



Supplementary Information for  
Investors and Analysts

Second quarter 2004  
(Unaudited)

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

### **Financial Calender 2004**

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

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## **Section 1**

# **DnB NOR- an overview**

## Financial highlights

### DnB NOR shows improvement

- Pre-tax operating profits increased by a good 50 per cent to NOK 2.4 billion (1.6)
- Ordinary cost/income ratio before goodwill amortisation brought down to 53.1 per cent (54.7)
- Earnings per share before goodwill amortisation: NOK 1.43 (1.16)
- Return on equity before goodwill amortisation: 16.8 per cent (14.7)
- Core capital ratio: 7.2 per cent (6.5)

(Figures for the second quarter of 2003 in parentheses, excluding Elcon. Core capital includes 50 per cent of profits for the period. The figure for 2003 includes Elcon.)

Pro forma accounting figures for 2003.

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

### Banking operations

- Total assets
- Net lending
- Customer deposits

#### As at 30 June 2004

NOK 738.9 billion  
NOK 554.1 billion  
NOK 351.7 billion

### Assets under management

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

NOK 168 billion  
NOK 64 billion  
NOK 282 billion  
NOK 514 billion

### Customer base

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

### Market shares

<i>Markets shares in Norway</i>	31 May 2004	31 March 2004	31 Dec. 2003
Lending to corporate customers	15.4	15.7	15.8
Deposits from corporate customers	39.0	38.9	38.4
Lending to retail customers	38.5	38.3	38.3
Deposits from retail customers	37.0	37.2	37.4
Residential properties sold, excl. Postbanken	20	18	17
Insurance funds incl. unit-linked products	n/a	35.7	35.2
Insurance funds unit-linked products	n/a	40.2	37.7
Mutual funds	39.5	40.9	42.7

### Distribution network

- 246 domestic DnB NOR branches
- 18 Nordlandsbanken branches
- 7 international branches
- 5 international representative offices
- 28 Postbanken sales outlets
- Internet banking
- Electronic banking
- Telephone banking
- Online equities trading
- Online mutual funds trading
- About 300 post office counters <sup>1)</sup>
- Almost 1 180 in-store postal outlets <sup>1)</sup>
- About 2 000 rural postmen <sup>1)</sup>
- 82 DnB NOR Eiendom sales offices
- 25 Vital sales offices
- 25 Vital agent agreements

1) Provided by Norway Post (the Norwegian postal system)

### Credit ratings from international rating agencies

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

## Changes in 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.

Section 2, Financials result DnB NOR Group, page 15 and 33 presents figures for the past five quarters, excluding profit and loss and balance sheet items relating to Elcon.

### 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 included in the third-quarter accounts.

### Operations sold in connection with the merger – 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 these companies have been prepared.

Operations in these companies will, in accordance with the Ministry of Finance's regulations for the annual accounts of banks etc., Section 2-5, second paragraph, be included in DnB NOR's accounts until a binding sales agreement has been concluded and all substantial risk has been transferred to the purchaser. The accounts of the companies to be sold as they are included in the DnB NOR Group's accounts are shown below. In section 3 Business areas, these companies are shown separately under the caption "Discontinuing operations". The accounts presented in section 3 are restated according to prevailing principles for allocation of expenses and capital between the areas. Operations in the 53 branch offices DnB NOR is required to sell are included in the business area accounts as the requirement refers only to premises and equipment.



**Profit and loss accounts**

	Discontinuing operations <sup>1)</sup>					
					First half	
<i>Amounts in NOK million</i>	2Q04	1Q04	2Q03	1Q03	2004	2003
<b>Net interest income and credit commissions</b>	<b>0</b>	<b>251</b>	<b>230</b>	<b>218</b>	<b>251</b>	<b>448</b>
Net profit/(loss) from Life Insurance and Pensions	2	(2)	0	0	0	0
Commissions and fees receivable	0	17	20	19	17	39
Commissions and fees payable	0	25	11	9	25	20
Net gain/loss on foreign exchange and financial instruments	0	(1)	(1)	8	(1)	7
Sundry ordinary operating income	12	25	30	26	37	56
Gains on the sale of fixed assets	0	977	0	0	977	0
<b>Net other operating income</b>	<b>14</b>	<b>991</b>	<b>38</b>	<b>44</b>	<b>1 005</b>	<b>82</b>
Salaries and other ordinary personnel expenses	1	75	65	71	76	136
Administrative expenses	5	28	25	23	33	48
Depreciation	1	6	6	6	7	12
Sundry ordinary operating expenses	1	18	27	24	19	51
<b>Total operating expenses</b>	<b>8</b>	<b>127</b>	<b>123</b>	<b>124</b>	<b>135</b>	<b>247</b>
<b>Pre-tax operating profit before losses</b>	<b>6</b>	<b>1 115</b>	<b>145</b>	<b>138</b>	<b>1 121</b>	<b>283</b>
Net losses on loans etc.	0	33	47	37	33	84
<b>Pre-tax operating profit</b>	<b>6</b>	<b>1 082</b>	<b>98</b>	<b>101</b>	<b>1 088</b>	<b>199</b>
Taxes	3	326	27	28	329	55
<b>Profit for the period</b>	<b>3</b>	<b>756</b>	<b>71</b>	<b>73</b>	<b>759</b>	<b>144</b>

**Balance sheets**

	Discontinuing operations <sup>1)</sup>			
	30 June 2004	31 March 2004	31 Dec. 2003	30 June 2003
<i>Amounts in NOK million</i>				
<b>Assets</b>				
Cash and deposits with central banks	0	0	0	0
Lending to and deposits with credit institutions	20	14	392	369
Gross lending to customers	0	0	27 700	25 868
- Specified loan-loss provisions	0	0	(114)	(87)
- Unspecified loan-loss provisions	0	0	(181)	(182)
Net lending to customers	0	0	27 405	25 599
Reposessed assets	0	0	134	131
Shareholdings etc.	0	0	40	32
Investments in Life Insurance and Pensions and associated companies	0	129	0	0
Intangible assets	10	11	152	339
Fixed assets	2	2	23	18
Other assets	1 162	1 160	323	92
Prepayments and accrued income	0	0	92	70
<b>Total assets</b>	<b>1 194</b>	<b>1 316</b>	<b>28 561</b>	<b>26 650</b>
<b>Liabilities and equity</b>				
Loans and deposits from credit institutions	0	0	24 520	22 942
Deposits from customers	0	0	283	432
Other liabilities	0	0	771	376
Accrued expenses and prepaid revenues	329	326	180	175
Provisions for commitments	2	2	23	25
Subordinated loan capital	0	0	350	350
<b>Total liabilities</b>	<b>331</b>	<b>328</b>	<b>26 127</b>	<b>24 300</b>
<b>Total equity</b>	<b>863</b>	<b>988</b>	<b>2 434</b>	<b>2 350</b>
<b>Total liabilities and equity</b>	<b>1 194</b>	<b>1 316</b>	<b>28 561</b>	<b>26 650</b>

1) Includes Elcon Finans, Postbanken Eiendomsmegling AS and Gjensidige NOR Fondsforsikring AS as included in the accounts of the DnB NOR Group in addition to the capital gain recorded on the sale of Elcon Finans. Elcon Finans is not consolidated in the group accounts as from 31 March 2004 and Gjensidige NOR Fondsforsikring is not consolidated in the group accounts as from 30 June 2004



## **Section 2**

# **Financial results DnB NOR Group**

(Unless otherwise specified, figures are not adjusted for the sale of Elcon)



## Financial highlights

### Financial highlights, adjusted for the sale of Elcon

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Pre-tax operating profit before losses	2 460	2 082	2 072	2 125	2 316	4 541	4 063
Pre-tax operating profit	2 390	1 993	2 032	1 813	1 586	4 383	2 920
Profit for the period	1 745	1 458	1 563	1 333	1 360	3 203	2 338
Ordinary cost/income ratio excl. goodwill (per cent)	53.1	58.5	57.1	56.4	54.7	55.8	57.9
Earnings per share (NOK)	1.32	1.11	1.19	1.02	1.04	2.43	1.79
Earnings per share excl. goodwill (NOK)	1.43	1.23	1.31	1.14	1.16	2.67	2.02
Return on equity (per cent)	15.5	13.5	14.1	12.5	13.1	14.5	11.5
Return on equity excl. goodwill (per cent)	16.8	15.0	15.6	13.9	14.7	16.0	13.0
Total combined assets at end of period (NOK billion)	1 239	1 226	1 185	1 181	1 162	1 239	1 162
Core capital ratio at end of period <sup>1)</sup> (per cent)	7.2	7.1	-	-	-	7.2	-

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

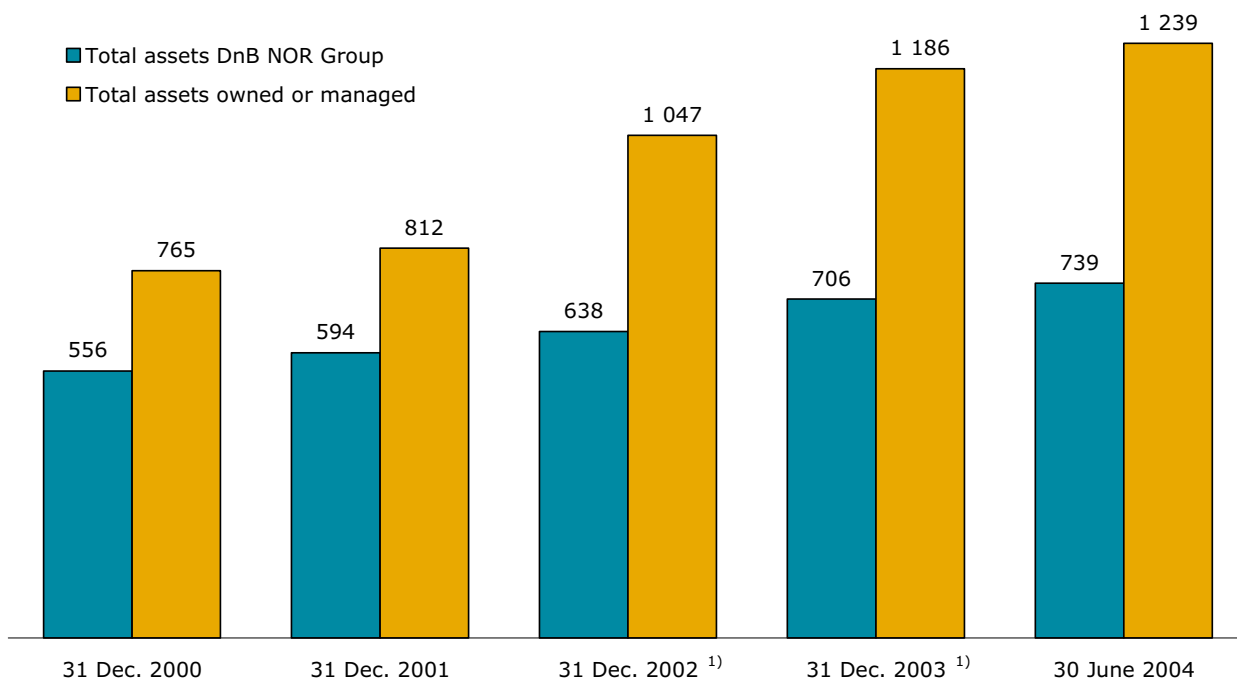
### Financial highlights

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Pre-tax operating profit before losses	2 460	2 199	2 165	2 244	2 425	4 659	4 272
Pre-tax operating profit	2 390	2 078	2 083	1 885	1 648	4 468	3 045
Profit for the period	1 745	1 517	1 570	1 384	1 403	3 262	2 424
Ordinary cost/income ratio excl. goodwill (per cent)	53.1	58.1	57.0	56.1	54.4	55.6	57.5
Earnings per share (NOK)	1.32	1.16	1.20	1.06	1.07	2.48	1.85
Earnings per share excl. goodwill (NOK)	1.43	1.28	1.32	1.18	1.20	2.71	2.10
Return on equity (per cent)	15.5	14.1	14.2	12.9	13.6	14.8	11.9
Return on equity excl. goodwill (per cent)	16.8	15.6	15.7	14.5	15.1	16.2	13.4
Total combined assets at end of period (NOK billion)	1 239	1 226	1 186	1 182	1 163	1 239	1 163
Core capital ratio at end of period <sup>1)</sup> (per cent)	7.2	7.1	6.8	6.6	6.5	7.2	6.5

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

**Total combined assets**

NOK billion



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

## Profit and loss accounts

### Profit and loss accounts, adjusted for the sale of Elcon

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Net interest income	3 293	3 061	3 096	3 280	3 277	6 354	6 594
Net other ordinary operating income	2 214	2 199	2 351	1 995	2 218	4 413	3 859
Ordinary operating expenses	3 062	3 226	3 261	3 123	3 151	6 288	6 337
Ordinary operating profit	2 446	2 033	2 186	2 152	2 344	4 479	4 116
Gains on the sale of fixed assets	20	979	13	7	2	1 000	3
Other expenses <sup>1)</sup>	6	931	127	35	30	937	57
Pre-tax operating profit before losses	2 460	2 082	2 072	2 125	2 316	4 541	4 063
Net losses on loans etc.	82	103	234	309	763	185	1 175
Net gain/(loss) on long-term securities	13	15	195	(3)	33	27	33
Pre-tax operating profit	2 390	1 993	2 032	1 813	1 586	4 383	2 920
Taxes	645	535	469	479	225	1 181	582
<b>Profit for the period</b>	<b>1 745</b>	<b>1 458</b>	<b>1 563</b>	<b>1 333</b>	<b>1 360</b>	<b>3 203</b>	<b>2 338</b>

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

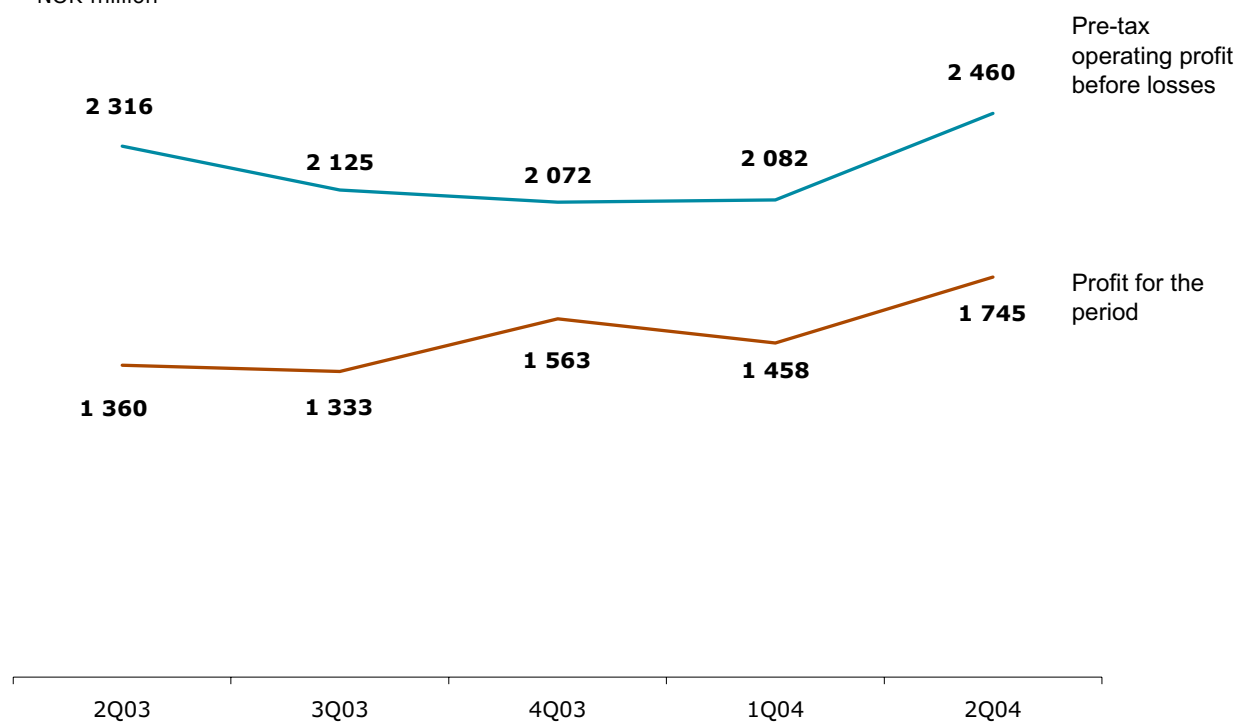
### Profit and loss accounts

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Net interest income	3 293	3 298	3 299	3 509	3 478	6 592	6 981
Net other ordinary operating income	2 214	2 199	2 361	2 010	2 238	4 413	3 908
Ordinary operating expenses	3 062	3 347	3 381	3 248	3 263	6 409	6 563
Ordinary operating profit	2 446	2 151	2 279	2 271	2 453	4 596	4 326
Gains on the sale of fixed assets	20	979	13	7	2	1 000	3
Other expenses <sup>1)</sup>	6	931	127	35	30	937	57
Pre-tax operating profit before losses	2 460	2 199	2 165	2 244	2 425	4 659	4 272
Net losses on loans etc.	82	135	276	356	811	218	1 259
Net gain/(loss) on long-term securities	13	15	195	(3)	33	27	33
Pre-tax operating profit	2 390	2 078	2 083	1 885	1 648	4 468	3 045
Taxes	645	561	513	501	245	1 206	621
<b>Profit for the period</b>	<b>1 745</b>	<b>1 517</b>	<b>1 570</b>	<b>1 384</b>	<b>1 403</b>	<b>3 262</b>	<b>2 424</b>

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

**Profits, adjusted for the sale of Elcon**

NOK million





## Net interest income

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Interest on loans to and deposits with credit institutions	528	475	522	573	717	1 002	1 679
Interest and credit commissions on instalment loans	4 744	5 166	5 380	6 439	7 231	9 910	15 125
Interest and credit commissions on overdraft and working capital facilities	649	642	672	735	845	1 291	1 734
Interest and credit commissions on building loans	64	64	80	97	118	127	242
Leasing income	123	341	314	390	422	464	896
Factoring income	13	36	57	39	46	49	89
Front-end fees, back-end fees	242	231	227	226	223	473	416
Interest on other loans to customers	44	62	89	59	3	106	34
Total interest income on loans to customers	5 879	6 541	6 818	7 983	8 888	12 420	18 535
Interest on commercial paper, bonds etc.	570	425	521	519	572	994	1 182
Other interest income	18	22	56	2	20	41	40
<b>Total interest income</b>	<b>6 995</b>	<b>7 462</b>	<b>7 916</b>	<b>9 077</b>	<b>10 198</b>	<b>14 457</b>	<b>21 436</b>
Interest on loans and deposits from credit institutions	432	521	461	503	700	954	1 398
Interest on demand deposits from customers	788	969	1 186	1 823	2 477	1 757	5 364
Interest on time deposits from customers	46	50	55	74	109	96	243
Interest on special-term deposits from customers	250	290	345	591	812	540	1 888
Total interest expenses on deposits from customers	1 085	1 308	1 586	2 489	3 398	2 393	7 495
Interest on securities issued	1 049	1 021	1 126	1 150	1 225	2 070	2 521
Interest on subordinated loan capital	171	175	171	164	171	346	327
Contribution to the banks' guarantee funds	28	111	123	129	121	139	247
Other interest expenses	936	1 027	1 152	1 134	1 104	1 964	2 466
<b>Total interest expenses</b>	<b>3 702</b>	<b>4 164</b>	<b>4 618</b>	<b>5 568</b>	<b>6 719</b>	<b>7 866</b>	<b>14 455</b>
<b>Net interest income</b>	<b>3 293</b>	<b>3 298</b>	<b>3 299</b>	<b>3 509</b>	<b>3 478</b>	<b>6 592</b>	<b>6 981</b>

## Changes in net interest income

Amounts in NOK million	2Q04	Change	2Q03
Net interest income	3 293	(185)	3 478
Elcon	-	(201)	201
<b>Net adjusted interest income</b>	<b>3 293</b>	<b>16</b>	<b>3 277</b>
Of which:			
Lending and deposit volumes		222	
Lending and deposit spreads		(147)	
Funding costs on equity, share investments and real estate		(181)	
Interest rate instruments <sup>1)</sup>		(36)	
Contribution to the banks' guarantee funds		93	
Funding costs and interest reservations 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.

## Changes in net interest income

Amounts in NOK million

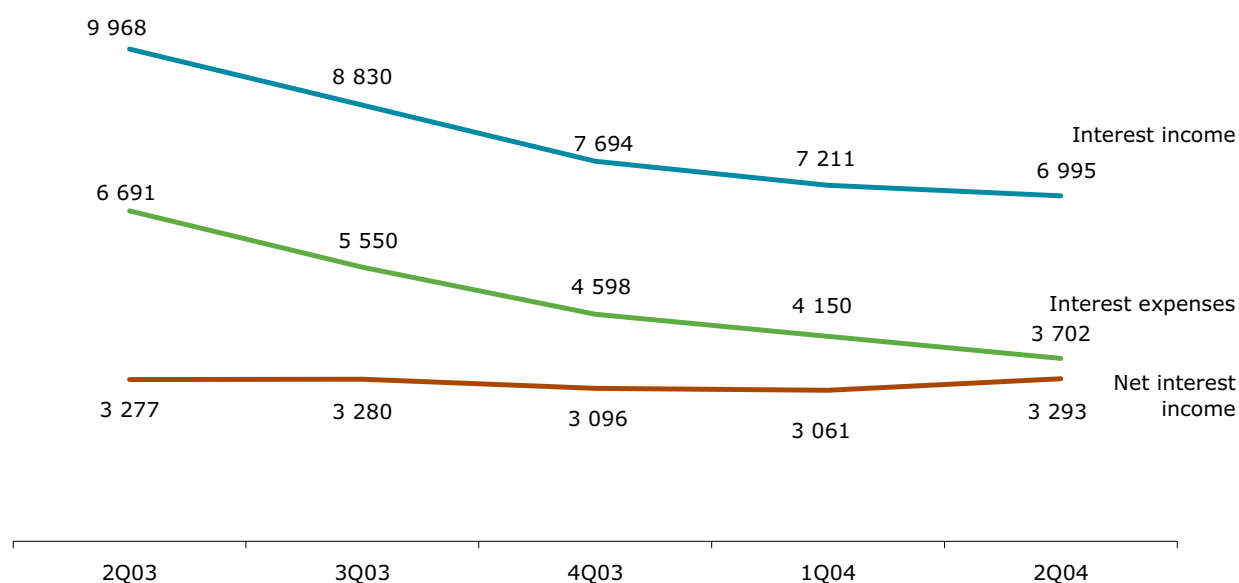
	2Q04	Change	1Q04
Net interest income	3 293	(5)	3 298
Elcon	-	(237)	237
<b>Net adjusted interest income</b>	<b>3 293</b>	<b>232</b>	<b>3 061</b>
Of which:			
Lending volumes		49	
Deposit volumes		3	
Lending spreads		84	
Deposit spreads		(23)	
Funding costs and interest reservations on non-performing and doubtful loans		(19)	
Funding costs on equity, share investments and real estate		(14)	
Contribution to the banks' guarantee funds		83	
Front-end fees, back-end fees		12	
Commercial paper and bonds		12	
Other		45	

