

DnB NOR Group Results



Second quarter 2004

DnB NOR

DnB NOR shows improvement



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

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

Pro forma accounting figures for 2003.

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Important events



- Merger of bank guarantee funds
 - guarantee fund fees reduced by NOK 40 million per quarter
- New Insurance Activity Act proposed
 - offers significant challenges
- Moody's presents positive assessment of the merger
 - strengthens funding opportunities
- Basel II: Consensus achieved on the new framework
 - could reduce capital requirements

Important events



- DnB NOR Fiskeriutvikling AS established
 - opens up for structural changes in the fisheries industry
- Employees have increased their ownership interests
 - 55 per cent of employees purchased shares at a discounted rate in June
 - 75 per cent of employees converted their subscription rights to DnB NOR shares
 - the two employee funds hold a 1.2 per cent interest

Financial highlights



<i>Amounts in NOK million</i>	2Q04	2Q03 ¹⁾	2Q03
Pre-tax operating profit before losses	2 460	2 316	2 425
Pre-tax operating profit	2 390	1 586	1 648
Profit for the period	1 745	1 360	1 403
Ordinary cost/income ratio excl. goodwill (per cent)	53.1	54.7	54.4
Earnings per share (NOK)	1.32	1.04	1.07
Earnings per share excl. goodwill (NOK)	1.43	1.16	1.20
Return on equity excl. goodwill (per cent)	16.8	14.7	15.1
Total combined assets at end of period (NOK billion)	1 239	1 162	1 163
Core capital ratio at end of period (per cent) ²⁾	7.2	-	6.5

1) Excluding profits from Elcon

2) Including 50 per cent of profit for the period

Pro forma accounting figures for 2003.



Profit and loss accounts

<i>Amounts in NOK million</i>	2004	2003 ¹⁾	2003
Net interest income	3 293	3 277	3 478
Net other ordinary operating income	2 214	2 218	2 238
Ordinary operating expenses	3 062	3 151	3 263
Ordinary operating profit	2 446	2 344	2 453
Gains on the sale of fixed assets	20	2	2
Other expenses ²⁾	6	30	30
Pre-tax operating profit before losses	2 460	2 316	2 425
Net losses on loans etc.	82	763	811
Net gain on long-term securities	13	33	33
Pre-tax operating profit	2 390	1 586	1 648
Taxes	645	225	245
Profit for the period	1 745	1 360	1 403

1) Excluding Elcon

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

Pro forma accounting figures for 2003.

Profit and loss accounts



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

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

Pro forma accounting figures for 2003.



Changes in net interest income

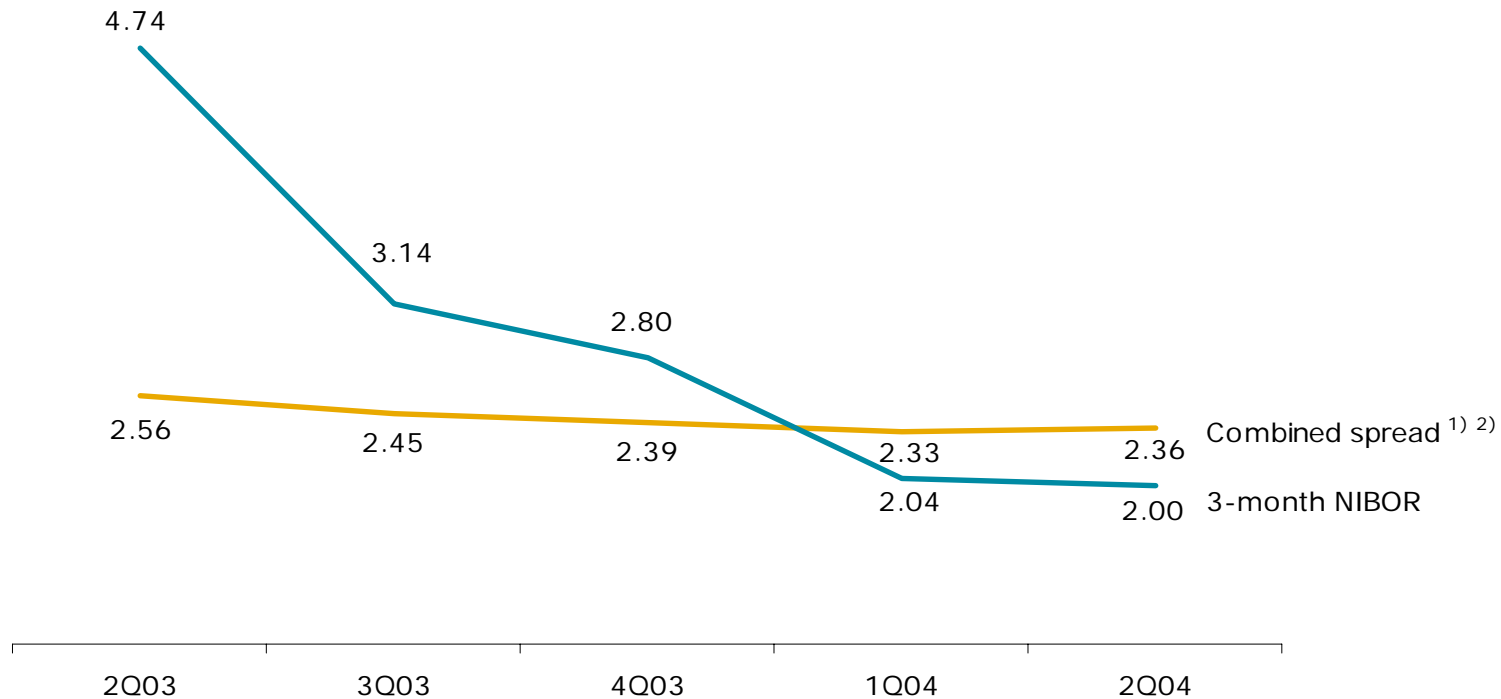
<i>Amounts in NOK million</i>	<i>2004</i>	<i>Change</i>	<i>2003</i>
Net interest income	3 293	(185)	3 478
Elcon	-	(201)	201
Net adjusted interest income	3 293	16	3 277
Of which:			
Lending and deposit volumes		222	
Lending and deposit spreads		(147)	
Funding costs on equity, share investments and real estate		(181)	
Contribution to the banks' guarantee funds		93	
Funding costs and interest reservations on non-performing and doubtful loans		57	
Other		(28)	

Pro forma accounting figures for 2003.

