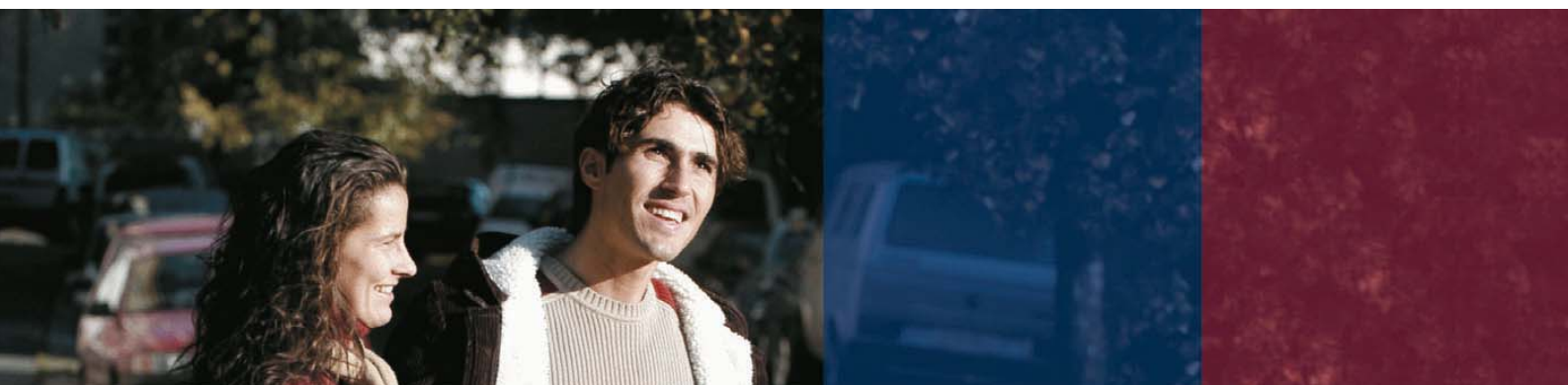


Second quarter report 2004



Second quarter report 2004

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

DnB NOR's Board of Directors notes that the Group recorded a healthy rise in profits in the second quarter as well as in the first half of the year. The second-quarter accounts show a 28 per cent rise in profits relative to the year-earlier period after adjusting the 2003 figures for the sale of operations. The improvement can be ascribed to the fact that DnB NOR maintained a high level of income in spite of the strong slide in domestic interest rates. Parallel to this, costs were brought down in line with the targets set for the integration process. In addition, the quality of the loan portfolio was good and losses low during the period.

Pre-tax operating profits before losses stood at NOK 2 460 million in the second quarter of 2004, compared with NOK 2 316 million in the year-earlier period. After taxes, profits came to NOK 1 745 million, up from NOK 1 360 million the previous year. Return on equity before goodwill amortisation was 16.8 per cent in the second quarter, up from 14.7 per cent in the second quarter of 2003. Earnings per share were NOK 1.43 and NOK 1.16 respectively for the two quarters. Figures are adjusted for the sale of operations. The cost/income ratio before goodwill amortisation stood at 53.1 per cent in the second quarter of 2004, while the core capital ratio was 7.2 per cent at end-June, including 50 per cent of profits.

For the January through June period in 2004, pre-tax operating profits before losses were NOK 4 541 million, an increase from NOK 4 063 million in the year-earlier period, excluding operations sold in both periods. Profits increased from NOK 2 338 million to NOK 3 203 million. The group accounts showed a return on equity before goodwill amortisation at 16.2 per cent in the first half of

2004, which is 2.8 percentage points higher than the unadjusted figure for the first half of 2003.

Net interest income

Net interest income declined by NOK 185 million from the second quarter of 2003. Adjusted for the sale of Elcon, however, there was an underlying increase in net interest income of NOK 16 million. An increase of NOK 43 billion in average lending to customers combined with a NOK 16 billion rise in deposits pushed up net interest income by NOK 222 million. Lending spreads expanded by an average 0.08 percentage points from the second quarter of 2003, while deposit spreads contracted by 0.28 percentage points. At the beginning of August 2004, interest rates on NOK 75 billion of the total deposit volume were below 0.25 per cent per annum. Further interest rate cuts will make it difficult to maintain the level of earnings on deposits. On the other hand, a potential increase in interest rate levels could give a boost to income. Reduced income from interest spreads brought down net interest income by NOK 147 million. Lower interest rate levels reduced the net funding effect of equity, share investments and fixed assets by NOK 181 million. However, new guarantee fund rules ensured a NOK 93 million rise in net interest income in the second quarter, of which NOK 42 million represented an adjustment for the first quarter. Other interest rate items contributed to an overall rise in interest income of NOK 30 million.

The table below specifies changes in net interest income between the two quarters.

Changes in net interest income

<i>Amounts in NOK million</i>	2nd quarter 2004	Change	2nd quarter 2003
Net interest income	3 293	(185)	3 478
Elcon		(201)	201
Net adjusted interest income	3 293	16	3 277
Of which			
Lending and deposit volumes		222	
Lending and deposit spreads		(147)	
Net funding effect of equity, share investments and fixed assets		(181)	
Interest rate instruments, DnB NOR Markets ¹⁾		(36)	
Contributions to the banks' guarantee funds		93	
Net funding costs on non-performing and doubtful loans		57	
Other		9	

1) Must be viewed in light of other income on foreign exchange and interest rate instruments related to the same activities.

Net other operating income

Net other operating income amounted to NOK 2 235 million in the second quarter of 2004, down NOK 5 million from the year-earlier period.

The full takeover of operations in the companies Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte from January 2004 gave a NOK 60 million increase in income in the group accounts compared with the year-earlier period. Driftspartner and Markedsstøtte were previously joint ventures with Gjensidige NOR Forsikring. The above income stems from services provided under cooperation agreements. See further description of corresponding effects under operating expenses. Net other operating income declined by NOK 44 million relative to income for comparable operations in the corresponding period of 2003.

Income from traditional financial services, i.e. payment services, asset management and real estate broking, increased by NOK 37 million relative to income for comparable operations in the corresponding period of 2003. Commissions received on savings and insurance products showed a particularly healthy trend. As a consequence of lower gains on equities, the Group's share of profits from life insurance operations was down NOK 100 million in the second quarter of 2004. Highly volatile exchange rates resulted in a brisk level of activity within foreign exchange and interest rate instruments, with an overall NOK 91 million increase in trading income. Equity-related income declined by NOK 72 million.

The table below specifies changes in second-quarter net other operating income from 2003 to 2004.

Changes in net other operating income

<i>Amounts in NOK million</i>	2nd quarter 2004	Change	2nd quarter 2003
Net other operating income	2 235	(5)	2 240
Elcon	-	(21)	21
Driftspartner and Markedsstøtte	60	60	-
Net adjusted other operating income	2 175	(44)	2 219
Of which:			
Income from traditional financial services		37	
Share of profits in Life Insurance and Pensions		(100)	
Trading income on foreign exchange and interest rate instruments, DnB NOR Markets		91	
Equity-related income		(72)	

Operating expenses

Operating expenses totalled NOK 3 068 million in the April through June period in 2004, down NOK 225 million from the year-earlier

period. Expenses incurred by Elcon represented NOK 113 million. The takeover of total operations in Driftspartner and Markedsstøtte pushed up operating expenses by NOK 60 million in the second quarter of 2004. Ordinary operating expenses were brought down by NOK 149 million relative to expenses for comparable operations in the corresponding period of 2003. The reduction can mainly be attributed to realised merger synergies and other measures to streamline operations. The ordinary cost/income ratio, i.e. ordinary expenses relative to income, was 53.1 per cent before goodwill amortisation in the second quarter of 2004, as against 54.4 per cent in 2003.

Changes in operating expenses from the second quarter of 2003 are shown in the table below.

Changes in operating expenses

<i>Amounts in NOK million</i>	2nd quarter 2004	Change	2nd quarter 2003
Total operating expenses	3 068	(225)	3 293
Other expenses	6	(24)	30
Elcon	-	(113)	113
Driftspartner and Markedsstøtte	60	60	-
Total adjusted ordinary operating expenses	3 002	(149)	3 151
Of which:			
Wage settlements and pensions		45	
External distribution		21	
Merger synergies		(105)	
Other streamlining measures		(110)	

Salaries and pension expenses increased by NOK 45 million compared with the corresponding period in 2003. Pension expenses showed the highest growth due to lower returns on accumulated pension funds and lower interest rate levels. As a result of higher compensation for customer service, reimbursement to Norway Post was up NOK 21 million. Merger synergies of NOK 105 million were realised in the second quarter of 2004. A number of measures initiated to restructure and streamline operations contributed to reducing costs related to IT operations, postage, telecommunications and office supplies.

Staff cuts represented 217 full-time positions in the second quarter of 2004. The reductions will have an increasing impact on future cost developments.

Loan-loss provisions and non-performing commitments

Net losses on loans and guarantees totalled NOK 82 million in the second quarter of 2004, compared with NOK 811 million in the corresponding period of 2003. New losses and loan-loss provisions amounted to NOK 229 million, while reversals on previous losses and loan-loss provisions totalled NOK 147 million. The second quarter of 2003 saw new losses of NOK 961 million and reversals of NOK 150 million.

Prolonged low interest rate levels and close follow-ups continued to hold losses down in the retail market. In the corporate market, cost reductions and consolidation in companies also helped reduce losses in the second quarter of 2004 compared with the year-earlier period. Relatively stable salmon prices led to a positive trend in parts of the fish-farming industry in 2004, though the industry still represents a challenge.

Credit quality in the loan portfolio was maintained at roughly the same level as at 31 March 2004. Thus, unspecified loan-loss provisions in the Group's balance sheet were not adjusted in the second quarter of 2004. Non-performing commitments, after specified loan-loss provisions, were scaled back by NOK 243 million in the quarter, totalling NOK 6 050 million at end-June 2004. Non-performing and doubtful commitments, after specified loan-loss provisions, were down NOK 60 million to NOK 8 325 million. There was a rise in non-performing and doubtful commitments within retail trading,

fisheries and property management, while volumes were scaled back within the manufacturing industry and in the retail market.

Taxes

The DnB NOR Group's tax charge for the second quarter of 2004 was NOK 645 million, based on an anticipated average tax rate of 27 per cent of pre-tax operating profits.

Balance sheet and assets under management

At end-June 2004, total combined assets in the DnB NOR Group were NOK 1 239 billion, up from NOK 1 163 billion a year earlier. Total assets in the Group's balance sheet were NOK 739 billion. Net lending rose by NOK 24 billion in the January through June period adjusted for the sale of Elcon. First-half lending growth represented NOK 21 billion in the retail market and NOK 3 billion in the corporate market. Customer deposits rose to NOK 352 billion, from NOK 336 billion at end-December 2003. The ratio of deposits to lending was 63.5 per cent at end-June 2004, compared with 63.2 per cent at the end of 2003, adjusted for the sale of Elcon.

