

Q4

DNB BANK

– a company in the DNB Group

Fourth quarter report 2015
(Preliminary and unaudited)

Financial highlights

Income statement

<i>Amounts in NOK million</i>	DNB Bank Group			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Net interest income	9 150	8 730	35 535	32 607
<i>Net commissions and fees</i>	1 363	1 501	5 956	5 891
<i>Net gains on financial instruments at fair value</i>	2 161	294	8 704	5 404
<i>Other operating income</i>	465	767	2 248	2 827
Net other operating income, total	3 989	2 562	16 909	14 122
Total income	13 139	11 292	52 444	46 729
Operating expenses	(5 165)	(4 842)	(20 275)	(19 618)
Restructuring costs and non-recurring effects	1 701	(34)	1 084	(218)
Pre-tax operating profit before impairment	9 675	6 416	33 253	26 893
Net gains on fixed and intangible assets	(9)	42	45	52
Impairment of loans and guarantees	(1 420)	(821)	(2 270)	(1 639)
Pre-tax operating profit	8 245	5 636	31 028	25 306
Tax expense	(1 851)	(1 230)	(7 755)	(6 174)
Profit from operations held for sale, after taxes	28	16	(51)	(22)
Profit for the period	6 422	4 423	23 222	19 110

Balance sheet

<i>Amounts in NOK million</i>	31 Dec. 2015	31 Dec. 2014
Total assets	2 315 603	2 361 990
Loans to customers	1 531 932	1 447 465
Deposits from customers	957 322	951 049
Total equity	173 412	141 309
Average total assets	2 662 039	2 433 599

Key figures

<i>Per cent</i>	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Return on equity, annualised	15.6	12.6	15.1	14.5
Combined weighted total average spread for lending and deposits ¹⁾	1.21	1.26	1.23	1.23
Cost/income ratio	26.4	43.2	36.6	42.4
Impairment relative to average net loans to customers, annualised	(0.37)	(0.23)	(0.15)	(0.12)
Common equity Tier 1 capital ratio, transitional rules, at end of period	14.3	12.5	14.3	12.5
Tier 1 capital ratio, transitional rules, at end of period	15.3	12.9	15.3	12.9
Capital ratio, transitional rules, at end of period	17.9	15.2	17.9	15.2

1) Margin calculations for finance leases were adjusted in the third quarter of 2015. Figures for previous periods have been restated accordingly.

For additional key figures and definitions, please refer to page 40.

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

Fourth quarter report 2015

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Directors' report

Fourth quarter financial performance

The DNB Bank Group¹⁾ recorded profits of NOK 6 422 million in the fourth quarter of 2015, up NOK 1 999 million from the fourth quarter of 2014. Adjusted for basis swaps, there was a NOK 2 373 million increase in profits.

The banking group achieved a common equity Tier 1 capital ratio, calculated according to the transitional rules, of 14.3 per cent, up from 12.5 per cent at end-December 2014. The increase was partly attributable to higher ordinary profits and a number of capital efficiency measures. Risk-weighted assets at year-end 2015 increased slightly from a year earlier in spite of a significant depreciation of the Norwegian krone during 2015. The leverage ratio increased to 6.4 per cent. Return on equity was 15.6 per cent in the quarter, which represented an increase of 3.0 percentage points from the year-earlier period.

Higher volumes and wider deposit spreads helped raise net interest income by 4.8 per cent from the fourth quarter of 2014. There was an average increase in the healthy loan portfolio of 8.2 per cent parallel to an 11.3 per cent rise in average deposit volumes. The rise in volumes was partly due to exchange rate movements. At end-December 2015, the Norwegian krone had depreciated 18.5 per cent against the US dollar compared with a year earlier. Adjusted for exchange rate movements, deposit and lending volumes were up 3.3 per cent and 2.4 per cent, respectively. Lending spreads narrowed by 0.20 percentage points, while deposit spreads widened by 0.25 percentage points. The volume-weighted interest rate spread was 1.21 percentage points, compared with 1.23 percentage points in the fourth quarter of 2014.

Macroeconomic unrest had a strong impact on other operating income in the fourth quarter. Net other operating income was NOK 1 427 million higher than in the fourth quarter of 2014. Adjusted for the effect of basis swaps, operating income rose by NOK 1 939 million. Net gains on other financial instruments gave a NOK 2 379 million increase in income compared with the corresponding period of 2014, which was mainly attributable to income from customer trading in fixed-income and currency instruments. Net commissions and fees were down NOK 138 million or 9.2 per cent compared with the year-earlier period, partly due to increasing digitalization.

Total operating expenses were reduced by NOK 1 412 million or 29.0 per cent from the fourth quarter of 2014. Towards the end of 2015, DNB decided to change the defined-benefit pension scheme which encompasses the majority of employees in the banking group's Norwegian operations to a defined-contribution scheme. The change was necessary to adapt to the Norwegian pension reform, and the new scheme will ensure greater predictability and reduce future pension commitments. Derecognition of existing pension commitments in the fourth quarter of 2015 had an impact on profits of approximately NOK 1.8 billion and is recorded as a reduction in pension expenses. Currency-adjusted operating expenses, excluding non-recurring effects, increased by NOK 177 million or 3.7 per cent during the same period.

Impairment losses on loans and guarantees totalled NOK 1 420 million for the quarter, up NOK 599 million from the fourth quarter of 2014. There was a rise in collective impairment, reflecting less favourable economic conditions in some industries. In addition, adjustments were made to the Group's risk model for large corporate exposures during the quarter, resulting in a rise in

collective impairment. Net non-performing and doubtful loans and guarantees were reduced by NOK 3.3 billion from end-December 2014, totalling NOK 14.0 billion at year-end 2015. This represented 0.76 per cent of the loan portfolio, down from 0.96 per cent at end-December 2014. The reduction mainly stemmed from the large corporate segment.

In November 2015, Visa Inc. announced the agreement to acquire all shares in Visa Europe Ltd. DNB has direct ownership interests in Visa Europe through its activities in the Baltics, and indirect interests through its membership in Visa Norway. The updated valuation of the holdings in Visa Europe at year-end 2015 had an effect on DNB's consolidated accounts and equity of NOK 1.1 billion. NOK 0.9 billion of this was recognised in other comprehensive income (equity), while NOK 0.2 billion was recognised in the income statement. On the realisation date, which will depend on approval by several competition authorities, the increase in value of other comprehensive income (equity) will be recorded as a gain on the line "profit from investments accounted for by the equity method" in the income statement.

Important events in the fourth quarter

During the fourth quarter, the banking group implemented a number of capital efficiency measures. In the large corporate segment, certain loans were sold, and guarantee contracts relating to other exposures were entered into.

During the annual TV fund-raising campaign in late October, Vipps was used as a payment service and collection tool. This reduced cash handling, improved security and gave givers greater flexibility. This was the first time a digital payment solution was used in the TV campaign. Vipps was launched in the personal customer market in May, and a version for companies will be introduced during the first quarter of 2016. At year-end 2015, Vipps had been downloaded 1.3 million times and had 986 000 registered users.

In November, DNB opened a representative office in Marbella, Spain which will primarily offer mortgages to Norwegians in Spain. DNB is the only Norwegian bank offering mortgages secured by property in another country.

Towards the end of November, DNB started the process of closing safe-deposit boxes in its branch offices, aiming to close all safe-deposit boxes before the summer of 2016.

After almost a year in operation, it was decided in late October to close down Valyou after it failed to have success in the market. Valyou, a contactless mobile phone payment solution, was launched in November 2014 and was jointly owned by DNB, Telenor and SpareBank 1 Gruppen.

At the "European Excellence Awards" in December 2015, DNB won its category for its work on "A valuable lesson", a free digital learning program for use in schools.

Prospera ranked DNB Markets as best in Norway within equity brokerage in 2015. DNB Markets got the highest score for overall performance in the categories domestic equity execution and domestic equity corporate access and the second highest score for research and advisory.

As it has become increasingly difficult for young people to enter the highly-priced Norwegian housing market over the past few years, the government decided in early October to raise the total limit for the BSU home savings scheme for young people from NOK 200 000 to NOK 300 000 as from 2016.

DNB presented its updated financial ambitions at its Capital Markets Day in November 2015. The principal target is still to achieve a return on equity above 12 per cent. In addition, the Group has three sub-targets. These are a cost/income ratio below 40 per cent towards 2018, a common equity Tier 1 capital ratio of minimum 15 per cent at year-end 2016 and a long-term capital level of 15.5

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

per cent, including a buffer, from year-end 2017, as well as a dividend payout ratio of more than 50 per cent of profits once the Group has reached its capital adequacy targets.

Fourth quarter income statement – main items

Net interest income

<i>Amounts in NOK million</i>	4th quarter		4th quarter
	2015	Change	2014
Net interest income	9 150	420	8 730
Exchange rate movements		450	
Lending and deposit volumes		196	
Lending and deposit spreads		(47)	
Long-term funding costs		(88)	
Other net interest income		(92)	

Net interest income rose by NOK 420 million or 4.8 per cent from the fourth quarter of 2014, reflecting higher volumes, partly due to exchange rate movements. Average lending spreads contracted by 0.20 percentage points, while deposit spreads widened by 0.25 percentage points. Volume-weighted spreads narrowed by 0.02 percentage points. There was an average increase of NOK 116 billion or 8.2 per cent in the healthy loan portfolio compared with the fourth quarter of 2014. During the same period, deposits were up NOK 118.8 billion or 11.3 per cent. Adjusted for exchange rate movements, there were increases of 2.4 and 3.3 per cent, respectively.

Net other operating income

<i>Amounts in NOK million</i>	4th quarter		4th quarter
	2015	Change	2014
Net other operating income	3 989	1 427	2 562
Net gains on other financial instruments		2 379	
Other operating income		(81)	
Net commissions and fees		(138)	
Net gains on the sale of loans		(221)	
Basis swaps		(512)	

Net other operating income rose by NOK 1 427 million or 55.7 per cent from the fourth quarter of 2014. Adjusted for basis swaps, other operating income was up NOK 1 939 million. Net gains on other financial instruments gave a NOK 2 379 million increase in profits due to higher income from fixed income and currency instruments in the fourth quarter.

Operating expenses

<i>Amounts in NOK million</i>	4th quarter		4th quarter
	2015	Change	2014
Operating expenses excluding non-recurring effects	(5 165)	(323)	(4 842)
<i>Of which:</i>			
Exchange rate effects for units outside Norway		(147)	
Currency-adjusted operating expenses	(5 019)	(177)	(4 842)
Operating expenses excluding non-recurring effects	(5 165)	(323)	(4 842)
Income-related costs			
Ordinary depreciation on operational leasing		(25)	
Expenses related to operations			
IT costs		59	
Other costs		(17)	
Pension expenses		(85)	
Salaries and other personnel expenses		(109)	
Exchange rate effects for units outside Norway		(147)	
Non-recurring effects	1 701	1 735	(34)
Other restructuring costs and non-recurring effects	1 799	1 686	113
IT restructuring	9	78	(70)
Restructuring costs - employees	(106)	(29)	(78)
Operating expenses	(3 464)	1 412	(4 876)

Total operating expenses were down NOK 1 412 million compared with the fourth quarter of 2014. The reduction mainly reflected the non-recurring effect of the transition from a defined-benefit to a defined-contribution pension scheme for the banking group's employees. Adjusted for this effect, there was a NOK 323 million increase in costs, of which NOK 147 million represented exchange rate movements. The cost/income ratio for the quarter was 26.4 per cent, down 16.8 percentage points from the corresponding quarter in 2014.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 1 420 million in the fourth quarter, of which collective impairment losses represented 29 per cent. Compared with the fourth quarter of 2014, individual impairment losses were up NOK 123 million, with an increase within shipping, offshore and energy in the large corporate and international customers segment and a decline in the small and medium-sized enterprises segment. The rise in collective impairment reflected less favourable economic conditions in some industries. The price of oil, which is a key economic indicator, dropped by more than 30 per cent during the quarter. In addition, adjustments were made to the banking group's risk model for large corporate exposures during the quarter, resulting in a rise in collective impairment.

Net non-performing and doubtful loans and guarantees totalled NOK 14.0 billion at year-end 2015, a reduction from NOK 17.3 billion at end-December 2014. This represented 0.76 per cent of the loan portfolio, down 0.20 percentage points from end-December 2014.

Taxes

The banking group's tax expense for the fourth quarter of 2015 was NOK 1 851 million, or 22.4 per cent of pre-tax operating profits.

Financial performance, segments

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

Personal customers

Income statement in NOK million	4th quarter		Change	
	2015	2014	NOK mill	%
Net interest income	3 486	3 388	98	2.9
Net other operating income	835	829	6	0.7
Total income	4 321	4 217	104	2.5
Operating expenses	(2 041)	(1 969)	(71)	(3.6)
Pre-tax operating profit before impairment	2 281	2 248	32	1.4
Net gains on fixed and intangible assets	0	1	(1)	
Impairment of loans and guarantees	15	80	(64)	
Pre-tax operating profit	2 296	2 329	(33)	(1.4)
Tax expense	(620)	(629)	9	1.4
Profit from operations held for sale, after taxes	(1)		(1)	
Profit of the period	1 675	1 700	(25)	(1.5)

Average balance sheet items in NOK billion

Net loans to customers	695.7	674.8	21.0	3.1
Deposits from customers	391.1	363.8	27.3	7.5

Key figures in per cent

Lending spread ¹⁾	1.95	2.28		
Deposit spread ¹⁾	0.24	(0.34)		
Return on allocated capital ²⁾	20.9	24.1		
Cost/income ratio	47.2	46.7		
Ratio of deposits to loans	56.2	53.9		

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.

Financial performance in the fourth quarter of 2015 was characterised by sound growth in net interest income, strict cost control and stable and low impairment losses.

A portfolio of fixed-rate loans amounting to just under NOK 20 billion was sold from DNB Boligkreditt to DNB Livsforsikring in November 2015. The customers are still served by the bank, though the loans are included in DNB Livsforsikring's portfolio as an investment that yields a healthy return for the company.

Volume-weighted interest rate spreads contracted by 0.03 percentage points from the fourth quarter of 2014, but widened by 0.01 percentage points from the third quarter of 2015.

Total other operating income was relatively stable from the fourth quarter of 2014. Net income from equity investments and currency and fixed-income instruments showed a positive trend during the quarter. However, income from payment transactions was reduced, reflecting increased digitalisation and discount schemes linked to card use. Moreover, pressure on margins and reduced prices resulted in a weaker income trend for long-term savings products.

