

DNB Bank

A company in the DNB Group

DNB

THIRD QUARTER REPORT 2017
(Unaudited)

Financial highlights

Income statement

Amounts in NOK million	DNB Bank Group				
	3rd quarter 2017	3rd quarter 2016	January-September 2017 2016		Full year 2016
Net interest income	9 137	8 594	26 924	26 020	34 517
<i>Net commissions and fees</i>	1 503	1 364	4 511	4 114	5 634
<i>Net gains on financial instruments at fair value</i>	1 056	1 411	2 824	4 803	6 506
<i>Other operating income</i>	503	513	1 466	2 852	3 176
Net other operating income, total	3 062	3 288	8 801	11 769	15 316
Total income	12 199	11 882	35 725	37 788	49 833
Operating expenses	(5 140)	(4 846)	(15 592)	(14 869)	(19 892)
Restructuring costs and non-recurring effects	(186)	1	(456)	(640)	(624)
Pre-tax operating profit before impairment	6 873	7 038	19 677	22 279	29 317
Net gains on fixed and intangible assets	750	20	773	(6)	(19)
Impairment of loans and guarantees	(867)	(2 176)	(2 026)	(5 672)	(7 424)
Pre-tax operating profit	6 756	4 881	18 424	16 601	21 874
Tax expense	(1 554)	(1 074)	(4 238)	(3 652)	(3 964)
Profit from operations held for sale, after taxes	33	1	2	(22)	4
Profit for the period	5 235	3 808	14 189	12 926	17 914

Balance sheet

Amounts in NOK million	30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
Total assets	2 447 263	2 348 272	2 349 761
Loans to customers	1 524 855	1 492 268	1 479 529
Deposits from customers	1 019 896	945 694	929 756
Total equity	197 494	190 078	177 931
Average total assets	2 557 344	2 545 103	2 585 123

Key figures and alternative performance measures

	3rd quarter 2017	3rd quarter 2016	January-September 2017 2016		Full year 2016
Return on equity, annualised (per cent) ¹⁾	11.1	8.7	10.2	10.1	10.3
Combined weighted total average spread for lending and deposits (per cent) ^{1) 2)}	1.31	1.30	1.30	1.33	1.32
Average spread for ordinary lending to customers (per cent) ^{1) 2)}	2.09	2.03	2.06	2.06	2.04
Average spread for deposits to customers (per cent) ^{1) 2)}	0.15	0.19	0.18	0.20	0.21
Cost/income ratio (per cent) ¹⁾	43.7	40.8	44.9	41.0	41.2
Ratio of customer deposits to net loans to customers at end of period ¹⁾	66.9	62.8	66.9	62.8	63.4
Net non-performing and net doubtful loans and guarantees, per cent of net loans ¹⁾	1.11	1.32	1.11	1.32	1.50
Impairment relative to average net loans to customers, annualised (per cent) ¹⁾	(0.21)	(0.56)	(0.17)	(0.50)	(0.49)
Individual impairment relative to average net loans to customers, annualised (per cent) ¹⁾	(0.23)	(0.41)	(0.17)	(0.32)	(0.35)
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent) ³⁾	16.3	15.0	16.3	15.0	15.7
Tier 1 capital ratio, transitional rules, at end of period (per cent) ³⁾	17.8	16.1	17.8	16.1	17.4
Capital ratio, transitional rules, at end of period (per cent) ³⁾	20.6	18.6	20.6	18.6	20.0
Leverage ratio, Basel III (per cent)	6.9	6.6	6.9	6.6	7.1
Number of full-time positions at end of period	10 189	10 230	10 189	10 230	10 366

1) Defined as alternative performance measure (APM). APMs are described on page 44.

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

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

Third quarter report 2017

Directors' report	2
--------------------------------	---

Accounts

Income statement DNB Bank ASA.....	8
Comprehensive income statement DNB Bank ASA	8
Balance sheet DNB Bank ASA	9
Income statement DNB Bank Group.....	10
Comprehensive income statement DNB Bank Group.....	10
Balance sheet DNB Bank Group.....	11
Statement of changes in equity	12
Cash flow statement	13

Note 1	Basis for preparation	15
Note 2	Segments	16
Note 3	Capital adequacy	19
Note 4	Liquidity risk	22
Note 5	Net interest income	23
Note 6	Net commission and fee income	24
Note 7	Net gains on financial instruments at fair value	25
Note 8	Operating expenses.....	26
Note 9	Impairment of loans and guarantees	27
Note 10	Loans to customers.....	28
Note 11	Net impaired loans and guarantees for principal customer groups	28
Note 12	Fair value of financial instruments at amortised cost	29
Note 13	Financial instruments at fair value	30
Note 14	Commercial paper and bonds, held to maturity	34
Note 15	Assets and liabilities held for sale.....	35
Note 16	Debt securities issued and subordinated loan capital	36
Note 17	Information on related parties	38
Note 18	Off-balance sheet transactions	39

Additional information

Profit and balance sheet trends	40
Alternative performance measures	44
Information about the DNB Bank Group	45

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⁾ delivered solid results in the third quarter of 2017. Profits were NOK 5 235 million, an increase of NOK 1 427 million from the third quarter of 2016, driven by strong net interest income and lower impairment losses on loans and guarantees.

The common equity Tier 1 capital ratio was 16.3 per cent at end-September 2017, up from 15.0 per cent a year earlier, and 15.8 at end-June 2017.

The leverage ratio for the banking group was 6.9 per cent, up from 6.6 per cent a year earlier and down from 7.0 per cent at end-June 2017.

Return on equity was 11.1 per cent, compared with 8.7 per cent in the year-earlier period and 10.1 per cent in the second quarter of 2017.

Net interest income was up NOK 543 million from the third quarter of 2016, reflecting higher volumes, wider lending spreads and lower long-term funding costs. There was a rebalancing of the loan portfolio, with growth in volumes to personal customers and small and medium-sized enterprises, and lower volumes to large corporates and international customers.

Net other operating income was NOK 3 062 million, down NOK 226 million from the third quarter of 2016. There was a positive contribution from higher commissions and fees.

Operating expenses were up NOK 481 million compared with the third quarter of 2016, but down NOK 151 million compared with the second quarter of 2017. The increase was mainly due to the introduction of financial activities tax in 2017 and higher costs related to IT projects.

Impairment losses on loans and guarantees totalled NOK 867 million for the quarter, down NOK 1 309 million from the corresponding quarter in 2016. There was a reduction in both individual impairment losses and collective impairment losses, reflecting more favourable economic conditions.

Following the establishment of Vipps AS as a separate company, the banking group recorded a gain which gave a NOK 754 million rise in profits in the third quarter of 2017.

Important events in the third quarter

In the course of September, the Ministry of Finance gave Vipps a concession and permission to operate, and the demerger of Vipps from DNB was finalised. Following this transaction, DNB has an ownership interest in the new legal entity (Vipps AS) of close to 52 per cent. However, due to the terms and conditions in the shareholder agreement, Vipps has been defined as an associated company. As from end-September, Vipps AS has been consolidated in the financial accounts according to the equity method.

On 25 August 2016, DNB and Nordea announced an agreement to combine their operations in Estonia, Latvia and Lithuania. The transaction was closed on 1 October 2017. DNB's ownership interest in Luminor Group AB is approximately 44 per cent.

During the autumn, DNB repeated last year's success and arranged the NXT Conference, a meeting place for investors and entrepreneurs. In the third quarter, eight regional conferences were held in addition to the main event in Oslo during Oslo Innovation Week. The conferences were attended by 435 start-up companies and 511 investors, and a total of 611 meetings between investors and entrepreneurs were registered. In addition, a digital arena was established, which will also be active between the events.

In September, DNB launched the product BSU Start, which gives customers the opportunity to start saving towards their child's first home from the date of birth. The previous age limit was 18 years. The maximum savings amount was increased from NOK 300 000 to NOK 400 000. DNB also launched the chat service Boligbuddy for young people who are planning to buy a new home. The purpose is to provide good advice and answer questions in connection with such purchases.

With effect from 1 July, DNB and the rest of the industry changed the marketing of credit cards and consumer loans. New rules from the authorities aim to protect consumers against irresponsible borrowing.

On 1 September, the Ministry of Finance approved regulations on the Share Savings Account. The scheme implies that personal tax payers can establish a share savings account, invest in listed assets and not pay taxes on the gains until money is withdrawn from the account.

During the third quarter, DNB's reputation score in Norway was 66.9 points, compared with a higher level of 70.6 points in the second quarter of 2017.

Financial performance in the first three quarters

The banking group recorded profits of NOK 14 189 million in the first three quarters of 2017, up NOK 1 263 million from the corresponding period in 2016. Return on equity was 10.2 per cent, compared with 10.1 per cent in the year-earlier period.

Net interest income increased by NOK 905 million from the previous year. Volumes were up, average lending spreads for the customer segments remained unchanged, and deposit spreads contracted by 0.02 percentage points compared with the previous year. There was an average increase in the healthy loan portfolio of 0.7 per cent parallel to a 4.1 per cent increase in average deposit volumes from the first three quarters of 2016. The increase in the loan portfolio reflected higher growth in the segments for personal customers and small and medium-sized enterprises, and lower volumes in the large corporates and international customers segment due to the rebalancing of the portfolio.

Net other operating income decreased by NOK 2 968 million from the first three quarters of 2016. Commissions and fees were up NOK 397 million compared with the year-earlier period, mainly due to increased activity in DNB Markets. The exchange rate effects on additional Tier 1 capital and net gains on other financial instruments contributed negatively. In the second quarter of 2016, a gain of NOK 1 128 million was recorded in connection with the sale of holdings in Visa.

Total operating expenses increased by NOK 539 million compared with the first three quarters of 2016. The increase was mainly due to the introduction of financial activities tax in 2017 and higher costs related to IT projects.

Impairment losses on loans and guarantees totalled NOK 2 026 million in the first three quarters of 2017, down NOK 3 645 million from the corresponding period in 2016. There was a decrease in individual impairment losses of NOK 1 698 million, stemming primarily from the large corporate segment, due to a reduction in new impairment losses and an increase in reassessments. Parallel to this, there was a decrease in collective impairment losses of NOK 1 948 million, reflecting more stable economic conditions in oil-related industries.

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.

Third quarter income statement – main items

Net interest income

Amounts in NOK million	3rd quarter		3rd quarter
	2017	Change	2016
Net interest income	9 137	543	8 594
Long-term funding costs		193	
Other net interest income		187	
Lending and deposit spreads, customer segments		107	
Lending and deposit volumes, customer segments		103	
Amortisation effects and fees		16	
Exchange rate movements		(63)	

Net interest income increased by NOK 543 million from the third quarter of 2016. In the customer segments, higher volumes had a positive effect on net interest income in the third quarter of 2017. Average lending spreads widened by 0.06 percentage points, while deposit spreads contracted by 0.04 percentage points. Volume-weighted spreads for the customer segments widened by 0.01 percentage points compared with the same period in 2016, but contracted by 0.01 percentage points compared with the second quarter of 2017. There was an average increase of NOK 8.2 billion or 0.6 per cent in the healthy loan portfolio compared with the third quarter of 2016. During the same period, deposits were up NOK 30.6 billion or 3.2 per cent. Adjusted for exchange rate movements, loans increased by 1.3 per cent and deposits by 4.0 per cent.

Net other operating income

Amounts in NOK million	3rd quarter		3rd quarter
	2017	Change	2016
Net other operating income	3 062	(226)	3 288
Basis swaps		390	
Net commissions and fees		139	
Other operating income		(10)	
Exchange rate effects Additional Tier 1 capital		(343)	
Net gains on other financial instruments		(402)	

Net other operating income declined by NOK 226 million or 6.9 per cent from the third quarter of 2016. There was a positive contribution from net commissions and fees, mainly due to higher activity within investment banking. Exchange rate effects on additional Tier 1 capital gave a negative contribution of NOK 343 million.

Operating expenses

Amounts in NOK million	3rd quarter		3rd quarter
	2017	Change	2016
Operating expenses	(5 325)	(481)	(4 844)
Marketing etc.		10	
Other costs		(56)	
IT expenses		(68)	
Provisions for financial activities tax		(88)	
Salaries and other personnel exp. (excl. restructuring costs)		(92)	
Restructuring costs ¹⁾		(33)	
Other non-recurring effects ¹⁾		(154)	

1) Non-recurring effects.

Operating expenses increased by NOK 481 million compared with the third quarter of 2016. Underlying operating expenses were NOK 294 million higher than in the year-earlier period. The increase stemmed mainly from the introduction of financial activities tax in 2017 and higher costs related to IT projects.

The cost/income ratio was 43.7 per cent in the third quarter of 2017.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 867 million in the third quarter.

Individual impairment losses were approximately 40 per cent lower than in the third quarter of 2016. The decrease was a result of successful restructuring of portfolios within shipping and oil and offshore-related segments.

There were reversals on collective impairment losses, reflecting somewhat more favourable economic conditions in these industries.

Net non-performing and doubtful loans and guarantees decreased by NOK 3.4 billion from end-September 2016, totalling NOK 19.2 billion at end-September 2017.

This represented 1.11 per cent of the loan portfolio, down from 1.32 per cent at end-September 2016. The reduction mainly stemmed from the oil and shipping-related portfolio. 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 2017 is estimated at NOK 1 554 million, or 23.0 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	
	2017	2016	NOK mill	%
Net interest income	3 427	3 164	264	8.3
Net other operating income	1 014	963	50	5.2
Total income	4 441	4 127	314	7.6
Operating expenses	(1 943)	(1 823)	(120)	(6.6)
Pre-tax operating profit before impairment	2 499	2 304	194	8.4
Impairment of loans and guarantees	(80)	(80)	(0)	(0.3)
Pre-tax operating profit	2 419	2 225	194	8.7
Tax expense	(605)	(556)	(49)	(8.7)
Profit for the period	1 814	1 669	145	8.7

Average balance sheet items in NOK billion

	2017	2016	Change	%
Net loans to customers	730.9	694.7	36.2	5.2
Deposits from customers	406.8	407.9	(1.2)	(0.3)

Key figures in per cent

	2017	2016
Lending spread ¹⁾	1.86	1.71
Deposit spread ¹⁾	0.17	0.34
Return on allocated capital ²⁾	19.7	18.0
Cost/income ratio	43.7	44.2
Ratio of deposits to loans	55.6	58.7

1) Calculated relative to the 3-month money market rate. See page 44 for additional information about alternative performance measures (APMs).

