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DNB GROUP

Fourth quarter report 2013

(PRELIMINARY AND UNAUDITED)

Financial highlights

DNB Group

Income statement *Amounts in NOK million*	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Net interest income	7 940	7 101	30 192	27 216
Net commissions and fees, core business [1]	*1 989*	*1 896*	*8 040*	*7 511*
Net financial items	*2 329*	*2 165*	*8 387*	*6 990*
Net other operating income, total	4 318	4 061	16 427	14 501
Total income	12 258	11 162	46 619	41 717
Operating expenses	5 163	5 220	20 186	20 375
Restructuring costs and non-recurring effects	(212)	33	682	98
Expenses relating to debt-financed structured products	0	0	450	0
Impairment losses for goodwill and intangible assets	557	202	557	287
Pre-tax operating profit before impairment	6 750	5 707	24 744	20 957
Net gains on fixed and intangible assets	153	(65)	151	(1)
Impairment of loans and guarantees	36	1 190	2 185	3 179
Pre-tax operating profit	6 868	4 453	22 709	17 776
Taxes	1 212	614	5 188	4 081
Profit from operations held for sale, after taxes	9	4	4	96
Profit for the period	**5 665**	**3 843**	**17 526**	**13 792**

Balance sheet *Amounts in NOK million*	31 Dec. 2013	31 Dec. 2012
Total assets	2 389 438	2 320 241
Loans to customers	1 340 831	1 297 892
Deposits from customers	867 904	810 959
Total equity	142 227	127 492
Average total assets	2 542 535	2 410 981
Total combined assets	2 639 943	2 528 095

Key figures	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Return on equity, annualised (per cent)	16.2	12.3	13.2	11.7
Earnings per share (NOK)	3.48	2.36	10.76	8.48
Combined weighted total average spread for lending and deposits (per cent)	1.30	1.22	1.27	1.18
Cost/income ratio (per cent)	40.4	47.1	45.7	49.1
Impairment relative to average net loans to customers, annualised (per cent)	0.01	0.36	0.17	0.24
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent)	11.8	10.7	11.8	10.7
Tier 1 capital ratio, transitional rules, at end of period (per cent)	12.1	11.0	12.1	11.0
Capital ratio, transitional rules, at end of period (per cent)	14.0	12.6	14.0	12.6
Share price at end of period (NOK)	108.50	70.40	108.50	70.40
Price/book value	1.24	0.90	1.24	0.90
Proposed dividend per share (NOK)	-	-	2.70	2.10

1) *Includes commissions and fees related to money transfers and interbank transactions, asset management services, credit broking, real estate broking, custodial services and securities trading as well as the sale of insurance products and other commissions and fees from banking services.*

There has been no full or partial external audit of the quarterly directors' report and accounts, though the report has been reviewed by the Audit and Risk Management Committee.

Fourth quarter report 2013

Directors' report for the fourth quarter and full year 2013

Fourth quarter 2013

DNB recorded profits of NOK 5 665 million in the fourth quarter of 2013, up NOK 1 822 million from the fourth quarter of 2012. Adjusted for the effect of basis swaps, there was a NOK 2 580 million rise in profits.

The improved profit performance reflected an increase in net interest income and lower impairment losses on loans, though value changes and non-recurring effects on both the income and cost side also had a significant impact on the accounts. The rise in profits contributed to the necessary build-up of capital to meet stricter capital requirements. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.7 per cent at year-end 2012 to 11.8 per cent at end-December 2013.

Lending spreads widened by 0.24 percentage points, while net interest income increased by NOK 839 million from the fourth quarter of 2012. Adjusted for exchange rate movements, lending volumes rose by NOK 10 billion from end-December 2012. The relatively modest growth reflected stronger competition in the home mortgage market, partly from government-backed financial institutions, slightly weaker growth in the Norwegian economy and greater use of the bond market among DNB's large corporate customers. Deposit spreads remained narrow during the quarter, reflecting the low interest rate level and continued strong competition. Deposit spreads contracted by 0.02 percentage points from the fourth quarter of 2012. Average volume-weighted spreads were up 0.08 percentage points during this period.

Adjusted for the effect of basis swaps, other operating income was NOK 1 311 million higher than in the fourth quarter of 2012. A significant increase in the value of the shareholding in Nets was a main reason behind the rise in income. In addition, there was a healthy trend in income from insurance operations.

Total operating expenses were up NOK 52 million from the fourth quarter of 2012. Ordinary operating expenses, excluding restructuring costs and other non-recurring effects, declined by 1.1 per cent from the fourth quarter of 2012. Restructuring measures resulting in lower staff levels was a key factor behind the reduction in costs.

At NOK 36 million, impairment losses on loans and guarantees were at a very low level during the quarter, reflecting the reversal of previous impairment losses. Adjusted for this, impairment was slightly higher than in the third quarter of 2013, but markedly lower than in the fourth quarter of 2012.

Compared with the fourth quarter of 2012, return on equity increased from 12.3 to 16.2 per cent.

Income statement for the fourth quarter of 2013

Net interest income

Amounts in NOK million	4th quarter 2013	Change	4th quarter 2012
Net interest income	7 940	839	7 101
Lending and deposit spreads		703	
Exchange rate movements		165	
Commissions etc.		25	
Long-term funding costs		(20)	
Lending and deposit volumes		(29)	
Guarantee fund levy		(165)	
Other net interest income		159	

Net interest income rose by NOK 839 million or 11.8 per cent from the fourth quarter of 2012, mainly due to increasing lending spreads. Average lending spreads widened by 0.24 percentage points, while deposit spreads narrowed by 0.02 percentage points. There was an average increase of NOK 32.9 billion in the healthy loan portfolio compared with the fourth quarter of 2012. During the same period, average deposits were up NOK 98.5 billion.

In 2013, the Norwegian authorities introduced permanent guarantee fund levies as one of several measures to strengthen the banking industry and reduce risk for customers. This gave a NOK 165 million increase in expenses for the quarter compared with the year-earlier period.

Net other operating income

Amounts in NOK million	4th quarter 2013	Change	4th quarter 2012
Net other operating income	4 318	257	4 061
Net stock market-related income		597	
Net other gains on foreign exchange and interest rate instruments [1]		410	
Net financial and risk result from DNB Livsforsikring [2]		225	
Net other commissions and fees		124	
Other operating income		(46)	
Basis swaps		(1 054)	

1) *Excluding guarantees and basis swaps.*

2) *Guaranteed returns and allocations to policyholders deducted.*

Net other operating income increased by NOK 257 million from the fourth quarter of 2012. Adjusted for the effect of basis swaps, there was a NOK 1 311 million rise in income. The value of DNB's share-holding in Nets increased markedly during the quarter. Compared with the fourth quarter of 2012, the value of the investment rose by close to NOK 500 million, which was the main reason for the NOK 597 million rise in total stock-market related income. There was also a healthy trend in income from foreign exchange and interest rate instruments and DNB Livsforsikring. The rise in net other commissions and fees mainly reflected increased sales of insurance products.

Operating expenses

Amounts in NOK million	4th quarter 2013	Change	4th quarter 2012
Operating expenses excluding non-recurring effects	5 163	(57)	5 220
Income-related costs			
Ordinary depreciation on operational leasing		29	
Reclassifications		51	
Expenses related to operations			
Pension expenses		(157)	
Performance-based pay		68	
IT expenses		30	
Other cost reductions		(79)	
Non-recurring effects	345	110	235
Restructuring costs – employees		(47)	
Other restructuring costs and non-recurring effects		(42)	
Reversal of provisions		(157)	
Impairment losses for goodwill and activated systems development		355	
Operating expenses	5 508	52	5 455

Operating expenses were up NOK 52 million or 1 per cent from the fourth quarter of 2012. Significant restructuring costs and other non-recurring expenses were recorded during the quarter, including total impairment of NOK 557 million relating to IT systems in the Baltics and goodwill in Russia. Adjusted for non-recurring effects, there was a reduction in expenses of NOK 57 million or 1.1 per cent.

Ordinary wage and price inflation was counterbalanced by staff reductions corresponding to 1 179 full-time positions compared with the average figure for the fourth quarter of 2012. A reduction in the number of branch offices and concentration of production to fewer geographical locations also helped curtail cost growth. Moreover, there was a reduction in pension expenses, partly due to staff reductions and changes in calculation assumptions, parallel to a certain rise in IT expenses.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 36 million, down from NOK 1 190 million in the fourth quarter of 2012 and from NOK 475 million in the third quarter of 2013. The reversal of both individual and collective impairment losses had a positive effect on impairment levels in the fourth quarter of 2013.

Individual impairment totalled NOK 236 million. Adjusted for reversals, impairment losses rose slightly from the third quarter of 2013, but were significantly lower than in the fourth quarter of 2012, mainly due to reductions in the shipping and energy segments. Collective impairment losses of NOK 200 million were reversed during the quarter, partly reflecting improved conditions in the shipping segment.

Net non-performing and doubtful loans and guarantees amounted to NOK 20.7 billion at end-December 2013, up from NOK 19.7 billion at end-December 2012, but down from NOK 22.9 billion at end-September 2013. Net non-performing and doubtful loans and guarantees represented 1.38 per cent of the loan portfolio, down 0.12 percentage points from end-December 2012 and 0.32 percentage points from end-September 2013.

Taxes

The DNB Group's tax charge for the fourth quarter of 2013 was NOK 1 212 million, an increase from NOK 614 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge was 17.6 per cent. The tax charge was lower than in previous quarters due to exchange rate movements and non-recurring effects.

Segments

Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate resources. Special product areas are responsible for production and development for parts of the product range and help ensure that the Group meets the needs of the various customer segments. Reported figures for the different segments reflect the Group's total sales of products and services to the relevant customer segments.

Personal customers

This segment includes the Group's 2.1 million personal customers in Norway.

Pre-tax operating profits totalled NOK 2 589 million in the fourth quarter of 2013, an increase of NOK 753 million from the fourth quarter of 2012. Pre-tax operating profits for the full year also showed a positive trend, rising by NOK 2 302 million to NOK 8 586 million. Wider lending spreads were a key factor behind the improved performance. The quality of the loan portfolio was sound, with a stable, low level of impairment losses.

Personal customers	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Net interest income	3 416	2 793	624	22.3
Net other operating income	1 208	1 073	135	12.6
Total income	4 625	3 866	759	19.6
Operating expenses	2 090	1 922	168	8.8
Pre-tax operating profit before impairment	2 535	1 944	591	30.4
Net gains on fixed and intangible assets	155	0	154	
Impairment loss on loans and guarantees	114	108	6	5.6
Profit from repossessed operations	13	0	13	
Pre-tax operating profit	2 589	1 836	753	41.0
Taxes	725	514	211	41.0
Profit from operations held for sale	0	4	(4)	
Profit for the period	1 864	1 326	538	40.5
Average balance sheet items in NOK billion				
Net loans to customers	655.8	636.8	19.0	3.0
Deposits from customers	345.2	327.9	17.3	5.3
Key figures in per cent				
Lending spread [1)]	2.50	2.04		
Deposit spread [1)]	(0.57)	(0.51)		
Return on allocated capital [2)]	43.0	32.4		
Cost/income ratio	45.2	49.7		
Ratio of deposits to loans	52.6	51.5		

1) *Calculated relative to the 3-month money market rate.*
2) *Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group.*

2013 was characterised by moderate increases in both loans and deposits. Loans to personal customers were up 3.0 per cent in the fourth quarter of 2013 compared with the year-earlier period, while there was a 0.6 per cent increase from the third to the fourth quarter of 2013. Deposits were up 5.3 per cent from the fourth quarter of 2012, and the ratio of deposits to net loans rose to 52.6 per cent.

In order to meet stricter capital requirements, it has been necessary for DNB to increase spreads. Net interest income showed a healthy trend and rose by 22.3 per cent from the fourth quarter of 2012. The volume-weighted interest rate spread widened by 0.26 percentage points from the fourth quarter of 2012 and was on a level with the third quarter of 2013.

Due to a rise in income from asset management services and non-life and risk insurance, other operating income showed a healthy trend. A tighter property market resulted in a close to 13 per cent drop in housing sales through DNB Eiendom in the fourth quarter of 2013 compared with the year-earlier period. Total income from payment services and real estate broking was on a level with the fourth quarter of 2012.

The main factors behind the increase in operating expenses from the fourth quarter of 2012 were higher costs related to non-life and risk insurance and costs associated with the integration of Nordlandsbanken into DNB.

A large share of loans to personal customers represents well-secured home mortgages entailing low risk. Net impairment of loans was at a stable level compared with the fourth quarter of 2012, representing 0.07 per cent of net loans.

Capital gains from the sale of Svensk Fastighetsförmedling were NOK 155 million in the fourth quarter of 2013.

Fierce competition for home mortgage customers has affected the market share of credit to households, which stood at 26.8 per cent at end-November 2013. The market share of savings was 33.9 per cent at end-November 2013.

DNB is facilitating greater use of self-service solutions, entailing continuous adaptation of the distribution network. 32 bank branches were closed or merged during 2013. The use of mobile phone solutions increased significantly in the course of the year, and close to 3.3 million visits to DNB's mobile app were registered. 2013 was also a breakthrough year for the mobile phone as a sales channel, and more than 4 000 loan applications were received.

Sluggish growth and a modest increase in unemployment levels may result in a slight reduction in housing prices in the period ahead, though no significant negative value developments are expected. Moderate credit growth is anticipated in the market. DNB aspires to record lending growth in the personal customer segment roughly on a level with the market in general, though profitable operations will be given priority over growth. Impairment losses on loans are expected to remain stable at a low level.

Small and medium-sized enterprises

This segment includes the Group's 217 000 small and medium-sized corporate customers.

Pre-tax operating profits came to NOK 822 million in the fourth quarter of 2013, up NOK 258 million or 45.7 per cent from the fourth quarter of 2012. Pre-tax operating profits for the full year also showed a positive trend, rising by NOK 420 million to NOK 3 343 million. The rise in profits reflected strong growth in both net interest income and other operating income.

Small and medium-sized enterpises	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Net interest income	1 578	1 521	57	3.7
Net other operating income	391	236	155	65.7
Total income	1 968	1 757	212	12.0
Operating expenses	978	899	79	8.8
Pre-tax operating profit before impairment	991	858	133	15.5
Net gains on fixed and intangible assets	0	1	(1)	(99.5)
Impairment loss on loans and guarantees	160	259	(100)	(38.5)
Profit from repossessed operations	(9)	(35)	26	
Pre-tax operating profit	822	564	258	45.7
Taxes	230	158	72	45.7
Profit for the period	592	406	186	45.7
Average balance sheet items in NOK billion				
Net loans to customers	209.1	204.4	4.7	2.3
Deposits from customers	149.4	146.8	2.6	1.8
Key figures in per cent				
Lending spread [1)]	2.79	2.67		
Deposit spread [1)]	(0.15)	(0.18)		
Return on allocated capital [2)]	11.5	8.3		
Cost/income ratio	49.7	51.2		
Ratio of deposits to loans	71.4	71.8		

1) *Calculated relative to the 3-month money market rate.*
2) *Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group.*

2013 was characterised by a moderate increase in loans to small and medium-sized enterprises. Average net loans to customers rose by 2.3 per cent from the fourth quarter of 2012, while average deposits were up 1.8 per cent. The ratio of deposits to net loans narrowed slightly, averaging 71.4 per cent for the quarter.

In consequence of the interest rate adjustments implemented in the first quarter of 2013, there was a rise in net interest income from the year-earlier period. The increase in net other operating income from the fourth quarter of 2012 primarily reflected a healthy trend for risk and pension products.

The rise in expenses from the fourth quarter of 2012 is mainly a result of restructuring costs and increased depreciation on operational leasing.

The quality of the loan portfolio is considered to be sound. The close follow-up of customers and preventive measures are vital to ensuring satisfactory quality. Net impairment of loans totalled NOK 160 million in the fourth quarter of 2013. On an annual basis, this represented 0.30 per cent of net loans. Impairment losses were reduced from a relatively high level in the fourth quarter of 2012.

Moderate credit growth is anticipated in the market, and DNB expects to record lending growth in this segment on a level with the banking market in general. Impairment losses on loans are expected to remain relatively low.

Large corporates and international customers

This segment includes large Norwegian and international corporate customers, including customers in the Baltics and Poland. Operations are based on sound industry expertise and long-term customer relationships.

Pre-tax operating profits came to NOK 2 889 million in the fourth quarter of 2013, up NOK 1 215 million from the fourth quarter of 2012. Pre-tax operating profits for the full year also showed a positive trend, rising by NOK 1 098 million to NOK 9 342 million. Lower impairment of loans was a main factor behind the rise in profits.

