DNB Group

Creating value for customers, shareholders, employees and society at large.

FOURTH QUARTER REPORT 2017

(Preliminary and unaudited)

Financial highlights

DNB Group

Income statement *Amounts in NOK million*	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
Net interest income	8 863	8 372	35 422	34 110
Net commissions and fees	*2 064*	*2 136*	*8 448*	*8 280*
Net gains on financial instruments at fair value	*1 693*	*1 689*	*4 548*	*6 513*
Net financial and risk result, DNB Livsforsikring	*266*	*232*	*1 295*	*664*
Net insurance result, DNB Forsikring	*164*	*181*	*683*	*648*
Other operating income	*228*	*(9)*	*744*	*1 948*
Net other operating income, total	4 415	4 230	15 718	18 053
Total income	13 278	12 602	51 140	52 163
Operating expenses	(5 346)	(5 213)	(21 429)	(20 693)
Restructuring costs and non-recurring effects	(672)	19	(1 165)	(639)
Pre-tax operating profit before impairment	7 260	7 409	28 547	30 830
Net gains on fixed and intangible assets	(35)	(12)	738	(19)
Impairment of loans and guarantees	(402)	(1 753)	(2 428)	(7 424)
Pre-tax operating profit	6 823	5 644	26 858	23 387
Tax expense	(446)	(290)	(5 054)	(4 140)
Profit from operations held for sale, after taxes	(3)	26	(1)	4
Profit for the period	**6 374**	**5 380**	**21 803**	**19 251**

Balance sheet *Amounts in NOK million*	31 Dec. 2017	31 Dec. 2016
Total assets	2 698 268	2 653 201
Loans to customers	1 545 415	1 509 078
Deposits from customers	971 137	934 897
Total equity	216 897	206 423
Average total assets	2 856 988	2 841 117
Total combined assets	3 026 065	2 930 891

Key figures and alternative performance measures	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
Return on equity, annualised (per cent) [1)]	12.3	10.9	10.8	10.1
Earnings per share (NOK)	3.79	3.16	12.84	11.46
Combined weighted total average spread for lending and deposits (per cent) [1)]	1.31	1.29	1.30	1.32
Average spread for ordinary lending to customers (per cent) [1)]	2.08	1.96	2.07	2.04
Average spread for deposits from customers (per cent) [1)]	0.13	0.25	0.17	0.21
Cost/income ratio (per cent) [1)]	45.3	41.2	44.2	40.9
Ratio of customer deposits to net loans to customers at end of period [1)]	62.8	62.0	62.8	62.0
Net non-performing and net doubtful loans and guarantees, per cent of net loans [1)]	0.98	1.49	0.98	1.49
Impairment relative to average net loans to customers, annualised (per cent) [1)]	(0.10)	(0.45)	(0.15)	(0.48)
Individual impairment relative to average net loans to customers, annualised (per cent) [1)]	(0.44)	(0.41)	(0.24)	(0.34)
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent)	16.4	16.0	16.4	16.0
Tier 1 capital ratio, transitional rules, at end of period (per cent)	17.9	17.6	17.9	17.6
Capital ratio, transitional rules, at end of period (per cent)	20.0	19.5	20.0	19.5
Leverage ratio, Basel III (per cent)	7.2	7.3	7.2	7.3
Share price at end of period (NOK)	152.10	128.40	152.10	128.40
Book value per share	124.06	116.95	124.06	116.95
Price/book value [1)]	1.23	1.10	1.23	1.10
Dividend per share (NOK)			7.10	5.70
Score from RepTrak's reputation survey in Norway (points)	66.3	64.0	66.9	65.4
Customer satisfaction index, CSI, personal customers in Norway (score)	70.4	67.3	69.5	70.2

1) *Defined as alternative performance measure (APM). APMs are described on ir.dnb.no.*

For additional key figures and definitions, please see the Fact Book on ir.dnb.no.

Fourth quarter report 2017

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.

Directors' report

Fourth quarter financial performance

DNB delivered solid results in the fourth quarter of 2017, benefiting from positive developments in the Norwegian economy. Profits were NOK 6 374 million, an increase of NOK 994 million from the fourth quarter of 2016, driven by strong net interest income and net other operating income, and lower impairment losses on loans and guarantees.

Earnings per share were NOK 3.79, up from NOK 3.16 in the year-earlier period. The common equity Tier 1 capital ratio was 16.4 per cent at end-December 2017, an increase from 16.0 per cent a year earlier, and up from 16.3 per cent at end-September 2017. The common equity Tier 1 capital ratio calculated at year-end 2017 was based on the assumption that the Group's share buy-back programme will be completed, representing 1.5 per cent of the share capital in accordance with the authorisation given at the Annual General Meeting in April 2017.

The leverage ratio for the Group was 7.2 per cent, down from 7.3 per cent a year earlier and up from 7.1 per cent at end-September 2017.

Return on equity was 12.3 per cent, compared with 10.9 per cent in the year-earlier period and 11.2 per cent in the third quarter of 2017. The Board of Directors has proposed a dividend for 2017 of NOK 7.10 per share, which is an increase of 25 per cent from 2016 and corresponds to 54.6 per cent of profits.

Net interest income was up NOK 491 million from the fourth quarter of 2016, reflecting lower long-term funding costs, wider lending spreads and underlying lending growth, excluding the Baltic portfolio. There were rising volumes to personal customers and small and medium-sized enterprises, and a planned reduction in volumes to large corporates and international customers.

Net other operating income was NOK 4 415 million, up NOK 185 million from the fourth quarter of 2016.

Operating expenses were NOK 825 million higher than in the fourth quarter of 2016. The increase was mainly due to impairment of goodwill of NOK 502 million and higher costs related to digitalisation and IT projects.

Impairment losses on loans and guarantees totalled NOK 402 million for the quarter, down NOK 1 351 million from the corresponding quarter in 2016. The reduction was mainly related to a decrease in collective impairment losses, reflecting more favourable economic conditions and positive migration in some industries.

Deconsolidation of the Baltics portfolio and establishment of Luminor Group AB

DNB and Nordea combined their operations in Estonia, Latvia and Lithuania into the new company Luminor Group AB in the fourth quarter of 2017. DNB's ownership interest in Luminor Group AB is approximately 44 per cent.

In the financial statements for the fourth quarter of 2017, DNB's share in Luminor is presented under "investments accounted for by the equity method".

For comparison purposes, the effects of the deconsolidation of the Baltics portfolio in the DNB Group's income statement are shown on separate lines in the tables for the fourth quarter below.

For capital adequacy purposes, figures for the Luminor Group AB are consolidated on a pro rata basis from the fourth quarter of 2017.

Important events in the fourth quarter

During the fourth quarter, Vipps entered into cooperation agreements on distribution with players across the Norwegian market, and Vipps, BankAxept and BankID Norway signed a letter of intent to merge the three companies. The transaction is subject to approval by the Norwegian authorities, and the new company is expected to start operations during the second half of 2018.

In October, digital development and automation projects continued in line with DNB's strategy, and an option to apply digitally for new home mortgages, with a processing time of less than two minutes, was launched.

In December, DNB adjusted its operational structure to meet changes in the market, which also entailed changes to the group management team.

In accordance with the authorisation given at the Annual General Meeting in April 2017, DNB repurchased shares corresponding to 0.66 per cent of the share capital up to end-December. In addition, 0.34 per cent of the shares owned by the Norwegian government will be redeemed after the Annual General Meeting in 2018, bringing total buy-backs to 1.00 per cent. The repurchases are within the limit of 1.5 per cent. The proposed dividend payments, combined with share buy-backs of 1.5 per cent, represent a total distribution to shareholders of 72.9 per cent of profits in 2017.

Oslo District Court found in favour of DNB in the group action the Norwegian Consumer Council brought against DNB Asset Management for the management of the DNB Norge funds.

According to Prospera’s annual customer satisfaction survey, DNB Markets was ranked best among Norwegian equity investors within domestic equity, execution and corporate access.

DNB climbed the rankings of the Norwegian ethical bank guide (“Etisk bankguide”), and increased its total score from 40 to 60 per cent for 2017. “Etisk bankguide” is an assessment of banks’ and asset managers’ published guidelines concerning corporate responsibility, ethics and environmental issues. DNB’s improved score reflected a systematic review of the group’s framework for responsible investment and responsible credit in the course of 2017.

As the only Nordic financial institution, DNB achieved an A score from CDP (Carbon Disclosure Project) for its reporting in 2016. The UK-based CDP is the largest independent collection of environmental data from large companies, and one-fifth of the world's carbon emissions are reported through CDP. In order to obtain a high score, the company must document past reductions in its own greenhouse gas emissions and plans for future reductions. In addition, a clear climate strategy and climate reporting ensure a better score.

The Ministry of Finance increased the counter-cyclical capital buffer requirement for banks from 1.5 to 2 per cent with effect from 31 December 2017.

In December, it was announced that an agreement had been reached on the outstanding elements of the Basel III post-crisis regulatory reforms. The regulations aim to limit differences in capital requirements between countries, and thus enable comparisons of banks’ capital adequacy. The regulations will be introduced in 2022 and phased in until 2027.

Fourth quarter income statement – main items

Net interest income

Amounts in NOK million	4th quarter 2017	Change	4th quarter 2016
Net interest income	8 863	491	8 372
Long-term funding costs		203	
Lending and deposit spreads, customer segments		189	
Lending and deposit volumes, customer segments		112	
Amortisation effects and fees		107	
Other net interest income		87	
Guarantee fund fee		60	
Deconsolidation of Baltic operation		(267)	

Net interest income increased by NOK 491 million from the fourth quarter of 2016. In the customer segments, wider lending spreads and higher underlying volumes had a positive effect on net interest income in the fourth quarter of 2017, excluding the Baltic portfolio. Average lending spreads widened by 0.13 percentage points, while deposit spreads contracted by 0.12 percentage points. Volume-weighted spreads for the customer segments widened by 0.02 percentage points compared with the same period in 2016, and were unchanged compared with the third quarter of 2017. There was an average increase of NOK 21.9 billion or 1.5 per cent in the healthy loan portfolio compared with the fourth quarter of 2016. During the same period, deposits were up NOK 36.3 billion or 4.0 per cent. Adjusted for exchange rate movements, volume growth was virtually unchanged.

Net other operating income

Amounts in NOK million	4th quarter 2017	Change	4th quarter 2016
Net other operating income	4 415	185	4 230
Basis swaps		775	
Other operating income		149	
Net gains on investment property		132	
Deconsolidation of Baltic operation		(122)	
Net gains on other financial instruments		(286)	
Exchange rate effects additional Tier 1 capital		(464)	

Net other operating income increased by NOK 185 million or 4.4 per cent from the fourth quarter of 2016. There was a positive contribution from net gains on investment property and other operating income. Net gains on other financial instruments and exchange rate effects on additional Tier 1 capital gave negative contributions of NOK 286 million and NOK 464 million, respectively.

Operating expenses

Amounts in NOK million	4th quarter 2017	Change	4th quarter 2016
Operating expenses	(6 018)	(825)	(5 194)
Deconsolidation of Baltic operation		241	
Marketing		16	
Pension expenses		(26)	
Other costs		(68)	
Salaries and other personnel exp. (excl. restructuring costs)		(131)	
IT expenses		(166)	
Restructuring costs [1)]		135	
Other non-recurring effects		(826)	

1) Non-recurring effects.

Operating expenses increased by NOK 825 million compared with the fourth quarter of 2016. The increase was mainly due to impairment of goodwill of NOK 502 million related to the external distribution of credit cards under the Cresco brand and higher costs related to digitalisation and IT projects. Underlying operating expenses, excluding non-recurring effects, were NOK 134 million higher than in the year-earlier period.

The cost/income ratio was 45.3 per cent in the fourth quarter of 2017.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 402 million in the fourth quarter.

Individual impairment losses were on a level with the corresponding quarter in 2016.

There were reversals on collective impairment losses, reflecting somewhat more favourable economic conditions and positive migration within shipping and oil and offshore-related industries.

Net non-performing and doubtful loans and guarantees decreased by NOK 8.4 billion from end-December 2016, totalling NOK 17.3 billion at end-December 2017.

This represented 0.98 per cent of the loan portfolio, down from 1.49 per cent at end-December 2016. The reduction mainly stemmed from shipping and oil and offshore-related industries. There are no signs of negative spill-over effects from the situation in the oil-related industries to the other credit portfolios.

Taxes

The DNB Group's tax expense for the fourth quarter of 2017 is estimated at NOK 446 million, or 6.5 per cent of pre-tax operating profits, mainly due to equity sales under the tax exemption model and Norwegian taxation rules for the allocation of interest expenses between Norway and the US.

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	2017	2016	NOK mill	%
Net interest income	3 518	3 117	401	12.9
Net other operating income	1 154	1 160	(6)	(0.6)
Total income	4 672	4 277	394	9.2
Operating expenses	(1 978)	(1 979)	0	0.0
Pre-tax operating profit before impairment	2 693	2 298	395	17.2
Impairment of loans and guarantees	(137)	107	(244)	(227.5)
Pre-tax operating profit	2 557	2 406	151	6.3
Tax expense	(639)	(601)	(38)	(6.3)
Profit for the period	1 917	1 804	113	6.3
Average balance sheet items in NOK billion				
Net loans to customers	743.6	705.9	37.7	5.3
Deposits from customers	404.0	399.4	4.6	1.2
Key figures in per cent				
Lending spread [1)]	1.87	1.60		
Deposit spread [1)]	0.13	0.43		
Return on allocated capital	19.1	18.1		
Cost/income ratio	42.3	46.3		
Ratio of deposits to loans	54.3	56.6		

1) *Calculated relative to the 3-month money market rate. See ir.dnb.no for additional information about alternative performance measures (APMs).*

The increase in pre-tax operating profit from the fourth quarter of 2016 was mainly attributable to higher net interest income.