In addition to deposits recorded in the balance sheet, the DnB NOR Group managed customer savings in the form of mutual funds, insurance products etc. for a total of NOK 500 billion at end-June 2004, a rise of NOK 20 billion since the end of 2003.

Risk and capital adequacy

The estimated capital requirement increased by NOK 1.1 billion to NOK 29.9 billion during the second quarter, mainly as a result of higher credit exposure. Relative to the Group's equity and core capital, calculations indicate that the DnB NOR Group is well capitalised.

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

Amounts in NOK million	30 June 2004	31 March 2004	31 Dec. 2003 ¹⁾	31 March 2003
Credit risk	18 356	17 444	17 108	18 025
Market risk	1 560	1 579	1 626	1 631
Liquidity risk	780	630	700	1 107
Ownership risk for Life				
Insurance and Pensions	8 048	8 329	8 498	8 498
Operational risk ²⁾	5 400	5 590	5 540	5 640
Risk-adjusted capital				
- before diversification ³⁾	34 144	33 572	33 471	34 900
- after diversification ³⁾	24 749	23 737	23 399	24 457
Addition for variations in expected credit losses	5 158	5 051	4 977	5 317
Estimated capital requirement	29 907	28 788	28 376	29 774

1) Excluding Elcon.

2) A change in the principles for operational risk related to asset management operations has brought down the capital requirement by NOK 0.6 billion. Historical figures have been adjusted accordingly.

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

There was a strong rise in housing loans and more moderate growth in corporate market exposure in the second quarter. Credit quality remained stable. Loan losses and non-performing commitments showed a positive trend in the quarter, thus confirming the positive trend in the Norwegian economy.

There were no material changes in market and liquidity risk during the quarter. The sale of Elcon will result in a reduction in the need for funding from capital markets and ensure greater flexibility in liquidity management.

Risk related to operations in Life Insurance and Pensions was reduced as a result of changes in the balance sheet structure. The securities adjustment reserve is down NOK 1.6 billion to NOK 1.9 billion due to factors such as increasing bond yields and the realisation of gains. However, as investments have been transferred from the bond market to the money market, the associated overall risk has been reduced. The proportion of share investments was unchanged at 14 per cent. The rise in yields on long-term bonds will have a negative impact on profits in the short term, but will have a positive effect on the long-term risk situation.

The implementation of the DnB NOR merger is vital to the Group's operational risk. Lower risk-adjusted capital for operational risk reflects the partial reduction of merger risk due to the successful integration.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement rose by NOK 11.7 billion in the second quarter, to NOK 588.4 billion. Including 50 per cent of profits, the DnB NOR Group's core capital ratio was 7.2 per cent, while the capital adequacy ratio was 10.4 per cent at end-June 2004. Excluding profits would lower the ratios by around 0.3 percentage points.

DnB NOR Bank ASA had a core capital ratio of 7.5 per cent and a capital adequacy ratio of 11 per cent at end-June 2004. Including 50 per cent of profits in the calculations would raise the ratios to 7.8 and 11.4 per cent respectively.

New group structure

Sale of Elcon Finans

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 977 million recorded in the first-quarter accounts. A concession for implementing the transaction was granted on 2 July 2004, and the sales price and financing items were settled in early August.

Sale of Gjensidige NOR Fondsforsikring

In May 2004, DnB NOR ASA signed an agreement with Forsikringsselskabet Danica on the sale of Gjensidige NOR Fondsforsikring AS. Danica is a subsidiary of Danske Bank. A concession for implementing the transaction was granted on 2 July 2004, and the sale was finalised in early August. The sale will have no significant impact on DnB NOR's financial performance. Through the sale of Gjensidige NOR Fondsforsikring, DnB NOR has fulfilled one more condition set by the Competition Authority in connection with the merger between DnB and Gjensidige NOR.

Sale of Postbanken Eiendomsmegling

An agreement has been signed with Terra-Gruppen AS on the sale of the real estate brokerages Postbanken Eiendomsmegling AS and Aktiv Eiendomsmegling AS. The transaction will be reflected in the third-quarter accounts.

Changes in bank guarantee scheme

In June 2004, a decision was made to combine the Savings and Commercial Banks' Guarantee Funds. Over a period of three years, savings banks will be exempt from fee payments. In addition, the proposal includes exemption from payment of fees on deposits over NOK 2 million, which are not covered by the deposit guarantee.

For 2003, DnB NOR paid around NOK 500 million in guarantee fund fees. After the introduction of the new regulations, the fee for 2004 is estimated at around NOK 275 million, which is reflected in the accounts for the second quarter of 2004. The guarantee fund fee was reduced from NOK 111 million in the first quarter of 2004 to NOK 28 million in the second quarter, and will represent around NOK 70 million in subsequent quarters.

Integration project

The merger of DnB and Gjensidige NOR into a new and stronger financial services group is progressing according to plan. By giving priority to maintaining a brisk pace in the integration process, DnB NOR will ensure that the integration is completed as quickly and smoothly as possible for customers, employees and shareholders.

Major results of the integration project

During the first half of 2004, plans for implementing the integration were strictly adhered to by all business areas and staff and support units. Integration efforts were primarily focused on concession terms and on realising cost synergies, moving entities into joint premises and coordinating key products and services. The Group aims to ensure uniform customer service from the autumn of 2004.

During the first six months of the year, DnB NOR fulfilled the concession terms for the sale of Elcon, Gjensidige NOR Fondsforsikring and Postbanken Eiendomsmedling. The requirement to reduce ownership interests in BNbank, Storebrand, the Banks' Central Clearing House (BBS) and Norsk Tillitsmann has been fulfilled. Premises for future bank branches have been selected and on 1 June the first DnB NOR pilot branches were opened at Rolvsøy in Østfold county and Solli Plass in Oslo. The process of moving into joint premises and reprofiling all DnB NOR branches will be started in the autumn. By the end of the year, more than 70 branches will sport the new corporate image.

Synergies realised thus far in 2004

Merger plans include staff cuts of 1 630 full-time positions and cost synergies of NOK 1 760 million over a period of three years. In 2004, DnB NOR will achieve cost synergies of NOK 528 million, which will be realised at a gradually increasing pace throughout the year. The target figure as at 30 June 2004 was NOK 185 million.

Integration efforts made headway in the first half of 2004, realising synergies of around NOK 207 million and staff cuts of 520 full-time positions. Additional synergies of NOK 93 million and staff reductions of 178 full-time positions relating to the merger were implemented in 2003.

The table below presents realised cost synergies and reductions in full-time positions in the first half of 2004.

Amounts in NOK million	Cost synergies ¹⁾	Staff reductions (full-time positions)
Retail Banking	83	212
Corporate Banking	19	47
DnB NOR Markets	44	80
Asset Management ²⁾	13	32
Staff units/other operations ³⁾	43	123
Total	202	494
Life Insurance and Pensions (effect for owner) ^{2) 4)}	5	26 ⁵⁾
Total incl. Life Insurance and Pensions	207	520

1) Excluding operations sold or due to be sold.

2) Asset Management, Life Insurance and Pensions and DnB NOR Markets include synergies related to IT and office space. With respect to other units, these synergies appear under staff units/other operations (IT and Group Services).

3) Includes IT and Payment Services, Human Resources, Group Services and Treasury. Some synergies have an overall impact and apply to all business areas. Such synergies are not allocated to specific units.

4) The effect is calculated on the assumption that 35 per cent of cost savings are reflected in profits to the owner. Synergies totalled NOK 16 million.

5) Total staff cuts in Life Insurance and Pensions represented 52 full-time positions, of which 26 were of a permanent nature.

Retail Banking achieved synergies mainly through the integration of units and staff cuts within overlapping functions. The coordination of marketing efforts also had an impact.

Corporate Banking synergies were primarily obtained through staff cuts. The business area has completed the process of moving the large corporate units into joint premises, and the DnB NOR logo has been used in customer communication since 1 May. The coordination of activities in regional offices has begun and is expected to be completed by the end of 2005.

The integration process was implemented over a short period in DnB NOR Markets in order to maintain the focus on business operations and avoid the loss of key personnel. Synergy effects stem mainly from the coordination of activities and staff cuts.

Asset Management achieved cost reductions through the integration of the asset management organisation, investment fund companies and the management and operation of IT systems. The investment fund and asset management companies in Norway merged during the second quarter. The coordination and streamlining of fund offerings is under way and will lead to more efficient customer service while providing the basis for further cost savings.

Life Insurance and Pensions realised synergies through the coordination of activities and staff cuts. The life insurance companies were merged in March 2004.

The primary sources of synergies obtained within IT and Payment Services are staff reductions, the streamlining of operations and the coordination of contracts. Integration efforts linked to the operation, management and further development of the Group's IT systems are in progress and will lead to substantial savings over the next few years.

Other synergies have mainly been realised through staff cuts relating to overlapping functions and staff units, reductions in sponsoring and rating expenses and the coordination of group procurement.

Total restructuring expenses are estimated at NOK 1 860 million, around 65 per cent of which refers to planned staff cuts of 1 630 full-time positions. Staff reductions will, as far as possible, be realised through natural attrition. Appointments of executives and other staff in the new DnB NOR Group have been carried out in close cooperation with the Group's employee representatives.

Restructuring provisions of NOK 414 million referring to the DnB NOR merger were used in the first half of 2004, of which 66 per cent related to staff cuts. Other expenses refer to IT integration, market information and the moving of operations into joint premises. In addition, NOK 74 million of restructuring provisions was used in 2003.

Business areas

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

Corporate Banking

Corporate Banking recorded pre-tax profits before losses of NOK 2 287 million in the first half of the year, as against NOK 2 391 million in the first half of 2003. Profit performance reflected sound underlying income growth, but also lower interest on allocated capital compared with the year-earlier period.

There was a high level of customer-related activity in the first half of the year. Competition in the market has increased in 2004 and shows an accelerating trend. The use of Internet services continued to climb sharply and covers a significant part of customers' everyday banking needs.

Low interest rates and strong domestic competition represented challenges in the effort to uphold the level of interest income, though price adjustments for credit risk helped lift ordinary interest income from operations by 7.9 per cent from the year-earlier period. The volume of loans and guarantees in DnB NOR declined by NOK 1.7 billion from the corresponding period in 2003. Market shares remained stable, with the exception of the public sector, where mortgage companies experienced weak market growth. The business area arranged syndicated loans and commercial paper and bond issues for a total of NOK 88.7 billion. The quality of the credit portfolio is sound and stable. As a result of good liquidity among customers, there was a NOK 5 billion rise in deposits compared with the year-earlier period. Other operating income has shown a stable trend since the first half of 2003. Better performance in associated companies and increased income from payment and cash handling services outweighed the effects of reduced income from guarantees and equities.

