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DnB in 1998

- The DnB Group reported pre-tax operating profits before losses of NOK 2 580 million and profits for the year of NOK 1 314 million. Losses related primarily to the shipping and petroleum sectors.
- Earnings per share came to NOK 2.05.
- The Board of Directors has proposed an ordinary dividend of NOK 1.35 per share.
- At the end of 1998, the DnB Group had around NOK 318 billion in assets under management.
- Non-interest income remained stable at 42 per cent of total income from 1997 to 1998.
- The subsidiary Vital Forsikring contributed NOK 184 million to group profits, reflecting sturdy performance in a year of financial market turbulence.
- In 1998, 50 million transactions were registered for cards issued by DnB, which means that a DnB card was used 1.6 times each second – around the clock.
- The family of customer benefits programmes for retail customers became complete with the introduction of Start 1-2-3 and Karat. DnB now offers benefits programmes to all retail customer groups.
- DnB Group staff comprised 5 978 full-time positions at year-end.
- In 1998, Svein Aaser was appointed new group chief executive.

Focusing on core values

DnB enters 1999 with an new, streamlined organisation with clear lines of responsibility and better coordination of similar functions. Concentrating operations in five business areas will provide scope for substantial cost savings through the realisation of synergies in DnB.

On the threshold of a new millennium, we have selected profitability, team spirit and long-term perspective as DnB's core values. These core values will guide our decisions and operations, to ensure that we are well prepared to meet the demands of an increasingly complex world. The presentation below provides more substance and explains the meaning we hope these three core values will convey to customers, staff, shareholders and the general public.

Our goal is to strengthen DnB's position as Norway's largest and foremost financial services group with the right international presence.

We are aware that this calls for both organic growth and structural adaptations, challenges which will be actively addressed by DnB's management.

	Customers	Staff	Shareholders	General public
Profitability	Customer relationships which create value for both parties	Focus on earnings	Competitive returns	Contributes to and lays the ground for value generation
Team spirit	A financial services group with integrated and professional operations	Cooperation across product and market areas	Confidence through openness and accurate information	A key role in Norwegian society
Long-term perspective	Sound and reliable relationships – built on trust	An attractive workplace providing scope for personal development	Steady growth in returns and DnB's market value	A sound corporate image, high credibility, environmental concerns

This is the DnB Group

Annual General Meeting

Den norske Bank's Annual General Meeting will be held Thursday, 29 April 1999 at 6 p.m. at the Radisson SAS Hotel, Holbergsgate 30, Oslo.

Financial calendar 1999:

- **First quarter**
  29 April
- **Second quarter**
  13 August
- **Third quarter**
  3 November
- **Annual General Meeting**
  29 April
- **Ex-dividend date**
  30 April
- **Distribution of dividends**
  As of 20 May

The DnB Group...

- is Norway's largest financial services group.
- has nearly one million retail customers.
- has 130 000 customers taking part in customer benefits programmes.
- is Norway's largest issuer of debit and credit cards.
- serves as principal bankers for well over half of Norway's 300 largest companies.
- has 30 000 corporate customers and a 25 per cent share of the Norwegian corporate market.
- handles payment flows for around 50 per cent of Norway's international trade.
- is Norway's largest investment firm through DnB Markets, with substantial market shares within trading in foreign exchange, interest rate and equity instruments.
- offers loans, deposits, asset management, payment and trade finance services, financial advisory services, foreign exchange and capital market products and life, pension and non-life insurance.

Principal figures 1998

PROFIT AND LOSS ACCOUNTS

DnB Group

Amounts in NOK million	**1998**	1997	1996
Net interest income	**4 506**	4 380	4 167
Net other operating income	**3 205**	3 162	2 674
Operating expenses	**5 131**	4 875	4 580
Pre-tax operating profit before losses	**2 580**	2 667	2 262
Net losses/(reversals) on loans, guarantees, etc.	**1 167**	(103)	(455)
Net gain/(loss) on long-term securities	**0**	(149)	7
Pre-tax operating profit	**1 413**	2 622	2 724
Taxes	**100**	32	22
Profit for the year	**1 314**	2 590	2 702
Earnings per share (NOK)	**2.05**	4.04	4.22

BALANCE SHEETS

DnB Group

Amounts in NOK million	**31 Dec. 1998**	31 Dec. 1997	31 Dec. 1996
Total assets	**244 977**	227 011	189 015
Net lending to customers	**183 198**	169 337	141 179
Deposits from customers	**108 139**	97 295	100 282
Average total assets for the year	**246 136**	213 784	183 593

KEY FIGURES

DnB Group

	1998	1997	1996
Return on equity (%)	**8.4**	17.4	20.2
Dividends per share (NOK)	**1.35**	1.75	1.75
Core capital ratio (%)	**6.8**	7.3	7.7
Capital adequacy ratio (%)	**9.7**	9.9	10.9

Directors' report 1998

The DnB Group recorded profits of NOK 1 314 million for 1998. While operating profits before provisions for loan losses were at an acceptable level, totalling NOK 2 580 million, profits for the year were not satisfactory due to loan losses and provisions, primarily within shipping.

Looking back on 1998

Operations in Norway showed a positive trend in a number of areas. Despite intense competition, the Group succeeded in improving interest margins towards the end of 1998 after several years of narrowing margins. Net interest income in the fourth quarter reached the highest level in over two years. Other operating income also showed improvement relative to 1997, in spite of turbulence in financial markets. Vital's sound asset management performance was particularly gratifying.

Expenses rose by around 6 per cent in 1998 as a result of a costly wage settlement and the continuing high level of activity within information technology. Due to substantial losses, primarily within shipping but also on commitments within the oil and gas sector, DnB posted net loan losses totalling NOK 1 167 million in 1998.

Annual profits correspond to a return on book equity of 8.4 per cent, down 50 per cent relative to 1997. Risk-adjusted return on capital was 9.6 per cent, compared with the target figure of minimum 12 per cent annually. The calculation includes adjustments for normalised loan loss and tax levels over an estimated business cycle.

Earnings per share were NOK 2.05, as against NOK 4.04 in 1997.

Loan-loss provisions

Loan-loss provisions in 1998 refer in large part to special circumstances within the dry cargo segment in shipping and the oil and gas sector in the US. NOK 847 million in net provisions on shipping commitments was charged to the accounts, as a result of the sharp drop in freight rates and ship values. The decline in prices and values is mainly a consequence of the weaker global economy and problems in Southeast Asia. The ramifications were more serious for DnB due to misconduct on the part of an employee in the Bank's representative office in Piraeus responsible for contact with Greek shipowners in the dry cargo segment.

In 1998, loan-loss provisions totalling NOK 183 million on loans within the oil and gas segment in the US were charged to the accounts. The loan-loss provisions refer largely to the financing of oil extraction in the US where developments in oil prices and underestimated reservoir risk contributed to a sharp decline in value.

While DnB experienced material loan losses within shipping as well as the oil and gas sector in the US, losses in Norway were moderate. Total loan-loss provisions in 1998 came to NOK 1 167 million, of which NOK 628 million represents increased unspecified loan-loss provisions which were deemed necessary to cover expected loan losses.

Loan losses for the year totalled 0.65 per cent of lending at year-end, while DnB expects annual losses of 0.5 per cent over an economic cycle. Continuing problems within the oil and gas sector or within shipping could lead to a higher level of recorded loan losses than anticipated.

In consequence of the loan-loss provisions on the Greek portfolio and in the US, strategy has been altered and credit routines changed, seeking to improve quality assurance through better management routines and the use of expertise in Norwegian-based operations.

Dividends and allocation of profits

DnB's dividend policy is based on distributing around 50 per cent of net annual profits in dividends, on condition that the Group is adequately capitalised. Further, ordinary dividends per share should be maintained at a stable level, rising over time. Dividends will be determined on the basis of expected normal profit levels and capital requirements.

The DnB Group's core capital ratio at the end of 1998 was 6.8 per cent, slightly below the Board's target of 7 per cent. DnB will seek to reach this level during 1999. Lending growth is expected to be lower in the current year than in 1998, and the aim of maintaining a low risk profile indicates moderate growth in capital requirements.

Based on overall considerations, the Board of Directors proposes to maintain an ordinary dividend of NOK 1.35 per share for 1998.

In accordance with the Board's proposal, NOK 449 million of the DnB Group's profits for 1998 will be retained to increase equity. Correspondingly, Den norske Bank ASA will transfer NOK 138 million to free reserves after recording NOK 848 million in profits for the financial year, receiving NOK 155 million in group contributions and allocating NOK 865 million to dividends.

Fund for employees

NOK 10 million has been allocated to the investment fund for employees for 1998. The allocation has been reduced by NOK 40 million compared with the allocation for 1997 in view of the Group's profit levels. The Board, however, emphasises the long-term goal of building up a fund which will bolster team spirit and provide employees with added motivation to increase efforts to achieve common goals.

New management and a new organisation

Finn A. Hvistendahl stepped down as president and CEO on 1 June 1998 after seven years of service in the DnB Group. Group executive vice president John Giverholt served as acting CEO until Svein Aaser took over as new group chief executive on 15 September 1998. Aaser was previously chief executive officer of Nycomed and deputy chief executive in Nycomed Amersham.

The Board and the new chief executive will give high priority to ensuring cost-effective operations by streamlining the business organisation and exploiting the synergy potential within the financial services group. The new organisation is now in place, and comprises two customer segments and three product areas which report directly to the group chief executive (see organisation chart on page 73). Corporate Banking includes responsibility for large corporates, shipping clients and other key corporate customers, while responsibility for private customers and small and medium-sized businesses will be concentrated in one customer segment. The aim is to meet the joint challenges relating to service concepts.

The product areas comprise DnB Markets, in charge of foreign exchange, money and capital market operations; Asset Management, with responsibility for all savings products apart from traditional bank deposits and including insurance; and Financial Services, which includes payment and trade finance services, as well as consumer finance, leasing and factoring. The heads of these five business areas are members of the group management team along with the heads of Corporate Communications and Group Staff.

The Board of Directors has, effective 1 January 1999, appointed an audit committee comprising three board members as a subcommittee to the Board. The purpose of the committee is to carry out a thorough evaluation of specific matters and report back to the Board. During the first year, the Audit Committee will give priority to the Group's financial reporting and has reviewed the preliminary and final annual accounts for 1998. In addition, the committee will make certain that the Group has independent and effective internal and statutory audits. Asbjørn Larsen is chairman of the Audit Committee.

Scaling down government holdings

In accordance with a parliamentary resolution, the Government Bank Investment Fund will reduce government holdings in Christiania Bank and Den norske Bank to one-third of share capital by the end of 1999. The scheduled sale of government shares in 1998 was postponed due to factors such as the general decline in share prices and the dramatic fall in the value of financial shares in the wake of the steep rise in interest rates in 1998. The stock market has regained some of its optimism and prices on financial shares again show an upward trend, which increases the chances for carrying out the sale of government holdings in 1999 as intended.

Reorganisation of the financial services group

The corporate structure of the DnB Group comprises Den norske Bank ASA as the listed parent company with a number of subsidiaries, including Vital Forsikring ASA, which was incorporated into the DnB Group in 1996 when Den norske Bank ASA purchased all of the company's shares through Vital Forsikring Holding AS as the intermediate company. In connection with the concession granted for the acquisition, certain conditions were stipulated which subsequently led to instructions to form a new group structure. The instructions imply the establishment of a holding company owning all shares in Den norske Bank ASA and Vital Forsikring ASA, which will become sister companies. In accordance with the instructions, DnB applied for and has been granted approval for a new group structure established under a listed holding company. 1 November 1999 has been set as the deadline for implementing the new structure. The reorganisation will entail the transfer of Vital shares from the Bank to the new holding company at a price equivalent to the fair value of the shares. DnB will seek to reduce the potential inconvenience to shareholders and the Group from the reorganisation to a minimum.

Structural changes in the financial industry

DnB has maintained its position as Norway's largest and foremost financial services group. The restructuring of the international financial industry continued at a rapid pace in 1998. The cooperation agreement between Union Bank of Norway, a major savings bank, and Gjensidige Forsikring, a mutual insurance company, is one example of convergence within the Norwegian financial sector. The application for a concession approving this cooperation is under consideration by the Norwegian Ministry of Finance. Den Danske Bank has applied for a concession to acquire Fokus Bank, Norway's third largest commercial bank. A merger between Norway's Storebrand Skade, a non-life insurance company, and Skandia, Sweden's largest insurance company, has been proposed in 1999.

In the short term, DnB needs to boost competitiveness to be better prepared to meet the challenges ensuing from current and future structural changes.

DnB – focus on technology and information

Financial institutions are becoming increasingly technology-based. Operational functions and customer services are being automated, and electronic solutions are replacing manual services in many areas. Direct and indirect costs relating to the development and operation of computer systems have escalated in recent years and currently account for over 20 per cent of the DnB Group's total operating expenses.

Competition in financial markets is becoming increasingly focused on the effective use of information on customers, markets and products, while services aim to create added value for customers. A major challenge for DnB is to ensure that the Group's information data bases are fully utilised. DnB's strategy is to offer customers a variety of services in different price ranges, with emphasis on electronic solutions. For a number of years DnB has systematically developed solutions and products based on links to personal computers or integrated with company computer networks.

DnB Telebank is DnB's electronic distribution channel, serving around 20 000 customers and comprising a variety of services. In addition, DnB has home pages on the Internet offering extensive information and including various functions. Launched in 1999, DnB's Internet bank for retail customers has started out by offering account information and domestic payment services. During the first half of the year, DnB will launch online equities trading and Vital Forsikring will start sales of insurance products for corporate customers on the Internet. DnB is working systematically on developing an integrated and versatile Internet channel for serving retail customers.

DnB – a euro bank

The introduction of a single currency in the EU is a major event for Norwegian commercial interests as well as private customers, redefining parameters and creating different needs. For DnB this implies exploiting the opportunities arising from its position as Norway's largest financial institution, parallel to adapting operations to the new business environment as early as possible. DnB is the only Norwegian bank with direct access to key real time settlement and payment systems for euros, and is thus able to offer customers settlement of euro transactions with same-day valuation and with later cut-off times on transactions than other Norwegian banks. The conversion to the euro as a settlement currency with effect from 4 January 1999 was a success, and transaction volume to date has shown strong growth.

Year 2000 preparations

DnB has been preparing for the new millennium since 1995 to ensure that the Group's systems and routines are capable of handling the Year 2000 date change. By the end of 1999, DnB will have spent around NOK 110 million on systems compliance and testing. Contingency plans are being worked out in the event of any unforeseen problems. DnB has also been active in communicating with customers and suppliers to ensure the necessary focus on the problems. In the opinion of the Board, DnB is on schedule with preparations for the transition to the Year 2000.

Challenges facing the DnB Group

There is a considerable need for restructuring in the financial sector which is affected by both internal and external forces. Key external factors include greater internationalisation and convergence across market and industry boundaries. Competition from large and complex financial services groups is growing, and major Nordic players have indicated strong interest in taking over Norwegian institutions. DnB has also noted increased competition from non-banks, particularly in connection with card services. New technology makes it easier for other participants to enter the competition to meet customer needs for financial services, e.g. electronic payment transfers and cash management, as well as purchasing and selling securities and investments in mutual funds over the Internet.

The establishment of the European Monetary Union, Emu, within the EU and the introduction of the euro represent additional challenges for DnB. The integration between Norway and the EU continues and Norwegian companies must increasingly relate to the euro in their business operations. The challenge for DnB will be the development of products and solutions which fulfil customer requirements in competition with institutions in Euroland. At the same time, DnB must exploit the advantages of being Norway's largest financial services group through links to key payment systems within the EU.

Switching from manual to automated customer services requires the restructuring of operations, thus opening up for staff reductions. Extensive training and reorganisation will be needed to carry out the transition from transaction-based service to sales and advisory services. An additional challenge lies in convincing customers to use more cost-efficient solutions. The development of customer benefits programmes, greater price differentiation and increased functionality in solutions are important factors influencing changes in customer preference.

Realising synergies in DnB

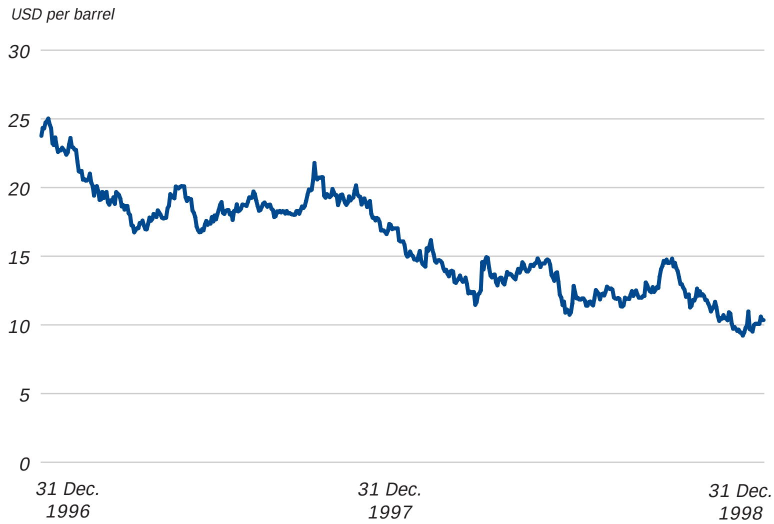
DnB needs to address the cost issue. Costs have risen in recent years, reflecting the strong focus on systems development and the transition from manual to automated service in the retail customer segment. Resources must be allocated to the different customer segments on the basis of profitability and customer needs. These issues form the background for an extensive programme with a series of activities called "Realising synergies in DnB". The streamlining of the business organisation which came into effect on 15 February 1999 represents a vital part of this programme. A number of measures have been identified which will lead to cost reductions of minimum NOK 400 million with full effect from the year 2001. Key areas relating to external costs are purchasing, travel and conferences, property utilisation and cutting back on the use of consultants. Initiatives aimed at internal costs include streamlining the organisation, centralising and enhancing the efficiency of the credit process and regional support and group functions, as well as closer management follow-ups.

Risk profile

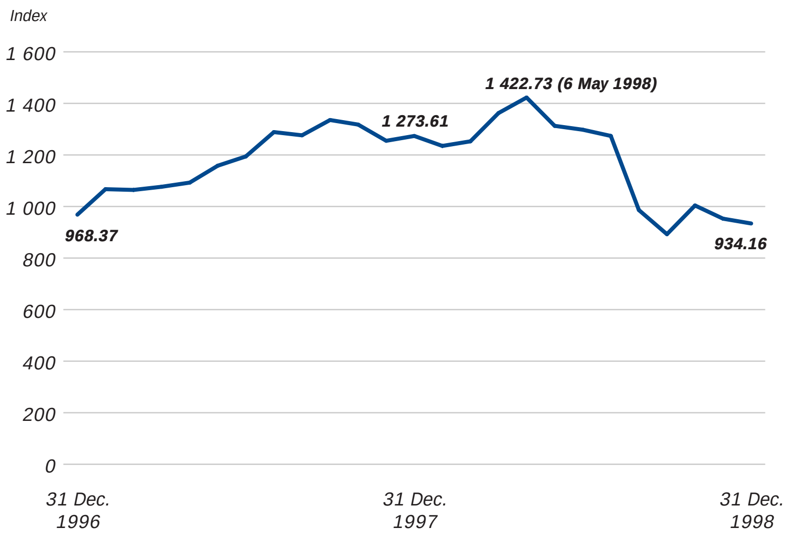
DnB should maintain a moderate risk profile. Risk levels and exposure within various risk categories are monitored through a standardised risk measurement system developed over several years. The credit risk system is based on historical information on non-performance and actual losses related to credit exposure. The system can also be used for allocating resources and for strategic analyses. The operative management of the credit process is based on credit approval routines, including authorisations, standardised credit applications and consideration in credit committees. Quality controls are based on special procedures.

Limits for market risk are stipulated on the basis of calculations of maximum losses based on a predetermined probability of major price fluctuations. Limits and expo-

Oil price development



All-share index – Oslo Stock Exchange



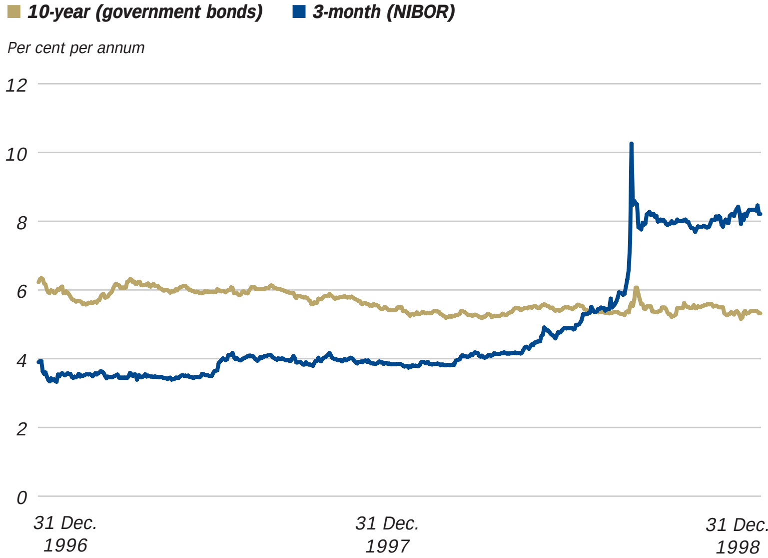
sure linked to liquidity risk, insurance risk and operational risk are based on more discretionary methods.

Though there has been a general increase in risk within certain areas, the losses within shipping and oil extraction in 1998 are a result of special circumstances. The shipping losses stem in large part from fraud, combined with the fall in freight rates and ship values. Losses in the oil and gas sector refer to the financing of an oil extraction project in the US where the reservoir risk and other technical aspects had been underestimated. The risk of additional losses in the oil and gas sector largely depends on price developments. A prolonged low price level will increase the risk of new losses. DnB's risk classification system indicates healthy portfolio quality for other operations.

To bring down credit risk in DnB's international operations, it has been decided to amend the structure of authorisations and implement organisational changes in London and Piraeus. Moreover, DnB will focus on the most professional clients.

The sizeable fluctuations in interest rates, exchange rates and share prices during 1998 exceeded the technical assumptions for establishing risk limits within these areas. However, DnB's positions were moderate relative to the risk limits, and losses were thus limited. The fluctuations ensured a realistic test of the measurement systems.

Trends in Norwegian interest rates



Norwegian and international economy

At the beginning of the year, the Asian crisis was expected to have only a moderate dampening effect on global economic growth. However, the situation in Asia deteriorated further later in the year. GDP growth in Japan was negative in 1998 at 2.9 per cent. Commodity-producing countries were also affected by the Asian downturn. In early autumn 1998, there were strong depreciations of the Russian and Brazilian currencies, creating uncertainty which spread to the US and also caused ripples in Europe. The International Monetary Fund, the World Bank and major industrialised countries tried to mitigate the damage by providing extensive financial aid to the most seriously affected countries.

At the beginning of 1998, the Norwegian economy was hovering close to capacity limits, and there was an urgent need for measures to dampen demand. The wage settlements resulted in high nominal increases. Annual wage growth is estimated at 6.3 per cent. There were continued pressures in the economy throughout the year, though there were eventually signs of a turnaround, largely driven by the impact of low commodity prices. The lowest oil prices in several years, combined with high imports, contributed to a current account deficit in 1998. The high wage growth and deteriorating balance of payments resulted in a marked weakening of the Norwegian krone during the summer. To counteract this development, Norges Bank raised its benchmark rates. Following total rate increases of 4.5 percentage points since the beginning of the year, Norges Bank had to temporarily abandon its fixed-rate policy on 25 August 1998, allowing the krone to float. Based on the Exchange Rate Regulation, the central bank has stated that NOK interest rates may be reduced even if the krone has yet to reach the target of 103-105 index points against the euro.

Credit growth peaked in March and subsequently slowed somewhat, though it remained high throughout the year. At year-end 1998, overall 12-month credit growth was close to 12 per cent, while growth in domestic credit stood at 8.7 per cent. Currency loans and funds raised by the corporate sector in international markets picked up during the autumn as a result of exchange and interest rate developments, while there was a continued slowdown in growth for Norwegian kroner loans. In the housing market, households showed more caution in the course of the autumn, as reflected in the demand for housing loans. Growth in car loans also contracted towards the end of the year. Credit from insurance companies and state banks as well as financing in the domestic bond and commercial paper markets showed the most pronounced decline.

The economic turnaround during the year also influenced the savings market. The negative trend in the stock market had a pronounced impact on savings in equity funds, and savings growth in insurance companies decelerated. Due to increased debt servicing, there was slower growth in deposits from the corporate sector. In the retail market, growth in deposits accelerated through the autumn in consequence of transfers from other savings alternatives. Year-on-year growth in savings is estimated at around 3.8 per cent as of December 1998. Savings in investment funds went down by just over 11.5 per cent, partly as a result of declining prices.

Outlook for 1999

Although DnB anticipates a further noticeable dampening of economic growth in the OECD countries in 1999 as a result of the Asian crisis, it expects no serious negative consequences for developments in the US and Europe. The economies of the western industrialised countries appear to be strong enough to withstand the serious downturn in Asia. Government budget balances have gained strength over a number of years, inflation is low and interest rates in these countries are historically low. Low interest rates stimulate activity and limit the negative impulses from abroad. However, there is still great uncertainty, which will probably spur continued volatility in interest rate and currency markets.

In Norway, the introduction of the euro affects those who make payments to the euro zone or are active in financial markets, but the transition to euros is not expected to have any major economic consequences in the short term. Changes will be implemented gradually. In the longer term, there is a risk that the Norwegian krone will be exposed to more speculation and thus deteriorate, which will contribute to a greater interest rate differential against euro rates than previously.

Due to strong pressures in the Norwegian economy coupled with a lack of fiscal retrenchment in previous years, the country is facing a period with clear signs of an economic slowdown. Growth in mainland GDP is expected to be well below one per cent in 1999 and may even be negative. Sliding prices and wage growth affect corporate profitability and reduce investments, while falling oil prices place strong limitations on investment activity in the petroleum sector. As employment growth abates, inflation picks up and interest rate increases start having an effect, growth in consumption will also contract.

The economic downturn will affect both export industries and the domestic market. Banks' credit risk has increased due to weaker corporate profits and bleaker market prospects. On the other hand, the financial position of businesses as well as households has shown continued improvement over several years and thus remains sound. Coupled with healthy debt servicing capacity, this will help limit the scope of potential losses, though net losses in these segments should be expected for DnB in 1999.

An uncertain future and negative real investment growth in the mainland economy will curb domestic credit demand. High interest rates will make it necessary for customers to consolidate and repay debt. The general public will show more caution in raising new loans. Nonetheless, interest rates are expected to decline somewhat during the year, thus contributing to a less pronounced reduction in credit growth. Experience indicates that a weaker Norwegian economy along with lower growth in investments and demand could result in lending margins being maintained at the same or a higher level. Increased loan losses in banks may reinforce this trend.

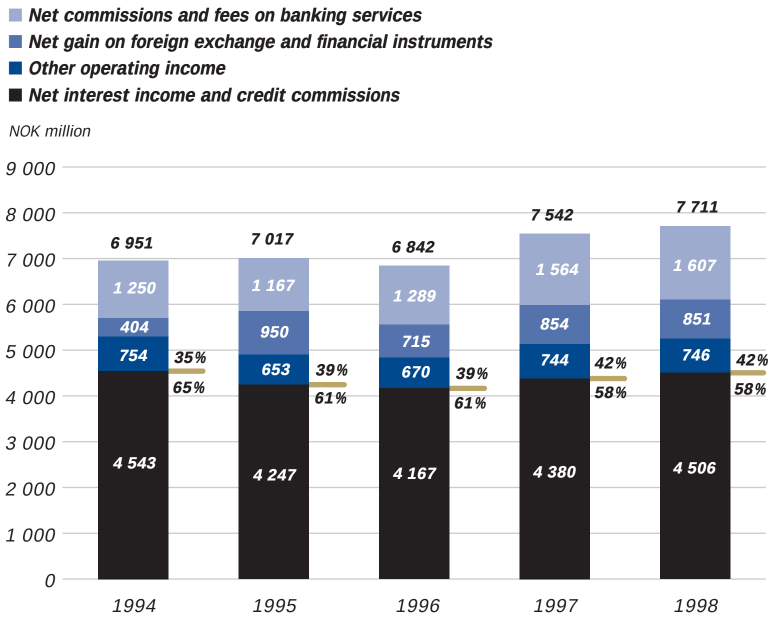
The sharp drop in share prices in 1998 resulted in a temporary setback for securities funds. On the other hand, waning confidence in national insurance contributions and the introduction of pension savings schemes with tax incentives encourage long-term savings in private institutions. Investment funds and pension savings are thus expected to show higher growth in 1999.

Rewiew of the annual accounts

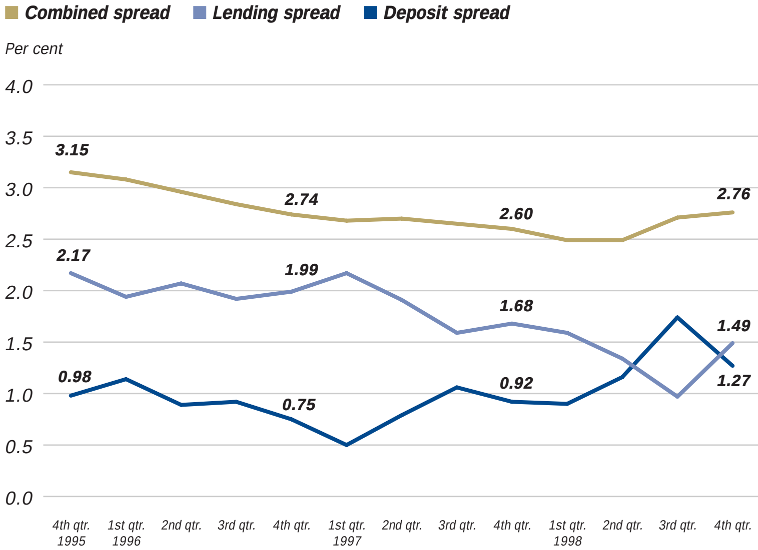
Summary

The DnB Group recorded pre-tax operating profits before loan losses of NOK 2 580 million in 1998,

Income distribution



Development in average interest rate spread



Combined spread for lending and deposits. Average deposits accounted for 62 per cent of lending in the fourth quarter of 1997 and 60 per cent in the fourth quarter of 1998.

compared with NOK 2 667 million in 1997. Profits for the financial year came to NOK 1 314 million after charges of NOK 1 167 million in losses on loans and guarantees and NOK 100 million in taxes. The corresponding figure for 1997 was NOK 2 590 million. Earnings per share were NOK 2.05 in 1998 and NOK 4.04 in 1997, while return on equity was 8.4 and 17.4 per cent respectively.