The restructuring of the branch network and impairment of capitalised systems development were the main factors behind the rise in expenses from the fourth quarter of 2014.

The risk in the home mortgage portfolio is low while impairment losses are stable at a low level. Net reversals on previous impairment losses gave a NOK 15 million rise in profits in the fourth quarter of 2015.

The market share of credit to households stood at 25.6 per cent at end-November 2015, while the market share of total household savings was 32.3 per cent. DNB Eiendom had a market share of 18.7 per cent at end-December 2015 and is the market leader in Norway.

As a result of a higher self-service ratio, a total of 20 branch offices in Norway were closed in 2015, while two new branch offices were opened. "Boligreisen" (House Journey), which helps customers with all practical aspects when moving home, won two categories at the "Midas Awards". In October 2015, SAS and DNB

started a cooperation enabling customers to upgrade their MasterCard and receive SAS EuroBonus points on all purchases.

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

Small and medium-sized enterprises

Income statement in NOK million	4th quarter		Change	
	2015	2014	NOK mill	%
Net interest income	1 610	1 555	55	3.5
Net other operating income	295	315	(20)	(6.3)
Total income	1 905	1 870	35	1.9
Operating expenses	(758)	(709)	(49)	(6.9)
Pre-tax operating profit before impairment	1 147	1 161	(14)	(1.2)
Net gains on fixed and intangible assets	(0)	43	(43)	
Impairment of loans and guarantees	(360)	(462)	102	
Profit from repossessed operations	35	16	19	
Pre-tax operating profit	823	758	65	
Tax expense	(222)	(205)	(17)	
Profit of the period	601	553	47	

Average balance sheet items in NOK billion

Net loans to customers	220.3	209.6	10.7	5.1
Deposits from customers	172.8	169.3	3.5	2.1

Key figures in per cent

Lending spread ¹⁾	2.35	2.52		
Deposit spread ¹⁾	0.39	0.05		
Return on allocated capital ²⁾	11.7	11.2		
Cost/income ratio	39.8	37.9		
Ratio of deposits to loans	78.5	80.8		

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.

An increase in net interest income and reduced impairment losses on loans gave a rise in profits and a higher return on allocated capital than in the fourth quarter of 2014.

Lending volume was on a level with the third quarter of 2015 and increased by 5.1 per cent from the fourth quarter of 2014. Customer deposits increased by 2.1 per cent from the fourth quarter of 2014.

Rising volumes and wider deposit spreads ensured a healthy increase in net interest income compared with the fourth quarter of 2014.

Net other operating income was at a satisfactory level in spite of a slight decline from the year-earlier period. There was somewhat weaker demand for currency and interest rate hedging products towards the end of 2015 than in the previous year.

Operating expenses increased somewhat from the fourth quarter of 2014, mainly due to impairment relating to IT projects and restructuring costs.

Net impairment losses on loans totalled NOK 360 million in the fourth quarter of 2015, compared with NOK 462 million in the year-earlier period. On an annual basis, this represented 0.65 per cent of net loans, down from 0.87 per cent in 2014. Impairment losses in the fourth quarter stemmed primarily from a small number of loans. No material deterioration has been observed in the general quality of DNB's portfolio of other loans to small and medium-sized corporate customers. Portfolio quality is considered to be satisfactory, and close follow-up of customers and preventive measures are vital to retaining the level of quality. Developments in oil-related sectors and the regions which are most seriously affected, are being closely monitored.

As the growth prospects for the general Norwegian economy have been revised downward, more moderate credit growth is anticipated in the market. DNB expects lending growth in this segment on a level with the expected domestic credit growth in the corporate customer segment.

Large corporates and international customers

Income statement in NOK million	4th quarter		Change	
	2015	2014	NOK mill	%
Net interest income	3 929	3 724	205	5.5
Net other operating income	1 105	1 321	(216)	(16.3)
Total income	5 034	5 045	(11)	(0.2)
Operating expenses	(2 037)	(1 793)	(244)	(13.6)
Pre-tax operating profit before impairment	2 997	3 251	(255)	(7.8)
Net gains on fixed and intangible assets	5	9	(5)	
Impairment of loans and guarantees	(1 079)	(465)	(614)	
Profit from repossessed operations	(6)	(14)	8	
Pre-tax operating profit	1 916	2 782	(866)	(31.1)
Tax expense	(556)	(862)	307	35.6
Profit from operations held for sale, after taxes		2	(2)	
Profit of the period	1 361	1 921	(561)	(29.2)

Average balance sheet items in NOK billion

Net loans to customers	579.4	520.8	58.6	11.3
Deposits from customers	403.5	384.9	18.5	4.8

Key figures in per cent

Lending spread ¹⁾	2.19	2.20		
Deposit spread ¹⁾	(0.12)	(0.11)		
Return on allocated capital ²⁾	7.7	13.4		
Cost/income ratio	40.5	35.5		
Ratio of deposits to loans	69.6	73.9		

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.

Rising volumes and stable spreads ensured healthy growth in net interest income, though a decline in other operating income, rising costs and higher impairment losses on loans contributed to a reduction in profits from the fourth quarter of 2014.

The weakened Norwegian krone strongly affected volumes, and average net loans to customers were up 11.3 per cent from the fourth quarter of 2014. During 2015, especially in the fourth quarter, DNB sold certain loans and entered into guarantee contracts relating to other exposures to help strengthen the banking group's capital adequacy ratios. In the period ahead, portfolio management will also help improve profitability as capital can be reallocated to the segments with the highest returns. Average customer deposits increased by 4.8 per cent from the fourth quarter of 2014.

Due to increasing loan volumes combined with unchanged lending and deposit spreads, there was a rise in net interest income from the fourth quarter of 2014. The decline in net other operating income from the fourth quarter of 2014 mainly reflected costs and losses relating to measures to reduce risk-weighted assets.

The depreciation of the Norwegian krone gave an estimated rise in operating expenses at the banking group's international units of approximately NOK 150 million, measured in Norwegian kroner, from the fourth quarter of 2014.

There was an increase in net impairment losses on loans compared with the fourth quarter of 2014, partly due to the exposure to oil-related industries. On an annual basis, net impairment represented 0.74 per cent of average loans, up 0.38 percentage points from the year-earlier period. There was a 0.09 percentage point rise in individual impairment losses, to 0.47 per cent, in the fourth quarter of 2015, while higher collective impairment losses accounted for the rest of the increase, reflecting weaker economic conditions. Net non-performing and doubtful loans and guarantees amounted to NOK 9.5 billion at end-December 2015, compared with NOK 11.6 billion a year earlier.

DNB aims to raise profitability in spite of intense competition for the most profitable customers. Competitive conditions are affected by different capital requirements for banks. Profitability will be achieved through active portfolio management and by giving priority to the right customers, where there is a potential for selling a broad range of the bank's products and services. DNB aspires to become a strategic adviser for a greater number of customers by

capitalising on the bank's industry expertise and adapting products and services to customers' overall financial needs. In order to achieve an attractive position as a primary bank, DNB must ensure that its full range of financial services is competitive.

In consequence of stricter capital requirements combined with expectations of higher impairment losses, 2016 will be a challenging year for the large corporate segment in DNB. However, a positive trend is anticipated in interest rate spreads, and new loan transactions are expected to give a higher return on allocated capital in a longer-term perspective. Through its close relations with leading companies, DNB is well-positioned to increase its share of non-lending products and services within, for example, investment banking, trade finance and defined-contribution pensions.

Trading

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

Income statement in NOK million	4th quarter		Change	
	2015	2014	NOK mill	%
Net interest income	3	128	(125)	
Net other operating income	796	(102)	898	
Total income	799	26	773	
Operating expenses	(97)	(132)	35	26.3
Pre-tax operating profit	702	(105)	808	
Tax expense	(183)	28	(211)	
Profit of the period	520	(77)	597	

Key figures in per cent

Return on allocated capital ¹⁾	28.4	(4.9)		
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1) Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group.

Net other operating income increased in the fourth quarter due to strong profits from trading in both Norwegian and international fixed-income instruments. Income from foreign exchange trading also showed a positive trend compared with the year-earlier period. Due to a reduced exposure, lower provisions for counterparty risk in derivatives were required.

Full year 2015

The banking group recorded profits of NOK 23 222 million in 2015, an increase of NOK 4 112 million from 2014. Adjusted for the effect of basis swaps, there was a rise in profits of NOK 2 439 million.

The improved profit performance mainly reflected an increase in net interest income and net other operating income and a reduction in costs.

The banking group's common equity Tier 1 capital increased by NOK 21 billion from end-December 2014 to year-end 2015. Calculated according to the transitional rules, the common equity Tier 1 capital ratio rose from 12.5 per cent to 14.3 per cent. Return on equity increased from 14.5 per cent to 15.1 per cent during the corresponding period. Adjusted for the effect of basis swaps, return on equity declined from 14.2 to 13.8 per cent. DNB is well capitalised, but will continue to build additional capital organically in order to meet the authorities' requirements.

Higher volumes and wider deposit spreads had a positive effect on net interest income in 2015. Lending spreads narrowed by 0.16 percentage points while deposit spreads widened by 0.23 percentage points compared with 2014. Net interest income increased by 9.0 per cent from 2014, while average volume-weighted spreads remained unchanged during this period.

Other operating income was NOK 2 787 million higher than in 2014. Net gains on other financial instruments, including basis swaps and income from fixed-income and currency instruments, showed a positive trend during the period. In addition, a gain from

the investment in Nets had an impact on income in 2014. There was a rise in income from currency, fixed-income and commodity instruments due to increased hedging activity among customers.

Operating expenses were reduced by NOK 645 million from 2014. Wage costs were reduced by 9.5 per cent from 2015, mainly due to the transition from a defined-benefit to a defined-contribution pension scheme. Adjusted for non-recurring effects, there was an increase in operating expenses of NOK 657 million or 3.4 per cent.

Impairment losses on loans and guarantees increased by NOK 631 million compared with 2014. The rise in individual impairment referred primarily to the shipping and offshore segments, while there was a significant reduction in the personal customer segment as a consequence of the sale of a portfolio of non-performing loans to Lindorff in the third quarter of 2015. There was a NOK 597 million rise in collective impairment, from reversals of NOK 341 million in 2014 to impairment losses of NOK 255 million in 2015. The increase stemmed from a higher risk level in the large corporate portfolio and less favourable economic conditions in some industries.

Income statement for 2015

Net interest income

<i>Amounts in NOK million</i>	2015	Change	2014
Net interest income	35 535	2 928	32 607
Exchange rate movements		1 813	
Lending and deposit volumes		1 024	
Other net interest income		177	
Lending and deposit spreads		78	
Long-term funding costs		(164)	

Net interest income rose by NOK 2 928 million from 2014. The increase was mainly attributable to exchange rate movements and higher lending and deposit volumes. Average lending spreads narrowed by 0.16 percentage points from 2014 to 2015, while deposit spreads widened by 0.23 percentage points. There was an average increase of NOK 122.3 billion in the healthy loan portfolio, while average deposits rose by NOK 94.6 billion compared with 2014.

Net other operating income

<i>Amounts in NOK million</i>	2015	Change	2014
Net other operating income	16 909	2 787	14 122
Basis swaps		2 291	
Net gains on other financial instruments		1 922	
Other operating income		(90)	
Net gains on the sale of loans		(424)	
Nets investment		(913)	

Net other operating income increased by NOK 2 787 million from 2014. Adjusted for the effect of basis swaps, there was a NOK 496 million increase in income. The increase in net gains on other financial instruments was primarily attributable to income from customer trading in fixed-income and currency instruments.

Operating expenses

<i>Amounts in NOK million</i>	2015	Change	2014
Operating expenses excluding non-recurring effects	(20 275)	(657)	(19 618)
<i>Of which:</i>			
Exchange rate effects for units outside Norway		(492)	
Currency-adjusted operating expenses	(19 783)	(165)	(19 618)
Operating expenses excluding non-recurring effects	(20 275)	(657)	(19 618)
Income-related costs			
Ordinary depreciation on operational leasing		(81)	
Expenses related to operations			
Other costs		249	
Properties/premises		108	
Fees		(85)	
Pension expenses		(153)	
Salaries and other personnel expenses		(203)	
Exchange rate effects for units outside Norway		(492)	
Non-recurring effects	1 084	1 303	(218)
Other restructuring costs and non-recurring effects	1 670	1 582	88
Restructuring costs - employees	(352)	(115)	(237)
IT restructuring	(234)	(164)	(70)
Operating expenses	(19 191)	645	(19 836)

Total operating expenses were down 3.3 per cent from 2014. Sizeable non-recurring effects had a positive impact on costs, resulting in an overall cost reduction of NOK 1 303 million. The decline was mainly due to the transition from a defined-benefit to a defined-contribution pension scheme for the Group's employees. Adjusted for non-recurring effects, operating expenses were up 3.3 per cent. Exchange rate movements gave a NOK 492 million increase in costs. Implemented restructuring measures will result in lower costs in the longer term through reductions in both the number of employees, the number of branch offices and the number of production units. The number of employees in the banking group was reduced by 246 from 2014 to 2015.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 2 270 million in 2015, up NOK 631 million from 2014.

There was an increase in individual impairment losses in the shipping and offshore segment, while there were reversals on impairment losses of NOK 1 060 million in the personal customer segment in 2015. This was mainly a consequence of the sale of portfolios of non-performing loans to Lindorff in the third quarter of 2015. Net individual impairment losses were virtually unchanged from 2014 to 2015.

Collective impairment losses rose by NOK 597 million, to NOK 255 million in 2015. Relative to net loans, there was an increase from 0.12 per cent in 2014 to 0.15 per cent in 2015.

Net non-performing and doubtful loans and guarantees amounted to NOK 14.0 billion at end-December 2015, down from NOK 17.3 billion at year-end 2014. Net non-performing and doubtful loans and guarantees represented 0.76 per cent of the loan portfolio, a reduction of 0.20 percentage points from end-December 2014.

Taxes

The banking group's tax expense for 2015 was NOK 7 755 million, representing 25.0 per cent of pre-tax operating profits. The tax rate was up 0.6 percentage points from 2014.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound in 2015 for banks with high credit ratings. As US money market funds need to adapt to upcoming regulations, long-term maturities were not as attractive as they used to be. Combined with increasing demand for long-term investments among borrowers, this resulted in an increase in prices in the second half of the year. DNB had ample access to short-term funding throughout the year.

