

Fourth quarter report 2003

Preliminary and unaudited

26 February 2004

Good start for DnB NOR: Profits of NOK 5.4 billion

"We are pleased with profits of NOK 5.4 billion in 2003," says Svein Aaser, group chief executive in DnB NOR. Relative to comparable figures for 2002, profits are up close to 50 per cent, giving a return on equity before goodwill amortisation of 14.3 per cent.

Aaser indicates that he is especially pleased with the healthy trend in volumes. "With an increase in lending of 12.2 per cent from the fourth quarter of 2002 and good growth figures for a number of other key products and services, we have strengthened our market position during the year. Such performance is not something to be taken for granted in a year largely dominated by the merger between Gjensidige NOR and DnB," says Aaser, who commends group staff for excellent customer service.

"2003 featured a marked decline in interest rates and a weakened Norwegian krone. It is apparent that the situation for the Norwegian business sector is far better than a year ago," says Aaser. "Although the willingness to invest remains low, the level of activity is on the way up, which will have a positive impact on profits. The rise in other operating income from NOK 5 658 million in 2002 to NOK 8 302 million in 2003 has thus more than compensated for the loss of earnings resulting from lower interest rates. The positive developments in the Norwegian economy also contributed to the downward trend in loan losses during the second half of 2003," says Aaser.

The Board of Directors in DnB NOR has proposed a dividend of NOK 2.20 per share (NOK 2.14 in 2002).

"In 2003 we devoted a great deal of effort to the planning of the merger. Today we can safely say that the integration is progressing according to schedule, and we have moved into 2004 with an exceptionally high level of activity both towards customers and within the organisation. Together with the improved economic outlook for the Norwegian business and household sectors, this gives us good reason to expect sound profits for DnB NOR in 2004 as well," says group chief executive Svein Aaser.

Review of the annual accounts

The merger between DnB and Gjensidige NOR was implemented according to the purchase method and effective as from 31 December 2003. The formal profit and loss accounts for 2003 thus only include figures from operations in DnB. Against this background, formal profits in the DnB NOR Group for 2003 totalled NOK 3 017 million. The corresponding figure for 2002 was NOK 2 334 million.

On a pro forma basis, the DnB NOR Group recorded profits after taxes of NOK 5 378 million in 2003, up from NOK 3 632 million in 2002. The pro forma figures reflect the combined operations of DnB and Gjensidige NOR as of 1 January 2002, while Nordlandsbanken is included only in the 2003 figures. Skandia Asset Management is included in the profit and loss accounts as from 1 June 2002. Only pro forma accounts are analysed below.

Annual profits for 2003 for combined operations represented a return on equity excluding goodwill amortisation of 14.3 per cent, as against 10.2 per cent the previous year. Earnings per share came to NOK 4.61 and NOK 3.19 for the two years. After goodwill amortisation, return on equity was 12.7 per cent in 2003 and 8.9 per cent in 2002, while earnings per share stood at NOK 4.11 and NOK 2.77 respectively.

The Board of Directors has proposed to distribute a dividend of NOK 2.20 per share. On a comparable basis, dividends paid by the merger parties in 2002 averaged NOK 2.14.

Income

Income totalled NOK 22 091 million, up 13 per cent from NOK 19 545 million in 2002. The increase mainly reflects the acquisition of Nordlandsbanken and a higher level of activity in the Group's business areas.

Net interest income was reduced by NOK 98 million in 2003. The acquisition of Nordlandsbanken contributed to a NOK 451 million rise in net interest income. Other growth in lending and deposits lifted interest income by a total of NOK 901 million, while narrower customer spreads gave a reduction of NOK 146 million. The decline in the average USD rate also had a negative impact on net interest income in 2003 compared with 2002, corresponding to NOK 147 million. Other effects on net interest income, including a lower return on equity and higher net funding costs on non-performing loans, brought interest income down by a total of NOK 1 155 million.

Other operating income amounted to NOK 8 302 million in 2003, an increase of NOK 2 644 million from 2002. The acquisition of Nordlandsbanken gave a NOK 119 million rise in income. Net profits from life insurance operations improved by NOK 1 031 million compared with 2002. Higher share prices gave NOK 530 million in higher gains on the bank's share investments. Trading in foreign exchange and interest rate instruments showed strong progress in 2003, mainly due to an increase in customer trading. Gains on trading in foreign exchange and interest rate derivatives rose by NOK 533 million, though the increase must be viewed in light of the NOK 260 million reduction in interest rate income on related balance sheet items.

Commission income within asset management operations rose NOK 114 million from 2002 to 2003. Increased financial market activity ensured a NOK 102 million increase in income from advisory services and issue activity in the market. Higher transaction volumes lifted income on payment transactions by NOK 68 million. Rising volumes of other services resulted in a NOK 147 million boost in income.

Operating expenses

Operating expenses totalled NOK 13 410 million in 2003, an increase of NOK 479 million from 2002. The entire increase can be attributed to the acquisition of Nordlandsbanken's operations in 2003 and the annualised effect of the acquisition of Skandia Asset Management, which was taken over in June 2002. Together, the acquisitions represented a rise in costs of NOK 607 million, thus there was an underlying reduction in operating expenses of NOK 128 million. The cost/income ratio, representing total costs relative to income, was 57.9 per cent before goodwill amortisation in 2003, as against 63.6 per cent in 2002.

Restructuring expenses, write-downs etc. totalled NOK 219 million in 2003, down from NOK 394 million in the previous year. This includes allocations to the employee funds of NOK 114 million in 2003, compared with NOK 46 million in 2002. Life Insurance and Pensions made additional allocations of NOK 8 million in 2003 and NOK 4 million in 2002.

In addition to the restructuring expenses charged to the accounts, provisions for restructuring measures of NOK 76 million were made directly in the balance sheet in connection with the acquisition of Nordlandsbanken and an additional NOK 930 million upon the merger between DnB and Gjensidige NOR. The latter provisions are expected to be increased by a further NOK 930 million once the Board of Directors has considered a complete restructuring plan which also includes operations in DnB, which in the accounts represented the acquiring company in the merger.

Stringent cost controls were implemented in both merging groups, while synergies relating to the merger were realised already in the 2003 accounts, partly due to the postponement of new recruitment and marketing measures.

Loan-loss provisions and non-performing commitments

Losses totalled NOK 1 891 million in 2003, compared with NOK 1 024 million in 2002. Losses in 2003 were in line with the normalised level over a business cycle. The increase from 2002 was due to a rise in new losses on repossessed commitments in the fisheries, building and construction, services and manufacturing industries. Loan-loss levels showed a downward trend towards the end of the year. DnB NOR was

actively involved in the refinancing and restructuring of commitments in the fisheries industry in 2003.

Non-performing and doubtful commitments in the retail market were brought down by NOK 190 million. In the corporate market, there was an increase in non-performing and doubtful commitments in the fisheries sector, while volumes were scaled back in most other industries. Extensive efforts were devoted to securing values in connection with loss-exposed commitments. Non-performing, doubtful and repossessed commitments were reduced by a total of NOK 296 million in 2003. Unspecified loan-loss provisions remained unchanged in 2003.

Long-term investments in securities

Net gains on long-term investments in securities were NOK 224 million in 2003, compared with a net loss of NOK 316 million recorded in 2002. The investment in Storebrand was written down by NOK 468 million in 2002. The share price development for Storebrand through 2003 along with the sale of shares ensured sales gains and reversals on previous write-downs totalling NOK 209 million.

