

# Third quarter report 2003

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**The DnB Group recorded pre-tax profits before losses of NOK 3 801 million for the first three quarters of 2003, up from NOK 2 878 million in the year-earlier period. Profits for the period came to NOK 2 197 million, a NOK 404 million increase from the corresponding period in 2002. Performance reflected strong improvement in other operating income and cost control. Losses were higher than the previous year for the nine-month period, but were brought down in the third quarter.**

Before goodwill amortisation, return on equity was 12 per cent, up from 9.5 per cent in the first nine months of 2002. Earnings per share were NOK 3.18 for the January through September period, compared with NOK 2.48 a year earlier.

Pre-tax operating profits before losses came to NOK 1 277 million in the July through September period, as against NOK 879 million in the third quarter of 2002. After taxes, profits rose from NOK 441 million to NOK 812 million. Return on equity before goodwill amortisation was 12.9 per cent in the third quarter.

Total lending increased NOK 15.7 per cent on an annual basis up till end-September. Around half of this referred to the acquisition of Nordlandsbanken at the beginning of the year. Underlying lending growth was moderate. There was a healthy inflow of new deposits, and the ratio of deposits to lending was maintained at a high level.

Total income rose 17 per cent in the third quarter compared with the year-earlier period, from NOK 2 888 million to NOK 3 371 million. Excluding goodwill amortisation, the cost/income ratio was brought down from 67.5 per cent in 2002 to 59.9 per cent in 2003.

Third-quarter losses were on a level with the previous year. Efforts to scale back non-performing and doubtful commitments have produced good results. DnB has taken ownership positions in some companies to secure its interests and achieve direct control of operations.

DnB's retail banking operations experienced continued progress in the third quarter, recording brisk sales and increased income from financial services. Corporate Banking achieved strong growth in other operating income and maintained a stable cost level. DnB Markets again posted sound profits on trading in foreign exchange and interest rate products. There was significant progress in Vital compared with the previous year, while DnB Asset Management's profit performance improved parallel to a reduction in costs.

## Income

Income totalled NOK 3 371 million in the third quarter of 2003, compared with NOK 2 888 million in the year-earlier period. The NOK 483 million increase mainly reflects the positive financial market trend, though a higher level of activity in the

Group's business areas also helped boost income.

Net interest income in the DnB Group totalled NOK 2 060 million in the third quarter, as against NOK 2 112 million in the July through September period in 2002. The acquisition of Nordlandsbanken contributed NOK 116 million to the Group's net interest income. The table below specifies changes in net interest income between the two quarters:

## Changes in net interest income

<i>Amounts in NOK million</i>	3rd quarter 2003	Change	3rd quarter 2002
Net interest income	2 060	(51)	2 112
Of which:			
Lending and deposit volumes		213	
Lending and deposit spreads		66	
Net loss on non-interest-bearing items		(177)	
Interest rate instruments		(57)	
Commercial paper and bonds		(35)	
Funding costs and interest reservations on non-performing and doubtful loans		(25)	
Other		(36)	

A NOK 38 billion increase in lending volumes combined with a NOK 21 billion rise in deposits pushed up net interest income by NOK 213 million. Lending spreads expanded by an average 0.82 percentage points from the third quarter of 2002, while deposit spreads contracted by 1.06 percentage points. Overall, these changes still had a positive impact on net interest income. As lending volume exceeds total deposits, a favourable trend in lending spreads outweighs the corresponding negative effect from deposit spreads on revenues.

Declining interest rate levels gave a lower direct return on equity, but also reduced funding costs on other non-interest-earning assets. There was an overall decline in net interest income of NOK 177 million on these balance sheet items compared with the year-earlier period.

Net interest income from DnB Markets' trading in balance sheet instruments was down NOK 57 million in the third quarter compared with the corresponding period in 2002. However, the business area recorded a NOK 81 million rise in other operating income from corresponding trading. These items must be considered together.

After the acquisition of Nordlandsbanken, the Group has increased its funding from the securities market. Combined with a further increase in funding requirements, this resulted in a NOK 35 million rise in interest expenses.

Though the volume of non-performing and doubtful commitments showed a clear increase from 2002, falling interest rate levels helped reduce funding costs for such commitments. The third-quarter accounts for 2002 included interest income totalling NOK 68 million from an insurance

settlement concerning a non-performing commitment, thus there was an overall reduction in income of NOK 25 million in the third quarter of 2003 compared with the previous year.

Net other operating income amounted to NOK 1 311 million in the third quarter, as against NOK 777 million in the year-earlier period. NOK 20 million of the increase referred to the acquisition of Nordlandsbanken. Developments in operating income from the third quarter of 2002 to the same period of 2003 are specified below:

#### Changes in net other operating income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter	
	2003	Change	2002	
Net other operating income	1 311	535	777	
Of which:				
Short-term shareholdings		204		
Vital		108		
Other financial instruments		81		
Asset management services		27		
Money transfers		38		
Securities issues		19		
Insurance services		17		
Real estate		20		
Other		20		

The stock market upturn resulted in realised gains on securities and reversals on previous write-downs on equity investments of NOK 65 million in the third quarter of 2003, compared with losses and write-downs totalling NOK 139 million in the year-earlier period. The book value of the investment in Storebrand has been held unchanged at NOK 35 per share since end-September 2002. In the third quarter of 2003, this approximated the market price.

Vital Forsikring recorded profits of NOK 57 million in the third quarter of 2003, compared with a loss of NOK 42 million in the year-earlier period. DnB's share of profits in Vital was NOK 34 million in the third quarter of 2003, compared with a negative contribution of NOK 74 million a year earlier. The figures for 2002 were calculated based on the expected application of NOK 1 029 million in additional allocations. A securities adjustment reserve of NOK 1 190 million has been built up during 2003, with NOK 308 million referring to the third quarter.

Gains on trading in foreign exchange and interest rate instruments totalled NOK 303 million in the third quarter of 2003, up NOK 81 million on the year-earlier period. However, the increase must be viewed in light of the decline in net interest income on corresponding trading. DnB recorded a net increase of NOK 24 million for these operations from the third quarter of 2002.

Rising volumes within payment transfers, especially electronic services, as well as an increase in advisory services, had a positive impact on income. Real estate broking operations and the sale of insurance products through the bank's distribution network also showed progress.

#### Operating expenses

Operating expenses totalled NOK 2 095 million in the third quarter, an increase of NOK 85 million from the third quarter of 2002. There was a NOK 120 million rise in ordinary operating expenses, with acquired operations accounting for NOK 92 million.

Changes in operating expenses from the third quarter of 2002 are shown in the table below:

#### Changes in operating expenses

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter	
	2003	Change	2002	
Total ordinary operating expenses	2 081		1 960	
Other expenses	14		49	
Total operating expenses	2 095	85	2 009	
Of which:				
Acquired operations			92	
Wage settlements and pensions			35	
Non-recurring expenses			22	
Postponed projects			(25)	
Synergies realised prior to the merger with Gjensidige NOR			(10)	
Streamlining of operations			(29)	

IT and e-development operations picked up in the third quarter compared with the previous year, when the level of activity was particularly low. Wage settlements and higher pension costs pushed up expenses in spite of lower staff levels. Staff was scaled back by 274 full-time positions from end-December 2002 to end-September 2003, when group staff totalled 7 131 full-time positions. The staff cuts were implemented towards the end of the period and will thus have a more pronounced effect on future cost developments.

In a number of areas, cost developments in the third quarter were influenced by the planned merger with Gjensidige NOR. Scheduled activities and investments relating to DnB's ordinary operations were postponed in anticipation of the merger. These cost elements must be expected to recur once the merger has been implemented. On the other hand, cost savings have been realised, e.g. in connection with the hiring freeze, which will have a permanent impact as part of the announced merger synergies. In addition to these savings, cost have also been reduced through measures previously initiated to streamline operations.

Excluding goodwill amortisation, the ordinary cost/income ratio stood at 59.6 per cent, as against 65.8 per cent in the third quarter of 2002. Restructuring expenses, write-downs etc., which are not included in ordinary expenses, totalled NOK 14 million in the third quarter of 2003, down from NOK 49 million in the year-earlier period.

#### Non-performing and doubtful commitments

Net losses on loans and guarantees totalled NOK 177 million in the third quarter of 2003, compared with NOK 154 million in the corresponding period of 2002. New losses and loan-loss provisions amounted to NOK 326 million, while reversals on previous losses and loan-loss provisions totalled NOK 149 million. The third quarter of 2002 saw new losses of NOK 192 million and reversals of NOK 37 million.

Close follow-ups on fisheries commitments helped ensure net reversals on losses in this sector in the July through September period. Rising salmon prices had a positive effect on the sector in the third quarter. Part of the DnB Group's commitments with Pan Fish was converted to shares at the company's extraordinary general meeting on 10 October 2003. The conversion, announced in September, is reflected in DnB's third-quarter accounts.

Unspecified loan-loss provisions in the Group's balance sheet were increased by NOK 204 million in connection with the acquisition of Nordlandsbanken. No changes were made in these provisions in the third quarter of the year.

Non-performing commitments, after specified loan-loss provisions, were scaled back from NOK 4 891 million to NOK 4 831 million during the third quarter. Non-performing and doubtful commitments, after specified loan-loss provisions, were brought down NOK 954 million during the third quarter of 2003, totalling NOK 6.5 billion at end-September 2003. At the beginning of the year, non-performing and doubtful commitments stood at NOK 6.3 billion for the DnB Group including Nordlandsbanken.

Repossessed assets, representing the value of assets in acquired operations, came to NOK 743 million at end-September 2003, up from NOK 404 million as at 31 December 2002. There was a NOK 301 million increase in these assets in the third quarter of 2003, referring mainly to the conversion of debt in the fish-farming company Pan Fish. During the quarter, the value of the Pan Fish shares was written down to NOK 0.05 per share, corresponding to the conversion rate.

## Taxes

The Group's tax charge for the third quarter of 2003 was NOK 285 million, representing 26 per cent of pre-tax operating profits. This equals the Group's estimated future tax charge.

