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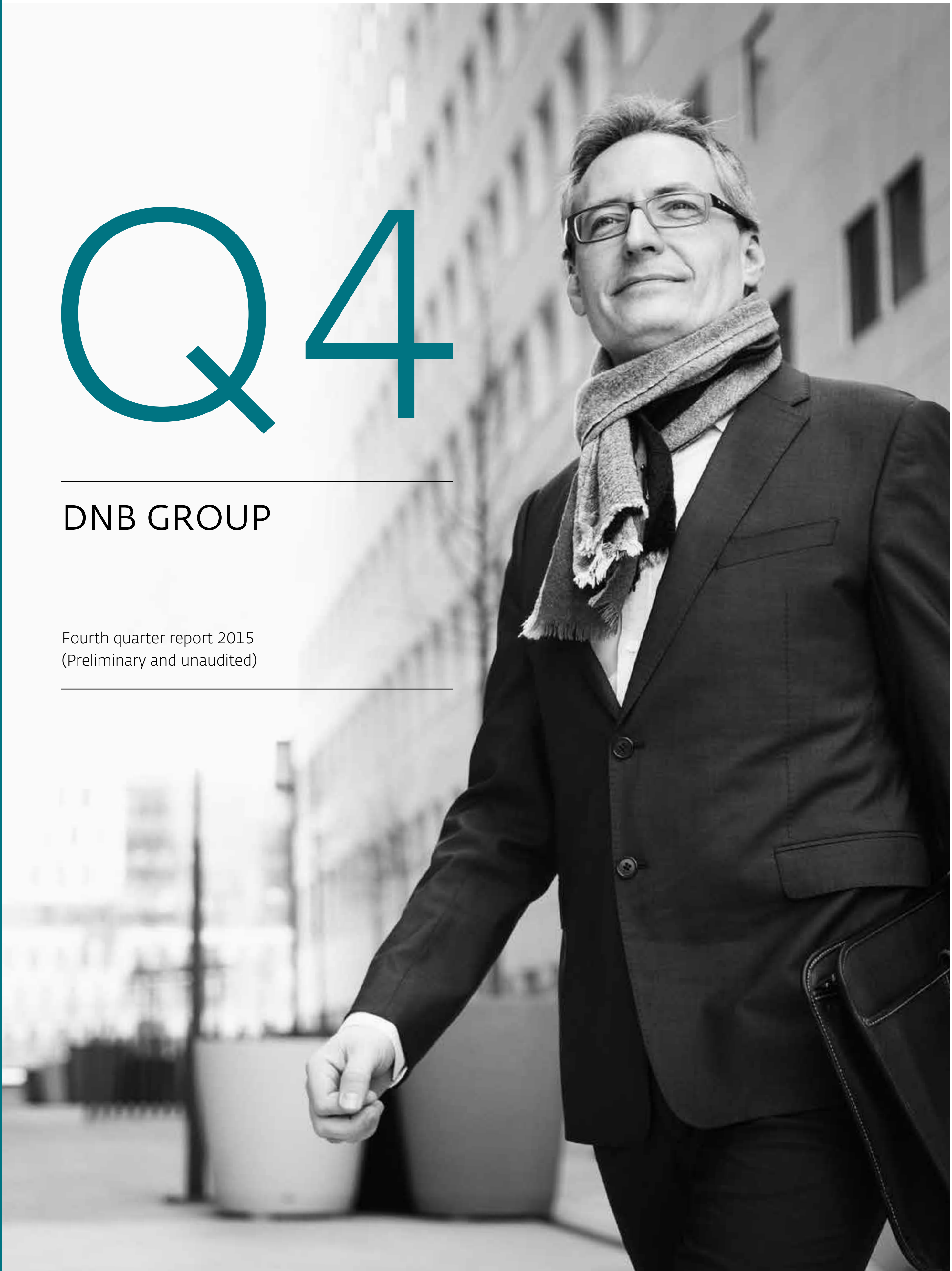
DNB GROUP

Fourth quarter report 2015
(Preliminary and unaudited)



Financial highlights

Income statement — **DNB Group**

Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Net interest income	9 062	8 700	35 358	32 487
Net commissions and fees	*2 082*	*2 313*	*8 862*	*8 969*
Net gains on financial instruments at fair value	*2 164*	*279*	*8 683*	*5 317*
Net financial and risk result, DNB Livsforsikring	*(662)*	185	*(390)*	*609*
Net insurance result, DNB Forsikring	*141*	129	*521*	*491*
Other operating income	*129*	*446*	*959*	*1 490*
Net other operating income, total	3 853	3 352	18 635	16 877
Total income	12 915	12 052	53 993	49 363
Operating expenses	(5 437)	(5 045)	(21 068)	(20 452)
Restructuring costs and non-recurring effects	1 811	(42)	1 157	(223)
Pre-tax operating profit before impairment	9 290	6 964	34 083	28 689
Net gains on fixed and intangible assets	(9)	42	45	52
Impairment of loans and guarantees	(1 420)	(821)	(2 270)	(1 639)
Pre-tax operating profit	7 860	6 184	31 858	27 102
Tax expense	(1 084)	(1 236)	(7 045)	(6 463)
Profit from operations held for sale, after taxes	28	16	(51)	(22)
Profit for the period	**6 804**	**4 965**	**24 762**	**20 617**

Balance sheet

Amounts in NOK million	31 Dec. 2015	31 Dec. 2014
Total assets	2 598 530	2 649 341
Loans to customers	1 542 744	1 438 839
Deposits from customers	944 428	941 534
Total equity	190 078	158 723
Average total assets	2 946 164	2 711 624
Total combined assets	2 900 714	2 936 331

Key figures	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Return on equity, annualised (per cent)	15.0	12.6	14.5	13.8
Earnings per share (NOK)	4.11	3.05	14.98	12.67
Combined weighted total average spread for lending and deposits (per cent) 1)	1.21	1.24	1.24	1.24
Cost/income ratio (per cent)	28.1	42.2	36.9	41.9
Impairment relative to average net loans to customers, annualised (per cent)	(0.37)	(0.23)	(0.15)	(0.12)
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent)	14.4	12.7	14.4	12.7
Tier 1 capital ratio, transitional rules, at end of period (per cent)	15.3	13.0	15.3	13.0
Capital ratio, transitional rules, at end of period (per cent)	17.8	15.2	17.8	15.2
Share price at end of period (NOK)	109.80	110.70	109.80	110.70
Price/book value	0.98	1.14	0.98	1.14
Dividend per share (NOK) 2)			4.50	3.80

1) *Margin calculations for finance leases were adjusted in the third quarter of 2015. Figures for previous periods have been restated accordingly.*
2) *Proposed dividend for 2015.*

For additional key figures and definitions, please refer to pages 36-37.

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 Committee.

Fourth quarter report 2015

Directors' report

Fourth quarter financial performance

DNB recorded profits of NOK 6 804 million in the fourth quarter of 2015, up NOK 1 839 million from the fourth quarter of 2014. Adjusted for basis swaps, there was a NOK 2 213 million increase in profits.

The Group achieved a common equity Tier 1 capital ratio, calculated according to the transitional rules, of 14.4 per cent, up from 12.7 per cent at end-December 2014. This is conditional on a dividend payout ratio of 30 per cent or NOK 4.50 per share. The increase was partly attributable to higher ordinary profits and a number of capital efficiency measures. Risk-weighted assets at year-end 2015 were virtually unchanged from a year earlier in spite of a significant depreciation of the Norwegian krone during 2015. The leverage ratio increased to 6.7 per cent. Return on equity was 15.0 per cent in the quarter, which represented an increase of 2.4 percentage points from the year-earlier period and was above the Group's 12.0 per cent target.

Higher volumes and wider deposit spreads helped raise net interest income by 4.2 per cent from the fourth quarter of 2014. There was an average increase in the healthy loan portfolio of 8.7 per cent parallel to an 11.3 per cent rise in average deposit volumes. The rise in volumes was partly due to exchange rate movements. At end-December 2015, the Norwegian krone had depreciated 18.5 per cent against the US dollar compared with a year earlier. Adjusted for exchange rate movements, deposit and lending volumes were up 3.2 per cent and 2.8 per cent, respectively. Lending spreads narrowed by 0.22 percentage points, while deposit spreads widened by 0.25 percentage points. The volume-weighted interest rate spread was 1.21 percentage points, compared with 1.24 percentage points in the fourth quarter of 2014.

Macroeconomic unrest had a strong impact on other operating income in the fourth quarter. Net other operating income was NOK 501 million higher than in the fourth quarter of 2014. Adjusted for the effect of basis swaps, operating income rose by NOK 1 013 million. Net gains on other financial instruments gave a NOK 2 397 million increase in income compared with the corresponding period of 2014, which was mainly attributable to income from customer trading in fixed-income and currency instruments. Net commissions and fees were down NOK 232 million or 10.0 per cent compared with the year-earlier period, partly due to increasing digitalisation and the winding up of DNB Livsforsikring's public sector portfolio. There was a decline in operating profits from DNB Livsforsikring of NOK 980 million, reflecting a transfer from the risk equalisation fund to the policyholders' premium reserve to increase reserves for higher life expectancy. There were sound underlying profits in DNB Livsforsikring.

Total operating expenses were reduced by NOK 1 462 million or 28.7 per cent from the fourth quarter of 2014. Towards the end of 2015, DNB decided to change the defined-benefit pension scheme which encompasses the majority of employees in the Group's Norwegian operations to a defined-contribution scheme. The change was necessary to adapt to the Norwegian pension reform, and the new scheme will ensure greater predictability and reduce future pension commitments. Derecognition of existing pension commitments in the fourth quarter of 2015 had an impact on profits of approximately NOK 2 billion and is recorded as a reduction in pension expenses. Currency-adjusted operating expenses, excluding non-recurring effects, increased by NOK 238 million or 4.7 per cent during the same period.

Impairment losses on loans and guarantees totalled NOK 1 420 million for the quarter, up NOK 599 million from the fourth quarter of 2014. There was a rise in collective impairment, reflecting less favourable economic conditions in some industries. In addition, adjustments were made to the Group's risk model for large corporate exposures during the quarter, resulting in a rise in collective impairment. Net non-performing and doubtful loans and guarantees were reduced by NOK 3.3 billion from end-December 2014, totalling NOK 14.0 billion at year-end 2015. This represented 0.76 per cent of the loan portfolio, down from 0.96 per cent at end-December 2014. The reduction mainly stemmed from the large corporate segment.

The tax expense for the fourth quarter was NOK 1 084 million, or 13.8 per cent of pre-tax operating profits. The low tax expense was mainly a result of a reduction in the tax rate for estimating deferred taxes from 27 to 25 per cent and the realisation of investment property under the tax exemption model.

In consequence of higher life expectancy, it will be necessary to strengthen the premium reserve for group pension insurance. At end-December 2015, DNB Livsforsikring had covered more than 80 per cent of the estimated required increase in reserves for higher life expectancy of NOK 11.6 billion. DNB Livsforsikring has thus transferred a large part of the risk equalisation fund to the policyholders' premium reserve, effective in 2015. In accordance with accounting rules, previous allocations to the risk equalisation fund have been classified as a separate fund under equity. In connection with the transfer to the policyholders' premium reserve, the income statement for the fourth quarter of 2015 was charged with NOK 980 million. The transfer has no effect on the Group's capital adequacy. DNB Livsforsikring's solvency margin according to Solvency II was 113 per cent at year-end 2015 if the transitional rules are not applied.

In November 2015, Visa Inc. announced the agreement to acquire all shares in Visa Europe Ltd. DNB has direct ownership interests in Visa Europe through its activities in the Baltics, and indirect interests through its membership in Visa Norway. The updated valuation of the holdings in Visa Europe at year-end 2015 had an effect on DNB's consolidated accounts and equity of NOK 1.1 billion. NOK 0.9 billion of this was recognised in other comprehensive income (equity), while NOK 0.2 billion was recognised in the income statement. On the realisation date, which will depend on approval by several competition authorities, the increase in value of other comprehensive income (equity) will be recorded as a gain on the line "profit from investments accounted for by the equity method" in the income statement.

Important events in the fourth quarter

During the fourth quarter, the Group implemented a number of capital efficiency measures. In the large corporate segment, certain loans were sold, and guarantee contracts relating to other exposures were entered into. DNB Livsforsikring sold properties for a total of NOK 11.6 billion and reduced its equity exposure. The freed-up capital in DNB Livsforsikring was reinvested in home mortgages and fixed-income securities with lower risk. The structure of the portfolios will help ensure that returns cover the guaranteed rate of return over the next few years and that policyholders also receive healthy returns.

During the annual TV fund-raising campaign in late October, Vipps was used as a payment service and collection tool. This reduced cash handling, improved security and gave givers greater flexibility. This was the first time a digital payment solution was used in the TV campaign. Vipps was launched in the personal customer market in May, and a version for companies will be introduced during the first quarter of 2016. At year-end 2015, Vipps had been downloaded 1.3 million times and had 986 000 registered users.

In November, DNB opened a representative office in Marbella, Spain, which will primarily offer mortgages to Norwegians in Spain. DNB is the only Norwegian bank offering mortgages secured by property in another country.

Towards the end of November, DNB started the process of closing safe-deposit boxes in its branch offices, aiming to close all safe-deposit boxes before the summer of 2016.

After almost a year in operation, it was decided in late October to close down Valyou after it failed to have success in the market. Valyou, a contactless mobile phone payment solution, was launched in November 2014 and was jointly owned by DNB, Telenor and SpareBank 1 Gruppen.

At the "European Excellence Awards" in December 2015, DNB won its category for its work on "A valuable lesson", a free digital learning program for use in schools.

In November, EPSI Rating Group presented a report showing that DNB Livsforsikring was the greatest climber on the customer satisfaction barometer for Norwegian non-life insurance companies in 2015.

Prospera ranked DNB Markets as best in Norway within equity brokerage in 2015. DNB Markets got the highest score for overall performance in the categories domestic equity execution and domestic equity corporate access and the second highest score for research and advisory.

As it has become increasingly difficult for young people to enter the highly-priced Norwegian housing market over the past few years, the government decided in early October to raise the total limit for the BSU home savings scheme for young people from NOK 200 000 to NOK 300 000 as from 2016.

In late October, the Pillar 2 requirement for DNB was set at 1.5 percentage points. The total common equity Tier 1 capital requirement will thus be 15 per cent by year-end 2016. DNB has defined a number of measures to fulfil the requirement.

DNB presented its updated financial ambitions at its Capital Markets Day in November 2015. The principal target is still to achieve a return on equity above 12 per cent. In addition, the Group has three sub-targets. These are a cost/income ratio below 40 per cent towards 2018, a common equity Tier 1 capital ratio of minimum 15 per cent at year-end 2016 and a long-term capital level of 15.5 per cent, including a buffer, from year-end 2017, as well as a dividend payout ratio of more than 50 per cent of profits once the Group has reached its capital adequacy targets.