Taxes

The DnB NOR Group's tax charge for 2003 totalled NOK 1 636 million, representing 23 per cent of pre-tax operating profits. The tax charge for 2003 was particularly low due to the fact that the Central Tax Office for Large Companies accepted adjustments in the tax assessment for Den norske Bank ASA for previous years, which reduced the tax charge by a total of NOK 180 million. The DnB NOR Group anticipates a normalised tax level of 27 per cent of operating profits before taxes in the future.

Balance sheet and assets under management

Net lending in the Group's balance sheet was NOK 557.5 billion at the end of 2003, up from NOK 488.2 billion a year earlier. Nordlandsbanken, which was acquired in the first quarter of 2003, added NOK 24 billion to the Group's lending volume. Bank deposits rose from NOK 318 billion to NOK 336 billion in 2003, with NOK 9.2 billion stemming from the acquisition of Nordlandsbanken. The average ratio of deposits to lending was close to 65 per cent in both 2002 and 2003.

In addition to deposits in the balance sheet, the DnB NOR Group managed savings for customers in the form of investment funds, insurance policies etc. for a total of NOK 488 billion at the end of 2003. This represented an increase of NOK 77 billion during the year.

The core capital ratio of the DnB NOR Group was 6.8 per cent at the end of 2003, while the corresponding figure for the banking group was 7.2 per cent.

Business areas

In general, DnB NOR Retail Banking showed satisfactory performance in 2003, but repeated interest rate cuts brought strong pressure on deposit margins in the second half of the year. There was a high level of activity in the business area. Retail Banking launched several new savings products in 2003 which were well received in the market.

Performance in DnB NOR Corporate Banking in 2003 reflected sound operations and cost control. The integration with Nordlandsbanken continued through most of 2003. The portfolio was restructured and credit policies coordinated. Corporate Banking registered a strong increase in demand for DnB NOR's Internet services in 2003. New card and cash handling solutions for customers in the Nordic region were established during the year.

DnB NOR Markets achieved its best results ever in 2003. Volatile currency and interest rate markets and positive trends in stock and credit markets contributed to rising activity and sound earnings. Strong fluctuations in the Norwegian krone rate resulted in greater customer demand for currency hedging products. In addition, the central bank's interest rate cuts attracted more customers to interest rate hedging products.

Performance in the life insurance industry was strongly affected by the upturn in global stock markets and the slide in Norwegian interest rates in 2003, and Life Insurance and Pensions recorded a high return on capital. The business area's return on equity was satisfactory in 2003.

DnB NOR Asset Management achieved higher earnings through cost cuts and completed the establishment of a global management and operative organisation in 2003. Parallel to this, the range of advisory and other services was extended.

Future prospects

The international economy passed the trough in 2003, and there are sound prospects for economic growth in 2004. Demand for Norwegian goods and services is expected to increase, parallel to rising economic growth in Norway. The low interest rate level at the beginning of 2004 presents both opportunities and challenges for DnB NOR. Higher economic activity will have a positive impact on the Group's growth and earnings potential, though the Group's interest income could be under pressure in the short term.

In 2004, DnB NOR will focus on retaining and strengthening customer relationships in the new Group by offering a full range of products at competitive terms and by making the Group's overall competence available to customers. After the merger, DnB acquired a unique market position and will be able to expand its product offering to customers.

The integration between the merger parties provides ample opportunities for realising synergies through the discontinuation and combination of operations. These efforts will be given high priority in 2004, which will be followed up closely by management and the Board of Directors. The process is on schedule and will have a significant impact on profits in 2004.

Profit and loss accounts (formal accounts)

DnB NOR Group

<i>Amounts in NOK million</i>	4th quarter 2003	4th quarter 2002	Full year 2003	Full year 2002
Interest income	4 528	6 419	22 520	24 660
Interest expenses	2 622	4 249	14 384	16 282
Net interest income and credit commissions	1 906	2 169	8 136	8 378
Dividends	29	10	116	61
Net profit/(loss) from Life Insurance and Pensions	71	1	304	(114)
Commissions and fees receivable	1 191	1 002	4 302	3 925
Commissions and fees payable	397	317	1 463	1 411
Net gain on foreign exchange and financial instruments	416	244	1 394	611
Sundry ordinary operating income	190	151	687	587
Gains on the sale of fixed assets	1	28	9	35
Net other operating income	1 500	1 119	5 348	3 694
Salaries and other ordinary personnel expenses	1 174	953	4 264	3 791
Administrative expenses	709	673	2 794	2 689
Depreciation	154	129	604	486
Sundry ordinary operating expenses	190	203	786	792
Other expenses	101	149	158	255
Total operating expenses	2 329	2 107	8 605	8 013
Pre-tax operating profit before losses	1 078	1 182	4 879	4 059
Net losses on loans etc.	162	363	1 266	478
Net gain/(loss) on long-term securities	194	(21)	221	(314)
Pre-tax operating profit	1 110	798	3 835	3 268
Taxes	291	222	818	934
Profit for the period	819	576	3 017	2 334
Earnings per share	1.06	0.75	3.91	3.03
Diluted earnings per share	1.05	0.74	3.90	3.01
Average total assets	433 995	378 733	436 170	377 649

Balance sheets (formal accounts)

DnB NOR Group

<i>Amounts in NOK million</i>	31 Dec. 2003	31 Dec. 2002
Assets		
Cash and deposits with central banks	8 570	19 133
Lending to and deposits with credit institutions	28 331	20 391
Gross lending to customers	565 546	282 660
- Specified loan-loss provisions	(4 329)	(1 796)
- Unspecified loan-loss provisions	(3 714)	(2 115)
Net lending to customers	557 503	278 748
Repossessed assets	576	399
Commercial paper and bonds	59 398	33 870
Shareholdings etc.	4 011	2 751
Investments in Life Insurance and Pensions and associated companies	7 365	3 773
Intangible assets	6 484	3 815
Fixed assets	4 475	2 295
Other assets	23 643	16 783
Prepayments and accrued income	5 321	3 206
Total assets	705 677	385 164
Liabilities and equity		
Loans and deposits from credit institutions	78 497	49 071
Deposits from customers	335 576	194 803
Securities issued	181 649	74 850
Other liabilities	35 267	25 901
Accrued expenses and prepaid revenues	5 992	2 427
Provisions for commitments	2 834	1 540
Subordinated loan capital	23 709	10 456
Share capital	13 090	7 696
Equity reserves	29 063	18 420
Total liabilities and equity	705 677	385 164
Guarantee commitments	54 043	40 110

Profit and loss accounts

All figures prior to 31 December 2003 are pro forma and refer to the consolidated operations of DnB NOR. See note 3.

