

THIRD QUARTER REPORT 2016
(Unaudited)

DNB

Q3

DNB Bank

A company in the DNB Group

Financial highlights

Income statement

	DNB Bank Group				
<i>Amounts in NOK million</i>	3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Net interest income	8 594	9 018	26 020	26 385	35 535
<i>Net commissions and fees</i>	1 364	1 367	4 114	4 593	5 956
<i>Net gains on financial instruments at fair value</i>	1 411	1 956	4 803	6 544	8 704
<i>Other operating income</i>	513	569	2 852	1 783	2 248
Net other operating income, total	3 288	3 892	11 769	12 920	16 909
Total income	11 882	12 910	37 788	39 304	52 444
Operating expenses	(4 846)	(4 955)	(14 869)	(15 110)	(20 275)
Restructuring costs and non-recurring effects	1	(182)	(640)	(616)	1 084
Pre-tax operating profit before impairment	7 038	7 773	22 279	23 578	33 253
Net gains on fixed and intangible assets	20	(3)	(6)	54	45
Impairment of loans and guarantees	(2 176)	392	(5 672)	(849)	(2 270)
Pre-tax operating profit	4 881	8 162	16 601	22 782	31 028
Tax expense	(1 074)	(2 164)	(3 652)	(5 904)	(7 755)
Profit from operations held for sale, after taxes	1	(14)	(22)	(79)	(51)
Profit for the period	3 808	5 984	12 926	16 800	23 222

Balance sheet

<i>Amounts in NOK million</i>	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
Total assets	2 349 761	2 315 603	2 464 063
Loans to customers	1 479 529	1 531 932	1 544 508
Deposits from customers	929 756	957 322	980 075
Total equity	177 931	173 412	165 289
Average total assets	2 585 123	2 662 039	2 626 123

Key figures

<i>Per cent</i>	3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Return on equity, annualised	8.7	15.2	10.1	14.9	15.1
Combined weighted total average spread for lending and deposits ^{1) 2)}	1.30	1.32	1.33	1.33	1.33
Cost/income ratio	40.8	39.8	41.0	40.0	36.6
Impairment relative to average net loans to customer, annualised ¹⁾	(0.56)	0.10	(0.50)	(0.08)	(0.15)
Common equity Tier 1 capital ratio, transitional rules, at end of period ³⁾	15.0	12.8	15.0	12.8	14.3
Tier 1 capital ratio, transitional rules, at end of period ³⁾	16.1	13.8	16.1	13.8	15.3
Capital ratio, transitional rules, at end of period ³⁾	18.6	16.3	18.6	16.3	17.9

1) Includes assets and liabilities in the Baltics, reclassified as held for sale in August 2016.

2) As from the first quarter of 2016, interest rate spreads are based on customer segments. Figures for previous periods have been restated accordingly.

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

For additional key figures and definitions, please refer to page 41.

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

Directors' report

Third quarter financial performance

The DNB Bank Group ¹⁾ recorded profits of NOK 3 808 million in the third quarter of 2016, a reduction of NOK 2 176 million from the third quarter of 2015. The decline in profits was primarily a result of higher impairment losses on loans and guarantees, though there was also a negative effect on profits from basis swaps.

The common equity Tier 1 capital ratio, calculated according to the transitional rules, was 15.0 per cent in the third quarter of 2016, up from 12.8 per cent a year earlier. The build-up of common equity Tier 1 capital, primarily through profits generated during the period, accounted for approximately half of this increase. In addition, a reduction in risk-weighted assets through a number of capital-efficiency measures had a positive effect. The common equity Tier 1 capital ratio increased by 0.5 percentage points from the second quarter of 2016, which mainly reflected the positive effect of exchange rate movements and a reduction in risk-weighted assets in the large corporate segment. The leverage ratio for the banking group was 6.6 per cent in the third quarter of 2016, up from 5.7 per cent a year earlier.

Return on equity was 8.7 per cent in the quarter, which was 6.5 percentage points lower than in the year-earlier period. The reduction was a result of an increase in average equity and a decline in profits compared with the third quarter of 2015.

Net interest income was reduced by NOK 424 million from the third quarter of 2015, reflecting lower lending volumes, narrower spreads and higher long-term funding costs. Lower lending volume also contributed to a reduction in amortisation and fee income of NOK 199 million compared with the third quarter of 2015.

Net other operating income was NOK 3 288 million, down NOK 604 million from the same quarter in 2015. Increased income from customer and trading activities in DNB Markets and a positive effect from the value adjustment of the derivatives portfolio (CVA/DVA/FVA) were offset by negative mark-to-market adjustments related to basis swaps. Adjusted for basis swaps, net other operating income increased by NOK 773 million compared to the third quarter of 2015.

Total operating expenses were down NOK 293 million or 5.7 per cent from the third quarter of 2015, mainly due to lower IT and restructuring costs. The cost/income ratio for the quarter was 40.8 per cent.

Impairment losses on loans and guarantees totalled NOK 2 176 million for the quarter. Excluding the sale of portfolios to Lindorff Capital AS in the third quarter of 2015, impairment losses were up NOK 1 501 million. There was a rise in both individual and collective impairment losses, reflecting less favourable economic conditions in oil-related industries. The other credit portfolios are still of high quality and the difficult situation in the oil-related industries has had no material impact on these portfolios.

Important events in the third quarter

In July, the European Banking Authority, EBA, launched its annual stress test based on year-end figures for 2015. On several occasions, DNB has been characterised as one of the world's best capitalised banks. A new example of this was presented in the third quarter, when the EBA conducted a stress test showing that DNB had the greatest resilience to economic crises among the tested banks.

On 25 August 2016, DNB and Nordea announced an agreement to combine their operations in Estonia, Latvia and Lithuania, aiming to create a leading bank in the Baltics with strong Nordic roots. The new bank will have scale, a stronger geographic presence and a broader product offering, making it well prepared to meet the future. The transaction is conditional upon regulatory approvals and other conditions, and is expected to close in the second quarter of 2017. Nordea and DNB will have equal voting rights in the combined bank, while having different economic ownership levels. At end-September 2016, all assets and liabilities related to DNB's Baltic operations were presented as held for sale, while there were no changes in the presentation in the income statement. The capital adequacy reporting was not affected. No impairment losses were recognised in the income statement following the reclassification. The Baltic subsidiaries are part of DNB's large corporates and international customers segment. Following the completion of the transaction, DNB's ownership will be presented on one line in the financial statement according to the equity method.

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 Forsikring 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.

In August, DNB set aside a special salary pool of NOK 17 million to equalise salary differences between men and women in cases where the gap is solely a consequence of gender. The measure was well received by the Norwegian Minister of Trade and Industry, who hopes that this will have positive trickle-down effects in the business community.

In mid-August, the Norwegian Labour Inspection Authority published a report showing certain violations of working time regulations on the part of DNB's sub-supplier of IT services, the Indian Tata Consultancy Services (TCS). As principal, DNB is responsible for ensuring compliance with the rules. TCS has implemented measures to ensure better follow-up of working hours.

In late September, DNB launched the concept 'Guide to the Internet' to make more people, especially senior citizens, feel confident when using digital banking services and enjoy using the Internet. DNB wishes to mobilise the whole of digital Norway through social media to collect ideas for the guide, which will be a source of tips and tricks for a simpler digital future.

Vipps for companies was launched in early August. This solution will be a source of income for DNB once more than two million individual Vipps users are able to use the app to make payments to DNB's corporate customers for physical and online purchases. A number of large companies started using Vipps in the course of the third quarter, including Kolonial.no, NSB and Ruter. In addition, DNB and Telenor have entered into an agreement on the development and use of Vipps.

In September, it was decided that the in-store banking outlet concept, which is a cooperation between DNB and NorgesGruppen, will be terminated as of 1 June 2017. In lieu of this, DNB and NorgesGruppen have started preparing for a cooperation within mobile payments. The cooperation with Norway Post on in-store postal outlets will still ensure DNB's customers the best access to manual banking services in the market, including cash services.

Towards the end of September, DNB announced that the bank will adopt the UN sustainability development goals 2030, and that corporate social responsibility and sustainability will be an integral part of the bank's daily operations. DNB wishes to integrate social responsibility in its business operations in line with greater expectations from customers, owners, employees and society at large.

In the wake of the Panama Papers case, the law firm Hjort was engaged to make an external review of DNB's involvement in the matters described in the material. The report was presented in mid-September and concluded that DNB had not violated the law. On the other hand, DNB's internal guidelines had been breached. A report presented by Ipsos in October shows that DNB's reputation is deteriorating and is strongly affected by this matter. The reputation survey was undertaken in April, just after the Panama Papers case became known. According to a more recent survey (RepTrak), DNB's reputation improved notably in the third quarter from the low level in the second quarter, indicating that customers are regaining trust in the bank.

In early September, Kjersti Haugland was appointed new chief economist in DNB, succeeding Øystein Dørum. She will assume the position in March 2017.

On 17 October 2016, changes were made to DNB's group management team. In accordance with his pension agreement, Bjørn Erik Næss will step down as CFO on 1 March 2017. He will be succeeded by Kjerstin Braathen, former head of Corporate Banking Norway. Benedicte Schilbred Fasmer has become new head of Corporate Banking Norway. In addition, Rune Garborg was appointed head of a new business area entitled Vipps and Payments and thus became a new member of the group management team. The Products business area will be dissolved.

Financial performance in the first three quarters

The banking group recorded profits of NOK 12 926 million in the first three quarters of 2016, down NOK 3 874 million from the corresponding period in 2015. Adjusted for basis swaps, profits were down NOK 2 035 million.

Net interest income was reduced by NOK 365 million, or 1.4 per cent. Volumes were up, but average lending spreads contracted compared with the previous year. There was an average increase in the healthy loan portfolio of 0.6 per cent parallel to a 1.8 per cent increase in average deposit volumes compared with the first three quarters of 2015, which was partly due to exchange rate movements. Average lending spreads for the customer segments narrowed by 0.13 percentage points, while deposit spreads widened by 0.22 percentage points.

Net other operating income decreased by NOK 1 151 million from the first three quarters of 2015. Adjusted for basis swaps and non-recurring effects relating to the sale of DNB's holding in Visa Europe, net other operating income increased by NOK 239 million. Net commissions and fees were down NOK 479 million compared with the first three quarters of 2015, mainly due to high profits from a few investment banking transactions in the previous year.

Total operating expenses decreased by NOK 217 million from the first three quarters of 2015. Adjusted for currency effects and restructuring costs, operating expenses were reduced by NOK 414 million during the same period.

Impairment losses on loans and guarantees totalled NOK 5 672 million in the first three quarters of 2016, up NOK 3 756 million, adjusted for the sale of non-performing loan portfolios in the corresponding period in 2015. There was an increase in individual impairment losses of NOK 1 621 million, adjusted for the sale of loan portfolios in the corresponding period in 2015, primarily stemming from the large corporate segment. There was an increase in collective impairment losses, reflecting less favourable economic conditions in oil-related industries and consequently negative migration in these portfolios.

Third quarter income statement – main items

Net interest income

Amounts in NOK million	3rd quarter		3rd quarter
	2016	Change	2015
Net interest income	8 594	(424)	9 018
Exchange rate movements			56
Other net interest income			63
Long-term funding costs		(100)	
Lending and deposit volumes, customer segments		(116)	
Lending and deposit spreads, customer segments		(127)	
Amortisation effects and fees		(199)	

Net interest income declined by NOK 424 million from the third quarter of 2015. For the customer segments, average lending spreads contracted by 0.1 percentage points, while deposit spreads widened by 0.1 percentage points. Volume-weighted spreads for the customer segments contracted by 0.02 percentage points compared with the same period in 2015. There was an average decrease of NOK 5.9 billion or 0.4 per cent in the healthy loan portfolio compared with the third quarter of 2015. Lower lending volume also contributed to a reduction in amortisation and fee income of NOK 199 million. During the same period, deposits were down NOK 10 billion or 1.0 per cent. Adjusted for exchange rate movements, loans were reduced by 1.1 per cent while deposits decreased by 0.8 per cent.

Net other operating income

Amounts in NOK million	3rd quarter		3rd quarter	
	2016	Change	2015	
Net other operating income	3 288	(604)	3 892	
Net gains on other financial instruments			831	
Other operating income			90	
Net gains on investment properties		(148)		
Basis swaps		(1 377)		

Net other operating income was down NOK 604 million or 15.5 per cent from the third quarter of 2015. Adjusted for basis swaps, net other operating income rose by NOK 773 million. Increased income from customer and trading activities in DNB Markets and a positive effect from the value adjustment of the derivatives portfolio (CVA/DVA/FVA) were offset by negative mark-to-market adjustments related to basis swaps.

Operating expenses

Amounts in NOK million	3rd quarter		3rd quarter	
	2016	Change	2015	
Operating expenses excluding non-recurring effects	(4 846)	110	(4 955)	
<i>Of which:</i>				
Exchange rate effects for units outside Norway		6		
Currency-adjusted operating expenses	(4 852)	103	(4 955)	
Operating expenses excluding non-recurring effects	(4 846)	110	(4 955)	
Income-related costs				
Ordinary depreciation on operational leasing		(5)		
Expenses related to operations				
Fees		(44)		
Pension expenses		(41)		
Postage/freight charges/office supplies		22		
Marketing		24		
IT costs		47		
Other costs				
		106		
Non-recurring effects	1	183	(182)	
Restructuring costs - employees	(21)	43	(64)	
IT restructuring		56	(56)	
Other restructuring costs and non-recurring effects	22	84	(62)	
Operating expenses	(4 844)	293	(5 137)	

Total operating expenses were reduced by NOK 293 million compared with the third quarter of 2015, mainly due to lower IT and restructuring costs. Adjusted for currency-and non-recurring effects, operating expenses were NOK 103 million lower than in the year-earlier period. The cost/income ratio for the quarter was 40.8 per cent, up from 39.8 per cent in the corresponding quarter in 2015.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 2 176 million in the third quarter, of which collective impairment losses represented 27 per cent. Individual impairment losses, excluding the sale of portfolios, were twice as high as in the third quarter of 2015. The increase was related to shipping, offshore and energy in the large corporate and international customers segment. The rise in collective impairment reflects both less favourable economic conditions in these industries and negative migration in related portfolios.

Net non-performing and doubtful loans and guarantees increased by NOK 9.0 billion from end-September 2015, totalling NOK 22.6 billion at end-September 2016. This represented 1.32 per cent of the loan portfolio, up from 0.77 per cent at end-September 2015. The increase mainly stemmed from offshore and energy-related segments. There are no signs of negative spill-over effects from the situation in the oil-related industries in the other credit portfolios.

Taxes

The banking group's tax expense for the third quarter of 2016 is estimated at NOK 1 074 million, or 22.0 per cent of pre-tax operating profits.