In the long-term funding markets, there was also a healthy supply of capital in the first half of the year. However, as the unrest in Greece increased as summer approached, the level of activity in the market dropped significantly, accompanied by rising prices on new issues. In September, the level of activity picked up, though margins widened. There was a general increase in margins for both covered bonds and ordinary senior debt through the second half of 2015. DNB had good access to long-term funding throughout 2015, but the cost of new long-term funding is expected to be higher as 2016 progresses.

Debt securities issued by the banking group totalled NOK 807 billion at end-December 2015 and NOK 814 billion a year earlier.

In order to keep the banking group's liquidity risk at a low level, short-term and long-term limits have been established. These are consistent with the Basel III/CRD IV calculation methods. Among other things, this implies that customer loans are generally financed through customer deposits, long-term debt securities and primary capital. The banking group stayed well within the liquidity limits throughout 2015. A gradual adaptation to the liquidity requirements within the time limits stipulated by the Basel Committee and the Norwegian authorities is being planned.

Total assets in the group's balance sheet were NOK 2 316 billion as at 31 December 2015 and NOK 2 362 billion a year earlier.

Average loans to customers increased by NOK 122 billion or 9.0 per cent from end-December 2014. Average customer deposits were up NOK 95 billion or 9.3 per cent during the corresponding period. The ratio of customer deposits to net loans to customers was reduced from 65.7 per cent at end-December 2014 to 62.5 per cent a year later.

Risk and capital adequacy

The prospects for the Norwegian economy have weakened, and there are signs that the falling oil prices and the decline in oil investments are spreading to sectors where growth thus far has been sustained. There are less favourable growth prospects for most Norwegian industry sectors. The rate of unemployment is still increasing, mainly in oil-dominated regions. Analysts nevertheless believe in low, but positive GDP growth in Mainland Norway in 2016 and 2017.

Developments in the global economy were mixed and varied from country to country towards the end of 2015. In early 2016, there was a severe stock market downturn, triggered by new uncertainty relating to economic developments in China. The geopolitical situation and the turbulence in the Middle East added to the uncertain future outlook.

The banking group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 5.2 billion from year-end 2014, to NOK 67.6 billion in 2015.

Developments in the risk-adjusted capital requirement

	31 Dec. 2015	30 Sept. 2015	30 June 2015	31 Dec. 2014
<i>Amounts in NOK billion</i>				
Credit risk	55.5	57.9	56.1	58.8
Market risk	6.7	8.1	8.8	9.1
Operational risk	8.4	8.4	8.4	8.2
Business risk	6.2	6.2	6.0	6.0
Gross risk-adjusted capital requirement	76.8	80.6	79.4	82.1
Diversification effect ¹⁾	(9.2)	(10.9)	(9.5)	(9.3)
Net risk-adjusted capital requirement	67.6	69.7	69.8	72.8
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	12.0	13.5	12.0	11.0

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

The risk-adjusted capital requirement for credit declined by NOK 3.3 billion in 2015, reflecting a reduction in credit volumes in the large corporate portfolio towards the end of the year. There was continued sound and stable credit quality in most portfolios. However, some sectors showed a negative trend in 2015, mainly oil service and offshore, but also energy and some shipping segments. The reduction in oil and gas investments had the most pronounced effect on oil service companies. A number of companies now struggle with tight liquidity and reduced debt servicing capacity.

In addition to the sectors that are directly exposed to oil prices, the prolonged low oil prices are expected to have ripple effects on other sectors and particularly exposed geographical areas in Norway. At year-end 2015, the price of oil was USD 37 per barrel, which was the lowest price since 2004.

As expected, there were continuing challenges in the dry bulk shipping segment throughout 2015. Freight rates were at historically low levels, and there are weak prospects for this segment. The container segment also showed a sluggish trend, and there is considerable excess supply in this market.

The quality of the loan portfolio within Norwegian commercial property is considered to be sound, though the financing of commercial property entails increasing risk. Lower activity levels in the oil and offshore sector result in higher unemployment and falling rental prices in oil-dominated regions as well as in Asker and Bærum.

The slowdown in the Norwegian economy has caused a slight increase in the rate of unemployment and reduced consumer confidence. On a national basis, the housing market slackened in the fourth quarter of 2015. The number of housing sales remained stable at a high level in 2015, and regional differences increased throughout the year. This trend is expected to prevail in 2016.

DNB's market risk exposure was also reduced during 2015, reflecting the sale of property investments and the transition from a defined-benefit to a defined-contribution pension scheme for the Group's employees. A further reduction is expected in 2016 as a result of a scheduled sale of equity and property investments. Trading limits for currency and interest rate risk for 2016 have been reduced.

The operational risk situation in 2015 was satisfactory, and there was a low level of losses. During the year, DNB completed "MoveIT", a very extensive project whereby the IT infrastructure was upgraded and the Group's data processing centres were moved to a single location. Comprehensive measures were initiated to achieve optimal operational security and reduce the risk related to the project. Again in 2015, information technology was identified as one of the key risk areas for the bank in light of the rapidly increasing pace of change within digital services and products.

Calculated according to the transitional rules, risk-weighted assets increased by NOK 18.3 billion from year-end 2014, to NOK 1 057 billion. The common equity Tier 1 capital ratio was 14.3 per cent, while the capital adequacy ratio was 17.9 per cent.

New regulatory framework

Agreement on European supervisory authorities

Due to a stipulation in the Norwegian Constitution on limited access to transfer powers to international organisations, it has not been possible to incorporate the EU regulations establishing the European supervisory authorities, CRR/CRD IV, and a number of other legislative acts into the EEA agreement and Norwegian legislation. In the autumn of 2014, Norway and the EU agreed on a solution, but it has proved time-consuming to implement the specific technical adaptations to the EU legislation. The government aims to submit a proposition to Stortinget, the Norwegian parliament, on the European supervisory authorities and some important related legislative acts for consideration in the spring of 2016. The required legislative amendments will probably enter into force on 1 July 2016. Parallel to this, the government is working to incorporate the remaining legislation on financial services in the course of 2016.

New capital and liquidity requirements

Norway introduced new capital requirements as of 1 July 2013 as the first step in the adaptation to the EU capital requirements regulations, CRR/CRD IV. The capital requirements in Norway imply a gradual increase in the formal capital requirements up till 1 July 2016. As of 1 July 2015, the minimum common equity Tier 1 capital requirement, including the buffer requirements, is 12 per cent for the three banks which the Norwegian authorities have defined as domestic systemically important, SIBs, and 11 per cent for other banks. As of 1 July 2016, this minimum requirement will increase to 13.5 per cent for the SIBs and to 11.5 per cent for the other banks.

The capital adequacy requirements for banks consist of two pillars. Pillar 1 encompasses minimum requirements and buffer requirements determined by the political authorities. Finanstilsynet's expectations in the form of Pillar 2 requirements come in addition to this and will reflect institution-specific capital requirements relating to risks which are not covered or only partly covered by Pillar 1. The Pillar 2 requirement for DNB has been set at 1.5 per cent. The total common equity Tier 1 capital requirement for DNB will thus be 15 per cent at year-end 2016. DNB will fulfil this requirement through retained earnings and capital efficiency measures.

In order to be prepared for a possible implementation of future new EU regulations, the Ministry of Finance has asked Finanstilsynet to prepare prospective rules on a non-risk based capital requirement in Norway, including definitions of the numerator and the denominator in the capital equation. Finanstilsynet has also been asked to consider the most appropriate capital level for Norwegian banks, mortgage institutions and parent companies in financial undertakings, including whether such levels should be differentiated, given that a non-risk based capital requirement will be introduced without replacing other capital requirements. Finanstilsynet's deadline is 31 March 2016.

The EU capital requirements regulations include stipulations on the Liquidity Coverage Ratio, LCR. In Norway, the Ministry of Finance has decided to introduce the LCR ahead of the EU schedule. The SIBs are required to meet the 100 per cent LCR requirement as early as from 31 December 2015. For other banks, the requirement will be phased in by 70 per cent as of 31 December 2015, 80 per cent as of 31 December 2016 and 100 per cent as of 31 December 2017.

New crisis management regulations

On 1 January 2015, the EU introduced regulations for the winding-up and restructuring of banks, the Bank Recovery and Resolution Directive, BRRD. The directive will also apply to Norway through the EEA agreement. The purpose of the BRRD is to facilitate the winding-up of even the largest banks without an injection of government funds. The continuity of systemically important

functions will be ensured through the recapitalisation of the entire or parts of a bank by writing down or converting into share capital the bank's subordinated loans and unsecured senior debt (bail-in).

Under the BRRD, each country will establish a national resolution fund. In accordance with the revised Deposit Guarantee Directive, each country must also have a deposit guarantee fund. Norway already has one of the best capitalised deposit guarantee funds in Europe with funds that are well above the combined EU requirements for the deposit guarantee fund and the resolution fund of 1.8 per cent of guaranteed deposits.

The implementation of the BRRD and the revised deposit guarantee directive will require extensive changes in the Norwegian crisis solution system, including the rules on public administration and the role of the Norwegian Banks' Guarantee Fund. The Banking Law Commission is considering how the directives can be implemented in Norwegian law. This process and the work on draft legislation will probably be finalised in the course of the first half of 2016.

Regulation on interchange fees for card-based payment transactions

The Ministry of Finance has circulated for comment proposed rules to be implemented in Norwegian law corresponding to the EU regulation on interchange fees for card-based payment transactions ("interchange"). For debit card purchases, banks will not be allowed to charge a fee exceeding 0.2 per cent of the transaction value, while the maximum fee for credit card purchases will be 0.3 per cent. This will result in a reduction in banks' income from payment card transactions. Finanstilsynet recommends that the maximum rates for interchange fees be introduced in Norway as of 1 July 2016. In the EU, the rules were approved in April 2015, and the maximum fees became effective in December 2015.

Macroeconomic developments

Economic growth in the industrialised countries was 1.8 per cent in 2015, which was approximately on a level with 2014. While GDP rose by 2.5 per cent in the United States and the United Kingdom, it increased by only 0.75 and 1.5 per cent in Japan and the eurozone, respectively. Growth rates in smaller countries ranged from zero in Finland to well over 3 per cent in Sweden and 6 per cent in Ireland.

Unemployment in the United States and the United Kingdom is close to record low levels, while many countries in the eurozone still have high unemployment rates. The Federal Reserve has started its planned interest rate hike cycle, and the Bank of England is expected to follow suit later this year. It will probably be several years before the European Central Bank (ECB) raises interest rates.

2015 was an eventful year for China. Growth dropped to just below 7 per cent, the stock market bubble burst, capital flowed out of the country, and the exchange rate depreciated. However, the feared economic hard landing did not materialise. The service industry remained stable and household consumption expenditure was not significantly affected by the financial turmoil. Even though the situation is expected to remain relatively unchanged in 2016, there will still be considerable uncertainty surrounding developments in China, and this has influenced the financial markets since the start of 2016.

During the second half of 2015, the situation in Brazil worsened. On an annual basis, GDP is expected to decline by almost 4 per cent. Unemployment levels are rising rapidly, inflation is escalating, and real wages are falling. Government finances have deteriorated considerably, and the political situation is very challenging. GDP may fall as much in 2016 as in 2015.

The drop in oil prices and the sanctions resulting from the Ukraine crisis have had a serious negative impact on Russia. Export and government revenues have fallen, the rouble has plunged and inflation has spiralled. Rising interest rates, reduced

purchasing power and a negative economic outlook have reduced domestic demand, particularly investment. GDP has dropped for five consecutive quarters. The recession in Russia has also had a negative impact on the Baltic States, where GDP growth decreased sharply in 2015. The effects are probably temporary. Exporters are already looking towards new markets, while sound fundamental conditions are bolstering domestic demand. In addition, government finances are solid.

Growth in the Norwegian economy was almost halved in 2015, primarily due to lower demand from the petroleum sector. The fall in the price of oil has exacerbated the decline in petroleum investments, dampened the rise in costs in the supplier industry, curbed optimism among companies and households, and reduced government and private revenues. Unemployment rose to 4.6 per cent in 2015, but with large regional and occupational variations. Even if oil prices recover in 2016, further reductions in oil investments are expected. Moreover, lower activity in countries such as Brazil is affecting suppliers. However, the Norwegian economy has buffers that limit the negative economic impact. Budget policy has become more expansionary, and there is still ample manoeuvrability. With respect to monetary policy, interest rates have been lowered and the Norwegian krone has depreciated. Further interest rate cuts are expected. The employers' and employees' organisations cooperate well and have succeeded in taking many different considerations into account. Mainland growth in 2016 is forecast at 1.2 per cent, roughly on a level with 2015.

Housing prices rose by 7.2 per cent in 2015, with slightly slower growth throughout the year. Oil-intensive areas, such as Stavanger, experienced a fall in housing prices, whereas housing prices in Oslo rose by 11 per cent. Increasing unemployment and lower income growth will put pressure on housing prices in several regions in Norway. Lower interest rates, reduced housebuilding activity and rising population growth will contribute to sustaining housing prices.


Future prospects

Economic forecasts for 2016 indicate moderate global economic growth. In particular, it looks as though the United States will experience renewed growth, followed by the United Kingdom. In Norway, reduced petroleum activity in consequence of the falling oil prices will dampen investment in a number of mainland companies, make households more cautious and contribute to moderate wage settlements. Nevertheless, slight economic growth is expected in Norway. A weaker Norwegian krone will be positive for Norwegian export sectors, while budget policy has become more expansionary.

DNB presented its updated financial ambitions at the Capital Markets Day in November 2015. The principal target is still to achieve a return on equity above 12 per cent. Parallel to this, the Group has to attain a common equity Tier 1 capital ratio of minimum 15 per cent from year-end 2016. In addition, the Group aspires to have a cost/income ratio below 40 per cent towards 2018 and a dividend payout ratio of more than 50 per cent once the capital adequacy target has been reached. Several factors will help DNB meet these targets. Strong emphasis on profitability through strict cost control, dynamic management of the credit portfolio and an increased focus on capital-light products will form the basis for a positive profit trend.


Stable volume-weighted spreads are anticipated in 2016, while lending volumes are expected to rise at an annual rate of 2 to 3 per cent. DNB aims to increase commission and fee income by minimum 3 per cent per year. Average impairment losses are expected to be roughly at normalised levels during the 2016-2019 period. However, impairment losses will vary from year to year and from quarter to quarter and are expected to be somewhat above the normalised level at the start of the period. DNB is well capitalised, but will continue to build Tier 1 capital organically in accordance with the authorities' requirement of 15 per cent by year-end 2016.

