equity method	0	(2 894)	(2 325)
Tax base for the year - Norwegian operations	8 402	82	5 855

Elements in the calculation of deferred taxes			Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Taxable timing differences			
Fixed assets	594	562	697
Market values above book values - merger with Postbanken	192	214	255
Prepaid pension entitlements	1 165	1 010	614
Financial instruments [1]	0	28	0
Other taxable timing differences	392	729	778
Total taxable timing differences	2 343	2 543	2 344
Tax-deductible timing differences			
Fixed assets	574	1 577	2 821
Accrued pension commitments	1 642	1 527	1 433
Financial instruments [1]	966	0	176
Other tax-deductible timing differences	1 723	1 822	1 968
Total tax-deductible timing differences	4 905	4 926	6 398
Losses carried forward and tax allowance for dividends [2]	73	71	233
Tax-deductible timing differences incl. losses carried forward	4 978	4 997	6 631
Of which differences that cannot be offset [3]	(164)	(164)	(164)
Tax-deductible timing differences to be offset	4 814	4 833	6 467
Calculation base for deferred taxes	(2 471)	(2 290)	(4 123)
Deferred tax assets	692	642	1 154

1) *In the financial accounts, financial instruments are recorded at market value, while in the tax assessment, they are recorded at realisation value. The same applies to balance sheet transactions which are linked to forward contracts through swap agreements.*
2) *Tax allowance for dividends received, converted to tax-deductible timing differences.*
3) *Concerns mainly tax-deductible differences and losses carried forward in the international units which do not reduce the Norwegian tax base.*

			DnB	Gjensidige NOR
	Estimate	Final	final	final
Amounts in NOK per share	2004	2003	2002	2002 [1]
"RISK" adjustment	(2.55)	(5.23)	6.44	(0.07)

1) *Gjensidige NOR's "RISK" for 2002 has been adjusted for the 1:6.2 exchange ratio.*

Note 18 – Assets

	DnB NOR Group		
			Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Cash and deposits with central banks	**8 780**	**8 570**	**22 944**
Lending to and deposits with credit institutions with no fixed term or period of notice	5 402	7 065	8 003
Lending to and deposits with credit institutions with a fixed term or period of notice	16 470	21 268	18 614
Specified loan-loss provisions	(2)	(2)	(2)
Lending to and deposits with credit institutions	**21 870**	**28 331**	**26 615**
Instalment loans	527 564	500 531	431 137
Overdraft and working capital facilities	31 663	32 268	33 494
Building and construction loans	6 039	5 410	5 546
Finance leases	9 649	24 861	22 256
Factoring receivables	568	946	616
Factoring loans	625	1 449	1 468
Other loans	46	81	84
Gross lending to customers	**576 153**	**565 546**	**494 601**
Specified loan-loss provisions	**(3 255)**	**(4 329)**	**(2 884)**
Unspecified loan-loss provisions	**(3 534)**	**(3 714)**	**(3 501)**
Net lending to customers	**569 364**	**557 503**	**488 217**
Repossessed assets	**538**	**576**	**651**
Commercial paper and bonds issued by central and local government	2 123	7 842	4 467
Commercial paper and bonds issued by financial institutions	42 439	35 994	34 282
Commercial paper and bonds issued by others	16 458	14 049	12 783
Own bonds and commercial paper, trading portfolio	1 966	1 514	214
Commercial paper and bonds	**62 986**	**59 398**	**51 745**
Short-term investments in shares, mutual funds and PCCs	4 092	3 051	2 753
Long-term investments in shares, mutual funds and PCCs	785	940	1 593
Shares in general and limited partnerships	4	20	19
Shareholdings etc.	**4 881**	**4 011**	**4 364**
Investment in Life Insurance and Pensions	7 297	5 981	5 920
Investments in associated credit institutions	1 163	1 241	1 154
Investments in other associated companies	191	143	110
Investments in Life Insurance and Pensions and associated companies	**8 651**	**7 365**	**7 184**
Goodwill	4 789	5 601	5 309
Deferred tax assets	692	642	1 154
System development recorded in the balance sheet	27	172	164
Other intangible assets	64	70	106
Intangible assets	**5 573**	**6 484**	**6 733**
Machinery, equipment and vehicles	1 131	1 265	1 413
Buildings and other properties	2 985	3 121	2 923
Other fixed assets	57	89	89
Fixed assets	**4 173**	**4 475**	**4 425**
Financial derivatives	19 600	19 756	15 396
Amounts due on documentary credits and other payment services	332	722	262
Other amounts due	2 508	3 165	3 724
Other assets	**22 441**	**23 643**	**19 382**
Accrued interest income	1 762	3 068	4 726
Prepaid pension entitlements	1 176	1 026	694
Other prepayments and accrued income	2 486	1 227	679
Prepayments and accrued income	**5 424**	**5 321**	**6 098**
Total assets	**714 680**	**705 677**	**638 357**

Note 19 – Credit risk

Commitments according to risk category

Amounts in NOK billion	Gross loans	Guarantee commitments	Undrawn limits (committed)	Total commitments
				DnB NOR Group
Risk category relative to percentage of normalised losses [1) 2)]				
< 0.25	467	39	109	615
0.25-0.75	78	5	39	122
> 0.75	22	2	20	44
Non-performing and doubtful commitments	9	0	(1)	8
Total commitments as at 31 December 2004	**576**	**46**	**167**	**789**
Risk category relative to percentage of normalised losses [1) 2)]				
< 0.25	432	27	94	553
0.25-0.75	69	19	11	99
> 0.75 [3)]	51	2	3	56
Non-performing and doubtful commitments	13	0	0	13
Total commitments as at 31 December 2003	**566**	**48**	**107**	**721**
Risk category relative to percentage of normalised losses [1) 2)]				
< 0.25	373	31	86	491
0.25-0.75	77	12	12	101
> 0.75 [3)]	36	2	11	49
Non-performing and doubtful commitments	8	0	0	8
Total commitments as at 31 December 2002 (pro forma)	**495**	**44**	**109**	**649**

Loan-loss level [1)]	2004	2003 [2)]	Pro forma 2002 [2)]
Normalised losses including loss of interest income in per cent of net lending	0.30	0.31	0.31

1) *The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio).*
2) *In consequence of the merger between DnB and Gjensidige NOR, calculations are to some extent based on discretion and estimates, which means that a degree of uncertainty is attached to the figures. .*
3) *The risk category also includes commitments with normalised losses below 0.75 per cent in cases where the loss ratio is low but combined with a high probability of future losses.*

Retail market lending [1)]

Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	Pro forma 31 Dec. 2002
			DnB NOR Group
Home mortgages < 80 per cent of appraised value	295 583	248 707	211 391
Home mortgages > 80 per cent of appraised value	10 981	8 542	6 402
Credit card loans	9 319	8 080	8 009
Other loans	14 902	36 250	27 531
Total retail market loans	330 785	301 579	253 332

1) *After specified provisions.*

Note 20 – Commitments for principal sectors

DnB NOR Group

Amounts in NOK million	Loans [1] as at 31 December 2004	2003	Pro forma 2002	Guarantees [1] as at 31 December 2004	2003	Pro forma 2002	Committed limits [2] as at 31 December 2004	2003	Pro forma 2002
Retail customers	330 785	301 579	253 332	340	266	250	348 579	316 489	275 734
International shipping	32 003	31 167	25 841	7 108	8 307	8 539	59 841	55 224	46 380
Real estate	82 900	82 155	74 018	3 284	4 043	1 909	98 476	95 275	84 570
Manufacturing	20 422	24 758	26 593	4 909	5 582	4 930	44 040	51 596	48 817
Services	30 569	36 613	35 766	7 783	7 206	6 823	62 893	58 770	58 514
Trade	21 207	23 849	21 193	2 941	2 687	2 699	41 475	40 252	36 125
Oil and gas	4 811	4 238	4 073	2 081	2 253	1 593	15 848	13 927	11 593
Transportation and communication	12 966	14 026	13 546	2 038	2 947	3 004	25 030	26 478	24 619
Building and construction	6 239	8 428	7 417	2 967	2 679	2 541	12 829	15 000	13 574
Power and water supply	4 725	6 276	8 027	5 637	7 606	7 722	19 092	21 600	20 501
Central and local government	1 424	2 094	2 779	91	65	54	4 761	6 698	6 450
Fishing	8 973	10 440	7 520	39	188	201	9 472	10 480	8 855
Hotels and restaurants	3 622	4 113	3 246	221	245	252	4 372	4 786	7 691
Agriculture and forestry	4 455	4 749	4 238	22	0	97	5 254	5 406	5 265
Other sectors	7 797	6 730	4 128	3 198	3 629	3 835	20 925	14 440	11 735
Total customers	572 898	561 217	491 718	42 659	47 701	44 450	772 887	736 419	660 423
Credit institutions [3]	7 416	8 911	6 715	3 410	3 482	4 873	49 318	16 676	15 572
Total	580 314	570 127	498 433	46 069	51 184	49 323	822 205	753 096	675 994

1) *Loans and guarantees after specified provisions.*
2) *Total committed limits for credit exposure.*
3) *Loans to credit institutions are entered in the balance sheet under "Lending to and deposits with credit institutions".*

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 21 – Non-performing and doubtful commitments for principal sectors

DnB NOR Group

Amounts in NOK million	Net non-performing commitments [1] as at 31 December 2004	2003	Pro forma 2002	Doubtful commitments [1] as at 31 December 2004	2003	Pro forma 2002	Total specified provisions as at 31 December 2004	2003	Pro forma 2002
Retail customers	2 078	2 159	1 773	207	310	275	839	1 034	928
International shipping	(14)	21	76	0	5	1	40	63	144
Real estate	558	1 026	588	697	617	337	285	372	279
Manufacturing	159	547	191	377	393	80	413	743	608
Services	411	684	239	152	195	145	705	1 083	449
Trade	80	194	204	139	68	80	209	282	215
Oil and gas	1	8	8	2	0	1	0	37	21
Transportation and communication	55	87	83	41	43	31	79	99	62
Building and construction	390	613	137	4	49	15	387	355	88
Power and water supply	0	1	0	0	0	0	0	0	0
Fishing	386	881	141	106	144	240	244	217	105
Hotels and restaurants	32	141	124	44	31	16	48	56	26
Agriculture and forestry	25	58	40	7	11	7	10	57	42
Other sectors	31	112	17	2	1	6	113	48	59
Total customers	4 191	6 531	3 622	1 779	1 865	1 232	3 372	4 445	3 026
Credit institutions [2]	5	0	0	(1)	5	0	11	9	2
Total	4 196	6 531	3 622	1 778	1 870	1 232	3 383	4 454	3 028

1) *The amounts represent commitments after specified loan-loss provisions.*
2) *Loans to credit institutions are entered in the balance sheet under "Lending to and deposits with credit institutions".*

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 22 – Non-performing, doubtful and non-accruing commitments

	DnB NOR Group								
	Private customers as at 31 December			Corporate customers as at 31 December			Total as at 31 December		
Amounts in NOK million	2004	2003	Pro forma 2002	2004	2003	Pro forma 2002	2004	2003	Pro forma 2002
Non-performing commitments *)									
Before specified provisions	2 844	3 064	2 559	4 051	6 989	3 348	6 895	10 053	5 906
After specified provisions [1)]	2 079	2 143	1 769	2 117	4 388	1 852	4 196	6 531	3 622
Doubtful commitments *)									
Before specified provisions	279	436	413	2 181	2 366	1 563	2 460	2 802	1 976
After specified provisions [1)]	207	317	276	1 571	1 553	956	1 778	1 870	1 232
*) Of which:									
Non-accruing commitments									
Before specified provisions	2 382	2 365	1 824	3 952	6 045	2 933	6 334	8 410	4 757
After specified provisions	1 927	1 422	1 034	2 159	3 419	1 369	4 086	4 841	2 403

1) Includes provisions for losses on lending to credit institutions.

Non-performing commitments represent total commitments to customers which are not serviced in accordance with the loan agreement, unless the situation is considered to be temporary. Commitments are classified as non-performing no later than 90 days past the formal due date. Total commitments to customers which are not classified as non-performing, but where a loss is likely to occur due to the value of collateral and the customer's financial position, are classified as doubtful. Non-accruing commitments are included in non-performing and doubtful commitments and represent total commitments to customers subject to interest reversals, see note 4.

Reduced-rate commitments			**DnB NOR Group**
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	Pro forma 31 Dec. 2002
Reduced-rate commitments	114	361	578

Reduced-rate commitments are total commitments to customers where payment terms have been renegotiated in connection with debt negotiations or inadequate cash flows, and where the discounted reduction in payment flows is significant.

Note 23 – Provisions for losses on loans and guarantees

DnB NOR Group

Amounts in NOK million	Total provisions 2004	Total provisions Pro forma 2003	Total provisions Pro forma 2002	Loans 2004	Loans Pro forma 2003	Loans Pro forma 2002	Guarantees 2004	Guarantees Pro forma 2003	Guarantees Pro forma 2002
Specified loan-loss provisions as at 1 Jan.	4 454	3 028	2 746	4 331	2 886	2 648	122	143	98
Operations sold/Elcon as at 31 March	(115)	0	0	(115)	0	0	0	0	0
Write-offs covered by specified provisions made in previous years	925	1 579	645	914	1 587	660	11	(8)	(14)
Provisions for the period									
Increase in specified loan-loss provisions	378	288	280	374	286	266	4	2	15
New specified loan-loss provisions	518	1 678	1 112	486	1 649	1 074	32	29	37
Reassessed specified loan-loss provisions	924	522	374	903	463	356	21	59	18
Nordlandsbanken as at 1 Jan.	0	1 555		0	1 555		0	0	
Exchange rate movements	(2)	5	(90)	(2)	5	(86)	0	0	(4)
Specified loan-loss provisions as at 31 Dec. 1)	**3 383**	**4 454**	**3 028**	**3 257**	**4 331**	**2 886**	**126**	**122**	**143**
Unspecified loan-loss provisions as at 1 Jan.	3 715	3 502	3 502	3 714	3 501	3 501	1	1	1
Operations sold/Elcon as at 31 March	(180)	0	0	(180)	0	0	0	0	0
Unspecified loan-loss provisions for the period	0	5	0	0	5	0	0	0	0
Nordlandsbanken as at 1 Jan.	0	204		0	204		0	0	
Purchased portfolio	0	5	0	0	5	0	0	0	0
Exchange rate movements	0	0	0	0	0	0	0	0	0
Unspecified loan-loss provisions as at 31 Dec. 2)	**3 535**	**3 715**	**3 502**	**3 534**	**3 714**	**3 501**	**1**	**1**	**1**
Total loan-loss provisions as at 31 Dec.	**6 918**	**8 169**	**6 531**	**6 791**	**8 046**	**6 387**	**127**	**123**	**143**
1) Of which specified loan-loss provisons to:									
Customers				*3 255*	*4 329*	*2 884*	*126*	*115*	*143*
Credit institutions				*2*	*2*	*2*	*0*	*7*	*0*
2) Of which unspecified loan-loss provisons to:									
Customers				*3 534*	*3 714*	*3 501*	*1*	*1*	*1*
Credit institutions				*0*	*0*	*0*	*0*	*0*	*0*