There has been a steady decline in costs. Compared with cost levels in 2003, costs were brought down NOK 4 million during the first six months of 2004. 47 full-time positions were eliminated as a result of merger synergies in the first half of 2004, and cost synergies totalled NOK 19 million for the period.

First-half net losses came to NOK 122 million, down NOK 897 million on the year-earlier period. Certain sectors, especially fish farming, still represent a challenge.

Customer satisfaction showed a positive trend compared with the year-earlier period, and customer loyalty remains high. Corporate Banking aims to further strengthen relationships with existing customers and enhance customer satisfaction.

Volume trends will reflect the business sector's willingness to invest and the demand for credit. In terms of volume, loans and guarantees are expected to show limited growth through the rest of 2004.

Retail Banking

Retail Banking showed pre-tax operating profits before losses of NOK 1 602 million in the first half of the year, which represents an increase of NOK 334 million from the corresponding period a year earlier.

Three interest rate cuts were implemented during the first half of 2004. Lending spreads improved somewhat during the period, representing 1.7 percentage points on average. Deposit spreads averaged 0.8 percentage points in the January through June period. Despite low interest rate levels and narrow spreads, hefty lending growth ensured a NOK 27 million rise in net interest income compared with the first half of 2003.

Net other operating income stood at NOK 1 373 million, a rise of 12 per cent from the corresponding period in 2003. Commission income from savings and insurance products showed a particularly sound trend.

The cost/income ratio in the first six months of the year was 67 per cent, down 5.8 percentage points from the first half of 2003.

Net losses on loans and long-term securities were NOK 59 million for the six-month period, which represents 0.04 per cent of average lending.

The Group had a market share of 38.5 per cent for lending to wage-earners as at 30 May 2004, compared with 37.7 per cent at end-June 2003.

As at 30 June 2004, there were 4 448 full-time positions in Retail Banking. The business area was ahead of target figures for the planned realisation of synergies in connection with the DnB NOR merger. 212 full-time positions were eliminated as a result of merger synergies in the first half of 2004, and cost synergies totalled NOK 83 million for the period.

The first DnB NOR branch offices opened on 1 June 2004, and a number of other branches will follow in the second half of

the year. The integration of IT systems is on schedule, including adaptations to facilitate the merging of bank branches and give the Group a uniform corporate image. Joint sales campaigns for customer programmes and cards were carried out during the first half of the year with excellent results.

The market for electronic banking services continues to show brisk growth, and Retail Banking's portals registered more than 24 million hits during the first six months of the year. In September 2004, a new, joint customer portal for dnbnor.no will be launched. At end-June 2004, the number of Internet banking customers exceeded 935 000.

Overall, the savings market is expected to show healthy growth during the rest of the year, albeit with only a moderate rise in deposits. Retail Banking will focus on providing sound advice on different savings alternatives adapted to the customer's preferred risk profile, along with continued active sales efforts related to lending products.

DnB NOR Markets

DnB NOR Markets achieved healthy profits in the first half of 2004. The highly volatile NOK rate spurred strong demand for currency products, and there was a rise in the number of currency transactions with customers from the year-earlier period. Pre-tax operating profits were NOK 694 million, compared with NOK 718 million in the year-earlier period.

A new service for trading equities on the Internet was launched in the second quarter, along with 'Eiendomskonto', a product offering investors favourable interest rates on deposits contingent on subsequent purchase of property interests.

Due to sluggish demand for interest rate hedging products and negative growth in corporate credits, income on customer business declined by NOK 59 million during the first half compared with the year-earlier period. This was partly offset by a NOK 37 million rise in income from market making and other proprietary trading. As a result of the low interest rate levels, interest income on allocated capital was down NOK 35 million. Income totalled NOK 1 262 million, as against NOK 1 319 million in the first half of 2003.

Costs were brought down NOK 31 million or 5.1 per cent. Realised merger synergies more than compensated for the costs related to the establishment of the new trading desk in Bodø and DnB NOR Markets Inc. in New York. 80 full-time positions were eliminated as a result of merger synergies in the first half of 2004 in addition to 17 full-time positions in 2003. Cost synergies totalled NOK 44 million for the period. Return on equity was 53.3 per cent and the cost/income ratio 45.3 per cent.

Income on customer business in foreign exchange and interest rate derivatives was NOK 439 million, down NOK 20 million compared with the first half of 2003. Highly volatile exchange rates resulted in greater demand for currency hedging products than in the previous year, while low floating interest rates and a steep interest curve brought down demand for interest rate hedging products compared with the record level in 2003.

Customer-related revenues on the sale of securities and other investment products declined by NOK 14 million in the first half of 2004 compared with the year-earlier period.

Earnings on corporate finance services totalled NOK 79 million, down from NOK 108 million in the first half of 2003. The level of activity was increasing during the first half of the year.

Income from the sale of custodial services totalled NOK 91 million, up NOK 5 million on the first half of 2003. Performance reflected rising volumes, a higher level of activity in the market for securities issues and an increase in the number of customers using the bank as registrar in the Norwegian Central Securities Depository.

Earnings from market making and other proprietary trading totalled NOK 353 million, up NOK 37 million from the corresponding period last year.

The merger has enhanced the business area's market position in a number of areas, including trading in bonds and commercial paper, equities trading, equity derivatives and research.

Life Insurance and Pensions

During the first half of 2004, Life Insurance and Pensions (Vital) strengthened its position as Norway's largest provider of pension savings and life insurance products, with total assets of NOK 168 billion at the end of the period. The business area recorded a sound rise in premium income and the net inflow of transfers. The recorded return on equity roughly corresponded to the annual guaranteed rate of return on policyholders' funds. Profits from life insurance operations for allocation to policyholders were NOK 1 827 million, while allocations to the owner and taxes totalled NOK 509 million.

Performance within Life Insurance and Pensions reflected the upturn in the global and Norwegian stock markets in the first half of 2004. Pre-tax operating profits totalled NOK 538 million, compared with NOK 426 million in the year-earlier period. Vital Forsikring recorded profits after taxes of NOK 423 million, up from NOK 364 million in the first half of 2003. The recorded and value-adjusted returns on capital, excluding changes in unrealised gains on long-term securities, were 3.7 and 3.2 per cent respectively, compared with corresponding returns of 3.8 and 5.1 per cent in the year-earlier period.

Premium income recorded in the first half of 2004 totalled NOK 12.6 billion, an increase of 49 per cent from the corresponding period in 2003. Reserves totalling NOK 3.8 billion were transferred from other companies in the first half of 2004, representing an increase of NOK 2.1 billion. The recorded net inflow of reserves was NOK 2.4 billion.

Vital Forsikring strengthened disability reserves by NOK 123 million in the first six months of the year.

26 full-time positions were eliminated as a result of merger synergies in the first half of 2004, and cost synergies totalled NOK 16 million for the period. The owner's share of cost synergies will depend on annual profits as well as the allocation of profits at year-end 2004.

Vital Forsikring's solvency capital increased by NOK 1.8 billion in the January through June period, mainly reflecting interim profits and changes in the securities adjustment reserve.

Life Insurance and Pensions has a leading position within the management of policyholders' funds, with a market share of 35.7 per cent as at 31 March 2004. Life Insurance and Pensions also provided pension schemes to 52 municipalities at end-March, and is thus Norway's largest private life insurance company in this segment.

In May 2004, the Ministry of Finance presented its recommendation 'Regarding the Act on amendments to the Act on Insurance Activity etc.' (proposition no. 74 2003-2004 to the Odelsting). The proposal represents a clearer distinction between policyholders' funds and the company's own funds as well as preset product prices.

Life Insurance and Pensions anticipates continued growth in the market for pension savings. Based on the Norwegian government's proposal regarding statutory occupational pensions, it is anticipated that an increasing number of companies will offer employees occupational pension schemes. Individual pension savings are expected to show a further rise. Life Insurance and Pensions is well prepared to meet the competition in the market and is committed to strengthening its position as the largest provider of life and pension insurance in Norway.

Asset Management

Asset Management recorded satisfactory profits in the first half of 2004. Pre-tax operating profits before losses were NOK 96 million

in the first half of 2004, and total revenues amounted to NOK 449 million for the period. Investment management income came to NOK 447 million for the January through June period, which was NOK 70 million higher than in the corresponding period of 2003.

Investment management income from the retail market stood at NOK 169 million, while income from institutional clients totalled NOK 278 million.

Operating expenses for the first six months of 2004 were NOK 353 million, on a level with the corresponding period of 2003. This can be attributed to the fact that marketing and IT activities in 2003 were reduced to a minimum prior to the merger. 32 full-time positions were eliminated as a result of merger synergies in the first half of 2004, and cost synergies totalled NOK 13 million for the period, which is according to plan.

As at 30 June 2004, the business area had a total of NOK 486.9 billion under management, an increase of NOK 22.5 billion or 4.8 per cent since 31 December 2003. NOK 22.4 billion of the increase in assets under management stemmed from developments in equity prices and interest rates, while the stronger Norwegian krone gave a negative exchange effect of NOK 1.2 billion on international securities under management. The net inflow of new funds was NOK 1.2 billion. Assets under management for Norwegian clients rose by 8.8 per cent. For operations outside Norway, the increase in assets under management was 0.9 per cent, or 1.4 per cent measured in customers' local currencies. Investment funds from the retail market amounted to NOK 40 billion at end-June after a net reduction of NOK 0.4 billion. The corresponding figures for institutional clients were NOK 447 billion and a positive net inflow of NOK 1.6 billion respectively.

The Norwegian savings market has shown a positive trend thus far in 2004. Nevertheless, competition for available funds necessitates further adaptation of products and services. By combining decision-making processes, work methods and resources from the two merged groups, Asset Management intends to achieve the planned cost synergies while further promoting customer interests.

Prospects for the rest of the year

The upturn in the global economy has gained momentum and increased in scope. High oil prices and concerns about terrorism could, however, dampen this trend.

In Norway, household demand has been the main factor behind the economic upswing. A strong rise in real wages will help ensure continued high consumption growth and sound performance in companies within retail trading and the service industry. The international upturn is expected to lead to increased production and greater optimism in large parts of the business community. Higher earnings have boosted deposit growth. On the other hand, corporate investment demand has been low due to rationalisation and surplus capacity. Growth in housing prices is expected to level off in the second half of the year. Norges Bank, the central bank of Norway, has indicated that inflation could stay low longer than previously anticipated, which implies that interest rates could remain at the current low level for the rest of the year.

DnB NOR expects that prolonged low interest rate levels and the low NOK rate will gradually stimulate activity in the Norwegian business sector and lead to a slight rise in demand for credit in late 2004. DnB NOR is well positioned to meet this trend. Credit demand in the retail market is expected to remain at a relatively high level. On the other hand, competition is expected to rise.

In the savings market, the Group anticipates growing demand for pension savings and a higher increase in other savings products. The rise in the volume of electronic banking services is expected to gain momentum in the years ahead, especially the use of Internet banks and electronic payment transfers.