2) Calculated on the basis of allocated capital, corresponding to the external capital adequacy requirement which must be met by the DNB Group. See page 44 for additional information about alternative performance measures (APMs).

The increase in pre-tax operating profit from the third quarter of 2016 was mainly attributable to higher net interest income.

There was a rise in average loans of 5.2 per cent from the third quarter of 2016. Deposit volumes remained stable, but adjusted for an internal transfer of deposits from associations and clubs to the small and medium-sized enterprises segment in December 2016, there was an increase of 1.7 per cent. Higher loan volumes contributed to a rise in net interest income compared with both the third quarter of 2016 and the second quarter of 2017. Volume-weighted spreads widened by 0.05 percentage points from the third quarter of 2016 and by 0.01 percentage points from the second quarter of 2017.

DNB Meglerservice AS was transferred to the personal customer segment in the third quarter of 2017 and will be merged with DNB Eiendom. The transfer resulted in an increase in income

and expenses of NOK 48 million and NOK 38 million, respectively, in the quarter.

Regulations on interchange fees effective as of 1 September 2016 and rising costs related to SAS Eurobonus agreements had a negative impact on income from payment transfers. There was a seasonal decrease in income from the second quarter of 2017, mainly due to lower real estate broking activity.

There was a rise in operating expenses. A reduction in ordinary salaries due to restructuring was offset by costs attributable to the financial activities tax.

Close to 95 per cent of loans to personal customers represent well-secured home mortgages entailing low risk. Impairment losses on loans and guarantees remained at a stable low level in the third quarter of 2017.

The market share of credit to households stood at 24.7 per cent at end-August 2017, while the market share of home mortgages was 27.9 per cent. The market share of total household savings was 31.0 per cent. DNB Eiendom had an average market share of 19.7 per cent in the third quarter of 2017.

Customers' use of digital services is still increasing, and DNB is continuing to automate and digitise its products and services. On 1 September 2017, a new product, Share Savings Account, for trading equities and mutual funds with deferred taxation of capital gains was launched in the internet bank and as new functionality in the 'Spare' app. So far almost 40 000 unique users have established Share Savings Accounts. The total market value of the securities in these accounts exceeds NOK 10 billion.

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

Small and medium-sized enterprises

<i>Income statement in NOK million</i>	3rd quarter		Change	
	2017	2016	NOK mill	%
Net interest income	2 141	1 952	189	9.7
Net other operating income	358	341	17	5.0
Total income	2 499	2 292	206	9.0
Operating expenses	(988)	(939)	(48)	(5.2)
Pre-tax operating profit before impairment	1 511	1 353	158	11.6
Net gains on fixed and intangible assets		1	(1)	(100.0)
Impairment of loans and guarantees	(146)	(339)	192	56.8
Profit from repossessed operations	30	(6)	36	633.0
Pre-tax operating profit	1 395	1 010	385	38.1
Tax expense	(349)	(252)	(96)	(38.1)
Profit for the period	1 046	757	289	38.1

Average balance sheet items in NOK billion

Net loans to customers	277.9	259.9	18.0	6.9
Deposits from customers	208.6	179.5	29.1	16.2

Key figures in per cent

Lending spread ¹⁾	2.59	2.65
Deposit spread ¹⁾	0.30	0.38
Return on allocated capital ²⁾	16.5	11.5
Cost/income ratio	39.5	41.0
Ratio of deposits to loans	75.0	69.1

1) Calculated relative to the 3-month money market rate. See page 44 for additional information about alternative performance measures (APMs).

2) Calculated on the basis of allocated capital, corresponding to the external capital adequacy requirement which must be met by the DNB Group. See page 44 for additional information about alternative performance measures (APMs).

Higher total income combined with a reduction in impairment losses on loans and guarantees contributed to a solid increase in profit from the third quarter of 2016.

There was a rise in average loans of 6.9 per cent from the third quarter of 2016, while average deposit volumes were up 16.2 per cent during the same period. The strong increase in customer deposits reflected deposits transferred from the personal customer segment in the fourth quarter of 2016. Adjusted for this transfer,

there was a 12.2 per cent increase in deposits from the third quarter of 2016. The significant rise in both loan and deposit volumes ensured a strong increase in net interest income compared with the third quarter of 2016.

The rise in other operating income reflected particularly strong performance within payment transfers, while low market volatility and expectations of continued low interest rates gave a reduction in sales of currency and interest rate hedging products.

The increase in operating expenses from the third quarter of 2016 was mainly due to a higher level of activity within IT development. The financial activities tax introduced in 2017 also contributed to a higher cost base.

On an annual basis, impairment losses on loans and guarantees represented 0.21 per cent of average loans in the third quarter of 2017, a reduction from 0.52 per cent in the year-earlier period. The quality of DNB's portfolio of loans to small and medium-sized corporate customers remains stable. Developments are closely monitored, and preventive measures are continually considered and implemented to retain the strong portfolio 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

<i>Income statement in NOK million</i>	3rd quarter		Change	
	2017	2016	NOK mill	%
Net interest income	3 211	3 273	(62)	(1.9)
Net other operating income	1 293	1 444	(150)	(10.4)
Total income	4 504	4 716	(213)	(4.5)
Operating expenses	(1 777)	(1 664)	(112)	(6.8)
Pre-tax operating profit before impairment	2 727	3 052	(325)	(10.6)
Net gains on fixed and intangible assets	(3)	18	(22)	(118.8)
Impairment of loans and guarantees	(642)	(1 757)	1 115	63.5
Profit from repossessed operations	(2)	4	(6)	(138.7)
Pre-tax operating profit	2 080	1 318	762	57.8
Tax expense	(582)	(356)	(227)	(63.7)
Profit for the period	1 498	962	536	55.7

Average balance sheet items in NOK billion

Net loans to customers	485.8	533.1	(47.2)	(8.9)
Deposits from customers	377.2	374.4	2.8	0.7

Key figures in per cent

Lending spread ¹⁾	2.15	2.15
Deposit spread ¹⁾	0.03	(0.07)
Return on allocated capital ²⁾	7.3	4.4
Cost/income ratio	39.4	35.3
Ratio of deposits to loans	77.6	70.2

1) Calculated relative to the 3-month money market rate. See page 44 for additional information about alternative performance measures (APMs).

2) Calculated on the basis of allocated capital, corresponding to the external capital adequacy requirement which must be met by the DNB Group. See page 44 for additional information about alternative performance measures (APMs).

Lower impairment losses on loans and guarantees were the main contributor to the increase in pre-tax operating profit compared with the third quarter of 2016. The reduction in impairment reflected both a slight increase in the oil price and continued restructuring of selected large exposures.

Average loan volumes were down 8.9 per cent from the third quarter of 2016. The reduction in shipping and oil-related exposure continued in the third quarter. DNB aims to further rebalance the portfolio by reducing low-yielding exposures while expanding its business in profitable segments. Customer deposits were up 0.7 per cent from the third quarter of 2016.

The effect of an increase in both deposit volumes and spreads was offset by lower loan volumes. Consequently, there was a small reduction in net interest income. There was a positive effect from interest payments on non-performing loans compared with the third quarter of 2016.

Other operating income declined from the third quarter of 2016, mainly due to high gains from equity derivatives in 2016. Compared with the second quarter of 2017, the level of other operating income was stable. Income from investment banking products increased from the third quarter of 2016, but was negatively affected by seasonal variations compared with the second quarter of 2017. There was increasing activity towards the end of the quarter, especially in the debt capital markets and related to mergers and acquisitions.

The increase in expenses from the third quarter of 2016 reflected higher expenses related to the work on compliance and anti-money laundering. In addition, several ongoing digitalisation initiatives gave an increase in costs in the quarter. The number of full-time positions was reduced by 134 from end-September 2016. The reductions took place in both Norwegian and international operations.

Impairment losses on loans and guarantees were down from the third quarter of 2016. On an annual basis, net impairment represented 0.52 per cent of average loans, compared with 1.31 per cent in the year-earlier period. Individual impairment was reduced from 0.88 per cent in the third quarter of 2016, to 0.65 per cent. The reduction in impairment losses and guarantees reflects generally more stable economic conditions compared to 2016. Net non-performing and doubtful loans and guarantees amounted to NOK 13.9 billion at end-September 2017, down from NOK 16.9 billion a year earlier.

Due to increasing capital requirements over the past few years, more efficient use of capital is necessary. This is achieved by reducing exposure to capital-intensive and cyclical industries to ensure a more balanced portfolio. Increased portfolio turnover, a reduction in final hold and more active use of capital markets are additional measures to generate higher non-lending income and reduce capital usage. Overall, this will contribute to raising the return on equity.

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	
	2017	2016	NOK mill	%
Net interest income	(20)	19	(39)	(209.7)
Net other operating income	712	1 134	(423)	(37.3)
Total income	691	1 153	(462)	(40.0)
Operating expenses	(80)	(127)	47	37.0
Pre-tax operating profit	611	1 025	(414)	(40.4)
Tax expense	(141)	(256)	116	45.2
Profit for the period	470	769	(299)	(38.8)
Key figures in per cent				
Return on allocated capital ¹⁾	30.5	42.7		

1) Calculated on the basis of allocated capital, corresponding to the external capital adequacy requirement which must be met by the DNB Group. See page 44 for additional information about alternative performance measures (APMs).

There was a decline in both market volatility and activity levels compared with the third quarter of 2016. Total income declined from a high level in the year-earlier period, but was still at a satisfactory level, particularly within bonds and NOK rates.

Funding, liquidity and balance sheet

The short-term funding markets were sound in the third quarter of 2017. Due to low European interest rates, investors still showed limited interest, apart from in the United Kingdom, where there was an increasing level of activity as interest rates climbed upwards. In the US, expectations of a rate hike ensured continued strong interest in short maturities of less than one month and for floating

rate commercial paper in the six to twelve-month range. Maturities of more than four months on short-term funding are still priced somewhat higher than earlier. In light of its sound liquidity situation, the banking group is trying not to be price-leading. The banking group had ample access to short-term funding throughout the quarter.

There was a sound increase in the level of activity in the long-term funding markets in the third quarter. There was brisk issue activity in the euro market, with several issues of both ordinary senior bonds, covered bonds and so-called non-preferred senior bonds, which are included in the banks' minimum requirement for own funds and eligible liabilities, MREL. The European Central Bank, ECB, still dominated the covered bond market and has not yet announced a possible reduction in its ongoing targeted longer-term refinancing operations, TLTRO. The level of activity in the US dollar market was somewhat lower than in the third quarter of 2016, but significantly higher than in the second quarter of 2017. In addition, there were extensive issues of ordinary senior bonds in the market. Prices of all types of instruments, including subordinated loans, declined further in the third quarter.

The value of long-term debt securities issued by the banking group was NOK 550 billion at end-September 2017 and NOK 599 billion a year earlier. The average remaining term to maturity for these debt securities was 4.1 years at end-September 2017, up from 3.9 years a year earlier.

The short-term liquidity requirement, Liquidity Coverage Ratio, LCR, remained stable at above 100 per cent throughout the third quarter and was 118 per cent at end-September.

Total assets in the banking group were NOK 2 447 billion at end-September 2017, up from NOK 2 350 billion a year earlier.

Average net loans to customers were up NOK 8 billion or 0.6 per cent from end-September 2016. Average customer deposits were up NOK 31 billion or 3.2 per cent during the same period. The ratio of customer deposits to net loans to customers was up from 62.8 per cent at end-September 2016 to 66.9 per cent a year later. This is in line with the ambition to have a ratio of customer deposits to net loans of minimum 60 per cent.

Risk and capital adequacy

The banking group quantifies risk by measuring economic capital. Net economic capital was reduced by NOK 5.3 billion during the third quarter and came to NOK 66.4 billion at end-September 2017.

Economic capital for the banking group

	30 Sept.	30 June	31 March	30 Sept.
Amounts in NOK billion	2017	2017	2017	2016
Credit risk	53.0	56.1	54.8	54.8
Market risk	6.9	7.8	8.1	6.8
Operational risk	8.5	8.5	8.5	8.6
Business risk	7.2	7.2	7.2	6.4
Gross economic capital	75.6	79.7	78.6	76.7
Diversification effect ¹⁾	(9.2)	(8.0)	(9.5)	(9.3)
Net economic capital	66.4	71.7	69.1	67.4
Diversification effect in per cent of gross economic capital ¹⁾	12.2	10.0	12.1	12.1

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

Economic capital for credit risk was down NOK 3.1 billion, mainly as a consequence of lower credit volumes in the large corporate segment. Exposure at default, EAD, for large corporates and international customers declined by NOK 46 billion. Approximately one-third of this can be ascribed to the weaker US dollar.

The price of oil remained relatively strong throughout the quarter, resulting in growing optimism and higher activity levels in the market. It looks as though oil-related activities have reached the trough this time round. There is a slightly increasing level of activity in the rig and offshore markets, though contracts are still short and

rates low. On the Norwegian shelf, offshore shipowners are still struggling with a utilisation rate for anchor handling ships below 50 per cent. The cost reductions have helped make market players better able to withstand low oil prices and investment levels.

Dry bulk freight rates more than doubled from low levels during the third quarter, and ship values increased correspondingly. The fleet is growing at a slower rate than demand. Tanker rates are still close to historically low levels.

There were no significant changes in the risk picture for information security. The highest risk is still related to computer fraud and industrial espionage. A higher level of activity among state and state-sponsored actors somewhat increases the threat level. The challenges facing the banking group are accentuated by a number of serious security incidents in large international companies.

Calculated according to transitional rules, risk-weighted assets were NOK 1 027 billion, down from NOK 1 035 billion at end-September 2016. The common equity Tier 1 capital ratio was 16.3 per cent, while the capital adequacy ratio was 20.6 per cent.

New regulatory framework

Substantial changes in the Financial Contracts Act

The Ministry of Justice and Public Security has circulated a draft for a new Financial Contracts Act for consultation. The draft will implement in Norwegian law the EU Mortgage Credit Directive (MCD), the Consumer Credit Directive (CCD), the Payment Accounts Directive (PAD) and the contractual parts of the Revised Payment Services Directive (PSD2).