Unspecified loan-loss provisions

Amounts in NOK million	31 Dec. 2004	31 Dec. 2003 1)	Pro forma 31 Dec. 2002
Unspecified loan-loss provisions in the DnB NOR Group 2)			3 501
Elements in the calculation			
Provisions for probable, unidentified losses	1 726	1 634	
+ Provisions for risk margins in the ordinary portfolio	1 726	1 731	
+ Supplementary provisions due to uncertainty in estimates	82	349	
Unspecified loan-loss provisions in the accounts	**3 534**	**3 714**	**3 501**

1) *Includes NOK 204 million in unspecified loan-loss provisions from the acquisition of Nordlandsbanken and NOK 5 million in unspecified provisions from the acquisition of the loan portfolio of Gjensidige NOR Spareforsikring ASA.*

2) *As reported in the accounts of the DnB Group and the Gjensidige NOR Group.*

Note 24 – Loans and guarantees according to geographical location [1)]

DnB NOR Group

Amounts in NOK million	Lending to customers as at 31 December 2004	2003	Pro forma 2002	Lending to credit institutions as at 31 December 2004	2003	Pro forma 2002	Guarantees as at 31 December 2004	2003	Pro forma 2002
Oslo	118 005	126 295	109 710	2 687	5 025	2 827	13 318	17 518	18 380
Eastern and Southern Norway	243 264	232 951	210 928	292	12	0	13 459	14 500	13 263
Western Norway	83 074	75 643	72 128	2 079	1 877	1 757	9 990	10 815	9 274
Northern and Central Norway	89 442	90 758	65 152	178	142	56	2 491	2 885	2 991
Total Norway	533 785	525 648	457 918	5 236	7 057	4 640	39 257	45 718	43 908
Western Europe	19 508	18 350	17 619	1 229	726	1 407	3 858	2 953	2 516
Russia	388	197	285	2	33	0	1	1	1
Other Eastern European countries	693	541	358	254	546	355	286	144	28
Total Europe outside Norway	20 590	19 089	18 261	1 484	1 305	1 762	4 145	3 098	2 545
USA and Canada	5 304	5 762	6 786	510	66	192	298	421	1 777
Bermuda and Panama [2)]	5 601	5 578	4 521	0	0	8	818	280	171
Argentina [3)]	1	3	3	0	0	0	35	44	51
Other South and Central American countries	1 149	818	490	75	70	63	1 073	917	273
Total America	12 055	12 162	11 800	585	136	262	2 224	1 663	2 273
Singapore	2 077	2 565	2 705	0	0	0	313	414	486
Hong Kong	241	282	150	4	0	0	2	7	9
Indonesia	1	7	11	14	0	0	17	121	126
Thailand	28	32	60	0	0	0	0	1	0
Malaysia	169	135	183	0	0	0	9	19	17
Other Asian countries	167	494	529	93	413	51	205	251	97
Total Asia	2 683	3 516	3 639	111	413	52	546	813	734
Liberia [2)]	5 632	3 743	2 593	0	0	0	6	7	0
Other African countries	17	26	25	1	1	0	7	6	6
Australia and New Zealand	1 391	1 364	366	1	1	0	9	2	0
Total	576 153	565 546	494 601	7 418	8 912	6 717	46 194	51 306	49 465

1) *Based on the customer's address.*
2) *Represents shipping commitments.*
3) *Concerns a commitment guaranteed by a company in Norway.*

All amounts represent gross lending and guarantees respectively before specified loan-loss provisions.

Note 25 – Subordinated loans to customers

DnB NOR Group

Amounts in NOK million	31 December 2004 Loans	Bonds	31 December 2003 Loans	Bonds	Pro forma 31 December 2002 Loans	Bonds
Credit institutions	0	4	4	443	21	440
Other enterprises [1)]	2 335	250	2 565	326	1 372	341
Total subordinated loans	2 335	254	2 569	769	1 393	781
1) *Of which intra-group (Vital)*	*2 293*		*2 562*		*1 262*	

The note shows total subordinated loans extended to customers. The terms applying to such loans indicate a higher risk for DnB NOR than ordinary loans and investments in bonds.

Note 26 – Commercial paper and bonds

									DnB NOR Group
	31 December 2004			31 December 2003			Pro forma 31 December 2002		
Amounts in NOK million	Acquisition cost	Book value	Fair value	Acquisition cost	Book value	Fair value	Acquisition cost	Book value	Fair value
Commercial paper and bonds									
Listed	57 242	57 584	57 688	54 959	55 190	55 247	45 201	45 202	45 213
Unlisted	5 392	5 402	5 402	4 170	4 208	4 208	6 447	6 543	6 544
Total commercial paper and bonds [1]	**62 634**	**62 986**	**63 090**	**59 129**	**59 398**	**59 455**	**51 648**	**51 745**	**51 758**
1) Of which: Trading portfolio	*50 081*	*50 436*	*50 436*	*33 453*	*33 735*	*33 735*	*28 945*	*29 045*	*29 045*
Banking portfolio	*12 552*	*12 549*	*12 653*	*25 676*	*25 663*	*25 720*	*22 703*	*22 700*	*22 712*

Note 27 – Shareholdings etc.

									DnB NOR Group
	31 December 2004			31 December 2003			Pro forma 31 December 2002		
Amounts in NOK million	Acquisition cost	Book value	Fair value	Acquisition cost	Book value	Fair value	Acquisition cost	Book value	Fair value
Short-term shareholdings etc.									
Listed Norwegian	720	628	714	485	502	537	451	370	410
Unlisted Norwegian	638	620	580	721	643	612	671	639	574
Mutual funds	1 976	1 960	1 976	1 746	1 751	1 760	1 728	1 619	1 619
International	756	885	932	135	155	186	130	125	150
Total short-term shareholdings etc. [1]	4 090	4 092	4 202	3 086	3 051	3 096	2 980	2 753	2 753
Long-term shareholdings etc.									
Listed Norwegian	338	303	303	723	480	480	2 037	1 189	1 190
Unlisted Norwegian	249	237	474	183	171	249	95	95	99
International	402	250	250	309	309	331	351	327	330
Total long-term shareholdings etc. [2]	989	789	1 027	1 215	960	1 060	2 484	1 611	1 619
Total shareholdings etc.	**5 079**	**4 881**	**5 229**	**4 301**	**4 011**	**4 155**	**5 464**	**4 364**	**4 372**
1) Of which: Trading portfolio	*1 143*	*1 115*	*1 115*	*304*	*271*	*271*	*342*	*298*	*298*
Banking portfolio	*2 947*	*2 977*	*3 087*	*2 783*	*2 780*	*2 825*	*2 638*	*2 455*	*2 455*

2) *The holding in Storebrand was reduced by NOK 177 million in 2004 through realisation.*

Note 28 – Short-term investments in shares, mutual funds and PCCs as at 31 December 2004

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent [1]	DnB NOR Group Book value	DnB NOR Group Market value
Financial institutions								
Acta Holding		43 498	2 430 000		385	0.89	24 083	23 304
Factor Insurance Group		12 546	20 025		200	1.59	5 035	4 005
Forsikrings AB Skandia	SEK	1 024 217	2 341 000	SEK	2 341	0.23	70 262	70 356
Romsdals Fellesbank		156 788	356 616		9 071	5.79	50 289	58 841
Sparebanken Rana		50 935	28 323		2 841	5.58	3 882	3 654
Viking Ship Finance	CHF	30 000	22 500	CHF	6 750	22.50	39 137	68 451
Norwegian companies								
Aktiv Kapital		4 718	80 300		8	0.17	10 720	10 720
BoltSafe		572	152 620		153	26.75	2 271	2 271
BTV-Fond		49 004	63 161		6 316	12.89	6 376	6 305
EFD-Elva Fritz Dusseldorf		48 542	588 235		5 882	12.12	20 000	20 000
Elkem		985 600	458 964		9 179	0.93	77 435	105 103
Eltek		31 295	59 514		60	0.19	4 099	4 099
Energivekst		2 225	113 261		113	5.09	11 326	8 200
Euroskilt		914	177		177	19.37	9 482	10 425
Fast Search and Transfer		2 010	473 375		4	0.20	6 272	6 272
Fjord Seafood		475 598	2 098 000		2 098	0.44	6 399	6 399
Helgelandske		14 196	498 953		4 990	35.15	31 434	47 401
Helgeland Vekst		48 400	20 000		2 000	4.13	2 000	2 000
Industrifinans SMB III		61 457	49 781		4 978	8.10	18 694	10 902
IT Fornebu		71 280	45 904		4 590	6.44	5 526	2 295
IT Fornebu Eiendom		1 157 509	1 459 587		145 959	12.61	148 179	113 994
iTet		20 002	8 359 386		8 360	41.80	17 292	0
iTicket		3 000	2 442 000		2 442	81.40	13 378	13 382
KS Norsk Vekst II							8 244	6 232
KS Teknoinvest (GP) VIII							279	279
KS Teknoinvest VIII							2 781	2 419
KS Venturos Technology III							21 450	5 416
Lerøy Seafood Group		34 441	884 200		884	2.57	24 804	32 362
Natumin Pharma		13 606	185 185		926	6.81	5 000	1 481
Normann		4 075	243 716		94	2.30	15 383	15 383
Norrøna Hotell		11 040	39		3 588	32.50	10 700	10 700
Norsk Hydro		4 830 366	48 358		885	0.02	23 079	23 079
Norske Skogindustrier		1 331 371	753 246		7 532	0.57	98 961	98 961
Orkla		1 326 889	706 394		4 414	0.33	84 074	140 649
OVDS		116 739	2 324 195		23 242	19.91	83 671	127 831
Rieber & Søn		795 757	423 423		4 234	0.53	6 788	23 712
Saltens Bilruter		10 959	18 125		1 810	16.52	14 152	14 152
Scan-Sense		20 321	2 749 385		2 749	13.53	12 714	0
Såkorninvest Nord		9 277	11 020		1 102	11.88	4 408	4 496
Telenor		10 498 182	344 012		2 064	0.02	18 879	18 879
Tomra Systems		178 487	2 197 860		1 845	1.03	81 538	73 281
Troms Fylkes Dampskibselskap		15 653	470 855		942	6.02	54 779	41 906
Viking Venture		967	63 030		63	6.52	6 303	6 303
WarrenWicklund Multi-Strategy		463 227	8 333		83	0.02	10 000	11 000
Whitecliff		60 005	300 000		3 000	5.00	12 897	9 531
Companies base abroad								
Cape Investments	USD	42	4 162	USD	4	9.91	19 032	37 460
Crew Gold	USD	130 306	3 260 365				19 562	19 562
Euroclear	EUR	3 795	15 625	EUR	16	0.42	32 856	32 856
General Maritime	USD	377	576 400				136 912	136 912
Royal P&O Nedlloyd	USD	50 100	2 003 000	USD	2 470	4.93	547 947	547 947
Royal Caribbean Cruises		1 937	33 662		0	0.02	11 209	11 209
Stolt Nielsen		62 970	361 950		362	0.57	62 889	62 889
Stolt Offshore		382 834	664 595		1 329	0.35	25 986	25 986

Note 28 – Short-term investments in shares, mutual funds and PCCs as at 31 Dec. 2004 (continued)

Amounts in 1 000 *Values in NOK unless otherwise indicated*	Share capital	Number of shares	Nominal value	Ownership share in per cent [1]	DnB NOR Group Book value	 Market value
Mutual funds						
DnB Aktiehedgefond Primus		500 652			45 628	44 142
DnB Global Hedge		1 387 761			113 718	130 360
DnB NOR Global Selektiv 1		250 000			25 000	24 558
DnB NOR Kredittobligasjon		50 703			50 534	50 534
DnB NOR Likviditet (II)		4 942			4 959	4 959
DnB NOR Likviditet 20 (III)		67 358			67 376	67 376
DnB NOR Likviditet 20 (IV)		64 319			64 258	64 258
DnB NOR Likviditet 20 (V)		137 539			1 376 957	1 376 957
DnB NOR Obligasjon 20 (IV)		50 670			50 549	50 549
DnB NOR Obligasjon III		7 446			73 581	73 581
DnB NOR Sikring II		247 537			25 000	25 301
DnB NOR Statsobligasjon (III)		10 138			10 075	10 075
DnB NOR Tactical Asset Allocation		1			25 000	25 000
Other shareholdings etc.					118 456	113 275
Total short-term investments in shares, mutual funds and PCCs					4 091 938	4 202 176

1) *Ownership share in per cent is based on the company's total share capital.*

Note 29 – Long-term investments in shares, mutual funds and PCCs as at 31 December 2004

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	DnB NOR Group Book value	 Market value
Financial institutions								
EB Group [1]	SGD	127 590	250 000	SGD	250	0.20	1 111	1 401
Storebrand		1 390 909	5 175 392		25 877	1.86	302 761	302 761
Norwegian companies								
DnB-ansattes Fond, B shares		12 388	200 000		200	1.61	200	200
Gjensidige NOR Ansattefond, B shares		12 041	1 000		1	0.01	12	12
Norsk Tillitsmann		11 600	15 784		1 505	12.97	1 579	8 287
NOS		15 983	2 233 408		2 233	13.97	14 517	17 867
Oslo Børs Holding		50 000	983 392		9 834	19.67	132 977	250 765
Spama		3 156	7 674		767	24.32	747	6 139
VPS Holding		50 000	829 180		8 292	16.58	70 508	174 128
Companies base abroad								
Lorentzen Empreendimentos, class B [2]	USD	1 768	47 813 984	USD	354	20.01	108 604	108 604
Swift	EUR	439 260	477	EUR	59	0.01	843	843
Vertex Participacoes [2]	USD	12 721	188 644 371	USD	12 721	100.00	73 514	73 514
Vittoria Participacoes [2]	USD	10 008	188 644 371	USD	10 008	100.00	63 642	63 642
Other shareholdings etc.							18 404	18 404
Total long-term investments in shares, mutual funds and PCCs							789 418	1 026 566

1) *Previously called Export Credit Insurance Corporation of Singapore.*
2) *Investments in Lorentzen Empreedimentos, Vertex and Vittoria relate to previously converted loans in Brazil.*

Note 30 – Investments in Life Insurance and Pensions and associated companies [1)]

							DnB NOR Group
Amounts in NOK million	Share capital 31 Dec. 2004	Number of shares 31 Dec. 2004	Ownership share (%) 31 Dec. 2004	Book value 31 Dec. 2004	Additions/ (disposals) [2)] 2004	Share of profit 2004	Book value 31 Dec. 2003
Vital Forsikring [3) 4)]	1 227	49 096 108	100.00	7 157	0	1 300	5 857
Fondsforsikringsselskapet Vital Link	75	75 000	100.00	141	0	17	124
Eksportfinans	1 594	66 969	44.13	1 134	(196)	106	1 224
BBS [5)]	165	2 639 998	40.00	150	0	88	62
Teller	8	3 200	40.00	29	(4)	20	13
NOKAS	51	20 771	40.67	25	8	3	13
Other shareholdings				15	(56)	1	70
Shares in general partnerships				2	0	0	2
Investments in Life Insurance and Pensions and associated companies				8 651	(248)	1 535	7 365

1) *Companies presented in the group accounts according to the equity method.*
2) *In the group accounts, the investment is adjusted by an amount corresponding to the difference between received and estimated dividends for 2003, the estimated dividend for 2004 and group contributions. The adjustment is included under "Additions/(disposals)".*
3) *Share of profit before goodwill amortisation totalling NOK 101 million.*
4) *The merged companies Vital Forsikring og Gjensidige NOR Spareforsikring.*
5) *The share of profits on the sale of Postbanken's Clearing House to the banks' Central Clearing House (BBS), corresponding to the DnB NOR Group's holding in BBS, was taken to income in full in 2004.*

Note 31 – Repossessed properties and other repossessed assets

					DnB NOR Group
Amounts in NOK million	Book value 31 Dec. 2004	Additions 2004	Disposals 2004	Book value 31 Dec. 2003	Pro forma book value 31 Dec. 2002
Properties, current assets	112	118	53	47	18
Properties, fixed assets	3	0	(1)	2	5
Other repossessed current assets [1)]	426	349	452	529	632
Total	541	467	505	578	656

1) *Of which:* *NOK 45 million represents shares in DnB NOR Eiendomsutvikling AS (former Kjørbo Eiendom AS), which is wholly owned by DnB NOR.*
NOK 60 million represents shares in Follalaks AS, where DnB NOR has a holding of 50.99 per cent.
NOK 247 million represents shares in Pan Fish ASA, where DnB NOR has a holding of 26.42 per cent.

