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DNB BANK

– a company in the DNB Group

Fourth quarter report 2014
(Preliminary and unaudited)

Financial highlights

DNB Bank Group

Income statement *Amounts in NOK million*	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Net interest income	8 730	7 969	32 607	30 379
Net commissions and fees	*1 501*	*1 356*	*5 891*	*5 481*
Net gains on financial instruments at fair value	*294*	*1 348*	*5 404*	*5 009*
Other operating income	*767*	*744*	*2 827*	*2 666*
Net other operating income, total	2 562	3 448	14 122	13 156
Total income	11 292	11 417	46 729	43 535
Operating expenses	4 842	4 942	19 618	19 157
Restructuring costs and non-recurring effects	34	(241)	218	605
Expenses relating to debt-financed structured products	0	0	0	450
Impairment losses for goodwill and intangible assets	0	557	0	557
Pre-tax operating profit before impairment	6 416	6 159	26 893	22 766
Net gains on fixed and intangible assets	42	153	52	150
Impairment of loans and guarantees	821	36	1 639	2 185
Pre-tax operating profit	5 636	6 277	25 306	20 730
Tax expense	1 230	1 212	6 174	5 042
Profit from operations held for sale, after taxes	16	9	(22)	4
Profit for the period	**4 423**	**5 073**	**19 110**	**15 692**

Balance sheet *Amounts in NOK million*	31 Dec. 2014	31 Dec. 2013
Total assets	2 361 990	2 130 779
Loans to customers	1 447 465	1 350 656
Deposits from customers	951 049	891 256
Total equity	141 309	126 407
Average total assets	2 433 599	2 276 451

Key figures *Per cent*	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Return on equity, annualised	12.6	16.3	14.5	13.1
Combined weighted total average spread for lending and deposits	1.26	1.29	1.25	1.26
Cost/income ratio	43.2	41.2	42.4	46.4
Impairment relative to average net loans to customers, annualised	0.23	0.01	0.12	0.16
Common equity Tier 1 capital ratio, transitional rules, at end of period	12.5	11.4	12.5	11.4
Tier 1 capital ratio, transitional rules, at end of period	12.9	11.8	12.9	11.8
Capital ratio, transitional rules, at end of period	15.2	13.9	15.2	13.9

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

Fourth quarter report 2014

Directors' report

Fourth quarter 2014

The DNB Bank Group[1)] recorded profits of NOK 4 423 million in the fourth quarter of 2014, down NOK 651 million from the fourth quarter of 2013. Higher lending and deposit volumes helped raise profits for the quarter by NOK 761 million compared with the fourth quarter of 2013. There was an increase in net commissions and fees, reflecting income from capital-light asset management products, real estate broking and investment banking services. A reduction in net other operating income and an increase in impairment losses on loans contributed to the decline in profits. Strict cost control helped ensure strong profits from underlying operations. Profits for the fourth quarter of 2013 were affected by a positive valuation of DNB's investment in Nets of NOK 705 million. Adjusted for the effect of basis swaps, there was a NOK 1 611 million reduction in profits.

The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 11.4 per cent at end-December 2013 to 12.5 per cent.

There was a 5.5 per cent average increase in the healthy loan portfolio from the fourth quarter of 2013, parallel to a significant increase in average deposit volumes of 11.7 per cent. The strong volume growth was partly due to exchange rate movements. Lending spreads narrowed slightly by 0.1 percentage points, while deposit spreads widened by 0.15 percentage points. In order to face the market competition, DNB implemented interest rate reductions for existing loans and deposits in the second and third quarter of 2014, effective on 16 June and 30 September, respectively. The most recent interest rate reductions had effect on existing loans from early December 2014.

Adjusted for the effect of basis swaps, net other operating income was down NOK 2 214 million compared with the fourth quarter of 2013. In the fourth quarter of 2013, a rise in value of DNB's shareholding in Nets of NOK 705 million had a positive impact on income. Profits for the fourth quarter of 2014 were negatively affected by value changes resulting from developments in credit spreads, minor adjustments in valuation models and lower income from the banking group's market making and proprietary trading due to extensive volatility in the equity, interest rate and foreign exchange markets. Net commissions and fees grew by NOK 144 million compared with the fourth quarter of 2013.

Total operating expenses were reduced by NOK 382 million from the fourth quarter of 2013. Ordinary operating expenses, excluding restructuring costs and other non-recurring effects, declined by NOK 100 million during the corresponding period.

Impairment losses on loans and guarantees totalled NOK 821 million for the quarter, up NOK 786 million from the fourth quarter of 2013. The increase mainly took place in the corporate customer segments. Moreover, the level of impairment in the fourth quarter of 2013 was positively affected by reversals on both individual and collective impairment losses.

Early in November, DNB launched, together with Telenor and SpareBank 1 Gruppen, a contactless mobile phone payment solution. The solution is called Valyou and is being developed further by the company with the same name.

[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 for the fourth quarter of 2014

Net interest income

Amounts in NOK million	4th quarter 2014	Change	4th quarter 2013
Net interest income	8 730	761	7 969
Lending and deposit volumes		256	
Exchange rate movements		219	
Interest rate instruments		127	
Long-term funding costs		112	
Equity and non-interest-bearing items		41	
Other net interest income		12	
Lending and deposit spreads		(6)	

Net interest income rose by NOK 761 million or 9.6 per cent from the fourth quarter of 2013. Higher lending and deposit volumes, partly due to exchange rate movements, were the main factor behind the rise in income, though interest rate instruments and lower long-term funding costs also had a positive impact. Average lending spreads contracted by 0.10 percentage points, while deposit spreads widened by 0.15 percentage points. Volume-weighted spreads narrowed by 0.03 percentage points. There was an average increase of NOK 74 billion or 5.5 per cent in the healthy loan portfolio compared with the fourth quarter of 2013. During the same period, deposits were up NOK 110.4 billion or 11.7 per cent.

Net other operating income

Amounts in NOK million	4th quarter 2014	Change	4th quarter 2013
Net other operating income	2 562	(887)	3 448
Basis swaps		1 327	
Net gains on investment property		168	
Net commissions and fees		144	
Other income		(71)	
Profit from associated companies		(74)	
Investment in Nets		(705)	
Net gains on other financial instruments		(1 676)	

Net other operating income declined by NOK 887 million or 25.7 per cent from the fourth quarter of 2013. Adjusted for basis swaps, net other operating income was down NOK 2 214 million.

Changes in fair values resulting from minor adjustments in valuation models, a negative development in credit spreads and lower income from the banking group's market making and proprietary trading had a pronounced effect on profits. In the fourth quarter of 2013, a rise in value of DNB's investment in Nets of NOK 705 million had a positive impact on income.

Operating expenses

Amounts in NOK million	4th quarter 2014	Change	4th quarter 2013
Operating expenses excluding non-recurring effects	4 842	(100)	4 942
Income-related costs			
Ordinary depreciation on operational leasing		19	
Expenses related to operations			
Other costs		45	
IT expenses		39	
Marketing expenses		(38)	
Properties/premises		(74)	
Performance-based pay		(92)	
Non-recurring effects	34	(282)	316
Other restructuring costs and non-recurring effects		84	
Reversal of provisions		83	
IT restructuring		70	
Restructuring costs – employees		39	
Impairment losses for goodwill and activated systems development		(557)	
Operating expenses	4 876	(382)	5 258

Operating expenses were down NOK 382 million from the fourth quarter of 2013. Adjusted for non-recurring effects, there was a reduction of NOK 100 million, which mainly reflected lower costs for performance-based pay, properties and premises. On the other hand, there was a rise in IT expenses due to extensive changes in DNB's IT operations and development activities in 2014 and 2015.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 821 million, up from NOK 36 million in the fourth quarter of 2013 and NOK 183 million in the third quarter of 2014. The most pronounced increase compared with the fourth quarter of 2013 stemmed from the large corporates and international customers segment, while there were reversals in the personal customer segment. The impairment losses for the quarter largely refer to individual commitments within acquisition finance in various industry sectors. In addition, there was a rise in collective impairment due to lower reversals.

The rise in impairment from the third quarter of 2014 was partly due to a rise in individual impairment in the large corporates and international customers segment and the small and medium-sized enterprises segment, parallel to lower reversals on collective impairment losses. The fourth quarter of 2014 saw reversals on collective impairment losses of NOK 58 million, compared with NOK 84 million in the third quarter. Impairment losses in the fourth quarter of 2014 were roughly at a normalised long-term level.

Non-performing and doubtful loans and guarantees were reduced by NOK 3.5 billion from end-December 2013, totalling NOK 17.3 billion at year-end 2014. This represented 0.96 per cent of the loan portfolio, down from 1.37 per cent at end-December 2013.

Taxes

The banking group's tax expense for the fourth quarter of 2014 was NOK 1 230 million, or 22 per cent of pre-tax operating profits.

Segments

Financial governance in the banking group is adapted to the different customer segments. The follow-up of total customer relationships and segment profitability are 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 2 374 million in the fourth quarter of 2014, up NOK 1 million from the fourth quarter of 2013. Strong growth in net interest income due to higher lending volumes combined with strict cost control and low impairment losses contributed to the strong profits.

Personal customers	4th quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	3 459	3 409	50	1.5
Net other operating income	856	846	10	1.2
Total income	4 315	4 255	60	1.4
Operating expenses	2 016	1 936	80	4.1
Pre-tax operating profit before impairment	2 299	2 319	(20)	(0.9)
Net gains on fixed and intangible assets	1	154	(154)	
Impairment loss of loans and guarantees	(74)	114	(188)	
Pre-tax operating profit	2 374	2 373	1	0.0
Tax expense	641	664	(23)	(3.5)
Profit for the period	1 733	1 708	25	1.4
Average balance sheet items in NOK billion				
Net loans to customers	684.0	655.4	28.6	4.4
Deposits from customers	363.8	345.2	18.6	5.4
Key figures in per cent				
Lending spread [1]	2.32	2.50		
Deposit spread [1]	(0.34)	(0.57)		
Return on allocated capital [2]	24.3	41.0		
Cost/income ratio	46.7	45.5		
Ratio of deposits to loans	53.2	52.7		

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 reduction in the return from 2013 is due to stricter capital requirements for home mortgages.*

After a period of weak lending growth at the start of the year, the rate of growth in both the third and fourth quarter corresponded to an annual growth rate of more than 6 per cent. Average net loans increased by 4.4 per cent from the fourth quarter of 2013. Deposits were up 5.4 per cent during the corresponding period, while the ratio of deposits to net loans was 53.2 per cent.

Net interest income rose by 1.5 per cent from the fourth quarter of 2013. The volume-weighted interest rate spread contracted by 0.05 percentage points from the fourth quarter of 2013, but widened by 0.01 percentage points from the third quarter of 2014.

Other operating income remained fairly stable from quarter to quarter in 2014, but was somewhat lower in the fourth quarter of 2014 than in both the fourth quarter of 2013 and the third quarter of 2014. Operating expenses increased somewhat from the fourth quarter of 2013, but remained stable compared with the third quarter of 2014.

A large share of loans to personal customers represents well-secured home mortgages entailing low risk. In the fourth quarter of 2014, reversals on previous impairment losses exceeded new impairment losses. Thus, a total of NOK 74 million was recorded as income, corresponding to net reversals of 0.04 per cent of average loans. In the fourth quarter of 2013, net impairment came to 0.07 per cent.

The market share of credit to households stood at 26.1 per cent at end-November 2014, while the market share of total household savings was 32.4 per cent. DNB Eiendom had a market share of 19.1 per cent in the fourth quarter of 2014.

As a result of a higher self-service ratio, ten branch offices were closed while 64 were made cashless during 2014. Cashless branches no longer offer manual cash-handling services.

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

Small and medium-sized enterprises

This segment includes the banking group's total sales of products and services to small and medium-sized corporate customers.

Pre-tax operating profits came to NOK 796 million in the fourth quarter of 2014, an increase of NOK 43 million from the fourth quarter of 2013. The increase in profits reflected a strong rise in both net interest income and net other operating income.

Small and medium-sized enterprises	4th quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	1 797	1 579	218	13.8
Net other operating income	334	254	80	31.6
Total income	2 131	1 833	298	16.3
Operating expenses	924	911	14	1.5
Pre-tax operating profit before impairment	1 207	922	285	30.9
Net gains on fixed and intangible assets	43	0	43	
Impairment loss of loans and guarantees	469	160	310	194.2
Profit from repossessed operations	16	(9)	25	
Pre-tax operating profit	796	753	43	5.7
Tax expense	215	211	4	1.9
Profit for the period	581	542	39	7.2
Average balance sheet items in NOK billion				
Net loans to customers	218.8	209.1	9.6	4.6
Deposits from customers	169.3	149.4	19.9	13.3
Key figures in per cent				
Lending spread [1)]	2.68	2.79		
Deposit spread [1)]	0.05	(0.15)		
Return on allocated capital [2)]	11.2	10.5		
Cost/income ratio	43.4	49.7		
Ratio of deposits to loans	77.4	71.4		

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

There was a sound increase in loans to small and medium-sized enterprises in the fourth quarter of 2014. Average net loans to customers rose by 4.6 per cent from the fourth quarter of 2013. During the same period, there was a significant increase in deposits of 13.3 per cent. The ratio of deposits to net loans averaged 77.4 per cent for the quarter.

Net interest income increased from the fourth quarter of 2013 due to volume growth and wider deposit spreads. Net other operating income showed strong growth during the corresponding period, reflecting a rise in income from foreign exchange. Higher volumes from product sales gave a slight increase in costs from the fourth quarter of 2013.

Net impairment of loans totalled NOK 469 million in the fourth quarter of 2014. On an annual basis, this represented 0.85 per cent of net loans, compared with 0.30 per cent in the fourth quarter of 2013. Impairment losses were recorded on loans to a number of industries, and 60 per cent of the impairment losses in the fourth quarter of 2014 stemmed from three commitments. The quality of the rest of the loan portfolio is considered to be satisfactory. The close follow-up of customers and preventive measures are vital to ensuring satisfactory quality.

The banking group is committed to supporting customers who want to start their own business and is working on measures that will help newly established companies streamline their business activities. Moderate credit growth is anticipated in the market, and the banking group expects lending growth in this segment on a level with the banking market in general.