Among others, the draft aims to ensure stronger consumer protection for credit customers and provides certain specific rules for home mortgages. Customers will be ensured access to modern account and payment services, their protection against legal liability will be strengthened, and the duties which must be observed by the service provider in connection with financial contracts and the activities of finance brokers, financial agents and financial advisers will be clarified. The current obligation to dissuade will be replaced by a duty to reject loan applications from customers with a weak ability to pay. Lenders breaching their obligations may be held liable for customers' possible debt problems.

It has also been proposed to establish by law that sellers of investment services, credit or other financial contracts shall not sell products that the customer has no need for, and to prohibit creditors from charging unreasonably high interest rates to exploit customers. Furthermore, it has been proposed that the financial services industry itself should take greater responsibility for errors and misuse of electronic solutions and thus ensure that consumers are better protected against fraud.

New Personal Data Act will strengthen consumer rights

The Ministry of Justice and Public Security has circulated a draft for a new Personal Data Act for consultation. The Act will implement the EU's General Data Protection Regulation (GDPR) in Norwegian law. The purpose of GDPR is to strengthen and harmonise data protection across the EEA. The Ministry proposes that the regulation be implemented in Norwegian law through a referral provision in the new Personal Data Act. This is in line with the EEA Agreement and implies that the regulation will be introduced in Norway "as is".

GDPR will facilitate the free flow of digital services in the European market and generally make information processing more transparent and predictable for consumers. Among other things, a new right will be introduced for consumers to receive all personal data companies have stored about them and to have the information corrected, deleted or transferred from one service provider to another. The Norwegian Data Protection Authority will be given the opportunity to levy a significantly higher non-compliance fee, and the Ministry thus proposes that violations of the Act should no longer be punishable.

Another purpose of GDPR is to ensure more uniform regulations in Europe. It will thus be easier for both individuals and companies to relate to legislation, and to assert their rights, throughout the EU/EEA. The regulations are also better adapted to technological advances.

The new Personal Data Act is intended to enter into force in Norway on 25 May 2018, on the same date as the regulation becomes effective in the EU. Entry into force on this date is conditional on the regulation being formally incorporated in the EEA Agreement, and on the Norwegian Parliament agreeing thereto.

Macroeconomic developments

Global GDP growth is expected to rise from 2.9 per cent in 2016 to 3.3 per cent in 2017, reflecting higher growth in both industrialised countries and emerging economies. Persistent strong growth in demand from China and widespread optimism have contributed to a synchronous boost in growth across countries and sectors. The growth in the industrialised countries is expected to remain higher than normal in the period ahead, resulting in a further decline in unemployment. Parallel to this, wage growth is restrained by national and global factors in a number of countries. This puts a damper on inflation and limits the rise in interest rates.

Chinese GDP rose by 6.7 per cent in 2016 and is expected to grow by 6.8 per cent in 2017. The strong momentum in China is driven by increasing growth in the corporate sector along with persistently high growth in the household sector. In turn, this reflects low interest rates and a growth-promoting fiscal policy. A gentle, policy-driven cool-down is expected from 2018. The risk of a crisis in China further ahead in time seems to have decreased in light of smaller imbalances in the real estate market and fewer business liquidations. Japanese GDP rose by 1.6 per cent in 2017, which was significantly higher than the potential growth rate. We expect growth to decline to a level closer to the potential rate over the next few years.

The cyclical upturn in the US has lasted for eight years, and there are no clear signs of a slowdown. While growth was weak in the first quarter, it picked up in the second quarter. GDP growth is estimated to be around 2 per cent over the coming years. Since this is somewhat higher than the potential economic growth rate, the unemployment rate will probably decline further. The core rate of inflation is down since February this year, in spite of a strong labour market. The unexpectedly low inflation suggests a gradual rise in interest rates. The Federal Reserve is expected to raise its policy rate in December this year, twice next year and twice in 2019. In September, the Federal Reserve announced that it will start to scale down its balance sheet as from October this year by reducing reinvestments in Treasury bills and mortgage-backed securities.

In the eurozone, the increase in GDP was 1.8 per cent in 2016 and is likely to pick up to 2.1 per cent in 2017. So far this year all of the major member states have experienced higher growth. Business investment is up and will probably represent a higher share of GDP in the period ahead. Confidence indexes for households and businesses also indicate a further recovery in the eurozone, but the cool-down in China is expected to dampen the upturn from next year. Growth will nevertheless be higher than normal. This is expected to lead to lower unemployment. Wage and price growth is also expected to increase somewhat in reflection of less slack in the economy. In consequence of this, the European Central Bank will begin to gradually depart from its expansionary policy by scaling down its asset purchases and eliminating the negative deposit rate by the end of next year.

The British 'No' to further EU membership had fewer negative consequences than expected in the short term. There will probably be weaker growth in the period ahead as a result of uncertainty about the exit agreement with the EU and new trade agreements. This is expected to result in a decline in consumption and investments, and the unemployment rate is assumed to rise slightly in the coming years. The depreciation of the British pound in the after-

math of the Brexit vote has given a temporarily rise in inflation. In consequence of this, the Bank of England is likely to raise its policy rate in the course of the autumn, though weaker growth prospects and higher unemployment will probably prevent further interest rate hikes. Uncertainty regarding the process around Brexit and the results thereof makes future prospects more unpredictable than normal.

The growth in GDP for Mainland Norway in the first and second quarter of the year was significantly stronger than throughout last year and also showed signs of being more broadly based. Growth is estimated to be 2 per cent this year. A smaller drop in oil investments and higher growth in private consumption and corporate investment than last year will contribute to a higher growth rate. Over the next few years, the upswing in the Norwegian economy will probably be curbed by lower housing investment and a more neutral contribution from fiscal policy.

Higher manufacturing growth has also been reflected in lower unemployment. The unemployment rate has declined gradually since the summer of 2016, mainly due to a lower labour force participation rate. Over the last few quarters, employment growth has also picked up and contributed to a further drop in the unemployment rate. A slight rise in employment is expected in the period ahead, resulting in a reduction in the unemployment rate.

There was a steep rise in housing prices in 2016, especially in Oslo. In February this year, the average annual increase was 13 per cent for the entire country and 24 per cent in Oslo. At the time, housing prices were expected to level off. Seasonally adjusted, housing prices have fallen over the past five months. Many unsold homes, particularly in Oslo, indicate that the decline in prices will continue for another few quarters. Low interest rates and a more positive situation in the Norwegian economy, with falling unemployment and rising income growth, will nevertheless limit the downward trend in housing prices, which are expected to show modest growth from the middle of 2018.

In 2016, consumer price growth reflected strong increases in import prices as a result of the depreciation of the Norwegian krone through 2014 and 2015. Consumer price growth ended at 3.6 per cent last year, while core inflation was slightly lower at 3.1 per cent. DNB estimates that core inflation will be 1.6 per cent this year and 1.5 per cent next year. In 2019, there are prospects of even lower inflation before a new increase to 1.4 per cent in 2020. A stronger krone and continued low wage growth are the main factors behind the low core inflation. Due to a rise in interest rates among Norway's principal trading partners, Norges Bank is also expected to raise its key policy rate in the autumn of 2019, despite the fact that the inflation rate will remain below the target of 2.5 per cent.

Future prospects

DNB's principal target is to achieve a return on equity above 12 per cent towards 2019. Several factors will contribute to reaching the return on equity target, including strong emphasis on profitability, lower impairment and more efficient use of capital.

Lending volumes are expected to increase by around 2 per cent in 2017.

DNB aims to increase commission and fee income by approximately 3 per cent per year. Total impairment losses for the period 2016 to 2018 are estimated to be up to NOK 18 billion, with the highest impairment losses during the first part of the period.

DNB has set a target for its common equity Tier 1 capital ratio of 16.0 per cent from year-end 2017, including the announced change in the counter-cyclical buffer.

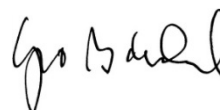
DNB will present its updated financial ambitions on the Capital Markets Day in London on 21 November.

Oslo, 25 October 2017

The Board of Directors of DNB Bank ASA



Anne Carine Tanum
(chairman)



Gro Bakstad
(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 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016	
Total interest income	5	9 317	8 671	27 790	25 991	35 163	
Total interest expenses	5	(3 270)	(2 764)	(9 554)	(8 267)	(11 555)	
Net interest income	5	6 047	5 907	18 236	17 725	23 608	
Commission and fee income	6	1 816	1 611	5 427	4 890	6 739	
Commission and expenses	6	(826)	(714)	(2 428)	(2 159)	(2 924)	
Net gains on financial instruments at fair value	7	1 152	2 279	4 195	6 142	8 834	
Other income		949	977	2 751	3 443	5 837	
Net other operating income		3 092	4 153	9 945	12 316	18 486	
Total income		9 138	10 060	28 181	30 041	42 094	
Salaries and other personnel expenses	8	(2 390)	(2 254)	(7 170)	(7 067)	(9 248)	
Other expenses	8	(1 581)	(1 420)	(5 054)	(4 503)	(6 118)	
Depreciation and impairment of fixed and intangible assets	8	(460)	(406)	(1 351)	(1 429)	(2 050)	
Total operating expenses	8	(4 431)	(4 080)	(13 575)	(12 999)	(17 417)	
Pre-tax operating profit before impairment		4 707	5 980	14 607	17 042	24 677	
Net gains on fixed and intangible assets		753	7	769	8	14	
Impairment of loans and guarantees	9	(704)	(1 517)	(1 063)	(3 636)	(4 679)	
Pre-tax operating profit		4 756	4 470	14 313	13 414	20 012	
Tax expense		(1 094)	(1 010)	(3 292)	(3 031)	(5 223)	
Profit for the period		3 662	3 460	11 021	10 382	14 789	
Portion attributable to shareholders of DNB Bank ASA		3 445	3 332	10 326	10 025	14 193	
Portion attributable to additional Tier 1 capital holders		218	128	695	358	595	
Profit for the period		3 662	3 460	11 021	10 382	14 789	

Comprehensive income statement

							DNB Bank ASA
<i>Amounts in NOK million</i>		3rd quarter 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016	
Profit for the period		3 662	3 460	11 021	10 382	14 789	
Actuarial gains and losses			(106)		(144)	(166)	
Items that will not be reclassified to the income statement			(106)		(144)	(166)	
Currency translation of foreign operations		(14)	(48)	11	(154)	(135)	
Items that may subsequently be reclassified to the income statement		(14)	(48)	11	(154)	(135)	
Other comprehensive income for the period (net of tax)		(14)	(153)	11	(298)	(301)	
Comprehensive income for the period		3 648	3 306	11 032	10 084	14 487	

Balance sheet

DNB Bank ASA

<i>Amounts in NOK million</i>	Note	30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
Assets				
Cash and deposits with central banks		325 187	207 934	174 843
Due from credit institutions	12, 13	518 673	549 093	550 748
Loans to customers	10, 11, 12, 13	723 526	690 060	681 403
Commercial paper and bonds at fair value	13, 14	193 845	223 360	213 441
Shareholdings	13	5 922	5 178	4 245
Financial derivatives	13	144 949	170 317	199 343
Commercial paper and bonds, held to maturity	12, 14	9 738	12 760	13 185
Investments in associated companies		1 595	995	975
Investments in subsidiaries		119 775	118 233	115 207
Intangible assets		3 665	3 598	3 556
Deferred tax assets		1 873	1 882	6 331
Fixed assets		7 473	7 034	7 037
Other assets		16 274	13 462	15 659
Total assets		2 072 496	2 003 906	1 985 974
Liabilities and equity				
Due to credit institutions	12, 13	342 824	338 731	321 327
Deposits from customers	12, 13	994 667	920 664	907 972
Financial derivatives	13	163 563	181 794	205 520
Debt securities issued	12, 13, 16	332 165	336 941	332 229
Payable taxes		2 629	4	2 908
Deferred taxes		58	56	13
Other liabilities		25 806	23 893	20 985
Provisions		1 785	1 916	1 623
Pension commitments		2 687	2 454	2 669
Subordinated loan capital	12, 13, 16	28 554	29 347	28 202
Total liabilities		1 894 739	1 835 802	1 823 448
Share capital		18 256	18 314	18 314
Share premium		19 895	19 895	19 895
Additional Tier 1 capital		15 960	15 952	9 641
Other equity		123 646	113 942	114 675
Total equity		177 756	168 104	162 526
Total liabilities and equity		2 072 496	2 003 906	1 985 974

Income statement

		DNB Bank Group				
<i>Amounts in NOK million</i>		3rd quarter 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016
Total interest income	5	13 783	13 107	40 979	39 478	52 887
Total interest expenses	5	(4 646)	(4 513)	(14 055)	(13 458)	(18 369)
Net interest income	5	9 137	8 594	26 924	26 020	34 517
Commission and fee income	6	2 357	2 103	7 002	6 328	8 628
Commission and fee expenses	6	(853)	(738)	(2 491)	(2 214)	(2 994)
Net gains on financial instruments at fair value	7	1 056	1 411	2 824	4 803	6 506
Profit from investments accounted for by the equity method		(17)	(0)	(38)	1 234	1 189
Net gains on investment properties		(3)	(5)	(3)	(28)	(35)
Other income		523	518	1 507	1 646	2 023
Net other operating income		3 062	3 288	8 801	11 769	15 316
Total income		12 199	11 882	35 725	37 788	49 833
Salaries and other personnel expenses	8	(2 901)	(2 711)	(8 692)	(8 534)	(11 206)
Other expenses	8	(1 925)	(1 671)	(5 894)	(5 365)	(7 207)
Depreciation and impairment of fixed and intangible assets	8	(500)	(462)	(1 461)	(1 610)	(2 103)
Total operating expenses	8	(5 325)	(4 844)	(16 048)	(15 509)	(20 516)
Pre-tax operating profit before impairment		6 873	7 038	19 677	22 279	29 317
Net gains on fixed and intangible assets		750	20	773	(6)	(19)
Impairment of loans and guarantees	9	(867)	(2 176)	(2 026)	(5 672)	(7 424)
Pre-tax operating profit		6 756	4 881	18 424	16 601	21 874
Tax expense		(1 554)	(1 074)	(4 238)	(3 652)	(3 964)
Profit from operations held for sale, after taxes		33	1	2	(22)	4
Profit for the period		5 235	3 808	14 189	12 926	17 914
Portion attributable to shareholders of DNB Bank ASA		5 018	3 680	13 494	12 569	17 319
Portion attributable to additional Tier 1 capital holders		218	128	695	358	595
Profit for the period		5 235	3 808	14 189	12 926	17 914

Comprehensive income statement

		DNB Bank Group				
<i>Amounts in NOK million</i>		3rd quarter 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016
Profit for the period		5 235	3 808	14 189	12 926	17 914
Actuarial gains and losses			(106)		(144)	(179)
Items that will not be reclassified to the income statement			(106)		(144)	(179)
Currency translation of foreign operations ¹⁾		(2 974)	(4 320)	(1 552)	(10 038)	(6 478)
Currency translation reserve reclassified to the income statement					(43)	(43)
Hedging of net investment ²⁾		1 894	2 950	1 125	6 761	4 346
Investments according to the equity method ³⁾		20	4	119	(29)	(25)
Investments according to the equity method, reclassified to the income statement ³⁾					(855)	(855)
Items that may subsequently be reclassified to the income statement		(1 061)	(1 366)	(308)	(4 204)	(3 055)
Other comprehensive income for the period (net of tax)		(1 061)	(1 472)	(308)	(4 348)	(3 233)
Comprehensive income for the period		4 174	2 337	13 881	8 578	14 680

1) Currency translation effects related to the Baltics represented a loss of NOK 163 million in the third quarter of 2017.

