

Supplementary  
Information for  
Investors and Analysts

First quarter 2003  
(Unaudited)

## Chief Executive Officer

Svein Aaser

### For further information, please contact

|   |                                 |               |
|---|---------------------------------|---------------|
| Tom Grøndahl, Chief Financial Officer               | tom.grondahl@dnb.no             | +47 2248 2922 |
| Per Sagbakken, Head of Investor Relations           | per.sagbakken@dnb.no            | +47 2248 2072 |
| Jan Erik Gjerland, Investor Relations               | jan.erik.gjerland@dnb.no        | +47 2294 9969 |
| Halfdan Bakøy, Group Financial Reporting            | halfdan.bakoy@dnb.no            | +47 2248 1071 |
| Kristine L. Njaastad, Secretary, Investor Relations | kristine.lekven.njaastad@dnb.no | +47 2248 2613 |

### Address

DnB Holding ASA, Stranden 21, N-0021 Oslo  
Visiting address: Stranden 21 (Bryggetorget), Aker Brygge, Oslo

e-mail Investor Relations: [investor.relations@dnb.no](mailto:investor.relations@dnb.no)

Telefax Investor Relations: +47 2248 2035

DnB switchboard: +47 2248 1050

### Information on the Internet

|   |  |
|---|--|
| DnB's Investor Relations English page   | <a href="http://www.DnB.no/ir">www.DnB.no/ir</a>       |
| DnB's Investor Relations Norwegian page | <a href="http://www.DnB.no/ir/no">www.DnB.no/ir/no</a> |
| DnB's home page                         | <a href="http://www.DnB.no">www.DnB.no</a>             |

### Financial calendar 2003

|                |            |
|----------------|------------|
| Second quarter | 13 August  |
| Third quarter  | 29 October |

|                               |          |
|-------------------------------|----------|
| Annual general meeting        | 24 April |
| Ex-dividend date              | 25 April |
| Payment of dividend           | 15 May   |
| Extraordinary general meeting | 19 May   |

# Contents

|   | Page      |
|---|-----------|
| <b>1. DnB - an overview</b>                           | <b>5</b>  |
| Financial highlights .....                            | 6         |
| DnB - Norway's leading financial services group ..... | 7         |
| Credit ratings .....                                  | 7         |
| Accounting changes and other adjustments .....        | 8         |
| <b>2. Financial results DnB Group</b>                 | <b>11</b> |
| Financial highlights .....                            | 12        |
| Profit and loss accounts .....                        | 13        |
| Net interest income .....                             | 14        |
| Net other operating income .....                      | 16        |
| Net commissions and fees on banking services .....    | 18        |
| Net gain on financial instruments .....               | 19        |
| Sundry operating income .....                         | 21        |
| Operating expenses .....                              | 22        |
| Losses and reversals on loans and guarantees .....    | 25        |
| Asset quality .....                                   | 26        |
| Total assets owned or managed by the DnB Group .....  | 28        |
| Lending to principal sectors .....                    | 29        |
| Customer savings .....                                | 31        |
| Capital adequacy and taxes .....                      | 32        |
| Financial results DnB Group .....                     | 33        |
| DnB Group 1998-2002 .....                             | 34        |
| Key figures 1998-2002 .....                           | 35        |
| <b>3. DnB Group and business areas</b>                | <b>37</b> |
| Group strategy .....                                  | 38        |
| Legal structure .....                                 | 39        |
| Group structure .....                                 | 40        |
| Business areas .....                                  | 41        |
| - Corporate Banking .....                             | 43        |
| - Retail Banking .....                                | 49        |
| - Capital markets .....                               | 53        |
| - Life Insurance - Vital .....                        | 56        |
| - Asset management .....                              | 61        |
| - Nordlandsbanken .....                               | 65        |
| <b>4. Shareholder information</b>                     | <b>67</b> |
| Equity-related data .....                             | 68        |
| Shareholder structure .....                           | 69        |
| <b>5. The Norwegian economy</b>                       | <b>71</b> |



**Section 1**

# **DnB - an overview**

**(Nordlandsbanken included  
as from 2003)**

## Financial highlights

### Brisk activity in weak financial markets during first quarter

- Total income: NOK 3 133 million (2 979)
- Pre-tax operating profits before losses: NOK 1 047 million (1 081)
- Net losses on loans and guarantees etc.: NOK 367 million (-127)
- Core capital ratio: 6.9 per cent
- Return on equity before goodwill amortisation: 8.8 per cent <sup>1)</sup>
- Earnings per share before goodwill amortisation: NOK 0.76

1) Based on share prices as at 30 April 2003, return on equity would have been 2.8 percentage points higher (Figures for 2002 in parentheses)

## DnB - Norway's leading financial services group

### Banking operations

- Total assets
- Net lending
- Customer deposits

#### As at 31 March 2003:

|     |               |
|-----|---------------|
| NOK | 434.1 billion |
| NOK | 312.8 billion |
| NOK | 207.9 billion |

### Assets under management

- Life insurance (Vital)
- Mutual funds (DnB Investor)
- Discretionary management
- Total assets under management

|     |             |
|-----|-------------|
| NOK | 76 billion  |
| NOK | 25 billion  |
| NOK | 220 billion |
| NOK | 321 billion |

### Customer base

- Serving more than 1.7 million retail customers throughout Norway with various levels of activity
- More than 70 000 business customers
- Some 630 000 individuals are insured

### Distribution network

- 144 domestic DnB branches, of which 57 fully automated financial services, 19 Nordlandsbanken branches and 11 regional centres (incl. Oslo)
- 6 international branches
- 5 international representative offices
- 37 Postbanken sales outlets
- Internet banking
- Electronic banking
- Telephone banking
- SMS/WAP banking
- Online equities trading
- About 300 post office counters <sup>1)</sup>
- More than 1 100 in-store postal outlets <sup>1)</sup>
- About 2 000 rural postmen <sup>1)</sup>
- 64 Postbanken Eiendomsmedling sales offices (franchises)
- 46 DnB Eiendom sales offices (all located in DnB branches)
- 18 Vital sales offices
- 22 Vital agent agreements

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

### Credit ratings from international rating agencies

|                     | Moody's   |            | Standard & Poor's |            |
|---------------------|-----------|------------|-------------------|------------|
|                     | Long-term | Short-term | Long-term         | Short-term |
| Den norske Bank ASA | Aa3       | P1         | A                 | A1         |

## Accounting changes and other adjustments

### Accounting treatment of the 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.

At the expiry of the extended offer period, on 17 January 2003, Den norske Bank had received acceptances which along with DnB's own holdings represented 96.35 per cent of the shares in Nordlandsbanken. DnB's conditions for acceptance were fulfilled on 21 February 2003, and the acquisition was implemented in accordance with the acceptances as of this date.

Minority shareholders were given an offer to redeem their shares in Nordlandsbanken as from 27 February 2003. The alternative would be mandatory transfer. As from the same date, all shares not previously acquired were transferred to Den norske Bank ASA.

On 21 February 2003, the Ministry of Finance approved the acquisition of Nordlandsbanken.

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. The market value of the loan portfolio turned out to be NOK 164 million lower than book value, while 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 as at 31 December 2002                        | 754              |
| Value adjustments   | ( 149)           |
| Acquisition cost exceeding recorded equity                    | 445              |
| Costs relating to the acquisition                             | 10               |
| Restructuring provisions                                      | 76               |
| Deferred taxes  | 63               |
| Recorded goodwill in the balance sheet of acquired operations | 4                |
| <b>Goodwill in the DnB Group on the acquisition date</b>      | <b>473</b>       |
| Annual amortisation   | 47               |

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.



## Reclassification of the agreement with Norway Post

In the first quarter of 2003, the principles applied to record some of the cost elements in the agreement with Norway Post were reviewed, resulting in a larger proportion of the costs being included in net other operating income. The reclassification mainly concerned commissions paid in connection with payment transactions and credit broking, in addition to commissions relating to index-linked savings products.

|                               | 1st quarter | 4th quarter | 3rd quarter | 2nd quarter | 1st quarter |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| <i>Amounts in NOK million</i> | 2003        | 2002        | 2002        | 2002        | 2002        |
| Net commissions and fees      | (63)        | (62)        | (64)        | (65)        | (64)        |
| Administrative expenses       | (63)        | (62)        | (64)        | (65)        | (64)        |

|                               | Full year | Full year | Full year | Full year | Full year |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| <i>Amounts in NOK million</i> | 2002      | 2001      | 2000      | 1999      | 1998      |
| Net commissions and fees      | (255)     | (276)     | (271)     | (246)     | (225)     |
| Administrative expenses       | (255)     | (276)     | (271)     | (246)     | (225)     |



**Section 2**

# **Financial results DnB Group**

**(Including Nordlandsbanken  
as from 2003)**

## Financial highlights

### Key financials

|   | 1Q03              | Excl. NB<br>1Q03 | 4Q02  | 3Q02 | 2Q02 | 1Q02  | Full year |       |
|---|-------------------|------------------|-------|------|------|-------|-----------|-------|
|   |                   |                  |       |      |      |       | 2002      | 2001  |
| Pre-tax operating profit before losses<br>(NOK million)         | 1 047             | 1 006            | 1 182 | 879  | 918  | 1 081 | 4 059     | 5 196 |
| Pre-tax operating profit (NOK million)                          | 679               | 641              | 798   | 714  | 549  | 1 207 | 3 268     | 4 687 |
| Net profit for the period (NOK million)                         | 502               | 474              | 576   | 441  | 412  | 905   | 2 334     | 4 100 |
| Earnings per share excluding<br>goodwill amortisation (NOK)     | 0.76              | 0.71             | 0.84  | 0.66 | 0.59 | 1.22  | 3.31      | 5.47  |
| Earnings per share (NOK)  | 0.65              | 0.62             | 0.75  | 0.57 | 0.53 | 1.17  | 3.03      | 5.29  |
| Dividend per share  |                   |                  |       |      |      |       |           |       |
| Return on equity excluding<br>goodwill amortisation (per cent)  | 8.8 <sup>1)</sup> | 8.4              | 9.3   | 7.5  | 6.8  | 14.3  | 9.4       | 16.3  |
| Return on equity (per cent)                                     | 7.6 <sup>1)</sup> | 7.2              | 8.3   | 6.5  | 6.1  | 13.8  | 8.6       | 15.8  |
| Total combined assets (NOK billion)                             | 749               | 720              | 680   | 666  | 717  | 485   | 680       | 460   |
| Core capital ratio at end of<br>period <sup>2)</sup> (per cent) | 6.9               | 7.6              | 7.8   | 8.3  | 8.1  | 8.9   | 7.8       | 8.8   |

1) Based on share prices as at 30 April 2003, return on equity would have been 2.8 percentage points higher

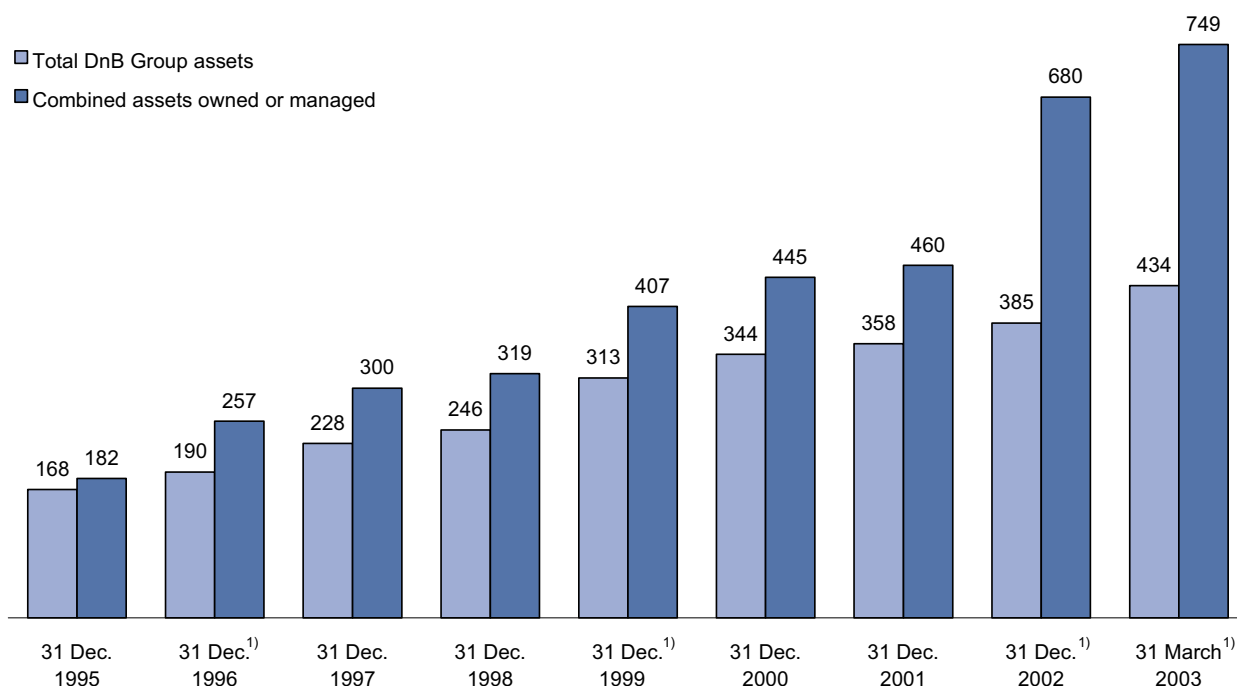
2) Including 50 per cent of profit for the period, apart from year-end figures

### Total combined assets

NOK billion

■ Total DnB Group assets

■ Combined assets owned or managed



1) Vital is included as from 1996, Postbanken as from 1999, Skandia Asset Management as from 2002 and Nordlandsbanken as from 2003

## Profit and loss accounts

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

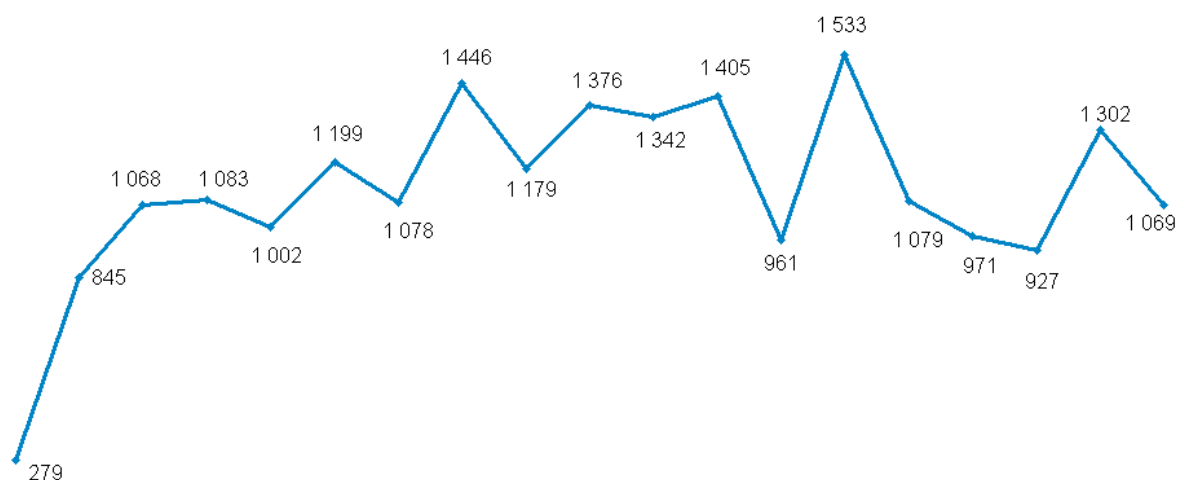
|  |       | Excl. NB |       |       |       |       | Full year |       |
|--|-------|----------|-------|-------|-------|-------|-----------|-------|
| Amounts in NOK million                 | 1Q03  | 1Q03     | 4Q02  | 3Q02  | 2Q02  | 1Q02  | 2002      | 2001  |
| Net interest income                    | 2 123 | 2 008    | 2 169 | 2 112 | 2 148 | 1 950 | 8 378     | 7 999 |
| Net other ordinary operating income    | 1 009 | 974      | 1 091 | 776   | 766   | 1 026 | 3 659     | 5 019 |
| Ordinary operating expenses            | 2 062 | 1 953    | 1 958 | 1 960 | 1 942 | 1 897 | 7 758     | 7 776 |
| Ordinary operating profit              | 1 069 | 1 029    | 1 302 | 927   | 971   | 1 079 | 4 279     | 5 242 |
| Gains on the sale of fixed assets      | 1     | 1        | 28    | 1     | 3     | 3     | 35        | 30    |
| Other expenses <sup>2)</sup>           | 24    | 25       | 149   | 49    | 57    | 1     | 255       | 75    |
| Pre-tax operating profit before losses | 1 047 | 1 006    | 1 182 | 879   | 918   | 1 081 | 4 059     | 5 196 |
| Net losses/(reversals) on loans etc.   | 367   | 364      | 363   | 154   | 87    | (127) | 478       | 178   |
| Net loss on long-term securities       | 1     | 1        | 21    | 11    | 282   | 1     | 314       | 332   |
| Pre-tax operating profit               | 679   | 641      | 798   | 714   | 549   | 1 207 | 3 268     | 4 687 |
| Taxes                                  | 176   | 167      | 222   | 273   | 137   | 302   | 934       | 587   |
| Profit for the period                  | 502   | 474      | 576   | 441   | 412   | 905   | 2 334     | 4 100 |

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details

2) Restructuring, allocations to the DnB Employee Fund and losses on fixed assets

### Ordinary operating profit

NOK million



|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|------------------|------------------|------------------|------------------|------------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 3Q <sup>1)</sup> | 4Q <sup>1)</sup> | 1Q <sup>1)</sup> | 2Q <sup>1)</sup> | 3Q <sup>1)</sup> | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| 1998             |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|                  |                  |                  |                  |                  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

1) Pro forma figures

## Net interest income

### Net interest income

| Amounts in NOK million | 1Q03  | Excl. NB | 4Q02  | 3Q02  | 2Q02  | 1Q02  | Full year |       |
|------------------------|-------|----------|-------|-------|-------|-------|-----------|-------|
|                        |       | 1Q03     |       |       |       |       | 2002      | 2001  |
| Net interest income    | 2 123 | 2 008    | 2 169 | 2 112 | 2 148 | 1 950 | 8 378     | 7 999 |

### Changes in net interest income

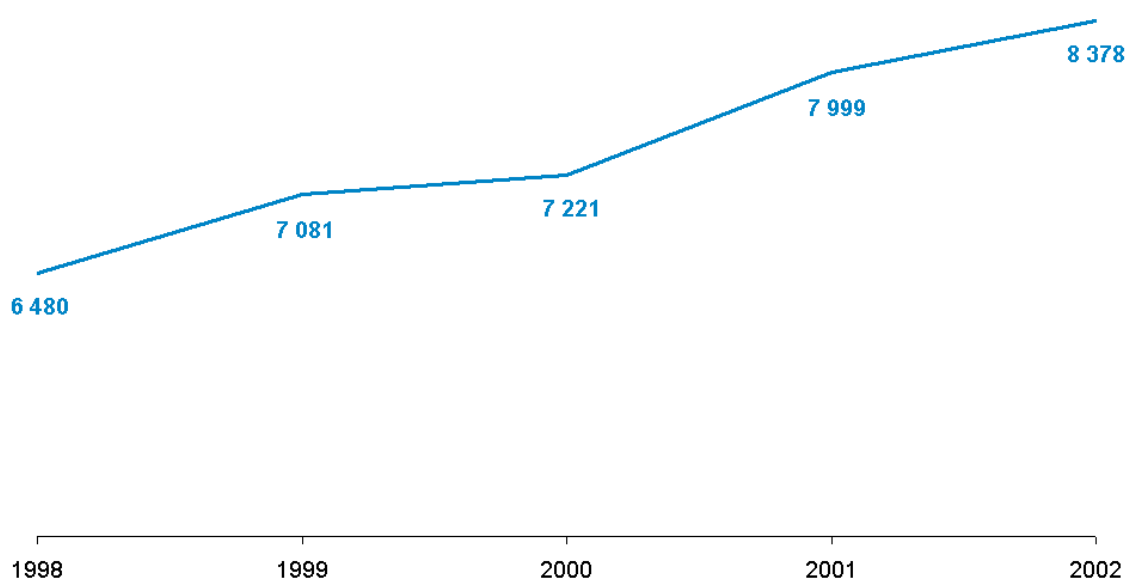
| Amounts in NOK million                             | 1Q03         | Change     | 1Q02         |
|--|--------------|------------|--------------|
| <b>Net interest income</b>                         | <b>2 123</b> | <b>172</b> | <b>1 950</b> |
| Of which:  |              |            |              |
| Lending and deposit volumes                        |              | 96         |              |
| Lending and deposit margins                        |              | 70         |              |
| Exchange rate movements                            |              | (42)       |              |
| Nordlandsbanken <sup>1)</sup>                      |              | 132        |              |
| Funding costs for acquired companies <sup>2)</sup> |              | (46)       |              |
| Other  |              | (38)       |              |

1) Nordlandsbanken is included as from 1 January 2003

2) Includes Nordlandsbanken and Skandia Asset Management (acquired as at 1 June 2002)

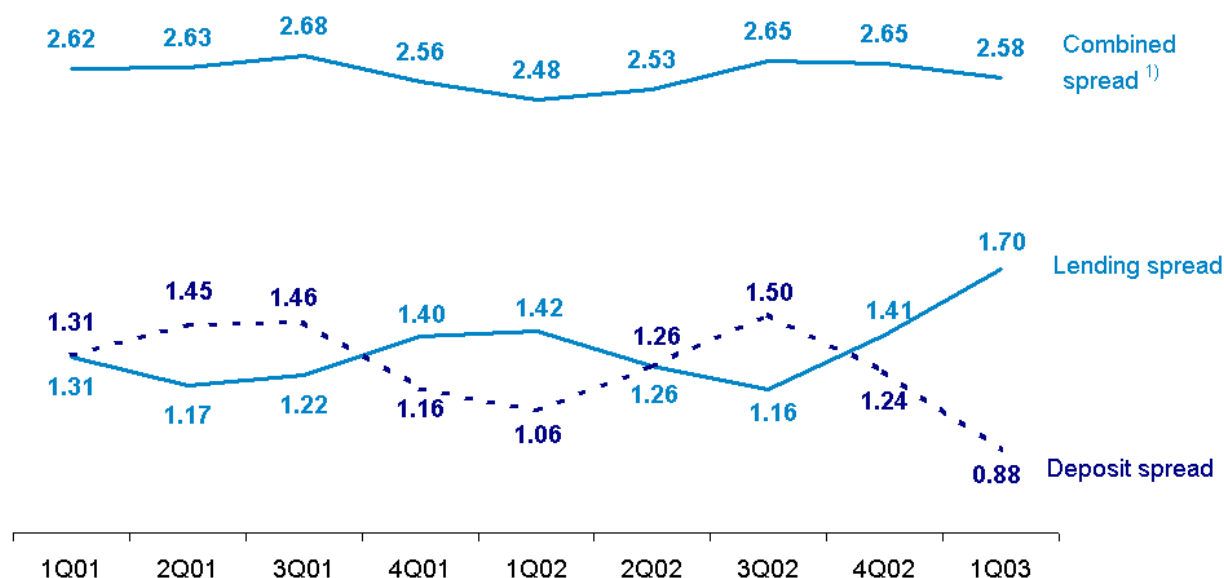
### Net interest income

NOK million



## Development in average interest rate spread

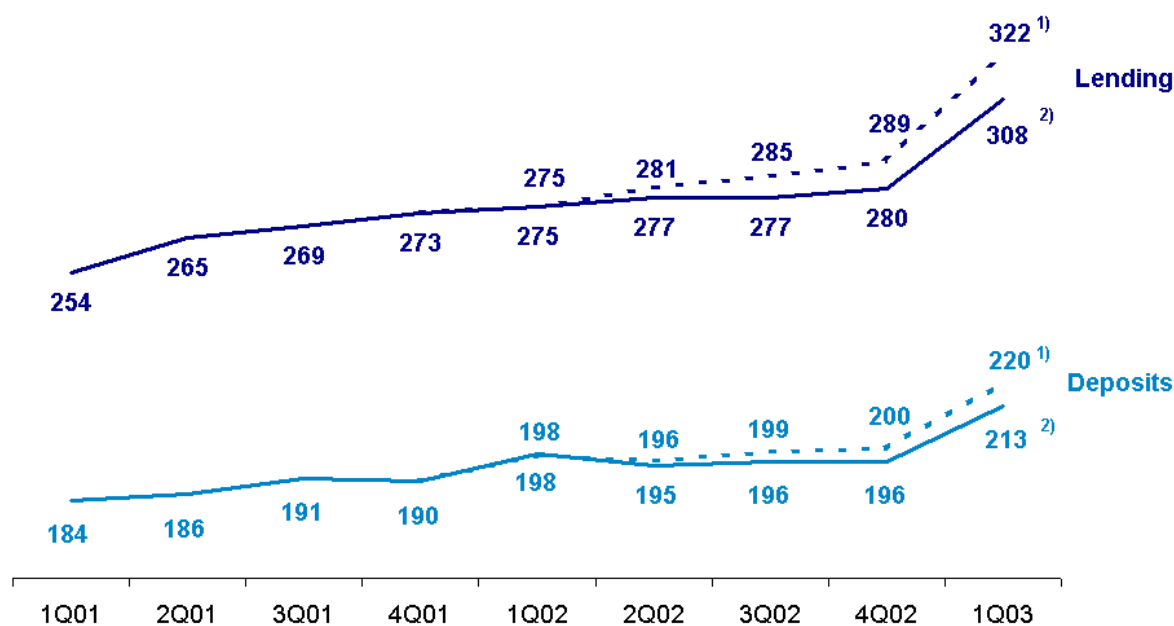
Per cent



1) Combined spread for lending and deposits

## Development in average volumes

NOK billion



1) Development in lending and deposits adjusted for exchange rate movements from the fourth quarter of 2001

2) The acquisition of Nordlandsbanken increased lending and deposit volumes by NOK 25 billion and NOK 9 billion respectively

## Net other operating income

### Net other operating income <sup>1)</sup>

| Amounts in NOK million   | 1Q03         | Excl. NB<br>1Q03 | 4Q02         | 3Q02       | 2Q02       | 1Q02         | Full year    |              |
|--|--------------|------------------|--------------|------------|------------|--------------|--------------|--------------|
|  |              |                  |              |            |            |              | 2002         | 2001         |
| Dividends  | 5            | 5                | 10           | 12         | 31         | 8            | 61           | 60           |
| Net profit/(loss) from Vital                                     | (23)         | (23)             | 1            | (74)       | (119)      | 77           | (114)        | 238          |
| Net commissions and fees   | 643          | 627              | 685          | 605        | 631        | 589          | 2 510        | 2 434        |
| Net gain on foreign exchange<br>and financial instruments        | 280          | 257              | 254          | 222        | 209        | 208          | 893          | 962          |
| Net gain/(loss) on short-term shareholdings                      | (47)         | (35)             | (10)         | (139)      | (144)      | 11           | (282)        | 206          |
| Sundry operating income  | 151          | 144              | 151          | 149        | 159        | 132          | 591          | 1 120        |
| <b>Net other ordinary operating income</b>                       | <b>1 009</b> | <b>974</b>       | <b>1 091</b> | <b>776</b> | <b>766</b> | <b>1 026</b> | <b>3 659</b> | <b>5 019</b> |
| Gains on the sale of fixed assets                                | 1            | 1                | 28           | 1          | 3          | 3            | 35           | 30           |
| <b>Net other operating income</b>                                | <b>1 010</b> | <b>975</b>       | <b>1 119</b> | <b>777</b> | <b>769</b> | <b>1 029</b> | <b>3 694</b> | <b>5 049</b> |
| As a percentage of total income                                  | 32.2         | 32.7             | 34.0         | 26.9       | 26.4       | 34.5         | 30.6         | 38.7         |
| Unrecorded gains on short-term<br>shareholdings at end of period | 0            | 0                | 0            | 0          | 0          | 3            | 0            | 0            |

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details

### Changes in net other operating income <sup>1)</sup>

| Amounts in NOK million                          | 1Q03         | Change      | 1Q02         |
|---|--------------|-------------|--------------|
| <b>Net other operating income</b>               | <b>1 010</b> | <b>(19)</b> | <b>1 029</b> |
| Of which  |              |             |              |
| Reduced income from Vital <sup>2)</sup>         |              | (100)       |              |
| Increased loss on short-term shareholdings      |              | (47)        |              |
| Higher income on asset management <sup>3)</sup> |              | 61          |              |
| Net gains on other financial instruments        |              | 49          |              |
| Nordlandsbanken                                 |              | 35          |              |
| Other income items                              |              | (16)        |              |

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details.