Developments in average interest rate spreads



Per cent



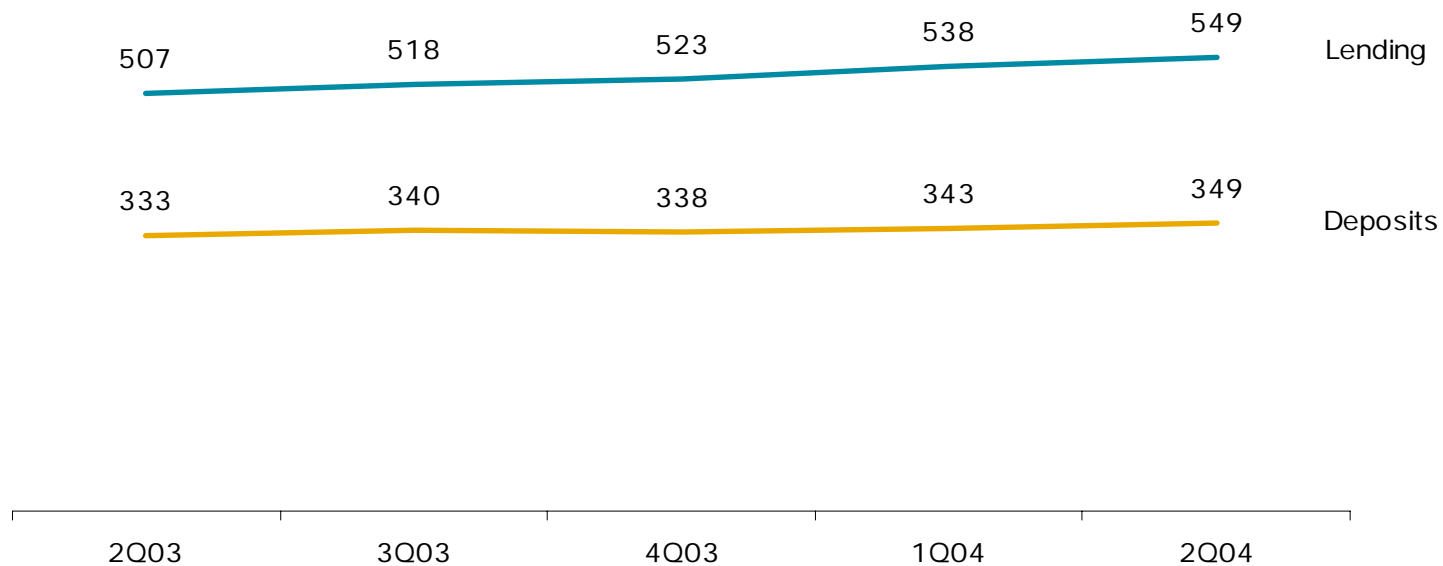
1) Combined spread for lending and deposits

2) Excluding Elcon

Pro forma accounting figures for 2003.

Developments in average volumes ¹⁾

NOK billion



1) Excluding Elcon

Pro forma accounting figures for 2003.

Other operating income



<i>Amounts in NOK million</i>	2Q04	1Q04	4Q03	3Q03	2Q03	<i>1st half</i> 2004	<i>1st half</i> 2003
Income on traditional financial services	1 699	1 788	1 630	1 664	1 642	3 487	3 242
Net profit form Life Insurance and Pensions	197	178	360	88	297	374	312
Trading income on foreign exchange and interest rate instruments, Markets	168	160	105	94	77	328	114
Equity-related income	150	74	266	164	222	224	240
Net ordinary operating income	2 214	2 198	2 361	2 010	2 238	4 413	3 908
Gains on the sale of fixed assets	20	979	13	7	2	1 000	3
Net other operating income	2 235	3 178	2 374	2 017	2 240	5 413	3 911

Pro forma accounting figures for 2003.

Changes in net other operating income



<i>Amounts in NOK million</i>	<i>2004</i>	<i>Change</i>	<i>2003</i>
Net other operating income	2 235	(5)	2 240
Elcon	-	(21)	21
Driftspartner and Markedsstøtte	60	60	-
Net adjusted other operating income	2 175	(44)	2 219
Of which:			
Income from traditional financial services, adjusted		37	
Net profit from Life Insurance and Pensions		(100)	
Trading income on foreign exchange and interest rate instruments, Markets		91	
Equity-related income		(72)	

Pro forma accounting figures for 2003.

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Changes in total operating expenses

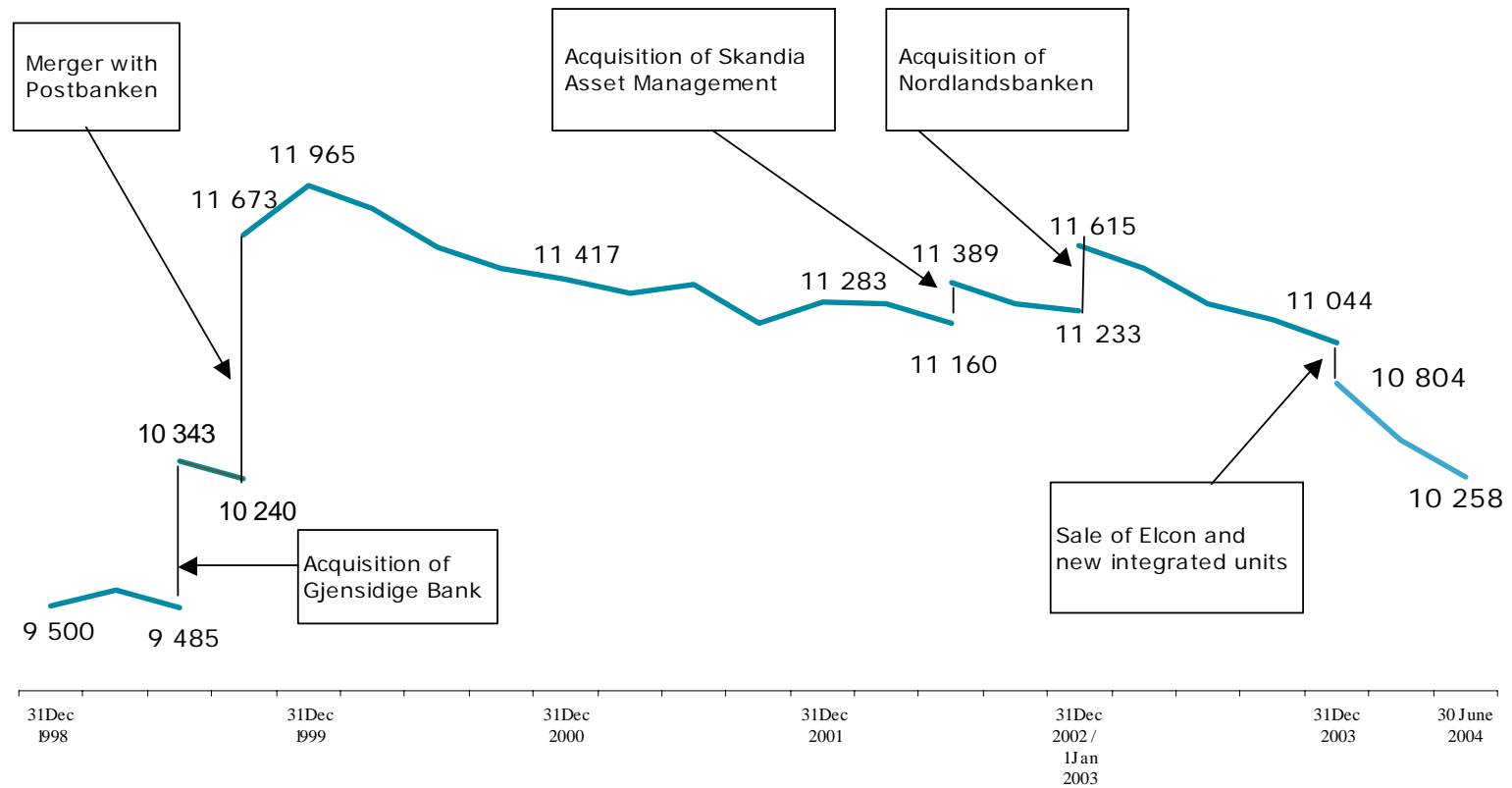


<i>Amounts in NOK million</i>	<i>2004</i>	<i>Change</i>	<i>2003</i>
Total operating expenses	3 068	(225)	3 293
Other expenses	6	(24)	30
Elcon	-	(113)	113
Driftspartner and Markedsstøtte	60	60	-
Total adjusted ordinary operating expenses	3 002	(149)	3 151
Of which:			
Wage settlements and pension payments		45	
External distribution		21	
Merger synergies		(105)	} (215)
Streamlining of operations		(110)	

Pro forma accounting figures for 2003.

