

# Q1

---

## DNB BANK

– a company in the DNB Group

First quarter report 2015  
(Unaudited)

---

# Financial highlights

## Income statement

<i>Amounts in NOK million</i>	DNB Bank Group		
	1st quarter 2015	1st quarter 2014	Full year 2014
Net interest income	8 611	7 722	32 607
<i>Net commissions and fees</i>	1 476	1 430	5 891
<i>Net gains on financial instruments at fair value</i>	3 421	2 131	5 404
<i>Other operating income</i>	670	721	2 827
Net other operating income, total	5 566	4 282	14 122
Total income	14 178	12 004	46 729
Operating expenses	5 023	4 939	19 618
Restructuring costs and non-recurring effects	220	33	218
Pre-tax operating profit before impairment	8 934	7 032	26 893
Net gains on fixed and intangible assets	12	(0)	52
Impairment of loans and guarantees	575	80	1 639
Pre-tax operating profit	8 371	6 952	25 306
Tax expense	2 168	1 745	6 174
Profit from operations held for sale, after taxes	(47)	(19)	(22)
<b>Profit for the period</b>	<b>6 156</b>	<b>5 188</b>	<b>19 110</b>

## Balance sheet

<i>Amounts in NOK million</i>	31 March 2015	31 Dec. 2014	31 March 2014
Total assets	2 506 845	2 361 990	2 206 616
Loans to customers	1 483 856	1 447 465	1 353 685
Deposits from customers	972 365	951 049	908 163
Total equity	156 485	141 309	130 951
Average total assets	2 734 696	2 433 599	2 417 236

## Key figures

<i>Per cent</i>	1st quarter 2015	1st quarter 2014	Full year 2014
Return on equity, annualised	17.0	16.4	14.5
Combined weighted total average spread for lending and deposits	1.27	1.24	1.25
Cost/income ratio	37.0	41.4	42.4
Impairment relative to average net loans to customers, annualised	0.16	0.02	0.12
Common equity Tier 1 capital ratio, transitional rules, at end of period	12.5	11.7	12.5
Tier 1 capital ratio, transitional rules, at end of period	13.4	12.0	12.9
Capital ratio, transitional rules, at end of period	15.5	14.1	15.2

For additional key figures and definitions, please refer to page 39.

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

# First quarter report 2015

<b>Directors' report</b> .....	2
--------------------------------	---

## **Accounts**

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

Note 1 Basis for preparation.....	15
Note 2 Segments.....	15
Note 3 Capital adequacy.....	18
Note 4 Liquidity risk.....	21
Note 5 Net interest income.....	22
Note 6 Net commission and fee income.....	23
Note 7 Net gains on financial instruments at fair value.....	24
Note 8 Operating expenses.....	25
Note 9 Impairment of loans and guarantees.....	26
Note 10 Loans to customers.....	27
Note 11 Net impaired loans and guarantees for principal customer groups.....	28
Note 12 Fair value of financial instruments at amortised cost.....	29
Note 13 Financial instruments at fair value.....	30
Note 14 Commercial paper and bonds, held to maturity.....	33
Note 15 Profit from investments accounted for by the equity method.....	34
Note 16 Debt securities issued and subordinated loan capital.....	35
Note 17 Additional Tier 1 capital.....	37
Note 18 Information on related parties.....	37
Note 19 Off-balance sheet transactions and contingencies.....	38

## **Additional information**

Key figures.....	39
Profit and balance sheet trends.....	40
Information about the DNB Bank Group.....	44

# Directors' report

## First quarter financial performance

The DNB Bank Group<sup>1)</sup> recorded profits of NOK 6 156 million in the first quarter of 2015, up NOK 968 million from the first quarter of 2014. Higher lending volumes and wider deposit spreads helped raise net interest income, while other operating income declined in reflection of a high level of non-recurring income in the first quarter of 2014. Adjusted for basis swaps, there was a NOK 788 million reduction in profits.

There was an average increase in the healthy loan portfolio of 8.4 per cent parallel to a 6.4 per cent increase in average deposit volumes from the first quarter of 2014. The strong volume growth was partly due to exchange rate movements. Lending spreads narrowed by 0.10 percentage points, while deposit spreads widened by 0.18 percentage points.

Adjusted for the effect of basis swaps, net other operating income was down NOK 1 122 million compared with the first quarter of 2014. The reduction mainly reflected the positive accounting effects of the NOK 913 million rise in value of DNB's shareholding in Nets in the first quarter of 2014. Net commissions and fees were NOK 46 million higher than in the first quarter of 2014, mainly due to a higher level of activity in DNB Eiendom.

Total operating expenses increased by NOK 272 million from the first quarter of 2014. Ordinary operating expenses, excluding restructuring costs and other non-recurring effects, rose by NOK 84 million during the corresponding period. The key factors behind the increase were exchange rate movements and higher pension expenses.

Impairment losses on loans and guarantees totalled NOK 575 million for the quarter, up NOK 494 million from the very low level in the first quarter of 2014. There was an increase in collective impairment in the large corporate segment. In addition, impairment losses were recorded on loans to the mining industry. Individual impairment declined by 30 per cent compared with the fourth quarter of 2014. The total level of impairment in the banking group was well within the normalised level in the first quarter of 2015.

The common equity Tier 1 capital ratio, calculated according to the transitional rules, increased from 11.7 per cent at end-March 2014 to 12.5 per cent.

## Important events in the first quarter

During the first three months of the year, DNB's mobile bank was used more than 34 million times, overtaking DNB's Internet bank as Norway's largest banking service platform.

In order to meet the market competition, the banking group implemented new interest rate reductions on 2 January. The adjustments entered into force for existing loans and deposits in early March.

In February, DNB launched the project "A valuable lesson" in cooperation with the Norwegian Red Cross. "A valuable lesson" is the name of a free digital educational programme which gives children a basic understanding of money, income and spending, what their rights are and good saving habits. The main purpose of the project is to ensure that personal finance becomes part of the curriculum in Norwegian schools to increase financial literacy among children and young people. The educational programme will be ready at the start of the school year in August, and a large number of primary schools

in Norway have already said that they are interested to participate.

As the first commercial bank in the Nordic region, DNB Bank issued a green bond of NOK 1 billion in February 2015 to promote increased financing of renewable energy projects. The bond has the same characteristics as an ordinary senior unsecured DNB bond, while the proceeds from the bond are earmarked for renewable energy financing.

During the first quarter, DNB Bank issued two additional Tier 1 capital instruments with a nominal value of NOK 2 150 million and USD 750 million, respectively. The instruments are perpetual, though the bank has a redemption option on specific dates.

In late February, DNB Group implemented the most extensive cleanup of its product portfolio ever, aiming to streamline prices and terms and conditions and ensure greater transparency. More than 140 account products were phased out. Around 20 mutual funds were merged with other funds, while 11 card and payment services were terminated.

After 33 years in the DNB Group, chief risk officer Trygve Young retired in February 2015. Terje Turnes took over his position as a member of the group management team.

In late January, DNB was included in the index of the global 100 most sustainable corporations in the world. The ranking was announced in February.

In March, the rating company Moody's changed DNB Bank ASA's rating from A1 negative outlook to A1 review for upgrade. The review is expected to be concluded during the first half of 2015.

In March, Finanstilsynet (the Financial Supervisory Authority of Norway) instructed DNB to increase the active management of the DNB Norge mutual fund. Measures have been initiated to fulfil this requirement.

## Income statement, main items

### Net interest income

<i>Amounts in NOK million</i>	1st quarter 2015	Change	1st quarter 2014
Net interest income	8 611	889	7 722
Exchange rate movements		366	
Lending and deposit volumes		256	
Lending and deposit spreads		117	
Long-term funding costs		116	
Interest rate instruments		90	
Other net interest income		(57)	

Net interest income rose by NOK 889 million or 11.5 per cent from the first quarter of 2014, reflecting higher lending volumes, partly due to exchange rate movements, a positive impact from interest rate instruments and lower long-term funding costs. Average lending spreads contracted by 0.10 percentage points, while deposit spreads widened by 0.18 percentage points. Volume-weighted spreads increased by 0.03 percentage points. There was an average increase of NOK 112.6 billion or 8.4 per cent in the healthy loan portfolio compared with the first quarter of 2014. During the same period, deposits were up NOK 65.5 billion or 6.4 per cent.

<sup>1)</sup> 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.

## Net other operating income

Amounts in NOK million	1st quarter 2015	Change	1st quarter 2014
Net other operating income	5 566	1 284	4 282
Basis swaps		2 406	
Net commissions and fees		46	
Other operating income		36	
Net gains on investment property		(11)	
Profits from associated companies		(77)	
Net gains on other financial instruments		(204)	
Investment in Nets		(913)	

Net other operating income increased by NOK 1 284 million or 30.0 per cent from the first quarter of 2014. Adjusted for basis swaps and non-recurring effects relating to the investment in Nets in the first quarter of 2014, net other operating income was down NOK 209 million. There was a small increase in total commissions and fees, and income from real estate broking and credit broking had a positive effect on profits. Net gains on other financial instruments had the opposite effect, reducing profits by NOK 204 million. This was due to changes in the models for fair value measurement in the first quarter of 2014, representing NOK 291 million. Income from underlying customer trading increased by NOK 163 million.

## Operating expenses

Amounts in NOK million	1st quarter 2015	Change	1st quarter 2014
Operating expenses excluding non-recurring effects	5 023	84	4 939
<i>Of which:</i>			
Exchange rate effects for units outside Norway		83	
Currency-adjusted operating expenses		(1)	
<b>Income-related costs</b>			
Ordinary depreciation on operational leasing		17	
<b>Expenses related to operations</b>			
Other costs		44	
Fees		32	
Pension expenses		23	
Properties/premises		(31)	
Non-recurring effects	220	187	33
IT restructuring		108	
Other restructuring costs and non-recurring effects		87	
Restructuring costs – employees		(7)	
Operating expenses	5 243	272	4 972

Operating expenses were up NOK 272 million from the first quarter of 2014. Non-recurring costs increased during the quarter, which was mainly a consequence of the extensive IT restructuring currently undertaken by DNB Group. Adjusted for non-recurring effects, there was an increase in expenses of NOK 84 million, which partly reflected an increase in fees and higher pension expenses due to a lower discount rate. Exchange rate effects linked to international operations contributed to a rise in other operating expenses compared with the first quarter of 2014.

## Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 575 million, up from NOK 80 million in the first quarter of 2014 and down from NOK 821 million in the fourth quarter of 2014. Compared with the first quarter of 2014, the most pronounced increase stemmed from the small and medium-sized enterprises segment. There was a rise in collective impairment in the large corporate segment, while there were reversals in the personal customer segment. Impairment losses

in the energy portfolio were halved from the first quarter of 2014 to the corresponding period in 2015.

The decline in impairment from the fourth quarter of 2014 was mainly due to a reduction in individual impairment in the large corporates and international customers segment and the small and medium-sized enterprises segment. In the first quarter of 2015, collective impairment losses totalled NOK 44 million, up NOK 102 million from the fourth quarter of 2014, reflecting a sharp drop in oil prices and higher volumes in the healthy loan portfolio. Impairment losses in the first quarter of 2015 were slightly below the normalised long-term level.

Non-performing and doubtful loans and guarantees were reduced by NOK 2.6 billion from end-March 2014, totalling NOK 13.9 billion at end-March 2015. This represented 0.83 per cent of the loan portfolio, down from 1.18 per cent at end-March 2014.

## Taxes

The banking group's tax expense for the first quarter of 2015 was NOK 2 168 million, or 25.9 per cent of pre-tax operating profits.

## Financial performance, segments

Financial governance in the banking group is adapted to the different customer segments. The customer segments have been redefined in 2015. As of 1 January 2015, DNB Finans' operations in Sweden and Denmark are included in the large corporates and international customers segment. Previously, these operations were divided between the small and medium-sized enterprises segment and the personal customer segment. Figures for previous periods have been adjusted correspondingly.

## Personal customers

Income statement in NOK million	1st quarter		Change	
	2015	2014	NOK mill	%
Net interest income	3 326	3 204	122	3.8
Net other operating income	887	846	41	4.9
Total income	4 213	4 050	163	4.0
Operating expenses	2 020	1 974	46	2.3
Pre-tax operating profit before impairment	2 193	2 076	117	5.6
Net gains on fixed and intangible assets	0	(1)	1	
Impairment loss of loans and guarantees	(45)	74	(119)	
Pre-tax operating profit	2 238	2 001	237	11.8
Tax expense	604	540	64	11.8
Profit for the period	1 634	1 461	173	11.9

## Average balance sheet items in NOK billion

	1st quarter 2015	1st quarter 2014	Change NOK billion	%
Net loans to customers	679.9	647.8	32.1	5.0
Deposits from customers	368.7	347.7	21.1	6.1

## Key figures in per cent

	1st quarter 2015	1st quarter 2014
Lending spread <sup>1)</sup>	2.30	2.47
Deposit spread <sup>1)</sup>	(0.30)	(0.59)
Return on allocated capital <sup>2)</sup>	20.0	21.0
Cost/income ratio	48.0	48.7
Ratio of deposits to loans	54.2	53.7

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

2) Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group. The reduction in the return from 2014 is due to stricter capital requirements for home mortgages.

The quarter was characterised by strong competition for home mortgage customers. Average net loans increased by 5.0 per cent from the first quarter of 2014, while there was a 0.8 per cent rise from the fourth quarter of 2014. Average deposits were up 6.1 per cent from the first quarter of 2014.

Net interest income rose by 3.8 per cent from the first quarter of 2014. Wider deposit spreads compensated for a contraction in lending spreads from the first quarter of 2014. The volume-weighted interest rate spread narrowed by 0.01 percentage points from the first quarter of 2014 and was unchanged from the fourth quarter of the year.

The main factor behind the increase in other operating income from the first quarter of 2014 was higher income from pension products and real estate broking. A high level of activity in DNB Eiendom and an increase in customer-paid marketing contributed to a moderate rise in costs during the period.