2) Disability reserves in Vital Forsikring were increased by NOK 147 million in 1Q03 and NOK 36 million in 1Q02

3) The acquisition on Skandia Asset Management gave a increase in asset management fees of around NOK 75 million



**Stock market-related income**

| <i>Amounts in NOK million</i>               | 1Q03       | <i>Excl. NB</i> | 1Q02       | 1Q01       | 1Q00       | Full year  |              |              |
|---|------------|-----------------|------------|------------|------------|------------|--------------|--------------|
|   |            | 1Q03            |            |            |            | 2002       | 2001         | 2000         |
| Dividends                                   | 5          | 5               | 8          | 2          | 7          | 61         | 60           | 242          |
| Net profit/(loss) from Vital                | (23)       | (23)            | 77         | 88         | 71         | (114)      | 238          | 345          |
| Net gain/(loss) on short-term shareholdings | (47)       | (35)            | 11         | 34         | 88         | (282)      | 206          | 473          |
| Asset management services <sup>1)</sup>     | 142        | 141             | 81         | 99         | 125        | 494        | 363          | 534          |
| Custodial services                          | 28         | 28              | 34         | 36         | 28         | 117        | 141          | 43           |
| Corporate finance                           | 45         | 45              | 49         | 36         | 23         | 128        | 223          | 258          |
| Securities brokerage                        | 18         | 18              | 28         | 39         | 90         | 85         | 120          | 221          |
| <b>Total stock-market related income</b>    | <b>167</b> | <b>178</b>      | <b>288</b> | <b>334</b> | <b>433</b> | <b>488</b> | <b>1 350</b> | <b>2 117</b> |
| As a percentage of total income (per cent)  | 5.3        | 6.0             | 9.7        | 10.2       | 14.9       | 4.0        | 10.3         | 16.7         |
| Gains on long-term securities               | 0          | 0               | 0          | 15         | 0          | 177        | 31           | 4            |
| Losses/write downs on long-term securities  | 1          | 1               | 1          | 1          | 2          | 490        | 363          | 8            |

1) The acquisition of Skandia Asset Management gave an increase in asset management fees of approximately NOK 75 million

## Net commissions and fees on banking services

### Net commissions and fees <sup>1)</sup>

| Amounts in NOK million                              | 1Q03       | Excl. NB<br>1Q03 | 4Q02       | 3Q02       | 2Q02       | 1Q02       | Full year    |              |
|---|------------|------------------|------------|------------|------------|------------|--------------|--------------|
|   |            |                  |            |            |            |            | 2002         | 2001         |
| Money transfers <sup>2)</sup>                       | 262        | 250              | 289        | 282        | 285        | 247        | 1 102        | 1 157        |
| Asset management services <sup>3)</sup>             | 142        | 141              | 156        | 137        | 120        | 81         | 494          | 363          |
| Custodial services                                  | 28         | 28               | 29         | 28         | 26         | 34         | 117          | 141          |
| Corporate finance etc.                              | 49         | 49               | 42         | 12         | 51         | 58         | 164          | 228          |
| Securities broking                                  | 14         | 14               | 21         | 18         | 19         | 28         | 85           | 120          |
| Credit broking, guarantees etc.                     | 65         | 63               | 78         | 72         | 56         | 84         | 289          | 217          |
| Insurance sales                                     | 29         | 29               | 19         | 19         | 21         | 24         | 83           | 64           |
| Other   | 55         | 54               | 51         | 38         | 54         | 35         | 177          | 144          |
| <b>Net commissions and fees on banking services</b> | <b>643</b> | <b>627</b>       | <b>685</b> | <b>605</b> | <b>631</b> | <b>589</b> | <b>2 510</b> | <b>2 434</b> |

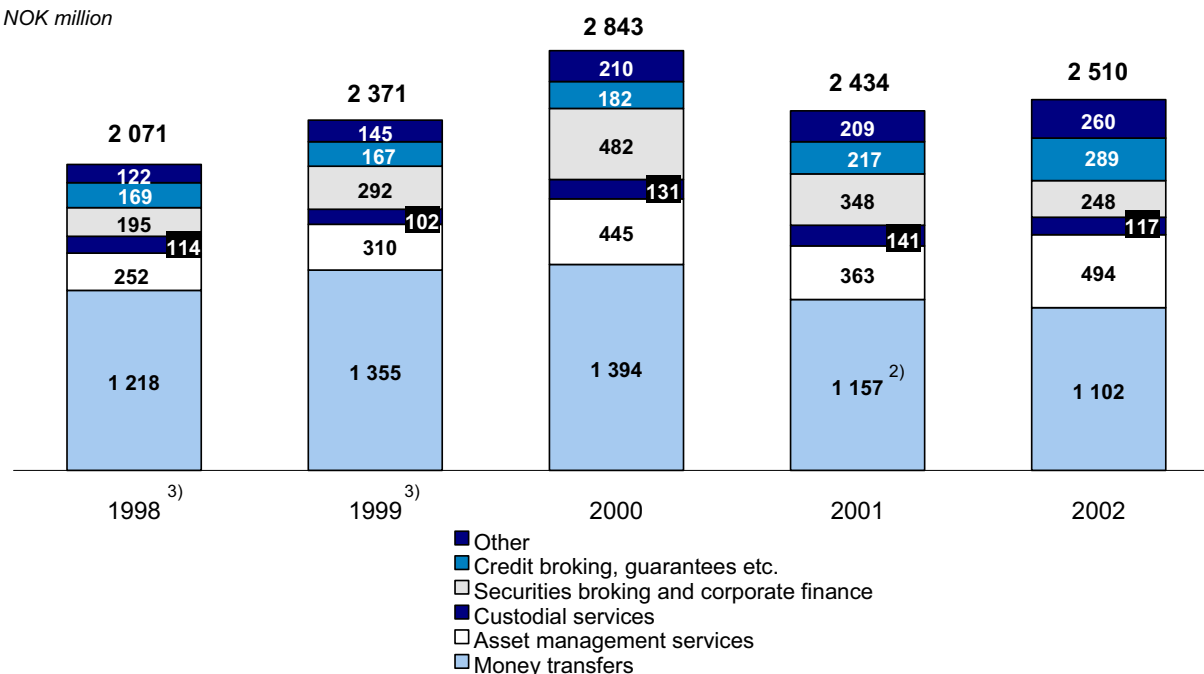
1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details

2) Postbanken's Clearing House was sold to the Banks' Central Clearing House (BBS) in the first quarter of 2001. After the sale, fees paid to BBS have been netted against income received from customers

3) Skandia Asset Management was acquired as at 1 June 2002 and provided a revenue contribution of around NOK 75 million in the first quarter of 2003

### Net commissions and fees <sup>1)</sup>

NOK million



1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See section 1 for further details

2) Postbanken's Clearing House was sold to the Bank's Central Clearing House (BBS) in the first quarter of 2001. After the sale, fees paid to BBS have been netted against income received from customers

3) Pro forma figures

## Net gain on financial instruments

### Net gain on foreign exchange and financial instruments

| <i>Amounts in NOK million</i>                                     | 1Q03       | <i>Excl. NB</i> | 4Q02       | 3Q02      | 2Q02      | 1Q02       | Full year  |              |
|---|------------|-----------------|------------|-----------|-----------|------------|------------|--------------|
|   |            | 1Q03            |            |           |           |            | 2002       | 2001         |
| Net gain/(loss) on short-term shareholdings                       | (47)       | (35)            | (10)       | (139)     | (144)     | 11         | (282)      | 206          |
| Net gain/(loss) on commercial paper and bonds                     | 101        | 89              | 43         | 18        | 20        | (52)       | 29         | 24           |
| Net gain on trading in foreign exchange and financial derivatives | 412        | 401             | 63         | 551       | 301       | 242        | 1 157      | 1 429        |
| Net gain/(loss) on other money market instruments                 | (233)      | (233)           | 148        | (347)     | (112)     | 19         | (292)      | (491)        |
| <b>Net gain on foreign exchange and financial instruments</b>     | <b>233</b> | <b>221</b>      | <b>244</b> | <b>83</b> | <b>64</b> | <b>219</b> | <b>611</b> | <b>1 168</b> |

### Market value above acquisition cost, banking portfolio excl. NB <sup>1)</sup>

| <i>Amounts in NOK million</i> | 31 March<br>2003 | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 | 31 Dec.<br>2001 |
|-------------------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
| Commercial paper and bonds    | 6                | 0               | 0                | 0               | 1                | 8               |
| Short-term shareholdings      | 0                | 0               | 0                | 0               | 3                | 0               |

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

## Major short-term shareholdings as at 31 March 2003 <sup>1)</sup>

| <i>Amounts in NOK million</i>          | Book value   | Market value |
|--|--------------|--------------|
| Nordstjernen Holding                   | 125          | 94           |
| IT Fornebu Eiendom                     | 120          | 120          |
| Elkem                                  | 67           | 52           |
| Oslo Børs Holding                      | 67           | 45           |
| Cape Investments                       | 54           | 54           |
| Euroclear                              | 40           | 40           |
| Privatbanken                           | 34           | 34           |
| Industrifinans SMB III                 | 27           | 18           |
| Equity funds, total                    | 322          | 246          |
| Other, banking portfolio               | 405          | 357          |
| Value adjustment                       | (200)        | -            |
| <b>Total banking portfolio</b>         | <b>1 060</b> | <b>1 060</b> |
| Trading portfolio                      | 250          | 250          |
| <b>Shares held by Nordlandsbanken:</b> |              |              |
| OVDS                                   | 84           | 84           |
| Troms Fylkes Dampskibsselskap          | 33           | 33           |
| Helgelandske                           | 31           | 31           |
| Equity funds, total                    | 103          | 103          |
| Other, Nordlandsbanken                 | 159          | 159          |
| Total Nordlandsbanken                  | 410          | 410          |
| <b>Total</b>                           | <b>1 721</b> | <b>1 721</b> |

1) Excluding shares held by Vital

## Short-term investments in securities

|                                   | 31 March 2003 |              | 31 Dec. 2002 |              | 31 March 2002 |              |
|-----------------------------------|---------------|--------------|--------------|--------------|---------------|--------------|
| <i>Amounts in NOK million</i>     | Book value    | Market value | Book value   | Market value | Book value    | Market value |
| <b>Commercial paper and bonds</b> |               |              |              |              |               |              |
| Trading portfolio                 | 26 232        | 26 232       | 26 496       | 26 496       | 29 720        | 29 720       |
| Banking portfolio                 | 6 123         | 6 130        | 7 373        | 7 373        | 5 918         | 5 919        |
| Nordlandsbanken                   | 1 713         | 1 713        | -            | -            | -             | -            |
| Total commercial paper and bonds  | 34 068        | 34 074       | 33 870       | 33 870       | 35 638        | 35 639       |
| <b>Short-term shareholdings</b>   |               |              |              |              |               |              |
| Trading portfolio                 | 250           | 250          | 118          | 118          | 275           | 275          |
| Banking portfolio                 | 1 060         | 1 060        | 1 133        | 1 133        | 1 243         | 1 246        |
| Nordlandsbanken                   | 410           | 410          | -            | -            | -             | -            |
| Total short-term shareholdings    | 1 721         | 1 721        | 1 251        | 1 251        | 1 518         | 1 521        |

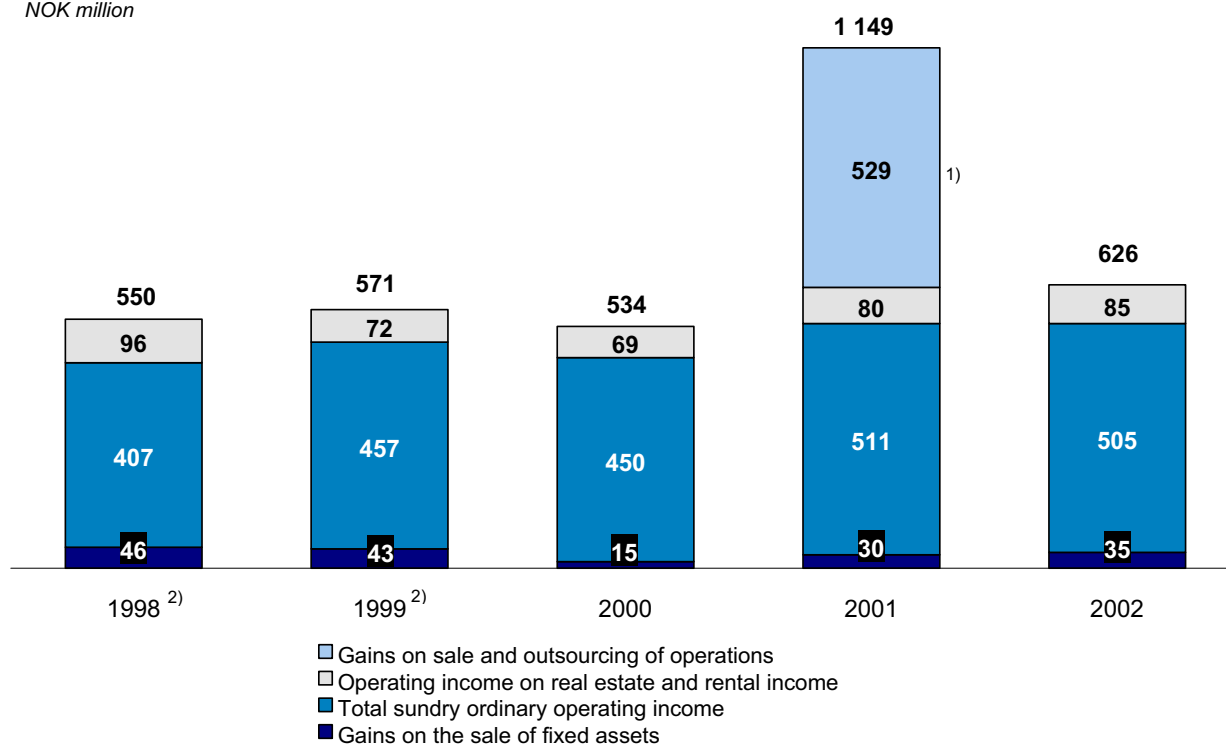
## Sundry operating income

### Sundry operating income

| Amounts in NOK million                            | 1Q03       | Excl. NB<br>1Q03 | 4Q02       | 3Q02       | 2Q02       | 1Q02       | Full year  |              |
|---|------------|------------------|------------|------------|------------|------------|------------|--------------|
|   |            |                  |            |            |            |            | 2002       | 2001         |
| Operating income on real estate and rental income | 23         | 21               | 23         | 21         | 20         | 21         | 85         | 80           |
| Fees on real estate broking                       | 62         | 58               | 57         | 64         | 84         | 61         | 266        | 256          |
| Share of profit in associated companies           | 30         | 30               | 5          | 24         | 25         | 19         | 72         | 83           |
| Remunerations                                     | 4          | 4                | 8          | 13         | 2          | 3          | 26         | 15           |
| Gain on sale of Postbanken's Clearing House       | -          | -                | -          | -          | -          | -          | -          | 230          |
| Gain on outsourcing of IT operating services      | -          | -                | -          | -          | -          | -          | -          | 299          |
| Miscellaneous                                     | 32         | 31               | 58         | 28         | 28         | 28         | 142        | 157          |
| <b>Total sundry ordinary operating income</b>     | <b>151</b> | <b>144</b>       | <b>151</b> | <b>149</b> | <b>159</b> | <b>132</b> | <b>591</b> | <b>1 120</b> |
| Gain on the sale of fixed assets                  | 1          | 1                | 28         | 1          | 3          | 3          | 35         | 30           |
| <b>Total sundry operating income</b>              | <b>153</b> | <b>145</b>       | <b>179</b> | <b>150</b> | <b>162</b> | <b>134</b> | <b>626</b> | <b>1 149</b> |

### Sundry operating income

NOK million



1) In 2001, gains on the sale and outsourcing of operations consisted of two main items. The gain on the sale of DnB's IT operating services was NOK 299 million, which was recorded in the P/L in the third quarter of 2001, while the sale of Postbanken's Clearing House gave a gain of NOK 230 million in the first quarter of 2001.

2) Pro forma figures

## Operating expenses

### Total operating expenses <sup>1)</sup>

| Amounts in NOK million                               | 1Q03         | Excl. NB<br>1Q03 | 4Q02         | 3Q02         | 2Q02         | 1Q02         | Full year<br>2002 | 2001         |
|--|--------------|------------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| Total ordinary salaries and other personnel expenses | 1 013        | 970              | 954          | 997          | 916          | 920          | 3 788             | 3 667        |
| Fees   | 101          | 96               | 97           | 93           | 120          | 100          | 410               | 597          |
| EDP expenses <sup>2)</sup>                           | 295          | 277              | 257          | 259          | 290          | 294          | 1 100             | 1 121        |
| Expenses on fixed assets and rented premises         | 202          | 187              | 172          | 183          | 180          | 175          | 710               | 683          |
| Marketing and public relations                       | 60           | 55               | 46           | 58           | 57           | 61           | 222               | 274          |
| Reimbursement to Norway Post <sup>3)</sup>           | 117          | 117              | 143          | 129          | 109          | 111          | 491               | 449          |
| Amortisation of goodwill                             | 54           | 42               | 43           | 44           | 20           | 9            | 116               | 38           |
| Miscellaneous operating expenses                     | 222          | 208              | 245          | 197          | 251          | 228          | 921               | 947          |
| <b>Total ordinary operating expenses</b>             | <b>2 062</b> | <b>1 953</b>     | <b>1 958</b> | <b>1 960</b> | <b>1 942</b> | <b>1 897</b> | <b>7 758</b>      | <b>7 776</b> |
| Write-downs and losses on the sale of fixed assets   | 20           | 21               | 16           | 3            | 1            | 1            | 21                | (3)          |
| Restructuring expenses                               | 4            | 4                | 93           | 46           | 56           | 0            | 194               | 0            |
| Allocations to the DnB Employee Fund                 | 0            | 0                | 40           | 0            | 0            | 0            | 40                | 78           |
| <b>Total operating expenses</b>                      | <b>2 087</b> | <b>1 978</b>     | <b>2 107</b> | <b>2 009</b> | <b>1 999</b> | <b>1 898</b> | <b>8 013</b>      | <b>7 851</b> |

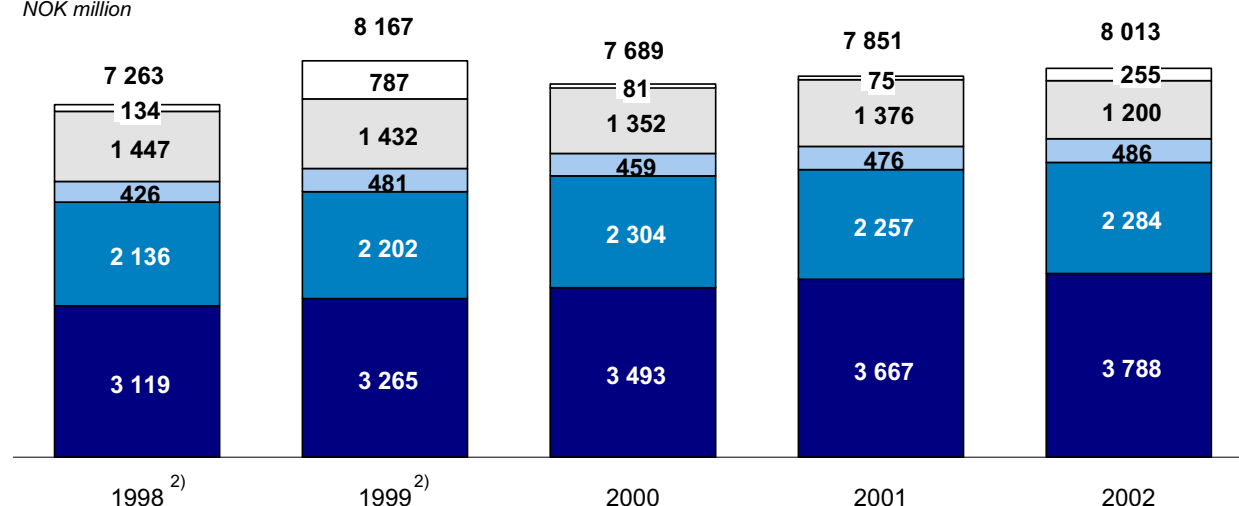
1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details

2) These expenses concern the purchase, operation and maintenance of computers and software together with depreciation. The Group's total IT expenses are shown on page 24, which in addition to EDP expenses include systems development, remuneration to external consultants, as well as salaries and other operating expenses relating to the Group's IT operations

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

### Total operating expenses <sup>1)</sup>

NOK million



□ Write-downs, provisions for restructuring measures, allocations to the DnB Employee Fund etc.

□ Total other ordinary operating expenses

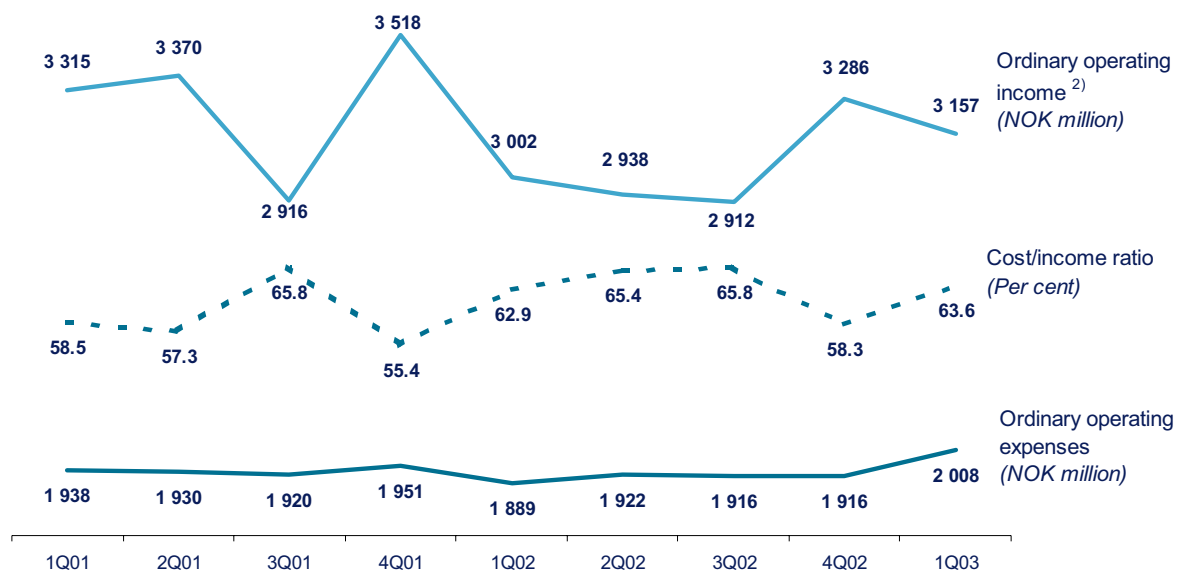
□ Ordinary depreciation

■ Total administrative expenses

■ Ordinary salaries and other personnel expenses

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details

2) Pro forma figures

**Cost/income ratio before goodwill amortisation <sup>1)</sup>**

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details

2) Excluding amortisation of goodwill on the investment in Vital

**Changes in total ordinary operating expenses <sup>1)</sup>**

| Amounts in NOK million                          | 1Q03         | Change     | 1Q02         |
|---|--------------|------------|--------------|
| <b>Total ordinary operating expenses</b>        | <b>2 062</b> | <b>165</b> | <b>1 897</b> |
| Of which:                                       |              |            |              |
| Nordlandsbanken                                 |              | 97         |              |
| DnB Asset Management                            |              | 70         |              |
| Goodwill amortisation on acquisitions           |              | 47         |              |
| Wage settlements and pension payments           |              | 37         |              |
| Streamlining of operations and reduced activity |              | (59)       |              |
| Effects of integration                          |              | (16)       |              |
| e-activities and IT                             |              | (11)       |              |
|   |              |            | (86)         |

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been restated accordingly. See Section 1 for further details

## Employees

| Full-time positions at end of period | 1Q03         | Excl. NB     | Full year    |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      |              | 1Q03         | 2002         | 2001         | 2000         | 1999         | 1998         |
| DnB Group excl. Vital                | 6 702        | 6 316        | 6 391        | 6 313        | 6 481        | 6 732        | 6 900        |
| Life Insurance - Vital               | 621          | 621          | 632          | 619          | 570          | 553          | 537          |
| <b>Total</b>                         | <b>7 323</b> | <b>6 937</b> | <b>7 023</b> | <b>6 932</b> | <b>7 052</b> | <b>7 285</b> | <b>7 437</b> |

| Full-time positions at end of period  | 1Q03         | Change     | 1Q02         |
|---------------------------------------|--------------|------------|--------------|
| <b>Total</b>                          | <b>7 323</b> | <b>398</b> | <b>6 926</b> |
| Of which:                             |              |            |              |
| Corporate Banking                     |              | 40         |              |
| Retail Banking <sup>1)</sup>          |              | (131)      |              |
| DnB Markets                           |              | (20)       |              |
| DnB Asset Management <sup>2)</sup>    |              | 137        |              |
| Life Insurance - Vital                |              | (4)        |              |
| Financial, Payment and Group Services |              | (11)       |              |
| Nordlandsbanken                       |              | 386        |              |

1) Includes 27 full-time positions in DnB Kort relating to administrative functions for card users in Norway taken over from American Express in 3Q02

2) The acquisition of Skandia Asset Management as at 1 June 2002 included 229 employees

## IT expenses

| Amounts in NOK million                 | 1Q03       | Excl. NB   | Full year  |            |            |            |              |              |
|--|------------|------------|------------|------------|------------|------------|--------------|--------------|
|  |            | 1Q03       | 4Q02       | 3Q02       | 2Q02       | 1Q02       | 2002         | 2001         |
| Operating expenses IT                  | 293        | 277        | 267        | 262        | 270        | 297        | 1 095        | 1 264        |
| Systems development expenses           | 152        | 152        | 113        | 133        | 172        | 142        | 561          | 613          |
| Integration projects                   | -          | -          | -          | -          | -          | -          | -            | 60           |
| <b>Total IT expenses <sup>1)</sup></b> | <b>445</b> | <b>429</b> | <b>380</b> | <b>395</b> | <b>442</b> | <b>439</b> | <b>1 656</b> | <b>1 937</b> |

1) Including salaries and indirect costs.