Financial performance, segments

Financial governance in the banking group is adapted to the different customer segments. Reported figures reflect total sales of products and services to the relevant segments.

Personal customers

Income statement in NOK million	3rd quarter		Change	
	2016	2015	NOK mill	%
Net interest income	3 291	3 431	(140)	(4.1)
Net other operating income	962	969	(7)	(0.7)
Total income	4 252	4 399	(147)	(3.3)
Operating expenses	(1 874)	(2 098)	224	10.7
Pre-tax operating profit before impairment	2 379	2 302	77	3.3
Net gains on fixed and intangible assets	(0)	(3)	3	
Impairment of loans and guarantees	(78)	963	(1 041)	
Pre-tax operating profit	2 300	3 262	(962)	(29.5)
Tax expense	(575)	(881)	306	34.7
Profit from operations held for sale, after taxes	0	2	(2)	
Profit for the period	1 725	2 384	(658)	(27.6)

Average balance sheet items in NOK billion

Net loans to customers	706.9	697.2	9.7	1.4
Deposits from customers	407.9	390.4	17.6	4.5

Key figures in per cent

Lending spread ¹⁾	1.73	2.01
Deposit spread ¹⁾	0.34	0.10
Return on allocated capital ²⁾	18.3	30.2
Cost/income ratio	44.1	47.7
Ratio of deposits to loans	57.7	56.0

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

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

Cost reductions compensated for lower net interest income during the period and contributed to a positive trend in profit before impairment compared with the third quarter of 2015. Net impairment losses on loans remained stable at a low level, but were up from the third quarter of 2015, which was characterised by large reversals.

Adjusted for a portfolio of fixed-rate loans sold from DNB Boligkreditt to DNB Livsforsikring in November 2015, average loans to customers were up 1.4 per cent from the third quarter of 2015. There was a 4.5 per cent rise in deposits during the same period.

Weighted average combined spreads contracted by 0.10 percentage points from the third quarter of 2015 and by 0.06 percentage points from the second quarter of 2016.

There was a stable level of net other operating income from the third quarter of 2015, as the level of income from payment transfers and real estate broking was maintained during the quarter. Lower interchange fees as of 1 September will have a negative impact on income.

Restructuring measures implemented thus far in 2016 have resulted in lower costs compared with the previous year.

Close to 95 per cent of loans to personal customers represent well-secured home mortgages entailing low risk. In the third quarter of 2016, net impairment losses on loans came to NOK 78 million, which was on a level with the second quarter of 2016. Impairment losses in the third quarter of 2015 reflected reversals of NOK 995 million related to a portfolio of non-performing consumer loans which was sold during the quarter.

The market share of credit to households stood at 25.1 per cent at end-August 2016, while the market share of total household savings was 31.8 per cent. DNB Eiendom had a market share of 18.4 per cent in the third quarter of 2016.

Customers are increasingly using digital services. During the third quarter, DNB launched multisigning on "my first card" and escrow accounts.

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

Small and medium-sized enterprises

Income statement in NOK million	3rd quarter		Change	
	2016	2015	NOK mill	%
Net interest income	1 590	1 551	38	2.5
Net other operating income	315	268	47	17.4
Total income	1 905	1 819	85	4.7
Operating expenses	(747)	(679)	(68)	(10.0)
Pre-tax operating profit before impairment	1 158	1 140	18	1.5
Net gains on fixed and intangible assets	0	(1)	1	
Impairment of loans and guarantees	(339)	(138)	(200)	
Profit from repossessed operations	(6)	(21)	16	
Pre-tax operating profit	814	980	(166)	(17.0)
Tax expense	(204)	(265)	61	23.1
Profit for the period	611	716	(105)	(14.7)

Average balance sheet items in NOK billion

Net loans to customers	227.1	217.8	9.3	4.3
Deposits from customers	179.5	175.4	4.1	2.3

Key figures in per cent

Lending spread ¹⁾	2.46	2.41		
Deposit spread ¹⁾	0.38	0.33		
Return on allocated capital ²⁾	10.1	13.5		
Cost/income ratio	39.2	37.3		
Ratio of deposits to loans	79.0	80.5		

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

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

An increase in income from the third quarter of 2015 was counteracted by higher operating expenses and impairment losses on loans, giving a decline in pre-tax profits.

Lending volume increased by 4.7 per cent for the year to date, and by 4.3 per cent on average from the third quarter of 2015. Average customer deposits increased by 2.3 per cent from the third quarter of 2015.

Rising loan volumes in combination with wider interest rate spreads ensured a healthy increase in net interest income compared with the third quarter of 2015.

The positive development in net other operating income primarily reflected higher income from cash management and increased activity within foreign exchange and interest rate hedging products, particularly towards the end of the quarter.

The increase in operating expenses from the third quarter of 2015 was mainly due to restructuring costs, increased IT development costs and higher costs from product suppliers as a result of a high level of activity. The underlying cost base remained at the same level as the year before.

Net impairment losses on loans totalled 0.59 per cent of net loans on an annual basis, up from 0.25 per cent in the third quarter of 2015. Impairment losses in the third quarter of 2016 stemmed primarily from one non-oil related exposure. There has been no material deterioration in the general quality of DNB's portfolio of loans to small and medium-sized corporate customers. Developments in oil-related sectors and affected regions are closely monitored and preventive measures are implemented to retain the level of quality.

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

Large corporates and international customers

Income statement in NOK million	3rd quarter		Change	
	2016	2015	NOK mill	%
Net interest income	3 508	3 908	(401)	(10.3)
Net other operating income	1 471	1 221	250	20.5
Total income	4 979	5 129	(150)	(2.9)
Operating expenses	(1 806)	(1 895)	89	4.7
Pre-tax operating profit before impairment	3 173	3 234	(61)	(1.9)
Net gains on fixed and intangible assets	19	1	17	
Impairment of loans and guarantees	(1 758)	(433)	(1 325)	
Profit from repossessed operations	4	1	4	
Pre-tax operating profit	1 438	2 803	(1 365)	(48.7)
Tax expense	(388)	(813)	425	
Profit for the period	1 050	1 990	(940)	(47.3)

Average balance sheet items in NOK billion

Net loans to customers	553.6	582.7	(29.0)	(5.0)
Deposits from customers	374.4	408.3	(33.9)	(8.3)

Key figures in per cent

Lending spread ¹⁾	2.23	2.18		
Deposit spread ¹⁾	(0.07)	(0.06)		
Return on allocated capital ²⁾	4.7	11.3		
Cost/income ratio	36.3	36.9		
Ratio of deposits to loans	67.6	70.1		

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

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

Reduced income due to lower volume, combined with higher impairment losses on loans, contributed to a decline in profits compared with the third quarter of 2015.

Lending volumes were down 5.0 per cent from the third quarter of 2015, and adjusted for exchange rate movements the underlying volume declined by 5.8 per cent. The reduction is a consequence of active portfolio management and restructuring of portfolios in shipping and oil and offshore-related segments. Customer deposits were down 8.3 per cent from the third quarter of 2015. Adjusted for exchange rate movements, deposits declined by 9.2 per cent.

Due to reduced volumes and declining interest rate levels, net interest income was down compared with the third quarter of 2015. Volume-weighted interest rate spreads widened by 4 basis points from the third quarter of 2015.

Other operating income was up from the third quarter of 2015, mainly reflecting gains on a profit-sharing agreement. There was rising demand for currency and interest rate hedging products towards the end of the quarter. There was brisk activity within bond issues.

Operating expenses decreased by 4.7 per cent from the third quarter of 2015. The number of full-time positions was reduced by 156 from end-September 2015. The reductions took place primarily in international operations.

Net impairment losses on loans and guarantees increased compared with the third quarter of 2015, mainly due to the exposure to oil-related industries and shipping markets. On an annual basis, net impairment represented 1.26 per cent of average loans, up 0.99 percentage points from the year-earlier period. There was a 0.53 percentage point rise in individual impairment losses, to 0.86 per cent, in the third quarter of 2016. Higher collective impairment losses accounted for the rest of the increase, reflecting weaker economic conditions in some industries than in the third quarter of 2015. Net non-performing and doubtful loans and guarantees amounted to NOK 17.0 billion at end-September 2016, compared with NOK 8.6 billion a year earlier.

The banking group is operating in highly competitive markets, which are affected by different capital requirements for banks. In consequence of stricter capital requirements in Norway combined with expectations of higher impairment losses, 2016 will be a challenging year for the large corporate segment in DNB. The main aim for the Large Corporates and International business area is to strengthen profitability and contribute to fulfilling DNB's long-term ambitions. Interest rate spreads are expected to stabilise, and new transactions are expected to contribute positively in a longer-term perspective. DNB will focus on utilising in-depth industry expertise, offering a wide product range and up-to-date technological solutions to prioritised customers. Through close relations with leading companies, DNB is well-positioned to cover a wide range of the customers' financial needs and increase the contribution from non-lending products.

Trading

This segment comprises market making and other trading in foreign exchange, fixed income, equity and commodity products, including the hedging of market risk inherent in customer transactions.

Customer activities are supported by trading activities.

Income statement in NOK million	3rd quarter		Change	
	2016	2015	NOK mill	%
Net interest income	19	(106)	125	
Net other operating income	1 134	(342)	1 476	
Total income	1 153	(448)	1 601	
Operating expenses	(127)	(155)	28	18.1
Pre-tax operating profit	1 025	(604)	1 629	
Tax expense	(256)	157	(413)	
Profit for the period	769	(447)	1 216	

Key figures in per cent

Return on allocated capital ¹⁾	42.7	(25.4)
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1) Calculated on the basis of allocated capital, corresponding to the external capital adequacy requirement which must be met by the DNB Group.

There was a strong rise in income in the third quarter of 2016 compared with the third quarter of 2015. Income from foreign exchange, fixed-income products, interest rates and credit spread effects related to the bond portfolio showed a particularly positive development.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound for banks with high credit ratings in the third quarter of 2016. Longer maturities are still not as attractive, as US money market funds are adapting to new regulations which came into force on 14 October. DNB had ample access to short-term funding throughout the quarter.

The level of activity in the long-term funding markets was lower at the beginning of the quarter, which is normal due to the summer holidays. Activity picked up towards the end of August and into September, but once again slowed down towards the end of the quarter due to, among other things, concerns over profitability in European banks.

The nominal value of long-term debt securities issued by the banking group was NOK 599 billion at end-September 2016 and NOK 605 billion a year earlier. The average remaining term to maturity for these debt securities was 3.9 years at end-September 2016, unchanged from a year earlier.

The banking group stayed well within the liquidity limits throughout the quarter. The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the third quarter. At end-September 2016, the total LCR was 140 per cent.

Total assets in the banking group were NOK 2 350 billion, down from NOK 2 464 billion a year earlier.

Net loan loans to customers decreased by NOK 65 billion or 4.2 per cent from end-September 2015. Customer deposits were down NOK 50.3 billion or 5.1 per cent during the same period. The reduction in both deposits and loans was mainly a reflection of the reclassification of DNB Baltics as held for sale. The ratio of customer deposits to net loans to customers was down from 63.5 per cent at end-September 2015 to 62.8 per cent a year later. The Group's ambition is to have a ratio of customer deposits to net loans, for the banking group, of minimum 60 per cent.

Risk and capital adequacy

DNB quantifies risk by measuring risk-adjusted capital requirements. The capital requirement totalled NOK 67.4 billion at end-September 2016.

Developments in the risk-adjusted capital requirement

Amounts in NOK billion	30 Sept.	30 June	31 Dec.	30 Sept.
	2016	2016	2015	2015
Credit risk	54.8	55.8	55.5	57.9
Market risk	6.8	7.0	6.9	8.1
Operational risk	8.6	8.6	8.4	8.4
Business risk	6.4	6.4	6.2	6.2
Gross risk-adjusted capital requirement	76.7	77.8	77.0	80.6
Diversification effect ¹⁾	(9.3)	(9.0)	(8.5)	(10.9)
Net risk-adjusted capital requirement	67.4	68.8	68.5	69.7
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	12.1	11.5	11.1	13.5

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

The risk-adjusted capital requirement decreased during the third quarter, mainly reflecting reduced credit risk. The reduction was caused by lower credit volumes in the large corporate portfolio. The strengthening of the Norwegian krone contributed to this development, as the credit exposures are partly denominated in USD or EUR. At the same time, the volume of mortgage loans continued to grow at a somewhat higher speed than expected. Market risk exposures remained low at end-September.

Housing prices continued to increase, especially in and around Oslo. Somewhat higher activity in the housing market in Stavanger was also registered.

Overall, credit quality remained sound and stable. The economic downturn in oil-related industry segments is still challenging for several companies. The slowdown in business activity in these sectors led to several companies being restructured during the third quarter.

Calculated according to the transitional rules, risk-weighted assets were NOK 1 035 billion. The common equity Tier 1 capital ratio was 15.0 per cent, while the capital adequacy ratio was 18.6 per cent.

Finanstilsynet has finalised its Supervisory Review and Evaluation Process, SREP, for the DNB Group for 2016. The Pillar 2 requirement is unchanged at 1.5 per cent of risk-weighted assets and comes in addition to the minimum and combined buffer requirements under Pillar 1. The Pillar 2 requirement relates to risks not covered by Pillar 1 and must be met in its entirety with common equity Tier 1 capital. With effect from 1 October, the counter-cyclical buffer for DNB has been reduced by 30 basis points due to recognition of host countries' counter-cyclical buffer rates, reducing the required CET1 ratio to 14.7 per cent at year-end 2016.

New regulatory framework

Norwegian government proposes financial activities tax as from 2017

In the tax compromise reached by the Norwegian parliament (Stortinget) in the spring of 2016, the government was asked to present a special tax for the financial services industry to compensate for the fact that financial services are exempt from VAT. In the National Budget 2017, presented on 6 October, the government presented a proposal for how this special tax can be implemented.

The government proposes a simple form of financial activities tax comprising two elements. First, a 5 percentage point increase in the employer's national insurance contributions in the financial services industry will be introduced. Second, the corporate tax rate for this sector will be kept at the 2016 level. This means that financial enterprises are not encompassed by the general reduction in the tax on ordinary income from 25 to 24 per cent. The financial activities tax is to be paid by the companies in the finance and insurance sectors.

According to the government, it is reasonable to assume that the financial activity tax will gradually, in part or in full, be reflected in employees' salaries and in the prices of financial services. The final structure of the tax will be clarified when the Norwegian parliament adopts the National Budget in December.

Residential mortgage lending regulation

To contribute to a more sustainable development in household debt and in housing prices, the Ministry of Finance adopted a regulation in the summer of 2015 concerning new residential mortgages that initially was intended to apply till year-end 2016. According to the regulation, the loan-to-value ratio shall normally not exceed 85 per cent of the property value, the borrower must be able to withstand an interest rate increase of minimum 5 percentage points, and instalment payments are mandatory for loan-to-value ratios above 70 per cent.