Oslo, 3 February 2016
The Board of Directors of DNB Bank ASA


Anne Carine Tanum
(chairman)


Jarle Berge
(vice-chairman)


Lilliam Hattrem


Kim Wahl


Rune Bjerke
(group chief executive)

Income statement

		DNB Bank ASA			
<i>Amounts in NOK million</i>		4th quarter	4th quarter	Full year	Full year
		2015	2014	2015	2014
	Note				
Total interest income	5	9 140	10 489	38 287	41 906
Total interest expenses	5	(2 935)	(4 568)	(14 072)	(20 048)
Net interest income	5	6 205	5 921	24 215	21 859
Commission and fee income etc.	6	1 554	1 618	6 220	6 112
Commission and fee expenses etc.	6	(709)	(587)	(2 676)	(2 186)
Net gains on financial instruments at fair value	7	1 428	297	3 964	5 963
Other income		5 651	3 147	9 786	8 811
Net other operating income		7 924	4 475	17 294	18 699
Total income		14 129	10 396	41 509	40 558
Salaries and other personnel expenses	8	(513)	(1 977)	(7 245)	(8 394)
Other expenses	8	(1 557)	(1 550)	(6 591)	(6 327)
Depreciation and impairment of fixed and intangible assets	8	(574)	(591)	(2 035)	(1 986)
Total operating expenses	8	(2 644)	(4 119)	(15 871)	(16 708)
Pre-tax operating profit before impairment		11 485	6 277	25 638	23 850
Net gains on fixed and intangible assets		44	41	91	233
Impairment of loans and guarantees	10	(1 206)	(882)	(1 638)	(1 725)
Pre-tax operating profit		10 323	5 437	24 090	22 358
Tax expense		144	520	(3 452)	(3 900)
Profit for the period		10 467	5 956	20 638	18 458
Portion attributable to shareholders		10 341	5 956	20 264	18 458
Portion attributable to additional Tier 1 capital holders	18	126		374	
Profit for the period		10 467	5 956	20 638	18 458

Comprehensive income statement

		DNB Bank ASA			
<i>Amounts in NOK million</i>		4th quarter	4th quarter	Full year	Full year
		2015	2014	2015	2014
Profit for the period		10 467	5 956	20 638	18 458
Actuarial gains and losses, net of tax ¹⁾		21	(879)	615	(1 812)
Other comprehensive income that will not be reclassified to profit or loss, net of tax		21	(879)	615	(1 812)
Currency translation of foreign operations		27	413	238	460
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax		27	413	238	460
Other comprehensive income for the period		48	(466)	853	(1 352)
Comprehensive income for the period		10 515	5 490	21 492	17 106

1) Pension commitments and pension funds in the defined-benefit schemes have been recalculated. Calculations for the fourth quarter have been updated with new calculation assumptions in accordance with guidance notes from the Norwegian Accounting Standards Board 31 December 2015.

Balance sheet

DNB Bank ASA

<i>Amounts in NOK million</i>	Note	31 Dec. 2015	31 Dec. 2014
Assets			
Cash and deposits with central banks		16 004	53 505
Due from credit institutions	13, 14	630 700	608 036
Loans to customers	11, 12, 13, 14	705 532	723 456
Commercial paper and bonds at fair value	14, 15	210 062	211 746
Shareholdings	14	7 504	9 205
Financial derivatives	14	213 797	248 768
Commercial paper and bonds, held to maturity	13, 15	19 162	31 927
Investments in associated companies		975	975
Investments in subsidiaries		120 473	79 266
Intangible assets		3 675	3 794
Deferred tax assets		6 320	2 995
Fixed assets		7 480	7 390
Other assets		23 735	16 581
Total assets		1 965 419	1 997 646
Liabilities and equity			
Due to credit institutions	13, 14	262 330	268 531
Deposits from customers	13, 14	896 488	903 033
Financial derivatives	14	240 518	274 846
Debt securities issued	13, 14, 17	340 099	366 205
Payable taxes		703	537
Deferred taxes		12	25
Other liabilities		39 438	21 104
Provisions		1 101	1 003
Pension commitments		2 246	5 322
Subordinated loan capital	13, 14, 17	30 953	29 319
Total liabilities		1 813 886	1 869 926
Share capital		18 314	18 314
Share premium		19 895	19 895
Additional Tier 1 capital	18	8 353	
Other equity		104 970	89 511
Total equity		151 533	127 720
Total liabilities and equity		1 965 419	1 997 646
Off-balance sheet transactions and contingencies	20		

Income statement

Amounts in NOK million	Note	DNB Bank Group			
		4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Total interest income	5	14 038	15 590	57 793	61 682
Total interest expenses	5	(4 888)	(6 859)	(22 258)	(29 074)
Net interest income	5	9 150	8 730	35 535	32 607
Commission and fee income etc.	6	2 092	2 113	8 694	8 148
Commission and fee expenses etc.	6	(729)	(612)	(2 737)	(2 258)
Net gains on financial instruments at fair value	7	2 161	294	8 704	5 404
Profit from investments accounted for by the equity method	16	(28)	44	(72)	226
Net gains on investment property		122	89	269	82
Other income		371	634	2 051	2 519
Net other operating income		3 989	2 562	16 909	14 122
Total income		13 139	11 292	52 444	46 729
Salaries and other personnel expenses	8	(1 005)	(2 433)	(9 140)	(10 095)
Other expenses	8	(1 893)	(1 901)	(7 892)	(7 714)
Depreciation and impairment of fixed and intangible assets	8	(567)	(542)	(2 159)	(2 028)
Total operating expenses	8	(3 464)	(4 876)	(19 191)	(19 836)
Pre-tax operating profit before impairment		9 675	6 416	33 253	26 893
Net gains on fixed and intangible assets		(9)	42	45	52
Impairment of loans and guarantees	10	(1 420)	(821)	(2 270)	(1 639)
Pre-tax operating profit		8 245	5 636	31 028	25 306
Tax expense		(1 851)	(1 230)	(7 755)	(6 174)
Profit from operations held for sale, after taxes		28	16	(51)	(22)
Profit for the period		6 422	4 423	23 222	19 110
Portion attributable to shareholders		6 297	4 423	22 848	19 110
Portion attributable to additional Tier 1 capital holders	18	126		374	
Profit for the period		6 422	4 423	23 222	19 110

Comprehensive income statement

Amounts in NOK million	DNB Bank Group			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Profit for the period	6 422	4 423	23 222	19 110
Actuarial gains and losses, net of tax ¹⁾	15	(944)	592	(1 877)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	15	(944)	592	(1 877)
Currency translation of foreign operations	2 371	6 314	9 618	7 145
Hedging of net investment, net of tax	(1 578)	(3 926)	(6 203)	(4 526)
Other comprehensive income investments according to the equity method ²⁾	889		889	
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	1 682	2 388	4 304	2 619
Other comprehensive income for the period	1 697	1 444	4 896	742
Comprehensive income for the period	8 120	5 867	28 118	19 851

- 1) Pension commitments and pension funds in the defined-benefit schemes have been recalculated. Calculations for the fourth quarter have been updated with new calculation assumptions in accordance with guidance notes from the Norwegian Accounting Standards Board 31 December 2015.
- 2) DNB has indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 December 2015 a gain of NOK 889 million was recognised in other comprehensive income. On the realisation date, the increase in value of other comprehensive income will be recorded in profit and loss as "Profit from investments accounted for by the equity method". Cf. note 16.

Balance sheet

		DNB Bank Group	
		31 Dec. 2015	31 Dec. 2014
<i>Amounts in NOK million</i>	Note		
Assets			
Cash and deposits with central banks		19 317	58 505
Due from credit institutions	13, 14	297 457	355 577
Loans to customers	11, 12, 13, 14	1 531 932	1 447 465
Commercial paper and bonds at fair value	14, 15	207 063	187 765
Shareholdings	14	8 794	9 709
Financial derivatives	14	203 273	236 389
Commercial paper and bonds, held to maturity	13, 15	19 162	31 927
Investment property		2 333	4 743
Investments accounted for by the equity method	16	4 091	3 275
Intangible assets		4 176	4 315
Deferred tax assets		1 138	1 197
Fixed assets		8 059	8 128
Assets held for sale		200	692
Other assets		8 608	12 301
Total assets		2 315 603	2 361 990
Liabilities and equity			
Due to credit institutions	13, 14	161 267	214 211
Deposits from customers	13, 14	957 322	951 049
Financial derivatives	14	154 878	186 230
Debt securities issued	13, 14, 17	806 810	813 909
Payable taxes		2 493	1 920
Deferred taxes		6 461	4 537
Other liabilities		18 409	12 840
Liabilities held for sale		71	100
Provisions		1 225	1 133
Pension commitments		2 301	5 434
Subordinated loan capital	13, 14, 17	30 953	29 319
Total liabilities		2 142 191	2 220 681
Share capital		18 314	18 314
Share premium		20 611	20 611
Additional Tier 1 capital	18	8 353	
Other equity		126 133	102 383
Total equity		173 412	141 309
Total liabilities and equity		2 315 603	2 361 990
Off-balance sheet transactions and contingencies	20		

Statement of changes in equity

							DNB Bank ASA	
<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Currency translation reserve	Other equity	Total equity	
Balance sheet as at 31 Dec. 2013	18 314	19 895		(929)	(71)	77 381	114 591	
Profit for the period						18 458	18 458	
Other comprehensive income				(1 812)	460		(1 352)	
Comprehensive income for the period				(1 812)	460	18 458	17 106	
Currency translation reserve taken to income					25		25	
Group contribution for 2014 to DNB ASA						(4 001)	(4 001)	
Balance sheet as at 31 Dec. 2014	18 314	19 895		(2 741)	414	91 838	127 720	
Profit for the period			374			20 264	20 638	
Other comprehensive income				615	238		853	
Comprehensive income for the period			374	615	238	20 264	21 492	
Defined-benefit pension scheme discontinued ¹⁾				1 667		(1 667)		
Additional Tier 1 Capital issued			8 053			(31)	8 023	
Interest payments additional Tier 1 capital			(75)				(75)	
Transfer of lending portfolio to subsidiary (continuity)						(627)	(627)	
Group contribution for 2015 to DNB ASA						(5 000)	(5 000)	
Balance sheet as at 31 Dec. 2015	18 314	19 895	8 353	(459)	652	104 777	151 533	

							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
Balance sheet as at 31 Dec. 2013	18 314	20 611		(957)	1 412	(1 119)	88 146	126 407
Profit for the period							19 110	19 110
Other comprehensive income				(1 877)	7 145	(4 526)		742
Comprehensive income for the period				(1 877)	7 145	(4 526)	19 110	19 851
Currency translation reserve taken to income					80		(29)	51
Group contribution for 2013 to DNB ASA							(5 000)	(5 000)
Balance sheet as at 31 Dec. 2014	18 314	20 611		(2 834)	8 637	(5 645)	102 226	141 309
Profit for the period			374				22 848	23 222
Other comprehensive income				592	9 618	(6 203)	889	4 896
Comprehensive income for the period			374	592	9 618	(6 203)	23 736	28 118
Defined-benefit pension scheme discontinued ¹⁾				1 763			(1 763)	
Currency translation reserve taken to income					34		4	38
Additional Tier 1 capital issued			8 053				(31)	8 023
Interest payments additional Tier 1 capital			(75)					(75)
Group contribution for 2014 to DNB ASA							(4 001)	(4 001)
Balance sheet as at 31 Dec. 2015	18 314	20 611	8 353	(479)	18 289	(11 848)	120 171	173 412

1) In the fourth quarter of 2015 DNB decided to change the Group's pension scheme from a defined-benefit to a defined contribution scheme with effect from 31 December 2015. The change includes the majority of its employees in Norway who were members of the Group's closed defined-benefit scheme.

Cash flow statement

DNB Bank ASA

Amounts in NOK million

Full year 2015 Full year 2014

	Full year 2015	Full year 2014
Operating activities		
Net receipts/payments on loans to customers	50 461	(13 240)
Interest received from customers	30 885	31 586
Net receipts/payments on deposits from customers	(44 221)	15 685
Interest paid to customers	(10 485)	(14 481)
Net payments on loans to credit institutions	(20 697)	(225 502)
Interest received from credit institutions	3 870	4 616
Interest paid to credit institutions	(1 558)	(2 199)
Net receipts on the sale of financial assets for investment or trading	16 386	97 652
Interest received on bonds and commercial paper	5 080	5 757
Net receipts on commissions and fees	3 553	3 932
Payments to operations	(16 346)	(16 141)
Taxes paid	(800)	(1 733)
Other receipts	9 595	11 643
Net cash flow from operating activities	25 723	(102 423)
Investment activities		
Net payments on the acquisition of fixed assets	(1 866)	(1 978)
Receipts on the sale of long-term investments in shares	223	463
Payments on the acquisition of long-term investments in shares	(33 124)	(3 754)
Dividends received on long-term investments in shares	104	164
Net cash flow from investment activities	(34 662)	(5 105)
Funding activities		
Receipts on issued bonds and commercial paper	3 072 165	1 409 986
Payments on redeemed bonds and commercial paper	(3 110 990)	(1 412 585)
Interest payments on issued bonds and commercial paper	(5 097)	(3 400)
Receipts on the raising of subordinated loan capital	3 805	
Redemptions of subordinated loan capital	(4 604)	
Interest payments on subordinated loan capital	(1 027)	(1 053)
Receipts on issued additional Tier 1 capital	8 023	
Interest payments on additional Tier 1 capital	(75)	
Group contribution payments	(4 729)	(11 840)
Net cash flow from funding activities	(42 529)	(18 891)
Effects of exchange rate changes on cash and cash equivalents	13 547	17 819
Net cash flow	(37 921)	(108 601)
Cash as at 1 January	57 805	166 406
Net payments of cash	(37 921)	(108 601)
Cash at end of period ¹⁾	19 884	57 805

*) Of which: Cash and deposits with central banks 16 004 53 505
 Deposits with credit institutions with no agreed period of notice ¹⁾ 3 880 4 300

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

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

Cash flow statement (continued)