## Restructuring provisions

| Amounts in NOK million                  | 31 March 2003 | Accrued expenses | New provisions | Provisions upon acquisition <sup>1)</sup> | 31 Dec. 2002 |
|---|---------------|------------------|----------------|---|--------------|
| Foreign branches                        | 3             | 0                | 0              | 0   | 3            |
| Acquisition of Skandia Asset Management | 59            | 49               | 0              | 0   | 108          |
| Acquisition of Nordlandsbanken          | 76            | 0                | 0              | 76  | 0            |
| Other restructuring provisions          | 44            | 10               | 4              | 0   | 50           |
| <b>Total</b>                            | <b>183</b>    | <b>59</b>        | <b>4</b>       | <b>76</b>                                 | <b>161</b>   |

1) Provisions of NOK 76 million relating to the acquisition of Nordlandsbanken were added to the acquisition cost.



## Losses and reversals on loans and guarantees

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

| Amounts in NOK million           | 1Q03       | Excl. NB   | 4Q02       | 3Q02       | 2Q02      | 1Q02         | Full year  |            |
|----------------------------------|------------|------------|------------|------------|-----------|--------------|------------|------------|
|                                  |            | 1Q03       |            |            |           |              | 2002       | 2001       |
| Retail Banking                   |            |            |            |            |           |              |            |            |
| - DnB                            | (22)       | (22)       | (9)        | 1          | 4         | (41)         | (45)       | 31         |
| - Postbanken                     | 12         | 12         | 24         | 14         | 19        | 10           | 67         | 29         |
| Corporate Banking                |            |            |            |            |           |              |            |            |
| - Large Corporates               | 6          | 6          | 3          | 9          | (8)       | (25)         | (20)       | 46         |
| - Shipping Division              | (2)        | (2)        | 3          | (21)       | (18)      | (45)         | (81)       | (146)      |
| - Regions                        | 106        | 106        | 179        | 119        | 57        | 17           | 371        | 105        |
| - Pan Fish, write-down on shares | 244        | 244        | 95         | -          | -         | -            | 95         | -          |
| - Other                          | 13         | 13         | 64         | 16         | 10        | (70)         | 21         | 41         |
| Nordlandsbanken                  | 3          | -          | -          | -          | -         | -            | -          | -          |
| Other units                      | 8          | 8          | 3          | 16         | 23        | 27           | 69         | 73         |
| <b>DnB Group</b>                 | <b>367</b> | <b>364</b> | <b>363</b> | <b>154</b> | <b>87</b> | <b>(127)</b> | <b>478</b> | <b>178</b> |

1) Expected loan losses were 0.32 per cent of the loan portfolio at the end of 2001 and 2002, and increased to 0.33 per cent at the end of March 2003 due to the acquisition of Nordlandsbanken

### Net losses/(reversals)

| Amounts in NOK million                       | 1Q03       | Excl. NB   | 4Q02       | 3Q02       | 2Q02      | 1Q02         | Full year  |            |
|--|------------|------------|------------|------------|-----------|--------------|------------|------------|
|  |            | 1Q03       |            |            |           |              | 2002       | 2001       |
| New specified losses                         | 240        | 237        | 388        | 192        | 228       | 153          | 961        | 790        |
| Reversals on specified losses                | 117        | 116        | 121        | 37         | 141       | 280          | 579        | 612        |
| Pan Fish, write-down on shares               | 244        | 244        | 95         | -          | -         | -            | 95         | -          |
| <b>Net losses/(reversals) on loans, etc.</b> | <b>367</b> | <b>364</b> | <b>363</b> | <b>154</b> | <b>87</b> | <b>(127)</b> | <b>478</b> | <b>178</b> |

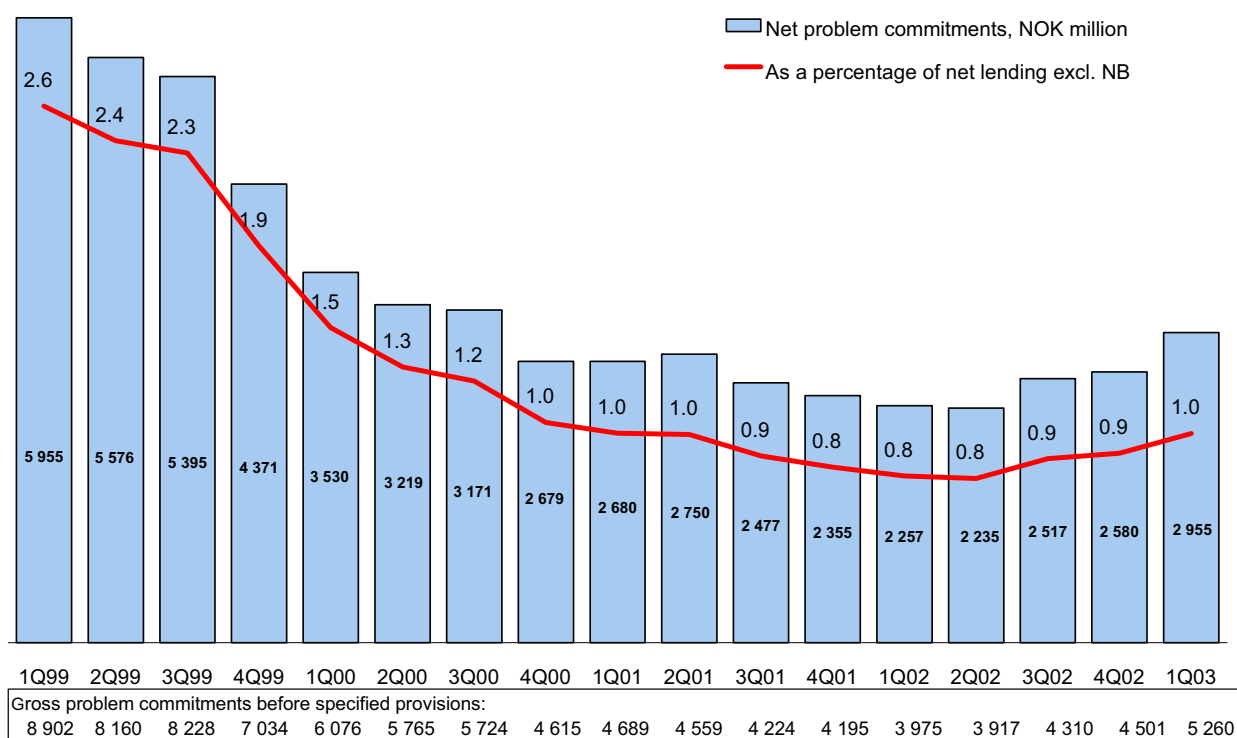
### Losses/(reversals) for customer sectors

| Amounts in NOK million             | 1Q03       | Excl. NB   | 4Q02       | 3Q02       | 2Q02      | 1Q02         | Full year  |            |
|------------------------------------|------------|------------|------------|------------|-----------|--------------|------------|------------|
|                                    |            | 1Q03       |            |            |           |              | 2002       | 2001       |
| Retail customers                   | 12         | 9          | 3          | 46         | 41        | (31)         | 59         | 95         |
| International shipping             | (2)        | (2)        | (25)       | (21)       | (18)      | (45)         | (109)      | (133)      |
| Real estate                        | (7)        | (7)        | 14         | (3)        | (4)       | (6)          | 1          | (59)       |
| Services                           | 12         | 12         | 122        | 75         | (0)       | (5)          | 192        | 135        |
| Manufacturing                      | 48         | 48         | 53         | 52         | 64        | 22           | 190        | 147        |
| Trade                              | 21         | 21         | 20         | (6)        | 29        | (13)         | 30         | 37         |
| Transportation and communication   | 21         | 21         | 9          | 0          | 5         | (1)          | 13         | 31         |
| Oil and gas                        | (5)        | (5)        | (1)        | (0)        | (34)      | (29)         | (65)       | (91)       |
| Building and construction          | 2          | 2          | 3          | 6          | 2         | (5)          | 6          | 12         |
| Power and water supply             | (0)        | (0)        | (2)        | (0)        | (0)       | (0)          | (3)        | (0)        |
| Fishing                            | 22         | 22         | 36         | 6          | 1         | (4)          | 39         | (6)        |
| Other sectors, of which:           |            |            |            |            |           |              |            |            |
| Central and local government       | (1)        | (1)        | (1)        | (1)        | (0)       | (3)          | (5)        | (2)        |
| Hotels and restaurants             | 0          | 0          | 1          | 1          | 2         | (3)          | 1          | (5)        |
| Agriculture and forestry           | (1)        | (1)        | 29         | (1)        | 0         | 0            | 29         | 7          |
| Other sectors                      | 0          | 0          | 9          | (1)        | (0)       | (4)          | 4          | 7          |
| <b>Total customers</b>             | <b>123</b> | <b>120</b> | <b>268</b> | <b>154</b> | <b>87</b> | <b>(127)</b> | <b>383</b> | <b>176</b> |
| Credit institutions                | 0          | 0          | 0          | (0)        | 0         | 0            | 0          | 0          |
| Reposessed assets <sup>1)</sup>    | 244        | 244        | 95         | 0          | 0         | 0            | 95         | 2          |
| Increase in unspecified provisions | 0          | 0          | 0          | 0          | 0         | 0            | 0          | 0          |
| <b>Total losses/(reversals)</b>    | <b>367</b> | <b>364</b> | <b>363</b> | <b>154</b> | <b>87</b> | <b>(127)</b> | <b>478</b> | <b>178</b> |

1) Incl. Pan Fish

## Asset quality

### Development in problem commitments <sup>1)</sup>



1) Excluding Nordlandsbanken

### Problem commitments in Nordlandsbanken

|  | 31 March<br>2003 | 31 Dec.<br>2002 |
|--|------------------|-----------------|
| <i>Amounts in NOK million</i>                  |                  |                 |
| Gross problem commitments                      | 3 542            | 4 127           |
| Specified provisions                           | 1 349            | 1 672           |
| Problem commitments after specified provisions | 2 193            | 2 455           |

Problem commitments include commitments on which loan-loss provisions have been made, and where the remaining exposure is covered by collateral and expected cash flows

**Unspecified provisions**

|  | 31 March     | 31 Dec.      | 31 Dec.      | 31 Dec.      |
|--|--------------|--------------|--------------|--------------|
| <i>Amounts in NOK million</i>  | 2003         | 2002         | 2001         | 2000         |
| <b>Elements in the calculation</b>                                       |              |              |              |              |
| Provisions for probable, unidentified losses                             | 1 119        | 1 076        | 1 028        | 986          |
| + Provisions for risk margins in the ordinary portfolio                  | 944          | 909          | 884          | 779          |
| + Supplementary provisions due to uncertainty in estimates <sup>1)</sup> | 51           | 130          | 203          | 350          |
| Unspecified provisions in Nordlandsbanken                                | 204          | -            | -            | -            |
| <b>Unspecified loan-loss provisions in the accounts</b>                  | <b>2 319</b> | <b>2 115</b> | <b>2 115</b> | <b>2 115</b> |

1) Reduced in line with improvements in the basis for calculation

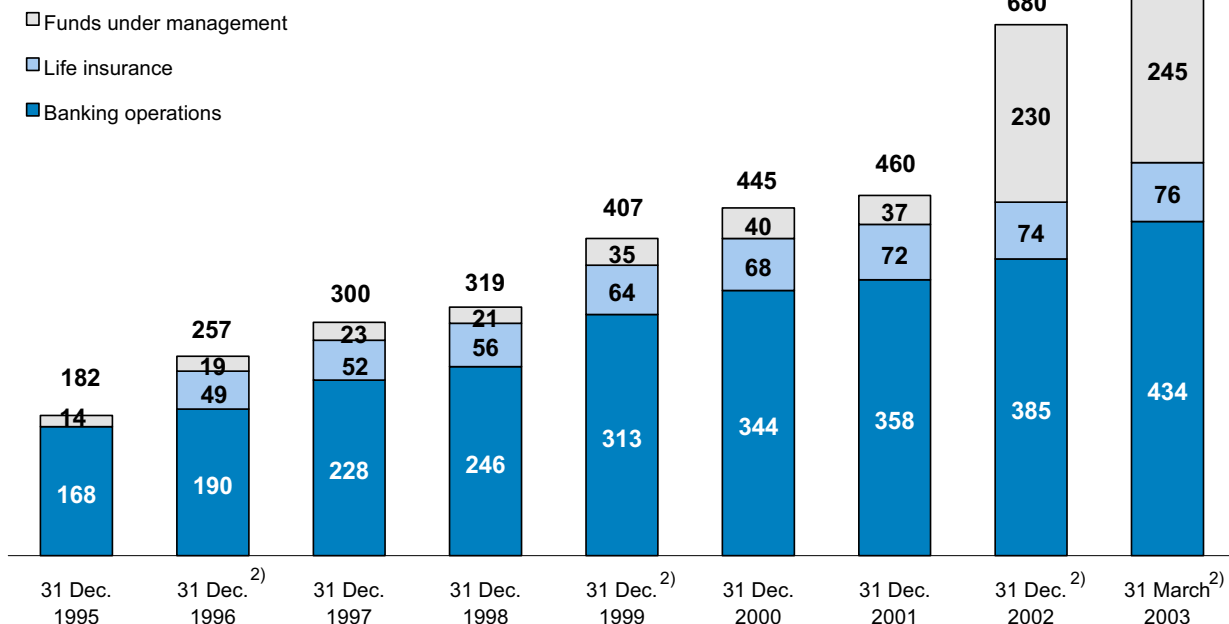
**Reposessed assets**

|                               | 31 March   | Net changes in | 31 Dec.    |
|-------------------------------|------------|----------------|------------|
| <i>Amounts in NOK million</i> | 2003       | first quarter  | 2002       |
| Kjørbo Eiendom                | 45         | -              | 45         |
| Other properties              | 54         | (6)            | 59         |
| Pan Fish                      | 56         | (244)          | 300        |
| DnB other                     | 78         | 78             |            |
| Nordlandsbanken               |            |                |            |
| Real estate                   | 28         | 28             |            |
| Other reposessed assets       | 28         | 28             |            |
| Dåfjord Laks                  | 262        | 262            |            |
| <b>Total DnB Group</b>        | <b>550</b> | <b>146</b>     | <b>404</b> |

## Total assets owned or managed by the DnB Group

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

NOK billion



1) Totals are net of inter-company balances

2) Vital is included as from 1996, Postbanken as from 1999, Skandia Asset Management as from 2002 and Nordlandsbanken as from 2003

### DnB Group balance sheets

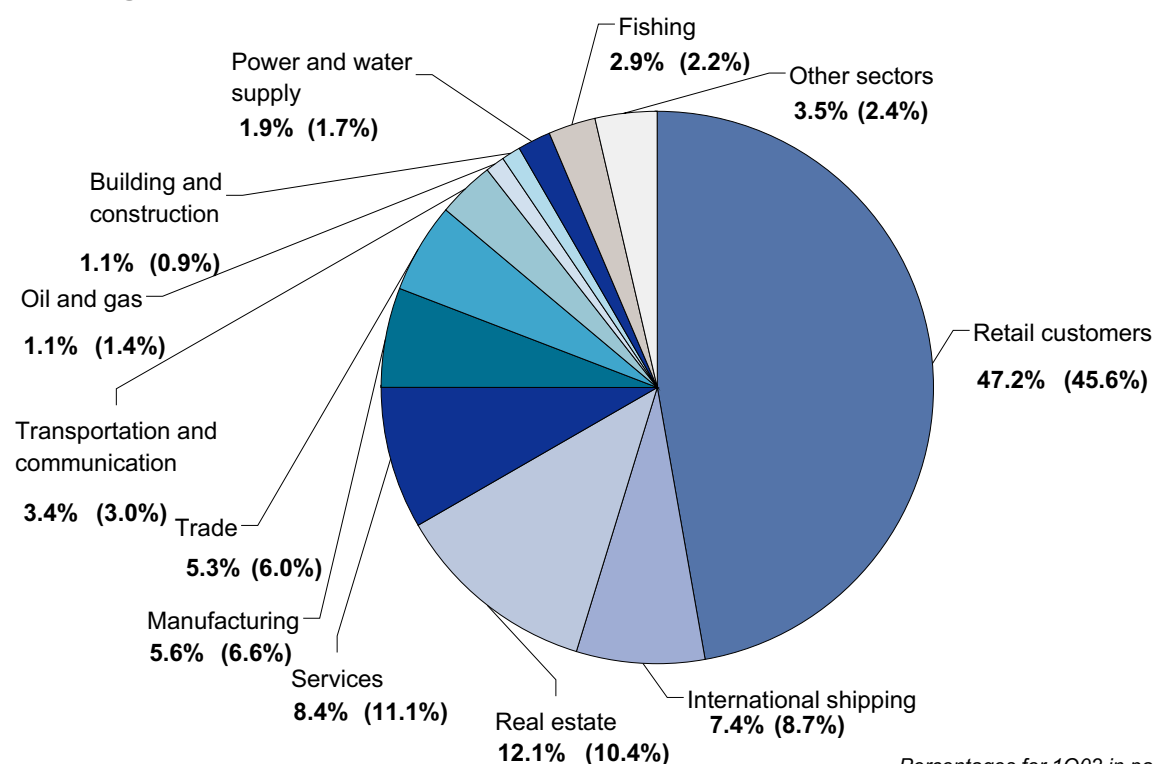
|   | 31 March 2003 | Excl. NB<br>31 March 2003 | 31 Dec. 2002 | 30 Sept. 2002 | 30 June 2002 | 31 March 2002 | 31 Dec. 2001 |
|---|---------------|---------------------------|--------------|---------------|--------------|---------------|--------------|
| <i>Amounts in NOK billion</i>                         |               |                           |              |               |              |               |              |
| Cash and lending to/deposits with credit institutions | 53.7          | 53.0                      | 39.5         | 29.8          | 34.1         | 41.3          | 19.7         |
| Net lending to customers                              | 312.8         | 288.6                     | 278.7        | 278.9         | 277.9        | 277.2         | 275.2        |
| Commercial paper, bonds, etc.                         | 34.1          | 34.9                      | 33.9         | 33.7          | 34.6         | 35.6          | 38.8         |
| Shareholdings   | 7.0           | 8.3                       | 6.5          | 6.6           | 7.1          | 7.6           | 7.3          |
| Fixed and intangible assets                           | 7.2           | 6.0                       | 6.1          | 5.8           | 5.9          | 3.3           | 3.4          |
| Other assets  | 19.2          | 18.2                      | 20.5         | 19.7          | 17.9         | 13.7          | 13.8         |
| <b>Total assets</b>                                   | <b>434.1</b>  | <b>408.9</b>              | <b>385.2</b> | <b>374.5</b>  | <b>377.6</b> | <b>378.7</b>  | <b>358.2</b> |
| Loans and deposits from credit institutions           | 59.8          | 52.3                      | 49.1         | 50.1          | 40.2         | 58.7          | 34.9         |
| Deposits from customers                               | 207.9         | 198.8                     | 194.8        | 186.8         | 199.7        | 190.2         | 191.6        |
| Borrowings through the issue of securities            | 100.3         | 93.1                      | 74.9         | 70.4          | 72.1         | 72.2          | 75.9         |
| Other liabilities and provisions                      | 25.6          | 24.9                      | 29.9         | 30.1          | 28.8         | 19.3          | 18.2         |
| Primary capital                                       | 40.4          | 39.7                      | 36.6         | 37.1          | 36.8         | 38.3          | 37.7         |
| <b>Total liabilities and equity</b>                   | <b>434.1</b>  | <b>408.9</b>              | <b>385.2</b> | <b>374.5</b>  | <b>377.6</b> | <b>378.7</b>  | <b>358.2</b> |
| Average total assets for the year to date             | 431.2         | 403.3                     | 377.6        | 376.9         | 376.0        | 378.1         | 367.4        |
| Ratio of deposits to net lending (per cent)           | 66.5          | 68.9                      | 69.9         | 67.0          | 71.8         | 68.6          | 69.6         |

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

|                                  |              | <i>Excl. NB</i> |              |              |              |              |              |
|----------------------------------|--------------|-----------------|--------------|--------------|--------------|--------------|--------------|
|                                  | 31 March     | 31 March        | 31 Dec.      | 30 Sept.     | 30 June      | 31 March     | 31 Dec.      |
| <i>Amounts in NOK billion</i>    | 2003         | 2003            | 2002         | 2002         | 2002         | 2002         | 2001         |
| Retail customers                 | 148.7        | 140.0           | 137.3        | 134.0        | 131.1        | 127.3        | 125.6        |
| International shipping           | 23.3         | 22.8            | 21.9         | 22.3         | 22.7         | 24.4         | 26.1         |
| Real estate                      | 38.2         | 34.4            | 32.4         | 30.1         | 29.8         | 29.0         | 29.0         |
| Services                         | 26.6         | 24.4            | 24.7         | 29.0         | 30.4         | 30.9         | 29.4         |
| Manufacturing                    | 17.8         | 16.5            | 17.3         | 18.0         | 18.1         | 18.4         | 18.4         |
| Trade                            | 16.7         | 15.3            | 13.7         | 14.9         | 15.3         | 16.8         | 15.1         |
| Transportation and communication | 10.7         | 9.9             | 8.9          | 8.8          | 8.6          | 8.5          | 8.8          |
| Oil and gas                      | 3.5          | 3.5             | 3.5          | 3.6          | 3.3          | 3.8          | 4.1          |
| Building and construction        | 3.5          | 2.6             | 2.6          | 2.7          | 2.7          | 2.6          | 3.3          |
| Power and water supply           | 6.0          | 5.9             | 6.0          | 4.4          | 5.9          | 4.7          | 5.5          |
| Fishing                          | 9.1          | 6.6             | 6.5          | 6.5          | 6.0          | 6.0          | 5.5          |
| Other sectors, of which:         |              |                 |              |              |              |              |              |
| Central and local government     | 1.7          | 1.7             | 1.8          | 2.2          | 2.3          | 2.2          | 2.5          |
| Hotels and restaurants           | 1.9          | 1.5             | 1.4          | 1.4          | 1.4          | 1.4          | 1.4          |
| Agriculture and forestry         | 0.9          | 0.7             | 0.7          | 0.7          | 0.7          | 0.7          | 0.7          |
| Other                            | 6.6          | 4.9             | 2.1          | 2.4          | 1.6          | 2.6          | 2.0          |
| <b>Total</b>                     | <b>315.1</b> | <b>290.7</b>    | <b>280.9</b> | <b>281.0</b> | <b>280.1</b> | <b>279.3</b> | <b>277.3</b> |
| Of which residential mortgages:  |              |                 |              |              |              |              |              |
| Within 80% of collateral value   | 133.3        | 125.2           | 123.3        | 120.8        | 118.7        | 115.8        | 113.8        |
| Above 80% of collateral value    | 5.0          | 4.4             | 3.6          | 3.5          | 4.0          | 3.6          | 4.1          |
| <b>Total</b>                     | <b>138.2</b> | <b>129.6</b>    | <b>126.9</b> | <b>124.3</b> | <b>122.7</b> | <b>119.4</b> | <b>117.9</b> |

1) Split according to official industry definitions

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

**Lending to principal sectors as at 31 March 2003**

Percentages for 1Q02 in parentheses

## Credit exposure to certain industries <sup>1)</sup>

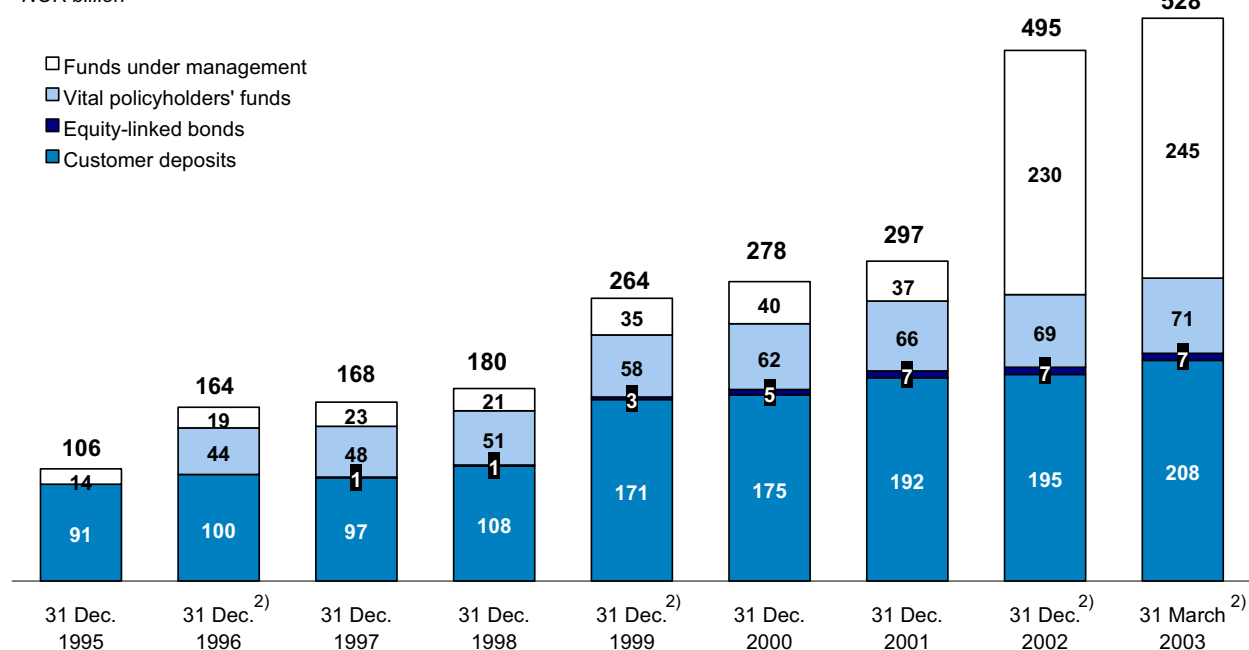
| <i>Amounts in NOK billion</i>    | 31 March 2003 | 31 Dec. 2002 | 30 Sept. 2002 | 31 Dec. 2001 |
|----------------------------------|---------------|--------------|---------------|--------------|
| Fishing vessels                  | 3.8           | 3.4          | 3.3           | 2.5          |
| Fish farming                     | 3.2           | 3.5          | 3.7           | 3.4          |
| Fish processing                  | 2.1           | 2.1          | 2.5           | 1.9          |
| Fish trading                     | 0.7           | 0.8          | 0.8           | 0.7          |
| Fishing-related, Nordlandsbanken | 2.5           | -            | -             | -            |
| Reposessed assets                |               |              |               |              |
| - Pan Fish                       | 0.1           | 0.3          | -             | -            |
| - Dâffjord, Nordlandsbanken      | 0.3           | -            | -             | -            |
| Total fishing-related exposure   | 12.6          | 10.1         | 10.3          | 8.6          |
| Telecommunications               | 2.9           | 2.7          | 2.7           | 2.2          |
| Cruise                           | 3.4           | 2.4          | 2.4           | 2.3          |
| Civil aviation                   | 1.2           | 1.1          | 1.1           | 1.0          |