Amounts in NOK million	Note	DnB NOR Group			
		Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Interest income		7 916	11 224	38 430	42 959
Interest expenses		4 618	7 616	24 641	29 072
Net interest income and credit commissions		3 299	3 608	13 789	13 887
Dividends		47	32	212	171
Net profit/(loss) from Life Insurance and Pensions	4	360	(10)	760	(271)
Commissions and fees receivable	3	1 733	1 474	6 335	5 869
Commissions and fees payable	3	577	449	2 056	1 971
Net gain on foreign exchange and financial instruments	3	492	232	1 847	774
Sundry ordinary operating income	3	306	247	1 181	1 046
Gains on the sale of fixed assets		13	29	23	39
Net other operating income	3	2 374	1 555	8 302	5 658
Salaries and other ordinary personnel expenses	5	1 762	1 499	6 577	6 005
Administrative expenses	5	1 012	1 016	3 982	3 947
Depreciation	5	304	283	1 200	1 077
Sundry ordinary operating expenses	5	303	344	1 433	1 508
Other expenses	5	127	256	219	394
Total operating expenses	5	3 508	3 398	13 410	12 931
Pre-tax operating profit before losses		2 165	1 765	8 681	6 613
Net losses on loans etc.	7, 8	276	585	1 891	1 023
Net gain/(loss) on long-term securities		195	(24)	224	(316)
Pre-tax operating profit		2 083	1 157	7 014	5 274
Taxes		513	375	1 636	1 642
Profit for the period		1 570	781	5 378	3 632
Earnings per share		1.20	0.60	4.11	2.77
Diluted earnings per share		1.19	0.60	4.10	2.76
Average total assets		689 051	608 843	697 223	622 732

Balance sheets

Amounts in NOK million	Note	DnB NOR Group	
		31 Dec. 2003	Pro forma 31 Dec. 2002
Assets			
Cash and deposits with central banks		8 570	22 944
Lending to and deposits with credit institutions		28 331	26 615
Gross lending to customers	9, 10	565 546	494 601
- Specified loan-loss provisions		(4 329)	(2 884)
- Unspecified loan-loss provisions		(3 714)	(3 501)
Net lending to customers	9, 10	557 503	488 217
Repossessed assets		576	651
Commercial paper and bonds		59 398	51 745
Shareholdings etc.		4 011	4 364
Investments in Life Insurance and Pensions and associated companies		7 365	7 184
Intangible assets	11	6 484	6 733
Fixed assets		4 475	4 425
Other assets		23 643	19 382
Prepayments and accrued income		5 321	6 098
Total assets		705 677	638 357
Liabilities and equity			
Loans and deposits from credit institutions		78 497	80 302
Deposits from customers		335 576	317 598
Securities issued		181 649	138 568
Other liabilities		35 267	35 359
Accrued expenses and prepaid revenues		5 992	5 034
Provisions for commitments		2 834	3 000
Subordinated loan capital		23 709	18 812
Share capital	12	13 090	13 090
Equity reserves	12	29 063	26 595
Total liabilities and equity		705 677	638 357
Guarantee commitments		54 043	49 459

Key figures

DnB NOR Group

Amounts in NOK million

	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Interest rate analysis				
1. Combined average spread for lending and deposits (%)	2.54	2.79	2.62	2.77
2. Spread for ordinary lending to customers (%)	1.68	1.53	1.76	1.48
3. Spread for deposits from customers (%)	0.86	1.26	0.87	1.29
Rate of return/profitability				
4. Net other operating income, % of total income	41.7	30.1	37.6	28.9
5. Cost/income ratio (%)	61.8	65.8	60.7	66.2
6. Cost/income ratio excl. goodwill amortisation (%)	59.1	63.1	57.9	63.6
7. Return on equity (%)	14.2	7.4	12.7	8.9
8. Return on equity excl. goodwill amortisation (%)	15.7	8.8	14.3	10.2
9. Goodwill amortisation (NOK million)	165	149	651	539
10. Average equity (NOK million)	44 252	42 131	42 206	40 738
Financial strength				
11. Core (Tier 1) capital ratio at end of period (%)	6.8	7.1	6.8	7.1
12. Capital adequacy ratio at end of period (%)	9.8	9.9	9.8	9.9
13. Core capital at end of period (NOK million)	39 343	36 834	39 343	36 834
14. Total eligible primary capital at end of period (NOK million)	56 563	51 290	56 563	51 290
15. Risk-weighted volume at end of period (NOK million)	579 445	516 664	579 445	516 664
Loan portfolio and loan-loss provisions				
16. Loan-loss ratio annualised (%)	0.20	0.48	0.34	0.21
17. Non-performing and doubtful commitments, % of total lending	1.47	0.97	1.47	0.97
18. Loan-loss provisions relative to total gross lending (%)	1.42	1.29	1.45	1.29
19. Non-performing commitments at end of period (NOK million)	6 531	3 622	6 531	3 622
20. Doubtful commitments at end of period (NOK million)	1 870	1 252	1 870	1 252
Liquidity				
21. Ratio of customer deposits to net lending to customers at end of period (%)	60.2	65.1	60.2	65.1
Total assets owned or managed				
22. Assets under management (NOK billion)	489	412	489	412
23. Average total combined assets (NOK billion)	1 187	1 039	1 120	930
24. Total combined assets at end of period (NOK billion)	1 192	1 047	1 192	1 047
25. Customer savings at end of period (NOK billion)	824	729	824	729
Staff				
26. Number of full-time positions at end of period	11 073	11 233	11 073	11 233
27. - of which in Life Insurance and Pensions	970	1 014	970	1 014
The DnB NOR share				
28. Number of shares at end of period (1 000)	1 309 027	1 309 027	1 309 027	1 309 027
29. Average number of shares (1 000)	1 309 027	1 309 027	1 309 027	1 309 552
30. Average number of shares – fully diluted (1 000)	1 315 764	1 309 457	1 311 737	1 314 781
31. Earnings per share (NOK)	1.20	0.60	4.11	2.77
32. Earnings per share excl. goodwill amortisation (NOK)	1.32	0.71	4.61	3.19
33. Earnings per share fully diluted (NOK)	1.19	0.60	4.10	2.76
34. Equity per share (NOK)	32.20	30.32	32.20	30.32
35. Share price at end of period (NOK)	44.40	32.60	44.40	32.60
36. Price/book value	1.38	1.08	1.38	1.08
37. Market capitalisation (NOK billion)	58.1	42.7	58.1	42.7

Definitions

- 7. Profit for the period as a percentage of average equity.
- 16. Net losses on loans (excluding guarantees) as a percentage of lending after the deduction of specified loan-loss provisions at end of period.
- 17. 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.
- 18. Accumulated specified and unspecified loan-loss provisions relative to gross lending at end of period.
- 31. Profit for the period divided by the average number of shares.
- 36. 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.
- 37. Number of shares multiplied by the share price at end of period.

Note 1 – Accounting principles

The quarterly accounts are based on Norwegian accounting legislation, the accounting regulations issued by Kredittilsynet (the Financial Supervisory Authority of Norway) and Norwegian generally accepted accounting principles. The quarterly accounts comply with NRS 11 - the Norwegian accounting standard for interim reporting.

Note 2 – New group structure

Acquisition of Nordlandsbanken

On the basis of an invitation extended by the Board of Directors in Nordlandsbanken at the end of 2002, DnB presented an offer to acquire all shares in Nordlandsbanken ASA. The offer price was NOK 35 per share, representing a total of NOK 1 050 million.

In the accounts, the acquisition of Nordlandsbanken is treated according to the purchase method. To establish a basis for the accounting treatment, an analysis was carried out to identify market values above or below book values in the acquired operations and allocate these to the appropriate balance sheet items. Nordlandsbanken's balance sheet as at 31 December 2002 was used to identify approximate values on the transaction date. Based on assessments made in the first and second quarter the market value of the loan portfolio turned out to be NOK 244 million lower than book value. The volume of non-performing and doubtful commitments has been restated based on these assessments. The market value of long-term shareholdings exceeded book value by NOK 15 million. The part of the acquisition cost exceeding recorded equity after value adjustments, costs relating to the acquisition and restructuring provisions is recorded as goodwill in the Group's balance sheet. Goodwill relating to the acquisition will be amortised over ten years based on an analysis of values in the acquired operations as well as the significance of operations for the DnB NOR Group.