The Board of Directors considers pre-tax operating profits before losses acceptable, particularly in light of the turmoil in financial markets during 1998. Net profits, on the other hand, were not satisfactory.

Net interest income and credit commissions

Net interest income for the DnB Group amounted to NOK 4 506 million in 1998, up from NOK 4 380 million in 1997. The combined spread for lending and deposits averaged 2.61 per cent in 1998, compared with 2.66 per cent in 1997. Following several years of fierce competition and shrinking margins, spreads widened in the second half of the year. From the end of 1997 up till end-June 1998, the combined spread contracted by 0.11 percentage points to 2.49 per cent. During the same period, NOK interest rates rose by 0.44 percentage points. DnB implemented several interest rate increases during the second and third quarters of the year. However, the full effect was not reflected in the accounts until the fourth quarter. At year-end 1998, the Bank's combined spread was 2.76 per cent, on a level with the figure at year-end 1996.

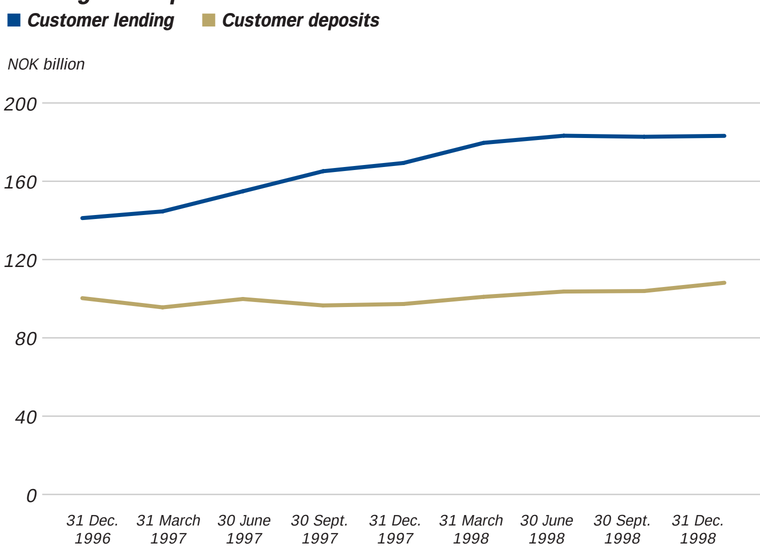
The decline in the average spread was behind the NOK 135 million reduction in the Group's net interest income from 1997 to 1998. Average lending and deposit volumes expanded by NOK 26.3 billion and NOK 5.6 billion respectively, giving a NOK 464 million boost in net interest income. Various other factors contributed to a decline of NOK 203 million.

Other operating income

In spite of the turbulence in financial markets during the second half of 1998, the DnB Group recorded a rise in other operating income relative to 1997. Net other operating income came to NOK 3 205 million, compared with NOK 3 162 million in 1997.

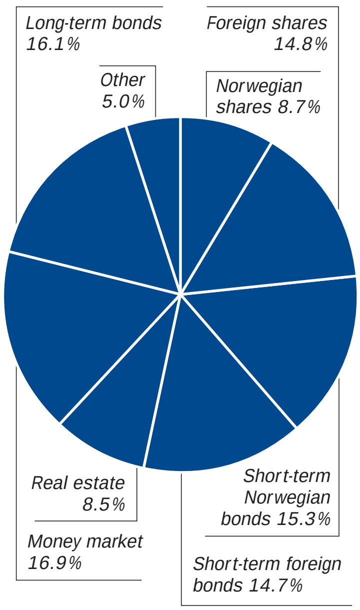
Vital Forsikring recorded profits for allocation to policyholders, equity and taxes of NOK 983 million in 1998, compared with NOK 1 366 million the previous year. A total of NOK 285 million was allocated to equity, providing a 10.4 per cent return on DnB's capital investment. After the amortisation of goodwill in DnB's accounts, the Group recorded NOK 184 million in profits from Vital Forsikring in 1998, as against

Lending and deposit volumes



Vital Forsikring ASA

Balance sheet structure as at 31 Dec. 1998



Applying the equity method (incl. bank deposits).

NOK 196 million in 1997. In spite of the volatility in financial markets, Vital achieved a value-adjusted return on total assets of 5.8 per cent, while total unrealised gains in the company's securities portfolios came to NOK 2 050 million at year-end 1998, down from NOK 2 401 million a year earlier.

Premium income in Vital including Vital Fondsforsikring totalled NOK 6 262 million in 1998, up from NOK 4 765 million in 1997. The DnB Group decided to pool the Group's pension schemes in 1998 and thus transferred DnB's pension fund to Vital. This fund represented NOK 1 430 million of premium income in Vital. Sales of individual insurance policies through the Bank's branch network represented 43 per cent of total sales of this type of insurance, down from 59 per cent a year earlier. The decline was a result of market conditions and a reduction in the number of staff involved in insurance sales in the distribution network.

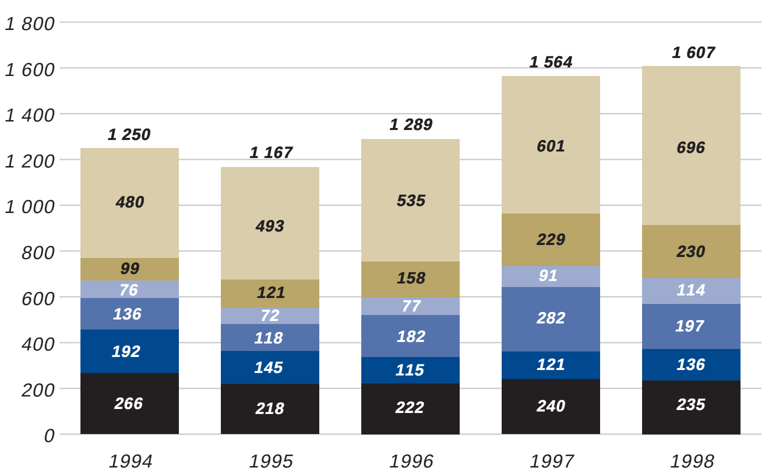
Net commissions receivable totalled NOK 1 607 million for the DnB Group in 1998, rising from NOK 1 564 million in 1997. Income from payment services increased by 16 per cent from 1997, to NOK 696 million, with the number of payment transactions growing by just over 10 per cent. The number of manual payment transactions declined further in 1998 and were down more than 35 per cent from 1996 to 1998, while the number of electronic transactions rose by a good 35 per cent. Earnings on securities and mutual fund management were on a level with 1997, totalling NOK 230 million in 1998. Following a sharp rise in the first half of the year, income waned in the second half as a result of lower market values and a drop in sales. Commissions on securities trading were down NOK 85 million compared with 1997, to NOK 200 million in 1998. The volatility in stock markets led to a lower level of activity in the second half of the year.

Gains on foreign exchange and financial instruments came to NOK 851 million in 1998, as against NOK 854 million the year before. NOK 200 million of this represented recorded gains on share investments, a reduction of NOK 35 million compared with 1997. However, unrealised gains on shareholdings were down NOK 335 million in 1998 and NOK 41 million in 1997, and aggregate gains were NOK 127 million at end-December 1998.

Profits on trading in foreign exchange and financial instruments came to NOK 651 million in 1998, up from NOK 618 million in 1997. Improved earnings on trading with customers largely mitigated the negative effect of volatile interest rates in the second half of 1998. There has been increased demand for interest rate and foreign exchange agreements from customers wishing to curb risk. Value-adjusted income on trading with customers climbed from NOK 365 million in 1997 to NOK 470 million in 1998. Income on the Bank's proprietary trading in interest rate and foreign exchange instruments in 1998 was on a level with 1997, thanks to healthy profits in the first half of the year.

Sundry operating income came to NOK 485 million in 1998, compared with NOK 508 million in 1997. Income from real estate broking rose from NOK 122 million to NOK 152 million. The number of contracts

Net commissions and fees on banking services



concluded by DnB Eiendom during the January through August period was 25 per cent higher than in the corresponding period last year. The full-year figure showed an increase of just over 8 per cent following a reduction in property sales in the second half of the year. The Group's rental income on properties declined from NOK 115 million in 1997 to NOK 96 million in 1998 due to a reduction in floor space. This has also resulted in lower operating and funding costs. At the beginning of 1999, a property portfolio comprising several small buildings was sold for a total of NOK 450 million.

Operating expenses

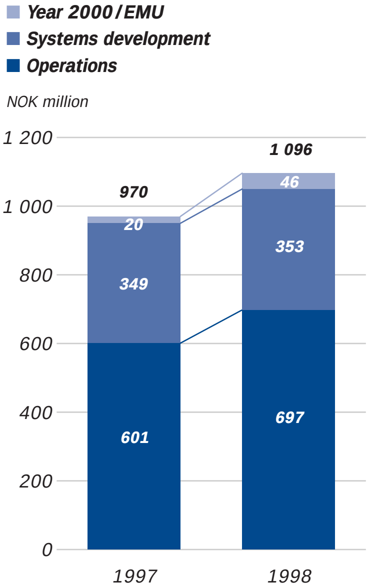
Operating expenses for the DnB Group totalled NOK 5 131 million in 1998, compared with NOK 4 875 million in 1997. Ordinary operating expenses, which comprise all operating expenses excluding restructuring costs, write-downs, losses on the sale of properties and allocations to the investment fund for employees, rose by 6 per cent to NOK 5 032 million.

Personnel expenses came to NOK 2 567 million in 1998, as against NOK 2 489 million in 1997. Adjusted for allocations to the investment fund for employees, there was a 4.9 per cent increase. During the same period, the number of full-time positions was brought down from 6 104 to 5 978, including a reduction from 573 to 537 positions in Vital. Excluding Vital, the number of full-time positions in the Group declined by around 300, while new appointments corresponded to around 210 full-time positions. Those leaving the Bank have largely been employees with traditional banking skills, while most new recruits have had higher education. Various restructuring measures brought down cost levels by NOK 46 million from 1997 to 1998, while wage settlements and increased pension costs pushed up costs by NOK 119 million in the same period.

Other ordinary operating expenses rose from NOK 2 306 million in 1997 to NOK 2 475 million in 1998. Costs related to the operation and development of IT systems increased by NOK 100 million to NOK 1 050 million. While systems development costs in 1998 were on a level with 1997, there was a sharp rise for IT operations, mostly related to the operation of decentralised systems and networks. In addition to ordinary IT costs, the DnB Group spent NOK 46 million on systems modifications to ensure Year 2000 compliance and to accommodate the euro, compared with NOK 20 million in 1997.

Marketing and public relations expenses rose by NOK 35 million from 1997 to 1998, most of which is related to the launching of new products, primarily in the retail market. Furthermore, the large number of interest rate adjustments during the year resulted in a major increase in postage expenditure. There was a NOK 33 million rise in costs from 1997 to 1998 for postage, telecommunications and office supplies. Sundry expenses, including contributions to the Commercial Banks Guarantee Fund, travel and transportation, rose by NOK 66 million, including the impact of rising exchange rates on expenses in the international units. Cost levels declined by NOK 20 million from 1997 to 1998 as a result of property sales.

Development in IT expenses



Loan-loss provisions and non-performing commitments

Loan-loss provisions on loans and guarantees totalled NOK 1 167 million in 1998, while there were net reversals of NOK 103 million on previous losses in the year-earlier accounts. Losses recorded in 1998 refer in large part to unusual conditions in specific market segments and commitments related to the Bank's international operations. Only minor provisions were recorded on Norwegian banking operations in 1998.

Loan-loss provisions in 1998 relate mainly to the Shipping Division and certain customer groups within the dry cargo segment. A major part of these losses refers to loans to companies with older tonnage. The Shipping Division charged total losses of NOK 847 million to the 1998 accounts, of which NOK 360 million represented an increase in unspecified loan-loss provisions.

The Corporate Division recorded NOK 122 million in net provisions on loans and guarantees in 1998. Loan-loss provisions of NOK 183 million related to the energy portfolio in the US was recorded in the fourth quarter of the year. Loan-loss provisions largely referred to a single commitment. In addition, unspecified loan-loss provisions were made in the oil and energy portfolio as a result of uncertainty caused by low oil prices.

As in preceding years, relatively modest losses were recorded in the Norwegian retail and corporate markets in 1998. The level of new losses was down NOK 133 million relative to 1997, parallel to a reduction in reversals on previous loan-loss provisions. Loans to private customers and small and medium-sized companies in Norway are generally backed by sound collateral. In spite of the rise in interest rates, the Bank considers these portfolios to be of good quality.

Unspecified loan-loss provisions were adjusted upwards by a total of NOK 628 million in 1998, of which NOK 150 million was allocated to compensate for increased uncertainty created by economic developments during 1998. Oil price developments, Norwegian interest levels, freight rates in shipping and the situation relative to Southeast Asia are also reflected in assessments of loan-loss provisions. Unspecified loan-loss provisions represented 1.2 per cent of net lending at the end of 1998, compared with 0.9 per cent a year earlier.

During 1998, problem commitments after specified loan-loss provisions rose from NOK 3.5 billion to NOK 5.3 billion. A major part of the increase referred to the oil and gas segment, with a rise of NOK 1.1 billion, while net problem commitments in the Shipping Division expanded by NOK 0.5 billion. The increase in problem commitments in the oil and gas sector is attributable to a few large loans with relatively moderate loan-loss provisions.

Taxes

The DnB Group's tax charge for 1998 totalled NOK 100 million, representing taxes relating to previous years on DnB's domestic operations and taxes referring to the Group's international units.

On 23 October 1998, the Oslo Municipal Court ruled against the Bank in the preference capital matter concerning the treatment in respect of taxes of the write-down of NOK 2 189 million in preference capital in 1993. The court concluded that the write-down should be treated as a taxable capital infusion. The Bank has lodged an appeal, but has chosen to prepare the accounts in accordance with the court decision.

In consequence of the judgment, the Bank has charged NOK 46 million in taxes for previous years to the 1998 accounts. Another consequence is that losses carried forward in the Norwegian tax assessment were reduced by NOK 2.2 billion as of 1 January 1998. Tax deductions carried forward on the Group's Norwegian operations amounted to NOK 1.8 billion at year-end 1998.

At the end of 1998, net timing differences in the DnB Group resulting in tax reductions amounted to NOK 3 245 million. Following the introduction of the new Accounting Act in 1999 along with the new accounting standard for taxes, the tax value of this figure will be recorded as a deferred tax asset, which will raise the Group's equity as of 1 January 1999. Changes in deferred taxes and deferred tax assets will be recorded against tax charges in the profit and loss account as they occur. If the new rules had been introduced in 1998, the Group's tax charge for 1998 would have been NOK 339 million higher, while equity would have increased by NOK 510 million at year-end.

Assets under management and capital adequacy

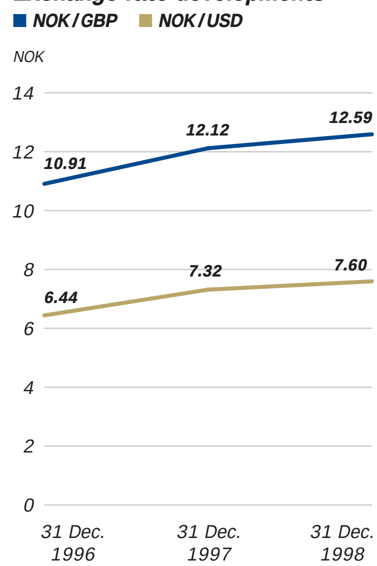
As at 31 December 1998, total capital under management in the DnB Group was NOK 318.1 billion. The NOK 20.9 billion increase from the beginning of the year was primarily a result of higher lending volume and a rise in holdings of interest-earning securities. Total assets in the DnB Group's balance sheet were NOK 245 billion at the end of 1998, up from NOK 227 billion a year earlier. Total assets in Vital came to NOK 54.8 billion while other assets under management totalled NOK 21.9 billion.

Customer lending expanded by NOK 13.9 billion in 1998, totalling NOK 183.2 billion at the end of the year, with the strongest growth during the January through March period. Lending volume contracted by NOK 0.1 billion in the second half of the year.

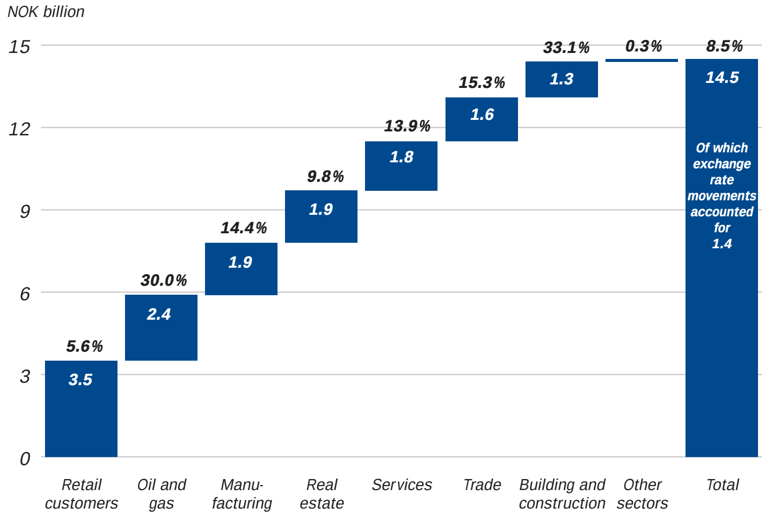
Retail customer loans increased by NOK 3.5 billion in 1998, standing at NOK 66.9 billion at year-end. Around NOK 3.3 billion of the increase referred to housing loans representing maximum 80 per cent of assessed value. Lending to the oil and gas sector rose by NOK 2.4 billion, while lending to companies in the services sector increased by NOK 1.8 billion during 1998. As a result of higher exchange rates, loans denominated in foreign currencies expanded by around NOK 1.4 billion during the year.

As at 31 December 1998, customer savings managed by the DnB Group totalled NOK 179.2 billion, an increase of NOK 12.8 billion compared with a year earlier. Traditional bank deposits showed the highest growth, from NOK 97.3 billion to NOK 108.1 billion. Investments in various funds totalled NOK 21.9 billion at year-end, down NOK 1.1 billion on the year-earlier figure. There was a NOK 1.2 billion reduction for Norwegian equity funds, while investments in international equity funds climbed NOK 1.6 billion. Other assets under management were down NOK 0.4

Exchange rate developments



Increase in lending 1 Jan. – 31 Dec. 1998
Increase in per cent for principal sectors



billion to NOK 7.7 billion. Policy-holders' funds in Vital came to NOK 50.1 billion at the end of 1998, as against NOK 46.3 billion at the beginning of the year.

The increase in bank deposits during 1998 helped lift the ratio of deposits to lending from 57.5 per cent at year-end 1997 to 59 per cent at end-December 1998.

Holdings of interest-earning securities rose by NOK 5.5 billion during the year and stood at NOK 29.1 billion at year-end.

As at 31 December 1998, the DnB Group had a capital ratio of 9.7 per cent, compared with 9.9 per cent a year earlier. The core capital ratio dropped from 7.3 per cent to 6.8 per cent at the end of 1998. On 1 July 1998, new regulations were introduced for weighting mortgage-backed housing loans representing between 60 and 80 per cent of assessed value. In consequence, capital ratios declined by around 0.2 percentage points.

Risk-weighted assets and off-balance-sheet exposure totalled NOK 220.3 billion at the end of 1998, up NOK 21.2 billion compared with the previous year. The increase is mainly attributable to the rise in lending volume.

At the end of 1998, the DnB Group's equity stood at NOK 15 529 million. Following the introduction of the new Accounting Act on 1 January 1999, group equity will rise to an estimated NOK 15 929 million. The increase is a result of new principles for recording net deferred tax assets in the accounts, along with the recording of changes in unrealised profits on assets and liabilities in the trading portfolio in the financial accounts. If the changes had come into effect in the 1998 financial year, the DnB Group's core capital ratio would have increased by around 0.2 percentage points, while the capital ratio would have remained unchanged.

Working environment

Measures to improve the working environment

The restructuring and streamlining of operations, along with the introduction of new technological solutions and changes in customer preferences, have created enhanced focus on preventive measures within health, environment and security. The Bank's regional Joint Consultation Committees and the Group Working Environment Committee have devoted efforts to identifying and assessing risk, preparing action plans and initiating specific measures to ensure a sound working environment and improved customer service.

During 1998, the Labour Inspection carried out a number of inspection tours in the Bank, concentrating on whether working conditions harmonised with the needs of the employees. Any problems observed received prompt response, with positive results. It is also encouraging to note that an increasing number of managers have attended training programmes within health, environment and safety along with the safety repre-sentatives. As in previous years, priority has been given to fire prevention programmes and measures to prevent robberies.

The Board of Directors would like to thank all of the employees for their dedicated efforts in a demanding year which included technological changes requiring considerable adaptability.

Supervisory Board and Board of Directors

At the Annual General Meeting on 21 April 1998, the following members were elected to the Supervisory Board for a term of office from 1998 to 2000:

Hilde Aasheim, Oslo
Ellen Holager Andenæs, Oslo
Ebbe C. Astrup, Oslo
John G. Bernander, Kristiansand
Jens P. Heyerdahl d.y., Oslo
Harald S. Kobbe, Bergen
Tore Lindholt, Skjetten
Ingebjørg Roll-Matthiesen, Gran
Børge Rosenberg, Bergen
Siri Pettersen Strandenes, Bergen

The following deputy members were elected to the Supervisory Board for a term of office from 1998 to 2000:

Eva Granly Fredriksen, Oslo
Sören Gyll, Sweden

Arnulf Haukeland, Bergen
Øystein Josefsen, Oslo
Pål Krüger, Melbu
Frida Nokken, Oslo
Anders Ringnes, Oslo
Peter Ruzicka, Nesbru
Diderik Schnitler, Tønsberg
Andreas Stang, Larvik
Sverre Valvik, Arendal

The following deputy member was elected to the Supervisory Board for a term of office from 1998 to 1999:

Alexandra Bech, Oslo

At an extraordinary meeting of the Supervisory Board on 5 May 1998, president and CEO Finn A. Hvistendahl resigned from his position. He continued working in Den norske Bank up till 29 May 1998. Group executive vice president John Giverholt served as acting group chief executive from 1 June to 14 September 1998. Svein Aaser was appointed new president and CEO and assumed his position on 14 September 1998.

At the meeting of the Supervisory Board on 18 June 1998, Kari Blegen, Rolf Rønning and Ingjald Ørbeck Sørheim were re-elected to the Board of Directors for a term of office from 1998 to 2000. Representing the employees, Per Hoffmann was re-elected as a board member, Vigdis Mathisen was re-elected as a permanent deputy and Tone Dybedal as a deputy to the Board of Directors.

Gerhard Heiberg was re-elected chairman of the Board of Directors. Svein Aaser was re-elected vice-chairman up till the time he would assume his position as group chief executive on 14 September 1998.

Asbjørn Larsen was elected new vice-chairman of the Board of Directors to succeed Svein Aaser from the time he would take over as CEO. Bent Pedersen was elected a new board member to replace Svein Aaser as from the same date.

Harald Norvik was re-elected chairman of the Supervisory Board, and Ole Danbolt Mjøs was re-elected vice-chairman.

Oslo/Bergen, 9 March 1999
The Board of Directors of Den norske Bank ASA

Gerhard Heiberg
(chairman)

Asbjørn Larsen
(vice-chairman)

Kari Blegen

Ingjald Ørbeck Sørheim

Kåre Rommetveit

Rolf Rønning

Bent Pedersen

Per Hoffmann

Svein Aaser

The Board of Directors of Den norske Bank ASA

Gerhard Heiberg
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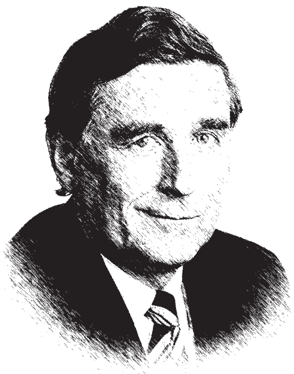


Kåre Rommetveit

Vigdis Mathisen
(permanent deputy)

Bent Pedersen

Kari Blegen

Per Hoffmann

Svein Aaser
(group chief executive)

Rolf Rønning

Profit and loss accounts

Den norske Bank ASA			DnB Group	
1997	**1998**	*Amounts in NOK million*	**1998**	1997
11 542	**15 246**	Interest income (note 3)	**15 725**	11 967
7 625	**11 279**	Interest expenses (note 3)	**11 219**	7 587
3 917	**3 967**	**Net interest income and credit commissions (note 3)**	**4 506**	4 380
69	**254**	Dividends (note 4)	**79**	44
-	**-**	Net profit from Vital (note 5)	**183**	192
1 595	**1 609**	Commissions and fees receivable on banking services (note 4)	**1 981**	1 912
297	**323**	Commissions and fees payable on banking services (note 4)	**374**	347
703	**676**	Net gain on foreign exchange and financial instruments (notes 4, 6)	**851**	854
257	**229**	Sundry operating income (note 4)	**485**	508
2 327	**2 445**	**Net other operating income (note 4)**	**3 205**	3 162
2 213	**2 245**	Salaries and other personnel expenses (notes 7, 8, 9 ,10)	**2 567**	2 489
776	**887**	Administrative expenses (note 7)	**1 046**	918
262	**377**	Depreciation etc. (note 7)	**383**	312
1 042	**1 071**	Sundry operating expenses (notes 7, 11)	**1 135**	1 156
4 292	**4 579**	**Total operating expenses (note 7)**	**5 131**	4 875
1 952	**1 833**	**Pre-tax operating profit before losses**	**2 580**	2 667
(147)	**1 140**	Net losses/(reversals) on loans, guarantees, etc. (notes 12, 13)	**1 167**	(103)
63	**184**	Net gain/(loss) on long-term securities (note 14)	**0**	(149)
2 162	**878**	**Pre-tax operating profit**	**1 413**	2 622
24	**30**	Taxes (note 15)	**100**	32
2 138	**848**	**Profit for the year**	**1 314**	2 590
328	**155**	Group contribution from subsidiaries	**-**	-
1 121	**865**	Dividends	**865**	1 121
613	**0**	Transferred to equity reserves (note 34)	**-**	-
732	**138**	Transferred to free reserves/other equity (note 34)	**449**	1 469
2 138	**848**	**Total transfers and adjustments**	**1 314**	2 590
3.33	**1.32**	**Earnings per share (NOK)**	**2.05**	4.04

Den norske Bank ASA 31 Dec. 1997	Den norske Bank ASA 31 Dec. 1998	*Amounts in NOK million*	DnB Group 31 Dec. 1998	DnB Group 31 Dec. 1997
		Assets		
847	**2 147**	Cash and deposits with central banks	**2 148**	857
18 790	**19 102**	Lending to and deposits with credit institutions (note 16)	**9 607**	12 111
164 590	**177 371**	Gross lending to customers (notes 16, 17, 18, 19, 20)	**188 588**	174 288
(3 056)	**(2 868)**	- Specified loan-loss provisions (note 21)	**(3 265)**	(3 459)
(1 436)	**(2 063)**	- Unspecified loan-loss provisions (note 21)	**(2 126)**	(1 491)
160 098	**172 440**	Net lending to customers	**183 198**	169 337
265	**53**	Repossessed assets (notes 27, 28)	**60**	298
22 136	**27 730**	Commercial paper and bonds (notes 6, 16, 17)	**29 072**	23 578
1 791	**1 868**	Shareholdings etc. (notes 6, 16, 22, 23)	**2 230**	2 039
87	**154**	Investments in Vital and associated companies (notes 5, 16, 24)	**2 956**	2 630
4 930	**5 213**	Investments in subsidiaries (notes 16, 25)	-	-
46	**84**	Intangible assets	**820**	876
2 541	**2 388**	Fixed assets (notes 16, 26, 27, 28, 29)	**2 787**	2 929
2 490	**2 352**	Other assets (note 16)	**2 365**	2 370
9 719	**9 403**	Prepayments and accrued income (note 16)	**9 734**	9 984
223 740	**242 934**	**Total assets**	**244 977**	227 011
		Liabilities and equity		
52 842	**45 344**	Loans and deposits from credit institutions (note 30)	**44 752**	52 123
99 070	**110 156**	Deposits from customers (note 30)	**108 139**	97 295
40 014	**56 031**	Securities issued (notes 30, 31, 32)	**56 031**	40 014
2 973	**2 751**	Other liabilities (note 30)	**5 556**	6 915
8 048	**7 004**	Accrued expenses and prepaid revenues (note 30)	**7 119**	8 214
790	**809**	Provisions for commitments (note 30)	**916**	898
6 241	**6 936**	Subordinated loan capital (notes 30, 31, 33)	**6 936**	6 494
209 977	**229 030**	**Total liabilities**	**229 449**	211 954
6 405	**6 405**	Share capital (note 34)	**6 405**	6 405
3 203	**3 203**	Equity reserves (note 34)	**-**	-
4 156	**4 297**	Free reserves (note 34)	**9 124**	8 652
13 763	**13 905**	**Total equity**	**15 529**	15 057
223 740	**242 934**	**Total liabilities and equity**	**244 977**	227 011

Other commitments and conditional commitments (notes 39, 40, 41)

Oslo/Bergen, 9 March 1999
The Board of Directors of Den norske Bank ASA

Gerhard Heiberg (chairman) — Asbjørn Larsen (vice-chairman) — Kari Blegen

Per Hoffmann — Bent Pedersen — Kåre Rommetveit

Rolf Rønning — Ingjald Ørbeck Sørheim — Svein Aaser

NOTE 1 – ACCOUNTING PRINCIPLES

CONSOLIDATION

DnB's consolidated accounts include Den norske Bank ASA and its subsidiaries and associated companies. Subsidiaries are defined as companies in which the Bank has a long-term ownership interest and a holding of more than 50 per cent of the voting share capital or primary capital and a decisive influence on the company's operations. The total holding is determined based on consolidated ownership interests. All subsidiaries are consolidated according to the purchase method, with the exception of the companies included in Vital Forsikring Holding AS. As a result of regulations relating to profit sharing between owners and policyholders in Vital, Vital is presented according to the equity method in the group accounts.

Companies in which the Bank has a long-term holding of between 20 and 50 per cent and a significant influence on operations, are classified as associated companies. Such holdings are carried in the group accounts according to the equity method. In the accounts of Den norske Bank ASA, ownership interests in the form of share investments are valued at historical cost, while holdings in general partnerships are recorded according to the equity method.

Holdings of a short-term nature are not consolidated in the accounts. Holdings taken over in connection with non-performing commitments are generally of a short-term nature.

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

Goodwill arising on the acquisition of subsidiaries or associated undertakings is amortised in the group accounts based on an assessment of expected economic life.

