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DNB BANK

– a company in the DNB Group

Third quarter report 2014
(Unaudited)

Financial highlights

DNB Bank Group

Income statement	3rd quarter	3rd quarter	January - September	Full year	
<i>Amounts in NOK million</i>	2014	2013	2014	2013	
Net interest income	8 261	7 944	23 877	22 410	30 379
<i>Net commissions and fees</i>	1 471	1 400	4 390	4 124	5 481
<i>Net gains on financial instruments at fair value</i>	1 849	1 249	5 110	3 661	5 009
<i>Other operating income</i>	626	642	2 060	1 922	2 666
Net other operating income, total	3 946	3 291	11 560	9 707	13 156
Total income	12 207	11 235	35 437	32 118	43 535
Operating expenses	4 895	4 753	14 848	14 215	19 157
Restructuring costs and non-recurring effects	72	233	112	847	605
Expenses relating to debt-financed structured products	0	0	0	450	450
Impairment losses for goodwill and intangible assets	0	0	0	0	557
Pre-tax operating profit before impairment	7 240	6 250	20 477	16 606	22 766
Net gains on fixed and intangible assets	13	2	11	(3)	150
Impairment of loans and guarantees	183	475	817	2 149	2 185
Pre-tax operating profit	7 070	5 777	19 670	14 454	20 730
Tax expense	1 769	1 375	4 945	3 830	5 042
Profit from operations held for sale, after taxes	(8)	(7)	(39)	(5)	4
Profit for the period	5 293	4 395	14 687	10 619	15 692

Balance sheet

<i>Amounts in NOK million</i>	30 Sept.	31 Dec.	30 Sept.
	2014	2013	2013
Total assets	2 132 372	2 130 779	2 205 279
Loans to customers	1 396 496	1 350 656	1 342 531
Deposits from customers	896 669	891 256	934 477
Total equity	135 443	126 407	121 158
Average total assets	2 388 110	2 276 451	2 263 224

Key figures

<i>Per cent</i>	3rd quarter	3rd quarter	January - September	Full year	
	2014	2013	2014	2013	
Return on equity, annualised	15.8	14.6	15.1	12.0	13.1
Combined weighted total average spread for lending and deposits	1.24	1.28	1.25	1.25	1.26
Cost/income ratio	40.7	44.4	42.2	48.3	46.4
Impairment relative to average net loans to customers, annualised	0.05	0.14	0.08	0.22	0.16
Common equity Tier 1 capital ratio, transitional rules, at end of period ¹⁾	12.3	10.8	12.3	10.8	11.4
Tier 1 capital ratio, transitional rules, at end of period ¹⁾	12.7	11.1	12.7	11.1	11.8
Capital ratio, transitional rules, at end of period ¹⁾	14.9	13.1	14.9	13.1	13.9

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

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

Third quarter report 2014

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Directors' report

Introduction

Third quarter 2014

The DNB Bank Group ¹⁾ recorded profits of NOK 5 293 million in the third quarter of 2014, up NOK 898 million from the third quarter of 2013. Adjusted for the effect of basis swaps, there was a NOK 410 million increase in profits, reflecting higher lending volumes, reduced restructuring expenses and lower impairment losses on loans. As a result of the interest rate adjustments implemented in the second quarter of 2014, lending spreads narrowed slightly from the third quarter of 2013 relative to the short-term money market rate. Nevertheless, there was a pronounced rise in net interest income from the year-earlier period. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.8 per cent at end-September 2013 to 12.3 per cent, including 50 per cent of interim profits.

There was a 3.7 per cent average increase in the healthy loan portfolio from the third quarter of 2013, parallel to a 0.12 percentage point narrowing of lending spreads. In order to face the market competition, the banking group implemented interest rate reductions, effective on 16 June and 30 September, respectively, in the second and third quarter of 2014 for existing loans and deposits. The most recent interest rate reductions will have effect as from early December 2014. Net interest income rose by NOK 317 million compared with the third quarter of 2013.

Adjusted for the effect of basis swaps, net other operating income was NOK 17 million lower than in the third quarter of 2013.

Total operating expenses were reduced by NOK 18 million from the third quarter of 2013. Ordinary operating expenses, excluding restructuring costs and other non-recurring effects, rose by NOK 143 million during the same period, partly in reflection of a certain rise in IT and pension expenses.

Impairment losses on loans and guarantees remained at a relatively low level, totalling NOK 183 million for the quarter, which was markedly below the normalised level. Impairment losses were reduced by NOK 292 million from the third quarter of 2013. Lower impairment losses in the large corporates and international customers segment were the main reason behind the reduction in impairment from the third quarter of 2013.

First three quarters 2014

The banking group recorded profits of NOK 14 687 million in the January through September period in 2014, up NOK 4 068 million from the corresponding period in 2013. Adjusted for the effect of basis swaps, there was a NOK 3 760 million increase in profits, reflecting higher net interest income, higher other operating income, lower costs and lower impairment losses on loans.

Lending spreads widened by 0.05 percentage points, while deposit spreads narrowed by 0.03 percentage points compared with the first three quarters of 2013. During the same period, there was a 3.2 per cent average increase in the healthy loan portfolio, while deposit volumes were up 11.0 per cent. This gave a total increase in net interest income of NOK 1 467 million from the January through September period in 2013. The rise in volume is in line with the banking group's long-term expectation of an annual increase in lending volume of 3 to 4 per cent.

Other operating income was NOK 11 560 million in the first three quarters of 2014, up NOK 1 853 million from the year-earlier period. Adjusted for the effect of basis swaps, there was an increase of NOK 1 422 million. The increase was mainly attributable to a capital gain of NOK 913 million from the sale of the shareholding in Nets. Total operating expenses were brought down by NOK 551 million or 3.6 per cent compared with the first three quarters of 2013, partly due to reduced restructuring costs and provisions for debt-financed structured products in the January through September period in 2013.

At NOK 817 million, impairment losses on loans and guarantees were reduced by NOK 1 332 million compared with the first three quarters of 2013. This reflects both sound credit management and a certain improvement in the macroeconomic situation in Norway and internationally from 2013 to 2014.

Income statement for the third quarter of 2014

Net interest income

<i>Amounts in NOK million</i>	3rd quarter 2014	Change	3rd quarter 2013
Net interest income	8 261	317	7 944
Lending and deposit volumes		108	
Lending and deposit spreads		(111)	
Exchange rate movements		119	
Long-term funding costs		130	
Other net interest income		72	

Net interest income rose by NOK 317 million or 4.0 per cent from the third quarter of 2013. The increase was mainly attributable to lower long-term funding costs and favourable exchange rate movements, though rising lending volumes and wider deposit spreads also had a positive impact. Average lending spreads contracted by 0.12 percentage points, while deposit spreads showed a corresponding increase. Volume-weighted spreads narrowed by 0.04 percentage points. There was an average increase of NOK 49.0 billion or 3.7 per cent in the healthy loan portfolio compared with the third quarter of 2013. During the same period, deposits were up NOK 79.7 billion or 8.4 per cent.

Net other operating income

<i>Amounts in NOK million</i>	3rd quarter 2014	Change	3rd quarter 2013
Net other operating income	3 946	655	3 291
Basis swaps		671	
Other operating income		40	
Net income from financial instruments ¹⁾		11	
Net other commissions and fees		(10)	
Profits from associated companies		(58)	

¹⁾ Excluding guarantees and basis swaps.

Net other operating income increased by NOK 655 million or 19.9 per cent from the third quarter of 2013. Adjusted for basis swaps, net other operating income declined by NOK 17 million.

¹⁾ DNB Bank ASA is a subsidiary of DNB ASA and part of the DNB Group. The DNB Bank Group, hereinafter called "the banking group", comprises the bank and the bank's subsidiaries. Other companies owned by DNB ASA, including DNB Livsforsikring, DNB Skadeforsikring and DNB Asset Management, are not part of the banking group. Operations in DNB ASA and the total DNB Group are not covered in this report but described in a separate report and presentation.

Operating expenses

Amounts in NOK million	3rd quarter		3rd quarter
	2014	Change	2013
Operating expenses excluding non-recurring effects	4 895	143	4 753
Income-related costs			
Ordinary depreciation on operational leasing		15	
Expenses related to operations			
IT expenses		56	
Pension expenses		30	
External distribution costs		29	
Other costs		13	
Non-recurring effects	72	(161)	233
Restructuring costs – employees	31	(38)	69
Other restructuring costs and non-recurring effects	41	(122)	164
Operating expenses	4 968	(18)	4 986

Operating expenses were reduced by NOK 18 million from the third quarter of 2013. Adjusted for non-recurring effects, there was an increase in expenses of NOK 143 million. The NOK 15 million rise in expenses related to operational leasing reflected a corresponding increase in income. Higher pension and IT expenses and a certain rise in external distribution costs were other factors behind the rising expenses.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 183 million, down from NOK 475 million in the third quarter of 2013 and NOK 554 million in the second quarter of 2014. The most pronounced reduction compared with the third quarter of 2013 stemmed from the large corporates and international customers segment, while there was a slight increase for personal customers. In addition, there was a rise in collective impairment compared with the third quarter of 2013. The decline in impairment from the second quarter of 2014 partly reflected a significant reduction in individual impairment on loans to large corporates and international customers and reversals on collective impairment losses. Collective impairment losses of NOK 52 million were recorded in the second quarter of 2014, while the third quarter saw significant reversals on collective impairment losses of NOK 84 million. This reflected a positive development in freight rates, mainly gas. Impairment losses remained lower than the normalised level in the third quarter of 2014.

There was a positive trend in non-performing and doubtful loans and guarantees, which were reduced by NOK 8.0 billion from end-September 2013 and were thus at the lowest level since the third quarter of 2011. Net non-performing and doubtful loans and guarantees amounted to NOK 14.9 billion at end-September 2014, which represented 1.00 per cent of the loan portfolio, down from 1.69 per cent at end-September 2013.

Taxes

The banking group's tax expense for the third quarter of 2014 was NOK 1 769 million, or 25.0 per cent of pre-tax operating profits.

Segments

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

Personal customers

This segment includes the banking group's 2.1 million personal customers in Norway.

Pre-tax operating profits totalled NOK 2 424 million in the third quarter of 2014, an increase of NOK 66 million from the third quarter of 2013. Strong growth in net interest income due to higher lending volumes combined with strict cost control contributed to the positive profit trend. The quality of the loan portfolio was sound, with a stable, low level of impairment losses.

Personal customers	3rd quarter		Change	
	2014	2013	NOK mill	%
<i>Income statement in NOK million</i>				
Net interest income	3 571	3 439	132	3.8
Net other operating income	953	1 058	(106)	(10.0)
Total income	4 524	4 497	27	0.6
Operating expenses	2 038	2 104	(66)	(3.2)
Pre-tax operating profit before impairment	2 486	2 393	93	3.9
Net gains on fixed and intangible assets	0	0	0	
Impairment loss of loans and guarantees	63	22	40	182.1
Profit from repossessed operations	0	(13)	13	
Pre-tax operating profit	2 424	2 357	66	2.8
Tax expense	654	660	(6)	(0.9)
Profit from operations held for sale	0	(5)	5	
Profit for the period	1 769	1 693	76	4.5

Average balance sheet items in NOK billion

Net loans to customers	673.0	652.1	20.9	3.2
Deposits from customers	363.6	346.1	17.5	5.0

Key figures in per cent

Lending spread ¹⁾	2.30	2.52
Deposit spread ¹⁾	(0.32)	(0.56)
Return on allocated capital ²⁾	25.2	39.7
Cost/income ratio	45.0	46.8
Ratio of deposits to loans	54.0	53.1

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

2) Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group. The reduction in the return from 2013 is due to stricter capital requirements for home mortgages.

Lending volume increased during the third quarter. Average net loans increased by 3.2 per cent from the third quarter of 2013 and by 1.6 per cent from the second quarter of 2014. Deposits rose by 5.0 per cent from the third quarter of 2013, and the ratio of deposits to net loans was 54.0 per cent.

Net interest income was up 3.8 per cent from the third quarter of 2013. Lending spreads were reduced as a result of the price adjustments implemented during the second quarter of 2014, while deposit spreads widened. The volume-weighted interest rate spread contracted by 0.07 percentage points from the third quarter of 2013 and by 0.02 percentage points from the second quarter of 2014.

Other operating income remained fairly stable compared to the third quarter of 2013. The effects of implemented cost-cutting measures helped reduce costs compared with the third quarter of 2013.

A large share of loans to personal customers represents well-secured home mortgages entailing low risk. Net impairment of loans was at a stable level, representing 0.04 per cent of the portfolio in the third quarter of 2014.

The market share of credit to households stood at 26.2 per cent at end-August 2014, while the market share of total household savings was 32.6 per cent. DNB Eiendom achieved a market share of 19.3 per cent at end-September 2014.

The process of facilitating self-service solutions was continued in the form of a training programme on the use of internet banking and other digital services. As a result of a higher self-service ratio, eight branch offices were closed during the first nine months of the year. More initiatives aimed at young customers were implemented, and a package comprising both contents, accident and travel insurance was launched. In order to facilitate quick and easy payment of small amounts, contactless VISA debit cards are offered as the standard card for loyalty programme customers over the age of 18.

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

Small and medium-sized enterprises

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

Pre-tax operating profits came to NOK 844 million in the third quarter of 2014, an increase of NOK 28 million from the third quarter of 2013. The increase in profits reflected a strong rise in both net interest income and net other operating income.

