Annual Report 2001

Den norske Bank ASA

DnB

The DnB Group

- Norway's largest financial services group
- Over 100 000 corporate customers, including small businesses, and a market share of one-fourth of the total Norwegian corporate market
- Principal bankers for 60 per cent of Norway's 300 largest companies
- Norway's most extensive distribution network serving over 1.85 million active customers, representing over 20 per cent of the Norwegian retail market
- 228 000 customers taking part in various loyalty programmes
- Over 425 000 customers with access to the Group's electronic services
- Norway's largest capital markets business through DnB Markets and the country's leading arranger of financial solutions for commercial clients
- The country's leading provider of unit linked products through Vital
- One of the world's foremost shipping banks, focusing on customers with sound credit quality
- Handles payment flows for more than 50 per cent of Norway's foreign trade

Contents

Directors' report

Den norske Bank ASA is a subsidiary of DnB Holding ASA, which is the holding company for the DnB Group. In addition to Den norske Bank ASA, the financial services group comprises Vital Forsikring ASA, Vital Link AS, Vital Skade AS and DnB Kapitalforvaltning AS (DnB Asset Management), 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 356 billion, representing 77 per cent of the Group's total combined assets at the end of 2001.

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 provided by Financial, Payment and Group 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 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 2001

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 spite of the uncertain global climate and the weak international economy in 2001, Den norske Bank, like the DnB Group, achieved good result in most areas. The bank's financial strength and extensive operations in Norway helped counteract negative external influences. At the same time, Den norske Bank proceeded with the restructuring of the bank along with efforts to improve operational efficiency, and took important steps to reinforce the bank's position as a leading financial institution with a broad international presence, based in Norway.

Den norske Bank recorded profits of NOK 3 435 million in 2001, corresponding to 15.9 per cent return on equity. In 2000, profits totalled NOK 3 370 million, with return on equity at 16.6 per cent. Total assets showed continued growth and stood at NOK 356 billion at the end of 2001, up from NOK 342 billion a year earlier.

Den norske Bank showed healthy progress in a number of areas in 2001. Total income rose from NOK 11 246 million in 2000 to NOK 11 582 million in 2001. Lending recorded in the balance sheet was up 7.6 per cent, while the bank played an active part in arranging syndicated loans for customers. Due to the broad income base, it was possible to maintain healthy overall earnings in the bank. DnB Markets showed continued strong progress in 2001.

A number of measures to reduce costs were implemented in 2001, which had a positive effect on cost trends despite the introduction of value-added tax on services as of July 2001. Important milestones were reached towards the end of 2001 in the integration of IT systems in Postbanken and Den norske Bank. In addition, the outsourcing projects completed during the year will help increase operational efficiency within the bank. Postbanken's Clearing House was sold, cash-handling services were transferred to a separate company owned by a group of banks, and IT operating services were outsourced while internal control of IT operations was strengthened.

During 2001, Den norske Bank strengthened its capital base, opening up for a more optimal capital structure. The raising of USD 400 million in hybrid capital in the form of perpetual subordinated loan capital securities boosted core capital and increased the bank's flexibility.

Den norske Bank was committed to the further development of Internet-based services through 2001, and new functions were added to the Internet banks during the year. An increasing number of the bank's services and products were made available online. In cooperation with external partners, new electronic services were introduced, including payment services by mobile phone, e-invoice solutions and an online travel expense system. A total of 425 000 customers had access to Den norske Bank and Postbanken's Internet banks for private customers and small businesses at end-December 2001. Customers carried out an average of 2.6 online payment transactions per month.

In 2001, Postbanken and Norway Post cooperated on the establishment of joint service solutions provided through 519 in-store postal outlets, where customers can carry out everyday banking transactions in their local stores. The number of such transactions rose sharply in 2001.

During the year, Den norske Bank entered into a cooperation agreement with other Norwegian banks with respect to the handling of settlements on behalf of the banks.

In early 2001, DnB Markets introduced DnB hedge fund bonds where returns are linked to developments in values on specific hedge funds and with guaranteed repayment of the invested amount. The new savings product was very well received, particularly among retail customers.

The number of registered users of the Internet-based equities brokerage service rose by around 8 000 to almost 19 000 during the year. In 2001, customers carried out over 100 000 online equities transactions. During the year, DnB Markets became a remote member of the Stockholm Stock Exchange and could thus offer customers access to the Swedish stock market, including online trading services. The range of online services offered by DnB Markets was expanded in connection with the launching of the new DnB.no website and towards the end of the year, DnB Markets also launched an Internet-based foreign exchange service.

In its quest to realise the DnB Group's long-term targets, Den norske Bank acquired a holding of close to 10 per cent in Storebrand in the second quarter of 2001. The DnB Group issued an invitation to merger negotiations with the insurer, however, Storebrand chose to recommend a takeover bid from an international financial services group. This bid was later withdrawn. Den norske Bank's holding is classified as a long-term strategic investment.

The subsidiary Aeti AS was merged with Den norske Bank ASA and incorporated in the accounts as of 1 January 2001.

Strategy

As the DnB Group's commercial banking operation and largest legal entity, Den norske Bank is a key factor 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.

TARGETS

DnB's principal target is to increase shareholder value by ensuring an attractive and competitive return on the DnB share through a combination of increases in the share price and dividends. DnB has set specific targets to be reached during 2003. The primary target is a 15 per cent return on equity, combined with a 55 per cent cost/income ratio.

The cost/income ratio includes total operating expenses before goodwill amortisation, but after VAT on services, which was introduced as of 1 July 2001. Costs are measured as a percentage of total income. Specific targets have also been set for the realisation of cost synergies from the merger between Den norske Bank and Postbanken, along with other operative sub-targets, including the number of users of Internet banking services.

STRATEGIC POSITION

DnB's strategy focuses on areas where the Group has or can achieve lasting competitive advantages.

DnB has a leading position relative to Norwegian retail and corporate customers, with market shares of over 20 per cent in the retail market and 25 per cent in the coporate market. Customer service is provided through Norway's most extensive distribution network, which includes bank branches, post offices, in-store postal outlets and new electronic services. DnB, Postbanken and Vital are among the strongest financial brands in Norway.

DnB has established a firm position relative to international clients wishing to do business in Norway within foreign exchange trading, international cash management and custodial services. More than 50 per cent of all financial transactions between Norway and other countries are executed through DnB.

As a result of Norway's position as a shipping nation, DnB has become one of the world's leading shipping banks.

STRATEGIC MEASURES

To further strengthen its position among Norwegian retail and corporate customers, DnB will seek to provide the best financial products. This could mean that DnB will have to offer solutions provided by other suppliers when the Group is unable to produce the best products itself. DnB will devote considerable resources to the further development of electronic distribution channels equal in quality to solutions offered by competitors. The Group will attach particular importance to strengthening its position among high net-worth clients through the introduction of new products and a new advisory concept, which will be achieved by drawing on the expertise of all the Group's product specialists. DnB will devote more effort to equities trading and associated services offered to Norwegian retail and corporate customers. In addition, the Group will build a stronger position in the market for small and medium-sized businesses by improving and adapting products and service concepts to their special needs.

To strengthen its position as the leading financial institution for international customers with a presence in Norway, DnB will consider the possibility of making its international cash management and custodial services even more competitive through cooperation on product development with other market players.

Parallel to this, DnB will seek to become an even better supplier of niche products in international markets through organic growth within asset management and by seeking new asset management mandates. Additional acquisitions may be an option if such moves would contribute to DnB achieving its long-term targets.

Review of the annual accounts

Den norske Bank achieved a rise in profits from NOK 3 370 million in 2000 to NOK 3 435 million in 2001. There was a NOK 337 million improvement in total income relative to 2000, while operating expenses increased by NOK 23 million. Return on equity was 15.9 per cent in 2001, as against 16.6 per cent in 2000.

INCOME

Den norske Bank achieved a 3 per cent rise in income from 2000 to 2001, with net interest income up NOK 468 million. Expanding lending and deposit volumes offset the effect of narrowing interest rate spreads. Increased interbank activity, along with the rise in equity and higher interest rate levels, also helped lift interest income. The increase in net interest income on interbank activities must be seen in relation to reduced gains on financial instruments.

Average lending and deposit volumes rose by NOK 19 billion and NOK 7 billion respectively, pushing up income by NOK 236 million. Lending spreads remained stable in 2001 in spite of fierce competition and the scaling back of high-interest commitments to customers representing the greatest risk exposure. Deposit spreads narrowed due to strong competition and the elimination of interest income on payment transfers. The overall contraction in spreads caused a NOK 230 million reduction in income.

Net other operating income was down NOK 132 million to NOK 4 394 million in 2001. The reduction was mainly due to falling share prices, which depressed income within equities trading and investments. In spite of this decline, other operating income represented 38 per cent of total income in 2001.

Commissions and fees receivable declined by NOK 347 million to NOK 2 106 million in 2001. Reduced equities brokerage activity brought income down by NOK 101 million. The sale of Postbanken's Clearing House resulted in an increase in transaction costs on payment transfers paid by Den norske Bank to the Banks' Central Clearing House. In 2001, there was a NOK 222 million increase in payment transfer fees, which, however, must be seen in connection with the reduction in operating costs incurred by the bank.

The bank recorded gains on foreign exchange and financial instruments of NOK 960 million in 2001, down NOK 82 million from 2000. Gains on equities declined from NOK 459 million to NOK 141 million. Earnings in DnB Markets rose by a total of NOK 148 million.

The sale of fixed assets in connection with the outsourcing of IT operating services provided a gain of NOK 299 million, while the sale of Postbanken's Clearing House resulted in a gain of NOK 303 million.

Den norske Bank's investment in Storebrand was written down by NOK 358 million in 2001. The holding is classified as a long-term strategic investment. The sale of Den norske Bank's holding in the Norwegian Futures and Options Clearing House ensured a gain of NOK 44 million.

OPERATING EXPENSES

Operating expenses totalled NOK 6 975 million in 2001, a NOK 23 million or 0.3 per cent increase from the previous year. The introduction of VAT on services as of 1 July 2001 contributed to a NOK 119 million rise in costs. The cost/income ratio, representing total ordinary expenses relative to total ordinary income, was 59.8 per cent in 2001, compared with 60.9 per cent in 2000.

Measures to streamline operations and improve operational efficiency brought costs down by NOK 486 million compared with 2000. Wage settlements and increased performance-based pay pushed up personnel expenses by NOK 175 million. At the end of 2001, staff levels in Den norske Bank totalled 5 399 full-time positions, down from 5 653 a year earlier. The sale and outsourcing of operations reduced staff by 389 full-time positions. Parallel to this, new areas of activity required fresh recruits. Price increases and higher levels of activity in the bank's business areas resulted in a NOK 55 million rise in costs. Den norske Bank's investments in information technology and Internet solutions were up by a total of NOK 208 million in 2001. Den norske Bank spent a total of NOK 1 800 million on the development and operation of IT services during the year.

The process of integrating operations in Den norske Bank and Postbanken after the merger was largely completed at the end of 2001. NOK 67 million was spent on various restructuring measures in 2001, and a total of NOK 93 million of the original restructuring provisions remained unused at end-December 2001. The implementation of various integration measures helped bring down annual costs by NOK 424 million.

NOK 71 million was allocated to the share investment fund for DnB employees in the 2001 accounts. The amount allocated per employee was the same as in 2000.

LOAN-LOSS PROVISIONS AND PROBLEM COMMITMENTS

Net losses on loans and guarantees totalled NOK 274 million in 2001, compared with NOK 183 million in net reversals on previous loan-loss provisions in 2000. Net losses represented 0.11 per cent of lending at end-December 2001. The normalised loan-loss level in the portfolio was estimated at 0.32 per cent.

Den norske Bank's exposure to Kværner, the Anglo-Norwegian engineering and construction group, was subject to special monitoring in 2001, and the bank was actively involved in negotiations to find a solution for the company. The recapitalisation plan for Kværner meant that Den norske Bank, like the other creditors, agreed to a reduced rate of interest on part of the commitment. The net present value of the difference between the ordinary and reduced interest rate terms on Den norske Bank's commitment represented NOK 108 million, which was recorded as a loss in the accounts for 2001.

2001 also saw net reversals on previous loan-loss provisions for other large corporate and shipping clients, though there were net losses on loans to private customers and small and medium-sized businesses. Nevertheless, loss levels remained low.

Unspecified loan-loss provisions remained unchanged in 2001. The portfolio of high-risk commitments was scaled back parallel to a rise in lending.

Net problem commitments rose by NOK 0.3 billion, to NOK 2.1 billion at the end of the year. Monitoring of high-risk commitments was stepped up due to developments in the global economy and the Norwegian business community.

TAXES

The tax charge for 2001 was NOK 561 million. As a result of the final judgment in the so-called preference capital matter, taxes were reduced by approximately NOK 600 million in 2001. The court decision concerned the treatment in respect of taxes of the write-down of NOK 2.2 billion in preference capital in 1993, which was regarded as taxable income by the authorities. On 27 June 2001, the Supreme Court handed down the final judgment in favour of Den norske Bank.

Den norske Bank's future tax charge has been estimated at 25 per cent.

ASSETS UNDER MANAGEMENT

As at 31 December 2001, total assets in Den norske Bank were NOK 356 billion, compared with NOK 342 billion at the beginning of the year.

Lending volume rose from NOK 238 billion to NOK 256.2 billion during 2001. Retail lending showed stable growth throughout the year, while in the corporate market, the major part of lending growth was recorded in the first half of the year. Residential mortgages totalled NOK 118 billion as at 31 December 2001, up NOK 10.5 billion from the beginning of the year.

Bank deposits totalled NOK 195.2 billion at year-end 2001, up NOK 16.7 billion on the previous year. The average ratio of deposits to lending was 73 per cent, compared with 76.9 per cent in 2000. Including investments in equity-linked bonds and similar instruments would bring deposits-to-lending ratios to 75.2 per cent and 78.4 per cent respectively.

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.

Risk

Risk management in Den norske Bank is integrated with that of the DnB Group. DnB maintained a moderate risk profile through 2001. The negative trend in the global economy, which also had an impact on Norwegian business, had only minor consequences for the Group due to a long-term project aimed at improving credit quality. This reflects the fact that stable and strong public finances to some extent shield the Norwegian economy from international cyclical fluctuations. Den norske Bank strengthened its capital base by raising NOK 3.6 billion in perpetual subordinated loan capital securities qualifying as core capital.

Risk-adjusted capital (RAC) is a risk measurement tool used throughout the DnB Group. Risk-adjusted capital is calculated on credit risk, market risk, liquidity risk and operational risk, as well as ownership risk associated with Vital. Risk-adjusted capital is calculated for each of the risk categories. In calculating the aggregate capital requirement, the diversification effects between the risk categories are taken into account.