	DNB Bank Group	
	Full year 2015	Full year 2014
<i>Amounts in NOK million</i>		
Operating activities		
Net payments on loans to customers	(32 213)	(49 290)
Interest received from customers	51 863	55 209
Net receipts on deposits from customers	(34 447)	18 692
Interest paid to customers	(7 475)	(14 171)
Net receipts/payments on loans to credit institutions	3 917	(210 787)
Interest received from credit institutions	1 617	1 785
Interest paid to credit institutions	(1 355)	(2 119)
Net receipts/payments on the sale of financial assets for investment or trading	(16 600)	63 856
Interest received on bonds and commercial paper	4 592	4 962
Net receipts on commissions and fees	5 965	5 880
Payments to operations	(19 210)	(20 037)
Taxes paid	(2 473)	(1 903)
Other receipts/payments	5 433	5 554
Net cash flow from operating activities	(40 387)	(142 368)
Investment activities		
Net payments on the acquisition of fixed assets	(1 853)	(2 133)
Net receipts, investment property	2 833	566
Receipts on the sale of long-term investments in shares	76	463
Payments on the acquisition of long-term investments in shares		(50)
Dividends received on long-term investments in shares	6	164
Net cash flow from investment activities	1 062	(989)
Funding activities		
Receipts on issued bonds and commercial paper	3 142 451	1 461 093
Payments on redeemed bonds and commercial paper	(3 145 857)	(1 423 956)
Interest payments on issued bonds and commercial paper	(15 129)	(12 511)
Receipts on the raising of subordinated loan capital	3 805	
Redemptions of subordinated loan capital	(4 604)	
Interest payments on subordinated loan capital	(1 029)	(1 053)
Receipts on issued additional Tier 1 capital	8 023	
Interest payments on additional Tier 1 capital	(75)	
Group contributions payments	(4 001)	(6 944)
Net cash flow from funding activities	(16 415)	16 629
Effects of exchange rate changes on cash and cash equivalents	14 622	19 269
Net cash flow	(41 118)	(107 460)
Cash as at 1 January	64 312	171 771
Net payments of cash	(41 118)	(107 460)
Cash at end of period ^{*)}	23 194	64 312
^{*) Of which: Cash and deposits with central banks}	19 317	58 505
^{Deposits with credit institutions with no agreed period of notice ¹⁾}	3 876	5 807

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 as issued by the International Accounting Standards Board and as adopted by the European Union. A description of the accounting principles applied when preparing the financial statements appears in the annual report for 2014. DNB Bank ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS.

When preparing the consolidated financial statements, management makes estimates, 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 banking 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 banking group's total products and activities to private customers in all channels, both digital and physical, with the exception of residential mortgages recorded under DNB Livsforsikring, where returns accrue to the policyholders. 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. |

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

Capital allocated to the segments is calculated on the basis of the banking group's common equity Tier 1 capital and long-term capitalisation ambition. 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 banking 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 banking group's internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units' total income.

Note 2 Segments (continued)

Income statement, fourth quarter

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/eliminations ¹⁾		DNB Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<i>Amounts in NOK million</i>												
Net interest income	3 486	3 388	1 610	1 555	3 929	3 724	3	128	122	(65)	9 150	8 730
Net other operating income	835	829	295	315	1 105	1 321	796	(102)	958	198	3 989	2 562
Total income	4 321	4 217	1 905	1 870	5 034	5 045	799	26	1 080	133	13 139	11 292
Operating expenses	(2 041)	(1 969)	(758)	(709)	(2 037)	(1 793)	(97)	(132)	1 468	(273)	(3 464)	(4 876)
Pre-tax operating profit before impairment	2 281	2 248	1 147	1 161	2 997	3 251	702	(105)	2 548	(140)	9 675	6 416
Net gains on fixed and intangible assets	0	1	(0)	43	5	9		(0)	(13)	(11)	(9)	42
Impairment of loans and guarantees ²⁾	15	80	(360)	(462)	(1 079)	(465)			3	26	(1 420)	(821)
Profit from repossessed operations			35	16	(6)	(14)			(30)	(2)		
Pre-tax operating profit	2 296	2 329	823	758	1 916	2 782	702	(105)	2 508	(127)	8 245	5 636
Tax expense	(620)	(629)	(222)	(205)	(556)	(862)	(183)	28	(271)	438	(1 851)	(1 230)
Profit from operations held for sale, after taxes	(1)					2			29	15	28	16
Profit for the period	1 675	1 700	601	553	1 361	1 921	520	(77)	2 266	325	6 422	4 423

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

2) See note 9 Impairment of loans and guarantees for an analysis of the gross change in impairment for the 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	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<i>Amounts in NOK billion</i>												
Loans to customers ¹⁾	695.7	674.8	220.3	209.6	579.4	520.8	28.3	7.9	(21.3)	(28.9)	1 502.3	1 384.2
Deposits from customers ¹⁾	391.1	363.8	172.8	169.3	403.5	384.9	203.7	133.3	(53.3)	(74.5)	1 117.8	1 031.3
Allocated capital ²⁾	31.7	28.0	20.4	19.6	70.4	57.1	7.3	6.3				

Key figures

	DNB Bank Group											
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations		DNB Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<i>Per cent</i>												
Cost/income ratio ³⁾	47.2	46.7	39.8	37.9	40.5	35.5	12.1	497.7			26.4	43.2
Ratio of deposits to loans ^{1 4)}	56.2	53.9	78.5	80.8	69.6	73.9					74.4	74.5
Return on allocated capital, annualised ²⁾	20.9	24.1	11.7	11.2	7.7	13.4	28.4	(4.9)			15.6	12.6

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

2) Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel 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. In November 2015, a portfolio of residential mortgages amounting to approximately NOK 20 billion was sold from DNB Boligkreditt to DNB Livsforsikring. As of the same date, the portfolio was transferred from the Personal customers segment to the Traditional pension products segment. Personal Banking Norway will continue to manage the portfolio on behalf of DNB Livsforsikring.

Note 2 Segments (continued)

Income statement, full year

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Other operations/eliminations		DNB Bank Group	
	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year
<i>Amounts in NOK million</i>	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	13 655	13 484	6 131	5 643	15 196	13 553	89	429	464	(502)	35 535	32 607
Net other operating income	3 691	3 528	1 190	1 103	5 232	4 893	1 503	1 584	5 292	3 014	16 909	14 122
Total income	17 346	17 012	7 322	6 745	20 427	18 446	1 592	2 013	5 756	2 512	52 444	46 729
Operating expenses	(8 307)	(7 949)	(2 840)	(2 779)	(7 476)	(6 767)	(505)	(513)	(62)	(1 828)	(19 191)	(19 836)
Pre-tax operating profit before impairment	9 039	9 062	4 481	3 966	12 951	11 679	1 087	1 500	5 694	2 481	33 253	28 689
Net gains on fixed and intangible assets	0	(3)	(2)	42	53	21		(0)	(7)	(7)	45	52
Impairment of loans and guarantees ¹⁾	939	(110)	(1 068)	(869)	(2 108)	(674)		0	(33)	13	(2 270)	(1 639)
Profit from repossessed operations			3	(23)	(67)	(102)			64	125		
Pre-tax operating profit	9 979	8 949	3 414	3 117	10 829	10 924	1 087	1 500	5 719	816	31 028	25 306
Taxes	(2 694)	(2 416)	(922)	(842)	(3 140)	(3 387)	(283)	(405)	(716)	875	(7 755)	(6 174)
Profit from operations held for sale, after taxes	2				2				(53)	(24)	(51)	(22)
Profit for the period	7 286	6 533	2 492	2 275	7 689	7 540	804	1 095	4 951	1 667	23 222	19 110

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

Other operations/eliminations

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

Pre-tax operating profit

	DNB Bank Group	
	4th quarter	4th quarter
<i>Amounts in NOK million</i>	2015	2014
Unallocated net interest income	55	(130)
Income from equities investments	285	(101)
Gains on fixed and intangible assets	(13)	(11)
Mark-to-market adjustments Group Treasury and fair value of loans	195	(769)
Basis swaps	(4)	508
Eksportfinans ASA	(5)	52
Net gains on investment property	167	105
Profit from repossessed operations	(30)	(2)
Unallocated impairment of loans and guarantees	3	26
Unallocated personnel expenses ¹⁾	1 633	30
Unallocated IT and Operation expenses	114	140
Funding costs on goodwill	(6)	(9)
IT restructuring	9	
Reversal of provisions	46	73
Impairment of investment property and fixed assets	(5)	(7)
Other	62	(33)
Pre-tax operating profit	2 508	(127)

1) Of which an unallocated non-recurring effect on pension expenses of NOK 1 778 million. See note 8 Operating expenses.

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) under the Basel III framework. 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 Dec. 2015	<i>Amounts in NOK million</i>	31 Dec. 2015	31 Dec. 2014
127 720	151 533	Total equity	173 412	141 309
		Effect from regulatory consolidation	(541)	(56)
	(8 053)	Additional Tier 1 capital instruments included in total equity	(8 053)	
	(219)	Net accrued interest on additional Tier 1 capital instruments	(219)	
127 720	143 261	Common equity Tier 1 capital instruments	164 599	141 253
		Deductions		
(7)	(38)	Pension funds above pension commitments	(38)	(7)
(2 963)	(3 012)	Goodwill	(3 029)	(2 979)
	(147)	Deferred tax assets that are not due to temporary differences	(581)	(514)
(831)	(663)	Other intangible assets	(1 075)	(1 224)
		Group contribution, payable	(5 000)	(4 000)
(1 466)	(1 383)	Expected losses exceeding actual losses, IRB portfolios	(2 309)	(2 075)
(509)	(671)	Value adjustment due to the requirements for prudent valuation (AVA)	(1 055)	(917)
278	(15)	Adjustments for unrealised losses/(gains) on debt recorded at fair value	(412)	646
(821)	(785)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(150)	(268)
121 402	136 547	Common equity Tier 1 capital	150 948	129 915
4 028	10 267	Additional Tier 1 capital instruments	10 267	4 028
125 430	146 814	Tier 1 capital	161 215	133 944
4 792	5 702	Perpetual subordinated loan capital	5 702	4 792
19 322	22 185	Term subordinated loan capital	22 185	19 322
24 115	27 887	Tier 2 capital	27 887	24 115
149 545	174 701	Total eligible capital	189 102	158 058
919 238	906 097	Risk-weighted volume, transitional rules	1 056 731	1 038 396
73 539	72 488	Minimum capital requirement, transitional rules	84 539	83 072
13.2	15.1	Common equity Tier 1 capital ratio, transitional rules (%)	14.3	12.5
13.6	16.2	Tier 1 capital ratio, transitional rules (%)	15.3	12.9
16.3	19.3	Capital ratio, transitional rules (%)	17.9	15.2

Note 3 Capital adequacy (continued)

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

	DNB Bank ASA					
	Nominal exposure	EAD ¹⁾	Average risk weights in per cent	Risk-weighted volume	Capital requirements	Capital requirements
	31 Dec. 2015	31 Dec. 2015	31 Dec. 2015	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	798 955	640 170	48.3	309 397	24 752	25 158
Specialised Lending (SL)	8 946	8 175	60.6	4 955	396	134
Retail - mortgage loans	86 769	86 769	29.5	25 565	2 045	1 402
Retail - other exposures	111 886	92 132	26.7	24 568	1 965	2 016
Securitisation	19 162	19 162	78.3	15 007	1 201	1 820
Total credit risk, IRB approach	1 025 717	846 407	44.8	379 493	30 359	30 529
Standardised approach						
Central government	50 761	61 162	0.6	374	30	3
Institutions	1 063 569	804 772	21.0	169 311	13 545	13 357
Corporate	115 485	90 237	93.0	83 915	6 713	12 060
Retail - mortgage loans	5 915	5 447	40.5	2 206	177	146
Retail - other exposures	71 793	26 672	74.4	19 836	1 587	1 573
Equity positions	122 228	122 228	100.3	122 589	9 807	6 543
Other assets	12 157	12 157	176.2	21 417	1 713	1 059
Total credit risk, standardised approach	1 441 909	1 122 675	37.4	419 649	33 572	34 740
Total credit risk	2 467 626	1 969 082	40.6	799 142	63 931	65 269
Market risk						
Position risk, debt instruments				23 009	1 841	1 661
Position risk, equity instruments				243	19	39
Currency risk						
Commodity risk				38	3	9
Credit value adjustment risk (CVA)				11 832	947	1 016
Total market risk				35 122	2 810	2 725
Operational risk				71 833	5 747	5 545
Total risk-weighted volume and capital requirements before transitional rules				906 097	72 488	73 539
Additional capital requirements according to transitional rules						
Total risk-weighted volume and capital requirements				906 097	72 488	73 539

1) EAD, exposure at default.

Note 3 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements

	DNB Bank Group					
	Nominal exposure	EAD ¹⁾	Average risk weights	Risk-weighted volume	Capital requirements	Capital requirements
	31 Dec. 2015	31 Dec. 2015	in per cent 31 Dec. 2015	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	1 108 681	903 210	46.3	417 760	33 421	29 699
Specialised Lending (SL)	10 813	10 042	58.2	5 844	468	179
Retail - mortgage loans	667 612	667 612	22.9	153 008	12 241	8 705
Retail - other exposures	111 886	92 132	26.7	24 568	1 965	2 016
Securitisation	19 162	19 162	78.3	15 007	1 201	1 820
Total credit risk, IRB approach	1 918 154	1 692 158	36.4	616 187	49 295	42 419
Standardised approach						
Central government	60 174	74 103	0.6	411	33	18
Institutions	356 867	121 152	24.7	29 874	2 390	2 899
Corporate	183 450	145 598	87.3	127 046	10 164	16 196
Retail - mortgage loans	48 498	46 475	47.4	22 046	1 764	1 657
Retail - other exposures	93 085	43 513	75.9	33 024	2 642	2 757
Equity positions	2 921	2 921	112.4	3 281	263	228
Securitisation	2 474	2 474	30.2	748	60	66
Other assets	8 838	8 838	109.6	9 687	775	774
Total credit risk, standardised approach	756 306	445 074	50.8	226 117	18 089	24 596
Total credit risk	2 674 460	2 137 231	39.4	842 305	67 384	67 014
Market risk						
Position risk, debt instruments				14 153	1 132	1 380
Position risk, equity instruments				456	36	39
Currency risk						
Commodity risk				38	3	9
Credit value adjustment risk (CVA)				6 429	514	602
Total market risk				21 076	1 686	2 030
Operational risk				84 281	6 742	6 558
Total risk-weighted volume and capital requirements before transitional rules				947 661	75 813	75 603
Additional capital requirements according to transitional rules ²⁾				109 070	8 726	7 469
Total risk-weighted volume and capital requirements				1 056 731	84 539	83 072

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 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 62.5 per cent at end-December 2015, down from 65.7 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 127.1 per cent at end-December 2015.

