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Directors' report

In December 1999, Den norske Bank ASA became a subsidiary of DnB Holding ASA, which at the same time became the holding company of the DnB Group. In addition to Den norske Bank ASA, the financial services group comprises Vital Forsikring ASA, Vital Fondsforsikring AS, Vital Skade AS and DnB Kapitalforvaltning ASA, as well as a number of sub-subsidiaries. Den norske Bank ASA, the Group's largest entity, is responsible for the Group's commercial banking operations and has balance sheet assets of NOK 315 billion, representing 77 per cent of the Group's total combined assets.

As part of the merger between DnB and Postbanken, Den norske Bank ASA and Postbanken AS were merged on 1 December 1999 with Den norske Bank ASA as the acquiring company. The Board of Directors of the Bank prior to the merger was retained, though in connection with the introduction of the new group structure, a new Board of Directors was elected in Den norske Bank ASA on 20 December 1999.

Den norske Bank ASA offers banking services and products to customers in Norway and abroad. Customer service is provided primarily through branches, post offices and regional financial services centres in Norway, as well as through branches in London, New York, Singapore, Copenhagen, Stockholm and Hamburg. Furthermore, centralised units in Oslo and Bergen provide service to corporate clients, including large corporates and shipping clients. The Bank also includes foreign exchange and capital markets activities in DnB Markets and cash management services under the business area Payment Services. In addition, operations include support functions for product areas and market segments in the Bank and other group companies, including information technology and logistics.

Den norske Bank ASA has a large number of directly-owned subsidiaries, the largest of which are DnB Finans, DnB Investor, DnB Kort, DnB Factoring and DnB Eiendom. Operations in all these units are linked closely to those of the Bank, though for legal or practical matters, they are organised as independent subsidiaries. All subsidiaries are consolidated in the DnB Group.

Looking back on 1999

All figures refer to the combined operations of DnB and Postbanken, for both 1999 and previous periods (pro forma accounting figures), unless otherwise stated. The Bank has been granted exemption by the Banking, Insurance and Securities Commission from the requirement to prepare consolidated accounts for the Bank and its subsidiaries. The Bank and its subsidiaries are consolidated in the group accounts of the parent company DnB Holding ASA. All figures in the Directors' report thus refer to the accounts of Den norske Bank ASA, unless special reference is made to other units within the Group. In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis.

Den norske Bank, like the DnB Group, experienced significant progress in 1999 and passed a number of milestones. The merger with Postbanken was of major significance, and the Bank achieved sound profits for the year. The formal profit and loss accounts for 1999, in which Postbanken is included only for the fourth quarter, showed profits of NOK 1 962 million.

The 1999 profits for DnB and Postbanken on a pro forma basis totalled NOK 2 321 million. Corresponding pro forma accounting figures for total operations in 1998 were NOK 439 million.

Pre-tax operating profits before loan losses totalled NOK 2 608 million for the full year on a pro forma basis. Ordinary operating profits before special provisions for restructuring, write-downs etc. were NOK 3 322 million, up from NOK 1 967 million in 1998.

The accounts reflect a substantial improvement in income, while cost developments are in line with targets. There were net reversals of NOK 77 million on losses and loan-loss provisions in 1999, while the tax charge was relatively low.

Challenges and results achieved in 1999

At the beginning of 1999, the Bank and the DnB Group faced major challenges. Profitability was weak following a year of volatility in financial markets and sizeable losses in certain segments of the credit portfolio. Costs were too high relative to the Group's income, while the Group's core capital ratio was too low to support growth.

Measures were initiated early in the year to scale back credit risk in both international operations and in Norwegian credit portfolios. DnB opted to reduce the volume of high-risk commitments by selling loans and terminating account relationships, while more stringent credit quality requirements were imposed on new commitments. Credit functions were reorganised and credit processes adjusted throughout the Bank. The representative office in Houston was closed and a separate unit was established for monitoring problem commitments in the dry cargo shipping segment.

In an effort to align cost levels with income, a project was launched in early 1999 to improve cost efficiencies throughout the Group, focusing initially on functions and cost levels in the Bank. Targets were set for cost reductions over a three-year period. The Group targeted cost cuts from 1998 to 1999 of minimum NOK 150 million on a comparable basis, and NOK 400 million after two years. Of this, NOK 137 million referred to the Bank in 1999 and NOK 366 million in 2001. To reach these targets, group management launched a large number of projects with monthly reviews, and DnB's 1999 target was met with a comfortable margin. These efforts will continue in the year 2000.

Measures to bolster capital adequacy for the Bank and the Group in 1999 included a prudent lending policy based on relatively moderate growth, along with a reduction in high-risk commitments. One of the purposes of the merger with Postbanken was to strengthen core capital and bring down the average risk level in the credit portfolio. As a result of these measures along with healthy profits for 1999, the Bank was well capitalised with a core capital ratio of 7.9 per cent as at 31 December 1999.

Introduction of new group structure

At an Extraordinary General Meeting on 20 December 1999, a new group structure for DnB was approved. The restructuring was based on conditions relating to DnB's concession for the acquisition of Vital, which subsequently led to instructions from the Norwegian authorities to further separate insurance operations from banking operations. To accomplish this, DnB Holding ASA was established as the stock-exchange listed holding company heading the group of companies that now form the DnB Group. At the Extraordinary General Meeting on 20 December, shareholders in Den norske Bank ASA approved a proposal to exchange shares in the Bank for shares in the new holding company. Den norske Bank ASA and Vital Forsikring ASA thus became sister companies in the new group structure under DnB Holding ASA. Furthermore, DnB Holding ASA acquired the shares in Vital Fondsforsikring, Vital Skade and DnB Kapitalforvaltning, formerly Vital Kapitalforvaltning, from other companies within the Group.

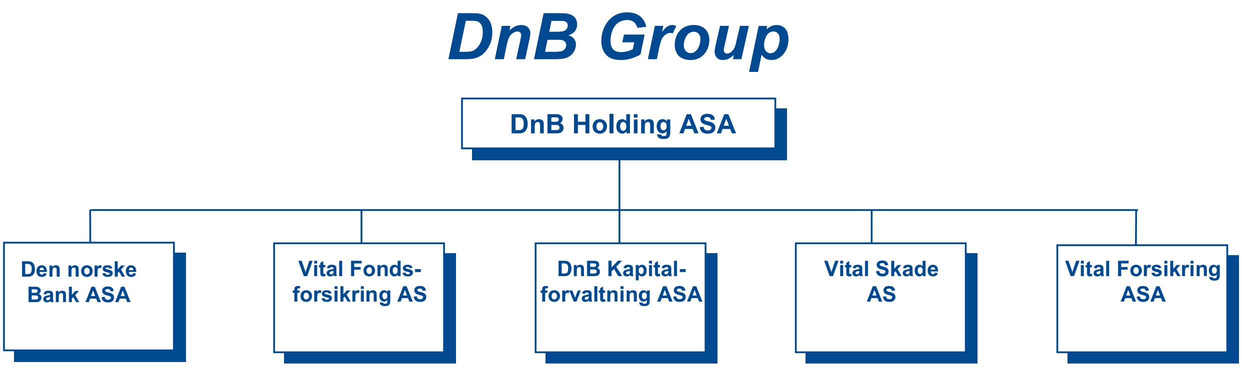
The shares in Vital Forsikring ASA and Vital Fondsforsikring AS were held by Vital Forsikring Holding AS, a subsidiary of the Bank. The shares were sold at true value, providing gains of NOK 1 255 million for the Bank's subsidiaries. Correspondingly, the Bank transferred the shares in DnB Kapitalforvaltning to the new holding company, resulting in a loss of NOK 14 million.

In connection with the establishment of DnB Holding ASA, a credit of NOK 4.3 billion was granted from Den norske Bank ASA to finance the acquisition of the Vital companies and DnB Kapitalforvaltning. The loan was granted on general market terms with repayment over 20 years.

At a meeting held on 21 December 1999, the Supervisory Board elected the new Board of Directors in Den norske Bank ASA.

On 1 January 1999, the Board of Directors of Den norske Bank ASA appointed an Audit Committee as a subcommittee of the Board. Following the restructuring of the Group, the Committee has continued to function as the Audit Committee for DnB Holding ASA. The Audit Committee has been set up to carry out thorough reviews of specific issues and report back to the Board. In 1999, the Committee has primarily focused on matters relating to the preparation of accounts.

The figure below shows Den norske Bank's position within the new group structure.



Merger between Den norske Bank ASA and Postbanken AS

On 23 March 1999, the Boards of Directors of Den norske Bank and Postbanken presented a proposal to merge the two financial services groups. A concession was granted by the Ministry of Finance on 14 October 1999, and the merger came into effect on 1 December 1999.

The merger proposal was based on the need for a large, highly competitive Norwegian financial services group which would be well positioned to meet rising competition in the domestic and international financial markets. The two groups complement each other with respect to services, customer groups, product areas and geographical market coverage. After the merger, DnB is Norway's leading financial services group with a nationwide distribution network. Postbanken's agreement with Norway Post remained unchanged in DnB. For customers, the merger implies a wider range of financial services and greater convenience. For shareholders, the merger forms the basis for more stable and competitive returns.

As merger consideration, the Norwegian government, as owner of Postbanken AS, received 138 157 985 shares in Den norske Bank ASA and a cash payment of NOK 300 million. Government holdings in the DnB Group thus increased from 52.2 to 60.6 per cent. Upon the restructuring of the Group, these holdings were transferred to DnB Holding ASA. In connection with the merger, the parties assumed that the government will uphold its declared intention to reduce its ownership to one-third.

Year 2000 transition

The transition to the Year 2000 did not involve problems of any kind in the Bank's systems. The Board of Directors has concluded that extensive preparations from 1995 proved effective. Together, DnB and Postbanken spent NOK 201 million on measures related to systems compliance and testing.

Strategy

As the DnB Group's commercial banking operation and largest legal entity, Den norske Bank is a major element in all aspects of the DnB Group's strategy. Den norske Bank's strategy is to provide financial services and products within the banking sector to the Group's customers in compliance with the Group's strategy. The principal activities of most business areas in the DnB Group are within banking, and the Bank's strategy is thus closely coordinated with the Group's overall strategy.

DnB's strategy reflects developments in the financial market, such as structural issues. The Nordic region has not been immune to the extensive changes which have taken place in the financial services industries in other European countries and the rest of the world. In Norway, the interest in acquiring Christiania Bank has led to a lively debate about the future of Norwegian financial institutions.

DnB has followed recent developments carefully to ensure that the Group's strategic responses are entirely consistent with delivering the best results for our shareholders.

Another important factor in determining the Group's strategy has been the development of the Internet as a global marketplace for the purchase and sale of products and services. The combination of global telecommunications and software standards has meant that the Internet is the first global medium which offers users identical options when accessed from any location in the world.

Strategic focus

DnB is dedicated to delivering shareholder value through the optimum use of its unique customer franchise. No other financial institution in Norway has a corresponding interface with its customers. In addition, the Group's Internet services, through dnb.no and postbanken.no, show fast growth.

This unique customer franchise will be the focus of DnB's strategy by ensuring that the most value for our shareholders is extracted from the best distribution network and the best solutions at the lowest cost.

Financial targets

As a result of the more focused strategy, DnB has reviewed its financial targets. Growth in a number of areas coupled with cost control and improved credit routines provide the basis for increasing the Group's return on equity target. The Group's return on equity target has been increased from 12 to 15 per cent, based on a risk-free market rate of 6 per cent. In consequence, a new cost/income ratio target has been set at 55 per cent. The new target figures are based on further streamlining of operations and improved capital efficiency. DnB aims to meet these targets in the course of three years. These adjustments will have a strong impact on the Bank's operations.

Strategic direction – gateway to the best products

DnB is committed to providing its customers with access to the best financial products in the market. When those products are not available from within the DnB Group of companies, DnB will seek solutions from external suppliers. This could be of particular relevance for product areas where it is impossible to obtain critical mass in the Norwegian market. In such areas, DnB will therefore try to find international partners to secure competitive solutions for the most demanding customers.

DnB will create an operating environment based on appropriate management reporting systems, remuneration packages and ambitious financial targets, which will enable the Group to select and deliver the right products. DnB Group product areas will have to make sure that their products are not only able to compete with products from external suppliers in terms of performance and suitability, but also in terms of cost. This will create a competitive environment within the Bank and the DnB Group, which are expected to deliver the best products at the lowest possible price.

Strategic direction – gateway to Norway

DnB's unique distribution system means that international entities requiring products or services in Norway, will want to use DnB as their partner. This places DnB in a strong position to attract non-Norwegian customers. DnB will also be the preferred partner for international financial institutions.

Strategic direction – niche products

Norway has high personal computer, mobile phone and Internet penetration. Educational standards are above the European average.

DnB will seek to maximise this combination to develop technology relating to financial services which could, in certain selected areas, be offered in markets outside Norway. Such areas could be Internet-based or require special professional skills, e.g. to support the development and operation of national payment services. Following the merger with Postbanken, DnB is Norway's largest payment services organisation and expertise in this area could be attractive to countries in the process of developing their national payment systems. Additional expertise that could have an application in markets outside of Norway would include the shipping and offshore sectors.

Capital efficiency

As part of the process to improve capital efficiency, the Board of Directors will present a proposal to the Annual General Meeting in DnB Holding ASA authorising the Board to repurchase up to 10 per cent of the shares outstanding if the prevailing situation indicates that this is the correct action. The implementation of such a repurchase is conditional on approval by the Banking, Insurance and Securities Commission. A further condition set by the Board is that the Norwegian government, represented by the Government Bank Investment Fund, will accept selling a comparable share of its holdings as the reduction in private shareholdings to ensure that government holdings are not increased. Moreover, the issue of hybrid capital eligible for inclusion in core capital will be considered. DnB has applied for permission from Norwegian authorities to issue such capital up to a maximum of 15 per cent of the Group's core capital. It is assumed that such debt instruments will be issued by Den norske Bank ASA.

A further proposal to the Annual General Meeting in DnB Holding ASA involves the establishment of an option scheme for employees within the Group. The Board of Directors of Den norske Bank has, in principle, sanctioned the scheme. The aim is to strengthen employee ties to the Group and thus motivate further efforts to increase shareholder value. The option scheme will be of a long-term nature with a five-year maturity, with the possibility of partially exercising the options after three years.

Review of the annual accounts

The Bank's formal accounts, in which Postbanken's contribution is included only for the fourth quarter, showed profits of NOK 1 962 million for 1999. In 1998, without Postbanken, Den norske Bank ASA posted profits of NOK 366 million.

On a pro forma basis including Postbanken for the full year, Den norske Bank recorded total profits of NOK 2 321 million in 1999, compared with NOK 439 million in 1998. Loan losses were brought down from NOK 1 151 million in 1998 to NOK 77 million in net reversals in 1999.

Ordinary operating profits before special items amounted to NOK 3 322 million in 1999, an increase of NOK 1 355 million. Ordinary operating income rose by 17.1 per cent, while ordinary operating expenses went up 1.8 per cent. Total pre-tax operating profits before loan losses were NOK 2 608 million, as against NOK 1 816 million in 1998, following net charges of NOK 714 million in special items to the 1999 accounts. This figure included a total of NOK 570 million in various restructuring costs, of which NOK 481 million was recorded as fourth-quarter provisions relating, among other things, to the integration of Postbanken and Den norske Bank.

NOK 77 million in reversals on previous loan-loss provisions were recorded for the full year due to improvements in asset quality. Non-performing and doubtful commitments at year-end 1999 came to NOK 4 178 million, some NOK 1 billion below the year-earlier figure.

Following the merger with Postbanken and strong performance in 1999, the core capital ratio at year-end was 7.9 per cent. The Bank's total combined assets as at 31 December 1999 stood at NOK 315 billion, of which NOK 63,4 billion stemmed from Postbanken.

Income

A stronger Norwegian krone gave Norges Bank scope to lower key rates by a total of 2.5 percentage points during 1999. This had a positive impact on Den norske Bank's net interest income, which amounted to NOK 6 408 million for combined operations in 1999, as against NOK 5 943 million in the previous year. On average, total lending and deposit spreads were slightly higher in 1999 compared with 1998. As a result of the merger, the combined spread expanded by around 0.44 percentage points compared with DnB levels prior to the merger. Average lending volumes for DnB and Postbanken rose by NOK 8 billion, while average deposits climbed from NOK 168 billion to NOK 175 billion over the two-year period, following a sharp rise in the last part of 1998.

The sluggish growth in lending can be partly attributed to the reduction in volume of the Bank's high-risk commitments in both the domestic and international markets. There was, however, an increase in domestic low-risk lending during 1999, particularly in the retail market. Though this shift squeezed average lending spreads somewhat, it also lowered the average risk level. Combined spreads showed an increase towards the end of 1998 in the wake of the turbulence in financial markets and contracted in 1999 in line with decreasing interest rates in the money market and a return to normal conditions in financial markets.

Other balance-sheet items and interest rate positions gave a slight boost to net interest income in 1999 compared with 1998. The reduction in non-performing and doubtful commitments contributed to the improvement. The merger with Postbanken strengthened the ratio of deposits to lending by around 16 percentage points relative to the Bank prior to the merger. At the same time, the merger enhanced Postbanken's options for investing excess liquidity. Both of these factors reduced Den norske Bank's interest rate positions.

Other operating income came to NOK 3 734 million in 1999, NOK 994 million above the year-earlier figure. Strong performance in DnB Markets and growing cross-sales were primary factors behind this improvement.

Net other commissions and fees receivable on banking services rose by a total of 8.9 per cent from 1998 to 1999, to NOK 2 109 million. The increase was most pronounced within payment services and income from corporate advisory services, though sales and management of investment funds and income on securities trading also showed substantial growth.

Gains on foreign exchange and financial instruments, including equities, came to NOK 1 199 million for the year, up NOK 981 million from 1998, of which NOK 260 million represented gains on short-term shareholdings in 1999, as against the year-earlier NOK 133 million loss. Unrealised gains not recorded as income went up by NOK 418 million during the year.

Healthy earnings were recorded on customer business as well as trading and market making in foreign exchange and interest rate instruments. Gains on customer trading represented 74 per cent of income in DnB Markets. Unrealised gains on shareholdings totalled NOK 430 million at year-end 1999, as against NOK 12 million at the start of the accounting year.

Sundry operating income declined by NOK 20 million to NOK 244 million in 1999, mainly due to lower gains on the sale of fixed assets.

Expenses

Operating expenses totalled NOK 7 534 million in 1999, compared with NOK 6 867 million a year earlier, of which NOK 740 million represented special items such as restructuring costs, as against NOK 195 million in 1998. The special items in 1999 include NOK 75 million in allocations to the investment fund for employees, NOK 71 million in costs to address Y2K issues, NOK 24 million in losses and write-downs on fixed assets and NOK 570 million in total restructuring charges. NOK 89 million of these restructuring costs were charged to the accounts and included the closing of the Houston office and the winding up of equity sales and research operations in London and Stockholm, while NOK 481 million was earmarked in the fourth quarter of 1999 for the integration of Postbanken and DnB as well as other restructuring measures. The provisions were mainly to cover future expenses to speed up downsizing through the use of early retirement and severance packages upon termination of employment, the renegotiation and termination of current agreements with external suppliers regarding systems development and computer operations, as well as the sale and rehabilitation of vacated premises.

Ordinary operating expenses came to NOK 6 794 million in 1999, as against the year-earlier figure of NOK 6 672 million. The cost/income ratio for combined operations, measured as ordinary operating expenses relative to ordinary income, was 67.2 per cent for 1999, compared with 77.2 per cent in 1998. Staff in Den norske Bank, including Postbanken, was cut back from 6 204 to 5 968 full-time positions during 1999. Total costs for the development and operation of computer systems were reduced from NOK 1 720 million to NOK 1 657 million.

Cost developments in the former DnB and Postbanken diverged markedly in 1999. Postbanken was expanding rapidly within new areas of activity in 1998 and the beginning of 1999, thus costs escalated by a total of NOK 213 million from 1998 to 1999. A large part of this rise stems from increased marketing and IT investments.

Prior to the merger with Postbanken, DnB approved a plan for improving cost efficiencies within the Group, largely relating to functions within the Bank. In 1999, cost developments within the Bank and the Group remained well within the annual targets, despite increases in allocations to cover performance-based pay as a result of strong profits. The cost/income ratio for Den norske Bank excluding Postbanken averaged 59.9 per cent in 1999, compared with 69.5 per cent in 1998. Net expenses were reduced by NOK 87 million or 2.1 per cent. Costs rose as a result of the 1998 and 1999 wage settlements, in addition to a rise in performance-based pay in connection with higher earnings. Substantial cost cuts were achieved, however, due to the closing of operations, staff reductions and other rationalisation measures.

Loan-loss provisions and non-performing commitments

Den norske Bank recorded net reversals of NOK 77 million on previous loan-loss provisions in 1999, while the 1998 accounts were charged with NOK 1 151 million in net losses. There was a substantial reduction in problem commitments and loan losses in all business areas in 1999. Altogether, new losses of NOK 589 million were charged to the 1999 accounts, compared with NOK 1 840 million in 1998.

As at 31 December 1999, the Bank had NOK 4 178 million in net non-performing and doubtful commitments, down from NOK 5 214 million at year-end 1998. At the same time, asset quality was enhanced through the scaling back of high-risk portfolios in 1999. The merger with Postbanken also helped bring down the average risk level. These factors contributed to the reduction in the estimated normalised loan-loss level in the credit portfolios from 0.48 per cent to 0.40 per cent during 1999.

In consequence of the improved quality of the lending portfolio, the Board of Directors found it appropriate to record NOK 134 million in reversals on previous unspecified loan-loss provisions. In 1999, Postbanken increased unspecified loan-loss provisions by NOK 25 million, which has been carried forward in the consolidated accounts. For several years the Bank has been committed to developing and improving the quality of risk estimates which form the basis for calculating unspecified loan-loss provisions. In the 1999 accounts, calculations were correlated with the Bank's risk management systems, thus provisions derive directly from volume and risk in the different portfolios. In addition, estimates take account of previous experience regarding loss developments in the portfolios.

Taxes

Tax charges for 1999 totalled NOK 385 million. The relatively light tax burden stems in part from rules for the allocation of interest expenses in respect of taxes between the Bank's Norwegian and international operations. Changes in these rules are expected in 2000.

For several years, DnB has been involved in a dispute with Norwegian tax authorities regarding the write-down on preference capital in 1993. The dispute concerns whether the write-down should be included in the tax base for DnB. The Oslo Municipal Court ruled against DnB in 1998, however, an appeal was lodged and hearings started in January 2000. Judgment is expected during the first half of the year. If DnB finds favour for its views, losses carried forward will increase by NOK 2 189 million.

Assets under management

Total assets in the Bank rose by NOK 2.7 billion to NOK 315.3 billion as at 31 December 1999, based on comparable accounting figures for 1998. The integration of DnB and Postbanken's operations reduced the need for external funding in DnB and correspondingly reduced the need for placing deposits in low-interest securities. Thus, total investments in commercial paper and bonds declined by NOK 14.2 billion during 1999, and the funding requirement in the form of securities debt was brought down by NOK 6.8 billion.

Customer lending rose by a total of NOK 5.5 billion during the year after the paring down of high-risk portfolios and an increase in loans to low-risk segments. Growth in the retail market was NOK 5.6 billion or 6.2 per cent, and market shares were maintained throughout 1999. In other areas, DnB's market shares declined as a result of the strategy for reducing high-risk commitments, which included loans to the oil and gas sector, where DnB has scaled back its international operations. The overall reduction in such commitments was NOK 3 billion. Lending to the public and municipal sectors was also down due to narrow margins and less need for investing Postbanken's excess liquidity subsequent to the merger.

The ratio of deposits to lending was 80.7 per cent in 1999, up 1.8 percentage point from 1998. The integration of Postbanken enhanced the Group's deposits to lending ratio by around 16 percentage points. Deposits in DnB climbed sharply from the end of 1998 up till the summer of 1999 due to the volatility in financial markets in the autumn of 1998. Deposits totalled NOK 168.8 billion at the end of 1998 and NOK 177.1 billion as at 30 June 1999. The increase is partly attributable to weak growth in mutual fund investments in the subsidiary DnB Investor during the period. The lowering of interest rates in the first part of 1999 rekindled motivation to seek alternative forms of savings, which stabilised deposits in the second half of the year.

Risk and capital adequacy

DnB aims to maintain a moderate risk profile. In managing risk in the Bank, distinction is made between credit, market, liquidity and operational risk. Risk is managed through defined decisionmaking processes, authorisation systems and exposure limits. To facilitate comparison between and monitor developments within the various risk categories, a risk-adjusted capital (RAC) requirement has been established as a joint risk measurement tool. The table below shows developments in the risk-adjusted capital requirement for major risk categories.

Postbanken's portfolio is included in the figures for 1999, while figures for 1998 apply to DnB prior to the merger. NOK 1.5 billion of the increase in the overall RAC requirement as at 31 December 1999 stemmed from Postbanken. It is important to note that the risk-adjusted capital requirement does not provide a complete picture of the Bank's capital requirement. This is partly due to the fact that calculations of RAC requirements have a one-year horizon, while experience from the banking crises in Norway and other countries indicates that institutions should be adequately capitalised to allow for longer periods of weak performance.

