4 DNB BANK

– a company in the DNB Group

Fourth quarter report 2013

(PRELIMINARY AND UNAUDITED)

Financial highlights

DNB Bank Group

Income statement *Amounts in NOK million*	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Net interest income	7 969	7 181	30 379	27 557
Net commissions and fees, core business [1)]	*1 199*	*1 202*	*4 984*	*4 768*
Net financial items	*2 249*	*2 209*	*8 172*	*7 079*
Net other operating income, total	3 448	3 410	13 156	11 847
Total income	11 417	10 592	43 535	39 404
Operating expenses	4 942	5 011	19 157	19 084
Restructuring costs and non-recurring effects	(241)	(19)	605	42
Expenses relating to debt-financed structured products	0	0	450	0
Impairment losses for goodwill and intangible assets	557	0	557	85
Pre-tax operating profit before impairment	6 159	5 599	22 766	20 194
Net gains on fixed and intangible assets	153	(65)	150	(1)
Impairment of loans and guarantees	36	1 190	2 185	3 179
Pre-tax operating profit	6 277	4 345	20 730	17 013
Taxes	1 212	1 094	5 042	4 516
Profit from operations held for sale, after taxes	9	4	4	96
Profit for the period	**5 073**	**3 255**	**15 692**	**12 593**

Balance sheet *Amounts in NOK million*	31 Dec. 2013	31 Dec. 2012
Total assets	2 130 779	2 068 884
Loans to customers	1 350 656	1 308 864
Deposits from customers	891 256	819 945
Total equity	126 407	116 190
Average total assets	2 276 451	2 160 977

Key figures *Per cent*	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Return on equity, annualised	16.3	11.4	13.1	11.8
Combined weighted total average spread for lending and deposits	1.29	1.21	1.26	1.18
Cost/income ratio	41.2	47.1	46.4	48.5
Impairment relative to average net loans to customers, annualised	0.01	0.36	0.16	0.24
Common equity Tier 1 capital ratio, transitional rules, at end of period	11.4	10.5	11.4	10.5
Tier 1 capital ratio, transitional rules, at end of period	11.8	10.8	11.8	10.8
Capital ratio, transitional rules, at end of period	13.9	12.4	13.9	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.

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

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Directors' report for the fourth quarter and full year 2013

Fourth quarter 2013

The DNB Bank Group[1)] recorded profits of NOK 5 073 million in the fourth quarter of 2013, up NOK 1 818 million from the fourth quarter of 2012. Adjusted for the effect of basis swaps, there was a NOK 2 577 million rise in profits.

The improved profit performance reflected an increase in net interest income and lower impairment losses on loans, though value changes and non-recurring effects on both the income and cost side also had a significant impact on the accounts. The rise in profits contributed to the necessary build-up of capital to meet stricter capital requirements. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.5 per cent at year-end 2012 to 11.4 per cent at end-December 2013.

Lending spreads widened by 0.24 percentage points, while net interest income increased by NOK 788 million from the fourth quarter of 2012. Adjusted for exchange rate movements, lending volumes rose by NOK 8.4 billion from end-December 2012. The relatively modest growth reflected stronger competition in the home mortgage market, partly from government-backed financial institutions, slightly weaker growth in the Norwegian economy and greater use of the bond market among the banking group's large corporate customers. Deposit spreads remained narrow during the quarter, reflecting the low interest rate level and continued strong competition. Deposit spreads contracted by 0.02 percentage points from the fourth quarter of 2012. Average volume-weighted spreads were up 0.08 percentage points during this period.

Adjusted for the effect of basis swaps, other operating income was NOK 1 091 million higher than in the fourth quarter of 2012. A significant increase in the value of the shareholding in Nets was a main reason behind the rise in income.

Total operating expenses were up NOK 266 million from the fourth quarter of 2012. Ordinary operating expenses, excluding restructuring costs and other non-recurring effects, declined by 1.4 per cent from the fourth quarter of 2012. Restructuring measures resulting in lower staff levels was a key factor behind the reduction in costs.

At NOK 36 million, impairment losses on loans and guarantees were at a very low level during the quarter, reflecting the reversal of

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.

previous impairment losses. Adjusted for this, impairment was slightly higher than in the third quarter of 2013, but markedly lower than in the fourth quarter of 2012.

Compared with the fourth quarter of 2012, return on equity increased from 11.4 to 16.3 per cent.

Income statement for the fourth quarter of 2013

Net interest income

Amounts in NOK million	4th quarter 2013	Change	4th quarter 2012
Net interest income	7 969	788	7 181
Lending and deposit spreads		707	
Exchange rate movements		166	
Commissions etc.		25	
Long-term funding costs		(20)	
Lending and deposit volumes		(42)	
Guarantee fund levy		(165)	
Other net interest income		117	

Net interest income rose by NOK 788 million or 11.0 per cent from the fourth quarter of 2012, mainly due to increasing lending spreads. Average lending spreads widened by 0.2 percentage points, while deposit spreads narrowed by 0.02 percentage points. There was an average increase of NOK 31.5 billion in the healthy loan portfolio compared with the fourth quarter of 2012. During the same period, average deposits were up NOK 102.0 billion.

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

Net other operating income

Amounts in NOK million	4th quarter 2013	Change	4th quarter 2012
Net other operating income	3 448	38	3 410
Net stock market-related income		595	
Net other gains on foreign exchange and interest rate instruments [1)]		419	
Net other commissions and fees		42	
Other operating income		35	
Basis swaps		(1 054)	

1) *Excluding guarantees and basis swaps.*

Net other operating income increased by NOK 38 million from the fourth quarter of 2012. Adjusted for the effect of basis swaps, there was a NOK 1 091 million rise in income. The value of DNB's shareholding in Nets increased markedly during the quarter. Compared with the fourth quarter of 2012, the value of the investment rose by close to NOK 500 million, which was the main reason for the NOK 595 million rise in total stock-market related income. There was also a healthy trend in income from foreign exchange and interest rate instruments.

Operating expenses

Amounts in NOK million	4th quarter 2013	Change	4th quarter 2012
Operating expenses excluding non-recurring effects	4 942	(69)	5 011
Income-related costs			
Ordinary depreciation on operational leasing		29	
Expenses related to operations			
Pension expenses		(131)	
Performance-based pay		41	
IT expenses		68	
Other cost reductions		(75)	
Non-recurring effects	316	335	-19
Restructuring costs – employees		3	
Other restructuring costs and non-recurring effects		(69)	
Reversal of provisions		(157)	
Impairment losses for goodwill and activated systems development		557	
Operating expenses	5 258	266	4 992

Operating expenses were up NOK 266 million or 5.3 per cent from the fourth quarter of 2012. Significant restructuring costs and other non-recurring expenses were recorded during the quarter, including total impairment of NOK 557 million relating to IT systems in the Baltics and goodwill in Russia. Adjusted for non-recurring effects, there was a reduction in expenses of NOK 69 million or 1.4 per cent.

Ordinary wage and price inflation was counterbalanced by staff reductions corresponding to 986 full-time positions compared with the average figure for the fourth quarter of 2012. A reduction in the number of branch offices and concentration of production to fewer geographical locations also helped curtail cost growth. Moreover, there was a reduction in pension expenses, partly due to staff reductions and changes in calculation assumptions, parallel to a certain rise in IT expenses.

Impairment of loans and guarantees

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

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

Net non-performing and doubtful loans and guarantees amounted to NOK 20.7 billion at end-December 2013, up from NOK 19.7 billion at end-December 2012, but down from NOK 22.9 billion at end-September 2013. Net non-performing and doubtful loans and guarantees represented 1.37 per cent of the loan portfolio, down 0.12 percentage points from end-December 2012 and 0.32 percentage points from end-September 2013.

Taxes

The banking group's tax charge for the fourth quarter of 2013 was NOK 1 212 million, an increase from NOK 118 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge was 19.3 per cent. The tax charge was lower than in previous quarters due to exchange rate movements and non-recurring effects.

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 resources. Special product areas are responsible for production and development for parts of the product range and help ensure that the banking group meets the needs of the various customer segments. Reported figures for the different segments 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 2 373 million in the fourth quarter of 2013, an increase of NOK 687 million from the fourth quarter of 2012. Pre-tax operating profits for the full year also showed a positive trend, rising by NOK 2 096 million to NOK 7 957 million. Wider lending spreads were a key factor behind the improved performance. The quality of the loan portfolio was sound, with a stable, low level of impairment losses.

Personal customers	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Net interest income	3 409	2 782	628	22.6
Net other operating income	846	882	(37)	(4.2)
Total income	4 255	3 664	591	16.1
Operating expenses	1 936	1 871	66	3.5
Pre-tax operating profit before impairment	2 319	1 793	526	29.3
Net gains on fixed and intangible assets	154	0	154	
Impairment loss on loans and guarantees	114	108	6	5.6
Profit from repossessed operations	13	0	13	
Pre-tax operating profit	2 373	1 685	687	40.8
Taxes	664	472	192	40.8
Profit from operations held for sale	0	4	(4)	
Profit for the period	1 708	1 218	491	40.3
Average balance sheet items in NOK billion				
Net loans to customers	655.4	636.8	18.6	2.9
Deposits from customers	345.2	327.9	17.3	5.3
Key figures in per cent				
Lending spread [1)]	2.50	2.04		
Deposit spread [1)]	(0.57)	(0.51)		
Return on allocated capital [2)]	41.0	30.6		
Cost/income ratio	45.5	51.1		
Ratio of deposits to loans	52.7	51.5		

1) Calculated relative to the 3-month money market rate.

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

2013 was characterised by moderate increases in both loans and deposits. Loans to personal customers were up 2.9 per cent in the fourth quarter of 2013 compared with the year-earlier period, while there was a 0.5 per cent increase from the third to the fourth quarter of 2013. Deposits were up 5.3 per cent from the fourth quarter of 2012, and the ratio of deposits to net loans rose to 52.7 per cent.

In order to meet stricter capital requirements, it has been necessary for the banking group to increase spreads Net interest income showed a healthy trend and rose by 22.6 per cent from the fourth quarter of 2012. The volume-weighted interest rate spread widened by 0.26 percentage points from the fourth quarter of 2012 and was on a level with the third quarter of 2013.

A tighter property market resulted in a close to 13 per cent drop in housing sales through DNB Eiendom in the fourth quarter of 2013 compared with the year-earlier period. Total income from payment services and real estate broking was on a level with the fourth quarter of 2012. Net other operating income was thus only marginally lower than in the fourth quarter of 2012.

The main factors behind the increase in operating expenses from the fourth quarter of 2012 were the costs associated with the integration of Nordlandsbanken into DNB.

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

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

Fierce competition for home mortgage customers has affected the market share of credit to households, which stood at 26.8 per cent end-November 2013. The market share of deposits was 32.2 per cent end-November 2013.

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

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

Small and medium-sized enterprises

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

Pre-tax operating profits came to NOK 753 million in the fourth quarter of 2013, up NOK 125 million or 19.9 per cent from the fourth quarter of 2012. Pre-tax operating profits for the full year also showed a positive trend, rising by NOK 205 million to NOK 3 161 million. The rise in profits reflected strong growth in both net interest income and other operating income.

Small and medium-sized enterprises	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Net interest income	1 579	1 521	58	3.8
Net other operating income	254	240	14	5.7
Total income	1 833	1 761	72	4.1
Operating expenses	911	839	72	8.6
Pre-tax operating profit before impairment	922	922	(0)	(0.0)
Net gains on fixed and intangible assets	0	1	(1)	(99.5)
Impairment loss on loans and guarantees	160	259	(100)	(38.5)
Profit from repossessed operations	(9)	(35)	26	
Pre-tax operating profit	753	628	125	19.9
Taxes	211	176	35	19.9
Profit for the period	542	453	90	19.9
Average balance sheet items in NOK billion				
Net loans to customers	209.1	204.4	4.7	2.3
Deposits from customers	149.4	146.8	2.6	1.8
Key figures in per cent				
Lending spread [1)]	2.79	2.67		
Deposit spread [1)]	(0.15)	(0.18)		
Return on allocated capital [2)]	10.5	9.2		
Cost/income ratio	49.7	47.6		
Ratio of deposits to loans	71.4	71.8		

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

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

In consequence of the interest rate adjustments implemented in the first quarter of 2013, there was a rise in net interest income from the year-earlier period.

