



DnB NOR Bank ASA

Fourth quarter report 2004

Preliminary and unaudited

Review of the 2004 annual accounts and the results for the fourth quarter of 2004

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

The DnB NOR Bank Group¹⁾, hereinafter called "the banking group", recorded profits of NOK 6 786 million for 2004. Comparable profits for 2003 totalled NOK 4 963 million. Profits for the year corresponded to a return on equity excluding goodwill amortisation of 17.7 per cent for 2004, up 3.8 percentage points from 2003. After goodwill amortisation, return on equity was 17.0 per cent in 2004 and 12.8 per cent in 2003.

Fourth quarter performance

The fourth quarter of 2004 saw pre-tax operating profits before losses of NOK 2 187 million. The comparable figure for the fourth quarter of 2003 was NOK 1 859 million. Pre-tax operating profits rose from NOK 1 777 million in 2003 to NOK 2 172 million in the October through December period in 2004, while profits after taxes were up from NOK 1 217 million to NOK 1 668 million.

Net interest income declined by NOK 7 million from the fourth quarter of 2003 to the corresponding period in 2004. Adjusted for the sale of operations in Elcon, net interest income was up NOK 196 million. A NOK 42 billion increase in average lending to customers combined with a NOK 17 billion rise in deposits lifted net interest income by NOK 243 million. Overall, spreads remained unchanged from the fourth quarter of 2003 to the corresponding period in 2004.

Net other operating income declined by NOK 21 million from the fourth quarter 2003 to the corresponding period in 2004. Adjusted for changes in group structure, other operating income was on a level with the previous year.

Operating expenses totalled NOK 3 022 million in the October through December period in 2004, down NOK 357 million from the year-earlier period. Adjusted for the sale of operations in Elcon, Avanse and Kapitalforvaltning, the takeover of operations in Driftspartner and Markedsstøtte, restructuring expenses and allocations to the investment fund for employees, cost reductions represented NOK 229 million. The cost cuts stemmed primarily from the realisation of NOK 211 million in synergies during the period.

Net losses came to NOK 70 million in the fourth quarter of 2004, a reduction from NOK 276 million in the year-earlier period.

The tax charge for the fourth quarter of 2004 was NOK 504 million, representing 23 per cent of pre-tax profits. The low tax charge can be partly attributed to the impact of new tax rules for the realisation of shares.

Full year results 2004

Income

Income totalled NOK 21 788 million, an increase of 728 million or 3.5 per cent from 2003.

Net interest income

Net interest income declined by NOK 647 million from 2003 to 2004. Adjusted for the sale of operations in Elcon, however, net interest income declined by 66 million from the previous year. A NOK 43 billion increase in average lending to customers combined with a NOK 13 billion rise in deposits boosted net interest income by NOK 860 million. Narrower interest spreads brought down net interest income by NOK 295 million. Lending spreads contracted by an average 0.06 percentage points compared with 2003, while deposit spreads decreased by 0.17 percentage points. Lower interest rate levels in 2004 than in 2003 caused strong pressure on deposit spreads. At end-December 2004, interest rates on NOK 72 billion of the total deposit volume were 0.25 per cent or lower, as against NOK 59 billion at year-end 2003.

Repeated interest rate cuts made it difficult to maintain the level of earnings on deposits. A possible increase in interest rate levels could give a considerable boost to income. Lower average interest rate levels reduced net funding costs on equity, share investments and fixed assets by NOK 569 million. However, new guarantee fund rules ensured a NOK 230 million rise in net interest income compared with 2003. No fees will be charged by the Norwegian Banks' Guarantee Fund in 2005. In 2004, the banking group paid NOK 269 million in guarantee fund fees. Other factors brought down net interest income by NOK 287 million.

¹⁾ DnB NOR Bank ASA is a subsidiary of DnB NOR ASA and part of the DnB NOR Group. The DnB NOR Bank Group, hereinafter called "the banking group", comprises the bank and the bank's subsidiaries. Other companies owned by DnB NOR ASA, including Vital Forsikring and DnB NOR Kapitalforvaltning, are not part of the banking group. Operations in DnB NOR ASA and the total DnB NOR Group are not covered in this report but described in a separate report and presentation.