Deposit volumes rose by 1.2 per cent, though there was an increase of 2.7 per cent after adjusting for an internal transfer of deposits from associations and clubs to the small and medium-sized enterprises segment in December 2016. There was a rise in average performing loans of 5.3 per cent from the fourth quarter of 2016. Higher loan volumes contributed to a rise in net interest income compared with both the fourth quarter of 2016 and the third quarter of 2017.

DNB Meglerservice AS merged with DNB Eiendom AS in November 2017. The merger resulted in reductions in income and expenses in the fourth quarter of NOK 48 million and NOK 38 million, respectively.

Net other operating income was on a level with the fourth quarter of 2016. An increase in income from payment activities had a positive effect on net other operating income, while rising costs related to SAS Eurobonus agreements and discounts on card usage had a negative impact. Income from insurance products showed a negative trend, mainly due to a higher loss ratio in the fourth quarter of 2017.

There was a stable level of operating expenses from the fourth quarter of 2016. A reduction in ordinary salaries due to restructuring was offset by costs attributable to the financial activities tax, increased IT development activity and real estate broking activities.

Close to 95 per cent of loans to personal customers represent well-secured home mortgages entailing low risk. Impairment losses in the fourth quarter of 2016 reflected reversals related to a portfolio of non-performing consumer loans which was sold during the quarter. Adjusted for the reversals, net impairment losses on loans remained stable at a low level.

The market share of credit to households stood at 24.7 per cent at end-November 2017, while the market share of home mortgages was 27.9 per cent. The market share of total household savings was 31.2 per cent. DNB Eiendom had an average market share of 19.0 per cent in the fourth quarter of 2017.

DNB is continuing to automate and digitise products and services to meet customer needs and expectations. In October, DNB revolutionised secured lending by launching a fully automated mortgage process whereby customers receive a binding offer within two minutes based on a full credit process. On 1 November 2017, DNB launched IPS, Individual Pension Savings, a new pension product. IPS, the ‘Spare’ app, which gives customers an overview over their total savings in DNB, and the Share Savings Account, an account for trading securities and mutual funds with deferred taxation of capital gains, made 2017 a very good year for savings. Sales of mutual fund savings schemes thus reached an all-time high.

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	2017	2016	NOK mill	%
Net interest income	2 281	2 120	161	7.6
Net other operating income	501	572	(72)	(12.5)
Total income	2 782	2 692	90	3.3
Operating expenses	(1 109)	(1 095)	(14)	(1.3)
Pre-tax operating profit before impairment	1 673	1 597	76	4.8
Net gains on fixed and intangible assets	(1)	(0)	(0)	(296.2)
Impairment of loans and guarantees	(150)	(281)	132	46.8
Profit from repossessed operations	11	40	(28)	(71.9)
Pre-tax operating profit	1 534	1 355	179	13.2
Tax expense	(383)	(339)	(45)	(13.2)
Profit for the period	1 150	1 016	134	13.2
Average balance sheet items in NOK billion				
Net loans to customers	286.4	263.9	22.5	8.5
Deposits from customers	210.5	185.7	24.8	13.4
Key figures in per cent				
Lending spread [1)]	2.58	2.56		
Deposit spread [1)]	0.30	0.44		
Return on allocated capital	17.4	15.1		
Cost/income ratio	39.9	40.7		
Ratio of deposits to loans	73.5	70.3		

1) *Calculated relative to the 3-month money market rate. See ir.dnb.no for additional information about alternative performance measures (APMs).*

Higher net interest income, combined with a reduction in impairment losses on loans and guarantees, contributed to a solid increase in profit compared with the fourth quarter of 2016.

There was a rise in average loans of 8.5 per cent from the fourth quarter of 2016, while average deposit volumes were up 13.4 per cent during the same period. The significant rise in both loan and deposit volumes together with widening lending spreads ensured a strong increase in net interest income compared with the fourth quarter of 2016.

The reduction in other operating income from the fourth quarter of 2016 was mainly due to a negative risk result within the pension product area. There was a positive trend in activity levels for all product areas.

The increase in operating expenses from the fourth quarter of 2016 primarily reflected a higher level of activity within IT development and the financial activities tax introduced in 2017.

On an annual basis, impairment losses on loans and guarantees represented 0.21 per cent of average loans in the fourth quarter of 2017, a reduction from 0.42 per cent in the year-earlier period. The quality of DNB’s portfolio of loans to small and medium-sized corporate customers remains stable. Developments are closely monitored, and preventive measures are continually considered and implemented to retain the strong portfolio quality.

DNB expects lending growth to small and medium-sized corporate customers to be on a level with the expected domestic credit growth to this customer segment.

Large corporates and international customers

	4th quarter		Change	
Income statement in NOK million	2017	2016	NOK mill	%
Net interest income	3 041	3 297	(256)	(7.8)
Net other operating income	1 226	1 488	(262)	(17.6)
Total income	4 267	4 785	(518)	(10.8)
Operating expenses	(1 741)	(1 823)	83	4.5
Pre-tax operating profit before impairment	2 526	2 962	(435)	(14.7)
Net gains on fixed and intangible assets	0	(4)	4	104.5
Impairment of loans and guarantees	(99)	(1 572)	1 473	93.7
Profit from repossessed operations	(13)	7	(20)	(281.4)
Pre-tax operating profit	2 414	1 393	1 021	73.3
Tax expense	(676)	(376)	(300)	(79.7)
Profit for the period	1 738	1 017	721	70.9
Average balance sheet items in NOK billion				
Net loans to customers	422.7	511.3	(88.6)	(17.3)
Deposits from customers	337.8	367.0	(29.2)	(8.0)
Key figures in per cent				
Lending spread [1)]	2.11	2.15		
Deposit spread [1)]	0.04	(0.05)		
Return on allocated capital	9.4	4.8		
Cost/income ratio	40.8	38.1		
Ratio of deposits to loans	79.9	71.8		

1) *Calculated relative to the 3-month money market rate. See ir.dnb.no for additional information about alternative performance measures (APMs).*

DNB's Baltic operation became part of a joint venture with Nordea from 1 October 2017. The Baltic operation was part of the large corporates and international customers segment up until this date, and is thus reflected in the figures for previous quarters.

Lower impairment losses on loans and guarantees were the main contributor to the increase in pre-tax operating profit compared with the fourth quarter of 2016. The reduction in impairment reflected both improved market conditions and continued restructuring of selected large exposures.

After adjusting for the deconsolidation of the Baltic operation in the fourth quarter of 2016, average loan volumes were down 9.2 per cent. The reduction in shipping and oil-related exposure continued in the fourth quarter. The rebalancing between industries will proceed, and certain shipping, offshore and oil-related exposures have been transferred to a dedicated unit. This will give room for expanding business in profitable segments. Customer deposits were up 2.1 per cent adjusted for the Baltic operation in the fourth quarter of 2016.

The positive effect of widening deposit spreads was offset by lower deposit volumes, lower loan volumes and narrower lending spreads. Consequently, there was a reduction in net interest income. Adjusted for the deconsolidation of the Baltic operation, net interest income was in line with the fourth quarter of 2016. There was a positive effect from interest payments on non-performing loans compared with the year-earlier period.

The decline in other operating income from the fourth quarter of 2016 was mainly due to the fact that the Baltic operation is no longer included in the segment, though seasonal variations and costs related to the sale of loans also had a negative effect. Income from investment banking products increased compared with the fourth quarter of 2016. There was a higher level of activity towards the end of the quarter, especially in the debt capital markets.

After adjusting for expenses in the Baltic operation in the fourth quarter of 2016, operating expenses were up 10.3 per cent. Higher expenses related to the work on compliance and anti-money laundering and several ongoing digitalisation initiatives contributed to the increase. There was also a rise in personnel expenses due to restructuring and the financial activities tax. The number of full-time positions was reduced by 1 828 from end-December 2016, of which the deconsolidation of the Baltic operation accounted for 1 777. The remaining reduction of 51 positions related both to Norwegian and international operations.

Impairment losses on loans and guarantees were down from the fourth quarter of 2016 due to reversals on collective impairment losses based on market developments, and restructuring of the portfolio. On an annual basis, net impairment represented 0.09 per cent of average loans, compared with 1.22 per cent in the year-earlier period. Individual impairment increased from 1.04 per cent in the fourth quarter of 2016, to 1.38 per cent. Net non-performing and doubtful loans and guarantees amounted to NOK 11.9 billion at end-December 2017, down from NOK 20.0 billion a year earlier.

Due to increasing capital requirements over the past few years, more efficient use of capital is necessary. This is achieved by reducing exposure to capital-intensive and cyclical industries to ensure a more balanced portfolio. Increased portfolio turnover, a reduction in final hold and more active use of capital markets are additional measures to generate higher non-lending income and reduce capital usage. Overall, this will contribute to raising the return on equity.

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	2017	2016	NOK mill	%
Net interest income	(81)	1	(82)	
Net other operating income	564	817	(253)	(31.0)
Total income	483	818	(335)	(40.9)
Operating expenses	(158)	(159)	1	0.8
Pre-tax operating profit	325	659	(334)	(50.6)
Tax expense	(75)	(165)	90	54.6
Profit for the period	250	494	(244)	(49.3)
Key figures in per cent				
Return on allocated capital	16.3	27.2		

Total income declined from a very high level in the year-earlier period due to lower volatility and stable credit spreads in the financial markets. Income from NOK interest rate trading remained at a high level.

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	2017	2016	NOK mill	%
Upfront pricing of risk and guaranteed rate of return	25	56	(31)	(55.3)
Owner's share of administration result	50	79	(29)	(36.3)
Owner's share of risk result	69	101	(32)	(31.9)
Owner's share of interest result	20	(168)	188	111.7
Return on corporate portfolio	204	116	88	75.7
Pre-tax operating profit	368	184	184	99.9
Tax expense	98	49	49	101.6
Profit for the period	466	233	233	100.3
Average balance sheet items in NOK billion				
Assets under management	204.3	202.8	1.5	0.7
Key figures in per cent				
Return on allocated capital	8.6	4.7		
Cost/income ratio	19.5	34.3		

There was a strong level of profits from traditional pension products in the fourth quarter of 2017. The rise in profits from the year-earlier period reflects a higher return on financial assets and a reduction in costs relating to provisions for higher life expectancy. The decline in income from upfront pricing relates to the conversion from defined-benefit to defined-contribution pension schemes.

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, fixed-rate home mortgages, commercial real estate loans, as well as real estate investments. The structure of the portfolios will help ensure that returns will cover the guaranteed rate of return over the next years.

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' guaranteed rate of return are compared. The test showed positive margins as at 31 December 2017.

In consequence of higher life expectancy, it has been necessary to strengthen the premium reserve for group pension insurance. The required reserves were fully financed as at 31 December 2017. The reserves have been increased by a total of NOK 12.9 billion from 2012, of which 20 per cent has been financed by the company's equity and 80 per cent by the policyholders' interest result. During the fourth quarter of 2017, there was a NOK 0.2 billion increase in reserves. The completion of the financing of reserves for higher life expectancy will give the company a sound basis for paying dividends over the coming years.

DNB Livsforsikring had a solvency margin of 190 per cent according to the transitional rules, while the margin calculated without the transitional rules was 146 per cent as at 31 December 2017. The solvency margin included a proposed dividend of NOK 1.5 billion from DNB Livsforsikring to DNB ASA. Dividend payments reduced the solvency margin by 8 percentage points both with and without the transitional rules. As at 30 September 2017, the solvency margins were 197 per cent and 147 per cent, respectively. Adjusted for dividends, the solvency margin increased moderately during the fourth quarter, reflecting improved models. The interest rate used to discount cash flows to calculate technical insurance reserves was somewhat reduced during the quarter due to a lower volatility adjustment.

Full year 2017

DNB delivered a strong performance in 2017. Profits were NOK 21 803 million, an increase of NOK 2 552 million from 2016, driven by strong net interest income and lower impairment losses on loans and guarantees.

Earnings per share were NOK 12.84, up from NOK 11.46 in 2016. The common equity Tier 1 capital ratio was 16.4 per cent at end-December 2017, an increase from 16.0 per cent a year earlier.

The leverage ratio for the Group was 7.2 per cent, down from 7.3 per cent a year earlier.

Return on equity was 10.8 per cent, compared with 10.1 per cent in 2016.

Net interest income increased by NOK 1 313 million from 2016, reflecting lower long-term funding costs, higher volumes and wider lending spreads, excluding the Baltic portfolio. There were rising volumes in the personal customers and small and medium-sized enterprises segments, and a planned reduction in volumes to large corporates and international customers.

Net other operating income was NOK 15 718 million, down NOK 2 335 million compared with 2016. In 2016, income was positively affected by the sale of Visa Norge's holdings in Visa Europe, providing a gain of NOK 1 128 million. Excluding this non-recurring item, net operating income decreased by NOK 1 207 million, mainly due to a negative contribution from exchange rate effects on additional Tier 1 capital and net gains on other financial instruments due to reduced volatility in the financial markets.

Operating expenses were up NOK 1 261 million compared with 2016. The increase was mainly due to provisions for financial activities tax, a higher level of digitalisation, IT projects and non-recurring effects. Non-recurring items represented goodwill impairment, changes in pension schemes and value added tax on an IT system.

Impairment losses on loans and guarantees decreased by NOK 4 996 million during the year due to lower individual and collective impairment in the shipping and oil and offshore segments. The reduction in collective impairment reflected more favourable economic conditions and positive migration in some industries. Excluding the sale of non-performing portfolios during 2016, impairment losses decreased by NOK 5 664 million.

Following the establishment of Vipps AS as a separate company, DNB recorded a gain which gave a NOK 754 million rise in profits in the third quarter of 2017.

The engagement index in the employee survey remained high at 85 points. This paints a picture of a robust organisation that has coped well through extensive restructuring. Sickness absence in DNB's Norwegian operations was 4.5 per cent in 2017, in line with 2016. The special follow-up of units with high sickness absence rates continued.