Large corporates and international customers

This segment includes the banking group's largest Norwegian corporate customers and international customers, including all 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 2 698 million in the fourth quarter of 2014, a reduction of NOK 130 million from the year-earlier period. In spite of a healthy rise in income, profits were negatively affected by increasing impairment losses on loans.

Large corporates and international customers	4th quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	3 411	2 986	425	14.2
Net other operating income	1 283	1 254	29	2.3
Total income	4 694	4 240	454	10.7
Operating expenses	1 539	1 525	14	0.9
Pre-tax operating profit before impairment	3 155	2 715	440	16.2
Net gains on fixed and intangible assets	9	(9)	19	
Impairment loss of loans and guarantees	452	(222)	674	
Profit from repossessed operations	(14)	(99)	85	
Pre-tax operating profit	2 698	2 828	(130)	(4.6)
Tax expense	837	849	(12)	(1.4)
Profit for the period	1 864	1 980	(116)	(5.9)
Average balance sheet items in NOK billion				
Net loans to customers	502.3	471.5	30.8	6.5
Deposits from customers	386.1	362.5	23.6	6.5
Key figures in per cent				
Lending spread [1)]	2.17	2.17		
Deposit spread [1)]	(0.11)	(0.17)		
Return on allocated capital [2)]	13.3	14.4		
Cost/income ratio	32.8	34.6		
Ratio of deposits to loans	76.9	76.9		

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

The weakened Norwegian krone towards the end of 2014 strongly affected lending growth, and net loans to customers were up 6.5 per cent from the fourth quarter of 2013. Adjusted for exchange rate movements, there was an underlying increase in the portfolio of 1 per cent, reflecting strategic portfolio adjustments and higher lending volumes in selected industries. Compared with the third quarter of 2014, lending volumes were up 5.6 per cent, primarily due to exchange rate movements. This was also the main factor behind the 6.5 per cent rise in deposits from the fourth quarter of 2013.

Due to rising volumes combined with a widening of both lending and deposit spreads relative to the 3-month money market rate, net interest income increased by 14.2 per cent from the fourth quarter of 2013 and by 8.9 per cent from the third quarter of 2014. Average lending spreads remained unchanged at 2.17 per cent compared to the fourth quarter of 2013, but contracted by 0.01 percentage points compared with the third quarter of 2014. Deposit spreads were still negative at 0.11 per cent in the fourth quarter of 2014, but widened by 0.06 percentage points compared with the fourth quarter of 2013.

The increase in net other operating income from the fourth quarter of 2013 reflected a significant rise in income from investment banking services. In addition, the low Norwegian interest rate level resulted in strong demand for interest rate hedging products.

Operating expenses were unchanged from the fourth quarter of 2013. In spite of a strong rise in income, there was a reduction in costs related to product sales. The number of full-time positions in Large corporates and international customers declined by 331 in the course of 2014. The reduction took place in international operations.

Net impairment losses increased by NOK 674 million from the fourth quarter of 2013. On an annual basis, net impairment represented 0.36 per cent of average loans, while individual impairment came to 0.40 per cent. The fourth quarter of 2013 was characterised by total reversals on net impairment losses of 0.19 per cent. Reversals on individual impairment losses represented 0.03 per cent of net loans.

Targeted efforts are being made to retain the level of quality in the portfolio through close follow-up of customers and preventive measures. Developments in industries that are sensitive to oil price changes are closely monitored. The banking group's lending practices are based on a scenario with relatively low oil prices, and the banking group has a robust portfolio within both oil, gas and offshore. Net non-performing and doubtful loans and guarantees amounted to NOK 11.6 billion at end-December 2014, a reduction of NOK 3.2 billion from a year earlier.

The banking group gives priority to strong, long-term and profitable customer relationships and on further developing key customer segments. The Group's wide range of products and broad expertise are key elements in efforts to strengthen customer relationships and form the basis for operations over the coming years. The increasing pressure on spreads in the market is expected to prevail, and repricing in certain segments will not necessarily be adequate to ensure that lending spreads remain at the current level. It is expected that this will be compensated for by repricing deposits.

Trading

This segment comprises market making and proprietary trading in foreign exchange, fixed income, equity and commodity products, including the hedging of market risk inherent in customer transactions. Trading activities support the banking group's customer activities.

In the fourth quarter of 2014, there was a pre-tax operating loss of NOK 105 million, representing a reduction in profits of NOK 505 million from the year-earlier period.

Trading	4th quarter		Change	
Income statement in NOK million	2014	2013	NOK mill	%
Net interest income	128	122	6	5.2
Net other operating income	(102)	566	(668)	(118.0)
Total income	26	688	(662)	(96.2)
Operating expenses	132	84	47	55.9
Pre-tax operating profit	(105)	604	(709)	(117.4)
Tax expense	(28)	175	(203)	(116.2)
Profit for the period	(77)	429	(505)	(117.9)
Key figures in per cent				
Return on allocated capital [1)]	(4.9)	21.8		

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

Lower oil prices and greater uncertainty regarding the Norwegian economy resulted in a depreciation of the Norwegian krone, reduced prices on Norwegian Treasury bills and widening credit spreads towards the end of 2014. Consequently, income declined to NOK 26 million in the fourth quarter of 2014, from NOK 688 million in the year-earlier period.

Full year 2014

The banking group recorded profits of NOK 19 110 million in 2014, an increase of NOK 3 418 million from 2013. Adjusted for the effect of basis swaps, there was a rise in profits of NOK 2 148 million.

The improved profit performance reflected an increase in net interest income, reduced costs and lower impairment losses on loans.

The banking group's common equity Tier 1 capital was increased by NOK 15.7 billion from end-December 2013 to year-end 2014. Calculated according to the transitional rules, the common equity Tier 1 capital ratio rose from 11.4 per cent to 12.5 per cent. Return on equity increased from 13.1 per cent to 14.5 per cent during the corresponding period. Adjusted for the effect of basis swaps, return on equity was up from 14.0 to 14.2 per cent. The banking group is well capitalised, but will build additional capital organically in order to meet the authorities' requirements.

Higher deposit and lending volumes and wider spreads had a positive effect on net interest income in 2014. Lending spreads widened by 0.01 percentage points and deposit spreads by 0.06 percentage points compared with 2013. Net interest income increased by 7.3 per cent from 2013, while average volume-weighted spreads contracted by 0.01 percentage points during this period.

Other operating income was NOK 966 million higher than in 2013. Net commissions and fees increased by NOK 410 million in 2014, reflecting income from capital-light asset management products, real estate broking and investment banking services. Adjusted for the effect of basis swaps, other operating income declined by NOK 792 million. The reduction in income mainly reflected significant fluctuations in the Norwegian krone rate and Norwegian interest rates towards the end of 2014.

Operating expenses were reduced by NOK 933 million from 2013. Adjusted for non-recurring effects, there was an increase of NOK 461 million or 2.4 per cent.

Impairment losses on loans and guarantees declined by NOK 546 million compared with 2013. The reduction referred primarily to the personal customer and shipping segments, the Baltics and Poland. In addition, reversals on collective impairment losses in 2014 exceeded the 2013 figure.

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

Along with Nordea Bank Norge and Kommunalbanken, DNB was defined as a systemically important financial institution, SIFI, in the second quarter of 2014 and will thus be subject to a separate capital buffer requirement of up to 1 per cent as of 1 July 2015, to be increased to maximum 2 per cent as of 1 July 2016.

At end-June 2014, the relocation of all office functions in Oslo, Bergen and Trondheim had been completed, providing the basis for both lower costs and improved environmental efficiency.

In May, the DNB Group launched "Kortlappen", a training programme for the bank's youngest card users aged ten years and above. The purpose is to teach children how to use a bank card before they receive their own debit card.

The sale of the subsidiary JSC DNB Bank was completed in July, whereby the DNB Group wound up its business operations in Russia. The sale of Nets was carried out during the same month.

The DNB Group passed the European Banking Authority's stress test for European banks. The purpose of the stress test is to identify the vulnerabilities of the banking sector to hypothetical negative development trends. This substantially underpins the Group's financial strength.

In the fourth quarter, the DNB Group launched, together with Telenor and SpareBank 1 Gruppen, Valyou, a contactless mobile phone payment solution. The company Valyou is owned by the DNB Group (42.5 per cent), Telenor (42.5 per cent) and SpareBank 1 Gruppen (15 per cent).

In order to improve the operational stability of the Group's IT systems, a process was started in 2014 to move seven data processing centres to a single, large centre. This process will be completed in the second half of 2015.

In the employee survey for 2014, the engagement index rose by 4 points from 2013, to 85 points. This paints a picture of a robust organisation that has coped well through extensive restructuring. Sickness absence in the banking group's Norwegian operations was 4.5 per cent in 2014, a slight reduction from 4.6 per cent in 2013. The special follow-up of units with high sickness absence rates continued.

The Board of Directors would like to thank all employees for their dedication and hard work in 2014.

Income statement for 2014

Net interest income

Amounts in NOK million	2014	Change	2013
Net interest income	32 607	2 228	30 379
Exchange rate movements		680	
Lending and deposit spreads		663	
Lending and deposit volumes		374	
Interest rate instruments		355	
Long-term funding costs		278	
Equity and non-interest-bearing items		98	
Amortisation effects, international bond portfolio		(87)	
Other net interest income		(131)	

Net interest income rose by NOK 2 228 million from 2013. The increase was mainly attributable to exchange rate movements, wider lending and deposit spreads and income from interest rate instruments. Average lending spreads widened by 0.01 percentage points from 2013 to 2014, while deposit spreads increased by 0.06 percentage points. There was an average increase of NOK 50.0 billion in the healthy loan portfolio, while average deposits rose by NOK 102.7 billion compared with 2013. This contributed to an increase in the ratio of deposits to net loans from 66.0 per cent at end-December 2013 to 65.7 per cent at year-end 2014.

Net other operating income

Amounts in NOK million	2014	Change	2013
Net other operating income	14 122	966	13 156
Basis swaps		1 758	
Net other commissions and fees		410	
Net gains on investment property		168	
Other income		129	
Profit from associated companies		(136)	
Net gains on other financial instruments		(1 363)	

Net other operating income increased by NOK 966 million from 2013. Adjusted for the effect of basis swaps, there was a NOK 792 million decline in income. Changes in fair values resulting from a negative development in credit spreads, minor adjustments in valuation models and lower income from the banking group's market making and proprietary trading had a pronounced effect on profits. This was artly due to extensive volatility in the equity, interest rate and foreign exchange markets towards the end of 2014. The increase in net commissions and fees was mainly attributable to investment banking activity. Value adjustments of investment property also had a positive effect.

Operating expenses

Amounts in NOK million	2014	Change	2013
Operating expenses excluding non-recurring effects	19 618	461	19 157
Income-related costs			
Ordinary depreciation on operational leasing		92	
Expenses related to operations			
IT expenses		206	
External distribution channels		88	
Other costs		75	
Non-recurring effects	218	(1 394)	1 613
Reversal of provisions		83	
IT restructuring		70	
Other restructuring costs and non-recurring effects		(228)	
Restructuring costs – employees		(312)	
Provisions for debt-financed structured products		(450)	
Impairment losses for goodwill and capitalised systems development		(557)	
Operating expenses	19 836	(933)	20 769

Total operating expenses were down 4.5 per cent from 2013. Sizeable non-recurring effects had a positive impact on costs, resulting in an overall cost reduction of NOK 1.4 billion. Adjusted for non-recurring effects, there was a 2.4 per cent rise in costs. The banking group reached its target to keep ongoing operating expenses flat. This was attributable to a number of restructuring measures resulting in reductions in both the number of employees, the number of branch offices and the number of production units. The number of employees was reduced by 344 from 2013 to 2014.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 1 639 million, down NOK 546 million from 2013. NOK 337 million of the reduction represented individual impairment. There was an increase in impairment losses for small and medium-sized enterprises and Nordic corporates, while the level of impairment was reduced in the personal customer and shipping segments and in the Baltics and Poland. Reversals on collective impairment losses totalled NOK 341 million in 2014, compared with NOK 133 million in 2013. Impairment was reduced from 0.17 per cent of net loans in 2013 to 0.12 per cent in 2014.

Net non-performing and doubtful loans and guarantees amounted to NOK 17.3 billion at end-December 2014, down from NOK 20.7 billion at year-end 2013. Net non-performing and doubtful loans and guarantees represented 0.96 per cent of the loan portfolio, a reduction of 0.4 percentage points from end-December 2013.

Taxes

The banking group's tax expense for 2014 was NOK 6 174 million, representing 24.4 per cent of pre-tax operating profits.

Funding, liquidity and balance sheet

The short-term funding markets normalised in the course of 2014, and an increasing number of banks were regarded as financially strong. The banking group had ample access to short-term funding throughout the year.

In the long-term funding markets, there was also a healthy supply of capital in 2014, and there was a significant reduction in prices during the year. In September, the European Central Bank, ECB, presented a new measure to stimulate European economic activity in the form of a programme to purchase corporate and covered bonds. The first purchases took place in October. Subsequent to this, costs relating to new covered bond issues showed a particularly favourable trend.

In order to keep the 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 2014. A gradual adaptation to the liquidity requirements within the time limits stipulated by the Basel Committee and the Norwegian authorities is being planned.

Total assets in the banking group's balance sheet were NOK 2 362 billion as at 31 December 2014 and NOK 2 131 billion a year earlier.

Net average loans to customers increased by NOK 50.0 billion or 3.8 per cent from end-December 2013. Average customer deposits were up NOK 102.7 billion or 11.2 per cent during the corresponding period. The ratio of customer deposits to net loans to customers fell from 66.0 per cent at year-end 2013 to 65.7 per cent a year later. This is in line with the Group's ambition is to have ratio of customer deposits to net loans of minimum 60 per cent.

Risk and capital adequacy

The banking group's risk situation showed a favourable trend during most of 2014. However, developments during the fourth quarter resulted in far greater uncertainty. The halving of the oil price had the most pronounced effect for Norway, though increased geopolitical tensions also had an impact. International interest rates continued to fall, and Norges Bank cut its key policy rate to stimulate the Norwegian economy in a situation where falling oil investments could result in negative growth impulses. The Norwegian krone rate has depreciated significantly, which could make the restructuring of the Norwegian economy easier.