Risk-adjusted capital requirement

Amounts in NOK billion	31 Dec. 99	31 Dec. 98 1)
Credit risk	9.0	8.3
Market risk	2.1	2.2
Liquidity risk	0.4	0.5
Operational risk	3.5	2.5
Total	14.9	13.4

1) Figures as at 31 Dec. 1998 do not include Postbanken.

Credit risk

The operative management of the credit process is carried out through credit approval routines based on a hierarchy of approval limits and standardised credit applications. Follow-ups and quality assurance are the responsibility of designated employees or committees. Due to sizeable losses in DnB's international entities in 1998, credit strategy was revised and operations restructured in London and Piraeus in 1999. The changes in credit strategy resulted in the closing of the Houston office.

In the Bank and the DnB Group, the primary tool for managing credit risk is risk-adjusted return on risk-adjusted capital. Commitments are classified according to expected default frequency and the relative magnitude of expected losses in the event of default during a normal business cycle. These figures represent normalised losses. When calculating the RAC requirement for individual commitments as well as for the portfolio, the correlation between commitments within the portfolio must also be taken into account. The RAC requirement and normalised losses are key elements in the pricing of credits and in measuring the profitability of lending operations.

Due to the expanding credit portfolio resulting from, among other things, the merger with Postbanken, the RAC requirement for credit risk rose by NOK 1.7 billion in 1999. Relative to overall net lending, however, normalised losses went down from 0.48 per cent to 0.40 per cent, standing at NOK 918 million at year-end 1999. Excluding the former Postbanken AS, there was a decline of 0.03 percentage points, which can be partly attributed to the scaling back of loans to petroleum and gas operations in the US. Lending volume to the shipping and aviation sectors was stable at 10.6 per cent of total lending as at 31 December 1999. In comparison, the corresponding percentage for DnB excluding Postbanken AS at year-end 1998 was 13.0 per cent.

The proportional reduction in the RAC requirement for credit risk reflects lower risk in the portfolio, including a decline in the volume of non-performing and doubtful commitments. Relative to total lending, non-performing and doubtful loans after specified provisions were down from 2.3 per cent to 1.9 per cent during 1999. There was a marked increase in loans with low normalised losses throughout 1999. These loans represented 74 per cent of the portfolio as at 31 December 1999. The primary factor behind this trend is Postbanken's sizeable portfolio of mortgage loans. However, there was also a rise in loans with low normalised losses in the rest of the portfolio. Excluding the former Postbanken AS, such loans represented 72 per cent at the end of 1999.

Maximum exposure limits have been set for certain industries in order to avoid excessive risk concentration. Maximum limits have been stipulated for the shipping and fisheries industries. In addition, special reports are prepared on developments in exposure to commercial and residential property.

The credit portfolio is well diversified with respect to customers and industries. Still, the portfolio is predominantly linked to Norwegian economic developments. In this perspective, a balanced shipping exposure is assumed to help offset other risk exposure and thus have a positive effect on the overall risk profile.

Developments in credit quality [1)]

Amounts in NOK billion	**31 Dec. 99**	**31 Dec. 98**
Low (< 0.25 per cent normalised losses)	239.2	222.8
Medium (0.25 per cent – 0.75 per cent normalised losses)	41.7	46.2
High (> 0.75 per cent normalised losses)	28.1	30.0
Non-performing and doubtful commitments	4.2	5.1
Total	313.2	304.1

1) Includes loans, guarantees and committed limits.

Market risk

DnB makes a distinction between risks stemming from the Group's trading activities, mainly in interest rate and currency markets, and from banking activities, including investments in equity instruments and properties. The RAC requirement for trading activities was down 13 per cent in 1999 as a result of a reduction in position limits for these operations. Such positions have been reduced in recent years, and these operations represent only a minor part of the Group's overall risk exposure. Compared with 1998, 1999 showed less dramatic fluctuations in exchange and interest rates. Following a 26.7 per cent slide in 1998, the all-share index on the Oslo Stock Exchange rose by 45.5 per cent in 1999.

Interest rate and currency risk in the former Postbanken AS was eliminated by the end of 1999, and the merged entity operates within the risk limits in effect in DnB prior to the merger.

There was a rise in the Bank's investments in equity instruments in 1999. The two main factors behind the increase were the transfer of NOK 567 million in such investments from Postbanken and a NOK 536 million investment in Storebrand shares. During 1999, the Bank sold its holdings in Fokus Bank, which had a market value of NOK 499 million at the beginning of the year.

The RAC requirement for trading activities is calculated on the basis of exposure limits and tests on the sensitivity of the portfolio to negative price developments. The RAC requirement for other market risk is calculated on the basis of current positions or limits and potential market movements.

Liquidity risk

The merger with Postbanken has resulted in a reduction in the Group's liquidity risk. The ratio of deposits to lending is up from 64 per cent at the end of 1998 for Den norske Bank prior to the merger to 81 per cent at the end of 1999 for DnB including Postbanken. The RAC requirement for liquidity risk is determined on the basis of additional costs arising from changes in DnB's funding rates relative to market rates in an extraordinary situation where DnB's funding rates rise more steeply than market rates.

Operational risk

Substantial resources are assigned to internal control and quality assurance procedures in Den norske Bank. A system of internal control manuals has been established, describing routines and procedures. Internal control is basically a management responsibility, and each year reports are prepared and presented to group management and the Board of Directors.

The Bank distinguishes between three main categories of operational risk: *business risk*, which arises due to changes in external factors, including legislation and other parameters; *operational risk*, which is associated with losses caused by internal fraudulent behaviour and inadequate internal systems and processes; and *reputational risk*, relating to losses or declining revenues resulting from loss of confidence in the market.

No industry standard has been established for RAC requirements for operational risk. The RAC requirement for this risk category at end-December 1999 was roughly estimated at NOK 3 500 million, up NOK 1 000 million on the year-earlier figure. The increase is due to greater overall activity within the Group following the merger with Postbanken and the risk inherent in the integration process.

Capital adequacy

Den norske Bank had a core capital ratio of 6.9 per cent at the start of 1999, which had a limiting effect on lending growth. The merger with Postbanken lifted the Bank's core capital ratio by around 0.7 percentage points. Effective as of the 1999 accounting year, changes in rules on the calculation of primary capital introduced in early 2000 involved, among other things, the exclusion of intangible assets in the balance sheet from core capital. Previously, such exemptions only affected the overall capital adequacy. At year-end 1999, the total core capital ratio according to the new rules was 7.9 per cent, with capital adequacy at 10.7 per cent of risk-weighted assets and off-balance sheet exposure. Apart from the effect of the merger, the marked improvement in the core capital ratio, in spite of the new rules, is attributable to the reduction in the volume of high-risk lending in the portfolios and healthy profits in 1999.

Business areas

Den norske Bank ASA represents the banking operations of Norway's largest financial services group. The DnB Group has the largest range of financial services products in Norway, serving private individuals and companies as well as the public sector. Services offered through the Bank cover loans and deposits, savings, money transfers as well as capital markets products such as foreign exchange and Norwegian bond and equity instruments. Additional services include insurance, credit and debit card, factoring, leasing and real estate broking services provided by other entities within the DnB Group through the Bank's distribution network.

Along with the other companies in the DnB Group, Den norske Bank has the largest customer universe of any financial services group in Norway, with leading market penetration in all markets and product areas, such as retail banking, corporate banking, life insurance, savings products, payment services, capital market services and Internet banking. The Bank also provides international banking services abroad for its key customer segments.

Den norske Bank's products and services are available through a number of distribution channels, including Internet banking services - provided by dnb.no and postbanken.no - as well as 133 conventional branches, automated branches, telephone banking, 19 customers centres and 881 post offices. The post offices are owned by the Norwegian postal service (Norway Post), but serve Postbanken customers in accordance with an agreement between Norway Post and DnB.

Organisation of the Bank

The Group's operations are divided into three market segments and three product areas, as well as group functions and staff units. Operations in Den norske Bank ASA constitute the major part of activities in the three market segments and one of the product areas.

The current organisational structure was introduced in February 1999, aiming to merge similar market segments under joint management to ensure more uniform and effective customer service. As a consequence of the restructuring, operations involving private customers and small and medium-sized businesses were placed under joint management, while corporate and shipping clients were brought together within Corporate Banking, which also carries responsibility for DnB's international operations. In connection with the merger, Postbanken was defined as a separate business area based on the former retail segment in Postbanken ASA. In addition, Payment Services became a separate business area. Postbanken has been retained as a brand name.

About each business area

Retail Banking, serving private customers and small and medium-sized corporate clients through the Bank's branches and distribution network in Norway, recorded healthy profits from 1998 to 1999. Net interest income was up 9 per cent, mainly due to positive interest rate trends in 1999. Margins have been under pressure. The business area recorded sound growth in income from cross-sales, especially with respect to equity-linked bonds and insurance products. Operating expenses were down from 1998 to 1999.

The Postbanken business area, which basically serves private customers through the post office network and under the Postbanken brand name, almost doubled operating profits following strong lending growth during 1999. Lending activity is based on products with low credit risk.

Corporate Banking, which provides service to shipping clients and large Norwegian corporate clients in Norway and abroad, experienced healthy progress in 1999. Interest margins expanded somewhat in these segments. Expenses were markedly reduced due, among other things, to the restructuring of operations outside Norway. There was a sharp fall in losses, from NOK 930 million in 1998 to NOK 18 million in 1999.

DnB Markets achieved record profits in 1999, with a 136 per cent rise in ordinary operating profits. The cost/income ratio was 52 per cent. DnB Markets and corresponding operations in Postbanken were fully integrated by the end of 1999.

Private customers

Private customers are served by the Retail Banking business area under DnB's brand name as well as through the Postbanken business area and brand name. DnB's share of lending to the retail market remained stable at 17.1 per cent in 1999. More than 90 per cent of DnB's total lending to this sector represents residential mortgage lending. Postbanken recorded an increase in its lending portfolio of 15.5 per cent in 1999.

By the end of 1999, Den norske Bank, including Postbanken, had attained a market share of approximately 26 per cent of Norwegian household savings, including bank deposits, investment funds and premiums paid on life insurance policies.

During 1999, Den norske Bank continued to develop its Internet bank offering via dnb.no and postbanken.no. Customers of DnB are increasingly turning to the Internet to meet a wide range of banking requirements and it is expected that this development will continue in the future as customers come to appreciate the greater flexibility offered by Internet banking services.

DnB has also continued to develop its geographic distribution network by establishing ten regional centres which provide advisory services for a broad range of financial products to customers.

In addition, through an agreement with Norway Post, Postbanken customers can access financial services from the 881 post offices located throughout Norway, as well as 19 customer centres. Approximately 700 000 payment cards have been issued under the brand name Postbanken. Around 113 000 customers use DnB's telegiro service, while DnB Direkte, Norway's largest telephone bank, has some 25 000 customers.

Small and medium-sized companies
The small and medium-sized business sector is generally served by Retail Banking and Postbanken. In February 1999, DnB reorganised its approach to such customers by assigning management responsibility to Retail Banking. As several of these have similar needs to private customers, coordination under one business area was considered the best way to respond to customer requirements.

DnB is Norway's largest provider of banking products to small and medium-sized Norwegian companies, with over 63 000 customers in this segment.

Corporate Banking
Corporate Banking is responsible for DnB's relationships with large and medium-sized Norwegian and international companies, financial institutions, the public sector and shipping companies.

DnB's large corporate clients cover a wide range of industries, operating in many different markets locally and internationally. Accordingly, such clients need a variety of financial products, ranging from international cash management to the provision of corporate finance advice. DnB coordinates its efforts through customer teams headed by the principal relationship banker, who calls upon individual members within the product team in the Bank or in other companies within the Group to meet the customer's overall needs. Evidence of DnB's success in providing a wide range of services to corporate customers is the high proportion of non-credit income generated by Corporate Banking.

Large corporates
Clients in this segment include a wide range of manufacturing companies as well as trading companies, energy companies, the public sector and financial institutions.

DnB has the largest market share among Norwegian financial institutions for the provision of financial services to large Norwegian corporates. DnB has a lead banking relationship with around 60 per cent of the largest companies in Norway. Such companies have sophisticated banking requirements and expect the highest level of professional support from the Bank. The Corporate Banking Division has achieved strong results over recent years, with particular improvements being recorded in the areas of cross-selling and reduced costs as a percentage of revenues. In 1999, non-credit income reached approximately 75 per cent of revenues in this segment.

During 1999, DnB concentrated on developing its position as market leader in its chosen market, while at the same time reducing its exposure to non-core activities. In this context, DnB reduced part of its lending to the energy sector in the US.

Lending to large corporates amounted to NOK 50.4 billion at the end of 1999. Deposits from large customers totalled NOK 34.8 billion in December 1999, compared with NOK 34.7 billion at the end of 1998.

Shipping clients
DnB has a long history of expertise in the shipping and offshore industry and is considered to be one of the world's leading shipping bankers. With shipping personnel located in offices in Oslo, Bergen, London, New York and Singapore, DnB is well placed to provide the services needed by the leading Norwegian and international shipping clients.

During 1999, the Bank successfully carried out a systematic reduction of the higher risk elements in its shipping portfolio. Den norske Bank has continued to re-position itself as a financial services group for larger, established shipping clients which, apart from being generally of high credit quality, also require more sophisticated financial products.

Total lending to the shipping and off-shore sector at the end of 1999 amounted to NOK 27.2 billion, a decline of NOK 1.3 billion on the comparable figure for 1998. Similarly, deposits from shipping customers contracted by 9 per cent to NOK 11.9 billion.

Medium-sized corporate clients
Medium-sized corporate clients in Oslo are served by Corporate Banking, while in other parts of the country, this segment is handled by Retail Banking. In recent years, cross-selling and cooperation through product teams has been successfully achieved in this market segment. A key to this success has been the combination of corporate banking competence, local knowledge and access to high-quality financial products. More than 64 per cent of total revenues in this segment are derived from non-credit activities.

DnB Markets
DnB's capital markets activities are carried out by DnB Markets, a business area within the Bank. DnB Markets is Norway's largest capital markets business with a market share of about 30 per cent of total Norwegian investment banking revenues.

A wide range of products and services are offered to Norwegian customers, including foreign exchange and interest rate products, bonds and loan syndications, corporate finance advice, new equity issues, equities broking and other services.

DnB Markets has continued to expand its customer-related business and revenues, and growth in 1999 was particularly strong. During 1999, DnB Markets succeeded in generating approximately 72 per cent of its revenues from customer fees and other customer related-revenues. Market making and trading has been concentrated mainly on Norwegian kroner and Nordic markets. As part of its strategy of reducing exposure, DnB Markets closed down its share trading activities in Stockholm and London in July 1999.

As anticipated, there has been some loss of revenue arising from the introduction of the euro on 1 January 1999, which led to a narrower range of foreign exchange business. However, the continued volatility of the Norwegian krone against many major currencies led to high volumes of krone-related customer activity during 1999. Together with successful market making in Norwegian kroner, this more than compensated for the loss of business following the introduction of the euro.

Norwegian capital markets experienced high levels of corporate finance activity during 1999, particularly in the area of mergers and acquisitions, which enabled DnB Markets to secure a high share of the revenues arising from such activities.

In addition, DnB Markets was able to generate strong income growth as a result of the increased focus on investment and savings products, such as equity-linked bonds and the record levels of retail equities sales. Sales of equity-linked bonds exceeded NOK 1.6 billion for the year.

Due to ever keener interest in the stock market, DnB Markets launched an Internet-based share trading product, dnb.aksje, in December 1999, which already has more than 6 000 customers.

Postbanken's customer franchise combined with the further development of DnB's ten regional sales offices will strengthen significantly the distribution capacity for DnB Markets' products throughout Norway.

DnB Markets remains Norway's largest provider of custodial services for securities management.

Payment Services

DnB offers a variety of payment services, ranging from conventional cash-based transfers through electronic and telephone banking to the Internet.

Tailored electronic cash management solutions are offered to large corporate clients both within Norway and internationally. Den norske Bank is the only Norwegian bank linked to both the European Union's real-time gross settlement system, Target, and the inter-bank payment system, Chaps Euro, enabling DnB to provide euro-denominated payments to Norwegian customers in the same way as banks within the European Union.

The use by customers of electronic payments has increased by more than 15 per cent over the past two years, ensuring that, at present, around 60 per cent of all DnB's payment transactions are carried out electronically.

DnB's dedicated telephone banking service, DnB Direkte, has around 25 000 customers, who, on average, make 44 000 banking requests each day, 90 per cent of which are handled automatically by an electronic answering service. Around 113 000 customers use DnB's telephone payments service, telegiro, to carry out banking services. In addition, more than 70 000 companies and over 890 000 private customers use Postbanken's Clearing House for payment services.

Internet Banking – dnb.no and postbanken.no

Postbanken launched its Internet bank - postbanken.no - in 1998 and has seen considerable growth in the number of subscribers. DnB introduced its full-service Internet banking product - dnb.no - in early 1999 and has also recorded strong growth in the number of customers using this service. By the end of 1999, postbanken.no had around 53 000 and dnb.no 26 000 registered users. With a combined total of some 80 000 registered users, the DnB Group is by far Norway's largest Internet bank and new registrations continue to grow.

The range of banking products available to customers who have signed Internet banking agreements includes money transfers, car and mortgage loan applications, life insurance, pensions schemes, share trading, information on real estate for sale, foreign exchange prices and regular statement viewing, along with factoring services such as financing, turnover and accounts receivable ledger. The range of services will be expanded in 2000.

Utilisation of both dnb.no and postbanken.no increased during the year, and in December 1999, some 334 500 payments were carried out via DnB's Internet bank, an average of 4.2 payments per customer. At each visit, customers were, on average, viewing 3.5 features provided by DnB's Internet bank. The most frequently visited applications are statement viewings, money transfers, foreign exchange rates and real estate.

Most customers of the Internet bank are existing customers of DnB and Postbanken who have chosen to switch to the Internet bank as it is both less expensive and more convenient to use. DnB's and Postbanken's Internet banking products are considered premium products, yet at the same time less expensive for customers to use than conventional banking outlets, such as over-the-counter services. The Internet bank is not only a new means of en-abling DnB customers to access banking services, but also an opportunity for DnB to offer customers a wider array of financial service products which can be viewed, considered and bought by the customers at their convenience. DnB and Postbanken customers who use the Internet largely favour visiting the various sites between 7:00 and 9:00 p.m., with Sunday evenings being particularly popular.

DnB aims to also use the Internet to sell a greater number of products to customers. Further development of the Internet as the customer's preferred channel for financial service products includes the introduction of e-commerce, which is already available to loyalty programme customers, and e-billing, which will be made available to customers during 2000.

DnB was the first financial services group in Norway and among the first in the world to launch a fully operational WAP-based banking service.

Environment

Den norske Bank's operations were, also in 1999, characterised by restructuring, streamlining and cost reductions in connection with the introduction of new technology and reorganisation of the branch network. It has thus been necessary to focus on effective preventive measures within health, safety and environment, which include the layout of each workplace and the adaptation and organisation of job tasks. In addition, approved procedures should be followed to ensure that individual employees feel that their needs are properly attended to.

The Bank is committed to providing a sound physical and social working environment for all employees. This principle is an integral part of the Bank's approved health, safety and environment policy.

In accordance with standard procedures for health, safety and environment, department heads are responsible for ensuring that the working environment in each department is reviewed once a year. Any measures required should be implemented in line with action plans prepared in cooperation with the department's safety representative. The Working Environment Committee has prime responsibility for ensuring that this process is implemented.

A total of ten occupational injuries were reported in 1999, none of which were of a serious nature. The most common complaints relate to muscular and skeletal ailments, along with problems caused by uncertainty resulting from the merger and restructuring processes.

In 1999, absence due to illness averaged 5.1 per cent of total working hours, a reduction from 1998. Measures initiated to further reduce this rate include tailor-made exercise programmes within or outside working hours aimed at groups requiring special attention, as well as a separate programme for following up employees on long-term sick leaves.

The Board of Directors would like to thank the entire staff for their wholehearted efforts in a year marked by extensive integration and reorganisation.

The Board would also like to thank the Bank's former board members for their contributions.

Environmental policy

In 1999, DnB was the first Norwegian bank to sign the UNEP Statement on financial institutions' commitment to environmental management. The incorporation of environmental considerations within key areas such as business operations, purchasing, internal operations and health, safety and environment for the employees was continued in 1999.

DnB's environmental strategy aims to:

- develop sound environmental attitudes and standards which secure financial performance and competitiveness.
- contribute to the development of an environmentally sound society through DnB's role as lender, financial advisor and employer.

For DnB, this implies increased focus on environmental management, which means that the achievement of environmental goals will be included in the corporate management principles. Further, the environmental strategy implies identifying and quantifying environmental risks associated with our business operations, including risks inherent in projects and operations financed by DnB.

DnB cooperates with a number of environmental organisations to promote environmentally sound use of resources.

The main challenge for DnB in this area is to give environmental policy practical significance for employees throughout the organisation.

The external environment

DnB's operations have little impact on the external environment. Major factors are the Bank's use of energy, paper products and air travel. A number of special measures have been implemented internally, e.g. the sorting and recycling of waste and the selection of suppliers and products meeting recognised environmental standards.

Outlook for 2000

The global economy improved more rapidly than expected throughout 1999. The crisis-ridden Asian countries experienced a swift recovery, while the strong economic expansion continued in the US. Though growth in EU countries was lower in 1999 than in 1998, there was an upward trend throughout the year. Increased fear of inflation contributed to the substantial rise in international long-term interest rates. Norwegian bond yields followed this upward trend.

The Norwegian economy slowed down somewhat in 1999 following substantial growth over the five previous years, primarily due to declining investment. Profitability in large parts of the manufacturing industry reflected the pressures of high cost levels as well as the contraction in oil investment.

Further expansion in the global economy is expected in 2000. A moderate rise in interest rates is anticipated in the wake of the higher level of activity.

Conditional on continued strong growth in the US, Europe could be on the threshold of a marked export-driven upturn, with domestic demand remaining high.

Households seem likely to retain their optimism, and an increase in private consumption could trigger a gradual improvement in the mainland economy. Credit demand in the corporate sector is not expected to show much change in the short term, though investment growth will probably gain momentum towards the end of the year.

Growth in household income coupled with demographic factors indicate an increase in household savings, including private pension savings. Growth in bank deposits is likely to be lower than in insurance and securities funds, though the difference is assumed to be less pronounced than prior to the rise in interest rates in 1998.

Structural issues

The market for financial services is in a process of change. The erosion of sector barriers and expansion across traditional dividing lines are taking place in step with technological developments and the liberalisation of government regulations. International financial institutions are consolidating their presence in the Norwegian market through the acquisition of Norwegian competitors.

DnB wishes to play an active role in the restructuring of the financial sector. DnB is engaged in the debate on the future structure of the Norwegian financial sector and has changes in strategy under continuous consideration to ensure long-term competitiveness. In this connection, the Bank has acquired control of 8.5 per cent of the shares in Christiania Bank. In addition, Vital Forsikring has holdings of 1.2 per cent. DnB has taken this position with DnB's interests in mind amid the structural changes which must be expected in the financial sector.

Strong focus

The merger with Postbanken has opened up new opportunities for the Group, though it also involves great challenges. The successful completion of the integration process and realisation of synergies represent important tasks for management in the months ahead. At the same time, the merger provides scope for selling a wide range of products targeting new customer groups. Subsequent to the merger with Postbanken, DnB has the best distribution system in Norway. The distribution system will be further enhanced by focusing on the development and sales of Internet solutions. Product development is also a priority for the Bank.

Dividends and allocation of profits for 1999

Profits for allocation in the accounts of Den norske Bank ASA came to NOK 1 962 million in 1999. The Bank has received NOK 497 million in group contributions from subsidiaries. The Board of Directors proposed a group contribution of NOK 2 235 million to DnB Holding ASA and NOK 218 million to subsidiaries of the Bank.

These allocations are aimed to ensure a sound capital structure in the DnB Group and the optimal utilisation of tax positions. The Bank will be well capitalised after making group contributions, with a core capital ratio of 7.9 per cent and capital adequacy at 10.7 per cent.

Following group contributions, free reserves will represent NOK 7 503 million of total equity, amounting to NOK 18 534 million at the beginning of the year 2000.

On the basis of healthy performance, the Bank have allocated a total of NOK 75 million to the investment fund for employees. Allocations are made relative to annual profits on a level with previous allocations and are charged to the accounts. Due to the uncertainty regarding the treatment with respect to taxes of the current fund, a reorganisation of the scheme is under consideration.