Risk-adjusted capital for credit risk expanded by NOK 1.1 billion or 11 per cent during 2001, in line with the rise in volume. Market risk was up NOK 0.3 billion, partly due to the increase in the Group's strategic investment in Storebrand. The most notable change was seen in the ownership risk for Vital, which expanded from NOK 2.4 billion to NOK 4.5 billion. There were only minor changes for other risk categories.

Calculations of risk-adjusted capital are based on the assumption that the capital should cover 99.97 per cent of all potential losses in excess of the normalised level within a one-year time horizon. This level is in accordance with an AA rating. The DnB Group's defined goal is to achieve such a rating.

CREDIT RISK

In Den norske Bank, the primary tools for managing credit risk refer to risk criteria concerning the commitments and risk-adjusted return on risk-adjusted capital. All commitments are classified according to a risk classification system.

The operative management of the credit process is carried out through credit approval routines based on standardised credit applications and processes, along with approval limits depending on commitment size and the risk involved. Credit strategies are prepared for key business areas, stipulating minimum requirements for the credit quality of new commitments and targets for portfolio quality. Group Credit, an independent unit separate from the customer departments, is involved in the quality assurance of large credits. The Board of Directors of Den norske Bank has stipulated limits for maximum exposure to certain industries, including shipping and fisheries.

Estimated annual normalised losses in the credit portfolio rose by NOK 61 million through 2001, to NOK 891 million. Estimated losses corresponded to 0.32 per cent of net lending, on a level with the previous year. Net losses on loans and guarantees recorded in the accounts totalled NOK 274 million in 2001, which was significantly lower than normalised losses.

Den norske Bank has maintained its strategy of scaling down high-risk commitments. Due to a more sluggish economy, however, Den norske Bank placed an increasing share of commitments on the watchlist during the final quarter of 2001, while there was a decline in such commitments earlier in the year. Relative to total lending, non-performing and doubtful commitments after loan-loss provisions were 0.8 per cent, up from 0.7 per cent in 2000.

The proportion of loans with a low normalised loss ratio remained stable in 2001 at 77 per cent. The credit portfolio was well diversified with respect to customers and industries. Still, credit risk was predominantly linked to Norwegian economic developments. A balanced shipping exposure is assumed to help offset other risk exposure and thus to have a positive effect on the overall risk profile. Lending volume in the shipping sector represented 8 per cent of total lending at the end of 2001, compared with 10 per cent the previous year, while there was an increase in the volume of guarantees.

Den norske Bank's risk classification system is based partly on historical accounting figures, thus creating a lag in credit quality measurements relative to actual economic developments. However, the significance of this effect remains uncertain. To indicate the sensitivity of the measurements, calculations are made whereby all corporate commitments are ranked one category lower. Based on these calculations, RAC for credit would have been NOK 2.6 billion higher, while overall RAC would have expanded by NOK 2.2 billion at the end of 2001.

MARKET RISK

Risk-adjusted capital for market risk increased by around NOK 0.3 billion during 2001, to NOK 1.8 billion at the end of the year, which can be attributed to Den norske Bank's investment in Storebrand. Risk-adjusted capital for trading activities remained stable at just over NOK 200 million. DnB's equity investments totalled NOK 3.3 billion at the end of 2001.

Market risk is managed through detailed limits for various types of market risk such as investments in equities and bonds and positions in the currency and interest rate markets. The limits are reviewed at least once a year and considered by the Group Asset and Liability Committee and group management. Principal limits are set by the bank's Board of Directors.

LIQUIDITY RISK

Liquidity risk increased somewhat during 2001 from an extremely low level at the beginning of the year. The limit for short-term funding of less liquid assets such as lending was changed during 2001 from an absolute amount in NOK to a relative limit representing a percentage of the less liquid assets. Over time, this will lead to an increase in the limit for short-term funding in step with balance sheet assets.

OPERATIONAL RISK

There was a positive trend in the Group's operational risk in 2001. The integration of IT operations following the merger with Postbanken was almost completed, and the sale of Postbanken's Clearing House and transfer of cash handling services to NOKAS brought down the risk level.

In 2001, the bank's IT operating services were transferred to EDB Business Partner. This is generally expected to have a neutral or positive effect on operational risk, though developments will be monitored closely. Dependence on IT-based systems in financial services has increased.

The attacks in the US in September 2001 resulted in the closing of the world's major capital markets for a short period. Den norske Bank did not record any notable operational losses in this connection.

CAPITAL ADEQUACY

As at 31 December 2001, Den norske Bank had a core capital ratio of 8.7 per cent, compared with 7.6 per cent at the beginning of the year. The raising of NOK 3.6 billion in perpetual subordinated loan capital securities qualifying as core capital helped lift the core capital ratio by around 1 percentage point.

Though economic prospects are less favourable than a year ago, the Board own calculations of minimum capital requirements, the general economic situation, growth prospects and the need for strategic flexibility.considers the bank well capitalised. The Board focuses on Den norske Bank's own calculations of minimum capital requirements, the general economic situation, growth prospects and the need for strategic flexibility.

RISK-ADJUSTED CAPITAL

			DnB Group
	31 Dec.	31 Dec.	31 Dec.
Amounts in NOK million	2001	2000	1999
Credit risk	10 864	9 928	8 941
Market risk	1 823	1 479	1 490
Liquidity risk	318	32	366
Ownership risk for Vital	4 533	2 444	1 587
Operational risk	3 250	3 500	3 500
Other risk	174	187	143
Total risk-adjusted capital before diversification	**20 962**	**17 570**	**16 027**
Total risk-adjusted capital after diversification	**16 167**	**13 398**	**11 742**
Addition for variations in expected credit losses	2 673	2 385	2 511
Minimum estimated capital requirement	**18 840**	**15 783**	**14 253**

The model applied in calculating risk-adjusted capital is subject to constant improvement. Adjustments have been made relative to calculations presented in the annual report for 2000. This applies particularly to calculations of ownership risk for Vital, where the adjustment resulted in a reduction in risk-adjusted capital for this risk category of around NOK 700 million compared with previous calculations for 1999 and 2000. Figures for previous periods have been restated accordingly.

DEVELOPMENTS IN CREDIT QUALITY [1)]

		DnB Group
	31 Dec.	31 Dec.
Amounts in NOK million	2001	2000
Normalised losses < 0.25 per cent	297	284
Normalised losses 0.25 per cent - 0.75 per cent	64	45
Normalised losses > 0.75 per cent [2)]	31	23
Non-performing and doubtful commitments	5	5
Total	**397**	**357**

1) Includes loans, guarantees and committed lines of credit.

2) This risk category also includes commitments with normalised losses below 0.75 per cent in cases where there is a low loss ratio but a high probability of future losses.

Corporate social responsibility

As Norway's largest bank and an active participant in Norwegian society, Den norske Bank is committed to sustainable development. Efforts are thus focused on socially responsible business practices throughout the organisation.

Investors and society at large place demands on ethical and environmental aspects of business operations. Socially responsible performance will thus be a prerequisite for long-term profitability.

The bank's core values – profitability, team spirit and long-term perspective – are conditional on socially responsible practices. Long-term perspective implies sound and predictable relations with customers and employees. Den norske Bank places emphasis on being an active partner, arranging courses and presenting other information on relevant subjects for corporate and private customers. Den norske Bank wishes to be experienced as an attractive employer focusing on human resources development. While seeking stable growth in returns, Den norske Bank will build public confidence and faith in the bank's concern for environmental issues.

Den norske Bank's social responsibility is reflected in the bank's human resources policy and efforts within health, safety and environment. Environmental considerations are part of the credit process, and any conflicts with recognised ethical and human rights standards will be reviewed. DnB is also a general sponsor for PLAN Norway, and the bank gives widespread support to Norwegian sports and a number of cultural institutions and arrangements.

In July 2001, DnB Holding ASA was included in FTSE4Good Europe, the new European index of companies with good records of corporate social responsibility.

ENVIRONMENTAL POLICY

Den norske Bank's environmental policy implies that ethical and environmental aspects are an integral part of business operations, both with respect to the direct environmental impact and indirect impact through various business activities.

Den norske Bank's direct impact on the environment is limited to its use of materials and energy along with services necessary for carrying out business operations. The action plan for 2001 to 2003 has defined targets for the bank's use of air travel, energy consumption and paper use, along with the handling and recycling of waste.

The bank succeeded in cutting back on air travel in 2001, partly due to the increased use of video-conferencing. Measures were implemented which ensure high energy efficiency in the bank's buildings over the next few years. The use of paper was reviewed, and measures are being implemented to reduce the use of account statements, other notices and copying paper. Account statements for special account groups are sent less frequently, which gives a significant reduction in the use of paper as well as printing and postage costs. The bank's procurement policy focuses on the environmental qualities of producers and suppliers, and measures are in place for the sorting and recycling of waste.

Den norske Bank has an indirect impact on the environment through its business activities, especially the extension of credit.

The bank's standard procedure for credit activity stipulates that environmental aspects must be subject to thorough review and be included as part of the risk analysis. A special report on environmental risks within shipping has been prepared, including the financing of single hull vessels and reputational risk associated with ship financing. A number of courses have been arranged for the bank's credit officers on the significance of environmental policy for the quality of the credit portfolio.

Staff

Den norske Bank's human resources policy is a key instrument in implementing business strategies and reaching the bank's targets. Not least, management training is considered to be of critical importance. Den norske Bank's human resources policy provides scope for differentiated action programmes adapted to the individual business units.

At the end of 2001, Den norske Bank staff comprised 5 503 employees, 51 per cent women and 49 per cent men. Around 13 per cent were employed in part-time positions. The average age was 45.7 years, and the average period of service 18.9 years.

MANAGEMENT

Den norske Bank's management training covers both business challenges and personal managerial skills. Systematic teambuilding processes are in progress at several levels in the organisation. A particularly extensive development programme for senior managers was established and implemented in 2001, along with a number of special development programmes for new managers.

RESTRUCTURING

Den norske Bank works to ensure optimal staff levels and expertise. A special resource centre has been established to help the business areas define optimal staff numbers and the required level of expertise for the next few years.

The initial stage in the process of integrating and adapting staff numbers after the merger between Den norske Bank and Postbanken was completed in 2001. There was limited use of severance packages. Reorganisation will continue in certain units. Den norske Bank carried out three major outsourcing projects in 2001, involving around 370 employees.

RECRUITMENT AND TRAINEE PROGRAMME

744 vacant positions in Den norske Bank were advertised during 2001, 426 of which were filled through internal recruitment. In general, internal applicants receive special consideration when applying for vacant positions.

Den norske Bank regularly arranges a large number of recruitment activities at universities and colleges. Out of 318 new recruits accepted in 2001, more than 50 per cent had graduated from such institutions.

Den norske Bank's trainee programme involved 20 graduates from colleges and universities in Norway and abroad in 2001. The trainees enter an 18-month training programme in different units within the DnB Group. Students at business schools have ranked the programme as the best within Norwegian banking and finance.

In addition to the trainee programme, Den norske Bank has an internship scheme where students are recruited for two to three-month summer jobs focusing on job training.

COMPETENCE

Den norske Bank's human resources policy places special emphasis on enhancing competencies. Identifying existing skills will indicate the need for measures at the individual and organisational level. Managers in Den norske Bank are responsible for enabling employees to take responsibility for their own professional development.

Den norske Bank arranges special courses based on the business areas' priorities and needs. Training programmes are implemented in various subjects in cooperation with business schools. There is increasing use of e-learning programs.

The cost of the bank's training programmes in 2001 totalled approximately NOK 50 million, which represents close to NOK 9 000 per employee. A total of 3 945 staff members were enrolled in various training classes, while 226 employees received financial support for college education.

REMUNERATION

Den norske Bank's policy is to provide remuneration and acknowledgement on the basis of performance and merit in line with market standards. Performance-based pay is used when this will have a positive effect on the bank's bottom line.

An important, long-term motivating force is the allocation of shares in DnB-ansattes Fond AS, the investment fund for employees. Allocations of NOK 71 million were made for the 2001 accounting year, divided equally among the employees. The DnB Group introduced an option scheme for employees in 2000. During 2001, employees were invited to subscribe for shares in DnB Holding ASA at a discounted rate as stipulated by tax legislation.

WORKING ENVIRONMENT

Again in 2001, Den norske Bank focused strongly on preventive measures within health, safety and environment. In close cooperation with safety representatives, managers are responsible for making an annual assessment of the working environment in each unit. The assessments are included in Den norske Bank's internal control reporting.

Absence due to illness is closely monitored. In cooperation with the occupational health service, needs are identified and concrete measures initiated for certain groups. Den norske Bank has a special rehabilitation committee working in cooperation with managers, safety and employee representatives, the health service and public authorities. In selected units, exercise and fitness programmes have been introduced as part of preventive measures.

Training for safety representatives, managers and members of the working environment committees has been intensified. Also, a number of units have arranged special days with focus on health, safety and environment. During 2001, a number of courses on preventive measures were implemented in Den norske Bank.

A total of 13 occupational injuries were reported, of which seven were physical. Six employees were exposed to robberies, but none reported physical problems. Absence due to illness averaged 5.13 per cent of total working hours, compared with 4.73 per cent in 2000.

The Board of Directors would like to thank the entire staff for their dedicated efforts during a demanding year.

Outlook for 2002

At the end of 2001, economic developments appeared uncertain after a year of substantial international unrest. Like other financial institutions, Den norske Bank faced serious challenges in 2001, but came through the market turbulence and recorded satisfactory profits in most areas. Den norske Bank's solid position in the Norwegian economy, diversified operations and well-developed risk management systems give reason for cautious optimism for the coming year as well.

However, future economic developments remain highly uncertain. Though a number of countries are experiencing an economic downturn in the early months of 2002, subsiding fear of terrorist attacks along with monetary and fiscal measures could still result in a more favourable economic climate as of the second half of 2002.

International developments have had a less serious impact on Norway than other countries, one of the reasons being that growth in key sectors is dampened by the tight labour market with few available resources. Nonetheless, a number of sectors and companies are having a rough time, and several years of deteriorating competitiveness have reduced their chances to derive full benefit from a new business upturn.

In an unstable and integrated global climate, developments in international conflicts are of vital importance for the bank's ability to attain its goals.

Brisk income growth is expected to increase the level of financial savings in the household sector, and continued high growth is anticipated in bank deposits. On the other hand, weak earnings will dampen deposit growth in the corporate sector. An upturn in the business cycle would indicate rising share prices, though trends remain uncertain. Interest in new savings alternatives is expected to increase along with substantial growth in pension savings.