Finanstilsynet finds that there is a need for continued regulation of banks' lending practices and recommends that the regulation be retained beyond 2016. Furthermore, a tightening of the regulation has been proposed in the form of mandatory instalment payments for all new loans with a loan-to-value ratio above 60 per cent and a new requirement limiting the borrower's total loans to five times gross annual income. Finanstilsynet also proposes that banks' access to grant loans that do not meet all the requirements of the regulation, be repealed or limited from the current 10 per cent to 4 per cent of total approved loans.

The Ministry of Finance has circulated Finanstilsynet's proposal for public consultation with a deadline of 24 October.

Stream of new EU legislation in the wake of Norway's endorsement of the European supervisory authorities

On 30 September, the EEA Joint Committee decided to include the regulations on the European supervisory authorities in the EEA agreement. The decision was made after all the EEA countries (Norway, Iceland and Liechtenstein) approved the agreement with the European Union on adjustments to the supervisory system. In consequence of this, the Norwegian financial services industry is now formally a part of the European single market. However, extensive work remains to implement a number of EU regulations into Norwegian law so that Norway can gain full access to the European single market for financial services.

In the National Budget 2017, the government signalled that important legislative acts such as capital requirements regulations

for banks, the crisis management regulations for banks, the regulation on deposit guarantee schemes for banks, as well as the capital requirements regulations for insurance companies (complementary rules to Solvency II), will be given priority.

New regulations give lower counter-cyclical buffer

The Ministry of Finance has adopted regulations on the institution-specific counter-cyclical buffer effective as of 1 October. This implies that DNB, instead of using the Norwegian buffer rate, will calculate the weighted average of the buffer rates for the countries where DNB has credit exposures. The weight represents the size of the capital requirement for exposure in individual countries as a share of the total capital requirement for credit. A deviation is made from the EU regulations, CRD IV, whereby the Norwegian buffer rate will automatically apply to countries that have not set a buffer rate themselves, given that the Ministry of Finance has not stipulated special rates for such countries. In the EU, the automatic rate is zero. The effect of this for DNB is a reduction in the counter-cyclical buffer rate requirement from 1.5 per cent (the current Norwegian rate) to approximately 1.2 per cent. Based on the EU rules, the rate would have been reduced to approximately 1.1 per cent.

Proposed requirements for a contingency solution for cash distribution

On 29 September, Norges Bank and Finanstilsynet sent a proposal to the Ministry of Finance for a regulation on contingency solutions for the payment system. It is proposed that banks be required to have a contingency solution for cash distribution in the event of failures in the electronic payment system, significantly higher demand for cash or failures in the banks' supply system for cash. The purpose of the proposal is to ensure customers access to cash within a reasonable time and within a reasonable travel distance, also in a crisis situation.

In the opinion of Finanstilsynet and Norges Bank, it is up to the banks themselves to consider appropriate contingency solutions.

Macroeconomic developments

According to the IMF, global growth is projected to slow to 3.1 per cent in 2016 before picking up to 3.4 per cent in 2017. The forecast, revised down by 0.1 percentage point for 2016 and 2017, relative to the figures presented in April, reflects a more subdued outlook for advanced economies following the June UK vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer. Global growth is unevenly distributed and the growth is three times higher in the emerging market economies than in the industrialised countries. Almost eight years after the financial crisis, the industrialised countries are still experiencing spare capacity, low inflation and historically low interest rates.

Norwegian Mainland GDP growth has slowed down during the past year. This is primarily due to a large drop in petroleum sector investment since 2014. The falling prices of oil and certain other commodities have reduced the nation's income and weakened the Norwegian krone. This weakening has driven up inflation and reduced households' purchasing power. Real wages could drop by more than 1 per cent this year, which would be the biggest decline since 1981. The rise in unemployment is being dampened by waning growth in productivity and is also very lopsided, as virtually the entire rise in unemployment has taken place in Western Norway. The slump is barely noticeable in the general housing

market. Growth in residential construction has accelerated recently, especially in central areas in Eastern Norway. Norges Bank's regional network reports an increase in activity and an improved outlook, although from a low level. Mainland GDP rose by 0.6 per cent from the first to the second quarter. In the period ahead, oil prices are expected to rise, the decline in oil industry investment will abate, and real wage growth will be boosted by a stronger NOK and lower inflation. There will thus be less need for further interest rate cuts, which means that interest rates have probably already bottomed out. The government's proposal for next year's fiscal budget implies a continuous expansionary fiscal policy, which, however, will be less stimulating compared to the current year's budget.

Registered unemployment declined in the second and third quarters of 2016. However, rising unemployment in the Labour Force Surveys, LFS, shows a different view on capacity utilisation which is more in line with a stable level of employment. Despite higher LFS unemployment and lower growth in household income, it is expected that growth in housing prices will also be high this year. Very low interest rates that are expected to remain low for a long time are boosting demand for housing. The regional differences in the housing market have increased this year. Housing prices are still increasing in Oslo and Akershus, where demand is high and residential construction is being suppressed by supply side constraints. Though residential construction is expected to pick up slightly, strong increases in housing prices in Eastern Norway may continue to push up the growth rate for the country as a whole. Housing price growth in Western Norway, which has been hit the hardest by the oil industry slowdown, is weak or negative. It is expected that the housing market in this part of the country will gradually normalise.

Future prospects

The Norwegian mainland economy stagnated in the second half of 2015, and annual growth ended at 1.0 per cent. Norges Bank's regional network reported improved actual activity, although from a low level, and forecast a more positive outlook. Mainland GDP rose by 0.6 per cent from the first to the second quarter of 2016.

Norges Bank kept its policy rate unchanged at 0.5 per cent in the third quarter of 2016. At Norges Bank's September meeting, the central bank's forecast for the policy rate was adjusted upwards. Hence, the likelihood of further rate cuts has been reduced. Accommodative monetary and fiscal policies support the economy during the process to adapt to lower oil prices. As oil prices have partly recovered and are expected to rise further, there are prospects of increased growth for the mainland economy.

DNB's lending volumes are expected to rise at an annual rate of 2 to 3 per cent, while volume-weighted spreads are anticipated to be stable. It is the Group's ambition to increase income from commissions and fees by minimum 3 per cent per year. In consequence of a negative trend in the offshore supply vessel and rig markets and an increase in collective impairment for the year to date, impairment losses are estimated to be up to NOK 18 billion over a three-year period until 2018, with the highest impairment losses during the first part of the period. In 2016, impairment losses will exceed NOK 6 billion. Migration is expected to stabilise in 2017 and 2018 and the build-up of collective impairment to cease.

DNB's future financial ambitions towards 2019 will be presented on the Capital Markets Day in London on 16 November.

Oslo, 26 October 2016
The Board of Directors of DNB Bank ASA


Anne Carine Tanum
(chairman)


Jarle Berge
(vice-chairman)


Lillian Hattrem


Kim Wahl


Rune Bjerke
(group chief executive)

Income statement

							DNB Bank ASA
<i>Amounts in NOK million</i>	Note	3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015	
Total interest income	5	8 671	9 482	25 991	29 146	38 287	
Total interest expenses	5	(2 764)	(3 379)	(8 267)	(11 137)	(14 072)	
Net interest income	5	5 907	6 104	17 725	18 009	24 215	
Commission and fee income	6	1 611	1 560	4 890	4 667	6 220	
Commission and expenses	6	(714)	(699)	(2 159)	(1 967)	(2 676)	
Net gains on financial instruments at fair value	7	2 279	318	6 142	2 535	3 964	
Other income		977	1 200	3 443	4 136	9 786	
Net other operating income		4 153	2 379	12 316	9 371	17 294	
Total income		10 060	8 483	30 041	27 380	41 509	
Salaries and other personnel expenses	8	(2 254)	(2 256)	(7 067)	(6 732)	(7 245)	
Other expenses	8	(1 420)	(1 551)	(4 503)	(5 034)	(6 591)	
Depreciation and impairment of fixed and intangible assets	8	(406)	(484)	(1 429)	(1 462)	(2 035)	
Total operating expenses	8	(4 080)	(4 291)	(12 999)	(13 228)	(15 871)	
Pre-tax operating profit before impairment		5 980	4 192	17 042	14 152	25 638	
Net gains on fixed and intangible assets		7	1	8	47	91	
Impairment of loans and guarantees	9	(1 517)	717	(3 636)	(432)	(1 638)	
Pre-tax operating profit		4 470	4 909	13 414	13 768	24 090	
Tax expense		(1 010)	(1 316)	(3 031)	(3 596)	(3 452)	
Profit for the period		3 460	3 593	10 382	10 172	20 638	
Portion attributable to shareholders of DNB Bank ASA		3 332	3 468	10 025	9 923	20 264	
Portion attributable to additional Tier 1 capital holders		128	125	358	249	374	
Profit for the period		3 460	3 593	10 382	10 172	20 638	

Comprehensive income statement

						DNB Bank ASA
<i>Amounts in NOK million</i>	3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015	
Profit for the period	3 460	3 593	10 382	10 172	20 638	
Actuarial gains and losses	(106)	(198)	(144)	594	615	
Items that will not be reclassified to the income statement	(106)	(198)	(144)	594	615	
Currency translation of foreign operations	(48)	67	(154)	211	238	
Items that may subsequently be reclassified to the income statement	(48)	67	(154)	211	238	
Other comprehensive income for the period (net of tax)	(153)	(130)	(298)	805	853	
Comprehensive income for the period	3 306	3 463	10 084	10 977	21 492	

Balance sheet

		DNB Bank ASA		
<i>Amounts in NOK million</i>	Note	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
Assets				
Cash and deposits with central banks		174 843	16 004	184 126
Due from credit institutions	12, 13	550 748	630 700	535 296
Loans to customers	10, 11, 12, 13	681 403	705 532	714 615
Commercial paper and bonds at fair value	13, 14	213 441	210 062	239 774
Shareholdings	13	4 245	7 504	6 224
Financial derivatives	13	199 343	213 797	230 504
Commercial paper and bonds, held to maturity	12, 14	13 185	19 162	23 070
Investments in associated companies		975	975	975
Investments in subsidiaries		115 207	120 473	104 202
Intangible assets		3 556	3 675	3 698
Deferred tax assets		6 331	6 320	2 746
Fixed assets		7 037	7 480	7 349
Other assets		15 659	23 735	14 219
Total assets		1 985 974	1 965 419	2 066 799
Liabilities and equity				
Due to credit institutions	12, 13	321 327	262 330	323 538
Deposits from customers	12, 13	907 972	896 488	921 220
Financial derivatives	13	205 520	240 518	253 533
Debt securities issued	12, 13, 16	332 229	340 099	366 153
Payable taxes		2 908	703	3 926
Deferred taxes		13	12	12
Other liabilities		20 985	39 438	16 155
Provisions		1 623	1 101	1 055
Pension commitments		2 669	2 246	4 547
Subordinated loan capital	12, 13, 16	28 202	30 953	30 617
Total liabilities		1 823 448	1 813 886	1 920 755
Share capital		18 314	18 314	18 314
Share premium		19 895	19 895	19 895
Additional Tier 1 capital		9 641	8 353	8 251
Other equity		114 675	104 970	99 583
Total equity		162 526	151 533	146 044
Total liabilities and equity		1 985 974	1 965 419	2 066 799

Off-balance sheet transactions

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Income statement

		DNB Bank Group				
<i>Amounts in NOK million</i>		3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Total interest income	5	13 107	14 408	39 478	43 755	57 793
Total interest expenses	5	(4 513)	(5 390)	(13 458)	(17 370)	(22 258)
Net interest income	5	8 594	9 018	26 020	26 385	35 535
Commission and fee income	6	2 103	2 086	6 328	6 601	8 694
Commission and fee expenses	6	(738)	(719)	(2 214)	(2 008)	(2 737)
Net gains on financial instruments at fair value	7	1 411	1 956	4 803	6 544	8 704
Profit from investments accounted for by the equity method		(0)	(1)	1 234	(44)	(72)
Net gains on investment properties		(5)	143	(28)	147	269
Other income		518	428	1 646	1 680	2 051
Net other operating income		3 288	3 892	11 769	12 920	16 909
Total income		11 882	12 910	37 788	39 304	52 444
Salaries and other personnel expenses	8	(2 711)	(2 719)	(8 534)	(8 136)	(9 140)
Other expenses	8	(1 671)	(1 868)	(5 365)	(5 999)	(7 892)
Depreciation and impairment of fixed and intangible assets	8	(462)	(550)	(1 610)	(1 592)	(2 159)
Total operating expenses	8	(4 844)	(5 137)	(15 509)	(15 726)	(19 191)
Pre-tax operating profit before impairment		7 038	7 773	22 279	23 578	33 253
Net gains on fixed and intangible assets		20	(3)	(6)	54	45
Impairment of loans and guarantees	9	(2 176)	392	(5 672)	(849)	(2 270)
Pre-tax operating profit		4 881	8 162	16 601	22 782	31 028
Tax expense		(1 074)	(2 164)	(3 652)	(5 904)	(7 755)
Profit from operations held for sale, after taxes		1	(14)	(22)	(79)	(51)
Profit for the period		3 808	5 984	12 926	16 800	23 222
Portion attributable to shareholders of DNB Bank ASA		3 680	5 859	12 569	16 551	22 848
Portion attributable to additional Tier 1 capital holders		128	125	358	249	374
Profit for the period		3 808	5 984	12 926	16 800	23 222

Comprehensive income statement

		DNB Bank Group				
<i>Amounts in NOK million</i>		3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Profit for the period		3 808	5 984	12 926	16 800	23 222
Actuarial gains and losses		(106)	(198)	(144)	577	592
Items that will not be reclassified to the income statement		(106)	(198)	(144)	577	592
Currency translation of foreign operations ¹⁾		(4 320)	5 328	(10 038)	7 247	9 618
Currency translation reserve reclassified to the income statement				(43)		
Hedging of net investment ²⁾		2 950	(3 411)	6 761	(4 625)	(6 203)
Investments according to the equity method ³⁾		4		(29)		889
Investments according to the equity method, reclassified to the income statement ³⁾				(855)		
Items that may subsequently be reclassified to the income statement		(1 366)	1 917	(4 204)	2 622	4 304
Other comprehensive income for the period (net of tax)		(1 472)	1 719	(4 348)	3 199	4 896
Comprehensive income for the period		2 337	7 703	8 578	19 999	28 118

1) Currency translation effects related to the Baltics represented a loss of NOK 302 million in the third quarter of 2016.

2) Hedging of net investments in the Baltics came to NOK 182 million in the third quarter of 2016, net of tax.