The Board of Directors has proposed a dividend for 2017 of NOK 7.10 per share, which corresponds to 54.6 per cent of profits. When considering the dividend proposal, the Board of Directors took the regulatory capital adequacy requirements into account. The payout ratio is in accordance with the Group's ambition to increase dividend payments.

Income statement for 2017

Net interest income

Amounts in NOK million	2017	Change	2016
Net interest income	35 422	1 313	34 110
Long-term funding costs		485	
Other net interest income		463	
Lending and deposit volumes, customer segments		386	
Interest income on doubtful loans		174	
Guarantee fund fee		103	
Lending and deposit spreads, customer segments		57	
Amortisation effects and fees		50	
Exchange rate movements		(96)	
Deconsolidation of Baltic operation		(309)	

Net interest income was up NOK 1 313 million from 2016. The increase was mainly attributable to lower long-term funding costs and higher volumes, excluding the Baltic portfolio. Average lending spreads widened by 0.03 percentage points from 2016, while deposit spreads contraced by 0.05 percentage points. There was an average increase of NOK 13.5 billion in the performing loan portfolio, while average deposits rose by NOK 37.1 billion compared with 2016.

Net other operating income

Amounts in NOK million	2017	Change	2016
Net other operating income	15 718	(2 335)	18 053
Net financial and risk result from DNB Livsforsikring 1)		630	
Net commissions and fees		242	
Net gains on investment property		136	
Deconsolidation of Baltic operation		(32)	
Other operating income		(305)	
Exchange rate effects additional Tier 1 capital		(811)	
Net gains on other financial instruments		(1 067)	
Sale of holdings in Visa		(1 128)	

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

Net other operating income decreased by NOK 2 335 million from 2016. There was a strong increase in the net financial and risk result from DNB Livsforsikring and net gains on investment property. Commissions and fees also showed solid growth. Profits from the sale of Visa Norway's holding in Visa Europe gave a NOK 1 128 million rise in income in 2016. Net gains on other financial instruments had a negative effect of NOK 1 067 million compared with the same period in 2016, due to volatility in the currency, commodity and fixed-income markets.

Operating expenses

Amounts in NOK million	2017	Change	2016
Operating expenses	(22 593)	(1 261)	(21 333)
Deconsolidation of Baltic operation		270	
Pension expenses		(39)	
Travel expenses		(47)	
Other costs		(134)	
Salaries and other personnel exp. (excl. restructuring costs)		(197)	
Provisions for financial activities tax		(248)	
IT expenses		(340)	
Restructuring costs 1)		511	
Other non-recurring effects		(1 037)	

1) *Non-recurring effects.*

Total operating expenses were up 5.9 per cent from 2016. Excluding non-recurring effects, there was a 3.6 per cent increase in expenses. The increase was mainly due to the introduction of financial activities tax in 2017, a higher level of digitalisation, and other IT projects. Non-recurring items represented impairment of goodwill related to the external distribution of credit cards under the Cresco brand, changes in pension schemes, and value added tax on an IT system.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 2 428 million in 2017, down NOK 4 996 million from 2016 and down NOK 5 664 million excluding the sale of non-performing portfolios in 2016.

Total impairment losses for 2017 were mainly related to shipping, offshore and energy in the large corporate and international customers segment.

The reduction in collective impairment primarily reflected positive migration in some industries and more favourable economic conditions in the shipping, offshore and energy industries. The other credit portfolios are still of high quality, and the difficult situation in the oil-related industries has had no material impact on these portfolios.

Net non-performing and doubtful loans and guarantees amounted to NOK 17.3 billion at end-December 2017, down from NOK 25.7 billion at year-end 2016. This represented 0.98 per cent of the loan portfolio, a reduction of 0.51 percentage points from end-December 2016. The decrease in non-performing and doubtful loans and guarantees reflects more favorable conditions within shipping, offshore and energy in the large corporate and international customers segment.

Taxes

The DNB Group's tax expense for 2017 was NOK 5 054 million, representing 19 per cent of pre-tax operating profits. The tax rate was lower than the anticipated rate of 22 per cent, mainly due to equity sales under the tax exemption model and Norwegian taxation rules for the allocation of interest expenses between Norway and the US.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound throughout the year. New regulatory reforms for US money market funds were introduced, and the short-term funding market normalised during 2017 compared with 2016. Due to an increase in short-term interest rates, prices rose somewhat during the year, which resulted in slightly higher short-term funding costs for banks. As the markets stabilised, investors regarded an increasing number of banks as attractive. DNB had ample access to short-term funding throughout 2017.

The markets for long-term funding proved to be better than many assumed at the start of 2017. The first quarter of the year showed the highest level of activity in the market, as most issuers wanted to enter the market before the political elections in Europe. However, the long-term funding market generally functioned well throughout 2017. The market for covered bonds was still dominated by the European Central Bank's, ECB, asset purchase programme. In November, the ECB announced a gradual reduction in its asset purchases, which was well received in the market, as many had feared a more aggressive de-escalation plan beforehand. Total issue volumes of covered and senior bonds were somewhat lower in 2017 than in 2016. In particular the latter have largely been replaced by so-called non-preferred senior bonds in order to adapt to the coming MREL regulations (minimum requirement of own funds and eligible liabilities). There was a considerably higher level of activity in the market for subordinated loans than in 2016, partly due to regulatory requirements and partly due to favourable prices for the issuers. DNB had good access to long-term funding in 2017, and funding costs on covered bonds and ordinary senior debt were further reduced during the year.

The nominal value of long-term debt securities issued by the Group was NOK 596 billion at end-December 2017, compared with NOK 580 billion a year earlier. The average remaining term to maturity for these debt securities was 4.0 years at year-end 2017, up from 3.9 years at end-December 2016.

The short-term liquidity requirement, Liquidity Coverage Ratio, LCR, remained stable at above 100 per cent throughout the year. At end-December 2017, the total LCR was 117 per cent.

Total combined assets in the DNB Group were NOK 3 026 billion at year-end 2017, up from NOK 2 931 billion a year earlier. Total assets in the Group's balance sheet were NOK 2 698 billion at year-end 2017 and NOK 2 653 billion a year earlier. Of this, total assets in DNB Livsforsikring amounted to NOK 317 billion and NOK 299 billion, respectively.

In the DNB Bank Group, loans to customers increased by NOK 39.1 billion or 2.6 per cent from end-December 2016. Customer deposits were up NOK 34.7 billion or 3.7 per cent during the same period. For the banking group, the ratio of customer deposits to net loans to customers was up from 63.4 per cent at end-December 2016 to 64.0 per cent a year later. The Group's ambition is to have a ratio of customer deposits to net loans, for the banking group, of minimum 60 per cent.

Risk and capital adequacy

The DNB Group quantifies risk by measuring economic capital. During the fourth quarter, changes were implemented in the model for measuring economic capital, which gave a reduction in economic capital of approximately 20 per cent. Figures for previous periods have been updated based on the new model. Net economic capital was down NOK 0.7 billion from year-end 2016, to NOK 56.2 billion at year-end 2017.

Economic capital for the DNB Group

Amounts in NOK billion	31 Dec. 2017	30 Sept. 2017	30 June 2017	31 Dec. 2016
Credit risk	40.2	42.4	44.8	43.7
Market risk	7.8	5.1	5.0	5.9
Market risk in life insurance	3.5	4.5	3.8	4.2
Insurance risk	1.4	1.4	1.4	1.4
Operational risk	8.5	8.8	8.8	9.0
Business risk	6.1	6.3	6.3	5.9
Gross economic capital	67.5	68.4	70.1	70.1
Diversification effect [1)]	(11.2)	(11.6)	(11.3)	(13.2)
Net economic capital	56.2	56.8	58.8	56.9
Diversification effect in per cent of gross economic capital [1)]	16.6	17.0	16.1	18.8

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.*

Economic capital for credit risk declined by NOK 3.5 billion through 2017, reflecting a reduction in credit volumes in the large corporate portfolio of approximately NOK 107 billion in terms of exposure at default, EAD. The large corporate portfolio was actively rebalanced throughout the year.

Just under half of the reduction in EAD can be attributed to the deconsolidation of the Group's Baltic operation. The subsidiaries in the Baltics were previously included in credit risk, operational risk and business risk, while the ownership interest in Luminor is modelled as market risk.

The quality of DNB's credit portfolio is generally good and was stable throughout the year. There are still some challenges in the offshore portfolio, but customers within this segment are closely followed up.

Housing prices declined by 2.1 per cent in the course of the year. Home mortgages represent approximately half of the Group's loan portfolio. This portfolio is of high quality, with very low losses over several years, even in periods with strong lending growth. There was a 5.7 per cent increase in DNB's home mortgage portfolio during the year.

In June, Finanstilsynet (the Financial Supervisory Authority of Norway) published new guidelines for responsible lending practices for consumer loans. DNB has initiated the necessary measures to ensure that the bank complies with the guidelines. The bank's portfolio of unsecured consumer loans totalled NOK 1 billion at the end of 2017, while the credit card portfolio represented just below NOK 19 billion in terms of the total amount drawn.

Economic capital for market risk in DNB Livsforsikring declined by NOK 0.8 billion during the year, reflecting higher buffers. The reduction in economic capital was somewhat limited by larger positions in Norwegian and international equities. The company's solvency capital increased by NOK 1.2 billion in 2017. DNB Livsforsikring's solvency margin, without applying the transitional rules, was 146 per cent at year-end 2017.

Economic capital for market risk rose by NOK 1.9 billion in the course of the year. The ownership interest in Luminor is the main factor behind the increase.

The transition from a defined-benefit to a defined-contribution scheme for the bank's employees has given a reduction in economic capital. DNB has chosen to establish a compensation scheme for the employees whose pensions have been transferred to a defined-contribution scheme. Consequently, there is still risk associated with the Group's pension commitments.

The operational risk situation in 2017 was satisfactory. There was a stable, low level of losses which was well below the limit in the risk appetite framework. In the banking industry, there is high risk of data fraud, whereby confidential information goes astray or the bank is exposed to digital attacks and data vandalism. Measures to strengthen information security in DNB have been identified in order to meet an ever-more serious threat scenario.

Within compliance, DNB's main focus areas were anti-money laundering, privacy protection, international tax reporting and corruption. In the course of 2017, training programmes for all employees were implemented or planned in key compliance areas, such as anti-money laundering (AML), the General Data Protection Regulation (GDPR), and anti-corruption. Clearly defined roles, a high level of expertise and a strong compliance culture are key elements in DNB's compliance work.

Calculated according to transitional rules, risk-weighted assets were NOK 1 043 billion, down from NOK 1 051 billion at end-December 2016. The common equity Tier 1 capital ratio was 16.4 per cent, while the capital adequacy ratio was 20.0 per cent.

New regulatory framework

International agreement on changes in banks' capital adequacy standards

In December 2017, the Basel Committee adopted changes in several parts of the Basel III standards for capital adequacy assessments, aiming, among other things, to ensure greater consistency between banks' reported capital adequacy figures and capital requirements. The changes include adjustments to the standardised approach and the IRB approach, and the introduction of a new capital floor. The new capital floor requirement will reduce differences in risk weights and result in more harmonised capital requirements across national borders. However, the changes to Basel III are not planned to take effect until 1 January 2022, with a five-year phase-in period. The EU is expected to adopt the recommendations by amending its legislation. This legislation will also be applicable in Norway through the EEA agreement.

Basel I floor to be replaced by new floor requirement

Norwegian legislation does not fully reflect the requirements in the EU's capital requirements regulations, CRR and CRD IV. The Norwegian Ministry of Finance has therefore given Finanstilsynet (the Financial Supervisory Authority of Norway) a mandate to propose how the remaining regulations should be implemented in Norway. As part of this process, Finanstilsynet will also consider a new capital floor based on the Basel Committee's proposed new standardised approach. The new floor requirement will probably replace the so-called Basel I floor, but it is unclear how it will be designed and coordinated with the EU regulations. Finanstilsynet has been given a deadline in mid-April 2018 to present its recommendations.

Home mortgage lending regulation to be reviewed
On 1 January 2017, the Ministry of Finance adopted a new home mortgage lending regulation. The regulation will remain in force until 30 June 2018. It caps borrowers' loan-to-value and loan-to-income ratios, and presents requirements for instalment payment and debt-servicing capacity in the event of interest rate increases. The Ministry of Finance has given Finanstilsynet a mandate to review the regulation, including whether it should be discontinued, or be maintained in its current form or adjusted. Finanstilsynet must present its assessment within 1 March 2018.

MiFID II and MiFIR to be implemented in Norway from 2018
The EU's new regulations on securities markets (MiFID II and MiFIR) entered into force in the EU on 3 January 2018, but had not yet been incorporated in the EEA agreement at year-end 2017. The new regulations aim to strengthen investor protection, reduce risks, increase efficiency, and ensure more transparent financial markets. Through the EEA agreement, the Norwegian securities markets are part of the single market and closely integrated with the European market. In order to have a well-functioning securities market, it is important that Norwegian rules conform to EU rules. In December 2017, Finanstilsynet therefore adopted regulations that place Norwegian investment firms under the same requirements as their counterparts in the EU. The regulations entered into force on 1 January 2018.

Own account for workplace pensions
In the autumn of 2017, the Ministry of Finance circulated for public comment a proposal to introduce an Own Pension Account. The proposal implies that pension capital certificates from previous employers are combined and transferred to the current employer's pension scheme, unless the employee reserves the right to deny this. Gathering all the money in one place will be favourable for most employees. Very many people currently have several small pension capital certificates from previous employers in different companies. Through the Own Pension Account, the individual employee can combine all accumulated pension entitlements, achieve lower costs, get a better overview of and be more actively involved in the management of the funds. The government is expected to present draft legislation to the Norwegian parliament (Stortinget) in 2018.