The global economy grew by 3.2 per cent in 2014 in spite of the conflicts and crises dominating the news. There was an acceptable rate of growth in the US and UK economies following a period with record-low interest rates. For most eurozone countries, it will take several years to return to pre-financial crisis levels. Overall, economic growth in emerging countries has lost momentum, and growth has come to a complete halt in Brazil and Russia. Growth in India and China is still triple the rate of industrialised countries.

The DNB Group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement decreased by NOK 2.5 billion from year-end 2013, to NOK 71.7 billion.

Developments in the risk-adjusted capital requirement

Amounts in NOK billion	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 Dec. 2013
Credit risk	58.8	55.1	55.6	60.0
Market risk	7.8	7.6	10.3	9.5
Operational risk	8.2	8.2	8.2	8.3
Business risk	6.0	6.0	5.9	4.2
Gross risk-adjusted capital requirement	80.8	76.9	80.0	82.1
Diversification effect [1)]	(9.1)	(8.7)	(9.4)	(7.9)
Net risk-adjusted capital requirement	71.7	68.2	70.5	74.2
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	11.3	11.3	11.7	9.7

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

The risk-adjusted capital requirement for credit declined by NOK 1.2 billion in 2014. There was sound and stable credit quality in all portfolios throughout the year.

At year-end 2014, the situation remained challenging in some shipping segments, which, however, showed divergent trends. While there was a generally positive trend in the tanker segment, the dry bulk and container segments were sluggish, and this is expected to prevail in 2015.

Oil prices could remain relatively low due to high production, an unwillingness to implement coordinated production cuts and a modest increase in demand. Oil companies' reduced investment capabilities and a greater focus on costs will put the entire supplier industry under pressure.

The quality of the banking group's Norwegian commercial property portfolio is sound, though the financing of commercial property entails increasing risk. There was a rise in the number of vacant office buildings in 2014. In Oslo, Asker and Bærum, the vacancy rate was approximately 9 per cent at the end of the year, up 1 percentage point since end-December 2013, reflecting the brisk construction activity over the past few years. Due to the tougher competitive climate, lessors are willing to reduce prices to retain their lessees.

The twelve-month growth in credit to Norwegian households was stable and represented just over 6 per cent towards the end of the year. Housing prices were up 8.1 per cent on a national basis, though there were significant regional differences. According to forecasts for 2015 and 2016, housing prices will level off.

Market risk exposure within the banking operations remained stable throughout 2014. No increase in market risk exposure is planned for 2015.

Throughout 2014, operations, governance and control were of high quality in all of the Group's units. The number of reported events entailing operational risk was somewhat higher than in the previous year. Losses were low and at the same level as in 2013. At times, the operational stability of the Group's IT systems was challenging. Extensive measures were initiated, including the outsourcing of services and change of system operator, to mitigate the risk. The Group is implementing a comprehensive and complex moving process from seven data processing centres to a single, large centre, including emergency preparedness routines, during 2015. Once the move is completed in the autumn of 2015, the Group's IT operations security is expected to improve significantly. Data security requirements are gradually becoming stricter, not least due to improved IT expertise among criminals. High priority is therefore given to securing data and confidential information.

Risk-weighted volume increased by NOK 33.7 billion from end-December 2013, to NOK 1 038 billion. The common equity Tier 1 capital ratio was 12.5 per cent, while the capital adequacy ratio was 15.2 per cent.

New regulatory framework

New capital requirements

The new EU capital requirements regulations, called the CRR/CRD IV regulations, entered into force on 1 January 2014. The CRR/CRD IV regulations entail significantly higher own funds requirements and new requirements for long-term funding and liquidity reserves. The regulations are intended to apply to all banks and investment firms within the EEA and will be implemented gradually up to 2019. The new regulations present significant challenges for banks, requiring them to increase earnings to build equity. Parallel to this, the requirements for increases in long-term funding and liquidity reserves will result in higher funding costs.

Due to a stipulation in the Norwegian Constitution on limited access to yield sovereignty, it has not been possible to incorporate the EU regulations establishing the European Supervisory Authorities, CRR/CRD IV and a number of other EU legislative acts in the area of financial services into the EEA agreement. In the autumn of 2014, Norway and the EU agreed on a solution. The Norwegian government will probably present a proposition about this matter during the first half of 2015. Not until this proposition has been approved can CRR/CRD IV be incorporated in the EEA agreement and Norwegian legislation. Nevertheless, Norway introduced new capital requirements as of 1 July 2013 as the first step in the adaptation to CRR/CRD IV that imply a gradual increase in capital requirements up till 1 July 2016.

Just like the EU, the Norwegian authorities have chosen to retain the so-called Basel I floor. In the capital adequacy regulations, the Ministry of Finance has specified that the Basel I floor in Norway is a floor for calculating risk-weighted assets. In the EU regulation, however, the Basel I floor is unambiguously defined as a minimum level of capital, which is also reflected in the European Commission's common reporting standard for banks in the EU/EEA. This supervisory practice implies that Norwegian banks appear more weakly capitalised than if the EU's version of the Basel I floor definition had been used.

For systemic risk reasons, the Norwegian authorities have increased capital requirements for home mortgages when these are calculated according to internal models. With effect from the first quarter of 2014, the minimum requirement for the model parameter "loss given default", LGD, was increased from 10 to 20 per cent in the capital adequacy regulations. The minimum requirement applies to the average home mortgage portfolio. On 1 July 2014, Finanstilsynet announced additional calibration requirements for the home mortgage models of IRB banks. Among other things, the minimum requirement for banks' probability of default, PD, estimates for individual loans will be raised to 0.2 per cent. In addition, the average long-term PD level will be increased. The banks completed the recalibration in the second half of 2014 and report capital adequacy figures according to the recalibrated model as from the first quarter of 2015.

As an element in the European banking union, the EU introduced regulations for the winding-up and restructuring of banks on 1 January 2015, called the Bank Recovery and Resolution Directive, BRRD. The directive also applies to Norway through the EEA agreement. The purpose of BRRD is to facilitate the winding-up of even the largest banks without an injection of government funds. It should be possible to ensure the continuity of systemically important functions through the recapitalisation of the entire or parts of a bank by writing down or converting into share capital the bank's subordinated loans and unsecured senior debt. The authorities have been given extensive powers to restructure banks which are considered to be "non-viable".

The directive calls for the creation of a fund which can finance crisis solutions and which has received the necessary funds beforehand. In Norway, it is probable that the existing Norwegian Banks' Guarantee Fund can be used as a starting point, and the directive opens up for integrating the crisis management fund and the existing deposit guarantee fund. In Norway, the deposit guarantee covers amounts up to NOK 2 million. In 2014, the EU also approved a revised directive that included new, harmonised rules on deposit guarantee schemes. The directive implies that Norway will have to lower its guaranteed amount to the harmonised level of EUR 100 000. There is a transitional period up until year-end 2018 for countries with a higher guaranteed coverage level.

The implementation of the BRRD and the revised deposit guarantee directive will require extensive changes in the Norwegian crisis solution system, including the rules on public administration and the role of the Norwegian Banks' Guarantee Fund. The Banking Law Commission is considering how the directives can be implemented in Norwegian law.

Macroeconomic developments

Overall economic growth for Norway's trading partners slowed in 2014. However, there were significant differences between the various countries. In the US and the United Kingdom, growth held up well. The eurozone countries, on the other hand, experienced a virtual stagnation. In Japan, GDP declined in the second quarter in consequence of the VAT increase in April. There was a mixed picture among emerging economies, with brisk growth in China and India and a near economic standstill in Russia and Brazil.

In the OECD area, private sector investment trends have been sluggish since the financial crisis in 2008. In the eurozone, investments remain at the same level as in 2009, when they had dropped by 20 per cent compared with 2007. This must be seen in connection with a generally very weak trend in the real economy. A significant upswing in the euro economy will require a material increase in investments. In light of high unemployment and weak growth prospects, this could take a long time.

The US and the United Kingdom have conducted a highly expansionary monetary policy involving quantitative easing in order to push down long-term interest rates. In these countries, investments have shown a far more positive trend than in most European countries.

2014 was the most challenging year for the Baltic economies since the financial crisis. The region was affected by both the Ukrainian crisis and a slowdown in the domestic economies. Stagnating markets in the eurozone and an economic downturn in Russia had a negative impact on Baltic exports. Consequently, domestic demand will be the main growth impetus in the period ahead. Reduced energy prices, low inflation and a continued acceptable level of wage growth will lift consumption. The level of investment will also pick up, partly due to new grants from EU funds.

During the second half of 2014, oil prices, expressed in US dollars, were more than halved. This has had different consequences. The fall in oil prices has resulted in a transfer of income from oil producers to oil consumers and will contribute to slightly higher global economic growth. Other effects include cheaper energy prices and lower inflation. Consumer prices were down in the eurozone in 2014. In other countries, there was virtually no inflation. Due to spare capacity, low wage inflation and margin pressure, the threat of self-reinforcing deflation is higher than normal. The fall in oil prices could thus enforce an even more expansionary monetary policy.

The Norwegian mainland economy grew by approximately 2.5 per cent in 2014. Most macroeconomic indicators point to a slowdown in the growth rate. This trend could be reinforced by falling oil prices and reduced oil investments. Reduced oil prices are reflected in a lower level of activity on the Norwegian Continental Shelf, with spillover effects on the mainland economy. During the autumn of 2014, companies adjusted their oil investment estimates for 2015 downwards, and lower oil prices give reason to expect further investment cuts in both 2016 and 2017. As an isolated factor, this will result in lower employment levels, higher unemployment rates and reduced real wages in Norway. The fall in oil prices has already caused a depreciation of the Norwegian krone relative to other currencies. This reduces household purchasing power, but strengthens the competitive power of exporters and Norwegian producers in the home market. Norwegian exporters will also benefit from a brighter international economic outlook in consequence of the declining oil prices. This will offset some of the negative effects of lower activity in the oil sector.

Housing prices continued to rise in the autumn of 2014 and were 8 per cent higher at end-December 2014 than a year earlier. The strong trend reflected high population growth, a stable unemployment rate, high construction costs, lower interest rates and a housing shortage in some areas.

Future prospects

Economic forecasts for 2015 indicate global economic growth, especially in emerging economies. This is also the case for Norway, in spite of the sharp fall in oil prices and the depreciation of the Norwegian krone. The pace of growth in the Norwegian economy will probably subside in 2015 as a result of declining oil investments and their spillover effects on the mainland economy. The reduced level of activity on the Norwegian Continental Shelf, exacerbated by the steep fall in oil prices, will put a damper on investment in many mainland companies, make households more cautious and contribute to moderate wage settlements. Unemployment is expected to rise. On the positive side, higher international growth and the weak Norwegian krone will lift growth in traditional exports.

The DNB Group presented its updated financial ambitions on the Group's Capital Markets Day in November. The principal target is still to achieve a return on equity above 12 per cent. Several factors make the Group believe that its targets are within reach. Continued growth in the Norwegian economy, some adjustments in the portfolio to improve quality, strict cost control and an increased focus on capital-light products will form the basis for a positive profit trend. The DNB Group still needs to build capital to meet the new capital requirements that will be gradually introduced

Volume-weighted spreads are expected to be stable in 2015. Lending volumes are expected to increase at an annual rate of 3 to 4 per cent. At year-end 2014, the growth rate was 3.9 per cent. The Group's volume growth projections remain unchanged based on a slightly higher increase in lending to personal customers and small and medium-sized enterprises and more subdued lending growth in the large corporate segment.

Impairment losses on loans in 2015 are expected to stay below normalised levels.

The banking group is well capitalised, but will build additional capital organically in accordance with the authorities' requirements.

Oslo, 4 February 2015
The Board of Directors of DNB Bank ASA

Anne Carine Tanum
(chairman)

Jarle Bergo
(vice-chairman)

Sverre Finstad

Vigdis Mathisen

Kai Nyland

Torill Rambjør

Kim Wahl

Rune Bjerke
(group chief executive)

Income statement

Amounts in NOK million	Note	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
				DNB Bank ASA	
Total interest income	5	10 489	10 630	41 906	42 903
Total interest expenses	5	4 568	5 335	20 048	21 525
Net interest income	5	**5 921**	**5 295**	**21 859**	**21 378**
Commission and fee income etc.	6	1 618	1 417	6 112	5 547
Commission and fee expenses etc.	6	587	532	2 186	2 016
Net gains on financial instruments at fair value	7	297	1 643	5 963	5 582
Other income	9	3 147	3 183	8 811	8 427
Net other operating income		**4 475**	**5 712**	**18 699**	**17 539**
Total income		**10 396**	**11 007**	**40 558**	**38 917**
Salaries and other personnel expenses	10, 11	1 977	2 069	8 394	8 742
Other expenses	10	1 550	1 321	6 327	6 353
Depreciation and impairment of fixed and intangible assets	10	591	2 301	1 986	3 698
Total operating expenses	10	**4 119**	**5 691**	**16 708**	**18 792**
Pre-tax operating profit before impairment		**6 277**	**5 316**	**23 850**	**20 125**
Net gains on fixed and intangible assets		41	192	233	199
Impairment of loans and guarantees	15	882	368	1 725	1 925
Pre-tax operating profit		**5 437**	**5 140**	**22 358**	**18 399**
Tax expense	12	(520)	387	3 900	3 927
Profit for the period		**5 956**	**4 753**	**18 458**	**14 472**

Comprehensive income statement

Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
			DNB Bank ASA	
Profit for the period	**5 956**	**4 753**	**18 458**	**14 472**
Actuarial gains and losses, net of tax [1)]	(879)	(475)	(1 812)	(444)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(879)	(475)	(1 812)	(444)
Currency translation of foreign operations	413	119	460	489
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	413	119	460	489
Other comprehensive income for the period	**(466)**	**(356)**	**(1 352)**	**44**
Comprehensive income for the period	**5 490**	**4 397**	**17 106**	**14 516**

1) *Pension commitments and pension funds in the defined-benefit schemes have been recalculated. Calculations for the fourth quarter have been updated with new calculation assumptions in accordance with guidance notes from the Norwegian Accounting Standards Board as at 31 December 2014.*