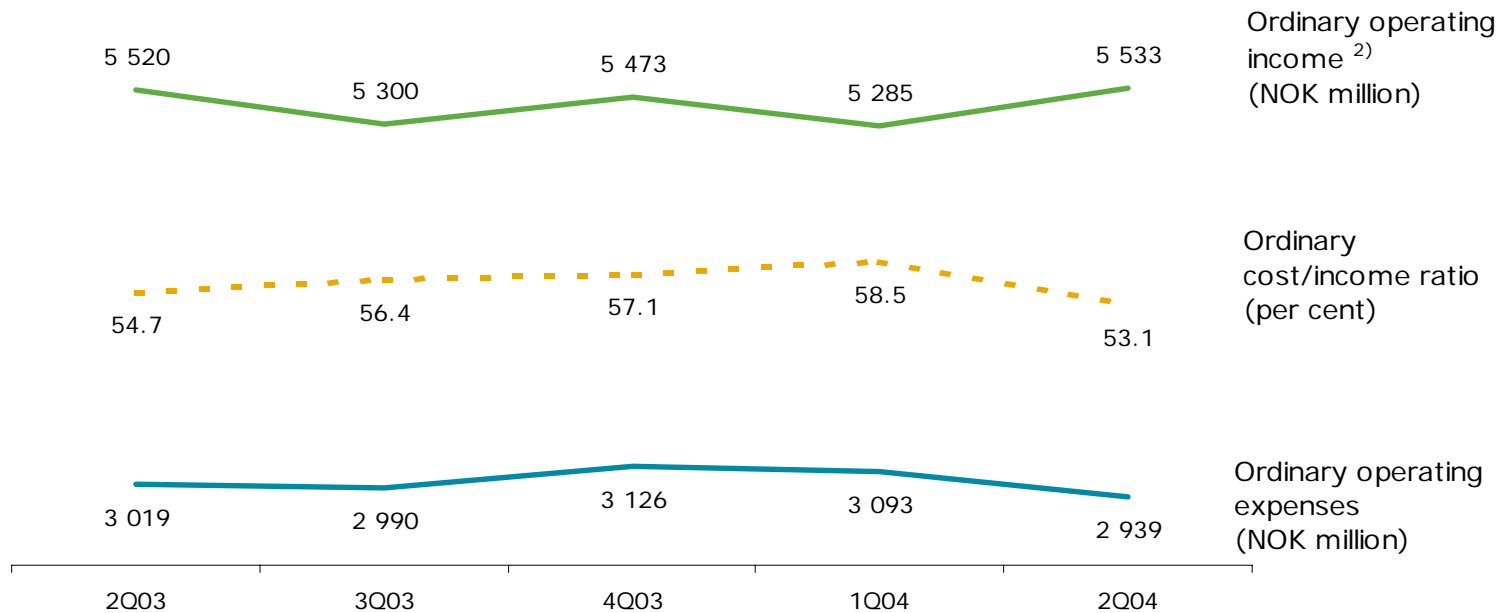


Employees - full-time positions



Pro forma figures prior to 31 December 2003.

Ordinary cost/income ratio before goodwill amortisation ¹⁾



1) Excluding Elcon

2) Excluding amortisation of goodwill on the investment in Vital

Pro forma accounting figures for 2003.

Net losses on loans and guarantees

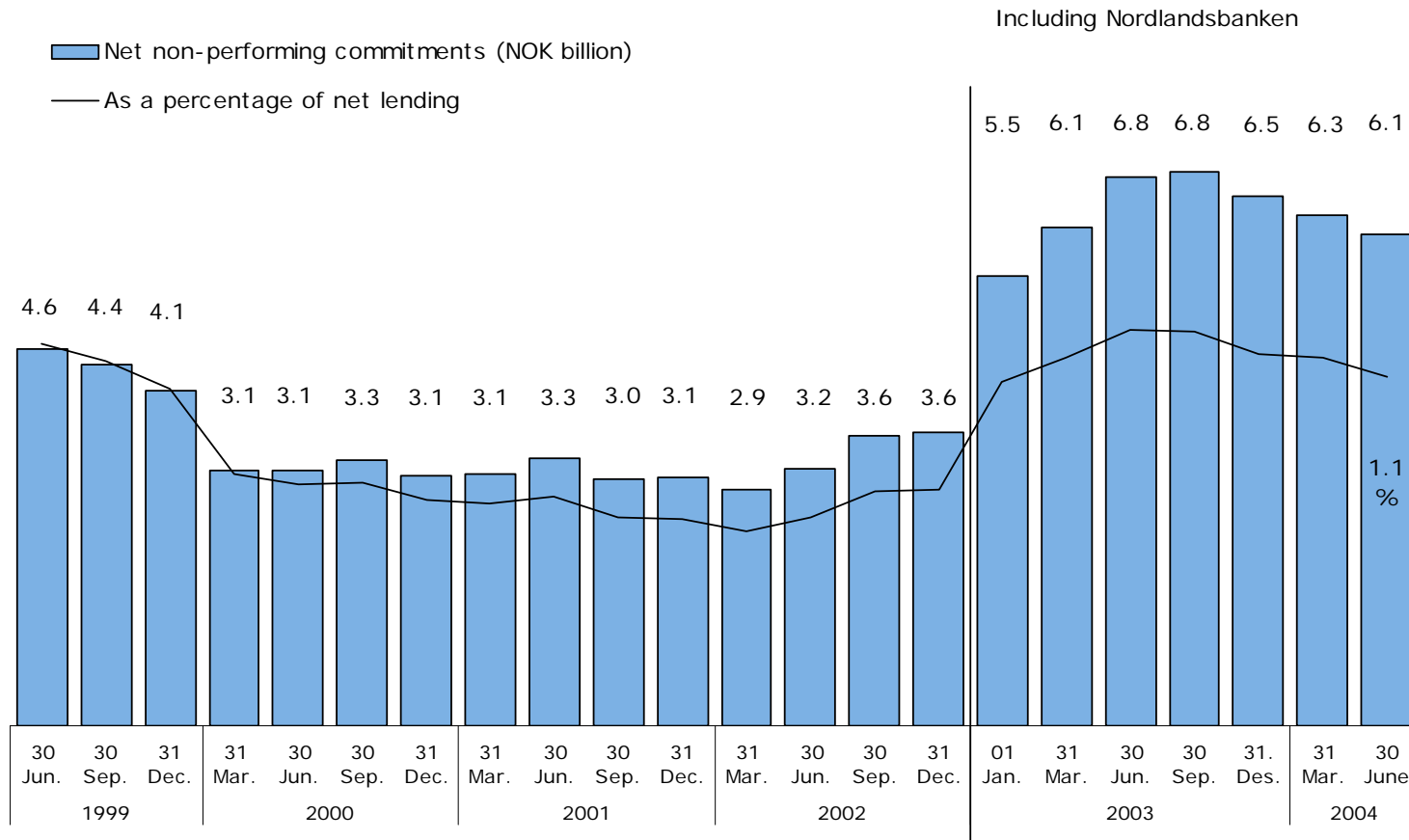


<i>Amounts in NOK million</i>	2004	1Q04	4Q03	3Q03	2003	1st half 2004	1st half 2003
Retail Banking	62	10	39	81	86	72	126
Corporate Banking	19	104	232	216	660	123	1 029
Discontinuing operations	-	23	40	47	48	23	85
Other units	1	(1)	(35)	12	17	-	20
Net losses	82	135	276	356	811	218	1 259

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

Pro forma accounting figures for 2003.