Note 32 – Intangible assets

Goodwill

DnB NOR Group

Amounts in NOK million	Amortisation plan	Book value 31 Dec. 2004	Effect of exchange rate movements	Ordinary amortisation 2004	Disposals 2004	Book value 31 Dec. 2003	Total amortisation before 2004	Original goodwill
DnB Asset Management	20 years [1]	2 609	(39)	155		2 803	371	2 772
Savings bank - bank branches	20 years [2]	528		29		557	29	586
Savings bank - corporate customers	20 years [2]	424		23		448	23	471
Cresco - credit card portfolio	8 years [2]	353		59		412	59	471
Elcon - business in Norway	8 years [2]	0		6	159	165	24	188
Nordlandsbanken	10 years [3]	425		53		478	53	531
Vital Forsikring	10 years [4]	101		101		203	809	1 012
American Express	10 years [5]	110		24		134	108	243
IT Solutions	10 years [6]	39		7		46	22	66
Aktiv Eiendomsmegling	10 years [7]	8		3		11	17	27
Vital Skade	10 years	2		1		3	4	6
Netaxept	2 years	0		(2)		(2)	(2)	(4)
Cresco - credit card portfolio	8 years [8]	87		38		125	182	307
Gjensidige NOR Kapitalforvaltning	5 years	12		30		42	106	148
Gjensidige NOR Spareforsikring's portfolio	4 years	1		14		15	40	55
Gjensidige NOR Equities	5 years	44		36		80	130	209
Offices in Bø and Vinje	5 years	12		6		18	13	32
Avanse Forvaltning	5 years	33		26		59	230	279
Other	3-5 years	0		2	2	4	13	17
Total goodwill		4 789	(39)	610	161	5 601	2 231	7 417

1) *The goodwill relates to the acquisition of Skandia's asset management operations, taken over as of 1 June 2002. The estimated life of the operations is taken into account in considering the investment, which is regarded as the basis for further organic and structural growth in the business area. The value of operations is also considered in light of possible synergies and rationalisation measures for overall asset management operations.*
2) *Refers to the merger with Gjensidige NOR ASA as at 31 December 2003, with DnB Holding ASA as the acquiring company. The savings bank business is considered to be of a very long-term nature.*
3) *Refers to the acquisition of Nordlandsbanken at the beginning of 2003. Operations are expected to have long-term value.*
4) *The amortisation period is based on the company's strategic importance for the financial services group DnB NOR. The sale of Vital's insurance products in DnB NOR's principal market segments is a key element in the Group's business strategy. Goodwill amortisation in Vital Forsikring is included under "Net profit/(loss) from Life Insurance and Pensions" in the profit and loss accounts.*
5) *Refers to the acquisition of the Norwegian card operations of American Express. The acquisition is part of DnB NOR Group's long-term strategy to provide a full range of card products. Experience shows that such products have a long economic life.*
6) *The amortisation period is based on the company's strategic importance for DnB NOR. IT Solutions' financing solutions within information technology and telecommunications expand the product range in line with DnB NOR Finans' long-term business strategy.*
7) *Goodwill is linked to the value of the Aktiv brand name. Aktiv Eiendomsmegling AS was sold 3 January 2005. See note 1 for more information.*
8) *Refers to the acquisition of the credit card portfolio of Gjensidige Bank in 1999. The amortisation period is based on the portfolio's expected remaining economic life at the time of acquisition.*

Other intangible assets [1]

DnB NOR Group

Amounts in NOK million	Depreciation plan	Book value 31 Dec. 2004	Ordinary depreciation 2004	Disposals 2004	Recorded in the balance sheet 2004	Book value 31 Dec. 2003	Total depre-ciation and write-downs before 2004	Original cost recorded in the balance sheet 31 Dec. 2003
Capitalised systems development	3 years	0	12	0	0	12	341	354
Postbanken brand name	10 years	50	12	0	0	62	57	119
Sundry intangible assets	5 years	15	6	0	14	7	114	120
Software	3-5 years	27	36	97	0	160	67	227
Total		92	66	97	14	242	579	820

1) *For information on deferred taxes, see note 17.*

DnB NOR is not involved in systematic research and development, apart from the development of new administrative IT solutions. The cost of such activity is under continuous review, and costs entered in the balance sheet are considered relative to future earnings.

Note 33 – Fixed assets

	DnB NOR Group	
Amounts in NOK million	Machinery, equipment and vehicles	Bank buildings and other properties
Original cost	2 682	4 252
Revaluations before 2004	0	594
Total write-downs and depreciation before 2004	1 417	1 725
Book value as at 1 January 2004	1 265	3 121
Additions	250	107
Disposals (sales value)	27	141
Losses	3	4
Gains	2	38
Ordinary depreciation	356	119
Depreciation on revaluations	0	9
Reclassifications to restructuring provisions	0	10
Book value as at 31 December 2004	1 131	2 985

Note 34 – Real estate as at 31 December 2004

	DnB NOR Group			
Book value in NOK million	Bank buildings	Commercial properties	Sites/ projects	Total
Oslo	1 493	93	22	1 608
Eastern and Southern Norway	527	52	27	606
Bergen	378	2	1	380
Rest of Western Norway	30	0	1	31
Northern and Central Norway	107	195	24	326
Abroad	32	0	1	34
Total book value	2 566	342	76	2 985
Floor space in 1 000 square metres				
Own use	306	13	6	325
Tenants	45	7	0	51
Not rented out	21	2	0	24
Total floor space	373	22	6	400
Number of external tenants	143	25	0	168
Annual rental income from external tenants in NOK million	53	22	0	75

Note 35 – Liabilities

	DnB NOR Group		
			Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Loans and deposits from credit institutions with no fixed term or period of notice	14 228	16 716	17 011
Loans and deposits from credit institutions with a fixed term or period of notice	34 712	61 781	63 291
Loans and deposits from credit institutions	**48 940**	**78 497**	**80 302**
Deposits from customers with no fixed term or period of notice	283 607	268 034	240 243
Deposits from customers with a fixed term or period of notice	71 708	67 541	77 355
Deposits from customers	**355 316**	**335 576**	**317 598**
Commercial paper issued	49 022	38 953	37 640
Less own commercial paper included in the banking portfolio	0	0	90
Bond debt	152 405	150 169	109 343
Less own bonds included in the banking portfolio	9 017	7 473	8 324
Securities issued	**192 410**	**181 649**	**138 568**
Long-term funding	0	60	343
Short-term funding	3 948	354	499
Liabilities related to factoring	109	80	73
Documentary credits, cheques and other payment services	1 779	1 493	1 695
Allocated to dividends	3 415	2 919	2 805
Accrued unassessed payable taxes	2 577	212	2 010
Financial derivatives	20 259	21 148	18 324
Sundry liabilities	6 867	9 039	9 609
Other liabilities	**38 955**	**35 305**	**35 359**
Accrued interest expenses	1 944	2 765	2 729
Other accrued expenses and prepaid revenues	3 157	3 227	2 304
Accrued expenses and prepaid revenues	**5 101**	**5 992**	**5 034**
Pension commitments	1 699	1 531	1 551
Specified provisions for losses on guarantee commitments	126	69	101
Unspecified provisions for losses on guarantee commitments	1	1	1
Other provisions	1 495	1 233	1 348
Provisions for commitments	**3 320**	**2 834**	**3 000**
Term subordinated loan capital	13 142	11 973	6 506
Perpetual subordinated loan capital	5 628	6 153	7 014
Subordinated loan capital	**18 770**	**18 126**	**13 519**
Perpetual subordinated loan capital securities	**5 270**	**5 583**	**5 292**
Total liabilities	**668 082**	**663 562**	**598 672**

Note 36 – Customer deposits for principal sectors

	DnB NOR Group		
			Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Retail customers	172 834	167 056	153 868
International shipping	19 222	14 150	14 010
Real estate	21 717	16 083	13 873
Manufacturing	13 248	13 824	13 428
Services and management	55 631	47 998	42 004
Trade	17 332	16 571	16 551
Oil and gas	1 610	1 393	1 584
Transportation and communication	10 374	9 745	7 907
Building and construction	5 308	6 372	4 113
Power and water supply	4 450	3 337	5 982
Central and local government	13 080	17 378	16 120
Fishing	942	1 144	1 082
Hotels and restaurants	1 292	1 275	1 273
Agriculture and forestry	1 979	1 730	1 859
Finance	16 297	17 521	23 945
Total customers	355 316	335 576	317 598
Credit institutions	4 373	3 240	7 597
Total	359 689	338 816	325 196

Note 37 – Maturity structure on bond debt as at 31 December 2004 1)

	DnB NOR Group		
Amounts in NOK million	NOK	Foreign currency	Total
Maturity (year)			
2005	7 525	20 692	28 218
2006	7 018	19 206	26 224
2007	7 880	28 078	35 958
2008	3 374	27 072	30 446
2009	1 252	16 518	17 770
2010	521	1 286	1 807
2011 and later	1 648	1 385	3 033
Recorded costs and amortised discounts	(1)	(67)	(68)
Total	29 217	114 171	143 388

1) *Less holdings of own bonds included in the banking portfolio.*

Note 38 – Premiums/discounts on own bonds in the banking portfolio as at 31 December 2004

	DnB NOR Group	
Amounts in NOK million	Premiums/(discounts) 1)	Book value
Maturity (year)		
2005	15	2 763
2006	18	1 520
2007	6	2 436
2008	(2)	941
2009	(2)	395
2010	0	49
2011 and later	(1)	914
Total	35	9 017

1) *The amounts will be amortised over the remaining term of the bonds.*

The market value of own bonds included in the banking portfolio as at 31 December 2004 totalled NOK 8 846 million.

Note 39 – Subordinated loan capital and perpetual subordinated loan capital securities

						DnB NOR Group
Amounts in NOK million	Balance sheet 31 Dec. 2004	Issued 2004	Matured/ redeemed 2004	Exchange rate movements 2004	Net change in recorded costs 2004	Balance sheet 31 Dec. 2003
Term subordinated loan capital	13 142	1 648	74	(406)	1	11 973
Perpetual subordinated loan capital	5 628	0	0	(527)	1	6 153
Perpetual subordinated loan capital securities [1)]	5 270	0	0	(317)	5	5 583
Total	**24 040**	**1 648**	**74**	**(1 250)**	**6**	**23 709**

1) *Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Kredittilsynet may require that the securities should be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.*

Year raised	Book value in foreign currency		Interest rate	Maturity	Call date	Book value in NOK
Term subordinated loan capital						
2000	NOK	142	3.89% p.a.	2010	2005	142
2000	NOK	128	8.05% p.a.	2010	2005	128
2000	EUR	6	3.42% p.a.	2010	2010	51
2000	USD	63	3-month LIBOR + 0.55%	2010	2005	381
2001	NOK	258	3.26% p.a.	2011	2006	258
2001	USD	45	3-month LIBOR + 0.625%	2011	2006	272
2001	USD	125	3-month LIBOR + 0.75%	2011	2006	755
2002	EUR	200	3-month EURIBOR + 0.65%	2012	2007	1 648
2002	USD	100	3-month LIBOR + 0.50%	2012	2007	604
2002	EUR	200	3-month EURIBOR + 0.75%	2012	2007	1 648
2003	EUR	200	3-month EURIBOR + 0.45%	2013	2008	1 648
2003	EUR	200	3-month EURIBOR + 0.70%	2013	2008	1 648
2003	GBP	200	5.125% p.a.	2015	2010	2 331
2004	EUR	200	3-month EURIBOR	2016	2011	1 648
Recorded costs						(17)
Total term subordinated loan capital						13 142
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 299
1986	USD	200	6-month LIBOR + 0.125%			1 208
1986	USD	150	6-month LIBOR + 0.15%			906
1996	JPY	3 000	4.00% p.a.		2011	177
1996	JPY	7 000	4.00% p.a.		2011	412
1996	USD	105	7.65% p.a.		2006	634
1997	NOK	100	3.67% p.a.		2007	100
1999	JPY	10 000	4.51% p.a.		2029	589
2000	USD	50	8.61% p.a.		2005	302
Recorded costs						0
Total perpetual subordinated loan capital						5 628
Perpetual subordinated loan capital securities						
2001	USD	400	6-month LIBOR		2011	2 416
2002	EUR	350	7.07% p.a.		2012	2 884
Recorded costs						(30)
Total perpetual subordinated loan capital securities						5 270

Note 40 – Equity

	DnB NOR Group			
Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2003	**13 090**	**11 353**	**17 672**	**42 115**
Minority interests			2	2
Reversal of dividends for 2003 [1]			10	10
Share issue [2]	181	388	(1)	568
Profit for the year			7 388	7 388
Dividends			3 415	3 415
Exchange rate movements			(71)	(71)
Balance sheet as at 31 December 2004	**13 271**	**11 741**	**21 586**	**46 598**

1) *Allocations to cover dividends relating to subscription rights not exercised.*
2) *In accordance with the current subscription rights programme, employees subscribed for 12 929 907 shares at NOK 32.83 per share in the first quarter of 2004 and 5 181 408 shares at NOK 27.95 per share in the fourth quarter of 2004.*

Note 41 – Earnings per share

	DnB NOR Group		
	2004	Pro forma 2003	Pro forma 2002
Profit for the year (NOK million)	7 388	5 378	3 632
Average number of shares (in 1 000)	1 317 744	1 309 027	1 309 552
Average number of shares - fully diluted (in 1 000)	1 323 786	1 311 737	1 314 781
Earnings per share (NOK)	5.60	4.11	2.77
Earnings per share fully diluted (NOK) [1]	5.57	4.10	2.76