Balance sheet

Amounts in NOK million	Note	DNB Bank ASA 31 Dec. 2014	 31 Dec. 2013
Assets			
Cash and deposits with central banks		53 505	163 172
Due from credit institutions	13, 14	608 036	399 482
Loans to customers	13, 14, 16, 17	723 456	680 114
Commercial paper and bonds at fair value	14, 18	211 746	248 207
Shareholdings	14	9 205	13 071
Financial derivatives	14	248 768	143 158
Commercial paper and bonds, held to maturity	13, 18	31 927	63 318
Investments in associated companies		975	1 066
Investments in subsidiaries		83 281	69 487
Intangible assets	19	3 794	3 911
Deferred tax assets		2 995	4 145
Fixed assets		7 390	7 041
Other assets		12 566	29 483
Total assets		**1 997 646**	**1 825 656**
Liabilities and equity			
Due to credit institutions	13, 14	268 531	280 831
Deposits from customers	13, 14	903 033	849 137
Financial derivatives	14	274 846	156 979
Debt securities issued	13, 14, 20	366 205	352 899
Payable taxes		537	1 772
Deferred taxes		25	3
Other liabilities		21 104	38 343
Provisions		1 003	1 235
Pension commitments		5 322	3 592
Subordinated loan capital	13, 14, 20	29 319	26 276
Total liabilities		**1 869 926**	**1 711 065**
Share capital		18 314	18 314
Share premium reserve		19 895	19 895
Other equity		89 511	76 381
Total equity		**127 720**	**114 591**
Total liabilities and equity		**1 997 646**	**1 825 656**
Off-balance sheet transactions, contingencies and post-balance sheet events	24		

Income statement

Amounts in NOK million	Note	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
				DNB Bank Group	
Total interest income	5	15 590	15 476	61 682	60 713
Total interest expenses	5	6 859	7 507	29 074	30 334
Net interest income	5	**8 730**	**7 969**	**32 607**	**30 379**
Commission and fee income etc.	6	2 113	1 922	8 148	7 595
Commission and fee expenses etc.	6	612	565	2 258	2 115
Net gains on financial instruments at fair value	7	294	1 348	5 404	5 009
Profit from investments accounted for by the equity method	8	44	118	226	362
Net gains on investment property		89	(79)	82	(86)
Other income	9	634	705	2 519	2 390
Net other operating income		**2 562**	**3 448**	**14 122**	**13 156**
Total income		**11 292**	**11 417**	**46 729**	**43 535**
Salaries and other personnel expenses	10, 11	2 433	2 465	10 095	10 345
Other expenses	10	1 901	1 736	7 714	7 826
Depreciation and impairment of fixed and intangible assets	10	542	1 058	2 028	2 598
Total operating expenses	10	**4 876**	**5 258**	**19 836**	**20 769**
Pre-tax operating profit before impairment		**6 416**	**6 159**	**26 893**	**22 766**
Net gains on fixed and intangible assets		42	153	52	150
Impairment of loans and guarantees	15	821	36	1 639	2 185
Pre-tax operating profit		**5 636**	**6 277**	**25 306**	**20 730**
Tax expense	12	1 230	1 212	6 174	5 042
Profit from operations held for sale, after taxes		16	9	(22)	4
Profit for the period		**4 423**	**5 073**	**19 110**	**15 692**

Comprehensive income statement

Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
			DNB Bank Group	
Profit for the period	**4 423**	**5 073**	**19 110**	**15 692**
Actuarial gains and losses, net of tax [1)]	(944)	(474)	(1 877)	(443)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(944)	(474)	(1 877)	(443)
Currency translation of foreign operations	6 314	977	7 145	3 393
Hedging of net investment, net of tax	(3 926)	(327)	(4 526)	(2 425)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	2 388	650	2 619	969
Other comprehensive income for the period	**1 444**	**177**	**742**	**526**
Comprehensive income for the period	**5 867**	**5 250**	**19 851**	**16 218**

1) *Pension commitments and pension funds in the defined-benefit schemes have been recalculated. Calculations for the fourth quarter have been updated with new calculation assumptions in accordance with guidance notes from the Norwegian Accounting Standards Board as at 31December 2014.*

Balance sheet

Amounts in NOK million	Note	DNB Bank Group 31 Dec. 2014	 31 Dec. 2013
Assets			
Cash and deposits with central banks		58 505	167 171
Due from credit institutions	13, 14	355 577	176 796
Loans to customers	13, 14, 16, 17	1 447 465	1 350 656
Commercial paper and bonds at fair value	14, 18	187 765	191 232
Shareholdings	14	9 709	13 511
Financial derivatives	14	236 389	130 775
Commercial paper and bonds, held to maturity	13, 18	31 927	63 318
Investment property		4 743	4 615
Investments accounted for by the equity method		3 275	3 096
Intangible assets	19	4 315	4 464
Deferred tax assets		1 197	1 086
Fixed assets		8 128	7 816
Assets held for sale		692	225
Other assets		12 301	16 017
Total assets		**2 361 990**	**2 130 779**
Liabilities and equity			
Due to credit institutions	13, 14	214 211	234 218
Deposits from customers	13, 14	951 049	891 256
Financial derivatives	14	186 230	111 242
Debt securities issued	13, 14, 20	813 909	716 192
Payable taxes		1 920	4 126
Deferred taxes		4 537	2 042
Other liabilities		12 840	13 917
Liabilities held for sale		100	53
Provisions		1 133	1 398
Pension commitments		5 434	3 652
Subordinated loan capital	13, 14, 20	29 319	26 276
Total liabilities		**2 220 681**	**2 004 372**
Share capital		18 314	18 314
Share premium reserve		20 611	20 611
Other equity		102 383	87 482
Total equity		**141 309**	**126 407**
Total liabilities and equity		**2 361 990**	**2 130 779**
Off-balance sheet transactions, contingencies and post-balance sheet events	24		

Statement of changes in equity

DNB Bank ASA

Amounts in NOK million	Share capital	Share premium reserve	Actuarial gains and losses	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						14 472	14 472
Other comprehensive income			(444)	489			44
Comprehensive income for the period			(444)	489		14 472	14 516
Currency translation reserve taken to income				(19)			(19)
Group contribution for 2013 to DNB ASA						(5 000)	(5 000)
Balance sheet as at 31 December 2013	**18 314**	**19 895**	**(929)**	**(71)**		**77 381**	**114 591**
Profit for the period						18 458	18 458
Other comprehensive income			(1 812)	460			(1 352)
Comprehensive income for the period			(1 812)	460		18 458	17 106
Currency translation reserve taken to income				25			25
Group contribution for 2014 to DNB ASA						(4 001)	(4 001)
Balance sheet as at 31 December 2014	**18 314**	**19 895**	**(2 741)**	**414**	**0**	**91 838**	**127 720**

DNB Bank Group

Amounts in NOK million	Share capital	Share premium reserve	Actuarial gains and losses	Currency translation reserve	Net investment hedge reserve	Other equity	Total equity
Balance sheet as at 31 December 2012	**18 314**	**20 611**	**(514)**	**(1 988)**	**1 306**	**78 460**	**116 190**
Profit for the period						15 692	15 692
Other comprehensive income			(443)	3 393	(2 425)		526
Comprehensive income for the period			(443)	3 393	(2 425)	15 692	16 218
Currency translation reserve taken to income				(1)			(1)
Change of reporting currency DNB Invest Denmark				7		(7)	0
Group contribution for 2012 to DNB ASA						(6 000)	(6 000)
Balance sheet as at 31 December 2013	**18 314**	**20 611**	**(957)**	**1 412**	**(1 119)**	**88 146**	**126 407**
Profit for the period						19 110	19 110
Other comprehensive income			(1 877)	7 145	(4 526)		742
Comprehensive income for the period			(1 877)	7 145	(4 526)	19 110	19 851
Currency translation reserve taken to income				80		(29)	51
Group contribution for 2013 to DNB ASA						(5 000)	(5 000)
Balance sheet as at 31 December 2014	**18 314**	**20 611**	**(2 834)**	**8 637**	**(5 645)**	**102 226**	**141 309**

Cash flow statement

Amounts in NOK million	DNB Bank ASA Full year 2014	Full year 2013
Operating activities		
Net receipts/payments on loans to customers	(13 240)	58 172
Interest received from customers	31 586	31 785
Net receipts/payments on deposits from customers	15 685	39 155
Interest paid to customers	(14 481)	(15 132)
Net receipts/payments on loans to credit institutions	(225 502)	(187 948)
Interest received from credit institutions	4 616	3 825
Interest paid to credit institutions	(2 199)	(2 417)
Net receipts/payments on the sale of financial assets for investment or trading	97 652	32 047
Interest received on bonds and commercial paper	5 757	6 604
Net receipts on commissions and fees	3 932	3 514
Payments to operations	(16 141)	(14 892)
Taxes paid	(1 114)	(4 590)
Other receipts	11 024	803
Net cash flow from operating activities	**(102 423)**	**(49 076)**
Investment activities		
Net payments on the acquisition of fixed assets	(1 978)	(1 984)
Receipts on the sale of long-term investments in shares	463	642
Payments on the acquisition of long-term investments in shares	(3 754)	(18 646)
Dividends received on long-term investments in shares	164	319
Net cash flow from investment activities	**(5 105)**	**(19 670)**
Funding activities		
Receipts on issued bonds and commercial paper	1 409 986	911 267
Payments on redeemed bonds and commercial paper	(1 412 585)	(984 101)
Interest payments on issued bonds and commercial paper	(3 400)	(3 810)
Receipts on the raising of subordinated loan capital	0	7 528
Redemptions of subordinated loan capital	0	(3 709)
Interest paid on subordinated loan capital	(1 053)	(868)
Group contributions payments	(11 840)	(5 577)
Net cash flow from funding activities	**(18 891)**	**(79 271)**
Effects of exchange rate changes on cash and cash equivalents	**17 819**	**13 479**
Net cash flow	**(108 601)**	**(134 538)**
Cash as at 1 January	166 406	300 944
Net receipts/payments of cash	(108 601)	(134 538)
Cash at end of period *)	57 805	166 406
**) Of which: Cash and deposits with central banks*	*53 505*	*163 172*
Deposits with credit institutions with no agreed period of notice [1)]	*4 300*	*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)

Amounts in NOK million	DNB Bank Group Full year 2014	Full year 2013
Operating activities		
Net payments on loans to customers	(49 290)	(10 346)
Interest received from customers	55 209	53 960
Net receipts /payments on deposits from customers	18 692	44 386
Interest paid to customers	(14 171)	(15 460)
Net receipts/payments on loans to credit institutions	(210 787)	(158 418)
Interest received from credit institutions	1 785	1 373
Interest paid to credit institutions	(2 119)	(2 368)
Net receipts/payments on the sale of financial assets for investment or trading	63 856	9 282
Interest received on bonds and commercial paper	4 962	4 802
Net receipts on commissions and fees	5 880	4 319
Payments to operations	(20 037)	(18 274)
Taxes paid	(1 701)	(7 768)
Other receipts/payments	5 352	(764)
Net cash flow from operating activities	**(142 368)**	**(95 274)**
Investment activities		
Net payments on the acquisition of fixed assets	(2 133)	(2 586)
Net receipts, investment property	566	1 061
Receipts on the sale of long-term investments in shares	463	642
Payments on the acquisition of long-term investments in shares	(50)	(16)
Dividends received on long-term investments in shares	164	319
Net cash flow from investment activities	**(989)**	**(581)**
Funding activities		
Receipts on issued bonds and commercial paper	1 461 093	995 828
Payments on redeemed bonds and commercial paper	(1 423 956)	(1 031 094)
Interest payments on issued bonds and commercial paper	(12 511)	(12 234)
Receipts on the raising of subordinated loan capital	0	7 528
Redemptions of subordinated loan capital	0	(3 709)
Interest paid on subordinated loan capital	(1 053)	(749)
Group contributions payments	(6 944)	(6 000)
Net cash flow from funding activities	**16 629**	**(50 430)**
Effects of exchange rate changes on cash and cash equivalents	**19 269**	**13 935**
Net cash flow	**(107 460)**	**(132 350)**
Cash as at 1 January	171 771	304 121
Net receipts/payments of cash	(107 460)	(132 350)
Cash at end of period *)	64 312	171 771

*) *Of which:* *Cash and deposits with central banks*	*58 505*	*167 171*
Deposits with credit institutions with no agreed period of notice [1)]	*5 807*	*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 fourth 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 have entered 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 replaces the parts of IAS 27 which addressed consolidated financial statements and also includes 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 requires increased judgment 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 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers, and eliminated 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 jointly incurred income and costs in their income statements.

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 previously resulted from 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, were introduced. The adoption of the standard only affects 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 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.

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 Changes in group structure

JSC DNB Bank

The Group's subsidiary JSC DNB Bank in Russia had eight branch offices and approximately 190 employees. At end-April 2014, an agreement on the sale of the company was signed. The sale was completed in July 2014. As a result of the sale, approximately NOK 205 million has been charged to "Net gains on fixed and intangible assets".

Amports Inc.

DNB acquired a holding of just over 29 per cent in Amports Inc. 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 has been recognised in the group accounts according to the equity method. On 17 April 2014, DNB signed an agreement to sell the holding, and the transaction was completed in the second quarter of 2014. A capital gain of NOK 211 million has been recorded under "Net gains on fixed and intangible assets".

BankID Norge AS

The company was established in June 2014. The object of the company is to develop, operate, manage and sell electronic ID services for the banking industry. DNB owns 34.3 per cent of the shares in BankID Norge AS. The company will be recorded as an associated company in the balance sheet.

BankAxept AS

BankAxept AS develops and operates electronic payment services. The company is owned by 127 banks. Follwing a share issue in April 2014, DNB owns 37.8 per cent of the shares in the company. The company will be recorded as an associated company in the balance sheet.

BRPH Top Holding AB

In connection with the restructuring of DNB's loan to Bastuban 1 AB in Sweden in the fourth quarter of 2014, the bank took over all shares in the subsidiary BRPH Top Holding AB on 18 December 2014 at the price of SEK 1. The BRPH Top Holding Group owns a commercial property in Mølndal in Sweden valued at SEK 427 million. The bank's strategy is to sell these operations as soon as possible within a 12-month period from the takeover date. The operations were classified as held for sale in the Group's accounts at end- December 2014.