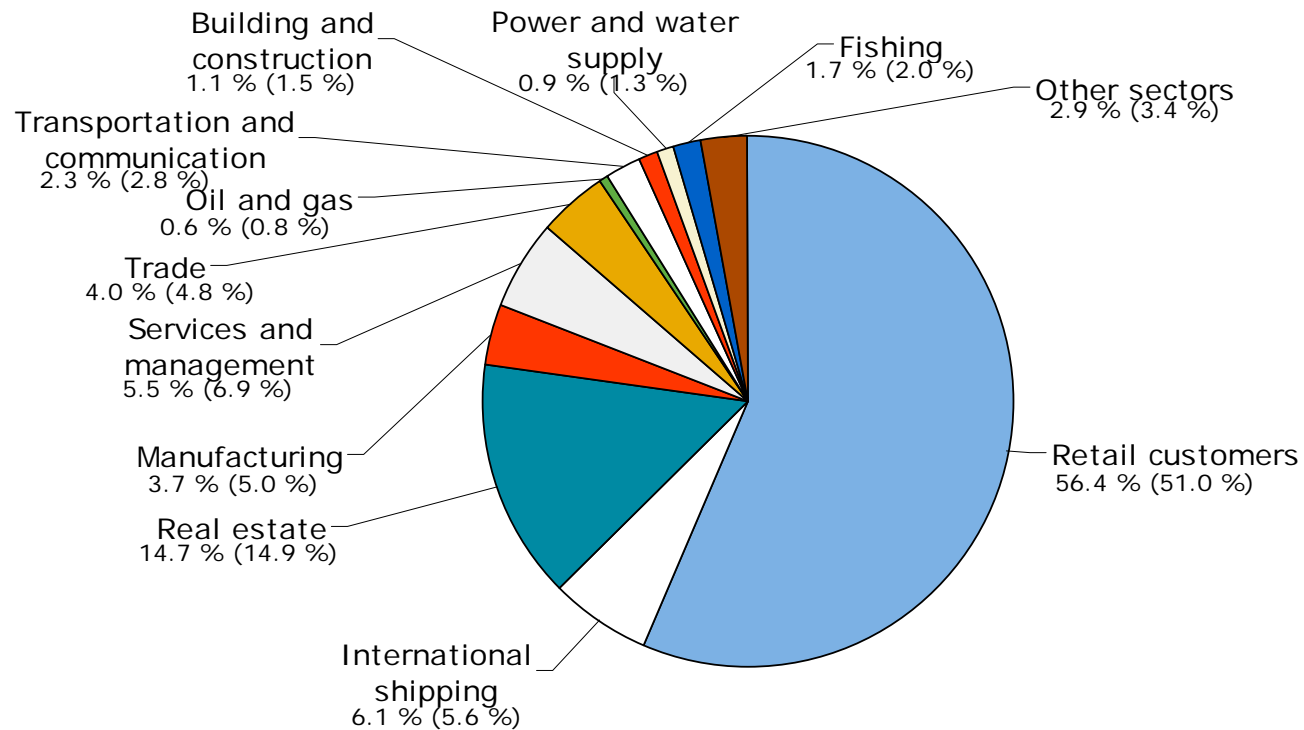
Non-performing commitments after specified loan-loss provisions



Pro forma accounting figures prior to 31 December 2003.

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Well-balanced loan portfolio



Figures as at 30 June 2003 in parentheses

Pro forma accounting figures for 2003.

Balance sheets



<i>Amounts in NOK billion</i>	<i>30 June 2004 ¹⁾</i>	<i>31 Dec. 2003 ²⁾</i>	<i>30 June 2003 ²⁾</i>
Cash and lending to/deposits with credit institutions	71	62	72
Net lending to customers	554	530	516
Commercial paper, bonds, etc.	68	59	57
Shareholdings	12	11	12
Fixed and intangible assets	10	11	12
Other assets	23	31	28
Total assets	739	705	697
Loans and deposits from credit institutions	99	79	92
Deposits from customers	352	335	336
Borrowings through the issue of securities	192	182	165
Other liabilities and provisions	26	43	39
Primary capital	70	66	66
Total liabilities and equity	739	705	697
Average total assets for the year to date	737	696	693
Ratio of deposits to net lending (per cent)	63.5	63.2	65.1

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

2) Excluding Elcon.

Pro forma accounting figures for 2003.

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Financial highlights - first half



<i>Amounts in NOK million</i>	1st half 2004 ¹⁾	1st half 2003 ¹⁾	<i>1st half 2004</i>	<i>1st half 2003</i>
Pre-tax operating profit before losses	4 541	4 063	4 659	4 272
Pre-tax operating profit	4 383	2 920	4 468	3 045
Profit for the period	3 203	2 338	3 262	2 424
Ordinary cost/income ratio excl. goodwill (per cent)	55.8	57.9	55.6	57.5
Earnings per share (NOK)	2.43	1.79	2.48	1.85
Earnings per share excl. goodwill (NOK)	2.67	2.02	2.71	2.10
Return on equity excl. goodwill (per cent)	16.0	13.0	16.2	13.4
Total combined assets at end of period (NOK billion)	1 239	1 162	1 239	1 163
Core capital ratio at end of period (per cent) ²⁾	7.2	-	7.2	6.5

1) Excluding profits from Elcon

2) Including 50 per cent of profits for the period

Pro forma accounting figures for 2003.

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Profit and loss accounts - first half



<i>Amounts in NOK million</i>	1st half 2004 ¹⁾	1st half 2003 ¹⁾	<i>1st half 2004</i>	<i>1st half 2003</i>
Net interest income	6 354	6 594	6 592	6 981
Net other ordinary operating income	4 413	3 859	4 413	3 908
Ordinary operating expenses	6 288	6 337	6 409	6 563
Ordinary operating profit	4 479	4 116	4 596	4 326
Gains on the sale of fixed assets	1 000	3	1 000	3
Other expenses ²⁾	937	57	937	57
Pre-tax operating profit before losses	4 541	4 063	4 659	4 272
Net losses on loans etc.	185	1 175	218	1 259
Net gain on long-term securities	27	33	27	33
Pre-tax operating profit	4 383	2 920	4 468	3 045
Taxes	1 181	582	1 206	621
Profit for the period	3 203	2 338	3 262	2 424