3) DNB had indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 March 2016 an accumulated gain of NOK 855 million was recognised in other comprehensive income. Upon the completion of the acquisition of Visa Europe by Visa Inc in the second quarter of 2016, this amount was reclassified to profit and a total gain of NOK 1 128 million was recognised as "Profit from investments accounted for by the equity method" in the income statement.

Balance sheet

		DNB Bank Group		
<i>Amounts in NOK million</i>	Note	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
Assets				
Cash and deposits with central banks		175 212	19 317	186 874
Due from credit institutions	12, 13	191 656	297 457	236 743
Loans to customers	10, 11, 12, 13	1 479 529	1 531 932	1 544 508
Commercial paper and bonds at fair value	13, 14	212 494	207 063	210 519
Shareholdings	13	5 211	8 794	6 719
Financial derivatives	13	186 840	203 273	218 084
Commercial paper and bonds, held to maturity	12, 14	13 185	19 162	23 070
Investment properties		1 193	2 333	5 166
Investments accounted for by the equity method		3 596	4 091	3 231
Intangible assets		3 918	4 176	4 205
Deferred tax assets		943	1 138	1 302
Fixed assets		7 094	8 059	7 936
Assets held for sale	15	52 482	200	193
Other assets		16 408	8 608	15 513
Total assets		2 349 761	2 315 603	2 464 063
Liabilities and equity				
Due to credit institutions	12, 13	192 264	161 267	253 334
Deposits from customers	12, 13	929 756	957 322	980 075
Financial derivatives	13	156 188	154 878	169 760
Debt securities issued	12, 13, 16	786 823	806 810	832 184
Payable taxes		5 642	2 493	4 236
Deferred taxes		6 405	6 461	4 750
Other liabilities		22 564	18 409	17 969
Liabilities held for sale	15	39 547	71	55
Provisions		1 713	1 225	1 154
Pension commitments		2 725	2 301	4 640
Subordinated loan capital	12, 13, 16	28 202	30 953	30 617
Total liabilities		2 171 831	2 142 191	2 298 774
Share capital		18 314	18 314	18 314
Share premium		20 611	20 611	20 611
Additional Tier 1 capital		9 641	8 353	8 251
Other equity		129 364	126 133	118 111
Total equity		177 931	173 412	165 289
Total liabilities and equity		2 349 761	2 315 603	2 464 063
Off-balance sheet transactions	18			

Statement of changes in equity

DNB Bank ASA							
<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 Capital	Actuarial gains and losses	Currency translation reserve	Other equity	Total equity
Balance sheet as at 31 Dec. 2014	18 314	19 895		(2 741)	414	91 838	127 720
Profit for the period			249			9 923	10 172
Other comprehensive income (net of tax)				594	211		805
Comprehensive income for the period			249	594	211	9 923	10 977
Additional Tier 1 Capital issued			8 053			(31)	8 023
Interest payments additional Tier 1 capital			(51)				(51)
Transfer of lending portfolio to subsidiary (continuity)						(625)	(625)
Balance sheet as at 30 Sept. 2015	18 314	19 895	8 251	(2 147)	625	101 105	146 044
Balance sheet as at 31 Dec. 2015	18 314	19 895	8 353	(459)	652	104 777	151 533
Profit for the period			358			10 025	10 382
Other comprehensive income				(144)	(154)		(298)
Comprehensive income for the period			358	(144)	(154)	10 025	10 084
Additional Tier 1 capital issued			1 400				1 400
Interest payments additional Tier 1 capital			(458)				(458)
Currency movements taken to income			(11)			11	
Transfer of lending portfolio to subsidiary (continuity)						(33)	(33)
Balance sheet as at 30 Sept. 2016	18 314	19 895	9 641	(603)	498	114 781	162 526

DNB Bank Group								
<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Currency translation reserve ¹⁾	Net investment reserve ¹⁾	Other equity	Total equity ¹⁾
Balance sheet as at 31 Dec. 2014	18 314	20 611		(2 834)	8 637	(5 645)	102 226	141 309
Profit for the period			249				16 551	16 800
Other comprehensive income (net of tax)				577	7 247	(4 625)		3 199
Comprehensive income for the period			249	577	7 247	(4 625)	16 551	19 999
Currency translation reserve taken to income					5		4	10
Additional Tier 1 capital issued			8 053				(31)	8 023
Interest payments additional Tier 1 capital			(51)					(51)
Group contribution to DNB ASA for 2014							(4 001)	(4 001)
Balance sheet as at 30 Sept. 2015	18 314	20 611	8 251	(2 257)	15 889	(10 270)	114 749	165 289
Balance sheet as at 31 Dec. 2015	18 314	20 611	8 353	(479)	18 289	(11 848)	120 171	173 412
Profit for the period			358				12 569	12 926
Other comprehensive income				(144)	(10 081)	6 761	(884)	(4 348)
Comprehensive income for the period			358	(144)	(10 081)	6 761	11 684	8 578
Additional Tier 1 capital issued			1 400					1 400
Interest payments additional Tier 1 capital			(458)					(458)
Currency movements taken to income			(11)				11	
Group contribution to DNB ASA for 2015							(5 000)	(5 000)
Balance sheet as at 30 Sept. 2016	18 314	20 611	9 641	(623)	8 207	(5 087)	126 866	177 931

1) Off which OCI related to the Baltics:

Balance sheet as at 31 December 2015	1 465	(987)	478
Other comprehensive income	(553)	337	(216)
Balance sheet as at 30 September 2016	912	(650)	262

Currency translation reserve and net investment hedge reserve related to the Baltics totaled NOK 262 million as at 30 September 2016, of which NOK 259 million represented accumulated tax on the hedging instruments.

Cash flow statement

DNB Bank ASA

<i>Amounts in NOK million</i>	January-September		Full year
	2016	2015	2015
Operating activities			
Net receipts/payments on loans to customers	(1 553)	35 713	50 461
Interest received from customers	20 080	22 178	30 885
Net receipts/payments on deposits from customers	34 329	(18 235)	(44 221)
Interest paid to customers	(1 629)	(2 678)	(10 485)
Net receipts/payments on loans to credit institutions	121 494	135 084	(20 697)
Interest received from credit institutions	2 686	2 897	3 870
Interest paid to credit institutions	(1 129)	(1 077)	(1 558)
Net receipts/payments on the sale of financial assets for investment or trading	(91)	(33 364)	16 386
Interest received on bonds and commercial paper	3 676	4 139	5 080
Net receipts on commissions and fees	2 598	2 695	3 553
Payments to operations	(11 570)	(11 021)	(16 346)
Taxes paid	(808)	(291)	(800)
Other receipts	3 436	5 904	9 595
Net cash flow from operating activities	171 520	141 944	25 723
Investment activities			
Net payments on the acquisition of fixed assets	(941)	(1 247)	(1 866)
Receipts on the sale of long-term investments in shares	861		223
Payments on the acquisition of long-term investments in shares	(3 708)	(18 813)	(33 124)
Dividends received on long-term investments in shares	48	103	104
Net cash flow from investment activities	(3 739)	(19 957)	(34 662)
Funding activities			
Receipts on issued bonds and commercial paper	8 697 625	1 495 688	3 072 165
Payments on redeemed bonds and commercial paper	(8 682 158)	(1 506 990)	(3 110 990)
Interest payments on issued bonds and commercial paper	(5 051)	(4 034)	(5 097)
Receipts on the raising of subordinated loan capital		3 805	3 805
Redemptions of subordinated loan capital	(3)	(4 604)	(4 604)
Interest payments on subordinated loan capital	(694)	(727)	(1 027)
Receipts on issued additional Tier 1 capital	1 400	8 022	8 023
Interest payments on additional Tier 1 capital	(458)	(51)	(75)
Group contribution payments	(6 942)	(4 729)	(4 729)
Net cash flow from funding activities	3 719	(13 619)	(42 529)
Effects of exchange rate changes on cash and cash equivalents	(9 545)	21 325	13 547
Net cash flow	161 955	129 693	(37 921)
Cash as at 1 January	19 884	57 805	57 805
Net payments of cash	161 955	129 693	(37 921)
Cash at end of period ¹⁾	181 839	187 498	19 884
^{*) Of which: Cash and deposits with central banks}	174 843	184 126	16 004
^{Deposits with credit institutions with no agreed period of notice ¹⁾}	6 996	3 373	3 880

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

Cash flow statement (continued)

<i>Amounts in NOK million</i>	DNB Bank Group		
	January-September 2016	2015	Full year 2015
Operating activities			
Net payments on loans to customers	(40 070)	(52 325)	(32 213)
Interest received from customers	35 398	39 227	51 863
Net receipts/payments on deposits from customers	33 168	(10 012)	(34 447)
Interest paid to customers	(422)	(1 712)	(7 475)
Net receipts on loans to credit institutions	125 866	158 733	3 917
Interest received from credit institutions	890	1 177	1 617
Interest paid to credit institutions	(899)	(957)	(1 355)
Net receipts/payments on the sale of financial assets for investment or trading	11 542	(30 939)	(16 600)
Interest received on bonds and commercial paper	3 625	3 717	4 592
Net receipts on commissions and fees	3 975	4 589	5 965
Payments to operations	(13 925)	(13 242)	(19 210)
Taxes paid	(1 113)	(1 629)	(2 473)
Other receipts	1 661	2 268	5 433
Net cash flow from operating activities	159 696	98 894	(40 387)
Investment activities			
Net payments on the acquisition of fixed assets	(934)	(1 202)	(1 853)
Net receipts/payments, investment properties	470	386	2 833
Receipts on the sale of long-term investments in shares	860		76
Dividends received on long-term investments in shares	48	0	6
Net cash flow from investment activities	443	(816)	1 062
Funding activities			
Receipts on issued bonds and commercial paper	8 754 331	1 556 555	3 142 451
Payments on redeemed bonds and commercial paper	(8 726 620)	(1 540 481)	(3 145 857)
Interest payments on issued bonds and commercial paper	(12 835)	(11 813)	(15 129)
Receipts on the raising of subordinated loan capital		3 805	3 805
Redemptions of subordinated loan capital	(3)	(4 604)	(4 604)
Interest payments on subordinated loan capital	(696)	(728)	(1 029)
Receipts on issued additional Tier 1 capital	1 400	8 022	8 023
Interest payments on additional Tier 1 capital	(458)	(51)	(75)
Group contributions payments	(6 849)	(4 001)	(4 001)
Net cash flow from funding activities	8 269	6 705	(16 415)
Effects of exchange rate changes on cash and cash equivalents	(10 353)	22 618	14 622
Net cash flow	158 054	127 401	(41 118)
Cash as at 1 January	23 194	64 312	64 312
Net payments of cash	158 054	127 401	(41 118)
Cash at end of period ¹⁾	181 248	191 713	23 194

*) *Of which: Cash and deposits with central banks* 177 935 186 874 19 317
Deposits with credit institutions with no agreed period of notice ¹⁾ 3 313 4 840 3 876

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

Note 1 Basis for preparation

The quarterly financial statements for the DNB Bank group have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. DNB Bank ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS. When preparing the consolidated financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied by the DNB Bank group, appear in note 1 Accounting principles in the annual report for 2015.

Note 2 Segments

Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Bank Group's resources. Special product areas are responsible for production and development for parts of the product range and for ensuring that the Bank 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 Bank Group 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. 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 the Bank Group'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 the banking group's management model, accounting principles and 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 III with capital requirement related to credit risk, market risk and operational risk. The allocation of capital for 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 2 Segments (continued)

Income statement, third quarter

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/eliminations ¹⁾		DNB Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Amounts in NOK million</i>												
Net interest income	3 291	3 431	1 590	1 551	3 508	3 908	19	(106)	188	234	8 594	9 018
Net other operating income	962	969	315	268	1 471	1 221	1 134	(342)	(594)	1 776	3 288	3 892
Total income	4 252	4 399	1 905	1 819	4 979	5 129	1 153	(448)	(407)	2 010	11 882	12 910
Operating expenses	(1 874)	(2 098)	(747)	(679)	(1 806)	(1 895)	(127)	(155)	(291)	(310)	(4 844)	(5 137)
Pre-tax operating profit before impairment	2 379	2 302	1 158	1 140	3 173	3 234	1 025	(604)	(698)	1 700	7 038	7 773
Net gains on fixed and intangible assets	(0)	(3)	0	(1)	19	1			1	(1)	20	(3)
Impairment of loans and guarantees ²⁾	(78)	963	(339)	(138)	(1 758)	(433)			(1)	1	(2 176)	392
Profit from repossessed operations			(6)	(21)	4	1			1	20		
Pre-tax operating profit	2 300	3 262	814	980	1 438	2 803	1 025	(604)	(696)	1 720	4 881	8 162
Tax expense	(575)	(881)	(204)	(265)	(388)	(813)	(256)	157	349	(362)	(1 074)	(2 164)
Profit from operations held for sale, after taxes	0	2			(0)				1	(17)	1	(14)
Profit for the period	1 725	2 384	611	716	1 050	1 990	769	(447)	(346)	1 341	3 808	5 984

1) See the tables below for more information about Other operations/eliminations.

2) See note 9 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											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/eliminations		DNB Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Amounts in NOK billion</i>												
Loans to customers ^{1) 2)}	706.9	697.2	227.1	217.8	553.6	582.7	20.0	12.3	7.8	12.2	1515.4	1522.3
Deposits from customers ^{1) 2)}	407.9	390.4	179.5	175.4	374.4	408.3	111.1	174.7	(12.1)	4.7	1060.8	1153.5
Allocated capital ³⁾	37.5	31.3	24.0	21.1	88.3	69.9	7.2	7.0				

Key figures

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations		DNB Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Per cent</i>												
Cost/income ratio ⁴⁾	44.1	47.7	39.2	37.3	36.3	36.9	11.0	(34.7)			40.8	39.8
Ratio of deposits to loans ^{2) 5)}	57.7	56.0	79.0	80.5	67.6	70.1					70.0	75.8
Return on allocated capital, annualised ³⁾	18.3	30.2	10.1	13.5	4.7	11.3	42.7	(25.4)			8.9	15.2

1) Loans to and deposits from customers in the Baltics are included under Large corporates and international customers in spite of being reclassified as assets and liabilities held for sale in August 2016. The reclassification is reflected under Other operations/elimination. Reclassified loans amounted to NOK 23.7 billion and deposits to NOK 17.9 billion.

2) Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments. In November 2015, a portfolio of residential mortgages amounting to approximately NOK 20 billion was sold from DNB Boligkreditt to DNB Livsforsikring, the lifeinsurance company owned by DNB ASA. Personal Banking Norway will continue to manage the portfolio on behalf of DNB Livsforsikring.

3) Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel III) which must be met by the banking group. The capital allocated in 2016 corresponds to a common equity Tier 1 capital ratio of 17.2 per cent compared to 14.5 per cent in 2015. Recorded capital is used for the banking group.