<i>Amounts in NOK million</i>	DnB NOR Group
Acquisition cost	1 050
Recorded equity in acquired operations as at 31 December 2002	754
Value adjustments	(229)
Acquisition cost exceeding recorded equity	525
Costs relating to the acquisition	10
Restructuring provisions	76
Deferred taxes	85
Recorded goodwill in the balance sheet of the acquired operations	4
Goodwill in the DnB NOR Group on the acquisition date	531
Annual amortisation	53

Nordlandsbanken's accounts for 2002 reflected the special circumstances leading up to the acquisition by DnB NOR. Pro forma accounts for DnB NOR including Nordlandsbanken will thus not provide an appropriate basis for evaluating Nordlandsbanken's impact on DnB NOR's future accounts. Pro forma accounts for previous periods have therefore not been prepared.

In the formal accounts, Nordlandsbanken has been included as from 1 January 2003, which approximates the implementation date for the acquisition.

Merger between DnB Holding ASA and Gjensidige NOR ASA

The Boards of Directors in DnB Holding ASA and Gjensidige NOR ASA agreed on a merger of the two companies on 18 March 2003. The merger was approved by the Ministry of Finance on 28 November 2003. The two holding companies merged on 4 December 2003 and formed DnB NOR ASA. For practical reasons, the implementation date for accounting purposes will be the date ending the quarter in which the approval was granted, i.e. 31 December 2003. The merger will be accounted for as an equity transaction under § 5-14 (1) (1) of the Norwegian Accounting Act (the acquisition method), with Gjensidige NOR's assets and liabilities as a capital infusion in DnB.

Harmonisation of accounting principles and estimates

No significant deviations have been found in the accounting principles or estimates applied by DnB and Gjensidige NOR respectively. Restated pro forma accounting figures have been prepared for previous periods in accordance with harmonised accounting principles and estimates.

Goodwill

The difference between the cost price and actual value as at 31 December 2002 of the balance sheet acquired will constitute goodwill on the transaction. The cost price of the transaction will constitute the value of the consideration to shareholders in Gjensidige NOR ASA valued on the basis of the exchange ratio and market value of the shares in DnB Holding ASA on the date prior to the exchange ratio first being published, with the addition of restructuring expenses which can be related to the acquired business. The share prices used as a basis for the exchange ratio were NOK 27.70 for DnB Holding ASA and NOK 187.50 for Gjensidige NOR ASA, less the effect of the initially agreed cash contribution of NOK 43 per Gjensidige NOR share.

Goodwill will be capitalised and mainly expensed over 20 years. Goodwill relating to the credit card business and the business of Elcon Finans was originally assumed to be amortised over eight years. One of the terms stipulated by the Norwegian Competition Authority in its approval of the merger on 7 November 2003 was the sale of some companies, including Elcon Finans. The cost relating to the transaction has not been adjusted for this, and the allocated goodwill relating to Elcon Finans will be deducted from the balance sheet when accounting for the sale of the company.

To ensure approval of the merger at the Extraordinary General Meeting, DnB acquired 5.2 million Gjensidige NOR shares. DnB later sold these shares in the market, realising a gain of NOK 160 million. After tax and financing costs, NOK 106 million was deducted from the overall cost relating to the transaction.

Note 2 – New group structure (continued)

Calculation of goodwill

Amounts in NOK million

DnB NOR Group

Issue of shares in DnB NOR ASA	13 646
Cash consideration	3 741
Deduction for gain on the sale of Gjensidige NOR shares after taxes	106
Total merger consideration	17 282
Equity in the Gjensidige NOR Group as at 31 December 2002	16 236
Estimated restructuring expenses relating to Gjensidige NOR's operations, after tax	670
Goodwill in the DnB NOR Group	1 717
Annual amortisation	135

Allocation of goodwill ¹⁾

DnB NOR Group

Amounts in NOK million	Amortisation period (no. of years)	Annual amortisation	Goodwill
Savings bank – bank branches ²⁾	20	29	586
Savings bank – corporate customers ²⁾	20	23	471
Cresco – credit card portfolio	8	59	471
Elcon Finans – business in Norway	8	24	189
Total		135	1 717

1) Goodwill and goodwill amortisation have been adjusted compared with the calculations presented in the merger prospectus due to the gain on the sale of Gjensidige NOR shares.

2) The savings bank business (Union Bank of Norway ASA) is considered to be of a very long-term nature, with substantial values attaching to general operations. The earnings potential of these operations will be of significance to the new group for a long time.

Annual goodwill amortisation totalling NOK 135 million is included in the accounts. Annual financing costs of NOK 94 million relating to the cash consideration have been charged to the pro forma accounts. Net costs of NOK 144 million relating to the share issue have been charged against equity.

Other aspects

Up till 31 December 2003, Gjensidige NOR and Gjensidige NOR Forsikring owned 50 per cent each of the company Gjensidige NOR Driftspartner. In Gjensidige NOR's accounts, Driftspartner was classified as a joint venture, and income and expenses were netted. Still, Gjensidige NOR recorded the cost of services provided by Driftspartner as ordinary expenses.

DnB NOR took over 100 per cent of Driftspartner in 2004, and income and related expenses incurred by Driftspartner referring to external parties and life insurance operations will be recorded gross. This is expected to result in an increase of an estimated NOK 230 million in operating income and operating expenses in 2004 compared with pro forma figures for 2003.

Operations required sold in connection with the merger – discontinued operations

In connection with the Norwegian Competition Authority's approval of the merger, DnB NOR was required to sell some companies, including Elcon Finans AS, Postbanken Eiendomsmegling AS and Gjensidige NOR Fondsforsikring AS. The Group has taken steps to sell the companies. In the pro forma accounts for the merged entity, operations in these companies are included. To facilitate analysis of operations in DnB NOR after the planned sales, separate accounts for the companies to be sold have been prepared.

Operations in these companies will, in accordance with the Ministry of Finance's regulation for banks etc., paragraph 2-5 (2), 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 included in the DnB NOR Group's accounts, are shown below. In note 14 - Business areas these companies are shown separately under the caption "Discontinued operations".

Note 2 – New group structure (continued)**Profit and loss accounts**

<i>Amounts in NOK million</i>	Discontinued operations ¹⁾			
	4th quarter 2003	4th quarter 2002	Full year 2003	Full year 2002
Net interest income and credit commissions	230	195	927	718
Commissions and fees receivable	22	21	81	73
Commissions and fees payable	19	(7)	61	18
Net gain/(loss) on foreign exchange and financial instruments	(1)	(6)	6	(1)
Sundry ordinary operating income	33	29	118	97
Net other operating income	34	51	144	151
Salaries and other ordinary personnel expenses	82	72	290	244
Administrative expenses	35	40	115	120
Depreciation	7	7	25	21
Sundry ordinary operating expenses	24	13	97	81
Other expenses	0	1	0	1
Total operating expenses	149	134	528	468
Pre-tax operating profit before losses	117	112	543	402
Net losses on loans etc.	42	38	173	76
Pre-tax operating profit	75	74	370	326
Taxes	25	22	107	92
Profit for the period	51	52	264	234

Balance sheets

<i>Amounts in NOK million</i>	Discontinued operations ¹⁾	
	31. Dec. 2003	31 Dec. 2002
Assets		
Cash and deposits with central banks	0	104
Lending to and deposits with credit institutions	375	364
Gross lending to customers	27 669	23 508
- Specified loan-loss provisions	(113)	(65)
- Unspecified loan-loss provisions	(180)	(177)
Net lending to customers	27 376	23 267
Repossessed assets	134	238
Shareholdings etc.	40	32
Intangible assets	152	334
Fixed assets	22	18
Other assets	349	42
Prepayments and accrued income	115	63
Total assets	28 537	24 462
Liabilities and equity		
Loans and deposits from credit institutions	24 507	20 858
Deposits from customers	283	287
Other liabilities	771	627
Accrued expenses and prepaid revenues	174	144
Provisions for commitments	23	34
Subordinated loan capital	350	375
Total liabilities	26 108	22 325
Share capital	2 043	1 768
Equity reserves	386	369
Total equity	2 429	2 137
Total liabilities and equity	28 537	24 462

1) Includes the accounts of Elcon Finans AS, Postbanken Eiendomsmegling AS and Gjensidige NOR Fondsforsikring AS as included in the accounts of the DnB NOR Group.

