

## Supplementary Information for Investors and Analysts

### First quarter 2004 (Unaudited)



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DnB NOR's home page	<a href="http://www.dnbnor.com">www.dnbnor.com</a>

## **Financial Calendar 2004**

Second quarter 2004	12 August
Third quarter 2004	28 October
Annual general Meeting	29 April
Ex-dividend date	30 April
Payment of dividend	As from mid May



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## **Section 1**

# **DnB NOR- an overview**



## Financial highlights

### Good start for DnB NOR ...

- First-quarter profits up around 50 per cent to NOK 1.5 billion (1.0)
- Earnings per share:
  - before goodwill amortisation: NOK 1.28 (0.90)
  - after goodwill amortisation: NOK 1.16 (0.78)
- Return on equity:
  - before goodwill amortisation: 15.6 per cent (11.7)
  - after goodwill amortisation: 14.1 per cent (10.2)
- Core capital ratio: 7.1 per cent (6.6)

(Figures for the first quarter of 2003 in parentheses)  
Core capital includes 50 per cent of profits for the period  
Pro forma accounting figures for 2003



## DnB NOR- Norway's leading financial services group

### Banking operations

- Total assets
- Net lending
- Customer deposits

#### As at 31 March 2004

NOK	722 billion
NOK	544 billion
NOK	341 billion

### Assets under management

- Life insurance and pensions
- Mutual funds
- Discretionary management
- Total assets under management

NOK	167 billion
NOK	65 billion
NOK	285 billion
NOK	517 billion

### Customer base

- Serving more than 2.2 million retail customers throughout Norway with various levels of activity
- More than 140 000 business customers
- Some 940 000 individuals are insured

### Market shares

<i>Markets shares (in Norway if not otherwise indicated)</i>	29 Feb. 2004	31 Dec. 2003
Lending to corporate customers	15.4	15.8
Deposits from corporate customers	39.7	38.4
Lending to retail customers	38.3	38.3
Deposits from retail customers	37.2	37.4
Residential properties sold	n/a	18.0
Insurance funds unit-linked products	n/a	32.3
Mutual funds	40.9	42.7

### Distribution network

- 251 domestic DnB NOR branches, of which 57 fully automated financial service centres, 18 Nordlandsbanken branches and 13 regional centres (incl. Oslo)
- 7 international branches
- 5 international representative offices
- 28 Postbanken sales outlets
- Internet banking
- Electronic banking
- Telephone banking
- Online equities trading
- About 300 post office counters <sup>1)</sup>  
Almost 1 200 in-store postal outlets <sup>1)</sup>
- About 2 000 rural postmen <sup>1)</sup>
- 80 DnB NOR Eiendom sales offices
- 25 Vital sales offices
- 25 Vital agent agreements

<sup>1)</sup> Provided by Norway Post (the Norwegian postal system)

### Credit ratings from international rating agencies

	Moody's		Standard & Poor's	
	Long-term	Short-term	Long-term	Short-term
DnB NOR Bank ASA	Aa3	P-1	A	A-1



## Accounting changes and other adjustments

### Sale of Elcon Finans AS

One of the requirements set by the Norwegian Competition Authority in connection with the merger between DnB Holding ASA and Gjensidige NOR ASA was the sale of Elcon Finans AS. On 30 March 2004, DnB NOR Bank ASA entered into an agreement with Santander Consumer Finance for the sale of Elcon Finans. Because the risk relating to Elcon Finans as well as control of the company were, for the most part, taken over by the buyer at the end of the first quarter of 2004, the transaction was reflected in the accounts for the period. The sales price totalled NOK 3 440 million. In addition, the Group received profits generated by Elcon during the first three months of 2004, which were consolidated in the first-quarter accounts. Additional profits generated by the company up till the transaction is completed will be recorded as an adjustment to the gain on the sale.

The transaction is expected to be finalised by the end of June 2004. The capital gain recorded in the first quarter was NOK 977 million. In calculating the gain, the cost price was increased by NOK 159 million, which represents the remaining share of goodwill allocated to Elcon Finans in connection with the DnB NOR merger. Elcon Finans is not consolidated in the Group's balance sheet as at 31 March 2004. See below for profit and loss and balance sheet items in operations required sold in connection with the merger.

The Norwegian government's draft tax reform presented on 26 March 2004 proposes tax exemption for companies' income from shares, including capital gains on the sale of shares. As the new rules have not yet been approved, they have been disregarded in the Group's tax calculation. If DnB NOR had taken the proposed amendments into consideration when accounting for the sale of Elcon Finans, payable taxes would have been brought down by around NOK 300 million.

### Operations required sold in connection with the merger – discontinuing operations

In addition to the requirement to sell Elcon Finans AS, as mentioned above, DnB NOR is required to sell Postbanken Eiendomsmegling AS and Gjensidige NOR Fondsforsikring AS. In the accounts for the merged entity, operations in the companies required to be sold are included. To facilitate analysis of operations in DnB NOR after the planned sales, separate accounts for these companies have been prepared.

Operations in these companies will, in accordance with the Ministry of Finance's regulations for the annual accounts of banks etc., Section 2-5, second paragraph, 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 as they are included in the DnB NOR Group's accounts are shown below. 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.



## Profit and loss accounts

Amounts in NOK million	Discontinuing operations <sup>1)</sup>		
	1Q04	1Q03	2003
<b>Net interest income and credit commissions</b>	<b>250</b>	<b>186</b>	<b>927</b>
Net profit/(loss) from Life Insurance and Pensions	(2)	0	0
Commissions and fees receivable	17	19	81
Commissions and fees payable	25	9	61
Net gain on foreign exchange and financial instruments	(1)	8	6
Sundry ordinary operating income	26	26	118
Gains on the sale of fixed assets	977	0	0
<b>Net other operating income</b>	<b>991</b>	<b>44</b>	<b>144</b>
Salaries and other ordinary personnel expenses	75	71	290
Administrative expenses	28	22	115
Depreciation	6	6	25
Sundry ordinary operating expenses	19	24	97
Other expenses	0	0	2
<b>Total operating expenses</b>	<b>128</b>	<b>124</b>	<b>530</b>
<b>Pre-tax operating profit before losses</b>	<b>1 114</b>	<b>106</b>	<b>541</b>
Net losses on loans etc.	23	37	172
<b>Pre-tax operating profit</b>	<b>1 091</b>	<b>69</b>	<b>369</b>
Taxes	332	28	107
<b>Profit for the period</b>	<b>759</b>	<b>41</b>	<b>262</b>

1) Includes Elcon Finans AS, Postbanken Eiendomsmegling AS and Gjensidige NOR Fondsforsikring AS as included in the accounts of the DnB NOR Group in addition to the capital gain recorded on the sale of Elcon Finans. Elcon Finans is not consolidated in the group accounts as at 31 March 2004



**Balance sheets**

<i>Amounts in NOK million</i>	<b>Discontinuing operations <sup>1)</sup></b>		
	31 March 2004	31 Dec. 2003	31 March 2003
<b>Assets</b>			
Cash and deposits with central banks	0	0	0
Lending to and deposits with credit institutions	28 714	375	329
Gross lending to customers	0	27 669	24 359
- Specified loan-loss provisions	0	(113)	(74)
- Unspecified loan-loss provisions	0	(180)	(181)
Net lending to customers	0	27 376	24 104
Reposessed assets	0	134	284
Shareholdings etc.		40	32
Investments in Life Insurance and Pensions and associated companies	129	0	0
Intangible assets	11	152	339
Fixed assets	2	22	17
Other assets	88	349	72
Prepayments and accrued income	0	89	67
<b>Total assets</b>	<b>28 944</b>	<b>28 537</b>	<b>25 244</b>
<b>Liabilities and equity</b>			
Loans and deposits from credit institutions	27 520	24 507	21 385
Deposits from customers	500	283	379
Other liabilities	4	771	731
Accrue expenses and prepaid revenues	0	174	165
Provisions for commitments	2	23	33
Subordinated loan capital	0	350	375
<b>Total liabilities</b>	<b>28 026</b>	<b>26 108</b>	<b>23 069</b>
Share capital	20	2 043	1 768
Equity reserves	139	386	366
Profit for the period	759	-	41
<b>Total equity</b>	<b>918</b>	<b>2 429</b>	<b>2 175</b>
<b>Total liabilities and equity</b>	<b>28 944</b>	<b>28 537</b>	<b>25 244</b>

1) Includes Elcon Finans AS, Postbanken Eiendomsmegling AS and Gjensidige NOR Fondsforsikring AS as included in the accounts of the DnB NOR Group in addition to the capital gain recorded on the sale of Elcon Finans. Elcon Finans is not consolidated in the group accounts as at 31 March 2004



## **Section 2**

# **Financial results DnB NOR Group**







## Financial highlights

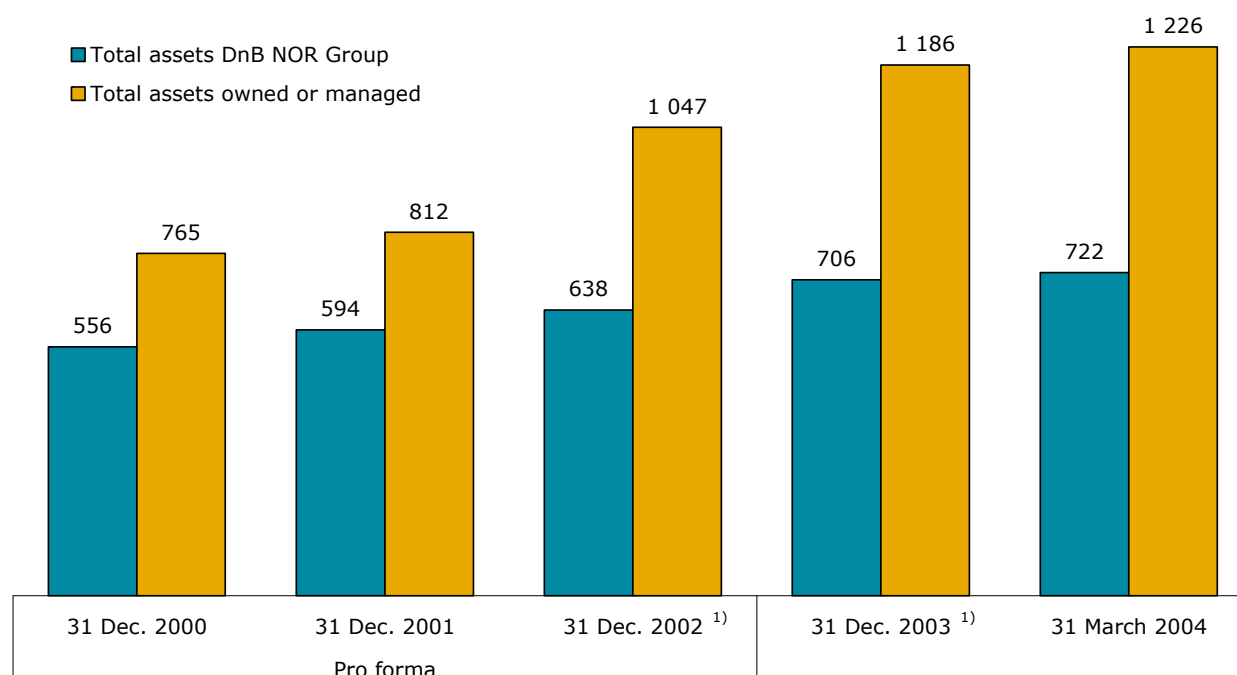
### Key financials

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Pre-tax operating profit before losses	2 199	2 165	2 244	2 425	1 847	8 681
Pre-tax operating profit	2 078	2 083	1 885	1 648	1 397	7 014
Profit for the period	1 517	1 570	1 384	1 403	1 021	5 378
Ordinary cost/income ratio before goodwill amortisation (per cent)	58.1	57.0	56.1	54.4	60.9	57.1
Earnings per share before goodwill amortisation (NOK)	1.28	1.32	1.18	1.20	0.90	4.61
Earnings per share (NOK)	1.16	1.20	1.06	1.07	0.78	4.11
Return on equity before goodwill amortisation (per cent)	15.6	15.7	14.5	15.1	11.7	14.3
Return on equity (per cent)	14.1	14.2	12.9	13.6	10.2	12.7
Total combined assets at end of period (NOK billion)	1 226	1 186	1 182	1 163	1 121	1 186
Core capital ratio at end of period <sup>1)</sup> (per cent)	7.1	6.8	6.6	6.5	6.6	6.8

1) Including 50 per cent of profit for the period, except for year-end figures

### Total combined assets

NOK billion



1) Skandia Asset Management is included as from 2002 and Nordlandsbanken as from 2003



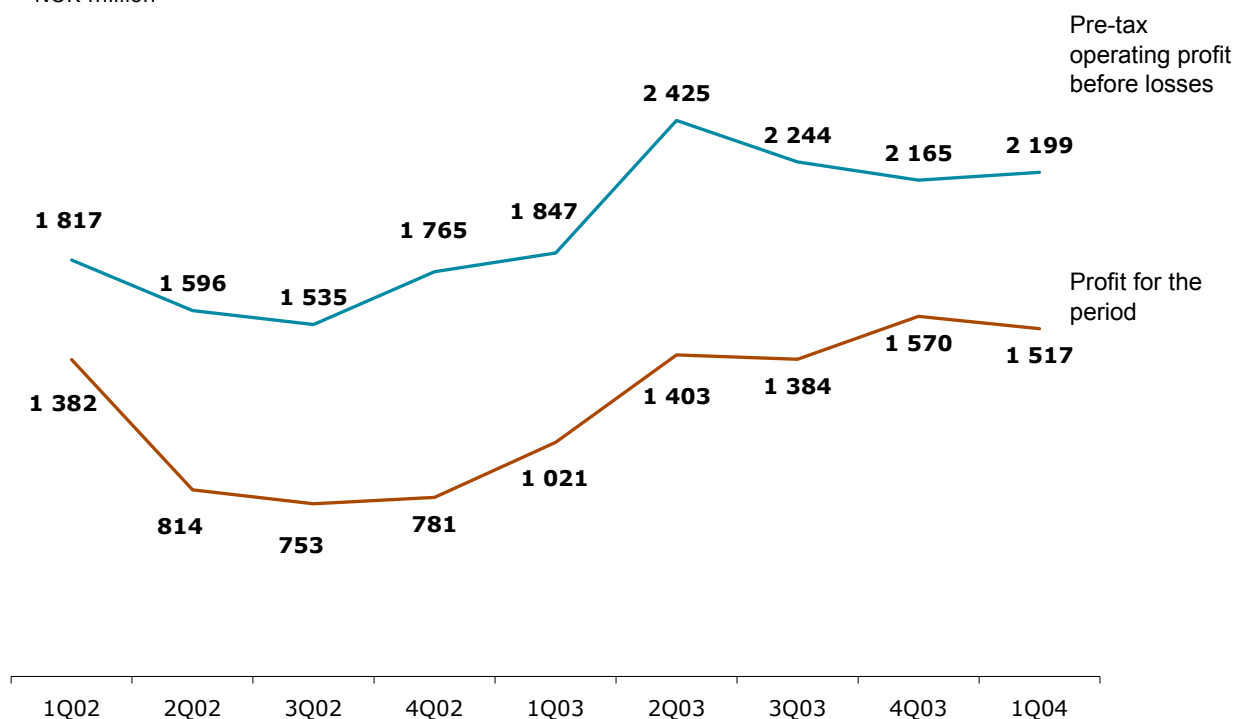
## Profit and loss accounts

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net interest income	3 298	3 299	3 509	3 478	3 503	13 789
Net other ordinary operating income	2 199	2 361	2 010	2 238	1 670	8 279
Ordinary operating expenses	3 347	3 381	3 248	3 263	3 300	13 191
Ordinary operating profit	2 151	2 279	2 271	2 453	1 872	8 876
Gains on the sale of fixed assets	979	13	7	2	2	23
Other expenses <sup>1)</sup>	931	127	35	30	27	219
Pre-tax operating profit before losses	2 199	2 165	2 244	2 425	1 847	8 681
Net losses on loans etc.	135	276	356	811	449	1 891
Net gain/(loss) on long-term securities	15	195	(3)	33	(1)	224
Pre-tax operating profit	2 078	2 083	1 885	1 648	1 397	7 014
Taxes	561	513	501	245	377	1 636
<b>Profit for the period</b>	<b>1 517</b>	<b>1 570</b>	<b>1 384</b>	<b>1 403</b>	<b>1 021</b>	<b>5 378</b>

1) Restructuring, allocations to DnB NOR's employee funds and losses on fixed assets

## Profit

NOK million





## Net interest income

Amounts in NOK million	1Q04	Pro forma				
		4Q03	3Q03	2Q03	1Q03	2003
Interest on loans to and deposits with credit institutions	475	522	573	717	961	2 773
Interest and credit commissions on instalment loans	5 166	5 380	6 439	7 231	7 894	26 944
Interest and credit commissions on overdraft and working capital facilities	642	672	735	845	889	3 141
Interest and credit commissions on building loans	64	80	97	118	124	419
Leasing income	341	314	390	422	473	1 599
Factoring income	36	57	39	46	42	185
Front-end fees, back-end fees	231	227	226	223	193	868
Interest on other loans to customers	62	89	59	3	31	181
Total interest income on loans to customers	6 541	6 818	7 983	8 888	9 647	33 336
Interest on commercial paper, bonds etc.	425	521	519	572	610	2 222
Other interest income	22	56	2	20	20	98
<b>Total interest income</b>	<b>7 462</b>	<b>7 916</b>	<b>9 077</b>	<b>10 198</b>	<b>11 239</b>	<b>38 430</b>
Interest on loans and deposits from credit institutions	521	461	503	700	698	2 362
Interest on demand deposits from customers	969	1 186	1 823	2 477	2 887	8 373
Interest on time deposits from customers	50	55	74	109	135	373
Interest on special-term deposits from customers	290	345	591	812	1 076	2 824
Total interest expenses on deposits from customers	1 308	1 586	2 489	3 398	4 098	11 570
Interest on securities issued	1 021	1 126	1 150	1 225	1 296	4 796
Interest on subordinated loan capital	175	171	164	171	156	662
Contributions to the Savings and Commercial Banks' Guarantee Funds	111	123	129	121	126	499
Other interest expenses	1 027	1 152	1 134	1 104	1 362	4 752
<b>Total interest expenses</b>	<b>4 164</b>	<b>4 618</b>	<b>5 568</b>	<b>6 719</b>	<b>7 736</b>	<b>24 641</b>
<b>Net interest income and credit commissions</b>	<b>3 298</b>	<b>3 299</b>	<b>3 509</b>	<b>3 478</b>	<b>3 503</b>	<b>13 789</b>

## Changes in net interest income

Amounts in NOK million	1Q04	Pro forma	
		Change	1Q03
<b>Net interest income</b>	<b>3 298</b>	<b>(205)</b>	<b>3 503</b>
Of which:			
Lending volumes		196	
Deposits volumes		8	
Lending spreads		92	
Deposits spreads		(249)	
Funding costs on equity, share investments and real assets		(268)	
Funding costs and interest reservations on non-performing and doubtful loans		59	
Other		(43)	



## Changes in net interest income

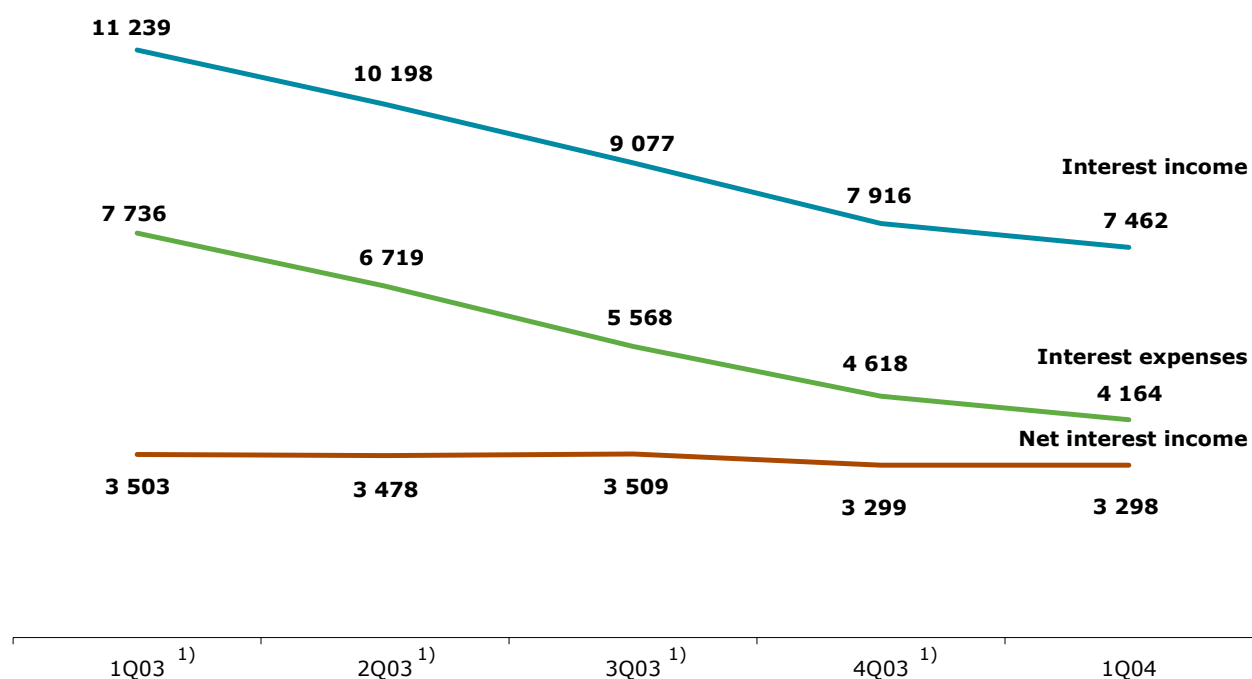
Amounts in NOK million	1Q04	Pro forma	
		Change	4Q03
<b>Net interest income</b>	<b>3 298</b>	<b>(1)</b>	<b>3 299</b>
Of which:			
Lending volumes		89	
Deposits volumes		10	
Lending spreads		117	
Deposits spreads		(140)	
Funding costs on equity, share investments and real assets		(69)	
Funding costs and interest reservations on non-performing and doubtful loans		(8)	

## Deposit volumes split by interest rate intervals – early May 2004

Amounts in NOK billion	0-0.25%	0.26-1.00%	1.01-2.00%	Currency deposits/ other agreements		Total
				>2.00 %		
Retail customers	47	18	94	4	5	168
Corporate customers	24	12	102	6	29	173
<b>Total</b>	<b>71</b>	<b>30</b>	<b>196</b>	<b>10</b>	<b>34</b>	<b>341</b>