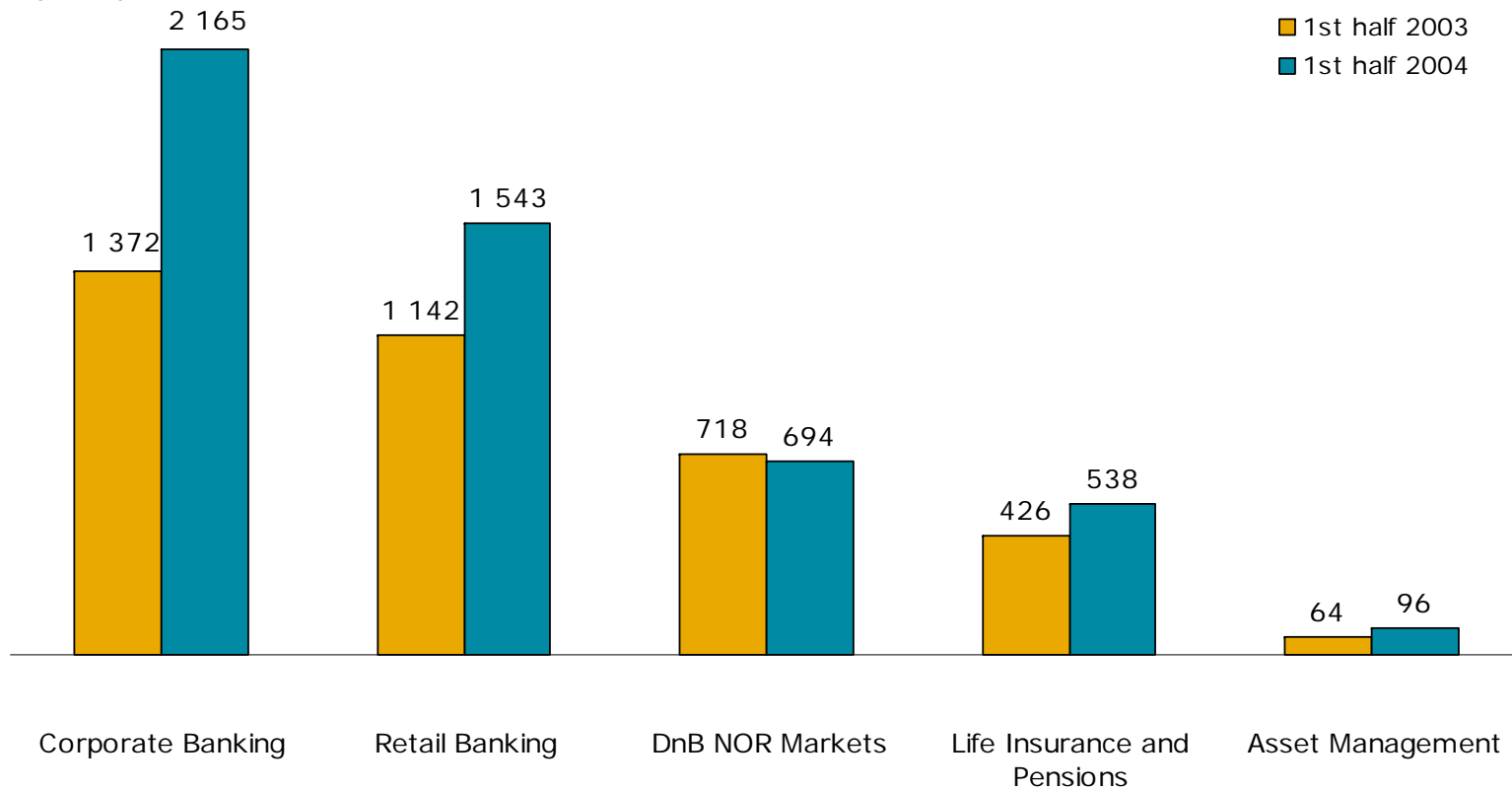
1) Excluding Elcon

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

Pro forma accounting figures for 2003.

Business areas - pre-tax operating profit

NOK million



Pro forma accounting figures for 2003.

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DnB NOR

Corporate Banking ¹⁾



<i>Amounts in NOK million</i>	<i>1st half 2004</i>	<i>1st half 2003</i>
Net interest income - ordinary operations	2 658	2 463
Interest on allocated capital	198	483
Net interest income	2 856	2 946
Net other operating income	1 065	1 081
Total income	3 920	4 027
Operating expenses	1 633	1 637
Pre-tax operating profit before losses	2 287	2 391
Net losses	122	1 019
Pre-tax operating profit	2 165	1 372
Net lending to customers (NOK billion)	247	248
Deposits from customers (NOK billion)	164	159
Cost/income ratio excl. goodwill (per cent)	41.6	40.6
Ratio of deposits to lending (per cent)	66.5	64.0
Return on equity (per cent)	16.8	11.4

- 5 per cent growth in ordinary income in a challenging market with low credit growth
- Stable spreads
- Reduced losses and non-performing commitments – sound risk management
- Satisfactory market shares and improved customer satisfaction

1) Figures do not include operations required sold in connection with the merger.

- Integration on schedule

Pro forma accounting figures for 2003.

Retail Banking ¹⁾



<i>Amounts in NOK million</i>	<i>1st half 2004</i>	<i>1st half 2003</i>
Net interest income - ordinary operations	3 437	3 302
Interest on allocated capital	78	186
Net interest income	3 515	3 488
Net other operating income	1 373	1 221
Total income	4 888	4 710
Operating expenses	3 286	3 441
Pre-tax operating profit before losses	1 602	1 268
Net losses	59	126
Pre-tax operating profit	1 543	1 142
Net lending to customers (NOK billion)	292	251
Deposits from customers (NOK billion)	184	178
Cost/income ratio excl. goodwill (per cent)	67.0	72.8
Ratio of deposits to lending (per cent)	63.0	71.0
Return on equity (per cent)	30.3	24.6

- 16 per cent lending growth – higher market share
- Improved pricing of risk expands lending spreads
- Synergies lead to cost reductions
- Integration on schedule

1) Figures do not include operations required sold in connection with the merger.

Pro forma accounting figures for 2003.

DnB NOR Markets



<i>Amounts in NOK million</i>	<i>1st half 2004</i>	<i>1st half 2003</i>
Net interest income - ordinary operations	115	231
Interest on allocated capital	20	55
Net interest income	135	286
Net other operating income	1 127	1 033
Total income	1 262	1 319
Operating expenses	572	603
Pre-tax operating profit before losses	690	716
Net losses	(3)	(1)
Pre-tax operating profit	694	718
Cost/income ratio excl. goodwill (per cent)	45.3	45.7
Return on equity (per cent)	53.3	52.6

- Satisfactory trend in income and profits
- Strong interest in foreign exchange products – lower demand for interest rate hedging products
- Costs brought down 5.1 per cent
- Stronger market position
- Integration completed

Pro forma accounting figures for 2003.

Life Insurance and Pensions



<i>Amounts in NOK million</i>	<i>1st half 2004</i>	<i>1st half 2003</i>
Interest result	2 758	2 539
Risk result ¹⁾	(257)	(314)
Administration result	(69)	(86)
Other	(90)	(38)
Transferred to security reserve	7	5
Profit for distribution	2 335	2 096
Funds transferred to policyholders	1 827	1 700
Tax charge	86	32
Net profit in Life Insurance	423	364
+ Net profit in unit linked	3	(2)
= Net profit from Life Insurance and Pensions	426	362
- Goodwill amortisation	51	51
= Net profit from Life Insurance and Pensions in the group accounts	374	312
Return on equity (per cent)	10.9	9.3

- 49 per cent rise in premium income
- Net inflow of transfers up NOK 2.5 billion
- Higher market shares in corporate sector and stable market shares in retail sector
- Returns for the 1st half:
 - Recorded: 3.7 per cent
 - Value-adjusted: 3.2 per cent
- Integration on schedule

1) The risk result figure for 1st half 2004 includes a transfer of NOK 123 million to strengthen the disability reserve, against NOK 377 million in 2003.

Pro forma accounting figures for 2003.

Asset Management



<i>Amounts in NOK million</i>	<i>1st half 2004</i>	<i>1st half 2003</i>
Commission income	447	377
Other income	2	36
Total income	449	413
Operating expenses	353	349
Pre-tax operating profit before losses	96	64
Assets under management (NOK billion) ¹⁾	480	416
Assets under management (NOK billion) ²⁾	487	448
Cost/income ratio excl. goodwill (per cent)	78.7	84.6
Net inflow of capital (per cent)	0.3	3.1
Return on equity (per cent)	14.5	11.1

- Commission income up NOK 70 million or 19 per cent
- Improved average margins
- Cost synergies realised according to plan
- Company mergers completed
- Good progress in combining funds

1) Average assets for the period.

2) Assets at end of period.

Pro forma accounting figures for 2003.