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

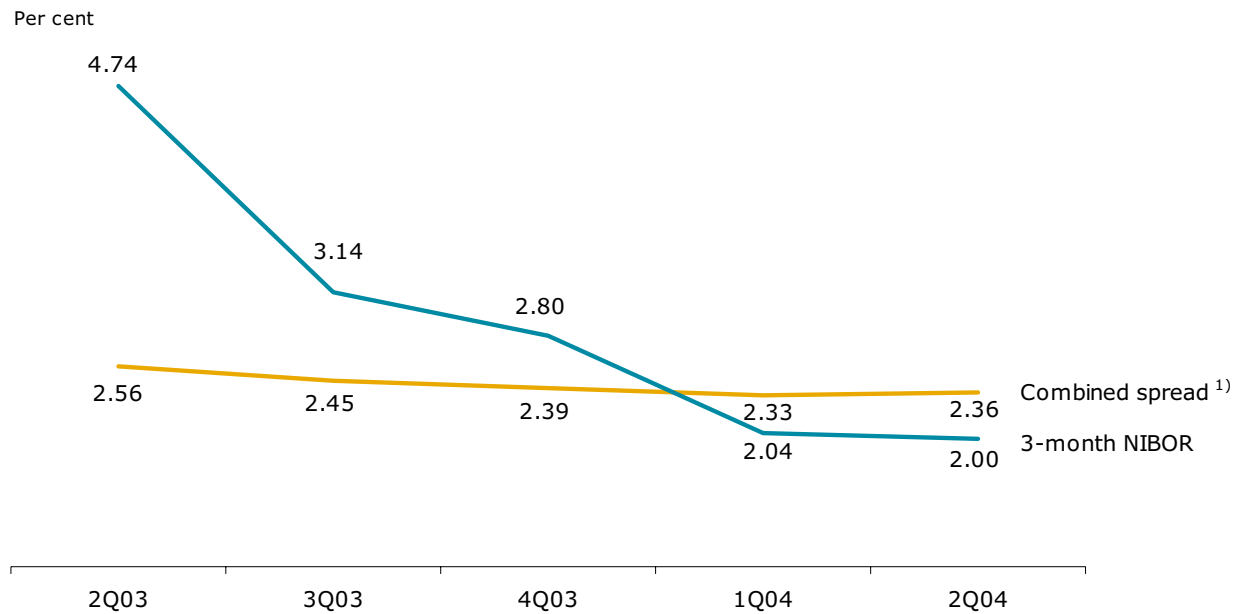
Amounts in NOK billion	0-0.25%	0.26-1.00%	1.01-2.00%	>2.00 %	Currency deposits/ other agreements	Total
Retail customers	51	18	95	4	10	178
Corporate customers	24	14	99	10	32	173
<b>Total</b>	<b>75</b>	<b>32</b>	<b>194</b>	<b>14</b>	<b>42</b>	<b>351</b>

## Net interest income, adjusted for the sale of Elcon

NOK million



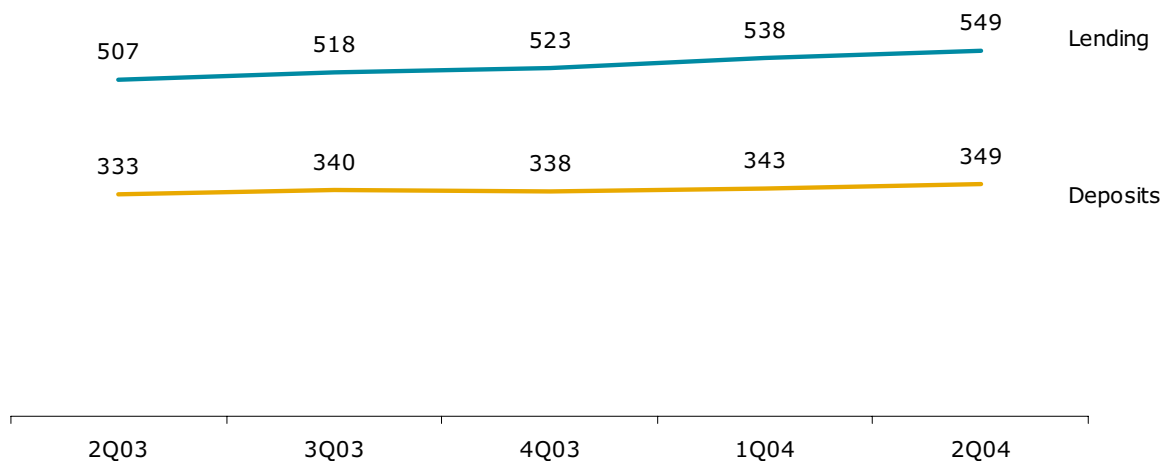
## Developments in average interest rate spread, adjusted for the sale of Elcon



1) Combined spread for lending and deposits

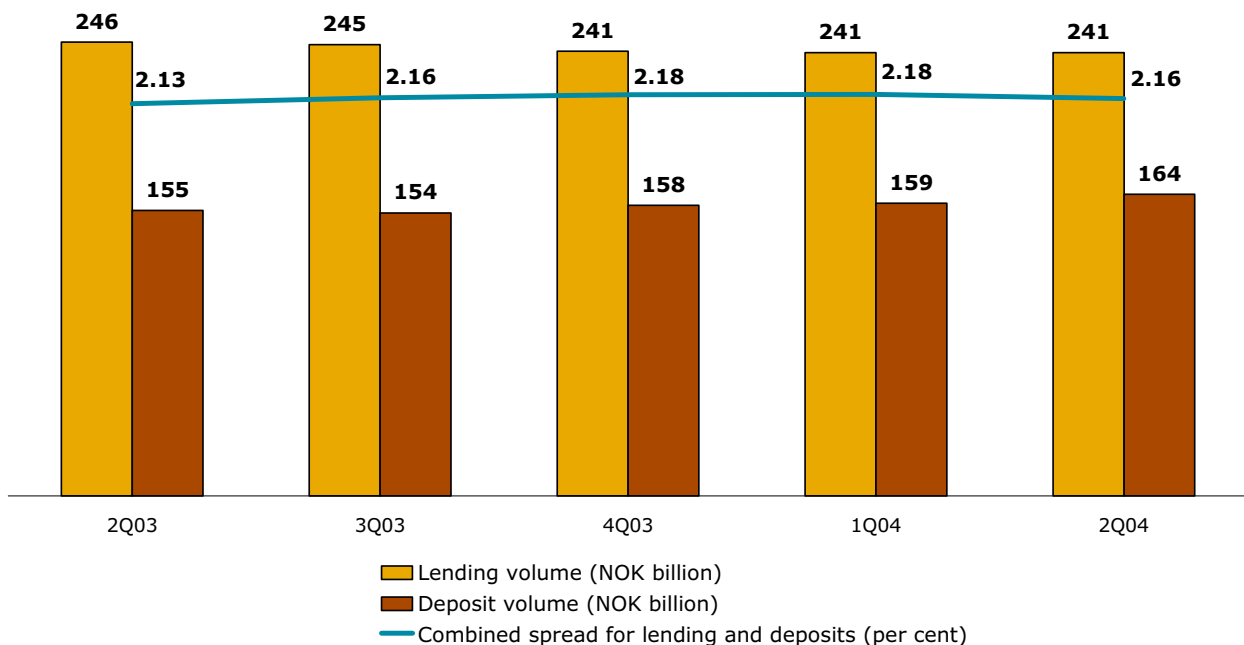
## Developments in average volumes, adjusted for the sale of Elcon

NOK billion



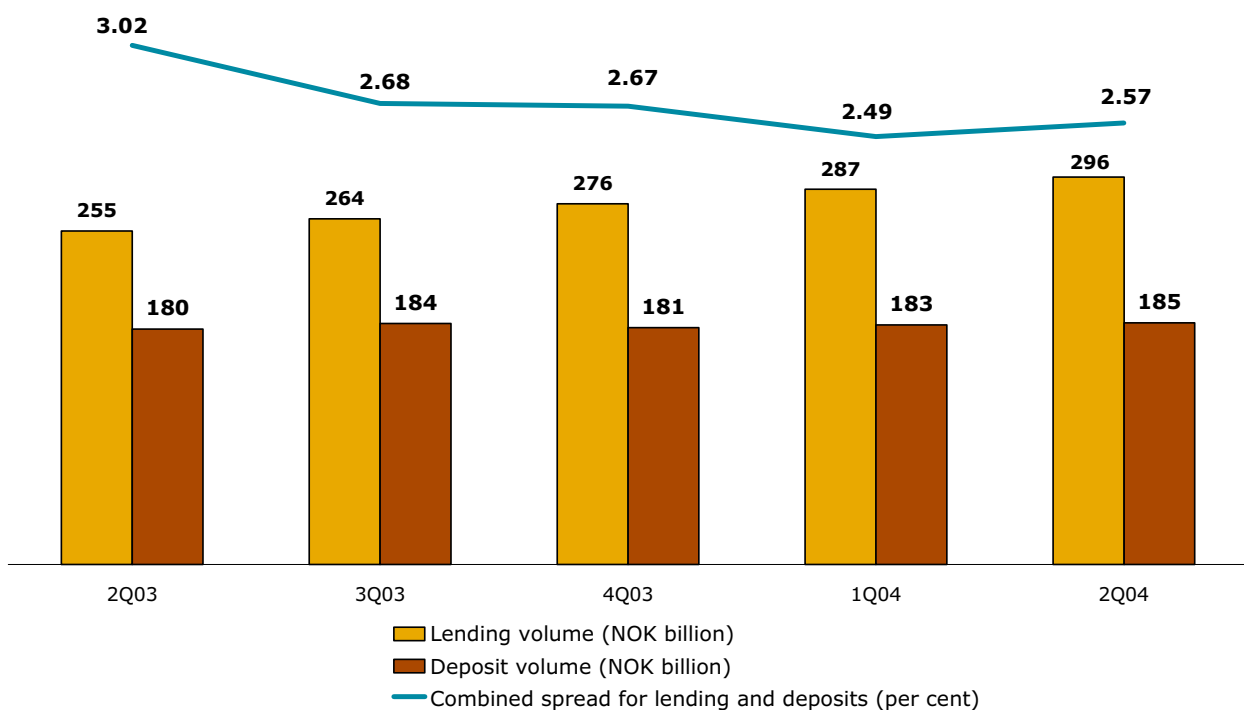
## Lending and deposit volumes

### Corporate Banking, adjusted for the sale of Elcon <sup>1)</sup>



1) Excluding loans to and deposits with credit institutions

### Retail Banking



## Net other operating income

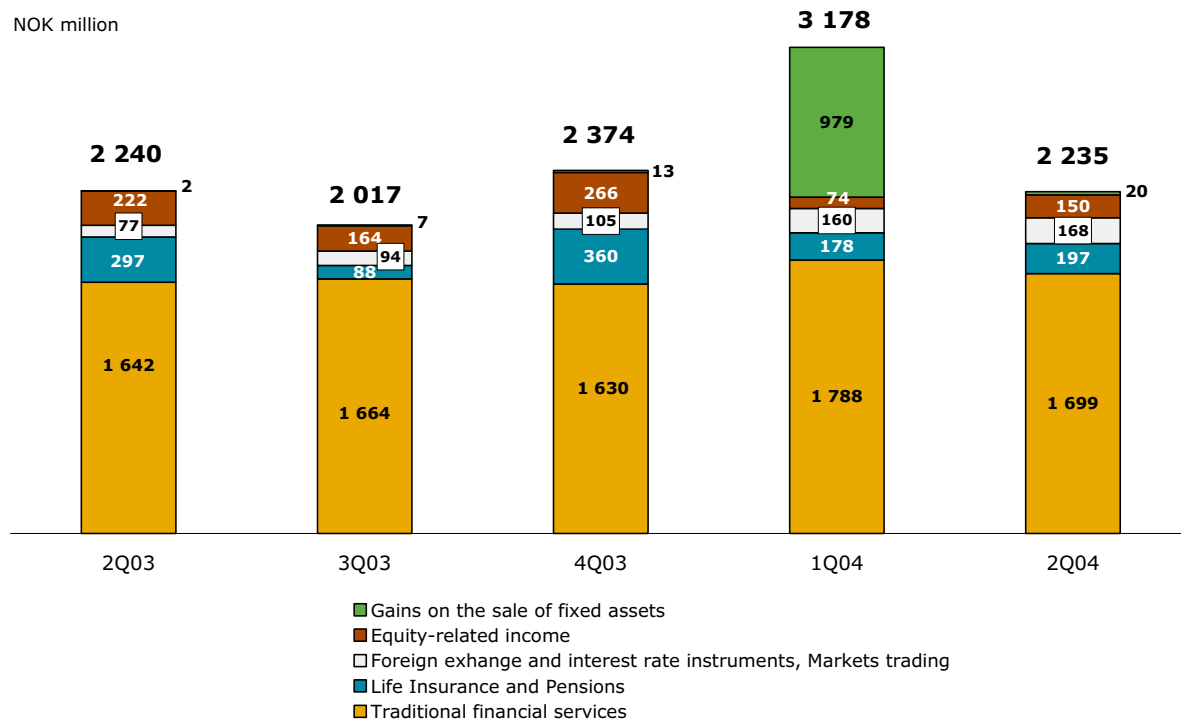
### Net operating income split by nature of business <sup>1)</sup>

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Money transfer and interbank transactions	499	455	459	504	478	954	896
Asset management services	251	260	258	228	194	511	400
Credit broking, guarantees etc.	87	79	79	92	94	166	192
Real estate broking	174	146	160	161	157	320	274
Custodial services	39	41	42	37	40	81	80
Securities trading	41	89	26	26	21	130	63
Insurance sales	59	86	72	60	39	145	90
Other from banking services	101	114	99	101	94	215	203
Share of profit in associated companies	81	58	20	41	56	140	97
FX and interest rate instruments trading with customers, Markets	219	250	259	255	329	469	652
FX and interest rate instruments trading with customers, other entities	27	24	42	65	64	51	98
Miscellaneous <sup>2)</sup>	118	185	115	94	77	304	197
<b>Traditional financial services</b>	<b>1 699</b>	<b>1 788</b>	<b>1 630</b>	<b>1 664</b>	<b>1 642</b>	<b>3 487</b>	<b>3 242</b>
<i>As a percentage of net ordinary operating income</i>	<i>76.7</i>	<i>81.3</i>	<i>69.1</i>	<i>82.8</i>	<i>73.4</i>	<i>79.0</i>	<i>83.0</i>
<b>Life Insurance and Pensions</b>	<b>197</b>	<b>178</b>	<b>360</b>	<b>88</b>	<b>297</b>	<b>374</b>	<b>312</b>
<i>As a percentage of net ordinary operating income</i>	<i>8.9</i>	<i>8.1</i>	<i>15.3</i>	<i>4.4</i>	<i>13.3</i>	<i>8.5</i>	<i>8.0</i>
<b>Foreign exchange and interest rate instruments, Markets trading</b>	<b>168</b>	<b>160</b>	<b>105</b>	<b>94</b>	<b>77</b>	<b>328</b>	<b>114</b>
<i>As a percentage of net ordinary operating income</i>	<i>7.6</i>	<i>7.3</i>	<i>4.4</i>	<i>4.7</i>	<i>3.4</i>	<i>7.4</i>	<i>2.9</i>
Dividends	89	14	47	27	107	103	138
Corporate finance etc.	82	41	133	57	65	122	105
Short-term shareholdings	(20)	20	86	81	50	(1)	(4)
<b>Equity-related income</b>	<b>150</b>	<b>74</b>	<b>266</b>	<b>164</b>	<b>222</b>	<b>224</b>	<b>240</b>
<i>As a percentage of net ordinary operating income</i>	<i>6.8</i>	<i>3.4</i>	<i>11.3</i>	<i>8.2</i>	<i>9.9</i>	<i>5.1</i>	<i>6.1</i>
<b>Net ordinary operating income</b>	<b>2 214</b>	<b>2 198</b>	<b>2 361</b>	<b>2 010</b>	<b>2 238</b>	<b>4 413</b>	<b>3 908</b>
<b>Gains on the sale of fixed assets <sup>3)</sup></b>	<b>20</b>	<b>979</b>	<b>13</b>	<b>7</b>	<b>2</b>	<b>1 000</b>	<b>3</b>
<b>Net other operating income</b>	<b>2 235</b>	<b>3 178</b>	<b>2 374</b>	<b>2 017</b>	<b>2 240</b>	<b>5 413</b>	<b>3 911</b>

1) Presented net of related costs.

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

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



**Net other operating income, gross figures**

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Dividends	89	14	47	27	107	103	138
Net profit from Life Insurance and Pensions	197	178	360	88	297	374	312
Money transfer fees receivable	810	747	780	797	775	1 557	1 491
Fees on asset management services	296	295	276	267	214	591	443
Fees on custodial services	39	41	42	37	40	81	80
Fees on securities trading (incl. corporate finance)	132	144	169	96	95	276	188
Guarantee commissions	104	96	96	92	92	200	189
Interbank fees	46	48	55	52	55	94	107
Credit broking commissions	28	23	33	29	29	51	55
Sales commissions on insurance products	63	89	70	62	41	153	94
Sundry commissions and fees receivable on banking services	165	203	212	190	164	369	331
Total commissions and fees receivable on banking services	1 683	1 687	1 733	1 623	1 505	3 370	2 979
Money transfer fees payable	295	280	310	282	285	575	575
Interbank fees	62	60	66	64	67	122	127
Sundry commissions and fees payable on banking services	166	183	200	176	132	349	256
Total commissions and fees payable on banking services	523	523	577	521	484	1 046	957
Net gain/(loss) on short-term shareholdings	(20)	20	86	81	50	(1)	(4)
Net gain/(loss) on commercial paper and bonds	(256)	242	4	58	263	(15)	461
Net gain on trading in foreign exchange and financial derivatives <sup>1)</sup>	1 524	306	280	456	329	1 830	758
Net gain/(loss) on other short-term interest rate instruments <sup>1)</sup>	(852)	(114)	121	(99)	(122)	(966)	(356)
Net gain on foreign exchange and financial instruments	395	453	492	496	519	848	860
Operating income on real estate	9	17	15	15	16	26	31
Rental income <sup>2)</sup>	41	50	16	12	18	91	34
Fees on real estate broking	172	146	160	161	157	318	274
Share of profit in associated companies	81	58	20	41	56	140	97
Remunerations	(1)	1	11	2	3	0	8
Miscellaneous operating income <sup>2)</sup>	71	118	83	67	43	189	132
Total sundry ordinary operating income	373	390	306	298	293	763	576
Gains on the sale of fixed assets <sup>3)</sup>	20	979	13	7	2	1 000	3
<b>Net other operating income</b>	<b>2 235</b>	<b>3 178</b>	<b>2 374</b>	<b>2 017</b>	<b>2 240</b>	<b>5 413</b>	<b>3 911</b>
As a percentage of total income <sup>4)</sup>	40.4	40.0	41.9	36.5	39.2	40.2	35.9

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

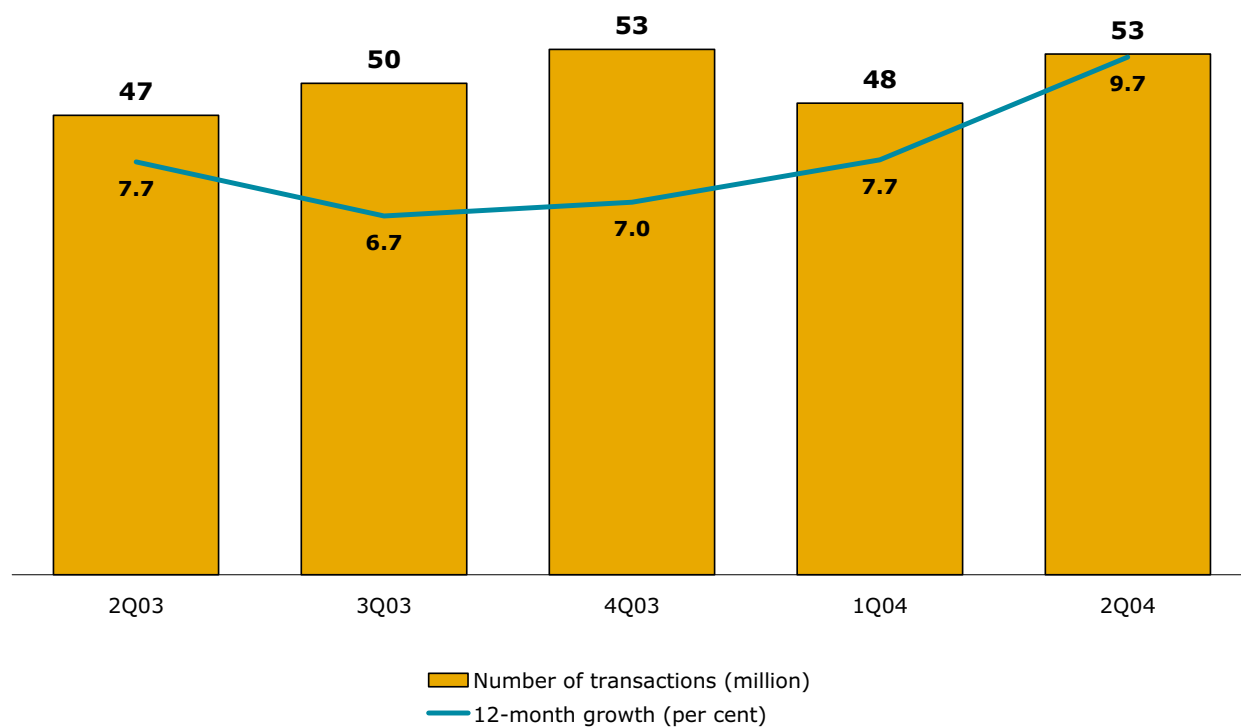
2) Total external income from the operations of Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included in these line items as from the first quarter of 2004, representing NOK 60 million per quarter.

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

4) Gains on the sale of Elcon are not included in the accounts for the first half of 2004.