New, private pension saving scheme
A new scheme for tax-favoured individual pension savings, IPS, came into force on 1 November 2017 and implies tax deductions on ordinary income for deposits of maximum NOK 40 000 per year. The balance is exempt from wealth tax, and returns are not subject to general taxation. Pension payments will not be taxed as pension income with bracket tax and social security contributions, but as ordinary income. The money can be withdrawn at the age of 62 at the earliest. Payments must be spread over a period of at least ten years, and can as a rule not be terminated until the customer turns 80.

Macroeconomic developments
Global GDP growth is expected to be 3.5 per cent in 2017, up from 3.0 per cent in 2016, reflecting higher growth in both industrialised countries and emerging economies. Persistent strong growth in demand from China and widespread optimism have contributed to a synchronous boost in growth across countries and sectors. Global growth is expected to increase further in 2018 due to a higher level of growth in emerging economies. In China, however, growth is expected to slow down somewhat as a result of retrenchment measures implemented by the authorities. Economic growth in industrialised countries is expected to remain at around 2 per cent. This is higher than the normal growth rate and will contribute to a further decline in unemployment. Parallel to this, wage growth is restrained by national and global factors in a number of countries. This puts a damper on inflation and limits the rise in interest rates.

The upturn in the US economy has lasted for nine years, and there are still no clear signs of a slowdown. GDP growth is assumed to be 2.3 per cent in 2017 and 2.4 per cent in 2018. The US tax reform is expected to have a limited effect on consumption, as it primarily affects high-income groups. Although it will probably contribute to a certain rise in corporate investment, the effect is expected to be moderate. The unemployment rate dropped to 4.1 per cent and is expected to decline further in 2018. As a consequence, the Federal Reserve is likely to raise interest rates an additional three times in 2018, in spite of the fact that inflation is somewhat lower than the 2 per cent target. In addition, the Federal Reserve will probably start to scale down its balance sheet by reducing reinvestments in Treasury bills and mortgage-backed securities (MBS).

In the eurozone, GPD growth is estimated at 2.3 per cent in 2017 and is expected to remain at 2.3 per cent in 2018. The recovery is broad-based across countries and sectors, with strong growth in large member countries such as Germany and Spain. Confidence indexes for households and businesses indicate a further recovery in the eurozone, but the cool-down in China is expected to dampen the upturn from the second half of 2018. Growth will nevertheless be higher than normal, which is expected to lead to lower unemployment. Wage and price growth is also assumed to increase somewhat, reflecting less slack in the economy. In consequence of this, the European Central Bank will begin to gradually depart from its expansionary policy by finalising its asset purchases by the end of the year and gradually increasing interest rates from the second quarter of 2019.

The British 'No' to further EU membership had fewer negative consequences than expected in the short term. Growth slowed down, however, from 1.8 per cent in 2016 to an estimated 1.5 per cent in 2017, and is expected to decline to 1.1 per cent in 2018, reflecting a reduction in consumption and investment due to the uncertainty surrounding Brexit. A significant weakening of the British pound has caused a temporary increase in inflation, which made the Bank of England raise its key policy rate to 0.5 per cent in November 2017. Inflation is expected to decline due to weaker growth and higher unemployment, and the key policy rate is therefore expected to remain at 0.5 per cent over the coming years. Uncertainty regarding the process around Brexit and the results thereof makes future prospects more unpredictable than normal.

GDP for Mainland Norway was up by an estimated 1.8 per cent in 2017, after increasing by only 1.0 per cent in 2016. The rise was due to a less negative effect of oil investments, higher consumption and a marked increase in housing investment. Growth is anticipated to rise further to 2 per cent in 2018, driven by corporate and petroleum investment. Over the next few years, the upswing in the Norwegian economy will probably be curbed by lower housing investment and a more neutral contribution from fiscal policy. Higher manufacturing growth has also been reflected in lower unemployment. The unemployment rate has declined gradually since the summer of 2016, mainly due to a lower labour force participation rate. Throughout 2017, employment growth also picked up and contributed to a further drop in the unemployment rate. A slight rise in employment is expected in the period ahead, resulting in a certain reduction in the unemployment rate.

The seasonally adjusted housing price index fell after reaching a peak in March, and annual growth rates in December 2017 were negative at -1.1 per cent for Norway and -10.5 per cent for Oslo. Low interest rates and a more positive situation in the Norwegian economy, with falling unemployment and rising income growth, will limit the downward trend in housing prices, which are expected to show modest growth from 2019.

Inflation, in terms of annual growth in the consumer price index, declined more than expected in 2017. The core inflation rate ended at 1.4 per cent, while total inflation was 1.8 per cent. In 2018, core inflation is expected to be 1.5 per cent, which is well below Norges Bank's inflation target. In light of continued low inflation and a weak housing market, Norges Bank is not expected to raise its key policy rate until September 2019. In its monetary policy report from December 2017, the central bank indicated that the policy rate hike may be implemented in December 2018.

Future prospects

DNB presented updated financial ambitions towards year-end 2019 at its Capital Markets Day in November 2017. The Group's overriding financial target is a return on equity above 12 per cent towards the end of 2019. Several factors will contribute to reaching the return on equity target, including strong growth in capital-light products, increasing lending volumes, greater cost efficiency through the automation of internal processes, and optimal use of capital.

The Group has set a target for its common equity Tier 1 capital ratio of 16.1 per cent, and the common equity Tier 1 capital ratio achieved at year-end 2017 was 16.4 per cent. DNB is well-positioned for new regulatory requirements resulting from the implementation of IFRS 9 and the revised Basel regulations. The latter is expected to have minimal effects for DNB. The implementation effect of IFRS 9 is estimated at NOK 3 billion and is expected to reduce the common equity Tier 1 capital ratio by approximately 25 basis points.

DNB's ambition is to have a cost/income ratio below 40 per cent towards 2019. DNB's dividend policy remains unchanged, with a payout ratio of more than 50 per cent and an increase in the nominal dividend per share each year. In addition to dividend payments, DNB will use repurchases of own shares as a flexible tool to allocate excess capital to its owners. The dividend payout ratio for 2017 is 54.6 per cent. Including the share buy-back programmes, the total distribution to shareholders in 2017 is 72.9 per cent.

Volume-weighted spreads are expected to be stable, while the annual increase in lending volumes is anticipated to be 3 to 4 per cent in 2018 and 2019. During this period, higher growth in lending volumes is expected for personal customers and small and medium-sized enterprises, while the Group will continue to actively reduce its lending volumes to large corporates and international customers in cyclical industries.

For the full year 2018, impairment losses are expected to represent approximately 17 basis points of exposure at default, or around NOK 3 billion.

The tax rate is expected to be 23 per cent in 2018 and 2019.

Oslo, 31 January 2018
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Karl-Christian Agerup

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

Income statement

Amounts in NOK million	Note	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
					DNB Group
Total interest income	5	13 283	13 273	53 865	52 424
Total interest expenses	5	(4 420)	(4 901)	(18 442)	(18 314)
Net interest income	5	**8 863**	**8 372**	**35 422**	**34 110**
Commission and fee income	6	3 255	2 814	12 279	11 452
Commission and fee expenses	6	(1 191)	(678)	(3 831)	(3 172)
Net gains on financial instruments at fair value	7	1 693	1 689	4 548	6 513
Net financial result, DNB Livsforsikring		168	(57)	804	(72)
Net risk result, DNB Livsforsikring		98	290	491	736
Net insurance result, DNB Forsikring		164	181	683	648
Profit from investments accounted for by the equity method		(74)	(45)	(112)	1 189
Net gains on investment properties		146	(7)	143	(35)
Other income		155	44	713	795
Net other operating income		**4 415**	**4 230**	**15 718**	**18 053**
Total income		**13 278**	**12 602**	**51 140**	**52 163**
Salaries and other personnel expenses	8	(3 023)	(2 842)	(12 184)	(11 904)
Other expenses	8	(1 977)	(1 828)	(7 878)	(7 251)
Depreciation and impairment of fixed and intangible assets	8	(1 018)	(524)	(2 531)	(2 177)
Total operating expenses	8	**(6 018)**	**(5 194)**	**(22 593)**	**(21 333)**
Pre-tax operating profit before impairment		**7 260**	**7 409**	**28 547**	**30 830**
Net gains on fixed and intangible assets		(35)	(12)	738	(19)
Impairment of loans and guarantees	10	(402)	(1 753)	(2 428)	(7 424)
Pre-tax operating profit		**6 823**	**5 644**	**26 858**	**23 387**
Tax expense	9	(446)	(290)	(5 054)	(4 140)
Profit from operations held for sale, after taxes		(3)	26	(1)	4
Profit for the period		**6 374**	**5 380**	**21 803**	**19 251**
Portion attributable to shareholders		6 132	5 143	20 865	18 656
Portion attributable to additional Tier 1 capital holders		243	238	938	595
Profit for the period		**6 374**	**5 380**	**21 803**	**19 251**
Earnings/diluted earnings per share (NOK)		3.79	3.16	12.84	11.46
Earnings per share excluding operations held for sale (NOK)		3.79	3.14	12.84	11.46

Comprehensive income statement

Amounts in NOK million	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
				DNB Group
Profit for the period	**6 374**	**5 380**	**21 803**	**19 251**
Actuarial gains and losses	(104)	(23)	(104)	(183)
Property revaluation	5	37	(35)	47
Items allocated to customers (life insurance)	(5)	(37)	35	(47)
Items that will not be reclassified to the income statement	(104)	(23)	(104)	(183)
Currency translation of foreign operations	2 739	3 562	1 190	(6 476)
Currency translation reserve reclassified to the income statement [1]	(1 306)		(1 306)	(43)
Hedging of net investment	(1 640)	(2 415)	(515)	4 346
Hedging reserve reclassified to the income statement [1]	886		886	
Investments according to the equity method [2]	41	4	160	(25)
Investments according to the equity method, reclassified to the income statement [2]				(855)
Items that may subsequently be reclassified to the income statement	719	1 151	414	(3 052)
Other comprehensive income for the period (net of tax)	**615**	**1 128**	**311**	**(3 236)**
Comprehensive income for the period	**6 989**	**6 509**	**22 113**	**16 015**

1) *In the fourth quarter of 2017, currency translation reserves (accumulated gains) of NOK 1 307 million and hedging reserves (accumulated losses) of NOK 1 224 million relating to the Baltics were reclassified to the income statement and recognised in "Net gains on fixed and intangible assets". Tax relating to the Baltics hedging reserve amounted to NOK 338 million, which was reclassified to the income statement and recognised in "Tax expense".*

2) *DNB had 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 March 2016 an accumulated gain of NOK 855 million was recognised in other comprehensive income. Upon the completion of the acquisition of Visa Europe by Visa Inc in the second quarter of 2016, this amount was reclassified to profit and a total gain of NOK 1 128 million was recognised as "Profit from investments accounted for by the equity method" in the income statement.*

Balance sheet

Amounts in NOK million	Note	DNB Group 31 Dec. 2017	DNB Group 31 Dec. 2016
Assets			
Cash and deposits with central banks		151 595	208 263
Due from credit institutions	13, 14	239 328	176 442
Loans to customers	11, 12, 13, 14	1 545 415	1 509 078
Commercial paper and bonds at fair value	14, 15	338 713	296 642
Shareholdings	14	28 220	22 512
Financial assets, customers bearing the risk	14	75 206	60 220
Financial derivatives	14	132 349	157 940
Commercial paper and bonds, held to maturity	15, 16	83 894	94 008
Investment properties	16	16 306	15 912
Investments accounted for by the equity method		15 609	7 768
Intangible assets		5 600	5 814
Deferred tax assets		769	1 404
Fixed assets		8 704	7 949
Assets held for sale			52 541
Other assets		56 559	36 709
Total assets		**2 698 268**	**2 653 201**
Liabilities and equity			
Due to credit institutions	13, 14	224 107	212 882
Deposits from customers	13, 14	971 137	934 897
Financial derivatives	14	110 262	130 161
Debt securities issued	13, 14, 17	780 247	765 869
Insurance liabilities, customers bearing the risk		75 206	60 220
Liabilities to life insurance policyholders in DNB Livsforsikring		208 500	208 160
Insurance liabilities, DNB Forsikring		2 043	1 892
Payable taxes		4 599	8 874
Deferred taxes		2 574	3 816
Other liabilities		68 078	44 568
Liabilities held for sale			41 243
Provisions		1 812	2 094
Pension commitments		3 267	2 756
Subordinated loan capital	13, 14, 17	29 538	29 347
Total liabilities		**2 481 371**	**2 446 779**
Share capital		16 180	16 286
Share premium		22 609	22 609
Additional Tier 1 capital		16 159	15 952
Other equity		161 948	151 576
Total equity		**216 897**	**206 423**
Total liabilities and equity		**2 698 268**	**2 653 201**

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 [2]	Net invest-ment hedge reserve [2]	Other equity [1]	Total equity [1] [2]
Balance sheet as at 31 Dec. 2015 restated	**16 257**	**22 609**	**8 353**	**(525)**	**18 317**	**(11 848)**	**137 263**	**190 425**
Profit for the period			595				18 656	19 251
Other comprehensive income (net of tax)				(183)	(6 519)	4 346	(880)	(3 236)
Comprehensive income for the period			595	(183)	(6 519)	4 346	17 775	16 015
Additional Tier 1 capital issued			7 520				(43)	7 477
Interest payments additional Tier 1 capital			(505)					(505)
Currency movements taken to income			(11)				11	
Defined-benefit pension scheme discontinued				17			(17)	
AGDL provisions in Luxembourg reclassified to equity							13	13
Dividends paid for 2015 (NOK 4.50 per share)							(7 330)	(7 330)
Net purchase of treasury shares	29						297	326
Balance sheet as at 31 Dec. 2016	**16 286**	**22 609**	**15 952**	**(692)**	**11 798**	**(7 502)**	**147 971**	**206 423**
Profit for the period			938				20 865	21 803
Other comprehensive income (net of tax)				(104)	(117)	371	160	311
Comprehensive income for the period			938	(104)	(117)	371	21 026	22 113
Repurchased under share buy-back programme	(108)						(1 552)	(1 659)
Interest payments additional Tier 1 capital			(724)					(724)
Currency movements taken to income			(7)				7	
Dividends paid for 2016 (NOK 5.70 per share)							(9 284)	(9 284)
Net purchase of treasury shares	2						26	28
Balance sheet as at 31 Dec. 2017	**16 180**	**22 609**	**16 159**	**(795)**	**11 681**	**(7 131)**	**158 193**	**216 897**