Other operating income

Net other operating income amounted to NOK 8 412 million in 2004, up NOK 1 375 million from 2003. The sale of operations in Elcon generated gains of NOK 946 million, but also caused a NOK 74 million reduction in other operating income. The banking group's takeover of total operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte gave a NOK 240 million increase in income. These entities were previously joint ventures with Gjensidige NOR Forsikring and also provided services to cooperating companies. As part of the integration in connection with the DnB NOR merger, Avanse Forvaltning and Gjensidige NOR Kapitalforvaltning were sold from DnB NOR Bank ASA to DnB NOR Kapitalforvaltning Holding AS. Gains of NOK 345 million were recorded in the banking group's accounts in the second quarter. Consequently, these companies are no longer consolidated in the banking group's accounts. In June 2004, Avanse Forvaltning and Gjensidige NOR Kapitalforvaltning were merged with DnB NOR Kapitalforvaltning ASA. Adjusted for these changes, net other operating income increased by NOK 79 million compared with 2003. See description of corresponding effects under operating expenses.

Income from traditional financial services rose by NOK 35 million from the previous year. Real estate broking services also showed a positive income trend. In consequence of stable interest rate levels and a narrow interest rate differential between NOK and other currencies, income on customer business in interest rate and foreign exchange instruments in DnB NOR Markets declined by NOK 229 million relative to 2003, but remained at a high level. However, the NOK 90 million rise in net interest income on this business must be taken into account. Income from payment transfers and interbank transactions rose by NOK 132 million from the previous year.

Earnings from proprietary trading in foreign exchange and interest rate instruments in DnB NOR Markets rose by NOK 304 million relative to 2003, however, interest income on these activities declined by NOK 242 million. Equity-related income, e.g. dividends and gains on share-holdings, was NOK 239 million lower than in 2003.

Operating expenses

Operating expenses totalled NOK 12 544 million in 2004, up NOK 171 million from 2003. The sale of operations in Elcon brought down expenses by NOK 351 million, while the takeover of total operations in Driftspartner and Markedsstøtte pushed up operating expenses by NOK 240 million. Restructuring expenses totalled NOK 805 million in 2004, compared with NOK 38 million in 2003. Adjusted for the sale of Elcon, Avanse and Kapitalforvaltning, the takeover of Driftspartner and Markedsstøtte, restructuring expenses and allocations to the investment fund for employees, operating expenses were NOK 548 million lower in 2004 than in 2003. Costs were thus reduced 4.7 per cent, mainly as a result of the realisation of cost synergies and other measures to streamline operations. Before goodwill amortisation, the ordinary cost/income ratio, i.e. ordinary expenses relative to income, was 55.2 per cent in 2004, a reduction from 57.5 per cent in 2003.

Wage settlements resulted in a NOK 106 million rise in costs. Marketing expenses were up NOK 26 million, and costs related to sales through external distributors increased by NOK 39 million from the previous year.

Merger synergies of NOK 652 million were realised in 2004. The initial target for the realisation of synergies in 2004 was NOK 480 million. Total synergies thus exceeded the target figure as at end-December 2004 by NOK 172 million. NOK 83 million of the NOK 652 million in total synergies reflected measures implemented in 2003 and NOK 30 million cost reductions that improved other operating income in the banking group's accounts for 2004. Relative to cost levels in 2003, operating expenses for 2004 were brought down by NOK 539 million through the realisation of synergies. Banking group staff totalled 8 693 full-time positions at year-end 2004, a reduction of 1 072 from the beginning of the year.

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

Loan-loss provisions and non-performing commitments

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

New losses and loan-loss provisions in the corporate market totalled NOK 1 044 million, and reversals and recoveries came to NOK 936 million. Corresponding figures for 2003 were losses of NOK 2 134 million and reversals of NOK 519 million. Due to the low interest rate levels in 2004, customers' financial position was strengthened. Market trends led to improved portfolio quality, reduced losses and increased reversals, especially in the manufacturing, service, transportation and building and construction industries. Parts of the fisheries industry still experience problems with respect to turnover and liquidity.