A large share of loans to personal customers represents well-secured home mortgages entailing low risk. In the first quarter of 2015, reversals on previous impairment losses exceeded new impairment losses. A total of NOK 45 million was recorded as income during the quarter, corresponding to net reversals of 0.03 per cent of average loans. In the first quarter of 2014, net impairment came to 0.05 per cent.

The market share of credit to households stood at 25.9 per cent at end-February 2015, while the market share of total household deposits was 30.8 per cent. DNB Eiendom was the market leader in the first quarter and achieved a market share of 20.0 per cent at end-March.

The digitalisation of banking services is accelerating, and the share of online user traffic is increasing. As a result of a higher self-service ratio, five branch offices were closed in the first quarter of 2015. Manual cash-handling services are no longer available at any of DNB's branch offices, with the exception of the branch office at Oslo Airport. DNB Eiendom has adapted to changes in customer behaviour and was the first real estate broker to introduce a trial project offering a chat service for housing sales and purchases.

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

### Small and medium-sized enterprises

Income statement in NOK million	1st quarter		Change	
	2015	2014	NOK mill	%
Net interest income	1 455	1 320	135	10.2
Net other operating income	332	257	75	29.2
Total income	1 787	1 577	210	13.3
Operating expenses	694	684	10	1.5
Pre-tax operating profit before impairment	1 093	893	200	22.4
Net gains on fixed and intangible assets	(1)	(0)	(1)	
Impairment loss of loans and guarantees	290	86	204	
Profit from repossessed operations	0	(15)	15	
Pre-tax operating profit	803	793	10	1.3
Tax expense	217	214	3	1.3
Profit for the period	586	579	7	1.3

### Average balance sheet items in NOK billion

Net loans to customers	211.7	203.3	8.3	4.1
Deposits from customers	166.9	152.1	14.8	9.7

### Key figures in per cent

Lending spread <sup>1)</sup>	2.63	2.69
Deposit spread <sup>1)</sup>	0.16	(0.16)
Return on allocated capital <sup>2)</sup>	11.3	11.8
Cost/income ratio	38.8	43.4
Ratio of deposits to loans	78.9	74.8

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

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

There was a sound increase in loans to small and medium-sized enterprises in the first quarter of 2015. Average net loans to customers rose by 4.1 per cent from the first quarter of 2014. During the same period, deposits were up 9.7 per cent.

Rising volumes and wider deposit spreads ensured a healthy increase in net interest income compared with the first quarter of 2014. Net other operating income also showed strong growth. This was primarily due to a rise in income from fixed-income and foreign exchange products, reflecting a greater need among customers to hedge their positions. Furthermore, there was a strong rise in sales of other products. There was a slight increase in costs from the first quarter of 2014.

Net impairment losses on loans totalled NOK 290 million and related to loans to the mining industry. No material changes have been observed in the general credit quality in the segment. On an annual basis, impairment represented 0.56 per cent of net loans, up from 0.17 per cent in the year-earlier period. The quality of the loan portfolio is considered to be satisfactory. The close follow-up of customers and preventive measures are vital to retaining satisfactory quality.

Moderate credit growth is anticipated in the market, and the banking group expects lending growth in this segment on a level with the banking market in general.

### Large corporates and international customers

Income statement in NOK million	1st quarter		Change	
	2015	2014	NOK mill	%
Net interest income	3 610	3 197	413	12.9
Net other operating income	1 343	1 242	101	8.1
Total income	4 953	4 439	514	11.6
Operating expenses	1 785	1 729	56	3.2
Pre-tax operating profit before impairment	3 168	2 711	458	16.9
Net gains on fixed and intangible assets	6	0	5	
Impairment loss of loans and guarantees	312	(93)	405	
Profit from repossessed operations	(57)	2	(59)	
Pre-tax operating profit	2 806	2 807	(1)	(0.0)
Tax expense	814	870	(56)	(6.5)
Profit for the period	1 992	1 937	56	2.9

### Average balance sheet items in NOK billion

Net loans to customers	552.1	487.7	64.4	13.2
Deposits from customers	380.3	380.0	0.3	0.1

### Key figures in per cent

Lending spread <sup>1)</sup>	2.25	2.26
Deposit spread <sup>1)</sup>	(0.10)	(0.16)
Return on allocated capital <sup>2)</sup>	11.2	13.7
Cost/income ratio	36.0	38.9
Ratio of deposits to loans	68.9	77.9

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

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

The weakened Norwegian krone strongly affected the growth in lending from the first quarter of 2014. Net loans to customers were up 13 per cent during this period. Adjusted for exchange rate movements, however, there was an underlying decrease in the portfolio of approximately 1 per cent, reflecting strategic portfolio adjustments to reduce the bank's exposure within industries such as shipping and real estate parallel to an increase in certain other sectors. Compared with the fourth quarter of 2014, lending volumes were up 6 per cent, which was also primarily due to exchange rate movements. Deposit volume was unchanged from the first quarter of 2014 and declined by 10 per cent after adjusting for exchange rate movements.

Due to a strong increase in loan volumes and wider deposit spreads, net interest income increased from the first quarter of 2014. Lending spreads contracted by 0.01 percentage points from the first quarter of 2014, while deposit spreads widened by 0.06 percentage points.

There was an increase in net other operating income from the first quarter of 2014, reflecting a rise in income from fixed-income instruments and equities.

Operating expenses were on a level with the fourth quarter of 2014, but rose by 3.2 per cent from the first quarter of 2014. The increase is directly related to the rise in income. The number of full-time positions declined by 268 from end-March 2014. The reduction took place in international operations and related mainly to the sale of JSC DNB Bank.

Net impairment losses on loans increased by NOK 405 million from the first quarter of 2014, which was characterised by reversals on collective impairment losses. On an annual basis, net impairment represented 0.23 per cent of average loans. Individual impairment came to 0.19 per cent of average loans, compared with 0.18 per cent in the first quarter of 2014.

Targeted efforts are being made to retain the level of quality in the portfolio through close follow-up of customers and preventive measures. Developments in industries that are sensitive to oil price changes are closely monitored. The banking group's lending practices are based on a scenario with relatively low oil prices, and the banking group has a robust portfolio within both oil, gas and offshore. Impairment losses in the energy portfolio were halved from the first quarter of 2014 to the corresponding period in 2015. Net non-performing and doubtful loans and guarantees amounted to NOK 8.8 billion at end-March 2015, a reduction of NOK 1.8 billion from a year earlier.

The banking group gives priority to strong, long-term and profitable customer relationships and on further developing key customer segments.

The DNB Group's wide range of products and broad expertise are key elements in efforts to strengthen customer relationships and form the basis for operations. Volume-weighted spreads are expected to be stable or to increase slightly in the period ahead.

## Trading

Income statement in NOK million	1st quarter		Change	
	2015	2014	NOK mill	%
Net interest income	104	108	(4)	(4.0)
Net other operating income	468	590	(123)	(20.8)
Total income	572	699	(127)	(18.2)
Operating expenses	98	107	(9)	(8.8)
Pre-tax operating profit	474	591	(118)	(19.9)
Tax expense	123	160	(36)	(22.8)
Profit for the period	351	432	(81)	(18.8)

### Key figures in per cent

	2015	2014
Return on allocated capital <sup>1)</sup>	19.1	23.7

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

Income from proprietary trading was at a satisfactory level in the first quarter of 2015, driven by income from the bond, money and currency markets. Profit performance was considered to be particularly strong in the first quarter of 2014.

## Funding, liquidity and balance sheet

The short-term funding markets were generally sound for banks with high credit ratings in the first quarter of 2015. In spite of somewhat stronger competition for funding, the DNB Group had ample access to short-term funding in both USD and other currencies throughout the first quarter.

In the long-term funding markets, there was also a healthy supply of capital in the first quarter. In the euro market, the volume of senior and covered bonds issued during the first quarter of 2015 increased by 6 per cent from the year-earlier period. As a result of the European Central Bank's, ECB, covered bond purchase programme (CBPP3), margins on such bonds declined slightly during the quarter. The DNB Group's margins on senior bonds were reduced due to strong demand among investors and limited supply in the market. The latter is partly attributable to one of the CBPP3 measures, the so-called TLTRO programme (targeted long-term refinancing operations), under which banks can obtain three-year funding at a very low cost. However, margins on senior bonds have risen somewhat lately due to market unrest in Greece and the Middle East and signals from the central bank of the United States (the Federal Reserve) of possible interest rate increases.

In February and March 2015, DNB Bank issued two additional Tier 1 capital instruments with a nominal value of NOK 2 150 million and USD 750 million, respectively. The instruments are perpetual, though the bank has a redemption option on specific dates. The instruments are included in the DNB Group's Tier 1 capital and will, seen in isolation, give an increase in the Tier 1 capital ratio of approximately 0.8 percentage points.

The DNB Group stayed well within the liquidity limits throughout the quarter. The short-term liquidity requirement, Liquidity Coverage Ratio, LCR, remained stable at above 100 per cent throughout the first quarter. At end-March 2015, the total LCR was 122 per cent. The LCRs for euros and US dollars were 164 per cent and 219 per cent, respectively.

Total assets in the banking group's balance sheet were NOK 2 507 billion as at 31 March 2015 and NOK 2 207 billion a year earlier.

Net loans to customers increased by NOK 130 billion or 9.6 per cent from end-March 2014. Customer deposits were up NOK 64 billion or 7.1 per cent during the corresponding period. The ratio of customer deposits to net loans to customers declined from 67.1 per cent at end-March 2014 to 65.5 per cent a year later.

## Risk and capital adequacy

Growth in the Norwegian economy is expected to decline from 2.25 per cent in 2014 to 1.2 per cent in 2015. Employment growth is expected to decrease in response to the more sluggish production increase.

The banking group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 0.1 billion from end-December 2014, to NOK 71.6 billion at end-March 2015.

### Developments in the risk-adjusted capital requirement

Amounts in NOK billion	31 March	31 Dec.	30 Sept.	31 June
	2015	2014	2014	2014
Credit risk	58.6	58.8	55.1	55.6
Market risk	7.3	7.2	7.6	10.3
Operational risk	8.4	8.2	8.2	8.2
Business risk	6.0	6.0	6.0	5.9
Gross risk-adjusted capital requirement	80.4	80.2	76.9	80.0
Diversification effect <sup>1)</sup>	(8.7)	(8.5)	(8.7)	(9.4)
Net risk-adjusted capital requirement	71.6	71.7	68.2	70.5
Diversification effect in per cent of gross risk-adjusted capital requirement <sup>1)</sup>	10.9	10.6	11.3	11.7

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

The risk-adjusted capital requirement for credit was virtually unchanged from end-December 2014. Credit quality remains sound and stable. Industries, segments and geographic regions that are particularly dependent on the price of oil are monitored closely. The falling oil prices are not expected to have any material impact on the banking group's credit portfolio in the short term. However, a prolonged period of low oil prices could present challenges for an increasing number of customers and segments. In line with expectations, the weak trend in the dry bulk market in the shipping segment continued in the first quarter, with record-low rates, resulting in a certain rise in impairment losses on loans in this segment. The quality of the banking group's Norwegian commercial property portfolio is sound and stable. During the first quarter, the trend of greater price differences between the best and second best locations was reinforced.

The Norwegian housing market showed a strong development during the first quarter. There was a record-high number of housing sales, and in March, housing prices were up 7.9 per cent on a national basis compared with March 2014. However, there were sizeable regional differences. Tromsø and Stavanger were at the opposite ends of the scale among Norwegian cities, with a twelve-month price growth of 17 and 2 per cent, respectively.

The banking group's market risk exposure was virtually unchanged from year-end 2014. Exposures were well within established limits during the quarter.

Risk-weighted volume increased by NOK 71 billion from the first quarter of 2014, to NOK 1 070 billion. The common equity Tier 1 capital ratio was 12.5 per cent, while the capital adequacy ratio was 15.5 per cent.

No material operational events were registered during the first quarter. The banking group enjoyed high operational stability with few and low losses.

The DNB Group's anti-money laundering efforts were increased in 2014 and will be given high priority in 2015.

## **New regulatory framework**

### **Basel IV on the way**

During the first quarter of 2015, the Basel Committee issued a consultative document relating to the new capital adequacy regulations for banks. Revisions to the standardised approach for credit risk have been proposed by replacing the current link between risk weights and external credit ratings with a limited number of risk factors, including the borrower's revenues, leverage/loan-to-value ratio and debt-service coverage ratio. The risk factors will vary depending on the type of exposure.

At the same time, the Basel Committee introduced a new floor that will limit reductions in risk weights when using IRB models. The purpose is to ensure that the total level of capital in the banking system does not fall below a certain threshold. In addition, the floor is intended to mitigate model risk and measurement error. The floor will be linked to the revised standardised approach and will replace the current transitional rules, which are based on Basel I ("Basel I floor").

It has not yet been clarified whether the new floor will apply to individual portfolios or to total risk-weighted assets. Nor does the consultative document say anything about the calibration of the floor. In the period ahead, the Basel Committee will consider the final calibration of the risk weights based on feedback from the consultation.

### **Tightening of bank lending practices**

Finanstilsynet has been asked by the Ministry of Finance to consider if it would be appropriate to introduce measures at an aggregate level to dampen growth in housing prices and credit growth in the Norwegian household sector. The Ministry refers to the fact that several years of strong growth in housing prices and household debt have increased the risk that financial instability could trigger and

intensify a setback in the Norwegian economy.

Finanstilsynet proposes stricter guidelines for prudent lending practices for home mortgages. This includes removing banks' opportunity to make a special prudential assessment to justify a loan-to-value ratio above 85 per cent. In addition, it has been proposed that borrowers must be able to withstand a 6 percentage point interest rate increase, which represents a 1 percentage point raise from the current guidelines. Finanstilsynet proposes to establish the guidelines in the form of regulations, which will entail a clear tightening of banks' exercise of discretion. The Ministry of Finance has circulated Finanstilsynet's proposal for comments, with a deadline of 4 May 2015.