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

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

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

Large corporates and international customers

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

Pre-tax operating profits came to NOK 2 828 million in the fourth quarter of 2013, up NOK 1 103 million from the fourth quarter of 2012. Pre-tax operating profits for the full year also showed a positive trend, rising by NOK 924 million to NOK 9 163 million. Lower impairment of loans was a main factor behind the rise in profits.

Large corporates and international customers	4th quarter		Change	
Income statement in NOK million	2013	2012	NOK mill	%
Net interest income	2 986	2 881	104	3.6
Net other operating income	1 254	1 194	60	5.0
Total income	4 240	4 075	164	4.0
Operating expenses	1 525	1 536	(12)	(0.8)
Pre-tax operating profit before impairment	2 715	2 539	176	6.9
Net gains on fixed and intangible assets	(9)	(6)	(3)	
Impairment loss on loans and guarantees	(222)	805	(1 027)	
Profit from repossessed operations	(99)	(2)	(97)	
Pre-tax operating profit	2 828	1 725	1 103	63.9
Taxes	849	504	345	68.4
Profit for the period	1 980	1 222	758	62.1
Average balance sheet items in NOK billion				
Net loans to customers	471.5	464.6	7.0	1.5
Deposits from customers	362.5	326.9	35.6	10.9
Key figures in per cent				
Lending spread [1)]	2.17	2.07		
Deposit spread [1)]	(0.17)	(0.16)		
Return on allocated capital [2)]	14.4	9.3		
Cost/income ratio	34.6	37.7		
Ratio of deposits to loans	76.9	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 up 1.5 per cent from the fourth quarter of 2012. Adjusted for exchange rate movements, there was an underlying reduction in the portfolio of 4 per cent, reflecting strategic portfolio adjustments, a more challenging market situation and active use of the bond market. Compared with the third quarter of 2013, lending volumes were unchanged after adjusting for exchange rate movements. Deposits rose by 10.9 per cent from the fourth quarter of 2012, half of which can be ascribed to exchange rate movements.

Relative to the 3-month money market rate, average lending spreads were 2.17 per cent, widening by 0.09 percentage points from the fourth quarter of 2012 and by 0.02 percentage points from the third quarter of 2013. Deposit spreads declined by 0.01 percentage points from the fourth quarter of 2012 and increased by 0.02 percentage points from the third quarter of 2013.

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

Operating expenses declined by 0.8 per cent from the fourth quarter of 2012.

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

The quality of the loan portfolio is considered to be sound.

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

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. The increasing pressure on spreads is expected to prevail, though repricing in certain segments could give a certain increase in spreads for the total portfolio. Competition for stable customer deposits will prevail and put continued pressure on deposits spreads.

Trading

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

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

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

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

Full year results 2013

The banking group recorded profits of NOK 15 692 million in 2013, an increase of NOK 3 099 million from 2012. Adjusted for the effect of basis swaps, there was a rise in profits of NOK 2 886 million.

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

The widening spreads contributed to the necessary build-up of capital to meet stricter capital requirements. Towards the end of the year, the Ministry of Finance issued new regulations regarding a counter-cyclical capital buffer of between 0 and 2.5 per cent, initially set at 1 per cent with effect from 30 June 2015. In addition, the Ministry announced new and stricter rules governing the weighting of banks' home mortgages in the capital adequacy calculations, while retaining the current transitional rules linked to the so-called Basel I floor. Compliance with the requirements necessitates a further significant build-up of capital. As these requirements apply solely in Norway, they also entail that the banking group appears more weakly capitalised than its international competitors, even though this is not the case in real terms. The banking group's common equity Tier 1 capital has been increased by NOK 11.7 billion over the past twelve months. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.5 per cent at year-end 2012 to 11.4 per cent at end-December 2013. Return on equity increased from 11.8 per cent to 13.2 per cent during the same period. Adjusted for the effect of basis swaps, return on equity was up from 12.9 to 14.0 per cent. The banking group is well capitalised, but will build additional capital organically in order to meet the authorities' requirements.

Wider lending spreads had a positive effect on net interest income, while deposit spreads narrowed. Net interest income increased by 10.2 per cent from 2012, while average volume-weighted spreads were up 0.08 percentage points during this period.

Other operating income was NOK 1 308 million higher than in 2012. Adjusted for the effect of basis swaps, other operating income was up NOK 985 million. The rise in income mainly reflected an increase in the value of the shareholding in Nets.

Operating expenses rose by NOK 1 559 million from 2012. Adjusted for non-recurring effects, the increase was NOK 73 million or 0.4 per cent. Ordinary wage costs increased marginally compared with 2012, and downsizing measures thus more than compensated for wage increases during this period.

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

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 in 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.

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

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

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

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

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

In the employee survey for 2013, the engagement index rose by 0.2 percentage points from 2012, to 81 points. Sickness absence in the banking group was 4.6 per cent in 2013, a slight increase from 4.4 per cent in 2012. The special follow-up of units with high sickness absence rates continued.

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

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

Income statement for 2013

Net interest income

Amounts in NOK million	2013	Change	2012
Net interest income	30 379	2 822	27 557
Lending and deposit spreads		2 943	
Exchange rate movements		209	
Lending and deposit volumes		97	
Equity and non-interest-bearing items		(265)	
Guarantee fund levy		(664)	
Other net interest income		503	

Net interest income rose by NOK 2 822 million compared with 2012. Wider lending spreads were the main factor behind the increase. Average lending spreads widened by 0.34 percentage points from 2012 to 2013, parallel to a 0.16 percentage point reduction in deposit spreads. Adjusted for exchange rate movements, there was an average increase of NOK 9.9 billion in the healthy loan portfolio compared with 2012. Average deposits rose by NOK 106.8 billion, resulting in an increase in the ratio of deposits to loans from 62.6 per cent at end-December 2012 to 66.0 per cent at year-end 2013.

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

Net other operating income

Amounts in NOK million	2013	Change	2012
Net other operating income	13 156	1 308	11 847
Net stock market-related income		699	
Net other commissions and fees [1)]		162	
Basis swaps		323	
Net gains on investment property		255	
Profits from associated companies		(427)	
Other operating income		296	

1) Excluding guarantees and basis swaps.

Net other operating income increased by NOK 1 308 million from 2012. Adjusted for the effect of basis swaps, income was up NOK 985 million. The increase in stock market-related income was mainly a consequence of the rise in value of the investment in Nets. Profits from associated companies were down in consequence of a weaker value development in the portfolio in Eksportfinans that is guaranteed by the owners.

Operating expenses

Amounts in NOK million	2013	Change	2012
Operating expenses excluding non-recurring effects	19 157	73	19 084
Income-related costs			
Ordinary depreciation on operational leasing		120	
Expenses related to operations			
Pension expenses		(198)	
IT expenses		345	
Properties and premises		27	
Marketing		(48)	
Performance-based pay		(59)	
Postage, telecommunications and office supplies		(51)	
Other costs		(62)	
Non-recurring effects	1 613	1 486	127
Restructuring costs – employees		474	
Other restructuring costs and non-recurring effects		311	
Provisions for debt-financed structured products		450	
Sale of SalusAnsvar		(64)	
Reversal of provisions		(157)	
Impairment losses for goodwill and activated systems development		472	
Operating expenses	20 769	1 559	19 211

Total operating expenses increased by 8.1 per cent from 2012. Sizeable non-recurring effects had an impact on costs, resulting in an overall cost increase of NOK 1.6 billion. Adjusted for non-recurring effects, there was 0.4 per cent increase in costs. The relatively stable development in adjusted operating expenses is attributable to a number of restructuring measures implemented during the year, resulting in reductions in both the number of employees, the number of branch offices and the number of geographical production units. The average number of full-time positions was reduced by 800 from 2012 to 2013. Pension expenses were down NOK 198 million, partly in reflection of the staff reductions.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 2 185 million, down NOK 994 million from 2012. NOK 597 million of the reduction represented individual impairment. There was a certain rise in impairment in the large corporate segments, while the level of impairment was reduced in the shipping and energy segments and in the Baltics and Poland. Collective impairment losses of NOK 133 million were reversed in 2013, while collective impairment totalled NOK 265 million in 2012. Impairment was reduced from 0.25 per cent of loans in 2012 to 0.17 per cent in 2013.

Taxes

The banking group's tax charge for 2013 was NOK 5 042 million, representing 24.3 per cent of pre-tax operating profits. The tax charge was lower than the anticipated long-term rate, primarily due to exchange rate movements and non-recurring effects.

Funding, liquidity and balance sheet

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

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

Debt securities issued by the banking group totalled NOK 716 billion at year-end 2013 and NOK 713 billion a year earlier. The average remaining term to maturity for the portfolio of debt securities issued was 4.3 years at end-December 2013, compared with 4.6 years a year earlier.

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

Total assets in the banking group's balance sheet were NOK 2 131 billion as at 31 December 2013 and NOK 2 069 billion a year earlier.

Net loans to customers increased by NOK 41.8 billion or 3.2 per cent from end-December 2012. There was a rise in customer deposits of NOK 71.3 billion or 8.7 per cent during the same period. The ratio of customer deposits to net loans to customers increased from 62.6 per cent at end-December 2012 to 66.0 per cent a year later.

Risk and capital adequacy

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

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

The banking group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 1.1 billion from year-end 2012, to NOK 68 billion.

Developments in the risk-adjusted capital requirement

Amounts in NOK billion	31 Dec. 2013	30 Sept 2013	30 June 2013	31 Dec. 2012
Credit risk	57.2	59.0	59.8	59.1
Market risk	7.9	7.4	7.3	7.5
Operational risk	8.3	8.3	7.9	7.4
Business risk	4.2	4.2	4.2	4.0
Gross risk-adjusted capital requirement	77.7	78.9	79.2	78.1
Diversification effect [1]	(9.4)	(9.2)	(9.4)	(8.7)
Net risk-adjusted capital requirement	68.3	69.7	69.8	69.4
Diversification effect in per cent of gross risk-adjusted capital requirement [1]	12.0	11.7	11.9	11.1

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 1.9 billion during 2013, reflecting improved quality in the corporate customer portfolios. There was stable, sound credit quality in the healthy portfolio in most areas.

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

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

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

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

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

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

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 20.6 billion from year-end 2012, to NOK 1 005 billion. In 2013, risk-weighted volume could not be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 11.4 per cent, while the capital adequacy ratio was 13.9 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 853 billion and a potential common equity Tier 1 capital ratio of 13.5 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 been13.0 per cent at end-December 2013.