VALUATION AND CLASSIFICATION

Loans and problem commitments

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

Loans and other commitments which are not serviced in accordance with the loan agreement are classified as non-performing unless the situation is considered to be temporary. Commitments will be classified as non-performing no later than 90 days past the formal due date. Loans, guarantees etc. which are not classified as non-performing, but which involve a higher than normal risk, are subject to special surveillance and risk considerations. If a loss is likely to occur on account of the value of collateral and the customer's financial position, the commitments are classified as doubtful. Non-performing and doubtful commitments are defined as problem commitments.

Repossessed assets

As part of the management and settlement of non-performing commitments the Bank may in certain cases acquire assets placed as collateral. At the time of acquisition such assets are valued at their estimated realisable value. When the Bank repossesses assets with the intent to quickly realise them through 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 the Bank decides to acquire assets for its 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 on such assets are made according to the principles for assessing fixed assets.

Losses on loans and guarantees, etc.

Commitments classified as problem commitments are continuously monitored with respect to their loss potential. Any losses are classified as specified loan-loss provisions or write-offs. Specified loan-loss provisions represent an estimate of losses which can be linked to identified customers. Write-offs are losses which are considered final.

Specified loan-loss provisions represent the difference between the nominal value of the commitment and the value of collateral and the customer's estimated solvency. Such provisions reduce the book value of the commitments in the balance sheet, and changes in provisions during the period are recorded under losses in the profit and loss account. When, in all probability, losses must be considered final, they are classified as write-offs. Write-offs covered by previous specified loan-loss provisions are netted against these provisions. Write-offs which are not covered by previous loan-loss provisions and deviations from previous provisions when losses on a commitment are considered final, are recorded in the profit and loss account. 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 renegotiated loans. The difference between the original and the renegotiated interest rate terms is recorded as a write-off. The difference in interest income on these loans is calculated on the basis of actual maturity and discounted to net present value.

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

Unspecified loan-loss provisions cover losses which, based on the situation on the balance sheet date, are likely to occur in addition to identified losses and specified loan-loss provisions. Unspecified loan-loss provisions will cover losses resulting from current events which have not yet been reflected in the customer's financial position, as well as current events which must be expected to affect loan loss assessments at a later date. The scope of provisions recorded in the balance sheet is determined based on portfolio analyses, previous experience regarding loss developments in the portfolios and a concrete assessment of current developments in the Norwegian and international economies. Changes in unspecified loan-loss provisions during the period are recorded in the profit and loss account.

Accumulated specified and unspecified loan-loss provions 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.

Leasing

Leasing contracts concerning operating equipment are defined as finance leases when both the rights and obligations associated with the leased object have been transferred to the lessee. Finance leases are classified as lending in the accounts. Leasing contracts under which rights and obligations are not transferred to the lessee, are defined as operating leases and classified as fixed assets in the balance sheet.

Factoring

Accounts receivable taken over in connection with factoring agreements are recorded under lending in the balance sheet. Accounts receivable recorded in the balance sheet represent both advance and outstanding settlement of accounts receivable. Outstanding settlements in accordance with the agreement are classified as liabilities.

Securities

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 the Bank included in ordinary banking operations are netted against bond debt in the balance sheet.

Shares held as long-term investments are stated at cost. If the fair market value of the shares is significantly lower than cost, and the decrease in value is not considered temporary, the Bank will write down the shares.

Properties and other fixed assets

Bank buildings and other properties in the Bank's balance sheet are stated at cost adjusted for 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. Properties belonging to the same category are evaluated on a portfolio basis.

The net present value of future cash flows related to leases on vacated and sublet premises are charged to the profit and loss account.

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

Software

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

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

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

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.

Financial instruments

Financial instruments include financial instruments recorded in the balance sheet and financial derivatives. Financial instruments recorded in the balance sheet include shares, PCCs, bonds and commercial paper, as well as other money market instruments. 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.

DnB makes a distinction in the accounts between agreements entered into as part of proprietary trading to achieve a gain by exploiting price differences and changes, and agreements regarding the management of other group operations. Agreements in the first category constitute the trading portfolios while the other agreements are included in banking operations. Interest rate and foreign exchange contracts are classified as part of either the trading portfolios or banking operations when entered into, depending on the intentions behind the individual agreement.

The trading portfolios include commercial paper and bond portfolios in the Bank's balance sheet as well as certain short-term lending and funding transactions. In addition, the trading portfolios include foreign exchange, interest rate, equity and commodity derivatives. Securities are recorded at the lower of cost and market value. The market value principle is applied in recording financial derivatives. 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.

Gains and losses on financial derivatives included in banking operations are amortised according to the underlying maturity.

When financial derivatives are used to manage risk on balance-sheet items, the Bank will, due to cost factors, enter into such agreements through the business units in the Group trading these instruments in the market. 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. See note 39.

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 identified.

Recording of interest and fees

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

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

Premiums and discounts on bonds issued

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

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

Provisions for restructuring measures

Provisions for future expenses arising from the implementation of measures to restructure operations or other significant changes will be made provided that the measures are identifiable, quantifiable and not covered by related income. The provisions will amount to the net present value of the net future cost of implementing the measures.

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 according to stipulations in the Taxation Act can be funded, so-called funded schemes, are matched against funds allocated to 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 according to stipulations in the Taxation Act cannot be funded, so-called unfunded schemes, 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 Bank's employees. The accumulated effect of other changes or deviations is measured against the higher of total pension commitments and pension funds at the beginning of the financial year. If total changes and deviations exceed 10 per cent of the higher of these two figures, the excess is amortised in the profit and loss account over the average remaining term.

Depreciation of operating assets and intangible assets

Ordinary depreciation is based on the estimated economic life of the asset. The straight line principle is applied. The following rates are applicable for the DnB Group:

Buildings:	2 - 2.5%
Machinery, furniture, fittings and vehicles:	10 - 25%
Computer equipment:	25%
Works of art, sites:	0%
Software	up to 33.3%
Goodwill	10 - 20%

Taxation

Deferred taxes and deferred tax assets are treated in accordance with the preliminary standard for the treatment of taxation in Norwegian accounts, issued in 1993. 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 the differences which can be presumed to arise in the future between the profits stated in the accounts and the profits computed for tax purposes. Evaluations are based on the balance sheet and tax position at the balance sheet date. Positive and negative timing differences will be netted against each other within the same time interval. Yet, certain items are considered separately, including pension commitments as well as revaluations and write-downs on long-term shareholdings. Deferred tax assets can be recognised as assets in the balance sheet up to the amount of total deferred tax liabilities.

The treatment in the accounts of tax charges, deferred tax assets and deferred taxes will be changed with effect from 1 January 1999 in accordance with changes in the accounting standard.

NOTE 2 – RECLASSIFICATIONS IN THE ACCOUNTS

During 1998, DnB adopted a new principle for classifying interest income and the reversal of interest income on non-performing and doubtful loans. Interest accrued in previous years which is reversed when a loan is classified as non-performing or doubtful, was previously charged against net interest income. Correspondingly, provisions for interest accrued on such loans in previous years were recorded as interest income when the loans were reclassified as ordinary. Following the change of principle, such interest income and expenses are recorded as loan losses. In 1997, the restated amount was NOK 48 million, resulting in a reduction in net interest income and a corresponding decline in loan losses.

NOTE 3 – SPECIFICATION OF NET INTEREST INCOME AND CREDIT COMMISSIONS

Den norske Bank ASA			DnB Group	
1997	**1998**	*Amounts in NOK million*	**1998**	1997
1 174	**1 725**	Interest on loans to and deposits with credit institutions	**1 207**	890
7 601	**10 017**	Interest and credit commissions on instalment loans	**10 315**	7 817
1 020	**1 354**	Interest and credit commissions on overdraft and working capital facilities	**1 506**	1 128
120	**185**	Interest and credit commissions on building loans	**185**	120
32	**37**	Leasing income	**460**	355
0	**0**	Factoring income	**41**	32
195	**182**	Front-end fees, back-end fees	**234**	237
244	**97**	Interest on other loans to customers	**125**	225
9 211	**11 873**	Total interest income on loans to customers	**12 865**	9 915
1 109	**1 356**	Interest on commercial paper, bonds etc.	**1 359**	1 115
46	**293**	Other interest income	**294**	48
11 542	**15 246**	**Total interest income**	**15 725**	11 967
2 094	**2 412**	Interest on loans and deposits from credit institutions	**2 367**	2 049
1 740	**2 863**	Interest on demand deposits from customers	**2 840**	1 745
241	**262**	Interest on time deposits from customers	**262**	247
1 137	**1 613**	Interest on special term deposits from customers	**1 593**	1 123
3 118	**4 737**	Total interest expenses on deposits from customers	**4 694**	3 114
1 813	**3 306**	Interest on securities issued	**3 306**	1 813
389	**421**	Interest on subordinated loan capital	**433**	398
211	**402**	Other interest expenses	**418**	211
7 625	**11 279**	**Total interest expenses**	**11 219**	7 587
3 917	**3 967**	**Net interest income and credit commissions**	**4 506**	4 380

NOTE 4 – SPECIFICATION OF NET OTHER OPERATING INCOME

Den norske Bank ASA			DnB Group	
1997	**1998**	*Amounts in NOK million*	**1998**	1997
30	**208**	Dividends from shareholdings etc.	**38**	44
39	**45**	Dividends from associated companies	**40**	0
69	**254**	**Total dividends**	**79**	44
-	**-**	**Net profit from Vital**	**183**	192
786	**846**	Money transfer fees receivable	**1 038**	923
19	**26**	Fees on asset management services	**239**	237
91	**107**	Fees on custodial services	**114**	91
287	**201**	Fees on securities	**200**	286
121	**136**	Guarantee commissions	**136**	121
6	**17**	Credit-broking commissions	**17**	6
36	**28**	Sales commissions on insurance products	**23**	34
248	**248**	Sundry commissions and fees receivable on banking services	**215**	214
1 595	**1 609**	**Total commissions and fees receivable on banking services**	**1 981**	1 912
282	**298**	Money transfer fees payable	**342**	322
15	**26**	Sundry commissions and fees payable on banking services	**32**	26
297	**323**	**Total commissions and fees payable on banking services**	**374**	347
87	**30**	Net gain on short-term shareholdings	**200**	236
50	**407**	Net loss on commercial paper and bonds	**407**	49
666	**1 053**	Net gain on trading in foreign exchange and financial derivatives	**1 058**	667
703	**676**	**Net gain on foreign exchange and financial instruments**	**851**	854
66	**61**	Operating income on real estate	**77**	83
32	**19**	Rental income	**19**	32
0	**0**	Fees on real estate broking	**152**	122
1	**2**	Share of profit in associated companies	**88**	77
21	**20**	Remunerations	**24**	25
106	**84**	Miscellaneous operating income	**78**	136
226	**185**	Total sundry ordinary operating income	**439**	474
32	**44**	Gains on the sale of fixed assets	**46**	34
257	**229**	**Total sundry operating income**	**485**	508
2 327	**2 445**	**Net other operating income**	**3 205**	3 162

NOTE 5 – NET PROFIT FROM VITAL

Vital comprises the life insurance company Vital Forsikring and its subsidiaries and Vital Fondsforsikring AS, a sister company specialising in unit linked insurance. The business operations conducted by the Bank and Vital are not identical, and the accounting standards applied are fundamentally different. As a result of regulations relating to profit sharing between owners and policyholders the Vital accounts are not fully consolidated in the group accounts. The item "Net profit from Vital" in the group accounts represents the DnB Group's share of profits in Vital Forsikring and Vital Fondsforsikring less amortised goodwill and the elimination of inter-company gains.

NOTE 5 – NET PROFIT FROM VITAL (CONTINUED)

PROFIT AND LOSS ACCOUNTS — **Vital**

Amounts in NOK million	1998	1997
Vital Forsikring including subsidiaries		
Technical accounts		
Premium income for own account	5 560	4 469
Income from financial assets	6 060	6 081
Other insurance-related income	66	31
Insurance settlements for own account	4 780	3 336
Increase in insurance provisions etc. for own account	2 467	2 884
Funds transferred to policyholders	680	1 049
Insurance-related operating expenses	524	502
Expenses related to financial assets	2 813	2 385
Other insurance-related expenses	60	55
Technical profit	362	370
Non-technical accounts		
Other expenses	59	53
Pre-tax operating profit [1)]	303	317
Taxes	18	10
Profit for the year	285	307
Changes in unrealised profits on financial assets	(351)	774
Adjustments in the DnB Group's accounts when consolidating Vital		
Profit for the year in Vital Forsikring	285	307
- Elimination of inter-company gains on the sale of Vital Forsikring's loan portfolio to Den norske Bank ASA [2)]	0	10
- Amortisation of goodwill [3)]	101	101
Net profit from Vital Forsikring incl. subsidiaries	184	196
Net loss from Vital Fondsforsikring	1	4
Net profit from Vital	183	192
Calculated funding cost of the investment in Vital [4)]	162	102

BALANCE SHEETS — **Vital Forsikring including subsidiaries**

Amounts in NOK million	31 Dec. 1998	31 Dec. 1997
Financial assets	49 382	47 705
Accounts receivable	1 755	280
Other assets	1 702	599
Prepaid expenses and accrued income	913	1 007
Total assets	53 752	49 591
Equity	2 185	1 900
Subordinated loan capital	1 042	730
Insurance provisions for own account	49 204	46 091
Provisions for other risks and expenses	2	11
Liabilities	1 216	692
Accrued expenses and prepaid income	103	167
Total equity and liabilities	53 752	49 591

1) *Profits allocated to equity and taxes are calculated as return on equity based on a rate of return corresponding to the average return on financial assets, plus a management fee related to the return achieved relative to the risk-free interest rate. The fee cannot exceed 0.5 per cent of policyholders' funds.*
2) *Vital Forsikring's NOK 9.1 billion loan portfolio was sold to Den norske Bank ASA during 1997. In that connection, Vital Forsikring recorded a gain corresponding to the difference between the portfolio's market and book value. The Bank's share of this gain is eliminated in the group accounts.*
3) *Goodwill is amortised by 10 per cent annually.*
4) *Funding cost calculated on the basis of the amount invested.*

NOTE 5 – NET PROFIT FROM VITAL (CONTINUED)

MARKET VALUE ABOVE ACQUISITION COST OF FINANCIAL ASSETS AT END OF PERIOD

Amounts in NOK million	Vital Forsikring **31 Dec. 1998**	 31 Dec. 1997
Short-term shareholdings	**817**	1 605
Short-term investments in commercial paper and bonds	**474**	237
Total market value above acquisition cost of short-term investments in financial assets	**1 291**	1 842
Long-term investments in shares and bonds	**431**	268
Investments in properties	**328**	291
Total market value above acquisition cost of long-term investments in financial assets	**759**	559
Total market value above acqusition cost of financial assets	**2 050**	2 401

NOTE 6 – VALUE-ADJUSTED INCOME ON FOREIGN EXCHANGE AND FINANCIAL INSTRUMENTS

Amounts in NOK million	DnB Group **1998**	 1997
Short-term shareholdings etc.		
Net gain	**200**	236
Dividends received	**62**	30
Changes in market values, not included in the profit and loss accounts	**(335)**	(41)
Value-adjusted income on short-term shareholdings, etc.	**(73)**	224
Foreign exchange and interest rate instruments		
Net loss on commercial paper and bonds	**(407)**	(49)
Net gain on foreign exchange	**350**	383
Net gain on financial derivatives	**708**	284
Net gain on foreign exchange and interest rate instruments	**651**	618
Changes in market values, not included in the profit and loss accounts	**(64)**	(102)
Value-adjusted income on foreign exchange and interest rate instruments	**587**	516
Value-adjusted income on foreign exchange and financial instruments [1)]	**514**	740

1) of which: Trading portfolio, trading with customers	***470***	*365*
Trading portfolio, proprietary trading	***164***	*166*
Trading portfolio, equity investments	***(77)***	*215*
Banking portfolio	***(43)***	*(5)*

NOTE 6 – VALUE-ADJUSTED INCOME ON FOREIGN EXCHANGE AND FINANCIAL INSTRUMENTS (CONTINUED)

MARKET VALUE ABOVE/(BELOW) ACQUISITION COST **DnB Group**

Amounts in NOK million	Book value **31 Dec. 1998**	Market value above/(below) acquisition cost **31 Dec. 1998**	Book value 31 Dec. 1997	Market value above/(below) acquisition cost 31 Dec. 1997
Short-term investments in shares				
- listed	**1 178**	**80**	888	124
- unlisted	**228**	**12**	274	62
- investment funds	**409**	**35**	481	163
Total [1) 4)]	**1 815**	**127**	1 643	349
Commercial paper and bonds				
- listed	**25 236**	**(269)**	19 414	79
- unlisted	**3 836**	**(32)**	4 164	(59)
Total [2) 5)]	**29 072**	**(302)**	23 578	20
Net other money market instruments [3) 6)]	**-**	**(83)**	-	(39)
1) of which Trading portfolio [7)]	***1 815***	***127***	*1 643*	*349*
Banking portfolio	***0***	***0***	*0*	*0*
2) of which Trading portfolio	***24 937***	***(173)***	*17 371*	*74*
Banking portfolio	***4 135***	***(129)***	*6 208*	*(54)*
3) of which Trading portfolio	***-***	***(83)***	*-*	*(39)*
Banking portfolio	***-***	***0***	*-*	*0*

4) Shares previously held as repossessed assets have been reclassified as of 1 January 1998. At this point the market value of the reclassified shares was NOK 113 million above acquisition cost.

5) Unrealised losses on commercial paper and bonds are included in the profit and loss accounts.

6) Unrealised losses on other money market instruments are not charged to the accounts.

7) In compliance with amendments to the Accounting Act, NOK 1 734 million of the book value of this portfolio will be reclassified and included in the banking portfolio as of 1 January 1999. Unrealised profits in this portfolio were NOK 154 million as at 31 December 1998.

NOTE 7 – SPECIFICATION OF OPERATING EXPENSES

Den norske Bank ASA			DnB Group	
1997	**1998**	*Amounts in NOK million*	**1998**	1997
1 711	**1 763**	Ordinary salaries	**2 019**	1 928
223	**248**	Employer's national insurance contributions	**285**	254
124	**121**	Pension expenses	**140**	140
11	**11**	Fees, tax-liable	**12**	12
5	**1**	Interest rate subsidies on loans to employees	**1**	5
89	**91**	Other personnel expenses	**101**	99
2 163	**2 235**	Total ordinary salaries and other personnel expenses	**2 557**	2 439
50	**10**	Allocations to the DnB Employee Fund	**10**	50
2 213	**2 245**	**Total salaries and other personnel expenses**	**2 567**	2 489
269	**308**	EDP expenses	**372**	329
195	**232**	Postage, telecommunications and office supplies	**267**	226
116	**142**	Marketing and public relations	**182**	146
86	**90**	Travel expenses	**101**	95
29	**33**	Training expenses	**38**	34
81	**82**	Sundry administrative expenses	**87**	87
776	**887**	**Total administrative expenses**	**1 046**	918
132	**170**	Depreciation on EDP equipment	**184**	143
36	**51**	Depreciation on other machinery, fittings and vehicles	**55**	41
87	**76**	Depreciation on properties and premises	**90**	100
15	**0**	Other ordinary depreciation	**11**	28
270	**296**	Total depreciation	**340**	312
(11)	**49**	Write-downs/(reversals of write-downs) on bank buildings	**25**	(1)
22	**3**	Reversal of write-downs on other properties	**16**	24
16	**40**	Other write-downs	**40**	16
9	**(7)**	Write-downs/(reversals of write-downs) on rental contracts	**(7)**	9
262	**377**	**Total depreciation etc.**	**383**	312
321	**288**	Fees, tax-exempt	**312**	345
217	**221**	Operating expenses on rented premises	**222**	223
165	**186**	Operating expenses on real estate	**190**	172
153	**168**	Contribution to Commercial Banks Guarantee Fund	**168**	153
47	**53**	Operating expenses on machinery, vehicles and office equipment taken to expense	**60**	51
16	**17**	Insurance on movables	**17**	17
5	**7**	Membership fees, Norwegian Bankers Association	**7**	5
62	**61**	Sundry expenses	**112**	109
986	**1 000**	Total other ordinary operating expenses	**1 089**	1 076
41	**67**	Provisions for restructuring measures	**42**	54
12	**0**	Losses on the sale of bank buildings	**0**	12
4	**3**	Losses on the sale of other properties	**3**	14
0	**1**	Losses on the sale of other fixed assets	**1**	0
1 042	**1 071**	**Total other operating expenses**	**1 135**	1 156
4 292	**4 579**	**Total operating expenses**	**5 131**	4 875

NOTE 8 – NUMBER OF EMPLOYEES / FULL-TIME POSITIONS

Den norske Bank ASA			DnB Group	
1997	1998		1998	1997
5 188	**5 016**	Number of employees as at 31 December	**6 333**	6 482
-	**-**	- of which in Vital Forsikring	**559**	599
4 867	**4 723**	Number of employees calculated on a full-time basis as at 31 December	**5 978**	6 104
-	**-**	- of which in Vital Forsikring	**537**	573
4 826	**4 810**	Average number of employees calculated on a full time basis	**6 042**	6 075
-	**-**	- of which in Vital Forsikring	**562**	607

NOTE 9 – REMUNERATIONS ETC.

REMUNERATIONS TO THE GROUP CHIEF EXECUTIVE AND ELECTED REPRESENTATIVES — **Den norske Bank ASA**

Amounts in NOK 1 000	1998	1997
Directors' remuneration	**1 393**	1 295
Remuneration to the new group chief executive 1)		
Ordinary salary	**655**	-
Other taxable benefits	**71**	-
Remuneration to the former group chief executive		
Ordinary salary	**2 047**	1 750
Other ordinary taxable benefits	**101**	96
Compensation for loss of office 2)	**15 600**	-

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

2) *The compensation for loss of office corresponds to the estimated value at the time of resignation of future salary and pension entitlements. NOK 6.6 million represents future salary payments and NOK 0.2 million represents other benefits. Allocations covering future pension entitlements at the time of resignation total NOK 8.8 million.*

LOAN FACILITIES TO EMPLOYEES AND ELECTED REPRESENTATIVES — **Den norske Bank ASA**

Amounts in NOK million	31 Dec. 1998	31 Dec. 1997
Loans to employees	**2 501**	2 432
Loans to elected representatives in compliance with Section 2-15 of the Norwegian Financial Services Act	**3**	3
Guarantees issued on behalf of elected representatives in compliance with Section 2-15 of the Norwegian Financial Services Act	**0**	0

NOTE 10 – PENSIONS

The DnB Group has pension schemes which entitle the employees to agreed future pension benefits (defined benefit schemes). 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.

Pension commitments for employees in Den norske Bank ASA in Norway are, for that part of the pension which is funded through insurance schemes, funded by Vital Forsikring. Pension commitments in other units within the DnB Group are funded through separate schemes.

During the 1994 wage settlement it was agreed to establish contractual pension agreements (CPA) within the banking and financial sectors with the option of early retirement after the age of 64. The arrangement was expanded during the 1997 wage settlement to age 62. The CPA scheme entitles employees to a reduction in working hours or full retirement after age 62.

Pension commitments for Den norske Bank ASA in Norway cover 7 222 employees, of whom 659 receive early retirement or disablement pensions. For the DnB Group, pension commitments cover 8 236 individuals.

NOTE 10 – PENSIONS (CONTINUED)

NET PENSION EXPENSES

Den norske Bank ASA			DnB Group	
1997	1998	*Amounts in NOK million*	1998	1997
135	109	Net present value of pension entitlements - regular pensions	124	151
25	43	Net present value of pension entitlements - CPAs	48	27
214	218	Interest expenses on pension commitments	229	223
296	191	Actual return on pension funds	202	307
78	180	Actual pension expenses	199	94
44	(71)	Deviation between estimated and actual return on pension funds	(71)	44
2	12	Net amortisation	12	2
124	121	Net pension expenses	140	140

THE PENSION SCHEMES' FINANCIAL STATUS, RECORDED ASSETS AND LIABILITIES

Den norske Bank ASA			DnB Group	
1997	1998	*Amounts in NOK million*	1998	1997
2 126	2 317	Accrued pension commitments - regular pensions	2 435	2 230
710	731	Accrued commitments - CPAs	753	732
2 836	3 048	Total accrued pension commitments	3 188	2 962
566	573	Estimated effect of future salary adjustments	613	600
3 402	3 620	Estimated pension commitments	3 801	3 563
3 443	3 591	Pension funds at market value	3 742	3 586
41	(29)	Pension funds above/(below) estimated pension commitments	(59)	24
(195)	(190)	Deviation between actual and estimated market value of pension funds	(202)	(214)
129	123	Net actuarial loss not recorded in the accounts	133	136
25	96	Net recorded pension commitments	128	54

The DnB Group has pension schemes where it is not possible to transfer pension funds between the schemes. In such cases, the schemes should be considered separately and recorded in the balance sheet as net assets (overfunding in pension schemes) and net liabilities (accrued pension commitments). The Bank expects to be able to utilise the overfunding in the funded pension schemes in the years to come. Pension commitments which cannot be funded in accordance with tax legislation, so-called unfunded schemes, amounted to NOK 736 million as at 31 December 1998. Net overfunding in schemes funded pursuant to tax legislation, so-called funded schemes, amounted to NOK 608 million as at 31 December 1998.

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

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

The economic assumptions have a long-term perspective.

NOTE 11 – REMUNERATION TO THE STATUTORY AUDITOR

	DnB Group	
Amounts in NOK 1 000	**1998**	1997
Ordinary remuneration to the statutory auditor		
Den norske Bank ASA, Norway	**3 000**	3 000
Foreign branches	**459**	548
Norwegian subsidiaries	**995**	1 049
Foreign subsidiaries	**513**	738
Fees for other assistance from the statutory auditor		
Den norske Bank ASA, Norway	**39**	87
Foreign branches	**1 625**	1 468
Norwegian subsidiaries	**207**	104
Foreign subsidiaries	**0**	317
Total remuneration to the statutory auditor	**6 838**	7 311

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

Den norske Bank ASA			DnB Group	
1997	**1998**	*Amounts in NOK million*	**1998**	1997
134	**254**	Write-offs	**260**	144
281	**179**	Increase in specified loan-loss provisions	**297**	390
510	**935**	New specified loan-loss provisions	**961**	532
925	**1 369**	Total new losses	**1 519**	1 066
909	**579**	Reassessed specified provisions	**685**	1 028
16	**790**	Total specified provisions	**833**	38
321	**271**	Recoveries on commitments previously written off	**295**	303
158	**621**	Increase in unspecified provisions	**628**	162
(147)	**1 140**	**Net losses/(reversals) on loans, guarantees, etc. *)**	**1 167**	(103)
9	**27**	*) Of which net reversals on losses on guarantees	**34**	16
		Write-offs		
134	**254**	Write-offs	**260**	144
691	**816**	Write-offs covered by specified provisions made in previous years	**867**	697
825	**1 070**	Total write-offs	**1 128**	841

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

DnB Group

Amounts in NOK million	**1998** New specified provisions [1]	**1998** Reassessed specified provisions	**1998** Recoveries on commitments previously written off	**1998** Net losses/ (reversals) on loans and guarantees	1997 New specified provisions [1]	1997 Reassessed specified provisions	1997 Recoveries on commitments previously written off	1997 Net losses/ (reversals) on loans and guarantees
Retail customers	**405**	**253**	**141**	**11**	419	331	169	(81)
International shipping	**555**	**35**	**29**	**491**	176	48	2	126
Real estate	**31**	**85**	**66**	**(121)**	83	143	62	(121)
Manufacturing	**148**	**49**	**7**	**92**	98	41	3	54
Services	**53**	**59**	**13**	**(20)**	97	74	13	11
Trade	**63**	**55**	**10**	**(2)**	89	73	10	6
Oil and gas	**173**	**14**	**0**	**159**	0	117	0	(117)
Transportation and warehousing	**23**	**92**	**11**	**(80)**	25	51	2	(28)
Building and construction, power and water supply	**13**	**17**	**4**	**(8)**	20	21	30	(31)
Central and local government	**0**	**1**	**0**	**(1)**	0	1	0	0
Fishing	**27**	**5**	**8**	**13**	35	93	2	(60)
Hotels and restaurants	**12**	**14**	**3**	**(5)**	16	26	1	(11)
Agriculture and forestry	**8**	**6**	**0**	**2**	8	7	0	0
Other sectors	**1**	**0**	**1**	**0**	0	0	9	(8)
Total customers	**1 512**	**685**	**295**	**532**	1 066	1 025	302	(261)
Credit institutions	**0**	**0**	**0**	**0**	0	3	1	(4)
Repossessed assets	**7**	**0**	**0**	**7**	0	0	0	0
Increase in unspecified provisions				**628**				162
Total losses/(reversals) on loans, guarantees, etc.	**1 519**	**685**	**295**	**1 167**	1 066	1 028	303	(103)

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

NOTE 14 – NET GAIN / (LOSS) ON LONG-TERM SECURITIES

Den norske Bank ASA 1997	Den norske Bank ASA **1998**	*Amounts in NOK million*	DnB Group **1998**	DnB Group 1997
		Gains		
64	**3**	Subsidiaries	**-**	-
0	**1**	Long-term shareholdings	**3**	0
		Losses		
0	**0**	Subsidiaries	**-**	-
1	**0**	Long-term shareholdings	**0**	1
		Write-downs/(reversals on write-downs)		
0	**(148)**	Subsidiaries	**-**	-
0	**(34)**	Long-term shareholdings	**3**	148
63	**184**	**Net gain/(loss) on long-term shareholdings**	**0**	(149)

NOTE 15 – TAXES

At the beginning of 1998, Den norske Bank ASA was involved in a dispute with Norwegian tax authorities. The dispute concerned the treatment with respect to taxes of the write-down of NOK 2 189 million in preference capital from the Commercial Banks Guarantee Fund and the Government Bank Insurance Fund in 1993. On 23 October 1998, the Oslo Municipal court ruled against the Bank in this matter. The court concluded that the write-down must be regarded as a contribution and taken to income and taxed accordingly. The Bank has lodged an appeal with the Court of Appeal – civil division, but has chosen to base the accounting treatment of this item on the court decision.

As a consequence of the judgment, the Bank has charged NOK 46 million in taxes for previous years to the accounts for 1998. Another consequence is that the losses carried forward in the Norwegian tax assessment will be reduced by NOK 2 189 million at the beginning of 1998.