### **Competition Authority recommends harmonised rules**

During the past year, the Norwegian Competition Authority has carried out a survey of competition in the home mortgage market. The report was published in late March.

The Competition Authority acknowledges the banks' need to build up equity, but finds that the authorities have given too little priority to competitive aspects. Among other things, the Competition Authority takes a critical view of the relatively strong increase in the requirements over a fairly short period of time. In addition, it finds that the Norwegian capital requirements contribute to greater distortion of market competition. The financial authorities are recommended to seek to harmonise the Norwegian rules with the EU's capital adequacy regulations and abstain from imposing stricter risk weighting requirements on banks for the calculation of capital adequacy requirements.

The report includes calculations of the additional costs incurred by the banks and their customers due to the distinctively Norwegian requirements. The calculations show a 0.33 percentage point difference in marginal funding costs between Norwegian IRB banks and branches of international IRB banks operating in Norway. If the distinctively Norwegian requirements have contributed to a 0.33 percentage point rise in the general interest rate level for home mortgages, this may have increased Norwegian home mortgage customers' interest expenses by approximately NOK 6.5 billion, according to the Competition Authority.

The Competition Authority's report is commented on in the Ministry of Finance's Financial Markets Report. According to the report, competitive considerations are always taken into account when drawing up new regulations for the financial services industry, though individual countries must take responsibility for their financial stability and adapt their regulations to the economic situation in their country. The Ministry finds that host country regulations are important in order to reconcile these considerations. In addition, the Ministry stresses that certain regulatory differences need not impair the competition in a situation with large and well-established national market players.

## **Macroeconomic developments**

There is still moderate growth in the global economy, though there are considerable differences from country to country. GDP rose by 0.9 per cent in the euro countries in 2014. After a very weak trend throughout the summer, growth picked up slightly towards the end of 2014. In Sweden, the United Kingdom and the United States, GDP increased by close to 2.5 per cent in 2014.

Among emerging economies, the picture was mixed in the first quarter of 2015. The large commodity exporters, such as Brazil and Russia, showed a particularly weak development. The price of oil fell to just over 45 US dollars a barrel from June 2014 to January 2015, after hovering around 110 US dollars for almost four years. Since then, the price of oil has picked up somewhat, and was approximately 65 US dollars per barrel at the end of April. During the January through March period, low oil prices had different consequences in the various regions. China and other emerging markets in Asia are



among the largest oil importers. Japan, Europe and the United States also import large quantities of oil. Large oil exporters include Mexico, Venezuela, Canada, Russia and many countries in the Middle East. Based on new extraction technology, the United States has built up a considerable oil producing sector in recent years. This sector has been affected by the fall in the price of oil. However, the effect of a lower oil price is expected to be positive for the US economy as a whole.

In Norway, lower demand from the petroleum industry and a sluggish trend in private consumption contributed to reduced economic growth throughout 2014. The strong fall in the price of crude oil will reinforce the negative impulses in the future, while an expansive fiscal and monetary policy will help curb the cyclical downturn. The economic turnaround has so far had a limited effect on the labour market. The fall in the price of oil and prospects of even lower interest rates have resulted in a pronounced weakening of the Norwegian krone, clearly improving competitiveness. The declining price of oil means lower revenues for Norway, while demand from the petroleum industry for deliveries from Norwegian companies is falling as a result of weaker profitability. The total scope of these effects depends on the extent and duration of the fall in oil prices. Even based on current oil prices, extensive oil and gas production will be profitable and ensure demand for deliveries from Norwegian companies for several decades ahead. The negative demand effects are limited by the high share of imports. In addition, a weaker Norwegian krone and lower wage inflation will stimulate mainland industries exposed to competition, which will also benefit from a certain increase in international demand.

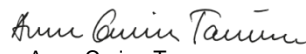
Housing prices continued to rise through the first quarter of 2015 and were approximately 8 per cent higher at end-March than a year earlier. Price growth is expected to slow during the remainder of the year. High population growth, too little housebuilding activity and an expected prolonged low interest rate level indicate a continued moderate increase in housing prices. However, a relatively low price level, a certain rise in unemployment and lower wage inflation point in the opposite direction.

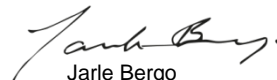
### Future prospects

Economic forecasts for 2015 indicate moderate global economic growth. There appear to be increasing differences between individual countries. Economic growth is also expected in Norway, though the growth will probably slow somewhat in 2015 as a result of declining oil investments and their spillover effects on the mainland economy.

In order to build up adequate common equity Tier 1 capital, the DNB Group will focus on dynamic management of balance sheet items to reflect exchange rate movements. Lending volumes are expected to increase at an annual rate of 3 to 4 per cent, provided that exchange rates remain stable. Volume-weighted spreads are expected to be constant in 2015. Nominal costs are expected to remain flat in 2015, excluding restructuring expenses and exchange rate movements. Impairment losses on loans in 2015 are expected to stay below normalised levels, but is expected to be 24.5 per cent in 2015.

Oslo, 29 April 2015  
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

  
(group chief executive)

# Income statement

<i>Amounts in NOK million</i>	Note	DNB Bank ASA		
		1st quarter 2015	1st quarter 2014	Full year 2014
Total interest income	5	9 948	10 352	41 906
Total interest expenses	5	4 082	5 361	20 048
<b>Net interest income</b>	<b>5</b>	<b>5 867</b>	<b>4 991</b>	<b>21 859</b>
Commission and fee income etc.	6	1 506	1 506	6 112
Commission and fee expenses etc.	6	611	557	2 186
Net gains on financial instruments at fair value	7	1 333	2 711	5 963
Other income		1 528	1 998	8 811
<b>Net other operating income</b>		<b>3 756</b>	<b>5 658</b>	<b>18 699</b>
<b>Total income</b>		<b>9 623</b>	<b>10 649</b>	<b>40 558</b>
Salaries and other personnel expenses	8	2 189	2 088	8 394
Other expenses	8	1 696	1 615	6 327
Depreciation and impairment of fixed and intangible assets	8	481	452	1 986
<b>Total operating expenses</b>	<b>8</b>	<b>4 366</b>	<b>4 156</b>	<b>16 708</b>
<b>Pre-tax operating profit before impairment</b>		<b>5 257</b>	<b>6 494</b>	<b>23 850</b>
Net gains on fixed and intangible assets		5	(1)	233
Impairment of loans and guarantees	9	540	236	1 725
<b>Pre-tax operating profit</b>		<b>4 722</b>	<b>6 257</b>	<b>22 358</b>
Tax expense		1 242	1 633	3 900
<b>Profit for the period</b>		<b>3 480</b>	<b>4 624</b>	<b>18 458</b>
Portion attributable to shareholders		3 466	4 624	18 458
Portion attributable to additional Tier 1 capital holders	17	14		
<b>Profit for the period</b>		<b>3 480</b>	<b>4 624</b>	<b>18 458</b>

# Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank ASA		
	1st quarter 2015	1st quarter 2014	Full year 2014
<b>Profit for the period</b>	<b>3 480</b>	<b>4 624</b>	<b>18 458</b>
Actuarial gains and losses, net of tax		(267)	(1 812)
Other comprehensive income that will not be reclassified to profit or loss, net of tax		(267)	(1 812)
Currency translation of foreign operations	193	(114)	460
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	193	(114)	460
<b>Other comprehensive income for the period</b>	<b>193</b>	<b>(381)</b>	<b>(1 352)</b>
<b>Comprehensive income for the period</b>	<b>3 673</b>	<b>4 243</b>	<b>17 106</b>

# Balance sheet

		<b>DNB Bank ASA</b>		
<i>Amounts in NOK million</i>	Note	31 March 2015	31 Dec. 2014	31 March 2014
<b>Assets</b>				
Cash and deposits with central banks		301 827	53 505	361 303
Due from credit institutions	12, 13	456 663	608 036	282 961
Loans to customers	10, 11, 12, 13	742 848	723 456	680 776
Commercial paper and bonds at fair value	13, 14	231 221	211 746	225 085
Shareholdings	13	7 805	9 205	14 834
Financial derivatives	13	253 757	248 768	145 188
Commercial paper and bonds, held to maturity	12, 14	27 580	31 927	60 251
Investments in associated companies		974	975	1 062
Investments in subsidiaries		81 531	79 266	69 071
Intangible assets		3 730	3 794	3 826
Deferred tax assets		3 039	2 995	4 232
Fixed assets		7 290	7 390	7 095
Other assets		22 293	16 581	34 428
<b>Total assets</b>		<b>2 140 559</b>	<b>1 997 646</b>	<b>1 890 112</b>
<b>Liabilities and equity</b>				
Due to credit institutions	12, 13	332 593	268 531	304 964
Deposits from customers	12, 13	918 325	903 033	864 975
Financial derivatives	13	279 357	274 846	153 286
Debt securities issued	12, 13, 16	401 421	366 205	375 095
Payable taxes		1 557	537	919
Deferred taxes		11	25	10
Other liabilities		31 988	21 104	40 979
Provisions		1 005	1 003	999
Pension commitments		5 344	5 322	3 952
Subordinated loan capital	12, 13, 16	29 542	29 319	26 100
<b>Total liabilities</b>		<b>2 001 143</b>	<b>1 869 926</b>	<b>1 771 279</b>
Share capital		18 314	18 314	18 314
Share premium		19 895	19 895	19 895
Additional Tier 1 capital	17	8 068		
Other equity		93 139	89 511	80 624
<b>Total equity</b>		<b>139 416</b>	<b>127 720</b>	<b>118 833</b>
<b>Total liabilities and equity</b>		<b>2 140 559</b>	<b>1 997 646</b>	<b>1 890 112</b>
Off-balance sheet transactions and contingencies	19			

# Income statement

<i>Amounts in NOK million</i>	Note	DNB Bank Group		
		1st quarter 2015	1st quarter 2014	Full year 2014
Total interest income	5	14 874	15 256	61 682
Total interest expenses	5	6 262	7 533	29 074
<b>Net interest income</b>	<b>5</b>	<b>8 611</b>	<b>7 722</b>	<b>32 607</b>
Commission and fee income etc.	6	2 090	2 005	8 148
Commission and fee expenses etc.	6	615	575	2 258
Net gains on financial instruments at fair value	7	3 421	2 131	5 404
Profit from investments accounted for by the equity method	15	30	107	226
Net gains on investment property		2	13	82
Other income		637	601	2 519
<b>Net other operating income</b>		<b>5 566</b>	<b>4 282</b>	<b>14 122</b>
<b>Total income</b>		<b>14 178</b>	<b>12 004</b>	<b>46 729</b>
Salaries and other personnel expenses	8	2 649	2 516	10 095
Other expenses	8	2 041	1 953	7 714
Depreciation and impairment of fixed and intangible assets	8	553	503	2 028
<b>Total operating expenses</b>	<b>8</b>	<b>5 243</b>	<b>4 972</b>	<b>19 836</b>
<b>Pre-tax operating profit before impairment</b>		<b>8 934</b>	<b>7 032</b>	<b>26 893</b>
Net gains on fixed and intangible assets		12	0	52
Impairment of loans and guarantees	9	575	80	1 639
<b>Pre-tax operating profit</b>		<b>8 371</b>	<b>6 952</b>	<b>25 306</b>
Tax expense		2 168	1 745	6 174
Profit from operations held for sale, after taxes		(47)	(19)	(22)
<b>Profit for the period</b>		<b>6 156</b>	<b>5 188</b>	<b>19 110</b>
Portion attributable to shareholders		6 142	5 188	19 110
Portion attributable to additional Tier 1 capital holders	17	14		
<b>Profit for the period</b>		<b>6 156</b>	<b>5 188</b>	<b>19 110</b>

# Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank Group		
	1st quarter 2015	1st quarter 2014	Full year 2014
<b>Profit for the period</b>	<b>6 156</b>	<b>5 188</b>	<b>19 110</b>
Actuarial gains and losses, net of tax	(1)	(267)	(1 877)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(1)	(267)	(1 877)
Currency translation of foreign operations	2 614	(879)	7 145
Hedging of net investment, net of tax	(1 616)	501	(4 526)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	998	(378)	2 619
<b>Other comprehensive income for the period</b>	<b>997</b>	<b>(644)</b>	<b>742</b>
<b>Comprehensive income for the period</b>	<b>7 153</b>	<b>4 544</b>	<b>19 851</b>

# Balance sheet

<i>Amounts in NOK million</i>	Note	<b>DNB Bank Group</b>		
		31 March 2015	31 Dec. 2014	31 March 2014
<b>Assets</b>				
Cash and deposits with central banks		304 558	58 505	363 330
Due from credit institutions	12, 13	200 610	355 577	49 298
Loans to customers	10, 11, 12, 13	1 483 856	1 447 465	1 353 685
Commercial paper and bonds at fair value	13, 14	200 746	187 765	188 290
Shareholdings	13	8 310	9 709	15 273
Financial derivatives	13	240 844	236 389	133 796
Commercial paper and bonds, held to maturity	12, 14	27 580	31 927	60 251
Investment property		4 539	4 743	4 744
Investments accounted for by the equity method		3 314	3 275	3 211
Intangible assets		4 224	4 315	4 353
Deferred tax assets		1 382	1 197	1 048
Fixed assets		7 919	8 128	7 909
Assets held for sale		678	692	252
Other assets		18 286	12 301	21 177
<b>Total assets</b>		<b>2 506 845</b>	<b>2 361 990</b>	<b>2 206 616</b>
<b>Liabilities and equity</b>				
Due to credit institutions	12, 13	263 197	214 211	257 434
Deposits from customers	12, 13	972 365	951 049	908 163
Financial derivatives	13	191 363	186 230	108 501
Debt securities issued	12, 13, 16	855 316	813 909	748 263
Payable taxes		3 241	1 920	3 684
Deferred taxes		4 710	4 537	1 771
Other liabilities		23 970	12 840	16 551
Liabilities held for sale		127	100	89
Provisions		1 100	1 133	1 098
Pension commitments		5 428	5 434	4 012
Subordinated loan capital	12, 13, 16	29 542	29 319	26 100
<b>Total liabilities</b>		<b>2 350 360</b>	<b>2 220 681</b>	<b>2 075 666</b>
Share capital		18 314	18 314	18 314
Share premium		20 611	20 611	20 611
Additional Tier 1 capital	17	8 068		
Other equity		109 492	102 383	92 025
<b>Total equity</b>		<b>156 485</b>	<b>141 309</b>	<b>130 951</b>
<b>Total liabilities and equity</b>		<b>2 506 845</b>	<b>2 361 990</b>	<b>2 206 616</b>
Off-balance sheet transactions and contingencies	19			