## Net interest income

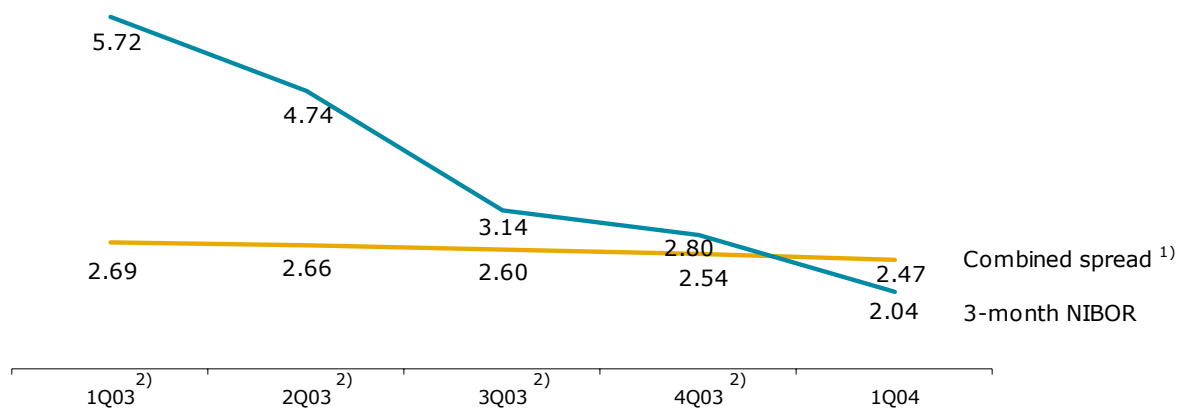
NOK million





## Developments in average interest rate spread

Per cent

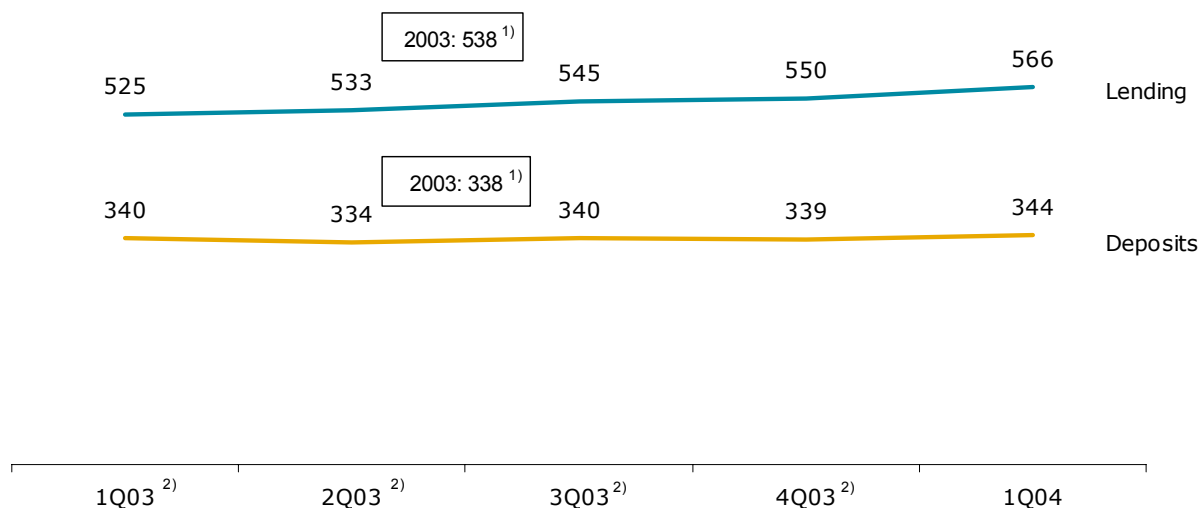


1) Combined spread for lending and deposits

2) Pro forma figures

## Developments in average volumes

NOK billion



1) Average volume per year

2) Pro forma figures



## Net other operating income

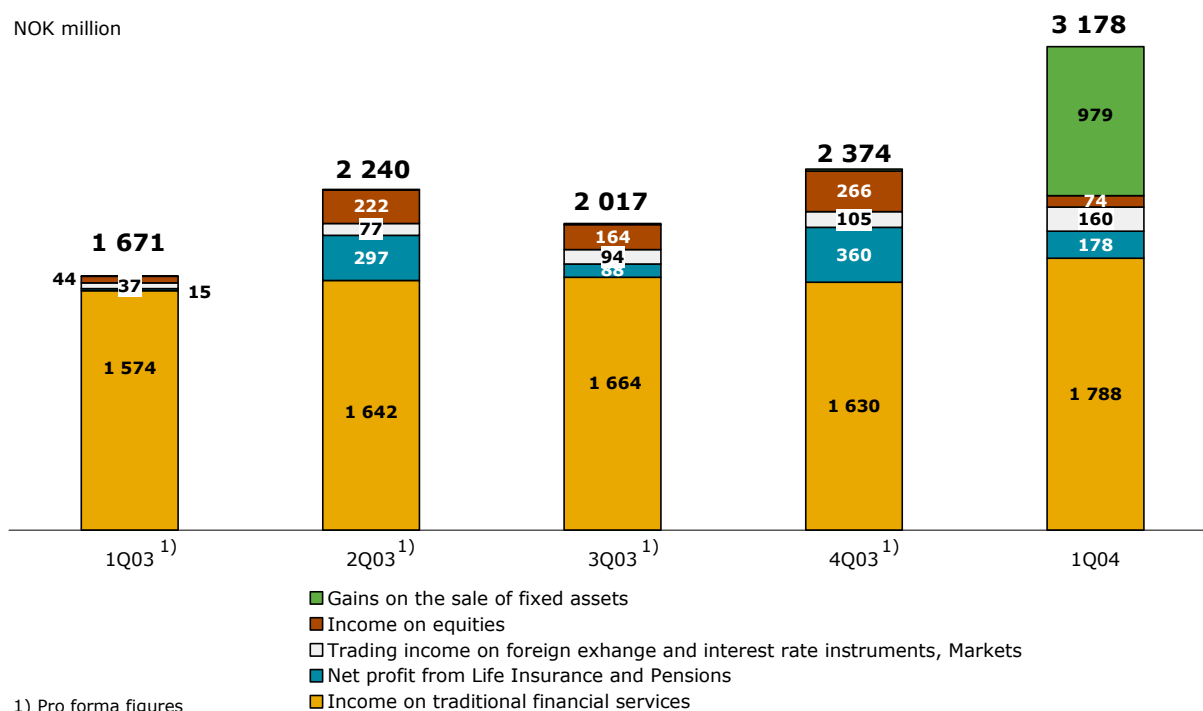
### Net operating income split by nature of business

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Money transfer fees	455	459	504	478	419	1 859
Asset management services	239	258	228	194	206	886
Credit broking, guarantees etc.	79	79	92	94	98	363
Fees on real estate broking	146	160	161	157	117	595
Fees on custodial services	41	42	37	40	40	159
Securities broking	89	26	26	21	16	88
Insurance sales	86	72	60	39	51	221
Other income from banking services	114	99	101	94	108	402
Share of profit in associated companies	58	20	41	56	41	159
Fx and interest rate instr. trading with customers, Markets	250	259	255	329	324	1 167
Fx and interest rate instr. trading with customers, other entities	24	42	65	64	34	205
Miscellaneous operating income <sup>1)</sup>	206	115	94	77	120	406
<b>Income on traditional financial services</b>	<b>1 788</b>	<b>1 630</b>	<b>1 664</b>	<b>1 642</b>	<b>1 574</b>	<b>6 509</b>
<i>As a percentage of net ordinary operating income</i>	<i>81.3</i>	<i>69.1</i>	<i>82.8</i>	<i>73.4</i>	<i>94.3</i>	<i>78.6</i>
<b>Net profit from Life Insurance and Pensions</b>	<b>178</b>	<b>360</b>	<b>88</b>	<b>297</b>	<b>15</b>	<b>760</b>
<i>As a percentage of net ordinary operating income</i>	<i>8.1</i>	<i>15.2</i>	<i>4.4</i>	<i>13.3</i>	<i>0.9</i>	<i>9.2</i>
<b>Trading income on foreign exchange and interest rate instruments, Markets</b>	<b>160</b>	<b>105</b>	<b>94</b>	<b>77</b>	<b>37</b>	<b>312</b>
<i>As a percentage of net ordinary operating income</i>	<i>7.3</i>	<i>4.4</i>	<i>4.7</i>	<i>3.4</i>	<i>2.2</i>	<i>3.8</i>
Dividends	14	47	27	107	31	212
Corporate finance etc.	41	133	57	65	66	322
Net gain/(loss) on short-term shareholdings	20	86	81	50	(54)	163
<b>Income on equities</b>	<b>74</b>	<b>266</b>	<b>164</b>	<b>222</b>	<b>44</b>	<b>697</b>
<i>As a percentage of net ordinary operating income</i>	<i>3.4</i>	<i>11.3</i>	<i>8.2</i>	<i>9.9</i>	<i>2.6</i>	<i>8.4</i>
<b>Net ordinary operating income</b>	<b>2 199</b>	<b>2 361</b>	<b>2 010</b>	<b>2 238</b>	<b>1 669</b>	<b>8 279</b>
<b>Gains on the sale of fixed assets <sup>2)</sup></b>	<b>979</b>	<b>13</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>23</b>
<b>Net other operating income</b>	<b>3 178</b>	<b>2 374</b>	<b>2 017</b>	<b>2 240</b>	<b>1 671</b>	<b>8 302</b>

1) Total external income from the operations of Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these line items as from the first quarter of 2004.

2) Of which NOK 977 million represented gain on the sale of Elcon Finans in the first quarter of 2004.

NOK million





## Net other operating income

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Dividends	14	47	27	107	31	212
Net profit from Life Insurance and Pensions	178	360	88	297	15	760
Money transfer fees receivable	747	780	797	775	717	3 069
Fees on asset management services	274	276	267	214	229	986
Fees on custodial services	41	42	37	40	40	159
Fees on securities broking	144	169	96	95	93	453
Guarantee commissions	96	96	92	92	97	378
Interbank fees	48	55	52	55	52	214
Credit broking commissions	23	33	29	29	25	117
Sales commissions on insurance products	89	70	62	41	53	226
Sundry commissions and fees receivable on banking services	203	212	190	164	168	734
Total commissions and fees receivable on banking services	1 666	1 733	1 623	1 505	1 474	6 335
Money transfer fees payable	280	310	282	285	289	1 166
Interbank fees	60	66	64	67	60	258
Sundry commissions and fees payable on banking services	183	200	176	132	124	632
Total commissions and fees payable on banking services	523	577	521	484	474	2 056
Net gain/(loss) on short-term shareholdings	20	86	81	50	(54)	163
Net gain on commercial paper and bonds	242	4	58	263	197	523
Net gain on trading in foreign exchange and financial derivatives	306	280	456	329	430	1 494
Net gain/(loss) on short-term interest instruments	(114)	121	(99)	(122)	(233)	(333)
Net gain on foreign exchange and financial instruments	453	492	496	519	340	1 847
Operating income on real estate	17	15	15	16	15	61
Rental income <sup>1)</sup>	50	16	12	18	16	63
Fees on real estate broking	146	160	161	157	117	595
Share of profit in associated companies	58	20	41	56	41	159
Remunerations	1	11	2	3	5	21
Miscellaneous operating income <sup>1)</sup>	139	83	67	43	89	282
Total sundry ordinary operating income	411	306	298	293	283	1 181
Gains on the sale of fixed assets <sup>2)</sup>	979	13	7	2	2	23
<b>Net other operating income</b>	<b>3 178</b>	<b>2 374</b>	<b>2 017</b>	<b>2 240</b>	<b>1 671</b>	<b>8 302</b>
As a percentage of total income <sup>3)</sup>	40.0	41.9	36.5	39.2	32.3	37.6

1) Total external income from the operations of Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these line items as from the first quarter of 2004.

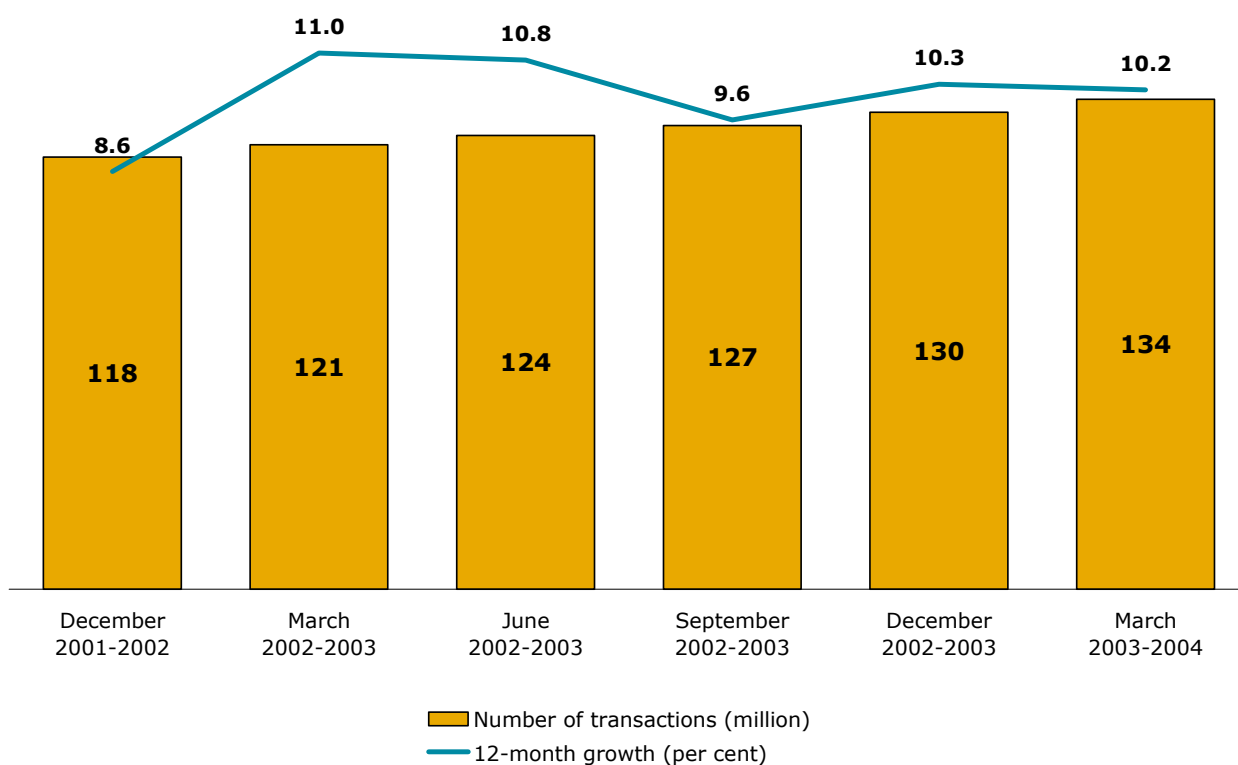
2) Of which NOK 977 million represented gain on the sale of Elcon Finans in the first quarter of 2004.

3) Excluding gain on the sale of Elcon Finans in the first quarter of 2004.

## Changes in net other operating income

Amounts in NOK million	1Q04	Pro forma	
		Change	1Q03
Net other operating income	3 178	1 507	1 671
Gain on the sale of fixed assets (Elcon Finans)	977	977	-
<b>Sundry ordinary operating income</b>	<b>2 201</b>	<b>530</b>	<b>1 671</b>
Of which:			
Income on financial services		154	
GN Driftspartner and GN Markedsstøtte		60	
Net profit from Life Insurance and Pensions		163	
Trading income on foreign exchange and interest rate instruments, Markets		123	
Income on equities		30	



**Number of "point-of-sale" transactions**



## Net gain on foreign exchange and financial instruments

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net gain/(loss) on short-term shareholdings	20	86	81	50	(54)	163
Net gain on commercial paper and bonds	242	4	58	263	197	523
Net gain on trading in foreign exchange and financial derivatives	306	280	456	329	430	1 494
Net gain/(loss) on other short-term interest instruments	(114)	121	(99)	(122)	(233)	(333)
<b>Net gain on foreign exchange and financial instruments</b>	<b>453</b>	<b>492</b>	<b>496</b>	<b>519</b>	<b>340</b>	<b>1 847</b>
Of which:						
DnB NOR Markets	420	380	339	405	361	1 484
Banking portfolio, equity investments	10	82	87	41	(54)	156
Banking portfolio, other	24	30	70	73	34	206

## Total income in DnB NOR Markets

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net gain on trading in foreign exchange and financial instruments	420	380	339	405	361	1 484
Net interest income	58	48	100	109	122	380
Other income	166	163	121	140	126	551
<b>Total</b>	<b>644</b>	<b>590</b>	<b>560</b>	<b>654</b>	<b>610</b>	<b>2 415</b>
Interest on allocated capital	11	13	18	26	29	86
<b>Total income DnB NOR Markets</b>	<b>655</b>	<b>604</b>	<b>578</b>	<b>680</b>	<b>639</b>	<b>2 501</b>

## Market value above book value, banking portfolio <sup>1)</sup>

Amounts in NOK million	Pro forma				
	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	31 March 2003
Commercial paper and bonds	49	57	42	53	19
Short-term shareholdings	126	45	0	0	0

1) Unrealised gains have not been included in the profit and loss accounts



**Short-term investments in securities <sup>1)</sup>**

	31 March 2004		31 Dec. 2003	
	Book value	Market value	Book value	Market value
<i>Amounts in NOK million</i>				
<b>Commercial paper and bonds</b>				
Trading portfolio	46 580	46 580	33 735	33 735
Banking portfolio	13 567	13 616	25 663	25 720
Total commercial paper and bonds	60 147	60 195	59 398	59 455
<b>Short-term shareholdings</b>				
Trading portfolio	511	511	271	271
Banking portfolio	2 751	2 877	2 780	2 825
Total short-term shareholdings	3 262	3 388	3 051	3 096

1) Excluding securities held by Life Insurance and Pensions

**Major short-term shareholdings as at 31 March 2004 <sup>1)</sup>**

<i>Amounts in NOK million</i>	Book value	Market value
IT Fornebu Eiendom	134	103
OVDS	84	126
Elkem	77	94
Oslo Børs Holding	62	108
Cape Investments	52	84
Viking Ship Finance	40	83
Euroclear	38	38
Privatbanken	34	26
Troms Fylkes Dampskibsselskap	33	29
Helgelandske	31	37
Industrifinans SMB III	26	16
Lerøy Seafood	25	33
Whitecliff	24	23
Orkla	23	79
KS Venturos Technology III	21	7
EFD-Elva Fritz Dusseldorf	20	20
Tomra Systems	20	12
Acta Holding	19	7
Equity funds, total	1 582	1 593
Other, banking portfolio	408	358
Value adjustment	0	-
<b>Total banking portfolio</b>	<b>2 751</b>	<b>2 877</b>
Trading portfolio	511	511
<b>Total</b>	<b>3 262</b>	<b>3 388</b>

1) Excluding shares held by Life Insurance and Pensions



## Operating expenses

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Ordinary salaries <sup>1)</sup>	1 218	1 261	1 222	1 168	1 184	4 836
Employer's national insurance contributions	205	149	186	185	192	712
Pension expenses	182	230	152	146	138	666
Social expenses	74	122	81	77	82	363
<b>Total ordinary salaries and other personnel expenses</b>	<b>1 679</b>	<b>1 762</b>	<b>1 642</b>	<b>1 576</b>	<b>1 597</b>	<b>6 577</b>
Fees	136	162	88	144	133	526
EDP expenses <sup>2)</sup>	358	294	362	356	348	1 361
Postage, telecommunications and office supplies <sup>1)</sup>	188	160	165	172	174	671
Marketing and public relations	102	115	100	128	108	451
Travel expenses	42	57	39	50	48	194
Reimbursement to Norway Post for transactions executed <sup>3)</sup>	125	180	141	125	117	563
Training expenses	13	9	10	9	17	46
Sundry administrative expenses	40	34	37	43	55	169
<b>Total administrative expenses</b>	<b>1 004</b>	<b>1 012</b>	<b>942</b>	<b>1 028</b>	<b>1 000</b>	<b>3 982</b>
Goodwill amortisation	140	140	139	137	134	550
Other depreciation	150	163	158	162	166	649
<b>Total depreciation</b>	<b>290</b>	<b>304</b>	<b>297</b>	<b>299</b>	<b>300</b>	<b>1 200</b>
Operating expenses on properties and premises <sup>1)</sup>	256	187	227	226	237	878
Operating expenses on machinery, vehicles and office equipment taken to expense	22	37	22	18	25	103
Miscellaneous ordinary operating expenses	97	79	117	115	141	453
<b>Total sundry ordinary operating expenses</b>	<b>374</b>	<b>303</b>	<b>366</b>	<b>360</b>	<b>403</b>	<b>1 433</b>
Allocations to DnB NOR's employee funds	-	85	21	5	3	114
Restructuring expenses	930	13	8	13	4	38
Losses on the sale of fixed assets	1	5	2	17	4	28
Write-downs/(reversals of write-downs) on rental contracts and fixed assets	0	24	4	(5)	17	40
<b>Total other expenses</b>	<b>931</b>	<b>127</b>	<b>35</b>	<b>30</b>	<b>27</b>	<b>219</b>
<b>Total operating expenses</b>	<b>4 278</b>	<b>3 508</b>	<b>3 282</b>	<b>3 293</b>	<b>3 327</b>	<b>13 410</b>

### Adjustments for total other expenses:

÷ Total other expenses	931	127	35	30	27	219
<b>Total ordinary expenses, adjusted</b>	<b>3 347</b>	<b>3 381</b>	<b>3 248</b>	<b>3 263</b>	<b>3 300</b>	<b>13 191</b>
Change from the previous period (per cent)	(1.00)	4.10	(0.48)	(1.10)	-	-

### Adjustments for goodwill amortisation:

÷ Goodwill amortisation	140	140	139	137	134	550
<b>Total ordinary expenses before goodwill amortisation</b>	<b>3 207</b>	<b>3 240</b>	<b>3 108</b>	<b>3 126</b>	<b>3 166</b>	<b>12 641</b>
Change from the previous period (per cent)	(1.02)	4.24	(0.57)	(1.26)	-	-

### Adjustments for acquisitions:

Including Driftspartner (pro forma full year 2003 effect)	-	58	58	58	58	230
Including Markedsstøtte (pro forma full year 2003 effect)	-	2	2	2	2	8
<b>Total ordinary operating expenses including Driftspartner and Markedsstøtte for 2003</b>	<b>3 207</b>	<b>3 300</b>	<b>3 168</b>	<b>3 186</b>	<b>3 226</b>	<b>12 879</b>
Change from the previous period (per cent)	(2.82)	4.16	(0.55)	(1.24)	-	-

1) Total expenses relating to the operations of Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these line items as from the first quarter of 2004

2) These expenses concern the purchase, operation and maintenance of computers and software including depreciation. The Group's total IT expenses are shown on page 26, which in addition to EDP expenses include systems development, remuneration to external consultants, as well as salaries and other operating expenses relating to the Group's IT operations

3) Further reimbursement to the Norwegian postal system is included in interest expenses and fees payable on banking services

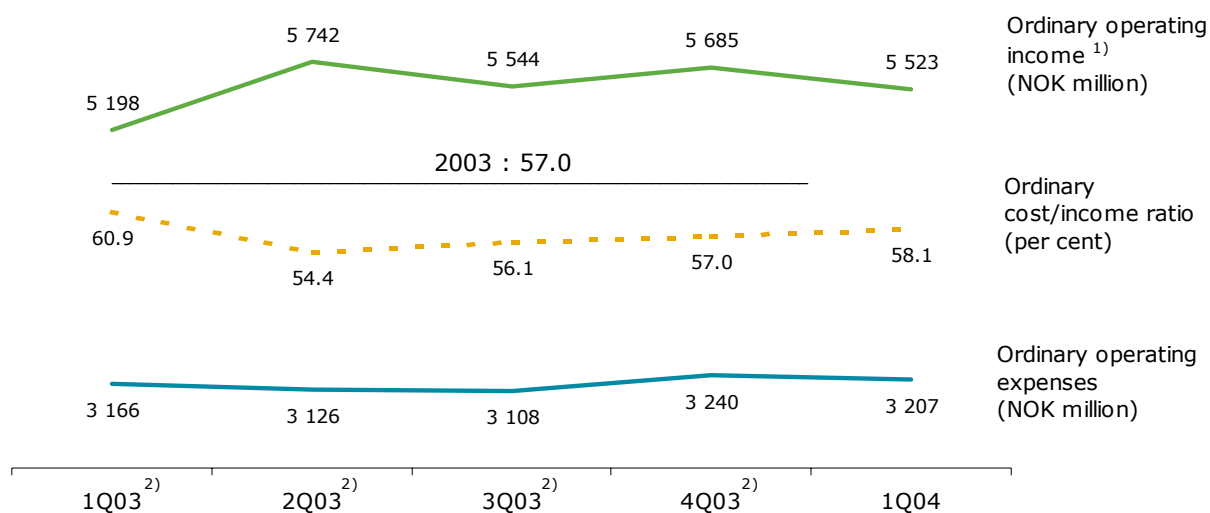


## Changes in total operating expenses

Amounts in NOK million	1Q04	Pro forma	
		Change	1Q03
Total operating expenses	4 278	951	3 327
Other expenses <sup>1)</sup>	931	904	27
<b>Total ordinary operating expenses</b>	<b>3 347</b>	<b>47</b>	<b>3 300</b>
Of which:			
Wage settlements and pensions payment		61	
GN Driftspartner and GN Markedsstøtte		60	
Performance-related personnel expenses		41	
Merger synergies		(77)	
Streamlining of operations		(38)	

1) Restructuring expenses totalled NOK 930 million in the first quarter of 2004, as against NOK 4 million in the first quarter of 2003.