## Assets under management and savings

At end-September 2003, total combined assets in the DnB Group were NOK 793 billion. Total assets in the Group's balance sheet were NOK 442 billion, following a NOK 57 billion increase during the first nine months of the year, of which NOK 29 billion refers to the acquisition of Nordlandsbanken. Total assets in Vital stood at NOK 83 billion, up NOK 9 billion from end-December 2002. Other assets under management totalled NOK 268 billion at end-September 2003, rising from NOK 221 billion at the beginning of the year.

Net lending rose by NOK 18 billion in the January through September period. In addition, the acquisition of Nordlandsbanken increased lending by NOK 24.2 billion. Exchange rate movements caused a NOK 2.2 billion rise in the NOK value of currency loans recorded in the balance sheet.

Lending growth represented NOK 14.9 billion in the retail market and NOK 3.5 billion in the corporate market for the first nine months of the year. Lending growth in the retail market referred to residential mortgages. Retail loans represented 50 per cent of the DnB Group's total lending at end-September 2003. Fixed-rate mortgages were up NOK 8 billion from end-December 2002, to NOK 20.2 billion as at 30 September 2003, representing close to 15 per cent of total residential mortgages.

As at 30 September 2003, savings managed by the DnB Group totalled NOK 563 billion. Traditional bank deposits came to NOK 210 billion, up NOK 16 billion from the beginning of the year. The acquisition of Nordlandsbanken accounted for NOK 9.2 billion of the rise in deposits. The ratio of deposits to lending was 65.5 per cent at end-September 2003, compared with 69.9 per cent at end-December 2002.

As at 30 September 2003, a total of NOK 350 billion was under discretionary management or placed in investment funds in DnB. Assets under management for private customers totalled NOK 43 billion, while institutional clients accounted for NOK 307 billion.

## Risk and capital adequacy

The table below shows developments in the risk-adjusted capital requirement over the last 12 months:

<b>Risk-adjusted capital and estimated capital requirement</b>				
<i>Amounts in NOK million</i>	30 Sept. 2003	30 June 2003	31 Dec. 2002	30 Sept. 2002
Credit risk	12 503	12 511	11 146	10 945
Market risk	1 539	1 537	1 514	1 563
Liquidity risk	459	543	438	562
Ownership risk for Vital	4 228	3 805	3 789	3 865
Operational risk	4 250	4 250	4 050	4 050
Other risk	51	55	57	64
<b>Risk-adjusted capital</b>				
- before diversification <sup>1)</sup>	<b>23 030</b>	<b>22 701</b>	<b>20 994</b>	<b>21 049</b>
- after diversification <sup>1)</sup>	<b>17 161</b>	<b>17 080</b>	<b>16 216</b>	<b>16 385</b>
Addition for variations in expected credit losses	3 254	3 227	2 701	2 696
<b>Estimated capital requirement</b>	<b>20 415</b>	<b>20 307</b>	<b>18 917</b>	<b>19 081</b>

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

Risk-adjusted capital before diversification effects increased by NOK 0.3 billion during the third quarter. Taking account of the diversification effects between risk categories and including an addition for variations in expected credit losses, the estimated capital requirement was up NOK 0.1 billion. Risk levels were stable. Relative to the Group's equity and core capital, calculations indicate that the DnB Group is well capitalised.

Overall credit quality was unchanged from end-June 2003. Estimated annual normalised losses in the credit portfolio were 0.33 per cent of net lending at end-September, on a level with the figure at end-June 2003. Non-performing and doubtful commitments are not included in calculations of risk-adjusted capital. Loan-loss provisions serve as a buffer against the uncertainty concerning non-performing and doubtful commitments. Developments in risk-adjusted capital for credit must therefore be considered in light of changes in the volume of non-performing and doubtful commitments and loan-loss provisions. These figures showed a positive trend in the third quarter.

Risk related to the Group's investment in Vital, "ownership risk", rose NOK 0.4 billion to NOK 4.2 billion. Due to a continued healthy stock market trend, the securities adjustment reserve expanded from NOK 882 million to NOK 1 190 million. Including derivative contracts, the proportion of share investments rose from 10 to 12 per cent during the quarter, while investments in money market instruments were down from 12 to 10 per cent. The increase in risk-adjusted capital is a result of higher equity investments and lower interest rate levels. Vital will strengthen disability reserves and similar provisions by around NOK 600 million during 2003.

The Group's liquidity risk was further brought down during the third quarter. At end-September 2003, liquidity risk was at the same level as prior to the acquisition of Nordlandsbanken in the first quarter of the year. There were only minimal changes in market, operational and other risk in the third quarter.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement totalled NOK 356.7 billion at end-September, a reduction of NOK 3.1 billion since 30 June 2003.

The DnB Group's core capital ratio was 6.6 per cent, while the capital adequacy ratio was 9.8 per cent. During the third quarter, DnB issued Euro 200 million of new lower tier 2 capital, thus increasing the capital adequacy ratio 0.5 percentage points. Including 50 per cent of profits in the calculations would lift the ratios by around 0.3 percentage points.

Den norske Bank ASA had a core capital ratio of 7.6 per cent and a capital adequacy ratio of 11.2 per cent at end-September 2003. Including 50 per cent of profits in the calculations would lift the ratios to 7.9 and 11.5 per cent respectively. Corresponding figures for Vital were 9.2 and 12.8 per cent respectively.

## Prospects for the rest of the year

Developments in the third quarter were largely in line with expectations. Norwegian consumers were more optimistic with respect to economic developments in the third quarter. The international economic upturn appears to have started.

There are still strong growth indications in the Norwegian economy. Consumption growth is up, housing prices show a new rise, and credit growth is holding firm. Low price inflation and further interest rate cuts totalling 1.5 percentage points implemented by Norges Bank (the central bank of Norway) have spurred activity levels. DnB thus expects growth to pick up in 2004. The proposed central government budget for 2004 will have an approximately neutral effect on economic activity.

Cost cuts and consolidation have helped improve profitability in the business sector. The weaker Norwegian krone has also ensured higher exports and manufacturing production, though labour market conditions have deteriorated. A further decline in employment in the manufacturing industry and significant overcapacity for commercial real estate are expected to dampen growth through the rest of the year.

Corporate credit demand is expected to remain sluggish in the fourth quarter of the year. The DnB Group keeps a close watch on developments and is highly aware of the challenges represented in certain parts of the business sector. Sound credit quality in the portfolios is given high priority.

The low interest rate levels will represent a challenge in future. Any further interest rate cuts could bring down net interest income and result in narrower deposit spreads. A large volume of deposits carries low interest rates which cannot be adjusted further down. However, Norges Bank is not expected to implement further interest rate cuts. Towards the end of October 2003, the Group had deposits of around NOK 50 billion earning interest of 1 per cent or less.

## Merger with Gjensidige NOR

In August 2003, recommendations were presented by Norges Bank and Kredittilsynet (the Banking, Insurance and Securities Commission of Norway), along with a preliminary recommendation from the Norwegian Competition Authority, regarding the proposed merger between DnB and Gjensidige NOR. The first two institutions spoke in favour of the merger based on the conclusion that it will be beneficial for the development of a strong financial services industry in Norway as well as from a socioeconomic viewpoint. Still, Kredittilsynet emphasised the need to make minor changes in the new Group's

operations within the life insurance area. The Competition Authority, on the other hand, was more negative in its initial assessment, maintaining that the merger could have unfortunate effects on competition in several areas. The merger partners sent a response to the Competition Authority, providing extensive documentation disputing the Authority's assessments. The parties have later initiated talks with the authorities to seek to come to a common understanding about the impact of the merger on competition.

The Competition Authority is expected to present its final recommendation shortly. If the Authority chooses to accept the merger, it can be implemented at the beginning of December. If the Authority reaches the opposite conclusion, however, the merger partners will submit the matter to the Norwegian government for a final decision.

Preparations for the merger with Gjensidige NOR were continued according to plan in the third quarter. The business areas have presented preliminary overall plans for operations in the new Group, and the top layers of the organisation have been determined. Restructuring plans have been specified in detail and synergy targets for the merger confirmed.

## Business areas

The DnB Group is organised into five business areas in addition to staff and support functions. As independent profit centres, the business areas carry responsibility for specific customer segments or products. DnB has set differentiated targets for the various business areas which in combination will help reach group targets with respect to return on equity and cost/income ratio.

Nordlandsbanken was incorporated in the DnB Group as of 1 January 2003. The bank will continue to operate as a separate legal entity. During the second quarter of the year, operations in Nordlandsbanken were coordinated with DnB's established business areas, and some activities were transferred to Den norske Bank. To allow for comparison, however, Nordlandsbanken is still reported as a separate business area. Figures for the business area Nordlandsbanken deviate somewhat from the bank's official accounts due to the transfer of business volumes and a different basis for accrual.

## Corporate Banking

Pre-tax operating profits before losses came to NOK 2 184 million, as against NOK 2 246 million in the year-earlier period. Profits for the corresponding period of 2002 included a significant reversal of interest income in connection with the repayment of a non-performing commitment.

All new lending in Corporate Banking targets customers with low credit risk. Lending policy is restrictive, and quality is given priority over growth. Due to the need for consolidation and a lower willingness to invest, there has been relatively low growth in corporate credits in 2003. In spite of this, the overall volume of loans and guarantees expanded by NOK 5.2 billion in the January through September period of 2003, of which NOK 2.5 billion represented loans. In addition, the business area arranged syndicated loans and commercial paper and bond issues for a total of NOK 70.9 billion. Portfolio risk is still considered satisfactory, although risk has risen somewhat due to the challenges facing the Norwegian business community. Deposits rose by NOK 5 billion or 5 per cent from December 2002.

