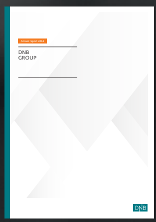
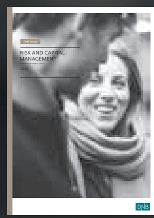
Annual report 2014

DNB GROUP

Topics described in the various DNB reports for 2014

TOPIC	ANNUAL REPORT 	CSR REPORT 	RISK AND CAPITAL MANAGEMENT 
Capital management and capital adequacy	Directors' report Note 4 to the accounts		Capital management and ICAAP Capital adequacy
Climate and the environment	Corporate social responsibility	Climate-smart office operations Responsible investment Responsible credit Responsible supplier management	
Credit and credit risk	Directors' report Note 5 to the accounts	Responsible credit	Credit risk
Customer privacy, including IT security	Customer segments Directors' report	Customer privacy and information security	Operational risk
Customers and market shares	DNB in brief Group chief executive's statement Governance and organisation	About the DNB Group	
Employees, managers and remunerations	Employees Directors' report Note 51 to the accounts	Employees	Information about DNB's remuneration scheme
Ethics, including anti-corruption and anti-money laundering	Corporate social responsibility Employees Directors' report	Ethics and anti-corruption Anti-money laundering	Operational risk
Governance and organisation	Legal structure Presentation of the Board of Directors and group management Corporate governance DNB's governance model Customer segments Governing bodies	About the DNB Group About the corporate social responsibility report	Legal structure and consolidation rules Risk management and control in DNB
Key figures	DNB in brief Key figures	Key figures	
Macroeconomic development trends	Group chief executive's statement Directors' report	Global development trends	Major developments Fundamentals of the Norwegian economy
Operational risk / quality	Directors' report Note 5 to the accounts	Climate-smart office operations Responsible investment Responsible credit Responsible supplier management	Operational risk
Regulations and guidelines	Corporate governance Directors' report Accounting principles	Support to global initiatives	Risk management and control in DNB Capital management and ICAAP
Regulatory framework	New regulatory framework Directors' report	Anti-money laundering Country-by-country reporting	Business risk, New regulatory framework, Capital management and ICAAP, DNB Livsforsikring, DNB Skadeforsikring
Risk management	Corporate governance Directors' report Notes 5-18 to the accounts	Responsible investment Responsible credit Responsible supplier management	Risk management and control in DNB, Liquidity risk and asset and liability management, Credit risk, Market risk, Operational risk, Business risk, DNB Livsforsikring, DNB Skadeforsikring
Role in society	DNB in brief Corporate social responsibility Directors' report	Trust and role in society	
Strategy and targets	DNB in brief Customer segments Directors' report	Trust and role in society Products and services Sustainable operations and employees Prioritisation of corporate social responsibility issues Group chief executive's statement	Capital management and ICAAP
Summary of the year and future prospects	Important events Group chief executive's statement Directors' report	Trust and role in society Products and services Sustainable operations and employees	The CRO's summary of the year Major developments Important events in 2014
Taxes	Directors' report Note 29 to the accounts	Country-by-country reporting Key figures	

See dnb.no/investor-relations for more information.

CONTENTS

IMPORTANT EVENTS

Q1

1ST QUARTER

- DNB's equity funds DNB Global (II) and DNB Obligasjon (I) were named best equity funds by Morningstar in their respective categories for 2013.
- On 1 January, the Ministry of Finance raised the maximum contribution rates for defined-contribution occupational pensions to 7 per cent for salaries up to 7.1G (the National Insurance basic amount) and 25.1 per cent for salaries between 7.1G and 12G.

Q2

2ND QUARTER

- At end-June 2014, DNB had completed the relocation of all office functions in Oslo, Bergen and Trondheim, respectively.
- DNB's Supervisory Board elected Jaan Ivar Semlitsch as a new shareholder-elected member of the Board of Directors of DNB ASA, replacing Bente Brevik.
- Along with Nordea Bank Norge and Kommunalbanken, DNB was defined as a systemically important financial institution, SIFI, and thus became subject to a separate 2 per cent capital buffer requirement as of 1 July 2015.
- Finanstilsynet (the Financial Supervisory Authority of Norway) stipulated rules for how life insurance companies should finance increasing pension payments to reflect higher life expectancy. Reserves must be strengthened over a period of seven years, and the shareholder contribution must be minimum 20 per cent of the required increase in reserves. The rules entered into force on 1 January 2015.

Q3

3RD QUARTER

- DNB once again qualified for inclusion in the Dow Jones Sustainability Index, DJSI, as the only Nordic bank. The index measures financial, environmental and social performance.
- The sale of the shareholding in Nets was completed in July.
- The sale of the subsidiary JSC DNB Bank in Russia was completed in July.
- On 19 September, DNB arranged a 24-hour TV advertising campaign to convey the message that customers can call DNB's 24/7 customer service if they need advice and tips from the bank. The campaign attracted a lot of attention.
- Finanstilsynet announced a further tightening of risk weights for home mortgages for banks using internal models, so-called IRB models. Finanstilsynet requires the changes to be reflected in capital adequacy reporting no later than in the first quarter of 2015.
- The Ministry of Finance approved amendments to a number of regulations on capital adequacy requirements etc. Among other things, it was stipulated that risk-weighted volume for IRB banks cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. This means that the Basel I floor also applies to the buffer requirements. Most of the changes in regulations entered into force during the third quarter.

Q4

4TH QUARTER

- DNB launched new long-term financial ambitions for the Group on its Capital Markets Day in London.
- DNB passed the EU's stress test for banks. The purpose of the stress test is to identify the vulnerabilities of the banking sector to hypothetical negative development trends. As many as 25 of 150 banks did not pass the test. DNB was among the banks that did well.
- DNB launched, together with Telenor and the SpareBank 1 Alliance, Valyou, a contactless mobile phone payment solution. The company Valyou is owned by DNB (42.5 per cent), Telenor (42.5 per cent) and the SpareBank 1 Alliance (15 per cent).
- DNB Markets came second in TSN SIFO Prospera's ranking, where Norwegian institutional investors expressed their opinions on factors such as corporate analyses, equity brokerage, prices and settlement.
- The Scheel Commmittee presented a proposal for a new tax reform, which will affect both the financial services industry and DNB's customers.
- In December, Norges Bank (the central bank of Norway) lowered its key policy rate by 0.25 per cent. The previous rate cut was made in March 2012.
- The Ministry of Finance circulated for public comment draft regulations for the introduction of Solvency II for Norwegian insurance companies. Among other things, a 16-year phase-in period for technical insurance provisions based on Solvency II methodology was proposed. The deadline for response is 20 March 2015.

NORWAY'S LEADING FINANCIAL SERVICES GROUP

DNB is Norway's largest financial services group, with total combined assets of NOK 2 936 billion as at 31 December 2014.

The Group offers a full range of financial services, including loans, savings and investment, payment transfers, advisory services, real estate broking, insurance and pension products for personal and corporate customers.

DNB is among the world's leading banks within its international priority areas, especially the energy, shipping and seafood sectors. The bank is represented in 19 countries and in 2 700 locations throughout Norway through its branch offices, post offices and in-store postal and banking outlets.

The company's largest shareholder is the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, which owns 34 per cent of the shares. The second largest shareholder is the DNB Savings Bank Foundation, which has a 9.5 per cent shareholding.

VISION AND VALUES

DNB's vision

Creating value through the art of serving the customer

DNB will create value for customers, owners, employees and society in general.

DNB's values

Helpful, professional and show initiative

The values reflect what should characterise DNB. Employees who are helpful, profes-sional and show initiative will ensure that customers always have a good experience when they contact DNB.

DNB's customer value proposition

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

DNB's vision, values and customer value proposition are about putting the customers in focus. By having satisfied customers whose needs for financial services are well met, DNB aims to be the leading bank throughout Norway and a leading international player within selected customer segments, products and geographic areas.

As Norway's largest financial services group, DNB plays an important role in society. By offering financial services, the Group contributes to developing local businesses and creating jobs all over Norway. DNB also plays a leading role in the area of corporate social responsibility and is an important partner for sporting and cultural organisations.

STRATEGY AND TARGETS

DNB's strategic platform consists of the Group's vision, values and a shared customer value proposition.

The platform shows what should characterise the Group and sets a common direction in the form of:

- Strategic priorities that ensure the best possible risk-adjusted return on allocated capital
- Closer customer relationships and increased customer profitability by moving from "my customer" to "our customer"
- Greater flexibility and adaptability

DNB gives priority to long-term value creation for its shareholders and aims to achieve a return on equity, a rate of growth and a market capitalisation which are competitive in relation to its Nordic peers.

DNB's strong position in Norway and the healthy Norwegian economy give the Group a sound basis for growth. Changes in customer behaviour and in the regulatory framework call for a high level of adaptability and will be of significance to DNB's strategy. Due to stricter Tier 1 capital requirements, optimal use must be made of available capital resources. Capital efficiency measures will be required to improve the Group's capital adequacy ratios and provide scope for profitable growth.

Financial ambitions

DNB's long-term financial target is to achieve:
a return on equity above 12 per cent as from 2016

This is conditional on adequate capitalisation, and DNB's ambition is to have:
a common equity Tier 1 capital ratio of minimum 14 per cent
The capital adequacy level shall be reached no later than at year-end 2016.

The Group's long-term dividend policy is to have:
a payout ratio of more than 50 per cent of annual profits
Until the Group has achieved its capital adequacy targets, the need to strengthen capital adequacy will determine the dividend payout ratio. The Group aims to gradually increase the payout ratio up until the payment of dividends for 2016.

FINANCIAL AMBITIONS 2016 AND 2017

Return on equity

>12%

Min. 14%

CET1 ratio[1)]

as capital level

>50%

dividend

when capital level is reached

1) Based on transitional rules

Areas in which DNB must succeed during the strategy period

CAPITAL

DNB shall

- Meet the capital adequacy requirement of minimum 14 per cent no later than at year-end 2016
- Deliver a return on equity above 12 per cent as from 2016
- Remain among the most cost-effective banks
- Ensure efficient use of scarce resources

DNB's ambition is to achieve continued growth and competitive returns parallel to strengthening its Tier 1 capital ratio. This requires clear priorities. DNB will give priority to growth within the areas which ensure the best risk-adjusted return, with special emphasis on non-capital intensive products and services.

CUSTOMERS

DNB shall

- Improve its corporate reputation and ensure better customer experiences
- Cover a broader range of customer needs
- Increase the degree of self-service
- Meet customers with a common brand image

DNB wishes to ensure that customers have a good experience every time they are in contact with the bank. Innovation and continuous development and good access to the Group's services are key elements in this respect. DNB will show initiative, build trust and make sure that the size of the Group is advantageous for its customers. This is underlined by DNB's customer value proposition: "Here for you. Every day. When it matters the most." Good customer experiences, along with local competitive power and in-depth industry knowledge, will consolidate and strengthen DNB's position among customers.

CULTURE

DNB shall

- Become the best among Nordic banks in terms of leadership communication and employee engagement
- Ensure adaptability and change capacity
- Cultivate an improvement culture

DNB's corporate culture should be characterised by change capacity, engagement, good leadership and effective communication. Close cooperation between the various group units will ensure that customers get access to the Group's full range of products and services. DNB's operational structure reflects the Group's customer segments and aims to ensure efficient adaption to changes in customer behaviour and the development of products and services tailored to the needs of the various customer segments.

DNB's customer segments

DNB's customer-focused activities are divided into three 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. Read more about DNB's customer segments on pages 54-65.

PERSONAL CUSTOMERS

This segment includes all activities and products for the Group's 2.1 million personal customers in Norway.

SMALL AND MEDIUM-SIZED ENTERPRISES

This segment includes the Group's total sales of products and services to small and medium-sized enterprises.

LARGE CORPORATES AND INTERNATIONAL CUSTOMERS

This segment includes the Group's total sales of products to large corporate customers in Norway and in international units, as well as all operations in the Baltics, including personal and small business customers.

FINANCIAL HIGHLIGHTS

KEY FIGURES

	2014	2013	2012	2011	2010
Return on equity (per cent)	13.8	13.1	11.7	11.4	13.6
Earnings per share (NOK)	12.67	10.75	8.48	7.98	8.66
Combined weighted total average spread for lending and deposits (per cent)	1.26	1.27	1.18	1.12	1.15
Cost/income ratio (per cent)	41.9	45.7	49.1	47.1	47.6
Impairment relative to average net loans to customers	0.12	0.17	0.24	0.28	0.26
Share price at year-end (NOK)	110.70	108.50	70.40	58.55	81.90
Price/book value	1.14	1.25	0.90	0.81	1.20
Customer satisfaction index, CSI (score)	71.1	72.5	74.2	74.6	72.8

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

See more **key figures** on page 210.

Return on equity in per cent

13.8 (13.1)

Number of full-time positions at year-end

11 643 (12 016)

Ratio of deposits to net loans in per cent

65.4 (64.7)

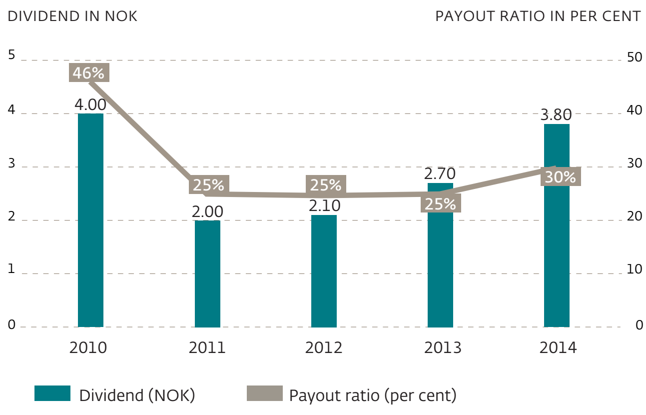
(The figures in parentheses refer to 2013)

Dividend per share in NOK [1)]

3.80 (2.70)

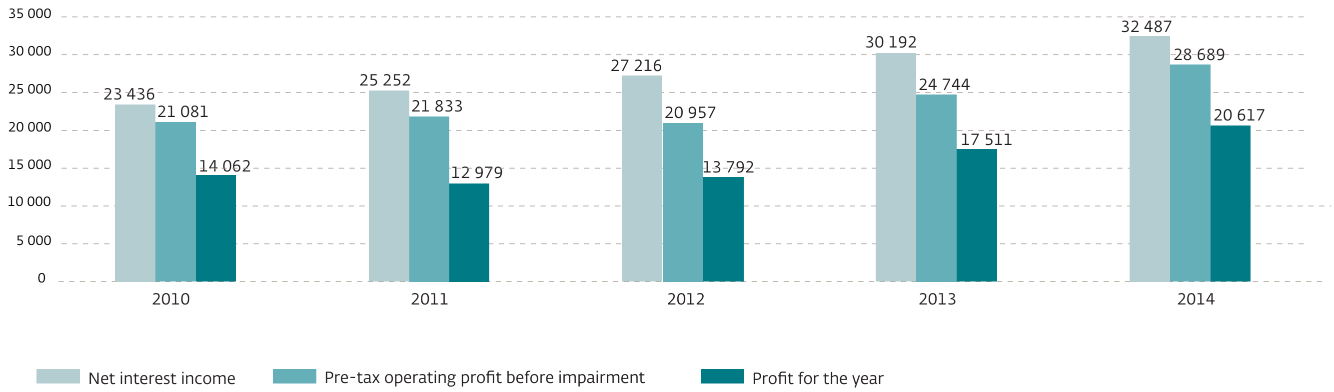
1) Proposed dividend for 2014.

SHARE DIVIDEND AND PAYOUT RATIO



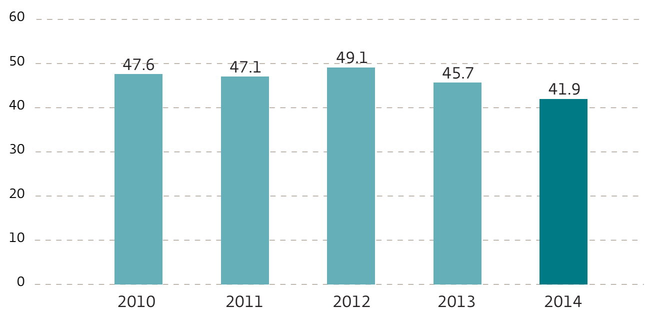
PROFIT PERFORMANCE

NOK MILLION



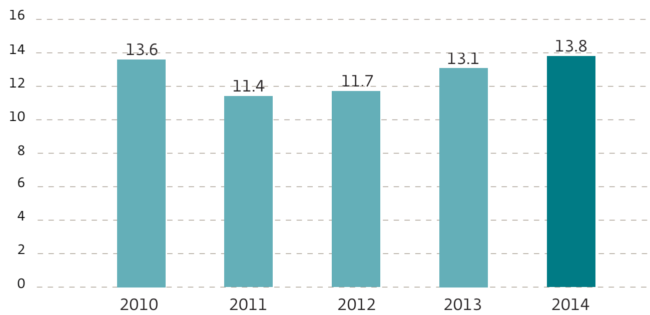
COST INCOME/RATIO

PER CENT



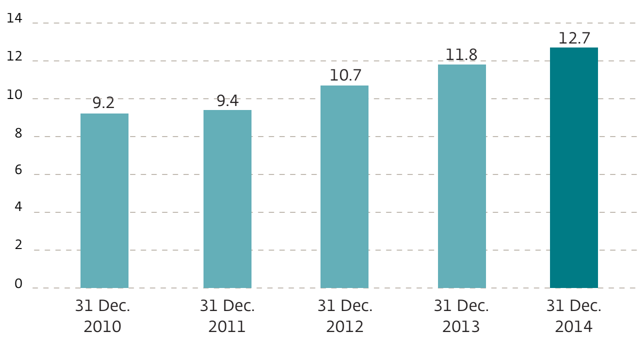
RETURN ON EQUITY

PER CENT



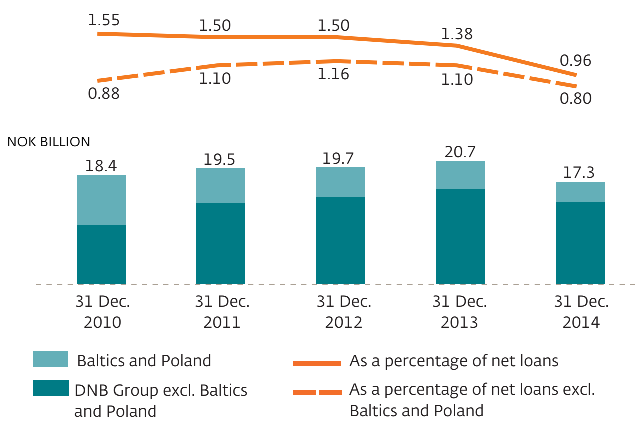
COMMON EQUITY TIER 1 CAPITAL RATIO, TRANSITIONAL RULES

PER CENT



NET NON-PERFORMING AND NET DOUBTFUL LOANS AND GUARANTEES [1)]

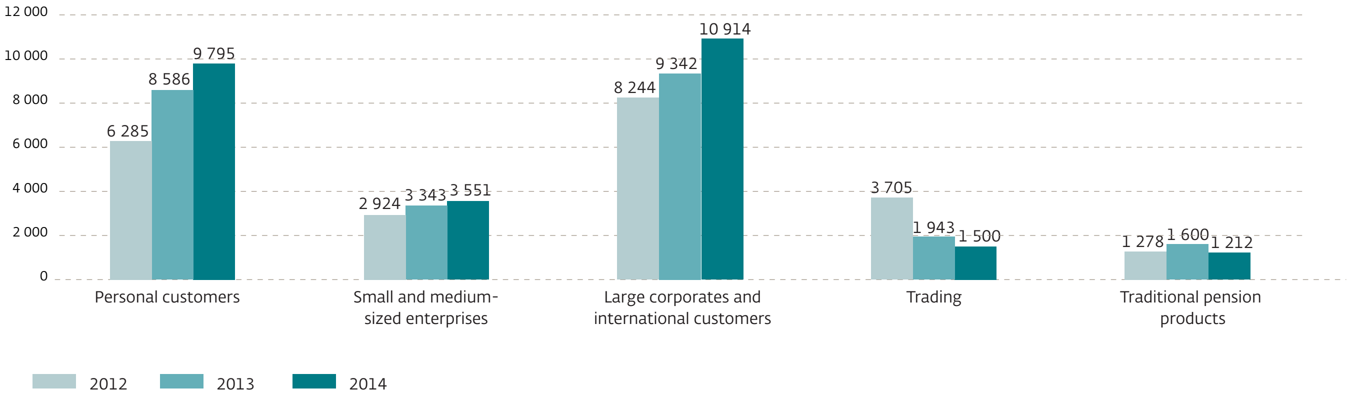
PER CENT



1) Includes non-performing commitments and commitments subject to individual impairment. Accumulated individual impairment is deducted.

SEGMENTS – PRE-TAX OPERATING PROFIT [1]

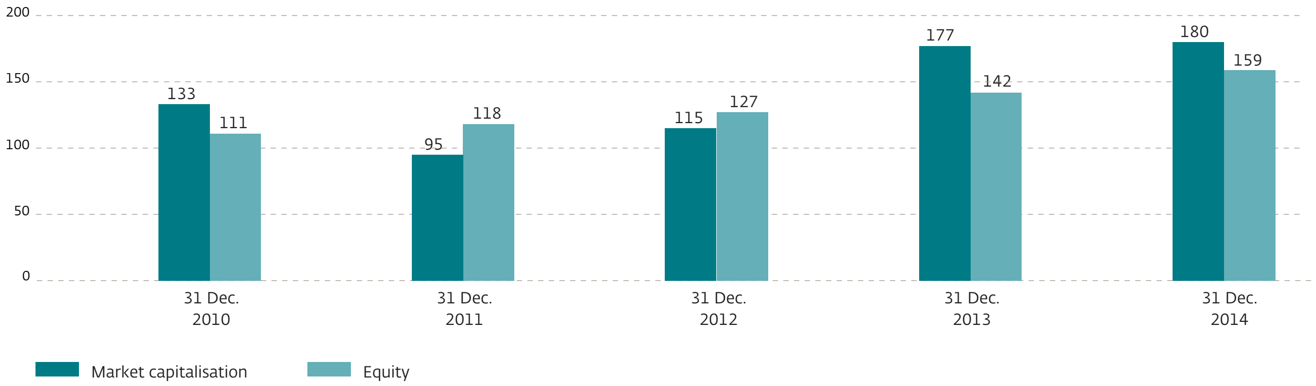
NOK MILLION



1) Due to a restructuring of the segments in 2013, figures for the past three years are shown.

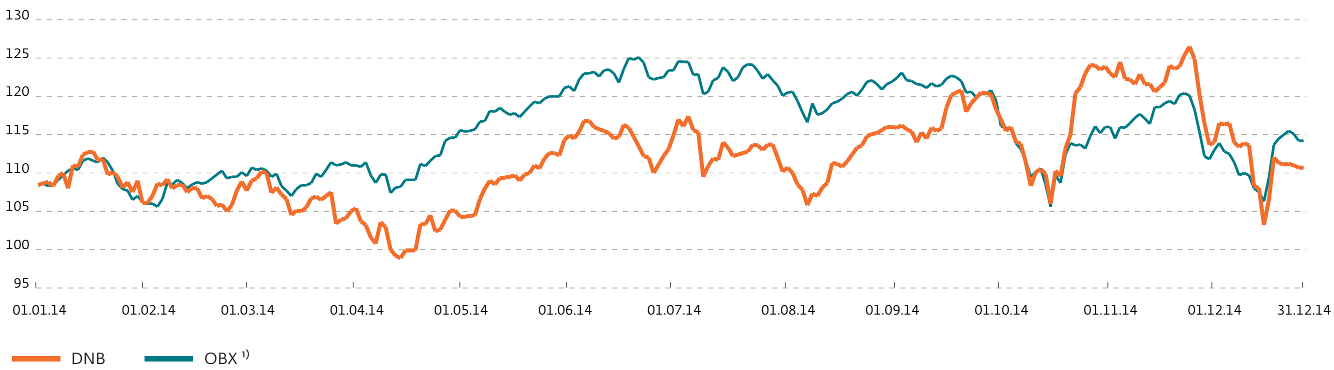
THE DNB GROUP'S MARKET CAPITALISATION AND EQUITY

NOK BILLION



RELATIVE SHARE PRICE DEVELOPMENT 2014

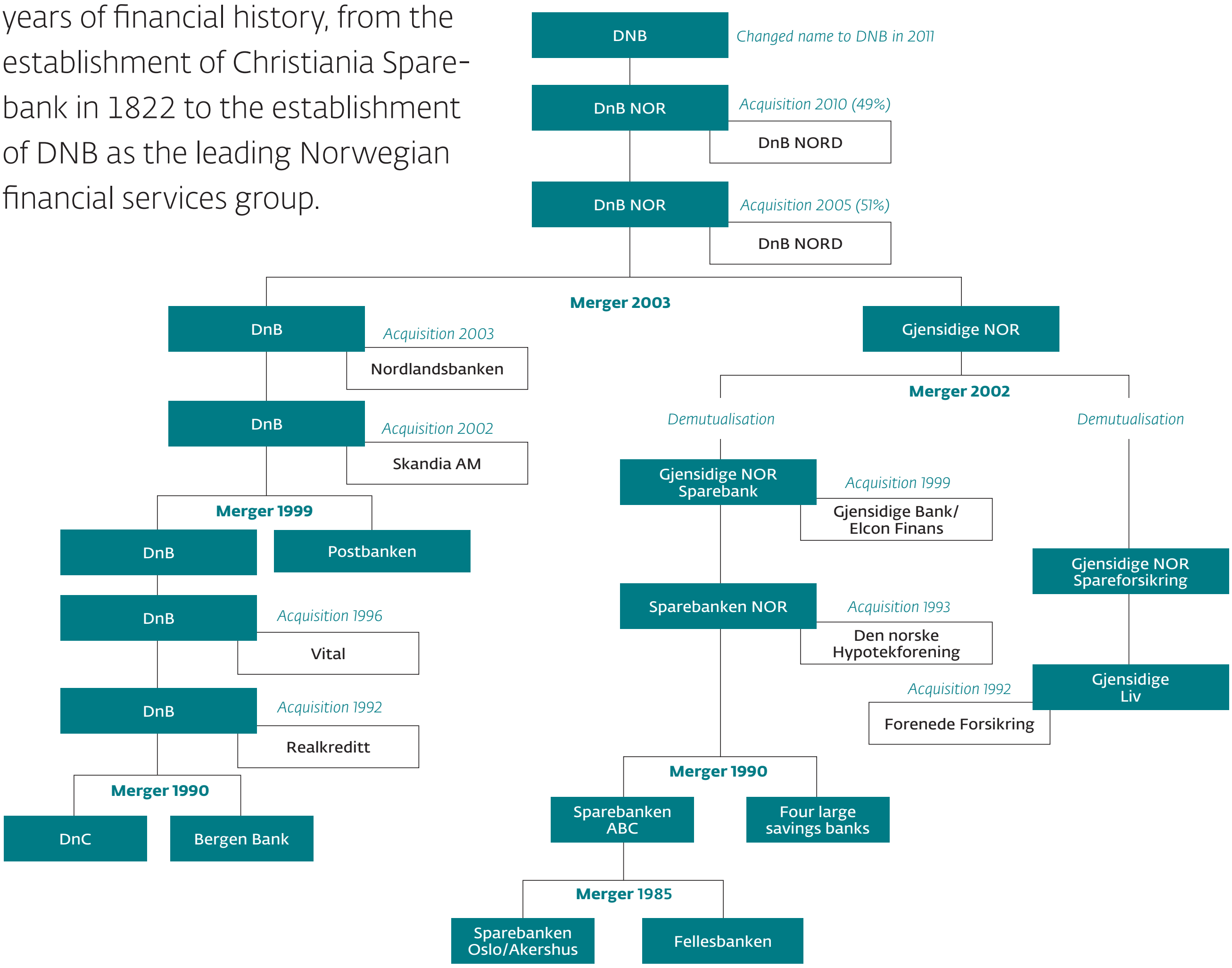
Local currency. 1 January 2014 = NOK 108.40 = DNB opening price in 2014.



1) Oslo Børs benchmark index, the 25 most traded shares on Oslo Børs.

HISTORY

DNB represents more than 190 years of financial history, from the establishment of Christiania Sparebank in 1822 to the establishment of DNB as the leading Norwegian financial services group.



DNB's RECENT HISTORY HAS BEEN CHARACTERISED BY VOLATILE FINANCIAL MARKETS, MERGERS AND ACQUISITIONS

1985

1985: Sparebanken ABC was established through the merger between Sparebanken Oslo Akershus, with roots back to 1822, and Fellesbanken.

1990–1999

1990: Two of Norway's largest commercial banks, Bergen Bank and DnC, merged to form Den norske Bank, DnB. During the same year, Sparebanken ABC merged with four large regional savings banks to form Sparebanken NOR.
1996: DnB acquired Vital Forsikring.
1999: DnB og Postbanken merged. Sparebanken NOR acquired Gjensidige Bank/Elcon Finans and was named Gjensidige NOR Sparebank.

2000–2014

2002: Gjensidige NOR Sparebank merged with Gjensidige Spareforsikring to form Gjensidige NOR.
2003: DnB and Gjensidige NOR merged to form DnB NOR. During the same year, DnB acquired Nordlandsbanken.
2005/2010: DnB acquired DnB NORD and established a presence in the Baltics and Poland.
2011: DnB, Postbanken and Vital Forsikring changed names to DNB.

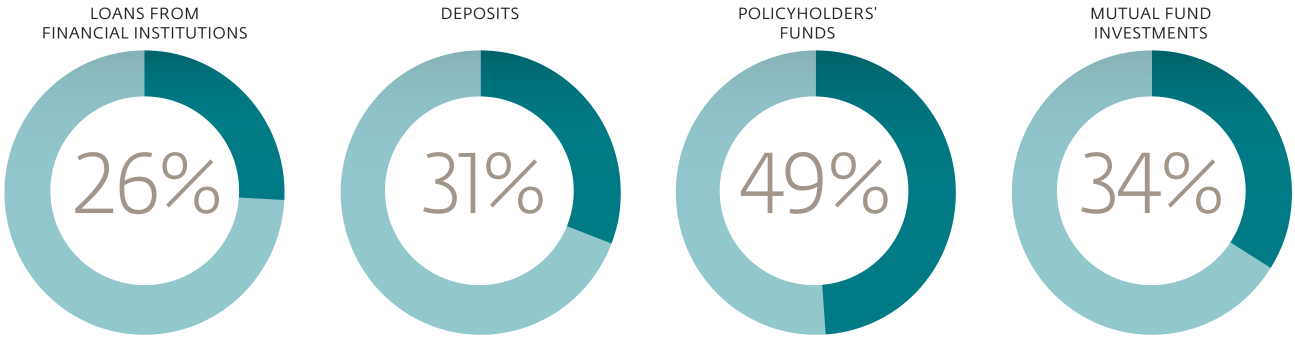
PRESENCE IN NORWAY

NORWAY'S LEADING FINANCIAL SERVICES GROUP

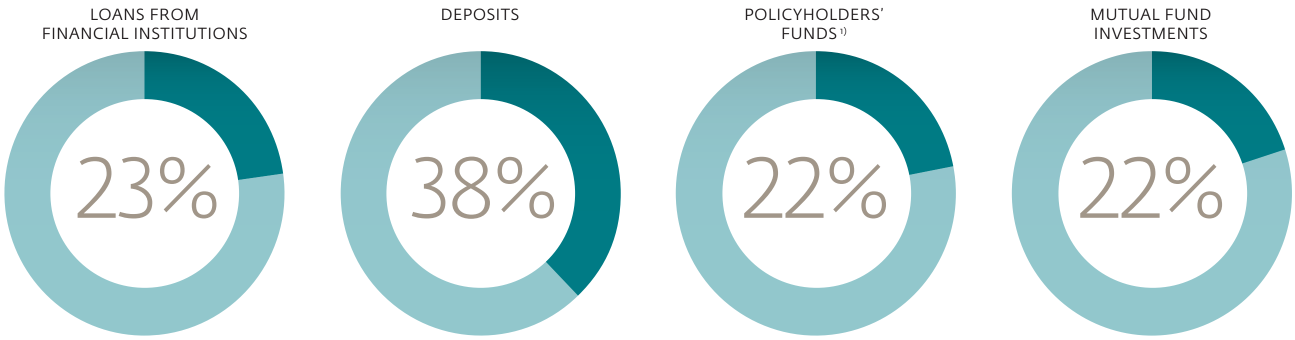
- Norway's leading financial services group with 2.1 million personal customers and 220 000 corporate customers.
- Physical presence across Norway, with 137 branch offices. Banking services through 1 116 in-store banking outlets, 1 377 in-store postal outlets and 61 post offices.
- Available via telephone, email and chat 24/7, 365 days a year.
- Norway's largest mobile bank with more than 480 000 users and 11.1 million visits per month.
- Norway's largest Internet bank with 1.9 million users.
- A prominent presence in social media. The second largest Norwegian commercial brand on Facebook with 327 000 followers.
- Norway's largest asset management company with some 480 000 mutual fund customers in Norway and 276 institutional clients in Norway and Sweden.
- Norway's leading investment bank.
- One of Norway's largest real estate brokers.
- Provider of life insurance and pension products to approximately one million individuals. Group agreements with some 23 000 companies, municipalities and public enterprises.
- Approximately 227 100 non-life insurance customers.
- 8 752 employees in Norway.

MARKET SHARES IN NORWAY

RETAIL MARKET AS AT 31 DECEMBER 2014



CORPORATE MARKET AS AT 31 DECEMBER 2014

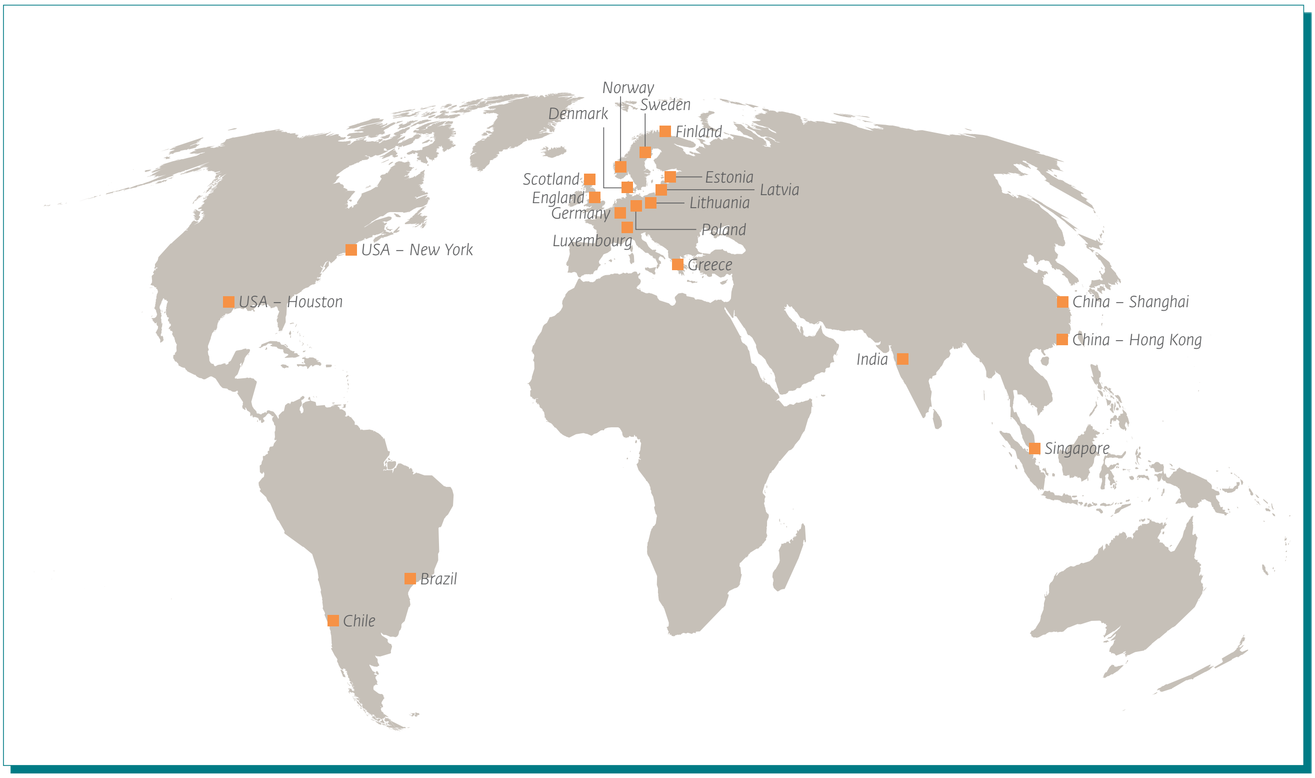


■ DNB's market shares

1) Includes the public sector.

Source: Statistics Norway and Finance Norway.

INTERNATIONAL PRESENCE



NORWAY'S MOST INTERNATIONAL FINANCIAL SERVICES GROUP

18 countries in addition to Norway

87 branches in the Baltics

3 312 employees outside Norway

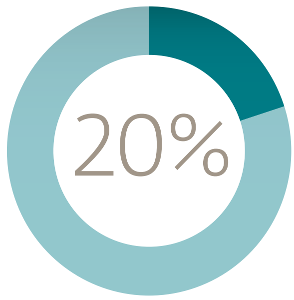
One of the world's leading shipping banks

A significant international player within energy financing

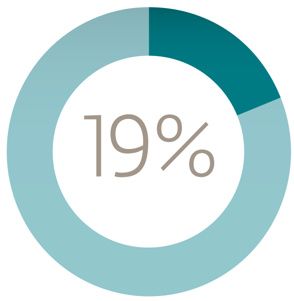
A leading foreign exchange bank

A market leader within cash management in Norway and an important global partner for international customers

SHARE OF INCOME IN DNB's INTERNATIONAL UNITS IN 2014



SHARE OF LENDING IN DNB's INTERNATIONAL UNITS AS AT 31 DECEMBER 2014



GROUP CHIEF EXECUTIVE'S STATEMENT

DNB delivered a strong financial performance in 2014, with improvements in all business areas and considerably strengthened capital adequacy.

For many years, we have been talking about the new banking reality. This is now sweeping across the entire banking sector with full force and has already resulted in and will bring further fundamental changes in the sector's structure and banks' operations.

There are three main drivers behind the new banking reality. The first driver is stricter regulation and higher capital adequacy requirements. In 2014, we took a number of important steps towards fulfilling the authorities' capital requirements and are among the best capitalised banks in the world.

The second driver is changes in customer behaviour. Customers are becoming increasingly digital and in 2014, the number of monthly visits to our digital channels was 18.5 million, of which 11 million represented visits to our mobile bank. These figures do not include the use of the bank's text message services. This makes DNB Norway's largest mobile bank. DNB has also shown, with the launch of Valyou and contactless mobile payments, that we will be a contender in the battle to develop the payment solutions of tomorrow.

The third driver is ongoing macroeconomic turmoil. Overall, economic growth declined for Norway's trading partners in 2014. However, there were large differences between the countries. The

"DNB aspires to be the bank that best meets customer needs in a time of rapid change."

United States, China and India are the major growth locomotives and represent more than half of the world's GDP growth. Europe, on the other hand, is struggling with low growth, high debt levels and renewed insecurity regarding Greece.

A fifty per cent drop in the price of oil in the second half of 2014 will have consequences for the Norwegian economy. Oil investments, which have been among Norway's most important growth drivers, have levelled off and are expected to decline over the next three years. The Norwegian petroleum industry is facing restructuring, and this will have certain spillover effects on the mainland economy. Nevertheless, positive GDP growth is expected, together with continuing low unemployment levels. Despite the slowdown, credit demand has not been subdued by macroeconomic

developments. DNB achieved an increase in both deposit and lending volumes, resulting in a rise in net interest income of 7.6 per cent from 2013. More intense competition in all segments led to slightly narrower lending spreads, but on the whole, the loan portfolio contributed to strong profits.

DNB aspires to be the bank that best meets customer needs in a time of rapid change. We have therefore defined three key success factors: capital, customers and culture.

At the Capital Markets Day in November 2014, we presented the targets of a common equity Tier 1 capital ratio of minimum 14 per cent and a return on equity above 12 per cent. In a world where there is a shortage of capital, efficient and dynamic capital utilisation will be crucial to reaching these targets. A common equity Tier 1 capital ratio of 12.7 per cent and a return on equity of 13.8 per cent at the end of 2014 provide us with a good platform at the start of 2015.

After a slight decline in customer satisfaction in the spring, DNB's score improved during 2014 and ended the year slightly below the level at the start of the year. To ensure satisfied customers, we must give them a good experience every time they are in contact with the bank. Innovation and presence are important keywords to achieve this in the year ahead. The way we work together is a critical success factor, which is why we wish to create a corporate culture which is characterised by change capacity, engagement and good leadership.

In 2014, we launched a new customer value proposition: "Here for you. Every day. When it matters the most." For us, this means that we will be there for our customers in important phases of their lives, for example when they buy their first home, start a new company or launch it on the stock market. Parallel to this, we will have an everyday presence, providing digital services and good advice. In 2014, more than 12 000 DNBers put into practice the customer value proposition every single day, securing the further strengthening of the Group and laying a good foundation for 2015, so that we can continue to realise our vision of "Creating value through the art of serving the customer".

Rune Bjerke
Group chief executive

CREATING VALUE FOR SHARE-HOLDERS

THE DNB SHARE

THE DNB SHARE

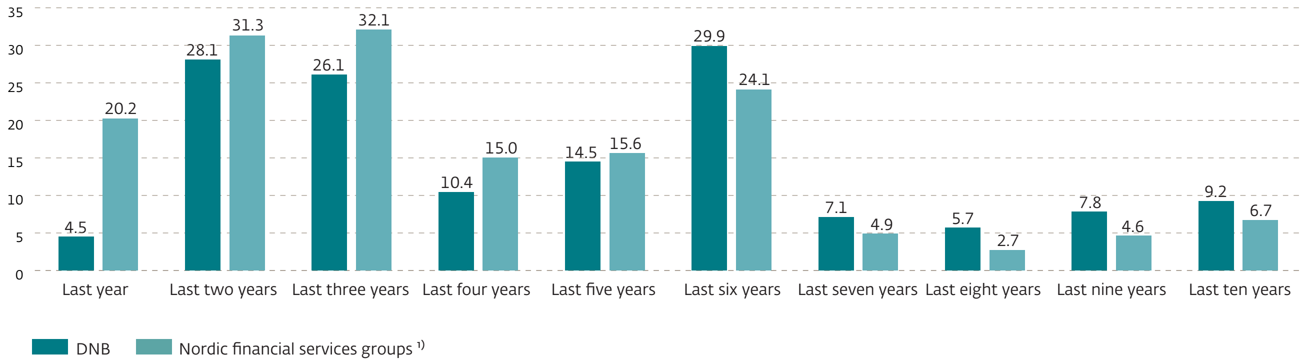
In 2014, the stock markets rose slightly prior to the summer and were relatively stable until the beginning of October. In the subsequent period, the markets were highly volatile and the Norwegian stock market dropped, driven by a steep fall in oil prices. Nevertheless, the DNB share was listed at its highest price ever, NOK 126.90, in late November.

RETURN AND SHARE PRICE DEVELOPMENT

The total return on the DNB share, including dividends, was 4.5 per cent in 2014, which was in line with the Oslo Børs benchmark index. Towards the end of 2014, oil prices started to fall steeply. Worries in the market that this could result in lower growth in the mainland economy and higher impairment losses on loans had a negative effect on DNB's share price. As a result, DNB's share price performance was weaker than those of other Nordic financial services groups.

TOTAL ANNUAL RETURN AS AT 31 DECEMBER 2014

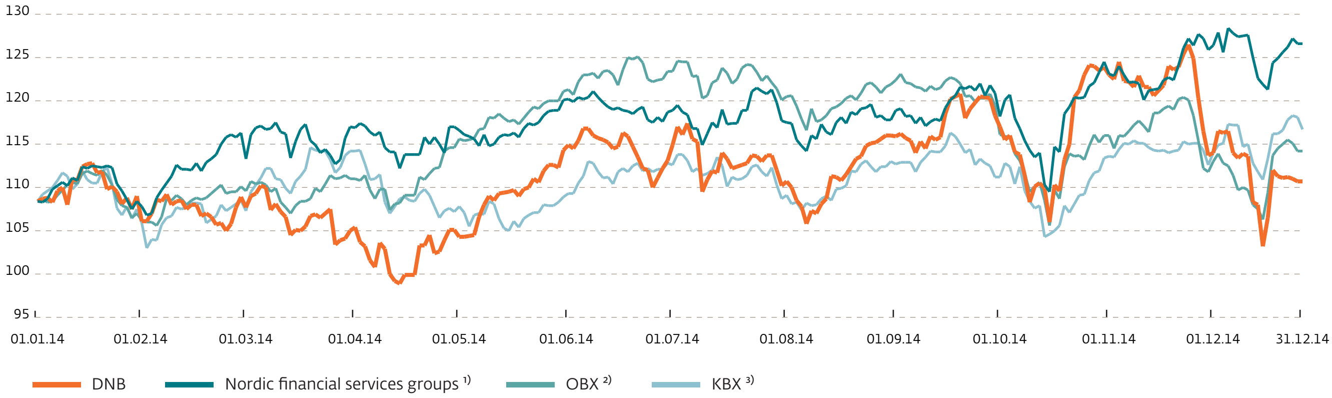
PER CENT



1) Unweighted average in local currency of Nordic bank shares (Nordea, Svenska Handelsbanken, SEB, Swedbank and Danske Bank).

RELATIVE SHARE PRICE DEVELOPMENT 2014

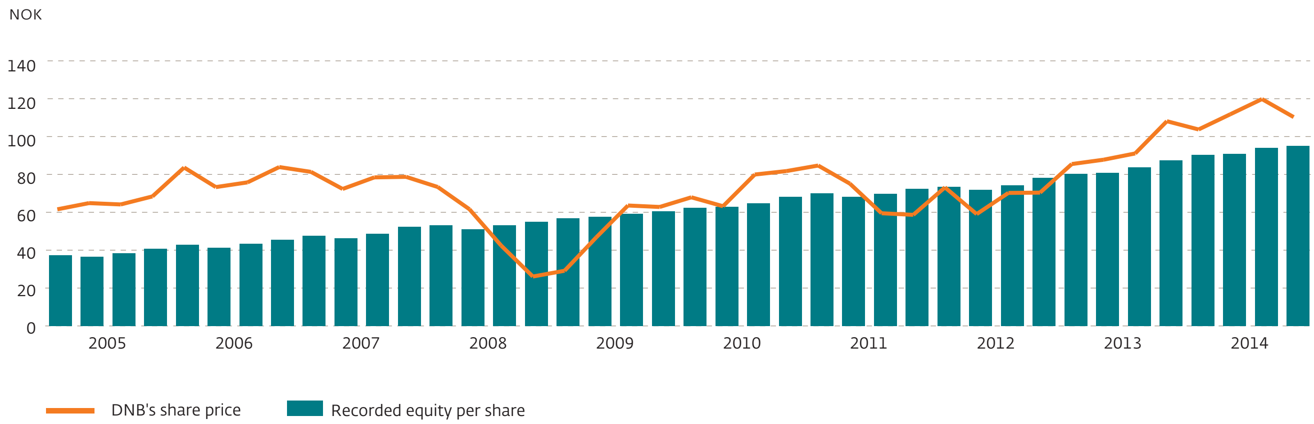
DNB compared with Nordic financial services groups, OBX and KBX
Local currency. 1 January 2014 = NOK 108.40 = DNB opening price in 2014



1) Unweighted average in local currency of Nordic bank shares (Nordea, Svenska Handelsbanken, SEB, Swedbank and Danske Bank).
2) Oslo Børs benchmark index, the 25 most traded shares on Oslo Børs.
3) KBW European banking index.

Over the past ten years, the DNB share has been priced higher than the Group's equity. This was not the case during the financial crisis in late 2008 and early 2009, nor towards the end of 2011 and throughout 2012, when there was an increase in impairment losses on loans and guarantees.

DEVELOPMENTS IN DNB'S SHARE PRICE AND RECORDED EQUITY PER SHARE [1)]



1) Figures for the years 2005 through 2009 have been adjusted for the share issue in the autumn of 2009.

MARKET CAPITALISATION AND TURNOVER

Just like a year earlier, DNB was the third largest company listed on Oslo Børs (the Oslo Stock Exchange) at year-end 2014, with a market capitalisation of NOK 180 billion, an increase of NOK 3 billion from 2013. In terms of market capitalisation, DNB was the sixth largest financial services group in the Nordic region at year-end 2014.

Trading in the DNB share picked up in 2014 after more sluggish activity in 2013. The total trading volume in 2014 increased by 16 per cent to 2 011 million shares. This corresponds to approximately 8 million shares per day, half of which were traded on public markets, mainly Oslo Børs. DNB shares for a total value of NOK 221.billion were traded, an increase of NOK 61.4 billion.

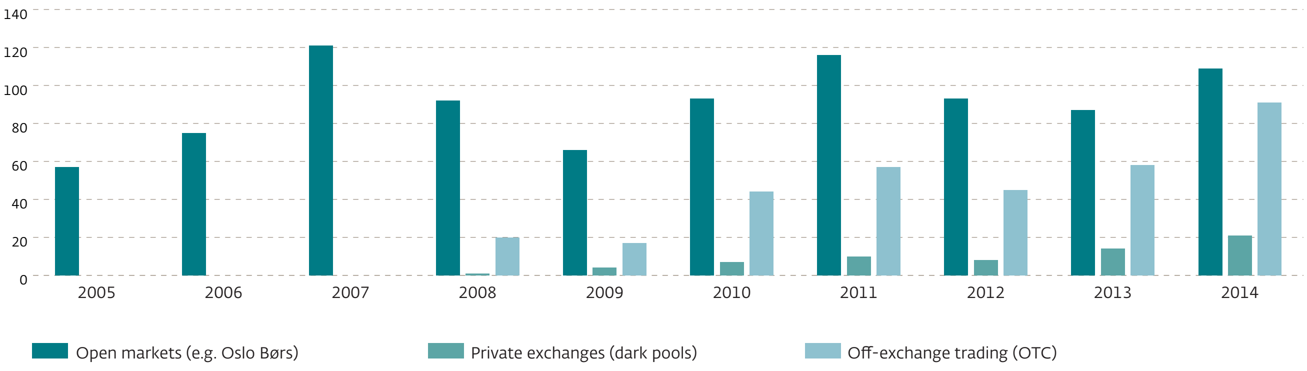
KEY FIGURES

	2014	2013	2012	2011	2010
Number of shares at year-end (million)	1 629	1 629	1 629	1 629	1 629
Number of shares traded (million)	2 011	1 740	2 242	2 500	2 052
Total value of shares traded per day (NOK million)	886	643	584	721	570
Share of total value traded on open markets, e.g. Oslo Børs (%)	49.4	54.5	63.6	63.3	65.0
Share of total value traded on private exchanges (dark pools) (%)	9.6	9.0	5.6	5.4	4.6
Share of total value traded over-the-counter (OTC) (%)	41.1	36.5	30.8	31.3	30.4
Average number of shares traded per day (million)	8.0	6.9	8.9	10.0	8.2
Number of trading days	250	249	251	253	252
Earnings per share (NOK)	12.67	10.75	8.48	7.98	8.66
Return on equity (%)	13.8	13.1	11.7	11.4	13.6
Share price at year-end (NOK)	110.70	108.50	70.40	58.55	81.90
Highest closing price (NOK)	126.50	110.80	74.80	90.65	83.15
Lowest closing price (NOK)	98.90	71.00	54.00	51.25	60.95
Price/earnings ratio	8.7	10.1	8.3	7.3	9.5
Price/book value	1.14	1.25	0.90	0.81	1.20
Dividend per share (NOK)	3.80	2.70	2.10	2.00	4.00
Payout ratio (%)	30.0	25.1	24.8	25.1	46.3
Dividend yield (%)	3.16	2.49	2.98	3.42	4.88
Equity per share including allocated dividend at year-end (NOK)	97.45	87.15	78.11	72.33	68.27

The value of the shares traded on open markets, such as Oslo Børs, rose for the first time in three years, from NOK 87 billion to NOK 109 billion, while such trading represented a lower share of total trading, down 5 percentage points to 49.4 per cent. Off-exchange trading (OTC or "over-the-counter") increased significantly from NOK 58 billion to NOK 91 billion, which represented a 4.5 percentage point increase to 41.1 per cent. Trading on private exchanges, so-called "dark pools", was up 0.6 percentage points to 9.6 per cent or NOK 21 billion.

TRADING VOLUME PER MARKET [1)]

NOK BILLION



1) Including other market places than Oslo Børs as of 1 May 2008.

INDICES

At the beginning of 2015, the DNB share was weighted on all relevant Oslo Børs indices, with 11.95, 10.23, 13.58 and 8.44 per cent, respectively, on the benchmark, all-share, OBX and mutual fund indices. DNB was also represented on global indices, but with relatively low weights.

DIVIDEND POLICY

DNB's Board of Directors has approved a dividend policy which aims to create value for shareholders through both increases in the share price and dividend payments. Overall, this will ensure an attractive and competitive return. All shareholders are treated equally and have the same opportunity to exert influence based on the principle one share – one vote.

DNB's target is for more than 50 per cent of net annual profits to be distributed as dividends or used to repurchase shares, provided that capital adequacy is at a satisfactory level. Dividends will be determined on the basis of expected profit levels in a normalised market situation, external parameters, lending growth ambitions and the need for Tier 1 capital.

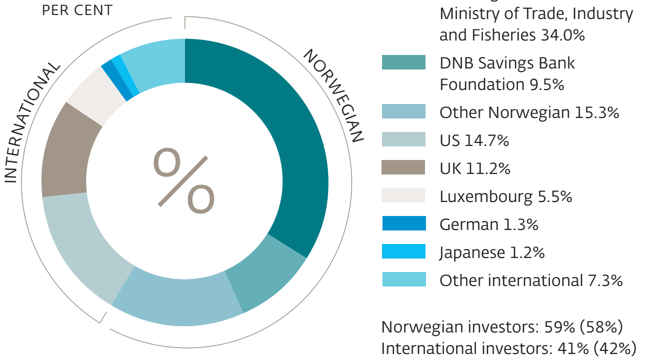
The Group's ambition is to achieve a common equity Tier 1 capital ratio, calculated according to the transitional rules, of minimum 14 per cent no later than at year-end 2016. Until the Group reaches its targeted capital adequacy level, the need to strengthen capital adequacy will determine the dividend payout ratio. The aim is to gradually increase this ratio until the payment of dividends for 2016.

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

At end-December 2014, the share capital of the company was NOK 16 288 million divided into 1 628 798 861 shares, each with a nominal value of NOK 10. DNB has approximately 40 000 private and institutional shareholders, of which the two largest are the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, and Sparebankstiftelsen DNB (the DNB Savings Bank Foundation). A further description of the government's ownership can be found in the chapter "Corporate governance", section 4, about equal treatment of shareholders. The object of the Savings Bank Foundation is to manage its long-term ownership interests in DNB and support the company in its efforts to continue the savings bank tradition. The Foundation may donate a portion of annual profits to non-profit causes. The Foundation's governing body is the general meeting, with members elected among the bank's depositors and by county councils in eastern Norway. The general meeting has elected a board with six members.

