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DNB BANK

– a company in the DNB Group

First quarter report 2014
(Unaudited)

Financial highlights

DNB Bank Group

Income statement *Amounts in NOK million*	1st quarter 2014	1st quarter 2013	Full year 2013
Net interest income	7 722	6 928	30 379
Net commissions and fees	*1 430*	*1 216*	*5 481*
Net gains on financial instruments at fair value	*2 131*	*1 067*	*5 009*
Other operating income	*721*	*644*	*2 666*
Net other operating income, total	4 282	2 927	13 156
Total income	12 004	9 855	43 535
Operating expenses	4 939	4 710	19 157
Restructuring costs and non-recurring effects	33	1	605
Expenses relating to debt-financed structured products	0	450	450
Impairment losses for goodwill and intangible assets	0	0	557
Pre-tax operating profit before impairment	7 032	4 694	22 766
Net gains on fixed and intangible assets	(0)	4	150
Impairment of loans and guarantees	80	737	2 185
Pre-tax operating profit	6 952	3 961	20 730
Tax expense	1 745	1 121	5 042
Profit from operations held for sale, after taxes	(19)	10	4
Profit for the period	**5 188**	**2 850**	**15 692**

Balance sheet *Amounts in NOK million*	31 March 2014	31 Dec. 2013	31 March 2013
Total assets	2 206 616	2 130 779	2 216 771
Loans to customers	1 353 685	1 350 656	1 326 159
Deposits from customers	908 163	891 256	897 124
Total equity	130 951	126 407	119 123
Average total assets	2 417 236	2 276 451	2 167 401

Key figures *Per cent*	1st quarter 2014	1st quarter 2013	Full year 2013
Return on equity, annualised	16.4	9.9	13.1
Combined weighted total average spread for lending and deposits	1.24	1.19	1.26
Cost/income ratio	41.4	52.4	46.4
Impairment relative to average net loans to customers, annualised	0.02	0.23	0.16
Common equity Tier 1 capital ratio, transitional rules, at end of period [1)]	11.7	10.4	11.4
Tier 1 capital ratio, transitional rules, at end of period [1)]	12.0	10.7	11.8
Capital ratio, transitional rules, at end of period [1)]	14.1	12.0	13.9

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

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

First quarter report 2014

Directors' report

Introduction

The DNB Bank Group[1] recorded profits of NOK 5 188 million in the first quarter of 2014, up NOK 2 338 million from the first quarter of 2013. The effect of basis swaps caused a NOK 363 million reduction in income, while the value of the shareholding in Nets was increased by NOK 913 million. During the first quarter of 2014, an agreement to sell the Group's shareholding in Nets was signed. The transaction is expected to be completed in the second quarter of 2014. Other key factors behind the improved profit performance were rising net interest income and lower impairment losses on loans. The increase 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 10.4 per cent at end-March 2013 to 11.7 per cent, including 50 per cent of interim profits.

Lending spreads widened by 0.21 percentage points and deposit spreads by 0.01 percentage points from the first quarter of 2013. During the same period, there was a 3.0 per cent average increase in the healthy loan portfolio, while deposit volumes were up 15.9 per cent. This gave a total increase in net interest income of NOK 794 million compared with the first quarter of 2013. The relatively modest lending growth reflected strong competition in the market.

At end-February, the twelve-month growth rate for credit to Norwegian households was 6.7 per cent, while DNB recorded an increase of 1.9 per cent. Government-backed banks, in particular the Norwegian Public Service Pension Fund, accounted for the main part of the market growth. Compared with other private financial institutions, DNB's market share was stable during last few months of the twelve-month period. In order to face the competition, DNB decided at the beginning of April to reduce lending rates for all customers by up to 0.25 percentage points. Parallel to this, deposit rates were cut by up to 0.4 percentage points. The changes will enter into force as of 16 June 2014 for existing loans and deposits.

Adjusted for the effect of basis swaps, other operating income was NOK 1 718 million higher than in the first quarter of 2013. The abovementioned increase in value of the shareholding in Nets and gains on foreign exchange and interest rate instruments were the main reasons behind the rise in income.

Total operating expenses were reduced by NOK 189 million from the first quarter of 2013. Ordinary operating expenses, excluding restructuring costs and other non-recurring effects, rose by NOK 228 million during the same period, reflecting rising IT costs.

Impairment losses on loans and guarantees came to NOK 80 million for the quarter. Adjusted for reversals, individual impairment was considerably lower than in all four quarters of 2013, reflecting both sound credit management and positive macro-economic developments in Norway and internationally.

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.

Income statement

Net interest income

Amounts in NOK million	1st quarter 2014	Change	1st quarter 2013
Net interest income	7 722	794	6 928
Lending and deposit spreads		658	
Exchange rate movements		213	
Commissions etc.		28	
Long-term funding costs		(16)	
Amortisation effects, international bond portfolio		(29)	
Other net interest income		(60)	

Net interest income rose by NOK 794 million or 11.5 per cent from the first quarter of 2013, mainly due to increasing lending spreads. Average lending spreads widened by 0.21 percentage points, while deposit spreads increased by 0.01 percentage points. Volume-weighted spreads widened by 0.05 percentage points. There was an average increase of NOK 39.5 billion or 3 per cent in the healthy loan portfolio compared with the first quarter of 2013. During the same period, deposits were up NOK 140 billion or 15.9 per cent. The relatively low lending growth reflected fierce competition in the market. The interest rate reductions, which were implemented for new loans in early April, are expected to help DNB reach its lending growth ambition of 3-4 per cent in 2014.

Net other operating income

Amounts in NOK million	1st quarter 2014	Change	1st quarter 2013
Net other operating income	4 282	1 355	2 927
Net stock market-related income		1 023	
Net other gains on foreign exchange and interest rate instruments [1)]		504	
Net other commissions and fees		140	
Basis swaps		(363)	
Other operating income		51	

1) Excluding guarantees and basis swaps.

Net other operating income, adjusted for basis swaps, increased by NOK 1 717 million, which mainly reflected the NOK 913 million rise in value of the shareholding in Nets. There was also a healthy trend in income from foreign exchange and interest rate instruments, including commercial paper and bonds in Markets. Over the past few quarters, income from commissions and fees has stabilised at a higher level than at the start of 2013.

Operating expenses

Amounts in NOK million	1st quarter 2014	Change	1st quarter 2013
Operating expenses excluding non-recurring effects	4 939	228	4710
Income-related costs			
Ordinary depreciation on operational leasing		25	
Expenses related to operations			
Pension expenses		(12)	
IT expenses		98	
Marketing costs		18	
Other costs		100	
Non-recurring effects	33	(418)	451
Restructuring costs – employees		35	
Other restructuring costs and non-recurring effects		(3)	
Provisions for debt-financed structured products		(450)	
Operating expenses	4 972	(189)	5 161

Operating expenses were reduced by NOK 189 million or 3.7 per cent from the first quarter of 2013. Adjusted for non-recurring effects, there was an increase in expenses of NOK 228 million. Rising IT costs were the main factor behind the increase in costs, reflecting that a greater part of development funds was used for measures to stabilise operations, which cannot be capitalised in the balance sheet.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 80 million, a reduction from NOK 737 million in the first quarter of 2013, but a moderate increase from NOK 36 million in the fourth quarter of 2013. The reversal of collective impairment losses in the amount of NOK 252 million had a positive effect on impairment levels during the quarter and primarily, reflected the improved economic situation in the shipping sector. Individual impairment totalled NOK 332 million. The most pronounced reductions compared with the first quarter of 2013 stemmed from the shipping segments and the Baltics and Poland.

In addition, there was a highly positive trend in non-performing and doubtful loans and guarantees, which were reduced by NOK 3.5 billion from end-March 2013 and were thus at the lowest level since the third quarter of 2011. Net non-performing and doubtful loans and guarantees amounted to NOK 16.4 billion at end-March 2014, which represented 1.18 per cent of the loan portfolio, down from 1.46 per cent at end-March 2013.

Taxes

The banking group's tax expense for the first quarter of 2014 was NOK 1 745 million, up from NOK 1 121 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge was approximately 25.1 per cent.

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 2 097 million in the first quarter of 2014, an increase of NOK 597 million from the first quarter of 2013. 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	1st quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	3 271	2 630	641	24.4
Net other operating income	915	865	50	5.8
Total income	4 186	3 495	691	19.8
Operating expenses	2 011	1 915	96	5.0
Pre-tax operating profit before impairment	2 175	1 579	595	37.7
Net gains on fixed and intangible assets	(1)	0	(1)	
Impairment of loans and guarantees	77	79	(3)	
Profit from repossessed operations	0	0	0	
Pre-tax operating profit	2 097	1 500	597	39.8
Tax expense	566	420	146	34.8
Profit from operations held for sale	0	11	(11)	
Profit for the period	1 531	1 091	440	40.3
Average balance sheet items in NOK billion				
Net loans to customers	656.9	643.1	13.8	2.1
Deposits from customers	347.7	329.5	18.2	5.5
Key figures in per cent				
Lending spread 1)	2.48	2.10		
Deposit spread 1)	(0.59)	(0.58)		
Return on allocated capital 2)	21.8	27.4		
Cost/income ratio	48.0	54.8		
Ratio of deposits to loans	52.9	51.2		

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

The quarter was characterised by moderate credit growth. Average net loans were up 2.1 per cent from the first quarter of 2013 and increased by 0.2 per cent during the January through March period. Deposits showed a healthy rise of 5.5 per cent from the first quarter of 2013, and the ratio of deposits to net loans rose to 52.9 per cent.

Net interest income showed a healthy trend compared with the first quarter of 2013. The volume-weighted interest rate spread widened by 0.22 percentage points during the period, but contracted by 0.03 percentage points from the fourth quarter of 2013.

Net other operating income was on a level with the first quarter of 2013. Housing sales through DNB Eiendom were stable in the first quarter of 2014 compared with the year-earlier period. At end-March, DNB Eiendom was Norway's largest real estate broker and had a market share of 19.9 per cent.

The main factors behind the increase in operating expenses from the first quarter of 2013 were higher costs related to severance packages, marketing and IT, as well as 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 first quarter of 2013, representing 0.05 per cent of the portfolio. There were no losses on home mortgages in the first quarter of 2014.

Fierce competition for home mortgage customers has affected the market share of credit to households, which stood at 26.4 per cent at end-February 2014, down from 26.5 per cent at end-December 2013. The market share of total household savings was 33.5 per cent at end-February 2014. However, price adjustments and a high level of customer activity are expected to result in higher growth in volumes in the coming period.

In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to this segment was adjusted upwards in the first quarter of 2014. This resulted in a lower return on capital compared with the preceding quarters.

The process of facilitating self-service solutions and streamlining operations is continuing. The number of accounts opened by customers themselves online increased by approximately 10 percentage points from end-December 2013, while the number of visits to the Internet banking service using mobile phones and tablets doubled in the first quarter of 2014 compared with the year-earlier period. As part of this process, it has been decided to close four bank branches by mid-June.

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 220 000 small and medium-sized corporate customers.

Pre-tax operating profits came to NOK 829 million in the first quarter of 2014, up NOK 6 million from the first quarter of 2013 .

Small and medium-sized enterprises	1st quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	1 545	1 480	65	4.4
Net other operating income	275	275	(0)	(0.1)
Total income	1 820	1 756	65	3.7
Operating expenses	881	850	31	3.7
Pre-tax operating profit before impairment	939	905	34	3.7
Net gains on fixed and intangible assets	(0)	(0)	0	
Impairment of loans and guarantees	95	85	10	
Profit from repossessed operations	(15)	4	(19)	
Pre-tax operating profit	829	824	6	0.7
Tax expense	224	231	(7)	(2.9)
Profit for the period	605	593	12	2.1
Average balance sheet items in NOK billion				
Net loans to customers	212.2	204.4	7.8	3.8
Deposits from customers	152.1	144.1	8.0	5.6
Key figures in per cent				
Lending spread [1)]	2.75	2.69		
Deposit spread [1)]	(0.16)	(0.10)		
Return on allocated capital [2)]	11.8	12.0		
Cost/income ratio	48.4	48.4		
Ratio of deposits to loans	71.7	70.5		

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

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

The first quarter of 2014 was characterised by a healthy increase in loans to small and medium-sized enterprises. Average net loans to customers rose by 3.8 per cent from the first quarter of 2013. There was a strong increase in deposits of 5.6 per cent, and the ratio of deposits to net loans widened, averaging 71.7 per cent for the quarter.