## Ordinary cost/income ratio before goodwill amortisation

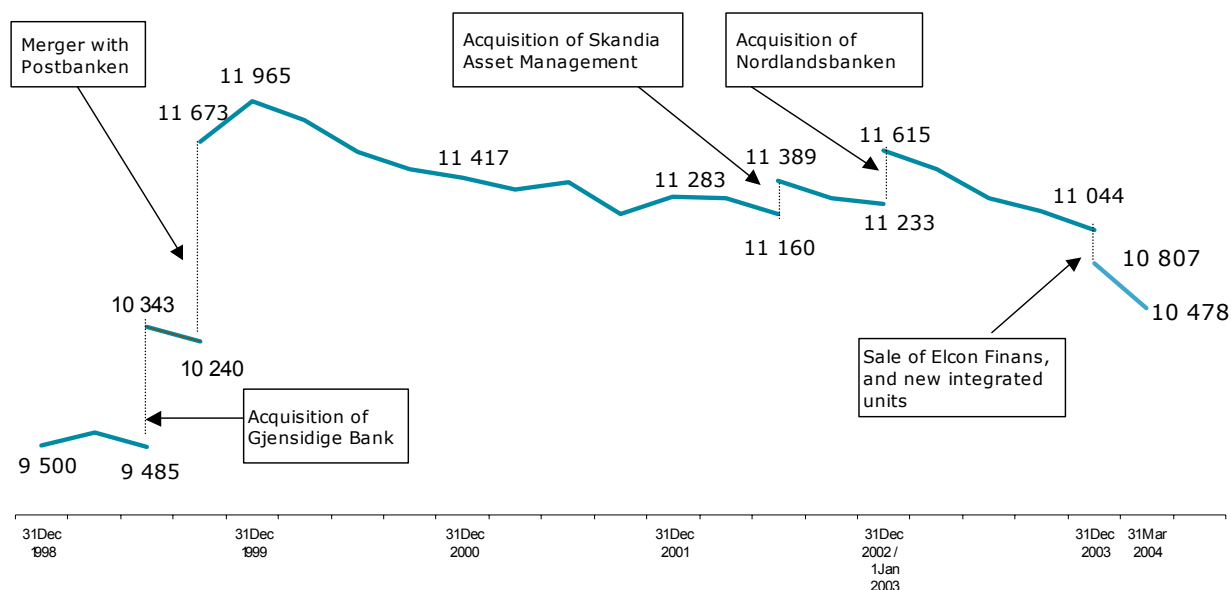


1) Excluding amortisation of goodwill on the investments in Life Insurance and Pensions

2) Pro forma figures not including full consolidation of Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte



## Employees - full-time positions



## Number of employees <sup>1)</sup>

Full-time positions	31 March 2004	Other changes	Changes in group structure	31 Dec. 2003
Corporate Banking <sup>2)</sup>	1 937	(14)		1 951
Retail Banking	4 568	(93)		4 660
DnB NOR Markets	540	(70)		610
Asset Management <sup>2)</sup>	340	(19)		359
Life Insurance and Pensions <sup>2)</sup>	993	(29)		1 022
Support function, staff and other <sup>2) 3)</sup>	2 087	(101)	205	1 984
Discontinuing operations <sup>4)</sup>	14	(3)	(441)	458
<b>Total</b>	<b>10 478</b>	<b>(329)</b>	<b>(237)</b>	<b>11 044</b>

1) For information on synergy savings, see page 44

2) The figures in 2003 have been restated according to new definitions

3) 205 full-time positions in the former jointly controlled companies Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included as from 1 January 2004.

4) Elcon Finans was sold on 30 March 2004, representing 441 full-time positions



## IT expenses

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Operating expenses IT	456	413	457	468	447	1 785
System development expenses	163	199	141	206	180	727
<b>Total IT expenses <sup>1)</sup></b>	<b>620</b>	<b>613</b>	<b>598</b>	<b>674</b>	<b>628</b>	<b>2 512</b>

1) Including salaries and indirect costs

## Restructuring provisions <sup>1)</sup>

Amounts in NOK million	31 March 2004	Accrued expenses	New provisions	31 Dec. 2003
DnB NOR merger *)	1 626	161	930 <sup>2)</sup>	856
Other restructuring provisions	86	11	0	97
<b>Total</b>	<b>1 711</b>	<b>172</b>	<b>930</b>	<b>953</b>
*) Of which:				
IT		47		
Staff cuts		99		
Other		15		

1) For information on synergy savings, see page 44

2) In March 2004, the Board of Directors of DnB NOR ASA approved a restructuring plan for the integration of DnB NOR. The figure represents 50 per cent of total restructuring provisions in the DnB NOR merger.

## Pension expenses

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Pension expenses	182	230	152	146	138	666
of which effect of changes in economic assumptions implemented in 2003	-	110	-	30	-	140



## Losses and reversals on loans and guarantees

### Net losses/(reversals)

Amounts in NOK million	1Q04	Pro forma				
		4Q03	3Q03	2Q03	1Q03	2003
New specified losses	595	589	526	941	619	2 676
Reversals on specified losses	460	313	170	131	171	785
<b>Net losses</b>	<b>135</b>	<b>276</b>	<b>356</b>	<b>811</b>	<b>449</b>	<b>1 891</b>

### Net losses/(reversals) by business area <sup>1)</sup>

Amounts in NOK million	1Q04	Pro forma				
		4Q03	3Q03	2Q03	1Q03	2003
Retail Banking	14	40	82	87	55	263
Corporate Banking	103	234	216	660	369	1 480
Discontinuing operations	23	41	47	48	37	173
Other units	(5)	(40)	11	16	(12)	(25)
<b>Net losses</b>	<b>135</b>	<b>276</b>	<b>356</b>	<b>811</b>	<b>449</b>	<b>1 891</b>

1) Expected loan losses were 0.31 per cent of the loan portfolio at the end of March 2004, the same as at the end of 2003

### Net losses/(reversals) for customer sectors <sup>1)</sup>

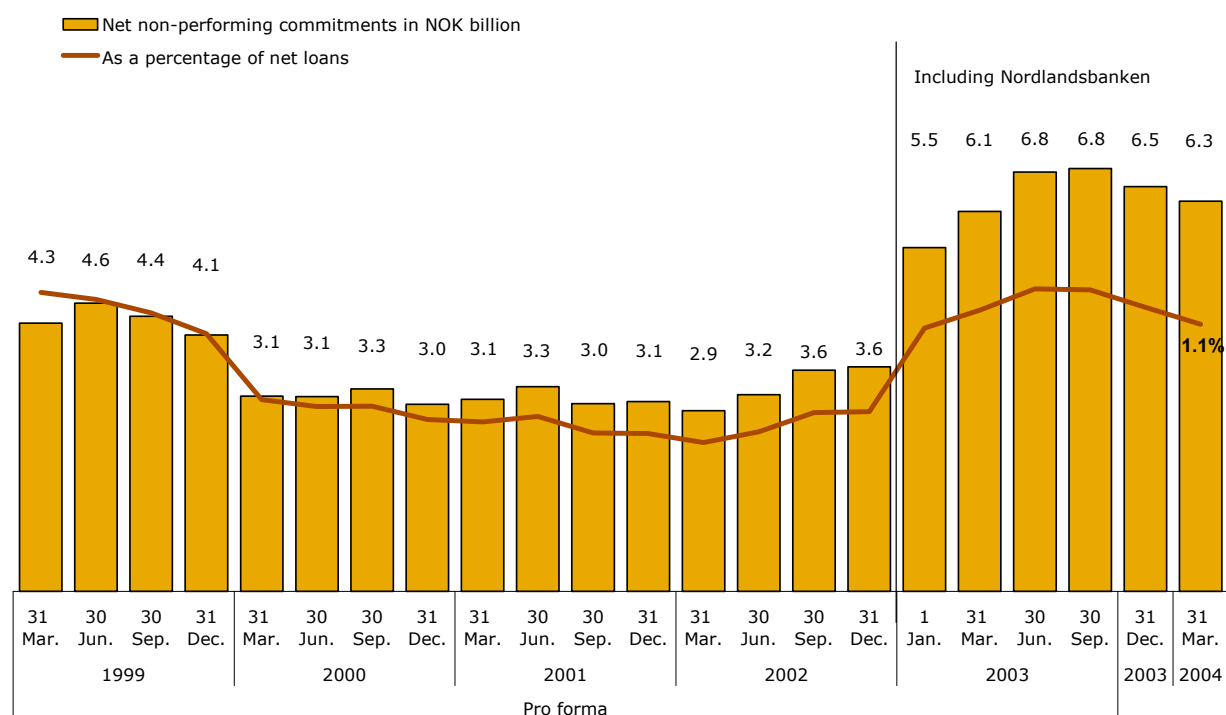
Amounts in NOK million	1Q04	Pro forma				
		4Q03	3Q03	2Q03	1Q03	2003
Retail customers	20	5	112	89	65	271
International shipping	0	(27)	(1)	(20)	(12)	(60)
Real estate	(14)	(3)	12	56	2	67
Manufacturing	61	68	91	127	56	342
Services and management	(216)	(31)	80	248	22	319
Trade	32	47	27	33	35	141
Oil and gas	(4)	(2)	5	(1)	(5)	(3)
Transportation and communication	12	20	21	6	22	69
Building and construction	47	93	31	25	7	156
Power and water supply	(2)	(0)	(0)	(0)	(0)	(0)
Fishing	45	23	(56)	140	22	128
Other sectors	154	83	29	108	232	452
<b>Total customers</b>	<b>135</b>	<b>276</b>	<b>351</b>	<b>810</b>	<b>446</b>	<b>1 881</b>
Credit institutions	0	5	0	0	0	5
Change in unspecified provisions	0	(5)	5	1	3	5
<b>Net losses</b>	<b>135</b>	<b>276</b>	<b>356</b>	<b>811</b>	<b>449</b>	<b>1 891</b>

1) Split according to official industry definitions which may differ from DnB NOR's business area reporting



## Asset quality

### Non-performing commitments after specified loan-loss provisions



### Non-performing and doubtful commitments

	Pro forma					
	31 March 2004 <sup>1)</sup>	31 Dec. 2003 <sup>2)</sup>	31 Dec. 2003	1 Jan. 2003	31 Dec. 2002 <sup>3)</sup>	31 Dec. 2001 <sup>3)</sup>
<i>Amounts in NOK million</i>						
<b>Non-performing commitments</b>						
Net non-accruing commitments	3 612	4 193	4 411	3 144	2 139	2 128
Net accruing commitments	2 681	2 121	2 121	2 404	1 482	934
<b>Total net non-performing commitments</b>	<b>6 293</b>	<b>6 313</b>	<b>6 531</b>	<b>5 549</b>	<b>3 622</b>	<b>3 062</b>
<b>Doubtful commitments</b>						
Net non-accruing commitments	759	279	430	493	383	420
Net accruing commitments	1 333	1 440	1 440	2 581	869	576
<b>Total net doubtful commitments</b>	<b>2 092</b>	<b>1 719</b>	<b>1 870</b>	<b>3 074</b>	<b>1 252</b>	<b>996</b>
<b>Total net non-performing and doubtful commitments</b>	<b>8 385</b>	<b>8 032</b>	<b>8 401</b>	<b>8 622</b>	<b>4 874</b>	<b>4 058</b>

1) As from 31 March 2004, Elcon Finans is no longer consolidated in the group accounts

2) Pro forma excluding Elcon Finans

3) Excluding Nordlandsbanken



## Unspecified provisions

Amounts in NOK million	31 March 2004 <sup>1)</sup>	31 Dec. 2003 <sup>2)</sup>	31 Dec. 2003 <sup>3)</sup>	Pro forma
				31 Dec. 2002
Unspecified provisions in the DnB NOR Group <sup>4)</sup>				3 501
Elements in the calculation as from 31 Dec. 2003:				
Provisions for probable, unidentified losses <sup>5)</sup>	1 680	1 563	1 634	
+ Provisions for risk margins in the ordinary portfolio	1 637	1 661	1 731	
+ Supplementary provisions due to uncertainty in estimates	218	310	349	
<b>Unspecified loan-loss provisions in the accounts</b>	<b>3 534</b>	<b>3 534</b>	<b>3 714</b>	<b>3 501</b>

1) As from 31 March 2004, Elcon Finans is no longer consolidated in the group accounts

2) Pro forma excluding Elcon Finans

3) Includes NOK 204 million in unspecified provisions from Nordlandsbanken and NOK 5 million in unspecified provisions on a portfolio of loans acquired from Gjensidige NOR Spareforsikring

4) As reported in the accounts of DnB and Gjensidige NOR respectively

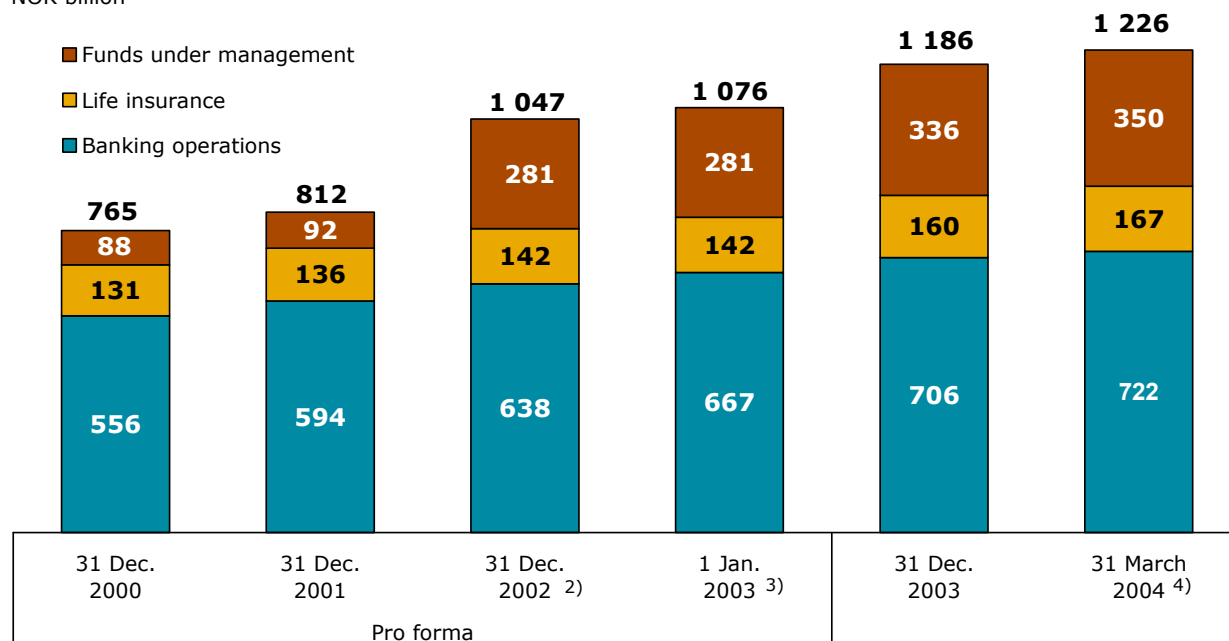
5) The calculation of provisions for probable, unidentified losses is based on DnB NOR's risk management system and the division of the loan portfolio into risk categories. As from 31 December 2003 the division into risk categories is based on intervals of normalised losses only, while for previous periods the high-risk categories also included commitments with low normalised losses in cases where the loss ratio was low but combined with a high probability of default.



## Total assets owned or managed by the DnB NOR Group

### Total combined assets <sup>1)</sup>

NOK billion



1) Totals are net of inter-company balances

2) Skandia Asset Management is included as from 2002

3) Nordlandsbanken is included as from 2003

4) Excluding Elcon Finans

## DnB NOR Group balance sheets

Amounts in NOK billion	31 March 2004 <sup>1)</sup>	31 Dec. 2003 <sup>2)</sup>	31 Dec. 2003	Pro forma			
				30 Sept. 2003	30 June 2003	31 March 2003	1 Jan. 2003 <sup>3)</sup>
Cash and lending to/deposits with credit institutions	63.6	61.6	36.9	48.9	49.0	62.1	50.7
Net lending to customers	544.2	530.3	557.5	546.8	541.2	529.0	512.4
Commercial paper, bonds, etc.	60.1	59.4	59.4	60.2	57.2	52.5	53.3
Shareholdings	11.7	11.4	11.4	12.4	12.0	12.1	12.0
Fixed and intangible assets	10.9	10.7	11.0	12.2	12.1	12.2	11.9
Other assets	31.1	31.2	29.5	27.0	25.9	25.3	27.0
<b>Total assets</b>	<b>721.6</b>	<b>704.6</b>	<b>705.7</b>	<b>707.4</b>	<b>697.4</b>	<b>693.2</b>	<b>667.3</b>
Loans and deposits from credit institutions	75.5	78.7	78.5	82.5	91.5	92.9	86.7
Deposits from customers	341.5	335.3	335.6	330.7	336.4	331.0	326.8
Borrowings through the issue of securities	192.4	181.6	181.6	175.9	164.6	165.5	149.8
Other liabilities and provisions	43.8	43.1	44.1	50.9	39.2	38.9	44.9
Primary capital	68.4	65.8	65.9	67.5	65.6	64.8	59.2
<b>Total liabilities and equity</b>	<b>721.6</b>	<b>704.6</b>	<b>705.7</b>	<b>707.4</b>	<b>697.4</b>	<b>693.2</b>	<b>667.3</b>
Average total assets for the year to date	727.7	693.8	697.2	699.9	693.6	691.8	622.7
Ratio of deposits to net lending (%)	62.8	63.2	60.2	60.5	62.2	62.6	63.8
Ratio of average deposits to average net lending (%)	60.9	66.4	63.0	63.2	63.5	64.6	64.9

1) As from 31 March 2004, Elcon Finans is no longer consolidated in the group accounts

2) Pro forma excluding Elcon Finans

3) Including Nordlandsbanken



## Lending to principal sectors <sup>1) 2)</sup>

Amounts in NOK billion	31 March 2004 <sup>3)</sup>	31 Dec. 2003 <sup>4)</sup>	31 Dec. 2003	Pro forma			
				30 Sept. 2003	30 June 2003	31 March 2003	1 Jan. 2003 <sup>5)</sup>
Retail customers	303.5	293.7	301.6	285.9	277.7	266.8	262.1
International shipping	33.0	30.9	31.2	30.8	30.3	27.7	26.4
Real estate	81.4	81.3	82.2	84.9	81.4	80.3	77.8
Manufacturing	21.5	20.8	24.8	25.7	27.4	27.7	27.9
Services and management	32.0	31.8	36.6	36.2	37.8	37.5	38.0
Trade	22.1	21.7	23.8	24.0	26.4	25.0	22.6
Oil and gas	3.8	3.9	4.2	4.5	4.1	4.1	4.1
Transportation and communication	12.3	11.6	14.0	14.8	15.1	15.5	14.5
Building and construction	5.6	5.7	8.4	8.3	8.4	8.4	8.3
Power and water supply	5.7	6.2	6.3	6.2	6.9	8.5	8.1
Fishing	9.7	10.0	10.4	10.5	10.8	10.1	9.9
Other sectors, of which:							
Hotels and restaurants	3.9	4.0	4.1	4.2	4.0	3.8	3.6
Agriculture and forestry	3.7	3.9	4.7	4.3	4.4	4.2	4.5
Central and local government	2.2	1.7	2.1	2.4	2.2	2.6	2.8
Other	7.2	6.7	6.7	7.7	6.9	10.4	5.5
<b>Total</b>	<b>547.7</b>	<b>533.8</b>	<b>561.2</b>	<b>550.5</b>	<b>544.0</b>	<b>532.7</b>	<b>516.1</b>
Of which residential mortgages							
within 80% of collateral value	265.5	257.7	257.7	244.5	234.2	227.0	223.1
above 80% of collateral value	8.5	8.7	8.7	8.3	7.8	7.9	6.8
<b>Total</b>	<b>274.1</b>	<b>266.4</b>	<b>266.4</b>	<b>252.8</b>	<b>242.0</b>	<b>234.9</b>	<b>229.9</b>

1) Split according to official industry definitions which may differ from DnB NOR's business area reporting

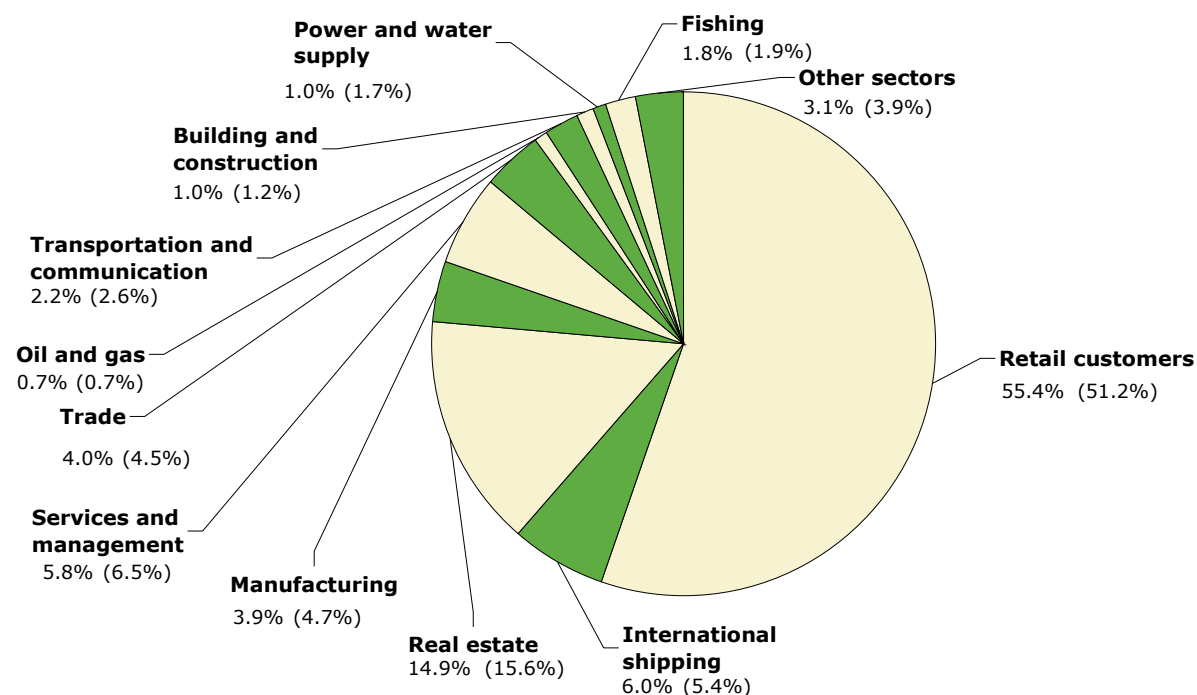
2) Gross lending after deductions for related specified loan-loss provisions

3) As from 31 March 2004, Elcon Finans is no longer consolidated in the group accounts

4) Pro forma excluding Elcon Finans

5) Including Nordlandsbanken

## Lending to principal sectors as at 31 March 2004 <sup>1)</sup>



1) Excluding Elcon Finans

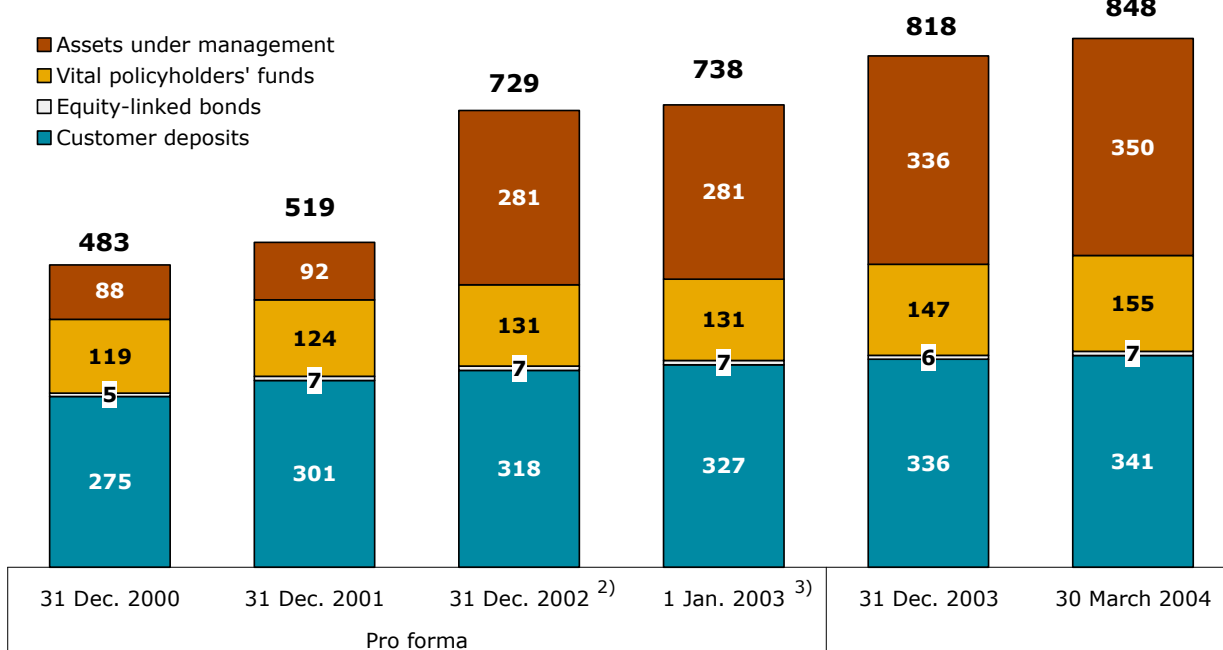
Percentages as at  
31 March 2003 in parentheses