The implementation of the merger will be given priority by

managers at all levels within the Group. DnB NOR is determined to reach merger targets.

In consequence of the favourable parameters for the business sector and low interest rate levels, losses are expected to remain relatively low during the rest of 2004, though developments in

certain segments, especially fish farming and related operations, are uncertain.

Oslo, 11 August 2004
The Board of Directors of DnB NOR ASA



Jannik Lindbæk
(vice-chairman)



Olav Hytta
(chairman)



Bjørn Sund
(vice-chairman)



Helge Leiro Baastad



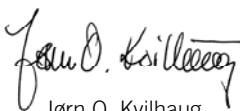
Sverre Finstad



Per Hoffmann



Berit Kjøl



Jørn O. Kvilhaug



Bent Pedersen



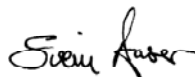
Ingjerd Skjeldrum



Anne Carine Tanum



Per Terje Vold



Svein Aaser
(group chief executive)

Profit and loss accounts

		DnB NOR Group				
			Pro forma		Pro forma	Pro forma
			2nd quarter	2nd quarter	1st half	1st half
			2004	2003	2004	2003
<i>Amounts in NOK million</i>		Note				
Interest income	3		6 995	10 198	14 457	21 436
Interest expenses	3		3 702	6 719	7 866	14 455
Net interest income and credit commissions	3		3 293	3 478	6 592	6 981
Dividends			89	107	103	138
Net profit from Life Insurance and Pensions	5		197	297	374	312
Commissions and fees receivable	4		1 683	1 505	3 370	2 979
Commissions and fees payable	4		523	484	1 046	957
Net gain on foreign exchange and financial instruments	4		395	519	848	860
Sundry ordinary operating income	4		373	293	763	576
Gains on the sale of fixed assets	2, 4		20	2	1 000	3
Net other operating income	4		2 235	2 240	5 413	3 911
Salaries and other ordinary personnel expenses	6		1 501	1 576	3 179	3 173
Administrative expenses	6		981	1 028	1 985	2 028
Depreciation	6		261	299	551	599
Sundry ordinary operating expenses	6		319	360	694	763
Other expenses	6		6	30	937	57
Total operating expenses	6		3 068	3 293	7 346	6 620
Pre-tax operating profit before losses			2 460	2 425	4 659	4 272
Net losses on loans etc.	10, 11		82	811	218	1 259
Net gain on long-term securities			13	33	27	33
Pre-tax operating profit			2 390	1 648	4 468	3 045
Taxes			645	245	1 206	621
Profit for the period			1 745	1 403	3 262	2 424
Earnings per share			1.32	1.07	2.48	1.85
Diluted earnings per share			1.31	1.07	2.47	1.85
Average total assets			745 941	695 352	736 814	693 586

Balance sheets

		DnB NOR Group		
			Pro forma	
		30 June	31 Dec.	30 June
		2004	2003	2003
<i>Amounts in NOK million</i>		Note		
Assets				
Cash and deposits with central banks			5 496	8 570
Lending to and deposits with credit institutions			65 725	28 331
Gross lending to customers	12, 13		561 522	565 546
- Specified loan-loss provisions			(3 870)	(4 329)
- Unspecified loan-loss provisions			(3 534)	(3 714)
Net lending to customers	12, 13		554 117	557 503
Repossessed assets			414	576
Commercial paper and bonds			68 248	59 398
Shareholdings etc.			4 220	4 011
Investments in Life Insurance and Pensions and associated companies			7 861	7 365
Intangible assets	14		6 165	6 484
Fixed assets			4 270	4 475
Other assets			17 013	23 643
Prepayments and accrued income			5 360	5 321
Total assets			738 889	705 677
Liabilities and equity				
Loans and deposits from credit institutions			98 964	78 497
Deposits from customers			351 733	335 576
Securities issued			192 101	181 649
Other liabilities			16 202	35 305
Accrued expenses and prepaid revenues			6 805	5 992
Provisions for commitments			2 920	2 834
Subordinated loan capital			24 293	23 709
Paid-in capital	15		24 868	24 443
Retained earnings	15		17 742	17 672
Profit for the period	15		3 262	0
Total liabilities and equity			738 889	705 677
Guarantee commitments			54 212	51 306

Key figures

	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Interest rate analysis					
1. Combined average spread for lending and deposits (%)	2.36	2.66	2.39	2.68	2.62
2. Spread for ordinary lending to customers (%)	1.70	1.72	1.71	1.71	1.76
3. Spread for deposits from customers (%)	0.66	0.95	0.68	0.97	0.87
Rate of return/profitability					
4. Net other operating income, per cent of total income	40.4	39.2	40.2	35.9	37.6
5. Cost/income ratio (%)	55.5	57.6	61.2	60.8	60.8
6. Ordinary cost/income ratio before goodwill amortisation (%)	53.1	54.4	55.6	57.5	57.1
7. Cost/income ratio before goodwill amortisation (%)	53.0	54.9	58.8	58.0	57.9
8. Return on equity (%)	15.5	13.6	14.8	11.9	12.7
9. Return on equity before goodwill amortisation (%)	16.8	15.1	16.2	13.4	14.3
10. Goodwill amortisation (NOK million)	149	164	314	322	651
11. Average equity before dividend payment (NOK million)	45 005	41 420	44 041	40 841	42 206
Financial strength					
12. Core (Tier 1) capital ratio at end of period (%)	6.9	6.2	6.9	6.2	6.8
13. Core (Tier 1) capital ratio incl. 50 per cent of profit for the year to date (%)	7.2	6.5	7.2	6.5	-
14. Capital adequacy ratio at end of period (%)	10.1	9.3	10.1	9.3	9.8
15. Capital adequacy ratio at end of period incl. 50 per cent of profit for the period (%)	10.4	9.5	10.4	9.5	-
16. Core capital at end of period (NOK million)	40 760	36 052	40 760	36 052	39 270
17. Total eligible primary capital at end of period (NOK million)	59 672	53 604	59 672	53 604	56 499
18. Risk-weighted volume at end of period (NOK million)	588 370	576 932	588 370	576 932	579 445
Loan portfolio and loan-loss provisions					
19. Loan-loss ratio, annualised (%)	0.06	0.60	0.08	0.47	0.34
20. Non-performing and doubtful commitments, per cent of total lending	1.49	1.80	1.49	1.80	1.50
21. Loan-loss provisions relative to total gross lending (%)	1.32	1.53	1.32	1.53	1.42
22. Non-performing commitments at end of period (NOK million)	6 050	6 766	6 050	6 766	6 531
23. Doubtful commitments at end of period (NOK million)	2 275	3 188	2 275	3 188	1 870
Liquidity					
24. Ratio of customer deposits to net lending to customers at end of period (%)	63.5	62.2	63.5	62.2	60.2
Total assets owned or managed					
25. Assets under management at end of period (NOK billion)	514	468	514	468	483
26. Average total combined assets (NOK billion)	1 233	1 142	1 219	1 142	1 120
27. Total combined assets at end of period (NOK billion)	1 239	1 163	1 239	1 163	1 186
28. Customer savings at end of period (NOK billion)	855	805	855	805	818
Staff					
29. Number of full-time positions at end of period	10 258	11 274	10 258	11 274	11 044
30. - of which in Life Insurance and Pensions	970	1 044	970	1 044	1 022
The DnB NOR share					
31. Number of shares at end of period (1 000)	1 321 957	1 309 027	1 321 957	1 309 027	1 309 027
32. Average number of shares (1 000)	1 321 957	1 309 027	1 315 918	1 309 027	1 309 027
33. Average number of shares - fully diluted (1 000)	1 327 524	1 311 762	1 321 622	1 310 455	1 311 737
34. Earnings per share (NOK)	1.32	1.07	2.48	1.85	4.11
35. Earnings per share before goodwill amortisation (NOK)	1.43	1.20	2.71	2.10	4.61
36. Earnings per share - fully diluted (NOK)	1.31	1.07	2.47	1.85	4.10
37. Equity per share (NOK)	34.70	32.18	34.70	32.18	32.17
38. Share price at end of period (NOK)	47.30	35.60	47.30	35.60	44.40
39. Price/book value	1.36	1.11	1.36	1.11	1.38
40. Market capitalisation (NOK billion)	62.5	46.6	62.5	46.6	58.1

Definitions

- 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.

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 DnB NOR Group's accounting principles can be found in the annual report for 2003.

Note 2 – New 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 977 million recorded in the first-quarter accounts. A concession for implementing the transaction was granted on 2 July 2004, and the sales price and financing items were settled in early August.

Note 19 presents restated figures for the past five quarters, excluding profit and loss and balance sheet items relating to Elcon from the group accounts.

Sale of Gjensidige NOR Fondsforsikring AS

In May 2004, DnB NOR ASA signed an agreement with Forsikringsselskabet Danica on the sale of Gjensidige NOR Fondsforsikring AS. Danica is a subsidiary of Danske Bank. A concession for implementing the transaction was granted on 2 July 2004, and the sale was finalised in early August. The sale will have no significant impact on DnB NOR's financial performance. Through the sale of Gjensidige NOR Fondsforsikring, DnB NOR has fulfilled one more condition set by the Competition Authority in connection with the merger between DnB and Gjensidige NOR.

Sale of Postbanken Eiendomsmegling AS

An agreement has been signed with Terra-Gruppen AS on the sale of the real estate brokerages Postbanken Eiendomsmegling AS and Aktiv Eiendomsmegling AS. The transaction will be accounted for in the third quarter.

Operations required sold – discontinuing operations

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

Operations in these companies will, 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 are shown below as they have been included in the DnB NOR Group's accounts. In note 17, Business areas, these companies are shown separately under the caption "Discontinuing operations". The figures in note 17 have been restated according to the Group's current principles for the distribution of costs and allocation of capital to the business areas. Operations in the 53 branch offices DnB NOR was required to sell are included in the business area accounts as the sale refers only to premises and equipment.