## 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)	
	January-September		January-September		January-September		January-September		January-September		January-September	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Corporate Banking	2 779	2 981	1 174	1 006	1 769	1 741	2 184	2 246	668	42	1 516	2 203
Retail Banking	2 742	2 638	1 079	984	2 948	2 887	873	735	132	81	741	654
DnB Markets	356	497	1 141	877	666	681	832	693	0	0	832	693
Life Insurance - Vital	0	0	389	(36)	0	0	389	(36)	0	0	389	(36)
DnB Asset Management	47	26	439	301	375	351	111	(24)	0	0	111	(24)
Nordlandsbanken <sup>2)</sup>	401		109		268		242		315		(73)	
Other operations	(95)	67	(484)	(557)	251	246	(831)	(736)	(38)	285	(792)	(1 021)
<b>DnB Group</b>	<b>6 230</b>	<b>6 209</b>	<b>3 847</b>	<b>2 574</b>	<b>6 276</b>	<b>5 906</b>	<b>3 801</b>	<b>2 878</b>	<b>1 077</b>	<b>408</b>	<b>2 725</b>	<b>2 469</b>

1) The DnB Group's income, expenses and balance sheet volumes are allocated to the business areas. In the above table some of the income generated in DnB Markets related to foreign exchange/financial instruments, corporate finance, as well as custodial services, is also included in the net other operating income of Retail Banking and Corporate Banking. These double entries are eliminated under "Other operations".

2) Nordlandsbanken is presented in accordance with the Group's principles and assessments. Figures include Nordlandsbanken's overall operations before integration with other business units and the transfer of activities to DnB.

Due to a significant decline in interest rate markets along with an increase in non-accruing commitments, it was difficult to maintain the level of net interest income. The first nine months of the year reflected the low level of activity within corporate finance along with the negative trend in the value of some bond investments. The strong focus on advisory services within foreign exchange and interest rate products resulted in a 29.4 per cent increase in income compared with the year-earlier period. Other operating income also showed a rise, primarily relating to higher guarantee commissions and increased income within payment and cash handling services.

Thanks to sound cost control, there was only a moderate rise in expenses from the corresponding period in 2002.

Net losses on loans and guarantees came to NOK 678 million for the first nine months of 2003. The fishing industry, and fish farming in particular, was troubled by weak profitability and low prices during the first half of the year, while the third quarter saw a positive price trend. The Norwegian export industry has operated under difficult economic parameters due to high interest levels and exchange rates. There has been a sharp decline in interest rates thus far in 2003, parallel to a weakening of the NOK exchange rate. Though the negative trend appears to be levelling off, certain sectors, especially fish farming, still represent a challenge. Individual companies in other sectors, e.g. manufacturing, shipbuilding, building and construction and commercial property, may also show signs of weakness and represent a challenge unless the economic recovery gains momentum.

Customer satisfaction shows a positive trend, and Corporate Banking has seen a steady influx of new customers. The Internet bank for corporate clients has improved functionality, and the product has received a positive response among clients.

### Retail Banking

The business area recorded pre-tax operating profits before losses of NOK 873 million for the first three quarters of the year, an improvement of NOK 138 million from the corresponding period in 2002. Performance is considered satisfactory.

Lending was up NOK 12.9 billion, or 10.1 per cent, from the corresponding period in 2002, referring mainly to well-secured housing loans. There was brisk demand for fixed-interest loans during the period. Growth in deposits stood at NOK 6.8 billion or 7 per cent. Net interest income was up NOK 104 million,

mainly due to rising lending and deposit volumes. Reduced interest rate levels in 2003 caused a significant decline in income from margins on salary and current accounts.

Other operating income rose by 9.7 per cent compared with the year-earlier period. The increase referred primarily to payment services and the sale of guarantee-backed investment products. In addition, income on the sale of insurance products showed a healthy trend.

The cost/income ratio was brought down 2.5 percentage points from the year-earlier period, standing at 76.6 per cent for the first three quarters. Restructuring and efficiency measures resulted in a reduction of 126 full-time positions from September 2002 till September 2003.

Net loan losses were up NOK 51 million from the January through September period in 2002, totalling NOK 132 million. This represents 0.13 per cent of the loan portfolio on an annual basis. The volume of non-performing and doubtful commitments showed a minor increase in the third quarter, but was at a satisfactory level at the end of the quarter.

The number of customers enrolled in loyalty programmes continued to rise in the third quarter. For the DnB brand, the number of customers subscribing to loyalty programmes represented 32 per cent of the total customer portfolio at end-September. Postbanken Leve, a programme covering daily banking services, was launched in the first quarter. The product was very well received, and by end-September more than 106 000 agreements had been signed.

The Internet banks had around 636 000 active customers as at 30 September 2003, corresponding to a market share of 29 per cent of the retail market. Postbanken's Internet bank has the highest number of users in Norway. There has been a significant rise in the number of customers entering into agreements to receive notices via e-mail, including account statements. At end-September, 195 000 customers had entered into such agreements.

In line with market developments, sales of investment fund units were up in the third quarter. Good sales figures were achieved for the low-risk products DnB Kompass and Postbanken's Folkefond, which were launched in the second quarter.

### DnB Markets

DnB Markets showed healthy performance in the third quarter, with high volatility in currency and interest rate markets ensuring continued brisk activity. Profits for the January

through September period were the highest ever for the business area.

During the third quarter, DnB Markets opened a new trading desk in Bodø. DnB was also selected as primary dealer for Norwegian treasury bills. NOK was included in the currency settlement system CLS as of 8 September 2003, with DnB as the largest clearing bank for Norwegian kroner. The business magazine Global Finance ranked DnB as the best FX bank in Scandinavia.

Pre-tax operating profits were NOK 832 million for the January through September period, up NOK 139 million on the year-earlier period. Total income amounted to NOK 1 498 million, a rise of NOK 123 million. Income on customer trading rose by 11.5 per cent and earnings from market making and other trading by 7 per cent, while expenses were brought down 2.3 per cent compared with the January through September period in 2002. Return on equity stood at 53 per cent for the first three quarters of the year and the cost/income ratio at 44 per cent.

Income on customer business amounted to NOK 1 067 million for the January through September period, a rise of NOK 110 million from 2002. Income on customer business in foreign exchange and interest rate derivatives was up NOK 102 million to NOK 532 million. Significant movements in exchange rates and interest rates resulted in higher demand for foreign exchange and interest rate hedging products.

Customer-related revenues on the sale of securities and other investment products increased by NOK 8 million from the year-earlier period, to NOK 306 million. Lower Norwegian interest rate levels caused greater interest in alternative investment products. The third quarter saw increased equity sales and commission income. DnB reduced commissions on online equities trading.

Earnings on corporate finance services amounted to NOK 121 million for the first nine months of 2003, compared with NOK 120 million in the year-earlier period. In the third quarter, DnB Markets acted as bookrunner for the Norwegian government's retail offering of Telenor shares. Moreover, activity was brisk in the maritime sector. There was also a high level of activity in arranging bond issues, and DnB Markets arranged the media group Schibsted's first bond loan in the Norwegian market.

Income from custodial services totalled NOK 108 million, compared with NOK 110 million for the first three quarters of 2002. During the third quarter, registrar responsibilities in the Norwegian Central Securities Depository for Nordlandsbanken's customers were transferred to DnB Markets. DnB launched the product VPKreditt, securities-backed loans for online securities trading.

Earnings from market making and other trading increased by NOK 25 million from the corresponding period last year, referring to trading in fixed-income instruments.

#### **Life Insurance – Vital**

The upturn in stock markets along with the decline in Norwegian interest rates in the first three quarters ensured a healthy financial result for life insurance operations. Pre-tax profits totalled NOK 355 million after a preliminary allocation to policyholders of NOK 878 million. In the year-earlier period, there was a loss of NOK 117 million. Vital Forsikring recorded profits after taxes of NOK 309 million, compared with a loss of NOK 25 million last year. The figures for the January through

September period in 2002 included the effect of applying NOK 2 341 million in additional allocations. The recorded and value-adjusted returns on capital were 5.2 and 7.0 per cent respectively, compared with negative returns of 0.8 and 0.9 per cent in the year-earlier period. At end-September 2003, the company's securities adjustment reserve stood at NOK 1 190 million, while unrealised gains on long-term securities represented NOK 1 339 million, up from nil the previous year.

The DnB Group's life insurance operation consolidated its leading position within life and pension insurance in the first three quarters of 2003. There was an increase in ordinary premium income in Vital, excluding the inflow of premium reserves. Return on capital in the period was good, providing coverage for the company's obligations in the form of the guaranteed rate of return on policyholders' funds and the necessary strengthening of the disability reserves.

Premium income for life insurance operations before transfers from other companies totalled NOK 5 720 million, an increase of 6.4 per cent from the year-earlier period. Premium income totalled NOK 7 088 million, down 0.5 per cent. The reduction stemmed from a lower inflow of transfers in the public sector due to unresolved matters relating to legislation and collective agreements in the municipal sector.

Vital Forsikring strengthened disability reserves by NOK 440 million in the first nine months of the year, with NOK 255 million referring to rising premium rates and NOK 185 million to a new allocation model for disability pensions due for payment.

Vital Forsikring's solvency capital increased by NOK 3 002 million from 31 December 2002, to NOK 8 703 million, reflecting interim profits, accumulation of funds in the securities adjustment reserve and changes in unrealised gains on long-term securities. Capital adequacy as at 30 September 2003 was 12.8 per cent, down from 14.8 per cent at end-December 2002 due to growth and changes in the composition of the balance sheet, which included the purchase of properties in Sweden.

Vital anticipates continued growth in the market for pension savings and aspires to strengthen its position. In view of the fluctuations which generally take place in securities markets, Vital keeps a close watch on these developments. Vital will continually adapt the portfolio structure to the business area's guaranteed rate of return and ability to carry investment risk.

#### **DnB Asset Management**

DnB Asset Management showed a satisfactory trend in the January through September period in 2003 in a market situation characterised by uncertainty, but also gradually increasing interest in equity investments. Developments in the equity and fixed-income markets and the depreciation of the Norwegian krone have resulted in a substantial increase in the business area's assets under management.