OWNERSHIP ACCORDING TO INVESTOR CATEGORY

As at 31 December 2014
PER CENT

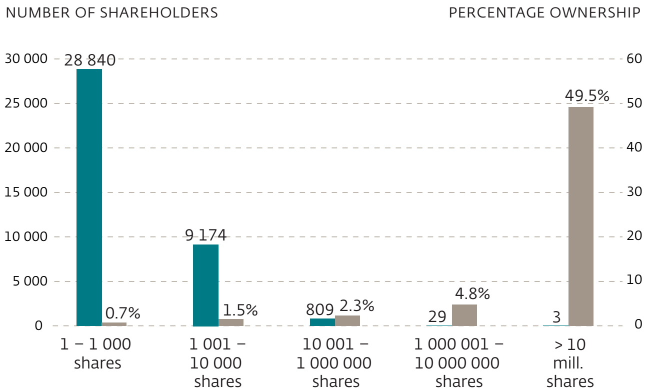


Norwegian investors: 59% (58%)
International investors: 41% (42%)
(figures in parentheses refer to 2013)

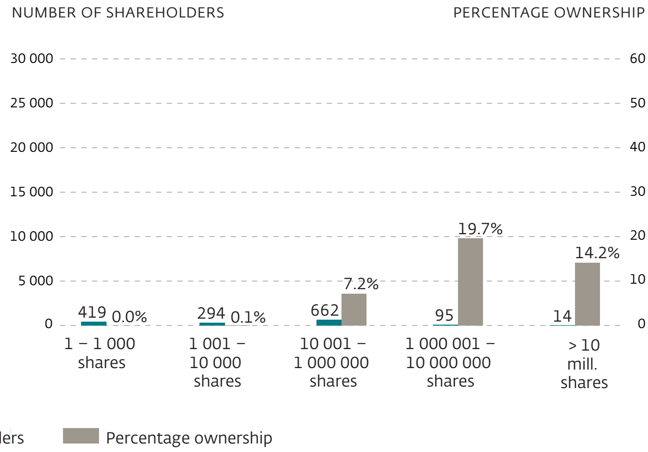
LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2014 [1)]	Number of shares in 1 000	Ownership in per cent	Change from 2013
Norwegian Government/Ministry of Trade, Industry and Fisheries	553 792	34.00	0.00
DNB Savings Bank Foundation	154 400	9.48	(0.40)
Folketrygdfondet	100 938	6.20	0.25
MFS Investment Management	27 563	1.69	0.42
SAFE Investment Company	26 378	1.62	(0.04)
Blackrock Investments	25 833	1.59	New among top 20
UBS Global Asset Management	21 224	1.30	New among top 20
Vanguard Group	20 916	1.28	(0.24)
DNB Asset Management	20 137	1.24	0.10
Fidelity Worldwide Investments	19 880	1.22	(0.42)
Saudi Arabian Monetary Agency	17 667	1.08	0.09
Standard Life Investments	17 375	1.07	New among top 20
T Rowe Price Global Investments	16 986	1.04	0.17
KLP Asset Management	15 555	0.96	0.05
Jupiter Asset Management	15 396	0.95	(0.17)
Storebrand Investments	14 923	0.92	0.19
BNP Paribas Investment Partners	14 791	0.91	0.12
Henderson Global Investors	13 931	0.86	New among top 20
Schroder Investment Management	13 759	0.84	(0.50)
Newton Investment Management	13 725	0.84	0.14
Other shareholders	503 629	30.92	(0.16)
Total	**1 628 799**	**100.00**	

1) The beneficial owners of shares in nominee accounts are determined on the basis of analyses and discretionary assessments.

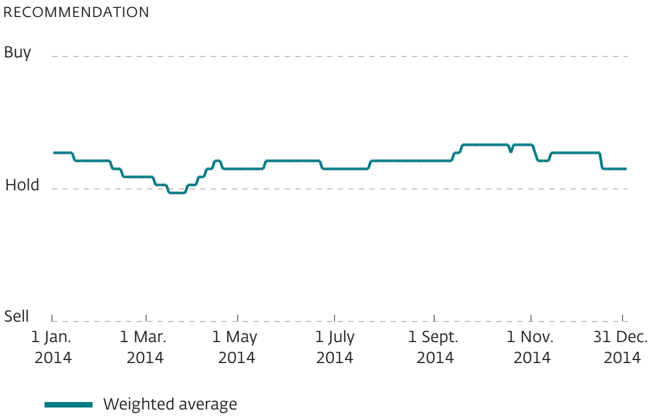
NORWEGIAN SHAREHOLDERS AND PERCENTAGE OWNERSHIP



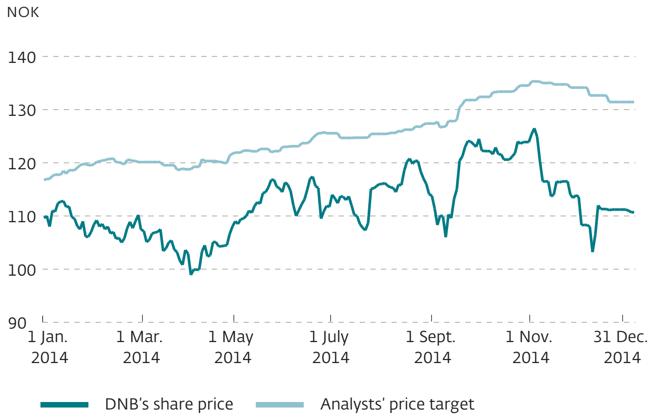
INTERNATIONAL SHAREHOLDERS AND PERCENTAGE OWNERSHIP



AVERAGE ANALYST RECOMMENDATIONS IN 2014



AVERAGE PRICE TARGETS AND SHARE PRICE DEVELOPMENT IN 2014



ANALYST COVERAGE

It is in the interests of DNB that high-quality equity analyses are published on a regular basis, reflecting the information that is distributed to the stock market. The DNB share is covered by 34 brokerage houses, of which 13 are Nordic-based. Emphasis is thus placed on providing relevant and complete information and on ensuring that all analysts receive equal treatment at all times. A list of analysts following the share can be found on dnb.no/investor-relations. Daily contact with investors and analysts is handled by the Investor Relations department.

Throughout 2014, analyst price targets for the DNB share were higher than the actual share price, which illustrated that analysts had faith in the Group and expected continued strong profitability. There was a predominance of buy recommendations throughout the year. Due to the stock market decline and the fall in oil prices, the DNB share was traded at a considerably lower price than analysts had predicted towards the end of 2014 and at the beginning of 2015. Early in 2015, some analysts trimmed their estimates due to increased uncertainty about global economic developments.

INVESTOR RELATIONS

DNB Investor Relations provides information to and communicates with capital market participants, including shareholders, potential investors, analysts, portfolio managers, investment banks and others that are interested in the company's shares. Investor relations activity is primarily aimed at giving the market a correct picture of the company's activities and future prospects. All price-sensitive information must be given simultaneously to all market participants. DNB thus complies with Oslo Børs' recommendation on the reporting of IR information issued in June 2014.

In connection with the release of DNB's quarterly financial results, Investor Relations arranges presentations to help promote greater understanding of the Group's business operations. In addition, the department holds meetings, with or without representatives from group management, with existing and potential investors in and outside Norway. Investor Relations maintains contact with investors in both equity and debt capital markets. Presentations used in meetings with individual investors are not different from the ones that have previously been published by the Group. Nor are individual investors given verbal information that is not disclosed to the rest of the market. Information about events of a price-sensitive nature which will have an extraordinary impact on profits, must be released when it is known to ensure that all market participants receive the information at the same time.

Investor Relations helps the Group ensure that the company's shares are priced effectively on the stock exchange, manage market expectations with respect to share price performance and ensure sound liquidity.

A further description of equal treatment of shareholders can be found in the chapter "Corporate governance", section 4 on page 30.

FUNDING AND RATING

There are two companies in the DNB Group that issue commercial paper. DNB Bank ASA issues senior and subordinated loans, while the subsidiary DNB Boligkreditt AS issues covered bonds. Norwegian regulations require that covered bonds are issued by a separate legal entity.

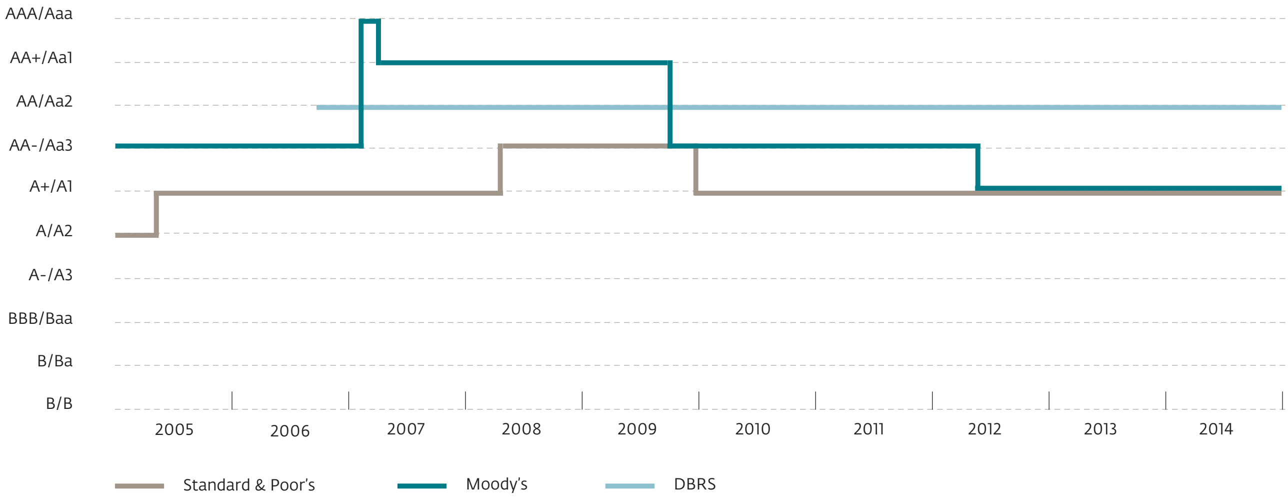
As the Norwegian capital market is of limited size, DNB has to cover parts of its total funding requirement in international capital markets. The Group obtains a significant share of its international funding in the euro market, but has also established funding programmes in the US, Australia and Japan.

DNB continuously seeks to improve the bank's credit rating. This is important, as a higher credit rating will result in lower funding costs over time.

The creditworthiness of DNB Bank ASA is assessed by the rating agencies Moody's, Standard & Poor's and DBRS (Dominion Bond Rating Service). DNB Bank ASA had the following ratings as at 31 December 2014: A1 from Moody's, A+ from Standard & Poor's and AA from DBRS. The rating from Moody's had a negative outlook, while the ratings from Standard & Poor's and DBRS had a stable outlook. There has been a stable trend over the past five years, with the exception of the rating from Moody's, which was downgraded in May 2012.

Covered bonds issued by DNB Boligkreditt are rated AAA by Standard & Poor's and Aaa by Moody's, both with a stable outlook.

CREDIT RATINGS FOR DNB BANK ASA



TAXATION OF SHAREHOLDERS ACCORDING TO NORWEGIAN LAW

Limited liability companies and corresponding companies as shareholders
The tax exemption method, cf. Section 2-38 of the Norwegian Taxation Act, implies that shareholders organised as limited companies etc. as a rule are exempt from tax on dividends received and capital gains on shares, mutual fund holdings and financial instruments with shares as the underlying asset. Corresponding losses on the sale of shares and holdings comprised by the tax exemption method are not tax deductible. The tax exemption method applies both to corporate shareholders etc. resident in Norway and, in principle, to corresponding business entities resident in other countries. With respect to dividends comprised by the tax exemption method and dividends from businesses assessed as partnerships, 3 per cent of such income is liable to tax.

Natural persons as shareholders
The shareholder model applies to shareholders who are natural persons resident in Norway. This implies that dividends on shares and gains on the sale of shares in excess of a shielded amount (the shielding deduction) are taxed at a rate of 27 per cent, with a corresponding deduction right for losses on the sale of shares.

The shielding rules shall ensure that an amount of income corresponding to the normal return on a shareholder's investment in a company is not taxed as dividends. Each year, a shielding deduction is computed, forming the basis for the dividend personal shareholders can receive free of tax. The annual shielding deduction is calculated by multiplying the shielding basis for the share by a shielding interest. The shielding basis represents the amount the shareholder has paid for the share, with the addition of any unused shielding deduction carried forward from previous years.

Foreign shareholders
Gains/losses on the sale of shares are, as a rule, taxable in the country where the shareholder is resident for tax purposes.

As a general rule, dividends received by foreign shareholders are subject to tax in Norway if the dividends are distributed by a limited company domiciled in Norway (withholding tax). For shareholders who are natural persons resident outside Norway, withholding tax should be assessed and deducted. The company distributing the dividends is responsible for making advance tax deductions to cover the income tax on such dividends at a rate of 25 per cent. However, Norway has entered into tax treaties with a number of countries, whereby the withholding tax rate is often reduced, normally to 15 per cent. Shareholders who are tax resident in other EEA countries are entitled to a shielding deduction

Dividends paid to companies that are eligible for exemption according to the tax exemption method and domiliced in an EEA country will as a rule be exempted from withholding tax in Norway. The tax exemption is conditional on the company being the real beneficial owner of the share dividends.

STRONG CORPORATE GOVERN-ANCE INSPIRES TRUST

GOVERNANCE AND ORGANISATION

GOVERNANCE IN BRIEF

The **general meeting** exercises the highest authority in DNB ASA and represents the company's shareholders. The general meeting elects shareholder representatives on the Supervisory Board and members of the Control Committee and Election Committee.

The **Election Committee** submits recommendations to the general meeting for the election of shareholder-elected members to the Supervisory Board and members of the Control Committee and Election Committee.

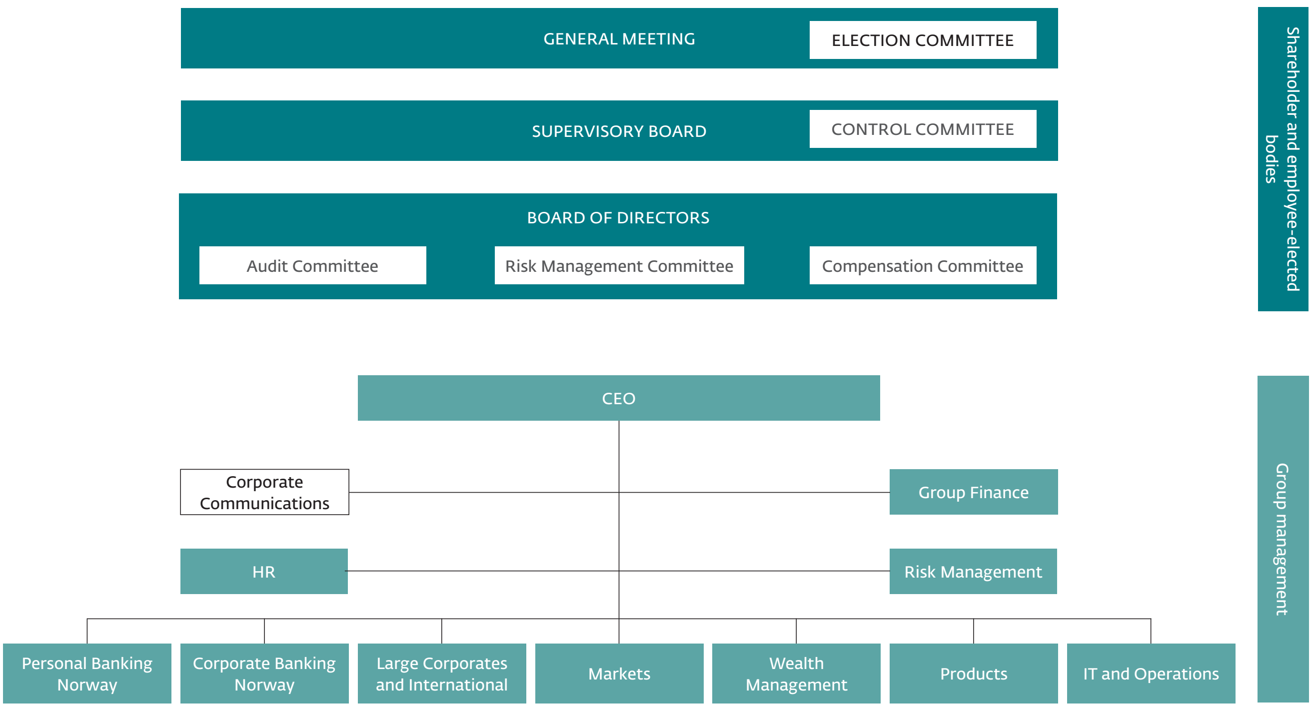
The **Control Committee** shall ensure that the Group conducts its business in an appropriate and satisfactory manner in compliance with laws, regulations and guidelines.

The **Supervisory Board's** main responsibility is to supervise the Board of Directors' and the group chief executive's management of the company. The Supervisory Board elects members to the Board of Directors.

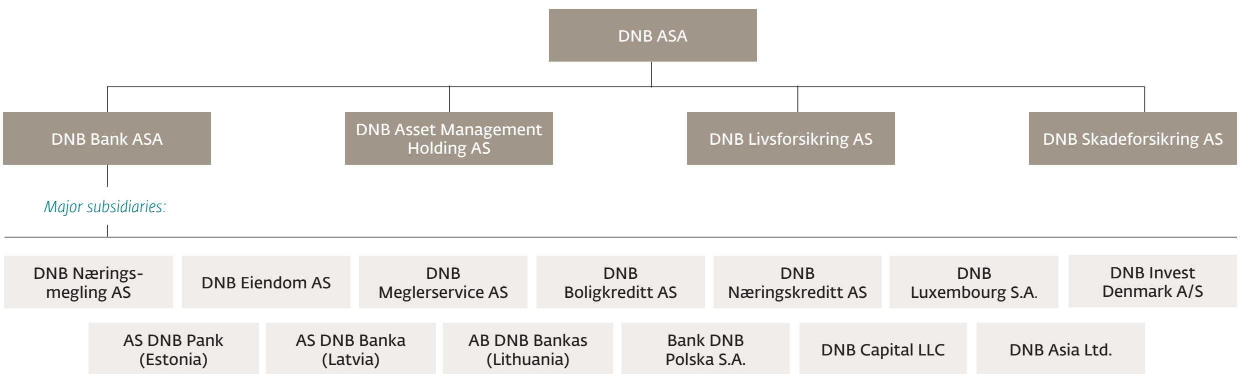
The **Board of Directors** of DNB ASA has principal responsibility for the Group's business operations. As of 1 January 2015, the Board of Directors has three sub-committees: the Risk Management Committee, the Audit Committee and the Compensation Committee. The Board of Directors has the ultimate responsibility for the management of DNB. Through the **group chief executive**, the Board shall ensure a sound organisation of business activities.

The **group management meeting** is the group chief executive's collegiate body for management at group level. DNB's operational structure aims to ensure efficient adaption to changes in customer behaviour and the development of products and services tailored to customer needs. In addition, support functions provide infrastructure and cost-efficient services for the business units. Read more about the organisation of the Group's customer segments later in this chapter.

Corporate governance



Legal structure



BOARD OF DIRECTORS




	Anne Carine Tanum	**Tore Olaf Rimmereid**	**Jarle Bergo**	**Sverre Finstad**
Born	1954	1962	1945	1955
Role on the Board of Directors	Board chairman in DNB and DNB Bank since 2008 (board member since 1999) and chairman of the Compensation Committee.	Board vice-chairman in DNB since 2012 (board member since 2008). Chairman of the Audit Committee and the Risk Management Committee and member of the Compensation Committee.	Board member in DNB and board vice-chairman in DNB Bank since 2011. Member of the Audit Committee and the Risk Management Committee.	Board employee representative in DNB and DNB Bank since 2011.
Background	Law degree from the University of Oslo. Long-standing managing director and owner of Tanum AS. Former board member in DnB Holding, Den norske Bank and Vital Forsikring.	Master's degree in business administration and authorised financial analyst from the Norwegian School of Economics. President and CEO of E-CO Energi. Former head of the Finance and Administration Department in the Norwegian Broadcasting Corporation, NRK, and group executive vice president, Financial Reporting and Finance, in the SpareBank 1 Alliance. Experience from Kreditkassen.	Economics degree from the University of Oslo. Held various positions in Norges Bank from the late 1960s, ending his career as deputy governor.	Employed in Ringsaker Sparebank in 1977 and full-time employee representative since 1986.
Other key positions of trust	Board chairman in the House of Literature Foundation, Kilden IKS and Oslo Kino AS. Vice-chairman of the board of Oslo University Hospital and the Henie Onstad Art Centre. Board member in Cappelen Damm, Try AS and IRIS. Former board chairman in the Norwegian Broadcasting Corporation, NRK, and board vice-chairman in the Norwegian National Opera.	Board chairman in Oslo Lysverker, Opplandskraft DA and Energy Norway. Former political adviser for the Conservative Party's parliamentary group.	Former alternate executive director of the International Monetary Fund, IMF, business manager for the Norwegian Banks' Guarantee Fund and board member at Oslo Børs (the Oslo Stock Exchange). Former member of various committees and expert groups, including the Council of Ethics for the Government Pension Fund – Global in 2002.	Former board member in both DNB and Gjensidige NOR Sparebank. Vice-chairman of the Finance Sector Union, Hedmark region.
Number of board meetings in 2014	13 of 13	13 of 13	13 of 13	13 of 13
Number of shares [1]	300 000	6 111	225	8 485

1) Shareholdings in DNB ASA as at 31 December 2014. Shares held by the immediate family and companies in which the shareholder has decisive influence are also included.




	Carl A. Løvvik	Vigdis Mathisen	Jaan Ivar Semlitsch	Berit Svendsen
Born	1952	1958	1971	1963
Role on the Board of Directors	Board employee representative in DNB since 2011.	Board employee representative in DNB and DNB Bank since 2012.	Board member in DNB from June 2014. Member of the Audit Committee and the Risk Management Committee.	Board member in DNB since 2012 (former member of the Board in DNB Bank 2010-2012). Member of the Compensation Committee, the Audit Committee and the Risk Management Committee.
Background	Chief safety representative and employee representative in DNB. Employed as an insurance agent in 1988 and worked within marketing and as a manager at DNB's Customer Service Centre.	Business graduate from and several courses in management at BI Norwegian Business School. Employed in DNB since 1983 and elected chief employee representative for the Group in the Finance Sector Union DNB in 2012.	Graduate of the Norwegian School of Economics. CEO in Elkjøp Nordic AS. Former Chief Operating Officer of Statoil ASA – Retail Europe and CEO of Plantasjen ASA and Rema Industrier AS.	Graduate engineer with a Master of Technology Management degree from the Norwegian University of Science and Technology (NTNU). Executive vice president in Telenor and head of Telenor Norway. Former chief technology officer in Telenor and head of Telenor's fixed network business in Norway, and CEO of Conax.
Other key positions of trust		Former board member for five years in Den norske Bank and DnB Holding.	Former and current board chairman and board member in several Norwegian enterprises. Chairman of the Board of Elkjøp Norge AS and Lefdal Elektromarked AS. Former chairman of the Board of Statoil Norge AS.	Former board chairman in Data Respons and board member in EMGS and Ekornes, as well as a member of the European Commission Advisory Group on ICT matters.
Number of board meetings in 2014	12 of 13	13 of 13	6 of 13 *(elected to the Board on 18 June 2014)*	12 of 13
Number of shares [1)]	1 040	222	0	0

CORPORATE GOVERNANCE

DNB's management and Board of Directors annually review the principles for corporate governance and how they are implemented in the Group. Pursuant to Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, DNB hereby gives an account of the Group's corporate governance principles and practice.

Section 3-3b, second subsection of the Norwegian Accounting Act (statement on corporate governance)

The description below accounts for DNB's compliance with Section 3-3b, second subsection of the Norwegian Accounting Act. The numbers refer to the section's numerical order.

1–3. Specification of the recommendations complied with by DNB, information on where the recommendations are available and reasons for any non-conformance with the recommendations
The DNB Group's corporate governance structure is based on Norwegian legislation. DNB complies with the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 issued by the Norwegian Corporate Governance Board, NUES. The Code of Practice is available on nues.no. Any deviations from the Code of Practice are accounted for under the description of DNB's compliance with the Code of Practice below.

4. A description of the main elements in the Group's internal control and risk management systems linked to the financial reporting process
See section 10 B under the Norwegian Code of Practice for Corporate Governance below.

5. Articles of Association that completely or partially extend or depart from provisions stipulated in Chapter 5 of the Public Limited Companies Act
DNB ASA's Articles of Association do not deviate from Chapter 5 of the Public Limited Companies Act, which governs general meetings.

6. The composition of governing bodies and a description of the main elements in prevailing instructions and guidelines for the work of these bodies and any committees
See sections 6, 7, 8 and 9 under the Norwegian Code of Practice for Corporate Governance below.

7. Articles of Association that regulate the appointment and replacement of members of the Board of Directors
See section 8 under the Norwegian Code of Practice for Corporate Governance below.

8. Articles of Association and authorisations that allow the board to decide that the enterprise is to repurchase or issue the enterprise's own shares or equity certificates
See section 3 under the Norwegian Code of Practice for Corporate Governance below.

The Norwegian Code of Practice for Corporate Governance

The description below accounts for DNB's compliance with the 15 sections in the Code of Practice.

SECTION 1

IMPLEMENTATION OF AND REPORTING ON CORPORATE GOVERNANCE

There are no significant deviations between the Code of Practice and the way it is complied with in DNB. One deviation in section 7 and one deviation in section 14 have been accounted for below.

DNB's vision is: Creating value through the art of serving the customer.

The vision and values form the basis for the Group's rules governing ethics and corporate social responsibility.

The values underlying the vision are helpful, professional and show initiative.

DNB takes environmental, social and corporate governance issues into consideration in the Group's product and service development, advisory services and sales, investment and credit decisions, production and operations, as well as in its contact with suppliers. Such sustainable business operations will help the Group mitigate risk and reduce costs, generate new business opportunities, achieve proud and motivated employees and promote a good reputation. The work on corporate social responsibility thus contributes to sustainable development and to creating added value in meetings with customers.

The DNB Group shall be characterised by high ethical standards and sound corporate governance. According to the Group's code of ethics, its employees, members of governing bodies, temporary staff and consultants should act with respect and consideration, and communication should be open, truthful and unambiguous. DNB's code of ethics also ideals with corruption, impartiality, the duty of confidentiality and the duty to notify, conflicts of interest, relations with customers and suppliers, media relations, securities trading, insider trading and relevant personal financial matters.

The Group's code of ethics sets forth that employees must promptly inform their immediate superior or the group chief audit executive if they obtain knowledge about circumstances that are contrary to prevailing regulations issued by the authorities or represent major breaches of internal regulations. Employees who in a responsible manner notify reprehensible aspects pursuant to this item will be protected from any repercussions following such disclosure. Violation of the code of ethics on the part of an employee could have consequences for his or her position in the Group. The complete code of ethics can be found on the Group's website, dnb.no/en/about-us/corporate-social-responsibility.

DNB wishes to be an active owner through its various roles as investor. The aim of active ownership or ownership administration is to influence companies in the desired direction.

Corporate social responsibility, health, safety and environment, HS&E, and equality are described in further detail in separate chapters in the annual report and in the directors' report. DNB's annual corporate social responsibility report examines the Group's targets, guidelines, measures and results related to sustainable development. The report can be found on the Group's website, dnb.no/en/about-us/corporate-social-responsibility.

According to the DNB Group's guidelines for the handling of information, employees and elected representatives have a duty not to disclose any information about the affairs of the Group or the Group's customers that may come to their knowledge by virtue of their position. The duty of confidentiality does not apply only to third parties, but also in relation to colleagues who do not need to be privy to such information in order to carry out their work. Furthermore, the rules apply to information about the Group's strategy and market plans and other aspects of competitive significance. The individual employee or elected representative is responsible for being fully updated on general and special confidentiality rules that apply to their areas of responsibility. Moreover, no DNB employee is allowed to, via the computer systems or otherwise, actively seek information about colleagues, customers or third parties when they do not need to be privy to such information in order to carry out their work in the company.

No deviations from the Code of Practice.

SECTION 2

BUSINESS

The object of DNB is to engage in banking, insurance and financing and any related activities within the scope of Norwegian legislation in force at any time. The complete Articles of Association of DNB ASA can be found on the Group's website, dnb.no/en/agm. The directors' report describes the Group's targets and strategies, and the market is kept updated through investor presentations in connection with quarterly financial reporting, capital markets days and presentations on special subjects.

In annual strategy processes, the Board of Directors considers whether goals and guidelines established on the basis of the strategies are unambiguous, adequate, well operationalised and easily comprehensible for the employees. All key guidelines are available to the employees through DNB's intranet or by other means.

No deviations from the Code of Practice.

SECTION 3

EQUITY AND DIVIDENDS

The Board of Directors continually reviews the capital situation in light of the company's targets, strategies and intended risk profile. See the Group's report on risk and capital management (Pillar 3) for a further description of the rules on capital adequacy, the principles applied by DNB to estimate capital requirements, as well as a further specification of the Group's capital adequacy ratio. The report is available on the Group's website, dnb.no/investor-relations.

In 2013, the EU approved the capital requirements directive CRD IV, introducing requirements for both equity, long-term funding and liquidity reserves. The regulations will be gradually phased in until 2019. See the chapter on the new regulatory framework for a further description of the regulations and how they will be implemented in Norway.

The Board of Directors considers the Group to be adequately capitalised in relation to current regulatory requirements. DNB is continuing its adaptations to the new liquidity and capital requirements which are expected to be introduced over the next few years. Up until the new and stricter requirements are introduced, the Group's funding activities will reflect a gradual adaptation to the regulations.

Dividends

DNB's primary objective is to create long-term value for shareholders, partly through a positive share price development and partly through a predictable dividend policy. The long-term payout ratio target is more than 50 per cent of profits. New regulations require higher capital adequacy ratios. The Board of Directors will therefore propose lower dividend payments for a certain period.

Repurchase of shares

To ensure flexibility in the Group's capital management, the Board of Directors has on previous occasions asked the general meeting for an authorisation to repurchase own shares. An agreement has previously been signed with the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership remains unchanged. In order to ensure an optimal level of capital in the company, on 24 April 2014, the general meeting authorised the Board of Directors to acquire own shares for a total face value of up to NOK 325 759 772, corresponding to 2 per cent of the company's share capital. The shares shall be purchased in a regulated market. Each share may be purchased at a price between NOK 10 and NOK 200. Acquired shares shall be sold in accordance with regulations on the reduction of capital in the Public Limited Companies Act. The authorisation will be valid for a period of 12 months from the date the resolution was passed at the general meeting.

Increases in share capital

As the present time, no authorisation had been granted to the Board of Directors for an increase in the share capital of DNB ASA.

No deviations from the Code of Practice.

SECTION 4

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

DNB ASA has one class of shares. The Articles of Association, the Board of Directors and group management emphasise that all shareholders will be treated equally and have the same opportunity to exert influence. All shares carry equal voting rights. In connection with increases in share capital, existing shareholders will be given pre-emptive rights, unless such rights are derogated from due to special circumstances. In such case, the reasons for such a derogation will be specified. In cases when the Board of Directors asks the Annual General Meeting for an authorisation to repurchase own shares, shares will be purchased through the stock market at market price.

Largest shareholder

The Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, is DNB ASA's largest shareholder, owning 34 per cent of the shares. According to the State Ownership Report (White Paper no. 27 2013-2014 Diverse and value-generating ownership), the purpose of the government's ownership in DNB ASA is to retain a large and highly competent financial services group headquartered in Norway. The company is to be run on commercial terms, with an aim to generate a competitive return. The government points out that a holding that gives negative control contributes to this end. The government will thus maintain its holding in DNB ASA and has come to the conclusion that the holding will not be reduced below 34 per cent.

The shares held by the Ministry are managed by the Department of Ownership, subject to special management guidelines which among other things stipulate that the Norwegian government cannot have representatives on the boards of directors or supervisory boards of financial institutions, but that the government, through participation in election committees, must ensure that the governing bodies include representatives from all shareholder groups. The guidelines require that the Ministry act in a manner conducive to equal treatment of DNB's shareholders.

Second largest shareholder

Sparebankstiftelsen DNB (the DNB Savings Bank Foundation) is the second largest shareholder, owning 9.48 per cent of the shares at end-December 2014. According to Norwegian law, the foundation is required to be a stable, long-term owner in the Group. In order to ensure funds for its operations, the foundation aims to achieve the highest possible risk-adjusted return on capital under management. More information is available on sparebankstiftelsen.no.

According to the Articles of Association of DNB ASA, for as long as Sparebankstiftelsen DNB owns 10 per cent or more of the shares in DNB ASA, the question of sale or other disposal of shares in DNB Bank ASA shall be considered by the general meeting in DNB ASA. The same applies to questions concerning a merger or demerger of the bank, disposal of a material portion of the bank's business or the issuing of shares in the bank to parties other than DNB ASA.

Transactions with close associates

Instructions for the Board of Directors of DNB ASA state that a board member cannot participate in deliberations or decisions on issues where he or she personally or his or her close associates would be seen as having a direct or indirect personal or financial interest in the matter. The same principle is embodied in the Group's code of ethics. It is the duty of each board member to ensure that he or she is without prejudice in deliberations of specific matters. The Board of Directors must approve agreements between the company and a board member or the group chief executive. The Board must also approve agreements between the company and third parties where a board member or the group chief executive can be perceived to have a significant interest in the matter.

Board members must inform the Board of Directors if they have a direct, significant interest in an agreement entered into by the company or another company in the DNB Group. The same applies if such agreement is signed by a company outside the DNB Group in which the board member either has an ownership interest, serves on the board or has a senior management position. A notification should be sent to the board chairman, with a copy to the Group Secretariat.

Board members, or companies with which they are associated, should not take on special assignments for companies in the DNB Group other than their board membership. If this occurs, however, the entire Board of Directors must be informed. Remuneration for such assignments is subject to approval by the Board of Directors.

With respect to the Group's other employees and elected officers, the Group's code of ethics lays down detailed rules regulating transactions with close associates. As a general rule, an employee or elected officer will be considered disqualified if circumstances exist that may lead others to believe that he or she promotes interests other than those of the DNB Group. Employees must be aware of potential conflicts of interest if they combine positions of trust with other roles in the Group.

Where a transaction is not immaterial for either the DNB Group or the close associate involved, unless it is a matter for consideration by the general meeting according to stipulations in the Public Limited Companies Act, the Board of Directors will ensure that a valuation is made by an independent third party. This also applies to any transactions between companies in the DNB Group where minority shareholders are involved. Not immaterial transactions with close associates are described in a separate note to the annual accounts.

No deviations from the Code of Practice.

SECTION 5

FREELY NEGOTIABLE SHARES

The shares in DNB ASA are listed on Oslo Børs (the Oslo Stock Exchange) and are freely negotiable. The Articles of Association include no form of restriction on negotiability.

No deviations from the Code of Practice.

SECTION 6

GENERAL MEETINGS AND CONTROL COMMITTEE

General meeting

The general meeting exercises the highest authority in DNB and represents the company's shareholders. According to the Articles of Association, the annual general meeting shall be held before the end of April each year. The notice and the registration form will be sent to shareholders and be published on the Group's website no later than 21 days prior to the date of the general meeting. The procedure for voting and for proposing resolutions is described in the notice of the general meeting.

According to the Articles of Association, the general meeting shall be chaired by the chairman of the Supervisory Board to help ensure independent chairmanship. As a minimum, the chairman of the Board of Directors, at least one representative from the Control Committee and the statutory auditor will attend general meetings. Other board members may also attend the meetings. Representatives from group management will include the group chief executive, the chief financial officer, the group chief audit executive and specialists in certain fields. The minutes of general meetings are available on dnb.no/en/agm.

The general meeting elects shareholder representatives on the Supervisory Board and members of the Control Committee and Election Committee. The voting procedure gives shareholders the opportunity to vote separately for each individual candidate nominated for election to the various governing bodies. The general meeting also selects the statutory auditor.

Decisions are generally made by simple majority. Decisions concerning the disposal of shares, mergers, demergers, the sale of a material part of DNB Bank ASA's business or the issuing of shares in the bank to parties other than DNB ASA, require the approval of at least two-thirds of the votes cast and of the share capital represented at the general meeting.

Shareholders may choose to appoint a proxy. In addition, a person will be appointed to vote for the shareholders in the capacity of proxy. As far as possible, the proxy form is drawn up so that separate voting instructions can be given for each matter to be considered by the meeting and each of the candidates nominated for election.

The Board of Directors can also decide that the shareholders be given the opportunity, during a certain period prior to the general meeting, to vote in writing, which includes the use of electronic communication.

Control Committee

The Control Committee shall ensure that the Group conducts its business in an appropriate and satisfactory manner in compliance with laws, regulations and guidelines. The committee shall also make sure that the Board of Directors and the group chief executive maintain adequate supervision and control of subsidiaries. To the extent the committee finds it necessary, it may examine the Group's records, accounts, correspondence and assets, those of the Group itself as well as those on deposit with the Group. The Control Committee consists of three members and two deputies elected by the general meeting. The deputies attend all Control Committee meetings. The Control Committee held nine meetings in 2014.

No deviations from the Code of Practice.

SECTION 7

ELECTION COMMITTEE

In accordance with DNB ASA's Articles of Association, the general meeting and the Supervisory Board have established an Election Committee consisting of four members. The general meeting has laid down instructions for how the Election Committee should carry out its duties. The members of the Election Committee shall be shareholders or representatives for shareholders and shall, as far as possible, represent all shareholders. No member of the Board of Directors or representative from group management is a member of the Election Committee.

According to instructions for the Election Committee, there should be rotation among the committee members. The committee is chaired by the chairman of the Supervisory Board, and members are elected by the general meeting for a term of up to two years.

The Election Committee submits justified recommendations to the general meeting for the election of shareholder-elected members to the Supervisory Board and members of the Control Committee and Election Committee. The Election Committee also submits recommendations to the Supervisory Board for the election of shareholder-elected members of the Board of Directors. The recommendation should include relevant information on each candidate's background and independence. Furthermore, the committee proposes remunerations to members of the aforementioned bodies. The remuneration of the Election Committee is determined by the general meeting. Information about the Election Committee and closing dates for proposing candidates can be found on dnb.no/en/agm.

The Election Committee held ten meetings during 2014. The Committee presented a recommendation for the election of new members to the Supervisory Board, including the chairman and vice-chairman. In addition, the committee proposed candidates for election to the Board of Directors, the Control Committee and the Election Committee and also carried out the preparatory work related to issues to be considered in 2015.

Deviations from the Code of Practice: NUES recommends that the chairman of the Election Committee be elected by the general meeting. In DNB, the chairman of the Election Committee is indirectly elected by the Supervisory Board, as the chairman of the Supervisory Board, according to the Articles of Association, shall also chair the Election Committee.

SECTION 8

SUPERVISORY BOARD AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

Supervisory Board

The main responsibility of the Supervisory Board is to supervise the Board of Directors' and the group chief executive's management of the company. The Supervisory Board makes decisions based on proposals made by the Board of Directors in matters concerning investments of a considerable size in relation to the company's total resources and in matters regarding rationalisation or the restructuring of operations which will result in major changes in the workforce. It is the responsibility of the Supervisory Board to elect members to the Board of Directors. The Supervisory Board has 30 members, 20 of whom are elected by the shareholders at the general meeting. Emphasis is placed on ensuring broad representation from the company's shareholders. In addition, ten representatives are elected by and among the employees. The Supervisory Board held three meetings in 2014.

Board of Directors

The Board of Directors has up to twelve members, eight of whom are elected by the shareholders and four are representatives for the employees. No member of the group management team is a member of the Board of Directors. When electing members to the Board of Directors, the need for both continuity and independence should be met, while ensuring a balanced board composition. Members of the Board of Directors, the Supervisory Board and the Control Committee may hold such office for a period of no more than twelve consecutive years or for a total period not exceeding 20 years. Members are elected for terms of up to two years. As at 31 December 2014, the Board had eight members, five of whom were elected by the shareholders and three were representatives for the employees. Three of the members were women, two of whom were elected by the shareholders and one represented the employees.

The curricula vitae of the individual board members and board meeting attendance in 2014 are found in the presentation of the board members in this chapter and on the Group's website. The Board of Directors will consider the independence of its members, and their conclusion is presented in the listing of governing bodies. When new board members are nominated, their suitability is assessed, including their independence. The assessment is followed up on an annual basis by requesting a written confirmation from the board members. The Group has initiated processes to continually monitor which other assignments are held by the board members. See also the description under section 4 above, Transactions with close associates. The presentation of the Board of Directors lists any assignments for the Group and any significant appointments or assignments in other companies and organisations held by the members of the Board.

Board members are encouraged to hold shares in the company. The presentation of governing bodies specifies the number of DNB shares held by members of governing bodies and their close associates as at 31 December 2014.

No deviations from the Code of Practice.

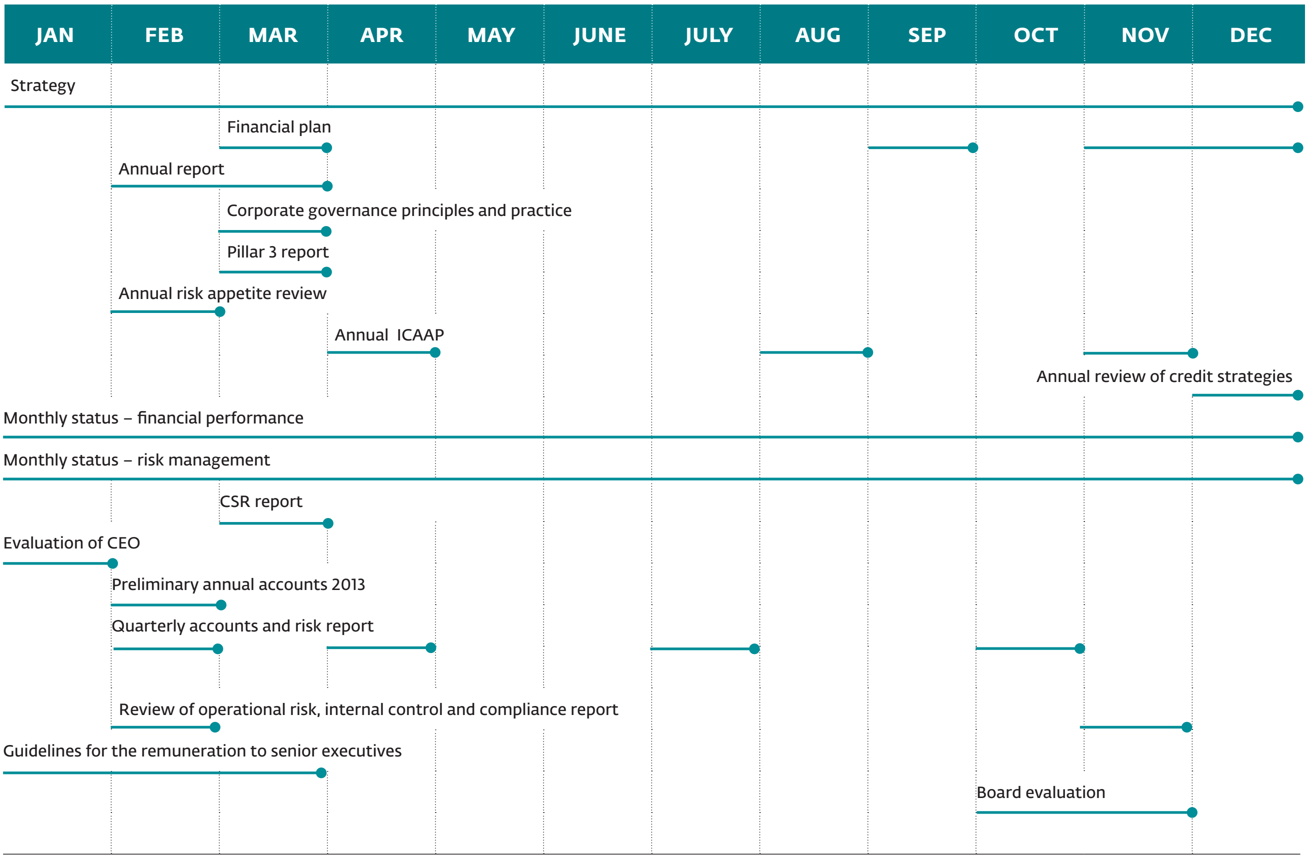
SECTION 9

THE WORK OF THE BOARD OF DIRECTORS

The duties of the Board of Directors

The Board of Directors has approved instructions governing its work and administrative procedures, including matters to be considered by the Board, the group chief executive's tasks and obligations towards the Board and rules on convening and conducting meetings. Instructions for the Board of Directors are available at dnb.no/en. The Board of Directors draws up an annual plan for its activities, covering duties stipulated in laws, regulations, resolutions passed by the authorities, the Articles of

WORK OF THE BOARD OF DIRECTORS IN 2014



Association and decisions made by the general meeting and the Supervisory Board. The Board of Directors has also issued instructions for the group chief executive.

The Board evaluates its own work and work methods annually, and the evaluation forms the basis for adjustments and measures. In addition, the Board's competencies, overall and those of each board member, are evaluated.

The Board of Directors has the ultimate responsibility for the management of DNB. Through the group chief executive, the Board shall ensure a sound organisation of business activities. The Board approves DNB's annual plan process, including principal goals and strategic choices for the Group, as well as budgets and financial three-year plans for the Group and the business areas. Moreover, the Board is continually updated on DNB's financial position and development by approving quarterly and annual reports and through a monthly review of the Group's financial position and development. Furthermore, the Board shall ensure that operations are subject to adequate control and that the Group's capital position is satisfactory relative to the risk and scale of operations. The Board of Directors' responsibilities and implementation and monitoring of risk management and internal control are described in section 10 below. The Board also presents a statement to the general meeting proposing guidelines for remunerations to senior executives. See section 12 below. See the illustration of matters considered by the Board of Directors above.

Meetings of the Board of Directors are chaired by the board chairman. The vice-chairman may chair the meetings in the event that the chairman cannot or should not lead the work of the Board. If neither the board chairman nor the vice-chairman participates, the Board must select a member to chair the meeting.

The group chief executive will prepare matters to be considered by the Board of Directors in consultation with the chairman of the Board. Each matter must be prepared and presented in a manner which provides a satisfactory basis for discussion.

Audit and Risk Management Committee

In 2014, the Audit and Risk Management Committee consisted of up to four of the independent board members. In order to adapt the way the Group's committees are organised to amendments to Section 2-9b of the Financial Institutions Act and Section 47-4 of the capital adequacy regulations, the Audit and Risk Management Committee was split into two separate board committees with effect from January 2015: the Audit Committee and the Risk Management Committee. The committees carry out the same functions within their respective areas of responsibility and have the same members.

The committees are working committees for the Board of Directors, preparing matters and acting in an advisory capacity. Members are elected for a term of up to two years, and the chairman is appointed for a term of one year at a time. The committee members must have the overall competence required to fulfil their duties based on the organisation and operations of the Group. At least one of the committee members must be independent of the company. At least one of the members of the Audit Committee must have accounting and/or auditing expertise. The members of the committees (former Audit and Risk Management Committee) are included in the presentation of the Group's governing bodies. The objectives, responsibilities and functions of the committees are in compliance with international rules and standards and are described in group standard procedures. The committees normally have seven to eight meetings each year. See section 10 Risk management and internal control for a further description of the committees' duties.

Compensation Committee

The Board of Directors of DNB ASA has a Compensation Committee consisting of three members of the company's Board of Directors. The committee normally meets six to seven times a year. The committee puts forth a recommendation for the Board of Directors' guidelines for remuneration to senior executives in accordance with Section 6-16a in the Public Limited Companies Act. The committee draws up proposals and issues recommendations to the Board of Directors regarding the remuneration awarded to the group chief executive and acts in an advisory capacity to the group chief executive with respect to the remuneration and other important personnel-related matters concerning members of the group management team and any others reporting to the group chief executive.

No deviations from the Code of Practice.

SECTION 10

RISK MANAGEMENT AND INTERNAL CONTROL

In DNB, sound risk management is a strategic tool to enhance value generation. Internal control should ensure effective operations and prudent management of significant risks that could prevent the Group from attaining its business targets.

Item A below describes how the work on risk management and internal control in the Group is organised, implemented and followed up. The Board of Directors' reporting of the main features of internal control relating to financial reporting is described in item B.

The Group's report on capital adequacy requirements and risk management, the Pillar 3 report, includes a description of risk management and framework structure, capital management and capital calculations, in addition to the assessment and monitoring of various types of risk. In addition, DNB's adaptations to and compliance with the capital adequacy requirements are described. The report is available on the Group's website dnb.no/investor-relations.

No deviations from the Code of Practice.

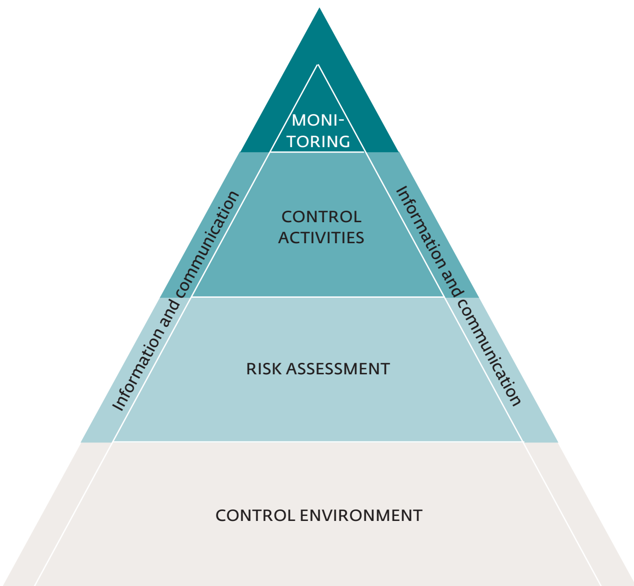
A) Organisation, implementation and monitoring

Internal control in DNB is based on the framework from the Committee of Sponsoring Organizations of the Treadway Commission, COSO. COSO is a framework consisting of five components:

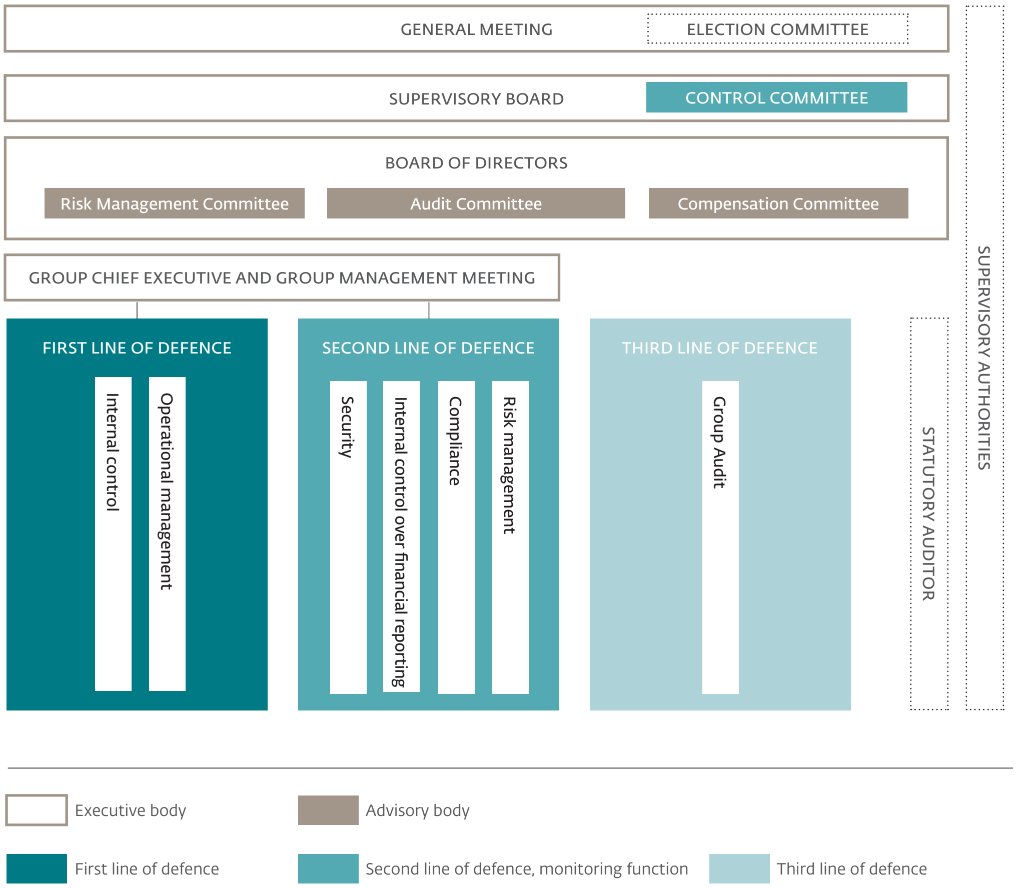
1. Control environment
2. Risk assessment: assessment of internal and external factors which affect target attainment
3. Control activities: policies and procedures to mitigate risk and ensure that risk responses are effectively carried out
4. Information and communication: processes to ensure that relevant information is identified and communicated in a timely manner
5. Monitoring: processes to ensure that the internal control is appropriately defined, implemented, effective and flexible

These five components should help the Group reach its targets relating to operational efficiency, reliable financial reporting and compliance with laws and regulations.

ILLUSTRATION OF THE COSO FRAMEWORK



GOVERNING BODIES IN THE DNB GROUP



Governing bodies in the DNB Group, risk management and internal control are illustrated in the diagram above.

Responsibility for risk management and internal control is divided between three lines of defence:

- The first line of defence is the operational management's governance and internal control, including processes and activities to reach defined goals relating to operational efficiency, reliable financial reporting and compliance with laws and regulations.
- The second line of defence is an independent function which monitors and follows up the operational management's governance and internal control. The second line of defence is responsible for setting the premises for risk management, coordination across organisational units and risk reporting.
- The third line of defence is Group Audit, which reviews and evaluates group management's overall governance and internal control. Group Audit is independent of the Group's executive management and reports to the Board of Directors of DNB ASA.

A) ORGANISATION, IMPLEMENTATION AND MONITORING

ORGANISATION AND RESPONSIBILITIES

Boards of Directors

The Board of Directors of DNB ASA has principal responsibility for the Group's business operations, which includes ensuring that operations, financial reporting and asset management are subject to adequate control. The DNB Group has approved policies and guidelines in the following areas to support this:

- ethics
- corporate social responsibility
- effective development and operations
- risk management, including guidelines for the delegation of authority and operational risk management
- compliance
- communication, including media guidelines
- financial management, including guidelines for quality assurance of financial reporting
- people and organisation, including guidelines for variable remuneration
- shareholder relations
- security

Separate instructions have been established for the Board of Directors and the board committees.

The Board of Directors of DNB ASA has approved DNB's group policy for risk management, which should serve as a guide for DNB's overall risk management and describes the ambitions for, attitudes to and work on risk in the DNB Group.

The Board of Directors of DNB ASA has a clearly stated goal to maintain a low risk profile and will only assume risk which is comprehensible and possible to follow up. The Group must not be associated with operations which could harm its reputation. The Board of Directors of DNB ASA sets long-term targets for the Group's risk profile through the risk appetite framework, which was taken into use in 2013. The risk appetite framework represents an operationalisation of the Group's current risk policy and guidelines, ensuring that risk is managed and integrated with other key steering processes in the organisation in a practical, transparent and synchronised manner. The risk appetite framework will provide a holistic and balanced view of the risk in the business and consists of 15 statements that set targets for risk dimensions and levels. To support the framework, governance principles have been established and operational procedures and responsibilities within the DNB Group defined. The targeted risk profile will also be reflected in other parts of the risk management framework, including the establishment of authorisations and business limits. The risk appetite framework will be reviewed at least once a year. The Board of Directors also regularly reviews risk levels, the framework structure and reporting for relevant risk categories.

The Board of Directors of DNB ASA carries responsibility for ensuring that the Group is adequately capitalised relative to the risk and scope of operations and that capital requirements stipulated in laws and regulations are met. The Group's capitalisation guidelines shall ensure that the Group's equity is adapted to the scope and risk profile of operations, based on the authorities' capital adequacy requirements and DNB's internal estimated capital requirements. The Board of Directors continually monitors the Group's capital situation, see further information under Implementation and monitoring below. DNB Bank ASA aims to maintain an AA level international rating for ordinary long-term debt.

DNB shall comply with all laws and regulations that apply to the Group's business activities, hereinafter referred to as compliance. The compliance policy describes the main principles for compliance and how the compliance function is organised. Group guidelines have also been established for operational risk management.