TAX BASE

	Den norske Bank ASA	
Amounts in NOK million	**1998**	1997
Operating profit in Den norske Bank ASA	**878**	2 162
Reversal of operating loss, foreign branches	**453**	(91)
Group contributions	**155**	327
Permanent differences	**(1 452)**	(750)
Changes in timing differences and tax losses carried forward		
Timing differences	**(10)**	(1 621)
Use of loss carried forward	**(24)**	(27)
Tax base for the year – Norwegian operations	**0**	0

TAXES

Den norske Bank ASA			DnB Group	
1997	**1998**	*Amounts in NOK million*	**1998**	1997
(1)	**10**	Norway	**60**	6
25	**20**	Abroad	**40**	26
24	**30**	Total payable taxes	**100**	32
0	**0**	Deferred taxes	**0**	0
24	**30**	**Total taxes**	**100**	32

NOTE 15 – TAXES (CONTINUED)

ELEMENTS IN THE CALCULATION OF DEFERRED TAXES

Den norske Bank ASA			DnB Group, Norway		DnB Group	
31 Dec. 1997	**31 Dec. 1998**	*Amounts in NOK million*	**31 Dec. 1998**	31 Dec. 1997	**31 Dec. 1998**	31 Dec. 1997
		Positive timing differences				
0	**0**	Fixed asset reserves	**693**	400	**693**	400
341	**315**	Revaluations	**315**	341	**315**	341
614	**615**	Prepaid pension entitlements	**622**	620	**622**	620
0	**0**	Other positive timing differences	**190**	161	**190**	161
955	**930**	Total positive timing differences	**1 820**	1 522	**1 820**	1 522
		Negative timing differences				
1 087	**1 272**	Negative fixed asset reserves	**856**	887	**1 246**	887
645	**716**	Accrued pension commitments	**753**	676	**753**	676
226	**325**	Other negative timing differences	**331**	249	**331**	249
1 958	**2 313**	Total negative timing differences	**1 940**	1 812	**2 330**	1 812
1 846	**1 295**	Loss carried forward [2]	**1 308**	1 769	**2 246**	2 548
973	**305**	Tax allowance for dividends [1] [2]	**489**	973	**489**	973
4 777	**3 913**	Negative timing differences incl. loss carried forward	**3 737**	4 554	**5 065**	5 333
(3 822)	**(2 983)**	Calculation base for deferred taxes [3]	**(1 917)**	(3 032)	**(3 245)**	(3 811)

1) Tax allowance for dividends received, converted to negative timing differences.
2) The changes in the loss carried forward and the tax allowance for dividends can be ascribed to annual profits, a reduction due to the ruling in the preference capital matter and changes in the final tax assessment for 1997.
3) Some of the negative timing differences and losses carried forward in the international units may expire before they can be utilised.

On grounds of materiality, deferred taxes on revaluations on fixed assets and the Pension Premium Fund have been netted against deferred tax assets on pension commitments and other negative timing differences. Timing differences do not necessarily provide a complete picture of the Group's future tax positions due to other potential tax allowances.

Amounts in NOK per share	**Den norske Bank ASA**
Based on the tax authorities' decision, the RISK adjustment for 1997 is	(1.43)
On the same assumptions, the RISK adjustment for 1998 is calculated at	(1.35)

NOTE 16 – SPECIFICATION OF ASSETS

Den norske Bank ASA			DnB Group	
31 Dec. 1997	**31 Dec. 1998**	*Amounts in NOK million*	**31 Dec. 1998**	31 Dec. 1997
847	**2 147**	**Cash and deposits with central banks**	**2 148**	857
5 817	**4 313**	Lending to and deposits with credit institutions with no fixed term or period of notice	**4 422**	6 057
12 993	**14 810**	Lending to and deposits with credit institutions with fixed term or period of notice	**5 205**	6 075
(20)	**(21)**	Specified loan-loss provisions	**(21)**	(20)
18 790	**19 102**	**Total lending to and deposits with credit institutions**	**9 607**	12 111
147 532	**157 007**	Instalment loans	**161 163**	151 196
13 472	**16 697**	Overdraft and working capital facilities	**18 009**	14 428
2 269	**2 335**	Building and construction loans	**2 335**	2 269
551	**200**	Finance leases	**5 354**	5 073
0	**0**	Factoring	**565**	539
765	**1 132**	Other loans	**1 162**	783
164 590	**177 371**	**Gross lending to customers**	**188 588**	174 288
(3 056)	**(2 868)**	**Specified loan-loss provisions**	**(3 265)**	(3 459)
(1 436)	**(2 063)**	**Unspecified loan-loss provisions**	**(2 126)**	(1 491)
160 098	**172 440**	**Net lending to customers**	**183 198**	169 337
265	**53**	**Repossessed assets**	**60**	298
12 256	**15 294**	Commercial paper and bonds issued by central and local government	**16 519**	13 541
3 233	**3 346**	Commercial paper and bonds issued by credit institutions	**3 349**	3 233
6 195	**8 609**	Commercial paper and bonds issued by others	**8 723**	6 352
453	**481**	Own bonds and commercial paper, trading portfolio	**481**	453
22 136	**27 730**	**Total commercial paper and bonds**	**29 072**	23 578
1 591	**1 661**	Short-term shareholdings, participations and PCCs	**1 815**	1 643
197	**209**	Long-term shareholdings, participations and PCCs	**413**	394
3	**(1)**	Shares in general and limited partnerships	**2**	2
1 791	**1 868**	**Total shareholdings etc.**	**2 230**	2 039
0	**0**	Investment in Vital	**2 228**	1 946
61	**94**	Investments in associated companies – credit institutions	**576**	545
27	**60**	Investments in other associated companies	**152**	139
87	**154**	**Total investments in Vital and associated companies**	**2 956**	2 630
811	**877**	Investments in subsidiaries – credit institutions	**-**	-
4 119	**4 337**	Investments in other subsidiaries	**-**	-
4 930	**5 213**	**Total investments in subsidiaries**	**-**	-
46	**84**	**Intangible assets**	**820**	876
518	**566**	Machinery, equipment and vehicles	**623**	557
2 013	**1 811**	Buildings and other properties	**2 153**	2 361
11	**11**	Other fixed assets	**11**	12
2 541	**2 388**	**Total fixed assets**	**2 787**	2 929
630	**366**	Unsettled contract notes, etc.	**366**	630
518	**935**	Amounts due on documentary credits and other payment services	**935**	518
327	**202**	Intra-group contributions	**-**	-
1 015	**848**	Other amounts due	**1 063**	1 222
2 490	**2 352**	**Total other assets**	**2 365**	2 370
1 521	**2 026**	Accrued interest income	**2 352**	1 748
7 211	**6 670**	Prepayments and accrued income on financial derivatives	**6 670**	7 211
619	**620**	Prepaid pension entitlements	**629**	627
368	**87**	Other prepayments and accrued income	**83**	398
9 719	**9 403**	**Total prepayments and accrued income**	**9 734**	9 984
223 740	**242 934**	**Total assets**	**244 977**	227 011

NOTE 17 – SUBORDINATED LOAN CAPITAL IN OTHER ENTERPRISES

Den norske Bank ASA

	31 December 1998		31 December 1997	
Amounts in NOK million	Loans	Bonds	Loans	Bonds
In credit institutions	**292**	**265**	67	225
In other enterprises	**26**	**1**	52	0
Total subordinated loan capital	**318**	**265**	119	225
Of which subordinated loan capital to subsidiaries	**179**	**0**	79	0

NOTE 18 – LOANS AND GUARANTEES ACCORDING TO GEOGRAPHICAL LOCATION AS AT 31 DEC. 1998

Den norske Bank ASA				DnB Group		
Lending to customers	Lending to credit institutions	Guarantees	*Amounts in NOK million*	Lending to customers	Lending to credit institutions	Guarantees
30 269	1 310	13 619	Oslo	33 622	141	13 629
55 731	45	6 174	Eastern Norway/Southern Norway	60 296	67	6 186
38 740	8 415	3 499	Western Norway	41 207	221	3 499
18 506	0	1 298	Northern Norway/Central Norway	19 330	0	1 298
34 124	276	2 836	Abroad	34 133	53	2 836
177 371	10 046	27 427	Total	188 588	482	27 448

All amounts represent gross commitments before specified loan-loss provisions.

NOTE 19 – COMMITMENTS FOR PRINCIPAL SECTORS 1)

DnB Group

	31 December 1998				31 December 1997			
			Of which:				Of which:	
Amounts in NOK million	Loans	Guarantees	Non-performing commitments	Doubtful commitments	Loans	Guarantees	Non-performing commitments	Doubtful commitments
Retail customers	**66 858**	**119**	**508**	**808**	63 328	96	558	405
International shipping	**24 047**	**4 573**	**572**	**383**	25 523	2 960	382	0
Real estate	**21 256**	**492**	**125**	**377**	19 396	490	214	404
Manufacturing	**15 399**	**4 019**	**288**	**65**	13 457	5 307	164	44
Services	**14 727**	**2 296**	**77**	**50**	12 933	1 928	67	67
Trade	**12 282**	**2 375**	**100**	**91**	10 648	1 859	72	95
Oil and gas 2)	**10 463**	**1 047**	**1 123**	**0**	8 047	1 050	282	0
Transportation and warehousing	**6 517**	**1 111**	**424**	**3**	6 006	667	333	1
Building and construction, power and water supply	**5 103**	**3 643**	**20**	**5**	3 834	2 337	28	27
Central and local government	**2 535**	**44**	**0**	**0**	2 610	55	0	0
Fishing	**2 974**	**94**	**51**	**12**	2 473	21	28	75
Hotels and restaurants	**1 652**	**78**	**40**	**160**	1 380	29	49	133
Agriculture and forestry	**570**	**61**	**6**	**13**	718	5	11	13
Other sectors	**939**	**5 203**	**43**	**1**	474	2 908	42	0
Total customers	**185 324**	**25 155**	**3 380**	**1 968**	170 828	19 711	2 231	1 264
Credit institutions 3)	**461**	**2 269**	**0**	**0**	2 642	3 221	0	0
Total	**185 784**	**27 424**	**3 380**	**1 968**	173 470	22 932	2 231	1 264

1) The amounts represent gross commitments after specified loan-loss provisions.

2) Loans to the oil and energy sector totalled NOK 12.3 billion at year-end, of which NOK 11.1 billion represented oil and gas. NOK 6.3 billion of total lending to the oil and energy sector has been granted to US customers and NOK 6.0 billion to European customers.

3) Loans to credit institutions are entered in the balance sheet under "Lending to and deposits with credit institutions".

NOTE 20 – DOUBTFUL, NON-PERFORMING AND NON-ACCRUING COMMITMENTS

DnB Group

	Private customers				Corporate customers				Total			
Amounts in NOK million	**31 Dec. 1998**	Additions	Disposals	31 Dec. 1997	**31 Dec. 1998**	Additions	Disposals	31 Dec. 1997	**31 Dec. 1998**	Additions	Disposals	31 Dec. 1997
Non-performing commitments *)												
Before specified provisions	**1 046**	302	442	1 186	**5 357**	2 345	1 123	4 135	**6 403**	2 647	1 566	5 321
After specified provisions [1)]	**508**	179	229	558	**2 872**	1 583	384	1 673	**3 380**	1 762	613	2 231
Doubtful commitments *)												
Before specified provisions	**856**	1 209	893	540	**1 399**	567	333	1 165	**2 255**	1 776	1 226	1 705
After specified provisions [1)]	**808**	1 178	775	405	**1 160**	526	224	859	**1 968**	1 704	1 000	1 264
*) Of which:												
Non-accruing commitments [2)]												
Before specified provisions	**1 550**	805	440	1 185	**6 432**	2 890	1 538	5 080	**7 982**	3 695	1 978	6 265
After specified provisions	**986**	680	184	490	**3 739**	2 098	658	2 299	**4 726**	2 778	841	2 788

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

2) *Non-accruing commitments are loans on which accrued interest and commissions are not taken to income. Interest on non-accruing commitments in 1997 and 1998, not taken to income, totalled NOK 408 million and NOK 468 million respectively.*

NOTE 21 – PROVISIONS FOR LOSSES ON LOANS AND GUARANTEES TO CUSTOMERS AND CREDIT INSTITUTIONS

DnB Group

	Loans						Guarantees			
	Total provisions		Specified provisions		Unspecified provisions		Specified provisions		Unspecified provisions	
Amounts in NOK million	**1998**	1997	**1998**	1997	**1998**	1997	**1998**	1997	**1998**	1997
Provisions as at 1 January	**5 024**	5 506	**3 480**	4 135	**1 491**	1 311	**52**	57	**1**	3
Write-offs covered by specified provisions made in previous years	**867**	697	**869**	703			**(1)**	(6)		
Provisions for the period										
Increase in specified loan-loss provisions	**295**	390	**294**	378			**1**	12		
New specified loan-loss provisions	**959**	532	**952**	526			**6**	6		
Reassessed specified loan-loss provisions	**639**	980	**602**	951			**37**	29		
Increase in unspecified loan-loss provisions	**628**	162			**629**	164			**0**	(2)
Exchange rate movements	**36**	111	**30**	95	**7**	16	**0**	0	**0**	0
Provisions as at 31 December *)	**5 436**	5 024	**3 286**	3 480	**2 126**	1 491	**24**	52	**1**	1

**) Of which provisions for losses on loans to:*		
Customers	***3 265***	*3 459*
Credit institutions	***21***	*20*

NOTE 22 – SHORT-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCS AS AT 31 DEC. 1998

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
SHARES, PARTICIPATIONS AND PCCS HELD BY DEN NORSKE BANK ASA						
Credit institutions						
Bergensbanken	310 000	20	1	0.00	1	1
Bolig- og Næringsbanken (BNbank)	487 710	511	26	0.01	94	94
Christiania Bank og Kreditkasse	3 859 510	175	1	0.00	5	5
Finansbanken	693 425	100	2	0.00	3	3
Fokus Bank [2)]	799 567	6 528 010	71 809	8.98	474 798	499 402
Hol Sparebank, PCCs	40 000	49	5	0.01	5	5
Indre Sogn Sparebank, PCCs	38 250	20	2	0.01	3	2
KredittBanken	163 517	46	1	0.00	1	1
Sandsvær Sparebank, PCCs	49 283	14	1	0.00	2	2
Sparebanken Eiker Drammen, PCCs	272 760	118	12	0.00	14	14
Sparebanken Møre, PCCs	552 615	40	4	0.00	6	6
Sparebanken NOR, PCCs	4 688 936	43	4	0.00	6	6
Sparebanken Rana, PCCs	50 935	34	3	0.01	5	5
Sparebanken Rogaland, PCCs	744 000	46	5	0.00	9	9
Sparebanken Vest, PCCs	250 000	7	1	0.00	1	1
Totens Sparebank, PCCs	150 000	3	0	0.00	0	0
Voss Veksel- og Landmandsbank	9 500	6 982	698	7.35	1 187	6 633
Norwegian companies						
Bergen Industriutvikling	60 250	784	7 840	13.01	7 840	6 272
Bergesen d.y., A-shares	189 400	450 000	1 125	0.59	99 297	42 750
Biopellets	19 233	15 330	1 533	7.97	9 998	0
BTV-Invest	53 120	37 278	3 728	7.02	3 787	3 728
Dagbladet, Avishuset	14 897	55 072	1 101	7.39	30 290	22 029
Dagbladet, Avishuset, preference shares	9 167	9 387	188	2.05	5 163	3 755
Høyteknologisenteret i Bergen	26 312	3 700	3 700	14.06	3 166	5 180
IT Fornebu Eiendom AS	11 960	19 600	1 960	16.39	3 371	3 371
Industrifinans SMB III ASA	12 505	10 125	1 013	8.10	10 125	8 110
Interconsult Group ASA	20 453	204 531	2 045	10.00	13 000	13 000
Jørgensen Holding	1 802	22 517	225	12.50	9 500	9 500
Kongsberg Automotive	86 928	50 000	1 000	1.15	2 714	3 675
Kværner, A-shares	423 830	39 034	488	0.12	5 250	5 992
Lerøy Seafood Group	14 951	927 700	928	6.21	16 465	10 205
Moelven Industrier ASA	463 212	33 897 737	169 489	36.59	171 763	162 709
Nordnorsk Vekst AS	71 466	3 455	3 455	4.83	4 294	4 294
Norsk Hydro	4 581 453	23 537	471	0.01	5 897	6 190
Norske Skogindustrier A-shares	575 911	38 072	761	0.13	8 168	8 585
Orkla, A-shares	1 234 159	800 000	5 000	0.41	127 000	92 000
Orkla, B-shares	1 234 159	38 096	238	0.02	3 467	3 867
Petroleum Geo-Services	447 703	36 314	182	0.04	3 651	3 722
Rieber & Søn, A-shares	807 555	1 185 462	11 855	1.47	23 501	69 943
Rieber & Søn, B-shares	807 555	808 500	8 085	1.00	53 421	46 893
Saga Petroleum, A-shares	2 239 807	92 645	1 390	0.06	6 519	6 578
Schibsted	69 250	108 006	108	0.16	9 593	10 531
Selmer	278 157	1 200 000	15 000	5.39	30 707	69 000
Synnøve Finden Meierier	11 506	163 251	327	2.84	7 125	3 184
Team Shipping	357 700	2 322 018	23 220	6.49	20 870	8 591
Ugland Nordic Shipping	54 630	100 000	500	0.92	6 520	6 901
Veidekke	56 978	150 000	750	1.32	18 525	13 500
Waterfront Shipping, A-shares	213 085	805 000	1 973	0.93	3 846	564

NOTE 22 – SHORT-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCS AS AT 31 DEC. 1998 (CONTINUED)

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
Companies based abroad								
Glenwood Capital Partners			1				5 291	553
Map-Micro Active Protein AB	SEK	625	726 000	SEK	36	5.76	8 204	1 357
Nortrans Offshore	USD	9 000	199 700	USD	100	1.11	5 908	2 996
Viking Ship Finance Ltd	USD	30 000	13 500	USD	4 050	13.50	25 508	47 572
Investment funds								
DnB Norge			64 186				104 644	79 726
DnB Asia			690 495				69 049	69 802
DnB Kombi Bedrift			500 000				50 000	53 770
DnB Kombi Vekst			444 215				44 422	48 949
DnB USA			624 445				62 445	78 106
DnB Eastern Europe			250 000				25 125	19 582
DnB Investment Fund: USA/Japan 2001 AMG			10 260				23 846	24 088
Other shareholdings etc.							40 110	73 448
Exchange rate adjustments							(4 768)	
Total short-term investments in shares, participations and PCCs in Den norske Bank ASA							1 660 758	1 660 758
SHARES, PARTICIPATIONS AND PCCS HELD BY SUBSIDIARIES								
Credit institutions								
Bolig- og Næringsbanken (BNbank)		487 710	898 853		44 943	9.22	152 809	165 838
Norwegian companies								
I.M.Skaugen, C-shares		390 330	125 010		7 501	1.92	16 702	2 251
Companies based abroad								
Cape Investments Corporation	USD	10	2 500	USD	3	25.00	37 985	32 667
Investment funds								
DnB Investment Fund - European Equities			69 058				69 059	69 059
Other shareholdings etc.							12 265	10 974
Adjustments for gains and losses on sales between Den norske Bank ASA and subsidiaries, etc.							(134 933)	
Total short-term investments in shares, participations and PCCs in the DnB Group							1 814 644	1 941 546

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

2) The holding is committed for sale to Den Danske Bank provided a concession is granted.

NOTE 23 – LONG-TERM INVESTMENTS IN SHARES, PARTICIPATIONS AND PCCS AS AT 31 DEC. 1998

Amounts in 1 000 – values in NOK unless otherwise indicated		Share capital	Number of shares		Nominal value	Ownership share in per cent	Book value
SHARES, PARTICIPATIONS AND PCCS HELD BY DEN NORSKE BANK ASA							
Credit institutions							
Europay Norge		28 400	5 325		5 325	18.8	10 122
London Clearing House	GBP	50 000	1	GBP	398	0.8	5 012
Norwegian companies							
DnB's Pension Fund, PCCs – subject to reorganisation		44 000	44		44 000	100.0	44 000
Norsk Tillitsmann		10 500	11 228		1 123	10.7	1 123
Companies based abroad							
Export Credit Insurance Corporation of Singapore Ltd.	SGD	127 590	250 000	SGD	250	0.2	1 383
F + C Buyout Trust	GBP	1 527	3 500	GBP	46	3.5	579
Lorentzen Empreendimentos, class B [1)]	USD	1 768	47 813 984	USD	354	20.0	136 589
CLS Services LTD, A-shares	USD	0	100	USD	0	2.2	1 899
CLS Services LTD, D-shares	USD	90 127	12 500	USD	1 250	1.4	6 457
Other shareholdings etc.							1 511
Total long-term investments in shares, participations and PCCs in Den norske Bank ASA							208 674
SHARES, PARTICIPATIONS AND PCCS HELD BY SUBSIDIARIES							
Norwegian companies							
Land Sag		5 000	1 500		1 500	30.0	1 500
Companies based abroad							
Promotora de Maquiladora S.A. de C.V.	USD	3 600	9 082 987	USD	3 600	100.0	29 477
Vertex Participacoes S.A. [1)]	USD	12 721	188 644 321	USD	12 721	100.0	92 456
Vitoria Participacoes S.A. [1)]	USD	10 008	188 644 321	USD	10 008	100.0	80 041
Other shareholdings etc.							989
Total long-term investments in shares, participations and PCCs in the DnB Group							413 135

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

NOTE 24 – INVESTMENTS IN VITAL AND ASSOCIATED COMPANIES

Amounts in NOK million	Share capital	Number of shares	Ownership share in %	Book value as at 31 Dec. 1997	Additions/ (disposals) [1)]	Share of profit	Book value as at **31 Dec. 1998**	Book value in Den norske Bank ASA
Vital Forsikring	674	26 936 964	100	1 902	0	285 [2)]	**2 187**	0
Vital Fondsforsikring	43	42 500	100	44	0	(3)	**41**	0
Eksportfinans [3)]	1 242	35 068	29.66	541	(29)	47	**558**	94
Other investments in shares [4)]				45	14	24	**83**	50
Shares in general partnerships				14	(4)	2	**11**	11
Shares in limited partnerships				84	(23)	15	**75**	0
Total investments in Vital and associated companies				2 630	(43)	370	**2 956**	154

1) In the group accounts, the investment is adjusted by an amount corresponding to the difference between received and estimated dividends for previous years and the estimated dividend for 1998. The adjustment is included under "Additions/(disposals)".
2) Share of profit before amortisation of goodwill totalling NOK 101 million.
3) The share capital in Eksportfinans was increased by NOK 113 million in 1998, of which DnB contributed NOK 33 million.
4) NOK 37 million was reversed on previous write-downs on the investment in BBS/Bank Axept Holding in 1998.

NOTE 25 – INVESTMENTS IN SUBSIDIARIES AS AT 31 DECEMBER 1998

Amounts in 1 000 – values in NOK unless otherwise indicated		Share capital	Number of shares		Nominal value	Ownership share in per cent	Book value
Foreign subsidiaries							
Den norske Investments Ltd.	GBP	210	210 106	GBP	210	100.0	0
DnB Asia, Limited, Singapore	SGD	20 000	20 000 000	SGD	20 000	100.0	92 197
DnB Mortgage Trust	GBP	250	250 000	GBP	250	100.0	0
DnB Real Estate Holdings Inc.	USD	1	1 000	USD	1	100.0	38
DnB Securities Inc.	USD	1	1 000	USD	1	100.0	1 129
DnB US Finance Inc.	USD	10	1 000	USD	10	100.0	76
Luxcap S.A.	LUF	1 200 000	800 000	LUF	1 200 000	100.0	334 333
Domestic subsidiaries							
Aeti		550	5 500		550	100.0	550
Commodum		950	950		950	100.0	950
DnB Betalingstjenester		50	50		50	100.0	50
DnB Eiendom		2 503	25 033		2 503	100.0	31 149
DnB Factoring		50 000	50 000		50 000	100.0	87 366
DnB Finans		387 000	3 870 000		387 000	100.0	613 007
DnB Fonds		3 000	300 000		3 000	100.0	3 000
DnB Garanti og Kredittforsikring		80 000	400 000		80 000	100.0	104 954
DnB Invest Holding		200 000	200 000		200 000	100.0	543 000
DnB Investor		1 600	16 000		1 600	100.0	78 003
DnB Kort		81 300	813 000		81 300	100.0	84 000
DnB Næringsmegling		1 000	10 000		1 000	100.0	4 000
DnB Utvikling		31 500	315 000		31 500	100.0	12 136
Hotellforedling		600	600		600	100.0	19 719
Juridisk Byrå		50	50		50	100.0	50
Kreditt-Finans		21 000	42 000		21 000	100.0	50 394
LI-Ship		50	50		50	100.0	50
Lørenfaret 1		500	5 000		500	100.0	500
Meks Holding		10 000	10 000		10 000	100.0	0
Møllendalsbakken 9		1 500	1 500		1 500	100.0	0
Realkreditt Eiendom		11 000	11 000		11 000	100.0	47 000
Sømmegården		11 000	110 000		11 000	100.0	0
Viul Tresliperi		7 500	750 000		7 500	100.0	11 766
Vital Forsikring Holding		1 958 000	1 958 000		1 958 000	100.0	2 937 000
Vital Kapitalforvaltning		50 000	50 000		50 000	100.0	100 000
General and limited partnerships							
ANS Klokkergården, Tune						84.3	17
ANS Nedre Storgate 15-17, Drammen						50.0	(3 858)
Sameiet Store Elvegården, Mandal						50.0	6 728
Lørenfaret 1, Oslo						99.0	53 938
Total investments in subsidiaries – Den norske Bank ASA							5 213 240

NOTE 26 – FIXED ASSETS

Den norske Bank ASA			DnB Group	
Machinery, equipment and vehicles	Bank buildings and other properties	*Amounts in NOK million*	Machinery, equipment and vehicles	Bank buildings and other properties
2 116	2 515	Cost as at 1 January 1998	2 224	3 094
-	436	Revaluations as at 1 January 1998	-	436
1 598	938	Total write-downs and depreciation as at 1 January 1998	1 667	1 169
518	2 013	Book value as at 1 January 1998	557	2 361
276	26	Additions	313	43
39	140	Disposals (sales value)	40	148
3	1	Losses	3	1
2	35	Gains	2	35
188	65	Ordinary depreciation	206	76
-	10	Depreciation on revaluations	-	14
-	47	Revaluations	-	47
566	1 811	Book value as at 31 December 1998	623	2 153

INVESTMENTS IN AND SALE OF FIXED ASSETS OVER THE PAST FIVE YEARS

DnB Group

	Machinery, equipment and vehicles		Bank buildings and other properties	
Amounts in NOK million	Investment	Sale	Investment	Sale
1994	170	22	524	1 649
1995	292	29	298	596
1996	180	19	471	876
1997	260	23	152	1 008
1998	313	40	43	148
Total investments and sales 1994-1998	1 215	133	1 488	4 277

NOTE 27 – REPOSSESSED PROPERTIES AND OTHER REPOSSESSED ASSETS

DnB Group

Amounts in NOK million	Book value **31 Dec. 1998**	Additions	Disposals	Book value 31 Dec. 1997
Current assets				
Commercial properties	**1**	0	26	27
Other properties	**9**	49	59	19
Fixed assets				
Commercial properties	**40**	0	44	84
Other properties	**36**	5	0	31
Total	**86**	54	129	161
Other repossessed current assets *)	**49**	22	225	252
Total	**135**	76	354	413

*) *Of which repossessed shares (percentage ownership as at 31 Dec. 1998 in parentheses)*				
Kjørbo Eiendom AS (100)	***37***			*37*
Jebsen Thun Shipping (5.5)	***5***			*5*

NOTE 28 – REAL ESTATE CLASSIFIED ACCORDING TO USE AS AT 31 DECEMBER 1998

DnB Group

Amounts in NOK million	Properties, current assets	Bank buildings and other properties	Total
Norway			
Bank buildings	-	1 769	1 769
Other properties	-	294	294
Repossessed			
- commercial properties	0	40	40
- other properties	9	36	45
Abroad			
Other properties	0	14	14
Repossessed commercial properties	1	0	1
Total properties	10	2 153	2 163

NOTE 29 – REAL ESTATE CLASSIFIED ACCORDING TO GEOGRAPHICAL LOCATION AS AT 31 DECEMBER 1998

DnB Group

Book value in NOK million	Bank buildings	Offices/ Commerce	Manufacturing/ Warehouses	Sites/ Projects	Total
Oslo	698	181	10	37	926
Eastern Norway/Southern Norway	345	81	8	43	477
Bergen	521	5	0	2	528
Western Norway	113	0	0	2	115
Northern Norway/Central Norway	92	0	0	0	92
Abroad	0	2	0	13	15
Total book value	1 769	269	18	97	2 153
Floor space in 1 000 square metres					
Own use	188	8	1	0	197
Tenants	39	32	11	4	86
Not rented out	26	9	15	2	52
Total floor space	253	49	27	6	335
Number of tenants	141	73	13	1	228
Annual rental income from external tenants in NOK million	21	31	5	0	57

NOTE 30 – SPECIFICATION OF LIABILITIES

Den norske Bank ASA 31 Dec. 1997	31 Dec. 1998	*Amounts in NOK million*	DnB Group 31 Dec. 1998	31 Dec. 1997
15 642	**7 953**	Loans and deposits from credit institutions with no fixed term or period of notice	**7 813**	15 322
37 200	**37 390**	Loans and deposits from credit institutions with a fixed term or period of notice	**36 940**	36 801
52 842	**45 344**	**Loans and deposits from credit institutions**	**44 752**	52 123
69 219	**75 605**	Demand deposits from customers	**73 907**	67 585
5 038	**5 354**	Time deposits from customers	**5 354**	5 166
24 813	**29 197**	Special-term deposits from customers	**28 877**	24 545
99 070	**110 156**	**Deposits from customers**	**108 139**	97 295
10 415	**15 256**	Commercial paper issued	**15 256**	10 415
20	**0**	- Less own commercial paper included in the banking portfolio	**0**	20
32 868	**46 333**	Bond debt	**46 333**	32 868
3 249	**5 558**	- Less own bonds included in the banking portfolio	**5 558**	3 249
40 014	**56 031**	**Securities issued**	**56 031**	40 014
0	**0**	Long-term funding	**1 772**	2 022
281	**7**	Short-term funding	**507**	1 678
0	**0**	Liabilities related to factoring	**185**	97
738	**634**	Documentary credits, bank drafts and other payment services	**634**	738
1 121	**865**	Allocated to dividends	**865**	1 121
833	**1 245**	Other liabilities	**1 593**	1 260
2 973	**2 751**	**Other liabilities**	**5 556**	6 915
1 165	**1 365**	Accrued interest expenses	**1 420**	1 222
6 075	**5 017**	Accrued expenses and prepaid revenues on financial derivatives	**5 017**	6 075
808	**622**	Other accrued expenses and prepaid revenues	**682**	917
8 048	**7 004**	**Accrued expenses and prepaid revenues**	**7 119**	8 214
645	**716**	Accrued pension commitments	**756**	682
43	**21**	Specified provisions for losses on guarantees	**24**	52
1	**1**	Unspecified provisions for losses on guarantees	**1**	1
41	**34**	Accrued unassessed payable and deferred taxes	**74**	72
61	**38**	Other provisions	**61**	91
790	**809**	**Provisions for commitments**	**916**	898
2 105	**2 644**	Term subordinated loan capital	**2 644**	2 358
4 136	**4 292**	Perpetual subordinated loan capital	**4 292**	4 136
6 241	**6 936**	**Subordinated loan capital**	**6 936**	6 494
209 977	**229 030**	**Total liabilities**	**229 449**	211 954

NOTE 31 – MATURITY STRUCTURE ON BOND DEBT AND SUBORDINATED LOAN CAPITAL AS AT 31 DEC. 1998

DnB Group

	Bond debt [1]		Subordinated loan capital		
Amounts in NOK million	NOK	Foreign currency	NOK	Foreign currency	Total
Maturity (year)					
1999	7 019	1 831	0	0	8 850
2000	3 401	5 587	0	0	8 988
2001	1	3 324	0	0	3 325
2002	1 738	3 999	0	0	5 737
2003	546	3 077	0	0	3 623
2004	1 717	2 628	0	0	4 346
2005 and later	1 002	4 905	0	2 644	8 551
Perpetual subordinated loan capital				4 292	4 292
Total	15 424	25 351	0	6 936	47 711

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

NOTE 32 – PREMIUMS/DISCOUNTS ON OWN BONDS INCLUDED IN THE BANKING PORTFOLIO AS AT 31 DEC. 1998 [1]

DnB Group

Amounts in NOK million	(Premiums)/discounts on repurchases	Premiums/(discounts) on issue and resale	Book value
Maturity (year)			
1999	(11)	50	3 594
2000	4	(13)	913
2001	4	(9)	0
2002	1	(9)	556
2003	1	(9)	4
2004	0	(1)	438
2005 and later	2	0	53
Total	1	10	5 558

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 1998 totalled NOK 5 504 million.