Fourth quarter income statement – main items

Net interest income

Amounts in NOK million	4th quarter 2015	Change	4th quarter 2014
Net interest income	9 062	362	8 700
Exchange rate movements		451	
Lending and deposit volumes		230	
Other net interest income		(41)	
Equity and non-interest bearing instruments		(76)	
Long-term funding costs		(88)	
Lending and deposit spreads		(114)	

Net interest income rose by NOK 362 million or 4.2 per cent from the fourth quarter of 2014, reflecting higher volumes, partly due to exchange rate movements. Average lending spreads contracted by 0.22 percentage points, while deposit spreads widened by 0.25 percentage points. Volume-weighted spreads narrowed by 0.03 percentage points. There was an average increase of NOK 122 billion or 8.7 per cent in the healthy loan portfolio compared with the fourth quarter of 2014. During the same period, deposits were up NOK 117.6 billion or 11.3 per cent. Adjusted for exchange rate movements, there were increases of 2.8 and 3.2 per cent, respectively.

Net other operating income

Amounts in NOK million	4th quarter 2015	Change	4th quarter 2014
Net other operating income	3 853	501	3 352
Net gains on other financial instruments		2 397	
Net financial and risk result from DNB Livsforsikring [1)]		133	
Other operating income		(84)	
Net gain on the sale of loans		(221)	
Net commissions and fees		(232)	
Basis swaps		(512)	
Use of the risk equalisation fund		(980)	

1) Guaranteed returns and allocations to policyholders deducted.

Net other operating income rose by NOK 501 million or 15.0 per cent from the fourth quarter of 2014. Adjusted for basis swaps, other operating income was up NOK 1 014 million. Net gains on other financial instruments gave a NOK 2 397 million increase in profits due to higher income from fixed-income and currency instruments in the fourth quarter.

Operating expenses

Amounts in NOK million	4th quarter 2015	Change	4th quarter 2014
Operating expenses excluding non-recurring effects	(5 437)	(392)	(5 045)
Of which:			
Exchange rate effects for units outside Norway		(154)	
Currency-adjusted operating expenses	(5 283)	(238)	(5 045)
Operating expenses excluding non-recurring effects	(5 437)	(392)	(5 045)
Income-related costs			
Ordinary depreciation on operational leasing		(25)	
Expenses related to operations			
IT costs		57	
Other costs		(32)	
Salaries and other personnel expenses		(113)	
Pension expenses		(123)	
Exchange rate effects for units outside Norway		(154)	
Non-recurring effects	1 811	1 854	(42)
Other restructuring costs and non-recurring effects	1 945	1 832	113
IT restructuring	9	78	(70)
Restructuring costs - employees	(142)	(56)	(86)
Operating expenses	(3 626)	1 462	(5 088)

Total operating expenses were down NOK 1 462 million compared with the fourth quarter of 2014. The reduction mainly reflected the non-recurring effect of the transition from a defined-benefit to a defined-contribution pension scheme for the Group's employees. Adjusted for this effect, there was a NOK 392 million increase in costs, of which NOK 154 million represented exchange rate movements. The cost/income ratio for the quarter was 28.1 per cent, down 14.1 percentage points from the corresponding quarter in 2014.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 1 420 million in the fourth quarter, of which collective impairment losses represented 29 per cent. Compared with the fourth quarter of 2014, individual impairment losses were up NOK 123 million, with an increase within shipping, offshore and energy in the large corporate and international customers segment and a decline in the small and medium-sized enterprises segment. The rise in collective impairment reflected less favourable economic conditions in some industries. The price of oil, which is a key economic indicator, dropped by more than 30 per cent during the quarter. In addition, adjustments were made to the Group's risk model for large corporate exposures during the quarter, resulting in a rise in collective impairment.

Net non-performing and doubtful loans and guarantees totalled NOK 14.0 billion at year-end 2015, a reduction from NOK 17.3 billion at end-December 2014. This represented 0.76 per cent of the loan portfolio, down 0.20 percentage points from end-December 2014.

Taxes

The DNB Group's tax expense for the fourth quarter of 2015 was NOK 1 084 million, or 13.8 per cent of pre-tax operating profits. The tax rate was lower than the anticipated rate of 25 per cent, mainly due to the sale of investment properties through equity sales under the tax exemption model in DNB Livsforsikring and a reduction in the tax rate for estimating deferred taxes from 27 to 25 per cent.

Financial performance, segments

Financial governance in DNB is adapted to the different customer segments. Reported figures reflect total sales of products and services to the relevant segments.

Personal customers

	4th quarter		Change	
Income statement in NOK million	2015	2014	NOK mill	%
Net interest income	3 496	3 400	97	2.8
Net other operating income	1 120	1 141	(21)	(1.9)
Total income	4 616	4 540	75	1.7
Operating expenses	(2 157)	(2 107)	(50)	(2.4)
Pre-tax operating profit before impairment	2 459	2 434	25	1.0
Net gains on fixed and intangible assets	0	1	(1)	
Impairment of loans and guarantees	15	80	(64)	
Pre-tax operating profit	2 474	2 514	(40)	(1.6)
Tax expense	(668)	(679)	11	1.6
Profit from operations held for sale, after taxes	(1)		(1)	
Profit of the period	1 805	1 835	(30)	(1.6)
Average balance sheet items in NOK billion				
Net loans to customers	695.7	674.8	21.0	3.1
Deposits from customers	391.1	363.8	27.3	7.5
Key figures in per cent				
Lending spread [1)]	1.95	2.28		
Deposit spread [1)]	0.24	(0.34)		
Return on allocated capital [2)]	21.2	24.5		
Cost/income ratio	46.7	46.4		
Ratio of deposits to loans	56.5	53.9		

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.*

Financial performance in the fourth quarter of 2015 was characterised by strong growth in net interest income, strict cost control and stable and low impairment losses.

A portfolio of fixed-rate loans amounting to just under NOK 20 billion was sold from DNB Boligkreditt to DNB Livsforsikring in November 2015. Adjusted for this transaction, loan volumes were up 4.1 per cent from the fourth quarter of 2014. The customers are still served by the bank, though the loans are included in DNB Livsforsikring's portfolio as an investment that yields a healthy return for the company.

Volume-weighted interest rate spreads contracted by 0.03 percentage points from the fourth quarter of 2014, but widened by 0.01 percentage points from the third quarter of 2015.

Total other operating income was relatively stable from the fourth quarter of 2014. Net income from equity investments and currency and fixed-income instruments showed a positive trend during the quarter. However, income from payment transactions was reduced, reflecting increased digitalisation and discount schemes linked to card use. Moreover, pressure on margins and reduced prices resulted in a weaker income trend for long-term savings products.

The restructuring of the branch network and impairment of capitalised systems development were the main factors behind the rise in expenses from the fourth quarter of 2014.

The risk in the home mortgage portfolio is low while impairment losses are stable at a low level. Net reversals on previous impairment losses gave a NOK 15 million rise in profits in the fourth quarter of 2015.

The market share of credit to households stood at 25.6 per cent at end-November 2015, while the market share of total household savings was 32.3 per cent. DNB Eiendom had a market share of 18.7 per cent at end-December 2015 and is the market leader in Norway.

As a result of a higher self-service ratio, a total of 20 branch offices in Norway were closed in 2015, while two new branch offices were opened. "Boligreisen" (House Journey), which helps customers with all practical aspects when moving home, won two categories at the "Midas Awards". In October 2015, SAS and DNB started a cooperation enabling customers to upgrade their MasterCard and receive SAS EuroBonus points on all purchases.

DNB aspires to achieve continued profitable growth in the personal customer segment. Impairment losses on loans are expected to remain stable at a low level.

Small and medium-sized enterprises

	4th quarter		Change	
Income statement in NOK million	2015	2014	NOK mill	%
Net interest income	1 610	1 555	55	3.5
Net other operating income	449	477	(29)	(6.0)
Total income	2 059	2 032	26	1.3
Operating expenses	(807)	(775)	(32)	(4.2)
Pre-tax operating profit before impairment	1 252	1 258	(6)	(0.5)
Net gains on fixed and intangible assets	(0)	43	(43)	
Impairment of loans and guarantees	(360)	(462)	102	22.1
Profit from repossessed operations	35	16	19	
Pre-tax operating profit	927	854	73	8.5
Tax expense	(250)	(231)	(20)	(8.5)
Profit of the period	677	624	53	8.5
Average balance sheet items in NOK billion				
Net loans to customers	220.3	209.6	10.7	5.1
Deposits from customers	172.8	169.3	3.5	2.1
Key figures in per cent				
Lending spread [1)]	2.35	2.52		
Deposit spread [1)]	0.39	0.05		
Return on allocated capital [2)]	12.8	12.4		
Cost/income ratio	39.2	38.1		
Ratio of deposits to loans	78.5	80.8		

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

An increase in net interest income and reduced impairment losses on loans gave a rise in profits and a higher return on allocated capital than in the fourth quarter of 2014.

Lending volume was on a level with the third quarter of 2015 and increased by 5.1 per cent from the fourth quarter of 2014. Customer deposits rose by 2.1 per cent from the fourth quarter of 2014.

Rising volumes and wider deposit spreads ensured a healthy increase in net interest income compared with the fourth quarter of 2014.

Net other operating income was at a satisfactory level in spite of a slight decline from the year-earlier period. The reduced income reflected the fact that non-recurring effects from pension savings had a positive impact on income in the fourth quarter of 2014. In addition, there was somewhat weaker demand for currency and interest rate hedging products towards the end of 2015 than in the previous year.

Operating expenses increased somewhat from the fourth quarter of 2014, mainly due to impairment relating to IT projects and restructuring costs.

Net impairment losses on loans totalled NOK 360 million in the fourth quarter of 2015, compared with NOK 462 million in the year-earlier period. On an annual basis, this represented 0.65 per cent of net loans, down from 0.87 per cent in 2014. Impairment losses in the fourth quarter stemmed primarily from a small number of loans. No material deterioration has been observed in the general quality of DNB's portfolio of other loans to small and medium-sized corporate customers. Portfolio quality is considered to be satisfactory, and close follow-up of customers and preventive measures are vital to retaining the level of quality. Developments in oil-related sectors and the regions which are most seriously affected, are being closely monitored.

As the growth prospects for the general Norwegian economy have been revised downward, more moderate credit growth is anticipated in the market. DNB expects lending growth in this segment on a level with the expected domestic credit growth in the corporate customer segment.

Large corporates and international customers

	4th quarter		Change	
Income statement in NOK million	2015	2014	NOK mill	%
Net interest income	3 929	3 726	204	5.5
Net other operating income	1 358	1 567	(209)	(13.3)
Total income	5 287	5 292	(5)	(0.1)
Operating expenses	(2 202)	(1 914)	(287)	(15.0)
Pre-tax operating profit before impairment	3 086	3 378	(292)	(8.7)
Net gains on fixed and intangible assets	5	9	(5)	
Impairment of loans and guarantees	(1 079)	(465)	(614)	
Profit from repossessed operations	(6)	(14)	8	
Pre-tax operating profit	2 006	2 909	(903)	(31.0)
Tax expense	(582)	(902)	320	35.5
Profit from operations held for sale, after taxes		2	(2)	
Profit of the period	1 424	2 009	(585)	(29.1)
Average balance sheet items in NOK billion				
Net loans to customers	579.3	520.8	58.6	11.2
Deposits from customers	403.5	385.7	17.7	4.6
Key figures in per cent				
Lending spread [1)]	2.19	2.20		
Deposit spread [1)]	(0.12)	(0.11)		
Return on allocated capital [2)]	8.0	13.8		
Cost/income ratio	41.6	36.2		
Ratio of deposits to loans	69.6	74.1		

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.*

Rising volumes and stable spreads ensured healthy growth in net interest income, though a decline in other operating income, rising costs and higher impairment losses on loans contributed to a reduction in profits from the fourth quarter of 2014.

The weakened Norwegian krone strongly affected volumes, and average net loans to customers were up 11.2 per cent from the fourth quarter of 2014. Lending growth was 5.3 per cent from end-December 2014 to year-end 2015. Adjusted for exchange rate movements, however, there was an underlying decline in the portfolio of 4.5 per cent during the year, partly in reflection of measures to reduce risk-weighted assets. During 2015, especially in the fourth quarter, DNB sold certain loans and entered into guarantee contracts relating to other exposures to help strengthen the Group's capital adequacy ratios. In the period ahead, portfolio management will also help improve profitability as capital can be reallocated to the segments with the highest returns. Customer deposits increased by 4.6 per cent from the fourth quarter of 2014. Adjusted for exchange rate movements, however, there was a 6.4 per cent decline in deposits.

Due to increasing loan volumes combined with unchanged lending and deposit spreads, there was a rise in net interest income from the fourth quarter of 2014. The decline in net other operating income from the fourth quarter of 2014 mainly reflected costs and losses relating to measures to reduce risk-weighted assets.

The depreciation of the Norwegian krone gave an estimated rise in operating expenses at the Group's international units of approximately NOK 150 million, measured in Norwegian kroner, from the fourth quarter of 2014.

There was an increase in net impairment losses on loans compared with the fourth quarter of 2014, partly due to the exposure to oil-related industries. On an annual basis, net impairment represented 0.74 per cent of average loans, up 0.38 percentage points from the year-earlier period. There was a 0.09 percentage point rise in individual impairment losses, to 0.47 per cent, in the fourth quarter of 2015, while higher collective impairment losses accounted for the rest of the increase, reflecting weaker economic conditions. Net non-performing and doubtful loans and guarantees amounted to NOK 9.5 billion at end-December 2015, compared with NOK 11.6 billion a year earlier.

DNB aims to raise profitability in spite of intense competition for the most profitable customers. Competitive conditions are affected by different capital requirements for banks. Profitability will be achieved through active portfolio management and by giving priority to the right customers, where there is a potential for selling a broad range of the bank's products and services. DNB aspires to become a strategic adviser for a greater number of customers by capitalising on the bank's industry expertise and adapting products and services to customers' overall financial needs. In order to achieve an attractive position as a primary bank, DNB must ensure that its full range of financial services is competitive.

In consequence of stricter capital requirements combined with expectations of higher impairment losses, 2016 will be a challenging year for the large corporate segment in DNB. However, a positive trend is anticipated in interest rate spreads, and new loan transactions are expected to give a higher return on allocated capital in a longer-term perspective. Through its close relations with leading companies, DNB is well-positioned to increase its share of non-lending products and services within, for example, investment banking, trade finance and defined-contribution pensions.

Trading

This segment comprises market making and other trading in foreign exchange, fixed-income, equity and commodity products, including the hedging of market risk inherent in customer transactions. Customer activities are supported by trading activities.

	4th quarter		Change	
Income statement in NOK million	2015	2014	NOK mill	%
Net interest income	3	128	(125)	
Net other operating income	796	(102)	898	
Total income	799	26	773	
Operating expenses	(97)	(132)	35	26.3
Pre-tax operating profit	702	(105)	808	
Tax expense	(183)	28	(211)	
Profit of the period	520	(77)	597	
Key figures in per cent				
Return on allocated capital [1)]	28.4	(4.9)		

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

Net other operating income increased in the fourth quarter due to strong profits from trading in both Norwegian and international fixed-income instruments. Income from foreign exchange trading also showed a positive trend compared with the year-earlier period. Due to a reduced exposure, lower provisions for counterparty risk in derivatives were required.