# Statement of changes in equity

## DNB Bank ASA

<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Currency translation reserve	Other equity	Total equity
<b>Balance sheet as at 31 December 2013</b>	<b>18 314</b>	<b>19 895</b>		<b>(929)</b>	<b>(71)</b>	<b>77 381</b>	<b>114 591</b>
Profit for the period						4 624	4 624
Other comprehensive income				(267)	(114)		(381)
Comprehensive income for the period				(267)	(114)	4 624	4 243
<b>Balance sheet as at 31 March 2014</b>	<b>18 314</b>	<b>19 895</b>		<b>(1 196)</b>	<b>(184)</b>	<b>82 004</b>	<b>118 833</b>
<b>Balance sheet as at 31 December 2014</b>	<b>18 314</b>	<b>19 895</b>		<b>(2 741)</b>	<b>414</b>	<b>91 838</b>	<b>127 720</b>
Profit for the period			14			3 466	3 480
Other comprehensive income					193		193
Comprehensive income for the period			14		193	3 466	3 673
Additional Tier 1 capital issued			8 053			(31)	8 023
<b>Balance sheet as at 31 March 2015</b>	<b>18 314</b>	<b>19 895</b>	<b>8 068</b>	<b>(2 741)</b>	<b>607</b>	<b>95 273</b>	<b>139 416</b>

## DNB Bank Group

<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Currency translation reserve	Net investment hedge reserve	Other equity	Total equity
<b>Balance sheet as at 31 December 2013</b>	<b>18 314</b>	<b>20 611</b>		<b>(957)</b>	<b>1 412</b>	<b>(1 119)</b>	<b>88 146</b>	<b>126 407</b>
Profit for the period							5 188	5 188
Other comprehensive income				(267)	(879)	501		(644)
Comprehensive income for the period				(267)	(879)	501	5 188	4 544
<b>Balance sheet as at 31 March 2014</b>	<b>18 314</b>	<b>20 611</b>		<b>(1 224)</b>	<b>533</b>	<b>(618)</b>	<b>93 334</b>	<b>130 951</b>
<b>Balance sheet as at 31 December 2014</b>	<b>18 314</b>	<b>20 611</b>		<b>(2 834)</b>	<b>8 637</b>	<b>(5 645)</b>	<b>102 226</b>	<b>141 309</b>
Profit for the period			14				6 142	6 156
Other comprehensive income				(1)	2 614	(1 616)		997
Comprehensive income for the period			14	(1)	2 614	(1 616)	6 142	7 153
Additional Tier 1 capital issued			8 053				(31)	8 023
<b>Balance sheet as at 31 March 2015</b>	<b>18 314</b>	<b>20 611</b>	<b>8 068</b>	<b>(2 834)</b>	<b>11 251</b>	<b>(7 261)</b>	<b>108 337</b>	<b>156 485</b>

# Cash flow statement

	<b>DNB Bank ASA</b>		
<i>Amounts in NOK million</i>	1st quarter 2015	1st quarter 2014	Full year 2014
<b>Operating activities</b>			
Net payments on loans to customers	(8 517)	(4 487)	(13 240)
Interest received from customers	7 515	7 557	31 586
Net receipts on deposits from customers	(666)	17 293	15 685
Interest paid to customers	(1 001)	(1 408)	(14 481)
Net receipts/payments on loans to credit institutions	217 306	144 636	(225 502)
Interest received from credit institutions	1 036	1 021	4 616
Interest paid to credit institutions	(352)	(808)	(2 199)
Net receipts/payments on the sale of financial assets for investment or trading	(19 033)	30 087	97 652
Interest received on bonds and commercial paper	717	1 282	5 757
Net receipts on commissions and fees	895	982	3 932
Payments to operations	(3 691)	(3 875)	(16 141)
Taxes received/paid	(250)	(2 473)	(1 733)
Other receipts/payments	6 694	(521)	11 643
<b>Net cash flow from operating activities</b>	<b>200 652</b>	<b>189 286</b>	<b>(102 423)</b>
<b>Investment activities</b>			
Net payments on the acquisition of fixed assets	(325)	(433)	(1 978)
Receipts on the sale of long-term investments in shares			463
Payments on the acquisition of long-term investments in shares	(82)	(152)	(3 754)
Dividends received on long-term investments in shares	0	101	164
<b>Net cash flow from investment activities</b>	<b>(406)</b>	<b>(483)</b>	<b>(5 105)</b>
<b>Funding activities</b>			
Receipts on issued bonds and commercial paper	720 102	265 984	1 409 986
Payments on redeemed bonds and commercial paper	(690 209)	(242 556)	(1 412 585)
Interest payments on issued bonds and commercial paper	(2 598)	(1 898)	(3 400)
Interest payments on subordinated loan capital	(338)	(627)	(1 053)
Receipts on issued additional Tier 1 capital	8 022		
Group contribution payments			(11 840)
<b>Net cash flow from funding activities</b>	<b>34 980</b>	<b>20 904</b>	<b>(18 891)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>13 010</b>	<b>(6 963)</b>	<b>17 819</b>
<b>Net cash flow</b>	<b>248 235</b>	<b>202 743</b>	<b>(108 601)</b>
Cash as at 1 January	57 805	166 406	166 406
Net receipts/payments of cash	248 235	202 743	(108 601)
Cash at end of period <sup>1)</sup>	306 040	369 149	57 805
<sup>*)</sup> Of which: Cash and deposits with central banks	301 827	361 303	53 505
Deposits with credit institutions with no agreed period of notice <sup>1)</sup>	4 213	7 846	4 300
<sup>1)</sup> 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)

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
<b>Operating activities</b>			
Net payments on loans to customers	(20 494)	(7 860)	(49 290)
Interest received from customers	13 241	13 361	55 209
Net receipts on deposits from customers	6 031	18 818	18 692
Interest paid to customers	(745)	(1 289)	(14 171)
Net receipts/payments on loans to credit institutions	203 639	154 565	(210 787)
Interest received from credit institutions	476	422	1 785
Interest paid to credit institutions	(329)	(805)	(2 119)
Net payments on the sale of financial assets for investment or trading	(12 851)	9 216	63 856
Interest received on bonds and commercial paper	545	987	4 962
Net receipts on commissions and fees	1 476	1 445	5 880
Payments to operations	(4 696)	(4 379)	(20 037)
Taxes received/paid	(327)	(2 518)	(1 903)
Other receipts/payments	6 239	(3 297)	5 554
<b>Net cash flow from operating activities</b>	<b>192 204</b>	<b>178 666</b>	<b>(142 368)</b>
<b>Investment activities</b>			
Net payments on the acquisition of fixed assets	(262)	(496)	(2 133)
Net receipts, investment property	(224)	849	566
Receipts on the sale of long-term investments in shares			463
Payments on the acquisition of long-term investments in shares			(50)
Dividends received on long-term investments in shares	0	101	164
<b>Net cash flow from investment activities</b>	<b>(486)</b>	<b>454</b>	<b>(989)</b>
<b>Funding activities</b>			
Receipts on issued bonds and commercial paper	736 175	296 102	1 461 093
Payments on redeemed bonds and commercial paper	(696 316)	(263 704)	(1 423 956)
Interest payments on issued bonds and commercial paper	(5 575)	(4 414)	(12 511)
Interest payments on subordinated loan capital	(338)	(508)	(1 053)
Receipts on issued additional Tier 1 capital	8 022		
Group contributions payments			(6 944)
<b>Net cash flow from funding activities</b>	<b>41 968</b>	<b>27 476</b>	<b>16 629</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>12 976</b>	<b>(7 006)</b>	<b>19 269</b>
<b>Net cash flow</b>	<b>246 663</b>	<b>199 590</b>	<b>(107 460)</b>
Cash as at 1 January	64 312	171 771	171 771
Net receipts/payments of cash	246 663	199 590	(107 460)
Cash at end of period <sup>*)</sup>	310 975	371 361	64 312
<i>*) Of which: Cash and deposits with central banks</i>	<i>304 558</i>	<i>363 330</i>	<i>58 505</i>
<i>Deposits with credit institutions with no agreed period of notice <sup>1)</sup></i>	<i>6 417</i>	<i>8 031</i>	<i>5 807</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.



## Note 1 Basis for preparation

---

The quarterly financial statements for the DNB Bank group have been prepared in accordance with IAS 34 Interim Financial Reporting. The annual and interim financial statements for the banking group have been prepared in accordance with IFRS endorsed by EU. DNB Bank ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS. A description of the accounting principles applied by the banking group when preparing the financial statements appears in the annual report for 2014.

When preparing the consolidated financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the significant estimates and areas where judgment is applied appear in note 1 Important accounting estimates, judgments and assumptions in the annual report for 2014.

## Note 2 Segments

---

Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Special product areas are responsible for production and development for parts of the product range and for ensuring that the Group meets the needs of the various customer segments. Reported figures for the different segments will reflect the Group's total sales of products and services to the relevant customer segments. The customer segments have recently been redefined. As of 1 January 2015, DNB Finans' operations in Sweden and Denmark are included in the large corporates and international customers segment. Previously, these operations were divided between the small and medium-sized enterprises segment and the personal customer segment. Figures for previous periods have been adjusted correspondingly.

- |  |  |
|--|--|
| Personal customers                           | - includes the 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 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.  |
| Traditional pension products                 | - includes traditional defined-benefit pension products in DNB Livsforsikring. DNB no longer offers such products to new customers.  |

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 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 the Group's accounting principles. The figures have been restated in accordance with the 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 Group's common equity Tier 1 capital and long-term capitalisation ambition. There are special capital adequacy regulations for insurance operations, and in these companies, allocated capital corresponds to recorded equity. For other group operations, the allocation of capital to all units is based on the Group's adaptation to Basel III, full IRB, and the capital allocated in 2015 corresponds to a common equity Tier 1 capital ratio of 14.5 per cent. The allocation of credit risk is based on the Group's internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units' total income.

## Note 2 Segments (continued)

### Income statement

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/eliminations <sup>2)</sup>		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<i>Amounts in NOK million</i>												
Net interest income - ordinary operations	3 237	3 087	1 398	1 237	3 434	2 971	84	77	458	351	8 611	7 722
Interest on allocated capital <sup>3)</sup>	89	118	57	83	176	226	20	31	(342)	(458)		
Net interest income	3 326	3 204	1 455	1 320	3 610	3 197	104	108	116	(108)	8 611	7 722
Net other operating income	887	846	332	257	1 343	1 242	468	590	2 536	1 346	5 566	4 282
Total income	4 213	4 050	1 787	1 577	4 953	4 439	572	699	2 652	1 239	14 178	12 004
Operating expenses	2 020	1 974	694	684	1 785	1 729	98	107	647	478	5 243	4 972
Pre-tax operating profit before impairment	2 193	2 076	1 093	893	3 168	2 711	474	591	2 006	761	8 934	7 032
Net gains on fixed and intangible assets		(1)	(1)		6				6	1	12	
Impairment of loans and guarantees <sup>4)</sup>	(45)	74	290	86	312	(93)			18	14	575	80
Profit from repossessed operations				(15)	(57)	2			57	13		
Pre-tax operating profit	2 238	2 001	803	793	2 806	2 807	474	591	2 050	760	8 371	6 952
Tax expense	604	540	217	214	814	870	123	160	409	(39)	2 168	1 745
Profit from operations held for sale, after taxes									(47)	(19)	(47)	(19)
Profit for the period	1 634	1 461	586	579	1 992	1 937	351	432	1 593	780	6 156	5 188

1) See the tables below for more information about Traditional pension products.

2) See the tables below for more information about other operations/eliminations.

3) Allocated capital corresponds to the external capital adequacy requirement (Basel III) which must be met by the 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 2015.

4) See note 9 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.

### Main average balance sheet items

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/eliminations		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<i>Amounts in NOK billion</i>												
Loans to customers <sup>1)</sup>	679.9	647.8	211.7	203.3	552.1	487.7	9.4	3.4	10.5	10.8	1 463.6	1 353.1
Deposits from customers <sup>1)</sup>	368.7	347.7	166.9	152.1	380.3	380.0	159.8	132.7	7.9	6.0	1 083.6	1 018.5
Allocated capital <sup>2)</sup>	33.1	28.2	21.1	19.8	72.0	57.2	7.4	7.4				

### Key figures

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<i>Per cent</i>												
Cost/income ratio <sup>3)</sup>	48.0	48.7	38.8	43.4	36.0	38.9	17.1	15.3			37.0	41.4
Ratio of deposits to loans <sup>1) 4)</sup>	54.2	53.7	78.9	74.8	68.9	77.9					74.0	75.3
Return on allocated capital, annualised <sup>2)</sup>	20.0	21.0	11.3	11.8	11.2	13.7	19.1	23.7			17.0	16.4

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 III) which must be met by the Group. Recorded capital is used for the 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 2015. 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 2 Segments (continued)

### Other operations/eliminations

Amounts in NOK million	DNB Bank Group					
	Eliminations <sup>1)</sup>		Group units <sup>2)</sup>		Total	
	1st quarter		1st quarter		1st quarter	
	2015	2014	2015	2014	2015	2014
Net interest income - ordinary operations			458	351	458	351
Interest on allocated capital <sup>3)</sup>			(342)	(458)	(342)	(458)
Net interest income			116	(108)	116	(108)
Net other operating income	(80)	(94)	2 616	1 440	2 536	1 346
Total income	(80)	(94)	2 732	1 332	2 652	1 239
Operating expenses	(80)	(94)	726	572	647	478
Pre-tax operating profit before impairment			2 006	761	2 006	761
Net gains on fixed and intangible assets			6	1	6	1
Impairment of loans and guarantees <sup>4)</sup>			18	14	18	14
Profit from repossessed operations			57	13	57	13
Pre-tax operating profit			2 050	760	2 050	760

- 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 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 Eksporthfinans, investments in IT infrastructure and shareholder-related costs. In addition, Group units include that part of the Group's equity that is not allocated to the segments. Profits from repossessed operations which are fully consolidated in the DNB Group are presented net under "Profit from repossessed operations" in the internal reporting of segments. The acquired companies are included in Group units.