Oslo/ Bergen, 14 March 2000
The Board of Directors of Den norske Bank ASA

Jannik Lindbæk
(chairman)

Marianne Lie Harg

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kåre Rommetveit

Ketil A. Stene

Anne Carine Tanum

Svein Aaser

Contents – annual accounts

Profit and loss accounts

Den norske Bank ASA

Amounts in NOK million	Accounts 1999	Accounts 1998	*Pro forma 1999*	*Pro forma 1998*
Interest income (notes 4, 6)	17 195	15 246	*20 836*	*19 056*
Interest expenses (notes 4, 6)	12 425	11 169	*14 429*	*13 112*
Net interest income and credit commissions (notes 4, 6)	**4 770**	**4 077**	***6 408***	***5 943***
Dividends (note 7)	127	254	*181*	*322*
Commissions and fees receivable on banking services (note 7)	1 968	1 609	*2 757*	*2 679*
Commissions and fees payable on banking services (note 7)	424	323	*648*	*743*
Net gain on foreign exchange and financial instruments (notes 7, 8)	1 008	315	*1 199*	*219*
Sundry ordinary operating income (note 7)	176	185	*218*	*220*
Gains on the sale of fixed assets	26	44	*26*	*44*
Net other operating income (note 7)	**2 881**	**2 084**	***3 734***	***2 740***
Salaries and other ordinary personnel expenses (notes 9, 10, 11, 12)	2 425	*2 235*	*2 849*	*2 757*
Administrative expenses (note 9)	1 167	887	*2 276*	*2 186*
Depreciation (note 9)	316	296	*403*	*375*
Sundry ordinary operating expenses (note 9)	895	832	*1 265*	*1 354*
Restructuring, write downs, etc. (notes 9, 13)	704	161	*740*	*195*
Total operating expenses (note 9)	**5 506**	**4 412**	***7 534***	***6 867***
Pre-tax operating profit before losses	**2 144**	**1 749**	*2 608*	*1 816*
Net losses/(reversals) on loans, guarantees, etc. (notes 14, 15)	(106)	1 140	*(77)*	*1 151*
Net gain on long-term securities (note 16)	21	184	*21*	*184*
Pre-tax operating profit	**2 270**	**793**	***2 706***	***849***
Taxes (note 17)	308	428	*385*	*410*
Profit for the year	**1 962**	**366**	***2 321***	***439***
Group contribution from subsidiaries	497	155		
Group contribution to subsidiaries	2 453	0		
Dividends	0	865		
Transferred to other equity (note 41)	6	0		
Transferred from other equity (note 41)	0	344		
Total transfers and adjustments	**1 962**	**366**		
Earnings per share (NOK)	2.91	0.57	*2.98*	*0.56*

Den norske Bank ASA

Amounts in NOK million	Accounts 31 Dec. 1999	Accounts 31 Dec. 1998	*Pro forma 31 Dec. 1998*
Assets			
Cash and deposits with central banks	13 093	2 147	*3 664*
Lending to and deposits with credit institutions (note 18)	25 886	19 102	*22 876*
Gross lending to customers (notes 18, 19, 20, 21, 22, 23, 24)	223 594	177 371	*218 792*
- Specified loan-loss provisions (note 25)	(2 245)	(2 868)	*(2 893)*
- Unspecified loan-loss provisions (note 25)	(2 017)	(2 063)	*(2 100)*
Net lending to customers	219 332	172 440	*213 799*
Repossessed assets (notes 34, 35)	66	53	*53*
Commercial paper and bonds (notes 18, 26)	32 975	27 730	*47 165*
Shareholdings etc. (notes 18, 27, 28, 29)	3 491	1 846	*3 215*
Investments in associated companies (notes 18, 30)	181	154	*154*
Investments in subsidiaries (notes 18, 31)	5 308	5 213	*5 247*
Intangible assets (notes 18, 32)	431	538	*728*
Fixed assets (notes 18, 33, 34, 35, 36)	2 439	2 388	*2 858*
Other assets (note 18)	9 096	9 022	*9 177*
Prepayments and accrued income (note 18)	3 018	2 733	*3 708*
Total assets	**315 317**	**243 366**	***312 644***
Liabilities and equity			
Loans and deposits from credit institutions (note 37)	46 067	45 344	*48 198*
Deposits from customers (note 37)	177 089	110 156	*168 815*
Securities issued (notes 37, 38, 39)	50 011	56 031	*56 851*
Other liabilities (note 37)	13 157	7 885	*9 719*
Accrued expenses and prepaid revenues (note 37)	1 826	1 987	*2 728*
Provisions for commitments (note 37)	1 288	776	*981*
Subordinated loan capital (notes 37, 38, 40)	7 344	6 936	*6 838*
Total liabilities	**296 783**	**229 113**	***294 130***
Share capital (note 41)	7 787	6 405	*7 787*
Share premium reserve (note 41)	3 244	333	*3 244*
Other equity (note 41)	7 503	7 515	*7 484*
Total equity	**18 534**	**14 253**	***18 514***
Total liabilities and equity	**315 317**	**243 366**	***312 644***

Other commitments and conditional commitments (note 47, 48, 49)

Cash flow statements

Amounts in NOK million	Den norske Bank ASA 1999	1998
Lending and funding activity		
Payments made on instalment loans	(75 147)	(66 508)
Payments received on instalment loans	69 770	57 462
Net payments/receipts on credit lines, current account deposits and other current accounts	11 271	2 822
Receipts on loans and guarantees previously written off	271	271
Deposits from customers	30 686	18 680
Repayment of customer deposits	(29 281)	(14 087)
Interest and commissions received from customers	13 877	11 605
Interest payments to customers	(7 710)	(4 690)
Net cash flow relating to lending and funding activity with customers	**13 738**	**5 554**
Investments in securities and financial derivatives		
Receipts on the sale of short-term investments etc.	32 063	10 235
Payments on purchases of short-term investments etc.	(32 490)	(10 062)
Net receipts/payments on trading in interest-earning securities	11 668	(5 693)
Interest earned on securities	1 845	1 183
Dividends received on short-term investments in shares and mutual funds	58	52
Net receipts/payments on trading in foreign exchange and financial derivatives	973	979
Net cash flow relating to trading in securities and financial derivatives	**14 116**	**(3 305)**
Operations		
Receipts on commissions and fees	1 975	1 604
Receipts on other operating income	199	239
Payments to operations	(5 403)	(4 409)
Taxes paid	(9)	(37)
Net cash flow relating to operations	**(3 238)**	**(2 603)**
Investment activity		
Receipts on the sale of fixed assets	380	179
Payments on the acquisition of fixed assets	(309)	(302)
Receipts on the sale of long-term investments in shares and associated companies	245	8
Payments on the acquisitions on long-term investments in shares and associated companies	(343)	(146)
Dividends received on long-term investments in shares and associated companies	69	201
Net cash flow relating to investment activity	**41**	**(59)**
Equity funding		
Inflows of subordinated loan capital	0	988
Outflows of repayments/instalments on subordinated loan capital	0	(509)
Receipts on group contributions	202	328
Dividend payments	(865)	(1 121)
Net cash flow relating to equity funding	**(663)**	**(315)**
Other liquidity financing		
Receipts on the issue of bonds	5 048	11 431
Repayment of bond debt	(8 850)	(822)
Net receipts/payments on other long-term liabilities	0	0
Net receipts/payments on other short-term liabilities	(919)	4 352
Net investments in/borrowings from credit institutions	(3 579)	(8 619)
Net interest payments on other liquidity financing	(4 748)	(4 313)
Net cash flow relating to other liquidity financing	**(13 048)**	**2 028**
Net cash flow	**10 946**	**1 300**
Cash and deposits with Norges Bank as at 1 January	2 147	847
Net receipts/payments on cash and deposits with Norges Bank	10 946	1 300
Cash and deposits with Norges Bank as at 31 December	13 093	2 147

The cash flow statements show cash flows grouped according to source and use. Cash equivalents are defined as cash and deposits with Norges Bank. Commercial paper and bonds, along with other financial instruments, represent a separate main category.

NOTE 1 - ACCOUNTING PRINCIPLES

CLASSIFICATION AND VALUATION

Long term investments
Subsidiaries are defined as companies in which Den norske Bank ASA, directly or indirectly, has a long-term ownership interest and a holding of more than 50 per cent of the voting share capital or primary capital and a decisive influence on the company's operations.

In the accounts of Den norske Bank ASA, investment in subsidiaries are recorded at cost.

Associated companies in which DnB has a long-term holding of between 20 and 50 per cent and a significant influence on operations, are carried in the banks accounts according to the equity method., while holdings in general partnerships are recorded according to the equity method.

Holdings taken over in connection with non-performing commitments are generally of a short-term nature.

The balance sheet items of foreign branches are translated into Norwegian kroner at the rates prevailing on the balance sheet date, while average rates are used for items in the profit and loss account. Changes in net assets due to exchange rate fluctuations are recorded directly against equity.

Trading portfolio and banking portfolio
DnB makes a distinction in the accounts between agreements entered into as part of proprietary trading to achieve a gain by exploiting price differences and changes, and agreements regarding the management of other operations. Agreements in the first category constitute the trading portfolio and are part of DnB Markets' operations, while all other agreements are included in the banking portfolio.

The trading portfolio includes negotiable securities, investment fund holdings, money market instruments recorded in the balance sheet, foreign currency positions and financial derivatives. The trading portfolio is recorded according to the market value principle.

Income from trading in interest rate and currency positions recorded in DnB Markets' balance sheet is classified as interest income. Other income from the trading portfolio is included under 'Net gain on foreign exchange and financial instruments' and 'Commissions and fees receivable on banking services'.

Loans and problem commitments
Loans are recorded at their nominal value with the exception of problem commitments, reduced-rate loans and loans to customers in debt rescheduling countries. All loans, guarantees and other outstanding claims against a customer are considered collectively.

Loans and other commitments which are not serviced in accordance with the loan agreement are classified as non-performing unless the situation is considered to be temporary. Commitments will be classified as non-performing no later than 90 days past the formal due date. Loans, guarantees etc. which are classified as high-risk without being in default are subject to special surveillance and risk considerations. If a loss is likely to occur on account of the value of collateral and the customer's financial position, the commitments are classified as doubtful. Non-performing and doubtful commitments are defined as problem commitments.

Repossessed assets
Repossessed assets are assets acquired by the Bank as part of the management of non-performing commitments. At the time of acquisition such assets are valued at their estimated realisable value. When assets are repossessed for prompt resale, they are classified as current assets. Any losses on the resale of and write-down for the diminution in value of such assets are recorded under losses on loans and guarantees, etc. as losses/write-downs on repossessed assets. Any gains or reversals of previous write-downs are classified as a reassessment on repossessed assets.

If assets are acquired for own use or for long-term administration and development, the assets are classified and evaluated as fixed assets in the balance sheet. Gains, losses, write-downs and reassessments of such assets are made according to the principles for assessing fixed assets.

Losses on loans and guarantees, etc.
Commitments classified as problem commitments are continuously monitored with respect to their loss potential. Any losses are classified as specified loan-loss provisions or write-offs. Specified loan-loss provisions represent an estimate of losses which can be linked to identified customers. Write-offs are losses which are considered final. Specified loan-loss provisions represent the difference between the nominal value of the commitment and the value of collateral and the customer's estimated solvency. Such provisions reduce the book value of the commitments in the balance sheet, and changes in provisions during the period are recorded under losses in the profit and loss account. When, in all probability, losses must be considered final, they are classified as write-offs. Write-offs covered by previous specified loan-loss provisions are netted against these provisions. Write-offs are recorded directly in the profit and loss account when the losses are not covered by previous loan-loss provisions or when there are deviations from previous provisions when losses on a commit- ment are considered final. Subsequent repayments on commitments previously classified as final losses are classified as recoveries on loans previously written off.

Once a commitment is classified as non-performing, unpaid interest taken to income and other income is reversed, and no further income is recorded unless coverage is provided by underlying values in the commitment. Interest accrued during the year is reversed under net interest income, while accrued, unpaid interest referring to previous years is charged to loan losses. The same procedure is applied for doubtful commitments, though interest paid is taken to income if collateral values and the customer's financial position provide adequate coverage.

Loans with significantly reduced interest rate terms are classified as reduced-rate loans. The difference between the original and the reduced interest rate terms is recorded as a write-off. The difference in interest income on these loans is calculated on the basis of actual maturity and discounted to net present value.

In segments with homogeneous customer characteristics, loan losses are assessed on the basis of previous experience and collateral value, customer solvency and the general economic situation. The resulting provisions are classified as specified.

Unspecified loan-loss provisions cover losses which, based on the situation on the balance sheet date, are likely to occur in addition to identified losses and specified loan-loss provisions. Unspecified loan-loss provisions will cover losses resulting from current events which have not yet been reflected in assessments of collateral values and the customer's financial position, as well as current events which must be expected to affect loan-loss assessments at a later date. Calculations of unspecified provisions are based on risk management systems and the division of the credit portfolio into risk categories. Provisions derive directly from volume, risk and previous experience regarding loss developments in various parts of the the credit portfolio. Changes in unspecified loan-loss provisions during the period are recorded in the profit and loss account.

Accumulated specified and unspecified loan-loss provisions are deducted from lending in the balance sheet. Specified and unspecified provisions are also made on losses on guarantees which are considered doubtful. These provisions are entered under liabilities in the balance sheet.

Financial instruments
Financial instruments include securities such as shares, PCCs, bonds and commercial paper, as well as investment fund holdings, other money market instruments and financial derivatives.

Securities in the trading portfolio
Securities included in the trading portfolio are recorded at fair market value on the balance sheet date.

Securities in the banking portfolio
Short-term investments in shares are recorded at the lower of the total portfolio's acquisition cost and market value.

Bonds and commercial paper are recorded at the lower of the total portfolio's acquisition cost and market value. Holdings of bonds issued by DnB and included in the banking portfolio are netted against bond debt in the balance sheet.

Shares held as long-term investments are stated at cost. If the fair market value of the shares is significantly lower than cost, and the decrease in value is not temporary, the shares will be written down. Write-downs are reversed when the reasons for writing down the shares no longer apply.

Financial derivatives
Financial derivatives are contracts stipulating financial values in the form of interest rate terms, exchange rates and the value of equity instruments for fixed periods of time. Corresponding contracts stipulating prices on commodities and indexes are defined as financial derivatives in this context. Derivatives include swaps, forward contracts and options as well as combinations thereof, including forward rate agreements (FRAs), financial futures and agreements on the transfer of securities.

Interest rate and foreign exchange contracts are classified as part of either the trading portfolio or banking portfolio when entered into, depending on the intentions behind the individual agreement.

When financial derivatives are used to hedge securities recorded in the balance sheet, the value of the derivatives is included when stipulating the securities' market value. Positions are hedged when financial instruments are linked to other identified financial instruments on the transaction date and the maturities and prices of the instruments are closely related.

Financial derivatives included in the trading portfolio are recorded at market value. Gains and losses on financial derivatives included in the banking portfolio are amortised according to the underlying maturity and reported according to the related items in the profit and loss account.

When financial derivatives are used to manage risk on balance-sheet items, due to cost factors, such agreements are entered into through the business units in the Bank trading these instruments in the market. Internal transactions between the trading portfolio and the banking portfolio are valued according to principles relevant to these portfolios without eliminating internal gains and losses. See note 47.

Properties and other fixed assets
Bank buildings and other properties in the balance sheet are stated at cost adjusted for previous revaluations with the deduction of accumulated ordinary depreciation and write-downs. Such assets are written down when there is a significant difference between fair market value and book value and the decrease in value is not expected to be temporary. Such write-downs are reversed when the reasons for writing down the shares no longer apply. Properties belonging to similar categories are evaluated on a portfolio basis.

When negative net future cash flows related to leases on vacated and sublet premises are identified, the net present value of the cash flow is charged to the profit and loss account.

Other ordinary operating assets have been valued according to the same principle as that applied for bank buildings and other properties.

Software
Development of software is classified as intangible assets provided that the software meets the criteria for being recorded in the balance sheet. Costs related to the development of software are recorded in the balance sheet when significant and the software is expected to have sustainable value. Costs related to preliminary studies and analyses as well as testing and implementation are charged directly to the accounts. Software developed by DnB which is recorded in the balance sheet is depreciated on the basis of a conservative estimate of expected life. Such software is written down if the value of expected financial benefits is lower than recorded value.

Costs for reestablishing or maintaining the financial value of IT systems and systems applications are classified as maintenance and charged to the accounts as they occur.

Software acquired in connection with the purchase of personal computers is considered on a package basis along with the hardware.

Group contributions
Group contributions received and paid are classified as adjustments in the profit and loss account in compliance with regulations on annual reports and accounts issued by the Banking, Insurance and Securities Commission.

Assets and liabilities in foreign currency
Assets and liabilities denominated in foreign currencies are recognised as financial assets and translated to NOK according to exchange rates prevailing on the balance sheet date.

ACCRUALS
Income is recorded in the profit and loss account when accrued. Costs are matched against income and charged to the accounts in the same accounting period as related income. Incurred costs related to income earned in subsequent periods are deferred. Costs which will occur in future periods concerning accrued income, are charged to the profit and loss account during the same period. Future costs not related to future income are charged to the accounts when the costs are identified.

Recording of interest and fees
Interest and commissions are included in the profit and loss account when earned as income or incurred as expenses. Unrealised gains and losses identified on loans, deposits and borrowings based on changes in market rates are amortised under net interest income.

Fees which represent direct payment for services rendered are recognised as income upon payment. Fees for the establishment of loan agreements which exceed the actual costs involved are amortised over the life of the loan.

Premiums and discounts on bonds issued
Issued bonds are recorded in the balance sheet at their nominal value with the addition of premiums or deduction of discounts. Premiums and discounts are amortised as an adjustment to current interest expenses until final maturity of the bonds. Discounts on raising other long-term capital are treated correspondingly.

DnB will regularly repurchase bonds issued by itself in connection with ongoing funding activity. Gains or losses resulting from the repurchase and resale of own bonds are in this respect amortised over the remaining term of the bonds.

Provisions for restructuring measures
If restructuring plans are approved which significantly change the scope of operations or the way operations are carried out, the need for provisions for restructuring measures will be considered. If expenses arising from the implementation of such measures are not linked to future income and the future expenses represent actual commitments on the balance sheet date, the net present value of future cash flows is charged to the accounts and recorded under liabilities in the balance sheet. The provisions are reversed when expenses are incurred.

Pension expenses and pension commitments
Expenses related to accrued pension entitlements are recorded as personnel expenses in the accounts. The basis for calculating pension expenses is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Expenses are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to pensions.

Pension commitments which are administered through life insurance companies or pension funds are matched against funds within the scheme. When total pension funds exceed estimated pension commitments on the balance sheet date, the net value is classified as an asset in the balance sheet if it has been rendered probable that the overfunding can be utilised to cover future commitments. When pension commitments exceed pension funds, the net commitments are classified under liabilities in the balance sheet. Each scheme is considered separately.

Pension commitments which are not administered through life insurance companies or pension funds are recorded as liabilities in the balance sheet.

Pension commitments represent the present value of probable future pension payments. The calculation is based on actuarial assumptions about life expectancy, rise in salaries, early retirement and other changes concerning those entitled to a pension.
Assumptions on which the calculation of pension commitments is based must be expected to change over time. Such changes may include:

- changes in pension schemes
- changes in economic parameters
- changes in actuarial assumptions
- deviations between the anticipated and actual return on pension funds.

The financial effects of changes in pension schemes are amortised over the average remaining service period of the employees. The accumulated effect of other changes or deviations is measured against the higher of total pension commitments and pension funds at the beginning of the financial year. If total changes and deviations exceed 10 per cent of the higher of these two figures, the excess is amortised in the profit and loss account over the average remaining term.

Depreciation of operating assets and intangible assets
Ordinary depreciation is based on the estimated economic life of the asset. The straight line principle is applied. The following rates are applicable for the Bank:

Buildings:	2 - 2.5%
Machinery, furniture, fittings and vehicles:	10 - 25%
omputer equipment:	25%
Works of art, sites:	0%
Software:	up to 33.3%
Other intangible assets incl. goodwill	5 –33.3%

Taxation
Deferred taxes and deferred tax assets are treated in accordance with the preliminary standard for the treatment of taxation. Any changes in the value of deferred taxes and deferred tax assets will be shown as taxes for the year in the profit and loss account along with the tax liability for the year.

Deferred taxes are calculated on the basis of differences between the profits stated in the accounts and the profits computed for tax purposes which will be offset in the future. Evaluations are based on the balance sheet and tax position on the balance sheet date. Positive and negative timing differences will be netted against each other within the same time interval. Deferred tax assets can be recognised as assets in the balance sheet when it is considered probable that the tax-deductible elements can be realised.

NOTE 2 - NEW ACCOUNTING PRINCIPLES AND RECLASSIFICATIONS IN THE ACCOUNTS

Changes in the accounts based on new accounting legislation

New accounting legislation and regulations on annual accounts for financial institutions came into effect on 1 January 1999, resulting in changes in the Bank's accounting principles and in the classification of certain profit and loss and balance sheet items. The most important changes are:

Contributions to the Commercial Banks Guarantee Fund, previously classified as operating expenses, are now classified as interest expenses. For 1998, these contributions totalled NOK 168 million, while the figure for 1999 was NOK 206 million.

Assets and liabilities in the trading portfolio should be recorded at market value. Previously, short-term investments in securities were recorded at the lower of cost and market value, while other balance sheet items in the trading portfolio were reported at cost. The change of principle resulted in a reduction in equity of NOK 106 million as at 31 December 1998, while profits for 1998 would have been NOK 84 million lower if the principle had been applied. The new legislation has no effects on principles applied for the banking portfolio. Securities in this portfolio are still recorded at the lower of cost and market value. In connection with the introduction of new accounting legislation, DnB has reviewed the elements included in the trading and banking portfolios. The former includes DnB Markets, while operations in other units in the Bank are included in the banking portfolio, including the major part of DnB's short-term shareholdings.

According to the new accounting standard for taxes, *net deferred tax assets* may be recorded in the balance sheet, subject to certain conditions. Changes in deferred taxes and deferred tax assets during the period will be recorded against tax expenses. Based on the new principles, deferred tax assets of NOK 454 million were recorded in the balance sheet as at 31 December 1998.

The values of *financial derivatives in the balance sheet* have been reclassified from "Prepayments and accrued income" and "Accrued expenses and prepaid revenues" to "Other assets" and "Other liabilities".

Due to these reclassifications, the banks *equity* was up NOK 348 million as at 31 December 1998.

Reclassifications in the accounts
Income from trading in interest rate and foreign exchange positions recorded in the balance sheet of DnB Markets was previously classified as gains on foreign exchange and financial instruments, but has been reclassified as net interest income. Such income totalled NOK 278 million in 1998, compared with NOK 208 million in 1999. Corresponding pro forma figures are NOK 366 million and NOK 266 million respectively.

Comparable figures have been restated in the accounts and the notes.

NOTE 3 - ACQUISITION OF POSTBANKEN

On 23 March 1999, the Boards of Directors of Den norske Bank and Postbanken presented a proposal to merge the two banks. On 14 October 1999, DnB was granted a concession by the Ministry of Finance to acquire Postbanken AS. The merger was accounted for according to the purchase method and Postbanken AS was incorporated in the formal accounts of the Bank as of 1 October 1999.

To establish a basis for the accounting treatment of the merger, the balance sheet figures for Postbanken AS as at 31 March 1999 were analysed. The results of this analysis are presented below.

Profits in Postbanken AS including depreciation etc. on additional values from 31 March 1999 till 1 October 1999 are not incorporated in the consolidated formal profit and loss accounts of the Bank, but recorded as an adjustment to equity. The Bank's formal profit and loss accounts for 1999 include income and expenses from the former Postbanken AS as from the fourth quarter of 1999.

To best reflect current earnings in the merged Bank and provide a basis for assessing the Bank's future development, pro forma accounting figures have been prepared. The pro forma figures are included in the profit and loss accounts and balance sheet above and, when relevant, in notes to the accounts. Pro forma figures have been prepared as if the acquisition of Postbanken AS had taken place on 1 January 1998. Adjustments in the profit and loss accounts and balance sheet resulting from the merger are based on additional values as at 31 March 1999. There is greater uncertainty relating to pro forma figures than to historical accounting figures.

Market values above book values in the balance sheet of Postbanken AS as at 31 March 1999

Amounts in NOK million	
1) Balance sheet items:	
Real estate	165
Securities portfolio	82
2) Harmonisation of accounting principles:	
Systems development	30
Year 2000 compliance	19
Depreciation on computer equipment	25
3) Intangible assets:	
Net present value of reduced funding costs	120
Value of the "Postbanken" brand name	119
Total market value above book value	560
4) Deferred taxes on additional values	(157)
Net market value above book value	403

NOTE 3 - ACQUISITION OF POSTBANKEN (CONTINUED)

Adjustments included in the pro forma accounts

Market values above book values

1) Market values above book values in the balance sheet

Market values above book values on Postbanken's *real estate and securities portfolio* are based on market prices as at 31 March 1999. The additional value has been allocated to the respective balance sheet items. The additional value on real estate will be written down by 2.5 per cent or NOK 4 million per year. The additional value on securities will be reversed in step with the realisation of the portfolio.

2) Special balance sheet items

Systems development: Postbanken charged certain systems development expenses to the profit and loss accounts, while according to DnB's accounting principles, such expenses were recorded in the balance sheet. Harmonisation with DnB's principles involved recording systems development expenses totalling NOK 30 million in the balance sheet as at 31 March 1999. This item will be depreciated over three years or by NOK 10 million per year.

Year 2000 compliance: Postbanken made provisions of NOK 80 million and NOK 10 million respectively in the 1998 and 1999 accounts to ensure that the bank's systems were Year 2000 compliant. These provisions were reversed to ensure harmonisation with DnB's accounting principles. In the pro forma accounts, such costs are expensed on a continuous basis.

Depreciation on computer equipment: DnB estimates the life of computer equipment at four years, while Postbanken used an estimated lifetime of three years. Harmonisation with DnB's principles resulted in an increase in the balance sheet of NOK 25 million as at 31 March 1999 and a NOK 6 million increase in annual depreciation.