2) Hedging of net investments in the Baltics represented a gain of NOK 92 million in the third quarter of 2017, 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. 2017	31 Dec. 2016	30 Sept. 2016
Assets				
Cash and deposits with central banks		325 842	208 263	175 212
Due from credit institutions	12, 13	154 682	174 908	191 656
Loans to customers	10, 11, 12, 13	1 524 855	1 492 268	1 479 529
Commercial paper and bonds at fair value	13, 14	189 386	217 887	212 494
Shareholdings	13	6 867	6 200	5 211
Financial derivatives	13	130 345	157 957	186 840
Commercial paper and bonds, held to maturity	12, 14	9 738	12 760	13 185
Investment properties		889	1 175	1 193
Investments accounted for by the equity method		4 250	3 570	3 596
Intangible assets		4 073	3 981	3 918
Deferred tax assets		1 168	1 392	943
Fixed assets		7 563	7 117	7 094
Assets held for sale	15	70 359	52 541	52 482
Other assets		17 246	8 255	16 408
Total assets		2 447 263	2 348 272	2 349 761
Liabilities and equity				
Due to credit institutions	12, 13	246 056	211 606	192 264
Deposits from customers	12, 13	1 019 896	945 694	929 756
Financial derivatives	13	108 143	130 990	156 188
Debt securities issued	12, 13, 16	758 003	767 750	786 823
Payable taxes		3 842	8 847	5 642
Deferred taxes		2 310	2 382	6 405
Other liabilities		27 319	15 781	22 564
Liabilities held for sale	15	51 001	41 243	39 547
Provisions		1 867	2 038	1 713
Pension commitments		2 779	2 516	2 725
Subordinated loan capital	12, 13, 16	28 554	29 347	28 202
Total liabilities		2 249 770	2 158 194	2 171 831
Share capital		18 256	18 314	18 314
Share premium		20 611	20 611	20 611
Additional Tier 1 capital		15 960	15 952	9 641
Other equity		142 667	135 200	129 364
Total equity		197 494	190 078	177 931
Total liabilities and equity		2 447 263	2 348 272	2 349 761

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. 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 (net of tax)				(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
Balance sheet as at 31 Dec. 2016	18 314	19 895	15 952	(619)	517	114 045	168 104
Profit for the period			695			10 326	11 021
Other comprehensive income (net of tax)					11		11
Comprehensive income for the period			695		11	10 326	11 032
Demerger Vipps AS	(59)					(641)	(700)
Interest payments additional Tier 1 capital			(681)				(681)
Currency movements taken to income			(7)			7	
Transfer of lending portfolio to subsidiary (continuity)						2	2
Balance sheet as at 30 Sept. 2017	18 256	19 895	15 960	(619)	527	123 738	177 756

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 hedge reserve ¹⁾	Other equity	Total equity ¹⁾
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 (net of tax)				(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							(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
Balance sheet as at 31 Dec. 2016	18 314	20 611	15 952	(641)	11 768	(7 502)	131 575	190 078
Profit for the period			695				13 494	14 189
Other comprehensive income (net of tax)					(1 552)	1 125	119	(308)
Comprehensive income for the period			695		(1 552)	1 125	13 613	13 881
Demerger Vipps AS	(59)						(641)	(700)
Interest payments additional Tier 1 capital			(681)					(681)
Currency movements taken to income			(7)				7	
Group contribution to DNB ASA							(5 084)	(5 084)
Balance sheet as at 30 Sept. 2017	18 256	20 611	15 960	(641)	10 215	(6 376)	139 470	197 494

1) Of which OCI related to the Baltics:

Balance sheet as at 31 December 2016	1 015	(712)	304
Other comprehensive income	291	(174)	117
Balance sheet as at 30 September 2017	1 307	(886)	421

Currency translation reserve and net investment hedge reserve related to the Baltics totaled NOK 421 million as at 30 September 2017, of which NOK 338 million represented accumulated tax on the hedging instruments.

Cash flow statement

DNB Bank ASA

<i>Amounts in NOK million</i>	January-September 2017	2016	Full year 2016
Operating activities			
Net payments on loans to customers	(38 411)	(1 553)	(1 193)
Interest received from customers	20 578	20 080	26 974
Net receipts on deposits from customers	80 896	34 329	37 498
Interest paid to customers	(1 809)	(1 629)	(5 219)
Net receipt on loans to credit institutions	36 078	121 494	144 571
Interest received from credit institutions	3 837	2 686	3 774
Interest paid to credit institutions	(2 226)	(1 129)	(1 975)
Net receipts/payments on the sale of financial assets for investment or trading	30 163	(91)	(8 655)
Interest received on bonds and commercial paper	3 982	3 676	4 327
Net receipts on commissions and fees	2 725	2 598	3 998
Payments to operations	(11 794)	(11 570)	(15 995)
Taxes paid	(930)	(808)	(1 268)
Other net receipts	5 255	3 436	8 563
Net cash flow from operating activities	128 345	171 520	195 401
Investing activities			
Net payments on the acquisition of fixed assets	(1 115)	(941)	(1 627)
Receipts on the sale of long-term investments in shares	89	861	861
Payments on the acquisition of long-term investments in shares	(3 602)	(3 708)	(3 700)
Dividends received on long-term investments in shares	347	48	57
Net cash flow from investment activities	(4 281)	(3 739)	(4 408)
Financing activities			
Receipts on issued bonds and commercial paper	1 365 828	8 697 625	8 943 961
Payments on redeemed bonds and commercial paper	(1 362 930)	(8 682 158)	(8 935 044)
Interest payments on issued bonds and commercial paper	(4 945)	(5 051)	(6 238)
Receipts on the raising of subordinated loan capital	10 106		738
Redemptions of subordinated loan capital	(10 544)	(3)	(3)
Interest payments on subordinated loan capital	(746)	(694)	(920)
Receipts on issued additional Tier 1 capital		1 400	7 520
Interest payments on additional Tier 1 capital	(681)	(458)	(516)
Group contribution payments	(4 018)	(6 942)	(6 942)
Net cash flow from funding activities	(7 930)	3 719	2 555
Effects of exchange rate changes on cash and cash equivalents	1 580	(9 545)	(1 663)
Net cash flow	117 713	161 955	191 884
Cash as at 1 January	211 768	19 884	19 884
Net receipts of cash	117 713	161 955	191 884
Cash at end of period ¹⁾	329 481	181 839	211 768
^{*) Of which: Cash and deposits with central banks}	325 187	174 843	207 934
^{Deposits with credit institutions with no agreed period of notice ¹⁾}	4 294	6 996	3 835

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 2017	September 2016	Full year 2016
Operating activities			
Net payments on loans to customers	(44 866)	(40 070)	(35 187)
Interest received from customers	35 846	35 398	47 420
Net receipts on deposits from customers	81 413	33 168	40 724
Interest paid to customers	(1 247)	(422)	(3 711)
Net receipts on loans to credit institutions	60 640	125 866	163 235
Interest received from credit institutions	1 866	890	1 261
Interest paid to credit institutions	(1 732)	(899)	(1 661)
Net receipts on the sale of financial assets for investment or trading	27 140	11 542	4 076
Interest received on bonds and commercial paper	3 898	3 625	4 271
Net receipts on commissions and fees	4 294	3 975	5 757
Payments to operations	(14 198)	(13 925)	(19 014)
Taxes paid	(9 631)	(1 113)	(1 455)
Other net receipts	10 350	1 661	8 327
Net cash flow from operating activities	153 773	159 696	214 042
Investing activities			
Net payments on the acquisition of fixed assets	(1 175)	(934)	(1 529)
Net receipts/payments, investment properties	321	470	(605)
Receipts on the sale of long-term investments in shares	89	860	861
Acquisition of long-term investments in shares	(557)		
Dividends received on long-term investments in shares	7	48	66
Net cash flow from investment activities	(1 314)	443	(1 206)
Financing activities			
Receipts on issued bonds and commercial paper	1 411 117	8 754 331	8 995 908
Payments on redeemed bonds and commercial paper	(1 414 759)	(8 726 620)	(9 000 786)
Interest payments on issued bonds and commercial paper	(11 495)	(12 835)	(16 016)
Receipts on the raising of subordinated loan capital	10 106		738
Redemptions of subordinated loan capital	(10 544)	(3)	(3)
Interest payments on subordinated loan capital	(749)	(696)	(923)
Receipts on issued additional Tier 1 capital		1 400	7 520
Interest payments on additional Tier 1 capital	(681)	(458)	(516)
Group contributions payments	(5 318)	(6 849)	(6 849)
Net cash flow from funding activities	(22 322)	8 269	(20 928)
Effects of exchange rate changes on cash and cash equivalents	1 000	(10 353)	(312)
Net cash flow	131 136	158 054	191 596
Cash as at 1 January	214 790	23 194	23 194
Net receipts of cash	131 136	158 054	191 596
Cash at end of period ¹⁾	345 926	181 248	214 790

*) Of which: Cash and deposits with central banks 337 274 177 935 211 908
 Deposits with credit institutions with no agreed period of notice ¹⁾ 8 651 3 313 2 881

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, can be found in note 1 Accounting principles in the annual report for 2016.

The customer segments were redefined in the first quarter of 2017. See note 2 Segments for further information. The change only affects the allocation between the segments and has no impact on the DNB Bank Group's financial statements. Figures for comparable periods have been restated.

Approved standards and interpretations that have not yet entered into force

IFRS 9 Financial Instruments

The new rules are applicable from 1 January 2018. See chapter 17 in note 1 Accounting principles in the annual report for 2016 for a more detailed description.

Impact for DNB Bank Group

Classification and measurement

The banking group has completed the analysis related to classification and measurement. It has been concluded that the "hold to collect" business model will be used for the three main customer segments, which implies that amortised cost is the measurement method to be applied. This is the same as in the current IAS 39 rules. In DNB Markets a more distinct border has been determined between the business model in the trading book and the banking book. Hence, some portfolios measured at fair value today will be measured at amortised cost from 2018 onwards. There are some reclassifications caused by reduced use of the fair value option. The reclassifications will have no material impact on the DNB Bank Group's financial statements.

Impairment

IFRS 9 changes the measurement of the provision for credit losses for financial assets. At initial recognition, as well as if the credit risk has not increased significantly since initial recognition, the provision should equal 12-month expected credit losses ("stage 1"). If the credit risk has increased significantly, the provision should equal lifetime expected credit losses ("stage 2"). This dual approach replaces today's collective impairment model. For individual impairment there are no significant changes in the rules compared with the current IAS 39 rules. Individual impairment is from now on referred to as the third stage ("stage 3").

In DNB Bank Group, the assessment of what is considered to be a significant change in credit risk is based on a combination of quantitative and qualitative indicators and backstops. The most important driver of significant change in credit risk in the banking group is the quantitative indicator determined by comparing the remaining lifetime PD at the reporting date with the remaining lifetime PD at the reporting date expected at initial recognition. Using this as a measurement, a change of 2.5 times lifetime PD from initial recognition is assessed as a significant change in credit risk. Further, the change in PD must be a minimum of 0.6 percentage points for the deterioration in credit risk to be considered to be significant. In the high end of the risk scale a change of 7.5 percentage points or more is considered to be a significant deterioration in credit risk even if this is less than a change of 2.5 times lifetime PD. These limits reflect the high sensitivity to change in the low end of the risk scale and the low sensitivity to change in the high end of the scale.

DNB Bank Group will calculate the loss provision for financial assets in "stage 1" and "stage 2" under the new rules as the present value of exposure at default (EAD) multiplied by the probability of default (PD) multiplied by loss given default (LGD). The work to establish the methodology and loss provision model has been completed. This includes converting PD, LGD and EAD to be point in time and more forward looking as the modelling is built on the IRB framework. The measurement of loss provisions will incorporate the effect of DNB's forward-looking view (macro scenarios). The banking group has grouped instruments with similar credit risk characteristics into 18 portfolios. Based on an historical analysis, key risk drivers (macro factors) impacting the PD are identified for the different portfolios. The number of macro factors identified per portfolio varies from one to four. The forecast for the different macro factors will be updated quarterly and provided internally from DNB Markets. The forecast period varies between three and four years. After this period, the drivers are assumed to be mean reverting.

Thorough testing, calibration and analysis are still ongoing and will continue throughout 2017, included testing of the entire IT value chain for the financial reporting process. The implementation impact will be calculated on 1 January 2018 and be recognised as a change in the collective impairment provision in the balance sheet with the offsetting entry recognised directly in equity, hence there will be no impact on the income statement.

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 DNB Bank Group's resources. Special product areas are responsible for production and development for parts of the product range and for ensuring that DNB 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. Following the reorganisation announced in September 2016, the DNB Bank Group has changed its distribution of the profit from DNB Finans' operations between the three customer segments. As of 1 January 2017, profit from DNB Finans' operations in Sweden are divided between the personal customer segment, the small and medium-sized enterprises segment and the large corporates and international customers segment. Profit from DNB Finans' operations in Denmark are divided between the small and medium-sized enterprises segment and the large corporates and international customers segment. Previously, profits from these operations were included in the large corporates and international customers segment. The distribution of profit from DNB Finans' operations in Norway on the various segments has also been changed. Figures for 2016 have been adjusted correspondingly.