1) *Reflects the impact of the subscription rights programme for employees.*

Note 42 – Largest shareholders

Shareholder structure in DnB NOR ASA as at 31 December 2004	Shares in 1 000	Ownership in per cent
Ministry of Trade and Industry	451 227	34.00
Savings Bank Foundation	137 838	10.39
Gjensidige NOR Forsikring	70 473	5.31
JPMorgan Chase Bank, Treaty Account [1]	60 301	4.54
State Street Bank & Client Omnibus D [1]	52 156	3.93
Capital Euro Pacific Growth Fund [1]	32 600	2.46
Folketrygdfondet	29 640	2.23
The Northern Trust Treaty Account [1]	23 504	1.77
Mellon Bank as Agent [1]	18 383	1.39
Orkla ASA	16 954	1.28
JPMorgan Chase Bank, Omnibus Lending Account [1]	13 435	1.01
JPMorgan Chase Bank, Fidelity Lending Account	11 946	0.90
The Northern Trust, USL Treaty Account [1]	11 745	0.88
Capital International Worlds Growth	10 936	0.82
Oslo Pensjonsforsikring	9 558	0.72
DnB NOR Emloyee Fund AS	15 787	1.19
Fidelity Funds - Europe Fund	8 448	0.64
State Street Bank & Client Omnibus F [1]	7 894	0.59
Credit Agricole Indo Calyon [1]	7 152	0.54
Total largest shareholders	989 977	74.59
Other	337 162	25.41
Total	1 327 139	100.00

1) *Registered as nominee in the Norwegain Central Securities Depository.*

Note 43 – Capital adequacy

	DnB NOR Group		
			Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Share capital	13 271	13 090	13 090
Other equity	33 327	29 025	26 595
Total equity	46 598	42 115	39 685
Perpetual subordinated loan capital securities [1) 2)]	5 531	5 476	5 440
Pension funds above pension commitments	(1 141)	(1 354)	(940)
Goodwill	(4 902)	(5 728)	(5 756)
Deferred tax assets	(728)	(808)	(1 179)
Other intangible assets	(299)	(431)	(446)
Core capital	45 059	39 270	36 802
Perpetual subordinated loan capital [1) 2)]	5 367	6 154	7 014
Term subordinated loan capital [2)]	13 538	11 945	8 800
Subordinated loan capital not eligible [3)]	0	0	118
Net supplementary capital	18 905	18 099	15 696
Deductions	455	870	1 240
Total eligible primary capital [4)]	63 509	56 499	51 258
Total risk-weighted volume	591 906	579 445	516 664
Core capital ratio (per cent)	7.6	6.8	7.1
Capital ratio (per cent)	10.7	9.8	9.9

Specification of risk-weighted volume	Nominal amounts as at 31 December 2004 [4)]						Risk-weighted volume		Pro forma
Amounts in NOK million Risk-weight:	0%	4%	10%	20%	50%	100%	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Banking portfolio									
Cash and ordinary deposits with banks	8 929			7 554			1 511	4 025	3 214
Short-term investments in securities	28 199	2 446	1 188	51 710		33 461	44 020	35 325	33 640
Lending	8 573		7	31 565	308 295	252 736	413 197	421 815	375 853
Other assets	2 913			924	5 595	3 638	6 620	7 482	9 138
Fixed assets	17 648		3 996	30 980		27 976	34 572	34 095	28 388
Total assets	66 262	2 446	5 191	122 733	313 890	317 811	499 919	502 742	450 233
Guarantee commitments	1 152		362	6 625	95	45 102	30 429	34 539	30 635
Approved, undrawn credits	89 741		375	5 423	2 808	76 409	39 468	25 759	21 992
Financial derivatives							1 343	1 424	1 301
Other				382		1 046	224	164	108
Total off-balance-sheet instruments							71 464	61 887	54 036
Total risk-weighted volume, banking portfolio							571 383	564 628	504 269
Trading portfolio									
Position risk, equity instruments							406	562	713
Position risk, debt instruments							17 211	12 142	11 234
Settlement risk							4	0	22
Counterparty risk and other risks							10 273	12 607	8 171
Total risk-weighted volume, trading portfolio							27 894	25 311	20 140
Total risk-weighted volume, banking and trading portfolio							599 277	589 940	524 409
Deduction for:									
Investments in primary capital in other financial institutions							455	881	1 240
Unrealised gains on securities in insurance operations							0	1 498	0
Specified and unspecified loan-loss provisions							6 917	8 116	6 505
Total risk-weighted volume							591 906	579 445	516 664

1) *Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.*
2) *Pursuant to capital adequacy regulations the lower of the exchange rates prevailing at the time the loan was raised and on the balance sheet date should be applied when including perpetual subordinated loan capital and other eligible primary capital. Calculations of capital adequacy include a total of NOK 657 million in subordinated loan capital in life insurance operations and associated companies, in addition to subordinated loan capital in the Group's balance sheet. See note 39.*
3) *Includes deductions for subordinated loans not approved as supplementary capital. Term subordinated loan capital is reduced proportionally by 20 percentage points per year over the final five years prior to maturity.*
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 is used in calculating capital adequacy.*

All figures are presented in accordance with rules prevailing at the time in question. Figures for 2002 are pro forma for DnB (excluding Nordlandsbanken) and Gjensidige NOR. Figures for 2003 and later refer to DnB NOR including Nordlandsbanken.

Note 44 – Expected time to interest rate adjustments as at 31 December 2004

DnB NOR Group

Amounts in NOK million		Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No interest rate	Total
Assets								
Cash and deposits with	NOK	7 268					1 355	8 622
central banks	Foreign currency	5					153	158
Lending to and deposits with	NOK	6 358	1 751			(2)		8 107
credit institutions	Foreign currency	10 735	2 036	619	249	124		13 763
Net lending to customers [1]	NOK	208 248	247 272	1 928	48 236	734	(3 073)	503 344
	Foreign currency	55 002	8 258	2 978	59	184	(461)	66 020
Commercial paper and bonds	NOK	2 872	10 106	2 972	3 729	2 099	353	22 132
	Foreign currency	15 302	16 186	1 581	5 481	2 304		40 854
Sundry assets	NOK	91	75	32	1	0	45 211	45 411
	Foreign currency	1	0	0			6 267	6 269
Total assets		**305 882**	**285 685**	**10 111**	**57 755**	**5 443**	**49 805**	**714 680**
	NOK	224 837	259 204	4 932	51 967	2 831	43 846	587 616
	Foreign currency	81 044	26 481	5 178	5 788	2 612	5 960	127 064
Liabilities and equity								
Loans and deposits from	NOK	11 202	106	2	15	46		11 371
credit institutions	Foreign currency	20 446	11 540	5 583				37 569
Deposits from customers	NOK	319 596	61	131	47			319 834
	Foreign currency	35 163	184	134				35 482
Securities issued	NOK	1 435	7 353	2 270	16 114	2 813		29 986
	Foreign currency	72 637	72 655	8 986	6 093	2 053		162 424
Sundry liabilities	NOK	401	31	25	17		42 838	43 311
	Foreign currency	0					4 064	4 065
Subordinated loan capital and perpetual	NOK				397	230		627
subordinated loan capital securities	Foreign currency	3 048	10 601	302	634	8 829		23 413
Equity	NOK						45 558	45 558
	Foreign currency						1 041	1 041
Total liabilities and equity		**463 929**	**102 533**	**17 433**	**23 315**	**13 970**	**93 500**	**714 680**
	NOK	332 634	7 552	2 428	16 588	3 089	88 395	450 686
	Foreign currency	131 295	94 981	15 006	6 726	10 881	5 105	263 995
Net, time to interest rate		**(158 047)**	**183 152**	**(7 323)**	**34 440**	**(8 527)**	**(43 695)**	**0**
adjustments on balance sheet items	NOK	(107 796)	251 652	2 505	35 378	(258)	(44 549)	136 931
	Foreign currency	(50 251)	(68 500)	(9 827)	(938)	(8 269)	855	(136 931)

1) *Overdraft and working capital facilities are grouped under "Up to 1 month". Specified and unspecified loan-loss provisions are grouped under "Over 5 years" and "No interest rate" respectively.*

Net nominal values		**(37 116)**	**(39 431)**	**29 013**	**(5 174)**	**6 400**		**(46 309)**
on financial derivatives	NOK	(72 103)	(74 207)	30 615	(5 969)	1 631		(120 033)
	Foreign currency	34 987	34 776	(1 602)	794	4 769		73 725

Note 45 – Interest rate sensitivity

The vaule of items on and off the balance sheet is affected by interest rate movements. The table below shows potential losses for DnB NOR resulting from parallel one percentage point changes in all interest rates.

The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DnB NOR relative to the Group's positions. Also, all interest rate movements within the same interval will be unfavourable for the Group. The figures will thus reflect maximum losses for DnB NOR. In the trading portfolio, such losses will be charged to the accounts as they occur. In the banking portfolio, the losses will be amortised over the remaining maturity.

The calculations are based on the Group's positions as at 31 December 2004 and market rates on the same date.

Interest rate sensitivity for different intervals — **DnB NOR Group**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Trading portfolio						
NOK	3	37	60	121	154	53
USD	4	27	20	2	7	39
EUR	4	0	5	4	72	77
GBP	1	1	2	2	1	3
Other currencies	1	4	4	4	1	11
Banking portfolio						
NOK	33	22	51	59	11	153
Total						
NOK	29	15	111	62	143	206
USD	4	27	20	2	7	39
EUR	4	0	5	4	72	77
GBP	1	1	2	2	1	3
Other currencies	1	4	4	4	1	11

The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

Note 46 – Currency positions

The table below shows the DnB NOR Group's net currency positions as at 31 December 2004, as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of the Group's eligible primary capital. Aggregate currency positions must be within 30 per cent of the eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

DnB NOR Group

Amounts in NOK million	Norwegian kroner	Other currencies	of which: USD	EUR	GBP	SEK	DKK	JPY
Assets								
Cash and deposits with central banks	8 622	158	28	68	14	21	18	0
Lending to and deposits with credit institutions	8 107	13 763	3 144	3 935	2 483	1 836	464	1 138
Net lending to customers	503 344	66 020	35 218	10 676	1 916	5 321	2 375	1 146
Commercial paper and bonds	22 132	40 854	8 981	27 993	2 413	0	0	725
Shareholdings etc.	12 458	1 075	454	451	0	129	0	0
Sundry assets	32 953	5 194	1 088	418	896	2 501	6	44
Total assets	587 616	127 064	48 913	43 540	7 722	9 808	2 863	3 053
Liabilities and equity								
Loans and deposits to credit institutions	11 371	37 569	25 916	3 768	1 347	1 175	1 925	597
Deposits from customers	319 834	35 482	20 273	6 544	2 014	3 955	554	1 231
Securities issued	29 986	162 424	57 841	58 976	32 881	0	0	1 120
Sundry liabilities	43 311	4 065	1 793	935	549	163	39	133
Subordinated loan capital	627	23 413	8 742	11 162	2 331	0	0	1 179
Equity	45 558	1 041	417	914	212	(467)	(35)	0
Total liabilities and equity	450 686	263 995	114 982	82 298	39 334	4 826	2 483	4 259
Net currency positions on balance sheet items	136 931	(136 931)	(66 069)	(38 758)	(31 612)	4 982	380	(1 206)
Financial derivatives	(137 766)	137 766	66 229	38 094	32 113	(4 056)	(344)	1 199
Net currency exposure	(835)	835	160	(664)	501	926	36	(7)

Note 47 – Residual maturity as at 31 December 2004

DnB NOR Group

Amounts in NOK million		Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets								
Cash and deposits with	NOK	7 268					1 354	8 622
central banks	Foreign currency	5					153	158
Lending to and deposits with	NOK	5 192	734	608	1 214	358		8 107
credit institutions	Foreign currency	10 068	1 249	1 234	1 097	115		13 763
Net lending to customers [1)]	NOK	33 412	11 947	24 649	90 411	345 999	(3 073)	503 344
	Foreign currency	11 151	2 436	10 123	19 525	23 247	(461)	66 020
Commercial paper and bonds	NOK	90	2 123	4 601	12 173	2 792	353	22 132
	Foreign currency	1 042	563	2 611	14 025	22 613		40 854
Sundry assets	NOK	1 964	109	74	16	110	43 139	45 411
	Foreign currency	178	12	5		1	6 072	6 269
Total assets		**70 369**	**19 174**	**43 904**	**138 461**	**395 235**	**47 537**	**714 680**
	NOK	47 926	14 913	29 932	103 814	349 259	41 773	587 616
	Foreign currency	22 444	4 261	13 973	34 646	45 976	5 765	127 064
Liabilities and equity								
Loans and deposits from	NOK	10 262	642	392	28	46		11 371
credit institutions	Foreign currency	28 821	4 679	4 069				37 569
Deposits from customers	NOK	313 825	1 218	3 457	1 310	24		319 834
	Foreign currency	33 911	522	1 050				35 482
Securities issued	NOK	7	3 971	4 311	19 137	2 560		29 986
	Foreign currency	26 774	24 821	17 347	90 813	2 670		162 424
Sundry liabilities	NOK	4 871	498	5 840	168		31 935	43 311
	Foreign currency	180	5	1	1 830		2 048	4 065
Subordinated loan capital and perpetual	NOK					527	100	627
subordinated loan capital securities	Foreign currency					12 616	10 798	23 413
Equity	NOK						45 558	45 558
	Foreign currency						1 041	1 041
Total liabilities and equity		**418 651**	**36 356**	**36 466**	**113 286**	**18 442**	**91 478**	**714 680**
	NOK	328 965	6 329	14 000	20 643	3 156	77 592	450 686
	Foreign currency	89 686	30 027	22 466	92 643	15 286	13 886	263 995
Net, residual maturity on		**(348 282)**	**(17 182)**	**7 438**	**25 175**	**376 793**	**(43 941)**	**0**
balance sheet items	NOK	(281 039)	8 584	15 932	83 171	346 102	(35 820)	136 931
	Foreign currency	(67 243)	(25 767)	(8 494)	(57 996)	30 690	(8 121)	(136 931)

1) *Overdraft and working capital facilities are grouped under "Up to 1 month". Specified and unspecified loan-loss provisions are grouped under "Over 5 years" and "No fixed maturity" respectively.*

		Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Net nominal values		**287**	**(1 791)**	**(1 080)**	**(1 712)**	**1 446**		**(2 850)**
on financial derivatives	NOK	(10 471)	(20 097)	(14 376)	(79 466)	(22 512)		(146 921)
	Foreign currency	10 758	18 306	13 295	77 754	23 958		144 071

Note 48 – Financial derivatives

Financial derivatives are traded in order to cover liquidity and market risk arising from the bank's ordinary activities (banking portfolio). The bank also employs financial derivatives in own-account trading (trading portfolio).

Forward exchange contracts
Contracts between two parties to exchange foreign currencies on a specified future date at a fixed price.

FRAs
Agreements that fixes the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the market interest rate is exchanged.

Interest rate options
Contracts giving the buyer the right to demand payment of the difference between the interest rate in the money market and the interest rate agreed to by the seller. The difference is calculated on a fixed amount for a specified period.

Currency options
Agreements giving the buyer the right to buy or sell a specific quantity of one foreign currency in exchange for another on a future date at a fixed price.

Interest rate swaps
Contracts in which two parties agree to exchange interest payment obligations on a fixed amount for a specified period.

Interest rate futures
Standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.

Cross-currency interest rate swaps
Contracts in which the parties exchange both currency and interest payments on a specified amount for a specified period.

