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# DNB BANK

– a company in the DNB Group

Third quarter report 2013

(UNAUDITED)

# Financial highlights

**DNB Bank Group**

| **Income statement** | 3rd quarter | 3rd quarter | January - September | | Full year |
|---|---|---|---|---|---|
| *Amounts in NOK million* | 2013 | 2012 | 2013 | 2012 | 2012 |
| Net interest income | 7 944 | 6 919 | 22 410 | 20 375 | 27 557 |
| *Net commissions and fees, core business* [1)] | *1 275* | *1 160* | *3 785* | *3 567* | *4 768* |
| *Net financial items* | *2 017* | *1 811* | *5 923* | *4 870* | *7 079* |
| Net other operating income, total | 3 291 | 2 971 | 9 707 | 8 437 | 11 847 |
| Total income | 11 235 | 9 890 | 32 118 | 28 812 | 39 404 |
| Operating expenses | 4 753 | 4 680 | 14 215 | 14 073 | 19 084 |
| Restructuring costs and non-recurring effects | 233 | 51 | 847 | 60 | 42 |
| Expenses relating to debt-financed structured products | 0 | 0 | 450 | 0 | 0 |
| Impairment losses for goodwill and intangible assets | 0 | 85 | 0 | 85 | 85 |
| Pre-tax operating profit before impairment | 6 250 | 5 074 | 16 606 | 14 594 | 20 194 |
| Net gains on fixed and intangible assets | 2 | 20 | (3) | 63 | (1) |
| Impairment of loans and guarantees | 475 | 521 | 2 149 | 1 990 | 3 179 |
| Pre-tax operating profit | 5 777 | 4 572 | 14 454 | 12 668 | 17 013 |
| Taxes | 1 375 | 1 253 | 3 830 | 3 421 | 4 516 |
| Profit from operations held for sale, after taxes | (7) | 0 | (5) | 92 | 96 |
| **Profit for the period** | **4 395** | **3 319** | **10 619** | **9 339** | **12 593** |

| **Balance sheet** | 30 Sept. | 31 Dec. | 30 Sept. |
|---|---|---|---|
| *Amounts in NOK million* | 2013 | 2012 | 2012 |
| Total assets | 2 165 705 | 2 013 444 | 2 116 883 |
| Loans to customers | 1 342 531 | 1 308 864 | 1 319 229 |
| Deposits from customers | 934 477 | 819 945 | 850 652 |
| Total equity | 121 158 | 116 190 | 110 446 |
| Average total assets | 2 218 717 | 2 113 512 | 2 112 435 |

| **Key figures** | 3rd quarter | 3rd quarter | January - September | | Full year |
|---|---|---|---|---|---|
| *Per cent* | 2013 | 2012 | 2013 | 2012 | 2012 |
| Return on equity, annualised | 14.6 | 12.2 | 12.0 | 11.9 | 11.8 |
| Combined weighted total average spread for lending and deposits | 1.28 | 1.17 | 1.25 | 1.16 | 1.18 |
| Cost/income ratio | 44.4 | 47.8 | 48.3 | 49.1 | 48.5 |
| Impairment relative to average net loans to customers, annualised | 0.14 | 0.16 | 0.22 | 0.20 | 0.24 |
| Common equity Tier 1 capital ratio, transitional rules, at end of period [2)] | 10.8 | 10.0 | 10.8 | 10.0 | 10.5 |
| Tier 1 capital ratio, transitional rules, at end of period [2)] | 11.1 | 10.6 | 11.1 | 10.6 | 10.8 |
| Capital ratio, transitional rules, at end of period [2)] | 13.1 | 12.3 | 13.1 | 12.3 | 12.4 |

1) *Includes commissions and fees related to money transfers and interbank transactions, asset management services, credit broking, real estate broking, custodial services and securities trading as well as sale of insurance products and other commissions and fees from banking services.*
2) *Including 50 per cent of profit for the period, except for the full year figures.*

There has been no full or partial external audit of the quarterly directors’ report and accounts.

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# Directors' report

## Introduction

**Third quarter 2013**

The DNB Bank Group[1)] recorded profits of NOK 4 395 million in the third quarter of 2013, up NOK 1 076 million from the third quarter of 2012. Adjusted for the effect of basis swaps, there was a NOK 828 million rise in profits. Wider lending spreads were the main factor behind the rise in profits and contributed to the necessary build-up of capital to meet stricter capital requirements. In October, the Ministry of Finance issued new regulations regarding a counter-cyclical capital buffer of between 0 and 2.5 per cent. In addition, the Ministry announced new rules governing the weighting of banks' home mortgages in the capital adequacy calculations, while retaining the current transitional rules linked to the so-called Basel I floor. The requirements, which apply solely in Norway, entail that the banking group appears more weakly capitalised than its international competitors, even though this is not the case in real terms. Compliance with the requirements necessitates a further significant increase in Tier 1 capital. The banking group's common equity Tier 1 capital has been increased by NOK 8.4 billion over the past twelve months. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.0 per cent in the third quarter of 2012 to 10.8 per cent, including 50 per cent of interim profits. Return on equity increased from 12.2 per cent to 14.6 per cent during the same period. Adjusted for the effect of basis swaps, return on equity was up from 13.7 to 15.2 per cent. The banking group is well capitalised, but will build additional capital organically in order to meet the authorities' requirements. Parallel to this, efforts to influence the regulatory framework will be continued.

The interest rate increases implemented during the first half of the year contributed to a 14.8 per cent increase in net interest income and a 0.41 percentage point widening of lending spreads from the third quarter of 2012. Adjusted for exchange rate movements, lending volumes remained virtually unchanged from end-September 2012. Deposit spreads remained narrow during the quarter, reflecting the low interest rate level and continued strong competition in the deposit market. Deposit spreads contracted by 0.16 percentage points from the third quarter of 2012. Average volume-weighted spreads were up 0.11 percentage points during this period.

Adjusted for the effect of basis swaps, other operating income was NOK 24 million lower than in the third quarter of 2012. There was a healthy trend in income from capital-light commissions and fees from banking operations and real estate broking.

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*1) DNB Bank ASA is a subsidiary of DNB ASA and part of the DNB Group. The DNB Bank Group, hereinafter called "the banking group", comprises the bank and the bank's subsidiaries. Other companies owned by DNB ASA, including DNB Livsforsikring, DNB Skadeforsikring and DNB Asset Management, are not part of the banking group. Operations in DNB ASA and the total DNB Group are not covered in this report but described in a separate report and presentation.*

Adjusted for restructuring expenses and other non-recurring effects, operating expenses increased by 1.5 per cent from the third quarter of 2012. The average number of full-time positions was reduced by 941 from the third quarter of 2012.

At NOK 475 million, impairment losses on loans and guarantees were somewhat lower than in the third quarter of 2012 and close to half the figure for the second quarter of 2013. The reversal of collective impairment losses was the main factor behind the significant reduction from the second quarter of 2013, reflecting higher shipping freight rates, though there was also a decline in individual impairment.

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

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

**First three quarters 2013**

The banking group recorded profits of NOK 10 619 million in the January through September period in 2013, up NOK 1 280 million from the corresponding period in 2012. Adjusted for the effect of basis swaps, there was a NOK 289 million increase. Wider lending spreads had a positive effect on profits, while narrower deposit spreads and non-recurring expenses related to the restructuring of the DNB Group's operations and to certain debt-financed structured products had a negative impact on profits.

Return on equity was 12.0 per cent, up from 11.9 per cent in the January through September period in 2012. Adjusted for the effect of basis swaps, return on equity was reduced from 13.7 to 12.5 per cent.

Wider lending spreads contributed to a rise in net interest income of NOK 2.0 billion or 10.0 per cent from the first three quarters of 2012. Average lending volumes increased by 1.2 per cent, while deposits were up 13.5 per cent during the same period. Deposit spreads narrowed by 0.21 percentage points due to the declining interest rate level and strong competition in the market. Average volume-weighted spreads widened by 0.08 percentage points during the period.

Other operating income was NOK 1 270 million higher than in the first three quarters of 2012. Adjusted for the effect of basis swaps, there was a decrease of NOK 107 million. The rise in profits reflected a strong trend in commissions and fees, which require little capital. The banking group is strongly committed to increasing such income.

Operating expenses rose by NOK 1 293 million from the first three quarters of 2012. Adjusted for non-recurring effects, including provisions relating to restructuring and certain debt-financed structured products, there was an increase of NOK 142 million or 1.0 per cent. Ordinary wage costs increased marginally compared with the first three quarters of 2012, and downsizing measures thus more than compensated for wage inflation during this period.

Impairment losses on loans and guarantees rose by NOK 160 million compared with the first three quarters of 2012. There was a reduction in impairment losses in the personal customer segment, while there was an increase in the shipping segment and for Nordic corporates. The higher impairment losses within shipping mainly reflected the sluggish market situation in certain tanker and dry bulk segments.

## Income statement for the third quarter of 2013

**Net interest income**

| *Amounts in NOK million* | 3rd quarter 2013 | Change | 3rd quarter 2012 |
|---|---|---|---|
| Net interest income | 7 944 | 1 025 | 6 919 |
| Lending and deposit spreads | | 950 | |
| Lending and deposit volumes | | 10 | |
| Exchange rate movements | | 77 | |
| Long-term funding costs | | 34 | |
| Commitment fees etc. | | 40 | |
| Guarantee fund levy | | (169) | |
| Other net interest income | | 83 | |

Net interest income rose by NOK 1 025 million or 14.8 per cent from the third quarter of 2012. Wider lending spreads were the main factor behind the increase, while narrower deposit spreads dampened growth. Average lending spreads increased by 0.41 percentage points, while deposit spreads decreased by 0.16 percentage points. Adjusted for exchange rate movements, loan volumes remained virtually unchanged from the third quarter of 2012 and during the first three quarters of 2013.

In 2013, the Norwegian authorities introduced permanent guarantee fund levies as one of several measures to strengthen the banking industry and reduce risk for customers. This gave a NOK 169 million increase in expenses for the quarter compared with the year-earlier period.

**Net other operating income**

| *Amounts in NOK million* | 3rd quarter 2013 | Change | 3rd quarter 2012 |
|---|---|---|---|
| Net other operating income | 3 291 | 320 | 2 971 |
| Basis swaps | | 344 | |
| Net other commissions and fees | | 108 | |
| Net other gains on foreign exchange and interest rate instruments [1)] | | 4 | |
| Real estate broking | | 21 | |
| Changes in the value of investment property | | (27) | |
| Profits from associated companies | | (147) | |
| Other operating income | | 16 | |

*1) Excluding guarantees and basis swaps.*

Net other operating income increased by NOK 320 million from the third quarter of 2012. Adjusted for the effect of basis swaps, there was a NOK 24 million decrease in income. There was a healthy trend in income from capital-light commissions and fees. Such income from banking operations and real estate broking increased by a total of NOK 129 million. Profits from associated companies, primarily Eksportfinans, were reduced by NOK 147 million from the third quarter of 2012, reflecting a weaker development in the value of the portfolio in Eksportfinans that is guaranteed by the owners.

### Operating expenses

| Amounts in NOK million | 3rd quarter 2013 | Change | 3rd quarter 2012 |
|---|---|---|---|
| Operating expenses | 4 986 | 169 | 4 817 |
| **Non-recurring effects** | | | |
| Restructuring costs – employees | | 36 | |
| Other restructuring costs | | 163 | |
| Sale of SalusAnsvar | | (17) | |
| Impairment losses for goodwill | | (85) | |
| Operating expenses excluding non-recurring effects | 4 753 | 72 | 4 681 |
| **Income-related costs** | | | |
| Ordinary depreciation on operational leasing | | 33 | |
| **Expenses related to operations** | | | |
| Pension expenses | | (50) | |
| IT expenses | | 92 | |
| Other cost reductions | | (2) | |

Operating expenses were up NOK 169 million or 3.5 per cent from the third quarter of 2012. Adjusted for non-recurring expenses, including restructuring costs, the increase was reduced to NOK 72 million or 1.5 per cent. The average number of full-time positions was reduced by 941 during the corresponding period. Moreover, there was a reduction in pension expenses, partly due to staff reductions and changes in calculation assumptions, and a certain increase in IT expenses.

### Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 475 million, down NOK 46 million from the third quarter of 2012 and close to half the figure for the second quarter of 2013. Collective impairment showed the greatest reduction from the preceding quarter, reflecting higher shipping freight rates, though there was also a decline in individual impairment. Total impairment represented 0.14 cent of loans in the third quarter, which is below the long-term normalised level.

At NOK 674 million, individual impairment was virtually unchanged from the third quarter of 2012. Impairment declined within shipping, home mortgages and consumer finance, while there was a certain increase in most other segments.

Collective impairment losses of NOK 199 million were reversed during the quarter, compared with reversals of NOK 148 million in the year-earlier period. Collective impairment was NOK 345 million lower than in the second quarter of 2013, mainly reflecting higher shipping freight rates.

Net non-performing and doubtful loans and guarantees amounted to NOK 22.9 billion at end-September 2013, up from NOK 19.6 billion at end-September 2012, but down from NOK 23.3 billion at end-June 2013. Net non-performing and doubtful loans and guarantees represented 1.7 per cent of the loan portfolio, up 0.23 percentage points from end-September 2012, but virtually unchanged from end-June 2013.

### Taxes

The banking group's tax charge for the third quarter of 2013 was NOK 1 375 million, up from NOK 1 253 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge was approximately 23.8 per cent. The tax charge was lower than in previous quarters due to exchange rate movements.

## Segments

Financial governance in the banking group 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 banking group's resources. Special product areas are responsible for the production and development of key products and for ensuring that the banking group has good and effective products and services tailored to the needs of the various customer segments. Reported figures for the different segments will reflect the banking group's total sales of products and services to the relevant customer segments.

### Personal customers

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

Pre-tax operating profits totalled NOK 2 357 million in the third quarter of 2013, an increase of NOK 718 million from the third quarter of 2012, which reflected wider lending margins. The quality of the loan portfolio was sound, with a reduction in non-performing and doubtful loans and low impairment losses.

| Personal customers | 3rd quarter | | Change | |
|---|---|---|---|---|
| *Income statement in NOK million* | 2013 | 2012 | NOK mill | % |
| Net interest income | 3 439 | 2 692 | 746 | 27.7 |
| Net other operating income | 1 058 | 986 | 72 | 0.7 |
| Total income | 4 497 | 3 679 | 818 | 22.2 |
| Operating expenses | 2 104 | 1 964 | 140 | 7.1 |
| Pre-tax operating profit before impairment | 2 393 | 1 714 | 679 | 39.6 |
| Impairment loss on loans and guarantees | 22 | 75 | (53) | (70.5) |
| Profit from repossessed operations | (13) | 0 | (13) | 0.0 |
| Pre-tax operating profit | 2 357 | 1 639 | 718 | 43.8 |
| Taxes | 660 | 459 | 201 | 43.8 |
| Profit from operations held for sale | (5) | 0 | (5) | 0.0 |
| Profit for the period | 1 693 | 1 180 | 513 | 43.4 |
| Average balance sheet items in NOK billion | | | | |
| Net loans to customers | 652.1 | 623.9 | 28.2 | 4.5 |
| Deposits from customers | 346.1 | 327.2 | 18.9 | 5.8 |
| Key figures in per cent | | | | |
| Lending spread [1)] | 2.52 | 1.82 | | |
| Deposit spread [1)] | (0.56) | (0.20) | | |
| Return on allocated capital [2)] | 39.7 | 27.9 | | |
| Cost/income ratio | 46.8 | 52.1 | | |
| Ratio of deposits to loans | 53.1 | 52.5 | | |

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

The first three quarters of 2013 were characterised by moderate increases in both loans and deposits. Loans to personal customers were up 4.5 per cent compared with the year-earlier period, while there was an increase of a 0.3 per cent from the second to the third quarter of 2013. Deposits increased by 5.8 per cent from the third quarter of 2012, and the ratio of deposits to net loans was 53.1 per cent.

Net interest income rose by 27.7 per cent from the third quarter of 2012. The banking group has given priority to increasing spreads in order to meet stricter capital requirements. The volume-weighted interest rate spread widened by 0.33 percentage points from the third quarter of 2012 and by 0.07 percentage points from the second quarter of 2013.

DNB Eiendom recorded a 19.3 per cent increase in income from the third quarter of 2012, which contributed to an increase in net other operating income for the period.

Adjusted for non-recurring expenses relating to the restructuring of the branch network and the effects of the sale of SalusAnsvar, operating expenses increased by NOK 123 million or 6.3 per cent compared with the year-earlier period. The number of full-time positions was 3 354 at end-September 2013, with 700 in subsidiaries.

A large share of loans to personal customers represents well-secured home mortgages entailing low risk. Net impairment of loans was reduced by NOK 53 million from the third quarter of 2012 and represented 0.01 per cent of net loans, down from 0.05 per cent in the third quarter of 2012.

Fierce competition for home mortgage customers has affected the market share of credit to households, which stood at 27.2 per cent at end-August 2013. The market share of savings was 34.0 per cent at the same time. At end-September 2013, DNB Eiendom had a market share of 19.4 per cent.

The banking group is facilitating greater use of self-service solutions, entailing continuous adaptation of the distribution network. Thus far in 2013, 33 bank branches have been closed or merged.

The Ministry of Finance has increased the capital required to back banks' home mortgages. The resulting consequences and measures to satisfy this requirement will be further assessed.

**Small and medium-sized enterprises**

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

Pre-tax operating profits came to NOK 816 million in the third quarter of 2013, up NOK 14 million or 1.7 per cent from the third quarter of 2012, reflecting a strong rise in income.

| Small and medium-sized enterprises | 3rd quarter | | Change | |
|---|---|---|---|---|
| *Income statement in NOK million* | 2013 | 2012 | NOK mill | % |
| Net interest income | 1 565 | 1 475 | 90 | 6.1 |
| Net other operating income | 248 | 215 | 33 | 1.5 |
| Total income | 1 813 | 1 690 | 123 | 7.3 |
| Operating expenses | 844 | 809 | 35 | 4.4 |
| Pre-tax operating profit before impairment | 969 | 881 | 88 | 10.0 |
| Impairment loss on loans and guarantees | 161 | 74 | 87 | 117.4 |
| Profit from repossessed operations | 8 | (5) | 13 | 0.0 |
| Pre-tax operating profit | 816 | 802 | 14 | 1.7 |
| Taxes | 228 | 225 | 4 | 1.7 |
| Profit for the period | 587 | 577 | 10 | 1.7 |
| Average balance sheet items in NOK billion | | | | |
| Net loans to customers | 206.2 | 205.9 | 0.3 | 0.1 |
| Deposits from customers | 148.3 | 145.0 | 3.3 | 2.3 |
| Key figures in per cent | | | | |
| Lending spread [1)] | 2.77 | 2.51 | | |
| Deposit spread [1)] | (0.09) | (0.01) | | |
| Return on allocated capital [2)] | 11.4 | 13.1 | | |
| Cost/income ratio | 46.5 | 47.8 | | |
| Ratio of deposits to loans | 71.9 | 70.4 | | |

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

Net loans to customers were roughly on a level with the third quarter of 2012. Following declining lending volumes towards the end of 2012, there was a moderate increase in loans to small and medium-sized enterprises during the first nine months of 2013. Average deposits increased by 2.3 per cent from the third quarter of 2012.