**Changes in net other operating income**

Amounts in NOK million	2Q04	Change	2Q03
Net other operating income	2 235	(5)	2 240
Elcon	-	(21)	21
Driftspartner and Markedsstøtte	60	60	-
<b>Net adjusted other operating income</b>	<b>2 175</b>	<b>(44)</b>	<b>2 219</b>
Of which:			
Income from traditional financial services, adjusted		37	
Net profit from Life Insurance and Pensions		(100)	
Trading income on foreign exchange and interest rate instruments, Markets		91	
Equity-related income		(72)	

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

## Net gain on foreign exchange and financial instruments

Amounts in NOK million							1st half
	2Q04	1Q04	4Q03	3Q03	2Q03	2004	2003
Net gain/(loss) on short-term shareholdings	(20)	20	86	81	50	(1)	(4)
Net gain/(loss) on commercial paper and bonds	(256)	242	4	58	263	(15)	461
Net gain on trading in foreign exchange and financial derivatives	1 524	306	280	456	329	1 830	758
Net gain/(loss) on other short-term interest rate instruments	(852)	(114)	121	(99)	(122)	(966)	(356)
<b>Net gain on foreign exchange and financial instruments</b>	<b>395</b>	<b>453</b>	<b>492</b>	<b>496</b>	<b>519</b>	<b>848</b>	<b>860</b>
Of which:							
DnB NOR Markets	384	420	380	339	405	804	766
Banking portfolio, equity investments	(17)	10	82	87	41	(7)	(13)
Banking portfolio, other	28	24	30	70	73	51	107

## Total income in DnB NOR Markets

Amounts in NOK million							1st half
	2Q04	1Q04	4Q03	3Q03	2Q03	2004	2003
Net gain on trading in foreign exchange and financial instruments	384	420	380	339	405	804	766
Net interest income	57	58	48	100	109	115	231
Other income	158	166	163	121	140	323	267
<b>Total</b>	<b>599</b>	<b>644</b>	<b>590</b>	<b>560</b>	<b>654</b>	<b>1 242</b>	<b>1 264</b>
Interest on allocated capital	9	11	13	18	26	20	55
<b>Total income DnB NOR Markets</b>	<b>608</b>	<b>655</b>	<b>604</b>	<b>578</b>	<b>680</b>	<b>1 262</b>	<b>1 319</b>

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

Amounts in NOK million	30 June 2004	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	31 Dec. 2002
Commercial paper and bonds	12	49	57	42	53	12
Short-term shareholdings	94	126	45	0	0	0

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



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

<i>Amounts in NOK million</i>	30 June 2004		31 Dec. 2003	
	Book value	Market value	Book value	Market value
<b>Commercial paper and bonds</b>				
Trading portfolio	51 413	51 413	33 735	33 735
Banking portfolio	16 834	16 846	25 663	25 720
Total commercial paper and bonds	68 248	68 260	59 398	59 455
<b>Short-term shareholdings</b>				
Trading portfolio	788	788	271	271
Banking portfolio	2 698	2 792	2 780	2 825
Total short-term shareholdings	3 486	3 580	3 051	3 096

1) Excluding securities held by Life Insurance and Pensions

**Major short-term shareholdings as at 30 June 2004 <sup>1)</sup>**

<i>Amounts in NOK million</i>	Book value	Market value
IT Fornebu Eiendom	141	109
OVDS	84	128
Elkem	77	96
Cape Investments	52	85
Viking Ship Finance	41	85
Euroclear	38	38
Privatbanken	34	26
Troms Fylkes Dampskibsselskap	33	26
Helgelandske	31	44
Lerøy Seafood	25	33
Whitecliff	24	23
Orkla	23	69
KS Venturos Technology III	21	6
EFD-Elva Fritz Dusseldorf	20	20
Tomra Systems	20	12
Acta Holding	19	7
Industrifinans SMB III	19	18
Equity funds, total	1 560	1 570
Other, banking portfolio	436	399
Value adjustment	0	-
<b>Total banking portfolio</b>	<b>2 698</b>	<b>2 792</b>
Trading portfolio	788	788
<b>Total</b>	<b>3 486</b>	<b>3 580</b>

1) Excluding shares held by Life Insurance and Pensions

## Operating expenses

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Ordinary salaries <sup>1)</sup>	1 100	1 218	1 261	1 222	1 168	2 318	2 353
Employer's national insurance contributions	184	205	149	186	185	388	377
Pension expenses	162	182	230	152	146	344	284
Social expenses	56	74	122	81	77	129	159
<b>Total ordinary salaries and other personnel expenses</b>	<b>1 501</b>	<b>1 679</b>	<b>1 762</b>	<b>1 642</b>	<b>1 576</b>	<b>3 179</b>	<b>3 173</b>
Fees	118	136	162	88	144	253	276
EDP expenses <sup>2)</sup>	357	358	294	362	356	715	705
Postage, telecommunications and office supplies <sup>1)</sup>	152	188	160	165	172	341	346
Marketing and public relations	99	102	115	100	128	201	236
Travel expenses	50	42	57	39	50	92	98
Reimbursement to Norway Post for transactions executed <sup>3)</sup>	144	125	180	141	125	269	242
Training expenses	13	13	9	10	9	25	27
Sundry administrative expenses	49	40	34	37	43	89	98
<b>Total administrative expenses</b>	<b>981</b>	<b>1 004</b>	<b>1 012</b>	<b>942</b>	<b>1 028</b>	<b>1 985</b>	<b>2 028</b>
Goodwill amortisation	123	140	140	139	137	263	271
Other depreciation	138	150	163	158	162	288	328
<b>Total depreciation</b>	<b>261</b>	<b>290</b>	<b>304</b>	<b>297</b>	<b>299</b>	<b>551</b>	<b>599</b>
Operating expenses on properties and premises <sup>1)</sup>	225	256	187	227	226	481	463
Operating expenses on machinery, vehicles and office equipment	15	22	37	22	18	37	43
Miscellaneous ordinary operating expenses	79	97	79	117	115	175	257
<b>Total sundry ordinary operating expenses</b>	<b>319</b>	<b>374</b>	<b>303</b>	<b>366</b>	<b>360</b>	<b>694</b>	<b>763</b>
Allocations to employee funds	0	0	85	21	5	0	8
Restructuring expenses	0	930	13	8	13	930	17
Losses on the sale of fixed assets	6	1	5	2	17	8	21
Write-downs/(reversals of write-downs) on rental contracts and fixed assets	0	0	24	4	(5)	0	11
<b>Total other expenses</b>	<b>6</b>	<b>931</b>	<b>127</b>	<b>35</b>	<b>30</b>	<b>937</b>	<b>57</b>
<b>Total operating expenses</b>	<b>3 068</b>	<b>4 278</b>	<b>3 508</b>	<b>3 282</b>	<b>3 293</b>	<b>7 346</b>	<b>6 620</b>

### Adjustments for total other expenses:

÷ Total other expenses	6	931	127	35	30	937	57
<b>Total ordinary expenses, adjusted</b>	<b>3 062</b>	<b>3 347</b>	<b>3 381</b>	<b>3 248</b>	<b>3 263</b>	<b>6 409</b>	<b>6 563</b>
Change from the previous period (per cent)	(8.51)	(1.00)	4.10	(0.48)	(1.10)	(2.35)	-

### Adjustments for goodwill amortisation:

÷ Goodwill amortisation	123	140	140	139	137	263	271
<b>Total ordinary expenses before goodwill amortisation</b>	<b>2 939</b>	<b>3 207</b>	<b>3 240</b>	<b>3 108</b>	<b>3 126</b>	<b>6 146</b>	<b>6 292</b>
Change from the previous period (per cent)	(8.38)	(1.02)	4.24	(0.57)	(1.26)	(2.33)	-

### Adjustments for acquisitions and sales:

Including Driftspartner	-	-	58	58	58	-	116
Including Markedsstøtte	-	-	2	2	2	-	4
Excluding Elcon	-	115	114	119	107	115	214
<b>Total comparable ordinary expenses before goodwill amortisation</b>	<b>2 939</b>	<b>3 093</b>	<b>3 186</b>	<b>3 050</b>	<b>3 079</b>	<b>6 031</b>	<b>6 198</b>
Change from the previous period (per cent)	(4.98)	(2.94)	4.49	(0.97)	(1.25)	(2.69)	-

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.

2) These expenses concern the purchase, operation and maintenance of computers and software including depreciation. The Group's total IT expenses are shown on page 29, which in addition to EDP expenses include systems development, remuneration to external consultants, as well as salaries and other operating expenses relating to the Group's IT operations

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

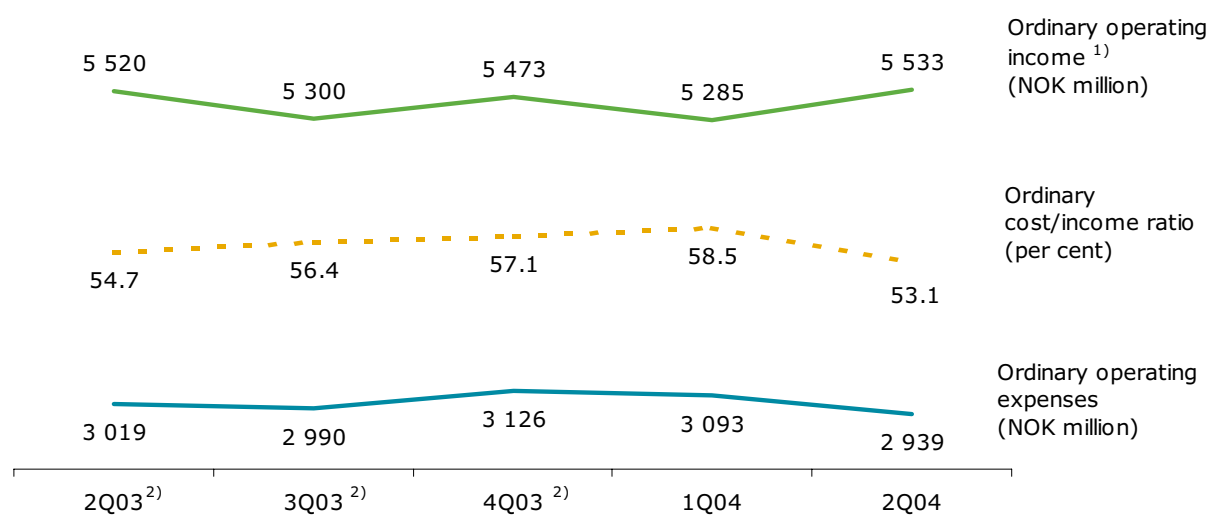
## Operating expenses, adjusted for the sale of Elcon

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	1st half	
						2004	2003
Ordinary salaries and other personnel expenses	1 501	1 606	1 679	1 570	1 516	3 106	3 044
Administrative expenses	981	980	1 006	916	1 007	1 961	1 988
Depreciation	261	279	293	287	290	540	579
Sundry ordinary operating expenses	319	362	284	350	339	681	726
Other expenses	6	931	127	35	30	937	57
<b>Total operating expenses</b>	<b>3 068</b>	<b>4 157</b>	<b>3 388</b>	<b>3 157</b>	<b>3 180</b>	<b>7 225</b>	<b>6 394</b>

## Changes in total operating expenses

Amounts in NOK million	2Q04	Change	2Q03
Total operating expenses	3 068	(225)	3 293
Other expenses	6	(24)	30
Elcon	-	(113)	113
Driftspartner and Markedsstøtte	60	60	-
<b>Total adjusted ordinary operating expenses</b>	<b>3 002</b>	<b>(149)</b>	<b>3 151</b>
Of which:			
Wage settlements and pension payments		45	
External distribution		21	
Merger synergies		(105)	
Streamlining of operations		(110)	
			(215)

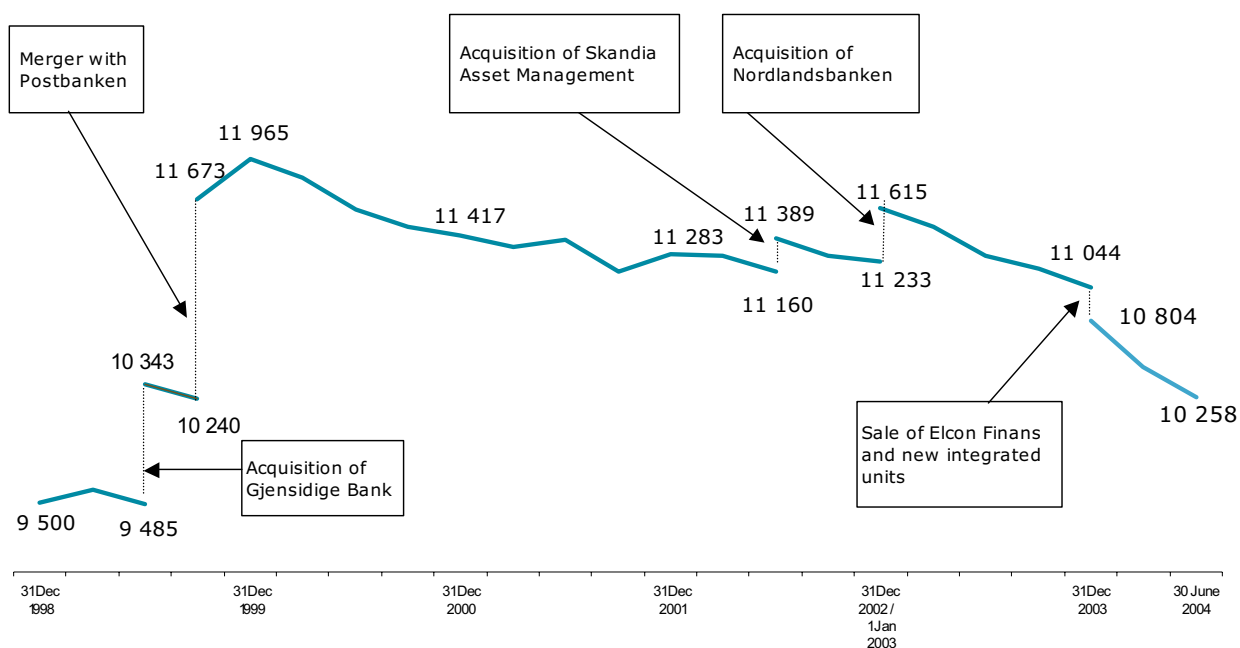
## Ordinary cost/income ratio before goodwill amortisation, excl. Elcon



1) Excluding amortisation of goodwill on the investments in Vital

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

## Employees - full-time positions



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

Full-time positions	30 June 2004	Other changes	Changes in group structure	31 Dec. 2003
Corporate Banking 2)	1 904	(47)		1 951
Retail Banking	4 448	(212)		4 660
DnB NOR Markets	530	(80)		610
Life Insurance and Pensions 2)	970	(52)		1 022
Asset Management 2)	327	(32)		359
Discontinuing operations 3)	7	-	(449)	456
Support function, staff and other 2) 4)	2 072	(123)	209	1 986
<b>Total</b>	<b>10 258</b>	<b>(546)</b>	<b>(240)</b>	<b>11 044</b>

1) For information on synergies, see page 48

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

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

Gjensidige NOR Fondsforsikring was sold during the second quarter of 2004, representing 8 full-time positions

4) 209 full-time positions in the former jointly controlled companies Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included as from 1 January 2004.

## IT expenses

Amounts in NOK million	2Q04	1Q04 <sup>1)</sup>	1Q04	4Q03	3Q03	2Q03	1st half	
							2004	2003
IT operating expenses	430	456	456	413	457	468	887	915
Systems development expenses	134	154	163	199	141	206	297	386
<b>Total IT expenses 2)</b>	<b>564</b>	<b>609</b>	<b>620</b>	<b>613</b>	<b>598</b>	<b>674</b>	<b>1 184</b>	<b>1 302</b>

1) Adjusted for the sale of Elcon

2) Including salaries and indirect costs

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

Amounts in NOK million	Provisions as at 30 June 2004	Accrued expenses	New provisions	Provisions as at 31 Dec. 2003
DnB NOR merger *)	1 372	414	930 <sup>2)</sup>	856
Other restructuring provisions	83	14	0	97
<b>Total</b>	<b>1 455</b>	<b>428 <sup>3)</sup></b>	<b>930</b>	<b>953</b>
*) Of which:				
IT		117		
Staff cuts		272		
Other		25		

1) For information on synergies, see page 48

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

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

## Pension expenses

Amounts in NOK million	2Q04	1Q04 <sup>1)</sup>	1Q04	4Q03	3Q03	2Q03	1st half	
							2004	2003
Pension expenses	162	176	182	230	152	146	344	284
of which effect of changes in economic assumptions implemented in 2003	-	-	-	110	-	30	-	30

1) Adjusted for the sale of Elcon

## Losses and reversals on loans and guarantees

### Net losses/(reversals)

Amounts in NOK million	2Q04	1Q04 <sup>1)</sup>	1Q04	4Q03	3Q03	2Q03	1st half	
							2004	2003
New specified losses	229	545	595	543	541	961	825	1 591
Reversals on specified losses	147	442	460	267	185	150	607	332
<b>Net losses</b>	<b>82</b>	<b>103</b>	<b>135</b>	<b>276</b>	<b>356</b>	<b>811</b>	<b>218</b>	<b>1 259</b>

1) Adjusted for the sale of Elcon

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

Amounts in NOK million	2Q04	1Q04 <sup>2)</sup>	1Q04	4Q03	3Q03	2Q03	1st half	
							2004	2003
Retail Banking	62	10	10	39	81	86	72	126
Corporate Banking	19	104	104	232	216	660	123	1 029
Discontinuing operations	-	-	23	40	47	48	23	85
Other units	1	(11)	(1)	(35)	12	17	-	20
<b>Net losses</b>	<b>82</b>	<b>103</b>	<b>135</b>	<b>276</b>	<b>356</b>	<b>811</b>	<b>218</b>	<b>1 259</b>

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

2) Adjusted for the sale of Elcon

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

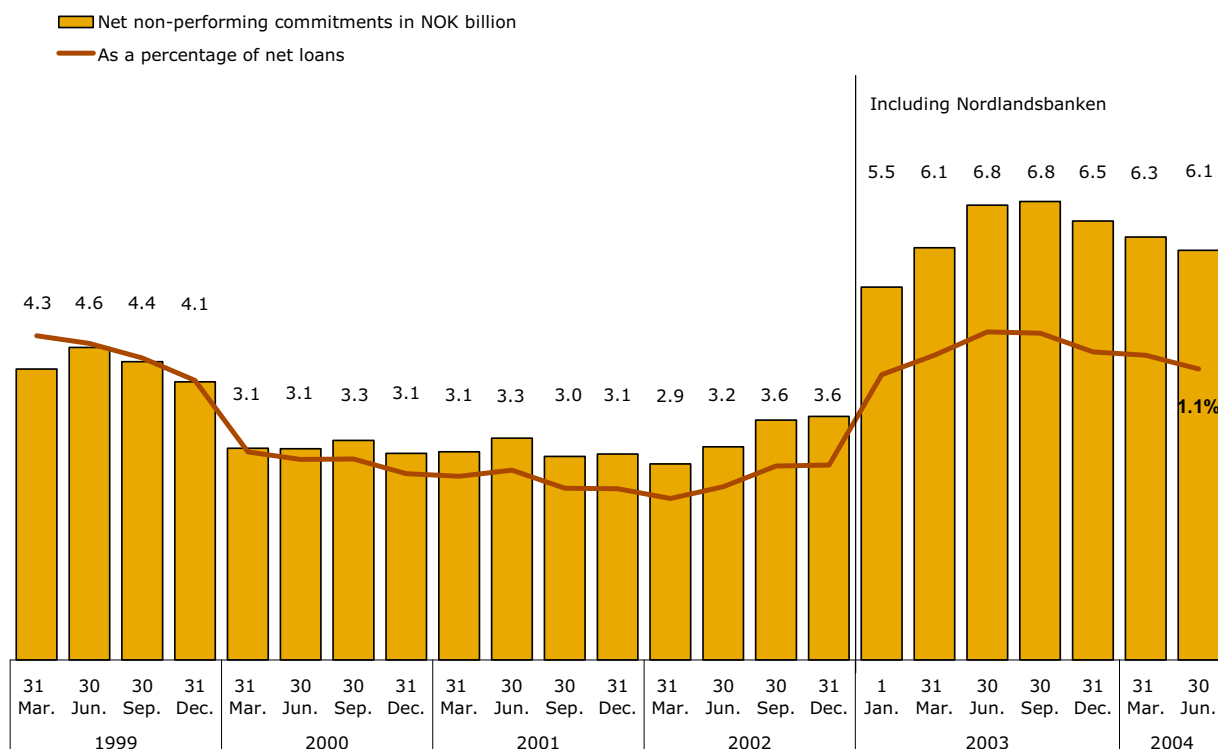
Amounts in NOK million	2Q04	1Q04 <sup>2)</sup>	1Q04	4Q03	3Q03	2Q03	1st half	
							2004	2003
Retail customers	51	15	20	5	112	89	71	155
International shipping	(25)	0	0	(27)	(1)	(20)	(25)	(32)
Real estate	5	(14)	(14)	(3)	12	56	(9)	58
Manufacturing	5	59	61	68	91	127	66	183
Services and management	(19)	(225)	(216)	(31)	80	248	(235)	270
Trade	(7)	30	32	47	27	33	25	68
Oil and gas	0	(4)	(4)	(2)	5	(1)	(4)	(6)
Transportation and communication	6	11	12	20	21	6	18	28
Building and construction	(1)	44	47	93	31	25	46	32
Power and water supply	1	(2)	(2)	(0)	(0)	(0)	(0)	(0)
Fishing	70	44	45	23	(56)	140	115	161
Other sectors	(3)	144	154	83	29	108	151	340
<b>Total customers</b>	<b>84</b>	<b>103</b>	<b>135</b>	<b>276</b>	<b>351</b>	<b>810</b>	<b>220</b>	<b>1 255</b>
Credit institutions	(2)	0	0	5	0	0	(2)	0
Change in unspecified provisions	0	0	0	(5)	5	1	0	4
<b>Net losses</b>	<b>82</b>	<b>103</b>	<b>135</b>	<b>276</b>	<b>356</b>	<b>811</b>	<b>218</b>	<b>1 259</b>

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

2) Adjusted for the sale of Elcon

## Asset quality

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



### Non-performing and doubtful commitments

				Pro forma		
	30 June 2004	31 Dec. 2003 <sup>1)</sup>	31 Dec. 2003	1 Jan. 2003	31 Dec. 2002 <sup>2)</sup>	31 Dec. 2001 <sup>2)</sup>
<i>Amounts in NOK million</i>						
<b>Non-performing commitments</b>						
Net non-accruing commitments	3 531	4 193	4 411	3 144	2 139	2 128
Net accruing commitments	2 519	2 121	2 121	2 404	1 482	934
Total net non-performing commitments	6 050	6 313	6 531	5 549	3 622	3 062
<b>Doubtful commitments</b>						
Net non-accruing commitments	621	279	430	493	383	420
Net accruing commitments	1 654	1 440	1 440	2 581	869	576
Total net doubtful commitments	2 275	1 719	1 870	3 074	1 252	996
<b>Total net non-performing and doubtful commitments</b>	<b>8 325</b>	<b>8 032</b>	<b>8 401</b>	<b>8 622</b>	<b>4 874</b>	<b>4 058</b>

1) Pro forma excluding Elcon

2) Excluding Nordlandsbanken

## Unspecified provisions

<i>Amounts in NOK million</i>	30 June 2004	31 Dec. 2003 <sup>1)</sup>	31 Dec. 2003 <sup>2)</sup>	31 Dec. 2002
Unspecified provisions in the DnB NOR Group <sup>3)</sup>				3 501
Elements in the calculation as from 31 Dec. 2003:				
Provisions for probable, unidentified losses <sup>4)</sup>	1 712	1 563	1 634	
+ Provisions for risk margins in the ordinary portfolio	1 680	1 661	1 731	
+ Supplementary provisions due to uncertainty in estimates	142	310	349	
<b>Unspecified loan-loss provisions in the accounts</b>	<b>3 534</b>	<b>3 534</b>	<b>3 714</b>	<b>3 501</b>

1) Pro forma excluding Elcon

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

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

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



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

### DnB NOR Group balance sheets, adjusted for the sale of Elcon

<i>Amounts in NOK billion</i>	30 June 2004	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	1 Jan. 2003 <sup>1)</sup>
Cash and lending to/deposits with credit institutions	71.2	63.6	61.6	73.0	72.2	72.0
Net lending to customers	554.1	544.4	530.3	520.5	515.8	489.3
Commercial paper, bonds, etc.	68.2	60.1	59.4	60.2	57.2	53.3
Shareholdings	12.1	11.7	11.4	12.4	12.0	12.0
Fixed and intangible assets	10.4	10.7	10.6	11.7	11.6	11.4
Other assets	22.8	31.0	31.2	28.7	27.7	28.7
<b>Total assets</b>	<b>738.9</b>	<b>721.6</b>	<b>704.6</b>	<b>706.4</b>	<b>696.5</b>	<b>666.9</b>
Loans and deposits from credit institutions	99.0	75.5	78.7	82.5	91.8	87.0
Deposits from customers	351.7	341.5	335.3	330.3	336.0	326.5
Borrowings through the issue of securities	192.1	192.4	181.6	175.9	164.6	149.8
Other liabilities and provisions	25.9	43.9	43.1	50.3	38.6	44.4
Primary capital	70.2	68.4	65.8	67.3	65.5	59.2
<b>Total liabilities and equity</b>	<b>738.9</b>	<b>721.6</b>	<b>704.6</b>	<b>706.4</b>	<b>696.5</b>	<b>666.9</b>
Average total assets for the year to date	736.8	727.7	696.3	699.0	692.7	622.7
Ratio of deposits to net lending (%)	63.5	62.7	63.2	63.5	65.1	66.7