The organisation's ability to adapt and restructure operations is the key factor in cost control. Other factors of major significance are general price and wage trends as well as developments in the Norwegian economy and operating parameters. The VAT reform and changes in taxes and duties thus represent additional uncertainty. Still, Den norske Bank expects to realise greater synergies from the integration of Postbanken and Den norske Bank in 2002 than in the previous year, while the outsourcing of operations and other measures to streamline operations are expected to produce results. Den norske Bank will consider entering into new alliances with various partners to further increase cost efficiency.

The bank has a strong position in most areas and enjoys sound asset quality and low loan losses. At the beginning of 2002, the bank is well positioned and willing and able to adapt to changes in the economy and the market. Thus, Den norske Bank has a good chance of attaining its financial targets.

Dividends and allocation of profits

Den norske Bank ASA recorded profits of NOK 3 435 million for the 2001 accounting year. The Board of Directors proposed a group contribution of NOK 1 152 million, a dividend of NOK 2 200 million to DnB Holding ASA and a shareholder contribution of NOK 13 million to Doorstep AS.

After the distribution of group contributions and dividends, the bank will have a core capital ratio of 8.7 per cent and a capital adequacy ratio of 11.5 per cent. In the opinion of the Board, this adequately covers the bank's financial risk.

The company's equity totalled NOK 19 844 million at end-December 2001, with retained earnings representing NOK 8 814 million. This provides the necessary financial strength and flexibility to support the operations of subsidiaries.

On the basis of the sound performance and dedicated efforts of the employees, e.g. in connection with the restructuring of parts of operations, the Board has decided to allocate a total of NOK 71 million to the share investment fund for employees. The amount allocated per employee is the same as in 2000.

Oslo/Bergen, 12 March 2002
The Board of Directors of Den norske Bank ASA

Jannik Lindbæk
(chairman)

Anna-Synnøve Bye

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kåre Rommetveit

Ketil A. Stene

Anne Carine Tanum

Svein Aaser

Contents – annual accounts

Profit and loss accounts

Amounts in NOK million	Den norske Bank ASA 2001	2000
Interest income (notes 2, 4)	24 914	22 499
Interest expenses (notes 2, 4)	17 725	15 779
Net interest income and credit commissions (notes 2, 4)	**7 188**	**6 720**
Dividends (note 5)	232	292
Commissions and fees receivable on banking services (note 5)	2 953	3 020
Commissions and fees payable on banking services (note 5)	847	566
Net gain on foreign exchange and financial instruments (notes 5, 6)	1 101	1 501
Sundry ordinary operating income (note 5)	939	264
Gains on the sale of fixed assets	16	14
Net other operating income (note 5)	**4 394**	**4 526**
Salaries and other personnel expenses (notes 7, 8, 9, 10)	3 086	3 000
Administrative expenses (note 7)	2 279	2 309
Depreciation (note 7)	385	385
Sundry ordinary operating expenses (note 7)	1 164	1 150
Other expenses (note 7)	61	108
Total operating expenses (note 7)	**6 975**	**6 952**
Pre-tax operating profit before losses	**4 607**	**4 293**
Net losses/(reversals) on loans, guarantees, etc. (notes 12, 13)	274	(183)
Net losses on long-term securities (note 14)	337	6
Pre-tax operating profit	**3 996**	**4 470**
Taxes (note 15)	561	1 101
Profit for the year	**3 435**	**3 370**
Group contribution	1 165	2 275
Dividends	2 200	0
Transferred to other equity (note 37)	69	1 095
Total transfers and adjustments	**3 435**	**3 370**
Earnings per share (NOK)	4.41	4.33

Balance sheets

Amounts in NOK million	Den norske Bank ASA 31 Dec. 2001	31 Dec. 2000
Assets		
Cash and deposits with central banks	2 820	8 386
Lending to and deposits with credit institutions (note 16)	37 357	37 289
Gross lending to customers (notes 16, 18, 19, 20, 21)	259 270	241 046
- Specified loan-loss provisions (note 22)	(1 054)	(962)
- Unspecified loan-loss provisions (note 22)	(2 047)	(2 047)
Net lending to customers	256 169	238 037
Repossessed assets (note 31)	84	65
Commercial paper and bonds (notes 16, 23)	38 378	34 807
Shareholdings etc. (notes 16, 24, 25, 26)	2 966	2 262
Investments in associated companies (notes 16, 27)	220	214
Investments in subsidiaries (notes 16, 28)	2 386	2 378
Intangible assets (notes 16, 29)	235	678
Fixed assets (notes 16, 30, 31, 32)	2 227	2 580
Other assets (note 16)	9 985	11 976
Prepayments and accrued income (note 16)	3 293	3 768
Total assets	**356 119**	**342 440**
Liabilities and equity		
Loans and deposits from credit institutions (note 33)	36 019	52 434
Deposits from customers (note 33)	195 174	178 543
Securities issued (notes 34, 35, 36)	75 878	63 919
Other liabilities (note 33)	13 984	15 990
Accrued expenses and prepaid revenues (note 33)	2 089	2 563
Provisions for commitments (note 33)	1 311	1 125
Subordinated loan capital (notes 34, 36)	8 219	8 105
Perpetual subordinated loan capital securities (notes 34, 36)	3 601	-
Total liabilities	**336 275**	**322 679**
Share capital (note 37)	7 787	7 787
Share premium reserve (note 37)	3 244	3 244
Other equity (note 37)	8 814	8 731
Total equity	**19 844**	**19 761**
Total liabilities and equity	**356 119**	**342 440**

Other commitments and conditional commitments (note 44, 45, 46)

Cash flow statements

	Den norske Bank ASA	
Amounts in NOK million	2001	2000
Lending and funding activity		
Payments made on instalment loans	(100 827)	(85 690)
Payments received on instalment loans	79 275	70 515
Net receipts on credit lines, current account deposits and other current accounts	17 119	1 354
Receipts on loans and guarantees previously written off	164	188
Time deposits from customers	15 566	9 999
Repayment of customer time deposits	(12 491)	(12 207)
Interest and commissions received from customers	19 976	17 840
Interest payments to customers	(10 171)	(8 507)
Net cash flow relating to lending and funding activity with customers	**8 610**	**(6 508)**
Investments in securities and financial derivatives		
Receipts on the sale of short-term investments and other participations	18 957	34 093
Payments on purchases of short-term investments and other participations	(18 416)	(32 377)
Net payments on trading in fixed-income securities	(3 844)	(684)
Interest earned on securities	2 361	1 513
Dividends received on short-term investments in shares and other participations	29	208
Net receipts/payments on trading in foreign exchange and financial derivatives	(1 516)	1 669
Net cash flow relating to trading in securities and financial derivatives	**(2 428)**	**4 423**
Operations		
Receipts on commissions and fees	2 998	3 063
Receipts on other operating income	1 046	128
Payments to operations	(7 337)	(6 945)
Taxes paid	(6)	(2)
Net cash flow relating to operations	**(3 299)**	**(3 756)**
Investment activity		
Receipts on the sale of fixed assets	296	66
Payments on the acquisition of fixed assets	(248)	(522)
Receipts on the sale of long-term investments in shares and other participations	57	54
Payments on the acquisitions of long-term investments in shares and other participations	(1 518)	(334)
Dividends received on long-term investments in shares and other participations	202	84
Net cash flow relating to investment activity	**(1 210)**	**(652)**
Equity funding		
Inflows of subordinated loan capital	405	559
Repayments of subordinated loan capital	(399)	(507)
Inflows of perpetual subordinated loan capital securities	3 601	0
Payments of group contributions	(3 000)	(1 925)
Net cash flow relating to equity funding	**607**	**(1 873)**
Other liquidity financing		
Receipts on the issue of bonds	15 886	10 968
Repayment of bond debt	(7 066)	(9 201)
Net receipts on commercial paper issued	2 358	8 484
Net receipts/payments on other short-term liabilities	3 220	(1 613)
Net investments in credit institutions	(16 698)	(1 108)
Net interest payments on other liquidity financing	(5 546)	(3 871)
Net cash flow relating to other liquidity financing	**(7 847)**	**3 659**
Net cash flow	**(5 567)**	**(4 707)**
Cash and deposits with Norges Bank as at 1 January	8 386	13 093
Net receipts/payments on cash and deposits with Norges Bank	(5 567)	(4 707)
Cash and deposits with Norges Bank as at 31 December	2 819	8 386

The cash flow statements show cash flows grouped according to source and use. Cash equivalents are defined as cash and deposits with Norges Bank.

NOTE 1 – ACCOUNTING PRINCIPLES

The accounts of Den norske Bank are based on Norwegian Accounting legislation, the accounting regulations issued by the Norwegian Banking, Insurance and Securities Commission, and Norwegian generally accepted accounting principles.

CHANGES IN ACCOUNTING PRINCIPLES

The effects of changes in accounting principles are recorded directly against equity. The only changes made in 2001 are certain insignificant reclassifications.

CLASSIFICATION AND VALUATION

Trading portfolio and banking portfolio

DnB makes a distinction in the accounting treatment of financial instruments entered into as part of proprietary trading to achieve a gain by exploiting price differences and changes, and agreements regarding the management of other group 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, interest rate 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. Non-performing and doubtful commitments are defined as problem commitments.

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.

Repossessed assets

Repossessed assets are assets acquired 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 are 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 commitment 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 by the original loan rate 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 short-term instruments and financial derivatives.

Securities in the trading portfolio

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

Short-term debt instruments included in the trading portfolio are reported at net present value, and unrealised gains and losses are recorded in the accounts.

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.

Issued index-linked bonds are classified as securities issued. The bond element is recorded as a zero-coupon bond. Discounts or interest on the bond are recorded in the accounts over the life of the bond. The remaining element is recorded as an option. The value of the option is netted against the hedging contract, and any gains or losses are entered in the accounts when the equity-linked bond is issued.

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 conditions 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 under 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 Group trading such 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 44.

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 criteria for being recorded in the balance sheet is met. 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 collectively along with the hardware.

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 on loans, deposits and borrowings arising from 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.

Employee option scheme–employer's contributions

Issued subscription rights with no intrinsic value are not charged to the accounts, nor is their time value. When exercised, the increase in the number of shares, the share capital and the share premium reserve will be recorded directly against equity. The net present value of the employer's national insurance contributions relating to the exercise of employee options is calculated based on the assumption that the subscription rights will have economic value when exercised and that all options will be exercised. The net present value of the estimated employer's contributions will be charged to the accounts in equal amounts over the time to maturity.

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 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 as expenses when 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 DnB:

Buildings:	2 – 2.5%
Machinery, furniture, fittings and vehicles:	10 – 25%
Computer 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 timing differences may be realised.

NOTE 2 – NET INTEREST INCOME AND CREDIT COMMISSIONS

	Den norske Bank ASA	
Amounts in NOK million	2001	2000
Interest on loans to and deposits with credit institutions	3 039	2 729
Interest and credit commissions on instalment loans	16 956	15 229
Interest and credit commissions on overdraft and working capital facilities	1 975	1 713
Interest and credit commissions on building loans	215	173
Leasing income	0	9
Front-end fees, back-end fees	327	323
Interest on other loans to customers	62	43
Total interest income on loans to customers	19 535	17 491
Interest on commercial paper, bonds etc.	2 283	2 106
Other interest income	56	172
Total interest income	**24 914**	**22 499**
Interest on loans and deposits from credit institutions	2 345	2 409
Interest on demand deposits from customers	7 451	6 258
Interest on time deposits from customers	190	210
Interest on special term deposits from customers	2 474	2 051
Total interest expenses on deposits from customers	10 115	8 520
Interest on securities issued	3 229	3 912
Interest on subordinated loan capital	499	556
Contributions to the Commercial Banks Guarantee Fund	281	278
Other interest expenses [1)]	1 257	103
Total interest expenses	**17 725**	**15 779**
Net interest income and credit commissions	**7 188**	**6 720**

1) *The strong increase in other interest expenses can be ascribed to Den norske Bank's funding of Norwegian kroner in US dollars. The interest rate differential between Norwegian kroner and US dollars corresponds to the cost of currency hedges on this funding and is recorded under interest expenses. The increase in interest expenses can thus be explained by the rising interest rate differential between Norwegian kroner and US dollars. In 2000, the 3-month interest rate on US dollars was on average 0.20 percentage points higher than the NOK interest rate, while it was 3.49 percentage points lower in 2001.*

NOTE 3 – UNRECORDED INTEREST ON LOANS

	Den norske Bank ASA	
Amounts in NOK million	2001	2000
Accrued, unrecorded interest on non-performing and doubtful loans as at 1 January	769	1 543
- Recorded interest on non-performing and doubtful loans accrued in previous periods [1)]	127	118
- Identified loss of unrecorded interest accrued in previous periods [2)]	72	210
+ Accrued, unrecorded interest on non-performing and doubtful loans during the period [3)]	267	220
- Impact of transfer of portfolios to subsidiaries	7	695
+ Exchange rate movements	2	30
Accrued, unrecorded interest on non-performing and doubtful loans as at 31 December	832	769

1) *Included in the profit and loss account as a reduction in net loan losses.*
2) *Will result in a reduction in accrued, unrecorded interest, but no further charges provided that such interest have been reversed in previous years.*
3) *Included in the profit and loss account as a reduction in net interest income.*

The note shows changes in accrued interest on problem commitments during the year (see note 20) which has not been taken to income, but recorded in the balance sheet as claims against customers. Changes during the year represent payments of interest accrued in previous years on such commitments, write-offs of such claims when it is highly probable that the loss is final, provisions for accrued, unrecorded interest on problem commitments, along with changes in accrued interest recorded in the balance sheet due to exchange rate movements.