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

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

Taxes

In 2004, the tax exemption model was introduced for limited companies' share income. This model implies that corporate shareholders are exempted from tax on dividends and capital gains on the sale of shares. At the same time, the right to deduct losses on shares has been abolished. The tax exemption model applies to dividends received on 1 January 2004 or later and gains and losses realised on 26 March 2004 or later.

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

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

The banking group's tax charge for 2004 totalled NOK 2 397 million, representing 26 per cent of pre-tax operating profits. In 2003, the tax charge was NOK 1 715 million. The low tax charge in 2004 was due to the introduction of the tax exemption model.

Balance sheet and assets under management

Total assets in the banking group's balance sheet were NOK 713 billion at year-end 2004, an increase from NOK 705 billion at the end of 2003. Net lending to customers totalled NOK 577 billion at end-December 2004, up NOK 11.5 billion from year-end 2003. Adjusted for the sale of Elcon, there was a NOK 39 billion rise in lending through 2004. Lending to retail customers rose by NOK 37 billion or 12.7 per cent, representing mainly residential mortgages. Adjusted for Elcon's portfolio, lending to corporate clients increased by NOK 2 billion or 0.8 per cent from 2003. The ratio of deposits to lending was 62.4 per cent at the end of 2004. Adjusted for the sale of Elcon, this represented a 0.3 percentage point reduction from 2003.

At end-December 2004, the banking group had a core capital ratio of 7.5 per cent and a capital adequacy ratio of 10.6 per cent, compared with 7.1 and 10.1 per cent at the end of 2003. DnB NOR Bank ASA had a core capital ratio of 7.7 per cent and a capital adequacy of 10.9 per cent at year end, compared with 8.0 and 11.2 per cent at the end of 2003.

Future prospects

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

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

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

The integration process will be monitored closely by the Board of Directors and group management in 2004, and the realisation of synergies will be given high priority.

Profit and loss accounts

		DnB NOR Bank ASA				
		4th quarter	Pro forma	Full year	Pro forma	Pro forma
		2004	4th quarter	2004	full year	full year
			2003		2003	2002
<i>Amounts in NOK million</i>		Note				
Interest income			6 434	6 824	25 908	34 065
Interest expenses			3 507	4 220	14 280	22 870
Net interest income and credit commissions			2 927	2 604	11 628	11 196
Dividends			774	1 228	979	1 354
Commissions and fees receivable			1 417	1 400	5 546	4 896
Commissions and fees payable			460	570	1 936	1 897
Net gain on foreign exchange and financial instruments			470	461	1 689	1 750
Sundry ordinary operating income			183	110	651	345
Gains on the sale of fixed assets			7	1	9	9
Net other operating income			2 391	2 630	6 937	6 457
Salaries and other ordinary personnel expenses			1 208	1 244	4 926	4 881
Administrative expenses			869	881	3 355	3 364
Depreciation			188	159	653	634
Sundry ordinary operating expenses			339	267	1 234	1 081
Other expenses			105	113	903	183
Total operating expenses			2 709	2 663	11 072	10 142
Pre-tax operating profit before losses			2 609	2 571	7 493	7 511
Net losses on loans etc.	3		116	109	79	1 376
Net gain/(loss) on long-term securities			224	201	1 535	198
Pre-tax operating profit			2 718	2 663	8 950	6 333
Taxes			675	664	2 358	1 473
Profit for the period			2 043	1 999	6 592	4 860
Earnings per share			12.04	11.78	38.86	28.65
Average total assets			718 653	675 556	714 390	664 365