Note 4 Segments

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

Personal customers	-	includes the banking group's total products and activities to private customers in all channels, both digital and physical. DNB offers a wide range of products through Norway's largest distribution network, comprising branches, telephone banking (24/7), digital banking, real estate broking as well as external channels (post offices and in-store postal and banking outlets).
Small and medium-sized enterprises	-	is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in this segment range from small businesses and start-up companies to relatively large corporate customers, and the product offerings are adapted to the customers' different needs. Small and medium-sized enterprises are served through the banking group's large physical distribution network throughout Norway as well as digital and telephone banking (24/7).
Large corporates and international customers	-	includes large Norwegian and international corporate customers and all customers served by DNB's subsidiary banks in the Baltics 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.

Note 4 Segments (continued)

Income statement, fourth quarter

DNB Bank Group

Amounts in NOK million	Personal customers 4th quarter 2014	2013	Small and medium-sized enterprises 4th quarter 2014	2013	Large corporates and international customers 4th quarter 2014	2013	Trading 4th quarter 2014	2013	Other operations/ eliminations [1] 4th quarter 2014	2013	DNB Bank Group 4th quarter 2014	2013
Net interest income - ordinary operations	3 346	3 339	1 716	1 493	3 197	2 763	103	89	369	285	8 730	7 969
Interest on allocated capital [2]	114	70	80	86	214	223	25	33	(434)	(412)	0	0
Net interest income	3 459	3 409	1 797	1 579	3 411	2 986	128	122	(65)	(127)	8 730	7 969
Net other operating income	856	846	334	254	1 283	1 254	(102)	566	190	528	2 562	3 448
Total income	4 315	4 255	2 131	1 833	4 694	4 240	26	688	125	401	11 292	11 417
Operating expenses	2 016	1 936	924	911	1 539	1 525	132	84	265	802	4 876	5 258
Pre-tax operating profit before impairment	2 299	2 319	1 207	922	3 155	2 715	(105)	604	(140)	(401)	6 416	6 159
Net gains on fixed and intangible assets	1	154	43	0	9	(9)	(0)	0	(11)	8	42	153
Impairment of loans and guarantees [3]	(74)	114	469	160	452	(222)	0	0	(26)	(16)	821	36
Profit from repossessed operations	0	13	16	(9)	(14)	(99)	0	0	(2)	95	0	0
Pre-tax operating profit	2 374	2 373	796	753	2 698	2 828	(105)	604	(127)	(282)	5 636	6 277
Tax expense	641	664	215	211	837	849	(28)	175	(434)	(687)	1 230	1 212
Profit from operations held for sale after taxes	0	0	0	0	2	0	0	0	15	9	16	9
Profit for the period	1 733	1 708	581	542	1 864	1 980	(77)	429	322	414	4 423	5 073

1) *See the tables below for more information about other operations/eliminations.*
2) *Allocated capital correspond to 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 were adjusted upwards in 2014.*
3) *See note 15 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.*

Main average balance sheet items

DNB Bank Group

Amounts in NOK billion	Personal customers 4th quarter 2014	2013	Small and medium-sized enterprises 4th quarter 2014	2013	Large corporates and international customers 4th quarter 2014	2013	Trading 4th quarter 2014	2013	Other operations/ eliminations [1] 4th quarter 2014	2013	DNB Bank Group 4th quarter 2014	2013
Loans to customers [1]	684.0	655.4	218.8	209.1	502.3	471.5	7.9	3.0	10.0	11.2	1 423.0	1 350.2
Deposits from customers [1]	363.8	345.2	169.3	149.4	386.1	362.5	133.3	86.3	7.2	6.2	1 059.8	949.6
Allocated capital [2]	28.3	16.5	20.6	20.4	55.8	54.7	6.3	7.8				

Key figures

DNB Bank Group

Per cent	Personal customers 4th quarter 2014	2013	Small and medium-sized enterprises 4th quarter 2014	2013	Large corporates and international customers 4th quarter 2014	2013	Trading 4th quarter 2014	2013	Other operations/ eliminations [1] 4th quarter 2014	2013	DNB Bank Group 4th quarter 2014	2013
Cost/income ratio [3]	46.7	45.5	43.4	49.7	32.8	34.6	497.7	12.3			43.2	41.2
Ratio of deposits to loans [1) 4)]	53.2	52.7	77.4	71.4	76.9	76.9					74.5	70.3
Return on allocated capital, annualised [2]	24.3	41.0	11.2	10.5	13.3	14.4	(4.9)	21.8			12.6	16.3

1) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments.*
2) *Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel 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 were adjusted upwards in 2014. This resulted in a lower return on capital compared with the preceding periods.*
3) *Total operating expenses relative to total income.*
4) *Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

Note 4 Segments (continued)

Income statement, full year

DNB Bank Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/ eliminations		DNB Bank Group	
	Full year		Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	13 279	12 311	6 218	5 819	11 516	10 531	315	415	1 279	1 304	32 607	30 379
Interest on allocated capital [1)]	470	292	334	358	862	932	114	145	(1 781)	(1 728)	0	0
Net interest income	13 750	12 604	6 552	6 177	12 378	11 463	429	559	(502)	(424)	32 607	30 379
Net other operating income	3 622	3 763	1 171	1 056	4 759	4 607	1 584	2 029	2 985	1 701	14 122	13 156
Total income	17 372	16 367	7 723	7 233	17 137	16 071	2 013	2 588	2 484	1 277	46 729	43 535
Operating expenses	8 106	8 190	3 580	3 473	5 838	5 526	513	645	1 799	2 935	19 836	20 769
Pre-tax operating profit before impairment	9 266	8 177	4 143	3 759	11 299	10 544	1 500	1 943	685	(1 658)	26 893	22 766
Net gains on fixed and intangible assets	(3)	154	42	(0)	21	(13)	(0)	0	(7)	8	52	150
Impairment of loans and guarantees [2)]	126	374	895	586	632	1 225	0	0	(14)	0	1 639	2 185
Profit from repossessed operations	0	0	(23)	(11)	(102)	(143)	0	0	125	155	0	0
Pre-tax operating profit	9 136	7 957	3 268	3 161	10 586	9 163	1 500	1 943	816	(1 495)	25 306	20 730
Tax expense	2 467	2 228	882	885	3 282	2 749	405	564	(861)	(1 383)	6 174	5 042
Profit from operations held for sale after taxes	0	3	0	0	2	0	0	0	(24)	1	(22)	4
Profit for the period	6 670	5 732	2 385	2 276	7 306	6 414	1 095	1 380	1 653	(110)	19 110	15 692

1) *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 were adjusted upwards in 2014.*
2) *See note 15 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.*

Other operations/eliminations

DNB Bank Group

	Eliminations [1)]		Group units [2)]		Total	
	4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	(0)	(0)	369	285	369	285
Interest on allocated capital [3)]	0	0	(434)	(412)	(434)	(412)
Net interest income	(0)	(0)	(65)	(127)	(65)	(127)
Net other operating income	(111)	(98)	302	626	190	528
Total income	(111)	(98)	237	499	125	401
Operating expenses	(111)	(98)	376	899	265	802
Pre-tax operating profit before impairment	0	0	(140)	(401)	(140)	(401)
Net gains on fixed and intangible assets	0	0	(11)	8	(11)	8
Impairment of loans and guarantees [4)]	0	0	(26)	(16)	(26)	(16)
Profit from repossessed operations	0	0	(2)	95	(2)	95
Pre-tax operating profit	0	0	(127)	(282)	(127)	(282)

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) *Group units include 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, Group units include 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 Group units.*

	4th quarter	
Group units - pre-tax operating profit in NOK million	*2014*	*2013*
+ Interest on unallocated equity etc.	*(130)*	*(150)*
+ Investment in Nets Holding	*0*	*705*
+ Income from equity investments	*(101)*	*63*
+ Gains on fixed and intangible assets	*(11)*	*8*
+ Mark-to-market adjustments Group Treasury and fair value of loans	*(769)*	*57*
+ Basis swaps	*508*	*(819)*
+ Eksportfinans ASA	*52*	*103*
+ Net gains on investment property	*105*	*(92)*
+ Profit from repossessed operations	*(2)*	*95*
- Unallocated impairment of loans and guarantees	*(26)*	*(16)*
- Unallocated personnel expenses	*(30)*	*5*
- Unallocated IT and Operations expenses	*(140)*	*(31)*
- Impairment losses for goodwill and capitalised systems development	*0*	*500*
- Impairment of leases	*22*	*6*
- Unallocated operating expenses in main buildings	*70*	*25*
- Reversal of provisions	*(73)*	*(157)*
- Impairment of investment property and fixed assets	*7*	*13*
Other	*51*	*94*
Pre-tax operating profit	*(127)*	*(282)*

3) *Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the banking group.*
4) *See note 15 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.*

Note 5 Net interest income

DNB Bank ASA				
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Interest on amounts due from credit institutions	1 185	923	4 643	3 727
Interest on loans to customers	7 029	7 226	27 982	29 373
Interest on impaired loans and guarantees	143	128	555	607
Interest on commercial paper and bonds	1 324	1 785	5 798	7 068
Front-end fees etc.	72	78	278	297
Other interest income	736	490	2 651	1 831
Total interest income	**10 489**	**10 630**	**41 906**	**42 903**
Interest on amounts due to credit institutions	407	574	1 826	2 431
Interest on deposits from customers	3 202	3 550	13 728	14 400
Interest on debt securities issued	743	854	3 202	3 577
Interest on subordinated loan capital	145	141	571	452
Guarantee fund levy	154	161	646	655
Other interest expenses [1)]	(83)	55	75	9
Total interest expenses	**4 568**	**5 335**	**20 048**	**21 525**
Net interest income	**5 921**	**5 295**	**21 859**	**21 378**

DNB Bank Group				
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Interest on amounts due from credit institutions	501	346	1 812	1 297
Interest on loans to customers	13 199	13 324	52 428	52 380
Interest on impaired loans and guarantees	174	161	643	682
Interest on commercial paper and bonds	1 188	1 343	5 027	5 266
Front-end fees etc.	84	85	316	329
Other interest income	443	216	1 456	759
Total interest income	**15 590**	**15 476**	**61 682**	**60 713**
Interest on amounts due to credit institutions	398	545	1 750	2 374
Interest on deposits from customers	3 248	3 616	13 951	14 756
Interest on debt securities issued	3 196	3 125	12 633	12 130
Interest on subordinated loan capital	145	141	571	452
Guarantee fund levy	189	188	780	754
Other interest expenses [1)]	(317)	(108)	(612)	(132)
Total interest expenses	**6 859**	**7 507**	**29 074**	**30 334**
Net interest income	**8 730**	**7 969**	**32 607**	**30 379**

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

Note 6 Net commission and fee income

				DNB Bank ASA
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Money transfer fees	818	787	3 274	3 131
Fees on asset management services	75	63	260	221
Fees on custodial services	83	81	349	317
Fees on securities broking	81	70	273	219
Corporate finance	133	86	443	243
Interbank fees	9	9	35	37
Credit broking commissions	215	99	648	459
Sales commissions on insurance products	77	88	306	318
Sundry commissions and fees	128	134	525	602
Total commission and fee income etc.	**1 618**	**1 417**	**6 112**	**5 547**
Money transfer fees	347	328	1 305	1 191
Commissions on fund management services	0	0	0	0
Fees on custodial services	38	34	160	134
Interbank fees	17	18	66	70
Credit broking commissions	29	28	97	106
Commissions on the sale of insurance products	4	0	18	0
Sundry commissions and fees	152	125	541	515
Total commission and fee expenses etc.	**587**	**532**	**2 186**	**2 016**
Net commission and fee income	**1 031**	**886**	**3 926**	**3 531**

				DNB Bank Group
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Money transfer fees	873	847	3 480	3 335
Fees on asset management services	88	73	305	255
Fees on custodial services	87	85	358	327
Fees on securities broking	97	87	350	262
Corporate finance	204	158	740	497
Interbank fees	9	9	35	37
Credit broking commissions	202	97	630	473
Sales commissions on insurance products	82	95	327	342
Fees on real estate broking	268	247	1 095	1 144
Sundry commissions and fees	204	223	829	923
Total commission and fee income etc.	**2 113**	**1 922**	**8 148**	**7 595**
Money transfer fees	357	337	1 341	1 225
Fees on custodial services	38	34	160	134
Interbank fees	16	19	67	73
Credit broking commissions	21	30	56	102
Commissions on the sale of insurance products	5	1	19	0
Sundry commissions and fees	177	145	616	581
Total commission and fee expenses etc.	**612**	**565**	**2 258**	**2 115**
Net commission and fee income	**1 501**	**1 356**	**5 891**	**5 481**

Note 7 Net gains on financial instruments at fair value

			DNB Bank ASA	
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Dividends	49	90	408	408
Net gains on commercial paper and bonds	877	(17)	3 222	(721)
Net gains on shareholdings and equity-related derivatives	(297)	724	112	749
Net unrealised gains on basis swaps	154	(396)	516	(489)
Net gains on other financial instruments	(485)	1 243	1 706	5 636
Net gains on financial instruments at fair value	**297**	**1 643**	**5 963**	**5 582**

			DNB Bank Group	
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Dividends	49	89	415	405
Net gains on commercial paper and bonds	878	14	3 101	(837)
Net gains on shareholdings and equity-related derivatives	(287)	728	118	744
Net unrealised gains on basis swaps	508	(819)	394	(1 364)
Net gains on other financial instruments	(854)	1 336	1 377	6 060
Net gains on financial instruments at fair value	**294**	**1 348**	**5 404**	**5 009**

Note 8 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 these unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion. After reviewing the fair value of the company in connection with the closing of the annual accounts, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter of 2011. In 2012, 2013 and 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 1.7 billion were made in 2014. The remaining impairment loss was NOK 0.3 billion at year-end 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.