- | | |
|--|--|
| 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 outlets). Credit cards and consumer financing in Sweden are also included in this business area. |
| 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 physical distribution network throughout Norway as well as digital and telephone banking (24/7). Factoring, leasing and asset financing for small and medium-sized enterprises in Sweden and Denmark are also included in this business area. |
| Large corporates and international customers | - includes large Norwegian and international corporate customers and all customers served by the DNB 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 segments are based on the banking group's accounting principles and DNB's management model. Allocation of costs and capital between segments involves a number of assumptions, estimates and discretionary distributions.

Capital allocated to the segments is calculated on the basis of the DNB bank 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 DNB bank 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Amounts in NOK million</i>												
Net interest income	3 427	3 164	2 141	1 952	3 211	3 273	(20)	19	379	188	9 137	8 594
Net other operating income	1 014	963	358	341	1 293	1 444	712	1 134	(315)	(594)	3 062	3 288
Total income	4 441	4 127	2 499	2 292	4 504	4 716	691	1 153	64	(407)	12 199	11 882
Operating expenses	(1 943)	(1 823)	(988)	(939)	(1 777)	(1 664)	(80)	(127)	(539)	(291)	(5 325)	(4 844)
Pre-tax operating profit before impairment	2 499	2 304	1 511	1 353	2 727	3 052	611	1 025	(474)	(698)	6 873	7 038
Net gains on fixed and intangible assets		(0)		1	(3)	18			754	1	750	20
Impairment of loans and guarantees ²⁾	(80)	(80)	(146)	(339)	(642)	(1 757)			1	(1)	(867)	(2 176)
Profit from repossessed operations			30	(6)	(2)	4			(28)	1		
Pre-tax operating profit	2 419	2 225	1 395	1 010	2 080	1 318	611	1 025	252	(696)	6 756	4 881
Tax expense	(605)	(556)	(349)	(252)	(582)	(356)	(141)	(256)	122	347	(1 554)	(1 074)
Profit from operations held for sale, after taxes		0				(0)			33	1	33	1
Profit for the period	1 814	1 669	1 046	757	1 498	962	470	769	407	(349)	5 235	3 808

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Amounts in NOK billion</i>												
Loans to customers ^{1) 2)}	730.9	694.7	277.9	259.9	485.8	533.1	32.5	20.0	(2.5)	7.8	1 524.6	1 515.4
Deposits from customers ^{1) 2)}	406.8	407.9	208.6	179.5	377.2	374.4	94.5	111.1	(33.2)	(12.1)	1 053.8	1 060.8
Allocated capital ³⁾	36.9	36.8	25.4	26.2	82.0	86.7	6.1	7.2				

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Per cent</i>												
Cost/income ratio ⁴⁾	43.7	44.2	39.5	41.0	39.4	35.3	11.6	11.0			43.7	40.8
Ratio of deposits to loans ^{2) 5)}	55.6	58.7	75.0	69.1	77.6	70.2					69.1	70.0
Return on allocated capital, annualised ³⁾	19.7	18.0	16.5	11.5	7.3	4.4	30.5	42.7			11.1	8.7

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. In the third quarter of 2017 reclassified loans amounted to NOK 47.3 billion and deposits to NOK 37.6 billion.

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

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 2017 corresponds to a common equity Tier 1 capital ratio of 18.0 per cent compared to 17.2 per cent in 2016. 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 Bank Group	
	Jan.-Sept. 2017	2016	Jan.-Sept. 2017	2016	Jan.-Sept. 2017	2016	Jan.-Sept. 2017	2016	Jan.-Sept. 2017	2016	Jan.-Sept. 2017	2016
<i>Amounts in NOK million</i>												
Net interest income	9 825	9 652	6 296	5 821	9 640	9 885	5	27	1 158	634	26 924	26 020
Net other operating income	2 905	2 827	1 143	1 070	3 892	3 949	1 889	2 159	(1 028)	1 764	8 801	11 769
Total income	12 730	12 479	7 439	6 891	13 532	13 834	1 894	2 186	130	2 398	35 725	37 788
Operating expenses	(5 878)	(6 131)	(3 062)	(2 850)	(5 482)	(5 106)	(344)	(389)	(1 282)	(1 033)	(16 048)	(15 509)
Pre-tax operating profit before impairment	6 852	6 348	4 377	4 041	8 050	8 728	1 551	1 797	(1 152)	1 365	19 677	22 279
Net gains on fixed and intangible assets	(0)	0	(0)	2	20	27			754	(35)	773	(6)
Impairment of loans and guarantees	(70)	271	(264)	(806)	(1 701)	(5 143)			8	6	(2 026)	(5 672)
Profit from repossessed operations			3	(34)	(6)	1			2	33		
Pre-tax operating profit	6 782	6 619	4 116	3 203	6 364	3 614	1 551	1 797	(388)	1 368	18 424	16 601
Taxes	(1 695)	(1 655)	(1 029)	(801)	(1 782)	(976)	(357)	(449)	625	228	(4 238)	(3 652)
Profit from operations held for sale, after taxes		(1)		(0)	3				2	(25)	2	(22)
Profit for the period	5 086	4 963	3 087	2 403	4 582	2 641	1 194	1 347	240	1 572	14 189	12 926

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	
	30 September 2017	2016	30 September 2017	2016	30 September 2017	2016	30 September 2017	2016	30 September 2017	2016	30 September 2017	2016
<i>Amounts in NOK billion</i>												
Loans to customers	738,1	701,2	282,3	262,7	476,3	505,7	30,9	22,1	(2,7)	(12,2)	1 524,9	1 479,5
Deposits from customers	405,0	399,2	206,0	178,2	375,3	365,5	69,9	18,3	(36,3)	(31,4)	1 019,9	929,8

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 and 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.

In the third quarter of 2017 NOK 754 million was recognised as Net gains on fixed and intangible assets and presented within the Other operations/eliminations following the establishment of Vipps AS and the agreement DNB entered into with 105 other Norwegian banks. DNB will have an ownership interest in the new legal entity (Vipps AS) of close to 52 per cent. However, due to the terms and conditions in the shareholder agreement, it has been decided to define Vipps AS as an associated company. DNB can only vote for 49.9 per cent at the General Meeting, and has only three of seven board members. In the future, Vipps AS will be consolidated in DNB according to the equity method.

Pre-tax operating profit

	DNB Bank Group	
	3rd quarter 2017	3rd quarter 2016
<i>Amounts in NOK million</i>		
Unallocated interest income	181	43
Income from equity investments	13	13
Gains on fixed and intangible assets	754	1
Mark-to-market adjustments on financial instruments	(410)	(322)
Basis swaps	(54)	(444)
Profit from associated companies	(17)	(0)
Net gains on investment properties	3	11
Profit from repossessed operations	(28)	1
Unallocated personnel expenses	(67)	(82)
Unallocated IT and Operations expenses	(27)	79
Other	(97)	3
Pre-tax operating profit	252	(696)

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. 2016	30 Sept. 2017	<i>Amounts in NOK million</i>	30 Sept. 2017	31 Dec. 2016
168 104	167 430	Total equity	184 000	190 078
		Effect from regulatory consolidation	(181)	(181)
(15 574)	(15 574)	Additional Tier 1 capital instruments included in total equity	(15 574)	(15 574)
(284)	(289)	Net accrued interest on additional Tier 1 capital instruments	(289)	(284)
152 246	151 567	Common equity Tier 1 capital instruments	167 956	174 039
		Deductions		
	(9)	Pension funds above pension commitments	(9)	
(2 900)	(2 894)	Goodwill	(2 949)	(2 951)
(224)	(224)	Deferred tax assets that are not due to temporary differences	(599)	(482)
(699)	(771)	Other intangible assets	(1 584)	(946)
		Group contribution, payable		(5 084)
(6)	(594)	Expected losses exceeding actual losses, IRB portfolios	(799)	(153)
(479)	(415)	Value adjustment due to the requirements for prudent valuation (AVA)	(743)	(786)
107	107	Adjustments for unrealised losses/(gains) on debt recorded at fair value	(90)	(90)
(580)	(501)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(122)	(159)
147 467	146 268	Common equity Tier 1 capital	161 062	163 388
	151 465	Common equity Tier 1 capital incl. 50 per cent of profit for the period	167 672	
17 471	15 574	Additional Tier 1 capital instruments	15 574	17 471
164 938	161 842	Tier 1 capital	176 636	180 860
	167 039	Tier 1 capital incl. 50 per cent of profit for the period	183 246	
5 602	5 216	Perpetual subordinated loan capital	5 216	5 602
21 249	23 123	Term subordinated loan capital	23 123	21 249
26 851	28 339	Tier 2 capital	28 339	26 851
191 789	190 181	Total eligible capital	204 975	207 711
	195 378	Total eligible capital incl. 50 per cent of profit for the period	211 585	
773 244	823 223	Risk-weighted volume, transitional rules	1 027 408	1 040 888
61 860	65 858	Minimum capital requirement, transitional rules	82 193	83 271
19.1	18.4	Common equity Tier 1 capital ratio, transitional rules (%)	16.3	15.7
21.3	20.3	Tier 1 capital ratio, transitional rules (%)	17.8	17.4
24.8	23.7	Capital ratio, transitional rules (%)	20.6	20.0
	17.8	Common equity Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	15.7	
	19.7	Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	17.2	
	23.1	Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	20.0	

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.

Specification of risk-weighted volume and capital requirements

	DNB Bank ASA					
	Nominal exposure 30 Sept. 2017	EAD ¹⁾ 30 Sept. 2017	Average risk weights in per cent 30 Sept. 2017	Risk-weighted volume 30 Sept. 2017	Capital requirements 30 Sept. 2017	Capital requirements 31 Dec. 2016
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	715 027	582 241	56.0	326 265	26 101	23 407
Specialised lending (SL)	10 945	10 276	50.0	5 141	411	311
Retail - mortgages	95 314	95 314	24.3	23 182	1 855	1 593
Retail - other exposures	97 733	83 653	25.9	21 626	1 730	1 901
Securitisation	9 738	9 738	86.1	8 382	671	937
Total credit risk, IRB approach	928 757	781 223	49.2	384 597	30 768	28 149
Standardised approach						
Central government	53 990	56 543	0.1	60	5	6
Institutions	539 431	360 952	25.6	92 393	7 391	6 194
Corporate	112 018	84 142	93.3	78 478	6 278	6 009
Retail - mortgages	7 978	7 460	39.2	2 927	234	210
Retail - other exposures	113 144	37 304	74.5	27 807	2 225	2 018
Equity positions	122 220	122 220	100.2	122 452	9 796	9 639
Other assets	9 814	9 814	85.6	8 399	672	820
Total credit risk, standardised approach	958 594	678 435	49.0	332 516	26 601	24 896
Total credit risk	1 887 352	1 459 658	49.1	717 113	57 369	53 045
Market risk						
Position risk, debt instruments				20 684	1 655	1 855
Position risk, equity instruments				300	24	25
Currency risk						
Commodity risk				21	2	6
Credit value adjustment risk (CVA)				10 672	854	974
Total market risk				31 677	2 534	2 860
Operational risk				74 433	5 955	5 955
Total risk-weighted volume and capital requirements before transitional rules				823 223	65 858	61 860
Additional capital requirements according to transitional rules						
Total risk-weighted volume and capital requirements				823 223	65 858	61 860

1) EAD, exposure at default.

Note 3 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements

	DNB Bank Group					
	Nominal exposure	EAD ¹⁾	Average risk weights	Risk-weighted volume	Capital requirements	Capital requirements
<i>Amounts in NOK million</i>	30 Sept. 2017	30 Sept. 2017	in per cent 30 Sept. 2017	30 Sept. 2017	30 Sept. 2017	31 Dec. 2016
IRB approach						
Corporate	973 975	799 519	57.0	455 482	36 439	32 619
Specialised Lending (SL)	11 902	11 233	51.3	5 765	461	356
Retail - mortgages	739 683	739 683	21.9	162 193	12 975	12 465
Retail - other exposures	97 733	83 653	25.9	21 626	1 730	1 901
Securitisation	9 738	9 738	86.1	8 382	671	937
Total credit risk, IRB approach	1 833 031	1 643 827	39.8	653 448	52 276	48 279
Standardised approach						
Central government	74 719	78 694	0.1	61	5	7
Institutions	269 112	128 965	29.6	38 141	3 051	2 243
Corporate	176 497	138 552	86.5	119 846	9 588	8 799
Retail - mortgages	57 287	54 681	44.3	24 238	1 939	1 805
Retail - other exposures	129 798	50 881	75.2	38 250	3 060	2 939
Equity positions	8 030	8 029	110.8	8 892	711	703
Securitisation	1 049	449	61.7	277	22	41
Other assets	13 143	13 143	68.7	9 030	722	859
Total credit risk, standardised approach	729 635	473 394	50.4	238 735	19 099	17 395
Total credit risk	2 562 667	2 117 221	42.1	892 182	71 375	65 674
Market risk						
Position risk, debt instruments				11 965	957	1 169
Position risk, equity instruments				301	24	25
Currency risk						
Commodity risk				21	2	6
Credit value adjustment risk (CVA)				5 414	433	493
Total market risk				17 701	1 416	1 692
Operational risk				83 440	6 675	6 675
Total risk-weighted volume and capital requirements before transitional rules				993 324	79 466	74 042
Additional capital requirements according to transitional rules ²⁾				34 084	2 727	9 229
Total risk-weighted volume and capital requirements				1 027 408	82 193	83 271

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 volume of short-term 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 deposits-to-loans ratio is a key figure in liquidity risk management, and in order to avoid an increasing strain on funding from capital markets over time, the overall ambition is to retain a minimum deposits-to-loans ratio of 60 per cent. The banking group's ratio of deposits to net loans was 66.9 per cent at end-September 2017, up from 62.8 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 137.5 per cent at end-September 2017.

The short-term funding markets were sound in the third quarter of 2017. Due to low European interest rates, investors still showed limited interest, apart from in the United Kingdom, where there was an increasing level of activity as interest rates climbed upwards. In the US, expectations of a rate hike ensured continued strong interest in short maturities of less than one month and for floating rate commercial paper in the six to twelve-month range. Maturities of more than four months on short-term funding are still priced somewhat higher than earlier. In light of its sound liquidity situation, DNB is trying not to be price-leading. DNB had ample access to short-term funding throughout the quarter.