Pre-tax operating profits before losses were NOK 111 million in the first three quarters of the year. Total revenues from asset management amounted to NOK 429 million, which was around NOK 10 million lower than for comparable operations in the corresponding period of 2002. The reduction stems, inter alia, from lower average levels of assets under management due to the negative equity market trend in 2002. In the third quarter of 2003, there was a rise in equity investments in the retail market. Income referring to the retail market came to NOK 118 million, while income on asset management for institutional clients was NOK 311 million. Other income

came to NOK 57 million for the July through September period.

Operating expenses for the first nine months of 2003 were NOK 375 million. Relative to expenses in comparable operations in the corresponding period of 2002, the cost level was down by around NOK 85 million. The reduction stems from the integration of the business area's asset management organisation and operational functions. The effects of cost synergies realised in connection with the integration include staff cuts corresponding to 75 full-time positions thus far in 2003.

As at 30 September 2003, the business area had a total of NOK 345 billion under management, an increase of NOK 54 billion or 19 per cent as from 31 December 2002. NOK 23 billion of the increase in assets under management stemmed from rising equity prices, while the weaker Norwegian krone gave an exchange effect of NOK 29.1 billion on international securities under management. The net inflow of new funds was NOK 2 billion. Assets under management for Norwegian clients rose by 12 per cent. For operations outside Norway, the increase in assets under management was 22 per cent, or 5.9 per cent measured in customers' local currencies. Investment funds from the retail market amounted to NOK 20.7 billion after a net reduction of NOK 1.6 billion. The corresponding figures for institutional clients were NOK 324 billion and a positive net inflow of NOK 3.6 billion respectively. The number of customer relationships at the end of September was 762 000. In May 2003, DnB introduced the funds DnB Kompass and Postbanken Folkefond, classified as international balanced funds which allocate assets between the fixed-income and equity markets. The funds appear to have met an uncovered need in the savings market, and net subscriptions in the first nine months of the year totalled close to NOK 500 million.

The implementation of a global asset management and operative organisation will be completed in 2003. Possible changes in Norwegian regulations on capital management could imply a further streamlining of operations.

### Nordlandsbanken

Operations taken over through the acquisition of Nordlandsbanken contributed NOK 242 million to the DnB Group's pre-tax profits before losses in the first three quarters of 2003. Profits are calculated for Nordlandsbanken's overall operations before integration with DnB. Further, the figures are based on DnB's appraisal of values in the acquired operations and the

principles for the presentation of business areas. Overall, these adjustments result in major deviations from Nordlandsbanken's own financial accounts.

Measures to realise cost synergies were pursued, including moving operations to common premises, establishing a joint infrastructure, centralising collateral functions and loan administration and outsourcing parts of credit production in the retail market to DnB. In the third quarter, Nordlandsbanken's credit organisation was strengthened through the appointment of employees with experience from DnB. In addition, DnB's credit policy and processes were implemented in Nordlandsbanken. High priority was given to securing values, especially within fish farming.

Net interest income amounted to NOK 401 million, and the combined interest spread was 3.1 per cent for the January through September period of 2003. Other income came to NOK 109 million, while operating expenses amounted to NOK 268 million, giving a cost/income ratio of 52.5 per cent. The DnB Group's accounts for the first three quarters of the year were charged with NOK 318 million in loan losses on Nordlandsbanken's portfolio. As at 30 September 2003, Nordlandsbanken's net non-performing and doubtful commitments amounted to NOK 3.4 billion.

Average lending was NOK 22.9 billion in the first nine months of 2003, while average deposits came to NOK 8.8 billion. The ratio of deposits to lending was 38.2 per cent.

The market situation continues to represent strong challenges for some of Nordlandsbanken's customers. However, lower interest rate levels and price trends for salmon had a positive effect in the third quarter.

### Other activities

Operations in the Group outside the business areas include group funding operations, equity investments and matters pertaining to group strategy, along with the Group's equity in excess of the capital allocated to the business areas. These operations were strongly affected by the declining interest rate levels and the resulting lower direct returns on unallocated capital. The improved stock market trend helped boost returns on the Group's equity investments. The Group's funding activities made a positive contribution. Figures for 2002 reflected stock market developments and the write-down of investments in Storebrand.

Oslo/Bergen, 29 October 2003

The Board of Directors of DnB Holding ASA



Jannik Lindbæk  
(chairman)



Jørn O. Kvilhaug



Bjørn Davidsen



Rolf Rønning  
(vice-chairman)



Anne Carine Tanum



Asbjørn Larsen



Randi Kvissel Haugen



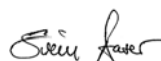
Berit Kjöll



Per Hoffmann



Bent Pedersen



Svein Aaser  
(group chief executive)



# Profit and loss accounts

<i>Amounts in NOK million</i>	<b>DnB Group</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
Interest income	5 281	6 251	17 993	18 242	24 660
Interest expenses	3 221	4 139	11 762	12 032	16 282
<b>Net interest income and credit commissions</b>	<b>2 060</b>	<b>2 112</b>	<b>6 230</b>	<b>6 209</b>	<b>8 378</b>
Dividends	12	12	87	51	61
Net profit/(loss) from Vital (note 4)	34	(74)	233	(116)	(114)
Commissions and fees receivable (note 3)	1 080	977	3 110	2 919	3 921
Commissions and fees payable (note 3)	365	372	1 066	1 094	1 411
Net gain on foreign exchange and financial instruments (note 3)	368	83	978	367	611
Sundry ordinary operating income (note 3)	176	149	498	439	591
Gains on the sale of fixed assets	6	1	8	7	35
<b>Net other operating income (note 3)</b>	<b>1 311</b>	<b>777</b>	<b>3 847</b>	<b>2 574</b>	<b>3 694</b>
Salaries and other ordinary personnel expenses (note 5)	1 052	997	3 082	2 834	3 788
Administrative expenses (note 5)	616	546	1 811	1 706	2 284
Depreciation (note 5)	150	140	450	357	486
Sundry ordinary operating expenses (note 5)	263	277	877	903	1 200
Other expenses (note 5)	14	49	56	107	255
<b>Total operating expenses (note 5)</b>	<b>2 095</b>	<b>2 009</b>	<b>6 276</b>	<b>5 906</b>	<b>8 013</b>
<b>Pre-tax operating profit before losses</b>	<b>1 277</b>	<b>879</b>	<b>3 801</b>	<b>2 878</b>	<b>4 059</b>
Net losses on loans etc. (notes 7, 8)	177	154	1 104	115	478
Net gain/(loss) on long-term securities	(3)	(11)	27	(293)	(314)
<b>Pre-tax operating profit</b>	<b>1 097</b>	<b>714</b>	<b>2 725</b>	<b>2 469</b>	<b>3 268</b>
Taxes	285	273	527	712	934
<b>Profit for the period</b>	<b>812</b>	<b>441</b>	<b>2 197</b>	<b>1 758</b>	<b>2 334</b>
Earnings per share	1.05	0.57	2.85	2.28	3.03
Diluted earnings per share	1.05	0.57	2.85	2.26	3.01
Average total assets	441 989	378 733	436 895	376 899	377 649

# Balance sheets

<i>Amounts in NOK million</i>	<b>DnB Group</b>		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
<b>Assets</b>			
Cash and deposits with central banks	14 286	19 133	5 702
Lending to and deposits with credit institutions	25 934	20 391	24 108
Gross lending to customers (notes 9, 10)	327 000	282 660	282 714
- Specified loan-loss provisions	(3 805)	(1 796)	(1 720)
- Unspecified loan-loss provisions	(2 319)	(2 115)	(2 115)
Net lending to customers (notes 9, 10)	320 876	278 748	278 878
Repossessed assets	739	399	101
Commercial paper and bonds	42 477	33 870	33 720
Shareholdings etc.	3 066	2 751	2 855
Investments in Vital and associated companies	4 236	3 773	3 783
Intangible assets (note 11)	4 861	3 815	3 380
Fixed assets	2 577	2 295	2 379
Other assets	19 582	16 853	16 331
Prepayments and accrued income	3 665	3 206	3 224
<b>Total assets</b>	<b>442 300</b>	<b>385 234</b>	<b>374 461</b>
<b>Liabilities and equity</b>			
Loans and deposits from credit institutions	46 621	49 071	50 117
Deposits from customers	210 456	194 803	186 757
Securities issued	106 459	74 875	70 363
Other liabilities	27 700	25 901	21 794
Accrued expenses and prepaid revenues	6 697	2 427	6 808
Provisions for commitments	1 535	1 540	1 475
Subordinated loan capital	14 542	10 502	9 685
Share capital (note 12)	7 696	7 696	7 696
Equity reserves (note 12)	18 396	18 420	18 009
Profit for the period	2 197	-	1 758
<b>Total liabilities and equity</b>	<b>442 300</b>	<b>385 234</b>	<b>374 461</b>
Guarantee commitments	38 174	40 110	33 139