1) Including Nordlandsbanken

### DnB NOR Group balance sheets

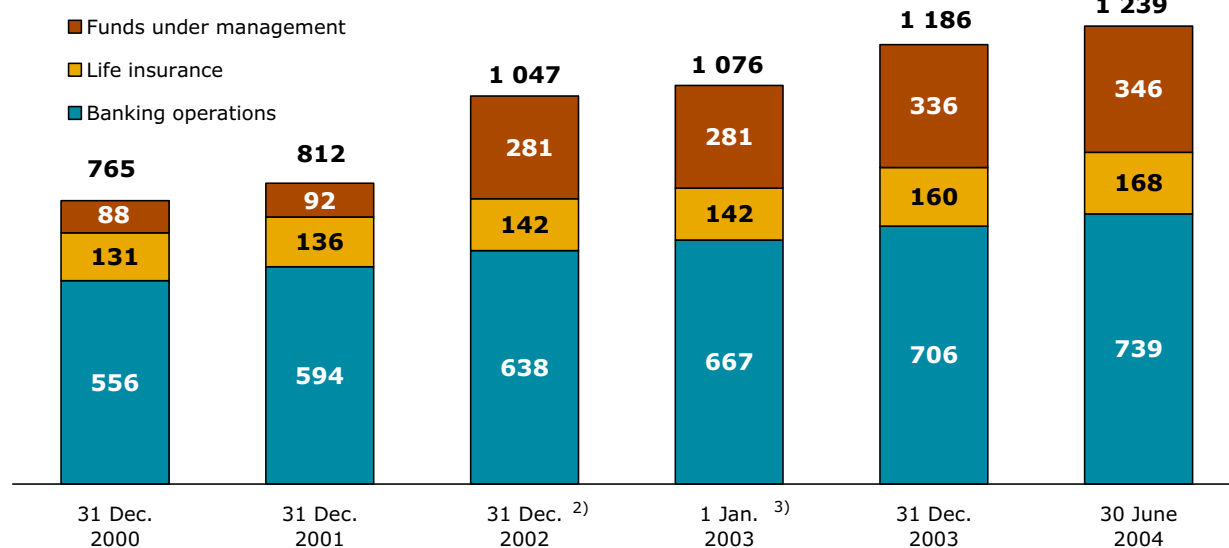
<i>Amounts in NOK billion</i>	30 June 2004	31 March 2004 <sup>1)</sup>	31 Dec. 2003	30 Sept. 2003	30 June 2003	1 Jan. 2003 <sup>2)</sup>
Cash and lending to/deposits with credit institutions	71.2	63.6	36.9	48.9	49.0	50.7
Net lending to customers	554.1	544.2	557.5	546.8	541.2	512.4
Commercial paper, bonds, etc.	68.2	60.1	59.4	60.2	57.2	53.3
Shareholdings	12.1	11.7	11.4	12.4	12.0	12.0
Fixed and intangible assets	10.4	10.9	11.0	12.2	12.1	11.9
Other assets	22.8	31.1	29.5	27.0	25.9	27.0
<b>Total assets</b>	<b>738.9</b>	<b>721.6</b>	<b>705.7</b>	<b>707.4</b>	<b>697.4</b>	<b>667.3</b>
Loans and deposits from credit institutions	99.0	75.5	78.5	82.5	91.5	86.7
Deposits from customers	351.7	341.5	335.6	330.7	336.4	326.8
Borrowings through the issue of securities	192.1	192.4	181.6	175.9	164.6	149.8
Other liabilities and provisions	25.9	43.8	44.1	50.9	39.2	44.9
Primary capital	70.2	68.4	65.9	67.5	65.6	59.2
<b>Total liabilities and equity</b>	<b>738.9</b>	<b>721.6</b>	<b>705.7</b>	<b>707.4</b>	<b>697.4</b>	<b>667.3</b>
Average total assets for the year to date	736.8	727.7	697.2	699.9	693.6	622.7
Ratio of deposits to net lending (%)	63.5	62.8	60.2	60.5	62.2	63.8
Ratio of average deposits to average net lending (%)	62.3	60.9	63.0	63.2	63.5	64.9

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

2) Including Nordlandsbanken

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

NOK billion



1) Totals are net of inter-company balances

2) Skandia Asset Management is included as from 2002

3) Nordlandsbanken is included as from 2003

(Pro forma accounting figures prior to 31 December 2003)

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

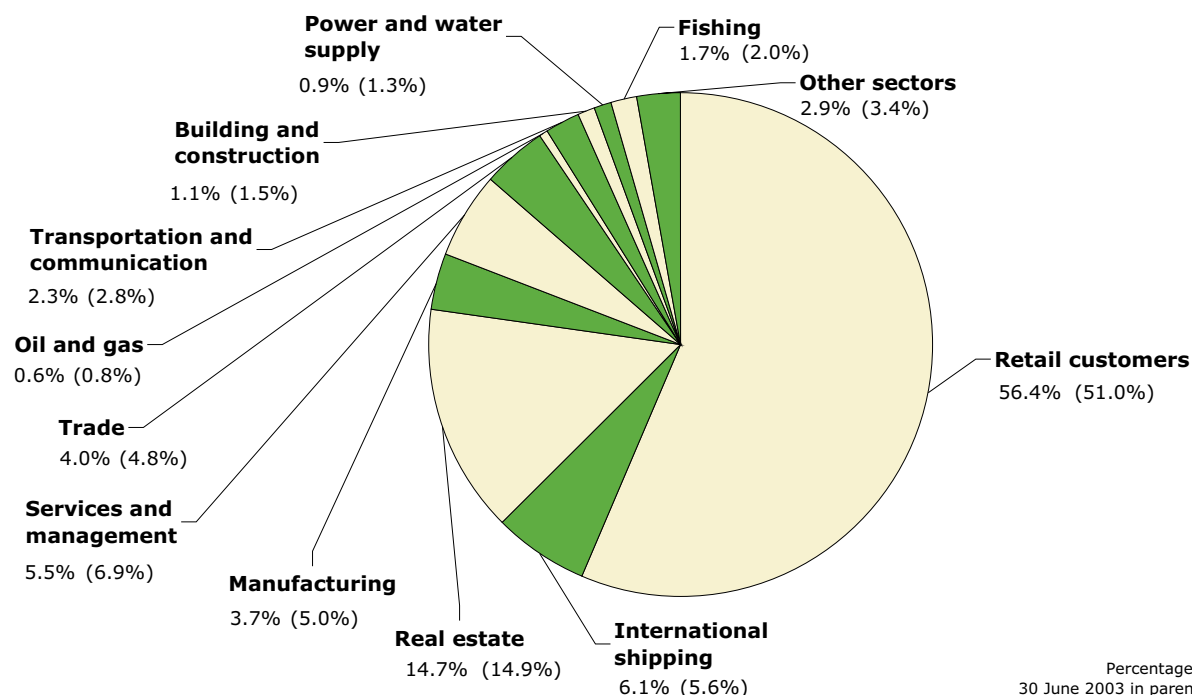
<i>Amounts in NOK billion</i>	30 June 2004	31 March 2004	31 Dec. 2003 <sup>3)</sup>	31 Dec. 2003	30 Sept. 2003	30 June 2003	1 Jan. 2003 <sup>4)</sup>
Retail customers	314.6	303.5	293.7	301.6	285.9	277.7	262.1
International shipping	33.9	33.0	30.9	31.2	30.8	30.3	26.4
Real estate	81.9	81.4	81.3	82.2	84.9	81.4	77.8
Manufacturing	20.8	21.5	20.8	24.8	25.7	27.4	27.9
Services and management	30.9	32.0	31.8	36.6	36.2	37.8	38.0
Trade	22.4	22.1	21.7	23.8	24.0	26.4	22.6
Oil and gas	3.6	3.8	3.9	4.2	4.5	4.1	4.1
Transportation and communication	13.0	12.3	11.6	14.0	14.8	15.1	14.5
Building and construction	6.2	5.6	5.7	8.4	8.3	8.4	8.3
Power and water supply	4.8	5.7	6.2	6.3	6.2	6.9	8.1
Fishing	9.4	9.7	10.0	10.4	10.5	10.8	9.9
Other sectors, of which:							
Hotels and restaurants	4.0	3.9	4.0	4.1	4.2	4.0	3.6
Agriculture and forestry	4.3	3.7	3.9	4.7	4.3	4.4	4.5
Central and local government	2.3	2.2	1.7	2.1	2.4	2.2	2.8
Other	5.5	7.2	6.7	6.7	7.7	7.9	5.5
<b>Total</b>	<b>557.7</b>	<b>547.7</b>	<b>533.8</b>	<b>561.2</b>	<b>550.5</b>	<b>544.9</b>	<b>516.1</b>
Of which residential mortgages							
within 80% of collateral value	285.5	265.5	257.7	257.7	244.5	234.2	223.1
above 80% of collateral value	9.3	8.5	8.7	8.7	8.3	7.8	6.8
Total	294.8	274.1	266.4	266.4	252.8	242.0	229.9

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

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

3) Pro forma excluding Elcon

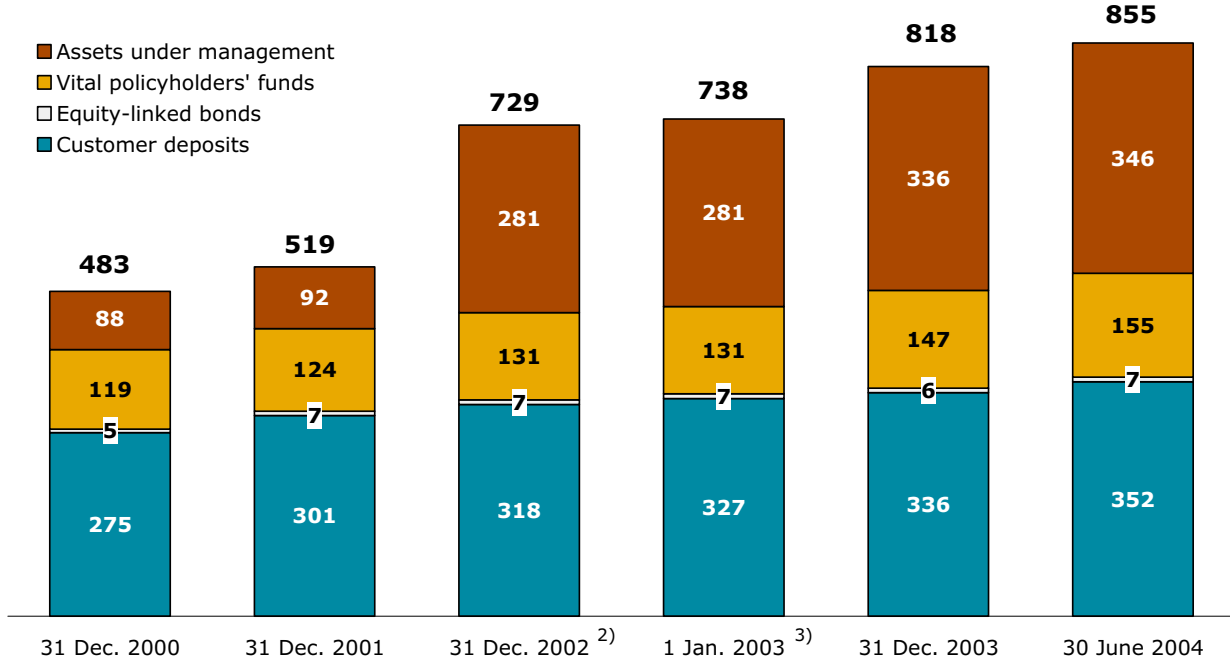
4) Including Nordlandsbanken

**Lending to principal sectors as at 30 June 2004**

## Customer savings

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

NOK billion



1) Totals are net of inter-company balances

2) Skandia Asset Management is included as from 2002

3) Nordlandsbanken is included as from 2003

## Deposits

Amounts in NOK billion	30 June 2004	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	1 Jan. 2003 <sup>1)</sup>
Retail customers	178	168	167	167	173	163
Corporate customers	173	173	169	164	164	164
<b>Total *)</b>	<b>352</b>	<b>341</b>	<b>336</b>	<b>331</b>	<b>336</b>	<b>327</b>
*) of which:						
NOK	320	311	311	306	315	306
foreign currency	32	29	25	25	22	22

1) Including Nordlandsbanken

## Capital adequacy and taxes

### Development in primary capital and capital ratios

	DnB NOR Bank	DnB NOR Bank Group	DnB NOR Group	
<i>Amounts in NOK million</i>	30 June 2004	30 June 2004	30 June 2004	31 Dec. 2003
Share capital	16 964	16 964	13 220	13 090
Other equity	16 812	19 680	29 390	29 025
Total equity	33 776	36 644	42 610	42 115
Perpetual subordinated loan capital securities <sup>1) 2)</sup>	5 315	5 734	5 985	5 476
Reductions:				
Pension funds above pension commitments	(996)	(1 024)	(1 313)	(1 354)
Goodwill	(1 512)	(2 103)	(5 236)	(5 728)
Deferred tax assets	(972)	(849)	(910)	(808)
Other intangible assets etc.	(160)	(170)	(375)	(431)
Core capital	35 451	38 232	40 760	39 270
Perpetual subordinated loan capital <sup>1) 2)</sup>	6 299	6 278	6 025	6 154
Term subordinated loan capital <sup>2)</sup>	11 911	13 031	13 502	11 945
Net supplementary capital	18 210	19 309	19 528	18 099
Deductions	1 611	1 617	616	870
Total eligible primary capital <sup>3)</sup>	52 050	55 924	59 672	56 499
<b>Total risk-weighted volume</b>	<b>471 384</b>	<b>532 107</b>	<b>588 370</b>	<b>579 445</b>
Core capital ratio (%)	7.5	7.2	6.9	6.8
Capital ratio (%)	11.0	10.5	10.1	9.8
Core capital ratio incl. 50 per cent of profit for the period (%)	7.8	7.5	7.2	
Capital ratio incl. 50 per cent of profit for the period (%)	11.4	10.8	10.4	
Core capital ratio excluding life insurance (%)			8.0	7.6
Capital ratio excluding life insurance (%)			10.2	9.6

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

2) Calculations of capital adequacy include a total of NOK 1 220 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.

## 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.

## Financial results DnB NOR Group

### Profit and loss accounts

Amounts in NOK million	1st half					
	2Q04	1Q04	4Q03	3Q03	2Q03	2003
Interest income	6 995	7 462	7 916	9 077	10 198	14 457
Interest expenses	3 702	4 164	4 618	5 568	6 719	7 866
<b>Net interest income and credit commissions</b>	<b>3 293</b>	<b>3 298</b>	<b>3 299</b>	<b>3 509</b>	<b>3 478</b>	<b>6 592</b>
Dividends	89	14	47	27	107	103
Net profit from Life Insurance and Pensions	197	178	360	88	297	374
Commissions and fees receivable	1 683	1 687	1 733	1 623	1 505	3 370
Commissions and fees payable	523	523	577	521	484	1 046
Net gain on foreign exchange and financial instruments	395	453	492	496	519	848
Sundry ordinary operating income	373	390	306	298	293	763
Gains on the sale of fixed assets	20	979	13	7	2	1 000
<b>Net other operating income</b>	<b>2 235</b>	<b>3 178</b>	<b>2 374</b>	<b>2 017</b>	<b>2 240</b>	<b>5 413</b>
Salaries and other ordinary personnel expenses	1 501	1 679	1 762	1 642	1 576	3 179
Administrative expenses	981	1 004	1 012	942	1 028	1 985
Depreciation	261	290	304	297	299	551
Sundry ordinary operating expenses	319	374	303	366	360	694
Other expenses	6	931	127	35	30	937
<b>Total operating expenses</b>	<b>3 068</b>	<b>4 278</b>	<b>3 508</b>	<b>3 282</b>	<b>3 293</b>	<b>7 346</b>
<b>Pre-tax operating profit before losses</b>	<b>2 460</b>	<b>2 199</b>	<b>2 165</b>	<b>2 244</b>	<b>2 425</b>	<b>4 659</b>
Net losses on loans, etc.	82	135	276	356	811	218
Net gain/(loss) on long-term securities	13	15	195	(3)	33	27
<b>Pre-tax operating profit</b>	<b>2 390</b>	<b>2 078</b>	<b>2 083</b>	<b>1 885</b>	<b>1 648</b>	<b>4 468</b>
Taxes	645	561	513	501	245	1 206
<b>Profit for the period</b>	<b>1 745</b>	<b>1 517</b>	<b>1 570</b>	<b>1 384</b>	<b>1 403</b>	<b>3 262</b>
Earnings per share	1.32	1.16	1.20	1.06	1.07	2.48
Diluted earnings per share	1.31	1.15	1.19	1.05	1.07	2.47
Average total assets	745 941	727 687	689 051	712 670	695 352	736 814

### Balance sheets

Amounts in NOK million	30 June 2004	31 March 2004 <sup>1)</sup>	31 Dec. 2003	30 Sept. 2003	30 June 2003	1 Jan. 2003 <sup>2)</sup>
Cash and deposits with central banks	5 496	3 284	8 570	17 103	12 377	23 658
Lending to and deposits with credit institutions	65 725	60 336	28 331	31 771	36 606	27 009
Gross lending to customers	561 522	551 765	565 546	555 591	549 556	520 537
- Specified loan-loss provisions	(3 870)	(4 066)	(4 329)	(5 035)	(4 645)	(4 439)
- Unspecified loan-loss provisions	(3 534)	(3 534)	(3 714)	(3 753)	(3 736)	(3 705)
Net lending to customers	554 117	544 165	557 503	546 803	541 174	512 393
Reposessed assets	414	460	576	873	580	712
Commercial paper and bonds	68 248	60 147	59 398	60 172	57 202	53 340
Shareholdings etc.	4 220	4 000	4 011	4 608	4 358	4 858
Investments in Life Insurance and Pensions and associated companies	7 861	7 722	7 365	7 796	7 687	7 184
Intangible assets	6 165	6 541	6 484	7 591	7 429	7 023
Fixed assets	4 270	4 364	4 475	4 572	4 666	4 907
Other assets	17 013	24 888	23 643	21 268	20 274	19 643
Prepayments and accrued income	5 360	5 705	5 321	4 830	5 031	6 605
<b>Total assets</b>	<b>738 889</b>	<b>721 611</b>	<b>705 677</b>	<b>707 388</b>	<b>697 383</b>	<b>667 334</b>
Loans and deposits from credit institutions	98 964	75 509	78 497	82 451	91 543	86 692
Deposits from customers	351 733	341 469	335 576	330 704	336 444	326 826
Securities issued	192 101	192 386	181 649	175 920	164 611	149 764
Other liabilities	16 202	34 049	35 305	36 368	26 626	36 399
Accrued expenses and prepaid revenues	6 805	6 756	5 992	11 621	9 726	5 447
Provisions for commitments	2 920	3 022	2 834	2 865	2 840	3 010
Subordinated loan capital	24 293	24 283	23 709	23 989	23 463	19 512
Share capital	13 220	13 220	13 090	13 090	13 090	13 090
Equity reserves	29 390	29 401	29 025	26 572	26 615	26 595
Profit for the period	3 262	1 517	-	3 808	2 424	-
<b>Total liabilities and equity</b>	<b>738 889</b>	<b>721 611</b>	<b>705 677</b>	<b>707 388</b>	<b>697 383</b>	<b>667 334</b>

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

2) Including Nordlandsbanken

## Financial results DnB NOR Group 1999-2003

### Profit and loss accounts

Amounts in NOK million

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

### Balance sheets

Amounts in NOK million

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

## Key figures

	DnB NOR Group						
	1st half						
	2Q04	1Q04	4Q03	3Q03	2Q03	2004	2003
<b>Interest rate analysis</b>							
1 Combined average spread for lending and deposits (%)	2.36	2.43	2.54	2.60	2.66	2.39	2.68
2 Spread for ordinary lending to customers (%)	1.70	1.73	1.68	1.91	1.72	1.71	1.71
3 Spread for deposits from customers (%)	0.66	0.70	0.86	0.69	0.95	0.68	0.97
<b>Rate of return/profitability</b>							
4 Net other operating income, % of total income	40.4	40.0	41.9	36.5	39.2	40.2	35.9
5 Cost/income ratio (%)	55.5	66.1	61.8	59.4	57.6	61.2	60.8
6 Ordinary cost/income ratio before goodwill amortisation (%)	53.1	58.1	57.0	56.1	54.4	55.6	57.5
7 Cost/income ratio before goodwill amortisation (%)	53.0	63.6	59.1	56.6	54.9	58.8	58.0
8 Return on equity (%)	15.5	14.1	14.2	12.9	13.6	14.8	11.9
9 Return on equity before goodwill amortisation (%)	16.8	15.6	15.7	14.5	15.1	16.2	13.4
10 Goodwill amortisation (NOK million)	149	165	165	165	164	314	322
11 Average equity before dividend payment (NOK million)	45 005	43 126	44 252	42 800	41 420	44 041	40 841
<b>Financial strength</b>							
12 Core (Tier 1) capital ratio at end of period (%)	6.9	7.0	6.8	6.2	6.2	6.9	6.2
13 Core (Tier 1) capital ratio incl. 50 per cent of profit year to date (%)	7.2	7.1	-	6.6	6.5	7.2	6.5
14 Capital adequacy ratio at end of period (%)	10.1	10.2	9.8	9.4	9.3	10.1	9.3
15 Capital adequacy ratio incl. 50 per cent of profit for the year to date (%)	10.4	10.3	-	9.7	9.5	10.4	9.5
16 Core capital at end of period (NOK million)	40 760	40 224	39 270	35 916	36 052	40 760	36 052
17 Total eligible primary capital at end of period (NOK million)	59 672	58 763	56 499	54 002	53 604	59 672	53 604
18 Risk-weighted volume at end of period (NOK million)	588 370	576 656	579 445	576 316	576 932	588 370	576 932
<b>Loan portfolio and loan-loss provisions</b>							
19 Loan-loss ratio annualised (%)	0.06	0.10	0.20	0.26	0.60	0.08	0.47
20 Non-performing and doubtful commitments, % of total lending	1.49	1.53	1.50	1.62	1.80	1.49	1.80
21 Loan-loss provisions relative to total gross lending (%)	1.32	1.38	1.42	1.58	1.53	1.32	1.53
22 Non-performing commitments at end of period	6 050	6 293	6 531	6 822	6 766	6 050	6 766
23 Doubtful commitments at end of period	2 275	2 092	1 870	2 276	3 188	2 275	3 188
<b>Liquidity</b>							
24 Ratio of customer deposits to net lending to customers at end of period (%)	63.5	62.8	60.2	60.5	62.2	63.5	62.2
<b>Total assets owned or managed by DnB NOR</b>							
25 Assets under management at end of period (NOK billion)	514	505	483	475	468	514	468
26 Average total combined assets (NOK billion)	1 233	1 206	1 187	1 173	1 142	1 219	1 142
27 Total combined assets at end of period (NOK billion)	1 239	1 226	1 186	1 182	1 163	1 239	1 163
28 Customer savings at end of period (NOK billion)	855	848	818	806	805	855	805
<b>Staff</b>							
29 Number of full-time positions at end of period	10 258	10 475	11 044	11 180	11 274	10 258	11 274
30 - of which in Life Insurance and Pensions	970	993	1 022	1 033	1 044	970	1 044
<b>The DnB NOR share</b>							
31 Number of shares at end of period (1 000)	1 321 957	1 321 957	1 309 027	1 309 027	1 309 027	1 321 957	1 309 027
32 Average number of shares (1 000)	1 321 957	1 309 880	1 309 027	1 309 027	1 309 027	1 315 918	1 309 027
33 Average number of shares - fully diluted (1 000)	1 327 524	1 315 516	1 315 764	1 312 341	1 311 762	1 321 622	1 310 455
34 Earnings per share (NOK)	1.32	1.16	1.20	1.06	1.07	2.48	1.85
35 Earnings per share excl. goodwill amortisation (NOK)	1.43	1.28	1.32	1.18	1.20	2.71	2.10
36 Earnings per share fully diluted (NOK)	1.31	1.15	1.19	1.05	1.07	2.47	1.85
37 Equity per share at end of period (NOK)	34.70	33.39	32.17	33.21	32.18	34.70	32.18
38 Share price at end of period (NOK)	47.30	45.00	44.40	33.80	35.60	47.30	35.60
39 Price/book value	1.36	1.35	1.38	1.02	1.11	1.36	1.11
40 Market capitalisation (NOK billion)	62.5	59.5	58.1	44.2	46.6	62.5	46.6

### 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.



## Key figures 1999-2003

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

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

2) Estimated "RISK" adjustment for 2003

### Definitions

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

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

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

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

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

37 The last quoted share price on the Oslo Stock Exchange at end of period relative to the book value of equity at end of period.

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



## **Section 3**

# **DnB NOR Group and business areas**

## Group strategy

### Strategic platform

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

### Strategic position

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

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

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

### Common values and corporate culture

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

### Strategic goals

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

### Financial targets

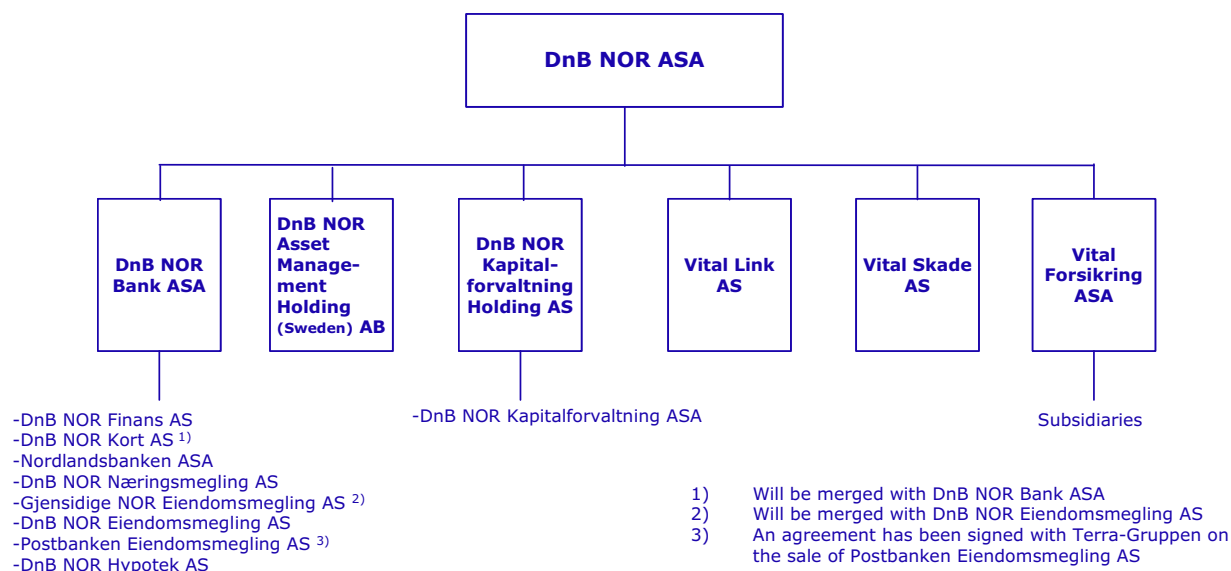
In accordance with the strategic goals, DnB NOR's financial targets aim to create shareholder value through a return on equity and appreciation of the share price which are competitive in a Nordic context. This can be expressed through the following targets:

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

## Legal structure

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

### DnB NOR Group - legal structure at end-June 2004



## Group business structure

The activities of DnB NOR are organised into five operational business areas and four staff and support units. As independent profit centres, the business areas carry responsibility for customer segments served by the Group, as well as the products offered. The operational structure of DnB NOR deviates from its legal structure as activities in subsidiaries fall in under the business area relevant to the company's operations.