DnB NOR Group

	31 December 2004			31 December 2003			Pro forma 31 December 2002		
Amounts in NOK million	Nominal amount 1)	Positive market value 2)	Negative market value 2)	Nominal amount 1)	Positive market value 2)	Negative market value 2)	Nominal amount 1)	Positive market value 2)	Negative market value 2)
Trading portfolio									
Interest rate agreements	1 993 460	27 733	24 565	2 269 234	33 111	32 945	2 151 049	16 728	12 563
Foreign exchange agreements 3)	638 319	17 174	27 551	931 075	29 126	37 045	930 886	35 739	44 412
Equity-related agreements	39 444	1 819	1 894	28 855	1 507	1 328	23 074	795	704
Commodity-related agreements	576	85	0	1	0	0	1	1	1
Banking portfolio									
Interest rate agreements	87 286	1 098	3 019	58 117	996	1 627	51 690	666	2 047
Foreign exchange agreements	4 136	42	0	24 715	759	1 683	13 901	198	945
Netting									
Effect of netting agreements 4)		(24 432)			(23 258)			(19 175)	

1) *Nominal amount represents the underlying principal used as a basis for calculating interest income, interest expenses and net trading profits in the profit and loss account.*
2) *Market prices represent the average of purchase and sales prices quoted by information services accessible to the public. In some cases, market prices are calculated by extrapolation or interpolation of available prices.*
3) *Cross-currency interest rate swaps are included under foreign exchange agreements.*
4) *Includes only contracts where legally binding agreements with the customer covering such netting have been signed.*

Financial derivatives included in the trading portfolio are recorded at market value in the accounts, and changes in market value are recorded as they occur. With respect to agreements included in the banking portfolio, gains and losses are amortised over the remaining maturity.

Internal transactions between the trading portfolio and the banking portfolio are valued according to principles relevant to these areas of business without eliminating internal gains and losses. Up till the end of 2004, a total of NOK 2 942 million was recorded as gains on such transactions, while losses of NOK 817 million were recorded in 2004 alone.

Note 49 – Other off-balance sheet transactions and additional information

Amounts in NOK million	DnB NOR Group 31 Dec. 2004	31 Dec. 2003	Pro forma 31 Dec. 2002
Unutilised ordinary credit lines [1]	165 845	130 414	121 256
Documentary credit commitments	7 531	5 705	4 002
Other commitments	1 099	1 218	455
Total commitments	**174 475**	**137 337**	**125 714**
Performance guarantees	13 433	12 611	11 479
Payment guarantees [2]	11 577	14 198	16 968
Loan guarantees [3]	10 916	14 331	11 261
Guarantee to the Norwegian Banks' Guarantee Fund [4]	2 676	2 676	2 429
Guarantees for taxes etc.	2 790	2 655	2 689
Other guarantee commitments	4 803	4 835	4 638
Total guarantee commitments	**46 194**	**51 306**	**49 465**
Support agreements	2 482	1 643	1 231
Total guarantee commitments etc. [*]	**48 676**	**52 948**	**50 696**
*) Of which:			
Counter-guaranteed by financial institutions	1 481	1 300	473
Joint and several liabilities	45	45	37
Securities [5) 6)]	43 843	43 010	33 222
Total mortgages etc.	**43 843**	**43 010**	**33 222**
are pledged as security for: Loans [5]	0	1 230	342
Other activities [6]	5 345	8 728	1 925

1) *A substantial influx of liquidity in large Norwegian companies has resulted in a decline in customer demand for working capital facilities etc.*
2) *The reduction is attributable to the normalisation of the situation in the power market.*
3) *Low credit demand within shipping and sizable repayments on existing loans have, along with a weaker US dollar rate, resulted in a substantial reduction in the need for loan guarantees.*
4) *The Commercial Banks' Guarantee Fund and the Savings Banks' Guarantee Fund were combined into one fund in 2004. As of 1 January 2005, members are no longer required to guarantee the minimum requirements for capital in the Norwegian Banks' Guarantee Fund.*
5) *NOK 38 498 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank. As at 31 December 2004, DnB NOR had no borrowing from Norges Bank.*
6) *DnB NOR Markets is a member of the global settlement system CLS (Continuous Linked Settlement), engaged in the settlement of transactions in major global currencies. The Norwegian krone is included in CLS, with DnB NOR as the largest settlement bank. NOK 5 345 million represents securities in favour of Deutsche Bundesbank, Bank of England, Bank of Finland and Euro Banking Association for settlement in foreign currencies.*

Note 50 – Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Group's financial position. The disputes involving the highest amounts are described below.

As stated in last year's annual report, DnB NOR Bank ASA and Norway Post were in disagreement on the calculation of remuneration in connection with the business agreement between the two parties. The dispute was settled by arbitration in 2004. The settlement was in accordance with the provisions made in the bank's acconts, and the dispute thus had no impact on the accounts for 2004.

Nordlandsbanken ASA has filed a suit against KPMG claiming compensation of up to NOK 489 million. The claim is based on KPMG's audit procedures in connection with Finance Credit AS. The main proceedings are scheduled for the fourth quarter of 2005.

Finance Credit AS' estate in bankruptcy filed a claim in 2004 to reverse the debtor's repayment of credit facilities in Union Bank of Norway ASA (now DnB NOR Bank ASA) in autumn 2001 and spring 2002. The amount of the claim is NOK 160 million and the main proceedings are scheduled for April 2005.

Amalie Riis has filed a suit claiming up to NOK 500 million in compensation for alleged loss of inheritance as a result of Den norske Creditbank's (now DnB NOR Bank ASA) extension of credits to the shipping company Olsen & Ugelstad in 1975. The complaint was submitted to the Oslo Conciliation Board in October 2004. The bank disputes the claim. In the view of the bank, there is no legal basis for the claim and the limitation period has expired. The bank is also of the opinion that the same claim has been filed previously, and that the ruling in favour of the bank is legally binding,

With respect to contingencies concerning taxes, please refer to note 17.

Note 51 – Information on related parties

	DnB NOR Group		
			Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Intra-group items - assets			
Lending to and deposits with credit institutions	50 687	75 059	60 021
Net lending to customers	12 950	13 189	9 719
Intra-group items - liabilities			
Loans and deposits from credit institutions	52 777	79 897	61 150
Deposits from customers	6 794	3 449	3 993
Subordinated loan capital	1 004	1 253	1 227

Gjensidige NOR Forsikring

At end-2004, Gjensidige NOR Forsikring held 70 472 696 shares in DnB NOR ASA at a market value of NOK 4 211 million. DnB NOR ASA has a long-term strategic cooperation with Gjensidige NOR Forsikring, primarily targeting mutual product distribution.

Cooperating banks

DnB NOR has a mutually binding, strategic collaboration with four regional and twelve local savings banks. The banks distribute DnB NOR products in the areas of savings and other financial products. The collaboration also includes development of products, services and systems as well as purchasing.

Agreement with Norway Post

DnB NOR has a cooperation agreement with Norway Post concerning banking services. Customers have access to DnB NOR's products through Norway Post's network of post offices, in-store postal outlets and rural postmen. The current agreement remains in force until 31 December 2005.

Profit and loss accounts

			DnB NOR ASA	
Amounts in NOK million	Note	2004	2003	2002
Interest income		101	169	273
Interest expenses		229	276	360
Net interest income and credit commissions		**(128)**	**(107)**	**(87)**
Dividends from group companies/group contributions	1	7 881	3 629	3 504
Commissions and fees payable		8	4	11
Net other operating income		**7 874**	**3 625**	**3 493**
Salaries and other ordinary personnel expenses		37	19	(3)
Administrative expenses		102	63	79
Sundry operating expenses		7	7	5
Other expenses		7	0	0
Total operating expenses		**153**	**89**	**81**
Pre-tax operating profit before losses		**7 592**	**3 429**	**3 325**
Net gain/(loss) on long-term securities		15	0	(1)
Pre-tax operating profit before losses		**7 607**	**3 429**	**3 324**
Taxes	3	2 118	311	935
Profit for the year		**5 489**	**3 118**	**2 389**
Group contributions to subsidiaries		0	0	54
Dividends	6	3 414	2 919	1 847
Transferred to other equity	6	2 075	200	488
Total transfers and adjustments		**5 489**	**3 118**	**2 389**
Earnings per share (NOK)		4.17	4.04	3.10

Balance sheets

			DnB NOR ASA	
Amounts in NOK million	Note	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Assets				
Deposits with DnB NOR Bank ASA		4 021	1 423	2 267
Lending to other group companies		2 055	1 825	1 563
Investments in group companies	4	45 975	46 121	28 539
Other receivables due from group companies		8 069	6 103	3 517
Other assets	3	57	30	10
Total assets		**60 177**	**55 502**	**35 896**
Liabilities and equity				
Loans from DnB NOR Bank ASA	5	6 153	6 370	3 690
Loans from and liabilities to other group companies		2 025	2 420	1 844
Other liabilities and provisions		5 552	2 919	2 810
Total liabilities		**13 730**	**11 709**	**8 344**
Share capital	6, 7	13 271	13 090	7 696
Share premium reserve	6	11 712	11 324	3 244
Other equity	6	21 463	19 379	16 612
Total equity		**46 447**	**43 793**	**27 552**
Total liabilities and equity		**60 177**	**55 502**	**35 896**

Cash flow statements

	DnB NOR ASA		
Amounts in NOK million	2004	2003	2002
Operations			
Payments to operations	(178)	(85)	(91)
Taxes paid	0	(912)	(430)
Net cash flow relating to operations	**(178)**	**(997)**	**(521)**
Investment activity			
Net payment made on loans to other credit institutions	(225)	0	0
Receipts on the sale of long-term investments in shares	134	0	0
Payments to the acquisition of long-term investments in shares	0	(3 233)	(2 019)
Net cash flow relating to investment activity	**(91)**	**(3 233)**	**(2 019)**
Equity funding			
Group contributions from subsidiaries	5 581	3 407	4 740
Dividend payments	(2 908)	(1 847)	(1 849)
Repurchase of own shares	0	0	(35)
Issue of new shares	569	0	0
Net cash flow relating to equity funding	**3 242**	**1 560**	**2 856**
Other liquidity financing			
Net payments on long-term liabilities	(217)	2 000	(217)
Net investments in credit institutions	(2 598)	844	(1)
Net interest payments on the other liquidity financing	(158)	(174)	(98)
Net cash flow relating to other liquidity financing	**(2 973)**	**2 670**	**(316)**
Net cash flow	**0**	**0**	**0**

Note 1 – Dividends/group contributions from subsidiaries

	DnB NOR ASA		
Amounts in NOK million	2004	2003	2002
Group contributions received from			
DnB NOR Bank ASA	7 727	3 140	2 800
DnB NOR Finans AS	0	0	329
DnB Kort AS	0	0	156
DnB NOR Invest Holding AS	0	0	38
Other group companies	154	41	181
Dividends received from			
Vital Forsikring ASA	0	448	0
Total dividends/group contributions from subsidiaries 1)	7 881	3 629	3 504

1) *In addition, DnB NOR ASA received in 2003 NOK 2 704 million in group contributions and dividends from Union Bank of Norway ASA and NOK 456 million in net dividends from Gjensidige NOR Spareforsikring ASA. These items were included in annual profits for Gjensidige NOR ASA, which were recorded against equity.*

Note 2 – Remunerations etc.

All employees in DnB NOR ASA are also employed in one of the underlying companies within the Group. The holding company purchases services from other units within the Group. The group chief executive, group executive vice presidents and the heads of certain staff units are employed in both DnB NOR ASA and one of the subsidiaries in the Group. Personnel expenses and other administrative expenses relating to these individuals are divided between the subsidiaries and DnB NOR ASA according to use.

See note 10 for the DnB NOR Group for further details on remunerations etc. See also note 7 for DnB NOR ASA, specifying shares in DnB NOR ASA owned by senior management and members of governing bodies.

Note 3 – Taxes

	DnB NOR ASA		
Amounts in NOK million	2004	2003	2002
Tax base			
Operating profit in DnB NOR ASA	7 607	3 429	3 324
Dividends/group contributions from subsidiaries	(24)	(2 319)	0
Changes in timing differences	(5)	19	(3)
Permanent differences	(16)	0	13
Tax base for the year	7 562	1 129	3 334
Elements in the calculation of deferred taxes			
Tax-deductible timing differences	31	36	17
Calculation base for deferred taxes	(31)	(36)	(17)
Deferred taxes	9	10	5
Taxes			
Payable taxes	2 117	316	934
Deferred taxes	1	(5)	1
Total taxes	**2 118**	**311**	**935**

Note 4 – Investments in subsidiaries as at 31 December 2004 [1)]

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	Book value (DnB NOR ASA)
DnB NOR Bank		16 964 311	1 696 431 100		16 964 311	100	36 392 502
Den Norske Investments	GBP	2 459	210 000	GBP	2 459	100	
DnB NOR Asia	SGD	20 000	20 000 000	SGD	20 000	100	
DnB NOR Eiendom		2 503	25 033		2 503	100	
DnB NOR Finans		512 000	5 120 000		512 000	100	
DnB NOR Fiskeriutvikling		1 000	1 000		1 000	100	
DnB NOR Hypotek		825 000	8 250 000		825 000	100	
DnB NOR Invest Holding		200 000	200 000		200 000	100	
DnB NOR Markets Inc.	USD	150	150 000	USD	150	100	
DnB NOR Meglersevice		700	7		700	100	
DnB NOR Næringsmegling		1 000	10 000		1 000	100	
DnB NOR Reinsurance		11 000	10 999		10 999	100	
Hafjell Alpinsenter		26 330	2 633		26 330	100	
Kreditt-Finans		21 000	42 000		21 000	100	
Luxcap	EUR	30 000	800 000	EUR	30 000	100	
Lørenfaret NE 1		500	5 000		500	100	
Netaxept		10 500	26 250 000		10 500	100	
Nordlandsbanken		625 062	50 004 984		625 062	100	
Postbanken Eiendomsmegling [2)]		20 000	20		20 000	100	
Realkreditt Eiendom		11 000	11 000		11 000	100	
Sparebankgårdene		204 920	204 920		204 920	100	
Union Bank of Norway International	EUR	17 352	70 000	EUR	17 352	100	
Viul Hovedgård		7 500	750 000		7 500	100	
DnB NOR Kapitalforvaltning Holding		100 050	100 050		100 050	100	1 015 929
DnB NOR Kapitaltforvaltning		109 680	548 402		109 680	100	
DnB NOR Asset Management Holding (Sweden)	SEK	135 100	1 351 000	SEK	135 100	100	1 087 916
DnB NOR Financial Holding	SEK	100	1 000	SEK	100	100	
Vital Forsikring		1 227 403	49 096 108		1 227 403	100	7 238 045
Vital Eiendom		10 000	1 000		10 000	100	
Vital Eiendomsforvaltning		3 000	3 000		3 000	100	
Vital Pekon		1 400	1 400		1 400	100	
Vital Link		75 000	75 000		75 000	100	202 000
Vital Skade		13 500	13 500		13 500	100	38 440
Total investments in subsidiaries							45 974 832

Note 4 – Investments in subsidiaries as at 31 December 2004 [1] (continued)

Amounts in 1 000	Share capital	Number of shares	Nominal value	Ownership share in per cent	Profit for the year [3]	Equity [3]	Book value
Unconsolidated sub-subsidiaries							
Follalaks [4]	5 440	2 774	2 774	51	(2 004)	73 518	60 000
DnB NOR Eiendomsutvikling [4]	91 000	91 000 000	91 000	100	(11 199)	86 753	45 229
Esor	1 000	2 000	1 000	100	(223)	1 402	29

1) *Major subsidiaries and sub-subsidiaries in the DnB NOR Group.*
2) *Sold in January 2005 in accordance with the conditions for the DnB NOR merger.*
3) *Figures are based on preliminary accounts.*
4) *Follalaks and DnB NOR Eiendomsutvikling are classified as repossessed assets.*

Note 5 – Loans and deposits from credit institutions

The entire loan of NOK 6 153 million has been granted by DnB NOR Bank ASA at general market terms.