Macroeconomic developments

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

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

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

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

New regulatory framework

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

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

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

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

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

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

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

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

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

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

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

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

Future prospects

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

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

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

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

Oslo, 5 February 2014
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

Amounts in NOK million	Note	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
		DNB Bank ASA			
Total interest income	5	10 630	12 032	42 903	48 562
Total interest expenses	5	5 335	6 146	21 525	26 391
Net interest income	5	**5 295**	**5 887**	**21 378**	**22 170**
Commission and fee income etc.	6	1 417	1 446	5 547	5 393
Commission and fee expenses etc.	6	532	495	2 016	2 003
Net gains on financial instruments at fair value	7	1 643	1 487	5 582	7 413
Other income	9	3 183	1 853	8 427	4 662
Net other operating income		**5 712**	**4 290**	**17 539**	**15 465**
Total income		**11 007**	**10 177**	**38 917**	**37 636**
Salaries and other personnel expenses	10, 11	2 069	2 135	8 742	8 229
Other expenses	10	1 321	1 627	6 353	5 953
Depreciation and impairment of fixed and intangible assets	10	2 301	612	3 698	1 876
Total operating expenses	10	**5 691**	**4 373**	**18 792**	**16 058**
Pre-tax operating profit before impairment		**5 316**	**5 803**	**20 125**	**21 577**
Net gains on fixed and intangible assets		192	(1)	199	(2)
Impairment of loans and guarantees	16	368	1 186	1 925	3 195
Pre-tax operating profit		**5 140**	**4 616**	**18 399**	**18 380**
Taxes	12	387	1 104	3 927	4 958
Profit for the period		**4 753**	**3 512**	**14 472**	**13 423**

Comprehensive income statement

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
	DNB Bank ASA			
Profit for the period	**4 753**	**3 512**	**14 472**	**13 423**
Actuarial gains and losses, net of tax 1)	(475)	2 499	(444)	2 421
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(475)	2 499	(444)	2 421
Currency translation of foreign operations	119	(88)	489	(183)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	119	(88)	489	(183)
Other comprehensive income for the period	**(356)**	**2 412**	**44**	**2 238**
Comprehensive income for the period	**4 397**	**5 924**	**14 516**	**15 661**

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

Balance sheet

Amounts in NOK million	Note	DNB Bank ASA 31 Dec. 2013	31 Dec. 2012
Assets			
Cash and deposits with central banks		163 172	296 158
Due from credit institutions	13, 14, 15	399 482	208 646
Loans to customers	13, 14, 15, 16, 17	680 114	713 743
Commercial paper and bonds at fair value	14	248 207	241 728
Shareholdings	14	13 071	9 864
Financial derivatives	14, 15	143 158	175 951
Commercial paper and bonds, held to maturity	13, 19	63 318	71 288
Investments in associated companies		1 066	1 141
Investments in subsidiaries		69 487	49 896
Intangible assets	20	3 911	3 999
Deferred tax assets		4 145	630
Fixed assets		7 041	6 575
Other assets		29 483	12 662
Total assets		**1 825 656**	**1 792 280**
Liabilities and equity			
Due to credit institutions	13, 14, 15	280 831	283 093
Deposits from customers	13, 14, 15	849 137	787 245
Financial derivatives	14, 15	156 979	148 093
Debt securities issued	13, 14, 21	352 899	414 998
Payable taxes		1 772	4 253
Deferred taxes		3	1 405
Other liabilities		38 963	23 015
Provisions		1 235	643
Pension commitments		2 972	3 353
Subordinated loan capital	13, 14, 21	26 276	21 090
Total liabilities		**1 711 065**	**1 687 186**
Share capital		18 314	18 314
Share premium reserve		19 895	19 895
Other equity		76 381	66 885
Total equity		**114 591**	**105 094**
Total liabilities and equity		**1 825 656**	**1 792 280**
Off-balance sheet transactions, contingencies and post-balance sheet events	25		

Income statement

				DNB Bank Group	
Amounts in NOK million	Note	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Total interest income	5	15 476	15 107	60 713	63 560
Total interest expenses	5	7 507	7 926	30 334	36 003
Net interest income	5	**7 969**	**7 181**	**30 379**	**27 557**
Commission and fee income etc.	6	1 674	1 613	6 451	6 302
Commission and fee expenses etc.	6	565	507	2 115	2 083
Net gains on financial instruments at fair value	7	1 348	1 348	5 009	3 899
Profit from companies accounted for by the equity method	8	118	177	362	789
Net gains on investment property		(79)	(16)	(86)	(340)
Other income	9	952	795	3 534	3 281
Net other operating income		**3 448**	**3 410**	**13 156**	**11 847**
Total income		**11 417**	**10 592**	**43 535**	**39 404**
Salaries and other personnel expenses	10, 11	2 465	2 466	10 345	9 878
Other expenses	10	1 736	1 934	7 826	7 343
Depreciation and impairment of fixed and intangible assets	10	1 058	592	2 598	1 990
Total operating expenses	10	**5 258**	**4 992**	**20 769**	**19 211**
Pre-tax operating profit before impairment		**6 159**	**5 599**	**22 766**	**20 194**
Net gains on fixed and intangible assets		153	(65)	150	(1)
Impairment of loans and guarantees	16	36	1 190	2 185	3 179
Pre-tax operating profit		**6 277**	**4 345**	**20 730**	**17 013**
Taxes	12	1 212	1 094	5 042	4 516
Profit from operations held for sale, after taxes		9	4	4	96
Profit for the period		**5 073**	**3 255**	**15 692**	**12 593**

Comprehensive income statement

			DNB Bank Group	
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Profit for the period	**5 073**	**3 255**	**15 692**	**12 593**
Actuarial gains and losses, net of tax [1)]	(474)	2 578	(443)	2 496
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(474)	2 578	(443)	2 496
Currency translation of foreign operations	977	(326)	3 393	(1 199)
Hedging of net investment, net of tax	(327)	237	(2 425)	1 006
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	650	(89)	969	(193)
Other comprehensive income for the period	**177**	**2 489**	**526**	**2 303**
Comprehensive income for the period	**5 250**	**5 744**	**16 218**	**14 896**

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

Balance sheet

Amounts in NOK million	Note	DNB Bank Group 31 Dec. 2013	31 Dec. 2012
Assets			
Cash and deposits with central banks		167 171	298 892
Due from credit institutions	13, 14, 15	176 796	33 373
Loans to customers	13, 14, 15, 16, 17	1 350 656	1 308 864
Commercial paper and bonds at fair value	14	191 232	160 664
Shareholdings	14	13 511	10 290
Financial derivatives	14, 15	130 775	151 330
Commercial paper and bonds, held to maturity	13, 19	63 318	71 288
Investment property		4 615	5 034
Investments in associated companies		3 096	2 866
Intangible assets	20	4 464	4 826
Deferred tax assets		1 086	1 112
Fixed assets		7 816	7 311
Assets held for sale		225	417
Other assets		16 017	12 619
Total assets		**2 130 779**	**2 068 884**
Liabilities and equity			
Due to credit institutions	13, 14, 15	234 218	251 388
Deposits from customers	13, 14, 15	891 256	819 945
Financial derivatives	14, 15	111 242	118 633
Debt securities issued	13, 14, 21	716 192	713 273
Payable taxes		4 126	6 940
Deferred taxes		2 042	1 630
Other liabilities		14 536	15 553
Liabilities held for sale		53	76
Provisions		1 398	724
Pension commitments		3 033	3 442
Subordinated loan capital	13, 14, 21	26 276	21 090
Total liabilities		**2 004 372**	**1 952 695**
Share capital		18 314	18 314
Share premium reserve		20 611	20 611
Other equity		87 482	77 264
Total equity		**126 407**	**116 190**
Total liabilities and equity		**2 130 779**	**2 068 884**

Off-balance sheet transactions, contingencies and post-balance sheet events	25		

Statement of changes in equity

DNB Bank ASA

Amounts in NOK million	Share capital	Share premium reserve	Actuarial gains and losses	Currency translation reserve	Other equity	Total equity
Balance sheet as at 31 December 2011	**18 314**	**19 895**		**(356)**	**59 790**	**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)**	**(356)**	**59 790**	**94 738**
Profit for the period					13 423	13 423
Other comprehensive income			2 421	(183)		2 238
Comprehensive income for the period			2 421	(183)	13 423	15 661
Group contribution for 2012 to DNB ASA					(6 000)	(6 000)
Merger with Nordlandsbanken ASA					696	696
Balance sheet as at 31 December 2012, restated	**18 314**	**19 895**	**(484)**	**(540)**	**67 908**	**105 094**
Balance sheet as at 31 December 2012	**18 314**	**19 895**		**(540)**	**67 804**	**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)**	**(540)**	**67 908**	**105 094**
Profit for the period					14 472	14 472
Other comprehensive income			(444)	489		44
Comprehensive income for the period			(444)	489	14 472	14 516
Group contribution for 2013 to DNB ASA					(5 000)	(5 000)
Currency translation reserve taken to income				(19)		(19)
Balance sheet as at 31 December 2013	**18 314**	**19 895**	**(929)**	**(71)**	**77 381**	**114 591**

DNB Bank Group

Amounts in NOK million	Share capital	Share premium reserve	Actuarial gains and losses	Currency translation reserve	Net investment hedge reserve	Other equity	Total equity
Balance sheet as at 31 December 2011	**18 314**	**20 611**		**(790)**	**300**	**65 869**	**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)**	**(790)**	**300**	**65 869**	**101 294**
Profit for the period						12 593	12 593
Other comprehensive income			2 496	(1 199)	1 006		2 303
Comprehensive income for the period			2 496	(1 199)	1 006	12 593	14 896
Accumulated currency translation reserve in Pres-Vac				2		(2)	0
Balance sheet as at 31 December 2012, restated	**18 314**	**20 611**	**(514)**	**(1 988)**	**1 306**	**78 460**	**116 190**
Balance sheet as at 31 December 2012	**18 314**	**20 611**		**(1 988)**	**1 306**	**78 350**	**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)**	**(1 988)**	**1 306**	**78 460**	**116 190**
Profit for the period						15 692	15 692
Other comprehensive income			(443)	3 393	(2 425)		526
Comprehensive income for the period			(443)	3 393	(2 425)	15 692	16 218
Group contribution for 2012 to DNB ASA						(6 000)	(6 000)
Currency translation reserve taken to income				(1)			(1)
Change of reporting currency DNB Invest Denmark				7		(7)	0
Balance sheet as at 31 December 2013	**18 314**	**20 611**	**(957)**	**1 412**	**(1 119)**	**88 146**	**126 407**

1) *See note 1 Accounting principles.*

Cash flow statement

Amounts in NOK million	DNB Bank ASA Full year 2013	Full year 2012
Operating activities		
Net receipts on loans to customers	58 172	13 624
Interest received from customers	31 785	36 064
Net receipts on deposits from customers	39 155	78 538
Interest paid to customers	(15 132)	(17 453)
Net payments on loans to credit institutions	(187 948)	(51 237)
Interest received from credit institutions	3 825	4 925
Interest paid to credit institutions	(2 417)	(3 289)
Net receipts on the sale of financial assets for investment or trading	32 047	2 635
Interest received on bonds and commercial paper	6 604	6 756
Net receipts on commissions and fees	3 514	3 411
Payments to operations	(14 892)	(14 354)
Taxes paid	(4 590)	(214)
Other receipts	803	6 481
Net cash flow from operating activities	**(49 076)**	**65 889**
Investment activities		
Net payments on the acquisition of fixed assets	(1 984)	(2 823)
Receipts on the sale of long-term investments in shares	642	0
Payments on the acquisition of long-term investments in shares	(18 646)	(16 871)
Dividends received on long-term investments in shares	319	97
Net cash flow from investment activities	**(19 670)**	**(19 596)**
Funding activities		
Receipts on issued bonds and commercial paper	911 267	854 746
Payments on redeemed bonds and commercial paper	(984 101)	(820 874)
Interest payments on issued bonds and commercial paper	(3 810)	(4 611)
Receipts on the raising of subordinated loan capital	7 528	5 525
Redemptions of subordinated loan capital	(3 709)	(7 996)
Interest paid on subordinated loan capital	(868)	(1 024)
Group contributions payments/receipts	(5 577)	1 266
Net cash flow from funding activities	**(79 271)**	**27 033**
Effects of exchange rate changes on cash and cash equivalents	**13 478**	**(2 962)**
Net cash flow	**(134 538)**	**70 364**
Cash as at 1 January	300 944	230 580
Net receipts/payments of cash	(134 538)	70 364
Cash at end of period *)	166 405	300 944
**) Of which: Cash and deposits with central banks*	*163 172*	*296 158*
Deposits with credit institutions with no agreed period of notice [1]	*3 233*	*4 786*

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.