3) Intangible assets

Reduced funding costs: Surplus liquidity in Postbanken will reduce DnB's funding requirement and future funding costs by an estimated NOK 30 million on an annual basis. The total value is estimated at NOK 120 million, to be written off over five years.

The value of the *"Postbanken" brand name* will be written down over ten years.

Cf. note 32 for a description of the chosen depreciation rates for intangible assets.

4) Deferred taxes

Deferred taxes on additional values are included in the DnB's total tax calculations and reversed as these values are recorded as expenses.

Reclassifications in the accounts

In the profit and loss accounts, classification methods applied by DnB and Postbanken differed in two instances:

* In Postbanken, fees were classified under "Administrative expenses", while they are included under "Sundry operating expenses" in the accounts of the Bank.
* Costs relating to services carried out in the postal network by Norway Post on behalf of Postbanken were in their entirety classified as "Administrative expenses" in Postbanken's accounts. The share of such costs which can be related to actual transactions and on which a fee is recorded, is classified as "Commissions and fees payable on banking services" in DnB's accounts. Norway Post is reimbursed for funding costs relating to cash holdings for payments to Postbanken's customers. These costs are classified as interest expenses in DnB's accounts. Classifications of other costs relating to this agreement remain unchanged.

The reclassifications have resulted in the following adjustments to the pro forma accounts:

Amounts in NOK million	1999	1998
Interest expenses	56	56
Commissions payable	188	272
Administrative expenses	(571)	(651)
Sundry operating expenses	327	323

In the formal accounts, corresponding adjustments have been included in the fourth quarter of 1999.

Cash payment to the owner of Postbanken AS

According to the merger agreement, a cash payment of NOK 300 million was made to the Norwegian government, represented by the Ministry of Transport and Communications, as part of the merger consideration for the shares in Postbanken.

Earnings per share

As a consequence of the merger, DnB's share capital increased from NOK 6.4 billion to NOK 7.78 billion and the number of shares from 640 500 000 to 778 657 895.

In the formal accounts, "Earnings per share" for 1999 is calculated based on a weighted average of 675 039 474 shares, i.e. the original number of shares up till 1 October 1999, with the addition of new share capital as of the implementation date.

In the pro forma accounts, "Earnings per share" are calculated based on the number of shares after the merger, i.e. 778 657 895 shares.

NOTE 4 – NET INTEREST INCOME AND CREDIT COMMISSIONS

			Den norske Bank ASA	
	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Interest on loans to and deposits with credit institutions	2 108	1 725	*2 586*	*1 960*
Interest and credit commissions on instalment loans	11 801	10 017	*13 962*	*12 121*
Interest and credit commissions on overdraft and working capital facilities	1 577	1 354	*1 725*	*1 461*
Interest and credit commissions on building loans	195	185	*208*	*190*
Leasing income	24	37	*24*	*37*
Front-end fees, back-end fees	172	182	*192*	*201*
Interest on other loans to customers	0	97	*41*	*174*
Total interest income on loans to customers	13 769	11 873	*16 152*	*14 185*
Interest on commercial paper, bonds etc.	1 250	1 356	*1 978*	*2 619*
Other interest income	68	293	*121*	*293*
Total interest income	**17 195**	**15 246**	***20 836***	***19 056***
Interest on loans and deposits from credit instiutions	2 267	2 135	*2 432*	*2 186*
Interest on demand deposits from customers	4 140	2 863	*5 739*	*4 414*
Interest on time deposits from customers	193	262	*202*	*268*
Interest on special term deposits from customers	1 989	1 613	*1 989*	*1 613*
Total interest expenses on deposits from customers	6 322	4 737	*7 930*	*6 294*
Interest on securities issued	3 044	3 306	*2 998*	*3 362*
Interest on subordinated loan capital	408	421	*408*	*421*
Contributions to the Commercial Banks Guarantee Fund	206	168	*246*	*215*
Other interest expenses	178	402	*415*	*634*
Total interest expenses	**12 425**	**11 169**	***14 429***	***13 112***
Net interest income and credit commissions	**4 770**	**4 077**	***6 408***	***5 943***

NOTE 5 – UNRECORDED INTEREST ON LOANS

			Den norske Bank ASA	
	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Accrued, unrecorded interest on non-performing and doubtful loans as at 1 Jan.	1 842	2 085	*1 842*	*2 085*
- Recorded interest on non-performing and doubtful loans accrued in previous periods	150	22	*150*	*22*
- Identified loss of unrecorded interest accrued in previous periods	546	701	*546*	*701*
+ Accrued, unrecorded interest on non-performing and doubtful loans during the period	376	460	*376*	*460*
+ Exchange rate movements	20	20	*20*	*20*
Accrued, unrecorded interest on non-performing and doubtful loans as at 31 Dec.	**1 543**	**1 842**	***1 543***	***1 842***

NOTE 6 – VOLUME AND INTEREST RATE ANALYSIS

				Den norske Bank ASA
	Pro forma 1999		*Pro forma 1998*	
Amounts in NOK million and per cent	*Average balance*	*Interest rate in %*	*Average balance*	*Interest rate in %*
Assets				
Cash and deposits with central banks	*2 702*	*4.34*	*3 189*	*5.24*
Lending to and deposits with credit institutions				
NOK	*25 312*	*6.52*	*17 741*	*5.57*
Foreign currency	*15 423*	*5.41*	*11 354*	*7.54*
Interest-earning loans after specified loan-loss provisions				
NOK	*166 668*	*8.05*	*157 971*	*6.96*
Foreign currency	*47 034*	*6.00*	*47 919*	*6.79*
Non-accruing loans after specified loan-loss provisions				
NOK	*1 462*		*1 894*	
Foreign currency	*1 096*		*1 223*	
Unspecified loan-loss provisions				
NOK	*(1 910)*		*(1 382)*	
Foreign currency	*(190)*		*(172)*	
Commercial paper and bonds				
NOK	*23 440*	*5.84*	*34 604*	*5.34*
Foreign currency	*16 932*	*5.28*	*13 519*	*5.67*
Sundry assets				
NOK	*17 767*		*17 053*	
Foreign currency	*7 271*		*9 761*	
Total assets	***323 007***	***6.53***	***314 674***	***6.00***
NOK	*235 394*	*7.03*	*231 013*	*6.06*
Foreign currency	*87 613*	*5.19*	*83 662*	*5.83*
Liabilities and equity				
Loans and deposits from credit institutions				
NOK	*15 159*	*5.46*	*11 409*	*3.41*
Foreign currency	*33 666*	*5.79*	*36 170*	*5.51*
Deposits from customers				
NOK	*151 200*	*4.71*	*144 492*	*3.67*
Foreign currency	*19 743*	*4.21*	*20 813*	*4.86*
Securities issued				
NOK	*16 058*	*4.91*	*20 538*	*5.64*
Foreign currency	*42 174*	*5.35*	*38 034*	*5.78*
Sundry liabilities				
NOK, interest-bearing	*3 696*	*7.28*	*3 011*	*9.27*
NOK, non interest-bearing	*8 680*		*6 269*	
Foreign currency, interest-bearing				
Foreign currency, non-interest-bearing	*7 108*		*8 986*	
Subordinated loan capital				
NOK				
Foreign currency	*7 126*	*5.72*	*6 934*	*6.08*
Equity	*18 398*		*18 019*	
Total liabilities and equity	***323 007***	***4.55***	***314 674***	***4.11***
NOK	*213 626*	*4.33*	*203 677*	*3.58*
Foreign currency	*109 381*	*4.98*	*110 998*	*5.07*
Net interest income		***1.98***		***1.89***
NOK		*2.70*		*2.47*
Foreign currency		*0.21*		*0.76*

NOTE 7 – NET OTHER OPERATING INCOME

			Den norske Bank ASA	
	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Dividends from shareholding etc.	126	208	*181*	*276*
Dividends from associated companies	1	45	*0*	*45*
Total dividends	**127**	**254**	***181***	***322***
Money transfer fees receivable	1 092	846	*1 861*	*1 893*
Fees on asset management services	74	26	*74*	*26*
Fees on custodial services	102	107	*102*	*107*
Fees on securities	300	201	*300*	*201*
Guarantee commissions	136	136	*137*	*136*
Credit-broking commissions	19	17	*19*	*17*
Sales commissions on insurance products	36	28	*41*	*34*
Sundry commissions and fees receivable on banking services	208	248	*224*	*265*
Total commissions and fees receivable on banking services	**1 968**	**1 609**	***2 757***	***2 679***
Money transfer fees payable	353	298	*508*	*605*
Sundry commissions and fees payable on banking services	72	26	*140*	*139*
Total commissions and fees payable on banking services	**424**	**323**	***648***	***743***
Net gain/(loss) on short-term shareholdings	141	9	*260*	*(133)*
Net gain/(loss) on commercial paper and bonds	155	(426)	*209*	*(434)*
Net gain on trading in foreign exchange and financial derivatives	712	732	*731*	786
Net gain on foreign exchange and financial instruments	**1 008**	**315**	***1 199***	***219***
Operating income on real estate	58	61	*61*	*62*
Rental income	11	19	*11*	*19*
Share of profit in associated companies	(7)	2	*(7)*	*2*
Remunerations	16	20	*17*	*20*
Miscellaneous operating income	97	84	*136*	*116*
Total sundry ordinary operating income	**176**	**185**	***218***	***220***
Gains on the sale of fixed assets	**26**	**44**	***26***	***44***
Net other operating income	**2 881**	**2 084**	***3 734***	***2 740***

NOTE 8 – NET GAIN ON FOREIGN EXCHANGE AND FINANCIAL INSTRUMENTS

			Den norske Bank ASA	
	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Net gain on short-term investments in shareholdings	141	9	*260*	*(133)*
Net gain/(loss) on commercial paper and bonds	155	(426)	*209*	*(434)*
Net gain on foreign exchange and financial derivatives	532	776	*550*	*830*
Net gain/(loss) on other market instruments	180	(44)	*180*	*(44)*
Net gain on foreign exchange and financial instruments *)	**1 008**	**315**	***1 199***	***219***
*) of which: Trading portfolio, customer business	602	467	*602*	*467*
Trading portfolio, trading/market making	192	(113)	*192*	*(113)*
Trading portfolio, Postbanken	(7)	-	*(64)*	*28*
Banking portfolio, Postbanken	48	-	*296*	*(124)*
Banking portfolio, equity investments	142	8	*142*	*8*
Banking portfolio, other	32	(47)	*32*	*(47)*
Unrecorded, unrealised market value above acquisition cost in the banking portfolio at end of period				
Short-term shareholdings	430	11	*430*	*12*

NOTE 9 – OPERATING EXPENSES

	Accounts		Den norske Bank ASA *Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Ordinary salaries	1 938	1 763	*2 288*	*2 191*
Employer's national insurance contributions	280	248	*328*	*308*
Pension expenses	128	121	*148*	*143*
Fees, tax-liable	8	11	*9*	*12*
Other personnel expenses	70	91	*75*	*102*
Total ordinary salaries and other personnel expenses	**2 425**	**2 235**	***2 849***	***2 757***
EDP expenses	347	308	*532*	*561*
Postage, telecommunications and office supplies	307	232	*503*	*499*
Marketing and public relations	156	142	*260*	*232*
Travel expenses	80	90	*91*	*104*
Reimbursement to Norway Post	179	-	*733*	*632*
Training expenses	29	33	*38*	*46*
Sundry administrative expenses	69	82	*119*	*112*
Total administrative expenses	**1 167**	**887**	***2 276***	***2 186***
Depreciation on EDP equipment	193	170	*242*	*189*
Depreciation on other machinery, fittings and vehicles	59	51	*80*	*87*
Depreciation on properties and premises	61	76	*67*	*79*
Other ordinary depreciation	3	0	*14*	*20*
Total depreciation	**316**	**296**	***403***	***375***
Fees, tax-exempt	314	288	*581*	*614*
Operating expenses on rented premises	304	221	*382*	*330*
Operating expenses on real estate	121	186	*128*	*196*
Operating expenses on machinery, vehicles and office equipment taken to expense	54	53	*60*	*61*
Insurance on movables	17	17	*20*	*19*
Membership fees, Norwegian Bankers Association	7	7	*7*	*8*
Sundry expenses	77	61	*87*	*126*
Total other ordinary operating expenses	**895**	**832**	***1 265***	***1 354***
Allocations to the DnB Employee Fund	75	10	*75*	*10*
Write-down/(reversals of write-downs) on bank buildings	(1)	49	*(1)*	*49*
Write-downs/(reversals of write-downs) on other properties	5	(3)	*5*	*(3)*
Other write-downs	32	40	*68*	*94*
Write-downs/(reversals of write-downs) on rental contracts	1	(7)	*1*	*(7)*
Provisions for restructuring measures	570	67	*570*	*48*
Losses on the sale of bank buildings	7	0	*7*	*0*
Losses on the sale of other properties	1	3	*1*	*3*
Losses on the sale of other fixed assets	14	1	*14*	*1*
Total restucturing, write-downs, etc.	**704**	**161**	***740***	***195***
Total operating expenses	**5 506**	**4 412**	***7 534***	***6 867***

NOTE 10 – NUMBER OF EMPLOYEES/FULL-TIME POSITIONS

	Accounts		Den norske Bank ASA *Pro forma*	
	1999	1998	*1999*	*1998*
Number of employees as at 31 December	6 316	5 016	*6 316*	*6 567*
Number of employees calculated on a full-time basis as at 31 December	5 968	4 723	*5 968*	*6 204*
Average number of employees calculated on a full time basis	5 031	4 810	*6 086*	*6 318*

NOTE 11 – REMUNERATIONS ETC.

Remunerations to the group chief executive elected representatives *Amounts in NOK 1 000*	**Den norske Bank ASA** 1999	1998
Remuneration to the group chief executive (assumed position on 14 Sept. 1998)		
Ordinary salary	1 988	655
Pension premium	92	28
Other taxable benefits	202	71
Remunerations to the Board of Directors	2 148	2 323
Remunerations to the Supervisory Board	744	610
Remunerations to the Control Committee	666	653

According to the employment contract, the group chief executive is entitled to three years' salary if employment is terminated prior to the age of 60. If, during this period, he were to receive income from other employment, negotiations will be initiated to reduce the amount to be paid by the Bank. Both the group chief executive and the Bank have the right to request his retirement with full pension entitlements after he reaches the age of 60.

The employment contract with group executive vice president Eskil Vogt entitles him to six months' salary if employment is terminated prior to the age of 60. For a period of 12 months following the expiry of the stated six-month period, Vogt has a salary guarantee from DnB. If, during this period, he receives income from other employment, such payments will be deducted from the guarantee amount.

Bonuses may be granted on a discretionary basis to DnB employees at management level. The criteria for such allocations are linked to performance in the respective areas of responsibility. Any bonuses will be determined on the basis of the individual's ordinary salary and in accordance with the ordinary remuneration scheme within that area of responsibility.

Remuneration to the statutory auditor [1] *Amounts in NOK 1 000*	**Den norske Bank ASA** 1999	1998
Ordinary remuneration to the statutory auditor		
Audit of operations in Norway	2 950	3 000
Audit of international operations	604	459
Fees for other assistance from the statutory auditor		
Operations in Norway	805	39
International operations	1 368	1 625
Total remuneration to the statutory auditor	**5 727**	**5 123**

1) Excluding remuneration to the statutory auditor in Postbanken.

Loan facilities to employees and elected representatives as at 31 December 1999 *Amounts in NOK 1 000*	Loans	Guarantees
Employees in Den norske Bank ASA		
Senior employees		
* Svein Aaser, CEO	0	0
* Audun Bø, group executive vice president	740	0
* Tom Grøndahl, group executive vice president	838	0
* Petter Jansen, group executive vice president	689	0
* Harald Jægtnes, group executive vice president, Group Audit	805	0
* Gisèle Marchand, group executive vice president	978	0
* Evlyn Raknerud, group executive vice president	457	0
* Leif Teksum, group executive vice president	681	0
* Knut Utvik, group executive vice president	1 452	0
* Jarl Veggan, group executive vice president	220	0
* Eskil Vogt, group executive vice president	640	0
Employees, total	3 008 026	281
Elected representatives in Den norske Bank ASA		
Board of Directors		
* Jannik Lindbæk, chairman	0	0
* Bent Pedersen, vice-chairman	0	0
* Svein Aaser	0	0
* Marianne Lie Harg	0	0
* Per Hoffmann	737	0
* Kåre Rommetveit	0	0
* Ketil A. Stene	0	0
* Anne Carine Tanum	0	0
Supervisory Board		
* Harald Norvik, chairman	0	0
* Total members of the Supervisory Board	65 717	0
Control Committee, total	2 371	0

Loans to shareholder-elected representatives as well as their family members and connected persons are extended on ordinary customer terms. Loans to DnB employees are extended on special terms, which are close to ordinary customer terms.

NOTE 12 - PENSIONS

Den norske Bank has pension schemes which entitle the employees to agreed future pension benefits (defined benefit schemes). The schemes include retirement pensions, disability pensions and pensions for spouses and dependent children. The pension benefits are normally based on the number of years worked and the salary received at the time of retirement. Pension entitlements reported in the accounts deviate from the formal entitlements.

The Bank's pension commitments are organised in various schemes:

* Pension commitments for employees in Den norske Bank ASA in Norway, with the exception of employees in the former Postbanken AS, are for that part of the pension which is funded through insurance schemes, funded by Vital Forsikring. Commitments relating to salaries exceeding the National Insurance Fund's base rate are financed through the Bank's operations. Full pension entitlements require 30 years of pensionable service and give the right to a retirement pension corresponding to 70 per cent of current salary upon reaching the age of 67. The Bank participates in a scheme based on contractual pension agreements, CPA, for banks and the financial services sector which entitles employees to a full or partial reduction in working hours at age 62.
* Pensions for employees in the former Postbanken AS are covered by a group pension agreement with the Norwegian Public Service Pension Fund. The scheme is funded partly through payments from the employees (2 per cent membership contribution), and partly through employer contributions. The scheme gives entitlement to retirement pensions corresponding to 66 per cent of salary upon reaching the age of 67, conditional on 30 years of service as a member of the Public Service Pension Fund. Furthermore, an agreement has been entered into in respect of contractual pension agreements, CPA, in accordance with rules for public sector members who have reached the age of 62. The pension scheme in the Norwegian Public Service Pension Fund will be continued up till 1 January 2002, when a new assessment of the scheme will be made on the basis of the merger with DnB. In addition to the pension scheme in the Public Service Pension Fund, a separate group pension agreement have been entered into with Storebrand Livsforsikring for 22 employees in the former Postbanken AS.
* Pension commitments in other units within Den norske Bank ASA are funded through separate schemes.

Pension commitments for Den norske Bank ASA in Norway cover 9 074 employees, of whom 7 517 belong to the pension scheme covered by DnB's group insurance with Vital Forsikring and 1 557 to the Public Service Pension Fund. Altogether, Den norske Bank ASA has 874 employees on early retirement or disability pensions.

Net pension expenses — **Den norske Bank ASA**

	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Net present value of pension entitlements - regular pensions	109	109	*128*	*135*
Net present value of pension entitlements - CPAs	33	43	*36*	*46*
Interest expenses on pension commitments	241	218	*266*	*247*
Actual return on pension funds	452	191	*481*	*226*
Actual pension expenses	(69)	180	*(52)*	*203*
Deviation between estimated and actual return on pension funds	180	(71)	*180*	*(71)*
Net amortisation	17	12	*19*	*12*
Net pension expenses	128	121	*148*	*144*

The pension schemes' financial status, recorded assets and liabilities — **Den norske Bank ASA**

	Accounts		*Pro forma*
Amounts in NOK million	31 Dec. 1999	31 Dec. 1998	*31 Dec.1998*
Accrued pension commitments - regular pensions	2 919	2 317	*2 707*
Accrued commitments - CPAs	869	731	*797*
Total accrued pension commitments	3 789	3 048	*3 504*
Estimated effect of future salary adjustments	540	573	*607*
Estimated pension commitments	4 328	3 620	*4 111*
Pension funds at market value	4 463	3 591	*4 098*
Pension funds above/(below) estimated pension commitments	134	(29)	*(13)*
Deviation between actual and estimated market value of pension funds	(402)	(190)	*(190)*
Net actuarial loss not recorded in the accounts	116	123	*122*
Net recorded pension commitments	152	96	*81*

Den norske Bank ASA has pension schemes where it is not possible to transfer pension funds between the schemes. In such cases, the schemes should be considered separately and recorded in the balance sheet as net assets (overfunding in pension schemes) and net liabilities (accrued pension commitments). The Bank expects to be able to utilise the overfunding in the funded pension schemes in the years to come.

Net overfunding in schemes based on investment funds amounted to NOK 622 million as at 31 December 1999. Pension commitments which are not financed through investment funds and where future pension payments are funded through the Bank's operations, so-called unfunded schemes, amounted to NOK 779 million as at 31 December 1999.

Pensions expenses and commitments include employer's social security contributions. No allocations covering employer's contributions are made in pension schemes where pension funds exceed pension commitments.

Economic assumptions:	Anticipated rise in pensions	2.50 %	Anticipated rise in salaries	3.30 %
	Anticipated inflation	2.50 %		
	Discount rate	7.00 %	Anticipated return	8.00 %
Actuarial assumptions:	Anticipated CPA acceptance	40 %	Anticipated pension benefits ages 62 to 64	60 %
			Anticipated pension benefits ages 64 to 67	70 %

The economic assumptions have a long-term perspective. The pension scheme in the Norwegian Public Service Pension Fund has been considered separately.

NOTE 13 – RESTRUCTURING CHARGES

Total restructuring charges

	Den norske Bank ASA
Amounts in NOK million	1999
DnB, first and second quarters	60
Postbanken	16
DnB, provisions in fourth quarter	481
Other	13
Total	570

Provisions in DnB in the first and second quarter can be ascribed to the closing of operations in Houston as well as the equities sales and research units in London and Stockholm. The provisions are scheduled to be reversed over the next eighteen months.

In connection with the integration of Postbanken and DnB and other restructuring measures, a number of prospective costs relating to the restucturing of operations were identified in the fourth quarter of 1999. These items represent actual commitments for the Bank at year-end 1999 and must therefore be recorded as restructuring costs in the 1999 accounts.

Restructuring provisions in the fourth quarter of 1999

	Den norske Bank ASA
Amounts in NOK million	1999
Personnel-related expenses	240
IT - termination of contracts and reorganisation	186
Vacated premises - rehabilitation	55
Total	481

Most of the provisions will be reversed during 2000, and the cash flows have thus not been discounted.

Personnel-related expenses represent obligations assumed by Den norske Bank ASA to implement an effective downsizing. An overall staff reduction of around 390 full-time positions is planned. Measures designed to accomplish this include voluntary early retirement and severance packages. There is some uncertainty concerning the number of employees accepting early retirement relative to those choosing severance packages, as well as the timing of these measures. According to estimates prepared by the business areas, the process should for the most part be completed during the year 2000.

A special integration project has been set up to assess systems-related measures to ensure the optimal phasing out or integration of IT systems in Postbanken and DnB. In this connection, expenses will accrue to terminate cooperation agreements with external suppliers and carry out the required restructuring. These provisions are expected to be reversed by the end of 2001.

In addition, expenses relating to vacated premises will be incurred, i.e. for rehabilitation prior to sales, the termination of existing rental agreements and the reestablishment of operations in new premises. These provisions have ben considered by a separate integration project with responsibility for detailed planning of the use of office space. Most of these provisions are expected to be reversed in 2000.

Developments in restructuring provisions

	Den norske Bank ASA			
	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Book value as at 1 Jan.	14	16	*78*	*130*
Opening balance as at 1 Oct. 1999 - Postbanken	55	0	*0*	*0*
Provisions made during the year	547	72	*547*	*72*
Accrued expenses deducted from the provisions	103	74	*112*	*124*
Book value as at 31 Dec.	513	14	*513*	*78*

NOTE 14 – NET LOSSES/(REVERSALS) ON LOANS, GUARANTEES, ETC.