NOTE 33 – SUBORDINATED LOAN CAPITAL

DnB Group

Amounts in NOK million	Term subordinated loan capital	Perpetual subordinated loan capital	Subordinated loan capital
Balance sheet as at 31 Dec. 1997	2 358	4 136	6 494
Issued	988	0	988
Matured/redeemed	762	0	762
Exchange rate movements	60	157	217
Balance sheet as at 31 Dec. 1998 *)	**2 644**	**4 292**	**6 936**

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

Amounts in foreign currency	Currency	Translated into NOK	Interest rate	Maturity
215	USD	1 633	3-month floating rate	Perpetual
200	USD	1 519	6-month floating rate	Perpetual
150	USD	1 140	6-month floating rate	Perpetual
130	USD	988	3-month floating rate	2008
110	USD	836	3-month floating rate	2007

Subordinated loan capital is included as supplementary capital in calculating capital adequacy. In accordance with capital adequacy regulations, the lower of the exchange rates prevailing at the time the loan was raised and on the balance sheet date should be applied in calculating eligible primary capital. Term subordinated loan capital is thus reduced by NOK 209 million in capital adequacy calculations and perpetual subordinated loan capital is reduced by NOK 99 million. Further, the loan amounts will be gradually reduced during the final five years to maturity. This reduction represents NOK 147 million (based on the lower value principle). NOK 6 628 million of the recorded subordinated loan capital of NOK 6 936 million will thus be included in primary capital in accordance with capital adequacy regulations.

Capital adequacy calculations should be based on total eligible primary capital. In this connection, the subordinated loan capital of the financial services group should be used. The Group's share of subordinated loan capital in associated companies and Vital totalling NOK 1 579 million will thus be added to the subordinated loan capital recorded in the balance sheet.

NOTE 34 – EQUITY

Den norske Bank ASA

Amounts in NOK million	Share capital	Equity reserves	Free reserves	Total equity
Balance sheet as at 31 Dec. 1997	6 405	3 203	4 156	13 763
Transfers		0	138	138
Exchange rate movements		0	3	3
Balance sheet as at 31 Dec. 1998	**6 405**	**3 203**	**4 297**	**13 905**

DnB Group

Amounts in NOK million	Share capital	Other equity	Total equity
Balance sheet as at 31 Dec. 1997	6 405	8 652	15 057
Transfers		449	449
Exchange rate movements		22	22
Balance sheet as at 31 Dec. 1998	**6 405**	**9 124**	**15 529**

NOTE 35 – CAPITAL ADEQUACY

DnB Group

Amounts in NOK million	**31 Dec. 1998**	Per cent	31 Dec. 1997	Per cent
Core capital	**14 903**	**6.8**	14 428	7.3
Term subordinated loan capital [1]	**4 160**		3 361	
Perpetual subordinated loan capital etc. [1]	**4 193**		4 134	
Subordinated loan capital not eligible [2]	**(147)**		(635)	
Net supplementary capital	**8 207**	**3.7**	6 860	3.5
Deductions	**(1 700)**	**(0.8)**	(1 534)	(0.8)
Total eligible primary capital [3]	**21 410**		19 754	
Total risk-weighted volume	**220 313**		199 090	
Capital ratio		**9.7**		9.9

SPECIFICATION OF RISK-WEIGHTED VOLUME

DnB Group

	Nominal amounts [3]						Risk-weighted volume	
Amounts in NOK million Risk weight:	0%	4%	10%	20%	50%	100%	**31 Dec. 1998**	31 Dec. 1997
Banking portfolio								
Cash and ordinary deposits with banks	**2 190**	**0**	**0**	**4 519**	**0**	**0**	**904**	686
Short-term investments in securities	**17 785**	**205**	**380**	**14 139**	**0**	**14 942**	**17 816**	15 129
Lending	**3 013**	**0**	**0**	**12 203**	**55 661**	**127 360**	**157 632**	144 858
Other assets	**1 597**	**0**	**0**	**620**	**4 207**	**1 389**	**3 616**	2 767
Fixed assets	**7 369**	**0**	**372**	**2 934**	**0**	**8 370**	**8 994**	8 325
Total assets	**31 954**	**205**	**753**	**34 414**	**59 868**	**152 061**	**188 962**	171 765
Off-balance-sheet instruments							**28 197**	24 530
Total risk-weighted volume, banking portfolio							**217 158**	196 295
Trading portfolio								
Position risk, equity instruments							**67**	76
Position risk, debt instruments							**5 929**	5 341
Settlement risk							**45**	0
Counterparty risk and other risks							**3 426**	3 045
Currency risk (tied to the Group's total operations)							**0**	11
Total risk-weighted volume, trading portfolio							**9 466**	8 472
Total risk-weighted volume, banking and trading portfolios							**226 625**	204 767
Deduction for:								
Investments in primary capital in other financial institutions							**(875)**	(653)
Specified and unspecified loan-loss provisions							**(5 436)**	(5 024)
Total risk-weighted volume							**220 313**	199 090

1) *In accordance with capital adequacy regulations, the lower of the exchange rates prevailing at the time the loan was raised and on the balance sheet date should be applied in calculating eligible primary capital. Term subordinated loan capital is thus reduced by NOK 209 million in capital adequacy calculations and perpetual subordinated loan capital is reduced by NOK 99 million. See note 33.*
2) *Includes deductions for subordinated loans not approved as supplementary capital. Term subordinated loan capital is reduced proportionally by 20 per cent per year over the final five years prior to maturity.*
3) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB Group's accounts as a different consolidation method is used in calculating capital adequacy.*

In calculating capital adequacy, DnB defines its trading portfolio as those activities performed and organised within DnB Markets, including foreign exchange and securities operations abroad. Risk-weighted volume in the trading portfolio is calculated on the basis of market values.

NOTE 36 – RESIDUAL MATURITY ON BALANCE SHEET ITEMS AND FINANCIAL DERIVATIVES AS AT 31 DEC. 1998

DnB Group

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	2 093						2 093
Foreign currency	55						55
Lending to and deposits with credit institutions							
NOK	1 621	225	161	330	197		2 534
Foreign currency	4 644	664	740	1 025			7 073
Net lending to customers [1)]							
NOK	15 338	4 653	13 232	38 606	63 028	(785)	134 072
Foreign currency	6 129	1 129	4 995	27 383	9 488		49 125
Commercial paper, bonds, etc.							
NOK	1 523	2 349	2 835	4 852	1 361		12 920
Foreign currency	42	492	2 877	8 125	4 576	39	16 152
Sundry assets							
NOK	391		7	33	15	14 102	14 548
Foreign currency	972	6	107	7	16	5 298	6 405
Total assets	32 807	9 518	24 953	80 361	78 682	18 656	244 977
NOK	20 965	7 227	16 235	43 821	64 601	13 318	166 167
Foreign currency	11 842	2 291	8 719	36 540	14 081	5 338	78 810
Liabilities and equity							
Loans and deposits from credit institutions							
NOK	10 157	0	392		21		10 570
Foreign currency	14 089	12 231	7 862				34 183
Deposits from customers							
NOK	43 190	42 299	3 128	367			88 984
Foreign currency	16 699	781	1 676				19 155
Securities issued							
NOK	209	2 240	6 218	5 685	2 719		17 072
Foreign currency	3 768	7 203	4 468	15 987	7 534		38 959
Sundry liabilities							
NOK	330	193	33	86	16	4 387	5 046
Foreign currency	1 055	50	167		1 569	5 704	8 544
Subordinated loan capital							
NOK							
Foreign currency					6 936		6 936
Equity							
NOK						15 636	15 636
Foreign currency						(108)	(108)
Total liabilities and equity	89 498	64 997	23 944	22 125	18 795	25 619	244 977
NOK	53 887	44 732	9 771	6 138	2 757	20 023	137 308
Foreign currency	35 611	20 264	14 173	15 987	16 039	5 596	107 669
Liquidity exposure gap on balance sheet items	(56 690)	(55 479)	1 009	58 236	59 887	(6 963)	0
NOK	(32 922)	(37 506)	6 464	37 683	61 845	(6 705)	28 859
Foreign currency	(23 769)	(17 973)	(5 455)	20 553	(1 958)	(258)	(28 859)
Liquidity exposure gap on financial derivatives	335	585	328	277	1 133		2 658
NOK	(9 599)	(17 614)	722	(3 560)	531		(29 521)
Foreign currency	9 934	18 199	(394)	3 837	603		32 178
Total liquidity exposure gap	(56 356)	(54 894)	1 337	58 513	61 020	(6 963)	2 658
NOK	(42 521)	(55 119)	7 186	34 123	62 375	(6 705)	(662)
Foreign currency	(13 835)	226	(5 849)	24 390	(1 355)	(258)	3 319

1) Overdraft and working capital facilities are grouped under residual maturities of up to 1 month.

NOTE 37 – INTEREST RATE RISK SENSITIVITY

The value of items on and off the balance sheet is affected by interest rate movements. This interest rate sensitivity can be expressed as potential changes in value arising from a hypothetical change in interest rates at a fixed future date. The table below indicates estimated negative changes in market value following a change in interest rates of 1 percentage point at the end of 1998. The calculation is conditional on movements in each currency and for all time brackets being unfavourable for the Group relative to actual interest rate positions. The table shows the changes in value which would arise from such a hypothetical change in interest rates.

DnB Group

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	0	6	9	27	3	21
USD	7	19	11	33	1	32
DEM	0	2	11	1	1	7
GBP	1	2	0	3	6	1
Other currencies	1	10	22	9	10	29
Banking portfolio						
NOK	3	18	24	19	6	28
DEM	0	0	0	7	0	7
Total						
NOK	4	11	15	46	3	49
USD	7	19	11	33	1	32
DEM	0	2	11	6	1	14
GBP	1	2	0	3	6	1
Other currencies	1	10	22	9	10	29

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

NOTE 38 – CURRENCY POSITIONS

The table below shows the DnB Group's net currency positions broken down on major currencies as well as the total position. As defined by Norges Bank, a currency position includes net assets after deducting liabilities and equity, in addition to purchases and sales to be settled at a future date in each currency. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded.

DnB Group

Amounts in NOK million	USD	DEM	JPY	FRF	CHF	GBP	DKK	SEK	CAD	Total 1)
Net currency positions as at 31 Dec. 1998	89	(119)	(24)	(2)	(5)	31	9	7	20	284
Average net currency positions in 1998 1)	193	277	72	6	60	43	67	65	23	593
Highest net currency positions in 1998 1)	1 265	1 759	477	48	268	206	381	591	190	2 123

1) The figures represent absolute values.

Net positions in individual currencies may represent up to 15 per cent of the Group’s capital base. Aggregate currency positions must be within 30 per cent of the capital base.

NOTE 39 – FINANCIAL INSTRUMENTS *)

DnB Group

Amounts in NOK million	Nominal amount (face value) as at 31 Dec. 1998 1)	Book value as at 31 Dec. 1998	Average market value 1998	Market value as at 31 Dec. 1998 2)
Trading portfolio				
Balance sheet instruments				
Commercial paper, bonds, etc.	24 823	24 937	19 290	24 937
Shares etc.	-	1 815	2 255	1 942
Net other money market instruments 3)	-	-	(64)	(83)
Off-balance-sheet instruments (financial derivatives)				
Interest rate agreements	1 188 973	722	582	722
Foreign exchange agreements 4)	369 553	406	(597)	406
Equity-related agreements	3 180	0	8	0
Commodity-related agreements	759	30	(7)	30
Total trading portfolio		27 910	21 467	27 954
Banking portfolio				
Assets				
Commercial paper, bonds, etc.	4 112	4 135	4 540	4 135
Intra-group items	146 036	146 036	128 693	146 349
Other assets	2 275	2 275	4 434	2 275
Liabilities				
Bond debt	59 495	59 495	49 180	59 447
Intra-group items	90 686	90 686	85 659	91 110
Other liabilities	2 265	2 265	2 850	2 279
Off-balance-sheet items (financial derivatives)	19 432	(37)	45	(43)

Some of the figures are based on unaudited estimates.

*) *Financial instruments in this note include short-term securities, securities debt, other balance sheet items which the Bank makes active use of in managing risks as well as financial derivatives.*

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) *Net other money market instruments include certain short-term funding and lending activities with professional market participants.*
4) *Cross-currency interest rate swaps are included under foreign exchange agreements.*

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 1998, a total of NOK 43 million was recorded as income on such transactions, while there was a gain of NOK 144 million for 1998.

NOTE 40 – OTHER OFF-BALANCE SHEET TRANSACTIONS AND ADDITIONAL INFORMATION

Den norske Bank ASA			DnB Group	
31 Dec. 1997	**31 Dec. 1998**	*Amounts in NOK million*	**31 Dec. 1998**	31 Dec. 1997
49 086	**53 597**	Unutilised ordinary credit lines	**53 597**	49 086
1 181	**808**	Documentary credit commitments	**808**	1 181
2 746	**1 258**	Other commitments	**1 258**	2 746
53 013	**55 663**	Total commitments	**55 663**	53 013
7 152	**8 281**	Loan guarantees	**8 302**	7 177
7 362	**6 838**	Performance guarantees	**6 838**	7 362
4 246	**5 769**	Payment guarantees	**5 769**	4 246
3 561	**5 428**	Other guarantee commitments	**5 428**	3 561
955	**1 110**	Guarantees for taxes etc.	**1 110**	955
418	**213**	Support agreements	**480**	273
23 695	**27 640**	Total guarantee commitments *)	**27 928**	23 575
		*) Of which:		
1 498	**1 131**	Counter-guaranteed by financial institutions	**1 131**	1 498
62	**38**	Joint and several liabilities	**109**	151
		Mortgages etc.		
3 964	**7 386**	Securities 1) 2)	**7 386**	3 964
86	**90**	Bank deposits	**90**	86
4	**3**	Bank buildings and other properties	**3**	4
4 055	**7 479**	Total mortgages etc.	**7 479**	4 055
		are pledged as security for:		
5	**4 455**	Loans 1) 2)	**4 455**	5
160	**0**	Investment banking activities 3)	**0**	160
217	**338**	Other activities	**338**	217

1) *NOK 3 588 million in securities has been pledged as collateral for the Bank's loans from Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on securities registered in the Norwegian Registry of Securities and/or the Bank's fixed rate deposits with Norges Bank. As at 31 December 1998, Den norske Bank had borrowed NOK 902 million from Norges Bank.*
2) *NOK 3 550 million represents securities in favour of Deutsche Bundesbank and Bank of England for loans in euro.*
3) *There is no longer any requirement to issue collateral for investment banking activities.*

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 41 – CONTINGENCIES

The Liberia-registered company Esperance Ltd. has brought an action against DnB with a US court, claiming damages in excess of USD 400 million in connection with the financing of investments in Mexico and subsequent realisation of collateral. DnB disputes the claim. In the opinion of DnB, this case does not fall within the jurisdiction of the United States. In the court of first instance, DnB's application to discharge the case was granted. The plaintiff appealed against the decision. The court of appeal sustained the decision to discharge the case. The plaintiff has filed a petition of rehearing. The petition of rehearing the case has been discharged, and the term of appeal is running for the Supreme Court.

In January 1996, Ole A. Fjell, Bergen, filed a suit with the Bergen Municipal Court claiming compensation of up to NOK 300 million due to alleged losses related to a property venture in Beijing. DnB disputes the claim.

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

Annual reports for previous years have described claims for damages brought against DnB by investors facing potential losses following final debt settlement for A/S Investa. The claims are not expected to have any material impact on DnB's financial position.

In addition to the above disputes, the DnB Group is party to other legal actions under which claims have been advanced against the Group. However, these are not expected to have any material impact on DnB's financial position.

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

NOTE 42 – CASH FLOW STATEMENTS

Den norske Bank ASA 1997	Den norske Bank ASA 1998	*Amounts in NOK million*	DnB Group 1998	DnB Group 1997
		Lending and funding activity		
(61 332)	**(66 508)**	Payments made on instalment loans	**(68 739)**	(63 610)
49 695	**57 462**	Payments received on instalment loans	**59 144**	51 549
1 991	**2 822**	Net payments/receipts on credit lines, current account deposits and other current accounts	**1 731**	(1 293)
(9 298)	**0**	Purchase of loan portfolio	**0**	(9 298)
321	**271**	Receipts on loans and guarantees previously written off	**295**	303
12 979	**18 680**	Deposits from customers	**18 680**	12 979
(18 762)	**(14 087)**	Repayment of customer deposits	**(14 266)**	(18 916)
9 163	**11 605**	Interest and commissions received from customers	**12 504**	9 783
(3 056)	**(4 690)**	Interest payments to customers	**(4 648)**	(3 060)
(18 299)	**5 554**	Net cash flow relating to lending and funding activity with customers	**4 701**	(21 563)
		Investments in securities and financial derivatives		
3 745	**10 235**	Receipts on the sale of short-term investments in shares etc.	**10 411**	4 689
(5 059)	**(10 062)**	Payments on purchases of short-term investments in shares etc.	**(10 170)**	(5 279)
(6 755)	**(5 693)**	Net receipts/payments on trading in interest-earning securities	**(5 592)**	(6 432)
1 032	**1 183**	Interest earned on securities	**1 187**	1 037
16	**52**	Dividends received on short-term investments in shares and mutual funds	**62**	30
783	**979**	Net receipts/payments on trading in foreign exchange and financial derivatives	**984**	784
(6 237)	**(3 305)**	Net cash flow relating to trading in securities and financial derivatives	**(3 118)**	(5 171)
		Operations		
1 607	**1 604**	Receipts on commissions and fees	**1 979**	1 923
369	**239**	Receipts on other operating income	**405**	542
(4 378)	**(4 409)**	Payments to operations	**(5 006)**	(4 961)
(7)	**(37)**	Taxes paid	**(51)**	(55)
(2 409)	**(2 603)**	Net cash flow relating to operations	**(2 674)**	(2 551)
		Investment activity		
704	**179**	Receipts on the sale of fixed assets	**188**	1 031
(262)	**(302)**	Payments on the acquisition of fixed assets	**(356)**	(412)
56	**8**	Receipts on the sale of long-term investments in shares and associated companies	**8**	0
(7)	**(146)**	Payments on the acquisition of long-term investments in shares and associated companies	**(13)**	(7)
53	**201**	Dividends received on long-term investments in shares and associated companies	**17**	14
544	**(59)**	Net cash flow relating to investment activity	**(156)**	625
		Equity funding		
930	**988**	Inflows of subordinated loan capital	**988**	930
(1 233)	**(509)**	Outflows of repayments/instalments on subordinated loan capital	**(762)**	(1 233)
195	**328**	Receipts on group contributions	**0**	0
(1 121)	**(1 121)**	Dividend payments	**(1 121)**	(1 121)
(1 229)	**(315)**	Net cash flow relating to equity funding	**(896)**	(1 424)
		Other liquidity financing		
16 247	**11 431**	Receipts on the issue of bonds	**11 431**	16 247
(5 297)	**(822)**	Repayment of bond debt	**(822)**	(5 297)
0	**0**	Net receipts/payments on other long-term liabilities	**(250)**	(174)
5 214	**4 352**	Net receipts/payments on other short-term liabilities	**3 584**	6 187
11 984	**(8 619)**	Net investments in/borrowings from credit institutions	**(5 674)**	13 887
(3 034)	**(4 313)**	Net interest payments on other liquidity financing	**(4 835)**	(3 294)
25 114	**2 028**	Net cash flow relating to other liquidity financing	**3 433**	27 555
(2 516)	**1 300**	Net cash flow	**1 291**	(2 530)
3 363	**847**	Cash and deposits with Norges Bank as at 1 January	**857**	3 387
(2 516)	**1 300**	Net receipts/payments on cash and deposits with Norges Bank	**1 291**	(2 530)
847	**2 147**	Cash and deposits with Norges Bank as at 31 December	**2 148**	857

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

AUDITOR'S REPORT FOR 1998

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

We have audited the annual accounts of Den norske Bank ASA for 1998, showing profits of NOK 848 million for Den norske Bank ASA and profits of NOK 1 314 million for the DnB Group. The annual accounts, which consist of the Directors' Report, profit and loss account, balance sheet, statement of cash flows, notes and the corresponding consolidated accounts, are the responsibility of the Board of Directors and the Group Chief Executive Officer.

Our responsibility is to examine the company's annual accounts, its accounting records and the conduct of its affairs.

We have conducted our audit in accordance with applicable laws, regulations and generally accepted auditing standards. We have performed the auditing procedures we considered necessary to determine that the annual accounts are free of material errors or omissions. We have examined, on a test basis, the accounting material supporting the financial statements, assessed the appropriateness of the accounting principles applied and the accounting estimates made by management, and evaluated the overall presentation of the annual accounts. We have also evaluated the company's asset management and internal controls to the extent required by generally accepted auditing standards.

The allocation of the profit for the year, as proposed by the Board of Directors, complies with the requirements of the Commercial Banking Act and corporate law.

In our opinion, the annual accounts have been prepared in conformity with prevailing laws and regulations for commercial banks and present fairly the company's and the group's financial position as at 31 December 1998 and the result of operations for the fiscal year in accordance with generally accepted accounting principles.

Oslo, 9 March 1999
Arthur Andersen & Co.

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

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

CONTROL COMMITTEE'S REPORT

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

Throughout the 1998 financial year, the Control Committee has carried out internal controls in the Bank in accordance with Section 13 of the Commercial Banking Act and instructions laid down by the Supervisory Board on 8 December 1992.

In connection with the 1998 annual accounts the Control Committee has examined the 1998 accounts of the DnB Group and Den norske Bank ASA, the Directors' Report and Auditors' Report for 1998.

The Committee finds that the Board of Directors gives an adequate description of the Bank's financial position, and recommends the approval of the 1998 accounts, comprising the profit and loss accounts and balance sheets, including notes, for the DnB Group and Den norske Bank ASA, along with the Directors' report.

Oslo, 11 March 1999
Control Committee

Odd Ivar Biller
(chairman)

Siri Pettersen Strandenes
(vice-chairman)

Harald S. Kobbe

Eva Granly Fredriksen

Harald Eikesdal

Ellen Holager Andenæs
(deputy)

Frida Nokken
(deputy)

Pro forma accounts

in accordance with new regulations on annual accounts with effect from 1 January 1999

PROFIT AND LOSS ACCOUNTS — **DnB Group**

Amounts in NOK million	**1998**	1997
Interest income	**15 725**	11 967
Interest expenses	**11 387**	7 740
Net interest income and credit commissions	**4 339**	4 227
Dividends	**79**	44
Net profit from Vital	**183**	192
Net commissions and fees receivable on banking services	**1 607**	1 564
Net change in value and gain/(loss) on foreign exchange and financial instruments	**761**	759
Sundry operating income	**485**	508
Net other operating income	**3 115**	3 067
Salaries and other personnel expenses	**2 567**	2 489
Administrative expenses	**1 046**	918
Depreciation etc.	**383**	312
Sundry operating expenses	**967**	1 002
Total operating expenses	**4 964**	4 721
Pre-tax operating profit before losses	**2 490**	2 573
Net losses/(reversals) on loans, guarantees, etc.	**1 167**	(103)
Net loss on long-term securities	**0**	149
Pre-tax operating profit	**1 323**	2 527
Taxes	**439**	521
Profit for the year	**885**	2 006

BALANCE SHEETS — **DnB Group**

Amounts in NOK million	**31 Dec. 1998**	31 Dec. 1997
Assets		
Cash and lending to and deposits with credit institutions	**11 755**	12 968
Net lending to customers	**183 198**	169 337
Commercial paper and bonds	**29 072**	23 598
Shareholdings etc.	**5 160**	4 668
Fixed assets and intangible assets	**4 117**	4 654
Sundry assets	**12 075**	12 613
Total assets	**245 378**	227 840
Liabilities and equity		
Loans and deposits from credit institutions	**44 752**	52 123
Deposits from customers	**108 139**	97 295
Securities issued	**56 031**	40 014
Sundry liabilities	**13 591**	16 027
Subordinated loan capital	**6 936**	6 494
Equity	**15 929**	15 886
Total liabilities and equity	**245 378**	227 840

The pro forma accounts for 1997 and 1998 are based on new accounting legislation and regulations on annual accounts for banks etc. which came into effect on 1 January 1999 and stipulate certain changes in principles for accounting entries and classification. The most important changes for the DnB Group are:

- In accordance with new laws and regulations, all assets and liabilities included in the trading portfolio are recorded at market value subject to special conditions. Previously, these balance sheet items have been entered at the lower of cost and market value, while financial derivatives have been entered at market value. In this connection, DnB has redefined the trading portfolio so that in future it will include activities under DnB Markets. Other units in the Bank will make up the banking portfolio, including most of the Bank's short-term share investments, which up till now have been part of the trading portfolio. In the banking portfolio, short-term holdings of securities will still be recorded at the lower of cost and market value.
- It will be possible to enter deferred tax assets in the balance sheet regardless of the amount of deferred taxes, while earlier these assets could only be entered up to the amount of deferred taxes in the balance sheet.
- Contributions to the Commercial Banks Guarantee Fund, previously classified as operating expenses, will be classified as interest expenses.

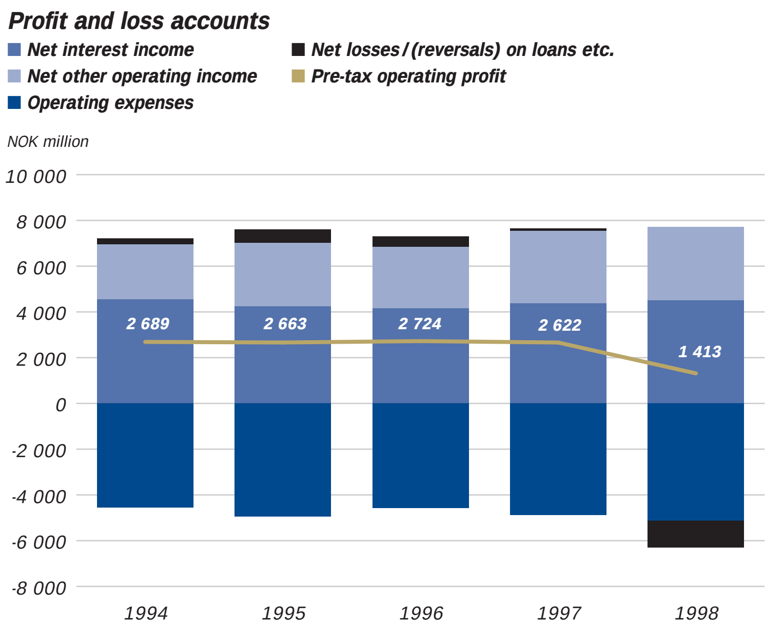
As a result of these changes, the DnB Group's recorded equity as at 1 January 1999 will be NOK 400 million higher than the figure reported in the accounts as at 31 December 1998.

Due to the new regulations on annual accounts, DnB ASA's equity will increase from NOK 13.9 billion to NOK 15.9 billion. In addition to the changes in principles mentioned above, this reflects the impact of consolidating subsidiaries' equity in the Bank's accounts.