Group units - pre-tax operating profit in NOK million	1st quarter	
	2015	2014
+ Interest on unallocated equity etc.	(19)	(109)
+ Investment in Nets Holding		913
+ Income from equities investments	(154)	4
+ Gains on fixed and intangible assets	6	1
+ Mark-to-market adjustments Group Treasury and fair value of loans	493	460
+ Basis swaps	1 810	(596)
+ Eksporthfinans ASA	34	99
+ Net gains on investment property	(3)	11
+ Profit from repossessed operations	57	13
- Unallocated impairment of loans and guarantees	18	14
- Unallocated personnel expenses	16	40
- Unallocated IT and Operation expenses	(34)	5
- Funding costs on goodwill	7	9
- Impairment losses for goodwill and capitalised systems development	23	1
- IT restructuring	108	
- Impairment of investment property and fixed assets	41	12
Other	6	44
Pre-tax operating profit	2 050	760

- 3) Allocated capital corresponds to the external capital adequacy requirement (Basel III) which must be met by the Group.
- 4) See note 9 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.

## Note 3 Capital adequacy

Capital adequacy is reported in accordance with the EU's new capital adequacy regulations for banks and investment firms (CRD IV/CRR). 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. 2014	31 March 2015		31 March 2015	31 Dec. 2014
<i>Amounts in NOK million</i>				
127 720	135 950	Total equity excluding profit for the period	150 343	141 309
		Effect from regulatory consolidation	(265)	(56)
	(8 053)	Additional Tier 1 capital instruments included in total equity	(8 053)	
	(10)	Net accrued interest on additional Tier 1 capital instruments	(10)	
127 720	127 886	Common equity Tier 1 capital instruments	142 014	141 253
Deductions				
(7)	(10)	Pension funds above pension commitments	(10)	(7)
(2 963)	(2 951)	Goodwill	(2 967)	(2 979)
	(82)	Deferred tax assets that are not due to temporary differences	(514)	(514)
(831)	(779)	Other intangible assets	(1 192)	(1 224)
		Group contribution, payable	(4 000)	(4 000)
(1 466)	(1 332)	Expected losses exceeding actual losses, IRB portfolios	(2 385)	(2 075)
(509)	(522)	Value adjustment due to the requirements for prudent valuation (AVA)	(1 052)	(917)
278	278	Adjustments for unrealised losses/(gains) on debt recorded at fair value	646	646
(821)	(770)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(240)	(268)
121 402	121 720	Common equity Tier 1 capital	130 301	129 915
	123 453	Common equity Tier 1 capital incl. 50 per cent of profit for the period	133 376	
4 028	10 267	Additional Tier 1 capital instruments	10 267	4 028
125 430	131 987	Tier 1 capital	140 568	133 944
	133 720	Tier 1 capital incl. 50 per cent of profit for the period	143 643	
4 792	4 109	Perpetual subordinated loan capital	4 109	4 792
19 322	17 975	Term subordinated loan capital	17 975	19 322
24 115	22 084	Tier 2 capital	22 084	24 115
149 545	154 070	Total eligible capital	162 651	158 058
	155 803	Total eligible capital incl. 50 per cent of profit for the period	165 727	
919 238	945 223	Risk-weighted volume, transitional rules	1 069 597	1 038 396
73 539	75 618	Minimum capital requirement, transitional rules	85 568	83 072
13.2	13.1	Common equity Tier 1 capital ratio, transitional rules (%)	12.5	12.5
13.6	14.1	Tier 1 capital ratio, transitional rules (%)	13.4	12.9
16.3	16.5	Capital ratio, transitional rules (%)	15.5	15.2
	12.9	Common equity Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	12.2	
	14.0	Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	13.1	
	16.3	Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	15.2	

## Note 3 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

	<b>DNB Bank ASA</b>					
	Nominal exposure		Average risk weights	Risk-weighted volume	Capital requirements	Capital requirements
	31 March 2015	EAD <sup>1)</sup> 31 March 2015	in per cent 31 March 2015	31 March 2015	31 March 2015	31 Dec. 2014
<i>Amounts in NOK million</i>						
<b>IRB approach</b>						
Corporate	856 187	686 378	45.0	308 890	24 711	25 158
Specialised Lending (SL)	4 271	4 220	32.1	1 356	108	134
Retail - mortgage loans	90 253	90 249	31.2	28 134	2 251	1 402
Retail - other exposures	110 183	90 840	27.9	25 372	2 030	2 016
Securitisation	27 580	27 580	69.6	19 198	1 536	1 820
<b>Total credit risk, IRB approach</b>	<b>1 088 475</b>	<b>899 267</b>	<b>42.6</b>	<b>382 950</b>	<b>30 636</b>	<b>30 529</b>
<b>Standardised approach</b>						
Central government	48 288	58 242	0.0	20	2	3
Institutions	957 404	813 886	20.9	170 014	13 601	13 357
Corporate	202 438	171 608	97.4	167 083	13 367	12 060
Retail - mortgage loans	5 277	4 797	37.5	1 801	144	146
Retail - other exposures	80 631	28 965	75.2	21 781	1 742	1 573
Equity positions	83 768	83 768	100.4	84 081	6 727	6 543
Other assets	9 387	9 387	148.6	13 946	1 116	1 059
<b>Total credit risk, standardised approach</b>	<b>1 387 193</b>	<b>1 170 653</b>	<b>39.2</b>	<b>458 725</b>	<b>36 698</b>	<b>34 740</b>
<b>Total credit risk</b>	<b>2 475 668</b>	<b>2 069 920</b>	<b>40.7</b>	<b>841 675</b>	<b>67 334</b>	<b>65 269</b>
<b>Market risk</b>						
Position risk, debt instruments				21 487	1 719	1 661
Position risk, equity instruments				244	20	39
Currency risk						
Commodity risk				108	9	9
Credit value adjustment risk (CVA)				12 396	992	1 016
<b>Total market risk</b>				<b>34 235</b>	<b>2 739</b>	<b>2 725</b>
<b>Operational risk</b>				<b>69 313</b>	<b>5 545</b>	<b>5 545</b>
<b>Total risk-weighted volume and capital requirements before transitional rules</b>				<b>945 223</b>	<b>75 618</b>	<b>73 539</b>
<b>Additional capital requirements according to transitional rules <sup>2)</sup></b>						
<b>Total risk-weighted volume and capital requirements</b>				<b>945 223</b>	<b>75 618</b>	<b>73 539</b>

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 3 Capital adequacy (continued)

### Specification of risk-weighted volume and capital requirements

	DNB Bank Group					
	Nominal exposure	EAD <sup>1)</sup>	Average risk weights in per cent	Risk-weighted volume	Capital requirements	Capital requirements
	31 March 2015	31 March 2015	31 March 2015	31 March 2015	31 March 2015	31 Dec. 2014
<i>Amounts in NOK million</i>						
<b>IRB approach</b>						
Corporate	1 036 260	838 115	44.1	369 317	29 545	29 699
Specialised Lending (SL)	5 871	5 759	38.2	2 200	176	179
Retail - mortgage loans	662 877	662 874	24.4	161 843	12 947	8 705
Retail - other exposures	110 183	90 840	27.9	25 372	2 030	2 016
Securitisation	27 580	27 580	69.6	19 198	1 536	1 820
<b>Total credit risk, IRB approach</b>	<b>1 842 772</b>	<b>1 625 168</b>	<b>35.6</b>	<b>577 931</b>	<b>46 234</b>	<b>42 419</b>
<b>Standardised approach</b>						
Central government	55 960	71 425	0.3	223	18	18
Institutions	266 568	123 843	27.5	34 097	2 728	2 899
Corporate	283 836	238 732	93.9	224 066	17 925	16 196
Retail - mortgage loans	42 666	40 600	49.8	20 225	1 618	1 657
Retail - other exposures	101 232	46 179	77.8	35 936	2 875	2 757
Equity positions	2 575	2 575	112.2	2 889	231	228
Securitisation	2 674	2 674	30.2	808	65	
Other assets	10 658	10 658	110.2	11 743	939	774
<b>Total credit risk, standardised approach</b>	<b>766 169</b>	<b>536 687</b>	<b>61.5</b>	<b>329 986</b>	<b>26 399</b>	<b>24 596</b>
<b>Total credit risk</b>	<b>2 608 941</b>	<b>2 161 855</b>	<b>42.0</b>	<b>907 917</b>	<b>72 633</b>	<b>67 014</b>
<b>Market risk</b>						
Position risk, debt instruments				17 090	1 367	1 380
Position risk, equity instruments				244	20	39
Currency risk						
Commodity risk				108	9	9
Credit value adjustment risk (CVA)				7 338	587	602
<b>Total market risk</b>				<b>24 779</b>	<b>1 982</b>	<b>2 030</b>
<b>Operational risk</b>				<b>81 977</b>	<b>6 558</b>	<b>6 558</b>
<b>Total risk-weighted volume and capital requirements before transitional rules</b>				<b>1 014 673</b>	<b>81 174</b>	<b>75 603</b>
<b>Additional capital requirements according to transitional rules <sup>2)</sup></b>				<b>54 924</b>	<b>4 394</b>	<b>7 469</b>
<b>Total risk-weighted volume and capital requirements</b>				<b>1 069 597</b>	<b>85 568</b>	<b>83 072</b>

1) EAD, exposure at default.

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

## Note 4      Liquidity risk

---

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

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis and a combination thereof, and a contingency plan has been established to handle market events. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding. The banking group's ratio of deposits to net loans was 65.5 per cent at end-March 2015, down from 67.1 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 123.6 per cent at end-March 2015.

The short-term funding markets remained generally sound in the first quarter of 2015, and there are now insignificant price differences between the best and second best banks. In spite of somewhat stronger competition, DNB had ample access to short-term funding in all currencies throughout the first quarter. In the long-term funding markets, there was also a healthy supply of capital in the first quarter. Margins on long-term funding improved during the quarter after the European Central Bank, ECB, presented its covered bond purchase programme as one of several measures to stimulate European economic activity. This applied in particular to the cost of new funding in the form of covered bonds, though the costs relating to senior bonds also showed a favourable trend due to strong demand among investors and limited supply in the market.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter. At end-March, the total LCR was 122 per cent, with an LCR of 164 per cent for EUR and 219 per cent for USD.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.1 years at end-March 2015, down from 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 5 Net interest income

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Interest on amounts due from credit institutions	1 011	1 052	4 643
Interest on loans to customers	6 767	6 910	27 982
Interest on impaired loans and guarantees	109	102	555
Interest on commercial paper and bonds	1 353	1 629	5 798
Front-end fees etc.	66	61	278
Other interest income	643	597	2 651
<b>Total interest income</b>	<b>9 948</b>	<b>10 352</b>	<b>41 906</b>
Interest on amounts due to credit institutions	375	555	1 826
Interest on deposits from customers	2 755	3 578	13 728
Interest on debt securities issued	743	850	3 202
Interest on subordinated loan capital	145	141	571
Guarantee fund levy <sup>1)</sup>	169	164	646
Other interest expenses <sup>2)</sup>	(104)	73	75
<b>Total interest expenses</b>	<b>4 082</b>	<b>5 361</b>	<b>20 048</b>
<b>Net interest income</b>	<b>5 867</b>	<b>4 991</b>	<b>21 859</b>

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Interest on amounts due from credit institutions	460	447	1 812
Interest on loans to customers	12 567	12 959	52 428
Interest on impaired loans and guarantees	131	118	643
Interest on commercial paper and bonds	1 206	1 336	5 027
Front-end fees etc.	80	73	316
Other interest income	431	323	1 456
<b>Total interest income</b>	<b>14 874</b>	<b>15 256</b>	<b>61 682</b>
Interest on amounts due to credit institutions	351	555	1 750
Interest on deposits from customers	2 802	3 645	13 951
Interest on debt securities issued	3 202	3 146	12 633
Interest on subordinated loan capital	145	141	571
Guarantee fund levy <sup>1)</sup>	205	192	780
Other interest expenses <sup>2)</sup>	(442)	(145)	(612)
<b>Total interest expenses</b>	<b>6 262</b>	<b>7 533</b>	<b>29 074</b>
<b>Net interest income</b>	<b>8 611</b>	<b>7 722</b>	<b>32 607</b>

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

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



## Note 6 Net commission and fee income

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Money transfer fees	812	783	3 274
Fees on asset management services	70	55	260
Fees on custodial services	84	86	349
Fees on securities broking	82	74	273
Corporate finance	98	139	443
Interbank fees	6	8	35
Credit broking commissions	130	122	648
Sales commissions on insurance products	93	81	306
Sundry commissions and fees	131	159	525
<b>Total commission and fee income etc.</b>	<b>1 506</b>	<b>1 506</b>	<b>6 112</b>
Money transfer fees	351	310	1 305
Fees on custodial services	40	39	160
Interbank fees	14	15	66
Credit broking commissions	25	22	97
Commissions on the sale of insurance products	25	5	18
Sundry commissions and fees	156	167	541
<b>Total commission and fee expenses etc.</b>	<b>611</b>	<b>557</b>	<b>2 186</b>
<b>Net commission and fee income</b>	<b>895</b>	<b>949</b>	<b>3 926</b>