Note 6 – Equity

	DnB NOR ASA			
Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2003	**13 090**	**11 324**	**19 379**	**43 793**
Reversals of dividends for 2003 [1]			10	10
Share issue [2]	181	388	(1)	568
Profit for the year			5 489	5 489
Dividends			3 414	3 414
Balance sheet as at 31 December 2004	**13 271**	**11 712**	**21 463**	**46 447**

The share capital of DnB NOR ASA is NOK 13 271 385 220 divided into 1 327 138 522 shares of NOK 10 each. Each share carries one vote at the Annual General Meeting.

1) *Allocations to cover dividends relating to subscription rights not exercised.*
2) *In accordance with the current subscription rights programme, employees subscribed for 12 929 907 shares at NOK 32.83 per share in the first quarter of 2004 and 5 181 408 shares at NOK 27.95 per share in the fourth quarter of 2004.*

Note 7 – Shares in DnB NOR ASA held by members of governing bodies and senior management

	Shareholdings 31 Dec. 2004
Supervisory Board of DnB NOR ASA	
Members elected by shareholders	
Harald Norvik, chairman	1 010
Rannveig Munkeby Arentz, vice-chairman	0
Wenche Agerup	0
Widar Slemdal Andersen	506 320
Nils Halvard Bastiansen	0
Anne Cathrine Frøstrup	124
Herbjørn Hansson	75 000
Jan Willy Hopland	1
Finn Jebsen	25 421
Knut Hartvig Johannson	10 000
Erik Sture Larre sr.	2 185 239
Ole-Eirik Lerøy	0
Odd Lunde	0
Trond Mohn	643 060
Anita Roarsen	1
Benedicte Berg Schilbred	9 001
Marit Tønsberg	0
Tor Peter Øwre	0
Members elected by employees	
Else Carlsen	1 297
Bente H. Espenes	7
Randi Gangsås	0
Jon-Sigurd Hjørnerød	1 845
Bjørg Dalberg Karlstad	2 311
Jorunn Løvaas	0
Knut Netteland	1 401
Berit Pedersen	3 297
Tove Tveiten	161
The statutory auditor owns no shares in DnB NOR ASA	

	Shareholdings 31 Dec. 2004
Control Committee of DnB NOR ASA	
Helge B. Andresen, chairman	12 800
Kristin Normann, vice-chairman	0
Geir Dege	0
Frode Hassel	0
Board of Directors of DnB NOR ASA	
Olav Hytta, chairman	6 851
Jannik Lindbæk, vice-chairman	0
Bjørn Sund, vice-chairman	19 524
Helge Leiro Baastad	688
Sverre Finstad	3 112
Per Hoffmann	913
Berit Kjøll	0
Jørn O. Kvilhaug	33
Bent Pedersen	12 701
Ingjerd Skjeldrum	6 863
Anne Carine Tanum	0
Per Terje Vold	156
Senior management	
Svein Aaser, CEO	54 072
Tom Grøndahl, deputy CEO	19 078
Bård Benum, group executive vice president	2 579
Øyvind Birkeland, group executive vice president	15 965
Ottar Ertzeid, group executive vice president	20 140
Helge Forfang, group executive vice president	0
Bente A. Landsnes, group executive vice president	6 132
Evlyn Raknerud, group executive vice president	4 385
Åsmund Skår, group executive vice president	7 011
Leif Teksum, group executive vice president	5 897
Group Audit	
Harald Jægtnes, group executive vice president	2 637

The figures also include shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 1-5 of the Act on Public Limited Companies.

Note 8 – Information on related parties

	DnB NOR ASA		
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Intra-group items - assets			
Lending to and deposits with credit institutions	4 021	1 423	2 267
Lending to subsidiaries	2 055	1 825	1 563
Outstanding claims against subsidiaries	8 069	6 103	3 517
Intra-group items - liabilities			
Loans from credit institutions	6 153	6 370	3 690
Loans from other subsidiaries	1 830	1 825	1 563
Liabilities to subsidiaries	195	596	281

Oslo, 8 March 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)

To the Annual General Meeting and the Supervisory Board of DnB NOR ASA

Auditor's report for 2004

We have audited the annual financial statements of DnB NOR ASA as of 31 December 2004, showing a profit of NOK 5 489 million for the parent company and a profit of NOK 7 388 million for the Group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Group Chief Executive. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of 31 December 2004, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 8 March 2005
PricewaterhouseCoopers AS

Geir Julsvoll
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

To the Supervisory Board and the Annual General Meeting of DnB NOR ASA

Control Committee's Report

The Control Committee has carried out internal controls in DnB NOR ASA and the Group in accordance with law and instructions laid down by the Supervisory Board.

In connection with the closing of the accounts for the 2004 financial year, the Control Committee has examined the Directors' Report, the annual accounts and the Auditor's Report for DnB NOR ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of the holding company and the Group, and recommends the approval of the Directors' Report and annual accounts for the 2004 financial year.

Oslo, 16 March 2005

Helge B. Andresen
(chairman)

Svein Brustad
(deputy)

Kristin Normann
(vice-chairman)

Geir Dege

Frode Hassel

Thorstein Øverland
(deputy)

Key figures 2000 – 2004 1)

					DnB NOR Group
	2004	Pro forma 2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Interest rate analysis					
1. Combined average spread for lending and deposits (%)	2.39	2.62	2.77	2.75	2.91
2. Spread for ordinary lending to customers (%)	1.69	1.76	1.48	1.34	1.33
3. Spread for deposits from customers (%)	0.70	0.87	1.29	1.41	1.58
Rate of return/profitability					
4. Net other operating income, per cent of total income	41.1	37.6	28.9	35.6	38.7
5. Cost/income ratio (%)	58.1	60.7	66.2	60.8	59.2
6. Ordinary cost/income ratio before goodwill amortisation (%)	53.4	57.0	61.7	58.4	57.3
7. Cost/income ratio before goodwill amortisation (%)	55.7	57.9	63.6	58.9	57.6
9. Return on equity (%)	16.1	12.7	8.9	15.5	18.5
8. Return on equity before goodwill amortisation (%)	17.4	14.3	10.2	16.7	19.5
10. Goodwill amortisation (NOK million)	610	651	539	429	368
11. Average equity before dividend allocation (NOK million)	45 956	42 206	40 738	38 768	36 750
Financial strength					
12. Core (Tier 1) capital ratio at end of period (%) 2)	7.6	6.8	7.1	7.1	6.3
13. Capital adequacy ratio at end of period (%) 2)	10.7	9.8	9.9	10.0	9.6
14. Core capital at end of period (NOK million) 2)	45 059	39 270	36 802	37 007	30 364
15. Total eligible primary capital at end of period (NOK million) 2)	63 509	56 499	51 258	52 138	46 164
16. Risk-weighted volume at end of period (NOK million) 2)	591 906	579 445	516 664	519 202	483 299
Loan portfolio and loan-loss provisions					
17. Loan-loss ratio (%)	0.03	0.34	0.21	0.13	(0.01)
18. Non-performing and doubtful commitments, per cent of total lending 2)	1.04	1.50	0.97	0.92	0.98
19. Loan-loss provisions relative to total gross lending (%) 2)	1.21	1.42	1.29	1.30	1.44
20. Non-performing commitments at end of period (NOK million) 2)	4 196	6 531	3 622	3 062	3 018
21. Doubtful commitments at end of period (NOK million) 2)	1 778	1 870	1 232	996	999
Liquidity					
22. Ratio of customer deposits to net lending to customers at end of period (%) 2)	62.4	60.2	65.1	64.1	64.0
Total assets owned or managed					
23. Assets under management at end of period (NOK billion) 2)	508	496	423	228	219
24. Average total combined assets (NOK billion)	1 214	1 120	930	789	732
25. Total combined assets at end of period (NOK billion) 2)	1 204	1 186	1 047	812	765
26. Customer savings at end of period (NOK billion) 2)	848	818	729	519	483
Staff					
27. Number of full-time positions at end of period 2)	9 963	11 044	11 233	11 283	11 417
28. - of which in Life Insurance and Pensions 2)	926	1 022	1 066	1 106	1 128
The DnB NOR share					
29. Number of shares at end of period (1 000) 2)	1 327 139	1 309 027	1 309 027	1 309 968	1 318 036
30. Average number of shares (1 000)	1 317 744	1 309 027	1 309 552	1 313 965	1 318 036
31. Average number of shares - fully diluted (1 000)	1 323 786	1 311 737	1 314 781	1 319 863	1 318 036
32. Earnings per share (NOK)	5.60	4.11	2.77	4.59	5.15
33. Earnings per share before goodwill amortisation (NOK)	6.05	4.61	3.19	4.91	5.43
34. Earnings per share - fully diluted (NOK)	5.57	4.10	2.76	4.57	5.15
35. Equity per share including accrued dividend at end of period (NOK) 2)	37.66	34.37	32.46	32.27	29.77
36. Share price at end of period (NOK) 2)	59.75	44.40	32.60	40.40	47.50
37. Price/book value 2)	1.59	1.29	1.00	1.25	1.60
38. Market capitalisation (NOK billion) 2)	79.3	58.1	42.7	52.9	62.6
39. Dividend per share (NOK)	2.55	2.20	2.14	2.53	2.43
40. "RISK" adjustment for the share as at 1 Jan. the consecutive year (NOK) 3)	(2.55)	(5.23)	6.44	(3.66)	2.64
41. "RISK" adjustment for the Gjensidige NOR share as at 1 Jan. the consecutive year (NOK)	-	-	(0.46)	17.53	28.11

1) *All figures have been prepared in accordance with the DnB NOR Group's accounting principles as at 31 December 2004. Figures prior to 2004 are based on pro forma accounting figures which have been prepared as if the merger between DnB and Gjensidige NOR took place on 1 January 2000. Asset management operations acquired from Skandia are included as from 1 June 2002 and Nordlandsbanken as from 1 January 2003.*

2) *Official figures at end-2003.*

3) *Estimated "RISK" adjustment for 2004.*

Definitions

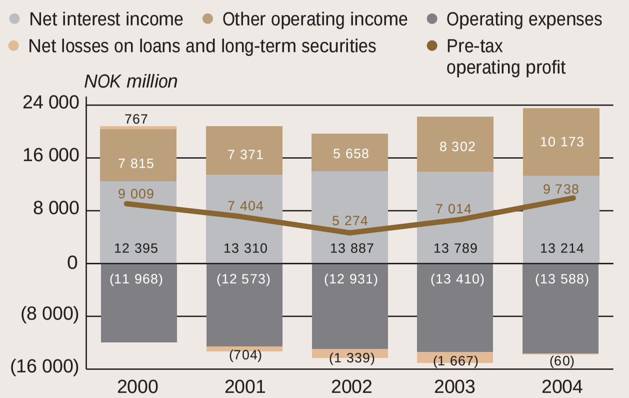
4. Gains on the sale of Elcon are not included in the calculation for 2004.
8. Profit for the period as a percentage of average equity.
17. Net losses on loans (excluding guarantees) as a percentage of lending after the deduction of specified loan-loss provisions at end of period.
18. Non-performing and doubtful commitments after the deduction of specified loan-loss provisions relative to lending after the deduction of specified loan-loss provisions.
19. Accumulated specified and unspecified loan-loss provisions relative to gross lending at end of period.
32. Profit for the period divided by the average number of shares.
37. The last quoted share price on the Oslo Stock Exchange at end of period relative to the book value of equity at end of period.
38. Number of shares multiplied by the share price at end of period.

Survey of results 2000 – 2004 [1)]

					DnB NOR Group
Amounts in NOK million	2004	Pro forma 2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Interest income	28 578	38 430	42 959	43 655	38 850
Interest expenses	15 365	24 641	29 072	30 345	26 455
Net interest income and credit commissions	**13 214**	**13 789**	**13 887**	**13 310**	**12 395**
Dividends	146	212	171	218	329
Net profit/(loss) from Life Insurance and Pensions	1 216	760	(271)	206	632
Commissions and fees receivable	6 846	6 398	5 918	5 482	5 443
Commissions and fees payable	2 135	2 119	2 019	1 555	1 286
Net gain on foreign exchange and financial instruments	1 680	1 847	774	1 440	1 779
Sundry ordinary operating income	1 398	1 181	1 046	1 551	902
Gains on the sale of fixed assets	1 022	23	39	30	15
Net other operating income	**10 173**	**8 302**	**5 658**	**7 371**	**7 815**
Salaries and other personnel expenses	6 233	6 577	6 005	5 873	5 498
Administrative expenses	3 864	3 982	3 947	4 129	4 051
Depreciation	1 067	1 200	1 077	1 074	959
Sundry ordinary operating expenses	1 342	1 433	1 508	1 374	1 379
Other expenses	1 082	219	394	123	81
Total operating expenses	**13 588**	**13 410**	**12 931**	**12 573**	**11 968**
Pre-tax operating profit before losses	**9 798**	**8 681**	**6 613**	**8 107**	**8 242**
Net losses/(reversals) on loans, guarantees etc.	167	1 891	1 023	604	(26)
Net gain/(loss) on long-term securities	106	224	(316)	(100)	741
Pre-tax operating profit	**9 738**	**7 014**	**5 274**	**7 404**	**9 009**
Taxes	2 350	1 636	1 642	1 378	2 219
Profit for the year	**7 388**	**5 378**	**3 632**	**6 026**	**6 790**
Earnings per share (NOK)	5.60	4.11	2.77	4.59	5.15
Diluted earnings per share (NOK)	5.57	4.10	2.76	4.57	5.15
Average total assets	741 305	697 223	622 732	575 183	535 088

1) *All figures have been prepared in accordance with the DnB Nor Group's accounting principles as at 31 December 2004. Figures prior to 2004 are based on pro forma accounting figures which have been prepared as if the merger between DnB and Gjensidige NOR took place on 1 January 2000. Asset management operations acquired from Skandia are included as from 1 June 2002 and Nordlandsbanken as from 1 January 2003.*

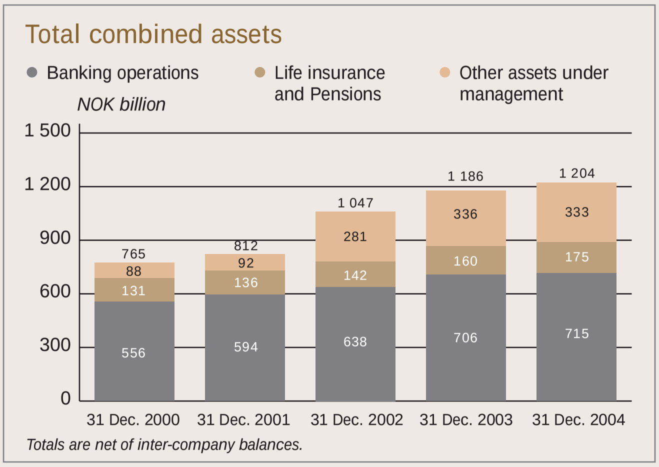
Profit and loss accounts



Balance sheet summary 2000 – 2004 [1)]