Balance sheets

		DnB NOR Bank ASA		
		31 Dec.	Pro forma	Pro forma
		2004	31 Dec.	31 Dec.
			2003	2002
<i>Amounts in NOK million</i>		Note		
Assets				
Cash and deposits with central banks			8 286	8 223
Lending to and deposits with credit institutions			54 947	92 523
Gross lending to customers	4		525 645	476 283
- Specified loan-loss provisions			(2 494)	(3 181)
- Unspecified loan-loss provisions			(3 230)	(3 147)
Net lending to customers	4		519 921	469 955
Reposessed assets			456	310
Commercial paper and bonds			64 615	61 289
Shareholdings etc.			4 213	3 270
Investments in associated companies			583	633
Investments in subsidiaries			5 597	8 911
Intangible assets			2 256	2 304
Fixed assets			2 467	2 585
Other assets			23 138	24 269
Prepayments and accrued income			4 909	4 663
Total assets			691 387	678 936
Liabilities and equity				
Loans and deposits from credit institutions			47 608	76 530
Deposits from customers			353 741	330 597
Securities issued			184 572	170 935
Other liabilities			40 337	36 884
Accrued expenses and prepaid revenues			4 318	5 142
Provisions for commitments			2 703	2 320
Subordinated loan capital			23 362	22 957
Share capital			16 964	16 964
Share premium reserve			7 745	7 745
Retained earnings			10 036	8 863
Total liabilities and equity			691 387	678 936
Guarantee commitments			45 617	50 459

Profit and loss accounts

		DnB NOR Bank Group				
		4th quarter	Pro forma	Full year	Pro forma	Pro forma
<i>Amounts in NOK million</i>		2004	4th quarter	2004	full year	full year
		Note	2003		2003	2002
Interest income			7 112	7 968	28 803	38 733
Interest expenses			3 775	4 624	15 428	24 710
Net interest income and credit commissions			3 337	3 344	13 376	14 023
Dividends			23	48	143	211
Commissions and fees receivable			1 491	1 593	5 764	5 768
Commissions and fees payable			491	566	2 010	2 057
Net gain on foreign exchange and financial instruments			486	489	1 675	1 836
Sundry ordinary operating income			370	316	1 541	1 255
Net gains/(losses) on the sale of fixed assets			(6)	13	1 298	23
Net other operating income			1 872	1 893	8 412	7 037
Salaries and other ordinary personnel expenses			1 413	1 685	5 792	6 267
Administrative expenses			925	987	3 678	3 864
Depreciation			208	257	839	1 013
Sundry ordinary operating expenses			341	324	1 282	1 353
Other expenses			135	126	952	217
Total operating expenses			3 022	3 379	12 544	12 715
Pre-tax operating profit before losses			2 187	1 859	9 244	8 344
Net losses on loans etc.	3		70	276	167	1 891
Net gain/(loss) on long-term securities			55	195	106	224
Pre-tax operating profit			2 172	1 777	9 183	6 677
Taxes			504	560	2 397	1 715
Profit for the period			1 668	1 217	6 786	4 963
Earnings per share			9.83	7.17	40.00	29.26
Average total assets			742 289	685 166	739 328	693 389

Balance sheets

		DnB NOR Bank Group		
		31 Dec.	Pro forma	Pro forma
<i>Amounts in NOK million</i>		2004	31 Dec.	31 Dec.
		Note	2003	2002
Assets				
Cash and deposits with central banks			8 780	8 565
Lending to and deposits with credit institutions			21 604	28 060
Gross lending to customers	4		584 230	573 973
- Specified loan-loss provisions			(3 255)	(4 329)
- Unspecified loan-loss provisions			(3 534)	(3 714)
Net lending to customers	4		577 441	565 929
Repossessed assets			538	576
Commercial paper and bonds			62 986	59 677
Shareholdings etc.			4 611	3 905
Investments in associated companies			1 354	1 384
Intangible assets			2 637	3 294
Fixed assets			4 155	4 454
Other assets			22 943	23 618
Prepayments and accrued income			5 477	5 484
Total assets			712 526	704 946
Liabilities and equity				
Loans and deposits from credit institutions			48 950	78 508
Deposits from customers			360 240	337 807
Securities issued			192 410	181 949
Other liabilities			41 140	37 820
Accrued expenses and prepaid revenues			5 013	5 999
Provisions for commitments			2 994	2 570
Subordinated loan capital			24 040	23 709
Share capital			16 964	16 964
Share premium reserve			8 461	8 461
Retained earnings			12 313	11 158
Total liabilities and equity			712 526	704 946
Guarantee commitments			46 194	51 306

Note 1 – Accounting principles

The quarterly accounts are based on Norwegian accounting legislation, the accounting regulations issued by Kredittilsynet (the Financial Supervisory Authority of Norway) and Norwegian generally accepted accounting principles. The quarterly accounts comply with NRS 11 – the Norwegian accounting standard for interim reporting. A more detailed description of the bank's accounting principles can be found in the annual report for 2003.