Large corporates and international customers	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Net interest income	2 985	2 876	109	3.8
Net other operating income	1 450	1 294	155	12.0
Total income	4 434	4 170	264	6.3
Operating expenses	1 659	1 683	(24)	(1.5)
Pre-tax operating profit before impairment	2 775	2 487	289	11.6
Net gains on fixed and intangible assets	(9)	(6)	(3)	
Impairment loss on loans and guarantees	(222)	805	(1 027)	
Profit from repossessed operations	(99)	(2)	(97)	
Pre-tax operating profit	2 889	1 673	1 215	72.6
Taxes	867	489	378	77.4
Profit for the period	2 022	1 185	837	70.7
Average balance sheet items in NOK billion				
Net loans to customers	473.4	464.6	8.8	1.9
Deposits from customers	362.1	326.9	35.3	10.8
Key figures in per cent				
Lending spread [1)]	2.16	2.07		
Deposit spread [1)]	(0.17)	(0.16)		
Return on allocated capital [2)]	14.6	9.0		
Cost/income ratio	36.1	40.4		
Ratio of deposits to loans	76.5	70.4		

1) *Calculated relative to the 3-month money market rate.*
2) *Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group.*

Net loans to customers were up 1.9 per cent from the fourth quarter of 2012. Adjusted for exchange rate movements, there was an underlying reduction in the portfolio of 4 per cent, reflecting strategic portfolio adjustments, a more challenging market situation and active use of the bond market. Compared with the third quarter of 2013, lending volumes were unchanged after adjusting for exchange rate movements. Deposits rose by 10.8 per cent from the fourth quarter of 2012, half of which can be ascribed to exchange rate movements.

Relative to the 3-month money market rate, average lending spreads were 2.16 per cent, widening by 0.09 percentage points from the fourth quarter of 2012 and by 0.01 percentage points from the third quarter of 2013. Deposit spreads declined by 0.01 percentage points from the fourth quarter of 2012 and increased by 0.02 percentage points from the third quarter of 2013.

The rise in total other operating income from the fourth quarter of 2012 was a consequence of strong demand for foreign exchange products and brisk activity in the equity and debt capital funding markets during the quarter, especially at DNB's international units. Other contributory factors were an increase in income from payment services and higher returns on equities. A decline in interest rate hedging activity due to expectations of a continued low interest rate level and reduced income from real estate broking had negative effects on growth.

Operating expenses declined by 1.5 per cent from the fourth quarter of 2012.

The reversal of both individual and collective impairment losses, mainly due to developments in the shipping markets, had a positive effect on impairment levels in the fourth quarter of 2013. Net reversals on impairment losses on loans and guarantees represented 0.19 per cent of net loans to customers, of which individual impairment represented 0.04 per cent. In the fourth quarter of 2012, individual impairment came to 0.55 per cent of net loans.

The quality of the loan portfolio is considered to be sound. Targeted efforts are being made to retain the level of quality through close follow-up of customers and preventive measures. Net non-performing and doubtful loans and guarantees amounted to NOK 14.9 billion at end-December 2013, which represented an increase of NOK 1 billion from year-end 2012, but a reduction of NOK 1.9 billion from end-September 2013. The changes were mainly attributable to a few large shipping loans which are being closely monitored.

DNB will give priority to strong, long-term and profitable customer relationships and on further developing key customer segments. The Group's wide range of products and expertise will contribute to strengthening customer relationships and form the basis for operations over the coming years. The increasing pressure on spreads is expected to prevail, though repricing in certain segments could give a certain increase in spreads for the total portfolio. Competition for stable customer deposits will prevail and put continued pressure on deposits spreads.

Trading

This segment comprises market making and proprietary trading in fixed income, foreign exchange and commodity products, as well as equities, including the hedging of market risk inherent in customer transactions. Customer activities are supported by trading activities. Pre-tax operating profits came to NOK 604 million in the fourth quarter of 2013, down NOK 15 million from the year-earlier period. Operating profits for the full year declined by NOK 1 762 million to NOK 1 943 million, reflecting high capital gains on bonds in 2012.

Trading	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Net interest income	122	119	3	2.9
Net other operating income	566	662	(96)	(14.5)
Total income	688	781	(93)	(11.9)
Operating expenses	84	159	(75)	(47.0)
Pre-tax operating profit before impairment	604	621	(18)	(2.9)
Net gains on fixed and intangible assets	0	(3)	3	
Pre-tax operating profit	604	618	(15)	(2.4)
Taxes	175	179	(4)	(2.4)
Profit for the period	429	439	(10)	(2.4)
Key figures in per cent				
Cost/income ratio	12.3	20.4		
Return on allocated capital 1)	21.8	22.2		

1) Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group.

Revenues from market making and other proprietary trading were NOK 688 million in the fourth quarter of 2013, a NOK 93 million reduction from the fourth quarter of 2012.

Traditional pension products

This segment comprises the portfolio of traditional defined-benefit pension products in DNB Livsforsikring. DNB no longer offers such products to new customers.

Pre-tax operating profits totalled NOK 401 million in the fourth quarter of 2013, down NOK 24 million from the fourth quarter of 2012. Pre-tax operating profits for the full year rose by NOK 322 million to NOK 1 599 million.

Traditional pension products	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Upfront pricing of risk and guaranteed rate of return	172	132	39	29.7
Owner's share of administration result	15	7	9	131.4
Owner's share of risk result	41	75	(34)	(45.2)
Owner's share of interest result	38	86	(48)	(55.7)
Return on corporate portfolio	135	125	10	8.2
Pre-tax operating profit	401	425	(24)	(5.5)
Taxes	32	(72)	104	
Profit	369	497	(128)	(25.8)
Key figures in per cent				
Cost/income ratio	35.5	33.4		
Return on allocated capital 1)	9.1	12.3		

1) Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group.

As part of the upward adjustment of life expectancy assumptions, it was proposed to increase provisions for group pensions by NOK 784 million for the fourth quarter of 2013. Based on Finanstilsynet's mortality tables, the total required increase in reserves is approximately NOK 13.3 billion, of which NOK 5.6 billion had been set aside as at 31 December 2013.

Finanstilsynet has decided that the build-up of reserves must be completed by year-end 2018 with an escalation period starting on 1 January 2014. 20 per cent of the total amount will be charged to the DNB Group's income statement on a straight-line basis during the escalation period. With respect to public sector operations, the build-up of reserves must be completed by end-December 2016, or at the time the individual customers transfer their portfolios.

DNB is in the process of winding up its public sector occupational pensions operations. The decision affects all insured public pension schemes for both municipalities and enterprises. The wind-up of these operations is expected to take up to three years.

The Norwegian Parliament has approved a new Occupational Pensions Act that entered into force on 1 January 2014. A key element in the new Act is a new contribution-based occupational pension product. As of the same date, the maximum contribution rates for defined-contribution pensions were increased. As a result of the higher contribution rates, a significant share of DNB Livsforsikring's customers are expected to terminate their defined-benefit schemes in 2014. In this connection paid-up policies will be issued. Due to the new solvency regulations, Solvency II, this will be very capital intensive. It is vital that the Norwegian authorities design the product regulations for paid-up policies to ensure that the capital requirements will be lower after the introduction of Solvency II than what follows from current regulations.

Full year results 2013

DNB recorded profits of NOK 17 526 million in 2013, an increase of NOK 3 734 million from 2012. Adjusted for the effect of basis swaps, there was a rise in profits of NOK 3 501 million.

The improved profit performance reflected an increase in net interest income and lower impairment losses on loans, along with sizeable non-recurring effects.

The widening spreads contributed to the necessary build-up of capital to meet stricter capital requirements. Towards the end of the year, the Ministry of Finance issued new regulations regarding a counter-cyclical capital buffer of between 0 and 2.5 per cent, initially set at 1 per cent with effect from 30 June 2015. In addition, the Ministry announced new and stricter rules governing the weighting of banks' home mortgages in the capital adequacy calculations, while retaining the current transitional rules linked to the so-called Basel I floor. Compliance with the requirements necessitates a further significant build-up of capital. As these requirements apply solely in Norway, they also entail that DNB appears more weakly capitalised than its international competitors, even though this is not the case in real terms. DNB's common equity Tier 1 capital has been increased by NOK 12.4 billion over the past twelve months. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.7 per cent at year-end 2012 to 11.8 per cent at end-December 2013. Return on equity increased from 11.7 per cent to 13.2 per cent during the same period. Adjusted for the effect of basis swaps, return on equity was up from 12.7 to 13.9 per cent. DNB is well capitalised, but will build additional capital organically in order to meet the authorities' requirements.

Wider lending spreads had a positive effect on net interest income, while deposit spreads narrowed. Net interest income increased by 10.9 per cent from 2012, while average volume-weighted spreads were up 0.08 percentage points during this period.

Other operating income was NOK 1 926 million higher than in 2012. Adjusted for the effect of basis swaps, other operating income was up NOK 1 603 million. The rise in income mainly reflected an increase in the value of the shareholding in Nets and higher income from insurance operations.

Operating expenses rose by NOK 1 115 million from 2012. Adjusted for non-recurring effects, there was a reduction of NOK 189 million or 0.9 per cent. Ordinary wage costs decreased compared with 2012, and downsizing measures thus more than compensated for wage increases during this period.

Impairment losses on loans and guarantees declined by approximately NOK 1 billion compared with 2012. The reduction referred primarily to the shipping and energy segments, the Baltics and Poland. There was also a lower level of collective impairment.

DNB is still the only Nordic bank that qualifies for inclusion in the Dow Jones Sustainability Index, DJSI. The DJSI is a global index that measures financial, environmental and social performance and comprises the top 10 per cent companies within each industry sector.

Results from a survey carried out by the analyst firm Socialbakers in the second quarter of 2013 showed that DNB was among the best banks in the world with respect to response time on Facebook. In addition, the response rate was above 99 per cent. The good results are a consequence of the Group's continuous efforts to ensure the best digital customer experience.

During 2013, DNB lost a civil case in the Norwegian Supreme Court concerning two debt-financed structured products. DNB was sentenced to pay the plaintiff compensation in the amount of NOK 230 000, as well as costs totalling NOK 4.8 million. The Supreme Court based its ruling on the reasoning that the information provided by the bank on the effects of the debt financing of these two products included major errors and omissions. A total of nine such products, including the two products mentioned above, are affected by similar errors and omissions relating to the effects of debt financing. During 2013, DNB made provisions of NOK 450 million to cover compensation payments to customers who had made debt-financed investments in these nine products.

The Group opened three new flagship stores in 2013. Prime locations in the large cities, longer opening hours, innovative digital banking tools and good advisory services will give customers a better experience.

DNB and Norway Post have agreed to extend the agreement which ensures that the bank's customers can be serviced in the postal network. The parties have entered into a new agreement which will run until year-end 2019.

In the second quarter of 2013, the portfolio in Poland comprising personal customers and small and medium-sized enterprises was transferred to a Polish bank in line with the sales agreement previously entered into. The transaction also entailed the transfer of 38 branch offices and approximately 250 employees. The transfer is a consequence of the decision to focus on the largest corporate customers in the Polish market.

The Indian company Tata Consultancy Services, TCS, has been selected as DNB's future provider of IT development and management services. Moreover, EVRY and HCL Technologies were selected as providers of mainframe-based and other operational solutions, respectively. DNB thus aims to achieve higher cost efficiency and greater flexibility.

In the employee survey for 2013, the engagement index rose by 0.4 percentage points from 2012, to 81 points. Sickness absence in DNB's Norwegian operations was 4.6 per cent in 2013, a slight increase from 4.5 per cent in 2012. The special follow-up of units with high sickness absence rates continued.

In the course of 2013, DNB implemented wide-reaching organisational changes to optimise the Group's ability to win the battle for the customers in the time ahead. A new organisational structure was presented in January, followed by an extensive process to get the organisation up and running. The cultivation of customer and product units will give them more clout in the individual customer segments and enable them to adapt more quickly to customer needs. By pooling operational IT functions, DNB has also taken an important step towards ensuring better operational stability and efficiency and improved solutions for customers. The measures that were implemented in 2013 make the Group well prepared to meet the requirements of the new banking reality.

Anne Carine Tanum was re-elected as chairman of the Board of Directors in 2013, and Tore Olaf Rimmereid was re-elected as vice-chairman.

When considering the dividend proposal for 2013, the Board of Directors has taken the new regulatory capital adequacy requirements into account. The Board of Directors has proposed a dividend for 2013 of NOK 2.70 per share, which corresponds to approximately 25 per cent of earnings per share. The Group's long-term dividend policy remains unchanged.

The Board of Directors would like to thank all employees for their dedication and hard work in 2013.

Income statement for 2013

Net interest income

Amounts in NOK million	2013	Change	2012
Net interest income	30 192	2 976	27 216
Lending and deposit spreads		2 930	
Exchange rate movements		208	
Lending and deposit volumes		139	
Equity and non-interest-bearing items		(259)	
Guarantee fund levy		(664)	
Other net interest income		623	

Net interest income rose by NOK 2 976 million compared with 2012. Wider lending spreads were the main factor behind the increase. Average lending spreads widened by 0.34 percentage points from 2012 to 2013, parallel to a 0.16 percentage point reduction in deposit spreads. Adjusted for exchange rate movements, there was an average increase of NOK 11.6 billion in the healthy loan portfolio compared with 2012. Average deposits rose by NOK 105.9 billion, resulting in an increase in the ratio of deposits to loans from 62.5 per cent at end-December 2012 to 64.7 per cent at year-end 2013.

The introduction of permanent guarantee fund levies caused a NOK 664 million increase in expenses compared with 2012. While there was a sharp rise in long-term funding costs from 2011 to 2012, there was a certain reduction from 2012 to 2013. The low interest rate levels also resulted in lower calculated interest income on equity.

Net other operating income

Amounts in NOK million	2013	Change	2012
Net other operating income	16 427	1 926	14 501
Net stock market-related income		714	
Net other commissions and fees [1)]		449	
Basis swaps		323	
Net financial and risk result from DNB Livsforsikring [2)]		307	
Net gains on investment property		255	
Profits from associated companies		(427)	
Other operating income		306	

1) Excluding guarantees and basis swaps.

2) Guaranteed returns and allocations to policyholders deducted.

Net other operating income increased by NOK 1 926 million from 2012. Adjusted for the effect of basis swaps, income was up NOK 1 603 million. The increase in stock market-related income was mainly a consequence of the rise in value of the investment in Nets. There was a healthy trend in income from other commissions and fees, reflecting higher sales of capital-light non-life insurance products. The improved financial market trend had a positive impact on the result from DNB Livsforsikring. Profits from associated companies were down in consequence of a weaker value development in the portfolio in Eksportfinans that is guaranteed by the owners.

Operating expenses

Amounts in NOK million	2013	Change	2012
Operating expenses excluding non-recurring effects	20 186	(189)	20 375
Income-related costs			
Ordinary depreciation on operational leasing		120	
Expenses related to operations			
Pension expenses		(265)	
IT expenses		285	
Properties and premises		(95)	
Marketing		(52)	
Performance-based pay		(52)	
Postage, telecommunications and office supplies		(46)	
Other costs		(84)	
Non-recurring effects	1 690	1 304	385
Restructuring costs – employees		467	
Other restructuring costs and non-recurring effects		338	
Provisions for debt-financed structured products		450	
Sale of SalusAnsvar		(64)	
Reversal of provisions		(157)	
Impairment losses for goodwill and activated systems development		270	
Operating expenses	21 875	1 115	20 760

Total operating expenses increased by 5.4 per cent from 2012. Sizeable non-recurring effects had an impact on costs, resulting in an overall cost increase of NOK 1.3 billion. Adjusted for non-recurring effects, there was 0.9 per cent reduction in costs, which means that the Group has thus far reached its target to keep ongoing operating expenses flat. This is attributable to a number of restructuring measures implemented during the year, resulting in reductions in both the number of employees, the number of branch offices and the number of geographical production units. The average number of full-time positions was reduced by 900 from 2012 to 2013. Pension expenses were down NOK 265 million, partly in reflection of the staff reductions.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 2 185 million, down NOK 994 million from 2012. NOK 597 million of the reduction represented individual impairment. There was a certain rise in impairment in the large corporate segments, while the level of impairment was reduced in the shipping and energy segments and in the Baltics and Poland. Collective impairment losses of NOK 133 million were reversed in 2013, while collective impairment totalled NOK 265 million in 2012. Impairment was reduced from 0.24 per cent of loans in 2012 to 0.17 per cent in 2013.

Taxes

The DNB Group's tax charge for 2013 was NOK 5 188 million, representing 22.8 per cent of pre-tax operating profits. The tax charge was virtually unchanged from 2012. The tax charge was lower than the anticipated long-term rate, primarily due to exchange rate movements and non-recurring effects.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound for banks with good credit ratings in 2013, and DNB had ample access to short-term funding. The markets were less selective, and an increasing number of banks were regarded as financially strong.