Cash flow statement (continued)

Amounts in NOK million	DNB Bank Group Full year 2013	Full year 2012
Operating activities		
Net payments on loans to customers	(10 346)	(39 284)
Interest received from customers	53 960	57 029
Net receipts on deposits from customers	44 386	80 887
Interest paid to customers	(15 460)	(18 993)
Net payments on loans to credit institutions	(158 418)	(35 303)
Interest received from credit institutions	1 373	1 389
Interest paid to credit institutions	(2 368)	(3 166)
Net receipts/payments on the sale of financial assets for investment or trading	9 282	(19 881)
Interest received on bonds and commercial paper	4 802	4 385
Net receipts on commissions and fees	4 319	4 240
Payments to operations	(18 274)	(16 962)
Taxes paid	(7 768)	(391)
Other receipts/payments	(764)	4 150
Net cash flow from operating activities	**(95 274)**	**18 100**
Investment activities		
Net payments on the acquisition of fixed assets	(2 586)	(3 182)
Net receipts/payments, investment property	1 061	(399)
Receipts on the sale of long-term investments in shares	642	0
Payments on the acquisition of long-term investments in shares	(16)	0
Dividends received on long-term investments in shares	319	97
Net cash flow from investment activities	**(581)**	**(3 484)**
Funding activities		
Receipts on issued bonds and commercial paper	995 828	941 355
Payments on redeemed bonds and commercial paper	(1 031 094)	(861 109)
Interest payments on issued bonds and commercial paper	(12 234)	(12 725)
Receipts on the raising of subordinated loan capital	7 528	5 525
Redemptions of subordinated loan capital	(3 709)	(8 082)
Interest paid on subordinated loan capital	(749)	(1 021)
Group contributions payments	(6 000)	0
Net cash flow from funding activities	**(50 430)**	**63 943**
Effects of exchange rate changes on cash and cash equivalents	**13 934**	**(3 468)**
Net cash flow	**(132 350)**	**75 090**
Cash as at 1 January	304 121	229 031
Net receipts/payments of cash	(132 350)	75 090
Cash at end of period *)	171 771	304 121
**) Of which: Cash and deposits with central banks*	*167 171*	*298 892*
Deposits with credit institutions with no agreed period of notice [1)]	*4 600*	*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 fourth 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 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 when legal agreements regarding offsetting exist. See note 15 Offsetting for information based on the new requirements in IFRS 7.

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

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

Amendments to IAS 19 – Employee Benefits
Comparable figures in the report for the fourth quarter of 2013 have been restated based on the amendments to IAS 19 which entered into force on 1 January 2013. The 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.

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

At year-end 2012, actuarial gains and losses totalling NOK 380 and 404 million after tax for the bank and the DNB Bank Group, respectively, were recognised in the accounts. The amount reduced the banking group’s equity on 1 January 2013. The new rules would have reduced pension expenses for 2012 by NOK 145 and 153 million before tax and NOK 105 and 110 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 carrying amounts of assets, liabilities, income and expenses. A more detailed description of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2012.

Note 3 Changes in group structure

SalusAnsvar AB

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

Godfjellet AS/Nye Notabene AS

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

The bank’s strategy is to sell these operations as soon as possible within a 12-month period from the takeover date. The operations were classified as held for sale in the group accounts as at 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.

Svensk Fastighetsförmedling AB

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

Note 4 Segments

Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the banking group’s resources. Special product areas are responsible for production and development for parts of the product range and for ensuring that the banking group meets 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 units.

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, fourth quarter

DNB Bank Group

Amounts in NOK million	Personal customers 4th quarter 2013	Personal customers 4th quarter 2012	Small and medium-sized enterprises 4th quarter 2013	Small and medium-sized enterprises 4th quarter 2012	Large corporates and international customers 4th quarter 2013	Large corporates and international customers 4th quarter 2012	Trading 4th quarter 2013	Trading 4th quarter 2012	Other operations/ eliminations [1] 4th quarter 2013	Other operations/ eliminations [1] 4th quarter 2012	DNB Bank Group 4th quarter 2013	DNB Bank Group 4th quarter 2012
Net interest income - ordinary operations	3 339	2 705	1 493	1 424	2 763	2 644	89	79	285	329	7 969	7 181
Interest on allocated capital [2]	70	77	86	97	223	237	33	40	(412)	(451)	0	0
Net interest income	3 409	2 782	1 579	1 521	2 986	2 881	122	119	(127)	(121)	7 969	7 181
Net other operating income	846	882	254	240	1 254	1 194	566	662	528	432	3 448	3 410
Total income	4 255	3 664	1 833	1 761	4 240	4 075	688	781	401	311	11 417	10 592
Operating expenses	1 936	1 871	911	839	1 525	1 536	84	159	802	587	5 258	4 992
Pre-tax operating profit before impairment	2 319	1 793	922	922	2 715	2 539	604	621	(401)	(277)	6 159	5 599
Net gains on fixed and intangible assets	154	0	0	1	(9)	(6)	0	(3)	8	(56)	153	(65)
Impairment of loans and guarantees [3]	114	108	160	259	(222)	805	0	0	(16)	18	36	1 190
Profit from repossessed operations	13	0	(9)	(35)	(99)	(2)	0	0	95	38	0	0
Pre-tax operating profit	2 373	1 685	753	628	2 828	1 725	604	618	(282)	(313)	6 277	4 345
Taxes	664	472	211	176	849	504	175	179	(687)	(237)	1 212	1 094
Profit from operations held for sale after taxes	0	4	0	0	0	0	0	0	9	0	9	4
Profit for the period	1 708	1 218	542	453	1 980	1 222	429	439	414	(76)	5 073	3 255

1) Other operations/eliminations:

Amounts in NOK million	*Eliminations 4th quarter 2013*	*Eliminations 4th quarter 2012*	*Group units *) 4th quarter 2013*	*Group units *) 4th quarter 2012*	*Total 4th quarter 2013*	*Total 4th quarter 2012*
Net interest income - ordinary operations	*(0)*	*(0)*	*285*	*329*	*285*	*329*
Interest on allocated capital [2]	*0*	*0*	*(412)*	*(451)*	*(412)*	*(451)*
Net interest income	*(0)*	*(0)*	*(127)*	*(121)*	*(127)*	*(121)*
Net other operating income	*(98)*	*(175)*	*626*	*607*	*528*	*432*
Total income	*(98)*	*(175)*	*499*	*485*	*401*	*311*
Operating expenses	*(98)*	*(175)*	*899*	*762*	*802*	*587*
Pre-tax operating profit before impairment	*0*	*0*	*(401)*	*(277)*	*(401)*	*(277)*
Net gains on fixed and intangible assets	*0*	*0*	*8*	*(56)*	*8*	*(56)*
Impairment of loans and guarantees [3]	*0*	*0*	*(16)*	*18*	*(16)*	*18*
Profit from repossessed operations	*0*	*0*	*95*	*38*	*95*	*38*
Pre-tax operating profit	*0*	*0*	*(282)*	*(313)*	*(282)*	*(313)*

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 units 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 units 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 units.

**) Group units - pre-tax operating profit in NOK million*	*4th quarter 2013*	*4th quarter 2012*
+ Interest on unallocated equity etc.	*98*	*108*
+ Income from equities investments	*767*	*224*
+ Gains on fixed and intangible assets	*9*	*(56)*
+ Mark-to-market adjustments Treasury and fair value of loans	*62*	*(560)*
+ Basis swaps	*(819)*	*235*
+ Eksportfinans ASA	*103*	*140*
+ Net gains on investment property	*(92)*	*4*
+ Profit from repossessed operations	*95*	*38*
- Unallocated impairment of loans and guarantees	*(16)*	*17*
- Unallocated personnel expenses	*5*	*181*
- Unallocated IT expenses	*(23)*	*137*
- Funding costs on goodwill	*9*	*10*
- Impairment losses for goodwill and systems development	*500*	*(0)*
- Impairment of leases	*6*	*83*
- Operating expenses in main buildings	*108*	*95*
- Reversal of provisions	*(157)*	*0*
- Impairment of investment property and fixed assets	*125*	*31*
Other	*53*	*108*
Pre-tax operating profit	*(282)*	*(313)*

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

3) See note 16 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	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK billion	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Loans to customers [1]	655.4	636.8	209.1	204.4	471.5	464.6	3.0	2.9	11.2	10.9	1 350.2	1 319.6
Deposits from customers [1]	345.2	327.9	149.4	146.8	362.5	326.9	86.3	42.7	6.2	4.2	949.6	848.5
Allocated capital [2]	16.5	15.8	20.4	19.5	54.7	52.3	7.8	7.9				

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	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Per cent	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Cost/income ratio [3]	45.5	51.1	49.7	47.6	34.6	37.7	12.3	20.4			41.2	46.3
Ratio of deposits to loans [1) 4)]	52.7	51.5	71.4	71.8	76.9	70.4					70.3	64.3
Return on allocated capital, annualised [2]	41.0	30.6	10.5	9.2	14.4	9.3	21.8	22.2				

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. Total expenses exclude impairment losses for goodwill and other intangible assets.*
4) *Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

Income statement, full year

DNB Bank Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/ eliminations [1]		DNB Bank Group	
	Full year		Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income - ordinary operations	12 311	9 847	5 819	5 495	10 531	10 323	415	552	1 304	1 339	30 379	27 557
Interest on allocated capital [1]	292	360	358	401	932	1 092	145	155	(1 728)	(2 007)	0	0
Net interest income	12 604	10 206	6 177	5 896	11 463	11 415	559	708	(424)	(668)	30 379	27 557
Net other operating income	3 763	3 742	1 056	942	4 607	4 589	2 029	3 777	1 701	(1 202)	13 156	11 847
Total income	16 367	13 948	7 233	6 838	16 071	16 004	2 588	4 484	1 277	(1 870)	43 535	39 404
Operating expenses	8 190	7 640	3 473	3 280	5 526	5 543	645	776	2 935	1 972	20 769	19 211
Pre-tax operating profit before impairment	8 177	6 308	3 759	3 557	10 544	10 461	1 943	3 708	(1 658)	(3 842)	22 766	20 194
Net gains on fixed and intangible assets	154	(1)	(0)	1	(13)	(3)	0	(3)	8	4	150	(1)
Impairment of loans and guarantees [2]	374	447	586	554	1 225	2 071	0	0	0	108	2 185	3 179
Profit from repossessed operations	0	0	(11)	(48)	(143)	(148)	0	0	155	196	0	0
Pre-tax operating profit	7 957	5 861	3 161	2 957	9 163	8 239	1 943	3 705	(1 495)	(3 749)	20 730	17 013
Taxes	2 228	1 641	885	828	2 749	2 406	564	1 075	(1 383)	(1 434)	5 042	4 516
Profit from operations held for sale after taxes	3	4	0	0	0	0	0	0	1	92	4	96
Profit for the period	5 732	4 224	2 276	2 129	6 414	5 833	1 380	2 631	(110)	(2 223)	15 692	12 593

1) *Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the banking group.*
2) *See note 16 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	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Interest on amounts due from credit institutions	923	590	3 727	4 570
Interest on loans to customers	7 226	8 721	29 373	31 578
Interest on impaired loans and guarantees	128	151	607	580
Interest on commercial paper and bonds	1 785	1 660	7 068	7 298
Front-end fees etc.	78	70	297	287
Other interest income	490	839	1 831	4 249
Total interest income	**10 630**	**12 032**	**42 903**	**48 562**
Interest on amounts due to credit institutions	574	693	2 431	3 320
Interest on deposits from customers	3 550	4 056	14 400	15 444
Interest on debt securities issued	854	1 008	3 577	5 007
Interest on subordinated loan capital	141	144	452	676
Guarantee fund levy	161	0	655	0
Other interest expenses [2]	55	244	9	1 945
Total interest expenses	**5 335**	**6 146**	**21 525**	**26 391**
Net interest income	**5 295**	**5 887**	**21 378**	**22 170**

				DNB Bank Group
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Interest on amounts due from credit institutions	346	177	1 297	1 196
Interest on loans to customers	13 324	12 999	52 380	53 263
Interest on impaired loans and guarantees	161	164	682	625
Interest on commercial paper and bonds	1 343	1 147	5 266	4 944
Front-end fees etc.	85	83	329	337
Other interest income	216	538	759	3 195
Total interest income	**15 476**	**15 107**	**60 713**	**63 560**
Interest on amounts due to credit institutions	545	673	2 374	3 264
Interest on deposits from customers	3 616	3 894	14 756	15 992
Interest on debt securities issued	3 125	2 968	12 130	13 135
Interest on subordinated loan capital	141	143	452	676
Guarantee fund levy	188	23	754	90
Other interest expenses [2]	(108)	224	(132)	2 846
Total interest expenses	**7 507**	**7 926**	**30 334**	**36 003**
Net interest income	**7 969**	**7 181**	**30 379**	**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