Small and medium-sized enterprises	3rd quarter		Change	
	2014	2013	NOK mill	%
<i>Income statement in NOK million</i>				
Net interest income	1 620	1 565	55	3.5
Net other operating income	282	248	34	13.8
Total income	1 902	1 813	89	4.9
Operating expenses	893	844	49	5.8
Pre-tax operating profit before impairment	1 009	969	40	4.1
Net gains on fixed and intangible assets	(0)	0	(0)	
Impairment loss of loans and guarantees	154	161	(7)	(4.6)
Profit from repossessed operations	(11)	8	(19)	
Pre-tax operating profit	844	816	28	3.4
Tax expense	228	228	(1)	(0.3)
Profit for the period	616	587	29	4.9

Average balance sheet items in NOK billion

Net loans to customers	216.2	206.2	9.9	4.8
Deposits from customers	164.3	148.3	16.0	10.8

Key figures in per cent

Lending spread ¹⁾	2.67	2.77		
Deposit spread ¹⁾	(0.02)	(0.09)		
Return on allocated capital ²⁾	11.9	11.4		
Cost/income ratio	46.9	46.5		
Ratio of deposits to loans	76.0	71.9		

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

2) Calculated on the basis of allocated capital, which corresponds to the external

The healthy increase in loans to small and medium-sized enterprises continued in the third quarter of 2014. Average net loans to all customers rose by 4.8 per cent from the third quarter of 2013. During the same period, there was a significant increase in deposits of 10.8 per cent. The ratio of deposits to net loans averaged 76 per cent for the quarter.

Net interest income increased from the third quarter of 2013 due to volume growth and wider deposit spreads. Net other operating income showed strong growth during the corresponding period, reflecting a rise in income from foreign exchange. The main factor behind the rise in expenses from the third quarter of 2013 was higher costs for IT development and premises and rising costs related to product sales.

The quality of the loan portfolio is considered to be satisfactory. The close follow-up of customers and preventive measures are vital to ensuring satisfactory quality. Net impairment of loans totalled NOK 154 million in the third quarter of 2014. On an annual basis, this represented 0.28 per cent of net loans. In the third quarter of 2013, net impairment represented 0.31 per cent of net loans. Impairment losses were recorded on loans to a number of industries, and more than half of the impairment losses in the third quarter of 2014 stemmed from six commitments, with NOK 51 million referring to an individual commitment.

The banking group is committed to supporting customers who want to start their own business and is working on measures that will help newly established companies streamline their business activities. DNB Corporate MasterCard was launched during the third quarter.

Moderate credit growth is anticipated in the market, and the banking group expects to record lending growth in this segment on a level with the banking market in general. The level of impairment losses on loans is expected to remain virtually unchanged.

Large corporates and international customers

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

Pre-tax operating profits came to NOK 2 870 million, up NOK 436 million from the third quarter of 2013. The positive profit performance reflected a healthy trend in income, strict cost control and lower impairment losses.

Large corporates and international customers	3rd quarter		Change	
	2014	2013	NOK mill	%
<i>Income statement in NOK million</i>				
Net interest income	3 133	2 957	176	5.9
Net other operating income	1 141	1 048	93	8.9
Total income	4 274	4 006	269	6.7
Operating expenses	1 412	1 254	158	12.6
Pre-tax operating profit before impairment	2 863	2 752	111	4.0
Net gains on fixed and intangible assets	12	1	10	
Impairment loss of loans and guarantees	(39)	304	(343)	(112.8)
Profit from repossessed operations	(43)	(16)	(28)	
Pre-tax operating profit	2 870	2 434	436	17.9
Tax expense	890	730	160	21.9
Profit for the period	1 980	1 704	277	16.2

Average balance sheet items in NOK billion

Net loans to customers	475.8	465.5	10.3	2.2
Deposits from customers	362.3	356.2	6.1	1.7

Key figures in per cent

Lending spread ¹⁾	2.18	2.15		
Deposit spread ¹⁾	(0.14)	(0.19)		
Return on allocated capital ²⁾	14.9	12.4		
Cost/income ratio	33.0	31.3		
Ratio of deposits to loans	76.2	76.5		

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

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

Net loans to customers were up 2.2 per cent from the third quarter of 2013. Adjusted for exchange rate movements, however, there was an underlying reduction in the portfolio of 0.6 per cent, reflecting strategic portfolio adjustments, a challenging market situation, stronger competition and more active use of the bond market. Compared with the second quarter of 2014, lending volumes were up 0.6 per cent after adjusting for exchange rate movements. Deposits rose by 1.7 per cent from the third quarter of 2013, which in its entirety can be ascribed to exchange rate movements.

Relative to the 3-month money market rate, average lending spreads were 2.18 per cent, increasing by 0.03 percentage points from the third quarter of 2013 and by 0.01 percentage points from the second quarter of 2014. Deposit spreads widened by 0.05 percentage points from the third quarter of 2013 and by 0.03 percentage points from the second quarter of 2014.

An increase in income relating to the issue of bonds and to corporate finance services compared with the third quarter of 2013 helped boost other operating income.

There was a rise in operating expenses from the third quarter of 2013, reflecting higher sales costs.

Net impairment losses were reduced by NOK 343 million from the third quarter of 2013. Individual impairment represented NOK 11 million or 0.01 per cent of net loans to customers, while reversals on collective impairment losses came to NOK 50 million for the quarter. In the third quarter of 2013, individual impairment represented 0.41 per cent of net loans.

Targeted efforts are being made to retain the level of quality in the portfolio through close follow-up of customers and preventive measures. Net non-performing and doubtful loans and guarantees

amounted to NOK 8.7 billion at end-September 2014, a reduction of NOK 8.0 billion from a year earlier and a NOK 1.3 billion reduction from end-June 2014.

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

Trading

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

Pre-tax operating profits came to NOK 585 million in the third quarter of 2014, up NOK 136 million from the year-earlier period. The rise in profits reflected greater volatility in the currency and interest rate markets and capital gains on bonds.

Trading	3rd quarter		Change	
	2014	2013	NOK mill	%
<i>Income statement in NOK million</i>				
Net interest income	100	140	(40)	(28.7)
Net other operating income	608	525	84	15.9
Total income	708	665	43	6.5
Operating expenses	123	216	(93)	(43.1)
Pre-tax operating profit	585	449	136	30.4
Tax expense	158	130	28	21.4
Profit for the period	427	318	109	34.1

Key figures in per cent

Cost/income ratio	17.4	32.5
Return on allocated capital ¹⁾	25.1	15.6

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

Funding, liquidity and balance sheet

The short-term funding markets were generally sound in the third quarter of 2014, and the banking group had ample access to short-term funding in all currencies, in spite of greater competition for the funds.

In the long-term funding markets, there was also a healthy supply of capital. After the European Central Bank, ECB, presented its covered bond purchase programme as one of several measures to stimulate economic activity in the eurozone, the costs of new funding in the form of covered bonds have shown a particularly favourable trend.

In order to keep the banking group's liquidity risk at a low level, short-term and long-term liquidity risk limits have been established. These are consistent with the Basel III calculation methods. Among other things, this implies that customer loans are generally financed through customer deposits, long-term securities and primary capital. The banking group stayed well within the liquidity limits during the quarter. The short-term liquidity requirement, Liquidity Coverage Ratio, LCR, remained stable at above 100 per cent throughout the third quarter. At end-September 2014, the total LCR was 107.3 per cent, while the LCRs for assets in euros and US dollars were 48.5 per cent and 208.3 per cent, respectively.

Total assets in the banking group's balance sheet were NOK 2 132 billion as at 30 September 2014 and NOK 2 205 billion a year earlier.

Net loans to customers increased by NOK 54 billion or 4.0 per cent from end-September 2013. Customer deposits declined by NOK 38 billion or 4.0 per cent during the same period. The ratio of customer deposits to net loans to customers declined from 69.6 per cent at end-September 2013 to 64.2 per cent a year later.

Macroeconomic developments

Following a period characterised by positive signals in the international economy, several of Norway's major trading partners have experienced more sluggish growth in recent months. The level of growth has been particularly weak in the eurozone. Developments have been more positive in the US and the United Kingdom, which have experienced sound growth in private consumption and investments. Unemployment levels seem to have peaked in the EU, but remain very high.

In the US and the United Kingdom, there has been a pronounced decline in unemployment rates. Several emerging economies have experienced slow economic growth, while growth has remained brisk in China and India.

During the past few months, the significant weakening of the Russian economy and geopolitical unrest have had a negative impact on the Baltic region. Forecasts for the Baltic countries for the coming years indicate moderate activity growth driven by competitive advantages and a cyclical upswing in consumption and investments.

Norwegian economic growth increased significantly during the second quarter of 2014, though this was largely attributable to factors that will not give equally strong impulses to the economy in the period ahead. Information from Norges Bank, collected in mid-August, showed moderate, but slightly declining production growth over the preceding three months, which was somewhat below the expectations presented in May. However, companies anticipate a somewhat higher growth rate over the coming six months. Not unexpectedly, oil suppliers indicate a declining future level of activity. An expansionary fiscal policy and low interest rates could to some extent counteract weaker impulses from the petroleum industry. The export industry showed a healthier trend over the preceding three months, while there was a weaker development for the home market industry. However, both industries anticipate moderate growth in the period ahead. The building and construction industry has the same expectations, and the prolonged decline in growth appears to have come to a halt. Signals within commodity trade and the services industries are somewhat more optimistic. Companies report a decline in capacity utilisation parallel to a slight rise in labour supply. The unemployment level in Norway has been fairly stable over the past year.

Risk and capital adequacy

For some time, investment surveys have indicated a reduction in investment activity in the Norwegian petroleum sector next year. In October 2014, the price of oil declined below USD 90 per barrel, and the oil supplier industry is scaling down its capacity. The Fiscal Budget for 2015 entails increased use of petroleum revenues, which will have a stabilising effect on economic developments in Norway. The international recovery after the financial crisis is slow, and growth expectations have been scaled back, especially in the eurozone. Interest rate increases are constantly postponed. The differences in capital adequacy regulations for Norwegian and international banks may also represent a challenge for the competitiveness of Norwegian banks in the period ahead.

The banking group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 1.9 billion from end-June 2014, to NOK 64.0 billion.

Developments in the risk-adjusted capital requirement

	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
<i>Amounts in NOK billion</i>				
Credit risk	53.2	53.5	53.3	57.2
Market risk	6.1	8.9	8.9	7.9
Operational risk	8.2	8.2	8.2	8.3
Business risk	6.0	5.9	5.9	4.2
Gross risk-adjusted capital requirement	73.5	76.5	76.3	77.7
Diversification effect ¹⁾	(9.4)	(10.5)	(10.5)	(9.4)
Net risk-adjusted capital requirement	64.0	65.9	65.8	68.3
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	12.9	13.8	13.7	12.0

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

The risk-adjusted capital requirement for credit was roughly on a level with the figure at end-June 2014. The volume of credit to both enterprises and households increased somewhat during the quarter, while portfolio quality was sound and stable. The volume of non-performing loans and guarantees was somewhat reduced. However, there are signs of greater challenges for a number of industries in the period ahead, particularly for traditional retail trade, certain shipping markets and the oil supplier industry.

The risk-adjusted capital requirement for market risk within banking operations was reduced by NOK 2.8 billion during the quarter, reflecting reduced exposure in the form of equity investments.

There were few events and low operational losses during the third quarter of 2014. However, the stability of the banking group's IT systems is still not satisfactory, and measures are being taken to further improve operational stability and emergency preparedness in relation to business disruptions.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement decreased by NOK 11.8 billion from end-December 2013, to NOK 992.9 billion. In the third quarter of 2014, risk-weighted volume could not be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 12.3 per cent, while the capital adequacy ratio was 14.9 per cent, including 50 per cent of profits for the year to date.

New regulatory framework

On 22 August 2014, the Norwegian Ministry of Finance adopted regulations on the technical specifications in CRD IV. The main requirements have already been included in the Financial Institutions Act and the Securities Trading Act. These entered into force on 1 July 2013 and entail a gradual increase in the minimum common equity Tier 1 requirement up until 1 July 2016. According to the Ministry, calculations of buffer requirements should be based on total risk-weighted volume, including international exposures. This means that total risk-weighted volume should be used when calculating the counter-cyclical buffer and in cases where the systemic risk buffer and the buffer for systemically important institutions are added up. In

addition, in a regulation the Ministry has included the distinctively Norwegian requirement that risk-weighted volume cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. This means that the Basel I floor applies to the buffer requirements. The changes in regulations entered into force on 30 September 2014.

On 22 September 2014, the Ministry of Finance announced that the stipulation in the EU regulations on the inclusion of a specific discount factor for exposures to small and medium-sized enterprises will not be introduced in Norway. The Ministry points out that the background for the stipulation is the weak economic situation in the EU and aims to negotiate a text regarding adaptations to this stipulation before the rules are due to be included in the EEA agreement.

Some stipulations in the EU's new banking regulations, Basel III and CRD IV, remain to be implemented, including liquidity requirements, a non-risk based capital requirement (leverage ratio) and stipulations regarding the so-called Pillar II requirements. In the opinion of the Ministry of Finance, Norway cannot wait for the international processes, but must formulate and introduce national rules that "as far as possible" correspond to the likely EU requirements. A liquidity buffer requirement, Liquidity Coverage Ratio (LCR), and a Net Stable Funding Ratio (NSFR) will be introduced. The Ministry of Finance has asked Finanstilsynet to consider how to introduce these two requirements in Norway and to present a proposal by end-May 2015. On 10 October 2014, the European Commission presented final requirements on the composition of the LCR liquidity buffer. As up to 70 per cent of the buffer can now be in the form of covered bonds, as opposed to 40 per cent in previous proposals, the portfolio structure will be more flexible. In order to meet the requirement in Norwegian kroner, in isolation, DNB is nevertheless of the opinion that Norwegian banks will need to avail themselves of the options described in CRD IV that will make it possible for banks with small domestic capital markets to meet the LCR requirement in local currency.

The Ministry of Finance has also asked Finanstilsynet to consider when and how a non-risk based capital requirement and related definitions can be introduced in Norway. Among other things, Finanstilsynet will consider the most appropriate level for Norwegian banks in a scenario where such a requirement is the lower limit for the risk-weighted capital requirement. In addition, Finanstilsynet has been asked to consider the appropriateness of making public the supervisory authorities' Pillar II assessments and requirements for individual banks. Finanstilsynet will present its suggestions and assessments by end-June 2015.