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DnB NOR delivers results in accordance with the merger plan

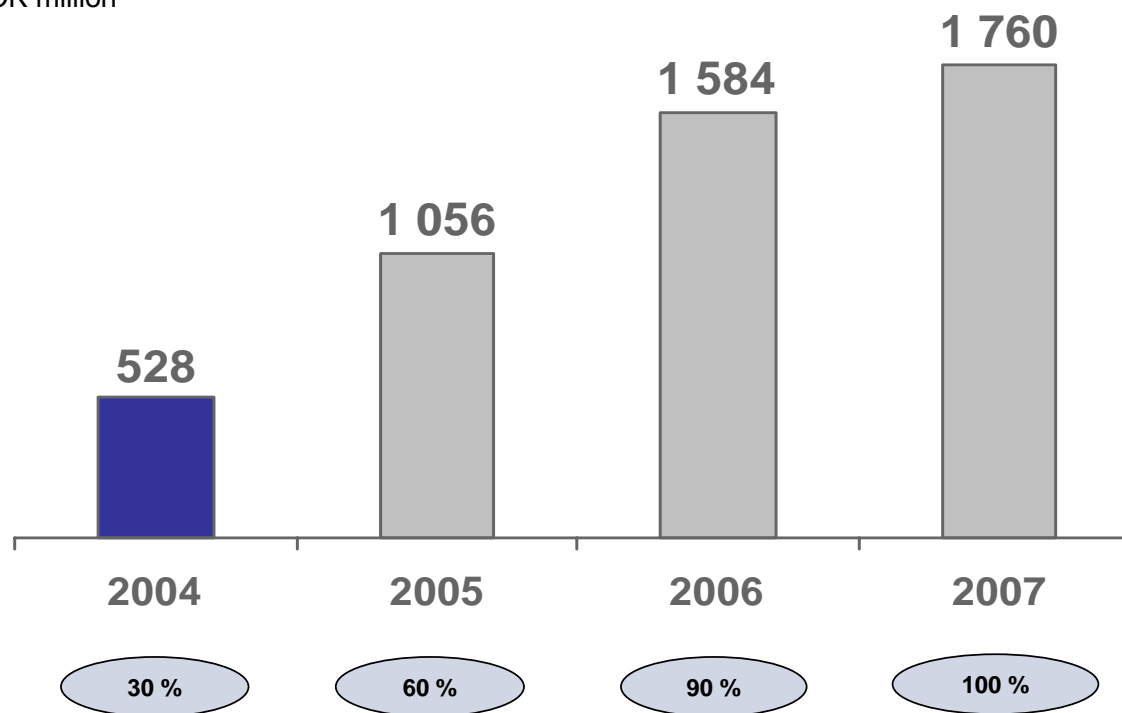


- Elcon Finans, Gjensidige NOR Fondsforsikring and Postbanken Eiendomsmegling sold
- Ownership interests reduced in a number of companies
 - BBS (the Banks' Central Clearing House), Norsk Tillitsmann, BNbank, Storebrand
- Permission granted to uphold 20 per cent ownership in Oslo Børs (the Oslo Exchanges)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

DnB NOR's cost synergy targets ¹⁾

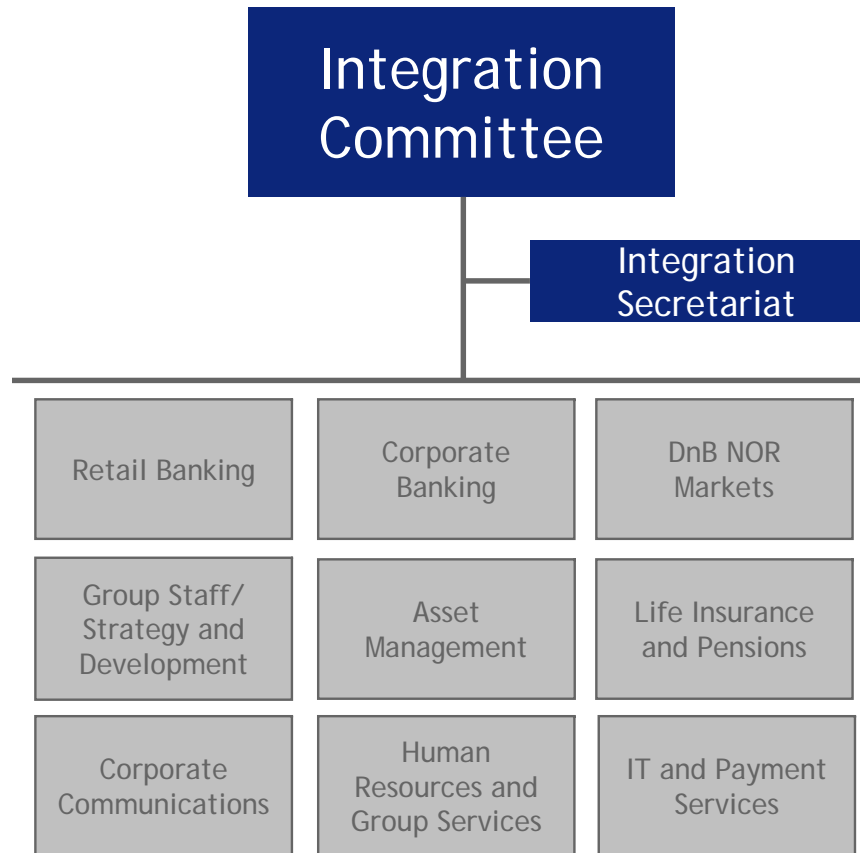


NOK million



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

Integration process



Chairman: Svein Aaser
Members: Olav Hytta
Group Management
Group employee repr.

Headed by: Nikolai Stefanovic

The integration process is managed by the head of each business area

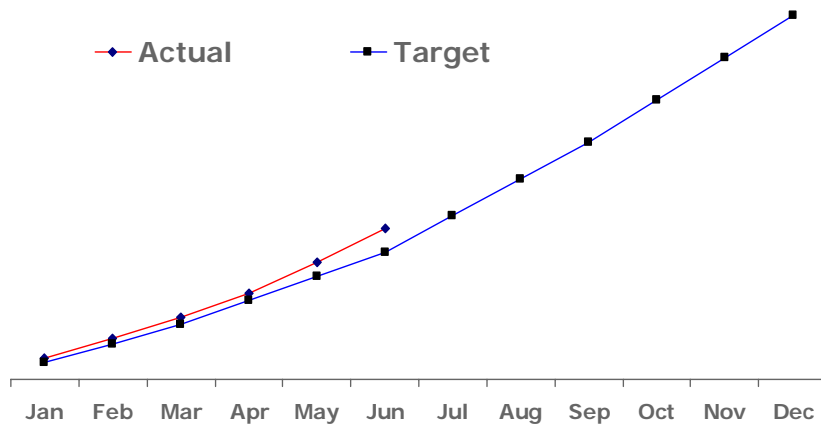
- Status reports to group management every 14 days
- Full synergy updates to the Integration Committee each month

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Integration process under strict control