1) Loans and guarantees including commitments classified as non-performing or doubtful

## Customer savings

### Customer savings in DnB companies <sup>1)</sup>

NOK billion



1) Totals are net of inter-company balances

2) Vital is included as from 1996, Postbanken as from 1999, Skandia Asset Management as from 2002 and Nordlandsbanken as from 2003

### Deposits from principal sectors <sup>1)</sup>

|                                  | 31 March 2003 | Excl. NB<br>31 March 2003 | 31 Dec. 2002 | 30 Sept. 2002 | 30 June 2002 | 31 March 2002 | 31 Dec. 2001 |
|----------------------------------|---------------|---------------------------|--------------|---------------|--------------|---------------|--------------|
| <i>Amounts in NOK billion</i>    |               |                           |              |               |              |               |              |
| Retail customers                 | 98.5          | 94.1                      | 92.5         | 90.1          | 94.5         | 89.1          | 86.4         |
| International shipping           | 13.8          | 13.7                      | 13.5         | 14.0          | 12.4         | 15.2          | 16.0         |
| Real estate                      | 7.3           | 6.8                       | 6.3          | 6.6           | 6.6          | 6.4           | 6.9          |
| Services                         | 29.9          | 28.8                      | 29.8         | 28.6          | 28.9         | 28.6          | 27.8         |
| Manufacturing                    | 9.7           | 9.4                       | 9.9          | 8.4           | 9.1          | 9.0           | 11.8         |
| Trade                            | 9.2           | 8.7                       | 10.6         | 8.9           | 9.0          | 8.7           | 9.7          |
| Transportation and communication | 6.5           | 6.1                       | 6.5          | 5.5           | 7.7          | 5.8           | 6.0          |
| Oil and gas                      | 2.1           | 2.1                       | 1.5          | 2.2           | 1.2          | 1.5           | 1.3          |
| Building and construction        | 2.1           | 1.7                       | 1.9          | 1.7           | 1.6          | 1.6           | 1.8          |
| Power and water supply           | 3.7           | 3.6                       | 3.8          | 3.5           | 4.1          | 4.5           | 3.4          |
| Fishing                          | 1.3           | 1.0                       | 0.9          | 0.9           | 0.8          | 1.2           | 1.2          |
| Other sectors, of which:         |               |                           |              |               |              |               |              |
| Central and local government     | 11.2          | 10.8                      | 9.5          | 8.7           | 10.5         | 11.1          | 10.9         |
| Hotels and restaurants           | 0.7           | 0.5                       | 0.6          | 0.5           | 0.5          | 0.5           | 0.6          |
| Agriculture and forestry         | 0.5           | 0.4                       | 0.5          | 0.5           | 0.5          | 0.5           | 0.5          |
| Other                            | 11.5          | 11.1                      | 6.9          | 6.8           | 12.3         | 6.5           | 7.3          |
| <b>Total</b>                     | <b>207.9</b>  | <b>198.8</b>              | <b>194.8</b> | <b>186.8</b>  | <b>199.7</b> | <b>190.2</b>  | <b>191.6</b> |

1) Split according to official industry definitions

## Capital adequacy and taxes

### Development in primary capital and capital ratios

|  | Den norske Bank<br>ASA |      | Den norske Bank<br>ASA, consolidated |                    | DnB Group        |                   |                 |      |
|--|------------------------|------|--------------------------------------|--------------------|------------------|-------------------|-----------------|------|
|  | 31 March<br>2003       | %    | 31 March<br>2003                     | %                  | 31 March<br>2003 | %                 | 31 Dec.<br>2002 | %    |
| <i>Amounts in NOK million</i>                                    |                        |      |                                      |                    |                  |                   |                 |      |
| Share capital  | 7 787                  |      | 7 787                                |                    | 7 696            |                   | 7 696           |      |
| Reserves   | 11 054                 |      | 12 089                               |                    | 12 994           |                   | 13 737          |      |
| Perp. subord. loan capital securities                            | 2 901                  |      | 2 901                                |                    | 2 901            |                   | 2 777           |      |
| Core capital   | 21 742                 | 7.9  | 22 777                               | 7.1 <sup>1)</sup>  | 23 592           | 6.8 <sup>1)</sup> | 24 210          | 7.8  |
| Perpetual subordinated loan capital                              | 4 098                  |      | 4 198                                |                    | 4 198            |                   | 3 923           |      |
| Term subordinated loan capital                                   | 6 094                  |      | 7 105                                |                    | 7 887            |                   | 5 111           |      |
| Ineligible subordinated loan capital                             | (943)                  |      | (943)                                |                    | (1 061)          |                   | (118)           |      |
| Net supplementary capital  | 9 249                  |      | 10 360                               |                    | 11 025           |                   | 8 916           |      |
| Deductions   | 870                    |      | 885                                  |                    | 1 023            |                   | 1 092           |      |
| Total eligible primary capital                                   | 30 120                 |      | 32 251                               |                    | 33 594           |                   | 32 034          |      |
| Total risk-weighted assets                                       | 274 096                |      | 319 428                              |                    | 345 287          |                   | 312 230         |      |
| Capital ratio  |                        | 11.0 |                                      | 10.1 <sup>1)</sup> |                  | 9.7 <sup>1)</sup> |                 | 10.3 |
| Core capital ratio incl. 50 per cent of<br>profit for the period |                        | 8.0  |                                      | 7.2 <sup>1)</sup>  |                  | 6.9 <sup>1)</sup> |                 |      |
| Capital ratio incl. 50 per cent of<br>profit for the period      |                        | 11.1 |                                      | 10.2 <sup>1)</sup> |                  | 9.8 <sup>1)</sup> |                 |      |

1) The reduction in the core capital ratio in 2003 is due to the acquisition of Nordlandsbanken

### Taxes

The Group's tax charge for the first quarter of 2003 is based on an estimated average tax charge representing 26 per cent of the Group's pre-tax operating profits.



## Financial results DnB Group

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

|  |              | Excl. NB     |              | Full year    |              |
|--|--------------|--------------|--------------|--------------|--------------|
| Amounts in NOK million                                 | 1Q03         | 1Q03         | 1Q02         | 2002         | 2001         |
| Interest income  | 6 707        | 6 110        | 5 946        | 24 660       | 25 474       |
| Interest expenses                                      | 4 585        | 4 102        | 3 995        | 16 282       | 17 475       |
| <b>Net interest income and credit commissions</b>      | <b>2 123</b> | <b>2 008</b> | <b>1 950</b> | <b>8 378</b> | <b>7 999</b> |
| Dividends  | 5            | 5            | 8            | 61           | 60           |
| Net profit/(loss) from Vital                           | (23)         | (23)         | 77           | (114)        | 238          |
| Commissions and fees receivable                        | 1 000        | 979          | 951          | 3 921        | 3 712        |
| Commissions and fees payable                           | 357          | 351          | 362          | 1 411        | 1 278        |
| Net gain on foreign exchange and financial instruments | 233          | 221          | 219          | 611          | 1 168        |
| Sundry ordinary operating income                       | 151          | 144          | 132          | 591          | 1 120        |
| Other income <sup>2)</sup>                             | 1            | 1            | 3            | 35           | 30           |
| <b>Net other operating income</b>                      | <b>1 010</b> | <b>975</b>   | <b>1 029</b> | <b>3 694</b> | <b>5 049</b> |
| Salaries and other ordinary personnel expenses         | 1 013        | 970          | 920          | 3 788        | 3 667        |
| Administrative expenses                                | 604          | 573          | 576          | 2 284        | 2 257        |
| Depreciation   | 150          | 130          | 103          | 486          | 476          |
| Sundry ordinary operating expenses                     | 296          | 280          | 298          | 1 200        | 1 376        |
| Other expenses <sup>3)</sup>                           | 24           | 25           | 1            | 255          | 75           |
| <b>Total operating expenses</b>                        | <b>2 087</b> | <b>1 978</b> | <b>1 898</b> | <b>8 013</b> | <b>7 851</b> |
| <b>Pre-tax operating profit before losses</b>          | <b>1 047</b> | <b>1 006</b> | <b>1 081</b> | <b>4 059</b> | <b>5 196</b> |
| Net losses/(reversals) on loans, guarantees, etc.      | 367          | 364          | (127)        | 478          | 178          |
| Net loss on long-term securities                       | 1            | 1            | 1            | 314          | 332          |
| <b>Pre-tax operating profit</b>                        | <b>679</b>   | <b>641</b>   | <b>1 207</b> | <b>3 268</b> | <b>4 687</b> |
| Taxes  | 176          | 167          | 302          | 934          | 587          |
| <b>Profit for the period</b>                           | <b>502</b>   | <b>474</b>   | <b>905</b>   | <b>2 334</b> | <b>4 100</b> |
| Earnings per share                                     | 0.65         | 0.62         | 1.17         | 3.03         | 5.29         |
| Diluted earnings per share                             | 0.65         | 0.62         | 1.16         | 3.01         | 5.26         |
| Average total assets                                   | 431 186      | 403 302      | 378 147      | 377 649      | 367 366      |

### Balance sheets

|  |                | Excl. NB       |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| Amounts in NOK million                           | 31 March 2003  | 31 March 2003  | 31 March 2002  | 31 Dec. 2002   | 31. Dec. 2001  |
| Cash and deposits with central banks             | 29 583         | 29 171         | 17 128         | 19 133         | 2 820          |
| Lending to and deposits with credit institutions | 24 142         | 23 818         | 24 206         | 20 391         | 16 854         |
| Gross lending to customers                       | 318 695        | 292 913        | 280 921        | 282 660        | 279 101        |
| – Specified loan-loss provisions                 | (3 575)        | (2 209)        | (1 652)        | (1 796)        | (1 764)        |
| – Unspecified loan-loss provisions               | (2 319)        | (2 115)        | (2 115)        | (2 115)        | (2 115)        |
| Net lending to customers                         | 312 801        | 288 589        | 277 154        | 278 748        | 275 222        |
| Reposessed assets                                | 550            | 233            | 114            | 399            | 98             |
| Commercial paper and bonds                       | 34 068         | 34 908         | 35 638         | 33 870         | 38 809         |
| Shareholdings etc.                               | 3 182          | 4 517          | 3 639          | 2 751          | 3 453          |
| Investments in Vital and associated companies    | 3 837          | 3 793          | 3 922          | 3 773          | 3 825          |
| Intangible assets                                | 4 550          | 3 737          | 867            | 3 815          | 929            |
| Fixed assets                                     | 2 653          | 2 229          | 2 455          | 2 295          | 2 512          |
| Other assets                                     | 15 368         | 15 019         | 10 340         | 16 853         | 10 450         |
| Prepayments and accrued income                   | 3 320          | 2 902          | 3 223          | 3 206          | 3 217          |
| <b>Total assets</b>                              | <b>434 054</b> | <b>408 916</b> | <b>378 686</b> | <b>385 234</b> | <b>358 190</b> |
| Loans and deposits from credit institutions      | 59 842         | 52 340         | 58 704         | 49 071         | 34 920         |
| Deposits from customers                          | 207 902        | 198 846        | 190 209        | 194 803        | 191 575        |
| Securities issued                                | 100 277        | 93 132         | 72 161         | 74 875         | 75 878         |
| Other liabilities                                | 19 683         | 19 460         | 13 996         | 25 901         | 14 420         |
| Accrued expenses and prepaid revenues            | 4 352          | 3 956          | 3 895          | 2 427          | 2 330          |
| Provisions for commitments                       | 1 584          | 1 495          | 1 432          | 1 540          | 1 412          |
| Subordinated loan capital                        | 13 794         | 13 094         | 11 572         | 10 502         | 11 820         |
| Share capital                                    | 7 696          | 7 696          | 7 706          | 7 696          | 7 706          |
| Equity reserves                                  | 18 423         | 18 423         | 18 107         | 18 420         | 18 130         |
| Profit for the period                            | 502            | 474            | 905            | -              | -              |
| <b>Total liabilities and equity</b>              | <b>434 054</b> | <b>408 916</b> | <b>378 686</b> | <b>385 234</b> | <b>358 190</b> |

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been adjusted accordingly. See Section 1 for further details

2) Gains on the sale of fixed assets

3) Restructuring, write-downs, etc.

## DnB Group 1998-2002

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

| Amounts in NOK million                                  | 2002         | 2001         | 2000         | 1999 <sup>2)</sup> | 1998 <sup>2)</sup> |
|---|--------------|--------------|--------------|--------------------|--------------------|
| Interest income   | 24 660       | 25 474       | 22 987       | 21 411             | 19 532             |
| Interest expenses                                       | 16 282       | 17 475       | 15 767       | 14 330             | 13 053             |
| <b>Net interest income</b>                              | <b>8 378</b> | <b>7 999</b> | <b>7 221</b> | <b>7 081</b>       | <b>6 480</b>       |
| Dividends   | 61           | 60           | 242          | 146                | 145                |
| Net profit/(loss) from Vital                            | (114)        | 238          | 345          | 350                | 183                |
| Net commissions and fees receivable on banking services | 2 510        | 2 434        | 2 842        | 2 371              | 2 070              |
| Net gain on foreign exchange and financial instruments  | 611          | 1 168        | 1 517        | 1 256              | 387                |
| Sundry ordinary operating income                        | 591          | 1 120        | 519          | 528                | 504                |
| <b>Net other ordinary operating income</b>              | <b>3 659</b> | <b>5 019</b> | <b>5 465</b> | <b>4 651</b>       | <b>3 289</b>       |
| Salaries and other ordinary personnel expenses          | 3 788        | 3 667        | 3 493        | 3 265              | 3 119              |
| Administrative expenses                                 | 2 284        | 2 257        | 2 304        | 2 202              | 2 136              |
| Depreciation on fixed assets                            | 486          | 476          | 459          | 481                | 426                |
| Sundry ordinary operating expenses                      | 1 200        | 1 376        | 1 352        | 1 432              | 1 447              |
| <b>Total ordinary operating expenses</b>                | <b>7 758</b> | <b>7 776</b> | <b>7 608</b> | <b>7 379</b>       | <b>7 129</b>       |
| <b>Pre-tax ordinary operating profit before losses</b>  | <b>4 279</b> | <b>5 242</b> | <b>5 078</b> | <b>4 352</b>       | <b>2 639</b>       |
| Other income <sup>3)</sup>                              | 35           | 30           | 15           | 43                 | 46                 |
| Other expenses <sup>4)</sup>                            | 255          | 75           | 81           | 787                | 134                |
| <b>Pre-tax operating profit before losses</b>           | <b>4 059</b> | <b>5 196</b> | <b>5 012</b> | <b>3 608</b>       | <b>2 552</b>       |
| Net losses/(reversals) on loans, guarantees, etc.       | 478          | 178          | (241)        | (15)               | 1 178              |
| Net gain/(loss) on long-term securities                 | (314)        | (332)        | (5)          | 14                 | (0)                |
| <b>Pre-tax operating profit</b>                         | <b>3 268</b> | <b>4 687</b> | <b>5 248</b> | <b>3 636</b>       | <b>1 373</b>       |
| Taxes   | 934          | 587          | 1 230        | 511                | 422                |
| <b>Profit for the year</b>                              | <b>2 334</b> | <b>4 100</b> | <b>4 018</b> | <b>3 125</b>       | <b>952</b>         |
| Earnings per share (NOK)                                | 3.03         | 5.29         | 5.16         | 4.01               | 1.22               |
| Average total assets                                    | 377 649      | 367 366      | 341 428      | 325 160            | 317 202            |

### Balance sheets

| Amounts in NOK million                           | 31 Dec. 2002   | 31 Dec. 2001   | 31 Dec. 2000   | 31 Dec. 1999   | 31 Dec. <sup>2)</sup> 1998 |
|--|----------------|----------------|----------------|----------------|----------------------------|
| Cash and deposits with central banks             | 19 133         | 2 820          | 8 387          | 13 094         | 3 665                      |
| Lending to and deposits with credit institutions | 20 391         | 16 854         | 20 798         | 15 572         | 13 383                     |
| Gross lending to customers                       | 282 660        | 279 101        | 256 693        | 231 646        | 229 965                    |
| - Specified loan-loss provisions                 | (1 796)        | (1 764)        | (1 871)        | (2 636)        | (3 290)                    |
| - Unspecified loan-loss provisions               | (2 115)        | (2 115)        | (2 115)        | (2 085)        | (2 163)                    |
| Net lending to customers                         | 278 748        | 275 222        | 252 707        | 226 924        | 224 513                    |
| Repossessed assets                               | 399            | 98             | 76             | 75             | 60                         |
| Commercial paper and bonds.                      | 33 870         | 38 809         | 35 439         | 33 937         | 48 507                     |
| Shareholdings etc.                               | 2 751          | 3 453          | 2 711          | 3 920          | 3 572                      |
| Investments in Vital and associated companies    | 3 773          | 3 825          | 3 616          | 3 289          | 3 038                      |
| Intangible assets                                | 3 815          | 929            | 1 375          | 1 239          | 1 560                      |
| Fixed assets                                     | 2 295          | 2 512          | 2 866          | 2 688          | 3 262                      |
| Other assets                                     | 16 853         | 10 450         | 12 565         | 9 623          | 9 188                      |
| Prepayments and accrued income                   | 3 206          | 3 217          | 3 667          | 3 022          | 4 040                      |
| <b>Total assets</b>                              | <b>385 234</b> | <b>358 190</b> | <b>344 208</b> | <b>313 385</b> | <b>314 788</b>             |
| Loans and deposits from credit institutions      | 49 071         | 34 920         | 51 322         | 45 498         | 47 607                     |
| Deposits from customers                          | 194 803        | 191 575        | 175 430        | 170 900        | 166 771                    |
| Securities issued                                | 74 875         | 75 878         | 63 919         | 50 011         | 56 851                     |
| Other liabilities                                | 25 901         | 14 420         | 17 578         | 14 585         | 12 577                     |
| Accrued expenses and prepaid revenues            | 2 427          | 2 330          | 2 747          | 2 004          | 2 885                      |
| Provisions for commitments                       | 1 540          | 1 412          | 1 192          | 1 363          | 1 013                      |
| Subordinated loan capital                        | 7 725          | 8 219          | 8 105          | 7 344          | 6 838                      |
| Perpetual subordinated loan capital securities   | 2 777          | 3 601          | 0              | 0              | 0                          |
| Equity   | 26 117         | 25 836         | 23 914         | 21 679         | 20 247                     |
| <b>Total liabilities and equity</b>              | <b>385 234</b> | <b>358 190</b> | <b>344 208</b> | <b>313 385</b> | <b>314 788</b>             |
| Total risk-weighted volume                       | 312 230        | 313 389        | 292 279        | 255 146        | 252 148                    |

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been adjusted accordingly. See Section 1 for further details

2) Pro forma figures

3) Gains on the sale of fixed assets, etc.

4) Restructuring, write-downs, etc.

## Key figures 1998-2002

|  |         |         |         |         | DnB Group <sup>1)</sup> |
|--|---------|---------|---------|---------|-------------------------|
| Amounts in NOK million   |         |         |         |         |                         |
|  | 2002    | 2001    | 2000    | 1999    | 1998                    |
| <b>Interest rate analysis</b>                                  |         |         |         |         |                         |
| 1. Net interest income and credit commissions                  | 2.22    | 2.18    | 2.11    | 2.18    | 2.04                    |
| 2. Combined spread   | 2.58    | 2.62    | 2.79    | 3.08    | 3.05                    |
| 3. Spread for ordinary lending to customers                    | 1.31    | 1.27    | 1.20    | 1.39    | 1.22                    |
| 4. Spread for deposits from customers                          | 1.27    | 1.35    | 1.58    | 1.68    | 1.84                    |
| <b>Rate of return/profitability</b>                            |         |         |         |         |                         |
| 5. Profits from ordinary operations, % of average assets       | 1.13    | 1.43    | 1.49    | 1.34    | 0.83                    |
| 6. Pre-tax operating profit before losses, % of average assets | 1.07    | 1.41    | 1.47    | 1.11    | 0.80                    |
| 7. Pre-tax operating profit, % of average assets               | 0.87    | 1.28    | 1.54    | 1.12    | 0.43                    |
| 8. Net other operating income, % of total income               | 30.60   | 38.70   | 43.15   | 39.86   | 33.98                   |
| 9. Cost/income ratio (%)                                       | 64.87   | 59.42   | 59.80   | 68.37   | 72.65                   |
| 10. Ordinary cost/income ratio (%)                             | 62.96   | 58.99   | 59.24   | 62.08   | 71.64                   |
| 11. Return on equity (%)                                       | 8.64    | 15.77   | 16.97   | 14.44   | 4.61                    |
| 12. Return on equity excl. goodwill amortisation (%)           | 9.45    | 16.30   | 17.61   | 15.12   | 5.38                    |
| 13. Earnings per share (NOK)                                   | 3.03    | 5.29    | 5.16    | 4.01    | 1.22                    |
| 14. Earnings per share excl. goodwill amortisation (NOK)       | 3.31    | 5.47    | 5.33    | 4.25    | 1.43                    |
| 15. Diluted earnings per share (NOK)                           | 3.01    | 5.26    | 5.14    | 4.01    | 1.22                    |
| 16. Dividend per share (NOK)                                   | 2.40    | 2.40    | 2.25    | 1.75    | 1.35                    |
| <b>Loan portfolio and loan-loss provisions</b>                 |         |         |         |         |                         |
| 17. Loan-loss ratio (%)  | 0.16    | 0.06    | (0.11)  | 0.00    | 0.53                    |
| 18. Loan-loss provisions relative to total gross lending (%)   | 1.38    | 1.39    | 1.55    | 2.04    | 2.37                    |
| 19. Unspecified loan-loss provisions, % of total lending       | 0.75    | 0.76    | 0.83    | 0.91    | 0.95                    |
| 20. Problem commitments, % of total lending                    | 0.90    | 0.84    | 1.05    | 1.91    | 2.40                    |
| <b>Liquidity</b>   |         |         |         |         |                         |
| 21. Ratio of deposits to lending, total (%)                    | 69.9    | 69.6    | 69.4    | 75.3    | 74.3                    |
| 22. Ratio of deposits to lending, NOK (%)                      | 75.3    | 76.0    | 77.1    | 84.1    | 84.2                    |
| <b>Financial strength</b>                                      |         |         |         |         |                         |
| 23. Capital adequacy ratio (%)                                 | 10.3    | 11.4    | 10.6    | 10.5    | 9.8                     |
| 24. Core (Tier 1) capital ratio (%)                            | 7.8     | 8.8     | 7.5     | 7.8     | 7.4                     |
| 25. Risk-weighted volume (NOK million)                         | 312 230 | 313 389 | 292 279 | 255 146 | 252 148                 |
| <b>Staff</b>   |         |         |         |         |                         |
| 26. Number of full-time positions at year-end                  | 7 023   | 6 932   | 7 052   | 7 285   | 7 437                   |
| - of which in Vital  | 632     | 619     | 570     | 553     | 537                     |
| <b>Other</b>   |         |         |         |         |                         |
| 27. Number of shares (1000)                                    | 769 630 | 770 590 | 778 658 | 778 658 | 778 658                 |
| 28. "RISK" adjustment (NOK) <sup>2)</sup>                      | 3.52    | (3.66)  | 2.64    | (0.39)  | (0.98)                  |

1) All figures have been prepared in accordance with the DnB Group's accounting principles as at 31 Dec. 2002. All figures prior to 2000 represent the combined business of DnB and Postbanken (pro forma accounts). Asset management operations acquired from Skandia are included in the figures as from 1 June 2002.

Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been adjusted accordingly. See Section 1 for further details.

2) Estimated "RISK" adjustment for 2002

### Definitions

- Net interest income and credit commissions as a percentage of average total assets.
- Combined average spread for lending and deposits.
- Profits from ordinary operations include pre-tax operating profits before losses excluding net gains, losses and write-downs on fixed assets, provisions for restructuring measures and allocations to the investment fund for employees.
- Operating expenses as a percentage of the total of net interest income and net other operating income, excluding goodwill amortisation.
- Operating expenses excluding special items mentioned under item 5 as a percentage of total net interest income and net other operating income excluding special items mentioned under item 5, and excluding goodwill amortisation.
- Profit for the year as a percentage of average equity.
- Profit for the year divided by the average number of shares.
- Net losses on loans (excluding guarantees) as a percentage of lending after the deduction of specified loan-loss provisions at year-end.
- Accumulated specified and unspecified loan-loss provisions relative to gross lending at year-end.
- Unspecified loan-loss provisions relative to lending after the deduction of specified loan-loss provisions at year-end.
- Problem commitments after the deduction of specified loan-loss provisions relative to lending to customers and credit institutions after the deduction of specified loan-loss provisions. Figures are as at 31 December.
- Customer deposits as a percentage of net lending to customers. Figures are as at 31 December.
- Customer deposits in NOK as a percentage of net lending to customers in NOK. Figures are as at 31 December.

Key figures from 23 to 28 are as at 31 December.