Note 9 Other income

			DNB Bank ASA	
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Income from owned/leased premises	32	39	132	114
Group contributions and dividends from group companies	1 285	999	1 298	1 033
Miscellaneous operating income	1 829	2 146	7 381	7 280
Total other income	**3 147**	**3 183**	**8 811**	**8 427**

			DNB Bank Group	
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Income from owned/leased premises	23	30	92	76
Income from investment properties	61	54	250	239
Sales income	24	32	110	107
Miscellaneous operating income	526	589	2 066	1 969
Total other income	**634**	**705**	**2 519**	**2 390**

Note 10 Operating expenses

DNB Bank ASA

Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Salaries	1 426	1 466	5 991	5 933
Employer's national insurance contributions	215	191	852	795
Pension expenses [1)]	92	171	734	620
Restructuring expenses [1)]	77	36	235	710
Other personnel expenses	166	206	583	683
Total salaries and other personnel expenses	**1 977**	**2 069**	**8 394**	**8 742**
Fees [2)]	323	221	1 228	1 008
IT expenses [2)]	527	507	1 993	2 109
Postage and telecommunications	62	59	236	236
Office supplies	10	11	41	39
Marketing and public relations	122	152	562	523
Travel expenses	72	61	191	171
Reimbursement to Norway Post for transactions executed	59	42	231	143
Training expenses	16	10	46	37
Operating expenses on properties and premises	263	337	1 248	1 273
Operating expenses on machinery, vehicles and office equipment	16	28	68	91
Other operating expenses [3)]	80	(107)	483	722
Total other expenses	**1 550**	**1 321**	**6 327**	**6 353**
Depreciation and impairment of fixed and intangible assets [4)]	591	2 301	1 986	3 698
Total depreciation and impairment of fixed and intangible assets	**591**	**2 301**	**1 986**	**3 698**
Total operating expenses	**4 119**	**5 691**	**16 708**	**18 792**

DNB Bank Group

Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Salaries	1 785	1 771	7 340	7 176
Employer's national insurance contributions	269	247	1 050	1 014
Pension expenses [1)]	108	180	802	683
Restructuring expenses [1)]	78	42	237	726
Other personnel expenses	194	224	666	746
Total salaries and other personnel expenses	**2 433**	**2 465**	**10 095**	**10 345**
Fees [2)]	347	247	1 334	1 114
IT expenses [2)]	599	589	2 254	2 383
Postage and telecommunications	67	65	278	276
Office supplies	27	15	96	85
Marketing and public relations	174	211	849	838
Travel expenses	90	75	243	212
Reimbursement to Norway Post for transactions executed	59	42	231	143
Training expenses	21	15	57	46
Operating expenses on properties and premises	331	406	1 483	1 517
Operating expenses on machinery, vehicles and office equipment	27	39	102	129
Other operating expenses [3)]	158	32	787	1 082
Total other expenses	**1 901**	**1 736**	**7 714**	**7 826**
Impairment losses for goodwill [5)]	5	57	5	57
Depreciation and impairment of fixed and intangible assets [6)]	536	1 000	2 022	2 540
Total depreciation and impairment of fixed and intangible assets	**542**	**1 058**	**2 028**	**2 598**
Total operating expenses	**4 876**	**5 258**	**19 836**	**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. In the fourth quarter of 2014, a plan amendment was recorded for the pension scheme in the Norwegian Public Service Pension Fund, which reduced costs by NOK 93 million.*

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 5 million relating to DNB Eiendom were recorded in the fourth quarter of 2014. 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 11 Number of employees/full-time positions

				DNB Bank ASA
	4th quarter 2014 1)	4th quarter 2013	Full year 2014 1)	Full year 2013
Number of employees at end of period	8 084	8 123	8 084	8 123
- of which number of employees abroad	887	771	887	771
Number of employees calculated on a full-time basis at end of period	7 734	7 769	7 734	7 769
- of which number of employees calculated on a full-time basis abroad	865	745	865	745
Average number of employees	8 079	8 197	8 016	8 267
Average number of employees calculated on a full-time basis	7 720	7 839	7 663	7 914

				DNB Bank Group
	4th quarter 2014 1)	4th quarter 2013 2)	Full year 2014 1)	Full year 2013 2)
Number of employees at end of period	11 257	11 601	11 257	11 601
- of which number of employees abroad	3 251	3 459	3 251	3 459
Number of employees calculated on a full-time basis at end of period	10 854	11 186	10 854	11 186
- of which number of employees calculated on a full-time basis abroad	3 193	3 408	3 193	3 408
Average number of employees	11 284	11 792	11 344	12 134
Average number of employees calculated on a full-time basis	10 884	11 371	10 935	11 711

1) *The reduction from 2013 reflects restructuring measures in the banking group.*
2) *JSC DNB Bank was sold in July 2014. JSC DNB Bank had 176 employees/employees calculated on a full-time basis at the end of 2013.*

Note 12 Tax expense

DNB Bank ASA		Balancing tax charges against pre-tax operating profit	DNB Bank Group	
Full year 2013	Full year 2014	*Amounts in NOK million*	Full year 2014	Full year 2013
18 399	22 358	Pre-tax operating profit	25 306	20 730
5 152	6 037	Estimated tax expense - nominal tax rate 27 per cent (28 per cent in 2013)	6 833	5 804
6	86	Tax effect of different tax rates in other countries	103	95
(155)	(188)	Tax effect of debt interest distribution with international branches	(188)	(155)
(1 102)	(2 038)	Tax effect of tax-exempt income and non-deductible expenses	(417)	(510)
0	0	Tax effect of tax losses carried forward not recognised in the balance sheet 1)	(7)	23
134	0	Tax effect of changed tax rate from 28 to 27 per cent for deferred taxes recognised in the balance sheet	0	(67)
(108)	3	Excess tax provision previous year	(150)	(148)
3 927	**3 900**	**Total tax expense**	**6 174**	**5 042**
21%	17%	Effective tax rate	24%	24%

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

Note 13 Fair value of financial instruments at amortised cost

DNB Bank ASA

	31 December 2014		31 December 2013	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	37 956	37 956	89 009	89 009
Due from credit institutions	135 492	135 492	123 971	123 971
Loans to customers	678 383	680 479	625 885	625 608
Commercial paper and bonds, held to maturity	31 927	31 838	63 318	63 152
Total financial assets	883 758	885 765	902 183	901 740
Due to credit institutions	24 753	24 753	23 466	23 466
Deposits from customers	853 358	853 358	790 697	790 697
Securities issued [1)]	145 365	149 523	153 525	156 507
Subordinated loan capital [1)]	28 058	28 233	25 025	25 198
Total financial liabilities	1 051 534	1 055 868	992 713	995 868

DNB Bank Group

	31 December 2014		31 December 2013	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	42 956	42 956	93 008	93 008
Due from credit institutions	15 244	15 244	10 325	10 325
Loans to customers	1 333 645	1 335 400	1 218 652	1 218 032
Commercial paper and bonds, held to maturity	31 927	31 838	63 318	63 152
Total financial assets	1 423 772	1 425 438	1 385 303	1 384 518
Due to credit institutions	27 637	27 637	24 386	24 386
Deposits from customers	901 373	901 373	832 817	832 817
Securities issued [1)]	523 957	532 557	460 850	467 367
Subordinated loan capital [1)]	28 058	28 233	25 025	25 198
Total financial liabilities	1 481 025	1 489 801	1 343 078	1 349 768

1) Includes hedged liabilities.

Note 14 Financial instruments at fair value

DNB Bank ASA

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1)]	Total
Assets as at 31 December 2014					
Deposits with central banks	0	15 545	0	4	15 549
Due from credit institutions	0	472 418	0	127	472 545
Loans to customers	0	8 118	36 825	129	45 073
Commercial paper and bonds at fair value	34 112	175 561	246	1 828	211 746
Shareholdings	7 870	0	1 335		9 205
Financial derivatives	1	246 890	1 877		248 768
Liabilities as at 31 December 2014					
Due to credit institutions	0	243 738	0	40	243 778
Deposits from customers	0	49 564	0	111	49 675
Debt securities issued	0	220 707	0	133	220 840
Subordinated loan capital	0	1 259	0	2	1 261
Financial derivatives	1	273 383	1 463		274 846
Other financial liabilities [2)]	50	0	0	0	50

DNB Bank Group

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1)]	Total
Assets as at 31 December 2014					
Deposits with central banks	0	15 545	0	4	15 549
Due from credit institutions	0	340 290	0	44	340 334
Loans to customers	0	8 118	105 429	273	113 820
Commercial paper and bonds at fair value	38 447	147 174	251	1 893	187 765
Shareholdings	8 120	1	1 589		9 709
Financial derivatives	1	234 511	1 877		236 389
Liabilities as at 31 December 2014					
Due to credit institutions	0	186 544	0	30	186 574
Deposits from customers	0	49 564	0	111	49 675
Debt securities issued	0	289 360	0	591	289 952
Subordinated loan capital	0	1 259	0	2	1 261
Financial derivatives	1	184 766	1 463		186 230
Other financial liabilities [2)]	50	0	0	0	50

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

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	121	(2)	432	395	176
Additions/purchases	1 208	389	435	474	468
Sales	(1 025)	(607)	(3 539)	0	0
Settled	(13 902)	(7)	0	(494)	(488)
Transferred from level 1 or level 2	0	333	0	0	0
Transferred to level 1 or level 2	0	(164)	0	0	0
Other [2)]	0	(3)	0	60	58
Carrying amount as at 31 December 2014	**36 825**	**246**	**1 335**	**1 877**	**1 463**

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.*

Note 14 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	1 554	(2)	448	395	176
Additions/purchases	5 541	389	443	474	468
Sales	0	(607)	(3 539)	0	0
Settled	(29 687)	(7)	0	(494)	(488)
Transferred from level 1 or level 2	0	333	3	0	0
Transferred to level 1 or level 2	0	(164)	0	0	0
Other [2)]	0	(3)	0	60	58
Carrying amount as at 31 December 2014	**105 429**	**251**	**1 589**	**1 877**	**1 463**

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

Loans to customers

The portfolio of loans carried at fair value consists primarily of fixed-rate loans in Norwegian kroner and a share of margin loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed interest flows over the term of the loan, using a discount factor adjusted for margin requirements. The assumptions underlying the calculation of the margin requirement are based on a review of the market conditions on the balance sheet date and on an assessment of the deliberations made by external investors when investing in a corresponding portfolio. A margin requirement is calculated for margin loans, and the difference between the margin requirement and the agreed margin is discounted over the average expected time to the repricing of the loan. For a further description 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 December 2014 Share-holdings	Commercial paper and bonds	Loans to customers	*Amounts in NOK million*	DNB Bank Group 31 December 2014 Loans to customers	Commercial paper and bonds	Share-holdings
2 217	265	36 665	Principal amount / purchase price	102 594	270	2 381
(881)	(19)	161	Fair value adjustment [1)]	2 835	(19)	(792)
1 335	246	36 825	Total fair value, excluding accrued interest	105 429	251	1 589

1) *Changes in the fair value of customer loans mainly result from changes in swap rates. A corresponding negative adjustment is made in the fair value of financial instruments used for financial hedging.*

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

Total	Other	Private Equity (PE) funds	Unquoted equities		Unquoted equities	Private Equity (PE) funds	Other	Total
1 335	26	502	807	Carrying amount as at 31 December 2014	1 060	502	26	1 589

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

Effect of reasonably possible alternative assumptions	Carrying amount 31 December 2014	*Amounts in NOK million*	Carrying amount 31 December 2014	Effect of reasonably possible alternative assumptions
(21)	36 825	Loans to customers	105 429	(183)
(1)	246	Commercial paper and bonds	251	(1)
0	1 335	Shareholdings	1 589	0
0	414	Financial derivatives, net	414	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.

Note 15 Impairment of loans and guarantees

				DNB Bank ASA
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Write-offs	292	283	930	825
New individual impairment	957	638	2 370	2 425
Total new individual impairment	1 249	921	3 300	3 250
Reassessed individual impairment	126	53	850	511
Recoveries on loans and guarantees previously written off	234	111	645	434
Net individual impairment	890	758	1 805	2 305
Change in collective impairment of loans	(8)	(390)	(80)	(380)
Impairment of loans and guarantees [1)]	**882**	**368**	**1 725**	**1 925**
Write-offs covered by individual impairment made in previous years	256	664	2 319	1 128
1) Of which individual impairment of guarantees	*2*	*10*	*(145)*	*115*

				DNB Bank Group
Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Write-offs	275	205	823	966
New individual impairment	1 105	601	3 078	3 071
Total new individual impairment	1 380	805	3 901	4 037
Reassessed individual impairment	267	454	1 245	1 263
Recoveries on loans and guarantees previously written off	234	116	677	457
Net individual impairment	879	236	1 980	2 318
Change in collective impairment of loans	(58)	(200)	(341)	(133)
Impairment of loans and guarantees [1)]	**821**	**36**	**1 639**	**2 185**
Write-offs covered by individual impairment made in previous years	792	854	2 422	1 837
1) Of which individual impairment of guarantees	*1*	*8*	*(143)*	*119*

Note 16 Loans to customers

DNB Bank ASA			DNB Bank Group	
31 Dec. 2013	31 Dec. 2014	*Amounts in NOK million*	31 Dec. 2014	31 Dec. 2013
		Loans at amortised cost:		
632 541	684 632	Loans to customers, nominal amount	1 343 600	1 228 610
6 048	5 620	Individual impairment	9 646	9 695
626 493	679 011	Loans to customers, after individual impairment	1 333 954	1 218 915
1 451	1 404	+ Accrued interest and amortisation	2 509	2 762
496	470	- Individual impairment of accrued interest amortisation	680	710
1 563	1 562	- Collective impairment	2 139	2 315
625 885	678 383	Loans to customers, at amortised cost	1 333 645	1 218 652
		Loans at fair value:		
53 987	44 783	Loans to customers, nominal amount	110 712	130 344
202	129	+ Accrued interest	273	378
39	161	+ Adjustment to fair value	2 835	1 281
54 229	45 073	Loans to customers, at fair value	113 820	132 004
680 114	**723 456**	**Loans to customers**	**1 447 465**	**1 350 656**

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

DNB Bank ASA 31 Dec. 2013	31 Dec. 2014	*Amounts in NOK million*	DNB Bank Group 31 Dec. 2014	31 Dec. 2013
1 315	1 213	Private individuals	3 071	3 482
3 609	3 276	Transportation by sea and pipelines and vessel construction	3 862	4 953
2 616	1 649	Real estate	2 517	3 708
1 881	697	Manufacturing	776	2 182
419	590	Services	673	506
213	1 172	Trade	1 265	387
137	0	Oil and gas	0	137
726	446	Transportation and communication	495	767
695	612	Building and construction	962	975
26	27	Power and water supply	29	68
58	26	Seafood	26	58
42	32	Hotels and restaurants	103	228
76	115	Agriculture and forestry	144	103
0	0	Central and local government	0	0
1	15	Other sectors	20	11
11 814	9 869	Total customers	13 943	17 565
5	0	Credit institutions	0	5
11 819	9 869	Total net impaired loans and guarantees	13 943	17 570
2 356	2 240	Non-performing loans and guarantees not subject to impairment	3 318	3 179
14 175	12 109	Total net non-performing and doubtful loans and guarantees	17 261	20 749

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 18 Commercial paper and bonds, held to maturity

DNB Bank ASA 31 Dec. 2013	31 Dec. 2014	*Amounts in NOK million*	DNB Bank Group 31 Dec. 2014	31 Dec. 2013
63 087	31 927	International bond portfolio	31 927	63 087
231	0	Other units	0	231
63 318	**31 927**	**Commercial paper and bonds, held to maturity**	**31 927**	**63 318**

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. As of 1 January 2014, the fair value of the portfolio is determined based on broker quotes. If fair value had been used to determine the value of the portfolio in the fourth quarter of 2014, there would have been a NOK 315 million increase in profits.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 December 2014 was NOK 0.4 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 17.6 billion at end-December 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 10 million at end-December 2014.