DNB Bank ASA [1)]

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Money transfer fees	787	786	3 131	3 015
Fees on asset management services	63	51	221	201
Fees on custodial services	81	78	317	320
Fees on securities broking	70	36	219	169
Corporate finance	86	123	243	355
Interbank fees	9	11	37	41
Credit broking commissions	99	143	459	439
Sales commissions on insurance products	88	75	318	276
Sundry commissions and fees on banking services	134	143	602	577
Total commission and fee income etc.	**1 417**	**1 446**	**5 547**	**5 393**
Money transfer fees	328	298	1 191	1 113
Commissions on fund management services	0	0	0	0
Fees on custodial services	34	27	134	132
Interbank fees	18	20	70	75
Credit broking commissions	28	28	106	121
Commissions on the sale of insurance products	0	0	0	0
Sundry commissions and fees on banking services	125	122	515	561
Total commission and fee expenses etc.	**532**	**495**	**2 016**	**2 003**
Net commission and fee income	**886**	**950**	**3 531**	**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.*

DNB Bank Group

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Money transfer fees	847	804	3 335	3 190
Fees on asset management services	73	57	255	228
Fees on custodial services	85	80	327	326
Fees on securities broking	87	46	262	185
Corporate finance	158	192	497	585
Interbank fees	9	10	37	43
Credit broking commissions	97	143	473	445
Sales commissions on insurance products	95	79	342	409
Sundry commissions and fees on banking services	223	202	923	891
Total commission and fee income etc.	**1 674**	**1 613**	**6 451**	**6 302**
Money transfer fees	337	303	1 225	1 142
Commissions on fund management services	0	0	0	1
Fees on custodial services	34	27	134	132
Interbank fees	19	20	73	78
Credit broking commissions	30	21	102	91
Commissions on the sale of insurance products	1	1	0	17
Sundry commissions and fees on banking services	145	136	581	621
Total commission and fee expenses etc.	**565**	**507**	**2 115**	**2 083**
Net commission and fee income	**1 109**	**1 106**	**4 336**	**4 219**

Note 7 Net gains on financial instruments at fair value

				DNB Bank ASA
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Dividends	90	55	408	385
Net gains on commercial paper and bonds [1]	(17)	976	(721)	4 529
Net gains on shareholdings and equity-related derivatives	724	202	749	110
Net unrealised gains on basis swaps	(396)	(328)	(489)	(934)
Net gains on other financial instruments	1 243	581	5 636	3 323
Net gains on financial instruments at fair value	**1 643**	**1 487**	**5 582**	**7 413**

				DNB Bank Group
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Dividends	89	54	405	392
Net gains on commercial paper and bonds	14	795	(837)	3 044
Net gains on shareholdings and equity-related derivatives	728	195	744	123
Net unrealised gains on basis swaps	(819)	235	(1 364)	(1 687)
Net gains on other financial instruments	1 336	69	6 060	2 027
Net gains on financial instruments at fair value	**1 348**	**1 348**	**5 009**	**3 899**

1) *Unrealised losses on DNB Bank ASA's investments in covered bonds issued by DNB Boligkreditt were NOK 23 million in the fourth quarter of 2013. Investments in such bonds totalled NOK 58 billion at 31 December 2013, of which NOK 37 billion have been used in the exchange scheme with the Norwegian government. See note 24 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 and 2013, the required rate of return in the market was reduced, and Eksportfinans had sizeable unrealised losses on own debt. The impairment loss recorded by DNB in the fourth quarter of 2011 was reversed by an amount corresponding to these unrealised losses. Reversals totaling NOK 2.2 billion were made in 2013. The remaining impairment loss was NOK 2.1 billion at year-end 2013. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

Note 9 Other income

				DNB Bank ASA [1]
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Income from owned/leased premises	39	30	114	111
Group contributions and dividends from group companies	999	468	1 033	468
Miscellaneous operating income [2]	2 146	1 355	7 280	4 083
Total other income	**3 183**	**1 853**	**8 427**	**4 662**

				DNB Bank Group
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Income from owned/leased premises	30	20	76	80
Income from investment properties	54	66	239	273
Fees on real estate broking	247	288	1 144	1 134
Sales income	32	32	107	100
Miscellaneous operating income	589	389	1 969	1 693
Total other income	**952**	**795**	**3 534**	**3 281**

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 fees paid by DNB Boligkreditt AS. See Note 24 Information on related parties for more information.*

Note 10 Operating expenses

DNB Bank ASA

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Salaries	1 466	1 469	5 933	5 811
Employer's national insurance contributions	191	189	795	784
Pension expenses [1)]	171	304	620	992
Restructuring expenses [1)]	36	15	710	34
Other personnel expenses	206	159	683	608
Total salaries and other personnel expenses	**2 069**	**2 135**	**8 742**	**8 229**
Fees [2)]	221	328	1 008	1 113
IT expenses [2)]	507	434	2 109	1 681
Postage and telecommunications	59	68	236	275
Office supplies	11	15	39	51
Marketing and public relations	152	146	523	558
Travel expenses	61	64	171	192
Reimbursement to Norway Post for transactions executed	42	34	143	138
Training expenses	10	15	37	49
Operating expenses on properties and premises	337	352	1 273	1 235
Operating expenses on machinery, vehicles and office equipment	28	23	91	96
Other operating expenses [3)]	(107)	148	722	565
Total other expenses	**1 321**	**1 627**	**6 353**	**5 953**
Depreciation and impairment of fixed and intangible assets [4)]	2 301	612	3 698	1 876
Total depreciation and impairment of fixed and intangible assets	**2 301**	**612**	**3 698**	**1 876**
Total operating expenses [5)]	**5 691**	**4 373**	**18 792**	**16 058**

DNB Bank Group

Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Salaries	1 771	1 711	7 176	7 069
Employer's national insurance contributions	247	237	1 014	1 003
Pension expenses [1)]	180	315	683	1 064
Restructuring expenses [1)]	42	36	726	75
Other personnel expenses	224	166	746	667
Total salaries and other personnel expenses	**2 465**	**2 466**	**10 345**	**9 878**
Fees [2)]	247	348	1 114	1 216
IT expenses [2)]	589	437	2 383	1 843
Postage and telecommunications	65	73	276	321
Office supplies	15	33	85	94
Marketing and public relations	211	205	838	892
Travel expenses	75	72	212	228
Reimbursement to Norway Post for transactions executed	42	34	143	138
Training expenses	15	19	46	59
Operating expenses on properties and premises	406	407	1 517	1 492
Operating expenses on machinery, vehicles and office equipment	39	35	129	140
Other operating expenses [3)]	32	271	1 082	920
Total other expenses	**1 736**	**1 934**	**7 826**	**7 343**
Impairment losses for goodwill [6)]	57	0	57	85
Depreciation and impairment of fixed and intangible assets [7)]	1 000	592	2 540	1 905
Total depreciation and impairment of fixed and intangible assets	**1 058**	**592**	**2 598**	**1 990**
Total operating expenses	**5 258**	**4 992**	**20 769**	**19 211**

1) *In consequence of the restructuring process in DNB, provisions for restructuring costs were made in the second, third and the fourth quarter of 2013. In addition, a reduction in pension commitments for employees who were granted severance packages was estimated, resulting in lower pension expenses.*
2) *Fees also include system development fees and must be viewed relative to IT expenses.*
3) *Provisions of NOK 157 million were reversed in the fourth quarter of 2013. During the first quarter of 2013, NOK 450 million was charged to the income statement in connection with the Supreme Court ruling regarding certain debt-financed structured products.*
4) *Impairment totalled NOK 1 843 million in the fourth quarter of 2013, referring to the operations in Denmark, Latvia and Russia.*
5) *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.*
6) *Impairment losses for goodwill of NOK 57 million relating to JSC DNB Bank were recorded in the fourth quarter of 2013. Impairment losses for goodwill of NOK 47 million relating to SalusAnsvar and NOK 38 million to Pres-Vac were recorded in the third quarter of 2012.*
7) *Impairment of activated systems development in the Baltics totalling NOK 500 million was recorded in the fourth quarter of 2013.*

Note 11 Number of employees/full-time positions

	DNB Bank ASA			
	4th quarter 2013 1)	4th quarter 2012	Full year 2013 1)	Full year 2012
Number of employees at end of period	8 123	8 338	8 123	8 338
- of which number of employees abroad	771	751	771	751
Number of employees calculated on a full-time basis at end of period	7 769	8 037	7 769	8 037
- of which number of employees calculated on a full-time basis abroad	745	739	745	739
Average number of employees	8 197	8 315	8 267	8 226
Average number of employees calculated on a full-time basis	7 839	8 012	7 914	7 933

	DNB Bank Group			
	4th quarter 2013 1) 2)	4th quarter 2012 3)	Full year 2013 1) 2)	Full year 2012 3)
Number of employees at end of period	11 601	12 655	11 601	12 655
- of which number of employees abroad	3 459	4 293	3 459	4 293
Number of employees calculated on a full-time basis at end of period	11 186	12 274	11 186	12 274
- of which number of employees calculated on a full-time basis abroad	3 408	4 240	3 408	4 240
Average number of employees	11 792	12 752	12 134	12 909
Average number of employees calculated on a full-time basis	11 371	12 357	11 711	12 501

1) *In September 2013, 122 full-time positions were transferred from DNB Livsforsikring to DNB Bank ASA.*
2) *The number of employees in Poland was reduced by 460 in 2013. The transfer of a portfolio of personal customers and small and medium-sized enterprises as well as 38 branch offices to a Polish bank gave a reduction of 250 employees, while the remaining staff cuts result from the Group's restructuring process.*
3) *The 2012 figures include SalusAnsvar AB, which was sold at the end of January 2013, and Svensk Fastighetsförmedling AB, which was sold in December 2013. At year-end 2012, these companies had a total of 182 employees representing 170 full-time positions.*

Note 12 Taxes

DNB Bank ASA		Balancing tax charges against pre-tax operating profit	DNB Bank Group	
Full year 2012	Full year 2013	*Amounts in NOK million*	Full year 2013	Full year 2012
18 380	18 399	Pre-tax operating profit	20 730	17 013
5 146	5 152	Estimated tax expense - nominal tax rate (28 per cent)	5 804	4 764
2	6	Tax effect of different tax rates in other countries	95	(14)
(37)	(155)	Tax effect of debt interest distribution with international branches	(155)	(37)
270	(1 102)	Tax effect of tax-exempt income and non-deductible expenses	(697)	180
0	0	Tax effect of tax losses carried forward not recognised in the balance sheet 1)	23	47
0	134	Tax effect of changed tax rate from 28 to 27 per cent for deferred taxes recognised in the b	120	0
(424)	(108)	Excess tax provision previous year 2)	(148)	(424)
4 958	**3 927**	**Total taxes**	**5 042**	**4 516**
27%	21%	Effective tax rate	24%	27%

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

Note 13 Fair value of financial instruments at amortised cost

DNB Bank ASA

Amounts in NOK million	31 December 2013 Carrying amount	31 December 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Cash and deposits with central banks	89 009	89 009	72 809	72 809
Due from credit institutions	123 971	123 971	138 154	138 154
Loans to customers	625 885	625 608	653 125	655 008
Commercial paper and bonds, held to maturity	63 318	63 152	71 288	70 432
Total financial assets	902 183	901 740	935 376	936 403
Due to credit institutions	23 466	23 466	35 789	35 789
Deposits from customers	790 697	790 697	728 337	728 337
Securities issued	153 525	156 507	150 733	153 961
Subordinated loan capital	25 025	25 198	19 622	19 143
Total financial liabilities	992 713	995 868	934 481	937 230