In the long-term funding markets, there was also a strong supply of capital throughout 2013. The first half of the year was characterised by the extensive quantitative easing applied by the Japanese central bank and the cuts in key policy rates implemented by the European Central Bank. This resulted in a gradual improvement in prices of new funding from the market. The announcement that the FED, the US central bank, was considering winding down the so-called quantitative easing as early as in June caused some market uncertainty and greater price volatility. Though this uncertainty prevailed in the second half of the year, prices showed a stable downward trend parallel to a high level of market activity, also among Southern European issuers. This was underpinned by signs of recovery in both the US and European economies.

Debt securities issued by the Group totalled NOK 712 billion at year-end 2013 and NOK 708 billion a year earlier. The average remaining term to maturity for the portfolio of debt securities issued was 4.3 years at end-December 2013, compared with 4.6 years a year earlier.

In order to keep the Group's liquidity risk at a low level, short-term and long-term liquidity risk limits have been established. These are consistent with the Basel III calculation methods. Among other things, this implies that customer loans are financed through customer deposits, long-term securities and primary capital. The Group stayed well within the liquidity limits during 2013. A gradual adaptation to the liquidity requirements within the time limits stipulated by the Basel Committee and the Norwegian authorities is being planned.

At end-December 2013, total combined assets in the DNB Group were NOK 2 640 billion, an increase from NOK 2 528 billion at year-end 2012. Total assets in the Group's balance sheet were NOK 2 389 billion as at 31 December 2013 and NOK 2 320 billion a year earlier. Total assets in DNB Livsforsikring were NOK 289 billion and NOK 271 billion, respectively, on the same dates.

Net loans to customers increased by NOK 42.9 billion or 3.3 per cent from end-December 2012. There was a rise in customer deposits of NOK 56.9 billion or 7 per cent during the same period. The ratio of customer deposits to net loans to customers increased from 62.5 per cent at end-December 2012 to 64.7 per cent a year later, which is in line with the Group's minimum 60 per cent target.

Risk and capital adequacy

Overall, the risk situation developed favourably during 2013, even though global economic growth was weak, as anticipated, and the Norwegian economy showed lower growth than in the preceding years. Expectations of an economic recovery were thus the main reason for the improved risk picture. Stock markets showed a positive trend throughout the year, and risk premiums declined in the money and credit markets. The growth prospects for industrial countries have improved and there is greater confidence in the EU's ability to handle the sovereign debt challenges in the eurozone. This is closely related to the progress that has been made in establishing reliable mechanisms to solve the problems in the EU banking sector.

Norwegian economic growth slowed in 2013 and the country may have entered a slight downturn at the beginning of 2014. Housing prices fell in the final months of 2013, and the key policy rate was kept stable at 1.5 per cent, while the pre-announced interest rate increases were postponed. The Norwegian krone rate was record-high at the start of 2013, but gradually depreciated by a total of 11 per cent against a competition-weighted average of other currencies. The Norwegian krone depreciated by 14 per cent against the euro. Together with a more expansionary fiscal policy and continued low interest rates, the lower krone rate may help counteract the economic slowdown in Norway.

The DNB Group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 3.3 billion from year-end 2012, to NOK 76 billion.

Developments in the risk-adjusted capital requirement

Amounts in NOK billion	31 Dec. 2013	30 Sept. 2013	30 June 2013	31 Dec. 2012
Credit risk	57.2	59.0	59.8	59.1
Market risk	8.2	7.7	7.7	7.9
Market risk in life insurance	10.2	11.2	13.1	13.5
Insurance risk in life insurance	1.0	1.0	1.0	1.0
Non-life insurance	0.9	0.8	0.8	0.8
Operational risk	10.7	10.7	10.3	9.8
Business risk	4.8	4.8	4.8	4.6
Gross risk-adjusted capital requirement	93.2	95.2	97.5	96.7
Diversification effect [1)]	(17.2)	(17.3)	(18.4)	(17.5)
Net risk-adjusted capital requirement	76.0	77.9	79.1	79.3
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	18.5	18.2	18.9	18.1

1) The diversification effect refers to the risk-mitigating effect achieved by the Group by having operations which are affected by different types of risk where unexpected losses are unlikely to occur at the same time.

The risk-adjusted capital requirement for credit declined by NOK 1.9 billion during 2013, reflecting improved quality in the corporate customer portfolios. There was stable, sound credit quality in the healthy portfolio in most areas.

The situation in the shipping sector remains challenging, though 2013 turned out somewhat better than expected. A cautious upturn is anticipated in the shipping markets over the coming years. During the third quarter of 2013, the situation in the dry bulk markets improved, mainly for the largest ships, due to rising imports of iron ore to China. This trend continued in the fourth quarter parallel to an improvement in the tanker market. 2013 was a challenging year in the container market due to sluggish growth in exports from Europe and the US, and the situation will probably remain unchanged in 2014. A number of new ships were delivered in 2013, and the fleet is expected to expand further in 2014 and 2015.

Oil prices remained high and stable during the fourth quarter of the year, though the consensus view is that prices will decline slightly in the longer term due to lower export growth and a rise in supplies, including US shale oil. Activity levels remained high in most energy-related sectors, while developments are more uncertain in sectors that will be affected by a fall in oil prices.

Power prices in the Nordic market are low, which significantly limits the ability of the power companies to pay dividends, as they cannot expect an influx of new equity from their owners, which are municipalities and county municipalities. At year-end 2013, DNB had a solid portfolio in this segment.

The quality of the Norwegian commercial property portfolio is considered to be satisfactory. Vacancy rates increased in the office market in 2013. In Oslo, Asker and Bærum, the vacancy rate was 8 per cent at year-end 2013, reflecting the brisk construction activity over the past two years. A number of the vacant properties have been renovated and have re-entered the market, thereby raising the vacancy rate. Office buildings need to be extensively restored and upgraded to retain their attractiveness in a challenging market.

Market risk in life insurance declined from year-end 2012. Equity and bond investments were reduced towards the end of the year, and equities represented just under 6 per cent of total investments at end-December 2013. Commercial property investments were also brought down further in 2013. Parallel to this, increasing buffers were built in the form of market value adjustment reserves. At year-end 2013, long-term Norwegian swap rates, which are reference rates for expected returns, were on a level with policyholders' guaranteed rate of return. In the longer term, this will limit DNB Livsforsikring's ability to assume risk to ensure a healthy return for policyholders. The situation remains challenging, but is slightly better than a year ago.

There were no significant changes in market risk limits in 2013. Mark-to-market adjustments of swap contracts entered into in connection with the Group's long-term financing of loans, basis swaps, are not included in the measurement of the risk-adjusted capital requirement for market risk. These contracts may have significant effects on the accounts from one quarter to the next. However, as the contracts are generally held to maturity, these effects will be balanced out over time.

Throughout 2013, operations, governance and control were of high quality in all of the Group's units. The number of registered events entailing operational risk was lower in 2013 than in the previous year, though total losses were higher. The losses mainly related to individual events that originated a few years back. The operational stability of the Group's IT systems remained challenging throughout the year. Extensive measures have been initiated to reduce the related risk. The risk-adjusted capital requirement for operational risk and business risk is updated every six months at end-March and end-September.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 13.4 billion from year-end 2012, to NOK 1 089 billion. In 2013, risk-weighted volume could not be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 11.8 per cent, while the capital adequacy ratio was 14 per cent.

Calculations have also been made of full future implementation of the Basel II rules for all of the Group's credit portfolios, excluding those in the Baltics and Poland, disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 939 billion and a potential common equity Tier 1 capital ratio of 13.6 per cent. Under Basel III, based on the Group's interpretation of the draft regulations, the common equity Tier 1 capital ratio would also have been 13.6 per cent at end-December 2013.

Macroeconomic developments

The economic recovery in Norway, which started around year-end 2010, slowed down towards the end of 2012. Throughout 2013, growth in the mainland economy was below the trend growth rate. Lower growth contributed to a moderate rise in unemployment from the bottom level in the spring of 2012. Parallel to this, weak growth among major trading partners caused Norwegian exports to stagnate in 2013. This, combined with only a slight increase in household consumption, explains the sluggish GDP growth. There was a healthy trend in the engineering industry, mainly due to rising petroleum investment, while a number of other industry sectors showed a less favourable development as a result of the international recession. There was continued growth in the building and construction industry due to increased housebuilding activity, though it levelled off in the course of 2013.

For a number of years, fiscal policy stimulus has been moderate in the Norwegian economy. The approved National Budget for 2014 indicates that fiscal policy impulses will be somewhat stronger than in 2013. Based on a markedly weaker Norwegian krone and slightly stronger international economic growth, export growth is expected to pick up in the period ahead. Households have become more pessimistic about the Norwegian economy, and this is reflected in both the activity level in the housing market and sluggish consumption growth. This pessimism will probably contribute to low growth in consumption for another few quarters, while the underlying income growth indicates that consumption will rise in the course of 2014. The weak price trend in the housing market will probably result in fewer housing starts in 2014. Oil investment is likely to grow more slowly and eventually decline. The highly positive financial contributions from the oil sector will thus become slightly negative.

International economic growth remains moderate, and there are large differences between individual countries. In the US and Great Britain, economic growth increased markedly through 2013. After declining for six consecutive quarters, the euro economy showed a slight rebound from the second quarter of the year. However, there are great variations within the eurozone, ranging from strong growth in Germany to downturns in Italy and France. As regards the countries outside the monetary union, the Danish economy has been virtually at a standstill for the past three years, while the Swedish economy also stagnated in 2013. Further east in Europe, economic growth abated in the Baltics and Poland through 2013, while in Russia, GDP declined in both the second and third quarter of the year. The highly expansionary economic policy conducted in Japan since the autumn of 2012 has contributed to a marked economic upswing. The picture is also mixed among emerging economies. In China, growth rebounded in 2013, while India and Mexico struggled with very weak growth rates.

Overall, the international scenario looks a bit brighter than before, though there is no pronounced recovery in sight. Unemployment levels are still high, while inflation is low. Monetary policy remains highly expansionary, and the European Central Bank provided further stimulus in the autumn of 2013. However, a number of countries conduct contractive fiscal policies and are experiencing serious debt problems.

New regulatory framework

During the first half of 2013, the EU approved the new regulations for credit institutions and investment firms, the CRD IV regulations (Capital Requirements Directive). The regulations are based on the Basel Committee's recommendations from December 2010 on new and stricter capital and liquidity standards, Basel III. The new regulations were introduced on 1 January 2014 and entail significantly higher own funds requirements and new requirements for long-term funding and liquidity reserves. The CRD IV regulations are intended to apply to all banks and investment firms within the EEA and will be implemented gradually up to 2019. The new regulations present significant challenges for banks, requiring them to increase earnings to build equity. Parallel to this, the requirements for increases in long-term funding and liquidity reserves will result in higher funding costs.

Several important clarifications regarding the new, short-term liquidity requirement LCR were announced by the Basel Committee in January 2013. In addition, the European Banking Authority, EBA, published a report to the European Commission in December 2013, including recommendations for the definitions of high quality liquid assets and extremely high quality liquid assets. The European Commission will take these recommendations into account when giving the final definition of LCR by end-June 2014. Finanstilsynet has proposed a 100 per cent LCR requirement for systemically important institutions in Norway with effect from 1 July 2015. The Norwegian LCR requirement will probably be considered on the basis of the final EU requirements and a specification of the securities that can be used to meet the requirement. Due to the limited access to government paper in the Norwegian market, it is vital to Norwegian banks that assets in foreign currency qualify and that covered bonds qualify as level 1 liquid assets.

The long-term liquidity requirement NSFR has not been finally defined in the CRD IV regulations yet. By 31 December 2015, the EBA will report to the European Commission how it can be ensured that the institutions use stable funding sources. In light of this, Finanstilsynet has proposed that the so-called liquidity indicator 1 should serve as a long-term funding requirement for systemically important institutions in Norway and be set at 110 per cent. At end-June 2013, the average liquidity indicator level of the 13 largest Norwegian banks was 105.8 per cent.

On 22 June 2013, the Norwegian Parliament decided to introduce new capital requirements as the first step in the adaptation to the CRD IV regulations. The new capital requirements in Norway entered into force on 1 July 2013 and imply a gradual increase in capital adequacy requirements over the coming years. Other requirements in the CRD IV regulations have not yet been introduced in Norway, though the Norwegian authorities are in the process of working out national rules that will apply until the CRD IV regulations are included in the EEA agreement.

The proposed new capitalisation requirements imply that the minimum capital adequacy requirement will be retained at 8 per cent, but will in practice be increased to 10.5 per cent due to the introduction of the so-called capital conservation buffer. On top of this, a requirement has been introduced for a general system risk buffer of 2 per cent. This buffer will be increased to 3 per cent on 1 July 2014 and will apply to all banks irrespective of size. In addition, a special buffer will be introduced for systemically important institutions, set at 1 percentage point as of 1 July 2015 and thereafter increased by an additional 1 percentage point as of 1 July 2016. Furthermore, a counter-cyclical capital element will be introduced, ranging between 0 and 2.5 per cent, determined by the national supervisory authorities. On 12 December 2013, the Ministry of Finance concluded that the initial level of the counter-cyclical buffer should be 1 per cent. This requirement will enter into force on 30 June 2015. The level of the counter-cyclical capital buffer will be determined each quarter. A decision to increase the level will normally enter into force no earlier than 12 months after the decision was made.

The Norwegian authorities have chosen to retain the Basel II transitional rules, which set a floor for how low a bank's risk-weighted volume can be relative to the Basel I rules, the so-called Basel I floor. This distinctively Norwegian supervisory practice will be of no consequence to domestic banks' actual capital adequacy, but will make Norwegian banks appear weaker capitalised in international comparisons.

For systemic risk reasons, the Norwegian authorities have increased capital requirements for home mortgages when these are calculated according to internal models. The minimum requirement for the model parameter “loss given default”, LGD, has thus been increased from 10 to 20 per cent in the capital adequacy regulations. The minimum requirement applies to the average home mortgage portfolio and entered into force on 1 January 2014. Finanstilsynet has announced that it might be relevant to further increase home mortgage risk weights by adjusting the banks' probability of default, PD, estimates.

The Swedish authorities have also introduced a minimum capital requirement for home mortgages as part of Finansinspektionen's, the Swedish financial supervisory authority, overall capital adequacy assessment through supervisory review and evaluation, Pillar 2. The requirement thus does not affect the reported Tier 1 capital of the large Swedish banks. In Norway, the Ministry of Finance requires more capital to maintain the same capital adequacy ratios, Pillar 1. Thus, Swedish banks appear to be as well-capitalised as they were before, while the Norwegian solution has a negative impact on banks' reported capital adequacy.

DNB is of the opinion that it is vital that equal framework conditions are established for competition in the market and therefore urges the Norwegian authorities to work for optimal harmonisation in agreement with the intentions behind the new regulatory framework within the EEA.

In 2013, the EU agreed to establish a single, supranational supervisory authority for banks in the eurozone. The European Central Bank, ECB, will exercise direct supervision of the approximately 130 largest banks in the eurozone. The other elements in the banking union are a harmonised deposit guarantee scheme and a crisis management framework for banks, including a joint rescue fund. In addition, CRD IV will constitute an important basis for the banking union. Together, these comprehensive regulations will have far-reaching consequences for financial institutions and their users. Countries outside the eurozone may join the banking union, though both Great Britain and Sweden have stated that this will not be a relevant option in the foreseeable future.

The purpose of the banking union is to remove the correlation between banking crises and sovereign debt crises, and thereby help avoid taxpayer bail-outs of failed banks in the future. There is a good deal of speculation about the long-term effects of the banking union, which will, among other things, entail more common supervision. Norway will not be directly affected, but if supervisory practices are more harmonised in the long term and there is less scope for solutions that are unique to individual countries, this may also have consequences for Norwegian authorities and banks.

During 2013, a number of important clarifications were made with respect to the regulatory framework for life insurance companies. Agreement has been reached on the main content and the implementation plan for Solvency II, which regulates solvency capital requirements for European insurance companies. The valuation of long-term insurance liabilities has been under consideration for several years. The regulations that have now been established imply that the value of the liabilities becomes more predictable when interest rates change. The new capital requirements will be implemented with effect from 1 January 2016. There is agreement that the capital requirements shall be complemented by transitional arrangements that imply a 16-year gradual phase-in of the requirements for technical insurance reserves. Formal decisions to adopt the current regulations are expected to be made during 2014. More predictable capital requirements and a long transitional period are beneficial for the life insurance companies. Use of the transitional rules is conditional on approval by Finanstilsynet. In this connection, it has been pointed out that the companies will be required to prepare capital plans which ensure that they are adequately capitalised in accordance with Solvency II upon the introduction of the directive on 1 January 2016.