Note 2 – Changes in group structure

Sale of Elcon Finans AS

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

Sale of Postbanken Eiendomsmegling AS

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

Operations required sold – discontinuing operations

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

Operations in these companies will be included in DnB NOR Bank Group's accounts until a binding sales agreement has been concluded and all substantial risk has been transferred to the purchaser. The accounts of the companies to be sold are shown below as they have been included in the DnB NOR Bank Group's accounts. Operations in the 53 branch offices DnB NOR Bank was required to sell are not included in the accounts of discontinuing operations as the sale refers only to premises and equipment.

Sale of Avanse Forvaltning AS and Gjensidige NOR Kapitalforvaltning ASA

As part of the integration in connection with the DnB NOR-merger, Avanse Forvaltning and Gjensidige NOR Kapitalforvaltning have been sold from DnB NOR Bank ASA to DnB NOR Kapitalforvaltning Holding AS. Consequently, these companies are no longer consolidated in the banking group accounts. Gains of NOK 359 million were recorded in the banking group's accounts in second quarter. In June 2004, Avanse Forvaltning and Gjensidige NOR Kapitalforvaltning were merged with DnB NOR Kapitalforvaltning ASA.

Note 2 – New group structure (continued)

Profit and loss accounts	DnB NOR Bank Group				
	Discontinuing operations ¹⁾				
	4th quarter 2004	Pro forma 4th quarter 2003	Full year 2004	Pro forma full year 2003	Pro forma full year 2002
<i>Amounts in NOK million</i>					
Net interest income and credit commissions	0	232	257	925	715
Commissions and fees receivable	0	18	17	70	69
Commissions and fees payable	0	17	25	49	14
Net gain/(loss) on foreign exchange and financial instruments	0	(1)	(1)	6	(1)
Sundry ordinary operating income	7	26	54	89	85
Gains on the sale of fixed assets	(25)	0	946	0	0
Net other operating income	(18)	26	991	116	139
Salaries and other ordinary personnel expenses	4	80	82	286	242
Administrative expenses	3	35	39	110	111
Depreciation	0	6	8	20	18
Sundry ordinary operating expenses	0	21	22	76	81
Total operating expenses	7	142	151	492	452
Pre-tax operating profit before losses	(25)	116	1 097	549	402
Net losses on loans etc.	0	41	23	173	76
Pre-tax operating profit	(25)	75	1 074	376	326
Taxes	(7)	27	290	109	93
Profit for the period	(18)	48	784	267	233

Balance sheets	Discontinuing operations ¹⁾		
	31 Dec. 2004	Pro forma 31 Dec. 2003	Pro forma 31 Dec. 2002
<i>Amounts in NOK million</i>			
Assets			
Lending to and deposits with credit institutions	33	328	364
Gross lending to customers	0	27 700	23 508
- Specified loan-loss provisions	0	(114)	(65)
- Unspecified loan-loss provisions	0	(181)	(177)
Net lending to customers	0	27 405	23 267
Repossessed assets	0	134	238
Shareholdings etc.	0	7	1
Intangible assets	9	146	313
Fixed assets	3	23	18
Other assets	1 140	296	44
Prepayments and accrued income	0	91	62
Total assets	1 185	28 430	24 307
Liabilities and equity			
Loans and deposits from credit institutions	0	24 520	20 857
Deposits from customers	0	283	287
Other liabilities	0	771	628
Accrued expenses and prepaid revenues	290	180	144
Provisions for commitments	7	20	16
Subordinated loan capital	0	350	350
Total liabilities	297	26 124	22 282
Total equity	888	2 306	2 025
Total liabilities and equity	1 185	28 430	24 307