4) Total operating expenses relative to total income.

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

Note 2 Segments (continued)

Income statement, January-September

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/eliminations		DNB Group	
	Jan.-Sept. 2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Amounts in NOK million</i>												
Net interest income	10 006	10 169	4 721	4 521	10 632	11 267	27	86	634	342	26 020	26 385
Net other operating income	2 777	2 856	1 024	895	4 045	4 127	2 159	707	1 764	4 335	11 769	12 920
Total income	12 783	13 025	5 745	5 416	14 677	15 394	2 186	793	2 398	4 677	37 788	39 304
Operating expenses	(6 280)	(6 266)	(2 274)	(2 082)	(5 533)	(5 439)	(389)	(408)	(1 033)	(1 530)	(15 509)	(15 726)
Pre-tax operating profit before impairment	6 503	6 759	3 471	3 334	9 143	9 955	1 797	384	1 365	3 147	22 279	23 578
Net gains on fixed and intangible assets	0	(0)	2	(2)	27	49			(35)	6	(6)	54
Impairment of loans and guarantees ¹⁾	263	924	(793)	(708)	(5 147)	(1 029)			6	(36)	(5 672)	(849)
Profit from repossessed operations			(34)	(32)	1	(61)			33	94		
Pre-tax operating profit	6 766	7 683	2 646	2 591	4 024	8 913	1 797	384	1 368	3 211	16 601	22 782
Taxes	(1 692)	(2 074)	(661)	(700)	(1 087)	(2 585)	(449)	(100)	237	(445)	(3 652)	(5 904)
Profit from operations held for sale, after taxes	(1)	2			3				(25)	(81)	(22)	(79)
Profit for the period	5 074	5 611	1 984	1 892	2 941	6 328	1 347	284	1 580	2 685	12 926	16 800

1) See note 9 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.

Other operations/eliminations

Other operations/eliminations include IT and Operations, HR (Human Resources), Group Finance including Group Treasury, Risk Management, Corporate Communications, the partially owned company Eksportfinans, investments in IT infrastructure. In addition, Other operations/eliminations 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 and all intra-group eliminations are included in Other operations/eliminations.

Pre-tax operating profit

	DNB Bank Group	
	3rd quarter 2016	3rd quarter 2015
<i>Amounts in NOK million</i>		
Unallocated interest income	46	129
Income from equity investments	9	(15)
Mark-to-market adjustments on financial instruments	(322)	545
Basis swaps	(444)	933
Profit from associated companies	(0)	(32)
Net gains on investment properties	11	148
Profit from repossessed operations	1	20
Unallocated personnel expenses	(82)	(72)
Unallocated IT and Operations expenses	114	112
IT restructuring	2	(56)
Impairment of fixed assets and value adjustments on investments properties	35	(17)
Other	(67)	23
Pre-tax operating profit	(696)	1 720

Note 3 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRD IV/CRR). The regulatory consolidation deviates from consolidation in the accounts and comprises the parent company, subsidiaries and associated companies within the financial sector. Associated companies are consolidated pro rata.

DNB Bank ASA		Primary capital	DNB Bank Group	
31 Dec. 2015	30 Sept. 2016	<i>Amounts in NOK million</i>	30 Sept. 2016	31 Dec. 2015
151 533	152 501	Total equity	165 362	173 412
		Effect from regulatory consolidation	(474)	(541)
(8 053)	(9 453)	Additional Tier 1 capital instruments included in total equity	(9 453)	(8 053)
(219)	(141)	Net accrued interest on additional Tier 1 capital instruments	(141)	(219)
143 261	142 907	Common equity Tier 1 capital instruments	155 294	164 599
		Deductions		
(38)	(40)	Pension funds above pension commitments	(40)	(38)
(3 012)	(2 932)	Goodwill	(2 961)	(3 029)
(195)	(195)	Deferred tax assets that are not due to temporary differences	(641)	(640)
(663)	(625)	Other intangible assets	(886)	(1 075)
		Group contribution, payable		(5 000)
(1 383)	(192)	Expected losses exceeding actual losses, IRB portfolios	(546)	(2 309)
(671)	(515)	Value adjustment due to the requirements for prudent valuation (AVA)	(868)	(1 055)
(15)	(16)	Adjustments for unrealised losses/(gains) on debt recorded at fair value	(414)	(412)
(785)	(834)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(166)	(150)
136 499	137 560	Common equity Tier 1 capital	148 772	150 889
	142 463	Common equity Tier 1 capital incl. 50 per cent of profit for the period	155 498	
10 267	11 351	Additional Tier 1 capital instruments	11 351	10 267
146 766	148 911	Tier 1 capital	160 122	161 156
	153 814	Tier 1 capital incl. 50 per cent of profit for the period	166 849	
5 702	5 310	Perpetual subordinated loan capital	5 310	5 702
22 185	20 161	Term subordinated loan capital	20 161	22 185
27 887	25 471	Tier 2 capital	25 471	27 887
174 653	174 382	Total eligible capital	185 593	189 043
	179 285	Total eligible capital incl. 50 per cent of profit for the period	192 320	
906 084	773 358	Risk-weighted volume, transitional rules	1 034 684	1 056 731
72 487	61 869	Minimum capital requirement, transitional rules	82 775	84 539
15.1	18.4	Common equity Tier 1 capital ratio, transitional rules (%)	15.0	14.3
16.2	19.9	Tier 1 capital ratio, transitional rules (%)	16.1	15.3
19.3	23.2	Capital ratio, transitional rules (%)	18.6	17.9
	17.8	Common equity Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	14.4	
	19.3	Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	15.5	
	22.5	Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	17.9	

Note 3 Capital adequacy (continued)

Basel III

The majority of the credit portfolios are reported according to the IRB approach. However, one portfolio, banks and financial institutions (DNB Bank) is still subject to final IRB approval from Finanstilsynet. The portfolio Large corporate clients rated by simulation models (DNB Bank) was approved in December 2015.

Specification of risk-weighted volume and capital requirements

	Nominal exposure 30 Sept. 2016	EAD ¹⁾ 30 Sept. 2016	Average risk weights in per cent 30 Sept. 2016	DNB Bank ASA		
				Risk-weighted volume 30 Sept. 2016	Capital requirements 30 Sept. 2016	Capital requirements 31 Dec. 2015
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	757 142	605 987	49.9	302 316	24 185	24 752
Specialised lending (SL)	9 149	8 774	40.4	3 544	284	396
Retail - mortgage loans	80 657	80 657	24.8	20 039	1 603	2 045
Retail - other exposures	112 649	92 596	25.8	23 851	1 908	1 965
Securitisation	13 185	13 185	90.3	11 902	952	1 201
Total credit risk, IRB approach	972 781	801 199	45.1	361 652	28 932	30 359
Standardised approach						
Central government	36 157	44 120	0.1	58	5	30
Institutions	448 578	310 253	22.7	70 465	5 637	13 545
Corporate	97 433	77 223	92.2	71 211	5 697	6 713
Retail - mortgage loans	6 783	6 288	39.6	2 492	199	177
Retail - other exposures	111 885	35 106	74.5	26 171	2 094	1 587
Equity positions	117 091	117 091	100.3	117 386	9 391	9 807
Other assets	14 461	14 461	138.5	20 034	1 603	1 704
Total credit risk, standardised approach	832 388	604 542	50.9	307 817	24 625	33 562
Total credit risk	1 805 169	1 405 740	47.6	669 468	53 557	63 922
Market risk						
Position risk, debt instruments				23 070	1 846	1 849
Position risk, equity instruments				226	18	19
Currency risk						
Commodity risk				12	1	3
Credit value adjustment risk (CVA)				8 749	700	947
Total market risk				32 057	2 565	2 818
Operational risk				71 833	5 747	5 747
Total risk-weighted volume and capital requirements before transitional rules				773 358	61 869	72 487
Additional capital requirements according to transitional rules						
Total risk-weighted volume and capital requirements				773 358	61 869	72 487

1) EAD, exposure at default.

Note 3 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements

	DNB Bank Group					
	Nominal exposure 30 Sept. 2016	EAD ¹⁾ 30 Sept. 2016	Average risk weights in per cent 30 Sept. 2016	Risk-weighted volume 30 Sept. 2016	Capital requirements 30 Sept. 2016	Capital requirements 31 Dec. 2015
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	1 036 066	844 265	48.2	406 887	32 551	33 421
Specialised Lending (SL)	10 603	10 198	43.3	4 421	354	468
Retail - mortgage loans	700 276	700 276	22.1	154 476	12 358	12 241
Retail - other exposures	112 649	92 596	25.8	23 851	1 908	1 965
Securitisation	13 185	13 185	90.3	11 902	952	1 201
Total credit risk, IRB approach	1 872 780	1 660 520	36.2	601 537	48 123	49 295
Standardised approach						
Central government	46 522	56 220	0.1	59	5	33
Institutions	231 202	119 697	24.8	29 744	2 380	2 390
Corporate	159 846	127 803	85.1	108 765	8 701	10 164
Retail - mortgage loans	49 852	47 772	46.0	21 952	1 756	1 764
Retail - other exposures	130 513	49 940	75.3	37 613	3 009	2 642
Equity positions	7 892	7 892	103.7	8 187	655	263
Securitisation	1 998	1 398	46.2	646	52	60
Other assets	11 416	11 416	66.7	7 610	609	763
Total credit risk, standardised approach	639 240	422 139	50.8	214 574	17 166	18 078
Total credit risk	2 512 020	2 082 659	39.2	816 111	65 289	67 373
Market risk						
Position risk, debt instruments				13 718	1 097	1 141
Position risk, equity instruments				226	18	36
Currency risk						
Commodity risk				12	1	3
Credit value adjustment risk (CVA)				5 758	461	514
Total market risk				19 714	1 577	1 695
Operational risk				84 281	6 742	6 742
Total risk-weighted volume and capital requirements before transitional rules				920 105	73 608	75 810
Additional capital requirements according to transitional rules ²⁾				114 579	9 166	8 729
Total risk-weighted volume and capital requirements				1 034 684	82 775	84 539

1) EAD, exposure at default.

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

Note 4 Liquidity risk

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

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis, a systemic crisis and a combination thereof, and a contingency plan has been established to handle market events. In addition, limits have been set for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding. The banking group's ratio of deposits to net loans was 62.8 per cent at end-September 2016, down from 63.5 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 133.3 per cent at end-September 2016.

The short-term funding markets were generally sound for banks with high credit ratings in the third quarter of 2016. Longer maturities are still not as attractive, as US money market funds are adapting to new regulations which came into force on 14 October. The DNB Bank Group had ample access to short-term funding throughout the quarter.

The level of activity in the long-term funding markets was lower in the beginning of the quarter, which is normal due to the summer holidays. Activity picked up towards the end of August and into September, but once again slowed down towards the end of the quarter due to, among other things, concerns over profitability in European banks. The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter. At end-September, the total LCR was 140 per cent, with an LCR of 336 per cent for EUR, 185 per cent for USD and 75 per cent for NOK.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 3.9 years at end-September 2016, unchanged from a year earlier. The banking group aims to maintain a sound and stable maturity structure for funding over the next five years.

Note 5 Net interest income

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2016	3rd quarter 2015	January-September 2016 2015		Full year 2015
Interest on amounts due from credit institutions	950	937	2 712	2 882	3 838
Interest on loans to customers	5 872	6 462	17 526	19 874	25 975
Interest on impaired loans and guarantees	179	95	431	313	459
Interest on commercial paper and bonds	1 183	1 284	3 439	3 932	5 115
Front-end fees etc.	63	72	194	207	293
Other interest income	425	631	1 690	1 938	2 606
Total interest income	8 671	9 482	25 991	29 146	38 287
Interest on amounts due to credit institutions	(435)	(370)	(1 244)	(1 119)	(1 559)
Interest on deposits from customers	(1 594)	(2 240)	(4 775)	(7 501)	(9 292)
Interest on debt securities issued	(905)	(776)	(2 767)	(2 273)	(3 075)
Interest on subordinated loan capital	(131)	(139)	(398)	(429)	(568)
Guarantee fund levy ¹⁾	(159)	(186)	(477)	(523)	(675)
Other interest expenses ²⁾	458	332	1 394	709	1 096
Total interest expenses	(2 764)	(3 379)	(8 267)	(11 137)	(14 072)
Net interest income	5 907	6 104	17 725	18 009	24 215

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2016	3rd quarter 2015	January-September 2016 2015		Full year 2015
Interest on amounts due from credit institutions	302	421	908	1 178	1 608
Interest on loans to customers	11 221	12 323	33 607	37 262	49 037
Interest on impaired loans and guarantees	245	148	594	415	619
Interest on commercial paper and bonds	1 183	1 143	3 405	3 499	4 605
Front-end fees etc.	69	81	213	242	337
Other interest income	88	292	752	1 159	1 587
Total interest income	13 107	14 408	39 478	43 755	57 793
Interest on amounts due to credit institutions	(325)	(314)	(942)	(996)	(1 365)
Interest on deposits from customers	(1 689)	(2 289)	(5 024)	(7 645)	(9 483)
Interest on debt securities issued	(3 055)	(3 268)	(9 452)	(9 571)	(12 809)
Interest on subordinated loan capital	(132)	(139)	(401)	(429)	(569)
Guarantee fund levy ¹⁾	(187)	(231)	(567)	(644)	(845)
Other interest expenses ²⁾	874	851	2 928	1 915	2 814
Total interest expenses	(4 513)	(5 390)	(13 458)	(17 370)	(22 258)
Net interest income	8 594	9 018	26 020	26 385	35 535

1) The amount recorded in the quarter represents a proportional share of the estimated annual levy.