Note 3 – Net other operating income

<i>Amounts in NOK million</i>	DnB NOR Group			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma Full year 2003	Pro forma Full year 2002
Dividends	47	32	212	171
Net profit/(loss) from Life Insurance and Pensions	360	(10)	760	(271)
Money transfer fees receivable	780	750	3 069	3 019
Fees on asset management services	276	234	986	885
Fees on custodial services	42	36	159	155
Fees on securities	169	83	453	362
Guarantee commissions	96	86	378	327
Interbank fees	55	52	214	192
Commissions on credit broking	33	38	117	144
Sales commissions on insurance products	70	43	226	172
Sundry commissions and fees receivable on banking services	212	152	734	614
Total commissions and fees receivable on banking services	1 733	1 474	6 335	5 869
Money transfer fees payable	310	286	1 166	1 221
Interbank fees	66	68	258	243
Sundry commissions and fees payable on banking services	200	95	632	507
Total commissions and fees payable on banking services	577	449	2 056	1 971
Net gain/(loss) on short-term shareholdings	86	(16)	163	(343)
Net gain on commercial paper and bonds	4	69	523	199
Net gain on trading in foreign exchange and financial derivatives ¹⁾	280	30	1 494	1 210
Net gain/(loss) on other money market instruments ¹⁾	121	148	(333)	(292)
Net gain on foreign exchange and financial instruments	491	232	1 847	774
Operating income on real estate	15	15	61	58
Rental income	16	16	63	61
Fees on real estate broking	160	108	595	516
Share of profit in associated companies	20	7	159	111
Remunerations	11	8	21	27
Miscellaneous operating income	83	92	282	272
Total sundry ordinary operating income	306	247	1 181	1 046
Gains on the sale of fixed assets	13	29	23	39
Net other operating income	2 374	1 555	8 302	5 658

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

Note 3 – Net other operating income (continued)**Last five quarters**

<i>Amounts in NOK million</i>	DnB NOR Group				
	Pro forma 4th quarter 2003	Pro forma 3rd quarter 2003	Pro forma 2nd quarter 2003	Pro forma 1st quarter 2003	Pro forma 4th quarter 2002
Dividends	47	27	107	31	32
Net profit/(loss) from Life Insurance and Pensions	360	88	297	15	(10)
Money transfer fees receivable	780	797	775	717	750
Fees on asset management services	276	267	214	229	234
Fees on custodial services	42	37	40	40	36
Fees on securities	169	96	95	93	83
Guarantee commissions	96	92	92	97	86
Interbank fees	55	52	55	52	52
Commissions on credit broking	33	29	29	25	38
Sales commissions on insurance products	70	62	41	53	43
Sundry commissions and fees receivable on banking services	212	190	164	168	152
Total commissions and fees receivable on banking services	1 733	1 623	1 505	1 474	1 474
Money transfer fees payable	310	282	285	289	286
Interbank fees	66	64	67	60	68
Sundry commissions and fees payable on banking services	200	176	132	124	95
Total commissions and fees payable on banking services	577	521	484	474	449
Net gain/(loss) on short-term shareholdings	86	81	50	(54)	(16)
Net gain on commercial paper and bonds	4	58	263	197	69
Net gain on trading in foreign exchange and financial derivatives ¹⁾	280	456	329	430	30
Net gain/(loss) on other money market instruments ¹⁾	121	(99)	(122)	(233)	148
Net gain on foreign exchange and financial instruments	491	496	519	340	232
Operating income on real estate	15	15	16	15	15
Rental income	16	12	18	16	16
Fees on real estate broking	160	161	157	117	108
Share of profit in associated companies	20	41	45	41	7
Remunerations	11	2	3	5	8
Miscellaneous operating income	83	67	54	89	92
Total sundry ordinary operating income	306	298	293	283	247
Gains on the sale of fixed assets	13	7	2	2	29
Net other operating income	2 374	2 017	2 240	1 671	1 555

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

Note 4 – Life Insurance and Pensions

Net profit from Life Insurance and Pensions

The business area Life Insurance and Pensions in DnB NOR comprises Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS, as well as Gjensidige NOR Spareforsikring including subsidiaries. Vital Forsikring ASA and Gjensidige NOR Spareforsikring will merge during 2004, and life insurance operations will then be continued in Vital Forsikring ASA while unit linked products will be provided by Vital Link AS. Gjensidige NOR Fondsforsikring AS, which is required to be sold according to the concession terms, is not included in the figures. Engaged in life and unit linked insurance, the business area applies accounting standards which in certain respects deviate from the principles used for the Group's other operations, cf. the description of accounting principles. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group's access to revenues and assets from life insurance operations. The item "Net profit/(loss) from Life Insurance and Pensions" in the group accounts represents the DnB NOR Group's share of profits from the business area less goodwill amortisation. Columns showing figures for life insurance refer to operations in Vital Forsikring ASA including subsidiaries and Gjensidige NOR Spareforsikring ASA including subsidiaries. Columns showing figures for Life Insurance and Pensions refer to the life insurance companies and unit linked operations in Vital Link.

Profit and loss accounts ¹⁾

<i>Amounts in NOK million</i>	Life insurance			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Premium income for own account	4 296	3 204	14 047	15 984
Income from financial assets	5 701	14 245	22 864	28 796
Other insurance-related income	75	12	122	60
Insurance settlements for own account	2 606	2 244	10 876	8 272
Increase in insurance provisions etc.	3 145	5 861	8 107	11 392
Insurance-related operating expenses	333	331	1 215	1 177
Expenses related to financial assets	1 645	11 710	9 784	26 930
Other insurance-related expenses	59	25	165	82
Transferred from/(to) securities adjustment reserve	166	0	(2 448)	53
Result of technical profit and loss account before special provisions	2 450	(2 710)	4 438	(2 960)
Transferred from/(to) additional allocations	(896)	2 796	(896)	2 796
Funds transferred to policyholders	918	28	2 254	31
Result of technical profit and loss account for life insurance	636	58	1 288	(195)
Other expenses	31	76	148	171
Pre-tax operating profit/(loss) ²⁾	605	(18)	1 140	(366)
Taxes/(tax revenues)	177	(52)	236	(229)
Profit for the period ³⁾	428	33	904	137

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

<i>Amounts in NOK million</i>	DnB NOR Group			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Profit/(loss) for the period from life insurance activities	428	33	904	(137)
Goodwill amortisation ⁴⁾	25	25	101	101
Net profit/(loss) from life insurance activities	403	8	803	(238)
Net profit/(loss) from unit linked activities	(42)	(18)	(42)	(33)
Net profit/(loss) from Life Insurance and Pensions	360	(10)	760	(271)

Balance sheets ¹⁾

<i>Amounts in NOK million</i>	Life insurance	
	31 Dec. 2003	31 Dec. 2002
Financial assets	140 243	126 650
Accounts receivable	2 175	4 025
Other assets	5 283	2 720
Prepaid expenses and accrued income	2 467	2 211
Total assets	150 168	135 606
Paid-in capital	2 343	2 343
Retained earnings	3 512	3 512
Subordinated and perpetual subordinated loan capital	2 663	3 052
Securities adjustment reserve	2 448	0
Insurance provisions	135 135	125 221
Provisions for commitments	756	35
Liabilities	2 792	1 281
Accrued expenses and prepaid income	519	162
Total equity and liabilities	150 168	135 606
Market value above acquisition cost of bonds held to maturity	2 842	924