There was a sound increase in the level of activity in the long-term funding markets in the third quarter. There was brisk issue activity in the euro market, with several issues of both ordinary senior bonds, covered bonds and so-called non-preferred senior bonds, which are included in the banks' minimum requirement for own funds and eligible liabilities, MREL. The European Central Bank, ECB, still dominated the covered bond market and has not yet announced a possible reduction in its ongoing targeted longer-term refinancing operations, TLTRO. The level of activity in the US dollar market was somewhat lower than in the third quarter of 2016, but significantly higher than in the second quarter of 2017. In addition, there were extensive issues of ordinary senior bonds in the market. Prices of all types of instruments, including subordinated loans, declined further in the third quarter.

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 118 per cent, with an LCR of 247 per cent for EUR, 112 per cent for USD and 87 per cent for NOK.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.1 years at end-September 2017, up from 3.9 years 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 2017	3rd quarter 2016	January-September 2017 2016		Full year 2016
Interest on amounts due from credit institutions	1 377	950	3 895	2 712	3 879
Interest on loans to customers	5 917	5 872	17 759	17 526	23 387
Interest on impaired loans and guarantees	235	179	621	431	622
Interest on commercial paper and bonds	974	1 183	3 311	3 439	4 630
Front-end fees etc.	68	63	215	194	260
Other interest income	746	425	1 989	1 690	2 385
Total interest income	9 317	8 671	27 790	25 991	35 163
Interest on amounts due to credit institutions	(814)	(435)	(2 224)	(1 244)	(2 138)
Interest on deposits from customers	(1 842)	(1 594)	(5 327)	(4 775)	(6 373)
Interest on debt securities issued	(884)	(905)	(2 784)	(2 767)	(3 683)
Interest on subordinated loan capital	(104)	(131)	(342)	(398)	(529)
Guarantee fund levy ¹⁾	(143)	(159)	(436)	(477)	(638)
Other interest expenses ²⁾	517	458	1 558	1 394	1 804
Total interest expenses	(3 270)	(2 764)	(9 554)	(8 267)	(11 555)
Net interest income	6 047	5 907	18 236	17 725	23 608

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2017	3rd quarter 2016	January-September 2017 2016		Full year 2016
Interest on amounts due from credit institutions	767	302	1 945	908	1 339
Interest on loans to customers	11 353	11 221	33 957	33 607	44 735
Interest on impaired loans and guarantees	329	245	887	594	911
Interest on commercial paper and bonds	944	1 183	3 220	3 405	4 578
Front-end fees etc.	76	69	233	213	294
Other interest income	315	88	737	752	1 029
Total interest income	13 783	13 107	40 979	39 478	52 887
Interest on amounts due to credit institutions	(655)	(325)	(1 754)	(942)	(1 705)
Interest on deposits from customers	(1 941)	(1 689)	(5 627)	(5 024)	(6 703)
Interest on debt securities issued	(2 700)	(3 055)	(8 344)	(9 452)	(12 385)
Interest on subordinated loan capital	(105)	(132)	(345)	(401)	(532)
Guarantee fund levy ¹⁾	(173)	(187)	(524)	(567)	(768)
Other interest expenses ²⁾	928	874	2 540	2 928	3 722
Total interest expenses	(4 646)	(4 513)	(14 055)	(13 458)	(18 369)
Net interest income	9 137	8 594	26 924	26 020	34 517

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 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016
Money transfers	988	924	2 792	2 655	3 451
Asset management services	94	84	271	247	342
Custodial services	76	75	267	241	319
Securities broking	158	126	519	386	573
Corporate finance	127	79	406	298	575
Interbank fees	6	7	15	18	23
Credit broking	72	79	327	352	494
Sale of insurance products	96	93	296	278	372
Other commissions and fees	199	145	533	414	589
Total commission and fee income	1 816	1 611	5 427	4 890	6 739
Money transfers	(552)	(452)	(1 562)	(1 309)	(1 754)
Asset management services	(3)		(8)		(15)
Custodial services	(33)	(68)	(126)	(130)	(170)
Securities broking	(36)	(15)	(107)	(133)	(173)
Corporate finance	(12)	(12)	(90)	(54)	(73)
Interbank fees	(12)	(14)	(36)	(43)	(57)
Credit broking	(14)	(20)	(51)	(65)	(87)
Sale of insurance products	(30)	(31)	(87)	(87)	(114)
Other commissions and fees	(133)	(101)	(361)	(338)	(481)
Total commission and fee expenses	(826)	(714)	(2 428)	(2 159)	(2 924)
Net commission and fee income	990	898	3 000	2 731	3 815

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016
Money transfers	1 067	994	3 023	2 862	3 731
Asset management services	110	99	315	287	406
Custodial services	83	82	284	259	344
Securities broking	227	137	601	416	616
Corporate finance	164	124	571	429	767
Interbank fees	6	7	15	18	23
Credit broking	79	108	328	382	491
Sales of insurance products	103	99	317	297	397
Real estate broking	277	273	900	861	1 121
Other commissions and fees	242	180	648	517	732
Total commission and fee income	2 357	2 103	7 002	6 328	8 628
Money transfers	(563)	(464)	(1 592)	(1 340)	(1 795)
Asset management services	(3)		(8)		(15)
Custodial services	(33)	(68)	(128)	(132)	(172)
Securities broking	(38)	(17)	(110)	(136)	(176)
Corporate finance	(12)	(12)	(90)	(54)	(73)
Interbank fees	(12)	(14)	(36)	(43)	(57)
Credit broking	(4)	(9)	(11)	(23)	(26)
Sale of insurance products	(30)	(31)	(87)	(87)	(114)
Other commissions and fees	(158)	(123)	(430)	(400)	(567)
Total commission and fee expenses	(853)	(738)	(2 491)	(2 214)	(2 994)
Net commission and fee income	1 503	1 364	4 511	4 114	5 634

Note 7 Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2017	3rd quarter 2016	January-September		Full year
			2017	2016	2016
Dividends	11	4	76	93	124
Net gains on commercial paper and bonds	(137)	(864)	(75)	285	(1 680)
Net gains on shareholdings and equity-related derivatives	7	310	32	1 116	1 201
Net unrealised gains on basis swaps	22	136	420	136	649
Net gains on other financial instruments	1 250	2 693	3 742	4 513	8 541
Net gains on financial instruments at fair value	1 152	2 279	4 195	6 142	8 834

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2017	3rd quarter 2016	January-September		Full year
			2017	2016	2016
Dividends	13	13	79	102	133
Net gains on commercial paper and bonds	(143)	(900)	(88)	141	(1 815)
Net gains on shareholdings and equity-related derivatives	46	313	91	277	361
Net unrealised gains on basis swaps	(54)	(444)	(734)	171	(542)
Net gains on other financial instruments	1 193	2 429	3 476	4 112	8 368
Net gains on financial instruments at fair value	1 056	1 411	2 824	4 803	6 506

Note 8 Operating expenses

	DNB Bank ASA				
<i>Amounts in NOK million</i>	3rd quarter 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016
Salaries	(1 625)	(1 581)	(4 704)	(4 644)	(6 138)
Employer's national insurance contributions	(301)	(228)	(902)	(687)	(968)
Pension expenses	(278)	(272)	(826)	(805)	(872)
Restructuring expenses	(25)	(21)	(261)	(477)	(656)
Other personnel expenses	(161)	(152)	(477)	(455)	(614)
Total salaries and other personnel expenses	(2 390)	(2 254)	(7 170)	(7 067)	(9 248)
Fees ¹⁾	(408)	(345)	(1 316)	(987)	(1 474)
IT expenses ¹⁾	(502)	(488)	(1 529)	(1 494)	(1 886)
Postage and telecommunications	(37)	(41)	(115)	(132)	(179)
Office supplies	(6)	(5)	(19)	(18)	(25)
Marketing and public relations	(101)	(110)	(410)	(399)	(567)
Travel expenses	(39)	(33)	(123)	(108)	(173)
Reimbursement to Norway Post for transactions executed	(49)	(49)	(147)	(151)	(198)
Training expenses	(11)	(6)	(38)	(30)	(49)
Operating expenses on properties and premises	(278)	(277)	(826)	(848)	(1 112)
Operating expenses on machinery, vehicles and office equipment	(17)	(11)	(46)	(46)	(63)
Other operating expenses	(134)	(55)	(485)	(290)	(391)
Total other expenses	(1 581)	(1 420)	(5 054)	(4 503)	(6 118)
Depreciation and impairment of fixed and intangible assets	(460)	(406)	(1 351)	(1 429)	(2 050)
Total depreciation and impairment of fixed and intangible assets	(460)	(406)	(1 351)	(1 429)	(2 050)
Total operating expenses	(4 431)	(4 080)	(13 575)	(12 999)	(17 417)

	DNB Bank Group				
<i>Amounts in NOK million</i>	3rd quarter 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016
Salaries	(2 013)	(1 934)	(5 887)	(5 758)	(7 622)
Employer's national insurance contributions	(361)	(279)	(1 076)	(852)	(1 190)
Pension expenses	(305)	(300)	(908)	(884)	(968)
Restructuring expenses	(31)	(21)	(267)	(502)	(693)
Other personnel expenses	(191)	(177)	(554)	(538)	(733)
Total salaries and other personnel expenses	(2 901)	(2 711)	(8 692)	(8 534)	(11 206)
Fees ¹⁾	(435)	(372)	(1 388)	(1 069)	(1 575)
IT expenses ¹⁾	(549)	(540)	(1 665)	(1 652)	(2 087)
Postage and telecommunications	(46)	(52)	(147)	(166)	(222)
Office supplies	(17)	(18)	(51)	(54)	(74)
Marketing and public relations	(160)	(170)	(611)	(592)	(804)
Travel expenses	(52)	(43)	(164)	(144)	(225)
Reimbursement to Norway Post for transactions executed	(49)	(49)	(147)	(151)	(198)
Training expenses	(14)	(9)	(48)	(38)	(61)
Operating expenses on properties and premises	(319)	(315)	(960)	(970)	(1 285)
Operating expenses on machinery, vehicles and office equipment	(23)	(18)	(65)	(69)	(92)
Other operating expenses	(261)	(87)	(649)	(459)	(585)
Total other expenses	(1 925)	(1 671)	(5 894)	(5 365)	(7 207)
Depreciation and impairment of fixed and intangible assets	(500)	(462)	(1 461)	(1 610)	(2 103)
Total depreciation and impairment of fixed and intangible assets	(500)	(462)	(1 461)	(1 610)	(2 103)
Total operating expenses	(5 325)	(4 844)	(16 048)	(15 509)	(20 516)

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

Note 9 Impairment of loans and guarantees

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2017	3rd quarter 2016	January-September		Full year
			2017	2016	2016
Write-offs	(221)	(69)	(560)	(516)	(873)
New/increased individual impairment	(820)	(1 253)	(2 366)	(3 302)	(4 260)
Total new/increased individual impairment	(1 040)	(1 322)	(2 925)	(3 817)	(5 133)
Reassessed individual impairment previous years	195	31	1 523	526	614
Recoveries on loans and guarantees previously written off	39	66	108	761	957
Net individual impairment	(806)	(1 226)	(1 294)	(2 530)	(3 562)
Change in collective impairment of loans	102	(292)	232	(1 105)	(1 117)
Impairment of loans and guarantees ¹⁾	(704)	(1 517)	(1 063)	(3 636)	(4 679)
Write-offs covered by individual impairment made in previous years	400	206	1 483	1 025	1 278
1) <i>Of which individual impairment of guarantees</i>	(27)	(147)	(43)	(241)	(346)

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2017	3rd quarter 2016	January-September		Full year
			2017	2016	2016
Write-offs	(503)	(103)	(872)	(904)	(1 359)
New/increased individual impairment	(839)	(1 663)	(3 244)	(4 391)	(5 910)
Total new/increased individual impairment	(1 343)	(1 767)	(4 116)	(5 295)	(7 269)
Reassessed individual impairment previous years	306	113	1 912	813	990
Recoveries on loans and guarantees previously written off	52	74	201	782	999
Net individual impairment	(985)	(1 580)	(2 003)	(3 700)	(5 280)
Change in collective impairment of loans	118	(596)	(24)	(1 971)	(2 144)
Impairment of loans and guarantees ¹⁾	(867)	(2 176)	(2 026)	(5 672)	(7 424)
Write-offs covered by individual impairment made in previous years	864	464	2 470	1 954	2 803
1) <i>Of which individual impairment of guarantees</i>	(26)	(147)	(43)	(239)	(344)

Note 10 Loans to customers

DNB Bank ASA				DNB Bank Group		
30 Sept. 2016	31 Dec. 2016	30 Sept. 2017		30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
			<i>Amounts in NOK million</i>			
Loans at amortised cost						
639 921	639 628	669 439	Loans to customers, nominal amount	1 427 901	1 391 602	1 381 975
(5 982)	(6 646)	(6 154)	Individual impairment	(7 948)	(8 566)	(7 683)
633 940	632 982	663 286	Loans to customers, after individual impairment	1 419 953	1 383 036	1 374 292
1 305	1 214	1 238	Accrued interest and amortisation	1 791	1 791	2 022
(425)	(374)	(390)	Individual impairment of accrued interest and amortisation	(483)	(494)	(562)
(2 769)	(2 787)	(2 531)	Collective impairment	(4 389)	(4 481)	(4 205)
632 051	631 034	661 603	Loans to customers, at amortised cost	1 416 871	1 379 852	1 371 547
Loans at fair value						
49 215	58 937	61 812	Loans to customers, nominal amount	107 150	111 742	106 711
53	63	45	Accrued interest	116	151	151
84	26	65	Adjustment to fair value	718	523	1 121
49 352	59 026	61 923	Loans to customers, at fair value	107 984	112 416	107 982
681 403	690 060	723 526	Loans to customers ^{*)}	1 524 855	1 492 268	1 479 529
21 771	29 466	30 617	*) Of which repo trading volumes	30 617	29 466	21 771

1) Loans to customers in the Baltics were reclassified as assets held for sale in August 2016, and amounted to NOK 48 068 million at end-September 2017.