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.

	4th quarter		Change	
Income statement in NOK million	2015	2014	NOK mill	%
Upfront pricing of risk and guaranteed rate of return	137	173	(36)	(20.7)
Owner's share of administration result	78	48	30	
Owner's share of risk result	82	121	(39)	
Owner's share of interest result	(1 001)	(121)	(879)	
Return on corporate portfolio	107	91	16	17.9
Pre-tax operating profit	(596)	312	(908)	
Tax expense	705	123	582	
Profit of the period	109	436	(326)	(74.9)
Average balance sheet items in NOK billion				
Net loans to customers	13.0	2.4	10.6	
Key figures in per cent				
Cost/income ratio	(14.3)	34.6		
Return on allocated capital [1]	2.4	10.0		

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

There was a healthy profit trend in the fourth quarter of 2015, though operating profits were reduced by NOK 980 million due to a transfer from the risk equalisation fund to the policyholders' premium reserve. Adjusted for this transfer, there was a rise in profits compared with the fourth quarter of 2014.

The prolonged low interest rate level could make it challenging for life insurance companies to achieve a satisfactory level of earnings over the coming years. DNB Livsforsikring has adapted to the low interest rate level by holding a large portfolio of long-term bonds at amortised cost and property investments. In addition, DNB Livsforsikring has purchased a portfolio of fixed-rate home mortgages from DNB Boligkreditt. The structure of the portfolios will help ensure that returns will cover the guaranteed rate of return over the next few years. In addition, DNB Livsforsikring has adapted its operations by winding up public sector operations as well as the sale of defined-benefit pensions and paid-up policies with guaranteed rates of return.

Each quarter, DNB Livsforsikring carries out a test to assess whether the company has adequate premium reserves. In the test, insurance provisions calculated on the basis of market rates and insurance liabilities calculated on the basis of the contracts' base rate (guaranteed rate of return) are compared. The test showed positive margins at end-December 2015.

In consequence of higher life expectancy, it will be necessary to strengthen the premium reserve for group pension insurance. At end-December 2015, reserves for higher life expectancy totalled NOK 9.5 billion, while the total required increase in reserves is estimated at NOK 11.6 billion. Finanstilsynet (the Financial Supervisory Authority of Norway) has approved DNB Livsforsikring's escalation plan, whereby the risk equalisation fund will be used to cover parts of policyholders' share of the provisions. The income statement for 2015 was thus charged with NOK 980 million, which represents the transfer of a large part of the risk equalisation fund to the policyholders' premium reserve. The remaining required increase in reserves of NOK 2.1 billion will be financed during the period up to and including 2020. The owner will have to cover NOK 0.8 billion of this, while the remainder may be financed by the policyholders' interest result, provided that the return is adequate to cover both the rate of return guaranteed in the contracts and the required increase in reserves for higher life expectancy.

The fact that DNB Livsforsikring had already covered more than 80 per cent of the required increase in reserves for higher life expectancy at year-end 2015 gives the company a sound basis for providing its owner with strong profits also in the coming years.

Full year 2015

DNB recorded profits of NOK 24 762 million in 2015, an increase of NOK 4 145 million from 2014. Adjusted for the effect of basis swaps, there was a rise in profits of NOK 2 472 million.

The improved profit performance mainly reflected an increase in net interest income and net other operating income and a reduction in costs.

DNB's common equity Tier 1 capital increased by NOK 20.9 billion from end-December 2014 to year-end 2015. Calculated according to the transitional rules, the common equity Tier 1 capital ratio rose from 12.7 per cent to 14.4 per cent, conditional on a dividend payout ratio of 30 per cent. Return on equity increased from 13.8 per cent to 14.5 per cent during the corresponding period. Adjusted for the effect of basis swaps, return on equity declined from 13.6 to 13.3 per cent. DNB is well capitalised, but will continue to build additional capital organically in order to meet the authorities' requirements.

Higher volumes and wider deposit spreads had a positive effect on net interest income in 2015. Lending spreads narrowed by 0.18 percentage points while deposit spreads widened by 0.23 percentage points compared with 2014. Net interest income increased by 8.8 per cent from 2014, while average volume-weighted spreads contracted by 0.01 percentage points during this period.

Other operating income was NOK 1 758 million higher than in 2014. Net gains on other financial instruments, including basis swaps and income from fixed-income and currency instruments, showed a positive trend during the period. This was partly offset by the transfer from the risk equalisation fund to the policyholders' premium reserve in the life insurance company, which was charged to income. In addition, a gain from the investment in Nets had an impact on income in 2014.

There was a rise in income from currency, fixed-income and commodity instruments due to increased hedging activity among customers.

Operating expenses were reduced by NOK 764 million from 2014. Wage costs were reduced by 9.7 per cent from 2015, mainly due to the transition from a defined-benefit to a defined-contribution pension scheme. Adjusted for non-recurring effects, there was an increase in operating expenses of NOK 616 million or 3.0 per cent.

Impairment losses on loans and guarantees increased by NOK 631 million compared with 2014. The rise in individual impairment referred primarily to the shipping and offshore segments, while there was a significant reduction in the personal customer segment as a consequence of the sale of portfolios of non-performing loans to Lindorff in the third quarter of 2015. There was a NOK 597 million rise in collective impairment, from reversals of NOK 341 million in 2014 to impairment losses of NOK 255 million in 2015. The increase stemmed from a higher risk level in the large corporate portfolio and less favourable economic conditions in some industries.

The engagement index in the employee survey declined by 1 point from 2014, to 84 points in 2015. This paints a picture of a robust organisation that has coped well through extensive restructuring, but is naturally affected by the reorganisation processes in the Group. Sickness absence in DNB's Norwegian operations was 4.9 per cent in 2015, a slight increase from 4.5 per cent in 2014. The special follow-up of units with high sickness absence rates continued.

The Board of Directors has proposed a dividend for 2015 of NOK 4.50 per share, which corresponds to 30 per cent of profits. When considering the dividend proposal, the Board of Directors has taken the regulatory capital adequacy requirements into account. The Group's long-term dividend policy remains unchanged.

The Board of Directors would like to thank all employees for their dedication and hard work in 2015.

Income statement for 2015

Net interest income

Amounts in NOK million	2015	Change	2014
Net interest income	35 358	2 871	32 487
Exchange rate movements on lending and deposits		1 813	
Lending and deposit volumes		1 086	
Other net interest income		353	
Lending and deposit spreads		(87)	
Equity and non-interest bearing instruments		(131)	
Long-term funding costs		(164)	

Net interest income rose by NOK 2 871 million from 2014. The increase was mainly attributable to exchange rate movements and higher lending and deposit volumes. Average lending spreads narrowed by 0.18 percentage points from 2014 to 2015, while deposit spreads widened by 0.23 percentage points. There was an average increase of NOK 125.0 billion in the healthy loan portfolio, while average deposits rose by NOK 96.8 billion compared with 2014.

Net other operating income

Amounts in NOK million	2015	Change	2014
Net other operating income	18 635	1 758	16 877
Basis swaps		2 291	
Net gains on other financial instruments		1 988	
Net financial and risk result from DNB Livsforsikring [1)]		(19)	
Other operating income		(185)	
Net gains on the sale of loans		(424)	
Nets investment		(913)	
Use of the risk equalisation fund		(980)	

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

Net other operating income increased by NOK 1 758 million from 2014. Adjusted for the effect of basis swaps, there was a NOK 533 million decline in income. There was a decline in operating profits from DNB Livsforsikring of NOK 980 million, reflecting a transfer from the risk equalisation fund to the policyholders' premium reserve to increase reserves for higher life expectancy. There were sound underlying profits in DNB Livsforsikring. The increase in net gains on other financial instruments was primarily attributable to income from customer trading in fixed-income and currency instruments.

Operating expenses

Amounts in NOK million	2015	Change	2014
Operating expenses excluding non-recurring effects	(21 068)	(616)	(20 452)
Of which:			
Exchange rate effects for units outside Norway		(507)	
Currency-adjusted operating expenses	(20 560)	(109)	(20 452)
Operating expenses excluding non-recurring effects	(21 068)	(616)	(20 452)
Income-related costs			
Ordinary depreciation on operational leasing		(81)	
Expenses related to operations			
Other costs		251	
Properties/premises		177	
Fees		(77)	
Pension expenses		(187)	
Salaries and other personnel expenses		(191)	
Exchange rate effects for units outside Norway		(507)	
Non-recurring effects	1 157	1 380	(223)
Restructuring costs - employees	(390)	(150)	(239)
Other restructuring costs and non-recurring effects	1 781	1 695	86
IT restructuring	(234)	(164)	(70)
Operating expenses	(19 910)	764	(20 675)

Total operating expenses were down 3.7 per cent from 2014. Sizeable non-recurring effects had a positive impact on costs, resulting in an overall cost reduction of NOK 1 380 million. The decline was mainly due to the transition from a defined-benefit to a defined-contribution pension scheme for the Group's employees. Adjusted for non-recurring effects, operating expenses were up 3.0 per cent. Exchange rate movements gave a NOK 507 million increase in costs. Implemented restructuring measures will result in lower costs in the longer term through reductions in both the number of employees, the number of branch offices and the number of production units. The number of employees was reduced by 263 from 2014 to 2015.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 2 270 million in 2015, up NOK 631 million from 2014.

There was an increase in individual impairment losses in the shipping and offshore segment, while there were reversals on impairment losses of NOK 1 060 million in the personal customer segment in 2015. This was mainly a consequence of the sale of portfolios to Lindorff in the third quarter of 2015. Net individual impairment losses were virtually unchanged from 2014 to 2015.

Collective impairment losses rose by NOK 597 million, to NOK 255 million in 2015. Relative to net loans, there was an increase from 0.12 per cent in 2014 to 0.15 per cent in 2015.

Net non-performing and doubtful loans and guarantees amounted to NOK 14.0 billion at end-December 2015, down from NOK 17.3 billion at year-end 2014. Net non-performing and doubtful loans and guarantees represented 0.76 per cent of the loan portfolio, a reduction of 0.20 percentage points from end-December 2014.

Taxes

The DNB Group's tax expense for 2015 was NOK 7 045 million, representing 22.1 per cent of pre-tax operating profits. The tax rate was down 1.7 percentage points from 2014. The tax rate was lower than the anticipated rate of 25 per cent, mainly due to the sale of investment properties through equity sales under the tax exemption model and a reduction in the tax rate for estimating deferred taxes from 27 to 25 per cent.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound in 2015 for banks with high credit ratings. As US money market funds need to adapt to upcoming regulations, long-term maturities were not as attractive as they used to be. Combined with increasing demand for long-term investments among borrowers, this resulted in an increase in prices in the second half of the year. DNB had ample access to short-term funding throughout the year.

In the long-term funding markets, there was also a healthy supply of capital in the first half of the year. However, as the unrest in Greece increased as summer approached, the level of activity in the market dropped significantly, accompanied by rising prices on new issues. In September, the level of activity picked up, though margins widened. There was a general increase in margins for both covered bonds and ordinary senior debt through the second half of 2015. DNB had good access to long-term funding throughout 2015, but the cost of new long-term funding is expected to be higher as 2016 progresses.

Debt securities issued by the Group totalled NOK 805 billion at end-December 2015 and NOK 812 billion a year earlier. The average remaining term to maturity for the debt securities was 3.8 years at end-December 2015, compared with 4.3 years at year-end 2014.

In order to keep the Group's liquidity risk at a low level, short-term and long-term limits have been established. These are consistent with the Basel III/CRD IV calculation methods. Among other things, this implies that customer loans are generally financed through customer deposits, long-term debt securities and primary capital. The Group stayed well within the liquidity limits throughout 2015. A gradual adaptation to the liquidity requirements within the time limits stipulated by the Basel Committee and the Norwegian authorities is being planned.

At end-December 2015, total combined assets in the DNB Group were NOK 2 901 billion, down from NOK 2 936 billion at end-December 2014. Total assets in the Group's balance sheet were NOK 2 599 billion as at 31 December 2015 and NOK 2 649 billion a year earlier. Of this, total assets in DNB Livsforsikring came to NOK 288 billion and NOK 287 billion, respectively.

Net loans to customers increased by NOK 104 billion or 7.2 per cent from end-December 2014. Customer deposits were up NOK 3 billion or 0.3 per cent during the corresponding period. The ratio of customer deposits to net loans to customers was reduced from 65.4 per cent at end-December 2014 to 61.2 per cent a year later.

Risk and capital adequacy

The prospects for the Norwegian economy have weakened, and there are signs that the falling oil prices and the decline in oil investments are spreading to sectors where growth thus far has been sustained. There are less favourable growth prospects for most Norwegian industry sectors. The rate of unemployment is still increasing, mainly in oil-dominated regions. Analysts nevertheless believe in low, but positive GDP growth in Mainland Norway in 2016 and 2017.

Developments in the global economy were mixed and varied from country to country towards the end of 2015. In early 2016, there was a severe stock market downturn, triggered by new uncertainty relating to economic developments in China. The geopolitical situation and the turbulence in the Middle East added to the uncertain future outlook.

DNB quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 10.5 billion from year-end 2014, to NOK 75.6 billion in 2015.

Developments in the risk-adjusted capital requirement

	31 Dec.	30 Sept.	30 June	31 Dec.
Amounts in NOK billion	2015	2015	2015	2014
Credit risk	55.5	57.9	56.1	58.8
Market risk	6.9	8.4	9.5	9.5
Market risk in life insurance	8.3	12.1	8.5	15.7
Insurance risk	2.0	2.0	2.0	2.0
Operational risk	11.2	11.2	11.3	10.7
Business risk	7.1	7.1	6.9	6.8
Gross risk-adjusted capital requirement	91.0	98.7	94.3	103.5
Diversification effect [1)]	(15.5)	(16.9)	(16.2)	(17.4)
Net risk-adjusted capital requirement	75.6	81.8	78.1	86.0
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	17.0	17.2	17.2	16.9

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 declined by NOK 3.3 billion in 2015, reflecting a reduction in credit volumes in the large corporate portfolio towards the end of the year. There was continued sound and stable credit quality in most portfolios. However, some sectors showed a negative trend in 2015, mainly oil service and offshore, but also energy and some shipping segments. The reduction in oil and gas investments had the most pronounced effect on oil service companies. A number of companies now struggle with tight liquidity and reduced debt servicing capacity.

In addition to the sectors that are directly exposed to oil prices, the prolonged low oil prices are expected to have ripple effects on other sectors and particularly exposed geographical areas in Norway. At year-end 2015, the price of oil was USD 37 per barrel, which was the lowest price since 2004.

As expected, there were continuing challenges in the dry bulk shipping segment throughout 2015. Freight rates were at historically low levels, and there are weak prospects for this segment. The container segment also showed a sluggish trend, and there is considerable excess supply in this market.

The quality of the Group's loan portfolio within Norwegian commercial property is considered to be sound, though the financing of commercial property entails increasing risk. Lower activity levels in the oil and offshore sector result in higher unemployment and falling rental prices in oil-dominated regions as well as in Asker and Bærum.