Note 4 – Life Insurance and Pensions (continued)

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

2) Breakdown of profit and loss account

Amounts in NOK million	Life insurance			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma Full year 2003	Pro forma Full year 2002
Administration result	(57)	(105)	(190)	(242)
Interest result	2 801	(2 668)	5 472	(2 793)
Risk result before additional provisions for disability	(161)	112	(92)	137
Total	2 583	(2 661)	5 190	(2 898)
Transferred from/(to) security reserve	(10)	57	(17)	52
Additional provisions for disability ^{*)}	245	88	811	206
Result from other activities/other provisions	92	(94)	(72)	(79)
Total for allocation to policyholders, the owner and taxes	2 420	(2 786)	4 290	(3 131)
Transferred from/(to) additional allocations	(896)	2 796	(896)	2 796
Funds transferred to policyholders	918	28	2 254	31
Pre-tax operating profit	605	(18)	1 140	(366)

*) Life Insurance and Pensions plans to further strengthen disability provisions by NOK 185 million in 2004.

3) Pro forma profits for allocation to the owner and taxes for products subject to profit sharing in Life Insurance and Pensions have been calculated on the basis of the profit-sharing model applied by Vital Forsikring ASA. The following elements are included:

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

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

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

4) Goodwill is amortised over 10 years.

Key figures

Per cent	Life Insurance and Pensions			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Recorded return ¹⁾	3.1	1.6	7.9	1.6
Value-adjusted return excl. unrealised gains on bonds held to maturity ^{1) 2)}	12.1	6.8	9.7	1.5
Value-adjusted return incl. unrealised gains on bonds held to maturity ^{1) 2)}	13.3	8.1	11.0	2.0
Return on equity after taxes ^{2) 3)}	25.1	(1.8)	12.5	(5.0)
Costs in per cent of policyholders' funds ^{1) 2) 4)}	1.01	1.10	1.01	1.05
Capital adequacy ratio ^{1) 5)}	13.8	15.3	13.8	15.3
Core capital ratio ^{1) 5)}	9.6	10.1	9.6	10.1
Policyholders' funds (NOK billion) ⁶⁾	144	130	144	130
Solvency margin capital in per cent of solvency capital requirement ^{1) 5) 7)}	152	155	152	155

1) Life insurance

2) Figures are annualised

3) Calculated on the basis of allocated risk capital.

4) Costs charged to the administration result.

5) Figures at end of period.

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

7) Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments in 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.

Note 4 – Life Insurance and Pensions (continued)

Solvency capital

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

<i>Amounts in NOK million</i>	Life insurance	
	31 Dec. 2003	Pro forma 31 Dec. 2002
Securities adjustment reserve	2 448	0
Additional allocations	2 049	1 211
Security reserve	197	180
Equity	5 856	5 856
Subordinated and perpetual subordinated loan capital	2 663	3 052
Unrealised gains on long-term securities	2 842	924
Total solvency capital	16 055	11 223
Guaranteed return on policyholders' funds	4 966	4 691

Note 5 – Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Group			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Ordinary salaries	1 261	1 120	4 836	4 550
Employer's national insurance contributions	149	172	712	691
Pension expenses	230	123	666	456
Social expenses	122	84	363	308
Total ordinary salaries and other personnel expenses	1 762	1 499	6 577	6 005
Fees	162	150	526	576
EDP expenses	294	311	1 361	1 271
Postage, telecommunications and office supplies	160	168	671	681
Marketing and public relations	115	118	451	477
Travel expenses	57	74	194	219
Reimbursement to Norway Post for transactions executed	180	142	563	491
Training expenses	9	10	46	56
Sundry administrative expenses	34	44	169	176
Total administrative expenses	1 012	1 016	3 982	3 947
Goodwill amortisation	140	124	550	437
Other depreciation	163	159	649	640
Total depreciation	304	283	1 200	1 077
Operating expenses on properties and premises	187	219	878	900
Operating expenses on machinery, vehicles and office equipment taken to expense	37	18	103	81
Miscellaneous ordinary operating expenses	79	107	453	526
Total sundry ordinary operating expenses	303	344	1 433	1 508
Allocations to employee funds	85	30	114	46
Restructuring expenses	13	197	38	299
Losses on the sale of fixed assets	5	8	28	10
Write-downs on rental contracts and fixed assets	24	21	40	39
Total other expenses	127	256	219	394
Total operating expenses	3 508	3 398	13 410	12 931

Note 5 – Operating expenses (continued)**Last five quarters**

<i>Amounts in NOK million</i>	DnB NOR Group				
	Pro forma 4th quarter 2003	Pro forma 3rd quarter 2003	Pro forma 2nd quarter 2003	Pro forma 1st quarter 2003	Pro forma 4th quarter 2002
Ordinary salaries	1 261	1 222	1 168	1 184	1 120
Employer's national insurance contributions	149	186	185	192	172
Pension expenses	230	152	146	138	123
Social expenses	122	81	77	82	84
Total ordinary salaries and other personnel expenses	1 762	1 642	1 576	1 597	1 499
Fees	162	88	144	133	150
EDP expenses	294	362	356	348	311
Postage, telecommunications and office supplies	160	165	172	174	168
Marketing and public relations	115	100	128	108	118
Travel expenses	57	39	50	48	74
Reimbursement to Norway Post for transactions executed	180	141	125	117	142
Training expenses	9	10	9	17	10
Sundry administrative expenses	34	37	43	55	44
Total administrative expenses	1 012	942	1 028	1 000	1 016
Goodwill amortisation	140	139	137	134	124
Other depreciation	163	158	162	166	159
Total depreciation	304	297	299	300	283
Operating expenses on properties and premises	187	227	226	237	219
Operating expenses on machinery, vehicles and office equipment taken to expense	37	22	18	25	18
Miscellaneous ordinary operating expenses	79	117	115	141	107
Total sundry ordinary operating expenses	303	366	360	403	344
Allocations to employee funds	85	21	5	3	30
Restructuring expenses	13	8	13	4	197
Losses on the sale of fixed assets	5	2	17	4	8
Write-downs/(reversals of write-downs) on rental contracts and fixed assets	24	4	(5)	17	21
Total other expenses	127	35	30	27	256
Total operating expenses	3 508	3 282	3 293	3 327	3 398

Note 6 – Number of employees/full-time positions ¹⁾

	DnB NOR Group			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Number of employees at end of period	11 678	11 971	11 678	11 971
Number of employees calculated on a full-time basis at end of period	11 073	11 233	11 073	11 233
Average number of employees	11 690	12 085	11 950	11 987
Average number of employees calculated on a full-time basis	11 123	11 296	11 341	11 281

1) The 2003 figures include 458 full-time positions in Elcon Finans AS, Gjensidige NOR Fondsforsikring and Postbanken Eiendomsmegling. According to the concession terms, the DnB NOR Group is required to sell these companies during 2004.

Note 7 – Net losses/(reversals) on loans, guarantees etc.