	Den norske Bank ASA			
	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Specification of net losses/(reversals)				
Write-offs [a)]	99	116	*103*	*129*
Increase in specified loan-loss provisions [b)]	240	145	*246*	*140*
New specified loan-loss provisions [b)]	239	935	*241*	*935*
Total new losses	578	1 196	*589*	*1 204*
Reassessed specified provisions [b)]	278	406	*278*	*406*
Total specified provisions	300	790	*311*	*798*
Recoveries on commitments previously written off [c)]	271	271	*279*	*283*
Increase in /(reversals on) unspecified provisions [d)]	(134)	621	*(109)*	*636*
Net losses/(reversals) on loans, guarantees, etc. [*)]	**(106)**	**1 140**	***(77)***	***1 151***
Specification of changes				
Increase in specified provisions during the period [b) minus e)]	(759)	(142)	*(756)*	*(151)*
+ Increase in unspecified provisions of the period [d)]	(134)	621	*(109)*	*636*
+ Write-offs covered by specified provisions made in previous years [e)]	960	816	*963*	*820*
+ Write-offs not covered by specified provisions made in previous years [a)]	99	116	*103*	*129*
- Recoveries on commitments previous written off [c)]	271	271	*279*	*283*
Net losses/(reversals) on loans, guarantees, etc. [*)]	**(106)**	**1 140**	***(77)***	***1 151***
*) Of which net reversals on losses on guarantees	2	27	*2*	*27*

a)-e) Show connection and links between the items

NOTE 15 – LOSSES/(REVERSALS) ON LOANS, GUARANTEES, ETC. FOR PRINCIPAL SECTORS

Den norske Bank ASA

	1999					1998				
Amounts in NOK million	New specified provisions [1)]	Reassessed specified provisions	Recoveries on commitments previously written off	Net losses/ (reversals) on loans and guarantees	*Pro forma Net losses/ (reversals)*	New specified provisions [1)]	Reassessed specified provisions	Recoveries on commitments previously written off	Net losses/ (reversals) loans and guarantees	*Pro forma Net losses/ (reversals)*
Retail customers	72	22	109	(58)	*(56)*	141	21	124	(4)	*(7)*
International shipping	95	82	31	(18)	*(18)*	564	38	29	497	*497*
Real estate	25	33	58	(66)	*(66)*	29	86	66	(122)	*(123)*
Manufacturing	50	24	28	(3)	*(3)*	144	38	6	100	*100*
Services	42	29	31	(19)	*(18)*	35	39	11	(16)	*(16)*
Trade	55	37	5	13	*14*	50	47	9	(6)	*(6)*
Oil and gas	157	2	0	155	*155*	173	14	0	160	*160*
Transportation and warehousing	11	15	5	(9)	*(9)*	4	87	9	(92)	*(92)*
Building and construction, power and water supply	13	5	1	8	*8*	5	13	4	(12)	*(12)*
Fishing	54	10	1	42	*42*	27	5	8	13	*13*
Hotels and restaurants	3	17	1	(15)	*(15)*	10	13	3	(6)	*(6)*
Agriculture and forestry	1	3	1	(3)	*(3)*	8	6	0	2	*2*
Other sectors	0	0	0	0	*0*	0	0	1	(1)	*(1)*
Total customers	578	278	271	28	*32*	1 189	406	271	512	*508*
Credit instiutions	0	0	0	0	*0*	0	0	0	0	*0*
Repossessed assets	0	0	0	0	*0*	7	0	0	7	*7*
Increase in/ (reversals on) unspecified provisions				(134)	*(109)*				621	*636*
Total losses/(reversals) on loans, guarantees, etc.	**578**	**278**	**271**	**(106)**	***(77)***	**1 196**	**406**	**271**	**1 140**	***1 151***

1) New specified provisions include direct write-offs, increases in specified loan-loss provisions and new specified loan-loss provisions.

NOTE 16 – NET GAINS ON LONG-TERM SECURITIES

			Den norske Bank ASA	
	Accounts		*Pro forma*	
Amounts in NOK million	1999	1998	*1999*	*1998*
Gains				
Subsidiaries	41	3	*41*	*3*
Long-term shareholdings	3	1	*3*	*1*
Losses				
Subsidiaries	18	0	*18*	*0*
Write-downs/(reversals on write-downs)				
Subsidiaries	0	(148)	*0*	*(148)*
Long-term shareholdings	6	(34)	*6*	*(34)*
Net gain on long-term shareholdings	**21**	**184**	***21***	***184***

NOTE 17 - TAXES

In consequence of permanent differences between the accounts and the tax base according to Norwegian rules, DnB will generally show a tax charge relative to pre-tax operating profits which is lower than the ordinary tax rate for Norwegian companies. These differences are partly attributable to the fact that dividends received on investments in Norwegian equities are in effect tax-exempt in Norway, and that taxes have been deducted from profit contributions from Vital. The long-term, normalised tax charge is estimated at 25 per cent of pre-tax operating profits.

In connection with the introduction of new accounting rules from 1 January 1999, DnB recorded NOK 454 million in deferred tax assets in the balance sheet, mainly related to the value of losses carried forward for Norwegian banking operations. In addition, DnB recorded net NOK 92 million in deferred taxes in the balance sheet as a consequence of deferred taxes on market values above book values identified in Postbanken in connection with the merger.

DnB is involved in certain unsettled tax disputes which could result in the tax charge for individual years deviating from the normalised level. The special rules for distributing interest expenses between Norwegian operations and international units were upheld in 1999. As a consequence, the tax charge for 1999 was reduced by NOK 293 million. New rules will probably enter into force in the year 2000.

For several years, DnB has been involved in an unsettled dispute with Norwegian tax authorities regarding whether the write-down on preference capital in DnB in 1993 is liable to taxation. DnB has not based its calculations on finding favour for its view. If the Bank succeeds in this action, losses carried forward will increase by NOK 2 189 million.

Tax base

Amounts in NOK million	1999	1998
Operating profit in Den norske Bank ASA's formal accounts	**2 270**	**793**
Operating profit recorded against equity in connection with the merger with Postbanken – purchase method	436	56
Operating profit in Den norske Bank ASA's pro forma accounts	**2 706**	**849**
Reversal of income taxable abroad	159	453
Dividends received	(181)	(322)
Other permanent differences	(1 294)	(1 423)
Group contributions	(540)	155
Changes in timing differences and tax losses carried forward		
Timing differences	(247)	312
Use of losses carried forward	(603)	(24)
Tax base for the year - Norwegian operations	0	0

NOTE 17 – TAXES (CONTINUED)

Elements in the calculation of deferred taxes, pro forma accounts

Amounts in NOK million	Den norske Bank ASA 31 Dec. 1999	31 Dec. 1998 [1]
Taxable timing differences		
Market values above book values – merger with Postbanken	423	598
Revaluations	213	315
Prepaid pension entitlements	622	631
Financial instruments [4]	595	0
Total taxable timing differences	1 853	1 544
Tax deductible timing differences		
Negative fixed asset reserves	1 065	1 349
Accrued pension commitments	779	716
Restructuring charges	478	14
Other tax-deductible timing differences	892	519
Total tax-deductible timing differences	3 214	2 598
Losses carried forward	437	1 295
Tax allowance for dividends [2]	0	305
Tax-deductible timing differences incl. losses carried forward	3 651	4 198
Of which differences that cannot be offset [3]	(1 354)	(1 360)
Tax-deductible timing differences to be offset	2 297	2 838
Calculation base for deferred taxes	(444)	(1 294)
Deferred tax assets	124	362

1) *The figures have been adjusted to take account of timing differences in Postbanken as at 31 December 1998 and additional values identified in Postbanken in connection with the merger.*
2) *Tax allowance for dividends received, converted to tax-deductible timing differences.*
3) *Concerns mainly tax-deductible differences and losses carried forward in the international units.*
4) *With effect from 1999, changes in the value of financial instruments are amortised for tax purposes according to the earned income principle.*

Taxes

Amounts in NOK million	1999	1998
Norway	0	10
Abroad	(4)	20
Total payable taxes	(4)	30
Deferred taxes	161	441
Taxes on group contribution from Vital	151	(43)
Total taxes	**308**	**428**
Deferred taxes on items recorded against equity	77	(18)
Total taxes	**385**	**410**

Balancing tax charges against pre-tax operating profit

Amounts in NOK million	1999
Operating profit before taxes	2 706
Estimated income tax – nominal tax rate (28 %)	758
Tax effect of permanent differences	(369)
Taxes payable abroad	(4)
Total taxes	385
Effective tax rate	14%

NOTE 18 - ASSETS

	Den norske Bank ASA		
	Accounts		*Pro forma*
Amounts in NOK million	31 Dec. 1999	31 Dec. 1998	*31 Dec. 1998*
Cash and deposits with central banks	**13 093**	**2 147**	***3 664***
Lending to and deposits with credit institutions with no fixed term or period of notice	4 799	4 313	*4 885*
Lending to and deposits with credit institutions with fixed term or period of notice	21 089	14 810	*18 012*
Specified loan-loss provisions	(2)	(21)	*(21)*
Total lending to and deposits with credit institutions	**25 886**	**19 102**	***22 876***
Instalment loans	203 574	157 007	*193 022*
Overdraft and working capital facilities	17 693	16 697	*21 400*
Building and construction loans	1 846	2 335	*2 449*
Finance leases	119	200	*200*
Other loans	362	1 132	*1 721*
Gross lending to customers	**223 594**	**177 371**	***218 792***
Specified loan-loss provisions	**(2 245)**	**(2 868)**	***(2 893)***
Unspecified loan-loss provisions	**(2 017)**	**(2 063)**	***(2 100)***
Net lending to customers	**219 332**	**172 440**	***213 799***
Repossessed assets	**66**	**53**	***53***
Commercial paper and bonds issued by central and local government	11 672	15 294	*22 057*
Commercial paper and bonds issued by credit institutions	11 082	3 346	*14 966*
Commercial paper and bonds issued by others	8 751	8 609	*9 298*
Own bonds and commercial paper, trading portfolio	1 471	481	*844*
Total commercial paper and bonds	**32 975**	**27 730**	***47 165***
Short-term shareholdings, participations and PCCs	3 257	1 638	*3 008*
Long-term shareholdings, participations and PCCs	229	209	*210*
Shares in general and limited partnerships	5	(1)	*(1)*
Total shareholdings etc.	**3 491**	**1 846**	***3 215***
Investments in associated companies - credit institutions	127	94	*94*
Investments in other associated companies	54	60	*60*
Total investments in associated companies	**181**	**154**	*154*
Investments in subsidiaries - credit institutions	1 191	877	*877*
Investments in other subsidiaries	4 117	4 337	*4 369*
Total investments in subsidiaries	**5 308**	**5 213**	***5 247***
Capitalized systems development	94	84	*118*
Deferred tax assets	124	454	*362*
Other intangible assets	213	0	*248*
Intangible assets	**431**	**538**	***728***
Machinery, equipment and vehicles	706	566	*713*
Buildings and other properties	1 725	1 811	*2 133*
Other fixed assets	8	11	*12*
Total fixed assets	**2 439**	**2 388**	***2 858***
Unsettled contract notes, etc.	132	366	*366*
Amounts due on documentary credits and other payment services	360	935	*935*
Intra-group contributions	305	202	*202*
Prepayments and accrued income on financial derivatives	7 307	6 670	*6 685*
Other amounts due	992	848	*988*
Total other assets	**9 096**	**9 022**	***9 177***
Accrued interest income	2 334	2 026	*2 975*
Prepaid pension entitlements	627	620	*636*
Other prepayments and accrued income	57	87	*97*
Total prepayments and accrued income	**3 018**	**2 733**	***3 708***
Total assets	**315 317**	**243 366**	***312 644***

NOTE 19 - SUBORDINATED LOAN CAPITAL IN OTHER ENTERPRISES

	Accounts				Den norske Bank ASA	
	31 December 1999		31 December 1998		*Pro forma 31 December 1998*	
Amounts in NOK million	Loans	Bonds	Loans	Bonds	*Loans*	*Bonds*
In credit institutions	167	241	292	265	*292*	*314*
In other enterprises	109	0	26	1	*26*	*1*
Total subordinated loan capital	276	241	318	265	*318*	*314*
Of which subordinated loan capital to subsidiaries	164	0	179	0	*179*	*0*

NOTE 20 - LOANS AND GUARANTEES ACCORDING TO GEOGRAPHICAL LOCATION [1)]

	Accounts as at 31 Dec. 1999			Accounts as at 31 Dec. 1998			Den norske Bank ASA *Pro forma as at 31 Dec. 1998*		
Amounts in NOK million	Lending to customers	Lending to credit institutions	Guarantees	Lending to customers	Lending to credit institutions	Guarantees	*Lending to customers*	*Lending to credit institutions*	*Guarantees*
Oslo	44 534	2 059	12 156	30 269	1 310	13 619	*42 833*	*1 650*	*13 769*
Eastern and Southern Norway	72 433	661	4 644	55 731	45	6 174	*72 676*	*861*	*6 302*
Western Norway	49 875	9 626	3 690	38 740	8 415	3 499	*43 532*	*9 561*	*3 499*
Northern and Central Norway	26 258	431	990	18 506	0	1 298	*25 410*	*604*	*1 298*
Total Norway	193 101	12 777	21 480	143 246	9 770	24 591	*184 451*	*12 676*	*24 869*
Western Europe	9 177	23	1 723	8 867	272	1 580	*8 975*	*358*	*1 580*
Russia	413	0	0	392	0	0	*392*	*0*	*0*
Other Eastern European countries	258	0	42	330	0	98	*330*	*0*	*98*
Total Europe outside Norway	9 848	23	1 765	9 589	272	1 678	*9 697*	*358*	*1 678*
USA and Canada	7 829	0	63	10 137	4	47	*10 167*	*76*	*47*
South and Central America	4 395	0	598	4 789	0	764	*4 790*	*0*	*764*
America total	12 223	0	661	14 925	4	811	*14 957*	*76*	*811*
Indonesia	76	0	4	14	0	8	*14*	*0*	*8*
Thailand	140	0	0	178	0	0	*178*	*0*	*0*
Malaysia	188	0	24	1	0	52	*4*	*0*	*52*
Singapore	3 724	0	71	3 868	0	154	*3 871*	*0*	*154*
Hong Kong	219	0	13	286	0	12	*286*	*0*	*12*
Other Asian countries	253	0	119	403	0	68	*420*	*1*	*68*
Asia total	4 600	1	231	4 751	0	295	*4 773*	*1*	*295*
Africa total	3 698	1	14	4 746	0	27	*4 753*	*1*	*27*
Australia and New Zealand	108	0	12	113	0	25	*116*	*0*	*25*
Total	223 579	12 802	24 162	177 371	10 046	27 427	*218 748*	*13 112*	*27 705*

1) Based on the customer's address.

All figures represent gross lending and guarantees before specified loan-loss provisions.

NOTE 21 - COMMITMENTS FOR PRINCIPAL SECTORS [1)]

Amounts in NOK million	Accounts as at 31 Dec. 1999 Loans	Guarantees	Drawing facilities	Accounts as at 31 Dec. 1998 Loans	Guarantees	Drawing facilities	Den norske Bank ASA *Pro forma as at 31 Dec. 1998* *Loans*	*Guarantees*	*Drawing facilities*
Retail customers	95 472	131	97 750	62 734	115	65 357	*89 878*	*116*	*95 854*
International shipping	24 282	5 351	42 913	24 052	4 573	43 249	*24 063*	*4 594*	*43 249*
Real estate	23 982	420	26 928	21 428	490	26 413	*25 123*	*494*	*29 185*
Manufacturing	13 782	3 584	31 271	14 645	4 019	32 173	*15 939*	*4 129*	*33 120*
Services	18 193	1 997	27 700	12 015	2 294	19 601	*12 015*	*2 294*	*22 732*
Trade	11 718	2 302	20 942	11 014	2 367	19 818	*11 670*	*2 494*	*20 751*
Oil and gas	7 417	1 610	11 571	10 381	1 046	12 464	*10 381*	*1 046*	*12 464*
Transportation and warehousing	6 321	1 386	16 589	5 274	1 111	10 155	*7 267*	*1 126*	*12 864*
Building and construction, power and water supply	4 702	3 514	11 456	4 469	3 643	9 744	*4 702*	*3 643*	*9 999*
Central and local government	5 002	68	10 795	2 376	44	5 710	*8 479*	*44*	*11 184*
Fishing	3 093	154	3 719	2 974	94	3 548	*2 974*	*94*	*3 548*
Hotels and restaurants	1 490	105	1 768	1 605	78	1 870	*1 605*	*78*	*1 876*
Agriculture and forestry	557	53	838	569	61	885	*569*	*61*	*899*
Other sectors	5 337	2 246	11 275	965	5 203	9 092	*1 188*	*5 203*	*9 256*
Total customers	221 349	22 921	315 515	174 503	25 139	260 079	*215 855*	*25 417*	*306 980*
Credit institutions [2)]	13 079	1 218	17 042	10 025	2 267	12 256	*13 091*	*2 267*	*15 322*
Total	234 428	24 139	332 557	184 529	27 406	272 336	*228 947*	*27 684*	*322 303*

1) The amounts represent gross commitments after specified loan-loss provisions.
2) Loans to credit institutions are entered in the balance sheet under "Lending to and deposits with credit institutions".

NOTE 22 - NON-PERFORMING AND DOUBTFUL COMMITMENTS FOR PRINCIPAL SECTORS

Amounts in NOK million	Accounts as at 31 Dec. 1999 Non-performing comm. [1)]	Doubtful comm. [1)]	Total specified provisions	Accounts as at 31 Dec. 1998 Non-performing comm. [1)]	Doubtful comm. [1)]	Total specified provisions	Den norske Bank ASA *Pro forma as at 31 Dec. 1998* *Non-performing comm. [1)]*	*Doubtful comm. [1)]*	*Total specified provisions*
Retail customers	405	545	267	436	698	265	*478*	*740*	*290*
International shipping	582	55	967	572	383	1 069	*572*	*383*	*1 069*
Real estate	217	199	149	120	378	212	*120*	*378*	*212*
Manufacturing	96	54	149	287	65	206	*287*	*65*	*206*
Services	86	43	148	68	48	196	*68*	*48*	*196*
Trade	77	158	163	97	91	171	*97*	*91*	*171*
Oil and gas	1 367	0	242	1 113	0	322	*1 113*	*0*	*322*
Transportation and warehousing	10	13	22	421	3	285	*421*	*3*	*285*
Building and construction, power and water supply	43	7	43	20	4	41	*20*	*4*	*41*
Central and local government	0	0	0	0	0	0	*0*	*0*	*0*
Fishing	16	26	62	51	12	47	*51*	*12*	*47*
Hotels and restaurants	19	142	36	40	160	55	*40*	*160*	*55*
Agriculture and forestry	8	8	17	6	13	20	*6*	*13*	*20*
Other sectors	0	0	0	44	0	0	*44*	*0*	*0*
Total	2 927	1 251	2 265	3 275	1 855	2 888	*3 317*	*1 897*	*2 913*
Credit institutions [2)]	0	0	6	1	0	21	*1*	*0*	*21*
Total	2 927	1 251	2 271	3 275	1 855	2 909	*3 317*	*1 897*	*2 934*

1) The amounts represent gross commitments after specified loan-loss provisions.
2) Loans to credit institutions are entered in the balance sheet under "Lending to and deposits with credit institutions".

NOTE 23 - COMMITMENTS ACCORDING TO RISK CATEGORY

Amounts in NOK billion — **Den norske Bank ASA**

Risk category	Low	Normal	High	Problem commitm.	Total	*Low*	*Normal*	*High*	*Problem commitm.*	*Total*
	1999					*1998 (Pro forma)*				
Potential exposure										
Gross loans (drawn)	166.4	29.0	21.8	6.4	223.6	*157.5*	*30.7*	*22.5*	*8.0*	*218.8*
Limits (committed, undrawn)	57.1	7.7	4.3	0.0	69.0	*47.6*	*9.6*	*5.7*	*0.0*	*62.8*
Guarantee commitments	15.7	5.0	2.1	0.1	22.9	*17.7*	*5.8*	*1.8*	*0.1*	*25.4*
Total commitments	239.2	41.7	28.1	6.5	315.5	*222.8*	*46.2*	*30.0*	*8.0*	*307.0*
Specified provisions				2.3	2.3				*2.9*	*2.9*
Net total commitments	239.2	41.7	28.1	4.2	313.2	*222.8*	*46.2*	*30.0*	*5.1*	*304.1*

Level of losses *(Amounts in NOK million)*	1999	1998
Normalised losses incl. interest, excl. Postbanken	837	886
Normalised losses incl. interest, incl. Postbanken	918	-

DnB's primary tool for managing credit risk is risk-adjusted return on risk-adjusted capital, Rarorac, whereby the profitability of loans and credits is measured on the basis of earnings adjusted for a normalised level of losses relative to the capital requirement for the credit. The normalised level of losses is calculated based on statistical figures showing klosses within a credit category during a business cycle. The capital requirement represents the capital needed to cover losses within a certaing number of standard deviations from the normalised level. DnB uses Rarorac as the basis for pricing credits.

The decline in the normalised level of losses on a comparable basis from 1998 to 1999 was 0.03 percentage points, which can be partly attributed to the scaling back of loans to petroleum and gas operations in the US. There was marked growth in the low-risk portfolio, while high-risk portfolios were brought down in both the US and Norway. There was also significant reduction in the normal-risk portfolios.

Calculations of unspecified loan-loss provosions are based on the risk management systems, thus provisions are directly related to volume and risk in the various portfolios. In addition, the volume of loss estimates is linked to previous loan-loss experience for each portfolio.

NOTE 24 - NON-PERFORMING, DOUBTFUL AND NON-ACCRUING COMMITMENTS

Den norske Bank ASA

Amounts in NOK million	Private customers 31 Dec. 1999	Net dispo-sals 1)	*Pro forma 31 Dec. 1998*	Corporate customers 31 Dec. 1999	Addi-tions	Dispo-sals 1)	*Pro forma 31 Dec. 1998*	Total 31 Dec. 1999	Addi-tions 1)	Dispo-sals 1)	*Pro forma 31 Dec. 1998*
Non-performing commitments *)											
Before specified provisions	629	86	*715*	4 329	1 645	2 561	*5 245*	4 957	1 645	2 648	*5 960*
After specified provisions 2)	405	73	*478*	2 522	1 495	1 812	*2 839*	2 927	1 495	1 885	*3 317*
Doubtful commitments *)											
Before specified provisions	588	206	*794*	903	317	809	*1 395*	1 491	317	1 015	*2 189*
After specified provisions 2)	545	195	*740*	706	308	759	*1 157*	1 251	308	954	*1 897*
*) Of which:											
Non-accruing commitments 3)											
Before specified provisions	1 013	53	*1 066*	4 704	1 467	3 082	6 319	5 717	1 467	3 135	*7 385*
After specified provisions	791	23	*814*	2 705	1 236	2 234	3 703	3 496	1 236	2 257	*4 517*

1) Changes in commitments to private customers are based on a total evaluation of the portfolio ant are thus recorded as a net figure.
2) Includes provisions for losses on lending to credit institutions.
3) Non-accruing commitments are loans on which accrued interest and commissions are taken to income. Interest on non-accruing commitments are shown in note 5.

The development in non-performing and doubtful commitments:

Den norske Bank ASA

Amounts in NOK million	31 Dec. 1999	31 Dec. 1998	*Pro forma 31 Dec. 1998*	31 Dec. 1997	*Pro forma 31 Dec. 1997*	31 Dec. 1996	*Pro forma 31 Dec. 1996*
Non-performing commitments *)							
Before specified provisions	4 957	5 899	*5 960*	4 760	*4 833*	6 120	*6 194*
After specified provisions	2 927	3 275	*3 317*	1 996	*2 042*	2 806	*2 849*
Doubtful commitments *)							
Before specified provisions	1 491	2 141	*2 189*	1 625	*1 672*	2 132	*2 172*
After specified provisions	1 251	1 854	*1 897*	1 271	*1 311*	1 613	*1 639*

NOTE 25 - PROVISIONS FOR LOSSES ON LOANS AND GUARANTEES

									Den norske Bank ASA	
	Loans						Guarantees			
	Total provisions		Specified provisions		Unspecified provisions		Specified provisions		Unspecified provisions	
Amounts in NOK million	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Provisions as at 1 January	5 035	4 555	2 914	3 076	2 100	1 436	21	43	1	1
Provisions in Postbanken 1 Jan. - 1 Oct. 1999	28	-	3	-	25	-	-	-	-	-
Write-offs covered by specified provisions made in previous years	955	792	956	790			0	1		
Provisions for the period										
Increase in specified loan-loss provisions	253	177	249	177			4	0		
New specified loan-loss provisions	237	933	232	927			4	6		
Reassessed specified loan-loss provisions	256	533	246	504			10	29		
Increase in/(reversals on) unspecified loan-loss provisions	(134)	621			(134)	621			0	0
Exchange rate movements	80	12	50	3	26	6	4	3	0	0
Provisions as at 31 December [*)]	4 289	4 973	2 247	2 889	2 017	2 063	24	21	1	1
**) Of which provisions for losses on loans to:*										
Customers			*2 245*	*2 868*						
Credit institutions			*2*	*21*						
+ Postbanken as at 31 Dec.1998		*62*		*25*		*37*				

NOTE 26 - COMMERCIAL PAPER AND BONDS

					Den norske Bank ASA	
	Accounts		Accounts		*Pro forma*	
Amounts in NOK million	Book value 31 Dec. 1999	Market value 31 Dec. 1999	Book value 31 Dec. 1998	Market value 31 Dec. 1998	*Book value 31 Dec. 1998*	*Market value 31 Dec. 1998*
Commercial paper and bonds						
- listed	23 462	23 462	23 894	23 894	*36 338*	*36 338*
- unlisted	9 513	9 513	3 836	3 836	*9 953*	*9 953*
Total short-term commercial paper and bonds [1)]	32 975	32 975	27 730	27 730	*46 291*	*46 291*
Bonds held to maturity	0	0	0	0	*874*	*899*
Total commercial paper and bonds	**32 975**	**32 975**	**27 730**	**27 730**	***47 165***	***47 190***
1) of which: Trading portfolio	*29 201*	*29 201*	*24 937*	*24 937*	*25 041*	*25 041*
Banking portfolio	*3 774*	*3 774*	*2 793*	*2 793*	*22 124*	*22 149*

NOTE 27 - SHAREHOLDINGS ETC.

