DNB

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DNB GROUP

Second quarter and
first half report 2014
(Unaudited)

Financial highlights

DNB Group

Income statement *Amounts in NOK million*	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Net interest income	7 867	7 480	15 559	14 337	30 192
Net commissions and fees	*2 242*	*2 252*	*4 426*	*4 208*	*8 537*
Net gains on financial instruments at fair value	*1 132*	*1 363*	*3 221*	*2 426*	*5 032*
Net financial and risk result, DNB Livsforsikring	*183*	*230*	*288*	*450*	*1 021*
Net insurance result, DNB Skadeforsikring	*139*	*119*	*241*	*194*	*418*
Other operating income	*391*	*346*	*788*	*713*	*1 420*
Net other operating income, total	4 087	4 310	8 965	7 992	16 427
Total income	11 954	11 790	24 523	22 329	46 619
Operating expenses	5 150	5 010	10 318	10 036	20 186
Restructuring costs and non-recurring effects	83	650	106	659	682
Expenses relating to debt-financed structured products	0	0	0	450	450
Impairment losses for goodwill and intangible assets	0	0	0	0	557
Pre-tax operating profit before impairment	6 722	6 130	14 099	11 184	24 744
Net gains on fixed and intangible assets	(3)	(9)	(3)	(5)	151
Impairment of loans and guarantees	554	937	634	1 674	2 185
Pre-tax operating profit	6 165	5 184	13 462	9 505	22 709
Tax expense	1 499	1 379	3 258	2 528	5 188
Profit from operations held for sale, after taxes	(11)	(7)	(30)	3	4
Profit for the period	**4 654**	**3 798**	**10 173**	**6 979**	**17 526**

Balance sheet *Amounts in NOK million*	30 June 2014	31 Dec. 2013 1)	30 June 2013 1)
Total assets	2 445 417	2 405 239	2 581 657
Loans to customers	1 369 271	1 340 831	1 329 665
Deposits from customers	881 920	867 904	996 372
Total equity	147 879	142 227	131 795
Average total assets	2 658 923	2 542 535	2 521 617
Total combined assets	2 709 864	2 655 745	2 807 484

Key figures	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Return on equity, annualised (per cent)	12.7	11.6	14.1	10.8	13.2
Earnings per share (NOK)	2.86	2.33	6.25	4.29	10.76
Combined weighted total average spread for lending and deposits (per cent)	1.27	1.28	1.26	1.24	1.27
Cost/income ratio (per cent)	43.8	48.0	42.5	49.9	45.7
Impairment relative to average net loans to customers, annualised (per cent)	0.16	0.29	0.09	0.26	0.17
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent) 2)	12.1	10.8	12.1	10.8	11.8
Tier 1 capital ratio, transitional rules, at end of period (per cent) 2)	12.5	11.1	12.5	11.1	12.1
Capital ratio, transitional rules, at end of period (per cent) 2)	14.4	12.4	14.4	12.4	14.0
Share price at end of period (NOK)	112.20	87.95	112.20	87.95	108.50
Price/book value	1.24	1.09	1.24	1.09	1.24
Dividend per share (NOK)	-	-	-	-	2.70

1) Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.
2) Including 50 per cent of profit for the period, except for the full year figures.

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.

Second quarter and first half report 2014

Directors' report

Introduction

Second quarter 2014

DNB recorded profits of NOK 4 654 million in the second quarter of 2014, up NOK 856 million from the second quarter of 2013. Adjusted for the effect of basis swaps, there was a NOK 768 million increase in profits. Relative to the short-term money market rate, there was an increase in lending spreads from the second quarter of 2013, which was the main factor behind the rise in profits, along with higher lending volumes, reduced restructuring expenses and lower impairment losses on loans. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.8 per cent at end-June 2013 to 12.1 per cent, including 50 per cent of interim profits. DNB's target is to achieve a common equity Tier 1 capital ratio of 13.5-14.0 per cent by year-end 2016.

There was a 2.9 per cent average increase in the healthy loan portfolio from the second quarter of 2013, parallel to a 0.07 percentage point widening of lending spreads. In order to face the market competition, DNB implemented interest rate reductions, effective on 16 June 2014 for existing loans and deposits. Net interest income rose by a total of NOK 387 million from the second quarter of 2013.

Adjusted for the effect of basis swaps, net other operating income was NOK 344 million lower than in the second quarter of 2013. The reduction mainly reflected fair value measurement of financial assets.

Total operating expenses were reduced by NOK 428 million from the second quarter of 2013. Ordinary operating expenses, excluding restructuring costs and other non-recurring effects, rose by NOK 140 million during the same period, partly in reflection of rising marketing costs.

Impairment losses on loans and guarantees came to NOK 554 million for the quarter, which was significantly lower than in the second quarter of 2013, but higher than in the two preceding quarters. Lower impairment losses in Large Corporates and International were the main reason behind the reduction in impairment from the second quarter of 2013.

At end-June 2014, the relocation of all office functions in Oslo, Bergen and Trondheim had been completed. In Oslo, 4 200 employees from 18 former locations have moved into the three DNB buildings in Bjørvika. In Bergen, 1 700 employees have relocated to Solheimsviken, while in Trondheim, 720 employees now work at Beddingen. The transfer of customers from Nordlandsbanken to DNB was also completed during the quarter. These changes ensure lower costs, more efficient internal processes and better solutions for customers.

On 18 June 2014, the Supervisory Board elected Jaan Ivar Semlitsch as a new shareholder-elected member of the Board of Directors of DNB ASA, replacing Bente Brevik.

First half 2014

DNB recorded profits of NOK 10 173 million in the first half of 2014, up NOK 3 194 million from the first half of 2013. Adjusted for the effect of basis swaps, there was a NOK 3 371 million increase in profits, reflecting higher net interest income, higher other operating income, lower costs and lower impairment losses on loans. The rise in profits contributed to the necessary build-up of capital to meet stricter capital requirements.

Lending spreads widened by 0.14 percentage points, while deposit spreads narrowed by 0.01 percentage points from the first half of 2013. During the same period, there was a 3.0 per cent average increase in the healthy loan portfolio, while deposit volumes were up 12.0 per cent. This gave a total increase in net interest income of NOK 1 222 million compared with the first half of 2013. The relatively modest lending growth mainly reflected stronger competition in the market. The Norwegian Public Service Pension Fund further increased its market share of home mortgages during the first half of 2014, but at a somewhat slower rate. Compared with other private financial institutions, DNB's market share showed a slightly declining trend.

Adjusted for the effect of basis swaps, other operating income was NOK 1 214 million higher than in the first half of 2013. The increase was mainly attributable to the NOK 913 million rise in value of the shareholding in Nets. An agreement to sell the Group's shareholding in Nets was signed in the first quarter of 2014, due to be completed at the start of the third quarter of 2014. There was also an increase in income from foreign exchange and interest rate instruments and commissions and fees from, among others, DNB Skadeforsikring.

Total operating expenses were brought down by NOK 720 million or 6.5 per cent from the first half of 2013, partly due to reduced restructuring costs and provisions for debt-financed structured products in the first half of 2013.

At NOK 634 million, impairment losses on loans and guarantees were reduced by more than NOK 1 billion compared with the first half of 2013. This reflects both sound credit management and positive macroeconomic developments in Norway and internationally from 2013 to 2014.

Income statement for the second quarter of 2014

Net interest income

Amounts in NOK million	2nd quarter 2014	Change	2nd quarter 2013
Net interest income	7 867	387	7 480
Exchange rate movements		129	
Lending and deposit spreads		115	
Lending and deposit volumes		74	
Long-term funding costs		51	
Equity and non-interest-bearing items		22	
Amortisation effects, international bond portfolio		(27)	
Other net interest income		23	

Net interest income rose by NOK 387 million or 5.2 per cent from the second quarter of 2013. The increase was mainly attributable to widening lending spreads and exchange rate movements, though rising volumes also had a positive impact. Average lending spreads increased by 0.07 percentage points, while deposit spreads narrowed by 0.04 percentage points. Volume-weighted spreads were virtually unchanged. There was an average increase of NOK 37.9 billion or 2.9 per cent in the healthy loan portfolio compared with the second quarter of 2013. During the same period, deposits were up NOK 77.8 billion or 8.7 per cent.

Net other operating income

Amounts in NOK million	2nd quarter 2014	Change	2nd quarter 2013
Net other operating income	4 087	(223)	4 310
Basis swaps		122	
Profits from associated companies		(36)	
Real estate broking		(41)	
Net financial and risk result from DNB Livsforsikring [1)]		(47)	
Net income from other financial instruments		(333)	
Other operating income		114	

1) Guaranteed returns and allocations to policyholders deducted.

Net other operating income, adjusted for basis swaps, declined by NOK 344 million. Fair value measurement of financial assets was the main factor behind the shortfall in income. Income from DNB Livsforsikring, DNB Eiendom and associated companies was also reduced, while there was an increase in income from DNB Skadeforsikring.

Operating expenses

Amounts in NOK million	2nd quarter 2014	Change	2nd quarter 2013
Operating expenses excluding non-recurring effects	5 150	140	5 010
Income-related costs			
Ordinary depreciation on operational leasing		33	
Expenses related to operations			
Marketing costs		29	
Properties and premises		26	
External distribution costs		18	
Other costs		34	
Non-recurring effects	83	(567)	650
Restructuring costs – employees		(383)	
Other restructuring costs and non-recurring effects		(185)	
Operating expenses	5 233	(428)	5 660

Operating expenses were reduced by NOK 428 million from the second quarter of 2013. Adjusted for non-recurring effects, there was an increase in expenses of NOK 140 million. The NOK 33 million increase in expenses related to operational leasing reflected a corresponding rise in income. Higher marketing costs, increasing expenses for property management and a certain rise in external distribution costs were other factors behind the increase in expenses.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 554 million, a reduction from NOK 937 million in the second quarter of 2013, but an increase from the extraordinarily low NOK 80 million in the first quarter of 2014. The most pronounced reduction compared with the second quarter of 2013 stemmed from Large Corporates and International. In addition, there was a decline in impairment losses on consumer loans and in collective impairment. The increase in impairment from the first quarter of 2014 mainly reflected higher individual impairment of loans to small and medium-sized enterprises and a rise in collective impairment. In the first quarter of 2014, there were significant reversals on collective impairment losses, while new collective impairment losses of NOK 52 million were recorded in the second quarter. The increase was partly attributable to a certain decline in shipping freight rates and an adjustment in the calculation model. Impairment losses remained significantly lower than the normalised level in the second quarter of 2014.

There was a positive trend in non-performing and doubtful loans and guarantees, which were reduced by NOK 7.1 billion from end-June 2013 and were thus at the lowest level since the third quarter of 2011. Net non-performing and doubtful loans and guarantees amounted to NOK 16.1 billion at end-June 2014, which represented 1.05 per cent of the loan portfolio, down from 1.71 per cent at end-June 2013.

Taxes

The DNB Group's tax expense for the second quarter of 2014 was NOK 1 499 million, or 24.3 per cent of pre-tax operating profits. The tax rate was somewhat lower than the long-term expectation of 26 per cent, partly due to tax-exempt income from shareholdings. The tax rate for 2014 is expected to be approximately 24 per cent.

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 2 456 million in the second quarter of 2014, an increase of NOK 592 million from the second quarter of 2013. Pre-tax operating profits for the first half of 2014 came to NOK 4 631 million, up NOK 1 098 million from the year-earlier period. 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	2nd quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	3 472	3 138	334	10.6
Net other operating income	1 218	1 220	(2)	(0.2)
Total income	4 690	4 358	332	7.6
Operating expenses	2 169	2 335	(166)	(7.1)
Pre-tax operating profit before impairment	2 520	2 023	497	24.6
Net gains on fixed and intangible assets	(3)	(0)	(3)	
Impairment of loans and guarantees	61	158	(98)	(61.6)
Pre-tax operating profit	2 456	1 864	592	31.8
Tax expense	663	522	141	27.1
Profit from operations held for sale	0	(4)	4	
Profit for the period	1 793	1 338	455	34.0
Average balance sheet items in NOK billion				
Net loans to customers	662.2	649.8	12.4	1.9
Deposits from customers	351.9	335.2	16.7	5.0
Key figures in per cent				
Lending spread [1)]	2.44	2.32		
Deposit spread [1)]	(0.54)	(0.43)		
Return on allocated capital [2)]	24.0	32.1		
Cost/income ratio	46.3	53.6		
Ratio of deposits to loans	53.1	51.6		

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. The reduction in the return from 2013 is due to stricter capital requirements for home mortgages.*

There was moderate credit growth during the quarter. Average net loans were up 1.9 per cent from the second quarter of 2013 and increased by 0.5 per cent during the April through June period. Deposits rose by 5.0 per cent from the second quarter of 2013.