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

Note 3 – Net losses/(reversals) on loans and guarantees

Amounts in NOK million	DnB NOR Bank ASA				
	4th quarter 2004	Pro forma 4th quarter 2003	Full year 2004	Pro forma full year 2003	Pro forma full year 2002
Specification of net losses					
Write-offs ^{a)}	255	122	571	544	373
Increase in specified loan-loss provisions ^{b)}	81	0	250	116	210
New specified loan-loss provisions ^{c)}	(11)	114	361	1 204	906
Total new specified provisions	325	237	1 182	1 864	1 488
Reassessed specified provisions ^{d)}	101	44	828	306	197
Total specified provisions	224	193	354	1 558	1 291
Recoveries on commitments previously written off ^{e)}	108	46	275	183	238
Change in unspecified provisions during the period ^{f)}	0	(38)	0	0	2
Net losses on loans and guarantees	116	109	79	1 376	1 055
Specification of changes					
Increase in/(reversals on) specified provisions ^{b) and c) minus d) and g)}	(54)	(133)	(801)	450	506
+ Change in unspecified provisions ^{f)}	0	(38)	0	0	2
+ Write-offs covered by specified provisions made in previous years ^{g)}	23	203	584	565	413
+ Write-offs not covered by specified provisions made in previous years ^{a)}	255	122	571	543	373
- Recoveries on commitments previously written off ^{e)}	108	46	275	183	238
Net losses on loans and guarantees	116	109	79	1 376	1 055
<i>Of which net losses/(reversals) on guarantees</i>	<i>12</i>	<i>(31)</i>	<i>7</i>	<i>(13)</i>	<i>35</i>

a)-g) Show connections between the items.

a) and e) Losses on commitments taken over from Elcon have been charged to the accounts of DnB NOR ASA, but netted against gains on the sale of Elcon in the accounts of the banking group and the consolidated accounts of the DnB NOR Group.

Amounts in NOK million	DnB NOR Bank Group				
	4th quarter 2004	Pro forma 4th quarter 2003	Full year 2004	Pro forma full year 2003	Pro forma full year 2002
Specification of net losses					
Write-offs ^{a)}	148	207	507	725	461
Increase in specified loan-loss provisions ^{b)}	124	44	378	288	283
New specified loan-loss provisions ^{c)}	17	334	518	1 657	1 076
Total new specified provisions	289	585	1 403	2 671	1 820
Reassessed specified provisions ^{d)}	125	200	924	509	371
Total specified provisions	164	385	479	2 162	1 449
Recoveries on commitments previously written off ^{e)}	94	68	312	276	425
Change in unspecified provisions during the period ^{f)}	0	(42)	0	5	0
Net losses on loans and guarantees	70	276	167	1 891	1 023
Specification of changes					
Increase in/(reversals on) specified provisions ^{b) and c) minus d) and g)}	(87)	(65)	(865)	773	343
+ Change in unspecified provisions ^{f)}	0	(42)	0	5	0
+ Write-offs covered by specified provisions made in previous years ^{g)}	103	244	837	664	646
+ Write-offs not covered by specified provisions made in previous years ^{a)}	148	207	507	725	461
- Recoveries on commitments previously written off ^{e)}	94	68	312	276	425
Net losses on loans and guarantees	70	276	167	1 891	1 023
<i>Of which net losses/(reversals) on guarantees</i>	<i>21</i>	<i>(25)</i>	<i>15</i>	<i>(7)</i>	<i>(35)</i>

Note 4 – Non-performing and doubtful commitments

DnB NOR Bank ASA				DnB NOR Bank Group		
Pro forma 31 Dec. 2002	Pro forma 31 Dec. 2003	31 Dec. 2004		Pro forma 31 Dec. 2003	Pro forma 31 Dec. 2003	Pro forma 31 Dec. 2002
<i>Amounts in NOK million</i>						
Non-performing commitments						
4 773	7 519	5 641	Before specified provisions	6 895	10 053	5 906
2 902	4 713	3 471	After specified provisions ¹⁾	4 196	6 531	3 622
Doubtful commitments						
1 543	1 217	1 512	Before specified provisions	2 460	2 802	1 976
943	724	1 091	After specified provisions ¹⁾	1 778	1 870	1 232

1) DnB NOR Bank ASA in 2004: Includes NOK 392 million in commitments taken over from Elcon in the first half of 2004.