The short-term funding markets were generally sound in 2015 for banks with high credit ratings. As US money market funds need to adapt to upcoming regulations, long-term maturities were not as attractive as they used to be. Combined with increasing demand for long-term investments among borrowers, this resulted in an increase in prices in the second half of the year. DNB had ample access to short-term funding throughout the year.

In the long-term funding markets, there was also a healthy supply of capital in the first half of the year. However, as the unrest in Greece increased as summer approached, the level of activity in the market dropped significantly, accompanied by rising prices on new issues. In September, the level of activity picked up, though margins widened. There was a general increase in margins for both covered bonds and ordinary senior debt through the second half of 2015. DNB had good access to long-term funding throughout 2015, but the cost of new long-term funding is expected to be higher as 2016 progresses.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter. At end-December, the total LCR was 133 per cent, with an LCR of 331 per cent for euro and 118 per cent for US dollars.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 3.8 years at end-December 2015, down from 4.3 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>	DNB Bank ASA			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Interest on amounts due from credit institutions	956	1 185	3 838	4 643
Interest on loans to customers	6 101	7 029	25 975	27 982
Interest on impaired loans and guarantees	146	143	459	555
Interest on commercial paper and bonds	1 183	1 324	5 115	5 798
Front-end fees etc.	86	72	293	278
Other interest income	668	736	2 606	2 651
Total interest income	9 140	10 489	38 287	41 906
Interest on amounts due to credit institutions	(440)	(407)	(1 559)	(1 826)
Interest on deposits from customers	(1 791)	(3 202)	(9 292)	(13 728)
Interest on debt securities issued	(802)	(743)	(3 075)	(3 202)
Interest on subordinated loan capital	(139)	(145)	(568)	(571)
Guarantee fund levy ¹⁾	(151)	(154)	(675)	(646)
Other interest expenses ²⁾	388	83	1 096	(75)
Total interest expenses	(2 935)	(4 568)	(14 072)	(20 048)
Net interest income	6 205	5 921	24 215	21 859

<i>Amounts in NOK million</i>	DNB Bank Group			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Interest on amounts due from credit institutions	430	501	1 608	1 812
Interest on loans to customers	11 775	13 199	49 037	52 428
Interest on impaired loans and guarantees	203	174	619	643
Interest on commercial paper and bonds	1 106	1 188	4 605	5 027
Front-end fees etc.	96	84	337	316
Other interest income	428	443	1 587	1 456
Total interest income	14 038	15 590	57 793	61 682
Interest on amounts due to credit institutions	(369)	(398)	(1 365)	(1 750)
Interest on deposits from customers	(1 838)	(3 248)	(9 483)	(13 951)
Interest on debt securities issued	(3 238)	(3 196)	(12 809)	(12 633)
Interest on subordinated loan capital	(140)	(145)	(569)	(571)
Guarantee fund levy ¹⁾	(202)	(189)	(845)	(780)
Other interest expenses ²⁾	899	317	2 814	612
Total interest expenses	(4 888)	(6 859)	(22 258)	(29 074)
Net interest income	9 150	8 730	35 535	32 607

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

	DNB Bank ASA			
<i>Amounts in NOK million</i>	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Money transfer fees	849	818	3 378	3 274
Fees on asset management services	71	75	294	260
Fees on custodial services	81	83	348	349
Fees on securities broking	74	81	287	273
Corporate finance	141	133	427	443
Interbank fees	7	9	29	35
Credit broking commissions	124	215	625	648
Sales commissions on insurance products	90	77	366	306
Sundry commissions and fees	117	128	466	525
Total commission and fee income etc.	1 554	1 618	6 220	6 112
Money transfer fees	(451)	(347)	(1 636)	(1 305)
Fees on custodial services	(42)	(38)	(172)	(160)
Interbank fees	(15)	(17)	(61)	(66)
Credit broking commissions	(24)	(29)	(83)	(97)
Commissions on the sale of insurance products	(24)	(4)	(95)	(18)
Sundry commissions and fees	(152)	(152)	(628)	(541)
Total commission and fee expenses etc.	(709)	(587)	(2 676)	(2 186)
Net commission and fee income	845	1 031	3 544	3 926

	DNB Bank Group			
<i>Amounts in NOK million</i>	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Money transfer fees	912	873	3 596	3 480
Fees on asset management services	93	88	351	305
Fees on custodial services	87	87	363	358
Fees on securities broking	79	97	314	350
Corporate finance	185	204	777	740
Interbank fees	7	9	29	35
Credit broking commissions	135	202	781	630
Sales commissions on insurance products	96	82	392	327
Fees on real estate broking	289	268	1 220	1 095
Sundry commissions and fees	209	204	870	829
Total commission and fee income etc.	2 092	2 113	8 694	8 148
Money transfer fees	(459)	(357)	(1 670)	(1 341)
Fees on custodial services	(43)	(38)	(174)	(160)
Interbank fees	(15)	(16)	(61)	(67)
Credit broking commissions	(9)	(21)	(27)	(56)
Commissions on the sale of insurance products	(24)	(5)	(95)	(19)
Sundry commissions and fees	(179)	(177)	(710)	(616)
Total commission and fee expenses etc.	(729)	(612)	(2 737)	(2 258)
Net commission and fee income	1 363	1 501	5 956	5 891

Note 7 Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Bank ASA			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Dividends	19	49	147	408
Net gains on commercial paper and bonds	(1 217)	877	(2 847)	3 222
Net gains on shareholdings and equity-related derivatives	215	(297)	(190)	112
Net unrealised gains on basis swaps	(219)	154	(319)	516
Net gains on other financial instruments	2 631	(485)	7 173	1 706
Net gains on financial instruments at fair value	1 428	297	3 964	5 963

<i>Amounts in NOK million</i>	DNB Bank Group			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Dividends	19	49	156	415
Net gains on commercial paper and bonds	(1 249)	878	(2 573)	3 101
Net gains on shareholdings and equity-related derivatives	380	(287)	(38)	118
Net unrealised gains on basis swaps	(4)	508	2 685	394
Net gains on other financial instruments	3 015	(854)	8 474	1 377
Net gains on financial instruments at fair value	2 161	294	8 704	5 404

Note 8 Operating expenses

	DNB Bank ASA			
<i>Amounts in NOK million</i>	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Salaries	(1 544)	(1 426)	(6 175)	(5 991)
Employer's national insurance contributions	(226)	(215)	(901)	(852)
Pension expenses	1 528	(92)	823	(734)
Restructuring expenses	(101)	(77)	(345)	(235)
Other personnel expenses	(170)	(166)	(647)	(583)
Total salaries and other personnel expenses	(513)	(1 977)	(7 245)	(8 394)
Fees ¹⁾	(317)	(323)	(1 370)	(1 228)
IT expenses ¹⁾	(426)	(527)	(2 184)	(1 993)
Postage and telecommunications	(56)	(62)	(223)	(236)
Office supplies	(11)	(10)	(36)	(41)
Marketing and public relations	(158)	(122)	(589)	(562)
Travel expenses	(74)	(72)	(210)	(191)
Reimbursement to Norway Post for transactions executed	(43)	(59)	(174)	(231)
Training expenses	(18)	(16)	(60)	(46)
Operating expenses on properties and premises	(272)	(263)	(1 165)	(1 248)
Operating expenses on machinery, vehicles and office equipment	(17)	(16)	(67)	(68)
Other operating expenses	(165)	(80)	(513)	(483)
Total other expenses	(1 557)	(1 550)	(6 591)	(6 327)
Depreciation and impairment of fixed and intangible assets	(574)	(591)	(2 035)	(1 986)
Total depreciation and impairment of fixed and intangible assets	(574)	(591)	(2 035)	(1 986)
Total operating expenses	(2 644)	(4 119)	(15 871)	(16 708)

	DNB Bank Group			
<i>Amounts in NOK million</i>	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Salaries	(1 921)	(1 785)	(7 660)	(7 340)
Employer's national insurance contributions	(289)	(269)	(1 124)	(1 050)
Pension expenses	1 532	(108)	770	(802)
Restructuring expenses	(106)	(78)	(352)	(237)
Other personnel expenses	(220)	(194)	(775)	(666)
Total salaries and other personnel expenses	(1 005)	(2 433)	(9 140)	(10 095)
Fees ¹⁾	(349)	(347)	(1 497)	(1 334)
IT expenses ¹⁾	(483)	(599)	(2 397)	(2 254)
Postage and telecommunications	(62)	(67)	(268)	(278)
Office supplies	(24)	(27)	(87)	(96)
Marketing and public relations	(200)	(174)	(845)	(849)
Travel expenses	(94)	(90)	(271)	(243)
Reimbursement to Norway Post for transactions executed	(43)	(59)	(174)	(231)
Training expenses	(23)	(21)	(72)	(57)
Operating expenses on properties and premises	(322)	(331)	(1 365)	(1 483)
Operating expenses on machinery, vehicles and office equipment	(25)	(27)	(100)	(102)
Other operating expenses	(270)	(158)	(817)	(787)
Total other expenses	(1 893)	(1 901)	(7 892)	(7 714)
Impairment losses for goodwill		(5)		(5)
Depreciation and impairment of fixed and intangible assets	(567)	(536)	(2 159)	(2 022)
Total depreciation and impairment of fixed and intangible assets	(567)	(542)	(2 159)	(2 028)
Total operating expenses	(3 464)	(4 876)	(19 191)	(19 836)

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

In the fourth quarter of 2015 DNB decided to change the Bank Groups pension scheme from a defined benefit to a defined contribution scheme with effect from December 2015. The change includes the majority of its employees in Norway who were members of the Bank Group closed defined benefit scheme. The change resulted in a one-time effect of NOK 1 808 million and 1 778 for the Bank Group and DNB Bank ASA respectively which reduced the periods pension cost.

Note 9 Taxes

DNB Bank ASA		Balancing tax charges against pre-tax operating profit	DNB Bank Group	
Full year 2014	Full year 2015		Full year 2015	Full year 2014
		<i>Amounts in NOK million</i>		
22 358	24 090	Pre-tax operating profit	31 028	25 306
(6 037)	(6 504)	Estimated tax expense - nominal tax rate 27 per cent	(8 378)	(6 833)
(86)	(38)	Tax effect of different tax rates in other countries	(168)	(103)
188	162	Tax effect of debt interest distribution with international branches	162	188
2 038	3 489	Tax effect of tax-exempt income and non-deductible expenses	149	417
		Tax effect of tax losses carried forward not recognised in the balance sheet ¹⁾	32	7
	(489)	Tax effect of changed tax rate from 27 to 25 per cent for deferred taxes recognised in the balance sheet	511	
(3)	(72)	Excess tax provision previous year	(63)	150
(3 900)	(3 452)	Total tax expense	(7 755)	(6 174)
17%	14%	Effective tax rate	25%	24%

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

Note 10 Impairment of loans and guarantees

<i>Amounts in NOK million</i>	DNB Bank ASA			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Write-offs	(738)	(292)	(1 407)	(930)
New/increased individual impairment	(461)	(957)	(2 326)	(2 370)
Total new/increased individual impairment	(1 199)	(1 249)	(3 733)	(3 300)
Reassessed individual impairment previous years	107	126	672	850
Recoveries on loans and guarantees previously written off	191	234	1 715	645
Net individual impairment	(900)	(890)	(1 346)	(1 805)
Change in collective impairment of loans	(306)	8	(292)	80
Impairment of loans and guarantees ¹⁾	(1 206)	(882)	(1 638)	(1 725)

Write-offs covered by individual impairment made in previous years	279	256	2 463	2 319
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1) Of which individual impairment of guarantees	3	(2)	(40)	145
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<i>Amounts in NOK million</i>	DNB Bank Group			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Write-offs	(748)	(275)	(1 446)	(823)
New/increased individual impairment	(672)	(1 105)	(3 288)	(3 078)
Total new/increased individual impairment	(1 420)	(1 380)	(4 735)	(3 901)
Reassessed individual impairment previous years	217	267	978	1 245
Recoveries on loans and guarantees previously written off	200	234	1 742	677
Net individual impairment	(1 002)	(879)	(2 015)	(1 980)
Change in collective impairment of loans	(418)	58	(255)	341
Impairment of loans and guarantees ¹⁾	(1 420)	(821)	(2 270)	(1 639)

Write-offs covered by individual impairment made in previous years	666	792	3 749	2 422
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1) Of which individual impairment of guarantees	0	(1)	(36)	143
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Note 11 Loans to customers

DNB Bank ASA			DNB Bank Group	
31 Dec. 2014	31 Dec. 2015		31 Dec. 2015	31 Dec. 2014
		<i>Amounts in NOK million</i>		
Loans at amortised cost				
684 632	648 296	Loans to customers, nominal amount	1 417 866	1 343 600
(5 620)	(4 639)	Individual impairment	(8 484)	(9 646)
679 011	643 657	Loans to customers, after individual impairment	1 409 382	1 333 954
1 404	1 520	+ Accrued interest and amortisation	2 313	2 509
(470)	(430)	- Individual impairment of accrued interest and amortisation	(656)	(680)
(1 562)	(1 709)	- Collective impairment	(2 524)	(2 139)
678 383	643 036	Loans to customers, at amortised cost	1 408 515	1 333 645
Loans at fair value				
44 783	62 470	Loans to customers, nominal amount	122 098	110 712
129	78	+ Accrued interest	187	273
161	(52)	+ Adjustment to fair value	1 132	2 835
45 073	62 495	Loans to customers, at fair value	123 417	113 820
723 456	705 532	Loans to customers	1 531 932	1 447 465

Note 12 Net impaired loans and guarantees for principal customer groups ¹⁾

DNB Bank ASA			DNB Bank Group	
31 Dec. 2014	31 Dec. 2015		31 Dec. 2015	31 Dec. 2014
		<i>Amounts in NOK million</i>		
1 213	1 121	Private individuals	2 661	3 071
3 276	1 379	Transportation by sea and pipelines and vessel construction	2 045	3 862
1 649	1 137	Real estate	2 289	2 517
697	609	Manufacturing	1 530	776
590	323	Services	359	673
1 172	385	Trade	476	1 265
		Oil and gas		
446	488	Transportation and communication	1 099	495
612	333	Building and construction	470	962
27	314	Power and water supply	317	29
26	5	Seafood	5	26
32	36	Hotels and restaurants	118	103
115	67	Agriculture and forestry	110	144
	7	Central and local government	7	
15	19	Other sectors	34	19
9 869	6 223	Total customers	11 519	13 943
		Credit institutions		
9 869	6 223	Total net impaired loans and guarantees	11 519	13 943
2 240	1 582	Non-performing loans and guarantees not subject to impairment	2 461	3 318
12 109	7 804	Total net non-performing and doubtful loans and guarantees	13 980	17 261

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 13 Fair value of financial instruments at amortised cost

<i>Amounts in NOK million</i>	DNB Bank ASA			
	31 December 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	2 350	2 350	37 956	37 956
Due from credit institutions	127 972	127 972	135 492	135 492
Loans to customers	643 036	636 275	678 383	680 479
Commercial paper and bonds, held to maturity	19 162	18 463	31 927	31 838
Total financial assets	792 520	785 059	883 758	885 765
Due to credit institutions	26 275	26 275	24 753	24 753
Deposits from customers	852 252	852 252	853 358	853 358
Securities issued ¹⁾	161 909	164 603	145 365	149 523
Subordinated loan capital ¹⁾	29 712	29 711	28 058	28 233
Total financial liabilities	1 070 147	1 072 841	1 051 534	1 055 868

<i>Amounts in NOK million</i>	DNB Bank Group			
	31 December 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	5 663	5 663	42 956	42 956
Due from credit institutions	14 602	14 602	15 244	15 244
Loans to customers	1 408 515	1 401 040	1 333 645	1 335 400
Commercial paper and bonds, held to maturity	19 162	18 463	31 927	31 838
Total financial assets	1 447 942	1 439 767	1 423 772	1 425 438
Due to credit institutions	29 735	29 735	27 637	27 637
Deposits from customers	913 086	913 086	901 373	901 373
Securities issued ¹⁾	558 388	562 620	523 957	532 557
Subordinated loan capital ¹⁾	29 712	29 711	28 058	28 233
Total financial liabilities	1 530 921	1 535 153	1 481 025	1 489 801

1) Includes hedged liabilities.