The slowdown in the Norwegian economy has caused a slight increase in the rate of unemployment and reduced consumer confidence. On a national basis, the housing market slackened in the fourth quarter of 2015. The number of housing sales remained stable at a high level in 2015, though regional differences increased throughout the year. This trend is expected to prevail in 2016.

The risk-adjusted capital requirement for market risk in DNB Livsforsikring declined by NOK 7.4 billion during the year. The reduction was a consequence of the sale of properties for a total of NOK 11.6 billion and a lower equity exposure. The freed-up capital was reinvested in home mortgages and fixed-income securities, which entail lower market risk. The company strengthened its solvency capital by NOK 6.6 billion in 2015 through retained earnings, an increase in subordinated loan capital, changes in unrealised gains on financial assets and provisions for higher life expectancy. DNB Livsforsikring's solvency margin according to Solvency II was 113 per cent at year-end 2015.

DNB's market risk exposure in operations other than life insurance was also reduced during 2015, reflecting the sale of property investments and the transition from a defined-benefit to a defined-contribution pension scheme for the Group's employees. A further reduction is expected in 2016 as a result of a scheduled sale of equity and property investments. Trading limits for currency and interest rate risk for 2016 have been reduced.

The operational risk situation in 2015 was satisfactory, and there was a low level of losses. During the year, DNB completed "MoveIT", a very extensive project whereby the IT infrastructure was upgraded and the Group's data processing centres were moved to a single location. Comprehensive measures were initiated to achieve optimal operational security and reduce the risk related to the project. Again in 2015, information technology was identified as one of the key risk areas for the Group in light of the rapidly increasing pace of change within digital services and products.

Calculated according to the transitional rules, risk-weighted assets increased by NOK 9 billion from year-end 2014, to NOK 1 129 billion. The common equity Tier 1 capital ratio was 14.4 per cent, while the capital adequacy ratio was 17.8 per cent.

New regulatory framework

Agreement on European supervisory authorities

Due to a stipulation in the Norwegian Constitution on limited access to transfer powers to international organisations, it has not been possible to incorporate the EU regulations establishing the European supervisory authorities, CRR/CRD IV, and a number of other legislative acts into the EEA agreement and Norwegian legislation. In the autumn of 2014, Norway and the EU agreed on a solution, but it has proved time-consuming to implement the specific technical adaptations to the EU legislation. The government aims to submit a proposition to Stortinget, the Norwegian parliament, on the European supervisory authorities and some important related legislative acts for consideration in the spring of 2016. The required legislative amendments will probably enter into force on 1 July 2016. Parallel to this, the government is working to incorporate the remaining legislation on financial services in the course of 2016.

New capital and liquidity requirements

Norway introduced new capital requirements as of 1 July 2013 as the first step in the adaptation to the EU capital requirements regulations, CRR/CRD IV. The capital requirements in Norway imply a gradual increase in the formal capital requirements up till 1 July 2016. As of 1 July 2015, the minimum common equity Tier 1 capital requirement, including the buffer requirements, is 12 per cent for the three banks which the Norwegian authorities have defined as domestic systemically important, SIBs, and 11 per cent for other banks. As of 1 July 2016, this minimum requirement will increase to 13.5 per cent for the SIBs and to 11.5 per cent for the other banks.

The capital adequacy requirements for banks consist of two pillars. Pillar 1 encompasses minimum requirements and buffer requirements determined by the political authorities. Finanstilsynet's expectations in the form of Pillar 2 requirements come in addition to this and will reflect institution-specific capital requirements relating to risks which are not covered or only partly covered by Pillar 1. The Pillar 2 requirement for DNB has been set at 1.5 per cent. The total common equity Tier 1 capital requirement for DNB will thus be 15 per cent at year-end 2016. DNB will fulfil this requirement through retained earnings and capital efficiency measures.

In order to be prepared for a possible implementation of future new EU regulations, the Ministry of Finance has asked Finanstilsynet to prepare prospective rules on a non-risk based capital requirement in Norway, including definitions of the numerator and the denominator in the capital equation. Finanstilsynet has also been asked to consider the most appropriate capital level for Norwegian banks, mortgage institutions and parent companies in financial undertakings, including whether such levels should be differentiated, given that a non-risk based capital requirement will be introduced without replacing other capital requirements. Finanstilsynet's deadline is 31 March 2016.

The EU capital requirements regulations include stipulations on the Liquidity Coverage Ratio, LCR. In Norway, the Ministry of Finance has decided to introduce the LCR ahead of the EU schedule. The SIBs are required to meet the 100 per cent LCR requirement as early as from 31 December 2015. For other banks, the requirement will be phased in by 70 per cent as of 31 December 2015, 80 per cent as of 31 December 2016 and 100 per cent as of 31 December 2017.

New crisis management regulations

On 1 January 2015, the EU introduced regulations for the winding-up and restructuring of banks, the Bank Recovery and Resolution Directive, BRRD. The directive will also apply to Norway through the EEA agreement. The purpose of the BRRD is to facilitate the winding-up of even the largest banks without an injection of government funds. The continuity of systemically important functions will be ensured through the recapitalisation of the entire or parts of a bank by writing down or converting into share capital the bank's subordinated loans and unsecured senior debt (bail-in).

Under the BRRD, each country will establish a national resolution fund. In accordance with the revised Deposit Guarantee Directive, each country must also have a deposit guarantee fund. Norway already has one of the best capitalised deposit guarantee funds in Europe with funds that are well above the combined EU requirements for the deposit guarantee fund and the resolution fund of 1.8 per cent of guaranteed deposits.

The implementation of the BRRD and the revised deposit guarantee directive will require extensive changes in the Norwegian crisis solution system, including the rules on public administration and the role of the Norwegian Banks' Guarantee Fund. The Banking Law Commission is considering how the directives can be implemented in Norwegian law. This process and the work on draft legislation will probably be finalised in the course of the first half of 2016.

Regulation on interchange fees for card-based payment transactions

The Ministry of Finance has circulated for comment proposed rules to be implemented in Norwegian law corresponding to the EU regulation on interchange fees for card-based payment transactions ("interchange"). For debit card purchases, banks will not be allowed to charge a fee exceeding 0.2 per cent of the transaction value, while the maximum fee for credit card purchases will be 0.3 per cent. This will result in a reduction in banks' income from payment card transactions. Finanstilsynet recommends that the maximum rates for interchange fees be introduced in Norway as of 1 July 2016. In the EU, the rules were approved in April 2015, and the maximum fees became effective in December 2015.

Solvency II

As of 1 January 2016, new solvency regulations for European insurance companies called Solvency II will be implemented. The Solvency II Directive specifies both how the solvency capital requirement should be calculated and how insurance provisions and the companies' solvency capital should be determined. Capital requirements will increase under Solvency II, especially with regard to long-term financial guarantee insurance contracts. Transitional rules have thus been proposed. The transitional rules for Norwegian life insurance companies were adopted in the autumn of 2015 and include rules whereby there will be a 16-year phase-in period for insurance provisions and a reduced capital requirement for equities. DNB Livsforsikring has been given permission by Finanstilsynet to use the transitional rules for insurance provisions.

Macroeconomic developments

Economic growth in the industrialised countries was 1.8 per cent in 2015, which was approximately on a level with 2014. While GDP rose by 2.5 per cent in the United States and the United Kingdom, it increased by only 0.75 and 1.5 per cent in Japan and the eurozone, respectively. Growth rates in smaller countries ranged from zero in Finland to well over 3 per cent in Sweden and 6 per cent in Ireland.

Unemployment in the United States and the United Kingdom is close to record low levels, while many countries in the eurozone still have high unemployment rates. The Federal Reserve has started its planned interest rate hike cycle, and the Bank of England is expected to follow suit later this year. It will probably be several years before the European Central Bank (ECB) raises interest rates.

2015 was an eventful year for China. Growth dropped to just below 7 per cent, the stock market bubble burst, capital flowed out of the country, and the exchange rate depreciated. However, the feared economic hard landing did not materialise. The service industry remained stable and household consumption expenditure was not significantly affected by the financial turmoil. Even though the situation is expected to remain relatively unchanged in 2016, there will still be considerable uncertainty surrounding developments in China, and this has influenced the financial markets since the start of 2016.

During the second half of 2015, the situation in Brazil worsened. On an annual basis, GDP is expected to decline by almost 4 per cent. Unemployment levels are rising rapidly, inflation is escalating, and real wages are falling. Government finances have deteriorated considerably, and the political situation is very challenging. GDP may fall as much in 2016 as in 2015.

The drop in oil prices and the sanctions resulting from the Ukraine crisis have had a serious negative impact on Russia. Export and government revenues have fallen, the rouble has plunged and inflation has spiralled. Rising interest rates, reduced purchasing power and a negative economic outlook have reduced domestic demand, particularly investment. GDP has dropped for five consecutive quarters. The recession in Russia has also had a negative impact on the Baltic States, where GDP growth decreased sharply in 2015. The effects are probably temporary. Exporters are already looking towards new markets, while sound fundamental conditions are bolstering domestic demand. In addition, government finances are solid.

Growth in the Norwegian economy was almost halved in 2015, primarily due to lower demand from the petroleum sector. The fall in the price of oil has exacerbated the decline in petroleum investments, dampened the rise in costs in the supplier industry, curbed optimism among companies and households, and reduced government and private revenues. Unemployment rose to 4.6 per cent in 2015, but with large regional and occupational variations. Even if oil prices recover in 2016, further reductions in oil investments are expected. Moreover, lower activity in countries such as Brazil is affecting suppliers. However, the Norwegian economy has buffers that limit the negative economic impact. Budget policy has become more expansionary, and there is still ample manoeuvrability. With respect to monetary policy, interest rates have been lowered and the Norwegian krone has depreciated. Further interest rate cuts are expected. The employers' and employees' organisations cooperate well and have succeeded in taking many different considerations into account. Mainland growth in 2016 is forecast at 1.2 per cent, roughly on a level with 2015.

Housing prices rose by 7.2 per cent in 2015, with slightly slower growth throughout the year. Oil-intensive areas, such as Stavanger, experienced a fall in housing prices, whereas housing prices in Oslo rose by 11 per cent. Increasing unemployment and lower income growth will put pressure on housing prices in several regions in Norway. Lower interest rates, reduced housebuilding activity and rising population growth will contribute to sustaining housing prices.

Future prospects

Economic forecasts for 2016 indicate moderate global economic growth. In particular, it looks as though the United States will experience renewed growth, followed by the United Kingdom. In Norway, reduced petroleum activity in consequence of the falling oil prices will dampen investment in a number of mainland companies, make households more cautious and contribute to moderate wage settlements. Nevertheless, slight economic growth is expected in Norway. A weaker Norwegian krone will be positive for Norwegian export sectors, while budget policy has become more expansionary.

DNB presented its updated financial ambitions at the Capital Markets Day in November 2015. The principal target is still to achieve a return on equity above 12 per cent. Parallel to this, the Group has to attain a common equity Tier 1 capital ratio of minimum 15 per cent from year-end 2016. In addition, the Group aspires to have a cost/income ratio below 40 per cent towards 2018 and a dividend payout ratio of more than 50 per cent once the capital adequacy target has been reached. Several factors will help DNB meet these targets. Strong emphasis on profitability through strict cost control, dynamic management of the credit portfolio and an increased focus on capital-light products will form the basis for a positive profit trend.

Stable volume-weighted spreads are anticipated in 2016, while lending volumes are expected to rise at an annual rate of 2 to 3 per cent. DNB aims to increase commission and fee income by minimum 3 per cent per year. Average impairment losses are expected to be roughly at normalised levels during the 2016-2019 period. However, impairment losses will vary from year to year and from quarter to quarter and may be somewhat above the normalised level at the start of the period. The tax rate is expected to be 24 per cent in 2016 and 2017 and 21 per cent in 2018. DNB is well capitalised, but will continue to build Tier 1 capital organically in accordance with the authorities' requirement of 15 per cent by year-end 2016. The significant build-up of capital through 2015 increases the probability of an increase in the dividend payout ratio to a level above 50 per cent for 2017.

Oslo, 3 February 2016
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

Income statement

Amounts in NOK million	Note	4th quarter 2015	4th quarter 2014	Full Year 2015	Full Year 2014
					DNB Group
Total interest income	5	13 934	15 533	57 532	61 445
Total interest expenses	5	(4 872)	(6 833)	(22 174)	(28 959)
Net interest income	5	**9 062**	**8 700**	**35 358**	**32 487**
Commission and fee income etc.	6	2 916	3 008	11 963	11 565
Commission and fee expenses etc.	6	(834)	(694)	(3 101)	(2 597)
Net gains on financial instruments at fair value	7	2 164	279	8 683	5 317
Net financial result, DNB Livsforsikring		(910)	(115)	(1 251)	(79)
Net risk result, DNB Livsforsikring		247	300	861	688
Net insurance result, DNB Forsikring		141	129	521	491
Profit from investments accounted for by the equity method	17	(28)	44	(72)	226
Net gains on investment property		122	89	269	82
Other income		35	313	762	1 182
Net other operating income		**3 853**	**3 352**	**18 635**	**16 877**
Total income		**12 915**	**12 052**	**53 993**	**49 363**
Salaries and other personnel expenses	8	(1 106)	(2 620)	(9 822)	(10 872)
Other expenses	8	(1 931)	(1 896)	(7 790)	(7 645)
Depreciation and impairment of fixed and intangible assets	8	(590)	(571)	(2 298)	(2 158)
Total operating expenses	8	**(3 626)**	**(5 088)**	**(19 910)**	**(20 675)**
Pre-tax operating profit before impairment		**9 290**	**6 964**	**34 083**	**28 689**
Net gains on fixed and intangible assets		(9)	42	45	52
Impairment of loans and guarantees	10	(1 420)	(821)	(2 270)	(1 639)
Pre-tax operating profit		**7 860**	**6 184**	**31 858**	**27 102**
Tax expense		(1 084)	(1 236)	(7 045)	(6 463)
Profit from operations held for sale, after taxes		28	16	(51)	(22)
Profit for the period		**6 804**	**4 965**	**24 762**	**20 617**
		0	**0**	**0**	**0**
Portion attributable to shareholders		6 679	4 965	24 388	20 617
Portion attributable to additional Tier 1 capital holders	19	126		374	
Profit for the period		**6 804**	**4 965**	**24 762**	**20 617**
Earnings/diluted earnings per share (NOK)		4.11	3.05	14.98	12.67
Earnings per share excluding operations held for sale (NOK)		4.10	3.04	15.01	12.68

Comprehensive income statement

Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
				DNB Group
Profit for the period	**6 804**	**4 965**	**24 762**	**20 617**
Actuarial gains and losses, net of tax [1)]	31	(1 072)	673	(2 101)
Property revaluation	(282)	108	(204)	191
Elements of other comprehensive income allocated to customers (life insurance)	282	(108)	204	(191)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	31	(1 072)	673	(2 101)
Currency translation of foreign operations	2 369	6 294	9 612	7 149
Hedging of net investment, net of tax	(1 578)	(3 926)	(6 203)	(4 526)
Other comprehensive income investments according to the equity method [2)]	889		889	
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	1 680	2 368	4 298	2 623
Other comprehensive income for the period	**1 710**	**1 296**	**4 972**	**522**
Comprehensive income for the period	**8 515**	**6 261**	**29 734**	**21 138**