### Section 3

# **DnB Group and business areas**

## Group strategy

### Targets

DnB's primary goal is to enhance shareholder value through an attractive and competitive return in the form of dividends and increases in the DnB share price. DnB's strategy targets areas where the Group has or can achieve lasting competitive advantages. DnB aspires to be the preferred partner for Norwegian and selected Nordic customers and international companies' preferred partner in Norway, and will capitalise on its special expertise within selected areas outside the Nordic region.

Alongside profitability, a long-term perspective and team spirit are key strategic elements. DnB's operations should generate added value for shareholders. A long-term approach to customer relationships and market activities will strengthen the Group's customer franchise and provide customer service of superior value. Positive team spirit will give a further impetus to achieving performance targets.

Profitable growth, a more efficient cost base and optimal utilisation of the Group's capital base are vital to the success of this strategy.

### Strategic position

DnB has a leading position relative to Norwegian retail and corporate customers. The Group will further consolidate this position by being the best partner to meet customers' financial needs. This partnership will be based on building sound relationships between DnB and customers through distribution and dialogue, providing the best advisory and customer services and offering competitive prices on good overall solutions.

With a wide array of products, DnB is able to fulfill large international companies' financial needs in Norway. On the basis of Norway's position as a shipping nation, DnB has become one of the world's foremost shipping banks. A corresponding position has been built up within the energy sector based on activities in the North Sea. The establishment of DnB Asset Management provides additional opportunities for growth in selected global areas.

### Strategic measures

Continual improvement of the product range is essential to ensuring the quality of DnB's customer relationships. DnB will consider offering solutions from other providers of financial services and seeking alliances with other market players to boost efficiency or develop leading products and services in the market. DnB will develop electronic distribution channels to provide ready access for customers.

Within certain areas, DnB will be able to offer products included in other service providers' market offerings. DnB will seek to become an even better supplier of niche products in international markets.

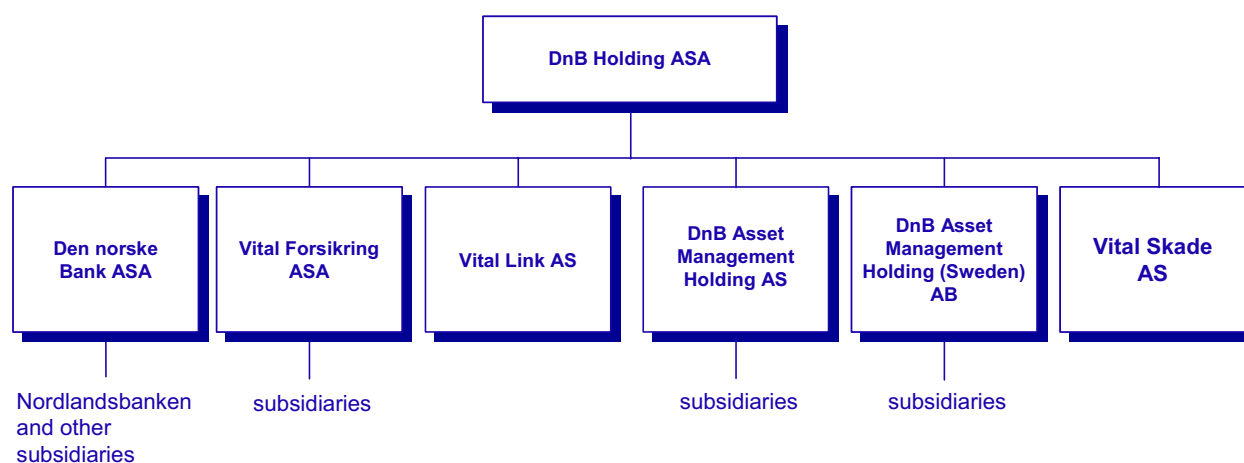
The Group will work to increase cost efficiency through continued everyday improvements in operational procedures, effective purchasing routines, the elimination of products and services and strict priorities with respect to development projects.

DnB will consider expanding and adjusting its customer franchise and range of products and services through structural measures provided that this will lead to increased long-term shareholder value. Additional acquisitions may be an option if such moves would help DnB achieve its long-term targets.

## Legal structure

In accordance with the requirements of the Norwegian regulatory authorities, the banking, asset management and life insurance activities of the DnB Group are organised in separate limited companies under the holding company DnB Holding ASA. Banking activities are organised in Den norske Bank ASA, while asset management activities are organised in two companies: DnB Asset Management Holding AS and DnB Asset Management Holding (Sweden) AB. Life insurance activities are carried out by two separate companies: Vital Forsikring ASA (traditional life and pension products) and Fondsforsikringsselskapet Vital Link AS (unit linked products). Vital Skade AS offers non-life insurance as part of a total product package for retail and corporate clients and operates as an agent for foreign insurance underwriters.

### DnB Group - corporate structure

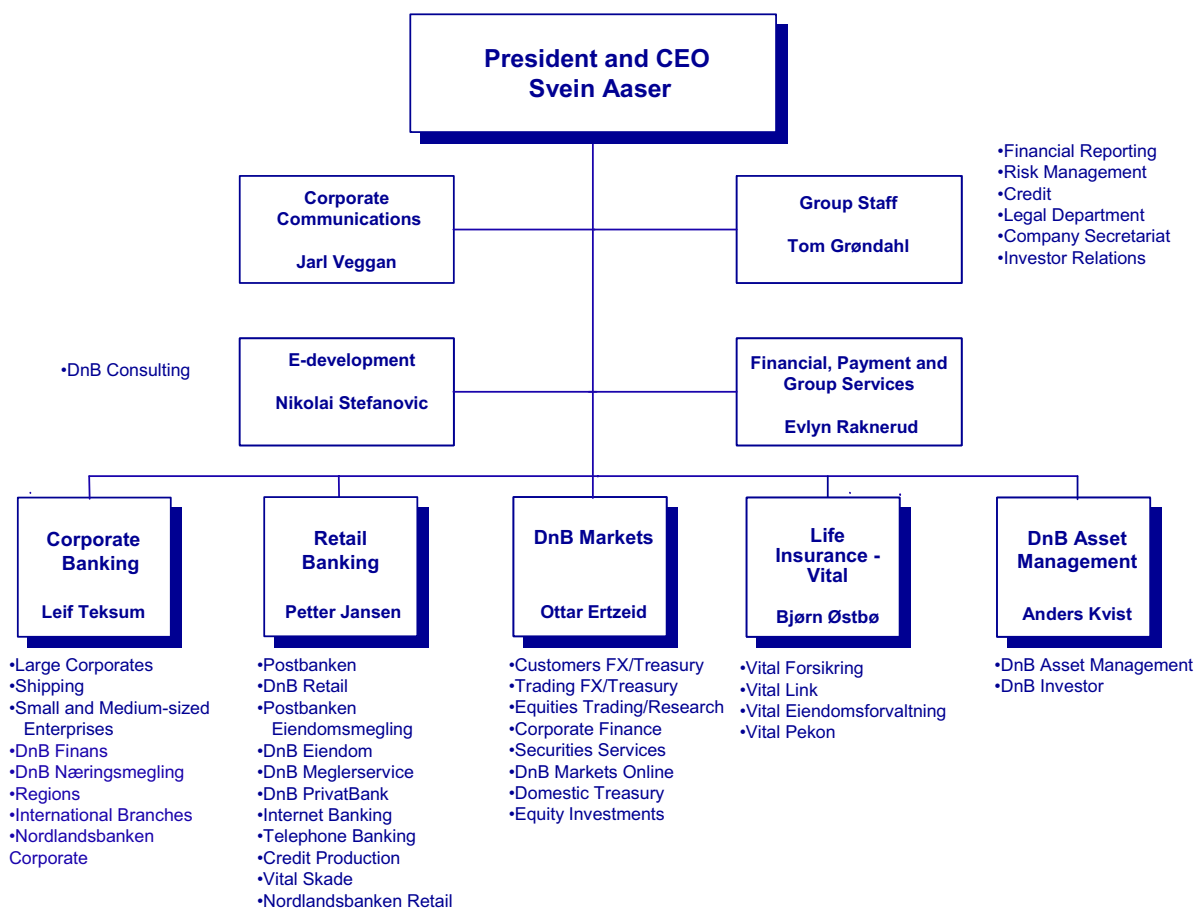


## Group structure

DnB is organised into five business areas with responsibility for underlying divisions, departments and subsidiaries. The business areas are independent profit centres subject to specific profit requirements. **Corporate Banking** serves small and medium-sized companies as well as large Norwegian corporations, shipping companies and international corporate customers; **Retail Banking** serves private customers and smaller companies; **DnB Markets** is the Group's capital markets arm; **Life Insurance (Vital)** represents the Group's life insurance operations and **DnB Asset Management** comprises the Group's global asset management operation which includes the acquired asset management operation of Skandia.

In addition, the Group has support and staff functions organised into separate units. Efforts to increase cross-sales and boost efficiency in the internal supply of products and services are key strategic elements.

### DnB Group - organisation chart as at 31 March 2003





## Business areas

### Operating results and key financial data for main business areas (pro forma figures)

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

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

| Amounts in NOK million        | Net interest income |              | Net other operating income |              | Operating expenses |              | Pre-tax operating profit/(loss) before losses |              | Net losses on loans and long-term securities |              | Pre-tax operating profit/(loss) |              |
|-------------------------------|---------------------|--------------|----------------------------|--------------|--------------------|--------------|---|--------------|--|--------------|---------------------------------|--------------|
|                               | 1Q03                | 1Q02         | 1Q03                       | 1Q02         | 1Q03               | 1Q02         | 1Q03  | 1Q02         | 1Q03   | 1Q02         | 1Q03                            | 1Q02         |
| Corporate Banking             | 929                 | 887          | 350                        | 371          | 584                | 579          | 695   | 680          | 366  | (123)        | 329                             | 803          |
| Retail Banking                | 935                 | 834          | 304                        | 302          | 958                | 947          | 280   | 189          | 20   | (4)          | 260                             | 193          |
| DnB Markets                   | 133                 | 184          | 381                        | 320          | 229                | 235          | 284   | 269          | 0  | 0            | 284                             | 269          |
| Life Insurance - Vital        | 0                   | 0            | 3                          | 148          | 0                  | 0            | 3   | 148          | 0  | 0            | 3                               | 148          |
| DnB Asset Management          | 19                  | 4            | 143                        | 64           | 129                | 82           | 33  | (15)         | 0  | 0            | 33                              | (15)         |
| Nordlandsbanken <sup>2)</sup> | 150                 |              | 35                         |              | 97                 |              | 88  |              | 3  |              | 85                              |              |
| Other operations              | (43)                | 41           | (206)                      | (175)        | 89                 | 56           | (338)   | (190)        | (22)   | 1            | (316)                           | (191)        |
| <b>DnB Group</b>              | <b>2 123</b>        | <b>1 950</b> | <b>1 010</b>               | <b>1 029</b> | <b>2 087</b>       | <b>1 898</b> | <b>1 047</b>                                  | <b>1 081</b> | <b>368</b>                                   | <b>(126)</b> | <b>679</b>                      | <b>1 207</b> |

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

| Amounts in NOK billion        | Net lending to customers |              | Customer deposits |              | Assets under management |              | Allocated capital <sup>3)</sup> |             |
|-------------------------------|--------------------------|--------------|-------------------|--------------|-------------------------|--------------|---------------------------------|-------------|
|                               | 1Q03                     | 1Q02         | 1Q03              | 1Q02         | 1Q03                    | 1Q02         | 1Q03                            | 1Q02        |
| Corporate Banking             | 151.3                    | 153.8        | 104.4             | 106.0        |                         |              | 12.4                            | 12.0        |
| Retail Banking                | 136.4                    | 124.8        | 100.6             | 95.6         |                         |              | 3.5                             | 3.1         |
| DnB Markets                   | 1.2                      | 1.1          | 11.5              | 8.2          |                         |              | 1.5                             | 1.3         |
| Life Insurance - Vital        |                          |              |                   |              | 69.7                    | 67.6         | 4.3                             | 5.0         |
| DnB Asset Management          |                          |              |                   |              | 299.6                   | 98.5         | 1.1                             | 0.3         |
| Nordlandsbanken <sup>2)</sup> | 24.4                     |              | 9.2               |              |                         |              | 2.2                             |             |
| Other operations              | 0.4                      | 0.4          | (7.4)             | (9.4)        | (64.7)                  | (63.7)       | 1.4                             | 4.6         |
| <b>DnB Group</b>              | <b>313.7</b>             | <b>280.2</b> | <b>218.2</b>      | <b>200.4</b> | <b>304.6</b>            | <b>102.4</b> | <b>26.4</b>                     | <b>26.3</b> |

#### Key figures

| Per cent                      | Cost/income ratio excl. goodwill amortisation |             | Ratio of deposits to lending |             | Return on equity <sup>4)</sup> |             | Full-time positions (end of period) |              |
|-------------------------------|---|-------------|------------------------------|-------------|--------------------------------|-------------|-------------------------------------|--------------|
|                               | 1Q03  | 1Q02        | 1Q03                         | 1Q02        | 1Q03                           | 1Q02        | 1Q03                                | 1Q02         |
| Corporate Banking             | 45.5  | 45.9        | 69.0                         | 68.9        | 7.7                            | 19.6        | 1 604                               | 1 564        |
| Retail Banking                | 76.8 <sup>5)</sup>                            | 82.7        | 73.8                         | 76.6        | 21.9                           | 18.0        | 2 679 <sup>6)</sup>                 | 2 810        |
| DnB Markets                   | 44.7  | 46.6        |                              |             | 54.9                           | 60.0        | 433                                 | 453          |
| Life Insurance - Vital        |   |             |                              |             | 0.3                            | 13.2        | 621 <sup>7)</sup>                   | 625          |
| DnB Asset Management          | 79.4  | 122.5       |                              |             | 8.7                            | (13.9)      | 290                                 | 153          |
| Nordlandsbanken <sup>2)</sup> | 52.5  |             | 37.5                         |             | 11.3                           |             | 386                                 |              |
| Other operations              |   |             |                              |             |                                |             | 1 310                               | 1 321        |
| <b>DnB Group</b>              | <b>64.3</b>                                   | <b>62.9</b> | <b>69.6</b>                  | <b>71.5</b> | <b>7.6</b>                     | <b>13.8</b> | <b>7 323</b>                        | <b>6 926</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/treasury instruments, sales of securities in the primary market, as well as custodial services, is also included in the net other operating income of Retail Banking and Corporate Banking. These double entries are included in the "Other operations" line along with other eliminations and the Group Centre as well as gain/(loss) on DnB's equity investments. The "Other operations" line can be broken down into the following components:

| Amounts in NOK million                  | Net interest income |           | Net other operating income |              | Operating expenses |           | Pre-tax operating profit/(loss) before losses |              | Net losses on loans and long-term securities |          | Pre-tax operating profit/(loss) |              |
|---|---------------------|-----------|----------------------------|--------------|--------------------|-----------|---|--------------|--|----------|---------------------------------|--------------|
|   | 1Q03                | 1Q02      | 1Q03                       | 1Q02         | 1Q03               | 1Q02      | 1Q03  | 1Q02         | 1Q03   | 1Q02     | 1Q03                            | 1Q02         |
| Group Centre                            | 77                  | 78        | 63                         | (22)         | 58                 | 81        | 83  | (26)         | (22)   | 1        | 104                             | (26)         |
| Gain/(loss) on DnB's equity investments |                     |           | (37)                       | 5            |                    |           | (37)  | 5            |  |          | (37)                            | 5            |
| Double entries                          | 0                   | (4)       | (147)                      | (143)        | (7)                | (6)       | (140)   | (141)        | 0  | 0        | (140)                           | (141)        |
| Eliminations                            | (121)               | (33)      | (84)                       | (15)         | 38                 | (20)      | (243)   | (29)         | 0  | 0        | (243)                           | (29)         |
| <b>Total</b>                            | <b>(43)</b>         | <b>41</b> | <b>(206)</b>               | <b>(175)</b> | <b>89</b>          | <b>56</b> | <b>(338)</b>                                  | <b>(190)</b> | <b>(22)</b>                                  | <b>1</b> | <b>(316)</b>                    | <b>(191)</b> |

The Group Centre line comprises Financial, Payment and Group Services and Group Staff, investments in IT infrastructure and shareholder-related expenses.

Amortisation of goodwill for the Group's acquisition of Nordlandsbanken, Skandia Asset Management, Vital and similar fair value adjustments relating to the Postbanken acquisition are not allocated to the business areas. Goodwill related to the acquisition of Nordlandsbanken amounted to NOK 473 million and is amortised over 10 years starting in January 2003. Goodwill related to the acquisition of Skandia Asset Management amounted to SEK 3 402 million and is amortised over 20 years starting in January 2002. Amortisation for the period January-May has been charged to equity. Goodwill in Vital is amortised by NOK 25 million each quarter, ending in 2005. The amortisation of Postbanken's fair value adjustments amounts to NOK 12 million per quarter, ending in 2004.

- 2) To be integrated in the other business areas in 2003. Figures are according to the group principles and assessments.
- 3) Allocation of equity to the business areas is based on DnB's internal risk assessment model, which assigns risk capital for credit, market, insurance, liquidity and operational risk to the various areas of the Group. The Group's additional equity is mainly a consequence of official capital requirement regulations, but also a necessary cushion for uncertainty in the risk estimates and a buffer to meet future requirements.
- 4) Calculations of return on equity are based on profits after taxes. A 28 per cent tax rate is used for Corporate Banking, Retail Banking, DnB Markets, DnB Asset Management and Nordlandsbanken. For Vital, return on equity is calculated on the basis of recorded equity and tax charges.
- 5) If the SME segment is included under Retail Banking, the cost/income ratio will be 72.8 per cent. Such adjustment is appropriate when comparing DnB's financial figures with those of international competitors.
- 6) Includes 27 full-time positions in DnB Kort relating to administrative functions for card users in Norway taken over from American Express in second quarter 2002.
- 7) The acquisition of Skandia Asset Management as at 1 June 2002 involved 229 employees.

## Corporate Banking

Corporate Banking serves small, medium-sized and large companies. The business area is organised in three divisions; Large Corporates, Shipping and Regions. The business area is headed by Leif Teksum, group executive vice president.

Corporate Banking's strategy is to be the best financial partner for Norwegian and selected Nordic companies. Within special sectors such as shipping, oil and energy and fisheries, DnB also provides services outside the Nordic region. In addition, the business area wishes to offer DnB's products and expertise to international companies in Norway.

### Financial performance

| <i>Amounts in NOK million</i>          | 1Q03  | 4Q02  | 3Q02  | 2Q02  | 1Q02  | 2002  | 2001  |
|--|-------|-------|-------|-------|-------|-------|-------|
| Net interest income                    | 929   | 966   | 1 027 | 1 067 | 887   | 3 947 | 3 696 |
| Net other operating income             | 350   | 404   | 283   | 351   | 371   | 1 409 | 1 639 |
| Total income                           | 1 279 | 1 370 | 1 310 | 1 418 | 1 258 | 5 356 | 5 335 |
| Operating expenses                     | 584   | 566   | 575   | 587   | 579   | 2 307 | 2 336 |
| Pre-tax operating profit before losses | 695   | 804   | 735   | 831   | 680   | 3 049 | 2 998 |
| Net losses/(reversals)                 | 366   | 344   | 123   | 42    | (123) | 386   | 44    |
| Pre-tax operating profit               | 329   | 461   | 611   | 789   | 803   | 2 663 | 2 954 |
| Net lending to customers (NOK billion) | 151.3 | 151.0 | 151.0 | 153.3 | 153.8 | 152.3 | 152.6 |
| Deposits from customer (NOK billion)   | 104.4 | 100.2 | 97.6  | 97.9  | 105.9 | 100.6 | 96.4  |
| Cost/income ratio excl. goodwill (%)   | 45.5  | 41.2  | 43.8  | 41.3  | 45.9  | 42.9  | 43.7  |
| Ratio of deposits to lending (%)       | 69.0  | 66.3  | 64.6  | 63.8  | 68.9  | 66.1  | 63.1  |
| Return on equity (% p.a.)              | 7.7   | 10.6  | 14.1  | 18.8  | 19.6  | 15.7  | 18.3  |

- Performance reflected market developments
- Sound cost control
- Adjusted for exchange rate movements, there was an increase of 3.7 per cent in loans and guarantees on the corresponding period the previous year
- In cooperation with DnB Markets, a total of NOK 5.5 billion in syndicated credits was arranged for customers, in addition to NOK 9.8 billion in commercial paper and bond issues
- New lending targeted customers with low credit risk, and the quality of the loan portfolio was satisfactory although a growing number of Corporate Banking's customers, especially in exposed domestic industries, are experiencing challenging times
- Deposits were up 2.0 per cent compared with the corresponding period the previous year, adjusted for exchange rate fluctuations
- New loan losses in the first quarter of 2003 amounted to NOK 443 million, while net losses came to NOK 366 million. Net losses increased by NOK 489 million on the first quarter of 2002, of which NOK 244 million related to Pan Fish
- The business area is now reaping the benefits of the decision to focus lending on customers with low credit risk

### Customers and market development

- Developments in the Norwegian economy in the first quarter of 2003 continued the trend from 2002, undermining the financial position of an increasing number of the business area's customers
- The domestic market reflected fierce competition with low demand and pressure on margins
- The economic challenges facing the Norwegian business sector are expected to continue throughout 2003, particularly for exposed industries
- Corporate Banking will thus devote extensive resources to following up asset quality, and will seek growth in the high-quality end of the Norwegian business sector

- Large Corporates leads the market for large Norwegian corporates, offering services in New York, London and Singapore in addition to the domestic market
- Around 60 per cent of Norway's largest corporations used DnB as their main banker in the first quarter of 2003
- DnB is one of the world's largest shipping banks and serves Norwegian and international shipping and offshore clients from offices in Oslo, Bergen, London, New York and Singapore
- Corporate Banking activities in domestic regions target primarily small and medium-sized companies
- In the first three months of 2003, DnB continued to consolidate its position in this market, and surveys show growing customer satisfaction

### Corporate Banking market shares

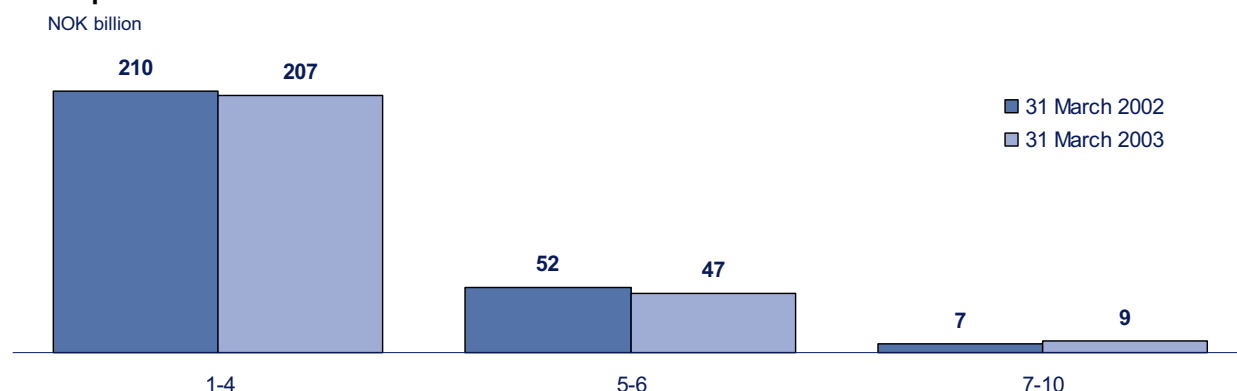
| Per cent                                     | 28 Feb.<br>2003 | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 |
|--|-----------------|-----------------|------------------|-----------------|------------------|
| Of total lending to corporates <sup>1)</sup> | 9.3             | 9.3             | 9.6              | 9.8             | 9.4              |
| - of which commercial and savings banks      | 23.0            | 22.9            | 23.4             | 23.8            | 23.3             |
| Of deposits from corporates <sup>2)</sup>    | 24.9            | 23.9            | 23.4             | 24.6            | 24.5             |

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

2) Domestic savings and commercial banks

Source: Norges Bank, DnB

### Development in risk classification



Based on DnB's risk classification system where 1 represents the lowest risk and 10 the highest risk

### Products and organisation

Corporate Banking is organised in three divisions:

- Large Corporates serves large Norwegian corporates, the public sector, international companies doing business in Norway, international customers within oil and energy as well as financial institutions
- The Shipping Division serves Norwegian and international shipping and offshore clients
- Regions serves businesses divided into two different segments:
  - Large companies with a turnover above NOK 40 million
  - Small and medium-sized enterprises with a turnover of up to NOK 40 million

Corporate Banking offers customers a broad range of financial services, including lending, bond issues, syndicated loans, deposits, cash management, corporate finance and acquisition finance.