In the National Budget 2015, the Ministry of Finance emphasises that transparency about and simple comparability of the real risk levels of banks in different countries are important contributions to well-functioning financial markets and the efficient pricing of debt and equity costs. This will be difficult to achieve as long as there are major differences in capital adequacy regulations across national borders. The Norwegian authorities wish to explore the possibility of requiring all Nordic authorities to specify what their banks' capital ratios would have been based on a common set of simplified risk weights. A simplified reporting standard of this type would allow the capital ratios of different Nordic banks to be compared independently of the national rules, according to the Ministry of Finance. In DNB's opinion, this is positive, but not good enough to achieve the desired harmonisation and transparency to ensure equal competitive terms for Nordic banks.

Future prospects

There has recently been weaker economic growth in the eurozone parallel to a positive trend in the US and the United Kingdom, as well as in emerging economies such as India and China. Forecasts for international economic growth are therefore moderately positive. In Norway, the rate of growth is expected to slow in the period ahead due to a decline in petroleum investments. An expansionary fiscal policy and relatively low interest rates will probably reduce the dampening effect. If the recent fall in oil prices prevails, it could have a negative effect on the Norwegian economy in the longer term. In such case, the forecast may be adjusted downward. Volume-weighted spreads are expected to be stable during the remainder of

2014. A slight narrowing of lending spreads will be offset by wider deposit spreads. Lending volumes are expected to increase at an annual rate of 3 to 4 per cent, with the highest growth in lending to personal customers and small and medium-sized enterprises. A continued increase in income from capital-light products is anticipated, while the level of expenses is expected to remain relatively stable, excluding restructuring expenses, in the period up to 2016. A certain increase is anticipated in IT expenses relating to restructuring measures over the coming year. Furthermore, continued sound credit quality is expected to result in a reduction in impairment losses in 2014, which could fall below NOK 2 billion.

Oslo, 22 October 2014
The Board of Directors of DNB Bank ASA

Anne Carine Tanum
(chairman)

Jarle Berge
(vice-chairman)

Sverre Finstad

Vigdis Mathisen

Kai Nyland

Torill Rambjør

Kim Wahl

Rune Bjerke
(group chief executive)

Income statement

		DNB Bank ASA				
<i>Amounts in NOK million</i>	Note	3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Total interest income	5	10 470	10 812	31 418	32 273	42 903
Total interest expenses	5	4 781	5 341	15 480	16 190	21 525
Net interest income	5	5 689	5 472	15 938	16 083	21 378
Commission and fee income etc.	6	1 519	1 425	4 494	4 129	5 547
Commission and fee expenses etc.	6	544	523	1 599	1 484	2 016
Net gains on financial instruments at fair value	7	1 608	1 224	5 666	3 938	5 582
Other income	9	1 758	2 016	5 664	5 244	8 427
Net other operating income		4 342	4 142	14 224	11 827	17 539
Total income		10 031	9 614	30 162	27 910	38 917
Salaries and other personnel expenses	10, 11	2 139	2 169	6 417	6 673	8 742
Other expenses	10	1 544	1 616	4 777	5 032	6 353
Depreciation and impairment of fixed and intangible assets	10	480	433	1 395	1 397	3 698
Total operating expenses	10	4 163	4 219	12 589	13 101	18 792
Pre-tax operating profit before impairment		5 868	5 395	17 573	14 809	20 125
Net gains on fixed and intangible assets		(4)	16	191	7	199
Impairment of loans and guarantees	14	164	161	843	1 557	1 925
Pre-tax operating profit		5 700	5 249	16 921	13 259	18 399
Tax expense		1 491	1 249	4 419	3 540	3 927
Profit for the period		4 210	4 000	12 502	9 719	14 472

Comprehensive income statement

		DNB Bank ASA				
<i>Amounts in NOK million</i>		3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Profit for the period		4 210	4 000	12 502	9 719	14 472
Actuarial gains and losses, net of tax ¹⁾		(521)	(333)	(934)	31	(444)
Other comprehensive income that will not be reclassified to profit or loss, net of tax		(521)	(333)	(934)	31	(444)
Currency translation of foreign operations		(35)	81	48	369	489
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax		(35)	81	48	369	489
Other comprehensive income for the period		(556)	(252)	(886)	400	44
Comprehensive income for the period		3 654	3 748	11 616	10 119	14 516

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

Balance sheet

DNB Bank ASA

<i>Amounts in NOK million</i>	Note	30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
Assets				
Cash and deposits with central banks		211 173	163 172	398 981
Due from credit institutions	12, 13	361 953	399 482	208 403
Loans to customers	12, 13, 15, 16	697 564	680 114	703 125
Commercial paper and bonds at fair value	13, 17	200 874	248 207	271 899
Shareholdings	13	8 566	13 071	10 285
Financial derivatives	13	165 152	143 158	140 317
Commercial paper and bonds, held to maturity	12, 17	36 619	63 318	66 059
Investments in associated companies		959	1 066	1 080
Investments in subsidiaries		73 868	69 487	67 848
Intangible assets	18	3 727	3 911	3 899
Deferred tax assets		4 426	4 145	702
Fixed assets		7 029	7 041	6 847
Other assets		18 201	29 483	19 934
Total assets		1 790 111	1 825 656	1 899 378
Liabilities and equity				
Due to credit institutions	12, 13	238 538	280 831	305 232
Deposits from customers	12, 13	855 271	849 137	896 184
Financial derivatives	13	174 473	156 979	140 840
Debt securities issued	12, 13, 19	339 730	352 899	382 639
Payable taxes		3 673	1 772	3 775
Deferred taxes		12	3	1 319
Other liabilities		19 645	38 343	23 235
Provisions		1 005	1 235	1 843
Pension commitments		4 865	3 592	3 282
Subordinated loan capital	12, 13, 19	26 668	26 276	25 819
Total liabilities		1 663 880	1 711 065	1 784 166
Share capital		18 314	18 314	18 314
Share premium reserve		19 895	19 895	19 895
Other equity		88 022	76 381	77 004
Total equity		126 231	114 591	115 213
Total liabilities and equity		1 790 111	1 825 656	1 899 378
Off-balance sheet transactions, contingencies and post-balance sheet events	23			

Income statement

DNB Bank Group						
<i>Amounts in NOK million</i>	Note	3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Total interest income	5	15 350	15 436	46 092	45 237	60 713
Total interest expenses	5	7 089	7 492	22 215	22 827	30 334
Net interest income	5	8 261	7 944	23 877	22 410	30 379
Commission and fee income etc.	6	2 032	1 946	6 035	5 674	7 595
Commission and fee expenses etc.	6	561	546	1 646	1 550	2 115
Net gains on financial instruments at fair value	7	1 849	1 249	5 110	3 661	5 009
Profit from investments accounted for by the equity method	8	41	99	182	244	362
Net gains on investment property		(17)	(23)	(7)	(7)	(86)
Other income	9	602	566	1 885	1 685	2 390
Net other operating income		3 946	3 291	11 560	9 707	13 156
Total income		12 207	11 235	35 437	32 118	43 535
Salaries and other personnel expenses	10, 11	2 548	2 566	7 662	7 881	10 345
Other expenses	10	1 893	1 941	5 813	6 090	7 826
Depreciation and impairment of fixed and intangible assets	10	526	479	1 486	1 540	2 598
Total operating expenses	10	4 968	4 986	14 960	15 511	20 769
Pre-tax operating profit before impairment		7 240	6 250	20 477	16 606	22 766
Net gains on fixed and intangible assets		13	2	11	(3)	150
Impairment of loans and guarantees	14	183	475	817	2 149	2 185
Pre-tax operating profit		7 070	5 777	19 670	14 454	20 730
Tax expense		1 769	1 375	4 945	3 830	5 042
Profit from operations held for sale, after taxes		(8)	(7)	(39)	(5)	4
Profit for the period		5 293	4 395	14 687	10 619	15 692

Comprehensive income statement

DNB Bank Group					
<i>Amounts in NOK million</i>	3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Profit for the period	5 293	4 395	14 687	10 619	15 692
Actuarial gains and losses, net of tax ¹⁾	(521)	(333)	(934)	31	(443)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(521)	(333)	(934)	31	(443)
Currency translation of foreign operations	454	349	831	2 416	3 393
Hedging of net investment, net of tax	(398)	(230)	(600)	(2 098)	(2 425)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	56	119	231	318	969
Other comprehensive income for the period	(465)	(214)	(702)	349	526
Comprehensive income for the period	4 827	4 181	13 985	10 968	16 218

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

Balance sheet

<i>Amounts in NOK million</i>	Note	DNB Bank Group		
		30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
Assets				
Cash and deposits with central banks		213 375	167 171	401 560
Due from credit institutions	12, 13	106 802	176 796	25 928
Loans to customers	12, 13, 15, 16	1 396 496	1 350 656	1 342 531
Commercial paper and bonds at fair value	13, 17	176 983	191 232	186 515
Shareholdings	13	9 026	13 511	10 724
Financial derivatives	13	153 070	130 775	128 909
Commercial paper and bonds, held to maturity	12, 17	36 619	63 318	66 059
Investment property		4 209	4 615	4 591
Investments accounted for by the equity method		3 214	3 096	3 012
Intangible assets	18	4 214	4 464	4 943
Deferred tax assets		1 169	1 086	1 358
Fixed assets		7 816	7 816	7 664
Assets held for sale		238	225	213
Other assets		19 139	16 017	21 271
Total assets		2 132 372	2 130 779	2 205 279
Liabilities and equity				
Due to credit institutions	12, 13	187 029	234 218	260 903
Deposits from customers	12, 13	896 669	891 256	934 477
Financial derivatives	13	126 346	111 242	103 318
Debt securities issued	12, 13, 19	726 634	716 192	722 891
Payable taxes		4 672	4 126	4 265
Deferred taxes		1 458	2 042	1 609
Other liabilities		21 331	13 917	25 449
Liabilities held for sale		89	53	73
Provisions		1 104	1 398	1 924
Pension commitments		4 929	3 652	3 384
Subordinated loan capital	12, 13, 19	26 668	26 276	25 827
Total liabilities		1 996 929	2 004 372	2 084 121
Share capital		18 314	18 314	18 314
Share premium reserve		20 611	20 611	20 611
Other equity		96 517	87 482	82 232
Total equity		135 443	126 407	121 158
Total liabilities and equity		2 132 372	2 130 779	2 205 279
Off-balance sheet transactions, contingencies and post-balance sheet events	23			

Statement of changes in equity

DNB Bank ASA						
<i>Amounts in NOK million</i>	Share capital	Share premium reserve	Actuarial gains and losses	Currency translation reserve	Other equity	Total equity
Balance sheet as at 31 December 2012	18 314	19 895	(484)	(540)	67 908	105 094
Profit for the period					9 719	9 719
Other comprehensive income			31	369		400
Comprehensive income for the period			31	369	9 719	10 119
Balance sheet as at 30 September 2013	18 314	19 895	(454)	(170)	77 627	115 213
Balance sheet as at 31 December 2013	18 314	19 895	(929)	(71)	77 381	114 591
Profit for the period					12 502	12 502
Other comprehensive income			(934)	48		(886)
Comprehensive income for the period			(934)	48	12 502	11 616
Currency translation reserve taken to income				25		25
Balance sheet as at 30 September 2014	18 314	19 895	(1 862)	2	89 882	126 231

DNB Bank Group							
<i>Amounts in NOK million</i>	Share capital	Share premium reserve	Actuarial gains and losses	Currency translation reserve	Net investment hedge reserve	Other equity	Total equity
Balance sheet as at 31 December 2012	18 314	20 611	(514)	(1 988)	1 306	78 460	116 190
Profit for the period						10 619	10 619
Other comprehensive income			31	2 416	(2 098)		349
Comprehensive income for the period			31	2 416	(2 098)	10 619	10 968
Currency translation reserve taken to income				(6)		6	0
Change of reporting currency DNB Invest Denmark				7		(7)	0
Group contribution for 2012 to DNB ASA						(6 000)	(6 000)
Balance sheet as at 30 September 2013	18 314	20 611	(484)	430	(792)	83 079	121 158
Balance sheet as at 31 December 2013	18 314	20 611	(957)	1 412	(1 119)	88 146	126 407
Profit for the period						14 687	14 687
Other comprehensive income			(934)	831	(600)		(702)
Comprehensive income for the period			(934)	831	(600)	14 687	13 985
Currency translation reserve taken to income				80		(29)	51
Group contribution for 2013 to DNB ASA						(5 000)	(5 000)
Balance sheet as at 30 September 2014	18 314	20 611	(1 890)	2 322	(1 719)	97 804	135 443

Cash flow statement

DNB Bank ASA

<i>Amounts in NOK million</i>	January - September 2014	September 2013	Full year 2013
Operating activities			
Net receipts/payments on loans to customers	(16 428)	31 515	58 172
Interest received from customers	23 261	23 828	31 785
Net receipts/payments on deposits from customers	(4 849)	82 961	39 155
Interest paid to customers	(4 245)	(4 298)	(15 132)
Net receipts/payments on loans to credit institutions	(14 920)	22 173	(187 948)
Interest received from credit institutions	3 420	2 890	3 825
Interest paid to credit institutions	(1 755)	(1 836)	(2 417)
Net receipts/payments on the sale of financial assets for investment or trading	89 313	(7 382)	32 047
Interest received on bonds and commercial paper	4 800	5 135	6 604
Net receipts on commissions and fees	2 720	2 612	3 514
Payments to operations	(11 825)	(10 932)	(14 892)
Taxes paid	(2 265)	(4 358)	(4 590)
Other receipts	10 527	4 522	803
Net cash flow from operating activities	77 754	146 830	(49 076)
Investment activities			
Net payments on the acquisition of fixed assets	(1 039)	(1 517)	(1 984)
Receipts on the sale of long-term investments in shares	463	436	642
Payments on the acquisition of long-term investments in shares	(3 723)	(16 540)	(18 646)
Dividends received on long-term investments in shares	163	274	319
Net cash flow from investment activities	(4 135)	(17 347)	(19 670)
Funding activities			
Receipts on issued bonds and commercial paper	983 551	685 141	911 267
Payments on redeemed bonds and commercial paper	(998 699)	(725 353)	(984 101)
Interest payments on issued bonds and commercial paper	(3 104)	(3 517)	(3 810)
Receipts on the raising of subordinated loan capital	0	7 349	7 528
Redemptions of subordinated loan capital	0	(3 709)	(3 709)
Interest paid on subordinated loan capital	(319)	(513)	(868)
Group contributions payments	(11 840)	(5 729)	(5 577)
Net cash flow from funding activities	(30 412)	(46 331)	(79 271)
Effects of exchange rate changes on cash and cash equivalents	6 848	18 115	13 479
Net cash flow	50 054	101 267	(134 538)
Cash as at 1 January	166 406	300 944	300 944
Net receipts/payments of cash	50 054	101 267	(134 538)
Cash at end of period ¹⁾	216 460	402 211	166 406
<i>*) Of which: Cash and deposits with central banks</i>	<i>211 173</i>	<i>398 981</i>	<i>163 172</i>
<i>Deposits with credit institutions with no agreed period of notice ¹⁾</i>	<i>5 287</i>	<i>3 230</i>	<i>3 233</i>