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

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2016	*(2)*	*(26)*	*(28)*
Net purchase of treasury shares	*2*	*26*	*28*
Balance sheet as at 31 December 2017	*0*	*0*	*0*

2) *Of which OCI related to the Baltics:*

	Currency translation reserve	Net investment hedge reserve	Total equity
Balance sheet as at 31 December 2016	*1 015*	*(712)*	*304*
Other comprehensive income for the three first quarters of 2017	*291*	*(174)*	*117*
Other comprehensive income reclassifiend to the income statement in 4Q17	*(1 307)*	*886*	*(421)*
Balance sheet as at 31 December 2017	*0*	*0*	*0*

Cash flow statement

	DNB Group	
Amounts in NOK million	Full year 2017	Full year 2016
Operating activities		
Net payments on loans to customers	(33 528)	(41 244)
Interest received from customers	47 196	46 858
Net receipts on deposits from customers	36 283	42 821
Interest paid to customers	(4 382)	(3 656)
Net receipts/payments on loans to credit institutions	(39 774)	166 440
Interest received from credit institutions	2 450	1 258
Interest paid to credit institutions	(2 430)	(1 661)
Net receipts/payments on the sale of financial assets for investment or trading	(19 697)	20 955
Interest received on bonds and commercial paper	4 449	4 488
Net receipts on commissions and fees	8 627	8 303
Payments to operations	(20 023)	(20 032)
Taxes paid	(10 771)	(2 918)
Receipts on premiums	14 875	15 599
Net receipts/payments on premium reserve transfers	1 666	(1 512)
Payments of insurance settlements	(15 183)	(14 745)
Other net receipts/payments	5 586	(5 583)
Net cash flow from operating activities	**(24 657)**	**215 372**
Investing activities		
Net payments on the acquisition of fixed assets	(2 305)	(1 540)
Net receipts/payments, investment properties	382	(1 512)
Receipts on the sale of long-term investments in shares	238	861
Acquisition of long-term investments in shares	(324)	
Dividends received on long-term investments in shares	7	66
Net cash flow from investment activities	**(2 001)**	**(2 124)**
Financing activities		
Receipts on issued bonds and commercial paper	1 849 030	8 995 908
Payments on redeemed bonds and commercial paper	(1 856 373)	(9 000 786)
Interest payments on issued bonds and commercial paper	(13 853)	(16 016)
Receipts on the raising of subordinated loan capital	10 106	738
Redemptions of subordinated loan capital	(10 544)	(3)
Interest payments on subordinated loan capital	(784)	(923)
Receipts on issued additional Tier 1 capital		7 520
Interest payments on additional Tier 1 capital	(724)	(516)
Repurchased shares	(1 659)	
Dividend payments	(9 284)	(7 330)
Net cash flow from funding activities	**(34 085)**	**(21 408)**
Effects of exchange rate changes on cash and cash equivalents	**3 827**	**(272)**
Net cash flow	**(56 916)**	**191 567**
Cash as at 1 January	214 807	23 239
Amount of cash in subsidiaries which control is lost	(3 768)	
Net receipts/payments of cash	(56 916)	191 567
Cash at end of period *)	154 122	214 807

**) Of which: Cash and deposits with central banks*	*151 595*	*211 908*
Deposits with credit institutions with no agreed period of notice [1)]	*2 527*	*2 899*

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

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. When preparing the consolidated financial statements, management makes estimates, judgments 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 accounting policies, significant estimates and areas where judgment is applied by the Group, can be found in note 1 Accounting principles in the annual report for 2016.

The customer segments were redefined in the first quarter of 2017. See note 2 Segments for further information. The change only affects the allocation between the segments and has no impact on the Group's financial statements. Figures for comparable periods have been restated.

Approved standards and interpretations that have not yet entered into force

IFRS 9 Financial Instruments
The new rules are applicable from 1 January 2018. See chapter 19 in note 1 Accounting principles in the annual report for 2016 for a more detailed description.

Impact for DNB
Classification and measurement
DNB has completed the analysis related to classification and measurement. It has been concluded that the "hold to collect" business model will be used for financial assets within the three main customer segments, which implies that amortised cost is the measurement method to be applied. This is the same as in the current IAS 39 rules. In DNB Markets a more distinct border has been determined between the business model in the trading book and the banking book. Hence, some portfolios measured at fair value today will be measured at amortised cost from 2018 onwards. There are some reclassifications caused by reduced use of the fair value option. The reclassifications will have no material impact on the Group's financial statements.

Impairment
IFRS 9 changes the measurement of the provision for credit losses for financial assets. At initial recognition, as well as if the credit risk has not increased significantly since initial recognition, the provision should equal 12-month expected credit losses ("stage 1"). If the credit risk has increased significantly, the provision should equal lifetime expected credit losses ("stage 2"). This dual approach replaces today's collective impairment model. For individual impairment there are no significant changes in the rules compared with the current IAS 39 rules. Individual impairment is from now on referred to as the third stage ("stage 3").

In DNB, the assessment of what is considered to be a significant change in credit risk is based on a combination of quantitative and qualitative indicators and backstops. The most important driver of significant change in credit risk in DNB is the quantitative indicator determined by comparing the remaining lifetime PD at the reporting date with the remaining lifetime PD at the reporting date expected at initial recognition. Using this as a measurement, a change of 2.5 times lifetime PD from initial recognition is assessed as a significant change in credit risk. Further, the change in PD must be a minimum of 0.6 percentage points for the deterioration in credit risk to be considered to be significant. In the high end of the risk scale a change of 7.5 percentage points or more is considered to be a significant deterioration in credit risk even if this is less than a change of 2.5 times lifetime PD. These limits reflect the high sensitivity to change in the low end of the risk scale and the low sensitivity to change in the high end of the scale.

DNB will calculate the loss provision for financial assets in "stage 1" and "stage 2" under the new rules as the present value of exposure at default (EAD) multiplied by the probability of default (PD) multiplied by loss given default (LGD). The work to establish the methodology and loss provision model has been completed. This includes converting PD, LGD and EAD to be point in time and more forward looking, as the modelling is built on the IRB framework. The measurement of loss provisions will incorporate the effect of DNB's forward-looking view (macro scenarios). DNB has grouped instruments with similar credit risk characteristics into 22 portfolios. Based on an historical analysis, key risk drivers (macro factors) impacting the PD are identified for the different portfolios. The number of macro factors identified per portfolio varies from one to four. The forecast for the different macro factors will be updated quarterly and provided internally. The forecast period varies between three and four years. After this period, the drivers are assumed to be mean reverting.

The implementation impact calculated on 1 January 2018 is an increase of NOK 3 billion before taxes. This includes the impact from Investments accounted for by the equity method. The effect will be recognised as an increase in collective impairment provisions and as a reduction in the Investments accounted for by the equity method in the balance sheet with the offsetting entry recognised directly in equity, hence there will be no impact on the income statement. DNB don't intend to use the transition rules introduced for capital adequacy purposes. A separate disclosure with transition information will be included in the annual report for 2017.

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 DNB Group's resources. Special product areas are responsible for production and development for parts of the product range and for ensuring that the DNB Group meets the needs of the various customer segments. Reported figures for the different segments will reflect the DNB Group's total sales of products and services to the relevant customer segments. DNB's Baltic operation became part of a joint venture with Nordea from 1 October 2017. The Baltic operation was part of the Large corporates and international customers segment up until this date, and is thus reflected in the figures for previous quarters. Following the reorganisation announced in September 2016, the DNB Group has changed its distribution of the profit from DNB Finans' operations between the three customer segments. As of 1 January 2017, profit from DNB Finans' operations in Sweden are divided between the personal customer segment, the small and medium-sized enterprises segment and the large corporates and international customers segment. Profit from DNB Finans' operations in Denmark are divided between the small and medium-sized enterprises segment and the large corporates and international customers segment. Previously, profits from these operations were included in the large corporates and international customers segment. The distribution of profit from DNB Finans' operations in Norway on the various segments has also been changed. Figures for 2016 have been adjusted correspondingly.

Personal customers	-	includes the DNB Group's total products and activities to private customers in all channels, both digital and physical, with the exception of home 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 outlets). Credit cards and consumer financing in Sweden are also included in this business area.
Small and medium-sized enterprises	-	is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. 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 DNB Group's physical distribution network throughout Norway as well as digital and telephone banking (24/7). Factoring, leasing and asset financing for small and medium-sized enterprises in Sweden and Denmark are also included in this business area.
Large corporates and international customers	-	includes large Norwegian and international corporate customers. 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 segments are based on the group's accounting principles and DNB's management model. Allocation of costs and capital between segments involves a number of assumptions, estimates and discretionary distributions.

Capital allocated to the segments is calculated on the basis of the DNB 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 DNB Group's adaptation to Basel III with capital requirement related to credit risk, market risk and operational risk. The allocation of capital for credit risk is based on the DNB Group's internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units' total income.

Note 2 Segments (continued)

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	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net interest income	3 518	3 117	2 281	2 120	3 041	3 297	(81)	1			103	(163)	8 863	8 372
Net other operating income	1 154	1 160	501	572	1 226	1 488	564	817	457	280	514	(87)	4 415	4 230
Total income	4 672	4 277	2 782	2 692	4 267	4 785	483	818	457	280	617	(250)	13 278	12 602
Operating expenses	(1 978)	(1 979)	(1 109)	(1 095)	(1 741)	(1 823)	(158)	(159)	(89)	(96)	(943)	(41)	(6 018)	(5 194)
Pre-tax operating profit before impairment	2 693	2 298	1 673	1 597	2 526	2 962	325	659	368	184	(326)	(291)	7 260	7 409
Net gains on fixed and intangible assets	(0)		(1)	(0)	0	(4)					(35)	(8)	(35)	(12)
Impairment of loans and guarantees [3]	(137)	107	(150)	(281)	(99)	(1 572)					(16)	(6)	(402)	(1 753)
Profit from repossessed operations			11	40	(13)	7					2	(47)		
Pre-tax operating profit	2 557	2 406	1 534	1 355	2 414	1 393	325	659	368	184	(374)	(352)	6 823	5 644
Tax expense	(639)	(601)	(383)	(339)	(676)	(376)	(75)	(165)	98	49	1 229	1 143	(446)	(290)
Profit from operations held for sale, after taxes		0				(0)					(3)	26	(3)	26
Profit for the period	1 917	1 804	1 150	1 016	1 738	1 017	250	494	466	233	852	817	6 374	5 380

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.*

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	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Loans to customers [1,2]	743.6	705.9	286.4	263.9	422.7	511.3	33.7	24.4	36.8	32.5	19.4	(33.1)	1 542.6	1 505.1
Deposits from customers [1,2]	404.0	399.4	210.5	185.7	337.8	367.0	104.9	54.5			(8.0)	(44.9)	1 049.1	961.7
Assets under management	86.1	78.0	95.2	77.0	213.7	180.9			204.3	202.8	28.0	22.1	627.3	560.8
Allocated capital [3]	39.8	39.6	26.3	26.8	73.7	84.8	6.1	7.2	21.6	19.9				

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	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Cost/income ratio [4]	42.3	46.3	39.9	40.7	40.8	38.1	32.7	19.5	19.5	34.3			45.3	41.2
Ratio of deposits to loans [2,5]	54.3	56.6	73.5	70.3	79.9	71.8							68.0	63.9
Return on allocated capital, annualised [3]	19.1	18.1	17.4	15.1	9.4	4.8	16.3	27.2	8.6	4.7			12.3	10.9

1) *DNB's Baltic operation became part of a joint venture with Nordea from 1 October 2017. The Baltic operation was part of the Large corporates and international customers segment up until this date, and is thus reflected in the figures for previous quarters. Loans to and deposits from customers in the Baltics are included under Large corporates and international customers in spite of being reclassified as assets and liabilities held for sale in August 2016. The reclassification is reflected under Other operations/eliminations. In the fourth quarter of 2016 reclassified loans amounted to NOK 46.5 billion and deposits to NOK 36.7 billion.*
2) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments.*
3) *Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel III/Solvency II) which must be met by the Group. The capital allocated in 2017 corresponds to a common equity Tier 1 capital ratio of 18.0 per cent compared to 17.2 per cent in 2016. Recorded capital is used for the Group.*
4) *Total operating expenses relative to total income.*
5) *Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

Note 2 Segments (continued)

Income statement, January - December

DNB Group

Amounts in NOK million	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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net interest income	13 367	12 804	8 578	7 941	12 683	13 183	(76)	28			869	153	35 422	34 110
Net other operating income	5 113	4 984	2 101	2 031	5 730	6 016	2 453	2 976	1 721	1 214	(1 399)	831	15 718	18 053
Total income	18 480	17 788	10 678	9 972	18 413	19 200	2 377	3 004	1 721	1 214	(529)	984	51 140	52 163
Operating expenses	(8 279)	(8 504)	(4 380)	(4 130)	(7 572)	(7 276)	(502)	(548)	(370)	(435)	(1 492)	(438)	(22 593)	(21 333)
Pre-tax operating profit before impairment	10 201	9 284	6 298	5 842	10 842	11 924	1 876	2 455	1 351	779	(2 021)	546	28 547	30 830
Net gains on fixed and intangible assets	(0)	(0)	(1)	2	20	23					719	(44)	738	(19)
Impairment of loans and guarantees	(207)	379	(413)	(1 088)	(1 800)	(6 715)					(8)	(0)	(2 428)	(7 424)
Profit from repossessed operations			14	6	(19)	8					4	(14)		
Pre-tax operating profit	9 995	9 662	5 899	4 762	9 043	5 240	1 876	2 455	1 351	779	(1 305)	488	26 858	23 387
Tax expense	(2 499)	(2 416)	(1 475)	(1 191)	(2 532)	(1 415)	(431)	(614)	9	4	1 874	1 491	(5 054)	(4 140)
Profit from operations held for sale, after taxes		(1)			(0)	3					(1)	2	(1)	4
Profit for the period	7 496	7 246	4 424	3 572	6 511	3 829	1 444	1 841	1 359	783	568	1 981	21 803	19 251