					Den norske Bank ASA	
	Accounts		Accounts		*Pro forma*	
Amounts in NOK million	Book value 31 Dec. 1999	Market value 31 Dec. 1999	Book value 31 Dec. 1998	Market value 31 Dec. 1998	*Book value 31 Dec. 1998*	*Market value 31 Dec. 1998*
Short-term investments in shares						
- listed	2 034	2 262	1 073	1 072	*1 792*	*1 791*
- unlisted	224	252	186	214	*214*	*242*
- investment funds	999	1 173	380	374	*1 002*	*996*
Total short-term investments in shares [1)]	3 257	3 687	1 638	1 661	*3 008*	*3 030*
Long-term investments in shares, etc. [2)]	234	261	207	223	*207*	*223*
Total shareholdings etc.	**3 491**	**3 948**	**1 846**	**1 884**	***3 215***	***3 253***
1) of which: Trading portfolio	*1 110*	*1 110*	*54*	*54*	*54*	*54*
Banking portfolio	*2 147*	*2 577*	*1 584*	*1 607*	*2 954*	*2 976*

2) There were no significant sales or aquisitions of long-term shares in 1999.

NOTE 28 - SHORT-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCS AS AT 31 DEC. 1999

						Den norske Bank ASA
Amounts in 1 000 *Values in NOK unless otherwise indicated*	Share capital	Number of shares	Nominal value	Ownership share in per cent 1)	Book value	Market value
Credit institutions						
Christiania Bank og Kreditkasse	3 589 510	93 623	655	0.02	3 698	3 698
Hol Sparebank, PCCs	40 000	49	5	0.01	6	6
Indre Sogn Sparebank, PCCs	38 250	20	2	0.01	3	3
Industrifinans SMB III	25 005	22 781	2 278	9.11	20 250	22 029
Nordlandsbanken	341 895	263 500	13 175	3.85	54 532	56 257
Sparebanken Eiker Drammen, PCCs	363 680	17	2	0	2	2
Sparebanken Midt-Norge, PCCs	600 000	180 000	18 000	3.00	40 126	41 400
Sparebanken Møre, PCCs	552 615	116 200	11 620	2.10	19 318	23 240
Sparebanken NOR, PCCs	4 688 936	400 000	40 000	0.85	61 200	74 400
Sparebanken Nord-Norge. PCCs	649 249	118 750	11 875	1.83	20 127	20 663
Sparebanken Rogaland, PCCs	744 000	103 250	10 325	1.39	22 837	26 122
Storebrand	1 385 749	9 958 180	49 791	3.59	548 413	612 353
Voss Veksel- og Landmandsbank	9 500	6 978	698	7.35	1 183	6 978
Norwegian companies						
Aker Maritime	283 590	108 000	540	0.19	6 912	6 912
Ask Proxima	82 654	134 450	269	0.33	7 091	7 465
Bergen Industriutvikling	60 250	784	7 840	13.01	7 840	6 272
Bergesen d.y., A shares	132 746	513 604	1 284	0.97	106 781	74 759
Bergesen d.y., B shares	56 653	75 302	188	0.33	10 542	10 542
BTV-invest	53 120	37 278	3 728	7.02	3 787	3 728
Cambi Bioenergi	19 233	15 330	1 533	7.97	9 998	0
Dagbladet, Avishuset	14 897	60 572	1 211	8.13	32 710	30 590
Dagbladet, Avishuset, preference shares	9 167	9 387	188	2.05	5 163	4 741
Det Søndefj. Norske Dampsk.selsk.	54 833	69 900	70	0.13	3 984	3 984
Elkem	985 600	48 184	964	0.10	6 305	8 393
Elkjøp	71 600	40 000	80	0.11	6 273	6 360
Euroskilt	914	177	177	19.37	9 482	9 482
Fesil	79 995	131 000	1 310	1.64	4 847	4 847
Høyteknologisenteret i Bergen	26 312	3 700	3 700	14.06	3 166	5 180
Industrifinans Boligeiendom	151 918	576 975	5 770	3.80	17 133	15 578
Industrifinans Næringseiendom	226 037	800 000	8 000	3.54	12 000	8 400
InterConsult Group ICG	20 453	204 531	2 045	10.00	13 000	13 000
IT Fornebu	14 960	24 600	2 460	16.44	3 871	3 871
Kongsberg Gruppen	150 000	34 300	172	0.11	3 448	4 322
Kværner, A shares	423 830	211 872	2 649	0.63	35 546	36 367
Lerøy Seafood Group	14 951	720 000	720	4.82	13 104	11 520
Merkantildata	119 995	635 262	636	0.53	61 194	63 226
Moelven Industrier	463 212	34 413 671	172 068	37.15	171 763	263 265
Narvesen	200 000	20 000	400	0.20	4 008	4 900
NCL Holding	577 141	209 069	481	0.08	7 192	7 192
Nera	192 187	150 000	300	0.16	3 284	5 625
Netcom	23 782	41 625	10	0.04	10 476	14 018
Nordic Sea Holding	1 802	32 811	328	18.21	13 500	13 500
Nordnorsk Vekst	74 314	3 592	3 592	4.83	4 466	4 466
Norsk Hydro	5 331 933	790 919	15 818	0.30	262 576	268 392
Norske Skogindustrier, A shares	575 911	10 842	217	0.04	(2 056)	278
Norske Skogindustrier, B shares	251 724	74 729	1 495	0.59	25 483	25 483
Nycomed Amersham	10 282	250 400	8	0.07	11 369	13 598
Offshore Heavy Transport	400 000	502 790	2 513	0.63	5 028	3 268
Orkla	1 370 290	1 311 554	8 197	0.60	191 267	182 161
Petroleum Geo-Services	508 048	140 921	705	0.14	20 085	20 253
Plastogruppen	2 292	571	571	24.91	9 993	9 993
Rieber & Søn, A shares	398 246	1 124 562	11 246	2.82	22 293	60 726
Rieber & Søn, B shares	409 309	783 659	7 837	1.91	51 777	37 616
Schibsted	69 250	44 120	44	0.06	4 796	6 580
Selmer	278 157	398 900	4 986	1.79	10 207	37 895
Sentech	3 449	4 243	42	1.23	3 000	3 000
Tandberg	26 520	228 200	228	0.86	24 189	24 189
Team Shipping	35 770	231 382	2 314	6.47	9 487	9 487
Telecomputing	4 410	118 160	0	0	47 264	47 264
TGS Nopec	24 002	50 000	50	0.21	4 612	4 175
Tomra	166 695	53 000	106	0.06	7 079	7 208
Top Destinations	53 110	4 164	4 164	7.84	7 499	7 499

NOTE 28 – SHORT-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCS AS AT 31 DEC. 1999 (CONTINUED)

Den norske Bank ASA

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent [1)]	Book value	Market value
TTS Technology		2 681	153 000		77	2.85	5 984	2 142
Ugland Nordic Shipping		54 630	100 000		500	0.92	6 520	7 001
Waterfront Shipping, A shares		86 973	8 103		810	0.93	4 577	973
Whitecliff		12 005	40 000		400	3.33	4 000	3 718
Wilh. Wilhelmsen, A shares		49 666	20 400		102	0.21	4 059	4 141
Companies based abroad								
Autoliv	USD	102 200	15 000	USD	15	0.01	4 216	3 519
Beta Global Emerging Markets IT	GBP	5 595	500 000	GBP	50	0.89	9 678	8 090
Compass Bancshares Inc.	USD	227 300	20 000	USD	40	0.02	4 334	3 553
Foreign & Colonial Pacific Inv. Tast. PLC	GBP	56 225	1 000 000	GBP	250	0.44	16 274	26 240
International Business Machines	USD	360 520	8 000	USD	2	0	6 212	6 870
Mandamus Fastigheter AB	SEK	410 000	87 800	SEK	1 756	0.43	4 147	4 385
Viking Ship Finance Ltd.	CHF	30 000	13 500	CHF	4 050	13.50	23 318	44 167
Investment funds								
DnB Asia			336 582				33 658	52 998
DnB European Small Cap			189 075				19 002	20 991
DnB Global Bedrift			1 000 000				100 000	128 410
DnB Investment Fund			25 098				46 305	46 305
DnB Japan			156 092				15 609	27 644
DnB Kombi Bedrift			417 504				41 750	55 144
DnB Kombi Vekst			368 260				36 826	54 933
DnB Norge			24 631				40 157	44 321
DnB USA			246 807				24 681	43 418
DnB Øst-Europa			153 950				15 472	13 843
Postbanken Euro			92 000				92 000	128 898
Postbanken Eurospar			201 500				20 150	25 439
Postbanken Kort Obligasjon			115 694				119 962	119 962
Postbanken Lang Obligasjon			102 093				106 625	106 625
Postbanken Likviditet			114 712				121 907	121 907
Postbanken Norden			24 500				24 500	41 836
Postbanken Obligasjonsspar			1 259 994				133 266	133 266
Other shareholdings etc.							65 311	97 505
Total short-term investments in shares, participations and PCCs							3 257 009	3 686 965

1) Ownership share in per cent is based on the company's total share capital.

NOTE 29 – LONG-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCS AS AT 31 DEC. 1999

Den norske Bank ASA

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	Book value	Market value
Credit institutions								
Europay Norge		28 400	5 325		5 325	18.8	10 122	20 768
London Clearing House	GBP	39 100	1	GBP	200	0.5	5 173	5 173
Norwegian companies								
Norsk Tillitsmann		10 500	11 228		1 123	10.7	1 123	1 123
DnB Pensjonskasse		44 000	44		44 000	100.0	44 000	44 000
Companies based abroad								
Export Credit Insurance Corporation of Singapore Ltd.	SGD	127 590	250 000	SGD	250	0.2	1 456	1 456
Lorentzen Empreendimentos, class B [1)]	USD	1 768	47 813 984	USD	354	20.0	144 626	144 626
CLS Services LTD, A-shares	USD	1	100	USD	0	0.1	2 011	2 011
CLS Services LTD, D-shares	USD	650 000	25 000	USD	2 500	0.4	11 262	11 262
Other shareholdings etc.							8 967	25 757
Total long-term investments in shares, participations and PCCs							228 739	256 176

1) Investments in Lorentzen Empreendimentos, Vertex and Vitoria relate to previously converted loans in Brazil.

NOTE 30 – INVESTMENTS IN ASSOCIATED COMPANIES AS AT 31 DECEMBER 1999

				Den norske Bank ASA	
Amounts in 1000	Share capital	Number of shares	Nominal value	Ownership share in per cent	Book value
Eksportfinans AS	1 354 500	38 256	401 688	29,66	127 074
BBS/Bank-Axept Holding AS	165 000	1 558 290	38 957	23,61	38 957
Norsk Oppgjørssentral NOS ASA	15 653	3 016 630	3 017	19,27	10 697
Visa Norge AS	8 000	1 600	1 600	20,00	400
Shares in general and limited partnerships					4 057
Total investments in associated companies					**181 185**

NOTE 31 – INVESTMENTS IN SUBSIDIARIES AS AT 31 DECEMBER 1999

							Den norske Bank ASA
Amounts in 1000 – values in NOK unless othetwise indicated		Share capital	Number of shares		Nominal value	Ownership share in per cent	Book value
Foreign subsidiaries							
Den norske Investments Ltd.	GBP	210	210 106	GBP	210	100.0	0
DnB Asia Limited, Singapore	SGD	20 000	20 000 000	SGD	20 000	100.0	96 916
DnB Mortgage Trust	GBP	250	250 000	GBP	250	100.0	0
DnB Securities Inc.	USD	1	1 000	USD	1	100.0	1 195
Luxcap S.A.	LUF	1 200 000	800 000	LUF	1 200 000	100.0	303 997
Domestic subsidiaries							
Aeti		550	5 500		550	100.0	550
DnB Betalingstjenester		50	50		50	100.0	50
DnB Eiendom		2 503	25 033		2 503	100.0	31 149
DnB Factoring		50 000	50 000		50 000	100.0	87 366
DnB Finans		387 000	3 870 000		387 000	100.0	613 007
DnB Fonds		3 000	300 000		3 000	100.0	3 000
DnB Invest Holding		200 000	200 000		200 000	100.0	543 000
DnB Investor		1 600	16 000		1 600	100.0	78 003
DnB Kort		391 300	3 913 000		391 300	100.0	394 000
DnB Næringsmegling		1 000	10 000		1 000	100.0	4 000
Hotellforedling		600	600		600	100.0	19 719
Juridisk Byrå		50	50		50	100.0	50
Kreditt-Finans		21 000	42 000		21 000	100.0	50 394
LI-Ship		50	50		50	100.0	50
Lørenfaret 1		500	5 000		500	100.0	500
Meks Holding		10 000	10 000		10 000	100.0	0
Postbanken Eiendomsmegling		4 000	400		4 000	100.0	12 000
Postbanken Verdipapirfond		20 000	20		20 000	100.0	20 000
Realkreditt Eiendom		11 000	11 000		11 000	100.0	47 000
Viul Tresliperi		7 500	750 000		7 500	100.0	11 766
Vital Forsikring Holding		1 958 000	1 958 000		1 958 000	100.0	2 937 000
General and limited partnerships							
Sameiet Store Elvegården, Mandal						50.0	6 658
Lørenfaret 1, Oslo						99.0	47 081
Total investments in subsidiaries							**5 308 450**

NOTE 32 - INTANGIBLE ASSETS

					Den norske Bank ASA	
		Accounts			*Pro forma*	
Amounts in NOK million	Capitalized systems development	Postbanken brand name	Sundry intangible assets	*Capitalized systems development*	*Postbanken brand name*	*Sundry intangible assets*
Cost as at 1 January 1999	130	-	0			
Total depreciation and write-downs as at 1 January 1999	46	-	0			
Book value as at 1 January 1999	84	-	0	*118*	*122*	*126*
Intangible assets in Postbanken as at 1 January 1999	5	-	0	-	-	-
Additional values as at 1 Oct. 1999 upon acquisition of Postbanken	25	113	108	-	-	-
Additions	25	-	0	*36*	-	*0*
Ordinary depreciation	45	3	6	*60*	*12*	*24*
Book value as at 31 December 1999	94	110	102	*94*	*110*	*102*
Amortisation plan	3 years	10 years	5 years			

DnB is not involved in systematic research and development, apart from the development of new administrative IT solutions. The cost of such activities is under continuous review, and costs entered in the balance sheet are considered relative to future earnings.

NOTE 33 - FIXED ASSETS

				Den norske Bank ASA
	Accounts		*Pro forma*	
Amounts in NOK million	Machinery, equipment and vehicles	Bank buildings and other properties	*Machinery, equipment and vehicles*	*Bank buildings and other properties*
Cost as at 1 January 1999	2 219	2 318	*2 741*	*2 667*
Revaluations as at 1 January 1999	-	415	-	*415*
Total write-downs and depreciation as at 1 January 1999	1 652	922	*2 026*	*949*
Book value as at 1 January 1999	566	1 811	*715*	*2 133*
Acquisition of Postbanken incl. additional values	107	319	-	-
Additions	257	27	*272*	*30*
Disposals (sales value)	17	363	*18*	*363*
Losses	3	18	*3*	*18*
Gains	2	13	*2*	*13*
Ordinary depreciation	207	54	*263*	*60*
Depreciation on revaluations	-	7	-	*7*
Ordinary depreciation for the year	-	4	-	*4*
Book value as at 31 December 1999	706	1 725	*706*	*1 725*

Investments in and sale of fixed assets over the past five years

								Den norske Bank ASA
	Accounts				*Pro forma*			
	Machinery, equipment and vehicles		Bank buildings and other properties		*Machinery, equipment and vehicles*		*Bank buildings and other properties*	
Amounts in NOK million	Investment	Sale	Investment	Sale	*Investment*	*Sale*	*Investment*	*Sale*
1995	275	27	103	339	*376*	*27*	*105*	*339*
1996	166	8	482	377	*234*	*8*	*482*	*377*
1997	226	13	36	691	*271*	*13*	*39*	*692*
1998	276	39	26	140	*343*	*41*	*26*	*140*
1999	257	17	27	363	*272*	*18*	*30*	*363*
Acquisition of Postbanken 1 Oct. 1999	107	-	319	-				
Total investments and sales 1995-1999	1 307	104	993	1 910	*1 496*	*107*	*6821911*	

NOTE 34 - REPOSSESSED PROPERTIES AND OTHER REPOSSESSED ASSETS

Den norske Bank ASA

Amounts in NOK million	Book value 31 Dec. 1999	Additions	Disposals	Book value 31 Dec. 1998
Current assets				
Commercial properties	0	0	1	1
Other properties	9	2	2	9
Fixed assets				
Commercial properties	25	0	15	40
Other properties	6	12	42	36
Total	40	14	60	86
Other repossessed current assets *)	57	20	5	43
Total	97	33	65	129
**) Of which repossessed shares (percentage ownership as at 31 Dec. 1999 i parantheses)*				
Kjørbo Eiendom AS (100)	*57*			*37*

NOTE 35 - REAL ESTATE CLASSIFIED ACCORDING TO USE AS AT 31 DECEMBER 1999

Den norske Bank ASA

Amounts in NOK million	Properties, current assets	Bank buildings and other properties	Total
Norway			
Bank buildings	-	1 629	1 629
Other properties	-	54	54
Repossessed			
- commercial properties	-	25	25
- other properties	9	6	15
Abroad			
Other properties	-	11	11
Total properties	9	1 725	1 734

NOTE 36 - REAL ESTATE CLASSIFIED ACCORDING TO GEOGRAPHICAL LOCATION AS AT 31 DECEMBER 1999

Den norske Bank ASA

Book value in NOK million	Bank buildings	Offices/ Commerce	Manufacturing/ Warehouses	Sites/ Projects	Total
Oslo	984	0	9	38	1 031
Eastern Norway/Southern Norway	103	0	3	32	138
Bergen	453	0	0	2	455
Western Norway	33	1	0	1	35
Northern Norway/Central Norway	55	0	0	0	55
Abroad	0	2	2	9	11
Total book value	1 629	3	12	82	1 725
Floor space in 1 000 square metres					
Own use	168	8	0	0	176
Tenants	9	13	5	0	27
Not rented out	7	14	0	2	23
Total floor space	184	35	5	2	226
Number of tenants	20	54	9	0	83
Annual rental income from external tenants in NOK million	9	24	2	0	35

NOTE 37 - LIABILITIES

Amounts in NOK million	31 Dec. 1999	Accounts 31 Dec. 1998	*Pro forma 31 Dec. 1998*
	Den norske Bank ASA		
Loans and deposits from credit institutions with no fixed term or period of notice	7 459	7 953	*8 370*
Loans and deposits from credit institutions with a fixed term or period of notice	38 608	37 390	*39 827*
Loans and deposits from credit institutions	**46 067**	**45 344**	***48 198***
Demand deposits from customers	139 197	75 605	*130 206*
Time deposits from customers	5 809	5 354	*9 412*
Special-term deposits from customers	32 083	29 197	*29 197*
Deposits from customers	**177 089**	**110 156**	***168 815***
Commercial paper issued	13 038	15 256	*15 256*
Bond debt	39 027	46 333	*47 153*
- Less own bonds included in the banking portfolio	2 054	5 558	*5 558*
Securities issued	**50 011**	**56 031**	***56 851***
Short-term funding	160	7	*7*
Documentary credits, bank drafts and other payment services	1 929	634	*1 561*
Group contribution	2 418	0	*0*
Allocated to dividends	0	865	*865*
Accrued unassessed payable taxes	26	34	*91*
Accrued expenses and prepaid revenues on financial derivatives	6 538	5 100	*5 144*
Other liabilities	2 087	1 245	*2 051*
Other liabilities	**13 157**	**7 885**	***9 719***
Accrued interest expenses	816	1 365	*1 490*
Other accrued expenses and prepaid revenues	1 010	622	*1 238*
Accrued expenses and prepaid revenues	**1 826**	**1 987**	***2 728***
Accrued pension commitments	779	716	*716*
Specified provisions for losses on guarantees	24	21	*21*
Unspecified provisions for losses on guarantees	1	1	*1*
Other provisions	484	38	*243*
Provisions for commitments	**1 288**	**776**	***981***
Term subordinated loan capital	2 799	2 644	*2 644*
Perpetual subordinated loan capital	4 545	4 292	*4 194*
Subordinated loan capital	**7 344**	**6 936**	***6 838***
Total liabilities	**296 783**	**229 113**	294 130

NOTE 38 - MATURITY STRUCTURE ON BOND DEBT AND SUBORDINATED LOAN CAPITAL AS AT 31 DEC. 1999

	Bond debt [1]		Subordinated loan capital		**Den norske Bank ASA**
Amounts in NOK million	NOK	Foreign currency	NOK	Foreign currency	Total
Maturity (year)					
2000	3 391	5 810	0	0	9 201
2001	1	5 670	0	0	5 670
2002	1 750	4 084	0	0	5 834
2003	647	3 218	0	0	3 864
2004	2 568	2 622	0	0	5 190
2005	1 517	4 269	0	507	6 293
2006 and later	978	448	0	2 293	3 719
Perpetual subordinated loan capital			0	4 545	4 545
Total	10 853	26 121	0	7 344	44 317

1) Less the Bank's holding of own bonds included in the banking portfolio.

NOTE 39 - PREMIUMS/DISCOUNTS ON OWN BONDS INCLUDED IN THE BANKING PORTFOLIO AS AT 31 DEC. 1999 [1)]

			Den norske Bank ASA
Amounts in NOK million	(Premiums)/discounts on repurchases	Premiums/(discounts) on issue and resale	Book value
Maturity (year)			
2000	4	(13)	913
2001	4	(9)	0
2002	1	(9)	540
2003	1	(9)	3
2004	0	(1)	543
2005	0	0	0
2006 and later	2	0	54
Total	13	(40)	2 054

1) *The amounts will be amortised over the remaining term of the bonds.*

The market value of own bonds included in the banking portfolio as at 31 December 1999 totalled NOK 2 036 million.

NOTE 40 - SUBORDINATED LOAN CAPITAL

			Den norske Bank ASA
Amounts in NOK million	Term subordinated loan capital	Perpetual subordinated loan capital	Subordinated loan capital
Balance sheet as at 31 Dec. 1998	**2 644**	**4 292**	**6 936**
Exchange rate movements	156	253	408
Balance sheet as at 31 Dec. 1999 *)	**2 799**	**4 545**	**7 344**

***) Of which loans exceeding 10 per cent of total subordinated loan capital (amounts in million):**

Amounts in foreign currency	Currency	Translated into NOK	Interest rate	Maturity
215	USD	1 729	6.38	Perpetual
200	USD	1 609	6.00	Perpetual
150	USD	1 207	6.09	Perpetual
130	USD	1 046	6.56	2008
110	USD	885	6.41	2007

NOTE 41 - EQUITY

						Den norske Bank ASA
Amounts in NOK million	Share-capital	Equity reserves	Free reserves	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 Dec. 1998	6 405	3 203	4 297	-	-	13 905
Adjustments related to deferred taxes (cf. note 2)	0	0	0	0	454	454
Adjustments related to marking trading portfolio to market (cf. note 2)	0	0	0	0	(106)	(106)
Share premium reserve	0	(3 203)	(4 297)	333	7 166	0
Balance sheet as at 31 Dec. 1998 based on new accounting legislation	**6 405**	**0**	**0**	**333**	**7 515**	**14 253**
Merger with Postbanken						
Share issue	1 382			0	0	1 382
Share premium	0			3 277	0	3 277
Issue costs	0			(66)	0	(66)
Cash payment to Norwegian government	0			(300)	0	(300)
Transfers	0			0	6	6
Exchange rate movements	0			0	(17)	(17)
Balance sheet as at 31 Dec. 1999	**7 787**	**-**	**-**	**3 244**	**7 503**	**18 534**

The share capital of Den norske Bank ASA is NOK 7 786 578 950 divided into 778 657 895 shares of NOK 10 each. Den norske Bank ASA is wholly owned by DnB Holding ASA.

