

FEDERAL RESERVE SYSTEM

Gjensidige NOR Sparebank ASA
Oslo, Norway

Order Approving Establishment of a Branch

Gjensidige NOR Sparebank ASA (“Bank”), Oslo, Norway, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a branch in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in newspapers of general circulation in New York, New York (*New York Post*, July 18, 2003). The time for filing comments has expired, and all comments have been considered.

Bank, with total assets of \$37.3 billion, is the third largest bank in Norway.¹ It is a wholly owned subsidiary of DnB NOR ASA (“DnB NOR”), which was formed as a result of a merger in 2003 of Bank’s former parent, Gjensidige NOR ASA, with DnB Holding ASA, all in Oslo. DnB NOR is the holding company for Norway's largest financial services group. The government of Norway controls approximately 31.3 percent of the shares of DnB NOR.² In addition, Stiftelsen Gjensidige NOR Sparebank (a savings

¹ Asset data are as of September 30, 2003.

² In accordance with a decision by the Norwegian Parliament, the government is expected to increase its ownership interest to 34 percent by the

bank foundation) controls 10.3 percent and Gjensidige NOR Forsikring (an insurance company) controls 5.4 percent of the shares of DnB NOR. No other shareholder controls more than 5 percent of DnB NOR's voting shares. DnB NOR provides a wide variety of financial services, including retail and corporate banking, insurance, brokerage services, and asset management. Bank is primarily engaged in retail and corporate banking and real estate brokerage services. DnB NOR and Bank are qualifying foreign banking organizations pursuant to Regulation K.

Bank currently has no operations in the United States. However, Den norske Bank ASA ("Den norske Bank"), also in Oslo and a wholly owned subsidiary of DnB NOR, operates a branch in New York. DnB NOR intends to merge Den norske Bank into Bank, with Bank as the surviving entity. Bank's proposed New York branch would assume the banking activities of Den norske Bank's New York branch, which include lending, letters of credit and overdraft facilities, foreign exchange transactions, cash management, and financial advisory services.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is

end of 2004. The government holds its interest through a separate legal entity, the Government Bank Investment Fund ("Fund"). The Fund was established in 1991 as part of a package of measures intended to resolve Norway's banking crisis. The government intends to dissolve the Fund in 2004, after which the government's interest in DnB NOR will be held by Norway's Ministry of Trade and Industry.

subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).³ The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)-(3)).

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

With respect to supervision by home country authorities, the Board has previously determined, in connection with an election to be treated as a financial holding company, that another bank in Norway was subject to home country supervision on a consolidated basis.⁴ Bank is supervised by Norway's home country supervisor, Kredittilsynet, on substantially the same terms and conditions as that other bank. Based on all the facts of record, it has

³ In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors: (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

⁴ See Board Letter dated November 19, 2003, to Robert D. Webster, Esq.

been determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)-(3)). Kredittilsynet has no objection to the establishment of the proposed branch.

Norway's risk-based capital standards are consistent with those established by the Basel Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basel Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. In addition, Bank has established controls and procedures for the proposed branch to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Norway is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering. In accordance with these recommendations, Norway has enacted laws and created legislative and regulatory standards to deter money laundering. Money laundering is a criminal offense in Norway, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. Bank has policies and procedures to comply with these laws and regulations. Bank's compliance with applicable laws and regulations is monitored by Bank's auditors and Kredittilsynet.

With respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities regarding access to information. Bank and its ultimate parent, DnB NOR, have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank and its ultimate parent have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, Kredittilsynet may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and its ultimate parent, as well as the terms and conditions set forth in this order, Bank's application to establish a branch is hereby approved.⁵ Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require

⁵ Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.

termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application and with the conditions in this order.⁶ These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with this decision and, as such, may be enforced in proceedings under applicable law against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board,
effective January 16, 2004.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

⁶ The Board's authority to approve the establishment of the proposed branch parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York to license the proposed office of Bank in accordance with any terms or conditions that it may impose.