## Customer savings

### Customer savings in DnB NOR companies <sup>1)</sup>

NOK billion



1) Totals are net of inter-company balances

2) Skandia Asset Management is included as from 2002

3) Nordlandsbanken is included as from 2003

## Deposits

Amounts in NOK billion	31 March 2004	31 Dec. 2003	Pro forma			
			30 Sept. 2003	30 June 2003	31 March 2003	1 Jan. 2003 <sup>1)</sup>
Retail customers - NOK	168	167	167	173	162	163
Corporate customers	173	169	164	164	169	164
<b>Total *)</b>	<b>341</b>	<b>336</b>	<b>331</b>	<b>336</b>	<b>331</b>	<b>327</b>
*) of which:						
NOK	311	311	306	315	309	306
foreign currency	29	25	25	22	23	22

1) Including Nordlandsbanken



## Capital adequacy and taxes

### Development in primary capital and capital ratios

	DnB NOR Bank	DnB NOR Bank Group	DnB NOR Group	
<i>Amounts in NOK million</i>	31 March 2004	31 March 2004	31 March 2004	31 Dec. 2003
Share capital	16 964	16 964	13 220	13 090
Other equity	16 812	19 683	29 401	29 025
Total equity	33 776	36 647	42 621	42 115
Perpetual subordinated loan capital securities <sup>1) 2)</sup>	5 229	5 611	6 011	5 476
Reductions:				
Pension funds above pension commitments	(1 187)	(1 229)	(1 500)	(1 354)
Goodwill	(1 559)	(2 255)	(5 353)	(5 728)
Deferred tax assets	(1 219)	(1 096)	(1 157)	(808)
Other intangible assets etc.	(171)	(182)	(397)	(431)
Core capital	34 869	37 496	40 224	39 270
Perpetual subordinated loan capital <sup>1) 2)</sup>	6 676	7 249	6 849	6 154
Term subordinated loan capital <sup>2)</sup>	11 623	12 194	12 665	11 945
Net supplementary capital	18 299	19 443	19 514	18 099
Deductions	2 178	2 276	975	870
Total eligible primary capital <sup>3)</sup>	50 990	54 663	58 763	56 499
<b>Total risk-weighted volume</b>	<b>466 051</b>	<b>522 332</b>	<b>576 656</b>	<b>579 445</b>
Core capital ratio (per cent)	7.5	7.2	7.0	6.8
Capital ratio (per cent)	10.9	10.5	10.2	9.8
Core capital ratio incl. 50 per cent of profit for the period (per cent)	7.7	7.3	7.1	
Capital ratio incl. 50 per cent of profit for the period (per cent)	11.1	10.6	10.3	
Core capital ratio excluding life insurance (per cent)			7.9	7.6
Capital ratio excluding life insurance (per cent)			10.1	9.6

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

2) Calculations of capital adequacy include a total of NOK 1 242 million in subordinated loan capital in life insurance operations and associated companies, in addition to subordinated loan capital in the Group's balance sheet.

3) 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.

## Taxes

The DnB NOR Group's tax charge for the first quarter of 2004 was NOK 561 million, based on an anticipated average tax rate of 27 per cent of pre-tax operating profits.

On 26 March 2004, the Norwegian government presented a draft tax reform, including a proposal regarding tax exemption for companies' returns on investments in limited companies in the form of capital gains and dividends. It has been proposed that the changes in capital gains tax be implemented as of 26 March 2004. This means that gains on the sale of shares in Elcon Finans could be exempt from tax, which would bring down DnB NOR's tax charge by around NOK 300 million. However, the new rule would also have negative implications, i.e. that shares previously written down in the accounts, e.g. the bank's shares in Storebrand, would not be eligible for tax deductions if realised after 26 March 2004.

It has also been proposed to remove withholding tax for shareholders within the EEA area, which means that foreign companies in the EEA region can transfer dividends from Norway without paying taxes.

For Norwegian private shareholders, a model has been proposed whereby dividends and gains on the sale of shares in excess of the risk-free interest rate will be subject to 28 per cent tax. The cost price, including accumulated "RISK", will form the basis for calculating the relevant tax allowance. A proposal has been made to abolish "RISK" adjustments and allowances.

The proposed tax reform will be subject to thorough consideration by Norwegian politicians. The effect of the amended tax regulations for DnB NOR and the Group's shareholders are thus uncertain, and the proposal has thus not been taken into account.



## Financial results DnB NOR Group

### Profit and loss accounts

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Interest income	7 462	7 916	9 077	10 198	11 239	38 430
Interest expenses	4 164	4 618	5 568	6 719	7 736	24 641
<b>Net interest income and credit commissions</b>	<b>3 298</b>	<b>3 299</b>	<b>3 509</b>	<b>3 478</b>	<b>3 503</b>	<b>13 789</b>
Dividends	14	47	27	107	31	212
Net profit from Life Insurance and Pensions	178	360	88	297	15	760
Commissions and fees receivable	1 666	1 733	1 623	1 505	1 474	6 335
Commissions and fees payable	523	577	521	484	474	2 056
Net gain on foreign exchange and financial instruments	453	492	496	519	340	1 847
Sundry ordinary operating income	411	306	298	293	283	1 181
Gains on the sale of fixed assets	979	13	7	2	2	23
<b>Net other operating income</b>	<b>3 178</b>	<b>2 374</b>	<b>2 017</b>	<b>2 240</b>	<b>1 671</b>	<b>8 302</b>
Salaries and other ordinary personnel expenses	1 679	1 762	1 642	1 576	1 597	6 577
Administrative expenses	1 004	1 012	942	1 028	1 000	3 982
Depreciation	290	304	297	299	300	1 200
Sundry ordinary operating expenses	374	303	366	360	403	1 433
Other expenses	931	127	35	30	27	219
<b>Total operating expenses</b>	<b>4 278</b>	<b>3 508</b>	<b>3 282</b>	<b>3 293</b>	<b>3 327</b>	<b>13 410</b>
<b>Pre-tax operating profit before losses</b>	<b>2 199</b>	<b>2 165</b>	<b>2 244</b>	<b>2 425</b>	<b>1 847</b>	<b>8 681</b>
Net losses on loans, etc.	135	276	356	811	449	1 891
Net gain/(loss) on long-term securities	15	195	(3)	33	(1)	224
<b>Pre-tax operating profit</b>	<b>2 078</b>	<b>2 083</b>	<b>1 885</b>	<b>1 648</b>	<b>1 397</b>	<b>7 014</b>
Taxes	561	513	501	245	377	1 636
<b>Profit for the period</b>	<b>1 517</b>	<b>1 570</b>	<b>1 384</b>	<b>1 403</b>	<b>1 021</b>	<b>5 378</b>
Earnings per share	1.16	1.20	1.06	1.07	0.78	4.11
Diluted earnings per share	1.15	1.19	1.05	1.07	0.78	4.10
Average total assets	727 687	689 051	712 670	695 352	691 819	697 223

### Balance sheets

Amounts in NOK million	Pro forma						
	31 March 2004 <sup>1)</sup>	31 Dec. 2003 <sup>2)</sup>	31 Dec. 2003	30 Sept. 2003	30 June 2003	31 March 2003	1 Jan. 2003 <sup>3)</sup>
Cash and deposits with central banks	3 284	8 570	8 570	17 103	12 377	31 331	23 658
Lending to and deposits with credit institutions	60 336	53 065	28 331	31 771	36 606	30 804	27 009
Gross lending to customers	551 765	538 064	565 546	555 591	549 556	537 325	520 537
– Specified loan-loss provisions	(4 066)	(4 235)	(4 329)	(5 035)	(4 645)	(4 619)	(4 439)
– Unspecified loan-loss provisions	(3 534)	(3 534)	(3 714)	(3 753)	(3 736)	(3 718)	(3 705)
Net lending to customers	544 165	530 296	557 503	546 803	541 174	528 988	512 393
Reposessed assets	460	601	576	873	580	848	712
Commercial paper and bonds	60 147	59 398	59 398	60 172	57 202	52 468	53 340
Shareholdings etc.	4 000	4 005	4 011	4 608	4 358	4 874	4 858
Investments in Life Insurance and Pensions and associated companies	7 722	7 365	7 365	7 796	7 687	7 260	7 184
Intangible assets	6 541	6 215	6 484	7 591	7 429	7 421	7 023
Fixed assets	4 364	4 455	4 475	4 572	4 666	4 730	4 907
Other assets	24 888	25 368	23 643	21 268	20 274	15 567	19 643
Prepayments and accrued income	5 705	5 235	5 321	4 830	5 031	8 860	6 605
<b>Total assets</b>	<b>721 611</b>	<b>704 572</b>	<b>705 677</b>	<b>707 388</b>	<b>697 383</b>	<b>693 152</b>	<b>667 334</b>
Loans and deposits from credit institutions	75 509	78 672	78 497	82 451	91 543	92 881	86 692
Deposits from customers	341 469	335 293	335 576	330 704	336 444	330 973	326 826
Securities issued	192 386	181 649	181 649	175 920	164 611	165 546	149 764
Other liabilities	34 049	34 503	35 305	36 368	26 626	28 474	36 399
Accrued expenses and prepaid revenues	6 756	5 816	5 992	11 621	9 726	7 490	5 447
Provisions for commitments	3 022	2 816	2 834	2 865	2 840	2 950	3 010
Subordinated loan capital	24 283	23 709	23 709	23 989	23 463	24 128	19 512
Share capital	13 220	13 090	13 090	13 090	13 090	13 090	13 090
Equity reserves	29 401	29 025	29 025	26 572	26 615	26 599	26 595
Profit for the period	1 517	-	-	3 808	2 424	1 021	-
<b>Total liabilities and equity</b>	<b>721 611</b>	<b>704 572</b>	<b>705 677</b>	<b>707 388</b>	<b>697 383</b>	<b>693 152</b>	<b>667 334</b>

1) As from 31 March 2004, Elcon Finans is no longer consolidated in the group accounts

2) Pro forma excluding Elcon Finans

3) Including Nordlandsbanken



## Financial results DnB NOR Group 1999-2003

### Profit and loss accounts

Amounts in NOK million

	Pro forma				
	2003	2002	2001	2000	1999
Interest income	38 430	42 959	43 655	38 850	35 914
Interest expenses	24 641	29 072	30 345	26 455	23 966
<b>Net interest income</b>	<b>13 789</b>	<b>13 887</b>	<b>13 310</b>	<b>12 395</b>	<b>11 948</b>
Dividends	212	171	218	329	296
Net profit/(loss) from Life Insurance and Pensions	760	(271)	206	632	640
Commissions and fees receivable on banking services	6 335	5 869	5 434	5 395	4 559
Commissions and fees payable on banking services	2 056	1 971	1 507	1 238	1 174
Net gain on foreign exchange and financial instruments	1 847	774	1 440	1 779	1 485
Sundry ordinary operating income	1 181	1 046	1 551	902	899
Gains on the sale of fixed assets	23	39	30	15	43
<b>Net other operating income</b>	<b>8 302</b>	<b>5 658</b>	<b>7 371</b>	<b>7 815</b>	<b>6 747</b>
Salaries and other ordinary personnel expenses	6 577	6 005	5 873	5 498	5 190
Administrative expenses	3 982	3 947	4 129	4 051	3 909
Depreciation	1 200	1 077	1 074	959	961
Sundry ordinary operating expenses	1 433	1 508	1 374	1 379	1 795
Other expenses	219	394	123	81	787
<b>Total operating expenses</b>	<b>13 410</b>	<b>12 931</b>	<b>12 573</b>	<b>11 968</b>	<b>12 643</b>
<b>Pre-tax operating profit before losses</b>	<b>8 681</b>	<b>6 613</b>	<b>8 107</b>	<b>8 242</b>	<b>6 053</b>
Net losses/(reversals) on loans, etc.	1 891	1 023	604	(26)	219
Net gain/(loss) on long-term securities	224	(316)	(100)	741	400
<b>Pre-tax operating profit</b>	<b>7 014</b>	<b>5 274</b>	<b>7 404</b>	<b>9 009</b>	<b>6 233</b>
Taxes	1 636	1 642	1 378	2 219	1 191
<b>Profit for the year</b>	<b>5 378</b>	<b>3 632</b>	<b>6 026</b>	<b>6 790</b>	<b>5 042</b>
Earnings per share (NOK)	4.11	2.77	4.59	5.15	3.83
Diluted earnings per share (NOK)	4.10	2.76	4.57	5.15	3.83
Average total assets	697 223	622 732	575 183	535 088	497 027

### Balance sheets

Amounts in NOK million

	Pro forma				
	31 Dec. 2003	31 Dec. 2002	31 Dec. 2001	31 Dec. 2000	31 Dec. 1999
Cash and deposits with central banks	8 570	22 944	5 067	11 751	17 578
Lending to and deposits with credit institutions	28 331	26 615	25 731	27 047	21 465
Gross lending to customers	565 546	494 601	475 811	436 368	398 543
- Specified loan-loss provisions	(4 329)	(2 884)	(2 670)	(2 768)	(3 767)
- Unspecified loan-loss provisions	(3 714)	(3 501)	(3 501)	(3 504)	(3 399)
Net lending to customers	557 503	488 217	469 640	430 096	391 376
Reposessed assets	576	651	181	137	126
Commercial paper and bonds.	59 398	51 745	54 591	46 788	46 275
Shareholdings etc.	4 011	4 364	4 956	4 297	4 327
Investments in Life Insurance and Pensions and associated companies	7 365	7 184	7 114	6 926	6 664
Intangible assets	6 484	6 733	3 974	4 181	4 276
Fixed assets	4 475	4 425	3 774	4 143	5 016
Other assets	23 643	19 382	11 415	13 613	9 623
Prepayments and accrued income	5 321	6 098	7 797	7 143	7 326
<b>Total assets</b>	<b>705 677</b>	<b>638 357</b>	<b>594 242</b>	<b>556 123</b>	<b>514 053</b>
Loans and deposits from credit institutions	78 497	80 302	64 834	81 021	84 083
Deposits from customers	335 576	317 598	300 980	275 447	264 247
Securities issued	181 649	138 568	141 602	115 908	91 239
Other liabilities	35 305	35 359	24 800	28 625	29 440
Accrued expenses and prepaid revenues	5 992	5 034	2 330	2 747	2 004
Provisions for commitments	2 834	3 000	2 342	2 122	2 293
Subordinated loan capital	18 126	13 519	14 675	14 219	8 694
Perpetual subordinated loan capital securities	5 583	5 292	3 601	0	0
<b>Total liabilities</b>	<b>663 562</b>	<b>598 672</b>	<b>555 163</b>	<b>520 090</b>	<b>482 001</b>
Share capital	13 090	13 090	13 100	13 181	13 181
Share capital reserve	11 353	11 353	11 353	11 353	11 353
Other equity	17 672	15 242	14 626	11 499	7 518
<b>Total liabilities and equity</b>	<b>705 677</b>	<b>638 357</b>	<b>594 242</b>	<b>556 123</b>	<b>514 053</b>



## Key figures

DnB NOR Group <sup>1)</sup>						
	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
<b>Interest rate analysis</b>						
1 Combined average spread for lending and deposits (%)	2.47	2.54	2.60	2.66	2.69	2.62
2 Spread for ordinary lending to customers (%)	1.78	1.68	1.91	1.72	1.71	1.76
3 Spread for deposits from customers (%)	0.69	0.86	0.69	0.95	0.99	0.87
<b>Rate of return/profitability</b>						
4 Net other operating income, % of total income	40.0	41.7	36.5	39.2	32.3	37.6
5 Cost/income ratio (%)	66.1	61.8	59.4	57.6	64.3	60.7
6 Ordinary cost/income ratio before goodwill amortisation (%)	58.1	57.0	56.1	54.4	60.9	57.1
7 Cost/income ratio before goodwill amortisation (%)	63.6	59.1	56.6	54.9	61.4	57.9
8 Return on equity (%)	14.1	14.2	12.9	13.6	10.2	12.7
9 Return on equity before goodwill amortisation (%)	15.6	15.7	14.5	15.1	11.7	14.3
10 Goodwill amortisation (NOK million)	165	165	165	164	157	651
11 Average equity before dividend payment (NOK million)	43 126	44 252	42 800	41 420	40 198	42 206
<b>Financial strength</b>						
12 * Core (Tier 1) capital ratio at end of period (%)	7.0	6.8	6.2	6.2	6.5	6.8
13 * Core (Tier 1) capital ratio incl. 50 per cent of profit year to date (%)	7.1	-	6.6	6.5	6.6	-
14 * Capital adequacy ratio at end of period (%)	10.2	9.8	9.4	9.3	9.8	9.8
15 * Capital adequacy ratio incl. 50 per cent of profit for the year to date (%)	10.3	-	9.7	9.5	9.9	-
16 * Core capital at end of period (NOK million)	40 224	39 270	35 916	36 052	35 896	39 270
17 * Total eligible primary capital at end of period (NOK million)	58 763	56 499	54 002	53 604	54 555	56 499
18 * Risk-weighted volume at end of period (NOK million)	576 656	579 445	576 316	576 932	555 214	579 445
<b>Loan portfolio and loan-loss provisions</b>						
19 Loan-loss ratio annualised (%)	0.10	0.20	0.26	0.60	0.34	0.34
20 * Non-performing and doubtful commitments, % of total lending	1.53	1.50	1.62	1.80	1.68	1.50
21 * Loan-loss provisions relative to total gross lending (%)	1.38	1.42	1.58	1.53	1.55	1.42
22 * Non-performing commitments at end of period	6 293	6 531	6 822	6 766	6 133	6 531
23 * Doubtful commitments at end of period	2 092	1 870	2 276	3 188	2 947	1 870
<b>Liquidity</b>						
24 * Ratio of customer deposits to net lending to customers at end of period (%)	62.8	60.2	60.5	62.2	62.6	60.2
<b>Total assets owned or managed by DnB NOR</b>						
25 * Assets under management at end of period (NOK billion)	505	483	475	468	430	483
26 Average total combined assets (NOK billion)	1 206	1 187	1 173	1 142	1 084	1 120
27 * Total combined assets at end of period (NOK billion)	1 226	1 186	1 182	1 163	1 121	1 186
28 * Customer savings at end of period (NOK billion)	848	818	806	805	762	818
<b>Staff</b>						
29 * Number of full-time positions at end of period	10 478	11 044	11 180	11 274	11 477	11 044
30 * - of which in Life Insurance and Pensions	993	1 022	1 033	1 044	1 055	1 022
<b>The DnB NOR share</b>						
31 * Number of shares at end of period (1 000)	1 321 957	1 309 027	1 309 027	1 309 027	1 309 027	1 309 027
32 Average number of shares (1 000)	1 309 880	1 309 027	1 309 027	1 309 027	1 309 027	1 309 027
33 Average number of shares - fully diluted (1 000)	1 315 516	1 315 764	1 312 341	1 311 762	1 309 027	1 311 737
34 Earnings per share (NOK)	1.16	1.20	1.06	1.07	0.78	4.11
35 Earnings per share excl. goodwill amortisation (NOK)	1.28	1.32	1.18	1.20	0.90	4.61
36 Earnings per share fully diluted (NOK)	1.15	1.19	1.05	1.07	0.78	4.10
37 * Equity per share at end of period (NOK)	33.39	32.17	33.21	32.18	31.10	32.17
38 * Share price at end of period (NOK)	45.00	44.40	33.80	35.60	28.70	44.40
39 * Price/book value	1.35	1.38	1.02	1.11	0.92	1.38
40 * Market capitalisation (NOK billion)	59.5	58.1	44.2	46.6	37.6	58.1

1) Nordlandsbanken is included in the figures as from 1 January 2003.

### Definitions

\* Formal figures at end-2003

8 Profit for the period as a percentage of average equity.

19 Net losses on loans (excluding guarantees) as a percentage of lending after the deduction of specified loan-loss provisions at end of period.

20 Non-performing and doubtful commitments after the deduction of specified loan-loss provisions relative to lending after the deduction of specified loan-loss provisions. Figures at end of period.

21 Accumulated specified and unspecified loan-loss provisions relative to gross lending at end of period.

34 Profit for the period divided by the average number of shares.

39 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.

40 Number of shares multiplied by the share price at end of period.



## Key figures 1999-2003

DnB NOR Group <sup>1)</sup>					
	Pro forma				
	2003	2002	2001	2000	1999
<b>Interest rate analysis</b>					
1 Combined average spread for lending and deposits (%)	2.62	2.77	2.75	2.91	3.19
2 Spread for ordinary lending to customers (%)	1.76	1.48	1.34	1.33	1.49
3 Spread for deposits from customers (%)	0.87	1.29	1.41	1.58	1.70
<b>Rate of return/profitability</b>					
4 Net other operating income, % of total income	37.6	28.9	35.6	38.7	36.1
5 Cost/income ratio (%)	60.7	66.2	60.8	59.2	67.6
6 Ordinary cost/income ratio before goodwill amortisation (%)	57.1	61.7	58.4	57.3	62.2
7 Cost/income ratio before goodwill amortisation (%)	57.9	63.6	58.9	57.6	66.3
8 Return on equity (%)	12.7	8.9	15.5	18.5	16.1
9 Return on equity before goodwill amortisation (%)	14.3	10.2	16.7	19.5	17.0
10 Goodwill amortisation (NOK million)	651	539	429	368	283
11 Average equity before dividend payment (NOK million)	42 206	40 738	38 768	36 750	31 236
<b>Financial strength</b>					
12* Core (Tier 1) capital ratio at end of period (%)	6.8	7.1	7.1	6.3	6.3
13* Capital adequacy ratio at end of period (%)	9.8	9.9	10.0	9.6	9.4
14* Core capital at end of period (NOK million)	39 270	36 802	37 007	30 364	27 024
15* Total eligible primary capital at end of period (NOK million)	56 499	51 258	52 138	46 164	40 439
16* Risk-weighted volume at end of period (NOK million)	579 445	516 664	519 202	483 299	429 748
<b>Loan portfolio and loan-loss provisions</b>					
17 Loan-loss ratio annualised (%)	0.34	0.21	0.13	(0.01)	0.06
18* Non-performing and doubtful commitments, % of total lending	1.50	0.97	0.92	0.98	1.47
19* Loan-loss provisions relative to total gross lending (%)	1.42	1.29	1.30	1.44	1.80
20* Non-performing commitments at end of period	6 531	3 622	3 062	3 018	3 992
21* Doubtful commitments at end of period	1 870	1 252	996	999	1 607
<b>Liquidity</b>					
22* Ratio of customer deposits to net lending to customers at end of period (%)	60.2	65.1	64.1	64.0	67.5
<b>Total assets owned or managed by DnB NOR</b>					
23* Assets under management at end of period (NOK billion)	483	412	216	207	182
24 Average total combined assets (NOK billion)	1 120	930	789	732	659
25* Total combined assets at end of period (NOK billion)	1 186	1 047	812	765	699
26* Customer savings at end of period (NOK billion)	818	729	519	483	446
<b>Staff</b>					
27* Number of full-time positions at end of period	11 044	11 233	11 283	11 417	11 965
28* - of which in Life Insurance and Pensions	1 022	1 066	1 106	1 128	1 155
<b>The DnB NOR share</b>					
29* Number of shares at end of period (1 000)	1 309 027	1 309 027	1 309 968	1 318 036	1 318 036
30 Average number of shares (1 000)	1 309 027	1 309 552	1 313 965	1 318 036	1 318 036
31 Average number of shares - fully diluted (1 000)	1 311 737	1 314 781	1 319 863	1 318 036	1 318 036
32 Earnings per share (NOK)	4.11	2.77	4.59	5.15	3.83
33 Earnings per share excl. goodwill amortisation (NOK)	4.61	3.19	4.91	5.43	4.04
34 Earnings per share fully diluted (NOK)	4.10	2.76	4.57	5.15	3.83
35* Equity per share at end of period (NOK)	32.17	30.32	29.74	27.34	27.98
36* Share price at end of period (NOK)	44.40	32.60	40.40	47.50	32.90
37* Price/book value	1.38	1.08	1.36	1.74	1.18
38* Market capitalisation (NOK billion)	58.1	42.7	52.9	62.6	43.4
39 Dividend per share (NOK)	2.20	2.14	2.53	2.43	1.94
40 "RISK" adjustment for the DnB share as at 1 Jan. the consecutive year (NOK) 2)	(7.34)	6.44	(3.66)	2.64	(0.39)
41 "RISK" adjustment for the Gj.NOR share as at 1 Jan. the consecutive year (NOK) 2)		(0.46)	17.53	28.11	20.18

1) All figures have been prepared in accordance with the DnB NOR Group's accounting principles.