1) *Pension commitments and pension funds in the defined-benefit schemes have been recalculated. Calculations for the fourth quarter have been updated with new calculation assumptions in accordance with guidance notes from the Norwegian Accounting Standards Board 31 December 2015.*

2) *DNB has indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 December 2015 a gain of NOK 889 million was recognised in other comprehensive income. On the realisation date, the increase in value of other comprehensive income will be recorded in profit and loss as "Profit from investments accounted for by the equity method". See note 17.*

Balance sheet

		DNB Group	
Amounts in NOK million	Note	31 Dec. 2015	31 Dec. 2014
Assets			
Cash and deposits with central banks		19 317	58 505
Due from credit institutions	13, 14	301 216	373 409
Loans to customers	11, 12, 13, 14	1 542 744	1 438 839
Commercial paper and bonds at fair value	14, 15	289 695	268 302
Shareholdings	14	19 341	26 870
Financial assets, customers bearing the risk	14	49 679	42 866
Financial derivatives	14	203 029	235 736
Commercial paper and bonds, held to maturity	13, 15	105 224	118 667
Investment property	16	16 734	30 404
Investments accounted for by the equity method	17	9 525	5 866
Intangible assets		6 076	6 286
Deferred tax assets		1 151	1 213
Fixed assets		8 860	13 830
Assets held for sale		200	692
Other assets		25 739	27 855
Total assets		**2 598 530**	**2 649 341**
Liabilities and equity			
Due to credit institutions	13, 14	161 537	214 214
Deposits from customers	13, 14	944 428	941 534
Financial derivatives	14	154 663	184 971
Debt securities issued	13, 14, 18	804 928	812 025
Insurance liabilities, customers bearing the risk		49 679	42 866
Liabilities to life insurance policyholders in DNB Livsforsikring		208 949	216 799
Insurance liabilities, DNB Forsikring		2 085	1 964
Payable taxes		2 093	1 723
Deferred taxes		7 556	6 018
Other liabilities		37 675	31 908
Liabilities held for sale		71	100
Provisions		1 285	1 172
Pension commitments		2 549	6 006
Subordinated loan capital	13, 14, 18	30 953	29 319
Total liabilities		**2 408 451**	**2 490 619**
Share capital		16 257	16 273
Share premium		22 609	22 609
Additional Tier 1 capital	19	8 353	
Other equity		142 860	119 841
Total equity		**190 078**	**158 723**
Total liabilities and equity		**2 598 530**	**2 649 341**

Off-balance sheet transactions and contingencies	21		

Statement of changes in equity

DNB Group

Amounts in NOK million	Share capital [1]	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Currency translation reserve	Net investment hedge reserve	Other equity [1]	Total equity [1]
Balance sheet as at 31 Dec. 2013	**16 278**	**22 609**		**(1 147)**	**1 404**	**(1 119)**	**103 918**	**141 944**
Profit for the period							20 617	20 617
Other comprehensive income				(2 101)	7 149	(4 526)	191	713
OCI allocated to customers (life insurance)							(191)	(191)
Comprehensive income for the period				(2 101)	7 149	(4 526)	20 617	21 138
Currency translation reserve taken to income					118		(29)	89
Dividends paid for 2013 (NOK 2.70 per share)							(4 398)	(4 398)
Net purchase of treasury shares	(5)						(45)	(50)
Balance sheet as at 31 Dec. 2014	**16 273**	**22 609**		**(3 247)**	**8 671**	**(5 645)**	**120 063**	**158 723**
Profit for the period			374				24 388	24 762
Other comprehensive income				673	9 612	(6 203)	685	4 767
OCI allocated to customers (life insurance)							204	204
Comprehensive income for the period			374	673	9 612	(6 203)	25 276	29 734
Defined-benefit pension scheme discontinued [2]				2 049			(2 049)	
Currency translation reserve taken to income					34		4	38
Additional Tier 1 capital issued			8 053				(31)	8 023
Interest payments additional Tier 1 capital			(75)					(75)
Dividends paid for 2014 (NOK 3.80 per share)							(6 189)	(6 189)
Net purchase of treasury shares	(16)						(157)	(173)
Balance sheet as at 31 Dec. 2015	**16 257**	**22 609**	**8 353**	**(525)**	**18 317**	**(11 848)**	**136 916**	**190 078**

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

	Share capital	Other equity	Total equity
Balance sheet as at 31 Dec. 2014	*(15)*	*(154)*	*(169)*
Net purchase of treasury shares	*(16)*	*(157)*	*(173)*
Reversal of fair value adjustments through profit and loss		*(2)*	*(2)*
Balance sheet as at 31 Dec. 2015	*(31)*	*(313)*	*(345)*

2) In the fourth quarter of 2015 DNB decided to change the Group's pension scheme from a defined-benefit to a defined contribution scheme with effect from 31 December 2015. The change includes the majority of its employees in Norway who were members of the Group's closed defined-benefit scheme.

Cash flow statement

Amounts in NOK million	Full year 2015	Full year 2014
	DNB Group	
Operating activities		
Net payments on loans to customers	(50 866)	(50 439)
Interest received from customers	51 476	54 878
Net receipts/payments on deposits from customers	(37 827)	32 530
Interest paid to customers	(7 391)	(14 050)
Net receipts/payments on loans to credit institutions	18 246	(224 864)
Interest received from credit institutions	1 618	1 788
Interest paid to credit institutions	(1 359)	(2 120)
Net receipts/payments on the sale of financial assets for investment or trading	(2 479)	85 913
Interest received on bonds and commercial paper	4 719	5 654
Net receipts on commissions and fees	8 871	8 962
Payments to operations	(19 934)	(21 127)
Taxes paid	(2 575)	(2 993)
Receipts on premiums	19 233	21 291
Net payments on premium reserve transfers	(14 415)	(24 668)
Payments of insurance settlements	(14 820)	(14 601)
Other receipts/payments	4 411	(3 720)
Net cash flow from operating activities	**(43 092)**	**(147 566)**
Investment activities		
Net receipts/paymentson the acquisition of fixed assets	2 979	(2 512)
Net receipts, investment property	2 833	566
Receipts on the sale of long-term investments in shares	76	463
Payments on the acquisition of long-term investments in shares		(50)
Dividends received on long-term investments in shares	6	172
Net cash flow from investment activities	**5 894**	**(1 360)**
Funding activities		
Receipts on issued bonds and commercial paper	3 142 451	1 463 719
Payments on redeemed bonds and commercial paper	(3 145 857)	(1 423 956)
Interest payments on issued bonds and commercial paper	(15 129)	(12 446)
Receipts on the raising of subordinated loan capital	3 805	
Redemptions of subordinated loan capital	(4 604)	
Interest payments on subordinated loan capital	(1 029)	(1 053)
Receipts on issued additional Tier 1 capital	8 023	
Interest payments on additional Tier 1 capital	(75)	
Dividend payments	(6 189)	(4 398)
Net cash flow from funding activities	**(18 604)**	**21 867**
Effects of exchange rate changes on cash and cash equivalents	**14 670**	**19 269**
Net cash flow	**(41 132)**	**(107 791)**
Cash as at 1 January	64 371	172 162
Net payments of cash	(41 132)	(107 791)
Cash at end of period *)	23 239	64 371

**)*	*Of which:*	*Cash and deposits with central banks*	*19 317*	*58 505*
		Deposits with credit institutions with no agreed period of notice 1)	*3 922*	*5 866*

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 Basis for preparation

The quarterly financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. A description of the accounting principles applied by the Group when preparing the financial statements appears in the annual report for 2014.

When preparing the consolidated financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the significant estimates and areas where judgment is applied appear in note 1 Important accounting estimates, judgments and assumptions in the annual report for 2014.

Note 2 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. The customer segments have recently been redefined. As of 1 January 2015, DNB Finans' operations in Sweden and Denmark are included in the large corporates and international customers segment. Previously, these operations were divided between the small and medium-sized enterprises segment and the personal customer segment. Figures for previous periods have been adjusted correspondingly.

Personal customers	-	includes the Group's total products and activities to private customers in all channels, both digital and physical, with the exception of residential mortgages recorded under Traditional pension products, where returns accrue to the policyholders. 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 and assets related to these products. 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 III, full IRB, and the capital allocated in 2015 corresponds to a common equity Tier 1 capital ratio of 14.5 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, fourth 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	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	3 496	3 400	1 610	1 555	3 929	3 726	3	128			24	(108)	9 062	8 700
Net other operating income	1 120	1 141	449	477	1 358	1 567	796	(102)	(522)	478	652	(209)	3 853	3 352
Total income	4 616	4 540	2 059	2 032	5 287	5 292	799	26	(522)	478	676	(317)	12 915	12 052
Operating expenses	(2 157)	(2 107)	(807)	(775)	(2 202)	(1 914)	(97)	(132)	(74)	(165)	1 711	5	(3 626)	(5 088)
Pre-tax operating profit before impairment	2 459	2 434	1 252	1 258	3 086	3 378	702	(105)	(596)	312	2 387	(312)	9 290	6 964
Net gains on fixed and intangible assets	0	1	(0)	43	5	9		(0)			(13)	(11)	(9)	42
Impairment of loans and guarantees [3]	15	80	(360)	(462)	(1 079)	(465)					3	26	(1 420)	(821)
Profit from repossessed operations			35	16	(6)	(14)					(30)	(2)		
Pre-tax operating profit	2 474	2 514	927	854	2 006	2 909	702	(105)	(596)	312	2 347	(300)	7 860	6 184
Tax expense	(668)	(679)	(250)	(231)	(582)	(902)	(183)	28	705	123	(107)	423	(1 084)	(1 236)
Profit from operations held for sale, after taxes	(1)					2					29	15	28	16
Profit for the period	1 805	1 835	677	624	1 424	2 009	520	(77)	109	436	2 269	138	6 804	4 965

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) *See note 10 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.*

Note 2 Segments (continued)

Main average balance sheet items

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK billion	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Loans to customers [1)]	695.7	674.8	220.3	209.6	579.3	520.8	28.3	7.9	13.0	2.4	2.6	(1.2)	1 539.3	1 414.3
Deposits from customers [1)]	391.1	363.8	172.8	169.3	403.5	385.7	203.7	133.3			(6.0)	(1.6)	1 165.2	1 050.6
Assets under management	75.2	68.1	64.1	53.8	222.7	211.8			200.3	212.9	15.2	12.0	577.4	558.5
Allocated capital [2)]	33.8	29.8	21.0	20.0	70.9	57.5	7.3	6.3	18.2	17.4				

Key figures

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Per cent	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Cost/income ratio [3)]	46.7	46.4	39.2	38.1	41.6	36.2	12.1	497.7	(14.3)	34.6			28.1	42.2
Ratio of deposits to loans [1) 4)]	56.2	53.9	78.5	80.8	69.6	74.1							75.7	74.3
Return on allocated capital, annualised [2)]	21.2	24.5	12.8	12.4	8.0	13.8	28.4	(4.9)	2.4	10.0			15.0	12.6

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 is calculated based on the external capital adequacy requirement (Basel III) 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 has been adjusted upwards in 2015. 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. In November 2015, a portfolio of residential mortgages amounting to approximately NOK 20 billion was sold from DNB Boligkreditt to DNB Livsforsikring. As of the same date, the portfolio was transferred from the Personal customers segment to the Traditional pension products segment. Personal Banking Norway will continue to manage the portfolio on behalf of DNB Livsforsikring.*

Income statement, full year

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products [1)]		Other operations/ eliminations		DNB Group	
	Full year		Full year		Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	13 697	13 540	6 131	5 643	15 198	13 551	89	429			243	(676)	35 358	32 487
Net other operating income	4 895	4 673	1 729	1 648	6 083	5 721	1 503	1 584	622	1 843	3 803	1 408	18 635	16 877
Total income	18 593	18 213	7 860	7 292	21 280	19 271	1 592	2 013	622	1 843	4 046	732	53 993	49 363
Operating expenses	(8 877)	(8 492)	(3 078)	(3 042)	(8 053)	(7 264)	(505)	(513)	(477)	(630)	1 080	(733)	(19 910)	(20 675)
Pre-tax operating profit before impairment	9 716	9 721	4 782	4 250	13 227	12 007	1 087	1 500	145	1 212	5 126	(2)	34 083	28 689
Net gains on fixed and intangible assets	0	(3)	(2)	42	53	21		(0)			(7)	(7)	45	52
Impairment of loans and guarantees [2)]	939	(110)	(1 068)	(869)	(2 108)	(674)		0			(33)	13	(2 270)	(1 639)
Profit from repossessed operations			3	(23)	(67)	(102)					64	125		
Pre-tax operating profit	10 655	9 608	3 715	3 401	11 105	11 252	1 087	1 500	145	1 212	5 151	129	31 858	27 102
Tax expense	(2 877)	(2 594)	(1 003)	(918)	(3 221)	(3 488)	(283)	(405)	766	(99)	(428)	1 041	(7 045)	(6 463)
Profit from operations held for sale, after taxes	2					2					(53)	(24)	(51)	(22)
Profit for the period	7 780	7 014	2 712	2 482	7 885	7 766	804	1 095	912	1 113	4 670	1 147	24 762	20 617

1) *See the tables below for more information about Traditional pension products.*
2) *See note 10 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.*

Note 2 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	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Recorded interest result	1 854	(353)	2 163	3 038
Risk result	166	214	599	468
Administration result	99	49	291	228
Upfront pricing of risk and guaranteed rate of return	137	173	535	647
Provisions for higher life expentancy, group pension [1)]	(2 505)	82	(3 141)	(2 909)
Allocations to policyholders, products with guaranteed returns	(455)	57	(802)	(913)
Return on corporate portfolio	107	91	500	652
Pre-tax operating profit - Traditional pension products	(596)	312	145	1 212

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

Amounts in NOK million	*Accumulated balance 31 December 2015*
Paid-up policies	*6 128*
Defined benefit	*3 388*
Total group pension [*)]	*9 516*

**) The total required increase in reserves for the portfolio as at 31 December 2015 was approximately NOK 11.6 billion.*

Other operations/eliminations

Other operations/eliminations include 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, Other operations/eliminations include 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 and all intra-group eliminations are included in Other operations/eliminations.

Pre-tax operating profit **DNB Group**

Amounts in NOK million	4th quarter 2015	4th quarter 2014
Unallocated net interest income	(43)	(173)
Income from equities investments	288	(113)
Gains on fixed and intangible assets	(13)	(11)
Mark-to-market adjustments Group Treasury and fair value of loans	195	(781)
Basis swaps	(4)	508
Eksportfinans ASA	(5)	52
Net gains on investment property	167	111
Profit from repossessed operations	(30)	(2)
Unallocated impairment of loans and guarantees	3	26
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(100)	(97)
Unallocated personnel expenses [1)]	1 633	30
Unallocated IT and Operations expenses	114	140
Funding costs on goodwill	(25)	(9)
IT restructuring	9	
Reversal of provisions	46	73
Impairment of investment property and fixed assets	(5)	(7)
Other	115	(47)
Pre-tax operating profit	2 347	(300)

1) *Of which an unallocated non-recurring effect on pension expenses of NOK 1 778 million. See note 8 Operating expenses.*

Note 3 Capital adequacy

Capital adequacy is reported in accordance with the EU's new capital adequacy regulations for banks and investment firms (CRD IV/CRR). 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.