NOTE 4 – VOLUME AND INTEREST RATE ANALYSIS

Den norske Bank ASA

Amounts in NOK million		2001 Average balance	2001 Interest rate in %	2000 Average balance	2000 Interest rate in %
Assets					
Cash and deposits with central banks		3 417	6.31	5 129	5.99
Lending to and deposits with credit institutions	NOK	25 815	6.06	25 961	6.02
	Foreign currency	21 580	5.83	16 428	5.25
Interest-earning loans after specified loan-loss provisions	NOK	200 303	8.36	180 737	7.67
	Foreign currency	48 726	5.72	50 422	7.18
Non-accruing loans after specified loan-loss provisions	NOK	844		659	
	Foreign currency	205		184	
Unspecified loan-loss provisions	NOK	(1 842)		(1 835)	
	Foreign currency	(206)		(230)	
Commercial paper and bonds	NOK	13 218	6.68	13 808	5.91
	Foreign currency	27 739	5.05	20 461	6.00
Sundry assets [1)]	NOK	21 176		24 822	
	Foreign currency	4 737		6 028	
Total assets		**365 712**	**6.81**	**342 574**	**6.55**
	NOK	262 829	7.41	249 236	6.71
	Foreign currency	102 883	5.29	93 338	6.13
Liabilities and equity					
Loans and deposits from credit institutions	NOK	13 668	7.09	12 837	4.68
	Foreign currency	32 792	5.60	31 878	5.67
Deposits from customers	NOK	164 039	5.61	162 310	4.53
	Foreign currency	27 143	3.37	21 999	5.33
Securities issued	NOK	13 063	4.98	11 846	4.95
	Foreign currency	61 619	5.39	52 422	6.23
Sundry liabilities, interest-bearing [2)]	NOK	767	7.10	1 507	6.84
	Foreign currency				
Sundry liabilities, others [2)]	NOK	16 595		14 660	
	Foreign currency	4 192		5 377	
Subordinated loan capital and perpetual	NOK				
subordinated loan capital securities	Foreign currency	10 073	4.95	8 085	6.87
Equity		21 761		19 653	
Total liabilities and equity		**365 712**	**4.85**	**342 574**	**4.59**
	NOK	230 169	4.84	223 303	3.99
	Foreign currency	135 542	4.86	119 270	5.71
Net interest income			**1.97**		**1.96**
	NOK		2.57		2.72
	Foreign currency		0.44		0.41

1) Cf. note 16, which specifies "Sundry assets" as at 31 December 2001, while this note presents average balance sheet figures.
2) Cf. note 33, which specifies "Sundry liabilities" as at 31 December 2001, while this note presents average balance sheet figures.

Den norske Bank's interest rate positions are managed by the Domestic Treasury, which primarily offsets the interest rate positions linked to balance sheet items against corresponding positions on the opposite side of the balance sheet, or otherwise applies interest rate derivatives.

The table only shows recorded interest streams on balance sheet items. Due to rising interest rate levels in Norwegian kroner in the first part of 2001, average interest income and interest expenses were higher in 2001 than in 2000. For items in foreign currency, the situation was just the opposite.

NOTE 5 – NET OTHER OPERATING INCOME

Amounts in NOK million	Den norske Bank ASA 2001	2000
Dividends from shareholdings etc. [1]	72	227
Dividends from associated companies	160	66
Total dividends	**232**	**292**
Money transfer fees receivable	1 696	1 742
Fees on asset management services	108	158
Fees on custodial services	150	131
Fees on securities	352	485
Guarantee commissions	180	152
Credit-broking commissions	22	34
Sales commissions on insurance products	52	45
Sundry commissions and fees receivable on banking services	394	273
Total commissions and fees receivable on banking services	**2 953**	**3 020**
Money transfer fees payable [2]	643	403
Sundry commissions and fees payable on banking services	204	163
Total commissions and fees payable on banking services	**847**	**566**
Net gain on short-term shareholdings	141	459
Net gain/(loss) on commercial paper and bonds	24	(106)
Net gain on trading in foreign exchange and financial derivatives	936	1 149
Net gain on foreign exchange and financial instruments	**1 101**	**1 501**
Operating income on real estate	25	24
Rental income	61	48
Share of profit in associated companies	1	1
Remunerations	11	12
Gains on the sale and outsourcing of operations [3]	602	-
Miscellaneous operating income	239	178
Total sundry ordinary operating income	**939**	**264**
Gains on the sale of fixed assets	**16**	**14**
Net other operating income	**4 394**	**4 526**

1) *DnB received dividends of NOK 141 million on holdings of Christiania Bank shares in 2000.*
2) *The increase from 2000 to 2001 stems from the sale of Postbanken's Clearing House to the Banks' Central Clearing House (BBS) in 2001, whereby DnB pays commissions to BBS on a transaction basis. Such commissions totalled NOK 222 million in 2001.*
3) *The sale of Postbanken's Clearing House and the sale of fixed assets in connection with outsourcing of IT operating services provided gains of NOK 303 million and NOK 299 million respectively.*

NOTE 6 – NET GAIN ON FOREIGN EXCHANGE AND FINANCIAL INSTRUMENTS

Amounts in NOK million		Den norske Bank ASA 2001	2000
Net gain on short-term shareholdings		141	459
Net gain/(loss) on commercial paper and bonds [1]		24	(106)
Net gain on foreign exchange and financial derivatives [1]		1 427	1 154
Net loss on other market instruments		491	5
Net gain on foreign exchange and financial instruments *)		**1 101**	**1 501**
*) Of which:	DnB Markets, trading portfolio	891	901
	Banking portfolio, equity investments	137	522
	Banking portfolio, other	73	78
Unrecorded, unrealised market value above acquisition cost in the banking portfolio at end of period			
Short-term shareholdings		0	235
Commercial paper and bonds		8	0

1) *These items must be evaluated together, as the activities are managed collectively.*

NOTE 7 – OPERATING EXPENSES

	Den norske Bank ASA	
Amounts in NOK million	2001	2000
Ordinary salaries	2 450	2 391
Employer's national insurance contributions	337	338
Pension expenses	181	147
Fees, tax-liable	2	5
Other personnel expenses	116	119
Total ordinary salaries and other personnel expenses	**3 086**	**3 000**
EDP expenses [1)]	761	622
Postage, telecommunications and office supplies	369	499
Marketing and public relations	185	240
Travel expenses	99	101
Reimbursement to Norway Post for transactions executed	725	705
Training expenses	29	30
Sundry administrative expenses	112	113
Total administrative expenses	**2 279**	**2 309**
Depreciation on EDP equipment etc.	246	243
Depreciation on other machinery, fittings and vehicles	61	61
Depreciation on properties and premises	66	69
Other ordinary depreciation	12	12
Total depreciation	**385**	**385**
Fees, tax-exempt	560	538
Operating expenses on rented premises	311	335
Operating expenses on real estate	153	158
Operating expenses on machinery, vehicles and office equipment taken to expense	55	64
Insurance	26	22
Membership fees, Norwegian Financial Services Association	8	7
Sundry expenses	51	26
Total sundry ordinary operating expenses	**1 164**	**1 150**
Allocations to DnB Employee Fund	62	78
Provisions for restructuring measures	0	30
Losses on the sale of fixed assets	3	5
Reversals of write-downs on rental contracts and fixed assets	(4)	(5)
Total other expenses	**61**	**108**
Total operating expenses	**6 975**	**6 952**

1) *These expenses concern the purchase, operation and maintenance of computers and software. Den norske Bank's IT expenses totalled NOK 1 800 million and NOK 1 725 million respectively in 2001 and 2000, which in addition to EDP expenses include depreciation, systems development, remuneration to external consultants, as well as salaries and other operating expenses relating to the Bank's IT operations. In addition, investments in partly owned companies within e-commerce totalled NOK 71 million in 2001 and NOK 32 million in 2000.*

NOTE 8 – NUMBER OF EMPLOYEES/FULL-TIME POSITIONS

	Den norske Bank ASA	
	2001	2000
Number of employees as at 31 December	5 659	5 952
Number of employees calculated on a full-time basis as at 31 December	5 399	5 653
Average number of employees	5 766	6 071
Average number of employees calculated on a full time basis	5 497	5 744

NOTE 9 – REMUNERATIONS ETC.

Remunerations to the group chief executive and elected representatives	**Den norske Bank ASA**	
Amounts in NOK 1 000	2001	2000
Remuneration to the group chief executive [1)]		
Ordinary salary	2 882	2 623
Pension premium paid during the year	118	97
Other taxable benefits	235	201
Remunerations to the Board of Directors	1 480	1 681
Remunerations to the Supervisory Board	314	377
Remunerations to the Control Committee	335	382

1) *The figures shown represent the total remuneration to the group chief executive. In accordance with the group chief executive`s employment contract, half of this is covered by Den norske Bank ASA and the other half by DnB Holding ASA.*

The Supervisory Board of DnB Holding ASA has stipulated the annual remuneration of the group chief executive at NOK 2.9 million as of 1 July 2001. 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 permanent employment, negotiations will be initiated to reduce the amount to be paid by DnB.

Both the group chief executive and DnB have the right to request his retirement with pension entitlements after he reaches the age of 60. During the first year, the pension will represent 100 per cent of the salary at the time of retirement, which will be reduced by an amount corresponding to 10 percentage points each year until the pension constitutes 70 per cent for the fourth and consecutive years. The pension, which will be covered through DnB's operations, will be coordinated with pension entitlements from previous employers and be adjusted annually in line with the consumer price index. Costs for DnB in connection with the group chief executive's pension scheme were around NOK 1.8 million for the 2001 accounting year.

The group chief executive has subscribed for 20 000 options in DnB Holding ASA under the general option scheme for all group employees. See more detailed description of the option scheme below.

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	**Den norske Bank ASA**	
Amounts in NOK 1 000	2001	2000
Ordinary remuneration to the statutory auditor		
Operations in Norway	2 507	2 760
International operations	235	433
Fees for other assistance from the statutory auditor		
Operations in Norway	0	16
International operations	1 422	1 546
Total remuneration to the statutory auditor	4 164	4 755

NOTE 9 – REMUNERATIONS ETC. (CONTINUED)

Loan facilities to employees and elected representatives as at 31 December 2001

Amounts in NOK 1 000	Lending
Employees in Den norske Bank ASA	
Senior employees	
Svein Aaser, CEO	0
Ottar Ertzeid, group executive vice president	0
Tom Grøndahl, group executive vice president	808
Petter Jansen, group executive vice president	610
Harald Jægtnes, group executive vice president, Group Audit	685
Evlyn Raknerud, group executive vice president	0
Leif Teksum, group executive vice president	1 824
Jarl Veggan, group executive vice president	0
Bjørn Østbø, group executive vice president	0
Employees, total	4 496 000
Elected representatives in Den norske Bank ASA	
Board of Directors	
Jannik Lindbæk, chairman (guarantee)	287
Bent Pedersen, vice-chairman	0
Svein Aaser	0
Anna-Synnøve Bye	0
Per Hoffmann	894
Kåre Rommetveit	0
Ketil A. Stene	0
Anne Carine Tanum	0
Supervisory Board	
Harald Norvik, chairman	0
Total members of the Supervisory Board	105 820
Control Committee, total	1 549

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.

Option scheme for all employees

At the Annual General Meeting in DnB Holding ASA held on 27 April 2000, it was decided to establish a general option scheme for all DnB Group employees. The scheme gives the employees the right to subscribe for a specified number of shares during the period 2003 to 2005 at a price of NOK 32.83 per share. Subscription rights were granted on the basis of the pensionable salary of the individual employee in the DnB Group as at 1 January 2000, ranging from 2 000 to 20 000 subscription rights. Each subscription right entitles the subscriber to demand the issue of one share in DnB Holding ASA.

At the end of the subscription period on 26 May 2000, 93 per cent of employees had accepted the offer. At end-December 2001, a total of 27 172 000 subscription rights were registered under the scheme. The subscription rights cannot be transferred and will be cancelled upon resignation.

The rights can only be exercised if the return on the DnB share is as good as or better than the return on a share index consisting of Nordic financial institutions.

NOTE 10 – 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 from the age of 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 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.
* 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 7 941 employees, of whom 6 502 belong to the pension scheme covered by DnB's group insurance with Vital Forsikring and 1 144 to the Public Service Pension Fund. Altogether, Den norske Bank ASA has 1 004 employees on early retirement or disability pensions.

Net pension expenses	**Den norske Bank ASA**	
Amounts in NOK million	2001	2000
Net present value of pension entitlements – regular pensions	148	140
Net present value of pension entitlements – CPAs	27	27
Interest expenses on pension commitments	299	281
Actual return on pension funds [1)]	223	312
Actual pension expenses	251	136
Deviation between estimated and actual return on pension funds	(96)	(7)
Net amortisation	27	18
Net pension expenses	181	147

1) *The actual return is calculated on the basis of the expected allocation of profits from Vital Forsikring. When changes in market prices (securities adjustment reserve) are included, the actual return will be reduced by a further NOK 123 million in 2001.*

The pension schemes' financial status, recorded assets and liabilities	**Den norske Bank ASA**	
Amounts in NOK million	31 Dec. 2001	31 Dec. 2000
Accrued pension commitments – regular pensions	3 836	3 622
Accrued pension commitments – CPAs	531	498
Total accrued pension commitments	4 367	4 120
Estimated effect of future salary adjustments	603	633
Estimated pension commitments	4 970	4 753
Pension funds at market value	4 217	4 428
Pension commitments above pension funds	753	325
Deviation between actual and estimated market value of pension funds	(220)	(119)
Net actuarial loss/(gains) not recorded in the accounts	(199)	86
Net recorded pension commitments	334	292

Den norske Bank ASA has pension schemes where it is not possible to transfer pension funds between the schemes. In such cases, the schemes are considered separately and recorded in the balance sheet as net assets (overfunding in pension schemes) and net liabilities (accrued pension commitments).

Net overfunding in schemes based on investment funds amounted to NOK 572 million as at 31 December 2001. 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 899 million as at 31 December 2001.

NOTE 10 – PENSIONS (CONTINUED)

Pension expenses and commitments include employer's national insurance 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%
	Discount rate	7.00%	Anticipated return	8.00%
Actuarial assumptions:	Anticipated CPA acceptance	40%	Anticipated pension benefits ages 62 to 64	60%
	Annual staff turnover	2%	Anticipated pension benefits ages 64 to 67	70%

The assumptions have a long-term perspective and apply to DnB's scheme funded by Vital Forsikring. The pension scheme in the Norwegian Public Service Pension Fund is considered separately based on independent assumptions.

NOTE 11 – RESTRUCTURING CHARGES

	Den norske Bank ASA		
Amounts in NOK million	31 Dec. 2001	Expenses	31 Dec. 2000
Personnel-related expenses [1]	21	33	54
IT – termination of contracts and reorganisation	36	21	56
Vacated premises – rehabilitations	14	0	14
Total, Postbanken merger	71	54	125
Foreign branches	5	1	6
Restructuring provisions Postbanken 1995-97	17	12	30
Total	93	67	160

1) *Agreements entered into with employees relating to early retirement and severance packages.*

NOTE 12 – NET LOSSES/(REVERSALS) ON LOANS, GUARANTEES, ETC.