Net interest income showed a healthy trend, increasing by 10.6 per cent compared with the second quarter of 2013. The volume-weighted interest rate spread widened by 0.03 percentage points from the second quarter of 2013, but remained on a level with the first quarter of 2014.

Other operating income remained stable compared to the second quarter of 2013. A negative trend for equity investments caused a decline in income, while income from payment transfers, asset management and non-life insurance developed favourably. Income from real estate remained on a level with the second quarter of 2013.

The main factors behind the reduction in operating expenses from the second quarter of 2013 were lower costs related to severance packages and the restructuring of the branch network.

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, representing 0.04 per cent of the portfolio. There were no net impairment losses on home mortgages in the second quarter of 2014.

Fierce competition for home mortgage customers has affected the market share of credit to households, which stood at 26.3 per cent at end-May 2014, down from 26.5 per cent at end-December 2013. The market share of total household savings was 33.3 per cent at end-April 2014. DNB Eiendom achieved a market share of 19.5 per cent in the second quarter of 2014.

The process of facilitating self-service solutions and streamlining operations is continuing. The number of accounts opened by customers themselves online increased by approximately 4 percentage points from the second quarter of 2013, and 25 per cent of customers were active mobile banking users. As part of this process, six branch offices were closed during the first half of the year.

Initiatives aimed at students and young customers have been a success. Students, apprentices and young people on compulsory military service are offered a so-called “white card”, Norway’s first debit and credit card for this segment with no annual fee or other charges. “My first card” is a product designed for children aged between 10 and 14, who are offered training in wise card use by taking the “card licence”.

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 small and medium-sized corporate customers.

Pre-tax operating profits came to NOK 825 million in the second quarter of 2014, an increase of NOK 22 million from the second quarter of 2013. Profits for the first half of 2014 totalled NOK 1 706 million, up NOK 58 million. The increase in profits reflected a strong rise in income.

Small and medium-sized enterprises	2nd quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	1 590	1 553	37	2.4
Net other operating income	372	376	(4)	(0.9)
Total income	1 962	1 928	34	1.8
Operating expenses	947	931	16	1.7
Pre-tax operating profit before impairment	1 014	997	18	1.8
Impairment of loans and guarantees	176	180	(4)	(2.1)
Profit from repossessed operations	(13)	(14)	1	
Pre-tax operating profit	825	803	22	2.8
Tax expense	223	225	(2)	(0.9)
Profit for the period	602	578	24	4.2
Average balance sheet items in NOK billion				
Net loans to customers	214.8	206.1	8.7	4.2
Deposits from customers	153.4	144.9	8.5	5.9
Key figures in per cent				
Lending spread 1)	2.72	2.76		
Deposit spread 1)	(0.10)	(0.02)		
Return on allocated capital 2)	11.6	11.3		
Cost/income ratio	48.3	48.3		
Ratio of deposits to loans	71.4	70.3		

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.

The second quarter of 2014 was characterised by a healthy increase in loans to small and medium-sized enterprises. Average net loans to customers rose by 4.2 per cent from the second quarter of 2013. There was a significant increase in deposits of 5.9 per cent, and the ratio of deposits to net loans averaged 71.4 per cent for the quarter.

Net interest income increased from the second quarter of 2013 due to volume growth, while net other operating income remained stable during the period. Higher IT expenses were the main factor behind the rise in expenses from the second quarter of 2013.

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 176 million in the second quarter of 2014. On an annual basis, this represented 0.33 per cent of net loans. Impairment losses were recorded on loans to a number of industries, and close to 60 per cent of the impairment losses in the second quarter of 2014 stemmed from four individual commitments. Gross impairment showed a relatively stable trend.

During the second quarter, DNB launched an initiative for customers who want to start their own business. A special “start-up book” was published, containing practical advice for customers during the establishment phase. In addition, a “start-up guidance service” was established for potential entrepreneurs.

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. The level of impairment losses on loans are expected to remain relatively low.

Large corporates and international customers

This segment includes the Group’s largest Norwegian corporate customers and all international 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 2 332 million, up NOK 243 million from the second quarter of 2013. Pre-tax profits for the first half of 2014 totalled NOK 5 118 million, an increase from NOK 3 970 million in the year-earlier period. The positive trend reflected a stable level of income, strict cost control and lower impairment losses.

Large corporates and international customers	2nd quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	2 926	2 781	145	5.2
Net other operating income	1 294	1 435	(141)	(9.8)
Total income	4 221	4 217	4	0.1
Operating expenses	1 516	1 547	(31)	(2.0)
Pre-tax operating profit before impairment	2 705	2 670	35	1.3
Net gains on fixed and intangible assets	(1)	(6)	5	
Impairment of loans and guarantees	324	573	(249)	(43.4)
Profit from repossessed operations	(47)	(2)	(45)	
Pre-tax operating profit	2 332	2 089	243	11.7
Tax expense	723	627	96	15.4
Profit for the period	1 609	1 462	147	10.1
Average balance sheet items in NOK billion				
Net loans to customers	465.0	456.8	8.2	1.8
Deposits from customers	367.1	339.1	28.1	8.3
Key figures in per cent				
Lending spread 1)	2.17	2.14		
Deposit spread 1)	(0.17)	(0.19)		
Return on allocated capital 2)	12.3	10.7		
Cost/income ratio	35.9	36.7		
Ratio of deposits to loans	78.9	74.2		

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.

Loans to customers were up 1.8 per cent from the second quarter of 2013. Adjusted for exchange rate movements, however, there was an underlying reduction in the portfolio of 1.3 per cent, reflecting strategic portfolio adjustments, a challenging market situation, stronger competition and more active use of the bond market. Compared with the first quarter of 2014, lending volumes were up 0.5 per cent after adjusting for exchange rate movements. Deposits rose by 8.3 per cent from the second quarter of 2013, of which approximately 30 per cent can be ascribed to exchange rate movements.

Relative to the 3-month money market rate, average lending spreads were 2.17 per cent, up 0.03 percentage points from the second quarter of 2013 and down 0.02 percentage points from the first quarter of 2014. Deposit spreads were on a level with the first quarter of 2014, but 0.03 percentage points wider than in the second quarter of 2013.

The reduction in net other operating income from the second quarter of 2013 partly reflected reduced income from syndication and lower gains on equities and shareholdings. A non-recurring gain from the sale of a shareholding resulted in a high level of income in the second quarter of 2013. As a result of greater exchange rate movements during the period, there was a rise in income from currency hedging products compared with the second quarter of 2013. A higher level of income from payment transfers also had a positive effect during the quarter.

Operating expenses were down 2.0 per cent from the second quarter of 2013, reflecting strict cost control and lower sales costs.

Net impairment losses were reduced by NOK 249 million from the second quarter of 2013. Individual impairment represented 0.24 per cent of net loans to customers. Including collective impairment, net impairment came to 0.28 per cent. In the second quarter of 2013, individual impairment represented 0.44 per cent of loans. Compared with the first quarter of 2014, there was a NOK 431 million increase in net impairment, of which individual impairment represented NOK 75 million. The increase was partly attributable to a certain decline in shipping freight rates and an adjustment in the calculation model.

Targeted efforts are being made to retain the level of quality in the portfolio through close follow-up of customers and preventive measures. Net non-performing and doubtful loans and guarantees amounted to NOK 10.0 billion at end-June 2014, which represented a reduction of NOK 7.6 billion from a year earlier and a NOK 0.6 billion reduction from end-March 2014. The changes were mainly attributable to a few large shipping loans.

DNB gives priority to strong, long-term and profitable customer relationships and on further developing key customer segments. The Group's wide range of products and broad expertise are key elements in efforts to strengthen customer relationships and form the basis for operations over the coming years. The increasing pressure on spreads in the market is expected to prevail, and repricing in certain segments may not be adequate to ensure that spreads remain at the current level. 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 432 million in the second quarter of 2014, up NOK 108 million from the year-earlier period. Pre-tax profits for the first half of 2014 increased by NOK 132 million from 2013, totalling NOK 1 023 million.

Trading	2nd quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	95	142	(46)	(32.7)
Net other operating income	488	341	147	43.1
Total income	583	483	100	20.8
Operating expenses	151	159	(7)	(4.7)
Pre-tax operating profit	432	324	108	33.4
Tax expense	117	94	23	24.2
Profit for the period	315	230	85	37.1
Key figures in per cent				
Cost/income ratio	26.0	32.9		
Return on allocated capital [1]	17.0	11.3		

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

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 446 million, up NOK 71 million from the second quarter of 2013. Profits for the first half of 2014 declined by NOK 10 million to NOK 724 million.

Traditional pension products	2nd quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Upfront pricing of risk and guaranteed rate of return	165	169	(4)	
Owner's share of administration result	24	6	18	
Owner's share of risk result	80	23	57	
Owner's share of interest result	(16)	26	(41)	
Return on corporate portfolio	193	152	41	
Pre-tax operating profit	446	376	71	18.8
Tax expense	35	81	(46)	(56.6)
Profit for the period	411	294	117	39.6
Key figures in per cent				
Cost/income ratio	25.6	37.1		
Return on allocated capital [1]	10.0	7.0		

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

In consequence of the upward adjustment of life expectancy assumptions, it will be necessary to strengthen the premium reserve for group pensions. The total required increase in reserves for DNB Livsforsikring's portfolio at end-June 2014 was NOK 12.7 billion. NOK 7.1 billion had been set aside as at 30 June 2014. The build-up of reserves must be completed by year-end 2020.

It will be possible to use returns in excess of the guaranteed rate of return to cover the required increase in reserves. However, it will not be possible to use excess returns on one contract to strengthen reserves on other contracts. Furthermore, DNB's shareholder contribution for each contract must be minimum 20 per cent. The shareholder contribution will be affected by the average return achieved during the 2014-2020 period. Provided that the expected return is achieved, DNB will have to cover approximately 22 per cent of the total required increase in reserves. In the course of the second quarter, the company adjusted its finance strategy, whereby the anticipated shareholder contribution has been significantly reduced. DNB's share will represent approximately NOK 2.8 billion, which corresponds to NOK 0.4 billion per year during the seven year period.

DNB has decided to wind up its public sector operations within this segment. Parts of the portfolio have already been transferred to other life insurance companies, and it is expected that most of the portfolio will be transferred by 1 January 2016. For this portfolio, the build-up of reserves must be completed at the time the individual customers transfer their portfolios.

Since year-end 2013, long-term swap rates have declined by approximately 0.6 percentage points. Seen in isolation, this will increase the capital requirement of the life insurance company in accordance with Solvency II. The falling interest rate levels highlight the need for transitional rules in connection with the introduction of Solvency II. Finanstilsynet (the Financial Supervisory Authority of Norway) has announced that it will consider, in the course of August or September, whether to allow the use of national transitional rules.

Key elements of the proposed changes in the regulatory framework for Norwegian life insurance companies were clarified in the course of 2013. In response to both the amended regulatory framework and customer preferences, guaranteed return products are expected to be converted to products where the customer can choose between different investment profiles. See the chapter on the new regulatory framework for more information.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound for banks with good credit ratings in the second quarter of 2014, and DNB had ample access to short-term funding. Leading US investors now regard a larger group of banks as financially strong.

In the long-term funding markets, there was also a healthy supply of capital. There is generally greater demand from investors, while a number of issuers have less need for funding. This has resulted in a healthy price trend for both senior bonds and covered bonds.

Debt securities issued by the Group totalled NOK 543 billion at end-June 2014 and NOK 488 billion a year earlier. The average remaining term to maturity for the bond debt portfolio was 4.6 years at end-June 2014, unchanged from 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 generally financed through customer deposits, long-term securities and primary capital. The Group stayed well within the liquidity limits during the quarter. The short-term liquidity requirement, Liquidity Coverage Ratio, LCR, remained stable at above 100 per cent throughout the second quarter. At end-June 2014, the total LCR was 106.9 per cent. The LCRs for liquid assets in euros and US dollars were 120.2 per cent and 291.0 per cent, respectively.

At end-June 2014, total combined assets in the DNB Group were NOK 2 710 billion, a reduction from NOK 2 807 billion at end-June 2013. Total assets in the Group's balance sheet were NOK 2 445 billion as at 30 June 2014 and NOK 2 582 billion a year earlier. Of this, total assets in DNB Livsforsikring came to NOK 289 billion at end-June 2014 and NOK 281 billion a year earlier.

Net loans to customers increased by NOK 39.6 billion or 3 per cent from end-June 2013. Customer deposits declined by NOK 114 billion or 11.5 per cent during the same period. The ratio of customer deposits to net loans to customers declined from 74.9 per cent at end-June 2013 to 64.4 per cent a year later, which is well within the Group's minimum 60 per cent ambition.