**Staff**

- Corporate Banking is committed to systematic competence building to ensure that customers receive the best advisory services and derive the full benefit of DnB's products and services, including expertise within online solutions for corporate customers
- Specialised training in credit rating and risk and profitability analyses is given high priority
- At the end of the first quarter of 2003, the business area had a staff of 1 604 full-time positions, with 1 112 in Norway, of which 369 in subsidiaries, as well as 124 full-time positions located abroad

**Cooperation with other group entities**

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

**Financial performance in Corporate Banking divisions**

|  | Large Corporates |      | Shipping |      | Regions |      | DnB Finans |      |
|--|------------------|------|----------|------|---------|------|------------|------|
| <i>Amounts in NOK million</i>          | 1Q03             | 1Q02 | 1Q03     | 1Q02 | 1Q03    | 1Q02 | 1Q03       | 1Q02 |
| Net interest income                    | 242              | 220  | 134      | 134  | 415     | 406  | 138        | 128  |
| Net other operating income             | 151              | 130  | 21       | 64   | 185     | 177  | 27         | 24   |
| Total income                           | 393              | 350  | 155      | 199  | 600     | 583  | 164        | 151  |
| Operating expenses                     | 139              | 133  | 60       | 60   | 290     | 288  | 82         | 82   |
| Pre-tax operating profit before losses | 254              | 217  | 95       | 139  | 310     | 294  | 82         | 69   |
| Net losses/(reversals)                 | 5                | (25) | (2)      | (45) | 350     | 17   | 13         | (70) |
| Pre-tax operating profit/(loss)        | 248              | 242  | 98       | 184  | (40)    | 278  | 69         | 139  |
| Net lending to customers (NOK billion) | 47.3             | 49.8 | 25.7     | 29.2 | 64.6    | 61.5 | 14.1       | 13.6 |
| Deposits from customer (NOK billion)   | 44.7             | 42.5 | 14.8     | 16.5 | 45.0    | 47.1 | 0.0        | 0.0  |
| Cost/income ratio excl. goodwill (%)   | 35.4             | 37.9 | 38.5     | 30.2 | 48.3    | 49.5 | 48.9       | 53.2 |
| Ratio of deposits to lending (%)       | 94.4             | 85.4 | 57.4     | 56.4 | 69.7    | 76.6 | -          | -    |
| Return on equity (% p.a.)              | 18.0             | 17.8 | 13.6     | 27.5 | (2.2)   | 15.8 | 20.2       | 44.0 |

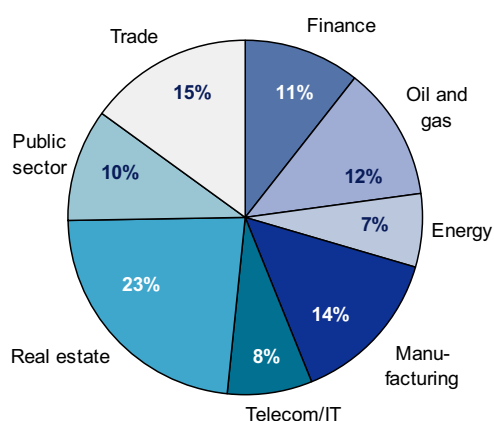
## Large Corporates

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

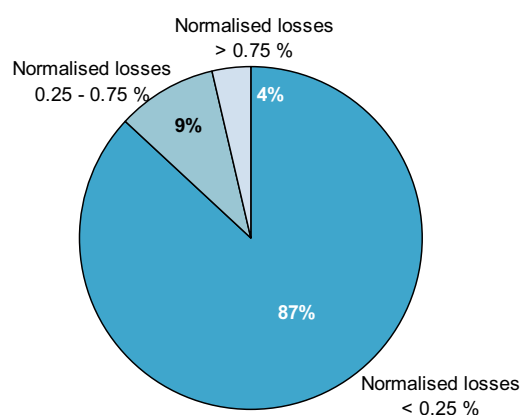
| Amounts in NOK billion   | 1Q03 | 4Q02 | 3Q02 | 2Q02 | 1Q02 | 2002 | 2001 |
|--------------------------|------|------|------|------|------|------|------|
| Net lending to customers | 47   | 46   | 46   | 48   | 50   | 48   | 47   |
| Guarantees               | 22   | 17   | 16   | 16   | 17   | 16   | 17   |
| Customer deposits        | 45   | 39   | 39   | 38   | 43   | 40   | 37   |

1) Average figures for the period

### Lending according to sector



### Risk classification of portfolio



### Business profile

- Serving large Norwegian corporates, the public sector, international companies doing business in Norway, international customers within oil and energy as well as financial institutions
- Around 60 per cent of Norway's biggest corporations used DnB as their main banker in the first quarter of 2003, and DnB provided one or more financial products to 73 per cent of the companies for which it was not principal banker

In spite of sluggishness in the overall market, the division improved performance compared with the first quarter of 2002. The rise in profits stems from improved net interest income due to wider spreads on investment loans and higher fees. Revenues from other products also showed an increase compared with the corresponding period a year earlier.

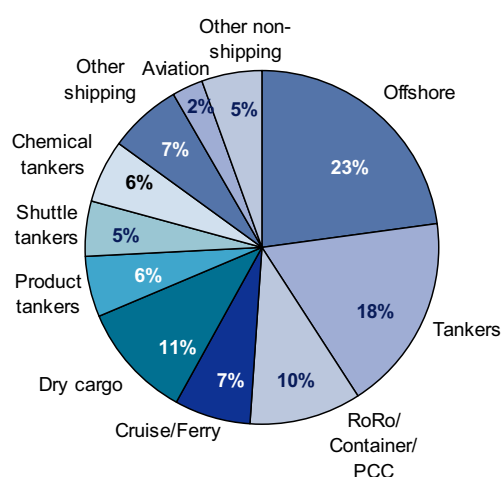
## Shipping Division

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

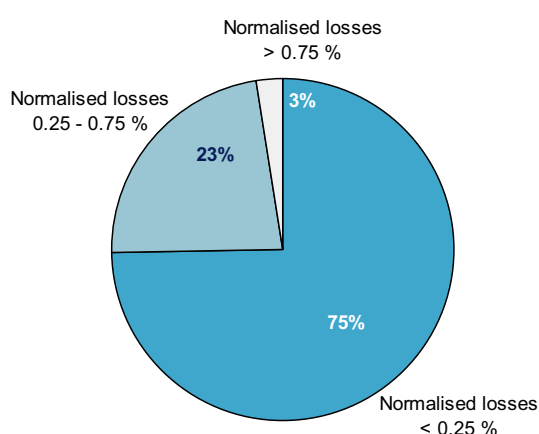
| Amounts in NOK billion   | 1Q03 | 4Q02 | 3Q02 | 2Q02 | 1Q02 | 2002 | 2001 |
|--------------------------|------|------|------|------|------|------|------|
| Net lending to customers | 26   | 27   | 27   | 28   | 29   | 28   | 32   |
| Guarantees               | 9    | 9    | 9    | 9    | 10   | 9    | 8    |
| Customer deposits        | 15   | 15   | 14   | 15   | 16   | 15   | 16   |

1) Average figures for the period

### Lending according to sector



### Risk classification of portfolio



### Business profile

- Among the world's leading shipping and offshore banks
- Provides commercial and investment banking services to high-quality Norwegian and international shipping and offshore clients from offices in Oslo, Bergen, London, New York and Singapore
- Strong and proactive client focus and long-term relationship perspective

Activity in shipping markets was generally high during the first quarter of 2003. Both tanker and bulk markets were strong with high rates through the first quarter of 2003. However, there is uncertainty related to future rates. Changes in the competitive climate lead to increased competition for the best clients and thus pressure on margins.

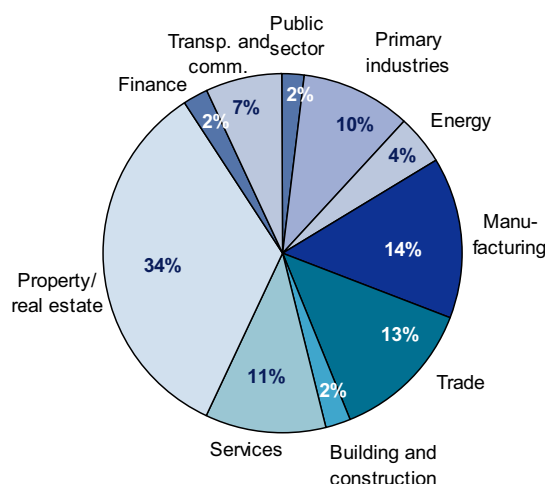
## Regions

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

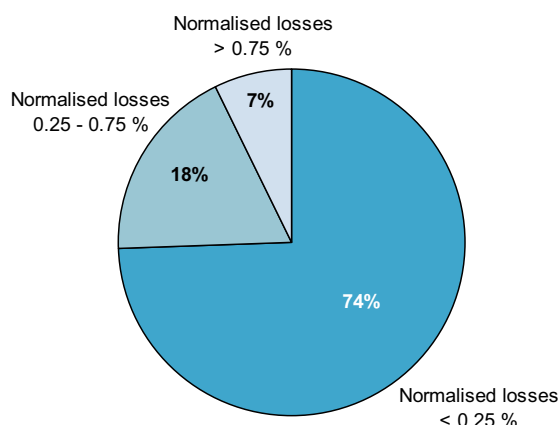
| Amounts in NOK billion   | 1Q03 | 4Q02 | 3Q02 | 2Q02 | 1Q02 | 2002 | 2001 |
|--------------------------|------|------|------|------|------|------|------|
| Net lending to customers | 65   | 64   | 64   | 64   | 62   | 63   | 61   |
| Guarantees               | 9    | 7    | 7    | 6    | 6    | 7    | 6    |
| Customer deposits        | 45   | 46   | 45   | 45   | 47   | 46   | 44   |

1) Average figures for the period

Lending according to sector



Risk classification of portfolio



### Business profile

- Serving more than 35 000 businesses divided into two different segments:
  - Large companies with a turnover above NOK 40 million
  - Small and medium-sized enterprises with a turnover of up to NOK 40 million

The largest regional clients give priority to local presence combined with the expertise of a major bank. Through local financial services centres DnB is represented with a broad range of products, services and competencies. DnB has a sound platform for strengthening its position as the preferred provider of financial products and services for this customer segment.

### DnB Finans

- DnB Finans is a leading finance company in Norway, offering car financing to retail customers and factoring, leasing and various other forms of financing and related services to the corporate and public sectors
- Figures for the first quarter of 2003 showed pre-tax operating profits before losses of NOK 82 million, compared with NOK 69 million for the corresponding period of 2002 due to increased income and sound cost control



## Retail Banking

Retail Banking, serving private customers and smaller companies under the brand names Den norske Bank, Postbanken and Vital, is Norway's largest retail bank. The business area is headed by Petter Jansen, group executive vice president.

The business area aims to maintain its leading market position and stand out as the customer's best financial partner. This will be achieved by continually improving service concepts and expanding the range of services.

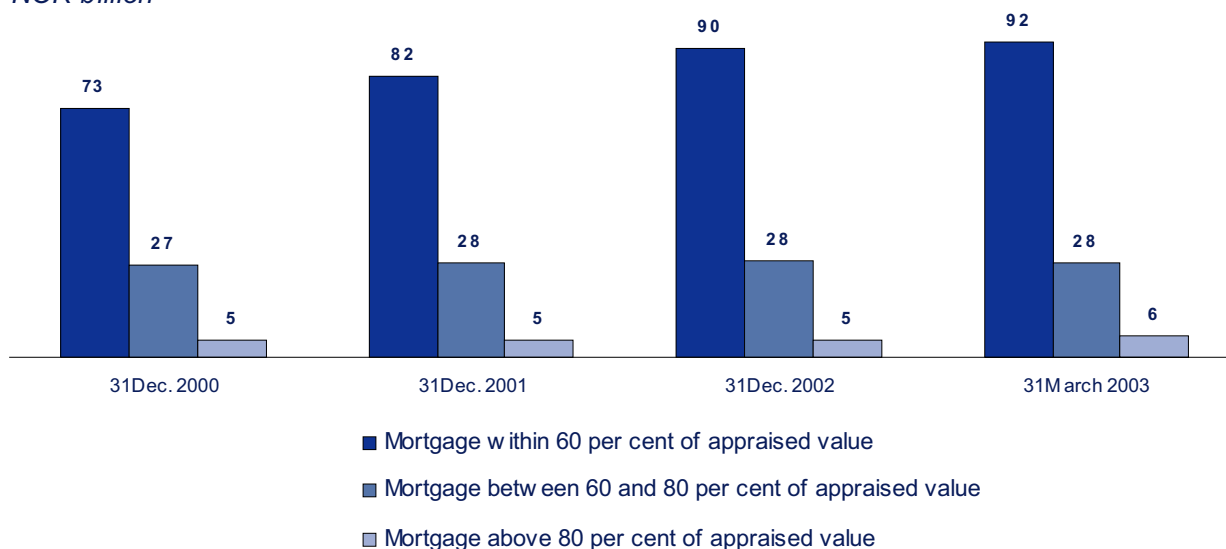
### Financial performance <sup>1)</sup>

| <i>Amounts in NOK million</i>          | 1Q03  | 4Q02  | 3Q02  | 2Q02  | 1Q02  | 2002  | 2001 <sup>2)</sup> |
|--|-------|-------|-------|-------|-------|-------|--------------------|
| Net interest income                    | 935   | 979   | 926   | 878   | 834   | 3 617 | 3 478              |
| Net other operating income             | 304   | 339   | 327   | 355   | 302   | 1 323 | 1 376              |
| Total income                           | 1 239 | 1 318 | 1 253 | 1 232 | 1 136 | 4 940 | 4 854              |
| Operating expenses                     | 958   | 1 016 | 1 005 | 944   | 947   | 3 912 | 3 887              |
| Pre-tax operating profit before losses | 280   | 302   | 248   | 288   | 189   | 1 027 | 967                |
| Net losses/(reversals)                 | 20    | 22    | 34    | 51    | (4)   | 103   | 109                |
| Pre-tax operating profit               | 260   | 280   | 214   | 238   | 193   | 925   | 958                |
| Net lending to customers (NOK billion) | 136.4 | 133.9 | 130.8 | 127.7 | 124.8 | 129.3 | 117.3              |
| Deposits from customer (NOK billion)   | 100.6 | 96.8  | 98.1  | 96.1  | 95.6  | 96.6  | 90.1               |
| Cost/income ratio excl. goodwill (%)   | 76.8  | 76.6  | 79.7  | 76.1  | 82.7  | 78.7  | 79.5               |
| Ratio of deposits to lending (%)       | 73.8  | 72.3  | 75.0  | 75.2  | 76.6  | 74.7  | 76.9               |
| Return on equity (% p.a.)              | 21.9  | 24.0  | 18.5  | 21.4  | 18.0  | 20.6  | 20.5               |

1) Fees paid to Norway Post for transaction-related services have been partly reclassified in 2003. Accounts for previous years have been adjusted accordingly. See section 1 for further details.

2) Net other operating income included gains on the sale of Postbanken's Clearing House of NOK 147 million.

- Satisfactory profits in the first quarter of 2003 - return on equity of 22 per cent
- Increased net interest income, mainly due to increased lending and deposit volumes
- Lending increased by more than 9 per cent, referring primarily to well-secured housing loans
- Costs increased by only 1 per cent compared with the previous year through restructuring and efficiency measures
- Cost/income ratio decreased by 6 percentage points
- The volume of problem commitments showed a moderate rise in the first quarter and was at a satisfactory level
- Loan losses were up NOK 24 million, but remained at a low level

**Residential mortgages <sup>1)</sup>***NOK billion*

1) Adjusted definitions

**Customers/markets**

- Serving around 1.7 million private individuals
- More than 200 000 customers use telephone payment services (telegiro)
- 245 000 customers subscribe to customer benefits programmes
- 566 000 clients use the Group's Internet banks
- More than 4.4 million payment transactions were carried out in the first quarter of 2003, an increase of 11.6 per cent compared with the first quarter of 2002

**Retail banking market shares**

|                               | 28 Feb.<br>2003 | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 |
|-------------------------------|-----------------|-----------------|------------------|-----------------|------------------|
| <i>Per cent</i>               |                 |                 |                  |                 |                  |
| Bank lending to households    | 20.1            | 20.1            | 20.1             | 20.3            | 20.4             |
| Bank deposits from households | 21.9            | 21.9            | 22.3             | 22.8            | 22.6             |

Source: Norges Bank, DnB

**Organisation and distribution**

Through Norway's largest distribution network, Retail Banking offers a wide range of financial products and services to its customers. The major distribution channels are:

- Den norske Bank and Postbanken's branch offices
- The postal network
- Internet and telephone banking
- Private banking targeting customers in need of more sophisticated financial advisory services, production, staff and support functions are largely centralised in cost-efficient joint units

Den norske Bank ASA and Norway Post have a master agreement relating to the distribution of financial services through the postal network, which is effective until 31 December 2005. The agreement is mainly based on transaction-specific prices and a joint aim to increase the number of financial services distributed through the postal network.

- Postbanken and Norway Post have established joint service solutions provided through more than 1 100 in-store postal outlets, where customers can carry out everyday banking transactions in their local stores
- Payment transactions through these channels rose by more than 45 per cent to 2 million transactions from the first quarter of 2002 to 2003

### New products

- More than 40 000 customers have accepted the offer to use electronic invoices (e-invoice)
- New index-linked investment products and equity-linked deposits
- Postbanken launched a new customer loyalty programme: Postbanken Leve, offering customers a range of basic banking services at favourable terms

### Employees

- The number of full-time positions in DnB's retail banking operations has been reduced by 198 to 2 200 through restructuring and efficiency measures
- Changing customer needs and the introduction of new products make it vital to upgrade professional skills
- Upgrade of professional skills is achieved partly by educating and reallocating the existing workforce and partly by recruiting new staff
- More efficient production and distribution of services through new and better IT solutions, telephone and Internet banking is likely to lead to further reductions in the number of employees in the coming years

### Cooperation with other group entities

Cross-selling of products is one of the major strengths of the DnB Group. Through its distribution network Retail Banking offers:

- Asset management services (DnB Asset Management)
- Insurance (Vital)
- Financial instruments (DnB Markets)

### Residential real estate broking

Through DnB Eiendom and Postbanken Eiendomsmegling, the Retail Banking business area offers two of Norway's leading residential real estate broking operations:

#### Properties sold/market shares

| <i>Properties sold</i>         | 1Q03  | 4Q02  | 3Q02  | 2Q02  | 1Q02  | 2002   | 2001   |
|--------------------------------|-------|-------|-------|-------|-------|--------|--------|
| DnB Eiendom                    | 1 567 | 1 352 | 1 702 | 2 177 | 1 721 | 6 952  | 6 455  |
| Postbanken Eiendom             | 2 373 | 2 045 | 2 244 | 2 750 | 2 306 | 9 345  | 8 625  |
| Total properties sold          | 3 940 | 3 397 | 3 946 | 4 927 | 4 027 | 16 297 | 15 080 |
| Market share (%) <sup>1)</sup> | 19    | 18    | 18    | 18    | 18    | 18     | 19     |

1) Management's estimates

- DnB Eiendom had 46 outlets located in Den norske Bank branches as at 31 March 2003
- Postbanken Eiendomsmegling operates through 64 franchises owned by independent real estate brokers
- In addition to broking income, the real estate broking operations generate business in the form of residential mortgages and savings
- The time elapsed from an assignment is received to the property is sold increased somewhat in parts of the country in the first quarter of 2003

### **Consumer finance**

- DnB Kort is responsible for the DnB Group's card-based services and consumer finance products
- DnB Kort showed healthy profits in the first quarter of 2003. Pre-tax operating profits increased by NOK 11 million or 34 per cent compared with the previous year
- Average lending volume rose NOK 785 million to NOK 4 324 million from first quarter 2002, stemming in part from increased sales of consumer loans
- During the same period there was a slight increase in non-performing loans in line with expectations, but from a low level
- As at 31 March 2003, the DnB Group had issued around 1.7 million cards
- Postbanken's new customer loyalty programme Postbanken Leve, includes a Visa card (debit card) and a MasterCard (credit card) and has been well received by the customers

### **Non-life insurance**

In 2002, Vital Skade, the Group's non-life insurance operation, was transferred to Retail Banking, which in addition to Internet is the company's primary distribution channel. Products are sold on a commission basis. Vital Skade assumes no risk on its own, but operates as an agent. The reorganisation has led to more effective marketing. Brisk sales through the Internet banks and several new cooperation agreements with employee organisations increased net operating income from NOK 8 million in the first quarter of 2002 to NOK 15 million in 2003. Costs were on a level with the previous year.

## Capital markets

DnB Markets, the capital markets arm of DnB, is Norway's largest capital markets operation and offers a wide range of securities and investment services. DnB Markets comprises the following units: Sales FX/Treasury, Trading FX/Treasury, Nordic Equities (Sales/Research), Corporate Finance and Securities Services. The Domestic Treasury and Equity Investments are organisationally part of DnB Markets though profits and losses for these units are not recorded under this business area. Ottar Ertzeid, group executive vice president, is head of DnB Markets.

DnB Markets aims to be the leading capital markets operation providing foreign exchange, interest rate and debt and equity financing services to Norwegian and Norwegian-related clients, as well as offering international customers services relating to Norway and the Norwegian krone.

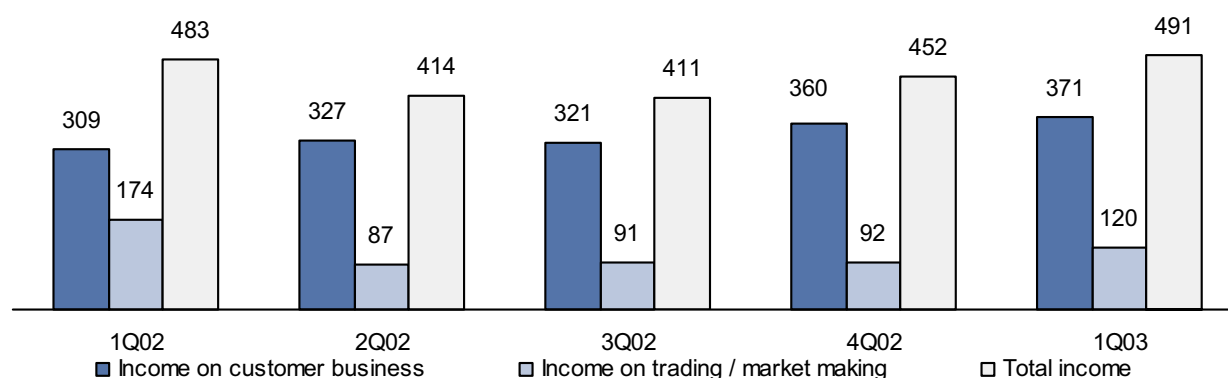
### Financial performance

| <i>Amounts in NOK million</i>          | 1Q03 | 4Q02 | 3Q02 | 2Q02 | 1Q02 | 2002  | 2001  |
|--|------|------|------|------|------|-------|-------|
| Net interest income                    | 133  | 170  | 158  | 156  | 184  | 668   | 561   |
| Net other operating income             | 381  | 307  | 278  | 280  | 320  | 1 184 | 1 374 |
| Total income                           | 514  | 477  | 435  | 436  | 504  | 1 852 | 1 936 |
| Operating expenses                     | 229  | 224  | 220  | 227  | 235  | 905   | 918   |
| Pre-tax operating profit before losses | 284  | 253  | 216  | 209  | 269  | 946   | 1 017 |
| Net losses/(reversals)                 | 0    | (38) | 0    | 0    | 0    | (38)  | (33)  |
| Pre-tax operating profit               | 284  | 291  | 216  | 209  | 269  | 985   | 1 050 |
| Cost/income ratio excl. goodwill (%)   | 44.7 | 47.0 | 50.5 | 52.1 | 46.6 | 48.9  | 47.4  |
| Return on equity (% p.a.)              | 54.9 | 60.7 | 46.0 | 46.1 | 60.0 | 53.2  | 52.9  |

- DnB Markets showed healthy performance in the first quarter despite weak stock markets. There was a positive trend in income on customer business, and costs were reduced
- Lower income from equity-related operations was partly offset by sound profits on trading in foreign exchange, interest rate and structured products
- Falling interest rates and substantial changes in the NOK exchange rate through out the period led to increased demand for currency and interest rate hedging products and other investment alternatives

### Income distribution DnB Markets <sup>1)</sup>

*NOK million*



1) Excluding interest on allocated capital

**Customers/markets**

- DnB Markets is Norway's largest capital markets operation
- Market share of over 30 per cent in terms of revenues
- The market is served from 11 cities in Norway, branches in London, New York and Singapore and over the Internet. DnB Markets will establish its twelfth trading desk in Norway during the second quarter of 2003
- In addition, certain products are sold through other business areas in the Group as well as through external agents
- Leading FX - bank and adviser to Norwegian corporate customers
- Business from retail customers and small and medium-sized corporate clients has grown in significance
- Leading arranger of debt financing in capital markets
- Leading position within derivatives and structured products in Norway
- Leading within equities sales in the retail market
- The investment firm with the highest number of equity transactions on the Oslo Stock Exchange
- Leading within domestic securities services with settlement of around 62.3 per cent of foreign investors' securities trading in Norway

**Products**

- Foreign exchange, money market instruments and derivatives
- Fixed-income instruments and loan syndications
- Nordic equities, research and corporate finance services
- Other investment products
- Securities and custodial services

**Employees**

- DnB Markets had close to 500 employees in 2003 located in offices in Norway and abroad
- The organisation and staff assignments were also during the first quarter of 2003 continually adapted to developments in the various market segments and product areas

**Cooperation with other group entities**

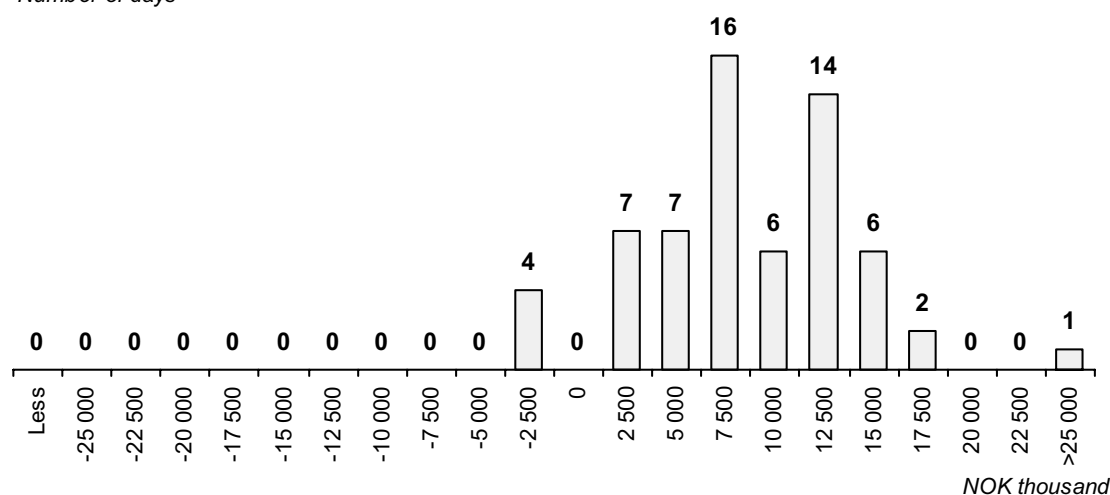
Maintaining a broad distribution network and effective cooperation with other business areas in the Group, such as Corporate Banking and Retail Banking, are key priorities for DnB Markets.