					DnB NOR Group
			Pro forma	Pro forma	Pro forma
Amounts in NOK million	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002	31 Dec. 2001	31 Dec. 2000
Assets					
Cash and deposits with central banks	8 780	8 570	22 944	5 067	11 751
Lending to and deposits with credit institutions	21 870	28 331	26 615	25 731	27 047
Gross lending to customers	576 153	565 546	494 601	475 811	436 368
- Specified loan-loss provisions	(3 255)	(4 329)	(2 884)	(2 670)	(2 768)
- Unspecified loan-loss provisions	(3 534)	(3 714)	(3 501)	(3 501)	(3 504)
Net lending to customers	569 364	557 503	488 217	469 640	430 096
Repossessed assets	538	576	651	181	137
Commercial paper and bonds	62 986	59 398	51 745	54 591	46 788
Shareholdings etc.	4 881	4 011	4 364	4 956	4 297
Investments in Life Insurance and Pensions and associated companies	8 651	7 365	7 184	7 114	6 926
Intangible assets	5 573	6 484	6 733	3 974	4 181
Fixed assets	4 173	4 475	4 425	3 774	4 143
Other assets	22 441	23 643	19 382	11 415	13 613
Prepayments and accrued income	5 424	5 321	6 098	7 797	7 143
Total assets	**714 680**	**705 677**	**638 357**	**594 242**	**556 123**
Liabilities and equity					
Loans and deposits from credit institutions	48 940	78 497	80 302	64 834	81 021
Deposits from customers	355 316	335 576	317 598	300 980	275 447
Securities issued	192 410	181 649	138 568	141 602	115 908
Other liabilities	38 955	35 305	35 359	24 800	28 625
Accrued expenses and prepaid revenues	5 101	5 992	5 034	2 330	2 747
Provisions for commitments	3 320	2 834	3 000	2 342	2 122
Subordinated loan capital	18 770	18 126	13 519	14 675	14 219
Perpetual subordinated loan capital securities	5 270	5 583	5 292	3 601	0
Total liabilities	**668 082**	**663 562**	**598 672**	**555 163**	**520 090**
Subordinated loan capital	13 271	13 090	13 090	13 100	13 181
Share premium reserve	11 741	11 353	11 353	11 353	11 353
Other equity	21 586	17 672	15 242	14 626	11 499
Total liabilities and equity	**714 680**	**705 677**	**638 357**	**594 242**	**556 123**

1) *All figures have been prepared in accordance with the DnB Nor Group's accounting principles as at 31 December 2004. Figures prior to 2004 are based on pro forma accounting figures which have been prepared as if the merger between DnB and Gjensidige NOR took place on 1 January 2000. Asset management operations acquired from Skandia are included as from 1 June 2002 and Nordlandsbanken as from 1 January 2003.*



Transition to international accounting rules (IFRS)

In consequence of a resolution by the European Union, all listed companies are required to prepare accounts in accordance with IFRS – International Financial Reporting Standards (previously IAS) as of 1 January 2005.

Due to the EEA agreement, this will also apply to consolidated accounts for Norwegian listed companies. A description of the main implications of IFRS for the DnB NOR Group's accounting principles, presentation models, important capital ratios and key figures is given below.

Effects of IFRS on the DnB NOR Group's accounting principles

The main implications of the new accounting rules for the DnB NOR Group concern the valuation and recording of financial instruments in the profit and loss accounts, including loans and deposits, insurance operations, pension commitments, goodwill and intangible assets, as well as investments in subsidiaries and associated companies.

Financial instruments, excluding loans and deposits

According to IFRS, financial assets excluding loans shall, in general, be recorded at fair value. DnB NOR wishes to record the company's issued debt securities included in interest rate risk management at fair value, thus ensuring that the accounting treatment as far as possible reflects the actual underlying financial situation. The version of IAS 39 which allows recording the institution's issued debt securities at fair value has yet to be approved by the EU. The standard setting body IASB (International Accounting Standards Board) is expected to prepare a new version of IAS 39 concerning these aspects during the first half of 2005 which is acceptable also to the EU. Under the current version of IAS 39, there would be somewhat greater volatility in the DnB NOR Group's profits. To reduce this volatility, DnB NOR will use various forms of hedge accounting.

Loans and deposits

According to IFRS, loans and deposits shall be recorded at amortised cost and measured using the effective interest method. This method involves a somewhat different approach for recording interest and fees as income. There will be deviations between the previous method of recording nominal values in the profit and loss accounts and balance sheets and the effective interest method, for example with respect to products where front-end fees exceed direct and marginal costs and in cases where the instalment structure is part of contractual terms. This method presents a great challenge with respect to systems applications. The Group's project for adapting to the new accounting rules is on schedule.

According to IFRS, non-performing and doubtful commitments should be written down to the discounted value of expected future cash flows. Interest taken to income should not be reversed in connection with an initial write-down. Following the confirmation of default, interest taken to income on impaired commitments will correspond to the internal rate of return on the written-down value. According to IFRS, unspecified loan-loss provisions will not be allowed. However, some elements included in unspecified loan-loss provisions can be replaced by so-called group provisioning.

Insurance operations

Accounting rules for insurance operations are expected to be fully revised as from 2007. The transition to IFRS in 2005 will imply no significant changes relative to current accounting principles. IFRS requires a loss test to be carried out to document that returns on assets invested in insurance operations are adequate to cover obligations. Any negative differences must be charged to equity.

Upon transition to IFRS, insurance operations must be fully consolidated. See effects of IFRS for the presentation of the DnB NOR Group below.

Pension commitments

IFRS requires pension commitments to be calculated on the basis of updated economic parameters at the balance sheet date. Norwegian practice has allowed a more long-term view when determining such parameters. According to IFRS, the discount rate can equal the long-term yield on AA-rated corporate bonds. However, where there are no liquid markets for such instruments, it is assumed that yields on government bonds must be used. When converting to IFRS, DnB NOR will have to charge pension commitments not recorded in the balance sheet to equity. The rules will cause greater fluctuations in future profits.

Goodwill and intangible assets

Goodwill cannot be amortised according to IFRS. Goodwill amortisation totalling NOK 610 million was charged to the accounts for 2004. Such amortisation will not be included in IFRS accounts. Goodwill and intangible assets will be subject to continual evaluation and written down to the extent the evaluation shows values lower than book value. IFRS includes more detailed rules for identifying specific cash flows to be included in the evaluation than current accounting principles.

Investments in subsidiaries and associated companies

IFRS implies a consolidation requirement for all subsidiaries, while a larger number of associated companies must be accounted for according to the equity method. Under Norwegian accounting principles, it has not been necessary to consolidate holdings relating to repossessed credit commitments.

The impact of changes in the treatment of such investments must be recognised in equity upon conversion to IFRS. The consolidation requirement can be expected to result in greater fluctuations in future profits, since a number of the companies will record assets at market value as a consequence of IFRS.

Effects of IFRS for the presentation of the DnB NOR Group

IFRS does not include regulations for the presentation of bankassurance groups. DnB NOR will give priority to working out a presentation model which provides useful information about the Group's total operations for investors and the market, based on uniform principles in line with international developments. The preparation of IFRS accounts for key business areas will be an important element. The illustration below shows presentation models for the DnB NOR Group according to Norwegian accounting principles (current presentation model) and the transition to presentation models according to IFRS.

Changes in the presentation model primarily reflect the presentation of financial instruments and the requirement to fully consolidate insurance operations. The new presentation model will not affect the Group's capital adequacy, but will have an impact on return on equity, the cost/income ratio and other key ratios.

The DnB NOR Group will prepare comparable figures for 2004. The Group will implement IAS 39 as of 1 January 2005. Comparable figures will not include restated figures according to IAS 39 and will thus not give an adequate reflection of the Group's operations. For this reason, the DnB NOR Group will prepare pro forma figures for 2004 based on IAS 39. Still, the figures will not be fully documented according to the requirements in IAS 39.

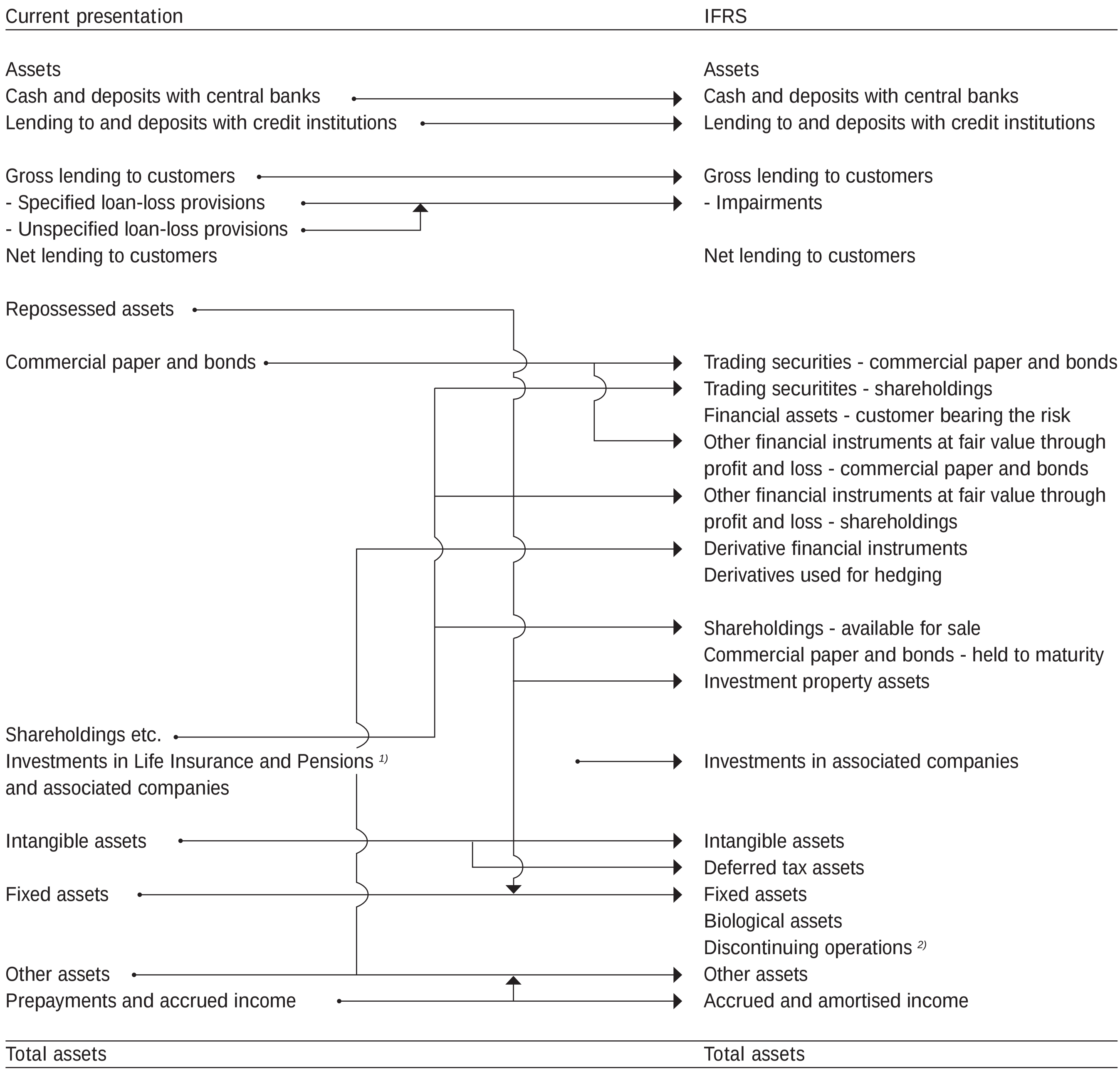
Profit and loss accounts

Current presentation	IFRS
Interest income	Interest income
Interest expenses	Interest expenses
Net interest income and credit commissions	Net interest income and credit commissions
Dividends	
Net profits from Life insurance and Pensions [1]	
Commissions and fees receivable on banking services	Commissions and fees receivable on banking services [1]
Commissions and fees payable on banking services	Commissions and fees payable on banking services
Net gains/losses on foreign exchange and financial instruments	Net gains/losses on financial instruments at fair value
	Net gains/losses on financial assets in life insurance and profits from insurance operations [1]
	Realised gains/losses on investment securities (AFS)
Gains/losses on the sale of fixed assets	
	Profit from companies accounted for by the equity method
Sundry ordinary operating income	Other income
Net other operating income	Net other operating income
Salaries and other personnel expenses	Staff costs
Administrative expenses	Other costs
Depreciation	Depreciation, impairment changes on fixed and intangible assets
Sundry ordinary operating income	
Other expenses	
Total operating expenses	Total operating expenses
Pre-tax operating profit before losses	Pre-tax operating profit before losses
	Net gains/losses on fixed and intangible assets
Net losses on loans, gurantees, etc.	Impairment on loans and guarantees
Net gains/losses on long-term securities	
Pre-tax operating profit	
Taxes	Taxes
	Profit from discontinuing operations after taxes [2]
Profit for the year	Profit for the year
	Attributable to minority interests
	Profit for the year after minority interests
	Attributable to DnB NOR ASA
	Earnings per share
	Diluted earnings per share

[1] *According to IFRS, gains on assets in life insurance, gross premium income and insurance settlements after transfers to policyholders and allocations to buffer capital will be presented under 'Net gains/losses on financial assets in life insurance and profits from insurance operations'. Income from managing insurance schemes for customers will be presented under 'Commissions and fees receivable on banking services'. Expenses, taxes and discontinuing operations will be presented gross under the respective items.*

[2] *See note 1, page 73.*

Balance sheet (part 1)



[1] *According to IFRS, investments in Life Insurance and Pensions will be fully consolidated and presented as separate items in the balance sheet.*
[2] *See note 1, page 73.*

Balance sheet (part 2)

Current presentation	IFRS
Liabilites and equity	Liabilites and equity
Loans and deposits from credit institutions	Loans and deposits from credit institutions
Deposits from customers	Deposits from customers
Securities issued	
	Derivative financial instruments
	Other trading liabilities - securities issued
	Derivatives used for hedging
	Banking portfolio - securities issued
	Insurance liabilities - customer bearing the risk
	Liabilities to life insurance policyholders
Other liabilities	Other liabilities
Accrued expenses and prepaid revenues	Accrued expenses and prepaid income
	Discontinuing operations [1)]
Provisions for commitments	Provisions
	Deferred tax liabilities
Subordinated loan capital	Subordinated loan capital
Perpetual subordinated loan capital securities	
Total liabilites	Total liabilites
	Minority interests
	Revaluation changes
Share capital	Share capitals
Share premium reserve	
Other equity	Other reserves and retained earnings
Total equity	Total equity
Total liabilities and equity	Total liabilities and equity

[1)] *See note 1, page 73.*

Opening balance sheet – transitional effects

Upon the transition to IFRS, DnB NOR will prepare an opening balance sheet as at 1 January 2004 based on the new accounting rules. IFRS 1, First-time Adoption of International Financial Reporting Standards, sets out guidelines for preparing the opening balance sheet. As a general rule, all IFRS standards in force in connection with the presentation of the accounts as at 31 December 2005 should be applied. However, a number of exceptions have been granted.

Financial instruments and liabilities

DnB NOR will implement IAS 39 as from 1 January 2005.

Upon conversion, financial assets will be classified in one of the following categories: loans and receivables, held-to-maturity investments, financial assets at fair value through profit and loss and available-for-sale financial assets. Liabilities are classified as either part of the trading portfolio or as other commitments.