# Key figures

DnB Group

	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
<b>Interest rate analysis</b>					
1. Combined average spread for lending and deposits (%)	2.42	2.65	2.49	2.55	2.58
2. Spread for ordinary lending to customers (%)	1.98	1.16	1.79	1.28	1.31
3. Spread for deposits from customers (%)	0.44	1.50	0.70	1.27	1.27
<b>Rate of return/profitability</b>					
4. Net other operating income, % of total income	38.9	26.9	38.2	29.3	32.0
5. Cost/income ratio (%)	62.1	69.5	62.3	67.2	66.4
6. Ordinary cost/income ratio excl. goodwill amortisation (%)	59.6	65.8	59.6	64.7	63.0
7. Return on equity (%)	11.6	6.5	10.8	8.8	8.6
8. Return on equity excl. goodwill amortisation (%)	12.9	7.5	12.0	9.5	9.4
9. Goodwill amortisation (NOK million)	85	69	247	149	217
10. Average equity (NOK million)	27 905	27 254	27 265	26 773	27 005
<b>Financial strength</b>					
11. Core (Tier 1) capital ratio at end of period (%)	6.6	8.0	6.6	8.0	7.8
12. Core (Tier 1) capital ratio incl. 50 per cent of profit for the period (%)	6.9	8.3	6.9	8.3	-
13. Capital adequacy ratio at end of period (%)	9.8	10.2	9.8	10.2	10.3
14. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	10.1	10.5	10.1	10.5	-
15. Core capital at end of period (NOK million)	23 391	24 531	23 391	24 531	24 210
16. Total eligible primary capital at end of period (NOK million)	34 920	31 332	34 920	31 332	32 034
17. Risk-weighted volume at end of period (NOK million)	356 748	307 669	356 748	307 669	312 230
<b>Loan portfolio and loan-loss provisions</b>					
18. Loan-loss ratio (%)	0.06	0.05	0.34	0.04	0.16
19. Non-performing and doubtful commitments, % of total lending	1.98	0.88	1.98	0.88	0.90
20. Loan-loss provisions relative to total gross lending (%)	1.87	1.36	1.87	1.36	1.38
21. Non-performing and doubtful commitments at end of period (NOK million)	6 546	2 517	6 546	2 517	2 580
<b>Liquidity</b>					
22. Ratio of customer deposits to net lending to customers at end of period (%)	65.6	67.0	65.6	67.0	69.9
<b>Total assets owned or managed by the DnB Group</b>					
23. Assets under management	359	300	359	300	304
24. Average total combined assets (NOK billion)	787	679	751	564	588
25. Total combined assets at end of period (NOK billion)	793	666	793	666	680
26. Customer savings at end of period (NOK billion)	563	486	563	486	495
<b>Staff</b>					
27. Number of full-time positions at end of period	7 131	7 068	7 131	7 068	7 023
28. - of which in Vital	599	635	599	635	632
<b>The DnB share</b>					
29. Number of shares at end of period (1 000)	769 630	769 630	769 630	769 630	769 630
30. Average number of shares (1 000)	769 630	770 270	769 630	770 484	770 155
31. Average number of shares – fully diluted (1 000)	771 839	775 700	771 771	776 611	774 531
32. Earnings per share (NOK)	1.05	0.57	2.85	2.28	3.03
33. Earnings per share excl. goodwill amortisation (NOK)	1.16	0.66	3.18	2.48	3.31
34. Earnings per share fully diluted (NOK)	1.05	0.57	2.85	2.27	3.01
35. Equity per share (NOK)	36.76	35.68	36.76	35.68	36.34
36. Share price at end of period (NOK)	33.80	32.40	33.80	32.40	32.60
37. Price/book value	0.92	0.91	0.92	0.91	0.90
38. Market capitalisation (NOK billion)	26.0	24.9	26.0	24.9	25.1

## Definitions

7. Profit for the period as a percentage of average equity.
18. Net losses on loans (excluding guarantees) as a percentage of lending after the deduction of specified loan-loss provisions at end of period.
19. 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.
20. 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.

## Note 1 – Accounting principles

The third-quarter accounts are based on Norwegian accounting legislation, the accounting regulations issued by the Norwegian Banking, Insurance and Securities Commission, and Norwegian generally accepted accounting principles. A more detailed description of the DnB Group's accounting principles can be found in note 1 to the accounts in the annual report for 2002.

## Note 2 – 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 are 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 Group.

<i>Amounts in NOK million</i>	<b>DnB Group</b>
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 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. Pro forma accounts for DnB including Nordlandsbanken will thus not provide an appropriate basis for evaluating Nordlandsbanken's impact on DnB'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.

**Note 3 – Net other operating income**

<i>Amounts in NOK million</i>	<b>DnB Group</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
<b>Dividends</b>	<b>12</b>	<b>12</b>	<b>87</b>	<b>51</b>	<b>61</b>
<b>Net profit/(loss) from Vital</b>	<b>34</b>	<b>(74)</b>	<b>233</b>	<b>(116)</b>	<b>(114)</b>
Money transfer fees receivable	563	551	1 646	1 608	2 140
Fees on asset management services	187	161	493	394	561
Fees on custodial services	28	28	84	88	117
Fees on securities	31	21	78	74	262
Commissions on credit-broking, guarantees etc.	91	86	273	255	349
Sales commissions on insurance products	39	21	94	71	85
Sundry commissions and fees receivable on banking services	141	109	441	429	406
<b>Total commissions and fees receivable on banking services</b>	<b>1 080</b>	<b>977</b>	<b>3 110</b>	<b>2 919</b>	<b>3 921</b>
Money transfer fees payable	242	269	753	795	1 038
Sundry commissions and fees payable on banking services	122	103	313	299	372
<b>Total commissions and fees payable on banking services</b>	<b>365</b>	<b>372</b>	<b>1 066</b>	<b>1 094</b>	<b>1 411</b>
Net gain/(loss) on short-term shareholdings	65	(139)	46	(272)	(282)
Net gain/(loss) on commercial paper and bonds	14	18	355	(14)	29
Net gain on trading in foreign exchange and financial derivatives	388	551	1 032	1 094	1 157
Net loss on other money market instruments	(99)	(347)	(455)	(441)	(292)
<b>Net gain on foreign exchange and financial instruments</b>	<b>368</b>	<b>83</b>	<b>978</b>	<b>367</b>	<b>611</b>
Operating income on real estate and rental income	22	21	71	62	86
Fees on real estate broking	84	64	233	209	266
Share of profit in associated companies	26	23	79	66	67
Remunerations	2	13	9	17	26
Miscellaneous operating income	42	28	106	85	146
<b>Total sundry ordinary operating income</b>	<b>176</b>	<b>149</b>	<b>498</b>	<b>439</b>	<b>591</b>
<b>Gains on the sale of fixed assets</b>	<b>6</b>	<b>1</b>	<b>8</b>	<b>7</b>	<b>35</b>
<b>Net other operating income</b>	<b>1 311</b>	<b>777</b>	<b>3 847</b>	<b>2 574</b>	<b>3 694</b>

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

	3rd quarter 2003	2nd quarter 2003	1st quarter 2003	4th quarter 2002	<b>DnB Group</b> 3rd quarter 2002
<i>Amounts in NOK million</i>					
<b>Dividends</b>	<b>12</b>	<b>70</b>	<b>5</b>	<b>10</b>	<b>12</b>
<b>Net profit/(loss) from Vital</b>	<b>34</b>	<b>222</b>	<b>(23)</b>	<b>1</b>	<b>(74)</b>
Money transfer fees receivable	563	562	521	532	551
Fees on asset management services	187	149	157	166	161
Fees on custodial services	28	28	28	29	28
Fees on securities	31	26	21	24	21
Commissions on credit-broking, guarantees etc.	91	92	89	94	86
Sales commissions on insurance products	39	24	31	14	21
Sundry commissions and fees receivable on banking services	141	149	151	142	109
<b>Total commissions and fees receivable on banking services</b>	<b>1 080</b>	<b>1 030</b>	<b>1 000</b>	<b>1 002</b>	<b>977</b>
Money transfer fees payable	242	251	259	243	269
Sundry commissions and fees payable on banking services	122	94	97	73	103
<b>Total commissions and fees payable on banking services</b>	<b>365</b>	<b>344</b>	<b>357</b>	<b>317</b>	<b>372</b>
Net gain/(loss) on short-term shareholdings	65	29	(47)	(10)	(139)
Net gain on commercial paper and bonds	14	240	101	43	18
Net gain on trading in foreign exchange and financial derivatives	388	232	412	63	551
Net gain/(loss) on other money market instruments	(99)	(122)	(233)	148	(347)
<b>Net gain on foreign exchange and financial instruments</b>	<b>368</b>	<b>377</b>	<b>233</b>	<b>244</b>	<b>83</b>
Operating income on real estate and rental income	22	26	23	23	21
Fees on real estate broking	84	86	62	57	64
Share of profit in associated companies	26	23	30	2	23
Remunerations	2	3	4	8	13
Miscellaneous operating income	42	32	32	62	28
<b>Total sundry ordinary operating income</b>	<b>176</b>	<b>171</b>	<b>151</b>	<b>151</b>	<b>149</b>
<b>Gains on the sale of fixed assets</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>28</b>	<b>1</b>
<b>Net other operating income</b>	<b>1 311</b>	<b>1 526</b>	<b>1 010</b>	<b>1 119</b>	<b>777</b>

## Note 4 – Life Insurance – Vital

The business area Life Insurance – Vital comprises the life insurance company Vital Forsikring ASA including subsidiaries as well as the sister company Vital Link AS. Engaged in life insurance operations, Vital applies accounting standards which in certain respects deviate from the principles used for other operations. Regulations relating to profit sharing between the owner and policyholders limit the DnB Group's access, as owner, to revenues and assets in Vital Forsikring. The item "Net profit/(loss) from Vital" represents the DnB Group's share of profits in Vital Forsikring less goodwill amortisation, and the net profit/(loss) of Vital Link.