In consequence of the interest rate increases implemented in the first quarter of 2013, there was a rise in net interest income. Net other operating income also showed a positive trend.

The rise in expenses from the third quarter of 2012 is mainly a result of increased depreciation on operational leasing in DNB Finans. At end-September 2013, staff represented 763 full-time positions, a reduction of 43 full-time positions from end-December 2012.

The quality of the loan portfolios is considered to be sound. The close follow-up of customers and preventive measures are vital to ensuring satisfactory quality. Net impairment of loans totalled NOK 161 million in the third quarter of 2013. On an annual basis, this represents 0.31 per cent of net loans. Impairment losses rose from a relatively low level in the third quarter of 2012, but were NOK 19 million lower than in the second quarter of 2013.

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

**Large corporates and international customers**

This segment includes large Norwegian and international corporate customers and all customers served by the banking group's subsidiary banks in the Baltics, Poland and Russia. Operations are based on sound industry expertise and long-term customer relationships.

Pre-tax operating profits came to NOK 2 434 million in the third quarter of 2013, up NOK 277 million or 12.8 per cent from the third quarter of 2012.

| Large corporates and international customers | 3rd quarter | | Change | |
|---|---|---|---|---|
| *Income statement in NOK million* | 2013 | 2012 | NOK mill | % |
| Net interest income | 2 957 | 2 792 | 166 | 5.9 |
| Net other operating income | 1 048 | 1 053 | (5) | (0.0) |
| Total income | 4 006 | 3 845 | 161 | 4.2 |
| Operating expenses | 1 254 | 1 314 | (61) | (4.6) |
| Pre-tax operating profit before impairment | 2 752 | 2 530 | 221 | 8.8 |
| Net gains on fixed and intangible assets | 1 | (1) | 2 | (30.6) |
| Impairment loss on loans and guarantees | 304 | 310 | (6) | (2.0) |
| Profit from repossessed operations | (16) | (63) | 47 | 0.0 |
| Pre-tax operating profit | 2 434 | 2 157 | 277 | 12.8 |
| Taxes | 730 | 630 | 100 | 15.9 |
| Profit for the period | 1 704 | 1 527 | 177 | 11.6 |
| Average balance sheet items in NOK billion | | | | |
| Net loans to customers | 465.5 | 480.7 | (15.3) | (3.2) |
| Deposits from customers | 356.2 | 311.3 | 44.9 | 14.4 |
| Key figures in per cent | | | | |
| Lending spread [1)] | 2.15 | 1.97 | | |
| Deposit spread [1)] | (0.19) | (0.16) | | |
| Return on allocated capital [2)] | 12.4 | 12.5 | | |
| Cost/income ratio | 31.3 | 34.2 | | |
| Ratio of deposits to loans | 76.5 | 64.8 | | |

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

Due to weaker demand in some segments combined with strategic portfolio adjustments and active use of the bond market, there was a reduction in loans from the third quarter of 2012. Compared with the second quarter of 2013, lending volumes increased by 1.9 per cent or NOK 8.6 billion. Deposits rose by 14.4 per cent from the third quarter of 2012.

A 0.18 percentage points widening of average lending spreads relative to the 3-month money market rate from the third quarter of 2012 helped raise net interest income. Deposit spreads declined by 0.03 percentage points from the third quarter of 2012 and were virtually unchanged from the second quarter of 2013.

Operating expenses were reduced by 4.6 per cent from the third quarter of 2012, reflecting efforts to optimise resource utilisation in the segment, including the restructuring of operations in Poland.

Net impairment of loans and guarantees represented 0.26 per cent of net loans to customers, of which individual impairment represented 0.43 per cent. In the third quarter of 2012, individual impairment came to 0.40 per cent of net loans.

The quality of the loan portfolio is considered to be sound. Targeted efforts are being made to retain the level of quality through close follow-up of customers and preventive measures. Net non-performing and doubtful loans and guarantees amounted to NOK 16.7 billion at end-September 2013, a reduction of NOK 0.8 billion from end-June 2013 and an increase of NOK 2.9 billion from end-September 2012. These changes are mainly attributable to a few large shipping loans which are being closely monitored.

With respect to large corporates and international customers, the banking group will give priority to strong, long-term and profitable customer relationships and on further developing key customer segments. The banking group's wide range of products and expertise will contribute to strengthening customer relationships and form the basis for operations over the coming years. Lending spreads are under increasing pressure, though repricing in certain segments could give a certain increase in spreads for the total portfolio. Competition for stable customer deposits will prevail and put continued pressure on deposits spreads.

### Trading

This segment comprises market making and proprietary trading in fixed income, foreign exchange and commodity products, as well as equities, including the hedging of market risk inherent in customer transactions. Customer activities are supported by trading activities. Pre-tax operating profits came to NOK 449 million in the third quarter of 2013, down NOK 492 million from the year-earlier period.

| Trading | 3rd quarter | | Change | |
|---|---|---|---|---|
| *Income statement in NOK million* | 2013 | 2012 | NOK mill | % |
| Net interest income | 140 | 146 | (6) | (4.1) |
| Net other operating income | 525 | 1 016 | (491) | (48.3) |
| Total income | 665 | 1 161 | (497) | (42.8) |
| Operating expenses | 216 | 220 | (4) | (2.0) |
| Pre-tax operating profit | 449 | 941 | (492) | (52.3) |
| Taxes | 130 | 273 | (143) | (52.3) |
| Profit for the period | 318 | 668 | (350) | (52.3) |
| | | | | |
| Key figures in per cent | | | | |
| Cost/income ratio | 32.5 | 19.0 | | |
| Return on allocated capital 1) | 8.1 | 6.3 | | |

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

Revenues from market making and other proprietary trading were NOK 665 million in the third quarter of 2013. There was a NOK 497 million reduction from the third quarter of 2012, which was characterised by high capital gains on bonds.

## Funding, liquidity and balance sheet

Throughout the third quarter, the short-term funding markets were generally sound for banks with good credit ratings. An increasing number of banks were regarded as financially strong, and the banking group was still among these banks. The long-term funding markets were also strong throughout the quarter. The prices of both senior and covered bonds remained stable at a relatively favourable level. An improvement in the US economy could result in further signals from the US central bank, the Fed, to reduce its quantitative stimulus. In turn, this could trigger renewed interest rate turmoil in the markets for the remainder of the year.

In order to keep the banking group's liquidity risk at a low level, short-term and long-term liquidity risk limits have been established. Among other things, this implies that customer loans are financed through customer deposits, long-term securities and primary capital. The banking group stayed well within the liquidity limits during the third quarter of 2013. The average remaining term to maturity for the long-term funding portfolio was 4.5 years at end-September 2013, compared with 4.6 years a year earlier.

Total assets in the banking group's balance sheet were NOK 2 166 billion as at 30 September 2013 and NOK 2 117 billion a year earlier.

Net loans to customers increased by NOK 23 billion or 1.8 per cent from end-September 2012. There was a rise in customer deposits of NOK 84 billion or 9.9 per cent during the same period. The ratio of customer deposits to net loans to customers increased from 64.5 per cent at end-September 2012 to 69.6 per cent at end-September 2013. Excluding a few large, short-term deposits, the ratio of deposits to net loans was up from 60.8 per cent to 64.3 per cent during the same period. The ratio of deposits to net loans in DNB Bank ASA was 127.5 per cent at end-September 2013, reflecting that all loans which were not carried in the books of DNB Boligkreditt were financed through customer deposits

## Risk and capital adequacy

The weak developments in the global economy have affected the banking group's risk situation for several years. Thus far this year, there has been a positive trend, though no significant upswing is expected. The growth in Mainland Norway's GDP is in the process of abating, and businesses will probably not benefit to the same degree from developments in the petroleum and housing markets in the period ahead. This may have a negative impact on risk in the banking group's Norwegian operations, though from a very favourable basis.

The banking group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement declined by NOK 0.2 billion from the second to the third quarter of 2013, to NOK 69.6 billion. The table below shows developments in the risk-adjusted capital requirement.

**Developments in the risk-adjusted capital requirement**

| *Amounts in NOK billion* | 30 Sept. 2013 | 30 June 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
|---|---|---|---|---|
| Credit risk | 59.0 | 59.8 | 59.1 | 60.0 |
| Market risk | 7.4 | 7.3 | 7.5 | 6.1 |
| Operational risk | 8.3 | 7.9 | 7.4 | 7.4 |
| Business risk | 4.2 | 4.2 | 4.0 | 4.0 |
| Gross risk-adjusted capital requirement | 78.9 | 79.2 | 78.1 | 77.5 |
| Diversification effect [1)] | (9.2) | (9.4) | (8.7) | (8.9) |
| Net risk-adjusted capital requirement | 69.6 | 69.9 | 69.4 | 68.7 |
| Diversification effect in per cent of gross risk-adjusted capital requirement [1)] | 11.7 | 11.8 | 11.2 | 11.5 |

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

The risk-adjusted capital requirement for credit declined by NOK 0.8 billion during the July through September period, which mainly reflected less exposure in the shipping segment. Non-performing and doubtful loans and guarantees were reduced by NOK 0.4 billion during the quarter. There was stable, sound credit quality in the healthy portfolio. The banking group's home mortgage portfolio remains sound, with few non-performing loans and low impairment losses. The reduced growth in the Norwegian economy in 2013 has thus far had no negative impact on the quality of the banking group's loan portfolio.

There were no changes in market risk limits during the quarter, and the total risk level increased moderately.

Few operational risk events were registered during the third quarter, entailing low losses. However, the operational stability of the banking group's IT systems represented a major challenge, and the associated risk is being monitored closely.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement declined by NOK 4.3 billion from the second to the third quarter of 2013, to NOK 1 004.9 billion. In the third quarter of 2013, risk-weighted volume could not be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 10.8 per cent, while the capital adequacy ratio was 13.1 per cent, including 50 per cent of interim profits. If 75 per cent of interim profits is included, the common equity Tier 1 capital ratio will be 11.0 per cent and the capital adequacy ratio 13.4 per cent.

Calculations have also been made of full future implementation of the Basel II rules for all of the banking group's credit portfolios, excluding those in the Baltics and Poland, disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 872 billion and a potential common equity Tier 1 capital ratio of 12.4 per cent. Under Basel III, based on the banking group's interpretation of the draft regulations, the common equity Tier 1 capital ratio would have been 12.0 per cent at end-September 2013. These calculations do not reflect the increase in the minimum requirement for the LGD parameter, see further description in the chapter on the new regulatory framework.

The capital requirements are described in further detail in the chapter on the new regulatory framework.

## Macroeconomic developments

During the second quarter of 2013, economic growth in Norway slowed down and Mainland Norway's GDP increased by a mere 0.2 per cent. Interviews with companies in Norges Bank's regional network in August indicate a further slowdown in the Norwegian economy from the second to the third quarter. According to the survey, activity growth among oil industry suppliers weakened, but from very high levels in the preceding quarters. The construction industry also suffered reduced growth, while there was an increase from very low activity levels in the export industry and domestically-oriented industries. According to the business survey, activity growth for household services has virtually been brought to a halt. Capacity utilisation decreased in all industries, and an increasing number of companies cited labour supply as a production constraint, especially in the construction industry. The business barometer prepared by the Confederation of Norwegian Enterprise (NHO) for the third quarter also shows that the Norwegian economy has decelerated. Figures from the Norwegian Labour and Welfare Administration confirm the weakening of the labour market. In September, the number of persons who were totally unemployed or participated in labour market measures increased by 1 300 to 88 340 on a seasonally adjusted basis. There was an increase of 6 200 persons from end-December 2012, and the number of unemployed is at its highest since November 2010.

After declining for six consecutive quarters, the eurozone's GDP once again showed a positive trend in the second quarter of 2013, rising by 0.3 per cent. There was a pronounced increase in both Germany and France, while the GDP of the large Southern European countries was further reduced. Overall, private consumption increased somewhat in the eurozone after declining for several consecutive quarters. Rising net exports and public consumption were other factors behind the GDP increase. There were clear signs of reduced imbalances in a number of countries in Southern Europe, though the situation remains difficult. The labour market in the eurozone showed cautious signs of improvement, with 5 000 fewer unemployed in August and a stable unemployment rate of 12.0 per cent. In Germany, however, the unemployment rate was up 0.1 percentage points in September, to 6.9 per cent.

In the US, the annual GDP growth rate was 2.5 per cent in the second quarter of 2013, reflecting a positive trend in private consumption and private investment, while public expenditure developments had a negative effect on growth. In September 2013, the US central bank, the Fed, decided to continue to buy securities for USD 85 billion per month to stimulate the economy and keep interest rates low. According to the Fed, the economy continues to gain strength, though it wants to see further proof of a lasting economic recovery before adjusting its securities purchases. The central bank fears that the recent increases in long-term interest rates will dampen the economic upswing.

According to DNB Markets' forecasts, Norway will experience a so-called soft landing, with an annual increase in Mainland Norway's GDP of approximately 2 per cent over the next few years and a slight increase in unemployment figures. Housing prices are expected to level off in 2014 and to decline somewhat in 2015 and 2016, though no significant reductions are expected. According to the OECD's international forecasts, there will be more sluggish economic growth in a number of emerging economies, including Brazil and India. The UK and US economies appear to be recovering, continued growth is expected in Germany, and the Italian economy shows improvement and renewed growth. In China, growth appears to be stabilising after having declined since the fourth quarter of 2012. This is underpinned by the latest Chinese key figures for exports, retail trade and investments.

## New regulatory framework

The EU's new capital adequacy regulations for credit institutions and investment firms, the Capital Requirements Regulation and the Capital Requirements Directive (CRR and CRD IV), will enter into force on 1 January 2014. The regulations are based on the Basel Committee's recommendations on new and stricter capital and liquidity standards, Basel III. The Norwegian authorities have chosen to introduce the capital requirements earlier than on the implementation date specified in the international regulations. The new legislation became effective as early as on 1 July 2013 and requires a common equity Tier 1 capital ratio of minimum 9 per cent and a capital adequacy ratio of 12.5 per cent. The common equity Tier 1 capital requirement will be gradually increased to 12 per cent by 1 July 2016. Certain other countries, including Sweden and Switzerland, have also chosen earlier implementation of the capital requirements. However, there are significant differences in the way the requirements will be implemented.

In addition to the above-mentioned capital requirements and in compliance with the Basel III regulatory framework, Norway will also introduce a so-called counter-cyclical capital buffer of between 0 and 2.5 per cent common equity Tier 1 capital. On 4 October 2013, the Norwegian Ministry of Finance issued regulations on a counter-cyclical capital buffer, which will enter into force on 15 October. According to plan, Norges Bank will issue advice about the capital buffer level and introduction dates in December 2013. The buffer will be finally determined by the Ministry of Finance, and the banks will normally have to comply with the requirement within 12 months.

On 13 October 2013, the Ministry of Finance also determined rules for the weighting of banks' home mortgages in capital adequacy calculations. The Ministry will increase the minimum requirement for the model parameter "loss given default", LGD, from 10 to 20 per cent in the capital adequacy regulations. According to the new EU regulations, the minimum LGD requirement will also apply to branches of international banks. Prevailing rules relating to the so-called Basel I floor will be retained. To the banking group, this implies that the average risk weight on home mortgages will increase from 11.4 to 17.8 per cent. Nevertheless, the Basel I floor will still represent the actual limit for banks' risk-weighted assets. For the banking group, the Basel I floor will result in an actual risk weight of as much as 40 per cent on home mortgages. The changes will enter into force on 1 January 2014.

The banking group is working to be ready to meet the new requirements in the various areas, while emphasising the strong need for international harmonisation of the rules. Up until the final regulations are in place, the banking group's activities will be gradually adapted to the new requirements.

## Future prospects

There appears to be a more positive economic trend in Europe, while economic growth in Norway is abating. An economic upturn in Europe could help dampen the slowdown in Norway. According to DNB Markets' forecasts, Norway will experience a so-called soft landing, with a continued GDP increase and no material negative trend in housing prices during the coming year.

In consequence of the interest rate increases implemented for personal and corporate customers, interest income has reached a higher level. Due to weaker market developments, volumes are expected to show a less favourable trend than forecast, especially in the corporate market. Cost measures which, among other things, result in lower staff levels will help the banking group maintain a stable level of operating expenses, excluding restructuring expenses. Impairment losses on loans are expected to show a moderate trend during the remainder of the year, whereby total impairment for 2013 may end up at the lower end of the interval NOK 3-4 billion.

The requirements regarding higher risk weights on home mortgages have now been defined and will result in a strict, specifically Norwegian capital requirement. On a comparable basis, Norwegian banks will also appear to be less capitalised than international banks. The introduction of a counter-cyclical capital buffer could further reinforce this impression. Overall, the new capital requirements will require a significant further increase in Tier 1 capital. The banking group is well capitalised, but will build additional capital organically in accordance with the authorities' requirements.