Asset management operations acquired from Skandia are included in the figures as from 1 June 2002 and Nordlandsbanken from 1 January 2003.

2) Estimated "RISK" adjustment for 2003

### Definitions

\* Formal figures at end-2003

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. Figures at end of period.

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.







## **Section 3**

# **DnB NOR Group and business areas**



## Group strategy

### Strategic platform

During the first months of 2004 more than 500 people throughout the Group were involved in a process to review the strategic platform for DnB NOR. This platform gives guidance with respect to the choice of activities, development of corporate culture and primary objectives within the Group. The strategic platform, which was approved by the Board of Directors in March 2004, provides a foundation for business areas and support and staff units in preparing their own plans for generating **growth and profitability**.

### Strategic position

DnB NOR is Norway's leading financial services group, and the Group's strong position among customers in Norway represents a foundation for future operations. The business idea indicates priorities:

**"A local presence and a full range of services are our strengths.  
DnB NOR will be customers' best partner and will meet their needs for financial solutions throughout Norway and in selected areas in the international arena"**

- The Group's relationships with individuals and companies in Norway are at the heart of its business and are a foundation for profitable growth. We will generate added value for customers on the basis of long-term relationships based on trust. A local presence and sound solutions to the customers' financial needs, individual treatment via efficient distribution solutions and our role as their mainstay at home and abroad will contribute to this
- DnB NOR offers competitive products from the entire range of financial services and is a leading producer in strategic product areas
- DnB NOR is international customers' preferred partner in Norway
- In the international arena the Group will focus on areas in which it has a competitive edge thanks to the competence it has gained from its Norwegian operations

### Common values and corporate culture

A common culture and view of leadership will be crucial to our success in creating a new way to run DnB NOR which differentiates us from other financial institutions. Our common values, **Team spirit**, **Simplicity** and **Value creation**, will guide our conduct both within the Group in developing a corporate culture and outside the Group in the way we meet the customers. A set of common characteristics distinctive to our organisation have been developed on the basis of these values. **"How we do it in DnB NOR"** embodies these characteristics, which will be implemented in all units throughout the Group.

### Strategic goals

The strategic platform defines our strategic goals relative to different stakeholders; customers, employees, investors and citizens. We want DnB NOR to be **the first choice** for customers looking for products or services geared to their financial needs at any time; for employees who want a demanding and varied workplace, for investors who are looking for long-term value creation and for citizens who want a financial institution that demonstrates corporate social responsibility. Fulfilment of the strategic goals will strengthen DnB NOR's position and will be closely followed up by management and the Board of Directors.

### Financial targets

In accordance with the strategic goals, DnB NOR's financial targets aim to create shareholder value through a return on equity and increases in the share price which are competitive in a Nordic context. This can be expressed through the following targets:

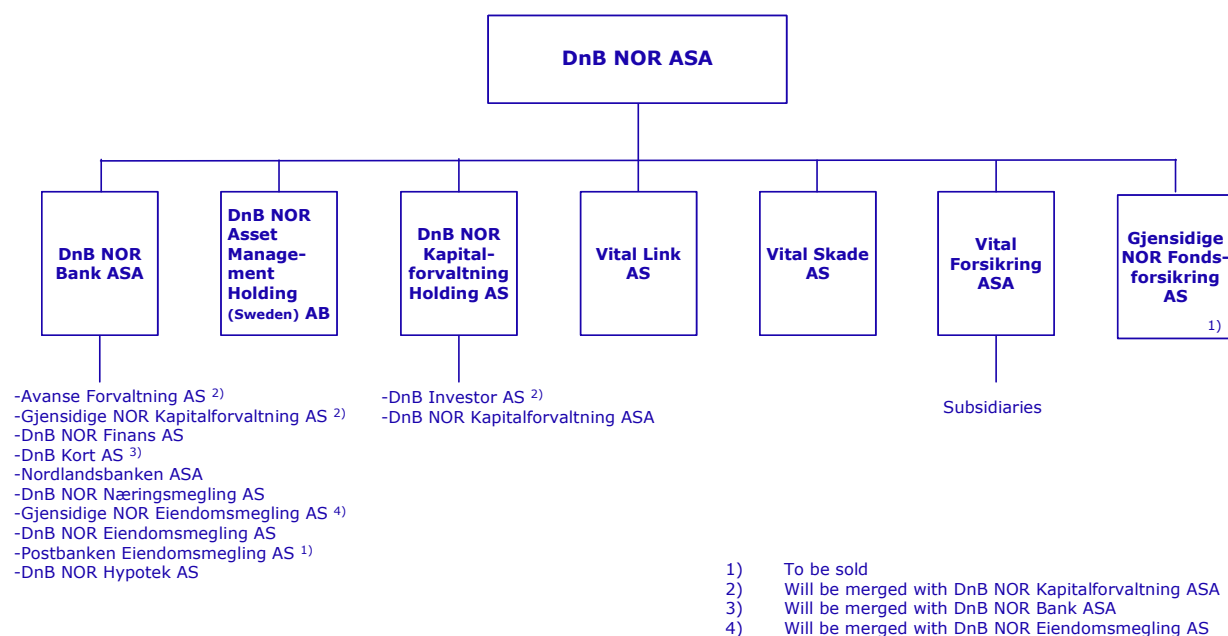
- Return on equity should be in excess of 14 per cent after tax but before goodwill amortisation
- The core capital ratio should be 7 per cent
- DnB NOR envisages that roughly half the Group's profits should be distributed as dividends, provided that capital adequacy remains at a satisfactory level
- Rating for ordinary long-term debt should be maintained at an Aa level



## Legal structure

In accordance with the requirements of the Norwegian regulatory authorities, the banking, asset management and life insurance activities of the DnB NOR Group are organised in separate limited companies under the holding company DnB NOR ASA. Banking activities are organised in DnB NOR Bank ASA, while asset management activities will be organised in two companies: DnB NOR Kapitalforvaltning Holding AS and DnB NOR Asset Management Holding (Sweden) AB. Life insurance activities in the form of traditional life and pension products are carried out by Vital Forsikring ASA, while unit linked products are offered through Vital Link AS. Vital Skade AS offers non-life insurance as part of a total product package for retail and corporate clients and operates as an agent for foreign insurance underwriters. The chart below shows the legal structure of the DnB NOR Group at end-March 2004.

### DnB NOR Group - legal structure as at end-March 2004





## Group business structure

The activities of DnB NOR are organised into five operational 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 operations.

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.

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.

### Financial targets

Differentiated financial requirements have been set for the business areas which in combination will help the DnB NOR Group reach its 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. In addition, differentiated financial and non-financial targets have been set for the business areas.

### Internal pricing

DnB NOR's financial management model and operational 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 use. Joint expenses incurred by group staff units and other group expenditures 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, including strategic investments, 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.

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 Markets. In the first quarter of 2004, such income totalled NOK 178 million. Double entries are eliminated in the group accounts. The effect of internal transactions between the Group's trading portfolio and banking portfolio are, however, not eliminated.

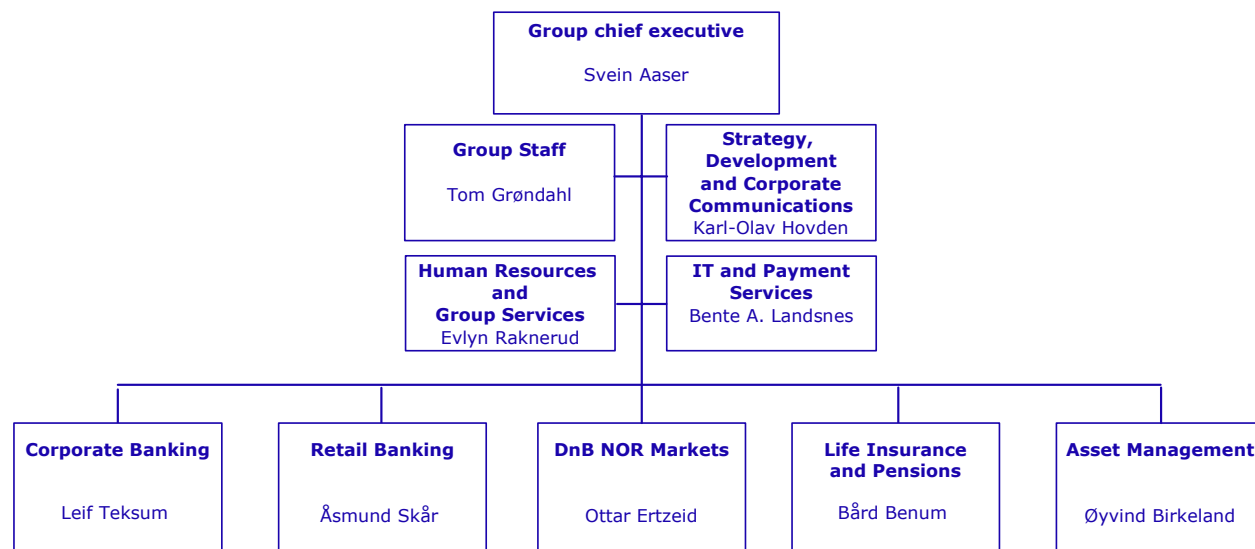
### Sale of companies

In accordance with the terms of the authorities' concession for the merger, the DnB NOR Group must sell certain legal entities. This applies to Postbanken Eiendomsmegling, Aktiv Eiendomsmegling and Gjensidige NOR Fondsforsikring, in addition to Elcon Finans, which was sold on 30 March 2004.

The description of the business areas, including financial information, has been prepared as though these companies are no longer part of the Group. In the accounts for the business areas, pro forma accounts for the companies are combined under the item "Discontinuing operations".

The terms of the merger also require the sale of a total of 53 banking outlets. These sales have not been taken into consideration in the description and accounts of the business areas.



**DnB NOR Group - organisation chart as at end-March 2004**



## Synergies

### Cost and revenue synergies resulting from the DnB NOR merger

#### Annual cost and revenue synergies following full implementation in 2007

<i>Amounts in NOK million</i>	Cost synergies	Income synergies	Net synergies	Staff reductions (full-time positions)	Restructuring costs
Retail Banking	745	(180)	565	740	365
Corporate Banking	150	(95)	55	200	145
Markets	110	(30)	80	105	125
Asset Management	110	(20)	90	70	175
Life Insurance and Pensions (effect for owner)	50	(10)	40	135	75
IT and Payment Services	235	(20)	215	85	560
Human Resources and Group Services	160	0	160	110	160
Staff units/other	200	0	200	185	255
<b>Total</b>	<b>1 760</b>	<b>(355)</b>	<b>1 405</b>	<b>1 630</b>	<b>1 860</b>

#### Time schedule for phasing in net synergies

<i>Amounts in NOK million</i>	2004	2005	2006	2007
Total annual net synergies	422	843	1 265	1 405
Cumulative share of net synergies (%)	30	60	90	100



## Business areas

### Operating results and key financial data for main business areas <sup>1)</sup>

The business area accounts are based on internal management reporting to the Board of Directors and the group chief executive. In the first quarter of 2004, the allocation of certain items between the business areas was reassessed. Figures for 2003 have been adjusted correspondingly.

#### Extracts from profit and loss accounts <sup>2)</sup>

Amounts in NOK million	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)	
	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03
Corporate Banking	1 399	1 477	563	509	824	821	1 138	1 165	102	370	1 036	795
Retail Banking	1 661	1 746	673	567	1 634	1 717	700	596	14	55	686	541
DnB NOR Markets	69	151	586	487	308	299	347	340	(3)	0	350	340
Life Insurance and Pensions			260	45			260	45			260	45
Asset Management	1	13	217	196	181	182	37	28			37	28
Discontinuing operations <sup>3)</sup>	250	186	991	44	128	124	1 114	106	23	37	1 091	69
Other operations	(81)	(71)	(112)	(177)	1 204	183	(1 397)	(432)	(15)	(12)	(1 382)	(419)
<b>DnB NOR Group</b>	<b>3 298</b>	<b>3 503</b>	<b>3 178</b>	<b>1 671</b>	<b>4 278</b>	<b>3 327</b>	<b>2 199</b>	<b>1 847</b>	<b>121</b>	<b>449</b>	<b>2 078</b>	<b>1 397</b>

#### Main balance sheet items, average balances <sup>2)</sup>

Amounts in NOK billion	Interest on allocated capital		Allocated capital <sup>4)</sup>		Net lending to customers		Customer deposits		Assets under management <sup>5)</sup>	
	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03
Corporate Banking	102	257	18.5	17.2	246.4	244.8	161.5	161.3		
Retail Banking	40	100	7.3	6.7	286.9	247.8	183.0	176.9		
DnB NOR Markets	11	29	1.9	1.9	1.2	1.3	8.7	11.5		
Life Insurance and Pensions	46	114	8.4	7.6					148.3	131.5
Asset Management	5	12	1.0	0.8					484.5	396.5
Discontinuing operations <sup>3)</sup>					28.2	23.6	0.5	0.3		
Other operations			6.0	6.0	1.7	2.8	(10.1)	(13.8)	(135.9)	(113.3)
<b>DnB NOR Group</b>			<b>43.1</b>	<b>40.2</b>	<b>564.5</b>	<b>520.3</b>	<b>343.7</b>	<b>336.2</b>	<b>496.9</b>	<b>414.7</b>

#### Key figures

Per cent	Cost/income ratio excl. goodwill amortisation		Ratio of deposits to lending		Return on equity <sup>6)</sup>		Full-time positions (end of period)	
	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	2003 <sup>7)</sup>
Corporate Banking	41.9	41.3	65.5	65.9	16.2	13.5	1 937	1 951
Retail Banking	69.7	74.0	63.8	71.4	27.1	23.6	4 568	4 660
DnB NOR Markets	47.1	46.9			52.1	51.1	540	610
Life Insurance and Pensions					10.6	2.0	993	1 022
Asset Management	83.0	86.9			11.1	10.1	340	359
Discontinuing operations <sup>3)</sup>							14	458
Other operations							2 087	1 984
<b>DnB NOR Group</b>	<b>63.6</b>	<b>61.4</b>	<b>60.9</b>	<b>64.6</b>	<b>14.1</b>	<b>10.2</b>	<b>10 478</b>	<b>11 044</b>

1) Figures for 2003 are pro forma.



- 2) The DnB NOR Group's income, expenses and balance sheet volumes are allocated to the business areas. In the above table some of the income generated in DnB NOR Markets related to foreign exchange/treasury instruments, sales of securities in the primary market, as well as custodial services, is also included in the net other operating income of Retail Banking and Corporate Banking. The elimination of these double entries are included in the "Other operations" line.

The "Other operations" line can be split into the following components:

	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)	
	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03	1Q04	1Q03
<i>Amounts in NOK million</i>												
Group Centre	(119)	(173)	223	132	230	107	(126)	(148)	(15)	(12)	(111)	(136)
Interest on unallocated capital	33	89					33	89			33	89
Gain/(loss) on DnB NOR's equity investments			7	(43)			7	(43)			7	(43)
Goodwill amortisation			(25)	(25)	132	126	(157)	(151)			(157)	(151)
Restructuring expenses					930		(930)				(930)	
Double entries	(3)	0	(175)	(170)	0	0	(178)	(170)	0	0	(178)	(170)
Eliminations	8	12	(141)	(70)	(88)	(49)	(46)	(8)	0	0	(46)	(8)
<b>Total</b>	<b>(81)</b>	<b>(71)</b>	<b>(112)</b>	<b>(177)</b>	<b>1 204</b>	<b>183</b>	<b>(1 397)</b>	<b>(432)</b>	<b>(15)</b>	<b>(12)</b>	<b>(1 382)</b>	<b>(419)</b>

The Group Centre line comprises Human Resources and Group Services, Group Staff, IT and Payment Services, Strategy, Development and Corporate Communications, investments in IT infrastructure and shareholder-related expenses.

The Group Centre also holds the part of the Group's equity which is not allocated to the business areas.

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 Finans. 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 Finans 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 amounts 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 capitalised. The remaining goodwill as at 31 December 2003 was NOK 341 million, with annual amortisation of NOK 180 million.

- 3) Discontinuing operations include Elcon Finans, Postbanken Eiendomsmegling and Gjensidige NOR Fondsforsikring. On 30 March 2004, Elcon Finans was sold to Santander Consumer Finance. The company's first-quarter income and expenses are included in the above table. The sale provided a gain of NOK 977 million.
- 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) The "other operations" line includes assets managed by Asset Management on behalf of Life Insurance and Pensions, representing NOK 135.7 billion in the first quarter of 2004 and NOK 112.6 billion in the first quarter of 2003.
- 6) Calculations of return on equity are based on profits after taxes and allocated equity capital. The expected tax rate for the DnB NOR Group is 27 per cent. A 28 per cent tax rate is used for Corporate Banking, Retail Banking, DnB NOR Markets and Asset Management. The tax rate used for Life Insurance and Pensions is 15 per cent, which represents the expected tax rate.
- 7) Restated according to new definitions.



## Corporate Banking

Corporate Banking serves small, medium-sized and large companies. DnB NOR leads the corporate market in Norway while maintaining a sound position among other companies. Through Corporate Banking's shipping division the Group is one of the world's leading shipping banks. The business area is organised into five divisions and two subsidiaries: DnB NOR Finans and Nordlandsbanken's activities in the corporate market. The business area is headed by Leif Teksum, group executive vice president.

DnB NOR Corporate Banking aims to be the best financial partner for Norwegian companies and international customers' preferred partner in Norway. In certain industries, such as shipping, oil and energy, DnB NOR will also be a partner for international companies operating outside Norway.

### Financial performance

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net interest income, ordinary operations	1 296	1 326	1 343	1 243	1 220	5 132
Interest on allocated capital	102	129	153	226	257	765
Net interest income	1 399	1 455	1 496	1 469	1 477	5 897
Net other operating income	563	613	518	572	509	2 212
Total income	1 962	2 067	2 014	2 041	1 986	8 109
Operating expenses	824	847	811	816	821	3 295
Pre-tax operating profit before losses	1 138	1 220	1 203	1 225	1 165	4 814
Net losses	102	234	214	649	370	1 467
Pre-tax operating profit	1 036	986	990	576	795	3 346
Net lending to customers (NOK billion)	246.4	247.7	250.2	252.0	244.8	248.7
Deposits from customers (NOK billion)	161.5	160.2	156.1	156.8	161.3	158.6
Cost/income ratio excl. goodwill (%)	41.9	40.9	40.2	39.9	41.3	40.6
Ratio of deposits to lending (%)	65.5	64.7	62.4	62.2	65.9	63.8
Return on equity (% p.a.)	16.2	15.4	15.9	9.3	13.5	13.6

### Comments to the financial performance for the first quarter of 2004

- Performance reflected sound underlying growth
- Adjusted for exchange rate movements, there was a decrease of 0.3 per cent in loans and guarantees from March 2003 to March 2004
- In cooperation with DnB NOR Markets, a total of NOK 14.5 billion in syndicated credits was arranged for customers, in addition to NOK 16.8 billion in commercial paper and bond issues
- Corporate Banking experienced moderate lending growth to customers with low credit risk, and the quality of the credit portfolio is good
- Deposits were up 0.1 per cent from March 2003
- New loan-loss provisions on loans and guarantees totalled NOK 459.3 million. Reversals on loan-loss provision totalled NOK 343.8 million and recoveries NOK 12.7 million. Net gains on long-term securities amounted to NOK 1 million
- Net other operating income was up 10.7 per cent from the first quarter of 2003. There was a positive trend in income from payment and cash handling services, guarantee commissions, profits from associated companies and gains on foreign exchange and interest rate instruments



### Customers and market development

- DnB NOR leads the corporate market in Norway
- Large Corporates Divisions 1 and 2 lead the market for large Norwegian corporates, offering services in New York, London, Singapore, Shanghai and Helsinki in addition to the domestic market.
- The position was further strengthened in the first quarter of 2004 through 2 200 new customers
- DnB NOR's acquisition of Nordlandsbanken was reflected in the accounts as from 1 January 2003. The acquisition enhances DnB NOR's position in the northernmost parts of Norway
- DnB NOR is committed to building up local expertise and decision-making authority, while making the competence of a large bank available to local businesses
- At end-March 2004, more than 8 000 of DnB NOR's small and medium-sized corporate customers used one of the Group's service concepts for this segment
- More than 50 000 customers make use of DnB NOR's extensive range of Internet services and Internet-based financial tools
- Corporate Banking sees great potential for increased sales of products to small and medium-sized customers in the former Gjensidige NOR portfolio

### Corporate Banking market shares

Per cent	29 Feb. 2004	31 Dec. 2003	Pro forma		
			30 Sept. 2003	30 June 2003	31 March 2003
Of total lending to corporate clients <sup>1)</sup>	15.4	15.8	15.8	16.0	16.1
- of which commercial and savings banks	37.8	38.3	38.0	38.7	38.5
Of deposits from corporate clients <sup>2)</sup>	39.7	38.4	39.9	39.3	40.4

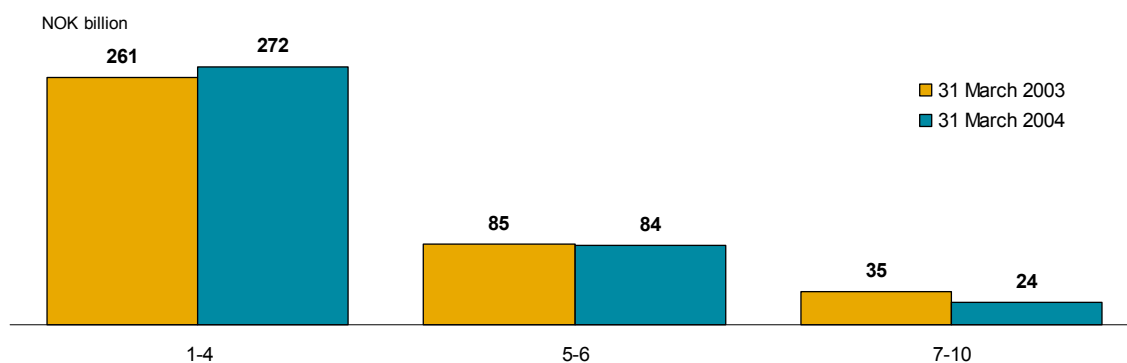
1) Overall lending includes all credits given to Norwegian customers by domestic commercial and savings banks, state banks, insurance companies, finance companies, bonds, commercial paper and foreign institutions

2) Domestic savings and commercial banks

Source: Norges Bank, DnB NOR

### Development in risk classification

Based on DnB NOR's risk classification system where 1 represents the lowest risk and 10 the highest risk and the volume is expected outstanding at the event of default





**Organisation and distribution**

Corporate Banking is organised in divisions:

- Large Corporates 1 and 2 serve large Norwegian corporates, the public sector, international companies doing business in Norway, international customers within oil and energy as well as financial institutions
- The Shipping Division serves Norwegian and international shipping companies and offshore clients
- Regional Division East and Regional Division Coast serve businesses in two different segments based on geographical location:
  - Large companies with a turnover above NOK 40 million
  - Small and medium-sized enterprises with a turnover of up to NOK 40 million

**Products**

Corporate Banking offers customers a broad range of financial services, including lending, bond issues, syndicated loans, deposits, cash management, corporate finance and acquisition finance. Through the establishment of DnB NOR Markets Inc. in the US, DnB NOR offers investment banking services, including merger and acquisition advisory services, to international clients, particularly in the shipping and energy sectors.