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Money transfer fees	859	832	3 480
Fees on asset management services	80	65	305
Fees on custodial services	87	88	358
Fees on securities broking	88	98	350
Corporate finance	219	234	740
Interbank fees	6	8	35
Credit broking commissions	149	121	630
Sales commissions on insurance products	97	86	327
Fees on real estate broking	279	236	1 095
Sundry commissions and fees	225	237	829
<b>Total commission and fee income etc.</b>	<b>2 090</b>	<b>2 005</b>	<b>8 148</b>
Money transfer fees	358	318	1 341
Fees on custodial services	40	39	160
Interbank fees	14	16	67
Credit broking commissions	7	15	56
Commissions on the sale of insurance products	25	6	19
Sundry commissions and fees	171	182	616
<b>Total commission and fee expenses etc.</b>	<b>615</b>	<b>575</b>	<b>2 258</b>
<b>Net commission and fee income</b>	<b>1 476</b>	<b>1 430</b>	<b>5 891</b>

## Note 7 Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Dividends	21	193	408
Net gains on commercial paper and bonds	(228)	786	3 222
Net gains on shareholdings and equity-related derivatives	(224)	791	112
Net unrealised gains on basis swaps	329	4	516
Net gains on other financial instruments	1 435	937	1 706
<b>Net gains on financial instruments at fair value</b>	<b>1 333</b>	<b>2 711</b>	<b>5 963</b>

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Dividends	21	193	415
Net gains on commercial paper and bonds	(68)	656	3 101
Net gains on shareholdings and equity-related derivatives	(260)	790	118
Net unrealised gains on basis swaps	1 810	(596)	394
Net gains on other financial instruments	1 917	1 089	1 377
<b>Net gains on financial instruments at fair value</b>	<b>3 421</b>	<b>2 131</b>	<b>5 404</b>

## Note 8 Operating expenses

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Salaries	1 520	1 494	5 991
Employer's national insurance contributions	226	209	852
Pension expenses	235	214	734
Restructuring expenses	48	51	235
Other personnel expenses	161	121	583
<b>Total salaries and other personnel expenses</b>	<b>2 189</b>	<b>2 088</b>	<b>8 394</b>
Fees <sup>1)</sup>	313	326	1 228
IT expenses <sup>1)</sup>	622	484	1 993
Postage and telecommunications	59	57	236
Office supplies	9	9	41
Marketing and public relations	150	148	562
Travel expenses	38	37	191
Reimbursement to Norway Post for transactions executed	45	52	231
Training expenses	16	12	46
Operating expenses on properties and premises	307	345	1 248
Operating expenses on machinery, vehicles and office equipment	15	22	68
Other operating expenses	122	124	483
<b>Total other expenses</b>	<b>1 696</b>	<b>1 615</b>	<b>6 327</b>
Depreciation and impairment of fixed and intangible assets	481	452	1 986
<b>Total depreciation and impairment of fixed and intangible assets</b>	<b>481</b>	<b>452</b>	<b>1 986</b>
<b>Total operating expenses</b>	<b>4 366</b>	<b>4 156</b>	<b>16 708</b>

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Salaries	1 877	1 829	7 340
Employer's national insurance contributions	283	259	1 050
Pension expenses	253	231	802
Restructuring expenses	48	55	237
Other personnel expenses	187	142	666
<b>Total salaries and other personnel expenses</b>	<b>2 649</b>	<b>2 516</b>	<b>10 095</b>
Fees <sup>1)</sup>	342	342	1 334
IT expenses <sup>1)</sup>	674	555	2 254
Postage and telecommunications	72	69	278
Office supplies	22	23	96
Marketing and public relations	219	218	849
Travel expenses	52	48	243
Reimbursement to Norway Post for transactions executed	45	52	231
Training expenses	18	14	57
Operating expenses on properties and premises	370	403	1 483
Operating expenses on machinery, vehicles and office equipment	21	31	102
Other operating expenses	206	200	787
<b>Total other expenses</b>	<b>2 041</b>	<b>1 953</b>	<b>7 714</b>
Impairment losses for goodwill			5
Depreciation and impairment of fixed and intangible assets	553	503	2 022
<b>Total depreciation and impairment of fixed and intangible assets</b>	<b>553</b>	<b>503</b>	<b>2 028</b>
<b>Total operating expenses</b>	<b>5 243</b>	<b>4 972</b>	<b>19 836</b>

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

## Note 9 Impairment of loans and guarantees

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Write-offs	112	247	930
New/increased individual impairment	946	573	2 370
Total new/increased individual impairment	1 059	820	3 300
Reassessed individual impairment previous years	393	392	850
Recoveries on loans and guarantees previously written off	188	108	645
Net individual impairment	477	320	1 805
Change in collective impairment of loans	62	(85)	(80)
<b>Impairment of loans and guarantees <sup>1)</sup></b>	<b>540</b>	<b>236</b>	<b>1 725</b>
Write-offs covered by individual impairment made in previous years	329	740	2 319
<i>1) Of which individual impairment of guarantees</i>	29	(198)	(145)

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
Write-offs	119	143	823
New/increased individual impairment	1 073	857	3 078
Total new/increased individual impairment	1 191	1 000	3 901
Reassessed individual impairment previous years	467	554	1 245
Recoveries on loans and guarantees previously written off	194	114	677
Net individual impairment	530	332	1 980
Change in collective impairment of loans	44	(252)	(341)
<b>Impairment of loans and guarantees <sup>1)</sup></b>	<b>575</b>	<b>80</b>	<b>1 639</b>
Write-offs covered by individual impairment made in previous years	1 220	615	2 422
<i>1) Of which individual impairment of guarantees</i>	26	(198)	(143)

## Note 10 Loans to customers

DNB Bank ASA				DNB Bank Group		
31 March 2014	31 Dec. 2014	31 March 2015		31 March 2015	31 Dec. 2014	31 March 2014
<i>Amounts in NOK million</i>						
<b>Loans at amortised cost:</b>						
636 544	684 632	703 731	Loans to customers, nominal amount	1 371 454	1 343 600	1 236 800
5 744	5 620	5 894	Individual impairment	9 821	9 646	9 605
630 799	679 011	697 837	Loans to customers, after individual impairment	1 361 633	1 333 954	1 227 195
1 577	1 404	1 496	+ Accrued interest and amortisation	2 491	2 509	2 889
543	470	464	- Individual impairment of accrued interest and amortisation	671	680	762
1 473	1 562	1 656	- Collective impairment	2 210	2 139	2 050
630 360	678 383	697 213	Loans to customers, at amortised cost	1 361 243	1 333 645	1 227 271
<b>Loans at fair value:</b>						
50 119	44 783	45 476	Loans to customers, nominal amount	120 024	110 712	124 252
190	129	107	+ Accrued interest	259	273	365
107	161	53	+ Adjustment to fair value	2 330	2 835	1 796
50 416	45 073	45 636	Loans to customers, at fair value	122 613	113 820	126 413
<b>680 776</b>	<b>723 456</b>	<b>742 848</b>	<b>Loans to customers</b>	<b>1 483 856</b>	<b>1 447 465</b>	<b>1 353 685</b>

## Note 11 Net impaired loans and guarantees for principal customer groups <sup>1)</sup>

DNB Bank ASA			Amounts in NOK million	DNB Bank Group		
31 March 2014	31 Dec. 2014	31 March 2015		31 March 2015	31 Dec. 2014	31 March 2014
1 272	1 213	1 204	Private individuals	3 028	3 071	3 370
3 249	3 276	1 417	Transportation by sea and pipelines and vessel construction	2 071	3 862	3 976
2 436	1 649	2 110	Real estate	2 665	2 517	3 288
477	697	578	Manufacturing	789	776	707
412	590	466	Services	521	673	489
193	1 172	213	Trade	308	1 265	324
50			Oil and gas			50
898	446	373	Transportation and communication	417	495	963
632	612	543	Building and construction	900	962	1 123
40	27	27	Power and water supply	28	29	41
54	26	61	Seafood	61	26	54
41	32	32	Hotels and restaurants	112	103	148
85	115	80	Agriculture and forestry	106	144	112
0			Central and local government	0		0
9	15	5	Other sectors	9	20	26
9 848	9 869	7 109	Total customers	11 016	13 943	14 671
4			Credit institutions			4
9 852	9 869	7 109	Total net impaired loans and guarantees	11 016	13 943	14 675
976	2 240	1 314	Non-performing loans and guarantees not subject to impairment	2 841	3 318	1 744
10 828	12 109	8 423	Total net non-performing and doubtful loans and guarantees	13 856	17 261	16 419

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

## Note 12 Fair value of financial instruments at amortised cost

<i>Amounts in NOK million</i>	31 March 2015		DNB Bank ASA 31 March 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	Cash and deposits with central banks	11 028	11 028	8 576
Due from credit institutions	128 951	128 951	143 130	143 130
Loans to customers	697 213	698 332	630 360	632 281
Commercial paper and bonds, held to maturity	27 580	27 381	60 251	59 934
<b>Total financial assets</b>	<b>864 772</b>	<b>865 692</b>	<b>842 318</b>	<b>843 921</b>
Due to credit institutions	25 304	25 304	28 446	28 446
Deposits from customers	848 662	848 662	802 238	802 238
Securities issued <sup>1)</sup>	153 327	156 903	148 335	151 471
Subordinated loan capital <sup>1)</sup>	28 285	28 530	24 846	25 168
<b>Total financial liabilities</b>	<b>1 055 578</b>	<b>1 059 399</b>	<b>1 003 865</b>	<b>1 007 322</b>

<i>Amounts in NOK million</i>	31 March 2015		DNB Bank Group 31 March 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	Cash and deposits with central banks	13 759	13 759	10 603
Due from credit institutions	18 856	18 856	14 217	14 217
Loans to customers	1 361 243	1 362 257	1 227 271	1 228 965
Commercial paper and bonds, held to maturity	27 580	27 381	60 251	59 934
<b>Total financial assets</b>	<b>1 421 438</b>	<b>1 422 253</b>	<b>1 312 343</b>	<b>1 313 719</b>
Due to credit institutions	28 623	28 623	29 436	29 436
Deposits from customers	902 702	902 702	845 426	845 426
Securities issued <sup>1)</sup>	536 276	544 905	460 336	467 040
Subordinated loan capital <sup>1)</sup>	28 285	28 530	24 846	25 168
<b>Total financial liabilities</b>	<b>1 495 886</b>	<b>1 504 760</b>	<b>1 360 044</b>	<b>1 367 070</b>

1) Includes hedged liabilities.

## Note 13 Financial instruments at fair value

<b>DNB Bank ASA</b>					
<i>Amounts in NOK million</i>	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest <sup>1)</sup>	Total
<b>Assets as at 31 March 2015</b>					
Deposits with central banks		290 798		0	290 799
Due from credit institutions		327 611		102	327 713
Loans to customers		9 762	35 767	107	45 636
Commercial paper and bonds at fair value	38 522	190 124	139	2 436	231 221
Shareholdings	6 483	0	1 322		7 805
Financial derivatives	466	251 250	2 041		253 757
<b>Liabilities as at 31 March 2015</b>					
Due to credit institutions		307 241		47	307 288
Deposits from customers		69 568		95	69 663
Debt securities issued		247 985		110	248 095
Subordinated loan capital		1 256		1	1 257
Financial derivatives	324	277 214	1 819		279 357
Other financial liabilities <sup>2)</sup>	4 065			1	4 066

<b>DNB Bank Group</b>					
<i>Amounts in NOK million</i>	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest <sup>1)</sup>	Total
<b>Assets as at 31 March 2015</b>					
Deposits with central banks		290 798		0	290 799
Due from credit institutions		181 732		22	181 755
Loans to customers		9 762	112 591	259	122 613
Commercial paper and bonds at fair value	42 280	155 795	143	2 527	200 746
Shareholdings	6 757	9	1 545		8 310
Financial derivatives	466	238 337	2 041		240 844
<b>Liabilities as at 31 March 2015</b>					
Due to credit institutions		234 544		30	234 574
Deposits from customers		69 568		95	69 663
Debt securities issued		318 316		724	319 040
Subordinated loan capital		1 256		1	1 257
Financial derivatives	324	189 220	1 819		191 363
Other financial liabilities <sup>2)</sup>	4 065			1	4 066

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

2) *Short positions, trading activities.*



## Note 13 Financial instruments at fair value (continued)

### Financial instruments at fair value, level 3

#### DNB Bank ASA

	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings <sup>1)</sup>	Financial derivatives	Financial derivatives
<i>Amounts in NOK million</i>					
<b>Carrying amount as at 31 December 2014</b>	<b>36 825</b>	<b>246</b>	<b>1 335</b>	<b>1 877</b>	<b>1 463</b>
Net gains on financial instruments	(107)	8	(115)	196	169
Additions/purchases	2 939	6	119	150	296
Sales	463	64	17		
Settled	3 427			192	117
Transferred from level 1 or level 2		31			
Transferred to level 1 or level 2		63			
Other		(25)		11	9
<b>Carrying amount as at 31 March 2015</b>	<b>35 767</b>	<b>139</b>	<b>1 322</b>	<b>2 041</b>	<b>1 819</b>

### Financial instruments at fair value, level 3

#### DNB Bank Group

	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings <sup>1)</sup>	Financial derivatives	Financial derivatives
<i>Amounts in NOK million</i>					
<b>Carrying amount as at 31 December 2014</b>	<b>105 429</b>	<b>251</b>	<b>1 589</b>	<b>1 877</b>	<b>1 463</b>
Net gains on financial instruments	(505)	8	(145)	196	169
Additions/purchases	17 185	6	119	150	296
Sales		64	17		
Settled	9 517			192	117
Transferred from level 1 or level 2		31			
Transferred to level 1 or level 2		63			
Other		(25)		11	9
<b>Carrying amount as at 31 March 2015</b>	<b>112 591</b>	<b>143</b>	<b>1 545</b>	<b>2 041</b>	<b>1 819</b>

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

## Note 13 Financial instruments at fair value (continued)

### 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 discount factor used has as a starting point a swap rate based on a duration equal to the average remaining lock-in period for the relevant fixed-rate loans. 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 the annual report for 2014.