The Norwegian Parliament has approved a new Occupational Pensions Act that entered into force on 1 January 2014. A key element in the new Act is a new contribution-based occupational pension product. As of the same date, the maximum contribution rates for defined-contribution pensions were increased and will be 7 per cent for salaries up to 7.1 G and 25.1 per cent for salaries between 7.1 G and 12 G. As a result of the higher contribution rates, a significant share of DNB Livsforsikring's customers are expected to terminate their defined-benefit schemes in 2014. In this connection paid-up policies will be issued. Due to the new solvency regulations, Solvency II, this will be very capital intensive. It is vital that the Norwegian authorities design the product regulations for paid-up policies to ensure that the capital requirements will be lower after the introduction of Solvency II than what follows from current regulations.

DNB is working to be ready to meet the new requirements in the various areas. Up until the final regulations are in place, the Group's activities will be gradually adapted to the new requirements.

Future prospects

According to current economic forecasts, a cautious recovery is expected in both the Norwegian and the international economy, though developments remain highly uncertain. In Norway, the uncertainty relates partly to housing market trends, though updated forecasts do not indicate any significant reduction in values in the Norwegian housing market in 2014.

In consequence of the interest rate increases implemented for personal and corporate customers in 2013, the level of interest income has risen. This was a necessary step to meet the new capital requirements that will be gradually introduced. The particularly strict requirements for Norwegian banks mean that competitors that are not subject to the same capital requirements may be in a better position to increase their market shares at the expense of Norwegian banks. This applies to international banks, but also to Norwegian government-backed institutions that offer home mortgages.

Volume-weighted spreads are expected to be stable or to widen slightly in 2014. Stable weighted spreads are anticipated in the markets for personal customers and small and medium-sized enterprises, while weighted spreads in the large corporate segments are expected to be stable or to rise marginally. Lending volumes are expected to increase by 3 to 4 per cent in the coming period. At year-end 2013, the rate of growth was somewhat lower. Still, DNB will maintain its overall growth target based on slightly higher growth in lending to personal customers and small and medium-sized enterprises and more subdued lending growth in the large corporate segments. As previously communicated, DNB aims to keep expenses flat, excluding restructuring expenses, towards 2016. Net individual impairment is expected to be in the range of NOK 2-3 billion in 2014. The long-term tax rate is still estimated to be approximately 26 per cent. DNB is well capitalised, but will build additional capital organically in accordance with the authorities' requirements.

DNB aspires to be the bank that best meets customer needs in a time of rapid change. The Group has thus defined three key success factors: capital, customers and culture. In order to meet the new requirements for a Tier 1 capital ratio of 13.5-14 per cent and a return on equity above 12 per cent, capital will be actively allocated to the areas that generate the highest returns. In order to maintain long-term profitability, DNB also needs to ensure good customer experiences. In this connection, innovation and availability are essential to the operation of the Group.

Oslo, 5 February 2014
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Berit Svendsen

Rune Bjerke
(group chief executive)

Income statement

Amounts in NOK million	Note	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
					DNB Group
Total interest income	5	15 417	15 002	60 404	63 068
Total interest expenses	5	7 477	7 901	30 212	35 853
Net interest income	5	**7 940**	**7 101**	**30 192**	**27 216**
Commission and fee income etc.	6	2 533	2 363	9 772	9 299
Commission and fee expenses etc.	6	634	563	2 379	2 337
Net gains on financial instruments at fair value	7	1 342	1 363	5 032	3 910
Net gains on assets in DNB Livsforsikring		4 473	3 430	14 759	14 219
Guaranteed returns, strengthened premium reserve and allocations to policyholders in DNB Livsforsikring		4 323	3 117	14 205	13 187
Premium income etc. included in the risk result in DNB Livsforsikring		1 297	1 196	5 379	5 102
Insurance claims etc. included in the risk result in DNB Livsforsikring		1 081	1 370	4 913	5 421
Premium income, DNB Skadeforsikring		367	324	1 392	1 250
Insurance claims etc., DNB Skadeforsikring		245	246	975	925
Profit from companies accounted for by the equity method	8	118	177	362	789
Net gains on investment property	20	(79)	(16)	(86)	(340)
Other income	9	551	518	2 288	2 141
Net other operating income		**4 318**	**4 061**	**16 427**	**14 501**
Total income		**12 258**	**11 162**	**46 619**	**41 717**
Salaries and other personnel expenses	10, 11	2 677	2 702	11 307	10 987
Other expenses	10	1 743	1 899	7 850	7 451
Depreciation and impairment of fixed and intangible assets	10	1 088	854	2 719	2 322
Total operating expenses	10	**5 508**	**5 455**	**21 875**	**20 760**
Pre-tax operating profit before impairment		**6 750**	**5 707**	**24 744**	**20 957**
Net gains on fixed and intangible assets		153	(65)	151	(1)
Impairment of loans and guarantees	16	36	1 190	2 185	3 179
Pre-tax operating profit		**6 868**	**4 453**	**22 709**	**17 776**
Taxes	12	1 212	614	5 188	4 081
Profit from operations held for sale, after taxes		9	4	4	96
Profit for the period		**5 665**	**3 843**	**17 526**	**13 792**
Earnings/diluted earnings per share (NOK)		3.48	2.36	10.76	8.48
Earnings per share excluding operations held for sale (NOK)		3.47	2.36	10.76	8.42

Comprehensive income statement

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
				DNB Group
Profit for the period	**5 665**	**3 843**	**17 526**	**13 792**
Actuarial gains and losses, net of tax [1)]	(481)	3 048	(469)	2 947
Property revaluation	96	45	124	45
Elements of other comprehensive income allocated to customers (life insurance)	(96)	(45)	(124)	(45)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(481)	3 048	(469)	2 947
Currency translation of foreign operations	986	(341)	3 478	(1 216)
Hedging of net investment, net of tax	(327)	237	(2 425)	1 006
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	659	(104)	1 053	(210)
Other comprehensive income for the period	**178**	**2 944**	**584**	**2 736**
Comprehensive income for the period	**5 843**	**6 787**	**18 110**	**16 528**

1) As a result of amendments to IAS 19 – Employee Benefits effective on 1 January 2013, see note 1 Accounting principles, comparable figures for 2012 have been restated. The effect on comprehensive income in 2013 is mainly due to the use of the new mortality table, K2013, in pension calculations.

Balance sheet

Amounts in NOK million	Note	DNB Group 31 Dec. 2013	 31 Dec. 2012
Assets			
Cash and deposits with central banks		167 171	298 892
Due from credit institutions	13, 14, 15	180 882	37 136
Loans to customers	13, 14, 15, 16, 17	1 340 831	1 297 892
Commercial paper and bonds at fair value	14	260 338	224 750
Shareholdings	14	47 252	48 288
Financial assets, customers bearing the risk	14	35 512	28 269
Financial derivatives	14, 15	130 939	152 024
Commercial paper and bonds, held to maturity	13, 19	152 883	157 330
Investment property	20	33 331	39 496
Investments in associated companies		3 113	2 882
Intangible assets	21	6 511	6 718
Deferred tax assets		1 104	1 123
Fixed assets		12 498	10 825
Assets held for sale		225	417
Other assets		16 847	14 200
Total assets		**2 389 438**	**2 320 241**
Liabilities and equity			
Due to credit institutions	13, 14, 15	234 219	251 388
Deposits from customers	13, 14, 15	867 904	810 959
Financial derivatives	14, 15	111 310	118 714
Debt securities issued	13, 14, 22	711 555	708 047
Insurance liabilities, customers bearing the risk		35 512	28 269
Liabilities to life insurance policyholders in DNB Livsforsikring		230 906	221 185
Insurance liabilities, DNB Skadeforsikring		1 958	1 780
Payable taxes		3 277	6 831
Deferred taxes		2 654	1 284
Other liabilities		16 752	18 451
Liabilities held for sale		53	76
Provisions		1 454	770
Pension commitments		3 381	3 904
Subordinated loan capital	13, 14, 22	26 276	21 090
Total liabilities		**2 247 211**	**2 192 749**
Share capital		16 278	16 269
Share premium reserve		22 609	22 609
Other equity		103 340	88 614
Total equity		**142 227**	**127 492**
Total liabilities and equity		**2 389 438**	**2 320 241**
Off-balance sheet transactions, contingencies and post-balance sheet events	26		

Statement of changes in equity

DNB Group

Amounts in NOK million	Share capital [1]	Share premium reserve	Actuarial gains and losses	Property revaluation reserve	Currency translation reserve	Net invest-ment hedge reserve	Other equity [1]	Total equity [1]
Balance sheet as at 31 December 2011	**16 260**	**22 609**		**0**	**(865)**	**300**	**79 511**	**117 815**
Implementation of the amended IAS 19 - Employee Benefits [2]			(3 625)					(3 625)
Balance sheet as at 1 January 2012	**16 260**	**22 609**	**(3 625)**	**0**	**(865)**	**300**	**79 511**	**114 190**
Profit for the period							13 792	13 792
Other comprehensive income			2 947	45	(1 216)	1 006		2 782
OCI allocated to customers (life insurance)				(45)				(45)
Comprehensive income for the period	0	0	2 947	0	(1 216)	1 006	13 792	16 528
Dividends paid for 2011 (NOK 2.00 per share)							(3 258)	(3 258)
Accumulated currency translation reserve in Pres-Vac					2		(2)	0
Net purchase of treasury shares	9						23	32
Balance sheet as at 31 December 2012, restated	**16 269**	**22 609**	**(678)**	**0**	**(2 079)**	**1 306**	**90 066**	**127 492**
Balance sheet as at 31 December 2012	**16 269**	**22 609**		**0**	**(2 079)**	**1 306**	**89 931**	**128 035**
Implementation of the amended IAS 19 - Employee Benefits [2]			(678)				135	(543)
Balance sheet as at 31 December 2012, restated	**16 269**	**22 609**	**(678)**	**0**	**(2 079)**	**1 306**	**90 066**	**127 492**
Profit for the period							17 526	17 526
Other comprehensive income			(469)	124	3 478	(2 425)		708
OCI allocated to customers (life insurance)				(124)				(124)
Comprehensive income for the period	0	0	(469)	0	3 478	(2 425)	17 526	18 110
Dividends paid for 2012 (NOK 2.10 per share)							(3 420)	(3 420)
Currency translation reserve taken to income					(1)			(1)
Change of reporting currency DNB Invest Denmark					7		(7)	0
Net purchase of treasury shares	10						37	47
Balance sheet as at 31 December 2013	**16 278**	**22 609**	**(1 147)**	**0**	**1 404**	**(1 119)**	**104 201**	**142 227**

1) *Of which treasury shares, held by DNB Markets for trading purposes:*

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2012	*(19)*	*(118)*	*(137)*
Net purchase of treasury shares	*10*	*37*	*47*
Reversal of fair value adjustments through profit and loss		*(16)*	*(16)*
Balance sheet as at 31 December 2013	*(10)*	*(97)*	*(107)*

2) *See note 1 Accounting principles.*

Cash flow statement

Amounts in NOK million	DNB Group Full year 2013	Full year 2012
Operating activities		
Net payments on loans to customers	(11 368)	(40 656)
Interest received from customers	53 483	56 429
Net receipts on deposits from customers	29 904	81 967
Interest paid to customers	(15 336)	(18 842)
Net payments on loans to credit institutions	(158 476)	(35 561)
Interest received from credit institutions	1 375	1 391
Interest paid to credit institutions	(2 368)	(3 166)
Net receipts/payments on the sale of financial assets for investment or trading	20 257	(10 775)
Interest received on bonds and commercial paper	4 998	4 069
Net receipts on commissions and fees	7 376	6 983
Payments to operations	(19 285)	(18 213)
Taxes paid	(7 648)	(542)
Receipts on premiums	21 098	18 503
Net payments on premium reserve transfers	(1 338)	(987)
Payments of insurance settlements	(14 523)	(14 640)
Other payments	(5 016)	(863)
Net cash flow from operating activities	**(96 866)**	**25 097**
Investment activities		
Net payments on the acquisition of fixed assets	(3 881)	(6 984)
Net receipts/payments, investment property	1 061	(399)
Receipts on the sale of long-term investments in shares	642	0
Payments on the acquisition of long-term investments in shares	(16)	0
Dividends received on long-term investments in shares	319	97
Net cash flow from investment activities	**(1 875)**	**(7 286)**
Funding activities		
Receipts on issued bonds and commercial paper	996 386	941 280
Payments on redeemed bonds and commercial paper	(1 031 094)	(861 109)
Interest payments on issued bonds and commercial paper	(12 219)	(12 726)
Receipts on the raising of subordinated loan capital	7 528	5 525
Redemptions of subordinated loan capital	(3 709)	(8 082)
Interest payments on subordinated loan capital	(749)	(1 028)
Dividend payments	(3 420)	(3 258)
Net cash flow from funding activities	**(47 277)**	**60 603**
Effects of exchange rate changes on cash and cash equivalents	**13 934**	**(3 468)**
Net cash flow	**(132 085)**	**74 946**
Cash as at 1 January	304 247	229 301
Net receipts/payments of cash	(132 085)	74 946
Cash at end of period *)	172 162	304 247
**) Of which: Cash and deposits with central banks*	*167 171*	*298 892*
Deposits with credit institutions with no agreed period of notice [1)]	*4 991*	*5 355*

1) Recorded under "Due from credit institutions" in the balance sheet.

The cash flow statement shows receipts and payments of cash and cash equivalents during the period. The statement has been prepared in accordance with the direct method. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

Note 1 Accounting principles

The fourth quarter accounts 2013 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the Group is found in the annual report for 2012. The annual and interim accounts for the Group are prepared according to IFRS principles as endorsed by the EU.

As of the third quarter 2013 new organisation and financial governance have made changes to the composition of the reportable segments. Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Reported figures for the different segments will reflect the Group's total sales of products and services to the relevant segment.

The Group reports according to the segments Personal customers, Small and medium-sized enterprises (SME), Large corporates and international customers (LCI), Trading, Traditional pension products and Other operations (group units including eliminations). The presentation in note 4 Segments has been adjusted accordingly, including comparable figures. The changes are of significance only for the presentation of profits for the individual segments and have no impact to the presentation of the Group's income statement. Please refer to Note 4 Segments for a more detailed description of the principles behind the allocation of expenses and capital.

New or amended accounting standards or interpretations that entered into force in 2013 and are of significance to the Group, are described below. The new rules were implemented by the Group as of 1 January 2013.

Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities
Note information is required to enable users of the accounts to assess the effects or the potential effects the offsetting of financial assets and liabilities will have on the company's financial position. The disclosure requirements apply to financial instruments offset in accordance with IAS 32 when legal agreements regarding offsetting exist. See note 15 Offsetting for information based on the new requirements in IFRS 7.

IFRS 13 Fair Value Measurement
The standard specifies principles and guidance for fair value measurement of assets and liabilities when other IFRSs require or permit fair value measurements. The standard does not change what is required or permitted to be measured at fair value. IFRS 13 applies both at initial recognition and in subsequent measurements. The new rules have no material impact on the Group's profit and loss or balance sheet, but have an impact on the note information presented in the quarterly and annual accounts. See note 13 Fair value of financial instruments at amortised cost and note 14 Financial instruments at fair value for further information.

Amendments to IAS 1 – Presentation of Financial Statements
The amendments to IAS 1 entails that items of income and expense in other comprehensive income are grouped together based on whether or not they can be reclassified to the profit or loss section of the income statement on a future date. The amendments only affect the presentation in other comprehensive income.

Amendments to IAS 19 – Employee Benefits
Comparable figures in the report for the fourth quarter of 2013 have been restated based on the amendments to IAS 19 which entered into force on 1 January 2013. The Group started using the revised standard as of 1 January 2013, with retrospective application as from 1 January 2012 for comparison purposes. The amendments affect the recognition and presentation of the Group's defined benefit pension schemes.

One of the key changes is the removal of the corridor approach. Actuarial gains and losses are now required to be recognised in other comprehensive income in the period in which they occur. In consequence of this, the best estimate of pension liabilities will be shown in the balance sheet. According to the standard, when calculating pension costs, the discount rate shall be used on net pension liabilities instead of using the expected return on pension funds.

At year-end 2012, actuarial gains and losses totalling NOK 543 million after tax were recognised in the accounts. The amount reduced the Group's equity on 1 January 2013. The new rules would have reduced pension expenses for 2012 by NOK 187 million before tax and NOK 135 million after tax. Please refer to note 1 in the first quarter report 2013, the comprehensive income statement and the statement of changes in equity for more information about the effects of implementing the revised IAS 19.

Note 2 Important accounting estimates and discretionary assessments

When preparing the consolidated accounts, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the carrying amounts of assets, liabilities, income and expenses. A more detailed description of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2012.