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

Balance sheet items

DNB Group

Amounts in NOK billion	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	31 December		31 December		31 December		31 December		31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Loans to customers	747.2	706.0	291.1	265.8	409.6	499.7	38.7	29.9	39.9	38.9	18.8	(31.2)	1 545.4	1 509.1
Deposits from customers	403.4	397.5	206.5	189.6	325.5	379.4	44.5	13.7			(8.8)	(45.2)	971.1	934.9

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

Amounts in NOK million	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
Recorded interest result	(1 072)	(117)	1 338	1 185
Risk result	117	179	308	448
Administration result	70	76	295	327
Upfront pricing of risk and guaranteed rate of return	25	56	130	288
Provisions for higher life expentancy, group pension 1)	(239)	(433)	(621)	(1 452)
Allocations to policyholders, products with guaranteed rates of return	1 263	307	(834)	(455)
Return on corporate portfolio	204	116	736	439
Pre-tax operating profit - Traditional pension products	368	184	1 351	779

1) Provisions for higher life expectancy, group pension:

Amounts in NOK million	*Accumulated balance 31 December 2017*
Paid-up policies	*9 829*
Defined benefit	*1 386*
*Total group pension *)*	*11 215*

**) The total required increase in reserves for the portfolio as at 31 December 2017 was approximately NOK 12.9 billion.*

Note 2 Segments (continued)

Other operations/eliminations

Other operations/eliminations include IT, People and Operations, Group Finance including Group Treasury, Risk Management, Media & Marketing, Compliance, New Business, the partially owned company Eksportfinans and 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 2017	4th quarter 2016
Unallocated interest income	(23)	(298)
Income from equity investments	32	81
Gains on fixed and intangible assets	(35)	(8)
Mark-to-market adjustments on financial instruments	300	681
Basis swaps	62	(713)
Profit from associated companies	(74)	(45)
Net gains on investment properties	160	15
Profit from repossessed operations	2	(47)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(87)	(115)
Unallocated personnel expenses	(147)	50
Unallocated IT and Operations expenses	1	63
Impairment losses for goodwill relating to external distribution of credit cards under the Cresco brand	(502)	
Other	(63)	(16)
Pre-tax operating profit	(374)	(352)

Note 3 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRD IV/CRR). The regulatory consolidation deviates from consolidation in the accounts and comprises the parent company, subsidiaries and associated companies within the financial sector, excluding insurance companies. DNB Livsforsikring and DNB Forsikring are thus not included in the calculations. Associated companies are consolidated pro rata.

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Total equity excluding profit for the period	169 720	168 104	203 685	190 078	216 897	206 423
Effect from regulatory consolidation			183	(181)	(6 328)	(5 795)
Additional Tier 1 capital instruments included in total equity	(15 574)	(15 574)	(15 574)	(15 574)	(15 574)	(15 574)
Net accrued interest on additional Tier 1 capital instruments	(439)	(284)	(439)	(284)	(439)	(284)
Common equity Tier 1 capital instruments	153 708	152 246	187 856	174 039	194 557	184 770
Deductions						
Goodwill	(2 404)	(2 900)	(2 559)	(2 951)	(4 264)	(4 656)
Deferred tax assets that are not due to temporary differences	(584)	(224)	(454)	(482)	(454)	(482)
Other intangible assets	(1 110)	(699)	(1 984)	(946)	(1 984)	(946)
Dividends payable etc.			(15 804)	(5 084)	(13 523)	(9 284)
Significant investments in financial sector entities [1]					(362)	
Expected losses exceeding actual losses, IRB portfolios	(951)	(6)	(1 915)	(153)	(1 915)	(153)
Value adjustments due to the requirements for prudent valuation (AVA)	(449)	(479)	(720)	(786)	(720)	(786)
Adjustments for unrealised losses/(gains) on debt recorded at fair value	123	107	123	(90)	123	(90)
Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(481)	(580)	(113)	(159)	(113)	(159)
Common equity Tier 1 capital	147 851	147 467	164 431	163 389	171 346	168 214
Additional Tier 1 capital instruments	15 574	17 471	15 574	17 471	15 574	17 471
Non-eligible Tier 1 capital, DNB Group [2]					(56)	(176)
Tier 1 capital	163 425	164 938	180 005	180 860	186 863	185 509
Perpetual subordinated loan capital	5 361	5 602	5 361	5 602	5 361	5 602
Term subordinated loan capital	23 897	21 249	23 897	21 249	23 897	21 249
Deduction of holdings of Tier 2 instruments in DNB Livsforsikring and DNB Forsikring [3]					(5 750)	(5 750)
Non-eligible Tier 2 capital, DNB Group [2]					(1 813)	(1 440)
Tier 2 capital	29 258	26 851	29 258	26 851	21 696	19 661
Total eligible capital	192 683	191 789	209 263	207 711	208 559	205 170
Risk-weighted volume, transitional rules [4]	825 200	773 244	1 014 683	1 040 888	1 042 601	1 051 498
Minimum capital requirement, transitional rules	66 016	61 860	81 175	83 271	83 408	84 120
Common equity Tier 1 capital ratio, transitional rules (%)	17.9	19.1	16.2	15.7	16.4	16.0
Tier 1 capital ratio, transitional rules (%)	19.8	21.3	17.7	17.4	17.9	17.6
Capital ratio, transitional rules (%)	23.3	24.8	20.6	20.0	20.0	19.5

1) *Deductions are made for significant investments in financial sector entities if they each exceed 10 per cent of common equity Tier 1 capital. The amounts that are not deducted are given a risk weight of 250 per cent.*
2) *Tier 1 and Tier 2 capital in DNB Bank ASA are not included in consolidated own funds, in accordance with Articles 85-88 of the CRR.*
3) *Investments in Tier 2 instruments issued by DNB Livsforsikring and DNB Forsikring are deducted from the Group's Tier 2 capital.*
4) *As from the first quarter of 2017, the risk weight of 250 per cent for significant investments in financial sector entities also applies to the calculation according to the transitional rules (Basel I).*

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.

Specification of risk-weighted volume and capital requirements

DNB Group

Amounts in NOK million	Nominal exposure 31 Dec. 2017	EAD [1] 31 Dec. 2017	Average risk weights in per cent 31 Dec. 2017	Risk-weighted volume 31 Dec. 2017	Capital requirement 31 Dec. 2017	Capital requirement 31 Dec. 2016
IRB approach						
Corporate	964 724	790 118	55.7	439 960	35 197	32 619
Specialised lending (SL)	11 582	10 645	53.3	5 676	454	356
Retail - mortgages	748 668	748 668	22.1	165 245	13 220	12 465
Retail - other exposures	99 660	85 663	25.5	21 812	1 745	1 901
Securitisation	9 613	9 613	81.4	7 827	626	937
Total credit risk, IRB approach	1 834 246	1 644 706	38.9	640 519	51 241	48 279
Standardised approach						
Central government	107 116	76 481	0.1	74	6	7
Institutions	266 642	122 434	30.5	37 361	2 989	1 989
Corporate	174 279	140 798	87.0	122 454	9 796	8 767
Retail - mortgages	58 925	56 340	49.0	27 588	2 207	1 805
Retail - other exposures	117 871	47 773	77.0	36 765	2 941	2 939
Equity positions	20 203	20 201	231.5	46 771	3 742	3 623
Securitisation						41
Other assets	13 760	13 760	51.6	7 098	568	848
Total credit risk, standardised approach	758 796	477 787	58.2	278 110	22 249	20 018
Total credit risk	2 593 042	2 122 493	43.3	918 629	73 490	68 297
Market risk						
Position risk, debt instruments				13 997	1 120	1 169
Position risk, equity instruments				262	21	25
Currency risk						
Commodity risk				23	2	6
Credit value adjustment risk (CVA)				5 855	468	490
Total market risk				20 137	1 611	1 690
Operational risk				88 820	7 106	6 670
Net insurance, after eliminations						
Total risk-weighted volume and capital requirements before transitional rules				1 027 585	82 207	76 657
Additional capital requirements according to transitional rules [2]				15 016	1 201	7 463
Total risk-weighted volume and capital requirements				1 042 601	83 408	84 120

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 and international group entities. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has approved internal limits which restrict the volume of short-term liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis, a systemic crisis and a combination thereof, and a contingency plan has been established to handle market events. In addition, limits have been set 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 deposits-to-loans ratio is a key figure in liquidity risk management, and in order to avoid an increasing strain on funding from capital markets over time, the overall ambition is to retain a minimum deposits-to-loans ratio of 60 per cent. For the purpose of liquidity management, the ratio of deposits to net loans is more relevant for the banking group than for the DNB Group due to the fact that some loans in the DNB Group are investments on behalf of insurance clients. The banking group's ratio of deposits to net loans was 64.0 per cent at end-December 2017, up from 63.4 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 130.9 per cent at end-December 2017.

The short-term funding markets were generally sound for banks in the fourth quarter of 2017. An expected interest rate hike by the Federal Reserve and imbalances between USD and euro, caused somewhat higher pricing in the short-term funding market throughout the quarter. However, DNB had good access to short-term funding during this period.

There was a higher level of activity in the long-term funding markets in the fourth quarter than what is usual that time of year. The market was well-functioning, and prices were favourable, so issuers used the opportunity to refinance coming redemptions and prefund the coming year’s funding needs. The European Central Bank, ECB, is still a dominating player in the covered bonds market, but the announced reduction in its targeted longer-term financing operations programme in October was positively received by investors. The TLTRO programme is supposed to last until September 2018. The margins for all types of long-term funding, including subordinated loans, decreased further during the fourth quarter.

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 117 per cent, with an LCR of 191 per cent for EUR, 137 per cent for USD and 93 per cent for NOK.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.0 years at end-December 2017, up from 3.9 years a year earlier. The DNB Group aims to maintain 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 2017	4th quarter 2016	Full year 2017	Full year 2016
Interest on amounts due from credit institutions	767	432	2 713	1 340
Interest on loans to customers	10 922	10 984	44 447	44 229
Interest on impaired loans and guarantees	285	317	1 172	911
Interest on commercial paper and bonds	946	1 185	4 200	4 626
Front-end fees etc.	66	81	300	294
Other interest income	296	274	1 033	1 024
Total interest income	**13 283**	**13 273**	**53 865**	**52 424**
Interest on amounts due to credit institutions	(711)	(762)	(2 465)	(1 705)
Interest on deposits from customers	(1 931)	(1 665)	(7 519)	(6 645)
Interest on debt securities issued	(2 794)	(2 933)	(11 139)	(12 385)
Interest on subordinated loan capital	(107)	(131)	(452)	(532)
Guarantee fund levy	(113)	(200)	(637)	(768)
Other interest expenses [1)]	1 237	791	3 770	3 720
Total interest expenses	**(4 420)**	**(4 901)**	**(18 442)**	**(18 314)**
Net interest income	**8 863**	**8 372**	**35 422**	**34 110**

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

Note 6 Net commission and fee income

Amounts in NOK million	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
				DNB Group
Money transfers	934	867	3 949	3 725
Asset management services	704	174	1 719	1 267
Custodial services	86	78	346	315
Securities broking	187	200	789	616
Corporate finance	248	338	820	767
Interbank fees	4	5	19	23
Credit broking	125	108	453	491
Sale of insurance products	549	576	2 243	2 418
Real estate broking	251	260	1 150	1 121
Other commissions and fees	165	207	791	708
Total commission and fee income	**3 255**	**2 814**	**12 279**	**11 452**
Money transfers	(517)	(455)	(2 109)	(1 795)
Asset management services	(325)	106	(421)	(104)
Custodial services	(53)	(40)	(181)	(172)
Securities broking	(41)	(40)	(151)	(177)
Corporate finance	(46)	(19)	(135)	(73)
Interbank fees	(12)	(14)	(49)	(57)
Credit broking	(2)	(2)	(13)	(26)
Sale of insurance products	(47)	(46)	(194)	(202)
Other commissions and fees	(147)	(167)	(577)	(567)
Total commission and fee expenses	**(1 191)**	**(678)**	**(3 831)**	**(3 172)**
Net commission and fee income	**2 064**	**2 136**	**8 448**	**8 280**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
				DNB Group
Dividends	(0)	33	84	140
Net gains on commercial paper and bonds	(547)	(1 962)	(620)	(1 810)
Net gains on shareholdings and equity-related derivatives	27	74	132	356
Net unrealised gains on basis swaps	62	(713)	(672)	(542)
Net gains on other financial instruments	2 152	4 256	5 624	8 368
Net gains on financial instruments at fair value	**1 693**	**1 689**	**4 548**	**6 513**