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

The cash flow statement shows receipts and payments of cash and cash equivalents during the period. The statement has been prepared in accordance with the direct method. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

Cash flow statement (continued)

	DNB Bank Group		
<i>Amounts in NOK million</i>	January - September 2014	2013	Full year 2013
Operating activities			
Net payments on loans to customers	(43 011)	(8 745)	(10 346)
Interest received from customers	40 874	40 096	53 960
Net receipts /payments on deposits from customers	(4 861)	85 727	44 386
Interest paid to customers	(4 079)	(4 688)	(15 460)
Net receipts/payments on loans to credit institutions	13 035	19 218	(158 418)
Interest received from credit institutions	1 281	984	1 373
Interest paid to credit institutions	(1 684)	(1 807)	(2 368)
Net receipts/payments on the sale of financial assets for investment or trading	55 148	(7 425)	9 282
Interest received on bonds and commercial paper	4 150	3 787	4 802
Net receipts on commissions and fees	4 199	3 194	4 319
Payments to operations	(14 011)	(12 995)	(18 274)
Taxes paid	(2 649)	(6 883)	(7 768)
Other receipts/payments	6 523	3 854	(764)
Net cash flow from operating activities	54 914	114 316	(95 274)
Investment activities			
Net payments on the acquisition of fixed assets	(1 256)	(1 966)	(2 586)
Net receipts, investment property	617	948	1 061
Receipts on the sale of long-term investments in shares	463	436	642
Payments on the acquisition of long-term investments in shares	(19)	(16)	(16)
Dividends received on long-term investments in shares	164	274	319
Net cash flow from investment activities	(31)	(324)	(581)
Funding activities			
Receipts on issued bonds and commercial paper	1 013 535	724 846	995 828
Payments on redeemed bonds and commercial paper	(1 009 057)	(742 602)	(1 031 094)
Interest payments on issued bonds and commercial paper	(10 579)	(10 394)	(12 234)
Receipts on the raising of subordinated loan capital	0	7 349	7 528
Redemptions of subordinated loan capital	0	(3 709)	(3 709)
Interest paid on subordinated loan capital	(626)	(508)	(749)
Group contributions payments	(6 944)	(6 000)	(6 000)
Net cash flow from funding activities	(13 670)	(31 018)	(50 430)
Effects of exchange rate changes on cash and cash equivalents	6 835	18 343	13 935
Net cash flow	48 048	101 317	(132 350)
Cash as at 1 January	171 771	304 121	304 121
Net receipts/payments of cash	48 048	101 317	(132 350)
Cash at end of period ¹⁾	219 819	405 438	171 771
*) <i>Of which: Cash and deposits with central banks</i>	213 375	401 560	167 171
<i>Deposits with credit institutions with no agreed period of notice ¹⁾</i>	6 444	3 878	4 600

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

The cash flow statement shows receipts and payments of cash and cash equivalents during the period. The statement has been prepared in accordance with the direct method. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

Note 1 Accounting principles

The third quarter accounts 2014 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the banking group is found in the annual report for 2013. The annual and interim accounts for the banking group are prepared according to IFRS principles as endorsed by the EU. DNB Bank ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS, hereinafter called the Norwegian IFRS regulations, which implies that recognition and measurements are in accordance with IFRS. The only exception is that the Norwegian IFRS regulations also give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. DNB Bank ASA presents note information in accordance with IFRS.

New or amended accounting standards or interpretations that have entered into force so far in 2014 and are of significance to the DNB Bank Group, are described below. The new rules were implemented by the banking group as of 1 January 2014.

IFRS 10 Consolidated Financial Statements

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

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

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

IFRS 11 Joint Arrangements

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

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

The DNB Bank Group had no significant investments in jointly controlled operations, thus the implementation of the new standard had no material impact on the consolidated accounts.

IFRS 12 Disclosure of Interests in Other Entities

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

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to the standard clarify the rules on presenting financial assets and liabilities on a net basis. The new rules had no material impact on the offsetting of financial assets and liabilities in the accounts.

Revised IAS 27 Separate Financial Statements and IAS 28 Investment in Associates and Joint Ventures

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

Note 2 Important accounting estimates and discretionary assessments

When preparing the accounts of the bank and the banking group, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the carrying amounts of assets, liabilities, income and expenses. A more detailed description of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2013.

Note 3 Changes in group structure

JSC DNB Bank

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

Amports Inc.

DNB acquired a holding of just over 29 per cent in Amports Inc. in 2010 in connection with the restructuring of a loan. Headquartered in Florida, Amports is a leader in the global automotive service industry in the US and Mexico and operates port terminals for auto shipping. The holding has been recognised in the group accounts according to the equity method. On 17 April 2014, DNB signed an agreement to sell the holding, and the transaction was completed in the second quarter of 2014. A capital gain of NOK 211 million has been recorded under "Net gains on fixed and intangible assets".

BankID Norge AS

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

BankAxept AS

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

Note 4 Segments

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

- | | |
|--|--|
| Personal customers | - includes the banking group's total products and activities to private customers in all channels, both digital and physical. DNB offers a wide range of products through Norway's largest distribution network, comprising branches, telephone banking (24/7), digital banking, real estate broking as well as external channels (post offices and in-store postal and banking outlets). |
| Small and medium-sized enterprises | - is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in this segment range from small businesses and start-up companies to relatively large corporate customers, and the product offerings are adapted to the customers' different needs. Small and medium-sized enterprises are served through the banking group's large physical distribution network throughout Norway as well as digital and telephone banking (24/7). |
| Large corporates and international customers | - includes large Norwegian and international corporate customers and all customers served by DNB's subsidiary banks in the Baltics and Poland. Operations are based on sound industry expertise and long-term customer relationships. |
| Trading | - includes market making and other trading activities in fixed income, currencies and commodities (FICC) as well as equities, including risk management of the risk inherent in customer transactions. Markets' trading activities support the customer activities. |

The income statement and balance sheet for the segments have been prepared on the basis of internal financial reporting for the functional organisation of the DNB Bank Group into segments, as reported to group management (chief operating decision maker) for an assessment of current developments and the allocation of resources. Figures for the segments are based on DNB's management model and accounting principles. The figures have been restated in accordance with the banking group's current principles for allocating costs and capital between segments and are based on a number of assumptions, estimates and discretionary distributions.

Capital allocated to the segments is calculated on the basis of the banking group's common equity Tier 1 capital and long-term capitalisation ambition. The allocation of capital to all units is based on the banking group's adaptation to Basel II, full IRB, and the capital allocated in 2014 corresponds to a common equity Tier 1 capital ratio of 12.9 per cent. The allocation of credit risk is based on the banking group's internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units' total income.

Note 4 Segments (continued)

Income statement, 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<i>Amounts in NOK million</i>												
Net interest income - ordinary operations	3 453	3 367	1 536	1 479	2 919	2 733	71	105	284	260	8 261	7 944
Interest on allocated capital ²⁾	118	72	85	86	214	225	29	35	(446)	(417)	0	0
Net interest income	3 571	3 439	1 620	1 565	3 133	2 957	100	140	(163)	(157)	8 261	7 944
Net other operating income	953	1 058	282	248	1 141	1 048	608	525	962	412	3 946	3 291
Total income	4 524	4 497	1 902	1 813	4 274	4 006	708	665	799	255	12 207	11 235
Operating expenses	2 038	2 104	893	844	1 412	1 254	123	216	502	568	4 968	4 986
Pre-tax operating profit before impairment	2 486	2 393	1 009	969	2 863	2 752	585	449	297	(313)	7 240	6 250
Net gains on fixed and intangible assets	0	0	(0)	0	12	1	0	0	2	1	13	2
Impairment of loans and guarantees ³⁾	63	22	154	161	(39)	304	0	0	5	(13)	183	475
Profit from repossessed operations	0	(13)	(11)	8	(43)	(16)	0	0	54	21	0	0
Pre-tax operating profit	2 424	2 357	844	816	2 870	2 434	585	449	347	(278)	7 070	5 777
Tax expense	654	660	228	228	890	730	158	130	(161)	(374)	1 769	1 375
Profit from operations held for sale after taxes	0	(5)	0	0	0	0	0	0	(8)	(3)	(8)	(7)
Profit for the period	1 769	1 693	616	587	1 980	1 704	427	318	500	93	5 293	4 395

- 1) See the tables below for more information about other operations/eliminations.
- 2) Allocated capital correspond to the external capital adequacy requirement (Basel II) which must be met by the banking group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers has been adjusted upwards in 2014.
- 3) See note 14 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 ¹⁾		DNB Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<i>Amounts in NOK billion</i>												
Loans to customers ¹⁾	673.0	652.1	216.2	206.2	475.8	465.5	8.9	1.8	10.3	12.0	1 384.2	1 337.5
Deposits from customers ¹⁾	363.6	346.1	164.3	148.3	362.3	356.2	134.2	94.8	7.0	6.3	1 031.3	951.7
Allocated capital ²⁾	27.9	16.9	20.5	20.4	52.6	54.3	6.7	8.1				

Key figures

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/ eliminations ¹⁾		DNB Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<i>Per cent</i>												
Cost/income ratio ³⁾	45.0	46.8	46.9	46.5	33.0	31.3	17.4	32.5			40.7	44.4
Ratio of deposits to loans ^{1) 4)}	54.0	53.1	76.0	71.9	76.2	76.5					74.5	71.2
Return on allocated capital, annualised ²⁾	25.2	39.7	11.9	11.4	14.9	12.4	25.1	15.6			15.8	14.6

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

Note 4 Segments (continued)

Income statement, 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. 2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<i>Amounts in NOK million</i>												
Net interest income - ordinary operations	9 934	8 972	4 501	4 326	8 319	7 768	212	326	911	1 018	23 877	22 410
Interest on allocated capital ¹⁾	356	222	254	272	648	710	89	111	(1 347)	(1 315)	0	0
Net interest income	10 290	9 194	4 755	4 598	8 967	8 478	301	437	(436)	(297)	23 877	22 410
Net other operating income	2 766	2 917	837	802	3 476	3 353	1 686	1 463	2 795	1 172	11 560	9 707
Total income	13 057	12 112	5 592	5 400	12 443	11 831	1 987	1 900	2 358	875	35 437	32 118
Operating expenses	6 090	6 254	2 656	2 563	4 299	4 002	382	560	1 534	2 133	14 960	15 511
Pre-tax operating profit before impairment	6 967	5 858	2 936	2 837	8 144	7 829	1 605	1 339	824	(1 257)	20 477	16 606
Net gains on fixed and intangible assets	(4)	(0)	(0)	(0)	12	(3)	0	0	4	0	11	(3)
Impairment of loans and guarantees ²⁾	200	260	425	427	180	1 447	0	0	12	16	817	2 149
Profit from repossessed operations	0	(13)	(39)	(2)	(88)	(44)	0	0	127	60	0	0
Pre-tax operating profit	6 763	5 584	2 471	2 408	7 888	6 335	1 605	1 339	943	(1 213)	19 670	14 454
Tax expense	1 826	1 564	667	674	2 445	1 900	433	388	(427)	(697)	4 945	3 830
Profit from operations held for sale after taxes	0	3	0	0	0	0	0	0	(39)	(7)	(39)	(5)
Profit for the period	4 937	4 023	1 804	1 734	5 443	4 434	1 172	951	1 332	(524)	14 687	10 619

1) Allocated capital for the segments are calculated on the external capital adequacy requirement (Basel II) which must be met by the banking group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers has been adjusted upwards in 2014.

2) See note 14 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.

Other operations/eliminations

	DNB Bank Group					
	Eliminations ¹⁾		Group units ²⁾		Total	
	3rd quarter		3rd quarter		3rd quarter	
<i>Amounts in NOK million</i>	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	0	0	284	260	284	260
Interest on allocated capital ³⁾	0	0	(446)	(417)	(446)	(417)
Net interest income	0	0	(163)	(157)	(163)	(157)
Net other operating income	(94)	(112)	1 056	524	962	412
Total income	(94)	(112)	893	367	799	255
Operating expenses	(94)	(112)	597	680	502	568
Pre-tax operating profit before impairment	0	0	297	(313)	297	(313)
Net gains on fixed and intangible assets	0	0	2	1	2	1
Impairment of loans and guarantees ⁴⁾	0	0	5	(13)	5	(13)
Profit from repossessed operations	0	0	54	21	54	21
Pre-tax operating profit	0	0	347	(278)	347	(278)

1) The eliminations refer mainly to internal services from support units to segments and between segments. Further, intra-group transactions and gains and losses on transactions between companies in the banking group are eliminated.

2) Group units include IT and Operations, HR (Human Resources), Group Finance including Group Treasury, Risk Management, Corporate Communications, the partially owned company Eksportfinans and investments in IT infrastructure. In addition, Group units include that part of the banking group's equity that is not allocated to the segments. Profits from repossessed operations which are fully consolidated in the DNB Bank Group are presented net under "Profit from repossessed operations" in the internal reporting of segments. The acquired companies are included in Group units.