Oslo, 23 October 2013
The Board of Directors of DNB Bank ASA

Anne Carine Tanum
(chairman)

Jarle Bergo
(vice-chairman)

Sverre Finstad

Vigdis Mathisen

Kai Nyland

Torill Rambjør

Kim Wahl

Rune Bjerke
(group chief executive)

# Income statement

**DNB Bank ASA**

| *Amounts in NOK million* | Note | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| Total interest income | 5 | 10 812 | 11 999 | 32 273 | 36 530 | 48 562 |
| Total interest expenses | 5 | 5 341 | 6 562 | 16 190 | 20 246 | 26 391 |
| **Net interest income** | 5 | **5 472** | **5 437** | **16 083** | **16 284** | **22 170** |
| Commission and fee income etc. | 6 | 1 425 | 1 265 | 4 129 | 3 947 | 5 393 |
| Commission and fee expenses etc. | 6 | 523 | 494 | 1 484 | 1 507 | 2 003 |
| Net gains on financial instruments at fair value | 7 | 1 224 | 1 756 | 3 938 | 5 926 | 7 413 |
| Other income | 9 | 2 016 | 1 093 | 5 244 | 2 809 | 4 662 |
| **Net other operating income** | | **4 142** | **3 619** | **11 827** | **11 175** | **15 465** |
| **Total income** | | **9 614** | **9 057** | **27 910** | **27 459** | **37 636** |
| Salaries and other personnel expenses | 10, 11 | 2 169 | 2 085 | 6 673 | 6 094 | 8 229 |
| Other expenses | 10 | 1 616 | 1 454 | 5 032 | 4 326 | 5 953 |
| Depreciation and impairment of fixed and intangible assets | 10 | 433 | 469 | 1 397 | 1 265 | 1 876 |
| **Total operating expenses** | 10 | **4 219** | **4 008** | **13 101** | **11 685** | **16 058** |
| **Pre-tax operating profit before impairment** | | **5 395** | **5 048** | **14 809** | **15 774** | **21 577** |
| Net gains on fixed and intangible assets | | 16 | 0 | 7 | (1) | (2) |
| Impairment of loans and guarantees | 15 | 161 | 521 | 1 557 | 2 009 | 3 195 |
| **Pre-tax operating profit** | | **5 249** | **4 527** | **13 259** | **13 764** | **18 380** |
| Taxes | | 1 249 | 1 270 | 3 540 | 3 854 | 4 958 |
| **Profit for the period** | | **4 000** | **3 257** | **9 719** | **9 910** | **13 423** |

# Comprehensive income statement

**DNB Bank ASA**

| *Amounts in NOK million* | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| **Profit for the period** | **4 000** | **3 257** | **9 719** | **9 910** | **13 423** |
| Actuarial gains and losses [1)] | (463) | (36) | 43 | (108) | 3 333 |
| Tax on actuarial gains and losses | 130 | 10 | (12) | 30 | (912) |
| Other comprehensive income that will not be reclassified to profit or loss, net of tax | (333) | (26) | 31 | (78) | 2 421 |
| Currency translation of foreign operations | 81 | (49) | 369 | (96) | (183) |
| Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax | 81 | (49) | 369 | (96) | (183) |
| **Other comprehensive income for the period** | **(252)** | **(75)** | **400** | **(174)** | **2 238** |
| **Comprehensive income for the period** | **3 748** | **3 182** | **10 119** | **9 737** | **15 661** |

1) *Pension commitments and pension funds in the defined-benefit schemes were recalculated in the second and third quarter of 2013. Calculations for the third quarter have been updated with new calculation assumptions as at 31 August 2013 in accordance with guidance notes from the Norwegian Accounting Standards Board, and with a new mortality table, K2013.*

# Balance sheet

| Amounts in NOK million | Note | DNB Bank ASA<br>30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and deposits with central banks | | 398 981 | 296 158 | 364 635 |
| Due from credit institutions | 12, 13, 14 | 208 403 | 208 646 | 226 563 |
| Loans to customers | 12, 13, 14, 15, 16 | 703 125 | 713 743 | 692 744 |
| Commercial paper and bonds at fair value | 13 | 271 899 | 241 728 | 215 804 |
| Shareholdings | 13 | 10 285 | 9 864 | 8 075 |
| Financial derivatives | 13, 14 | 100 743 | 120 511 | 124 449 |
| Commercial paper and bonds, held to maturity | 12, 18 | 66 059 | 71 288 | 104 704 |
| Investments in associated companies | | 1 080 | 1 141 | 1 140 |
| Investments in subsidiaries | | 67 848 | 49 896 | 43 471 |
| Intangible assets | 19 | 3 899 | 3 999 | 3 435 |
| Deferred tax assets | | 702 | 630 | 3 |
| Fixed assets | | 6 847 | 6 575 | 6 077 |
| Other assets | | 19 934 | 12 662 | 19 329 |
| **Total assets** | | **1 859 804** | **1 736 840** | **1 810 429** |
| **Liabilities and equity** | | | | |
| Due to credit institutions | 12, 13, 14 | 305 232 | 283 093 | 302 446 |
| Deposits from customers | 12, 13, 14 | 896 184 | 787 245 | 802 362 |
| Financial derivatives | 13, 14 | 101 266 | 92 653 | 95 305 |
| Debt securities issued | 12, 13, 20 | 382 639 | 414 998 | 445 288 |
| Payable taxes | | 3 775 | 4 253 | 3 416 |
| Deferred taxes | | 1 319 | 1 405 | 1 637 |
| Other liabilities | | 23 235 | 23 015 | 22 439 |
| Provisions | | 1 843 | 643 | 555 |
| Pension commitments | | 3 282 | 3 353 | 6 711 |
| Subordinated loan capital | 12, 13, 20 | 25 819 | 21 090 | 25 796 |
| **Total liabilities** | | **1 744 592** | **1 631 746** | **1 705 954** |
| Share capital | | 18 314 | 18 314 | 18 314 |
| Share premium reserve | | 19 895 | 19 895 | 19 895 |
| Other equity | | 77 004 | 66 885 | 66 265 |
| **Total equity** | | **115 213** | **105 094** | **104 475** |
| **Total liabilities and equity** | | **1 859 804** | **1 736 840** | **1 810 429** |
| Off-balance sheet transactions, contingencies and post-balance sheet events | 24 | | | |

# Income statement

**DNB Bank Group**

| Amounts in NOK million | Note | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| Total interest income | 5 | 15 436 | 16 045 | 45 237 | 48 453 | 63 560 |
| Total interest expenses | 5 | 7 492 | 9 126 | 22 827 | 28 078 | 36 003 |
| **Net interest income** | 5 | **7 944** | **6 919** | **22 410** | **20 375** | **27 557** |
| Commission and fee income etc. | 6 | 1 662 | 1 522 | 4 777 | 4 688 | 6 302 |
| Commission and fee expenses etc. | 6 | 546 | 516 | 1 550 | 1 575 | 2 083 |
| Net gains on financial instruments at fair value | 7 | 1 249 | 933 | 3 661 | 2 551 | 3 899 |
| Profit from companies accounted for by the equity method | 8 | 99 | 246 | 244 | 612 | 789 |
| Net gains on investment property | | (23) | 4 | (7) | (324) | (340) |
| Other income | 9 | 849 | 783 | 2 582 | 2 486 | 3 281 |
| **Net other operating income** | | **3 291** | **2 971** | **9 707** | **8 437** | **11 847** |
| **Total income** | | **11 235** | **9 890** | **32 118** | **28 812** | **39 404** |
| Salaries and other personnel expenses | 10, 11 | 2 566 | 2 525 | 7 881 | 7 412 | 9 878 |
| Other expenses | 10 | 1 941 | 1 771 | 6 090 | 5 409 | 7 343 |
| Depreciation and impairment of fixed and intangible assets | 10 | 479 | 521 | 1 540 | 1 397 | 1 990 |
| **Total operating expenses** | 10 | **4 986** | **4 817** | **15 511** | **14 218** | **19 211** |
| **Pre-tax operating profit before impairment** | | **6 250** | **5 074** | **16 606** | **14 594** | **20 194** |
| Net gains on fixed and intangible assets | | 2 | 20 | (3) | 63 | (1) |
| Impairment of loans and guarantees | 15 | 475 | 521 | 2 149 | 1 990 | 3 179 |
| **Pre-tax operating profit** | | **5 777** | **4 572** | **14 454** | **12 668** | **17 013** |
| Taxes | | 1 375 | 1 253 | 3 830 | 3 421 | 4 516 |
| Profit from operations held for sale, after taxes | | (7) | 0 | (5) | 92 | 96 |
| **Profit for the period** | | **4 395** | **3 319** | **10 619** | **9 339** | **12 593** |

# Comprehensive income statement

**DNB Bank Group**

| Amounts in NOK million | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| **Profit for the period** | **4 395** | **3 319** | **10 619** | **9 339** | **12 593** |
| Actuarial gains and losses [1)] | (463) | (38) | 43 | (115) | 3 437 |
| Tax on actuarial gains and losses | 130 | 11 | (12) | 32 | (941) |
| Other comprehensive income that will not be reclassified to profit or loss, net of tax | (333) | (27) | 31 | (82) | 2 496 |
| Currency translation of foreign operations | 119 | (65) | 318 | (104) | (193) |
| Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax | 119 | (65) | 318 | (104) | (193) |
| **Other comprehensive income for the period** | **(214)** | **(92)** | **349** | **(186)** | **2 303** |
| **Comprehensive income for the period** | **4 181** | **3 227** | **10 968** | **9 152** | **14 896** |

1) *Pension commitments and pension funds in the defined-benefit schemes were recalculated in the second and third quarter of 2013. Calculations for the third quarter have been updated with new calculation assumptions as at 30 August 2013 in accordance with guidance notes from the Norwegian Accounting Standards Board, and with a new mortality table, K2013.*

# Balance sheet

| | | DNB Bank Group | | |
|---|---|---|---|---|
| *Amounts in NOK million* | Note | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| **Assets** | | | | |
| Cash and deposits with central banks | | 401 560 | 298 892 | 367 409 |
| Due from credit institutions | 12, 13, 14 | 25 928 | 33 373 | 38 933 |
| Loans to customers | 12, 13, 14, 15, 16 | 1 342 531 | 1 308 864 | 1 319 229 |
| Commercial paper and bonds at fair value | 13 | 186 515 | 160 664 | 137 013 |
| Shareholdings | 13 | 10 724 | 10 290 | 8 522 |
| Financial derivatives | 13, 14 | 89 335 | 95 890 | 100 636 |
| Commercial paper and bonds, held to maturity | 12, 18 | 66 059 | 71 288 | 104 704 |
| Investment property | | 4 591 | 5 034 | 5 125 |
| Investments in associated companies | | 3 012 | 2 866 | 2 778 |
| Intangible assets | 19 | 4 943 | 4 826 | 4 915 |
| Deferred tax assets | | 1 358 | 1 112 | 624 |
| Fixed assets | | 7 664 | 7 311 | 6 956 |
| Assets held for sale | | 213 | 417 | 15 |
| Other assets | | 21 271 | 12 619 | 20 025 |
| **Total assets** | | **2 165 705** | **2 013 444** | **2 116 883** |
| **Liabilities and equity** | | | | |
| Due to credit institutions | 12, 13, 14 | 260 903 | 251 388 | 293 530 |
| Deposits from customers | 12, 13, 14 | 934 477 | 819 945 | 850 652 |
| Financial derivatives | 13, 14 | 63 744 | 63 193 | 65 928 |
| Debt securities issued | 12, 13, 20 | 722 891 | 713 273 | 733 194 |
| Payable taxes | | 4 265 | 6 940 | 2 944 |
| Deferred taxes | | 1 609 | 1 630 | 2 908 |
| Other liabilities | | 25 449 | 15 553 | 23 894 |
| Liabilities held for sale | | 73 | 76 | 0 |
| Provisions | | 1 924 | 724 | 629 |
| Pension commitments | | 3 384 | 3 442 | 6 960 |
| Subordinated loan capital | 12, 13, 20 | 25 827 | 21 090 | 25 799 |
| **Total liabilities** | | **2 044 547** | **1 897 255** | **2 006 437** |
| Share capital | | 18 314 | 18 314 | 18 314 |
| Share premium reserve | | 20 611 | 20 611 | 20 611 |
| Other equity | | 82 232 | 77 264 | 71 521 |
| **Total equity** | | **121 158** | **116 190** | **110 446** |
| **Total liabilities and equity** | | **2 165 705** | **2 013 444** | **2 116 883** |
| Off-balance sheet transactions, contingencies and post-balance sheet events | 24 | | | |

# Statement of changes in equity

**DNB Bank ASA**

| *Amounts in NOK million* | Share capital | Share premium reserve | Actuarial gains and losses | Other equity | Total equity |
|---|---|---|---|---|---|
| **Balance sheet as at 31 December 2011** | **18 314** | **19 895** | **-** | **59 433** | **97 643** |
| Implementation of the amended IAS 19 - Employee Benefits [1)] | | | (2 905) | | (2 905) |
| **Balance sheet as at 1 January 2012** | **18 314** | **19 895** | **(2 905)** | **59 433** | **94 738** |
| Profit for the period | | | | 9 910 | 9 910 |
| Actuarial gains and losses | | | (78) | | (78) |
| Currency translation of foreign operations | | | | (96) | (96) |
| Comprehensive income for the period | 0 | 0 | (78) | 9 815 | 9 737 |
| **Balance sheet as at 30 September 2012, restated** | **18 314** | **19 895** | **(2 983)** | **69 248** | **104 475** |
| | | | | | |
| **Balance sheet as at 31 December 2012** | **18 314** | **19 895** | **-** | **67 264** | **105 474** |
| Implementation of the amended IAS 19 - Employee Benefits [1)] | | | (484) | 104 | (380) |
| **Balance sheet as at 31 December 2012, restated** | **18 314** | **19 895** | **(484)** | **67 369** | **105 094** |
| Profit for the period | | | | 9 719 | 9 719 |
| Actuarial gains and losses | | | 31 | | 31 |
| Currency translation of foreign operations | | | (7) | 376 | 369 |
| Comprehensive income for the period | 0 | 0 | 24 | 10 095 | 10 119 |
| **Balance sheet as at 30 September 2013** | **18 314** | **19 895** | **(460)** | **77 464** | **115 213** |
| | | | | | |
| *Of which currency translation reserve* : | | | | | |
| *Balance sheet as at 1 January 2012* | | | *0* | *(356)* | *(356)* |
| *Comprehensive income for the period* | | | *0* | *(96)* | *(96)* |
| *Balance sheet as at 30 September 2012, restated* | | | *0* | *(452)* | *(452)* |
| | | | | | |
| *Balance sheet as at 31 December 2012, restated* | | | *0* | *(540)* | *(540)* |
| *Comprehensive income for the period* | | | *(7)* | *376* | *369* |
| *Balance sheet as at 30 September 2013* | | | *(7)* | *(164)* | *(170)* |

**DNB Bank Group**

| *Amounts in NOK million* | Share capital | Share premium reserve | Actuarial gains and losses | Other equity | Total equity |
|---|---|---|---|---|---|
| **Balance sheet as at 31 December 2011** | **18 314** | **20 611** | **-** | **65 378** | **104 304** |
| Implementation of the amended IAS 19 - Employee Benefits [1)] | | | (3 010) | | (3 010) |
| **Balance sheet as at 1 January 2012** | **18 314** | **20 611** | **(3 010)** | **65 378** | **101 294** |
| Profit for the period | | | | 9 339 | 9 339 |
| Actuarial gains and losses | | | (82) | | (82) |
| Currency translation of foreign operations | | | | (104) | (104) |
| Comprehensive income for the period | 0 | 0 | (82) | 9 234 | 9 152 |
| **Balance sheet as at 30 September 2012, restated** | **18 314** | **20 611** | **(3 092)** | **74 613** | **110 446** |
| | | | | | |
| **Balance sheet as at 31 December 2012** | **18 314** | **20 611** | **-** | **77 668** | **116 594** |
| Implementation of the amended IAS 19 - Employee Benefits [1)] | | | (514) | 110 | (404) |
| **Balance sheet as at 31 December 2012, restated** | **18 314** | **20 611** | **(514)** | **77 778** | **116 190** |
| Profit for the period | | | | 10 619 | 10 619 |
| Actuarial gains and losses | | | 31 | | 31 |
| Currency translation of foreign operations | | | (7) | 325 | 318 |
| Comprehensive income for the period | 0 | 0 | 24 | 10 944 | 10 968 |
| Group contribution for 2012 to DNB ASA | | | | (6 000) | (6 000) |
| **Balance sheet as at 30 September 2013** | **18 314** | **20 611** | **(491)** | **82 723** | **121 158** |
| | | | | | |
| *Of which currency translation reserve:* | | | | | |
| *Balance sheet as at 1 January 2012* | | | *0* | *(490)* | *(490)* |
| *Comprehensive income for the period* | | | *0* | *(104)* | *(104)* |
| *Accumulated currency translation reserve in Pres-Vac* | | | | *3* | *3* |
| *Balance sheet as at 30 September 2012, restated* | | | *0* | *(591)* | *(591)* |
| | | | | | |
| *Balance sheet as at 31 December 2012, restated* | | | *0* | *(682)* | *(682)* |
| *Comprehensive income for the period* | | | *(7)* | *325* | *318* |
| *Accumulated currency translation reserve SalusAnsvar taken to income (company sold)* | | | | *(6)* | *(6)* |
| *Change of reporting currency DNB Invest Denmark* | | | | *7* | *7* |
| *Balance sheet as at 30 September 2013* | | | *(7)* | *(356)* | *(363)* |

1) *See note 1 Accounting principles.*

# Cash flow statement

| Amounts in NOK million | DNB Bank ASA January - September 2013 | 2012 | Full year 2012 |
|---|---|---|---|
| **Operating activities** | | | |
| Net receipts on loans to customers | 31 515 | 4 187 | 13 624 |
| Interest received from customers | 23 828 | 24 961 | 36 064 |
| Net receipts on deposits from customers | 82 961 | 98 178 | 78 538 |
| Interest paid to customers | (4 298) | (4 767) | (17 453) |
| Net receipts/payments on loans to/from credit institutions | 22 173 | (33 545) | (51 237) |
| Interest received from credit institutions | 2 890 | 4 257 | 4 925 |
| Interest paid to credit institutions | (1 836) | (2 403) | (3 289) |
| Net receipts/payments on the sale of financial assets for investment or trading | (7 382) | (2 057) | 2 635 |
| Interest received on bonds and commercial paper | 5 135 | 5 771 | 6 756 |
| Net receipts on commissions and fees | 2 612 | 2 404 | 3 411 |
| Payments to operations | (10 932) | (10 627) | (14 354) |
| Taxes paid | (4 358) | (122) | (214) |
| Other receipts | 4 522 | 5 430 | 6 481 |
| **Net cash flow from operating activities** | **146 830** | **91 668** | **65 889** |
| **Investment activities** | | | |
| Net payments on the acquisition of fixed assets | (1 517) | (1 713) | (2 823) |
| Receipts on the sale of long-term investments in shares | 436 | 0 | 0 |
| Payments on the acquisition of long-term investments in shares | (16 540) | (8 465) | (16 871) |
| Dividends received on long-term investments in shares | 274 | 97 | 97 |
| **Net cash flow from investment activities** | **(17 347)** | **(10 080)** | **(19 596)** |
| **Funding activities** | | | |
| Receipts on issued bonds and commercial paper | 685 141 | 311 411 | 854 746 |
| Payments on redeemed bonds and commercial paper | (725 353) | (247 614) | (820 874) |
| Interest payments on issued bonds and commercial paper | (3 517) | (4 191) | (4 611) |
| Receipts on the raising of subordinated loan capital | 7 349 | 5 531 | 5 525 |
| Redemptions of subordinated loan capital | (3 709) | (3 883) | (7 996) |
| Interest paid on subordinated loan capital | (513) | (309) | (1 024) |
| Group contributions payments/receipts | (5 729) | 1 266 | 1 266 |
| **Net cash flow from funding activities** | **(46 331)** | **62 212** | **27 033** |
| **Effects of exchange rate changes on cash and cash equivalents** | **18 115** | **(4 640)** | **(2 962)** |
| **Net cash flow** | **101 267** | **139 160** | **70 364** |
| Cash as at 1 January | 300 944 | 230 580 | 230 580 |
| Net receipts/payments of cash | 101 267 | 139 160 | 70 364 |
| Cash at end of period *) | 402 211 | 369 741 | 300 944 |

| | | | |
|---|---|---|---|
| **) Of which: Cash and deposits with central banks* | *398 981* | *364 635* | *296 158* |
| *Deposits with credit institutions with no agreed period of notice [1)]* | *3 230* | *5 103* | *4 786* |

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

## Cash flow statement (continued)

| Amounts in NOK million | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|
| | **DNB Bank Group** | | |
| **Operating activities** | | | |
| Net payments on loans to customers | (8 745) | (42 197) | (39 284) |
| Interest received from customers | 40 096 | 42 699 | 57 029 |
| Net receipts on deposits from customers | 85 727 | 100 608 | 80 887 |
| Interest paid to customers | (4 688) | (7 123) | (18 993) |
| Net receipts/payments on loans to/from credit institutions | 19 218 | (1 485) | (35 303) |
| Interest received from credit institutions | 984 | 1 232 | 1 389 |
| Interest paid to credit institutions | (1 807) | (2 372) | (3 166) |
| Net payments on the sale of financial assets for investment or trading | (7 425) | (30 247) | (19 881) |
| Interest received on bonds and commercial paper | 3 787 | 3 926 | 4 385 |
| Net receipts on commissions and fees | 3 194 | 3 077 | 4 240 |
| Payments to operations | (12 995) | (12 285) | (16 962) |
| Taxes paid | (6 883) | (226) | (391) |
| Other receipts | 3 854 | 3 561 | 4 150 |
| **Net cash flow from operating activities** | **114 316** | **59 168** | **18 100** |
| **Investment activities** | | | |
| Net payments on the acquisition of fixed assets | (1 966) | (2 079) | (3 182) |
| Net receipts/payments, investment property | 948 | (329) | (399) |
| Receipts on the sale of long-term investments in shares | 436 | 0 | 0 |
| Payments on the acquisition of long-term investments in shares | (16) | 0 | 0 |
| Dividends received on long-term investments in shares | 274 | 97 | 97 |
| **Net cash flow from investment activities** | **(324)** | **(2 311)** | **(3 484)** |
| **Funding activities** | | | |
| Receipts on issued bonds and commercial paper | 724 846 | 388 616 | 941 355 |
| Payments on redeemed bonds and commercial paper | (742 602) | (287 832) | (861 109) |
| Interest payments on issued bonds and commercial paper | (10 394) | (11 155) | (12 725) |
| Receipts on the raising of subordinated loan capital | 7 349 | 5 531 | 5 525 |
| Redemptions of subordinated loan capital | (3 709) | (3 968) | (8 082) |
| Interest paid on subordinated loan capital | (508) | (180) | (1 021) |
| Group contributions payments | (6 000) | 0 | 0 |
| **Net cash flow from funding activities** | **(31 018)** | **91 012** | **63 943** |
| **Effects of exchange rate changes on cash and cash equivalents** | **18 343** | **(5 112)** | **(3 468)** |
| **Net cash flow** | **101 317** | **142 758** | **75 090** |
| Cash as at 1 January | 304 121 | 229 031 | 229 031 |
| Net receipts of cash | 101 317 | 142 758 | 75 090 |
| Cash at end of period *) | 405 439 | 371 789 | 304 121 |
| **) Of which: Cash and deposits with central banks* | *401 560* | *367 409* | *298 892* |
| *Deposits with credit institutions with no agreed period of notice 1)* | *3 878* | *4 380* | *5 229* |

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

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

# Note 1 Accounting principles

The third quarter accounts 2013 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the banking group is found in the annual report for 2012. The annual and interim accounts for the banking group are prepared according to IFRS principles as endorsed by the EU. DNB Bank ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS, hereinafter called the Norwegian IFRS regulations, which implies that recognition and measurements are in accordance with IFRS. The only exception is that the Norwegian IFRS regulations also give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. DNB Bank ASA presents note information in accordance with IFRS.