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Total equity	151 533	127 720	173 412	141 309	190 078	158 723
Effect from regulatory consolidation			(541)	(56)	(541)	150
Non-eligible capital, DNB Livsforsikring					(403)	(1 253)
Additional Tier 1 capital instruments included in total equity	(8 053)		(8 053)		(8 053)	
Net accrued interest on additional Tier 1 capital instruments	(219)		(219)		(219)	
Common equity Tier 1 capital instruments	143 261	127 720	164 599	141 253	180 863	157 619
Deductions						
Pension funds above pension commitments	(38)	(7)	(38)	(7)	(38)	(7)
Goodwill	(3 012)	(2 963)	(3 029)	(2 979)	(4 763)	(4 714)
Deferred tax assets that are not due to temporary differences	(147)		(581)	(514)	(581)	(514)
Other intangible assets	(663)	(831)	(1 075)	(1 224)	(1 241)	(1 460)
Dividends payable etc.			(5 000)	(4 000)	(7 330)	(6 189)
Expected losses exceeding actual losses, IRB portfolios	(1 383)	(1 466)	(2 309)	(2 075)	(2 309)	(2 075)
Value adjustments due to the requirements for prudent valuation (AVA)	(671)	(509)	(1 055)	(917)	(1 055)	(917)
Adjustments for unrealised losses/(gains) on debt recorded at fair value	(15)	278	(412)	646	(412)	646
Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(785)	(821)	(150)	(268)	(150)	(266)
Minimum requirement reassurance allocation					(17)	(16)
Common equity Tier 1 capital	136 547	121 402	150 948	129 915	162 965	142 108
Additional Tier 1 capital instruments	10 267	4 028	10 267	4 028	10 267	4 028
Tier 1 capital	146 814	125 430	161 215	133 944	173 232	146 136
Perpetual subordinated loan capital	5 702	4 792	5 702	4 792	5 702	4 792
Term subordinated loan capital	22 185	19 322	22 185	19 322	22 185	19 322
Tier 2 capital	27 887	24 115	27 887	24 115	27 887	24 115
Total eligible capital	174 701	149 545	189 102	158 058	201 119	170 251
Risk-weighted volume, transitional rules	906 097	919 238	1 056 731	1 038 396	1 129 373	1 120 659
Minimum capital requirement, transitional rules	72 488	73 539	84 539	83 072	90 350	89 653
Common equity Tier 1 capital ratio, transitional rules (%)	15.1	13.2	14.3	12.5	14.4	12.7
Tier 1 capital ratio, transitional rules (%)	16.2	13.6	15.3	12.9	15.3	13.0
Capital ratio, transitional rules (%)	19.3	16.3	17.9	15.2	17.8	15.2

Note 3 Capital adequacy (continued)

Basel III

The majority of the credit portfolios are reported according to the IRB approach. However, one portfolio, banks and financial institutions (DNB Bank) is still subject to final IRB approval from Finanstilsynet. The portfolio Large corporate clients rated by simulation models (DNB Bank) was approved in December 2015.

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

Amounts in NOK million	Nominal exposure 31 Dec. 2015	EAD [1] 31 Dec. 2015	Average risk weights in per cent 31 Dec. 2015	Risk-weighted volume 31 Dec. 2015	Capital require-ments 31 Dec. 2015	Capital require-ments 31 Dec. 2014
IRB approach						
Corporate	1 108 681	903 210	46.3	417 760	33 421	29 699
Specialised Lending (SL)	10 813	10 042	58.2	5 844	468	179
Retail - mortgage loans	667 612	667 612	22.9	153 008	12 241	8 705
Retail - other exposures	111 886	92 132	26.7	24 568	1 965	2 016
Securitisation	19 162	19 162	78.3	15 007	1 201	1 820
Total credit risk, IRB approach	1 918 154	1 692 158	36.4	616 187	49 295	42 419
Standardised approach						
Central government	60 174	74 103	0.6	411	33	18
Institutions	345 489	109 775	25.4	27 873	2 230	2 730
Corporate	176 199	138 347	87.3	120 710	9 657	16 153
Retail - mortgage loans	48 498	46 475	47.4	22 046	1 764	1 657
Retail - other exposures	93 085	43 513	75.9	33 024	2 642	2 757
Equity positions	3 193	3 193	107.9	3 444	276	241
Securitisation	2 474	2 474	30.2	748	60	66
Other assets	5 964	5 964	114.2	6 813	545	674
Total credit risk, standardised approach	735 076	423 844	50.7	215 069	17 205	24 297
Total credit risk	2 653 230	2 116 002	39.3	831 256	66 500	66 715
Market risk						
Position risk, debt instruments				14 153	1 132	1 380
Position risk, equity instruments				456	36	39
Currency risk						
Commodity risk				38	3	9
Credit value adjustment risk (CVA)				6 407	513	601
Total market risk				21 053	1 684	2 029
Operational risk				83 381	6 670	6 546
Net insurance, after eliminations				80 791	6 463	6 828
Total risk-weighted volume and capital requirements before transitional rules				1 016 482	81 319	82 119
Additional capital requirements according to transitional rules [2]				112 891	9 031	7 534
Total risk-weighted volume and capital requirements				1 129 373	90 350	89 653

1) EAD, exposure at default.

2) Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations.

Note 4 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 61.2 per cent at end-December 2015, down from 65.4 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 127.1 per cent at end-December 2015.

The short-term funding markets were generally sound in 2015 for banks with high credit ratings. As US money market funds need to adapt to upcoming regulations, long-term maturities were not as attractive as they used to be. Combined with increasing demand for long-term investments among borrowers, this resulted in an increase in prices in the second half of the year. DNB had ample access to short-term funding throughout the year.

In the long-term funding markets, there was also a healthy supply of capital in the first half of the year. However, as the unrest in Greece increased as summer approached, the level of activity in the market dropped significantly, accompanied by rising prices on new issues. In September, the level of activity picked up, though margins widened. There was a general increase in margins for both covered bonds and ordinary senior debt through the second half of 2015. DNB had good access to long-term funding throughout 2015, but the cost of new long-term funding is expected to be higher as 2016 progresses.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter. At end-December, the total LCR was 133 per cent, with an LCR of 331 per cent for euro and 118 per cent for US dollars.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 3.8 years at end-December 2015, down from 4.3 years a year earlier. The DNB Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 5 Net interest income

				DNB Group
Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Interest on amounts due from credit institutions	430	502	1 608	1 814
Interest on loans to customers	11 660	13 128	48 728	52 139
Interest on impaired loans and guarantees	203	174	619	643
Interest on commercial paper and bonds	1 118	1 201	4 655	5 078
Front-end fees etc.	96	84	337	316
Other interest income	427	443	1 584	1 456
Total interest income	**13 934**	**15 533**	**57 532**	**61 445**
Interest on amounts due to credit institutions	(369)	(401)	(1 365)	(1 755)
Interest on deposits from customers	(1 821)	(3 218)	(9 394)	(13 827)
Interest on debt securities issued	(3 238)	(3 196)	(12 809)	(12 633)
Interest on subordinated loan capital	(140)	(144)	(569)	(572)
Guarantee fund levy [1)]	(202)	(189)	(845)	(780)
Other interest expenses [2)]	898	315	2 809	608
Total interest expenses	**(4 872)**	**(6 833)**	**(22 174)**	**(28 959)**
Net interest income	**9 062**	**8 700**	**35 358**	**32 487**

1) The amount recorded in the quarter represents a proportional share of the estimated annual levy.

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

Note 6 Net commission and fee income

Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
				DNB Group
Money transfer fees	911	871	3 595	3 476
Fees on asset management services	393	352	1 399	1 259
Fees on custodial services	80	86	336	353
Fees on securities broking	79	97	314	350
Corporate finance	185	204	777	740
Interbank fees	7	9	29	35
Credit broking commissions	135	202	781	630
Sales commissions on insurance products	647	716	2 661	2 800
Fees on real estate broking	270	268	1 201	1 095
Sundry commissions and fees	209	204	870	829
Total commission and fee income etc.	**2 916**	**3 008**	**11 963**	**11 565**
Money transfer fees	(459)	(357)	(1 670)	(1 341)
Commissions on fund management services	(81)	(57)	(282)	(225)
Fees on custodial services	(43)	(38)	(174)	(160)
Interbank fees	(15)	(16)	(61)	(67)
Credit broking commissions	(9)	(21)	(27)	(56)
Commissions on the sale of insurance products	(52)	(30)	(179)	(131)
Sundry commissions and fees	(174)	(177)	(708)	(617)
Total commission and fee expenses etc.	**(834)**	**(694)**	**(3 101)**	**(2 597)**
Net commission and fee income	**2 082**	**2 313**	**8 862**	**8 969**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
				DNB Group
Dividends	20	50	158	420
Net gains on commercial paper and bonds	(1 252)	881	(2 593)	3 109
Net gains on shareholdings and equity-related derivatives	384	(295)	(35)	112
Net unrealised gains on basis swaps	(4)	508	2 685	394
Net gains on other financial instruments	3 015	(865)	8 467	1 282
Net gains on financial instruments at fair value	**2 164**	**279**	**8 683**	**5 317**

Note 8 Operating expenses

				DNB Group
Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Salaries	(2 070)	(1 938)	(8 269)	(7 959)
Employer's national insurance contributions	(312)	(291)	(1 220)	(1 146)
Pension expenses	1 639	(123)	799	(899)
Restructuring expenses	(142)	(86)	(390)	(239)
Other personnel expenses	(220)	(183)	(742)	(628)
Total salaries and other personnel expenses	**(1 106)**	**(2 620)**	**(9 822)**	**(10 872)**
Fees [1)]	(361)	(365)	(1 545)	(1 391)
IT expenses [1)]	(489)	(596)	(2 418)	(2 223)
Postage and telecommunications	(65)	(72)	(287)	(297)
Office supplies	(24)	(29)	(89)	(101)
Marketing and public relations	(203)	(178)	(859)	(863)
Travel expenses	(99)	(97)	(285)	(258)
Reimbursement to Norway Post for transactions executed	(43)	(59)	(174)	(231)
Training expenses	(24)	(23)	(75)	(61)
Operating expenses on properties and premises	(301)	(279)	(1 114)	(1 284)
Operating expenses on machinery, vehicles and office equipment	(25)	(27)	(101)	(103)
Other operating expenses	(296)	(172)	(844)	(834)
Total other expenses	**(1 931)**	**(1 896)**	**(7 790)**	**(7 645)**
Impairment losses for goodwill		(5)		(5)
Depreciation and impairment of fixed and intangible assets	(590)	(566)	(2 298)	(2 153)
Total depreciation and impairment of fixed and intangible assets	**(590)**	**(571)**	**(2 298)**	**(2 158)**
Total operating expenses	**(3 626)**	**(5 088)**	**(19 910)**	**(20 675)**

1) Fees also include system development fees and must be viewed relative to IT expenses.

In the fourth quarter of 2015 DNB decided to change the Groups pension scheme from a defined-benefit to a defined contribution scheme with effect from 31 December 2015. The change includes the majority of its employees in Norway who were members of the Groups closed defined-benefit scheme. The change resulted in a one-time effect of NOK 1 969 million which reduced the periods pension cost.

Note 9 Taxes

Balancing tax charges against pre-tax operating profit		**DNB Group**
Amounts in NOK million	Full year 2015	Full year 2014
Pre-tax operating profit	31 858	27 102
Estimated tax expense - nominal tax rate - 27 per cent	(8 602)	(7 318)
Tax effect of different tax rates in other countries	(166)	(103)
Tax effect of debt interest distribution with international branches	162	188
Tax effect of tax-exempt income and non-deductible expenses	1 061	622
Tax effect of tax losses carried forward not recognised in the balance sheet [1)]	32	7
Tax effect of changed tax rate from 27 to 25 per cent for deferred taxes recognised in the balance sheet	549	
Excess tax provision previous year	(81)	141
Total tax expense	(7 045)	(6 463)
Effective tax rate	22%	24%

1) *Deferred taxes for tax-deductible differences (mainly losses carried forward) in subsidiaries are recognised in the balance sheet to the extent that it is probable that the Group can utilise the tax positions in the future.*

Note 10 Impairment of loans and guarantees

				DNB Group
Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Write-offs	(748)	(275)	(1 446)	(823)
New/increased individual impairment	(672)	(1 105)	(3 288)	(3 078)
Total new/increased individual impairment	(1 420)	(1 380)	(4 735)	(3 901)
Reassessed individual impairment previous years	217	267	978	1 245
Recoveries on loans and guarantees previously written off	200	234	1 742	677
Net individual impairment	(1 002)	(879)	(2 015)	(1 980)
Change in collective impairment of loans	(418)	58	(255)	341
Impairment of loans and guarantees [1)]	**(1 420)**	**(821)**	**(2 270)**	**(1 639)**
Write-offs covered by individual impairment made in previous years	666	792	3 749	2 422
1) Of which individual impairment of guarantees	*0*	*(1)*	*(36)*	*143*

Note 11 Loans to customers

Amounts in NOK million	DNB Group 31 Dec. 2015	 31 Dec. 2014
Loans at amortised cost		
Loans to customers, nominal amount	1 405 735	1 339 416
Individual impairment	(8 484)	(9 646)
Loans to customers, after individual impairment	1 397 251	1 329 770
+ Accrued interest and amortisation	2 349	2 504
- Individual impairment of accrued interest and amortisation	(656)	(680)
- Collective impairment	(2 527)	(2 139)
Loans to customers, at amortised cost	1 396 417	1 329 456
Loans at fair value		
Loans to customers, nominal amount	144 215	106 226
+ Accrued interest	229	279
+ Adjustment to fair value	1 883	2 879
Loans to customers, at fair value	146 327	109 384
Loans to customers	**1 542 744**	**1 438 839**

Note 12 Net impaired loans and guarantees for principal customer groups [1)]

Amounts in NOK million	DNB Group 31 Dec. 2015	 31 Dec. 2014
Private individuals	2 661	3 071
Transportation by sea and pipelines and vessel construction	2 045	3 862
Real estate	2 289	2 517
Manufacturing	1 530	776
Services	359	673
Trade	476	1 265
Oil and gas		
Transportation and communication	1 099	495
Building and construction	470	962
Power and water supply	317	29
Seafood	5	26
Hotels and restaurants	118	103
Agriculture and forestry	110	144
Central and local government	7	
Other sectors	34	19
Total customers	11 519	13 943
Credit institutions		
Total net impaired loans and guarantees	11 519	13 943
Non-performing loans and guarantees not subject to impairment	2 463	3 318
Total net non-performing and doubtful loans and guarantees	13 982	17 261