Note 14 Financial instruments at fair value

DNB Bank ASA					
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest ¹⁾	Total
<i>Amounts in NOK million</i>					
Assets as at 31 December 2015					
Deposits with central banks		13 654		1	13 654
Due from credit institutions		502 618		110	502 727
Loans to customers		37 638	24 779	78	62 495
Commercial paper and bonds at fair value	37 906	169 808	566	1 782	210 062
Shareholdings	6 675	1	828		7 504
Financial derivatives	2	212 291	1 504		213 797
Liabilities as at 31 December 2015					
Due to credit institutions		236 013		42	236 055
Deposits from customers		44 119		117	44 236
Debt securities issued		177 996		194	178 190
Subordinated loan capital		1 240		1	1 241
Financial derivatives	0	239 374	1 144		240 518
Other financial liabilities ²⁾	5 247	75		38	5 359

DNB Bank Group					
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest ¹⁾	Total
<i>Amounts in NOK million</i>					
Assets as at 31 December 2015					
Deposits with central banks		13 654		1	13 654
Due from credit institutions		282 842		13	282 855
Loans to customers		37 638	85 591	187	123 417
Commercial paper and bonds at fair value	42 335	162 168	734	1 826	207 063
Shareholdings	7 564	2	1 229		8 794
Financial derivatives	2	201 767	1 504		203 273
Liabilities as at 31 December 2015					
Due to credit institutions		131 506		26	131 532
Deposits from customers		44 119		117	44 236
Debt securities issued		247 714		708	248 422
Subordinated loan capital		1 240		1	1 241
Financial derivatives	0	153 734	1 144		154 878
Other financial liabilities ²⁾	5 247	75		38	5 359

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

2) Short positions, trading activities.

Note 14 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

DNB Bank ASA

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings ¹⁾	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2014	36 825	246	1 335	1 877	1 463
Net gains on financial instruments	(211)	16	48	61	(24)
Additions/purchases	7 312	351	241	520	467
Sales	(2 131)	(340)	(796)		
Settled	(17 017)	0		(981)	(777)
Transferred from level 1 or level 2		818			
Transferred to level 1 or level 2		(462)			
Other		(62)		27	15
Carrying amount as at 31 December 2015	24 779	566	828	1 504	1 144

Financial instruments at fair value, level 3

DNB Bank Group

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings ¹⁾	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2014	105 429	251	1 589	1 877	1 463
Net gains on financial instruments	(896)	(9)	210	61	(24)
Additions/purchases	35 442	532	241	520	467
Sales ²⁾	(20 169)	(344)	(825)		
Settled	(34 215)	0		(981)	(777)
Transferred from level 1 or level 2		818			
Transferred to level 1 or level 2		(462)			
Other		(51)	14	27	15
Carrying amount as at 31 December 2015	85 591	734	1 229	1 504	1 144

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.

2) In November 2015, a portfolio of home mortgages amounting to approximately NOK 20 billion was transferred from DNB Boligkreditt to DNB Livsforsikring.

Note 14 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 December 2015					31 December 2015		
Share- holdings	Commercial paper and bonds	Loans to customers	<i>Amounts in NOK million</i>		Loans to customers	Commercial paper and bonds	Share- holdings
597	746	24 829	Principal amount/purchase price		84 457	914	782
231	(180)	(50)	Fair value adjustment ¹⁾		1 134	(180)	447
828	566	24 779	Total fair value, excluding accrued interest		85 591	734	1 229

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

DNB Bank ASA				Breakdown of shareholdings, level 3			DNB Bank Group			
Total	Other	Private Equity (PE) funds	Unquoted equities	<i>Amounts in NOK million</i>			Other	Total		
828	27	337	464	Carrying amount as at 31 December 2015			865	337	27	1 229

DNB Bank ASA		Sensitivity analysis, level 3			DNB Bank Group	
Effect of reasonably possible alternative assumptions	Carrying amount 31 December 2015	<i>Amounts in NOK million</i>		Carrying amount 31 December 2015	Effect of reasonably possible alternative assumptions	
(28)	24 779	Loans to customers		85 591	(173)	
(3)	566	Commercial paper and bonds		734	(3)	
	828	Shareholdings		1 229		
	360	Financial derivatives, net		360		

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

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

Note 15 Commercial paper and bonds, held to maturity

DNB Bank ASA			DNB Bank Group	
31 Dec. 2014	31 Dec. 2015		31 Dec. 2015	31 Dec. 2014
<i>Amounts in NOK million</i>				
31 927	19 162	International bond portfolio	19 162	31 927
		Other units		
31 927	19 162	Commercial paper and bonds, held to maturity	19 162	31 927

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

As of 1 January 2014, the fair value of the portfolio is determined based on broker quotes. If fair value had been used to determine the value of the portfolio in the fourth quarter of 2015, there would have been a NOK 4 million reduction in profits.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 December 2015 was NOK 0.7 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 14.7 billion at end-December 2015. The average term to maturity of the portfolio was 5.5 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 8,3 million at end-December 2015.

Effects on profits of the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Recorded amortisation effect	9	27	95	106
Net gain, if valued at fair value	5	342	(170)	189
Effects of reclassification on profits	4	(315)	265	(83)

Effects on the balance sheet of the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group	
	31 Dec. 2015	31 Dec. 2014
Recorded unrealised losses	402	497
Unrealised losses, if valued at fair value	1 113	943
Effects of reclassification on the balance sheet	711	446

Development in the portfolio after the reclassification

<i>Amounts in NOK million</i>	DNB Bank Group	
	31 Dec. 2015	31 Dec. 2014
Reclassified portfolio, carrying amount	14 686	17 558
Reclassified portfolio, if valued at fair value	13 975	17 112
Effects of reclassification on the balance sheet	711	446

Note 15 Commercial paper and bonds, held to maturity (continued)

International bond portfolio

According to liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds, these investments are carried at fair value. As at 31 December 2015 the international bond portfolio represented NOK 146 billion. 54.2 per cent of the securities in the portfolio had an AAA rating, while 38.2 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 Dec. 2015	NOK million 31 Dec. 2015
Residential mortgages	13.81	20 230
Corporate loans	0.00	6
Government related	45.86	67 178
Covered bonds	40.33	59 078
Total international bond portfolio, nominal values	100.00	146 491
Accrued interest, amortisation effects and fair value adjustments		(404)
Total international bond portfolio		146 088
Total international bond portfolio, held to maturity		19 162
Of which reclassified portfolio		14 686

The average term to maturity of the international bond portfolio is 2.9 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 32 million at end-December 2015.

Note 16 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 199 million were made in 2015. The remaining impairment loss was NOK 144 million at year-end 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.

In November 2015, Visa Inc. announced the agreement to acquire all shares in Visa Europe Ltd. DNB has indirect ownership interests in Visa Europe through its membership in Visa Norway, which are accounted for by the equity method. As a result of the agreement, the estimated value of the Group's investment increased by NOK 0.9 billion, which was recognised in other comprehensive income. On the realisation date, which will depend on approval by the competition authorities in a number of countries, the realised gain will be recorded in the income statement on the line "Profit from investments accounted for by the equity method".

Note 17 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 Dec. 2015	31 Dec. 2014
Commercial paper issued, nominal amount	159 988	206 715
Bond debt, nominal amount	167 978	146 308
Adjustments	12 133	13 182
Total debt securities issued	340 099	366 205

Changes in debt securities issued

<i>Amounts in NOK million</i>	DNB Bank ASA					
	Balance sheet 31 Dec. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Commercial paper issued, nominal amount	159 988	3 057 350	3 092 740	(11 338)		206 715
Bond debt, nominal amount	167 978	14 815	9 040	15 896		146 308
Adjustments	12 133				(1 049)	13 182
Total debt securities issued	340 099	3 072 165	3 101 780	4 558	(1 049)	366 205

Changes in subordinated loan capital and perpetual subordinated loan capital securities

<i>Amounts in NOK million</i>	DNB Bank ASA					
	Balance sheet 31 Dec. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Term subordinated loan capital, nominal amount	19 838	3 805	4 604	1 314		19 322
Perpetual subordinated loan capital, nominal amount	5 702			909		4 792
Perpetual subordinated loan capital securities, nominal amount	4 561			533		4 028
Adjustments	853				(323)	1 176
Total subordinated loan capital and perpetual subordinated loan capital securities	30 953	3 805	4 604	2 756	(323)	29 319

Note 17 Debt securities issued and subordinated loan capital (continued)

Debt securities issued	DNB Bank Group	
	31 Dec. 2015	31 Dec. 2014
<i>Amounts in NOK million</i>		
Commercial paper issued, nominal amount	159 988	206 715
Bond debt, nominal amount ¹⁾	608 004	562 483
Adjustments	38 819	44 711
Total debt securities issued	806 810	813 909

Changes in debt securities issued	DNB Bank Group					
	Balance sheet 31 Dec. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	159 988	3 057 350	3 092 739	(11 338)		206 715
Bond debt, nominal amount ¹⁾	608 004	85 100	53 118	13 539		562 483
Adjustments	38 819				(5 892)	44 711
Total debt securities issued	806 810	3 142 451	3 145 857	2 201	(5 892)	813 909

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DNB Bank Group					
	Balance sheet 31 Dec. 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	19 838	3 805	4 604	1 314		19 322
Perpetual subordinated loan capital, nominal amount	5 702			909		4 792
Perpetual subordinated loan capital securities, nominal amount	4 561			533		4 028
Adjustments	853				(323)	1 176
Total subordinated loan capital and perpetual subordinated loan capital securities	30 953	3 805	4 604	2 756	(323)	29 319

1) Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 446.4 billion as at 31 December 2015. The cover pool market value represented NOK 561.5 billion.

Note 18 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 fourth quarter 2015 totaled NOK 126 million, accumulated for 2015 totaled NOK 374 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 19 Information on related parties

Eksportfinans ASA

DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans 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 2.2 billion at end-December 2015.

DNB Boligkreditt AS

At end December 2015, portfolios representing NOK 23.2 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 management fee paid by DNB Boligkreditt AS to the bank for the fourth quarter of 2015 totalled NOK 0.6 billion. At end-December 2015 the bank had invested NOK 8.0 billion in covered bonds issued by Boligkreditt.

DNB Næringskreditt AS

At end-December 2015, loans with a total value of NOK 26.7 billion had been transferred from the bank to Næringskreditt. The management fee paid to the bank and Boligkreditt for the fourth quarter of 2015 totalled NOK 23.7 million. At end-December the bank had invested NOK 0.5 billion in covered bonds issued by DNB Næringskreditt.

DNB Livsforsikring AS

DNB Livsforsikring's holding of Boligkreditt bonds was valued at NOK 1.8 billion at end-December 2015.

In November 2015, a portfolio of residential mortgages amounting to approximately NOK 20 billion was sold from DNB Boligkreditt AS to DNB Livsforsikring AS. Personal Banking Norway will continue to manage the portfolio on behalf of DNB Livsforsikring AS.

DNB Singapore Branch and DNB Asia Ltd.

At end-December 2015, existing loans with a total value of USD 2.4 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-December 2015, existing loans with a total value of USD 7.4 billion had been transferred to DNB Capital LLC according to the existing agreement between the entities.

DNB London Branch and DNB (UK) Ltd.

During the second quarter of 2015, an agreement was entered into between DNB London Branch and DNB (UK) Ltd., formerly known as Den Norske Syndicates Ltd., which implies that DNB (UK) Ltd. will take over the right to extend loans to the branch's new and existing customers. Existing loans will be transferred to DNB (UK) Ltd. to the extent deemed feasible and rational. At end-December 2015, existing loans with a total value of GBP 3.4 billion had been transferred to DNB (UK) Ltd. Remaining loans in DNB London Branch amounted to GBP 0.1 billion. In connection with the agreement the share capital of DNB (UK) Ltd. was increased by GBP 1 154 million.

DNB Sweden Branch and DNB Sweden AB

On 21 September 2015, an agreement was entered into between DNB Sweden Branch and DNB Sweden AB, which implies that DNB Sweden AB will take over the right to extend loans to the branch's new and existing customers. Existing loans will be transferred to DNB Sweden AB to the extent deemed feasible and rational. In connection with the agreement the share capital of DNB Sweden AB was increased from SEK 50 000 to SEK 100 million. The equity capital was increased by an additional SEK 7.2 billion on 9 October 2015 and by SEK 7.2 billion on 9 November, giving a total paid-in capital of SEK 14.5 billion.