### Profit and loss accounts <sup>1)</sup>

<i>Amounts in NOK million</i>	<b>Vital Forsikring</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
Premium income for own account	1 077	1 812	5 481	6 323	7 366
Income from financial assets	2 854	2 922	9 689	8 370	10 265
Other insurance-related income	18	9	47	41	60
Insurance settlements for own account	1 862	1 004	4 150	3 164	4 148
Increase in insurance provisions etc.	(70)	1 266	3 198	4 453	4 985
Insurance-related operating expenses	171	172	493	463	662
Expenses related to financial assets	1 547	3 353	4 838	9 035	9 523
Other insurance-related expenses	42	12	81	56	77
Transferred from/(to) securities adjustment reserve	(308)	0	(1 190)	53	53
Result of technical profit and loss account before special provisions <sup>2)</sup>	89	(1 064)	1 267	(2 384)	(1 651)
Transferred from additional allocations in the insurance fund for covering the negative interest result <sup>3)</sup>	0	1 029	0	2 341	1 650
Funds transferred to policyholders	0	0	878	3	1
Result of technical profit and loss account for life insurance	89	(35)	389	(46)	(2)
Other expenses	11	15	34	50	66
Pre-tax operating profit/(loss)	78	(50)	355	(96)	(68)
Taxes/(tax revenues)	21	(8)	46	(71)	(88)
Profit for the period <sup>4)</sup>	57	(42)	309	(25)	20

### Adjustments in the DnB Group's accounts when accounting for Vital

<i>Amounts in NOK million</i>	<b>DnB Group</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
Profit/(loss) for the period in Vital Forsikring	57	(42)	309	(25)	20
Goodwill amortisation <sup>5)</sup>	25	25	76	76	101
Net profit/(loss) from Vital Forsikring	32	(67)	233	(101)	(81)
Net profit/(loss) from Vital Link	2	(7)	0	(15)	(33)
<b>Net profit/(loss) from Vital</b>	<b>34</b>	<b>(74)</b>	<b>233</b>	<b>(116)</b>	<b>(114)</b>

### Balance sheets <sup>1)</sup>

<i>Amounts in NOK million</i>	<b>Vital Forsikring</b>		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
Financial assets	71 475	64 070	61 476
Accounts receivable	1 295	2 655	4 169
Other assets	1 240	1 473	1 200
Prepaid expenses and accrued income	1 466	1 245	1 248
<b>Total assets</b>	<b>75 476</b>	<b>69 443</b>	<b>68 093</b>
Paid-in capital	674	674	674
Retained earnings	2 649	2 340	(45)
Subordinated loan capital	1 152	1 349	1 423
Securities adjustment reserve	1 190	0	0
Insurance provisions	66 380	64 140	65 243
Undistributed profits for allocation to policyholders	878	0	3
Provisions for commitments	0	0	251
Liabilities	2 303	806	356
Accrued expenses and prepaid income	250	134	188
<b>Total equity and liabilities</b>	<b>75 476</b>	<b>69 443</b>	<b>68 093</b>
Market value above/(below) acquisition cost of bonds held to maturity	1 339	506	(33)

1) The profit and loss accounts and balance sheets of Vital Forsikring have been prepared in conformity with general accounting principles and regulations for the annual accounts of insurance companies issued by the Banking, Insurance and Securities Commission.

**Note 4 – Life Insurance – Vital (continued)**

## 2) Breakdown of profit and loss account

Amounts in NOK million	Vital Forsikring				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
Administration result	(30)	(27)	(63)	(58)	(138)
Interest result	351	(1 034)	1 744	(2 404)	(1 645)
Risk result before additional provisions for disability	(19)	30	110	176	182
<b>Total</b>	<b>302</b>	<b>(1 031)</b>	<b>1 791</b>	<b>(2 286)</b>	<b>(1 601)</b>
Transferred from/(to) security reserve	0	0	(1)	(4)	65
Additional provisions for disability <sup>1)</sup>	147	36	440	108	(142)
Result from other activities	(78)	(13)	(118)	(36)	(39)
<b>Total for allocation to policyholders, the owner and taxes</b>	<b>77</b>	<b>(1 080)</b>	<b>1 233</b>	<b>(2 434)</b>	<b>(1 717)</b>
Other costs included in the total	12	16	34	50	66
<b>Result of technical profit and loss account before special provisions</b>	<b>89</b>	<b>(1 064)</b>	<b>1 267</b>	<b>(2 384)</b>	<b>(1 651)</b>

<sup>\*)</sup> Disability provisions are expected to be increased by around NOK 600 million in the course of 2003, of which NOK 147 million, NOK 146 million and NOK 147 million respectively was charged to the first, second and third-quarter accounts.

3) In accounting for the expected contribution from Vital, DnB in 2002 took account of Vital's opportunity to cover part of the losses through the reversal of additional allocations in year-end adjustments.

4) Profit for allocation to the owner and taxes for products subject to profit sharing 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.
- 0.38 per cent of policyholders' funds.
- 12 per cent of effective risk premium adjusted for survival risk on contracts providing sufficient profits.

Profit 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. Profit for allocation to the owner and taxes include profits from operations not subject to profit sharing. Profit to the owner and taxes for the first three quarters of 2003 is 35 per cent of profit for allocation to policyholders, the owner and taxes.

5) Goodwill is amortised over 10 years.

**Key figures**

Per cent	Vital Forsikring				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
Recorded return <sup>1)</sup>	5.6	(2.4)	7.1	(1.1)	1.2
Value-adjusted return excl. unrealised gains on bonds held to maturity <sup>1)</sup>	7.3	(2.4)	9.4	(1.2)	1.2
Value-adjusted return incl. unrealised gains on bonds held to maturity <sup>1)</sup>	5.6	(0.8)	10.9	(1.4)	1.8
Return on equity after taxes <sup>1)</sup>	6.8	(3.3)	10.6	(0.9)	(0.4)
Costs in per cent of policyholders' funds <sup>1) 2)</sup>	1.10	1.16	1.05	1.05	1.02
Policyholders' funds (NOK billion) <sup>2) 3)</sup>	68	65	68	65	64
Capital adequacy ratio <sup>2)</sup>	12.8	15.3	12.8	15.3	14.8
Core capital ratio <sup>2)</sup>	9.2	10.7	9.2	10.7	10.4
Solvency margin capital in per cent of solvency capital requirement <sup>2) 4)</sup>	143	157	143	157	155

1) Figures are annualised.

2) Figures at the end of the period.

3) Policyholders' funds consist of insurance provisions, profit for the period preliminary allocated to policyholders and 75 per cent of the securities adjustment reserve.

4) 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.

**Solvency capital**

The solvency capital consists of profit for the period, 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. The table shows the composition of and developments in the solvency capital.

Amounts in NOK million	Vital Forsikring		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
Profit for the period	1 232	0	(2 366)
Securities adjustment reserve	1 190	0	0
Additional allocations	670	726	2 387
Security reserve	106	105	175
Equity	3 014	3 014	2 994
Subordinated loan capital	1 152	1 349	1 423
Unrealised gains on long-term securities	1 339	506	(33)
<b>Total solvency capital</b>	<b>8 703</b>	<b>5 701</b>	<b>4 580</b>
Guaranteed return on policyholders' funds	1 918	2 432	1 793

**Note 5 – Operating expenses**

<i>Amounts in NOK million</i>	<b>DnB Group</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters		Full year
			2003	2002	2002
Ordinary salaries	808	781	2 362	2 225	2 965
Employer's national insurance contributions	115	114	352	323	444
Pension expenses	88	57	243	167	218
Sundry ordinary personnel expenses	42	44	125	119	160
<b>Total ordinary salaries and other personnel expenses</b>	<b>1 052</b>	<b>997</b>	<b>3 082</b>	<b>2 834</b>	<b>3 788</b>
EDP expenses	257	205	738	680	893
Postage, telecommunications and office supplies	98	96	294	291	390
Marketing and public relations	60	58	188	175	222
Travel expenses	26	25	86	87	129
Reimbursement to Norway Post for transactions executed	141	130	383	349	491
Training expenses	8	5	28	33	39
Sundry administrative expenses	25	28	95	90	121
<b>Total administrative expenses</b>	<b>616</b>	<b>546</b>	<b>1 811</b>	<b>1 706</b>	<b>2 284</b>
Goodwill amortisation	60	44	172	73	116
Other depreciation	90	96	279	284	370
<b>Total depreciation</b>	<b>150</b>	<b>140</b>	<b>450</b>	<b>357</b>	<b>486</b>
Fees, tax-exempt	65	93	280	313	410
Operating expenses on real estate and premises	127	131	400	386	508
Operating expenses on machinery, vehicles and office equipment taken to expense	19	13	53	40	52
Miscellaneous ordinary operating expenses	52	40	143	164	230
<b>Total sundry ordinary operating expenses</b>	<b>263</b>	<b>277</b>	<b>877</b>	<b>903</b>	<b>1 200</b>
Allocations to the DnB Employee Fund	0	0	0	0	40
Provisions for restructuring measures	8	46	24	102	194
Losses on the sale of fixed assets	2	0	22	1	9
Write-downs on rental contracts and fixed assets	4	3	9	4	12
<b>Total other expenses</b>	<b>14</b>	<b>49</b>	<b>56</b>	<b>107</b>	<b>255</b>
<b>Total operating expenses</b>	<b>2 095</b>	<b>2 009</b>	<b>6 276</b>	<b>5 906</b>	<b>8 013</b>



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

<i>Amounts in NOK million</i>	<b>DnB Group</b>				
	3rd quarter 2003	2nd quarter 2003	1st quarter 2003	4th quarter 2002	3rd quarter 2002
Ordinary salaries	808	777	777	740	781
Employer's national insurance contributions	115	116	121	121	114
Pension expenses	88	84	72	51	57
Sundry ordinary personnel expenses	42	41	42	41	44
<b>Total ordinary salaries and other personnel expenses</b>	<b>1 052</b>	<b>1 018</b>	<b>1 013</b>	<b>954</b>	<b>997</b>
EDP expenses	257	234	247	212	205
Postage, telecommunications and office supplies	98	94	102	98	96
Marketing and public relations	60	68	60	48	58
Travel expenses	26	32	28	42	25
Reimbursement to Norway Post for transactions executed	141	125	117	142	130
Training expenses	8	7	13	6	5
Sundry administrative expenses	25	32	38	31	28
<b>Total administrative expenses</b>	<b>616</b>	<b>591</b>	<b>604</b>	<b>579</b>	<b>546</b>
Goodwill amortisation	60	58	54	43	44
Other depreciation	90	92	96	86	96
<b>Total depreciation</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>129</b>	<b>140</b>
Fees, tax-exempt	65	115	101	97	93
Operating expenses on real estate and premises	127	133	140	122	131
Operating expenses on machinery, vehicles and office equipment taken to expense	19	17	17	12	13
Miscellaneous ordinary operating expenses	52	52	38	66	40
<b>Total sundry ordinary operating expenses</b>	<b>263</b>	<b>317</b>	<b>296</b>	<b>297</b>	<b>277</b>
Allocations to the DnB Employee Fund	0	0	0	40	0
Provisions for restructuring measures	8	13	4	93	46
Losses on the sale of fixed assets	2	17	4	8	0
Write-downs/(reversals of write-downs) on rental contracts and fixed assets	4	(11)	17	8	3
<b>Total other expenses</b>	<b>14</b>	<b>18</b>	<b>24</b>	<b>149</b>	<b>49</b>
<b>Total operating expenses</b>	<b>2 095</b>	<b>2 095</b>	<b>2 087</b>	<b>2 107</b>	<b>2 009</b>