**Employees**

- Corporate Banking is committed to systematic competence building to ensure that customers receive the best advisory services and derive the full benefit of DnB NOR's products and services, including expertise within online solutions for corporate customers. Measures are adapted to customer needs in each segment. Specialised training in credit rating and risk and profitability analyses is given high priority
- To provide optimal service to customers, parts of the Group's customer activities are organised across divisions and business areas through teams of employees from different product and customer units
- At end-March 2004, the business area had a staff of 1 937 full-time positions, with 1 804 in Norway, of which 521 in subsidiaries, as well as 133 full-time positions in international units

**Cooperation with other group entities**

Through extensive cooperation with other business areas and support functions in the Group, particularly within corporate finance and FX and interest rate instruments, corporate customers are offered a broad range of financial services and life insurance products.



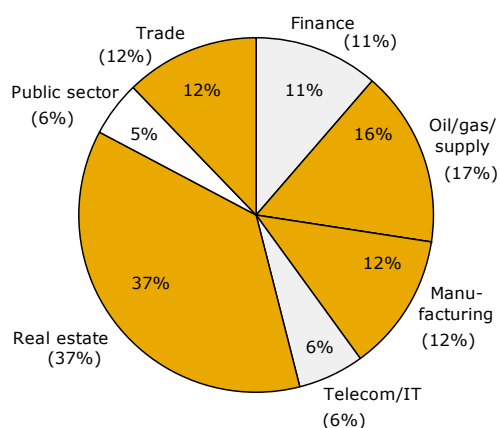
## Large Corporates Divisions 1 and 2

### Average volumes <sup>1)</sup>

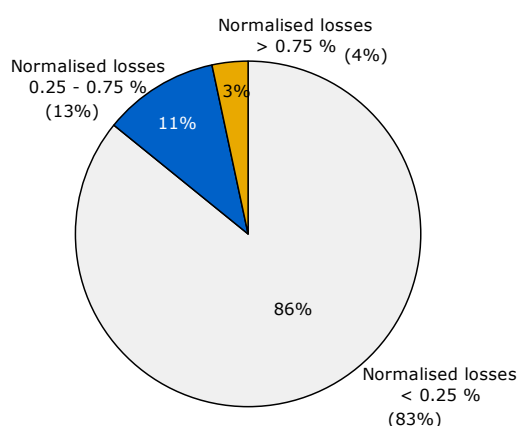
Amounts in NOK billion	1Q04	Pro forma				
		4Q03	3Q03	2Q03	1Q03	2003
Net lending to customers	81	83	85	86	85	85
Guarantees	28	28	26	26	27	27
Customer deposits	72	70	68	71	73	70

1) Average figures for the periods

### Lending according to sector <sup>1)</sup>



### Risk classification of portfolio <sup>1)</sup>



1) Figures as at 31 March 2004. Percentages as at 31 March 2003 in parentheses

### Business profile

- Serving large Norwegian corporates, the public sector, international companies doing business in Norway, international customers within oil and energy as well as financial institutions
- DnB NOR is market leader in the large corporate segment. The majority of Norway's largest corporations use DnB NOR as their main banker. In addition, DnB NOR has extensive interaction with most of the other companies in this segment
- Commercial real estate broking services are offered through the subsidiary DnB NOR Næringsmegling
- DnB NOR Hypotek offers mortgage financing of commercial real estate. Lending volume averaged NOK 18 million in the first quarter of 2004



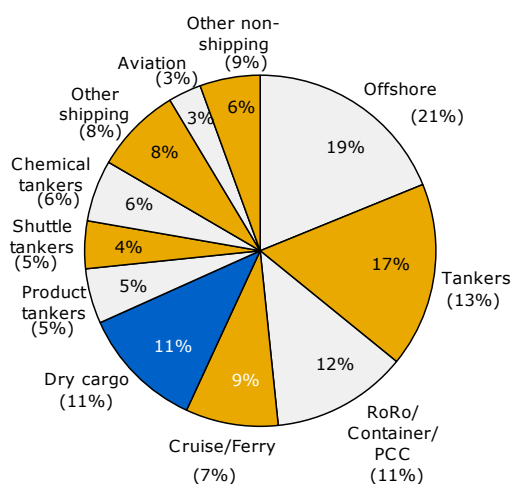
## Shipping Division

### Average volumes <sup>1)</sup>

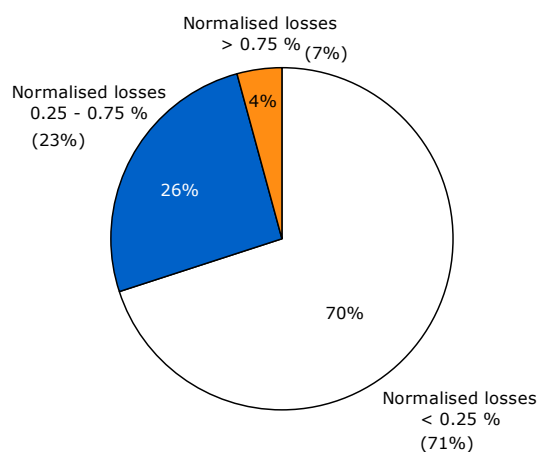
Amounts in NOK billion	1Q04	Pro forma				
		4Q03	3Q03	2Q03	1Q03	2003
Net lending to customers	38	39	37	37	31	36
Guarantees	11	11	11	11	11	11
Customer deposits	17	16	16	15	15	16

1) Average figures for the periods

### Lending according to sector <sup>1)</sup>



### Risk classification of portfolio <sup>1)</sup>



1) Figures as at 31 March 2004. Percentages as at 31 March 2003 in parentheses

### Business profile

- Among the world's leading shipping and offshore banks
- Strong and proactive client focus and long-term relationship perspective
- Aims to be the preferred strategic discussion partner for clients
- Provides commercial and investment banking services to high-quality Norwegian and international shipping and offshore clients from offices in Oslo, Bergen, London, New York and Singapore

The Shipping Division's new initiatives within maritime logistics continued to develop favourably during the first quarter of 2004, enabling DnB NOR to offer a wider range of financing options for shipping clients.



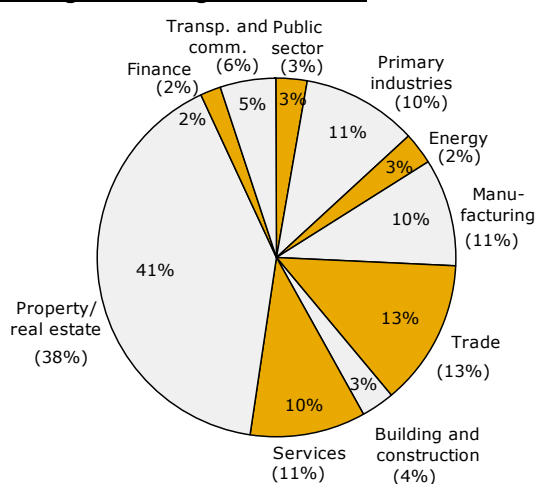
## Regional Division East and Regional Division Coast

### Average volumes <sup>1)</sup>

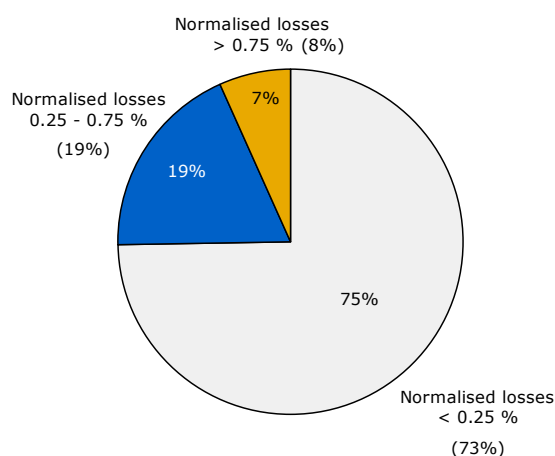
Amounts in NOK billion	1Q04	Pro forma				
		4Q03	3Q03	2Q03	1Q03	2003
Net lending to customers	100	99	99	98	98	99
Guarantees	10	10	10	11	11	10
Customer deposits	70	72	70	69	71	70

1) Average figures for the periods

### Lending according to sector <sup>1)</sup>



### Risk classification of portfolio <sup>1)</sup>



1) Figures as at 31 March 2004. Percentages as at 31 March 2003 in parentheses

### Business profile

- Serving more than 85 000 businesses divided into two segments:
  - Large companies with a turnover above NOK 40 million
  - Small and medium-sized enterprises with a turnover of up to NOK 40 million

Regional clients give priority to local presence combined with the expertise of a major bank. Through local financial services centres DnB NOR is represented throughout Norway with a broad range of products, services and competencies. DnB NOR has a sound platform for strengthening its position as the preferred provider of financial products and services for this customer segment.

### DnB NOR Finans

- DnB NOR Finans is a leading finance company in Norway, offering car financing to retail customers and factoring, leasing and various other forms of financing and related services to the corporate and public sectors
- DnB NOR Finans has 14 sales offices in Norway and cooperates closely with the bank's branch network and distribution channels
- 6.2 per cent growth in lending from the first quarter of 2003 to the corresponding period of 2004

### Nordlandsbanken

- Provides a full range of banking services to retail and corporate customers
- Has a total of 18 branch offices
- Is a wholly-owned subsidiary of DnB NOR Bank
- Stable lending volume from the first quarter of 2003



## Retail Banking

Retail Banking, serving private customers and small companies under the brand names DnB NOR, Postbanken, Cresco and Nordlandsbanken, is Norway's largest retail bank. The business area is headed by Åsmund Skår, group executive vice president.

The business area aims to maintain its leading market position and stand out as the customer's best financial partner. The greatest challenge during the integration phase is to build customer confidence and strengthen customer relationships and the Group's competitiveness, while at the same time realising the synergies which underpin the DnB NOR merger.

During the first quarter of 2004, Den norske Bank and Gjensidige NOR Sparebank merged. In April 2004, the moving of 53 branches into joint premises was decided. The integration process moved along according to schedule, and Retail Banking is ahead of target figures for the planned realisation of synergies.

### Financial performance

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net interest income, ordinary operations	1 620	1 573	1 715	1 656	1 646	6 613
Interest on allocated capital	40	51	58	86	100	296
Net interest income	1 661	1 624	1 773	1 742	1 746	6 909
Net other operating income	673	645	688	654	567	2 553
Total income	2 333	2 269	2 462	2 396	2 313	9 461
Operating expenses	1 634	1 851	1 736	1 724	1 717	7 091
Pre-tax operating profit before losses	700	418	725	672	596	2 371
Net losses	14	40	82	87	55	264
Pre-tax operating profit	686	378	644	585	541	2 107
Net lending to customers (NOK billion)	286.9	275.6	264.0	254.7	247.8	260.5
Deposits from customers (NOK billion)	183.0	180.9	184.1	179.8	176.9	180.4
Cost/income ratio excl. goodwill (%)	69.7	81.3	70.3	71.7	74.0	74.2
Ratio of deposits to lending (%)	63.8	65.6	69.8	70.6	71.4	69.2
Return on equity (% p.a.)	27.1	15.0	27.2	24.8	23.6	22.6

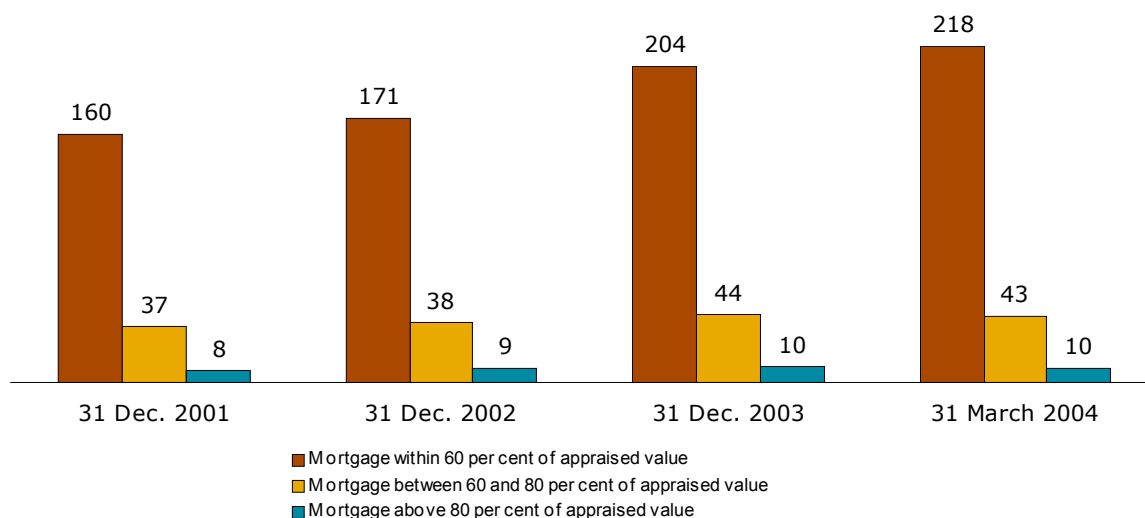
### Comments to the financial performance for the first quarter of 2004

- Overall performance for the quarter was satisfactory – return on equity 27.1 per cent
- Deposit spreads declined to an average of 0.81 percentage points in the first quarter due to sliding interest rate levels. Lending spreads improved, amounting to 1.68 percentage points on average. The combined spreads improved towards the end of the period
- Net other operating income increased by 18.6 per cent due to higher income from payment services, loyalty programmes, guarantee-backed saving products and insurance
- Lending increased by 15.8 per cent, referring primarily to well-secured housing loans
- Deposits increased by 3.5 per cent
- Expenses decreased by 5 per cent, through restructuring and efficiency measures
- Loan losses remained at a low level
- The volume of non-performing and doubtful commitments was at a satisfactory level



## Residential mortgages

NOK billion



## Customers/markets

- Serving more than 2.3 million private individuals
- 480 000 customers subscribe to loyalty programmes
- 890 000 clients use the Group's Internet banks. Postbanken.no is Norway's largest Internet bank
- 9.7 million payment transactions were carried out through the Internet banks in the first quarter of 2004

## Retail Banking market shares

Per cent	29 Feb. 2004	31 Dec. 2003	Pro forma		
			30 Sept. 2003	30 June 2003	31 March 2003
Bank lending to households	38.3	38.3	37.9	37.7	37.8
Bank deposits from households	37.2	37.4	37.6	37.7	37.9

Source: Norges Bank, DnB NOR

## Organisation and distribution

Through Norway's largest distribution network, Retail Banking offers a wide range of financial products and services to its customers. Production, staff and support functions are largely centralised in cost-efficient joint units. The major distribution channels are:

- DnB NOR, Postbanken and Nordlandsbanken's branch offices
- The postal network
- Internet and telephone banking
- Investment Advisory Services

Retail Banking has a long-term cooperation agreement with Gjensidige NOR Forsikring, which among other things allows the bank to offer its customers simple non-life insurance products. The cooperation with 16 regional savings banks involves the provision of technological solutions and distribution of the Group's products.

DnB NOR and Norway Post have a master agreement relating to the distribution of financial services through the postal network, which will remain in effect until 31 December 2005. The agreement is mainly based on transaction-specific prices and a common aim to increase the number of financial services distributed through the postal network.

- Postbanken and Norway Post have established joint service solutions provided through around 1 200 in-store postal outlets, where customers can carry out everyday banking transactions in their local stores
- 2.1 million payment transactions were carried out through these channels during the first quarter of 2004 vs. 8.6 million payment transactions for the full year 2003



### New products

- More than 534 000 customers have agreed to receive notices such as account statements via e-mail
- More than 215 000 customers subscribe to Postbanken's loyalty programme Postbanken Leve, offering customers a range of basic banking services at favourable terms
- During 2004 joint Internet solutions will be developed for DnB NOR
- Harmonisation of the product range in the merged units will be a high priority during the next three months

### Employees

- The number of full-time positions within Retail Banking totalled 4 568 at the end of March 2004. The integration plans are based on a reduction in staff to around 3 900 full-time positions by the end of 2006
- To achieve the targets for restructuring and staff cuts, measures must be fully implemented. The process must be carried out in a considerate manner in close cooperation with the employee organisations. More efficient production and distribution of services through new and better IT solutions, telephone and Internet banking will reduce the number of employees in the coming years
- Changing customer needs and the introduction of new products make it vital to upgrade professional skills. Upgrading of professional skills is mainly achieved by educating and reallocating the existing workforce

### Cooperation with other group entities

Cross-selling of products is one of the major strengths of the DnB NOR Group. Through its distribution network Retail Banking offers:

- Asset management services (DnB NOR Asset Management)
- Life and pension insurance (Vital)
- Financial instruments (DnB NOR Markets)

### Residential real estate broking

DnB NOR's real estate broking activities will be coordinated in DnB NOR Eiendom AS. After the integration is completed, activities will be run from 59 offices. Postbanken Eiendomsmegling will, in accordance with the terms set by the Norwegian Competition Authority, be sold out of the DnB NOR Group, and is not included in the accounts of Retail Banking.

### Properties sold/market shares

Properties sold	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
DnB NOR Eiendom	4 056	3 784	4 570	4 204	2 900	15 458
Postbanken Eiendom	2 920	2 612	2 966	2 708	2 373	10 659
NordMegler (Nordlandsbanken)	66	68	78	67	111	324
Total properties sold	7 042	6 464	7 614	6 979	5 384	26 441
Market share excl. Postbanken Eiendom (%) <sup>1)</sup>	18	17	20	19	13	17
Market share incl. Postbanken Eiendom (%) <sup>1)</sup>	31	28	33	31	24	29

1) Management's estimates

- DnB NOR Eiendom had 80 outlets located in DnB NOR branches at 31 March 2004
- In addition to broking-income, real estate broking operations generate business in the form of residential mortgages and savings



**Consumer finance**

- DnB NOR's card-based services and consumer finance activities are coordinated in DnB NOR Kort (an entity within DnB NOR Bank ASA)
- Compared with the first quarter of 2003 DnB NOR Kort's lending volume increased by 3.5 per cent, to NOK 9 211 million
- The consumer finance activities showed healthy profits in the first quarter of 2004
- DnB NOR Kort is Norway's leading card issuer. As at 31 March 2004, the entity had issued more than 1.1 million credit and charge cards. Including debit cards, the DnB NOR Group had issued approximately 3 million cards

**Non-life insurance**

Vital Skade was the first company in Norway to develop a totally integrated virtual insurance site where Internet banking customers can buy non-life insurance products (home, car, travelling etc.). Products are sold on a commission basis. Vital Skade assumes no risk on its own, but operates as an agent.

Vital Skade has entered into non-exclusive agreements with 13 academic associations offering non-life insurance products through specialised service centres. Premium income generated in Vital Skade in the first quarter of 2004 totalled NOK 145 million, an increase of 100 per cent on the 2003 figures. Academic associations account for 46 per cent of total premiums. Sales through the Internet banking application continued to show strong growth from the first quarter of 2003 to first quarter of 2004. Commission income increased from NOK 15 million in the first quarter of 2003 to NOK 29 million in the first quarter of 2004. Costs were on a level with the previous year.



## DnB NOR Markets

DnB NOR Markets, the capital markets arm of DnB NOR, is Norway's largest capital markets operation and offers a wide range of securities and investment services. DnB NOR Markets comprises the following units: FX/Treasury - Customers, FX/Treasury - Trading, Equities, Sales/Research, Corporate Finance and Custody and Investor Services. The Group Treasury is organisationally part of DnB NOR Markets though profits and losses for this unit are not recorded under this business area. Ottar Ertzeid, group executive vice president, is head of DnB NOR Markets.

DnB NOR Markets aims to be the leading capital markets operation providing foreign exchange and interest rate products, debt and equity financing, advisory and securities services to Norwegian and Norwegian-related clients, as well as offering international customers services relating to Norway and the Norwegian krone.

Most of the DnB NOR integration was completed by the end of March 2004. Cost synergies will be realised during 2004 with close to full effect by the end of the year.

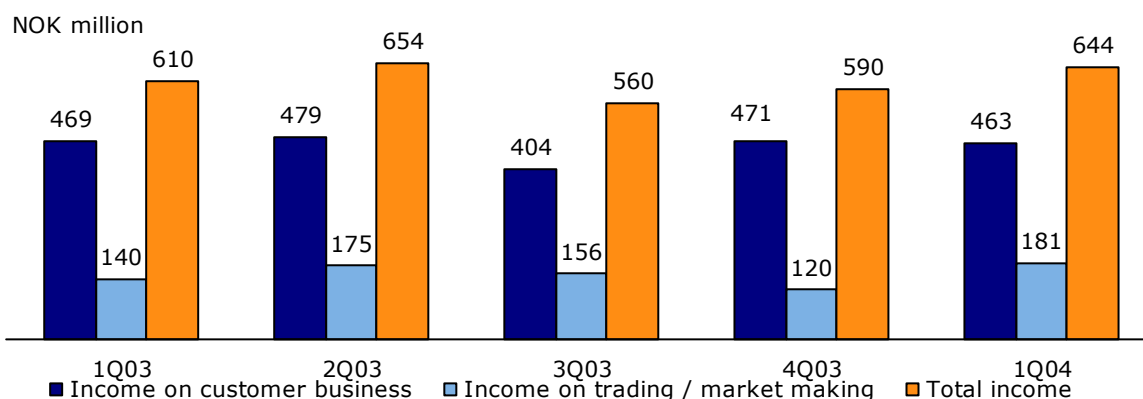
### Financial performance

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net interest income, ordinary operations	58	48	100	109	122	380
Interest on allocated capital	11	13	18	26	29	86
Net interest income	69	62	118	135	151	466
Net other operating income	586	542	460	545	487	2 035
Total income	655	604	578	680	639	2 501
Operating expenses	308	282	286	303	299	1 171
Pre-tax operating profit before losses	347	321	292	377	340	1 329
Net losses/(reversals)	(3)	0	0	(1)	0	(1)
Pre-tax operating profit	350	321	292	378	340	1 331
Cost/income ratio excl. goodwill (%)	47.1	46.8	49.6	44.6	46.9	46.9
Return on equity (% p.a.)	52.1	46.7	41.1	54.0	51.1	47.4

### Comments to the financial performance for the first quarter of 2004

- Markets showed a healthy profit trend in the first quarter
- Volatile exchange rates spurred healthy demand for currency hedging products, while the low interest rate level and steep interest rate curves resulted in reduced demand for interest rate hedging products
- Rising share prices and high activity boosted stock-market related income
- The business area recorded a satisfactory cost/income ratio and a healthy return on equity



**Income distribution DnB NOR Markets <sup>1)</sup>**

1) Excluding interest on allocated capital

**Customers/markets**

- DnB NOR Markets is Norway's largest capital markets operation with a market share in 2003 of over 40 per cent in terms of revenues for Norwegian firms
- In terms of turnover (10.5 per cent) and number of transactions (14.6 per cent), Markets was the largest equity brokerage house on Oslo Børs (the Oslo Stock Exchange) in the January through March period
- The market is served from 13 cities in Norway, offices in London, New York and Singapore and over the Internet
- In addition, certain products are sold through other business areas in the Group as well as through external agents
- Business from retail customers and small and medium-sized corporate clients has grown in significance and accounted for 47.5 per cent of customer revenues in the first quarter of 2004
- Leading position within derivatives and structured products in Norway. Almost 42 per cent of customer trading in stock options on Oslo Børs was handled by DnB Markets
- Leading within equities sales in the retail market in Norway
- Leading arranger of debt financing in capital markets for Norwegian borrowers
- Leading within domestic securities services with settlement for most foreign members of Oslo Børs
- An increasing number of customers use DnB NOR Markets as registrar in the Norwegian Central Securities Depository with a market share of 60 per cent of limited companies
- Ranked best foreign exchange bank in Norway and Scandinavia by Global Finance in March 2004

**Products**

- Foreign exchange, money market instruments and derivatives
- Fixed-income instruments and loan syndications
- Equities, research and corporate finance services
- Other investment products
- Securities and custodial services

**Employees**

- DnB NOR Markets has a staff of approximately 550 employees located in offices in Norway and abroad. Full-time positions have been reduced by 70 since year-end 2003
- DnB NOR Markets completed the process of ensuring optimal staff and competence profiles in the business area early in 2004



### Cooperation with other group entities

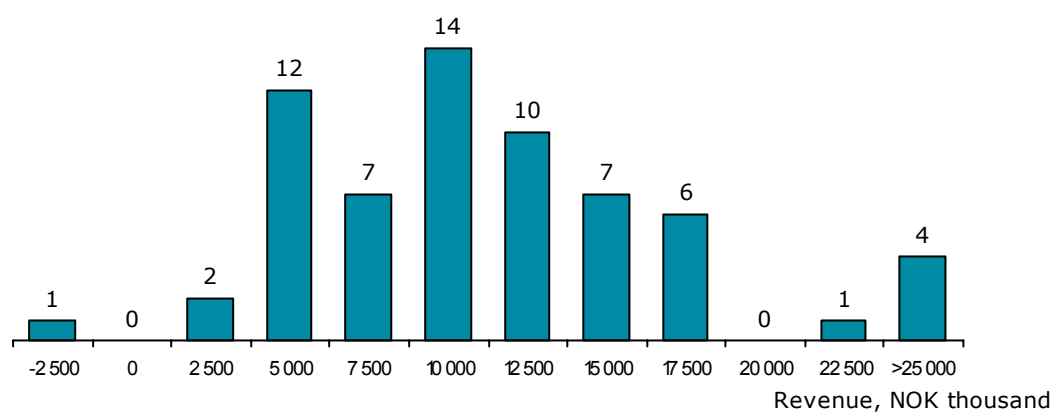
Maintaining a broad distribution network and effective cooperation with other business areas in the Group, such as Corporate Banking and Retail Banking, are key priorities for DnB NOR Markets.