<i>Amounts in NOK million</i>	DnB NOR Group			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Specification of net losses/(reversals)				
Write-offs ^{a)}	207	226	725	461
Increase in specified loan-loss provisions ^{b)}	44	17	288	283
New specified loan-loss provisions ^{b)}	334	522	1 657	1 076
Total new specified provisions	585	765	2 671	1 820
Reassessed specified provisions ^{b)}	200	79	509	370
Total specified provisions	385	686	2 162	1 450
Recoveries on commitments previously written off ^{c)}	68	105	276	426
Increase in/(reversals on) unspecified provisions during the period ^{d)}	(42)	5	5	0
Net losses on loans, guarantees etc. ¹⁾	276	586	1 891	1 024
Specification of changes				
Increase in/(reversals on) specified provisions ^{b) minus d)}	(65)	268	773	343
+ Increase in/(reversals on) unspecified provisions ^{d)}	(42)	5	5	0
+ Write-offs covered by specified provisions made in previous years ^{d)}	244	191	664	646
+ Write-offs not covered by specified provisions made in previous years ^{a)}	207	226	725	461
- Recoveries on commitments previously written off ^{c)}	68	105	276	426
Net losses on loans, guarantees etc. ¹⁾	276	586	1 891	1 024
<i>1) Of which net losses/(reversals) on guarantees</i>	(25)	31	(7)	35
<i>a)-d) Show connections and links between the items.</i>				

Note 8 – Net losses/(reversals) on loans, guarantees etc. for principal sectors

<i>Amounts in NOK million</i>	DnB NOR Group			
	Pro forma 4th quarter 2003	Pro forma 4th quarter 2002	Pro forma full year 2003	Pro forma full year 2002
Retail customers	5	59	272	224
International shipping	(27)	(25)	(60)	(110)
Real estate	(3)	102	67	183
Manufacturing	68	68	342	236
Services and management	(31)	146	319	235
Trade	47	39	141	105
Oil and gas	(2)	(1)	(3)	(65)
Transportation and communication	20	5	69	15
Building and construction	93	11	156	15
Power and water supply	0	(2)	0	(3)
Fishing	23	53	128	59
Hotels and restaurants	13	(6)	38	3
Agriculture and forestry	4	31	11	32
Other sectors	25	8	17	(1)
Total customers	235	486	1 496	929
Credit institutions	5	0	5	0
Reposessed assets	41	95	385	95
Increase in unspecified provisions	(5)	5	5	0
Total net losses on loans, guarantees etc.	276	586	1 891	1 024

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

Note 9 – Lending to principal sectors ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group	
	31 Dec. 2003	Pro forma 31 Dec. 2002
Retail customers	301 579	253 332
International shipping	31 167	25 841
Real estate	82 155	74 018
Manufacturing	24 758	26 593
Services and management	36 613	35 766
Trade	23 849	21 193
Oil and gas	4 238	4 073
Transportation and communication	14 026	13 546
Building and construction	8 428	7 417
Power and water supply	6 276	8 027
Fishing	10 329	7 432
Hotels and restaurants	2 572	2 453
Agriculture and forestry	3 306	2 511
Central and local government	5 189	5 387
Other sectors	6 731	4 128
Total lending to customers	561 217	491 718

1) *Loans after specified provisions.*

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

Note 10 – Non-performing and doubtful commitments

<i>Amounts in NOK million</i>	Private customers		Corporate customers		DnB NOR Group Total	
	31 Dec. 2003	Pro forma 31 Dec. 2002	31 Dec. 2003	Pro forma 31 Dec. 2002	31 Dec. 2003	Pro forma 31 Dec. 2002
Incl. Nordlandsbanken as from 1 Jan. 2003						
Non-performing commitments						
Before specified provisions	3 064	2 809	6 989	5 773	10 053	8 582
After specified provisions ¹⁾	2 143	1 926	4 388	3 623	6 531	5 549
Doubtful commitments						
Before specified provisions	436	610	2 366	3 788	2 802	4 398
After specified provisions ¹⁾	317	399	1 553	2 675	1 870	3 074
Excl. Nordlandsbanken						
Non-performing commitments						
Before specified provisions	2 811	2 559	4 248	3 348	7 059	5 906
After specified provisions ¹⁾	1 959	1 769	2 725	1 852	4 684	3 622
Doubtful commitments						
Before specified provisions	423	413	1 410	1 563	1 833	1 976
After specified provisions ¹⁾	308	276	896	976	1 204	1 252

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

Note 11 – Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group	
	31 Dec. 2003	Pro forma 31 Dec. 2002
Goodwill	5 601	5 309
Systems development	172	164
Postbanken brand name	62	74
Deferred tax assets	642	1 154
Other intangible assets	7	31
Total intangible assets	6 484	6 733

Note 12 – Equity

<i>Amounts in NOK million</i>	DnB NOR Group			
	2003	2002	Pro forma 2003	Pro forma 2002
Balance as at 1 January	26 117	25 836	39 685	39 114
Gains on own shares				7
Tax effect of conversion of Gjensidige NOR Spareforsikring				(55)
Repurchases of own shares		35		35
Acquisition of Skandia Asset Management		(58)		(58)
Minority interests in Netaxept and DnB Absolute Return Investment AB		7		7
Merger with Gjensidige NOR				
Share issue	13 647			
Issue costs	144			
Profit for the year in Gjensidige NOR	2 564			
First year goodwill amortisation	135			
Profit for the year	3 017	2 334	5 378	3 632
Dividends	2 880	1 848	2 880	2 805
Exchange rate movements	(32)	(119)	(29)	(123)
Balance as at 31 December	42 154	26 117	42 154	39 685

Note 13 – Capital adequacy

<i>Amounts in NOK million</i>	DnB NOR Group	
	31 Dec. 2003	31 Dec. 2002
Core capital	39 343	36 834
Primary capital	56 563	51 290
Risk-weighted volume	579 445	516 664
- of which banking portfolio	554 134	496 524
- of which trading portfolio	25 311	20 140
Core capital ratio (per cent)	6.8	7.1
Capital adequacy ratio (per cent)	9.8	9.9

Note 14 – Business areas (pro forma figures)**Profit and loss accounts ¹⁾**

<i>Amounts in NOK million</i>	DnB NOR Group											
	Net interest income		Of which interest on allocated capital		Other operating income		Operating expenses		Pre-tax operating profit/(loss) before losses		Net losses on loans and long-term securities	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Corporate Banking	5 908	5 664	765	1 075	2 214	1 870	3 267	2 971	4 855	4 563	1 467	690
Retail Banking	6 909	6 693	296	425	2 553	2 344	7 091	6 751	2 371	2 285	264	269
Markets	466	706	86	127	2 035	1 441	1 171	1 165	1 329	981	(1)	(38)
Life Insurance and Pensions	0	0			1 101 ³⁾	(359) ³⁾	0	0	1 101	(359)	0	0
Asset Management	45	38	38	42	828	664	692	754	181	(51)	0	(1)
Discontinued operations	829	572			144	152	530	468	443	256	172	76
Other operations ²⁾	(368)	213			(572)	(454)	659	821	(1 599)	(1 062)	(235)	344
DnB NOR Group	13 789	13 887			8 302	5 658	13 410	12 931	8 681	6 613	1 667	1 339

Main balance sheet items, average balances ¹⁾

<i>Amounts in NOK billion</i>	Net lending to customers		Customer deposits		Assets under management ⁴⁾		Allocated capital ⁵⁾	
	2003	2002	2003	2002	2003	2002	2003	2002
	Corporate Banking	248.7	226.9	158.6	147.8			17.8
Retail Banking	260.5	227.2	180.4	163.4			6.9	6.2
Markets	1.5	1.0	10.2	9.2			2.0	1.9
Life Insurance and Pensions					136.7	129.2	7.5	6.5
Asset Management					435.4	307.7	0.9	0.6
Discontinued operations	24.8	21.7	0.4	0.3				
Other operations ²⁾	1.2	2.0	(11.4)	(10.2)	(120.5)	(112.4)	7.3	9.8
DnB NOR Group	536.6	478.8	338.2	310.6	451.5	324.5	42.2	40.7

Key figures

<i>Per cent</i>	Cost/income ratio excl. goodwill amortisation		Ratio of deposits to lending		Return on equity		Full-time positions (at year-end)
	2003	2002	2003	2002	2003	2002	2003
	Corporate Banking	40.1	39.3	63.8	65.2	13.7	17.7
Retail Banking	74.7	74.4	69.2	71.9	22.1	23.3	4 660
Markets	46.8	54.3			48.1	39.5	610
Life Insurance and Pensions					12.9	(5.0)	970
Asset Management	79.2	107.3			15.0	(5.9)	359
Discontinued operations							458
Other operations							2 081
DnB NOR Group	57.9	63.6	63.0	64.9	12.7	8.9	11 073

1) Figures for the business areas are based on internal management reporting. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas. The management principles applied have been coordinated, thus the figures are not comparable with figures for previous periods for either DnB or Gjensidige NOR.