DNB Bank ASA			Breakdown of fair value, level 3		DNB Bank Group		
31 March 2015					31 March 2015		
Share- holdings	Commercial				Loans to customers	Commercial	
	paper and bonds	Loans to customers	<i>Amounts in NOK million</i>			paper and bonds	Share- holdings
2 414	161	35 714	Principal amount/purchase price		110 262	166	2 584
(1 092)	(23)	53	Fair value adjustment <sup>1)</sup>		2 330	(23)	(1 040)
1 322	139	35 767	Total fair value, excluding accrued interest		112 591	143	1 545

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

DNB Bank ASA				Breakdown of shareholdings, level 3			DNB Bank Group		
Total	Other	Private		<i>Amounts in NOK million</i>	Unquoted equities	Private		Other	Total
		Equity (PE) funds	Unquoted equities			Unquoted equities	Equity (PE) funds		
1 322	26	444	851	Carrying amount as at 31 March 2015	1 074	444	26	1 545	

DNB Bank ASA				Sensitivity analysis, level 3		DNB Bank Group	
Effect of reasonably possible alternative assumptions	Carrying amount			<i>Amounts in NOK million</i>	Carrying amount	Effect of reasonably possible alternative assumptions	
	31 March 2015						31 March 2015
(24)	35 767			Loans to customers	112 591	(225)	
(0)	139			Commercial paper and bonds	143	(0)	
	1 322			Shareholdings	1 545		
	222			Financial derivatives, net	222		

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

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

## Note 14 Commercial paper and bonds, held to maturity

DNB Bank ASA			DNB Bank Group			
31 March 2014	31 Dec. 2014	31 March 2015	<i>Amounts in NOK million</i>			
60 021	31 927	27 580	International bond portfolio	27 580	31 927	60 021
231			Other units			231
<b>60 251</b>	<b>31 927</b>	<b>27 580</b>	<b>Commercial paper and bonds, held to maturity</b>	<b>27 580</b>	<b>31 927</b>	<b>60 251</b>

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 first quarter of 2015, there would have been a NOK 14 million decrease in profits.

### Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 March 2015 was NOK 0.5 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 16.3 billion at end-March 2015. The average term to maturity of the portfolio was 5.6 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 9 million at end-March 2015.

### Effects on profits of the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group		
	1st quarter 2015	1st quarter 2014	Full year 2014
Recorded amortisation effect	39	31	106
Net gain, if valued at fair value	25	(117)	189
Effects of reclassification on profits	14	149	(83)

### Effects on the balance sheet of the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group		
	31 March 2015	31 Dec. 2014	31 March 2014
Recorded unrealised losses	458	497	572
Unrealised losses, if valued at fair value	919	943	1 250
Effects of reclassification on the balance sheet	460	446	678

### Development in the portfolio after the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group		
	31 March 2015	31 Dec. 2014	31 March 2014
Reclassified portfolio, carrying amount	16 255	17 558	18 436
Reclassified portfolio, if valued at fair value	15 795	17 112	17 758
Effects of reclassification on the balance sheet	460	446	678

## Note 14 Commercial paper and bonds, held to maturity (continued)

### International bond portfolio

After the reclassification date, DNB has chosen to increase investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds, these investments are carried at fair value. As at 31 March 2015 the international bond portfolio represented NOK 125.7 billion. 61.1 per cent of the securities in the portfolio had an AAA rating, while 31.6 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of the international bond portfolio is shown below.

Asset class	DNB Bank Group	
	Per cent 31 March 2015	NOK million 31 March 2015
Consumer credit		
Residential mortgages	19.83	25 015
Corporate loans	0.01	9
Government related	36.83	46 455
Covered bonds	43.33	54 641
Total international bond portfolio, nominal values	100.00	126 120
Accrued interest, amortisation effects and fair value adjustments		(457)
Total international bond portfolio		125 663
Total international bond portfolio, held to maturity		27 580
Of which reclassified portfolio		16 255

The average term to maturity of the international bond portfolio is 3.7 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 10 million at end-March 2015.

## Note 15 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, 2014 and 2015, 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 73 million were made in the first quarter of 2015. The remaining impairment loss was NOK 266 million at end-March 2015. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from investments accounted for by the equity method" along with DNB's share of profits from the company.

## Note 16 Debt securities issued and subordinated loan capital

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

### Debt securities issued

<i>Amounts in NOK million</i>	DNB Bank ASA		
	31 March 2015	31 Dec. 2014	31 March 2014
Commercial paper issued, nominal amount	233 191	206 715	210 545
Bond debt, nominal amount	156 207	146 308	155 999
Adjustments	12 024	13 182	8 552
<b>Total debt securities issued</b>	<b>401 421</b>	<b>366 205</b>	<b>375 095</b>

### Changes in debt securities issued

<i>Amounts in NOK million</i>	DNB Bank ASA					
	Balance sheet 31 March 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Commercial paper issued, nominal amount	233 191	709 619	688 131	4 988		206 715
Bond debt, nominal amount	156 207	10 483	2 078	1 493		146 308
Adjustments	12 024				(1 158)	13 182
<b>Total debt securities issued</b>	<b>401 421</b>	<b>720 102</b>	<b>690 209</b>	<b>6 482</b>	<b>(1 158)</b>	<b>366 205</b>

### Changes in subordinated loan capital and perpetual subordinated loan capital securities

<i>Amounts in NOK million</i>	DNB Bank ASA					
	Balance sheet 31 March 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Term subordinated loan capital, nominal amount	19 085			(237)		19 322
Perpetual subordinated loan capital, nominal amount	5 250			457		4 792
Perpetual subordinated loan capital securities, nominal amount	4 192			163		4 028
Adjustments	1 016				(160)	1 176
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>29 542</b>			<b>383</b>	<b>(160)</b>	<b>29 319</b>

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

### Debt securities issued

	DNB Bank Group		
<i>Amounts in NOK million</i>	31 March 2015	31 Dec. 2014	31 March 2014
Commercial paper issued, nominal amount	233 191	206 715	210 546
Bond debt, nominal amount <sup>1)</sup>	579 289	562 483	508 450
Adjustments	42 836	44 711	29 267
<b>Total debt securities issued</b>	<b>855 316</b>	<b>813 909</b>	<b>748 263</b>

### Changes in debt securities issued

	DNB Bank Group					
<i>Amounts in NOK million</i>	Balance sheet 31 March 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Commercial paper issued, nominal amount	233 191	709 619	688 131	4 988		206 715
Bond debt, nominal amount <sup>1)</sup>	579 289	26 556	8 185	(1 565)		562 483
Adjustments	42 836				(1 875)	44 711
<b>Total debt securities issued</b>	<b>855 316</b>	<b>736 175</b>	<b>696 316</b>	<b>3 423</b>	<b>(1 875)</b>	<b>813 909</b>

### Changes in subordinated loan capital and perpetual subordinated loan capital securities

	DNB Bank Group					
<i>Amounts in NOK million</i>	Balance sheet 31 March 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Term subordinated loan capital, nominal amount	19 085			(237)		19 322
Perpetual subordinated loan capital, nominal amount	5 250			457		4 792
Perpetual subordinated loan capital securities, nominal amount	4 192			163		4 028
Adjustments	1 016				(160)	1 176
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>29 542</b>			<b>383</b>	<b>(160)</b>	<b>29 319</b>

1) Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 453.0 billion as at 31 March 2015. The cover pool market value represented NOK 557.2 billion.

## **Note 17 Additional Tier 1 capital**

---

During the first quarter of 2015 the DNB Bank Group's parent company, DNB Bank ASA, issued two additional Tier 1 capital instruments. The instruments have a nominal value of NOK 2 150 million and USD 750 million (NOK 5 903 million). The instruments are perpetual but the bank can repay the capital on specific dates, first time five years after the issuing. The interest rates to be paid are floating 3 months NIBOR plus 3.25 per cent and fixed 5.75 per cent respectively. The issue in Norwegian kroner has quarterly payments while the issue in US dollar has annual payments.

The agreed terms for the instruments meet the requirements in the EU's CRR regulations, and the instruments are included in the banking group's Tier 1 capital for capital adequacy purposes. This implies that DNB Bank ASA has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments do not meet the requirement for a liability in IAS 32 and are therefore presented on the line Additional Tier 1 capital within the banking group's equity. Further, it implies that the interest is not presented within the line Total interest expenses but as a reduction in Other equity. Correspondingly, seen in isolation, the benefit from the tax deduction for the interest will give an increase in Other equity and not be presented as a deduction within the line Tax expense, as it is the shareholder who benefit from the tax deduction. Accumulated interest for first quarter 2015 totalled NOK 14 million.

Equity shall be measured at historical exchange rates when the transaction currency differs from the company's functional currency. The issue in US dollars was thus converted to Norwegian kroner at the exchange rate prevailing on 26 March 2015 without any subsequent revaluation.

### **Earnings per share**

The main purpose of the financial ratio earnings per share is to show the return for the DNB Bank group's ordinary shareholders. Accumulated interest for the period, which will be paid to those investing in the additional Tier 1 capital instruments, has therefore been deducted from Profit for the period in the calculation of the period's earnings per share.

## **Note 18 Information on related parties**

---

### **Eksporthfinans ASA**

DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksporthfinans ASA 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 derecognised from the banks balance sheet. These portfolios totalled NOK 2.7 billion at end-March 2015.

### **DNB Boligkreditt AS**

In the first quarter of 2015, portfolios representing NOK 5.8 billion were transferred in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS". In the period 2008 to 2014, portfolios representing NOK 321.2 billion were transferred.

The monthly management fee paid by DNB Boligkreditt AS to the bank for the first quarter of 2015 totalled NOK 1 billion. At end-March 2015 the bank had invested NOK 31.6 billion in covered bonds issued by Boligkreditt.

### **DNB Næringskreditt AS**

At end-March 2015, commitments with a total value of NOK 24.5 billion had been transferred from the bank to Næringskreditt. The monthly fee paid to the bank and Boligkreditt for the first quarter of 2015 totalled NOK 25.7 million. At end-March the bank had invested NOK 3 billion in covered bonds issued by DNB Næringskreditt.

### **DNB Livsforsikring AS**

DNB Livsforsikring's holding of Boligkreditt bonds was valued at NOK 1.9 billion at end-March 2015.

### **DNB Singapore Branch and DNB Asia Ltd.**

At end-March 2015, existing loans with a total value of USD 3.4 billion had been transferred to DNB Asia Ltd. according to the existing agreement between the entities.

### **DNB New York Branch and DNB Capital LLC**

At end-March 2015, existing loans with a total value of USD 7.7 billion had been transferred to DNB Capital LLC according to the existing agreement between the entities.

## Note 19 Off-balance sheet transactions and contingencies

DNB Bank ASA			Off-balance sheet transactions and additional information		DNB Bank Group		
31 March 2014	31 Dec. 2014	31 March 2015		31 March 2015	31 Dec. 2014	31 March 2014	
			<i>Amounts in NOK million</i>				
47 173	45 402	46 214	Performance guarantees	47 321	46 603	49 314	
22 665	28 488	24 183	Payment guarantees	25 759	29 930	22 699	
18 851	17 497	16 880	Loan guarantees <sup>1)</sup>	16 802	17 417	18 851	
6 811	6 667	6 825	Guarantees for taxes etc.	6 842	6 684	6 833	
2 040	1 875	1 857	Other guarantee commitments	2 644	2 384	2 231	
97 540	99 929	95 960	Total guarantee commitments	99 368	103 017	99 929	
			Support agreements	11 060	13 202	10 504	
97 540	99 929	95 960	Total guarantee commitments etc. <sup>*)</sup>	110 427	116 220	110 433	
967 019	995 350	1 021 447	Unutilised credit lines and loan offers	626 239	606 912	547 808	
3 886	4 212	4 893	Documentary credit commitments	5 162	4 432	3 981	
			Other commitments	209	90	133	
970 905	999 562	1 026 341	Total commitments	631 609	611 434	551 921	
			Total guarantee and off-balance commitments	742 037	727 654	662 355	
1 068 445	1 099 491	1 122 300					
50 004	20 907	19 719	Pledged securities		393	25 196	
			<sup>*) Of which counter-guaranteed by financial institutions</sup>	362	299	127	
9							

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 2.7 billion were recorded in the balance sheet as at 31 March 2015. 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.



# Key figures

	<b>DNB Bank Group</b>		
	1st quarter 2015	1st quarter 2014	Full year 2014
<b>Interest rate analysis</b>			
1. Combined weighted total average spread for lending and deposits (%)	1.27	1.24	1.25
2. Average spread for ordinary lending to customers (%)	2.31	2.40	2.34
3. Average spread for deposits from customers (%)	(0.11)	(0.29)	(0.22)
<b>Rate of return/profitability</b>			
4. Net other operating income, per cent of total income	39.3	35.7	30.2
5. Cost/income ratio (%)	37.0	41.4	42.4
6. Return on equity, annualised (%)	17.0	16.4	14.5
<b>Financial strength at end of period</b>			
7. Common equity Tier 1 capital ratio, transitional rules (%) <sup>1)</sup>	12.5	11.7	12.5
8. Tier 1 capital ratio, transitional rules (%) <sup>1)</sup>	13.4	12.0	12.9
9. Capital ratio, transitional rules (%) <sup>1)</sup>	15.5	14.1	15.2
10. Common equity Tier 1 capital (NOK million) <sup>1)</sup>	133 376	113 934	129 915
11. Risk-weighted volume, transitional rules (NOK million)	1 069 597	999 430	1 038 396
<b>Loan portfolio and impairment</b>			
12. Individual impairment relative to average net loans to customers, annualised (%)	0.15	0.10	0.14
13. Impairment relative to average net loans to customers, annualised (%)	0.16	0.02	0.12
14. Net non-performing and net doubtful loans and guarantees, per cent of net loans	0.83	1.18	0.96
15. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	13 856	16 419	17 261
<b>Liquidity</b>			
16. Ratio of customer deposits to net loans to customers at end of period (%)	65.5	67.1	65.7
<b>Staff</b>			
17. Number of full-time positions at end of period	10 792	10 971	10 854

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 Return on equity represents the shareholders' share of profit for the period relative to average equity.