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

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

### Financial targets

Differentiated financial requirements have been set for the business areas which in combination will help the DnB NOR Group reach its financial targets.

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

### Internal pricing

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

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

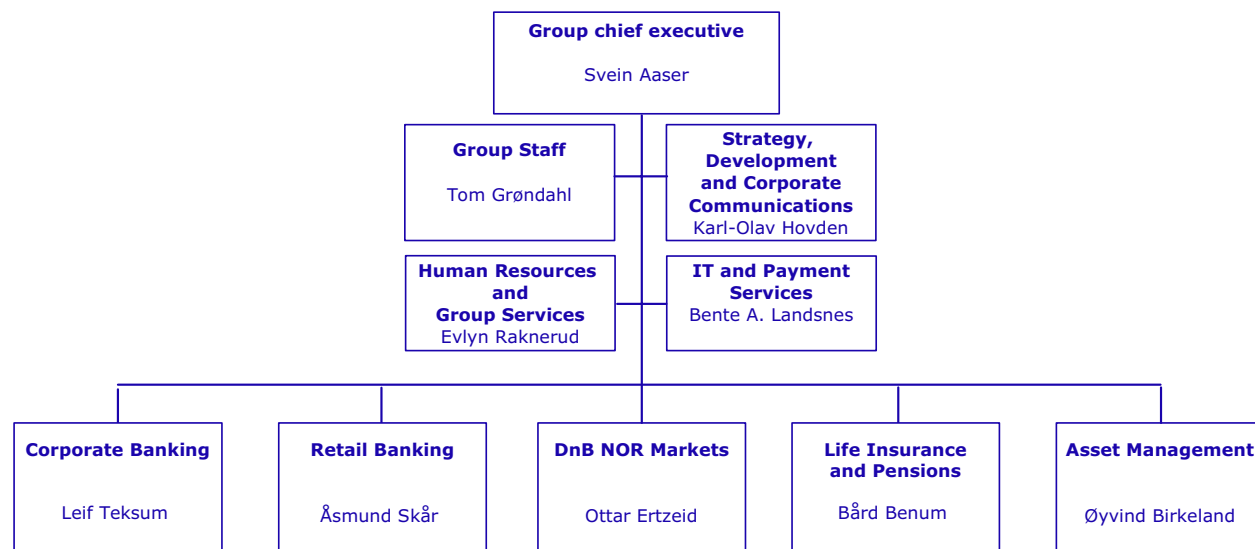
Certain customers and transactions of major importance require extensive cooperation within the Group. To stimulate such cooperation, net income relating to some of these transactions is recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in Markets. In the first six months of 2004, such income totalled NOK 306 million. Double entries are eliminated in the group accounts. The effect of internal transactions between the Group's trading portfolio and banking portfolio are, however, not eliminated.

### Sale of companies

In accordance with the terms of the authorities' concession for the merger, the DnB NOR Group was required to sell certain legal entities. This applied to Elcon Finans, Postbanken Eiendomsmegling, Aktiv Eiendomsmegling and Gjensidige NOR Fondsforsikring. All of these companies were sold during the first six months of 2004.

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

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

**DnB NOR Group - organisation chart at end-June 2004**

## Synergies

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

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

<i>Amounts in NOK million</i>	Cost synergies	Staff reductions (full-time positions)	Restructuring costs
Retail Banking	745	740	365
Corporate Banking	150	200	145
DnB NOR Markets	105	100	120
Asset Management <sup>2)</sup>	110	70	175
IT and Payment Services	235	85	560
Human Resources and Group Services	160	110	160
Staff units/other <sup>3)</sup>	205	190	260
<b>Total</b>	<b>1 710</b>	<b>1 495</b>	<b>1 785</b>
Life Insurance and Pensions (effect for owner) <sup>2) 4)</sup>	50	135	75
<b>Total including Life Insurance and Pensions</b>	<b>1 760</b>	<b>1 630</b>	<b>1 860</b>
Income synergies	(355)		
Net synergies	1 405		

#### Realised synergies <sup>1)</sup>

<i>Amounts in NOK million and full time positions</i>	Cost synergies first half 2004	Staff reductions 2003	Staff reductions first half 2004	Total staff reductions 2003/2004
Retail Banking	83	97	212	309
Corporate Banking	19	28	47	75
DnB NOR Markets	44	17	80	97
Asset Management <sup>2)</sup>	13	15	32	47
Staff units/other <sup>3)</sup>	43	17	123	140
<b>Total</b>	<b>202</b>	<b>174</b>	<b>494</b>	<b>668</b>
Life Insurance and pensions (effect for owner) <sup>2) 4)</sup>	5	4	26 <sup>5)</sup>	30
<b>Total including Life Insurance and Pensions</b>	<b>207</b>	<b>178</b>	<b>520</b>	<b>698</b>

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. Total synergies amounted to NOK 16 million.

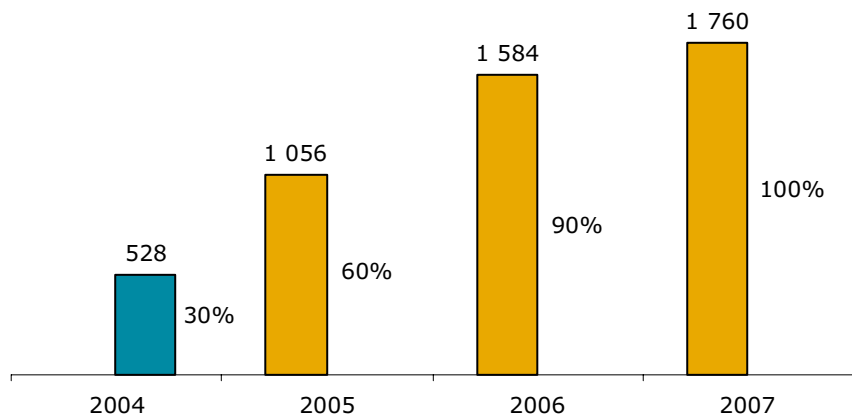
5) Total staff cuts in Life Insurance and Pensions represented 52 full-time positions, of which 26 were of a permanent nature.



(Pro forma accounting figures prior to 31 December 2003)

**DnB NOR's cost synergy targets <sup>1) 2)</sup>**

Amounts in NOK million

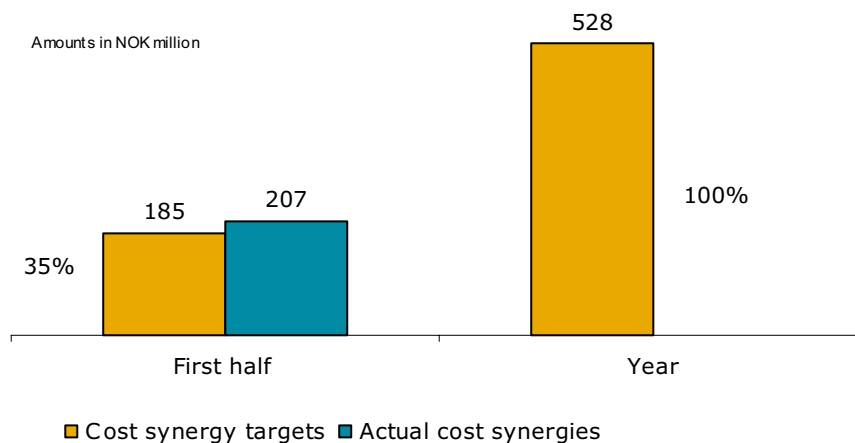


1) Cost synergies are calculated on the basis of ordinary operating expenses in 2003 adjusted for a 1% rise in costs.

2) Refer to the table on page 48 showing synergy targets for each business area.

**Cost synergies in 2004 <sup>1) 2)</sup>**

Amounts in NOK million



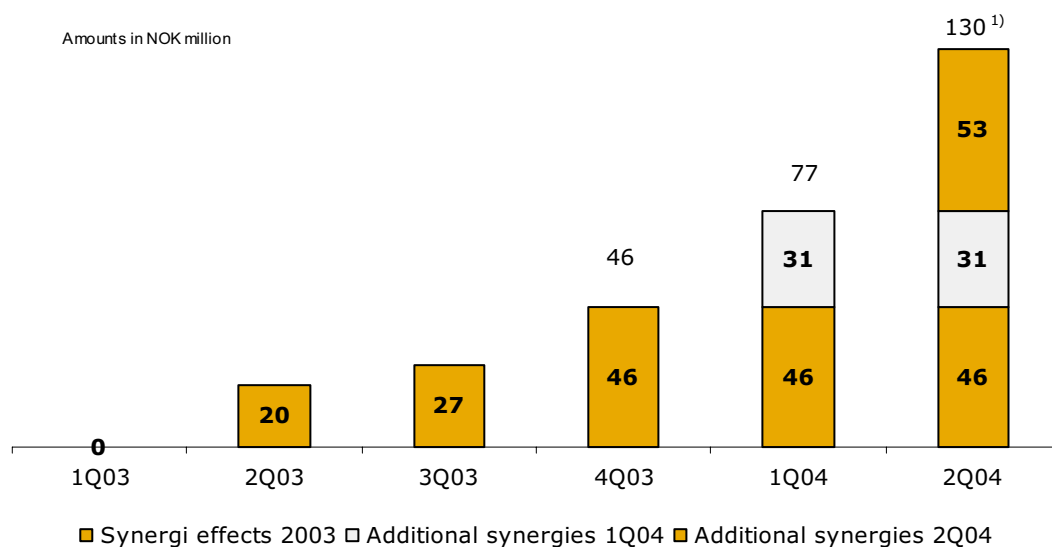
1) Cost synergies are calculated on the basis of ordinary operating expenses in 2003 adjusted for a 1% rise in costs.

2) Refer to the table on page 48 showing actual synergies in 2004 for each business area.

**Accumulated cost synergies per quarter**

- Profit and loss effect 2003: NOK 93 million
- Profit and loss effect 2004: NOK 130 million

Amounts in NOK million



1) Of which NOK 125 in cost reductions and NOK 5 million in increased net other operating income

**Changes in total operating expenses**

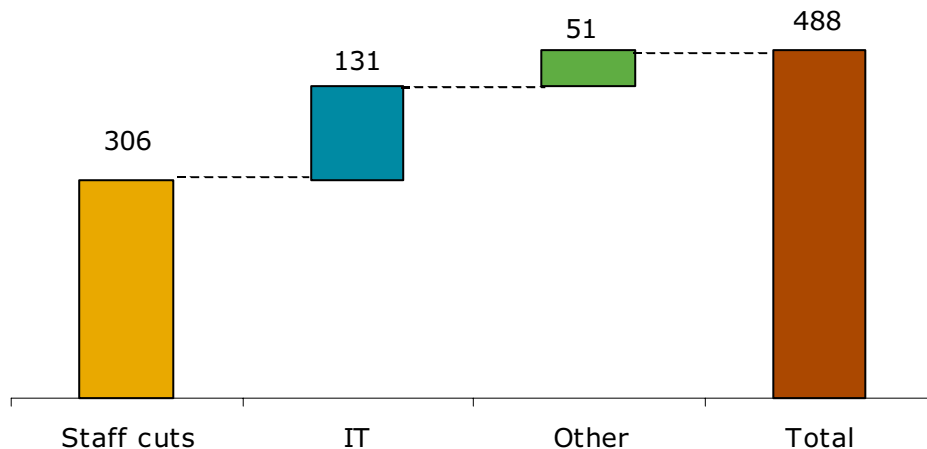
Amounts in NOK million	First half 2004	Changes	First half 2003
Total operating expenses	7 346	726	6 620
Other expenses	937	880	57
Elcon	120	(106)	226
Driftspartner and Markedsstøtte	120	120	-
<b>Total adjusted ordinary operating expenses</b>	<b>6 169</b>	<b>(168)</b>	<b>6 337</b>
Of which:			
Wage settlements and pension payments		108	147
External distribution		39	
Merger synergies <sup>1)</sup>		(171)	
Streamlining of operations		(144)	

1) Increased cost synergies 2003/2004	171
Cost synergies first half 2003	20
<u>Increased net other operating income</u>	<u>16</u>
Synergy effects first half 2004	207

(Pro forma accounting figures prior to 31 December 2003)

**Use of restructuring provisions  
Accumulated**

Amounts in NOK million



- NOK 74 million of the provisions was used in 2003
- 26 per cent of the planned restructuring provisions of NOK 1 860 million have been used so far

**DnB NOR delivers results in accordance with the merger plan**

- Elcon Finans, Gjensidige NOR Fondsforsikring and Postbanken EiendomsMegling sold
- Ownership interests reduced in a number of companies - BBS (the Banks' Central Clearing House), Norsk Tillitsmann, BNbank, Storebrand
- Permission granted to uphold 20 per cent ownership in Oslo Børs and the Central Securities Depository
- All intra-group company mergers completed
- Test operation of the first DnB NOR branches

## Business areas

### Operating results and key financial data for main business areas

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

#### Extracts from profit and loss accounts <sup>1)</sup>

Amounts in NOK million	Net interest income		Net other operating income		Operating expenses		Pre-tax operating profit/(loss) before losses		Net losses on loans and long-term securities		Pre-tax operating profit/(loss)	
	First half		First half		First half		First half		First half		First 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			538	426			538	426			538	426
Asset Management	3	29	446	384	353	349	96	64			96	64
Discontinuing operations <sup>2)</sup>	250	386	1 005	82	135	247	1 120	221	23	84	1 097	137
Other operations	(167)	(154)	(142)	(315)	1 367	343	(1 675)	(813)	(11)	(1)	(1 664)	(812)
<b>DnB NOR Group</b>	<b>6 592</b>	<b>6 981</b>	<b>5 413</b>	<b>3 911</b>	<b>7 346</b>	<b>6 620</b>	<b>4 659</b>	<b>4 272</b>	<b>191</b>	<b>1 227</b>	<b>4 468</b>	<b>3 045</b>

#### Main balance sheet items, average balances <sup>1)</sup>

Amounts in NOK billion	Interest on allocated capital (NOK million)		Allocated capital <sup>3)</sup>		Net lending to customers		Customer deposits		Assets under management <sup>4)</sup>	
	First half		First half		First half		First half		First half	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Corporate Banking	198	483	18.7	17.5	246.5	248.4	164.0	159.0		
Retail Banking	78	186	7.4	6.7	291.6	251.3	183.8	178.3		
DnB NOR Markets	20	55	1.9	2.0	1.5	1.4	9.1	10.0		
Life Insurance and Pensions	91	217	8.6	7.9					150.7	133.5
Asset Management	10	23	1.0	0.8					480.2	415.9
Discontinuing operations <sup>2)</sup>					14.1	24.3	0.2	0.4		
Other operations			6.5	5.9	2.5	2.4	(10.8)	(12.3)	(136.5)	(116.0)
<b>DnB NOR Group</b>			<b>44.0</b>	<b>40.8</b>	<b>556.2</b>	<b>527.7</b>	<b>346.3</b>	<b>335.4</b>	<b>494.4</b>	<b>433.4</b>

#### Key figures

Per cent	Cost/income ratio excl. goodwill amortisation		Ratio of deposits to lending		Return on equity <sup>5)</sup>		Full-time positions (end of period)	
	First half		First half		First half		First half	Full Year
	2004	2003	2004	2003	2004	2003	2004	2003 <sup>6)</sup>
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 <sup>2)</sup>							7	456
Other operations							2 072 <sup>7)</sup>	1 986
<b>DnB NOR Group</b>	<b>58.8</b>	<b>58.0</b>	<b>62.3</b>	<b>63.5</b>	<b>14.8</b>	<b>11.9</b>	<b>10 258</b>	<b>11 044</b>

(Pro forma accounting figures prior to 31 December 2003)

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

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

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)	
	First half		First half		First half		First half		First half		First half	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Group Centre	(240)	(348)	392	270	311	218	(159)	(295)	(15)	22	(144)	(317)
Interest on unallocated capital	69	164					69	164			69	164
Gain/(loss) on DnB NOR's equity investments			53	48			53	48	(8)	(22)	61	70
Goodwill amortisation			(51)	(51)	247	256	(298)	(306)			(298)	(306)
Restructuring expenses					930		(930)				(930)	
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)
<b>Total</b>	<b>(167)</b>	<b>(154)</b>	<b>(142)</b>	<b>(315)</b>	<b>1 367</b>	<b>343</b>	<b>(1 675)</b>	<b>(813)</b>	<b>(11)</b>	<b>(1)</b>	<b>(1 664)</b>	<b>(812)</b>

The Group Centre comprises Human Resources and Group Services, Group Staff, IT and Payment Services, Strategy, Development and Corporate Communications, investments in IT infrastructure and shareholder-related expenses. The Group Centre also holds the part of the Group's equity which is not allocated to the business areas.

Goodwill related to mergers and acquisitions initiated by the Group is not allocated to the business areas. Goodwill related to the merger between Gjensidige NOR and DnB totalled NOK 1 717 million, of which NOK 188 million referred to Elcon Finans. The remaining goodwill will generally be amortised over twenty years starting in January 2003. Goodwill related to Cresco will be amortised over eight years. After the sale of Elcon Finans annual goodwill amortisation related to the merger will amount to NOK 112 million. Goodwill related to the acquisition of Nordlandsbanken amounted to NOK 531 million and is amortised over ten years starting in January 2003. Goodwill related to the acquisition of Skandia Asset Management amounted to SEK 3 402 million and is amortised over twenty years starting in January 2002. Goodwill in Vital is amortised by NOK 25 million each quarter, ending in 2005. The amortisation of Postbanken's fair value adjustments amounts to NOK 10 million per quarter, with the major items ending in 2004. In connection with the merger between Gjensidige and Union Bank of Norway in the second quarter of 1999, goodwill totalling NOK 849 million was capitalised with an amortisation period of between five and eight years. In 2001, goodwill in the Gjensidige NOR companies totalling NOK 383 million was recorded in the balance sheet. The remaining goodwill as at 31 December 2003 was NOK 341 million, with annual amortisation of NOK 180 million.

- 2) Discontinuing operations include Elcon Finans, Postbanken Eiendomsmegling and Gjensidige NOR Fondsforsikring. On 30 March 2004, Elcon Finans was sold to Santander Consumer Finance. The company's first-quarter income and expenses are included in the table above. The sale provided a gain of NOK 977 million. Gjensidige NOR Fondsforsikring was sold to Forsikringselskabet Danica in May 2004. An agreement has been signed with Terra-Gruppen AS on the sale of the real estate brokerage Postbanken Eiendomsmegling and Aktiv Eiendomsmegling AS. See chapter 1.
- 3) 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.
- 4) The line "other operations" 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.
- 5) Calculations of return on equity are based on profits after taxes and allocated equity capital. The expected tax rate for the DnB NOR Group is 27 per cent. A 28 per cent tax rate is used for Corporate Banking, Retail Banking, DnB NOR Markets and Asset Management. The tax rate used for Life Insurance and Pensions is 15 per cent, which represents the expected tax rate.
- 6) Restated according to new definitions.
- 7) 209 full-time positions in the former jointly controlled companies Gjensidige NOR Driftspartner and Gjensidige NOR Markedsstøtte are included as from 1 January 2004.

## Corporate Banking

Corporate Banking serves the entire corporate market ranging from small and medium-sized (SME) to large companies, including the public sector and international corporates. DnB NOR holds a strong position in all segments of the domestic corporate market, and is one of the world's leading shipping banks. Market activities are organised in five divisions and two subsidiaries: DnB NOR Finans and Nordlandsbanken. The business area is headed by Leif Teksum, group executive vice president.

DnB NOR Corporate Banking aims to be the customer's best financial partner, meeting their needs for financial solutions throughout Norway and in selected sectors of the Nordic and international markets.

The domestic market is the prime target for market activities and growth. Corporate Banking also offers international services to global shipping and energy clients. Further international expansion is planned within shipping, energy and certain other sectors where competitive advantages and a substantial knowledge base can give a sound basis for growth.

The integration process in Corporate Banking was on schedule as at 30 June 2004. Cost synergies of NOK 19 million were realised in the first half of 2004.