	3rd quarter	
	2014	2013
<i>Group units - pre-tax operating profit in NOK million</i>		
+ Interest on unallocated equity etc.	48	64
+ Income from equity investments	(28)	8
+ Gains on fixed and intangible assets	2	1
+ Mark-to-market adjustments Group Treasury and fair value of loans	113	138
+ Basis swaps	449	(223)
+ Eksportfinans ASA	48	91
+ Net gains on investment property	(26)	(25)
+ Profit from repossessed operations	54	21
- Unallocated impairment of loans and guarantees	5	(13)
- Unallocated personnel expenses	70	23
- Unallocated IT and Operations expenses	(31)	180
- Impairment of leases	1	(2)
- Unallocated operating expenses in main buildings	14	18
- Impairment of investment property and fixed assets	40	14
Other	(213)	(135)
Pre-tax operating profit	347	(278)

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

4) See note 14 Impairment of loans and guarantees for an analysis of the gross change in impairment for the banking group.

Note 5 Net interest income

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2014	3rd quarter 2013	January - September		Full year
	2014	2013	2014	2013	2013
Interest on amounts due from credit institutions	1 252	939	3 458	2 805	3 727
Interest on loans to customers	7 029	7 430	20 953	22 147	29 373
Interest on impaired loans and guarantees	154	168	412	479	607
Interest on commercial paper and bonds	1 345	1 741	4 474	5 283	7 068
Front-end fees etc.	68	74	206	219	297
Other interest income	622	459	1 915	1 340	1 831
Total interest income	10 470	10 812	31 418	32 273	42 903
Interest on amounts due to credit institutions	346	555	1 419	1 857	2 431
Interest on deposits from customers	3 368	3 599	10 525	10 851	14 400
Interest on debt securities issued	761	872	2 459	2 724	3 577
Interest on subordinated loan capital	143	105	427	311	452
Guarantee fund levy	164	164	493	493	655
Other interest expenses ¹⁾	(1)	45	158	(45)	9
Total interest expenses	4 781	5 341	15 480	16 190	21 525
Net interest income	5 689	5 472	15 938	16 083	21 378
<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2014	3rd quarter 2013	January - September		Full year
	2014	2013	2014	2013	2013
Interest on amounts due from credit institutions	445	362	1 311	951	1 297
Interest on loans to customers	13 151	13 307	39 229	39 055	52 380
Interest on impaired loans and guarantees	176	183	469	521	682
Interest on commercial paper and bonds	1 206	1 296	3 839	3 923	5 266
Front-end fees etc.	76	81	232	244	329
Other interest income	297	207	1 013	543	759
Total interest income	15 350	15 436	46 092	45 237	60 713
Interest on amounts due to credit institutions	305	535	1 352	1 829	2 374
Interest on deposits from customers	3 420	3 670	10 704	11 140	14 756
Interest on debt securities issued	3 116	3 053	9 438	9 005	12 130
Interest on subordinated loan capital	143	105	427	311	452
Guarantee fund levy	198	191	591	566	754
Other interest expenses ¹⁾	(94)	(63)	(296)	(24)	(132)
Total interest expenses	7 089	7 492	22 215	22 827	30 334
Net interest income	8 261	7 944	23 877	22 410	30 379

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

Note 6 Net commission and fee income

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2014	3rd quarter 2013	January - September 2014 2013		Full year 2013
Money transfer fees	860	848	2 456	2 344	3 131
Fees on asset management services	67	54	186	158	221
Fees on custodial services	90	79	266	236	317
Fees on securities broking	57	44	191	148	219
Corporate finance	82	56	310	158	243
Interbank fees	9	10	26	28	37
Credit broking commissions	163	87	433	360	459
Sales commissions on insurance products	73	83	229	229	318
Sundry commissions and fees	119	164	397	469	602
Total commission and fee income etc.	1 519	1 425	4 494	4 129	5 547
Money transfer fees	342	311	958	863	1 191
Commissions on fund management services	0	0	0	0	0
Fees on custodial services	37	31	122	100	134
Interbank fees	17	18	49	52	70
Credit broking commissions	16	26	68	78	106
Commissions on the sale of insurance products	4	0	14	0	0
Sundry commissions and fees	128	137	389	391	515
Total commission and fee expenses etc.	544	523	1 599	1 484	2 016
Net commission and fee income	976	902	2 894	2 645	3 531

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2014	3rd quarter 2013	January - September 2014 2013		Full year 2013
Money transfer fees	911	900	2 608	2 488	3 335
Fees on asset management services	78	63	217	182	255
Fees on custodial services	92	81	271	242	327
Fees on securities broking	76	54	252	175	262
Corporate finance	156	125	536	339	497
Interbank fees	9	10	26	28	37
Credit broking commissions	161	98	428	376	473
Sales commissions on insurance products	77	89	245	246	342
Fees on real estate broking	282	284	827	897	1 144
Sundry commissions and fees	190	243	625	700	923
Total commission and fee income etc.	2 032	1 946	6 035	5 674	7 595
Money transfer fees	351	320	984	888	1 225
Fees on custodial services	37	31	122	100	134
Interbank fees	17	18	51	54	73
Credit broking commissions	3	23	35	72	102
Commissions on the sale of insurance products	5	1	14	(1)	0
Sundry commissions and fees	147	153	440	437	581
Total commission and fee expenses etc.	561	546	1 646	1 550	2 115
Net commission and fee income	1 471	1 400	4 390	4 124	5 481

Note 7 Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2014	3rd quarter 2013	January - September		Full year 2013
	2014	2013	2014	2013	2013
Dividends	79	56	359	318	408
Net gains on commercial paper and bonds	336	88	2 345	(705)	(721)
Net gains on shareholdings and equity-related derivatives	(149)	7	409	25	749
Net unrealised gains on basis swaps	281	(103)	362	(92)	(489)
Net gains on other financial instruments	1 062	1 174	2 191	4 393	5 636
Net gains on financial instruments at fair value	1 608	1 224	5 666	3 938	5 582

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2014	3rd quarter 2013	January - September		Full year 2013
	2014	2013	2014	2013	2013
Dividends	86	63	366	316	405
Net gains on commercial paper and bonds	380	93	2 223	(852)	(837)
Net gains on shareholdings and equity-related derivatives	(154)	7	405	17	744
Net unrealised gains on basis swaps	449	(223)	(114)	(544)	(1 364)
Net gains on other financial instruments	1 088	1 309	2 231	4 724	6 060
Net gains on financial instruments at fair value	1 849	1 249	5 110	3 661	5 009

Note 8 Profit from investments accounted for by the equity method

Moody's and Standard & Poor's downgrades of Eksportfinans' credit rating in the fourth quarter of 2011 resulted in sizeable unrealised gains on the company's long-term funding. The effect of these unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion. After reviewing the fair value of the company in connection with the closing of the annual accounts, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter of 2011. In 2012, 2013 and 2014, the required rate of return in the market was reduced, and Eksportfinans had sizeable unrealised losses on own debt. The impairment loss recorded by DNB in the fourth quarter of 2011 was reversed by an amount corresponding to these unrealised losses. Reversals totalling NOK 1.7 billion were made in the first nine months of 2014. The remaining impairment loss was NOK 0.4 billion at end-september 2014. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

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

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

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

Note 9 Other income

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Income from owned/leased premises	36	30	99	75	114
Group contributions and dividends from group companies	0	17	13	34	1 033
Miscellaneous operating income	1 721	1 968	5 551	5 134	7 280
Total other income	1 758	2 016	5 664	5 244	8 427

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Income from owned/leased premises	26	20	69	46	76
Income from investment properties	52	59	189	185	239
Sales income	28	25	86	75	107
Miscellaneous operating income	496	461	1 540	1 380	1 969
Total other income	602	566	1 885	1 685	2 390

Note 10 Operating expenses

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter	3rd quarter	January - September	Full year	
	2014	2013	2014	2013	2013
Salaries	1 532	1 545	4 565	4 468	5 933
Employer's national insurance contributions	212	207	636	604	795
Pension expenses ¹⁾	216	160	642	449	620
Restructuring expenses ¹⁾	31	95	158	674	710
Other personnel expenses	148	162	417	478	683
Total salaries and other personnel expenses	2 139	2 169	6 417	6 673	8 742
Fees ²⁾	299	257	905	787	1 008
IT expenses ²⁾	487	630	1 466	1 602	2 109
Postage and telecommunications	62	58	174	177	236
Office supplies	10	9	31	28	39
Marketing and public relations	134	128	440	371	523
Travel expenses	33	34	119	110	171
Reimbursement to Norway Post for transactions executed	64	35	171	101	143
Training expenses	9	6	30	27	37
Operating expenses on properties and premises	306	296	985	937	1 273
Operating expenses on machinery, vehicles and office equipment	12	20	52	63	91
Other operating expenses ³⁾	128	143	403	829	722
Total other expenses	1 544	1 616	4 777	5 032	6 353
Depreciation and impairment of fixed and intangible assets ⁴⁾	480	433	1 395	1 397	3 698
Total depreciation and impairment of fixed and intangible assets	480	433	1 395	1 397	3 698
Total operating expenses	4 163	4 219	12 589	13 101	18 792

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter	3rd quarter	January - September	Full year	
	2014	2013	2014	2013	2013
Salaries	1 860	1 855	5 555	5 405	7 176
Employer's national insurance contributions	259	260	781	767	1 014
Pension expenses ¹⁾	235	178	694	503	683
Restructuring expenses ¹⁾	31	95	159	684	726
Other personnel expenses	164	177	472	522	746
Total salaries and other personnel expenses	2 548	2 566	7 662	7 881	10 345
Fees ²⁾	336	290	987	867	1 114
IT expenses ²⁾	546	687	1 655	1 795	2 383
Postage and telecommunications	73	70	211	212	276
Office supplies	23	23	69	70	85
Marketing and public relations	206	203	675	627	838
Travel expenses	44	43	153	138	212
Reimbursement to Norway Post for transactions executed	64	35	171	101	143
Training expenses	10	7	36	31	46
Operating expenses on properties and premises	361	346	1 153	1 111	1 517
Operating expenses on machinery, vehicles and office equipment	19	28	75	90	129
Other operating expenses ³⁾	212	208	628	1 050	1 082
Total other expenses	1 893	1 941	5 813	6 090	7 826
Impairment losses for goodwill ⁵⁾	0	0	0	0	57
Depreciation and impairment of fixed and intangible assets ⁶⁾	526	479	1 486	1 540	2 540
Total depreciation and impairment of fixed and intangible assets	526	479	1 486	1 540	2 598
Total operating expenses	4 968	4 986	14 960	15 511	20 769

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

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

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

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

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

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

Note 11 Number of employees/full-time positions

	DNB Bank ASA				
	3rd quarter 2014 ¹⁾	3rd quarter 2013 ²⁾	January - 2014 ¹⁾	September 2013 ²⁾	Full year 2013 ²⁾
Number of employees at end of period	8 035	8 260	8 035	8 260	8 123
- of which number of employees abroad	883	791	883	791	771
Number of employees calculated on a full-time basis at end of period	7 691	7 904	7 691	7 904	7 769
- of which number of employees calculated on a full-time basis abroad	858	761	858	761	745
Average number of employees	8 006	8 253	7 995	8 290	8 267
Average number of employees calculated on a full-time basis	7 654	7 892	7 644	7 939	7 914

	DNB Bank Group				
	3rd quarter 2014 ^{1) 3)}	3rd quarter 2013 ²⁾	January - 2014 ^{1) 3)}	September 2013 ²⁾	Full year 2013 ²⁾
Number of employees at end of period	11 227	11 931	11 227	11 931	11 601
- of which number of employees abroad	3 245	3 656	3 245	3 656	3 459
Number of employees calculated on a full-time basis at end of period	10 854	11 513	10 854	11 513	11 186
- of which number of employees calculated on a full-time basis abroad	3 211	3 598	3 211	3 598	3 408
Average number of employees	11 278	11 986	11 364	12 248	12 134
Average number of employees calculated on a full-time basis	10 865	11 558	10 952	11 824	11 711

1) The reduction in number of employees and the number of employees calculated on a full-time basis from 2013 reflects restructuring measures in the banking group.

2) In September 2013, 122 full-time positions were transferred from DNB Livsforsikring to DNB Bank ASA.

3) JSC DNB Bank was sold in July 2014. JSC DNB Bank had 176 employees/employees calculated on a full-time basis at the end of 2013.