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

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

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

**Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities**
Note information is required to enable users of the accounts to assess the effects or the potential effects the offsetting of financial assets and liabilities will have on the company's financial position. The disclosure requirements apply to financial instruments offset in accordance with IAS 32 and financial instruments for which agreements on conditional rights of offset have been entered into. See note 14 Offsetting for information based on the new requirements in IFRS 7.

**IFRS 13 Fair Value Measurement**
The standard includes principles and guidance for fair value measurement of assets and liabilities when other IFRSs require or permit fair value measurements. The standard does not change what is required or permitted to be measured at fair value. IFRS 13 applies both at initial recognition and in subsequent measurements. IFRS 13 requires more detailed note information in both quarterly and annual accounts. The new rules have no material impact on the banking group's profit and loss or balance sheet, but have an impact on the note information presented in the quarterly and annual accounts. See note 12 Fair value of financial instruments at amortised cost and note 13 Financial instruments at fair value.

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

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

Among other things, the corridor approach for recognising actuarial gains and losses is removed. Actuarial gains and losses should now be recognised in other comprehensive income in the period in which they occur. In consequence of this, the best estimate of pension commitments will be shown in the balance sheet. According to the standard, when calculating pension costs, the discount rate shall be used on net pension commitments instead of using the expected return on pension funds. Seen in isolation, this amendment will result in higher pension costs in the income statement.

At year-end 2012, actuarial gains and losses totalling NOK 380 and 404 million after tax for the bank and the DNB Bank group respectively, were recognised in the accounts. The amount was recognised in the banking group's equity on 1 January 2013. The new rules would have reduced pension expenses for the first three quarters of 2012 by NOK 108 and 114 million before tax and NOK 78 and 81 million after tax for the bank and the banking group respectively. Please refer to note 1 in the first quarter report 2013, the comprehensive income statement and the statement of changes in equity for more information about the effects of implementing the revised IAS 19.

# Note 2 Important accounting estimates and discretionary assessments

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

## Note 3 Changes in group structure

**SalusAnsvar**

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

**Godfjellet AS/Nye Notabene AS**

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

The bank's strategy is to sell these operations as soon as possible within a 12-month period from the takeover date. The operations were classified as held for sale in the group accounts as at 30 September 2013. In the accounts, DNB's net holding will be recorded at the lower of the balance sheet value and fair value less costs to sell.

## Note 4 Segments

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

| | | |
|---|---|---|
| Personal customers | - | includes the banking group's total products and activities to private customers in all channels, both digital and physical. DNB offers a wide range of products through Norway's largest distribution network, comprising branches, telephone banking (24/7), digital banking, real estate broking as well as external channels (post offices and in-store postal and banking outlets). |
| Small and medium-sized enterprises | - | is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in this segment range from small businesses and start-up companies to relatively large corporate customers, and the product offerings are adapted to the customers' different needs. Small and medium-sized enterprises are served through the banking group's large physical distribution network throughout Norway as well as digital and telephone banking (24/7). |
| Large corporates and international customers | - | includes large Norwegian and international corporate customers and all customers served by DNB's subsidiary banks in the Baltics, Poland and Russia. Operations are based on sound industry expertise and long-term customer relationships. |
| Trading | - | includes market making and other trading activities in fixed income, currencies and commodities (FICC) as well as equities, including risk management of the risk inherent in customer transactions. Markets' trading activities support the customer activities. |

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

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

# Note 4 Segments (continued)

## Income statement, third quarter

| | Personal customers | | Small and medium-sized enterprises | | Large corporates and international customers | | Trading | | Other operations/ eliminations [1] | | DNB Bank Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | |
| *Amounts in NOK million* | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Net interest income - ordinary operations | 3 367 | 2 598 | 1 479 | 1 376 | 2 733 | 2 541 | 105 | 111 | 260 | 294 | 7 944 | 6 919 |
| Interest on allocated capital [2] | 72 | 95 | 86 | 98 | 225 | 251 | 35 | 35 | (417) | (479) | 0 | 0 |
| Net interest income | 3 439 | 2 692 | 1 565 | 1 475 | 2 957 | 2 792 | 140 | 146 | (157) | (185) | 7 944 | 6 919 |
| Net other operating income | 1 058 | 986 | 248 | 215 | 1 048 | 1 053 | 525 | 1 016 | 412 | (299) | 3 291 | 2 971 |
| Total income | 4 497 | 3 679 | 1 813 | 1 690 | 4 006 | 3 845 | 665 | 1 161 | 255 | (484) | 11 235 | 9 890 |
| Operating expenses | 2 104 | 1 964 | 844 | 809 | 1 254 | 1 314 | 216 | 220 | 568 | 509 | 4 986 | 4 817 |
| Pre-tax operating profit before impairment | 2 393 | 1 714 | 969 | 881 | 2 752 | 2 530 | 449 | 941 | (313) | (994) | 6 250 | 5 074 |
| Net gains on fixed and intangible assets | 0 | (0) | 0 | (0) | 1 | (1) | 0 | 0 | 1 | 20 | 2 | 20 |
| Impairment of loans and guarantees [3] | 22 | 75 | 161 | 74 | 304 | 310 | 0 | 0 | (13) | 61 | 475 | 521 |
| Profit from repossessed operations | (13) | 0 | 8 | (5) | (16) | (63) | 0 | 0 | 21 | 68 | 0 | 0 |
| Pre-tax operating profit | 2 357 | 1 639 | 816 | 802 | 2 434 | 2 157 | 449 | 941 | (278) | (967) | 5 777 | 4 572 |
| Taxes | 660 | 459 | 228 | 225 | 730 | 630 | 130 | 273 | (374) | (333) | 1 375 | 1 253 |
| Profit from operations held for sale after taxes | (5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (3) | 0 | (7) | 0 |
| Profit for the period | 1 693 | 1 180 | 587 | 577 | 1 704 | 1 527 | 318 | 668 | 93 | (634) | 4 395 | 3 319 |

1) *Other operations/eliminations:*

| | *Other eliminations* | | *Group Centre* [*)] | | *Total* | |
|---|---|---|---|---|---|---|
| | *3rd quarter* | | *3rd quarter* | | *3rd quarter* | |
| *Amounts in NOK million* | *2013* | *2012* | *2013* | *2012* | *2013* | *2012* |
| *Net interest income - ordinary operations* | *0* | *(0)* | *260* | *294* | *260* | *294* |
| *Interest on allocated capital* [2] | *0* | *0* | *(417)* | *(479)* | *(417)* | *(479)* |
| *Net interest income* | *0* | *(0)* | *(157)* | *(185)* | *(157)* | *(185)* |
| *Net other operating income* | *(112)* | *(73)* | *524* | *(226)* | *412* | *(299)* |
| *Total income* | *(112)* | *(73)* | *367* | *(411)* | *255* | *(484)* |
| *Operating expenses* | *(112)* | *(73)* | *680* | *583* | *568* | *509* |
| *Pre-tax operating profit before impairment* | *0* | *0* | *(313)* | *(994)* | *(313)* | *(994)* |
| *Net gains on fixed and intangible assets* | *0* | *0* | *1* | *20* | *1* | *20* |
| *Impairment of loans and guarantees* [3] | *0* | *0* | *(13)* | *61* | *(13)* | *61* |
| *Profit from repossessed operations* | *0* | *0* | *21* | *68* | *21* | *68* |
| *Pre-tax operating profit* | *0* | *0* | *(278)* | *(967)* | *(278)* | *(967)* |

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

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

| | | *3rd quarter* | |
|---|---|---|---|
| **)* | *Group Centre - pre-tax operating profit in NOK million* | *2013* | *2012* |
| | *+ Interest on unallocated equity etc.* | *65* | *107* |
| | *+ Income from equities investments* | *8* | *80* |
| | *+ Gains on fixed and intangible assets* | *1* | *20* |
| | *+ Mark-to-market adjustments Treasury and fair value of loans* | *139* | *(432)* |
| | *+ Basis swaps* | *(223)* | *(566)* |
| | *+ Eksportfinans ASA* | *91* | *232* |
| | *+ Net gains on investment property* | *(25)* | *1* |
| | *+ Profit from repossessed operations* | *21* | *68* |
| | *- Unallocated impairment of loans and guarantees* | *(13)* | *61* |
| | *- Uncallocated personnel expenses* | *20* | *80* |
| | *- Uncallocated IT expenses* | *174* | *(21)* |
| | *- Funding costs on goodwill* | *9* | *12* |
| | *Other* | *(165)* | *(344)* |
| | *Pre-tax operating profit* | *(278)* | *(967)* |

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

3) *See note 15 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.*

# Note 4 Segments (continued)

## Main average balance sheet items

**DNB Bank Group**

| | Personal customers | | Small and medium-sized enterprises | | Large corporates and international customers | | Trading | | Other operations/ eliminations [1] | | DNB Bank Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | |
| *Amounts in NOK billion* | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Loans to customers [1] | 652.1 | 623.9 | 206.2 | 205.9 | 465.5 | 480.7 | 1.8 | 3.0 | 12.0 | 9.6 | 1 337.5 | 1 323.2 |
| Deposits from customers [1] | 346.1 | 327.2 | 148.3 | 145.0 | 356.2 | 311.3 | 94.8 | 57.3 | 6.3 | 0.8 | 951.7 | 841.6 |
| Allocated capital [2] | 16.9 | 16.8 | 20.4 | 17.6 | 54.3 | 48.6 | 8.1 | 6.3 | | | | |

## Key figures

**DNB Bank Group**

| | Personal customers | | Small and medium-sized enterprises | | Large corporates and international customers | | Trading | | Other operations/ eliminations [1] | | DNB Bank Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | | 3rd quarter | |
| *Per cent* | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Cost/income ratio [3] | 46.8 | 52.1 | 46.5 | 47.8 | 31.3 | 34.2 | 32.5 | 19.0 | | | 44.4 | 47.8 |
| Ratio of deposits to loans [1] [4] | 53.1 | 52.5 | 71.9 | 70.4 | 76.5 | 64.8 | | | | | 71.2 | 63.6 |
| Return on allocated capital, annualised [2] | 39.7 | 27.9 | 11.4 | 13.1 | 12.4 | 12.5 | 15.6 | 42.2 | | | | |

*1) Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments.*

*2) Allocated capital for the segments are calculated on the external capital adequacy requirement (Basel II) which must be met by the banking group.*

*3) Total operating expenses relative to total income.*

*4) Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

## Income statement, January-September

**DNB Bank Group**

| | Personal customers | | Small and medium-sized enterprises | | Large corporates and international customers | | Trading | | Other operations/ eliminations [1] | | DNB Bank Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan.-sept. | | Jan.-sept. | | Jan.-sept. | | Jan.-sept. | | Jan.-sept. | | Jan.-sept. | |
| *Amounts in NOK million* | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Net interest income - ordinary operations | 8 972 | 7 142 | 4 326 | 4 071 | 7 768 | 7 679 | 326 | 473 | 1 018 | 1 010 | 22 410 | 20 375 |
| Interest on allocated capital [1] | 222 | 283 | 272 | 304 | 710 | 855 | 111 | 115 | (1 315) | (1 556) | 0 | 0 |
| Net interest income | 9 194 | 7 425 | 4 598 | 4 375 | 8 478 | 8 533 | 437 | 589 | (297) | (547) | 22 410 | 20 375 |
| Net other operating income | 2 917 | 2 859 | 802 | 701 | 3 353 | 3 395 | 1 463 | 3 115 | 1 172 | (1 634) | 9 707 | 8 437 |
| Total income | 12 112 | 10 284 | 5 400 | 5 076 | 11 831 | 11 929 | 1 900 | 3 703 | 875 | (2 180) | 32 118 | 28 812 |
| Operating expenses | 6 254 | 5 769 | 2 563 | 2 441 | 4 002 | 4 007 | 560 | 617 | 2 133 | 1 384 | 15 511 | 14 218 |
| Pre-tax operating profit before impairment | 5 858 | 4 515 | 2 837 | 2 635 | 7 829 | 7 922 | 1 339 | 3 087 | (1 257) | (3 565) | 16 606 | 14 594 |
| Net gains on fixed and intangible assets | (0) | (1) | (0) | 0 | (3) | 3 | 0 | 0 | 0 | 60 | (3) | 63 |
| Impairment of loans and guarantees [2] | 260 | 339 | 427 | 294 | 1 447 | 1 266 | 0 | 0 | 16 | 90 | 2 149 | 1 990 |
| Profit from repossessed operations | (13) | 0 | (2) | (12) | (44) | (146) | 0 | 0 | 60 | 158 | 0 | 0 |
| Pre-tax operating profit | 5 584 | 4 175 | 2 408 | 2 328 | 6 335 | 6 514 | 1 339 | 3 087 | (1 213) | (3 436) | 14 454 | 12 668 |
| Taxes | 1 564 | 1 169 | 674 | 652 | 1 900 | 1 902 | 388 | 895 | (697) | (1 197) | 3 830 | 3 421 |
| Profit from operations held for sale after taxes | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (7) | 92 | (5) | 92 |
| Profit for the period | 4 023 | 3 006 | 1 734 | 1 676 | 4 434 | 4 612 | 951 | 2 192 | (524) | (2 147) | 10 619 | 9 339 |

*1) Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the banking group.*

*2) See note 15 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.*

## Note 5 Net interest income

**DNB Bank ASA** [1)]

| *Amounts in NOK million* | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Interest on amounts due from credit institutions | 939 | 1 229 | 2 805 | 3 980 | 4 570 |
| Interest on loans to customers | 7 430 | 7 506 | 22 147 | 22 858 | 31 578 |
| Interest on impaired loans and guarantees | 168 | 142 | 479 | 428 | 580 |
| Interest on commercial paper and bonds | 1 741 | 1 727 | 5 283 | 5 638 | 7 298 |
| Front-end fees etc. | 74 | 79 | 219 | 216 | 287 |
| Other interest income | 459 | 1 316 | 1 340 | 3 410 | 4 249 |
| **Total interest income** | **10 812** | **11 999** | **32 273** | **36 530** | **48 562** |
| Interest on amounts due to credit institutions | 555 | 842 | 1 857 | 2 627 | 3 320 |
| Interest on deposits from customers | 3 599 | 3 720 | 10 851 | 11 388 | 15 444 |
| Interest on debt securities issued | 872 | 1 248 | 2 724 | 3 998 | 5 007 |
| Interest on subordinated loan capital | 105 | 178 | 311 | 532 | 676 |
| Guarantee fund levy | 164 | 0 | 493 | 0 | 0 |
| Other interest expenses [2)] | 45 | 574 | (45) | 1 701 | 1 945 |
| **Total interest expenses** | **5 341** | **6 562** | **16 190** | **20 246** | **26 391** |
| **Net interest income** | **5 472** | **5 437** | **16 083** | **16 284** | **22 170** |

**DNB Bank Group**

| *Amounts in NOK million* | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Interest on amounts due from credit institutions | 362 | 289 | 951 | 1 019 | 1 196 |
| Interest on loans to customers | 13 307 | 13 290 | 39 055 | 40 264 | 53 263 |
| Interest on impaired loans and guarantees | 183 | 155 | 521 | 461 | 625 |
| Interest on commercial paper and bonds | 1 296 | 1 202 | 3 923 | 3 798 | 4 944 |
| Front-end fees etc. | 81 | 92 | 244 | 254 | 337 |
| Other interest income | 207 | 1 017 | 543 | 2 657 | 3 195 |
| **Total interest income** | **15 436** | **16 045** | **45 237** | **48 453** | **63 560** |
| Interest on amounts due to credit institutions | 535 | 831 | 1 829 | 2 591 | 3 264 |
| Interest on deposits from customers | 3 670 | 3 952 | 11 140 | 12 098 | 15 992 |
| Interest on debt securities issued | 3 053 | 3 257 | 9 005 | 10 167 | 13 135 |
| Interest on subordinated loan capital | 105 | 179 | 311 | 533 | 676 |
| Guarantee fund levy | 191 | 22 | 566 | 67 | 90 |
| Other interest expenses [2)] | (63) | 884 | (24) | 2 622 | 2 846 |
| **Total interest expenses** | **7 492** | **9 126** | **22 827** | **28 078** | **36 003** |
| **Net interest income** | **7 944** | **6 919** | **22 410** | **20 375** | **27 557** |