NOTE 42 - CAPITAL ADEQUACY

			Den norske Bank ASA
	Accounts		*Pro forma*
Amounts in NOK million	31 Dec. 1999	31 Dec. 1998	*31 Dec. 1998*
Share capital	7 787	6 405	*7 787*
Other equity	10 747	7 500	*9 870*
Total equity	18 534	13 905	*17 657*
Pension funds above pension commitments	(627)	(620)	*(632)*
Goodwill and other intangible assets 1)	(426)	-	*-*
Core capital	17 480	13 285	*17 025*
Perpetual subordinated loan capital 2)	4 277	4 193	*4 193*
Term subordinated loan capital 2)	2 435	2 435	*2 435*
Net supplementary capital	6 712	6 628	*6 628*
Deductions	(536)	(598)	*(936)*
Total eligible primary capital 3)	23 656	19 315	*22 717*
Total risk-weighted volume	220 413	191 793	*222 951*
Core capital ratio (per cent)	7.9	6.9	*7.6*
Capital ratio (per cent)	10.7	10.1	*10.2*

Specification of risk-weighted volume

								Den norske Bank ASA
						Risk-weighted volume		
		Nominal amounts 4)				Accounts		*Pro forma*
						31 Dec.	31 Dec.	*31 Dec.*
Amounts in NOK million	Risk-weight:	0%	20%	50%	100%	1999	1998	*1998*
Banking portfolio								
Cash and ordinary deposits with banks		28 957	5 196	0	0	1 039	459	*1 094*
Short-term investments in securities		667	2 831	0	2 299	2 866	1 600	*6 500*
Lending		23 937	24 758	86 547	125 214	173 439	147 135	*170 313*
Other assets		1 724	111	1 785	847	1 762	1 927	*2 330*
Fixed assets		0	12	0	8 553	8 555	7 930	*8 231*
Total assets		55 286	32 908	88 331	136 914	187 661	159 052	*188 468*
Off-balance-sheet instruments						27 034	27 600	*28 756*
Total risk-weighted volume, banking portfolio						214 695	186 653	*217 224*
Trading portfolio								
Position risk, equity instruments						82	67	*67*
Position risk, debt instruments						6 915	5 810	*6 910*
Settlement risk						9	45	*45*
Counterparty risk and other risks						3 518	3 456	*3 733*
Currency risk (tied to DnB ASA's total operations)						17	571	*571*
Total risk-weighted volume, trading portfolio						10 541	9 949	*11 326*
Total risk-weighted volume, banking and trading portfolios						225 236	196 601	*228 550*
Deduction for:								
Investments in primary capital in other financial institutions						(536)	(513)	*(564)*
Specified and unspecified loan-loss provisions						(4 287)	(4 973)	*(5 035)*
Total risk-weighted volume						220 413	191 115	*222 951*

1) *Due to changes in regulations on the calculation of primary capital effective as of the 1999 financial year, intangible assets previously deducated from primary capital are now deducted from core capital.*
2) *In accordance with capital adequacy regulations, the lower of the exchange rates prevailing at the time the loan was raised and on the balance sheet date should be applied in calculating eligible primary capital. Term subordinated loan capital is thus reduced by NOK 364 million in capital adequacy calculations and perpetual subordinated loan capital is reduced by NOK 268 million. NOK 6 712 million in supplementary capital is included in the NOK 7 344 million in subordinated loan capital recorded in the accounts. See note 40.*
3) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in Den norske Bank ASA's accounts as a different consolidation method is used in calculating capital adequacy.*

All figures are presented in accordance with rules prevailing at the time in question.

NOTE 43 - RESIDUAL MATURITY AS AT 31 DECEMBER 1999

Den norske Bank ASA

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks							
NOK	13 044						13 044
Foreign currency	49						49
Lending to and deposits with credit institutions							
NOK	10 784	3 062	2 635	1 772	229		18 482
Foreign currency	3 231	1 149	1 650	1 006	368		7 404
Net lending to customers [1)]							
NOK	13 167	5 753	15 646	43 321	98 161	(1 524)	174 523
Foreign currency	8 293	1 257	2 541	19 770	13 236	(287)	44 809
Commercial paper and bonds							
NOK	984	3 176	6 849	5 425	932	3 047	20 414
Foreign currency	34	97	955	11 791	2 964	211	16 051
Sundry assets							
NOK						16 580	16 580
Foreign currency	8	6	9	2	373	3 562	3 960
Total assets	**49 594**	**14 500**	**30 285**	**83 087**	**116 263**	**21 588**	**315 317**
NOK	37 980	11 990	25 129	50 519	99 322	18 103	243 044
Foreign currency	11 615	2 509	5 156	32 568	16 941	3 485	72 273
Liabilities and equity							
Loans and deposits from credit institutions							
NOK	20 093	1 050	8		23		21 174
Foreign currency	14 842	6 026	4 025				24 893
Deposits from customers							
NOK	106 687	44 544	7 235	298			158 763
Foreign currency	17 350	572	403		1		18 326
Securities issued							
NOK	1 606	1 338	3 692	4 966	2 495		14 098
Foreign currency	2 735	5 238	7 630	15 593	4 718		35 914
Sundry liabilities							
NOK					1	12 026	12 026
Foreign currency	11	8	2		1 334	2 892	4 246
Subordinated loan capital							
NOK							
Foreign currency					7 344		7 344
Equity							
NOK						19 054	19 054
Foreign currency						(521)	(521)
Total liabilities and equity	**163 323**	**58 775**	**22 994**	**20 858**	**15 917**	**33 451**	**315 317**
NOK	128 386	46 932	10 935	5 264	2 519	31 080	225 116
Foreign currency	34 937	11 844	12 059	15 593	13 398	2 371	90 202
Liquidity exposure gap on balance sheet items	**(113 729)**	**(44 276)**	**7 291**	**62 229**	**100 346**	**(11 862)**	**0**
NOK	(90 406)	(34 941)	14 195	45 255	96 803	(12 977)	17 928
Foreign currency	(23 323)	(9 334)	(6 903)	16 975	3 543	1 114	(17 928)
Liquidity exposure gap on financial derivatives	**338**	**(70)**	**(92)**	**(1 969)**	**(601)**		**(2 394)**
NOK	(7 494)	(3 900)	(3 766)	(4 713)	324		(19 550)
Foreign currency	7 833	3 830	3 673	2 745	(925)		17 155
Total liquidity exposure gap	**(113 391)**	**(44 346)**	**7 199**	**60 261**	**99 744**	**(11 862)**	**(2 395)**
NOK	(97 901)	(38 842)	10 429	40 541	97 127	(12 977)	(1 622)
Foreign currency	(15 490)	(5 505)	(3 230)	19 720	2 618	1 114	(773)

1) Overdraft and working capital facilities are grouped under "Up to 1 month".

NOTE 44 - EXPECTED TIME TO INTEREST RATE ADJUSTMENTS AS AT 31 DECEMBER 1999

Den norske Bank ASA

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No interest rate	Total
Assets							
Cash and deposits with central banks							
NOK	12 506					538	13 044
Foreign currency						49	49
Lending to and deposits with credit institutions							
NOK	10 998	4 830	2 376	278			18 482
Foreign currency	3 421	1 803	1 797	383			7 404
Net lending to customers [1)]							
NOK	55 519	84 606	15 431	17 483	3 008	(1 524)	174 523
Foreign currency	17 584	14 092	12 222	442	756	(287)	44 809
Commercial paper and bonds							
NOK	1 172	5 163	6 772	4 012	246	3 047	20 414
Foreign currency	3 312	4 443	2 251	4 995	840	211	16 051
Sundry assets							
NOK						16 580	16 580
Foreign currency	107	6	9	2	832	3 003	3 960
Total assets	**104 620**	**114 944**	**40 858**	**27 595**	**5 683**	**21 617**	**315 317**
NOK	80 196	94 600	24 579	21 773	3 255	18 642	243 044
Foreign currency	24 424	20 344	16 279	5 822	2 428	2 975	72 273
Liabilities and equity							
Loans and deposits from credit institutions							
NOK	20 093	1 050	8		23		21 174
Foreign currency	14 842	6 026	4 025				24 893
Deposits from customers							
NOK	106 687	44 544	7 235	298			158 763
Foreign currency	17 350	572	403		1		18 326
Securities issued							
NOK	2 991	2 418	3 544	2 997	2 146		14 098
Foreign currency	14 369	17 193	4 352				35 914
Sundry liabilities							
NOK					1	12 026	12 026
Foreign currency	140	8	2		1 206	2 892	4 246
Subordinated loan capital							
NOK							
Foreign currency		5 052		2 293			7 344
Equity							
NOK						19 054	19 054
Foreign currency						(521)	(521)
Total liabilities and equity	**176 472**	**76 862**	**19 568**	**5 588**	**3 377**	**33 451**	**315 317**
NOK	129 771	48 012	10 787	3 296	2 170	31 080	225 116
Foreign currency	46 700	28 850	8 781	2 293	1 207	2 371	90 202
Interest exposure gap on balance sheet items	**(71 852)**	**38 082**	**21 290**	**22 007**	**2 306**	**(11 834)**	**0**
NOK	(49 576)	46 588	13 792	18 478	1 085	(12 438)	17 928
Foreign currency	(22 276)	(8 506)	7 498	3 529	1 221	605	(17 928)
Interest exposure gap on financial derivatives	**2 115**	**7 112**	**(11 604)**	**18 851**	**8 574**		**25 047**
NOK	5 886	8 719	(2 950)	19 048	8 136		38 839
Foreign currency	(3 771)	(1 608)	(8 654)	(198)	438		(13 792)
Total interest exposure gap	**(69 737)**	**45 194**	**9 686**	**40 857**	**10 880**	**(11 834)**	**25 047**
NOK	(43 690)	55 307	10 841	37 526	9 221	(12 438)	56 767
Foreign currency	(26 047)	(10 114)	(1 156)	3 331	1 659	605	(31 720)

1) Overdraft and working capital facilities are grouped under "Up to 1 month".

NOTE 45 - INTEREST RATE RISK SENSITIVITY

The value of items on and off the balance sheet is affected by interest rate movements. This interest rate sensitivity can be expressed as potential changes in value arising from a hypothetical change in interest rates at a fixed future date. The table below indicates estimated negative changes in market value following a change in interest rates of 1 percentage point at the end of 1999. The calculation is conditional on movements in each currency and for all time brackets being unfavourable for the Group relative to actual interest rate positions. The table shows the changes in value arising from such a hypothetical change in interest rates.

Den norske Bank ASA

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Trading portfolio						
NOK	4	12	37	103	93	55
USD	4	5	19	25	1	43
EURO	1	7	11	3	1	1
GBP	0	0	9	7	2	14
Other currencies	1	5	9	3	0	17
Banking portfolio						
NOK	0	17	27	10	11	42
EURO	0	0	0	0	0	0
Total						
NOK	4	29	64	112	104	97
USD	4	5	19	25	1	43
EURO	1	7	11	3	1	1
GBP	0	0	9	7	2	14
Other currencies	1	5	9	3	0	17

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

NOTE 46 - CURRENCY POSITIONS

The table below shows DnB ASA's net currency positions, as defined by Norges Bank. Net position in individual currencies may represent up to 15 per cent of the Group's capital base. Aggregate currency positions must be within 30 per cent of the capital base. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded.

Den norske Bank ASA

Amounts in NOK million	Norwegian kroner	Other currency	Of which: USD	EURO	GBP	DKK	SEK	JPY
Assets								
Cash and deposits with central banks	13 044	49	12	16	6	0	6	1
Lending to and deposits with credit institutions	18 482	7 404	3 020	2 826	127	110	511	114
Lending to customers	174 523	44 809	35 684	3 493	1 808	549	1 938	1 014
Commercial paper and bonds	17 171	15 804	8 422	6 120	446	0	0	730
Shareholdings etc.	8 331	649	171	304	33	0	13	0
Sundry assets	11 493	3 559	2 388	79	883	157	31	4
Total assets	243 044	72 273	49 697	12 837	3 302	817	2 498	1 863
Liabilities and equity								
Loans and deposits to credit institutions	22 356	23 712	17 945	2 806	1 463	208	1 037	149
Deposits from customers	158 763	18 326	12 133	3 218	1 053	527	826	145
Securities issued	14 098	35 914	21 843	9 541	2 910	0	377	1 180
Sundry liabilities	12 026	4 246	4 031	195	(510)	134	12	188
Subordinated loan capital	0	7 344	7 344	0	0	0	0	0
Equity	19 054	(521)	(447)	(5)	68	(26)	(110)	0
Total liabilities and equity	226 298	89 020	62 848	15 754	4 984	841	2 142	1 661
Net currency positions on balance sheets items	16 747	(16 747)	(13 151)	(2 917)	(1 682)	(25)	356	202
Financial derivatives	(16 534)	16 534	12 975	2 907	1 714	28	(362)	(56)
Net currency exposure as at 31 Dec. 1999	213	(213)	(176)	(10)	32	3	(6)	146

NOTE 47 - FINANCIAL DERIVATIVES

	Den norske Bank ASA					
		Accounts			*Pro forma*	
Amounts in NOK million	Nominal amount [1)] 31 Dec. 1999	Positive market value [2)] 31 Dec. 1999	Negative market value [2)] 31 Dec. 1999	*Nominal amount [1)] 31 Dec. 1998*	*Positive market value [2)] 31 Dec. 1998*	*Negative market value [2)] 31 Dec. 1998*
Trading portfolio						
Interest rate agreements	985 701	4 445	3 103	*1 330 257*	*4 162*	*3 310*
Foreign exchange agreements [3)]	346 912	5 707	5 955	*383 734*	*4 892*	*4 283*
Equity-related agreements	8 419	1 179	1 255	*3 180*	*380*	*380*
Commodity-related agreements	208	20	24	*759*	*76*	*45*
Banking portfolio						
Interest rate agreements	29 570	389	867	*21 149*	*126*	*513*
Netting						
Effect of netting agreements [4)]		(4 348)			*(3 141)*	

1) *Nominal amount represents the underlying principal used as a basis for calculating interest income, interest expenses and net trading profits in the profit and loss account.*
2) *Market prices represent the average of purchase and sales prices quoted by information services accessible to the public. In some cases, market prices are calculated by extrapolation or interpolation of available prices.*
3) *Cross-currency interest rate swaps are included under foreign exchange agreements.*
4) *Include only contracts based on legally binding agreements with the customer covering such netting.*

Financial derivatives included in the trading portfolio are recorded at market value in the accounts, and changes in market value are recorded as they occur. With respect to agreements included in the banking portfolio, gains and losses are amortised over the remaining maturity.

Internal transactions between the trading portfolio and ordinary banking operations are valued according to principles relevant to these areas of business without eliminating internal gains and losses. Up till the end of 1999, a total of NOK 246 million was recorded as losses on such transaction, while there was a loss of NOK 288 million for 1999.

NOTE 48 - OTHER OFF-BALANCE SHEET TRANSACTIONS AND ADDITIONAL INFORMATION

	Den norske Bank ASA		
	Accounts		*Pro forma*
Amounts in NOK million	31 Dec. 1999	31 Dec. 1998	*31 Dec. 1998*
Unutilised ordinary credit lines	54 858	53 597	*53 597*
Documentary credit commitments	699	808	*808*
Other commitments	1 357	1 258	*1 258*
Total commitments	**56 914**	**55 663**	***55 663***
Loan guarantees	8 084	8 281	*8 504*
Performance guarantees	6 310	6 838	*6 854*
Payment guarantees	6 199	5 769	*5 769*
Guarantee in favor of Commercial Bank's Guarantee Fund	2 548	*1 767*	*1 767*
Other guarantee commitments	1 959	*3 111*	*3 151*
Guarantees for taxes, etc.	1 386	*1 110*	*1 110*
Total guarantee commitments	26 487	26 876	*27 155*
Support agreements		213	*213*
Total guarantee commitments etc. *)	**26 487**	**27 089**	***27 368***
*) Of which:			
Counter-guaranteed by financial institutions	1 883	1 131	*1 131*
Joint and several liabilities	12	38	*38*
Mortgages, etc.			
Securities [1) 2)]	20 793	7 386	*9 912*
Bank deposits	79	90	*90*
Bank buildings and other properties		3	*3*
Total mortgages etc.	20 872	7 479	*10 005*
are pledged as security for:			
Loans [1) 2)]	13 430	4 455	*6 981*
Other activities	175	338	*338*

1) *NOK 19 917 million in securities has been pledged as collateral for the Bank's loans from Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on securities registered in the Norwegian Registry of Securities and/or the Bank's fixed rate deposits with Norges Bank. As at 31 December 1999, Den norske Bank had borrowed NOK 12 650 million from Norges Bank.*
2) *NOK 780 million in securities in favour of Landeszentralbank and Bank of England for loans in euro.*

Den norske Bank ASA has issued guarantees to cover losses on the takeover of defaulted commitments in connection with the sale of subsidiaries. These guarantees are included in the total guarantee commitments above.

NOTE 49 - CONTINGENCIES

Due to its extensive operations in Norway and abroad, DnB will often be party to legal actions. None of the current disputes are expected to have any material impact on the Bank's financial postion. The disputes involving the highest claims for compensation are described below. DnB diputes the claims.

In 1996, the Liberia-registered company Esperance Ltd. brought an action against DnB with a US court, claiming damages in excess of USD 400 million in connection with the financing of investments in Mexico and subsequent realisation of collateral. In the opinion of DnB, this case did not fall within the jurisdiction of the United States. In the court of first instance, DnB's application to discharge the case was granted. The plaintiff appealed against the decision to the Supreme Court, which upheld the decision to discharge the case. This concludes the case in US courts of law.

Ole A. Fjell has filed a suit against DnB with the Bergen Municipal Court claiming compensation of up to USD 57.5 million plus interest due to alleged losses related to a property venture in Beijing. On 9 March 2000, the Municipal Court found in favour of DnB and awarded compensation for legal costs. The judgment is not final and enforceable.

In 1995, Thor K. Tjøntveit and Wien Air Alaska Inc. brought actions against DnB with a US court in which the claim for damages was around USD 13 million. Both claims were dismissed from trial in the US. Thor K. Tjøntveit has filed a suit against DnB with the Oslo Municipal Court, claiming damages of NOK 100 million. DnB disputes the claim.

Nikitas Venizelos og Omen Marine have filed a suit against DnB Holdings Ltd (formerly DnB Plc) i Piraeus, Greece, claiming compensation of up to around USD 11.3 million plus interest in connection with the arrest and forced sale of ships. DnB disputes the claim.

Contingencies concerning taxes are discussed in note 17.

Oslo/ Bergen, 14 March 2000
The Board of Directors of Den norske Bank ASA

Jannik Lindbæk
(chairman)

Marianne Lie Harg

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kåre Rommetveit

Ketil A. Stene

Anne Carine Tanum

Svein Aaser

AUDITOR'S REPORT FOR 1999

To the Annual General Meeting and the Supervisory Board of Den norske Bank ASA

We have audited the annual financial statements of Den norske Bank ASA as of 31 December 1999, showing a profit of NOK 1 962 000. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of profits. The financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. These financial statements are the responsibility of the Company's Board of Directors and the Group Chief Executive. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,
- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company as of 31 December 1999, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of profits is consistent with the financial statements and complies with law and regulations.

Oslo, 14 March 2000
ARTHUR ANDERSEN & CO.

Finn Berg Jacobsen (sig.)
State Authorised Public Accountant (Norway)

Erik Mamelund (sig.)
State Authorised Public Accountant (Norway)

CONTROL COMMITTEE'S REPORT

To the Supervisory Board and the Annual General Meeting of Den norske Bank ASA

Throughout the 1999 financial year, the Control Committee has carried out internal controls in Den norske Bank ASA in accordance with Section 13 of the Commercial Banking Act and instructions laid down by the Supervisory Board.

In connection with the closing of the accounts for the 1999 financial year, the Control Committee has examined the Directors' Report, the financial statements and the Auditor's Report.

The Committee finds that the Board of Directors gives an adequate description of the financial position of the Bank, and recommends the approval of the Directors' Report and financial statements for the 1999 financial year.

Oslo, 21 March 2000

Helge B. Andresen
(chairman)

Henrik J. Lisæth
(vice-chairman)

Harald S. Kobbe

Anders Ringnes

Eva Granly Fredriksen

Knut Boye
(deputy)

Oddlaug Os
(deputy)

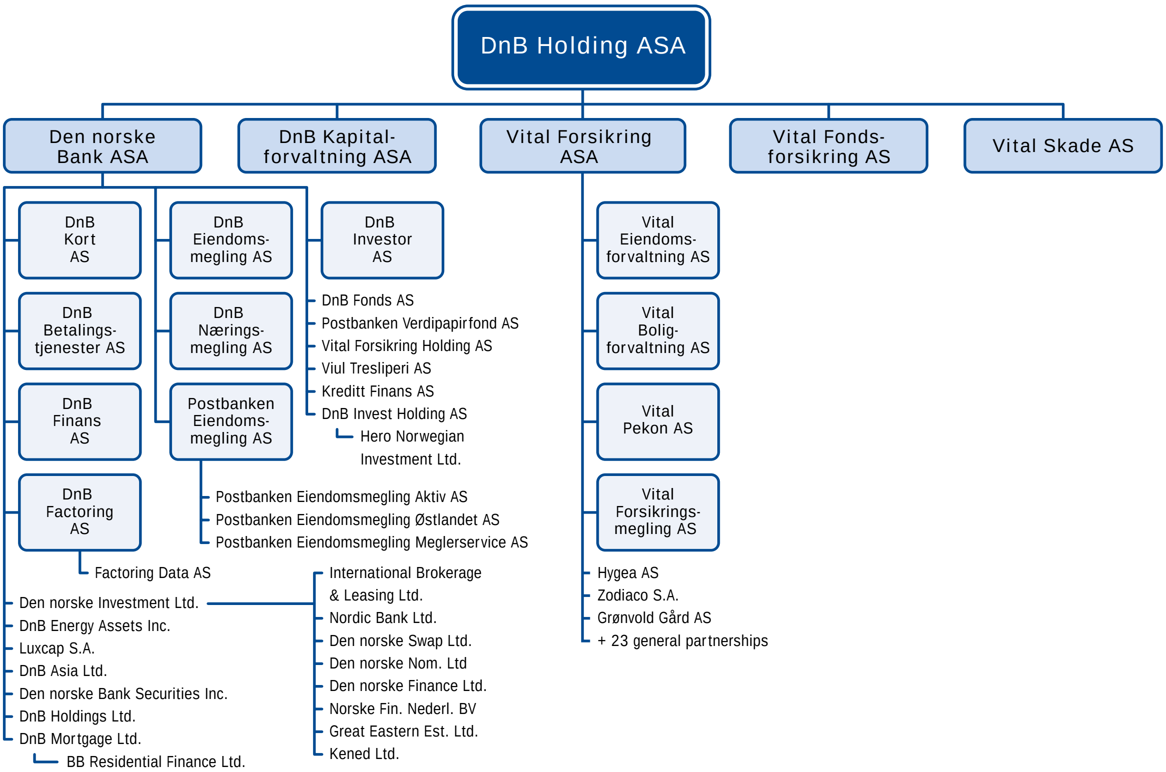
Companies in the DnB Group

New group structure

Introduction of new group structure – establishment of DnB Holding ASA

At an Extraordinary General Meeting on 20 December 1999, a new organisational structure was approved for DnB. The restructuring was based on conditions relating to DnB's concession for the acquisition of Vital, which subsequently led to instructions from Norwegian authorities to further separate insurance operations from banking operations. The restructuring included the establishment of DnB Holding ASA as owner of Den norske Bank ASA, Vital Forsikring ASA, Vital Fondsforsikring AS, Vital Skade AS and DnB Kapitalforvaltning ASA. The new legal structure is presented in the Directors' Report. Operating as a holding company for the five subsidiaries, DnB Holding will deal with matters of overall significance to the DnB Group, including planning, risk management and capital structure. The new holding structure has not resulted in any changes in the operative management of the Group.

The major operative companies in the DnB Group are presented below, along with extracts of each company's accounts.



Vital – Vital Forsikring ASA and Vital Fondsforsikring AS

Vital is the DnB Group's provider of life and pension insurance. Vital's market share of customer assets under management was 18.0 per cent as at 30 September 1999, compared with 17.1 per cent at the same time in 1998.

In 1999, Vital introduced health and non-life insurance in cooperation with other companies. Vital offers a full range of products within life and pension insurance and has committed substantial resources to the development of teleinsurance, i.e. interactive communication with corporate customers over the Internet. A total of 200 companies with over 30 000 employees currently make use of this service. The launching of teleinsurance services has been a success and is intended to heighten the interest of corporate customers and their staff in insurance products, in addition to providing a basis for cost savings through improved operational efficiency.

Vital Fondsforsikring AS is Norway's largest company within unit linked insurance. The company offers unit linked products through various channels, including Vital's own sales force and DnB's distribution network.

DnB is Vitals main distribution channel in the individual market. Sales through DnB came to NOK 1.1 billion in 1999, up NOK 288 million from 1998. Den norske Bank's distribution network accounted for 51 per cent of the sales of individual insurance policies in 1999. Vital's own sales force was responsible for 21 per cent of sales in the individual market, while other channels represented 28 per cent.

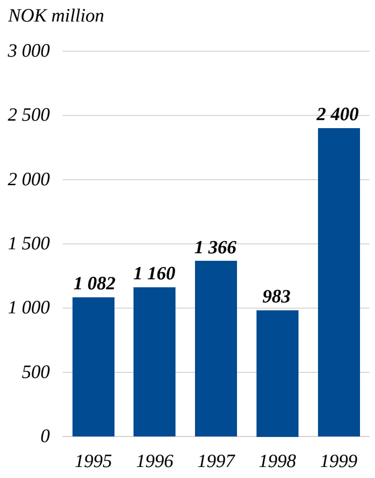
There was a rise in the number of new private and corporate customers transferring their policies to Vital in 1999. Focus on the public sector has proved fruitful. Most municipalities and half of all public enterprises transferring their pension schemes during 1999 chose Vital as their insurance partner.

Vital's value-adjusted total assets, including Vital Fondsforsikring, stood at NOK 64.6 billion, up 13.7 per cent from 1998. At year-end 1999, total assets in Vital Fondsforsikring were NOK 2.6 billion, a rise of NOK 1.6 billion from 1998. The success of unit linked products reflects the keen interest in long-term savings in Norway. The market share for premium income on unit linked products and assets under management was around 30 per cent. Around 51 per cent of these funds are managed by DnB Investor, while DnB Kapitalforvaltning and Den norske Bank manage around 33 per cent and 5 per cent respectively.

During 1999, Vital Forsikring ASA increased the equities portion of total assets by 11 percentage points to 34.4 per cent. The company's capital adequacy was enhanced during the same period, while buffer capital rose by 45 per cent to NOK 11.1 billion.