SURVEY OF RESULTS 1994–1998

DnB Group

Amounts in NOK million	**1998**	1997	1996	1995	1994
Interest income	**15 725**	11 967	11 706	11 658	11 447
Interest expenses	**11 219**	7 587	7 539	7 411	6 903
Net interest income and credit commissions	**4 506**	4 380	4 167	4 247	4 543
Dividends	**79**	44	45	55	51
Net profit from Vital before provisions for restructuring	**183**	192	156	-	-
Net commissions and fees receivable on banking services	**1 607**	1 564	1 289	1 167	1 250
Net gain on foreign exchange and financial instruments	**851**	854	715	950	404
Sundry operating income	**439**	474	529	554	580
Net other ordinary operating income	**3 159**	3 127	2 735	2 727	2 285
Provisions for restructuring in Vital Forsikring	**0**	0	100	-	-
Gains on the sale of fixed assets	**46**	34	39	43	123
Net other operating income	**3 205**	3 162	2 674	2 770	2 408
Salaries and other personnel expenses	**2 557**	2 439	2 245	2 242	2 122
Administrative expenses and other operating expenses	**2 135**	1 994	1 859	1 990	1 911
Depreciation, etc. on fixed assets	**340**	312	335	349	374
Total ordinary operating expenses	**5 032**	4 745	4 438	4 581	4 408
Allocations to the investment fund for employees	**10**	50	60	30	0
Provisions for restructuring measures	**42**	54	21	233	0
Losses and write-downs on fixed assets and rental contracts	**47**	26	61	94	141
Total operating expenses	**5 131**	4 875	4 580	4 938	4 549
Pre-tax operating profit before losses	**2 580**	2 667	2 262	2 078	2 402
Net losses/(reversals) on loans, guarantees, etc.	**1 167**	(103)	(455)	(579)	(264)
Net gain/(loss) on long-term securities	**0**	(149)	7	6	23
Pre-tax operating profit	**1 413**	2 622	2 724	2 663	2 689
Taxes	**100**	32	22	6	10
Profit for the year	**1 314**	2 590	2 702	2 657	2 680
Average total assets	**246 136**	213 784	183 593	172 402	174 752



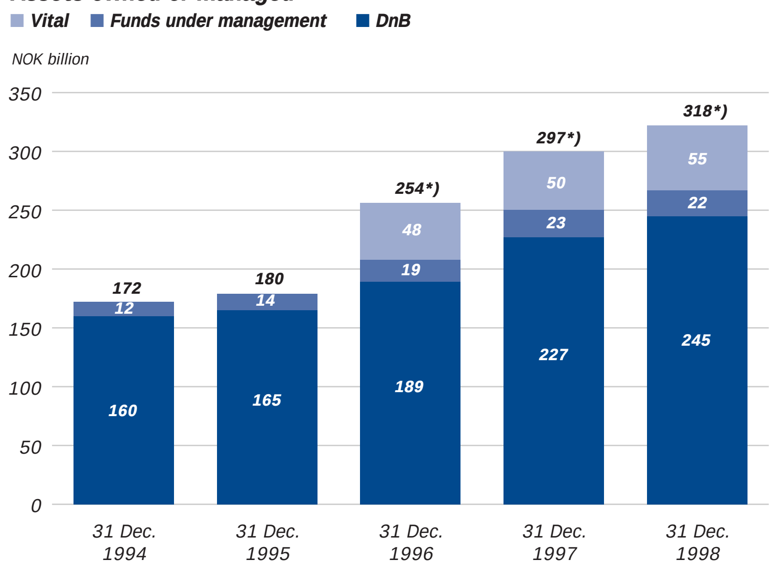
BALANCE SHEET SUMMARY 1994–1998

DnB Group

Amounts in NOK million **Assets**	**31 Dec. 1998**	31 Dec. 1997	31 Dec. 1996	31 Dec. 1995	31 Dec. 1994
Cash and deposits with central banks	**2 148**	857	3 387	1 034	677
Lending to and deposits with credit institutions	**9 607**	12 111	8 928	3 604	8 108
Gross lending to customers	**188 588**	174 288	146 604	134 784	128 167
- Specified loan-loss provisions	**(3 265)**	(3 459)	(4 115)	(5 600)	(7 516)
- Unspecified loan-loss provisions	**(2 126)**	(1 491)	(1 311)	(1 306)	(1 713)
Net lending to customers	**183 198**	169 337	141 179	127 878	118 938
Repossessed assets	**60**	298	364	456	723
Commercial paper and bonds	**29 072**	23 578	16 473	14 473	12 893
Shareholdings etc.	**2 230**	2 039	1 332	1 736	1 843
Investments in Vital and associated companies	**2 956**	2 630	2 276	714	654
Intangible assets	**820**	876	945	48	62
Fixed assets	**2 787**	2 929	3 796	4 367	4 767
Other assets	**2 365**	2 370	2 876	1 747	1 287
Prepayments and accrued income	**9 734**	9 984	7 459	8 529	9 636
Total assets	**244 977**	227 011	189 015	164 586	159 588

Liabilities and equity	**31 Dec. 1998**	31 Dec. 1997	31 Dec. 1996	31 Dec. 1995	31 Dec. 1994
Loans and deposits from credit institutions	**44 752**	52 123	32 701	19 960	19 754
Deposits from customers	**108 139**	97 295	100 282	91 197	89 429
Securities issued	**56 031**	40 014	22 389	16 474	14 600
Other liabilities	**5 556**	6 915	6 703	10 220	10 308
Accrued expenses and prepaid revenues	**7 119**	8 214	6 443	7 305	7 408
Provisions for commitments	**916**	898	722	773	628
Subordinated loan capital and preference capital	**6 936**	6 494	6 195	6 465	6 966
Equity	**15 529**	15 057	13 580	12 194	10 493
Total liabilities and equity	**244 977**	227 011	189 015	164 586	159 588
Total risk-weighted volume	**220 313**	199 090	168 815	134 114	131 566

Assets owned or managed



*) Net of inter-company balances.

KEY FIGURES 1994–1998

DnB Group

	Dec. 1998	1998	1997	1996	1995	1994
Interest rate analysis						
1. Net interest income and credit commissions		**1.83**	2.05	2.27	2.46	2.60
2. Combined spread	**2.76**	**2.61**	2.66	2.91	3.31	-
3. Spread for ordinary lending to customers	**1.48**	**1.35**	1.84	1.98	2.27	-
4. Spread for deposits from customers	**1.28**	**1.27**	0.82	0.93	1.04	-
Rate of return/profitability						
5. Profits from ordinary operations, % of average assets		**1.07**	1.29	1.34	1.39	1.38
6. Pre-tax operating profit before losses, % of average assets		**1.05**	1.25	1.23	1.21	1.37
7. Pre-tax operating profit, % of average assets		**0.57**	1.23	1.48	1.54	1.54
8. Cost/income ratio (%)		**66.54**	64.63	66.94	70.38	65.44
9. Return on equity (%)		**8.35**	17.41	20.22	23.43	28.06
10. Earnings per share (NOK)		**2.05**	4.04	4.22	4.15	4.33
11. Dividend per share (NOK)		**1.35**	1.75	1.75	1.50	1.25
Loan portfolio and loan-loss provisions						
12. Loan-loss ratio (%)		**0.65**	(0.05)	(0.31)	(0.47)	(0.21)
13. Loan-loss provisions relative to total lending (%)		**2.86**	2.84	3.70	5.12	7.20
14. Unspecified loan-loss provisions, % of total lending		**1.15**	0.87	0.92	1.01	1.42
15. Problem commitments, % of total lending		**2.77**	2.05	3.24	4.79	6.55
Liquidity						
16. Ratio of deposits to lending, total (%)		**59.03**	57.46	71.03	71.32	75.19
17. Ratio of deposits to lending, NOK (%)		**66.37**	64.11	78.82	76.83	84.24
Financial strength						
18. Capital adequacy ratio (%)		**9.7**	9.9	10.9	13.2	13.1
19. Core capital ratio (%)		**6.8**	7.3	7.7	8.6	7.4
20. Risk-weighted volume (NOK million)		**220 313**	199 090	168 815	134 114	131 566
Staff						
21. Number of full-time positions at year-end [1)]		**5 978**	6 104	6 206	6 734	6 832
Other						
22. Number of shares (1 000)		**640 500**	640 500	640 500	640 500	640 500
23. "RISK" adjustment (NOK) [2)]		**(1.35)**	(1.43)	(1.29)	(0.89)	(1.24)

1) Incl. Vital with 537 full-time positions as at 31 Dec. 1998, 573 full-time positions as at 31 Dec. 1997, 641 full-time positions as at 31 Dec. 1996, 637 full-time positions as at 31 Dec. 1995 and 684 full-time positions as at 31 Dec. 1994.

2) Estimated "RISK" adjustment for 1998 and "RISK" adjustment for 1997 and 1996 based on a decision by the tax authorities (see note 15).

Definitions:

1. Net interest income and credit commissions as a percentage of average total assets.
2. Combined average spread for lending and deposits.
5. This profit figure is not shown in the profit and loss accounts. Profits from ordinary operations include pre-tax operating profits before losses excluding net gains, losses and write-downs on fixed assets, provisions for restructuring measures, allocations to the investment fund for employees and the provisions for restructuring in Vital Forsikring.
8. Operating expenses as a percentage of the total of net interest income and net other operating income.
9. Profit for the year as a percentage of average equity.
10. Profit for the year divided by the average number of shares.
12. Net losses on loans (excluding guarantees) as a percentage of lending after the deduction of specified loan-loss provisions at year-end.
13. Accumulated specified and unspecified loan-loss provisions relative to lending at year-end.
14. Accumulated unspecified loan-loss provisions relative to lending after the deduction of specified loan-loss provisions at year-end.
15. Problem commitments after the deduction of specified loan-loss provisions relative to lending after the deduction of specified loan-loss provisions.
16. Customer deposits as a percentage of net lending to customers.
17. Customer deposits in NOK as a percentage of net lending to customers in NOK.

VOLUME AND INTEREST RATE ANALYSIS

DnB Group

Amounts in NOK million and per cent	1998 Average balance	1998 Interest rate in %	1997 Average balance	1997 Interest rate in %	Changes in interest from 1997 to 1998 due to changes in: Volume	Interest rates
Assets						
Cash and deposits with central banks	**2 915**	**4.43**	3 465	3.00	(20)	46
Lending to and deposits with credit institutions						
NOK	**5 198**	**4.93**	4 702	3.49	21	72
Foreign currency	**10 672**	**7.57**	6 962	8.34	295	(68)
Interest-earning loans after specified loan-loss provisions						
NOK	**131 779**	**7.38**	115 326	6.25	1 121	1 392
Foreign currency	**47 059**	**6.80**	38 989	7.14	563	(146)
Non-accruing loans after specified loan-loss provisions						
NOK	**2 161**		2 052			
Foreign currency	**1 152**		880			
Unspecified loan-loss provisions						
NOK	**(1 408)**		(1 180)			
Foreign currency	**(172)**		(148)			
Commercial paper and bonds						
NOK	**12 408**	**6.14**	15 532	6.04	(190)	14
Foreign currency	**11 384**	**5.21**	4 691	3.96	307	100
Sundry assets						
NOK	**13 468**		12 545			
Foreign currency	**9 520**		9 968			
Total assets	**246 136**	**6.29**	213 784	5.60	1 922	1 583
NOK	**166 469**	**6.53**	152 385	5.52	849	1 606
Foreign currency	**79 667**	**5.78**	61 399	5.79	1 056	(5)
Liabilities and equity						
Loans and deposits from credit institutions						
NOK	**8 155**	**3.19**	7 480	2.66	20	42
Foreign currency	**34 822**	**6.34**	38 026	5.48	(189)	313
Deposits from customers						
NOK	**85 729**	**4.36**	82 350	2.77	120	1 339
Foreign currency	**19 542**	**5.00**	17 072	4.89	122	20
Securities issued						
NOK	**19 267**	**5.72**	17 294	6.09	117	(68)
Foreign currency	**38 034**	**5.78**	12 578	5.64	1 454	36
Sundry liabilities						
NOK, interest-bearing	**426**	**2.36**	153	2.20	6	0
NOK, non-interest-bearing	**6 660**		6 154			
Foreign currency, interest-bearing	**1 950**	**1.91**	2 096	1.18	(2)	15
Foreign currency, non-interest-bearing	**9 147**		10 015			
Subordinated loan capital						
NOK	**0**		100	4.84	(2)	(2)
Foreign currency	**7 180**	**6.03**	6 492	6.06	42	(2)
Equity	**15 222**		13 976			
Total liabilities and equity	**246 136**	**4.46**	213 784	3.55	1 295	2 085
NOK	**135 161**	**3.78**	127 158	2.78	263	1 309
Foreign currency	**110 974**	**5.28**	86 626	4.67	1 211	597
Net interest income		**1.83**		2.05	628	(502)
NOK		**2.75**		2.74		
Foreign currency		**0.50**		1.11		

VOLUME AND INTEREST RATE ANALYSIS (CONTINUED)

The table below specifies the reasons for changes in net interest income from 1997 to 1998:

DnB Group

Amounts in NOK million	Change in volume	Change in spread	Change in exchange rates	Other changes	Total change
Interest-earning loans	371	(776)	38		(367)
Deposits from customers	47	522	(34)		534
Funding of non-accruing commitments	(13)	(38)	(5)	(125)	(181)
Funding of fixed assets	13	(56)			(43)
Front-end fees				(9)	(9)
Other interest income	46	214	(2)	(65)	192
Total	464	(135)	(3)	(200)	126

VALUE-ADJUSTED GAIN / (LOSS) ON FOREIGN EXCHANGE AND FINANCIAL INSTRUMENTS IN 1998

Amounts in NOK million	Customers DnB Markets	Trading DnB Markets	Total DnB Markets	Equity investments	Total trading portfolio	Banking portfolio	DnB Group
Short-term shareholdings etc.							
Value-adjusted income	3	0	3	(77)	(73)	0	(73)
Foreign exchange and interest rate instruments							
Net gain	467	282	748	0	748	(96)	651
Changes in market values of commercial paper and bonds, not included in the profit and loss account	0	(74)	(74)	0	(74)	54	(20)
Changes in market values of other money market instruments	0	(44)	(44)	0	(44)	0	(44)
Value-adjusted income	467	164	630	0	630	(43)	587
Foreign exchange and financial instruments							
Value-adjusted income	470	164	634	(77)	557	(43)	514

LENDING

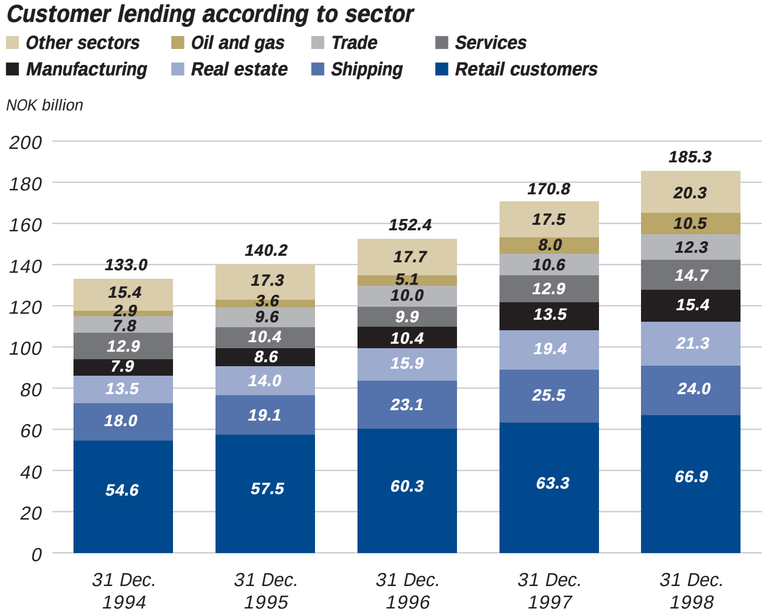
All amounts refer to the DnB Group including the loan portfolio acquired from Vital. The charts show gross lending after specified loan-loss provisions.

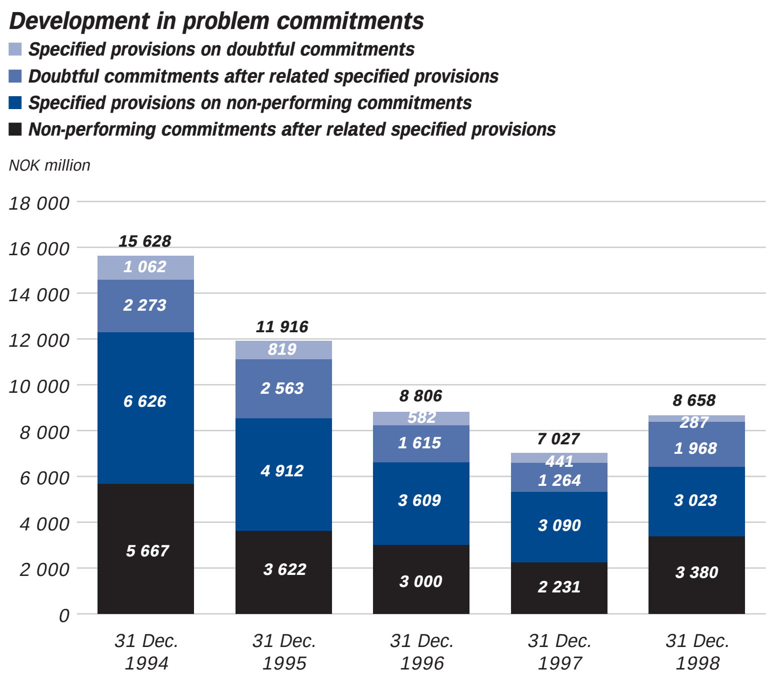
Developments in loans and problem commitments over the past seven years:

DnB Group

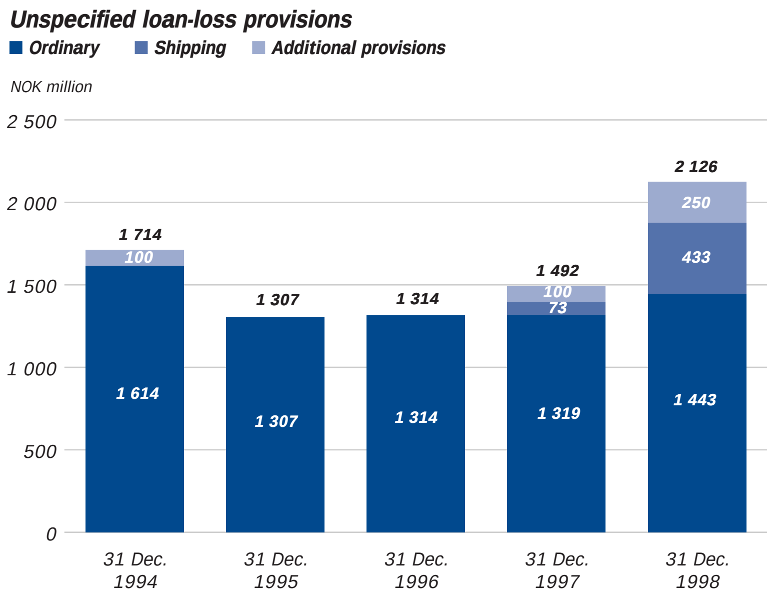
Amounts in NOK million	**31 Dec. 1998**	31 Dec. 1997	31 Dec. 1996	31 Dec. 1995	31 Dec. 1994	31 Dec. 1993	30 June 1993	31 Dec. 1992
Gross lending	**188 588**	174 288	156 474	145 885	140 553	149 105	157 199	163 786
Gross lending after specified loan-loss provisions	**185 324**	170 828	152 360	140 201	132 986	138 340	145 392	152 632
Net problem commitments	**5 348**	3 495	4 615	6 185	7 940	14 374	19 683	17 720
Repossessed assets	**135**	413	892	1 274	1 879	2 249	2 950	2 740

LENDING (CONTINUED)

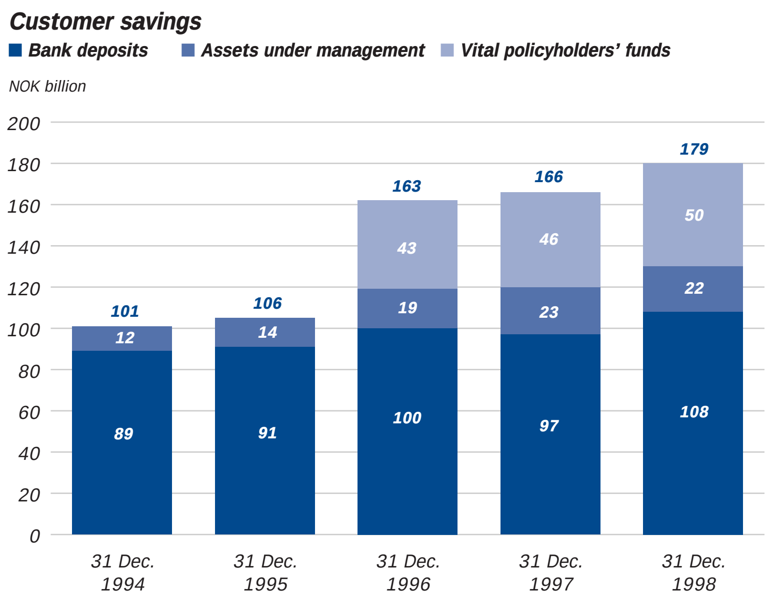




LENDING (CONTINUED)



SAVINGS



Developments in total savings and deposits under management by the DnB Group, which include traditional bank deposits, policyholders' funds in Vital, funds managed by DnB Investor and other assets under management.

EXPOSURE IN SOUTHEAST ASIA, EASTERN EUROPE, LATIN AMERICA, ETC. AS AT 31 DECEMBER 1998

The DnB Group's commitments in Eastern Europe, Latin America and specific areas of East Asia are shown below. The table includes the Group's commitments to customers and other banks, with the exception of loans etc. to international shipping companies. The table includes commitments where the counterparty has its head office in the country in question.

Commitments are defined as credits and drawing rights extended to a customer, along with guarantees issued by DnB. In addition, commitments include lending to and deposits with other banks as well as the value of off-balance-sheet financial derivatives.
The table also shows the Group's investments in bonds and equities in these geographical areas. No deductions have been made for asset-backed debt or other forms of security, nor for the Group's liabilities to customers and banks in these areas.

DnB Group

Amounts in NOK million	Customers 1)	Interbank 2)	Trade finance	Bonds	Share-holdings	Total
Singapore	151	1 315	0	23	98	1 587
Hong Kong	48	1 170	1	0	15	1 233
Total Singapore and Hong Kong	199	2 485	1	23	113	2 820
Indonesia	83	0	2	0	2	87
Thailand	0	2	1	0	3	6
Malaysia	191	0	0	0	4	195
Total other South-East Asian countries	275	2	3	0	8	288
Japan	2	357	2	0	0	361
South Korea	0	4	50	0	2	56
China	123	0	5	0	0	128
India	18	1	19	0	7	45
Other Asian countries	0	0	5	0	16	21
Total other Asian countries	143	362	81	0	24	609
Russia	380	0	0	0	0	380
Other Eastern European countries	342	9	27	0	40	418
Total Eastern Europe	722	9	27	0	40	798
Brazil	571	0	133	0	0	704
Mexico	25	0	9	0	0	34
Other Latin American countries	45	2	14	0	0	61
Total Latin America	641	2	156	0	0	799
Turkey	51	1	55	0	0	107
Total	2 030	2 860	324	23	186	5 422

1) *Of which NOK 220 million represents guarantees.*
2) *Exposure to Singapore, Hong Kong and Japan mainly represents short-term exchange rate contracts with a maturity of three days or less.*

It is difficult to link country risk directly to the Bank’s international shipping commitments.
In the Bank's view there is relatively limited country risk on shipping commitments.

BUSINESS AREAS

The accounts for business areas are prepared on the basis of the Bank's internal management accounts. In some respects, the Bank's financial accounts are based on other valuation principles and classification methods. The "Other" column includes such deviations between the management and financial accounts.

CUSTOMER DIVISIONS 1998

Amounts in NOK million	Retail Banking Division	Commercial Banking Division	Corporate Division	Shipping Division	Other [2]	DnB Group
Extracts from profit and loss accounts [1]						
Net interest income	1 616	1 391	539	397	563	4 506
Other operating income [3]	1 117	876	801	184	228	3 205
Operating expenses	2 292	1 339	789	292	420	5 131
Pre-tax operating profit before losses	441	927	552	289	371	2 580
Net losses/(reversals) on loans, write-downs, etc.	13	(62)	121	852	242	1 167
Cost allocations	185	83	42	12	(322)	0
Pre-tax operating profit/(loss)	242	906	389	(575)	451	1 413
Main balance sheet items, average balances [1]						
Ordinary lending to customers	66 084	51 848	33 605	28 632	629	180 798
Non-accruing commitments after specified loan-loss provisions	535	986	846	333	174	2 874
Net lending to customers	66 619	52 833	34 450	28 965	803	183 672
Deposits from customers	35 741	33 650	22 608	13 176	2 773	107 948
Key figures:						
Cost/income ratio (%)	84	59	59	50		67
Ratio of deposits to lending (%) [4]	54	64	66	45		59

1) Includes income, expenses and balance sheet items in the DnB Group relating to the customer divisions, including income and expenses generated in product and support units which relate to the market segments. Net expenses for these units which cannot be allocated directly are distributed among the customer divisions as cost allocations.
2) Includes profit and loss and balance sheet items in other units which are not related to activities aimed at market segments. The figures include the short-term market rate yield on the Group's equity. The column also includes profits on long-term investments and treasury items, as well as the effect of differences in accounting principles between the management reporting and the financial accounts. The elimination of intra-group balances and transactions is also included in the column.
3) In the management reporting, financial instruments are valued in accordance with the mark-to-market principle. In the financial accounts, securities are valued at the lower of cost and market value, while other financial instruments on the balance sheet are recorded at cost. The differences are reported in the "Other" column.
4) Deposits from customers as a percentage of net lending to customers.

MAIN PRODUCT AREAS 1998

Amounts in NOK million	DnB Markets	Asset Management Division	Vital [2]
Extracts from profit and loss accounts			
Net interest income	107	(1)	(162)
Other operating income [1]	959	178	183
Operating expenses	688	143	3
Pre-tax operating profit before losses	378	34	18
Assets under management and savings			
Deposits from customers, average balances	20 665	81	
Funds under management as at 31 Dec. 1998			
- Individual portfolios under discretionary management		7 703	
- Equity funds		6 339	
- Money-market funds and other funds		7 835	
Policyholders' funds as at 31 Dec. 1998			50 146

1) In the management reporting, financial instruments are valued in accordance with the mark-to-market principle. In the financial accounts, securities are valued at the lower of cost and market value, while other financial instruments on the balance sheet are recorded at cost.
2) The DnB Group's estimated share of profits.

In addition to the product areas included in the table, DnB also comprises several subsidiaries offering specialised products and services. These include DnB Finans (leasing), DnB Factoring and DnB Kort (debit and credit card operations).

640.5 million shares
22 000 shareholders

As at 31 December 1998, the share capital of Den norske Bank ASA was NOK 6 405 million, divided into 640.5 million shares of NOK 10 each. Share capital remained unchanged throughout 1998.

Share capital and stock exchange listings

At year-end 1998, DnB had not issued any forms of financial instruments which could lead to an increase in the number of shares. At the present time, DnB sees no need to issue new ordinary share capital. Within statutory limits, subordinated loan capital in both Norwegian kroner and foreign currencies may be utilised in order to meet current capital adequacy requirements.

The shares are listed on the Oslo Stock Exchange and also traded on Seaq International in London. All shares are freely transferable to both Norwegian and foreign citizens. Each share represents one vote at general meetings. In the US, the Bank has registered an American Depositary Receipts (ADR) programme. By means of this programme, US institutional investors can trade DnB shares through a US depository bank as if the shares were denominated in US dollars. In terms of market capitalisation as at 31 December 1998, DnB was the third largest company on the Oslo Stock Exchange, at NOK 16.8 billion.

Equity-related data

(in NOK unless otherwise stated)	**1998**	1997	1996
Highest share price	**45.20**	35.60	24.70
Lowest share price	**16.60**	24.60	16.80
Share price as at 31 Dec.	**26.30**	34.80	24.40
Average number of shares (in 1 000)	**640 500**	640 500	640 500
Number of outstanding shares (in 1 000)	**640 500**	640 500	640 500
Ratios:			
Earnings per share [1)]	**2.05**	4.04	4.22
Ordinary dividend per share	**1.35**	1.35	1.35
Extraordinary dividend per share	**0.00**	0.40	0.40
Price/earnings ratio [2)]	**12.82**	8.61	5.78
Dividend yield as at 31 Dec. (per cent)	**5.13**	5.03	7.17
Equity per share [3)]	**24.24**	23.51	21.20
Share price as at 31 Dec./equity per share	**1.08**	1.48	1.15

1) Profit for the year divided by the average number of shares.
2) Share price as at 31 Dec. divided by earnings per share.
3) Equity divided by the number of shares as at 31 Dec.

Share turnover

A total of 475 million DnB shares were traded on the Oslo Stock Exchange in 1998, representing an annual turnover of 74 per cent of the total number of shares. Looking solely at the freely traded shares, i.e. excluding government holdings, the 1998 turnover rate was 155 per cent. This indicates brisker trading in DnB shares in 1998 compared with 1997, which showed turnover rates of 52 per cent of total shareholdings and 109 per cent of freely traded shares. Foreign investors accounted for slightly over 60 per cent of DnB shares traded on the Oslo Stock Exchange. A large number of DnB shares are also traded by brokers located outside Norway, and such transactions are not required to be reported to the Oslo Stock Exchange. The table on the next page shows developments in DnB's share price during the year, relative to the all-share index.

Derivatives

Trading in options and futures provides investors with greater scope for liquidity and risk management, and enhances liquidity in the largest listed companies on the Oslo Stock Exchange. In 1998, options on DnB shares showed the second highest turnover in terms of number of contracts. Through the Linked Exchanges & Clearing system, DnB derivatives can also be traded on the Swedish derivatives exchange, OM Stockholm AB, and its subsidiary OMLX in London.

"RISK" adjustment

To avoid double taxation, i.e. of both a company and its shareholders, the acquisition cost of shares for Norwegian shareholders is adjusted annually for changes in the taxed equity of the company during the shareholder's period of ownership, in accordance with the "RISK" method (where the calculation of the change in taxed equity is based on taxable profits, reduced by taxes payable and dividends). The 1998 "RISK" adjustment on each share in Den norske Bank ASA has been calculated to be negative at NOK 1.35. The "RISK" amount is allocated to shareholders on 1 January of the year following the financial year. The figure will be negative in years where the Bank distributes dividends although not liable to taxes due to, inter alia, losses carried forward.

"RISK" adjustments

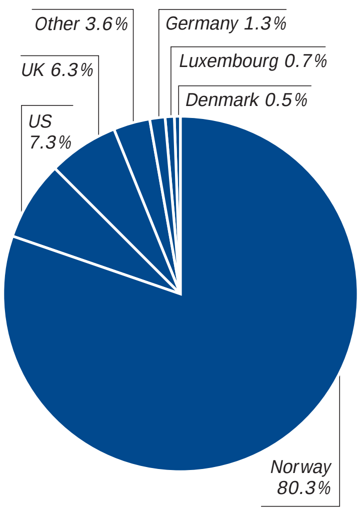
1994	1995	1996	1997	1998
(1.24)	(0.89)	(1.29)	(1.43)	(1.35)

The "RISK" adjustments shown above are based on approved tax assessments (excl. 1998). If the Bank finds favour for its view in the dispute regarding preference capital in 1999 (see note 15 to the accounts), the "RISK" adjustment for 1998 will be negative at NOK 2.56.

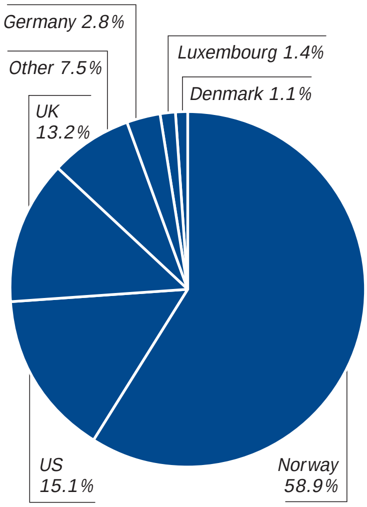
Shareholder structure

As at 31 December 1998, Den norske Bank ASA had 22 303 shareholders, compared with 19 657 in 1997 and 19 969 in 1996.