Note 3 Changes in group structure

SalusAnsvar AB

During the third quarter of 2012, an agreement was entered into on the sale of the wholly-owned subsidiary SalusAnsvar AB from DNB Bank ASA for a total of approximately SEK 480 million. SalusAnsvar primarily offers non-life insurance and personal insurance in the Swedish market. The transaction was approved by the supervisory authorities during the fourth quarter of 2012. The transaction was completed in the first quarter of 2013.

Godfjellet AS/Nye Notabene AS

The bookshop chain Notabene presented a winding-up petition in January 2013, whereafter Nye Notabene AS took over most of the assets. The company is 100 per cent owned by Godfjellet AS, which in turn is 100 per cent owned by DNB Bank ASA. The assets were taken over for a total of approximately NOK 70 million.

The bank's strategy is to sell these operations as soon as possible within a 12-month period from the takeover date. The operations were classified as held for sale in the group accounts as at 31 December 2013. In the accounts, DNB's net holding will be recorded at the lower of the balance sheet value and fair value less costs to sell.

Svensk Fastighetsförmedling AB

During the fourth quarter of 2013, DNB Bank ASA completed the sale of its subsidiary Svensk Fastighetsförmedling AB. Svensk Fastighetsförmedling primarily offers real estate broking services in the Swedish market. Capital gains from the sale totalled NOK 155 million, which were recorded in the consolidated accounts in the fourth quarter of 2013.

Note 4 Segments

Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Special product areas are responsible for production and development for parts of the product range and for ensuring that the Group meets the needs of the various customer segments. Reported figures for the different segments will reflect the Group's total sales of products and services to the relevant customer segments.

Personal customers	-	includes the Group's total products and activities to private customers in all channels, both digital and physical. DNB offers a wide range of products through Norway's largest distribution network, comprising branches, telephone banking (24/7), digital banking, real estate broking as well as external channels (post offices and in-store postal and banking outlets).
Small and medium-sized enterprises	-	is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in this segment range from small businesses and start-up companies to relatively large corporate customers, and the product offerings are adapted to the customers' different needs. Small and medium-sized enterprises are served through the Group's large physical distribution network throughout Norway as well as digital and telephone banking (24/7).
Large corporates and international customers	-	includes large Norwegian and international corporate customers and all customers served by DNB's subsidiary banks in the Baltics, Poland and Russia. Operations are based on sound industry expertise and long-term customer relationships.
Trading	-	includes market making and other trading activities in fixed income, currencies and commodities (FICC) as well as equities, including risk management of the risk inherent in customer transactions. Markets' trading activities support the customer activities.
Traditional pension products	-	includes traditional defined-benefit pension products in DNB Livsforsikring. DNB no longer offers such products to new customers.

The income statement and balance sheet for the segments have been prepared on the basis of internal financial reporting for the functional organisation of the DNB Group into segments, as reported to group management (chief operating decision maker) for an assessment of current developments and the allocation of resources. Figures for the segments are based on DNB's management model and the Group's accounting principles. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas and are based on a number of assumptions, estimates and discretionary distributions. Interest on deposits from and financing of operations in the business areas are determined based on observable market rates, e.g. NIBOR. Additional costs relating to the Group's long-term funding are charged to the segments. Profits from repossessed operations which are fully consolidated in the DNB Group are presented net under "Profit from repossessed operations" in the internal reporting of segments. The acquired companies are included in the Group units.

Capital allocated to the segments areas is calculated on the basis of the Group's total Tier 1 capital and long-term capitalisation ambition. There are special capital adequacy regulations for insurance operations, and in these companies, allocated capital corresponds to recorded equity. For other group operations, the allocation of capital to all units is based on the Group's adaptation to Basel II, full IRB, and the capital allocated in 2013 corresponds to a common equity Tier 1 capital ratio of 12 per cent. The allocation of credit risk is based on the Group's internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units' total income.

Note 4 Segments (continued)

Income statement, fourth quarter

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations [1]		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income - ordinary operations	3 343	2 713	1 492	1 424	2 762	2 638	89	79	0	0	254	247	7 940	7 101
Interest on allocated capital [2]	73	79	86	97	223	237	33	40	0	0	(416)	(454)	0	0
Net interest income	3 416	2 793	1 578	1 521	2 985	2 876	122	119	0	0	(161)	(207)	7 940	7 101
Net other operating income	1 208	1 073	391	236	1 450	1 294	566	662	622	637	82	159	4 318	4 061
Total income	4 625	3 866	1 968	1 757	4 434	4 170	688	781	622	637	(80)	(48)	12 258	11 162
Operating expenses	2 090	1 922	978	899	1 659	1 683	84	159	221	213	476	579	5 508	5 455
Pre-tax operating profit before impairment	2 535	1 944	991	858	2 775	2 487	604	621	401	425	(555)	(628)	6 750	5 707
Net gains on fixed and intangible assets	155	0	0	1	(9)	(6)	0	(3)	(0)	0	8	(56)	153	(65)
Impairment of loans and guarantees [3]	114	108	160	259	(222)	805	0	0	0	0	(16)	18	36	1 190
Profit from repossessed operations	13	0	(9)	(35)	(99)	(2)	0	0	0	0	95	38	0	0
Pre-tax operating profit	2 589	1 836	822	564	2 889	1 673	604	618	401	425	(437)	(664)	6 868	4 453
Taxes	725	514	230	158	867	489	175	179	32	(72)	(818)	(654)	1 212	614
Profit from operations held for sale, after taxes	0	4	0	0	0	0	0	0	0	0	9	0	9	4
Profit for the period	1 864	1 326	592	406	2 022	1 185	429	439	369	497	389	(9)	5 665	3 843

1) *Other operations/eliminations:*

	Eliminations		*Group units *)*		*Total*	
	4th quarter		*4th quarter*		*4th quarter*	
Amounts in NOK million	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*
Net interest income - ordinary operations	*28*	*(15)*	*226*	*261*	*254*	*247*
Interest on allocated capital [2]	*0*	*0*	*(416)*	*(454)*	*(416)*	*(454)*
Net interest income	*28*	*(15)*	*(189)*	*(192)*	*(161)*	*(207)*
Net other operating income	*(438)*	*(402)*	*519*	*561*	*82*	*159*
Total income	*(410)*	*(416)*	*330*	*368*	*(80)*	*(48)*
Operating expenses	*(410)*	*(416)*	*885*	*996*	*476*	*579*
Pre-tax operating profit before impairment	*0*	*0*	*(555)*	*(628)*	*(555)*	*(628)*
Net gains on fixed and intangible assets	*0*	*0*	*8*	*(56)*	*8*	*(56)*
Impairment of loans and guarantees [3]	*0*	*0*	*(16)*	*18*	*(16)*	*18*
Profit from repossessed operations	*0*	*0*	*95*	*38*	*95*	*38*
Pre-tax operating profit	*0*	*0*	*(437)*	*(664)*	*(437)*	*(664)*

The eliminations refer mainly to internal services from support units to segments and between segments. Further, intra-group transactions and gains and losses on transactions between companies in the Group are eliminated.

The Group units includes IT and Operations, HR (Human Resources), Group Finance, Risk Management, Corporate Communications, Treasury, the partially owned company Eksportfinans, investments in IT infrastructure and shareholder-related costs. In addition, the Group units includes that part of the Group's equity that is not allocated to the business areas. Profits from repossessed operations which are fully consolidated in the DNB Group are presented net under "Profit from repossessed operations" in the internal reporting of segments. The acquired companies are included in the Group units.

**)*		*4th quarter*	
	Group units - pre-tax operating profit in NOK million	*2013*	*2012*
	+ Interest on unallocated equity etc.	*120*	*85*
	+ Income from equities investments	*751*	*221*
	+ Gains on fixed and intangible assets	*9*	*(56)*
	+ Mark-to-market adjustments Treasury and fair value of loans	*68*	*(544)*
	+ Basis swaps	*(819)*	*235*
	+ Eksportfinans ASA	*103*	*140*
	+ Net gains on investment property	*(92)*	*4*
	+ Profit from repossessed operations	*95*	*38*
	- Unallocated impairment of loans and guarantees	*(16)*	*17*
	- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	*109*	*107*
	- Unallocated personnel expenses	*5*	*207*
	- Unallocated IT expenses	*(23)*	*137*
	- Funding costs on goodwill	*9*	*10*
	- Impairment losses for goodwill and systems development	*500*	*202*
	- Impairment of leases	*6*	*83*
	- Unallocated operating expenses in main buildings	*25*	*64*
	- Reversal of provisions	*(157)*	*0*
	- Impairment of investment property and fixed assets	*13*	*31*
	Other	*(200)*	*72*
	Pre-tax operating profit	*(437)*	*(664)*

2) *Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the Group.*

3) *See note 16 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.*

Note 4 Segments (continued)

Main average balance sheet items

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK billion	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Loans to customers [1)]	655.8	636.8	209.1	204.4	473.4	464.6	3.0	2.9			(0.9)	(0.4)	1 340.4	1 308.2
Deposits from customers [1)]	345.2	327.9	149.4	146.8	362.1	326.9	86.3	42.7			(4.7)	(2.3)	938.3	842.0
Assets under management	61.4	56.9	42.7	33.9	188.2	192.8			235.0	228.1	6.3	(0.0)	533.6	511.8
Allocated capital [2)]	17.2	16.3	20.4	19.5	54.8	52.4	7.8	7.9	16.2	16.0				

Key figures

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Per cent	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Cost/income ratio [3)]	45.2	49.7	49.7	51.2	36.1	40.4	12.3	20.4	35.5	33.4			40.4	47.1
Ratio of deposits to loans [1) 4)]	52.6	51.5	71.4	71.8	76.5	70.4							70.0	64.4
Return on allocated capital, annualised [2)]	43.0	32.4	11.5	8.3	14.6	9.0	21.8	22.2	9.1	12.3			15.1	10.9

1) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments.*
2) *Allocated capital for the segments are calculated on the external capital adequacy requirement (Basel II) which must be met by the Group. Recorded capital is used for the Group.*
3) *Total operating expenses relative to total income. Total expenses exclude impairment losses for goodwill and other intangible assets.*
4) *Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

Income statement, full year

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	Full year		Full year		Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income - ordinary operations	12 329	9 881	5 818	5 495	10 524	10 290	415	552	0	0	1 107	997	30 192	27 216
Interest on allocated capital [1)]	303	368	358	401	934	1 094	145	155	0	0	(1 740)	(2 018)	0	0
Net interest income	12 632	10 250	6 176	5 896	11 458	11 384	559	708	0	0	(633)	(1 021)	30 192	27 216
Net other operating income	4 829	4 579	1 489	1 169	5 319	5 216	2 029	3 777	2 445	2 142	317	(2 383)	16 427	14 501
Total income	17 461	14 828	7 665	7 066	16 777	16 600	2 588	4 484	2 445	2 142	(316)	(3 404)	46 619	41 717
Operating expenses	8 655	8 096	3 724	3 541	6 054	6 134	645	776	846	865	1 952	1 348	21 875	20 760
Pre-tax operating profit before impairment	8 806	6 732	3 941	3 524	10 723	10 466	1 943	3 708	1 599	1 278	(2 268)	(4 751)	24 744	20 957
Net gains on fixed and intangible assets	154	(0)	(0)	1	(13)	(3)	0	(3)	0	0	9	4	151	(1)
Impairment of loans and guarantees [2)]	374	447	586	554	1 225	2 071	0	0	0	0	0	108	2 185	3 179
Profit from repossessed operations	0	0	(11)	(48)	(143)	(148)	0	0	0	0	155	196	0	0
Pre-tax operating profit	8 586	6 285	3 343	2 924	9 342	8 244	1 943	3 705	1 600	1 278	(2 105)	(4 659)	22 709	17 776
Taxes	2 404	1 760	936	819	2 803	2 407	564	1 075	113	(328)	(1 631)	(1 651)	5 188	4 081
Profit from operations held for sale, after taxes	3	4	0	0	0	0	0	0	0	0	1	92	4	96
Profit for the period	6 185	4 529	2 407	2 105	6 539	5 837	1 380	2 631	1 487	1 606	(472)	(2 916)	17 526	13 792

1) *Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the Group.*
2) *See note 16 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.*

Note 5 Net interest income

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
				DNB Group
Interest on amounts due from credit institutions	347	178	1 299	1 198
Interest on loans to customers	13 252	12 882	52 019	52 722
Interest on impaired loans and guarantees	161	164	682	625
Interest on commercial paper and bonds	1 355	1 159	5 316	4 991
Front-end fees etc.	85	83	329	337
Other interest income	216	538	759	3 195
Total interest income	**15 417**	**15 002**	**60 404**	**63 068**
Interest on amounts due to credit institutions	545	673	2 374	3 264
Interest on deposits from customers	3 581	3 869	14 626	15 838
Interest on debt securities issued	3 125	2 968	12 130	13 135
Interest on subordinated loan capital	142	143	453	676
Guarantee fund levy	188	23	754	90
Other interest expenses [1)]	(105)	225	(125)	2 849
Total interest expenses	**7 477**	**7 901**	**30 212**	**35 853**
Net interest income	**7 940**	**7 101**	**30 192**	**27 216**

1) *Other interest expenses include interest rate adjustments resulting from interest swaps entered into.*

Note 6 Net commission and fee income

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
				DNB Group
Money transfer fees	846	802	3 330	3 186
Fees on asset management services	302	264	1 119	1 044
Fees on custodial services	84	79	320	320
Fees on securities broking	87	46	262	185
Corporate finance	158	192	497	585
Interbank fees	9	10	37	43
Credit broking commissions	97	143	473	445
Sales commissions on insurance products	727	624	2 810	2 599
Sundry commissions and fees on banking services	223	202	923	891
Total commission and fee income etc.	**2 533**	**2 363**	**9 772**	**9 299**
Money transfer fees	337	303	1 225	1 142
Commissions on fund management services	47	40	179	160
Fees on custodial services	34	27	134	132
Interbank fees	19	20	73	78
Credit broking commissions	30	21	102	91
Commissions on the sale of insurance products	22	16	85	112
Sundry commissions and fees on banking services	145	136	581	621
Total commission and fee expenses etc.	**634**	**563**	**2 379**	**2 337**
Net commission and fee income	**1 900**	**1 800**	**7 393**	**6 962**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
				DNB Group
Dividends	90	56	411	400
Net gains on commercial paper and bonds	15	796	(837)	3 051
Net gains on shareholdings and equity-related derivatives	713	192	732	120
Net unrealised gains on basis swaps	(819)	235	(1 364)	(1 687)
Net gains on other financial instruments	1 343	85	6 090	2 025
Net gains on financial instruments at fair value	**1 342**	**1 363**	**5 032**	**3 910**

Note 8 Profit from companies accounted for by the equity method

Moody's and Standard & Poor's downgrades of Eksportfinans' credit rating in the fourth quarter of 2011 resulted in sizeable unrealised gains on the company's long-term funding. The effect of such unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion in the fourth quarter of 2011. After reviewing the fair value of the company in connection with the closing of the annual accounts, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter of 2011. In 2012 and 2013, the required rate of return in the market was reduced, and Eksportfinans had sizeable unrealised losses on own debt. The impairment loss recorded by DNB in the fourth quarter of 2011 was reversed by an amount corresponding to these unrealised losses. Reversals totaling NOK 2.2 billion were made in 2013. The remaining impairment loss was NOK 2.1 billion at year-end 2013. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

Note 9 Other income

				DNB Group
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Income from owned/leased premises	28	15	69	63
Income from investment properties	54	66	239	273
Fees on real estate broking	247	288	1 144	1 134
Sales income	32	32	107	100
Miscellaneous operating income	190	118	729	571
Total other income	**551**	**518**	**2 288**	**2 141**

Note 10 Operating expenses

				DNB Group
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Salaries	1 933	1 880	7 892	7 844
Employer's national insurance contributions	272	262	1 127	1 123
Pension expenses 1)	204	364	787	1 236
Restructuring expenses 1)	44	88	776	131
Other personnel expenses	224	108	724	652
Total salaries and other personnel expenses	**2 677**	**2 702**	**11 307**	**10 987**
Fees 2)	262	373	1 164	1 289
IT expenses 2)	536	413	2 346	1 849
Postage and telecommunications	74	79	303	342
Office supplies	17	34	90	99
Marketing and public relations	211	204	847	904
Travel expenses	81	79	229	250
Reimbursement to Norway Post for transactions executed	42	34	143	138
Training expenses	16	21	49	65
Operating expenses on properties and premises	391	372	1 364	1 441
Operating expenses on machinery, vehicles and office equipment	40	35	130	143
Other operating expenses 3)	73	254	1 184	931
Total other expenses	**1 743**	**1 899**	**7 850**	**7 451**
Impairment losses for goodwill 4)	57	202	57	287
Depreciation and impairment of fixed and intangible assets 5)	1 030	651	2 661	2 035
Total depreciation and impairment of fixed and intangible assets	**1 088**	**854**	**2 719**	**2 322**
Total operating expenses	**5 508**	**5 455**	**21 875**	**20 760**