Macroeconomic developments

The positive trend in the global economy through 2013 continued in the first six months of 2014. The level of activity increased in practically all eurozone countries, though high unemployment and the need to reduce debt levels in both the private and public sector could curb further growth. In the US, growth also picked up parallel to a positive trend in the labour market and healthy growth in consumer demand. In China, growth slowed at the start of 2014, mainly due to more sluggish property investment activity. The Baltics experienced lower growth, but a gradual rise in international demand may have positive effects in the period ahead. Over the coming years, increased credit supply, a less restrictive fiscal policy and a continued expansionary monetary policy will probably result in stronger growth in most industrialised countries. Prospects of higher inflation and a more contractionary monetary policy may contribute to dampening growth in a number of emerging economies, though stronger demand from traditional industrial countries may nevertheless result in higher export growth in these countries.

In Norway, there has been a moderate decline in economic activity over the past year and a half. Investments in both mainland industries and the housing market have edged downward. However, household consumption showed a positive trend during the first two quarters of 2014. In May, companies in Norges Bank's regional network reported increasing production growth in traditional manufacturing industries and industries supplying goods and services to the household sector. The main driving forces were stronger demand from several export markets and increased public investment. Parallel to this, fewer residential building starts contributed to continued low growth in the building and construction industry. Slower growth in demand from the Norwegian petroleum industry and intensifying competition from international players had a dampening effect on growth in the petroleum supplier industry. Petroleum investment will probably decline slightly in the period ahead, but is expected to remain at a relatively high level, which will provide positive impulses to the mainland economy. The recent rise in housing prices, along with continued income growth in the household sector and low real interest rates, will probably result in a new upturn in housing investment. The significant rise in public administration investment is another factor that could cause renewed growth in mainland investment next year. In addition, both reduced taxes and rising public demand will help boost activity levels in the Norwegian economy.

Risk and capital adequacy

As a result of a more subdued increase in demand from the Norwegian petroleum industry, petroleum investments are unlikely to drive growth in the Norwegian economy to the same extent as before. This will challenge the adaptability of the Norwegian business community, and the susceptibility of the Norwegian economy to a decline in oil and gas prices will gradually be reduced.

The high salmon prices and the depreciating Norwegian krone have generated record-high earnings for the Norwegian fish farming industry. The prices have probably peaked this time around, and the high Norwegian export volumes are now pushing down prices to more normal levels. However, the industry has built up enough capital to withstand lower prices.

The DNB Group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement increased by NOK 0.9 billion from end-March 2014, to NOK 76.9 billion.

Developments in the risk-adjusted capital requirement

Amounts in NOK billion	30 June 2014	31 March 2014	31 Dec. 2013	30 June 2013
Credit risk	53.5	53.3	57.2	59.8
Market risk	9.3	9.3	8.2	7.7
Market risk in life insurance	14.1	13.5	10.2	13.1
Insurance risk in life insurance	1.0	1.0	1.0	1.0
Non-life insurance	0.9	0.9	0.9	0.8
Operational risk	10.7	10.7	10.7	10.3
Business risk	6.8	6.8	4.8	4.8
Gross risk-adjusted capital requirement	96.3	95.5	93.2	97.5
Diversification effect [1]	(19.3)	(19.5)	(19.0)	(18.4)
Net risk-adjusted capital requirement	76.9	76.1	74.1	79.1
Diversification effect in per cent of gross risk-adjusted capital requirement [1]	20.1	20.4	20.4	18.9

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 was roughly on a level with the figure at end-March 2014. The volume of credit to both enterprises and households increased during the quarter, while portfolio quality improved. The volume of non-performing loans and guarantees declined slightly.

DNB's shipping portfolio has been scaled back over the past few years and represented approximately 6 per cent of the total credit portfolio at end-June 2014. Parallel to this, the quality of the shipping portfolio has improved, though there are still challenges. The freight markets for dry bulk and oil have weakened somewhat, and rates barely cover operating expenses. DNB still anticipates a gradual general upturn in the shipping industry through 2014 and 2015, though the level of volatility is expected to remain high, with significant differences between the various segments. This picture could be distorted by a continued slight increase in the order book for dry bulk ships and a strong increase in the order book for product and gas tankers.

The risk-adjusted capital requirement for market risk within banking operations was virtually unchanged from the first quarter. Market risk in life insurance rose by NOK 0.6 billion during the second quarter. In the longer term, the low interest rate level represents a challenge for life insurance operations, heightening the risk of losses. See the chapter on traditional pension products for more information.

There were few events and low operational losses during the second quarter of 2014. However, the stability of the Group's IT systems represented a challenge. The challenges related primarily to the mainframe-based IT systems, and on one occasion, there was a close to ten-hour outage. This is taken very seriously, and processes and routines are being reviewed in cooperation with the sub-supplier Evry in order to prevent the situation from repeating itself.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 6.1 billion from end-December 2013, to NOK 1 095 billion. In the second quarter of 2014, 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 12.1 per cent, while the capital adequacy ratio was 14.4 per cent, including 50 per cent of interim profits. Under Basel III, based on the Group's interpretation of the draft regulations, the common equity Tier 1 capital ratio would have been 14.4 per cent at end-June 2014.

New regulatory framework

On 12 May 2014, the Norwegian Ministry of Finance adopted a regulation on systemically important financial institutions, SIFI. Institutions with total assets corresponding to at least 10 per cent of Mainland Norway's GDP or a share of the Norwegian lending market of at least 5 per cent, are comprised by this definition. DNB, Nordea Bank Norge and Kommunalbanken are thus defined as systemically important. The three SIFI banks will be subject to a separate capital buffer requirement as of 1 July 2015. From 1 July 2016, when the new capital requirements have been fully phased in, systemically important institutions must fulfil a common equity Tier 1 capital requirement of 12 per cent, while the minimum requirement for other institutions will be 10 per cent. In addition, all institutions must fulfil a counter-cyclical capital buffer requirement.

On 1 July 2014, Finanstilsynet announced a further increase in home mortgage risk weights for banks that use the Internal-Ratings Based (IRB) Approach. The new rules are largely in line with the feedback from the public consultation round. The stricter rules for probability of default models, in combination with a minimum requirement for loss given default, the so-called LGD floor, will increase the average risk weight for DNB's home mortgage portfolios from 17 per cent to approximately 23 per cent. Finanstilsynet has stipulated that the changes must be reflected in capital adequacy reporting by the first quarter of 2015 at the latest. For branches of Swedish banks in Norway, the stricter requirements will be introduced through Pillar 2. Seen in isolation, their reported capital adequacy will thus improve. For Norwegian banks, the stricter requirements will be introduced through Pillar 1. Seen in isolation, their reported capital adequacy will thus be tightened. Compared with other Nordic banks, Norwegian banks will appear more weakly capitalised, in relative terms, which does not reflect the actual situation. For the time being, the stricter rules will have a fairly limited effect on the overall capital adequacy in the Norwegian banking sector, as most Norwegian IRB banks still have to observe the so-called Basel I floor.

On 27 May 2014, the Standing Committee on Finance and Economic Affairs presented a report that included comments on the government's Financial Markets Report. The majority of the committee members do not wish to introduce a so-called financial activities tax, partly on the grounds that it would be especially burdensome for young people entering the market for the first time, as it would increase their interest expenses. It is the first time the proposal has been rejected by a political majority since the Financial Crisis Commission proposed a surtax for banks. The majority of the committee members argued that the financial services industry is already subject to extensive capital requirements, and that additional requirements could have serious and unintended negative consequences for Norwegian economic activity.

The majority of the committee members also emphasise the importance of harmonised requirements, for example for risk measurement, stressing that Norway should not introduce rules that deviate too much from those in its neighbouring countries and could give foreign banks unfair competitive advantages. In addition, the committee points out that the actual financial strength and capital situation of banks in various countries should be transparent and comparable to avoid distorted competition in the equity and debt capital markets.

The Ministry of Finance has adopted regulations that govern the right to convert paid-up policies with a guaranteed rate of return to paid-up policies with a choice of investment profile. Contracts can be converted with effect from 1 September 2014, however, this only applies to paid-up policies that have been fully reserved for longevity. DNB is on schedule in developing a product that is adapted to the new regulations and will be ready to offer such a product once the regulations enter into effect.

Future prospects

According to current forecasts, a slight recovery is expected in the international economy. There are also indications of a continued high and robust level of activity in the Norwegian economy. Volume-weighted spreads are expected to be stable in 2014. Lending volumes are expected to increase at an annual rate of 3 to 4 per cent, with slightly higher growth in lending to personal customers and small and medium-sized enterprises and more subdued lending growth in the large corporate segments. An increase in income from capital-light products is anticipated, while expenses are gradually expected to be kept flat, excluding restructuring expenses, in the period up to 2016. There will be a certain increase in IT expenses relating to restructuring measures. Furthermore, continued sound credit quality is expected to ensure that impairment losses remain below the normalised level in 2014. The long-term tax rate is still estimated to be approximately 26 per cent, while the tax rate for 2014 is expected to be approximately 24 per cent.

Oslo, 9 July 2014
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

Income statement

Amounts in NOK million	Note	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
						DNB Group
Total interest income	5	15 426	15 014	30 622	29 614	60 404
Total interest expenses	5	7 559	7 534	15 063	15 277	30 212
Net interest income	5	**7 867**	**7 480**	**15 559**	**14 337**	**30 192**
Commission and fee income etc.	6	2 858	2 838	5 706	5 350	10 916
Commission and fee expenses etc.	6	617	586	1 280	1 142	2 379
Net gains on financial instruments at fair value	7	1 132	1 363	3 221	2 426	5 032
Net financial result, DNB Livsforsikring		152	152	122	347	554
Net risk result, DNB Livsforsikring		30	78	166	103	467
Net insurance result, DNB Skadeforsikring		139	119	241	194	418
Profit from investments accounted for by the equity method	8	34	70	141	145	362
Net gains on investment property	18	(3)	4	10	16	(86)
Other income	9	361	272	637	553	1 144
Net other operating income		**4 087**	**4 310**	**8 965**	**7 992**	**16 427**
Total income		**11 954**	**11 790**	**24 523**	**22 329**	**46 619**
Salaries and other personnel expenses	10, 11	2 789	3 215	5 500	5 854	11 307
Other expenses	10	1 957	1 853	3 901	4 169	7 850
Depreciation and impairment of fixed and intangible assets	10	486	593	1 024	1 122	2 719
Total operating expenses	10	**5 233**	**5 660**	**10 425**	**11 145**	**21 875**
Pre-tax operating profit before impairment		**6 722**	**6 130**	**14 099**	**11 184**	**24 744**
Net gains on fixed and intangible assets		(3)	(9)	(3)	(5)	151
Impairment of loans and guarantees	14	554	937	634	1 674	2 185
Pre-tax operating profit		**6 165**	**5 184**	**13 462**	**9 505**	**22 709**
Tax expense		1 499	1 379	3 258	2 528	5 188
Profit from operations held for sale, after taxes		(11)	(7)	(30)	3	4
Profit for the period		**4 654**	**3 798**	**10 173**	**6 979**	**17 526**
Earnings/diluted earnings per share (NOK)		2.86	2.33	6.25	4.29	10.76
Earnings per share excluding operations held for sale (NOK)		2.87	2.34	6.27	4.29	10.76

Comprehensive income statement

Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
					DNB Group
Profit for the period	**4 654**	**3 798**	**10 173**	**6 979**	**17 526**
Actuarial gains and losses, net of tax 1)	(161)	364	(456)	364	(469)
Property revaluation	32	23	42	20	124
Elements of other comprehensive income allocated to customers (life insurance)	(32)	(23)	(42)	(20)	(124)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(161)	364	(456)	364	(469)
Currency translation of foreign operations	1 264	1 380	403	2 110	3 478
Hedging of net investment, net of tax	(703)	(1 260)	(202)	(1 868)	(2 425)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	561	120	201	242	1 053
Other comprehensive income for the period	**400**	**484**	**(255)**	**606**	**584**
Comprehensive income for the period	**5 054**	**4 282**	**9 919**	**7 586**	**18 110**

1) *The discount rate used to calculate recorded pension commitments was determined by reference to the estimated yield on covered bonds as at 30 June 2014. There was a reduction in the yield during the first half of 2014. A corresponding reduction has been reflected in the assumptions for salary increases and increases in the National Insurance basic amount.*