Note 12 Fair value of financial instruments at amortised cost

<i>Amounts in NOK million</i>	DNB Bank ASA					
	30 September 2014		31 December 2013		30 September 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	9 515	9 515	89 009	89 009	12 023	12 023
Due from credit institutions	151 312	151 312	123 971	123 971	113 138	113 138
Loans to customers	649 300	652 332	625 885	625 608	645 588	646 242
Commercial paper and bonds, held to maturity	36 619	36 067	63 318	63 152	66 059	66 042
Total financial assets	846 746	849 226	902 183	901 740	836 808	837 445
Due to credit institutions	24 531	24 531	23 466	23 466	24 795	24 795
Deposits from customers	807 504	807 504	790 697	790 697	828 526	828 526
Securities issued ¹⁾	132 154	135 964	153 525	156 507	148 430	151 216
Subordinated loan capital ¹⁾	25 395	25 656	25 025	25 198	24 567	24 366
Total financial liabilities	989 585	993 655	992 713	995 868	1 026 318	1 028 904

<i>Amounts in NOK million</i>	DNB Bank Group					
	30 September 2014		31 December 2013		30 September 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	11 717	11 717	93 008	93 008	14 602	14 602
Due from credit institutions	13 994	13 994	10 325	10 325	9 245	9 245
Loans to customers	1 276 435	1 279 291	1 218 652	1 218 032	1 205 888	1 205 863
Commercial paper and bonds, held to maturity	36 619	36 067	63 318	63 152	66 059	66 042
Total financial assets	1 338 766	1 341 069	1 385 303	1 384 518	1 295 795	1 295 753
Due to credit institutions	24 768	24 768	24 386	24 386	25 051	25 051
Deposits from customers	849 153	849 153	832 817	832 817	866 819	866 819
Securities issued ¹⁾	455 719	464 421	460 850	467 367	433 288	439 900
Subordinated loan capital ¹⁾	25 395	25 656	25 025	25 198	24 575	24 374
Total financial liabilities	1 355 035	1 363 998	1 343 078	1 349 768	1 349 733	1 356 144

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	Valuation based on observable market data	Valuation based on other than observable market data	Accrued interest ¹⁾	Total
	Level 1	Level 2	Level 3		
Assets as at 30 September 2014					
Deposits with central banks	0	201 656	0	2	201 658
Due from credit institutions	0	210 496	0	145	210 641
Loans to customers	0	7 551	40 545	167	48 264
Commercial paper and bonds at fair value	36 141	163 133	104	1 495	200 874
Shareholdings	6 669	432	1 465	-	8 566
Financial derivatives	9	163 751	1 392	-	165 152
Liabilities as at 30 September 2014					
Due to credit institutions	0	213 964	0	43	214 008
Deposits from customers	0	47 636	0	131	47 766
Debt securities issued	0	207 314	0	262	207 576
Subordinated loan capital	0	1 271	0	2	1 273
Financial derivatives	8	173 365	1 101	-	174 473
Other financial liabilities ²⁾	607	0	0	0	607

DNB Bank Group

<i>Amounts in NOK million</i>	Valuation based on quoted prices in an active market	Valuation based on observable market data	Valuation based on other than observable market data	Accrued interest ¹⁾	Total
	Level 1	Level 2	Level 3		
Assets as at 30 September 2014					
Deposits with central banks	0	201 656	0	2	201 658
Due from credit institutions	0	92 757	0	51	92 808
Loans to customers	0	7 551	112 189	321	120 061
Commercial paper and bonds at fair value	39 553	135 771	108	1 550	176 983
Shareholdings	6 894	435	1 697	-	9 026
Financial derivatives	9	151 669	1 392	-	153 070
Liabilities as at 30 September 2014					
Due to credit institutions	0	162 230	0	31	162 261
Deposits from customers	0	47 386	0	131	47 516
Debt securities issued	0	270 204	0	711	270 915
Subordinated loan capital	0	1 271	0	2	1 273
Financial derivatives	8	125 237	1 101	-	126 346
Other financial liabilities ²⁾	607	0	0	0	607

1) Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.

2) Short positions, equities trading.

Financial instruments at fair value, level 3

DNB Bank ASA

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share- holdings ¹⁾	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2013	50 423	306	4 007	1 442	1 248
Net gains on financial instruments	106	1	700	(33)	(127)
Additions/purchases	536	360	278	329	324
Sales	985	572	3 519	0	0
Settled	9 535	7	0	345	342
Transferred from level 1 or level 2	0	131	0	0	0
Transferred to level 1 or level 2	0	112	0	0	0
Other ²⁾	0	(3)	0	(1)	(2)
Carrying amount as at 30 September 2014	40 545	104	1 465	1 392	1 101

Note 13 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	Financial assets				DNB Bank Group
					Financial liabilities
	Loans to customers	Commercial paper and bonds	Shareholdings ¹⁾	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2013	128 022	311	4 235	1 442	1 248
Net gains on financial instruments	1 066	1	698	(33)	(127)
Additions/purchases	2 821	360	283	329	324
Sales	0	572	3 519	0	0
Settled	19 720	7	0	345	342
Transferred from level 1 or level 2	0	131	0	0	0
Transferred to level 1 or level 2	0	112	0	0	0
Other ²⁾	0	(4)	0	(1)	(2)
Carrying amount as at 30 September 2014	112 189	108	1 697	1 392	1 101

1) Equities classified as level 3 comprise, in addition to pure equity investments, property fund units, limited partnership units and private equity investments.

2) Includes exchange rate effects.

Loans to customers

The portfolio of loans carried at fair value consists primarily of fixed-rate loans in Norwegian kroner and a share of margin loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed interest flows over the term of the loan, using a discount factor adjusted for margin requirements. The assumptions underlying the calculation of the margin requirement are based on a review of the market conditions on the balance sheet date and on an assessment of the deliberations made by external investors when investing in a corresponding portfolio. A margin requirement is calculated for margin loans, and the difference between the margin requirement and the agreed margin is discounted over the average expected time to the repricing of the loan. For a further description of the instruments and valuation techniques, see DNB's annual report for 2013.

DNB Bank ASA

30 September 2014

Shareholdings	Commercial paper and bonds	Loans to customers
2 061	106	40 400
(596)	(2)	146
1 465	104	40 545

Breakdown of fair value, level 3

Amounts in NOK million

	Loans to customers	Commercial paper and bonds	Shareholdings
Principal amount / purchase price	109 841	110	2 213
Fair value adjustment ¹⁾	2 347	(2)	(516)
Total fair value, excluding accrued interest	112 189	108	1 697

DNB Bank Group

30 September 2014

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

Private Equity (PE) Unquoted equities

Total	Other	Private Equity (PE) funds	Unquoted equities
1 465	21	480	964

Breakdown of shareholdings, level 3

Private Unquoted Equity (PE) equities funds

Carrying amount	Private Unquoted equities	Private Equity (PE) funds
1 196	1 196	480

DNB Bank Group

Other Total

Carrying amount	Other	Total
1 196	21	1 697

DNB Bank ASA

Effect of reasonably possible alternative assumptions

30 September 2014

	Carrying amount
(15)	40 545
(1)	104
0	1 465
0	292

Sensitivity analysis, level 3

Amounts in NOK million

Carrying amount	Carrying amount
112 189	112 189
108	108
1 697	1 697
292	292

DNB Bank Group

Effect of reasonably possible alternative assumptions

30 September 2014

	Carrying amount	Effect of reasonably possible alternative assumptions
Loans to customers	112 189	(184)
Commercial paper and bonds	108	(1)
Shareholdings	1 697	0
Financial derivatives, net	292	0

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

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

The banking group's portfolio of equities classified as level 3 was NOK 1 697 million as at 30 September 2014, following the completion of the sale of Nets Holding in the third quarter. The investment in Nets Holding was valued at NOK 3 430 million at 30 June 2014.

Note 14 Impairment of loans and guarantees

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2014	3rd quarter 2013	January - September 2014		September 2013
Write-offs	292	78	638	542	825
New individual impairment	343	470	1 413	1 786	2 425
Total new individual impairment	635	547	2 051	2 328	3 250
Reassessed individual impairment	264	54	724	457	511
Recoveries on loans and guarantees previously written off	169	112	412	324	434
Net individual impairment	202	380	915	1 547	2 305
Change in collective impairment of loans	(38)	(219)	(72)	11	(380)
Impairment of loans and guarantees ¹⁾	164	161	843	1 557	1 925
Write-offs covered by individual impairment made in previous years	1 062	15	2 063	463	1 128
1) <i>Of which individual impairment of guarantees</i>	47	16	(147)	105	115

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2014	3rd quarter 2013	January - September 2014		September 2013
Write-offs	295	207	548	762	966
New individual impairment	467	753	1 973	2 470	3 071
Total new individual impairment	762	961	2 521	3 232	4 037
Reassessed individual impairment	311	167	978	809	1 263
Recoveries on loans and guarantees previously written off	185	119	443	340	457
Net individual impairment	267	674	1 101	2 082	2 318
Change in collective impairment of loans	(84)	(199)	(284)	67	(133)
Impairment of loans and guarantees ¹⁾	183	475	817	2 149	2 185
Write-offs covered by individual impairment made in previous years	457	319	1 630	983	1 837
1) <i>Of which individual impairment of guarantees</i>	50	21	(144)	111	119

Note 15 Loans to customers

DNB Bank ASA			<i>Amounts in NOK million</i>	DNB Bank Group		
30 Sept. 2013	31 Dec. 2013	30 Sept. 2014		30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
Loans at amortised cost:						
653 227	632 541	654 539	Loans to customers, nominal amount	1 285 525	1 228 610	1 216 564
6 617	6 048	4 918	Individual impairment	9 199	9 695	10 251
646 610	626 493	649 621	Loans to customers, after individual impairment	1 276 326	1 218 915	1 206 313
1 460	1 451	1 711	+ Accrued interest and amortisation	2 894	2 762	2 812
532	496	523	- Individual impairment of accrued interest amortisation	736	710	745
1 949	1 563	1 509	- Collective impairment	2 049	2 315	2 492
645 588	625 885	649 300	Loans to customers, at amortised cost	1 276 435	1 218 652	1 205 888
Loans at fair value:						
57 252	53 987	47 951	Loans to customers, nominal amount	117 392	130 344	135 322
228	202	167	+ Accrued interest	321	378	405
56	39	146	+ Adjustment to fair value	2 348	1 281	914
57 536	54 229	48 264	Loans to customers, at fair value	120 061	132 004	136 642
703 125	680 114	697 564	Loans to customers	1 396 496	1 350 656	1 342 531

Note 16 Net impaired loans and guarantees for principal customer groups ¹⁾

DNB Bank ASA				DNB Bank Group		
30 Sept. 2013	31 Dec. 2013	30 Sept. 2014		30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
<i>Amounts in NOK million</i>						
1 391	1 315	1 262	Private individuals	3 236	3 482	3 578
6 065	3 609	2 513	Transportation by sea and pipelines and vessel construction	3 042	4 953	6 106
2 820	2 616	1 958	Real estate	2 827	3 708	3 851
1 845	1 881	751	Manufacturing	987	2 182	2 170
376	419	437	Services	539	506	576
210	213	236	Trade	338	387	401
97	137	35	Oil and gas	35	137	97
845	726	832	Transportation and communication	872	767	910
750	695	661	Building and construction	1 072	975	1 095
12	26	20	Power and water supply	21	68	54
63	58	37	Seafood	37	58	64
44	42	28	Hotels and restaurants	137	228	226
95	76	114	Agriculture and forestry	141	103	126
0	0	0	Central and local government	0	0	0
2	1	9	Other sectors	13	11	1
14 615	11 814	8 893	Total customers	13 297	17 565	19 255
8	5	0	Credit institutions	0	5	7
14 623	11 819	8 893	Total net impaired loans and guarantees	13 297	17 570	19 262
2 252	2 356	855	Non-performing loans and guarantees not subject to impairment	1 624	3 179	3 645
16 875	14 175	9 748	Total net non-performing and doubtful loans and guarantees	14 921	20 749	22 907

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

Note 17 Commercial paper and bonds, held to maturity

DNB Bank ASA				DNB Bank Group		
30 Sept. 2013	31 Dec. 2013	30 Sept. 2014		30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
<i>Amounts in NOK million</i>						
65 703	63 087	36 388	International bond portfolio	36 388	63 087	65 703
357	231	231	Other units	231	231	357
66 059	63 318	36 619	Commercial paper and bonds, held to maturity	36 619	63 318	66 059

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

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

Measurement of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement, the portfolio was thus measured at fair value according to models used for financial instruments not traded in an active market. The models were based on a regression analysis whereby historical market data (explanatory variables) which were observable even during the financial turmoil were used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model showed a high level of correlation between changes in given market data and changes in the value of the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. As of 1 January 2014, the fair value of the portfolio is determined based on broker quotes. If fair value had been used to determine the value of the portfolio in the third quarter of 2014, there would have been a NOK 39 million increase in profits.

Note 17 Commercial paper and bonds, held to maturity (continued)

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 30 September 2014 was NOK 0.8 billion higher than if the previous valuation principle had been retained. On the reclassification date, the carrying amount of the portfolio was NOK 88.0 billion, compared with NOK 17.4 billion at end-September 2014. The average term to maturity of the portfolio was 5.5 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 11 million at end-September 2014.

Effects on profits of the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Recorded amortisation effect	24	39	80	133	163
Net gain, if valued at fair value	63	159	(153)	540	452
Effects of reclassification on profits	(39)	(120)	232	(407)	(289)

Effects on the balance sheet of the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group		
	30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
Recorded unrealised losses	523	603	633
Unrealised losses, if valued at fair value	1 285	1 132	1 044
Effects of reclassification on the balance sheet	762	529	411

Development in the portfolio after the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group		
	30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
Reclassified portfolio, carrying amount	17 399	20 313	21 812
Reclassified portfolio, if valued at fair value	16 638	19 784	21 400
Effects of reclassification on the balance sheet	762	529	411

International bond portfolio

After the reclassification date, DNB has chosen to increase investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds, these investments are carried at fair value. As at 30 September 2014 the international bond portfolio represented NOK 124.6 billion. 72.8 per cent of the securities in the portfolio had an AAA rating, while 21.7 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of the international bond portfolio is shown below.

Asset class	DNB Bank Group	
	Per cent 30 Sept. 2014	NOK million 30 Sept. 2014
Residential mortgages	24.45	30 596
Corporate loans	0.01	16
Government related	33.87	42 376
Covered bonds	41.67	52 142
Total international bond portfolio, nominal values	100.00	125 130
Accrued interest, amortisation effects and fair value adjustments		(520)
Total international bond portfolio		124 610
Total international bond portfolio, held to maturity		36 388
Of which reclassified portfolio		17 399

The average term to maturity of the international bond portfolio is 3.0 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 14 million at end-September 2014.

Note 18 Intangible assets

DNB Bank ASA				DNB Bank Group		
30 Sept. 2013	31 Dec. 2013	30 Sept. 2014	Amounts in NOK million	30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
2 952	2 956	2 925	Goodwill ¹⁾	3 011	3 041	3 085
692	709	599	IT systems development ²⁾	972	1 166	1 601
256	246	204	Other intangible assets	232	256	257
3 899	3 911	3 727	Total intangible assets	4 214	4 464	4 943

1) Impairment losses for the remaining goodwill of JSC DNB Bank were recorded in the fourth quarter of 2013.