	Den norske Bank ASA	
Amounts in NOK million	2001	2000
Specification of net losses/(reversals)		
Write-offs [a]	193	58
Increase in specified loan-loss provisions [b]	149	115
New specified loan-loss provisions [b]	292	164
Total new losses	633	337
Reassessed specified provisions [b]	196	340
Total specified provisions	438	(3)
Recoveries on commitments previously written off [c]	164	188
Increase in unspecified provisions [d]	0	7
Net losses/(reversals) on loans, guarantees, etc. [*]	**274**	**(183)**
Specification of changes		
Increase in/(reversals on) specified provisions during the period [b) minus e)]	113	(315)
+ Increase in unspecified provisions of the period [d]	0	7
+ Write-offs covered by specified provisions made in previous years [e]	132	254
+ Write-offs not covered by specified provisions made in previous years [a]	193	58
- Recoveries on commitments previous written off [c]	164	188
Net losses/(reversals) on loans, guarantees, etc. [*]	**274**	**(183)**

*) *Of which net losses on guarantees*	*16*	*39*

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

NOTE 13 – LOSSES/(REVERSALS) ON LOANS, GUARANTEES, ETC. FOR PRINCIPAL SECTORS

	Den norske Bank ASA							
	2001				2000			
Amounts in NOK million	New specified provisions [1)]	Reassessed specified provisions	Recoveries on commitments previously written off	Net losses/ (reversals) on loans and guarantees	New specified provisions [1)]	Reassessed specified provisions	Recoveries on commitments previously written off	Net losses/ (reversals) on loans and guarantees
Retail customers	157	10	99	48	42	59	106	(122)
International shipping	4	4	1	(1)	34	29	1	4
Real estate	23	29	43	(49)	26	93	47	(113)
Manufacturing	163	18	1	145	92	10	2	79
Services	157	21	4	133	59	31	6	22
Trade	75	32	10	32	44	50	7	(14)
Oil and gas	0	59	0	(59)	8	47	14	(53)
Transportation and communication	8	2	1	5	13	2	1	10
Building and construction, power and water supply	16	3	1	12	4	3	1	0
Fishing	3	6	3	(6)	8	1	0	6
Hotels and restaurants	4	8	1	(5)	5	13	1	(9)
Agriculture and forestry	11	3	0	7	3	2	0	1
Other sectors	10	0	1	9	0	0	1	(1)
Total customers	631	196	164	272	337	340	188	(191)
Repossessed assets	2	0	0	2	0	0	0	0
Increase in unspecified provisions				0				7
Total losses/(reversals) on loans, guarantees, etc.	**633**	**196**	**164**	**274**	**337**	**340**	**188**	**(183)**

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

The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway. Customers are classified according to their main line of business. Losses are specified in accordance with note 12.

NOTE 14 – NET LOSS ON LONG-TERM SECURITIES

	Den norske Bank ASA	
Amounts in NOK million	2001	2000
Gains		
Associated companies	44	0
Long-term shareholdings	0	2
Write-downs		
Subsidiaries	(26)	0
Associated companies	44	0
Long-term shareholdings [1)]	362	8
Net loss on long-term securities	**337**	**6**

1) The shareholding in Storebrand was written down by NOK 358 million in 2001.

NOTE 15 – TAXES

In consequence of permanent differences between the accounts and the tax base according to Norwegian rules, Den norske Bank will generally show a tax charge relative to pre-tax operating profits which is lower than the ordinary tax rate for Norwegian companies. The long-term, normalised tax charge is estimated at 25 per cent of pre-tax operating profits. These differences are partly attributable to the fact that dividends received on investments in Norwegian equities are in effect tax-exempt in Norway. Further, there will be no taxes on income in certain international units as the units have tax-deductible timing differences against which such income is netted. These differences are not included in the basis for calculating deferred taxes.

On 27 June 2001, the Supreme Court handed down a judgment in favour of Den norske Bank in the so-called preference capital matter. The bank was also awarded costs. The matter concerned the treatment in respect of taxes of the write-down of preference capital in 1993. As a consequence of the judgment, Den norske Bank's tax charge was reduced by NOK 612 million in 2001. Because of uncertainty regarding other minor unsettled tax matters, additional provisions of NOK 145 million were made. NOK 65 million of these provisions had been used by the end of 2001.

Taxes

Amounts in NOK million	2001	2000
Norway	507	1 357
Abroad	(20)	2
Total payable taxes	487	1 359
Deferred taxes	541	(258)
Preference capital	(612)	0
Additional allocations	145	0
Total taxes	**561**	**1 101**

Balancing tax charges against pre-tax operating profit

Amounts in NOK million	2001	2000
Operating profit before taxes	3 996	4 470
Estimated income tax – nominal tax rate (28%)	1 119	1 251
Tax effect of net profit taxable abroad	(25)	(52)
Tax effect of permanent differences	(46)	(100)
Taxes payable abroad	(20)	2
Preference capital	(612)	0
Provisions for unsettled tax matters	145	0
Total taxes	561	1 101
Effective tax rate	14%	25%

Tax base

Amounts in NOK million	2001	2000
Operating profit in Den norske Bank ASA	**3 996**	**4 470**
Reversal of income taxable abroad	(88)	(186)
Other permanent differences	(165)	(358)
Changes in timing differences and tax losses carried forward		
Timing differences	(1 932)	1 075
Use of losses carried forward	0	(154)
Tax base for the year – Norwegian operations	1 811	4 847

NOTE 15 – TAXES (CONTINUED)

Elements in the calculation of deferred taxes	**Den norske Bank ASA**	
Amounts in NOK million	31 Dec. 2001	31 Dec. 2000
Taxable timing differences		
Market values above book values – merger with Postbanken	304	361
Prepaid pension entitlements	572	593
Financial instruments [1)]	1 266	0
Other taxable timing differences	440	0
Total taxable timing differences	2 582	954
Tax deductible timing differences		
Negative fixed asset reserves	929	685
Accrued pension commitments	906	890
Financial instruments [1)]	0	503
Other tax-deductible timing differences	498	559
Total tax-deductible timing differences	2 333	2 637
Losses carried forward and tax allowance for dividends [2)]	301	301
Tax-deductible timing differences including losses carried forward	2 634	2 938
Of which differences that cannot be offset [3)]	(465)	(465)
Tax-deductible timing differences to be offset	2 169	2 473
Calculation base for deferred taxes	413	(1 519)
Deferred tax assets/(deferred tax)	(116)	426

1) *In the financial accounts, financial instruments are recorded at marked value, while in the tax assessment, they are recorded at realisation value. Due to a strong increase in unrealised gains on financial instruments in 2001, timing differences between the financial accounts and the tax assessment have risen significantly and become taxable instead of tax-deductible.*

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, which do not reduce the Norwegian tax base.*

NOTE 16 – ASSETS

Amounts in NOK million	Den norske Bank ASA 31 Dec. 2001	31 Dec. 2000
Cash and deposits with central banks	**2 820**	**8 386**
Lending to and deposits with credit institutions with no fixed term or period of notice	3 952	8 458
Lending to and deposits with credit institutions with fixed term or period of notice	33 407	28 834
Specified loan-loss provisions	(2)	(2)
Total lending to and deposits with credit institutions	**37 357**	**37 289**
Instalment loans	236 955	215 687
Overdraft and working capital facilities	19 746	22 802
Building and construction loans	2 425	2 188
Other loans	144	369
Gross lending to customers	**259 270**	**241 046**
Specified loan-loss provisions	**(1 054)**	**(962)**
Unspecified loan-loss provisions	**(2 047)**	**(2 047)**
Net lending to customers	**256 169**	**238 037**
Repossessed assets	**84**	**65**
Commercial paper and bonds issued by central and local government	5 631	8 692
Commercial paper and bonds issued by financial institutions	21 473	16 193
Commercial paper and bonds issued by others	10 403	8 988
Own bonds and commercial paper, trading portfolio	871	935
Total commercial paper and bonds	**38 378**	**34 807**
Short-term shareholdings, participations and PCCs [1)]	1 207	2 001
Long-term shareholdings, participations and PCCs [1)]	1 731	250
Shares in general and limited partnerships	28	11
Total shareholdings etc.	**2 966**	**2 262**
Investments in associated companies – credit institutions	127	127
Investments in other associated companies	92	87
Total investments in associated companies	**220**	**214**
Investments in subsidiaries – credit institutions	1 192	1 197
Investments in other subsidiaries	1 194	1 181
Total investments in subsidiaries	**2 386**	**2 378**
Deferred tax assets	0	426
Systems development recorded in the balance sheet	94	75
Other intangible assets	141	177
Intangible assets	**235**	**678**
Machinery, equipment and vehicles	645	885
Buildings and other properties	1 570	1 674
Other fixed assets	11	20
Total fixed assets	**2 227**	**2 580**
Unsettled contract notes, etc.	0	795
Amounts due on documentary credits and other payment services	73	282
Intra-group contributions	0	191
Prepayments and accrued income on financial derivatives	8 621	9 470
Other amounts due	1 290	1 239
Total other assets	**9 985**	**11 976**
Accrued interest income	2 616	2 623
Prepaid pension entitlements	572	598
Other prepayments and accrued income	105	546
Total prepayments and accrued income	**3 293**	**3 768**
Total assets	**356 119**	**342 440**

1) *DnB's holding in Storebrand was reclassified from a short-term to a long-term investment in 2001. After write-downs of NOK 358 million in 2001, the investment totalled NOK 1 432 million as at 31 December 2001.*

NOTE 17 – SUBORDINATED LOANS TO CUSTOMERS

	Den norske Bank ASA			
Amounts in NOK million	Loans 31 Dec. 2001	Bonds 31 Dec. 2001	Loans 31 Dec. 2000	Bonds 31 Dec. 2000
In credit institutions	184	0	184	266
In other enterprises	106	0	119	0
Total subordinated loans	290	0	303	266
Of which subordinated loans to subsidiaries	164	0	164	0

The note shows total subordinated loans extended to customers. The terms applying to such loans indicate a higher risk for Den norske Bank than ordinary loans and investments in bonds.

NOTE 18 – LOANS AND GUARANTEES ACCORDING TO GEOGRAPHICAL LOCATION 1)

	Den norske Bank ASA					
Amounts in NOK million	Lending to customers 31 Dec. 2001	Lending to credit institutions 31 Dec. 2001	Guarantees 31 Dec. 2001	Lending to customers 31 Dec. 2000	Lending to credit institutions 31 Dec. 2000	Guarantees 31 Dec. 2000
Oslo	56 508	5 876	12 487	51 908	2 219	13 222
Eastern and Southern Norway	83 669	0	8 139	79 956	0	6 947
Western Norway	55 043	11 947	9 497	52 292	10 017	7 217
Northern and Central Norway	36 257	0	1 244	31 066	0	1 028
Total Norway	231 478	17 823	31 366	215 223	12 236	28 414
Western Europe	9 245	342	2 019	6 674	126	1 582
Russia	312	0	0	382	0	0
Other Eastern European countries	215	32	16	652	0	30
Total Europe outside Norway	9 772	374	2 035	7 709	126	1 612
USA and Canada	7 842	401	221	7 260	27	111
Bermuda/Panama 2)	4 606	45	205	3 410	0	462
Argentina 3)	0	0	73	0	0	79
Other South and Central American countries	325	10	13	633	0	65
America total	12 773	456	513	11 303	27	716
Singapore	2 654	1	117	3 972	0	73
Hong Kong	163	0	19	24	0	129
Indonesia	5	0	167	49	0	24
Thailand	14	0	0	21	0	9
Malaysia	221	0	20	216	0	17
Other Asian countries	519	104	68	157	0	158
Asia total	3 576	104	390	4 440	0	410
Liberia 2)	1 437	0	0	2 245	0	0
Other African countries	7	0	6	117	0	6
Australia and New Zealand	227	2	0	9	0	5
Total	259 270	18 759	34 310	241 046	12 390	31 162

1) *Based on the customer's address.*
2) *Represents mainly shipping commitments.*
3) *Concerns a commitment guaranteed by company in Norway.*

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

NOTE 19 – COMMITMENTS FOR PRINCIPAL SECTORS

Den norske Bank ASA

Amounts in NOK million	Loans [1] 31 Dec. 2001	Guarantees [1] 31 Dec. 2001	Committed limits [2] 31 Dec. 2001	Loans [1] 31 Dec. 2000	Guarantees [1] 31 Dec. 2000	Committed limits [2] 31 Dec. 2000
Retail customers	118 902	182	121 796	106 476	218	109 174
International shipping	21 599	8 211	38 622	23 869	6 793	37 090
Real estate	29 022	857	32 083	25 878	405	28 959
Manufacturing	16 865	4 566	34 060	16 561	4 180	31 425
Services	25 183	2 985	42 652	24 360	2 606	38 163
Trade	13 399	2 087	23 859	12 254	2 553	22 438
Oil and gas	3 655	1 828	11 032	3 757	2 189	10 501
Transportation and communication	7 272	3 919	18 535	6 022	2 233	16 409
Building and construction, power and water supply	7 507	3 440	18 521	6 942	2 840	15 303
Central and local government	2 122	53	5 612	2 437	55	5 816
Fishing	5 094	43	5 940	3 588	155	4 195
Hotels and restaurants	1 367	68	1 559	1 399	105	1 790
Agriculture and forestry	511	52	723	522	47	722
Other sectors	5 717	2 759	10 489	6 019	3 388	11 128
Total customers	258 216	31 050	365 483	240 084	27 768	333 113
Credit institutions [3]	18 757	3 186	25 176	12 388	3 335	13 746
Total	276 973	34 235	390 659	252 471	31 103	346 859

1) Loans and guarantees after specified provisions.
2) Total committed limits for credit exposure.
3) Loans to credit institutions are entered in the balance sheet under "Lending to and deposits with credit institutions".

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

NOTE 20 – PROBLEM COMMITMENTS FOR PRINCIPAL SECTORS

Den norske Bank ASA

Amounts in NOK million	Non-performing comm. [1] 31 Dec. 2001	Doubtful comm. [1] 31 Dec. 2001	Total specified provisions 31 Dec. 2001	Non-performing comm. [1] 31 Dec. 2000	Doubtful comm. [1] 31 Dec. 2000	Total specified provisions 31 Dec. 2000
Retail customers	635	434	282	643	216	197
International shipping	29	0	10	5	3	22
Real estate	180	40	72	54	73	76
Manufacturing	131	120	354	125	124	218
Services	94	52	140	64	38	153
Trade	58	114	134	60	148	134
Oil and gas	34	3	39	130	0	99
Transportation and communication	33	15	23	18	4	28
Building and construction, power and water supply	17	19	35	19	3	37
Fishing	45	23	10	28	25	20
Hotels and restaurants	11	28	17	7	45	23
Agriculture and forestry	16	2	12	18	10	14
Other sectors	0	0	0	0	0	0
Total customers	1 284	849	1 128	1 171	688	1 021
Credit institutions [2]	0	1	2	0	0	2
Total	1 284	849	1 130	1 171	688	1 023

1) The amounts represent 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".