The Board of Directors of DNB ASA has approved rules governing ethics which should help raise awareness of and ensure compliance with the ethical standards required in the Group. According to the Group's code of ethics, employees must promptly inform their immediate superior or the group chief audit executive if they obtain knowledge about matters that are contrary to prevailing regulations, major breaches of internal regulations or other serious reprehensible actions. The Board of Directors of DNB ASA has also approved rules governing corporate social responsibility. See further description on the Group's website, dnb.no/en/about-us/corporate-social-responsibility.

Internal and external reporting shall be of high quality, and the Group shall comply with relevant laws, regulations and internal guidelines, including the Group's values and rules governing ethics and corporate social responsibility. The organisational structure of DNB aims to ensure independent risk reporting.

A) ORGANISATION, IMPLEMENTATION AND MONITORING

IMPLEMENTATION AND MONITORING

Boards of Directors

The Board of Directors of DNB ASA annually reviews the Group's principal risk areas and internal control. The review, which is based on reporting from the group chief executive, aims to document the quality of the work performed in key risk areas and to identify any weaknesses and needs for improvement. The review should ensure that changes in the risk situation are identified, so that the necessary improvement measures can be implemented.

The Risk Management Committee gives the Board of Directors advice with regard to the Group's risk profile, monitors the Group's internal control and risk management systems and makes sure that they function effectively. In addition, the committee advises the Board of Directors with respect to the Group's risk profile, including the Group's current and future risk appetite and strategy. The Audit Committee evaluates the quality of the work performed by Group Audit and the statutory auditors. The Boards of Directors of DNB Bank AS, DNB Livsforsikring AS and other significant subsidiaries annually evaluate the companies' key risk areas and internal control.

Every three months, the Audit Committee, the Risk Management Committee and the Boards of Directors of DNB ASA and DNB Bank ASA receive a risk report for the Group, accounting for the current risk situation, reviewed relative to the risk appetite framework. The report includes the utilisation of limits approved by the Boards of Directors of DNB ASA, DNB Bank ASA and DNB Livsforsikring AS. The Board of Directors of DNB Livsforsikring AS receives periodic reports analysing the company's risk situation.

Every year, the Audit Committee and the Boards of Directors of DNB ASA and DNB Bank ASA consider the Group's ICAAP report (Internal Capital Adequacy Assessment Process), which includes a self-assessment of the DNB Group's risk and capital situation. Group Audit reviews DNB's ICAAP process, and a report containing its summary is considered at the same board meeting as the self-assessment.

In 2013, the Risk Management Committee and the Boards of Directors of DNB ASA and DNB Bank ASA reviewed the Group's first recovery plan. The plan will become an integral part of the Group's risk and capital management framework. An important part of the recovery plan is a description of various identified measures to improve the Group's capital adequacy and liquidity situation during a potential crisis. The plan will be updated each year. The recovery plan is part of the new crisis management regulations for banks. See further description in the chapter on the new regulatory framework.

Each year, the Risk Management Committee and the Board of Directors of DNB Bank ASA consider the Group's compliance report, which gives a description of the Group's overall compliance risk and the measures required to mitigate such risk.

Each year, the Risk Management Committee and the Board of Directors of DNB Bank ASA review the Group's validation report. Validation plays a key role in quality assurance of the IRB system. Group Audit prepares an annual IRB compliance report which shows compliance with the IRB requirements. The report is considered parallel to the validation report by the bank's Board of Directors.

Information about the Group's risk situation is made available to the market, shareholders and the authorities through quarterly reports. See further description of the Group's risk management in note 5 Risk management and in the Pillar 3 report on dnb.no/investor-relations.

A) ORGANISATION, IMPLEMENTATION AND MONITORING

ORGANISATION AND RESPONSIBILITIES

Group chief executive and executive bodies

The group chief executive is responsible for implementing risk management measures that help achieve targets for operations set by the Board of Directors of DNB ASA, including the development of effective management systems and internal control.

The group management meeting is the group chief executive's collegiate body for management at group level. All important decisions concerning risk and capital management will generally be made in consultation with the group management team. Authorisations must be in place for the extension of credit and for position and trading limits in all critical financial areas. All authorisations are personal. Authorisations are determined by the Board of Directors of DNB ASA, along with overall limits, and can be delegated in the organisation, though any further delegation must be approved and followed up by the relevant person's immediate superior.

The group management meetings are attended by the group executive vice presidents in charge of the business areas and staff and support units. A number of advisory bodies have been established to assist in preparing documentation and implementing monitoring and control within various specialist areas:

- The Asset and Liability Committee, ALCO, is an advisory body for the chief financial officer and the chief risk officer and handles matters relating to the management of market and funding risk, risk modelling, capital structure and return targets.
- The Group has three central credit committees: the Group Advisory Credit Committee, the Advisory Credit Committee for Large Corporates and International, and the Advisory Credit Committee for Corporate Banking Norway. The committees act in an advisory capacity to decision-makers in the line organisation and in Group Credit Risk Management, who endorse credits on the basis of personal authorisations after consideration in the respective committees. The Group Advisory Credit Committee approves large credits according to assigned authorisations to selected borrowers that are customers of more than one business area and advises the group chief executive and the Board of Directors in connection with large individual credit proposals and other matters of an extraordinary nature. The committee plays a key role in formulating the Group's credit policy, credit strategies and credit regulations, as well as in assessing portfolio risk. The Credit Committees for Large Corporates and International and for Corporate Banking Norway handle administrative matters and approve credits according to assigned authorisations for the respective business areas. The Credit Committees are chaired by the group chief credit officer.
- Advisory Group Operational Risk, AGOR, is an advisory committee for the Group's chief risk officer and helps develop the Group's solutions within operational risk management to ensure effective and consistent monitoring and reporting throughout the Group. A key task is to make sure that the Group's routines relating to internal control and quality assurance are designed to provide added value relative to group operations.
- The Forum for AML and International Sanctions is an advisory body for the Group's chief risk officer and provides advice and guidance with respect to DNB's compliance with international sanctions and the Group's anti-money laundering and counter-terrorism financing work.

Group Risk Management

Group Risk Management is headed by the Group's chief risk officer, CRO, who reports directly to the group chief executive. The CRO sets the premises for internal control and assesses and reports the Group's risk situation.
The majority of the Group's risk entities are organised in Group Risk Management, though parts of operative risk management is organised in the business areas.

Compliance

The compliance function is an independent function which identifies, evaluates, gives advice on, monitors and reports on the Group's compliance risk. The function is headed by the group compliance officer, GCO. The GCO is organised in Group Risk Management and reports on specific issues to the group chief executive. All business areas and support units, as well as large subsidiaries and international entities, have a compliance function with responsibility for ensuring compliance with relevant regulations. The compliance functions in international entities and the Group's operations in the Baltics and Poland report directly to the GCO.

During 2014, the Group's anti-money laundering monitoring function, the Group AML officer, was transferred to Group Risk Management and reports directly to the CRO.

A) ORGANISATION, IMPLEMENTATION AND MONITORING

IMPLEMENTATION AND MONITORING

Group chief executive and executive bodies

The basis for risk management in DNB is that individual managers in the Group are responsible for risk within their own area of responsibility and must therefore have the necessary insight into and understanding of the relevant unit's risk situation, thus ensuring that the management of such risk is financially and administratively sound.

All units in the Group carry out an annual review which includes:

- a self-assessment of the unit's work on risk management and internal control
- the unit's risk assessments
- an evaluation of compliance with external and internal regulations
- planned improvement measures

Reporting takes place minimum at division level and forms the basis for aggregate reports for business areas and support units, which in turn are included in the group chief executive's reports to the Board of Directors of DNB ASA. Where assessments identify particularly serious risks, these should be reported along with an indication of relevant improvement measures.

Each month, the group management meeting will receive a status report on the risk situation, measured relative to the defined risk appetite targets.

Group Risk Management

Group Risk Management prepares a quarterly risk report to the Boards of Directors of DNB ASA and DNB Bank AS. In addition, Group Risk Management is responsible for preparing the Group's ICAAP report, recovery plan, validation report and status report on management and control of operational risk.

Risk reporting in the Group aims to ensure that all executives have the necessary information about current risk levels and future developments. To ensure high-quality, independent risk reports, responsibility for reporting is assigned to units that are independent of the operative units. The Group's risk is measured in the form of economic capital. Return on economic capital is a factor in product pricing, profit calculations and performance monitoring.

Compliance

The group compliance officer, GCO, is responsible for the reporting of compliance risk and any breaches of laws and regulations pertaining to the Group. A compliance report is prepared once a year. The compliance functions in the business areas and support units issue periodic reports on the current status and on any violations of regulations to the GCO and to the heads of their respective units. The identification, assessment and monitoring of the Group's risk of errors in financial reporting are carried out by Group Financial Reporting on behalf of the chief financial officer.

A) ORGANISATION, IMPLEMENTATION AND MONITORING

	ORGANISATION AND RESPONSIBILITIES
Internal audit	Independent and effective audits will help ensure satisfactory risk management and internal control, as well as reliable financial reporting. Group Audit receives its instructions from the Board of Directors of DNB ASA, which also approves the department's annual plans and budgets. Group Audit's responsibilities can broadly be divided in two: ■ On behalf of DNB ASA, the group chief executive and the Boards of Directors of the companies in the Group, verify that adequate and effective risk management and internal control are in place ■ Assess whether risk identification, established management processes and control measures effectively contribute to strengthening the Group's ability to reach its targets The work of Group Audit is described in further detail below. Information about the statutory auditor can be found in section 15 below.
Supervisory authorities	

A) ORGANISATION, IMPLEMENTATION AND MONITORING

IMPLEMENTATION AND MONITORING

Internal audit

Group Audit carries out audits of units in the DNB Group. An audit plan is prepared, which is discussed with group management, reviewed by the Audit Committee and approved by the Board of Directors. Group Audit's risk assessments form the basis for determining which units should be given priority in the auditing process. After the audits have been completed, audit reports are prepared, which include the results of the audit, a description of any identified weaknesses or deficiencies and proposed measures, specifying responsible persons and deadlines for implementation of the measures. The audit reports are sent to the heads of the relevant audited units. An audit summary, reviewing all of the units in the DNB Group, is presented to the Board of Directors of DNB ASA once every six months. The Board of Directors of DNB Bank ASA receives a monthly summary of the audit reports for the units in the DNB Bank Group. The Boards of Directors of DNB Livsforsikring AS and DNB Asset Management Holding AS receive quarterly summaries of audit reports for their respective units. Reports from Group Audit are also presented to the Control Committee and the statutory auditor.

Supervisory authorities

The operations of the DNB Group are supervised by Finanstilsynet (the Financial Supervisory Authority of Norway). Among other things, Finanstilsynet reviews annual and interim reports and the Group's Internal Capital Adequacy Assessment Process, ICAAP. As from 2013, Finanstilsynet will review the Group's recovery plan. The Board of Directors aims to have an open and constructive dialogue with Finanstilsynet.

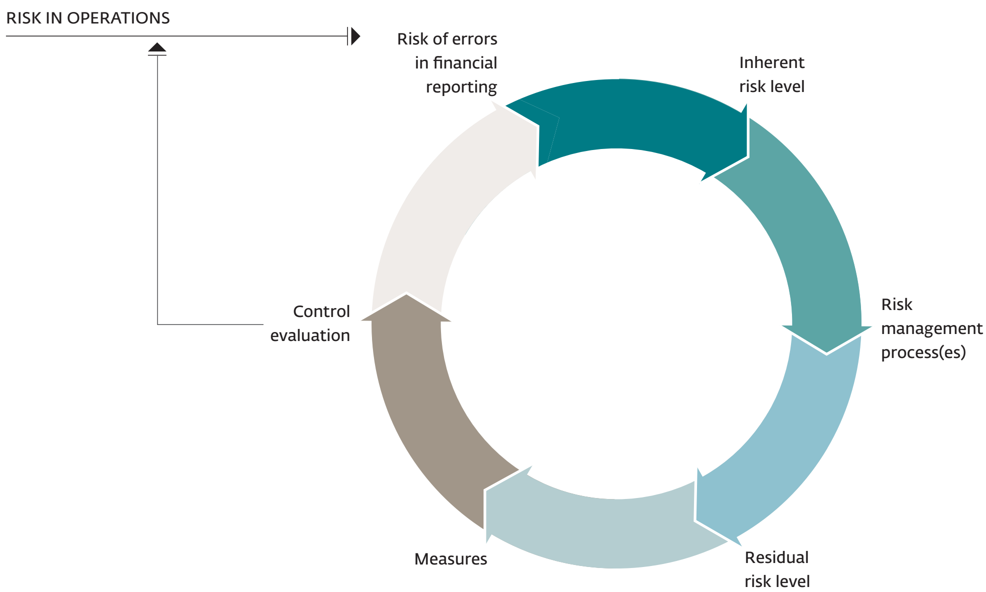
B) The Board of Directors' reporting of the key components of internal control over financial reporting

There shall be low operational risk in DNB. The group guidelines for quality assurance of financial reporting set clear quality requirements for the reporting. A description of how the Group's work on internal control over financial reporting is organised, implemented and followed up is given below.

The internal control process over financial reporting in DNB is illustrated in the figure below.

The basis for the internal control is an assessment of whether DNB's operations entail a risk of errors in financial reporting. Thereafter, the inherent risk level is considered, which represents risk before internal control is established. Processes which handle the risks are identified and determine the total scope of the internal control. The residual risk level, that is risk after the established internal control measures have been implemented, is defined, and it is assessed whether it will be necessary to implement additional measures to strengthen the internal control. The results of the internal control are followed up on an ongoing basis.

PROCESS FOR INTERNAL CONTROL OVER FINANCIAL REPORTING IN THE DNB GROUP



B) THE BOARD OF DIRECTORS' REPORTING OF THE KEY COMPONENTS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

ORGANISATION AND RESPONSIBILITIES

Boards of Directors

The Board of Directors of DNB ASA, represented by the Audit Committee, reviews the financial reporting process. The Board of Directors has prepared guidelines to ensure reliable, relevant, timely and uniform reporting to shareholders and other capital market participants. The guidelines also cover internal needs. Together, these are called guidelines for financial reporting. The guidelines set quality assurance requirements for the financial reporting process applying to all units in the Group, including requirements to avoid any manipulation of the accounts.

The Audit Committee will supervise the financial reporting process and ensure that the Group's internal control, including the internal audit and risk management systems, functions effectively. Among other things, the committee reviews the quarterly and annual accounts and the report on developments in the Group's main risk categories, issued every quarter. In addition, the committee shall ensure that the Group has independent and effective external audit procedures. The committee also reviews the annual accounts of DNB ASA, the statutory and consolidated accounts of DNB Bank ASA and DNB Livsforsikring AS and the annual accounts of DNB Boligkreditt AS.

Group chief executive and executive bodies

Group Finance is headed by the chief financial officer and is organised outside the business areas. The head of Group Financial Reporting reports to the chief financial officer and is responsible for matters such as financial management and reporting, financial follow-ups, direct and indirect taxes and the internal control over financial reporting in the Group.

The heads of reporting units are responsible for ongoing financial monitoring and reporting. All these units have management teams and accounting units adapted to their organisation and operations. Managers must ensure that adequate and effective internal control is implemented in accordance with established requirements, and are responsible for complying with these requirements.

B) THE BOARD OF DIRECTORS' REPORTING OF THE KEY COMPONENTS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

IMPLEMENTATION AND MONITORING

Boards of Directors

The Audit Committee reviews quarterly financial reporting for the DNB Group. The Committee makes a thorough review of discretionary assessments and estimates in addition to any changes in accounting practice.

The Committee monitors the Group's internal control and risk management systems and the internal audit, making sure that they function effectively, and considers changes in systems and procedures which are presented to the Board of Directors for approval.

In connection with its review, the Committee has discussions with management, Group Audit and the statutory auditor. The statutory auditor provides a report to the Committee on the main features of the audit carried out in the previous accounting year, including a special review of any material weaknesses identified in internal control relating to the financial reporting process.

The Committee considers group management's annual self-assessment of the level of and effectiveness of the internal control over financial reporting.

At least once a year, the Committee has separate meetings with the statutory auditors and the group chief audit executive without any members from management present.

The Audit Committee considers the quarterly accounts and the proposed annual accounts for DNB ASA and the DNB Group. After the quarterly accounts and proposed annual accounts for the respective companies have been reviewed by the executive management and the Audit Committee, they are considered by the Boards of Directors of DNB ASA and DNB Bank ASA. The annual accounts are approved by the general meeting.

The Audit Committee also considers the proposed statutory and consolidated accounts of DNB Bank ASA and DNB Livsforsikring AS and the statutory accounts of DNB Boligkreditt AS. The Board of Directors of DNB Livsforsikring AS considers the quarterly accounts and the proposed annual accounts. The annual accounts are approved by the respective companies' general meetings.

Group chief executive and executive bodies

Reporting units The heads of the reporting units are responsible for implementing adequate and effective internal control in accordance with established requirements, as well as for ensuring compliance with these requirements. The units will assess internal control of financial reporting each quarter and report the results of their assessment to the head of Group Financial Reporting. Every year, the units will make an evaluation of compliance with external and internal regulations and report the results of the internal control along with planned improvement measures to the head of Group Financial Reporting.

Group Finance On behalf of the chief financial officer, the head of Group Financial Reporting identifies, assesses and monitors the risk of errors in the Group's financial reporting in cooperation with the heads of the reporting units. The risk assessment is considered by the Group's Risk Management Committee.

Group Finance prepares financial reports for the DNB Group and ensures that such reporting is in line with prevailing legislation, accounting standards, current accounting principles and guidelines from the Board of Directors. The head of Group Financial Reporting prepares guidelines which explain the requirements to be fulfilled by the local units. Processes and a number of control measures have been prepared to ensure that financial reporting is of high quality. The measures include rules concerning authorisations, the division of responsibilities, reconciliation, change management, IT controls and management reviews.

Group management team The group chief executive and the chief financial officer will continually consider the financial results and target attainment of the business areas as well as critical aspects and events which will affect their future performance and optimal resource utilisation. A review covering, inter alia, these subjects will be made in cooperation with the individual business areas at least on a quarterly basis. At the meetings, the risks associated with financial reporting, both in the short and the long term, are assessed. The group chief executive, the chief financial officer, managers in the relevant unit and relevant experts participate in the meetings, which are chaired by the group chief executive. The chief financial officer reviews such matters with the support units in special meetings.

The group management team will review monthly financial reporting and risk appetite, including trends in profit and loss and balance sheet items, the current status relative to statutory enactments, results for legal units and analyses of and comments to the financial performance of business areas and support units.

B) THE BOARD OF DIRECTORS' REPORTING OF THE KEY COMPONENTS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

	ORGANISATION AND RESPONSIBILITIES
Compliance	On behalf of the chief financial officer, the head of Group Financial Reporting identifies, assesses and monitors the risk of errors in the Group's financial reporting in cooperation with the heads of the reporting units.
Internal audit	See description under A) Organisation, implementation and monitoring.

B) THE BOARD OF DIRECTORS' REPORTING OF THE KEY COMPONENTS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

IMPLEMENTATION AND MONITORING

Compliance

A process has been established for self-assessments of the level of and effectiveness of the internal control over financial reporting. The units' quarterly assessment of internal control over financial reporting is discussed with the head of Group Financial Reporting in special meetings when and as required, and a summary is presented to the chief financial officer, group management, the Audit Committee and the Board of Directors of DNB ASA in connection with their review of the Group's quarterly and annual accounts.

Internal audit

Group Audit conducts a general review of the fFinancial reporting for the DNB Group, the DNB Bank Group and DNB Livsforsikring AS is reviewed by Group Audit on a quarterly basis. The annual accounts of all the companies in the DNB Group are audited by the statutory auditors, who, within the limits stipulated in international standards on auditing and quality control, ISA, cooperate with Group Audit.

As part of the audit, Group Audit assesses the established internal control over financial reporting in selected processes. The results of the financial audit of financial reporting are described in Group Audit's semi-annual report to the Boards of Directors of DNB ASA and DNB Bank ASA and the Audit Committee. In addition, the results of the audit of financial reporting are described in annual reports to the Boards of Directors of DNB Livsforsikring AS, DNB Skadeforsikring AS, DNB Boligkreditt AS and DNB Næringskreditt AS. Every year, the statutory auditor prepares a report is prepared which summarises the results of the financial audit. The report accounts for any weaknesses and deficiencies in the internal control over financial reporting. The report is sent to those who are responsible for financial reporting in the audited units and companies for comment before being considered by the Audit Committee and the Board of Directors of DNB ASA.

SECTION 11

REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration paid to members of the Board of Directors, proposed by the Election Committee and approved by the Supervisory Board, is not performance-based or linked to options in DNB ASA. The Board of Directors must approve any remuneration from the company to members of the Board of Directors other than ordinary remuneration for their service on the Board of Directors, the Audit Committee, the Risk Management Committee and the Compensation Committee and inform the Supervisory Board of such matters. Note 51 to the annual accounts for the DNB Group shows remunerations to senior executives and elected officers in DNB ASA.

No deviations from the Code of Practice.

SECTION 12

REMUNERATION OF THE EXECUTIVE PERSONNEL

Guidelines for executive pay

DNB's guidelines for determining remunerations to the group chief executive and other members of the group management team should, at all times, support prevailing strategy and values, while contributing to the attainment of the Group's targets. The total remuneration to the group chief executive and other senior executives consists of basic salary (main element), benefits in kind, variable salary, pension and insurance schemes. When determining the variable remuneration of the group chief executive and other senior executives for 2014, strong emphasis was once again placed on group measurement parameters for financial key figures, customer satisfaction and corporate reputation.

DNB's variable remuneration scheme is in accordance with the regulations on remuneration schemes in financial institutions, investment firms and management companies for mutual funds. The Group has prepared separate group guidelines for the scheme. In accordance with the guidelines, the Board of Directors' Compensation Committee determines the Group's total annual variable remuneration limit. In addition, the Group has identified senior executives, risk takers and independent control functions etc., hereinafter called senior executives. Remuneration to the group chief executive and other senior executives is described in further detail below.

Group chief executive

The total remuneration to the group chief executive is determined on the basis of a total evaluation based, among other things, on market comparisons and reputational aspects. The remuneration should be competitive, but not market-leading.

The variable remuneration of the group chief executive is performance-based and determined on the basis of the Group's return on equity, Tier 1 capital ratio, customer satisfaction and corporate reputation, as well as an overall assessment related to the Group's values and leadership principles. The variable remuneration of the group chief executive cannot exceed 50 per cent of fixed salary. Minimum 50 per cent of variable remuneration is paid in the form of shares in DNB ASA, with minimum holding periods of one year for one-third of the shares, two years for one-third of the shares and three years for the final one-third of the shares.

Other senior executives

The total remuneration to other senior executives is determined based on the need to offer competitive, but not market-leading terms, promote the Group's competitiveness in the labour market and enhance profitability in line with the Group's income and cost targets. The total remuneration should ensure that DNB attracts and retains senior executives with the desired skills and experience.

Variable remuneration is awarded to individual employees within limits allocated to each unit and an overall assessment of the individual's attainment of predetermined financial and non-financial targets.

The variable remuneration scheme is performance-based without exposing the Group to unwanted risk. This is ensured by the strong correlation between individual targets and the Group's governance model. Minimum 50 per cent of variable remuneration is paid in the form of shares in DNB ASA, with minimum holding periods of one year for one-third of the shares, two years for one-third of the shares and three years for the final one-third of the shares. Variable remuneration cannot exceed 50 per cent of fixed salary for senior executives. The level of variable remuneration in DNB is considered to be moderate relative to prevailing levels in international financial institutions and other large Norwegian groups of companies.

The Board of Directors' statement concerning executive remunerations

The Board of Directors presents a statement to the general meeting proposing guidelines for remunerations to senior executives. The statement and information about remunerations paid to the individual members of the group management team can be found in note 51 to the annual accounts for the DNB Group.

Other aspects

No employees in the DNB Group have any outstanding subscription rights etc. See also the description of the Board of Directors' Compensation Committee in Section 9 above.

No deviations from the Code of Practice.

SECTION 13

INFORMATION AND COMMUNICATIONS

The Group presents the Norwegian and international markets with extensive analytical information in connection with the quarterly reporting of financial information and presentations on particular topics. Parallel to this, the same information is made available to all interested parties on the websites of Oslo Børs and the Group.

Guidelines have been drawn up for the reporting of financial information to shareholders, investors and analysts. The guidelines also cover the Group's contact with shareholders other than through general meetings. The guidelines are based on openness and take into account the requirement for equal treatment of all participants in the market. They can be found on the Group's website dnb.no/en/about-us.

An overview of the dates for major events such as the annual general meeting, the publication of interim reports, public presentations and dividend payments is published on the Group's website.

All DNB employees have access to the guidelines for financial reporting, including requirements for the internal control over financial reporting. Group Finance holds regular meetings with units in the Group to give information about and increase the understanding of the requirements for internal control over financial reporting.

No deviations from the Code of Practice.

SECTION 14

CORPORATE TAKE-OVERS

The Board of Directors of DNB ASA will handle any take-over bids in compliance with the principle of equal treatment of shareholders. Parallel to this, the Board will help ensure that shareholders are given as complete information as possible in all situations that will affect shareholder interests. Cf. section 4, which gives an account of the Norwegian government's intention to retain its 34 per cent holding in DNB ASA, as required by the Norwegian parliament.

Deviations from the Code of Practice: The Board of Directors has chosen not to determine explicit guiding principles on how to act in the event of a take-over bid. The background for this exception is that the Norwegian government owns 34 per cent of the shares in DNB ASA, making such principles not very relevant. The Board of Directors otherwise endorses the wording in this section of the Code.

SECTION 15

STATUTORY AUDITOR

The statutory auditor annually submits a plan for the audit to the Audit Committee and the Control Committee. Guidelines have been drawn up in respect of relations with the statutory auditor, including restrictions on what additional services can be undertaken, approval of fees and guidelines to invite tenders for external audit services. In accordance with the guidelines, the chosen audit firm and the audit partner responsible for carrying out the audit can hold this responsibility for maximum four years, with an option for a further three years. This option will be considered each year. This implies that the agreement with the audit firm will normally be renegotiated for the first time after four years, with an option for subsequent annual renegotiations for maximum two years. Tenders will normally be invited every seventh year.

The Audit Committee submits a recommendation regarding the choice of statutory auditor to the Board of Directors. The proposal is thereafter presented to the Supervisory Board, which submits a recommendation to the general meeting. At least once a year, the Committee holds a meeting with the auditors at which neither the group chief executive nor any other member of the executive management is present.

The Committee submits a recommendation regarding the statutory auditor's remuneration to the Board of Directors, which presents the remuneration proposal to the Annual General Meeting for approval.

The statutory auditor must provide a report to the Audit Committee on the main features of the audit carried out in the previous accounting year, including particular mention of any material weaknesses identified in internal control relating to the financial reporting process. The auditor must also provide the committee with:

- an annual written confirmation of the auditor's independence
- information on services other than statutory audit provided to the company during the course of the financial year
- information on any threats to the auditor's independence, and documentary evidence of the measures implemented to combat such threats.

The Audit Committee evaluates the work performed by the statutory auditor on an annual basis.

No deviations from the Code of Practice.

GROUP MANAGEMENT

Kjerstin Braathen Corporate Banking Norway	**Ottar Ertzeid** Markets	**Harald Serck-Hanssen** Large Corporates and International	**Bjørn Erik Næss** Group Finance	**Kari Olrud Moen** Products	**Tom Rathke** Wealth Management

Thomas Midteide
Corporate Communications

Liv Fiksdahl
IT and Operations

Terje Turnes
Group Risk Management

Trond Bentestuen
Personal Banking Norway

Solveig Hellebust
HR

Rune Bjerke
Group chief executive

GROUP MANAGEMENT

as at 12 March 2015

	Rune Bjerke	Bjørn Erik Næss	Trond Bentestuen	Kjerstin Braathen	Harald Serck-Hanssen	Ottar Ertzeid
Born	1960	1954	1970	1970	1965	1965
Role in DNB	Group chief executive from 2007	Chief financial officer from 2008	Group executive vice president Personal Banking Norway from 2013	Group executive vice president Corporate Banking Norway from 2013	Group executive vice president Large Corporates and International from 2013	Group executive vice president Markets from 2003
Prior positions in DNB			Former head of Marketing, Communications and eBusiness. Joined DNB in 2008.	Former head of Shipping, Offshore and Logistics, SOL, in Oslo and many years' experience from this sector. Joined DNB in 1999.	Former head of the Shipping, Offshore and Logistics division, SOL. Joined DNB in 1998.	Former head and deputy head of DnB Markets. Held various positions within the FX/Treasury area. Former chief financial officer in DnB Boligkreditt and head of finance in Realkreditt. Joined DNB in 1989.
Other professional experience	Former president and CEO of Hafslund ASA and president and CEO of Scancem International. Has held a number of board positions in large companies. Served as finance commissioner of the Oslo City Council and as a political adviser in Norway's Ministry of Petroleum and Energy.	Former executive vice president and CFO in Aker Kværner ASA. Held similar positions in Orkla and Carlsberg (Denmark).	Expert and Telenor.	Hydro Agri International.	Stolt-Nielsen Shipping and Odfjell Group.	
Education	Economics degree from the University of Oslo and a Master's degree in public administration from Harvard University.	Graduate of the Norwegian School of Economics. Executive Programme at Darden Business School in the USA.	Bachelor of Arts degree in journalism and political science from Temple University, California, and training from the Armed Forces.	Master in Management degree from Ecole Supérieure de Commerce de Nice-Sophia Antipolis.	BA (Hons) degree in business studies from the University of Stirling and Advanced Management Programme at INSEAD Fontainebleau.	Graduate of BI Norwegian Business School.
Number of shares [1]	41 630	41 635	14 052	16 495	23 139	179 444

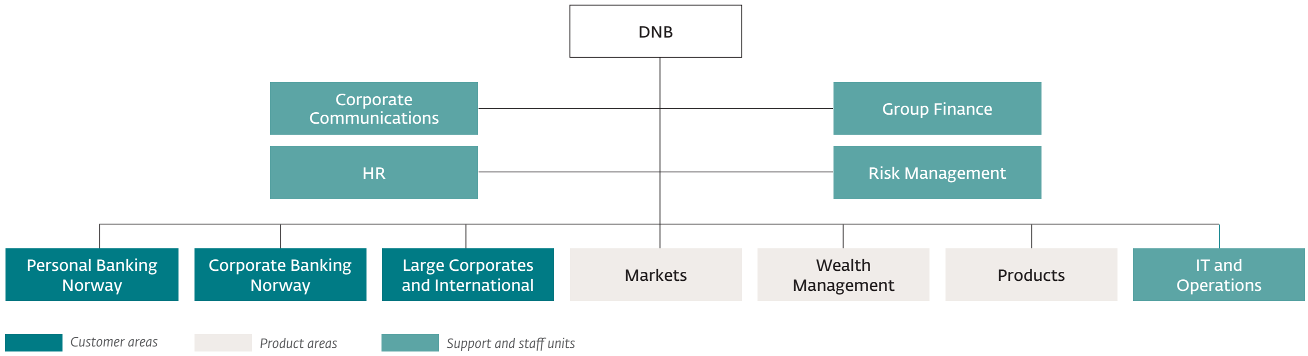
1) Shareholdings in DNB ASA as at 31 December 2014. Shares held by the immediate family and companies in which the shareholder has decisive influence are also included.

Tom Rathke	Kari Olrud Moen	Liv Fiksdahl	Solveig Hellebust	Terje Turnes	Thomas Midteiede	
1956	1969	1965	1967	1963	1974	**Born**
Group executive vice president Wealth Management from 2013	Group executive vice president Product from 2013	Group executive vice president IT and Operations from 2013	Group executive vice president HR from 2009	Chief risk officer from 2015	Group executive vice president Corporate Communications from 2013 *Entitled to attend group management meetings*	**Role in DNB**
Former head of Insurance and Asset Management, chief executive of DNB Livsforsikring and managing director of the investment fund company Avanse. Former chairman of DNB Asset Management and DNB Skadeforsikring. Joined DNB in 2002.	Former head of the Corporate Centre. Joined DNB in 2005.	Former head of Operations and has held various executive positions within operations and administration. Head of Bank Production in Corporate Banking and Payment Services. Customer-oriented positions in Gjensidige NOR Sparebank. Joined DNB in 1998.		Former head of DNB's Baltic operations and head of DNB's London branch, prior to which he headed both the Manufacturing Industry Section and the Energy Section in Corporate Banking. Joined DNB in 1989.	Former executive vice president External Communication. Joined DNB in 2009.	**Prior positions in DNB**
Managerial positions in Vesta and If Skadeforsikring and experience from SAS and Dyno.	Former state secretary in the Ministry of Finance, consultant in McKinsey & Co, adviser for the Conservative Party's parliamentary group and consultant in the Budget Department in the Ministry of Finance.	Customer-oriented positions in Handelsbanken and Fokus Bank.	Former vice president of Human Resources and Communications at Pronova BioPharma ASA. Several years' experience from HR at Telenor and at BI Norwegian Business School as an associate professor in economics.		Head of Communications in SAS Norge, communications officer in VISA Norway and TV reporter and presenter in the Norwegian Broadcasting Corporation, NRK.	**Other professional experience**
Graduate of BI Norwegian Business School, Master's degree in business administration from the University of Wisconsin and Advanced Management Programme at Harvard University.	Graduate of the Norwegian School of Economics and an MBA from the University of California, Berkeley.	Educated at Trondheim Business School.	PhD in international economics from the Norwegian University of Life Sciences, an MSc in agricultural economics from the University of Illinois, and an MSc in business and economics from BI Norwegian Business School.	Educated at Trondheim Business School and the Norwegian School of Management.	Journalist degree from Oslo University College.	**Education**
26 674	17 516	19 178	12 099	14 405	3 281	**Number of shares** [1]

GOVERNANCE MODEL

OPERATIONAL STRUCTURE

DNB's operational structure aims to ensure efficient adaption to changes in customer behaviour and the development of products and services tailored to customer needs. Customer areas are responsible for customer relationships and customer service, while product areas are responsible for product development. Operational tasks and group services are carried out by the Group's support and staff units, which provide infrastructure and cost-efficient services for the business units.



- **Personal Banking Norway** is responsible for product sales and advisory services to Norwegian consumers and households.
- **Corporate Banking Norway** is responsible for product sales and advisory services to small and medium-sized enterprises in Norway.
- **Large Corporates and International (LCI)** serves the bank's largest corporate customers and is responsible for DNB's international banking operations.
- **Markets** offers all of the Group's customers investment banking services, including risk management, investment and financing products and services in the capital markets. Products and solutions are provided by customer teams in cooperation with the customer areas, and Markets gives advice and develops tailor-made products for the different customer segments. Markets' market making and other trading activities support customer activities with products and prices.
- **Wealth Management** is responsible for the Group's private banking activities and aims to strengthen DNB's position in the fast-growing high-net-worth segment and in the market for long-term savings products and asset management. Wealth Management is responsible for the further development of the Group's savings products and delivers defined-contribution and investment choice pension products to all of DNB's customers in close cooperation with the customer areas.
- **Products** develops and manages products in close cooperation with the customer areas. The area offers a wide range of products within life insurance, non-life insurance, factoring, leasing and other asset finance. The products are offered to all customer segments and are mainly sold through the bank's distribution channels.

FINANCIAL GOVERNANCE AND REPORTING STRUCTURE

The income statements and balance sheets for the segments are presented in accordance with internal financial reporting principles and DNB's financial governance model. The principles imply allocating revenues, costs and capital requirements to the segments based on a number of assumptions, estimates and discretionary distributions.

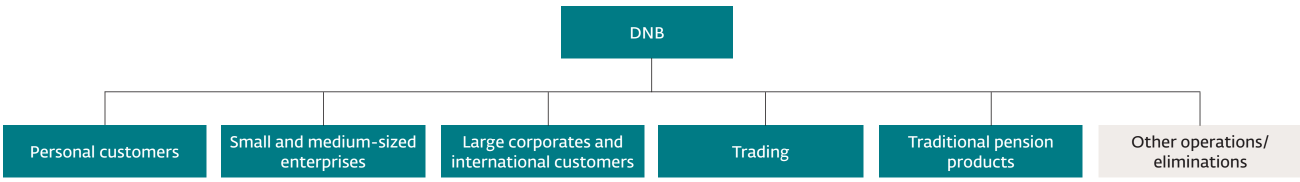
Reported figures for the different segments thus reflect the Group's total sales of products and services to the relevant customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding on where to allocate the Group's resources.

Margin income on loans and deposits is calculated using internal transfer rates based on observable market rates, which in most cases roughly correspond to 3-month NIBOR. Additional costs relating to the Group's long-term funding are also charged to the segments.

Services provided by staff and support units will as far as possible be scaled and priced according to use. The pricing of such intra-group transactions is regulated by internal agreements based on market terms. Joint expenses incurred by group staff units and other group expenditures that cannot be debited according to use, are charged on the basis of relevant distribution formulas. Costs relating to the Group's equity transactions, including strategic investments, and direct shareholder-related expenses and costs related to the Group's governing bodies are not charged to the segments.

The Group's total common equity Tier 1 capital is allocated to the segments. Allocated capital reflects the Group's long-term capitalisation ambition, and the distribution formula is based on an adaption to the Basel III regulations. Return on allocated capital represents profits after tax relative to average allocated capital.

REPORTING STRUCTURE – SEGMENTS



See a presentation of the segments for personal customers, small and medium-sized enterprises and large corporates and international customers on the next pages. See the directors' report and note 3 to the annual accounts for further information about all segments.

Trading comprises the Group's market making and proprietary trading in fixed income, foreign exchange and commodity products, as well as equities, including the hedging of market risk inherent in customer transactions. Market making and other trading activities support customer activities with products and prices.

Traditional pension products serves customers who have traditional defined-benefit pension products. Such products are no longer offered to the Group's new customers, but have been replaced by future-oriented products such as defined-contribution and investment choice pension products.

PERSONAL CUSTOMERS

The personal customer segment comprises total sales of products and services to the Group's 2.1 million personal customers in Norway.

2.1	million personal customers
137	branch offices
2 550	in-store postal and banking outlets
26.0%	market share of loans
32.6%	market share of savings

DNB is a market leader in the Norwegian personal customer market with a large customer base, a wide range of products and services and a strong distribution network.

The segment enjoys sound profitability and showed a positive profit trend in 2014. The strong performance was primarily due to a rise in net interest income, strict cost control and low impairment losses, reflecting the high quality of the loan portfolio. A large share of loans to personal customers represents well-secured, low-risk home mortgages.

Future developments and profitability in the personal customer segment will be challenged by greater competition from existing and new providers of financial services and high customer expectations. Success will depend on attractive products, a high level of service and competitive prices.

DNB will improve customer satisfaction by being the best bank in the most important situations for its customers. DNB will identify customers' total needs and offer straightforward and competitive products and services. Customers' total use of products and services throughout their lives is vital to profitability in the personal customer market.

Modernisation is necessary to use resources in an effective and smart manner. Customer satisfaction can be improved and costs reduced by placing greater emphasis on digital and self-service solutions and on training customers in their use. A higher self-service ratio will also free capacity for increased customer-related activity. High-quality customer meetings are important. Customers should experience one DNB irrespective of when and where

they contact the bank, and this requires a good combination of personal and digital service.

Targets for developments in key parameters have been set to increase customer profitability in the personal customer market:

	2013	2014	Target 2016/2017
Pre-qualification letters – conversion to loans	50%	59%	60%/65%
Loan customers with non-life insurance – share of new customers	10%	21%	40%
DNB Eiendom – share of sold homes financed by DNB	40%	35%	50%
Pension savings – share of customers	4%	10%	10%/20%
Monthly savings schemes – share of customers	40%	51%	60%

FINANCIAL PERFORMANCE

Personal customers

Income statement in NOK million	2014	2013	2012
Net interest income	13 806	12 632	10 250
Net other operating income	4 767	4 829	4 579
Total income	18 573	17 461	14 828
Operating expenses	8 649	8 655	8 096
Pre-tax operating profit before impairment	9 924	8 806	6 732
Net gains on fixed and intangible assets	(3)	154	(0)
Impairment of loans and guarantees	126	374	447
Pre-tax operating profit	9 795	8 586	6 285
Taxes	2 645	2 404	1 760
Profit from operations held for sale	0	3	4
Profit for the year	**7 150**	**6 185**	**4 529**

Average balance sheet items in NOK billion			
Net loans to customers	669.7	650.2	617.3
Deposits from customers	356.8	339.1	317.2

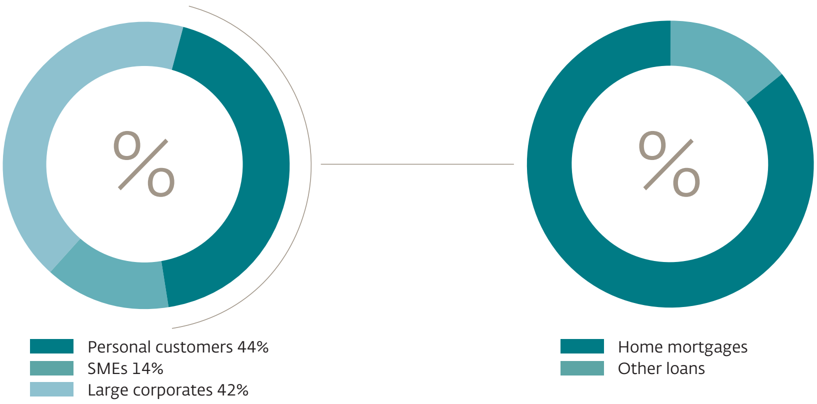
Key figures in per cent			
Lending spread [1)]	2.38	2.36	1.82
Deposit spread [1)]	(0.45)	(0.54)	(0.24)
Return on allocated capital [2)]	23.9	36.3	28.5
Cost/income ratio	46.6	49.6	54.3
Ratio of deposits to loans	53.3	52.1	51.4

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. Capital allocated to home mortgages was raised by 75 per cent in 2014 to reflect the authorities' announced increase in capital requirements.

PORTFOLIO COMPOSITION AS AT 31 DECEMBER 2014 [1]

DNB Group – total exposure at default NOK 1 881 billion

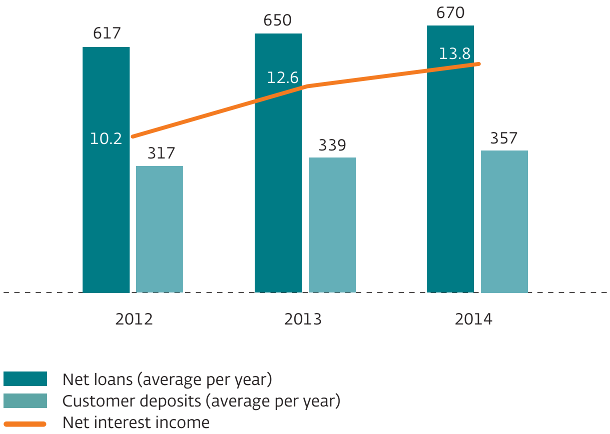
Personal customers – total exposure at default NOK 826 billion



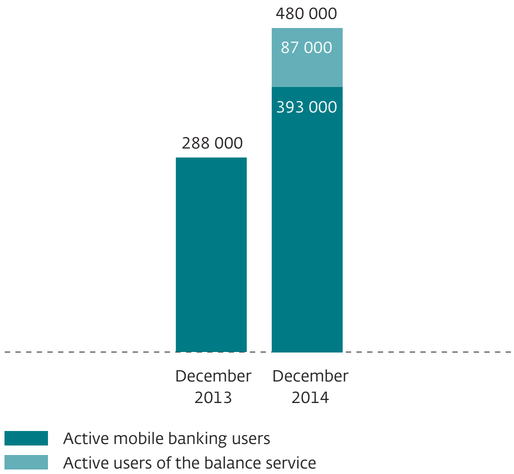
1) *The diagram shows portfolio composition in terms of exposure at default (EAD).*

DEVELOPMENTS IN LOANS, DEPOSITS AND NET INTEREST INCOME

NOK BILLION



DEVELOPMENT IN NUMBER OF MOBILE BANKING USERS [1]



1) *An active mobile banking user is defined as a unique customer who has logged into the mobile bank at least once during the past month.*

PRIVATE BANKING

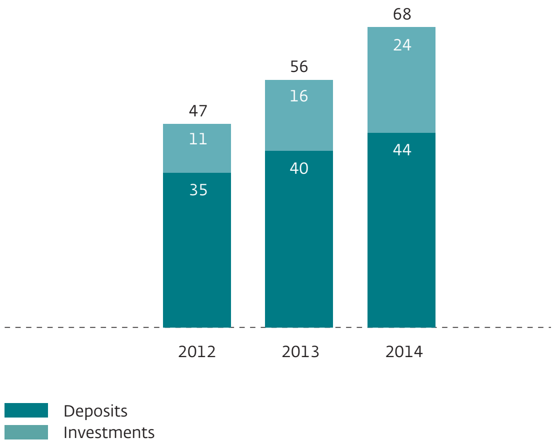
The Private Banking segment is included under Personal customers in the reporting of the Group's financial performance, but the customer segment is a separate priority area for DNB. Private Banking in DNB serves private individuals, investment companies and foundations in Norway with disposable wealth of more than NOK 5 million. DNB Luxembourg serves Norwegians and Scandinavians with international investment and financing needs.

DNB wishes to strengthen its position among a rapidly increasing number of high-net-worth clients in Norway and has an ambition to become their preferred asset manager. To achieve this, DNB's advisers must be interesting discussion partners offering customers complete and attractive financial solutions and high quality throughout the value chain. Close cooperation with the business areas Corporate Banking Norway and Markets is important in order to win new customers and positions in the market and ensure high-quality customer service.

Developments in recent years show that DNB is on the right track.

ASSETS UNDER MANAGEMENT AT YEAR-END

NOK BILLION



PERSONAL CUSTOMERS ARE SERVED BY PERSONAL BANKING NORWAY (PB NORWAY)

PB Norway serves personal customers across Norway through a nationwide network of branch offices, 24/7 telephone banking, digital and mobile banking. In addition, customers can carry out simple banking services at post offices and in-store banking and postal outlets. PB Norway is responsible for sales and advisory services to personal customers, associations and clubs. The product offering is streamlined and adapted to customer needs. Knowledge of customer needs determines which products and services are offered to the various customer groups.

Interview

Trond Bentestuen

head of Personal Banking Norway

How was 2014 for Personal Banking Norway?

2014 was a good year, and we delivered a strong financial performance in a market with tougher competition. We achieved this due to increased customer-related activity, better and simpler solutions which meet customer needs, and targeted efforts to be best when it matters the most for our customers. This ensures more satisfied customers and positive results, and we are particularly pleased with our performance within home mortgages, where we, after a rather slow start at the start of the year, made a strong comeback and delivered profitable growth.

What are you doing to fulfil DNB's customer value proposition "Here for you. Every day. When it matters the most."?

We are unique due to our presence, which is both physical, on the phone 24/7 and on digital platforms.

We have a unique opportunity to make "here for you" one of our distinguishing features and the main reason why our customers choose DNB. "Here for you" means that we are available, both time-wise and at a human level. We must show that we are committed to our customers and that we care.

We have long had a customer call centre open 24 hours, but we now also have extended opening hours at 14 of our large branches and flagships. At the same time, we are more proactive towards our customers and seek to communicate in a language which is easier to understand. In addition, we have improved the quality of our customer meetings and, not least, streamlined our product and service offerings.

How will you be customers' preferred provider of banking services?

We must deliver more than our customers expect and continue to be a well-liked brand. For our customers, this means having a competitive range of products, with a level of service which makes them feel seen and valued in their meetings with DNB, every single time. For us, this means that we live our values – helpful, professional and show initiative – in all our meetings with our customers. We strengthened our position as the preferred bank for young people in 2014, and in 2015, we are working determinedly to become best at helping our customers on their journey towards their dream home. This means meeting all the needs our customers have when they buy their first home and when they move house.

What are your most important goals for 2015, and how will you reach these?

Our most important goal for 2015 is profitable growth. This means that we must maintain the level of net interest income while increasing accretive sales within product areas such as insurance and bank cards. In addition, pensions will be an important priority area in the future. At the same time, we must keep costs at a low level and be at the forefront in developing and adopting digital solutions. This will make everyday banking simpler and more effective for our customers, while increasing our competitive power when faced with new and established competitors.

What do you consider to be the greatest challenges and opportunities for Personal Banking Norway?

The world around us is changing fast and becoming ever more complex and dynamic. There is no doubt that the greatest challenges come from the swift changes in customer behaviour. We see that the combination of increased digitalisation and globalisation is giving us new competitors with different and alternative business models, challenging the banks' traditional value chain. We see this already within the field of payments. However, this also creates considerable opportunities. By combining digital tools with human support, we can offer our customers an even better level of service.

SMALL AND MEDIUM-SIZED ENTERPRISES

The segment comprises the Group's total sales of products and services to small and medium-sized enterprises in Norway.

66

customer service centres

130 000

active small and medium-sized corporate customers in Norway [1)]

1) Active customers are defined as customers that have minimum NOK 1 000 in loans or deposits or have executed at least one transaction during the past three months.

DNB will contribute to the development of an active and well-functioning business sector in Norway. There are some 500 000 small and medium-sized companies across the country. These constitute the core of the Norwegian business community, generating considerable values in Norwegian society. Companies have different needs depending on their size and complexity, and DNB adapts its product offering and choice of service channels to customer needs.

There was sound growth in income in 2014, reflecting increasing lending and deposit volumes combined with wider deposit spreads. A rise in income from pension products and fixed-income and foreign exchange products also made a positive contribution. Net impairment losses on loans increased compared with 2013. Close to 60 per cent of net impairment losses stemmed from five individual commitments in different industries in 2014. The quality of the rest of the portfolio is considered to be satisfactory.

DNB has a lower market share among small and medium-sized companies than among large corporates. The aim is to increase the market share among customers who wish to establish new or further develop existing companies. Such companies have clearly defined needs for targeted product packages and guidance. One of the initiatives to reach customers who wish to start their own business is the establishment of a special advisory team consisting of start-up pilots. As a result of changes in customer behaviour and new technology, customers with standard needs can be served well and more efficiently through the bank's digital channels.

By taking initiative, giving relevant advice to customers and having leading expertise about the companies and sectors in which they operate, DNB will gain more satisfied and loyal customers. Comprehensive thinking provides opportunities for increasing

sales of a wider range of products adapted to customer needs, including insurance, pension and investment products.

In order to reach DNB's ambition to increase market share and profitability in the segment, specific targets have been set:

		2014	Target 2017
	**Pension agreements** – share of customers	24%	35%
	**Pension and insurance package covering statutory pensions and occupational injury insurance** – share of customers	~ 0%	80%
	**Leasing** – new business		+30%
	**Digital customer service for small companies** – number of customers		+35%

FINANCIAL PERFORMANCE

Small and medium-sized enterprises

Income statement in NOK million	2014	2013	2012
Net interest income	6 553	6 176	5 896
Net other operating income	1 717	1 489	1 169
Total income	8 269	7 665	7 066
Operating expenses	3 843	3 724	3 541
Pre-tax operating profit before impairment	4 427	3 941	3 524
Net gains on fixed and intangible assets	42	(0)	1
Impairment of loans and guarantees	895	586	554
Profit from repossessed operations	(23)	(11)	(48)
Pre-tax operating profit	3 551	3 343	2 924
Taxes	959	936	819
Profit for the year	**2 593**	**2 407**	**2 105**

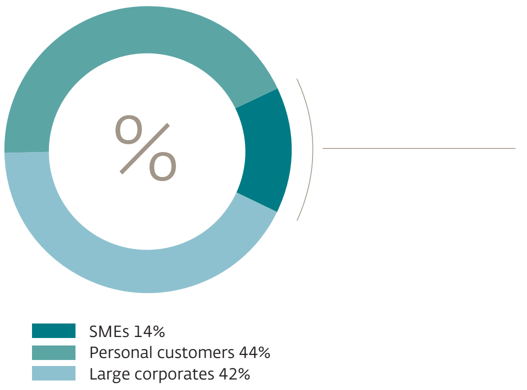
Average balance sheet items in NOK billion			
Net loans to customers	215.5	206.5	203.6
Deposits from customers	159.8	146.7	144.1

Key figures in per cent			
Lending spread [1]	2.70	2.75	2.49
Deposit spread [1]	(0.05)	(0.09)	0.00
Return on allocated capital [2]	12.4	11.8	12.2
Cost/income ratio	46.5	48.6	50.1
Ratio of deposits to loans	74.1	71.0	70.8

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.

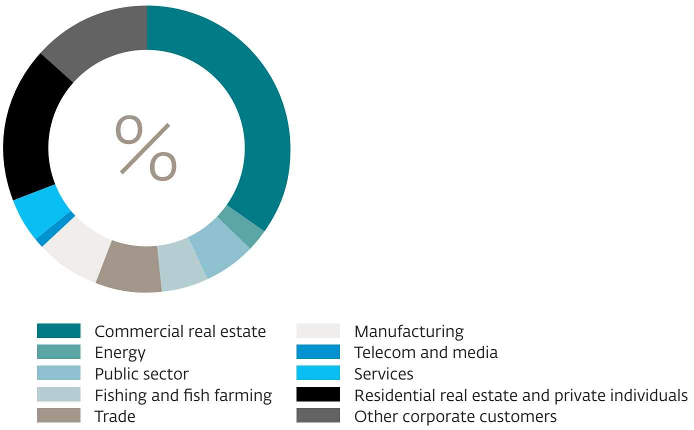
PORTFOLIO COMPOSITION AS AT 31 DECEMBER 2014 [1]

DNB Group – total exposure at default NOK 1 881 billion



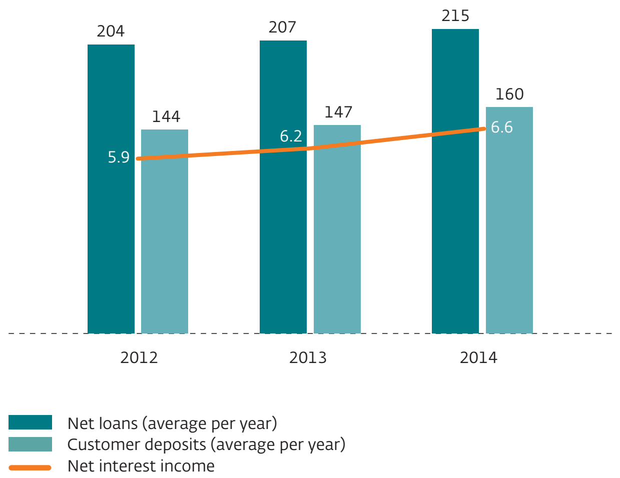
1) *The diagram shows portfolio composition in terms of exposure at default (EAD).*

Small and medium-sized enterprises – total exposure at default NOK 270 billion

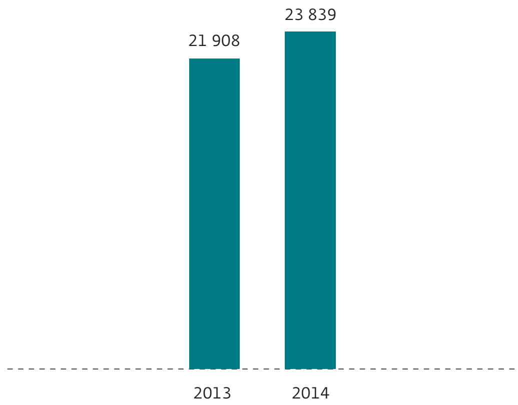


DEVELOPMENTS IN LOANS, DEPOSITS AND NET INTEREST INCOME

NOK BILLION



NUMBER OF NEW CUSTOMERS



SMALL AND MEDIUM-SIZED ENTERPRISES ARE SERVED BY CORPORATE BANKING NORWAY (CB NORWAY)

CB Norway serves small and medium-sized corporate customers across Norway through digital and mobile banking, 24/7 telephone banking and a nationwide physical distribution network. CB Norway is responsible for sales and advisory services to small and medium-sized enterprises. Customers in this segment range from small companies and business start-ups to relatively large corporate customers. The product range and types of services are adapted to suit customers' different needs. DNB offers a wide range of products and expertise in local markets. Services provided to the largest corporate customers are supported by industry expertise in the large corporate units and the product knowledge of the Group's key product suppliers.