DNB Bank Group

Amounts in NOK million	31 December 2013 Carrying amount	31 December 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Cash and deposits with central banks	93 008	93 008	75 544	75 544
Due from credit institutions	10 325	10 325	8 558	8 558
Loans to customers	1 218 652	1 218 032	1 169 997	1 170 557
Commercial paper and bonds, held to maturity	63 318	63 152	71 288	70 432
Total financial assets	1 385 303	1 384 518	1 325 387	1 325 091
Due to credit institutions	24 386	24 386	25 461	25 461
Deposits from customers	832 817	832 817	761 037	761 037
Securities issued	460 850	467 367	399 612	403 797
Subordinated loan capital	25 025	25 198	19 622	19 143
Total financial liabilities	1 343 078	1 349 768	1 205 732	1 209 438

Note 14 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 31 December 2013					
Deposits with central banks	0	74 162	0	1	74 163
Due from credit institutions	0	275 411	0	99	275 510
Loans to customers	0	3 604	50 423	202	54 229
Commercial paper and bonds at fair value	52 524	193 478	306	1 899	248 207
Shareholdings	8 976	88	4 007		13 071
Financial derivatives	41	141 675	1 442		143 158
Liabilities as at 31 December 2013					
Due to credit institutions	0	256 955	0	410	257 365
Deposits from customers	0	58 304	0	135	58 439
Debt securities issued	0	199 158	0	216	199 374
Subordinated loan capital	0	1 250	0	2	1 252
Financial derivatives	28	155 703	1 248		156 979
Other financial liabilities	0	83	0	0	83

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 31 December 2013					
Deposits with central banks	0	74 162	0	1	74 163
Due from credit institutions	0	166 453	0	18	166 471
Loans to customers	0	3 604	128 022	378	132 004
Commercial paper and bonds at fair value	56 792	132 189	311	1 939	191 232
Shareholdings	9 184	92	4 235		13 511
Financial derivatives	41	129 293	1 442		130 775
Liabilities as at 31 December 2013					
Due to credit institutions	0	209 434	0	398	209 832
Deposits from customers	0	58 304	0	135	58 439
Debt securities issued	0	254 526	0	815	255 341
Subordinated loan capital	0	1 250	0	2	1 252
Financial derivatives	28	109 966	1 248		111 242
Other financial liabilities	0	83	0	0	83

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
Carrying amount as at 31 December 2012	**58 058**	**589**	**3 144**	**877**	**607**
Net gains on financial instruments	(142)	(3)	733	89	107
Additions/purchases	548	646	131	1 053	914
Sales	2 412	1 432	2	0	0
Settled	5 629	4	0	579	386
Transferred from level 1 or level 2	0	1 332	0	0	0
Transferred to level 1 or level 2	0	856	0	0	0
Other [2]	0	34	2	2	6
Carrying amount as at 31 December 2013	**50 423**	**306**	**4 007**	**1 442**	**1 248**

Note 14 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
Carrying amount as at 31 December 2012	**136 124**	**593**	**3 374**	**877**	**607**
Net gains on financial instruments	(30)	(3)	732	89	107
Additions/purchases	2 452	646	131	1 053	914
Sales	685	1 432	2	0	0
Settled	9 839	4	0	579	386
Transferred from level 1 or level 2	0	1 332	0	0	0
Transferred to level 1 or level 2	0	856	0	0	0
Other 2)	0	34	2	2	6
Carrying amount as at 31 December 2013	**128 022**	**311**	**4 235**	**1 442**	**1 248**

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 31 Dec. 2013	DNB Bank ASA: Commercial paper and bonds 31 Dec. 2013	DNB Bank ASA: Share-holdings 31 Dec. 2013		DNB Bank Group: Share-holdings 31 Dec. 2013	DNB Bank Group: Commercial paper and bonds 31 Dec. 2013	DNB Bank Group: Loans to customers 31 Dec. 2013
50 384	306	2 867	Principal amount / purchase price	3 011	311	126 741
39	0	1 139	Fair value adjustment	1 223	0	1 281
50 423	306	4 007	Total fair value, excluding accrued interest	4 235	311	128 022

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
3 527	457	23	4 007	Carrying amount as at 31 December 2013	4 235	23	457	3 755

Sensitivity analysis, level 3

DNB Bank ASA: Effect of reasonably possible alternative assumptions	DNB Bank ASA: Carrying amount 31 Dec. 2013	*Amounts in NOK million*	DNB Bank Group: Carrying amount 31 Dec. 2013	DNB Bank Group: Effect of reasonably possible alternative assumptions
(30)	50 423	Loans to customers	128 022	(236)
(1)	306	Commercial paper and bonds	311	(1)
0	4 007	Shareholdings	4 235	0
0	194	Financial derivatives, net	194	0

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

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

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

Note 15 Offsetting

DNB Bank ASA

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position	Carrying amount	Netting agreements	Other collateral [1]	Amounts after possible netting
Assets as at 31 December 2013						
Due from credit institutions [2]	161 399		161 399		161 399	0
Loans to customers [2]	3 601		3 601		3 601	0
Stimulus package - swap scheme with Norges Bank [3]	35 755		35 755		35 755	0
Financial derivatives [4] [5]	121 135		121 135	46 982	15 278	58 876
Liabilities as at 31 December 2013						
Due to credit institutions [6]	14 058		14 058		14 058	0
Deposits from customers [6]	0		0		0	0
Funding from Norges Bank [3]	35 755		35 755		35 755	0
Financial derivatives [4] [7]	136 517		136 517	46 982	22 081	67 454
Other financial liabilities [8]	314		314		314	0

DNB Bank Group

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position	Carrying amount	Netting agreements	Other collateral [1]	Amounts after possible netting
Assets as at 31 December 2013						
Due from credit institutions [2]	161 491		161 491		161 491	0
Loans to customers [2]	3 602		3 602		3 602	0
Stimulus package - swap scheme with Norges Bank [3]	35 755		35 755		35 755	0
Financial derivatives [4] [5]	108 753		108 753	47 000	15 278	46 475
Liabilities as at 31 December 2013						
Due to credit institutions [6]	14 058		14 058		14 058	0
Deposits from customers [6]	0		0		0	0
Funding from Norges Bank [3]	35 755		35 755		35 755	0
Financial derivatives [4] [7]	90 777		90 777	47 000	22 081	21 696
Other financial liabilities [8]	314		314		314	0

1) *Includes both securities received/transferred from/to counterparties and securities received/placed as collateral in depositories in Clearstream or Euroclear.*
2) *Includes reverse repurchase agreements, securities borrowing and loans collateralised by securities.*
3) *See note 24 Information on related parties for information regarding the swap scheme with Norges Bank.*
4) *In connection with the implementation of the revised IFRS 7 Financial Instruments - Disclosures in 2013, the company reviewed offsetting and collateral. Based on the review, certain reclassifications were made in the balance sheet. Comparable figures for 2012 have been adjusted accordingly.*
5) *Recorded derivatives include collateral pledged. In the above table, the collateral has been excluded, and the stated amount thus corresponds to the derivative's market value.*
6) *Includes repurchase agreements, securities lending and deposits collateralised by securities.*
7) *Recorded derivatives include collateral received. In the above table, the collateral has have been excluded, and the stated amount thus corresponds to the derivative's market value.*
8) *Includes securities lending collateralised by cash.*

The table includes items which are generally carried by Markets and DNB Livsforsikring and for which agreements on netting and the exchange of collateral have been concluded.

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 Markets. CSA agreements (Credit Support Annex) have been entered into with most of the major banks. This implies that the market value of all derivatives entered into between DNB and the counterparty is settled either daily or weekly. Master netting agreements give access to setting off other outstanding accounts with customers if certain conditions occur. The amounts are not set off in the balance sheet as the transactions are generally not settled on a net basis.

Note 16 Impairment of loans and guarantees

DNB Bank ASA				
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Write-offs	283	224	825	586
New individual impairment	638	807	2 425	2 909
Total new individual impairment	921	1 031	3 250	3 494
Reassessed individual impairment	53	54	511	364
Recoveries on loans and guarantees previously written off	111	99	434	383
Net individual impairment	758	878	2 305	2 747
Change in collective impairment of loans	(390)	277	(380)	448
Impairment of loans and guarantees [1) 2)]	**368**	**1 156**	**1 925**	**3 195**
Write-offs covered by individual impairment made in previous years	664	726	1 128	2 000
1) Of which individual impairment of guarantees	*10*	*1*	*115*	*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				
Amounts in NOK million	4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
Write-offs	205	231	966	659
New individual impairment	601	983	3 071	3 486
Total new individual impairment	805	1 214	4 037	4 144
Reassessed individual impairment	454	158	1 263	818
Recoveries on loans and guarantees previously written off	116	108	457	412
Net individual impairment	236	949	2 318	2 915
Change in collective impairment of loans	(200)	241	(133)	265
Impairment of loans and guarantees [1)]	**36**	**1 190**	**2 185**	**3 179**
Write-offs covered by individual impairment made in previous years	854	976	1 837	2 879
1) Of which individual impairment of guarantees	*8*	*0*	*119*	*63*

Note 17 Loans to customers

DNB Bank ASA			DNB Bank Group	
31 Dec. 2012	31 Dec. 2013	*Amounts in NOK million*	31 Dec. 2013	31 Dec. 2012
		Loans at amortised cost:		
660 384	632 541	Loans to customers, nominal amount	1 228 610	1 179 902
5 835	6 048	Individual impairment	9 695	9 308
654 549	626 493	Loans to customers, after individual impairment	1 218 915	1 170 593
990	1 451	+ Accrued interest and amortisation	2 762	2 433
546	496	- Individual impairment of accrued interest amortisation	710	708
1 867	1 563	- Collective impairment	2 315	2 321
653 125	625 885	Loans to customers, at amortised cost	1 218 652	1 169 997
		Loans at fair value:		
60 095	53 987	Loans to customers, nominal amount	130 344	137 032
341	202	+ Accrued interest	378	523
182	39	+ Adjustment to fair value	1 281	1 311
60 618	54 229	Loans to customers, at fair value	132 004	138 866
713 743	**680 114**	**Loans to customers**	**1 350 656**	**1 308 864**

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

DNB Bank ASA [2)] 31 Dec. 2012	DNB Bank ASA 31 Dec. 2013	Amounts in NOK million	DNB Bank Group 31 Dec. 2013	DNB Bank Group 31 Dec. 2012
1 391	1 315	Private individuals	3 482	3 545
5 234	3 609	Transportation by sea and pipelines and vessel construction	4 953	5 246
3 080	2 616	Real estate	3 708	3 685
1 428	1 881	Manufacturing	2 182	1 811
354	419	Services	506	573
130	213	Trade	387	370
40	137	Oil and gas	137	40
358	726	Transportation and communication	767	584
742	695	Building and construction	975	1 030
91	26	Power and water supply	68	105
66	58	Seafood	58	67
65	42	Hotels and restaurants	228	205
143	76	Agriculture and forestry	103	235
0	0	Central and local government	0	0
13	1	Other sectors	11	15
13 136	11 814	Total customers	17 565	17 512
0	5	Credit institutions [3)]	5	0
13 136	11 819	Total net impaired loans and guarantees	17 570	17 512
1 494	2 356	Non-performing loans and guarantees not subject to impairment	3 179	2 228
14 630	14 175	Total net non-performing and doubtful loans and guarantees	20 749	19 740

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

Note 19 Commercial paper and bonds, held to maturity

DNB Bank ASA 31 Dec. 2012	DNB Bank ASA 31 Dec. 2013	Amounts in NOK million	DNB Bank Group 31 Dec. 2013	DNB Bank Group 31 Dec. 2012
70 831	63 087	International bond portfolio	63 087	70 831
457	231	Other units	231	457
71 288	**63 318**	**Commercial paper and bonds, held to maturity**	**63 318**	**71 288**

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-Desember 2013, the portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the portfolio in the fourth quarter of 2013, there would have been a NOK 118 million decrease in profits.

Note 19 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 31 December 2013 was NOK 0.5 billion higher than if the previous valuation principle had been retained. On the reclassification date, the carrying amount of the portfolio was NOK 88.0 billion, compared with NOK 20.3 billion at end-December 2013. The average term to maturity of the portfolio was 5.4 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 11 million at end-December 2013.

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

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

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

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

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

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

International bond portfolio

After the reclassification date, DNB has chosen to increase investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds these investments are carried at fair value. As at 31 December 2013 the international bond portfolio represented NOK 147.8 billion. 78 per cent of the securities in the portfolio had an AAA rating, while 16.7 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of the international bond portfolio is shown below.