### Financial performance

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net interest income from operations	1 361	1 296	1 326	1 343	1 243	2 658	2 463
Interest on allocated capital	96	102	129	153	226	198	483
Net interest income	1 457	1 399	1 455	1 496	1 469	2 856	2 946
Net other operating income	501	563	613	518	572	1 065	1 081
Total income	1 958	1 962	2 067	2 014	2 041	3 920	4 027
Operating expenses	809	824	847	811	816	1 633	1 637
Pre-tax operating profit before losses	1 149	1 138	1 220	1 203	1 225	2 287	2 391
Net losses	20	102	234	214	649	122	1 019
Pre-tax operating profit	1 129	1 036	986	990	576	2 165	1 372
Net lending to customers (NOK billion) <sup>1)</sup>	246.6	246.4	247.7	250.2	252.0	246.5	248.4
Deposits from customers (NOK billion) <sup>1)</sup>	166.4	161.5	160.2	156.1	156.8	164.0	159.0
Cost/income ratio excl. goodwill (%)	41.2	41.9	40.9	40.2	39.9	41.6	40.6
Ratio of deposits to lending (%)	67.5	65.5	64.7	62.4	62.2	66.5	64.0
Return on equity (% p.a.)	17.3	16.2	15.4	15.9	9.3	16.8	11.4

1) Average balances

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

- The results reflected low interest rates and negative credit growth in the overall domestic market, excluding public and financial sector. However, due to better risk-adjusted pricing, margins and ordinary net interest income showed substantial improvement compared with the first half of 2003
- Adjusted for exchange rate movements, there was a decrease of 1.6 per cent in loans and guarantees from June 2003 to June 2004
- In cooperation with DnB NOR Markets, a total of NOK 44.4 billion in syndicated credits was arranged for customers, in addition to NOK 44.4 billion in commercial paper and bond issues
- Corporate Banking experienced moderate growth in lending to customers with low credit risk, and the quality of the credit portfolio is good
- Deposits were up NOK 5 billion from June 2003
- New loan-loss provisions totalled NOK 587.6 million. Reversals on loan-loss provisions totalled NOK 417.5 million, and recoveries amounted to NOK 47.0 million. Net gains on long-term securities came to NOK 0.7 million
- Net other operating income was down 1.5 per cent from the first half of 2003. There was a positive trend in income from payment and cash handling services, profits from associated companies and gains on foreign exchange and interest rate instruments

**Customers and market development**

- DnB NOR holds a leading position in the Norwegian corporate market. Market shares excluding public sector have not changed despite the merger and tough competition in the domestic market
- In the market for large Norwegian corporates DnB NOR is the leading Norwegian financial institution, offering services in New York, London, Singapore, Shanghai, Copenhagen, Stockholm, Hamburg and Helsinki in addition to the domestic market
- The Bank maintained its position in the Norwegian SME market in the first half of 2004. 4 900 new customers were acquired, of which a substantial part were young companies. Through a wide distribution network, DnB NOR offers the customers local and regional expertise as well as national sector analysis and a broad product range
- DnB NOR's acquisition of Nordlandsbanken was reflected in the accounts as from 1 January 2003. The acquisition enhances DnB NOR's position in the northernmost parts of Norway. The subsidiary now serves the county of Nordland and still operates under the Nordlandsbanken brand name
- DnB NOR is committed to maintaining and further enhancing a strong local presence. Local management and employees have extensive expertise and are authorised to grant credits that meet the requirements of the SME segment as well as most of the larger companies
- At end-June 2004, more than 13 500 of DnB NOR's small and medium-sized corporate customers used at least one of the Group's customised service offerings
- More than 50 000 customers make use of DnB NOR's extensive range of Internet services and Internet-based financial tools
- The merger has broadened the product range and increased the potential for cross selling and product penetration in the SME market in general, especially in the former Gjensidige NOR portfolio

**Corporate Banking market shares**

Per cent	31 May 2004	31 March 2004	31 Dec. 2003	Pro forma	
				30 Sept. 2003	30 June 2003
Of total lending to corporate clients <sup>1)</sup>	15.4	15.7	15.8	15.8	16.0
Of deposits from corporate clients <sup>2)</sup>	39.0	38.9	38.4	39.9	39.3

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

2) Domestic savings and commercial banks

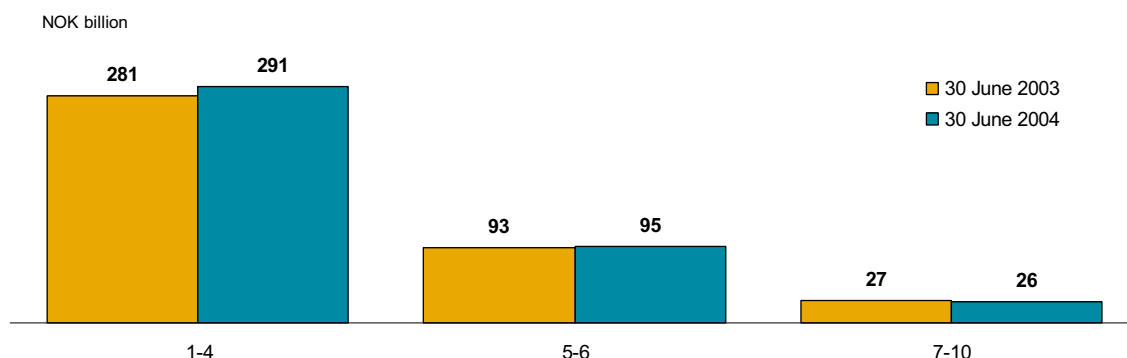
Source: Norges Bank, DnB NOR

- The domestic corporate credit market experienced negative growth of 0.4 per cent during the last 12 months, excluding public and financial sector. The market share of total lending to the corporate market excluding public and financial sector showed no change. However, the market share of total lending including public sector was slightly reduced
- The market share of domestic corporate market deposits, including the public sector, has shown a marginal increase over the last six months
- The development in market share of lending should be seen in light of increasing volumes of other credit instruments

**Total volumes**

Amounts in NOK billion	2Q04	1Q04	4Q03	3Q03	2Q03	First half 2004	First half 2003
Loans	247	246	248	250	252	247	248
Guarantees	48	49	48	47	48	49	48
Commercial paper	20	13	20	14	16	33	31
Syndicated loans	30	14	19	14	17	44	38
Bond issues	7	4	5	4	7	11	12

- DnB NOR has maintained its market share in the corporate market with an increasing number of new customers
- The volume of new syndicated loans was up NOK 7 billion from the first half of 2003 to the corresponding period of 2004

**Development in risk classification <sup>1)</sup>**

1) Based on DnB NOR's risk classification system where 1 represents the lowest risk and 10 the highest risk. The volume represents the expected outstanding amount in the event of default.

**Organisation and distribution**

Corporate Banking is organised in six divisions:

- Large Corporates Divisions 1 and 2 serve large Norwegian corporates, the public sector, international companies that do business in Norway, international customers in the oil and energy sectors as well as financial institutions
- The Shipping Division serves Norwegian and international shipping, offshore and maritime logistics companies
- Regional Division East and Regional Division Coast each serve businesses in two different segments based on geographical location and turnover:
  - Large companies with a turnover above NOK 40 million
  - Small and medium-sized enterprises with a turnover of up to NOK 40 million
- The Business Support Division in Corporate Banking consists of customer support, credit administration as well as the collateral, marketing and internet development departments

**Products**

Corporate Banking offers customers a broad range of financial services, including lending, bond issues, syndicated loans, deposits, cash management, FX/treasury products, corporate finance and acquisition finance, either directly or through DnB NOR Markets.

Through DnB NOR Markets Inc. in the US, DnB NOR offers investment banking services, including mergers and acquisitions and advisory services, to international clients, particularly in the shipping and energy sectors.

**Employees**

- One of Corporate Banking's competitive advantages in the domestic market is the considerable expertise of the employees with regard to local business, credit risk, customer needs and product offerings. The merger has expanded the Group's competence base and Corporate Banking is committed to its continuous development. Active knowledge management has top priority and particular emphasis has been placed on systematic specialised training in credit rating and risk and profitability analyses. Corporate Banking believes that active knowledge management will help underpin the strategy for growth
- At end-June 2004, the business area had a staff of 1 904 full-time positions, with 1 768 in Norway, of which 511 in subsidiaries, as well as 136 full-time positions in international units
- Incentive structures and balanced scorecards are tailored to the goals of the different divisions. In order to maximise performance and attract the best account officers, remuneration varies from division to division and in accordance with market rates

**Cooperation with other group entities**

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



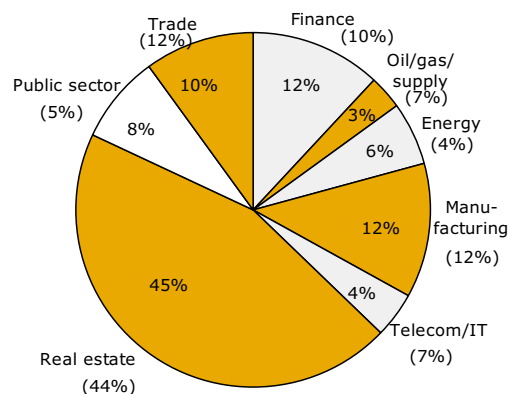
## Large Corporates Divisions 1 and 2

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

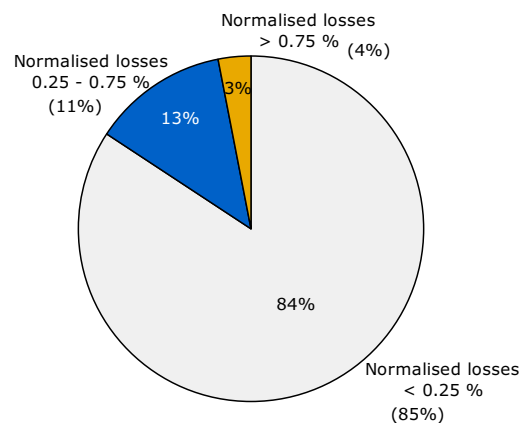
Amounts in NOK billion	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net lending to customers	79	81	83	85	86	80	85
Guarantees	27	28	28	26	26	28	27
Customer deposits	76	72	70	68	71	74	70

1) Average figures

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



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



1) Figures as at 30 June 2004. Percentages as at 30 June 2003 in parentheses

### Business profile

- Corporate Banking serves large Norwegian corporates, the Norwegian public sector, international companies that do business in Norway, international customers in the oil and energy industries as well as financial institutions
- DnB NOR is market leader in the large corporate segment. The majority of Norway's largest corporations use DnB NOR as their lead banker. In addition, DnB NOR has extensive interaction with most of the other institutions in this segment
- Commercial real estate broking services are offered through the subsidiary DnB NOR Næringsmegling
- DnB NOR Hypotek offers mortgage financing of commercial real estate. Lending volume averaged NOK 17 million in the first half of 2004

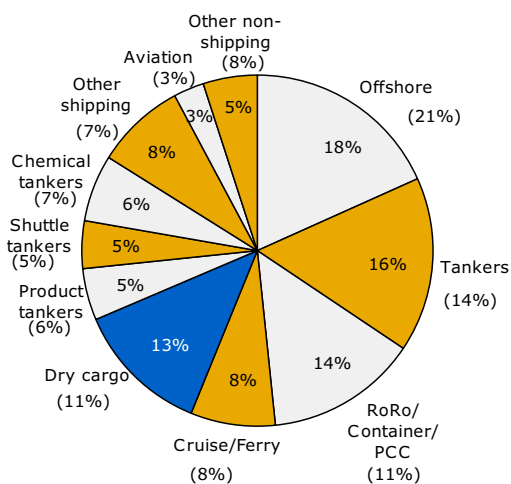
## Shipping Division

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

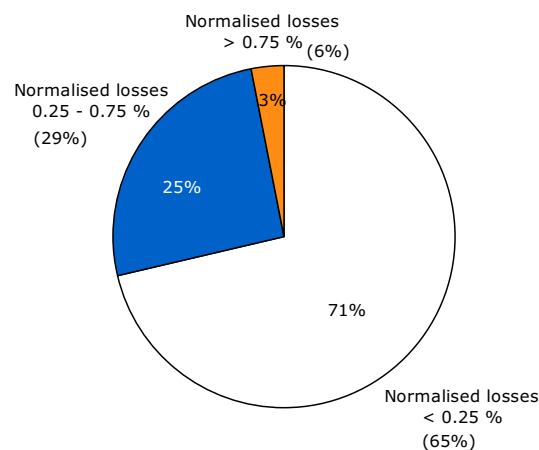
Amounts in NOK billion	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net lending to customers	39	38	39	37	37	38	36
Guarantees	11	11	11	11	11	11	11
Customer deposits	18	17	16	16	15	18	16

1) Average figures

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



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



1) Figures as at 30 June 2004. Percentages as at 30 June 2003 in parentheses

### Business profile

- Among the top three shipping investment and corporate banks in the world
- Strong and proactive client focus and long-term relationship perspective
- Aims to be the clients' preferred financial partner by meeting their needs for financial solutions
- Provides commercial and investment banking services to high-quality Norwegian and international shipping and offshore clients from the bank's offices in Oslo, Bergen, London, New York and Singapore

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

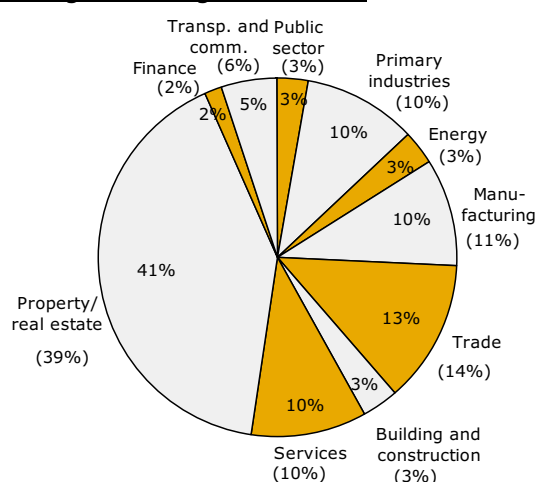
## Regional Division East and Regional Division Coast

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

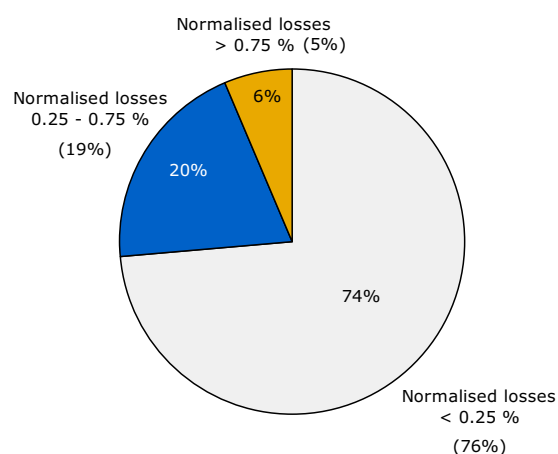
Amounts in NOK billion	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net lending to customers	101	100	99	99	98	101	99
Guarantees	10	10	10	10	11	10	10
Customer deposits	69	70	72	70	69	70	70

1) Average figures

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



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



1) Figures as at 30 June 2004. Percentages as at 30 June 2003 in parentheses

### Business profile

- Serving more than 85 000 businesses divided into two segments:
  - Large companies with a turnover above NOK 40 million
  - Small and medium-sized enterprises with a turnover of up to NOK 40 million
- Service is provided by a broad regional network, as well as via telephone and the Internet

The priority of clients in these two divisions when choosing their bankers is local presence combined with the expertise of a major bank. DnB NOR has financial services centres throughout Norway that offer a broad range of products and services and have considerable know-how that is pertinent for the customers. DnB NOR has a sound platform for strengthening its position as the preferred provider of financial products and services for this customer segment.

### DnB NOR Finans

- DnB NOR Finans is one of the leading finance companies in Norway, offering car financing to retail customers, as well as factoring, leasing and various other forms of financing and related services to the corporate and public sectors
- DnB NOR Finans has 14 sales offices in Norway and representation in Denmark, and cooperates closely with the Bank's branch network and distribution channels
- Lending volumes increased by 7.5 per cent from the first half of 2003 to the corresponding period of 2004

### Nordlandsbanken

- Provides a full range of banking services to retail and corporate customers
- Has a total of 18 branch offices located in the county of Nordland
- Is a wholly-owned subsidiary of DnB NOR Bank
- Lending volume stable from the first half of 2003

## Retail Banking

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

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

During the first quarter of 2004, Den norske Bank and Gjensidige NOR Sparebank merged. In April 2004, the moving of 53 branches into joint premises was decided. The integration process is on schedule, and Retail Banking is ahead of target figures for the planned realisation of synergies. Cost synergies of NOK 83 million was realised in the first half of 2004. The first new branch with the DnB NOR profile opened on 1 June, and more branches will be opened in the second half of 2004.

### Financial performance

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net interest income from operations	1 816	1 620	1 573	1 715	1 656	3 437	3 302
Interest on allocated capital	38	40	51	58	86	78	186
Net interest income	1 854	1 661	1 624	1 773	1 742	3 515	3 488
Net other operating income	701	673	645	688	654	1 373	1 221
Total income	2 554	2 333	2 269	2 462	2 396	4 888	4 710
Operating expenses	1 652	1 634	1 851	1 736	1 724	3 286	3 441
Pre-tax operating profit before losses	902	700	418	725	672	1 602	1 268
Net losses	49	10	40	81	86	59	126
Pre-tax operating profit	853	690	379	644	586	1 543	1 142
Net lending to customers (NOK billion) <sup>1)</sup>	296.3	286.9	275.6	264.0	254.7	291.6	251.3
Deposits from customers (NOK billion) <sup>1)</sup>	184.5	183.0	180.9	184.1	179.8	183.8	178.3
Cost/income ratio excl. goodwill (%)	64.4	69.7	81.3	70.3	71.7	67.0	72.8
Ratio of deposits to lending (%)	62.3	63.8	65.6	69.8	70.6	63.0	71.0
Return on equity (% p.a.)	33.3	27.2	15.1	27.2	24.9	30.3	24.6

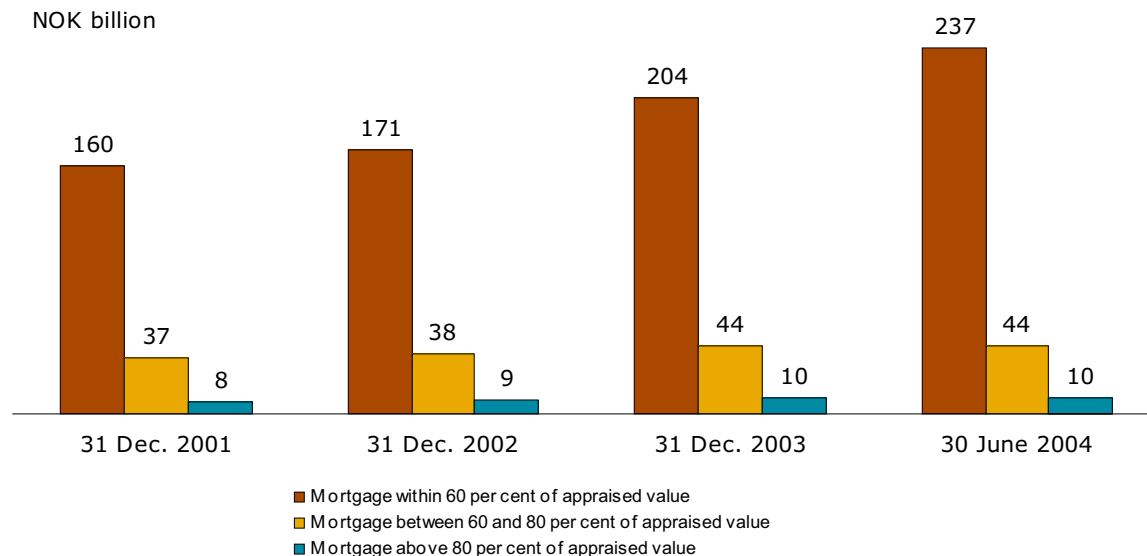
1) Average balances

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

- Satisfactory profits in the first half of 2004 – return on equity 30.3 per cent
- Deposit spreads declined to an average of 0.8 percentage points in the first half due to sliding interest rate levels. Lending spreads improved, representing 1.7 percentage points on average. The combined spreads improved towards the end of the period
- Net other operating income increased by 12 per cent due to higher income from payment services, commission income from the sale of mutual funds and insurance products
- Lending increased by 16 per cent, referring primarily to well-secured housing loans
- Deposits increased by 3.1 per cent
- Expenses decreased by 4.5 per cent, through restructuring and streamlining measures
- Cost income ratio improved to 67 per cent
- Loan losses remained at a low level
- The volume of non-performing and doubtful commitments was at a satisfactory level

## Residential mortgages

NOK billion



## Customers/markets

- Serving more than 2.2 million private individuals
- 490 000 customers subscribe to loyalty programmes
- 935 000 clients use the Group's Internet banks
- Postbanken.no is Norway's largest Internet bank
- 20 million payment transactions were carried out through the Internet banks in the first half of 2004 compared with 15.5 million last year

## Retail Banking market shares

Per cent	31 May 2004	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003
Bank lending to households	38.5	38.3	38.3	37.9	37.7
Bank deposits from households	37.0	37.2	37.4	37.6	37.7

Source: Norges Bank, DnB NOR

## Organisation and distribution

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

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

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

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

- Postbanken and Norway Post have established joint service solutions provided through around 1 180 in-store postal outlets, where customers can carry out everyday banking transactions in their local stores
- 4.3 million payment transactions were carried out through these channels during the first half of 2004 vs. 8.6 million payment transactions for the full year 2003

### New products

- More than 620 000 customers have agreed to receive notices such as account statements via e-mail
- More than 270 000 customers subscribe to Postbanken's loyalty programme Postbanken Leve, offering customers a range of basic banking services at favourable terms
- During 2004 joint Internet solutions will be developed for DnB NOR
- Harmonisation of the product range in the merged units will be a high priority during the next three months

### Employees

- The number of full-time positions within Retail Banking totalled 4 448 at the end of June 2004. The integration plans are based on a reduction in staff to around 3 900 full-time positions by the end of 2006
- To achieve the targets for restructuring and staff cuts, measures must be fully implemented. The process must be carried out in a considerate manner in close cooperation with the employee organisations. More efficient production and distribution of services through new and better IT solutions, telephone and Internet banking will reduce the number of employees in the coming years
- Changing customer needs and the introduction of new products make it vital to upgrade professional skills. Upgrading of professional skills is mainly achieved by educating and relocating the existing workforce

### Cooperation with other group entities

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

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

### Residential real estate broking

DnB NOR's real estate broking activities will be coordinated in DnB NOR Eiendom AS. After the integration is completed, activities will be run from 59 offices.

### Properties sold/market shares

Properties sold	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
DnB NOR Eiendom	4 749	4 056	3 784	4 570	4 204	8 805	7 104
NordMegler (Nordlandsbanken)	93	66	68	78	67	159	178
Total properties sold	7 994	7 042	6 464	7 614	6 979	15 036	12 363
Market share <sup>1)</sup>	20	18	17	20	19	19	16

1) Management's estimates

- DnB NOR Eiendom had 82 outlets located in DnB NOR branches at 30 June 2004
- In addition to fee income, real estate broking operations generate business in the form of residential mortgages and savings

**Consumer finance**

- DnB NOR's card-based services and consumer finance activities are coordinated in DnB NOR Kort (an entity within DnB NOR Bank ASA)
- Compared with the first half of 2003 DnB NOR Kort's lending volume increased by 2 per cent, to NOK 9 360 million
- Consumer finance activities showed healthy profits in the first half of 2004
- DnB NOR Kort is Norway's leading card issuer. As at 30 June 2004, the entity had issued more than 1.2 million credit and charge cards. Including debit cards, the DnB NOR Group had issued approximately 3.2 million cards

**Non-life insurance**

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

Vital Skade has entered into non-exclusive agreements with 13 academic associations offering non-life insurance products through specialised service centres. Premium income generated in Vital Skade in the first half of 2004 totalled NOK 220 million, an increase of 61 per cent on the 2003 figures. Academic associations account for 57 per cent of total premiums. Sales through the Internet banking application continued to show strong growth from the first half of 2003 to the first half of 2004. Commission income increased from NOK 27 million in the first half of 2003 to NOK 45 million in the first half of 2004. Costs declined by 5 per cent to NOK 20 million compared with the first six months of 2003.

## DnB NOR Markets

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

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

The DnB NOR integration was completed during the first half of 2004. Cost synergies will be realised during 2004 with close to full effect by the end of the year. Cost synergies totalled NOK 44 million in the first half of 2004.