Note 8 Operating expenses

Amounts in NOK million	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
				DNB Group
Salaries	(2 047)	(2 004)	(8 316)	(8 190)
Employer's national insurance contributions	(389)	(379)	(1 546)	(1 301)
Pension expenses	(379)	(81)	(1 347)	(1 035)
Restructuring expenses	(68)	(203)	(346)	(720)
Other personnel expenses	(139)	(174)	(629)	(658)
Total salaries and other personnel expenses	**(3 023)**	**(2 842)**	**(12 184)**	**(11 904)**
Fees [1)]	(632)	(515)	(2 043)	(1 631)
IT expenses [1)]	(434)	(417)	(2 089)	(2 107)
Postage and telecommunications	(36)	(59)	(209)	(238)
Office supplies	(10)	(21)	(62)	(76)
Marketing and public relations	(190)	(215)	(810)	(815)
Travel expenses	(113)	(85)	(284)	(237)
Reimbursement to Norway Post for transactions executed	(57)	(48)	(204)	(198)
Training expenses	(16)	(23)	(65)	(62)
Operating expenses on properties and premises	(279)	(291)	(1 174)	(1 191)
Operating expenses on machinery, vehicles and office equipment	(17)	(23)	(82)	(93)
Other operating expenses	(194)	(132)	(857)	(604)
Total other expenses	**(1 977)**	**(1 828)**	**(7 878)**	**(7 251)**
Depreciation and impairment of fixed and intangible assets [2)]	(1 018)	(524)	(2 531)	(2 177)
Total depreciation and impairment of fixed and intangible assets	**(1 018)**	**(524)**	**(2 531)**	**(2 177)**
Total operating expenses	**(6 018)**	**(5 194)**	**(22 593)**	**(21 333)**

1) *Fees also include system development fees and must be viewed relative to IT expenses.*
2) *Impairment losses for goodwill of NOK 502 million relating to Cresco were recorded in the fourth quarter of 2017.*

Note 9 Taxes

Balancing tax charges against pre-tax operating profit

Amounts in NOK million	Full year 2017	Full year 2016
		DNB Group
Pre-tax operating profit	26 858	31 858
Estimated tax expense - nominal tax rate - 24 per cent (25 per cent in 2016)	(6 446)	(8 602)
Tax effect of financial tax	(151)	
Tax effect of different tax rates in other countries	(165)	(166)
Tax effect of debt interest distribution with international branches	749	162
Tax effect of tax-exempt income and non-deductible expenses	1 078	1 061
Tax effect of tax losses carried forward not recognised in the balance sheet [1)]	(23)	32
Tax effect of changed tax rate for deferred taxes recognised in the balance sheet	(47)	549
Excess tax provision previous year	(49)	(81)
Total tax expense	(5 054)	(7 045)
Effective tax rate	19%	22%

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

Amounts in NOK million	DNB Group 4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
Write-offs	(790)	(455)	(1 662)	(1 359)
New/increased individual impairment	(1 201)	(1 519)	(4 445)	(5 910)
Total new/increased individual impairment	(1 991)	(1 974)	(6 106)	(7 269)
Reassessed individual impairment previous years	249	177	2 162	990
Recoveries on loans and guarantees previously written off	48	217	249	999
Net individual impairment	(1 693)	(1 580)	(3 696)	(5 280)
Change in collective impairment of loans	1 292	(172)	1 268	(2 144)
Impairment of loans and guarantees 1)	**(402)**	**(1 753)**	**(2 428)**	**(7 424)**
Write-offs covered by individual impairment made in previous years	816	849	3 286	2 803
1) Of which individual impairment of guarantees	*37*	*(105)*	*(6)*	*(344)*

Note 11 Loans to customers

Amounts in NOK million	DNB Group 31 Dec. 2017	31 Dec. 2016
Loans at amortised cost		
Loans to customers, nominal amount	1 424 680	1 384 022
Individual impairment	(8 234)	(8 566)
Loans to customers, after individual impairment	1 416 446	1 375 456
Accrued interest and amortisation	1 671	1 877
Individual impairment of accrued interest and amortisation	(480)	(494)
Collective impairment	(3 162)	(4 488)
Loans to customers, at amortised cost	1 414 475	1 372 351
Loans at fair value		
Loans to customers, nominal amount	129 561	135 370
Accrued interest	152	193
Adjustment to fair value	1 227	1 164
Loans to customers, at fair value	130 940	136 727
Loans to customers *)	**1 545 415**	**1 509 078**
**) Of which repo trading volumes*	*38 614*	*29 466*

Note 12 Net impaired loans and guarantees for principal customer groups

	DNB Group	
Amounts in NOK million	31 Dec. 2017	31 Dec. 2016
Private individuals	2 037	2 290
Transportation by sea and pipelines and vessel construction	1 381	2 748
Real estate	689	1 826
Manufacturing	1 780	3 986
Services	469	797
Trade	1 398	790
Oil and gas	2 767	3 625
Transportation and communication	1 943	3 905
Building and construction	556	749
Power and water supply	1 343	386
Seafood	11	44
Hotels and restaurants	24	61
Agriculture and forestry	38	107
Central and local government	0	0
Other sectors	1	19
Total customers	14 435	21 331
Credit institutions		
Total net impaired loans and guarantees	14 435	21 331
Non-performing loans and guarantees not subject to impairment	2 842	4 322
Total net non-performing and doubtful loans and guarantees	17 277	25 654

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.

Figures for 2016 includes volumes in the Baltics, reclassified as assets held for sale in August 2016, of which net non-performing and net doubtful loans and guarantees totalled NOK 2 256 million at end-December 2016.

Note 13 Fair value of financial instruments at amortised cost

				DNB Group
	31 December 2017		31 December 2016	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	4 881	4 881	4 977	4 977
Due from credit institutions	40 041	40 041	15 569	15 569
Loans to customers	1 414 475	1 416 002	1 372 351	1 376 269
Commercial paper and bonds, held to maturity	83 894	91 542	94 008	102 411
Total financial assets	1 543 290	1 552 465	1 486 904	1 499 226
Due to credit institutions	37 115	37 115	33 639	33 639
Deposits from customers	915 356	915 356	880 088	880 088
Securities issued [1)]	539 731	548 082	526 863	533 874
Subordinated loan capital [1)]	26 666	26 378	28 093	28 065
Total financial liabilities	1 518 867	1 526 931	1 468 684	1 475 666

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	Total
Assets as at 31 December 2017				
Deposits with central banks		146 714		146 714
Due from credit institutions		199 288		199 288
Loans to customers		55 839	75 101	130 940
Commercial paper and bonds at fair value	53 391	284 994	328	338 713
Shareholdings	7 482	16 240	4 498	28 220
Financial assets, customers bearing the risk		75 206		75 206
Financial derivatives	131	130 149	2 069	132 349
Liabilities as at 31 December 2017				
Due to credit institutions		186 993		186 993
Deposits from customers		55 782		55 782
Debt securities issued		240 516		240 516
Subordinated loan capital		2 873		2 873
Financial derivatives	150	108 363	1 749	110 262
Other financial liabilities [1]	6 153	61		6 214

				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	Total
Assets as at 31 December 2016				
Deposits with central banks		203 286		203 286
Due from credit institutions		160 873		160 873
Loans to customers		42 974	93 753	136 727
Commercial paper and bonds at fair value	55 303	240 963	375	296 642
Shareholdings	5 756	11 633	5 122	22 512
Financial assets, customers bearing the risk		60 220		60 220
Financial derivatives	0	156 621	1 319	157 940
Liabilities as at 31 December 2016				
Due to credit institutions		179 243		179 243
Deposits from customers		54 809		54 809
Debt securities issued		239 006		239 006
Subordinated loan capital		1 254		1 254
Financial derivatives	0	129 098	1 062	130 161
Other financial liabilities [1]	516	0		516

1) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2016.

Note 14 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

DNB Group

Amounts in NOK million	Financial assets: Loans to customers	Financial assets: Commercial paper and bonds	Financial assets: Share-holdings	Financial assets: Financial derivatives	Financial liabilities: Financial derivatives
Carrying amount as at 31 December 2016	**93 753**	**375**	**5 122**	**1 319**	**1 062**
Net gains recognised in the income statement	104	(63)	608	(75)	(99)
Additions/purchases	5 041	331	439	1 422	1 349
Sales		(291)	(1 672)		
Settled	(23 713)			(592)	(578)
Transferred from level 1 or level 2		100			
Transferred to level 1 or level 2		(132)			
Other	(84)	8		(5)	15
Carrying amount as at 31 December 2017	**75 101**	**328**	**4 498**	**2 069**	**1 749**

Breakdown of fair value, level 3

DNB Group

Amounts in NOK million	31 December 2017: Loans to customers	31 December 2017: Commercial paper and bonds	31 December 2017: Share-holdings
Principal amount/purchase price	73 745	355	3 821
Fair value adjustment [1)]	1 225	(27)	677
Accrued interest	131		
Carrying amount	75 101	328	4 498

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 2017	375	946	602	2 564	12	4 498

Sensitivity analysis, level 3

DNB Group

Amounts in NOK million	Carrying amount 31 Dec. 2017	Effect of reasonably possible alternative assumptions
Loans to customers	75 101	(162)
Commercial paper and bonds	328	(1)
Shareholdings	4 498	
Financial derivatives, net	320	

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 industries and power companies. A 10 basis point increase in the discount rate has had insignificant effects.

Level 3 equities represent a total of NOK 3 687 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.

Note 15 Commercial paper and bonds, held to maturity

Amounts in NOK million	DNB Group 31 Dec. 2017	 31 Dec. 2016
International bond portfolio	9 613	12 760
DNB Livsforsikring AS	75 798	82 664
Other units [1]	(1 517)	(1 416)
Commercial paper and bonds, held to maturity	**83 894**	**94 008**

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". In the period following the reclassification some additional investments were classified as held-to-maturity. Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

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 2017 was NOK 0.04 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 8.7 billion at end-December 2017. The average term to maturity of the portfolio was 4.9 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 4.1 million at end-December 2017.

Effects on profits of the reclassification

Amounts in NOK million	4th quarter 2017	4th quarter 2016	Full year 2017	DNB Group Full year 2016
Recorded amortisation effect	12	19	98	84
Net gain, if valued at fair value	127	65	409	448
Effects of reclassification on profits	(115)	(46)	(311)	(364)

Effects on the balance sheet of the reclassification

Amounts in NOK million	DNB Group 31 Dec. 2017	 31 Dec. 2016
Recorded unrealised losses	220	318
Unrealised losses, if valued at fair value	256	665
Effects of reclassification on the balance sheet	36	347

Development in the portfolio after the reclassification

Amounts in NOK million	DNB Group 31 Dec. 2017	 31 Dec. 2016
Reclassified portfolio, carrying amount	8 668	10 414
Reclassified portfolio, if valued at fair value	8 631	10 067
Effects of reclassification on the balance sheet	36	347

Note 16 Investment properties

Amounts in NOK million	DNB Group 31 Dec. 2017	 31 Dec. 2016
DNB Livsforsikring	16 106	15 565
Properties for own use	(790)	(827)
Other investment properties [1]	990	1 175
Total investment properties	**16 306**	**15 912**

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

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 2017, external appraisals were obtained for a total of ten properties, representing 43 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 1.4 per cent lower than average external appraisals. The Swedish properties in the portfolio and partially owned properties are valued based on external appraisals.

Internal valuation model

In the internal model, fair value is calculated as the present value of future cash flows during and after the contract period. The required rate of return stipulated in the model reflects market risk. A required rate of return of 7.6 per cent has principally been used.

Value development and sensitivity

The value of investment properties in DNB Livsforsikring was adjusted upwards by NOK 134 million during the fourth quarter of 2017.

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 4.9 per cent or NOK 628 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 1.4 per cent or NOK 173 million.

Changes in the value of investment properties

Amounts in NOK million	DNB Group Investment property
Carrying amount as at 31 December 2015	**16 734**
Additions, purchases of new properties	84
Additions, capitalised investments	263
Additions, acquired companies	1 259
Net gains	510
Disposals	(2 577)
Exchange rate movements	(361)
Recorded value as at 31 December 2016	**15 912**
Carrying amount as at 31 December 2016	**15 912**
Additions, purchases of new properties	
Additions, capitalised investments	161
Additions, acquired companies	
Net gains [1]	947
Disposals	(888)
Exchange rate movements	173
Carrying amount as at 31 December 2017	**16 306**

1) *Of which NOK 171 million represented a net gain on investment properties which are not owned by DNB Livsforsikring.*

Note 17 Debt securities issued and subordinated loan capital

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

Debt securities issued

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2017	Issued 2017	Matured/ redeemed 2017	Exchange rate movements 2017	Other adjustments 2017	Balance sheet 31 Dec. 2016
Commercial paper issued, nominal amount	158 675	1 771 171	(1 767 362)	1 451		153 415
Bond debt, nominal amount [1)]	596 377	77 859	(89 010)	27 906		579 622
Adjustments	25 195				(7 636)	32 832
Total debt securities issued	**780 247**	**1 849 030**	**(1 856 373)**	**29 357**	**(7 636)**	**765 869**

Debt securities issued

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2016	Issued 2016	Matured/ redeemed 2016	Exchange rate movements 2016	Other adjustments 2016	Balance sheet 31 Dec. 2015
Commercial paper issued, nominal amount	153 415	8 917 217	(8 920 456)	(3 333)		159 988
Bond debt, nominal amount	579 622	78 691	(80 330)	(24 918)		606 179
Adjustments	32 832				(5 930)	38 761
Total debt securities issued	**765 869**	**8 995 908**	**(9 000 786)**	**(28 251)**	**(5 930)**	**804 928**

Subordinated loan capital and perpetual subordinated loan capital securities

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2017	Issued 2017	Matured/ redeemed 2017	Exchange rate movements 2017	Other adjustments 2017	Balance sheet 31 Dec. 2016
Term subordinated loan capital, nominal amount	23 897	10 106	(6 812)	1 189		19 415
Perpetual subordinated loan capital, nominal amount	5 361			(241)		5 602
Perpetual subordinated loan capital securities, nominal amount			(3 732)			3 732
Adjustments	280				(319)	599
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 538**	**10 106**	**(10 544)**	**948**	**(319)**	**29 347**

Subordinated loan capital and perpetual subordinated loan capital securities

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2016	Issued 2016	Matured/ redeemed 2016	Exchange rate movements 2016	Other adjustments 2016	Balance sheet 31 Dec. 2015
Term subordinated loan capital, nominal amount	19 415	738	(3)	(1 158)		19 838
Perpetual subordinated loan capital, nominal amount	5 602			(100)		5 702
Perpetual subordinated loan capital securities, nominal amount	3 732			(829)		4 561
Adjustments	599				(254)	853
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 347**	**738**	**(3)**	**(2 087)**	**(254)**	**30 953**

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 450.4 billion as at 31 December 2017. The market value of the cover pool represented NOK 617.8 billion.