1) *Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

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

## Note 6 Net commission and fee income

| Amounts in NOK million | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| **DNB Bank ASA [1)]** | | | | | |
| Money transfer fees | 848 | 775 | 2 344 | 2 229 | 3 015 |
| Fees on asset management services | 54 | 49 | 158 | 150 | 201 |
| Fees on custodial services | 79 | 81 | 236 | 242 | 320 |
| Fees on securities broking | 44 | 38 | 148 | 133 | 169 |
| Corporate finance | 56 | 47 | 158 | 232 | 355 |
| Interbank fees | 10 | 11 | 28 | 30 | 41 |
| Credit broking commissions | 87 | 59 | 360 | 296 | 439 |
| Sales commissions on insurance products | 83 | 66 | 229 | 202 | 276 |
| Sundry commissions and fees on banking services | 164 | 140 | 469 | 433 | 577 |
| **Total commission and fee income etc.** | **1 425** | **1 265** | **4 129** | **3 947** | **5 393** |
| Money transfer fees | 311 | 283 | 863 | 815 | 1 113 |
| Commissions on fund management services | 0 | 0 | 0 | 0 | 0 |
| Fees on custodial services | 31 | 30 | 100 | 105 | 132 |
| Interbank fees | 18 | 18 | 52 | 55 | 75 |
| Credit broking commissions | 26 | 31 | 78 | 93 | 121 |
| Commissions on the sale of insurance products | 0 | 0 | 0 | 0 | 0 |
| Sundry commissions and fees on banking services | 137 | 133 | 391 | 439 | 561 |
| **Total commission and fee expenses etc.** | **523** | **494** | **1 484** | **1 507** | **2 003** |
| **Net commission and fee income** | **902** | **770** | **2 645** | **2 440** | **3 390** |

*1) Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

| Amounts in NOK million | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| **DNB Bank Group** | | | | | |
| Money transfer fees | 900 | 824 | 2 488 | 2 387 | 3 190 |
| Fees on asset management services | 63 | 63 | 182 | 171 | 228 |
| Fees on custodial services | 81 | 82 | 242 | 246 | 326 |
| Fees on securities broking | 54 | 40 | 175 | 139 | 185 |
| Corporate finance | 125 | 108 | 339 | 392 | 585 |
| Interbank fees | 10 | 12 | 28 | 32 | 43 |
| Credit broking commissions | 98 | 61 | 376 | 302 | 445 |
| Sales commissions on insurance products | 89 | 105 | 246 | 330 | 409 |
| Sundry commissions and fees on banking services | 243 | 228 | 700 | 689 | 891 |
| **Total commission and fee income etc.** | **1 662** | **1 522** | **4 777** | **4 688** | **6 302** |
| Money transfer fees | 320 | 290 | 888 | 839 | 1 142 |
| Commissions on fund management services | 0 | 0 | 0 | 1 | 1 |
| Fees on custodial services | 31 | 30 | 100 | 105 | 132 |
| Interbank fees | 18 | 19 | 54 | 58 | 78 |
| Credit broking commissions | 23 | 24 | 72 | 71 | 91 |
| Commissions on the sale of insurance products | 1 | 5 | (1) | 17 | 17 |
| Sundry commissions and fees on banking services | 153 | 147 | 437 | 485 | 621 |
| **Total commission and fee expenses etc.** | **546** | **516** | **1 550** | **1 575** | **2 083** |
| **Net commission and fee income** | **1 116** | **1 005** | **3 227** | **3 113** | **4 219** |

## Note 7 Net gains on financial instruments at fair value

**DNB Bank ASA**

| Amounts in NOK million | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Dividends | 56 | 68 | 318 | 330 | 385 |
| Net gains on commercial paper and bonds [1)] | 88 | 1 783 | (705) | 3 553 | 4 529 |
| Net gains on shareholdings and equity-related derivatives | 7 | 63 | 25 | (92) | 110 |
| Net unrealised gains on basis swaps | (103) | (655) | (92) | (606) | (934) |
| Net gains on other financial instruments | 1 174 | 496 | 4 393 | 2 742 | 3 323 |
| **Net gains on financial instruments at fair value** | **1 224** | **1 756** | **3 938** | **5 926** | **7 413** |

**DNB Bank Group**

| Amounts in NOK million | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Dividends | 63 | 69 | 316 | 338 | 392 |
| Net gains on commercial paper and bonds | 93 | 1 067 | (852) | 2 249 | 3 044 |
| Net gains on shareholdings and equity-related derivatives | 7 | 62 | 17 | (72) | 123 |
| Net unrealised gains on basis swaps | (223) | (566) | (544) | (1 921) | (1 687) |
| Net gains on other financial instruments | 1 309 | 301 | 4 724 | 1 957 | 2 027 |
| **Net gains on financial instruments at fair value** | **1 249** | **933** | **3 661** | **2 551** | **3 899** |

1) *Unrealised losses on DNB Bank ASA's investments in covered bonds issued by DNB Boligkreditt were NOK 16 million in the third quarter of 2013. Investments in such bonds totalled NOK 87 billion at 30 September 2013, of which NOK 44 billion have been used in the exchange scheme with the Norwegian government. See note 23 Information on related parties – stimulus packages.*

## Note 8 Profit from companies accounted for by the equity method

Moody's and Standard & Poor's downgrades of Eksportfinans' credit rating in the fourth quarter of 2011 resulted in sizeable unrealised gains on the company's long-term funding. The effect of such unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion in the fourth quarter of 2011. After reviewing the fair value of the company in connection with the closing of the annual accounts, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter of 2011. In 2012, the required rate of return in the market was reduced, and Eksportfinans had sizeable unrealised losses on own debt. The impairment loss recorded by DNB in the fourth quarter of 2011 was reversed by an amount corresponding to these unrealised losses. The reversal represented just under NOK 7.5 billion of DNB's holding after tax. In the three first quarters of 2013, an additional reversal of NOK 1.5 billion was made. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

## Note 9 Other income

**DNB Bank ASA [1)]**

| Amounts in NOK million | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Income from owned/leased premises | 30 | 28 | 75 | 81 | 111 |
| Group contributions and dividends from subsidiaries | 17 | 0 | 34 | 24 | 468 |
| Miscellaneous operating income [2)] | 1 968 | 1 065 | 5 134 | 2 704 | 4 083 |
| **Total other income** | **2 016** | **1 093** | **5 244** | **2 809** | **4 662** |

1) *Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*
2) *The change in miscellaneous operating income is mainly due to an increase in the management fee paid by DNB Boligkreditt AS. See Note 23 Information on related parties for more information.*

**DNB Bank Group**

| Amounts in NOK million | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Income from owned/leased premises | 20 | 23 | 46 | 60 | 80 |
| Income from investment properties | 59 | 72 | 185 | 207 | 273 |
| Fees on real estate broking | 284 | 263 | 897 | 846 | 1 134 |
| Miscellaneous operating income | 486 | 426 | 1 454 | 1 373 | 1 794 |
| **Total other income** | **849** | **783** | **2 582** | **2 486** | **3 281** |

# Note 10 Operating expenses

**DNB Bank ASA**

| *Amounts in NOK million* | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Salaries | 1 545 | 1 482 | 4 468 | 4 343 | 5 811 |
| Employer's national insurance contributions | 207 | 200 | 604 | 596 | 784 |
| Pension expenses [1] | 160 | 230 | 449 | 687 | 992 |
| Restructuring expenses [1] | 95 | 14 | 674 | 19 | 34 |
| Other personnel expenses | 162 | 159 | 478 | 449 | 608 |
| **Total salaries and other personnel expenses** | **2 169** | **2 085** | **6 673** | **6 094** | **8 229** |
| Fees [2] | 257 | 271 | 787 | 786 | 1 113 |
| IT expenses [2] | 630 | 422 | 1 602 | 1 246 | 1 681 |
| Postage and telecommunications | 58 | 68 | 177 | 208 | 275 |
| Office supplies | 9 | 11 | 28 | 36 | 51 |
| Marketing and public relations | 128 | 130 | 371 | 412 | 558 |
| Travel expenses | 34 | 33 | 110 | 128 | 192 |
| Reimbursement to Norway Post for transactions executed | 35 | 39 | 101 | 104 | 138 |
| Training expenses | 6 | 7 | 27 | 34 | 49 |
| Operating expenses on properties and premises | 296 | 340 | 937 | 883 | 1 235 |
| Operating expenses on machinery, vehicles and office equipment | 20 | 25 | 63 | 73 | 96 |
| Other operating expenses [3] | 143 | 109 | 829 | 417 | 565 |
| **Total other expenses** | **1 616** | **1 454** | **5 032** | **4 326** | **5 953** |
| Depreciation and impairment of fixed and intangible assets | 433 | 469 | 1 397 | 1 265 | 0 |
| **Total depreciation and impairment of fixed and intangible assets** | **433** | **469** | **1 397** | **1 265** | **1 876** |
| **Total operating expenses [4]** | **4 219** | **4 008** | **13 101** | **11 685** | **16 058** |

**DNB Bank Group**

| *Amounts in NOK million* | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Salaries | 1 855 | 1 807 | 5 405 | 5 357 | 7 069 |
| Employer's national insurance contributions | 260 | 252 | 767 | 766 | 1 003 |
| Pension expenses [1] | 178 | 255 | 503 | 749 | 1 064 |
| Restructuring expenses [1] | 95 | 33 | 684 | 39 | 75 |
| Other personnel expenses | 177 | 178 | 522 | 501 | 667 |
| **Total salaries and other personnel expenses** | **2 566** | **2 525** | **7 881** | **7 412** | **9 878** |
| Fees [2] | 290 | 301 | 867 | 867 | 1 216 |
| IT expenses [2] | 687 | 446 | 1 795 | 1 406 | 1 843 |
| Postage and telecommunications | 70 | 80 | 212 | 248 | 321 |
| Office supplies | 23 | 18 | 70 | 62 | 94 |
| Marketing and public relations | 203 | 216 | 627 | 686 | 892 |
| Travel expenses | 43 | 40 | 138 | 156 | 228 |
| Reimbursement to Norway Post for transactions executed | 35 | 39 | 101 | 104 | 138 |
| Training expenses | 7 | 9 | 31 | 40 | 59 |
| Operating expenses on properties and premises | 346 | 423 | 1 111 | 1 085 | 1 492 |
| Operating expenses on machinery, vehicles and office equipment | 28 | 35 | 90 | 105 | 140 |
| Other operating expenses [3] | 208 | 165 | 1 050 | 649 | 920 |
| **Total other expenses** | **1 941** | **1 771** | **6 090** | **5 409** | **7 343** |
| Impairment losses for goodwill [5] | 0 | 85 | 0 | 85 | 85 |
| Depreciation and impairment of fixed and intangible assets | 479 | 436 | 1 540 | 1 312 | 1 905 |
| **Total depreciation and impairment of fixed and intangible assets** | **479** | **521** | **1 540** | **1 397** | **1 990** |
| **Total operating expenses** | **4 986** | **4 817** | **15 511** | **14 218** | **19 211** |

1) *In consequence of the restructuring process in DNB, provisions for restructuring costs were made in the second and third quarter of 2013. In addition, a reduction in pension commitments for employees who were granted severance packages was estimated, resulting in lower pension expenses.*

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

3) *During the first quarter of 2013, NOK 450 million was charged to the income statement in connection with the Supreme Court ruling regarding certain debt-financed structured products.*

4) *Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

5) *Impairment losses for goodwill of NOK 47 million relating to SalusAnsvar and NOK 38 million to Pres-Vac were recorded in the third quarter of 2012.*

## Note 11 Number of employees/full-time positions

**DNB Bank ASA**

| | 3rd quarter 2013 [1] | 3rd quarter 2012 | January - September 2013 [1] | January - September 2012 | Full year 2012 [2] |
|---|---|---|---|---|---|
| Number of employees at end of period | 8 260 | 8 129 | 8 260 | 8 129 | 8 338 |
| - of which number of employees abroad | 791 | 752 | 791 | 752 | 751 |
| Number of employees calculated on a full-time basis at end of period | 7 904 | 7 843 | 7 904 | 7 843 | 8 037 |
| - of which number of employees calculated on a full-time basis abroad | 761 | 730 | 761 | 730 | 739 |
| Average number of employees | 8 253 | 8 151 | 8 290 | 8 196 | 8 226 |
| Average number of employees calculated on a full-time basis | 7 892 | 7 869 | 7 939 | 7 907 | 7 933 |

**DNB Bank Group**

| | 3rd quarter 2013 [1) 3)] | 3rd quarter 2012 [4] | January - September 2013 [1) 3)] | January - September 2012 [4] | Full year 2012 [4] |
|---|---|---|---|---|---|
| Number of employees at end of period | 11 931 | 12 780 | 11 931 | 12 780 | 12 655 |
| - of which number of employees abroad | 3 656 | 4 440 | 3 656 | 4 440 | 4 293 |
| Number of employees calculated on a full-time basis at end of period | 11 513 | 12 391 | 11 513 | 12 391 | 12 274 |
| - of which number of employees calculated on a full-time basis abroad | 3 598 | 4 360 | 3 598 | 4 360 | 4 240 |
| Average number of employees | 11 986 | 12 900 | 12 248 | 12 961 | 12 909 |
| Average number of employees calculated on a full-time basis | 11 558 | 12 499 | 11 824 | 12 549 | 12 501 |

1) *The restructuring of the Group has resulted in staff reductions during 2013. In September 2013, 122 full-time positions were transferred from DNB Livsforsikring to DNB Bank ASA.*
2) *Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012. This resulted in the transfer of 229 employees, corresponding to 223 full-time positions, to DNB Bank ASA.*
3) *The number of employees in Poland has been reduced by 396. The transfer of a portfolio of personal customers and small and medium-sized enterprises as well as 38 branch offices to a Polish bank gave a reduction of 250 employees. The remaining staff cuts result from the Group's restructuring process.*
4) *Includes SalusAnsvar AB, which was sold at the end of January 2013. At year-end 2012, SalusAnsvar's staff represented 137 full-time positions and 147 employees.*

## Note 12 Fair value of financial instruments at amortised cost

**DNB Bank ASA**

| | Book value | | Fair value | |
|---|---|---|---|---|
| *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2013 | 31 Dec. 2012 |
| Cash and deposits with central banks | 12 023 | 72 809 | 12 023 | 72 809 |
| Due from credit institutions | 113 138 | 138 154 | 113 138 | 138 154 |
| Loans to customers | 645 588 | 653 125 | 646 242 | 655 008 |
| Commercial paper and bonds, held to maturity | 66 059 | 71 288 | 66 042 | 70 432 |
| Total financial assets | 836 808 | 935 376 | 837 445 | 936 403 |
| Due to credit institutions | 24 795 | 35 789 | 24 795 | 35 789 |
| Deposits from customers | 828 526 | 728 337 | 828 526 | 728 337 |
| Securities issued | 148 430 | 150 733 | 151 216 | 153 961 |
| Subordinated loan capital | 24 567 | 19 622 | 24 366 | 19 143 |
| Total financial liabilities | 1 026 318 | 934 481 | 1 028 904 | 937 230 |

**DNB Bank Group**

| | Book value | | Fair value | |
|---|---|---|---|---|
| *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2013 | 31 Dec. 2012 |
| Cash and deposits with central banks | 14 602 | 75 544 | 14 602 | 75 544 |
| Due from credit institutions | 9 245 | 8 558 | 9 245 | 8 558 |
| Loans to customers | 1 205 888 | 1 169 997 | 1 205 863 | 1 170 557 |
| Commercial paper and bonds, held to maturity | 66 059 | 71 288 | 66 042 | 70 432 |
| Total financial assets | 1 295 795 | 1 325 387 | 1 295 753 | 1 325 091 |
| Due to credit institutions | 25 051 | 25 461 | 25 051 | 25 461 |
| Deposits from customers | 866 819 | 761 037 | 866 819 | 761 037 |
| Securities issued | 433 288 | 399 612 | 439 900 | 403 797 |
| Subordinated loan capital | 24 575 | 19 622 | 24 374 | 19 143 |
| Total financial liabilities | 1 349 733 | 1 205 732 | 1 356 144 | 1 209 438 |

## Note 13 Financial instruments at fair value

**DNB Bank ASA**

| *Amounts in NOK million* | Valuation based on quoted prices in an active market Level 1 | Valuation based on observable market data Level 2 | Valuation based on other than observable market data Level 3 | Accrued interest [1)] | Total |
|---|---|---|---|---|---|
| **Assets as at 30 September 2013** | | | | | |
| Deposits with central banks | 0 | 386 957 | 0 | 1 | 386 958 |
| Due from credit institutions | 0 | 95 153 | 0 | 111 | 95 265 |
| Loans to customers | 0 | 3 246 | 54 062 | 228 | 57 536 |
| Commercial paper and bonds at fair value | 61 749 | 207 969 | 563 | 1 617 | 271 899 |
| Shareholdings | 6 778 | 286 | 3 222 | | 10 285 |
| Financial derivatives | 36 | 99 300 | 1 407 | 0 | 100 743 |
| **Liabilities as at 30 September 2013** | | | | | |
| Due to credit institutions | 0 | 280 045 | 0 | 392 | 280 437 |
| Deposits from customers | 0 | 67 483 | 0 | 174 | 67 658 |
| Debt securities issued | 0 | 233 957 | 0 | 251 | 234 209 |
| Subordinated loan capital | 0 | 1 251 | 0 | 2 | 1 252 |
| Financial derivatives | 60 | 99 986 | 1 219 | 0 | 101 266 |

**DNB Bank Group**

| *Amounts in NOK million* | Valuation based on quoted prices in an active market Level 1 | Valuation based on observable market data Level 2 | Valuation based on other than observable market data Level 3 | Accrued interest [1)] | Total |
|---|---|---|---|---|---|
| **Assets as at 30 September 2013** | | | | | |
| Deposits with central banks | 0 | 386 957 | 0 | 1 | 386 958 |
| Due from credit institutions | 0 | 16 629 | 0 | 53 | 16 683 |
| Loans to customers | 0 | 3 246 | 132 991 | 405 | 136 642 |
| Commercial paper and bonds at fair value | 65 437 | 118 862 | 568 | 1 647 | 186 515 |
| Shareholdings | 6 983 | 296 | 3 445 | | 10 724 |
| Financial derivatives | 36 | 87 892 | 1 407 | | 89 335 |
| **Liabilities as at 30 September 2013** | | | | | |
| Due to credit institutions | 0 | 235 470 | 0 | 382 | 235 852 |
| Deposits from customers | 0 | 67 483 | 0 | 174 | 67 658 |
| Debt securities issued | 0 | 288 829 | 0 | 774 | 289 603 |
| Subordinated loan capital | 0 | 1 251 | 0 | 2 | 1 252 |
| Financial derivatives | 60 | 62 464 | 1 219 | | 63 744 |

*1) Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*

### Financial instruments at fair value, level 3

**DNB Bank ASA**

| | Financial assets | | | | Financial liabilities |
|---|---|---|---|---|---|
| *Amounts in NOK million* | Loans to customers | Commercial paper and bonds | Share-holdings [1)] | Financial derivatives | Financial derivatives |
| **Recorded value as at 31 December 2012** | **58 058** | **589** | **3 144** | **877** | **607** |
| Net gains on financial instruments | (126) | (7) | 42 | (105) | (73) |
| Additions/purchases | 948 | 429 | 84 | 941 | 874 |
| Sales | 1 764 | 1 132 | 49 | 0 | 0 |
| Settled | 3 054 | 3 | 0 | 305 | 192 |
| Transferred from level 1 or level 2 | 0 | 1 291 | 0 | 0 | 0 |
| Transferred to level 1 or level 2 | 0 | 642 | 0 | 0 | 0 |
| Other [2)] | 0 | 39 | 1 | (1) | 4 |
| **Recorded value as at 30 September 2013** | **54 062** | **563** | **3 222** | **1 407** | **1 219** |