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

Amounts in NOK million	4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Recorded amortisation effect	27	30	106	163
Net gain, if valued at fair value	342	(88)	189	452
Effects of reclassification on profits	(315)	118	(83)	(289)

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

Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Recorded unrealised losses	497	603
Unrealised losses, if valued at fair value	943	1 132
Effects of reclassification on the balance sheet	446	529

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

Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Reclassified portfolio, carrying amount	17 558	20 313
Reclassified portfolio, if valued at fair value	17 112	19 784
Effects of reclassification on the balance sheet	446	529

International bond portfolio

After the reclassification date, DNB has chosen to increase investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds, these investments are carried at fair value. As at 31 December 2014 the international bond portfolio represented NOK 124.6 billion. 69.2 per cent of the securities in the portfolio had an AAA rating, while 24.6 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of the international bond portfolio is shown below.

DNB Bank Group

	Per cent 31 December 2014	NOK million 31 December 2014
Asset class		
Residential mortgages	23.60	29 531
Corporate loans	0.10	13
Government related	34.90	43 670
Covered bonds	41.49	51 916
Total international bond portfolio, nominal values	100.00	125 130
Accrued interest, amortisation effects and fair value adjustments		(520)
Total international bond portfolio		124 610
Total international bond portfolio, held to maturity		31 927
Of which reclassified portfolio		17 399

The average term to maturity of the international bond portfolio is 3.0 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 11 million at end-December 2014.

Note 19 Intangible assets

DNB Bank ASA 31 Dec. 2013	DNB Bank ASA 31 Dec. 2014	*Amounts in NOK million*	DNB Bank Group 31 Dec. 2014	DNB Bank Group 31 Dec. 2013
2 956	2 963	Goodwill [1)]	3 047	3 041
709	635	IT systems development [2)]	1 025	1 166
246	197	Other intangible assets	243	256
3 911	**3 794**	**Total intangible assets**	**4 315**	**4 464**

1) *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 20 Debt securities issued and subordinated loan capital

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

Debt securities issued

Amounts in NOK million	DNB Bank ASA 31 Dec. 2014	DNB Bank ASA 31 Dec. 2013
Commercial paper issued, nominal amount	206 715	183 601
Bond debt, nominal amount	146 308	161 528
Adjustments	13 182	7 770
Total debt securities issued	**366 205**	**352 899**

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

Amounts in NOK million	Balance sheet 31 Dec. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Commercial paper issued, nominal amount	206 715	1 394 909	1 371 795			183 601
Bond debt, nominal amount	146 308	15 077	40 790	10 493		161 528
Adjustments	13 182				5 412	7 770
Total debt securities issued	**366 205**	**1 409 986**	**1 412 585**	**10 493**	**5 412**	**352 899**

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

Amounts in NOK million	Balance sheet 31 Dec. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Term subordinated loan capital, nominal amount	19 322			1 500		17 822
Perpetual subordinated loan capital, nominal amount	4 792			782		4 011
Perpetual subordinated loan capital securities, nominal amount	4 028			514		3 515
Adjustments	1 176				247	929
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 319**	**0**	**0**	**2 795**	**247**	**26 276**

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

Debt securities issued

Amounts in NOK million	DNB Bank Group 31 Dec. 2014	31 Dec. 2013
Commercial paper issued, nominal amount	206 715	183 619
Bond debt, nominal amount [1)]	562 483	508 618
Adjustments	44 711	23 954
Total debt securities issued	**813 909**	**716 192**

Changes in debt securities issued

DNB Bank Group

Amounts in NOK million	Balance sheet 31 Dec. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Commercial paper issued, nominal amount	206 715	1 394 909	1 371 813			183 619
Bond debt, nominal amount [1)]	562 483	66 184	52 143	39 823		508 618
Adjustments	44 711				20 757	23 954
Total debt securities issued	**813 909**	**1 461 093**	**1 423 956**	**39 823**	**20 757**	**716 192**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DNB Bank Group

Amounts in NOK million	Balance sheet 31 Dec. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Term subordinated loan capital, nominal amount	19 322			1 500		17 822
Perpetual subordinated loan capital, nominal amount	4 792			782		4 011
Perpetual subordinated loan capital securities, nominal amount	4 028			514		3 515
Adjustments	1 176				247	929
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 319**	**0**	**0**	**2 795**	**247**	**26 276**

1) *Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 440.0 billion as at 31 December 2014. The cover pool market value represented NOK 551.6 billion.*

Note 21 Capital adequacy

Up until 30 June 2014, the DNB Bank Group followed the Basel II regulations for capital adequacy calculations. On 22 August 2014, the Norwegian Ministry of Finance approved changes in a number of capital adequacy regulations. Parallel to this, Finanstilsynet changed the Consolidation Regulations to adapt to the EU's new capital adequacy regulations for banks and investment firms (CRD IV/CRR). As of 30 September 2014, capital adequacy is reported in accordance with the new reporting requirements. 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.

DNB Bank ASA		**Primary capital**	**DNB Bank Group**	
31 Dec. 2013	31 Dec. 2014	*Amounts in NOK million*	31 Dec. 2014	31 Dec. 2013
18 314	18 314	Share capital	18 314	18 314
96 276	109 406	Other equity	122 938	108 093
114 591	127 720	Total equity	141 253	126 407
		Deductions		
0	(7)	Pension funds above pension commitments	(7)	(4)
(2 956)	(2 963)	Goodwill	(2 979)	(3 654)
(4 145)	0	Deferred tax assets [1)]	(514)	(1 093)
(955)	(831)	Other intangible assets	(1 224)	(1 425)
0	0	Group contribution, payable	(4 000)	(5 000)
0	0	Unrealised gains on fixed assets	0	(30)
(2)	-	50 per cent of investments in other financial institutions	-	(2)
(610)	(1 466)	Expected losses exceeding actual losses, IRB portfolios [2)]	(2 075)	(712)
-	(509)	Value adjustments due to the requirements for prudent valuation	(917)	
240	278	Adjustments for unrealised losses/(gains) on debt recorded at fair value	646	281
-	(821)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities	(268)	-
106 162	121 402	Common equity Tier 1 capital	129 915	114 770
3 515	4 028	Perpetual subordinated loan capital securities	4 028	3 515
109 677	125 430	Tier 1 capital	133 944	118 285
4 011	4 792	Perpetual subordinated loan capital	4 792	4 011
17 822	19 322	Term subordinated loan capital	19 322	17 850
		Deductions		
(2)	-	50 per cent of investments in other financial institutions	-	(2)
(610)	-	Expected losses exceeding actual losses, IRB portfolios [2)]	-	(712)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	0	18
21 221	24 115	Tier 2 capital	24 115	21 165
130 898	149 545	Total eligible primary capital	158 058	139 450
933 433	919 238	Risk-weighted volume, transitional rules	1 038 396	1 004 716
74 675	73 539	Minimum capital requirement, transitional rules	83 072	80 377
11.4	13.2	Common equity Tier 1 capital ratio, transitional rules (%)	12.5	11.4
11.7	13.6	Tier 1 capital ratio, transitional rules (%)	12.9	11.8
14.0	16.3	Capital ratio, transitional rules (%)	15.2	13.9

1) *As a result of adaptations to CRD IV/CRR, only deferred tax assets that are not due to temporary differences are deducted from common equity Tier 1 capital as of 30 September 2014.*

2) *As a result of adaptations to CRD IV/CRR, the entire amount is deducted from common equity Tier 1 capital as of 30 September 2014. Up until 30 September 2014, 50 per cent of the amount was deducted from common equity Tier 1 capital and 50 per cent from Tier 2 capital.*

Note 21 Capital adequacy (continued)

Basel III

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).

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

Amounts in NOK million	Nominal exposure 31 Dec. 2014	EAD [1] 31 Dec. 2014	Average risk weights in per cent 31 Dec. 2014	Risk-weighted volume 31 Dec. 2014	Capital requirements 31 Dec. 2014	Capital requirements 31 Dec. 2013
IRB approach						
Corporate	855 009	689 255	45.6	314 476	25 158	26 560
Specialised Lending (SL)	4 986	4 943	33.8	1 670	134	153
Retail - mortgage loans	90 477	90 475	19.4	17 522	1 402	1 169
Retail - other exposures	109 313	90 177	27.9	25 195	2 016	1 984
Securitisation	31 927	31 927	71.2	22 747	1 820	2 380
Total credit risk, IRB approach	1 091 713	906 777	42.1	381 610	30 529	32 246
Standardised approach						
Central government	80 386	89 180	0.0	33	3	1
Institutions	991 658	798 415	20.9	166 968	13 357	13 033
Corporate	191 456	155 398	97.0	150 748	12 060	13 055
Retail - mortgage loans	5 235	4 774	38.2	1 822	146	469
Retail - other exposures	66 580	26 136	75.2	19 663	1 573	1 070
Equity positions	81 531	81 531	100.3	81 782	6 543	5 936
Other assets	8 742	8 742	151.4	13 235	1 059	712
Total credit risk, standardised approach	1 425 587	1 164 176	37.3	434 252	34 740	34 275
Total credit risk	2 517 300	2 070 952	39.4	815 862	65 269	66 521
Market risk						
Position risk, debt instruments				20 757	1 661	2 622
Position risk, equity instruments				492	39	104
Currency risk				0	0	0
Commodity risk				107	9	9
Credit value adjustment risk (CVA)				12 706	1 016	-
Total market risk				34 063	2 725	2 734
Operational risk				69 313	5 545	5 455
Deductions				0	0	(36)
Total risk-weighted volume and capital requirements before transitional rules				919 238	73 539	74 675
Additional capital requirements according to transitional rules [2]				0	0	0
Total risk-weighted volume and capital requirements				919 238	73 539	74 675

1) *EAD, exposure at default.*

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

Note 21 Capital adequacy (continued)

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

Amounts in NOK million	Nominal exposure 31 Dec. 2014	EAD [1] 31 Dec. 2014	Average risk weights in per cent 31 Dec. 2014	Risk-weighted volume 31 Dec. 2014	Capital requirements 31 Dec. 2014	Capital requirements 31 Dec. 2013
IRB approach						
Corporate	1 020 495	830 157	44.7	371 240	29 699	30 362
Specialised Lending (SL)	6 456	6 358	35.2	2 239	179	153
Retail - mortgage loans	654 690	654 688	16.6	108 813	8 705	4 884
Retail - other exposures	109 313	90 177	27.9	25 195	2 016	1 984
Securitisation	31 927	31 927	71.2	22 747	1 820	2 380
Total credit risk, IRB approach	1 822 882	1 613 308	32.9	530 233	42 419	39 763
Standardised approach						
Central government	90 494	104 283	0.2	229	18	4
Institutions	314 067	124 850	29.0	36 235	2 899	2 036
Corporate	267 964	216 932	93.3	202 454	16 196	16 996
Retail - mortgage loans	43 265	41 264	50.2	20 715	1 657	1 867
Retail - other exposures	88 366	44 421	77.6	34 466	2 757	2 249
Equity positions	2 595	2 595	109.7	2 846	228	308
Securitisation	2 746	2 746	30.1	827	66	44
Other assets	8 658	8 658	111.7	9 674	774	1 012
Total credit risk, standardised approach	818 154	545 749	56.3	307 446	24 596	24 517
Total credit risk	2 641 037	2 159 056	38.8	837 680	67 014	64 280
Market risk						
Position risk, debt instruments				17 248	1 380	2 239
Position risk, equity instruments				492	39	104
Currency risk				0	0	0
Commodity risk				107	9	9
Credit value adjustment risk (CVA)				7 527	602	-
Total market risk				25 375	2 030	2 352
Operational risk				81 977	6 558	6 382
Deductions				0	0	(60)
Total risk-weighted volume and capital requirements before transitional rules				945 033	75 603	72 953
Additional capital requirements according to transitional rules [2]				93 364	7 469	7 424
Total risk-weighted volume and capital requirements				1 038 396	83 072	80 377

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

Note 22 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 65.7 per cent at end-December 2014, down from 66.0 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 124.8 per cent at year-end 2014.

The short-term funding markets remained generally sound throughout 2014, and price differences between the best and second best banks have decreased. In the long-term funding markets, there was also a healthy supply of capital in 2014. There was a reduction in prices during the year, and costs relating to new covered bond issues showed a particularly favourable trend after the European Central Bank, ECB, presented its covered bond purchase programme as one of several measures to stimulate European economic activity.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the year. At end-December, the total LCR was 135 per cent, with an LCR of 130 per cent for EUR and 190 per cent for USD.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.3 years at end-December 2014, unchanged from a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 23 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans ASA

DNB Bank ASA has a 40 per cent ownership interest in Eksportfinans 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 2.8 billion at end-December 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. For the year 2014, portfolios representing NOK 16.4 billion were transferred. The transfers are based on market terms.

Pursuant to the servicing agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations and financial and liquidity management. Boligkreditt pays an monthly management fee for these services. The fee paid for the year 2014 totalled NOK 5.5 billion

At end-December 2014 the bank had invested NOK 25.5 billion in covered bonds issued by Boligkreditt.

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.

At end-December 2014, commitments with a total value of NOK 25.5 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 year 2014 totalled NOK 112 million.