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

Note 6 Net commission and fee income

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter	3rd quarter	January-September		Full year
	2016	2015	2016	2015	2015
Money transfers	924	908	2 655	2 530	3 378
Asset management services	84	75	247	223	294
Custodial services	75	82	241	267	348
Securities broking	126	90	386	296	425
Corporate finance	79	58	298	203	289
Interbank fees	7	8	18	22	29
Credit broking	79	90	352	502	625
Sale of insurance products	93	91	278	276	366
Other commissions and fees	145	157	414	349	466
Total commission and fee income	1 611	1 560	4 890	4 667	6 220
Money transfers	(452)	(437)	(1 309)	(1 185)	(1 636)
Custodial services	(68)	(43)	(130)	(130)	(172)
Securities broking	(15)	(28)	(133)	(82)	(115)
Corporate finance	(12)	(8)	(54)	(39)	(55)
Interbank fees	(14)	(15)	(43)	(46)	(61)
Credit broking	(20)	(17)	(65)	(59)	(83)
Sale of insurance products	(31)	(24)	(87)	(71)	(95)
Other commissions and fees	(101)	(127)	(338)	(355)	(459)
Total commission and fee expenses	(714)	(699)	(2 159)	(1 967)	(2 676)
Net commission and fee income	898	861	2 731	2 700	3 544

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter	3rd quarter	January-September		Full year
	2016	2015	2016	2015	2015
Money transfers	994	968	2 862	2 685	3 596
Asset management services	99	88	287	257	351
Custodial services	82	85	259	276	363
Securities broking	137	106	416	340	482
Corporate finance	124	91	429	487	609
Interbank fees	7	8	18	22	29
Credit broking	108	119	382	646	781
Sales of insurance products	99	99	297	296	392
Real estate broking	273	281	861	931	1 220
Other commissions and fees	180	241	517	662	870
Total commission and fee income	2 103	2 086	6 328	6 601	8 694
Money transfers	(464)	(447)	(1 340)	(1 211)	(1 670)
Custodial services	(68)	(44)	(132)	(131)	(174)
Securities broking	(17)	(24)	(136)	(83)	(119)
Corporate finance	(12)	(8)	(54)	(39)	(55)
Interbank fees	(14)	(15)	(43)	(46)	(61)
Credit broking	(9)	(8)	(23)	(18)	(27)
Sale of insurance products	(31)	(24)	(87)	(71)	(95)
Other commissions and fees	(123)	(149)	(400)	(409)	(537)
Total commission and fee expenses	(738)	(719)	(2 214)	(2 008)	(2 737)
Net commission and fee income	1 364	1 367	4 114	4 593	5 956

Note 7 Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2016	3rd quarter 2015	January-September		Full year
			2016	2015	2015
Dividends	4	35	93	129	147
Net gains on commercial paper and bonds	(864)	(59)	285	(1 630)	(2 847)
Net gains on shareholdings and equity-related derivatives	310	(28)	1 116	(405)	(190)
Net unrealised gains on basis swaps	136	(42)	136	(101)	(319)
Net gains on other financial instruments	2 693	412	4 513	4 542	7 173
Net gains on financial instruments at fair value	2 279	318	6 142	2 535	3 964

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2016	3rd quarter 2015	January-September		Full year
			2016	2015	2015
Dividends	13	39	102	137	156
Net gains on commercial paper and bonds	(900)	26	141	(1 324)	(2 573)
Net gains on shareholdings and equity-related derivatives	313	(6)	277	(418)	(38)
Net unrealised gains on basis swaps	(444)	933	171	2 690	2 685
Net gains on other financial instruments	2 429	964	4 112	5 459	8 474
Net gains on financial instruments at fair value	1 411	1 956	4 803	6 544	8 704

Note 8 Operating expenses

DNB Bank ASA					
<i>Amounts in NOK million</i>	3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Salaries	(1 581)	(1 581)	(4 644)	(4 631)	(6 175)
Employer's national insurance contributions	(228)	(223)	(687)	(675)	(901)
Pension expenses	(272)	(239)	(805)	(705)	823
Restructuring expenses	(21)	(64)	(477)	(244)	(345)
Other personnel expenses	(152)	(148)	(455)	(477)	(647)
Total salaries and other personnel expenses	(2 254)	(2 256)	(7 067)	(6 732)	(7 245)
Fees ¹⁾	(345)	(285)	(987)	(1 053)	(1 370)
IT expenses ¹⁾	(488)	(569)	(1 494)	(1 758)	(2 184)
Postage and telecommunications	(41)	(58)	(132)	(167)	(223)
Office supplies	(5)	(9)	(18)	(26)	(36)
Marketing and public relations	(110)	(133)	(399)	(430)	(589)
Travel expenses	(33)	(38)	(108)	(136)	(210)
Reimbursement to Norway Post for transactions executed	(49)	(42)	(151)	(131)	(174)
Training expenses	(6)	(11)	(30)	(42)	(60)
Operating expenses on properties and premises	(277)	(283)	(848)	(894)	(1 165)
Operating expenses on machinery, vehicles and office equipment	(11)	(22)	(46)	(50)	(67)
Other operating expenses	(55)	(102)	(290)	(348)	(513)
Total other expenses	(1 420)	(1 551)	(4 503)	(5 034)	(6 591)
Depreciation and impairment of fixed and intangible assets ²⁾	(406)	(484)	(1 429)	(1 462)	(2 035)
Total depreciation and impairment of fixed and intangible assets	(406)	(484)	(1 429)	(1 462)	(2 035)
Total operating expenses	(4 080)	(4 291)	(12 999)	(13 228)	(15 871)

DNB Bank Group					
<i>Amounts in NOK million</i>	3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Salaries	(1 934)	(1 949)	(5 758)	(5 739)	(7 660)
Employer's national insurance contributions	(279)	(274)	(852)	(835)	(1 124)
Pension expenses	(300)	(259)	(884)	(762)	770
Restructuring expenses	(21)	(64)	(502)	(245)	(352)
Other personnel expenses	(177)	(173)	(538)	(554)	(775)
Total salaries and other personnel expenses	(2 711)	(2 719)	(8 534)	(8 136)	(9 140)
Fees ¹⁾	(372)	(328)	(1 069)	(1 148)	(1 497)
IT expenses ¹⁾	(540)	(629)	(1 652)	(1 914)	(2 397)
Postage and telecommunications	(52)	(70)	(166)	(206)	(268)
Office supplies	(18)	(21)	(54)	(63)	(87)
Marketing and public relations	(170)	(194)	(592)	(645)	(845)
Travel expenses	(43)	(51)	(144)	(178)	(271)
Reimbursement to Norway Post for transactions executed	(49)	(42)	(151)	(131)	(174)
Training expenses	(9)	(14)	(38)	(49)	(72)
Operating expenses on properties and premises	(315)	(327)	(970)	(1 043)	(1 365)
Operating expenses on machinery, vehicles and office equipment	(18)	(31)	(69)	(75)	(100)
Other operating expenses	(87)	(161)	(459)	(547)	(817)
Total other expenses	(1 671)	(1 868)	(5 365)	(5 999)	(7 892)
Depreciation and impairment of fixed and intangible assets ²⁾	(462)	(550)	(1 610)	(1 592)	(2 159)
Total depreciation and impairment of fixed and intangible assets	(462)	(550)	(1 610)	(1 592)	(2 159)
Total operating expenses	(4 844)	(5 137)	(15 509)	(15 726)	(19 191)

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

2) In consequence of the restructuring process in DNB Bank ASA, provisions of NOK 160 million for onerous contracts related to premises were made in the first quarter of 2016.

Note 9 Impairment of loans and guarantees

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2016	3rd quarter 2015	January-September 2016 2015		Full year 2015
Write-offs	(69)	(295)	(516)	(669)	(1 407)
New/increased individual impairment	(1 253)	(263)	(3 302)	(1 865)	(2 326)
Total new/increased individual impairment	(1 322)	(558)	(3 817)	(2 534)	(3 733)
Reassessed individual impairment previous years	31	89	526	565	672
Recoveries on loans and guarantees previously written off	66	1 179	761	1 524	1 715
Net individual impairment	(1 226)	710	(2 530)	(446)	(1 346)
Change in collective impairment of loans	(292)	7	(1 105)	14	(292)
Impairment of loans and guarantees ¹⁾	(1 517)	717	(3 636)	(432)	(1 638)
Write-offs covered by individual impairment made in previous years	206	1 071	1 025	2 185	2 463
1) <i>Of which individual impairment of guarantees</i>	(147)	(1)	(241)	(42)	(40)

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2016	3rd quarter 2015	January-September 2016 2015		Full year 2015
Write-offs	(103)	(308)	(904)	(699)	(1 446)
New/increased individual impairment	(1 663)	(758)	(4 391)	(2 616)	(3 288)
Total new/increased individual impairment	(1 767)	(1 066)	(5 295)	(3 315)	(4 735)
Reassessed individual impairment previous years	113	166	813	761	978
Recoveries on loans and guarantees previously written off	74	1 186	782	1 542	1 742
Net individual impairment	(1 580)	285	(3 700)	(1 013)	(2 015)
Change in collective impairment of loans	(596)	106	(1 971)	163	(255)
Impairment of loans and guarantees ¹⁾	(2 176)	392	(5 672)	(849)	(2 270)
Write-offs covered by individual impairment made in previous years	464	1 031	1 954	3 083	3 749
1) <i>Of which individual impairment of guarantees</i>	(147)	(0)	(239)	(36)	(36)

Note 10 Loans to customers

DNB Bank ASA				DNB Bank Group		
30 Sept. 2015	31 Dec. 2015	30 Sept. 2016		30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
			<i>Amounts in NOK million</i>			
Loans at amortised cost						
681 317	648 296	639 921	Loans to customers, nominal amount	1 381 975	1 417 866	1 430 510
(5 702)	(4 639)	(5 982)	- Individual impairment	(7 683)	(8 484)	(9 832)
675 615	643 657	633 940	Loans to customers, after individual impairment	1 374 292	1 409 382	1 420 678
1 604	1 520	1 305	+ Accrued interest and amortisation	2 022	2 313	2 436
(457)	(430)	(425)	- Individual impairment of accrued interest and amortisation	(562)	(656)	(689)
(1 417)	(1 709)	(2 769)	- Collective impairment	(4 205)	(2 524)	(2 058)
675 345	643 036	632 051	Loans to customers, at amortised cost	1 371 547	1 408 515	1 420 366
Loans at fair value						
39 216	62 470	49 215	Loans to customers, nominal amount	106 711	122 098	121 476
83	78	53	+ Accrued interest	151	187	230
(28)	(52)	84	+ Adjustment to fair value	1 121	1 132	2 435
39 271	62 495	49 352	Loans to customers, at fair value	107 982	123 417	124 141
714 615	705 532	681 403	Loans to customers ^{*) 1)}	1 479 529	1 531 932	1 544 508
6 316	32 384	21 771	*) Of which repo trading volumes	21 771	32 384	6 316

1) Loans to customers in the Baltics were reclassified as assets held for sale in August 2016, and amounted to NOK 45 887 million at end-September 2016.

Note 11 Net impaired loans and guarantees for principal customer groups ^{1) 2)}

DNB Bank ASA				DNB Bank Group		
30 Sept. 2015	31 Dec. 2015	30 Sept. 2016		30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
			<i>Amounts in NOK million</i>			
1 141	1 121	1 226	Private individuals	2 463	2 661	2 806
1 463	1 379	1 414	Transportation by sea and pipelines and vessel construction	2 185	2 045	2 056
1 593	1 137	1 074	Real estate	1 710	2 289	1 821
485	609	2 284	Manufacturing	3 749	1 530	1 409
293	323	614	Services	645	359	1 045
450	385	415	Trade	486	476	637
		3 109	Oil and gas	3 478		
488	488	3 342	Transportation and communication	3 426	1 099	1 254
311	333	983	Building and construction	1 051	470	561
24	314	10	Power and water supply	105	317	12
15	5	10	Seafood	10	5	15
29	36	27	Hotels and restaurants	60	118	106
73	67	38	Agriculture and forestry	153	110	117
6	7	0	Central and local government	0	7	6
(0)	19	10	Other sectors	25	34	13
6 372	6 223	14 554	Total customers	19 546	11 519	11 857
			Credit institutions			
6 372	6 223	14 554	Total net impaired loans and guarantees	19 546	11 519	11 857
982	1 582	1 040	Non-performing loans and guarantees not subject to impairment	3 034	2 461	1 779
7 354	7 804	15 594	Total net non-performing and doubtful loans and guarantees ²⁾	22 580	13 980	13 636

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

2) The DNB Bank Group figure includes volumes in the Baltics, reclassified as assets held for sale in August 2016, of which net non-performing and net doubtful loans and guarantees totalled NOK 2 529 million at end-September.

Note 12 Fair value of financial instruments at amortised cost

<i>Amounts in NOK million</i>	DNB Bank ASA			
	30 September 2016		30 September 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	2 755	2 755	2 059	2 059
Due from credit institutions	190 591	190 591	176 626	176 626
Loans to customers	632 051	635 007	675 344	675 412
Commercial paper and bonds, held to maturity	13 185	12 786	23 070	22 381
Total financial assets	838 582	841 139	877 099	876 478
Due to credit institutions	31 197	31 197	27 478	27 478
Deposits from customers	862 482	862 482	866 260	866 260
Securities issued ¹⁾	166 099	168 111	167 633	170 477
Subordinated loan capital ¹⁾	26 951	26 962	29 365	29 394
Total financial liabilities	1 086 729	1 088 753	1 090 737	1 093 609

<i>Amounts in NOK million</i>	DNB Bank Group			
	30 September 2016		30 September 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	3 125	3 125	4 807	4 807
Due from credit institutions	15 564	15 564	28 252	28 252
Loans to customers	1 371 547	1 374 954	1 420 366	1 420 168
Commercial paper and bonds, held to maturity	13 185	12 786	23 070	22 381
Total financial assets	1 403 420	1 406 428	1 476 495	1 475 607
Due to credit institutions	26 867	26 867	42 172	42 172
Deposits from customers	884 267	884 267	925 116	925 116
Securities issued ¹⁾	542 416	548 611	561 702	567 761
Subordinated loan capital ¹⁾	26 951	26 962	29 365	29 394
Total financial liabilities	1 480 501	1 486 707	1 558 355	1 564 443

1) Includes hedged liabilities.

Note 13 Financial instruments at fair value

DNB Bank ASA				
<i>Amounts in NOK million</i>	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
Assets as at 30 September 2016				
Deposits with central banks		172 088		172 088
Due from credit institutions		360 157		360 157
Loans to customers		32 369	16 983	49 352
Commercial paper and bonds at fair value	51 067	162 175	199	213 441
Shareholdings	3 306	249	690	4 245
Financial derivatives	0	198 105	1 238	199 343
Liabilities as at 30 September 2016				
Due to credit institutions		290 130		290 130
Deposits from customers		45 489		45 489
Debt securities issued		166 130		166 130
Subordinated loan capital		1 251		1 251
Financial derivatives	0	204 519	1 000	205 520
Other financial liabilities ¹⁾	2 809	30		2 839

DNB Bank ASA				
<i>Amounts in NOK million</i>	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
Assets as at 30 September 2015				
Deposits with central banks		182 067		182 067
Due from credit institutions		358 671		358 671
Loans to customers		11 958	27 313	39 271
Commercial paper and bonds at fair value	36 269	202 838	667	239 774
Shareholdings	5 424	16	783	6 224
Financial derivatives	0	228 949	1 555	230 504
Liabilities as at 30 September 2015				
Due to credit institutions		296 060		296 060
Deposits from customers		54 959		54 959
Debt securities issued		198 520		198 520
Subordinated loan capital		1 251		1 251
Financial derivatives	1	252 337	1 196	253 533
Other financial liabilities ¹⁾	4 546			4 546

1) Short positions, trading activities.