Interview

Kjerstin Braathen

head of Corporate Banking Norway

How was 2014 for Corporate Banking Norway?

2014 was an exciting year for Corporate Banking Norway. Among other things, small and medium-sized companies were given a more prominent place in DNB. We made good progress with our initiative targeting start-up companies through the launch of a start-up book and start-up pilots. We also introduced new working methods, such as digital customer service for the smallest corporate customers. In addition, we intensified our efforts to become even better at understanding our customers' needs.

What are you doing to fulfil DNB's customer value proposition "Here for you. Every day. When it matters the most."?

We make it easy for our customers to reach us, whenever and wherever they wish. We meet many customers via our online, mobile and 24/7 telephone banking services and in our corporate customer centres across Norway. In addition to being available to our customers, our aim is to be a relevant partner for companies through thick and thin. For example, through our start-up pilot scheme, we have helped more than 1 600 entrepreneurs realise their plans to start their own company.

How will you be customers' preferred provider of banking services?

We will ensure that our customers get what they need when they need it. We aim to understand the companies and the industry sectors they operate in, thereby contributing to solving their needs in the best way possible. We will become even better at the art of serving the customer and deliver on the Group's values: helpful, professional and show initiative. We cheer on our customers, which they will notice.

What are your most important goals for 2015, and how will you reach these?

We have three main goals: to increase market share in the small business segment, raise profitability and have the most satisfied corporate customers. We will increase market share by capitalising on DNB's large customer base and becoming the preferred bank for everyone who wishes to start for themselves. Profitability will improve through correct pricing and effective capital utilisation. At the same time, we will fulfil more of our customers' needs, which in turn will increase sales across product lines. In order to have the most satisfied corporate customers, companies must experience that we are there for them, that we understand them and that we offer relevant products and services.

What do you consider to be the greatest challenges and opportunities for Corporate Banking Norway?

We have set ambitious targets for improvements in profitability and customer satisfaction, which will require dedicated and hard work. We will be there for our customers, providing good advice, even in a tougher economic climate in 2015.

LARGE CORPORATES AND INTERNATIONAL CUSTOMERS

The segment comprises the Group's total sales of products to large corporate customers in Norway and internationally, as well as personal and small business customers in the Baltics.

13	international branches and representative offices
87	branch offices in the Baltics

DNB's ambition in the large corporate segment is to maintain its position as number one in Norway and strengthen its leading position within selected international business sectors. DNB has a global perspective within shipping, offshore and logistics, energy and seafood, whereas in other sectors, such as healthcare and biotechnology, the international focus is on selected companies.

Pre-tax operating profits showed a positive trend from 2013. A strong development in net interest income and an increase in sales of non-lending products were the most important factors behind the rise in profits. An increase in lending volumes, reflecting the weaker Norwegian krone, contributed to income growth. The high quality of the portfolio gave a reduction in net impairment losses on loans compared with 2013.

The large corporate segment is characterised by satisfied customers, strong customer relations and sound banking and industry expertise. DNB's financial strength, a broad international network, competitive services and an ability to respond swiftly to customer needs are important success factors in this segment.

DNB's ambition is to improve profitability in a market where competition for the best and most profitable companies is expected to increase. This will be achieved by giving priority to the right customers and products. DNB's aim is to become a strategic adviser for a greater number of customers by capitalising on the Group's industry expertise and adapting products and services to customers' total financial needs. In order to take an attractive position as a primary bank, DNB must be competitive across the whole range of financial services, from financing and risk and cash management services to pension advisory services and sales. Success is dependent on good cooperation between the Group's units.

DNB will ensure profitability in the large corporate segment by:

- Increasing net interest income at least in pace with volume growth
- Maintaining a low cost/income ratio

Impairment losses on loans are expected to be below normalised levels.

FINANCIAL PERFORMANCE

Large corporates and international customers

Income statement in NOK million	**2014**	**2013**	**2012**
Net interest income	12 376	11 458	11 384
Net other operating income	5 586	5 319	5 216
Total income	17 962	16 777	16 600
Operating expenses	6 335	6 054	6 134
Pre-tax operating profit before impairment	11 627	10 723	10 466
Net gains on fixed and intangible assets	21	(13)	(3)
Impairment of loans and guarantees	632	1 225	2 071
Profit from repossessed operations	(102)	(143)	(148)
Pre-tax operating profit	10 914	9 342	8 244
Taxes	3 383	2 803	2 407
Profit from operations held for sale	2	(5)	0
Profit for the year	**7 532**	**6 534**	**5 837**

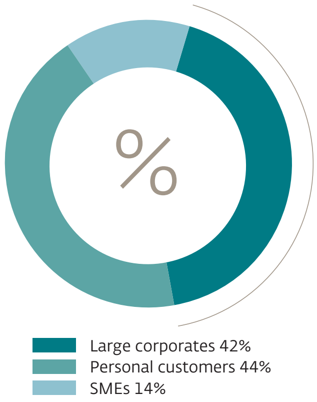
Average balance sheet items in NOK billion			
Net loans to customers	478.2	462.8	476.8
Deposits from customers	373.7	346.8	304.4

Key figures in per cent			
Lending spread [1)]	2.18	2.14	1.95
Deposit spread [1)]	(0.14)	(0.18)	(0.12)
Return on allocated capital [2)]	13.8	12.1	11.5
Cost/income ratio	35.3	35.7	37.0
Ratio of deposits to loans	78.1	74.9	63.8

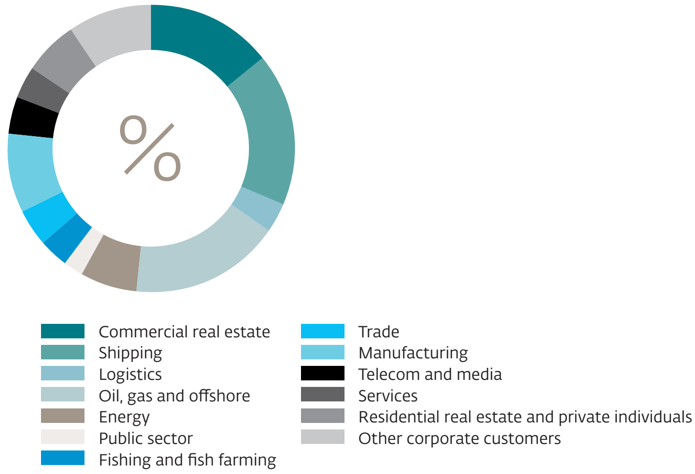
1) Calculated relative to the 3-month money market rate.
2) Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group.

PORTFOLIO COMPOSITION AS AT 31 DECEMBER 2014 [1)]

DNB Group – total exposure at default NOK 1 881 billion



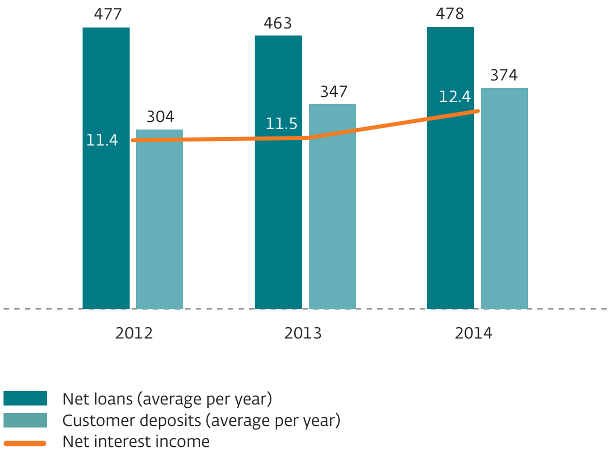
Large corporates and international customers – total exposure at default NOK 785 billion



1) The diagram shows portfolio composition in terms of exposure at default (EAD).

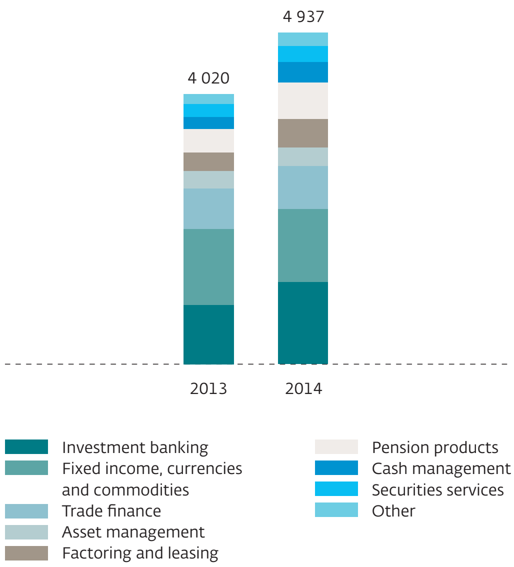
DEVELOPMENTS IN LOANS, DEPOSITS AND NET INTEREST INCOME

NOK BILLION



INCREASING INCOME FROM CROSS-SALES

NOK MILLION



LARGE CORPORATES AND INTERNATIONAL CUSTOMERS ARE SERVED BY LARGE CORPORATES AND INTERNATIONAL (LCI)

LCI serves the bank's largest corporate customers, generally with sales exceeding NOK 1 billion, and is responsible for DNB's international banking operations. LCI engages in sales and advisory services to large Norwegian and international corporate customers, and to financial institutions, municipalities, county municipalities and public enterprises in Norway. DNB focuses on high-quality industry and customer relationship expertise and is a dominant player in Norway. In addition, DNB is one of the world's leading banks within shipping and seafood, and has a strong position in the energy sector. The various divisions in LCI support Corporate Banking Norway in serving large corporate customers across Norway. DNB is one of the largest banks in the Baltic States with some 90 branch offices and more than 2 000 employees serving 1 million customers, mainly personal customers and small businesses, in Latvia, Lithuania and Estonia.

Interview

Harald Serck-Hanssen

head of Large Corporates and International

How was 2014 for Large Corporates and International?

2014 was a strong year, with healthy income growth and reduced impairment losses on loans compared with 2013. We also managed to keep costs down, and the employee survey shows that we have very motivated employees.

What are you doing to fulfil DNB's customer value proposition "Here for you. Every day. When it matters the most."?

Industry expertise is vital if we are to be there for our customers and understand their needs. Our aim is to build close long-term customer relationships and to provide high-quality strategic advice. In addition, we seek to offer a range of products and services which meet the current and future needs of our customers.

How will you be customers' preferred provider of banking services?

We aim to provide the best expertise in all our priority industry sectors. We wish to be a long-term partner and strategic adviser for our customers. In this connection, we will also strengthen our customer teams in 2015 to become an even better partner for our customers.

What are your most important goals for 2015, and how will you reach these?

Our most important goal is to help the Group achieve a sufficient return on equity. This will be accomplished through an optimal product mix and by working even closer with our key customers, while maintaining strict cost control.

What do you consider to be the greatest challenges and opportunities for Corporate Banking Norway?

Low oil prices represent a challenge, but we have a robust portfolio within oil, gas and offshore. We see opportunities for profitable growth in a wide range of industry sectors by offering more complete financial solutions based on a better insight into the overall needs of our customers. We also see a potential for future international growth by targeting sectors such as healthcare, biotechnology and telecommunications.

On the product side, there is still an untapped potential for increasing investment banking product sales. We also see that the shift to defined-contribution pension schemes offers good opportunities.

GOVERNING BODIES IN DNB ASA

AS AT 31 DECEMBER 2014

SUPERVISORY BOARD

Members elected by shareholders
Eldbjørg Løwer, Kongsberg (chairman) (200)
Randi Eek Thorsen, Gran (vice-chairman) (0)
Inge Andersen, Oslo (0)
Toril Eidesvik, Bergen (0)
Sondre Gravir, Bærum (0)
Camilla Marianne Grieg, Bergen (0)
Jørgen Ole Haslestad, Oslo (489)
Nalan Koc, Tromsø (0)
Tomas Leire, Kristiansand (0)
Helge Møgster, Storebø (0)
Christian Printzell, Nesøya (0)
Gudrun B. Rollefsen, Hammerfest (0)
Widar Salbuvik, Moss (0)
Torild Skogsholm, Oslo (0)
Merete Smith, Oslo (0)
Ståle Svenning, Trondheim (0)
Turid Sørensen, Sandefjord (0)
Lars Tronsgaard, Drammen (0)
Gunvor Ulstein, Ulsteinvik (0)
Gine Wang, Stavanger (0)

Deputies elected by shareholders
Erik Buchmann, Oslo (500)
Harriet Hagan, Alta (0)
Bente Hagem, Ås (0)
Liv Johannson, Oslo (3 031)
Herman Mehren, Nevlunghamn (0)
Gry Merckoll Nilsen, Drammen (0)
Asbjørn Olsen, Skedsmo (1 313)
Oddbjørn Paulsen, Bodø (10)
Anne Bjørg Thoen, Oslo (416)
Elsbeth Sande Tronstad, Stabekk (0)

Members elected by employees
Atle Havrevoll (0)
Mona Drønen (1 417)
Lillian Hattrem (0)
Randi Justnæs (778)
Mariell Lyngbø (67)
Irene Buskum Olsen (632)
Einar Pedersen (67)
Jørn Ramberg (1 511)
Eli Solhaug (1 260)
Viktor Sæther (0)

Deputies elected by employees
Rune Asprusten (3 559)
Terje Bakken (851)
Rune André Bernbo (0)
Gunn M. Carlsen (148)
Ronny Eikerol (2 075)
Solvor Hagen (1 070)
Svein Arne Kristoffersen (134)
Børre Lande (0)
Oddmunn Olsen (1 387)
Sissel Tove Rist (1)
Mia Strand (0)
Unni Strand (75)
Astrid Waaler (0)

CONTROL COMMITTEE

Members
Frode Hassel, Trondheim (chairman) (0)
Karl Olav Hovden, Kolbotn (vice-chairman) (0)
Ida Helliesen, Oslo (0)

Deputies
Ida Espolin Johnson, Oslo (0)
Ole Trasti, Oslo (0)

BOARD OF DIRECTORS

Members
Anne Carine Tanum, Rømskog (chairman) (300 000)
Tore Olaf Rimmereid, Oslo (vice-chairman) (6 111)
Jarle Bergo, Ytre Enebakk (225)
Sverre Finstad, Moelv (8 485) [1)]
Carl A. Løvvik, Bergen (1 040) [1)]
Vigdis Mathisen, Asker (222) [1)]
Jaan Ivar Semlitsch, Stabekk (0)
Berit Svendsen, Oslo (0)

Deputies for the employee representatives
Jørn O. Kvilhaug, Hokksund (1 705) [1)]
Marianne Haldis Steinsbu (4 856)
Hans-Kristian Sætrum, Oslo (9 773) [1)]

ELECTION COMMITTEE

Eldbjørg Løwer, Kongsberg (chairman) (200)
Camilla Grieg, Bergen (0)
Karl Moursund, Oslo (0)
Mette Wikborg, Oslo (0)

AUDIT AND RISK MANAGEMENT COMMITTEE

Tore Olaf Rimmereid, Oslo (chairman) (6 111)
Jarle Bergo, Ytre Enebakk (225)
Jaan Ivar Semlitsch, Stabekk (0)
Berit Svendsen, Oslo (0)

COMPENSATION COMMITTEE

Anne Carine Tanum, Rømskog (chairman) (300 000)
Tore Olaf Rimmereid, Oslo (6 111)
Berit Svendsen, Oslo (0)

GROUP MANAGEMENT

Group chief executive
Rune Bjerke (41 630)
CFO
Bjørn Erik Næss (41 635)
Group executive vice president Personal Banking Norway
Trond Bentestuen (14 052)
Group executive vice president Corporate Banking Norway
Kjerstin Braathen (16 495)
Group executive vice president Large Corporates and International
Harald Serck-Hanssen (23 139)
Group executive vice president Markets
Ottar Ertzeid (179 444)
Group executive vice president Wealth Management
Tom Rathke (26 674)
Group executive vice president Products
Kari Olrud Moen (17 516)
Group executive vice president IT and Operations
Liv Fiksdahl (19 178)
Group executive vice president HR
Solveig Hellebust (12 099)
CRO
Trygve Young (15 668)
Group executive vice president Corporate Communications
Thomas Midteide, entitled to attend group management meetings (3 281)

GROUP AUDIT

Tor Steenfeldt-Foss (0)

EXTERNAL AUDITOR

Ernst & Young AS

1) *Not independent, see page 31 under "Corporate governance".*

The figures in parentheses indicate shareholdings in DNB ASA as at 31 December 2014. Shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 7-26 of the Act relating to annual accounts etc. are also included.

NEW REGULATIONS REQUIRE MORE CAPITAL

NEW REGULATORY FRAMEWORK

NEW REGULATORY FRAMEWORK

Over the last few years, a number of new regulations setting requirements for the financial services industry have been introduced or announced. The Norwegian authorities have introduced stricter capital requirements and earlier implementation compared with the EU.

The financial services industry supports the principal lines in the international process to implement new and stricter banking regulation. The new requirements significantly affect Norwegian banks' operations and competitive position.

The changes are so extensive that they have a profound impact on how the financial institutions have to organise important parts of their operations. In addition, they increase costs, both because the regulations in themselves entail higher costs and because compliance with the regulations will be more complicated and require additional resources.

The most far-reaching requirements arise from the financial crisis and reflect the authorities' ambitions to strengthen the capital adequacy, liquidity and funding of financial institutions. Other requirements derive from changes in international accounting rules. Overall, the framework conditions need to be balanced in order to continue to be able to offer customers good and relevant products in a financially sustainable manner. It is important that the introduction of such changes is transparent, thus enabling investors, customers and other stakeholders to understand the effects of the regulations. Moreover, it is critical that changes in the individual countries are implemented in step with international developments to ensure uniform framework conditions and equal competitive terms.

INTRODUCTION OF NEW EU CAPITAL REQUIREMENTS

The new EU capital requirements regulations, called the CRR/CRD IV regulations, entered into force on 1 January 2014. CRR is the regulation, while CRD IV is the directive. The regulations are based on the Basel Committee's recommendations from December 2010 on new and stricter capital and liquidity standards, Basel III. The CRR/CRD IV regulations entail significantly higher own funds requirements and new requirements for long-term funding and liquidity reserves. The regulations are intended to apply to all banks and investment firms within the EEA and will be implemented gradually up to 2019.

EUROPEAN BANKING UNION A REALITY

In 2014, the EU established a single, supranational supervisory authority for banks in the eurozone. The European Central Bank, ECB, exercises direct supervision of the approximately 130 largest banks in the eurozone. The other elements in the banking union are a harmonised deposit guarantee scheme and a crisis management framework for banks, including a joint rescue fund. In addition, the CRR/CRD IV regulations will constitute an important basis for the banking union. Together, these comprehensive regulations will have far-reaching consequences for financial institutions and their users. Countries outside the eurozone may join the banking union, though both Great Britain and Sweden have stated that this will not be a relevant option in the foreseeable future. Denmark has adopted a wait-and-see attitude, but does not seem likely to join the union in the course of the next few years.

The purpose of the banking union is to remove the correlation between banking crises and sovereign debt crises, and thereby help avoid taxpayer bail-outs of failed banks in the future. There is a good deal of speculation about the long-term effects of the banking union, which will, among other things, entail more common supervision. Norway will not be directly affected, but if supervisory practices are more harmonised in the long term and there is less scope for solutions that are unique to individual countries, this may also have consequences for Norwegian authorities and banks.

WINDING-UP AND CRISIS MANAGEMENT REGULATIONS FOR BANKS

The financial crisis demonstrated the need for better solutions for the winding-up and restructuring of banks. On 1 January 2015, the EU introduced regulations in this field, the Bank Recovery and Resolution Directive, BRRD. The directive also applies 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. It should be possible to ensure the continuity of systemically important functions 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. The authorities have been given extensive powers to restructure banks which are considered to be "non-viable".

Crisis management fund

The directive calls for the creation of a fund which can finance crisis solutions and which has received the necessary funds beforehand. In Norway, it is probable that the existing Norwegian Banks' Guarantee Fund can be used as a starting point, and the directive opens up for integrating the crisis management fund and the existing deposit guarantee fund. In Norway, the deposit guarantee covers amounts up to NOK 2 million. In 2014, the EU also approved a revised directive that included new, harmonised rules on deposit guarantee schemes. The directive implies that Norway will have to lower its guaranteed amount to the harmonised level of EUR 100 000. There is a transitional period up until year-end 2018 for countries with a higher guaranteed coverage level.

Bail-in

Bail-in rules will become effective in the EU as of 1 January 2016 and imply that unsecured senior debt can be written down or converted into equity as part of a crisis solution without involving investors. The purpose is to ensure the continued operation of the most important bank functions. In such a situation, investors cannot demand that a bank be wound up in accordance with general liquidation rules, and thus lose leverage with the authorities in cases where the continued operation of a bank is considered to be important from a socio-economic perspective.

According to the BRRD, bail-in should be the final alternative, and such measures should not be initiated until the bank is close to insolvency. An underlying principle is that investors, as a minimum, should receive the same financial return as if the bank had been liquidated according to normal insolvency proceedings. Furthermore, according to the directive, the bail-in should apply to as wide a range of the unsecured liabilities of the bank as possible. Thus, each investor will suffer a limited loss as the total loss will be distributed among many. Even though guaranteed deposits will not be included in the bail-in as such, the deposit guarantee scheme will cover the losses which would otherwise have been charged to the guaranteed deposits. From the other creditors' perspective, the economic value of the guaranteed deposits will in practice also be part of the bail-in solution, thus reducing the potential loss for other creditors.

Crisis plans

The Crisis Management Directive sets a number of other requirements to the institutions. Among other things, banks must prepare recovery plans describing how they will strengthen their capital adequacy and improve their liquidity and funding following a significant deterioration in their position. The authorities, on the other hand, must prepare resolution plans for the banks. This will be resource-demanding for the financial services industry and entail new, extensive processes in relation to the supervisory authorities.

Norway is not part of the European Banking Union and is thus not subject to supervision by the European Central Bank or part of the Single Resolution Mechanism. However, DNB's banking operations in Lithuania, due to their size and scope, are subject to supervision by the European Central Bank (Single Supervisory Mechanism, SSM) as of 1 January 2015. Since Norway is a member of the EEA, 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.

INTRODUCTION OF NEW CAPITAL REQUIREMENTS IN NORWAY

Due to the agreement on European Supervisory Authorities, the CRR/CRD IV regulations have not been included in the EEA agreement. Read more about this below. Nevertheless, Norway introduced new capital requirements as of 1 July 2013 as the first step in the adaptation to CRR/CRD IV. The capital requirements in Norway imply a gradual increase in capital requirements up till 1 July 2016. These rules will be effective until the EU regulations are included in the EEA agreement and implemented in Norwegian law. Other requirements in the CRR/CRD IV regulations have not yet been introduced in Norway.

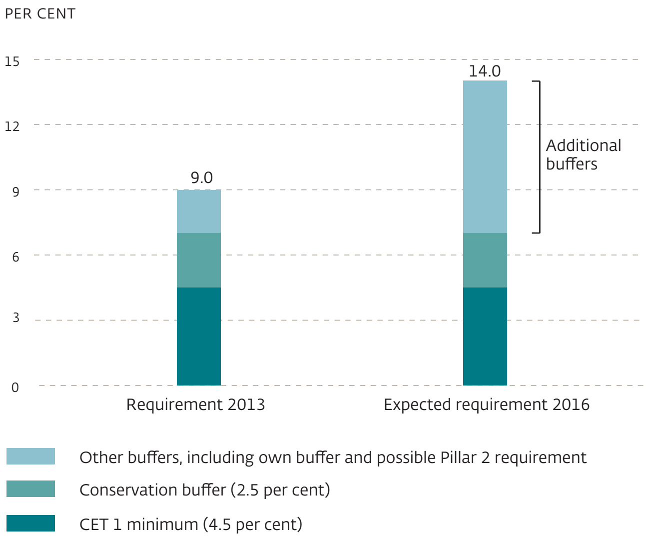
The capital adequacy requirements for Norwegian banks imply that the minimum common equity Tier 1 capital requirement has been increased to 4.5 per cent. The minimum Tier 1 capital requirement, of which up to 1.5 per cent may consist of hybrid capital, has thus been increased to 6 per cent. The minimum capital adequacy requirement has been retained at 8 per cent, of which Tier 2 capital can represent maximum 2 per cent. Under Basel III, there are much stricter requirements governing the actual loss absorbing capacity of hybrid capital than under the current regulatory framework.

The system entails that the banks will be required to hold significantly more capital than the minimum requirement in the form of various buffers. Under particularly unfavourable market conditions, the banks may draw on the buffers, while under normal market conditions, they will be required to maintain these additional buffers while meeting the minimum requirements. These buffers must consist of common equity Tier 1 capital.

The international regulations require that all banks maintain a 2.5 per cent capital conservation buffer. In addition, national authorities may introduce buffer requirements based on special risk factors in the economy or in the banking sector. Norway introduced a 3 per cent systemic risk buffer requirement as of 1 July 2014.

In addition, a special buffer of up to 1 per cent will be introduced for systemically important institutions with effect from 1 July 2015 and be increased to maximum 2 per cent as of 1 July 2016. The Ministry of Finance has defined criteria for defining systemically important

COMMON EQUITY TIER 1 CAPITAL REQUIREMENT FOR DNB



financial institutions and special capital adequacy requirements and operating parameters for such institutions. According to these criteria, three Norwegian banks, including DNB, are designated as systemically important and are subject to special requirements in addition to the buffer requirement of up to 2 per cent.

In addition, a counter-cyclical capital buffer requirement has been introduced, ranging between 0 and 2.5 per cent, reflecting economic developments. Based on advice from Norges Bank, the Ministry of Finance has introduced a 1 per cent counter-cyclical buffer requirement as of 30 June 2015, the day before the buffer requirement for systemically important financial institutions becomes effective. Thus, the common equity Tier 1 capital requirement will increase by as much as 2 percentage points at the end of June/beginning of July 2015.

According to the CRR/CRD IV regulations, the 3 per cent systemic risk buffer and the 2 per cent buffer for systemically important banks can be cumulative only if the systemic risk buffer applies exclusively to Norwegian exposures. Alternatively, only the higher of the two buffer requirements will apply. However, the Ministry of Finance has stipulated in a regulation that total risk-weighted volume shall be used when calculating buffer requirements. This means that both Norwegian and international exposures shall be included in risk-weighted volume for systemically important banks.

With the exception of the counter-cyclical buffer, other buffer requirements have been made permanent by the Norwegian authorities in spite of the stipulation in the CRR/CRD IV regulations that the buffer requirements for systemically important institutions and systemic risk are to be reviewed at least each and every second year, respectively. If the maximum counter-cyclical buffer requirement is applied, the total capital requirement will represent 18 per cent of risk-weighted assets. Of this, 8 percentage points represents the minimum primary capital requirement, while the buffer requirements that must be met exclusively by common equity Tier 1 capital constitute 10 percentage points.

As a supplement to the risk-weighted capital requirements and as a measure to counter creative adjustments and gaps in the regulations, a non-risk based capital requirement, "leverage ratio", will also be introduced. The final requirement is still under consideration internationally, but the proposed requirement implies that Tier 1 capital must be minimum 3 per cent of the total of balance sheet items and off-balance sheet risk exposure. Off-balance sheet items are converted to on-balance sheet items according to further specified rules.

The Ministry of Finance has asked Finanstilsynet (the Financial Supervisory Authority of Norway) to consider when and how a non-risk based capital requirement and related definitions can be introduced in Norway and to prepare prospective rules by June 2015. Finanstilsynet has also been asked to consider the most appropriate capital level for Norwegian banks in a scenario where such a requirement is the lower limit for the risk-weighted capital requirement. In addition, Finanstilsynet will consider whether such a requirement should be differentiated based on, for example, systemic importance and business model. The European Commission will make similar considerations and propose a Leverage Ratio requirement by year-end 2016 that will become effective in the EU as from 2018.

Just like the EU, the Norwegian authorities have chosen to retain the so-called Basel I floor. In the capital adequacy regulations, the Ministry of Finance has specified that the Basel I floor in Norway is a floor for calculating risk-weighted assets. In the EU regulation, however, the Basel I floor is unambiguously defined as a minimum level of own funds, which is also reflected in the European Commission's common reporting standard for banks in the EU/EEA. This supervisory practice implies that Norwegian banks appear more weakly capitalised than if the EU's version of the Basel I floor definition had been used.

AGREEMENT ON EUROPEAN SUPERVISORY AUTHORITIES

Due to a stipulation in the Norwegian Constitution on limited access to yield sovereignty, it has not been possible to incorporate the EU regulations establishing the European supervisory authorities into the EEA agreement. As a result of this, some 90 relevant EU legislative acts in the area of financial services, granting the supervisory authorities the competence to exercise direct supervisory powers over enterprises, have not been included in the EEA agreement. The situation has gradually caused great inconveniences in the form of lack of harmonisation and reduced competitive strength for Norwegian market players. In the autumn of 2014, Norway and the EU agreed on a solution. According to the agreement, the EFTA Surveillance Authority, ESA, will be granted competence to make legally binding decisions addressed to national supervisory authorities and individual institutions in Norway, Liechtenstein and Iceland. Decisions will be based on drafts prepared by the relevant EU supervisory authority. The agreement also entails that the EFTA Surveillance Authority and the national supervisory authorities in the three EEA/EFTA states shall participate, without voting rights, in the EU's three European supervisory authorities, EBA, ESMA and EIOPA. Also, the EU supervisory authorities shall participate, without voting rights, in the work of the EFTA Surveillance Authority and its preparatory bodies in this field. The EU supervisory authorities will be competent to issue recommendations, that is non-binding decisions, vis-à-vis EEA-EFTA national authorities and enterprises. The Norwegian government will probably present a proposition about this matter in the first half of 2015. Since competence will be transferred to an EEA body, a three-quarter majority will be required in Stortinget, the Norwegian parliament. Not until this proposition has been approved can CRR/CRD IV and the other legislative acts be incorporated in the EEA agreement and Norwegian legislation.

HIGHER CAPITAL REQUIREMENTS FOR HOME MORTGAGES

For systemic risk reasons, the Norwegian authorities have increased capital requirements for home mortgages when these are calculated according to internal models. With effect from the first quarter of 2014, the minimum requirement for the model parameter "loss given default", LGD, was increased from 10 to 20 per cent in the capital adequacy regulation. The minimum requirement applies to the average home mortgage portfolio. On 1 July 2014, Finanstilsynet announced additional calibration requirements for the home mortgage models of IRB banks. Among other things, the minimum requirement for banks' probability of default (PD) estimates for individual loans increases to 0.2 per cent. In addition, the average long-term PD level increases. The banks completed the recalibration in the second half of 2014 and report capital adequacy figures according to the recalibrated model as from the first quarter of 2015.

As at 31 December 2013, the average risk weight on home mortgages in DNB was 9.9 per cent. As a result of the model calibration, the average risk weight increased to 16.6 per cent as at 31 December 2014.

In comparison, the Swedish authorities have introduced a 25 per cent risk weight floor. The floor has, however, been introduced as part of Finansinspektionen's, the Swedish financial supervisory authority, overall capital adequacy assessment of companies through supervisory review and evaluation, Pillar 2. For Swedish banks, the higher capital requirement will thus result in higher capital adequacy ratios, while the Norwegian authorities require more capital to maintain the same capital adequacy ratios, Pillar 1. Thus, Swedish banks appear to be as well-capitalised as they were before, while the Norwegian solution has a negative impact on banks' reported capital adequacy.

LIQUIDITY REQUIREMENTS FOR BANKS

The CRR/CRD IV regulations include the Basel III framework's liquidity requirements for banks: a short-term requirement, Liquidity Coverage Ratio, LCR, and a long-term requirement, Net Stable Funding Ratio, NSFR. The LCR requires that banks hold sufficient eligible liquid assets to cover, as a minimum, total net payments over a 30-day period under stressed conditions. Net payments thus reflect a possible loss of deposits from customers, public entities and central banks. This requirement will be introduced on 1 October 2015, with a gradual increase to full effect as of 1 January 2018.

The European Commission has decided that up to 70 per cent of the LCR buffer can be in the form of covered bonds, compared with 40 per cent in previous proposals. This generally gives banks greater flexibility in composing their liquidity portfolios, and their need for holding covered bonds is thus reduced. Still, it is important that Norway avails itself of the options in the EU regulations for countries with small capital markets. A too high LCR requirement in Norwegian kroner could increase systemic risk due to a too high concentration of covered bonds in the banks' liquidity reserves, limit access to liquid funds in Norwegian kroner and even result in greater volatility. Against this background, Norges Bank has recommended that the LCR requirement in local currency be set at 60 per cent.

The NSFR requires banks to have an amount of stable funding which, as a minimum, corresponds to the so-called "required amount of stable funding". Banks are thus required to use stable funding to finance their assets, such as loans and securities. Stable funding is defined as deposits and funding with residual maturities of minimum 12 months or longer. There are weighting rules for both assets and deposits which reflect the items' liquidity characteristics. According to the proposal, the NSFR requirements must be met by 1 January 2018.

The NSFR is not yet finally defined in the CRR/CRD IV regulations. By 31 December 2013, the EBA will report to the European Commission how it can be ensured that the institutions use stable funding sources. Based on the EBA's recommendations, the European Commission may present a proposal to the European Parliament and the Council of the European Union by year-end 2016.

Finanstilsynet has been given a mandate from the Ministry of Finance to consider how the LCR and NSFR requirements can be implemented in Norway and to prepare a proposal by end-May 2015.

NEW PAYMENT SERVICES DIRECTIVE AND REGULATION ON INTERCHANGE FEES FOR CARD-BASED PAYMENT TRANSACTIONS

The EU is expected to approve the revised Payment Services Directive, PSD2, and a regulation on interchange fees for card-based payment transactions, Interchange Fee Regulation (IFR), in the first half of 2015. The legislative acts will have a profound impact on the regulatory framework for the payment transfer market.

Interchange fees are fees paid by acquiring banks to issuing banks on all transactions using international credit or debit cards. The fees are designed to cover the costs of complaints handling and compensate for the risk assumed by the issuing bank by guaranteeing payment to the acquiring bank. The IFR introduces maximum fees of 0.3 per cent for credit cards and 0.2 per cent for debit cards. The maximum rates will apply to the MasterCard and Visa card networks, while so-called three party systems [1], such as Diners Club and American Express, will be exempted.

1) Payment card systems can be organised as either three party systems or four party systems. In four party systems, such as Visa and MasterCard, transactions between a card holder and a merchant are processed through an issuing bank (typically the cardholder's bank) and an acquiring bank (typically the merchant's bank). Four party systems are open networks which may encompass a number of licensed issuers and acquirers which specialise as either pure issuers or pure acquirers, or operate as both issuers and acquirers. American Express and Diners Club are examples of three party systems. These are more closed systems where one and the same party directly serves both cardholders (as issuer) and merchants (as acquirer). There is no explicit interchange fee in three party systems, since the system itself determines prices on both sides of the network. When a three party scheme licenses other payment service providers for the issuance and/or the acquiring of card-based payment systems, or issues payment cards with a co-branding partner or through an agent, it is considered as a four party payment card scheme.

The legislative acts go a long way in defining new rules for payment services providers. In accordance with PSD2, third party payment service providers that do not offer accounts themselves, but base their services on customers' existing bank accounts, shall have direct access to account information. Thus, it will become easier for an increasing number of providers to offer payment services to the general public. The final wording of the rules to ensure such access could, however, be of great significance to public confidence in the payment services and the security of the funds in their accounts.

The IFR is expected to enter into force in the EU in 2016. PSD2 is scheduled to enter into force in the EU two years after being approved. Both the directive and the regulation are assumed to be EEA relevant and could have significant financial consequences for the Norwegian financial services industry and for DNB in the form of both reduced income and rising costs. The EU legislative acts are expected to require amendments to both the Financial Contracts Act and Act on Financial Undertakings and appurtenant regulations.

REGULATORY FRAMEWORK FOR LIFE INSURANCE COMPANIES

The future regulatory framework for Norwegian life insurance companies is now essentially in place. This applies to both Solvency II and amendments to the rules for occupational pensions in the private sector. In 2014, it also became possible to convert paid-up policies with guaranteed rates of return to policies with investment choice. In response to both the amended regulatory framework and customer preferences, guaranteed return products will be converted to products where customers can choose between different investment profiles. In addition, DNB expects higher contribution rates for contribution-based occupational pension schemes to speed up the phasing out of defined-benefit schemes.

SOLVENCY II

On 1 January 2016, new solvency regulations for European insurance companies called Solvency II will be implemented. The Solvency II Directive specifies how the solvency capital requirement should be calculated and how technical insurance reserves and the companies' solvency capital should be determined. Capital requirements will increase under Solvency II, especially with regard to long-term financial guarantee insurance contracts. Transitional rules have thus been proposed, some of which will be determined and approved by national supervisory authorities. In the autumn of 2014, Finanstilsynet published its proposed transitional rules for Norwegian insurance companies.

The new solvency regulations will be based on a three-pillar structure:

Pillar 1 encompasses valuations of assets and insurance liabilities, capital and capital requirements. A key principle in the directive is that both assets and liabilities should be measured at fair value. Traditionally, liabilities have been discounted on the basis of a guaranteed interest rate. According to the new regulations, the valuation of insurance liabilities will be based on a discount rate representing the risk-free interest rate, which is a new principle for Norwegian insurance companies. In the current low interest rate environment, and as the discount rate will also be subject to stress, new calculations will give an increase in insurance liabilities, with a subsequent requirement for higher solvency capital.

Pillar 2 includes rules for risk management and internal control, as well as supervisory review and evaluation. A key principle is to identify responsibility for risk management at three levels. At the first level, the operative line organisation, through senior management, has ownership of and responsibility for identifying, monitoring and adjusting risk in accordance with the unit's pre-defined risk appetite. At the second level, an independent risk management unit monitors and measures risk. In addition, the risk management unit helps develop effective risk management systems and reports risk to relevant managers and supervisory bodies. At the third level, Group Audit reports the quality of first and second line risk management to the company's management and Board of Directors.

Pillar 3 deals with the requirements for public disclosure and supervisory reporting.

For practical reasons, the parts of the Solvency II regulations that concern risk management and internal control have already entered into force. As from 2015, companies will be required to report the degree to which they meet the quantitative solvency capital requirements issued by the national authorities. The solvency capital requirements become effective on 1 January 2016. In order to ease the transition to the new solvency regulations, transitional rules have been determined for European companies, which must be endorsed and adopted by national supervisory authorities. Finanstilsynet's proposed transitional rules include two key elements:

- **16-year phase-in period for insurance provisions**
  A 16-year linear phase-in of insurance provisions based on Solvency II methodology has been proposed. During the transitional period, liabilities may be valued according to the Solvency I regulations, with a gradual transition to Solvency II methodology. This will have significant effects in a low interest rate environment. These effects will decrease as interest rates rise. Detailed regulations will be worked out in 2015.

- **Reduced capital requirement for equities**
  When Solvency II is fully implemented, equity investments will be assigned solvency capital based on the assumption that the value of the equities could decline by 39 per cent. In accordance with European guidelines, Finanstilsynet has proposed a seven-year phase-in period for the solvency capital requirement for equities, from 22 to 39 per cent. The transitional rule will apply only to listed companies in the EEA/OECD.

In addition to the transitional rules, Finanstilsynet has proposed a permanent measure whereby companies are given the opportunity to apply a volatility adjustment to the yield curve. An increase in the yield curve will help dampen the effects of changes in yields in the bond market which do not represent actual changes in credit risk. Rules for the calibration of the increased yield have yet to be determined.

Finanstilsynet's assessments of the transitional rules will be circulated for public comment before regulations for the implementation of Solvency II are worked out by the Ministry of Finance. The regulations were circulated for comment on 19 December 2014, with a deadline for response of 20 March 2015.

CHANGES IN THE PRODUCT RULES FOR OCCUPATIONAL PENSIONS AND PAID-UP POLICIES

In consequence of the Norwegian pension reform, significant changes have been made to National Insurance retirement pensions. A key element is that pension entitlements will be calculated based on all years of service, which supports the target that more people should work longer. In addition, earned pension rights will be reduced to reflect higher projected life expectancy. Changes in the product rules have been approved and new products have been introduced for life insurance companies to better support the changes made to the National Insurance scheme. The new products are also better adapted to life insurance companies' capital requirements under Solvency II.

The four most significant rule changes are:

Paid–up policies with investment choice

Entitlements under defined-benefit occupational pension schemes in the private sector, paid-up policies, have thus far only been managed by life insurance companies in common portfolios with guaranteed rates of return. Due to high guaranteed rates of return and low interest rate levels, capital requirements for paid-up policies will increase considerably once Solvency II is implemented. In line with the solvency regulations, paid-up policies will be managed by investing in long-term fixed-income securities and have a low equity exposure. This indicates low expected returns and limited upward adjustments of pension benefits.

As from September 2014, an option was introduced to convert paid-up policies to investment choice with no return guarantee, whereby the policyholder can choose the proportional allocation among different assets. Investment choice will help ensure better management of pension funds in addition to reducing life insurance companies' interest rate risk. Initially, the investment choice will apply up until the start of the pension payment period. During the payment period, customers may choose whether their funds are to be managed with or without a return guarantee. The conversion of paid-up policies to investment choice is based on customer consent, and the law stipulates strict guidance requirements.

New occupational pension product and higher contribution rates for defined-contribution pensions

New occupational pension product (hybrid)

A new occupational pension product, also called hybrid, was introduced on 1 January 2014. The product is based largely on the principles in the new National Insurance Scheme, is contribution-based during the service period and has the same contribution limits as defined-contribution pension schemes. In principle, pension payments will be life-long, and the life insurance companies will carry the risk attached to higher payments if the average life expectancy turns out to be higher than anticipated. This product does not seem to appeal to DNB's customers, and no occupational pension customers have thus far bought the product.

Higher contribution rates for defined-contribution pensions

New maximum contribution rates were determined for defined-contribution pensions as of 1 January 2014. Previously, contributions were limited to 5 per cent of salaries up to 6G and 8 per cent of salaries between 6G and 12G, where G is the basic amount under the National Insurance Scheme. The new maximum contribution rates are harmonised with the new occupational pension product and represent 7 per cent for salaries up to 7.1G and 25.1 per cent for salaries between 7.1G and 12G. There is a basic allowance for the contribution-based pension product, whereby contributions are calculated based on salaries in excess of 1G (currently NOK 88 370). As of 1 January 2014, companies may opt to pay contributions for their employees based on their entire salaries, from the first krone. Companies which pay minimum contributions of 2 per cent in accordance with the Compulsory Occupational Pensions Act may still have a basic allowance of 1G. New maximum contribution rates for defined-contribution pensions have long been called for, and a relatively large number of companies increased their contribution rates during 2014.

Defined-benefit occupational pensions

The Ministry of Finance has given the Banking Law Commission a mandate to review a new, modified defined-benefit pension product based on a number of factors, including life expectancy adjustment of pensions and zero guaranteed return on payments to the scheme. In the first half of 2015, the Banking Law Commission is expected to issue a description of the product characteristics and reach a conclusion on whether a new defined-benefit occupational pension product should be introduced .

New disability pension

The National Insurance Scheme's disability pension rules were amended with effect from 1 January 2015. As a rule, members of the National Insurance Scheme who become disabled are entitled to a disability pension corresponding to 66 per cent of salary, where the basis of calculation is limited to 6G. The new rules make it easier to combine income and disability pension. Disability pension recipients retain their degree of disability and can also receive income from employment based on their working capacity. The disability pension will be reduced when their income exceeds a set limit.

Disability pensions that are insured and disbursed by the life insurance companies, will be harmonised with the National Insurance Scheme rules. The Ministry of Finance presented a proposition (to the Storting) concerning the new rules on 12 December 2014. It has been proposed that up to 9 per cent of salary can be insured by life insurance companies to supplement national insurance payments, whereby the total disability pension will represent up to 75 per cent of salary prior to the disability onset date. The level of the disability pension that can be insured is degressive and limited for high salaries. Thus, the total disability pension cannot exceed 71.1 per cent of salary prior to the disability onset date. DNB expects the Act to enter into force on 1 January 2016 and to include flexible transitional rules to enable the business community to make the necessary adjustments.

Private pension savings

Due to higher life expectancy and lower benefits from the National Insurance Scheme, combined with the fact that a number of employees have unfavourable occupational pension agreements, there will be a greater need for private pension savings. Over the past few years, private saving through insurance-based schemes has been limited. This is because the incentives for tax-motivated pension schemes are not good enough as deduction limits are low and the income tax on pension payments is higher than the tax deduction for premium payments. The life insurance industry wants the savings amount to be increased and symmetry to be established between the tax allowance and tax on pension payments. The rules for individual savings under occupational pension schemes should also be changed to enable wage-earners to save in a flexible and simple manner within tax deduction limits that are not utilised by the company. The Norwegian government has announced that the rules for private savings will be reviewed and improved. The new rules would apply as of 1 January 2016 at the earliest.

IMPORTANT IFRS AMENDMENTS

A number of new International Financial Reporting Standards, IFRSs, have been proposed over the past few years. Some of the standards have already been approved by the standard-setting body, the International Accounting Standards Board, IASB, as described under the accounting principles to the annual accounts, item 21 Approved standards and interpretations that have not entered into force. The amendments will become effective for Norwegian listed companies, including companies issuing listed bonds, after being endorsed by the European Commission and the Norwegian authorities.

The new standard IFRS 9 Financial Instruments, which was approved by the IASB in July 2014, with effective date 1 January 2018, will have the greatest consequences for financial institutions. The standard introduces a more business-oriented approach to the classification of financial assets and an expected credit loss impairment model. The IASB has also approved amendments to the rules on hedge accounting which aim to ensure greater consistency between accounting effects and the company's risk management. See further description under the accounting principles to the annual accounts.

In order to finalise the standard for financial instruments, the IASB decided in 2012 to make macro hedge accounting a separate project to be included in a new standard on a later date. This project is still in an early stage and the IASB published a discussion paper in April 2014 exploring an approach to better reflect the effects of dynamic risk management activities in companies' financial statements.

Future amendments to IFRS which are expected to have the most pronounced impact for Norwegian financial institutions are new accounting requirements for insurance contracts.

NEW ACCOUNTING REQUIREMENTS FOR INSURANCE CONTRACTS

In July 2010, the IASB published an exposure draft for a revised IFRS 4 Insurance Contracts, which represented the first extensive proposal from the IASB on the accounting treatment of insurance contracts. Subsequent to this, there have been many discussions concerning the new requirements, and a number of amendments to the original exposure draft were proposed. As a consequence, a revised exposure draft was presented in 2013. Subsequent to this, the IASB has held a number of meetings to discuss further details in the accounting requirements.

The existing exposure draft proposes that insurance liabilities be measured at the present value of the cash flows arising from the insurance contracts, including a risk margin and a service margin. The effects of changes in estimated cash flows and the discount rate, respectively, shall be recognised in profit or loss or in other comprehensive income according to special rules. The new proposal is expected to result in greater complexity in preparing and presenting the financial statements. Under the current standard, liabilities are measured according to requirements which are further defined in the Act on Insurance Activity, and changes in insurance liabilities are recognised in profit or loss.

The final requirements are expected to be published towards the end of 2015, while the new standard is expected to enter into force in 2018 at the earliest. It has been pointed out that insurance companies should be able to synchronise the adoption of IFRS 9 and the forthcoming IFRS 4. Special transitional rules for insurance companies relating to IFRS 9 are being discussed in the event that the effective date for the new IFRS 4 is moved beyond 2018.

TAXES AND FEES FOR THE FINANCIAL SERVICES INDUSTRY

THE SCHEEL COMMITTEE'S REPORT

The Scheel Committee, which was appointed by the Stoltenberg II government, was given a mandate in March 2013 to assess the Norwegian corporate tax system in view of international developments. The Solberg government gave the committee an additional mandate to consider depreciation rules and present a proposal giving a reduction in the general tax level.

In December 2014, the committee presented its report "Official Norwegian Report (NOU) 2014:13 – Capital Taxation in an International Economy", proposing a number of changes. The proposals are on circulation for comments, thus it is expected to take some time before amending legislation is drafted. The main proposals are presented below.

Reduced corporate tax rate

The current corporate tax model will be retained, though the committee proposes a reduction in the tax rate from 27 to 20 per cent.

Taxation of the financial sector

Financial services are generally exempted from value added tax. An expansion of the value added tax base to encompass financial services provided in return for a specific consideration in the form of fees, commissions etc., for example within non-life insurance, has been proposed. Further, the committee recommends a special fee on margin-based income in the financial sector.

In the committee's opinion, the special rule in Section 8-5 of the

Taxation Act on deductions for technical insurance provisions for life insurance companies should be reviewed. The committee also believes that there is reason to consider whether a market value principle would be suitable for determining when gains and losses on financial instruments in banks etc. occur.

Withholding tax on debt interest
It has been proposed to introduce withholding tax on debt interest paid from Norway. The tax rate is expected to be 15 per cent.

Tightening of the current interest limitation rule
The interest limitation rule will be tightened to include both internal and external interest expenses, while the deduction limit will be changed from 30 per cent of earnings before interest, taxes, depreciation and amortisation (EBITDA) to 45 per cent of earnings before interest and taxes (EBIT). It has been proposed to lower the threshold for applying this rule from NOK 5 million to NOK 1 million.

Cross-border capital gains on equities
A simplification of the exemption method has been proposed by removing the minimum ownership share and ownership period requirements for investments in normal-tax countries outside the EEA.

In addition, changes in the CFC rules (NOKUS: Norwegian-controlled companies and organisations domiciled in low-tax countries) and the low-tax country definition threshold have been proposed. An assessment of the scope of application of the rules has also been recommended.

In addition, changes in the rules on withholding tax on dividends paid from Norway have been proposed.

BSU home savings scheme for young people
It has been proposed to terminate this savings scheme.

Other proposals
A number of changes have been proposed in the taxation of shareholders and in wealth and property tax.

REPORTING OF PERSONS SUBJECT TO TAXATION OUTSIDE NORWAY

In 2010, the Foreign Account Tax Compliance Act, FATCA, was passed by the US Congress to combat tax evasion by persons liable to US taxation. The US tax authorities issued updated FACTA regulations in January 2013. These regulations entered into force as of 1 July 2014 and will be gradually implemented up until 2017.

According to the rules, non-American financial undertakings are required to establish processes to identify and verify customer relationships falling within the scope of the FACTA regulations and report these to the US tax authorities, either directly or via the local authorities in the country concerned. The latter requires the conclusion of a separate agreement between the relevant country and the US. The definition of financial undertakings is broad and comprises banks, insurance companies, brokerage companies, and investment and mutual fund structures. The reporting requirement applies to customer relationships with persons who are subject to a tax reporting requirement in the US and US persons who have significant ownership interests in companies that are customers of non-American financial undertakings. The reporting obligation for 2014 applied primarily to deposits and investments and will be extended in 2015 and 2016 to include income and gains on deposits and investments. In addition, financial undertakings must report accumulated transactions with non-US financial undertakings that do not comply with the FATCA regulations and help ensure that withholding tax is deducted from transactions with such financial undertakings. After 2016, obligations to report and deduct tax from pass-through payments subject to withholding tax may be introduced.

US authorities have signed bilateral agreements concerning FATCA with the authorities of several countries. All countries in which DNB has operations that are encompassed by these regulations, have entered into agreements with the US. Norway signed such an agreement in 2013. Under the terms of the agreement, Norwegian financial institutions' reporting requirements to Norwegian authorities are extended to include information in accordance with the FATCA regulations.

FATCA represents major challenges for financial undertakings around the world and may potentially have significant negative consequences for financial undertakings failing to comply with the identification and reporting requirements. Due to its international activities, the DNB Group must deal with local adaptations to FATCA in a number of countries.

After the US decided to introduce FATCA, initiatives were taken for corresponding reporting within the EU, the G20 countries and the OECD. This has resulted in a common OECD standard for identification and reporting called the Common Reporting Standard, CRS. In addition, a model agreement for the exchange of this type of information between nation-states called the Model Competent Authority Agreement, CAA, has been prepared. Norway signed this agreement along with 50 other countries in October 2014. Under the agreement, countries that have opted for early adoption will start exchanging financial information as from the 2016 fiscal year. More countries are expected to enter into such agreements. Adoption of the regulations requires amendments in national legislation.

DNB complies with the obligations resulting from FATCA and is following developments in regulations in this field in order to satisfy the requirements within a framework which is cost-effective, takes commercial aspects into account and is in conformity with the legislation of the countries where the Group has operations.

SUSTAINABLE VALUE CREATION

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

DNB has a responsibility to contribute towards sustainable economic, environmental and social development in the areas where the Group operates.

As Norway's largest bank, DNB wants to promote sustainable value creation by integrating ethical, environmental and social aspects into its business operations. DNB's policy and appurtenant guidelines for corporate social responsibility set the standards for all of the Group's work on both the observance and the further development of sustainable business operations. In addition, the Group has guidelines, business models and various meeting places that aim to ensure that corporate social responsibility is an integral part of daily operations.

DNB's work on corporate social responsibility is based on the following main principles:

- DNB shall not contribute to the infringement of human or labour rights, corruption, serious environmental harm or other actions that could be regarded as unethical.
- DNB shall seek to promote sustainable development in the areas and business sectors where the Group operates.

PRIORITISATION OF CORPORATE SOCIAL RESPONSIBILITY ISSUES

In addition to requirements imposed by the authorities to integrate ethical, environmental and social aspects into the Group's business operations and self-imposed commitments (see global initiatives), a number of factors affect DNB's prioritisation of corporate social responsibility issues:

- DNB's stakeholders
- DNB's strategy
- Global development trends

STAKEHOLDERS

DNB engages in regular dialogue with its stakeholders, defined as groups or persons that are either strongly affected by the Group's operations or can strongly influence the Group's operations. DNB's key stakeholders are customers, shareholders, the authorities, investors, employees and organisations.

In addition to ongoing feedback from stakeholders, DNB engaged in a stakeholder dialogue in 2014 that provided concrete input to DNB's prioritisation of corporate social responsibility issues.

The key priority areas defined by stakeholders are compared to DNB's own comprehension of importance, DNB's strategy, in a materiality analysis (see illustration on the next page).