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

Note 19 Debt securities issued and subordinated loan capital

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

Debt securities issued		DNB Bank ASA		
Amounts in NOK million		30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
Commercial paper issued, nominal amount		192 042	183 601	218 790
Bond debt, nominal amount		136 682	161 528	156 557
Adjustments		11 007	7 770	7 292
Total debt securities issued		339 730	352 899	382 639

Changes in debt securities issued		DNB Bank ASA					
Amounts in NOK million		Balance sheet 30 Sept. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Commercial paper issued, nominal amount		192 042	969 614	961 303	129		183 601
Bond debt, nominal amount		136 682	13 936	37 397	(1 386)		161 528
Adjustments		11 007				3 236	7 770
Total debt securities issued		339 730	983 551	998 699	(1 257)	3 236	352 899

Changes in subordinated loan capital and perpetual subordinated loan capital securities		DNB Bank ASA					
Amounts in NOK million		Balance sheet 30 Sept. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Term subordinated loan capital, nominal amount		17 570			(252)		17 822
Perpetual subordinated loan capital, nominal amount		4 217			206		4 011
Perpetual subordinated loan capital securities, nominal amount		3 647			132		3 515
Adjustments		1 234				305	929
Total subordinated loan capital and perpetual subordinated loan capital securities		26 668	0	0	87	305	26 276

Note 19 Debt securities issued and subordinated loan capital (continued)

Debt securities issued	DNB Bank Group		
	30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
<i>Amounts in NOK million</i>			
Commercial paper issued, nominal amount	192 042	183 619	218 808
Bond debt, nominal amount ¹⁾	497 364	508 618	481 011
Adjustments	37 229	23 954	23 073
Total debt securities issued	726 634	716 192	722 891

Changes in debt securities issued	DNB Bank Group					
	Balance sheet 30 Sept. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	192 042	969 614	961 320	129		183 619
Bond debt, nominal amount ¹⁾	497 364	43 920	47 736	(7 438)		508 618
Adjustments	37 229				13 274	23 954
Total debt securities issued	726 634	1 013 535	1 009 057	(7 310)	13 274	716 192

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DNB Bank Group					
	Balance sheet 30 Sept. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	17 570			(252)		17 822
Perpetual subordinated loan capital, nominal amount	4 217			206		4 011
Perpetual subordinated loan capital securities, nominal amount	3 647			132		3 515
Adjustments	1 234				305	929
Total subordinated loan capital and perpetual subordinated loan capital securities	26 668	0	0	87	305	26 276

1) Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 383.5 billion as at 30 September 2014. The cover pool market value represented NOK 547.0 billion.

Note 20 Capital adequacy

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

DNB Bank ASA		Primary capital	DNB Bank Group	
31 Dec. 2013	30 Sept. 2014		30 Sept. 2014	31 Dec. 2013
		<i>Amounts in NOK million</i>		
18 314	18 314	Share capital	18 314	18 314
96 276	95 415	Other equity	102 450	108 093
114 591	113 729	Total equity	120 765	126 407
		Deductions		
0	(8)	Pension funds above pension commitments	(8)	(4)
(2 956)	(2 925)	Goodwill	(2 941)	(3 654)
(4 145)	(326)	Deferred tax assets ¹⁾	(508)	(1 093)
(955)	(803)	Other intangible assets	(816)	(1 425)
0	0	Group contribution, payable	0	(5 000)
0	0	Unrealised gains on fixed assets	(30)	(30)
(2)	0	50 per cent of investments in other financial institutions	0	(2)
(610)	(1 410)	Expected losses exceeding actual losses, IRB portfolios ²⁾	(1 952)	(712)
240	240	Adjustments for unrealised losses/(gains) on debt recorded at fair value	281	281
		Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities	(80)	-
106 162	108 418	Common equity Tier 1 capital	114 712	114 770
-	114 669	Common equity Tier 1 capital incl. 50 per cent of profit for the period	122 010	-
3 515	3 647	Perpetual subordinated loan capital securities	3 647	3 515
109 677	112 065	Tier 1 capital	118 359	118 285
-	118 316	Tier 1 capital incl. 50 per cent of profit for the period	125 657	-
4 011	4 217	Perpetual subordinated loan capital	4 217	4 011
17 822	17 570	Term subordinated loan capital ³⁾	17 643	17 850
		Deductions		
(2)	0	50 per cent of investments in other financial institutions	0	(2)
(610)	-	Expected losses exceeding actual losses, IRB portfolios ²⁾	-	(712)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
21 221	21 787	Tier 2 capital	21 878	21 165
130 898	133 852	Total eligible primary capital	140 238	139 450
-	140 103	Total eligible primary capital incl. 50 per cent of profit for the period	147 535	-
933 433	874 557	Risk-weighted volume, transitional rules	992 879	1 004 716
74 675	69 965	Minimum capital requirement, transitional rules	79 430	80 377
11.4	13.1	Common equity Tier 1 capital ratio, transitional rules (%)	12.3	11.4
11.7	13.5	Tier 1 capital ratio, transitional rules (%)	12.7	11.8
14.0	16.0	Capital ratio, transitional rules (%)	14.9	13.9
		Common equity Tier 1 capital ratio, transitional rules, excl. 50 per cent of profit for the period (%)	11.6	-
-	12.4			
-	12.8	Tier 1 capital ratio, transitional rules, excl. 50 per cent of profit for the period (%)	11.9	-
-	15.3	Capital ratio, transitional rules, excl. 50 per cent of profit for the period (%)	14.1	-

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

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

3) As at 30 September 2014, calculations of capital adequacy for the banking group included a total of NOK 71 million in subordinated loan capital in associated companies.

Note 20 Capital adequacy (continued)

Basel III

The majority of the credit portfolios are reported according to the IRB approach. However, some portfolios are still subject to final IRB approval from Finanstilsynet. These are banks and financial institutions (DNB Bank) and large corporate clients rated by simulation models (DNB Bank).

Specification of risk-weighted volume and capital requirements

	DNB Bank ASA					
	Nominal exposure	EAD ¹⁾	Average risk weights	Risk-weighted volume	Capital requirements	Capital requirements
	30 Sept. 2014	30 Sept. 2014	in per cent 30 Sept. 2014	30 Sept. 2014	30 Sept. 2014	31 Dec. 2013
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	816 378	660 447	44.9	296 524	23 722	26 560
Specialised Lending (SL)	6 209	6 205	46.8	2 905	232	153
Retail - mortgage loans	88 990	88 990	19.6	17 482	1 399	1 169
Retail - other exposures	109 087	89 834	27.8	24 948	1 996	1 984
Securitisation	36 388	36 388	63.2	22 991	1 839	2 380
Total credit risk, IRB approach	1 057 053	881 864	41.4	364 850	29 188	32 246
Standardised approach						
Central government	50 999	58 237	0.1	55	4	1
Institutions	849 102	787 337	20.8	163 602	13 088	13 033
Corporate	163 794	138 579	96.3	133 476	10 678	13 055
Retail - mortgage loans	4 976	4 508	37.8	1 705	136	469
Retail - other exposures	74 325	26 403	74.5	19 662	1 573	1 070
Equity positions	77 873	77 743	100.4	78 028	6 242	5 936
Other assets	8 074	8 074	171.6	13 852	1 108	712
Total credit risk, standardised approach	1 229 143	1 100 883	37.3	410 382	32 831	34 275
Total credit risk	2 286 196	1 982 748	39.1	775 231	62 019	66 521
Market risk						
Position risk, debt instruments				18 745	1 500	2 622
Position risk, equity instruments				401	32	104
Currency risk				0	0	0
Commodity risk				211	17	9
Credit value adjustment risk (CVA)				11 787	943	-
Total market risk				31 144	2 491	2 734
Operational risk				68 182	5 455	5 455
Deductions				0	0	(36)
Total risk-weighted volume and capital requirements before transitional rules				874 557	69 965	74 675
Additional capital requirements according to transitional rules ²⁾				0	0	0
Total risk-weighted volume and capital requirements				874 557	69 965	74 675

1) EAD, exposure at default.

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

Note 20 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements	DNB Bank Group					
	Nominal exposure 30 Sept. 2014	EAD ¹⁾ 30 Sept. 2014	Average risk weights in per cent 30 Sept. 2014	Risk-weighted volume 30 Sept. 2014	Capital requirements 30 Sept. 2014	Capital requirements 31 Dec. 2013
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	949 531	773 802	44.0	340 463	27 237	30 362
Specialised Lending (SL)	7 506	7 458	45.9	3 423	274	153
Retail - mortgage loans	648 664	648 664	17.0	110 049	8 804	4 884
Retail - other exposures	109 087	89 834	27.8	24 948	1 996	1 984
Securitisation	36 388	36 388	63.2	22 991	1 839	2 380
Total credit risk, IRB approach	1 751 177	1 556 146	32.3	501 874	40 150	39 763
Standardised approach						
Central government	57 343	69 822	0.3	225	18	4
Institutions	171 449	113 761	30.1	34 211	2 737	2 036
Corporate	239 217	198 872	92.5	183 954	14 716	16 996
Retail - mortgage loans	39 762	37 806	50.2	18 975	1 518	1 867
Retail - other exposures	94 006	42 643	77.2	32 939	2 635	2 249
Equity positions	4 203	4 073	107.0	4 357	349	308
Securitisation	2 706	2 706	29.4	795	64	44
Other assets	7 077	7 077	107.4	7 598	608	1 012
Total credit risk, standardised approach	615 761	476 759	59.4	283 055	22 644	24 517
Total credit risk	2 366 938	2 032 905	38.6	784 929	62 794	64 280
Market risk						
Position risk, debt instruments				15 292	1 223	2 239
Position risk, equity instruments				401	32	104
Currency risk				0	0	0
Commodity risk				211	17	9
Credit value adjustment risk (CVA)				6 307	505	-
Total market risk				22 211	1 777	2 352
Operational risk				79 770	6 382	6 382
Deductions				0	0	(60)
Total risk-weighted volume and capital requirements before transitional rules				886 910	70 953	72 953
Additional capital requirements according to transitional rules ²⁾				105 969	8 478	7 424
Total risk-weighted volume and capital requirements				992 879	79 430	80 377

1) EAD, exposure at default.

2) Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations. As a result of adaptations to CRD IV/CRR, adjusted expected losses, multiplied by 12.5, will be deducted from risk-weighted volume calculated according to the Basel I regulations as of 30 September 2014.

Note 21 Liquidity risk

Liquidity risk is the risk that the DNB Bank Group will be unable to meet its payment obligations. Overall liquidity management in the banking group implies that DNB Bank ASA is responsible for funding domestic subsidiaries, as well as international branches and subsidiaries. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis and a combination thereof, and a contingency plan has been established to handle market events. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding. The banking group's ratio of deposits to net loans was 64.2 per cent at end-September 2014, down from 69.6 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 122.6 per cent at end-September 2014.

The short-term funding markets remained generally sound in the third quarter of 2014. In spite of somewhat greater competition for funding due to the fact that a larger group of banks is regarded as financially strong, DNB had ample access to short-term funding in all currencies. In the long-term funding markets, there was also a strong supply of capital throughout the third quarter. After the European Central Bank, ECB, presented its covered bond purchase programme as one of several measures to stimulate economic activity in the eurozone, the costs of new funding in the form of covered bonds have shown a particularly favourable trend.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the third quarter. At end-September, the total LCR was 107.3 per cent, with an LCR of 48.3 per cent for EUR and 208.3 per cent for USD.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.4 years at end-September 2014, compared with 4.5 years a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 22 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans ASA

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

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

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

DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DNB Bank ASA. Pursuant to the agreement, the bank still carries interest rate risk and credit risk associated with the transferred portfolio. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet of the bank. These portfolios totalled NOK 2.8 billion at end-September 2014. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.

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

DNB Boligkreditt AS

DNB Boligkreditt (Boligkreditt) is 100 per cent owned by DNB Bank ASA. As part of ordinary business transactions, a large number of banking transactions are entered into between Boligkreditt and the bank, including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS" (the transfer agreement) and the "Contract between DNB Bank ASA and DNB Boligkreditt AS concerning purchase of management services" (the servicing agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. In the period 2008 to 2013, portfolios representing NOK 304.8 billion were transferred from DNB Bank ASA to Boligkreditt. In the period January through September 2014, portfolios representing NOK 12.8 billion were transferred. The transfers are based on market terms.

Pursuant to the servicing agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations and financial and liquidity management. Boligkreditt pays a monthly management fee for these services. The fee paid for the period January through September 2014 totalled NOK 4.1 billion

At end-September 2014 the bank had invested NOK 24.5 billion in covered bonds issued by Boligkreditt.

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

DNB Næringskreditt AS

DNB Næringskreditt (Næringskreditt) is 100 per cent owned by DNB Bank ASA. The mortgage institution was established to issue covered bonds secured by a cover pool comprising commercial property.

At end-September 2014, commitments with a total value of NOK 26.6 billion had been transferred from the bank to Næringskreditt. The portfolio is diversified with respect to property types, sizes and locations. The transfers are made in agreement with the customers and are based on market terms. Like Boligkreditt, Næringskreditt purchases management and administrative services from the bank. In addition, administrative services relating to the company's operations are purchased from Boligkreditt. The fee paid to the bank and Boligkreditt for the period January through September 2014 totalled NOK 80 million.

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

Note 22 Information on related parties (continued)

DNB Livsforsikring ASA

As part of the company's ordinary investment activity, DNB Livsforsikring has subscribed for covered bonds issued by Boligkreditt. DNB Livsforsikring's investments in Boligkreditt are limited to listed covered bonds. DNB Livsforsikring's holding of Boligkreditt bonds was valued at NOK 1.9 billion at end-September 2014.

DNB Bank ASA has entered into an agreement to lease the three buildings which constitute DNB's new head office in Oslo. The lease agreement will run for 15 years after the completion of the buildings. After the first lease period, DNB has the right to extend the contract period for five years and for another five years after the expiry of the first extension period.