1) *In consequence of the restructuring process in DNB, provisions for restructuring costs were made in the second, third and the fourth quarter of 2013. In addition, a reduction in pension commitments for employees who were granted severance packages was estimated, resulting in lower pension expenses.*
2) *Fees also include system development fees and must be viewed relative to IT expenses.*
3) *Provisions of NOK 157 million were reversed in the fourth quarter of 2013. During the first quarter of 2013, NOK 450 million was charged to the income statement in connection with the Supreme Court ruling regarding certain debt-financed structured products.*
4) *Impairment losses for goodwill of NOK 57 million relating to JSC DNB Bank were recorded in the fourth quarter of 2013. Impairment losses for goodwill of NOK 202 million relating to DNB Livsforsikring were recorded in the fourth quarter of 2012. Impairment losses for goodwill of NOK 47 million relating to SalusAnsvar and NOK 38 million to Pres-Vac were recorded in the third quarter of 2012.*
5) *Impairment of activated systems development in the Baltics totalling NOK 500 million was recorded in the fourth quarter of 2013.*

Note 11 Number of employees/full-time positions

	DNB Group			
	4th quarter 2013 [1)]	4th quarter 2012 [2)]	Full year 2013 [1)]	Full year 2012 [2)]
Number of employees at end of period	12 452	13 703	12 452	13 703
- of which number of employees abroad	3 533	4 371	3 533	4 371
Number of employees calculated on a full-time basis at end of period	12 016	13 291	12 016	13 291
- of which number of employees calculated on a full-time basis abroad	3 481	4 316	3 481	4 316
Average number of employees	12 647	13 809	13 091	13 982
Average number of employees calculated on a full-time basis	12 204	13 383	12 642	13 542

1) *The number of employees in Poland was reduced by 460 in 2013. The transfer of a portfolio of personal customers and small and medium-sized enterprises as well as 38 branch offices to a Polish bank gave a reduction of 250 employees, while the remaining staff cuts result from the Group's restructuring process.*
2) *The 2012 figures include SalusAnsvar AB, which was sold at the end of January 2013, and Svensk Fastighetsförmedling AB, which was sold in December 2013. At year-end 2012, these companies had a total of 182 employees representing 170 full-time positions.*

Note 12 Taxes

Balancing tax charges against pre-tax operating profit	**DNB Group**	
Amounts in NOK million	Full year 2013	Full year 2012
Pre-tax operating profit	22 709	17 776
Estimated tax expense - nominal tax rate (28 per cent)	6 359	4 977
Tax effect of different tax rates in other countries	94	(14)
Tax effect of debt interest distribution with international branches	(155)	(37)
Tax effect of tax-exempt income and non-deductible expenses	(1 090)	(403)
Tax effect of tax losses carried forward not recognised in the balance sheet [1)]	23	47
Tax effect of changed tax rate from 28 to 27 per cent for deferred taxes recognised in the balance sheet	123	0
Excess tax provision previous year [2)]	(166)	(490)
Total taxes	**5 188**	**4 081**
Effective tax rate	23%	23%

1) *Deferred taxes for tax-deductible differences (mainly losses carried forward) in subsidiaries are recognised in the balance sheet to the extent that it is probable that the Group can utilise the tax positions in the future.*
2) *NOK 335 million of the 2012 amount represents recognition of deferred tax assets which have not been recognised in the balance sheet in previous years.*

Note 13 Fair value of financial instruments at amortised cost

	DNB Group			
	31 December 2013		31 December 2012	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	93 008	93 008	75 544	75 544
Due from credit institutions	14 411	14 411	12 321	12 321
Loans to customers	1 213 630	1 213 010	1 165 124	1 165 684
Commercial paper and bonds, held to maturity	152 883	158 092	157 330	162 356
Total financial assets	1 473 932	1 478 520	1 410 319	1 415 904
Due to credit institutions	24 386	24 386	25 461	25 461
Deposits from customers	809 465	809 465	752 291	752 291
Securities issued	460 850	467 367	399 179	403 135
Subordinated loan capital	25 025	25 198	19 622	19 105
Total financial liabilities	1 319 726	1 326 416	1 196 552	1 199 991

Note 14 Financial instruments at fair value

DNB Group

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1]	Total
Assets as at 31 December 2013					
Deposits with central banks	0	74 162	0	1	74 163
Due from credit institutions	0	166 453	0	18	166 471
Loans to customers	0	3 604	123 207	391	127 201
Commercial paper and bonds at fair value	69 554	187 993	311	2 481	260 338
Shareholdings	13 666	22 672	10 914		47 252
Financial assets, customers bearing the risk [2]	0	35 512	0		35 512
Financial derivatives	41	129 456	1 442		130 939
Liabilities as at 31 December 2013					
Due to credit institutions	0	209 434	0	398	209 832
Deposits from customers	0	58 304	0	135	58 439
Debt securities issued	0	250 005	0	700	250 705
Subordinated loan capital	0	1 250	0	2	1 252
Financial derivatives	28	110 034	1 248		111 310
Other financial liabilities	0	83	0	0	83

1) *Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*
2) *"Financial assets, customers bearing the risk" in DNB Livsforsikring have been reclassified from level 1 to level 2. This item includes mutual fund investments where the underlying securities are liquid equities and bonds. Mutual fund investments of this type are generally classified as level 2, thus the use of the same classification for "Financial assets, customers bearing the risk" will be more accurate. The underlying realities remain the same.*

Financial instruments at fair value, level 3

DNB Group

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings [1]	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2012	**130 116**	**593**	**9 619**	**877**	**607**
Net gains on financial instruments	(3)	(3)	1 762	89	107
Additions/purchases	2 933	646	587	1 053	914
Sales	0	1 432	1 055	0	0
Settled	9 839	4	0	579	386
Transferred from level 1 or level 2	0	1 332	0	0	0
Transferred to level 1 or level 2	0	856	0	0	0
Other [2]	0	35	2	2	6
Carrying amount as at 31 December 2013	**123 207**	**311**	**10 914**	**1 442**	**1 248**

1) *Equities classified as level 3 comprise, in addition to pure equity investments, property fund units, limited partnership units, private equity investments and hedge fund units.*
2) *Includes exchange rate effects.*

Loans to customers

The portfolio of loans carried at fair value consists primarily of fixed-rate loans in Norwegian kroner and a share of margin loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed interest flows over the term of the loan, using a discount factor adjusted for margin requirements.The assumptions underlying the calculation of the margin requirement are based on a review of the market conditions on the balance sheet date and on an assessment of the deliberations made by external investors when investing in a corresponding portfolio. A margin requirement is calculated for margin loans, and the difference between the margin requirement and the agreed margin is discounted over the average expected time to the repricing of the loan.

For a further discussion of the instruments and valuation techniques, see DNB's annual report for 2012.

Note 14 Financial instruments at fair value (continued)

Breakdown of fair value, level 3 — **DNB Group**

Amounts in NOK million	Loans to customers 31 Dec. 2013	Commercial paper and bonds 31 Dec. 2013	Share-holdings 31 Dec. 2013
Principal amount/purchase price	121 889	311	9 112
Fair value adjustment	1 317	0	1 802
Total fair value, excluding accrued interest	123 207	311	10 914

Breakdown of shareholdings, level 3 — **DNB Group**

Amounts in NOK million	Property funds	Hedge-funds	Unquoted equities	Private Equity (PE) funds	Other	Total
Carrying amount as at 31 December 2013	1 215	1 475	4 069	4 132	23	10 914

Sensitivity analysis, level 3 — **DNB Group**

Amounts in NOK million	Carrying amount 31 Dec. 2013	Effect of reasonably possible alternative assumptions
Loans to customers	123 207	(236)
Commercial paper and bonds	311	(1)
Shareholdings	10 914	0
Financial derivatives, net	194	0

In order to show the sensitivity of the loan portfolio, the discount rate on fixed-rate loans and the margin requirement on margin-based loans have been increased by 10 basis points.

Level 3 bonds mainly represent investments in Norwegian municipalities, country municipalities, savings banks and power companies. A 10 basis point increase in the discount rate has had insignificant effects.

Level 3 equities represent a total of NOK 6 615 million in private equity investments, property funds, hedge funds and unquoted equities in DNB Livsforsikring. The fair values of the funds are largely based on reported values from the fund managers. For private equity and property funds, the fund managers use cash flow-based models or multiples when determining fair values. The Group does not have full access to information about all elements in these valuations and thus has no basis for determining alternative values for alternative assumptions. The use of alternative values will have a limited effect on the Group's profits, as the investments are included in DNB Livsforsikring's common portfolio.

The banking group's portfolio of equities and mutual funds classified as level 3 was NOK 4 235 million as at 31 December 2013. The investment in Nets Holding was valued at NOK 2 634 million.

Note 15 Offsetting

DNB Group

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position	Carrying amount	Netting agreements	Other collateral [1)]	Amounts after possible netting
Assets as at 31 December 2013						
Due from credit institutions [2)]	161 491		161 491		161 491	0
Loans to customers [2)]	3 602		3 602		3 602	0
Stimulus package - swap scheme with Norges Bank [3)]	35 755		35 755		35 755	0
Financial derivatives [4)]	130 939		130 939	47 000	15 405	68 535
Liabilities as at 31 December 2013						
Due to credit institutions [5)]	14 058		14 058		14 058	0
Deposits from customers [5)]	0		0		0	0
Funding from Norges Bank [3)]	35 755		35 755		35 755	0
Financial derivatives [4)]	105 858		105 858	47 000	22 242	36 615
Other financial liabilities [6)]	314		314		314	0

1) *Includes both securities received/transferred from/to counterparties and securities received/placed as collateral in depositories in Clearstream or Euroclear.*
2) *Includes reverse repurchase agreements, securities borrowing and loans collateralised by securities.*
3) *See note 25 Information on related parties for information regarding the swap scheme with Norges Bank.*
4) *In connection with the implementation of the revised IFRS 7 Financial Instruments - Disclosures in 2013, the company reviewed offsetting and collateral. Based on the review, certain reclassifications were made in the balance sheet. Comparable figures from 2012 up to and including the third quarter of 2013 were adjusted accordingly.*
5) *Includes repurchase agreements, securities lending and deposits collateralised by securities.*
6) *Includes securities lending collateralised by cash.*

The Group's netting rights are in compliance with general rules in Norwegian legislation. Netting clauses have been included in all of the bank’s standard loan agreements and in product agreements in DNB Markets. CSA agreements (Credit Support Annex) have been entered into with most of the major banks. This implies that the market value of all derivatives entered into between DNB and the counterparty is settled either daily or weekly. Master netting agreements give access to setting off other outstanding accounts with customers if certain conditions occur. The amounts are not set off in the balance sheet as the transactions are generally not settled on a net basis.

Note 16 Impairment of loans and guarantees

DNB Group

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Write-offs	205	231	966	659
New individual impairment	601	983	3 071	3 486
Total new individual impairment	805	1 214	4 037	4 144
Reassessed individual impairment	454	158	1 263	818
Recoveries on loans and guarantees previously written off	116	108	457	412
Net individual impairment	236	949	2 318	2 915
Change in collective impairment of loans	(200)	241	(133)	265
Impairment of loans and guarantees [1)]	**36**	**1 190**	**2 185**	**3 179**
Write-offs covered by individual impairment made in previous years	854	976	1 837	2 879
1) Of which individual impairment of guarantees	*8*	*0*	*119*	*63*

Note 17 Loans to customers

Amounts in NOK million	DNB Group 31 Dec. 2013	31 Dec. 2012
Loans at amortised cost:		
Loans to customers, nominal amount	1 223 642	1 175 095
Individual impairment	9 695	9 308
Loans to customers, after individual impairment	1 213 947	1 165 787
+ Accrued interest and amortisation	2 708	2 367
- Individual impairment of accrued interest and amortisation	710	708
- Collective impairment	2 315	2 321
Loans to customers, at amortised cost	1 213 630	1 165 124
Loans at fair value:		
Loans to customers, nominal amount	125 493	131 001
+ Accrued interest	391	432
+ Adjustment to fair value	1 317	1 334
Loans to customers, at fair value	127 201	132 767
Loans to customers	**1 340 831**	**1 297 892**

Note 18 Net impaired loans and guarantees for principal customer groups [1)]

Amounts in NOK million	DNB Group 31 Dec. 2013	31 Dec. 2012
Private individuals	3 482	3 545
Transportation by sea and pipelines and vessel construction	4 953	5 246
Real estate	3 708	3 685
Manufacturing	2 182	1 811
Services	506	573
Trade	387	370
Oil and gas	137	40
Transportation and communication	767	584
Building and construction	975	1 030
Power and water supply	68	105
Seafood	58	67
Hotels and restaurants	228	205
Agriculture and forestry	103	235
Central and local government	0	0
Other sectors	11	15
Total customers	17 565	17 512
Credit institutions [2)]	5	0
Total net impaired loans and guarantees	17 570	17 512
Non-performing loans and guarantees not subject to impairment	3 179	2 228
Total net non-performing and doubtful loans and guarantees	20 749	19 740

1) *Includes loans and guarantees subject to individual impairment and total non-performing loans and guarantees not subject to impairment. The breakdown into principal customer groups corresponds to the EU's standard industrial classification, NACE Rev.2.*

2) *Provisions for swap agreements were reclassified from provisions to impairment of loans as from the second quarter of 2013 The provisions were recognised in profit and loss in 2008.*

Note 19 Commercial paper and bonds, held to maturity

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
International bond portfolio	63 087	70 831
DNB Livsforsikring ASA	92 421	88 948
Other units [1)]	(2 626)	(2 449)
Commercial paper and bonds, held to maturity	**152 883**	**157 330**

1) Including eliminations of DNB Livsforsikring's investments in bonds issued by DNB Boligkreditt.

As part of ongoing liquidity management, DNB Bank has invested in a portfolio of securities. The portfolio can be used to regulate the liquidity requirement and as a basis for furnishing collateral for operations in various countries. Among other things, the securities serve as collateral for short and long-term borrowing in a number of central banks and as a basis for liquidity buffers to meet regulatory requirements. With effect from 1 July 2008, the international bond portfolio was reclassified from the category "fair value through profit or loss" to "held-to-maturity investments". Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

In line with IAS 39, the portfolio has been reviewed to identify objective indications of impairment. No impairment losses have been identified in the portfolio.

Measurement of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement at end-December 2013, the portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the portfolio in the fourth quarter of 2013, there would have been a NOK 118 million decrease in profits.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 December 2013 was NOK 0.5 billion higher than if the previous valuation principle had been retained. On the reclassification date, the carrying amount of the portfolio was NOK 88.0 billion, compared with NOK 20.3 billion at end-December 2013. The average term to maturity of the portfolio was 5.4 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 11 million at end-December 2013.

Effects on profits of the reclassification				**DNB Group**
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Recorded amortisation effect	30	5	163	139
Net gain, if valued at fair value	(88)	609	452	1 464
Effects of reclassification on profits	118	(604)	(289)	(1 325)

Effects on the balance sheet of the reclassification		**DNB Group**
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Recorded unrealised losses	603	766
Unrealised losses, if valued at fair value	1 132	1 585
Effects of reclassification on the balance sheet	529	818

Development in the portfolio after the reclassification		**DNB Group**
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Reclassified portfolio, carrying amount	20 313	25 511
Reclassified portfolio, if valued at fair value	19 784	24 692
Effects of reclassification on the balance sheet	529	818

Note 19 Commercial paper and bonds, held to maturity (continued)

International bond portfolio

After the reclassification date, DNB has chosen to increase investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds, these investments are carried at fair value. As at 30 December 2013 the international bond portfolio represented NOK 147.8 billion. 78 per cent of the securities in the portfolio had an AAA rating, while 16.7 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of the international bond portfolio is shown below.

		DNB Group
	Per cent	NOK million
	31 Dec. 2013	31 Dec. 2013
Asset class		
Consumer credit	0.02	36
Residential mortgages	24.14	35 838
Corporate loans	0.02	33
Government related	33.20	49 281
Covered bonds	42.61	63 246
Total international bond portfolio, nominal values	100.00	148 433
Accrued interest, amortisation effects and fair value adjustments		(599)
Total international bond portfolio		147 834
Total international bond portfolio, held to maturity		63 087
Of which reclassified portfolio		20 313

The average term to maturity of the international bond portfolio is 2.8 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 14 million at end-December 2013.