Geographic distribution of shares
Total number of shares



Geographic distribution of shares
Freely transferable shares
(excl. government holdings)



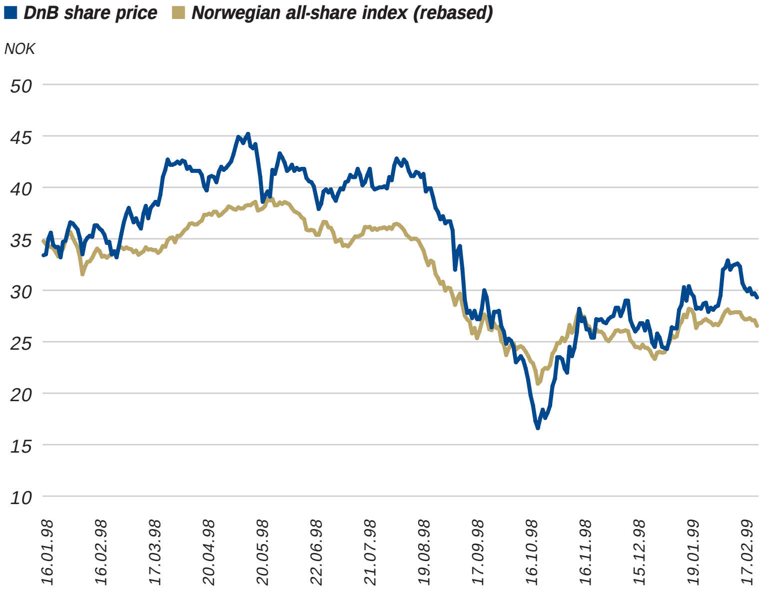
Limitations on ownership

Pursuant to the Norwegian Financial Services Act, no investor may hold more than 10 per cent of the share capital in a financial institution or vote for more than 20 per cent of the shares represented at the Annual General Meeting. However, current legislation makes exception for the Government Bank Insurance Fund and the Government Bank Investment Fund regarding the limitations on ownership and voting rights. According to the Bank's Articles of Association, all share transfers are subject to the approval of the Board of Directors. Such approval cannot be unreasonably withheld.

Government shareholdings

Following the sale of shares in June 1996, the Government Bank Insurance Fund and the Government Bank Investment Fund maintain a 52.2 per cent interest in Den norske Bank ASA. In accordance with an agreement between the Government Bank Insurance Fund and the Government Bank Investment Fund, the latter carries both formal and practical responsibility for the management of the two funds' shareholdings in DnB and is also

DnB share price development



authorised to make decisions on and specify terms for the sale of shares covered by the management agreement. The Government Bank Investment Fund's policy with respect to shareholdings in Norwegian banks includes the following basic elements:

- Achieve optimal returns on invested capital.
- Exercise ownership rights through general meetings.
- Take part in appointments to governing bodies.
- Support sound banking operations based on commercial considerations.

The government plans to reduce its holdings in DnB to bring the Government Bank Investment Fund's stake down to one-third of the total number of shares. According to the current mandate from the Finance Committee, the sale of government-held shares will take place within the end of 1999 depending on market conditions. A reduction in government holdings in DnB from the present 52 per cent to one-third would mean the sale of around 120 million shares.

Rating

DnB is rated by two of the world's leading credit rating agencies, Moody's and Standard & Poor's. Up till the end of 1998, the Bank also subscribed to ratings from Fitch IBCA, however, due to cost considerations these services have now been terminated. There were no changes in DnB's ratings from these three companies in 1998. The Bank's current ratings are presented (in bold type) in the table below. Both Standard & Poor's and Moody's have downgraded their outlook for DnB, primarily based on the uncertainty relating to the Norwegian economy and major losses within shipping. Standard & Poor's adjusted their outlook from stable to negative, while Moody's went from positive to stable.

Standard & Poor's Short-term	Standard & Poor's Long-term	Moody's Short-term	Moody's Long-term
A1+	AAA	**P1**	Aaa
A1	AA+	P2	Aa1
A2	AA	P3	Aa2
A3	AA-	Not prime	Aa3
B	A+		A1
C	**A**		**A2**
	A-		A3
	BBB+		Baa1

Shareholder policy and dividends

DnB aims to manage Group resources in a manner which will ensure shareholders a competitive annual return relative to other comparable investments. The return on equity target is defined as the long-term risk-free interest rate with the addition of a risk premium of 6 per cent annually. This required rate of return will be subject to regular review and will reflect the Bank's risk profile.

The combination of dividends and increases in the share price reflects the value generated for shareholders. DnB intends to distribute approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level. Priority is placed on maintaining ordinary dividends per share at a stable or, if possible, increasing level. Dividends will be determined on the basis of expected normal profit levels, external parameters and core capital requirements.

Dividends

At the Annual General Meeting on 29 April 1999, the Board of Directors of Den norske Bank ASA will propose an ordinary dividend of NOK 1.35 per share and no supplementary dividend for 1998. Dividends are scheduled for distribution to shareholders in May 1999.

Restructuring into a holding company

DnB is now in the process of forming a new group structure organised under a holding company in accordance with instructions from the Norwegian Ministry of Finance. 1 November 1999 has been set as the deadline for implementing the new organisation. The background for the new corporate structure is outlined in the Directors' report, which emphasises that the restructuring will be arranged with a minimum of inconvenience to shareholders.

Information

DnB wishes to maintain an open dialogue with shareholders and other stock market participants. The Group holds the view that the communication of accurate, relevant and timely information generates confidence and contributes to the correct pricing of DnB shares.

Information which could be relevant to shareholders and other participants in the Norwegian as well as international stock markets will be released in the form of statements to the Oslo Stock Exchange, Norwegian and international news media and to the Securities and Exchange Commission (SEC) in the US. In addition, the Bank will hold regular presentations for investors and financial analysts in the Norwegian and international financial communities in connection with the release of annual and interim results. Interim reports, press releases, investor presentations and other relevant information of interest to investors and analysts will be made available on the Internet.

Important sources of information

DnB's Internet home pages:
http://www.dnb.no
Online financial information:
http://www.huginonline.no/DNB/
E-mail, DnB investor relations:
investor.relations@dnb.no

Financial calendar for 1999

1st quarter	29 April
2nd quarter	13 August
3rd quarter	3 November

Preliminary accounting figures for 1999 will be released in February 2000 while the annual report with final, audited figures will be available in April.

Historical developments in the Bank's share capital since 1990

Date	Action	Increase/decrease in share capital 1) NOK million	Subscription price NOK	Amount paid in NOK million	Nominal value NOK	Share capital NOK 1 000
11 Oct. 1990	Dividend shares 2)	78.1	156.0	121.8	100	3 045 086
25 Aug. 1991	Private placing	228.3	100.0	228.3	100	3 273 412
13 Aug. 1992	Write-down	(2 946.1)	-	-	10	327 341
13 Aug. 1992	Private placing	244.5	10.0	244.5	10	571 841
13 Aug. 1992	Public offering 3)	2 375.0	10.0	2 375.0	10	2 946 841
7 April 1993	Write-down	(571.8)	-	-	10	2 375 000
18 Feb. 1994	Conversion of preference capital	3 500.0	10.0	-	10	5 875 000
27 May 1994	Global issue	530.0	16.75	887.8	10	6 405 000

1) Share capital does not include preference capital.
2) Shares issued in lieu of cash dividend. The subscription price represents amount per share transferred from free reserves.
3) Represents preference share capital reclassified as ordinary share capital as of 30 March 1993.

Shareholder structure in Den norske Bank ASA as at 31 December 1998

	Shares in 1 000	Ownership in %
Government Bank Investment Fund	230 000	35.91
Government Bank Insurance Fund	104 000	16.24
Folketrygdfondet	22 727	3.55
State Street Bank *)	14 805	2.31
Chase Manhattan Bank (clients acc.) *)	11 075	1.73
Phildrew *)	8 776	1.37
Storebrand Livsforsikring	6 419	1.00
Arendals Fossekompani ASA	6 195	0.97
Bayerische Vereinsbank ZGA *)	5 304	0.83
Norsk Hydros Pensjonskasse	5 121	0.80
Orkla ASA	5 000	0.78
Lloyds Bank PLC	4 974	0.78
Morgan Stanley Trust *)	4 650	0.73
VP-fondet Avanse Kapital	4 511	0.70
Kommunal Landspensjonskasse	4 488	0.70
Brown Brothers Harriman Fidelity	4 150	0.65
Skandinaviska Enskilda *)	4 076	0.64
Gjensidige Livsforsikring	3 852	0.60
VP-fondet Avanse	3 627	0.57
DnB Employee Fund	3 350	0.52
Total 20 largest shareholders	457 099	71.37
Other	183 401	28.63
Total	**640 500**	**100. 00**

**) Registered as nominee in the Norwegian Registry of Securities.*

Distribution by number of shares	**Number of shareholders**		**Number of shares**	
	31 Dec. 1998	%	31 Dec. 1998	%
1 - 10	459	2.06	2 741	0.00
11 - 100	2 060	9.24	110 775	0.02
101 - 200	1 951	8.75	314 144	0.05
201 - 2 000	13 593	60.95	11 366 615	1.77
2 001 - 5 000	2 361	10.59	8 200 193	1.28
5 001 and over	1 879	8.43	620 505 532	96.88
Total	**22 303**	**100.00**	**640 500 000**	**100.00**

Norway's largest and foremost financial services group

DnB is Norway's leading financial services group, serving private individuals, companies, organisations and the public sector. Financial services range from lending and deposits, mutual funds and asset management, life and pension insurance, payment and trade finance services and real-estate broking, to money and capital market services.

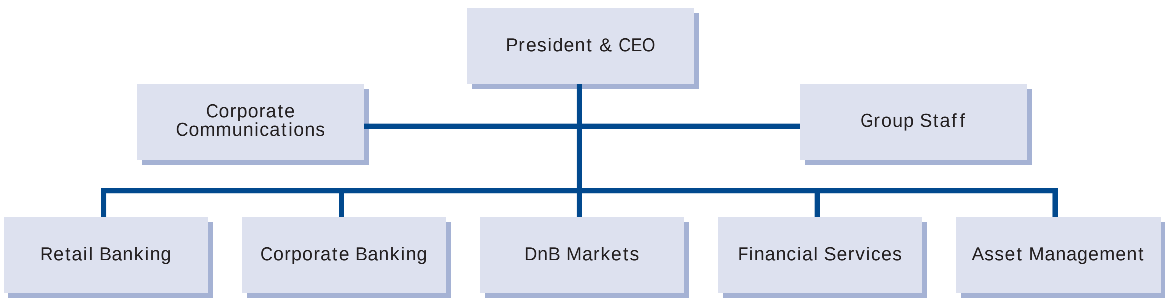
Nearly one million private individuals and around 30 000 companies have account relationships with DnB. In addition, more than 185 000 customers have individual life insurance policies with the Group. DnB has a firm market position in all customer segments and within most product areas. DnB has a substantial market share within commercial banking, particularly among big Norwegian companies. According to independent customer surveys, half of the largest corporations in Norway named DnB as their main bankers. Internationally, DnB serves Norwegian companies with operations abroad or engaged in cross-border trading. Moreover, international corporations operating within shipping and the energy sector represent an attractive customer segment for DnB.

The DnB Group currently comprises a stock-exchange listed parent company and a number of subsidiaries, the majority of which are market leaders within their respective fields. Operations are organised into a financial services group, which ensures the necessary independence between the various areas of activity in accordance with instructions from the Norwegian Ministry of Finance. DnB's Board of Directors has applied for approval to structure the DnB Group under a listed holding company with shares in the various operative subsidiaries, of which Den norske Bank ASA and Vital Forsikring ASA will be the most important.

During 1998, responsibility for business operations rested with four customer divisions and four product areas. Group operations and development were largely centralised.

With effect from February 1999, the organisation has been restructured to ensure the uniform treatment of similar market segments wherever possible. Operations involving private customers and small and medium-sized businesses, for example, have been merged under joint management. Large corporates and shipping clients have been brought together in one business area, which also carries overall responsibility for DnB's international operations.

As illustrated below, the new organisation has been structured into two market segments and two pure product areas, along with one business area which includes both product responsibility and overall responsibility for key support and



group functions. The challenges facing the retail banking area relate to standardisation, the automation and streamlining of production processes, service concepts and sales. Within corporate banking the challenges primarily relate to the development of competitive and efficient solutions to meet more complex and individual product requirements.

On the product side, DnB Markets will continue as the operative unit for trading in foreign exchange and financial instruments as well as capital market products. Asset Management is a 'new' product area which will be responsible for all long-term savings products and includes insurance, mutual funds and individual portfolio management. Sales and distribution of the product selection will be carried out through a number of channels.

A new business area, Financial Services, comprises products related to payment transfers and trade finance as well as cash management and includes operations in the subsidiaries DnB Kort, DnB Finans, DnB Factoring, DnB Eiendom and DnB Næringsmegling. Support functions and operations relating to the use of information technology along with various group services also fall within this area.

Operations within strategic market segments

Retail market

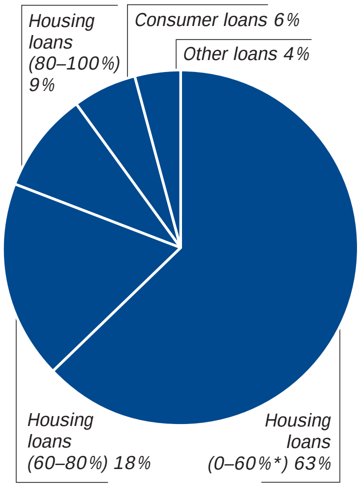
DnB is a major supplier of financial services to retail customers in Norway. The DnB Group's market share of lending in the retail customer segment at end-1998 was around 12.2 per cent relative to the overall market, and 15.4 per cent of loans from commercial and savings banks. Growth in DnB's lending to private customers and sole proprietorships was 5.0 per cent in 1998, noticeably lower than corresponding growth in 1997. Reduced demand for lending mirrors the near doubling of interest rates during the year. A good 90 per cent of DnB's lending in the retail market represents loans secured by residential mortgages, with housing loans backed by sound collateral accounting for most of the lending growth.

DnB's share of total wage-earner savings (bank deposits, insurance premiums and mutual funds) showed a rise in 1998, reaching 12.8 per cent by the end of the year, up 0.2 percentage points on the previous year. Overall domestic savings rose by 4.0 per cent in 1998, 5.1 percentage points below the corresponding year-earlier figure. Growth in savings products channelled through DnB, however, was 5.5 per cent, with DnB's market position within asset management showing the greatest improvement in 1998. Despite weak market growth during the year, mutual funds and insurance products are expected to attract an increasing share of personal savings.

DnB's retail market operations are based on a variety of customer benefits programmes. These programmes are adapted to different customer requirements depending on age, financial situation and the need for financial services. DnB currently offers five different customer benefits programmes; Start, Intro, Total, Karat and Saga. Start is a programme for children under the age of 13 and their parents, and Intro is for customers between the ages of 13 and 18. Total primarily targets customers requiring loans, while Karat was introduced for customers focusing on savings. Saga is intended for customers with complex needs for financial services who wish to have all their requirements met by one provider.

Current trends in the retail market are changes in customer preference and greater interest in electronic payment services. Handling transactions manually draws heavily on resources and will be gradually replaced by ATMs, phone and personal computer services. The use of various debit and credit cards with improved functionality is rising.

Breakdown of lending



** Incl. staff loans and loans backed by cash collateral.*

DnB provides advisory services for an increasing number of retail customers. A broad range of products, flexibility and integrated solutions within customer service, along with regular contact between customers and financial advisors will give DnB a competitive advantage over other financial institutions. Twelve financial services centres are being established in Norway's largest cities. The financial services centres will represent a miniature version of the DnB Group with expertise which includes financial advisory and asset management services. These centres will be focal points in serving both households and commercial interests. Other key channels for serving retail customers include telephone banking through DnB Direkte and DnB's Internet bank.

DnB Eiendom is one of Norway's largest brokers of private residential property and vacation homes. Operations in DnB Eiendom also bring in a substantial volume of business in the form of housing loans and savings. The subsidiary has offices throughout most of the country with a market share of around 10 per cent. In 1998, DnB Eiendom completed 5 600 property transactions, a rise of 8.7 per cent from 1997.

Small and medium-sized companies

DnB is Norway's major provider of services and products to small and medium-sized companies. These customers share a preference for being served by a bank with a local presence. The requirements of the majority of companies in this segment can be met through cost-efficient standardised solutions rather than individually tailored financial services.

Competition in the corporate customer market is intense, and international financial institutions are showing a growing interest in medium-sized Norwegian companies. As an increasing number of Norwegian companies are establishing operations abroad, the need for financial advisory services is rising.

Many companies in this segment lack financial expertise and seek relationships with a professional financial institution with international experience which can offer a wide choice of solutions. The development of sound business relationships is thus a major of DnB's business concept for serving medium-sized companies. DnB's strategy also includes greater focus on following up and serving small businesses more effectively, aiming to become Norway's leading bank for these customers as well.

Medium-sized companies were in general well prepared for the introduction of the euro from 1 January 1999. DnB contributed actively with information and training. There is strong interest in acquiring the necessary insight into the possible consequences of a single European currency. Though adapting to the euro involves the development of new technical solutions, it primarily represents strategic and market challenges and opportunities.

Net lending volume to this segment was around NOK 54.4 billion at year-end 1998, a rise of 5.9 per cent from 1997. The quality of the loan portfolio continued to improve in 1998. Total deposits from these customers amounted to around NOK 33 billion at the end of the year. One of the aims of DnB's strategy is to reduce dependence on net interest income by boosting cross-sales of off-balance-sheet products. In this connection, the establishment of separate trading operations in ten regions has proved a success. Through these trading operations customers obtain access to DnB's total market and product expertise.

In the years ahead, small and medium-sized businesses are expected to show greater interest in various savings and investment products, particularly savings products linked to group insurance schemes as a result of the liberalisation of rules applying to occupational pensions. The DnB Group will give priority to the further development and sales of savings products designed for corporate customers, as indicated by the establishment of a special product area for savings and investment.

The further development of electronic payment services, including DnB Telebank, which offer customers cost-efficient and effective solutions, is also a main priority in this customer segment.

Large corporates

DnB has a firm position in the segment comprising the largest Norwegian corporations within manufacturing and trade and the energy, public and financial sectors. DnB is also actively engaged in serving Norwegian companies' international operations. Large corporates have highly sophisticated product requirements and place substantial demands on expertise, tailored solutions and competitive prices. Competition for these customers is fierce, and comes from both Norwegian and foreign financial institutions.

The corporate customer segment includes international customers within the petroleum sector served by DnB's international offices. Of DnB's total lending to this sector of around NOK 11.1 billion, about 56 per cent refers to operations in the US.

Loans to large corporates stood at NOK 37.5 billion at the end of 1998, as against NOK 28.8 billion a year earlier. Deposits from this customer segment rose from NOK 20.8 billion at the end of 1997 to NOK 24.4 billion in December 1998. There was strong demand for credit within this segment in 1998, though competition remains keen with heavy pressure on margins. DnB has therefore always placed importance on a well-functioning syndicate network in order to expand lending capacity. In 1998, DnB was the most active organiser of syndicated loans to Norwegian customers.

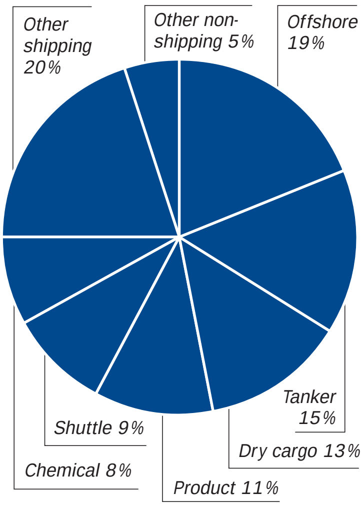
Serving DnB's large corporate customers requires the effective utilisation and coordination of various market and product competencies. These efforts are organised through customer teams, which consist of specialists from all relevant product areas depending on the customer's needs. DnB's expertise within most product areas provides a sound basis for establishing individually tailored solutions. The fact that several large companies switched to DnB as their principal bankers in 1998, and that non-interest income from this customer segment came to nearly 60 per cent of total income for the year, confirms the success of using customer teams.

The further development of effective systems applications for international payment transactions and cash management has been given high priority in DnB. The Group has developed competitive solutions in this area for companies operating in the global market, an important factor in the growing international competition for Norwegian customers.

Shipping customers

DnB has extensive experience in financing shipping and offshore operations and is one of the world's major players in this area. This market segment also includes customers within aviation, mainly large Nordic companies. Net lending to

Lending according to segment



this market segment totalled NOK 28.5 billion at the end of 1998, virtually unchanged from 1997. The largest portfolios relate to offshore, dry cargo, tankers and product and chemical carriers. Exposure within these key segments shows a fairly even distribution.

Shipping is an industry with strong traditions in Norway. DnB has a substantial market share within Norwegian-controlled shipping and has also built up a broad international customer base. The Group has followed Norwegian companies moving operations out of Norway, which has contributed to the internationalisation of DnB's shipping activity. DnB runs its shipping operations from offices in Oslo, Bergen, London, New York, Singapore and Piraeus.

Shipping is a capital-intensive industry, and various forms of credit and guarantees represent major products for the division's customers. However, greater priority is being placed on more sophisticated financial packages which include loans and equity capital financing, cash management, risk hedging and financial advisory services. Offering customers effective solutions also enhances DnB's profitability through the use of the Bank's entire product range.

The dry cargo market was weak in 1998, primarily due to the downturn in global trade and slack demand for tonnage. This led to low rates for dry cargo vessels, especially in the Panamax segment. Newbuilding prices dropped as a result of the deterioration of Asian currencies, followed by values on second-hand tonnage. 1999 is also expected to be a difficult year in the dry cargo market. The tanker market performed somewhat better than anticipated in 1998. Rates were lower than in 1997, but on average higher than the 1996 level. Towards the end of the year, however, ship values declined. Weak demand for oil and deliveries of a large number of ships relative to demand are expected to have a negative impact on tanker rates in 1999. Market conditions for chemical and gas carriers were also sluggish in 1998, and the offshore market sagged towards the end of the year due to low oil prices. Markets for car carriers and cruise operations were more stable.

DnB has recorded sizeable loan-loss provisions on shipping loans in recent years, particularly within the dry cargo segment. For the past three years, such provisions total around NOK 1.1 billion. The provisions relate mainly to older tonnage and Greek shipowners. Loan-loss provisions have been made on about 70 per cent of problem commitments in the dry cargo portfolio. Borrowers' impaired liquidity and reduced ship values have required an increase in specified loan-loss provisions, in addition to the unspecified loan-loss provisions made necessary by the uncertainty created by factors such as the economic crisis in Southeast Asia and lower growth in the global economy.

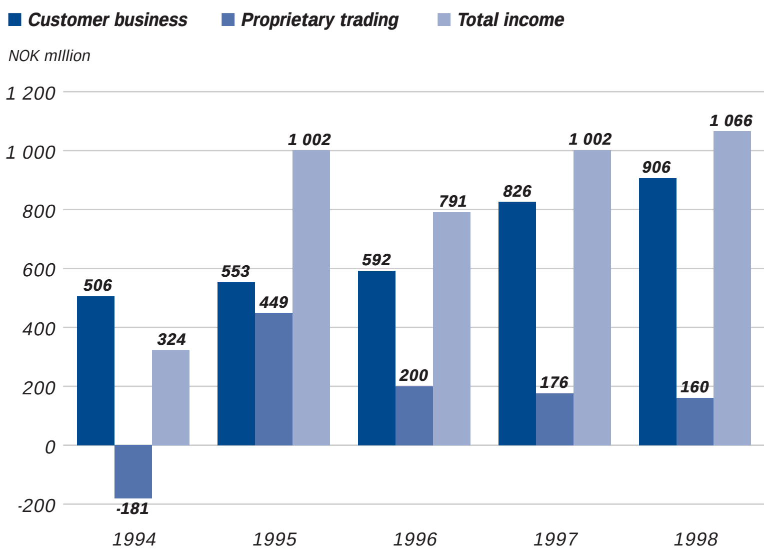
Operations within product areas

DnB Markets

DnB Markets is Norway's largest investment firm with a market share of around 25 per cent of total earnings in Norwegian investment companies. DnB Markets offers a broad range of money and capital market services in the primary and secondary markets. The company has a dominant position in the Norwegian market for trading in foreign exchange and financial instruments.

Income from services provided to and trading on behalf of customers represents an increasing share of DnB Markets' earnings, amounting to around 85 per cent of gross income in 1998. Proprietary trading in foreign exchange and financial instruments takes place within limits

Income distribution – DnB Markets



DnB – Norway's leading euro bank

The establishment of the European Monetary Union (Emu) and the introduction of a single European currency (euro) from 1 January 1999 have also had wide-ranging consequences for DnB. High priority has been placed on the establishment of settlement and payment services in euros as well as systems which ensure cash management for customers and the Bank in the new currency.

The EU's real time gross settlement system for euros, called Target, connects the European central bank and 15 national payment systems in a joint payment system. DnB is the only Norwegian bank with links to this system through its London branch, and is one of 17 member banks in Chaps Euro, an inter-bank real time electronic payment system which also gives DnB access to the Target system. Finally, DnB is one of 65 member banks in a multilateral clearing and settlement system for euros, EBA, which generates more than 85 per cent of cross-border payments within the EU. Though Norway is not a EU member, DnB's links to these systems ensure the Bank and its customers the same access to and terms for efficient and secure payment and settlement of euros as banks within the EU.

In connection with the launch of the euro, DnB also offers a range of other euro products, including deposits and account information, loans and treasury products. Moreover, DnB has direct access to the money market within Euroland through a newly-established programme for issuing short-term securities. Through 1998, DnB carried out an extensive information campaign aimed at customers with respect to the introduction of the euro and the practical consequences this could involve.

established by DnB's Board of Directors and allocated to business units on the basis of risk category. Total exposure is normally well within overall limits, and evaluations made by external analysts indicate that DnB's exposure to market risk is low relative to the Group's equity capital and compared with other financial institutions.

A weak and unstable Norwegian krone and rising Norwegian interest rates have created keener interest in the hedging of risk among the Group's customers, leading to an increasing number of hedging transactions through the use of different foreign exchange and interest rate instruments. This also involves the use of derivatives, which in turn places greater demand on product and market expertise in DnB Markets. Corporate and private customers in Norway are served locally through the establishment of ten regional trading operations. In addition to offering DnB Markets' full range of products, the regional trading desks also offer investment funds and other savings products. Outside Norway, DnB Markets has operations in London, New York, Singapore and Stockholm. With a presence in different time zones, market access can be provided for customers requiring 24-hour service.

Operations in 1998 reflect the relatively strong fluctuations in most markets. The turbulence along with the fall in prices in the Norwegian stock market caused a decline in activity and income relating to share issues and advisory services. The market share within secondary equities trading on the Oslo Stock Exchange rose to 8.9 per cent in 1998. Strong fluctuations are normally favourable for customer trading in foreign exchange and financial instruments, but also increase the risk involved in proprietary trading, as mirrored in DnB Markets' earnings profile for 1998.

Customer access to electronic trading in financial instruments is a major feature of product development in DnB Markets. This service, scheduled to be launched in 1999, will initially involve equities trading on the Internet. Electronic securities trading will be both faster and more effective than traditional trading.

DnB Markets is Norway's major provider of custodial services relating to securities management and settlement and further enhanced its market position in 1998. Commissions and fees receivable on such services were up around 25 per cent in 1998 compared with 1997. Considerable resources are being devoted to customer service as well as product and systems development relating to securities services. The market has high expectations with regard to newly-developed products such as remote membership services for equities trading on the Oslo Stock Exchange and securities-backed loans. Market surveys carried out by international professional journals in 1998 reported wide recognition for services DnB provided to international institutional investors.

Asset management

In spite of falling oil prices, a substantial accumulation of capital reserves is still anticipated in Norway over the next few years. The build-up will be strongest within the public sector though savings will also increase among households, while management of surplus liquidity will be in greater demand by the business sector. The uncertainties experienced in 1998 will reinforce this trend. The DnB Group is Norway's largest investment manager, with a total of NOK 76.6 billion under management at the end of 1998, representing assets under discretionary management and investment funds and policyholders' funds in Vital.

In addition to the strong growth in long-term savings through securities funds and various forms of pension insurance, there is rising interest in international securities funds and risk diversification. The Norwegian economy and developments in the Norwegian money and capital markets are influenced by changes in oil prices. The fact that Norway is neither a member of the EU nor committed to the monetary policy cooperation within the Emu suggests that an increasing share of long-term savings will be channelled abroad. DnB has long anticipated this trend, and DnB Investor thus offers customers international securities funds. Vital Forsikring's investment policy has involved placing a large portion of policyholders' funds in international securities. DnB wishes to boost its expertise within global asset management, and will be actively involved in the competition for management assignments for the most professional participants in the Norwegian market.

DnB Investor is currently Norway's second largest asset management company, with a total of NOK 14.1 billion under management at the end of 1998, divided among 290 000 unit holders. The company manages a total of 23 investment funds with various characteristics and risk profiles. DnB Investor's share of total capital in investment funds registered in Norway rose from 14.1 per cent to 16.6 per cent during 1998, showing particular growth within equity and balanced funds. According to figures from the Norwegian Association of Investment Funds, such funds showed diverse trends during 1998. Total capital declined by 11.6 per cent, primarily as a result of falling equity prices. Net new subscriptions totalled NOK 2.5 billion in 1998, while sliding share prices resulted in a decline in value of around NOK 13.7 billion. DnB Investor outperformed the overall market, with total assets climbing 4.0 per cent during 1998.

Vital Kapitalforvaltning ASA was established as an investment firm on 1 October 1998 and will manage individual portfolios including the securities portfolios of Vital Forsikring ASA. At end-December 1998, these portfolios totalled NOK 50.3 billion. An important aspect of individual portfolio management is the development of improved products and upgrading of advisory services. A sharp rise is expected within discretionary asset management on behalf of companies and private individuals.

During 1998, DnB launched two share-index bonds aimed specially at the mass market, with a guaranteed minimum return and a potential for higher yields for investors depending on price developments in share indices on leading stock exchanges throughout the world. During the sales periods for the bonds, holdings totalling around NOK 600 million were sold.

Insurance

Vital Forsikring ASA is Norway's third largest company within life and pension insurance. The company has value-adjusted total assets of NOK 55.8 billion. Premium income, including transferred premium reserves and life insurance with investment options (unit linked), rose by 31 per cent during 1998. Excluding the transfer of reserves from DnB's pension fund, Vital's premium income expanded by around 2 per cent in 1998.

Vital recorded a healthy return on assets under management in 1998, especially in view of the turbulence in financial markets. The company's long-term strategy of diversifying its securities portfolios between Norwegian and international markets proved very favourable in 1998, and Vital achieved the best returns among Norwegian life insurance companies for the year. Value-adjusted return on capital, representing recorded return on capital adjusted for changes in unrealised profits, was 5.8 per cent in 1998, down from 9.4 per cent in 1997. Recorded return on capital was 6.8 per cent, compared with 8.1 per cent the previous year.