# Note 13 Financial instruments at fair value (continued)

### Financial instruments at fair value, level 3 — DNB Bank Group

| Amounts in NOK million | Financial assets: Loans to customers | Financial assets: Commercial paper and bonds | Financial assets: Share-holdings [1)] | Financial assets: Financial derivatives | Financial liabilities: Financial derivatives |
|---|---|---|---|---|---|
| **Recorded value as at 31 December 2012** | **136 124** | **593** | **3 374** | **877** | **607** |
| Net gains on financial instruments | (397) | (7) | 31 | (105) | (73) |
| Additions/purchases | 7 537 | 429 | 84 | 941 | 874 |
| Sales | 685 | 1 132 | 49 | 0 | 0 |
| Settled | 9 588 | 3 | 0 | 305 | 192 |
| Transferred from level 1 or level 2 | 0 | 1 291 | 0 | 0 | 0 |
| Transferred to level 1 or level 2 | 0 | 642 | 0 | 0 | 0 |
| Other [2)] | 0 | 39 | 5 | (1) | 4 |
| **Recorded value as at 30 September 2013** | **132 991** | **568** | **3 445** | **1 407** | **1 219** |

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

**Loans to customers**

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

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

### Breakdown of fair value, level 3

| DNB Bank ASA: Loans to customers 30 Sept. 2013 | DNB Bank ASA: Commercial paper and bonds 30 Sept. 2013 | DNB Bank ASA: Share-holdings 30 Sept. 2013 | | DNB Bank Group: Share-holdings 30 Sept. 2013 | DNB Bank Group: Commercial paper and bonds 30 Sept. 2013 | DNB Bank Group: Loans to customers 30 Sept. 2013 |
|---|---|---|---|---|---|---|
| 54 007 | 567 | 2 824 | Principal amount / purchase price | 3 018 | 572 | 132 077 |
| 56 | (4) | 398 | Fair value adjustment | 428 | (4) | 914 |
| 54 062 | 563 | 3 222 | Total fair value, excluding accrued interest | 3 445 | 568 | 132 991 |

### Breakdown of shareholdings, level 3

| DNB Bank ASA: Unquoted equities | DNB Bank ASA: Private Equity (PE) funds | DNB Bank ASA: Other | DNB Bank ASA: Total | | DNB Bank Group: Total | DNB Bank Group: Other | DNB Bank Group: Private Equity (PE) funds | DNB Bank Group: Unquoted equities |
|---|---|---|---|---|---|---|---|---|
| 2 719 | 477 | 25 | 3 222 | Recorded value as at 30 September 2013 | 3 445 | 25 | 477 | 2 943 |

### Sensitivity analysis, level 3

| DNB Bank ASA: Effect of reasonably possible alternative assumptions | DNB Bank ASA: Recorded value 30 Sept. 2013 | *Amounts in NOK million* | DNB Bank Group: Recorded value 30 Sept. 2013 | DNB Bank Group: Effect of reasonably possible alternative assumptions |
|---|---|---|---|---|
| (37) | 54 062 | Loans to customers | 132 991 | (258) |
| (1) | 563 | Commercial paper and bonds | 568 | (1) |
| 0 | 3 222 | Shareholdings | 3 445 | 0 |
| 0 | 188 | Financial derivatives, net | 188 | 0 |

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

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

The banking group's portfolio of equities in level 3 was NOK 3 445 million as at 30 September 2013. The investment in Nets Holding represented NOK 1 875 million.

## Note 14 Offsetting

**DNB Bank ASA**

| *Amounts in NOK million* | Gross carrying amount | Amounts offset in the statement of financial position | Carrying amount | Netting agreements | Other collateral [1] | Amounts after possible netting |
|---|---|---|---|---|---|---|
| **Assets as at 30 September 2013** | | | | | | |
| Due from credit institutions [2] | 10 183 | | 10 183 | | 10 183 | 0 |
| Loans to customers [2] | 3 245 | | 3 245 | | 3 245 | 0 |
| Stimulus package - swap scheme with Norges Bank [3] | 42 669 | | 42 669 | | 42 669 | 0 |
| Financial derivatives [4] | 120 440 | 19 698 | 100 743 | 47 838 | 0 | 52 905 |
| **Liabilities as at 30 September 2013** | | | | | | |
| Due to credit institutions [5] | 6 282 | | 6 282 | | 6 282 | 0 |
| Deposits from customers [5] | 0 | | 0 | | 0 | 0 |
| Funding from Norges Bank [3] | 42 669 | | 42 669 | | 42 669 | 0 |
| Financial derivatives [4] | 121 142 | 19 876 | 101 266 | 47 838 | 329 | 53 099 |

**DNB Bank Group**

| *Amounts in NOK million* | Gross carrying amount | Amounts offset in the statement of financial position | Carrying amount | Netting agreements | Other collateral [1] | Amounts after possible netting |
|---|---|---|---|---|---|---|
| **Assets as at 30 September 2013** | | | | | | |
| Due from credit institutions [2] | 10 200 | | 10 200 | | 10 200 | 0 |
| Loans to customers [2] | 3 248 | | 3 248 | | 3 248 | 0 |
| Stimulus package - swap scheme with Norges Bank [3] | 42 669 | | 42 669 | | 42 669 | 0 |
| Financial derivatives [4] | 109 033 | 19 698 | 89 335 | 47 838 | 0 | 41 497 |
| **Liabilities as at 30 September 2013** | | | | | | |
| Due to credit institutions [5] | 6 282 | | 6 282 | | 6 282 | 0 |
| Deposits from customers [5] | 0 | | 0 | | 0 | 0 |
| Funding from Norges Bank [3] | 42 669 | | 42 669 | | 42 669 | 0 |
| Financial derivatives [4] | 83 620 | 19 876 | 63 744 | 47 838 | 329 | 15 577 |

1) *Includes both securities received/transferred from/to counterparties and securities received/placed as collateral in depositories in Clearstream or Euroclear.*
2) *Includes reverse repurchase agreements, securities borrowing and loans collateralised by securities.*
3) *See note 23 Information on related parties for information regarding the swap scheme with Norges Bank.*
4) *Financial derivatives are presented net in the balance sheet after received/paid cash collateral.*
5) *Includes repurchase agreements, securities lending and deposits collateralised by securities.*

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

## Note 15 Impairment of loans and guarantees

| DNB Bank ASA | | | | | |
|---|---|---|---|---|---|
| | 3rd quarter | 3rd quarter | January - September | | Full year |
| *Amounts in NOK million* | 2013 | 2012 | 2013 | 2012 | 2012 |
| Write-offs | 78 | 118 | 542 | 352 | 586 |
| New individual impairment | 470 | 629 | 1 786 | 2 061 | 2 909 |
| Total new individual impairment | 547 | 747 | 2 328 | 2 413 | 3 494 |
| Reassessed individual impairment | 54 | 58 | 457 | 294 | 364 |
| Recoveries on loans and guarantees previously written off | 112 | 96 | 324 | 279 | 383 |
| Net individual impairment | 380 | 593 | 1 547 | 1 840 | 2 747 |
| Change in collective impairment of loans | (219) | (71) | 11 | 169 | 448 |
| **Impairment of loans and guarantees 1) 2)** | **161** | **521** | **1 557** | **2 009** | **3 195** |
| Write-offs covered by individual impairment made in previous years | 15 | 204 | 463 | 1 274 | 2 000 |
| *1) Of which individual impairment of guarantees* | *16* | *(1)* | *105* | *59* | *61* |

*2) Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

| DNB Bank Group | | | | | |
|---|---|---|---|---|---|
| | 3rd quarter | 3rd quarter | January - September | | Full year |
| *Amounts in NOK million* | 2013 | 2012 | 2013 | 2012 | 2012 |
| Write-offs | 207 | 123 | 762 | 428 | 659 |
| New individual impairment | 753 | 853 | 2 470 | 2 502 | 3 486 |
| Total new individual impairment | 961 | 976 | 3 232 | 2 930 | 4 144 |
| Reassessed individual impairment | 167 | 200 | 809 | 660 | 818 |
| Recoveries on loans and guarantees previously written off | 119 | 107 | 340 | 304 | 412 |
| Net individual impairment | 674 | 670 | 2 082 | 1 966 | 2 915 |
| Change in collective impairment of loans | (199) | (148) | 67 | 23 | 265 |
| **Impairment of loans and guarantees 1)** | **475** | **521** | **2 149** | **1 990** | **3 179** |
| Write-offs covered by individual impairment made in previous years | 319 | 422 | 983 | 1 900 | 2 879 |
| *1) Of which individual impairment of guarantees* | *21* | *4* | *111* | *63* | *63* |

## Note 16 Loans to customers

| DNB Bank ASA 1) | | | | DNB Bank Group | | |
|---|---|---|---|---|---|---|
| 30 Sept. | 31 Dec. | 30 Sept. | | 30 Sept. | 31 Dec. | 30 Sept. |
| 2012 | 2012 | 2013 | *Amounts in NOK million* | 2013 | 2012 | 2012 |
| | | | **Loans at amortised cost:** | | | |
| 634 150 | 660 384 | 653 227 | Loans to customers, nominal amount | 1 216 564 | 1 179 902 | 1 190 531 |
| 5 587 | 5 835 | 6 617 | Individual impairment | 10 251 | 9 308 | 9 450 |
| 628 563 | 654 549 | 646 610 | Loans to customers, after individual impairment | 1 206 313 | 1 170 593 | 1 181 081 |
| 1 001 | 990 | 1 460 | + Accrued interest and amortisation | 2 812 | 2 433 | 2 713 |
| 538 | 546 | 532 | - Individual impairment of accrued interest amortisation | 745 | 708 | 699 |
| 1 566 | 1 867 | 1 949 | - Collective impairment | 2 492 | 2 321 | 2 104 |
| 627 459 | 653 125 | 645 588 | Loans to customers, at amortised cost | 1 205 888 | 1 169 997 | 1 180 991 |
| | | | **Loans at fair value:** | | | |
| 64 861 | 60 095 | 57 252 | Loans to customers, nominal amount | 135 322 | 137 032 | 136 233 |
| 346 | 341 | 228 | + Accrued interest | 405 | 523 | 531 |
| 78 | 182 | 56 | + Adjustment to fair value | 914 | 1 311 | 1 473 |
| 65 285 | 60 618 | 57 536 | Loans to customers, at fair value | 136 642 | 138 866 | 138 238 |
| **692 744** | **713 743** | **703 125** | **Loans to customers** | **1 342 531** | **1 308 864** | **1 319 229** |

*1) Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

## Note 17 Net impaired loans and guarantees for principal customer groups [1)]

| DNB Bank ASA [2)] | | | | DNB Bank Group | | |
|---|---|---|---|---|---|---|
| 30 Sept. 2012 | 31 Dec. 2012 | 30 Sept. 2013 | *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| 1 341 | 1 391 | 1 391 | Private individuals | 3 578 | 3 545 | 3 501 |
| 4 945 | 5 234 | 6 065 | Transportation by sea and pipelines and vessel construction | 6 106 | 5 246 | 4 988 |
| 2 266 | 3 080 | 2 820 | Real estate | 3 851 | 3 685 | 3 395 |
| 1 474 | 1 428 | 1 845 | Manufacturing | 2 170 | 1 811 | 1 889 |
| 433 | 354 | 376 | Services | 576 | 573 | 660 |
| 132 | 130 | 210 | Trade | 401 | 370 | 469 |
| 42 | 40 | 97 | Oil and gas | 97 | 40 | 42 |
| 361 | 358 | 845 | Transportation and communication | 910 | 584 | 606 |
| 847 | 742 | 750 | Building and construction | 1 095 | 1 030 | 1 252 |
| 2 | 91 | 12 | Power and water supply | 54 | 105 | 2 |
| 65 | 66 | 63 | Seafood | 64 | 67 | 69 |
| 66 | 65 | 44 | Hotels and restaurants | 226 | 205 | 208 |
| 141 | 143 | 95 | Agriculture and forestry | 126 | 235 | 292 |
| 0 | 0 | 0 | Central and local government | 0 | 0 | 0 |
| 44 | 13 | 2 | Other sectors | 1 | 15 | 58 |
| 12 159 | 13 136 | 14 615 | Total customers | 19 255 | 17 512 | 17 431 |
| 0 | 0 | 8 | Credit institutions | 7 | 0 | 0 |
| 12 159 | 13 136 | 14 623 | Total net impaired loans and guarantees | 19 262 | 17 512 | 17 431 |
| 937 | 1 494 | 2 252 | Non-performing loans and guarantees not subject to impairment | 3 645 | 2 228 | 2 195 |
| 13 096 | 14 630 | 16 875 | Total net non-performing and doubtful loans and guarantees | 22 907 | 19 740 | 19 626 |

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

2) *Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

## Note 18 Commercial paper and bonds, held to maturity

| DNB Bank ASA | | | | DNB Bank Group | | |
|---|---|---|---|---|---|---|
| 30 Sept. 2012 | 31 Dec. 2012 | 30 Sept. 2013 | *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| 75 557 | 70 831 | 65 703 | International bond portfolio | 65 703 | 70 831 | 75 557 |
| 29 147 | 457 | 357 | Other units [1)] | 357 | 457 | 29 147 |
| **104 704** | **71 288** | **66 059** | **Commercial paper and bonds, held to maturity** | **66 059** | **71 288** | **104 704** |

1) *The increase in the third quarter 2012 refers to investments in Treasury bills with short maturities.*

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

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

### Measurement of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement at end-September 2013, the portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the portfolio in the third quarter of 2013, there would have been a NOK 120 million increase in profits.

## Note 18 Commercial paper and bonds, held to maturity (continued)

### Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 30 September 2013 was NOK 0.4 billion higher than if the previous valuation principle had been retained. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, compared with NOK 21.8 billion at end-September 2013. The average term to maturity of the portfolio was 5.2 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 11 million at end-September 2013.

**Effects on profits of the reclassification** — **DNB Bank Group**

| | 3rd quarter | 3rd quarter | January - September | | Full year |
|---|---|---|---|---|---|
| *Amounts in NOK million* | 2013 | 2012 | 2013 | 2012 | 2012 |
| Recorded amortisation effect | 39 | 28 | 133 | 134 | 139 |
| Net gain, if valued at fair value | 159 | 621 | 540 | 855 | 1 464 |
| Effects of reclassification on profits | (120) | (592) | (407) | (721) | (1 325) |

**Effects on the balanse sheet of the reclassification** — **DNB Bank Group**

| | 30 Sept. | 31 Dec. | 30 Sept. |
|---|---|---|---|
| *Amounts in NOK million* | 2013 | 2012 | 2012 |
| Recorded unrealised losses | 633 | 766 | 771 |
| Unrealised losses, if valued at fair value | 1 044 | 1 585 | 2 193 |
| Effects of reclassification on the balance sheet | 411 | 818 | 1 422 |

**Development in the portfolio after the reclassification** — **DNB Bank Group**

| | 30 Sept. | 31 Dec. | 30 Sept. |
|---|---|---|---|
| *Amounts in NOK million* | 2013 | 2012 | 2012 |
| Reclassified portfolio, recorded value | 21 812 | 25 511 | 28 545 |
| Reclassified portfolio, if valued at fair value | 21 400 | 24 692 | 27 123 |
| Effects of reclassification on the balance sheet | 411 | 818 | 1 422 |

### International bond portfolio

After the reclassification date, DNB has chosen to increase investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds. Investments made after 2011 are carried at fair value. As at 30 September 2013 the international bond portfolio represented NOK 137.9 billion. 79.8 per cent of the securities in the portfolio had an AAA rating, while 14.6 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of the international bond portfolio is shown below.

**DNB Bank Group**

| | Per cent<br>30 Sept. 2013 | NOK million<br>30 Sept. 2013 |
|---|---|---|
| Asset class | | |
| Consumer credit | 0.04 | 55 |
| Residential mortgages | 27.35 | 37 895 |
| Corporate loans | 0.03 | 40 |
| Government related | 28.45 | 39 419 |
| Covered bonds | 44.13 | 61 133 |
| Total international bond portfolio, nominal values | 100.00 | 138 542 |
| Accrued interest, amortisation effects and fair value adjustments | | (635) |
| Total international bond portfolio | | 137 907 |
| Total international bond portfolio, held to maturity | | 65 703 |
| Of which reclassified portfolio | | 21 812 |

The average term to maturity of the international bond portfolio is 2.9 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 14 million at end-September 2013.