**Revenues within various segments**

| <i>Amounts in NOK million</i>        | 1Q03       | 4Q02       | 3Q02       | 2Q02       | 1Q02       | 2002         | 2001         |
|--------------------------------------|------------|------------|------------|------------|------------|--------------|--------------|
| FX & interest rate derivatives       | 182        | 190        | 134        | 138        | 158        | 619          | 538          |
| Investment products                  | 108        | 101        | 130        | 110        | 58         | 399          | 386          |
| Corporate finance                    | 46         | 35         | 24         | 42         | 54         | 155          | 204          |
| Securities services                  | 35         | 34         | 33         | 37         | 39         | 144          | 183          |
| Total customer revenues              | 371        | 360        | 321        | 327        | 309        | 1 318        | 1 311        |
| Total market making/trading revenues | 120        | 92         | 91         | 87         | 174        | 443          | 523          |
| Interest income on allocated capital | 23         | 24         | 24         | 22         | 21         | 91           | 102          |
| <b>Total revenues</b>                | <b>514</b> | <b>477</b> | <b>435</b> | <b>436</b> | <b>504</b> | <b>1 852</b> | <b>1 936</b> |

## Distribution of revenues over the 63 trading days up to 31 March 2003

Number of days



The value of items on and off the balance sheet is affected by interest rate movements. The table below shows potential losses for DnB resulting from parallel one-percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DnB relative to the Group's positions. Also, all interest rate movements within the same interval are assumed to be unfavourable for the Group. In the trading portfolio, such losses will be charged to the accounts as they occur. In the banking portfolio, the losses will be amortised over the remaining maturity. The calculations are based on the Group's positions as at 31 March 2003 and market rates on the same date.

| Amounts in NOK million   | Up to<br>1 month | From<br>1 month<br>to 3<br>months | From<br>3 months<br>to 1 year | From<br>1 year<br>to 5 years | Over<br>5 years | Total |
|--------------------------|------------------|-----------------------------------|-------------------------------|------------------------------|-----------------|-------|
| <b>Trading portfolio</b> |                  |                                   |                               |                              |                 |       |
| NOK                      | 2                | 10                                | 15                            | 27                           | 23              | 20    |
| USD                      | 1                | 1                                 | 1                             | 9                            | 2               | 8     |
| EURO                     | 0                | 10                                | 6                             | 0                            | 3               | 2     |
| GBP                      | 0                | 0                                 | 0                             | 0                            | 0               | 0     |
| Other currencies         | 1                | 2                                 | 4                             | 6                            | 2               | 7     |
| <b>Banking portfolio</b> |                  |                                   |                               |                              |                 |       |
| NOK                      | 3                | 1                                 | 2                             | 34                           | 37              | 71    |
| <b>Total</b>             |                  |                                   |                               |                              |                 |       |
| NOK                      | 1                | 9                                 | 13                            | 61                           | 14              | 52    |
| USD                      | 1                | 1                                 | 1                             | 9                            | 2               | 8     |
| EURO                     | 0                | 0                                 | 0                             | 0                            | 0               | 0     |
| GBP                      | 0                | 0                                 | 0                             | 0                            | 0               | 0     |
| Other currencies         | 1                | 2                                 | 4                             | 6                            | 2               | 7     |

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

## Life Insurance - Vital

Vital Forsikring offers group pension schemes to businesses and the public sector. In the retail market, long-term savings alternatives are offered in the form of individual pension agreements and annuities.

Life insurance operations in the DnB Group are represented by Vital Forsikring ASA including subsidiaries and the sister company Vital Link AS. Bjørn Østbø, group executive vice president, is the head of Life Insurance - Vital.

Vital aspires to build a leading position within pension savings in Norway. Alone or in cooperation with others, the company will, in a cost-efficient manner, develop, sell and deliver the best savings and insurance solutions for companies, retail customers and the public sector.

### Financial performance

| <i>Amounts in NOK million</i>   | 1Q03        | 4Q02      | 3Q02        | 2Q02         | 1Q02       | 2002         | 2001       |
|---|-------------|-----------|-------------|--------------|------------|--------------|------------|
| Interest result <sup>1)</sup>   | 110         | 69        | (5)         | (602)        | 543        | 5            | 1 114      |
| Risk result <sup>2)</sup>   | (24)        | (29)      | (6)         | 112          | (37)       | 40           | (147)      |
| Administration result   | (8)         | (80)      | (27)        | (2)          | (29)       | (138)        | (158)      |
| Other   | (42)        | (3)       | (13)        | -            | (23)       | (39)         | (46)       |
| Transferred from / (to) security reserve <sup>3)</sup>                        | (1)         | 69        | -           | (1)          | (3)        | 65           | 245        |
| Profit for allocation <sup>4)</sup>   | 36          | 26        | (51)        | (494)        | 451        | (67)         | 1 008      |
| Funds transferred to policyholders  | 51          | (2)       | -           | (331)        | 334        | 1            | 697        |
| Tax charge / (revenues)   | (17)        | (17)      | (8)         | (78)         | 15         | (88)         | (17)       |
| <b>Profit Vital Forsikring</b>  | <b>2</b>    | <b>45</b> | <b>(42)</b> | <b>(85)</b>  | <b>102</b> | <b>20</b>    | <b>328</b> |
| Net profit/(loss) in Vital Link   | 0           | (18)      | (7)         | (9)          | 1          | (33)         | 11         |
| Net profit/(loss) from Vital  | 2           | 27        | (49)        | (94)         | 103        | (13)         | 339        |
| Goodwill amortisation Vital Forsikring  | 25          | 25        | 25          | 25           | 25         | 101          | 101        |
| <b>Net profit/(loss) from Vital in the group accounts</b>                     | <b>(23)</b> | <b>1</b>  | <b>(74)</b> | <b>(119)</b> | <b>77</b>  | <b>(114)</b> | <b>238</b> |
| + Goodwill amortisation Vital Forsikring                                      | 25          | 25        | 25          | 25           | 25         | 101          | 101        |
| + Adjustment of allocated capital in excess of recorded capital <sup>5)</sup> | 18          | 14        | 20          | 30           | 30         | 95           | 152        |
| + Taxes   | (17)        | (24)      | (11)        | (81)         | 15         | (101)        | (18)       |
| <b>Pre-tax operation profits for the business area</b>                        | <b>3</b>    | <b>17</b> | <b>(39)</b> | <b>(145)</b> | <b>148</b> | <b>(19)</b>  | <b>473</b> |

1) For developments in financial result, the asset mix and returns, see tables pages 57, 59 and 60.

2) Disability provisions are expected to be increased by around NOK 600 million in the course of 2003, of which NOK 147 million was charged to the first-quarter accounts.

3) After approval by the Banking, Insurance and Securities Commission, Vital transferred funds exceeding the minimum requirement from the security reserves. The remaining security reserve totalled NOK 106 million at the end of March 2003.

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 includes profits from operations not subject to profit sharing.

5) Allocated capital represents ownership risk for Vital and is based on DnB's risk assessment model.

### Extracts from balance sheets and key figures <sup>1)</sup>

| <i>Amounts in NOK million</i>  | 1Q03   | 4Q02   | 3Q02   | 2Q02   | 1Q02   | 2002   | 2001   |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Policyholders' funds           | 70 873 | 68 504 | 68 888 | 68 594 | 69 320 | 68 504 | 65 908 |
| Solvency capital <sup>2)</sup> | 6 158  | 5 701  | 4 580  | 5 389  | 7 554  | 5 701  | 7 445  |
| Return on equity               | 0.3    | 3.4    | (6.2)  | (12.1) | 13.2   | (0.4)  | 11.7   |

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

2) Vital Forsikring. For the composition of solvency capital, see table on page 60.



**Financial result – Vital Forsikring**

| <i>Beløp i millioner kroner</i>                                     | 1Q03  | 4Q02  | 3Q02    | 2Q02    | 1Q02  | 2002    | 2001    |
|---|-------|-------|---------|---------|-------|---------|---------|
| Net result from equities  | (392) | 220   | (2 432) | (3 387) | 221   | (5 378) | (3 277) |
| Net result from other asset classes                                 | 1 122 | 1 191 | 2 000   | 2 059   | 862   | 6 112   | 3 944   |
| Value-adjusted financial result <sup>1)</sup>                       | 730   | 1 411 | (432)   | (1 328) | 1 083 | 734     | 667     |
| Guaranteed return on policyholders' funds                           | 620   | 651   | 602     | 586     | 593   | 2 432   | 2 254   |
| Financial result  | 110   | 760   | (1 034) | (1 914) | 490   | (1 698) | (1 587) |
| + From securities adjustment reserve                                | 0     | 0     | 0       | 0       | 53    | 53      | 2 700   |
| + Covered by (-transferred to) additional allocations <sup>2)</sup> | 0     | (691) | 1 029   | 1 312   | 0     | 1 650   | 1       |
| Recorded interest result  | 110   | 69    | (5)     | (602)   | 543   | 5       | 1 114   |

1) Before change in unrealised gains / (losses) on long-term securities

2) In accounting for the expected contribution from Vital, DnB takes into consideration Vital's opportunity to cover part of the losses through the reversal of additional allocations in year-end adjustments. In Vital's own accounts, such adjustments cannot be made until 31 December, thus interim figures in the company's accounts during 2002 were less favorable than those reported in the group accounts.

- Weak profits due to stock market developments
- Increased premium income
- Net inflow of transfers
- The cost reduction programme helped bring down costs in first quarter
- Strong increase in solvency capital
- The risk result includes a NOK 147 million increase in disability provisions

**Premium income**

| <i>Amounts in NOK million</i>                                      | 1Q03         | 4Q02         | 3Q02         | 2Q02         | 1Q02         | 2002         | 2001         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Single premiums  | 975          | 700          | 936          | 618          | 621          | 2 875        | 1 951        |
| Annual premiums  | 2 052        | 414          | 732          | 447          | 2 021        | 3 614        | 3 287        |
| Total premiums   | 3 027        | 1 114        | 1 668        | 1 065        | 2 642        | 6 489        | 5 238        |
| Inflow of reserves   | 779          | 657          | 407          | 393          | 949          | 2 406        | 3 541        |
| Outflow of reserves  | 342          | 340          | 243          | 197          | 232          | 1 012        | 1 002        |
| Net premiums paid  | 3 464        | 1 431        | 1 832        | 1 261        | 3 359        | 7 883        | 7 777        |
| Outflow of premiums  | 342          | 340          | 243          | 197          | 232          | 1 012        | 1 002        |
| <b>Total premium income</b>  | <b>3 806</b> | <b>1 771</b> | <b>2 075</b> | <b>1 458</b> | <b>3 591</b> | <b>8 895</b> | <b>8 780</b> |
| Sale of individual policies through DnB's distribution network (%) | 37.9         | 45.2         | 52.0         | 51.0         | 43.0         | 43.6         | 50.4         |

**Market shares**

| <i>Per cent</i>                                  | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 | 31 Dec.<br>2001 |
|--|-----------------|------------------|-----------------|------------------|-----------------|
| Of total premiums due                            | 17.1            | 17.7             | 21.2            | 24.8             | 15.1            |
| Of total premium plus inflow of premium reserves | 18.5            | 18.5             | 22.2            | 24.5             | 20.5            |
| Of new business                                  | 36.5            | 33.1             | 29.3            | 27.2             | 32.9            |
| Of insurance funds                               | 18.9            | 18.9             | 19.3            | 19.4             | 18.8            |
| Of insurance funds for unit linked products      | 35.5            | 34.0             | 34.4            | 35.1             | 33.9            |

All premiums include reserves transferred from other life insurance companies

Source: Association of Norwegian Financial Managers in the Finance Sector / FNH / DnB

### Products and organisation

Vital offers:

- Group pension schemes to businesses, adapted to customer needs for defined-benefit, defined-contribution and single premium pension schemes
- Long-term savings alternatives in the form of individual pension agreements and annuities in the retail market
- Products are offered with guaranteed returns or provided by Vital Link with a choice of investment profile (unit linked)
- Group life, endowment and personal insurance
- Savings products from other units in the DnB Group, including investment funds from DnB Investor and equity-linked bonds from DnB Markets

Vital is represented nationwide through its sales offices, on the Internet, through DnB and Postbanken's distribution networks and independent agents.

Changes made in the management structure of life insurance operations in 2002 included the establishment of business units for corporate clients, individual clients and the public sector as profit centres.

### Employees

- Vital gives priority to retaining skilled employees and developing high levels of competence within insurance products, management and other relevant areas of expertise
- Vital staff comprised 621 full-time positions as at 31 March 2003, down from 626 a year earlier

Development in full-time positions:

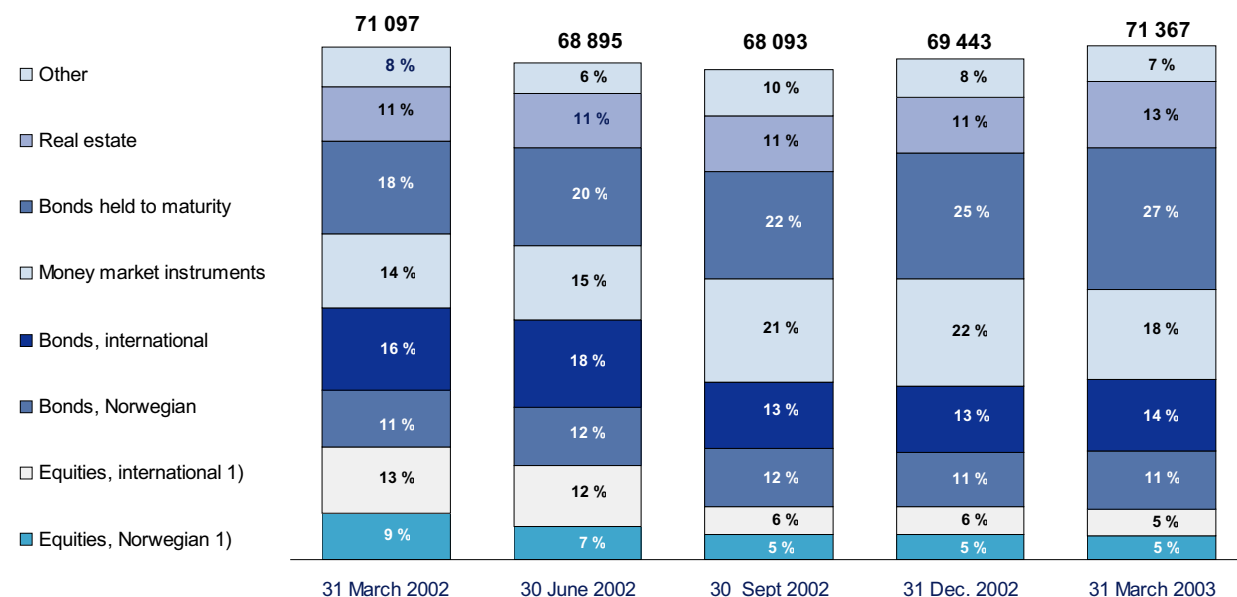
|                  | 31 March<br>2003 | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 |
|------------------|------------------|-----------------|------------------|-----------------|------------------|
| Vital Forsikring | 591              | 602             | 604              | 604             | 601              |
| Vital Link       | 30               | 30              | 31               | 27              | 25               |
| <b>Total</b>     | <b>621</b>       | <b>632</b>      | <b>635</b>       | <b>631</b>      | <b>626</b>       |

### Cross-sales/cooperation

- By taking advantage of the strength of the DnB Group's total distribution network, Vital will be well placed to enjoy continued market progress
- Vital's growth in the retail market is not least due to the company's extensive distribution network, where DnB channels play a principal role
- In first quarter of 2003, DnB accounted for 38 per cent of the sales of Vital's products in the retail market, compared with 43 per cent in the same period in 2002

**Balance sheets – Vital Forsikring**

|  | 31 March<br>2003 | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 |
|--|------------------|-----------------|------------------|-----------------|------------------|
| <i>Amounts in NOK million</i>  |                  |                 |                  |                 |                  |
| Financial assets   |                  |                 |                  |                 |                  |
| Norwegian equities <sup>1)</sup>   | 3 228            | 3 544           | 3 477            | 4 671           | 6 351            |
| International equities <sup>1)</sup>   | 3 757            | 3 856           | 3 851            | 8 415           | 9 290            |
| Norwegian bonds  | 8 050            | 7 484           | 8 171            | 8 091           | 7 848            |
| International bonds  | 9 881            | 9 119           | 9 090            | 12 182          | 11 450           |
| Money market instruments   | 12 626           | 15 039          | 14 421           | 10 254          | 10 196           |
| Bonds held to maturity   | 19 598           | 17 398          | 14 878           | 13 466          | 13 027           |
| Real estate  | 9 130            | 7 735           | 7 699            | 7 579           | 7 498            |
| Other  | 5 097            | 5 268           | 6 507            | 4 239           | 5 436            |
| <b>Total assets</b>  | <b>71 367</b>    | <b>69 443</b>   | <b>68 093</b>    | <b>68 895</b>   | <b>71 097</b>    |
| Equity   | 3 016            | 3 014           | 628              | 1 699           | 3 096            |
| Subordinated loan capital  | 1 298            | 1 349           | 1 423            | 1 424           | 1 694            |
| Insurance provisions   |                  |                 |                  |                 |                  |
| Premium reserve  | 61 755           | 59 774          | 59 010           | 57 828          | 57 882           |
| Additional allocations   | 720              | 726             | 2 387            | 2 400           | 2 429            |
| Premium fund and pension regulation fund   | 3 035            | 3 408           | 3 382            | 4 186           | 4 363            |
| Security reserve   | 106              | 105             | 175              | 175             | 173              |
| Other reserves   | 494              | 127             | 293              | 279             | 195              |
| Other liabilities  | 943              | 940             | 795              | 904             | 1 265            |
| <b>Total equity and liabilities</b>  | <b>71 367</b>    | <b>69 443</b>   | <b>68 093</b>    | <b>68 895</b>   | <b>71 097</b>    |
| <sup>1)</sup> Net equity exposure in Vital Forsikring after entering into derivative contracts | 6 397            | 5 870           | 5 264            | 12 350          | 15 268           |

**Balance sheet – Vital Forsikring***Per cent*

1) After entering into derivative contracts, Vital's equity exposure as at 31 March 2003 was 9 per cent.

**Return on assets – Vital Forsikring**

| <i>Per cent</i>  | 1Q03       | 4Q02        | 3Q02         | 2Q02         | 1Q02       | 2002       | 2001       |
|--|------------|-------------|--------------|--------------|------------|------------|------------|
| <b>Financial assets</b>  |            |             |              |              |            |            |            |
| Norwegian equities   | (10.2)     | 3.8         | (23.7)       | (17.2)       | 7.8        | (29.3)     | (12.5)     |
| International equities   | (1.2)      | 1.1         | (19.4)       | (23.2)       | (1.9)      | (38.6)     | (13.7)     |
| Norwegian bonds  | 3.4        | 3.1         | 4.2          | 1.3          | (0.1)      | 8.8        | 7.1        |
| International bonds  | 2.9        | 3.0         | 5.4          | 3.8          | 1.1        | 13.9       | 9.8        |
| Money market instruments   | 1.7        | 2.1         | 1.9          | 1.5          | 1.2        | 6.9        | 7.8        |
| Bonds held to maturity   | 1.7        | 1.5         | 1.7          | 1.7          | 1.8        | 6.9        | 6.9        |
| Real estate  | 2.1        | 2.4         | 2.8          | 2.1          | 2.4        | 10.0       | 10.2       |
| <b>Total assets <sup>1)</sup></b>                                | <b>1.1</b> | <b>2.1</b>  | <b>(0.7)</b> | <b>(1.8)</b> | <b>1.6</b> | <b>1.2</b> | <b>5.6</b> |
| <b>Return on assets <sup>2)</sup></b>                            | <b>1.1</b> | <b>2.1</b>  | <b>(0.6)</b> | <b>(1.9)</b> | <b>1.6</b> | <b>1.2</b> | <b>1.3</b> |
| <b>Value-adjusted return on assets, annualised <sup>2)</sup></b> | <b>4.3</b> | <b>8.6</b>  | <b>(2.4)</b> | <b>(7.0)</b> | <b>6.4</b> | <b>1.2</b> | <b>1.3</b> |
| <b>Value-adjusted return on assets, annualised <sup>3)</sup></b> | <b>7.2</b> | <b>12.0</b> | <b>(2.4)</b> | <b>(7.0)</b> | <b>6.7</b> | <b>1.8</b> | <b>1.2</b> |

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

2) Excluding changes in value of bonds held to maturity.

3) Including changes in value of bonds held to maturity.

**Solvency capital <sup>1)</sup> – Vital Forsikring**

| <i>Amounts in NOK million</i>  | 31 March<br>2003 | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 |
|--|------------------|-----------------|------------------|-----------------|------------------|
| Interim profit/(loss)  | 2                | -               | (2 366)          | (1 295)         | 451              |
| Additional allocations   | 720              | 726             | 2 387            | 2 400           | 2 429            |
| Unrealised gains / (losses) on long-term securities  | 1 018            | 506             | (33)             | (309)           | (187)            |
| Security reserve   | 106              | 105             | 175              | 175             | 173              |
| Subordinated loan capital  | 1 298            | 1 349           | 1 423            | 1 424           | 1 694            |
| Equity   | 3 014            | 3 014           | 2 994            | 2 994           | 2 994            |
| <b>Solvency capital</b>  | <b>6 158</b>     | <b>5 701</b>    | <b>4 580</b>     | <b>5 389</b>    | <b>7 554</b>     |
| <b>Buffer capital in excess of 8 per cent minimum capital requirement and additional allocations</b> | <b>2 372</b>     | <b>2 428</b>    | <b>1 731</b>     | <b>2 508</b>    | <b>4 103</b>     |

1) The table above shows the composition of and development in the solvency capital. All these elements, with the exception of part of the security reserve, can be used to meet the guaranteed rate of return on policyholders' funds.

**Capital adequacy and solvency margin capital – Vital Forsikring**

| <i>Amounts in NOK million</i>                         | 31 March<br>2003 | 31 Dec.<br>2002 | 30 Sept.<br>2002 | 30 June<br>2002 | 31 March<br>2002 |
|---|------------------|-----------------|------------------|-----------------|------------------|
| <b>Capital adequacy <sup>1)</sup></b>                 |                  |                 |                  |                 |                  |
| Total eligible primary capital                        | 3 864            | 3 927           | 4 062            | 4 122           | 4 206            |
| Capital ratio (per cent)                              | 14.0             | 14.8            | 15.3             | 13.1            | 12.4             |
| Core capital  | 2 772            | 2 767           | 2 832            | 2 872           | 2 852            |
| Core capital (per cent)                               | 10.0             | 10.4            | 10.7             | 9.1             | 8.4              |
| <b>Solvency margin capital <sup>2)</sup></b>          |                  |                 |                  |                 |                  |
| Solvency margin capital                               | 4 272            | 4 337           | 4 177            | 4 759           | 5 501            |
| Solvency margin capital exceeding minimum requirement | 1 476            | 1 542           | 1 519            | 2 092           | 2 834            |

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

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

## Asset management

DnB Asset Management provides investment fund and discretionary portfolio management services to Norwegian and Nordic corporate customers, the public sector, private pension funds and retail customers. Anders Kvist, group executive vice president, heads the business area.

DnB Asset Management seeks to provide first-class returns on customer funds within the preferred risk profile and investment horizon. DnB aspires to be the leading asset manager for customers primarily in the Nordic region, providing sound long term returns and a high level of service based on a thorough understanding of customer needs.

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

| <i>Amounts in NOK million</i>                                 | 1Q03 | 1Q02 | 2002 | 2001 |
|---|------|------|------|------|
| Net interest income   | 19   | 4    | 52   | 22   |
| Commission income and other income from retail customers      | 37   | 64   | 459  | 297  |
| Commission income and other income from institutional clients | 106  |      |      |      |
| Total income  | 162  | 67   | 511  | 320  |
| Operating expenses  | 129  | 82   | 476  | 335  |
| Pre-tax operating profit/(loss)                               | 33   | (15) | 35   | (16) |

### Assets under management <sup>1) 2)</sup>

|                  |     |     |     |    |
|------------------|-----|-----|-----|----|
| Institutional    | 290 | 81  | 271 | 77 |
| - of which Vital | 64  | 63  | 63  | 61 |
| Retail           | 19  | 20  | 20  | 20 |
| Total            | 308 | 101 | 291 | 96 |

### Key figures

|   |      |        |      |       |
|---|------|--------|------|-------|
| Cost/income ratio excl. goodwill        | 79.4 | 122.5  | 93.2 | 103.7 |
| Return on equity (% p.a.) <sup>3)</sup> | 8.7  | (13.9) | 3.8  | (2.9) |

1) Including SAM as from 1 June 2002.

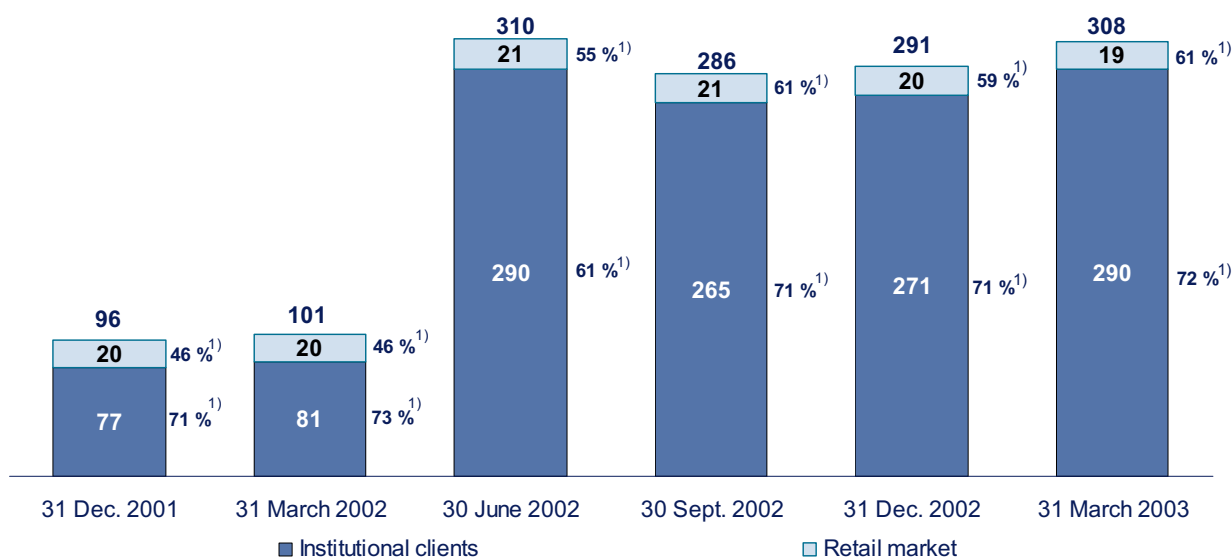
2) Assets under management at end of period.

3) Profits from SAM have been annualised.

- Total income increased by NOK 95 million from 1Q02 to 1Q03 due to the acquisition of SAM
- Margins in the retail market were depressed due to a higher relative share of investments in low-margin fixed-income funds and money market funds
- Expenses were reduced somewhat ahead of plan due to the restructuring and streamlining of operations
- During the first quarter NOK 49 million of restructuring provisions were utilised, leaving NOK 59 million in such provisions at the end of the quarter

**Assets under management**

NOK billion



The increase of funds under management as at 30 June 2002 relates to the acquisition of Skandia Asset Management

<sup>1)</sup> Share of total funds invested in fixed-income funds and money market funds

The reduction in equities relative share of total assets under management was the result of weak equity markets, reallocation of investments from equities to fixed-income/money market funds and net flows predominantly directed to fixed income/money market funds.