Note 18 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information

	DNB Group	
Amounts in NOK million	31 Dec. 2017	31 Dec. 2016
Performance guarantees	28 534	30 824
Payment guarantees	31 602	34 411
Loan guarantees	17 525	17 898
Guarantees for taxes etc.	6 254	6 557
Other guarantee commitments	3 153	2 713
Total guarantee commitments	87 068	92 403
Support agreements	10 735	6 106
Total guarantee commitments etc. *)	97 803	98 509
Unutilised credit lines and loan offers	589 027	606 055
Documentary credit commitments	4 170	3 948
Other commitments	2 549	1 397
Total commitments	595 746	611 399
Total guarantee and off-balance commitments	693 549	709 908
Pledged securities		
**) Of which counter-guaranteed by financial institutions*	*295*	*326*

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.

On 21 June 2016, the Norwegian Consumer Council instituted legal proceedings before the Oslo District Court against DNB Asset Management AS, a wholly-owned subsidiary of DNB ASA offering asset management services. The Norwegian Consumer Council has instituted a class action to pursue compensation of up to NOK 690 million on behalf of current and former investors in a fund managed by DNB Asset Management AS, as well as two funds merged into that fund. The lawsuit alleges that the funds were charging high fees for active management, but were actually tracking an index. The Oslo District Court passed its judgment on 12 January 2018, whereby the claim was rejected and DNB Asset Management was acquitted. The judgment is not final, and may be appealed by the Norwegian Consumer Council.

DNB ASA

Income statement

Amounts in NOK million	4th quarter 2017	4th quarter 2016	Full year 2017	Full year 2016
Total interest income	10	11	38	43
Total interest expenses	(102)	(99)	(392)	(312)
Net interest income	**(93)**	**(87)**	**(353)**	**(268)**
Commissions and fees payable	(1)	(1)	(6)	(7)
Other income [1)]	18 580	11 013	19 280	11 213
Net other operating income	**18 580**	**11 012**	**19 274**	**11 205**
Total income	**18 487**	**10 924**	**18 921**	**10 937**
Salaries and other personnel expenses	(1)	(1)	(4)	(4)
Other expenses	(86)	(114)	(348)	(461)
Total operating expenses	**(87)**	**(115)**	**(352)**	**(465)**
Pre-tax operating profit	**18 400**	**10 810**	**18 569**	**10 472**
Tax expense	(283)	(84)	(150)	0
Profit for the period	**18 117**	**10 725**	**18 419**	**10 472**
Earnings/diluted earnings per share (NOK)	11.20	6.58	11.38	6.43
Earnings per share excluding operations held for sale (NOK)	11.20	6.58	11.38	6.43

DNB ASA

Balance sheet

Amounts in NOK million	31 Dec. 2017	31 Dec. 2016
Assets		
Due from DNB Bank ASA	5 339	6 824
Investments in group companies	74 720	74 270
Receivables due from group companies [1)]	18 580	11 013
Total assets	**98 639**	**92 107**
Liabilities and equity		
Short-term amounts due to DNB Bank ASA	10	8
Due to other group companies	600	5 290
Other liabilities and provisions	11 393	9 285
Long-term amounts due to DNB Bank ASA	20 086	16 342
Total liabilities	**32 090**	**30 925**
Share capital	16 180	16 288
Share premium	22 556	22 556
Other equity	27 813	22 337
Total equity	**66 550**	**61 181**
Total liabilities and equity	**98 639**	**92 107**

DNB ASA

1) *Of which group contributions from DNB Bank ASA represented NOK 16 094 million in 2017 and NOK 9 318 million in 2016. The group contribution from DNB Livsforsikring AS was NOK 1 950 million in 2017 and NOK 1 090 in 2016.The group contribution from DNB Forsikring AS represented NOK 150 million in 2017 and NOK 450 million in 2016. The group contribution from DNB Asset Management Holding AS was NOK 386 million in 2017 and NOK 355 million in 2016. In the course of September, the demerger of Vipps from DNB was finalised, which resulted in a gain of NOK 700 million.*

Statement of changes in equity

Amounts in NOK million	Share capital	Share premium	Other equity	Total equity
Balance sheet as at 31 December 2015	**16 288**	**22 556**	**21 149**	**59 994**
Profit for the period			10 472	10 472
Dividends for 2016 (NOK 5.70 per share)			(9 284)	(9 284)
Balance sheet as at 31 December 2016	**16 288**	**22 556**	**22 337**	**61 181**
Balance sheet as at 31 December 2016	**16 288**	**22 556**	**22 337**	**61 181**
Repurchase under share buy-back programme	(108)		(1 552)	(1 659)
Profit for the period			18 419	18 419
Dividends for 2017 (NOK 7.10 proposed per share)			(11 392)	(11 392)
Balance sheet as at 31 December 2017	**16 180**	**22 556**	**27 813**	**66 550**

DNB ASA

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 appear in note 1 Accounting principles in the annual report for 2016.

Profit and balance sheet trends

Income statement

DNB Group

Amounts in NOK million	4th quarter 2017	3rd quarter 2017	2nd quarter 2017	1st quarter 2017	4th quarter 2016
Total interest income	13 283	13 651	13 709	13 223	13 273
Total interest expenses	(4 420)	(4 644)	(4 677)	(4 702)	(4 901)
Net interest income	**8 863**	**9 007**	**9 031**	**8 521**	**8 372**
Commission and fee income	3 255	3 054	3 026	2 944	2 814
Commission and fee expenses	(1 191)	(904)	(866)	(871)	(678)
Net gains on financial instruments at fair value	1 693	1 065	982	808	1 689
Net financial result, DNB Livsforsikring	168	147	372	117	(57)
Net risk result, DNB Livsforsikring	98	187	83	123	290
Net insurance result, DNB Forsikring	164	176	189	155	181
Profit from investments accounted for by the equity method	(74)	(17)	23	(45)	(45)
Net gains on investment properties	146	(3)	(14)	14	(7)
Other income	155	217	187	154	44
Net other operating income	**4 415**	**3 922**	**3 982**	**3 399**	**4 230**
Total income	**13 278**	**12 929**	**13 014**	**11 920**	**12 602**
Salaries and other personnel expenses	(3 023)	(3 056)	(3 049)	(3 056)	(2 842)
Other expenses	(1 977)	(1 938)	(2 088)	(1 874)	(1 828)
Depreciation and impairment of fixed and intangible assets	(1 018)	(525)	(478)	(510)	(524)
Total operating expenses	**(6 018)**	**(5 520)**	**(5 615)**	**(5 441)**	**(5 194)**
Pre-tax operating profit before impairment	**7 260**	**7 409**	**7 399**	**6 479**	**7 409**
Net gains on fixed and intangible assets	(35)	750	17	6	(12)
Impairment of loans and guarantees	(402)	(867)	(597)	(562)	(1 753)
Pre-tax operating profit	**6 823**	**7 292**	**6 819**	**5 923**	**5 644**
Tax expense	(446)	(1 677)	(1 568)	(1 362)	(290)
Profit from operations held for sale, after taxes	(3)	33	(14)	(17)	26
Profit for the period	**6 374**	**5 648**	**5 237**	**4 544**	**5 380**
Portion attributable to shareholders	6 132	5 430	5 000	4 304	5 143
Portion attributable to additional Tier 1 capital holders	243	218	238	240	238
Profit for the period	**6 374**	**5 648**	**5 237**	**4 544**	**5 380**
Earnings/diluted earnings per share (NOK)	3.79	3.34	3.07	2.64	3.16

Comprehensive income statement

DNB Group

Amounts in NOK million	4th quarter 2017	3rd quarter 2017	2nd quarter 2017	1st quarter 2017	4th quarter 2016
Profit for the period	**6 374**	**5 648**	**5 237**	**4 544**	**5 380**
Actuarial gains and losses	(104)				(23)
Property revaluation	5	(35)	(28)	22	37
Items allocated to customers (life insurance)	(5)	35	28	(22)	(37)
Items that will not be reclassified to the income statement	(104)				(23)
Currency translation of foreign operations	2 739	(2 975)	895	531	3 562
Currency translation reserve reclassified to the income statement 1)	(1 306)				
Hedging of net investment	(1 640)	1 894	(516)	(252)	(2 415)
Hedging reserve reclassified to the income statement 1)	886				
Investments according to the equity method 2)	41	20	12	87	4
Items that may subsequently be reclassified to the income statement	719	(1 062)	391	366	1 151
Other comprehensive income for the period (net of tax)	**615**	**(1 062)**	**391**	**366**	**1 128**
Comprehensive income for the period	**6 989**	**4 586**	**5 629**	**4 910**	**6 509**

1) *In the fourth quarter of 2017, currency translation reserves (accumulated gains) of NOK 1 307 million and hedging reserves (accumulated losses) of NOK 1 224 million relating to the Baltics were reclassified to the income statement and recognised in "Net gains on fixed and intangible assets". Tax relating to the Baltics hedging reserve amounted to NOK 338 million, which was reclassified to the income statement and recognised in "Tax expense".*

2) *DNB had 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 March 2016 an accumulated gain of NOK 855 million was recognised in other comprehensive income. Upon the completion of the acquisition of Visa Europe by Visa Inc in the second quarter of 2016, this amount was reclassified to profit and a total gain of NOK 1 128 million was recognised as "Profit from investments accounted for by the equity method" in the income statement.*

Profit and balance sheet trends (continued)

Balance sheet

DNB Group

Amounts in NOK million	31 Dec. 2017	30 Sept. 2017	30 June 2017	31 March 2017	31 Dec. 2016
Assets					
Cash and deposits with central banks	151 595	325 842	265 552	368 518	208 263
Due from credit institutions	239 328	156 146	160 749	200 848	176 442
Loans to customers	1 545 415	1 536 167	1 551 738	1 531 096	1 509 078
Commercial paper and bonds at fair value	338 713	273 921	274 258	298 948	296 642
Shareholdings	28 220	26 683	26 794	28 535	22 512
Financial assets, customers bearing the risk	75 206	70 690	67 680	64 688	60 220
Financial derivatives	132 349	130 282	139 643	141 449	157 940
Commercial paper and bonds, held to maturity	83 894	85 819	88 191	92 433	94 008
Investment properties	16 306	15 919	16 139	15 967	15 912
Investments accounted for by the equity method	15 609	8 562	7 936	7 926	7 768
Intangible assets	5 600	5 904	5 854	5 767	5 814
Deferred tax assets	769	1 180	1 391	1 406	1 404
Fixed assets	8 704	8 353	8 317	8 125	7 949
Assets held for sale		70 359	55 950	53 365	52 541
Other assets	56 559	51 204	52 616	51 375	36 709
Total assets	**2 698 268**	**2 767 030**	**2 722 809**	**2 870 447**	**2 653 201**
Liabilities and equity					
Due to credit institutions	224 107	246 222	215 633	273 010	212 882
Deposits from customers	971 137	1 010 092	1 008 878	1 016 896	934 897
Financial derivatives	110 262	107 731	111 659	111 697	130 161
Debt securities issued	780 247	756 134	758 402	832 521	765 869
Insurance liabilities, customers bearing the risk	75 206	70 690	67 680	64 688	60 220
Liabilities to life insurance policyholders in DNB Livsforsikring	208 500	208 844	209 230	209 354	208 160
Insurance liabilities, DNB Forsikring	2 043	2 047	2 206	2 259	1 892
Payable taxes	4 599	4 000	1 900	9 222	8 874
Deferred taxes	2 574	4 003	3 915	3 891	3 816
Other liabilities	68 078	62 045	58 603	60 983	44 568
Liabilities held for sale		51 001	43 106	41 671	41 243
Provisions	1 812	1 940	2 129	1 885	2 094
Pension commitments	3 267	3 047	2 974	2 867	2 756
Subordinated loan capital	29 538	28 554	29 426	28 795	29 347
Total liabilities	**2 481 371**	**2 556 351**	**2 515 741**	**2 659 740**	**2 446 779**
Share capital	16 180	16 227	16 288	16 283	16 286
Share premium	22 609	22 609	22 609	22 609	22 609
Additional Tier 1 capital	16 159	15 960	15 787	15 594	15 952
Other equity	161 948	155 883	152 385	156 221	151 576
Total equity	**216 897**	**210 679**	**207 069**	**210 707**	**206 423**
Total liabilities and equity	**2 698 268**	**2 767 030**	**2 722 809**	**2 870 447**	**2 653 201**

Information about the DNB Group

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Tore Olaf Rimmereid, vice-chairman
Karl-Christian Agerup
Carl A. Løvvik
Vigdis Mathisen
Jaan Ivar Semlitsch
Berit Svendsen

Group management

Rune Bjerke	Group chief executive
Kjerstin Braathen	Group executive vice president Group Finance
Ingjerd Blekeli Spiten	Group executive vice president Personal Banking
Benedicte Schilbred Fasmer	Group executive vice president Corporate Banking
Harald Serck-Hanssen	Group executive vice president Large Corporates and International
Trond Bentestuen	Group executive vice president Wealth Management & Insurance
Ottar Ertzeid	Group executive vice president Markets
Rasmus Figenschou	Acting group executive vice president New Business
Ida Lerner [1)]	Group executive vice president Risk Management
Solveig Hellebust	Group executive vice president People & Operations
Alf B. Otterstad	Acting group executive vice president IT
Thomas Midteide	Group executive vice president Media & Marketing

1) Ida Lerner acting group executive vice president Compliance until Mirella Wassiluk starts in April 2018.

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Financial calendar

2018

8 March	Annual report 2017
24 April	Annual general meeting
25 April	Ex-dividend date
26 April	Q1 2018
as of 4 May	Distribution of dividends
12 July	Q2 2018
25 October	Q3 2018
14 November	Capital markets day

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.

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So you can stay ahead.

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