During 1998, Vital's asset management operations were spun off into a sister company, Vital Kapitalforvaltning ASA. This company also manages funds on behalf of other customers. The establishment was a step towards coordinating asset management activities within the DnB Group, aiming to boost competitiveness through lower costs and a concentration of expertise. Targets, strategies and limits concerning the management of policyholders' funds are established by Vital.

Recorded profits for allocation to policyholders, equity and taxes were NOK 980 million in 1998, compared with NOK 1 365 million in 1997. Vital's Board of Directors proposes that NOK 680 million of profits be allocated to policyholders, as against NOK 1 049 million in 1997. This represents 69 and 77 per cent of profits for these two years respectively, in addition to, among other things, the guaranteed return (base rate of return) on policyholder contracts, which amounts to NOK 1 649 million, compared with NOK 1 605 million in 1997.

Total buffer capital as at 31 December 1998 represented 16 per cent of insurance liabilities to customers. Buffer capital is defined as the total of equity, subordinated loans, supplementary provisions and unrealised profits.

Vital Forsikring entered into an agreement in 1998 with the British Lloyd's on the sale of non-life insurance products in Norway through the subsidiary Vital Skade AS, which became operative on 1 January 1999.

Sales through DnB represented approximately 43 per cent of Vital's new business in the retail market in 1998, compared with 59 per cent in 1997. Vital's own sales team accounted for 18 per cent of sales volume, while 28 per cent referred to insurance agents and 11 per cent was sold through other channels. The lower percentage of sales channelled through DnB was due to a reduction in the number of sales personnel. In the corporate market, cooperation between Vital and DnB showed a positive trend in 1998, accounting for 33 per cent of new business in this market, compared with 26 per cent the previous year.

In spring 1998, the Norwegian Ministry of Finance decided to raise the limit for insurance companies' equities investments from 20 to 35 per cent of insurance provisions. This is a positive move which in the longer term is expected to provide improved returns on customer funds.

A new bill on occupational pensions was presented in February 1998 and is expected to enter into force as of 1 January 2000. The National Budget presented in the autumn of 1998 provided an opening for the introduction of deposit-based occupational pension schemes as from 1999. Such schemes are expected to expand the market for group pensions.

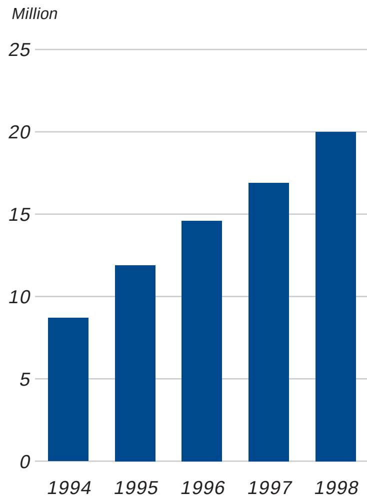
The committee established by the government to consider the possibility of basing the national insurance on investments in funds presented its report in June 1998. The committee believes considerable funds will be required to meet the rising social security payments. Vital takes a positive view of the possibility of accumulating such funds through the life insurance industry, which has broad experience and competence within this area.

Payment services

DnB leads the Norwegian market in payment services. Several new corporate clients chose to switch to DnB during 1998 after inviting tenders from several providers of payment services. DnB has been particularly successful in developing tailor-made electronic payment solutions for the corporate market and has a strong competitive position within international cash management, offering effective solutions for large corporates with operations outside Norway.

The DnB Group places great emphasis on securing timely and correct settlement for companies in connection with cross-border trading. The volume of payment guarantees and documentary credits declined

DnB Telebank
Number of transactions



somewhat in 1998 as a result of the economic downturn in areas such as Asia and Latin America. Still, DnB has recorded no losses on such commitments.

There has been a surge in private customers' use of cards for cash withdrawals and at point-of-sale terminals. The same applies to telephone banking including giro payments by phone. In spring 1999, DnB will introduce an Internet bank for retail customers. It will provide extensive account information and the possibility to make transfers between a customer's own accounts as well as domestic payment transfers. This is an online service, which means that customers always receive updated information on account movements and that every transaction will be checked by the Bank the moment it is registered by the customer. This solution is based on the latest technology with respect to encryption and data security on the Internet. In the coming years, DnB's Internet bank will be one of the major distribution channels for retail customers.

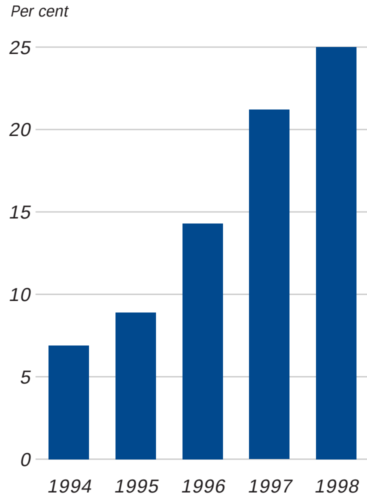
Consumer finance, leasing and factoring

Credit cards are increasingly used to purchase consumer goods. In connection with the purchase of cars and consumer durables, leasing is gaining importance as a source of finance. Such specialised products are offered by the subsidiaries DnB Kort and DnB Finans, which both enjoy leading market positions within their lines of business.

DnB Kort is responsible for the Group's card operations. The use of debit and credit cards continued to grow rapidly in 1998. For several years, card usage in Norway has shown one of the strongest growth rates in Europe, a trend that is expected to continue in 1999. Changes in customer preference indicate more frequent card use, and DnB has stepped up efforts to attract more retail customers to its customer benefits programmes, which incorporate various card solutions.

The volume of payments made by credit cards issued by DnB Kort rose by around 50 per cent, from NOK 1.6 billion in 1997 to NOK 2.4 billion in 1998, with the greatest expansion for MasterCard. Credit volume also rose appreciably from 1997 to 1998, up 33 per cent to around NOK 1.4 billion at the end of 1998. In terms of turnover, DnB Kort had a market share of over 50 per cent of MasterCards issued by banks in 1998 and around 25 per cent of the total number of cards on issue.

DnB MasterCard
Market share




DnB

DnB also uses VISA cards, the Bank's traditional debit card, in the development of credit cards specially tailored for corporate customers. Through cooperation with a major hotel chain, VISA's credit cards are included as part of a loyalty programme for regular guests. Furthermore, DnB is the first in Norway to initiate a pilot project along with two large Norwegian corporations, Norsk Hydro and ABB, for the use of VISA as the groups' purchasing card. The market for this product is expected to expand rapidly in 1999.

With respect to the corporate market, DnB has signed a letter of intent with American Express to take over Amex' Norwegian operations. Upon conclusion, the agreement will secure DnB a 20 per cent share of the market for travel management card services for corporate customers, on condition that a concession is granted for the acquisition. The agreement will ensure full access to Amex' range of global services. Amex will serve as the platform for DnB's future initiatives in the corporate market, and the Bank will seek to raise its market share for corporate credit card use in Norway.

DnB Finans holds responsibility for financing consumer durables for companies and private individuals. Core products are leasing and car financing, and the financing of new investments in 1998 came to NOK 5.5 billion, up from around NOK 5.1 billion the previous year. Competition from international companies is rising and is expected to intensify over the next few years. The EEA agreement has made it easier for credit institutions under supervision in a EU country to establish operations in Norway.

Demand is expected to show a continued shift towards asset finance, i.e. customers leasing rather than owning assets. As part of the DnB Group, DnB Finans is well prepared to meet the competition. An increasing percentage of DnB Finans' products were sold through other channels within the DnB Group in 1998, and this trend is expected to continue. In the current competitive situation, DnB Finans has consolidated its position among finance companies and holds a market share of 24 per cent within its core products of leasing and loans.

As a logical consequence of fiercer competition and the need for more extensive cooperation, DnB Finans is active outside Norway and is in the process of establishing operations in other Nordic countries. DnB Finans is also involved in the Latvian market through the acquisition of 49 per cent of the shares in a leasing company owned by Unibanka, Latvia's largest commercial bank.

DnB Factoring's operations include the sale of factoring services to the corporate market, and the company is at the forefront in the Norwegian market for such services. The company offers businesses effective follow-up of accounts receivable, flexible working capital facilities and assumes credit risk for customer losses.

Factoring turnover, i.e. the value of processed receivables, rose by 16 per cent to NOK 12.4 billion in 1998. New agreements were signed with corporate clients covering an overall annual turnover of more than NOK 2 billion, up 30 per cent from the previous year. Through 1998, new corporate clients showed increasing interest in the company's financing solutions. The company's market share of factoring turnover in Norway was 37 per cent in 1998.

As a result of the internationalisation of the business sector, DnB Factoring has also focused on cross-border factoring services. Through correspondents in most industrialised countries, the company can offer Norwegian exporters risk hedging and local collection of receivables, in addition to financing in the invoiced currency. For swift and accurate global communication, documents are exchanged and information distributed electronically on behalf of customers.

Human resources development in DnB

DnB has developed special training programmes for employees to meet new demands for expertise. DnB managers, internal and external consultants, various colleges and universities as well as DnB's own in-house training staff have been involved in developing such programmes. DnB offers advanced courses in financial analysis and accounting, training within asset management and savings products as well as management training

Use of information technology

In order to increase efficiency, a new system for settlement, risk management and trading in foreign exchange and financial instruments has been introduced for all trading operations in Norway, as well as in London, Singapore and New York. Moreover, a new version of Telebank for Windows for large corporates has been developed, offering improved cash management and modern user interfaces. In 1998, DnB launched a Windows-based solution for managing household finances which, when linked to DnB Telebank, can also execute payment orders. This software was proclaimed product of the year by the Norwegian periodical PC World in 1998.

DnB's Internet bank for retail customers, DnB Nettbank, became operative in early 1999. During the first half of 1999, trading in equities via the Internet will be introduced to customers, and Vital will launch a program for the sale of insurance services on the Internet for the corporate market. There are also plans to open up for the purchase and sale of holdings in investment funds through DnB's Internet bank.

programmes in cooperation with international colleges such as IMD (International Institute for Management Development) in Switzerland and the management institute MiL in Lund, Sweden. Priority has been given to the use of sophisticated analytic tools in developing expertise within key value drivers for large corporate clients.

The main responsibility of DnB's in-house training staff is to provide training programmes designed to meet the needs of the Group. The programmes are primarily aimed at providing competence within specific products, developing special skills and increasing proficiency in the use of IT-based support tools. In 1998, there were around 5 600 participants in DnB's in-house training programmes.

DnB has a special trainee programme for university and college graduates. Among students, the programme is regarded as the most attractive in the Norwegian financial services industry. 13 new trainees joined the 18-month programme during 1998.

The labour market for IT consultants is very tight. Along with the fact that the Group aims to reduce its dependence on external consultants, this has prompted DnB to enter into cooperation with the Polytechnical College on a one-year training programme for 15 employees, aiming to furnish these with competence adapted to the Group's needs.

The Year 2000

Since 1995, DnB has devoted systematic effort to preparations for the year 2000. An extensive process of assuring the quality of existing or developing new centralised and decentralised IT applications has been completed, covering every aspect of integrated technology, e.g. access control, safes and fire prevention. We do not foresee any problems for the Group's customers in connection with the Year 2000. DnB has played an active role vis-à-vis customers to raise their awareness of potential problems within their own businesses. Credit risk assessments of individual customers take into acccount potential problems relating to their Year 2000 preparedness.

Credit risk exposure

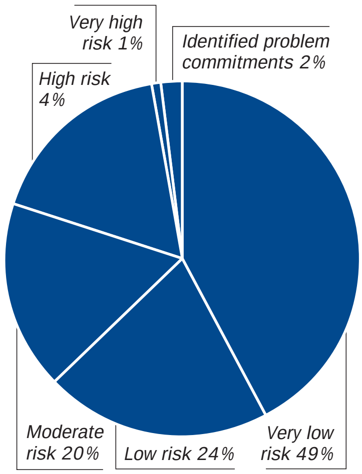
Risk measurement

Credit risk refers to the probability of DnB's customers failing to fulfil their obligations. Such obligations are normally linked to loans or various commitments made by DnB on behalf of customers. Credit risk can be divided into customer or counterparty risk and country risk. Country risk represents the risk of default on DnB's loans to or claims on a foreign counterparty as a result of payment restrictions introduced by the authorities in the relevant country.

Credit risk can be measured by using a standardised method for calculating normalised losses, i.e. expected average annual losses during a business cycle. Additional calculations include the capital required to cushion against losses which are not expected to occur each year, but which statistically may materialise. The credit risk portfolio is divided into different risk categories according to variables such as the customer's financial position and any collateral provided. Such risk categories are also linked to calculations of expected default frequency as well as severity (expected loss in the event of default). The calculations are based on historical loss figures in DnB as well as figures from recognised credit rating agencies.

The credit risk portfolio is also divided into different categories on the basis of normalised losses. These categories span from very low risk to very high risk. Close to 75 per cent of DnB's total credit risk exposure is classified as very low or low risk.

Risk levels



Risk management

Internal calculations show that credit risk is by far the largest individual risk category in the DnB Group, representing close to 56 per cent of total risk exposure or estimated

External rating agencies		Master scale – DnB Group	
S&P	**MOODY'S**	**RISK CATEGORY**	**EDF***
AAA–A	Aaa–A2	1	0.01 – 0.10
A-, BBB+	A3–Baa1	2	0.10 – 0.25
BBB	Baa–Baa3	3	0.25 – 0.50
BBB-	Ba1	4	0.50 – 0.75
BB	Ba2	5	0.75 – 1.25
BB-		6	1.25 – 2.00
B+	Ba3	7	2.00 – 3.00
B	B1	8	3.00 – 5.00
B-	B2	9	5.00 – 8.00
CCC	B3	10	8.00 – 15.00

* Expected default frequency

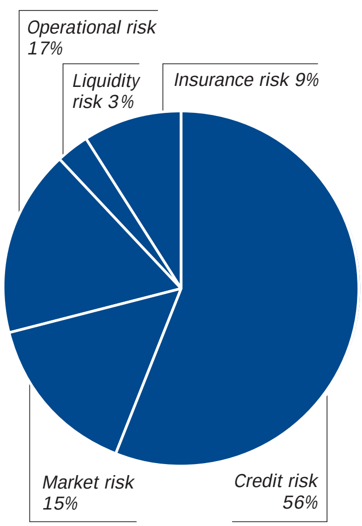
capital requirements. In addition to credit risk, capital requirements are also calculated for operational risk, market risk, insurance risk and liquidity risk.

At year-end 1998, the Group's total capital requirement was calculated at NOK 14.8 billion, with a book equity of NOK 15.5 billion. For the purpose of managing credit risk, DnB's Board of Directors has established limits for maximum exposure to individual industries. Maximum limits have been stipulated for exposure to the shipping and fisheries industries. In addition, quarterly reports are submitted on exposure within commercial and residential property. The Norwegian authorities set maximum limits for total credit exposure to individual customers.

Reports on risk exposure are based on an estimated figure for portfolio exposure or expected exposure at default. This figure reflects the potential utilisation of committed limits and loan offers. Exposure thus defined plays a central role in calculating expected losses and capital requirements.

In addition to quarterly reporting of credit risk exposure, reports are made on developments relative to credit strategies for individual customer segments. Such credit strategies provide guidelines for maximum exposure within individual risk categories. Credit strategies also include minimum requirements for risk acceptance criteria or financial ratios.

Risk categories



Analysis of credit exposure

Estimated credit exposure in terms of portfolio exposure was NOK 308.1 billion at the end of 1998, compared with NOK 271.8 billion in 1997. Credits drawn or net lending as of the same dates were NOK 183.2 billion and NOK 169.3 billion respectively. Estimated normalised losses as at 31 December 1998 were NOK 893 million or 0.29 per cent of portfolio exposure, corresponding to 0.47 per cent of net lending. The risk-adjusted capital requirement for credit risk was estimated at NOK 8 267 million at the end of 1998, as against NOK 7 432 million in 1997.

Net losses in 1998 totalled NOK 1 167 million, stemming primarily from loan-loss provisions within shipping. There are still net reversals on previous loan-loss provisions within key customer segments in Norway. The high shipping losses refer largely to the dry cargo segment and exposure to old tonnage and Greek shipowners.

The international portfolio mainly comprises commitments within shipping, the extraction and production of oil and gas and country risk. Around 68 per cent of the shipping portfolio is carried by DnB in Norway, while approximately 13, 10 and 9 per cent respectively are recorded in the books of the London, New York and Singapore offices. The direct exposure to activities involving the extraction and production of oil and gas is around NOK 19 billion, around half of which is linked to DnB's operations in Houston and carried in the books of the New York branch. More than 96 per cent of DnB's overall country risk exposure of around NOK 70 billion relates to countries which fall into DnB's best risk category and are regarded as very low risk, with more than 50 per cent representing exposure to financial institutions.

Country risk exposure (excl. shipping, incl. oil and gas) on Asia, Latin America and Russia

COUNTRY	NOK million
Singapore	1 587
Hong Kong	1 233
Malaysia	195
Indonesia	87
Korea, Rep.	56
Thailand	6
China	128
Japan	361
Other Asian countries	66
Asia	**3 717**
Brazil	704
Mexico	34
Other Latin American countries	61
Latin America	**799**
Russia	380
Total	**4 896**

Exposure to real property can be divided into commercial property and residential property. The DnB Group's total exposure to companies within the property sector, as well as loans backed by collateral in real property, was NOK 94 billion at the end of 1998, of which just below 43 per cent represented commercial property. Around 80 per cent of commitments backed by mortgages on commercial property refer to properties in Norway. With respect to residential property, around 63 per cent is secured within 60 per cent of the loan value, which normally represents 90 per cent of expected sales value at the time of appraisal.

Factors influencing credit quality

Interest rate levels may be the single most important factor influencing the credit quality of companies and private customers. Norwegian companies have traditionally had a high gearing ratio compared with other Scandinavian and European countries, though there has been a marked reduction in recent years. Households' consumer spending and savings capacity are also heavily influenced by the interest rate level. The number of Norwegian house-

Household debt servicing capacity

■ Debt in per cent of disposable income (right-hand scale)
■ Debt interest in per cent of cash surplus (left-hand scale)
■ Average lending rate (left-hand scale)

Source: Norges Bank

holds owning their own homes is very high compared with most other countries.

In Norway, household debt averages 122 per cent of disposable income, and the doubling of interest rates during 1998 implies a strong increase in nominal debt interest obligations. The sharp rise in interest rates also has a negative impact on profitability for companies, which have a significantly higher gearing ratio than households. On the other hand, companies are more flexible in adapting their liquidity and profitability to a higher interest rate level.

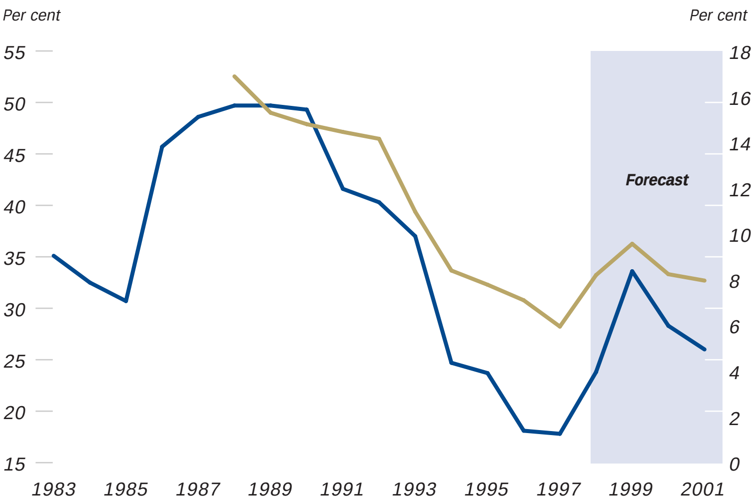
The increase in doubtful and non-performing loans in Norway in 1998 can to a certain extent be ascribed to the higher interest rate level, most particularly in the retail market. Problem commitments before loan-loss provisions to private customers totalled NOK 1 902 million as at 31 December 1998, compared with NOK 1 726 million a year earlier. An increase in non-performing commitments within this sector could lead to a renegotiation of terms, but is not expected to result in any material increase in losses, as the portfolio basically comprises housing loans backed by sound collateral. Gross problem commitments in the corporate market were NOK 6 756 million at the end of 1998, up from NOK 5 300 million in 1997. The increase stems mainly from commitments within shipping and the oil and gas industry outside Norway.

Exposure to changes in oil and gas prices represents a more complex picture. The direct influence of oil price fluctuations on the Norwegian economy is limited, as such fluctuations should be absorbed by the Petroleum Fund and not affect the budget balance. However, an extended period with low oil prices will put a strain on Norway's economic flexibility in the long term. The National Budget for 1999 is based on an oil price of NOK 110 per barrel and a current account surplus of NOK 32.5 billion. If the oil price were to average NOK 80 per barrel in 1999, the current account surplus would turn into a NOK 5.6 billion deficit.

Petroleum activity in the North Sea in 1998 represents around 10 per cent of GDP and around 15 per cent of government revenues. If subcontractors are included in the calculation, overall petroleum activity represents around 15 per cent of GDP. DnB's commitments related to the extraction and production of oil and gas total around NOK 19 billion, while exposure to offshore rigs and supply ships totals approximately NOK 9 billion. Overall, such direct exposure represented around 9 per cent of the DnB Group's total credit risk exposure at the end of 1998. In addition, DnB has substantial commitments to subcontractors to Norwegian offshore operations, and a

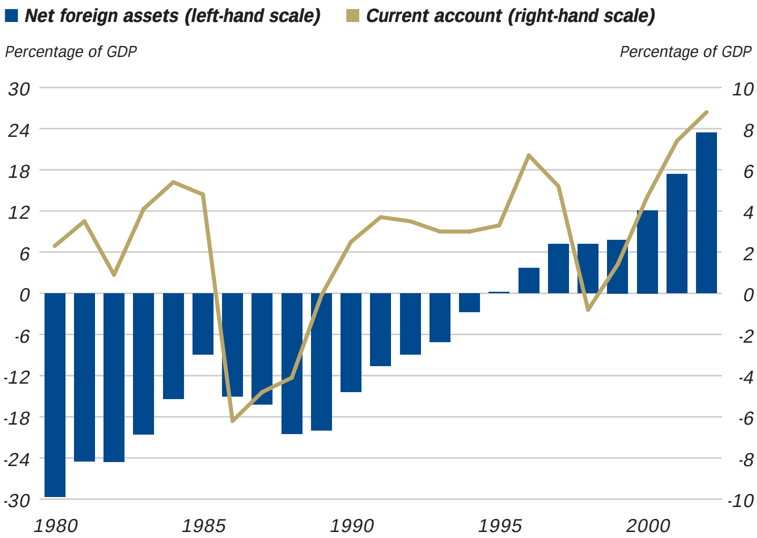
Private non-financial enterprises – debt servicing capacity

■ Interest expenses in per cent of cash surplus (left-hand scale)
■ Average lending rate (right-hand scale)



Source: Norges Bank

Current account and net foreign assets



Source: Ministry of Finance, Statistics Norway, Norges Bank, DnB

lower level of North Sea activity will place increasing demands on these companies to restructure their operations. Total exposure to such subcontractors is around NOK 6 billion.

Risk-adjusted performance measurement

DnB's management information system calculates risk-adjusted return on risk-adjusted capital for the DnB Group and for strategic market segments. Such calculations are based on annual profits in the financial accounts for the DnB Group, which are normalised with respect to accounting principles used in the management accounts, non-recurring items, calculations of expected losses, as well as normal tax charges. Normalised profits are measured relative to a capital requirement based on management information on actual risk exposure.

Average estimated risk-adjusted capital was NOK 14.3 billion in 1998, which is somewhat below the 1997 figure and relates chiefly to a reassessment of the capital requirement covering insurance risk. The composition of the capital requirement has also changed somewhat as a result of additional historical information, but also the reclassification of portfolios. Such changes have the greatest impact on small and medium-sized corporate customers and shipping customers. The capital requirement linked to corporate customers has been reduced, while there has been an upward adjustment within shipping. Changes also affect the calculation of normalised losses, and the expected loss ratio in the corporate segments is down somewhat, while expected losses in the shipping segment have risen considerably.

DnB aims for a return corresponding to the long-term risk-free interest rate with the addition of a risk premium currently at 6 per cent. The risk premium may be adjusted by the Board depending on the risk level of operations and the market situation. The table below shows estimated risk-adjusted return for the DnB Group and the various market segments for 1998.

Risk-adjusted return on risk-adjusted capital for DnB in 1998 was calculated at 9.6 per cent, as against 9.0 per cent the previous year. The sharp rise in interest rates and turbulent money and capital markets represent the main reasons why the return is lower than the target figure. The weak performance in the retail segment is a result of low net interest income, reflecting the surge in interest rates and a sharp increase in operating costs, caused in part by changes in internal cost allocation principles. The return within the shipping segment reflects increases in estimated normalised losses and the risk-adjusted capital requirement.

Strategic market segments

	Share of capital requirement	Normalised credit losses in per cent of net lending	Net lending **) NOK million
Retail customers	22%	0.40	66.6
Small and medium-sized companies	26%	0.37	52.8
Large corporates	22%	0.43	34.5
Shipping customers	16%	0.86	29.0
Other *)	15%		
DnB Group	100%	0.47	18.7

*) *"Other" includes proprietary trading in DnB Markets, strategic equity investments and liquidity management.*
***) Average for 1998*

Risk-adjusted return on risk-adjusted capital	1998
DnB Group	9.6%
Strategic market segments:	
Retail customers	3.8%
Small and medium-sized companies	17.6%
Large corporates	14.7%
Shipping customers	6.1%

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

Supervisory Board

Members elected by shareholders:
Harald Norvik, Nesodden (chairman) (10)
Ole Danbolt Mjøs, Tromsø (vice-chairman) (1)
Hilde Aasheim, Oslo (1)
Ellen Holager Andenæs, Oslo (1)
Bjørg Månum Andersson, Oslo (1 001)
Ebbe C. Astrup, Oslo (145 001)
John G. Bernander, Kristiansand (1)
Asbjørn Birkeland, Bergen (1)
Lars Buer, Oslo (100)
Bjørg Hope Galtung, Jondal (216)
Jens P. Heyerdahl d.y., Oslo (1)
Jan Willy Hopland, Oslo (1)
Kjellaug Kristiansen Jota, Rasta (1)
Jan T. Jørgensen, Kongsberg (10 001)
Arne Kinserdal, Bergen/Arendal (1)
Harald S. Kobbe, Bergen (1)
Harald Lekven, Os (1)
Tore Lindholt, Skjetten (1)
Ingebjørg Roll-Matthiesen, Gran (1)
Børge Rosenberg, Bergen (1)
Benedicte Berg Schilbred, Tromsø (112 001)
Siri Pettersen Strandenes, Bergen (1)

Deputies elected by shareholders:
Arne-Tinus Austad, Tromsø (1)
Alexandra Bech, Oslo (1)
Einar Berg, Svolvær (1)
Eva Granly Fredriksen, Oslo (1)
Sören Gyll, Sweden (1)
Arnulf Haukeland, Bergen (1)
Cathrine Holst, Oslo (1)
Øystein Josefsen, Oslo (8 001)
Jan Kildal, Oslo (8 501)
Pål Krüger, Melbu (1 000)
Frida Nokken, Oslo (1)
Reidar Nordby jr., Hamar (1)
Svein Nybø, Drammen (10)
Bent Pedersen, Denmark (1) (resigned 14 Sept. 1998)
Anders Ringnes, Oslo (2 001)
Sigbjørn Rishaug, Trondheim (2 000)
Peter Ruzicka, Nesbru (1)
Diderik Schnitler, Tønsberg (1)
Andreas Stang, Larvik (1 001)
Kari Thu, Stavanger (1)
Morten Ulstein, Ulsteinvik (1)
Sverre Valvik, Arendal (3 001)

Members elected by employees:
Bjørn Davidsen, Oslo (1 487)
Else Carlsen, Oslo (960)
Mette Søderstrøm, Oslo (1 015)
Stig F. Lassen, Oslo (960)
Nils Lidtun, Bergen (1 260)
Bente Sørbø, Sandnes (1 660)
Tove-Mette Syvertsen, Horten (0)
Stein Standahl, Trondheim (151)

Deputies elected by employees:
Hilde M. Hjelle, Oslo (151)
Marianne Steinsbu, Oslo (1 760)
Lars Kristiansen, Oslo (0)
Siri E. Stensrud, Oslo (300)
Svein-Kåre Algrøy, Bergen (360) (resigned 15 Jan. 1999)
Berit Pedersen, Arendal (1 051)
Lisbeth Hagberg, Sarpsborg (660)
Hanne Mette Lundberg, Hamar (0)

Control Committee

Members:
Odd Ivar Biller, Oslo (chairman) (2 001)
Siri Pettersen Strandenes, Bergen (vice-chairman) (1)
Harald Eikesdal, Haugesund (1)
Eva Granly Fredriksen, Oslo (1)
Harald S. Kobbe, Bergen (1)

Deputies:
Ellen Holager Andenæs, Oslo (1)
Frida Nokken, Oslo (1)

Board of Directors

Members:
Gerhard Heiberg, Oslo (chairman) (7 659)
Asbjørn Larsen, Oslo (vice-chairman) (3 501)
Kari Blegen, Gjøvik (100)
Per Hoffmann, Oslo (0)
Bent Pedersen, Denmark (1)
Kåre Rommetveit, Bergen (100)
Rolf Rønning, Oslo/Trondheim (1 100)
Ingjald Ørbeck Sørheim, Oslo (0)
Svein Aaser, Drøbak (15 201)

Deputies for the employee representative:
Vigdis Mathisen, Oslo (509)
Tone Dybedal, Bergen (1 260)

Audit Committee

Asbjørn Larsen, Oslo (chairman) (3 501)
Bent Pedersen, Denmark (1)
Rolf Rønning, Oslo/Trondheim (1 100)

Management

Group Management:
Svein Aaser, President and CEO (15 201)

Corporate Banking:
Eskil Vogt, Group Executive Vice President (1 260)

Retail Banking:
Gisèle Marchand, Group Executive Vice President (751)

Financial Services:
Leif Teksum, Group Executive Vice President (2 760)

DnB Markets:
Audun Bø, Group Executive Vice President (660)

Asset Management:
Gunn Wærsted, Group Executive Vice President (960)

Group Staff:
Tom Grøndahl, Group Executive Vice President (1 000)

Corporate Communications:
Jarl Veggan, Group Executive Vice President (1 260)

Auditors

Group Audit:
Harald Jægtnes (0)

Statutory Auditors:
Arthur Andersen & Co. (0)

The figures in parentheses indicate shareholdings in Den norske Bank ASA as at 31 December 1998. Shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 1-5 of the Act on Public Limited Companies are also included.

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Annual Report 1998

DnB

DnB

Project management and design: **Monsen & Co.** Production: Byråservice. Photos: Henriette Berg-Thomassen, Jo Michael.

DnB

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HUGIN
Investor Relations Made Easy

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