Note 2 – New group structure (continued)

Profit and loss accounts

Amounts in NOK million	Discontinuing operations ¹⁾				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Net interest income and credit commissions	0	230	251	448	934
Net profit from Life Insurance and Pensions	2	0	0	0	0
Commissions and fees receivable	0	20	17	39	81
Commissions and fees payable	0	11	25	20	61
Net gain/(loss) on foreign exchange and financial instruments	0	(1)	(1)	7	6
Sundry ordinary operating income	12	30	37	56	118
Gains on the sale of fixed assets	0	0	977	0	0
Net other operating income	14	38	1 005	82	144
Salaries and other ordinary personnel expenses	1	65	76	136	294
Administrative expenses	5	25	33	48	117
Depreciation	1	6	7	12	25
Sundry ordinary operating expenses	1	27	19	51	98
Total operating expenses	8	123	135	247	534
Pre-tax operating profit before losses	6	145	1 121	283	544
Net losses on loans etc.	0	47	33	84	173
Pre-tax operating profit	6	98	1 088	199	371
Taxes	3	27	329	55	107
Profit for the period	3	71	759	144	264

Balance sheets

Amounts in NOK million	Discontinuing operations ¹⁾		
	30 June 2004	31 Dec. 2003	Pro forma 30 June 2003
Assets			
Cash and deposits with central banks	0	0	0
Lending to and deposits with credit institutions	20	392	369
Gross lending to customers	0	27 700	25 868
- Specified loan-loss provisions	0	(114)	(87)
- Unspecified loan-loss provisions	0	(181)	(182)
Net lending to customers	0	27 405	25 599
Reposessed assets	0	134	131
Shareholdings etc.	0	40	32
Investments in Life Insurance and Pensions and associated companies	0	0	0
Intangible assets	10	152	339
Fixed assets	2	23	18
Other assets	1 162	323	92
Prepayments and accrued income	0	92	70
Total assets	1 194	28 561	26 650
Liabilities and equity			
Loans and deposits from credit institutions	0	24 520	22 942
Deposits from customers	0	283	432
Other liabilities	0	771	376
Accrued expenses and prepaid revenues	329	180	175
Provisions for commitments	2	23	25
Subordinated loan capital	0	350	350
Total liabilities	331	26 127	24 300
Total equity	863	2 434	2 350
Total liabilities and equity	1 194	28 561	26 650

1) Includes the accounts of Elcon, Postbanken Eiendomsmegling and Gjensidige NOR Fondsforsikring as included in the accounts of the DnB NOR Group in addition to the capital gain recorded on the sale of Elcon. As at 30 June 2004, Elcon and Gjensidige NOR Fondsforsikring are no longer consolidated in the group accounts.

Note 3 – Net interest income and credit commissions

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Interest on loans to and deposits with credit institutions	528	717	1 002	1 679	2 773
Interest and credit commissions on instalment loans	4 744	7 231	9 910	15 125	26 944
Interest and credit commissions on overdraft and working capital facilities	649	845	1 291	1 734	3 141
Interest and credit commissions on building loans	64	118	127	242	419
Leasing income	123	422	464	896	1 599
Factoring income	13	46	49	89	185
Front-end fees, back-end fees	242	223	473	416	868
Interest on other loans to customers	44	3	106	34	181
Total interest income on loans to customers	5 879	8 888	12 420	18 535	33 336
Interest on commercial paper, bonds, etc.	570	572	994	1 182	2 222
Other interest income	18	20	41	40	98
Total interest income	6 995	10 198	14 457	21 436	38 430
Interest on loans and deposits from credit institutions	432	700	954	1 398	2 362
Interest on demand deposits from customers	788	2 477	1 757	5 364	8 373
Interest on time deposits from customers	46	109	96	243	373
Interest on special-term deposits from customers	250	812	540	1 888	2 824
Total interest expenses on deposits from customers	1 085	3 398	2 393	7 495	11 570
Interest on securities issued	1 049	1 225	2 070	2 521	4 796
Interest on subordinated loan capital	171	171	346	327	662
Contribution to the banks' guarantee funds	28	121	139	247	499
Other interest expenses	936	1 104	1 964	2 466	4 752
Total interest expenses	3 702	6 719	7 866	14 455	24 641
Net interest income and credit commissions	3 293	3 478	6 592	6 981	13 789

Last five quarters

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2004	1st quarter 2004	Pro forma 4th quarter 2003	Pro forma 3rd quarter 2003	Pro forma 2nd quarter 2003
Interest on loans to and deposits with credit institutions	528	475	522	573	717
Interest and credit commissions on instalment loans	4 744	5 166	5 380	6 439	7 231
Interest and credit commissions on overdraft and working capital facilities	649	642	672	735	845
Interest and credit commissions on building loans	64	64	80	97	118
Leasing income	123	341	314	390	422
Factoring income	13	36	57	39	46
Front-end fees, back-end fees	242	231	227	226	223
Interest on other loans to customers	44	62	89	59	3
Total interest income on loans to customers	5 879	6 541	6 818	7 983	8 888
Interest on commercial paper, bonds, etc.	570	425	521	519	572
Other interest income	18	22	56	2	20
Total interest income	6 995	7 462	7 916	9 077	10 198
Interest on loans and deposits from credit institutions	432	521	461	503	700
Interest on demand deposits from customers	788	969	1 186	1 823	2 477
Interest on time deposits from customers	46	50	55	74	109
Interest on special-term deposits from customers	250	290	345	591	812
Total interest expenses on deposits from customers	1 085	1 308	1 586	2 489	3 398
Interest on securities issued	1 049	1 021	1 126	1 150	1 225
Interest on subordinated loan capital	171	175	171	164	171
Contribution to the banks' guarantee funds	28	111	123	129	121
Other interest expenses	936	1 027	1 152	1 134	1 104
Total interest expenses	3 702	4 164	4 618	5 568	6 719
Net interest income and credit commissions	3 293	3 298	3 299	3 509	3 478

Note 4 – Net other operating income

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Dividends	89	107	103	138	212
Net profit from Life Insurance and Pensions	197	297	374	312	760
Money transfer fees receivable	810	775	1 557	1 491	3 069
Fees on asset management services	296	214	591	443	986
Fees on custodial services	39	40	81	80	159
Fees on securities broking	132	95	276	188	453
Guarantee commissions	104	92	200	189	378
Interbank fees	46	55	94	107	214
Credit broking commissions	28	29	51	55	117
Sales commissions on insurance products	63	41	153	94	226
Sundry commissions and fees receivable on banking services	165	164	369	331	734
Total commissions and fees receivable on banking services	1 683	1 505	3 370	2 979	6 335
Money transfer fees payable	295	285	575	575	1 166
Interbank fees	62	67	122	127	258
Sundry commissions and fees payable on banking services	166	132	349	256	632
Total commissions and fees payable on banking services	523	484	1 046	957	2 056
Net gain/(loss) on short-term shareholdings	(20)	50	(1)	(4)	163
Net gain/(loss) on commercial paper and bonds	(256)	263	(15)	461	523
Net gain on trading in foreign exchange and financial derivatives ¹⁾	1 524	329	1 830	758	1 494
Net loss on other short-term interest instruments ¹⁾	852	122	966	356	333
Net gain on foreign exchange and financial instruments	395	519	848	860	1 847
Operating income on real estate	9	16	26	31	61
Rental income ²⁾	41	18	91	34	63
Fees on real estate broking	172	157	318	274	595
Share of profit in associated companies	81	56	140	97	159
Remunerations	(1)	3	0	8	21
Miscellaneous operating income ²⁾	71	43	189	132	282
Total sundry ordinary operating income	373	293	763	576	1 181
Gains on the sale of fixed assets ³⁾	20	2	1 000	3	23
Net other operating income	2 235	2 240	5 413	3 911	8 302

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

2) Total external income from operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these items as from the first quarter of 2004, representing NOK 60 million per quarter.

3) Of which NOK 977 million represented gains on the sale of Elcon in the first half of 2004.

Note 4 – Net other operating income (continued)**Last five quarters**

	DnB NOR Group				
	2nd quarter	1st quarter	Pro forma	Pro forma	Pro forma
<i>Amounts in NOK million</i>	2004	2004	4th quarter	3rd quarter	2nd quarter
	2003	2003	2003	2003	2003
Dividends	89	14	47	27	107
Net profit from Life Insurance and Pensions	197	178	360	88	297
Money transfer fees receivable	810	747	780	797	775
Fees on asset management services	296	295	276	267	214
Fees on custodial services	39	41	42	37	40
Fees on securities broking	132	144	169	96	95
Guarantee commissions	104	96	96	92	92
Interbank fees	46	48	55	52	55
Credit broking commissions	28	23	33	29	29
Sales commissions on insurance products	63	89	70	62	41
Sundry commissions and fees receivable on banking services	165	203	212	190	164
Total commissions and fees receivable on banking services	1 683	1 687	1 733	1 623	1 505
Money transfer fees payable	295	280	310	282	285
Interbank fees	62	60	66	64	67
Sundry commissions and fees payable on banking services	166	183	200	176	132
Total commissions and fees payable on banking services	523	523	577	521	484
Net gain/(loss) on short-term shareholdings	(20)	20	86	81	50
Net gain/(loss) on commercial paper and bonds	(256)	242	4	58	263
Net gain on trading in foreign exchange and financial derivatives ¹⁾	1 524	306	280	456	329
Net gain/(loss) on other short-term interest instruments ¹⁾	(852)	(114)	121	(99)	(122)
Net gain on foreign exchange and financial instruments	395	453	492	496	519
Operating income on real estate	9	17	15	15	16
Rental income ²⁾	41	50	16	12	18
Fees on real estate broking	172	146	160	161	157
Share of profit in associated companies	81	58	20	41	56
Remunerations	(1)	1	11	2	3
Miscellaneous operating income ²⁾	71	118	83	67	43
Total sundry ordinary operating income	373	390	306	298	293
Gains on the sale of fixed assets ³⁾	20	979	13	7	2
Net other operating income	2 235	3 178	2 374	2 017	2 240

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

2) Total external income from operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these items as from the first quarter of 2004, representing NOK 60 million per quarter.

3) Of which NOK 977 million represented gains on the sale of Elcon in the first half of 2004.

Note 5 – Life Insurance and Pensions

Net profit from Life Insurance and Pensions

The business area Life Insurance and Pensions in DnB NOR comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. Gjensidige NOR Fondsforsikring AS is not included in the figures. The company was sold to Forsikringsselskabet Danica in May 2004. Engaged in life and unit linked insurance, the business area applies accounting standards which in certain respects deviate from the principles used for the Group's other operations. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group's access to revenues and assets from life insurance operations. The item "Net profit from Life Insurance and Pensions" in the group accounts represents the DnB NOR Group's share of profits from the business area less goodwill amortisation. Columns showing figures for Life insurance refer to operations in Vital Forsikring ASA including subsidiaries. Columns showing figures for Life Insurance and Pensions refer to the life insurance company and unit linked operations in Vital Link.