# Profit and balance sheet trends

## Income statement

	DNB Bank ASA				
<i>Amounts in NOK million</i>	1st quarter 2015	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014
Total interest income	9 948	10 489	10 470	10 596	10 352
Total interest expenses	4 082	4 568	4 781	5 337	5 361
<b>Net interest income</b>	<b>5 867</b>	<b>5 921</b>	<b>5 689</b>	<b>5 258</b>	<b>4 991</b>
Commission and fee income etc.	1 506	1 618	1 519	1 468	1 506
Commission and fee expenses etc.	611	587	544	499	557
Net gains on financial instruments at fair value	1 333	297	1 608	1 346	2 711
Other income	1 528	3 147	1 758	1 908	1 998
<b>Net other operating income</b>	<b>3 756</b>	<b>4 475</b>	<b>4 342</b>	<b>4 224</b>	<b>5 658</b>
<b>Total income</b>	<b>9 623</b>	<b>10 396</b>	<b>10 031</b>	<b>9 482</b>	<b>10 649</b>
Salaries and other personnel expenses	2 189	1 977	2 139	2 189	2 088
Other expenses	1 696	1 550	1 544	1 619	1 615
Depreciation and impairment of fixed and intangible assets	481	591	480	463	452
<b>Total operating expenses</b>	<b>4 366</b>	<b>4 119</b>	<b>4 163</b>	<b>4 271</b>	<b>4 156</b>
<b>Pre-tax operating profit before impairment</b>	<b>5 257</b>	<b>6 277</b>	<b>5 868</b>	<b>5 211</b>	<b>6 494</b>
Net gains on fixed and intangible assets	5	41	(4)	196	(1)
Impairment of loans and guarantees	540	882	164	444	236
<b>Pre-tax operating profit</b>	<b>4 722</b>	<b>5 437</b>	<b>5 700</b>	<b>4 964</b>	<b>6 257</b>
Tax expense	1 242	(520)	1 491	1 296	1 633
<b>Profit for the period</b>	<b>3 480</b>	<b>5 956</b>	<b>4 210</b>	<b>3 668</b>	<b>4 624</b>
Portion attributable to shareholders	3 466	5 956	4 210	3 668	4 624
Portion attributable to additional Tier 1 capital holders	14				
<b>Profit for the period</b>	<b>3 480</b>	<b>5 956</b>	<b>4 210</b>	<b>3 668</b>	<b>4 624</b>

## Comprehensive income statement

	DNB Bank ASA				
<i>Amounts in NOK million</i>	1st quarter 2015	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014
<b>Profit for the period</b>	<b>3 480</b>	<b>5 956</b>	<b>4 210</b>	<b>3 668</b>	<b>4 624</b>
Actuarial gains and losses, net of tax		(879)	(521)	(145)	(267)
Other comprehensive income that will not be reclassified to profit or loss, net of tax		(879)	(521)	(145)	(267)
Currency translation of foreign operations	193	413	(35)	196	(114)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	193	413	(35)	196	(114)
<b>Other comprehensive income for the period</b>	<b>193</b>	<b>(466)</b>	<b>(556)</b>	<b>50</b>	<b>(381)</b>
<b>Comprehensive income for the period</b>	<b>3 673</b>	<b>5 490</b>	<b>3 654</b>	<b>3 719</b>	<b>4 243</b>

## Profit and balance sheet trends (continued)

### Balance sheet

	<b>DNB Bank ASA</b>				
	31 March 2015	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	301 827	53 505	211 173	169 204	361 303
Due from credit institutions	456 663	608 036	361 953	432 379	282 961
Loans to customers	742 848	723 456	697 564	693 021	680 776
Commercial paper and bonds at fair value	231 221	211 746	200 874	200 549	225 085
Shareholdings	7 805	9 205	8 566	12 023	14 834
Financial derivatives	253 757	248 768	165 152	153 418	145 188
Commercial paper and bonds, held to maturity	27 580	31 927	36 619	51 392	60 251
Investments in associated companies	974	975	959	959	1 062
Investments in subsidiaries	81 531	79 266	73 868	73 425	69 071
Intangible assets	3 730	3 794	3 727	3 765	3 826
Deferred tax assets	3 039	2 995	4 426	4 296	4 232
Fixed assets	7 290	7 390	7 029	7 120	7 095
Other assets	22 293	16 581	18 201	22 279	34 428
<b>Total assets</b>	<b>2 140 559</b>	<b>1 997 646</b>	<b>1 790 111</b>	<b>1 823 832</b>	<b>1 890 112</b>
<b>Liabilities and equity</b>					
Due to credit institutions	332 593	268 531	238 538	266 998	304 964
Deposits from customers	918 325	903 033	855 271	857 493	864 975
Financial derivatives	279 357	274 846	174 473	162 812	153 286
Debt securities issued	401 421	366 205	339 730	353 652	375 095
Payable taxes	1 557	537	3 673	2 482	919
Deferred taxes	11	25	12	12	10
Other liabilities	31 988	21 104	19 645	25 656	40 979
Provisions	1 005	1 003	1 005	1 018	999
Pension commitments	5 344	5 322	4 865	4 153	3 952
Subordinated loan capital	29 542	29 319	26 668	26 981	26 100
<b>Total liabilities</b>	<b>2 001 143</b>	<b>1 869 926</b>	<b>1 663 880</b>	<b>1 701 256</b>	<b>1 771 279</b>
Share capital	18 314	18 314	18 314	18 314	18 314
Share premium	19 895	19 895	19 895	19 895	19 895
Additional Tier 1 capital	8 068				
Other equity	93 139	89 511	88 022	84 367	80 624
<b>Total equity</b>	<b>139 416</b>	<b>127 720</b>	<b>126 231</b>	<b>122 576</b>	<b>118 833</b>
<b>Total liabilities and equity</b>	<b>2 140 559</b>	<b>1 997 646</b>	<b>1 790 111</b>	<b>1 823 832</b>	<b>1 890 112</b>

## Profit and balance sheet trends (continued)

### Income statement

<i>Amounts in NOK million</i>	DNB Bank Group				
	1st quarter 2015	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014
Total interest income	14 874	15 590	15 350	15 486	15 256
Total interest expenses	6 262	6 859	7 089	7 593	7 533
<b>Net interest income</b>	<b>8 611</b>	<b>8 730</b>	<b>8 261</b>	<b>7 893</b>	<b>7 722</b>
Commission and fee income etc.	2 090	2 113	2 032	1 999	2 005
Commission and fee expenses etc.	615	612	561	510	575
Net gains on financial instruments at fair value	3 421	294	1 849	1 130	2 131
Profit from investments accounted for by the equity method	30	44	41	34	107
Net gains on investment property	2	89	(17)	(3)	13
Other income	637	634	602	682	601
<b>Net other operating income</b>	<b>5 566</b>	<b>2 562</b>	<b>3 946</b>	<b>3 332</b>	<b>4 282</b>
<b>Total income</b>	<b>14 178</b>	<b>11 292</b>	<b>12 207</b>	<b>11 226</b>	<b>12 004</b>
Salaries and other personnel expenses	2 649	2 433	2 548	2 597	2 516
Other expenses	2 041	1 901	1 893	1 966	1 953
Depreciation and impairment of fixed and intangible assets	553	542	526	457	503
<b>Total operating expenses</b>	<b>5 243</b>	<b>4 876</b>	<b>4 968</b>	<b>5 021</b>	<b>4 972</b>
<b>Pre-tax operating profit before impairment</b>	<b>8 934</b>	<b>6 416</b>	<b>7 240</b>	<b>6 205</b>	<b>7 032</b>
Net gains on fixed and intangible assets	12	42	13	(2)	0
Impairment of loans and guarantees	575	821	183	554	80
<b>Pre-tax operating profit</b>	<b>8 371</b>	<b>5 636</b>	<b>7 070</b>	<b>5 648</b>	<b>6 952</b>
Tax expense	2 168	1 230	1 769	1 430	1 745
Profit from operations held for sale, after taxes	(47)	16	(8)	(11)	(19)
<b>Profit for the period</b>	<b>6 156</b>	<b>4 423</b>	<b>5 293</b>	<b>4 206</b>	<b>5 188</b>
Portion attributable to shareholders	6 142	4 423	5 293	4 206	5 188
Portion attributable to additional Tier 1 capital holders	14				
<b>Profit for the period</b>	<b>6 156</b>	<b>4 423</b>	<b>5 293</b>	<b>4 206</b>	<b>5 188</b>

### Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank Group				
	1st quarter 2015	4th quarter 2014	3rd quarter 2014	2nd quarter 2014	1st quarter 2014
<b>Profit for the period</b>	<b>6 156</b>	<b>4 423</b>	<b>5 293</b>	<b>4 206</b>	<b>5 188</b>
Actuarial gains and losses, net of tax	(1)	(944)	(521)	(145)	(267)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(1)	(944)	(521)	(145)	(267)
Currency translation of foreign operations	2 614	6 314	454	1 256	(879)
Hedging of net investment, net of tax	(1 616)	(3 926)	(398)	(703)	501
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	998	2 388	56	553	(378)
<b>Other comprehensive income for the period</b>	<b>997</b>	<b>1 444</b>	<b>(465)</b>	<b>407</b>	<b>(644)</b>
<b>Comprehensive income for the period</b>	<b>7 153</b>	<b>5 867</b>	<b>4 827</b>	<b>4 614</b>	<b>4 544</b>

## Profit and balance sheet trends (continued)

### Balance sheet

	<b>DNB Bank Group</b>				
	31 March 2015	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014
<i>Amounts in NOK million</i>					
<b>Assets</b>					
Cash and deposits with central banks	304 558	58 505	213 375	171 346	363 330
Due from credit institutions	200 610	355 577	106 802	187 415	49 298
Loans to customers	1 483 856	1 447 465	1 396 496	1 378 940	1 353 685
Commercial paper and bonds at fair value	200 746	187 765	176 983	177 108	188 290
Shareholdings	8 310	9 709	9 026	12 471	15 273
Financial derivatives	240 844	236 389	153 070	141 297	133 796
Commercial paper and bonds, held to maturity	27 580	31 927	36 619	51 392	60 251
Investment property	4 539	4 743	4 209	4 741	4 744
Investments accounted for by the equity method	3 314	3 275	3 214	3 155	3 211
Intangible assets	4 224	4 315	4 214	4 298	4 353
Deferred tax assets	1 382	1 197	1 169	1 082	1 048
Fixed assets	7 919	8 128	7 816	7 969	7 909
Assets held for sale	678	692	238	1 119	252
Other assets	18 286	12 301	19 139	23 433	21 177
<b>Total assets</b>	<b>2 506 845</b>	<b>2 361 990</b>	<b>2 132 372</b>	<b>2 165 765</b>	<b>2 206 616</b>
<b>Liabilities and equity</b>					
Due to credit institutions	263 197	214 211	187 029	214 440	257 434
Deposits from customers	972 365	951 049	896 669	900 932	908 163
Financial derivatives	191 363	186 230	126 346	109 080	108 501
Debt securities issued	855 316	813 909	726 634	745 359	748 263
Payable taxes	3 241	1 920	4 672	3 062	3 684
Deferred taxes	4 710	4 537	1 458	1 732	1 771
Other liabilities	23 970	12 840	21 331	27 359	16 551
Liabilities held for sale	127	100	89	884	89
Provisions	1 100	1 133	1 104	1 133	1 098
Pension commitments	5 428	5 434	4 929	4 215	4 012
Subordinated loan capital	29 542	29 319	26 668	26 981	26 100
<b>Total liabilities</b>	<b>2 350 360</b>	<b>2 220 681</b>	<b>1 996 929</b>	<b>2 035 176</b>	<b>2 075 666</b>
Share capital	18 314	18 314	18 314	18 314	18 314
Share premium	20 611	20 611	20 611	20 611	20 611
Additional Tier 1 capital	8 068				
Other equity	109 492	102 383	96 517	91 663	92 025
<b>Total equity</b>	<b>156 485</b>	<b>141 309</b>	<b>135 443</b>	<b>130 589</b>	<b>130 951</b>
<b>Total liabilities and equity</b>	<b>2 506 845</b>	<b>2 361 990</b>	<b>2 132 372</b>	<b>2 165 765</b>	<b>2 206 616</b>

# Information about the DNB Bank Group

## Head office DNB ASA

Mailing address P.O.Box 1600 Sentrum, NO-0021 Oslo  
Visiting address Dronning Eufemias gate 30, Oslo  
Telephone +47 915 03000  
Internet dnb.no  
Organisation number Register of Business Enterprises NO 981 276 957 MVA

## DNB Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

## Board of Directors in DNB Bank ASA

Anne Carine Tanum, chairman  
Jarle Bergo, vice-chairman  
Sverre Finstad  
Vigdis Mathisen  
Kai Nyland  
Kim Wahl

## Investor Relations

Bjørn Erik Næss, chief financial officer	tel. +47 4150 5201	bjorn.erik.naess@dnb.no
Jan Erik Gjerland, Investor Relations	tel. +47 2326 8408	jan.gjerland@dnb.no
Sindre Nikolaisen, Investor Relations	tel. +47 2326 8402	sindre.nikolaisen@dnb.no

## 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.

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





HERE FOR YOU.  
EVERY DAY.  
WHEN IT MATTERS  
THE MOST.

**DNB**

---

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

Visiting address:  
Dronning Eufemias gate 30  
Bjørsvika, Oslo

[dnb.no](http://dnb.no)