The increase in net interest income from the first quarter of 2013 was due to a combination of volume growth and wider lending spreads.

Higher IT expenses were the main factor behind the 3.7 per cent rise in expenses from the first quarter of 2013.

The quality of the loan portfolio is considered to be sound. The close follow-up of customers and preventive measures are vital to ensuring satisfactory quality. Net impairment of loans totalled NOK 95 million in the first quarter of 2014. On an annual basis, this represented 0.18 per cent of net loans. Impairment losses increased by NOK 10 million from the first quarter of 2013, but were still at a relatively low level.

The mobile bank for enterprises was launched in March 2014. Companies that use DNB Connect can automatically access the new service. Simpler and more efficient ordering procedures for eFaktura (e-invoice) were implemented during the quarter.

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 the banking group's largest Norwegian corporate customers and all international customers, including customers in the Baltics and Poland. Operations are based on sound industry expertise and long-term customer relationships.

Pre-tax operating profits came to NOK 2 722 million, up NOK 872 million from the first quarter of 2013, reflecting higher income, strict cost control and the reversal of previous collective impairment losses on loans.

Large corporates and international customers	1st quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	2 906	2 735	171	6.3
Net other operating income	1 208	1 051	157	15.0
Total income	4 114	3 785	329	8.7
Operating expenses	1 500	1 340	160	11.9
Pre-tax operating profit before impairment	2 614	2 445	169	6.9
Net gains on fixed and intangible assets	0	1	(0)	
Impairment of loans and guarantees	(106)	569	(675)	
Profit from repossessed operations	2	(26)	29	
Pre-tax operating profit	2 722	1 850	872	47.2
Tax expense	844	555	289	52.1
Profit for the period	1 878	1 295	583	45.1
Average balance sheet items in NOK billion				
Net loans to customers	469.8	453.5	16.2	3.6
Deposits from customers	380.0	331.2	48.8	14.7
Key figures in per cent				
Lending spread [1)]	2.20	2.13		
Deposit spread [1)]	(0.16)	(0.17)		
Return on allocated capital [2)]	13.6	10.0		
Cost/income ratio	36.5	35.4		
Ratio of deposits to loans	80.9	73.0		

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

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

Loans to customers were up 3.6 per cent from the first quarter of 2013. Adjusted for exchange rate movements, however, there was an underlying reduction in the portfolio of 3.2 per cent, reflecting strategic portfolio adjustments, a more challenging market situation, stronger competition and more active use of the bond market. Compared with the fourth quarter of 2013, lending volumes were down 1.4 per cent after adjusting for exchange rate movements. Deposits rose by 14.7 per cent from the first quarter of 2013, of which approximately 6.5 percentage points can be ascribed to exchange rate movements.

Relative to the 3-month money market rate, average lending spreads were 2.20 per cent, up 0.07 percentage points from the first quarter of 2013 and 0.03 percentage points from the fourth quarter of 2013. Deposit spreads were virtually unchanged compared with both the first and the fourth quarter of 2013.

The rise in net other operating income from the first quarter of 2013 reflected a high level of activity within syndication and debt capital issues, as well as services related to share capital issues, mergers and acquisitions. On the other hand, there was a lower level of activity and reduced income from interest rate hedging due to expectations of a continued low interest rate level. Another positive contributory factor was a rise in income from guarantees and payment transfers.

Operating expenses were up 11.9 per cent from the first quarter of 2013, reflecting a high level of activity and increasing product sales.

Net impairment of loans and guarantees reflected reversals on collective impairment losses, mainly due to developments in the shipping markets. Individual impairment represented 0.18 per cent of net loans to customers. Including reversals on collective impairment losses, the segment recorded net reversals representing 0.09 per cent of net loans. In the first quarter of 2013, individual impairment came to 0.39 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 10.6 billion at end-March 2014, which represented a reduction of NOK 3.7 billion from a year earlier and a NOK 4.2 billion reduction from end-December 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 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 help ensure that spreads remain at the current level. Competition for stable customer deposits will prevail and put continued pressure on deposits spreads.

Trading

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

Pre-tax operating profits came to NOK 594 million in the first quarter of 2014, up NOK 27 million from the year-earlier period.

Trading	1st quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	111	156	(44)	(28.5)
Net other operating income	590	597	(7)	(1.1)
Total income	702	753	(51)	(6.8)
Operating expenses	107	186	(78)	(42.2)
Pre-tax operating profit before impairment	595	567	27	4.8
Net gains on fixed and intangible assets	0	0	0	
Pre-tax operating profit	594	567	27	4.8
Tax expense	160	165	(4)	(2.4)
Profit for the period	434	403	31	7.7
Key figures in per cent				
Cost/income ratio	15.3	24.6		
Return on allocated capital 1)	21.7	19.6		

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 702 million in the first quarter of 2014, which was somewhat lower than in the first quarter of 2013.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound for banks with good credit ratings in the first quarter of 2014, and the banking group had ample access to short-term funding. The markets were gradually returning to normal, and European investors showed greater interest in raising funding.

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

Debt securities issued by the banking group totalled NOK 748 billion at end-March 2014 and NOK 694 billion a year earlier. The average remaining term to maturity for the portfolio of debt securities issued was 4.5 years at end-March 2014, 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 generally financed through customer deposits, long-term securities and primary capital. The Group stayed well within the liquidity limits during the quarter. The short-term liquidity requirement, Liquidity Coverage Ratio, LCR, remained stable at above 100 per cent throughout the first quarter. At end-March 2014, the total LCR was 114 per cent. The LCRs for liquid assets in euros and US dollars were 126 per cent and 156 per cent, respectively.

Total assets in the banking group's balance sheet were NOK 2 207 billion as at 31 March 2014 and NOK 2 217 billion a year earlier.

Net loans to customers increased by NOK 27.5 billion or 2.1 per cent from end-March 2013. There was a rise in customer deposits of NOK 11 billion or 1.2 per cent during the same period. The ratio of customer deposits to net loans to customers declined from 67.6 per cent at end-March 2013 to 67.1 per cent a year later, which is well within the Group's minimum 60 per cent ambition.

Macroeconomic developments

International economic growth increased somewhat through 2013. However, there were large differences between individual countries and regions. Among Norway's major trading partners, economic growth increased markedly in the US and Great Britain. The Swedish economy experienced an upswing towards the end of 2013, while the Danish economy has shown hardly any growth after the financial crisis. In the eurozone, there was a rise in GDP during the last three quarters of 2013, and unemployment stabilised at approximately 12 per cent. Economic growth remained sluggish, through the recession appears to be over. The crisis-ridden countries in Southern Europe have also recorded a recent slight increase in GDP, though high debt levels in both the private and public sectors put a damper on growth. The Baltics experienced slowing growth in 2013, but a gradual rise in international demand will have positive effects in the period ahead. The picture is mixed among emerging economies. In Brazil and Russia, growth has slowed significantly, while growth has rebounded in India and remained stable in China.

According to various business sentiment indicators, there will be continued economic growth in both Europe and the US. Consumer confidence has picked up in Europe, and the increase in manufacturing output indicates sustained growth in both Europe and the US. This trend is positive for the Norwegian export industry, as these regions represent its key markets.

In February, companies in Norges Bank's regional network reported moderate growth. Within petroleum-related manufacturing and the building and construction industry, production growth slowed down. However, the depreciation of the Norwegian krone and increased public investment contributed to higher production volumes for other manufacturing and commercial services. The companies expect growth to edge up in both the second and third quarter of 2014, but to remain moderate.

The parties in the wage negotiations for the manufacturing industry reached agreement in early April, and wage growth, including local pay increases, is estimated to be 3.3 per cent. This is below the level for the past few years, but still higher than in most peer countries. Private consumption increased moderately in 2013 parallel to a further rise in the savings rate. After stagnating for two months, however, there was a pronounced increase in Norwegian retail trade and goods consumption in February and March. The underlying trend has not been stronger since May 2013. Unemployment levels, which rose during last year, have stabilised since November 2013.

After showing a downward trend in the autumn of 2013, housing prices are once again on the increase. Continued relatively high population growth, stable unemployment levels, moderate house building activity and prospects of continued low interest rate levels point to a further rise in housing prices. Relatively high housing prices and moderate wage growth point to the contrary.

Risk and capital adequacy

Norwegian economic growth slowed in 2013, even though the rate of growth picked up during the second half of the year. The Norwegian business community anticipates continued growth throughout 2014.

In the housing market, key economic drivers are expected to be positive in 2014, and persistent growth will help maintain the low risk level in the banking group's home mortgage portfolio.

Due to the Ukraine unrest, developments in the Baltics and Poland were affected by uncertainty. All four countries are dependent on energy supplies from Russia, and developments in the Russian economy and Russian imports and export have a pronounced impact on activity levels. However, DNB's direct exposure to Russia is limited and transparent. In consequence of a change in the Group's long-term strategy, DNB Bank ASA has signed an agreement to sell its total operation in Russia.

The banking group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement decreased by NOK 2.5 billion from end-December 2013, to NOK 65.8 billion.

Developments in the risk-adjusted capital requirement

Amounts in NOK billion	31 March 2014	31 Dec. 2013	31 March 2013	31 Dec. 2012
Credit risk	53.4	57.2	58.9	59.1
Market risk	8.9	7.9	7.6	7.5
Operational risk	8.2	8.3	7.9	7.4
Business risk	5.9	4.2	4.2	4.0
Gross risk-adjusted capital requirement	76.3	77.7	78.7	78.1
Diversification effect [1)]	(10.5)	(9.4)	(9.2)	(8.7)
Net risk-adjusted capital requirement	65.8	68.3	69.5	69.4
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	14	12	12	11

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

The risk-adjusted capital requirement for credit declined by NOK 3.8 billion from the fourth quarter of 2013, reflecting improved quality in the credit portfolios and reduced shipping exposure. There was stable, sound credit quality in most areas. The volume of non-performing loans and guarantees was reduced by NOK 4.3 billion during the quarter.

The quality of the shipping portfolio improved, though there were still challenges. The banking group still anticipates a gradual upturn in most shipping markets through 2014 and 2015.In the offshore segment, especially the rig segment, reduced growth is expected in oil companies' investments. Developments in the offshore supplier industry are subject to special follow-up. Investment levels on the Norwegian shelf remain strong, and no reduction is expected until 2015 at the earliest.

The Norwegian krone has depreciated significantly over the past year, which has improved conditions for traditional export industries.

Risk-adjusted capital for market risk in the banking group was up NOK 1 billion from the fourth quarter of 2013, reflecting an increase in equity investments, partly due to revaluations.

A new calculation has been made of risk-adjusted capital for business risk at end-March 2014, resulting in a NOK 1.7 billion increase for the quarter.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement declined by NOK 5.3 billion from end-December 2013, to NOK 999.4 billion. In the first quarter of 2014, risk-weighted volume could not be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 11.7 per cent, while the capital adequacy ratio was 14.1 per cent, including 50 per cent of interim profits. Under Basel III, based on the banking group's interpretation of the draft regulations, the common equity Tier 1 capital ratio would have been 13.6 per cent at end-March 2014.

New regulatory framework

The European Parliament and the member countries have agreed to establish a central resolution authority for banks, the Single Resolution Mechanism, SRM. In addition, it has been decided to establish a Single Resolution Fund, SRF, which will be funded by contributions from the banking sector. The crisis management mechanism will thus be operative at approximately the same time as the Single Supervisory Mechanism for banks, SSM, towards the end of 2014. The SRM will formally enter into force as of 1 January 2015, while the so-called bail-in and resolution functions will apply as of 1 January 2016. The SRF will be built up in the course of eight years, at which time the fund is estimated to total approximately EUR 55 billion and cover minimum 1 per cent of covered deposits.