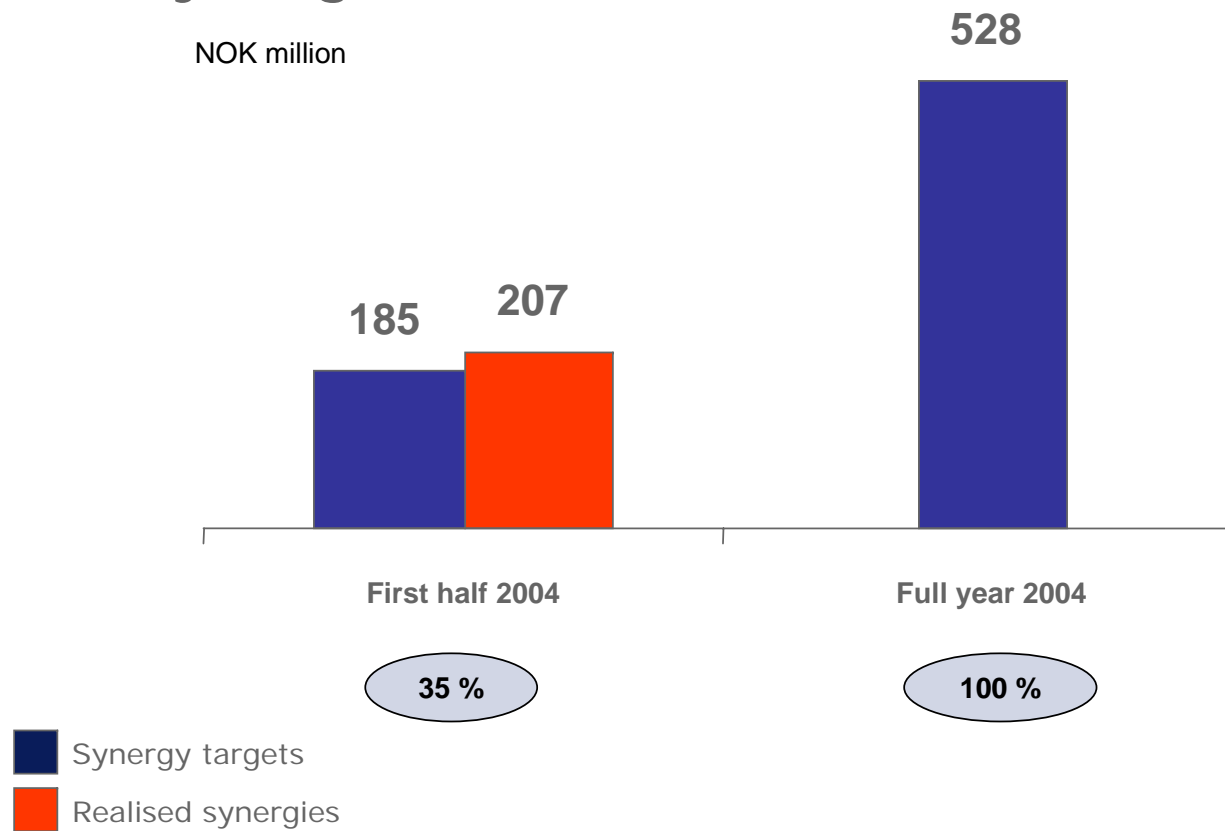


Synergy reporting in 2004



- Monthly synergy targets per business area
- Staff reductions and key events reporting every 14 days
- Actual vs budget synergy reporting every month
- Gap-closing measures

Cost synergies ¹⁾

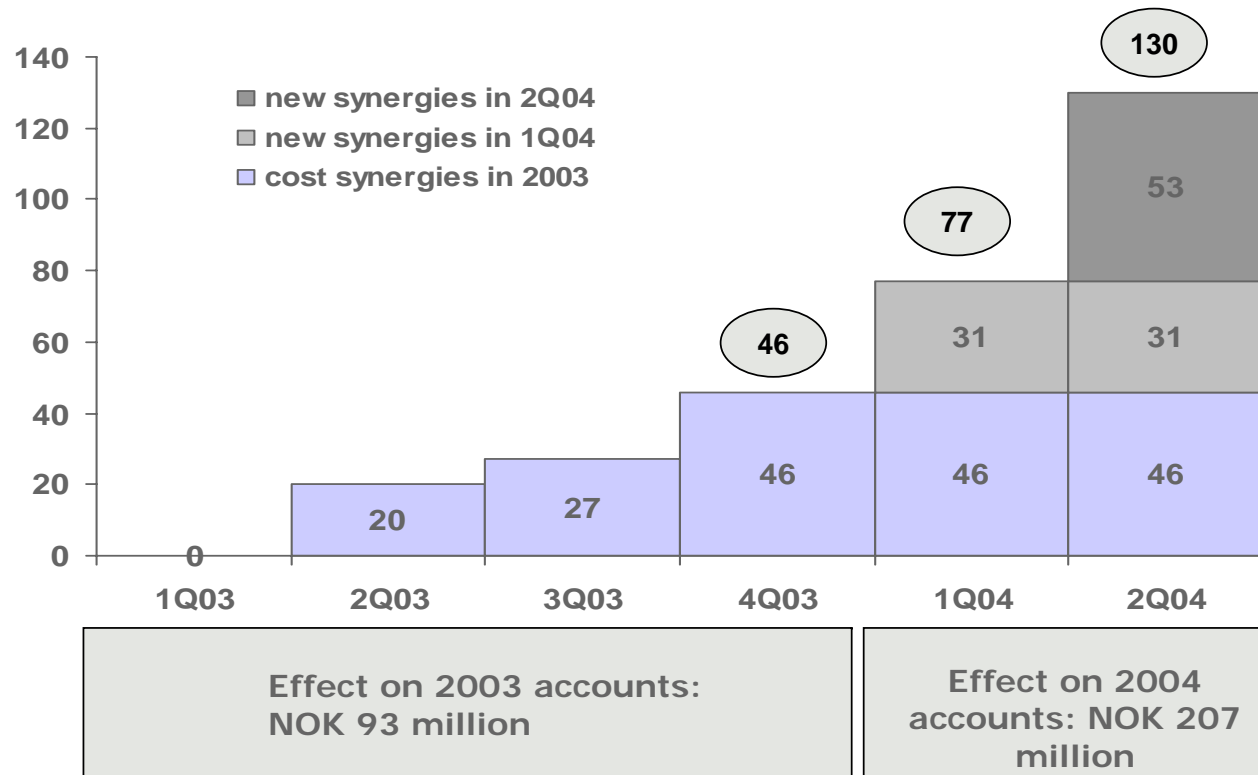


1) Cost synergies are calculated on the basis of ordinary operating expenses in 2003 adjusted for a 1% rise in costs