Note 5 – Capital adequacy

DnB NOR Bank ASA				DnB NOR Bank Group		
Pro forma 31 Dec. 2002	Pro forma 31 Dec. 2003	31 Dec. 2004		31 Dec. 2004	Pro forma 31 Dec. 2003	Pro forma 31 Dec. 2002
<i>Amounts in NOK million</i>						
16 964	16 964	16 964	Share capital	16 964	16 964	16 964
16 687	16 608	17 781	Other equity	20 774	19 619	19 527
33 652	33 572	34 745	Total equity	37 738	36 584	36 491
5 292	5 195	5 270	Perpetual subordinated loan capital securities ^{1) 2)}	5 531	5 476	5 292
Reductions						
(634)	(969)	(814)	Pension funds above pension commitments	(853)	(1 034)	(1 063)
(1 636)	(1 472)	(1 460)	Goodwill	(1 967)	(2 513)	(2 360)
(839)	(658)	(717)	Deferred tax assets	(646)	(574)	(1 269)
(197)	(174)	(78)	Other intangible assets	(88)	(247)	(112)
35 637	35 494	36 945	Core capital	39 715	37 690	36 979
7 014	6 053	5 528	Perpetual subordinated loan capital ^{1) 2)}	5 367	6 153	7 014
6 461	10 431	12 565	Term subordinated loan capital ²⁾	13 538	11 473	7 883
13 475	16 484	18 092	Net supplementary capital	18 905	17 626	14 896
2 564	2 073	2 514	Deductions	2 514	2 171	2 023
46 548	49 906	52 523	Total eligible primary capital ³⁾	56 105	53 146	49 853
408 995	445 523	480 291	Total risk-weighted volume	528 240	527 256	468 306
8.7	8.0	7.7	Core capital ratio (per cent)	7.5	7.1	7.9
11.4	11.2	10.9	Capital ratio (per cent)	10.6	10.1	10.6

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 657 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.

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

All figures are presented in accordance with rules prevailing at the time in question.

Note 6 – Profit and balance sheet trends

Profit and loss accounts

DnB NOR Bank ASA

Pro forma

<i>Amounts in NOK million</i>	4th quarter 2004	3rd quarter 2004	2nd quarter 2004	1st quarter 2004	4th quarter 2003
Interest income	2 927	2 960	2 976	2 765	2 604
Dividends	774	15	86	105	1 228
Commissions and fees receivable	1 417	1 366	1 398	1 364	1 400
Commissions and fees payable	460	498	498	480	570
Net gain on foreign exchange and financial instruments	470	339	371	508	461
Sundry ordinary operating income	183	151	146	171	110
Net gains/(losses) on the sale of fixed assets	7	18	(16)	0	1
Net other operating income	2 391	1 391	1 486	1 668	2 630
Salaries and other ordinary personnel expenses	1 208	1 232	1 209	1 278	1 244
Administrative expenses	869	790	848	848	881
Depreciation	188	151	154	160	159
Sundry ordinary operating expenses	339	282	295	318	267
Other expenses	105	12	6	780	113
Total operating expenses	2 709	2 468	2 511	3 384	2 663
Pre-tax operating profit before losses	2 609	1 883	1 952	1 049	2 571
Net losses/(reversals) on loans etc.	116	(178)	58	82	109
Net gain/(loss) on long-term securities	224	67	(64)	1 307	201
Pre-tax operating profit	2 718	2 128	1 830	2 274	2 663
Taxes	675	575	494	614	664
Profit for the period	2 043	1 553	1 336	1 660	1 999
Earnings per share	12.04	9.16	7.88	9.78	11.78
Average total assets	718 653	721 631	721 354	695 922	675 556