Balance sheet

Amounts in NOK million	Note	30 June 2014	31 Dec. 2013 [1]	30 June 2013 [1]
				DNB Group
Assets				
Cash and deposits with central banks		171 346	167 171	481 844
Due from credit institutions	12, 13	191 487	180 882	52 673
Loans to customers	12, 13, 15, 16	1 369 271	1 340 831	1 329 665
Commercial paper and bonds at fair value	13, 17	265 787	277 764	273 832
Shareholdings	13	30 756	29 826	26 270
Financial assets, customers bearing the risk	13	39 458	35 512	30 604
Financial derivatives	13	141 666	130 939	136 577
Commercial paper and bonds, held to maturity	12, 17	138 273	152 883	155 005
Investment property	18	30 958	32 485	33 609
Investments accounted for by the equity method		5 881	5 802	5 585
Intangible assets	19	6 302	6 511	6 791
Deferred tax assets		1 099	1 104	1 317
Fixed assets		13 514	12 498	11 067
Assets held for sale		1 119	225	211
Other assets		38 499	30 806	36 607
Total assets		**2 445 417**	**2 405 239**	**2 581 657**
Liabilities and equity				
Due to credit institutions	12, 13	214 438	234 219	318 504
Deposits from customers	12, 13	881 920	867 904	996 372
Financial derivatives	13	108 922	111 310	111 996
Debt securities issued	12, 13, 20	742 192	711 555	695 638
Insurance liabilities, customers bearing the risk		39 458	35 512	30 604
Liabilities to life insurance policyholders in DNB Livsforsikring		224 093	230 906	227 009
Insurance liabilities, DNB Skadeforsikring		2 072	1 958	2 099
Payable taxes		3 057	3 277	3 004
Deferred taxes		2 427	2 654	1 546
Other liabilities		45 379	31 934	39 132
Liabilities held for sale		884	53	68
Provisions		1 171	1 454	1 536
Pension commitments		4 543	4 001	3 235
Subordinated loan capital	12, 13, 20	26 981	26 276	19 118
Total liabilities		**2 297 538**	**2 263 012**	**2 449 862**
Share capital		16 288	16 278	16 288
Share premium reserve		22 609	22 609	22 609
Other equity		108 982	103 340	92 898
Total equity		**147 879**	**142 227**	**131 795**
Total liabilities and equity		**2 445 417**	**2 405 239**	**2 581 657**
Off-balance sheet transactions, contingencies and post-balance sheet events	24			

1) *Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.*

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 investment hedge reserve	Other equity 1)	Total equity 1)
Balance sheet as at 31 December 2012	**16 269**	**22 609**	**(678)**	**0**	**(2 079)**	**1 306**	**90 066**	**127 492**
Profit for the period							6 979	6 979
Other comprehensive income			364	20	2 110	(1 868)		626
OCI allocated to customers (life insurance)				(20)				(20)
Comprehensive income for the period	0	0	364	0	2 110	(1 868)	6 979	7 586
Currency translation reserve taken to income					(6)		6	0
Change of reporting currency DNB Invest Denmark					7		(7)	0
Dividends paid for 2012 (NOK 2.10 per share)							(3 420)	(3 420)
Net purchase of treasury shares	19						118	137
Balance sheet as at 30 June 2013	**16 288**	**22 609**	**(314)**	**0**	**32**	**(563)**	**93 742**	**131 795**
Balance sheet as at 31 December 2013	**16 278**	**22 609**	**(1 147)**	**0**	**1 404**	**(1 119)**	**104 201**	**142 227**
Profit for the period							10 173	10 173
Other comprehensive income			(456)	42	403	(202)		(213)
OCI allocated to customers (life insurance)				(42)				(42)
Comprehensive income for the period	0	0	(456)	0	403	(202)	10 173	9 919
Currency translation reserve taken to income					25			25
Dividends paid for 2013 (NOK 2.70 per share)							(4 398)	(4 398)
Net purchase of treasury shares	10						97	107
Balance sheet as at 30 June 2014	**16 288**	**22 609**	**(1 603)**	**0**	**1 832**	**(1 321)**	**110 074**	**147 879**

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

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2013	*(10)*	*(97)*	*(107)*
Net purchase of treasury shares	*10*	*97*	*107*
Reversal of fair value adjustments through profit and loss		*0*	*0*
Balance sheet as at 30 June 2014	*0*	*0*	*0*

Cash flow statement

Amounts in NOK million	DNB Group 1st half 2014	 1st half 2013	 Full year 2013
Operating activities			
Net payments on loans to customers	(26 760)	(9 018)	(11 368)
Interest received from customers	27 079	25 979	53 483
Net receipts on deposits from customers	7 358	159 311	29 904
Interest paid to customers	(2 643)	(3 081)	(15 336)
Net receipts/payments on loans to credit institutions	(23 807)	52 776	(158 476)
Interest received from credit institutions	871	524	1 375
Interest paid to credit institutions	(1 389)	(1 264)	(2 368)
Net receipts/payments on the sale of financial assets for investment or trading	38 883	(16 385)	20 257
Interest received on bonds and commercial paper	2 941	3 347	4 998
Net receipts on commissions and fees	4 600	3 492	7 376
Payments to operations	(9 694)	(9 030)	(19 285)
Taxes paid	(4 245)	(6 589)	(7 648)
Receipts on premiums	11 493	11 351	21 098
Net payments on premium reserve transfers	(13 916)	(1 787)	(1 338)
Payments of insurance settlements	(7 413)	(7 317)	(14 523)
Other receipts/payments	858	564	(5 016)
Net cash flow from operating activities	**4 217**	**202 873**	**(96 866)**
Investment activities			
Net payments on the acquisition of fixed assets	(1 107)	(1 340)	(3 881)
Net receipts, investment property	968	809	1 061
Receipts on the sale of long-term investments in shares	347	436	642
Payments on the acquisition of long-term investments in shares	(19)	0	(16)
Dividends received on long-term investments in shares	120	265	319
Net cash flow from investment activities	**309**	**170**	**(1 875)**
Funding activities			
Receipts on issued bonds and commercial paper	595 156	426 603	996 386
Payments on redeemed bonds and commercial paper	(577 596)	(457 157)	(1 031 094)
Interest payments on issued bonds and commercial paper	(8 610)	(8 689)	(12 219)
Receipts on the raising of subordinated loan capital	0	1 250	7 528
Redemptions of subordinated loan capital	0	(3 709)	(3 709)
Interest payments on subordinated loan capital	(539)	(506)	(749)
Dividend payments	(4 398)	(3 420)	(3 420)
Net cash flow from funding activities	**4 013**	**(45 629)**	**(47 277)**
Effects of exchange rate changes on cash and cash equivalents	**1 461**	**27 658**	**13 934**
Net cash flow	**10 000**	**185 072**	**(132 085)**
Cash as at 1 January	172 162	304 247	304 247
Net receipts/payments of cash	10 000	185 072	(132 085)
Cash at end of period *)	182 162	489 319	172 162
**) Of which: Cash and deposits with central banks*	*171 346*	*481 844*	*167 171*
Deposits with credit institutions with no agreed period of notice 1)	*10 816*	*7 475*	*4 991*

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 second quarter accounts 2014 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 2013. The annual and interim accounts for the Group are prepared according to IFRS principles as endorsed by the EU.

As from the first quarter of 2014, DNB Livsforsikring and DNB Skadeforsikring are presented on three lines in the consolidated income statement, as opposed to six lines in previous periods. The current three lines are Net financial result, DNB Livsforsikring; Net risk result, DNB Livsforsikring and Net insurance result, DNB Skadeforsikring. In addition, the presentation of income from DNB Eiendomsmegling has been changed. As from the first quarter of 2014, such income is presented as net commission and fee income, and is no longer presented as other income. Comparable figures are changed accordingly.

New or amended accounting standards or interpretations that enter into force during the first half year of 2014, and are of significance to the Group, are described below. The new rules were implemented by the Group as of 1 January 2014.

IFRS 10 Consolidated Financial Statements
The standard will replace the parts of IAS 27 which address consolidated financial statements and also include structured units, which were previously addressed in SIC – 12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a control model which applies to all companies. The definition of control is different from that used in IAS 27. Control exists if the investor has power over the investee, is exposed, or has rights, to variable returns from the investee and has the ability to use its power to direct the activities of the investee that significantly affect returns. Potential voting rights, options, convertible debt and other aspects should also be taken into account.

The new standard will require increased judgment when assessing which entities are controlled by the company. Due to the new definition of control, certain mutual funds have been consolidated in the Group's balance sheet. This primarily applies to funds owned by DNB Livsforsikring and managed by DNB Asset Management. The table below shows comparable figures for 2013 with implementation effect on 1 January 2013.

IFRS 11 Joint Arrangements
The standard will replace IAS 31 Interests in Joint Ventures and SIC – 13 Jointly-controlled Entities - Non-monetary Contributions by Venturers, and eliminates proportionate consolidation of joint ventures.

The standard identifies two categories of joint control (joint arrangements): joint ventures and joint operations. When consolidating joint ventures, the equity method should be applied. For joint operations, the parties should recognise their rights to assets and liabilities in their balance sheets and recognise their share of income and costs incurred jointly in their income statements.

In consequence of the implementation of the new standard, some minor ownership interests within real estate that were previously accounted for using the proportionate consolidation, are now presented according to the equity method in the consolidated balance sheet. The table below shows comparable figures for 2013 with implementation effect on 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 applies to companies which have interests in subsidiaries, jointly controlled operations, associated companies and structured entities. The standard replaces all of the disclosure requirements that were previously in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investment in Associates and IAS 31 Interests In Joint Ventures. In addition, a number of new disclosure requirements to, among others, IFRS 10 and IFRS 11, are introduced. The changes in the rules will only affect the presentation of note information in the annual report for 2014.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
The amendments to the standard clarify the rules on presenting financial assets and liabilities on a net basis. The new rules had no material impact on the offsetting of financial assets and liabilities in the accounts.

Revised IAS 27 Separate Financial Statements and IAS 28 Investment in Associates and Joint Ventures
In consequence of the introduction of IFRS 10, 11 and 12, the IASB has made amendments to IAS 27 and IAS 28 to harmonise the standards with the new accounting standards. Following the revision, IAS 27 only regulates the separate financial statements, while IAS 28 regulates investments in both associated companies and joint ventures which are required to be accounted for using the equity method.

Balance sheet [1)] **DNB Group**

	31 December 2013			30 June 2013			1 January 2013		
Amounts in NOK million	Reported	Effect IFRS 10/11	Restated	Reported	Effect IFRS 10/11	Restated	31 Dec. 2012 Reported	Effect IFRS 10/11	Restated
Investment property	33 331	(846)	32 485	34 434	(825)	33 609	39 496	(889)	38 607
Shareholdings	47 252	(17 426)	29 826	46 349	(20 079)	26 270	48 288	(20 988)	27 300
Commercial paper and bonds at fair value	260 338	17 426	277 764	253 753	20 079	273 832	224 750	20 988	245 738
Profit from companies accounted for by the equity method	3 113	2 689	5 802	2 936	2 649	5 585	2 882	2 394	5 276
Other assets	16 847	13 959	30 806	20 893	15 714	36 607	14 200	7 369	21 569
Other liabilities	16 132	15 801	31 934	21 594	17 538	39 132	18 451	8 873	27 325

1) The new rules have had no impact on the Group's income statement, equity or capital adequacy.

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 2013.

Note 3 Changes in group structure

JSC DNB Bank

The Group's subsidiary JSC DNB Bank in Russia has eight branch offices and approximately 190 employees. At end-April 2014, an agreement on the sale of the company was signed. Pending the authorities' approval, the company was reclassified in the held-for-sale category in the second quarter of 2014. The carrying value of the company represents the agreed sales price less transaction costs. As a result of the agreement, some NOK 200 million has been charged to "Net gains on fixed and intangible assets". The transaction is expected to be completed in the third quarter of 2014.

Amports Inc.

DNB acquired a holding of just over 29 per cent in Amports Inc. in 2010 in connection with the restructuring of a loan. Headquartered in Florida, Amports is a leader in the global automotive service industry in the US and Mexico and operates port terminals for auto shipping. The holding has been recognised in the group accounts according to the equity method. On 17 April 2014, DNB signed an agreement to sell the holding, and the transaction was completed in the second quarter of 2014. A capital gain of NOK 211 million has been recorded under "Net gains on fixed and intangible assets.

BankID Norge AS

The company was established in June 2014. The object of the company is to develop, operate, manage and sell electronic ID services for the banking industry. DNB owns 34.3 per cent of the shares in BankID Norge AS. The company will be recorded as an associated company in the balance sheet.

BankAxept AS

BankAxept AS develops and operates electronic payment services. The company is owned by 127 banks. Follwing a share issue in April 2014, DNB owns 37.8 per cent of the shares in the company. The company will be recorded as an associated company in the balance sheet.

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 and Poland. 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 segments and are based on a number of assumptions, estimates and discretionary distributions.

Capital allocated to the segments is calculated on the basis of the Group's common equity 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 2014 corresponds to a common equity Tier 1 capital ratio of 12.9 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.