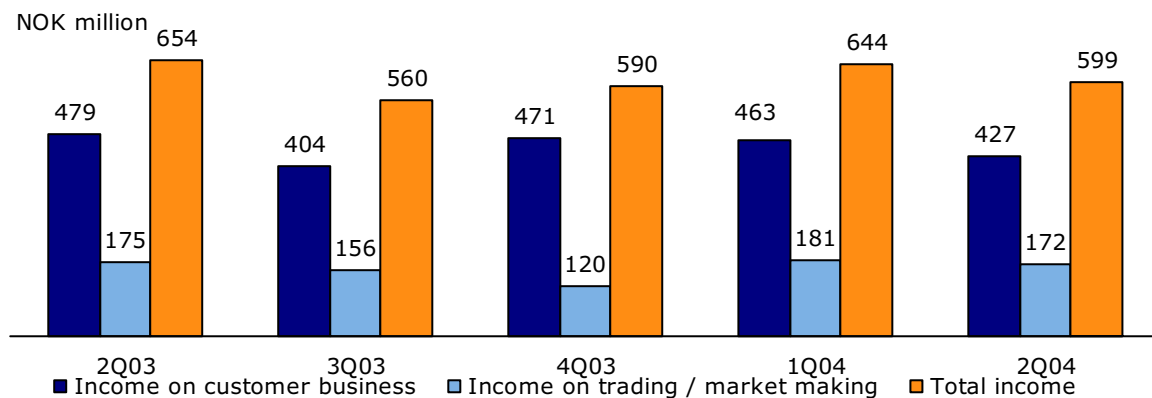
### Financial performance

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net interest income from operations	57	58	48	100	109	115	231
Interest on allocated capital	9	11	13	18	26	20	55
Net interest income	66	69	62	118	135	135	286
Net other operating income	542	586	542	460	545	1 127	1 033
Total income	608	655	604	578	680	1 262	1 319
Operating expenses	264	308	282	286	303	572	603
Pre-tax operating profit before losses	344	347	321	292	377	690	716
Net losses/(reversals)	0	(3)	0	0	(1)	(3)	(1)
Pre-tax operating profit	344	350	321	292	378	694	718
Cost/income ratio excl. goodwill (%)	43.4	47.1	46.8	49.6	44.6	45.3	45.7
Return on equity (% p.a.)	54.5	52.1	46.6	41.1	54.0	53.3	52.6

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

- DnB NOR Markets showed healthy profits in the first half of 2004
- The business area recorded a satisfactory cost/income ratio and a sound return on equity
- Market making/trading revenues increased by NOK 37 million
- Interest income on allocated capital was down NOK 35 million
- Income on customer business declined by NOK 59 million
- Volatile exchange rates spurred healthy customer demand for currency hedging products, while the low interest rate level and steep interest rate curves resulted in reduced demand for interest rate hedging products
- Negative growth in corporate credits reduced income from debt financing
- Costs were brought down 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



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

1) Excluding interest on allocated capital

**Customers/markets**

- DnB NOR Markets is Norway's largest capital markets operation with a market share in 2003 of over 40 per cent in terms of revenues for Norwegian firms
- The merger has enhanced the business areas market position within trading in bonds and commercial paper, equities trading, equity derivatives and research
- In terms of turnover (10.2 per cent) and number of transactions (14.0 per cent), DnB NOR Markets was the second largest and largest, respectively, equity brokerage house on Oslo Børs (the Oslo Stock Exchange) in the first half of 2004
- The market is served from 13 cities in Norway, offices in London, New York and Singapore and over the Internet
- In addition, certain products are sold through other business areas in the Group as well as through external agents
- Leading position within derivatives and structured products in Norway. Almost 43 per cent of customer trading in equity options on Oslo Børs was handled by DnB NOR Markets
- Leading within equities sales in the retail market in Norway
- Leading arranger of debt financing in capital markets for Norwegian borrowers
- Leading within domestic securities services with settlement for most foreign members of Oslo Børs
- An increasing number of customers use DnB NOR Markets as registrar in the Norwegian Central Securities Depository with a market share of 60 per cent of limited companies
- Ranked best foreign exchange bank in Norway and Scandinavia by Global Finance in March 2004

**Products**

- Foreign exchange, money market instruments and derivatives
- Securities and other investment products
- Debt financing in capital markets (bond, CP and loan syndication markets)
- Equities, research and corporate finance services
- Research and advisory services
- Securities and custodial services
- A new service for trading equities on the Internet was launched in the second quarter

**Employees**

- DnB NOR Markets has a staff of approximately 530 employees located in offices in Norway and abroad. Full-time positions have been reduced by 80 in 2004 and by an additional 17 in 2003
- DnB NOR Markets completed the process of ensuring optimal staff and competence profiles in the business area early in 2004

### Cooperation with other group entities

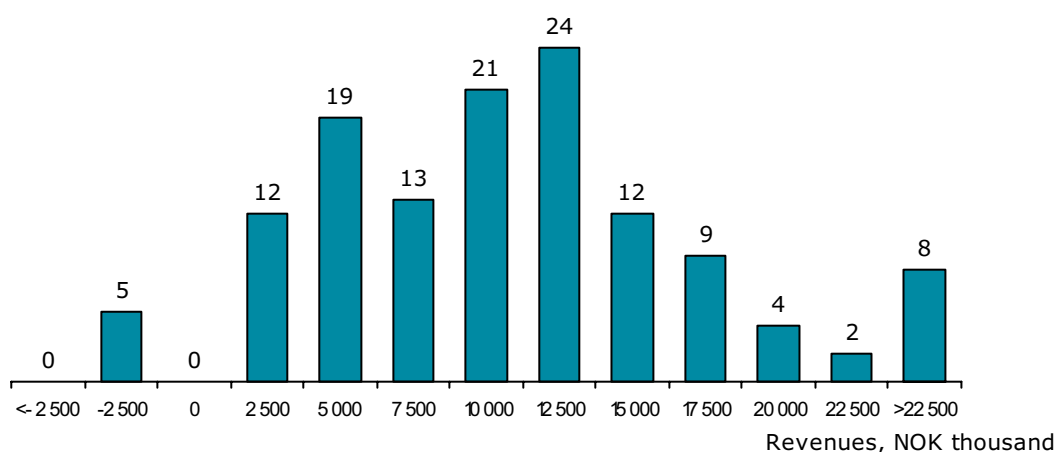
Maintaining a broad distribution network and effective cooperation with other business areas in the Group, such as Corporate Banking and Retail Banking, are key priorities for DnB NOR Markets.

### Revenues within various segments

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
FX & interest rate derivatives	207	232	207	200	229	439	460
Investment products	130	151	146	125	156	280	294
Corporate finance	42	37	74	38	51	79	108
Securities services	48	43	44	41	43	91	86
Total customer revenues	427	463	471	404	479	890	949
Market making/trading revenues	172	181	120	156	175	353	316
Interest income on allocated capital	9	11	13	18	26	20	55
<b>Total revenues</b>	<b>608</b>	<b>655</b>	<b>604</b>	<b>578</b>	<b>680</b>	<b>1 262</b>	<b>1 319</b>

### Daily revenue distribution

Number of days



### Daily revenue statistics for DnB NOR Markets

Amounts in NOK thousand	First half 2004
Minimum	(3 239)
Maximum	41 772
Average	9 785
Losing days	5
Winning days	124

**Interest rate sensitivity**

The value of financial investments recorded on and off the balance sheet is affected by interest rate movements. The table below shows potential losses for DnB NOR resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DnB NOR relative to the Group's positions. Also, all interest rate movements within the same interval are assumed to be unfavourable for the Group. In the trading portfolio, such losses will be charged to the accounts as they occur. In the banking portfolio, the losses will be amortised over the remaining maturity. The calculations are based on the Group's positions as at 30 June 2004 and market rates on the same date.

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

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>Trading portfolio</b>						
NOK	19	15	111	165	78	10
USD	12	7	18	7	2	21
EURO	1	9	15	12	14	20
GBP	1	9	1	1	0	7
Other currencies	3	8	2	2	0	9
<b>Banking portfolio</b>						
NOK	26	7	64	25	16	106
<b>Total</b>						
NOK	45	22	47	190	94	116
USD	12	7	18	7	2	21
EURO	1	9	15	12	14	20
GBP	1	9	1	1	0	7
Other currencies	3	8	2	2	0	9

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

## Life Insurance and Pensions

Life Insurance and Pensions offers group pension schemes to businesses and the public sector. In the retail market, long-term savings alternatives are offered in the form of individual pension agreements and annuities. Bård Benum, group executive vice president, is head of Life Insurance and Pensions.

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

Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA merged in March 2004, and life insurance operations are continued in Vital Forsikring. The integration process moved along according to schedule, and cost synergies totalled NOK 16 million in the first half of 2004.

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

Gjensidige NOR Fondsforsikring AS is not included in the figures. The company was sold to Forsikringsselskabet Danica in May 2004.

### Financial performance – Life Insurance and Pensions

Amounts in NOK million							First half
	2Q04	1Q04	4Q03	3Q03	2Q03	2004	2003
Interest result <sup>1)</sup>	1 697	1 061	1 904	132	2 031	2 758	2 539
Risk result <sup>2)</sup>	(110)	(147)	(358)	(231)	(216)	(257)	(314)
Administration result	(44)	(25)	(58)	(47)	(51)	(69)	(86)
Other	(52)	(38)	44	(78)	4	(90)	(38)
Transferred to security reserve	3	4	10	2	2	7	5
Profit for distribution <sup>3)</sup>	1 488	847	1 523	(226)	1 766	2 335	2 096
Funds transferred to policyholders	1 220	607	918	(364)	1 397	1 827	1 700
Tax charge	47	39	178	27	45	86	32
<b>Profit life insurance</b>	<b>222</b>	<b>201</b>	<b>427</b>	<b>111</b>	<b>324</b>	<b>423</b>	<b>364</b>
Net profit/(loss) in Vital Link	(1)	4	(42)	2	(2)	3	(2)
Net profit from Life Insurance and Pensions	221	205	385	114	322	426	362
Goodwill amortisation Life Insurance and Pensions	25	25	25	25	25	51	51
<b>Net profit from Life Insurance and Pensions in the group accounts</b>	<b>195</b>	<b>180</b>	<b>360</b>	<b>88</b>	<b>297</b>	<b>374</b>	<b>312</b>
+ Adjustment in the group accounts	12	15	8	5	16	27	34
+ Goodwill amortisation Life Insurance	25	25	25	25	25	51	51
+ Taxes	46	40	160	27	44	86	31
<b>Pre-tax operating profit for the business area</b>	<b>278</b>	<b>260</b>	<b>553</b>	<b>146</b>	<b>382</b>	<b>538</b>	<b>426</b>

1) For developments in the financial result, asset mix and returns, see tables on pages 69, 72 and 73

2) 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 in the first half of 2004, compared with NOK 377 million in the same period in 2003.

3) See next page

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

(Pro forma accounting figures prior to 1 January 2004)

## 3) Profit for distribution

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
<b>Profit for distribution</b>	1 488	847	1 523	(226)	1 766	2 335	2 096
from operations subject to profit sharing <sup>*</sup> )	1 541	884	1 470	(145)	1 758	2 425	2 129
- Funds transferred to policyholders	1 220	607	918	(364)	1 397	1 827	1 700
- Profit for allocation to the owner and taxes	321	277	552	219	361	598	429
from operations not subject to profit sharing	(53)	(37)	53	(81)	8	(90)	(33)

\* ) Profit for allocation to the owner and taxes for operations subject to profit sharing in Life Insurance includes;

- return on equity, subordinated loan capital and the security reserve, calculated as the company's return on capital, less accrued interest on subordinated loans and allocations to the security reserve
- margin of policyholders' funds
- margin of 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, annual profit for allocation to the owner and taxes cannot exceed 35 per cent profit for operations subject to profit sharing. If this figure is negative, the entire amount should be charged to the owner. Total profit to the owner and taxes also include profits from operations not subject to profit sharing.

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

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Policyholders' funds life insurance <sup>2)</sup>	146 501	143 617	136 970	132 175	131 848	146 501	131 848
Unit linked asset under management	8 947	8 681	7 292	6 241	4 718	8 947	4 718
Solvency capital <sup>3)</sup>	17 896	19 120	16 055	16 979	16 828	17 896	16 828
Return on equity (per cent) <sup>4)</sup>	11.2	10.6	23.2	6.2	16.6	10.9	9.3
Costs in per cent of insurance provisions <sup>5)</sup>	0.93	0.93	1.01	0.93	0.94	0.93	0.94

1) Figures refer to the end of the accounting periods.

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

3) Life Insurance. For the composition of solvency capital, see table on page 71

4) Calculations of return on equity are based on allocated capital, after tax charges, and are annualised.

5) Life Insurance. Includes costs charged to the administration result and are annualised

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

- Growth in policyholders' funds and 49 per cent rise in premium income
- Net inflow of transfers increased by NOK 2.5 billion
- Increased market shares in the corporate sector and stable market shares in the retail sector
- NOK 239 million rise in profit for distribution
- Recorded return on assets 3.7 per cent and value-adjusted return on assets 3.2 per cent
- Return on equity increased from 9.3 per cent to 10.9 per cent
- NOK 1.1 billion rise in solvency capital

## Financial results – Life Insurance and Pensions

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net result from equities	572	1 696	1 858	496	2 156	2 268	1 601
Net result from other asset classes	872	1 746	2 069	1 723	2 864	2 618	5 138
Value-adjusted financial result <sup>1)</sup>	1 444	3 442	3 927	2 219	5 020	4 886	6 739
Guaranteed return on policyholders' funds	1 372	1 342	1 291	1 257	1 207	2 714	2 418
Financial result	72	2 100	2 636	962	3 813	2 172	4 321
+ From/(to) securities adjustment reserve	1 625	(1 039)	164	(830)	(1 782)	586	(1 782)
+ Covered by additional allocations	0	0	896	0	0	0	0
Recorded interest result	1 697	1 061	1 904	132	2 031	2 758	2 539

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

**Premium income – Life Insurance and Pensions**

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Single premiums	1 089	1 774	2 383	1 631	964	2 863	2 278
Annual premiums	1 379	4 626	2 121	603	1 220	6 005	4 507
Total premiums due	2 468	6 400	4 504	2 234	2 184	8 868	6 785
Inflow of reserves <sup>1)</sup>	2 245	1 528	739	660	359	3 773	1 678
Outflow of reserves	594	798	729	1 244	855	1 392	1 837
Net premiums paid	4 120	7 131	4 515	1 650	1 689	11 251	6 626
Outflow of premiums	594	798	729	1 244	855	1 392	1 837
<b>Total premium income</b>	<b>4 713</b>	<b>7 929</b>	<b>5 243</b>	<b>2 894</b>	<b>2 543</b>	<b>12 641</b>	<b>8 462</b>
1) of which intercompany transfers	183	108	189	91	90	108	265

**Market shares**

Per cent	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003	31 March 2003
Of total premiums due	37.7	30.9	32.2	34.5	35.4
Of total premiums incl. inflow of premium reserves	40.9	33.4	34.1	35.1	37.5
Of new business	57.0	45.7	46.0	50.8	50.1
Of insurance funds included unit linked products	35.7	35.2	35.4	35.7	35.7
- Retail market	51.4	51.1	51.1	51.6	51.9
- Corporate Market	29.4	28.9	29.1	29.5	29.3
Of insurance funds for unit linked products	40.2	37.7	36.2	35.6	35.5

All premiums include reserves transferred from other life insurance companies

Source: Association of Norwegian Financial Managers in the Finance Sector, FNH and DnB NOR

**Products and organisation**

Life Insurance and Pensions offers:

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

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

**Employees**

- Life Insurance and Pensions gives priority to retaining and developing a high level of expertise within insurance products, management and other relevant areas of competence

**Development in full-time positions**

	30 June 2004	31 Dec. 2003
Life Insurance	941	993
Unit link	29	29
<b>Total</b>	<b>970</b>	<b>1 022</b>

**Cooperation with other group entities**

(Pro forma accounting figures prior to 1 January 2004)

- By taking advantage of the strength of the DnB NOR Group's total distribution network, Life Insurance and Pensions is well positioned to enjoy continued market progress
- Life Insurance and Pensions' growth in the retail market is not least due to the company's extensive distribution network, where DnB NOR channels play a principal role
- In the second quarter of 2004, DnB NOR accounted for 66.8 per cent of the sales of Life Insurance and Pensions products in the retail market, compared with 46.6 per cent in 2003

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

<i>Amounts in NOK million</i>	30 June 2004	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003
Interim profit	2 335	847	0	1 870	2 097
Securities adjustment reserve	1 862	3 486	2 448	2 612	1 781
Additional allocations	2 059	2 067	2 049	1 141	1 187
Security reserve	204	201	197	187	185
Equity	5 856	5 856	5 856	5 856	5 856
Subordinated loan capital and perpetual subordinated loan capital securities	2 619	2 616	2 662	2 877	3 030
Unrealised gains on long-term securities	2 961	4 047	2 842	2 436	2 692
<b>Solvency capital</b>	<b>17 896</b>	<b>19 120</b>	<b>16 055</b>	<b>16 979</b>	<b>16 828</b>
<b>Buffer capital <sup>2)</sup></b>	<b>7 938</b>	<b>8 247</b>	<b>7 254</b>	<b>8 461</b>	<b>8 020</b>

1) The table above shows the composition of and development in solvency capital. 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.

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

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

<i>Amounts in NOK million</i>	30 June 2004	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003
<b>Capital adequacy <sup>1)</sup></b>					
Total eligible primary capital	7 760	7 749	7 724	7 804	7 828
Capital adequacy ratio (%)	13.1	13.2	13.8	13.8	14.3
Core capital	5 480	5 484	5 390	5 223	5 210
Core capital (%)	9.3	9.3	9.6	9.2	9.5
Risk-weighted assets	59 129	58 872	56 151	56 551	54 903
<b>Solvency margin capital <sup>2)</sup></b>					
Solvency margin capital	8 881	8 873	8 838	8 458	8 505
Solvency margin capital exceeding minimum requirement	2 598	2 755	3 011	2 720	2 790
Solvency margin capital in per cent of solvency margin capital requirement (%)	141	145	152	147	149

1) Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent

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

**Balance sheets – life insurance**

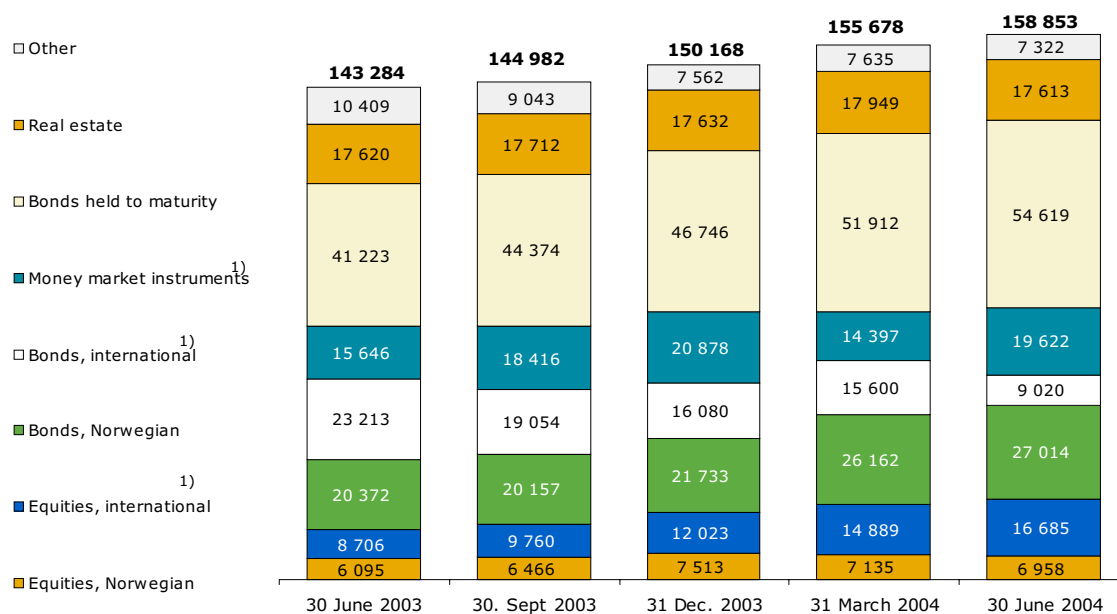
<i>Amounts in NOK million</i>	30 June 2004	31 March 2004	31 Dec. 2003	30 Sept. 2003	30 June 2003
<b>Financial assets</b>					
Norwegian equities <sup>1)</sup>	6 958	7 135	7 513	6 466	6 095
International equities <sup>1) 2)</sup>	15 731	14 889	12 023	9 760	8 706
Norwegian bonds	27 014	26 162	21 733	20 157	20 372
International bonds <sup>3)</sup>	16 324	15 600	16 080	19 054	23 213
Money market instruments <sup>4)</sup>	13 272	14 397	20 878	18 416	15 646
Bonds held to maturity	54 619	51 912	46 746	44 374	41 223
Real estate	17 613	17 949	17 632	17 712	17 620
Other	7 322	7 635	7 562	9 043	10 409
<b>Total assets</b>	<b>158 853</b>	<b>155 678</b>	<b>150 168</b>	<b>144 982</b>	<b>143 284</b>
<b>Equity</b>	<b>6 279</b>	<b>6 057</b>	<b>5 856</b>	<b>6 332</b>	<b>6 223</b>
Subordinated loan capital	2 619	2 616	2 662	2 877	3 029
Securities adjustment reserve	1 862	3 486	2 448	2 612	1 781
<b>Insurance provisions</b>					
Premium reserve	136 185	132 295	126 587	123 199	122 955
Additional allocations	2 059	2 067	2 049	1 141	1 187
Premium fund and pension regulation fund	6 124	5 664	5 679	5 075	5 667
Security reserve	204	201	197	187	185
Other reserves	559	775	622	614	517
Other liabilities	2 962	2 516	4 068	2 945	1 739
<b>Total equity and liabilities</b>	<b>158 853</b>	<b>155 678</b>	<b>150 168</b>	<b>144 982</b>	<b>143 284</b>
1) Net exposure after adjustment for derivative contracts	23 669	22 678	19 536	16 292	14 129
2) Share of investments in hedge funds	1 443	1 780	1 712	1 498	1 413
3) Net exposure after adjustment for derivative contracts	9 020	15 600	16 080	19 054	23 213
4) Net exposure after adjustment for derivative contracts	19 622	14 397	20 878	18 416	15 646



(Pro forma accounting figures prior to 1 January 2004)

**Balance sheet – life insurance**

(Amounts in NOK million)



1) Net exposure in life insurance after adjustment for derivative contracts.

**Value-adjusted return on assets – life insurance**

Per cent	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Financial assets							
Norwegian equities	5.9	14.9	18.9	7.2	29.4	20.8	19.4
International equities	1.6	5.6	9.1	2.4	11.9	7.2	9.5
Norwegian bonds	(0.4)	2.7	2.4	1.3	5.2	2.3	9.1
International bonds	(1.3)	2.8	0.3	0.6	3.3	1.5	6.0
Money market instruments	0.4	0.7	1.0	1.1	1.8	1.1	3.5
Long-term bonds	1.3	1.5	1.9	1.5	1.6	2.8	3.3
Real estate	1.4	1.9	1.3	1.6	1.9	3.3	3.8
<b>Value-adjusted return on assets I<sup>1)</sup></b>	<b>1.0</b>	<b>2.3</b>	<b>2.8</b>	<b>1.6</b>	<b>3.7</b>	<b>3.2</b>	<b>5.1</b>
Value-adjusted return on assets II <sup>2)</sup>	0.3	3.0	3.1	1.4	4.5	3.2	6.3
Recorded return on assets <sup>3)</sup>	2.1	1.6	3.1	1.0	2.4	3.7	3.8
Value-adjusted return on assets I, annualised <sup>1)</sup>	3.9	9.4	12.1	6.5	15.8	6.6	10.4
Value-adjusted return on assets II, annualised <sup>2)</sup>	1.0	12.5	13.3	5.6	19.2	6.6	13.0

1) Excluding changes in value of bonds held to maturity

2) Including changes in unrealised gains on financial assets and changes in value of bonds held to maturity

3) Excluding changes in unrealised gains on financial assets and changes in value of bonds held to maturity

## Asset Management

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

Asset Management seeks to provide first-class returns on customer funds within the preferred risk profile and investment horizon. DnB NOR aspires to be the leading asset manager for customers in the Nordic region, providing sound long-term returns and a high level of service based on a thorough understanding of customer needs.

Managers have been appointed for all units in the business area, and the organisation was finalised in March 2004. The asset management companies including mutual funds companies were merged in June 2004. Products, services and the organisations will be further integrated, which is expected to result in annual cost synergies of NOK 110 million by the end of 2006. The number of full-time positions will be reduced by 70. The initial integration process in 2003 resulted in staff cuts of 15 full-time positions. In the first half of 2004 staff was reduced by 32 full-time positions.