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 13 Fair value of financial instruments at amortised cost

				DNB Group
	31 December 2015		31 December 2014	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	5 663	5 663	42 956	42 956
Due from credit institutions	18 361	18 361	18 295	18 295
Loans to customers	1 396 417	1 388 902	1 329 456	1 331 211
Commercial paper and bonds, held to maturity	105 224	114 593	118 667	130 814
Total financial assets	1 525 664	1 527 519	1 509 374	1 523 277
Due to credit institutions	30 005	30 005	27 641	27 641
Deposits from customers	900 192	900 192	891 859	891 859
Securities issued [1)]	558 388	562 620	523 957	532 557
Subordinated loan capital [1)]	29 712	29 711	28 058	28 233
Total financial liabilities	1 518 298	1 522 530	1 471 515	1 480 290

1) *Includes hedged liabilities.*

Note 14 Financial instruments at fair value

					DNB Group
Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1)]	Total
Assets as at 31 December 2015					
Deposits with central banks		13 654		1	13 654
Due from credit institutions		282 842		13	282 855
Loans to customers		37 638	108 460	229	146 327
Commercial paper and bonds at fair value	42 689	244 434	734	1 839	289 695
Shareholdings	7 964	5 080	6 297		19 341
Financial assets, customers bearing the risk		49 679			49 679
Financial derivatives	2	201 522	1 504		203 029
Liabilities as at 31 December 2015					
Due to credit institutions		131 506		26	131 532
Deposits from customers		44 119		117	44 236
Debt securities issued		245 882		658	246 540
Subordinated loan capital		1 240		1	1 241
Financial derivatives	0	153 519	1 144		154 663
Other financial liabilities [2)]	5 247	75		38	5 359

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

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 2014	**100 986**	**251**	**7 621**	**1 877**	**1 463**
Net gains on financial instruments	(913)	(9)	871	61	(24)
Additions/purchases	35 850	532	465	520	467
Sales		(344)	(2 674)		
Settled	(27 383)	0		(981)	(777)
Transferred from level 1 or level 2		818			
Transferred to level 1 or level 2		(462)			
Other	(81)	(51)	14	27	15
Carrying amount as at 31 December 2015	**108 460**	**734**	**6 297**	**1 504**	**1 144**

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.*

Note 14 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 discount factor used has as a starting point a swap rate based on a duration equal to the average remaining lock-in period for the relevant fixed-rate loans. 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 the annual report for 2014.

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

	31 December 2015		
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings
Principal amount/purchase price	106 574	914	4 750
Fair value adjustment [1)]	1 886	(180)	1 547
Total fair value, excluding accrued interest	108 460	734	6 297

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 31 December 2015	611	769	1 120	3 771	27	6 297

Sensitivity analysis, level 3 **DNB Group**

Amounts in NOK million	Carrying amount 31 December 2015	Effect of reasonably possible alternative assumptions
Loans to customers	108 460	(235)
Commercial paper and bonds	734	(3)
Shareholdings	6 297	
Financial derivatives, net	360	

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 5 000 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 classified as level 3 was NOK 1 229 million as at 31 December 2015.

Note 15 Commercial paper and bonds, held to maturity

	DNB Group	
Amounts in NOK million	31 Dec. 2015	31 Dec. 2014
International bond portfolio	19 162	31 927
DNB Livsforsikring AS	87 599	88 330
Other units [1)]	(1 537)	(1 590)
Commercial paper and bonds, held to maturity	**105 224**	**118 667**

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

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 fourth quarter of 2015, there would have been a NOK 4 million reduction in profits.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 December 2015 was NOK 0.7 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 14.7 billion at end-December 2015. The average term to maturity of the portfolio was 5.5 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 8.3 million at end-December 2015.

Effects on profits of the reclassification

	DNB Group			
Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Recorded amortisation effect	9	27	95	106
Net gain, if valued at fair value	5	342	(170)	189
Effects of reclassification on profits	4	(315)	265	(83)

Effects on the balance sheet of the reclassification

	DNB Group	
Amounts in NOK million	31 Dec. 2015	31 Dec. 2014
Recorded unrealised losses	402	497
Unrealised losses, if valued at fair value	1 113	943
Effects of reclassification on the balance sheet	711	446

Development in the portfolio after the reclassification

	DNB Group	
Amounts in NOK million	31 Dec. 2015	31 Dec. 2014
Reclassified portfolio, carrying amount	14 686	17 558
Reclassified portfolio, if valued at fair value	13 975	17 112
Effects of reclassification on the balance sheet	711	446

Note 15 Commercial paper and bonds, held to maturity (continued)

International bond portfolio

According to 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 31 December 2015 the international bond portfolio represented NOK 146 billion. 54.2 per cent of the securities in the portfolio had an AAA rating, while 38.2 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 31 Dec. 2015	NOK million 31 Dec. 2015
Asset class		
Residential mortgages	13.81	20 230
Corporate loans	0.00	6
Government related	45.86	67 178
Covered bonds	40.33	59 078
Total international bond portfolio, nominal values	100.00	146 491
Accrued interest, amortisation effects and fair value adjustments		(404)
Total international bond portfolio		146 088
Total international bond portfolio, held to maturity		19 162
Of which reclassified portfolio		14 686

The average term to maturity of the international bond portfolio is 2.9 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 32 million at end-December 2015.

DNB Livsforsikring

Bonds held-to-maturity totalled NOK 87.6 billion in DNB Livsforsikring ASA's as at 31 December 2015, mainly comprising bonds issued by highly creditworthy borrowers. 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 31 Dec. 2015	NOK million 31 Dec. 2015
Asset class		
Government/government-guaranteed	20.92	17 913
Guaranteed by supranational entities	2.10	1 800
Municipalities/county municipalities	5.92	5 072
Bank and mortgage institutions	20.64	17 677
Covered bonds	34.70	29 715
Other issuers	15.72	13 464
Total bond portfolio DNB Livsforsikring, held to maturity, nominal values	100.00	85 641
Accrued interest, amortisation effects and fair value adjustments		1 959
Total bond portfolio DNB Livsforsikring, held to maturity		87 599

Note 16 Investment properties

Amounts in NOK million	DNB Group 31 Dec. 2015	31 Dec. 2014
DNB Livsforsikring	15 195	31 414
Properties for own use [1)]	(794)	(5 753)
Other investment properties [2)]	2 333	4 743
Total investment properties	**16 734**	**30 404**

1) *Some properties in DNB Livsforsikring are classified as properties for own use in the group accounts and are recorded at fair value. The most significant change reflects the fact that DNB Scandinavian Property Fund is no longer consolidated in the DNB Group with effect from the third quarter of 2015, but presented as an associated company. In addition, a property was sold in the fourth quarter of 2015.*

2) *Other investment properties are mainly related to acquired companies.*

Investment properties in the Group are principally owned by DNB Livsforsikring. DNB Livsforsikring's portfolio totalled NOK 15 195 million as at 31 December 2015. DNB Livsforsikring's ownership interest in DNB Scandinavian Property Fund was reduced in 2015. After this, there is no basis for consolidating the property fund in the accounts, whereby it was reclassified as an associated company with effect from 1 July 2015.

Fair value

Investment properties in DNB Livsforsikring are part of the common portfolio and are owned with the intention to achieve long-term returns for policyholders. The property portfolio is recorded at fair value on the balance sheet date. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants ("exit price").The Norwegian properties are valued by using an internal valuation model. As a supplement, external appraisals are obtained for a representative selection of properties in the portfolio at regular intervals throughout the year. During the fourth quarter of 2015, external appraisals were obtained for a total of eight 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 1.8 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 rate of return stipulated in the model reflects market risk. A required rate of return of 8.0 per cent has principally been used.

Value development and sensitivity

In the fourth quarter of 2015, four properties were sold and taken over by the new owners. The total sales proceeds were approximately NOK 11.8 billion. In addition, an agreement was entered into to sell an additional building, which will be taken over in 2016. The value of investment properties in DNB Livsforsikring was adjusted upwards by NOK 1 525 million during the fourth quarter of 2015. There was a rise in values in all segments and a high level of activity in the transaction market, especially for centrally located properties in the large cities.

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 4.0 per cent or NOK 489 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 1.2 per cent or NOK 143 million.

Note 16 Investment properties (continued)

Changes in the value of investment properties

Amounts in NOK million	**DNB Group** Investment property
Carrying amount as at 31 December 2013	**32 753**
Additions, purchases of new properties	423
Additions, capitalised investments	302
Additions, acquired companies	304
Net gains	471
Disposals	(3 440)
Exchange rate movements	383
Other [1)]	(792)
Carrying amount as at 31 December 2014	**30 404**
Additions, purchases of new properties	156
Additions, capitalised investments	349
Additions, acquired companies	454
Net gains [2)]	2 417
Disposals [3)]	(14 839)
Disposals/selldowns, companies [4)]	(2 638)
Exchange rate movements	432
Carrying amount as at 31 December 2015	**16 734**

1) *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.*
2) *Of which NOK 269 million represented a net gain of investment properties which are not owned by DNB Livsforsikring.*
3) *The increase is mainly due to the sale of properties owned by DNB Livsforsikring, as well as the sale of certain repossessed properties.*
4) *The change reflects the fact that DNB Scandinavian Property Fund is no longer consolidated in the DNB Group with effect from the third quarter of 2015, but presented as an associated company.*

Note 17 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 these unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion. 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, 2014 and 2015, 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 199 million were made in 2015. The remaining impairment loss was NOK 144 million at year-end 2015. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from investments accounted for by the equity method" along with DNB's share of profits from the company.

In November 2015, Visa Inc. announced the agreement to acquire all shares in Visa Europe Ltd. DNB has indirect ownership interests in Visa Europe through its membership in Visa Norway, which are accounted for by the equity method. As a result of the agreement, the estimated value of the Group's investment increased by NOK 0.9 billion, which was recognised in other comprehensive income. On the realisation date, which will depend on approval by the competition authorities in a number of countries, the realised gain will be recorded in the income statement on the line "Profit from investments accounted for by the equity method".

Note 18 Debt securities issued and subordinated loan capital

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

Debt securities issued

Amounts in NOK million	DNB Group 31 Dec. 2015	31 Dec. 2014
Commercial paper issued, nominal amount	159 988	206 715
Bond debt, nominal amount [1)]	606 179	560 650
Adjustments	38 761	44 660
Total debt securities issued	**804 928**	**812 025**

Changes in debt securities issued

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Commercial paper issued, nominal amount	159 988	3 057 350	3 092 739	(11 338)		206 715
Bond debt, nominal amount [1)]	606 179	85 108	53 118	13 539		560 650
Adjustments	38 761				(5 899)	44 660
Total debt securities issued	**804 928**	**3 142 458**	**3 145 857**	**2 201**	**(5 899)**	**812 025**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Term subordinated loan capital, nominal amount	19 838	3 805	4 604	1 314		19 322
Perpetual subordinated loan capital, nominal amount	5 702			909		4 792
Perpetual subordinated loan capital securities, nominal amount	4 561			533		4 028
Adjustments	853				(323)	1 176
Total subordinated loan capital and perpetual subordinated loan capital securities	**30 953**	**3 805**	**4 604**	**2 756**	**(323)**	**29 319**

1) *Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 446.4 billion as at 31 December 2015. The cover pool market value represented NOK 561.5 billion.*

Note 19 Additional Tier 1 capital

During the first quarter of 2015 the Group's subsidiary, DNB Bank ASA, issued two additional Tier 1 capital instruments. The instruments have a nominal value of NOK 2 150 million and USD 750 million (NOK 5 903 million). The instruments are perpetual but the bank can repay the capital on specific dates, first time five years after the issuing. The interest rates to be paid are floating 3 months NIBOR plus 3.25 per cent and fixed 5.75 per cent respectively. The issue in Norwegian kroner has quarterly payments while the issue in US dollar has annual payments.

The agreed terms for the instruments meet the requirements in the EU's CRR regulations, and the instruments are included in the Group's Tier 1 capital for capital adequacy purposes. This implies that DNB Bank ASA has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments do not meet the requirement for a liability in IAS 32 and are therefore presented on the line Additional Tier 1 capital within the Group's equity. Further, it implies that the interest is not presented within the line Total interest expenses but as a reduction in Other equity. Correspondingly, seen in isolation, the benefit from the tax deduction for the interest will give an increase in Other equity and not be presented as a deduction within the line Tax expense, as it is the shareholder who benefit from the tax deduction. Accumulated interest for fourth quarter 2015 totaled NOK 126 million, accumulated for 2015 totaled NOK 374 million.

Equity shall be measured at historical exchange rates when the transaction currency differs from the company's functional currency. The issue in US dollars was thus converted to Norwegian kroner at the exchange rate prevailing on 26 March 2015 without any subsequent revaluation.

Earnings per share

The main purpose of the financial ratio earnings per share is to show the return for the Group's ordinary shareholders. Accumulated interest for the period, which will be paid to those investing in the additional Tier 1 capital instruments, has therefore been deducted from Profit for the period in the calculation of the period's earnings per share.

Note 20 Information on related parties

DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans ASA 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 derecognised from the banks balance sheet. These portfolios totalled NOK 2.2 billion at end-December 2015.

Note 21 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information

	DNB Group	
Amounts in NOK million	31 Dec. 2015	31 Dec. 2014
Performance guarantees	33 665	46 603
Payment guarantees	37 544	29 930
Loan guarantees [1)]	16 629	17 417
Guarantees for taxes etc.	7 271	6 684
Other guarantee commitments	3 258	2 384
Total guarantee commitments	98 366	103 017
Support agreements	11 827	13 202
Total guarantee commitments etc. [*)]	110 194	116 220
Unutilised credit lines and loan offers	598 132	608 157
Documentary credit commitments	4 790	4 432
Other commitments	51	700
Total commitments	602 973	613 289
Total guarantee and off-balance commitments	713 167	729 508
Pledged securities		393
**) Of which counter-guaranteed by financial institutions*	*311*	*299*

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 2.2 billion were recorded in the balance sheet as at 31 December 2015. 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 investment products.

The action against seven Norwegian municipalities for the settlement of interest rate swaps on commercial terms was settled in the second quarter of 2015, resulting in a reduction in DNB’s pre-tax operating profit of NOK 159 million.

A civil action was 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). In the third quarter of 2015 the case was settled. Minc’s share of the settlement was USD 250 000.

In January 2016, DNB Asset Management AS received a notice of claim for compensation/repayment amounting to NOK 750 million from the Norwegian Consumer Council on behalf of the unit holders in the mutual fund DNB Norge. The Consumer Council alleges that the fund was managed less actively than the unit holders were entitled to. The Consumer Council has reserved the right to extend the claim to also apply to unit holders in other mutual funds. DNB Asset Management AS contests the claim. No provisions have been made in the accounts to cover the claim.