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

NOTE 21 – NON-PERFORMING, DOUBTFUL AND NON-ACCRUING COMMITMENTS

Den norske Bank ASA

Amounts in NOK million	Private customers 31 Dec 2001	Net additions/ disposals [1]	31 Dec. 2000	Corporate customers 31 Dec. 2001	Addi- tions	Dispo- sals	31 Dec. 2000	Total 31 Dec. 2001	Addi- tions [1]	Dispo- sals [1]	31 Dec. 2000
Non-performing commitments *)											
Before specified provisions	869	56	812	1 254	624	517	1 147	2 122	681	517	1 959
After specified provisions 2)	635	(9)	643	647	471	352	528	1 282	471	343	1 171
Doubtful commitments *)											
Before specified provisions	477	232	244	664	413	429	680	1 141	646	429	924
After specified provisions [2]	439	222	217	412	236	296	472	851	458	296	689
*) Of which:											
Non-accruing commitments											
Before specified provisions	1 045	139	907	1 349	515	1 846	2 681	2 395	654	1 846	3 587
After specified provisions	830	116	714	686	336	886	1 236	1 516	452	886	1 949

1) *Changes in commitments to private customers are based on an evaluation of portfolios and are thus recorded as a net figure.*
2) *Includes provisions for losses on lending to credit institutions.*

Non-performing commitments represent total commitments to customers which are not serviced in accordance with the loan agreement, unless the situation is considered temporary. Commitments are classified as non-performing no later than 90 days past the formal due date. Total commitments to customers which are not classified as non-performing, but where a loss is likely to occur due to the value of collateral and the customer's financial position, are classified as *doubtful*. *Non-accruing commitments* represent total commitments to customers subject to interest reversals, see note 3.

Reduced-rate commitments

Gross reduced-rate commitments as at 31 December 2001 totalled NOK 803 million.

Reduced-rate commitments are total commitments to customers where payment terms have been renegotiated in connection with debt negotiations, and where the discounted reduction in payment flows is significant.

Developments in non-performing and doubtful commitments — **Den norske Bank ASA**

Amounts in NOK million	31 Dec. 2001	31 Dec. 2000	31 Dec. 1999	31 Dec. 1998	*Pro forma 31 Dec. 1998*
Non-performing commitments					
Before specified provisions	2 122	1 959	4 957	5 899	*5 960*
After specified provisions	1 282	1 171	2 927	3 275	*3 317*
Doubtful commitments					
Before specified provisions	1 141	924	1 491	2 141	*2 189*
After specified provisions	851	689	1 251	1 854	*1 897*

NOTE 22 – 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	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Provisions as at 1 January	**3 071**	**4 289**	**964**	**2 247**	**2 047**	**2 017**	**59**	**24**	**1**	**1**
Write-offs covered by specified provisions made in previous years	132	254	131	249	-	-	1	6	-	-
Intra-group sale of exposure	-	955	-	955	-	0	-	0	-	0
Provisions for the period										
Increase in specified loan-loss provisions	169	131	159	130	-	-	9	2	-	-
New specified loan-loss provisions	291	146	263	103	-	-	28	43	-	-
Reassessed specified loan-loss provisions	222	358	201	354	-	-	22	4	-	-
Increase in unspecified loan-loss provisions	0	8	-	-	0	7	-	-	0	0
Exchange rate movements	2	65	2	42	0	22	0	0	0	0
Provisions as at 31 December *)	**3 178**	**3 071**	**1 056**	**964**	**2 047**	**2 047**	**74**	**59**	**1**	**1**

		2001	2000
*)	*Of which provisions for losses on loans to:*		
	Customers	*1 054*	*962*
	Credit institutions	*2*	*2*

NOTE 23 – COMMERCIAL PAPER AND BONDS

Den norske Bank ASA

Amounts in NOK million	Acquisition cost 31 Dec. 2001	Book value 31 Dec. 2001	Market value 31 Dec. 2001	Acquisition cost 31 Dec. 2000	Book value 31 Dec. 2000	Market value 31 Dec. 2000
Commercial paper and bonds						
- listed	28 459	28 551	28 555	26 436	26 478	26 478
- unlisted	9 785	9 827	9 830	8 257	8 328	8 328
Total short-term commercial paper and bonds *)	**38 244**	**38 378**	**38 385**	**34 693**	**34 807**	**34 807**
*) *Of which: Trading portfolio*	*32 600*	*32 733*	*32 733*	*30 270*	*30 385*	*30 385*
Banking portfolio	*5 645*	*5 645*	*5 652*	*4 422*	*4 422*	*4 422*

NOTE 24 – SHAREHOLDINGS ETC.

Den norske Bank ASA

Amounts in NOK million	Acquisition cost 31 Dec. 2001	Book value 31 Dec. 2001	Market value 31 Dec. 2001	Acquisition cost 31 Dec. 2000	Book value 31 Dec. 2000	Market value 31 Dec. 2000
Short-term shareholdings						
- listed	281	287	287	1 226	1 229	1 384
- unlisted	564	496	496	333	324	369
- investment funds	455	423	423	474	449	483
Total short-term shareholdings *)	1 299	1 207	1 207	2 034	2 001	2 236
Long-term shareholdings 1)	2 139	1 759	1 816	278	261	297
Total shareholdings etc.	**3 438**	**2 966**	**3 023**	**2 311**	**2 262**	**2 533**
*) *Of which: Trading portfolio*	*164*	*149*	*149*	*614*	*582*	*582*
Banking portfolio	*1 135*	*1 058*	*1 058*	*1 420*	*1 420*	*1 654*

1) *The investment in Storebrand was reclassified from short-term to long-term in 2001. After write-downs of NOK 358 million in 2001, the investment totalled NOK 1 432 million as at 31 December 2001. There were no significant sales or aquisitions of long-term shares in 2001.*

NOTE 25 – SHORT-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCs AS AT 31 DECEMBER 2001

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								
Acta Holding		12 675	1 900 000		342	2.70	11 780	11 780
Privatbanken		500 000	3 230 000		32 300	6.46	33 915	33 915
Viking Ship Finance Ltd.	CHF	30 000	13 500	CHF	4 050	13.50	49 388	49 388
Voss Veksel- og Landmandsbank		9 500	6 972		697	7.34	6 979	6 979
Norwegian companies								
Alta Utviklingsselskap		2 477	250		250	10.09	0	0
Bergen Industriutvikling		60 250	784		7 840	13.01	3 639	3 639
Britanniakvartalet		200	100		100	50.00	85	85
Bro- og Tunnelselskapet		275	110		55	20.00	132	132
Dagbladet, Avishuset		14 897	60 572		1 211	8.13	20 594	20 594
Dagbladet, Avishuset, preference shares		9 167	9 387		188	2.05	3 192	3 192
Energos		6 859	1 899 999		190	2.77	15 200	15 200
Euroskilt		914	177		177	19.37	10 425	10 425
Expert Eilag		160 724	100 000		500	0.31	4 400	3 650
Finansrådhuset		1 000	500		500	50.00	500	500
FishMarket International		1 235	186 364		186	15.09	7 000	7 000
Hammerfest Industrifiske		500	100		100	20.00	100	100
Hardanger Vekst		1 000	200		200	20.00	200	200
Høyteknologisenteret i Bergen		24 791	3 700		2 775	11.19	4 579	4 579
Industrifinans Boligeiendom		1 453	576 975		58	3.97	6 174	6 174
Industrifinans Næringseiendom		474 697	800 000		8 000	1.69	10 400	10 400
Industrifinans SMB III		61 457	49 781		4 978	8.10	27 280	27 280
Industrihuset		110	24		12	10.91	0	0
Interconsult		21 110	204 531		2 045	9.69	8 386	8 386
Investment Recovery Services		2 617	551		551	21.05	0	0
IT Fornebu		66 280	38 899		3 890	5.87	3 890	3 890
IT Fornebu Eiendom		774 990	900 973		90 079	12.09	92 300	92 300
IT Fornebu Oslo		100	16 668		17	16.67	0	0
IT Vekst		2 550	800		400	15.69	400	400
Knarvik Senter		200	24		24	12.00	24	24
Krohnsminde Garasje		56	8		8	14.29	8	8
Lawson & Haug Holding		118	616		6	5.23	4 002	4 002
Nera		247 059	327 951		656	0.27	6 942	6 395
Nordic Sea Holding		6 823	82 402		824	10.08	0	0
Nordnorsk Vekst		76 476	3 863		3 863	5.05	5 319	5 319
Nordstjernen Holding		112 500	112 500		11 250	10.00	114 442	114 442
Norsk Hydro		5 331 933	119 857		2 397	0.04	43 319	45 066
Norske Skogindustrier		1 331 371	43 685		437	0.03	6 550	7 331
Nygårdstangen		3 750	830		830	22.13	6 059	6 059
Opticom		1 798	14 600		2	0.12	5 822	5 387
Orkla		1 370 290	688 942		4 181	0.31	100 863	103 017
Oslo Børs Holding		50 000	133 333		1 333	2.67	20 000	20 000
Plastogruppen		2 292	571		571	24.91	9 993	9 993
Rieber & Søn		795 757	653 082		6 531	0.82	30 781	30 695
SAS Norge		433 161	104 800		1 048	0.24	6 026	6 026
Sarsia Innovation		24 100	6 110		1 528	6.34	2 520	2 520
Scana Industrier		132 917	5 078 123		6 348	4.78	6 348	3 148
ScanRope		10 400	2 380		2 380	22.88	18 307	18 307
Scan-Sense		11 321	960 603		961	7.21	4 803	4 803
Sentech		359	4 243		42	11.82	636	636
Skansen		160	25		25	15.63	22	22
Statoil		5 473 963	218 450		546	0.01	12 917	13 426
Synnøve Finden		14 576	356 800		714	4.90	6 788	6 422
Såkorninvest Midt-Norge		60 000	43 236		4 324	7.21	4 540	4 540

NOTE 25 – SHORT-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCs AS AT 31 DECEMBER 2001 (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
TGS Nopec Geophysical Company		24 477	67 900		68	0.28	7 814	8 454
Tilflukten		72	110		11	15.36	11	11
Tomra Systems		178 223	89 394		89	0.05	7 685	7 554
Torget Parkering		130	18		18	13.85	0	0
Unitor		244 371	223 400		2 918	1.19	9 569	9 569
Wega		24 741	236 443		473	1.91	6 338	236
Whitecliff		60 005	100 000		1 000	1.67	3 887	3 887
Østfold Innovasjon		100	1		25	25.00	50	50
Companies based abroad								
CoTech Ltd. Serie A, preference shares	USD	53	758 699	USD	8	14.35	76	76
Star Reefers Inc.	USD	69	200 000	USD	2	2.92	12 000	12 000
Investment funds								
DnB Global Consumer Goods			532 412				45 861	45 861
DnB Global Etisk III			99 800				10 071	10 071
DnB Global Etisk IV			499 002				50 388	50 388
DnB Global Finance			96 780				8 949	8 949
DnB Global Tecnology			287 025				12 330	12 330
DnB Multi Global 100			453 891				38 434	38 434
DnB Multi Global 75			698 603				62 208	62 207
DnB Multi Global 50			698 603				65 148	65 148
DnB SMB			74 850				6 699	6 699
DnB Nordic Technology			99 502				10 364	10 364
Postbanken Eurospar			24 515				26 260	26 260
Postbanken Norden			24 500				30 734	30 734
Postbanken Helse			250 000				25 055	25 055
Postbanken Teknologi			250 000				30 333	30 333
Thawee-II Fund			150 000				389	389
Other shareholdings etc.							(1 864)	3 920
Total short-term investments in shares, participations and PCCs							1 206 755	1 206 755

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

NOTE 26 – LONG-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCs AS AT 31 DECEMBER 2001

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	18.75	10 122	19 106
London Clearing House	GBP	39 100	1	GBP	200	0.51	3 888	3 888
Nordlandsbanken		372 562	358 500		17 925	4.81	75 318	78 318
Storebrand		1 388 402	27 538 392		137 692	9.92	1 431 996	1 459 535
Norwegian companies								
Norsk Tillitsmann		10 500	11 228		1 123	10.70	1 123	1 123
DnB Employee Fund, A shares		15 484	1 060 000		1 060	6.85	21 654	21 654
DnB Employee Fund, B shares		200	200 000		200	100.00	200	200
Bankpower		1 000	40		200	20.00	700	1 400
Companies based abroad								
Export Credit Insurance Corporation of Singapore Ltd.	SGD	127 590	250 000	SGD	250	0.20	1 458	1 219
CLS Services LTD., A shares	USD	1	100	USD	0	0.10	2 251	2 251
CLS Services LTD., D shares	USD	650 000	46 800	USD	4 680	0.72	19 355	19 355
Lorentzen Empreendimentos, class B [1]	USD	1 768	47 813 984	USD	354	20.01	161 859	161 859
Swift	BEF	439 260	335	BEF	1 675	0.38	633	0
Other shareholdings etc.							502	17 241
Total long-term investments in shares, participations and PCCs							1 731 059	1 787 341

1) *The investment in Lorentzen Empreendimentos relates to previously converted loans in Brazil.*

NOTE 27 – INVESTMENTS IN ASSOCIATED COMPANIES AS AT 31 DECEMBER 2001

Den norske Bank ASA

Amounts in 1 000	Share capital	Number of shares	Nominal value	Ownership share in per cent	Book value
Eksportfinans AS	1 593 533	38 256	401 688	25.21	127 074
BBS/Bank-Axept Holding AS	165 000	1 558 290	38 957	23.61	38 957
Atento AS	14 100	40 326	4 033	28.60	9 140
Visa Norge AS	8 000	1 600	1 600	20.00	400
Kontanthåndtering AS	50 000	12 706	12 706	25.41	12 706
Doorstep AS	2 500	12 500	1 250	50.00	6 348
Netaxept AS	26 250	12 468 750	12 469	47.50	24 268
Shares in general partnerships					650
Total investments in associated companies					**219 543**

NOTE 28 – INVESTMENTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	Book value
							Den norske Bank ASA
Foreign subsidiaries							
DnB Asia Limited, Singapore	SGD	20 000	20 000 000	SGD	20 000	100	97 509
Luxcap S.A.	BEF	1 200 000	800 000	BEF	1 200 000	100	300 339
DnB Mortgage Trust	GBP	250	250 000	GBP	250	100	0
Domestic subsidiaries							
DnB Betalingstjenester		200	200		200	100	50
DnB Eiendom		2 503	25 033		2 503	100	31 149
DnB Finans		387 000	3 870 000		387 000	100	700 373
DnB Invest Holding		200 000	200 000		200 000	100	543 000
DnB Investor		1 600	16 000		1 600	100	90 003
DnB Kort		391 300	3 913 000		391 300	100	394 000
DnB Næringsmegling		1 000	10 000		1 000	100	4 000
Hotellforedling		600	600		600	100	45 219
Juridisk Byrå		50	50		50	100	50
Kreditt-Finans		21 000	42 000		21 000	100	50 394
LI-Ship		50	50		50	100	50
Lørenfaret 1		500	5 000		500	100	500
Meks Holding		10 000	10 000		10 000	100	0
Postbanken Eiendomsmegling		20 000	20		20 000	100	20 000
Realkreditt Eiendom		11 000	11 000		11 000	100	47 000
Viul Tresliperi		7 500	750 000		7 500	100	11 766
General and limited partnerships							
Store Elvegården, Mandal						50	6 590
Lørenfaret 1, Oslo						99	43 828
Total investments in subsidiaries							**2 385 818**

NOTE 29 – INTANGIBLE ASSETS

	Den norske Bank ASA		
Amounts in NOK million	Development of IT systems	Postbanken brand name	Sundry intangible assets
Original cost	239	119	120
Total depreciation and write-downs as at 1 January 2001	164	21	42
Book value as at 1 January 2001	75	98	78
Additions	86	-	0
Disposals	6	-	0
Ordinary depreciation	61	12	24
Book value as at 31 December 2001	94	86	54
Depreciation 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 activity is under continuous review, and costs entered in the balance sheet are considered relative to future earnings.