The Norwegian crisis management system has a number of similarities with the new system that will be introduced through the EU regulations. Te new EU regulations will nevertheless require extensive changes in the Norwegian framework, including the rules on public administration and the role of the Norwegian Banks' Guarantee Fund. Norway has one of the best capitalised guarantee funds in Europe and already satisfies, with a good margin, the requirements for a deposit guarantee fund and a resolution fund that together represent 1.8 per cent of covered deposits. At year-end 2013, the Guarantee Fund had total equity of NOK 26.4 billion, which corresponded to 2.7 per cent of covered deposits. It will be important for the industry to ensure that these funds can be used to meet the minimum requirements for both a deposit guarantee fund and a resolution fund. The Banking Law Commission is already in the process of preparing a report on how the Bank Recovery and Resolution Directive and the Deposit Guarantee Scheme Directive can be implemented in Norway.

Future prospects

According to current economic forecasts, a cautious recovery is expected in both the Norwegian and the international economy during the remainder of 2014. The level of income is expected to help the DNB Group build up Tier 1 capital in accordance with the authorities' requirements, even after the interest rate reductions announced in April. Volumeweighted spreads are expected to be stable in 2014. Lending volumes are expected to increase at an annual rate of 3 to 4 per cent in 2014, with slightly higher growth in lending to personal customers and small and medium-sized enterprises and more subdued lending growth in the large corporate segments. An increase in income from capital-light products is anticipated, while expenses are gradually expected to be kept flat, excluding restructuring expenses, in the period up to 2016. Furthermore, credit quality is expected to improve, while losses are expected to be below the normalised level in 2014.The banking group is well capitalised, but will build additional capital organically in accordance with the authorities' requirements.

In order to meet the Group's target of a return on equity above 12 per cent and the Tier 1 capital requirement of 13.5-14.0 per, capital will be actively allocated to the areas that generate the highest returns. In order to maintain long-term profitability, DNB group also needs to ensure good customer experiences.

Oslo, 7 May 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	1st quarter 2014	1st quarter 2013	Full year 2013
		DNB Bank ASA		
Total interest income	4	10 352	10 716	42 903
Total interest expenses	4	5 361	5 564	21 525
Net interest income	4	**4 991**	**5 151**	**21 378**
Commission and fee income etc.	5	1 506	1 248	5 547
Commission and fee expenses etc.	5	557	471	2 016
Net gains on financial instruments at fair value	6	2 711	1 097	5 582
Other income	8	1 998	1 493	8 427
Net other operating income		**5 658**	**3 367**	**17 539**
Total income		**10 649**	**8 518**	**38 917**
Salaries and other personnel expenses	9, 10	2 088	1 977	8 742
Other expenses	9	1 615	1 936	6 353
Depreciation and impairment of fixed and intangible assets	9	452	438	3 698
Total operating expenses	9	**4 156**	**4 350**	**18 792**
Pre-tax operating profit before impairment		**6 494**	**4 168**	**20 125**
Net gains on fixed and intangible assets		(1)	16	199
Impairment of loans and guarantees	13	236	663	1 925
Pre-tax operating profit		**6 257**	**3 521**	**18 399**
Tax expense		1 633	1 007	3 927
Profit for the period		**4 624**	**2 514**	**14 472**

Comprehensive income statement

Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
	DNB Bank ASA		
Profit for the period	**4 624**	**2 514**	**14 472**
Actuarial gains and losses, net of tax [1)]	(267)	0	(444)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(267)	0	(444)
Currency translation of foreign operations	(114)	102	489
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	(114)	102	489
Other comprehensive income for the period	**(381)**	**102**	**44**
Comprehensive income for the period	**4 243**	**2 616**	**14 516**

1) *The discount rate used to calculate recorded pension commitments at end-March 2014 was determined by reference to the estimated yield on covered bonds as at 31 March 2014. There was a reduction in the yield from 31 December 2013. A corresponding reduction has been reflected in the assumptions for salary increases and increases in the National Insurance basic amount. Net actuarial losses at end-March 2014 thus totalled NOK 267 million after tax.*

Balance sheet

Amounts in NOK million	Note	DNB Bank ASA 31 March 2014	31 Dec. 2013	31 March 2013
Assets				
Cash and deposits with central banks		361 303	163 172	394 835
Due from credit institutions	11, 12	282 961	399 482	209 381
Loans to customers	11, 12, 14, 15	680 776	680 114	724 382
Commercial paper and bonds at fair value	12, 16	225 085	248 207	256 855
Shareholdings	12	14 834	13 071	10 340
Financial derivatives	12	145 188	143 158	161 922
Commercial paper and bonds, held to maturity	11, 16	60 251	63 318	68 734
Investments in associated companies		1 062	1 066	1 146
Investments in subsidiaries		69 071	69 487	50 038
Intangible assets	17	3 826	3 911	3 957
Deferred tax assets		4 232	4 145	653
Fixed assets		7 095	7 041	6 707
Other assets		34 428	29 483	18 668
Total assets		**1 890 112**	**1 825 656**	**1 907 617**
Liabilities and equity				
Due to credit institutions	11, 12	304 964	280 831	359 158
Deposits from customers	11, 12	864 975	849 137	862 164
Financial derivatives	12	153 286	156 979	141 485
Debt securities issued	11, 12, 18	375 095	352 899	375 939
Payable taxes		919	1 772	5 464
Deferred taxes		10	3	1 409
Other liabilities		40 979	38 343	30 655
Provisions		999	1 235	1 593
Pension commitments		3 952	3 592	3 429
Subordinated loan capital	11, 12, 18	26 100	26 276	18 610
Total liabilities		**1 771 279**	**1 711 065**	**1 799 907**
Share capital		18 314	18 314	18 314
Share premium reserve		19 895	19 895	19 895
Other equity		80 624	76 381	69 501
Total equity		**118 833**	**114 591**	**107 711**
Total liabilities and equity		**1 890 112**	**1 825 656**	**1 907 617**
Off-balance sheet transactions, contingencies and post-balance sheet events	22			

Income statement

Amounts in NOK million	Note	DNB Bank Group 1st quarter 2014	1st quarter 2013	Full year 2013
Total interest income	4	15 256	14 695	60 713
Total interest expenses	4	7 533	7 767	30 334
Net interest income	4	**7 722**	**6 928**	**30 379**
Commission and fee income etc.	5	2 005	1 708	7 595
Commission and fee expenses etc.	5	575	492	2 115
Net gains on financial instruments at fair value	6	2 131	1 067	5 009
Profit from investments accounted for by the equity method	7	107	74	362
Net gains on investment property		13	12	(86)
Other income	8	601	557	2 390
Net other operating income		**4 282**	**2 927**	**13 156**
Total income		**12 004**	**9 855**	**43 535**
Salaries and other personnel expenses	9, 10	2 516	2 364	10 345
Other expenses	9	1 953	2 299	7 826
Depreciation and impairment of fixed and intangible assets	9	503	498	2 598
Total operating expenses	9	**4 972**	**5 161**	**20 769**
Pre-tax operating profit before impairment		**7 032**	**4 694**	**22 766**
Net gains on fixed and intangible assets		0	4	150
Impairment of loans and guarantees	13	80	737	2 185
Pre-tax operating profit		**6 952**	**3 961**	**20 730**
Tax expense		1 745	1 121	5 042
Profit from operations held for sale, after taxes		(19)	10	4
Profit for the period		**5 188**	**2 850**	**15 692**

Comprehensive income statement

Amounts in NOK million	DNB Bank Group 1st quarter 2014	1st quarter 2013	Full year 2013
Profit for the period	**5 188**	**2 850**	**15 692**
Actuarial gains and losses, net of tax [1)]	(267)	0	(443)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(267)	0	(443)
Currency translation of foreign operations	(879)	692	3 393
Hedging of net investment, net of tax	501	(608)	(2 425)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	(378)	84	969
Other comprehensive income for the period	**(644)**	**84**	**526**
Comprehensive income for the period	**4 544**	**2 934**	**16 218**

1) *The discount rate used to calculate recorded pension commitments at end-March 2014 was determined by reference to the estimated yield on covered bonds as at 31 March 2014. There was a reduction in the yield from 31 December 2013. A corresponding reduction has been reflected in the assumptions for salary increases and increases in the National Insurance basic amount. Net actuarial losses at end-March 2014 thus totalled NOK 267 million after tax.*

Balance sheet

		DNB Bank Group		
Amounts in NOK million	Note	31 March 2014	31 Dec. 2013	31 March 2013
Assets				
Cash and deposits with central banks		363 330	167 171	397 835
Due from credit institutions	11, 12	49 298	176 796	57 569
Loans to customers	11, 12, 14, 15	1 353 685	1 350 656	1 326 159
Commercial paper and bonds at fair value	12, 16	188 290	191 232	173 843
Shareholdings	12	15 273	13 511	10 783
Financial derivatives	12	133 796	130 775	142 072
Commercial paper and bonds, held to maturity	11, 16	60 251	63 318	68 734
Investment property		4 744	4 615	4 229
Investments accounted for by the equity method		3 211	3 096	2 946
Intangible assets	17	4 353	4 464	4 829
Deferred tax assets		1 048	1 086	1 264
Fixed assets		7 909	7 816	7 478
Assets held for sale		252	225	150
Other assets		21 177	16 017	18 878
Total assets		**2 206 616**	**2 130 779**	**2 216 771**
Liabilities and equity				
Due to credit institutions	11, 12	257 434	234 218	336 528
Deposits from customers	11, 12	908 163	891 256	897 124
Financial derivatives	12	108 501	111 242	112 341
Debt securities issued	11, 12, 18	748 263	716 192	694 807
Payable taxes		3 684	4 126	8 377
Deferred taxes		1 771	2 042	1 571
Other liabilities		16 551	13 917	23 523
Liabilities held for sale		89	53	30
Provisions		1 098	1 398	1 225
Pension commitments		4 012	3 652	3 510
Subordinated loan capital	11, 12, 18	26 100	26 276	18 610
Total liabilities		**2 075 666**	**2 004 372**	**2 097 647**
Share capital		18 314	18 314	18 314
Share premium reserve		20 611	20 611	20 611
Other equity		92 025	87 482	80 198
Total equity		**130 951**	**126 407**	**119 123**
Total liabilities and equity		**2 206 616**	**2 130 779**	**2 216 771**
Off-balance sheet transactions, contingencies and post-balance sheet events	22			

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 2012	**18 314**	**19 895**	**(484)**	**(540)**	**67 908**	**105 094**
Profit for the period					2 514	2 514
Other comprehensive income			0	102		102
Comprehensive income for the period			0	102	2 514	2 616
Balance sheet as at 31 March 2013	**18 314**	**19 895**	**(484)**	**(438)**	**70 423**	**107 711**
Balance sheet as at 31 December 2013	**18 314**	**19 895**	**(929)**	**(71)**	**77 381**	**114 591**
Profit for the period					4 624	4 624
Other comprehensive income			(267)	(114)		(381)
Comprehensive income for the period			(267)	(114)	4 624	4 243
Balance sheet as at 31 March 2014	**18 314**	**19 895**	**(1 196)**	**(184)**	**82 004**	**118 833**

DNB Bank Group

Amounts in NOK million	Share capital	Share premium reserve	Actuarial gains and losses	Currency translation reserve	Net invest-ment hedge reserve	Other equity	Total equity
Balance sheet as at 31 December 2012	**18 314**	**20 611**	**(514)**	**(1 988)**	**1 306**	**78 460**	**116 190**
Profit for the period						2 850	2 850
Other comprehensive income			0	692	(608)		84
Comprehensive income for the period			0	692	(608)	2 850	2 934
Currency translation reserve taken to income				(6)		6	(1)
Change of reporting currency DNB Invest Denmark				7		(7)	0
Balance sheet as at 31 March 2013	**18 314**	**20 611**	**(514)**	**(1 294)**	**698**	**81 308**	**119 123**
Balance sheet as at 31 December 2013	**18 314**	**20 611**	**(957)**	**1 412**	**(1 119)**	**88 146**	**126 407**
Profit for the period						5 188	5 188
Other comprehensive income			(267)	(879)	501		(644)
Comprehensive income for the period			(267)	(879)	501	5 188	4 544
Balance sheet as at 31 March 2014	**18 314**	**20 611**	**(1 224)**	**533**	**(618)**	**93 334**	**130 951**