DNB Bank Group

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

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

Note 20 Intangible assets

DNB Bank ASA [1)] 31 Dec. 2012	31 Dec. 2013	*Amounts in NOK million*	DNB Bank Group 31 Dec. 2013	31 Dec. 2012
2 907	2 956	Goodwill [2)]	3 041	3 036
808	709	IT systems development [3)]	1 166	1 528
285	246	Other intangible assets	256	262
3 999	**3 911**	**Total intangible assets**	**4 464**	**4 826**

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

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

Note 21 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	31 Dec. 2013	31 Dec. 2012
Commercial paper issued, nominal amount	183 601	244 088
Bond debt, nominal amount	161 528	160 656
Adjustments	7 770	10 254
Total debt securities issued	**352 899**	**414 998**

Changes in debt securities issued — **DNB Bank ASA**

Amounts in NOK million	Balance sheet 31 Dec. 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Other adjustments 2013	Balance sheet 31 Dec. 2012
Commercial paper issued, nominal amount	183 601	903 085	963 695	122		244 088
Bond debt, nominal amount	161 528	8 182	20 406	13 097		160 656
Adjustments	7 770				(2 484)	10 254
Total debt securities issued	**352 899**	**911 267**	**984 101**	**13 219**	**(2 484)**	**414 998**

Changes in subordinated loan capital and perpetual subordinated loan capital securities — **DNB Bank ASA**

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

Note 21 Debt securities issued and subordinated loan capital (continued)

Debt securities issued

Amounts in NOK million	DNB Bank Group 31 Dec. 2013	31 Dec. 2012
Commercial paper issued, nominal amount	183 619	244 092
Bond debt, nominal amount [2)]	508 618	438 107
Adjustments	23 954	31 074
Total debt securities issued	**716 192**	**713 273**

Changes in debt securities issued

DNB Bank Group

Amounts in NOK million	Balance sheet 31 Dec. 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Other adjustments 2013	Balance sheet 31 Dec. 2012
Commercial paper issued, nominal amount	183 619	903 121	963 716	123		244 092
Bond debt, nominal amount [2)]	508 618	92 708	67 377	45 181		438 107
Adjustments	23 954				(7 120)	31 074
Total debt securities issued	**716 192**	**995 828**	**1 031 093**	**45 304**	**(7 120)**	**713 273**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DNB Bank Group

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

1) 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 totalled NOK 404.3 billion as at 31 December 2013. The cover pool market value represented NOK 527.6 billion.

Note 22 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	31 Dec. 2013	*Amounts in NOK million*	31 Dec. 2013	31 Dec. 2012
18 314	18 314	Share capital	18 314	18 314
87 160	96 276	Other equity	108 093	98 280
105 474	114 591	Total equity	126 407	116 594
		Deductions		
(8)	0	Pension funds above pension commitments	(4)	(19)
(2 907)	(2 956)	Goodwill	(3 654)	(3 543)
(565)	(4 145)	Deferred tax assets	(1 093)	(1 055)
(1 092)	(955)	Other intangible assets	(1 425)	(1 822)
0	0	Group contribution, payable	(5 000)	(6 000)
0	0	Unrealised gains on fixed assets	(30)	(30)
(392)	(2)	50 per cent of investments in other financial institutions	(2)	(538)
(415)	(610)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(712)	(626)
181	240	Adjustments for unrealised losses/(gains) on liabilites recorded at fair value	281	84
100 276	106 162	Common Equity Tier 1 capital	114 770	103 047
3 162	3 515	Perpetual subordinated loan capital securities [1)]	3 515	3 162
103 439	109 677	Tier 1 capital	118 285	106 209
3 804	4 011	Perpetual subordinated loan capital	4 011	3 804
12 848	17 822	Term subordinated loan capital [2)]	17 850	13 081
		Deductions		
(392)	(2)	50 per cent of investments in other financial institutions	(2)	(538)
(415)	(610)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(712)	(626)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
15 846	21 221	Tier 2 capital	21 165	15 740
119 285	130 898	Total eligible primary capital [3)]	139 450	121 949
874 840	933 433	Risk-weighted volume, transitional rules	1 004 716	984 137
69 987	74 675	Minimum capital requirement	80 377	78 731
11.5	11.4	Common Equity Tier 1 capital ratio, transitional rules (%)	11.4	10.5
11.8	11.7	Tier 1 capital ratio, transitional rules (%)	11.8	10.8
13.6	14.0	Capital ratio, transitional rules (%)	13.9	12.4

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

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

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

Note 22 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 31 Dec. 2013	EAD [1] 31 Dec. 2013	Average risk weights in per cent 31 Dec. 2013	Risk-weighted volume 31 Dec. 2013	Capital requirements 31 Dec. 2013	Capital requirements 31 Dec. 2012
IRB approach						
Corporate	797 887	639 902	51.9	332 006	26 560	29 000
Specialised Lending (SL)	3 865	3 832	50.0	1 915	153	192
Retail - mortgage loans	80 845	80 845	18.1	14 608	1 169	1 336
Retail - other exposures	106 641	87 694	28.3	24 800	1 984	1 839
Securitisation	63 087	63 087	47.2	29 749	2 380	1 893
Total credit risk, IRB approach	1 052 324	875 359	46.0	403 078	32 246	34 260
Standardised approach						
Central government	130 852	141 409	0.0	7	1	7
Institutions	960 693	806 753	20.2	162 907	13 033	5 222
Corporate	207 362	168 948	96.6	163 184	13 055	15 793
Retail - mortgage loans	10 641	9 704	60.5	5 867	469	737
Retail - other exposures	48 277	17 936	74.6	13 374	1 070	1 080
Equity positions	73 975	73 975	100.3	74 200	5 936	4 310
Other assets	8 901	8 901	100.0	8 901	712	227
Total credit risk, standardised approach	1 440 701	1 227 626	34.9	428 439	34 275	27 377
Total credit risk	2 493 025	2 102 985	39.5	831 518	66 521	61 637
Market risk						
Position risk, debt instruments				32 772	2 622	3 253
Position risk, equity instruments				1 299	104	104
Currency risk				0	0	0
Commodity risk				109	9	5
Total market risk				34 179	2 734	3 362
Operational risk				68 182	5 455	5 051
Deductions				(447)	(36)	(63)
Total risk-weighted volume and capital requirements before transitional rules				933 433	74 675	69 987
Additional capital requirements according to transitional rules [2]				0	0	0
Total risk-weighted volume and capital requirements				933 433	74 675	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 22 Capital adequacy (continued)

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

Amounts in NOK million	Nominal exposure 31 Dec. 2013	EAD [1] 31 Dec. 2013	Average risk weights in per cent 31 Dec. 2013	Risk-weighted volume 31 Dec. 2013	Capital requirements 31 Dec. 2013	Capital requirements 31 Dec. 2012
IRB approach						
Corporate	904 597	732 381	51.8	379 528	30 362	29 417
Specialised Lending (SL)	3 865	3 832	50.0	1 915	153	192
Retail - mortgage loans	619 414	619 414	9.9	61 048	4 884	5 655
Retail - other exposures	106 641	87 694	28.3	24 800	1 984	1 839
Securitisation	63 087	63 087	47.2	29 749	2 380	1 893
Total credit risk, IRB approach	1 697 603	1 506 408	33.0	497 041	39 763	38 997
Standardised approach						
Central government	137 581	160 021	0.0	44	4	10
Institutions	247 382	102 099	24.9	25 456	2 036	2 201
Corporate	292 719	227 767	93.3	212 452	16 996	19 421
Retail - mortgage loans	45 128	42 996	54.3	23 331	1 867	2 189
Retail - other exposures	69 139	35 931	78.3	28 119	2 249	1 872
Equity positions	3 630	3 630	106.2	3 855	308	250
Securitisation	3 048	3 048	18.0	550	44	69
Other assets	12 650	12 650	100.0	12 650	1 012	804
Total credit risk, standardised approach	811 278	588 141	52.1	306 457	24 517	26 816
Total credit risk	2 508 881	2 094 549	38.4	803 498	64 280	65 813
Market risk						
Position risk, debt instruments				27 993	2 239	3 110
Position risk, equity instruments				1 299	104	104
Currency risk				0	0	0
Commodity risk				109	9	5
Total market risk				29 400	2 352	3 219
Operational risk				79 770	6 382	5 740
Deductions				(754)	(60)	(113)
Total risk-weighted volume and capital requirements before transitional rules				911 915	72 953	74 660
Additional capital requirements according to transitional rules [2]				92 801	7 424	4 071
Total risk-weighted volume and capital requirements				1 004 716	80 377	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 23 Liquidity risk

Liquidity risk is the risk that the DNB Bank 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 66.0 per cent at year-end 2013, up from 62.6 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 124.9 per cent at year-end 2013.

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

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

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

Note 24 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans ASA

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

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

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

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

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

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

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 to Boligkreditt. In 2013, portfolios representing NOK 18.1 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 in 2013 totalled NOK 5.6 billion.

At end-December 2013 the bank had invested NOK 57.8 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.
In the fourth quarter of 2013, DNB Boligkreditt entered into a “Revolving Credit Facility Agreement (RCF)” with DNB Bank ASA. Subject to the terms of this RCF, DNB Bank makes available to Boligkreditt a revolving credit facility at all times equal to Boligkreditt’s payment obligations in NOK for the next 12 months in respect of issued Covered Bonds and related derivative hedge agreements. Boligkreditt shall apply all amounts borrowed by it under the RCF towards payments under Covered Bonds and related derivative contracts entered into for hedging purposes for those Covered Bonds.
Boligkreditt may not make use of the RCF for the fulfilment of payment obligations related to the ordinary (re-)purchase of Covered Bonds (if any), or to derivative agreements related to such Covered Bonds. The obligations of DNB Bank towards Boligkreditt under the RCF does not constitute a guarantee in respect of amounts due and payable under the Covered Bonds.

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-December 2013, commitments with a total value of NOK 23.1 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 2013 totalled NOK 83.4 million.
In the balance sheet of Næringskreditt "Loans to and deposits with credit institutions" and "Due to credit institutions" are solely outstandings with DNB Bank. At end-December the bank had invested NOK 3.7 billion in covered bonds issued by DNB Næringskreditt.

Note 24 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-December 2013.

DNB Bank ASA has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to DNB Livsforsikring. At end-December 2013 the loans were fully repaid. 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. 84 full-time positions were transferred. 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.

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. Existing loans will be transferred to DNB Asia Ltd to the extent deemed feasible and rational. 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-December 2013, existing loans with a total value of USD 2.4 billion had been transferred. The agreement was entered into on market terms.

DNB New York Branch and DNB Capital LLC

During the third quarter of 2013, an agreement was entered into between DNB New York Branch and DNB Capital LLC, which implies that DNB Capital LLC will take over the right to extend loans to the branch's new and existing customers. Existing loans will be transferred to DNB Capital LLC to the extent deemed feasible and rational. The branch will remain responsible for risk and returns related to the relevant loans until the transfer to DNB Capital LLC takes place. At end-December 2013, existing loans with a total value of USD 6.7 billion had been transferred. The agreement was entered into on market terms.

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-December 2013, this funding represented NOK 35.8 billion. At end-December 2013, the bank's investments in Treasury bills used in the swap agreements represented NOK 33.7 billion.