SUPPORT TO GLOBAL INITIATIVES

DNB has chosen to support and participate in a number of global initiatives and complies with international guidelines. This provides a basis for learning and knowledge sharing and offers the opportunity to influence international CSR trends. In addition to Norwegian regulations, the following initiatives and guidelines set the standards for the Group's work on corporate social responsibility:

- the OECD's guidelines for multinational companies
- the International Finance Corporation's (IFC) guidelines for environmental and social standards
- the United Nations Environment Programme Finance Initiative (UNEP FI)
- the UN Principles for Responsible Investments (PRI)
- the UN Global Compact, ten principles in the areas of human rights, labour, environment and anti-corruption
- the UN guiding principles on business and human rights
- the Global Reporting Initiative (GRI), an international sustainability reporting standard. See dnb.no/en/about-us/corporate-social-responsibility for a complete GRI index
- the Equator Principles, a credit risk management framework for managing risk in project finance transactions
- Dow Jones Sustainability Indices (DJSI), the world's leading sustainability index
- CDP, an international, not-for-profit organisation providing a global system for companies to measure, disclose, manage and share vital environmental information

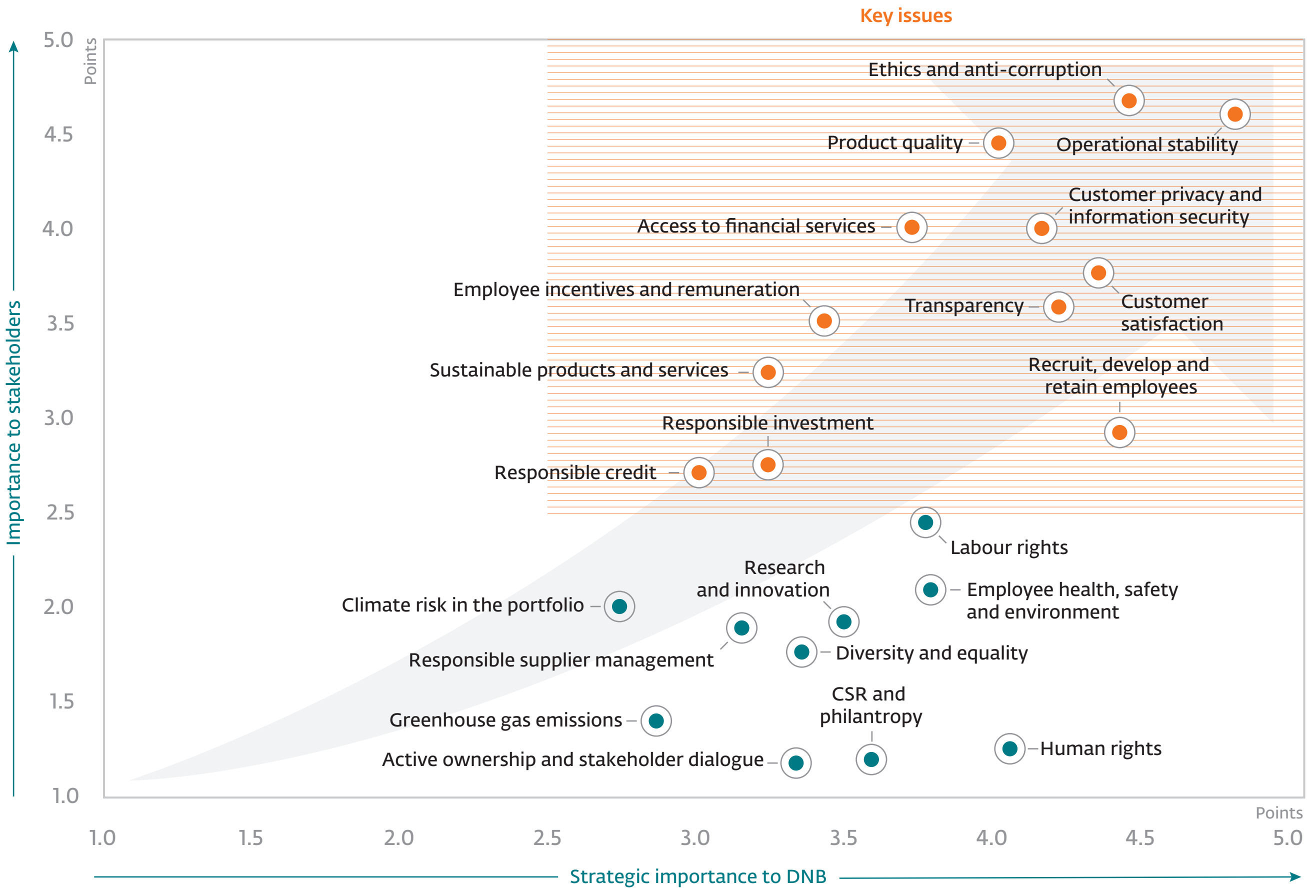
STRATEGY

DNB's strategic platform consists of the Group's vision and values and a shared customer value proposition. Three areas have been defined in which DNB must succeed during the strategy period: capital, customers and culture. Read more about DNB's strategy on page 4.

GLOBAL DEVELOPMENT TRENDS

In recent years, specialist knowledge groups, international organisations and research communities have identified various sustainability trends that they believe will affect all future business activities. Among the most common trends are: climate change, energy and fuel, material resource scarcity, water scarcity,

MATERIALITY ANALYSIS



DNB reports on the twelve key issues from the materiality analysis. These issues have a score of 2.5 points or higher on both the axis that shows importance to stakeholders and the axis that shows strategic importance to DNB. Issues reported in addition to the twelve prioritised issues from the materiality analysis, are: human rights, responsible supplier management, greenhouse gas emissions (climate-smart office operations) and diversity and equality.

population growth, wealth, urbanisation, food security, ecosystem decline and deforestation.

One of the aims of the Group is to reduce risk and harness the opportunities arising from these trends. A separate project has been set up to identify the most serious consequences and risk types for DNB.

WORK ON THE PRIORITY AREAS

TRUST AND ROLE IN SOCIETY

DNB's role in society is a result of the total expectations of the surrounding world with respect to attitudes and behaviour, products and services, infrastructure, employment and value creation.

Ethics and anti-corruption

In order to maintain high ethical standards, DNB has separate guidelines for ethics to increase awareness of, and compliance with, the high ethical standards required of all DNB employees.

The DNB Group has zero tolerance to corruption and established new guidelines and a new guide in 2014. In the course of the year, all business areas and support units carried out analyses to assess corruption risk in their respective units. The results of this process provide the basis for internal priorities and for the measures required to prevent corruption from taking place in DNB. The further work will be risk-based, which means that training and other activities will be tailored to ensure that units and employees that are most at risk of ending up in a situation involving corruption, get the best possible assistance.

In 2014, more than 85 per cent of DNB's employees completed training in solving ethical dilemmas relevant to their daily work. This year, the dilemmas primarily concerned economic crime. 90 per cent had taken the course before the final deadline at end-February 2015.

Anti-money laundering

New and more complicated rules governing anti-money laundering, counter-financing of terrorism and international sanctions are continually being introduced. In 2014, DNB strengthened the organisation by establishing a new division with overall responsibility for these topics. The division has group-wide responsibility for compliance with relevant regulations. In addition, an analysis of the risk of money laundering and financing of terrorism was carried out in 2014. This work will be continued and provide the basis for future priorities. During the year, all employees participated in various training and information measures focusing on these topics.

In 2015, IT infrastructure and models to monitor customers and transactions will be updated, while customer information, including information on beneficial owners, will be improved and updated.

The EU Anti-Money Laundering Directive forms the basis for the Norwegian Money Laundering Act. The prevailing Act is from 2009 and is based on the third directive, issued in 2005. The fourth directive is expected to be adopted by the EU during the spring of 2015. Though it will take time before this is implemented in Norwegian law, DNB will start its preparations in 2015.

DNB reported approximately 2 000 suspicious transactions to ØKOKRIM (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime) in 2014. Several persons were prosecuted and convicted as a result of DNB's reporting.

Country-by-country reporting

Country-by-country reporting is based on the wish to avoid erosion of the tax base and profit shifting. The OCED and the G20 countries have taken initiatives, especially vis-à-vis multinational companies, and prepared guidelines on how country-by-country reporting should become an integral part of companies' transfer pricing documentation. The purpose of the reporting is to give the tax authorities greater insight into companies' global operations. According to the OECD proposal, a country-by-country report should contain an overview of company turnover, profits, taxes paid, invested capital, number of employees and assets per country, as well as legal entities and their main operations. DNB is closely following developments in the OECD and in countries in which the Group has operations and is considering which internal system changes are necessary in order to implement such reporting. DNB expects that these requirements will apply to the year 2015 at the earliest.

Customer privacy and information security

DNB handles large amounts of customer data of both a personal and business nature. The amount of information increases in step with the offering of digital products and services. DNB has guidelines and requirements governing information security and the handling of personal data which must be observed in all systems solutions, products and services.

In addition to establishing a number of technical security measures, DNB is committed to providing training in and raising awareness of information security. In 2014, an extensive campaign was implemented to strengthen knowledge of this subject among all employees as part of the National Security Month in Norway.

DNB also wishes to help customers better secure their assets. At dnb.no, customers can find information about secure use of online and mobile banking, cards, and other services. DNB is cooperating with private and public actors to reduce cybercrime. The Group has a large number of highly skilled employees working with security issues and played a key role in establishing FinansCERT in 2014, an organisation whose mandate is to fight crime across the financial services industry.

Access to financial services

DNB believes it is vital to make knowledge of personal finances available to more people. In 2014, personal finance courses developed in cooperation with the Norwegian Red Cross were arranged for a total of 250 people.

The Group provides financial support to humanitarian organisations involved in microfinance projects and has invested in the Norwegian Microfinance Initiative, NMI, which is a partnership between private and public actors which directly and indirectly invest in microfinance institutions in the form of equity, loans or guarantees. NMI operates on a commercial basis and the aim is to generate attractive returns, both sustainable effects and traditional financial returns.

Reputation

DNB regularly measures its corporate reputation, which is the sum of everything those around an organisation perceive it to be. In the fourth quarter of 2014, DNB achieved a reputation score of 67.8 points in RepTrak's reputation survey, a reduction of 3.2 points from the fourth quarter of 2013. The score was just below the threshold for a "good reputation" (70 points).

Human rights

DNB shall respect human rights both in its own operations and as an investor, lender and purchaser. The main objective is that the Group's activities shall not violate the rights of others, and human rights principles are laid down in DNB's policy for corporate social responsibility. The United Nations Guiding Principles on Business and Human Rights are also reflected in the guidelines for ethical investments and play a key role in DNB's exercise of ownership rights.

PRODUCTS AND SERVICES

DNB will deliver products and services of prime quality and meet customer expectations in order to build and maintain trust and a good reputation.

Product quality and streamlining

Mergers and extensive product development have given DNB, over time, a large and complex product and service portfolio. DNB is working continuously to streamline this portfolio, aiming to phase out and modernise products and ensure honest and transparent communication to make things easier for the Group's customers and advisers. One of the results of this process was that the number of mutual funds was reduced by eleven during 2014. In addition, several account and debit card products were phased out, while a number of payment services were simplified or withdrawn.

The number of claims, customer complaints and fraud cases considered by the complaints unit in 2014 rose by close to 38 per cent. More than 55 000 cases were handled. The increase was mainly due to a greater number of consumers using their right to complain to the credit card provider when they find that products bought online are flawed or defective.

DNB customers' degree of satisfaction with their own bank, the customer satisfaction score, was 71.1 points in 2014, down 1.4 points from 2013.

Responsible investment

Rules have been established for the Group's investment operations to ensure that DNB does not contribute to the infringement of human and labour rights, corruption, serious environmental damage or other acts which can be perceived to be unethical. Nor shall DNB invest in companies involved in the production of tobacco, pornography, anti-personnel mines or cluster weapons, or in companies which develop and produce central components for use in weapons of mass destruction [1].

DNB aims to be an active owner and exercises its ownership role primarily through dialogue with individual companies, aiming to influence the companies in the desired direction. Companies that breach DNB's ethical investment guidelines or show no willingness to change their behaviour over an extended period, may be excluded from the Group's investment portfolio.

Climate change has been and will continue to be an important factor for the exercise of ownership rights. As part of its work on climate issues, DNB will estimate, in the course of 2015, the susceptibility of the sustainable mutual funds Sverige Hållbar and Global Hållbar to climate risk by measuring the portfolios' so-called carbon footprint.

DNB will further refine its processes to embed social and environmental considerations in its investment activities. Planned measures include the further integration of DNB's environmental management system in investment activities. As part of this, environmental issues will be addressed systematically in the dialogue with the companies in the investment portfolios.

Responsible credit

DNB's guidelines for corporate social responsibility within credit activities were updated in 2014. The guidelines describe how DNB's business areas should assess corporate customers' CSR performance and risk associated with environmental and social factors and corporate governance. The guidelines apply to all of DNB's credit activities. The assessment is performed on all new customers, as well as in connection with renewals of commitments with existing customers. Every year, DNB arranges a training seminar for the bank's senior executives to increase their credit competence. In 2014, the new guidelines for corporate social responsibility within credit activities were an important part of this seminar. A total of 510 persons attended the seminar, mainly from the Group's large corporate and corporate banking units in Norway.

DNB has also adopted the Equator Principles, a common set of guidelines used by the majority of large international financial institutions for managing environmental and social issues in project finance. In 2014, a total of nine projects were processed in accordance with the Equator Principles.

DNB finances an increasing number of renewable energy projects in and outside Norway. Loans to wind and solar energy and hydro power projects increased by close to 25 per cent in 2014, and renewable energy is one of the fastest growing industry sectors in DNB's loan portfolio. Hydropower accounts for the majority of the loans, totalling approximately NOK 40 billion, though the share of loans channelled to solar and wind energy projects is increasing.

SUSTAINABLE OPERATIONS AND EMPLOYEES

Internal processes of high quality contribute to sustainable operations, innovation and good customer experiences.

Operational stability

One of the key social functions of the banking industry and DNB is to make sure that vital banking services are accessible to customers. In 2014, DNB placed special emphasis on improving the operational stability of its digital services. Significantly higher stability was achieved compared with previous years, and customers confirm that their user experience has improved.

The process of moving from seven to one data processing centre started in 2014 and will be completed in the course of 2015.

In 2014, DNB strengthened its cooperation with the Indian IT company HCL Technologies. Together with EVRY, this company is responsible for the operation of a number of the Group's large and central IT systems. The agreements entered into with these companies are important to ensure continued stable and effective operations.

The process to develop services and manage applications for the bank's various IT systems was further strengthened in 2014 through the cooperation with Tata Consultancy Services.

1) Weapons of mass destruction are defined as NBC weapons (nuclear, biological and chemical weapons).

Climate-smart office operations

DNB's direct impact on the climate and the environment is mainly related to its energy consumption, business travel and waste from office operations. DNB's CO_2 emissions declined by 15.6 per cent in 2014, which mainly reflected a reduction in energy consumption in office buildings. Emissions stemming from air travel were down 5 per cent. DNB has set new targets for energy consumption and business travel for the 2015-2018 period.

In order to better manage the Group's environmental impact and ensure more energy-efficient office operations, DNB has introduced an environment management system based on the international standard ISO 14001. In May 2014, parts of DNB's operations in Norway were certified in accordance with the standard, while the remaining operations in Norway and the Nordic region were subject to an external audit and were certified in the first quarter of 2015. The process to certify the Group's other operations outside the Nordic region will continue in 2015.

DNB's environmental management system assesses the Group's direct environmental impact not only through travel, waste and energy consumption, but also in the form of environmental risks and opportunities within lending, investment and procurement.

Responsible supplier management

DNB imposes strict requirements on its suppliers and their observance of corporate social responsibility. In 2014, DNB recruited a person who will be responsible for the Group's model for monitoring suppliers' CSR performance. As part of this process, DNB will perform on-site reviews of selected suppliers.

Employees

In order to fulfil its role in society, DNB is dependent on highly skilled and dedicated employees. Read more about how DNB works with recruitment and development, diversity and equality in the chapter on employees.

KEY CORPORATE SOCIAL RESPONSIBILITY FIGURES FOR DNB

	2014	2013
Customer satisfaction index, CSI (score)	71.1	72.5
Score from RepTrak's reputation survey in the fourth quarter of 2014 (points)	67.8	71.0
– Ethics	67.2	69.7
– CSR	69.2	73.1
Main index employee survey (engagement index)	85.0	81.0
Number of meetings with companies carried out by the sustainable investment team to discuss sustainability issues (number)	30	39
Companies excluded from the investment portfolio (number)	63	60
Equator projects (number)	9	6
Contributions to society in the form of financial support to sporting and cultural organisations and research (NOK million)	133.2	122.0
Number of persons who have completed personal finance courses	250	330
Climate and the environment [2]:		
– CO_2 emissions (tons)	17 112	20 267
– CO_2 emissions per employee (tons)	1.4	1.7
– Energy consumption (GWh)	87.8	96.1
– Energy consumption per employee (kWh)	7.4	8.2
– Air travel (1 000 km)	39 875	39 498
– Waste (kg)	1 670 403	1 663 452
– Purchased paper (tons)	732.7	808.0

2) The figure for air travel includes trips ordered by employees in DNB's operations in the Nordic region and the Baltics. The figures for energy consumption and waste include DNB's operations in the Nordic region and the Baltics. The figure for purchased paper applies solely to the Group's operations in Norway. The waste figure for 2013 has been adjusted upwards by 94 643 kilos compared with the figure previously reported due to updated data.

Read more about corporate social responsibility in DNB on **dnb.no/en/about-us/corporate-social-responsibility**.

THE ART OF SERVING THE CUSTOMER

EMPLOYEES

EMPLOYEES

DNB has highly engaged employees who make every effort to realise the vision “Creating value through the art of serving the customer”. The new banking reality, entailing stricter capital requirements and rapid changes in customer behaviour and market conditions, continued to set the direction for the Group’s operations in 2014.

The group strategy “New Deal” is well known in the organisation and guides the employees’ daily work. Developing a corporate culture is a central part of the group strategy, and a wide range of measures have been implemented to strengthen employee engagement and managers’ communication skills. In 2014, quarterly surveys were conducted to measure these parameters.

The new headquarters in Bjørvika in Oslo and new regional main offices in Bergen and Trondheim facilitate more interaction and strongly contribute to a common corporate culture across business areas.

ORGANISATIONAL ADJUSTMENTS

The Group reached its downsizing targets in 2014, and the number of full-time positions was reduced by 373. The processes were carried out in accordance with the Group’s restructuring rules and were based on discussions with the Group’s employee representatives. A total of 169 severance packages were granted based on individual applications in 2014. Seniority and age determined the amount of severance pay, and the applications were approved on the condition that the employees in question would not be replaced.

As part of the restructuring and job transition management process, DNB’s career change centre contributed towards internal mobility and provided an important service to employees at all organisational levels in these processes. 49 employees were transferred to the career change centre in 2014, 45 found new jobs in the Group, and 38 resigned from DNB. Of the total of 116 employees who were at the career change centre, 99 carried out short-term assignments within the organisation. 408 employees received coaching and guidance from the career change centre.

RECRUITMENT AND MOBILITY

DNB is one of the most attractive employers in Norway and was ranked number two in Universum’s business student survey in 2014. DNB is thus regarded as highly attractive among external job candidates. In 2014, there were 521 applicants to 28 positions in DNB’s summer internship programme, which targets students.

In 2014, the DNB Group recruited 816 external applicants, compared with 440 in 2013, of whom 417 were women and 399 men. The average age was 30.2 years. In Norway, 640 new employees were employed, of whom 325 were women and 315 men. 401 employees changed jobs within the Group in 2014.

DNB recruited seven new candidates with various backgrounds and experience to its corporate trainee programme in 2014. During the two-year programme, the trainees work in five different units, including three months at one of DNB’s international offices. The candidates follow an individually tailored development programme and are assigned a mentor at management level.

DNB’s own temporary staff recruitment agency, which coordinates all temporary positions, also offers alternative temporary employment for employees under restructuring.

The number of DNB employees on long-term contracts abroad increased from 71 in 2013 to 76 in 2014. These figures include employees on international assignments from the entire Group, of whom the majority are originally based in Norway.

At the end of 2014, there were 12 064 employees in the Group, of whom 8 752 worked in Norway. The number of employees was reduced by 388 from year-end 2013. The gender distribution in the Group is stable, with women outnumbering men by 8.4 percentage points.

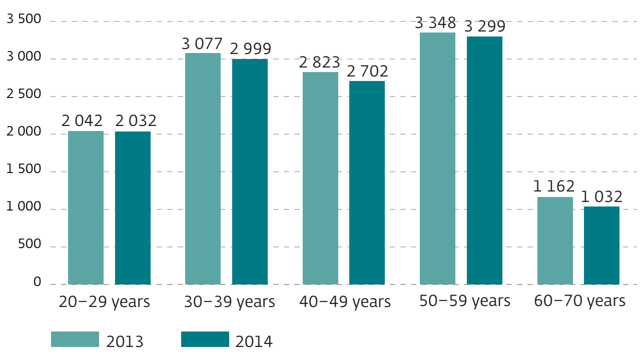
DEVELOPING MANAGERS AND EMPLOYEES

DNB’s managers play a key role in ensuring that the Group achieves its goals. Leadership in DNB must follow three principles: create results, develop individuals and teams, and set direction and drive change.

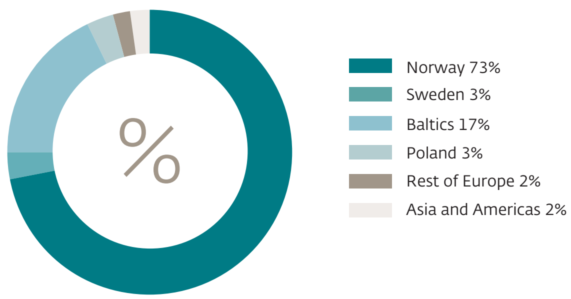
The Group strategy “New Deal”, which emphasises capital efficiency, customer experience and corporate culture, characterised leadership development in DNB in 2014. The strategy also provided a framework for training and development activities for the Group’s managers.

Most of the Group’s management teams attended workshops

NUMBER OF EMPLOYEES ACCORDING TO AGE



NUMBER OF EMPLOYEES ACCORDING TO COUNTRY



during the year to render more concrete how they can contribute to "New Deal".

There was a high level of activity also within the Group's management and talent programmes in 2014, and the running theme was the Group's priorities and ambitions.

DNB wishes to give each individual employee learning and development opportunities that reflect the Group's business targets and strategic platform. The Group offers a range of training programmes, and there are good opportunities for professional and personal development. In order to increase the effectiveness and availability of the training programmes, there was also extensive use of electronic teaching in 2014. A total of 7 217 managers and employees participated in internal training programmes in 2014.

DNB's four professional academies deliver business-critical training modules in the fields of credit, savings, insurance and cash management to the entire Group. Among other things, the academies offer training in accordance with industry requirements determined by Finance Norway governing the sale of savings and non-life insurance products. The purpose of the authorisation scheme for financial advisers, AFR, and the national approval scheme for sellers and advisers of non-life insurance, GOS, is to strengthen the financial sector's reputation and ensure that each individual adviser meets the relevant competency requirements.

Strong emphasis was placed on providing training in and raising awareness about ethical issues in 2014, with particular focus on economic crime (money laundering and corruption). New group guidelines were drawn up for anti-corruption with an accompanying guide. More than 85 per cent of DNB's employees completed the Group's electronic ethics course in 2014. 90 per cent had taken the course before the final deadline at end-February 2015. In addition, new employees received special training in ethics, and new managers were trained in solving ethical dilemmas. Ethical awareness is also developed via leadership communication, intranet articles, lectures and departmental discussions.

In addition, the Group had training programmes on anti-money laundering and counter financing of terrorism. The training was adapted according to the legislation in the countries where DNB is represented. There are separate courses for employees responsible for investigating suspicious transactions in Norway. Monthly meetings were also held to strengthen cooperation and learning across the organisation for employees with responsibility for anti-money laundering and counter financing of terrorism. Presentations on international sanctions were held for relevant units to increase awareness and knowledge.

New technological solutions and an increasingly complex threat scenario require that employees understand current risks and how customer information can be securely managed. In 2014, DNB attached great importance to strengthening the employees' knowledge and awareness of information security. This is also a topic included in the training of new employees and new managers.

In 2014, a common goal and development process was adopted by all managers and employees in the Group. The aim is to ensure that the Group's strategic direction is reflected in the work tasks and priorities of each employee through individual business and behavioural goals.

EMPLOYEE SURVEY

The employee survey conducted in November 2014 included all employees in the Group. The results showed that efforts to establish a common strategic direction based on a clear vision have yielded results and that the employees are highly dedicated.

Employee satisfaction showed an increase from 75 points in 2013 to 77 points in 2014. DNB's engagement index score rose from 81 points in 2013 to 85 points in 2014. The employee survey for 2014 paints a picture of a robust organisation that has coped well through considerable changes.

HEALTH, SAFETY AND ENVIRONMENT

Health, safety and environment (HS&E) are important elements in the group policy for people and organisation. Preventive working environment measures should promote employees' safety, health, well-being and working capacity. Furthermore, cooperation between management and employees should ensure that efforts to improve the working environment are future-oriented and an integrated part of daily operations.

All DNB managers must be updated on HS&E issues and HS&E training is mandatory for new managers with personnel responsibility. The training is aimed at the Group's Norwegian operations and provides the necessary insight and knowledge to comply with the Norwegian Working Environment Act and DNB's internal HS&E requirements. A total of 258 managers and 40 safety representatives completed the HS&E training in 2014.

SICKNESS ABSENCE AND AN INCLUSIVE WORKPLACE

In 2014, sickness absence was 4.52 per cent in the Group's Norwegian operations, a decrease from 4.6 per cent in 2013. Of 1 804 657 possible man-days, some 81 582 man-days were lost due to sickness absence in 2014.

A number of measures to reduce sickness absence in units with rising sickness absence rates were implemented in 2014. In addition, managers were trained in how to handle sickness absence, along with guidance on and attitude-shaping initiatives concerning ergonomics and the prevention of muscular and skeletal problems.

The mandatory programme whereby pregnant employees are followed up by a midwife through the occupational health service continued in 2014 and was used by more employees than in 2013. The aim is to reduce sickness absence among pregnant employees.

Employees on long-term sickness leave are offered coaching and guidance as well as varied and meaningful work tasks through the Group's cooperation with humanitarian organisations and other companies.

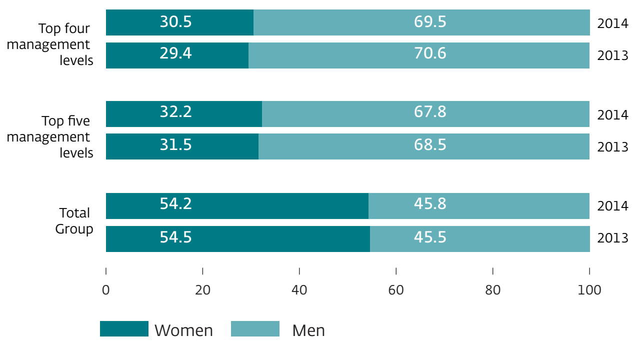
The inclusive workplace agreement was renewed in 2014 and applies until 2018. The targets specified in the agreement are sickness absence reductions, special adaptation for employees with reduced capacity for work and a higher average retirement age. In 2014, the average retirement age was 62.6 years in the Group's Norwegian operations, compared with 62.0 years in 2013. The number of employees under 62 years of age who retired on a disability pension was 22 in 2014, compared to 18 in 2013.

VARIABLE REMUNERATION

DNB's variable remuneration scheme is in compliance with the Group's guidelines and supports strategies, financial targets and values. The total remuneration should be competitive and cost-effective and not expose the Group to unwanted risk. The Group's

GENDER DISTRIBUTION

PER CENT



total limit for variable remuneration is determined annually by the Board of Directors' Compensation Committee. Individual remunerations are awarded within defined limits in each unit based on a total evaluation of the individual employee's pre-agreed financial and non-financial goals.

In order to attract and retain individuals with critical expertise, the business areas can also have remuneration schemes of varying scope and structure, based on market analyses. It is a guiding principle that all remuneration should be based on an overall assessment of the employee's contribution to the attainment of the Group's, the unit's and individual goals.

The remuneration schemes of DNB's international offices and subsidiaries are adapted to local labour markets and regulations.

EQUALITY AND DISCRIMINATION

The Group has flexible schemes that make it easier to combine a career with family life. DNB is committed to gender-balanced participation in its talent and management development programmes. As a measure to promote gender equality, DNB gives priority to female applicants for management positions, subject to equal qualifications. The proportion of women in the Group was 54.2 per cent in 2014. The average age was 42.5 years for women and 43.0 years for men. Of employees working part-time in 2014, 72.6 per cent were women, a reduction from 74.9 per cent in 2013. The average fixed salary in the Group's Norwegian operations was NOK 529 276 for women and NOK 667 697 for men, when all part-time positions are converted to full-time.

In 2014, the proportion of women in the group management team was unchanged from 2013 at 36.4 per cent. At management level three, female representation decreased from 28.9 per cent in 2013 to 25.8 per cent in 2014. At management level four, female representation increased from 29.9 to 31.5 per cent, and at management level five, there was a small increase from 33.1 to 33.7 per cent. The female representation target set by the Board of Directors for management levels one through four is minimum 40 per cent. At year-end 2014, this share was 30.5 per cent.

Physical adaptation for employees with reduced working capacity is taken into account in central office buildings in Oslo, Bergen and Trondheim. The number of disabled parking spaces has been adapted to actual requirements in each building.

The group recruitment guidelines should help ensure quality, diversity and non-discrimination in selection processes. Local regulatory requirements must be complied with, and DNB has a zero-tolerance approach to discrimination in the recruitment process.

GROWTH IN VOLUMES AND EQUITY

DIRECTORS' REPORT AND ANNUAL ACCOUNTS

DIRECTORS' REPORT

OPERATIONS IN 2014

DNB recorded profits of NOK 20 617 million in 2014, an increase of NOK 3 105 million from 2013. Adjusted for the effect of basis swaps, there was a rise in profits of NOK 1 836 million.

The improved profit performance reflected an increase in net interest income, reduced costs and lower impairment losses on loans.

DNB's common equity Tier 1 capital was increased by NOK 14.0 billion from end-December 2013 to year-end 2014. Calculated according to the transitional rules, the common equity Tier 1 capital ratio rose from 11.8 per cent to 12.7 per cent. Return on equity increased from 13.1 per cent to 13.8 per cent during the corresponding period. Adjusted for the effect of basis swaps, return on equity declined from 13.9 to 13.6 per cent. DNB is well capitalised, but will build additional capital organically in order to meet the authorities' requirements.

Higher deposit and lending volumes and wider spreads had a positive effect on net interest income in 2014. Lending spreads widened by 0.01 percentage points and deposit spreads by 0.06 percentage points compared with 2013. Net interest income increased by 7.6 per cent from 2013, while average volume-weighted spreads contracted by 0.01 percentage points during this period.

Other operating income was NOK 450 million higher than in 2013. Net commissions and fees increased by approximately 6 per cent in 2014, reflecting income from capital-light asset management products, real estate broking and investment banking services. Adjusted for the effect of basis swaps, other operating income declined by NOK 1 308 million. The reduction in income mainly reflected significant fluctuations in the Norwegian krone rate and Norwegian interest rates towards the end of 2014 and a negative risk result from DNB Livsforsikring.

Operating expenses were reduced by NOK 1 201 million from 2013. Adjusted for non-recurring effects, there was an increase of NOK 266 million or 1.3 per cent. Ordinary wage costs were slightly down compared with 2013, and downsizing measures thus more than compensated for wage increases during this period.

Impairment losses on loans and guarantees declined by NOK 546 million compared with 2013. The reduction referred primarily to the personal customer and shipping segments, the Baltics and Poland. In addition, reversals on collective impairment losses in 2014 exceeded the 2013 figure.

DNB is still the only Nordic bank that qualifies for inclusion in the Dow Jones Sustainability Index, DJSI. The DJSI is a global index that measures financial, environmental and social performance and comprises the top 10 per cent companies within each industry sector.

Along with Nordea Bank Norge and Kommunalbanken, DNB was defined as a systemically important financial institution, SIFI, in the second quarter of 2014 and will thus be subject to a separate capital buffer requirement of up to 1 per cent as of 1 July 2015, to be increased to maximum 2 per cent as of 1 July 2016.

At end-June 2014, the relocation of all office functions in Oslo, Bergen and Trondheim had been completed, providing the basis for both lower costs and improved environmental efficiency.

In May, DNB launched "Kortlappen", a training programme for the bank's youngest card users aged ten years and above. The purpose is to teach children how to use a bank card before they receive their own debit card.

In the second quarter of 2014, Finanstilsynet established rules for how life insurance companies should finance increased pension payments resulting from higher life expectancy. The reserves must be strengthened over a period of seven years, with a shareholder contribution of minimum 20 per cent of the required increase. These rules entered into force on 1 January 2015.

The sale of the subsidiary JSC DNB Bank was completed in July, whereby DNB wound up its business operations in Russia. The sale of Nets was carried out during the same month.

DNB presented new long-term financial ambitions on the Group's Capital Markets Day in London in November for the period up to 2017. DNB thus aspires to achieve a return on equity above 12 per cent, a common equity Tier 1 capital ratio of minimum 14 per cent and a dividend payout ratio of more than 50 per cent, subject to a satisfactory capital adequacy level.

DNB passed the European Banking Authority's stress test for European banks. The purpose of the stress test is to identify the vulnerabilities of the banking sector to hypothetical negative development trends. This substantially underpins the Group's financial strength.

In the fourth quarter, DNB launched, together with Telenor and the SpareBank 1 Alliance, Valyou, a contactless mobile phone payment solution. The company Valyou is owned by DNB (42.5 per cent), Telenor (42.5 per cent) and the SpareBank 1 Alliance (15 per cent).

In order to improve the operational stability of the Group's IT systems, a process was started in 2014 to move seven data processing centres to a single, large centre. This process will be completed in the second half of 2015.

In the employee survey for 2014, the engagement index rose by 4 points from 2013, to 85 points. This paints a picture of a robust organisation that has coped well through extensive restructuring. Sickness absence in DNB's Norwegian operations was 4.5 per cent in 2014, a slight reduction from 4.6 per cent in 2013. The special follow-up of units with high sickness absence rates continued.

The Board of Directors has proposed a dividend for 2014 of NOK 3.80 per share. When considering the dividend proposal for 2014, the Board of Directors has taken the new regulatory capital adequacy requirements into account. The Group's long-term dividend policy remains unchanged.

The Board of Directors would like to thank all employees for their dedication and hard work in 2014.

STRATEGY AND TARGETS

DNB's vision and values are about putting the customers in focus. By having satisfied customers, DNB aims to be the leading bank throughout Norway and a leading international player within selected customer segments, products and geographic areas.

The aim to achieve strong customer orientation throughout the Group is reflected in DNB's vision: "Creating value through the art of serving the customer". A uniform corporate culture based on the Group's values, "helpful, professional and show initiative", will contribute to improving customer satisfaction. The values reflect what should characterise DNB. Employees who are helpful, professional and show initiative will ensure that customers always have a good experience when they are in contact with DNB. Thus, the Group aims to further improve customer satisfaction, especially in the personal customer market and among small corporate customers.

DNB is Norway's largest financial services group, and the healthy Norwegian economy has given the Group a sound basis for continued growth. However, ongoing uncertainty regarding future economic developments and new requirements from the authorities call for a high level of adaptability and will be guiding for DNB's future strategic decisions. Capital-efficient growth, improved customer satisfaction scores and reduced cost levels will be given high priority in the future.

DNB's ambition is to achieve moderate growth parallel to strengthening its Tier 1 capital ratio. This requires clear priorities. DNB will give priority to growth within the areas which ensure the best risk-adjusted return and within non-capital intensive products and services.

DNB is organised to enable the Group to quickly and effectively adapt to changes in customer behaviour and develop products and services that meet the needs in the various customer segments. DNB's corporate culture should be characterised by change capacity, engagement, good leadership and effective communication. Strong cooperation between various units in the Group will ensure customers access to DNB's total product range.

DNB gives priority to long-term value creation for its shareholders and aims to achieve a return on equity, a rate of growth and a market capitalisation which are competitive in relation to its Nordic peers. Parallel to this, the Group will need to build up adequate capital to meet the ever stricter capital requirements.

FINANCIAL TARGET ATTAINMENT

On its Capital Markets Day in November 2013, DNB presented new long-term financial ambitions. While the Group previously had several equally important financial targets, the number of target figures was reduced to one principal long-term financial target: a return on equity above 12 per cent as from 2016. This target figure was confirmed on the Capital Markets Day in November 2014.

A competitive return on equity is required to ensure that DNB is attractive in the market. In addition, the operations of the Group are conditional on adequate capitalisation. In 2014, DNB raised its common equity Tier 1 capital ratio target to minimum 14 per cent no later than at year-end 2016.

Developments through 2014 show that DNB is on track to fulfil the targets. Return on equity was 13.8 per cent in 2014, though the need to build up additional capital over the coming years means that it will be challenging to maintain this level of return. Macroeconomic developments, especially interest rate levels, will also affect the Group's ability to meet the return target. Capital adequacy requirements for banks have increased in recent years, and DNB achieved a common equity Tier 1 capital ratio of 12.7 per cent at year-end 2014 calculated according to the transitional rules, an increase of 0.9 percentage points from year-end 2013.

DNB's long-term financial targets are to achieve:
a return on equity above 12 per cent as from 2016

This is conditional on adequate capitalisation, and DNB's ambition is to have:
a common equity Tier 1 capital ratio of minimum 14 per cent
The capital adequacy level shall be reached no later than at year-end 2016.

The Group's long-term dividend policy is to have:
a payout ratio of more than 50 per cent of annual profits
Until the Group has achieved its capital adequacy targets, the need to strengthen capital adequacy will determine the dividend payout ratio. The Group aims to gradually increase the payout ratio up until the payment of dividends for 2016.

REVIEW OF THE ANNUAL ACCOUNTS

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis and that the going concern assumption applies.

Pursuant to Section 3-9 of the Norwegian Accounting Act, DNB prepares consolidated annual accounts in accordance with IFRS, International Financial Reporting Standards, approved by the EU. The statutory accounts of DNB ASA have been prepared in accordance with Norwegian IFRS regulations.

NET INTEREST INCOME

Amounts in NOK million	2014	Change	2013
Net interest income	32 487	2 295	30 192
Exchange rate movements		679	
Lending and deposit spreads		645	
Lending and deposit volumes		412	
Interest rate instruments		355	
Long-term funding costs		278	
Equity and non-interest-bearing items		135	
Amortisation effects, international bond portfolio		(87)	
Other net interest income		(121)	

Net interest income rose by NOK 2 295 million from 2013. The increase was mainly attributable to exchange rate movements, wider lending and deposit spreads and income from interest rate instruments. Average lending spreads widened by 0.01 percentage points from 2013 to 2014, while deposit spreads increased by 0.06 percentage points. There was an average increase of NOK 50.8 billion in the healthy loan portfolio, while average deposits rose by NOK 100.4 billion compared with 2013. This contributed to an increase in the ratio of deposits to net loans from 64.7 per cent at end-December 2013 to 65.4 per cent at year-end 2014.

NET OTHER OPERATING INCOME

Amounts in NOK million	2014	Change	2013
Net other operating income	16 877	450	16 427
Basis swaps		1 758	
Net commissions and fees		432	
Net gains on investment property		168	
Other operating income		(24)	
Net financial and risk result from DNB Livsforsikring [1]		(412)	
Net gains on other financial instruments		(1 472)	

1) Guaranteed returns and allocations to policyholders deducted.

Net other operating income increased by NOK 450 million from 2013. Adjusted for the effect of basis swaps, there was a NOK 1 308 million decline in income. Changes in fair values resulting from a negative development in credit spreads, minor adjustments in valuation models and lower income from the Group's market making and proprietary trading had a pronounced effect on profits. This was partly due to extensive volatility in the equity, interest rate and foreign exchange markets towards the end of 2014. The increase in net commissions and fees was mainly attributable to investment banking activity. Value adjustments of investment property also had a positive effect. A reduction in the financial and risk result had a negative impact on profits in DNB Livsforsikring.

OPERATING EXPENSES

Amounts in NOK million	2014	Change	2013
Operating expenses excl. non-recurring effects	20 452	266	20 186
Income-related costs:			
Ordinary depreciation on operational leasing		92	
Expenses related to operations:			
IT expenses		200	
External distribution channels		88	
Other costs		(114)	
Non-recurring effects	223	(1 467)	1 690
Reversal of provisions		83	
IT restructuring		70	
Other restructuring costs and non-recurring effects		(253)	
Restructuring costs – employees		(359)	
Provisions for debt-financed structured products		(450)	
Impairment losses for goodwill and capitalised systems development		(557)	
Operating expenses	20 675	(1 201)	21 875

Total operating expenses were down 5.5 per cent from 2013. Sizeable non-recurring effects had a positive impact on costs, resulting in an overall cost reduction of NOK 1.5 billion. Adjusted for non-recurring effects, there was a 1.3 per cent rise in costs. The Group reached its target to keep ongoing operating expenses flat. This was attributable to a number of restructuring measures resulting in reductions in both the number of employees, the number of branch offices and the number of production units. The number of employees was reduced by 388 from 2013 to 2014.

IMPAIRMENT OF LOANS AND GUARANTEES

Impairment losses on loans and guarantees totalled NOK 1 639 million, down NOK 546 million from 2013. NOK 337 million of the reduction represented individual impairment. There was an increase in impairment losses for small and medium-sized enterprises and Nordic corporates, while the level of impairment was reduced in the personal customer and shipping segments and in the Baltics and Poland. Reversals on collective impairment losses totalled NOK 341 million in 2014, compared with NOK 133 million in 2013. Impairment was reduced from 0.17 per cent of net loans in 2013 to 0.12 per cent.

Net non-performing and doubtful loans and guarantees amounted to NOK 17.3 billion at end-December 2014, down from NOK 20.7 billion at year-end 2013. Net non-performing and doubtful loans and guarantees represented 0.96 per cent of the loan portfolio, a reduction of 0.14 percentage points from end-December 2013.

TAXES

The DNB Group's tax expense for 2014 was NOK 6 463 million, representing 23.9 per cent of pre-tax operating profits. The tax rate increased by 0.9 per cent from 2013. The tax rate was lower than the anticipated long-term rate, primarily due to tax-exempt income from shareholdings.

FUNDING, LIQUIDITY AND BALANCE SHEET

The short-term funding markets normalised in the course of 2014, and an increasing number of banks were regarded as financially strong. 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 2014, and there was a significant reduction in prices during the year. In September, the European Central Bank, ECB, presented a new measure to stimulate European economic activity in the form of a programme to purchase corporate and covered bonds. The first purchases took place in October. Subsequent to this, costs relating to new covered bond issues showed a particularly favourable trend.

Debt securities issued by the Group totalled NOK 812 billion at end-December 2014 and NOK 712 billion a year earlier. The average remaining term to maturity for the bond debt portfolio was 4.25 years at end-December 2014, virtually unchanged from a year earlier.

In order to keep the Group's liquidity risk at a low level, short-term and long-term liquidity risk limits have been established. These are consistent with the Basel III calculation methods. Among other things, this implies that customer loans are generally financed through customer deposits, long-term securities and primary capital. The Group stayed well within the liquidity limits during 2014. A gradual adaptation to the liquidity requirements within the time limits stipulated by the Basel Committee and the Norwegian authorities is being planned.

At end-December 2014, total combined assets in the DNB Group were NOK 2 936 billion, an increase from NOK 2 656 billion at end-December 2013. Total assets in the Group's balance sheet were NOK 2 649 billion as at 31 December 2014 and NOK 2 406 billion a year earlier. Of this, total assets in DNB Livsforsikring came to NOK 287 billion at year-end 2014 and NOK 289 billion a year earlier.

Net average loans to customers increased by NOK 50.8 billion or 3.9 per cent from end-December 2013. Average customer deposits were up NOK 100.4 billion or 11.1 per cent during the corresponding period. The ratio of customer deposits to net loans to customers rose from 64.7 per cent at year-end 2013 to 65.4 per cent a year later. This is in line with the Group's ambition is to have ratio of customer deposits to net loans of minimum 60 per cent.

CORPORATE GOVERNANCE

The management of DNB is based, inter alia, on the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. See also the chapter on DNB's compliance with the Norwegian Accounting Act and the Code of Practice on page 28.

During 2014, the Board of Directors of DNB ASA held 13 meetings. The Group's strategy, financial development and risk management were high on the agenda, in addition to the capitalisation of the Group and announced changes in external parameters for the financial services industry.

The Board of Directors has three sub-committees: the Audit Committee, the Risk Management Committee and the Compensation Committee.

In 2014, the Audit Committee and the Risk Management Committee were combined in one committee: the Audit and Risk Management Committee. The committee consisted of four of the Board's independent members and held eight meetings in 2014. The committee reviewed the quarterly and annual financial statements and reports on developments in the Group's main risk categories. In addition, the committee reviewed the Group's internal control, including internal control over financial reporting, as well as the quality of the Group's risk management systems and the work of the internal and statutory auditors. The committee also made preparations for the Board of Directors' follow-up of risk management in the Group and offered the Board advice regarding the Group's risk profile.

The Compensation Committee consisted of three members of the Board of Directors and held six meetings in 2014. The committee proposes internal guidelines for remuneration to senior executives in accordance with the Public Limited Companies Act. In addition, the committee issues recommendations to the Board of Directors regarding the remuneration awarded to the group chief executive and acts in an advisory capacity to the group chief executive with respect to remunerations and other important personnel-related matters relating to the group management team and any others reporting to the group chief executive.

In order to ensure an optimal level of capital in the company, the General Meeting authorised the Board of Directors on 24 April 2014 to acquire own shares for a total face value of up to NOK 325 759 772, corresponding to 2 per cent of the company's share capital. The shares shall be purchased in a regulated market. Each share may be purchased at a price between NOK 10 and NOK 200. The authorisation is valid for a period of 12 months and was not used in 2014.

RISK AND CAPITAL ADEQUACY

ORGANISATION AND MONITORING

The Board of Directors continually monitors the Group's capital situation and aims for DNB Bank ASA to maintain an AA level rating for ordinary long-term debt.

DNB's group policy for risk management and related guidelines serve as a guide for the Group's overall risk management and describe the ambitions for, attitudes to and work on risk. The Group aims to maintain a low risk profile and will only assume risk which is comprehensible and possible to follow up, and which will not harm its reputation. The Group's corporate culture shall be characterised by transparent methods and processes which promote sound risk management. All managers are responsible for risk within their own area of responsibility. Responsibility for entering into agreements which entail risk for the Group will be delegated to the organisation through personal authorisations and limits. Risk management functions and the development of risk management tools are organised in units which are independent of the units that engage in business operations.

The risk appetite concept has become best practice in the financial services industry, better enabling financial institutions to make risk an integral part of their strategy and planning processes and thus react more swiftly to changing surroundings. DNB implemented a risk appetite framework in 2013 which represents an operationalisation of the Group's current risk policy and guidelines to ensure that risk is managed and integrated in the Group's other governance processes. The framework is owned by the Board of Directors and will be reviewed at least once a year. The actual risk level that is measured in accordance with the framework is reported on a monthly basis.

The group guidelines for risk management and annual limits for liquidity risk and market risk are approved in a joint meeting of the Boards of Directors of DNB ASA and DNB Bank ASA. Market risk reflects equity, property, currency, interest rate and commodity exposure. The Board of Directors of DNB ASA has a separate Risk Management Committee. The Boards of Directors of the other operative companies in the Group, including DNB Livsforsikring AS, set limits for relevant risks pertaining to their operations.

The group management meetings are attended by the group executive vice presidents in charge of the business areas and staff and support units. A number of advisory bodies have been established to assist in preparing documentation and carrying out follow-ups and controls within various specialist areas.

The Asset and Liability Committee, ALCO, is an advisory body for the chief financial officer, CFO, and the chief risk officer, CRO, and handles matters relating to the management of market and funding risk, risk modelling, capital structure and return targets.

The Group's specialist units within risk management are organised in the support unit Group Risk Management. This unit is headed by the CRO, who reports directly to the group chief executive. Underlying divisions have group-wide responsibility for credit risk, market and liquidity risk, operational risk, risk quantification, validation, risk reporting and analysis, IRB compliance and AML sanctions. The head of risk management in DNB Livsforsikring also reports directly to the CRO.

In order to ensure that the DNB Group complies with anti-money laundering and sanctions regulations, it was decided to establish the AML Sanctions division in the autumn of 2014.

The Group Advisory Credit Committee advises the group chief executive and the Board of Directors in connection with large individual credit proposals and other special credits and approves large credits to borrowers that are customers of more than one business area.

Advisory Group Operational Risk, AGOR, is an advisory committee for the CRO. AGOR has group-wide authority and its mandate is to develop the Group's work and solutions within operational risk management.

The Forum for AML and International Sanctions is an advisory body headed by the CRO. In order to ensure broad endorsement of the Group's work on anti-money laundering and sanctions compliance, several group executive vice presidents and the group general counsel attend the forum.

DEVELOPMENTS IN 2014

DNB's risk situation showed a favourable trend during most of 2014. However, developments during the fourth quarter resulted in far greater uncertainty. The halving of the oil price had the most pronounced effect for Norway, though increased geopolitical tensions also had an impact. International interest rates continued to fall, and Norges Bank cut its key policy rate to stimulate the Norwegian economy in a situation where falling oil investments could result in negative growth impulses. The Norwegian krone rate has depreciated significantly, which could make the restructuring of the Norwegian economy easier.

The global economy grew by 3.2 per cent in 2014 in spite of the conflicts and crises dominating the news. There was an acceptable rate of growth in the US and UK economies following a period with record-low interest rates. For most eurozone countries, it will take several years to return to pre-financial crisis levels. Overall, economic growth in emerging countries has lost momentum, and growth has come to a complete halt in Brazil and Russia. Growth in India and China is still triple the rate of Western industrialised countries.

The DNB Group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement increased by NOK 8.4 billion from year-end 2013, to NOK 89.1 billion.

RISK-ADJUSTED CAPITAL REQUIREMENT FOR THE DNB GROUP

Amounts in NOK billion	31 Dec. 2014	31 Dec. 2013
Credit risk	58.8	60.0
Market risk	7.5	10.0
Market risk in life insurance	21.3	8.1
Insurance risk	2.0	1.9
Operational risk	10.7	10.7
Business risk	6.8	4.8
Gross risk-adjusted capital	107.1	95.5
Diversification effect [1]	(18.0)	(14.8)
Net risk-adjusted capital	89.1	80.7
Diversification effect in per cent of gross risk-adjusted capital [1]	16.8	15.5

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

The risk-adjusted capital requirement for credit declined by NOK 1.2 billion in 2014. There was sound and stable credit quality in all portfolios throughout the year.

At year-end 2014, the situation remained challenging in some shipping segments, which, however, showed divergent trends. While there was a generally positive trend in the tanker segment, the dry bulk and container segments were sluggish, and this is expected to prevail in 2015.

Oil prices could remain relatively low due to high production, an unwillingness to implement coordinated production cuts and a modest increase in demand. Oil companies' reduced investment capabilities and a greater focus on costs will put the entire supplier industry under pressure.

The quality of DNB's Norwegian commercial property portfolio is sound, though the financing of commercial property entails increasing risk. There was a rise in the number of vacant office buildings in 2014. In Oslo, Asker and Bærum, the vacancy rate was approximately 9 per cent at the end of the year, up 1 percentage point since end-December 2013, reflecting the brisk construction activity over the past few years. Due to the tougher competitive climate, lessors are willing to reduce prices to retain their lessees.

The twelve-month growth in credit to Norwegian households was stable and represented just over 6 per cent towards the end of the year. Housing prices were up 8.1 per cent on a national basis, though there were significant regional differences. According to forecasts for 2015 and 2016, housing prices will level off.

The risk-adjusted capital requirement for market risk in DNB Livsforsikring increased by NOK 13.2 billion. Long-term interest rates declined during 2014, which heightens the risk that the return on the life insurance company's investment funds will not be adequate to cover guaranteed commitments. By building buffer capital and provisions for higher life expectancy, the company strengthened its solvency capital by NOK 6 billion in 2014. Nevertheless, the company's underlying risk and capital requirements increased during 2014 in consequence of the declining interest rate level. Solvency II opens up for a 16-year transitional period for valuing liabilities at market value. DNB Livsforsikring will need to apply the transitional rules as of 1 January 2016, whereby the company will meet the Solvency II capital requirement with a solid margin.

DNB's market risk exposure in operations other than life insurance generally remained stable throughout 2014. The equity exposure was somewhat reduced, reflecting the sale of shareholdings. As a result of the strengthening of the Norwegian liquidity portfolio, there was a slight increase in the credit spread exposure. No increase in market risk exposure is planned for 2015. Market risk limits have been adjusted, as property risk has been classified as a separate risk category in the limit structure for market risk.

Throughout 2014, operations, governance and control were of high quality in all of the Group's units. The number of reported events entailing operational risk was somewhat higher than in the previous year. Losses were low, remaining at the same level as in 2013. At times, the operational stability of the Group's IT systems was challenging. Extensive measures were initiated, including the outsourcing of services and change of system operator, to mitigate the risk. The Group is implementing a comprehensive and complex moving process from seven data processing centres to a single, large centre, including emergency preparedness routines, during 2015. Once the move is completed in the autumn of 2015, the Group's IT operations security is expected to improve significantly. Data security requirements are gradually becoming stricter, not least due to improved IT expertise among criminals. High priority is therefore given to securing data and confidential information.

Calculated according to the transitional rules, risk-weighted volume increased by NOK 32 billion from end-December 2013, to NOK 1 121 billion. The common equity Tier 1 capital ratio was 12.7 per cent, while the capital adequacy ratio was 15.2 per cent.

Read more about risk and capital adequacy in the Group's Pillar 3 report on dnb.no/investor-relations.

SEGMENTS

Financial governance in DNB is adapted 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. Reported figures for the different segments reflect the Group's total sales of products and services to the relevant segments.

PERSONAL CUSTOMERS

This segment includes the Group's 2.1 million personal customers in Norway. The customers are offered a wide range of services through Norway's largest distribution network, comprising branch offices, telephone banking (24/7), digital banking, mobile banking solutions, real estate broking as well as external channels such as post offices and in-store postal and banking outlets.

Pre-tax operating profits totalled NOK 9 795 million in 2014, an increase of NOK 1 209 million from 2013. Growth in net interest income and lower impairment losses on loans were the key factors behind the rise in profits.

PERSONAL CUSTOMERS			**Change**	
Income statement in NOK million	**2014**	**2013**	**NOK mill.**	**%**
Total income	18 573	17 461	1 113	6.4
Operating expenses	8 649	8 655	(6)	(0.1)
Pre-tax operating profit before impairment	9 924	8 806	1 119	12.7
Net gains on fixed and intangible assets	(3)	154	(158)	
Impairment of loans and guarantees	126	374	(248)	
Pre-tax operating profit	9 795	8 586	1 209	14.1
Profit for the year	7 150	6 185	966	15.6
Average balance sheet items in NOK billion				
Net loans to customers	669.7	650.2	19.4	3.0
Deposits from customers	356.8	339.1	17.7	5.2
Key figures in per cent				
Return on allocated capital [1]	23.9	36.3		

1) Calculated on the basis of allocated capital, which corresponds to the external capital adequacy requirement which must be met by the DNB Group. Capital allocated to home mortgages was raised by 75 per cent in 2014 to reflect the authorities' announced increase in capital requirements.

2014 was characterised by strong competition for home mortgage customers and moderate increases in both loans and deposits. Lending volume showed a favourable trend through the year, with higher lending growth in the second half, and total loans increased by 4.8 per cent from year-end 2013 to year-end 2014. Average loans to personal customers were up 3.0 per cent from 2013 to 2014, while deposits rose by 5.2 per cent during the same period.

Net interest income rose by 9.3 per cent from 2013, totaling NOK 13.8 billion in 2014. Higher volumes combined with wider volume-weighted spreads were the main factors behind the increase. Volume-weighted spreads widened by 0.03 percentage points from 2013 and stood at 1.40 per cent in 2014. There were two rounds of interest rate adjustments on loans and deposits in 2014, effective in June and early December, respectively. The price adjustments resulted in a contraction of lending spreads relative to the money market rate, while deposit spreads improved somewhat.

Other operating income totalled NOK 4.8 billion in 2014, a slight decline from the previous year due to reduced income from equity investments. There was a strong trend in product sales, with a healthy rise in income from both non-life insurance and securities management compared with 2013. DNB Eiendom is an important channel for property sales, and both the number of properties sold and income from real estate broking showed strong growth from 2013.

Total operating expenses were stable compared with 2013. Restructuring costs were lower in 2014 than in 2013, and adjusted for such costs, operating expenses increased by approximately 3 per cent. Due to a high level of activity and a positive trend in income from product sales costs increased somewhat. In addition, there were rising IT expenses.

DNB is working continuously to streamline its distribution network and facilitate self-service solutions. The number of active mobile banking users increased by 36 per cent during the year. As a result of a higher self-service ratio, ten branch offices were closed in 2014, and a total of 64 branch offices were made cashless. Cashless branches no longer offer manual cash-handling services. All remaining branch offices, apart from the one at Oslo Airport, will be made cashless during the first quarter of 2015. The number of full-time positions in Retail Banking Norway, including temporary staff, was reduced by 122 in 2014. There was a slight increase in the number of permanent employees, while the use of temporary staff was reduced.

A large share of loans to personal customers represents well-secured home mortgages entailing low risk. Net impairment of loans was down 66 per cent compared with 2013, representing 0.02 per cent of net loans in 2014.