DNB Livsforsikring

Bonds held-to-maturity totalled NOK 92.4 billion in DNB Livsforsikring ASA's as at 31 December 2013, mainly comprising bonds issued by highly creditworthy borrowers. At end-December 2013, bonds with government guarantees represented 21.8 per cent of the portfolio, while covered bonds represented 33.3 per cent. The remaining bonds are generally issued by municipalities, county municipalities and highly creditworthy finance companies. All investments in bonds issued by finance companies represent senior debt, which has the highest ranking in the capital structure and first priority if the issuer goes bankrupt. Only in exceptional cases does DNB Livsforsikring invest in bonds issued by traditional manufacturing companies.

In line with IAS 39, the portfolio has been reviewed to identify objective indications of impairment. No impairment losses have been identified in the portfolio.

		DNB Group
	Per cent	NOK million
	31 Dec. 2013	31 Dec. 2013
Asset class		
Government/government-guaranteed	21.76	19 633
Guaranteed by supranational entities	1.44	1 300
Municipalities/county municipalities	7.85	7 085
Bank and mortgage institutions	19.25	17 373
Covered bonds	33.27	30 026
Other issuers	16.43	14 825
Total bond portfolio DNB Livsforsikring, held to maturity, nominal values	100.00	90 241
Accrued interest, amortisation effects and fair value adjustments		2 180
Total bond portfolio DNB Livsforsikring, held to maturity		92 421

Note 20 Investment properties

Amounts in NOK million	DNB Group 31 Dec. 2013	DNB Group 31 Dec. 2012
DNB Livsforsikring	33 391	37 968
Properties for own use [1]	(4 674)	(3 506)
Other investment properties [2]	4 615	5 034
Total investment properties	**33 331**	**39 496**

1) *Some properties in DNB Livsforsikring are classified as properties for own use in the group accounts and are recorded at fair value.*
2) *Other investment properties are mainly related to acquired companies.*

Investment properties in the Group are principally owned by DNB Livsforsikring. DNB Livsforsikring's portfolio totalled NOK 33 391 million as at 31 December 2013.

Fair value

Investment properties in DNB Livsforsikring are part of the common portfolio and are owned with the intention to achieve long-term returns for policyholders. The property portfolio is recorded at fair value on the balance sheet date. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants ("exit price").The Norwegian properties are valued by using an internal valuation model. As a supplement, external appraisals are obtained for a representative selection of properties in the portfolio at regular intervals throughout the year. During the fourth quarter of 2013, external appraisals were obtained for a total of 9 properties, representing 44 per cent of portfolio value. The purpose of the external appraisals is to benchmark the internal valuations against independent references. Internal calculations and the values recorded in the balance sheet are 0.4 per cent lower than average external appraisals. The Swedish properties in the portfolio and partially owned properties are valued based on external appraisals.

Internal valuation model

In the internal model, fair value is calculated as the present value of future cash flows during and after the contract period. The required rates of return stipulated in the model reflect market risk. For the office and shopping centre portfolios, a required rate of return of 8.5 per cent is used, while the required rate of return for the hotel portfolio is 8.75 per cent. Following an individual assessment, there was a revision of the required rates of return for some shopping centres, ranging from minus 0.3 to plus 0.5 percentage points.

Value development and sensitivity

The value of investment properties in DNB Livsforsikring was adjusted upwards by NOK 121 million during the fourth quarter of 2013. There have been no significant changes in the parameters included in the valuation model. The value increased by NOK 28 million from year-end 2012.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Other things equal, a 0.25 percentage point reduction in the required rate of return will change the value of the property portfolio by approximately 4.3 per cent or NOK 985 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 3.8 per cent or NOK 868 million.

Changes in the value of investment properties

Amounts in NOK million	DNB Group Investment property
Carrying amount as at 31 December 2011	**42 796**
Additions, purchases of new properties	1 391
Additions, capitalised investments	1 238
Additions, acquired companies	285
Net gains resulting from adjustment to fair value	(230)
Net gains resulting from adjustment to fair value of projects	0
Disposals	5 511
Exchange rate movements	(337)
Other	(136)
Carrying amount as at 31 December 2012	**39 496**
Additions, purchases of new properties	778
Additions, capitalised investments	400
Additions, acquired companies	0
Net gains resulting from adjustment to fair value [1]	(343)
Net gains resulting from adjustment to fair value of projects	(1)
Disposals	8 366
Exchange rate movements	1 385
Other	(17)
Carrying amount as at 31 December 2013	**33 331**

1) *Of which NOK 286 million represented a negative value adjustment of investment properties which are not owned by DNB Livsforsikring.*

Note 21 Intangible assets

Amounts in NOK million	DNB Group 31 Dec. 2013	31 Dec. 2012
Goodwill [1]	4 870	4 717
IT systems development [2]	1 382	1 737
Other intangible assets	259	264
Total intangible assets	**6 511**	**6 718**

1) Assessments of goodwill were made in the fourth quarter of 2013 based on reported figures for the fourth quarter compared to approved plans for the various cash-generating units. Due to reduced growth prospects for JSC DNB Bank, a need to record impairment losses on the remaining goowill of the equivalent of NOK 57 million was identified. No impairment of other goodwill was identified.

2) The process of developing new IT solutions in the Baltics was completed in 2013. Due to reduced growth prospects and stricter capital requirements for the cash flow-generating unit, it was decided to record impairment losses of NOK 500 million relating to the IT solutions. No need for impairment of other intangible assets was identified.

Note 22 Debt securities issued and subordinated loan capital

As an element in liquidity management, the DNB Group issues and redeems own securities.

Debt securities issued

Amounts in NOK million	DNB Group 31 Dec. 2013	31 Dec. 2012
Commercial paper issued, nominal amount	183 619	244 092
Bond debt, nominal amount [1]	504 159	433 090
Adjustments	23 777	30 865
Total debt securities issued	**711 555**	**708 047**

Changes in debt securities issued

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Other adjustments 2013	Balance sheet 31 Dec. 2012
Commercial paper issued, nominal amount	183 619	903 121	963 716	123		244 092
Bond debt, nominal amount [1]	504 159	93 265	67 377	45 181		433 090
Adjustments	23 777				(7 088)	30 865
Total debt securities issued	**711 555**	**996 386**	**1 031 093**	**45 304**	**(7 088)**	**708 047**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Other adjustments 2013	Balance sheet 31 Dec. 2012
Term subordinated loan capital, nominal amount	17 822	7 528	3 709	1 155		12 848
Perpetual subordinated loan capital, nominal amount	4 011			206		3 804
Perpetual subordinated loan capital securities, nominal amount [2]	3 515			353		3 162
Adjustments	929				(346)	1 275
Total subordinated loan capital and perpetual subordinated loan capital securities	**26 276**	**7 528**	**3 709**	**1 714**	**(346)**	**21 090**

1) Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 404.3 billion as at 31 December 2013. The cover pool market value represented NOK 527.6 billion.

2) Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. The Norwegian FSA may require that the securities should be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 8 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.

Note 23 Capital adequacy

The DNB Group follows the Basel II regulations for capital adequacy calculations. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations. Capital adequacy is reported in accordance with regulations from Finanstilsynet.

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Share capital	18 314	18 314	18 314	18 314	16 278	16 269
Other equity	96 276	87 160	108 093	98 280	125 949	111 767
Non-eligible capital	-	-	-	-	(1 013)	-
Total equity	114 591	105 474	126 407	116 594	141 214	128 035
Deductions						
Pension funds above pension commitments	0	(8)	(4)	(19)	(25)	(94)
Goodwill	(2 956)	(2 907)	(3 654)	(3 543)	(5 482)	(5 223)
Deferred tax assets	(4 145)	(565)	(1 093)	(1 055)	(1 111)	(1 066)
Other intangible assets	(955)	(1 092)	(1 425)	(1 822)	(1 643)	(2 017)
Dividends payable etc.	0	0	(5 000)	(6 000)	(4 398)	(3 420)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(2)	(392)	(2)	(538)	(2)	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(610)	(415)	(712)	(626)	(712)	(626)
Adjustments for urealised losses/(gains) on debt recorded at fair value	240	181	281	84	281	84
Minimum requirement reassurance allocation	-	-	-	-	(21)	(17)
Common Equity Tier 1 capital	106 162	100 276	114 770	103 047	128 072	115 627
Perpetual subordinated loan capital securities [1)]	3 515	3 162	3 515	3 162	3 515	3 162
Tier 1 capital	109 677	103 439	118 285	106 209	131 587	118 790
Perpetual subordinated loan capital	4 011	3 804	4 011	3 804	4 011	3 804
Term subordinated loan capital [2)]	17 822	12 848	17 850	13 081	17 850	13 081
Deductions						
50 per cent of investments in other financial institutions	(2)	(392)	(2)	(538)	(2)	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(610)	(415)	(712)	(626)	(712)	(626)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	21 221	15 846	21 165	15 740	21 165	16 278
Total eligible primary capital [3)]	130 898	119 285	139 450	121 949	152 752	135 068
Risk-weighted volume, transitional rules	933 433	874 840	1 004 716	984 137	1 089 114	1 075 672
Minimum capital requirement, transitional rules	74 675	69 987	80 377	78 731	87 129	86 054
Common Equity Tier 1 capital ratio, transitional rules (%)	11.4	11.5	11.4	10.5	11.8	10.7
Tier 1 capital ratio, transitional rules (%)	11.7	11.8	11.8	10.8	12.1	11.0
Capital ratio, transitional rules (%)	14.0	13.6	13.9	12.4	14.0	12.6

1) *Perpetual subordinated loan capital securities can represent up to 15 per cent of Tier 1 capital. The excess will qualify as Tier 2 capital.*

2) *As at 31 December 2013, calculations of capital adequacy for the banking group and DNB Group included a total of NOK 28 million in subordinated loan capital in associated companies.*

3) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the consolidated accounts since a different consolidation method is used. Associated companies are consolidated according to the pro-rata method in the capital adequacy calculations while the equity method is used in the accounts.*

Note 23 Capital adequacy (continued)

Basel II

The majority of the credit portfolios are reported according to the IRB approach. However, some portfolios are still subject to final IRB approval from Finanstilsynet. These are banks and financial institutions (DNB Bank) and large corporate clients rated by simulation models (DNB Bank). Credit portfolios in Nordlandsbanken (corporate clients and residential mortgages) will gradually be included in the volumes reported according to the IRB approach as and when they are transferred to the core system solutions and risk models in DNB Bank through 2013 and 2014.

Specification of risk-weighted volume and capital requirements **DNB Group**

Amounts in NOK million	Nominal exposure 31 Dec. 2013	EAD [1] 31 Dec. 2013	Average risk weights in per cent 31 Dec. 2013	Risk-weighted volume 31 Dec. 2013	Capital requirements 31 Dec. 2013	Capital requirements 31 Dec. 2012
IRB approach						
Corporate	904 597	732 381	51.8	379 528	30 362	29 417
Specialised Lending (SL)	3 865	3 832	50.0	1 915	153	192
Retail - mortgage loans	619 414	619 414	9.9	61 048	4 884	5 655
Retail - other exposures	106 641	87 694	28.3	24 800	1 984	1 839
Securitisation	63 087	63 087	47.2	29 749	2 380	1 893
Total credit risk, IRB approach	1 697 603	1 506 408	33.0	497 041	39 763	38 997
Standardised approach						
Central government	137 581	160 021	0.0	44	4	10
Institutions	234 903	89 619	25.6	22 960	1 837	2 040
Corporate	293 450	228 497	93.3	213 182	17 055	19 227
Retail - mortgage loans	45 128	42 996	54.3	23 331	1 867	2 189
Retail - other exposures	69 139	35 931	78.3	28 119	2 249	1 872
Equity positions	3 894	3 894	103.0	4 013	321	262
Securitisation	3 048	3 048	18.0	550	44	69
Other assets	12 735	12 735	100.0	12 735	1 019	758
Total credit risk, standardised approach	799 877	576 741	52.9	304 933	24 395	26 426
Total credit risk	2 497 480	2 083 148	38.5	801 974	64 158	65 423
Market risk						
Position risk, debt instruments				27 993	2 239	3 110
Position risk, equity instruments				1 299	104	104
Currency risk				0	0	0
Commodity risk				109	9	5
Total market risk				29 400	2 352	3 219
Operational risk				80 099	6 408	5 793
Net insurance, after eliminations				87 279	6 982	7 563
Deductions				(754)	(60)	(27)
Total risk-weighted volume and capital requirements before transitional rules				997 999	79 840	81 972
Additional capital requirements according to transitional rules [2]				91 115	7 289	4 082
Total risk-weighted volume and capital requirements				1 089 114	87 129	86 054

1) EAD, exposure at default.

2) Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent relative to the Basel I requirements.

Note 24 Liquidity risk

Liquidity risk is the risk that the DNB Group will be unable to meet its payment obligations. Overall liquidity management in the Group implies that DNB Bank ASA is responsible for funding domestic subsidiaries, as well as international branches and subsidiaries. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis and a combination thereof, and a contingency plan has been established to handle market events. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding. The Group's ratio of deposits to net loans was 64.7 per cent at year-end 2013, up from 62.5 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 124.9 per cent at year-end 2013.

Throughout the year, the short-term funding markets were generally sound for banks with good credit ratings, and DNB had ample access to short-term funding. These markets have generally become less selective, and an increasing number of banks are now regarded as financially strong and have good access to capital.

The long-term funding markets were also very strong throughout 2013. The prices of both senior and covered bonds rose somewhat from the start of the year. The announcement that the FED, the US central bank, was considering winding down the so-called quantitative easing as early as in June caused some market uncertainty and greater price volatility. Though this uncertainty prevailed in the second half of the year, prices showed a stable downward trend parallel to a high level of market activity, also among Southern European issuers. This was underpinned by signs of recovery in both the US and European economies.

The average remaining term to maturity for the portfolio of senior bond debt was 4.3 years at year-end 2013, compared with 4.6 years a year earlier. The DNB Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 25 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans ASA
DNB Bank ASA has a 40 per cent ownership interest in Eksportfinans.

Financial market turbulence resulted in sizeable unrealised losses in Eksportfinans' liquidity portfolio in the first quarter of 2008. In order to ensure an adequate capital base for the company, its Board of Directors implemented three measures:

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DNB Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DNB Bank ASA, Nordea Bank AB and Danske Bank A/S, approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement is renewed yearly. The renewal in 2010 resulted in a reduction in the limit for the liquidity reserve to USD 2 billion. DNB Bank ASA's share of this agreement represents approximately USD 1.1 billion. Eksportfinans has not availed itself of this credit line.

DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DNB Bank ASA. Pursuant to the agreement, the bank still carries interest rate risk and credit risk associated with the transferred portfolio. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet of the bank. These portfolios totalled NOK 3.1 billion at end-December 2013. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.

The framework agreement between DNB Bank ASA and Eksportfinans for the sale and repurchase of securities was terminated on 11 September 2013. At end-June 2013, Eksportfinans had drawn EUR 600 million under the agreement.

The transactions with Eksportfinans have been entered into on ordinary market terms as if they had taken place between independent parties.

Stimulus packages
On 24 October 2008, the Norwegian parliament authorised the Ministry of Finance to launch a scheme whereby the government and the banks exchange Treasury bills for covered bonds for an agreed period. Norges Bank administers the scheme on commission from the Ministry of Finance.

Under the swap scheme, the government sells Treasury bills to the banks in a time-limited swap for covered bonds. The banks have free disposal over the Treasury bills they acquire and may sell them in the market if they so wish. Treasury bill maturities are between three and six months. The swap agreements last for periods of up to five years, and the banks undertake to purchase new Treasury bills as and when the Treasury bills reach maturity during the agreement period. The Treasury bills are priced at NIBOR plus a premium corresponding to the margin at the time the agreement was concluded. As an additional requirement, there must be a spread of minimum 40 basis points between the agreed interest rate and the Treasury bill yield. Upon expiry of the agreements, the banks are under an obligation to repurchase the covered bonds from the government at the original selling price.

Note 25 Information on related parties (continued)

DNB Bank ASA has purchased bonds from DNB Boligkreditt, which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39.20 Financial Instruments – Recognition and Measurement. The bank is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds are treated as own bonds and netted against issued bonds in DNB Boligkreditt.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-December 2013, this funding represented NOK 35.8 billion. At end-December 2013, the bank's investments in Treasury bills used in the swap agreements represented NOK 33.7 billion.