## Note 19 Intangible assets

| DNB Bank ASA [1)] | | | | DNB Bank Group | | |
|---|---|---|---|---|---|---|
| 30 Sept. 2012 | 31 Dec. 2012 | 30 Sept. 2013 | *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| 2 438 | 2 907 | 2 952 | Goodwill | 3 085 | 3 036 | 3 217 |
| 699 | 808 | 692 | IT systems development | 1 601 | 1 528 | 1 383 |
| 298 | 285 | 256 | Other intangible assets | 257 | 262 | 315 |
| **3 435** | **3 999** | **3 899** | **Total intangible assets [2)]** | **4 943** | **4 826** | **4 915** |

*1) Nordlandsbanken ASA was merged with DNB Bank ASA in the fourth quarter of 2012 according to the pooling of interests method, and figures for previous periods have not been restated. The merger has no accounting effect for the banking group.*

*2) Assessments were performed for intangible assets in the third quarter of 2013 and were based on reported figures for the third quarter compared to the approved plans for the various cash-generating units. There was not identified any need for recognising impairment losses as a result of these assessments.*

## Note 20 Debt securities issued and subordinated loan capital

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

### Debt securities issued

| | DNB Bank ASA | | |
|---|---|---|---|
| *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| Commercial paper issued, nominal amount | 218 790 | 244 088 | 270 080 |
| Bond debt, nominal amount | 156 557 | 160 656 | 165 914 |
| Adjustments | 7 292 | 10 254 | 9 294 |
| **Total debt securities issued** | **382 639** | **414 998** | **445 288** |

### Changes in debt securities issued

DNB Bank ASA

| *Amounts in NOK million* | Balance sheet 30 Sept. 2013 | Issued 2013 | Matured/ redeemed 2013 | Exchange rate movements 2013 | Other adjustments 2013 | Balance sheet 31 Dec. 2012 |
|---|---|---|---|---|---|---|
| Commercial paper issued, nominal amount | 218 790 | 675 832 | 701 498 | 368 | | 244 088 |
| Bond debt, nominal amount | 156 557 | 9 310 | 23 855 | 10 446 | | 160 656 |
| Adjustments | 7 292 | | | | (2 962) | 10 254 |
| **Total debt securities issued** | **382 639** | **685 141** | **725 353** | **10 815** | **(2 962)** | **414 998** |

### Changes in subordinated loan capital and perpetual subordinated loan capital securities

DNB Bank ASA

| *Amounts in NOK million* | Balance sheet 30 Sept. 2013 | Issued 2013 | Matured/ redeemed 2013 | Exchange rate movements 2013 | Other adjustments 2013 | Balance sheet 31 Dec. 2012 |
|---|---|---|---|---|---|---|
| Term subordinated loan capital, nominal amount | 17 328 | 7 349 | 3 709 | 840 | | 12 848 |
| Perpetual subordinated loan capital, nominal amount | 4 010 | | | 206 | | 3 804 |
| Perpetual subordinated loan capital securities, nominal amount [1)] | 3 395 | | | 233 | | 3 162 |
| Adjustments | 1 086 | | | | (189) | 1 275 |
| **Total subordinated loan capital and perpetual subordinated loan capital securities** | **25 819** | **7 349** | **3 709** | **1 278** | **(189)** | **21 090** |

## Note 20 Debt securities issued and subordinated loan capital (continued)

### Debt securities issued

| DNB Bank Group<br>Amounts in NOK million | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
|---|---|---|---|
| Commercial paper issued, nominal amount | 218 808 | 244 092 | 270 085 |
| Bond debt, nominal amount 2) | 481 011 | 438 107 | 434 812 |
| Adjustments | 23 073 | 31 074 | 28 297 |
| **Total debt securities issued** | **722 891** | **713 273** | **733 194** |

### Changes in debt securities issued

| DNB Bank Group<br>Amounts in NOK million | Balance sheet 30 Sept. 2013 | Issued 2013 | Matured/ redeemed 2013 | Exchange rate movements 2013 | Other adjustments 2013 | Balance sheet 31 Dec. 2012 |
|---|---|---|---|---|---|---|
| Commercial paper issued, nominal amount | 218 808 | 675 849 | 701 503 | 369 | | 244 092 |
| Bond debt, nominal amount 2) | 481 011 | 48 998 | 41 099 | 35 005 | | 438 107 |
| Adjustments | 23 073 | | | | (8 001) | 31 074 |
| **Total debt securities issued** | **722 891** | **724 846** | **742 602** | **35 375** | **(8 001)** | **713 273** |

### Changes in subordinated loan capital and perpetual subordinated loan capital securities

| DNB Bank Group<br>Amounts in NOK million | Balance sheet 30 Sept. 2013 | Issued 2013 | Matured/ redeemed 2013 | Exchange rate movements 2013 | Other adjustments 2013 | Balance sheet 31 Dec. 2012 |
|---|---|---|---|---|---|---|
| Term subordinated loan capital, nominal amount | 17 328 | 7 349 | 3 709 | 840 | | 12 848 |
| Perpetual subordinated loan capital, nominal amount | 4 010 | | | 206 | | 3 804 |
| Perpetual subordinated loan capital securities, nominal amount 1) | 3 395 | | | 233 | | 3 162 |
| Adjustments | 1 094 | | | | (181) | 1 275 |
| **Total subordinated loan capital and perpetual subordinated loan capital securities** | **25 827** | **7 349** | **3 709** | **1 278** | **(181)** | **21 090** |

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

2) *Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totaled NOK 411.4 billion as at 30 September 2013. The cover pool market value represented NOK 526.3 billion.*

## Note 21 Capital adequacy

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

| **DNB Bank ASA** | | **Primary capital** | **DNB Bank Group** | |
|---|---|---|---|---|
| 31 Dec. 2012 | 30 Sept. 2013 | *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 |
| 18 314 | 18 314 | Share capital | 18 314 | 18 314 |
| 87 160 | 87 180 | Other equity | 92 224 | 98 280 |
| 105 474 | 105 494 | Total equity | 110 538 | 116 594 |
| | | Deductions | | |
| (8) | (0) | Pension funds above pension commitments | (4) | (19) |
| (2 907) | (2 952) | Goodwill | (3 693) | (3 543) |
| (565) | (702) | Deferred tax assets | (1 368) | (1 055) |
| (1 092) | (948) | Other intangible assets | (1 861) | (1 822) |
| 0 | 0 | Group contribution, payable | 0 | (6 000) |
| 0 | 0 | Unrealised gains on fixed assets | (30) | (30) |
| (392) | 0 | 50 per cent of investments in other financial institutions | 0 | (538) |
| (415) | (541) | 50 per cent of expected losses exceeding actual losses, IRB portfolios | (724) | (626) |
| 181 | 181 | Adjustments for unrealised losses/(gains) on liabilites recorded at fair value | 84 | 84 |
| 100 276 | 100 534 | Common Equity Tier 1 capital | 102 943 | 103 047 |
| - | 105 393 | Common Equity Tier 1 capital incl. 50 per cent of profit for the period | 108 253 | - |
| 3 162 | 3 395 | Perpetual subordinated loan capital securities [1) 2)] | 3 395 | 3 162 |
| 103 439 | 103 929 | Tier 1 capital | 106 338 | 106 209 |
| - | 108 788 | Tier 1 capital incl. 50 per cent of profit for the period | 111 648 | - |
| 3 804 | 4 010 | Perpetual subordinated loan capital | 4 010 | 3 804 |
| 12 848 | 16 598 | Term subordinated loan capital [2)] | 16 745 | 13 081 |
| | | Deductions | | |
| (392) | 0 | 50 per cent of investments in other financial institutions | 0 | (538) |
| (415) | (541) | 50 per cent of expected losses exceeding actual losses, IRB portfolios | (724) | (626) |
| | | Additions | | |
| 0 | 0 | 45 per cent of unrealised gains on fixed assets | 18 | 18 |
| 15 846 | 20 067 | Tier 2 capital | 20 050 | 15 740 |
| 119 285 | 123 996 | Total eligible primary capital [3)] | 126 389 | 121 949 |
| - | 128 855 | Total eligible primary capital incl. 50 per cent of profit for the period[3)] | 131 699 | - |
| 874 840 | 873 680 | Risk-weighted volume, transitional rules | 1 004 910 | 984 137 |
| 69 987 | 69 894 | Minimum capital requirement | 80 393 | 78 731 |
| 11.5 | 12.1 | Common Equity Tier 1 capital ratio, transitional rules (%) | 10.8 | 10.5 |
| 11.8 | 12.5 | Tier 1 capital ratio, transitional rules (%) | 11.1 | 10.8 |
| 13.6 | 14.7 | Capital ratio, transitional rules (%)[4)] | 13.1 | 12.4 |
| - | 11.5 | Common Equity Tier 1 capital ratio, transitional rules, excl. 50 per cent of profit for the period (%) | 10.2 | - |
| - | 11.9 | Tier 1 capital ratio, transitional rules, excl. 50 per cent of profit for the period (%) | 10.6 | - |
| - | 14.2 | Capital ratio, transitional rules, excl. 50 per cent of profit for the period (%) | 12.6 | - |

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

*2) As at 30 September 2013, calculations of capital adequacy for the banking group included a total of NOK 148 million in subordinated loan capital in associated companies.*

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

*4) If 75 per cent of interim profits had been included, the capital ratios of DNB Bank ASA and the DNB Bank Group would have been 15.0 and 13.4 per cent, respectively, as at 30 September 2013.*

## Note 21 Capital adequacy (continued)

### Basel II

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

**Specification of risk-weighted volume and capital requirements** **DNB Bank ASA**

| *Amounts in NOK million* | Nominal exposure 30 Sept. 2013 | EAD [1] 30 Sept. 2013 | Average risk weights in per cent 30 Sept. 2013 | Risk-weighted volume 30 Sept. 2013 | Capital requirements 30 Sept. 2013 | Capital requirements 31 Dec. 2012 |
|---|---|---|---|---|---|---|
| IRB approach | | | | | | |
| Corporate | 804 290 | 655 152 | 54.7 | 358 639 | 28 691 | 29 000 |
| Specialised Lending (SL) | 3 987 | 3 945 | 52.5 | 2 072 | 166 | 192 |
| Retail - mortgage loans | 77 462 | 77 462 | 22.2 | 17 203 | 1 376 | 1 336 |
| Retail - other exposures | 104 533 | 85 981 | 28.1 | 24 193 | 1 935 | 1 839 |
| Securitisation | 65 703 | 65 703 | 37.0 | 24 328 | 1 946 | 1 893 |
| Total credit risk, IRB approach | 1 055 975 | 888 242 | 48.0 | 426 436 | 34 115 | 34 260 |
| Standardised approach | | | | | | |
| Central government | 63 932 | 61 089 | 0.1 | 42 | 3 | 7 |
| Institutions | 432 638 | 377 229 | 19.0 | 71 492 | 5 719 | 5 222 |
| Corporate | 218 028 | 181 626 | 97.2 | 176 496 | 14 120 | 15 793 |
| Retail - mortgage loans | 14 813 | 13 608 | 54.7 | 7 446 | 596 | 737 |
| Retail - other exposures | 54 269 | 18 655 | 74.5 | 13 906 | 1 113 | 1 080 |
| Equity positions | 71 663 | 71 663 | 100.3 | 71 898 | 5 752 | 4 310 |
| Other assets | 3 266 | 3 266 | 100.0 | 3 266 | 261 | 227 |
| Total credit risk, standardised approach | 858 610 | 727 135 | 47.4 | 344 547 | 27 564 | 27 377 |
| Total credit risk | 1 914 584 | 1 615 377 | 47.7 | 770 983 | 61 679 | 61 637 |
| Market risk | | | | | | |
| Position risk, debt instruments | | | | 36 114 | 2 889 | 3 253 |
| Position risk, equity instruments | | | | 1 280 | 102 | 104 |
| Currency risk | | | | 2 551 | 204 | 0 |
| Commodity risk | | | | 51 | 4 | 5 |
| Total market risk | | | | 39 996 | 3 200 | 3 362 |
| Operational risk | | | | 63 133 | 5 051 | 5 051 |
| Deductions | | | | (432) | (35) | (63) |
| Total risk-weighted volume and capital requirements before transitional rules | | | | 873 680 | 69 894 | 69 987 |
| Additional capital requirements according to transitional rules [2] | | | | | 0 | 0 |
| Total risk-weighted volume and capital requirements | | | | 873 680 | 69 894 | 69 987 |

1) *EAD, exposure at default.*

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

## Note 21 Capital adequacy (continued)

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

| *Amounts in NOK million* | Nominal exposure 30 Sept. 2013 | EAD [1)] 30 Sept. 2013 | Average risk weights in per cent 30 Sept. 2013 | Risk-weighted volume 30 Sept. 2013 | Capital requirements 30 Sept. 2013 | Capital requirements 31 Dec. 2012 |
|---|---|---|---|---|---|---|
| IRB approach | | | | | | |
| Corporate | 855 303 | 702 509 | 54.6 | 383 320 | 30 666 | 29 417 |
| Specialised Lending (SL) | 3 987 | 3 945 | 52.5 | 2 072 | 166 | 192 |
| Retail - mortgage loans | 612 974 | 612 974 | 11.3 | 69 026 | 5 522 | 5 655 |
| Retail - other exposures | 104 533 | 85 981 | 28.1 | 24 193 | 1 935 | 1 839 |
| Securitisation | 65 703 | 65 703 | 37.0 | 24 328 | 1 946 | 1 893 |
| Total credit risk, IRB approach | 1 642 501 | 1 471 112 | 34.2 | 502 940 | 40 235 | 38 997 |
| Standardised approach | | | | | | |
| Central government | 69 479 | 75 018 | 0.1 | 79 | 6 | 10 |
| Institutions | 170 045 | 129 238 | 23.5 | 30 339 | 2 427 | 2 201 |
| Corporate | 302 938 | 237 565 | 93.8 | 222 729 | 17 818 | 19 421 |
| Retail - mortgage loans | 54 568 | 51 849 | 56.8 | 29 459 | 2 357 | 2 189 |
| Retail - other exposures | 72 206 | 33 786 | 76.3 | 25 776 | 2 062 | 1 872 |
| Equity positions | 3 095 | 3 095 | 107.6 | 3 330 | 266 | 250 |
| Securitisation | 3 080 | 3 080 | 18.1 | 556 | 44 | 69 |
| Other assets | 11 578 | 11 578 | 100.0 | 11 578 | 926 | 804 |
| Total credit risk, standardised approach | 686 990 | 545 209 | 59.4 | 323 846 | 25 908 | 26 816 |
| Total credit risk | 2 329 491 | 2 016 321 | 41.0 | 826 786 | 66 143 | 65 813 |
| Market risk | | | | | | |
| Position risk, debt instruments | | | | 32 619 | 2 609 | 3 110 |
| Position risk, equity instruments | | | | 1 280 | 102 | 104 |
| Currency risk | | | | 2 577 | 206 | 0 |
| Commodity risk | | | | 51 | 4 | 5 |
| Total market risk | | | | 36 527 | 2 922 | 3 219 |
| Operational risk | | | | 71 753 | 5 740 | 5 740 |
| Deductions | | | | (703) | (56) | (113) |
| Total risk-weighted volume and capital requirements before transitional rules | | | | 934 363 | 74 749 | 74 660 |
| Additional capital requirements according to transitional rules [2)] | | | | 70 547 | 5 644 | 4 071 |
| Total risk-weighted volume and capital requirements | | | | 1 004 910 | 80 393 | 78 731 |

1) *EAD, exposure at default.*

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

## Note 22 Liquidity risk

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

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis and a combination thereof, and a contingency plan has been established to handle market events. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding. The banking group's ratio of deposits to net loans was 69.6 per cent at end-September 2013, up from 64.5 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was127.5 per cent at end-September 2013.

Throughout the third quarter, the short-term funding markets were generally sound for banks with good credit ratings. An increasing number of banks are now regarded as financially strong, and the banking group is still among these banks.

The long-term funding markets were also strong throughout the third quarter. The prices of both senior and covered bonds remained stable at a relatively favourable level. An improvement in the US economy could result in further signals from the FED to reduce its quantitative stimulus. In turn, this could trigger renewed interest rate turmoil in the markets for the remainder of the year.

The average remaining term to maturity for the portfolio of senior bond debt was 4.5 years at end-September 2013, compared with 4.6 years a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

## Note 23 Information on related parties

Major transactions and agreements with related parties:

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

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DNB Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DNB Bank ASA, Nordea Bank AB and Danske Bank A/S, approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement must be renewed yearly, with the first renewal in June 2009. The renewal in 2010 resulted in a reduction in the limit for the liquidity reserve to USD 2 billion. DNB Bank ASA's share of this agreement represents approximately USD 1.1 billion. Eksportfinans has not availed itself of this credit line.

DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DNB Bank ASA. Pursuant to the agreement, the bank still carries interest rate risk and credit risk associated with the transferred portfolio. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet of the bank. These portfolios totalled NOK 3.2 billion at end-September 2013. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.

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

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

**DNB Boligkreditt AS**
DNB Boligkreditt (Boligkreditt) is 100 per cent owned by DNB Bank ASA. As part of ordinary business transactions, a large number of banking transactions are entered into between Boligkreditt and the bank, including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the ”Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS” (the transfer agreement) and the ”Contract between DNB Bank ASA and DNB Boligkreditt AS concerning purchase of management services” (the servicing agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. In the period 2008 to 2012, portfolios representing NOK 286.7 billion were transferred from DNB Bank ASA and Nordlandsbanken to Boligkreditt. In the period January through September 2013, portfolios representing NOK 13.4 billion were transferred. The transfers are based on market terms.

Pursuant to the servicing agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations and financial and liquidity management. Boligkreditt pays an annual management fee for these services. The fee paid for the period January through September 2013 totalled NOK 3.9 billion.

At end-September 2013 the bank had invested NOK 87.0 billion in covered bonds issued by Boligkreditt. The bank has used bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

**DNB Næringskreditt AS**
DNB Næringskreditt (Næringskreditt) is 100 per cent owned by DNB Bank ASA. The mortgage institution was established to issue covered bonds secured by a cover pool comprising commercial property.

The company started operations in the third quarter of 2009. At end-September 2013, commitments with a total value of NOK 22.0 billion had been transferred from the bank to Næringskreditt. The portfolio is diversified with respect to property types, sizes and locations. The transfers are made in agreement with the customers and are based on market terms. Like Boligkreditt, Næringskreditt purchases management and administrative services from the bank. In addition, administrative services relating to the company's operations are purchased from Boligkreditt. The fee paid to the bank and Boligkreditt for the period January through September 2013 totalled NOK 59.4 million.

## Note 23 Information on related parties (continued)

**DNB Livsforsikring ASA**

As part of the company's ordinary investment activity, DNB Livsforsikring has subscribed for covered bonds issued by Boligkreditt. DNB Livsforsikring's investments in Boligkreditt are limited to listed covered bonds. DNB Livsforsikring's holding of Boligkreditt bonds was valued at NOK 4.6 billion at end-September 2013.

DNB Bank ASA has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to DNB Livsforsikring. At end-September 2013, the recorded value of these loans was NOK 219 million. In connection with the sale, interest rate and currency swaps were entered into, protecting DNB Livsforsikring against currency risk and providing a total return based on Norwegian interest rates. The bank still carries interest rate, settlement and credit risk associated with the relevant loans. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet. The set-offs to the loans are recorded as deposits from customers.

In connection with the restructuring of the Group, the Sales Division in DNB Livsforsikring was transferred to Wealth Management in DNB Bank ASA with effect from 1 September 2013. The division has 84 full-time positions. The value of the transferred operations was NOK 9.2 million, which corresponds to the assumed market value. Parallel to the transfer of the division's employees, the bank and DNB Livsforsikring entered into an agreement to ensure that DNB Livsforsikring will maintain a well-functioning distribution network after the transfer.

DNB Livsforsikring has entered into an agreement to purchase three buildings in Bjørvika in Oslo which will become DNB's new head office. Two buildings have been completed, while the last one is scheduled for completion in 2014.

DNB has entered into an agreement to lease the three buildings as and when they are completed. The lease agreement will run for 15 years after the completion of the buildings. After the first lease period, DNB has the right to extend the contract period for five years and for another five years after the expiry of the first extension period.

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

**Stimulus packages**

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

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

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

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-September 2013, this funding represented NOK 42.7 billion. At end-September 2013, the bank's investments in Treasury bills used in the swap agreements represented NOK 44.0 billion.

**DNB Singapore Branch and DNB Asia Ltd.**

During the first quarter of 2013, an agreement was entered into between DNB Singapore Branch and DNB Asia Ltd. which implies that DNB Asia Ltd. will take over the right to extend loans to the branch's new and existing customers. The branch will remain responsible for risk and returns related to the relevant loans until the transfer to DNB Asia Ltd. takes place. At end-September 2013, existing loans with a total value of USD 2.4 billion were transferred. The agreement was entered into on market terms.