**Note 6 – Number of employees/full-time positions**

	<b>DnB Group</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
Number of employees at end of period	7 429	7 372	7 429	7 372	7 326
- of which in Life Insurance – Vital	621	656	621	656	652
Number of employees calculated on a full-time basis at end of period	7 131	7 068	7 131	7 068	7 023
- of which in Life Insurance – Vital	599	635	599	635	632
Average number of employees	7 460	7 453	7 569	7 304	7 315
- of which in Life Insurance – Vital	621	653	635	646	648
Average number of employees calculated on a full-time basis	7 164	7 144	7 267	6 995	7 008
- of which in Life Insurance – Vital	601	632	615	626	628

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

<i>Amounts in NOK million</i>	<b>DnB Group</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
<b>Specification of net losses/(reversals)</b>					
Write-offs <sup>a)</sup>	85	22	384	96	224
Increase in specified loan-loss provisions <sup>b)</sup>	60	36	280	169	180
New specified loan-loss provisions <sup>b)</sup>	181	133	795	308	652
Total new specified provisions	326	192	1 458	573	1 056
Reassessed specified provisions <sup>b)</sup>	105	(7)	219	219	257
Total specified provisions	221	199	1 239	354	799
Recoveries on commitments previously written off <sup>c)</sup>	44	44	135	239	321
<b>Net losses on loans, guarantees etc. <sup>1)</sup></b>	<b>177</b>	<b>154</b>	<b>1 104</b>	<b>115</b>	<b>478</b>
<b>Specification of changes</b>					
Increase in/(reversals on) specified provisions <sup>b) minus d)</sup>	125	123	714	(15)	157
+ Write-offs covered by specified provisions made in previous years <sup>d)</sup>	11	53	142	273	418
+ Write-offs not covered by specified provisions made in previous years <sup>a)</sup>	85	22	384	96	224
- Recoveries on commitments previously written off <sup>c)</sup>	44	44	135	239	321
<b>Net losses on loans, guarantees etc. <sup>1)</sup></b>	<b>177</b>	<b>154</b>	<b>1 104</b>	<b>115</b>	<b>478</b>
1) <i>Of which net losses/(reversals) on guarantees</i>	(6)	20	4	4	35
a)-d) <i>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>	<b>DnB Group</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Full year 2002
Retail customers	85	46	157	56	59
International shipping	(1)	(21)	(23)	(84)	(109)
Real estate	8	(3)	3	(12)	1
Services and management	45	75	273	70	192
Manufacturing	13	52	110	137	190
Trade	17	(6)	57	10	30
Transportation and communication	18	0	42	4	13
Oil and gas	5	0	(4)	(63)	(65)
Building and construction	22	6	30	4	6
Power and water supply	0	0	0	0	(3)
Fishing	(62)	6	93	3	39
Hotels and restaurants	9	1	17	0	1
Agriculture and forestry	0	(1)	2	0	29
Other sectors	3	(2)	3	(9)	(1)
Total customers	162	154	759	115	383
Reposessed assets	15	0	345	0	95
Increase in unspecified provisions	0	0	0	0	0
<b>Total net losses/(reversals) on loans, guarantees etc.</b>	<b>177</b>	<b>154</b>	<b>1 104</b>	<b>115</b>	<b>478</b>

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 for principal sectors <sup>1)</sup>**

<i>Amounts in NOK million</i>	<b>DnB Group</b>		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
Retail customers	160 988	137 302	133 991
International shipping	25 439	21 920	22 337
Real estate	38 733	32 394	30 146
Services and management	24 972	24 736	29 037
Manufacturing	16 206	17 299	17 965
Trade	15 442	13 691	14 860
Transportation and communication	10 491	8 907	8 794
Oil and gas	3 928	3 485	3 595
Building and construction	3 293	2 567	2 655
Power and water supply	4 521	5 976	4 446
Fishing	9 433	6 490	6 475
Central and local government	1 468	1 838	2 191
Hotels and restaurants	1 789	1 423	1 419
Agriculture and forestry	933	689	707
Other sectors	5 559	2 147	2 377
<b>Total lending to customers</b>	<b>323 195</b>	<b>280 864</b>	<b>280 994</b>

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>	<b>DnB Group</b>								
	Private customers			Corporate customers			Total		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
<b>Incl. Nordlandsbanken as from 1 Jan. 2003</b>									
<b>Non-performing commitments</b>									
Before specified provisions	1 622	1 168	1 212	6 361	1 995	1 927	7 983	3 162	3 139
After specified provisions <sup>1)</sup>	1 129	802	802	3 702	904	982	4 831	1 707	1 783
<b>Doubtful commitments</b>									
Before specified provisions	492	375	438	1 974	964	733	2 466	1 339	1 171
After specified provisions <sup>1)</sup>	388	258	324	1 327	615	410	1 715	873	734
<b>Excl. Nordlandsbanken</b>									
<b>Non-performing commitments</b>									
Before specified provisions	1 320	1 168	1 212	2 880	1 995	1 927	4 200	3 162	3 139
After specified provisions <sup>1)</sup>	896	802	802	1 372	904	982	2 268	1 707	1 783
<b>Doubtful commitments</b>									
Before specified provisions	479	375	438	857	964	733	1 335	1 339	1 171
After specified provisions <sup>1)</sup>	379	258	324	509	615	410	888	873	734

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

**Note 11 – Intangible assets**

<i>Amounts in NOK million</i>	<b>DnB Group</b>		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
Goodwill	3 724	3 075	3 190
Systems development	22	54	76
Postbanken brand name	65	74	77
Deferred tax assets	1 036	581	0
Other intangible assets	13	31	37
<b>Total intangible assets</b>	<b>4 861</b>	<b>3 815</b>	<b>3 380</b>

**Note 12 – Equity**

<i>Amounts in NOK million</i>	<b>DnB Group</b>	
	First three quarters 2003	First three quarters 2002
<b>Shareholders' equity as at 1 January</b>	<b>26 117</b>	<b>25 836</b>
Repurchases of own shares	-	(35)
Minority interests in Netaxept	(2)	-
Minority interests in DnB Absolute Return Investment AB	2	-
Acquisition of Skandia's asset management operations	-	(13)
Profit for the period	2 197	1 758
Exchange rate movements	(24)	(83)
<b>Shareholders' equity at end of period</b>	<b>28 290</b>	<b>27 463</b>

**Note 13 – Capital adequacy**

<i>Amounts in NOK million</i>	<b>DnB Group</b>		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
Core capital	23 391	24 210	24 531
Primary capital	34 920	32 034	31 332
Risk-weighted volume	356 748	312 230	307 669
- of which banking portfolio	335 866	296 441	292 722
- of which trading portfolio	20 882	15 789	14 947
Core capital ratio (per cent)	6.6	7.8	8.0
Capital adequacy ratio (per cent)	9.8	10.3	10.2

**Note 14 – Business areas (pro forma figures)****DnB Group**

The business area reporting is based on internal management reporting to the Board of Directors and chief executive officer.

**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 three quarters		First three quarters		First three quarters		First three quarters		First three quarters		First three quarters	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Corporate Banking	2 779	2 981	1 174	1 006	1 769	1 741	2 184	2 246	668	42	1 516	2 203
Retail Banking	2 742	2 638	1 079	984	2 948	2 887	873	735	132	81	741	654
DnB Markets	356	497	1 141	877	666	681	832	693	0	0	832	693
Life Insurance - Vital	0	0	389	(36)	0	0	389	(36)	0	0	389	(36)
DnB Asset Management	47	26	439	301	375	351	111	(24)	0	0	111	(24)
Nordlandsbanken <sup>2)</sup>	401		109		268		242		315		(73)	
Other operations <sup>3)</sup>	(95)	67	(484)	(557)	251	246	(831)	(736)	(38)	285	(792)	(1 021)
DnB Group	6 230	6 209	3 847	2 574	6 276	5 906	3 801	2 878	1 077	408	2 725	2 469

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

Amounts in NOK billion	Net lending to customers		Customer deposits		Assets under management		Allocated capital	
	First three quarters		First three quarters		First three quarters		First three quarters	
	2003	2002	2003	2002	2003	2002	2003	2002
Corporate Banking	154.0	152.7	103.2	100.8			12.4	12.2
Retail Banking	140.7	127.8	103.3	96.6			3.4	3.2
DnB Markets	1.4	1.0	10.0	8.8			1.5	1.3
Life Insurance - Vital					72.0	68.2	4.2	4.7
DnB Asset Management					321.0	178.6	1.1	0.6
Nordlandsbanken <sup>2)</sup>	22.9		8.8				1.9	
Other operations	(1.9)	(1.7)	(7.3)	(7.3)	(67.4)	(63.4)	2.5	4.8
DnB Group	317.2	279.8	218.0	198.8	325.5	183.3	27.1	26.8

**Key figures**

Per cent	Cost/income ratio excl. goodwill amortisation		Ratio of deposits to lending		Return on equity <sup>4)</sup>		Full-time positions (at end of period)	
	First three quarters		First three quarters		First three quarters		First three quarters	
	2003	2002	2003	2002	2003	2002	2003	2002
Corporate Banking	45	44	67	66	12	17	1 533	1 571
Retail Banking	77	79	73	76	21	20	2 646	2 772
DnB Markets	44	50			53	51	403	426
Life Insurance - Vital					11	(1)	599	635
DnB Asset Management	77	107			10	(4)	256	335
Nordlandsbanken <sup>2)</sup>	53		38		(4)		367	
Other operations							1 327	1 329
DnB Group	60	66	69	71	11	9	7 131	7 068

- 1) The DnB Group's income, expenses and balance sheet volumes are allocated to the business areas. In the above table some of the income generated in DnB Markets related to foreign exchange/financial instruments, corporate finance, as well as custodial services, is also included in the net other operating income of Retail Banking and Corporate Banking. These double entries are eliminated under "Other operations".
- 2) Nordlandsbanken is presented in accordance with the Group's principles and assessments. Figures include Nordlandsbanken's overall operations before integration with other business units and the transfer of activities to DnB.
- 3) The "Other operations" line includes:

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 three quarters		First three quarters		First three quarters		First three quarters		First three quarters		First three quarters	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Group Centre	40	240	(61)	(124)	378	341	(400)	(226)	(19)	(5)	(381)	(221)
Gain/(loss) on DnB's equity investments			42	(234)			42	(234)	(22)	291	64	(524)
Double entries	(1)	(14)	(432)	(358)	(19)	(18)	(405)	(355)	0	0	(405)	(355)
Eliminations	(134)	(159)	(41)	160	(108)	(78)	(68)	78	3	(1)	(71)	80
Total other operations	(95)	67	(484)	(557)	251	246	(831)	(736)	(38)	285	(792)	(1 021)

- 4) Calculations of return on equity are based on profits after taxes. A 28 per cent tax rate is used for Retail Banking, Corporate Banking, DnB Markets, DnB Asset Management and Nordlandsbanken. The tax rate used for Life Insurance - Vital is 10 per cent for 2002 and 15 per cent for 2003, representing the expected tax rate.