Note 14 – Business areas (pro forma figures) (continued)2) *Other operations*

Amounts in NOK million	Net interest income		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)	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Group Centre	(372)	232	544	182	995	1 097	(823)	(683)	(320)	307	(504)	(990)
Double entries	(12)	(16)	(654)	(597)	2	(5)	(669)	(608)	0	0	(669)	(608)
Eliminations	16	(3)	(461)	(38)	(338)	(270)	(107)	229	85	37	(191)	192
Total	(368)	213	(572)	(454)	659	821	(1 599)	(1 062)	(235)	344	(1 364)	(1 406)

Eliminations refer mainly to internal deliveries between the support units Human Resources and Group Services, IT and Payment Services and the business areas. Further, inter-company transactions and possible gains and losses on transactions between companies in the Group are eliminated. The elimination of double entries concerns double entries of net profits on customer business carried out in cooperation between Markets and other business areas and taken to income in both areas.

Group Centre - pre-tax operating profit/(loss) in NOK million	2003	2002
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc)	(101)	(133)
Allocation to DnB NOR Employee Fund (concerns employees in the Group Centre)	(27)	(10)
Income on equity investments	209	(794)
Income on unallocated capital	313	669
Goodwill amortisation	(618)	(505)
Other	(280)	(218)
Pre-tax operating profit/(loss)	(504)	(990)

3) Interest on allocated capital totalled NOK 322 million in 2003 and NOK 440 million in 2002.

4) The "other operations" line includes assets managed by Asset Management on behalf of Life Insurance and Pensions, representing NOK 120.2 billion in 2003 and NOK 110.8 billion in 2002.

5) 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.

Note 15 – Profit and balance sheet trends**Profit and loss accounts**

<i>Amounts in NOK million</i>	DnB NOR Group				
	Pro forma 4th quarter 2003	Pro forma 3rd quarter 2003	Pro forma 2nd quarter 2003	Pro forma 1st quarter 2003	Pro forma 4th quarter 2002
Net interest income and credit commissions	3 299	3 509	3 478	3 503	3 608
Dividends	47	27	107	31	32
Net profit/(loss) from Life Insurance and Pensions	360	88	297	15	(10)
Commissions and fees receivable	1 733	1 623	1 505	1 474	1 474
Commissions and fees payable	577	521	484	474	449
Net gain on foreign exchange and financial instruments	492	496	519	340	232
Sundry ordinary operating income	306	298	293	283	247
Gains on the sale of fixed assets	13	7	2	2	29
Net other operating income	2 374	2 017	2 240	1 671	1 555
Salaries and other ordinary personnel expenses	1 762	1 642	1 576	1 597	1 499
Administrative expenses	1 012	942	1 028	1 000	1 016
Depreciation	304	297	299	300	283
Sundry ordinary operating expenses	303	366	360	403	344
Other expenses	127	35	30	27	256
Total operating expenses	3 508	3 282	3 293	3 327	3 398
Pre-tax operating profit before losses	2 165	2 244	2 425	1 847	1 765
Net losses on loans etc.	276	356	811	449	585
Net gain/(loss) on long-term securities	195	(3)	33	(1)	(24)
Pre-tax operating profit	2 083	1 885	1 648	1 397	1 157
Taxes	513	501	245	377	375
Profit for the period	1 570	1 384	1 403	1 021	781
Earnings per share	1.20	1.06	1.15	0.65	0.60
Diluted earnings per share	1.19	1.05	1.15	0.65	0.60
Average total assets	689 051	712 670	695 352	691 819	608 843

Balance sheets

<i>Amounts in NOK million</i>	DnB NOR Group				
	31 Dec. 2003	Pro forma 30 Sept. 2003	Pro forma 30 June 2003	Pro forma 31 March 2003	Pro forma 31 Dec. 2002
Assets					
Cash and deposits with central banks	8 570	17 103	12 377	31 331	22 944
Lending to and deposits with credit institutions	28 331	31 771	36 606	30 804	26 615
Net lending to customers	557 503	546 803	541 174	528 988	488 217
Repossessed assets	576	873	580	848	651
Commercial paper and bonds	59 398	60 172	57 202	52 468	51 745
Shareholdings etc.	4 011	4 608	4 358	4 874	4 364
Investments in Life Insurance and Pensions and associated companies	7 365	7 796	7 687	7 260	7 184
Other assets	39 923	38 261	37 399	36 578	36 638
Total assets	705 677	707 388	697 383	693 152	638 357
Liabilities and equity					
Loans and deposits from credit institutions	78 497	82 451	91 543	92 881	80 302
Deposits from customers	335 576	330 704	336 444	330 973	317 598
Securities issued	181 649	175 920	164 611	165 546	138 568
Other liabilities	44 093	50 854	39 192	38 914	43 392
Subordinated loan capital	23 709	23 989	23 463	24 128	18 812
Equity reserves	42 154	43 470	42 129	40 710	39 685
Total liabilities and equity	705 677	707 388	697 383	693 152	638 357

Profit and loss accounts DnB NOR ASA (formal accounts)

<i>Amounts in NOK million</i>	4th quarter 2003	4th quarter 2002	Full year 2003	Full year 2002
Interest income	31	86	169	273
Interest expenses	57	100	276	360
Net interest income and credit commissions	(26)	(14)	(107)	(87)
Dividends from group companies/group contributions	3 629	3 504	3 629	3 504
Commissions and fees payable	(23)	8	4	11
Net other operating income	3 652	3 496	3 625	3 493
Salaries and other ordinary personnel expenses	18	(10)	19	(3)
Administrative expenses	5	12	63	79
Sundry ordinary operating expenses	2	4	7	5
Total operating expenses	25	6	89	81
Pre-tax operating profit/(loss) before losses	3 601	3 475	3 429	3 325
Net loss on long-term securities	0	0	0	1
Pre-tax operating profit/(loss)	3 601	3 475	3 429	3 323
Taxes	311	977	311	935
Profit for the period	3 290	2 498	3 118	2 389

Balance sheets DnB NOR ASA (formal accounts)

<i>Amounts in NOK million</i>	31 Dec. 2003	31 Dec. 2002
Assets		
Deposits with Den norske Bank ASA and Union Bank of Norway	1 423	2 267
Lending to other group companies	1 825	1 563
Investments in group companies	46 121	28 539
Other receivables due from group companies	6 103	3 517
Other assets	30	10
Total assets	55 502	35 896
Liabilities and equity		
Loans from Den norske Bank ASA and Union Bank of Norway	6 370	3 690
Loans from other group companies	2 319	1 674
Accrued expenses and prepaid revenues	102	170
Other liabilities and provisions	2 880	2 810
Share capital	13 090	7 696
Equity reserves	30 741	19 856
Total liabilities and equity	55 502	35 896