### Revenues within various segments

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
FX & interest rate derivatives	232	207	200	229	231	866
Investment products	151	146	125	156	138	565
Corporate finance	37	74	38	51	57	220
Securities services	43	44	41	43	43	171
Total customer revenues	463	471	404	479	469	1 823
Market making/trading revenues	181	120	156	175	140	592
Interest income on allocated capital	11	13	18	26	29	86
<b>Total revenues</b>	<b>655</b>	<b>604</b>	<b>578</b>	<b>680</b>	<b>639</b>	<b>2 501</b>

### Daily revenue distribution

Number of days



### Daily revenue statistics for DnB NOR Markets

Amounts in NOK thousand	2004
Minimum	(494)
Maximum	41 776
Average	10 226
Losing days	1
Winning days	63



**Interest rate sensitivity**

The value 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 are assumed to be unfavourable for the Group. 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 March 2004 and market rates on the same date.

**Potential losses for DnB NOR resulting from parallel one-percentage point changes in all interest rates**

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	More than 5 years	Total
<b>Trading portfolio</b>						
NOK	3	1	27	44	35	22
USD	2	6	8	1	3	19
EURO	5	10	15	26	2	24
GBP	1	0	5	0	0	4
Other currencies	1	4	3	3	0	7
<b>Banking portfolio</b>						
NOK	17	37	49	35	1	66
<b>Total</b>						
NOK	20	36	76	9	36	88
USD	2	6	8	1	3	19
EURO	5	10	15	26	2	24
GBP	1	0	5	0	0	4
Other currencies	1	4	3	3	0	7

The table does not include administrative interest rate risk and interest rate risk relating to non-interest-earning assets



## Life Insurance and Pensions

The business area Life Insurance and Pensions in DnB NOR offers group pension schemes to businesses and the public sector. In the retail market, long-term savings alternatives are offered in the form of individual pension agreements and annuities. Bård Benum, group executive vice president, is head of Life Insurance and Pensions.

Life Insurance and Pensions aims to be Norway's strongest entity within pension savings. The business area seeks continued growth within the company's business segments and aims to deliver competitive results to its owner and policyholders. Devoting further efforts to improving cost efficiency, providing top-quality advisory services, maintaining high levels of service and customer relationship management and serving as an attractive entry portal for customers into the DnB NOR Group will be instrumental in reaching these targets.

Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA merged in March 2004, and life insurance operations are continued in Vital Forsikring.

The business area comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. Columns marked life insurance refer to operations in Vital Forsikring ASA including subsidiaries. Columns marked Life Insurance and Pensions refer to life insurance operations and unit linked operations in Vital Link.

Gjensidige NOR Fondsforsikring AS, which is required to be sold according to the concession terms, is not included in the figures.

### Financial performance – Life Insurance and Pensions

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Interest result <sup>1)</sup>	1 061	1 904	132	2 031	508	4 575
Risk result <sup>2)</sup>	(147)	(358)	(231)	(216)	(98)	(903)
Administration result	(25)	(58)	(47)	(51)	(35)	(190)
Other (non-life)	(38)	44	(78)	4	(42)	(72)
Transferred to security reserve	4	10	2	2	3	17
Profit for distribution <sup>3)</sup>	847	1 523	(226)	1 766	330	3 393
Funds transferred to policyholders	607	918	(364)	1 397	303	2 254
Tax charge/(revenues)	39	178	27	45	(13)	236
<b>Profit Life Insurance</b>	<b>201</b>	<b>427</b>	<b>111</b>	<b>324</b>	<b>40</b>	<b>903</b>
Net profit/(loss) in Vital Link	4	(42)	2	(2)	0	(42)
Net profit from Life Insurance and Pensions	205	385	114	322	40	861
Goodwill amortisation	25	25	25	25	25	101
<b>Net profit from Life Insurance and Pensions in the group accounts</b>	<b>180</b>	<b>360</b>	<b>88</b>	<b>297</b>	<b>15</b>	<b>760</b>
+ Adjustment in the group accounts <sup>4)</sup>	15	8	5	16	17	47
+ Goodwill amortisation	25	25	25	25	25	101
+ Taxes	40	160	27	44	(13)	218
<b>Pre-tax operating profit for the business area</b>	<b>260</b>	<b>553</b>	<b>146</b>	<b>382</b>	<b>45</b>	<b>1 126</b>

1) For developments in financial result, the asset mix and returns, see tables on pages 62, 64 and 65

2) Life Insurance and Pensions plans to strengthen disability provisions by NOK 220 million in 2004, of which NOK 82 million was charged the risk result in the first quarter of 2004, compared with NOK 189 million in the same period in 2003.

3) See next page

4) Includes adjustment for group allocation of costs and allocated capital. Allocated capital represents ownership risk for Life Insurance and Pensions and is based on DnB NOR's risk assessment model. Pro forma figures are adjusted according to new definitions.



## 3) Profit for distribution

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
<b>Profits for distribution</b>	847	1 523	(226)	1 766	330	3 393
from operations subject to profit sharing <sup>*)</sup>	884	1 470	(145)	1 758	371	3 454
Funds transferred to policyholders	607	918	(364)	1 397	303	2 254
Profits for allocation to the owner and taxes	277	552	219	361	68	1 200
from operations not subject to profit sharing	(37)	53	(81)	8	(41)	(61)

\* ) Profits for allocation to the owner and taxes for operations subject to profit sharing in Life Insurance includes;  
- 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 of the policyholder's funds  
- margin of effective risk premium adjusted for survival risk on contracts providing sufficient profits  
The introduction of a new profit-sharing model as of 2004 is under consideration

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

**Extracts from balance sheets and key figures - Life Insurance and Pensions <sup>1)</sup>**

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Policyholders' funds Life Insurance <sup>2)</sup>	143 617	136 970	132 175	131 848	128 477	136 970
Policyholders' funds unit linked	8 681	7 292	6 241	4 718	4 949	7 292
Solvency capital <sup>3)</sup>	19 120	16 055	16 979	16 828	12 219	16 055
Return on equity (per cent) <sup>4)</sup>	10.6	23.2	6.2	16.6	2.0	11.9
Expenses in per cent of insurance provisions <sup>5)</sup>	0.93	1.01	0.93	0.94	0.94	1.01

1) Figures refer to the end of the accounting periods

2) Policyholders funds includes insurance provisions and 75 per cent of the securities adjustment reserve

3) Life Insurance. For the composition of solvency capital, see table on page 66

4) Calculation of return on equity is based on allocated capital and annualised profit after taxes

5) Life Insurance companies. Includes costs charged to the administration result

**Comments to the financial performance for the first quarter of 2004**

- 34 per cent rise in premium income and net inflow of transfers
- Value adjusted return on assets 2.3 per cent and recorded return on assets 1.6 per cent
- Return on equity 10.6 per cent
- Security reserves increased by NOK 2.2 billion
- Growth in policyholders' funds

**Financial results – Life Insurance and Pensions**

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net result from equities	1 696	1 858	496	2 156	(555)	3 955
Net result from other assets	1 746	2 069	1 723	2 864	2 274	8 930
Value-adjusted financial result <sup>1)</sup>	3 442	3 927	2 219	5 020	1 719	12 885
Guaranteed return on policyholders' funds	1 342	1 291	1 257	1 207	1 211	4 966
Financial result	2 100	2 636	962	3 813	508	7 919
+ Transferred from/(to) securities adjustment reserve	(1 039)	164	(830)	(1 782)	0	(2 448)
+ Transferred to additional allocations	0	896	0	0	0	896
Recorded interest result	1 061	1 904	132	2 031	508	4 575

1) Excluding changes in unrealised gains on long-term securities



**Premium income – Life Insurance and Pensions**

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Single premiums	1 774	2 383	1 631	964	1 313	6 291
Annual premiums	4 626	2 121	603	1 220	3 287	7 232
Total premiums due	6 400	4 504	2 234	2 184	4 600	13 523
Inflow of reserves <sup>1)</sup>	1 528	739	660	359	1 319	3 077
Outflow of reserves	798	729	1 244	855	982	3 810
Net premiums paid	7 131	4 515	1 650	1 689	4 937	12 790
Outflow of premiums	798	729	1 244	855	982	3 810
<b>Total premium income</b>	<b>7 929</b>	<b>5 243</b>	<b>2 894</b>	<b>2 543</b>	<b>5 919</b>	<b>16 600</b>
1) of which inter-company transfers	108	189	91	90	175	545

**Products and organisation**

Life Insurance and Pensions offers:

- Group pension schemes to businesses, adapted to customer needs for defined-benefit, defined-contribution and single premium pension schemes
- Long-term savings alternatives in the form of individual pension agreements and annuities in the retail market
- Products are offered with guaranteed returns or with a choice of investment profile (unit linked)
- Group life, endowment and personal insurance
- Savings products from other units in the DnB NOR Group, including investment funds from DnB NOR Asset Management and equity-linked bonds from DnB NOR Markets

The business area is represented in most parts of the country through sales offices and provides services through DnB NOR and Postbanken's distribution networks and independent agents, as well as via the Internet.

**Employees**

- Life Insurance and Pensions gives priority to retaining and developing a high level of expertise within insurance products, management and other relevant areas of competence
- Life Insurance and Pensions staff comprised 993 full-time positions as at 31 March 2004, down from 1 022 at 31 December 2003

**Development in full-time positions**

	Pro forma	
	31 March 2004	31 Dec. 2003 <sup>1)</sup>
Life Insurance	964	993
Unit linked	29	29
<b>Total</b>	<b>993</b>	<b>1 022</b>

1) Restated according to new definitions

**Cooperation with other group entities**

- By taking advantage of the strength of the DnB NOR Group's total distribution network, Life Insurance and Pensions is well positioned to enjoy continued market progress
- Life Insurance and Pensions' growth in the retail market is not least due to the company's extensive distribution network, where DnB NOR channels play a principal role
- In the first quarter of 2004, DnB NOR accounted for 64 per cent of the sales of Life Insurance and Pensions products in the retail market, compared with 51 per cent in 2003



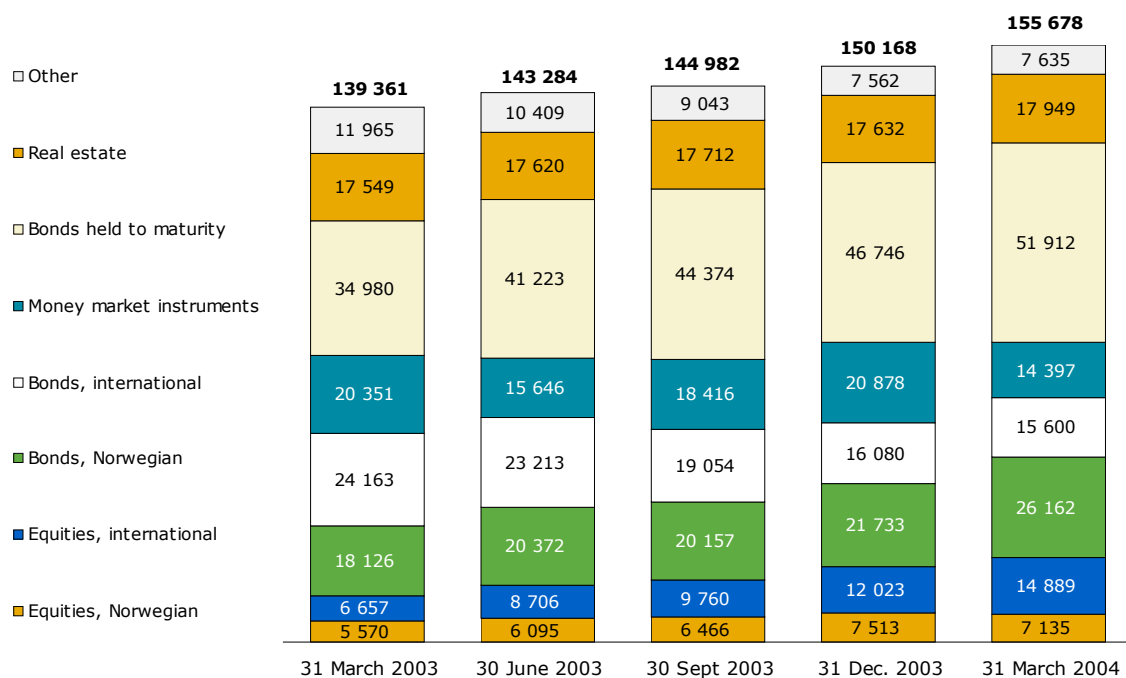
**Balance sheets – Life Insurance**

	Pro forma				
	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	31 March 2003
<i>Amounts in NOK million</i>					
<b>Financial assets</b>					
Norwegian equities <sup>1)</sup>	7 135	7 513	6 466	6 095	5 570
International equities <sup>1) 2)</sup>	14 889	12 023	9 760	8 706	6 657
Norwegian bonds	26 162	21 733	20 157	20 372	18 126
International bonds	15 600	16 080	19 054	23 213	24 163
Money market instruments	14 397	20 878	18 416	15 646	20 351
Long-term bonds	51 912	46 746	44 374	41 223	34 980
Real estate	17 949	17 632	17 712	17 620	17 549
Other	7 635	7 562	9 043	10 409	11 965
<b>Total assets</b>	<b>155 678</b>	<b>150 168</b>	<b>144 982</b>	<b>143 284</b>	<b>139 361</b>
<b>Equity</b>	<b>6 057</b>	<b>5 856</b>	<b>6 332</b>	<b>6 223</b>	<b>5 896</b>
Subordinated loan capital and perpetual subordinated loan capital securities	2 616	2 662	2 877	3 029	3 039
Securities adjustment reserve	3 486	2 448	2 612	1 782	0
<b>Insurance provisions</b>					
Premium reserve	132 295	126 587	123 199	122 955	120 955
Additional allocations	2 067	2 049	1 141	1 187	1 197
Premium fund and pension regulation fund	5 664	5 679	5 075	5 667	5 648
Security reserve	201	197	187	185	183
Other reserves	775	622	614	517	494
Other liabilities	2 516	4 068	2 945	1 739	1 949
<b>Total equity and liabilities</b>	<b>155 678</b>	<b>150 168</b>	<b>144 982</b>	<b>143 284</b>	<b>139 361</b>
1) Net equity exposure in Life Insurance after adjustment for derivative contracts	22 678	19 536	16 292	14 129	11 639
2) Share of investments in hedge funds	1 780	1 712	1 498	1 413	1 533



## Balance sheet – Life Insurance

(Amounts in NOK million)



## Value-adjusted return on assets – life insurance

Per cent	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Financial assets						
Norwegian equities	14.9	18.9	7.2	29.4	(10.0)	48.4
International equities	5.6	9.1	2.4	11.9	(2.4)	21.3
Norwegian bonds	2.7	2.4	1.3	5.2	3.9	13.4
International bonds	2.8	0.3	0.6	3.3	2.8	7.0
Money market instruments	0.7	1.0	1.1	1.8	1.7	5.5
Long-term bonds	1.5	1.9	1.5	1.6	1.7	6.9
Real estate	1.9	1.3	1.6	1.9	1.9	6.7
<b>Value-adjusted return on assets I <sup>1)</sup></b>	<b>2.3</b>	<b>2.8</b>	<b>1.6</b>	<b>3.7</b>	<b>1.3</b>	<b>9.7</b>
Value-adjusted return on assets II <sup>2)</sup>	3.0	3.1	1.4	4.5	1.8	11.0
Recorded return on assets <sup>3)</sup>	1.6	3.1	1.0	2.4	1.3	7.9
Value-adjusted return on assets I, annualised <sup>1)</sup>	9.4	12.1	6.5	15.8	5.2	9.7
Value-adjusted return on assets II, annualised <sup>2)</sup>	12.5	13.3	5.6	19.2	7.3	11.0

1) Excluding changes in unrealised gains on long-term securities

2) Including changes in unrealised gains on long-term securities

3) Excluding changes in unrealised gains on financial assets and unrealised gains on long-term securities



**Solvency capital <sup>1)</sup> – life insurance**

<i>Amounts in NOK million</i>	Pro forma				
	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	31 March 2003
Interim profit	847	-	1 870	2 097	330
Securities adjustment reserve	3 486	2 448	2 612	1 782	-
Additional allocations	2 067	2 049	1 141	1 187	1 197
Security reserve	201	197	187	185	183
Equity	5 856	5 856	5 856	5 856	5 856
Subordinated loan capital and perpetual subordinated loan capital securities	2 616	2 662	2 877	3 029	3 039
Unrealised gains on long-term securities	4 047	2 842	2 436	2 692	1 614
<b>Solvency capital</b>	<b>19 120</b>	<b>16 055</b>	<b>16 979</b>	<b>16 828</b>	<b>12 219</b>
<b>Buffer capital <sup>2)</sup></b>	<b>8 247</b>	<b>7 254</b>	<b>8 461</b>	<b>8 020</b>	<b>4 616</b>

1) The table above shows the composition of and development in the solvency capital. All these elements, with the exception of portion of the security reserve, can be used to meet the guaranteed rate of return on policyholders' funds

2) Buffer capital is total eligible primary capital in excess of the 8 per cent minimum capital requirement and including profit for the period, additional allocations, and the securities adjustment reserve

**Capital adequacy and solvency margin capital – life insurance**

<i>Amounts in NOK million</i>	Pro forma				
	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	31 March 2003
<b>Capital adequacy <sup>1)</sup></b>					
Total eligible primary capital	7 749	7 724	7 804	7 828	7 797
Capital adequacy ratio (%)	13.2	13.8	13.8	14.3	15.0
Core capital	5 484	5 390	5 223	5 210	5 189
Core capital (%)	9.3	9.6	9.2	9.5	10.0
Risk-weighted assets	58 872	56 151	56 551	54 903	52 126
<b>Solvency margin capital <sup>2)</sup></b>					
Solvency margin capital	8 873	8 838	8 458	8 505	8 478
Solvency margin capital exceeding minimum requirement	2 755	3 011	2 720	2 790	2 908
Solvency margin capital in per cent of solvency capital requirement (%)	145	152	147	149	152

1) 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

2) Solvency margin 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 calculation of solvency capital requirements and solvency margin capital, as laid down by the Ministry of Finance on 19 May 1995



## Asset Management

Asset Management provides investment fund and discretionary portfolio management services to Norwegian and other Nordic corporate customers, the public sector, private pension funds and retail customers. Øyvind Birkeland, group executive vice president, heads the business area.

Asset Management seeks to provide first-class returns on customer funds within the preferred risk profile and investment horizon. DnB NOR 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.

Managers have been appointed for all units in the business area, and the organisation was finalised in March 2004. Products, services and the organisations will be integrated, which is expected to result in annual cost synergies of NOK 110 million by the end of 2006. The number of full-time positions will be reduced by 70. The initial integration process in 2003 resulted in staff cuts of 15 full-time positions. In the first quarter of 2004 staff was reduced by an additional 19 full-time positions.

### Financial performance

Amounts in NOK million	Pro forma					
	1Q04	4Q03	3Q03	2Q03	1Q03	2003
Net interest income, ordinary operations	(5)	2	0	4	1	8
Interest on allocated capital	5	7	8	11	12	38
Net interest income	1	9	8	15	13	45
Commission income						
- from retail customers	89	66	61	59	53	239
- from institutional clients	133	165	146	123	141	575
Other income	(5)	3	3	5	2	14
Total income	218	242	219	203	210	873
Operating expenses	181	165	177	167	182	692
Pre-tax operating profit	37	77	41	36	28	181
<b>Assets under management <sup>1)</sup></b>						
Institutional	449	427	421	415	379	427
- of which Life Insurance and Pensions	140	128	123	122	115	128
Retail	40	37	34	33	30	37
Total	490	464	455	448	409	464
<b>Key figures</b>						
Cost/income ratio excl. goodwill	83.0	68.3	81.1	82.4	86.9	79.2
Return on equity (% p.a.)	11.1	23.6	13.0	12.0	10.1	15.0

1) Assets under management at end of period.

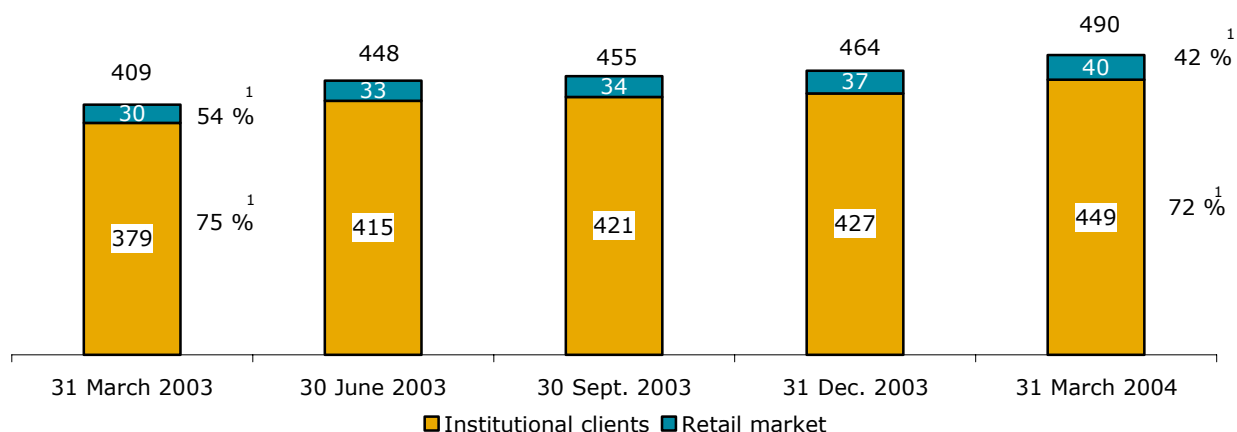
### Comments to the financial performance for the first quarter of 2004

- Commission income increased by NOK 28 million from the first quarter of 2003 to the first quarter of 2004. This was mainly due to growth in assets under management and a shift to equity investments in the retail market
- Operating expenses in the first quarter of 2004 were NOK 181 million, which was on a level with operating expenses in the first quarter of 2003
- Marketing and IT activities were at a minimum in 2003 due to the upcoming integration of DnB and Gjensidige NOR. Such expenses returned to a normal level in the first quarter of 2004.
- Positive synergy effects have been achieved according to plan



**Assets under management**

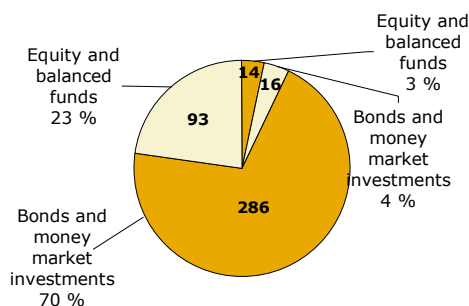
NOK billion



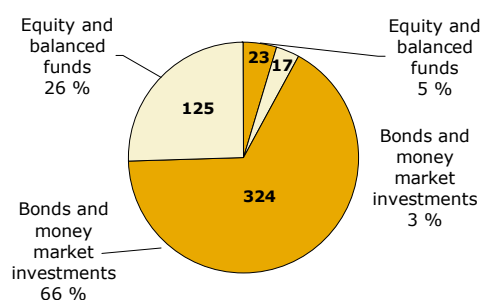
1) Share of total assets in the institutional and retail market respectively, invested in bonds, fixed-income funds and money market funds

**31 March 2003****31 March 2004**

NOK billion and per cent of total assets

**Institutional clients****Retail market**

Total: NOK 409 billion

**Institutional clients****Retail market**

Total: NOK 490 billion

**Changes in assets under management****Net inflow**

Amounts in NOK million	Pro forma					
	1Q04 <sup>1)</sup>	4Q03	3Q03	2Q03	1Q03 <sup>2)</sup>	2003 <sup>2)</sup>
Retail market	(757)	745	(583)	(307)	(855)	(1 000)
Institutional clients	1 525	(6 402)	(4 108)	6 904	6 494	2 888
Total	768	(5 658)	(4 690)	6 597	5 640	1 888

1) Excluding dividends of NOK 1 821 million, of which NOK 779 million refers to retail and NOK 1 042 million to institutional clients.