Cash flow statement

Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
		DNB Bank ASA	
Operating activities			
Net receipts/payments on loans to customers	(4 487)	(545)	58 172
Interest received from customers	7 557	7 430	31 785
Net receipts on deposits from customers	17 293	65 449	39 155
Interest paid to customers	(1 408)	(1 365)	(15 132)
Net receipts/payments on loans to credit institutions	144 636	85 968	(187 948)
Interest received from credit institutions	1 021	913	3 825
Interest paid to credit institutions	(808)	(552)	(2 417)
Net receipts/payments on the sale of financial assets for investment or trading	30 087	(14 331)	32 047
Interest received on bonds and commercial paper	1 282	1 262	6 604
Net receipts on commissions and fees	982	825	3 514
Payments to operations	(3 875)	(3 418)	(14 892)
Taxes received/paid	(2 473)	35	(4 590)
Other receipts/payments	(521)	3 762	803
Net cash flow from operating activities	**189 286**	**145 433**	**(49 076)**
Investment activities			
Net payments on the acquisition of fixed assets	(433)	(487)	(1 984)
Receipts on the sale of long-term investments in shares	0	436	642
Payments on the acquisition of long-term investments in shares	(152)	(60)	(18 646)
Dividends received on long-term investments in shares	101	0	319
Net cash flow from investment activities	**(483)**	**(111)**	**(19 670)**
Funding activities			
Receipts on issued bonds and commercial paper	265 984	183 816	911 267
Payments on redeemed bonds and commercial paper	(242 556)	(225 433)	(984 101)
Interest payments on issued bonds and commercial paper	(1 898)	(1 675)	(3 810)
Receipts on the raising of subordinated loan capital	0	0	7 528
Redemptions of subordinated loan capital	0	(2 259)	(3 709)
Interest paid on subordinated loan capital	(627)	(353)	(868)
Group contributions payments	0	0	(5 577)
Net cash flow from funding activities	**20 904**	**(45 904)**	**(79 271)**
Effects of exchange rate changes on cash and cash equivalents	**(6 963)**	**11 487**	**13 479**
Net cash flow	**202 743**	**110 906**	**(134 538)**
Cash as at 1 January	166 406	300 944	300 944
Net receipts/payments of cash	202 743	110 906	(134 538)
Cash at end of period *)	369 149	411 850	166 406
**) Of which: Cash and deposits with central banks*	*361 303*	*394 835*	*163 172*
Deposits with credit institutions with no agreed period of notice [1]	*7 846*	*17 015*	*3 233*

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)

	DNB Bank Group		
Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Operating activities			
Net payments on loans to customers	(7 860)	(6 443)	(10 346)
Interest received from customers	13 361	12 405	53 960
Net receipts on deposits from customers	18 818	67 440	44 386
Interest paid to customers	(1 289)	(1 562)	(15 460)
Net payments on loans to credit institutions	154 565	71 350	(158 418)
Interest received from credit institutions	422	209	1 373
Interest paid to credit institutions	(805)	(556)	(2 368)
Net receipts/payments on the sale of financial assets for investment or trading	9 216	(13 921)	9 282
Interest received on bonds and commercial paper	987	844	4 802
Net receipts on commissions and fees	1 445	1 001	4 319
Payments to operations	(4 379)	(3 936)	(18 274)
Taxes received/paid	(2 518)	102	(7 768)
Other receipts/payments	(3 297)	2 532	(764)
Net cash flow from operating activities	**178 666**	**129 464**	**(95 274)**
Investment activities			
Net payments on the acquisition of fixed assets	(496)	(637)	(2 586)
Net receipts, investment property	849	842	1 061
Receipts on the sale of long-term investments in shares	0	436	642
Payments on the acquisition of long-term investments in shares	0	0	(16)
Dividends received on long-term investments in shares	101	0	319
Net cash flow from investment activities	**454**	**642**	**(581)**
Funding activities			
Receipts on issued bonds and commercial paper	296 102	217 046	995 828
Payments on redeemed bonds and commercial paper	(263 704)	(241 835)	(1 031 094)
Interest payments on issued bonds and commercial paper	(4 414)	(3 970)	(12 234)
Receipts on the raising of subordinated loan capital	0	0	7 528
Redemptions of subordinated loan capital	0	(2 259)	(3 709)
Interest paid on subordinated loan capital	(508)	(353)	(749)
Group contributions payments	0	0	(6 000)
Net cash flow from funding activities	**27 476**	**(31 372)**	**(50 430)**
Effects of exchange rate changes on cash and cash equivalents	**(7 006)**	**11 514**	**13 935**
Net cash flow	**199 590**	**110 248**	**(132 350)**
Cash as at 1 January	171 771	304 121	304 121
Net receipts/payments of cash	199 590	110 248	(132 350)
Cash at end of period *)	371 361	414 369	171 771
**) Of which: Cash and deposits with central banks*	*363 330*	*397 835*	*167 171*
Deposits with credit institutions with no agreed period of notice [1]	*8 031*	*16 534*	*4 600*

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 first quarter accounts 2014 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 2013. 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.

New or amended accounting standards or interpretations that enter into force in 2014 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 2014.

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

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

The new standard will require increased judgement when assessing which entities are controlled by the company. The new rules had no material impact on the Banking group’s consolidated accounts.

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

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

As of the first quarter of 2014, the DNB Bank Group had no significant investments in jointly controlled operations. Thus, the implementation of the new standard had no material impact on the consolidated accounts.

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

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

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

Amendments to IAS 36 Impairment of assets
The amendment requires disclosure of the recoverable amount on assets that have been impaired if this is based on fair value less the cost of sales. The change must be viewed in the context of IFRS 13 Fair Value Measurement, and removes the unintended consequences of IFRS 13 on the disclosures required under IAS 36. The changes in the rules have no material impact on the accounts.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement
IASB has decided to amend the rules of hedge accounting. The amendments allow hedge accounting to be continued when derivatives are novated to effect clearing with a central counterparty (CCP) as a result of laws or regulations, if specific conditions are met. These amendments are also included in IFRS 9. The changes in the rules have no material impact on the accounts.

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 2013.

Note 3 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 and Poland. Operations are based on sound industry expertise and long-term customer relationships.
Trading	-	includes market making and other trading activities in fixed income, currencies and commodities (FICC) as well as equities, including risk management of the risk inherent in customer transactions. Markets' trading activities support the customer activities.

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.

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

Income statement

DNB Bank Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/ eliminations [1]		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK million	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	3 152	2 554	1 460	1 388	2 682	2 494	77	117	351	376	7 722	6 928
Interest on allocated capital [2]	119	76	85	92	224	241	34	39	(462)	(448)	0	0
Net interest income	3 271	2 630	1 545	1 480	2 906	2 735	111	156	(111)	(72)	7 722	6 928
Net other operating income	915	865	275	275	1 208	1 051	590	597	1 293	139	4 282	2 927
Total income	4 186	3 495	1 820	1 756	4 114	3 785	702	753	1 182	67	12 004	9 855
Operating expenses	2 011	1 915	881	850	1 500	1 340	107	186	472	870	4 972	5 161
Pre-tax operating profit before impairment	2 175	1 579	939	905	2 614	2 445	595	567	710	(803)	7 032	4 694
Net gains on fixed and intangible assets	(1)	0	(0)	(0)	0	1	0	0	1	4	(0)	4
Impairment of loans and guarantees [3]	77	79	95	85	(106)	569	0	0	14	4	80	737
Profit from repossessed operations	0	0	(15)	4	2	(26)	0	0	13	23	0	0
Pre-tax operating profit	2 097	1 500	829	824	2 722	1 850	594	567	709	(780)	6 952	3 961
Tax expense	566	420	224	231	844	555	160	165	(50)	(249)	1 745	1 121
Profit from operations held for sale after taxes	0	11	0	0	0	0	0	0	(19)	(2)	(19)	10
Profit for the period	1 531	1 091	605	593	1 878	1 295	434	403	740	(532)	5 188	2 850

1) *See the tables below for more information about other operations/eliminations.*
2) *Allocated capital for the segments are calculated on the external capital adequacy requirement (Basel II) which must be met by the banking group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers was adjusted upwards in the first quarter of 2014.*
3) *See note 13 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.*

Note 3 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	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK billion	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Loans to customers [1]	656.9	643.1	212.2	204.4	469.8	453.5	3.4	2.2	10.8	11.0	1 350.2	1 319.6
Deposits from customers [1]	347.7	329.5	152.1	144.1	380.0	331.2	132.7	69.6	6.0	4.6	1 018.5	879.0
Allocated capital [2]	28.5	16.2	20.8	20.0	55.9	52.5	8.1	8.3				

Key figures

DNB Bank Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/ eliminations [1]		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Per cent	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cost/income ratio [3]	48.0	54.8	48.4	48.4	36.5	35.4	15.3	24.6			41.4	52.4
Ratio of deposits to loans [1] [4]	52.9	51.2	71.7	70.5	80.9	73.0					75.3	66.9
Return on allocated capital, annualised [2]	21.8	27.4	11.8	12.0	13.6	10.0	21.7	19.6				

1) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments.*
2) *Allocated capital for the segments are calculated on the external capital adequacy requirement (Basel II) which must be met by the banking group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers was adjusted upwards in the first quarter of 2014. This resulted in a lower return on capital compared with the preceding quarters.*
3) *Total operating expenses relative to total income.*
4) *Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

Other operations/eliminations

DNB Bank Group

	Eliminations [1]		Group units [2]		Total	
	1st quarter		1st quarter		1st quarter	
Amounts in NOK million	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	(0)	0	351	376	351	376
Interest on allocated capital [3]	0	0	(462)	(448)	(462)	(448)
Net interest income	(0)	0	(111)	(72)	(111)	(72)
Net other operating income	(98)	(112)	1 391	251	1 293	139
Total income	(98)	(112)	1 280	179	1 182	67
Operating expenses	(98)	(112)	570	982	472	870
Pre-tax operating profit before impairment	0	0	710	(803)	710	(803)
Net gains on fixed and intangible assets	0	0	1	4	1	4
Impairment of loans and guarantees [4]	0	0	14	4	14	4
Profit from repossessed operations	0	0	13	23	13	23
Pre-tax operating profit	0	0	709	(780)	709	(780)

1) *The eliminations refer mainly to internal services from support units to segments and between segments. Further, intra-group transactions and gains and losses on transactions between companies in the banking group are eliminated.*
2) *The Group units includes IT and Operations, HR (Human Resources), Group Finance including Group Treasury, Risk Management, Corporate Communications, the partially owned company Eksportfinans 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 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.*

	1st quarter	
Group units - pre-tax operating profit in NOK million	*2014*	*2013*
+ Interest on unallocated equity etc.	*54*	*110*
+ Increase in value of the Nets shareholding	*913*	*10*
+ Income from equities investments	*(41)*	*7*
+ Gains on fixed and intangible assets	*1*	*4*
+ Mark-to-market adjustments Group Treasury and fair value of loans	*413*	*(241)*
+ Basis swaps	*(596)*	*(233)*
+ Eksportfinans ASA	*99*	*70*
+ Net gains on investment property	*11*	*12*
+ Profit from repossessed operations	*13*	*23*
- Provisions for debt-financed structured products	*0*	*450*
- Unallocated impairment of loans and guarantees	*14*	*4*
- Unallocated personnel expenses	*40*	*(24)*
- Unallocated IT expenses	*17*	*17*
- Funding costs on goodwill	*36*	*10*
- Impairment losses for goodwill and systems development	*1*	*1*
- Impairment of leases	*(0)*	*17*
- Unallocated operating expenses in main buildings	*35*	*53*
- Reversal of provisions	*0*	*0*
- Impairment of investment property and fixed assets	*12*	*10*
Other	*(3)*	*(4)*
Pre-tax operating profit	*709*	*(780)*

3) *Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the banking group.*
4) *See note 13 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.*

Note 4 Net interest income

	DNB Bank ASA		
Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Interest on amounts due from credit institutions	1 052	971	3 727
Interest on loans to customers	6 910	7 299	29 373
Interest on impaired loans and guarantees	102	142	607
Interest on commercial paper and bonds	1 629	1 781	7 068
Front-end fees etc.	61	65	297
Other interest income	597	457	1 831
Total interest income	**10 352**	**10 716**	**42 903**
Interest on amounts due to credit institutions	555	651	2 431
Interest on deposits from customers	3 578	3 689	14 400
Interest on debt securities issued	850	952	3 577
Interest on subordinated loan capital	141	104	452
Guarantee fund levy	164	164	655
Other interest expenses [1]	73	4	9
Total interest expenses	**5 361**	**5 564**	**21 525**
Net interest income	**4 991**	**5 151**	**21 378**