Note 13 Financial instruments at fair value (continued)

<i>Amounts in NOK million</i>	DNB Bank Group			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
Assets as at 30 September 2016				
Deposits with central banks		172 088		172 088
Due from credit institutions		176 092		176 092
Loans to customers		32 369	75 613	107 982
Commercial paper and bonds at fair value	53 763	158 531	199	212 494
Shareholdings	4 113	254	843	5 211
Financial derivatives	0	185 602	1 238	186 840
Liabilities as at 30 September 2016				
Due to credit institutions		165 397		165 397
Deposits from customers		45 489		45 489
Debt securities issued		244 407		244 407
Subordinated loan capital		1 251		1 251
Financial derivatives	0	155 188	1 000	156 188
Other financial liabilities ¹⁾	2 809	30		2 839

<i>Amounts in NOK million</i>	DNB Bank Group			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
Assets as at 30 September 2015				
Deposits with central banks		182 067		182 067
Due from credit institutions		208 491		208 491
Loans to customers		11 958	112 183	124 141
Commercial paper and bonds at fair value	40 003	169 843	673	210 519
Shareholdings	5 713	17	989	6 719
Financial derivatives	0	216 529	1 555	218 084
Liabilities as at 30 September 2015				
Due to credit institutions		211 162		211 162
Deposits from customers		54 959		54 959
Debt securities issued		270 482		270 482
Subordinated loan capital		1 251		1 251
Financial derivatives	1	168 564	1 196	169 760
Other financial liabilities ¹⁾	4 546			4 546

1) Short positions, trading activities.

Financial assets and liabilities in the Baltics were reclassified to assets and liabilities held for sale in August 2016 and are not included in the table above.

For a further description of the instruments and valuation techniques, see the annual report for 2015

Note 13 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

DNB Bank ASA

	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
<i>Amounts in NOK million</i>					
Carrying amount as at 31 December 2015	24 855	566	828	1 504	1 144
Net gains recognised in the income statement	107	(9)	(187)	(230)	(102)
Additions/purchases	3 287	239	87	595	597
Sales	(2 078)	(506)	(38)		
Settled	(9 188)			(604)	(626)
Transferred from level 1 or level 2		426			
Transferred to level 1 or level 2		(504)			
Other		(13)		(27)	(13)
Carrying amount as at 30 September 2016	16 983	199	690	1 238	1 000

Financial instruments at fair value, level 3

DNB Bank Group

	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
<i>Amounts in NOK million</i>					
Carrying amount as at 31 December 2015	85 777	734	1 229	1 504	1 144
Net gains recognised in the income statement	(53)	(94)	(183)	(230)	(102)
Additions/purchases	7 775	239	107	595	597
Sales		(567)	(255)		
Settled	(17 886)	0	(22)	(604)	(626)
Transferred from level 1 or level 2		426			
Transferred to level 1 or level 2		(504)			
Other ¹⁾		(35)	(32)	(27)	(13)
Carrying amount as at 30 September 2016	75 613	199	843	1 238	1 000

1) Includes assets and liabilities in the Baltics reclassified as assets held for sale in August 2016.

Note 13 Financial instruments at fair value (continued)

DNB Bank ASA			Breakdown of fair value, level 3	DNB Bank Group		
30 Sept. 2016			<i>Amounts in NOK million</i>	30 Sept. 2016		
Share- holdings	Commercial paper and bonds	Loans to customers		Loans to customers	Commercial paper and bonds	Share- holdings
620	272	16 850	Principal amount/purchase price	74 346	272	735
70	(73)	85	Fair value adjustment ¹⁾	1 121	(73)	108
		48	Accrued interest	146		
690	199	16 983	Carrying amount	75 613	199	843

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	<i>Amounts in NOK million</i>	Unquoted equities	Private Equity (PE) funds	Other	Total
690	22	238	430		Carrying amount as at 30 September 2016	583	238	22

DNB Bank ASA			Sensitivity analysis, level 3	DNB Bank Group		
Effect of reasonably possible alternative assumptions	Carrying amount 30 Sept. 2016	<i>Amounts in NOK million</i>	Carrying amount 30 Sept. 2016	Effect of reasonably possible alternative assumptions		
(26)	16 983		Loans to customers	75 613	(152)	
(1)	199	Commercial paper and bonds	199	(1)		
	690	Shareholdings	843			
	238	Financial derivatives, net	238			

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

Note 14 Commercial paper and bonds, held to maturity

DNB Bank ASA				DNB Bank Group		
30 Sept. 2015	31 Dec. 2015	30 Sept. 2016		30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
23 070	19 162	13 185	<i>Amounts in NOK million</i>			
			International bond portfolio	13 185	19 162	23 070
23 070	19 162	13 185	Commercial paper and bonds, held to maturity	13 185	19 162	23 070

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.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 30 September 2016 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 10.7 billion at end-September 2016. The average term to maturity of the portfolio was 5.5 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 6.1 million at end-September 2016.

Effects on profits of the reclassification

	DNB Bank Group				
<i>Amounts in NOK million</i>	3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Recorded amortisation effect	31	25	65	86	95
Net gain, if valued at fair value	319	(376)	383	(175)	(170)
Effects of reclassification on profits	(288)	401	(317)	260	265

Effects on the balance sheet of the reclassification

	DNB Bank Group		
<i>Amounts in NOK million</i>	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
Recorded unrealised losses	337	402	412
Unrealised losses, if valued at fair value	730	1 113	1 118
Effects of reclassification on the balance sheet	394	711	706

Development in the portfolio after the reclassification

	DNB Bank Group		
<i>Amounts in NOK million</i>	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
Reclassified portfolio, carrying amount	10 712	14 686	15 752
Reclassified portfolio, if valued at fair value	10 319	13 975	15 045
Effects of reclassification on the balance sheet	394	711	706

Note 15 Assets and liabilities held for sale

On 25 August 2016 DNB and Nordea announced an agreement to combine their operations in Estonia, Latvia and Lithuania. The transaction is conditional upon regulatory approvals, and is expected to close in the second quarter of 2017. Nordea and DNB will have equal voting rights in the combined bank, while having different economic ownership levels that reflect the relative equity value of their contribution to the combined bank at the time of closing.

Once the transaction has been completed DNB Bank ASA will no longer have full control of its subsidiaries, but will be involved in the financial and operating policy decisions of the new company established together with Nordea. At end-September 2016 all assets and liabilities related to DNB's Baltic operations were presented as held for sale, while there were no changes in the presentation in the income statement. The capital adequacy reporting was not affected. No impairment loss has been recognised in the income statement following the reclassification. The subsidiaries are part of DNB's Large corporates and international customers segment. Following the completion of the transaction, DNB's ownership will be consolidated on one line in the financial statement according to the equity method.

The table below shows consolidated balance sheet amounts reclassified as assets and liabilities held for sale at end-September 2016.

	DNB Baltics
	30 Sept. 2016
<i>Amounts in NOK million</i>	
Assets	
Cash and deposits with central banks	2 741
Due from credit institutions	155
Loans to customers	45 887
Commercial paper and bonds at fair value	1 808
Shareholdings	43
Financial derivatives	78
Investment properties	719
Intangible assets	79
Deferred tax assets	106
Fixed assets	397
Other assets	306
Total assets	52 318
Liabilities	
Due to credit institutions	4 059
Deposits from customers	34 804
Financial derivatives	258
Payable taxes	4
Other liabilities	362
Provisions	5
Total liabilities	39 492

Note 16 Debt securities issued and subordinated loan capital

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

Debt securities issued	DNB Bank ASA					
	Balance sheet 30 Sept. 2016	Issued 2016	Matured/ redeemed 2016	Exchange rate movements 2016	Other adjustments 2016	Balance sheet 31 Dec. 2015
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	147 687	8 670 881	(8 670 495)	(12 687)		159 988
Bond debt, nominal amount	172 901	26 744	(11 663)	(10 157)		167 978
Adjustments	11 640				(493)	12 133
Total debt securities issued	332 229	8 697 625	(8 682 158)	(22 844)	(493)	340 099

Debt securities issued	DNB Bank ASA					
	Balance sheet 30 Sept. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	186 681	1 481 574	(1 502 048)	440		206 715
Bond debt, nominal amount	167 080	14 114	(4 943)	11 601		146 308
Adjustments	12 392				(791)	13 182
Total debt securities issued	366 153	1 495 688	(1 506 990)	12 041	(791)	366 205

Debt securities issued	DNB Bank Group					
	Balance sheet 30 Sept. 2016	Issued 2016	Matured/ redeemed 2016	Exchange rate movements 2016	Other adjustments 2016	Balance sheet 31 Dec. 2015
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	147 687	8 670 881	(8 670 495)	(12 687)		159 988
Bond debt, nominal amount ¹⁾	599 424	83 450	(56 126)	(35 904)		608 004
Adjustments	39 712				894	38 819
Total debt securities issued	786 823	8 754 331	(8 726 620)	(48 591)	894	806 810

Debt securities issued	DNB Bank Group					
	Balance sheet 30 Sept. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	186 681	1 481 574	(1 502 048)	440		206 715
Bond debt, nominal amount ¹⁾	604 961	74 981	(38 434)	5 931		562 483
Adjustments	40 542				(4 169)	44 711
Total debt securities issued	832 184	1 556 555	(1 540 481)	6 371	(4 169)	813 909

Note 16 Debt securities issued and subordinated loan capital (continued)

	DNB Bank ASA					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 Sept.	Issued	redeemed	rate	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2016	2016	2016	movements	2016	2015
Term subordinated loan capital, nominal amount	18 424		(3)	(1 411)		19 838
Perpetual subordinated loan capital, nominal amount	5 310			(392)		5 702
Perpetual subordinated loan capital securities, nominal amount	3 635			(926)		4 561
Adjustments	834				(19)	853
Total subordinated loan capital and perpetual subordinated loan capital securities	28 202		(3)	(2 729)	(19)	30 953

	DNB Bank ASA					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 Sept.	Issued	redeemed	rate	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2015	2015	2015	movements	2015	2014
Term subordinated loan capital, nominal amount	19 589	3 805	(4 604)	1 066		19 322
Perpetual subordinated loan capital, nominal amount	5 520			728		4 792
Perpetual subordinated loan capital securities, nominal amount	4 521			493		4 028
Adjustments	986				(190)	1 176
Total subordinated loan capital and perpetual subordinated loan capital securities	30 617	3 805	(4 604)	2 287	(190)	29 319

	DNB Bank Group					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 Sept.	Issued	redeemed	rate	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2016	2016	2016	movements	2016	2015
Term subordinated loan capital, nominal amount	18 424		(3)	(1 411)		19 838
Perpetual subordinated loan capital, nominal amount	5 310			(392)		5 702
Perpetual subordinated loan capital securities, nominal amount	3 635			(926)		4 561
Adjustments	834				(19)	853
Total subordinated loan capital and perpetual subordinated loan capital securities	28 202		(3)	(2 729)	(19)	30 953

	DNB Bank Group					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 Sept.	Issued	redeemed	rate	adjustments	31 Dec.
<i>Amounts in NOK million</i>	2015	2015	2015	movements	2015	2014
Term subordinated loan capital, nominal amount	19 589	3 805	(4 604)	1 066		19 322
Perpetual subordinated loan capital, nominal amount	5 520			728		4 792
Perpetual subordinated loan capital securities, nominal amount	4 521			493		4 028
Adjustments	986				(190)	1 176
Total subordinated loan capital and perpetual subordinated loan capital securities	30 617	3 805	(4 604)	2 287	(190)	29 319

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 428.3 billion as at 30 September 2016. The market value of the cover pool represented NOK 595.2 billion.

Note 17 Information on related parties

DNB Boligkreditt AS

At end-September 2016, portfolios representing NOK 16.4 billion were transferred in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS".

At end-September 2016 the bank had invested NOK 3.7 billion in covered bonds issued by Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 1.907 million at end-September 2016 (NOK 2.638 million at end-September 2015).

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 DNB Boligkreditt a revolving credit facility at all times equal to DNB Boligkreditt's payment obligations in NOK for the next 12 months in respect of issued Covered Bonds and related derivative hedge agreements. DNB 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. DNB Boligkreditt may not make use of the RCF for the fulfillment 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 DNB Boligkreditt under the RCF do not constitute a guarantee in respect of amounts due and payable under the Covered Bonds. The agreement was cancelled on DNB Boligkreditt's initiative in the second quarter of 2016.

In the second quarter of 2016 DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 34.2 billion at end-September 2016.

DNB Næringskreditt AS

At end-September 2016, loans with a total value of NOK 5.1 billion had been transferred from the bank to Næringskreditt.

At end-September the bank had invested NOK 0.2 billion in covered bonds issued by DNB Næringskreditt.

The management fee paid to the bank for purchased services amounted to NOK 55 million for the three quarters of 2016 (NOK 69 million for the three quarters of 2015).

In the second quarter of 2016 DNB Næringskreditt entered into reverse repurchase agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 112 million at end-September 2016.

DNB Livsforsikring AS

DNB Livsforsikring's holding of Boligkreditt bonds was valued at NOK 1.9 billion at end-September 2016.

DNB Sweden Branch and DNB Sweden AB

On 21 September 2015, an agreement was entered into between DNB Sweden Branch and DNB Sweden AB, which implies that DNB Sweden AB will take over the right to extend loans to the branch's new and existing customers. Existing loans will be transferred to DNB Sweden AB to the extent deemed feasible and rational. At end-September 2016 loans with a total value of SEK 36.7 billion has been transferred to DNB Sweden AB. Remaining loans in DNB Sweden Branch totalled SEK 6.8 billion.

Note 18 Off-balance sheet transactions

DNB Bank ASA			Off-balance sheet transactions and additional information	DNB Bank Group		
30 Sept. 2015	31 Dec. 2015	30 Sept. 2016	Amounts in NOK million	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
33 995	32 568	29 048	Performance guarantees	29 933	33 712	35 208
34 341	36 375	33 931	Payment guarantees	35 399	37 544	35 993
15 490	16 715	16 293	Loan guarantees	16 212	16 629	15 404
7 255	7 253	6 538	Guarantees for taxes etc.	6 558	7 271	7 270
2 838	2 780	2 219	Other guarantee commitments	2 696	3 258	3 471
93 918	95 692	88 029	Total guarantee commitments	90 799	98 414	97 345
			Support agreements	11 096	11 827	9 852
93 918	95 692	88 029	Total guarantee commitments etc. ¹⁾	101 894	110 241	107 197
996 364	963 486	461 908	Unutilised credit lines and loan offers ¹⁾	606 076	600 523	614 721
5 173	4 576	3 024	Documentary credit commitments	3 165	4 790	5 415
			Other commitments	101	51	38
1 001 538	968 062	464 933	Total commitments	609 342	605 364	620 173
1 095 456	1 063 754	552 961	Total guarantee and off-balance commitments	711 237	715 605	727 370
18 105	17 828	9 446	Pledged securities			
			*) Of which counter-guaranteed by financial institutions	290	311	354

1) Reduction in unutilised credit lines and loan offers for DNB Bank ASA, is mainly due to a cancelation of a unutilised credit facility towards DNB Boligkreditt in the second quarter of 2016. See note 16 related parties for further descriptions.