In the balance sheet of Næringskreditt "Loans to and deposits with credit institutions" and "Due to credit institutions" are solely outstandings with DNB Bank. At end-December the bank had invested NOK 2.9 billion in covered bonds issued by DNB Næringskreditt.

Note 23 Information on related parties (continued)

DNB Livsforsikring ASA

As part of the company's ordinary investment activity, DNB Livsforsikring has subscribed for covered bonds issued by Boligkreditt. DNB Livsforsikring’s investments in Boligkreditt are limited to listed covered bonds. DNB Livsforsikring’s holding of Boligkreditt bonds was valued at NOK 1.9 billion at end-December 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-December 2014, existing loans with a total value of USD 3.4 billion had been transferred. The agreement was entered into on market terms.

DNB New York Branch and DNB Capital LLC

During the third quarter of 2013, an agreement was entered into between DNB New York Branch and DNB Capital LLC, which implies that DNB Capital LLC will take over the right to extend loans to the branch’s new and existing customers. Existing loans will be transferred to DNB Capital LLC to the extent deemed feasible and rational. The branch will remain responsible for risk and returns related to the relevant loans until the transfer to DNB Capital LLC takes place. At end-December 2014, existing loans with a total value of USD 7.1 billion had been transferred. The agreement was entered into on market terms.

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

Off-balance sheet transactions and additional information

DNB Bank ASA			DNB Bank Group	
31 Dec. 2013	31 Dec. 2014	*Amounts in NOK million*	31 Dec. 2014	31 Dec. 2013
43 435	45 402	Performance guarantees	46 603	45 721
23 883	28 488	Payment guarantees	29 930	23 811
19 054	17 497	Loan guarantees [1)]	17 417	19 054
6 589	6 667	Guarantees for taxes etc.	6 684	6 596
4 125	1 875	Other guarantee commitments	2 384	4 291
97 085	99 929	Total guarantee commitments	103 017	99 472
0	0	Support agreements	13 202	10 200
97 085	99 929	Total guarantee commitments etc. [*)]	116 220	109 672
1 014 393	995 350	Unutilised credit lines and loan offers	606 912	580 460
3 784	4 212	Documentary credit commitments	4 432	3 860
0	0	Other commitments	90	57
1 018 177	999 562	Total commitments	611 434	584 377
1 115 262	1 099 491	Total guarantee and off-balance commitments	727 654	694 049
77 202	27 920	Pledged securities	27 920	77 202
13	*0*	**) Of which counter-guaranteed by financial institutions*	*299*	*148*

1) *DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DNB Bank ASA has issued guarantees. According to the agreement, DNB Bank ASA still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 2.8 billion were recorded in the balance sheet as at 31 December 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 subject to a number of complaints and disputes relating to structured products and other investment products.

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

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

Post-balance sheet events

No information has come to light about important circumstances which had occurred on the balance sheet date on 31 December 2014 and up till the Board of Directors' final consideration of the accounts on 4 February 2015.

Key figures

		DNB Bank Group			
		4th quarter 2014	4th quarter 2013	Full year 2014	Full year 2013
Interest rate analyses					
1.	Combined weighted total average spread for lending and deposits (%)	1.26	1.29	1.25	1.26
2.	Average spread for ordinary lending to customers (%)	2.30	2.40	2.34	2.33
3.	Average spread for deposits from customers (%)	(0.15)	(0.29)	(0.22)	(0.28)
Rate of return/profitability					
4.	Net other operating income, per cent of total income	22.7	30.2	30.2	30.2
5.	Cost/income ratio (%)	43.2	41.2	42.4	46.4
6.	Return on equity, annualised (%)	12.6	16.3	14.5	13.1
Financial strength at end of period					
7.	Common equity Tier 1 capital ratio, transitional rules (%)	12.5	11.4	12.5	11.4
8.	Tier 1 capital ratio, transitional rules (%)	12.9	11.8	12.9	11.8
9.	Capital ratio, transitional rules (%)	15.2	13.9	15.2	13.9
10.	Common equity Tier 1 capital (NOK million)	129 915	114 770	129 915	114 770
11.	Risk-weighted volume, transitional rules (NOK million)	1 038 396	1 004 716	1 038 396	1 004 716
Loan portfolio and impairment					
12.	Individual impairment relative to average net loans to customers, annualised (%)	0.25	0.07	0.14	0.17
13.	Impairment relative to average net loans to customers, annualised (%)	0.23	0.01	0.12	0.16
14.	Net non-performing and net doubtful loans and guarantees, per cent of net loans	0.96	1.37	0.96	1.37
15.	Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	17 261	20 749	17 261	20 749
Liquidity					
16.	Ratio of customer deposits to net loans to customers at end of period (%)	65.7	66.0	65.7	66.0
Staff					
17.	Number of full-time positions at end of period	10 854	11 186	10 854	11 186

Definitions

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

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

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

Profit and balance sheet trends

Income statement					**DNB Bank ASA**
Amounts in NOK million	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013
Total interest income	10 489	10 470	10 596	10 352	10 630
Total interest expenses	4 568	4 781	5 337	5 361	5 335
Net interest income	**5 921**	**5 689**	**5 258**	**4 991**	**5 295**
Commission and fee income etc.	1 618	1 519	1 468	1 506	1 417
Commission and fee expenses etc.	587	544	499	557	532
Net gains on financial instruments at fair value	297	1 608	1 346	2 711	1 643
Other income	3 147	1 758	1 908	1 998	3 183
Net other operating income	**4 475**	**4 342**	**4 224**	**5 658**	**5 712**
Total income	**10 396**	**10 031**	**9 482**	**10 649**	**11 007**
Salaries and other personnel expenses	1 977	2 139	2 189	2 088	2 069
Other expenses	1 550	1 544	1 619	1 615	1 321
Depreciation and impairment of fixed and intangible assets	591	480	463	452	2 301
Total operating expenses	**4 119**	**4 163**	**4 271**	**4 156**	**5 691**
Pre-tax operating profit before impairment	**6 277**	**5 868**	**5 211**	**6 494**	**5 316**
Net gains on fixed and intangible assets	41	(4)	196	(1)	192
Impairment of loans and guarantees	882	164	444	236	368
Pre-tax operating profit	**5 437**	**5 700**	**4 964**	**6 257**	**5 140**
Tax expense	(520)	1 491	1 296	1 633	387
Profit for the period	**5 956**	**4 210**	**3 668**	**4 624**	**4 753**

Comprehensive income statement					**DNB Bank ASA**
Amounts in NOK million	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013
Profit for the period	**5 956**	**4 210**	**3 668**	**4 624**	**4 753**
Actuarial gains and losses, net of tax	(879)	(521)	(145)	(267)	(475)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(879)	(521)	(145)	(267)	(475)
Currency translation of foreign operations	413	(35)	196	(114)	119
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	413	(35)	196	(114)	119
Other comprehensive income for the period	**(466)**	**(556)**	**50**	**(381)**	**(356)**
Comprehensive income for the period	**5 490**	**3 654**	**3 719**	**4 243**	**4 397**

Profit and balance sheet trends (continued)

Balance sheet					**DNB Bank ASA**
Amounts in NOK million	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
Assets					
Cash and deposits with central banks	53 505	211 173	169 204	361 303	163 172
Due from credit institutions	608 036	361 953	432 379	282 961	399 482
Loans to customers	723 456	697 564	693 021	680 776	680 114
Commercial paper and bonds at fair value	211 746	200 874	200 549	225 085	248 207
Shareholdings	9 205	8 566	12 023	14 834	13 071
Financial derivatives	248 768	165 152	153 418	145 188	143 158
Commercial paper and bonds, held to maturity	31 927	36 619	51 392	60 251	63 318
Investments in associated companies	975	959	959	1 062	1 066
Investments in subsidiaries	83 281	73 868	73 425	69 071	69 487
Intangible assets	3 794	3 727	3 765	3 826	3 911
Deferred tax assets	2 995	4 426	4 296	4 232	4 145
Fixed assets	7 390	7 029	7 120	7 095	7 041
Other assets	12 566	18 201	22 279	34 428	29 483
Total assets	**1 997 646**	**1 790 111**	**1 823 832**	**1 890 112**	**1 825 656**
Liabilities and equity					
Due to credit institutions	268 531	238 538	266 998	304 964	280 831
Deposits from customers	903 033	855 271	857 493	864 975	849 137
Financial derivatives	274 846	174 473	162 812	153 286	156 979
Debt securities issued	366 205	339 730	353 652	375 095	352 899
Payable taxes	537	3 673	2 482	919	1 772
Deferred taxes	25	12	12	10	3
Other liabilities	21 104	19 645	25 656	40 979	38 343
Provisions	1 003	1 005	1 018	999	1 235
Pension commitments	5 322	4 865	4 153	3 952	3 592
Subordinated loan capital	29 319	26 668	26 981	26 100	26 276
Total liabilities	**1 869 926**	**1 663 880**	**1 701 256**	**1 771 279**	**1 711 065**
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	89 511	88 022	84 367	80 624	76 381
Total equity	**127 720**	**126 231**	**122 576**	**118 833**	**114 591**
Total liabilities and equity	**1 997 646**	**1 790 111**	**1 823 832**	**1 890 112**	**1 825 656**

Profit and balance sheet trends (continued)

Income statement

DNB Bank Group

Amounts in NOK million	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013
Total interest income	15 590	15 350	15 486	15 256	15 476
Total interest expenses	6 859	7 089	7 593	7 533	7 507
Net interest income	**8 730**	**8 261**	**7 893**	**7 722**	**7 969**
Commission and fee income etc.	2 113	2 032	1 999	2 005	1 922
Commission and fee expenses etc.	612	561	510	575	565
Net gains on financial instruments at fair value	294	1 849	1 130	2 131	1 348
Profit from investments accounted for by the equity method	44	41	34	107	118
Net gains on investment property	89	(17)	(3)	13	(79)
Other income	634	602	682	601	705
Net other operating income	**2 562**	**3 946**	**3 332**	**4 282**	**3 448**
Total income	**11 292**	**12 207**	**11 226**	**12 004**	**11 417**
Salaries and other personnel expenses	2 433	2 548	2 597	2 516	2 465
Other expenses	1 901	1 893	1 966	1 953	1 736
Depreciation and impairment of fixed and intangible assets	542	526	457	503	1 058
Total operating expenses	**4 876**	**4 968**	**5 021**	**4 972**	**5 258**
Pre-tax operating profit before impairment	**6 416**	**7 240**	**6 205**	**7 032**	**6 159**
Net gains on fixed and intangible assets	42	13	(2)	0	153
Impairment of loans and guarantees	821	183	554	80	36
Pre-tax operating profit	**5 636**	**7 070**	**5 648**	**6 952**	**6 277**
Tax expense	1 230	1 769	1 430	1 745	1 212
Profit from operations held for sale, after taxes	16	(8)	(11)	(19)	9
Profit for the period	**4 423**	**5 293**	**4 206**	**5 188**	**5 073**

Comprehensive income statement

DNB Bank Group

Amounts in NOK million	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013
Profit for the period	**4 423**	**5 293**	**4 206**	**5 188**	**5 073**
Actuarial gains and losses, net of tax	(944)	(521)	(145)	(267)	(474)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(944)	(521)	(145)	(267)	(474)
Currency translation of foreign operations	6 314	454	1 256	(879)	977
Hedging of net investment, net of tax	(3 926)	(398)	(703)	501	(327)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	2 388	56	553	(378)	650
Other comprehensive income for the period	**1 444**	**(465)**	**407**	**(644)**	**177**
Comprehensive income for the period	**5 867**	**4 827**	**4 614**	**4 544**	**5 250**

Profit and balance sheet trends (continued)

Balance sheet — **DNB Bank Group**

Amounts in NOK million	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
Assets					
Cash and deposits with central banks	58 505	213 375	171 346	363 330	167 171
Due from credit institutions	355 577	106 802	187 415	49 298	176 796
Loans to customers	1 447 465	1 396 496	1 378 940	1 353 685	1 350 656
Commercial paper and bonds at fair value	187 765	176 983	177 108	188 290	191 232
Shareholdings	9 709	9 026	12 471	15 273	13 511
Financial derivatives	236 389	153 070	141 297	133 796	130 775
Commercial paper and bonds, held to maturity	31 927	36 619	51 392	60 251	63 318
Investment property	4 743	4 209	4 741	4 744	4 615
Investments accounted for by the equity method	3 275	3 214	3 155	3 211	3 096
Intangible assets	4 315	4 214	4 298	4 353	4 464
Deferred tax assets	1 197	1 169	1 082	1 048	1 086
Fixed assets	8 128	7 816	7 969	7 909	7 816
Assets held for sale	692	238	1 119	252	225
Other assets	12 301	19 139	23 433	21 177	16 017
Total assets	**2 361 990**	**2 132 372**	**2 165 765**	**2 206 616**	**2 130 779**
Liabilities and equity					
Due to credit institutions	214 211	187 029	214 440	257 434	234 218
Deposits from customers	951 049	896 669	900 932	908 163	891 256
Financial derivatives	186 230	126 346	109 080	108 501	111 242
Debt securities issued	813 909	726 634	745 359	748 263	716 192
Payable taxes	1 920	4 672	3 062	3 684	4 126
Deferred taxes	4 537	1 458	1 732	1 771	2 042
Other liabilities	12 840	21 331	27 359	16 551	13 917
Liabilities held for sale	100	89	884	89	53
Provisions	1 133	1 104	1 133	1 098	1 398
Pension commitments	5 434	4 929	4 215	4 012	3 652
Subordinated loan capital	29 319	26 668	26 981	26 100	26 276
Total liabilities	**2 220 681**	**1 996 929**	**2 035 176**	**2 075 666**	**2 004 372**
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	102 383	96 517	91 663	92 025	87 482
Total equity	**141 309**	**135 443**	**130 589**	**130 951**	**126 407**
Total liabilities and equity	**2 361 990**	**2 132 372**	**2 165 765**	**2 206 616**	**2 130 779**

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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
Torill Rambjør
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Financial calendar 2015

Preliminary results 2014 and fourth quarter 2014	5 February
First quarter 2015	30 April
Second quarter 2015	10 July
Third quarter 2015	22 October

Other sources of information

Annual and quarterly reports

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

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The quarterly report has been produced by Group Financial Reporting in DNB. Translation: Gina Fladmoe, DNB.
Cover design: Itera / Photo: Kimm Saatvedt

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