	DNB Bank Group		
Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Interest on amounts due from credit institutions	447	283	1 297
Interest on loans to customers	12 959	12 658	52 380
Interest on impaired loans and guarantees	118	151	682
Interest on commercial paper and bonds	1 336	1 342	5 266
Front-end fees etc.	73	73	329
Other interest income	323	188	759
Total interest income	**15 256**	**14 695**	**60 713**
Interest on amounts due to credit institutions	555	647	2 374
Interest on deposits from customers	3 645	3 798	14 756
Interest on debt securities issued	3 146	2 963	12 130
Interest on subordinated loan capital	141	104	452
Guarantee fund levy	192	187	754
Other interest expenses [1]	(145)	67	(132)
Total interest expenses	**7 533**	**7 767**	**30 334**
Net interest income	**7 722**	**6 928**	**30 379**

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

Note 5 Net commission and fee income

Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
	DNB Bank ASA		
Money transfer fees	783	738	3 131
Fees on asset management services	55	50	221
Fees on custodial services	86	76	317
Fees on securities broking	74	50	219
Corporate finance	139	46	243
Interbank fees	8	8	37
Credit broking commissions	122	62	459
Sales commissions on insurance products	81	71	318
Fees on real estate broking	0	0	0
Sundry commissions and fees	159	148	602
Total commission and fee income etc.	**1 506**	**1 248**	**5 547**
Money transfer fees	310	264	1 191
Commissions on fund management services	0	0	0
Fees on custodial services	39	31	134
Interbank fees	15	16	70
Credit broking commissions	22	29	106
Commissions on the sale of insurance products	5	1	0
Sundry commissions and fees	167	129	515
Total commission and fee expenses etc.	**557**	**471**	**2 016**
Net commission and fee income	**949**	**778**	**3 531**

Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
	DNB Bank Group		
Money transfer fees	832	781	3 335
Fees on asset management services	65	57	255
Fees on custodial services	88	77	327
Fees on securities broking	98	58	262
Corporate finance	234	105	497
Interbank fees	8	8	37
Credit broking commissions	121	63	473
Sales commissions on insurance products	86	76	342
Fees on real estate broking	236	263	1 144
Sundry commissions and fees	237	220	923
Total commission and fee income etc.	**2 005**	**1 708**	**7 595**
Money transfer fees	318	272	1 225
Commissions on fund management services	0	0	0
Fees on custodial services	39	31	134
Interbank fees	16	16	73
Credit broking commissions	15	27	102
Commissions on the sale of insurance products	6	2	0
Sundry commissions and fees	182	144	581
Total commission and fee expenses etc.	**575**	**492**	**2 115**
Net commission and fee income	**1 430**	**1 216**	**5 481**

Note 6 Net gains on financial instruments at fair value

	DNB Bank ASA		
Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Dividends	193	28	408
Net gains on commercial paper and bonds [1)]	786	(81)	(721)
Net gains on shareholdings and equity-related derivatives	791	67	749
Net unrealised gains on basis swaps	4	(69)	(489)
Net gains on other financial instruments	937	1 153	5 636
Net gains on financial instruments at fair value	**2 711**	**1 097**	**5 582**

	DNB Bank Group		
Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Dividends	193	28	405
Net gains on commercial paper and bonds	656	(110)	(837)
Net gains on shareholdings and equity-related derivatives	790	69	744
Net unrealised gains on basis swaps	(596)	(233)	(1 364)
Net gains on other financial instruments	1 089	1 314	6 060
Net gains on financial instruments at fair value	**2 131**	**1 067**	**5 009**

1) *Unrealised gains on DNB Bank ASA's investments in covered bonds issued by DNB Boligkreditt were NOK 138 million in the first quarter of 2014. Investments in such bonds totalled NOK 39 billion at 31 March 2014, of which NOK 16 billion have been used in the exchange scheme with the Norwegian government. See note 21 Information on related parties – stimulus packages.*

Note 7 Profit from investments accounted for by the equity method

Moody's and Standard & Poor's downgrades of Eksportfinans' credit rating in the fourth quarter of 2011 resulted in sizeable unrealised gains on the company's long-term funding. The effect of such unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion in the fourth quarter of 2011. After reviewing the fair value of the company in connection with the closing of the annual accounts, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter of 2011. In 2012, 2013 and in the first quarter of 2014, the required rate of return in the market was reduced, and Eksportfinans had sizeable unrealised losses on own debt. The impairment loss recorded by DNB in the fourth quarter of 2011 was reversed by an amount corresponding to these unrealised losses. Reversals totalling NOK 0.7 billion were made in the first quarter of 2014. The remaining impairment loss was NOK 1.4 billion at end-March 2014. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

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

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

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

Note 8 Other income

Amounts in NOK million	DNB Bank ASA 1st quarter 2014	 1st quarter 2013	 Full year 2013
Income from owned/leased premises	33	20	114
Group contributions and dividends from group companies	9	16	1 033
Miscellaneous operating income [1)]	1 957	1 456	7 280
Total other income	**1 998**	**1 493**	**8 427**

Amounts in NOK million	DNB Bank Group 1st quarter 2014	 1st quarter 2013	 Full year 2013
Income from owned/leased premises	23	12	76
Income from investment properties	71	68	239
Sales income	27	26	107
Miscellaneous operating income	480	451	1 969
Total other income	**601**	**557**	**2 390**

1) *The change in miscellaneous operating income is mainly due to an increase in the management fees paid by DNB Boligkreditt AS. See Note 21 Information on related parties for more information.*

Note 9 Operating expenses

DNB Bank ASA

Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Salaries	1 494	1 392	5 933
Employer's national insurance contributions	209	189	795
Pension expenses [1)]	214	224	620
Restructuring expenses [1)]	51	14	710
Other personnel expenses	121	159	683
Total salaries and other personnel expenses	**2 088**	**1 977**	**8 742**
Fees [2)]	326	241	1 008
IT expenses [2)]	484	480	2 109
Postage and telecommunications	57	63	236
Office supplies	9	9	39
Marketing and public relations	148	123	523
Travel expenses	37	32	171
Reimbursement to Norway Post for transactions executed	52	28	143
Training expenses	12	13	37
Operating expenses on properties and premises	345	344	1 273
Operating expenses on machinery, vehicles and office equipment	22	23	91
Other operating expenses [3)]	124	580	722
Total other expenses	**1 615**	**1 936**	**6 353**
Depreciation and impairment of fixed and intangible assets [4)]	452	438	3 698
Total depreciation and impairment of fixed and intangible assets	**452**	**438**	**3 698**
Total operating expenses	**4 156**	**4 350**	**18 792**

DNB Bank Group

Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Salaries	1 829	1 684	7 176
Employer's national insurance contributions	259	245	1 014
Pension expenses [1)]	231	243	683
Restructuring expenses [1)]	55	20	726
Other personnel expenses	142	172	746
Total salaries and other personnel expenses	**2 516**	**2 364**	**10 345**
Fees [2)]	342	266	1 114
IT expenses [2)]	555	553	2 383
Postage and telecommunications	69	75	276
Office supplies	23	22	85
Marketing and public relations	218	200	838
Travel expenses	48	41	212
Reimbursement to Norway Post for transactions executed	52	28	143
Training expenses	14	15	46
Operating expenses on properties and premises	403	406	1 517
Operating expenses on machinery, vehicles and office equipment	31	32	129
Other operating expenses [3)]	200	661	1 082
Total other expenses	**1 953**	**2 299**	**7 826**
Impairment losses for goodwill [5)]	0	0	57
Depreciation and impairment of fixed and intangible assets [6)]	503	498	2 540
Total depreciation and impairment of fixed and intangible assets	**503**	**498**	**2 598**
Total operating expenses	**4 972**	**5 161**	**20 769**

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

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

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

4) *Impairment totalled NOK 1 843 million in the fourth quarter of 2013, referring to the operations in Denmark, Latvia and Russia.*

5) *Impairment losses for goodwill of NOK 57 million relating to JSC DNB Bank were recorded in the fourth quarter of 2013.*

6) *Impairment of capitalised systems development in the Baltics totalling NOK 500 million was recorded in the fourth quarter of 2013.*

Note 10 Number of employees/full-time positions

	DNB Bank ASA		
	1st quarter 2014 [1) 2)]	1st quarter 2013	Full year 2013 [1)]
Number of employees at end of period	7 972	8 328	8 123
- of which number of employees abroad	806	784	771
Number of employees calculated on a full-time basis at end of period	7 630	7 974	7 769
- of which number of employees calculated on a full-time basis abroad	780	757	745
Average number of employees	7 992	8 333	8 267
Average number of employees calculated on a full-time basis	7 652	8 005	7 914

	DNB Bank Group		
	1st quarter 2014 [1) 2)]	1st quarter 2013	Full year 2013 [1)]
Number of employees at end of period	11 373	12 415	11 601
- of which number of employees abroad	3 414	4 090	3 459
Number of employees calculated on a full-time basis at end of period	10 971	11 990	11 186
- of which number of employees calculated on a full-time basis abroad	3 361	4 028	3 408
Average number of employees	11 442	12 535	12 134
Average number of employees calculated on a full-time basis	11 040	12 132	11 711

1) In September 2013, 122 full-time positions were transferred from DNB Livsforsikring to DNB Bank ASA.
2) The reduction from 2013 reflects restructuring measures in the banking group.

Note 11 Fair value of financial instruments at amortised cost

	DNB Bank ASA			
	31 March 2014		31 March 2013	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	8 576	8 576	32 366	32 366
Due from credit institutions	143 130	143 130	122 862	122 862
Loans to customers	630 360	632 281	663 934	663 495
Commercial paper and bonds, held to maturity	60 251	59 934	68 734	67 780
Total financial assets	842 318	843 921	887 896	886 503
Due to credit institutions	28 446	28 446	29 341	29 341
Deposits from customers	802 238	802 238	816 617	816 617
Securities issued [1)]	148 335	151 471	150 826	152 988
Subordinated loan capital [1)]	24 846	25 168	17 141	16 653
Total financial liabilities	1 003 865	1 007 322	1 013 926	1 015 600

	DNB Bank Group			
	31 March 2014		31 March 2013	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	10 603	10 603	35 366	35 366
Due from credit institutions	14 217	14 217	16 680	16 680
Loans to customers	1 227 271	1 228 965	1 184 378	1 183 186
Commercial paper and bonds, held to maturity	60 251	59 934	68 734	67 780
Total financial assets	1 312 343	1 313 719	1 305 158	1 303 012
Due to credit institutions	29 436	29 436	30 833	30 833
Deposits from customers	845 426	845 426	851 581	851 581
Securities issued [1)]	460 336	467 040	414 629	419 426
Subordinated loan capital [1)]	24 846	25 168	17 141	16 652
Total financial liabilities	1 360 044	1 367 070	1 314 183	1 318 492

1) Includes hedged liabilities.