Note 11 Net impaired loans and guarantees for principal customer groups

DNB Bank ASA				DNB Bank Group		
30 Sept. 2016	31 Dec. 2016	30 Sept. 2017		30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
			<i>Amounts in NOK million</i>			
1 226	1 074	1 290	Private individuals	2 348	2 281	2 463
1 414	2 081	1 223	Transportation by sea and pipelines and vessel construction	1 749	2 748	2 185
1 074	1 223	658	Real estate	1 221	1 826	1 710
2 284	2 405	958	Manufacturing	1 729	3 986	3 749
614	771	355	Services	393	797	645
415	728	357	Trade	412	790	486
3 109	3 625	2 853	Oil and gas	2 853	3 625	3 478
3 342	2 138	1 483	Transportation and communication	2 290	3 905	3 426
983	691	441	Building and construction	494	749	1 051
10	10	744	Power and water supply	1 383	386	105
10	44	17	Seafood	17	44	10
27	27	22	Hotels and restaurants	47	61	60
38	22	42	Agriculture and forestry	96	107	153
0	0		Central and local government		0	0
10	4	2	Other sectors	17	19	25
14 554	14 843	10 446	Total customers	15 050	21 323	19 546
Credit institutions						
14 554	14 843	10 446	Total net impaired loans and guarantees	15 050	21 323	19 546
1 040	1 953	2 780	Non-performing loans and guarantees not subject to impairment	4 103	4 320	3 034
15 594	16 796	13 227	Total net non-performing and doubtful loans and guarantees	19 153	25 644	22 580

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.

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 1 880 million at end-September 2017.

Note 12 Fair value of financial instruments at amortised cost

<i>Amounts in NOK million</i>	DNB Bank ASA			
	30 September 2017		30 September 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	9 218	9 218	2 755	2 755
Due from credit institutions	213 163	213 163	190 591	190 591
Loans to customers	661 603	665 898	632 051	635 007
Commercial paper and bonds, held to maturity	9 738	9 585	13 185	12 786
Total financial assets	893 722	897 865	838 582	841 139
Due to credit institutions	46 563	46 563	31 197	31 197
Deposits from customers	933 380	933 380	862 482	862 482
Securities issued ¹⁾	138 632	142 198	166 099	168 111
Subordinated loan capital ¹⁾	25 677	25 399	26 951	26 962
Total financial liabilities	1 144 252	1 147 540	1 086 729	1 088 753

<i>Amounts in NOK million</i>	DNB Bank Group			
	30 September 2017		30 September 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	9 873	9 873	3 125	3 125
Due from credit institutions	19 190	19 190	15 564	15 564
Loans to customers	1 416 871	1 421 959	1 371 547	1 374 954
Commercial paper and bonds, held to maturity	9 738	9 585	13 185	12 786
Total financial assets	1 455 672	1 460 607	1 403 420	1 406 428
Due to credit institutions	39 526	39 526	26 867	26 867
Deposits from customers	958 608	958 608	884 267	884 267
Securities issued ¹⁾	488 668	497 613	542 416	548 611
Subordinated loan capital ¹⁾	25 677	25 399	26 951	26 962
Total financial liabilities	1 512 480	1 521 146	1 480 501	1 486 707

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 2017				
Deposits with central banks		315 969		315 969
Due from credit institutions		305 511		305 511
Loans to customers		48 752	13 171	61 923
Commercial paper and bonds at fair value	43 448	149 982	416	193 845
Shareholdings	5 132	254	536	5 922
Financial derivatives	131	143 583	1 236	144 949
Liabilities as at 30 September 2017				
Due to credit institutions		296 261		296 261
Deposits from customers		61 287		61 287
Debt securities issued		193 533		193 533
Subordinated loan capital		2 876		2 876
Financial derivatives	150	162 438	975	163 563
Other financial liabilities ¹⁾	4 020	61		4 081

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

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 2017				
Deposits with central banks		315 969		315 969
Due from credit institutions		135 492		135 492
Loans to customers		48 752	59 232	107 984
Commercial paper and bonds at fair value	48 709	140 261	416	189 386
Shareholdings	6 009	260	599	6 867
Financial derivatives	131	128 978	1 236	130 345
Liabilities as at 30 September 2017				
Due to credit institutions		206 531		206 531
Deposits from customers		61 287		61 287
Debt securities issued		269 335		269 335
Subordinated loan capital		2 876		2 876
Financial derivatives	150	107 018	975	108 143
Other financial liabilities ¹⁾	4 020	61		4 081

<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

1) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2016.

Note 13 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

DNB Bank ASA

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2016	16 052	375	799	1 319	1 062
Net gains recognised in the income statement	29	(33)	27	(161)	(121)
Additions/purchases	1 747	264	53	570	490
Sales	(925)	(248)	(263)		
Settled	(3 732)			(481)	(466)
Transferred from level 1 or level 2		81			
Transferred to level 1 or level 2		(25)	(80)		
Other		2		(11)	9
Carrying amount as at 30 September 2017	13 171	416	536	1 236	975

Financial instruments at fair value, level 3

DNB Bank Group

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2016	69 442	375	946	1 319	1 062
Net gains recognised in the income statement	168	(33)	51	(161)	(121)
Additions/purchases	4 264	264	53	570	490
Sales		(248)	(372)		
Settled	(14 642)	0		(481)	(466)
Transferred from level 1 or level 2		81			
Transferred to level 1 or level 2		(25)	(80)		
Other		2		(11)	9
Carrying amount as at 30 September 2017	59 232	416	599	1 236	975

Note 13 Financial instruments at fair value (continued)

DNB Bank ASA			Breakdown of fair value, level 3		DNB Bank Group		
30 Sept. 2017					30 Sept. 2017		
Share- holdings	Commercial paper and bonds	Loans to customers	<i>Amounts in NOK million</i>		Loans to customers	Commercial paper and bonds	Share- holdings
485	441	13 074	Principal amount/purchase price		58 412	441	503
51	(25)	63	Fair value adjustment ¹⁾		716	(25)	96
		34	Accrued interest		104		
536	416	13 171	Carrying amount		59 232	416	599

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	
				<i>Amounts in NOK million</i>				
Total	Other	Private Equity (PE) funds	Unquoted equities	Unquoted equities	Private Equity (PE) funds	Other	Total	
536	19	209	308	Carrying amount as at 30 September 2017			371	209
						19	599	

DNB Bank ASA			Sensitivity analysis, level 3		DNB Bank Group	
Effect of reasonably possible alternative assumptions			<i>Amounts in NOK million</i>		Effect of reasonably possible alternative assumptions	
			Carrying amount 30 Sept. 2017		Carrying amount 30 Sept. 2017	
(25)	13 171		Loans to customers		59 232	
(2)	416		Commercial paper and bonds		416	
	536		Shareholdings		599	
	261		Financial derivatives, net		261	

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

Level 3 bonds mainly represent investments in Norwegian industries and power companies. 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. 2016	31 Dec. 2016	30 Sept. 2017		30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
13 185	12 760	9 738	<i>Amounts in NOK million</i>			
			International bond portfolio	9 738	12 760	13 185
13 185	12 760	9 738	Commercial paper and bonds, held to maturity	9 738	12 760	13 185

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". In the period following the reclassification some additional investments were classified as held-to-maturity. 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 2017 was NOK 0.2 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 8.3 billion at end-September 2017. The average term to maturity of the portfolio was 5.0 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 4.0 million at end-September 2017.

Effects on profits of the reclassification

	DNB Bank Group				
<i>Amounts in NOK million</i>	3rd quarter 2017	3rd quarter 2016	January-September 2017	January-September 2016	Full year 2016
Recorded amortisation effect	19	31	87	65	84
Net gain, if valued at fair value	65	319	282	383	448
Effects of reclassification on profits	(46)	(288)	(195)	(317)	(364)

Effects on the balance sheet of the reclassification

	DNB Bank Group		
<i>Amounts in NOK million</i>	30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
Recorded unrealised losses	231	318	337
Unrealised losses, if valued at fair value	383	665	730
Effects of reclassification on the balance sheet	152	347	394

Development in the portfolio after the reclassification

	DNB Bank Group		
<i>Amounts in NOK million</i>	30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
Reclassified portfolio, carrying amount	8 275	10 414	10 712
Reclassified portfolio, if valued at fair value	8 123	10 067	10 319
Effects of reclassification on the balance sheet	152	347	394

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 was closed on 1 October 2017. DNB's ownership interest in Luminor Group AB of approximately 44 per cent will be consolidated by the equity method with effect from 1 October 2017.

At end-September 2017 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.

The table below shows consolidated balance sheet amounts reclassified as assets and liabilities held for sale.

	DNB Baltics
	30 Sept. 2017
<i>Amounts in NOK million</i>	
Assets	
Cash and deposits with central banks	11 432
Due from credit institutions	5 733
Loans to customers	48 068
Commercial paper and bonds at fair value	1 581
Shareholdings	470
Financial derivatives	68
Investment properties	406
Intangible assets	63
Deferred tax assets	110
Fixed assets	385
Other assets	2 001
Total assets	70 318
Liabilities	
Due to credit institutions	4 347
Deposits from customers	38 260
Financial derivatives	163
Payable taxes	29
Other liabilities	8 191
Provisions	3
Total liabilities	50 993

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	Issued	Matured/ redeemed	Exchange rate movements	Other adjustments	Balance sheet
	30 Sept. 2017					31 Dec. 2016
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	182 764	1 363 065	(1 327 338)	(6 379)		153 415
Bond debt, nominal amount	141 500	2 762	(35 592)	962		173 368
Adjustments	7 901				(2 257)	10 158
Total debt securities issued	332 165	1 365 828	(1 362 930)	(5 417)	(2 257)	336 941

Debt securities issued	DNB Bank ASA					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other adjustments	Balance sheet
	30 Sept. 2016					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 Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other adjustments	Balance sheet
	30 Sept. 2017					31 Dec. 2016
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	182 764	1 363 065	(1 327 338)	(6 379)		153 415
Bond debt, nominal amount ¹⁾	550 035	48 051	(87 421)	7 958		581 447
Adjustments	25 204				(7 684)	32 888
Total debt securities issued	758 003	1 411 117	(1 414 759)	1 579	(7 684)	767 750

Debt securities issued	DNB Bank Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other adjustments	Balance sheet
	30 Sept. 2016					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

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 418.1 billion as at 30 September 2017. The market value of the cover pool represented NOK 616.0 billion.

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

	Subordinated loan capital and perpetual subordinated loan capital securities						DNB Bank ASA
	Balance sheet 30 Sept. 2017	Issued 2017	Matured/ redeemed 2017	Exchange rate movements 2017	Other adjustments 2017	Balance sheet 31 Dec. 2016	
<i>Amounts in NOK million</i>							
Term subordinated loan capital, nominal amount	23 123	10 106	(6 812)	414		19 415	
Perpetual subordinated loan capital, nominal amount	5 216			(386)		5 602	
Perpetual subordinated loan capital securities, nominal amount			(3 732)			3 732	
Adjustments	215				(384)	599	
Total subordinated loan capital and perpetual subordinated loan capital securities	28 554	10 106	(10 544)	28	(384)	29 347	

	Subordinated loan capital and perpetual subordinated loan capital securities						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>							
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	

	Subordinated loan capital and perpetual subordinated loan capital securities						DNB Bank Group
	Balance sheet 30 Sept. 2017	Issued 2017	Matured/ redeemed 2017	Exchange rate movements 2017	Other adjustments 2017	Balance sheet 31 Dec. 2016	
<i>Amounts in NOK million</i>							
Term subordinated loan capital, nominal amount	23 123	10 106	(6 812)	414		19 415	
Perpetual subordinated loan capital, nominal amount	5 216			(386)		5 602	
Perpetual subordinated loan capital securities, nominal amount			(3 732)			3 732	
Adjustments	215				(384)	599	
Total subordinated loan capital and perpetual subordinated loan capital securities	28 554	10 106	(10 544)	28	(384)	29 347	

	Subordinated loan capital and perpetual subordinated loan capital securities						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>							
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	

Note 17 Information on related parties

DNB Boligkreditt AS

In the first three quarters of 2017, portfolios representing NOK 9.9 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 2017 the bank had invested NOK 9.9 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 748 million at end-September 2017 (NOK 1 907 million in 2016).

In the first three quarters of 2017 DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 6.2 billion at end-September 2017.

The company has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 190 billion.

DNB Næringskreditt AS

At end-September 2017, loans with a total value of NOK 1.9 billion had been transferred from the bank to DNB Næringskreditt in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Næringskreditt AS".

The management fee paid to the bank for purchased services amounted to NOK 71 million at end-September 2017 (NOK 55 million in 2016).

At end-September 2017 DNB Næringskreditt entered into reverse repurchase agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 108 million at end-September 2017.

The company has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 30 billion.

DNB Livsforsikring AS

At end-September 2017 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 1.9 billion.

During the first three quarters of the year, home mortgages for a total of just over NOK 1 billion were sold from DNB Livsforsikring AS to DNB Bank ASA.