Strong competition for home mortgage customers has affected the market share of credit to households, which was 26.0 per cent at end-December 2014, down from 26.5 per cent in 2013. The market share of savings was 32.6 per cent at year-end 2014, compared with 33.5 per cent in 2013.

Lower interest rate levels, uncertainty regarding developments in the Norwegian economy and strong competition in the market will affect future growth and spreads. Interest rate reductions on loans and deposits were implemented in January 2015, effective from mid-March. The interest rate adjustments completed thus far are expected to have a close to neutral effect on net interest income, though a prolonged decline in interest rate levels combined with strong competition is expected to put pressure on volume-weighted spreads through the year. DNB aspires to achieve lending growth in the personal customer segment that is largely in line with the general market trend, though profitable operations will be given priority over growth. Impairment losses on loans are expected to remain stable at a low level.

SMALL AND MEDIUM-SIZED ENTERPRISES

This segment includes sales of products and advisory services to the Group's small and medium-sized corporate customers. 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. Customers are served through digital, mobile and 24/7 telephone banking as well as a physical distribution network throughout Norway.

Pre-tax operating profits came to NOK 3 551 million in 2014, up NOK 208 million or 6.2 per cent from 2013. The rise in profits reflected strong growth in both net interest income and other operating income.

SMALL AND MEDIUM-SIZED ENTERPRISES			Change	
Income statement in NOK million	2014	2013	NOK mill.	%
Total income	8 269	7 665	605	7.9
Operating expenses	3 843	3 724	119	3.2
Pre-tax operating profit before impairment	4 427	3 941	486	12.3
Net gains on fixed assets	42	(0)	42	
Impairment of loans and guarantees	895	586	309	52.6
Profit from repossessed operations	(23)	(11)	(11)	
Pre-tax operating profit	3 551	3 343	208	6.2
Profit for the year	2 593	2 407	186	7.7
Average balance sheet items in NOK billion				
Net loans to customers	215.5	206.5	9.0	4.4
Deposits from customers	159.8	146.7	13.1	8.9
Key figures in per cent				
Return on allocated capital [1]	12.4	11.8		

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

Average net loans to customers rose by 4.4 per cent from 2013. The increase in DNB's loans to small and medium-sized enterprises in Norway outperformed the general market growth in 2014. There was a significant increase in deposits of 8.9 per cent from 2013, and the ratio of deposits to net loans averaged 74.1 per cent in 2014.

Net interest income was up 6.1 per cent from 2013 as a result of growth in both lending and deposit volumes and wider deposit spreads. There was a significant increase in other operating income of 15.3 per cent from 2013, reflecting a rise in income from pension and insurance products. Developments in interest rates and exchange rates gave an increase in income from foreign exchange and interest rate instruments in the second half of 2014.

The increase in expenses from 2013 mainly stemmed from increased sales of pension, foreign exchange and fixed-income products, as well as from IT development and premises.

Net impairment of loans totalled NOK 895 million in 2014, an increase from NOK 586 million in 2013. Impairment losses represented 0.42 per cent of average net loans, compared with 0.28 per cent in 2013. Close to 60 per cent of net impairment losses stemmed from five individual commitments in different industries in 2014. The quality of the loan portfolio is considered to be satisfactory. The close follow-up of customers and preventive measures are vital to maintaining quality levels.

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

LARGE CORPORATES AND INTERNATIONAL CUSTOMERS

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

Pre-tax operating profits came to NOK 10 914 million in 2014, up NOK 1 572 million from 2013. A healthy rise in income and lower impairment of loans were the main factors behind the rise in profits.

LARGE CORPORATES AND INTERNATIONAL CUSTOMERS

			Change	
Income statement in NOK million	**2014**	**2013**	**NOK mill.**	**%**
Total income	17 962	16 777	1 185	7.1
Operating expenses	6 335	6 054	280	4.6
Pre-tax operating profit before impairment	11 627	10 723	905	8.4
Net gains on fixed assets	21	(13)	33	
Impairment of loans and guarantees	632	1 225	(593)	(48.4)
Profit from repossessed operations	(102)	(143)	41	
Pre-tax operating profit	10 914	9 342	1 572	16.8
Profit for the year	7 532	6 534	998	15.3
Average balance sheet items in NOK billion				
Net loans to customers	478.2	462.8	15.5	3.3
Deposits from customers	373.7	346.8	26.8	7.7
Key figures in per cent				
Return on allocated capital [1)]	13.8	12.1		

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

The weakened Norwegian krone towards the end of 2014 strongly affected lending growth, and measured in Norwegian kroner, net loans to customers were up 11.2 per cent from year-end 2013. Average net loans to customers increased by 3.3 per cent from 2013, while deposits rose by 7.7 per cent during the same period. Adjusted for exchange rate movements, average loans declined by approximately 1 per cent from 2013. The underlying trend in the portfolio reflected strategic portfolio adjustments, a more challenging market situation and active use of the bond market.

Due to rising volumes combined with a widening of both lending and deposit spreads relative to the 3-month money market rate, net interest income increased by 8.0 per cent from 2013. Average lending spreads widened by 0.04 percentage points to 2.18 per cent in 2014. Deposit spreads were still negative at 0.14 per cent, but improved by 0.04 percentage points from 2013.

Other operating income increased by 5 per cent compared with 2013. Lower gains from equities and shareholdings had a negative effect on income, while income from investment banking services had a positive effect.

Operating expenses were up 4.6 per cent from 2013. A high level of activity, increased product sales and higher IT costs were the main factors behind the increase. The number of full-time positions in Large Corporates and International declined by 331 in the course of 2014. The entire reduction took place in international operations, including the Baltics and Poland.

Net impairment losses on loans were almost halved from 2013 to 2014 and represented 0.13 per cent of net loans to customers, compared with 0.26 per cent in 2013. Impairment levels were positively affected by reversals on collective impairment losses, mainly due to developments in the shipping market. Individual impairment represented 0.21 per cent in 2014, a reduction from 0.30 per cent in 2013.

Targeted efforts are being made to retain portfolio quality through close follow-up of customers and preventive measures. Developments in industries that are sensitive to oil price changes are closely monitored. DNB's lending practices are based on a scenario with relatively low oil prices, and DNB has a robust portfolio within both oil, gas and offshore. Net non-performing and doubtful loans and guarantees amounted to NOK 11.6 billion at end-December 2014, a reduction of NOK 3.2 billion from a year earlier.

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

TRADING

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

Pre-tax operating profits came to NOK 1 500 million in 2014, down NOK 443 million from 2013.

TRADING			Change	
Income statement in NOK million	2014	2013	NOK mill.	%
Total income	2 013	2 588	(575)	(22.2)
Operating expenses	513	645	(132)	(20.4)
Pre-tax operating profit	1 500	1 943	(443)	(22.8)
Profit for the year	1 095	1 380	(284)	(20.6)
Key figures in per cent				
Return on allocated capital [1)]	16.1	17.1		

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

Lower oil prices and greater uncertainty regarding the Norwegian economy resulted in a depreciation of the Norwegian krone, reduced prices on Norwegian Treasury bills and equities and widening credit spreads towards the end of 2014. Consequently, income from market making and proprietary trading declined in the fourth quarter of 2014.

TRADITIONAL PENSION PRODUCTS

This segment comprises the portfolio of traditional defined-benefit pension products in DNB Livsforsikring. DNB no longer offers such products to new customers.

Pre-tax operating profits totalled NOK 1 212 million in 2014, down NOK 387 million from 2013. The decline in profits was due to an increase in reserves for higher life expectancy.

TRADITIONAL PENSION PRODUCTS			Change	
Income statement in NOK million	2014	2013	NOK mill.	%
Upfront pricing of risk and guaranteed rate of return	647	682	(35)	(5.1)
Owner's share of administration result	128	66	62	95.2
Owner's share of risk result	275	143	132	92.7
Owner's share of interest result	(490)	150	(640)	(427.7)
Return on corporate portfolio	652	559	93	16.5
Pre-tax operating profit	1 212	1 599	(387)	(24.2)
Profit for the year	1 113	1 487	(373)	(25.1)
Key figures in per cent				
Cost/income ratio	35.8	34.7		
Return on allocated capital [1)]	6.6	9.0		

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

The prolonged low interest rate level and the build-up of reserves to reflect higher life expectancy will put pressure on life insurance companies' earnings. DNB Livsforsikring is thus adapting its operations to the new regulatory framework by taking a conservative approach in its asset management operations and winding up the company's public sector operations as well as the sale of defined-benefit pensions and paid-up policies. At year-end 2014, the public sector portfolio totalled NOK 17.5 billion. Agreements have been entered into with all remaining municipalities to terminate their customer relationship in DNB Livsforsikring. This process is expected to be completed in the course of 2015. Each quarter, DNB Livsforsikring carries out an adequacy test to assess whether the company has adequate premium reserves. The test showed positive margins at year-end 2014.

In consequence of the upward adjustment of life expectancy assumptions, it will be necessary to strengthen the premium reserve for group pensions over the next few years. At end-December 2014, the total required increase in reserves for DNB Livsforsikring's portfolio was estimated at NOK 12.3 billion for the period up to 2020, of which NOK 7.0 billion had been set aside as at 31 December 2014. The shareholder contribution will be affected by the average return delivered during the 2014-2020 period. Provided that the expected return is achieved, DNB will have to cover approximately 25 per cent of the total required increase in reserves. A shareholder contribution of NOK 852 million was charged to the accounts for 2014.

The EU's new solvency regulations for insurance companies, Solvency II, will be introduced as from 1 January 2016. In April 2014, a number of changes in the regulations were approved, including the introduction of permanent measures and transitional schemes to ease the implementation of new capital requirements. In December, the Norwegian Ministry of Finance circulated for public comment regulations for the introduction of Solvency II for Norwegian insurance companies. It has been proposed to implement major parts of the transitional rules also in Norway. A particularly important aspect is that the valuation of technical insurance provisions based on Solvency II methodology can be phased in over a 16-year period. In a low interest rate environment, this will help ensure lower and more predictable capital adequacy requirements.

CORPORATE SOCIAL RESPONSIBILITY

As Norway's largest bank, DNB wants to promote sustainable value creation by integrating ethical, environmental and social aspects into its business operations. DNB's policy and appurtenant guidelines for corporate social responsibility set the standards for all of the Group's work on both the observance and the further development of sustainable business operations.

TRUST AND ROLE IN SOCIETY

DNB's role in society is a result of the total expectations of the surrounding world with respect to attitudes and behaviour, products and services, infrastructure, employment and value creation.

Ethics and anti-corruption

In order to maintain high ethical standards, DNB has guidelines for ethics to increase awareness of, and compliance with, the high ethical standards required of all DNB employees.

Anti-money laundering

New and more complicated rules within anti-money laundering, counter-financing of terrorism and international sanctions are continually being introduced. DNB strengthened the organisation by establishing a new division with overall responsibility for this field in 2014.

Customer privacy and information security

DNB handles large amounts of customer data of both a personal and business nature. The amount of information increases in step with the offering of digital products and services. DNB has guidelines and requirements governing information security and the handling of personal data which must be observed in all systems solutions, products and services. In addition to establishing a number of technical security measures, DNB is committed to providing training in and raising awareness of information security.

Access to financial services

DNB believes it is vital to make knowledge of personal finances available to more people. In 2014, personal finance courses developed in cooperation with the Norwegian Red Cross were arranged for a total of 250 people. The Group provides financial support to humanitarian organisations involved in microfinance projects and has invested in the Norwegian Microfinance Initiative.

Human rights

DNB shall respect human rights both in its own operations and as an investor, lender and purchaser. The main objective is that the Group's activities shall not violate the rights of others, and human rights principles are laid down in DNB's policy for corporate social responsibility. The United Nations Guiding Principles on Business and Human Rights are also reflected in the guidelines for ethical investments and play a key role in DNB's exercise of ownership rights.

PRODUCTS AND SERVICES

DNB must deliver products and services of prime quality and meet customer expectations in order to build and maintain trust and a good reputation.

Product quality and streamlining

Mergers and extensive product development have given DNB, over time, a large and complex product and service portfolio. DNB is working continuously to streamline this portfolio, aiming to phase out and modernise products and ensure honest and transparent communication to make things easier for the Group's customers and advisers.

Responsible investment

Rules have been established for the Group's investment operations to ensure that DNB does not contribute to the infringement of human and labour rights, corruption, serious environmental damage or other acts which can be perceived to be unethical. Nor shall DNB invest in companies involved in the production of tobacco, pornography, anti-personnel mines or cluster weapons, or in companies which develop and produce central components for use in weapons of mass destruction [1].

Responsible credit

DNB's guidelines for corporate social responsibility within credit activities were updated in 2014. The guidelines describe how DNB's business areas should assess corporate customers' CSR performance and risk associated with environmental and social factors and corporate governance. The guidelines apply to all of DNB's credit activities. DNB has also adopted the Equator Principles, a common set of guidelines used by a number of large international financial institutions for managing environmental and social issues in project finance.

OPERATIONS

Internal processes of high quality contribute to sustainable operations, innovation and good customer experiences.

Operational stability

One of the key social functions of the banking industry and DNB is to make sure that vital banking services are accessible to customers. In 2014, DNB placed special emphasis on improving the operational stability of its digital services. Significantly higher stability was achieved compared with previous years, and customers confirm that their user experience has improved.

Climate-smart office operations

DNB's direct impact on the climate and the environment is mainly related to its energy consumption, business travel and waste from office operations. In order to better manage the Group's environmental impact and ensure more energy-efficient office operations, DNB has introduced an environment management system based on the international standard ISO 14001.

Responsible supplier management

DNB imposes strict requirements on its suppliers and their observance of corporate social responsibility. As part of this process, DNB will perform on-site reviews of selected suppliers.

KEY CORPORATE SOCIAL RESPONSIBILITY FIGURES FOR DNB

	2014	2013
Customer satisfaction index, CSI (score)	71.1	72.5
Score from RepTrak's reputation survey in 4Q 2014 (points)	67.8	71.0
– Ethics	67.2	69.7
– Corporate social responsibility	69.2	73.1
Main index employee survey (engagement index)	85.0	81.0
Number of meetings with companies carried out by the sustainable investment team to discuss sustainability issues (number)	30	39
Companies excluded from the investment portfolio (number)	63	60
Equator projects (number)	9	6
Contributions to society in the form of financial support to sporting and cultural organisations and research (NOK million)	133.2	122.0
Number of persons who have completed personal finance courses	250	330
Climate and the environment [2] :		
– CO_2 emissions (tons)	17 112	20 267
– CO_2 emissions per employee (tons)	1.4	1.7
– Energy consumption (GWh)	87.8	96.1
– Energy consumption per employee (kWh)	7.4	8.2
– Air travel (1 000 km)	39 875	39 498
– Waste (kg)	1 670 403	1 633 452
– Purchased paper (tons)	732.7	808.0

More information about the Group's corporate social responsibility performance, targets and results can be found in a separate chapter in the annual report, on dnb.no/en/about-us/corporate-social-responsibility and in the Group's corporate social responsibility report.

1) Weapons of mass destruction are defined as NBC weapons (nuclear, biological and chemical weapons).

2) The figure for air travel includes trips ordered by employees in DNB's operations in the Nordic region and the Baltics. The figures for energy consumption and waste include DNB's operations in the Nordic region and the Baltics. The figure for purchased paper applies solely to the Group's operations in Norway. The waste figure for 2013 has been adjusted upwards by 94 643 kilos compared with the figure previously reported due to updated data.

EMPLOYEES AND MANAGERS

DNB has highly engaged employees at all levels of the organisation who seek to realise the vision "Creating value through the art of serving the customer".

The Group reached its staffing targets in 2014, and the number of employees was reduced by 388, corresponding to 373 full-time positions. The downsizing processes were carried out in accordance with the Group's restructuring rules and were based on discussions with the Group's employee representatives. A total of 169 applications for severance packages were approved in 2014. At year-end 2014, there were 12 064 employees in the Group, of whom 8 752 worked in Norway.

Developing DNB's corporate culture is a central part of the group strategy, and a wide range of measures have been implemented to strengthen employee engagement and managers' communication skills. In 2014, quarterly surveys were conducted to measure the results of these measures.

The employee survey conducted in November 2014 included all employees in the Group. The results showed that efforts to establish a common strategic direction based on a clear vision have yielded results and that the employees are highly dedicated. In 2014, DNB's employees were more engaged in their jobs than ever, and the engagement index score rose from 81 points in 2013 to 85 points in 2014. The employee survey for 2014 paints a picture of a robust organisation that has coped well through extensive restructuring.

Strong emphasis was placed on providing training in and raising awareness of ethical issues in 2014, with particular focus on economic crime (money laundering and corruption). New group guidelines were drawn up for anti-corruption with an accompanying guide. More than 85 per cent of DNB's employees completed the Group's electronic ethics course in 2014. 90 per cent had taken the course before the final deadline at end-February 2015. In addition, new employees received special training in ethics, and new managers were trained in solving ethical dilemmas. Ethical awareness is also developed via leadership communication, intranet articles, lectures and departmental discussions.

The Group's training programmes on anti-money laundering and counter financing of terrorism are adapted according to the legislation in the countries where DNB is represented. In 2014, 4 803 employees in Norway and 709 employees outside Norway completed this training.

DNB has established four professional academies which provide training in the fields of credit, savings, insurance and cash management to the entire Group. The academies offer training in accordance with industry requirements determined by Finance Norway governing the sale of savings and non-life insurance products. The purpose of the authorisation scheme, AFR, and the national approval scheme, GOS, is to strengthen the financial sector's reputation and ensure that each individual adviser meets the relevant competency requirements. At year-end 2014, DNB satisfied the requirement that all employees and managers working as financial advisers must be authorised.

A total of 7 217 managers and employees participated in the Group's training programmes in 2014.

DNB recruited seven new candidates of various backgrounds and experience to its corporate trainee programme in 2014. In addition, one new candidate was recruited to the Group's executive trainee programme in 2014.

The number of DNB employees on long-term contracts abroad increased from 71 to 76 between 2013 and 2014. These figures include employees on international assignments from the entire Group, of whom the majority are originally based in Norway.

HEALTH, SAFETY AND ENVIRONMENT

Health, safety and environment, HS&E, are important elements in the group policy for people and organisation. Preventive working environment measures should promote employees' safety, health, well-being and working capacity. Furthermore, cooperation between management and employees should ensure that efforts to improve the working environment are future-oriented and an integrated part of daily operations.

The Group has separate guidelines addressing harassment, bullying and other improper conduct. The guidelines aim to ensure that a reported incident is assessed swiftly, predictably and consistently. As part of the work to prevent harassment and bullying, the annual employee survey also contains specific questions about such issues.

All DNB managers must be updated on HS&E issues. HS&E training is mandatory for new managers with personnel responsibility. The training is aimed at the Group's Norwegian operations and provides the necessary insight and knowledge to comply with the Working Environment Act and DNB's internal HS&E requirements. A total of 258 managers and 40 safety representatives completed the training in 2014.

An annual electronic HS&E survey is implemented in DNB in Norway. The purpose of the survey is to assess the physical working environment and implement the necessary improvement measures. The survey is in compliance with the authorities' requirement for an assessment of the physical working environment. The HS&E survey comes in addition to the annual employee survey.

In the main buildings in Oslo, Bergen and Trondheim, a special food concept, ergonomic adjustments and physical activity are important preventive measures to promote employee health.

DNB endeavours to prevent injuries caused by robberies and threats through extensive security procedures and training programmes. In 2014, 134 employees in the Group's operations in Norway attended courses on how to handle robberies. A total of 391 employees attended various courses on threat management, security and fire protection. DNB was not exposed to any robberies in 2014, though 65 employees in the Group's operations in Norway were exposed to threats.

22 evacuation drills were held in DNB's operations in Norway in 2014. 18 accidents and injuries were registered during working hours or in connection with commuting to and from work, but none were of a serious nature. Accidents at work are registered in the Group's event database and reported to the Norwegian Labour and Welfare Organisation (NAV) as occupational injuries. The incidents are reported to the group working environment committee and serious incidents are reported to the Norwegian Labour Inspection Authority. Criminal acts characterised by violence or force are also reported to the Group's security department for further follow-up.

SICKNESS ABSENCE AND AN INCLUSIVE WORKPLACE

In 2014, sickness absence was 4.5 per cent in the Group's Norwegian operations, down from 4.6 per cent in 2013. Of 1 804 657 possible man-days, some 81 582 man-days were lost due to sickness absence.

A number of measures were implemented in units with rising sickness absence rates in 2014. In addition, managers were trained in how to handle sickness absence, along with guidance on and attitude-shaping initiatives concerning ergonomics and the prevention of muscular and skeletal problems. The mandatory programme whereby pregnant employees are followed up by a midwife through the occupational health service, continued in 2014 and was used by more employees than in 2013. The aim is to reduce sickness absence among pregnant employees.

People on long-term sickness leave are offered coaching and guidance as well as varied and meaningful work tasks through the Group's cooperation with humanitarian organisations and other companies.

The inclusive workplace agreement was renewed in 2014. The targets specified in the agreement are sickness absence reductions, special adaptation for employees with reduced capacity for work and a higher average retirement age. In 2014, the average retirement age was 62.6 years in the Group's Norwegian operations, compared with 62.0 years in 2013. The number of employees under 62 years of age who retired on a disability pension was 22 in 2014, compared to 18 in 2013.

EQUALITY AND DISCRIMINATION

The Group has flexible schemes that make it easier to combine a career with family life. DNB is committed to gender-balanced participation in its talent and management development programmes. As a measure to promote gender equality, DNB gives priority to female applicants for management positions, subject to equal qualifications.

The proportion of women in the Group was 54.2 per cent in 2014, down from 54.5 per cent in 2013. The average age was 42.5 years for women and 43.0 years for men. Of employees working part-time in 2014, 72.6 per cent were women, a reduction from 74.9 per cent in 2013. The average fixed salary in the Group's Norwegian operations in 2014 was NOK 529 276 for women and NOK 667 697 for men, having converted all part-time positions to full-time.

The proportion of women in the group management team was 36.4 per cent at year-end 2014. At management level three, female representation decreased from 28.9 per cent in 2013 to 25.8 per cent in 2014. At management level four, female representation increased from 29.9 to 31.5 per cent, and at management level five, there was an increase from 33.1 to 33.7 per cent. The female representation target set by the Board of Directors for management levels one through four is minimum 40 per cent. At year-end 2014, this share was 30.5 per cent.

Physical adaptation for employees with reduced working capacity is taken into account in central office buildings in Oslo, Bergen and Trondheim. The number of disabled parking spaces has been adapted to actual requirements in each building.

The group recruitment guidelines should help ensure quality, diversity and non-discrimination in selection processes. Local regulatory requirements must be complied with, and DNB has a zero-tolerance approach to discrimination in the recruitment process.

When selecting candidates for the corporate trainee programme and summer internships, candidates who are qualified and of a non-Norwegian nationality or ethnicity shall be included in the final stage of the process.

NEW REGULATORY FRAMEWORK

NEW CAPITAL REQUIREMENTS

The new EU capital requirements regulations, called the CRR/CRD IV regulations, entered into force on 1 January 2014. The CRR/CRD IV regulations entail significantly higher own funds requirements and new requirements for long-term funding and liquidity reserves. The regulations are intended to apply to all banks and investment firms within the EEA and will be implemented gradually up to 2019. The new regulations present significant challenges for banks, requiring them to increase earnings to build equity. Parallel to this, the requirements for increases in long-term funding and liquidity reserves will result in higher funding costs.

Due to a stipulation in the Norwegian Constitution on limited access to yield sovereignty, it has not been possible to incorporate the EU regulations establishing the European supervisory authorities, CRR/CRD IV and a number of other EU legislative acts in the area of financial services into the EEA agreement. In the autumn of 2014, Norway and the EU agreed on a solution. The Norwegian government will probably present a proposition about this matter during the first half of 2015. Not until this proposition has been approved can CRR/CRD IV be incorporated in the EEA agreement and Norwegian legislation. Nevertheless, Norway introduced new capital requirements as of 1 July 2013 as the first step in the adaptation to CRR/CRD IV that imply a gradual increase in capital requirements up till 1 July 2016.

Just like the EU, the Norwegian authorities have chosen to retain the so-called Basel I floor. In the capital adequacy regulations, the Ministry of Finance has specified that the Basel I floor in Norway is a floor for calculating risk-weighted assets. In the EU regulation, however, the Basel I floor is unambiguously defined as a minimum level of own funds, which is also reflected in the European Commission's common reporting standard for banks in the EU/EEA. This supervisory practice implies that Norwegian banks appear more weakly capitalised than if the EU's version of the Basel I floor definition had been used.

For systemic risk reasons, the Norwegian authorities have increased capital requirements for home mortgages when these are calculated according to internal models. With effect from the first quarter of 2014, the minimum requirement for the model parameter "loss given default", LGD, was increased from 10 to 20 per cent in the capital adequacy regulations. The minimum requirement applies to the average home mortgage portfolio. On 1 July 2014, Finanstilsynet announced additional calibration requirements for the home mortgage models of IRB banks. Among other things, the minimum requirement for banks' probability of default, PD, estimates for individual loans increases to 0.2 per cent. In addition, the average long-term PD level increases. The banks completed the recalibration in the second half of 2014 and report capital adequacy figures according to the recalibrated model as from the first quarter of 2015.

As an element in the European banking union, the EU introduced regulations for the winding-up and restructuring of banks on 1 January 2015, called the Bank Recovery and Resolution Directive, BRRD. The directive also applies to Norway through the EEA agreement. The purpose of BRRD is to facilitate the winding-up of even the largest banks without an injection of government funds. It should be possible to ensure the continuity of systemically important functions 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. The authorities have been given extensive powers to restructure banks which are considered to be "non-viable".

The directive calls for the creation of a fund which can finance crisis solutions and which has received the necessary funds beforehand. In Norway, it is probable that the existing Norwegian Banks' Guarantee Fund can be used as a starting point, and the directive opens up for integrating the crisis management fund and the existing deposit guarantee fund. In Norway, the deposit guarantee covers amounts up to NOK 2 million. In 2014, the EU also approved a revised directive that included new, harmonised rules on deposit guarantee schemes. The directive implies that Norway will have to lower its guaranteed amount to the harmonised level of EUR 100 000. There is a transitional period up until year-end 2018 for countries with a higher guaranteed coverage level.

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.

SOLVENCY II

Solvency II for Norwegian insurance companies will enter into effect as of 1 January 2016. Solvency II will be implemented in Norwegian law in the form of a new Act on financial undertakings and special regulations. The regulations were circulated for public comment on 19 December 2014, with a deadline for response of 20 March 2015. A major part of the regulations represents transitional rules endorsed by national supervisory authorities. Based on the proposal prepared by Finanstilsynet, there will be a 16-year linear phase-in of technical insurance provisions based on Solvency II methodology as of 1 January 2016. In a low interest rate environment, this will contribute to significantly lower capital requirements and greater predictability for portfolios with long-term guaranteed rates of return.

PAID-UP POLICIES WITH INVESTMENT CHOICE

As from September 2014, an option was introduced to convert paid-up policies to investment choice with no return guarantee, giving the policyholder the choice of allocation. Investment choice will help ensure better management of pension funds parallel to a reduction in life insurance companies' interest rate risk. Thus far, few DNB customers have chosen to convert paid-up policies with guaranteed returns to investment choice.

DISABILITY PENSION

During 2015, the Norwegian Parliament will consider and approve new regulations for disability pensions offered by insurance companies as a supplement to occupational pension schemes. The rules are largely harmonised with the National Insurance Scheme's new disability pension rules, whose aim is to make it easier for disabled people to return to work, part or full-time. DNB expects the Act to enter into force on 1 January 2016 and to include flexible transitional rules to enable the business community to make the necessary adjustments.

MACROECONOMIC DEVELOPMENTS

Overall economic growth for Norway's trading partners slowed in 2014. However, there were significant differences between the various countries. In the US and the United Kingdom, growth held up well. The eurozone countries, on the other hand, experienced a virtual stagnation. In Japan, GDP declined in the second quarter in consequence of the VAT increase in April. There was a mixed picture among emerging economies, with brisk growth in China and India and a near economic standstill in Russia and Brazil.

In the OECD area, private sector investment trends have been sluggish since the financial crisis in 2008. In the eurozone, investments remain at the same level as in 2009, when they had dropped by 20 per cent compared with 2007. This must be seen in connection with a generally very weak trend in the real economy. A significant upswing in the euro economy will require a material increase in investments. In light of high unemployment and weak growth prospects, this could take a long time.

The US and the United Kingdom have conducted a highly expansionary monetary policy involving quantitative easing in order to push down long-term interest rates. In these countries, investments have shown a far more positive trend than in most European countries.

2014 was the most challenging year for the Baltic economies since the financial crisis. The region was affected by both the Ukrainian crisis and a slowdown in the domestic economies. Stagnating markets in the eurozone and an economic downturn in Russia had a negative impact on Baltic exports. Consequently, domestic demand will be the main growth impetus in the period ahead. Reduced energy prices, low inflation and a continued acceptable level of wage growth will lift consumption. The level of investment will also pick up, partly due to new grants from EU funds.

During the second half of 2014, oil prices, expressed in US dollars, were more than halved. This has had different consequences. The fall in oil prices has resulted in a transfer of income from oil producers to oil consumers and will contribute to slightly higher global economic growth. Other effects include cheaper energy prices and lower inflation. Consumer prices were down in the eurozone in 2014. In other countries, there was virtually no inflation. Due to spare capacity, low wage inflation and margin pressure, the threat of self-reinforcing deflation is higher than normal. The fall in oil prices could thus enforce an even more expansionary monetary policy.

The Norwegian mainland economy grew by approximately 2.5 per cent in 2014. Most macroeconomic indicators point to a slowdown in the growth rate. This trend could be reinforced by falling oil prices and reduced oil investments. Reduced oil prices are reflected in a lower level of activity on the Norwegian Continental Shelf, with spillover effects on the mainland economy. During the autumn of 2014, companies adjusted their oil investment estimates for 2015 downwards, and lower oil prices give reason to expect further investment cuts in both 2016 and 2017. As an isolated factor, this will result in lower employment levels, higher unemployment rates and reduced real wages in Norway. The fall in oil prices has already caused a depreciation of the Norwegian krone relative to other currencies. This reduces household purchasing power, but strengthens the competitive power of exporters and Norwegian producers in the home market. Norwegian exporters will also benefit from a brighter international economic outlook in consequence of the declining oil prices. This will offset some of the negative effects of lower activity in the oil sector.

Housing prices continued to rise in the autumn of 2014 and were 8 per cent higher at end-December 2014 than a year earlier. The strong trend reflected high population growth, a stable unemployment rate, high construction costs, lower interest rates and a housing shortage in some areas.

FUTURE PROSPECTS

Economic forecasts for 2015 indicate global economic growth, especially in emerging economies. This is also the case for Norway, in spite of the sharp fall in oil prices and the depreciation of the Norwegian krone. The pace of growth in the Norwegian economy will probably subside in 2015 as a result of declining oil investments and their spillover effects on the mainland economy. The reduced level of activity on the Norwegian Continental Shelf, exacerbated by the steep fall in oil prices, will put a damper on investment in many mainland companies, make households more cautious and contribute to moderate wage settlements. Unemployment is expected to rise. On the positive side, higher international growth and the weak Norwegian krone will lift growth in traditional exports.

DNB presented its updated financial ambitions on the Group's Capital Markets Day in November. The principal target is still to achieve a return on equity above 12 per cent. Several factors make DNB believe that its targets are within reach. Continued growth in the Norwegian economy, some adjustments in the portfolio to improve quality, strict cost control and an increased focus on capital-light products will form the basis for a positive profit trend. DNB still needs to build capital to meet the new capital requirements that will be gradually introduced.

Volume-weighted spreads are expected to be stable in 2015. Lending volumes are expected to increase at an annual rate of 3 to 4 per cent. At year-end 2014, the growth rate was 3.9 per cent. DNB's volume growth projections remain unchanged based on a slightly higher increase in lending to personal customers and small and medium-sized enterprises and more subdued lending growth in the large corporate segment. Impairment losses on loans in 2015 are expected to stay below normalised levels. The long-term tax rate is still estimated to be 25.5 per cent. DNB is well capitalised, but will build additional capital organically in accordance with the authorities' requirements.

DIVIDENDS AND ALLOCATION OF PROFITS

DNB's Board of Directors has approved a dividend policy which aims to create value for shareholders through both increases in the share price and dividend payments. Overall, this will ensure an attractive and competitive return. DNB's long-term target is to distribute more than 50 per cent of net annual profits as dividends once the target of a minimum 14 per cent common equity Tier 1 capital ratio has been reached.

When considering the dividend proposal for 2014, the Board of Directors has taken the regulatory capital adequacy requirements for the coming years into account. The Board of Directors has thus proposed a dividend for 2014 of NOK 3.80 per share. The proposed dividend gives a dividend yield of 3.4 per cent based on a share price of NOK 110.70 as at 31 December 2014. The proposed dividend implies that DNB ASA will distribute a total of NOK 6 189 million in dividends for 2014. The payout ratio represents approximately 30 per cent of earnings per share. A dividend of NOK 2.70 per share was paid for 2013.

In connection with the dividend distributions to shareholders and the attainment of the Group's financial targets, the Board of Directors has decided to make allocations of NOK 217 million to the Group's employees.

Allocations

Profits for 2014 in DNB ASA came to NOK 6 438 million, compared with NOK 7 130 million in 2013. The profits for 2014 attributed mainly to the transfer of group contributions and dividends from subsidiaries.

Amounts in NOK million	2014	2013
Profit for the year	**6 438**	**7 130**
Proposed dividend per share (NOK)	3.80	2.70
Share dividend	6 189	4 398
Transfers to other equity	249	2 732
Total allocations	**6 438**	**7 130**

In addition, the Board of Directors proposes allocating a group contribution of NOK 875 million before tax to DNB Livsforsikring AS, which represents NOK 639 million after tax. At the same time, DNB ASA will receive a group contribution of NOK 2 525 million from DNB Livsforsikring AS. DNB ASA will thus receive a net group contribution of NOK 1 886 million after tax.

The DNB Group's capital adequacy ratio as at 31 December 2014 was 15.2 per cent, while the common equity Tier 1 capital ratio was 12.7 per cent. In the opinion of the Board of Directors, following allocations, DNB ASA will have adequate financial strength and flexibility to provide sufficient support to operations in subsidiaries and meet the Group's expansion requirements and changes in external parameters.

Oslo, 11 March 2015
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

CONTENTS

– ANNUAL ACCOUNTS

INCOME STATEMENT

		DNB Group	
Amounts in NOK million	Note	2014	2013
Total interest income	19	61 445	60 404
Total interest expenses	19	28 959	30 212
Net interest income	19	**32 487**	**30 192**
Commission and fee income etc.	21	11 565	10 916
Commission and fee expenses etc.	21	2 597	2 379
Net gains on financial instruments at fair value	23	5 317	5 032
Net financial result, DNB Livsforsikring		(79)	554
Net risk result, DNB Livsforsikring		688	467
Net insurance result, DNB Skadeforsikring		491	418
Profit from investments accounted for by the equity method	40	226	362
Net gains on investment property	39	82	(86)
Other income	22	1 182	1 144
Net other operating income		**16 877**	**16 427**
Total income		**49 363**	**46 619**
Salaries and other personnel expenses	24	10 872	11 307
Other expenses	25	7 645	7 850
Depreciation and impairment of fixed and intangible assets	26	2 158	2 719
Total operating expenses		**20 675**	**21 875**
Pre-tax operating profit before impairment		**28 689**	**24 744**
Net gains on fixed and intangible assets		52	151
Impairment of loans and guarantees	10, 11	1 639	2 185
Pre-tax operating profit		**27 102**	**22 709**
Tax expense	29	6 463	5 202
Profit from operations held for sale, after taxes		(22)	4
Profit for the year		**20 617**	**17 511**
Earnings/diluted earnings per share (NOK)	53	12.67	10.75
Earnings per share for operations held for sale (NOK)	53	(0.01)	0.00
Earnings per share for continuing operations excluding operations held for sale (NOK)	53	12.68	10.75

COMPREHENSIVE INCOME STATEMENT

	DNB Group	
Amounts in NOK million	2014	2013
Profit for the year	**20 617**	**17 511**
Actuarial gains and losses, net of tax	(2 101)	(469)
Property revaluation	191	124
Elements of other comprehensive income allocated to customers (life insurance)	(191)	(124)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(2 101)	(469)
Currency translation of foreign operations	7 149	3 478
Hedging of net investment, net of tax	(4 526)	(2 425)
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	2 623	1 053
Other comprehensive income for the year	**522**	**584**
Comprehensive income for the year	**21 138**	**18 096**

BALANCE SHEET

		DNB Group	
Amounts in NOK million	Note	31 Dec. 2014	31 Dec. 2013
Assets			
Cash and deposits with central banks	30, 31, 32	58 505	167 171
Due from credit institutions	7, 8, 30, 31, 32, 33	373 409	180 882
Loans to customers	7, 8, 30, 31, 32, 33	1 438 839	1 340 831
Commercial paper and bonds at fair value	30, 32, 36	268 302	277 764
Shareholdings	30, 32, 34, 36	26 870	29 826
Financial assets, customers bearing the risk	30, 32, 37	42 866	35 512
Financial derivatives	16, 30, 32, 33	235 736	130 939
Commercial paper and bonds, held to maturity	30, 31, 38	118 667	152 883
Investment property	39	30 404	32 753
Investments accounted for by the equity method	40	5 866	5 802
Intangible assets	41, 42	6 286	6 511
Deferred tax assets	29	1 213	1 104
Fixed assets	43	13 830	12 498
Assets held for sale		692	225
Other assets	45	27 855	30 806
Total assets		**2 649 341**	**2 405 507**
Liabilities and equity			
Due to credit institutions	30, 31, 32, 33	214 214	234 219
Deposits from customers	30, 31, 32, 33, 46	941 534	867 904
Financial derivatives	16, 30, 32, 33	184 971	111 310
Debt securities issued	30, 31, 32, 47	812 025	711 555
Insurance liabilities, customers bearing the risk	18, 37	42 866	35 512
Liabilities to life insurance policyholders in DNB Livsforsikring	18	216 799	230 906
Insurance liabilities, DNB Skadeforsikring	18	1 964	1 958
Payable taxes	29	1 723	3 277
Deferred taxes	29	6 018	3 205
Other liabilities	30, 50	31 908	31 934
Liabilities held for sale		100	53
Provisions	49	1 172	1 454
Pension commitments	27	6 006	4 001
Subordinated loan capital	30, 31, 32, 48	29 319	26 276
Total liabilities		**2 490 619**	**2 263 564**
Share capital		16 273	16 278
Share premium		22 609	22 609
Other equity		119 841	103 057
Total equity		**158 723**	**141 944**
Total liabilities and equity		**2 649 341**	**2 405 507**
Off-balance sheet transactions, contingencies and post-balance sheet events	55		

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

STATEMENT OF CHANGES IN EQUITY

DNB Group

Amounts in NOK million	Share capital [1]	Share premium	Actuarial gains and losses	Property revaluation reserve	Currency translation reserve	Net investment hedge reserve	Other equity [1]	Total equity [1]
Balance sheet as at 31 December 2012	**16 269**	**22 609**	**(678)**	**0**	**(2 079)**	**1 306**	**90 066**	**127 492**
Changes in deferred taxes, property companies [2]							(269)	(269)
Balance sheet as at 1 January 2013	**16 269**	**22 609**	**(678)**	**0**	**(2 079)**	**1 306**	**89 797**	**127 223**
Profit for the period							17 511	17 511
Other comprehensive income			(469)	124	3 478	(2 425)		708
OCI allocated to customers (life insurance)				(124)				(124)
Comprehensive income for the period	0	0	(469)	0	3 478	(2 425)	17 511	18 096
Currency translation reserve taken to income					(1)			(1)
Change of reporting currency DNB Invest Denmark					7		(7)	0
Dividends paid for 2012 (NOK 2.10 per share)							(3 420)	(3 420)
Net purchase of treasury shares	10						37	47
Balance sheet as at 31 December 2013, restated	**16 278**	**22 609**	**(1 147)**	**0**	**1 404**	**(1 119)**	**103 918**	**141 944**

Amounts in NOK million	Share capital [1]	Share premium	Actuarial gains and losses	Property revaluation reserve	Currency translation reserve	Net investment hedge reserve	Other equity [1]	Total equity [1]
Balance sheet as at 31 December 2013	**16 278**	**22 609**	**(1 147)**	**0**	**1 404**	**(1 119)**	**104 201**	**142 227**
Changes in deferred taxes, property companies [2]							(283)	(283)
Balance sheet as at 31 December 2013, restated	**16 278**	**22 609**	**(1 147)**	**0**	**1 404**	**(1 119)**	**103 918**	**141 944**
Profit for the period							20 617	20 617
Other comprehensive income			(2 101)	191	7 149	(4 526)		713
OCI allocated to customers (life insurance)				(191)				(191)
Comprehensive income for the period	0	0	(2 101)	0	7 149	(4 526)	20 617	21 138
Currency translation reserve taken to income					118		(29)	89
Dividends paid for 2013 (NOK 2.70 per share)							(4 398)	(4 398)
Net purchase of treasury shares	(5)						(45)	(50)
Balance sheet as at 31 December 2014	**16 273**	**22 609**	**(3 247)**	**0**	**8 671**	**(5 645)**	**120 063**	**158 723**

1) Of which treasury shares, held by DNB Markets for trading purposes:

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2013	*(10)*	*(97)*	*(107)*
Net purchase of treasury shares	*(5)*	*(45)*	*(50)*
Reversal of fair value adjustments through profit and loss		*0*	*0*
Balance sheet as at 31 December 2014	*(15)*	*(142)*	*(157)*

2) See Accounting Principles.

Share premium and Other equity can be used in accordance with stipulations in the Public Limited Companies Act.

The share capital of DNB ASA is NOK 16 287 988 610 divided into 1 628 798 861 shares, each with a nominal value of NOK 10.

The Annual General Meeting on 24 April 2014 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 325 759 772, corresponding to 2 per cent of share capital. The shares shall be purchased in a regulated market. Each share may be purchased at a price between NOK 10 and NOK 200. The authorisation is valid for a period of 12 months from 24 April 2014. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with Norwegian Government/Ministry of Trade, Industry and Fisheries for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares.

The Board of Directors of DNB ASA has proposed a dividend for 2014 of NOK 3.80 per share. See Note 1 to the accounts in DNB ASA.

CASH FLOW STATEMENT

	DNB Group	
Amounts in NOK million	2014	2013
Operating activities		
Net payments on loans to customers	(50 439)	(11 368)
Interest received from customers	54 878	53 483
Net receipts on deposits from customers	32 530	29 904
Interest paid to customers	(14 050)	(15 336)
Net payments on loans to credit institutions	(224 864)	(158 476)
Interest received from credit institutions	1 788	1 375
Interest paid to credit institutions	(2 120)	(2 368)
Net receipts/payments on the sale of financial assets for investment or trading	85 913	20 257
Interest received on bonds and commercial paper	5 654	4 998
Net receipts on commissions and fees	8 962	7 376
Payments to operations	(21 127)	(19 285)
Taxes paid	(2 993)	(7 648)
Receipts on premiums	21 291	21 098
Net payments on premium reserve transfers	(24 668)	(1 338)
Payments of insurance settlements	(14 601)	(14 523)
Other payments	(3 720)	(5 016)
Net cash flow from operating activities	**(147 566)**	**(96 866)**
Investment activities		
Net payments on the acquisition of fixed assets	(2 512)	(3 881)
Net receipts/payments, investment property	566	1 061
Receipts on the sale of long-term investments in shares	463	642
Payments on the acquisition of long-term investments in shares	(50)	(16)
Dividends received on long-term investments in shares	172	319
Net cash flow from investment activities	**(1 360)**	**(1 875)**
Funding activities		
Receipts on issued bonds and commercial paper (see note 47)	1 463 719	996 386
Payments on redeemed bonds and commercial paper (see note 47)	(1 423 956)	(1 031 094)
Interest payment on issued bonds and commercial paper	(12 446)	(12 219)
Receipts on the raising of subordinated loan capital (see note 48)	0	7 528
Redemptions of subordinated loan capital (see note 48)	0	(3 709)
Interest payments on subordinated loan capital	(1 053)	(749)
Dividend payments	(4 398)	(3 420)
Net cash flow from funding activities	**21 867**	**(47 277)**
Effects of exchange rate changes on cash and cash equivalents	**19 269**	**13 934**
Net cash flow	**(107 791)**	**(132 085)**
Cash as at 1 January	172 162	304 247
Net receipts/payments of cash	(107 791)	(132 085)
Cash as at 31 December *)	64 371	172 162
**) Of which: Cash and deposits with central banks*	*58 505*	*167 171*
Deposits with credit institutions with no agreed period of notice 1)	*5 866*	*4 991*

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 year. 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.

ACCOUNTING PRINCIPLES

Contents

1. CORPORATE INFORMATION

DNB ASA is a Norwegian public limited company listed on the Oslo Stock Exchange (Oslo Børs). The consolidated financial statements for 2014 were approved by the Board of Directors on 11 March 2015.

The DNB Group offers banking services, securities and investment services and insurance and asset management services in the Norwegian and international retail and corporate markets.

The visiting address to the Group's head office is Dronning Eufemias gate 30, Bjørvika, Oslo, Norway.

2. BASIS FOR PREPARATION

DNB has prepared the consolidated financial statements for 2014 in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The consolidated financial statements are based on the historic cost principle, with the following exceptions: financial assets and liabilities carried at fair value through profit or loss, investment properties and owner-used properties. The consolidated financial statements are presented in Norwegian kroner. Unless otherwise specified, all amounts are rounded to the nearest million.

The Group's consolidated balance sheets are primarily based on an assessment of the liquidity of the assets and liabilities.

3. CHANGES IN ACCOUNTING PRINCIPLES AND PRESENTATION

As from the first quarter of 2014, DNB Livsforsikring and DNB Skadeforsikring are presented on three lines in the consolidated income statement, as opposed to six lines in previous periods. The current three lines are Net financial result, DNB Livsforsikring; Net risk result, DNB Livsforsikring and Net insurance result, DNB Skadeforsikring. In addition, the presentation of income from DNB Eiendomsmegling has been changed. As from the first quarter of 2014, such income is presented as net commission and fee income, and no longer as other income. As from the fourth quarter of 2014, the principle for the consolidation of deferred taxes relating to property companies has also been changed. In the consolidated financial statements for previous periods, it was assumed that property values would be recovered through the sale of shares rather than from the sale of property. As from the fourth quarter of 2014, it is assumed that properties will be sold and that deferred taxes will be calculated based on this assumption in the consolidated financial statements.

In consequence of the changes in principles described above, comparable figures have been restated correspondingly.

The following new standards, amendments and interpretations were taken into use with effect from the 2014 accounting year:

IFRS 10 Consolidated Financial Statements

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

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

Accounting principles (continued)

The new standard requires increased judgment when assessing which entities are controlled by the company. Due to the new definition of control, certain mutual funds have been consolidated in the Group's financial statements. This primarily applies to funds owned by DNB Livsforsikring and managed by DNB Asset Management. The table with comparable figures for 2013 with implementation effect on 1 January 2013 is presented at the end of this disclosure, immediately following item 21 under the heading Implementation effects due to the new IFRS standards.

IFRS 11 Joint Arrangements

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

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

In consequence of the implementation of the new standard, some minor ownership interests within real estate that were previously accounted for using proportionate consolidation, are now presented according to the equity method in the consolidated financial statements. The table with comparable figures for 2013 with implementation effect on 1 January 2013 is presented at the end of this disclosure, immediately following item 21 under the heading Implementation effects due to the new IFRS standards.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 applies to companies which have interests in subsidiaries, jointly controlled operations, associated companies and structured entities. The standard replaces all of the disclosure requirements that previously resulted from IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. In addition, a number of new disclosure requirements to, among others, IFRS 10 and IFRS 11, were introduced. The Group has provided the information required by IFRS 12 in note 34 Shareholdings and note 35 Transferred assets or assets with other restrictions.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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

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

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

4. CONSOLIDATION

The consolidated financial statements for DNB ASA ("DNB") include DNB Bank ASA, DNB Livsforsikring AS, DNB Asset Management Holding AS and DNB Skadeforsikring AS, all including subsidiaries.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company.

When preparing the consolidated financial statements, intra-group transactions and balances, along with gains and losses on transactions between group units, are eliminated.

Subsidiaries

Subsidiaries are defined as companies in which DNB, directly or indirectly, has control. Control over an entity is evidenced by the Group's ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity. When assessing whether to consolidate an entity the Group evaluates a range of control factors, including

- the purpose and design of the entity,
- the relevant activities and how these are determined,
- whether the Group's rights result in the ability to direct the relevant activities
- whether the Group has exposure or right to variable returns
- whether the Group has the ability to use its power to affect the amount of its return

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights in an entity, unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities. With respect to companies where the Group's holding represent less than half of the rights, DNB makes an assessment of whether other factors indicate de facto control. Subsidiaries are fully consolidated from the date on which control is obtained and until control ceases.

The non-controlling interests that do not meet the definition of equity are classified as financial liabilities in the balance sheet (Other liabilities).

Consolidation of structured entities

Certain mutual funds have been consolidated in the Group's balance sheet following the definition of control in IFRS 10, as adopted by the Group with effect for 2014. This primarily applies to funds owned by DNB Livsforsikring and managed by DNB Asset Management.

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

DNB (represented by DNB Livsforsikring) invests in both investment funds where DNB Asset Management is the fund manager and investment funds managed by unrelated asset managers. The principal uses of structured entities are to provide clients with access to specific portfolios of assets, especially in the insurance business. Fund managers apply various investment strategies to accomplish their respective investment objectives. Most of the investment funds finance their operations by issuing redeemable shares which are redeemable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets. DNB's investment strategy entails trading in funds on a regular basis, with the objective to achieve long-term capital growth.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group due to contractual arrangements.

See Note 34 Shareholdings for information about unconsolidated structured entities.

Accounting principles (continued)

Associated companies and joint arrangements

Associated companies are companies in which DNB has a significant influence, that is the power to participate in the financial and operating policy decisions of the companies, but is not in control or joint control of the companies. DNB assumes that significant influence exists when the Group holds between 20 and 50 per cent of the voting share capital or primary capital in another entity. Associated companies are recognised in the consolidated financial statements according to the equity method.

Under IFRS 11, joint arrangements are classified as either joint ventures or joint operations. When accounting for joint ventures, the equity method is applied. For joint operations, the parties recognise their rights to assets and liabilities in their balance sheets and recognise their share of income and costs incurred jointly in their income statements. DNB has assessed its joint arrangements and determined them to be joint ventures. Under the equity method of accounting, the investment is recognised at cost at the time of acquisition and is adjusted for subsequent changes in the Group's share of equity in the associated company or joint venture. Any goodwill is included in the acquisition cost. The Group's share of profits or losses is recognised in the income statement and added to the cost price of the investment along with other changes in equity which have not been reflected in the income statement. The Group's share of losses is not reflected in the income statement if the carrying amount of the investment will be negative, unless the Group has taken on commitments or issued guarantees for the commitments of the associated company or joint venture.

At the end of each reporting period the Group assess whether any indication of impairment exists. If such indication exists, the carrying value of the investment will be compared with the recoverable amount (the higher of fair value less costs to sell and value in use). If necessary, the carrying value will be written down to the recoverable amount.

The Group's share of unrealised gains on transactions between the Group and its associated companies or joint ventures is eliminated. The same applies to unrealised losses unless the transaction indicates an impairment of the transferred assets.

Conversion of transactions in foreign currency

The presentation currency in the Group's consolidated financial statements is Norwegian kroner. The most significant subsidiary in the Group, DNB Bank ASA, has Norwegian kroner as its functional currency. Balance sheet items of foreign branches and subsidiaries in other functional currencies are translated into the presentation currency, Norwegian kroner, according to the exchange rates prevailing on the balance sheet date, while profit or loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are recognised in other comprehensive income.

Monetary assets and liabilities in foreign currency are translated into the entities' functional currency at the exchange rates prevailing on the balance sheet date. Changes in the carrying amount of such assets due to exchange rate movements between the transaction date and the balance sheet date, are recognised in the income statement.

5. SEGMENT INFORMATION

Financial governance in DNB is adapted 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. Reported figures for the various segments reflect the Group's total sales of products and services to the specific segment.

The segment information has been prepared on the basis of internal financial reporting to the group management team (chief operating decision-making body) for an assessment of developments and the allocation of resources. Figures for the operating segments are based on DNB's management model and the Group's accounting principles. The figures are based on a number of assumptions, estimates and judgmental distribution.

According to DNB's management model, the operating segments are independent profit centres that are fully responsible for their profit after tax and for achieving the targeted returns on allocated capital. All of the Group's customer activities are divided among the operating segments, along with the related balance-sheet items, income and expenses.

Excess liquidity and liquidity deficits in the operating segments are placed in or borrowed from the Group Treasury at market terms, where interest rates are based on duration and the Group's financial position.

When operating segments cooperate on the delivery of financial services to customers, internal deliveries are based on market prices or simulated market prices according to agreements.

Services provided by group services and staff units are charged to the operating segments in accordance with service agreements. Joint expenses which are indirectly linked to activities in the operating segments, are charged to the operating segments on the basis of distribution formulas.

A number of key functions and profits from activities not related to the operating segments' strategic operations are presented within the Group units. This item comprises income and expenses relating to the Group's liquidity management, income from investments in equity instruments not included in the trading portfolio, interest income assigned to the Group's unallocated capital, ownership-related expenses and income from the management of the bank's real estate portfolio.

Net profits from repossessed operations which are fully consolidated in the Group are presented as "Profit from repossessed operations" in the segment reporting. The effect of consolidation of the repossessed companies is presented within the Group units.

Return on capital is estimated on the basis of internal measurement of risk-adjusted capital requirements. See note 3 Segments for further information about the principles for allocation of capital.

6. BUSINESS COMBINATIONS

The acquisition method is applied for acquisitions of operations. The consideration is measured at fair value. Direct acquisition costs are expensed as they occur, with the exception of issue and borrowing costs.

Acquired assets and liabilities are recognised at fair value at the time of acquisition. If the consideration exceeds the fair value of identifiable assets and liabilities, the excess value will be recognised as goodwill in the balance sheet. See item 13 Intangible assets for more information about goodwill. If the cost is lower than the fair value of identifiable assets and liabilities, the difference will be recognised in the income statement on the transaction date.

In connection with step acquisitions of subsidiaries, the Group will measure previous holdings in the company at fair value immediately before control is obtained, and any gains or losses will be recognised in the income statement.

Contingent considerations are measured at fair value. Subsequent changes in the fair value of the contingent consideration will be recognised in the income statement.

7. RECOGNITION IN THE INCOME STATEMENT AND IN OTHER COMPREHENSIVE INCOME

Interest income is recognised using the effective interest method. This implies that interest is recognised when incurred, with the addition of amortised front-end fees and any other fees which are regarded as an integral part of the effective interest rate.

The effective interest rate is set by discounting contractual cash flows based on the expected life of the asset. Cash flows include front-end fees and direct transaction costs which are not paid directly by the customer.

Accounting principles (continued)

Interest is recognised according to the effective interest method with respect to both balance sheet items carried at amortised cost and balance sheet items carried at fair value in the income statement, with the exception of front-end fees on loans at fair value, which are recognised when earned. Interest on impaired loans corresponds to the effective interest rate on the book value, net of impairment.

Interest income on financial instruments presented as lending is recognised in "Net interest income".

"Net other operating income" includes, among others, fees and commissions relating to money transfers, asset management, including success fees, credit broking, real estate broking, corporate finance, securities services, insurance products and lease income from investment properties. Credit broking commissions include syndication income in the form of fees and commissions from transactions where DNB arranges the loans without retaining parts of the loan itself or participates in a loan syndicate and receives compensation in excess of the effective interest received by the other participants. Fees which are not included in effective interest rate calculations, as well as commissions, are recognised during the period when the services are rendered or the transactions are completed.