For information on deferred taxes, see note 15.

NOTE 30 – FIXED ASSETS

	Den norske Bank ASA	
Amounts in NOK million	Machinery, equipment and vehicles	Bank buildings and other properties
Original cost	2 440	2 082
Revaluations as at 1 January 2001	0	453
Total write-downs and depreciation as at 1 January 2001	1 554	861
Book value as at 1 January 2001	885	1 674
Additions	232	21
Disposals (sales value)	224	73
Losses	3	0
Gains	2	14
Ordinary depreciation	246	56
Depreciation on revaluations	0	11
Reversal of previous write-downs	0	1
Book value as at 31 December 2001	645	1 570

NOTE 31 – REPOSSESSED PROPERTIES AND OTHER REPOSSESSED ASSETS

Den norske Bank ASA

Amounts in NOK million	Book value 31 Dec. 2001	Additions	Disposals	Book value 31. Dec 2000
Properties, current assets	7	0	0	7
Properties, fixed assets	53	1	3	55
Other repossessed current assets *)	76	22	3	57
Total	137	23	5	119

*) *Of which NOK 57 million represents shares in Kjørbo Eiendom AS, which is wholly owned by Den norske Bank ASA.*

NOTE 32 – REAL ESTATE CLASSIFIED ACCORDING TO GEOGRAPHICAL LOCATION AS AT 31 DECEMBER 2001

Den norske Bank ASA

Book value in NOK million	Bank buildings	Offices/ Commerce	Sites/ Projects	Total
Oslo	934	2	31	968
Eastern Norway/Southern Norway	90	4	13	108
Bergen	398	0	1	399
Western Norway	40	0	1	42
Northern Norway/Central Norway	37	0	0	37
Abroad	5	0	13	17
Total book value	1 504	7	59	1 570
Floor space in 1 000 square metres				
Own use	171	0	0	171
Tenants	12	0	0	12
Not rented out	6	0	0	6
Total floor space	190	0	0	190
Number of tenants	36	3	0	39
Annual rental income from external tenants in NOK million	22	0	0	22

NOTE 33 – LIABILITIES

	Den norske Bank ASA	
Amounts in NOK million	31 Dec. 2001	31 Dec. 2000
Loans and deposits from credit institutions with no fixed term or period of notice	7 827	9 511
Loans and deposits from credit institutions with a fixed term or period of notice	28 192	42 923
Loans and deposits from credit institutions	**36 019**	**52 434**
Demand deposits from customers	160 574	146 916
Time deposits from customers	4 761	4 999
Special-term deposits from customers	29 839	26 627
Deposits from customers	**195 174**	**178 543**
Commercial paper issued	25 026	22 485
Bond debt	53 158	42 570
- Less own bonds included in the banking portfolio	2 305	1 137
Securities issued	**75 878**	**63 919**
Short-term funding	177	17
Documentary credits, bank drafts and other payment services	1 538	1 401
Group contribution	1 600	3 265
Allocated to dividends	2 200	0
Accrued unassessed payable taxes	22	449
Accrued expenses and prepaid revenues on financial derivatives	6 032	9 301
Sundry liabilities	2 415	1 557
Other liabilities	**13 984**	**15 990**
Accrued interest expenses	821	1 285
Other accrued expenses and prepaid revenues	1 267	1 278
Accrued expenses and prepaid revenues	**2 089**	**2 563**
Accrued pension commitments	906	890
Specified provisions for losses on guarantees	74	59
Unspecified provisions for losses on guarantees	1	1
Deferred taxes	116	0
Other provisions	214	175
Provisions for commitments	**1 311**	**1 125**
Term subordinated loan capital	3 133	3 089
Perpetual subordinated loan capital	5 086	5 016
Subordinated loan capital	**8 219**	**8 105**
Perpetual subordinated loan capital securities	**3 601**	**-**
Total liabilities	**336 275**	**322 679**

NOTE 34 – MATURITY STRUCTURE ON BOND DEBT AND SUBORDINATED LOAN CAPITAL AS AT 31 DECEMBER 2001

				Den norske Bank ASA	
	Bond debt [1]		Subordinated loan capital		
Amounts in NOK million	NOK	Foreign currency	NOK	Foreign currency	Total
Maturity (year)					
2002	1 155	6 585	0	990	8 730
2003	2 459	10 783	0	1 170	14 412
2004	2 646	8 250	0	0	10 895
2005	1 581	7 507	0	567	9 656
2006	3 443	4 120	0	405	7 968
2007	1 481	200	0	0	1 681
2008 and later	644	0	0	0	644
Perpetual subordinated loan capital			0	5 086	5 086
Perpetual subordinated loan capital securities			0	3 601	3 601
Total	13 409	37 444	0	11 820	62 673

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

NOTE 35 – PREMIUMS/DISCOUNTS ON OWN BONDS INCLUDED IN THE BANKING PORTFOLIO AS AT 31 DECEMBER 2001 [1)]

Den norske Bank ASA

Amounts in NOK million	Discounts on repurchases	Premiums/(discounts) on issue and resale	Book value
Maturity (year)			
2002	1	(14)	936
2003	1	(11)	776
2004	0	(1)	542
2005	0	0	0
2006	0	0	0
2007	0	0	50
2008 and later	0	0	0
Total	2	(25)	2 305

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 2001 totalled NOK 2 327 million.

NOTE 36 – SUBORDINATED LOAN CAPITAL AND PERPETUAL SUBORDINATED LOAN CAPITAL SECURITIES

Den norske Bank ASA

Amounts in NOK million	Term subordinated loan capital	Perpetual subordinated loan capital	Perpetual subordinated loan capital securities	Total
Balance sheet as at 31 Dec. 2000	**3 089**	**5 016**	**-**	**8 105**
Issued	405	0	3 601	4 006
Matured/redeemed	399	0	0	399
Exchange rate movements	38	71	0	109
Balance sheet as at 31 Dec. 2001 [*)]	**3 133**	**5 086**	**3 601**	**11 820**

***) 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
400	USD	3 601	3m Libor	Perpetual
215	USD	1 936	3m Libor	Perpetual
200	USD	1 801	3m Libor	Perpetual
150	USD	1 350	3m Libor	Perpetual

NOTE 37 – EQUITY

Den norske Bank ASA

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 Dec. 2000	**7 787**	**3 244**	**8 731**	**19 761**
Merger, Aeti AS	0	0	10	10
Transfers	0	0	69	69
Exchange rate movements	0	0	4	4
Balance sheet as at 31 Dec. 2001	**7 787**	**3 244**	**8 814**	**19 844**

NOTE 38 – CAPITAL ADEQUACY

Amounts in NOK million	Den norske Bank ASA 31 Dec. 2001	Den norske Bank ASA 31 Dec. 2000
Share capital	7 787	7 787
Other equity	12 058	11 974
Total equity	19 844	19 761
Perpetual subordinated loan capital securities	3 358	0
Pension funds above pension commitments	(572)	(598)
Goodwill and other intangible assets	(235)	(678)
Core capital	22 395	18 485
Perpetual subordinated loan capital [1]	5 330	5 016
Term subordinated loan capital [1]	3 133	3 089
Net supplementary capital	8 463	8 105
Deductions	1 398	356
Total eligible primary capital [2]	29 459	26 234
Total risk-weighted volume	256 194	243 888
Core capital ratio (per cent)	8.7	7.6
Capital ratio (per cent)	11.5	10.8

Specification of risk-weighted volume — **Den norske Bank ASA**

Amounts in NOK million Risk-weight:	Nominal amounts [2] 0%	20%	50%	100%	Risk-weighted volume 31 Dec. 2001	Risk-weighted volume 31 Dec. 2000
Banking portfolio						
Cash and ordinary deposits with banks	2 822	3 827	0	0	765	856
Short-term investments in securities	283	5 005	0	1 570	2 571	2 715
Lending	3 696	24 276	113 802	135 230	196 986	189 115
Other assets	617	289	2 126	1 322	2 443	3 233
Fixed assets	661	0	0	7 047	7 047	5 545
Total assets	8 079	33 397	115 928	145 169	209 812	201 464
Off-balance-sheet instruments					37 504	32 345
Total risk-weighted volume, banking portfolio					247 316	233 809
Trading portfolio						
Position risk, equity instruments					59	210
Position risk, debt instruments					8 586	8 104
Settlement risk					32	78
Counterparty risk and other risks					4 777	5 113
Total risk-weighted volume, trading portfolio					13 454	13 505
Total risk-weighted volume, banking and trading portfolios					260 770	247 315
Deduction for:						
Investments in primary capital in other financial institutions					(1 398)	(356)
Specified and unspecified loan-loss provisions					(3 178)	(3 071)
Total risk-weighted volume					256 194	243 888

1) *DnB has been given permission by the Banking, Insurance and Securities Commission to use a comparative exchange rate adjusted upwards to NOK 9.60 when converting subordinated loans raised in US dollars for reporting as at 31 December 2001. In accordance with capital adequacy regulations, however, 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. Exchange rate used as at 31 December 2001 was NOK 9. See note 36.*

2) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in Den norske Bank ASA's accounts as different principles are used in calculating capital adequacy.*

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

NOTE 39 – COMMITMENTS ACCORDING TO RISK CATEGORY

Den norske Bank ASA

Amounts in NOK billion			2001					2000		
Risk category				Problem					Problem	
Percentage of normalised losses [1]	< 0.25	0.25-0.75	> 0.75 [2]	commitm.	Total	< 0.25	0.25-0.75	> 0.75 [2]	commitm.	Total
Potential exposure										
Gross loans (drawn)	196	42	17	3	259	188	31	19	3	241
Limits (committed, undrawn)	62	12	1	0	75	55	7	2	0	64
Guarantee commitments	22	8	2	0	31	22	4	2	0	28
Total commitments	280	62	20	3	365	265	42	23	3	333
Specified provisions				1	1				1	1
Unspecified provisions					2					2
Net total commitments	280	62	20	2	362	265	42	23	2	330
Loan loss level [1]										
Normalised losses including loss of interest income in per cent of net lending					0.32					0.31

1) *The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the expected loss (loss ratio).*

2) *This risk category also includes commitments with normalised losses below 0.75 per cent in cases where the loss ratio is low but combined with a high probability of future losses.*

Den norske Bank's primary tools for managing credit risk are evaluations of customer quality and calculations of risk-adjusted return on risk-adjusted capital. Accordingly, the profitability of loans and credits is measured on the basis of earnings adjusted for a normalised level of losses and relative to the risk-adjusted capital requirement for the credit. The normalised level of losses is calculated based on statistical figures on losses within ten categories depending on expected default frequency. Evaluations should reflect estimated losses during a normal business cycle. Risk classification is largely based on available information on the customer's financial position, but to some extent seeks to reflect the fact that financial circumstances vary in line with business cycles. The capital requirement represents the capital needed to cover losses within a certain number of standard deviations from the normalised level.

DnB uses risk-adjusted return as the basis for pricing credits in the corporate market. The calculation of prices in the retail market is based on an approximation to the price model in the corporate market .

Calculations of unspecified loan-loss provisions are based on the risk management systems, thus provisions are directly related to volume and the distribution between the risk categories based on the expected level of loan losses. In addition, the volume of provisions is linked to previous loan-loss experience for each risk category. Unspecified loan-loss provisions are not broken down on portfolios.

At the end of 1999, estimated normalised losses represented 0.37 per cent of lending. The reduction from 0.37 to 0.32 per cent is a result of a planned reduction in high-risk lending, inter alia in the shipping and energy sectors.