Note 18 Off-balance sheet transactions

DNB Bank ASA			Off-balance sheet transactions and additional information	DNB Bank Group		
30 Sept. 2016	31 Dec. 2016	30 Sept. 2017		30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
			<i>Amounts in NOK million</i>			
29 048	29 930	25 545	Performance guarantees	26 734	30 900	29 933
33 931	32 547	31 712	Payment guarantees	33 567	34 472	35 399
16 293	17 979	17 881	Loan guarantees	17 796	17 898	16 212
6 538	6 535	5 930	Guarantees for taxes etc.	5 954	6 557	6 558
2 219	2 213	2 278	Other guarantee commitments	2 819	2 714	2 696
88 029	89 205	83 346	Total guarantee commitments	86 871	92 541	90 799
			Support agreements	6 097	6 106	11 096
88 029	89 205	83 346	Total guarantee commitments etc. ^{*)}	92 968	98 647	101 894
461 908	479 792	472 625	Unutilised credit lines and loan offers	598 135	606 122	606 076
3 024	3 861	3 542	Documentary credit commitments	3 613	3 948	3 165
			Other commitments	229	37	101
464 933	483 653	476 167	Total commitments	601 977	610 107	609 342
552 961	572 858	559 513	Total guarantee and off-balance commitments	694 945	708 754	711 237
9 446	9 322	7 900	Pledged securities			
			<i>*) Of which counter-guaranteed by financial institutions</i>	302	326	290

Profit and balance sheet trends

Income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2017	2nd quarter 2017	1st quarter 2017	4th quarter 2016	3rd quarter 2016
Total interest income	9 317	9 303	9 170	9 171	8 671
Total interest expenses	(3 270)	(3 089)	(3 194)	(3 288)	(2 764)
Net interest income	6 047	6 214	5 975	5 883	5 907
Commission and fee income	1 816	1 844	1 767	1 849	1 611
Commission and expenses	(826)	(797)	(804)	(765)	(714)
Net gains on financial instruments at fair value	1 152	1 283	1 760	2 692	2 279
Other income	949	1 201	600	2 394	977
Net other operating income	3 092	3 531	3 323	6 170	4 153
Total income	9 138	9 745	9 298	12 053	10 060
Salaries and other personnel expenses	(2 390)	(2 385)	(2 394)	(2 182)	(2 254)
Other expenses	(1 581)	(1 842)	(1 630)	(1 615)	(1 420)
Depreciation and impairment of fixed and intangible assets	(460)	(436)	(455)	(621)	(406)
Total operating expenses	(4 431)	(4 664)	(4 480)	(4 418)	(4 080)
Pre-tax operating profit before impairment	4 707	5 081	4 818	7 635	5 980
Net gains on fixed and intangible assets	753	16	0	6	7
Impairment of loans and guarantees	(704)	(368)	9	(1 044)	(1 517)
Pre-tax operating profit	4 756	4 729	4 828	6 598	4 470
Tax expense	(1 094)	(1 088)	(1 110)	(2 192)	(1 010)
Profit for the period	3 662	3 641	3 717	4 406	3 460
Portion attributable to shareholders of DNB Bank ASA	3 445	3 404	3 478	4 169	3 332
Portion attributable to additional Tier 1 capital holders	218	238	240	238	128
Profit for the period	3 662	3 641	3 717	4 406	3 460

Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2017	2nd quarter 2017	1st quarter 2017	4th quarter 2016	3rd quarter 2016
Profit for the period	3 662	3 641	3 717	4 406	3 460
Actuarial gains and losses				(22)	(106)
Items that will not be reclassified to the income statement				(22)	(106)
Currency translation of foreign operations	(14)	21	4	19	(48)
Items that may subsequently be reclassified to the income statement	(14)	21	4	19	(48)
Other comprehensive income for the period (net of tax)	(14)	21	4	(3)	(153)
Comprehensive income for the period	3 648	3 662	3 722	4 403	3 306

Profit and balance sheet trends (continued)

Balance sheet

	DNB Bank ASA				
<i>Amounts in NOK million</i>	30 Sept. 2017	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016
Assets					
Cash and deposits with central banks	325 187	265 185	368 104	207 934	174 843
Due from credit institutions	518 673	524 843	558 072	549 093	550 748
Loans to customers	723 526	723 149	704 361	690 060	681 403
Commercial paper and bonds at fair value	193 845	196 952	227 668	223 360	213 441
Shareholdings	5 922	5 414	6 391	5 178	4 245
Financial derivatives	144 949	154 459	155 834	170 317	199 343
Commercial paper and bonds, held to maturity	9 738	10 518	11 940	12 760	13 185
Investments in associated companies	1 595	1 043	1 041	995	975
Investments in subsidiaries	119 775	122 258	121 570	118 233	115 207
Intangible assets	3 665	3 631	3 577	3 598	3 556
Deferred tax assets	1 873	1 893	1 875	1 882	6 331
Fixed assets	7 473	7 404	7 215	7 034	7 037
Other assets	16 274	13 057	18 060	13 462	15 659
Total assets	2 072 496	2 029 805	2 185 706	2 003 906	1 985 974
Liabilities and equity					
Due to credit institutions	342 824	320 580	407 776	338 731	321 327
Deposits from customers	994 667	993 185	1 000 337	920 664	907 972
Financial derivatives	163 563	176 415	165 769	181 794	205 520
Debt securities issued	332 165	311 202	376 523	336 941	332 229
Payable taxes	2 629	1 381	585	4	2 908
Deferred taxes	58	59	57	56	13
Other liabilities	25 806	18 104	30 347	23 893	20 985
Provisions	1 785	1 972	1 742	1 916	1 623
Pension commitments	2 687	2 627	2 540	2 454	2 669
Subordinated loan capital	28 554	29 426	28 795	29 347	28 202
Total liabilities	1 894 739	1 854 952	2 014 472	1 835 802	1 823 448
Share capital	18 256	18 314	18 314	18 314	18 314
Share premium	19 895	19 895	19 895	19 895	19 895
Additional Tier 1 capital	15 960	15 787	15 594	15 952	9 641
Other equity	123 646	120 857	117 430	113 942	114 675
Total equity	177 756	174 854	171 234	168 104	162 526
Total liabilities and equity	2 072 496	2 029 805	2 185 706	2 003 906	1 985 974

Profit and balance sheet trends (continued)

Income statement

Amounts in NOK million	DNB Bank Group				
	3rd quarter 2017	2nd quarter 2017	1st quarter 2017	4th quarter 2016	3rd quarter 2016
Total interest income	13 783	13 837	13 359	13 409	13 107
Total interest expenses	(4 646)	(4 692)	(4 717)	(4 911)	(4 513)
Net interest income	9 137	9 146	8 642	8 498	8 594
Commission and fee income	2 357	2 358	2 286	2 300	2 103
Commission and fee expenses	(853)	(819)	(819)	(780)	(738)
Net gains on financial instruments at fair value	1 056	958	811	1 703	1 411
Profit from investments accounted for by the equity method	(17)	23	(45)	(45)	(0)
Net gains on investment properties	(3)	(14)	14	(7)	(5)
Other income	523	527	457	377	518
Net other operating income	3 062	3 034	2 705	3 547	3 288
Total income	12 199	12 179	11 347	12 045	11 882
Salaries and other personnel expenses	(2 901)	(2 902)	(2 889)	(2 672)	(2 711)
Other expenses	(1 925)	(2 107)	(1 862)	(1 842)	(1 671)
Depreciation and impairment of fixed and intangible assets	(500)	(466)	(496)	(493)	(462)
Total operating expenses	(5 325)	(5 476)	(5 247)	(5 007)	(4 844)
Pre-tax operating profit before impairment	6 873	6 704	6 100	7 038	7 038
Net gains on fixed and intangible assets	750	17	6	(12)	20
Impairment of loans and guarantees	(867)	(597)	(562)	(1 753)	(2 176)
Pre-tax operating profit	6 756	6 124	5 544	5 273	4 881
Tax expense	(1 554)	(1 409)	(1 275)	(312)	(1 074)
Profit from operations held for sale, after taxes	33	(14)	(17)	26	1
Profit for the period	5 235	4 702	4 252	4 988	3 808
Portion attributable to shareholders of DNB Bank ASA	5 018	4 464	4 012	4 750	3 680
Portion attributable to additional Tier 1 capital holders	218	238	240	238	128
Profit for the period	5 235	4 702	4 252	4 988	3 808

Comprehensive income statement

Amounts in NOK million	DNB Bank Group				
	3rd quarter 2017	2nd quarter 2017	1st quarter 2017	4th quarter 2016	3rd quarter 2016
Profit for the period	5 235	4 702	4 252	4 988	3 808
Actuarial gains and losses				(35)	(106)
Items that will not be reclassified to the income statement				(35)	(106)
Currency translation of foreign operations ¹⁾	(2 974)	892	530	3 561	(4 320)
Currency translation reserve reclassified to the income statement					
Hedging of net investment ²⁾	1 894	(516)	(252)	(2 415)	2 950
Investments according to the equity method ³⁾	20	12	87	4	4
Items that may subsequently be reclassified to the income statement	(1 061)	388	365	1 150	(1 366)
Other comprehensive income for the period (net of tax)	(1 061)	388	365	1 115	(1 472)
Comprehensive income for the period	4 174	5 090	4 617	6 103	2 337

1) Currency translation effects related to the Baltics represented a loss of NOK 163 million in the third quarter of 2017.

2) Hedging of net investments in the Baltics represented a gain of NOK 92 million in the third quarter of 2017, 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. 2017	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016
Assets					
Cash and deposits with central banks	325 842	265 552	368 518	208 263	175 212
Due from credit institutions	154 682	158 767	198 726	174 908	191 656
Loans to customers	1 524 855	1 539 225	1 514 680	1 492 268	1 479 529
Commercial paper and bonds at fair value	189 386	194 702	222 721	217 887	212 494
Shareholdings	6 867	6 075	7 161	6 200	5 211
Financial derivatives	130 345	139 737	141 411	157 957	186 840
Commercial paper and bonds, held to maturity	9 738	10 518	11 940	12 760	13 185
Investment properties	889	1 044	1 119	1 175	1 193
Investments accounted for by the equity method	4 250	3 695	3 658	3 570	3 596
Intangible assets	4 073	4 025	3 953	3 981	3 918
Deferred tax assets	1 168	1 379	1 394	1 392	943
Fixed assets	7 563	7 485	7 294	7 117	7 094
Assets held for sale	70 359	55 950	53 365	52 541	52 482
Other assets	17 246	14 119	12 984	8 255	16 408
Total assets	2 447 263	2 402 273	2 548 923	2 348 272	2 349 761
Liabilities and equity					
Due to credit institutions	246 056	215 730	272 274	211 606	192 264
Deposits from customers	1 019 896	1 019 295	1 027 609	945 694	929 756
Financial derivatives	108 143	111 927	112 100	130 990	156 188
Debt securities issued	758 003	760 248	834 425	767 750	786 823
Payable taxes	3 842	1 740	9 193	8 847	5 642
Deferred taxes	2 310	2 333	2 371	2 382	6 405
Other liabilities	27 319	19 627	21 928	15 781	22 564
Liabilities held for sale	51 001	43 106	41 671	41 243	39 547
Provisions	1 867	2 061	1 840	2 038	1 713
Pension commitments	2 779	2 715	2 613	2 516	2 725
Subordinated loan capital	28 554	29 426	28 795	29 347	28 202
Total liabilities	2 249 770	2 208 208	2 354 819	2 158 194	2 171 831
Share capital	18 256	18 314	18 314	18 314	18 314
Share premium	20 611	20 611	20 611	20 611	20 611
Additional Tier 1 capital	15 960	15 787	15 594	15 952	9 641
Other equity	142 667	139 352	139 583	135 200	129 364
Total equity	197 494	194 065	194 103	190 078	177 931
Total liabilities and equity	2 447 263	2 402 273	2 548 923	2 348 272	2 349 761

Alternative performance measures

The banking group's alternative performance measures (APMs) present useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with other companies' adjusted measures. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance, but have been included to provide insight into DNB's performance and represent important measures for how management governs the company and its business activities.

Key financial ratios regulated by IFRS or other legislation (CRR/CRD) are not considered APMs, neither are non-financial data. The banking group's APMs are presented in the financial highlights and in the directors' report. APMs are shown with comparable figures for earlier periods.

The banking group's APMs and definitions

Return on equity (ROE), and Return on allocated capital

These measures give relevant information on the banking group's profitability by measuring the ability to generate profits from the shareholders' investments. ROE is one of DNB's main financial targets. Return on allocated capital is used to assess the profitability of the segments in relation to their use of capital and ensures that the returns achieved by the various segments are measured on a comparable basis.

- Return on equity (ROE) is calculated as: Shareholders' share of profits for the period divided by average equity excluding additional Tier 1 capital.
- Return on allocated capital is calculated as: Profit for the period divided by allocated capital. Allocated capital for the segments is based on DNB's capital adequacy requirement for credit risk, market risk and operational risk. See also note 2 Segments.

Average interest rate spreads

These measures give relevant information on the banking group's net interest income by measuring the respective average interest rate relative to the 3-month money market rate.

- Average spread for ordinary lending to customers is calculated as: Margin income on performing loans relative to average performing loans for the period. Margin income is defined as interest income on the loans less funding costs corresponding to the 3-month money market rate.
- Average spread for deposits from customers is calculated as: Margin income on deposits relative to average deposits for the period. Margin income on deposits is defined as estimated interest income on the deposits based on the 3-month money market rate less interest expenses on the deposits.
- Combined weighted average interest spread for lending to and deposits from customers is calculated as: Total margin income on loans and deposits relative to total average performing loans and deposits.

Net non-performing and net doubtful loans and guarantees in per cent of net loans, Impairment relative to average net loans to customers and Individual impairment relative to average net loans to customers

These ratios are included to show the banking group's provisions relating to credit exposure.

- Calculated as: Net non-performing and net doubtful loans plus guarantees divided by net loans.
- Calculated as: Impairment divided by average net loans to customers, annualised.
- Calculated as: Individual impairment divided by average net loans to customers, annualised.

Ratio of customer deposits to net loans to customers at end of period, also adjusted for short-term money market deposits

These measures give relevant information on the banking group's liquidity position.

- Calculated as: Customer deposits divided by net loans to customers at the end of the period. Customer deposits minus short-term money market deposits divided by net loans to customers at the end of the period.

Cost/income ratio

This ratio is included to provide information on the correlation between income and expenses and is considered to be one of DNB's key financial targets.

- Calculated as: Total operating expenses divided by total income.

Information about the DNB Bank Group

Head office DNB ASA

Mailing address P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address Dronning Eufemias gate 30, Oslo
Telephone +47 915 04800
Internet dnb.no
Organisation number Register of Business Enterprises NO 981 276 957 MVA

DNB Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

Board of Directors in DNB Bank ASA

Anne Carine Tanum, chairman
Gro Bakstad, vice-chairman
Lilliam Hattrem
Kim Wahl

Investor Relations

Kjerstin Braathen, chief financial officer	tel. +47 9056 6848	kjerstin.braathen@dnb.no
Rune Helland, head of Investor Relations	tel. +47 2326 8400	rune.helland@dnb.no
Amra Koluder, SVP Investor Relations	tel. +47 2326 8404	amra.koluder@dnb.no
Thor Tellefsen, Long Term Funding	tel. +47 2326 8404	thor.tellefsen@dnb.no

Financial calendar

2017

21 November Capital markets day

2018

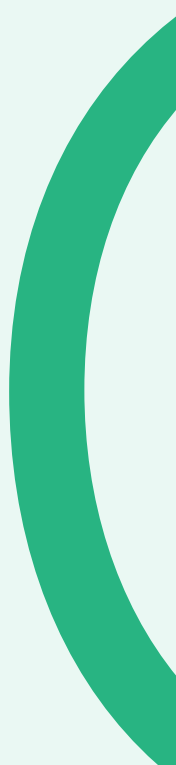
1 February Q4 2017
8 March Annual report 2017
26 April Q1 2017
12 July Q2 2017
25 October Q3 2017
14 November Capital markets day

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.

*The quarterly report has been produced by Group Financial Reporting in DNB.
Cover design: REDINK*



DNB

Mailing address:
P.O. Box 1600 Sentrum
N-0021 Oslo

Visiting address:
Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no