Income statement, second quarter

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products [1]		Other operations/ eliminations [2]		DNB Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK million	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	3 352	3 061	1 506	1 459	2 716	2 537	64	104	0	0	230	320	7 867	7 480
Interest on allocated capital [3]	120	77	84	94	211	245	31	38	0	0	(446)	(453)	0	0
Net interest income	3 472	3 138	1 590	1 553	2 926	2 781	95	142	0	0	(216)	(133)	7 867	7 480
Net other operating income	1 218	1 220	372	376	1 294	1 435	488	341	600	597	115	341	4 087	4 310
Total income	4 690	4 358	1 962	1 928	4 221	4 217	583	483	600	597	(100)	208	11 954	11 790
Operating expenses	2 169	2 335	947	931	1 516	1 547	151	159	154	221	295	467	5 233	5 660
Pre-tax operating profit before impairment	2 520	2 023	1 014	997	2 705	2 670	432	324	446	376	(396)	(259)	6 722	6 130
Net gains on fixed and intangible assets	(3)	(0)	(0)	(0)	(1)	(6)	0	0	0	0	1	(3)	(3)	(9)
Impairment of loans and guarantees [4]	61	158	176	180	324	573	0	0	0	0	(8)	25	554	937
Profit from repossessed operations	0	0	(13)	(14)	(47)	(2)	0	0	0	0	60	16	0	0
Pre-tax operating profit	2 456	1 864	825	803	2 332	2 089	432	324	446	376	(327)	(272)	6 165	5 184
Tax expense	663	522	223	225	723	627	117	94	35	81	(261)	(170)	1 499	1 379
Profit from operations held for sale, after taxes	0	(4)	0	0	0	0	0	0	0	0	(11)	(3)	(11)	(7)
Profit for the period	1 793	1 338	602	578	1 609	1 462	315	230	411	294	(77)	(105)	4 654	3 798

1) See the tables below for more information about Traditional pension products.

2) See the tables below for more information about other operations/eliminations.

3) Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the Group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers are adjusted upwards in 2014.

4) See note 14 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	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK billion	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Loans to customers [1)]	662.2	649.8	214.8	206.1	465.0	456.8	5.2	2.0			3.2	(1.3)	1 350.4	1 313.6
Deposits from customers [1)]	351.9	335.2	153.4	144.9	367.1	339.1	109.3	81.6			(5.3)	(1.9)	976.5	898.9
Assets under management	64.7	61.7	47.9	35.3	200.0	173.2			219.8	234.6	10.5	2.4	542.9	507.1
Allocated capital [2)]	29.9	16.7	20.7	20.6	52.3	54.8	7.4	8.1	16.5	16.9				

Key figures

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations		DNB Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Per cent	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cost/income ratio [3)]	46.3	53.6	48.3	48.3	35.9	36.7	26.0	32.9	25.6	37.1			43.8	48.0
Ratio of deposits to loans [1) 4)]	53.1	51.6	71.4	70.3	78.9	74.2							72.3	68.4
Return on allocated capital, annualised [2)]	24.0	32.1	11.6	11.3	12.3	10.7	17.0	11.3	10.0	7.0			11.8	11.9

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. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers are adjusted upwards in 2014. This resulted in a lower return on capital compared with the preceding periods.*
3) *Total operating expenses relative to total income.*
4) *Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

Income statement, first half

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	1st half		1st half		1st half		1st half		1st half		1st half		1st half	
Amounts in NOK million	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	6 510	5 624	2 966	2 846	5 396	5 026	141	221	0	0	545	620	15 559	14 337
Interest on allocated capital [1)]	239	155	169	186	435	486	62	77	0	0	(905)	(904)	0	0
Net interest income	6 749	5 779	3 135	3 033	5 831	5 511	204	297	0	0	(360)	(284)	15 559	14 337
Net other operating income	2 341	2 349	766	738	2 684	2 660	1 078	938	1 035	1 183	1 061	123	8 965	7 992
Total income	9 089	8 128	3 901	3 771	8 515	8 172	1 282	1 235	1 035	1 183	701	(161)	24 523	22 329
Operating expenses	4 316	4 357	1 896	1 847	3 133	3 026	259	344	311	449	510	1 122	10 425	11 145
Pre-tax operating profit before impairment	4 773	3 771	2 005	1 924	5 382	5 146	1 023	891	724	734	191	(1 282)	14 099	11 184
Net gains on fixed and intangible assets	(4)	(0)	(0)	(0)	(0)	(5)	0	0	0	0	2	1	(3)	(5)
Impairment of loans and guarantees [2)]	138	238	271	265	218	1 143	0	0	0	0	7	29	634	1 674
Profit from repossessed operations	0	0	(28)	(10)	(45)	(28)	0	0	0	0	73	38	0	0
Pre-tax operating profit	4 631	3 533	1 706	1 648	5 118	3 970	1 023	891	724	734	259	(1 272)	13 462	9 505
Taxes	1 250	989	461	462	1 587	1 191	276	258	37	96	(353)	(468)	3 258	2 528
Profit from operations held for sale, after taxes	0	7	0	0	0	0	0	0	0	0	(30)	(4)	(30)	3
Profit for the period	3 381	2 551	1 246	1 187	3 531	2 779	747	633	687	639	582	(809)	10 173	6 979

1) *Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the Group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers are adjusted upwards in 2014.*
2) *See note 14 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.*

Note 4 Segments (continued)

Traditional pension products

The risk profile of Traditional pension products is different by nature from the risk profile of the Group's bank-related products. Higher life expectancy is one of several risk factors linked to defined-benefit pension products. In the tables below, a specification is given of pre-tax operating profits, including the costs related to the increase in reserves to reflect higher life expectancy.

Specification of pre-tax operating profit, Traditional pension products **DNB Group**

Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Recorded interest result	1 673	242	3 358	721	2 066
Risk result	43	42	165	56	321
Administration result	53	24	136	30	124
Upfront pricing of risk and guaranteed rate of return	165	169	325	336	682
Provisions for higher life expentancy, group pension 1)	380	234	2 089	648	1 798
Allocations to policyholders, products with guaranteed returns	1 301	20	1 570	84	355
Return on corporate portfolio	193	152	399	322	559
Pre-tax operating profit - Traditional pension products	446	376	724	734	1 600

1) *Provisions for higher life expentancy, group pension:*

Amounts in NOK million	*Accumulated balance 30 June 2014*
Paid-up policies	*2 568*
Defined benefit	*4 508*
*Total group pension *)*	*7 076*

**) The total required increase in reserves for the portfolio as at 30 June 2014 was approximately NOK 12.7 billion.*

Other operations/eliminations

DNB Group

	Eliminations 1)		Group units 2)		Total	
	2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK million	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	(8)	(12)	238	331	230	320
Interest on allocated capital 3)	0	0	(446)	(453)	(446)	(453)
Net interest income	(8)	(12)	(208)	(122)	(216)	(133)
Net other operating income	(355)	(352)	471	694	115	341
Total income	(364)	(364)	263	572	(100)	208
Operating expenses	(364)	(364)	659	831	295	467
Pre-tax operating profit before impairment	0	0	(396)	(259)	(396)	(259)
Net gains on fixed and intangible assets	0	0	1	(3)	1	(3)
Impairment of loans and guarantees 4)	0	0	(8)	25	(8)	25
Profit from repossessed operations	0	0	60	16	60	16
Pre-tax operating profit	0	0	(327)	(272)	(327)	(272)

1) *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.*

2) *The Group units includes IT and Operations, HR (Human Resources), Group Finance including Group Treasury, Risk Management, Corporate Communications, 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 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.*

Group units - pre-tax operating profit in NOK million	*2nd quarter 2014*	*2nd quarter 2013*
+ Interest on unallocated equity etc.	*29*	*120*
+ Income from equities investments	*22*	*74*
+ Gains on fixed and intangible assets	*1*	*(3)*
+ Mark-to-market adjustments Group Treasury and fair value of loans	*(33)*	*177*
+ Basis swaps	*33*	*(88)*
+ Eksportfinans ASA	*49*	*56*
+ Net gains on investment property	*(12)*	*2*
+ Profit from repossessed operations	*60*	*16*
- Unallocated impairment of loans and guarantees	*(8)*	*25*
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	*97*	*109*
- Unallocated personnel expenses	*108*	*284*
- Unallocated IT expenses	*60*	*2*
- Impairment of leases	*3*	*23*
- Unallocated operating expenses in main buildings	*27*	*13*
- Impairment of investment property and fixed assets	*2*	*88*
Other	*(187)*	*(81)*
Pre-tax operating profit	*(327)*	*(272)*

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

4) *See note 14 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	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
					DNB Group
Interest on amounts due from credit institutions	419	307	866	590	1 299
Interest on loans to customers	13 046	12 984	25 933	25 535	52 019
Interest on impaired loans and guarantees	175	187	293	338	682
Interest on commercial paper and bonds	1 310	1 298	2 658	2 653	5 316
Front-end fees etc.	83	89	156	163	329
Other interest income	393	149	716	336	759
Total interest income	**15 426**	**15 014**	**30 622**	**29 614**	**60 404**
Interest on amounts due to credit institutions	492	647	1 047	1 294	2 374
Interest on deposits from customers	3 603	3 636	7 218	7 409	14 626
Interest on debt securities issued	3 176	2 989	6 322	5 952	12 130
Interest on subordinated loan capital	143	102	284	206	453
Guarantee fund levy	201	188	393	375	754
Other interest expenses [1)]	(56)	(27)	(200)	41	(125)
Total interest expenses	**7 559**	**7 534**	**15 063**	**15 277**	**30 212**
Net interest income	**7 867**	**7 480**	**15 559**	**14 337**	**30 192**

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	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
					DNB Group
Money transfer fees	864	805	1 695	1 585	3 330
Fees on asset management services	294	274	591	535	1 119
Fees on custodial services	90	81	177	157	320
Fees on securities broking	78	64	176	122	262
Corporate finance	146	110	380	214	497
Interbank fees	9	10	17	18	37
Credit broking commissions	146	215	268	278	473
Sales commissions on insurance products	723	692	1 423	1 370	2 810
Fees on real estate broking	310	351	545	613	1 144
Sundry commissions and fees	198	237	435	457	923
Total commission and fee income etc.	**2 858**	**2 838**	**5 706**	**5 350**	**10 916**
Money transfer fees	315	296	633	567	1 225
Commissions on fund management services	58	48	110	90	179
Fees on custodial services	46	38	85	69	134
Interbank fees	18	19	34	36	73
Credit broking commissions	16	22	32	49	102
Commissions on the sale of insurance products	51	22	94	47	85
Sundry commissions and fees	111	140	293	284	581
Total commission and fee expenses etc.	**617**	**586**	**1 280**	**1 142**	**2 379**
Net commission and fee income	**2 242**	**2 252**	**4 426**	**4 208**	**8 537**

Note 7 Net gains on financial instruments at fair value

					DNB Group
Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Dividends	89	227	283	257	411
Net gains on commercial paper and bonds	1 189	(835)	1 847	(944)	(837)
Net gains on shareholdings and equity-related derivatives	(228)	(28)	560	11	732
Net unrealised gains on basis swaps	33	(88)	(563)	(321)	(1 364)
Net gains on other financial instruments	49	2 087	1 093	3 424	6 090
Net gains on financial instruments at fair value	**1 132**	**1 363**	**3 221**	**2 426**	**5 032**

Note 8 Profit from investments 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, 2013 and 2014, 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 totalling NOK 1.3 billion were made in the first half of 2014. The remaining impairment loss was NOK 0.8 billion at end-June 2014. 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.

On 28 March 2014, a judgment in favour of Eksportfinans was delivered in the legal dispute described in the annual report for 2013, whereby a complaint had been filed against Eksportfinans by Silver Point Capital Fund LP and Silver Point Capital Offshore Master Fund LP (Silver Point) with the Tokyo District Court. The judgment is final.

Eksportfinans’ accounts for the fourth quarter of 2013 (unaudited) included the following information on legal disputes:

> "On 12 December 2012, Eksportfinans received a complaint filed by Silver Point Capital Fund LP and Silver Point Capital Offshore Master Fund LP (Silver Point) with the Tokyo District Court. Silver Point is an investor in Eksportfinans Japanese Samurai bonds and has previously threatened (as stated in press releases dated 19 December 2011 and 7 November 2012) to declare default under these bonds. The plaintiff is demanding a partial payment in the amount of JPY 9.6 billion (approximately NOK 553 million at exchange rates applicable at 31 December, 2013) (together with 6 per cent interest thereon from 13 December 2011) as part of their entire claim of JPY 9.7 billion (approximately NOK 633 million including interest at exchange rates applicable at 31 December 2013). The due dates of these Samurai bonds are 16 June 2015 and 28 July 2016. Silver Point claims that the bonds became due and payable when they sent a default notice to Mizuho Corporate Bank as fiscal agent on 12 December 2011. Eksportfinans will, as previously stated in press releases on 19 December 2011 and 7 November 2012, vigorously resist this action on the basis that there is no default, and the company is therefore of the opinion that this complaint will not prevail. This opinion is supported by analysis from external counsel. Eksportfinans has therefore also concluded that such complaint does not constitute a cross default under Eksportfinans' other financial obligations. In a court meeting on 29 November 2013 the preceding judge closed the hearings and set the judgment date to 28 March 2014.”