Key figures

		DNB Bank Group				
		3rd quarter 2016	3rd quarter 2015	January-September 2016	January-September 2015	Full year 2015
Interest rate analysis						
1	Combined weighted total average spread for lending and deposits (%) ¹⁾²⁾	1.30	1.32	1.33	1.33	1.33
2	Average spread for ordinary lending to customers (%) ¹⁾²⁾	2.03	2.13	2.06	2.19	2.17
3	Average spread for deposits from customers (%) ¹⁾²⁾	0.19	0.08	0.20	(0.02)	0.01
Rate of return/profitability						
4	Net other operating income, per cent of total income	27.7	30.1	31.1	32.9	32.2
5	Cost/income ratio (%)	40.8	39.8	41.0	40.0	36.6
6	Return on equity, annualised (%)	8.7	15.2	10.1	14.9	15.1
Financial strength at end of period						
7	Common equity Tier 1 capital ratio, transitional rules (%) ³⁾	15.0	12.8	15.0	12.8	14.3
8	Tier 1 capital ratio, transitional rules (%) ³⁾	16.1	13.8	16.1	13.8	15.3
9	Capital ratio, transitional rules (%) ³⁾	18.6	16.3	18.6	16.3	17.9
10	Common equity Tier 1 capital (NOK million) ³⁾	155 498	139 954	155 498	139 954	150 889
11	Risk-weighted volume, transitional rules (NOK million)	1 034 684	1 089 254	1 034 684	1 089 254	1 056 731
Loan portfolio and impairment						
12	Individual impairment relative to average net loans to customers, annualised (%) ¹⁾	(0.41)	0.07	(0.32)	(0.09)	(0.13)
13	Impairment relative to average net loans to customers, annualised (%) ¹⁾	(0.56)	0.10	(0.50)	(0.08)	(0.15)
14	Net non-performing and net doubtful loans and guarantees, per cent of net loans ¹⁾	1.32	0.77	1.32	0.77	0.76
15	Net non-performing and net doubtful loans and guarantees at end of period (NOK million) ¹⁾	22 580	13 636	22 580	13 636	13 980
Liquidity						
16	Ratio of customer deposits to net loans to customers at end of period (%)	62.8	63.5	62.8	63.5	62.5
Staff						
17	Number of full-time positions at end of period	10 230	10 666	10 230	10 666	10 608

1) Includes assets and liabilities in the Baltics, reclassified as held for sale in August 2016.

2) As from the first quarter of 2016, interest rate spreads are based on customer segments. Figures for previous periods have been restated accordingly.

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

Definitions

- 1, 2, 3 Based on customer segments and nominal values and 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 Return on equity represents the shareholders' share of profit for the period relative to average equity.

Profit and balance sheet trends

Income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2016	2nd quarter 2016	1st quarter 2016	4th quarter 2015	3rd quarter 2015
Total interest income	8 671	8 503	8 817	9 140	9 482
Total interest expenses	(2 764)	(2 658)	(2 845)	(2 935)	(3 379)
Net interest income	5 907	5 846	5 972	6 205	6 104
Commission and fee income	1 611	1 680	1 598	1 554	1 560
Commission and expenses	(714)	(740)	(705)	(709)	(699)
Net gains on financial instruments at fair value	2 279	2 468	1 395	1 428	318
Other income	977	1 245	1 222	5 651	1 200
Net other operating income	4 153	4 653	3 510	7 924	2 379
Total income	10 060	10 498	9 482	14 129	8 483
Salaries and other personnel expenses	(2 254)	(2 208)	(2 605)	(513)	(2 256)
Other expenses	(1 420)	(1 636)	(1 447)	(1 557)	(1 551)
Depreciation and impairment of fixed and intangible assets	(406)	(453)	(571)	(574)	(484)
Total operating expenses	(4 080)	(4 297)	(4 622)	(2 644)	(4 291)
Pre-tax operating profit before impairment	5 980	6 201	4 860	11 485	4 192
Net gains on fixed and intangible assets	7	(5)	6	44	1
Impairment of loans and guarantees	(1 517)	(1 700)	(418)	(1 206)	717
Pre-tax operating profit	4 470	4 496	4 448	10 323	4 909
Tax expense	(1 010)	(960)	(1 061)	144	(1 316)
Profit for the period	3 460	3 536	3 386	10 467	3 593
Portion attributable to shareholders of DNB Bank ASA	3 332	3 422	3 271	10 341	3 468
Portion attributable to additional Tier 1 capital holders	128	115	115	126	125
Profit for the period	3 460	3 536	3 386	10 467	3 593

Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2016	2nd quarter 2016	1st quarter 2016	4th quarter 2015	3rd quarter 2015
Profit for the period	3 460	3 536	3 386	10 467	3 593
Actuarial gains and losses	(106)		(39)	21	(198)
Items that will not be reclassified to the income statement	(106)		(39)	21	(198)
Currency translation of foreign operations	(48)	(35)	(71)	27	67
Items that may subsequently be reclassified to the income statement	(48)	(35)	(71)	27	67
Other comprehensive income for the period (net of tax)	(153)	(35)	(110)	48	(130)
Comprehensive income for the period	3 306	3 501	3 276	10 515	3 463

Profit and balance sheet trends (continued)

Balance sheet

	DNB Bank ASA				
<i>Amounts in NOK million</i>	30 Sept. 2016	30 June 2016	31 March 2016	31 Dec. 2015	30 Sept. 2015
Assets					
Cash and deposits with central banks	174 843	151 327	163 451	16 004	184 126
Due from credit institutions	550 748	563 704	521 971	630 700	535 296
Loans to customers	681 403	685 942	695 502	705 532	714 615
Commercial paper and bonds at fair value	213 441	217 875	205 151	210 062	239 774
Shareholdings	4 245	4 337	6 227	7 504	6 224
Financial derivatives	199 343	209 673	225 520	213 797	230 504
Commercial paper and bonds, held to maturity	13 185	15 479	16 728	19 162	23 070
Investments in associated companies	975	975	975	975	975
Investments in subsidiaries	115 207	119 141	116 665	120 473	104 202
Intangible assets	3 556	3 600	3 629	3 675	3 698
Deferred tax assets	6 331	6 305	6 322	6 320	2 746
Fixed assets	7 037	7 262	7 386	7 480	7 349
Other assets	15 659	11 415	27 264	23 735	14 219
Total assets	1 985 974	1 997 034	1 996 790	1 965 419	2 066 799
Liabilities and equity					
Due to credit institutions	321 327	301 356	263 686	262 330	323 538
Deposits from customers	907 972	901 283	873 144	896 488	921 220
Financial derivatives	205 520	224 833	245 824	240 518	253 533
Debt securities issued	332 229	359 440	385 311	340 099	366 153
Payable taxes	2 908	1 982	1 402	703	3 926
Deferred taxes	13	14	12	12	12
Other liabilities	20 985	15 408	39 393	39 438	16 155
Provisions	1 623	1 560	1 415	1 101	1 055
Pension commitments	2 669	2 455	2 371	2 246	4 547
Subordinated loan capital	28 202	29 498	29 826	30 953	30 617
Total liabilities	1 823 448	1 837 828	1 842 383	1 813 886	1 920 755
Share capital	18 314	18 314	18 314	18 314	18 314
Share premium	19 895	19 895	19 895	19 895	19 895
Additional Tier 1 capital	9 641	9 559	8 067	8 353	8 251
Other equity	114 675	111 437	108 130	104 970	99 583
Total equity	162 526	159 205	154 407	151 533	146 044
Total liabilities and equity	1 985 974	1 997 034	1 996 790	1 965 419	2 066 799

Profit and balance sheet trends (continued)

Income statement

Amounts in NOK million	DNB Bank Group				
	3rd quarter 2016	2nd quarter 2016	1st quarter 2016	4th quarter 2015	3rd quarter 2015
Total interest income	13 107	12 973	13 397	14 038	14 408
Total interest expenses	(4 513)	(4 351)	(4 594)	(4 888)	(5 390)
Net interest income	8 594	8 623	8 803	9 150	9 018
Commission and fee income	2 103	2 224	2 001	2 092	2 086
Commission and fee expenses	(738)	(756)	(720)	(729)	(719)
Net gains on financial instruments at fair value	1 411	1 029	2 363	2 161	1 956
Profit from investments accounted for by the equity method	(0)	1 148	86	(28)	(1)
Net gains on investment properties	(5)	(18)	(5)	122	143
Other income	518	583	545	371	428
Net other operating income	3 288	4 210	4 270	3 989	3 892
Total income	11 882	12 833	13 073	13 139	12 910
Salaries and other personnel expenses	(2 711)	(2 736)	(3 087)	(1 005)	(2 719)
Other expenses	(1 671)	(1 950)	(1 743)	(1 893)	(1 868)
Depreciation and impairment of fixed and intangible assets	(462)	(494)	(655)	(567)	(550)
Total operating expenses	(4 844)	(5 180)	(5 485)	(3 464)	(5 137)
Pre-tax operating profit before impairment	7 038	7 653	7 588	9 675	7 773
Net gains on fixed and intangible assets	20	(20)	(6)	(9)	(3)
Impairment of loans and guarantees	(2 176)	(2 321)	(1 174)	(1 420)	392
Pre-tax operating profit	4 881	5 311	6 408	8 245	8 162
Tax expense	(1 074)	(1 081)	(1 498)	(1 851)	(2 164)
Profit from operations held for sale, after taxes	1	(10)	(13)	28	(14)
Profit for the period	3 808	4 221	4 897	6 422	5 984
Portion attributable to shareholders of DNB Bank ASA	3 680	4 106	4 782	6 297	5 859
Portion attributable to additional Tier 1 capital holders	128	115	115	126	125
Profit for the period	3 808	4 221	4 897	6 422	5 984

Comprehensive income statement

Amounts in NOK million	DNB Bank Group				
	3rd quarter 2016	2nd quarter 2016	1st quarter 2016	4th quarter 2015	3rd quarter 2015
Profit for the period	3 808	4 221	4 897	6 422	5 984
Actuarial gains and losses	(106)		(39)	15	(198)
Items that will not be reclassified to the income statement	(106)		(39)	15	(198)
Currency translation of foreign operations ¹⁾	(4 320)	(1 341)	(4 377)	2 371	5 328
Currency translation reserve reclassified to the income statement		(43)			
Hedging of net investment ²⁾	2 950	843	2 968	(1 578)	(3 411)
Investments according to the equity method ³⁾	4		(33)	889	
Investments according to the equity method, reclassified to profit and loss ³⁾		(855)			
Items that may subsequently be reclassified to the income statement	(1 366)	(1 396)	(1 442)	1 682	1 917
Other comprehensive income for the period (net of tax)	(1 472)	(1 396)	(1 481)	1 697	1 719
Comprehensive income for the period	2 337	2 825	3 417	8 120	7 703

1) Currency translation effects related to the Baltics represented a loss of NOK 302 million in the third quarter of 2016.

2) Hedging of net investments in the Baltics came to NOK 182 million in the third quarter of 2016, net of tax.

3) DNB had indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 March 2016 an accumulated gain of NOK 855 million was recognised in other comprehensive income. Upon the completion of the acquisition of Visa Europe by Visa Inc in the second quarter of 2016, this amount was reclassified to profit and a total gain of NOK 1 128 million was recognised as "Profit from investments accounted for by the equity method" in the income statement.

Profit and balance sheet trends (continued)

Balance sheet

	DNB Bank Group				
<i>Amounts in NOK million</i>	30 Sept. 2016	30 June 2016	31 March 2016	31 Dec. 2015	30 Sept. 2015
Assets					
Cash and deposits with central banks	175 212	154 438	166 587	19 317	186 874
Due from credit institutions	191 656	212 327	177 526	297 457	236 743
Loans to customers	1 479 529	1 536 288	1 523 768	1 531 932	1 544 508
Commercial paper and bonds at fair value	212 494	219 220	203 515	207 063	210 519
Shareholdings	5 211	5 377	7 435	8 794	6 719
Financial derivatives	186 840	198 929	215 673	203 273	218 084
Commercial paper and bonds, held to maturity	13 185	15 479	16 728	19 162	23 070
Investment properties	1 193	2 016	2 122	2 333	5 166
Investments accounted for by the equity method	3 596	3 590	4 222	4 091	3 231
Intangible assets	3 918	4 052	4 100	4 176	4 205
Deferred tax assets	943	1 061	1 087	1 138	1 302
Fixed assets	7 094	7 766	7 916	8 059	7 936
Assets held for sale	52 482	180	204	200	193
Other assets	16 408	12 769	12 295	8 608	15 513
Total assets	2 349 761	2 373 492	2 343 177	2 315 603	2 464 063
Liabilities and equity					
Due to credit institutions	192 264	199 896	160 134	161 267	253 334
Deposits from customers	929 756	966 294	937 464	957 322	980 075
Financial derivatives	156 188	156 526	173 545	154 878	169 760
Debt securities issued	786 823	813 371	831 902	806 810	832 184
Payable taxes	5 642	3 680	4 630	2 493	4 236
Deferred taxes	6 405	6 488	6 468	6 461	4 750
Other liabilities	22 564	17 858	18 764	18 409	17 969
Liabilities held for sale	39 547	59	56	71	55
Provisions	1 713	1 674	1 514	1 225	1 154
Pension commitments	2 725	2 508	2 435	2 301	4 640
Subordinated loan capital	28 202	29 498	29 826	30 953	30 617
Total liabilities	2 171 831	2 197 852	2 166 737	2 142 191	2 298 774
Share capital	18 314	18 314	18 314	18 314	18 314
Share premium	20 611	20 611	20 611	20 611	20 611
Additional Tier 1 capital	9 641	9 559	8 067	8 353	8 251
Other equity	129 364	127 155	129 447	126 133	118 111
Total equity	177 931	175 640	176 440	173 412	165 289
Total liabilities and equity	2 349 761	2 373 492	2 343 177	2 315 603	2 464 063

Information about the DNB Bank Group

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DNB Bank ASA

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Jarle Berge, vice-chairman
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Financial calendar

Q4 2016	2 February 2017
Capital markets day 2016	16 November 2016

Q1 2017	28 April 2017
Q2 2017	12 July 2017
Q3 2017	26 October 2017
Capital markets day 2017	21 November 2017

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.

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Here for you. Every day.
When it matters the most.

DNB

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