NOTE 40 – EXPECTED TIME TO INTEREST RATE ADJUSTMENTS AS AT 31 DECEMBER 2001

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	2 076					634	2 710
	Foreign currency	1					109	110
Lending to and deposits with credit institutions	NOK	13 337	5 572	2 381	1 028	13	(2)	22 329
	Foreign currency	6 482	3 080	1 409	1 923	2 136		15 029
Net lending to customers 1)	NOK	157 568	20 820	15 385	13 490	3 201	(1 586)	208 878
	Foreign currency	19 402	18 026	9 779	327	217	(461)	47 291
Commercial paper and bonds	NOK	1 499	7 048	1 486	1 481	332		11 846
	Foreign currency	8 140	12 119	3 367	2 156	749		26 531
Sundry assets	NOK						18 038	18 038
	Foreign currency	322	37	36	2	539	2 421	3 357
Total assets		**208 828**	**66 702**	**33 843**	**20 407**	**7 187**	**19 153**	**356 119**
	NOK	174 481	33 440	19 252	15 999	3 546	17 084	263 801
	Foreign currency	34 347	33 262	14 591	4 408	3 641	2 069	92 318
Liabilities and equity								
Loans and deposits from credit institutions	NOK	11 311	569	323	28			12 231
	Foreign currency	9 015	10 915	3 857				23 787
Deposits from customers	NOK	165 412	3 277	3 014	432			172 135
	Foreign currency	22 027	422	561	29			23 039
Securities issued	NOK	2 330	21	489	9 219	1 800		13 859
	Foreign currency	23 289	34 790	1 344	2 473	123		62 019
Sundry liabilities	NOK						13 234	13 234
	Foreign currency	76	21	30		608	3 415	4 150
Subordinated loan capital and perpetual subordinated loan capital securities	NOK							
	Foreign currency	2 143	6 077			3 601		11 820
Equity	NOK						20 011	20 011
	Foreign currency						(167)	(167)
Total liabilities and equity		**235 603**	**56 092**	**9 619**	**12 181**	**6 132**	**36 493**	**356 119**
	NOK	179 053	3 868	3 827	9 678	1 800	33 244	231 470
	Foreign currency	56 550	52 225	5 792	2 502	4 332	3 248	124 649
Interest exposure gap on balance sheet items		**(26 775)**	**10 610**	**24 224**	**8 226**	**1 055**	**(17 340)**	**0**
	NOK	(4 572)	29 573	15 425	6 320	1 746	(16 160)	32 332
	Foreign currency	(22 203)	(18 963)	8 799	1 906	(691)	(1 180)	(32 332)
Interest exposure gap on financial derivatives		**6 029**	**(4 563)**	**(2 887)**	**1 866**	**2**		**448**
	NOK	(10 539)	(3 595)	6 207	(1 522)	(324)		(9 773)
	Foreign currency	16 568	(968)	(9 094)	3 388	326		10 221
Total interest exposure gap		**(20 746)**	**6 047**	**21 337**	**10 092**	**1 057**	**(17 340)**	**448**
	NOK	(15 111)	25 978	21 632	4 798	1 422	(16 160)	22 559
	Foreign currency	(5 635)	(19 930)	(294)	5 294	(365)	(1 180)	(22 111)

1) *Overdraft and working capital facilities are grouped under "Up to 1 month". Specified and unspecified loan-loss provisions are grouped under "No interest rate".*

NOTE 41 – INTEREST RATE RISK SENSITIVITY

The vaule of items on and off the balance sheet is affected by interest rate movements. The table below shows potential losses for DnB resulting from parallel one percentage point changes in all interest rates.

The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DnB relative to the Bank's positions. Also, all interest rate movements within the same time bracket will be unfavourable for the Bank. The figures will thus reflect maximum losses for DnB. In the trading portfolio, such losses will be charged to the accounts as they occur. In the banking portfolio, the losses will be amortised over the remaining maturity.

The calculations are based on the positions as at 31 December 2001 and market rates on the same date.

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	3	34	18	39	32
USD	0	3	58	48	1	8
EUR	1	1	6	1	6	2
GBP	0	2	1	1	0	4
Other currencies	1	3	9	3	0	11
Banking portfolio						
NOK	0	6	49	3	37	88
Total						
NOK	5	9	15	15	76	120
USD	0	3	58	48	1	8
EUR	1	1	6	1	6	2
GBP	0	2	1	1	0	4
Other currencies	1	3	9	3	0	11

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

NOTE 42 – CURRENCY POSITIONS

The table below shows currency positions as at 31 December 2001 for various balance sheet items and financial derivates, as defined by Norges Bank. Net position in individual currencies may represent up to 15 per cent of the eligible primary capital. Aggregate currency positions must be within 30 per cent of the eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

Den norske Bank ASA

Amounts in NOK million	Norwegian kroner	Other currencies	Of which: USD	EUR	GBP	SEK	DKK	JPY
Assets								
Cash and deposits with central banks	2 710	110	31	48	8	11	9	1
Lending to and deposits with credit institutions	22 329	15 029	8 696	2 984	1 933	498	0	389
Net lending to customers	208 878	47 291	32 884	5 188	2 053	3 752	1 089	1 573
Commercial paper and bonds	11 846	26 531	12 429	10 942	2 331	0	0	617
Shareholdings etc.	2 735	231	196	1	4	4	0	0
Sundry assets	15 303	3 126	2 165	157	178	41	16	0
Total assets	263 801	92 318	56 401	19 320	6 508	4 307	1 114	2 580
Liabilities and equity								
Loans and deposits to credit institutions	12 231	23 787	15 495	1 900	755	2 061	296	869
Deposits from customers	172 135	23 039	16 454	3 049	1 219	950	531	123
Securities issued	13 859	62 019	53 832	3 443	1 958	0	0	206
Sundry liabilities	13 234	4 150	3 850	125	70	52	5	13
Subordinated loan capital	0	11 820	11 820	0	0	0	0	0
Equity	20 011	(167)	(125)	4	88	(102)	(31)	0
Total liabilities and equity	231 470	124 649	101 327	8 521	4 090	2 962	800	1 210
Net currency positions on balance sheets items	32 332	(32 332)	(44 926)	10 799	2 417	1 345	314	1 369
Financial derivatives	(32 198)	32 198	45 021	(10 862)	(2 407)	(1 378)	(323)	(1 375)
Net currency exposure	133	(133)	95	(63)	10	(33)	(9)	(6)

NOTE 43 – RESIDUAL MATURITY AS AT 31 DECEMBER 2001

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	2 710						2 710
	Foreign currency	110						110
Lending to and deposits with credit institutions	NOK	10 470	3 635	5 925	2 059	242	(2)	22 329
	Foreign currency	6 461	1 717	1 607	3 135	2 109		15 029
Net lending to customers [1]	NOK	16 472	4 399	9 224	29 461	150 908	(1 586)	208 878
	Foreign currency	3 924	2 016	6 871	21 237	13 704	(461)	47 291
Commercial paper and bonds	NOK	982	3 844	1 852	4 514	654		11 846
	Foreign currency	567	1 363	4 650	12 424	7 527		26 531
Sundry assets	NOK						18 038	18 038
	Foreign currency	102	10	22	26	566	2 630	3 357
Total assets		**41 799**	**16 985**	**30 152**	**72 855**	**175 709**	**18 619**	**356 119**
	NOK	30 635	11 879	17 001	36 033	151 804	16 450	263 801
	Foreign currency	11 164	5 106	13 151	36 822	23 905	2 169	92 318
Liabilities and equity								
Loans and deposits from credit institutions	NOK	11 299	848	56	28			12 231
	Foreign currency	11 563	8 576	3 649				23 787
Deposits from customers	NOK	104 334	59 651	7 473	674	3		172 135
	Foreign currency	20 793	922	1 296	29			23 039
Securities issued	NOK	1 095	21	489	10 129	2 125		13 859
	Foreign currency	7 122	19 072	6 725	28 901	200		62 019
Sundry liabilities	NOK						13 234	13 234
	Foreign currency	76	21	30		608	3 415	4 150
Subordinated loan capital and perpetual subordinated loan capital securities	NOK							
	Foreign currency			990	2 143	8 687		11 820
Equity	NOK						20 011	20 011
	Foreign currency						(167)	(167)
Total liabilities and equity		**156 281**	**89 111**	**20 707**	**41 904**	**11 622**	**36 493**	**356 119**
	NOK	116 728	60 521	8 018	10 831	2 128	33 244	231 470
	Foreign currency	39 553	28 591	12 689	31 073	9 495	3 248	124 649
Liquidity exposure gap on balance sheet items		**(114 483)**	**(72 126)**	**9 445**	**30 951**	**164 087**	**(17 874)**	**0**
	NOK	(86 093)	(48 642)	8 983	25 202	149 676	(16 795)	32 332
	Foreign currency	(28 389)	(23 485)	462	5 749	14 411	(1 079)	(32 332)
Liquidity exposure gap on financial derivatives		**(80)**	**20**	**1 029**	**(107)**	**1 643**		**2 506**
	NOK	7 034	(25 602)	(5 310)	(8 398)	945		(31 331)
	Foreign currency	(7 114)	25 622	6 339	8 291	698		33 837
Total liquidity exposure gap		**(114 562)**	**(72 107)**	**10 474**	**30 844**	**165 730**	**(17 874)**	**2 506**
	NOK	(79 059)	(74 244)	3 673	16 804	150 621	(16 795)	1 000
	Foreign currency	(35 503)	2 137	6 801	14 040	15 108	(1 079)	1 505

1) Overdraft and working capital facilities are grouped under "Up to 1 month". Specified and unspecified loan-loss provisions are grouped under "No fixed maturity".

NOTE 44 – FINANCIAL DERIVATIVES

						Den norske Bank ASA
Amounts in NOK million	Nominal amount 1) 31 Dec. 2001	Positive market value 2) 31 Dec. 2001	Negative market value 2) 31 Dec. 2001	Nominal amount 1) 31 Dec. 2000	Positive market value 2) 31 Dec. 2000	Negative market value 2) 31 Dec. 2000
Trading portfolio						
Interest rate agreements	1 199 913	7 184	4 353	1 132 499	5 256	3 339
Foreign exchange agreements 3)	558 371	6 511	5 983	439 370	9 022	10 571
Equity-related agreements	16 860	1 140	1 013	13 541	1 914	1 627
Commodity-related agreements	7	1	1	45	5	5
Banking portfolio						
Interest rate agreements	40 644	207	1 715	30 479	409	1 552
Netting						
Effect of netting agreements 4)		(4 987)			(5 733)	

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) Includes only contracts where legally binding agreements with the customer covering such netting have been signed.

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 2001, a total of NOK 16 million was recorded as losses on such transactions, while gains of NOK 293 million were recorded in 2001 alone.

NOTE 45 – OTHER OFF-BALANCE SHEET TRANSACTIONS AND ADDITIONAL INFORMATION

	Den norske Bank ASA	
Amounts in NOK million	31 Dec. 2001	31 Dec. 2000
Unutilised ordinary credit lines	77 707	66 151
Documentary credit commitments	823	838
Other commitments	1 238	596
Total commitments	**79 768**	**67 584**
Loan guarantees	11 639	9 927
Performance guarantees	7 108	6 307
Payment guarantees	8 564	7 553
Guarantee in favor of the Commercial Bank's Guarantee Fund	2 349	2 349
Guarantees for taxes, etc.	1 820	1 650
Other guarantee commitments	2 837	3 376
Total guarantee commitments *)	**34 318**	**31 162**
*) Of which:		
Counter-guaranteed by financial institutions	614	696
Joint and several liabilities	23	43
Securities [1) 2)]	27 243	23 310
Total mortgages etc.	**27 243**	**23 310**
are pledged as security for:		
Loans [1) 2)]	12 122	13 625
Other activities	108	106

1) NOK 17 013 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 Central Securities Depository and/or the Bank's fixed rate deposits with Norges Bank. As at 31 December 2001, Den norske Bank had borrowed NOK 2 000 million from Norges Bank.

2) NOK 10 122 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 46 – CONTINGENCIES

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

Ole A. Fjell has filed a suit against DnB with the Bergen Municipal Court claiming compensation of up to the equivalent of USD 57.5 million together with accrued interest due to alleged losses related to a property venture in Beijing. The Municipal Court handed down a judgment in favour of DnB on 9 March 2000 and awarded compensation for legal costs. The opposing party has appealed the decision.

Thor K. Tjøntveit and Wien Air Alaska Inc. brought actions in 1995 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.

Annual reports for previous years have described suits filed by Nikitas Venizelos and Omen Marine against DnB Holdings plc. in Piraeus, Greece, claiming compensation in connection with the arrest and forced sale of ships. The plaintiffs have discontinued the actions.

With respect to contingencies concerning taxes, please refer to note 15.

Oslo/Bergen, 12 March 2002
The Board of Directors of Den norske Bank ASA

Jannik Lindbæk
(chairman)

Anna-Synnøve Bye

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kåre Rommetveit

Ketil A. Stene

Anne Carine Tanum

Svein Aaser

Auditor's report for 2001

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 2001, showing a profit of NOK 3 435 million. 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 misstatements. 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 2001, 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, 12 March 2002
ARTHUR ANDERSEN & CO.

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

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 2001 financial year, the Control Committee has examined the Directors' Report, the financial statements and the Auditor's Report for Den norske Bank ASA.

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 2001 financial year.

Oslo, 20 March 2002

Helge B. Andresen
(chairman)

Henrik J. Lisæth
(vice-chairman)

Harald S. Kobbe

Frode Hassel

Eva Granly Fredriksen

Knut Boye
(deputy)

Oddlaug Os
(deputy)

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
Olav Fjell, Asker (resigned 13 Sept. 2001)
Eva Granly Fredriksen, Oslo
Bjørg Hope Galtung, Jondal
Herbjørn Hansson, Sandefjord
Jens P. Heyerdahl d.y., Oslo
Jan Willy Hopland, Oslo
Ulf B. Jespersen, Bergen
Knut Hartvig Johannson, 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:
Einar Berg, Svolvær
Odd Ivar Biller, Oslo
Rolf Domstein, Måløy
Arnulf Haukeland, Bergen
Rolf Hodne, Stavanger
Kjellaug Kristiansen Jota, Rasta
Jan T. Jørgensen, London
Jan Kildal, Hvalstad
Harald S. Kobbe, Bergen
Ole-Eirik Lerøy, Bergen
Terje Mikalsen, Farsund
Reidar Nordby jr., Hamar
Ingebjørg Roll-Matthiesen, Gran
Børge Rosenberg, Bergen
Peter Ruzicka, Nesbru
Diderik Schnitler, Tønsberg
Birger Solberg, Oslo
Morten Ulstein, Ulsteinvik
Sverre Valvik, Arendal
Lars Wenaas, Måndalen

Members elected by employees:
Else Carlsen, Oslo
Bjørn Davidsen, Oslo
Bente H. Espenes, Oslo
Vigdis M. Gutterud, Kogstadelva
Hilde M. Hjelle, Oslo
Lars Kristiansen, Oslo
Nils Lidtun, Bergen
Hanne Mette Lundberg, Hamar
Trond Erik Mikkelsen, Bergen
Bente Sørbø, Sandnes

Deputies elected by employees:
Oddvar Amundsen, Haugesund
Kai Andersen, Tønsberg
Terje Andersen, Halden
Helge Bjånes, Bergen
Anita Godager, Oslo
Tore Gravli, Oslo
Mona Gulbrandsen, Oslo
Bjørn Ingebrigtsen, Bergen (resigned)
Stig Jensen, Svolvær
Marianne Koldingsnes, Bergen
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Harald S. Kobbe, Bergen
Henrik J. Lisæth, Bergen (vice-chairman)

Deputies:
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Anna-Synnøve Bye, Rissa
Per Hoffmann, Oslo
Jannik Lindbæk, Oslo (chairman)
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Vigdis Mathisen, Asker

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Petter Jansen

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Leif Teksum

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Ottar Ertzeid

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Evlyn Raknerud

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