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

**Off-balance sheet transactions and additional information**

| DNB Bank ASA | | | | DNB Bank Group | | |
|---|---|---|---|---|---|---|
| 30 Sept. 2012 | 31 Dec. 2012 | 30 Sept. 2013 | *Amounts in NOK million* | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| 42 943 | 41 752 | 42 464 | Performance guarantees | 44 793 | 42 729 | 44 273 |
| 22 735 | 22 006 | 22 585 | Payment guarantees | 22 560 | 22 716 | 24 106 |
| 20 967 | 19 236 | 19 213 | Loan guarantees 1) | 19 213 | 19 236 | 18 679 |
| 6 436 | 6 635 | 6 678 | Guarantees for taxes etc. | 6 701 | 6 658 | 6 508 |
| 2 163 | 2 188 | 2 042 | Other guarantee commitments | 2 182 | 2 405 | 2 525 |
| 95 244 | 91 817 | 92 983 | Total guarantee commitments | 95 449 | 93 743 | 96 091 |
| 0 | 0 | 0 | Support agreements | 11 241 | 10 863 | 10 551 |
| 95 244 | 91 817 | 92 983 | Total guarantee commitments etc. *) | 106 690 | 104 606 | 106 642 |
| 458 732 | 460 733 | 542 982 | Unutilised credit lines and loan offers | 546 273 | 492 947 | 499 838 |
| 2 197 | 2 147 | 2 628 | Documentary credit commitments | 2 752 | 2 219 | 2 365 |
| 149 | 151 | 0 | Other commitments | 72 | 221 | 279 |
| 461 078 | 463 031 | 545 610 | Total commitments | 549 097 | 495 387 | 502 482 |
| 556 322 | 554 848 | 638 593 | Total guarantee and off-balance commitments | 655 787 | 599 993 | 609 124 |
| 95 038 | 94 871 | 88 377 | Pledged securities | 88 377 | 94 871 | 95 038 |
| *1 228* | *1 131* | *3* | **) Of which counter-guaranteed by financial institutions* | *126* | *1 139* | *1 237* |

*1) DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which the bank has issued guarantees. According to the agreement, DNB Bank ASA still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 3.2 billion were recorded in the balance sheet as at 30 September 2013. These loans are not included under guarantees in the table.*

## Contingencies

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

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

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

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

## Post-balance sheet events

No information has come to light about important circumstances which had occurred on the balance sheet date on 30 September 2013 and up till the Board of Directors' final consideration of the accounts on 23 October 2013.

# Key figures

**DNB Bank Group**

| | | 3rd quarter 2013 | 3rd quarter 2012 | January - September 2013 | January - September 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| **Interest rate analyses** | | | | | | |
| 1. | Combined weighted total average spread for lending and deposits (%) | 1.28 | 1.17 | 1.25 | 1.16 | 1.18 |
| 2. | Average spread for ordinary lending to customers (%) | 2.41 | 2.00 | 2.30 | 1.93 | 1.99 |
| 3. | Average spread for deposits from customers (%) | (0.29) | (0.12) | (0.27) | (0.07) | (0.12) |
| **Rate of return/profitability** | | | | | | |
| 4. | Net other operating income, per cent of total income | 29.3 | 30.0 | 30.2 | 29.3 | 30.1 |
| 5. | Cost/income ratio (%) | 44.4 | 47.8 | 48.3 | 49.1 | 48.5 |
| 6. | Return on equity, annualised (%) | 14.6 | 12.2 | 12.0 | 11.9 | 11.8 |
| **Financial strength at end of period** | | | | | | |
| 7. | Common equity Tier 1 capital ratio, transitional rules (%) [1)] | 10.8 | 10.0 | 10.8 | 10.0 | 10.5 |
| 8. | Tier 1 capital ratio, transitional rules (%) [1)] | 11.1 | 10.6 | 11.1 | 10.6 | 10.8 |
| 9. | Capital ratio, transitional rules (%) [1)] | 13.1 | 12.3 | 13.1 | 12.3 | 12.4 |
| 10. | Common equity Tier 1 capital (NOK million) [1)] | 108 253 | 101 262 | 108 253 | 101 262 | 103 047 |
| 11. | Risk-weighted volume, transitional rules (NOK million) | 1 004 910 | 997 151 | 1 004 910 | 997 151 | 984 137 |
| **Loan portfolio and impairment** | | | | | | |
| 12. | Individual impairment relative to average net loans to customers, annualised (%) | 0.20 | 0.20 | 0.21 | 0.20 | 0.22 |
| 13. | Impairment relative to average net loans to customers, annualised | 0.14 | 0.16 | 0.22 | 0.20 | 0.24 |
| 14. | Net non-performing and net doubtful loans and guarantees, per cent of net loans | 1.69 | 1.46 | 1.69 | 1.46 | 1.48 |
| 15. | Net non-performing and net doubtful loans and guarantees at end of period (NOK million) | 22 907 | 19 626 | 22 907 | 19 626 | 19 740 |
| **Liquidity** | | | | | | |
| 16. | Ratio of customer deposits to net loans to customers at end of period (%) | 69.6 | 64.5 | 69.6 | 64.5 | 62.6 |
| **Staff** | | | | | | |
| 17. | Number of full-time positions at end of period | 11 513 | 12 391 | 11 513 | 12 391 | 12 274 |

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

**Definitions**

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

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

6 Average equity is calculated on the basis of recorded equity.

# Profit and balance sheet trends

| **Income statement** | | | | | **DNB Bank ASA** |
|---|---|---|---|---|---|
| *Amounts in NOK million* | 3rd quarter 2013 | 2nd quarter 2013 | 1st quarter 2013 | 4th quarter 2012 | 3rd quarter 2012 |
| Total interest income | 10 812 | 10 745 | 10 716 | 12 032 | 11 999 |
| Total interest expenses | 5 341 | 5 285 | 5 564 | 6 146 | 6 562 |
| **Net interest income** | **5 472** | **5 460** | **5 151** | **5 887** | **5 437** |
| Commission and fee income etc. | 1 425 | 1 457 | 1 248 | 1 446 | 1 265 |
| Commission and fee expenses etc. | 523 | 491 | 471 | 495 | 494 |
| Net gains on financial instruments at fair value | 1 224 | 1 618 | 1 097 | 1 487 | 1 756 |
| Other income | 2 016 | 1 735 | 1 493 | 1 853 | 1 093 |
| **Net other operating income** | **4 142** | **4 318** | **3 367** | **4 290** | **3 619** |
| **Total income** | **9 614** | **9 778** | **8 518** | **10 177** | **9 057** |
| Salaries and other personnel expenses | 2 169 | 2 526 | 1 977 | 2 135 | 2 085 |
| Other expenses | 1 616 | 1 480 | 1 936 | 1 627 | 1 454 |
| Depreciation and impairment of fixed and intangible assets | 433 | 526 | 438 | 612 | 469 |
| **Total operating expenses** | **4 219** | **4 532** | **4 350** | **4 373** | **4 008** |
| **Pre-tax operating profit before impairment** | **5 395** | **5 246** | **4 168** | **5 803** | **5 048** |
| Net gains on fixed and intangible assets | 16 | (24) | 16 | (1) | 0 |
| Impairment of loans and guarantees | 161 | 734 | 663 | 1 186 | 521 |
| **Pre-tax operating profit** | **5 249** | **4 488** | **3 521** | **4 616** | **4 527** |
| Taxes | 1 249 | 1 283 | 1 007 | 1 104 | 1 270 |
| **Profit for the period** | **4 000** | **3 204** | **2 514** | **3 512** | **3 257** |
| | | | | | |
| Earnings/diluted earnings per share (NOK) | | | | | |

| **Comprehensive income statement** | | | | | **DNB Bank ASA** |
|---|---|---|---|---|---|
| *Amounts in NOK million* | 3rd quarter 2013 | 2nd quarter 2013 | 1st quarter 2013 | 4th quarter 2012 | 3rd quarter 2012 |
| **Profit for the period** | **4 000** | **3 204** | **2 514** | **3 512** | **3 257** |
| Actuarial gains and losses | (463) | 506 | 0 | 3 442 | (36) |
| Tax on actuarial gains and losses | 130 | (142) | 0 | (942) | 10 |
| Other comprehensive income that will not be reclassified to profit or loss, net of tax | (333) | 364 | 0 | 2 499 | (26) |
| Currency translation of foreign operations | 81 | 186 | 102 | (88) | (49) |
| Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax | 81 | 186 | 102 | (88) | (49) |
| **Other comprehensive income for the period** | **(252)** | **550** | **102** | **2 412** | **(75)** |
| **Comprehensive income for the period** | **3 748** | **3 754** | **2 616** | **5 924** | **3 182** |

## Profit and balance sheet trends (continued)

| **Balance sheet** | | | | | **DNB Bank ASA** |
|---|---|---|---|---|---|
| *Amounts in NOK million* | 30 Sept. 2013 | 30 June 2013 | 31 March 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| **Assets** | | | | | |
| Cash and deposits with central banks | 398 981 | 479 067 | 394 835 | 296 158 | 364 635 |
| Due from credit institutions | 208 403 | 209 031 | 209 381 | 208 646 | 226 563 |
| Loans to customers | 703 125 | 725 111 | 724 382 | 713 743 | 692 744 |
| Commercial paper and bonds at fair value | 271 899 | 258 547 | 256 855 | 241 728 | 215 804 |
| Shareholdings | 10 285 | 8 994 | 10 340 | 9 864 | 8 075 |
| Financial derivatives | 100 743 | 107 540 | 113 755 | 120 511 | 124 449 |
| Commercial paper and bonds, held to maturity | 66 059 | 68 456 | 68 734 | 71 288 | 104 704 |
| Investments in associated companies | 1 080 | 1 070 | 1 146 | 1 141 | 1 140 |
| Investements in subsidiaries | 67 848 | 51 289 | 50 038 | 49 896 | 43 471 |
| Intangible assets | 3 899 | 3 892 | 3 957 | 3 999 | 3 435 |
| Deferred tax assets | 702 | 679 | 653 | 630 | 3 |
| Fixed assets | 6 847 | 6 748 | 6 707 | 6 575 | 6 077 |
| Other assets | 19 934 | 17 587 | 18 668 | 12 662 | 19 329 |
| **Total assets** | **1 859 804** | **1 938 011** | **1 859 450** | **1 736 840** | **1 810 429** |
| **Liabilities and equity** | | | | | |
| Due to credit institutions | 305 232 | 345 824 | 359 158 | 283 093 | 302 446 |
| Deposits from customers | 896 184 | 966 658 | 862 164 | 787 245 | 802 362 |
| Financial derivatives | 101 266 | 101 425 | 93 318 | 92 653 | 95 305 |
| Debt securities issued | 382 639 | 368 239 | 375 939 | 414 998 | 445 288 |
| Payable taxes | 3 775 | 2 668 | 5 464 | 4 253 | 3 416 |
| Deferred taxes | 1 319 | 1 452 | 1 409 | 1 405 | 1 637 |
| Other liabilities | 23 235 | 16 651 | 30 655 | 23 015 | 22 439 |
| Provisions | 1 843 | 1 799 | 1 593 | 643 | 555 |
| Pension commitments | 3 282 | 2 711 | 3 429 | 3 353 | 6 711 |
| Subordinated loan capital | 25 819 | 19 118 | 18 610 | 21 090 | 25 796 |
| **Total liabilities** | **1 744 592** | **1 826 546** | **1 751 740** | **1 631 746** | **1 705 954** |
| Share capital | 18 314 | 18 314 | 18 314 | 18 314 | 18 314 |
| Share premium reserve | 19 895 | 19 895 | 19 895 | 19 895 | 19 895 |
| Other equity | 77 004 | 73 256 | 69 501 | 66 885 | 66 265 |
| **Total equity** | **115 213** | **111 465** | **107 711** | **105 094** | **104 475** |
| **Total liabilities and equity** | **1 859 804** | **1 938 011** | **1 859 450** | **1 736 840** | **1 810 429** |

## Profit and balance sheet trends (continued)

### Income statement

DNB Bank Group

| *Amounts in NOK million* | 3rd quarter 2013 | 2nd quarter 2013 | 1st quarter 2013 | 4th quarter 2012 | 3rd quarter 2012 |
|---|---|---|---|---|---|
| Total interest income | 15 436 | 15 107 | 14 695 | 15 107 | 16 045 |
| Total interest expenses | 7 492 | 7 569 | 7 767 | 7 926 | 9 126 |
| **Net interest income** | **7 944** | **7 538** | **6 928** | **7 181** | **6 919** |
| Commission and fee income etc. | 1 662 | 1 670 | 1 445 | 1 613 | 1 522 |
| Commission and fee expenses etc. | 546 | 512 | 492 | 507 | 516 |
| Net gains on financial instruments at fair value | 1 249 | 1 345 | 1 067 | 1 348 | 933 |
| Profit from companies accounted for by the equity method | 99 | 70 | 74 | 177 | 246 |
| Net gains on investment property | (23) | 4 | 12 | (16) | 4 |
| Other income | 849 | 913 | 819 | 795 | 783 |
| **Net other operating income** | **3 291** | **3 489** | **2 927** | **3 410** | **2 971** |
| **Total income** | **11 235** | **11 027** | **9 855** | **10 592** | **9 890** |
| Salaries and other personnel expenses | 2 566 | 2 951 | 2 364 | 2 466 | 2 525 |
| Other expenses | 1 941 | 1 851 | 2 299 | 1 934 | 1 771 |
| Depreciation and impairment of fixed and intangible assets | 479 | 563 | 498 | 592 | 521 |
| **Total operating expenses** | **4 986** | **5 365** | **5 161** | **4 992** | **4 817** |
| **Pre-tax operating profit before impairment** | **6 250** | **5 663** | **4 694** | **5 599** | **5 074** |
| Net gains on fixed and intangible assets | 2 | (10) | 4 | (65) | 20 |
| Impairment of loans and guarantees | 475 | 937 | 737 | 1 190 | 521 |
| **Pre-tax operating profit** | **5 777** | **4 716** | **3 961** | **4 345** | **4 572** |
| Taxes | 1 375 | 1 335 | 1 121 | 1 094 | 1 253 |
| Profit from operations held for sale, after taxes | (7) | (7) | 10 | 4 | 0 |
| **Profit for the period** | **4 395** | **3 374** | **2 850** | **3 255** | **3 319** |

### Comprehensive income statement

DNB Bank Group

| *Amounts in NOK million* | 3rd quarter 2013 | 2nd quarter 2013 | 1st quarter 2013 | 4th quarter 2012 | 3rd quarter 2012 |
|---|---|---|---|---|---|
| **Profit for the period** | **4 395** | **3 374** | **2 850** | **3 255** | **3 319** |
| Actuarial gains and losses | (463) | 506 | 0 | 3 551 | (38) |
| Tax on actuarial gains and losses | 130 | (142) | 0 | (973) | 11 |
| Other comprehensive income that will not be reclassified to profit or loss, net of tax | (333) | 364 | 0 | 2 578 | (27) |
| Currency translation of foreign operations | 119 | 115 | 84 | (89) | (65) |
| Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax | 119 | 115 | 84 | (89) | (65) |
| **Other comprehensive income for the period** | **(214)** | **479** | **84** | **2 489** | **(92)** |
| **Comprehensive income for the period** | **4 181** | **3 853** | **2 934** | **5 744** | **3 227** |

## Profit and balance sheet trends (continued)

| Balance sheet | | | | | DNB Bank Group |
|---|---|---|---|---|---|
| *Amounts in NOK million* | 30 Sept. 2013 | 30 June 2013 | 31 March 2013 | 31 Dec. 2012 | 30 Sept. 2012 |
| **Assets** | | | | | |
| Cash and deposits with central banks | 401 560 | 481 844 | 397 835 | 298 892 | 367 409 |
| Due from credit institutions | 25 928 | 48 453 | 57 569 | 33 373 | 38 933 |
| Loans to customers | 1 342 531 | 1 339 427 | 1 326 159 | 1 308 864 | 1 319 229 |
| Commercial paper and bonds at fair value | 186 515 | 175 699 | 173 843 | 160 664 | 137 013 |
| Shareholdings | 10 724 | 9 443 | 10 783 | 10 290 | 8 522 |
| Financial derivatives | 89 335 | 95 247 | 93 905 | 95 890 | 100 636 |
| Commercial paper and bonds, held to maturity | 66 059 | 68 456 | 68 734 | 71 288 | 104 704 |
| Investment property | 4 591 | 4 440 | 4 229 | 5 034 | 5 125 |
| Investments in associated companies | 3 012 | 2 919 | 2 946 | 2 866 | 2 778 |
| Intangible assets | 4 943 | 4 855 | 4 829 | 4 826 | 4 915 |
| Deferred tax assets | 1 358 | 1 307 | 1 264 | 1 112 | 624 |
| Fixed assets | 7 664 | 7 523 | 7 478 | 7 311 | 6 956 |
| Assets held for sale | 213 | 211 | 150 | 417 | 15 |
| Other assets | 21 271 | 17 616 | 18 878 | 12 619 | 20 025 |
| **Total assets** | **2 165 705** | **2 257 439** | **2 168 604** | **2 013 444** | **2 116 883** |
| **Liabilities and equity** | | | | | |
| Due to credit institutions | 260 903 | 318 504 | 336 528 | 251 388 | 293 530 |
| Deposits from customers | 934 477 | 1 005 181 | 897 124 | 819 945 | 850 652 |
| Financial derivatives | 63 744 | 70 461 | 64 174 | 63 193 | 65 928 |
| Debt securities issued | 722 891 | 700 252 | 694 807 | 713 273 | 733 194 |
| Payable taxes | 4 265 | 3 040 | 8 377 | 6 940 | 2 944 |
| Deferred taxes | 1 609 | 1 751 | 1 571 | 1 630 | 2 908 |
| Other liabilities | 25 449 | 17 814 | 23 523 | 15 553 | 23 894 |
| Liabilities held for sale | 73 | 68 | 30 | 76 | 0 |
| Provisions | 1 924 | 1 474 | 1 225 | 724 | 629 |
| Pension commitments | 3 384 | 2 801 | 3 510 | 3 442 | 6 960 |
| Subordinated loan capital | 25 827 | 19 118 | 18 610 | 21 090 | 25 799 |
| **Total liabilities** | **2 044 547** | **2 140 463** | **2 049 480** | **1 897 255** | **2 006 437** |
| Share capital | 18 314 | 18 314 | 18 314 | 18 314 | 18 314 |
| Share premium reserve | 20 611 | 20 611 | 20 611 | 20 611 | 20 611 |
| Other equity | 82 232 | 78 051 | 80 198 | 77 264 | 71 521 |
| **Total equity** | **121 158** | **116 977** | **119 123** | **116 190** | **110 446** |
| **Total liabilities and equity** | **2 165 705** | **2 257 439** | **2 168 604** | **2 013 444** | **2 116 883** |

# Information about the DNB Bank Group

## Head office DNB ASA

| | |
|---|---|
| Mailing address | P.O. Box 1600 Sentrum, NO-0021 Oslo |
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| Telephone | +47 915 03000 |
| Internet | dnb.no |
| Organisation number | Register of Business Enterprises NO 981 276 957 MVA |

## DNB Bank ASA

| | |
|---|---|
| Organisation number | Register of Business Enterprises NO 984 851 006 MVA |

## Board of Directors in DNB Bank ASA

Anne Carine Tanum, chairman
Jarle Bergo, vice-chairman
Sverre Finstad
Vigdis Mathisen
Kai Nyland
Torill Rambjør
Kim Wahl

## Investor Relations

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## Financial calendar 2014

| | |
|---|---|
| Preliminary results 2013 and fourth quarter 2013 | 6 February |
| First quarter 2014 | 8 May |
| Second quarter 2014 | 10 July |
| Third quarter 2014 | 23 October |

## Other sources of information

**Annual and quarterly reports**

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

The quarterly report has been produced by Group Financial Reporting in DNB. Translation: Gina Fladmoe, DNB.

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


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