Note 25 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information

DNB Bank ASA			DNB Bank Group	
31 Dec. 2012	31 Dec. 2013	*Amounts in NOK million*	31 Dec. 2013	31 Dec. 2012
41 752	43 435	Performance guarantees	45 721	42 729
22 006	23 883	Payment guarantees	23 811	22 716
19 236	19 054	Loan guarantees 1)	19 054	19 236
6 635	6 589	Guarantees for taxes etc.	6 596	6 658
2 188	4 125	Other guarantee commitments	4 291	2 405
91 817	97 085	Total guarantee commitments	99 472	93 743
0	0	Support agreements	10 200	10 863
91 817	97 085	Total guarantee commitments etc. *)	109 672	104 606
460 733	1 014 393	Unutilised credit lines and loan offers	580 460	492 947
2 147	3 784	Documentary credit commitments	3 860	2 219
151	0	Other commitments	57	221
463 031	1 018 177	Total commitments	584 377	495 387
554 848	1 115 262	Total guarantee and off-balance commitments	694 049	599 993
94 871	77 202	Pledged securities	77 202	94 871
1 131	*13*	**) Of which counter-guaranteed by financial institutions*	*148*	*1 139*

1) *DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which 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 3.1 billion were recorded in the balance sheet as at 31 December 2013. These loans are not included under guarantees in the table.*

Contingencies

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

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

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

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

Post-balance sheet events

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

Key figures

		4th quarter 2013	4th quarter 2012	Full year 2013	Full year 2012
					DNB Bank Group
Interest rate analyses					
1.	Combined weighted total average spread for lending and deposits (%)	1.29	1.21	1.26	1.18
2.	Average spread for ordinary lending to customers (%)	2.40	2.16	2.33	1.99
3.	Average spread for deposits from customers (%)	(0.29)	(0.27)	(0.28)	(0.12)
Rate of return/profitability					
4.	Net other operating income, per cent of total income	30.2	32.2	30.2	30.1
5.	Cost/income ratio (%)	41.2	47.1	46.4	48.5
6.	Return on equity, annualised (%)	16.3	11.4	13.1	11.8
Financial strength at end of period					
7.	Common equity Tier 1 capital ratio, transitional rules (%)	11.4	10.5	11.4	10.5
8.	Tier 1 capital ratio, transitional rules (%)	11.8	10.8	11.8	10.8
9.	Capital ratio, transitional rules (%)	13.9	12.4	13.9	12.4
10.	Common equity Tier 1 capital (NOK million)	114 770	103 047	114 770	103 047
11.	Risk-weighted volume, transitional rules (NOK million)	1 004 716	984 137	1 004 716	984 137
Loan portfolio and impairment					
12.	Individual impairment relative to average net loans to customers, annualised (%)	0.07	0.29	0.17	0.22
13.	Impairment relative to average net loans to customers, annualised	0.01	0.36	0.16	0.24
14.	Net non-performing and net doubtful loans and guarantees, per cent of net loans	1.37	1.48	1.37	1.48
15.	Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	20 749	19 740	20 749	19 740
Liquidity					
16.	Ratio of customer deposits to net loans to customers at end of period (%)	66.0	62.6	66.0	62.6
Staff					
17.	Number of full-time positions at end of period	11 186	12 274	11 186	12 274

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	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012
Total interest income	10 630	10 812	10 745	10 716	12 032
Total interest expenses	5 335	5 341	5 285	5 564	6 146
Net interest income	**5 295**	**5 472**	**5 460**	**5 151**	**5 887**
Commission and fee income etc.	1 417	1 425	1 457	1 248	1 446
Commission and fee expenses etc.	532	523	491	471	495
Net gains on financial instruments at fair value	1 643	1 224	1 618	1 097	1 487
Other income	3 183	2 016	1 735	1 493	1 853
Net other operating income	**5 712**	**4 142**	**4 318**	**3 367**	**4 290**
Total income	**11 007**	**9 614**	**9 778**	**8 518**	**10 177**
Salaries and other personnel expenses	2 069	2 169	2 526	1 977	2 135
Other expenses	1 321	1 616	1 480	1 936	1 627
Depreciation and impairment of fixed and intangible assets	2 301	433	526	438	612
Total operating expenses	**5 691**	**4 219**	**4 532**	**4 350**	**4 373**
Pre-tax operating profit before impairment	**5 316**	**5 395**	**5 246**	**4 168**	**5 803**
Net gains on fixed and intangible assets	192	16	(24)	16	(1)
Impairment of loans and guarantees	368	161	734	663	1 186
Pre-tax operating profit	**5 140**	**5 249**	**4 488**	**3 521**	**4 616**
Taxes	387	1 249	1 283	1 007	1 104
Profit for the period	**4 753**	**4 000**	**3 204**	**2 514**	**3 512**

Comprehensive income statement					**DNB Bank ASA**
Amounts in NOK million	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012
Profit for the period	**4 753**	**4 000**	**3 204**	**2 514**	**3 512**
Actuarial gains and losses, net of tax	(475)	(333)	364	0	2 499
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(475)	(333)	364	0	2 499
Currency translation of foreign operations	119	81	186	102	(88)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	119	81	186	102	(88)
Other comprehensive income for the period	**(356)**	**(252)**	**550**	**102**	**2 412**
Comprehensive income for the period	**4 397**	**3 748**	**3 754**	**2 616**	**5 924**

Profit and balance sheet trends (continued)

Balance sheet					**DNB Bank ASA**
Amounts in NOK million	31 Dec. 2013	30 Sept. 2013	30 June 2013	31 March 2013	31 Dec. 2012
Assets					
Cash and deposits with central banks	163 172	398 981	479 067	394 835	296 158
Due from credit institutions	399 482	208 403	209 031	209 381	208 646
Loans to customers	680 114	703 125	725 111	724 382	713 743
Commercial paper and bonds at fair value	248 207	271 899	258 547	256 855	241 728
Shareholdings	13 071	10 285	8 994	10 340	9 864
Financial derivatives	143 158	140 317	148 849	161 922	175 951
Commercial paper and bonds, held to maturity	63 318	66 059	68 456	68 734	71 288
Investments in associated companies	1 066	1 080	1 070	1 146	1 141
Investements in subsidiaries	69 487	67 848	51 289	50 038	49 896
Intangible assets	3 911	3 899	3 892	3 957	3 999
Deferred tax assets	4 145	702	679	653	630
Fixed assets	7 041	6 847	6 748	6 707	6 575
Other assets	29 483	19 934	17 587	18 668	12 662
Total assets	**1 825 656**	**1 899 378**	**1 979 320**	**1 907 617**	**1 792 280**
Liabilities and equity					
Due to credit institutions	280 831	305 232	345 824	359 158	283 093
Deposits from customers	849 137	896 184	966 658	862 164	787 245
Financial derivatives	156 979	140 840	142 734	141 485	148 093
Debt securities issued	352 899	382 639	368 239	375 939	414 998
Payable taxes	1 772	3 775	2 668	5 464	4 253
Deferred taxes	3	1 319	1 452	1 409	1 405
Other liabilities	38 963	23 235	16 651	30 655	23 015
Provisions	1 235	1 843	1 799	1 593	643
Pension commitments	2 972	3 282	2 711	3 429	3 353
Subordinated loan capital	26 276	25 819	19 118	18 610	21 090
Total liabilities	**1 711 065**	**1 784 166**	**1 867 855**	**1 799 907**	**1 687 186**
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	76 381	77 004	73 256	69 501	66 885
Total equity	**114 591**	**115 213**	**111 465**	**107 711**	**105 094**
Total liabilities and equity	**1 825 656**	**1 899 378**	**1 979 320**	**1 907 617**	**1 792 280**

Profit and balance sheet trends (continued)

Income statement

DNB Bank Group

Amounts in NOK million	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012
Total interest income	15 476	15 436	15 107	14 695	15 107
Total interest expenses	7 507	7 492	7 569	7 767	7 926
Net interest income	**7 969**	**7 944**	**7 538**	**6 928**	**7 181**
Commission and fee income etc.	1 674	1 662	1 670	1 445	1 613
Commission and fee expenses etc.	565	546	512	492	507
Net gains on financial instruments at fair value	1 348	1 249	1 345	1 067	1 348
Profit from companies accounted for by the equity method	118	99	70	74	177
Net gains on investment property	(79)	(23)	4	12	(16)
Other income	952	849	913	819	795
Net other operating income	**3 448**	**3 291**	**3 489**	**2 927**	**3 410**
Total income	**11 417**	**11 235**	**11 027**	**9 855**	**10 592**
Salaries and other personnel expenses	2 465	2 566	2 951	2 364	2 466
Other expenses	1 736	1 941	1 851	2 299	1 934
Depreciation and impairment of fixed and intangible assets	1 058	479	563	498	592
Total operating expenses	**5 258**	**4 986**	**5 365**	**5 161**	**4 992**
Pre-tax operating profit before impairment	**6 159**	**6 250**	**5 663**	**4 694**	**5 599**
Net gains on fixed and intangible assets	153	2	(10)	4	(65)
Impairment of loans and guarantees	36	475	937	737	1 190
Pre-tax operating profit	**6 277**	**5 777**	**4 716**	**3 961**	**4 345**
Taxes	1 212	1 375	1 335	1 121	1 094
Profit from operations held for sale, after taxes	9	(7)	(7)	10	4
Profit for the period	**5 073**	**4 395**	**3 374**	**2 850**	**3 255**

Comprehensive income statement

DNB Bank Group

Amounts in NOK million	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012
Profit for the period	**5 073**	**4 395**	**3 374**	**2 850**	**3 255**
Actuarial gains and losses, net of tax	(474)	(333)	364	0	2 578
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(474)	(333)	364	0	2 578
Currency translation of foreign operations	977	349	1 375	692	(326)
Hedging of net investment, net of tax	(327)	(230)	(1 260)	(608)	237
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	650	119	115	84	(89)
Other comprehensive income for the period	**177**	**(214)**	**479**	**84**	**2 489**
Comprehensive income for the period	**5 250**	**4 181**	**3 853**	**2 934**	**5 744**

Profit and balance sheet trends (continued)

Balance sheet					**DNB Bank Group**
Amounts in NOK million	31 Dec. 2013	30 Sept. 2013	30 June 2013	31 March 2013	31 Dec. 2012
Assets					
Cash and deposits with central banks	167 171	401 560	481 844	397 835	298 892
Due from credit institutions	176 796	25 928	48 453	57 569	33 373
Loans to customers	1 350 656	1 342 531	1 339 427	1 326 159	1 308 864
Commercial paper and bonds at fair value	191 232	186 515	175 699	173 843	160 664
Shareholdings	13 511	10 724	9 443	10 783	10 290
Financial derivatives	130 775	128 909	136 556	142 072	151 330
Commercial paper and bonds, held to maturity	63 318	66 059	68 456	68 734	71 288
Investment property	4 615	4 591	4 440	4 229	5 034
Investments in associated companies	3 096	3 012	2 919	2 946	2 866
Intangible assets	4 464	4 943	4 855	4 829	4 826
Deferred tax assets	1 086	1 358	1 307	1 264	1 112
Fixed assets	7 816	7 664	7 523	7 478	7 311
Assets held for sale	225	213	211	150	417
Other assets	16 017	21 271	17 616	18 878	12 619
Total assets	**2 130 779**	**2 205 279**	**2 298 748**	**2 216 771**	**2 068 884**
Liabilities and equity					
Due to credit institutions	234 218	260 903	318 504	336 528	251 388
Deposits from customers	891 256	934 477	1 005 181	897 124	819 945
Financial derivatives	111 242	103 318	111 770	112 341	118 633
Debt securities issued	716 192	722 891	700 252	694 807	713 273
Payable taxes	4 126	4 265	3 040	8 377	6 940
Deferred taxes	2 042	1 609	1 751	1 571	1 630
Other liabilities	14 536	25 449	17 814	23 523	15 553
Liabilities held for sale	53	73	68	30	76
Provisions	1 398	1 924	1 474	1 225	724
Pension commitments	3 033	3 384	2 801	3 510	3 442
Subordinated loan capital	26 276	25 827	19 118	18 610	21 090
Total liabilities	**2 004 372**	**2 084 121**	**2 181 772**	**2 097 647**	**1 952 695**
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	87 482	82 232	78 051	80 198	77 264
Total equity	**126 407**	**121 158**	**116 977**	**119 123**	**116 190**
Total liabilities and equity	**2 130 779**	**2 205 279**	**2 298 748**	**2 216 771**	**2 068 884**

Information about the DNB Bank Group

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DNB Bank ASA

Organisation number	Register of Business Enterprises NO 984 851 006 MVA

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Jarle Bergo, vice-chairman
Sverre Finstad
Vigdis Mathisen
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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.

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