Note 12 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 March 2014					
Deposits with central banks	0	352 726	0	0	352 727
Due from credit institutions	0	169 661	0	140	169 800
Loans to customers	0	4 422	45 804	190	50 415
Commercial paper and bonds at fair value	47 260	175 205	418	2 202	225 085
Shareholdings	9 528	431	4 875		14 834
Financial derivatives	9	143 832	1 347		145 188
Liabilities as at 31 March 2014					
Due to credit institutions	0	306 340	0	148	306 488
Deposits from customers	0	62 609	0	128	62 737
Debt securities issued	0	226 591	0	169	226 760
Subordinated loan capital	0	1 252	0	2	1 254
Financial derivatives	10	152 139	1 137		153 286
Other financial liabilities	0	80	0	0	80

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 March 2014					
Deposits with central banks	0	352 726	0	0	352 727
Due from credit institutions	0	35 032	0	48	35 080
Loans to customers	0	4 422	121 626	365	126 413
Commercial paper and bonds at fair value	52 269	133 353	423	2 245	188 290
Shareholdings	9 738	432	5 103		15 273
Financial derivatives	9	132 440	1 347		133 796
Liabilities as at 31 March 2014					
Due to credit institutions	0	227 862	0	136	227 998
Deposits from customers	0	62 609	0	128	62 737
Debt securities issued	0	286 974	0	953	287 927
Subordinated loan capital	0	1 252	0	2	1 254
Financial derivatives	10	107 354	1 137		108 501
Other financial liabilities	0	80	0	0	80

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 2013	**50 423**	**306**	**4 007**	**1 442**	**1 248**
Net gains on financial instruments	66	0	834	(50)	(84)
Additions/purchases	42	256	60	48	42
Sales	373	153	26	0	0
Settled	4 355	7	0	87	64
Transferred from level 1 or level 2	0	69	0	0	0
Transferred to level 1 or level 2	0	54	0	0	0
Other [2)]	0	1	0	(5)	(5)
Carrying amount as at 31 March 2014	**45 804**	**418**	**4 875**	**1 347**	**1 137**

Note 12 Financial instruments at fair value (continued)

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

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings [1)]	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2013	**128 022**	**311**	**4 235**	**1 442**	**1 248**
Net gains on financial instruments	514	0	833	(50)	(84)
Additions/purchases	714	256	60	48	42
Sales	0	153	26	0	0
Settled	7 623	7	0	87	64
Transferred from level 1 or level 2	0	69	0	0	0
Transferred to level 1 or level 2	0	54	0	0	0
Other [2)]	0	1	0	(5)	(5)
Carrying amount as at 31 March 2014	**121 626**	**423**	**5 103**	**1 347**	**1 137**

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 corre-sponding 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 discription of the instruments and valuation techniques, see DNB's annual report for 2013.

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

DNB Bank ASA 31 March 2014 Share-holdings	Commercial paper and bonds	Loans to customers	*Amounts in NOK million*	DNB Bank Group 31 March 2014 Loans to customers	Commercial paper and bonds	Share-holdings
2 949	417	45 698	Principal amount / purchase price	119 831	421	3 093
1 926	2	106	Fair value adjustment	1 796	2	2 010
4 875	418	45 804	Total fair value, excluding accrued interest	121 626	423	5 103

DNB Bank ASA — **Breakdown of shareholdings, level 3** — **DNB Bank Group**

DNB Bank ASA Total	Other	Private Equity (PE) funds	Unquoted equities		DNB Bank Group Unquoted equities	Private Equity (PE) funds	Other	Total
4 875	23	460	4 393	Carrying amount as at 31 March 2014	4 620	460	23	5 103

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

DNB Bank ASA Effect of reasonably possible alternative assumptions	Carrying amount 31 March 2014	*Amounts in NOK million*	DNB Bank Group Carrying amount 31 March 2014	Effect of reasonably possible alternative assumptions
(27)	45 804	Loans to customers	121 626	(221)
(1)	418	Commercial paper and bonds	423	(1)
0	4 875	Shareholdings	5 103	0
0	210	Financial derivatives, net	210	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 5 103 million as at 31 March 2014. The investment in Nets Holding was valued at NOK 3 430 million. During the first quarter of 2014, an agreement was signed on the sale of the investment in Nets. The transaction is expected to be completed in the second quarter of 2014.

Note 13 Impairment of loans and guarantees

	DNB Bank ASA		
Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Write-offs	247	83	825
New individual impairment	573	790	2 425
Total new individual impairment	820	874	3 250
Reassessed individual impairment	392	272	511
Recoveries on loans and guarantees previously written off	108	109	434
Net individual impairment	320	493	2 305
Change in collective impairment of loans	(85)	170	(380)
Impairment of loans and guarantees [1)]	**236**	**663**	**1 925**
Write-offs covered by individual impairment made in previous years	740	234	1 128
1) Of which individual impairment of guarantees	*(198)*	*75*	*115*

	DNB Bank Group		
Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Write-offs	143	139	966
New individual impairment	857	996	3 071
Total new individual impairment	1 000	1 135	4 037
Reassessed individual impairment	554	406	1 263
Recoveries on loans and guarantees previously written off	114	113	457
Net individual impairment	332	616	2 318
Change in collective impairment of loans	(252)	121	(133)
Impairment of loans and guarantees [1)]	**80**	**737**	**2 185**
Write-offs covered by individual impairment made in previous years	615	279	1 837
1) Of which individual impairment of guarantees	*(198)*	*75*	*119*

Note 14 Loans to customers

DNB Bank ASA				DNB Bank Group		
31 March 2013	31 Dec. 2013	31 March 2014	*Amounts in NOK million*	31 March 2014	31 Dec. 2013	31 March 2013
			Loans at amortised cost:			
671 260	632 541	636 544	Loans to customers, nominal amount	1 236 800	1 228 610	1 194 270
6 188	6 048	5 744	Individual impairment	9 605	9 695	9 722
665 072	626 493	630 799	Loans to customers, after individual impairment	1 227 195	1 218 915	1 184 548
1 458	1 451	1 577	+ Accrued interest and amortisation	2 889	2 762	3 008
526	496	543	- Individual impairment of accrued interest amortisation	762	710	701
2 069	1 563	1 473	- Collective impairment	2 050	2 315	2 476
663 934	625 885	630 360	Loans to customers, at amortised cost	1 227 271	1 218 652	1 184 378
			Loans at fair value:			
59 948	53 987	50 119	Loans to customers, nominal amount	124 252	130 344	139 849
406	202	190	+ Accrued interest	365	378	610
94	39	107	+ Adjustment to fair value	1 796	1 281	1 323
60 448	54 229	50 416	Loans to customers, at fair value	126 413	132 004	141 781
724 382	**680 114**	**680 776**	**Loans to customers**	**1 353 685**	**1 350 656**	**1 326 159**

Note 15 Net impaired loans and guarantees for principal customer groups [1)]

DNB Bank ASA 31 March 2013	31 Dec. 2013	31 March 2014	*Amounts in NOK million*	DNB Bank Group 31 March 2014	31 Dec. 2013	31 March 2013
1 309	1 315	1 272	Private individuals	3 370	3 482	3 352
5 102	3 609	3 249	Transportation by sea and pipelines and vessel construction	3 976	4 953	5 141
3 137	2 616	2 436	Real estate	3 288	3 708	3 798
1 676	1 881	477	Manufacturing	707	2 182	2 030
342	419	412	Services	489	506	553
111	213	193	Trade	324	387	321
42	137	50	Oil and gas	50	137	42
389	726	898	Transportation and communication	963	767	559
683	695	632	Building and construction	1 123	975	987
90	26	40	Power and water supply	41	68	135
64	58	54	Seafood	54	58	65
64	42	41	Hotels and restaurants	148	228	204
103	76	85	Agriculture and forestry	112	103	180
0	0	0	Central and local government	0	0	0
17	1	9	Other sectors	26	11	17
13 128	11 814	9 848	Total customers	14 671	17 565	17 384
0	5	4	Credit institutions	4	5	0
13 128	11 819	9 852	Total net impaired loans and guarantees	14 675	17 570	17 384
1 735	2 356	976	Non-performing loans and guarantees not subject to impairment	1 744	3 179	2 534
14 863	14 175	10 828	Total net non-performing and doubtful loans and guarantees	16 419	20 749	19 918

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.

Note 16 Commercial paper and bonds, held to maturity

DNB Bank ASA 31 March 2013	31 Dec. 2013	31 March 2014	*Amounts in NOK million*	DNB Bank Group 31 March 2014	31 Dec. 2013	31 March 2013
68 277	63 087	60 021	International bond portfolio	60 021	63 087	68 277
457	231	231	Other units	231	231	457
68 734	**63 318**	**60 251**	**Commercial paper and bonds, held to maturity**	**60 251**	**63 318**	**68 734**

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

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

Measurement of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement, the portfolio was thus measured at fair value according to models used for financial instruments not traded in an active market. The models were based on a regression analysis whereby historical market data (explanatory variables) which were observable even during the financial turmoil were used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model showed a high level of correlation between changes in given market data and changes in the value of the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. At end-March 2014, the fair value of the portfolio was determined based on broker quotes. If fair value had been used to determine the value of the portfolio in the first quarter of 2014, there would have been a NOK 149 million decrease in profits.

Note 16 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 March 2014 was NOK 0.7 billion higher than if the previous valuation principle had been retained. On the reclassification date, the carrying amount of the portfolio was NOK 88.0 billion, compared with NOK 18.4 billion at end-March 2014. The average term to maturity of the portfolio was 5.6 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 12 million at end-March 2014.

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

Amounts in NOK million	1st quarter 2014	1st quarter 2013	Full year 2013
Recorded amortisation effect	31	53	163
Net gain, if valued at fair value	(117)	(14)	452
Effects of reclassification on profits	149	67	(289)

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

Amounts in NOK million	31 March 2014	31 Dec. 2013	31 March 2013
Recorded unrealised losses	572	603	713
Unrealised losses, if valued at fair value	1 250	1 132	1 599
Effects of reclassification on the balance sheet	678	529	886

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

Amounts in NOK million	31 March 2014	31 Dec. 2013	31 March 2013
Reclassified portfolio, carrying amount	18 436	20 313	24 648
Reclassified portfolio, if valued at fair value	17 758	19 784	23 762
Effects of reclassification on the balance sheet	678	529	886

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 March 2014 the international bond portfolio represented NOK 146.9 billion. 76.8 per cent of the securities in the portfolio had an AAA rating, while 18.1 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 March 2014	NOK million 31 March 2014
Asset class		
Consumer credit	0.01	16
Residential mortgages	22.63	33 361
Corporate loans	0.02	22
Government related	36.95	54 467
Covered bonds	40.40	59 558
Total international bond portfolio, nominal values	100.00	147 424
Accrued interest, amortisation effects and fair value adjustments		(555)
Total international bond portfolio		146 868
Total international bond portfolio, held to maturity		60 021
Of which reclassified portfolio		18 436

The average term to maturity of the international bond portfolio is 2.8 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 16 million at end-March 2014.

Note 17 Intangible assets

DNB Bank ASA				DNB Bank Group		
31 March 2013	31 Dec. 2013	31 March 2014	*Amounts in NOK million*	31 March 2014	31 Dec. 2013	31 March 2013
2 931	2 956	2 944	Goodwill [1)]	3 030	3 041	3 064
747	709	650	IT systems development [2)]	1 074	1 166	1 506
279	246	232	Other intangible assets	249	256	259
3 957	**3 911**	**3 826**	**Total intangible assets**	**4 353**	**4 464**	**4 829**

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

2) *The process of developing new IT solutions in the Baltics was completed in 2013. Due to reduced growth prospects and stricter capital requirements for the cash flow-generating unit, it was decided to record impairment losses of NOK 500 million, in the fourth quarter, relating to the IT solutions.*

Note 18 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 March 2014	31 Dec. 2013	31 March 2013
Commercial paper issued, nominal amount	210 545	183 601	206 480
Bond debt, nominal amount	155 999	161 528	160 455
Adjustments	8 552	7 770	9 004
Total debt securities issued	**375 095**	**352 899**	**375 939**

Changes in debt securities issued

						DNB Bank ASA
Amounts in NOK million	Balance sheet 31 March 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Commercial paper issued, nominal amount	210 545	252 864	225 414	(506)		183 601
Bond debt, nominal amount	155 999	13 121	17 142	(1 508)		161 528
Adjustments	8 552				781	7 770
Total debt securities issued	**375 095**	**265 984**	**242 556**	**(2 013)**	**781**	**352 899**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

						DNB Bank ASA
Amounts in NOK million	Balance sheet 31 March 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Term subordinated loan capital, nominal amount	17 632			(190)		17 822
Perpetual subordinated loan capital, nominal amount	3 965			(46)		4 011
Perpetual subordinated loan capital securities, nominal amount	3 488			(27)		3 515
Adjustments	1 015				86	929
Total subordinated loan capital and perpetual subordinated loan capital securities	**26 100**	**0**	**0**	**(263)**	**86**	**26 276**

Note 18 Debt securities issued and subordinated loan capital (continued)