According to IAS 39, all financial assets can be classified at fair value with changes in value recorded in the profit and loss account if the reclassification is made in connection with initial recognition. This implies that loans can also be recorded at fair value upon transition to IFRS. DnB NOR will use this option with respect to the portfolio of fixed-rate loans. At the time of conversion, there will be an increase in equity corresponding to the amount by which market value exceeds the book value of this portfolio.

In the DnB NOR Group, assets held to maturity will represent the portfolio of long-term securities within life insurance. Assets carried at fair value through profit and loss will mainly correspond to the trading and banking portfolios as these are currently classified in the accounts according to Norwegian accounting principles, as well as current financial assets within life insurance. The transition to IFRS will imply an increase in equity corresponding to unrealised profits in these portfolios not recorded in the accounts. According to IFRS, financial assets held for long-term management should not be classified as a separate category of fixed assets. Assets that are available for sale represent a residual category for assets not classified under the other categories.

IAS 39 does not allow classifying liabilities outside the trading portfolio at fair value. DnB NOR will apply hedge accounting for recording items included in interest rate management. Upon transition to IFRS, all derivatives must be recorded at fair value, and effects of all intra-group transactions must be eliminated. In the DnB NOR Group, derivatives in accounts presented according to Norwegian accounting principles are valued on the basis of the principles for the underlying items, and gains and losses resulting from intra-group transactions are not eliminated. The transition to IFRS will result in a reduction in equity.

As stated above, unspecified loan-loss provisions will not be allowed under IFRS. Some elements can be replaced by so-called group provisioning. These rules will imply an increase in equity upon transition to IFRS.

In consequence of the requirement in IAS 39 to measure assets at fair value, DnB NOR will have to make provisions for profits on certain derivatives, so-called day 1 profits. The transition to IFRS will result in a reduction in equity and increased volatility in future profits. Other requirements in IAS 39 concerning calculations of fair value will result in a certain reduction in equity upon transition to IFRS.

Upon transition to IFRS, DnB NOR will have to record loans transferred to Eksportfinans, for which DnB NOR has issued guarantees, in the balance sheet. This will result in a NOK 11 billion increase in lending to customers and a corresponding rise in deposits from credit institutions. It will have no effect on equity, core capital or profits.

Business combinations

IFRS 1 provides the opportunity to continue the current accounting treatment of business combinations carried out prior to 1 January 2004. Alternatively, such transactions could be presented as if the Group had always adhered to IFRS. The DnB NOR Group will not restate former business combinations and will continue to measure the value of the assets acquired. In the opening balance sheet, an impairment test must be made of intangible assets including goodwill. The DnB NOR Group has not carried out any business combinations after 1 January 2004.

Pension commitments

IFRS 1 provides the opportunity to charge unrecorded pension commitments to equity upon transition to IFRS. Alternatively, the calculation of pension commitments could be presented as if the Group had always adhered to IFRS. DnB NOR will calculate the Group's pension commitments according to IFRS as of 1 January 2004 and charge unrecorded commitments to equity.

Exchange differences

Under current accounting principles, exchange differences due to exchange rate movements that arise when incorporating figures from foreign operations, are recorded against equity. According to IFRS, all exchange differences must be shown as a separate component of equity until disposal of the foreign operation from the Group. Upon transition to IFRS, all amounts concerning exchange differences must be documented to be in compliance with IFRS. Alternatively, the difference must be eliminated. DnB NOR will eliminate the difference upon transition to IFRS. This will not lead to changes in total equity, but a reclassification of group equity.

Fixed assets

The opening value of fixed assets can be set at the approximate market value or at historical cost if this can be documented to be in compliance with IFRS. In its opening balance sheet, DnB NOR will apply approximate market values for real estate.

Implications for important capital ratios and key figures

Changes in accounting principles, presentation and transitional rules, as described above, will result in an overall reduction in equity upon transition to IFRS of between NOK 500 million and NOK 1 000 million, while Tier 1 capital will remain virtually unchanged and profits will rise by some NOK 600 million.

Adjusted for these changes, return on equity will be 17.8 per cent for 2004. The cost/income ratio, i.e. ordinary expenses relative to income, would be 56.2 per cent, while net other operating income would represent 44.4 per cent of total income in 2004. The implications that have been outlined, especially those relating to financial instruments, could change as a result of differing interpretations and possible adjustments to the rules in 2005.

Integration in practice

Background

DnB Holding ASA and Gjensidige NOR ASA merged on 4 December 2003, establishing Norway's largest financial services group, DnB NOR. The merger between Gjensidige NOR Sparebank and Den norske Bank was implemented on 19 January 2004. The new bank was named DnB NOR Bank ASA.

The merger of DnB and Gjensidige NOR into a new and stronger financial services group is one of the most extensive integration projects in Norway. By maintaining healthy progress in the integration process, DnB NOR will ensure that the integration is completed as fast and as smoothly as possible for customers, employees and shareholders.

In autumn 2003, appointments to managerial positions in the new organisation were completed, and detailed plans were drawn up for carrying out the integration process in all business areas and support units. Synergy targets for each area were defined along with the activities to be initiated to achieve synergy effects. The plans were worked out by the managers who would be implementing the measures.

Table 1 presents an overview of expected annual cost synergies, staff reductions and restructuring costs following full implementation in 2007. Table 2 shows the time schedule for the planned realisation of synergies.

Close follow-ups

The planning of the integration was supervised by an integration committee headed by group chief executive Svein Aaser and including the chairman of the Board of Directors, Olav Hytta, the group management team and employee representatives. The project was structured to reflect the new DnB NOR organisation, with a project group for each business area and staff and support unit.

The integration committee continued its work in 2004 as a steering group to ensure that the process was carried out successfully. The realisation of synergies was followed up on a monthly basis, and status reports were presented to group management every 14 days.

Milestones

The most important activities in 2004 related to changes in corporate structure in several areas of operation, the fulfilment of concession terms, moving units into common premises and ensuring uniform customer service from autumn 2004.

During 2004, operations in a number of subsidiaries were coordinated, including DnB NOR Bank, DnB NOR Finans, Vital, DnB NOR Kapitalforvaltning, DnB NOR Kort, DnB NOR Eiendom and Gjensidige NOR Equities.

In 2004, DnB NOR fulfilled the concession terms calling for the sale of Elcon, Gjensidige NOR Fondsforsikring and Postbanken Eiendomsmegling. The required reduction in holdings in BNbank, Storebrand, BBS and Norsk Tillitsmann was for the most part also implemented. The majority of the branch offices and business centres to be sold pursuant to the terms of the concession were put up for sale. By the end of the year two had been sold to competitors while 36 had been approved by the authorities for sale to other operations.

Premises for future bank branches were selected, and the process of merging and reprofiling all DnB NOR offices was started. 70 offices sported the new corporate image by the end of 2004. The reprofiling process and the gradual launching of new bank branches throughout the country is expected to continue until the autumn of 2005. The aim is to ensure uniform customer service in the branch network.

Selected products and prices were coordinated in September 2004, and new customer loyalty programmes for DnB NOR Retail Banking were launched. DnB NOR also introduced a new website (www.dnbnor.no) and joint customer service phones for retail and corporate customers.

The IT integration projects are progressing according to schedule. The main projects in 2004 related to support systems for customer service in the new branch offices, new websites and solutions for joint customer telephone services.

Realisation of synergies

In connection with the merger, staff reductions corresponding to 1 630 full-time positions and cost synergies of NOK 1 760 million were scheduled to be realised within three years, with full effect from 2007.

Integration efforts made headway in 2004, realising synergies of around NOK 705 million and staff cuts of 800 full-time positions. Cost reductions exceeded the original synergy target of NOK 528 million by NOK 177 million in 2004. NOK 93 million in synergies and staff reductions of 178 full-time positions were achieved in 2003.

Table 3 shows synergies realised per business area.

Of the NOK 705 million in total cost synergies, staff reductions accounted for NOK 385 million, while NOK 118 million related to economies within IT operations and a reduction in the use of consultants. NOK 154 million represented cost savings on various contracts.

NOK 828 million in restructuring provisions relating to the DnB NOR merger was used in 2004, of which 55 per cent referred to staff reductions. Other expenses stemmed from IT integration, information to the market and the coordination of premises. In addition, NOK 74 million of provisions was utilised in 2003.

The road ahead

In 2005, DnB NOR will continue efforts to meet the accumulated cost synergy target of NOK 1 056 million by the end of the year. By the summer of 2005, the remaining branch offices will either be merged or reprofiled, and by end-September all key solutions for customer advisers and account officers will be converted. Feedback from customers on the reorganisation has been positive so far. Early on in the process there was some scepticism among Gjensidige NOR customers regarding the merger, however, this has diminished as integration progressed. Market shares have largely been upheld.

The integration process will remain a top priority for DnB NOR in 2005. The integration committee will continue as a steering group for the integration and will still monitor the process closely to ensure that synergies are realised according to plan.

Table 1: Annual cost synergies, staff reductions and restructuring costs following full implementation in 2007

	Cost synergies (NOK million)	*Staff reductions (full-time positions)*	*Restructuring costs (NOK million)*
Retail Banking	745	740	365
Corporate Banking	150	200	145
DnB NOR Markets	105	100	120
Asset Management [1)]	110	70	175
Life Insurance and Pensions (effect for owner [1)]	50	135	75
IT and Payment Services	235	85	560
Human Resources and Group Services	160	110	160
Staff units/other [2)]	205	190	260
Total	1 760	1 630	1 860

1) *Asset Management and Life Insurance and Pensions include IT and office space costs. For the other entities these costs are included under IT and Group Services respectively.*

2) *A number of measures are of an overall nature and apply to all business areas. Such synergies and restructuring costs are not allocated to the business areas. Treasury is included under 'Staff units/other'*

Table 2: Time schedule for the planned realisation of synergies

Amounts in NOK million	*2004 (30%)*	*2005 (60%)*	*2006 (90%)*	*2007 (100%)*
Total annual cost synergies	528	1 056	1 584	1 760

Table 3: Synergies realised per business area

	Cost synergies (NOK million) [1)]	*Reduction in full-time positions 2003*	*Reduction in full-time positions 2004*	*Reduction in full-time positions 2003/2004*
Retail Banking [2)]	243	97	357	454
Corporate Banking	67	28	117	145
DnB NOR Markets [3)]	105	17	84	101
Asset Management [4)]	39	15	56	71
Life Insurance and Pensions (effect for owner) [4)]	14	4	54	58
Staff units/other [5)]	237	17	132	149
Total	705	178	800 [6)]	978

1) *Excluding operations which have been or will be sold.*

2) *Includes card operations and real estate broking.*

3) *Total staff reductions in DnB NOR Markets represented 80 full-time positions, compared with the target of 84 full-time positions in synergy reports. Due to strategic priorities, staff was increased by four full-time positions.*

4) *Asset Management and Life Insurance and Pensions include synergies related to IT operations and office space. For the other business areas these synergies appear under staff units/other (IT and Group Services).*

5) *Includes IT and Payment Services, HR and Group Services and Treasury. Some of the effects are of an overall nature and apply to all business areas. Such synergies and restructuring costs are not allocated to the business areas.*

6) *Total staff reductions in DnB NOR represented 869 full-time positions, of which 800 reflected synergies. 28 full-time positions were eliminated due to streamlining measures not pertaining to the integration, while 41 full-time positions related to temporary staff cuts.*

New insurance legislation

Increased competition and a wider range of products are likely consequences of new rules for life insurance operations

Summary of new legislation

In October 2004, the Norwegian Storting (Parliament) approved the "Act on amendments to the Act on Insurance Activity". The new Act will apply to both new and established contracts. The purpose of the amendments is to ensure future-oriented rules for Norwegian life insurance operations. Norwegian life insurance companies manage a total of just over NOK 400 billion, 75 per cent of which is linked to group policies.

A broad political majority believes that the legislative changes will lead to greater competition in the market for life and pension insurance, while the pricing of insurance products will be more transparent and predictable for customers. The aim is that increased competition and more transparent pricing will lead to lower costs and higher returns for policyholders.

The purpose of the legislative changes is fourfold:
- Create a distinction between policyholders' and the company's funds
- Clearer risk apportionment between customers and the company
- More transparent pricing of insurance products
- Allow for life insurance and unit linked products in the same company

The new Act will become effective as from 1 January 2006 and will allow for a transition period of two years. It has been proposed to account for transitional rules through a set of regulations.

Assets under management will be split into separate portfolios: a company portfolio comprising equity and subordinated loan capital; an investment options portfolio comprising portfolios where policyholders receive returns on and carry the risk for profits on the management of their own portfolios, as well as a group portfolio. The group portfolio comprises pension schemes where policyholders receive contractual benefits. The company will retain all returns on the company portfolio, while policyholders will receive profits on the other two portfolios.

A key element in the new legislation is a fundamental change in the price and profit structure. According to the new Act, the insurance company will set prices and collect payment from its policyholders in advance. The company will at all times have price lists for calculating premiums on all products or product combinations offered by the company. Prices are set for a period of one year, but can be changed during the period with minimum four months' notice.

In addition to the estimated premium for individual contracts, the company can include an up-front fee when signing the insurance contract and an interruption fee if the policyholder cancels the contract before the insurance term expires.

The price list must include the company's profit element, and the company will, in general, not be entitled to a subsequent share of the technical result for life insurance. This is also the case according to current regulations. Exceptions are made for paid-up policies and pension capital certificates, where the company can take out up to 20 per cent of the profit from policyholders' investment return.

According to the new regulations, the company must cover shortfalls or losses not accounted for in the price lists. The difference between guaranteed returns and actual returns down to nil per cent can, however, be covered by additional allocations, i.e. allocations exceeding minimum requirements on premium reserves. Thus, additional allocations safeguard the company's equity. Negative returns will be charged to the company. The profit sharing model underlying the new legislation implies greater risk for the company in the event of a negative risk result. For this reason up to 50 per cent of annual profits on the risk result for the group portfolio must be allocated to a risk equalisation reserve. The maximum base rate for group insurance contracts as of 1 January 2004 is 3 per cent.

The new Act introduces a new principle for profit sharing. Profits on asset management (interest result) and insurance activity (risk result) go to policyholders, while profits on the operation of the company (administration result) go to the company. Pursuant to current regulations, the company can allocate up to 35 per cent of profits on the technical result for life insurance to the owner, while the remainder is allocated to policyholders.

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Supervisory Board, Control Committee, Board of Directors, Election Committee, Audit Committee, Group Management and Auditors

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Ingjerd Skjeldrum, Drammen (6 863)
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Per Terje Vold, Hosle (156)

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Group chief executive
Svein Aaser (54 072)

Retail Banking
Åsmund Skår (7 011)

Corporate Banking
Leif Teksum (5 897)

DnB NOR Markets
Ottar Ertzeid (20 140)

Life Insurance and Pensions
Bård Benum (2 579)

Asset Management
Øyvind Birkeland (15 965)

Human Resources and Group Services
Evlyn Raknerud (4 385)

IT and Payment Services
Bente A. Landsnes (6 132)

Finance/Group Staff
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Risk Management
Helge Forfang (0)

Auditors
Geir Julsvoll (0)
Harald Jægtnes (2 637)

The figures in parentheses indicate shareholdings in DnB NOR ASA as at 31 December 2004. Shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 1-5 of the Act on Public Limited Companies are also included.

* not independent, see page 23 under corporate governance

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