Insurance payments, including payments to policyholders and the transfer of policies to other insurers, came to NOK 3.7 billion in 1999,

Vital Forsikring ASA – profit for distribution



Extract of the accounts of Vital Forsikring ASA 1)

PROFIT AND LOSS ACCOUNTS

Amounts in NOK million	1999	1998 2)
Premium income	4 426	5 560
Financial income	11 439	6 060
Insurance settlements	3 653	4 780
Increase in insurance provisions	2 489	2 467
Insurance-related operating expenses	537	524
Other	6 786	2 866
Operating profit for distribution	2 400	983
Funds transferred to policyholders	1 893	680
Taxes	46	18
Profit for the year	461	285

BALANCE SHEETS

Amounts in NOK million	31 Dec. 1999	31 Dec. 1998
Value-adjusted total assets	61 883	55 764
Buffer capital	11 134	7 675

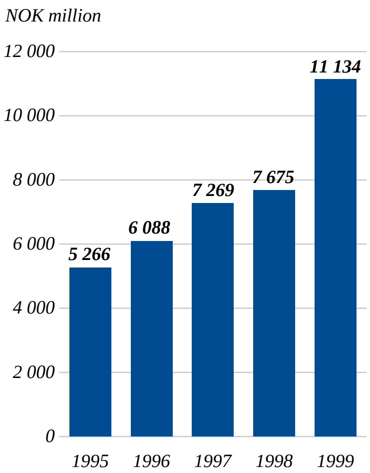
KEY FIGURES

Per cent	1999	1998
Return excl. change in value of long-term securities	15.1	5.4
Return excl. change in value of short-term securities	9.1	6.8

1) Note 8 to the annual accounts gives a more detailed presentation of Vital's accounts and the contribution to the DnB Group profits.
2) Figures for 1998 represent Vital Forsikring including subsidiaries.

Direct link to complete annual report and accounts: www.dnb.no/ir/vital

Vital Forsikring ASA
– buffer capital



compared with NOK 4.8 billion in 1998. The reduction stems from the decline in transfers of insurance policies to other companies.

Vital Forsikring ASA recorded profits of NOK 2.4 billion in 1999, as against NOK 983 million the previous year. The value-adjusted return on capital excluding changes in the value of long-term securities was 15.1 per cent in 1999, as against 5.4 per cent in 1998. Return on capital excluding changes in the value of short-term securities was 9.1 per cent in 1999, compared with 6.8 per cent in 1998.

Total premium income including Vital Fondsforsikring was NOK 5.7 billion, down 9.7 per cent from 1998. The decline was the result of an exceptionally good year in 1998 due to the transfer of DnB's pension fund to Vital. Apart from this, total premium income in 1999 rose by 14.6 per cent.

The equities portfolio made the strongest contribution to the healthy performance in Vital Forsikring, with a total return of 44.8 per cent. Vital achieved higher gains on trading in bonds and equities relative to reference indices. Gains on Norwegian equities were 48.6 per cent, 3 percentage points above the all-share index on the Oslo Stock Exchange. On international equities, Vital reported gains of 42.2 per cent, 7.0 percentage points better than Morgan Stanley's corresponding global index. Total gains in excess of those achieved on reference indices came to NOK 960 million, corresponding to a return of 2.5 per cent on the securities portfolios. The real estate portfolio showed a return of 11 per cent.

Operating expenses, including investment management activities, were NOK 577 million in 1999, compared with NOK 561 million in 1998. Expenses in 1999 were 1.14 per cent of policyholders' funds, an improvement on the 1998 figure of 1.21 per cent.

NOK 1.9 billion or 79 per cent of profits was allocated to policyholders, in addition to the guaranteed return. Overall value creation for customers was NOK 6.7 billion. Profits allocated to equity and taxes were NOK 507 million.

Pre-tax profits for Vital Fondsforsikring AS in 1999 were NOK 5.3 million. NOK 1 227 million was recorded in premium income on unit linked products, a rise of NOK 529 million from 1998.

The funds most preferred by unit linked customers also showed healthy returns in 1999. DnB Europa had a return of 41.5 per cent, DnB Norden 60.95 per cent, Vital Pluss 54.68 per cent, Vital Kombi 24.25 and Vital 2010 38.48 per cent.

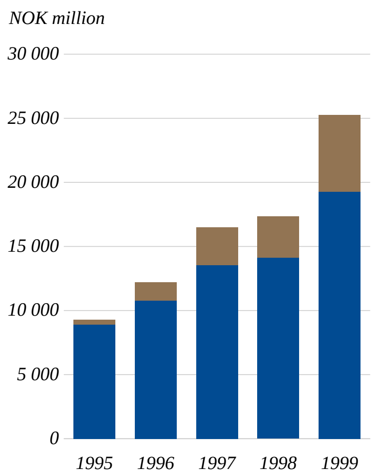
Vital Skade AS

Vital Skade was established in 1998 and became operative as of 1 January 1999. The company will supplement the range of services from other business areas in the Group by providing non-life products as part of a total product package. Travel insurance for DnB's loyalty programme customers is offered through Vital Skade. The company assumes no risk on its own, but operates as an agent for the insurance underwriters Lloyd's of London. The company's revenues stem from commissions on policy sales. Premiums on policies sold in 1999 came to NOK 43 million, and commissions were just under NOK 10 million.

DnB Investor AS

High sales volume and increasing values in most markets formed the basis for DnB Investor's solid performance in 1999.

Assets under management
– DnB Investor
Postbanken Verdipapirfond
DnB Investor excl. Postbanken



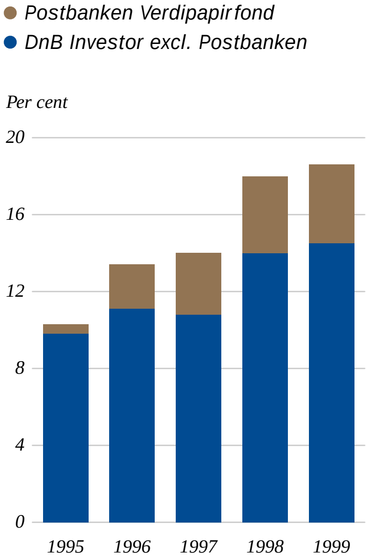
Extract of the accounts of DnB Investor AS

PROFIT AND LOSS ACCOUNTS

Amounts in NOK million	1999	1998
Commissions receivable	208	180
Fees and other income	32	37
Operating expenses	210	178
Operating profit	30	39
Financial income	5	3
Taxes	10	11
Profit for the year	25	31

Direct link to complete annual report and accounts:: www.dnb.no/ir/dnbinvestor

Market share for equity and balanced funds in DnB Investor



Extract of the accounts of DnB Finans AS

PROFIT AND LOSS ACCOUNTS

Amounts in NOK million	1999	1998
Net interest income	417	333
Net other operating income	47	38
Operating expenses	213	204
Pre-tax operating profit before loan losses	251	167
Net losses on loans, guarantees, etc.	51	35
Net gains on long-term investments in securities	5	0
Operating profit	205	132
Taxes	58	38
Profit for the year	147	94

BALANCE SHEETS

Amounts in NOK million	31 Dec. 1999	31 Dec. 1998
Total assets	10 280	9 674
Net lending to customers	9 804	9 210

Direct link to complete annual report and accounts: www.dnb.no/ir/dnbfinans

Assets under management increased by close to 37 per cent, reaching NOK 19.3 billion as at 31 December 1999. Market shares for equity and balanced funds rose from 14.0 per cent to 14.5 per cent. The company's total revenues went up from NOK 217 million in 1998 to NOK 240 million in 1999.

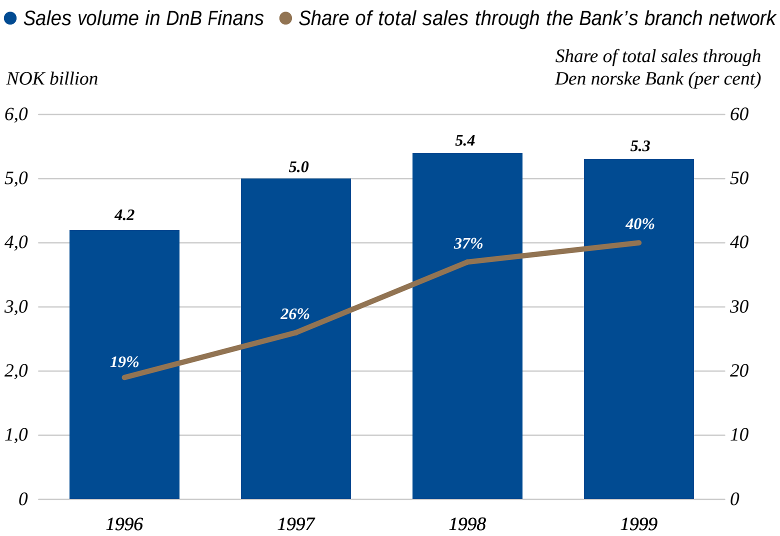
NOK 11 million in restructuring provisions was charged to the accounts in connection with the planned merger with Postbanken Verdipapirfond.

Assets under management in Postbanken Verdipapirfond totalled NOK 6 billion at end-December 1999, up NOK 2.7 billion from 1998.

DnB Finans AS

Through DnB Finans, the DnB Group offers financing of consumer durables to companies and private individuals. The market share for the company's core products leasing and loans was a good 23 per cent at year-end 1999.

Sales in DnB Finans

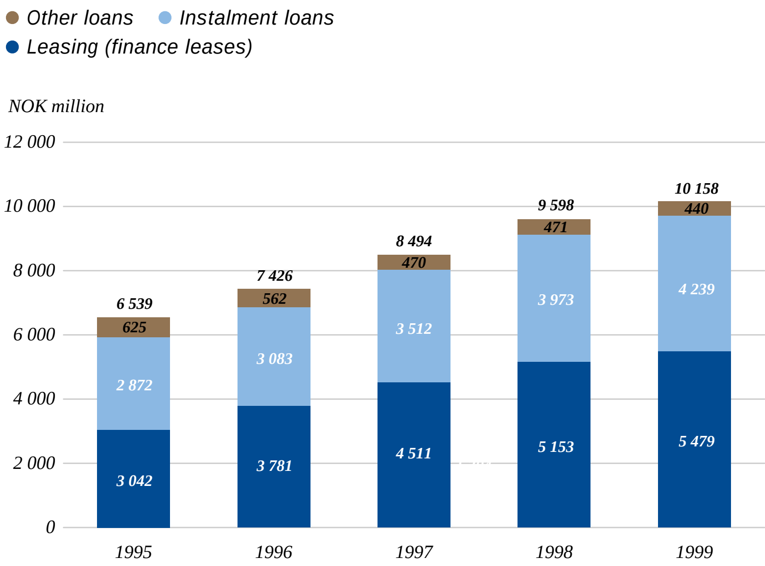


Competition is expected to intensify, though DnB Finans has consolidated its position in the market. The background for the sharpened competition is that the EEA agreement has made it easier to establish financing operations in Norway, while producers and suppliers are increasingly setting up finance companies in connection with their ordinary operations. Credit demand is expected to show a continued shift towards asset finance, along with rental and leasing services.

DnB Finans' products are primarily distributed through Den norske Bank, as well as through cooperation agreements with agents and through the company's own office network. Den norske Bank accounted for an increasing percentage of sales in 1999.

DnB Finans recorded pre-tax profits of NOK 205 million in 1999, compared with NOK 132 million in 1998. Profits for the year were NOK 147 million following a NOK 58 million tax charge, representing a 56 per cent improvement relative to 1998. Profits include gains on the sale of fixed assets totalling NOK 16 million. Adjusted for these gains, profits reflected a 43 per cent improvement.

DnB Finans – lending according to product (before related specified provisions)



As at 31 December 1999, total assets in DnB Finans were NOK 10 280 million, as against NOK 9 674 million a year earlier. A large part of the increase derives from greater sales through Den norske Bank. DnB Finans' products will gradually be introduced for distribution through Postbanken's sales channels.

New leasing and loan contracts worth NOK 5 476 million were signed in 1999, compared with NOK 5 538 million in 1998. The decline in new sales in 1999 reflects higher interest rate levels and lower car sales compared with the previous year.

Expenses as a percentage of average total assets stood at 2.2 per cent, as against 2.3 per cent in 1998. Relative to net income excluding special items, expenses represented 47.5 per cent, compared with 55.5 per cent for 1998.

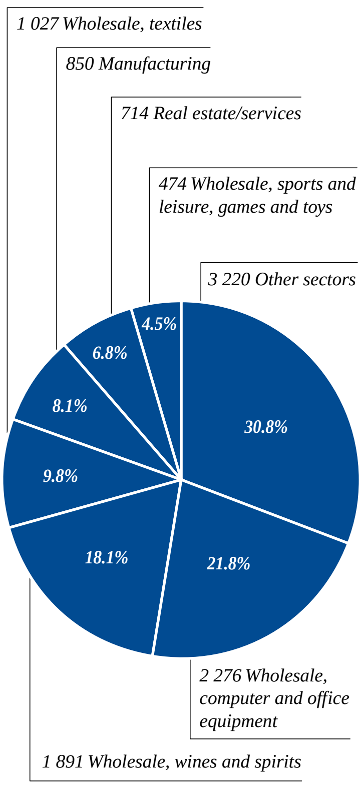
Loan losses and loan-loss provisions in 1999 amounted to NOK 51 million, which corresponds to 0.50 per cent of average total assets. The volume of problem commitments remained at a satisfactory level. Capital adequacy was 9.0 per cent at year-end 1999.

DnB Factoring AS

DnB Factoring is responsible for the Group's factoring services and has a market share in Norway of around 32 per cent.

DnB Factoring offers businesses effective follow-up of accounts receivable, flexible working capital facilities and assumes credit risk for customer losses, in addition to cross-border and correspondent factoring services. In most OECD countries, Norwegian exporters can

Factoring turnover in major sectors in 1999
Figures in NOK million



Extract of the accounts of DnB Factoring AS

PROFIT AND LOSS ACCOUNTS

Amounts in NOK million	1999	1998
Net interest income	38	38
Net other operating income	47	51
Operating expenses	61	60
Pre-tax operating profit before loan losses	24	30
Net reversals on loans, guarantees, etc.	1	3
Operating profit	25	33
Taxes	7	9
Profit for the year	18	24

BALANCE SHEETS

Amounts in NOK million	31 Dec. 1999	31 Dec. 1998
Total assets	527	694
Net lending to customers	506	575

Direct link to complete annual report and accounts: www.dnb.no/ir/dnbfactoring obtain financing, hedging and collection of accounts receivable relating to their exports through DnB Factoring.

An increasing number of large companies opt to send their accounts receivable to factoring companies for processing.

Factoring operations are largely based on information technology. In 1999, Telefactor was launched as the first Internet-based factoring solution in Norway, providing customers with online access to updated information on financing, turnover and accounts receivable. Following the introduction of this service in July 1999, more than half of the customers receive their information over the Internet.

DnB Factoring recorded operating profits of NOK 25 million in 1999, compared with NOK 33 million in 1998.

The decline in profits must be viewed in light of the relatively heavy costs in connection with the development and implementation of a new factoring information system (FIS 2000), and the fact that 1998 was the best year in the history of the company.

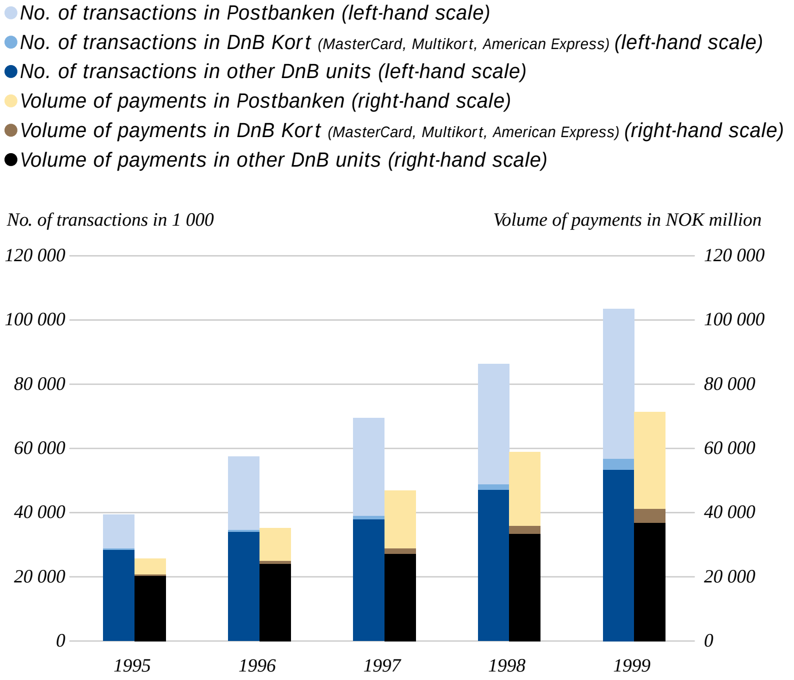
Factoring turnover, i.e. the value of receivables the company processes on behalf of factoring customers, amounted to NOK 11 billion in 1999. During the year, new agreements were signed with corporate clients covering an overall annual turnover of NOK 2.4 billion, 22 per cent above the year-earlier figure. DnB was the principal banker for around 70 per cent of new customers. Average lending rose by 3 per cent in 1999. DnB Factoring recorded no loan losses during the year.

DnB Kort AS

DnB Kort is responsible for the Group's card operations and on 1 July 1999 took over the operations of American Express in Norway. The acquisition ensured a market share of about 20 per cent of card-based travel management services in Norway. Turnover for MasterCard, Multikort (co-branded cards) and American Express cards soared by around 83 per cent to NOK 4.3 billion in 1999, of which around 65 per cent resulted from taking over American Express in Norway. The number of cards on issue increased by 23 per cent, reaching around 835 000 by the end of the year, of which about 60 000 were American Express cards. The use of payment cards in Norway continued to climb in 1999 and was among the highest in Europe per capita.

The acquisition of American Express in Norway represents a strategic alliance between DnB and American Express. American Express is at the forefront in the global development of new forms of commerce and settlement within both traditional business and

DnB Group – number of card transactions and volume of payments



Extract of the accounts of DnB Kort AS

PROFIT AND LOSS ACCOUNTS

Amounts in NOK million	1999	1998
Net interest income	136	101
Net other operating income	211	134
Operating expenses	209	136
Pre-tax operating profit before loan losses	138	98
Net losses on loans, guarantees, etc.	22	14
Operating profit	116	84
Taxes	33	12
Profit for the year	84	73

BALANCE SHEETS

Amounts in NOK million	31 Dec. 1999	31 Dec. 1998
Total assets	2 379	1 366
Net lending to customers	1 942	1 336

telephony and e-commerce. Through the agreement, DnB is the only Norwegian bank with access to American Express' global product development and competence. DnB is entitled to issue and market American Express cards to current and prospective clients in Norway, as well as to find and provide service to new businesses accepting American Express cards in Norway.

The agreement with American Express provides DnB with a solid share of the market for card-based travel management services. DnB sees great potential in the combination of existing cash management systems and the travel management services available through American Express.

Through the further development of distribution solutions, the DnB Group wishes to use card-based services to allow for greater flexibility and more user-friendly service for customers.

Following the acquisition of American Express, DnB Kort has developed a separate loyalty programme for corporate clients, called the Partner programme, which was launched in the autumn of 1999. In addition, a pilot project on the use of purchasing cards was completed in cooperation with Norsk Hydro. The product, Visa Purchasing Card, was launched at the beginning of the year, and contracts were signed with several new customers in a rapidly expanding market.

In the retail market, priority has been given to various customer service measures aiming to increase customer satisfaction and thereby the frequency of card use by existing customers. One measure involved converting Multikort cards to MasterCards, which increases user options for existing customers by giving them full access to MasterCard's global network.

DnB Kort achieved profits of NOK 116.7 million in 1999, compared with NOK 84.5 million the previous year. This was the company's best performance ever thanks to the positive trend in interest spreads and more frequent card use.

Lending came to around NOK 2 billion at year-end 1999, approximately NOK 600 million above the 1998 figure.

DnB Eiendomsmegling AS

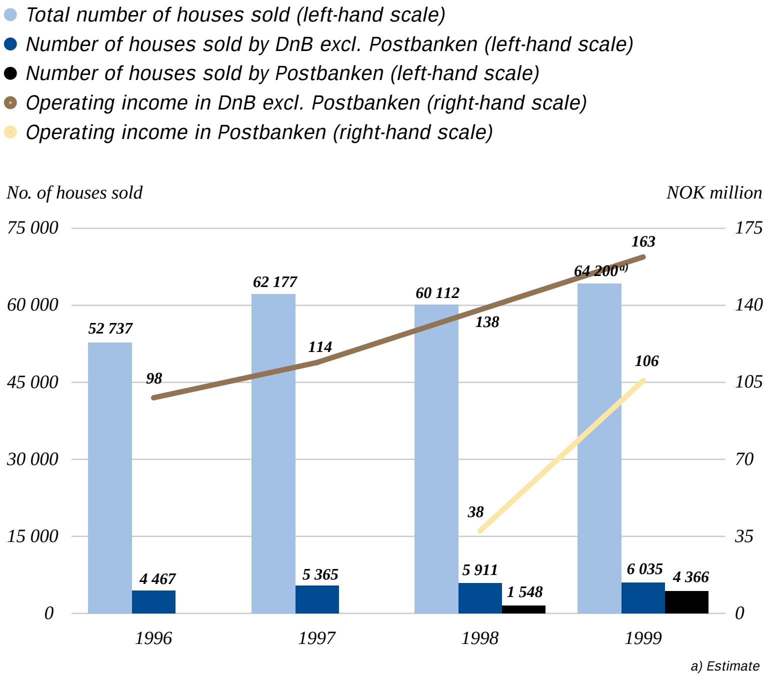
1999 was a record year for DnB Eiendomsmegling, with NOK 22 million in profits. Income from sales of residential properties and vacation homes totalled around NOK 163 million in 1999, up some 17 per cent compared with 1998. Market share was maintained at the 1998 level of around 9 per cent. DnB Eiendomsmegling is one of Norway's biggest brokers of private residential properties and vacation homes and is one of few agencies with a nationwide network. Operaions in DnB Eiendomsmegling bring the Group a substantial volume of business in the form of mortgage loans and savings. In 1999, this amounted to over NOK 2 billion, more than half of which represented savings. The company completed just over 6 000 property transactions involving private residences and vacation homes during the year.

Notable features in the sector have been new establishments and a continued trend towards forming chains. Most market participants have shown improved performance following a weak year in 1998. The outlook for the year 2000 is considered good, as long as interest rates remain at moderate levels and employment stays high.

Postbanken Eiendomsmegling AS

Postbanken Eiendomsmegling is also a major broker of residential properties with a 7 per cent market share in 1999 and close to 50 offices throughout the country. Operations are organised as a franchise under the brand names Postbanken and Aktiv.

DnB Group – houses sold and operating income



Supervisory Board, Control Committee, Board of Directors, Management and Auditors

Supervisory Board

Members elected by shareholders:
Ellen Holager Andenæs, Oslo
Bjørg Månum Andersson, Oslo
Alexandra Bech, Oslo
Morten Sig. Bergesen, Oslo
John G. Bernander, Kristiansand
Olav Fjell, Asker
Eva Granly Fredriksen, Oslo
Bjørg Hope Galtung, Jondal
Herbjørn Hansson, Sandefjord
Jens P. Heyerdahl d.y., Oslo
Jan Willy Hopland, Oslo
Knut Hartvig Johansson, Snarøya
Tore Lindholt, Skjetten
Ole Danbolt Mjøs, Tromsø (vice-chairman)
Harald Norvik, Nesodden (chairman)
Anders Renolen, Sofiemyr
Anita Roarsen, Oslo
Benedicte Berg Schilbred, Tromsø
Harry Martin Svabø, Haslum
Gro Hillestad Thune, Oslo

Deputies elected by shareholders:
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Odd Ivar Biller, Oslo
Asbjørn Birkeland, Bergen
Arnulf Haukeland, Bergen
Cathrine Holst, Oslo
Ulf B. Jespersen, Bergen
Kjellaug Kristiansen Jota, Rasta
Jan T. Jørgensen, Kongsberg
Jan Kildal, Oslo
Harald S. Kobbe, Bergen
Terje Mikalsen, Farsund
Reidar Nordby jr., Hamar
Sigbjørn Rishaug, Trondheim
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Børge Rosenberg, Bergen
Peter Ruzicka, Nesbru
Diderik Schnitler, Tønsberg
Birger Solberg, Oslo
Morten Ulstein, Ulsteinvik
Sverre Valvik, Arendal

Members elected by employees:
Else Carlsen, Oslo
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Hilde M. Hjelle, Oslo
Svein O. Kvalheim, Bergen
Nils Lidtun, Bergen
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Deputies elected by employees:
Kai Andersen, Tønsberg
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Harald S. Kobbe, Bergen
Henrik J. Lisæth, Bergen (vice-chairman)
Anders Ringnes, Oslo

Deputies:
Knut Boye, Bergen
Oddlaug Os, Oslo

Board of Directors

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Svein Aaser, Drøbak
Marianne Lie Harg, Stabekk
Per Hoffmann, Oslo
Jannik Lindbæk, Oslo (chairman)
Bent Pedersen, Danmark (vice-chairman)
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Vigdis Mathisen, Asker

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Evlyn Raknerud

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