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

DNB Singapore Branch and DNB Asia Ltd.

During the first quarter of 2013, an agreement was entered into between DNB Singapore Branch and DNB Asia Ltd. which implies that DNB Asia Ltd. will take over the right to extend loans to the branch's new and existing customers. Existing loans will be transferred to DNB Asia Ltd to the extent deemed feasible and rational. The branch will remain responsible for risk and returns related to the relevant loans until the transfer to DNB Asia Ltd. takes place. At end-September 2014, existing loans with a total value of USD 3.2 billion had been transferred. The agreement was entered into on market terms.

DNB New York Branch and DNB Capital LLC

During the third quarter of 2013, an agreement was entered into between DNB New York Branch and DNB Capital LLC, which implies that DNB Capital LLC will take over the right to extend loans to the branch's new and existing customers. Existing loans will be transferred to DNB Capital LLC to the extent deemed feasible and rational. The branch will remain responsible for risk and returns related to the relevant loans until the transfer to DNB Capital LLC takes place. At end-September 2014, existing loans with a total value of USD 6.6 billion had been transferred. The agreement was entered into on market terms.

Note 23 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information

DNB Bank ASA			Amounts in NOK million	DNB Bank Group		
30 Sept. 2013	31 Dec. 2013	30 Sept. 2014		30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
42 464	43 435	44 183	Performance guarantees	45 231	45 721	44 793
22 585	23 883	23 029	Payment guarantees	24 368	23 811	22 560
19 213	19 054	16 160	Loan guarantees ¹⁾	16 087	19 054	19 213
6 678	6 589	6 657	Guarantees for taxes etc.	6 672	6 596	6 701
2 042	4 125	1 867	Other guarantee commitments	2 279	4 291	2 182
92 983	97 085	91 897	Total guarantee commitments	94 637	99 472	95 449
0	0	0	Support agreements	11 530	10 200	11 241
92 983	97 085	91 897	Total guarantee commitments etc. ¹⁾	106 167	109 672	106 690
542 982	1 014 393	980 497	Unutilised credit lines and loan offers	589 414	580 460	546 273
2 628	3 784	3 116	Documentary credit commitments	3 223	3 860	2 752
0	0	0	Other commitments	119	57	72
545 610	1 018 177	983 613	Total commitments	592 756	584 377	549 097
638 593	1 115 262	1 075 510	Total guarantee and off-balance commitments	698 923	694 049	655 787
88 377	77 202	22 363	Pledged securities	22 363	77 202	88 377
3	13	0	<i>*) Of which counter-guaranteed by financial institutions</i>	313	148	126

1) DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DNB Bank ASA has issued guarantees. According to the agreement, DNB Bank ASA still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 2.8 billion were recorded in the balance sheet as at 30 September 2014. These loans are not included under guarantees in the table.

Contingencies

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

The DNB Group is subject to a number of complaints and disputes relating to structured products and other investment products.

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

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

Post-balance sheet events

No information has come to light about important circumstances which had occurred on the balance sheet date on 30 September 2014 and up till the Board of Directors' final consideration of the accounts on 22 October 2014.

Key figures

	DNB Bank Group				
	3rd quarter 2014	3rd quarter 2013	January - September 2014	September 2013	Full year 2013
Interest rate analyses					
1. Combined weighted total average spread for lending and deposits (%)	1.24	1.28	1.25	1.25	1.26
2. Average spread for ordinary lending to customers (%)	2.29	2.41	2.35	2.30	2.33
3. Average spread for deposits from customers (%)	(0.17)	(0.29)	(0.24)	(0.27)	(0.28)
Rate of return/profitability					
4. Net other operating income, per cent of total income	32.3	29.3	32.6	30.2	30.2
5. Cost/income ratio (%)	40.7	44.4	42.2	48.3	46.4
6. Return on equity, annualised (%)	15.8	14.6	15.1	12.0	13.1
Financial strength at end of period					
7. Common equity Tier 1 capital ratio, transitional rules (%) ¹⁾	12.3	10.8	12.3	10.8	11.4
8. Tier 1 capital ratio, transitional rules (%) ¹⁾	12.7	11.1	12.7	11.1	11.8
9. Capital ratio, transitional rules (%) ¹⁾	14.9	13.1	14.9	13.1	13.9
10. Common equity Tier 1 capital (NOK million) ¹⁾	122 010	108 253	122 010	108 253	114 770
11. Risk-weighted volume, transitional rules (NOK million)	992 879	1 004 910	992 879	1 004 910	1 004 716
Loan portfolio and impairment					
12. Individual impairment relative to average net loans to customers, annualised (%)	0.08	0.20	0.11	0.21	0.17
13. Impairment relative to average net loans to customers, annualised (%)	0.05	0.14	0.08	0.22	0.16
14. Net non-performing and net doubtful loans and guarantees, per cent of net loans	1.00	1.69	1.00	1.69	1.37
15. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	14 921	22 907	14 921	22 907	20 749
Liquidity					
16. Ratio of customer deposits to net loans to customers at end of period (%)	64.2	69.6	64.2	69.6	66.0
Staff					
17. Number of full-time positions at end of period	10 854	11 513	10 854	11 513	11 186

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

Definitions

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

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

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

Profit and balance sheet trends

Income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013	3rd quarter 2013
Total interest income	10 470	10 596	10 352	10 630	10 812
Total interest expenses	4 781	5 337	5 361	5 335	5 341
Net interest income	5 689	5 258	4 991	5 295	5 472
Commission and fee income etc.	1 519	1 468	1 506	1 417	1 425
Commission and fee expenses etc.	544	499	557	532	523
Net gains on financial instruments at fair value	1 608	1 346	2 711	1 643	1 224
Other income	1 758	1 908	1 998	3 183	2 016
Net other operating income	4 342	4 224	5 658	5 712	4 142
Total income	10 031	9 482	10 649	11 007	9 614
Salaries and other personnel expenses	2 139	2 189	2 088	2 069	2 169
Other expenses	1 544	1 619	1 615	1 321	1 616
Depreciation and impairment of fixed and intangible assets	480	463	452	2 301	433
Total operating expenses	4 163	4 271	4 156	5 691	4 219
Pre-tax operating profit before impairment	5 868	5 211	6 494	5 316	5 395
Net gains on fixed and intangible assets	(4)	196	(1)	192	16
Impairment of loans and guarantees	164	444	236	368	161
Pre-tax operating profit	5 700	4 964	6 257	5 140	5 249
Tax expense	1 491	1 296	1 633	387	1 249
Profit for the period	4 210	3 668	4 624	4 753	4 000

Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013	3rd quarter 2013
Profit for the period	4 210	3 668	4 624	4 753	4 000
Actuarial gains and losses, net of tax	(521)	(145)	(267)	(475)	(333)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(521)	(145)	(267)	(475)	(333)
Currency translation of foreign operations	(35)	196	(114)	119	81
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	(35)	196	(114)	119	81
Other comprehensive income for the period	(556)	50	(381)	(356)	(252)
Comprehensive income for the period	3 654	3 719	4 243	4 397	3 748

Profit and balance sheet trends (continued)

Balance sheet	DNB Bank ASA				
	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	211 173	169 204	361 303	163 172	398 981
Due from credit institutions	361 953	432 379	282 961	399 482	208 403
Loans to customers	697 564	693 021	680 776	680 114	703 125
Commercial paper and bonds at fair value	200 874	200 549	225 085	248 207	271 899
Shareholdings	8 566	12 023	14 834	13 071	10 285
Financial derivatives	165 152	153 418	145 188	143 158	140 317
Commercial paper and bonds, held to maturity	36 619	51 392	60 251	63 318	66 059
Investments in associated companies	959	959	1 062	1 066	1 080
Investments in subsidiaries	73 868	73 425	69 071	69 487	67 848
Intangible assets	3 727	3 765	3 826	3 911	3 899
Deferred tax assets	4 426	4 296	4 232	4 145	702
Fixed assets	7 029	7 120	7 095	7 041	6 847
Other assets	18 201	22 279	34 428	29 483	19 934
Total assets	1 790 111	1 823 832	1 890 112	1 825 656	1 899 378
Liabilities and equity					
Due to credit institutions	238 538	266 998	304 964	280 831	305 232
Deposits from customers	855 271	857 493	864 975	849 137	896 184
Financial derivatives	174 473	162 812	153 286	156 979	140 840
Debt securities issued	339 730	353 652	375 095	352 899	382 639
Payable taxes	3 673	2 482	919	1 772	3 775
Deferred taxes	12	12	10	3	1 319
Other liabilities	19 645	25 656	40 979	38 343	23 235
Provisions	1 005	1 018	999	1 235	1 843
Pension commitments	4 865	4 153	3 952	3 592	3 282
Subordinated loan capital	26 668	26 981	26 100	26 276	25 819
Total liabilities	1 663 880	1 701 256	1 771 279	1 711 065	1 784 166
Share capital	18 314	18 314	18 314	18 314	18 314
Share premium reserve	19 895	19 895	19 895	19 895	19 895
Other equity	88 022	84 367	80 624	76 381	77 004
Total equity	126 231	122 576	118 833	114 591	115 213
Total liabilities and equity	1 790 111	1 823 832	1 890 112	1 825 656	1 899 378

Profit and balance sheet trends (continued)

Income statement	DNB Bank Group				
	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013	3rd quarter 2013
<i>Amounts in NOK million</i>					
Total interest income	15 350	15 486	15 256	15 476	15 436
Total interest expenses	7 089	7 593	7 533	7 507	7 492
Net interest income	8 261	7 893	7 722	7 969	7 944
Commission and fee income etc.	2 032	1 999	2 005	1 922	1 946
Commission and fee expenses etc.	561	510	575	565	546
Net gains on financial instruments at fair value	1 849	1 130	2 131	1 348	1 249
Profit from investments accounted for by the equity method	41	34	107	118	99
Net gains on investment property	(17)	(3)	13	(79)	(23)
Other income	602	682	601	705	566
Net other operating income	3 946	3 332	4 282	3 448	3 291
Total income	12 207	11 226	12 004	11 417	11 235
Salaries and other personnel expenses	2 548	2 597	2 516	2 465	2 566
Other expenses	1 893	1 966	1 953	1 736	1 941
Depreciation and impairment of fixed and intangible assets	526	457	503	1 058	479
Total operating expenses	4 968	5 021	4 972	5 258	4 986
Pre-tax operating profit before impairment	7 240	6 205	7 032	6 159	6 250
Net gains on fixed and intangible assets	13	(2)	0	153	2
Impairment of loans and guarantees	183	554	80	36	475
Pre-tax operating profit	7 070	5 648	6 952	6 277	5 777
Tax expense	1 769	1 430	1 745	1 212	1 375
Profit from operations held for sale, after taxes	(8)	(11)	(19)	9	(7)
Profit for the period	5 293	4 206	5 188	5 073	4 395

Comprehensive income statement	DNB Bank Group				
	3rd quarter 2014	2nd quarter 2014	1st quarter 2014	4th quarter 2013	3rd quarter 2013
<i>Amounts in NOK million</i>					
Profit for the period	5 293	4 206	5 188	5 073	4 395
Actuarial gains and losses, net of tax	(521)	(145)	(267)	(474)	(333)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(521)	(145)	(267)	(474)	(333)
Currency translation of foreign operations	454	1 256	(879)	977	349
Hedging of net investment, net of tax	(398)	(703)	501	(327)	(230)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	56	553	(378)	650	119
Other comprehensive income for the period	(465)	407	(644)	177	(214)
Comprehensive income for the period	4 827	4 614	4 544	5 250	4 181

Profit and balance sheet trends (continued)

Balance sheet	DNB Bank Group				
	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	213 375	171 346	363 330	167 171	401 560
Due from credit institutions	106 802	187 415	49 298	176 796	25 928
Loans to customers	1 396 496	1 378 940	1 353 685	1 350 656	1 342 531
Commercial paper and bonds at fair value	176 983	177 108	188 290	191 232	186 515
Shareholdings	9 026	12 471	15 273	13 511	10 724
Financial derivatives	153 070	141 297	133 796	130 775	128 909
Commercial paper and bonds, held to maturity	36 619	51 392	60 251	63 318	66 059
Investment property	4 209	4 741	4 744	4 615	4 591
Investments accounted for by the equity method	3 214	3 155	3 211	3 096	3 012
Intangible assets	4 214	4 298	4 353	4 464	4 943
Deferred tax assets	1 169	1 082	1 048	1 086	1 358
Fixed assets	7 816	7 969	7 909	7 816	7 664
Assets held for sale	238	1 119	252	225	213
Other assets	19 139	23 433	21 177	16 017	21 271
Total assets	2 132 372	2 165 765	2 206 616	2 130 779	2 205 279
Liabilities and equity					
Due to credit institutions	187 029	214 440	257 434	234 218	260 903
Deposits from customers	896 669	900 932	908 163	891 256	934 477
Financial derivatives	126 346	109 080	108 501	111 242	103 318
Debt securities issued	726 634	745 359	748 263	716 192	722 891
Payable taxes	4 672	3 062	3 684	4 126	4 265
Deferred taxes	1 458	1 732	1 771	2 042	1 609
Other liabilities	21 331	27 359	16 551	13 917	25 449
Liabilities held for sale	89	884	89	53	73
Provisions	1 104	1 133	1 098	1 398	1 924
Pension commitments	4 929	4 215	4 012	3 652	3 384
Subordinated loan capital	26 668	26 981	26 100	26 276	25 827
Total liabilities	1 996 929	2 035 176	2 075 666	2 004 372	2 084 121
Share capital	18 314	18 314	18 314	18 314	18 314
Share premium reserve	20 611	20 611	20 611	20 611	20 611
Other equity	96 517	91 663	92 025	87 482	82 232
Total equity	135 443	130 589	130 951	126 407	121 158
Total liabilities and equity	2 132 372	2 165 765	2 206 616	2 130 779	2 205 279

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DNB Bank ASA

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Jarle Berge, vice-chairman
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Financial calendar 2015

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

Other sources of information

Annual and quarterly reports

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

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