2) Excluding dividends of NOK 1 771 million, of which NOK 948 million refers to retail and NOK 823 million to institutional clients.



**Comments to changes in assets under management**

- Assets under management increased by NOK 25 billion or 5.6 per cent in the first quarter of 2004
- The net inflow of funds increased assets under management by NOK 0.8 billion or 0.2 per cent
- New institutional mandates were won in both Sweden and Norway
- Market developments led to a NOK 21 billion increase in assets under management, representing 4.5 per cent measured in the customers' base currencies
- The depreciation of NOK against other currencies, especially SEK, increased assets under management by NOK 3.3 billion or 0.7 per cent
- During the first quarter of 2004 Morgan Stanley's global equity index (MSCI World) rose by 2.6 per cent measured in local currency, and by 5.9 per cent in NOK
- The stock exchanges in Stockholm (OMX) and Oslo (OSEBX) climbed by 8.1 and 13.3 per cent respectively

**Investment returns on assets under management**

- Returns on a number of major client portfolios and funds outperformed relevant benchmarks, including Vital Forsikring's total portfolio, as well as Norwegian equity and bond investments and major Swedish equity portfolios
- Fund managers' specialisation has led to strong performance for several industry- specific funds (percentage point return in excess of benchmark in the first quarter of 2004 in parentheses):
  - DnB Global Health Care (+3.0)
  - DnB Nordic Technology (+5.0)
  - Avanse Telecom (+7.4)
  - Avanse Finans (+8.0)

**Customers/markets**

- Asset Management serves the Norwegian and Swedish savings markets, offering domestic and international asset management services
- Brand names:
  - DnB NOR Kapitalforvaltning in the Norwegian institutional market
  - DnB Investor and Avanse in the Norwegian retail market
  - DnB NOR Asset Management and Carlson in the Swedish institutional and retail markets
- A leading position in the institutional market in both Norway and Sweden with around 470 institutional clients
- The largest clients are Skandia Liv and Vital
- The number of customer relationships in the retail market, calculated as the aggregate number of investments made or mandates per customer, was around 1.3 million at the end of March 2004. This includes more than 251 000 savings agreements
- Market shares
 

▪ Avanse Forvaltning (mutual funds in Norway)	20.4 per cent
▪ DnB Investor (mutual funds in Norway)	20.5 per cent
▪ Carlson Fonder (mutual funds in Sweden)	1.3 per cent



**Fund capital and market shares in Norway**

	Pro forma									
	31 March 2004		31 Dec. 2003		30 Sept. 2003		30 June 2003		31 March 2003	
	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share
<i>Amounts in NOK million and per cent</i>										
Equity funds (Norwegian)	9 436	34.0	8 552	33.8	7 213	34.0	6 700	34.9	5 298	35.5
Equity funds (international)	14 157	27.7	13 595	30.0	12 268	32.8	11 738	33.5	9 981	36.9
Balanced funds	3 691	57.6	3 093	56.2	2 338	58.6	1 390	50.2	1 204	52.4
Fixed-income funds	9 415	40.5	8 972	42.3	4 819	30.5	4 756	30.9	3 275	22.8
Money market funds	28 179	56.3	28 282	57.3	28 210	56.6	28 015	56.5	26 780	56.6
<b>Total mutual funds</b>	<b>64 877</b>	<b>40.9</b>	<b>62 495</b>	<b>42.7</b>	<b>54 847</b>	<b>42.8</b>	<b>52 599</b>	<b>43.1</b>	<b>46 538</b>	<b>44.0</b>

Source: Norwegian Mutual Fund Association

**Products and services**

- Mutual funds, hedge funds and absolute return products
- Discretionary portfolio management
- Management and monitoring of investment portfolios
- Asset allocation and risk management advisory services

**Organisation**

- Legal structure simplified - asset management operations in Norway integrated
- A combination of regional and sector-oriented management teams with a presence in all major financial markets
- Customer activity is concentrated in Norway and Sweden. In order to provide competitive global asset management investment operations have also been established in London, New York and Hong Kong
- Asset management services are provided through channels adapted to the various markets:
  - Retail customers in Norway
    - DnB NOR's extensive network of branches and regional financial services centres
    - Post offices and in-store postal outlets
    - The Internet
    - External channels including brokers, investment advisers and regional and local savings banks
  - Retail customers in Sweden and Germany
    - Local distributors
  - Institutional markets in Sweden and Norway
    - The business area's own sales force and, in Norway, through cooperation with Corporate Banking

**Employees**

- Staff cuts corresponding to 19 full-time positions in the first quarter of 2004
- 340 full-time positions at the end of March 2004 including six full-time positions in Absolute Return Investments AB, a joint venture with Skandia

**Cooperation with other group entities**

- DnB NOR's extensive network represents the major distribution channel for the Norwegian retail market
- Asset Management and Corporate Banking cooperate in providing a complete range of financial services to corporate customers
- Asset Management manages Vital's equity and bond portfolios
- Asset Management cooperates with other group entities in developing products adapted to the various markets



## **Section 4**

# **Shareholder information**



## Equity-related data

### Key figures

	1Q04 <sup>1)</sup>	2003	2002 <sup>2)</sup>	2001 <sup>2)</sup>	2000
Shares outstanding at end of period (1 000)	1 321 957	1 309 027	1 309 008	1 309 969	1 318 036
Average number of shares (1 000)	1 309 880	1 309 027	1 309 552	1 313 965	1 318 036
Average no. of shares - accounting basis (1 000)	1 309 880	1 309 027	1 309 552	1 313 965	1 318 036
Average no. of shares - fully diluted (1 000) <sup>3)</sup>	1 315 516	1 311 737	1 314 781	1 319 863	1 318 036
EPS excluding goodwill (NOK)	1.28	4.61	3.19	4.91	5.43
Earnings per share (NOK)	1.16	4.11	2.77	4.59	5.15
EPS fully diluted (NOK)	1.15	4.10	2.76	4.57	5.15
Return on equity (per cent)	14.1	12.7	8.9	15.5	18.5
RARORAC (per cent)	13.5	14.4	n/a	n/a	n/a
Price at end of period	45.0	44.4	32.6	40.4	47.5
Price/earnings ratio <sup>4)</sup>	9.71	10.81	11.75	8.81	9.22
Price/book value	1.35	1.38	1.08	1.35	1.74
Dividend per share (NOK)	n/a	2.20	2.40	2.40	2.25
Dividend yield (per cent) <sup>4)</sup>	n/a	4.95	7.36	5.94	4.74
Equity per share (NOK)	33.39	32.20	30.31	29.83	27.34

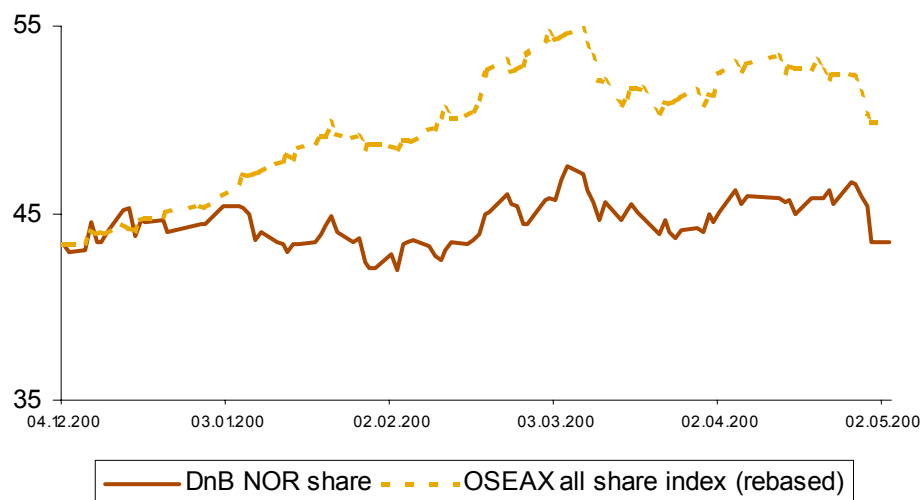
1) Including the effect of the of 12 929 907 shares issued 26 March 2004 in connection with the subscription rights for employees

2) Including the effect of the cancellation of shares at the AGM 2002 (8 067 420 shares) and AGM 2003 (960 000 shares)

3) Based on the dilution effect of a total of 18 990 300 subscription rights, of which 6 860 262 can be exercised in October 2004 at a price of NOK 27.95, and 12 130 000 in March 2005 at a price of NOK 32.83. The latter are linked to a Nordic financial institution index which includes Sparebanken Midt-Norge, Danske Bank, SEB, Svenska Handelsbanken and Nordea

4) Based on the share price at end of period, and annualised EPS.

### Share price development to 3 May 2004



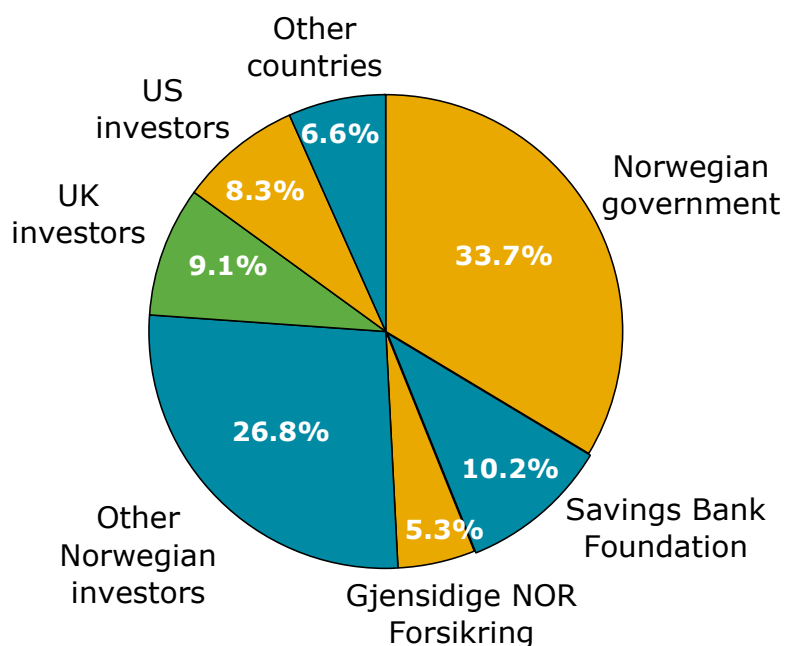


## Shareholder structure as at 31 March 2004

### Major shareholders

		Shares in 1 000	Ownership in %
Norwegian government		445 069	33.67
Savings Bank Foundation		134 788	10.20
Gjensidige NOR Forsikring		70 473	5.33
State Street Bank, clients omnibus D	NOM	53 039	4.01
Skandinaviske Enskilda Banken, Oslo		51 965	3.93
JPMorgan Chase Bank, treaty account	NOM	49 315	3.73
Folketrygdfondet		31 808	2.41
The Northern Trust, USL Treaty Account	NOM	20 201	1.53
Citibank, UK Residents Client Account	NOM	19 793	1.50
Orkla ASA		19 454	1.47
Mellon Bank AS Agent	NOM	12 661	0.96
Capital World		10 235	0.77
Fidelity Lending Account		8 435	0.64
DnB Employee Fund		8 220	0.62
Omnibus Lending Acc.	NOM	8 032	0.61
Storebrand Liv		7 492	0.57
DnB Norge		7 217	0.55
Oslo Pensjonsforsikring		6 812	0.52
State of New Jersey		6 717	0.51
Gjensidige NOR Employee Fund		6 167	0.47
Total largest shareholders		<b>977 891</b>	<b>73.97</b>
Other		344 066	26.03
Total		<b>1 321 957</b>	<b>100.00</b>

### Shareholder structure









## **Section 5**

# **The Norwegian economy**



## The Norwegian economy

### Key macro-economic indicators

Per cent	2006	2005	2004	2003
GDP growth				
- Norway, total	2.0	2.2	3.2	0.2
- Mainland Norway	2.5	2.9	3.5	0.7
Private consumption	3.0	3.6	4.5	3.6
Gross fixed investment	1.8	2.0	1.0	(2.4)
Inflation (CPI)	2.2	1.8	0.0	2.5
Savings ratio <sup>1)</sup>	6.0	7.0	8.6	7.5
Unemployment rate	4.1	4.2	4.3	4.5
Current account <sup>2)</sup>	10.0	9.7	11.9	12.7
Net foreign assets <sup>2) 3)</sup>			80.0	71.3
General government budget balance <sup>2) 3)</sup>			6.7	9.2

1) Per cent of disposable income

2) Per cent of GDP

3) Source: Ministry of Finance, DnB NOR

Source if not otherwise indicated: DnB NOR Markets

### Financial market growth

Percentage change from previous year	29 Feb. 2004	31 Dec. 2003	31 Dec. 2002	31 Dec. 2001
<b>Credit</b> <sup>1)</sup>				
Total	7.0	6.5	4.4	9.0
- of which commercial and savings banks	8.8	8.2	6.4	9.9
Total retail market	12.0	11.9	11.3	12.5
Total corporate market	3.7	3.0	0.3	7.1
<b>Savings</b>				
Total <sup>2)</sup>	8.6 <sup>4)</sup>	8.6	4.0	6.3
- of which commercial and savings banks	4.0	3.7	7.7	9.0
Total retail market <sup>2)</sup>	8.4 <sup>4)</sup>	8.4	4.7	6.3
Total corporate market <sup>3)</sup>	8.1 <sup>4)</sup>	8.1	3.6	5.9

1) Commercial and savings banks, state banks, insurance companies, mortgage institutions, finance companies, bonds, commercial paper, foreign institutions

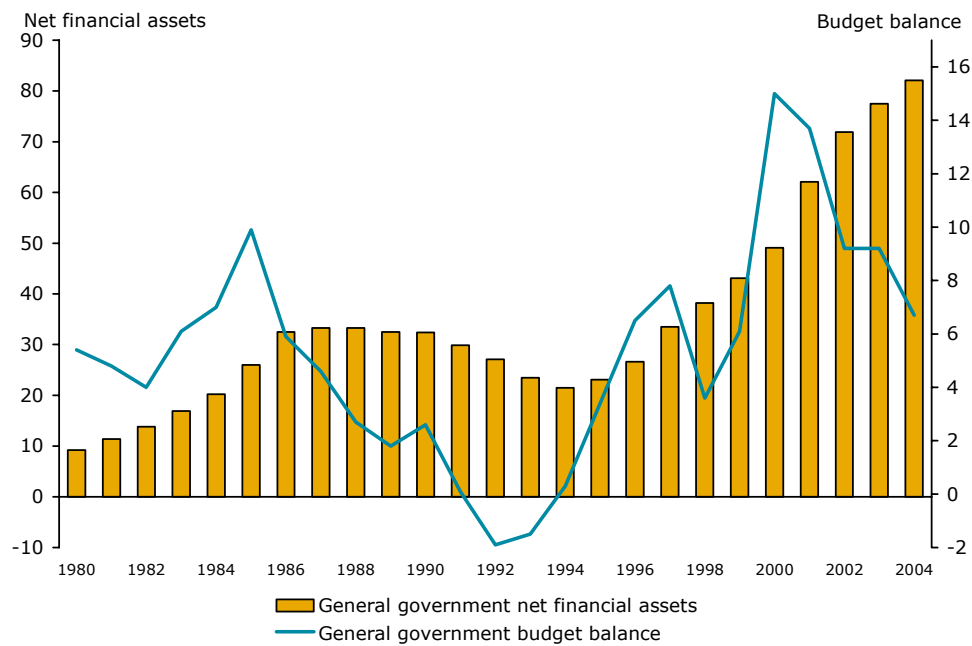
2) Deposits in commercial and savings banks, participation in mutual funds, funds for insurance commitments, equity-linked bonds

3) Deposits in commercial and savings banks, participation in mutual funds, funds for insurance commitments

4) As at 31 December 2003

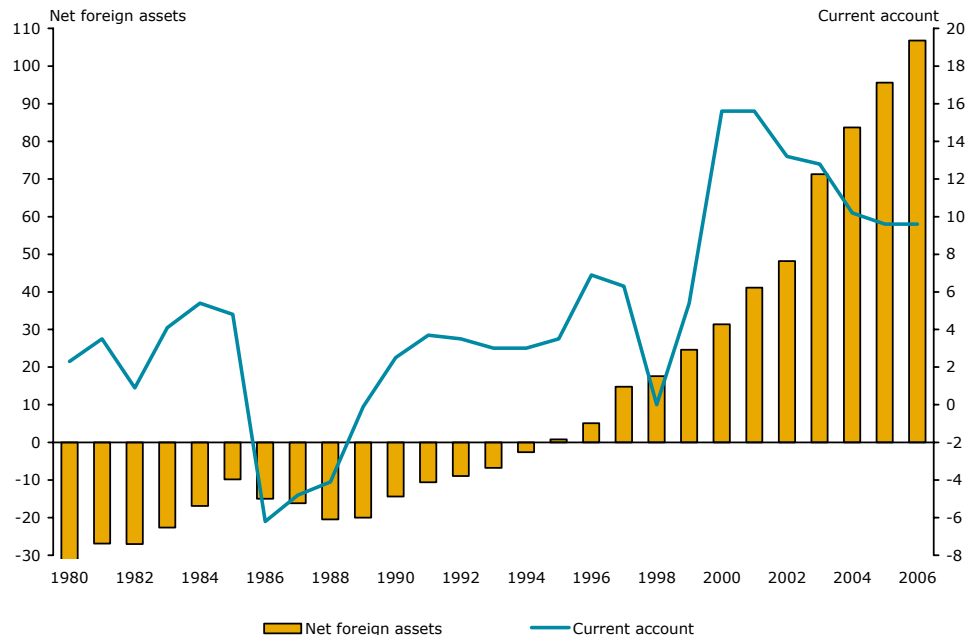


## General government's financial position <sup>1)</sup> (Per cent of GDP)



Source: The ministry of Finance

## Current account and net foreign assets (incl. private sector) <sup>1)</sup> (Per cent of GDP)

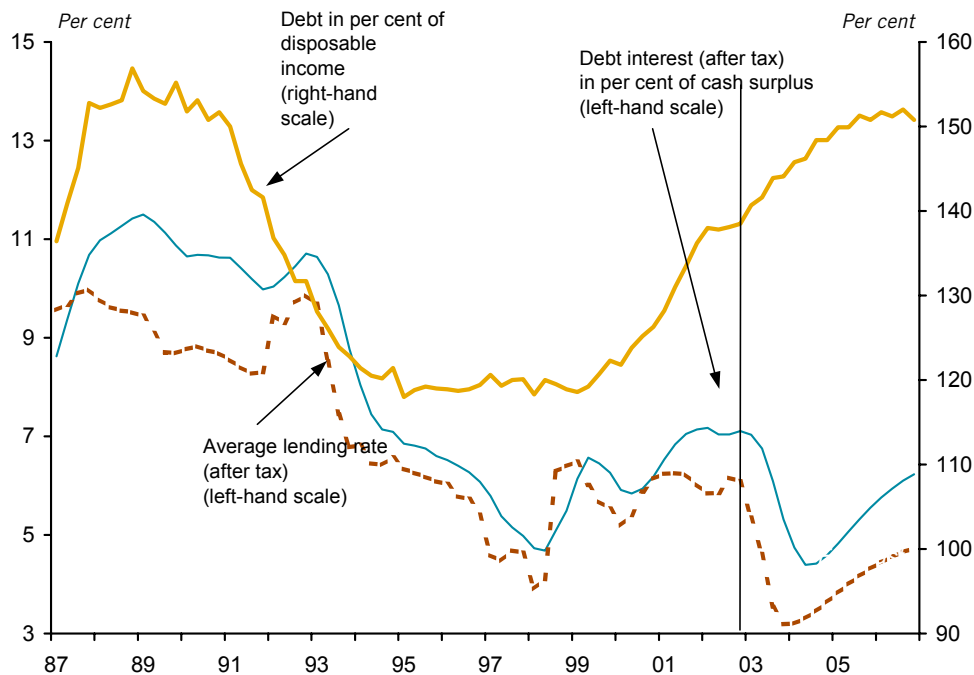


Source: The ministry of Finance

1) The projections are based on an assumed oil price of NOK 200 per barrel in 2003, NOK 170 in 2004 and NOK 147 in 2007. The oil price in January 2004 was NOK 213 per barrel and in March 2004 NOK 235 per barrel

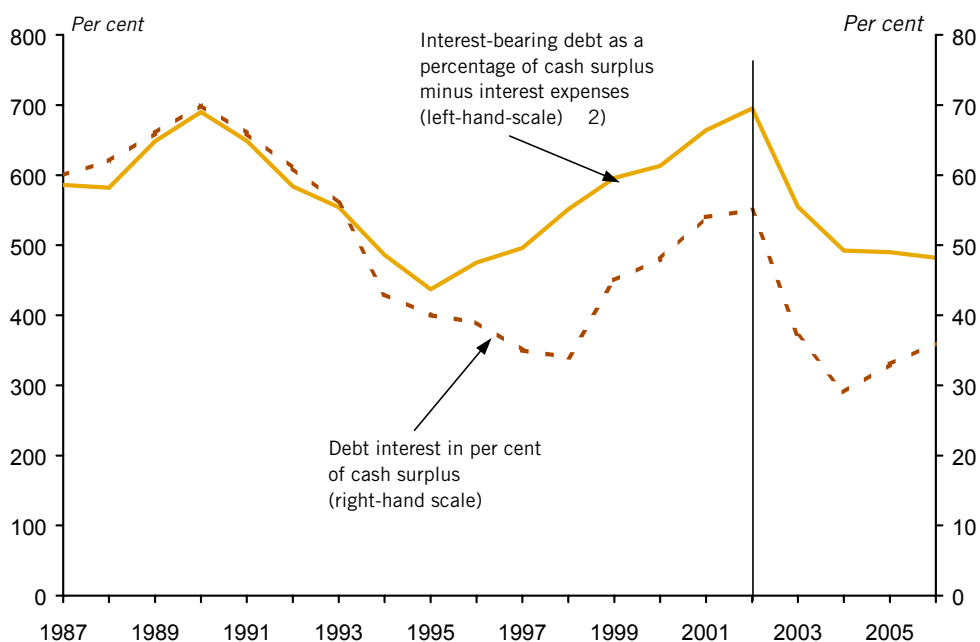


## Household debt servicing capacity



Source: Norges Bank

## Corporates' interest-bearing debt and interest paid <sup>1)</sup>



Source: Norges Bank

1) For non-financial corporates excluding petroleum and international shipping.

2) Interest-bearing debt is defined as loans from domestic and financial institutions and from the bond and short-term paper markets. Cash surplus is defined as the sum of value added and wealth income less wages and tax. Interest expenses are deducted from the cash surplus to provide a measure of the sector's ability to make principal payments.



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