Profit and loss accounts ¹⁾

Amounts in NOK million	Life insurance				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Premium income for own account	4 047	2 080	10 706	7 355	14 047
Income from financial assets	3 973	9 245	8 838	14 248	22 864
Other insurance-related income	27	12	57	29	122
Insurance settlements for own account	2 400	2 570	4 983	5 311	10 876
Increase in insurance provisions etc.	2 900	665	8 172	4 273	8 107
Insurance-related operating expenses	300	297	615	587	1 215
Expenses related to financial assets	2 538	4 160	3 969	7 429	9 784
Other insurance-related expenses	23	26	62	48	165
Transferred from/(to) securities adjustment reserve	1 625	(1 781)	586	(1 781)	(2 448)
Result of technical profit and loss accounts before special provisions	1 512	1 837	2 386	2 202	4 438
Transferred to additional allocations	0	0	0	0	896
Funds transferred to policyholders	1 220	1 397	1 827	1 700	2 254
Result of technical profit and loss accounts for life insurance	292	440	559	502	1 288
Other expenses	23	69	51	104	148
Result of ordinary operations ²⁾	269	370	509	397	1 140
Taxes	47	45	86	32	236
Profit for the period	222	324	423	364	904

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

Amounts in NOK million	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Profit for the period from life insurance operations	222	324	423	364	904
- Goodwill amortisation ³⁾	25	25	51	51	101
Net profit from life insurance operations	196	299	372	314	803
Net profit/(loss) from unit linked activities	(1)	(2)	3	(2)	(42)
Net profit from Life Insurance and Pensions	195	297	374	312	760

Balance sheets ¹⁾

Amounts in NOK million	Life insurance		
	30 June 2004	Pro forma 31 Dec. 2003	Pro forma 30 June 2003
Financial assets	147 175	140 243	135 574
Accounts receivable	4 069	2 175	3 467
Other assets	5 526	5 283	2 165
Prepaid expenses and accrued income	2 084	2 467	2 078
Total assets	158 853	150 168	143 285
Paid-in capital	2 343	2 343	2 343
Retained earnings	3 935	3 512	3 879
Subordinated and perpetual subordinated loan capital securities	2 619	2 663	3 030
Securities adjustment reserve	1 862	2 448	1 781
Insurance provisions	145 131	135 135	130 511
Provisions for commitments	842	756	35
Liabilities	2 006	2 792	1 474
Accrued expenses and prepaid income	113	519	232
Total equity and liabilities	158 853	150 168	143 285
Market value above acquisition cost of bonds held to maturity	2 961	2 842	2 692

Note 5 – Life Insurance and Pensions (continued)

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

2) Breakdown of profit and loss accounts

Amounts in NOK million	Pro forma		Life insurance		
	2nd quarter 2004	2nd quarter 2003	1st half 2004	1st half 2003	Pro forma full year 2003
Administration result	(44)	(51)	(69)	(86)	(190)
Interest result	1 697	2 031	2 758	2 539	5 472
Risk result before additional provisions for disability	(68)	(28)	(134)	63	(92)
Total	1 585	1 952	2 555	2 516	5 190
Transferred to security reserve	3	2	7	5	17
Additional provisions for disability ^{*)}	42	188	123	377	811
Result from other activities/other provisions	(53)	4	(90)	(38)	(72)
Profits for distribution ^{**)}	1 488	1 766	2 335	2 096	4 290
Transferred to additional allocations	0	0	0	0	896
Funds transferred to policyholders	1 220	1 397	1 827	1 700	2 254
Result of ordinary operations	269	370	509	397	1 140

^{*)} Life Insurance and Pensions plans to strengthen disability provisions by NOK 220 million in 2004, of which NOK 123 million was charged to the risk result for the first half.

^{**) Specification of profits for distribution}	1 488	1 766	2 335	2 096	4 290
Of which profit for operations subject to profit sharing	1 541	1 758	2 425	2 129	4 350
- funds transferred to policyholders	1 220	1 397	1 827	1 700	2 254
- funds transferred to additional allocations	0	0	0	0	896
- profits for allocation to the owner and taxes	321	361	598	429	1 200
Of which profit from operations not subject to profit sharing	(53)	8	(90)	(33)	(61)

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

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

The introduction of a new profit-sharing model for Vital Forsikring ASA as from 2004 is under consideration.

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

3) Goodwill is amortised over 10 years.

Key figures

Per cent	Pro forma		Life Insurance and Pensions		
	2nd quarter 2004	2nd quarter 2003	1st half 2004	1st half 2003	Pro forma full year 2003
Recorded return ¹⁾	2.1	2.4	3.7	3.8	7.9
Value-adjusted return excl. unrealised gains on long-term securities ^{1) 2)}	3.9	15.8	6.6	10.4	9.7
Value-adjusted return incl. unrealised gains on long-term securities ^{1) 2)}	1.0	19.2	6.6	13.0	11.0
Return on equity after taxes ^{2) 3)}	11.2	16.6	10.9	9.3	11.9
Expenses in per cent of policyholders' funds ^{1) 2) 4)}	0.93	0.94	0.93	0.94	1.01
Capital adequacy ratio ^{1) 5)}	13.1	14.3	13.1	14.3	13.8
Core capital ratio ^{1) 5)}	9.3	9.5	9.3	9.5	9.6
Policyholders' funds, life insurance (NOK billion) ^{5) 6)}	147	132	147	132	137
Asset under management, unit linked operations (NOK billion) ⁵⁾	9	5	9	5	7
Solvency margin capital in per cent of solvency capital requirement ^{1) 5) 7)}	141	149	141	149	152

1) Life insurance.

2) Figures are annualised.

3) Calculated on the basis of allocated risk capital.

4) Expenses charged to the administration result.

5) Figures at end of period.

6) Policyholders' funds include insurance provisions and 75 per cent of the securities adjustment reserve.

7) Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.

Note 5 – Life Insurance and Pensions (continued)

Solvency capital

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

<i>Amounts in NOK million</i>	Life insurance		
	30 June 2004	Pro forma 31 Dec. 2003	Pro forma 30 June 2003
Profit for the period	2 335	0	2 097
Securities adjustment reserve	1 862	2 448	1 781
Additional allocations	2 059	2 049	1 187
Security reserve	204	197	185
Equity	5 856	5 856	5 856
Subordinated loan capital and perpetual subordinated loan capital securities	2 619	2 663	3 030
Unrealised gains on long-term securities	2 961	2 842	2 692
Total solvency capital	17 896	16 055	16 828
Guaranteed return on policyholders' funds	2 714	4 966	2 418

Note 6 – Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Ordinary salaries ¹⁾	1 100	1 168	2 318	2 353	4 836
Employer's national insurance contributions	184	185	388	377	712
Pension expenses	162	146	344	284	666
Social expenses	56	77	129	159	363
Total ordinary salaries and other personnel expenses	1 501	1 576	3 179	3 173	6 577
Fees	118	144	253	276	526
EDP expenses	357	356	715	705	1 361
Postage, telecommunications and office supplies ¹⁾	152	172	341	346	671
Marketing and public relations	99	128	201	236	451
Travel expenses	50	50	92	98	194
Reimbursement to Norway Post for transactions executed	144	125	269	242	563
Training expenses	13	9	25	27	46
Sundry administrative expenses	49	43	89	98	169
Total administrative expenses	981	1 028	1 985	2 028	3 982
Goodwill amortisation	123	137	263	271	550
Other depreciation	138	162	288	328	649
Total depreciation	261	299	551	599	1 200
Operating expenses on properties and premises ¹⁾	225	226	481	463	878
Operating expenses on machinery, vehicles and office equipment	15	18	37	43	103
Miscellaneous ordinary operating expenses	79	115	175	257	453
Total sundry ordinary operating expenses	319	360	694	763	1 433
Allocations to employee funds	0	5	0	8	114
Restructuring expenses	0	13	930	17	38
Losses on the sale of fixed assets	6	17	8	21	28
Write-downs/(reversals of write-downs) on rental contracts and fixed assets	0	(5)	0	11	40
Total other expenses	6	30	937	57	219
Total operating expenses	3 068	3 293	7 346	6 620	13 410

1) Total expenses from operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these line items as from the first quarter of 2004, representing NOK 60 million per quarter.

Note 6 – Operating expenses (continued)

Last five quarters

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2004	1st quarter 2004	Pro forma 4th quarter 2003	Pro forma 3rd quarter 2003	Pro forma 2nd quarter 2003
Ordinary salaries ¹⁾	1 100	1 218	1 261	1 222	1 168
Employer's national insurance contributions	184	205	149	186	185
Pension expenses	162	182	230	152	146
Social expenses	56	74	122	81	77
Total ordinary salaries and other personnel expenses	1 501	1 679	1 762	1 642	1 576
Fees	118	136	162	88	144
EDP expenses	357	358	294	362	356
Postage, telecommunications and office supplies ¹⁾	152	188	160	165	172
Marketing and public relations	99	102	115	100	128
Travel expenses	50	42	57	39	50
Reimbursement to Norway Post for transactions executed	144	125	180	141	125
Training expenses	13	13	9	10	9
Sundry administrative expenses	49	40	34	37	43
Total administrative expenses	981	1 004	1 012	942	1 028
Goodwill amortisation	123	140	140	139	137
Other depreciation	138	150	163	158	162
Total depreciation	261	290	304	297	299
Operating expenses on properties and premises ¹⁾	225	256	187	227	226
Operating expenses on machinery, vehicles and office equipment	15	22	37	22	18
Miscellaneous ordinary operating expenses	79	97	79	117	115
Total sundry ordinary operating expenses	319	374	303	366	360
Allocations to employee funds	0	0	85	21	5
Restructuring expenses	0	930	13	8	13
Losses on the sale of fixed assets	6	1	5	2	17
Write-downs/(reversals of write-downs) on rental contracts and fixed assets	0	0	24	4	(5)
Total other expenses	6	931	127	35	30
Total operating expenses	3 068	4 278	3 508	3 282	3 293

1) Total expenses from operations in Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these line items as from the first quarter of 2004, representing NOK 60 million per quarter.

Note 7 – Restructuring provisions

<i>Amounts in NOK million</i>	DnB NOR Group			
	30 June 2004	Accrued expenses 1st half 2004	New provisions 1st half 2004 ¹⁾	31 Dec. 2003
DnB NOR merger ^{*)}	1 372	414	930	856
Other restructuring provisions	83	14	0	97
Total	1 455	428 ²⁾	930	953

*) Of which: IT 117
Staff cuts 272
Other 25

1) 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.

2) In addition, a total of NOK 74 million was utilised in 2003 concerning the DnB NOR merger.

Note 8 – Cost synergies

Amounts in NOK million	DnB NOR Group	
	Cost synergies 1st half 2004 ¹⁾	Staff reductions (full-time positions) 1st half 2004
Retail Banking	83	212
Corporate Banking	19	47
DnB NOR Markets	44	80
Asset Management ²⁾	13	32
Staff units/other operations ³⁾	43	123
Total	202	494
Life Insurance and Pensions (effect for owner) ^{2) 4)}	5	26 ⁵⁾
Total including Life Insurance and Pensions	207	520

1) Excluding operations sold or due to be sold.

2) Asset Management, Life Insurance and Pensions and DnB NOR Markets include synergies related to IT and office space. With respect to other units, these synergies appear under staff units/other operations (IT and Group Services).

3) Includes IT and Payment Services, Human Resources, Group Services and Treasury. Some synergies have an overall impact and apply to all business areas. Such synergies are not allocated to specific units.

4) The effect is calculated on the assumption that 35 per cent of cost savings are reflected in profits to the owner. Cost synergies totalled NOK 16 million.

5) Total staff cuts in Life Insurance and Pensions represented 52 full-time positions, of which 26 were of a permanent nature.