Through DNB Livsforsikring, the Group has joint control over three property companies as a result of its holdings in the companies and an agreement that all board decisions concerning the relevant activities shall be unanimous. As of 1 January 2013, these activities are classified as jointly controlled operations in accordance with IFRS 11 and recognised in the group accounts according to the equity method. These activities were previously accounted for according to the proportional consolidation method. The total return on the investments is included in the common portfolio of DNB Livsforsikring and presented under Net financial result, DNB Livsforsikring in the income statement. The change affects the classification of the investment in the balance sheet, but has no impact on the presentation in the income statement. See note 1 Accounting principles for effects of IFRS 11 Joint Arrangements.

Note 9 Other income

					DNB Group
Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Income from owned/leased premises	21	16	43	22	69
Income from investment properties	66	58	137	125	239
Sales income	31	23	58	49	107
Miscellaneous operating income	243	175	399	356	729
Total other income	**361**	**272**	**637**	**553**	**1 144**

Note 10 Operating expenses

					DNB Group
Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Salaries	2 015	2 036	4 004	3 926	7 892
Employer's national insurance contributions	286	289	572	566	1 127
Pension expenses 1)	253	116	511	394	787
Restructuring expenses 1)	75	605	121	633	776
Other personnel expenses	160	168	292	334	724
Total salaries and other personnel expenses	**2 789**	**3 215**	**5 500**	**5 854**	**11 307**
Fees 2)	338	327	689	608	1 164
IT expenses 2)	541	562	1 094	1 129	2 346
Postage and telecommunications	75	73	147	154	303
Office supplies	24	26	48	49	90
Marketing and public relations	255	226	479	431	847
Travel expenses	64	59	116	103	229
Reimbursement to Norway Post for transactions executed	56	38	108	66	143
Training expenses	12	10	27	24	49
Operating expenses on properties and premises	338	315	691	672	1 364
Operating expenses on machinery, vehicles and office equipment	25	30	56	62	130
Other operating expenses 3)	229	187	446	870	1 184
Total other expenses	**1 957**	**1 853**	**3 901**	**4 169**	**7 850**
Impairment losses for goodwill 4)	0	0	0	0	57
Depreciation and impairment of fixed and intangible assets 5)	486	593	1 024	1 122	2 661
Total depreciation and impairment of fixed and intangible assets	**486**	**593**	**1 024**	**1 122**	**2 719**
Total operating expenses	**5 233**	**5 660**	**10 425**	**11 145**	**21 875**

1) *In consequence of the restructuring process in DNB, provisions for restructuring costs were made in 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) *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.*

5) *Impairment of capitalised 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
	2nd quarter 2014 1)	2nd quarter 2013	1st half 2014 1)	1st half 2013	Full year 2013
Number of employees at end of period	12 153	13 016	12 153	13 016	12 452
- of which number of employees abroad	3 460	3 850	3 460	3 850	3 533
Number of employees calculated on a full-time basis at end of period	11 710	12 550	11 710	12 550	12 016
- of which number of employees calculated on a full-time basis abroad	3 401	3 785	3 401	3 785	3 481
Average number of employees	12 199	13 216	12 240	13 387	13 091
Average number of employees calculated on a full-time basis	11 756	12 750	11 807	12 938	12 642

1) *The reduction from 2013 reflects restructuring measures in the Group.*

Note 12 Fair value of financial instruments at amortised cost

	DNB Group			
	30 June 2014		30 June 2013	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	7 567	7 567	58 806	58 806
Due from credit institutions	19 431	19 431	17 197	17 197
Loans to customers	1 248 698	1 250 876	1 196 303	1 195 748
Commercial paper and bonds, held to maturity	138 273	146 048	155 005	159 759
Total financial assets	1 413 969	1 423 921	1 427 311	1 431 510
Due to credit institutions	27 997	27 997	31 291	31 291
Deposits from customers	829 525	829 525	914 403	914 403
Securities issued [1)]	464 364	473 703	419 671	424 580
Subordinated loan capital [1)]	25 720	25 998	17 870	17 393
Total financial liabilities	1 347 606	1 357 223	1 383 234	1 387 666

1) *Includes hedged liabilities.*

Note 13 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 30 June 2014					
Deposits with central banks	0	163 778	0	1	163 779
Due from credit institutions	0	172 032	0	25	172 057
Loans to customers	0	7 932	112 306	335	120 573
Commercial paper and bonds at fair value	37 058	225 945	262	2 522	265 787
Shareholdings	9 255	10 030	11 471	-	30 756
Financial assets, customers bearing the risk	0	39 458	0	-	39 458
Financial derivatives	93	140 099	1 475	-	141 666
Liabilities as at 30 June 2014					
Due to credit institutions	0	186 409	0	32	186 441
Deposits from customers	0	52 234	0	162	52 395
Debt securities issued	0	277 245	0	583	277 828
Subordinated loan capital	0	1 259	0	2	1 261
Financial derivatives	119	107 584	1 220	-	108 922
Other financial liabilities [2)]	1 062	0	0	0	1 062

1) *Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*
2) *Short positions, equities trading*

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 2013	**123 207**	**311**	**10 914**	**1 442**	**1 248**
Net gains on financial instruments	963	2	1 196	12	(90)
Additions/purchases	1 290	323	287	205	194
Sales	0	354	906	0	0
Settled	13 154	7	0	186	134
Transferred from level 1 or level 2	0	74	0	0	0
Transferred to level 1 or level 2	0	89	20	0	0
Other [2)]	0	1	0	2	2
Carrying amount as at 30 June 2014	**112 306**	**262**	**11 471**	**1 475**	**1 220**

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.*

Note 13 Financial instruments at fair value (continued)

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 description of the instruments and valuation techniques, see DNB's annual report for 2013.

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

	30 June 2014		
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings
Principal amount/purchase price	110 026	257	8 823
Fair value adjustment [1)]	2 280	5	2 648
Total fair value, excluding accrued interest	112 306	262	11 471

1) *Changes in the fair value of customer loans mainly result from changes in swap rates. A corresponding negative adjustment is made in the fair value of financial instruments used for financial hedging.*

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 30 June 2014	748	1 584	4 939	4 178	22	11 471

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

Amounts in NOK million	Carrying amount 30 June 2014	Effect of reasonably possible alternative assumptions
Loans to customers	112 306	(203)
Commercial paper and bonds	262	(1)
Shareholdings	11 471	0
Financial derivatives, net	255	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 6 260 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 5 148 million as at 30 June 2014. The investment in Nets Holding was valued at NOK 3 430 million. During the first quarter of 2014, an agreement was signed on the sale of the investment in Nets. The transaction will be completed in the third quarter of 2014.

Note 14 Impairment of loans and guarantees

DNB Group

Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Write-offs	110	415	253	554	966
New individual impairment	649	721	1 506	1 717	3 071
Total new individual impairment	759	1 136	1 759	2 271	4 037
Reassessed individual impairment	114	237	667	642	1 263
Recoveries on loans and guarantees previously written off	144	108	258	222	457
Net individual impairment	502	791	834	1 408	2 318
Change in collective impairment of loans	52	146	(200)	267	(133)
Impairment of loans and guarantees [1)]	**554**	**937**	**634**	**1 674**	**2 185**
Write-offs covered by individual impairment made in previous years	558	385	1 173	664	1 837
1) *Of which individual impairment of guarantees*	*4*	*14*	*(194)*	*89*	*119*

Note 15 Loans to customers

	DNB Group		
Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
Loans at amortised cost:			
Loans to customers, nominal amount	1 258 445	1 223 642	1 207 045
Individual impairment	9 661	9 695	10 136
Loans to customers, after individual impairment	1 248 784	1 213 947	1 196 909
+ Accrued interest and amortisation	2 786	2 708	2 769
- Individual impairment of accrued interest and amortisation	748	710	694
- Collective impairment	2 124	2 315	2 680
Loans to customers, at amortised cost	1 248 698	1 213 630	1 196 303
Loans at fair value:			
Loans to customers, nominal amount	117 958	125 493	131 584
+ Accrued interest	335	391	419
+ Adjustment to fair value	2 280	1 317	1 359
Loans to customers, at fair value	120 573	127 201	133 361
Loans to customers	**1 369 271**	**1 340 831**	**1 329 665**

Note 16 Net impaired loans and guarantees for principal customer groups 1)

	DNB Group		
Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
Private individuals	3 363	3 482	3 555
Transportation by sea and pipelines and vessel construction	3 857	4 953	6 384
Real estate	3 129	3 708	3 708
Manufacturing	1 186	2 182	2 227
Services	493	506	543
Trade	294	387	404
Oil and gas	35	137	96
Transportation and communication	785	767	561
Building and construction	1 154	975	909
Power and water supply	9	68	112
Seafood	33	58	63
Hotels and restaurants	151	228	234
Agriculture and forestry	116	103	116
Central and local government	0	0	0
Other sectors	26	11	15
Total customers	14 631	17 565	18 926
Credit institutions	0	5	7
Total net impaired loans and guarantees	14 631	17 570	18 933
Non-performing loans and guarantees not subject to impairment	1 513	3 179	4 353
Total net non-performing and doubtful loans and guarantees	16 144	20 749	23 286

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.*

Note 17 Commercial paper and bonds, held to maturity

	DNB Group		
Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
International bond portfolio	51 162	63 087	67 999
DNB Livsforsikring ASA	89 757	92 421	89 441
Other units [1)]	(2 645)	(2 626)	(2 436)
Commercial paper and bonds, held to maturity	**138 273**	**152 883**	**155 005**

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, the portfolio was thus measured at fair value according to models used for financial instruments not traded in an active market. The models were based on a regression analysis whereby historical market data (explanatory variables) which were observable even during the financial turmoil were 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 showed a high level of correlation between changes in given market data and changes in the value of the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. As of 1 January 2014, the fair value of the portfolio is determined based on broker quotes. If fair value had been used to determine the value of the portfolio in the second quarter of 2014, there would have been a NOK 123 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 30 June 2014 was NOK 0.8 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 18.0 billion at end-June 2014. The average term to maturity of the portfolio was 5.6 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 12 million at end-June 2014.

Effects on profits of the reclassification					**DNB Group**
Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Recorded amortisation effect	24	41	56	94	163
Net gain, if valued at fair value	(99)	395	(216)	381	452
Effects of reclassification on profits	123	(354)	272	(287)	(289)

Effects on the balance sheet of the reclassification			**DNB Group**
Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
Recorded unrealised losses	548	603	672
Unrealised losses, if valued at fair value	1 348	1 132	1 204
Effects of reclassification on the balance sheet	801	529	532

Development in the portfolio after the reclassification			**DNB Group**
Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
Reclassified portfolio, carrying amount	18 036	20 313	23 228
Reclassified portfolio, if valued at fair value	17 235	19 784	22 696
Effects of reclassification on the balance sheet	801	529	532

Note 17 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 June 2014 the international bond portfolio represented NOK 139.8 billion. 73.9 per cent of the securities in the portfolio had an AAA rating, while 20.8 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 30 June 2014	NOK million 30 June 2014
Asset class		
Consumer credit	0.00	6
Residential mortgages	23.58	33 085
Corporate loans	0.01	20
Government related	36.21	50 801
Covered bonds	40.20	56 402
Total international bond portfolio, nominal values	100.00	140 313
Accrued interest, amortisation effects and fair value adjustments		(536)
Total international bond portfolio		139 778
Total international bond portfolio, held to maturity		51 162
Of which reclassified portfolio		18 036

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 16 million at end-June 2014.