### Financial performance

Amounts in NOK million	2Q04	1Q04	4Q03	3Q03	2Q03	First half	
						2004	2003
Net interest income from operations	(3)	(5)	2	0	4	(7)	6
Interest on allocated capital	5	5	7	8	11	10	23
Net interest income	2	1	9	8	15	3	29
Commission income							
- from retail customers	80	89	66	61	59	169	112
- from institutional clients	145	133	165	146	123	278	264
Other income	4	(5)	3	3	5	(1)	8
Total income	231	218	242	219	203	449	413
Operating expenses	172	181	165	177	167	353	349
Pre-tax operating profit	59	37	77	41	36	96	64
<b>Assets under management <sup>1)</sup></b>							
Institutional	447	449	427	421	415	447	415
- of which Life Insurance and Pensions	141	140	128	123	122	141	122
Retail	40	40	37	34	33	40	33
Total	487	490	464	455	448	487	448
<b>Key figures</b>							
Cost/income ratio excl. goodwill	74.6	83.0	68.3	81.1	82.4	78.7	84.6
Return on equity (% p.a.)	18.0	11.1	23.6	13.0	12.0	14.5	11.1

1) Assets under management at end of period

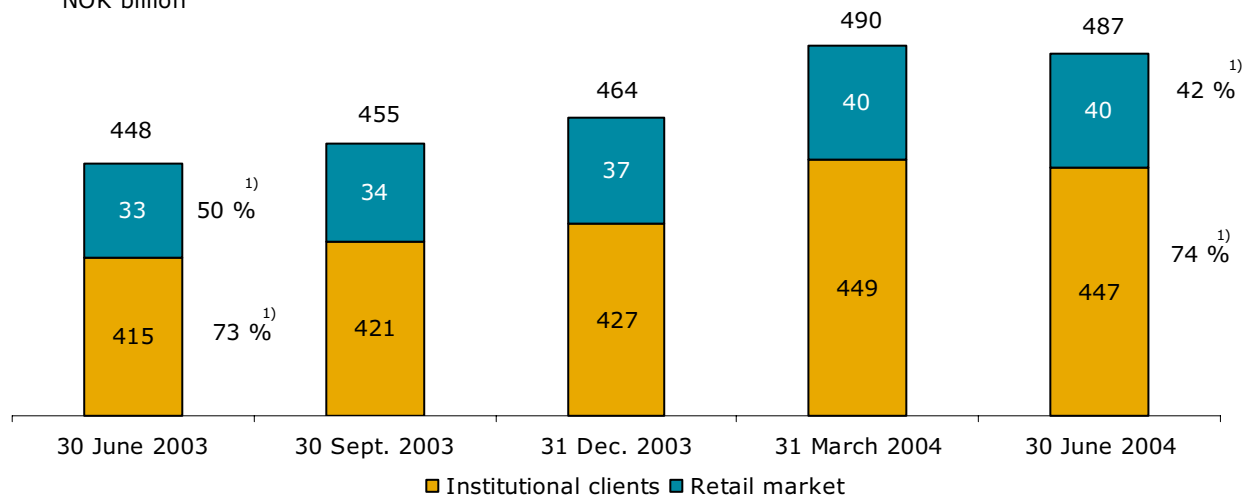
### Comments to the financial performance for the first half of 2004

- Commission income increased by NOK 70 million from the first half of 2003 to the first half of 2004. This was mainly due to growth in assets under management and a shift to equity investments in the retail market
- Operating expenses in the first half of 2004 were NOK 353 million, which was on level with operating expenses in the first half of 2003
- Marketing and IT activities were at a minimum in 2003 due to the upcoming integration of DnB and Gjensidige NOR. Such expenses returned to a normal level in the first half of 2004.
- Positive synergy effects have been achieved according to plan and amounted to NOK 13 million in the first half of 2004

(Pro forma accounting figures prior to 31 December 2003)

**Assets under management**

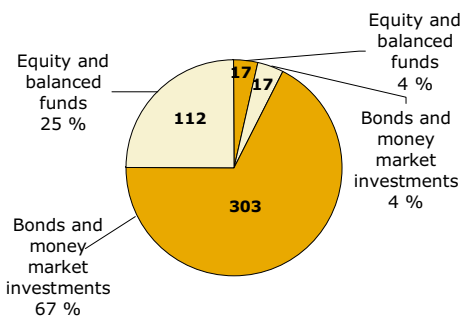
NOK billion



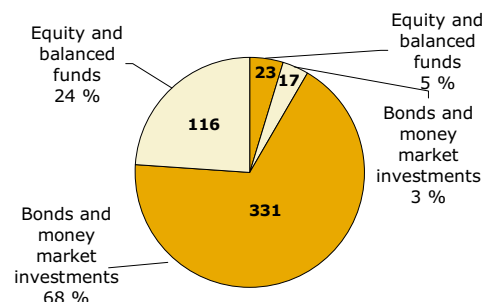
1) Share of total assets in the institutional and retail market respectively, invested in bonds, fixed-income funds and money market funds.

**30 June 2003****30 June 2004**

NOK billion and per cent of total assets

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

Total: NOK 448 billion



Total: NOK 487 billion

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

Amounts in NOK million							First half
	2Q04	1Q04 <sup>1)</sup>	4Q03	3Q03	2Q03	2004 <sup>1)</sup>	2003 <sup>2)</sup>
Retail market	94	(485)	745	(583)	(307)	(391)	(1 161)
Institutional clients	(612)	2 231	(6 402)	(4 108)	6 904	1 619	13 398
Total	(518)	1 746	(5 658)	(4 690)	6 597	1 228	12 237

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

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

**Comments to changes in assets under management**

- Assets under management increased by NOK 22.5 billion or 4.8 per cent in the first half of 2004 and by NOK 39 billion or 8.7 per cent compared to 30 June 2003
- The net inflow of funds reduced assets under management in the retail market by NOK 0.4 billion or 1.1 per cent
- Net inflow from institutional clients came to NOK 1.6 billion or 0.4 per cent
- New institutional mandates were won in both Sweden and Norway
- Market developments led to a NOK 22.4 billion increase in assets under management, representing 4.8 per cent measured in the customers' base currencies
- The appreciation of NOK against other currencies, especially SEK, reduced assets under management by NOK 1.2 billion or 0.2 per cent
- During the first half of 2004 Morgan Stanley's global equity index (MSCI World) rose by 3.5 per cent measured in USD and by 7.9 per cent in NOK
- The stock exchanges in Stockholm (OMX) and Oslo (OSEBX) climbed by 9.7 and 19.6 per cent respectively

**Investment returns on assets under management**

- Returns on a number of major client portfolios and funds outperformed relevant benchmarks, including Vital Forsikring's total portfolio, as well as Norwegian equity and bond investments and major Swedish equity portfolios
- Fund managers' specialisation has led to strong performance for several industry-specific funds (percentage point return in excess of benchmark in the first half of 2004 in parentheses):
  - DnB NOR Global Health Care (+2.8)
  - DnB NOR Nordic Technology (+9.4)
  - Avanse Telecom (+7.5)
  - Avanse Finans (+2.6)

**Customers/markets**

- Asset Management serves the Norwegian and Swedish savings markets, offering domestic and international asset management services
- Brand names:
  - DnB NOR Kapitalforvaltning in the Norwegian institutional and retail markets
  - DnB NOR Asset Management and Carlson in the Swedish institutional and retail markets
- A leading position in the institutional market in both Norway and Sweden with around 470 institutional clients
- The largest clients are Skandia Liv and Vital
- The number of customer relationships in the retail market, calculated as the aggregate number of investments made or mandates per customer, was around 1.2 million at the end of June 2004. This includes more than 247 700 savings agreements
- Market shares
  - DnB NOR Kapitalforvaltning (mutual funds in Norway) 39.5 per cent
  - Carlson Fonder (mutual funds in Sweden) 1.3 per cent

**Fund capital and market shares in Norway**

	30 June 2004		31 March 2004		31 Dec. 2003		30 Sept. 2003		30 June 2003	
	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share
<i>Amounts in NOK million and per cent</i>										
Equity funds (Norwegian)	9 650	34.4	9 436	34.0	8 552	33.8	7 213	34.0	6 700	34.9
Equity funds (international)	13 888	25.7	14 157	27.7	13 595	30.0	12 268	32.8	11 738	33.5
Balanced funds	3 896	58.5	3 691	57.6	3 093	56.2	2 338	58.6	1 390	50.2
Fixed-income funds	9 087	38.6	9 415	40.5	8 972	42.3	4 819	30.5	4 756	30.9
Money market funds	27 709	55.1	28 179	56.3	28 282	57.3	28 210	56.6	28 015	56.5
<b>Total mutual funds</b>	<b>64 230</b>	<b>39.5</b>	<b>64 877</b>	<b>40.9</b>	<b>62 495</b>	<b>42.7</b>	<b>54 847</b>	<b>42.8</b>	<b>52 599</b>	<b>43.1</b>

Source: Norwegian Mutual Fund Association

**Products and services**

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

**Organisation**

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

**Employees**

- Staff cuts corresponding to 32 full-time positions in the first half of 2004
- 327 full-time positions at the end of June 2004 including six full-time positions in Absolute Return Investments AB, a joint venture with Skandia AB

**Cooperation with other group entities**

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



## **Section 4**

# **Shareholder information**

## Equity-related data

### Key figures

	First half 2004 <sup>1)</sup>	2003	2002 <sup>2)</sup>	2001 <sup>2)</sup>	2000
Shares outstanding at end of period (1 000)	1 321 957	1 309 027	1 309 008	1 309 969	1 318 036
Average number of shares (1 000)	1 315 918	1 309 027	1 309 552	1 313 965	1 318 036
Average no. of shares - accounting basis (1 000)	1 315 918	1 309 027	1 309 552	1 313 965	1 318 036
Average no. of shares - fully diluted (1 000) <sup>3)</sup>	1 321 622	1 311 737	1 314 781	1 319 863	1 318 036
Earnings per share excluding goodwill (NOK)	2.71	4.61	3.19	4.91	5.43
Earnings per share (NOK)	2.48	4.11	2.77	4.59	5.15
Earnings per share fully diluted (NOK)	2.47	4.10	2.76	4.57	5.15
Return on equity excluding goodwill (NOK)	16.2	14.3	10.2	16.7	19.5
Return on equity (per cent)	14.8	12.7	8.9	15.5	18.5
RARORAC (per cent)	14.5	14.4	n/a	n/a	n/a
Price at end of period	47.3	44.4	32.6	40.4	47.5
Price/earnings ratio <sup>4)</sup>	9.54	10.81	11.75	8.81	9.22
Price/book value	1.36	1.38	1.08	1.35	1.74
Dividend per share (NOK)	n/a	2.20	2.40	2.40	2.25
Dividend yield (per cent) <sup>4)</sup>	n/a	4.95	7.36	5.94	4.74
Equity per share (NOK)	34.70	32.20	30.31	29.83	27.34

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

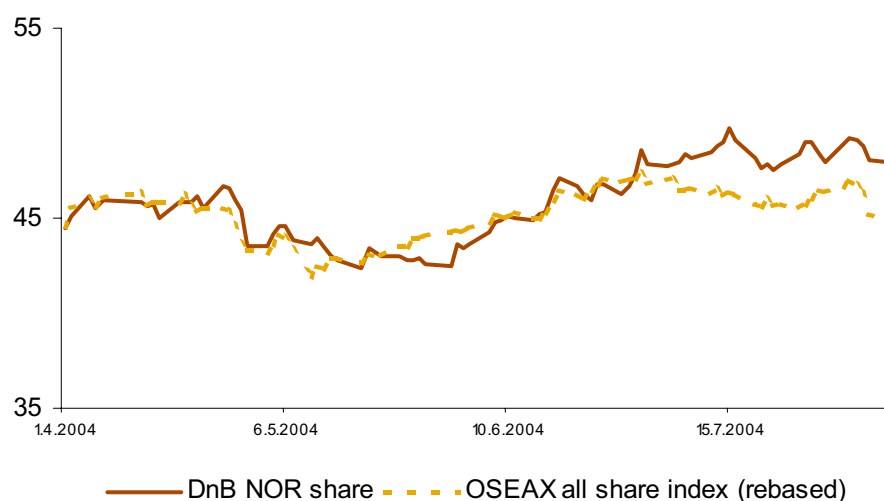
2) Including the effect of the cancellation of shares at the AGM 2002 (8 067 420 shares) and AGM 2003 (960 000 shares)

3) Based on the dilution effect of a total of 18811 634 subscription rights, of which 6 860 262 can be exercised in October 2004 at a price of NOK 27.95, and 11 951 372 in March 2005 at a price of NOK 32.83. The latter are linked to a Nordic financial institution index which includes

Sparebanken Midt-Norge, Danske Bank, SEB, Svenska Handelsbanken and Nordea

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

### Share price development to 9 August 2004



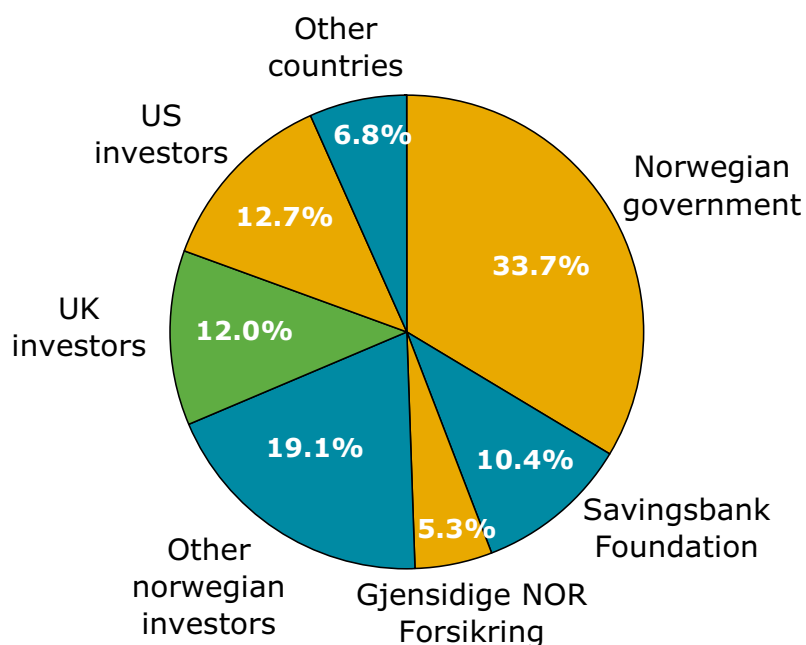


## Shareholder structure as at 31 July 2004

### Major shareholders

		Shares in 1 000	Ownership in %
Norwegian Government		445 069	33.67
Savingsbank Foundation		137 838	10.43
Gjensidige NOR Forsikring		70 473	5.33
State Street Bank, clients omnibus D	NOM	57 070	4.32
JPMorgan Chase Bank, Treaty Account	NOM	51 687	3.91
Folketrygdfondet		28 140	2.13
The Northern Trust, Treaty Account	NOM	24 444	1.85
Orkla ASA		18 854	1.43
DnB NOR employee funds		15 787	1.19
Mellon Bank AS Agent	NOM	14 403	1.09
Citibank, UK Residents Client Account	NOM	13 918	1.05
JPMorgan Chase Bank, Omnibus Lending	NOM	13 306	1.01
Skandinaviska Enskilda Banken, Oslo		12 418	0.94
JPMorgan Chase Bank, Fidelity Lending	NOM	11 746	0.89
Capital World Fund		10 586	0.80
Euro Pac Growth Fund		10 572	0.80
The Northern Trust, USL Treaty Account	NOM	9 578	0.72
Oslo Pensjonsforsikring		9 558	0.72
Fidelity Funds- Europe Fund		8 448	0.64
State Street Bank, clients omnibus F	NOM	8 116	0.61
Total largest shareholders		<b>972 012</b>	<b>73.53</b>
Other		349 945	26.47
Total		<b>1 321 957</b>	<b>100.00</b>

### Shareholder structure





## **Section 5**

# **The Norwegian economy**

## The Norwegian economy

### Key macro-economic indicators

Per cent	2006	2005	2004	2003
GDP growth				
- Norway, total	2.2	2.3	3.8	0.4
- Mainland Norway	2.7	2.8	3.7	0.6
Private consumption	3.0	4.0	4.9	3.8
Gross fixed investment	1.7	3.9	4.1	(3.7)
Inflation (CPI)	2.2	1.8	0.5	2.5
Savings ratio <sup>1)</sup>	5.5	6.4	8.3	7.8
Unemployment rate	4.1	4.2	4.3	4.5
Current account <sup>2)</sup>	8.6	9.7	11.5	12.6
Net foreign assets <sup>2) 3)</sup>		73.2	64.0	51.7
General government budget balance <sup>2) 3)</sup>			6.9	8.3

1) Per cent of disposable income

2) Per cent of GDP

3) Source: Ministry of Finance

Source if not otherwise indicated: DnB NOR Markets

### Financial market growth

Percentage change from previous year	31 May 2004	31 Dec. 2003	31 Dec. 2002	31 Dec. 2001
<b>Credit</b> <sup>1)</sup>				
Total	6.1	6.3	4.4	9.0
- of which commercial and savings banks	9.2	8.2	6.4	9.9
Total retail market	12.5	11.9	11.3	12.5
Total corporate market	1.8	2.7	0.3	7.1
<b>Savings</b>				
Total <sup>2)</sup>	11.3 <sup>4)</sup>	8.7	4.0	6.3
- of which commercial and savings banks	5.0	3.7	7.7	9.0
Total retail market <sup>2)</sup>	10.8 <sup>4)</sup>	8.7	4.7	6.3
Total corporate market <sup>3)</sup>	11.6 <sup>4)</sup>	8.6	3.6	5.9

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

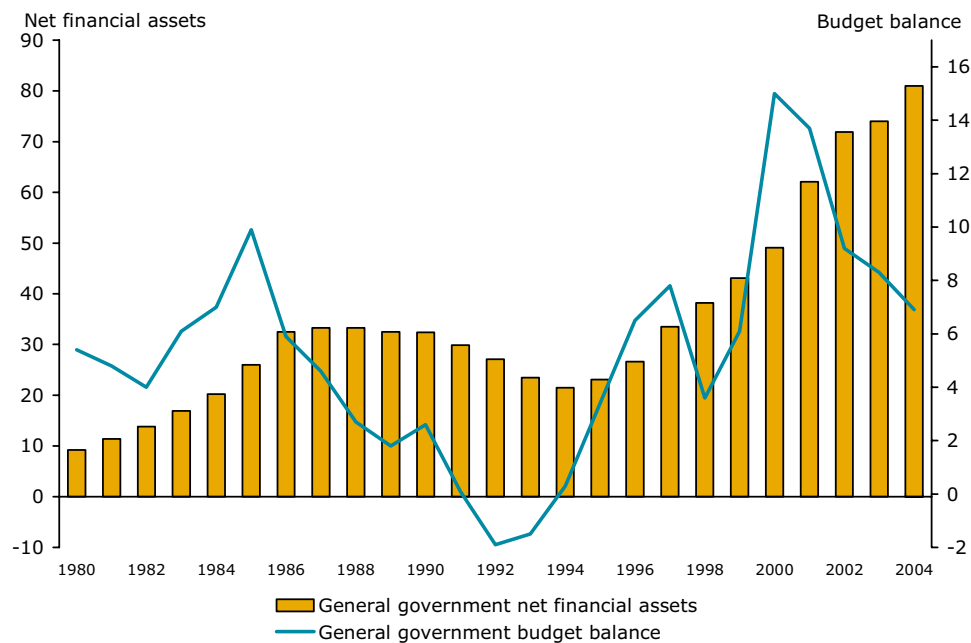
2) Deposits in commercial and savings banks, participation in mutual funds, funds for insurance commitments, equity-linked bonds

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

4) As at 31 March 2004

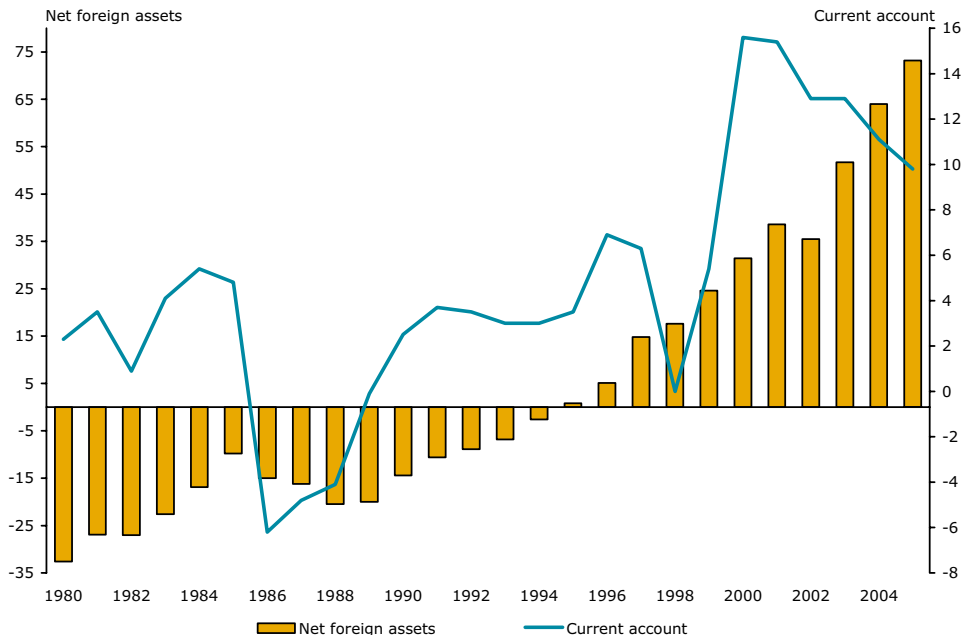
(Pro forma accounting figures prior to 31 December 2003)

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



Source: The ministry of Finance

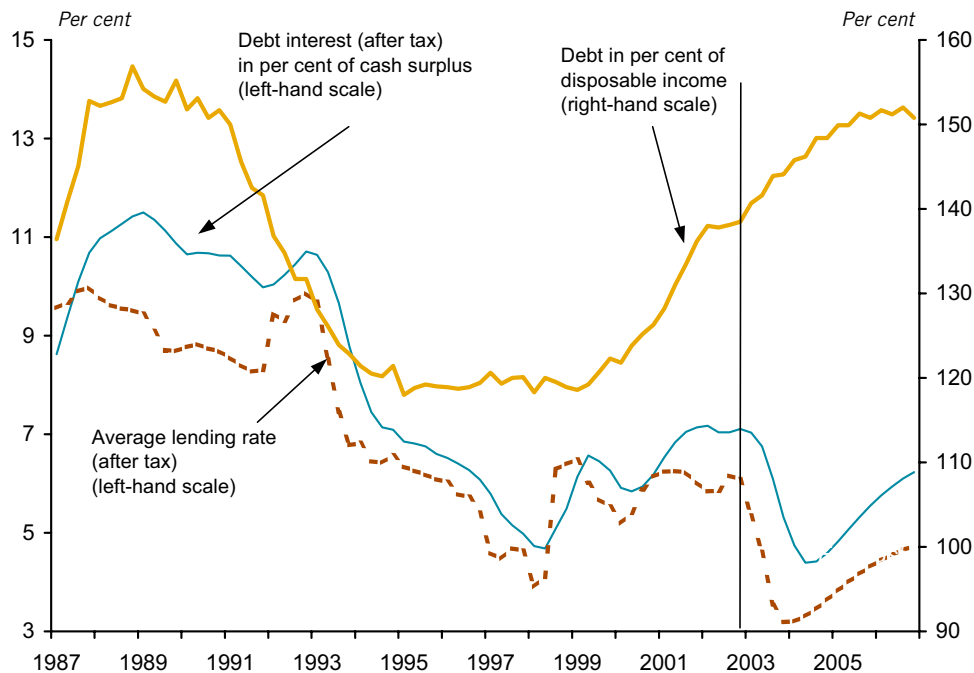
## Current account and net foreign assets (incl. private sector) <sup>1)</sup> (Per cent of GDP)



Source: The ministry of Finance

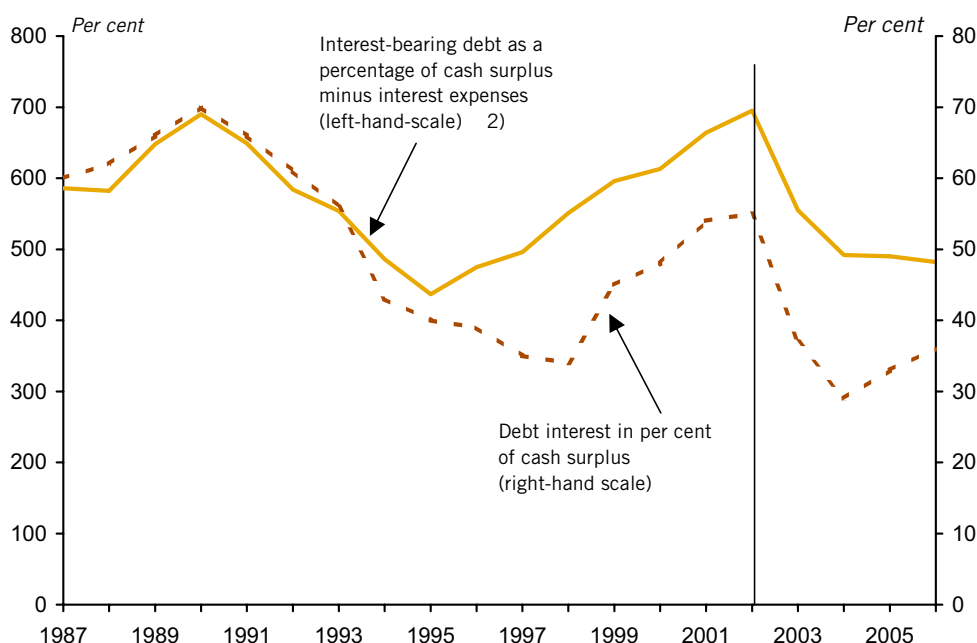
1) The projections are based on an assumed oil price of NOK 200 per barrel in 2004, NOK 183 in 2005 and NOK 171 in 2008. The oil price in May 2004 was NOK 255 per barrel

## Household debt servicing capacity



Source: Norges Bank

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



Source: Norges Bank

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

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

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