Balance sheets

DnB NOR Bank ASA

Pro forma

<i>Amounts in NOK million</i>	31 Dec. 2004	30 Sept. 2004	30 June 2004	31 March 2004	31 Dec. 2003
Assets					
Cash and deposits with central banks	8 286	12 397	4 771	2 651	8 223
Lending to and deposits with credit institutions	54 947	61 846	103 763	96 498	92 523
Net lending to customers	519 921	506 053	497 224	487 825	469 955
Reposessed assets	456	511	335	307	310
Commercial paper and bonds	64 615	67 153	70 119	61 768	61 289
Shareholdings etc.	4 213	3 694	3 567	3 360	3 270
Investments in Life Insurance and Pensions and associated companies	583	617	617	621	633
Investments in subsidiaries	5 597	5 752	5 748	6 324	8 911
Other assets	32 770	35 389	27 119	36 707	33 822
Total assets	691 387	693 411	713 262	696 059	678 936
Liabilities and equity					
Loans and deposits from credit institutions	47 608	61 202	96 599	72 023	76 530
Deposits from customers	353 741	347 603	349 254	337 170	330 597
Securities issued	184 572	183 511	183 217	182 462	170 935
Other liabilities	47 358	39 815	23 896	45 440	44 346
Subordinated loan capital	23 362	22 967	23 524	23 527	22 957
Equity	34 745	38 313	36 773	35 436	33 572
Total liabilities and equity	691 387	693 411	713 262	696 059	678 936

Note 6 – Profit and balance sheet trends (continued)**Profit and loss accounts****DnB NOR Bank Group**

	4th quarter	3rd quarter	2nd quarter	1st quarter	Pro forma 4th quarter
<i>Amounts in NOK million</i>	2004	2004	2004	2004	2003
Interest income	3 337	3 322	3 339	3 378	3 344
Dividends	23	18	88	13	48
Commissions and fees receivable	1 491	1 416	1 362	1 494	1 593
Commissions and fees payable	491	504	475	539	566
Net gain on foreign exchange and financial instruments	486	342	388	460	489
Sundry ordinary operating income	370	331	414	426	316
Net gains/(losses) on the sale of fixed assets	(6)	(40)	365	979	13
Net other operating income	1 872	1 563	2 143	2 833	1 893
Salaries and other ordinary personnel expenses	1 413	1 428	1 387	1 564	1 685
Administrative expenses	925	863	931	959	987
Depreciation	208	169	218	245	257
Sundry ordinary operating expenses	341	286	286	369	324
Other expenses	135	5	6	806	126
Total operating expenses	3 022	2 751	2 828	3 942	3 379
Pre-tax operating profit before losses	2 187	2 135	2 653	2 269	1 859
Net losses/(reversals) on loans etc.	70	(121)	82	135	276
Net gain on long-term securities	55	24	13	15	195
Pre-tax operating profit	2 172	2 280	2 584	2 148	1 777
Taxes	504	617	696	580	560
Profit for the period	1 668	1 663	1 887	1 568	1 217
Earnings per share	9.83	9.80	11.12	9.24	7.17
Average total assets	742 289	747 255	744 761	723 007	685 166

Balance sheets**DnB NOR Bank Group**

	31 Dec.	30 Sept.	30 June	31 March	Pro forma 31 Dec.
<i>Amounts in NOK million</i>	2004	2004	2004	2004 ¹⁾	2003
Assets					
Cash and deposits with central banks	8 780	12 802	5 496	3 242	8 565
Lending to and deposits with credit institutions	21 604	24 052	65 436	60 139	28 060
Net lending to customers	577 441	570 694	562 408	552 625	565 929
Reposessed assets	538	580	414	460	576
Commercial paper and bonds	62 986	65 365	68 248	60 147	59 677
Shareholdings etc.	4 611	4 176	4 085	3 928	3 905
Investments in Life Insurance and Pensions and associated companies	1 354	1 492	1 456	1 408	1 384
Other assets	35 212	38 304	30 131	38 656	36 850
Total assets	712 526	717 466	737 673	720 603	704 946
Liabilities and equity					
Loans and deposits from credit institutions	48 950	63 511	98 975	75 520	78 508
Deposits from customers	360 240	354 487	356 340	344 010	337 807
Securities issued	192 410	192 310	192 101	192 386	181 949
Other liabilities	49 147	41 728	25 866	46 190	46 388
Subordinated loan capital	24 040	23 718	24 293	24 283	23 709
Equity	37 738	41 712	40 099	38 215	36 584
Total liabilities and equity	712 526	717 466	737 673	720 603	704 946

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