DNB Livsforsikring

Bonds held-to-maturity totalled NOK 89.8 billion in DNB Livsforsikring ASA's as at 30 June 2014, mainly comprising bonds issued by highly creditworthy borrowers. At end-June, bonds with government guarantees represented 26 per cent of the portfolio, while covered bonds represented 33.7 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 30 June 2014	NOK million 30 June 2014
Asset class		
Government/government-guaranteed	26.01	22 877
Guaranteed by supranational entities	1.48	1 300
Municipalities/county municipalities	5.27	4 634
Bank and mortgage institutions	17.52	15 412
Covered bonds	33.73	29 672
Other issuers	16.00	14 073
Total bond portfolio DNB Livsforsikring, held to maturity, nominal values	100.00	87 968
Accrued interest, amortisation effects and fair value adjustments		1 788
Total bond portfolio DNB Livsforsikring, held to maturity		89 757

Note 18 Investment properties

Amounts in NOK million	30 June 2014	31 Dec. 2013 [1)]	30 June 2013 [1)]
	DNB Group		
DNB Livsforsikring	31 777	32 545	32 706
Properties for own use [2)]	(5 560)	(4 674)	(3 537)
Other investment properties [3)]	4 740	4 615	4 440
Total investment properties	**30 958**	**32 485**	**33 609**

1) Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.
2) Some properties in DNB Livsforsikring are classified as properties for own use in the group accounts and are recorded at fair value.
3) 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 31 777 million as at 30 June 2014.

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 second quarter of 2014, external appraisals were obtained for a total of 10 properties, representing 36 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 0.2 per cent higher 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. The required rate of return for hotel portfolio was adjusted in the second quarter of 2014. Consequently, there will be greater differentiation between attractive and less attractive objects, which is in line with the market trend.

Value development and sensitivity

The value of investment properties in DNB Livsforsikring was adjusted upwards by NOK 130 million during the second quarter of 2014. There have been no significant changes in the parameters included in the valuation model.

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 4.1 per cent or NOK 912 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 3.6 per cent or NOK 789 million.

Changes in the value of investment properties

Amounts in NOK million	DNB Group Investment property
Carrying amount as at 31 December 2012 [1)]	**38 607**
Additions, purchases of new properties	537
Additions, capitalised investments	85
Additions, acquired companies	0
Net gains resulting from adjustment to fair value	145
Net gains resulting from adjustment to fair value of projects	0
Disposals	6 294
Exchange rate movements	529
Other	0
Recorded value as at 30 June 2013 [1)]	**33 609**
Carrying amount as at 31 December 2013 [1)]	**32 485**
Additions, purchases of new properties	143
Additions, capitalised investments	124
Additions, acquired companies	270
Net gains resulting from adjustment to fair value [2)]	48
Net gains resulting from adjustment to fair value of projects	0
Disposals	1 221
Exchange rate movements	(99)
Other [3)]	(792)
Carrying amount as at 30 June 2014	**30 958**

1) Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.
2) Of which NOK 41 million represented a negative value adjustment of investment properties which are not owned by DNB Livsforsikring.
3) In 2013, DNB Livsforsikring purchased a building that was capitalised in the balance sheet. The building was taken into use by the DNB Group in 2014 and classified under owner-used properties.

Note 19 Intangible assets

Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
			DNB Group
Goodwill [1)]	4 808	4 870	4 819
IT systems development [2)]	1 241	1 382	1 713
Other intangible assets	254	259	260
Total intangible assets	**6 302**	**6 511**	**6 791**

1) *Assessments of goodwill were made in the second quarter of 2014 based on reported figures for the second quarter compared to approved plans for the various cash-generating units. There was not identified any need for recognising impairment losses as a result of these assessments. Impairment losses for the remaining goodwill of JSC DNB Bank were recorded in the fourth quarter of 2013.*

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, in the fourth quarter, relating to the IT solutions.*

Note 20 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	30 June 2014	31 Dec. 2013	30 June 2013
			DNB Group
Commercial paper issued, nominal amount	198 997	183 619	207 730
Bond debt, nominal amount [1)]	509 246	504 159	466 903
Adjustments	33 948	23 777	21 006
Total debt securities issued	**742 192**	**711 555**	**695 638**

Changes in debt securities issued

Amounts in NOK million	Balance sheet 30 June 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
						DNB Group
Commercial paper issued, nominal amount	198 997	556 883	541 586	81		183 619
Bond debt, nominal amount [1)]	509 246	38 273	36 011	2 825		504 159
Adjustments	33 948				10 171	23 777
Total debt securities issued	**742 192**	**595 156**	**577 596**	**2 905**	**10 171**	**711 555**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

Amounts in NOK million	Balance sheet 30 June 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
						DNB Group
Term subordinated loan capital, nominal amount	18 042			220		17 822
Perpetual subordinated loan capital, nominal amount	4 079			69		4 011
Perpetual subordinated loan capital securities, nominal amount	3 669			154		3 515
Adjustments	1 190				262	929
Total subordinated loan capital and perpetual subordinated loan capital securities	**26 981**	**0**	**0**	**443**	**262**	**26 276**

1) *Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 390.2 billion as at 30 June 2014. The cover pool market value represented NOK 538.3 billion.*

Note 21 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. The figures as at 30 June 2014 are partially based on estimates.

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013
Share capital	18 314	18 314	18 314	18 314	16 288	16 278
Other equity	95 970	96 276	102 880	108 093	121 418	125 949
Non-eligible capital	-	-	-	-	(1 013)	(1 013)
Total equity	114 284	114 591	121 194	126 407	136 693	141 214
Deductions						
Pension funds above pension commitments	(5)	0	(20)	(4)	(31)	(25)
Goodwill	(2 940)	(2 956)	(3 626)	(3 654)	(5 407)	(5 482)
Deferred tax assets	(4 296)	(4 145)	(1 088)	(1 093)	(1 106)	(1 111)
Other intangible assets	(825)	(955)	(1 276)	(1 425)	(1 499)	(1 643)
Dividends payable etc.	0	0	0	(5 000)	0	(4 398)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	0	(2)	0	(2)	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(652)	(610)	(1 020)	(712)	(1 020)	(712)
Adjustments for unrealised losses/(gains) on debt recorded at fair value	240	240	281	281	281	281
Minimum requirement reassurance allocation	-	-	-	-	(23)	(21)
Common Equity Tier 1 capital	105 804	106 162	114 415	114 770	127 859	128 072
Common Equity Tier 1 capital incl. 50 per cent of profit for the period	109 950	-	119 112	-	132 945	-
Perpetual subordinated loan capital securities	3 669	3 515	3 669	3 515	3 669	3 515
Tier 1 capital	109 473	109 677	118 084	118 285	131 528	131 587
Tier 1 capital incl. 50 per cent of profit for the period	113 619	-	122 781	-	136 614	-
Perpetual subordinated loan capital	4 079	4 011	4 079	4 011	4 079	4 011
Term subordinated loan capital [1)]	17 998	17 822	18 071	17 850	18 071	17 850
Deductions						
50 per cent of investments in other financial institutions	0	(2)	0	(2)	0	(2)
50 per cent of expected losses exceeding actual losses, IRB portfolios	(652)	(610)	(1 020)	(712)	(1 020)	(712)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	21 425	21 221	21 148	21 165	21 148	21 165
Total eligible primary capital [2)]	130 898	130 898	139 233	139 450	152 676	152 752
Total eligible primary capital incl. 50 per cent of profit for the period [2)]	135 044	-	143 930	-	157 763	-
Risk-weighted volume, transitional rules	868 989	933 433	1 010 320	1 004 716	1 095 258	1 089 114
Minimum capital requirement, transitional rules	69 519	74 675	80 826	80 377	87 621	87 129
Common Equity Tier 1 capital ratio, transitional rules (%)	12.7	11.4	11.8	11.4	12.1	11.8
Tier 1 capital ratio, transitional rules (%)	13.1	11.7	12.2	11.8	12.5	12.1
Capital ratio, transitional rules (%)	15.5	14.0	14.2	13.9	14.4	14.0
Common Equity Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	12.2	-	11.3	-	11.7	-
Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	12.6	-	11.7	-	12.0	-
Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	15.1	-	13.8	-	13.9	-

1) *As at 30 June 2014, calculations of capital adequacy for the banking group and DNB Group included a total of NOK 73 million in subordinated loan capital in associated companies.*

2) *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 21 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 2014.

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

Amounts in NOK million	Nominal exposure 30 June 2014	EAD [1] 30 June 2014	Average risk weights in per cent 30 June 2014	Risk-weighted volume 30 June 2014	Capital requirements 30 June 2014	Capital requirements 31 Dec. 2013
IRB approach						
Corporate	927 701	748 875	44.0	329 137	26 331	30 362
Specialised Lending (SL)	7 256	7 211	48.6	3 503	280	153
Retail - mortgage loans	638 062	638 062	17.0	108 718	8 697	4 884
Retail - other exposures	106 080	87 180	28.0	24 450	1 956	1 984
Securitisation	51 162	51 162	54.6	27 927	2 234	2 380
Total credit risk, IRB approach	1 730 261	1 532 490	32.2	493 734	39 499	39 763
Standardised approach						
Central government	35 829	44 779	0.8	339	27	4
Institutions	160 962	111 233	23.7	26 377	2 110	1 837
Corporate	262 728	207 116	93.0	192 572	15 406	17 055
Retail - mortgage loans	39 571	37 871	55.8	21 135	1 691	1 867
Retail - other exposures	90 561	41 238	76.5	31 539	2 523	2 249
Equity positions	7 289	6 941	101.9	7 075	566	321
Securitisation	2 809	2 809	17.9	502	40	44
Other assets	12 966	12 966	100.0	12 966	1 037	1 019
Total credit risk, standardised approach	612 714	464 953	62.9	292 505	23 400	24 395
Total credit risk	2 342 976	1 997 443	39.4	786 239	62 899	64 158
Market risk						
Position risk, debt instruments				17 441	1 395	2 239
Position risk, equity instruments				401	32	104
Currency risk				2 913	233	0
Commodity risk				160	13	9
Total market risk				20 915	1 673	2 352
Operational risk				80 099	6 408	6 408
Net insurance, after eliminations				87 601	7 008	6 982
Deductions				(656)	(52)	(60)
Total risk-weighted volume and capital requirements before transitional rules				974 198	77 936	79 840
Additional capital requirements according to transitional rules [2]				121 060	9 685	7 289
Total risk-weighted volume and capital requirements				1 095 258	87 621	87 129

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 22 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 64.4 per cent at end-June 2014, down from 74.9 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 123.7 per cent at end-June 2014.

The short-term funding markets remained generally sound in the second quarter of 2014. The markets are gradually returning to normal, and US investors now also regard a larger group of banks as financially strong. Although this means greater competition for funding, DNB had ample access to short-term funding through its funding programmes in different currencies. In the long-term funding markets, there was also a strong supply of capital throughout the second quarter. There has generally been greater demand from investors, while a number of issuers have had less need for issuing bonds. This has resulted in a healthy price trend for both senior bonds and covered bonds.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the second quarter. At end-June, the total LCR was 106.9 per cent, with an LCR of 120.2 per cent for EUR and 291.0 per cent for USD.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.59 years at end-June 2014, compared with 4.63 years a year earlier. The DNB Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 23 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 ASA (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 3.0 billion at end-June 2014. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.

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 23 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. The final agreements under the swap scheme expired in June 2014. The bank has thus repurchased all the remaining covered bonds, and all the remaining Treasury bills used in the scheme have been redeemed.

Note 24 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information			**DNB Group**
Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
Performance guarantees	48 315	45 721	45 646
Payment guarantees	23 528	23 811	23 100
Loan guarantees [1)]	16 387	19 054	18 748
Guarantees for taxes etc.	6 577	6 596	6 737
Other guarantee commitments	2 139	4 291	2 401
Total guarantee commitments	96 946	99 472	96 632
Support agreements	11 233	10 200	12 417
Total guarantee commitments etc. [*)]	108 179	109 672	109 049
Unutilised credit lines and loan offers	585 377	580 460	544 735
Documentary credit commitments	3 021	3 860	2 882
Other commitments	660	671	2 032
Total commitments	589 058	584 990	549 649
Total guarantee and off-balance commitments	697 236	694 662	658 698
Pledged securities	19 420	77 202	85 381
**) Of which counter-guaranteed by financial institutions*	*119*	*148*	*25*

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 3.0 billion were recorded in the balance sheet as at 30 June 2014. 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.

The DNB Group is subject to a number of complaints and disputes relating to structured products and other savings 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 30 June 2014 and up till the Board of Directors' final consideration of the accounts on 9 July 2014.