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

| Amounts in NOK million | 1Q03 <sup>1)</sup> | 1Q02  | 2002  | 2001  |
|------------------------|--------------------|-------|-------|-------|
| Retail market          | 348                | 619   | (255) | (700) |
| Institutional clients  | 5 084              | 2 852 | 3 069 | 3 039 |
| Total                  | 5 432              | 3 471 | 2 844 | 2 339 |

<sup>1)</sup> Including dividends of NOK 957 million, of which NOK 650 million refers to retail and NOK 307 million to institutional clients

- Net inflow increased assets under management by NOK 5.4 billion, 1.9 per cent (non-annualised.) New mandates were won in both Sweden and Norway
- Market developments led to a 0.4 per cent reduction in assets under management measured in the customers' base currency
- The depreciation of NOK against other currencies, specifically SEK, increased assets under management by 5 per cent
- During the first quarter, Morgan Stanley's global equity index (MSCI World) fell by 6.2 per cent measured in local currency
- The stock exchanges in Stockholm (OMX) and Oslo (OSEBX) declined by 7.2 and 9.7 per cent respectively

**Investment returns on assets under management**

- Returns on a number of major client portfolios and funds outperformed relevant benchmarks

**Customers/markets**

- DnB Asset Management provides investment fund and discretionary portfolio management services to Norwegian and Nordic corporate customers, the public sector, private pension funds and retail customers
- Brand names
  - DnB Asset Management in the Norwegian and Swedish institutional markets
  - DnB Investor in the Norwegian retail market
  - Carlson in the Swedish institutional and retail markets
- Around 400 institutional clients and a leading position in the institutional market in both Norway and Sweden
- The largest clients are Skandia Liv and Vital
- The number of customer relationships in the retail market, calculated as the aggregate number of investments made or mandates per customer, was over 773 000 at the end of the first quarter of 2003. This includes more than 174 000 savings agreements
- Market shares
  - DnB Investor (mutual funds in Norway) 23.9 per cent, being the largest mutual fund manager in Norway
  - Carlson Fonder (mutual funds in Sweden); among the ten largest mutual fund managers in Sweden

**Products**

- Mutual funds
  - a total of 116 DnB funds in Norway and Sweden, of which 32 had received the top or second highest ranking from the rating company Morningstar
- Discretionary portfolio management
- Management and monitoring of investment portfolios
- Advising customers with respect to asset allocation and risk levels

**Organisation**

- The implementation of a unified international asset management operation and the global organisation of securities operations and support functions is ahead of plan and is expected to be completed for the most part by the end of 2003
- A combination of regional and sector-oriented management teams with presence in all major financial markets
- While customer activity is concentrated in Norway and Sweden, investment operations are also conducted out of London, New York, Hong Kong and Madras in India, in order to provide first-rate international asset management
- Asset management services are provided through channels adapted to the various markets:

|   |  |
|---|--|
| Retail customers in Norway                | <ul style="list-style-type: none"> <li>• DnB's extensive network of branches, post offices and regional financial services centres</li> <li>• the Internet</li> <li>• external channels including brokers and investment advisers</li> </ul> |
| Retail customers in Sweden and Germany    | <ul style="list-style-type: none"> <li>• local distributors</li> </ul>   |
| Institutional market in Sweden and Norway | <ul style="list-style-type: none"> <li>• the business area's own sales force and, in Norway, through cooperation with Corporate Banking</li> </ul>   |

**Employees**

- Staff reductions corresponding to around 38 full-time positions in the first quarter of 2003
- 290 full-time positions at end of quarter
- Additional staff reductions will be implemented in 2003
- Subsequent to the staff reductions, around 60 per cent of the employees will work within investment management, analysis, advisory services and sales

**Cooperation with other group entities**

- DnB's extensive network represents the major distribution channel to the Norwegian retail market
- DnB Asset Management and Corporate Banking cooperate in providing a complete range of financial services to corporate customers
- DnB Asset Management manages Vital's equity and bond portfolios
- DnB Asset Management cooperates with other group entities in developing products adapted to the various markets

**DnB Investor****Mutual funds**

|  | 31 March 2003 |              | 31 Dec. 2002  |              | 30 Sept. 2002 |              | 30 June 2002  |              | 31 March 2002 |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|  | Fund capital  | Market share | Fund capital  | Market share | Fund capital  | Market share | Fund capital  | Market share | Fund capital  | Market share |
| <i>Amounts in NOK million <sup>1)</sup> and per cent <sup>2)</sup></i> |               |              |               |              |               |              |               |              |               |              |
| Equity funds (Norwegian)   | 3 844         | 19.8         | 4 432         | 20.2         | 4 211         | 19.9         | 5 883         | 20.2         | 6 809         | 17.9         |
| Equity funds (international)   | 3 827         | 16.9         | 4 142         | 17.7         | 4 322         | 18.1         | 5 753         | 17.8         | 5 873         | 15.1         |
| Balanced funds   | 1 005         | 43.8         | 1 096         | 42.9         | 1 212         | 46.3         | 1 510         | 46.5         | 1 694         | 42.7         |
| Fixed-income funds   | 1 811         | 12.6         | 1 622         | 12.8         | 1 607         | 13.4         | 1 968         | 16.4         | 1 048         | 9.0          |
| Money market funds   | 14 811        | 31.3         | 14 646        | 31.7         | 14 661        | 31.3         | 14 062        | 31.4         | 11 481        | 26.7         |
| <b>Total mutual funds</b>  | <b>25 299</b> | <b>23.9</b>  | <b>25 939</b> | <b>24.2</b>  | <b>26 013</b> | <b>24.4</b>  | <b>29 175</b> | <b>24.1</b>  | <b>26 906</b> | <b>19.9</b>  |
| of which Skandia Fondsforvaltning AS <sup>3)</sup>                     |               |              |               |              | 3 363         | 3.2          | 4 129         | 3.4          | -             | -            |

1) Including mutual funds acquired in connection with the acquisition of Skandia Asset Management as from 1 June 2002.

2) Source: Norwegian Mutual Fund Association

3) Skandia Fondsforvaltning AS was merged with DnB Investor AS on 1 October 2002.



## Nordlandsbanken

Nordlandsbanken, headed by Morten Støver, serves shipping customers, small and medium-sized companies and the retail market.

Operations focus on the market in Northern Norway, and the bank will be a regional bank headquartered in Bodø, aiming to become the best financial partner for customers in the northernmost part of Norway by combining local presence, DnB and Nordlandsbanken's joint expertise and DnB's extensive product range.

In the first quarter, preparations were made to locate operations in Bodø in common premises and establish a trading desk for equities, bonds and capital market activities, as well as to implement the merger of DnB Finans and Nord Finans. Nordlandsbanken's operations in Oslo will be coordinated with corresponding DnB operations in the area during the second quarter of the year.

As from the second quarter of the year, operations and reporting of Nordlandsbanken will be integrated with DnB's existing business areas.

Figures for Nordlandsbanken presented below are based on DnB's valuation of Nordlandsbanken's balance sheet as at 31 December 2002 and are prepared in accordance with DnB's accounting principles for business areas. See section 1 for details concerning the accounting treatment of the acquisition.

### Financial performance <sup>1)</sup>

| <i>Amounts in NOK million</i>          | <i>1Q03</i> |
|--|-------------|
| Net interest income                    | 150         |
| Net other operating income             | 35          |
| Total income                           | 185         |
| Operating expenses                     | 97          |
| Pre-tax operating profit before losses | 88          |
| Net losses                             | 3           |
| Pre-tax operating profit               | 85          |
| Net lending to customers (NOK billion) | 24.4        |
| Deposits from customer (NOK billion)   | 9.2         |
| Cost/income ratio excl. goodwill (%)   | 52.5        |
| Ratio of deposits to lending (%)       | 37.5        |
| Return on equity (% p.a.)              | 11.3        |

1) Excluding amortisation of goodwill and funding costs related to the acquisition and including interest on allocated equity.

- Net other operating income:
  - Net gain on foreign exchange and financial instruments      NOK    11 million
  - Net commissions and fees      NOK    16 million
  - Income from real estate broking      NOK    5 million
  - Operating income from real estate      NOK    2 million
- Loan losses in the first quarter refer to retail customers
- Net problem commitments amounted to NOK 2.2 billion as at 31 March 2003

### Customers and market development

- Around 8 000 active corporate customers
- Around 54 000 active retail customers
- The market situation continued to represent major challenges for some of Nordlandsbanken's customers in the first quarter
- During the quarter, Nordlandsbanken acquired all shares in the fish-farming and processing company Dåfjord Laks. The transaction did not give rise to additional loan-loss provisions

**Staff**

- 386 full-time positions as at 30 March 2003, including 40 positions in subsidiaries
- Around 50 employees at the Oslo office will be transferred to other DnB operations in the Oslo area in the second quarter of the year

**Cooperation with other group entities**

The integration of Nordlandsbanken with DnB's other operations will ensure close cooperation with respect to products and markets, and the transition to DnB's routines and systems. Priority will be given to fully adopting DnB's credit policy and processes.

## **Section 4**

# **Shareholder information**

## Equity-related data

### Key figures

|   | 1Q03    | 2002    | 2001 <sup>1)</sup> | 2000    | 1999 <sup>2)</sup>    |
|---|---------|---------|--------------------|---------|-----------------------|
| Shares outstanding at end of period (1 000)                 | 769 631 | 769 631 | 770 591            | 778 658 | 907 789               |
| Average number of shares (1 000)                            | 769 631 | 770 155 | 774 773            | 778 658 | 652 013               |
| Average no. of shares - accounting basis (1 000)            | 769 631 | 770 155 | 774 773            | 778 658 | 675 039 <sup>3)</sup> |
| Average no. of shares - fully diluted (1 000) <sup>4)</sup> | 769 631 | 774 531 | 779 972            | 781 400 | -                     |
| Earnings per share (NOK)                                    | 0.65    | 3.03    | 5.29               | 5.16    | 4.01                  |
| EPS excluding goodwill (NOK)                                | 0.76    | 3.31    | 5.47               | 5.33    | 4.25                  |
| EPS fully diluted (NOK)                                     | 0.65    | 3.01    | 5.26               | 5.14    | -                     |
| Return on equity (per cent)                                 | 7.6     | 8.6     | 15.9               | 17.0    | 14.4                  |
| RARORAC (per cent)  | 10.3    | 10.4    | 14.3               | 15.7    | 14.5                  |
| Price/earnings ratio <sup>5)</sup>                          | n/a     | 8.07    | 7.63               | 9.21    | 8.20                  |
| Price/book value  | 0.83    | 0.90    | 1.20               | 1.55    | 1.38                  |
| Dividend per share (NOK)                                    | n/a     | 2.40    | 2.40               | 2.25    | 1.75                  |
| Dividend yield (per cent) <sup>5)</sup>                     | n/a     | 7.36    | 5.94               | 4.74    | 5.32                  |
| Equity per share (NOK)                                      | 34.59   | 36.34   | 33.53              | 30.71   | 23.88                 |

1) Pro forma figures

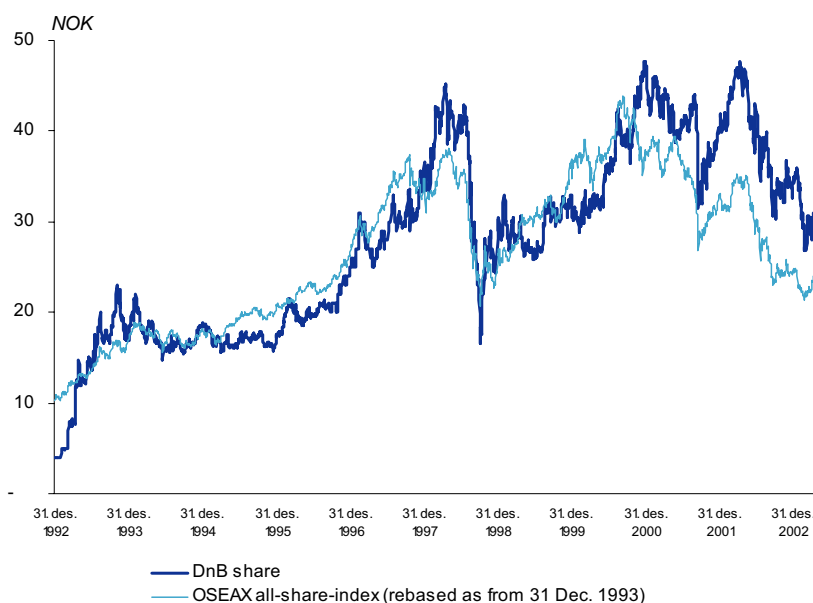
2) Including the effect of the cancellation of shares at the AGM 2002 (8 067 420 shares)

3) An average of 652 013 158 shares were outstanding in 1999

4) Based on the dilution effect of 26 438 000 shares from an employee option scheme linked to a Nordic financial institution index which includes Gjensidige NOR Sparebank, Sparebanken Midt-Norge, Danske Bank, SEB, Svenska Handelsbanken and Nordea

5) Based on share price at end of period and annualised EPS by quarter reporting

### Share price development

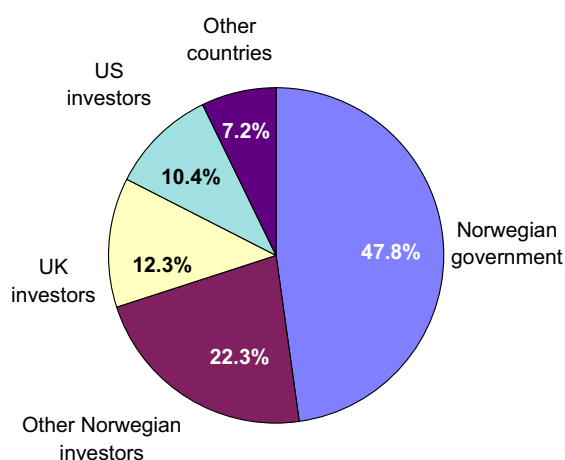


## Shareholder structure as at 31 March 2003

### Major shareholders

|                                       |     | Shares in 1 000 | Ownership in % |
|---------------------------------------|-----|-----------------|----------------|
| Government Bank Investment Fund       |     | 368 158         | 47.78          |
| Folketrygdfondet                      |     | 28 320          | 3.68           |
| JPMorgan Chase Bank, treaty acc.      | NOM | 24 172          | 3.14           |
| Fidelity Funds, Europe fund           |     | 18 950          | 2.46           |
| State Street Bank, clients omnibus D  | NOM | 17 249          | 2.24           |
| The Northern Trust, treaty acc.       | NOM | 16 670          | 2.16           |
| Orkla ASA                             |     | 14 609          | 1.90           |
| Deutsche Bank Trust, US Treaty        | NOM | 10 830          | 1.41           |
| Citibank, UK Residents Client Acc.    | NOM | 10 596          | 1.38           |
| DnB Employee Fund                     |     | 8 000           | 1.04           |
| Deutsche Bank AG, London              |     | 7 987           | 1.04           |
| SEB Merchant banking                  |     | 7 557           | 0.98           |
| Fidelity Funds, low-price fund        |     | 7 200           | 0.93           |
| Boston Safe dep & trust               | NOM | 6 731           | 0.87           |
| JPMorgan Chase Bank, Fidelity lending | NOM | 5 440           | 0.71           |
| MSF - Mutual Discovery Fund           |     | 5 430           | 0.70           |
| Fidelity funds, Nordic fund           |     | 4 188           | 0.54           |
| Gjensidige NOR Spareforsikring        |     | 4 093           | 0.53           |
| Arendals Fossekompani                 |     | 3 915           | 0.51           |
| Storebrand Liv                        |     | 3 899           | 0.51           |
| <b>Total largest shareholders</b>     |     | <b>573 995</b>  | <b>74.49</b>   |
| Other                                 |     | 196 596         | 25.51          |
| <b>Total</b>                          |     | <b>770 590</b>  | <b>100.00</b>  |

### Shareholder structure





## **Section 5**

# **The Norwegian economy**

## The Norwegian economy

### Key macro-economic indicators

| <i>Per cent</i>                                    | 2002  | 2003  | 2004 | 2005 |
|--|-------|-------|------|------|
| GDP growth   |       |       |      |      |
| - Norway, total                                    | 1.0   | 0.2   | 1.4  | 1.7  |
| - Mainland Norway                                  | 1.3   | 0.9   | 2.1  | 2.3  |
| Private consumption                                | 3.3   | 2.5   | 2.8  | 3.1  |
| Gross fixed investment                             | (3.3) | (1.7) | 0.6  | 0.2  |
| Inflation (CPI)                                    | 1.3   | 2.8   | 1.4  | 2.4  |
| Savings ratio <sup>1)</sup>                        | 7.4   | 6.4   | 7.5  | 7.8  |
| Unemployment rate                                  | 3.9   | 4.5   | 4.7  | 4.4  |
| Current account <sup>2)</sup>                      | 13.7  | 11.6  | 9.2  | 9.1  |
| Net foreign assets <sup>2) 3)</sup>                | 45.4  | 56.7  | 66.9 | 75.5 |
| General government budget balance <sup>2) 3)</sup> | 12.4  | 10.1  |      |      |

1) Per cent of disposable income

2) Per cent of GDP

3) Source: Ministry of Finance

Source: DnB Markets

### Financial market growth

|   | 31 Dec.<br>1999 | 31 Dec.<br>2000 | 31 Dec.<br>2001 | 31 Dec.<br>2002 |
|---|-----------------|-----------------|-----------------|-----------------|
| <i>Percentage change from previous year</i> |                 |                 |                 |                 |
| <b>Credit</b> <sup>1)</sup>                 |                 |                 |                 |                 |
| Total                                       | 9.0             | 13.6            | 7.5             | 4.5             |
| - of which commercial and savings banks     | 9.3             | 14.5            | 9.9             | 6.5             |
| Total retail market                         | 9.3             | 12.1            | 12.5            | 11.2            |
| Total corporate market                      | 8.9             | 14.3            | 4.7             | 0.5             |
| <b>Savings</b>                              |                 |                 |                 |                 |
| Total <sup>2)</sup>                         | 13.6            | 10.7            | 6.1             | 4.8             |
| - of which commercial and savings banks     | 11.0            | 10.2            | 9.0             | 7.7             |
| Total retail market <sup>3)</sup>           | 16.6            | 11.1            | 7.8             | 8.0             |
| Total corporate market <sup>4)</sup>        | 13.5            | 10.6            | 8.1             | 2.0             |

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

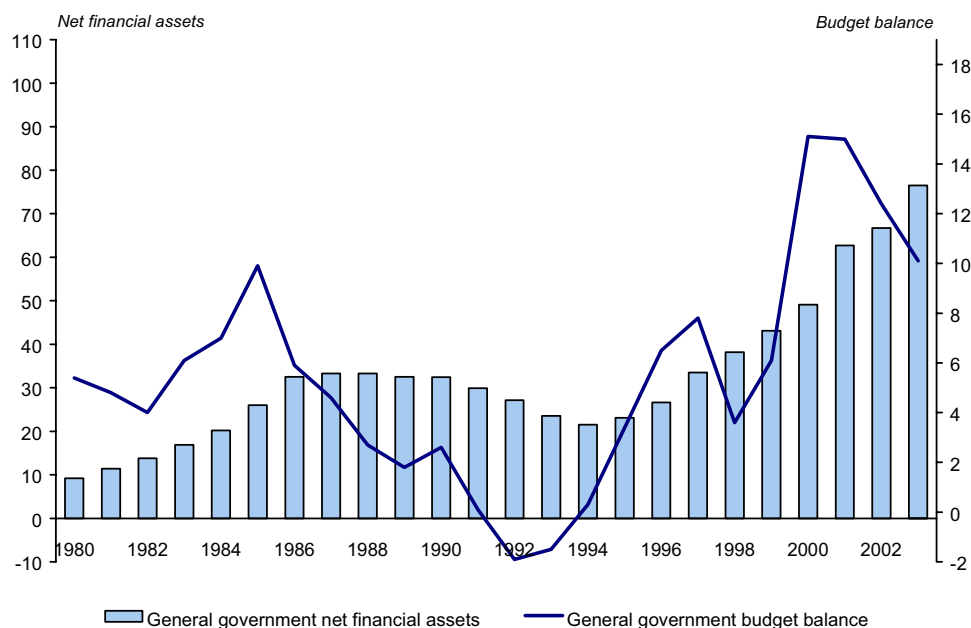
2) Deposits in commercial and savings banks, participation in mutual funds, funds for insurance commitments, equity-linked bonds

3) Deposits in commercial and savings banks, participation in mutual funds, insurance premiums recorded as income over the last 12 months, equity-linked bonds

4) Deposits in commercial and savings banks, participation in mutual funds, insurance premiums recorded as income over the last 12 months

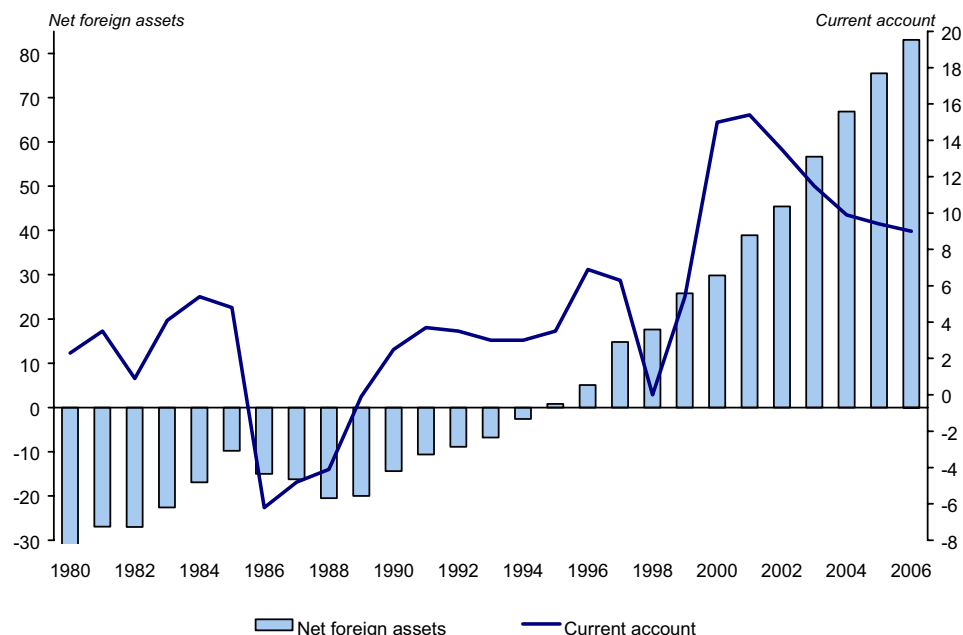


## General government's financial position <sup>1)</sup> (Per cent of GDP)



Source: Ministry of Finance

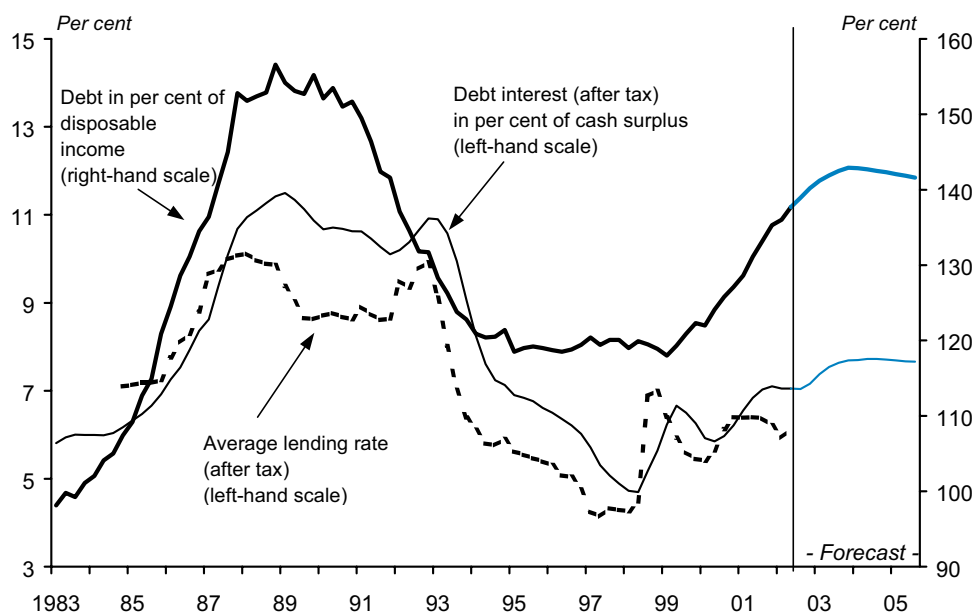
## Current account and net foreign assets (incl. private sector) <sup>1)</sup> (Per cent of GDP)



Source: Ministry of Finance

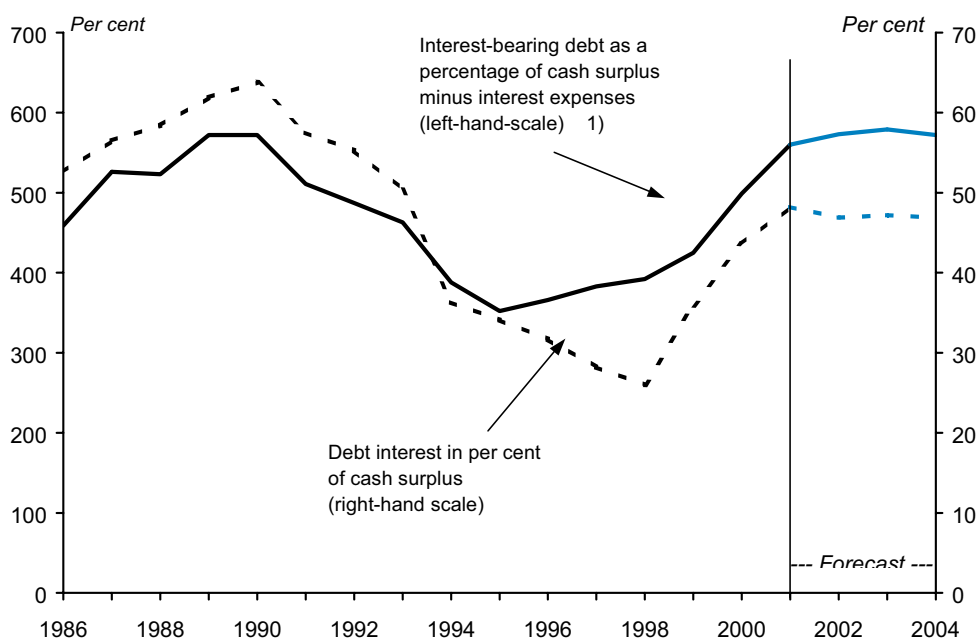
1) The projections are based on an assumed oil price of NOK 200 per barrel in 2002, NOK 180 in 2003 and NOK 146 in 2006. (The oil price in December 2002 was NOK 197 per barrel and in March 2003 NOK 218)

## Household debt servicing capacity



Source: Norges Bank

## Private non-financial enterprises excl. petroleum and shipping



Source: Norges Bank

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