DNB Invest Denmark A/S

In the third quarter of 2015, DNB Invest Denmark A/S extended two subordinated loans of NOK 2.5 billion and NOK 3 billion, respectively, to DNB Livsforsikring AS. The loan of NOK 2.5 billion is perpetual, but can be repaid on agreed dates, the first being ten years after the contract date. The loan of NOK 3 billion has a term of ten years, but can be repaid after five years. The contracts have been entered into on market terms.

Note 20 Off-balance sheet transactions and contingencies

DNB Bank ASA		Off-balance sheet transactions and additional information	DNB Bank Group	
31 Dec. 2014	31 Dec. 2015		31 Dec. 2015	31 Dec. 2014
<i>Amounts in NOK million</i>				
45 402	32 568	Performance guarantees	33 712	46 603
28 488	36 375	Payment guarantees	37 544	29 930
17 497	16 715	Loan guarantees ¹⁾	16 629	17 417
6 667	7 253	Guarantees for taxes etc.	7 271	6 684
1 875	2 780	Other guarantee commitments	3 258	2 384
99 929	95 692	Total guarantee commitments	98 414	103 017
		Support agreements	11 827	13 202
99 929	95 692	Total guarantee commitments etc. ^{*)}	110 241	116 220
995 350	963 486	Unutilised credit lines and loan offers	600 523	606 912
4 212	4 576	Documentary credit commitments	4 790	4 432
		Other commitments	51	90
999 562	968 062	Total commitments	605 364	611 434
1 099 491	1 063 754	Total guarantee and off-balance commitments	715 605	727 654
20 907	17 828	Pledged securities		393
		<i>*) Of which counter-guaranteed by financial institutions</i>	311	299

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 2.2 billion were recorded in the balance sheet as at 31 December 2015. These loans are not included under guarantees in the table.

Contingencies

Due to its extensive operations in Norway and abroad, the DNB banking 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 banking group's financial position.

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

The action against seven Norwegian municipalities for the settlement of interest rate swaps on commercial terms was settled in the second quarter of 2015, resulting in a reduction in the bank's pre-tax operating profit of NOK 159 million.

A civil action was 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). In the third quarter of 2015 the case was settled. Minc's share of the settlement was USD 250 000.

Key figures

	DNB Bank Group			
	4th quarter 2015	4th quarter 2014	Full year 2015	Full year 2014
Interest rate analysis				
1. Combined weighted total average spread for lending and deposits (%) ¹⁾	1.21	1.26	1.23	1.23
2. Average spread for ordinary lending to customers (%) ¹⁾	2.07	2.30	2.15	2.31
3. Average spread for deposits from customers (%)	0.10	(0.15)	0.01	(0.22)
Rate of return/profitability				
4. Net other operating income, per cent of total income	30.4	22.7	32.2	30.2
5. Cost/income ratio (%)	26.4	43.2	36.6	42.4
6. Return on equity, annualised (%)	15.6	12.6	15.1	14.5
Financial strength at end of period				
7. Common equity Tier 1 capital ratio, transitional rules (%)	14.3	12.5	14.3	12.5
8. Tier 1 capital ratio, transitional rules (%)	15.3	12.9	15.3	12.9
9. Capital ratio, transitional rules (%)	17.9	15.2	17.9	15.2
10. Common equity Tier 1 capital (NOK million)	150 948	129 915	150 948	129 915
11. Risk-weighted volume, transitional rules (NOK million)	1 056 731	1 038 396	1 056 731	1 038 396
Loan portfolio and impairment				
12. Individual impairment relative to average net loans to customers, annualised (%)	(0.26)	(0.25)	(0.13)	(0.14)
13. Impairment relative to average net loans to customers, annualised (%)	(0.37)	(0.23)	(0.15)	(0.12)
14. Net non-performing and net doubtful loans and guarantees, per cent of net loans	0.76	0.96	0.76	0.96
15. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	13 980	17 261	13 980	17 261
Liquidity				
16. Ratio of customer deposits to net loans to customers at end of period (%)	62.5	65.7	62.5	65.7
Staff				
17. Number of full-time positions at end of period	10 608	10 854	10 608	10 854

1) Margin calculations for finance leases were adjusted in the third quarter of 2015. Figures for previous periods have been restated accordingly.

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>	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015	4th quarter 2014
Total interest income	9 140	9 482	9 715	9 948	10 489
Total interest expenses	(2 935)	(3 379)	(3 676)	(4 082)	(4 568)
Net interest income	6 205	6 104	6 039	5 867	5 921
Commission and fee income etc.	1 554	1 560	1 601	1 506	1 618
Commission and fee expenses etc.	(709)	(699)	(657)	(611)	(587)
Net gains on financial instruments at fair value	1 428	318	885	1 333	297
Other income	5 651	1 200	1 407	1 528	3 147
Net other operating income	7 924	2 379	3 235	3 756	4 475
Total income	14 129	8 483	9 274	9 623	10 396
Salaries and other personnel expenses	(513)	(2 256)	(2 287)	(2 189)	(1 977)
Other expenses	(1 557)	(1 551)	(1 787)	(1 696)	(1 550)
Depreciation and impairment of fixed and intangible assets	(574)	(484)	(496)	(481)	(591)
Total operating expenses	(2 644)	(4 291)	(4 570)	(4 366)	(4 119)
Pre-tax operating profit before impairment	11 485	4 192	4 704	5 257	6 277
Net gains on fixed and intangible assets	44	1	42	5	41
Impairment of loans and guarantees	(1 206)	717	(609)	(540)	(882)
Pre-tax operating profit	10 323	4 909	4 136	4 722	5 437
Tax expense	144	(1 316)	(1 038)	(1 242)	520
Profit for the period	10 467	3 593	3 099	3 480	5 956
Portion attributable to shareholders	10 341	3 468	2 989	3 466	5 956
Portion attributable to additional Tier 1 capital holders	126	125	110	14	
Profit for the period	10 467	3 593	3 099	3 480	5 956

Comprehensive income statement

	DNB Bank ASA				
<i>Amounts in NOK million</i>	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015	4th quarter 2014
Profit for the period	10 467	3 593	3 099	3 480	5 956
Actuarial gains and losses, net of tax	21	(198)	792		(879)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	21	(198)	792		(879)
Currency translation of foreign operations	27	67	(49)	193	413
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	27	67	(49)	193	413
Other comprehensive income for the period	48	(130)	742	193	(466)
Comprehensive income for the period	10 515	3 463	3 841	3 673	5 490

Profit and balance sheet trends (continued)

Balance sheet

	DNB Bank ASA				
<i>Amounts in NOK million</i>	31 Dec. 2015	30 Sept. 2015	30 June 2015	31 March 2015	31 Dec. 2014
Assets					
Cash and deposits with central banks	16 004	184 126	156 466	301 827	53 505
Due from credit institutions	630 700	535 296	545 493	456 663	608 036
Loans to customers	705 532	714 615	709 598	742 848	723 456
Commercial paper and bonds at fair value	210 062	239 774	225 312	231 221	211 746
Shareholdings	7 504	6 224	7 606	7 805	9 205
Financial derivatives	213 797	230 504	192 972	253 757	248 768
Commercial paper and bonds, held to maturity	19 162	23 070	24 841	27 580	31 927
Investments in associated companies	975	975	974	974	975
Investments in subsidiaries	120 473	104 202	99 482	81 531	79 266
Intangible assets	3 675	3 698	3 702	3 730	3 794
Deferred tax assets	6 320	2 746	2 766	3 039	2 995
Fixed assets	7 480	7 349	7 256	7 290	7 390
Other assets	23 735	14 219	19 774	22 293	16 581
Total assets	1 965 419	2 066 799	1 996 242	2 140 559	1 997 646
Liabilities and equity					
Due to credit institutions	262 330	323 538	307 668	332 593	268 531
Deposits from customers	896 488	921 220	922 655	918 325	903 033
Financial derivatives	240 518	253 533	220 322	279 357	274 846
Debt securities issued	340 099	366 153	336 773	401 421	366 205
Payable taxes	703	3 926	2 439	1 557	537
Deferred taxes	12	12	11	11	25
Other liabilities	39 438	16 155	29 211	31 988	21 104
Provisions	1 101	1 055	1 052	1 005	1 003
Pension commitments	2 246	4 547	4 256	5 344	5 322
Subordinated loan capital	30 953	30 617	28 578	29 542	29 319
Total liabilities	1 813 886	1 920 755	1 852 965	2 001 143	1 869 926
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	8 353	8 251	8 153	8 068	
Other equity	104 970	99 583	96 915	93 139	89 511
Total equity	151 533	146 044	143 278	139 416	127 720
Total liabilities and equity	1 965 419	2 066 799	1 996 242	2 140 559	1 997 646

Profit and balance sheet trends (continued)

Income statement

	DNB Bank Group				
<i>Amounts in NOK million</i>	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015	4th quarter 2014
Total interest income	14 038	14 408	14 473	14 874	15 590
Total interest expenses	(4 888)	(5 390)	(5 718)	(6 262)	(6 859)
Net interest income	9 150	9 018	8 755	8 611	8 730
Commission and fee income etc.	2 092	2 086	2 425	2 090	2 113
Commission and fee expenses etc.	(729)	(719)	(674)	(615)	(612)
Net gains on financial instruments at fair value	2 161	1 956	1 167	3 421	294
Profit from investments accounted for by the equity method	(28)	(1)	(74)	30	44
Net gains on investment property	122	143	2	2	89
Other income	371	428	615	637	634
Net other operating income	3 989	3 892	3 462	5 566	2 562
Total income	13 139	12 910	12 217	14 178	11 292
Salaries and other personnel expenses	(1 005)	(2 719)	(2 767)	(2 649)	(2 433)
Other expenses	(1 893)	(1 868)	(2 089)	(2 041)	(1 901)
Depreciation and impairment of fixed and intangible assets	(567)	(550)	(489)	(553)	(542)
Total operating expenses	(3 464)	(5 137)	(5 346)	(5 243)	(4 876)
Pre-tax operating profit before impairment	9 675	7 773	6 871	8 934	6 416
Net gains on fixed and intangible assets	(9)	(3)	45	12	42
Impairment of loans and guarantees	(1 420)	392	(667)	(575)	(821)
Pre-tax operating profit	8 245	8 162	6 249	8 371	5 636
Tax expense	(1 851)	(2 164)	(1 573)	(2 168)	(1 230)
Profit from operations held for sale, after taxes	28	(14)	(17)	(47)	16
Profit for the period	6 422	5 984	4 660	6 156	4 423
Portion attributable to shareholders	6 297	5 859	4 550	6 142	4 423
Portion attributable to additional Tier 1 capital holders	126	125	110	14	
Profit for the period	6 422	5 984	4 660	6 156	4 423

Comprehensive income statement

	DNB Bank Group				
<i>Amounts in NOK million</i>	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015	4th quarter 2014
Profit for the period	6 422	5 984	4 660	6 156	4 423
Actuarial gains and losses, net of tax	15	(198)	775	(1)	(944)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	15	(198)	775	(1)	(944)
Currency translation of foreign operations	2 371	5 328	(695)	2 614	6 314
Hedging of net investment, net of tax	(1 578)	(3 411)	402	(1 616)	(3 926)
Other comprehensive income investments according to the equity method ¹⁾	889				
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	1 682	1 917	(293)	998	2 388
Other comprehensive income for the period	1 697	1 719	482	997	1 444
Comprehensive income for the period	8 120	7 703	5 142	7 153	5 867

1) DNB has indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 December 2015 a gain of NOK 889 million was recognised in other comprehensive income. On the realisation date, the increase in value of other comprehensive income will be recorded in profit and loss as "Profit from investments accounted for by the equity method". Cf. note 16.

Profit and balance sheet trends (continued)

Balance sheet

	DNB Bank Group				
<i>Amounts in NOK million</i>	31 Dec. 2015	30 Sept. 2015	30 June 2015	31 March 2015	31 Dec. 2014
Assets					
Cash and deposits with central banks	19 317	186 874	158 812	304 558	58 505
Due from credit institutions	297 457	236 743	245 777	200 610	355 577
Loans to customers	1 531 932	1 544 508	1 499 221	1 483 856	1 447 465
Commercial paper and bonds at fair value	207 063	210 519	196 090	200 746	187 765
Shareholdings	8 794	6 719	8 093	8 310	9 709
Financial derivatives	203 273	218 084	181 910	240 844	236 389
Commercial paper and bonds, held to maturity	19 162	23 070	24 841	27 580	31 927
Investment property	2 333	5 166	4 863	4 539	4 743
Investments accounted for by the equity method	4 091	3 231	3 241	3 314	3 275
Intangible assets	4 176	4 205	4 191	4 224	4 315
Deferred tax assets	1 138	1 302	1 214	1 382	1 197
Fixed assets	8 059	7 936	7 845	7 919	8 128
Assets held for sale	200	193	574	678	692
Other assets	8 608	15 513	20 872	18 286	12 301
Total assets	2 315 603	2 464 063	2 357 544	2 506 845	2 361 990
Liabilities and equity					
Due to credit institutions	161 267	253 334	228 803	263 197	214 211
Deposits from customers	957 322	980 075	978 767	972 365	951 049
Financial derivatives	154 878	169 760	141 552	191 363	186 230
Debt securities issued	806 810	832 184	777 057	855 316	813 909
Payable taxes	2 493	4 236	3 853	3 241	1 920
Deferred taxes	6 461	4 750	4 816	4 710	4 537
Other liabilities	18 409	17 969	30 958	23 970	12 840
Liabilities held for sale	71	55	76	127	100
Provisions	1 225	1 154	1 141	1 100	1 133
Pension commitments	2 301	4 640	4 343	5 428	5 434
Subordinated loan capital	30 953	30 617	28 578	29 542	29 319
Total liabilities	2 142 191	2 298 774	2 199 943	2 350 360	2 220 681
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	8 353	8 251	8 153	8 068	
Other equity	126 133	118 111	110 523	109 492	102 383
Total equity	173 412	165 289	157 602	156 485	141 309
Total liabilities and equity	2 315 603	2 464 063	2 357 544	2 506 845	2 361 990

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Financial calendar

Fourth quarter and preliminary results 2015	4 February 2016
First quarter 2016	28 April 2016
Second quarter 2016	12 July 2016
Third quarter 2016	27 October 2016

Other sources of information

Annual and quarterly reports

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

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

DNB

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