Note 26 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information		**DNB Group**
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Performance guarantees	45 721	42 729
Payment guarantees	23 811	22 716
Loan guarantees [1)]	19 054	19 236
Guarantees for taxes etc.	6 596	6 658
Other guarantee commitments	4 291	2 405
Total guarantee commitments	99 472	93 743
Support agreements	10 200	10 863
Total guarantee commitments etc. [*)]	109 672	104 606
Unutilised credit lines and loan offers	580 460	492 947
Documentary credit commitments	3 860	2 219
Other commitments	671	2 030
Total commitments	584 990	497 195
Total guarantee and off-balance commitments	694 662	601 801
Pledged securities	77 202	94 871
**) Of which counter-guaranteed by financial institutions*	*148*	*1 139*

1) DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DNB Bank ASA has issued guarantees. According to the agreement, DNB Bank ASA still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 3.1 billion were recorded in the balance sheet as at 31 December 2013. These loans are not included under guarantees in the table.

Contingencies

Due to its extensive operations in Norway and abroad, the DNB Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Group's financial position.

On 22 March 2013, the Norwegian Supreme Court ruled against DNB in the civil action brought against the bank by Ivar Petter Røeggen, claiming that two debt-financed investments in structured products be declared null and void. In accordance with the reasoning for the judgment, DNB made provisions of NOK 450 million in the first quarter of 2013 to cover possible compensation payments to customers who have made debt-financed investments in certain structured products.

The DNB Group is also involved in other legal disputes relating to structured products.

DNB Bank ASA has brought an action against seven Norwegian municipalities for the settlement of interest swaps on commercial terms. The municipalities have stopped their payments under the agreements citing that full settlement took place upon payment of the residual value of the investments made. The bank's total claim in the civil action is NOK 825 million plus interest on overdue payments.

A civil action has been brought before a US court of law against DNB Markets Inc. (Minc) and the other arrangers of a USD 300 million Senior Note issue in 2010 on behalf of Overseas Shipholding Group (OSG). Minc's share of the note issue was approximately USD 19 million, representing around 6.25 per cent.

Post-balance sheet events

No information has come to light about important circumstances which had occurred on the balance sheet date on 31 December 2013 and up till the Board of Directors' final consideration of the accounts on 5 February 2014.

DNB ASA

Income statement

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Total interest income	39	22	131	138
Total interest expenses	80	93	335	410
Net interest income	**(41)**	**(71)**	**(204)**	**(272)**
Commissions and fees payable etc.	(1)	1	(6)	5
Other income [1)]	9 550	8 493	9 550	8 493
Net other operating income	**9 549**	**8 492**	**9 544**	**8 488**
Total income	**9 507**	**8 422**	**9 340**	**8 216**
Salaries and other personnel expenses	1	2	5	6
Other expenses	108	105	434	422
Total operating expenses	**109**	**107**	**439**	**427**
Pre-tax operating profit	**9 399**	**8 315**	**8 901**	**7 789**
Taxes	1 910	2 328	1 771	2 181
Profit for the period	**7 488**	**5 987**	**7 130**	**5 608**
Earnings/diluted earnings per share (NOK)	4.60	3.68	4.38	3.44
Earnings per share excluding operations held for sale (NOK)	4.60	3.68	4.38	3.44

DNB ASA

Balance sheet

Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Assets		
Due from DNB Bank ASA	5 826	3 980
Loans to other group companies [2)]	1 349	225
Investments in group companies	66 464	62 216
Receivables due from group companies [1)]	9 579	8 493
Total assets	**83 218**	**74 914**
Liabilities and equity		
Due to DNB Bank ASA	11 631	10 885
Due to other group companies	5 014	0
Other liabilities and provisions	5 413	5 602
Total liabilities	**22 058**	**16 487**
Share capital	16 288	16 288
Share premium reserve	22 556	22 556
Other equity	22 315	19 583
Total equity	**61 159**	**58 427**
Total liabilities and equity	**83 218**	**74 914**

DNB ASA

1) *Of which group contributions from DNB Bank ASA represented NOK 6 944 million in 2013 and NOK 8 333 million in 2012. The group contribution from DNB Livsforsikring ASA represented NOK 2 414 million in 2013.*

2) *Of which subordinated loans to DNB Livsforsikring ASA represented NOK 1 335 million in 2013.*

Statement of changes in equity

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2011	**16 288**	**22 556**	**17 395**	**56 240**
Profit for the period			5 608	5 608
Dividends for 2012 (NOK 2.10 per share)			(3 420)	(3 420)
Balance sheet as at 31 December 2012	**16 288**	**22 556**	**19 583**	**58 427**
Profit for the period			7 130	7 130
Dividends for 2013 (NOK 2.70 per share [1)])			(4 398)	(4 398)
Balance sheet as at 31 December 2013	**16 288**	**22 556**	**22 315**	**61 159**

DNB ASA

1) *Proposed dividend*

Accounting principles

DNB ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS (International Financial Reporting Standards). These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. A description of the accounting principles applied by DNB ASA in preparing the accounts is found in the annual report for 2012.

Key figures

	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
				DNB Group
Interest rate analysis				
1. Combined weighted total average spread for lending and deposits (%)	1.30	1.22	1.27	1.18
2. Average spread for ordinary lending to customers (%)	2.42	2.18	2.34	2.00
3. Average spread for deposits from customers (%)	(0.30)	(0.27)	(0.28)	(0.12)
Rate of return/profitability				
4. Net other operating income, per cent of total income	35.2	36.4	35.2	34.8
5. Cost/income ratio (%)	40.4	47.1	45.7	49.1
6. Return on equity, annualised (%)	16.2	12.3	13.2	11.7
7. RAROC, annualised (%)	15.1	10.9	12.8	11.5
8. Average equity including allocated dividend (NOK million)	138 915	123 866	133 242	118 261
9. Return on average risk-weighted volume, annualised (%)	2.06	1.41	1.61	1.25
Financial strength at end of period				
10. Common equity Tier 1 capital ratio, transitional rules (%)	11.8	10.7	11.8	10.7
11. Tier 1 capital ratio, transitional rules (%)	12.1	11.0	12.1	11.0
12. Capital ratio, transitional rules (%)	14.0	12.6	14.0	12.6
13. Common equity Tier 1 capital (NOK million)	128 072	115 627	128 072	115 627
14. Risk-weighted volume, transitional rules (NOK million)	1 089 114	1 075 672	1 089 114	1 075 672
Loan portfolio and impairment				
15. Individual impairment relative to average net loans to customers, annualised	0.07	0.29	0.18	0.22
16. Impairment relative to average net loans to customers, annualised	0.01	0.36	0.17	0.24
17. Net non-performing and net doubtful loans and guarantees, per cent of net loans	1.38	1.50	1.38	1.50
18. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	20 749	19 740	20 749	19 740
Liquidity				
19. Ratio of customer deposits to net loans to customers at end of period (%)	64.7	62.5	64.7	62.5
Total assets owned or managed by DNB				
20. Customer assets under management at end of period (NOK billion)	519	459	519	459
21. Total combined assets at end of period (NOK billion)	2 640	2 528	2 640	2 528
22. Average total assets (NOK billion)	2 587	2 417	2 543	2 411
23. Customer savings at end of period (NOK billion)	1 387	1 270	1 387	1 270
Staff				
24. Number of full-time positions at end of period	12 016	13 291	12 016	13 291
The DNB share				
25. Number of shares at end of period (1 000)	1 628 799	1 628 799	1 628 799	1 628 799
26. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799
27. Earnings per share (NOK)	3.48	2.36	10.76	8.48
28. Earnings per share excl. operations held for sale (NOK)	3.47	2.36	10.76	8.42
29. Dividend per share (NOK) [1)]	-	-	2.70	2.10
30. Total shareholders' return (%)	21.5	0.2	57.6	23.7
31. Dividend yield (%)	-	-	2.49	2.98
32. Equity per share incl. allocated dividend at end of period (NOK)	87.32	78.27	87.32	78.27
33. Share price at end of period (NOK)	108.50	70.40	108.50	70.40
34. Price/earnings ratio	7.81	7.46	10.08	8.37
35. Price/book value	1.24	0.90	1.24	0.90
36. Market capitalisation (NOK billion)	176.7	114.7	176.7	114.7

1) *Proposed dividend for 2013.*

For definitions of selected key figures, see next page.

Key figures (continued)

Definitions

1, 2, 3	Based on nominal values excluding impaired loans, measured against the 3-month money market rate.
5	Total operating expenses relative to total income. Total expenses exclude impairment losses for goodwill and other intangible assets.
6	Average equity is calculated on the basis of recorded equity.
7	RAROC (Risk-Adjusted Return On Capital) is defined as risk-adjusted profits relative to average equity. Risk-adjusted profits indicate the level of profits in a normalised situation.
9	Profit for the period relative to average risk-weighted volume.
20	Total assets under management for external clients in DNB Asset Management, DNB Livsforsikring and DNB Skadeforsikring.
21	Total assets and customer assets under management.
23	Total deposits from customers, assets under management and equity-linked bonds.
25	The Annual General Meeting on 30 April 2013 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 30 April 2013. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with Norwegian Government/Ministry of Trade, Industry and Fisheries for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares.
27	Holdings of own shares are not included in calculations of earnings per share.
28	Excluding operations held for sale. Holdings of own shares are not included in calculations of the number of shares.
30	Closing price at end of period less closing price at beginning of period, including dividends reinvested in DNB shares on the dividend payment date, relative to closing price at beginning of period.
32	Equity at end of period relative to number of shares at end of period.
34	Closing price at end of period relative to annualised earnings per share.
35	Closing price at end of period relative to recorded equity at end of period.
36	Number of shares multiplied by the closing share price at end of period.

Profit and balance sheet trends

Income statement **DNB Group**

Amounts in NOK million	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012
Total interest income	15 417	15 373	15 014	14 600	15 002
Total interest expenses	7 477	7 458	7 534	7 743	7 901
Net interest income	**7 940**	**7 915**	**7 480**	**6 857**	**7 101**
Commission and fee income etc.	2 533	2 502	2 488	2 249	2 363
Commission and fee expenses etc.	634	604	586	555	563
Net gains on financial instruments at fair value	1 342	1 264	1 363	1 063	1 363
Net gains on assets in DNB Livsforsikring	4 473	4 353	2 009	3 925	3 430
Guaranteed returns, strengthened premium reserve and allocations to policyholders in DNB Livsforsikring	4 323	4 295	1 856	3 731	3 117
Premium income etc. included in the risk result in DNB Livsforsikring	1 297	1 424	1 303	1 355	1 196
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 081	1 277	1 225	1 330	1 370
Premium income, DNB Skadeforsikring	367	357	338	331	324
Insurance claims etc., DNB Skadeforsikring	245	255	219	256	246
Profit from companies accounted for by the equity method	118	99	70	74	177
Net gains on investment property	(79)	(23)	4	12	(16)
Other income	551	571	623	543	518
Net other operating income	**4 318**	**4 117**	**4 310**	**3 682**	**4 061**
Total income	**12 258**	**12 032**	**11 790**	**10 539**	**11 162**
Salaries and other personnel expenses	2 677	2 776	3 215	2 639	2 702
Other expenses	1 743	1 938	1 853	2 316	1 899
Depreciation and impairment of fixed and intangible assets	1 088	509	593	529	854
Total operating expenses	**5 508**	**5 223**	**5 660**	**5 485**	**5 455**
Pre-tax operating profit before impairment	**6 750**	**6 809**	**6 130**	**5 054**	**5 707**
Net gains on fixed and intangible assets	153	2	(9)	4	(65)
Impairment of loans and guarantees	36	475	937	737	1 190
Pre-tax operating profit	**6 868**	**6 337**	**5 184**	**4 321**	**4 453**
Taxes	1 212	1 448	1 379	1 149	614
Profit from operations held for sale, after taxes	9	(7)	(7)	10	4
Profit for the period	**5 665**	**4 881**	**3 798**	**3 181**	**3 843**
Earnings/diluted earnings per share (NOK)	3.48	3.00	2.33	1.96	2.36

Comprehensive income statement **DNB Group**

Amounts in NOK million	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012
Profit for the period	**5 665**	**4 881**	**3 798**	**3 181**	**3 843**
Actuarial gains and losses, net of tax	(481)	(352)	364	0	3 048
Property revaluation	96	7	23	(3)	45
Elements of other comprehensive income allocated to customers (life insurance)	(96)	(7)	(23)	3	(45)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(481)	(352)	364	0	3 048
Currency translation of foreign operations	986	382	1 380	730	(341)
Hedging of net investment, net of tax	(327)	(230)	(1 260)	(608)	237
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	659	152	120	122	(104)
Other comprehensive income for the period	**178**	**(199)**	**484**	**122**	**2 944**
Comprehensive income for the period	**5 843**	**4 682**	**4 282**	**3 304**	**6 787**

Profit and balance sheet trends (continued)

Balance sheet					**DNB Group**
Amounts in NOK million	31 Dec. 2013	30 Sept. 2013	30 June 2013	31 March 2013	31 Dec. 2012
Assets					
Cash and deposits with central banks	167 171	401 560	481 844	397 835	298 892
Due from credit institutions	180 882	29 586	52 673	65 459	37 136
Loans to customers	1 340 831	1 332 945	1 329 665	1 315 104	1 297 892
Commercial paper and bonds at fair value	260 338	268 643	253 753	239 527	224 750
Shareholdings	47 252	44 256	46 349	56 906	48 288
Financial assets, customers bearing the risk	35 512	33 197	30 604	30 059	28 269
Financial derivatives	130 939	128 608	136 577	142 676	152 024
Commercial paper and bonds, held to maturity	152 883	157 213	155 005	155 362	157 330
Investment property	33 331	33 565	34 434	33 761	39 496
Investments in associated companies	3 113	3 029	2 936	2 962	2 882
Intangible assets	6 511	6 947	6 791	6 774	6 718
Deferred tax assets	1 104	1 369	1 317	1 276	1 123
Fixed assets	12 498	11 215	11 067	11 006	10 825
Assets held for sale	225	213	211	150	417
Other assets	16 847	23 629	20 893	23 124	14 200
Total assets	**2 389 438**	**2 475 977**	**2 564 119**	**2 481 982**	**2 320 241**
Liabilities and equity					
Due to credit institutions	234 219	260 903	318 504	336 528	251 388
Deposits from customers	867 904	925 451	996 372	889 043	810 959
Financial derivatives	111 310	103 209	111 996	112 782	118 714
Debt securities issued	711 555	718 302	695 638	689 923	708 047
Insurance liabilities, customers bearing the risk	35 512	33 197	30 604	30 059	28 269
Liabilities to life insurance policyholders in DNB Livsforsikring	230 906	228 881	227 009	226 367	221 185
Insurance liabilities, DNB Skadeforsikring	1 958	2 036	2 099	2 116	1 780
Payable taxes	3 277	4 221	3 004	8 232	6 831
Deferred taxes	2 654	1 516	1 546	1 280	1 284
Other liabilities	16 752	30 169	21 594	30 871	18 451
Liabilities held for sale	53	73	68	30	76
Provisions	1 454	1 999	1 536	1 280	770
Pension commitments	3 381	3 716	3 235	4 055	3 904
Subordinated loan capital	26 276	25 827	19 118	18 610	21 090
Total liabilities	**2 247 211**	**2 339 500**	**2 432 324**	**2 351 175**	**2 192 749**
Share capital	16 278	16 288	16 288	16 270	16 269
Share premium reserve	22 609	22 609	22 609	22 609	22 609
Other equity	103 340	97 581	92 898	91 929	88 614
Total equity	**142 227**	**136 477**	**131 795**	**130 807**	**127 492**
Total liabilities and equity	**2 389 438**	**2 475 977**	**2 564 119**	**2 481 982**	**2 320 241**

Information about the DNB Group

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Tore Olaf Rimmereid, vice-chairman
Jarle Bergo
Bente Brevik
Sverre Finstad
Carl A. Løvvik
Vigdis Mathisen
Berit Svendsen

Group management

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Trond Bentestuen	Group executive vice president Personal Banking Norway
Kjerstin Braathen	Group executive vice president Corporate Banking Norway
Harald Serck-Hanssen	Group executive vice president Large Corporates and International
Ottar Ertzeid	Group executive vice president DNB Markets
Tom Rathke	Group executive vice president Wealth Management
Kari Olrud Moen	Group executive vice president Products
Liv Fiksdahl	Group executive vice president IT and Operations
Solveig Hellebust	Group executive vice president HR
Trygve Young	Group executive vice president Risk Management
Thomas Midteide	Group executive vice president Corporate Communications

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Financial calendar 2014

Preliminary results 2013 and fourth quarter 2013	6 February
Annual General Meeting	24 April
Ex-dividend date	25 April
Distribution of dividends	as of 8 May
First quarter 2014	8 May
Second quarter 2014	10 July
Third quarter 2014	23 October

Other sources of information

Annual and quarterly reports

Separate annual and quarterly reports are prepared for the DNB Bank Group, DNB Boligkreditt, DNB Næringskreditt and DNB Livsforsikring. The reports and the Fact Book are available on dnb.no. Annual and quarterly reports can be ordered by sending an e-mail to investor.relations@dnb.no.

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