DNB ASA

Income statement

DNB ASA

Amounts in NOK million	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
Total interest income	42	33	77	55	131
Total interest expenses	78	86	154	174	335
Net interest income	**(36)**	**(53)**	**(77)**	**(119)**	**(204)**
Commissions and fees payable etc.	2	3	3	4	6
Other income [1)]	0	0	0	0	9 550
Net other operating income	**(2)**	**(3)**	**(3)**	**(4)**	**9 544**
Total income	**(38)**	**(56)**	**(80)**	**(123)**	**9 340**
Salaries and other personnel expenses	1	1	2	2	5
Other expenses	95	108	192	216	434
Total operating expenses	**97**	**109**	**195**	**219**	**439**
Pre-tax operating profit	**(134)**	**(165)**	**(274)**	**(342)**	**8 901**
Tax expense	(36)	(46)	(74)	(96)	1 771
Profit for the period	**(98)**	**(119)**	**(200)**	**(246)**	**7 130**
Earnings/diluted earnings per share (NOK)	(0.06)	(0.07)	(0.12)	(0.15)	4.38
Earnings per share excluding operations held for sale (NOK)	(0.06)	(0.07)	(0.12)	(0.15)	4.38

Balance sheet

DNB ASA

Amounts in NOK million	30 June 2014	31 Dec. 2013	30 June 2013
Assets			
Due from DNB Bank ASA	6 651	5 826	5 337
Loans to other group companies [1)]	1 354	1 349	1 335
Investments in group companies	66 867	66 464	64 415
Receivables due from group companies [2)]	0	9 579	160
Other assets	144	0	96
Total assets	**75 015**	**83 218**	**71 342**
Liabilities and equity			
Short-term amounts due to DNB Bank ASA	13	51	13
Due to other group companies	2 265	5 014	2 198
Other liabilities and provisions	0	5 413	12
Long-term amounts due to DNB Bank ASA	11 776	11 581	10 938
Total liabilities	**14 055**	**22 058**	**13 161**
Share capital	16 288	16 288	16 288
Share premium reserve	22 556	22 556	22 556
Other equity	22 115	22 315	19 336
Total equity	**60 959**	**61 159**	**58 181**
Total liabilities and equity	**75 015**	**83 218**	**71 342**

1) *Of which subordinated loans to DNB Livsforsikring ASA represented NOK 1 340 million as at 30 June 2014 and NOK 1 335 million as at 31 December 2013.*
2) *Of which group contributions from DNB Bank ASA represented NOK 6 944 million in 2013. The group contribution from DNB Livsforsikring ASA represented NOK 2 414 million in 2013.*

Statement of changes in equity

DNB ASA

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2012	**16 288**	**22 556**	**19 583**	**58 427**
Profit for the period			(246)	(246)
Balance sheet as at 30 June 2013	**16 288**	**22 556**	**19 336**	**58 181**
Balance sheet as at 31 December 2013	**16 288**	**22 556**	**22 315**	**61 159**
Profit for the period			(200)	(200)
Balance sheet as at 30 June 2014	**16 288**	**22 556**	**22 115**	**60 959**

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 2013.

Statement
pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the Group and the company for the period 1 January through 30 June 2014 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the EU, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the Group over the next accounting period
- description of major transactions with related parties.

Oslo, 9 July 2014
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

Bjørn Erik Næss
(chief financial officer)

Key figures

	2nd quarter 2014	2nd quarter 2013	1st half 2014	1st half 2013	Full year 2013
					DNB Group
Interest rate analysis					
1. Combined weighted total average spread for lending and deposits (%)	1.27	1.28	1.26	1.24	1.27
2. Average spread for ordinary lending to customers (%)	2.39	2.32	2.40	2.26	2.34
3. Average spread for deposits from customers (%)	(0.27)	(0.24)	(0.28)	(0.27)	(0.28)
Rate of return/profitability					
4. Net other operating income, per cent of total income	34.2	36.6	36.6	35.8	35.2
5. Cost/income ratio (%)	43.8	48.0	42.5	49.9	45.7
6. Return on equity, annualised (%)	12.7	11.6	14.1	10.8	13.2
7. RAROC, annualised (%)	11.8	11.9	13.4	11.4	12.8
8. Average equity including allocated dividend (NOK million)	147 104	131 229	145 618	129 900	133 242
9. Return on average risk-weighted volume, annualised (%)	1.71	1.39	1.88	1.29	1.61
Financial strength at end of period					
10. Common equity Tier 1 capital ratio, transitional rules (%) [1)]	12.1	10.8	12.1	10.8	11.8
11. Tier 1 capital ratio, transitional rules (%) [1)]	12.5	11.1	12.5	11.1	12.1
12. Capital ratio, transitional rules (%) [1)]	14.4	12.4	14.4	12.4	14.0
13. Common equity Tier 1 capital (NOK million) [1)]	132 945	118 270	132 945	118 270	128 072
14. Risk-weighted volume, transitional rules (NOK million)	1 095 258	1 098 493	1 095 258	1 098 493	1 089 114
Loan portfolio and impairment					
15. Individual impairment relative to average net loans to customers, annualised (%)	0.15	0.24	0.12	0.22	0.18
16. Impairment relative to average net loans to customers, annualised (%)	0.16	0.29	0.09	0.26	0.17
17. Net non-performing and net doubtful loans and guarantees, per cent of net loans	1.05	1.71	1.05	1.71	1.38
18. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	16 144	23 286	16 144	23 286	20 749
Liquidity					
19. Ratio of customer deposits to net loans to customers at end of period (%)	64.4	74.9	64.4	74.9	64.7
Total assets owned or managed by DNB					
20. Customer assets under management at end of period (NOK billion)	530	486	530	486	519
21. Total combined assets at end of period (NOK billion)	2 710	2 807	2 710	2 807	2 656
22. Average total assets (NOK billion)	2 641	2 616	2 659	2 522	2 543
23. Customer savings at end of period (NOK billion)	1 412	1 482	1 412	1 482	1 387
Staff					
24. Number of full-time positions at end of period	11 710	12 550	11 710	12 550	12 016
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	1 628 799
26. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
27. Earnings per share (NOK)	2.86	2.33	6.25	4.29	10.76
28. Earnings per share excl. operations held for sale (NOK)	2.87	2.34	6.27	4.29	10.76
29. Dividend per share (NOK)	-	-	-	-	2.70
30. Total shareholders' return (%)	10.6	5.0	6.1	27.7	57.6
31. Dividend yield (%)	-	-	-	-	2.49
32. Equity per share incl. allocated dividend at end of period (NOK)	90.79	80.92	90.79	80.92	87.32
33. Share price at end of period (NOK)	112.20	87.95	112.20	87.95	108.50
34. Price/earnings ratio	9.81	9.41	8.97	10.26	10.08
35. Price/book value	1.24	1.09	1.24	1.09	1.24
36. Market capitalisation (NOK billion)	182.8	143.3	182.8	143.3	176.7

1) Including 50 per cent of profit for the period, except for the full year figures.

For definitions of selected key figures, see next page.

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 24 April 2014 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 325 759 772, corresponding to 2 per cent of share capital. The shares shall be purchased in a regulated market. Each share may be purchased at a price between NOK 10 and NOK 200. The authorisation is valid for a period of 12 months from 24 April 2014. 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	2nd quarter 2014	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013
Total interest income	15 426	15 196	15 417	15 373	15 014
Total interest expenses	7 559	7 504	7 477	7 458	7 534
Net interest income	**7 867**	**7 691**	**7 940**	**7 915**	**7 480**
Commission and fee income etc.	2 858	2 848	2 780	2 786	2 838
Commission and fee expenses etc.	617	663	634	604	586
Net gains on financial instruments at fair value	1 132	2 089	1 342	1 264	1 363
Net financial result, DNB Livsforsikring	152	(30)	149	58	152
Net risk result, DNB Livsforsikring	30	135	216	147	78
Net insurance result, DNB Skadeforsikring	139	102	122	102	119
Profit from investments accounted for by the equity method	34	107	118	99	70
Net gains on investment property	(3)	13	(79)	(23)	4
Other income	361	277	304	287	272
Net other operating income	**4 087**	**4 877**	**4 318**	**4 117**	**4 310**
Total income	**11 954**	**12 569**	**12 258**	**12 032**	**11 790**
Salaries and other personnel expenses	2 789	2 710	2 677	2 776	3 215
Other expenses	1 957	1 944	1 743	1 938	1 853
Depreciation and impairment of fixed and intangible assets	486	538	1 088	509	593
Total operating expenses	**5 233**	**5 192**	**5 508**	**5 223**	**5 660**
Pre-tax operating profit before impairment	**6 722**	**7 377**	**6 750**	**6 809**	**6 130**
Net gains on fixed and intangible assets	(3)	(0)	153	2	(9)
Impairment of loans and guarantees	554	80	36	475	937
Pre-tax operating profit	**6 165**	**7 297**	**6 868**	**6 337**	**5 184**
Tax expense	1 499	1 758	1 212	1 448	1 379
Profit from operations held for sale, after taxes	(11)	(19)	9	(7)	(7)
Profit for the period	**4 654**	**5 519**	**5 665**	**4 881**	**3 798**
Earnings/diluted earnings per share (NOK)	2.86	3.39	3.48	3.00	2.33

Comprehensive income statement — **DNB Group**

Amounts in NOK million	2nd quarter 2014	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013
Profit for the period	**4 654**	**5 519**	**5 665**	**4 881**	**3 798**
Actuarial gains and losses, net of tax	(161)	(294)	(481)	(352)	364
Property revaluation	32	10	96	7	23
Elements of other comprehensive income allocated to customers (life insurance)	(32)	(10)	(96)	(7)	(23)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(161)	(294)	(481)	(352)	364
Currency translation of foreign operations	1 264	(861)	986	382	1 380
Hedging of net investment, net of tax	(703)	501	(327)	(230)	(1 260)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	561	(360)	659	152	120
Other comprehensive income for the period	**400**	**(654)**	**178**	**(199)**	**484**
Comprehensive income for the period	**5 054**	**4 865**	**5 843**	**4 682**	**4 282**

Profit and balance sheet trends (continued)

Balance sheet					**DNB Group**
Amounts in NOK million	30 June 2014	31 March 2014	31 Dec. 2013 [1)]	30 Sept. 2013 [1)]	30 June 2013 [1)]
Assets					
Cash and deposits with central banks	171 346	363 330	167 171	401 560	481 844
Due from credit institutions	191 487	53 845	180 882	29 586	52 673
Loans to customers	1 369 271	1 343 832	1 340 831	1 332 945	1 329 665
Commercial paper and bonds at fair value	265 787	280 730	277 764	286 217	273 832
Shareholdings	30 756	33 477	29 826	26 682	26 270
Financial assets, customers bearing the risk	39 458	36 602	35 512	33 197	30 604
Financial derivatives	141 666	134 188	130 939	128 608	136 577
Commercial paper and bonds, held to maturity	138 273	148 491	152 883	157 213	155 005
Investment property	30 958	31 456	32 485	32 715	33 609
Investments accounted for by the equity method	5 881	5 919	5 802	5 690	5 585
Intangible assets	6 302	6 363	6 511	6 947	6 791
Deferred tax assets	1 099	1 065	1 104	1 369	1 317
Fixed assets	13 514	13 383	12 498	11 215	11 067
Assets held for sale	1 119	252	225	213	211
Other assets	38 499	29 857	30 806	40 617	36 607
Total assets	**2 445 417**	**2 482 789**	**2 405 239**	**2 494 775**	**2 581 657**
Liabilities and equity					
Due to credit institutions	214 438	257 435	234 219	260 903	318 504
Deposits from customers	881 920	900 180	867 904	925 451	996 372
Financial derivatives	108 922	108 474	111 310	103 209	111 996
Debt securities issued	742 192	745 055	711 555	718 302	695 638
Insurance liabilities, customers bearing the risk	39 458	36 602	35 512	33 197	30 604
Liabilities to life insurance policyholders in DNB Livsforsikring	224 093	221 564	230 906	228 881	227 009
Insurance liabilities, DNB Skadeforsikring	2 072	2 076	1 958	2 036	2 099
Payable taxes	3 057	1 729	3 277	4 221	3 004
Deferred taxes	2 427	3 207	2 654	1 516	1 546
Other liabilities	45 379	27 861	31 934	48 966	39 132
Liabilities held for sale	884	89	53	73	68
Provisions	1 171	1 133	1 454	1 999	1 536
Pension commitments	4 543	4 343	4 001	3 716	3 235
Subordinated loan capital	26 981	26 100	26 276	25 827	19 118
Total liabilities	**2 297 538**	**2 335 849**	**2 263 012**	**2 358 297**	**2 449 862**
Share capital	16 288	16 263	16 278	16 288	16 288
Share premium reserve	22 609	22 609	22 609	22 609	22 609
Other equity	108 982	108 069	103 340	97 581	92 898
Total equity	**147 879**	**146 941**	**142 227**	**136 477**	**131 795**
Total liabilities and equity	**2 445 417**	**2 482 789**	**2 405 239**	**2 494 775**	**2 581 657**

1) *Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.*

Information about the DNB Group

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Board of Directors in DNB ASA

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Tore Olaf Rimmereid, vice-chairman
Jarle Bergo
Sverre Finstad
Carl A. Løvvik
Vigdis Mathisen
Jaan Ivar Semlitsch
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
Capital Markets Day in London	27 November

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.

Download DNB's IR app for stock-related information from http://m.euroland.com/n-dnb/en or by scanning the QR code

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