Success fees are recognised when the fees with a high degree of certainty have been earned and can be measured in a reliable manner.

Fees that are incurred when establishing financial guarantees are recognised over the term of the contract within the line item “Net gains on financial instruments at fair value”.

Dividends on investments are recognised from the date the dividends are approved at the general meeting.

Income from net profit on financial instruments carried at fair value through profit or loss is described under item 8 Financial instruments while net income from investment property is described under item 12 Investment property and fixed assets.

Items of income and expense in other comprehensive income are grouped based on whether or not they can be reclassified to the income statement, at a future date.

8. FINANCIAL INSTRUMENTS

Recognition and derecognition

Recognition of assets and liabilities

Financial assets and liabilities are recognised in the balance sheet on the trading date, i.e. the date that the Group becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial assets

Financial assets are derecognised when the right to receive and retain cash flows from the asset has expired. The Group enters into certain transactions where it transfers assets recognised on its balance sheet, but retains either all or parts the risks and rewards of the transferred asset. If all or substantially all of the risks and rewards are retained, the transferred financial asset is not derecognised from the balance sheet, but reclassified to separate assets or liabilities reflecting the rights and obligations created or retained in the transfer. Such transactions could entail the transfer of a loan portfolio where the Group retains the risks and returns associated with the transferred portfolio by guaranteeing for all risks in the portfolio or entering into a total return swap.

Derecognition of financial liabilities

Financial liabilities are derecognised when the contractual obligations have been discharged, cancelled or have expired.

Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell are generally not recognised in the financial statements as the risk and returns are normally not taken over by the Group. This is done irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group recognises an obligation in the balance sheet. For more information, see note 36 Securities received which can be sold or repledged.

Securities sold under agreements to repurchase are generally not derecognised as the risk and returns are normally not transferred. This is done irrespective of whether the recipient is entitled to sell or repledge the securities. These securities are presented as securities in the Group's balance sheet and are specified in note 35 Transferred assets or assets with other restrictions.

Securities borrowing and lending agreements

Transactions mainly include equity borrowing or lending. Agreements on securities borrowing and lending are generally based on collateral in the form of cash or securities.

Equities which have been received or transferred in such transactions, are generally not recognised or derecognised, as risks and returns associated with ownership of the assets are normally not taken over or transferred.

Equities received, including equities received as collateral, are registered off the balance sheet irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group will recognise an obligation in the balance sheet. For more information, see note 36 Securities received which can be sold or repledged.

Transferred equities and collateral which the recipient is entitled to sell or repledge, are presented as equities or securities in the Group's balance sheet and are specified in note 35 Transferred assets or assets with other restrictions.

Classification and presentation

On initial recognition financial assets are classified in one of the following categories according to the type of instrument and the purpose of the investment:

- financial assets held for trading and derivatives carried at fair value with changes in value recognised in profit or loss (trading portfolio)
- financial assets designated as at fair value with changes in value recognised in profit or loss
- financial derivatives designated as hedging instruments
- loans and receivables, carried at amortised cost
- held-to-maturity investments, carried at amortised cost

On initial recognition financial liabilities are classified in one of the following categories:

- financial liabilities held for trading and derivatives carried at fair value with changes in value recognised in profit or loss (trading portfolio)
- financial liabilities designated as at fair value with changes in value recognised in profit or loss
- financial derivatives designated as hedging instruments
- other financial liabilities carried at amortised cost

Guidelines for classification in the various portfolios of the DNB Group are given below.

Financial assets and liabilities in the trading portfolio

Financial instruments in the trading portfolio are initially recognised at fair value. Fair value is the transaction price, unless a different value can be justified based on observable market transactions. See the paragraph below on how fair value is determined at subsequent valuation.

Changes in the fair value of the financial instruments are presented within "Net gains on financial instruments at fair value" in the income statement. Interest income and interest expenses

Accounting principles (continued)

from interest-bearing securities are presented within "Net interest income".

Changes in the fair value of financial instruments within life insurance are presented within the line item "Net financial result, DNB Livsforsikring".

Financial derivatives are presented as an asset if the fair value is positive and as a liability if the fair value is negative.

The trading portfolio mainly includes financial assets and liabilities in the Markets segment and financial derivatives not used for hedge accounting purposes. In addition, the portfolio includes securities borrowing and deposits that are used actively in interest rate and liquidity management and have a short remaining maturity.

Financial assets and liabilities designated as at fair value with changes in value recognised in profit or loss

Financial instruments in the portfolio are recognised at fair value. See the paragraph below on determining fair value at subsequent valuation. Financial instruments are classified in this category if one of the following criteria is fulfilled:

- The classification eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring financial assets or liabilities or recognising the gains and losses on them on different bases
- The financial instruments are part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Changes in fair value of the financial instruments are presented within "Net gains on financial instruments at fair value" in the income statement. Interest income and interest expenses on loans designnated as at fair value and other fixed-income securities are presented within "Net interest income".

Changes in fair value of financial instruments within life insurance are presented within the line item "Net financial result, DNB Livsforsikring".

The portfolios include commercial paper and bonds, equities, fixed-rate loans in Norwegian kroner, financial assets - customers bearing the risk, current financial assets within life insurance, fixed-rate securities issued in Norwegian kroner, such as index-linked bonds and equity-linked bank deposits and other fixed-rate deposits in Norwegian kroner.

Financial derivatives designated as hedging instruments

The Group enters into hedging transactions to manage interest rate risk on long-term borrowings and deposits in foreign currencies. These transactions are recognised as fair value hedges. See item 9 Hedge accounting.

Loans and receivables carried at amortised cost

Loans and receivables carried at amortised cost are recognised at the transaction price plus direct transaction expenses. Recognition and subsequent measurement follow the effective interest method. The effective interest method is described under item 7 Recognition in the income statement.

Upon subsequent measurement, amortised cost is set at the net present value of contractual cash flows based on the expected life of the financial instrument, discounted by the effective interest rate.

Interest income on financial instruments classified as lending is presented within "Net interest income" using the effective interest method.

A decrease in value on the balance sheet date based on objective indications of impairment for loans valued at amortised cost and in the portfolios of fixed-rate loans measured at fair value, are presented within "Impairment of loans and guarantees".

Other changes in value of the portfolios of fixed-rate loans measured at fair value, and changes in value of loans included in the trading portfolio are presented within "Net gains on financial instruments at fair value".

Held-to-maturity investments carried at amortised cost

Held-to-maturity investments are carried at amortised cost and recognised at the transaction price plus direct transaction expenses. Recognition and subsequent measurement follow the effective interest method. The effective interest method is described under item 7 Recognition in the income statement.

Upon subsequent measurement, amortised cost is set at the net present value of contractual cash flows based on the expected life of the financial instrument, discounted by the effective interest rate.

Interest income relating to the instruments is presented within "Net interest income".

This category mainly comprises the international bond portfolio in Markets and investments in bonds in DNB Livsforsikring.

Other financial liabilities carried at amortised cost

Financial liabilities carried at amortised cost are recognised at the transaction price plus direct transaction expenses.

Interest expenses on such instruments are presented within "Net interest income" using the effective interest method.

This category includes deposits from customers and credit institutions, commercial paper issued, bonds, subordinated loan capital and perpetual subordinated loan capital securities.

Issued financial guarantees

Contracts resulting in the Group having to reimburse the holder for a loss incurred because a specific debtor fails to make payment when due, are classified as issued financial guarantees.

On initial recognition, issued financial guarantees are recognised at the consideration received for the guarantee.

Issued financial guarantees are subsequently measured at the higher of the consideration received for the guarantee excluding any amortised amounts recognised in the income statement and the best estimate of the consideration due if the guarantee is honoured.

When issuing financial guarantees, the consideration for the guarantee is presented within the line item "Provisions" in the balance sheet. Changes in the carrying amount of financial guarantees are recognised within the line item "Net gains on financial instruments at fair value", except for changes related to guarantees which are part of loans which are individually impaired. Changes in the value of such guarantee contracts are recognised within the line item "Impairment of loans and guarantees".

Determination of fair value

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities in active markets are measured at the price within the bid-ask spread that is most representative of the fair value at the measurement date. In most cases bid or asking prices for these instruments are the most representative price for assets and liabilities respectively. Derivatives which are carried net are recognised at midmarket prices at the balance sheet date.

Financial instruments measured at fair value are valued on a daily basis with the exception of a few financial instruments that are valued on a monthly or quarterly basis. As far as possible, directly observable market prices are used. Valuations of the various types of financial instruments are based on well-acknowledged techniques and models. The prices and input parameters used are controlled and assessed based on established routines and control procedures.

The control environment for fair value measurement of financial instruments is an integrated part of the company's financial reporting. A number of controls are carried out on a daily basis,

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including controls of the day-one results on traded positions and controls of the key input parameters in the valuation. At the end of each month and quarter, extended controls are carried out to ensure that the valuations are consistent with the accounting policy for fair value including variation analyses. Special emphasis is placed on valuations in the level 3 in the valuation hierarchy, where the effects may be significant or particularly challenging. In addition, a description of valuation principles, quarterly effects and valuation challenges is prepared for key assets in this category and presented to the group management team, the Group Audit and the Audit Committee.

Instruments traded in an active market
With respect to instruments traded in an active market, quoted prices are used, obtained from a stock exchange, a broker or a price-setting agency.

A market is considered active if it is possible to obtain external, observable prices, exchange rates or interest rates and these prices represent actual and frequent market transactions.

Some investments in equities and commercial paper and bonds are traded in active markets.

Instruments not traded in an active market
Financial instruments not traded in an active market are valued according to different valuation techniques and are divided into two categories:

Valuation based on observable market data:

- recently observed transactions in the relevant instrument between informed, willing and independent parties
- instruments traded in an active market which are substantially similar to the instrument that is valued
- other valuation techniques where key parameters are based on observable market data.

Valuation based on other factors than observable market data:

- estimated cash flows
- valuation of assets and liabilities in companies
- models where key parameters are not based on observable market data
- possible industry standards

When using valuation techniques, the estimated fair values of financial OTC derivatives are adjusted for the counterparty's credit risk (CVA) or the Group's own credit risk (DVA). The Group estimates CVA as a function of a simulated expected positive exposure, the counterparty's probability of default and loss given default. The majority of the Group's derivative counterparties have no market-implied credit spread and no external rating. Internal ratings are therefore combined with historical credit default swap (CDS) spreads as well as current CDS indices to arrive at estimated CDS spreads. This means that the Group exploits its own credit models and their discriminatory power, but calibrates against pricing levels for similar credit risk among market participants. The DVA is based on the same approach, using an assessment of DNB's credit spread

For financial instruments measured by using valuation techniques, a gain or loss might from time to time occur at initial recognition when the estimated fair value is different from the actual transaction price. When the measurement is based on non-observable input parameters (level 3), the gain or loss is deferred and therefore not recognised at day one. Fair value changes in later period are only recognised to the extent the change is caused by factors that market participants would take into account.

Impairment of financial assets
At end of each reporting period, the Group considers whether any objective evidence of impairment exists. A financial asset or group of financial assets is impaired if there is any objective evidence of impairment. Objective evidence of impairment includes:

- serious financial problems on the part of the debtor,
- non-payment or other serious breaches of contract,
- the probability that the debtor will enter into debt negotiations or
- other special circumstances that have occurred.

Renegotiation of loan terms to ease the position of the borrower qualifies as objective indications of impairment.

Individual impairment of loans
If objective evidence of impairment exists, impairment on loans are calculated as the difference between the carrying amount and the net present value of estimated future cash flows discounted by the original effective interest rate.

Individual impairment of loans reduces the carrying amount of loans and guarantees. Impairment during the period is recognised as "Impairment of loans and guarantees" in the profit or loss.

Collective impairment of loans
Loans which are not individually impaired are assessed collectively for impairment. The assessment is based on whether objective evidence of impairment exists that can be related to a group of financial assets.

Loans are grouped on the basis of similar credit risk characteristics and in accordance with the division of customers into sectors or industries and risk categories. Impairment is estimated per group of financial assets based on estimates of the general economic situation and loss experience for the respective groups.

Collective impairment reduces the carrying amount of the line item "Loans to customers" in the balance sheet. Changes during the period are recognised within the line item "Impairment of loans and guarantees" in the income statement. Like individual impairment, collective impairment is discounted. The discount factor is based on statistics derived from individual impairment. Interest is calculated on loans subject to collective impairment according to the same principles and experience base as for loans evaluated on an individual basis.

Repossession of assets
Assets which are repossessed as part of the management of non-performing and impaired loans are recognised at fair value at the time of acquisition. Such assets are recognised in the balance sheet according to the nature of the asset. Any difference between the carrying amount of the loan and the fair value of the asset is presented within the line item "Impairment of loans and guarantees" in the income statement. Subsequent valuations and presentation of the impact to the income statement follow the principles for the relevant balance sheet item.

9. HEDGE ACCOUNTING

When instruments are individually hedged, there is a clear, direct and documented correlation between changes in the value of the hedged item resulting from the hedged risk and changes in the value of the financial derivative (hedging instrument).

Upon entering into the hedging relationship, the correlation between the hedged item and the hedging instrument is documented. In addition, the underlying risk management objective and strategy are documented. Changes in fair value related to the hedged risk of the hedged item and instrument are evaluated periodically to ensure the necessary hedge effectiveness. Hedging instruments are recognised at fair value in the financial statements and changes in the fair value are presented within "Net gains on

Accounting principles (continued)

financial instruments at fair value" in the income statement.

Changes in the fair value of the hedged item attributable to the hedged risk will be recognised as an addition to or deduction from the balance sheet value of financial liabilities and assets and presented within "Net gains on financial instruments at fair value" in the income statement.

If the hedge relationship ceases or adequate hedge effectiveness cannot be verified, the accumulated change in fair value of the hedged item is amortised over the remaining maturity.

The Group undertakes hedging of investments in foreign subsidiaries to eliminate the currency risk on the invested amount. Hedging transactions are in the form of currency swaps or long-term borrowings in foreign currency. In the consolidated financial statement, the hedge relationships are presented as hedging of net investments in international operations.

10. OFFSETTING

Financial assets and financial liabilities are offset and presented net in the balance sheet when the Group has a legally enforceable right to offset recognised amounts and has agreed to settle the balances on a net basis or to realise the asset and settle the liability simultaneously. Master netting agreements or similar agreements give the right to offset in the event of default. Such agreements reduce the Group's exposure in the event of default, but do not on their own qualify for offsetting in accordance with IFRS, as there also needs to be an intention to settle the contractual cash flows net on an ongoing basis.

11. LEASING

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Other leases are classified as operating leases.

DNB as lessor

Operating leases

Operating leases are leases where not an insignificant share of the risk and rewards relating to the investment in the leased object accrues to DNB at the end of the lease period. Operating assets are recognised as fixed assets in the balance sheet. Income from operating leases is recognised over the lease term on a straight-line basis. Depreciation of the fixed assets is presented as ordinary depreciation in the income statement.

Financial leases

Financial leases are presented in the balance sheet as lending and at the inception of the lease, its value is measured at an amount equal to the net investment in the lease. The net investment represents minimum lease payments, unguaranteed residual values and any direct expenses incurred by the lessor in negotiating the lease, discounted by the implicit interest rate (internal rate of return). Leasing income is recognised in the income statement according to the annuity method, where the interest component is recognised within the line item "Net interest income" while instalments reduce the balance sheet value of the loan.

DNB as lessee

Operating leases

Lease payments are recognised in the income statement as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of DNB's use of the asset.

12. INVESTMENT PROPERTY AND FIXED ASSETS

Properties held to generate profits through rental income or for an increase in value, are presented in the balance sheet as investment property. Properties which are mainly used for own operations, are presented as owner-used properties.

Other tangible assets are presented as fixed assets in the balance sheet.

On initial recognition, investment properties and owner-used properties are measured at cost including acquisition costs.

In subsequent periods, investment properties are measured at fair value. No annual depreciation is made on an investment property. Investment properties are valued at least on quarterly basis using well-acknowledged valuation techniques. Internal and external expertise is used for valuations. A selection of external appraisals are obtained and compared with internal valuations for control purposes. In addition, analyses are made of changes from the previous period, as well as sensitivity analyses of key assumptions which are included in the overall evaluation of the fair value measurement. Providers of valuations are also followed up on an ongoing basis through dialogue and enquiries concerning the valuation of individual properties. A memo is prepared each quarter, describing the valuation of key investment properties. The memo is presented to the group management team, the Group Audit and the Audit Committee. Changes in fair value of investment property within life insurance are recognised within the line item "Net financial result, DNB Livsforsikring". Changes in fair value of other investment property in the Group are presented within the line item "Net gains on investment property" in the income statement.

Buildings which are owned by DNB Livsforsikring as part of the company's common portfolio and used by the Group, are recognised according to the revaluation model. The Group's return and risk on these buildings are different than for other buildings and are thus considered to be in a separate class with respect to accounting treatment. The buildings are depreciated on an ongoing basis and are measured at fair value at the end of the period. The fair value measurement of these buildings follows the same principle as for investment properties. Increases in the value of buildings for own use are not reflected in the income statement, but are recognised in other comprehensive income as a revaluation reserve. An impairment of the buildings' value is initially recognised towards a revaluation reserve which includes former positive revaluations of the relevant building. If the impairment loss exceeds the revaluation reserve, the remaining amount is recognised in the income statement.

Other tangible assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalised on the relevant assets when it is probable that future economic benefits associated with the expenditure will flow to the Group and can be measured reliably. Expenses for repairs and maintenance are recognised in the income statement as they occur.

The residual values and useful lives of the assets are reviewed annually and adjusted if required. Gains and losses on the sale of fixed assets are recognised within the line item "Net gain on fixed and intangible assets" in the income statement.

13. INTANGIBLE ASSETS

Goodwill

Goodwill is initially measured at the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the fair value of the identifiable assets acquired and liabilities assumed in a business combination at the acquisition date. Goodwill acquired is allocated to each cash generating unit, or group of units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Development of IT systems and software

Acquired software is recognised at cost with the addition of expenses incurred to make the software ready for use. Identifiable costs for internally developed software controlled by the Group where it is probable that economic benefits will cover development

Accounting principles (continued)

expenses at the balance sheet date, are recognised as intangible assets. When assessing balance sheet values, the economic benefits are evaluated on the basis of profitability analyses. Development expenses include expenses covering pay to employees directly involved in the project, materials and a share of directly related overhead expenses. Expenses relating to maintenance of software and IT systems are charged to the income statement as they occur. Software expenses recognised in the balance sheet are depreciated according to a straight line principle over their expected useful life, usually five years. The need for impairment testing is considered according to the principles described below.

14. IMPAIRMENT OF FIXED AND INTANGIBLE ASSETS

At end of each reporting period the Group considers whether any indication of impairment of fixed or intangible assets exists. If such indication exists, the recoverable amount of the asset is calculated to estimate possible impairment. Goodwill and intangible assets with an indefinite useful life are tested for impairment minimum once a year even if no indication of impairment exists.

The recoverable amount represents the higher of an asset's fair value less costs to sell and its value in use. If the asset's carrying amount exceeds the estimated recoverable amount, the asset is immediately written down to its recoverable amount.

The following relevant criteria are considered when assessing whether indications of impairment exists:

- a decline in the asset's market value
- changes in the long-term return requirement which may affect the discount rate used in the calculation of the asset's value in use
- plans to restructure or liquidate the asset
- the asset generates less income than anticipated.

When performing impairment tests for goodwill, the assessment of the appropriate cash-generating unit is based on where it is possible to identify and separate cash inflows relating to operations. A cash-generating unit may include goodwill from several transactions, and the impairment test of the unit includes all goodwill allocated to the unit.

Calculations of value in use are based on historical results and available budgets and plan figures approved by management. On the basis of plan figures for the cash-generating units, a future cash flow is estimated, defined as the potential return to the owner. The return includes profits from operations adjusted for the need to build sufficient capital to meet expected future capital adequacy requirements. Higher capital requirements due to expanded operations could make it necessary to retain part of the profits or to inject more capital from the owner, if profits from operations are not adequate to build the necessary capital. Beyond the plan period, which is three years, cash flow trends are assumed to reflect market expectations for the type of operations carried out by the cash-generating unit.

The required rate of return is based on an assessment of the market's required rate of return for the type of operations carried out by the cash-generating unit. The required rate of return reflects the risk of the operations. Goodwill from the acquisition of companies generating cash flows in foreign currencies is translated at exchange rates at the balance sheet date.

15. PENSIONS

Defined benefit pension schemes

In a defined benefit scheme, the employer is committed to paying future specified pension benefits.

The basis for calculating pension expenses is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement.

Pension commitments which are administered through life insurance companies, are matched against funds within the scheme. When total pension funds exceed estimated pension commitments on the balance sheet date, the net value is classified as an asset in the balance sheet if it has been rendered probable that the overfunding can be utilised to cover future commitments. When pension commitments exceed pension funds, the net commitments are classified under liabilities in the balance sheet. Each scheme is considered separately.

The pension commitment is estimated based on the present value of estimated future pension payments at the balance sheet date. The calculation of the pension commitment is based on actuarial and economic assumptions about life expectancy, rise in salaries and early retirement. The discount rate used is determined by reference to the yield on covered bonds at the balance sheet date, plus an add-on that takes into account the relevant duration of the pension liabilities.

The financial effects of changes in pension schemes are recognised as an expense at the earlier of the following dates:

- when the plan amendment or curtailment occurs; and
- when the entity recognises related restructuring costs or termination benefits, if any.

Pension expenses are based on assumptions determined at the start of the period. When calculating pension expenses, the discount rate is used on the net pension commitment. The pension expenses are presented as follows:

- the service cost for the current and previous periods, gains and losses in connection with settlement and net interest income/expenses are recognised in profit or loss as salaries and other personnel expenses, and
- remeasurements which include actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

Employer's contributions are included in pension expenses and pension commitments.

The Group's life insurance company, DNB Livsforsikring AS, largely administers the Group's pension schemes in Norway. No eliminations are made with respect to the Group's pension commitments and pension funds or for pension expenses and premium income in the income statement.

See note 27 Pensions for more information.

Defined contribution pension schemes

Under defined contribution pension schemes, the Group does not commit itself to paying specified future pension benefits, but makes annual contributions to the employees' pension savings. Future pensions will depend on the size of annual contributions and the annual return on pension savings. After paying annual contributions, the Group has no further commitments linked to employees' work performance. The expenses following from the defined contribution pension schemes are recognised in the income statement.

16. INCOME TAX

Taxes for the year comprise payable taxes for the financial year, any payable taxes for previous years and changes in deferred taxes on temporary differences. Temporary differences are differences between the carrying amount of an asset or liability and the taxable value of the asset or liability. The most significant temporary differences refer to changes in the fair value of financial assets and liabilities, changes in the fair value of investment properties, pension obligations, depreciation of fixed assets and properties and impairment losses for goodwill. Deferred taxes on investment property are based on the expectation that the value of the property will be recovered through a sale of the property. Deferred taxes are calculated on the basis of tax rates and tax rules that are applied

Accounting principles (continued)

on the balance sheet date or are highly likely to be approved and are expected to be applicable when the deferred tax asset is realised or the deferred tax liability settled.

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilised. Deferred taxes and deferred tax assets within the same tax group are presented net in the balance sheet.

Tax payable and deferred taxes relating to elements of other comprehensive income are presented net along with the related income or cost in the comprehensive income statement.

17. LIABILITIES TO POLICYHOLDERS

Products offered by DNB Livsforsikring include group pension insurance, group association insurance, individual endowment insurance, individual annuity and pension insurance, products with a choice of investment profile, group life insurance and occupational injury insurance. In addition, DNB Livsforsikring offers individual risk non-life insurance, mainly statutory occupational injury insurance and appurtenant coverage.

Technical insurance reserves in life insurance

Technical insurance reserves, as defined in the Act on Insurance Activity, include the premium reserve, additional allocations, the market value adjustment reserve, the claims reserve, the risk equalisation fund and other technical reserves. In addition, the premium fund, deposit fund and the pensioners' surplus fund are included in insurance provisions. Apart from the risk equalisation fund, which is classified as equity, all insurance provisions are classified as liabilities to policyholders.

The premium reserve is a reserve to secure future insurance liabilities to policyholders and insured persons. The premium reserve represents the technical cash value, i.e. the net present value, of the company's total insurance liabilities including costs, less the cash value of future agreed premiums.

Additional allocations are a conditional allocation to policyholders where changes during the year are recognised in the income statement. The Insurance Act includes stipulations on the use and volume of additional allocations. According to these stipulations, maximum additional allocations per contract cannot exceed 12 per cent of the premium reserve for the contract. Actual allocations for the individual years are determined in connection with year-end adjustments. Additional allocations can be used to cover any rate-of-return shortfall if the annual return is lower than the guaranteed return.

The market value adjustment reserve represents the sum total of unrealised gains on current financial assets included in the common portfolio. If the portfolio of current financial assets shows a net unrealised loss, the market value adjustment reserve is set at zero. Unrealised gains and losses arising from exchange rate movements on derivatives used for currency hedging of properties, loans and held-to-maturity bonds in foreign currency are not included in the market value adjustment reserve.

The claims reserve shall cover the company's anticipated indemnity payments for insurance claims which have not been settled or advanced against the company at the end of the accounting year. The claims reserve represents only the funds that would have been disbursed during the accounting year if the processing of the insurance claims had been completed.

The risk equalisation fund can be used to cover negative risk results and to strengthen premium reserves in connection with changes in demographic assumptions in the calculation base. Each year, up to 50 per cent of the company's total risk result can be allocated to the risk equalisation fund. The annual return is reviewed in connection with year-end adjustments. The risk equalisation fund is classified as equity in the balance sheet.

The premium fund contains premiums prepaid by policyholders within individual and group pension insurance. A share of annual profits is allocated to the pensioners' surplus fund. The fund is used to strengthen the premium reserve for pensioners in connection with adjustments in pension payments.

Liabilities, customers bearing the risk

Allocations relating to insurance liabilities for which customers bear the risk represent the market value of invested policyholders' funds at any given time. The reserve covers a share of the surplus on the risk result and the guaranteed rate of return on the portfolio of products with a choice of investment profile and should correspond to expected payments from the company to customers reaching retirement age.

Assessment of liabilities to policyholders

Liabilities should be in reasonable proportion to the associated risk. This is ensured through continual monitoring of existing contracts. Furthermore, all premium rates prepared by the company shall be reported to the Financial Supervisory Authority of Norway (Finanstilsynet), which has overall responsibility for controlling that adequate premiums are applied. Prevailing premium rates are continually reviewed.

With respect to group pension insurance, the company is in the process of increasing premium reserves to reflect higher life expectancy. The entire interest result and half of the risk result for group pensions for the 2011-2014 periods have been retained, and additional provisions are required. The company entered a formal escalation period which started on 1 January 2014 in accordance with a plan approved by Finanstilsynet. The total required increase in reserves will be financed primarily by policyholder surpluses, though minimum 20 per cent must represent shareholder contributions. For existing individual pension insurance contracts, the company increased reserves during the 2009-2013 period to reflect higher life expectancy. The increase in reserves was financed by profits for allocation, which are distributed 65/35 between policyholders and the company.

The basis for calculating disability risk is more recent, taking account of the increase in disability registered in society at large. The base rate is used to calculate the present value of future premiums, payments and insurance provisions. The maximum base rate is stipulated by Finanstilsynet, based on the yield on long-term government bonds. As from 1 January 2015, the maximum base rate will be 2.0 per cent for rights earned in the future.

Adequacy test

The Group carries out a quarterly adequacy test to assess whether its premium reserves are adequate to cover its liabilities to policyholders. The adequacy test is susceptible to changes in the interest rate curve as well as to assumptions for increased reserves to reflect higher life expectancy. The test is described in more detail in note 18 Insurance risk.

Recognition of changes in liabilities to policyholders

Insurance premiums and insurance settlements are recognised by the amounts earned and accrued during the year. Accrual of premiums earned takes place through allocations to the premium reserve in the insurance fund.

Insurance contracts transferred from other companies are recognised at the time the insurance risk is taken over. If the risk is transferred as at 31 December, it is reflected in the financial statement for the subsequent year. Transfer amounts include the policies' shares of additional allocations, the market value adjustment reserve and profits for the year.

The line item "Net financial result, DNB Livsforsikring" includes returns and gains less all losses, adjusted for allocations to or elimination of the market value adjustment reserve. If changes in the value of owner-used properties owned by DNB Livsforsikring as part

Accounting principles (continued)

of the company's common portfolio are recognised in other comprehensive income, a corresponding share of changes in liabilities to policyholders is recognised in other comprehensive income.

The line item "Net financial result, DNB Livsforsikring" includes the company's guaranteed rate of return on policyholders' funds, increases in reserves to reflect higher life expectancy, plus policyholders' share of profits including transfers to additional allocations.

Premium income and insurance settlements comprise the elements used as a basis for calculating the risk result. The share of payments from policyholders allocated to the insurance funds is recognised in the balance sheet.

Administrative expenses are charged to policyholders through premium payments, returns and the dissolution of reserves. Total charges for policyholders are included in "Commission and fee income etc.". Operating expenses and commission expenses are recognised in the consolidated financial statements according to type of expense.

Technical insurance reserves in non-life insurance

Technical insurance reserves are assessed pursuant to the Act on Insurance Activity with appurtenant regulations. Finanstilsynet has formulated separate minimum requirements for the various reserve categories, which include the reserve for unearned gross premiums, the gross claims reserve and the security reserve.

With respect to the premium reserve and the claims reserve, the minimum requirements shall be met for each line of business, while for the security reserve, the requirements apply to groups of lines of business.

The reserve for unearned gross premiums represents accrual accounting of premiums written. The reserve relates to the unearned parts of the premiums written.

The claims reserve shall cover anticipated future compensation payments for claims which have been incurred, but not been fully settled on the balance sheet date. This includes both reported but not settled claims (RBNS) and incurred but not reported claims (IBNR). Reserves relating to known claims are assessed individually by the settlement team, while IBNR reserves are based on empirical data, using statistical models to estimate the scope of subsequent claims. In addition, there is a reserve for future claims processing costs linked to the RBNS and IBNR reserves.

The premium reserve and the claims reserve shall cover the Group's anticipated compensation payments arising from existing insurance contracts. The security reserve shall protect the company against unforeseen developments in compensation payments. The total of the premium, claims and security reserves shall, at a confidence level of 99 per cent, based on statistical calculations, cover the company's obligations on the reporting date.

Recognition in the income statement

"Net insurance result, DNB Skadeforsikring" includes premium income for own account. Insurance premiums are recognised as income in accordance with the insurance period. In addition, it includes the cost of claims for own account, costs related to the processing of claims and changes in the security reserve. The cost of claims comprises paid gross compensation payments and changes in gross claims reserves, excluding the reinsurance share.

18. RESTRUCTURING

If restructuring plans that change the scope of DNB's operations or the way DNB carries out its operations are approved and communicated to the affected employees, the need for restructuring provisions is considered. The provisions are reviewed on each reporting date and are reversed as expenses are incurred.

19. CASH FLOW STATEMENTS

The cash flow statements show cash flows grouped according to source and use. The cash flows are presented as operating activities, investment activities or funding activities. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice. The cash flow statement has been prepared in accordance with the direct method.

20. DIVIDENDS

Proposed dividends are part of equity until approved by the general meeting. At that time, the dividend is presented as liability in the financial statement. Proposed dividends are not included in capital adequacy calculations.

21. APPROVED STANDARDS AND INTERPRETATIONS THAT HAVE NOT ENTERED INTO FORCE

The IASB has published a number of amendments to current regulations which have not entered into force. Below is a description of the amendments which may affect the Group's future reporting.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the new standard for financial instruments IFRS 9 Financial Instruments, which will replace the current IAS 39. The new standard introduces a business model oriented approach for classification of financial assets, an expected-loss model for impairment and a new general hedge accounting model. IASB is still working on a new requirement related to macro hedge accounting. This work has been established as a separate project and is expected to be finalised at a later point in time.

IFRS 9 is effective from 1 January 2018, but earlier adoption is permitted. The standard has not yet been endorsed by the EU, but it is expected that this will be done during 2015. DNB does not currently intend to utilise the opportunity for early adoption.

Under IFRS 9, financial assets are classified on the basis of the business model adopted for managing the assets and their contractual cash flow characteristics, including any embedded derivatives. Assets held with the objective of collecting contractual cash flows that are solely payments of principal and interest, are measured at amortised cost. Assets held with the objective of both collecting contractual cash flows and selling, and at the same time have contractual cash flows that are solely payments of principal and interest, are measured at fair value through other comprehensive income. This results in assets recognised at fair value in the balance sheet and at amortised cost in the income statement. Other assets are measured at fair value through profit or loss. The option in IAS 39 to designate assets as being held at fair value through profit or loss if certain criteria are fulfilled has been retained in the new standard.

For financial liabilities the requirements are generally unchanged compared to the current IAS 39. As the main rule, financial liabilities are still to be measured at amortised cost with the exception of financial derivatives measured at fair value, financial instruments being part of the trading portfolio and financial liabilities designated as being held at fair value through profit or loss. Changes in fair value relating to the inherent credit risk of financial liabilities designated as at fair value through profit and loss shall, however, be recognised in other comprehensive income.

The method for measuring impairment for expected credit losses on financial assets recognised at amortised cost in the income statement depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment to be recognised should equal 12-month expected credit losses. If the credit risk has increased significantly, the impairment to be recognised equals lifetime expected credit losses.

The preliminary expectation is that the implementation of IFRS 9 will result in an increase in impairment losses due to the change from an incurred loss model to an expected loss model. The Group has started working with the implementation process, but

Accounting principles (continued)

it is still too early to give an estimate of the expected impact on the Group's financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued by the IASB in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. However contracts with customers that will be accounted for in accordance with the new IFRS 9 shall follow the requirements in IFRS 9 as they are scoped out of IFRS 15.

IFRS 15 is effective for annual periods beginning on or after 1 January 2017. Earlier application is permitted. The Group is currently assessing the impact of IFRS 15 and it is still too early to give an estimate of the expected impact the Group's financial statements.

Implementation effects due to the new IFRS standards

The below table present the effects to DNBs consolidated financial statement following from the implementation of IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements as described in item 3 Changes in accounting principles and presentation.

Balance sheet [1)] **DNB Group**

	31 December 2013			1 January 2013		
Amounts in NOK million	Reported	Effect IFRS 10/11	Restated	31 Dec. 2012 Reported	Effect IFRS 10/11	Restated
Investment property [2)]	33 599	(846)	32 753	39 746	(889)	38 857
Shareholdings	47 252	(17 426)	29 826	48 288	(20 988)	27 300
Commercial paper and bonds at fair value	260 338	17 426	277 764	224 750	20 988	245 738
Profit from companies accounted for by the equity method	3 113	2 689	5 802	2 882	2 394	5 276
Other assets	16 847	13 959	30 806	14 200	7 369	21 569
Other liabilities	16 132	15 801	31 934	18 451	8 873	27 325

1) *The new rules have had no impact on the Group's income statement, equity or capital adequacy.*

2) *In addition, reported figures have been restated due to changes in the principle for the consolidation of deferred taxes relating to property companies, cf. above.*

Note 1 Important accounting estimates, judgments and assumptions

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.

Impairment of loans

If objective evidence of impairment exists, impairment losses on loans are recognised individually or collectively. The impairment loss is calculated as the difference between the carrying amount of the loan and the net present value of estimated future cash flows discounted with the effective interest rate. Estimates of future cash flows are based on empirical data and management's judgment of future macroeconomic developments and developments in the performance of the actual loans, based on the situation at the balance sheet date. The estimates are the result of a process which involves the business areas and central credit units and represents management's best estimate. When considering impairment of loans, there will be several elements of uncertainty with respect to the identification of objective evidence of impairment, the estimation of amounts and the timing of future cash flows, including the valuation of collateral.

Individual impairment

When estimating impairment of individual loans and guarantees, both the current and the future financial positions of the customer are considered. For corporate customers, the prevailing market situation is also reviewed, along with market conditions within the relevant industry and general market conditions which could affect the customers' ability to repay the loans. In addition, potential restructuring, refinancing and recapitalisation are taken into account. An overall assessment of these factors forms the basis for estimating the future cash flow. The discount period is estimated on an individual basis or based on empirical data about the period it normally takes to reach a solution to the problems that caused the impairment.

Collective impairment

Loans, which are not individually impaired, are assessed collectively for impairment. The loans are divided into groups of loans with similar characteristics related to sector, risk classification and credit risk. The expected future cash flow is estimated on the basis of expected losses and the anticipated economic situation for the respective groups. Expected losses are based on historical loss experience for the relevant groups. The economic situation is assessed by means of economic indicators for each group based on external information about the markets. Various parameters are used depending on the group in question. Key parameters are production gaps, which give an indication of capacity utilisation in the economy, housing prices and shipping freight rates. The economic indicators that are used show a high degree of correlation with historical impairment. To estimate the net present value of expected future cash flows for loans subject to collective impairment, a discount factor based on observed empirical data from individually evaluated loans is used.

Estimated impairment of goodwill

Evaluating whether goodwill is impaired requires a high degree of judgment and may to a large extent depend upon the selection of key assumptions about the future. Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, discounted to their present value. Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as interest rate margins, currency exchange rates and future growth rates among others, in order to establish relevant future cash flows. For more information see note 42 Goodwill.

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using different valuation techniques. The Group considers and chooses techniques and assumptions that as far as possible are based on observable market data representing the market conditions on the balance sheet date. When measuring financial instruments for which observable market data are not available, the Group makes assumptions regarding what market participants would use as the basis for valuing similar financial instruments. The valuations require application of significant judgment when calculating liquidity risk, credit risk and volatility among others. Changes in these factors would affect the estimated fair value of the Group's financial instruments. For more information see note 32 Financial instruments at fair value.

Valuation of properties within DNB Livsforsikring

Investment property is measure at fair value by discounting the expected net future cash flows to its presented value. Establishment of the future cash flows requires high degree of judgment and the fair value depend to a large extent upon the selection of key assumption about the future. The assumptions used in calculating the fair value of the property portfolio in DNB Livsforsikring can be found in note 39 Investment properties.

Pension commitments

The net present value of pension commitments depends on determination of economic and actuarial assumptions. Any change made to these assumptions affects the pension commitments recognised in the balance sheet and the pension expenses recognised in the income statement.

The discount rate estimation is subject to uncertainty as to whether the corporate bond market has the sufficient depth and quality. The Norwegian covered bond market is considered to meet the requirement for corporate bonds with a sufficiently deep market. The discount rate used at year-end 2014 is determined by reference to the market yield on covered bonds, plus an add-on that takes into account the relevant duration of the pension commitments.

Other assumptions used to estimate the pension commitments include annual rise in salaries, annual rise in pensions, anticipated increase in the National Insurance basic amount (G) and mortality statistics.

The assumptions are based on the updated guidance notes on pension assumptions issued by the Norwegian Accounting Standards Board. For more information see note 27 Pensions for the parameters used at the end of the year as well as the sensitivity analysis linked to the key parameters.

Note 1 Important accounting estimates, judgments and assumptions (continued)

Income taxes, including deferred tax assets and uncertain tax liabilities

The Group is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the income tax in the consolidated financial statements, including assessments of recognised deferred tax assets and uncertain tax liabilities.

Deferred tax assets are recognised to the extent it is probable that the Group will have future taxable income against which they can be utilised. Extensive assessments must be made to determine the amount which can be recognised, included the expected time of utilisation, the level of profits computed for tax purposes as well as strategies for tax planning and the existence of taxable temporary differences.

There will be uncertainty related to the final tax liability for many transactions and calculations. The Group recognises liabilities related to the future outcome of tax disputes based on estimates of changed income taxes. When assessing the uncertain tax liabilities to be recognised in the balance sheet, the probability of the liability arising is considered. If the final outcome of the tax disputes deviates from the amounts recognised in the balance sheet, the deviations will impact the income tax expense in the income statement for the applicable period.

Contingencies

During the normal course of its business, the Group will regularly be party to a number of legal proceedings. Any impact on the financial statement is assessed in each case. In this assessment the Group considers the probability of an unfavourable outcome and the possibility of making reliable estimates of potential losses. For more information see note 55 Off-balance sheet transactions, contingencies and post-balance sheet events.

Measurement of liabilities under insurance contracts in DNB Livsforsikring

With respect to technical insurance reserves in DNB Livsforsikring, risks and uncertainties are mainly related to the likelihood of death and disability, as well as the interest rate level. Higher life expectancy affects future expected insurance payments and provisions. For more information see note 18 Insurance risk.

Note 2 Changes in group structure

JSC DNB Bank

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

Amports Inc.

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

BankID Norge AS

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

BankAxept AS

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

BRPH Top Holding AB

In connection with the restructuring of DNB's loan to Bastuban 1 AB in Sweden in the fourth quarter of 2014, the bank took over all shares in the subsidiary BRPH Top Holding AB on 18 December 2014 at the price of SEK 1. The BRPH Top Holding Group owns a commercial property in Mølndal in Sweden valued at SEK 427 million. The bank's strategy is to sell these operations as soon as possible within a 12-month period from the takeover date. The operations were classified as held for sale in the Group's accounts at end- December 2014.

Note 3 Segments

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

Personal customers	-	includes the Group's total products and activities to private customers in all channels, both digital and physical. DNB offers a wide range of products through Norway's largest distribution network, comprising branches, telephone banking (24/7), digital banking, real estate broking as well as external channels (post offices and in-store postal and banking outlets).
Small and medium-sized enterprises	-	is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in this segment range from small businesses and start-up companies to relatively large corporate customers, and the product offerings are adapted to the customers' different needs. Small and medium-sized enterprises are served through the Group's physical distribution network throughout Norway as well as digital and telephone banking (24/7).
Large corporates and international customers	-	includes large Norwegian and international corporate customers and all customers served by DNB's subsidiary banks in the Baltics and Poland. Operations are based on sound industry expertise and long-term customer relationships.
Trading	-	includes market making and other trading activities in fixed income, currencies and commodities (FICC) as well as equities, including risk management of the risk inherent in customer transactions. Markets' trading activities support the customer activities.
Traditional pension products	-	includes traditional defined-benefit pension products in DNB Livsforsikring. DNB no longer offers such products to new customers.

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

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

Income statement **DNB Group**

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations [1]		DNB Group	
Amounts in NOK million	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income - ordinary operations	13 334	12 329	6 218	5 818	11 511	10 524	315	415	0	0	1 108	1 107	32 487	30 192
Interest on allocated capital [2]	471	303	335	358	864	934	114	145	0	0	(1 784)	(1 740)	0	0
Net interest income	13 806	12 632	6 553	6 176	12 376	11 458	429	559	0	0	(676)	(633)	32 487	30 192
Net other operating income	4 767	4 829	1 717	1 489	5 586	5 319	1 584	2 029	1 843	2 445	1 379	317	16 877	16 427
Total income	18 573	17 461	8 269	7 665	17 962	16 777	2 013	2 588	1 843	2 445	703	(316)	49 363	46 619
Operating expenses	8 545	8 530	2 902	2 825	5 915	5 602	504	638	617	831	34	731	18 516	19 157
Deprecation and impairment of fixed and intangible assets	104	125	941	899	420	453	9	7	14	15	671	1 220	2 158	2 719
Total operating expenses	8 649	8 655	3 843	3 724	6 335	6 054	513	645	630	846	705	1 952	20 675	21 875
Pre-tax operating profit before impairment	9 924	8 806	4 427	3 941	11 627	10 723	1 500	1 943	1 212	1 599	(2)	(2 268)	28 689	24 744
Net gains on fixed and intangible assets	(3)	154	42	(0)	21	(13)	(0)	0	0	1	(7)	8	52	151
Impairment of loans and guarantees [3]	126	374	895	586	632	1 225	0	0	0	0	(14)	0	1 639	2 185
Profit from repossessed operations [4]	0	0	(23)	(11)	(102)	(143)	0	0	0	0	125	155	0	0
Pre-tax operating profit	9 795	8 586	3 551	3 343	10 914	9 342	1 500	1 943	1 212	1 600	129	(2 105)	27 102	22 709
Tax expense	2 645	2 404	959	936	3 383	2 803	405	564	99	127	(1 028)	(1 631)	6 463	5 202
Profit from operations held for sale, after taxes	0	3	0	0	2	(5)	0	0	0	0	(24)	7	(22)	4
Profit for the year	7 150	6 185	2 593	2 407	7 532	6 534	1 095	1 380	1 113	1 473	1 133	(467)	20 617	17 511

Note 3 Segments (continued)

Balance sheets **DNB Group**

Amounts in NOK billion	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
Loans to customers [5]	688	658	219	211	522	469	10	4	3	2	(1)	(3)	1 439	1 341
Assets held for sale	0	0	0	0	0	0	0	0	0	0	1	0	1	0
Other assets	48	44	47	38	159	163	1 067	850	209	232	(321)	(264)	1 210	1 064
Total assets	735	702	266	249	681	632	1 077	854	212	235	(321)	(267)	2 649	2 406
Assets under management	41	38	15	13	219	193	0	0	0	0	12	7	287	251
Total combined assets	776	740	281	262	900	826	1 077	854	212	235	(309)	(260)	2 936	2 656
Deposits from customers [5]	366	344	166	151	380	371	31	20	0	0	(1)	(18)	942	868
Liabilities held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities	340	342	79	78	240	208	1 039	827	194	218	(343)	(277)	1 549	1 396
Total liabilities	705	686	244	229	621	579	1 070	846	194	218	(344)	(295)	2 491	2 264
Allocated capital [6]	30	17	22	20	60	53	6	8	17	16	23	28	159	142
Total liabilities and equity	735	702	266	249	681	632	1 077	854	212	235	(321)	(267)	2 649	2 406

1) Other operations/eliminations:

Amounts in NOK million	*Eliminations*		*Group units *)*		*Total*	
	2014	*2013*	*2014*	*2013*	*2014*	*2013*
Net interest income - ordinary operations	*(41)*	*(36)*	*1 149*	*1 143*	*1 108*	*1 107*
Interest on allocated capital [2]	*0*	*0*	*(1 784)*	*(1 740)*	*(1 784)*	*(1 740)*
Net interest income	*(41)*	*(36)*	*(635)*	*(597)*	*(676)*	*(633)*
Net other operating income	*(1 467)*	*(1 405)*	*2 846*	*1 722*	*1 379*	*317*
Total income	*(1 508)*	*(1 441)*	*2 211*	*1 124*	*703*	*(316)*
Operating expenses	*(1 508)*	*(1 441)*	*1 542*	*2 172*	*34*	*731*
Deprecation and impairment of fixed and intangible assets	*0*	*0*	*671*	*1 220*	*671*	*1 220*
Total operating expenses	*(1 508)*	*(1 441)*	*2 212*	*3 392*	*705*	*1 952*
Pre-tax operating profit before impairment	*0*	*0*	*(2)*	*(2 268)*	*(2)*	*(2 268)*
Net gains on fixed and intangible assets	*0*	*0*	*(7)*	*8*	*(7)*	*8*
Impairment of loans and guarantees [3]	*0*	*0*	*(14)*	*0*	*(14)*	*0*
Profit from repossessed operations [4]	*0*	*0*	*125*	*155*	*125*	*155*
Pre-tax operating profit	*0*	*0*	*129*	*(2 105)*	*129*	*(2 105)*

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

Group units 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, Group units include that part of the Group's equity that is not allocated to the segments. Profits from repossessed operations which are fully consolidated in the DNB Group are presented net under "Profit from repossessed operations" in the internal reporting of segments. The acquired companies are included in Group units.

**) Group units - pre-tax operating profit in NOK million*	*2014*	*2013*
+ Interest on unallocated equity etc.	*(882)*	*(567)*
+ Investments in Nets Holding	*913*	*767*
+ Income from equity investments (see note 23)	*(125)*	*52*
+ Gains on fixed and intangible assets	*(7)*	*8*
+ Mark-to-market adjustments Group Treasury and fair value of loans (see note 23)	*(318)*	*174*
+ Basis swaps (see note 23)	*394*	*(1 364)*
+ Eksportfinans ASA	*248*	*321*
+ Net gains on investment property	*84*	*(104)*
+ Profit from repossessed operations	*125*	*155*
- Provisions for debt-financed structured products (see note 25)	*0*	*450*
- Unallocated impairment of loans and guarantees	*(14)*	*0*
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	*391*	*439*
- Unallocated personnel expenses	*188*	*288*
- Unallocated IT and Operations expenses	*(234)*	*92*
- Funding costs on goodwill	*36*	*39*
- Impairment losses for goodwill and capitalised systems development (see note 41,42)	*1*	*501*
- Impairment of leases	*27*	*43*
- Unallocated operating expenses in main buildings	*146*	*108*
- Reversal of provisions (see note 25)	*(73)*	*(157)*
- Impairment of investment property and fixed assets	*61*	*125*
Other	*226*	*381*
Pre-tax operating profit	*129*	*(2 105)*

Note 3 Segments (continued)

2) *Allocated capital corresponds to the external capital adequacy requirement (Basel II) which must be met by the Group. Calculations are based on average balance sheet items. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers were adjusted upwards in 2014.*
3) *See note 10 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.*
4) *Profits from repossessed operations which are fully consolidated in the Group are presented net under "Profit from repossessed operations" in the internal reporting of segments. The acquired companies are included in the Group units.*
5) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments.*
6) *Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel II) which must be met by the Group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers were adjusted upwards in 2014. Allocated capital for the Group is recorded equity.*

Key figures

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
Per cent	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cost/income ratio [1]	46.6	49.6	46.5	48.6	35.3	35.7	25.5	24.9	34.2	34.6			41.9	45.7
Ratio of deposits to loans as at 31 December [2]	53.2	52.3	75.9	71.6	72.9	79.1							65.4	64.7
Return on allocated capital [3]	23.9	37.4	12.0	12.0	12.5	12.3	17.7	17.8	6.4	9.0			13.8	13.1

1) *Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and intangible assets.*
2) *Deposits from customers relative to loans to customers.*
3) *Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel II) which must be met by the Group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers were adjusted upwards in 2014.This resulted in a lower return on capital compared with the preceding periods. Recorded capital is used for the Group.*

Geographic areas

Income statement — **DNB Group**

	Baltics and Poland		Other international operations		Norway		DNB Group	
Amounts in NOK million	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income	1 252	1 078	5 331	4 664	25 904	24 450	32 487	30 192
Net other operating income	700	922	2 780	2 488	13 397	13 017	16 877	16 427
Total income	1 952	2 000	8 111	7 152	39 301	37 467	49 363	46 619

Balance sheet items — **DNB Group**

	Baltics and Poland		Other international operations		Norway		DNB Group	
Amounts in NOK billion	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
Loans to customers	62	57	207	170	1 170	1 114	1 439	1 341
Total assets	91	82	581	535	1 977	1 788	2 649	2 406
Guarantees	2	2	32	27	69	71	104	100

Product information

See note 19 Net interest income, note 20 Interest rates on selected balance sheet items, note 21 Net commissions and fees receivable and note 22 Other income for further information on products.

Note 4 Capitalisation policy and capital adequacy

The Basel Committee proposed a new international regulatory framework for capital and liquidity for banks in 2010 (Basel III). The EU has implemented the regulations in its new capital requirements directive, CRD IV, and capital requirements regulation, CRR. The new regulations entered into force as from 1 January 2014. Important parts of the Basel III regulations were transposed into Norwegian legislation as of 1 January 2013. As part of the Group's Internal Capital Adequacy Assessment Process, ICAAP, the Board of Directors is in dialogue with Finanstilsynet (the Financial Supervisory Authority of Norway) regarding the capitalisation of the Group. On its Capital Markets Day in November 2014, the Group raised its targets to a common equity Tier 1 capital ratio of minimum 14 per cent and a capital adequacy ratio of minimum 17.5 per cent for the financial services group by year-end 2016. The capitalisation targets relate to the Group's prevailing risk-weighted volume.

The Group's capitalisation level shall support the bank's AA level rating target for ordinary long-term funding. The DNB Group had a common equity Tier 1 capital ratio of 12.7 per cent and a capital adequacy ratio of 15.2 per cent at year-end 2014, compared with 11.8 and 14.0 per cent, respectively, at year-end 2013. The Basel I floor for risk-weighted volume applies to DNB, which reduced the common equity Tier 1 capital ratio and the capital adequacy ratio by 1.1 and 1.4 percentage points, respectively, at year-end 2014. The DNB Group is well prepared to meet the uncertain economic climate and stricter capitalisation requirements from the market and the authorities. The planned accumulation of capital will influence the growth limits.

According to the Group's capital strategy and dividend policy, the Group aims to be among the best capitalised financial services groups in the Nordic region based on equal calculation principles. In addition, the Group will seek to achieve satisfactory ratings. Dividends will be determined based on factors such as the need to maintain satisfactory financial strength and developments in external parameters, in addition to an evaluation of expected profit levels in a normal situation.

After year-end adjustments and dividend payments, the holding company DNB ASA will have a liquidity reserve of approximately NOK 4.5 billion.

The DNB Bank Group had a common equity Tier 1 capital ratio of 12.5 per cent and a capital adequacy ratio of 15.2 per cent at year-end 2014, compared with 11.4 and 13.9 per cent, respectively, a year earlier. In addition, a separate requirement from the US authorities to the banking group relating to the operations of the subsidiary DNB Markets Inc. in New York must be fulfilled, whereby the Tier 1 capital ratio for the banking group must be 6 per cent and the total capital adequacy ratio 10 per cent. At year-end 2014, this requirement was fulfilled by a wide margin.

DNB Livsforsikring had a capital adequacy ratio of 21.9 per cent and a solvency margin of 245.2 per cent at year-end 2014, which is well above the regulatory requirements of 8 per cent and 100 per cent, respectively. Total annual profits after tax were NOK 1 592 million. DNB Livsforsikring paid a net group contribution of NOK 1 886 million after tax. A corresponding amount of Tier 1 capital will be transferred to the company. As from 2016, it is expected that the current solvency rules will be replaced by a common regulatory framework for the capitalisation of insurance companies in Europe, Solvency II. DNB Livsforsikring is making the necessary preparations for this by, for example, adapting the management of the company to Finanstilsynet's stress tests and supervisory methodology and by regularly updating solvency capital calculations based on the anticipated new regulations.

At year-end 2014, DNB Boligkreditt AS had a common equity Tier 1 capital ratio of 12.7 per cent and a capital ratio of 14.9 per cent.

In addition to the regulatory assessment and allocation of capital to the Group's legal units, an allocation of capital to the operative business areas is made for governance purposes. With effect from 2013, the Group's entire equity will be allocated to the business areas. The allocation reflects both regulatory requirements and the calculation of risk-adjusted capital requirements.

Note 4 Capitalisation policy and capital adequacy (continued)

Capital adequacy

Up until 30 June 2014, the DNB Group followed the Basel II regulations for capital adequacy calculations. On 22 August 2014, the Norwegian Ministry of Finance approved changes in a number of capital adequacy regulations. Parallel to this, Finanstilsynet changed the Consolidation Regulations to adapt to the EU's new capital adequacy regulations for banks and investment firms (CRD IV/CRR).

As of 31 September 2014, capital adequacy is reported in accordance with the new reporting requirements. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations.