Note 9 – Number of employees/full-time positions ^{1) 2)}

	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Number of employees at end of period	10 692	11 884	10 692	11 884	11 678
Number of employees calculated on a full-time basis at end of period	10 258	11 274	10 258	11 274	11 044
Average number of employees	10 813	12 040	11 143	12 142	11 950
Average number of employees calculated on a full-time basis	10 379	11 358	10 683	11 462	11 341

1) The full-year pro forma 2003 figures include 456 full-time positions in Elcon, Gjensidige NOR Fondsforsikring and Postbanken Eiendomsmegling. These subsidiaries have been sold or sales contracts have been agreed upon during the first half of 2004.

2) Elcon was sold on 30 March 2004, representing 464 employees, corresponding to 441 full-time positions. Gjensidige NOR Fondsforsikring was sold during the second quarter of 2004, representing eight full-time positions. 209 full-time-positions from the former joint venture companies Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included as from 1 January 2004.

Note 10 – Net losses/(reversals) on loans, guarantees etc.

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Specification of net losses					
Write-offs ^{a)}	68	102	285	405	725
Increase in specified loan-loss provisions ^{b)}	127	179	279	251	288
New specified loan-loss provisions ^{c)}	33	678	261	931	1 657
Total new specified provisions	229	960	825	1 587	2 671
Reassessed specified provisions ^{d)}	62	77	460	193	509
Total specified provisions	167	883	364	1 394	2 162
Recoveries on commitments previously written off ^{e)}	84	73	147	139	276
Increase in unspecified provisions during the period ^{f)}	0	1	0	4	5
Net losses on loans, guarantees etc. ¹⁾	82	811	218	1 259	1 891
Specification of changes					
Increase in/(reversals on) specified provisions ^{b) and c) minus d) and g)}	(165)	630	(322)	635	773
+ Increase in unspecified provisions ^{f)}	0	1	0	4	5
+ Write-offs covered by specified provisions made in previous years ^{g)}	263	150	401	354	664
+ Write-offs not covered by specified provisions made in previous years ^{a)}	68	102	285	405	725
- Recoveries on commitments previously written off ^{e)}	84	73	147	139	276
Net losses on loans, guarantees etc. ¹⁾	82	811	218	1 259	1 891
1) Of which net losses/(reversals) on guarantees	2	9	(1)	1	(7)
a)-g) Show connections between the items.					

Note 11 – Net losses/(reversals) on loans, guarantees etc. for principal sectors

<i>Amounts in NOK million</i>	DnB NOR Group				
	2nd quarter 2004	Pro forma 2nd quarter 2003	1st half 2004	Pro forma 1st half 2003	Pro forma full year 2003
Retail customers	51	89	71	155	271
International shipping	(25)	(20)	(25)	(32)	(60)
Real estate	5	56	(9)	58	67
Manufacturing	5	127	66	183	342
Services and management	(19)	248	(235)	270	319
Trade	(7)	33	25	68	141
Oil and gas	0	(1)	(4)	(6)	(3)
Transportation and communication	6	6	18	28	69
Building and construction	(1)	25	46	32	156
Power and water supply	1	0	0	0	0
Fishing	70	140	115	161	128
Other sectors	(3)	108	151	340	450
Total customers	84	810	220	1 255	1 881
Credit institutions	(2)	0	(2)	0	5
Increase in unspecified provisions	0	1	0	4	5
Total net losses on loans, guarantees etc.	82	811	218	1 259	1 891

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

Note 12 – Lending to principal sectors ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2004	31 Dec. 2003	Pro forma 30 June 2003
Retail customers	314 563	301 579	277 745
International shipping	33 927	31 167	30 333
Real estate	81 928	82 155	81 385
Manufacturing	20 817	24 758	27 448
Services and management	30 856	36 613	37 814
Trade	22 421	23 849	26 361
Oil and gas	3 610	4 238	4 101
Transportation and communication	13 043	14 026	15 106
Building and construction	6 184	8 428	8 357
Power and water supply	4 838	6 276	6 865
Fishing	9 403	10 440	10 848
Hotels and restaurants	4 002	4 113	4 008
Agriculture and forestry	4 257	4 749	4 417
Central and local government	2 307	2 094	2 247
Other sectors	5 494	6 731	7 876
Total lending to customers	557 651	561 217	544 911

1) *Loans after specified provisions.*

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

Note 13 – Non-performing and doubtful commitments

<i>Amounts in NOK million</i>	Retail customers			Corporate customers			DnB NOR Group Total		
	30 June 2004	31 Dec. 2003	Pro forma 30 June 2003	30 June 2004	31 Dec. 2003	Pro forma 30 June 2003	30 June 2004	31 Dec. 2003	Pro forma 30 June 2003
Non-performing commitments									
Before specified provisions	2 687	3 064	2 884	6 567	6 989	7 496	9 255	10 053	10 380
After specified provisions ¹⁾	1 853	2 143	1 966	4 198	4 388	4 799	6 050	6 531	6 766
Doubtful commitments									
Before specified provisions	545	436	539	2 485	2 366	3 783	3 030	2 802	4 322
After specified provisions ¹⁾	431	317	408	1 843	1 553	2 780	2 275	1 870	3 188

1) *Includes provisions for losses on lending to credit institutions.*

Note 14 – Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2004	31 Dec. 2003	Pro forma 30 June 2003
Goodwill	5 114	5 601	5 853
Systems development	103	172	162
Postbanken brand name	56	62	68
Deferred tax assets	891	642	1 326
Other intangible assets	1	7	20
Total intangible assets	6 165	6 484	7 429

Note 15 – Equity

<i>Amounts in NOK million</i>	DnB NOR Group		
	1st half 2004	Full year 2003	Pro forma 1st half 2003
Shareholders' equity as at 1 January	42 115	26 117	39 685
Minority interests in Netaxept			(2)
Share issue ¹⁾	424		
Merger between DnB and Gjensidige NOR			
Share issue		13 647	
Issue costs after taxes		144	
Profit in Gjensidige NOR		2 564	
First-year goodwill amortisation		135	
Profit for the period	3 262	3 017	2 424
Dividends		2 919	
Exchange rate movements	71	(32)	22
Shareholders' equity at end of period	45 872	42 115	42 129

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

Note 16 – Capital adequacy

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 June 2004	Pro forma 31 Dec. 2003	Pro forma 30 June 2003
Share capital	13 220	13 090	13 090
Other equity	29 390	29 025	26 615
Total equity	42 610	42 115	39 705
Perpetual subordinated loan capital securities ^{1) 2)}	5 985	5 476	5 422
Reductions			
Pension funds above pension commitments	(1 313)	(1 354)	(1 030)
Goodwill	(5 236)	(5 728)	(6 113)
Deferred tax assets	(910)	(808)	(1 492)
Other intangible assets etc.	(375)	(431)	(440)
Core capital	40 760	39 270	36 052
Perpetual subordinated loan capital ^{1) 2)}	6 025	6 154	7 290
Term subordinated loan capital ²⁾	13 502	11 945	11 352
Net supplementary capital	19 528	18 099	18 642
Deductions	616	870	1 090
Total eligible primary capital ³⁾	59 672	56 499	53 604
Total risk-weighted volume	588 370	579 445	576 932
Core capital ratio (per cent)	6.9	6.8	6.2
Capital ratio (per cent)	10.1	9.8	9.3
Including 50 per cent of profit for the period			
Core capital ratio (per cent)	7.2	-	6.5
Capital ratio (per cent)	10.4	-	9.5

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 1 220 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 ("pro rata consolidation") is used in calculating capital adequacy.

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

Note 17 – Business areas ¹⁾

Profit and loss accounts, first half ²⁾

Amounts in NOK million	DnB NOR Group											
	Net interest income		Net other operating income		Operating expenses		Pre-tax operating profit/(loss) before losses		Net losses on loans and long-term securities		Pre-tax operating profit/(loss)	
	1st half		1st half		1st half		1st half		1st half		1st half	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Corporate Banking	2 856	2 946	1 065	1 081	1 633	1 637	2 287	2 391	122	1 019	2 165	1 372
Retail Banking	3 515	3 488	1 373	1 221	3 286	3 441	1 602	1 268	59	126	1 543	1 142
DnB NOR Markets	135	286	1 127	1 033	572	603	690	716	(3)	(1)	694	718
Life Insurance and Pensions	0	0	538	426	0	0	538	426	0	0	538	426
Asset Management	3	29	446	384	353	349	96	64	0	0	96	64
Discontinuing operations	250	386	1 005	82	135	247	1 120	221	23	84	1 097	137
Other operations ³⁾	(167)	(154)	(142)	(315)	1 367	343	(1 675)	(813)	(11)	(1)	(1 664)	(812)
DnB NOR Group	6 592	6 981	5 413	3 911	7 346	6 620	4 659	4 272	191	1 227	4 468	3 045

Profit and loss accounts, second quarter ²⁾

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)	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Corporate Banking	1 457	1 469	501	572	809	816	1 149	1 225	20	649	1 129	576
Retail Banking	1 854	1 742	701	654	1 652	1 724	902	672	49	86	853	586
DnB NOR Markets	66	135	542	545	264	303	344	377	0	(1)	344	378
Life Insurance and Pensions	0	0	278	382	0	0	278	382	0	0	278	382
Asset Management	2	15	229	188	172	167	59	36	0	0	59	36
Discontinuing operations	(1)	200	14	38	8	123	5	115	0	48	5	68
Other operations	(85)	(83)	(30)	(138)	163	160	(278)	(382)	0	(4)	(278)	(378)
DnB NOR Group	3 293	3 478	2 235	2 240	3 068	3 293	2 460	2 425	70	778	2 390	1 648

Main balance sheet items, average balances ²⁾

Amounts in NOK billion	Interest on allocated capital (NOK million)		Allocated capital ⁴⁾		Net lending to customers		Customer deposits		Assets under management ⁵⁾	
	1st half		1st half		1st half		1st half		1st half	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Corporate Banking	198.2	483.2	18.7	17.5	246.5	248.4	164.0	159.0		
Retail Banking	78.1	186.3	7.4	6.7	291.6	251.3	183.8	178.3		
DnB NOR Markets	20.0	54.8	1.9	2.0	1.5	1.4	9.1	10.0		
Life Insurance and Pensions	90.7	217.1	8.6	7.9					150.7	133.5
Asset Management	10.1	23.0	1.0	0.8					480.2	415.9
Discontinuing operations					14.1	24.3	0.2	0.4		
Other operations ³⁾			6.5	5.9	2.5	2.4	(10.8)	(12.3)	(136.5)	(116.0)
DnB NOR Group			44.0	40.8	556.2	527.7	346.3	335.4	494.4	433.4

Key figures

Per cent	Cost/income ratio excl. goodwill amortisation		Ratio of deposits to lending		Return on equity		Full-time positions	
	1st half		1st half		1st half		30 June 31 Dec.	
	2004	2003	2004	2003	2004	2003	2004	2003
Corporate Banking	41.6	40.6	66.5	64.0	16.8	11.4	1 904	1 951
Retail Banking	67.0	72.8	63.0	71.0	30.3	24.6	4 448	4 660
DnB NOR Markets	45.3	45.7			53.3	52.6	530	610
Life Insurance and Pensions					10.9	9.3	970	1 022
Asset Management	78.7	84.6			14.5	11.1	327	359
Discontinuing operations							7	456
Other operations							2 072 ⁶⁾	1 986
DnB NOR Group	58.8	58.0	62.3	63.5	14.8	11.9	10 258	11 044

1) Figures for 2003 are pro forma.