DNB ASA

Income statement

Amounts in NOK million	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Total interest income	12	38	108	157
Total interest expenses	(61)	(70)	(246)	(299)
Net interest income	**(50)**	**(32)**	**(138)**	**(142)**
Commissions and fees payable etc.	(1)	(1)	(5)	(6)
Other income [1)]	7 188	7 214	7 187	7 214
Net other operating income	**7 187**	**7 213**	**7 181**	**7 209**
Total income	**7 137**	**7 182**	**7 044**	**7 067**
Salaries and other personnel expenses	(1)	(2)	(6)	(6)
Other expenses	(100)	(95)	(402)	(385)
Total operating expenses	**(101)**	**(97)**	**(408)**	**(391)**
Pre-tax operating profit	**7 036**	**7 085**	**6 636**	**6 676**
Tax expense	(1 923)	(349)	(1 815)	(239)
Profit for the period	**5 113**	**6 736**	**4 821**	**6 438**
Earnings/diluted earnings per share (NOK)	3.14	4.14	2.96	3.95
Earnings per share excluding operations held for sale (NOK)	3.14	4.14	2.96	3.95

DNB ASA

Balance sheet

Amounts in NOK million	31 Dec. 2015	31 Dec. 2014
Assets		
Due from DNB Bank ASA	6 160	5 810
Loans to other group companies [2)]		1 437
Investments in group companies	67 885	66 085
Receivables due from group companies [1)]	8 369	7 214
Total assets	**82 415**	**80 547**
Liabilities and equity		
Short-term amounts due to DNB Bank ASA	6	14
Due to other group companies		879
Other liabilities and provisions	10 240	6 193
Long-term amounts due to DNB Bank ASA	13 269	12 054
Total liabilities	**23 516**	**19 140**
Share capital	16 288	16 288
Share premium	22 556	22 556
Other equity	20 054	22 563
Total equity	**58 899**	**61 408**
Total liabilities and equity	**82 415**	**80 547**

DNB ASA

1) Of which group contributions from DNB Bank AS represented NOK 6 849 million in 2015 and NOK 4 230 million in 2014. The group contribution from DNB Livsforsikring AS represented NOK 2 525 million in 2014.The group contribution from DNB Forsikring AS represented NOK 150 million in 2015 and NOK 200 million in 2014. The group contribution from DNB Asset Management Holding AS represented NOK 275 million in 2015.

2) Of which subordinated loans to DNB Livsforsikring AS represented NOK 1 427 million as at 31 December 2014.

Statement of changes in equity

DNB ASA

Amounts in NOK million	Share capital	Share premium	Other equity	Total equity
Balance sheet as at 31 December 2013	**16 288**	**22 556**	**22 315**	**61 159**
Profit for the period			6 438	6 438
Dividends for 2014 (NOK 3.80 pr share)			(6 189)	(6 189)
Balance sheet as at 31 December 2014	**16 288**	**22 556**	**22 563**	**61 408**
Profit for the period			4 821	4 821
Dividends for 2015 (NOK 4.50 proposed pr share)			(7 330)	(7 330)
Balance sheet as at 31 December 2015	**16 288**	**22 556**	**20 054**	**58 899**

Basis for preparation

DNB ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS. A description of the accounting principles applied by the company when preparing the financial statements appears in the annual report for 2014.

Key figures

	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
				DNB Group
Interest rate analysis				
1. Combined weighted total average spread for lending and deposits (%) [1)]	1.21	1.24	1.24	1.24
2. Average spread for ordinary lending to customers (%) [1)]	2.06	2.28	2.15	2.33
3. Average spread for deposits from customers (%)	0.10	(0.15)	0.01	(0.22)
Rate of return/profitability				
4. Net other operating income, per cent of total income	29.8	27.8	34.5	34.2
5. Cost/income ratio (%)	28.1	42.2	36.9	41.9
6. Return on equity, annualised (%)	15.0	12.6	14.5	13.8
7. RAROC, annualised (%)	11.6	10.3	11.2	12.3
8. Average equity including allocated dividend (NOK million)	176 846	156 352	168 509	149 460
9. Return on average risk-weighted volume, annualised (%)	2.31	1.79	2.14	1.89
Financial strength at end of period				
10. Common equity Tier 1 capital ratio, transitional rules (%)	14.4	12.7	14.4	12.7
11. Tier 1 capital ratio, transitional rules (%)	15.3	13.0	15.3	13.0
12. Capital ratio, transitional rules (%)	17.8	15.2	17.8	15.2
13. Common equity Tier 1 capital (NOK million)	162 965	142 108	162 965	142 108
14. Risk-weighted volume, transitional rules (NOK million)	1 129 373	1 120 659	1 129 373	1 120 659
Loan portfolio and impairment				
15. Individual impairment relative to average net loans to customers, annualised (%)	(0.26)	(0.25)	(0.13)	(0.14)
16. Impairment relative to average net loans to customers, annualised (%)	(0.37)	(0.23)	(0.15)	(0.12)
17. Net non-performing and net doubtful loans and guarantees, per cent of net loans	0.76	0.96	0.76	0.96
18. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	13 982	17 261	13 982	17 261
Liquidity				
19. Ratio of customer deposits to net loans to customers at end of period (%)	61.2	65.4	61.2	65.4
Total assets owned or managed by DNB				
20. Customer assets under management at end of period (NOK billion)	563	549	563	549
21. Total combined assets at end of period (NOK billion)	2 901	2 936	2 901	2 936
22. Average total assets (NOK billion)	3 053	2 857	2 946	2 712
23. Customer savings at end of period (NOK billion)	1 507	1 490	1 507	1 490
Staff				
24. Number of full-time positions at end of period	11 380	11 643	11 380	11 643
The DNB share				
25. Number of shares at end of period (1 000)	1 628 799	1 628 799	1 628 799	1 628 799
26. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799
27. Earnings per share (NOK)	4.11	3.05	14.98	12.67
28. Earnings per share excl. operations held for sale (NOK)	4.10	3.04	15.01	12.68
29. Dividend per share (NOK) [2)]			4.50	3.80
30. Total shareholders' return (%)	1.9	(5.6)	1.9	4.7
31. Dividend yield (%)			4.10	3.16
32. Equity per share incl. allocated dividend at end of period (NOK)	111.57	97.45	111.57	97.45
33. Share price at end of period (NOK)	109.80	110.70	109.80	110.70
34. Price/earnings ratio	6.69	9.07	7.33	8.74
35. Price/book value	0.98	1.14	0.98	1.14
36. Market capitalisation (NOK billion)	178.8	180.3	178.8	180.3

1) Margin calculations for finance leases were adjusted in the third quarter of 2015. Figures for previous periods have been restated accordingly.
2) Proposed dividend for 2015.

For definitions of selected key figures, see next page.

Key figures (continued)

Definitions

1, 2, 3 Based on nominal values excluding impaired loans, measured against the 3-month money market rate.

5 Total operating expenses relative to total income. Total expenses exclude impairment losses for goodwill and other intangible assets.

6 Return on equity represents the shareholders' share of profit for the period relative to average equity.

7 RAROC (Risk-Adjusted Return On Capital) is defined as risk-adjusted profits (shareholders' share) relative to average equity. Risk-adjusted profits indicate the level of profits in a normalised situation. Among other things, recorded impairment losses on loans are replaced by normalised losses.

8 Average equity is estimated on the basis of recorded equity including allocated dividend, but excluding additional Tier 1 capital. Thus this amount corresponds to the shareholders' share of equity.

9 The shareholders' share of 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 Forsikring.

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 23 April 2015 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 per share. The authorisation is valid for a period of 12 months from 23 April 2015. 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 The shareholders' share of profits relative to the average number of shares excluding any holdings of own shares.

28 The shareholders' share of profits excluding profits from 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 The shareholders' share of equity, excluding additional Tier 1 capital, at end of period relative to the number of shares.

34 Closing price at end of period relative to annualised earnings per share.

35 Share price at end of period relative to equity per share.

36 Number of shares multiplied by the closing share price at end of period.

Profit and balance sheet trends

Income statement — **DNB Group**

Amounts in NOK million	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015	4th quarter 2014
Total interest income	13 934	14 348	14 425	14 825	15 533
Total interest expenses	(4 872)	(5 367)	(5 697)	(6 238)	(6 833)
Net interest income	**9 062**	**8 981**	**8 728**	**8 587**	**8 700**
Commission and fee income etc.	2 916	2 867	3 244	2 936	3 008
Commission and fee expenses etc.	(834)	(787)	(755)	(724)	(694)
Net gains on financial instruments at fair value	2 164	1 945	1 174	3 400	279
Net financial result, DNB Livsforsikring	(910)	(156)	(87)	(98)	(115)
Net risk result, DNB Livsforsikring	247	220	245	149	300
Net insurance result, DNB Forsikring	141	128	153	99	129
Profit from investments accounted for by the equity method	(28)	(1)	(74)	30	44
Net gains on investment property	122	143	2	2	89
Other income	35	105	293	329	313
Net other operating income	**3 853**	**4 463**	**4 194**	**6 124**	**3 352**
Total income	**12 915**	**13 444**	**12 923**	**14 711**	**12 052**
Salaries and other personnel expenses	(1 106)	(2 905)	(2 953)	(2 859)	(2 620)
Other expenses	(1 931)	(1 806)	(2 056)	(1 997)	(1 896)
Depreciation and impairment of fixed and intangible assets	(590)	(608)	(518)	(583)	(571)
Total operating expenses	**(3 626)**	**(5 319)**	**(5 527)**	**(5 438)**	**(5 088)**
Pre-tax operating profit before impairment	**9 290**	**8 125**	**7 396**	**9 273**	**6 964**
Net gains on fixed and intangible assets	(9)	(3)	45	12	42
Impairment of loans and guarantees	(1 420)	392	(667)	(575)	(821)
Pre-tax operating profit	**7 860**	**8 514**	**6 774**	**8 710**	**6 184**
Tax expense	(1 084)	(2 136)	(1 695)	(2 130)	(1 236)
Profit from operations held for sale, after taxes	28	(14)	(17)	(47)	16
Profit for the period	**6 804**	**6 363**	**5 062**	**6 533**	**4 965**
Portion attributable to shareholders	6 679	6 238	4 952	6 519	4 965
Portion attributable to additional Tier 1 capital holders	126	125	110	14	
Profit for the period	**6 804**	**6 363**	**5 062**	**6 533**	**4 965**
Earnings/diluted earnings per share (NOK)	4.11	3.83	3.04	4.01	3.05

Comprehensive income statement — **DNB Group**

Amounts in NOK million	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015	4th quarter 2014
Profit for the period	**6 804**	**6 363**	**5 062**	**6 533**	**4 965**
Actuarial gains and losses, net of tax	31	(220)	863	(1)	(1 072)
Property revaluation	(282)	(131)	181	27	108
Elements of other comprehensive income allocated to customers (life insurance)	282	131	(181)	(27)	(108)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	31	(220)	863	(1)	(1 072)
Currency translation of foreign operations	2 369	5 326	(697)	2 615	6 294
Hedging of net investment, net of tax	(1 578)	(3 411)	402	(1 616)	(3 926)
Other comprehensive income investments according to the equity method [1]	889				
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	1 680	1 915	(295)	999	2 368
Other comprehensive income for the period	**1 710**	**1 695**	**568**	**998**	**1 296**
Comprehensive income for the period	**8 515**	**8 059**	**5 629**	**7 531**	**6 261**

1) DNB has indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 December 2015 a gain of NOK 889 million was recognised in other comprehensive income. On the realisation date, the increase in value of other comprehensive income will be recorded in profit and loss as "Profit from investments accounted for by the equity method". See note 17.

Profit and balance sheet trends (continued)

Balance sheet

Amounts in NOK million	31 Dec. 2015	30 Sept. 2015	30 June 2015	31 March 2015	31 Dec. 2014
Assets					
Cash and deposits with central banks	19 317	186 874	158 812	304 558	58 505
Due from credit institutions	301 216	238 405	247 774	203 499	373 409
Loans to customers	1 542 744	1 531 237	1 491 304	1 476 186	1 438 839
Commercial paper and bonds at fair value	289 695	303 757	284 088	287 906	268 302
Shareholdings	19 341	23 041	26 149	26 545	26 870
Financial assets, customers bearing the risk	49 679	46 344	47 512	45 607	42 866
Financial derivatives	203 029	217 399	181 834	240 881	235 736
Commercial paper and bonds, held to maturity	105 224	108 942	111 187	113 611	118 667
Investment property	16 734	26 514	28 028	28 422	30 404
Investments accounted for by the equity method	9 525	8 450	5 957	5 949	5 866
Intangible assets	6 076	6 123	6 153	6 192	6 286
Deferred tax assets	1 151	1 315	1 227	1 251	1 213
Fixed assets	8 860	11 838	13 717	13 634	13 830
Assets held for sale	200	193	574	678	692
Other assets	25 739	33 286	37 423	34 962	27 855
Total assets	**2 598 530**	**2 743 717**	**2 641 739**	**2 789 880**	**2 649 341**
Liabilities and equity					
Due to credit institutions	161 537	253 332	228 807	263 201	214 214
Deposits from customers	944 428	970 023	969 970	963 102	941 534
Financial derivatives	154 663	169 045	141 055	191 048	184 971
Debt securities issued	804 928	830 313	775 208	853 410	812 025
Insurance liabilities, customers bearing the risk	49 679	46 344	47 512	45 607	42 866
Liabilities to life insurance policyholders in DNB Livsforsikring	208 949	205 498	207 260	207 104	216 799
Insurance liabilities, DNB Forsikring	2 085	2 169	2 211	2 205	1 964
Payable taxes	2 093	4 260	3 832	2 983	1 723
Deferred taxes	7 556	6 601	6 748	6 064	6 018
Other liabilities	37 675	37 302	50 706	43 997	31 908
Liabilities held for sale	71	55	76	127	100
Provisions	1 285	1 192	1 172	1 121	1 172
Pension commitments	2 549	5 077	4 744	5 941	6 006
Subordinated loan capital	30 953	30 617	28 578	29 542	29 319
Total liabilities	**2 408 451**	**2 561 828**	**2 467 879**	**2 615 450**	**2 490 619**
Share capital	16 257	16 286	16 288	16 285	16 273
Share premium	22 609	22 609	22 609	22 609	22 609
Additional Tier 1 capital	8 353	8 251	8 153	8 068	
Other equity	142 860	134 743	126 811	127 467	119 841
Total equity	**190 078**	**181 890**	**173 860**	**174 429**	**158 723**
Total liabilities and equity	**2 598 530**	**2 743 717**	**2 641 739**	**2 789 880**	**2 649 341**

DNB Group

Information about the DNB Group

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Board of Directors in DNB ASA

Anne Carine Tanum, chairman
Tore Olaf Rimmereid, vice-chairman
Jarle Bergo
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
Terje Turnes	Group executive vice president Risk Management
Thomas Midteide	Group executive vice president Corporate Communications

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Financial calendar

Fourth quarter and preliminary results 2015	4 February 2016
Annual General Meeting 2016	26 April 2016
Ex-dividend date 2016	27 April 2016
Distribution of dividends	as of 4 May 2016
First quarter 2016	28 April 2016
Second quarter 2016	12 July 2016
Third quarter 2016	27 October 2016

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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HERE FOR YOU.
EVERY DAY.
WHEN IT MATTERS THE MOST.

DNB

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