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

<b>Profit and loss accounts</b>	<b>DnB Group</b>					
	3rd quarter 2003	2nd quarter 2003	1st quarter 2003	4th quarter 2002	3rd quarter 2002	2nd quarter 2002
<i>Amounts in NOK million</i>						
<b>Net interest income and credit commissions</b>	<b>2 060</b>	<b>2 047</b>	<b>2 123</b>	<b>2 169</b>	<b>2 112</b>	<b>2 148</b>
Dividends	12	70	5	10	12	31
Net profit/(loss) from Vital	34	222	(23)	1	(74)	(119)
Commissions and fees receivable	1 080	1 030	1 000	1 002	977	991
Commissions and fees payable	365	344	357	317	372	360
Net gain on foreign exchange and financial instruments	368	377	233	244	83	64
Sundry ordinary operating income	176	171	151	151	149	159
Gains on the sale of fixed assets	6	0	1	28	1	3
<b>Net other operating income</b>	<b>1 311</b>	<b>1 526</b>	<b>1 010</b>	<b>1 119</b>	<b>777</b>	<b>769</b>
Salaries and other ordinary personnel expenses	1 052	1 018	1 013	954	997	916
Administrative expenses	616	591	604	579	546	584
Depreciation	150	150	150	129	140	114
Sundry ordinary operating expenses	263	317	296	297	277	328
Other expenses	14	18	24	149	49	57
<b>Total operating expenses</b>	<b>2 095</b>	<b>2 095</b>	<b>2 087</b>	<b>2 107</b>	<b>2 009</b>	<b>1 999</b>
<b>Pre-tax operating profit before losses</b>	<b>1 277</b>	<b>1 478</b>	<b>1 047</b>	<b>1 182</b>	<b>879</b>	<b>918</b>
Net losses on loans etc.	177	560	367	363	154	87
Net gain/(loss) on long-term securities	(3)	31	(1)	(21)	(11)	(282)
<b>Pre-tax operating profit</b>	<b>1 097</b>	<b>949</b>	<b>679</b>	<b>798</b>	<b>714</b>	<b>549</b>
Taxes	285	66	176	222	273	137
<b>Profit for the period</b>	<b>812</b>	<b>883</b>	<b>502</b>	<b>576</b>	<b>441</b>	<b>412</b>
Earnings per share	1.05	1.15	0.65	0.75	0.57	0.53
Diluted earnings per share	1.05	1.15	0.65	0.74	0.57	0.53
Average total assets	441 989	437 510	431 186	379 899	378 733	373 817

**Balance sheets**

<b>Balance sheets</b>	<b>DnB Group</b>					
	30 Sept. 2003	30 June 2003	31 March 2003	31 Dec. 2002	30 Sept. 2002	30 June 2002
<i>Amounts in NOK million</i>						
<b>Assets</b>						
Cash and deposits with central banks	14 286	10 689	29 583	19 133	5 702	10 617
Lending to and deposits with credit institutions	25 934	31 577	24 142	20 391	24 108	23 470
Net lending to customers	320 876	318 565	312 801	278 748	278 878	277 937
Repossessed assets	739	442	550	399	101	104
Commercial paper and bonds	42 477	38 410	34 068	33 870	33 720	34 638
Shareholdings etc.	3 066	2 768	3 182	2 751	2 855	3 241
Investments in Vital and associated companies	4 236	4 167	3 837	3 773	3 783	3 808
Other assets	30 686	29 768	25 891	26 169	25 314	23 735
<b>Total assets</b>	<b>442 300</b>	<b>436 386</b>	<b>434 054</b>	<b>385 234</b>	<b>374 461</b>	<b>377 551</b>
<b>Liabilities and equity</b>						
Loans and deposits from credit institutions	46 621	52 446	59 842	49 071	50 117	40 226
Deposits from customers	210 456	213 014	207 902	194 803	186 757	199 689
Securities issued	106 459	102 166	100 277	74 875	70 363	72 063
Other liabilities	35 932	27 975	25 618	29 867	30 077	28 788
Subordinated loan capital	14 542	13 266	13 794	10 502	9 685	9 741
Equity reserves	28 290	27 520	26 622	26 117	27 463	27 045
<b>Total liabilities and equity</b>	<b>442 300</b>	<b>436 386</b>	<b>434 054</b>	<b>385 234</b>	<b>374 461</b>	<b>377 551</b>

## Profit and loss accounts

<i>Amounts in NOK million</i>	<b>DnB Holding ASA</b>				
	3rd quarter 2003	3rd quarter 2002	First three quarters 2003		Full year 2002
Interest income	39	90	138	188	273
Interest expenses	55	102	219	261	360
<b>Net interest income and credit commissions</b>	<b>(16)</b>	<b>(12)</b>	<b>(81)</b>	<b>(73)</b>	<b>(87)</b>
Dividends from group companies/group contributions	0	0	0	0	3 504
Commissions and fees payable	10	1	27	3	11
<b>Net other operating income</b>	<b>(10)</b>	<b>(1)</b>	<b>(27)</b>	<b>(3)</b>	<b>3 493</b>
Salaries and other ordinary personnel expenses	1	3	4	9	1
Sundry ordinary operating expenses	22	31	60	65	80
<b>Total operating expenses</b>	<b>23</b>	<b>34</b>	<b>64</b>	<b>75</b>	<b>81</b>
<b>Pre-tax operating profit/(loss) before losses</b>	<b>(49)</b>	<b>(47)</b>	<b>(171)</b>	<b>(150)</b>	<b>3 325</b>
Net loss on long-term securities	0	0	0	1	1
<b>Pre-tax operating profit/(loss)</b>	<b>(49)</b>	<b>(47)</b>	<b>(171)</b>	<b>(152)</b>	<b>3 323</b>
Taxes	(14)	(13)	(48)	(42)	935
<b>Profit/(loss) for the period</b>	<b>(35)</b>	<b>(34)</b>	<b>(123)</b>	<b>(109)</b>	<b>2 389</b>

## Balance sheets

<i>Amounts in NOK million</i>	<b>DnB Holding ASA</b>		
	30 Sept. 2003	31 Dec. 2002	30 Sept. 2002
<b>Assets</b>			
Deposits with Den norske Bank ASA	2 900	2 267	3 426
Lending to other subsidiaries	1 801	1 563	2 661
Investments in subsidiaries	28 569	28 539	27 451
Other receivables due from group companies	48	3 517	38
Other assets	10	10	20
<b>Total assets</b>	<b>33 328</b>	<b>35 896</b>	<b>33 596</b>
<b>Liabilities and equity</b>			
Loans from Den norske Bank ASA	3 690	3 690	3 690
Loans from other group companies	1 801	1 674	2 661
Accrued expenses and prepaid revenues	58	170	107
Other liabilities and provisions	350	2 810	183
Share capital	7 696	7 696	7 696
Equity reserves	19 856	19 856	19 368
Loss for the period	(123)	-	(109)
<b>Total liabilities and equity</b>	<b>33 328</b>	<b>35 896</b>	<b>33 596</b>

# Enclosure

## Pro forma accounts DnB NOR (selected items)

<b>Profit and loss accounts</b>			<b>DnB NOR Group</b>
<i>Amounts in NOK million</i>	3rd quarter 2003	2nd quarter 2003	1st quarter 2003
Net interest income	3 495	3 471	3 480
Net other operating income	1 909	1 921	1 641
Profit from life insurance operations	88	297	15
Total income	5 492	5 688	5 136
Operating expenses	3 281	3 299	3 306
Operating profit	2 211	2 390	1 829
Net losses on loans and guarantees	356	811	448
Net profit/(loss) on long-term investments	(2)	31	(1)
Taxes	490	232	365
<b>Profit for the period</b>	<b>1 364</b>	<b>1 377</b>	<b>1 015</b>

<b>Balance sheet</b>			<b>DnB NOR Group</b>
<i>Amounts in NOK billion</i>	30 Sept. 2003	30 June 2003	31 March 2003
Net lending to customers	547	541	529
Deposits from customers	331	336	331
Equity	44	42	41
Total assets	710	699	695
Total combined assets	1 190	1 171	1 129

<b>Key figures</b>			<b>DnB NOR Group</b>
	3rd quarter 2003	2nd quarter 2003	1st quarter 2003
Earnings per share before goodwill amortisation (NOK)	1.17	1.18	0.90
Earnings per share after goodwill amortisation (NOK)	1.04	1.05	0.78
Return on equity (per cent)	12.7	13.3	10.1
Core capital ratio (per cent) <sup>1)</sup>	6.4	6.3	6.5
Capital ratio (per cent) <sup>1)</sup>	9.6	9.3	9.8

1) At end of period and including 50 per cent of profit year to date.

Note: preliminary and unaudited figures