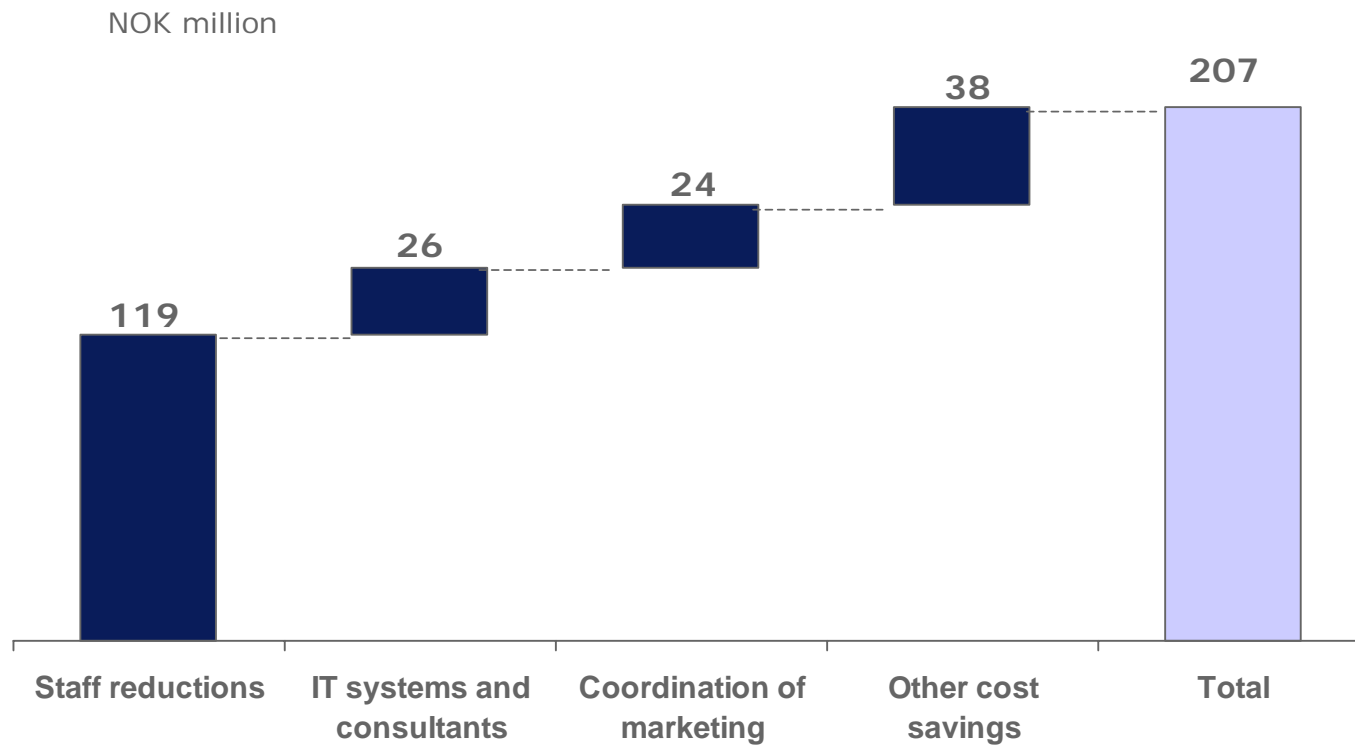


Quarterly cost synergies

NOK million



Cost synergy initiatives in first half of 2004



Cost synergies per business area

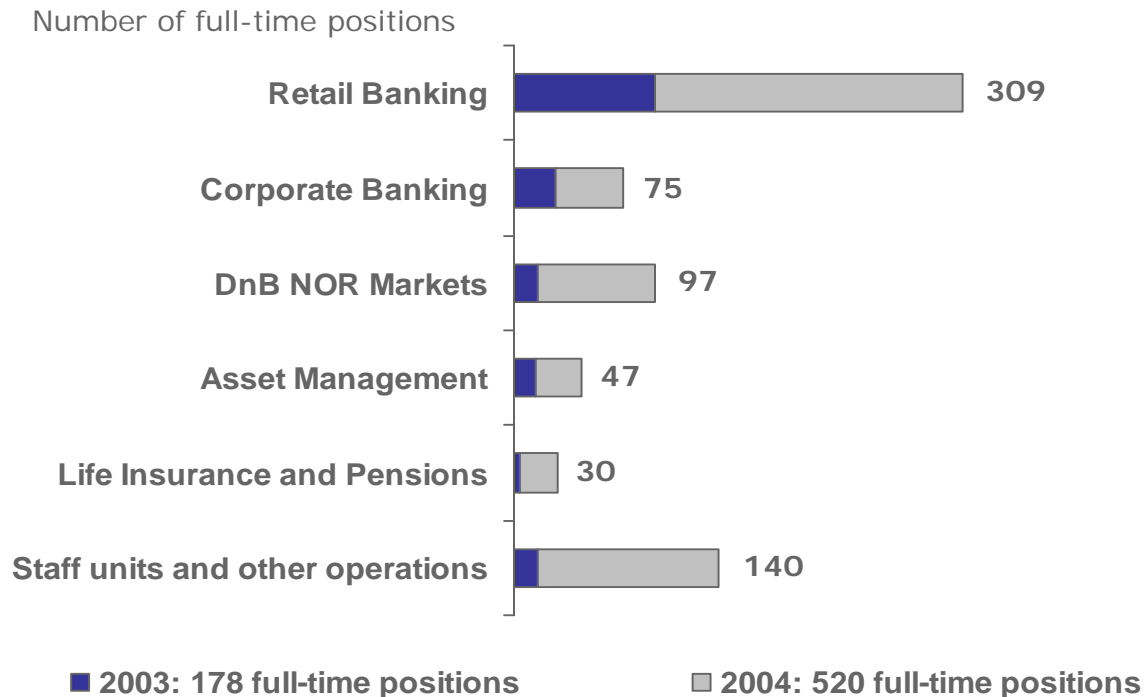
First half 2004



1) Of which NOK 5 million represents stipulated effects for the owner

Staff reductions

Accumulated as at end-June 2004



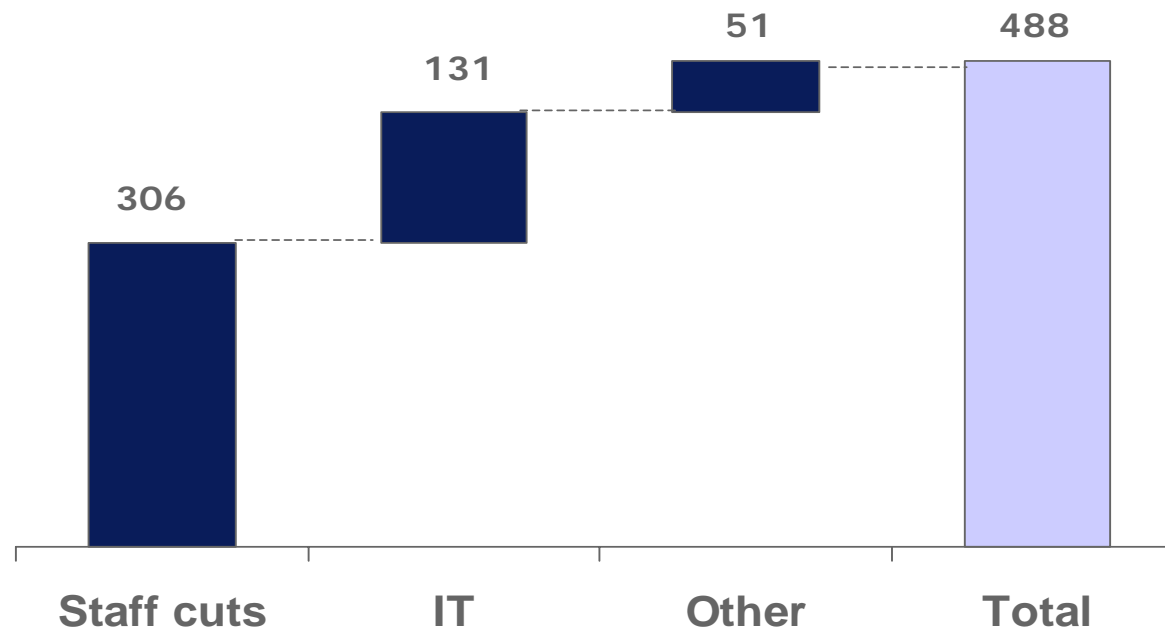
- Accumulated staff reductions of 698 full-time positions
- 43 % of planned staff reductions of 1 630 full-time positions have been completed

Use of restructuring provisions

Accumulated



NOK million



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

DnB NOR in first half



- Focus on customer service
- Streamlining of everyday activities and strict control of integration process
- Sound risk management
- Sound capital adequacy

Good potential for development



- Strong Norwegian economy
- Large Norwegian operations do well
- Brisk rise in petroleum funds
- Norwegian households optimistic

Help create significant opportunities for DnB NOR

DnB NOR



DnB NOR – steady progress

DnBNOR