Debt securities issued

Amounts in NOK million	31 March 2014	31 Dec. 2013	31 March 2013
	DNB Bank Group		
Commercial paper issued, nominal amount	210 546	183 619	206 483
Bond debt, nominal amount [1)]	508 450	508 618	460 006
Adjustments	29 267	23 954	28 318
Total debt securities issued	**748 263**	**716 192**	**694 807**

Changes in debt securities issued

DNB Bank Group

Amounts in NOK million	Balance sheet 31 March 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Commercial paper issued, nominal amount	210 546	252 864	225 431	(506)		183 619
Bond debt, nominal amount [1)]	508 450	43 238	38 273	(5 133)		508 618
Adjustments	29 267				5 312	23 954
Total debt securities issued	**748 263**	**296 102**	**263 704**	**(5 639)**	**5 312**	**716 192**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DNB Bank Group

Amounts in NOK million	Balance sheet 31 March 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Term subordinated loan capital, nominal amount	17 632			(190)		17 822
Perpetual subordinated loan capital, nominal amount	3 965			(46)		4 011
Perpetual subordinated loan capital securities, nominal amount	3 488			(27)		3 515
Adjustments	1 015				86	929
Total subordinated loan capital and perpetual subordinated loan capital securities	**26 100**	**0**	**0**	**(263)**	**86**	**26 276**

1) *Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totaled NOK 389.9 billion as at 31 March 2014. The cover pool market value represented NOK 531.7 billion.*

Note 19 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. 2013	31 March 2014	*Amounts in NOK million*	31 March 2014	31 Dec. 2013
18 314	18 314	Share capital	18 314	18 314
96 276	95 895	Other equity	107 449	108 093
114 591	114 210	Total equity	125 763	126 407
		Deductions		
0	(3)	Pension funds above pension commitments	(21)	(4)
(2 956)	(2 944)	Goodwill	(3 629)	(3 654)
(4 145)	(4 232)	Deferred tax assets	(1 055)	(1 093)
(955)	(882)	Other intangible assets	(1 324)	(1 425)
0	0	Group contribution, payable	(5 000)	(5 000)
0	0	Unrealised gains on fixed assets	(30)	(30)
(2)	(8)	50 per cent of investments in other financial institutions	(8)	(2)
(610)	(685)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(1 042)	(712)
240	240	Adjustments for unrealised losses/(gains) on debt recorded at fair value	281	281
106 162	105 695	Common Equity Tier 1 capital	113 934	114 770
-	108 007	Common Equity Tier 1 capital incl. 50 per cent of profit for the period	116 528	-
3 515	3 488	Perpetual subordinated loan capital securities [1]	3 488	3 515
109 677	109 183	Tier 1 capital	117 422	118 285
-	111 495	Tier 1 capital incl. 50 per cent of profit for the period	120 016	-
4 011	3 965	Perpetual subordinated loan capital	3 965	4 011
17 822	17 632	Term subordinated loan capital [2]	17 702	17 850
		Deductions		
(2)	(8)	50 per cent of investments in other financial institutions	(8)	(2)
(610)	(685)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(1 042)	(712)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
21 221	20 904	Tier 2 capital	20 634	21 165
130 898	130 088	Total eligible primary capital [3]	138 057	139 450
-	132 399	Total eligible primary capital incl. 50 per cent of profit for the period[3]	140 651	-
933 433	876 181	Risk-weighted volume, transitional rules	999 430	1 004 716
74 675	70 094	Minimum capital requirement, transitional rules	79 954	80 377
11.4	12.3	Common Equity Tier 1 capital ratio, transitional rules (%)	11.7	11.4
11.7	12.7	Tier 1 capital ratio, transitional rules (%)	12.0	11.8
14.0	15.1	Capital ratio, transitional rules (%)	14.1	13.9
		Common Equity Tier 1 capital ratio, transitional rules,		
-	12.1	excl. 50 per cent of profit for the period (%)	11.4	-
-	12.5	Tier 1 capital ratio, transitional rules, excl. 50 per cent of profit for the period (%)	11.7	-
-	14.8	Capital ratio, transitional rules, excl. 50 per cent of profit for the period (%)	13.8	-

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 March 2014, calculations of capital adequacy for the banking group included a total of NOK 70 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 19 Capital adequacy (continued)

Basel II

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

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

Amounts in NOK million	Nominal exposure 31 March 2014	EAD [1] 31 March 2014	Average risk weights in per cent 31 March 2014	Risk-weighted volume 31 March 2014	Capital requirements 31 March 2014	Capital requirements 31 Dec. 2013
IRB approach						
Corporate	769 962	626 937	47.7	299 190	23 935	26 560
Specialised Lending (SL)	6 919	6 886	47.4	3 264	261	153
Retail - mortgage loans	84 290	84 289	19.5	16 468	1 317	1 169
Retail - other exposures	106 753	87 652	28.4	24 920	1 994	1 984
Securitisation	60 021	60 021	47.3	28 379	2 270	2 380
Total credit risk, IRB approach	1 027 944	865 784	43.0	372 220	29 778	32 246
Standardised approach						
Central government	45 963	56 006	0.0	7	1	1
Institutions	877 740	814 950	20.5	166 837	13 347	13 033
Corporate	177 745	147 122	96.5	142 033	11 363	13 055
Retail - mortgage loans	6 714	6 132	69.9	4 284	343	469
Retail - other exposures	59 253	19 280	74.2	14 301	1 144	1 070
Equity positions	75 431	75 221	100.3	75 448	6 036	5 936
Other assets	3 873	3 873	100.0	3 873	310	712
Total credit risk, standardised approach	1 246 718	1 122 584	36.2	406 784	32 543	34 275
Total credit risk	2 274 662	1 988 368	39.2	779 004	62 320	66 521
Market risk						
Position risk, debt instruments				28 976	2 318	2 622
Position risk, equity instruments				288	23	104
Currency risk				0	0	0
Commodity risk				183	15	9
Total market risk				29 447	2 356	2 734
Operational risk				68 182	5 455	5 455
Deductions				(453)	(36)	(36)
Total risk-weighted volume and capital requirements before transitional rules				876 181	70 094	74 675
Additional capital requirements according to transitional rules [2]				0	0	0
Total risk-weighted volume and capital requirements				876 181	70 094	74 675

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 19 Capital adequacy (continued)

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

Amounts in NOK million	Nominal exposure 31 March 2014	EAD [1] 31 March 2014	Average risk weights in per cent 31 March 2014	Risk-weighted volume 31 March 2014	Capital requirements 31 March 2014	Capital requirements 31 Dec. 2013
IRB approach						
Corporate	887 858	719 551	47.1	339 131	27 131	30 362
Specialised Lending (SL)	6 919	6 886	47.4	3 264	261	153
Retail - mortgage loans	627 875	627 874	16.8	105 306	8 424	4 884
Retail - other exposures	106 753	87 652	28.4	24 920	1 994	1 984
Securitisation	60 021	60 021	47.3	28 379	2 270	2 380
Total credit risk, IRB approach	1 689 426	1 501 983	33.4	501 000	40 080	39 763
Standardised approach						
Central government	51 279	67 691	0.4	289	23	4
Institutions	167 462	117 725	24.2	28 439	2 275	2 036
Corporate	262 503	205 451	92.7	190 411	15 233	16 996
Retail - mortgage loans	40 687	38 788	54.6	21 195	1 696	1 867
Retail - other exposures	79 560	36 358	78.1	28 399	2 272	2 249
Equity positions	5 674	5 464	104.2	5 691	455	308
Securitisation	2 897	2 897	17.9	519	42	44
Other assets	11 223	11 223	100.0	11 223	898	1 012
Total credit risk, standardised approach	621 285	485 597	58.9	286 166	22 893	24 517
Total credit risk	2 310 710	1 987 580	39.6	787 166	62 973	64 280
Market risk						
Position risk, debt instruments				24 619	1 970	2 239
Position risk, equity instruments				288	23	104
Currency risk				0	0	0
Commodity risk				183	15	9
Total market risk				25 090	2 007	2 352
Operational risk				79 770	6 382	6 382
Deductions				(710)	(57)	(60)
Total risk-weighted volume and capital requirements before transitional rules				891 317	71 305	72 953
Additional capital requirements according to transitional rules [2]				108 114	8 649	7 424
Total risk-weighted volume and capital requirements				999 430	79 954	80 377

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 20 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 67.1 per cent at end-March 2014, marginally down from 67.6 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 127.1 per cent at end-March 2014.

The short-term funding markets were generally sound for banks with good credit ratings in the first quarter of 2014. The markets are gradually returning to normal, and European investors show greater interest in raising funding. DNB had ample access to short-term funding through its funding programmes in both the US (USD) and Europe (all currencies). In the long-term funding markets, there was also a strong supply of capital throughout the quarter. There has generally been greater demand from investors, while a number of issuers have had less need for issuing bonds. This has resulted in a healthy price trend for both senior bonds and covered bonds.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the first quarter. At end-March, the total LCR was 113.8 per cent, with an LCR of 125.7 per cent for EUR and 155.6 per cent for USD.

The average remaining term to maturity for the portfolio of senior bond debt was 4.5 years at end-March 2014, 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 21 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans ASA

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

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

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

DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DNB Bank ASA. Pursuant to the agreement, the bank still carries interest rate risk and credit risk associated with the transferred portfolio. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet of the bank. These portfolios totalled NOK 3.0 billion at end-March 2014. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.

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

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 2013, portfolios representing NOK 304.8 billion were transferred from DNB Bank ASA to Boligkreditt. In the first quarter of 2014, portfolios representing NOK 3.6 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 the first quarter of 2014 totalled NOK 1.5 billion.

At end-March 2014 the bank had invested NOK 38.8 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-March 2014, commitments with a total value of NOK 24.3 billion had been transferred from the bank to Næringskreditt. The portfolio is diversified with respect to property types, sizes and locations. The transfers are made in agreement with the customers and are based on market terms. Like Boligkreditt, Næringskreditt purchases management and administrative services from the bank. In addition, administrative services relating to the company's operations are purchased from Boligkreditt. The fee paid to the bank and Boligkreditt for the first quarter of 2014 totalled NOK 24.6 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-March the bank had invested NOK 3.1 billion in covered bonds issued by DNB Næringskreditt.

Note 21 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 3.2 billion at end-March 2014.

DNB Bank ASA has entered into an agreement to lease the three buildings which constitute DNB's new head office in Oslo. 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-March 2014, existing loans with a total value of USD 2.6 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-March 2014, existing loans with a total value of USD 6.3 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-March 2014, this funding represented NOK 15.3 billion. At end-March 2014, the bank's investments in Treasury bills used in the swap agreements represented NOK 14.3 billion.

Note 22 Off-balance sheet transactions, contingencies and post-balance sheet events

DNB Bank ASA				DNB Bank Group		
31 March 2013	31 Dec. 2013	31 March 2014	*Amounts in NOK million*	31 March 2014	31 Dec. 2013	31 March 2013
43 328	43 435	47 173	Performance guarantees	49 314	45 721	44 265
22 376	23 883	22 665	Payment guarantees	22 699	23 811	22 809
18 883	19 054	18 851	Loan guarantees [1)]	18 851	19 054	18 883
6 706	6 589	6 811	Guarantees for taxes etc.	6 833	6 596	6 724
2 168	4 125	2 040	Other guarantee commitments	2 231	4 291	2 315
93 461	97 085	97 540	Total guarantee commitments	99 929	99 472	94 996
0	0	0	Support agreements	10 504	10 200	11 068
93 461	97 085	97 540	Total guarantee commitments etc. [*)]	110 433	109 672	106 064
514 109	1 014 393	967 019	Unutilised credit lines and loan offers	547 808	580 460	503 365
2 279	3 784	3 886	Documentary credit commitments	3 981	3 860	2 384
132	0	0	Other commitments	133	57	210
516 520	1 018 177	970 905	Total commitments	551 921	584 377	505 959
609 981	1 115 262	1 068 445	Total guarantee and off-balance commitments	662 355	694 049	612 023
89 253	77 202	50 004	Pledged securities	50 004	77 202	89 253
1 078	*13*	*9*	**) Of which counter-guaranteed by financial institutions*	*127*	*148*	*1 084*

1) *DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DNB Bank ASA has issued guarantees. According to the agreement, DNB Bank ASA still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 3.0 billion were recorded in the balance sheet as at 31 March 2014. These loans are not included under guarantees in the table.*

Contingencies

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

The DNB Group is involved in 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

Sale of the subsidiary JSC DNB Bank

At end-March 2014, JSC DNB Bank in Russia was a DNB subsidiary. The subsidiary has eight branches and approximately 190 employees. At end-April 2014, an agreement on the sale of the company was signed. The transaction is subject to the authorities’ approval and is expected to be implemented in the second quarter of 2014. A small loss will be recorded in the accounts.