2) Figures for the business areas are based on internal management reporting. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas. The management principles applied have been coordinated, thus the figures are not comparable with figures for previous periods for either DnB or Gjensidige NOR. In the first half of 2004, the allocation of certain items between the business areas was reconsidered. Historical figures have been adjusted correspondingly.

Note 17 – Business areas ¹⁾ (continued)3) *Other operations:*

Amounts in NOK million	Net interest income 1st half		Net other operating income 1st half		Operating expenses 1st half		Pre-tax operating profit/(loss) before losses 1st half		Net losses on loans and long-term securities 1st half		Pre-tax operating profit/(loss) 1st half	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Group Centre	(170)	(184)	394	267	1 488	473	(1 264)	(390)	(23)	0	(1 241)	(390)
Double entries	3	5	(309)	(350)	0	1	(306)	(346)	0	0	(306)	(346)
Eliminations	1	25	(227)	(233)	(121)	(131)	(105)	(77)	13	(1)	(118)	(76)
Total	(167)	(154)	(142)	(315)	1 367	343	(1 675)	(813)	(11)	(1)	(1 664)	(812)

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

Group Centre - pre-tax operating profit/(loss) in NOK million	1st half	
	2004	2003
Restructuring provisions, DnB NOR merger	(930)	
Goodwill amortisation	(298)	(306)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(84)	(85)
Income on equity investments	61	70
Income on unallocated capital	69	164
Other	(59)	(232)
Pre-tax operating profit/(loss)	(1 241)	(390)

- 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 136.4 billion in the first half of 2004 and NOK 115.5 billion in the first half of 2003.
- 6) 209 full-time positions in the former jointly controlled companies Gjensidige NOR Driftsparter and Gjensidige NOR Markedsstøtte are included as from 1 January 2004.

Note 18 – Profit and balance sheet trends

Profit and loss accounts	DnB NOR Group				
	2nd quarter	1st quarter	Pro forma	Pro forma	Pro forma
<i>Amounts in NOK million</i>	2004	2004	4th quarter	3rd quarter	2nd quarter
	2003	2003	2003	2003	2003
Net interest income and credit commissions	3 293	3 298	3 299	3 509	3 478
Dividends	89	14	47	27	107
Net profit from Life Insurance and Pensions	197	178	360	88	297
Commissions and fees receivable	1 683	1 687	1 733	1 623	1 505
Commissions and fees payable	523	523	577	521	484
Net gain on foreign exchange and financial instruments	395	453	492	496	519
Sundry ordinary operating income	373	390	306	298	293
Gains on the sale of fixed assets	20	979	13	7	2
Net other operating income	2 235	3 178	2 374	2 017	2 240
Salaries and other ordinary personnel expenses	1 501	1 679	1 762	1 642	1 576
Administrative expenses	981	1 004	1 012	942	1 028
Depreciation	261	290	304	297	299
Sundry ordinary operating expenses	319	374	303	366	360
Other expenses	6	931	127	35	30
Total operating expenses	3 068	4 278	3 508	3 282	3 293
Pre-tax operating profit before losses	2 460	2 199	2 165	2 244	2 425
Net losses on loans etc.	82	135	276	356	811
Net gain/(loss) on long-term securities	13	15	195	(3)	33
Pre-tax operating profit	2 390	2 078	2 083	1 885	1 648
Taxes	645	561	513	501	245
Profit for the period	1 745	1 517	1 570	1 384	1 403
Earnings per share	1.32	1.16	1.20	1.06	1.07
Diluted earnings per share	1.31	1.15	1.19	1.05	1.07
Average total assets	745 941	727 687	689 051	712 670	695 352

Balance sheets	DnB NOR Group				
	30 June	31 March	31 Dec.	Pro forma	Pro forma
<i>Amounts in NOK million</i>	2004	2004 ¹⁾	2003	30 Sept.	30 June
	2003	2003	2003	2003	2003
Assets					
Cash and deposits with central banks	5 496	3 284	8 570	17 103	12 377
Lending to and deposits with credit institutions	65 725	60 336	28 331	31 771	36 606
Net lending to customers	554 117	544 165	557 503	546 803	541 174
Reposessed assets	414	460	576	873	580
Commercial paper and bonds	68 248	60 147	59 398	60 172	57 202
Shareholdings etc.	4 220	4 000	4 011	4 608	4 358
Investments in Life Insurance and Pensions and associated companies	7 861	7 722	7 365	7 796	7 687
Other assets	32 808	41 498	39 923	38 261	37 399
Total assets	738 889	721 611	705 677	707 388	697 383
Liabilities and equity					
Loans and deposits from credit institutions	98 964	75 509	78 497	82 451	91 543
Deposits from customers	351 733	341 469	335 576	330 704	336 444
Securities issued	192 101	192 386	181 649	175 920	164 611
Other liabilities	25 927	43 827	44 132	50 854	39 192
Subordinated loan capital	24 293	24 283	23 709	23 989	23 463
Equity	45 872	44 138	42 115	43 470	42 129
Total liabilities and equity	738 889	721 611	705 677	707 388	697 383

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

Note 19 – Profit and balance sheet trends excluding Elcon

Profit and loss accounts	DnB NOR Group				
	2nd quarter	1st quarter	Pro forma	Pro forma	Pro forma
<i>Amounts in NOK million</i>	2004	2004	4th quarter	3rd quarter	2nd quarter
	2003	2003	2003	2003	2003
Net interest income and credit commissions	3 293	3 061	3 096	3 280	3 277
Dividends	89	14	47	27	107
Net profit from Life Insurance and Pensions	197	178	360	88	297
Commissions and fees receivable	1 683	1 670	1 716	1 609	1 487
Commissions and fees payable	523	498	561	507	475
Net gain on foreign exchange and financial instruments	395	455	493	495	520
Sundry ordinary operating income	373	381	296	283	282
Gains on the sale of fixed assets	20	979	13	7	2
Net other operating income	2 235	3 178	2 364	2 002	2 219
Salaries and other ordinary personnel expenses	1 501	1 606	1 679	1 570	1 516
Administrative expenses	981	980	1 006	916	1 007
Depreciation	261	279	293	287	290
Sundry ordinary operating expenses	319	362	284	350	339
Other expenses	6	931	127	35	30
Total operating expenses	3 068	4 157	3 388	3 157	3 180
Pre-tax operating profit before losses	2 460	2 082	2 072	2 125	2 316
Net losses on loans etc.	82	103	234	309	763
Net gain/(loss) on long-term securities	13	15	195	(3)	33
Pre-tax operating profit	2 390	1 993	2 032	1 813	1 586
Taxes	645	535	469	479	225
Profit for the period	1 745	1 458	1 563	1 333	1 360
Earnings per share	1.32	1.11	1.19	1.02	1.04
Diluted earnings per share	1.31	1.11	1.19	1.02	1.04
Average total assets	745 941	727 687	687 955	711 709	694 478

Balance sheets	DnB NOR Group				
	30 June	31 March	31 Dec.	Pro forma	Pro forma
<i>Amounts in NOK million</i>	2004	2004	2003	30 Sept.	30 June
	2003	2003	2003	2003	2003
Assets					
Cash and deposits with central banks	5 496	3 284	8 570	17 103	12 377
Lending to and deposits with credit institutions	65 725	60 336	53 065	55 892	59 834
Net lending to customers	554 117	544 383	530 295	520 522	515 778
Reposessed assets	414	620	601	906	609
Commercial paper and bonds	68 248	60 147	59 398	60 172	57 202
Shareholdings etc.	4 220	4 000	4 005	4 582	4 358
Investments in Life Insurance and Pensions and associated companies	7 861	7 722	7 365	7 796	7 687
Other assets	32 808	41 126	41 282	39 453	38 664
Total assets	738 889	721 617	704 581	706 426	696 508
Liabilities and equity					
Loans and deposits from credit institutions	98 964	75 509	78 672	82 543	91 758
Deposits from customers	351 733	341 469	335 293	330 329	336 012
Securities issued	192 101	192 386	181 649	175 920	164 611
Other liabilities	25 927	43 892	43 144	50 312	38 621
Subordinated loan capital	24 293	24 283	23 709	23 989	23 463
Equity	45 872	44 078	42 115	43 333	42 043
Total liabilities and equity	738 889	721 617	704 581	706 426	696 508

Profit and loss accounts DnB NOR ASA

<i>Amounts in NOK million</i>	2nd quarter 2004	2nd quarter 2003	1st half 2004	1st half 2003	Full year 2003
Interest income	14	50	34	99	169
Interest expenses	51	77	138	163	276
Net interest income and credit commissions	(37)	(27)	(104)	(64)	(107)
Dividends from group companies/group contributions	0	0	0	0	3 629
Commissions and fees payable	3	9	5	18	4
Net other operating income	(3)	(9)	(5)	(18)	3 625
Salaries and other ordinary personnel expenses	1	1	21	1	19
Administrative expenses	26	19	54	38	63
Sundry ordinary operating expenses	2	1	2	2	7
Other expenses	0	0	7	0	0
Total operating expenses	28	20	84	41	89
Pre-tax operating profit/(loss)	(69)	(56)	(194)	(123)	3 429
Taxes/(tax revenues)	(19)	(16)	(54)	(34)	311
Profit/(loss) for the period	(49)	(41)	(140)	(88)	3 118

Balance sheets DnB NOR ASA

<i>Amounts in NOK million</i>	30 June 2004	31 Dec. 2003	30 June 2003
Assets			
Deposits with DnB NOR Bank ASA	3 778	1 423	2 933
Lending to other group companies	2 041	1 825	1 780
Investments in group companies	45 975	46 121	28 539
Other receivables due from group companies	350	6 103	48
Other assets	197	30	10
Total assets	52 341	55 502	33 310
Liabilities and equity			
Loans from DnB NOR Bank ASA	6 153	6 370	3 690
Loans from other group companies	1 816	2 319	1 780
Accrued expenses and prepaid revenues	19	102	18
Other liabilities and provisions	275	2 919	359
Paid-in capital	13 220	13 090	7 696
Retained earnings	30 998	30 703	19 856
Profit/(loss) for the period	(140)	-	(88)
Total liabilities and equity	52 341	55 502	33 310