Sale of ownership interest in Amports Inc.

At end-March 2014, DNB had a holding of just over 29 per cent in Amports Inc., which was acquired in 2010 in connection with the restructuring of a loan. Headquartered in Florida, Amports is a leader in the global automotive service industry in the US and Mexico and operates port terminals for auto shipping. The holding is recognised in the group accounts according to the equity method. At end-March 2014, the carrying value of the holding was NOK 122 million (USD 20.4 million). On 17 April 2014, DNB signed an agreement to sell the holding, and the transaction is expected to be implemented in the second quarter of 2014. A capital gain of NOK 210 million is expected to be recorded in the second quarter accounts.

No additional information has come to light about important circumstances which had occurred on the balance sheet date on 31 March 2014 and up till the Board of Directors' final consideration of the accounts on 7 May 2014.

Key figures

		DNB Bank Group		
		1st quarter 2014	1st quarter 2013	Full year 2013
Interest rate analyses				
1.	Combined weighted total average spread for lending and deposits (%)	1.24	1.19	1.26
2.	Average spread for ordinary lending to customers (%)	2.40	1.89	2.33
3.	Average spread for deposits from customers (%)	(0.29)	(0.30)	(0.28)
Rate of return/profitability				
4.	Net other operating income, per cent of total income	35.7	29.7	30.2
5.	Cost/income ratio (%)	41.4	52.4	46.4
6.	Return on equity, annualised (%)	16.4	9.9	13.1
Financial strength at end of period				
7.	Common equity Tier 1 capital ratio, transitional rules (%) 1)	11.7	10.4	11.4
8.	Tier 1 capital ratio, transitional rules (%) 1)	12.0	10.7	11.8
9.	Capital ratio, transitional rules (%) 1)	14.1	12.0	13.9
10.	Common equity Tier 1 capital (NOK million) 1)	113 934	102 535	114 770
11.	Risk-weighted volume, transitional rules (NOK million)	999 430	1 003 391	1 004 716
Loan portfolio and impairment				
12.	Individual impairment relative to average net loans to customers, annualised (%)	0.10	0.19	0.17
13.	Impairment relative to average net loans to customers, annualised (%)	0.02	0.23	0.16
14.	Net non-performing and net doubtful loans and guarantees, per cent of net loans	1.18	1.46	1.37
15.	Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	16 419	19 918	20 749
Liquidity				
16.	Ratio of customer deposits to net loans to customers at end of period (%)	67.1	67.6	66.0
Staff				
17.	Number of full-time positions at end of period	10 971	11 990	11 186

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

Definitions

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

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

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

Profit and balance sheet trends

Income statement — **DNB Bank ASA**

Amounts in NOK million	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013
Total interest income	10 352	10 630	10 812	10 745	10 716
Total interest expenses	5 361	5 335	5 341	5 285	5 564
Net interest income	**4 991**	**5 295**	**5 472**	**5 460**	**5 151**
Commission and fee income etc.	1 506	1 417	1 425	1 457	1 248
Commission and fee expenses etc.	557	532	523	491	471
Net gains on financial instruments at fair value	2 711	1 643	1 224	1 618	1 097
Other income	1 998	3 183	2 016	1 735	1 493
Net other operating income	**5 658**	**5 712**	**4 142**	**4 318**	**3 367**
Total income	**10 649**	**11 007**	**9 614**	**9 778**	**8 518**
Salaries and other personnel expenses	2 088	2 069	2 169	2 526	1 977
Other expenses	1 615	1 321	1 616	1 480	1 936
Depreciation and impairment of fixed and intangible assets	452	2 301	433	526	438
Total operating expenses	**4 156**	**5 691**	**4 219**	**4 532**	**4 350**
Pre-tax operating profit before impairment	**6 494**	**5 316**	**5 395**	**5 246**	**4 168**
Net gains on fixed and intangible assets	(1)	192	16	(24)	16
Impairment of loans and guarantees	236	368	161	734	663
Pre-tax operating profit	**6 257**	**5 140**	**5 249**	**4 488**	**3 521**
Tax expense	1 633	387	1 249	1 283	1 007
Profit for the period	**4 624**	**4 753**	**4 000**	**3 204**	**2 514**

Comprehensive income statement — **DNB Bank ASA**

Amounts in NOK million	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013
Profit for the period	**4 624**	**4 753**	**4 000**	**3 204**	**2 514**
Actuarial gains and losses, net of tax	(267)	(475)	(333)	364	0
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(267)	(475)	(333)	364	0
Currency translation of foreign operations	(114)	119	81	186	102
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	(114)	119	81	186	102
Other comprehensive income for the period	**(381)**	**(356)**	**(252)**	**550**	**102**
Comprehensive income for the period	**4 243**	**4 397**	**3 748**	**3 754**	**2 616**

Profit and balance sheet trends (continued)

Balance sheet **DNB Bank ASA**

Amounts in NOK million	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013	31 March 2013
Assets					
Cash and deposits with central banks	361 303	163 172	398 981	479 067	394 835
Due from credit institutions	282 961	399 482	208 403	209 031	209 381
Loans to customers	680 776	680 114	703 125	725 111	724 382
Commercial paper and bonds at fair value	225 085	248 207	271 899	258 547	256 855
Shareholdings	14 834	13 071	10 285	8 994	10 340
Financial derivatives	145 188	143 158	140 317	148 849	161 922
Commercial paper and bonds, held to maturity	60 251	63 318	66 059	68 456	68 734
Investments in associated companies	1 062	1 066	1 080	1 070	1 146
Investements in subsidiaries	69 071	69 487	67 848	51 289	50 038
Intangible assets	3 826	3 911	3 899	3 892	3 957
Deferred tax assets	4 232	4 145	702	679	653
Fixed assets	7 095	7 041	6 847	6 748	6 707
Other assets	34 428	29 483	19 934	17 587	18 668
Total assets	**1 890 112**	**1 825 656**	**1 899 378**	**1 979 320**	**1 907 617**
Liabilities and equity					
Due to credit institutions	304 964	280 831	305 232	345 824	359 158
Deposits from customers	864 975	849 137	896 184	966 658	862 164
Financial derivatives	153 286	156 979	140 840	142 734	141 485
Debt securities issued	375 095	352 899	382 639	368 239	375 939
Payable taxes	919	1 772	3 775	2 668	5 464
Deferred taxes	10	3	1 319	1 452	1 409
Other liabilities	40 979	38 343	23 235	16 651	30 655
Provisions	999	1 235	1 843	1 799	1 593
Pension commitments	3 952	3 592	3 282	2 711	3 429
Subordinated loan capital	26 100	26 276	25 819	19 118	18 610
Total liabilities	**1 771 279**	**1 711 065**	**1 784 166**	**1 867 855**	**1 799 907**
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	80 624	76 381	77 004	73 256	69 501
Total equity	**118 833**	**114 591**	**115 213**	**111 465**	**107 711**
Total liabilities and equity	**1 890 112**	**1 825 656**	**1 899 378**	**1 979 320**	**1 907 617**

Profit and balance sheet trends (continued)

Income statement

DNB Bank Group

Amounts in NOK million	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013
Total interest income	15 256	15 476	15 436	15 107	14 695
Total interest expenses	7 533	7 507	7 492	7 569	7 767
Net interest income	**7 722**	**7 969**	**7 944**	**7 538**	**6 928**
Commission and fee income etc.	2 005	1 922	1 946	2 020	1 708
Commission and fee expenses etc.	575	565	546	512	492
Net gains on financial instruments at fair value	2 131	1 348	1 249	1 345	1 067
Profit from investments accounted for by the equity method	107	118	99	70	74
Net gains on investment property	13	(79)	(23)	4	12
Other income	601	705	566	562	557
Net other operating income	**4 282**	**3 448**	**3 291**	**3 489**	**2 927**
Total income	**12 004**	**11 417**	**11 235**	**11 027**	**9 855**
Salaries and other personnel expenses	2 516	2 465	2 566	2 951	2 364
Other expenses	1 953	1 736	1 941	1 851	2 299
Depreciation and impairment of fixed and intangible assets	503	1 058	479	563	498
Total operating expenses	**4 972**	**5 258**	**4 986**	**5 365**	**5 161**
Pre-tax operating profit before impairment	**7 032**	**6 159**	**6 250**	**5 663**	**4 694**
Net gains on fixed and intangible assets	0	153	2	(10)	4
Impairment of loans and guarantees	80	36	475	937	737
Pre-tax operating profit	**6 952**	**6 277**	**5 777**	**4 716**	**3 961**
Tax expense	1 745	1 212	1 375	1 335	1 121
Profit from operations held for sale, after taxes	(19)	9	(7)	(7)	10
Profit for the period	**5 188**	**5 073**	**4 395**	**3 374**	**2 850**

Comprehensive income statement

DNB Bank Group

Amounts in NOK million	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013
Profit for the period	**5 188**	**5 073**	**4 395**	**3 374**	**2 850**
Actuarial gains and losses, net of tax	(267)	(474)	(333)	364	0
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(267)	(474)	(333)	364	0
Currency translation of foreign operations	(879)	977	349	1 375	692
Hedging of net investment, net of tax	501	(327)	(230)	(1 260)	(608)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	(378)	650	119	115	84
Other comprehensive income for the period	**(644)**	**177**	**(214)**	**479**	**84**
Comprehensive income for the period	**4 544**	**5 250**	**4 181**	**3 853**	**2 934**

Profit and balance sheet trends (continued)

Balance sheet

DNB Bank Group

Amounts in NOK million	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013	31 March 2013
Assets					
Cash and deposits with central banks	363 330	167 171	401 560	481 844	397 835
Due from credit institutions	49 298	176 796	25 928	48 453	57 569
Loans to customers	1 353 685	1 350 656	1 342 531	1 339 427	1 326 159
Commercial paper and bonds at fair value	188 290	191 232	186 515	175 699	173 843
Shareholdings	15 273	13 511	10 724	9 443	10 783
Financial derivatives	133 796	130 775	128 909	136 556	142 072
Commercial paper and bonds, held to maturity	60 251	63 318	66 059	68 456	68 734
Investment property	4 744	4 615	4 591	4 440	4 229
Investments accounted for by the equity method	3 211	3 096	3 012	2 919	2 946
Intangible assets	4 353	4 464	4 943	4 855	4 829
Deferred tax assets	1 048	1 086	1 358	1 307	1 264
Fixed assets	7 909	7 816	7 664	7 523	7 478
Assets held for sale	252	225	213	211	150
Other assets	21 177	16 017	21 271	17 616	18 878
Total assets	**2 206 616**	**2 130 779**	**2 205 279**	**2 298 748**	**2 216 771**
Liabilities and equity					
Due to credit institutions	257 434	234 218	260 903	318 504	336 528
Deposits from customers	908 163	891 256	934 477	1 005 181	897 124
Financial derivatives	108 501	111 242	103 318	111 770	112 341
Debt securities issued	748 263	716 192	722 891	700 252	694 807
Payable taxes	3 684	4 126	4 265	3 040	8 377
Deferred taxes	1 771	2 042	1 609	1 751	1 571
Other liabilities	16 551	13 917	25 449	17 814	23 523
Liabilities held for sale	89	53	73	68	30
Provisions	1 098	1 398	1 924	1 474	1 225
Pension commitments	4 012	3 652	3 384	2 801	3 510
Subordinated loan capital	26 100	26 276	25 827	19 118	18 610
Total liabilities	**2 075 666**	**2 004 372**	**2 084 121**	**2 181 772**	**2 097 647**
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	92 025	87 482	82 232	78 051	80 198
Total equity	**130 951**	**126 407**	**121 158**	**116 977**	**119 123**
Total liabilities and equity	**2 206 616**	**2 130 779**	**2 205 279**	**2 298 748**	**2 216 771**

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
Kai Nyland
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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.

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

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