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Share capital	18 314	18 314	18 314	18 314	16 273	16 278
Other equity	109 406	96 276	122 938	108 093	142 599	125 949
Non-eligible capital	-	-	-	-	(1 253)	(1 013)
Total equity	127 720	114 591	141 253	126 407	157 619	141 214
Deductions						
Pension funds above pension commitments	(7)	0	(7)	(4)	(7)	(25)
Goodwill	(2 963)	(2 956)	(2 979)	(3 654)	(4 714)	(5 482)
Deferred tax assets [1]	0	(4 145)	(514)	(1 093)	(514)	(1 111)
Other intangible assets	(831)	(955)	(1 224)	(1 425)	(1 460)	(1 643)
Dividends payable etc.	0	0	(4 000)	(5 000)	(6 189)	(4 398)
Unrealised gains on fixed assets	0	0	0	(30)	0	(30)
50 per cent of investments in other financial institutions	-	(2)	-	(2)	-	(2)
Expected losses exceeding actual losses, IRB portfolios [2]	(1 466)	(610)	(2 075)	(712)	(2 075)	(712)
Value adjustments due to the requirements for prudent valuation	(509)	0	(917)	0	(917)	-
Adjustments for unrealised losses/(gains) on debt recorded at fair value	278	240	646	281	646	281
Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities	(821)	-	(268)	-	(266)	0
Minimum requirement reassurance allocation	-	-	-	-	(16)	(21)
Common Equity Tier 1 capital	121 402	106 162	129 915	114 770	142 108	128 072
Perpetual subordinated loan capital securities	4 028	3 515	4 028	3 515	4 028	3 515
Tier 1 capital	125 430	109 677	133 944	118 285	146 136	131 587
Perpetual subordinated loan capital	4 792	4 011	4 792	4 011	4 792	4 011
Term subordinated loan capital	19 322	17 822	19 322	17 850	19 322	17 850
Deductions						
50 per cent of investments in other financial institutions	-	(2)	-	(2)	-	(2)
Expected losses exceeding actual losses, IRB portfolios [2]	-	(610)	-	(712)	-	(712)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	0	18	0	18
Tier 2 capital	24 115	21 221	24 115	21 165	24 115	21 165
Total eligible primary capital	149 545	130 898	158 058	139 450	170 251	152 752
Risk-weighted volume, transitional rules	919 238	933 433	1 038 396	1 004 716	1 120 659	1 089 114
Minimum capital requirement, transitional rules	73 539	74 675	83 072	80 377	89 653	87 129
Common Equity Tier 1 capital ratio, transitional rules (%)	13.2	11.4	12.5	11.4	12.7	11.8
Tier 1 capital ratio, transitional rules (%)	13.6	11.7	12.9	11.8	13.0	12.1
Capital ratio, transitional rules (%)	16.3	14.0	15.2	13.9	15.2	14.0

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

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

Note 4 Capitalisation policy and capital adequacy (continued)

Basel III

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

Specification of risk-weighted volume and capital requirements **DNB Group**

Amounts in NOK million	Nominal exposure 31 Dec. 2014	EAD [1] 31 Dec. 2014	Average risk weights in per cent 31 Dec. 2014	Risk-weighted volume 31 Dec. 2014	Capital requirements 31 Dec. 2014	Capital requirements 31 Dec. 2013
IRB approach						
Corporate	1 020 495	830 157	44.7	371 240	29 699	30 362
Specialised Lending (SL)	6 456	6 358	35.2	2 239	179	153
Retail - mortgage loans	654 690	654 688	16.6	108 813	8 705	4 884
Retail - other exposures	109 313	90 177	27.9	25 195	2 016	1 984
Securitisation	31 927	31 927	71.2	22 747	1 820	2 380
Total credit risk, IRB approach	1 822 882	1 613 308	32.9	530 233	42 419	39 763
Standardised approach						
Central government	90 494	104 283	0.2	229	18	4
Institutions	303 519	114 301	29.9	34 125	2 730	1 837
Corporate	267 424	216 393	93.3	201 915	16 153	17 055
Retail - mortgage loans	43 265	41 264	50.2	20 715	1 657	1 867
Retail - other exposures	88 366	44 421	77.6	34 466	2 757	2 249
Equity positions	2 865	2 865	105.0	3 007	241	321
Securitisation	2 746	2 746	30.1	827	66	44
Other assets	7 397	7 397	113.9	8 423	674	1 019
Total credit risk, standardised approach	806 076	533 670	56.9	303 707	24 297	24 395
Total credit risk	2 628 958	2 146 977	38.8	833 941	66 715	64 158
Market risk						
Position risk, debt instruments				17 248	1 380	2 239
Position risk, equity instruments				492	39	104
Currency risk				0	0	0
Commodity risk				107	9	9
Credit value adjustment risk (CVA)				7 518	601	0
Total market risk				25 367	2 029	2 352
Operational risk				81 830	6 546	6 408
Net insurance, after eliminations				85 351	6 828	6 982
Deductions				0	0	(60)
Total risk-weighted volume and capital requirements before transitional rule				1 026 489	82 119	79 840
Additional capital requirements according to transitional rule [2]				94 170	7 534	7 289
Total risk-weighted volume and capital requirements				1 120 659	89 653	87 129

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 5 Risk management

Risk management in DNB

The Board of Directors of DNB ASA has a clearly stated goal to maintain a low overall risk profile, which is reflected in the DNB Bank ASA's aim to maintain at least an AA level rating for ordinary long-term debt. The profitability of DNB will depend on the ability to identify, manage and accurately price risk arising in connection with financial services.

Organisation and authorisation structure

- *Board of Directors*. The Board of Directors of DNB ASA sets long-term targets for the Group's risk profile. The risk profile is operationalised through the risk management framework, including the establishment of authorisations. Risk-taking should take place within established limits.
- *Authorisations*. Authorisations must be in place for the extension of credit and for position and trading limits in all critical financial areas. All authorisations are personal. Authorisations and group limits are determined by the Board of Directors and can be delegated in the organisation, though any further delegation requires approval by an immediate superior.
- *Annual review of limits*. Risk limits are reviewed at least annually in connection with budget and planning processes.
- *Independent risk management functions*. Risk management functions and the development of risk management tools are undertaken by units that are independent of operations in the individual business areas.

Monitoring and use

- *Accountability*. All executives are responsible for risk within their own area of responsibility and must consequently be fully updated on the risk situation at all times.
- *Risk reporting*. Risk reporting in the Group ensures that all executives have the necessary information about current risk levels and future developments. To ensure high-quality, independent risk reports, responsibility for reporting is assigned to units that are independent of the operative units.
- *Capital assessment*. A summary and analysis of the Group's capital and risk situation is presented in a quarterly risk report to DNB ASA's Board of Directors.
- *Use of risk information*. Risk is an integral part of the management and monitoring of business areas. Return on risk-adjusted capital is reflected in product pricing, profit calculations and in monitoring performance in the business areas.

Relevant risk measures

- *Risk appetite*. As from January 2013, DNB has monitored risk through defined targets. The risk appetite framework consists of 15 statements covering the risk dimensions which are considered to be significant for the DNB Group, and which added up give a good view of the total risk. Developments in the target figures are monitored and reported monthly to the group management team and quarterly to DNB's Board of Directors. See the paragraph on "Risk appetite" for more information.
- *A common risk measure for the Group*. The Group's risk is measured in the form of risk-adjusted capital, calculated for all of the Group's business areas and main risk categories, with the exception of liquidity risk. See the paragraph on "Risk-adjusted capital for the DNB Group" for more information.
- *Supplementary risk measure*. In addition, risk is followed up through supplementary risk measures adapted to operations in the various business areas, for example monitoring of positions relative to limits, key figures and portfolio risk targets.

Risk categories

For risk management purposes, DNB distinguishes between the following risk categories:

- *Credit risk* (or counterparty risk) is the risk of financial losses due to failure on the part of the Group's customers (counterparties) to meet their payment obligations towards DNB. Credit risk refers to all claims against customers/counterparties, principally loans, but also obligations related to other approved credits, guarantees, fixed-income securities, undrawn credits and interbank deposits, as well as counterparty risk incurred in connection with derivative trading. In addition, there are significant elements of counterparty risk in the settlement risk which arises in connection with payment transfers and the settlement of contracts. Credit risk also includes concentration risk, including risk associated with large exposures to one and the same customer, concentration within a geographic area or industry or exposures to homogeneous customer groups. Residual risk is the risk that the collateral provided for a credit exposure fails to meet expectations. Note 6 includes an assessment of the Group's credit risk at year-end 2013 and 2014.
- *Market risk* is the risk of losses due to unhedged positions in the foreign exchange, interest rate, commodity and equity markets. The risk arises in consequence of fluctuations in profits due to changes in market prices or exchange rates. Market risk includes both risk that arises through ordinary trading activities and risk that arises as part of banking activities and other business operations. In addition, market risk arises in DNB Livsforsikring AS, reflecting the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies. Notes 13-16 include an assessment of the Group's market risk at year-end 2013 and 2014.
- *Operational risk* is the risk of losses due to deficiencies or errors in internal processes and systems, human errors or external events. Operational risk also includes compliance risk, which is the risk of losses caused by violation of laws and regulations or similar obligations, as well as legal risk, which often arises in connection with the documentation and interpretation of contracts and different legal practices in locations where the Group has operations.
- *Insurance risk* is incurred by DNB Livsforsikring AS and DNB Skadeforsikring AS and is related to changes in future insurance obligations. Within life insurance, such risk reflects changes in policyholders' life expectancy and disability rates. Within non-life insurance, insurance risk is related to the frequency and size of future claims payments.
- *Liquidity risk* is the risk that the Group will be unable to meet its obligations as they fall due, and the risk that the Group will be unable to meet its liquidity obligations without a substantial rise in appurtenant costs. Liquidity is vital to financial operations, through this risk category will often be conditional in the respect that it will not materialise until other events give rise to concern regarding the Group's ability to meet its obligations. Note 17 includes an assessment of the Group's liquidity risk at year-end 2013 and 2014.

Note 5 Risk management (continued)

- *Business risk* relates to fluctuations in profits due to changes in external factors such as the market situation, government regulations or the loss of income due to a weakened reputation. Reputational risk is often a consequence of other risk categories. The Group's business risk is primarily handled through the strategy process and ongoing efforts to safeguard and improve the Group's reputation. When determining and following up the Group's risk appetite, reputational risk is defined as a separate risk dimension.

In addition to the above-mentioned risk categories the Group is exposed to strategic risk, which can be defined as the risk of a decline in profits if the Group fails to exploit existing strategic opportunities. The Group's strategic risk is not measured or reported individually, but is discussed as part of the annual strategy process.

Risk appetite

The Board of Directors of DNB ASA sets long-term targets for the Group's risk profile through the risk appetite framework, which was developed in 2012 and taken into use as of 1 January 2013. The risk appetite framework aims to ensure that risk is managed and integrated with the Group's governance processes in a practical, structured, transparent and synchronised manner. The risk appetite framework should provide a holistic and balanced view of the risk in the business. In 2014, the framework consisted of 15 statements which establish targets for risk dimensions and levels. To support the framework a set of governance principles and operational procedures and responsibilities within the DNB Group have been defined. The targeted risk profile will also be reflected in other parts of the risk management framework, including the establishment of authorisations and business limits. The risk appetite framework will be reviewed at least annually. The Board of Directors also regularly reviews risk levels, the framework structure and the reporting of relevant risk categories.

Risk appetite statements

The risk appetite framework consists of statements covering the risk dimensions which are considered to the most significant for the DNB Group, and which added up give a good view of the total risk. The statements have been formulated along the following dimensions:

- Profitability and earnings
- Capitalisation
- Market risk
- Insurance risk
- Credit risk
- Liquidity risk
- Operational risk
- Reputational risk

Limits determined on the basis of the Group's risk appetite are operationalised in the business areas and support units. In the Group's governance system, risk appetite is expressed in the form of target figures for selected indicators. Monitoring risk indicators that reflect the operations they cover enables the Group to ascertain whether risk remains within the targeted level. Risk indicators will typically be expressed as limits (for quantifiable risk) or qualitative assessments of the risk level. They may not necessarily be expressed by using the same measurement parameters as those used for the Group, though they must support the same risk topics and trends. Continual monitoring of these target figures ensures that the risk topics that are defined as the most important are also monitored and discussed in the operative parts of the organisation.

Governance principles

To support the framework a set of governance principles and operational procedures and responsibilities within the DNB Group have been defined. These are vital to ensure that risk appetite contributes to risk being managed and integrated with other key governance processes in the organisation, while maintaining the required independence to function as a reference point for risk consequences of the organisation's strategic and financial planning:

- **Ownership:** Ownership of the framework rests with the Board of Directors. All changes to the framework and the governance principles are to be approved by the Board of Directors.
- **Annual review:** The risk appetite framework is to be reviewed at least once a year in a process initiated by the Group's chief risk officer, CRO. The annual review is to take place independent of the strategic and financial planning process.
- **Reporting:** There will be monthly reporting of actual risk exposure within the DNB Group in the form of a "traffic light" representation. Based on this reporting structure there are pre-defined procedures for following up and handling risks that are approaching critical levels vis-à-vis the risk appetite statements, and for risk elements that have exceeded such levels.
- **Responsibilities:** A designated person is responsible for each risk appetite statement and will follow up risk and prepare action plans if risk levels are exceeded.

Note 5 Risk management (continued)

Risk-adjusted capital for the DNB Group

Risk-adjusted capital is a measure of the risk of losses generated by various business operations. Risk-adjusted capital makes it possible to compare risk across risk categories. Average losses over a normal business cycle represent expected costs which should primarily be covered through correct pricing of the Group's products. Risk-adjusted capital should cover unexpected losses. The quantification of risk-adjusted capital is based on statistical probability calculations for the various risk categories on the basis of historical data. As it is impossible to guard against all potential losses, DNB has stipulated that risk-adjusted capital should cover 99.97 per cent of potential losses within a one-year horizon. This level is in accordance with an AA level rating target for the ordinary long-term debt in DNB Bank ASA.

Risk-adjusted capital and average losses over a normal business cycle are elements in calculations of risk-adjusted return, which is a key financial management parameter in the internal management of the DNB Group. The calculations are included in the financial planning for the business areas and are reported each month. Risk-adjusted return is a measurement parameter in the pricing models and is reported monthly in automated management systems. Risk-adjusted capital is also used as decision support for risk management.

The similarities between the framework for risk-adjusted capital and the capital adequacy regulations gradually become greater as a larger part of the Group's exposures are reported according to the IRB approach. The underlying risk drivers for credit, and partly for operational risk, are largely the same. However, there are different confidence levels.

DNB quantifies risk-adjusted capital for the following risk categories: credit risk, market risk, market risk in life insurance, insurance risk, risk in non-life insurance, operational risk and business risk. A significant diversification or portfolio effect arises when the various risks are considered together, as it is unlikely that all losses will occur at the same time. An economic downturn will normally have a negative effect on most areas, but there will be a diversification effect, as not all areas will be hit equally hard. The diversification effect between risk categories and business areas implies that the Group's risk-adjusted capital will be much lower than if the business areas had been independent companies.

At end-December 2014, net risk-adjusted capital for the Group was estimated at NOK 89.5 billion, an increase of NOK 8.8 billion from end-December 2013.

	DNB Group	
Amounts in NOK billion	2014	2013 [1)]
Credit risk	58.8	60.0
Market risk	8.2	10.0
Market risk in life insurance	21.3	8.1
Insurance risk in life insurance	1.0	1.0
Risk in non-life insurance	1.0	0.9
Operational risk	10.7	10.7
Business risk	6.8	4.8
Gross risk-adjusted capital	107.7	95.5
Diversification effect [2)]	(18.2)	(14.8)
Net risk-adjusted capital	89.5	80.7
Diversification effect in per cent of gross risk-adjusted capital [2)]	16.9	15.5

1) *Figures for 2013 have been recalculated to take account for the credit spread and the bank's own pension commitments.*

2) *The diversification effect refers to the effect achieved by the Group in reducing risk by operating within several risk categories where unexpected losses are unlikely to occur at the same time.*

Processes have been established in DNB to assess capital requirements relative to the Group's risk profile and the quality of established risk management and control systems. Developments in capital levels are a key element in long-term financial planning. The DNB Group is required by the authorities to carry out an assessment of its risk profile and capital requirements, called ICAAP, Internal Capital Adequacy Assessment Process. DNB Livsforsikring is part of this process, and a separate assessment is made of the company's capital requirements. The assessment is considered by DNB Livsforsikring's Board of Directors. The assessment is subject to an annual review by Finanstilsynet through SREP, Supervisory Review and Evaluation Process. Finanstilsynet thus gives feedback on the capitalisation of the Group, including DNB Livsforsikring.

More about risk in DNB Livsforsikring AS

Risk in DNB Livsforsikring AS includes market, insurance, credit, operational and business risk. Market and insurance risk in life insurance comprises the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies and the risk related to changes in future insurance payments due to changes in life expectancy and disability rates.

According to current parameters for life insurance operations in Norway, DNB Livsforsikring carries the risk of fulfilling the company's commitments in contracts with policyholders. The return on financial assets must be sufficient to meet the guaranteed annual return to the company's policyholders. If this is not the case, additional allocations will have to be used, representing buffer capital built up from profits in previous years. Alternatively, the shortfall could be charged to equity.

Risk management in DNB Livsforsikring is part of the company's strategy, which has been approved by the Board of Directors. Through regular assessments by the Group's Asset and Liability Committee, ALCO, the risk situation in DNB Livsforsikring is reviewed relative to the Group's overall risk profile. DNB Livsforsikring's chief executive and Board of Directors are to help ensure that DNB Livsforsikring's risk management and strategy are consistent with the Group's risk profile. The Risk Analysis and Control unit is responsible for reporting, monitoring and follow-up of total risk in DNB Livsforsikring and is organised independent of the Group's financial management and business areas.

Note 5 Risk management (continued)

The Group's risk, including DNB Livsforsikring, is measured in the form of risk-adjusted capital requirements. The capital requirements reflect market, insurance, operational and business risk. Primary capital in DNB Livsforsikring is maintained at an adequate level relative to risk-adjusted capital, while the capitalisation of the company must also ensure the necessary buffers relative to the regulatory minimum capital adequacy and solvency margin requirements. The capitalisation of DNB Livsforsikring takes into account that the company is part of the DNB Group and that the Group's equity reserves can also be used to the benefit of DNB Livsforsikring. Risk-adjusted capital for DNB Livsforsikring before diversification effects totalled NOK 25.2 billion at year-end 2014, compared with NOK 11.8 billion a year earlier. Approximately 86 per cent of the NOK 25.2 billion represented market risk, 4 per cent insurance risk, 7 per cent operational risk, and the remaining 3 per cent business risk. Diversification effects between the various risk categories have been taken into account.

Notes 13 to 16 specify market risk for the DNB Group, including risk linked to financial instruments in DNB Livsforsikring. Additional information concerning risk associated with operations in DNB Livsforsikring is presented in notes 16, 17 and 18.

Risk measurement is a field in constant development, and measurement methods and tools are subject to continual improvement.

Concentrations of risk

Concentrations of financial risk arise when financial instruments with identical characteristics are influenced in the same way by changes in economic or other factors. The identification of risk concentrations is subject to discretionary assessment. The general purpose of risk management in the Group is to reduce and control risk concentrations. The Group aims to avoid large credit risk concentrations, including large exposures to a customer or customer group as well as clusters of loans in high-risk categories, industries and geographical areas, cf. notes 3, 7 and 8. Total credit risk as at 31 December 2014 is presented in note 6. With respect to market risk, concentration risk is restricted by limits ensuring that exposure is divided among a number of instruments, securing sound diversification to meet changes in share prices, exchange rates, commodity prices and interest rate levels. Concentrations of interest rate risk are presented in note 14. Currency risk is specified in note 15. The Group's largest investments in shares, mutual funds and equity certificates are specified in note 34. The Group has not identified material risk concentrations apart from in its core operations, including strategic priority areas, which are referred to above.

Note 6 Credit risk

Credit risk or counterparty risk is the risk of financial losses due to failure on the part of the Group's customers/counterparties to meet their payment obligations towards DNB. Credit risk refers to all claims against customers/counterparties, mainly loans, but also commitments in the form of other extended credits, guarantees, interest-bearing securities, unutilised credit lines, interbank deposits and loan offers, as well as counterparty risk arising through trading in currency and interest rate derivatives. In addition, counterparty risk is a major element of the settlement risk that arises in connection with payment transfers and the settlement of contracts.

Credit risk also includes concentration risk, including risk relating to large exposures to a particular customer, as well as clusters of loans in geographical areas or industries or to homogeneous customer groups. Residual risk is the risk that the collateral backing a loan is less effective than expected. Credit risk management and measurement is described in further detail in the Risk and Capital Management (Pillar 3) report. The group guidelines for credit activity are approved by the Boards of Directors of DNB. The principal objective of credit activity is to ensure that the quality and composition of the loan portfolio provide a good basis for the Group's short and long-term profitability. The quality of the portfolio should be consistent with DNB's aim of maintaining a low risk profile. See also note 5 Risk management, in which credit risk for the Group is quantified in the form of risk-adjusted capital requirements.

The maximum credit risk exposure will be the carrying amount of financial assets plus unrecorded exposure, which mainly includes guarantees, unutilised credit lines and loan offers. Guarantees, unutilised credit lines and loan offers are specified in note 55 Off-balance sheet transactions, contingencies and post-balance sheet events. The maximum credit risk exposure and related collateral are shown below.

Credit risk exposure and collateral as at 31 December 2014 **DNB Group**

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral [1]
Deposits with central banks	56 316	0	0	0
Due from credit institutions	373 409	0	346 634	121
Loans to customers	1 438 839	872 708	14 273	362 224
Commercial paper and bonds	386 970	0	0	0
Financial derivatives	235 736	0	1 536	135 208
Other assets	27 134	0	0	0
Total maximum exposure to credit risk reflected on the balance sheet	2 518 404	872 708	362 444	497 554
Guarantees	103 017	8 230	154	30 813
Unutilised credit lines and loan offers	608 157	55 270	75	96 913
Other commitments	5 132	1	0	43
Total maximum exposure to credit risk not reflected on the balance sheet	716 306	63 501	229	127 768
Total	3 234 710	936 210	362 672	625 322

Credit risk exposure and collateral as at 31 December 2013 **DNB Group**

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral [1]
Deposits with central banks	164 317	0	0	0
Due from credit institutions	180 882	0	161 491	130
Loans to customers	1 340 831	830 727	8 544	274 183
Commercial paper and bonds	413 221	0	0	0
Financial derivatives [2]	130 939	0	369	62 036
Other assets	16 054	0	0	0
Total maximum exposure to credit risk reflected on the balance sheet	2 246 244	830 727	170 404	336 349
Guarantees	99 472	8 237	101	23 176
Unutilised credit lines and loan offers	580 460	56 708	13	69 520
Other commitments	4 531	5	0	9
Total maximum exposure to credit risk not reflected on the balance sheet	684 463	64 950	114	92 705
Total	2 930 707	895 677	170 518	429 054

1) *Other collateral includes the assessed fair value of movables, sureties, ships and cash as well as other credit enhancements, such as netting agreements and guarantees received.*

2) *In connection with the implementation of the revised IFRS 7 Financial Instruments - Disclosures in 2013, the company reviewed offsetting and collateral. Based on the review, certain reclassifications were made in the balance sheet.*

The table above includes on and off-balance sheet items which entail credit risk and the assessed value of related collateral. If available, fair values are used. In general, fair values are estimated according to different techniques depending on the type of collateral. With respect to properties, models estimating the value of collateral based on market parameters for similar properties, are used. Corresponding techniques are used for other non-financial collateral. In order to reflect the effective available collateral value, the fair value of collateral included in the table is limited to the maximum credit exposure of the individual loan or exposure.

Note 6 Credit risk (continued)

Comments to the main items as at 31 December 2014:

- *Deposits with central banks:* Deposits with Norges Bank totalled NOK 15 030 million. DNB engages only in short-term transactions with central banks outside Norway, mainly in OECD countries.
- *Loans to customers:* See further description under "Collateral and other risk-mitigating measures" on the following page.
- *Commercial paper and bonds:* See further description under "Credit exposure of other financial assets".
- *Financial derivatives:* Other collateral represents netting opportunities against other outstanding balances with customers and cash collateral received.
- *Guarantees:* See further description under "Collateral and other risk-mitigating measures" on the following page.
- *Unutilised credit lines and loan offers:* Offers of loans, credits and credit lines totalling NOK 95 648 million were included in the maximum credit exposure. No formal collateral has been established for such exposure, and the assessed value is not included in the table. Collateral is established once the offers are accepted by the customers. The assessment of the value of any collateral established in connection with such offers follows the procedure and criteria described under "Collateral and other risk-mitigating measures" on the following page.

Credit risk exposure of loans and commitments

Notes 7 and 8 show the Group's credit risk exposure for principal customer groups and according to geographic location. Notes 9 through 12 show impaired loans and guarantees and impairment of loans and guarantees.

Classification of loans and commitments

DNB's internal models for risk classification of customers are subject to continual improvement and testing. The models are adapted to different industries and segments and are regularly upgraded to ensure that the variables used in the models have high explanatory power at all times based on key risk drivers for the individual parameters included in the models. DNB has been granted permission to use IRBA models in capital adequacy calculations. The same models are used in calculations of capital requirements and in risk management.

All corporate customers granted credit must be classified according to risk in connection with every significant credit approval and, unless otherwise decided, at least once a year. In the personal banking market, where there is a large number of customers, the majority of credit decisions should be made on the basis of automated scoring and decision support systems. Risk classification should reflect long-term risk associated with each customer and the customer's credit commitment.

The risk classification systems are used as decision support, monitoring and reporting. The risk parameters used in the classification systems are an integrated part of the credit process and ongoing risk monitoring, including the follow-up of credit strategies.

Probability of default, PD, is used to measure quality. The bank divides its portfolio into ten risk classes based on the probability of default for each credit commitment.

DNB's risk classification [1)]

	Probability of default (per cent)		External rating	
Risk class	As from	Up to	Moody's	Standard & Poor's
1	0.01	0.10	Aaa – A3	AAA – A-
2	0.10	0.25	Baa1 – Baa2	BBB+ – BBB
3	0.25	0.50	Baa3	BBB-
4	0.50	0.75	Ba1	BB+
5	0.75	1.25	Ba2	BB
6	1.25	2.00		
7	2.00	3.00	Ba3	BB-
8	3.00	5.00	B1	B+
9	5.00	8.00	B2	B
10	8.00	impaired	B3, Caa/C	B-, CCC/C

1) DNB's risk classification system, where 1 represents the lowest risk and 10 the highest risk.

Note 6 Credit risk (continued)

Loans and commitments according to risk classification **DNB Group**

Amounts in NOK million	Gross loans to customers	Guarantee commitments	Unutilised credit lines	Total loans and commitments
Risk category based on probability of default				
1 - 4	810 405	68 073	444 418	1 322 896
5 - 6	373 351	19 748	96 358	489 457
7 - 10	135 493	5 209	26 177	166 879
Non-performing and impaired loans and guarantees	29 886	839	0	30 725
Total loans and commitments as at 31 December 2013 [1)]	1 349 135	93 869	566 953	2 009 957
Risk category based on probability of default				
1 - 4	911 225	68 067	389 446	1 368 738
5 - 6	361 268	21 418	79 194	461 881
7 - 10	146 403	6 020	22 098	174 522
Non-performing and impaired loans and guarantees	26 744	306	0	27 051
Total loans and commitments as at 31 December 2014 [1)]	1 445 641	95 811	490 738	2 032 191

1) *Based on nominal amount.*

Loan-loss level [1)]	2014	2013
Normalised losses including loss of interest income in per cent of net loans	0.27	0.29

1) *The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio). Calculations are based on a certain level of discretion and estimation.*

Collateral and other risk-mitigating measures

If the customer has not proven a satisfactory debt servicing capacity, credit should normally not be extended even if the collateral is adequate. The customer's debt servicing capacity is assessed in the form of ongoing future cash flows. The main sources of the cash flow included in such assessments are earned income and income from the business operations which are being financed. In addition, the extent to which the bank's exposure will be covered through the realisation of collateral in connection with a possible future default or reduction in future cash flows is taken into account.

In addition to extensive processes for credit assessment and monitoring of the loans and commitments, the Group uses collateral to reduce risk, depending on the market and type of transaction. Collateral can be in the form of physical assets, guarantees, cash deposits or netting agreements. The main types of collateral used are mortgages on residential property, commercial property and other real property, ships, rigs, registrable movables, accounts receivable, inventories, plant and equipment, agricultural chattel and fish-farming concessions. The principal rule is that physical assets should be insured. In addition, so-called negative pledges are used, where the customer is required to keep all assets free from encumbrances vis-à-vis all lenders.

When assessing mortgages backed by residential property, the property's market value or external appraisals are used. The large majority of home mortgages are within 85 per cent of the property's appraised value, and external parameters are used to regularly review house values. DNB takes a conservative approach when calculating loan-to-value ratios, and the same loan-to-value ratio is applied to all borrowings secured by the same collateral.

Evaluations of the value of collateral in the corporate market are based on a going concern assumption, with the exception of situations where impairment losses have been recorded. In addition, factors which may affect the value of collateral, such as concession terms or easements and sales costs, are taken into account. The main principle for valuing collateral is to use the expected realisation value at the time the bank may need to realise the collateral. Valuations of collateral should be made when approving new loans and minimum once a year and are considered to be part of credit decisions. A procedure has been established for the periodic control of the values on which the extension of credit is based.

The Group's netting rights are in compliance with general rules in Norwegian legislation. Netting clauses have been included in all of the bank's standard loan agreements and in product agreements in Markets.

In addition to an assessment of the customer's debt servicing capacity, the future realisation value of collateral, received guarantees and netting rights, financial clauses are included in credit agreements. These clauses are a supplement to reduce risk and ensure adequate follow-up and management of the commitments. Such clauses may include minimum cash flow and equity ratio requirements.

In order to reduce risk concentrations, limits have also been established for exposure to individual segments.

Commitments showing a negative development are identified and followed up separately. The risk classification systems referred to above are used for decision support, risk monitoring and reporting.

Past due loans not subject to impairment

The table below shows overdue amounts on loans and overdrafts on credits/deposits and the total residual debt for these loans broken down on the number of days after the due date, assuming a deterioration of customer solvency or unwillingness to pay. Past due loans and overdrafts on credits/deposits are subject to continual monitoring. Loans and guarantees where any objective evidence of impairment exists are reviewed for impairment. Such reviews have also been carried out for the loans and guarantees included in the table for which no need for impairment has been identified. Past due loans subject to impairment are not included in the table but are included in tables showing impaired loans and guarantees, see note 9 Impaired loans and guarantees for principal customer groups.

Note 6 Credit risk (continued)

				DNB Group
	31 December 2014		31 December 2013	
Amounts in NOK million	Past due/ overdrawn	Outstanding balance on past due loans	Past due/ overdrawn	Outstanding balance on past due loans
10-29 days	697	12 458	728	11 732
30-59 days	526	3 347	523	3 304
60-89 days	149	608	197	751
> 90 days	203	960	433	1 269
Total	1 575	17 373	1 881	17 056

Credit exposure of other financial assets

The Group's investments in other financial assets, including commercial paper and bonds, are within risk limits approved by the Board of Directors. See note 38 Commercial paper and bonds, held to maturity, for a description of Markets' international bond portfolio and DNB Livsforsikring's portfolio of held-to-maturity bonds.

The Banking Group's exposure to the so-called PIIGS countries, Portugal, Ireland, Italy, Greece and Spain, at year-end 2014 totalled approximately NOK 24.3 billion, the majority of which, NOK 13.2 billion, referred to Markets' international bond portfolio. In addition, the held-to-maturity investments in the common portfolio of DNB Livsforsikring totalled NOK 6.3 billion. The Group had no exposure to Greece.

Counterparty risk for derivatives

DNB enters into derivative transactions on the basis of customer demand and to hedge positions resulting from such activity. In addition, derivatives are used to hedge positions in the trading portfolio and take positions in the interest rate, currency, commodity and equity markets. Derivatives are traded in portfolios where balance sheet products are also traded. Derivatives are generally traded "over the counter" (OTC), which means that individual contracts are agreed upon by the parties.

Derivatives are traded with a number of different counterparties, and most of these are also engaged in other types of business. The credit risk that arises in connection with derivative trading is included in the DNB Group's overall credit risk measurement. Such measurement and follow-ups take place on a daily basis. In order to minimise counterparty risk for individual counterparties, netting agreements and bilateral guarantee agreements have been entered into. In addition, various interest rate products are cleared via so-called clearing houses, such as LCH.Clearnet. The counterparty risk for an individual party is thus transferred to LCH.

CSA agreements (Credit Support Annex) have been entered into with most major bank counterparties and a large number of other counterparties. This means that the market value of all derivatives entered into between DNB and the counterparty is settled either daily or weekly, whereby counterparty risk is largely eliminated. These transactions are generally backed by cash collateral, though Treasury bills and covered bonds are also used. The collateral agreements are normally not based on rating triggers, but for a few agreements, the minimum exposure level will be reduced if DNB is downgraded. The effects of a possible downgrade are very limited. Equity forward contracts, securities issues and currency trading for private individuals are monitored and margined on a daily basis.

Repossessed properties and other assets – carrying amount

Repossessed assets are assets acquired by units within the Group as part of the management of non-performing and impaired loans and guarantees. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviation from the carrying amount of non-performing and impaired loans and guarantees at the time of acquisition is classified as impairment on loans. Repossessed assets are recorded in the balance sheet according to the type of asset. When acquiring shares or mutual fund holdings, the assets are evaluated according to the principles described in the Accounting principles. Upon final sale, the difference relative to carrying amount is recognised in the income statement according to the type of asset. Property additions in 2013 related to the residential market in Latvia. Other asset additions included the acquisition by the companies Godfjellet AS/Nye Notabene AS. Property disposals in 2013 mainly related to the sale of parts of the company Propinvest. Property additions in 2014 mainly included the acquisition by the companies Polish Properties AS. Other asset additions included the acquisition by the companies BRPH Top Holding AB. Property disposals in 2014 mainly related to the sale of parts of the company Propinvest.

		DNB Group
Amounts in NOK million	2014	2013
Repossessed properties and other repossessed assets as at 1 January	4 838	5 064
Property additions	750	550
Other asset additions	482	194
Property disposals	883	834
Other asset disposals	63	0
Net gains/losses resulting from adjustment to fair value (investment properties)	61	136
Repossessed properties and other repossessed assets as at 31 December	5 185	4 838

Companies/parts of companies acquired in 2014

Polish Properties AS

As a result of a liquidation in Poland, the bank repossessed three properties. The properties are organised in three companies in Poland and are 100 per cent owned by DNB Polish Properties AS. DNB Bank ASA owns 100 per cent of DNB Polish Properties AS. The properties were taken over for a total of EUR 32 million. At year-end 2014, the properties were valued at NOK 232 million. The property values are included in the above table.

Note 6 Credit risk (continued)

BRPH Top Holding AB
In connection with the restructuring of DNB's loan to Bastuban 1 AB in Sweden in the fourth quarter of 2014, the bank took over all shares in the subsidiary BRPH Top Holding AB on 18 December 2014 at the price of SEK 1. The BRPH Top Holding Group owns a commercial property in Mølndal in Sweden valued at SEK 427 million.

The bank's strategy is to sell these operations as soon as possible within a 12-month period from the takeover date. The operations were classified as held for sale in the Group's accounts at end- December 2014. The asset values are included in the above table.

Companies/parts of companies acquired in 2013
Godfjellet AS/Nye Notabene AS
The bookshop chain Notabene presented a winding-up petition in January 2013, whereafter Nye Notabene AS took over most of the assets. The company is 100 per cent owned by Godfjellet AS, which in turn is 100 per cent owned by DNB Bank ASA. The assets were taken over for a total of approximately NOK 70 million.

The bank's strategy is to sell these operations as soon as possible within a 12-month period from the takeover date. The operations were classified as held for sale in the group accounts as at 31 December 2013. The asset values are included in the above table.

Loans and deposits designated as at fair value

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Loans and deposits designated as at fair value	116 295	123 910
Total exposure to credit risk	116 295	123 910
Value adjustment from credit risk [1)]	334	495
Value adjustment from change in credit risk	(160)	(171)

1) Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.

Effects of changes in credit margins

The markets for short-term funding normalised in 2014, and an increasing number of banks were deemed financially solid. DNB had ample access to short-term funding throughout the year. Access to long-term funding was very good in 2014 and prices decreased significantly throughout the year. In September the European Central Bank, ECB, started buying asset-backed securities and covered bonds as part of a new stimulus program to boost the European economy. The purchases started in October and as a consequence the prices, especially on covered bonds, showed a favourable development. Changes in credit margins affected a number of items in the DNB Group's balance sheet.

As part of ongoing liquidity management, Markets invests in an international covered bond portfolio. The holding of such bonds increased through 2014. Unrealised gains in this portfolio amounted to NOK 620 million at end-December 2014, compared with unrealised gains of NOK 819 million at year-end 2013. The unrealised gains will be reversed over the remaining term to maturity, provided that there are no changes in the credit status of the bonds. There was considerable turnover in the portfolio in 2014.

The DNB Group has a 40 per cent ownership interest in Eksportfinans, and the company is recognised in the group accounts according to the equity method. Large parts of Eksportfinans' liabilities are carried at fair value through profit or loss. Moody's and Standard and Poor's down-grades 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 such unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion in the fourth quarter of 2011. DNB reviewed the fair value of Eksportfinans in connection with the closing of the accounts and wrote down the value by an amount corresponding to unrealised gains on the company's own debt in the fourth quarter of 2011. In 2012,2013 and 2014, the required rate of return in the market was reduced, and Eksportfinans had sizeable unrealised losses on own debt. The impairment loss recorded by DNB in the fourth quarter of 2011 was reversed by an amount corresponding to these unrealised losses. The reversal represented NOK 1.7 billion after tax in 2014, and the remaining impairment loss at year-end 2014 was NOK 0.3 billion. The impairment loss in 2011 and reversals in subsequent years have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

The DNB Group's long-term borrowings in Norwegian kroner are carried at fair value through profit or loss. Due to the positive financial market trend throughout 2014, investors' margin requirements were reduced, even though the margin requirements increased in the fourth quarter. At end-December 2014, there were unrealised losses of NOK 1 340 million on long-term borrowings, compared with unrealised losses of NOK 845 million at year-end 2013. Unrealised losses on the Group's liabilities will be reversed over the remaining term to maturity.

The DNB Group's fixed-rate loans in Norwegian kroner and parts of the portfolio of margin loans in Norwegian kroner are carried at fair value through profit or loss. Unrealised losses resulting from increased margin requirements, measured relative to swap rates on these loans, came to NOK 397 million at year-end 2014, compared with unrealised losses of NOK 329 million at end-December 2013. The unrealised gains and losses will be reversed over the remaining term to maturity, provided that there are no changes in the credit status of the loans.

Note 7 Loans and commitments for principal customer groups [1)]

Loans and commitments as at 31 December 2014 **DNB Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total loans and commitments
Private individuals	709 948	330	136 488	846 766
Transportation by sea and pipelines and vessel construction	123 695	11 730	38 774	174 199
Real estate	194 215	2 679	15 267	212 161
Manufacturing	77 414	26 660	56 596	160 670
Services	79 044	7 182	27 319	113 544
Trade	36 710	5 330	20 050	62 090
Oil and gas	28 591	4 987	58 146	91 724
Transportation and communication	45 280	9 033	23 937	78 251
Building and construction	49 160	13 584	20 770	83 514
Power and water supply	35 100	12 122	25 588	72 810
Seafood	17 405	202	6 579	24 187
Hotels and restaurants	6 961	321	2 094	9 377
Agriculture and forestry	8 359	69	3 558	11 986
Central and local government	13 020	304	7 054	20 379
Other sectors	11 093	1 279	44 423	56 795
Total customers, nominal amount after individual impairment	1 435 995	95 811	486 646	2 018 453
– Collective impairment, customers	2 139	-	-	2 139
+ Other adjustments	4 982	(154)	-	4 829
Loans to customers	**1 438 839**	**95 657**	**486 646**	**2 021 143**
Credit institutions, nominal amount after individual impairment	373 325	7 063	25 863	406 251
+ Other adjustments	84	0	-	84
Loans to and due from credit institutions	**373 409**	**7 063**	**25 863**	**406 335**

Loans and commitments as at 31 December 2013 **DNB Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total loans and commitments
Private individuals	672 812	337	130 404	803 553
Transportation by sea and pipelines and vessel construction	123 484	10 943	30 630	165 057
Real estate	188 664	3 125	15 647	207 436
Manufacturing	57 547	16 602	32 122	106 271
Services	71 548	8 393	32 218	112 159
Trade	33 599	4 767	22 068	60 434
Oil and gas	25 349	14 310	51 048	90 707
Transportation and communication	33 396	3 098	21 478	57 972
Building and construction	47 348	12 702	20 258	80 309
Power and water supply	30 054	14 135	32 588	76 776
Seafood	18 933	282	5 525	24 740
Hotels and restaurants	9 208	409	1 598	11 215
Agriculture and forestry	8 090	798	4 617	13 505
Central and local government	8 085	297	6 855	15 237
Other sectors	11 324	3 670	67 799	82 792
Total customers, nominal amount after individual impairment	1 339 439	93 869	474 855	1 908 163
– Collective impairment, customers	2 315	-	-	2 315
+ Other adjustments	3 707	(170)	-	3 537
Loans to customers	**1 340 831**	**93 700**	**474 855**	**1 909 386**
Credit institutions, nominal amount after individual impairment	180 853	5 318	13 507	199 678
+ Other adjustments	28	0	-	28
Loans to and due from credit institutions	**180 882**	**5 318**	**13 507**	**199 707**

1) *The breakdown into principal customer groups corresponds to the EU's standard industrial classification, NACE Rev.2.*

Note 8 Loans and commitments according to geographical location 1)

Loans and commitments as at 31 December 2014 — **DNB Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total loans and commitments
Oslo	253 042	12 451	91 639	357 132
Eastern and southern Norway	460 017	19 475	137 478	616 970
Western Norway	183 915	10 064	53 693	247 672
Northern and central Norway	197 778	10 426	40 388	248 593
Total Norway	1 094 752	52 416	323 198	1 470 367
Sweden	67 436	6 438	31 372	105 247
United Kingdom	143 118	5 087	18 962	167 166
Other Western European countries	289 827	10 329	37 653	337 810
Russia	1 498	162	253	1 912
Estonia	4 801	187	356	5 344
Latvia	16 575	395	1 879	18 849
Lithuania	26 893	1 010	2 970	30 872
Poland	18 133	709	2 626	21 468
Other Eastern European countries	937	218	16	1 171
Total Europe outside Norway	569 218	24 535	96 087	689 839
USA and Canada	56 260	15 041	74 493	145 794
Bermuda and Panama 2)	24 143	2 276	3 026	29 445
Other South and Central American countries	10 298	2 268	3 566	16 132
Total America	90 701	19 585	81 084	191 371
Singapore 2)	13 426	1 247	1 507	16 180
Hong Kong	5 835	0	63	5 898
Other Asian countries	20 278	2 832	4 123	27 233
Total Asia	39 540	4 079	5 693	49 312
Liberia 2)	9 590	1 970	504	12 064
Other African countries	765	95	35	896
Australia, New Zealand and Marshall Islands 2)	14 401	337	5 908	20 645
Commitments 3)	1 818 968	103 017	512 509	2 434 494
– Individual impairment	9 647	143	-	9 790
– Collective impairment	2 139	-	-	2 139
+ Other adjustments	5 066	(154)	-	4 912
Net loans and commitments	**1 812 248**	**102 720**	**512 509**	**2 427 478**

1) *Based on the customer's address.*

2) *Represents shipping loans and commitments.*

3) *All amounts represent gross loans and guarantees respectively before individual impairment.*

Note 8 Loans and commitments according to geographical location [1] (continued)

Loans and commitments as at 31 December 2013 **DNB Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total loans and commitments
Oslo	239 112	39 893	90 272	369 276
Eastern and southern Norway	440 386	21 946	167 772	630 104
Western Norway	175 217	11 547	43 142	229 906
Northern and central Norway	187 912	9 374	34 848	232 134
Total Norway	1 042 627	82 759	336 034	1 461 420
Sweden	68 033	800	30 734	99 567
United Kingdom	65 868	761	14 738	81 367
Other Western European countries	161 962	5 485	30 992	198 439
Russia	2 183	566	96	2 845
Estonia	4 363	87	5	4 455
Latvia	17 028	445	1 747	19 220
Lithuania	23 870	980	2 270	27 120
Poland	17 569	1 059	2 465	21 092
Other Eastern European countries	502	105	9	616
Total Europe outside Norway	361 378	10 288	83 055	454 721
USA and Canada	35 374	465	56 378	92 217
Bermuda and Panama [2]	17 924	1 367	3 901	23 192
Other South and Central American countries	11 368	2 350	4 220	17 938
Total America	64 666	4 182	64 498	133 347
Singapore [2]	12 016	16	287	12 320
Hong Kong	3 578	0	9	3 588
Other Asian countries	14 022	2 151	2 993	19 166
Total Asia	29 616	2 168	3 290	35 074
Liberia [2]	15 352	57	753	16 161
Other African countries	490	16	11	516
Australia, New Zealand and Marshall Islands [2]	15 934	2	722	16 659
Commitments [3]	1 530 063	99 472	488 362	2 117 898
– Individual impairment	9 770	284	-	10 055
– Collective impairment	2 315	-	-	2 315
+ Other adjustments	3 735	(170)	-	3 565
Net loans and commitments	**1 521 713**	**99 018**	**488 362**	**2 109 093**

1) *Based on the customer's address.*

2) *Represents shipping loans and commitments.*

3) *All amounts represent gross loans and guarantees respectively before individual impairment.*

Note 9 Impaired loans and guarantees for principal customer groups [1)]

DNB Group

Amounts in NOK million	Gross impaired loans and guarantees 31 Dec. 2014	Gross impaired loans and guarantees 31 Dec. 2013	Total individual impairment 31 Dec. 2014	Total individual impairment 31 Dec. 2013	Net impaired loans and guarantees 31 Dec. 2014	Net impaired loans and guarantees 31 Dec. 2013
Private individuals	5 368	6 410	2 297	2 928	3 071	3 482
Transportation by sea and pipelines and vessel construction	5 753	6 509	1 891	1 556	3 862	4 953
Real estate	3 864	5 475	1 347	1 767	2 517	3 708
Manufacturing	2 149	3 026	1 373	844	776	2 182
Services	1 293	1 214	620	708	673	506
Trade	1 855	818	590	431	1 265	387
Oil and gas	42	175	41	38	0	137
Transportation and communication	859	1 305	363	538	495	767
Building and construction	1 899	1 836	937	861	962	975
Power and water supply	45	113	16	45	29	68
Seafood	146	99	120	41	26	58
Hotels and restaurants	160	322	57	94	103	228
Agriculture and forestry	231	183	87	80	144	103
Central and local government	0	0	0	0	0	0
Other sectors	68	60	49	49	19	11
Total customers	23 733	27 545	9 790	9 980	13 943	17 565
Credit institutions	0	80	0	75	0	5
Total impaired loans and guarantees	23 733	27 625	9 790	10 055	13 943	17 570
Non-performing loans and guarantees not subject to impairment	3 318	3 179	-	-	3 318	3 179
Total non-performing and impaired loans and guarantees	27 051	30 804	9 790	10 055	17 261	20 749

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 10 Impairment of loans and guarantees

DNB Group

Amounts in NOK million	2014 Loans [1)]	2014 Guarantees	2014 Total	2013 Loans [1)]	2013 Guarantees	2013 Total
Write-offs	823	0	823	966	0	966
New individual impairment	2 984	95	3 078	2 871	200	3 071
Total new individual impairment	3 806	95	3 901	3 837	200	4 037
Reassessed individual impairment	1 007	238	1 245	1 182	81	1 263
Recoveries on loans and guarantees previously written off	677	0	677	457	0	457
Net individual impairment	2 123	(143)	1 980	2 199	119	2 318
Changes in collective impairment of loans	(341)	0	(341)	(133)	0	(133)
Impairment of loans and guarantees	**1 782**	**(143)**	**1 639**	**2 066**	**119**	**2 185**
Write-offs covered by individual impairment made in previous years	2 422	0	2 422	1 837	0	1 837

1) Including impairment of loans at fair value.

Note 11 Impairment of loans and guarantees for principal customer groups [1)]

DNB Group

	2014				2013			
Amounts in NOK million	New individual impairment	Reassessed individual impairment	Recoveries on loans and guarantees previously written off	Net impairment	New individual impairment	Reassessed individual impairment	Recoveries on loans and guarantees previously written off	Net impairment
Private individuals	1 066	334	537	195	1 175	236	408	531
Transportation by sea and piplines and vessel construction	666	296	89	281	916	354	0	562
Real estate	450	173	5	272	454	142	4	308
Manufacturing	635	116	4	515	248	237	9	2
Services	260	62	3	195	166	60	5	101
Trade	362	34	14	314	184	64	12	108
Oil and gas	36	20	0	16	16	14	0	2
Transportation and communication	81	98	6	(23)	349	38	3	308
Building and construction	155	75	9	71	377	60	5	312
Power and water supply	48	1	0	47	51	1	1	49
Seafood	85	3	0	82	19	1	0	18
Hotels and restaurants	20	22	0	(2)	17	19	0	(2)
Agriculture and forestry	30	9	1	20	28	30	0	(2)
Central and local government	0	0	0	0	0	0	0	0
Other sectors	11	1	8	2	36	7	8	21
Total customers	3 905	1 245	677	1 984	4 037	1 263	457	2 318
Credit institutions	(4)	0	0	(4)	0	0	0	0
Changes in collective impairment of loans	-	-	-	(341)	-	-	-	(133)
Impairment of loans and guarantees	**3 901**	**1 245**	**677**	**1 639**	**4 037**	**1 263**	**457**	**2 185**
Of which individual impairment of guarantees	*95*	*238*	*0*	*(143)*	*200*	*81*	*0*	*119*

1) The breakdown into principal customer groups corresponds to the EU's standard industrial classification, NACE Rev.2.

Note 12 Developments in impairment of loans and guarantees

DNB Group

	2014				2013			
Amounts in NOK million	Loans to credit institutions	Loans to customers	Guarantees	Total	Loans to credit institutions	Loans to customers	Guarantees	Total
Impairment as at 1 January	79	12 720	284	13 084	25	12 337	139	12 501
New impairment	0	1 831	64	1 895	0	1 340	39	1 380
Increase in impairment [1)]	0	1 153	31	1 183	50	1 480	161	1 691
Reassessed impairment	0	1 007	238	1 245	0	1 182	81	1 263
Write-offs covered by previous impairment [1)]	74	2 348	0	2 422	0	1 837	0	1 837
Changes in individual impairment of accrued interest and amortisation	(4)	(31)	-	(35)	4	1	-	5
Changes in collective impairment	0	(341)	-	(341)	0	(133)	-	(133)
Changes in group structure	0	0	0	0	0	0	0	0
Changes due to exchange rate movement	0	487	2	489	0	712	27	739
Impairment as at 31 December	1	12 464	143	12 608	79	12 720	284	13 084
Of which: Individual impairment	*1*	*9 646*	*143*	*9 790*	*75*	*9 695*	*284*	*10 055*
Individual impairment of accrued interest and amortisation	*0*	*680*	*-*	*680*	*4*	*710*	*-*	*714*
Collective impairment	*0*	*2 139*	*-*	*2 139*	*0*	*2 315*	*-*	*2 315*

1) Provisions for swap agreements were reclassified from provisions to impairment of loans as from the second quarter of 2013. The provisions were recognised in profit and loss in 2008 and written off in 2014.

Note 13 Market risk

Conditions for calculating market risk

Market risk is the risk of losses or reduced future income due to fluctuations in market prices or exchange rates. The risk arises as a consequence of the bank's unhedged transactions and exposure in the foreign exchange, property, interest rate, commodity, credit and equity markets. The risk level reflects market price volatility and the positions taken. Overall, market risk represents less than one-third of the DNB Group’s total risk.

The DNB Group quantifies risk by calculating risk-adjusted capital for individual risk categories and for the DNB Group's overall risk, see note 5 Risk management. The risk-adjusted capital for market risk should, at a confidence level of 99.97 per cent, cover all potential losses related to market risk. The model has a one-year time horizon. Exposure included in the model could be either actual exposure or limits and is a conservative estimate where the Group is assumed to be incorrectly positioned relative to market developments. The realisation period is the time required to realise positions in highly volatile markets and varies from two days for positions in the most commonly traded currencies to 250 trading days for the bank's investment portfolio.

Financial instruments in the DNB Group excluding DNB Livsforsikring are divided into 24 risk categories. Financial instruments in DNB Livsforsikring are divided into nine risk categories. Risk-adjusted capital for the risk categories is calculated on the basis of expected developments in the value of an asset class or risk factor. To estimate annual losses, the value of each underlying instrument is simulated over a period of one year. Subsequent to this, losses for each potential realisation period are estimated.

The DNB Group has chosen to make a distinction between calculations of market risk in life insurance and market risk in the rest of the DNB Group, as different calculation methods are used. Calculations of risk-adjusted capital for market risk in life insurance represent an assessment of the risk associated with financial instruments in life insurance. The calculation takes account of the obligations resulting from the guaranteed rate of return, equity buffers and dynamic portfolio management.

Market risk in life insurance was NOK 21.3 billion at year-end 2014, up NOK 13.2 billion from 2013 The strong increase was mainly a result of falling interest rate levels, which gives higher risk in DNB Livsforsikring. Through 2014, the Norwegian 10-year swap rate declined from 3.37 to 1.92 per cent. The low interest rate level increases the risk of losses due to the liability adequacy test. DNB Livsforsikring now accounts for 73 per cent of the Group’s total market risk, and this share will continue to rise as interest rates decline. Lower interest rates also represent a long-term challenge for the life insurance industry, as the companies are required to meet the guaranteed minimum rate of return.

The risk-adjusted capital for market risk in operations other than life insurance decreased from NOK 10.0 billion at year-end 2013 to NOK 8.2 billion at year-end 2014. The risk relating to equity investments was reduced, mainly due to the sale of strategic equity investments. There was a decline in basis swap risk from trading activities due to lower volatility. Mark-to-market adjustments of swap contracts entered into in connection with the Group’s long-term financing of loans, basis swaps, are not included in the measurement of risk-adjusted capital for market risk. These contracts may have significant effects on the accounts from one quarter to the next. However, as the contracts are generally held to maturity, these effects will be balanced out over time.

Note 14 Interest rate sensitivity

Interest rate sensitivity for different time intervals

The value of items on and off the balance sheet is affected by interest rate movements. The table shows potential losses for DNB Group excluding DNB Livsforsikring and Baltics and Poland resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DNB relative to the Group's positions. Also, all interest rate movements within the same interval will be unfavourable for the Group. The figures will thus reflect maximum losses for DNB.

The calculations are based on the Group's positions as at 31 December and market rates on the same date. The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

						DNB Group [1]
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2014						
NOK	327	59	79	173	248	113
USD	78	29	47	72	9	65
EUR	44	7	2	6	20	35
GBP	10	15	3	8	1	8
SEK	26	17	19	5	1	19
Other currencies	30	17	11	9	11	37
31 December 2013						
NOK	327	41	386	271	106	147
USD	61	21	31	24	6	28
EUR	28	1	45	28	8	53
GBP	1	0	6	6	0	10
SEK	21	15	34	40	4	34
Other currencies	28	15	10	10	3	40

1) Applies to the DNB Group excluding DNB Livsforsikring and Baltics and Poland.

Interest rate sensitivity for different time intervals – DNB Livsforsikring

The table shows interest rate sensitivity associated with financial assets in DNB Livsforsikring, excluding commercial paper and bonds held to maturity. The interest rate sensitivity of a security shows potential changes in the security's value resulting from a one percentage point change in interest rates.

						DNB Livsforsikring
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2014						
NOK	8	57	40	468	292	865
USD	1	13	2	36	149	174
EUR	1	6	6	66	76	141
GBP	0	2	0	8	27	33
Other currencies	0	4	0	2	10	8
31 December 2013						
NOK	11	57	125	538	290	1 021
USD	2	4	2	56	169	216
EUR	3	2	6	92	94	178
GBP	0	1	1	10	48	56
Other currencies	0	2	1	4	21	23

Interest rate sensitivity – liabilities to insurance policyholders

DNB Livsforsikring carries the risk of meeting liabilities in relation to policyholders. The return on financial assets must be sufficient to meet the guaranteed rate of return specified in insurance policies. Otherwise, inadequate returns will have to be covered by applying the market value adjustment reserve, additional allocations, equity or subordinated loan capital.

The guaranteed rate of return must be complied with on a yearly basis. Measured in relation to customer funds the company's total guaranteed rate of return averages 3.2 per cent.

Note 18 Insurance risk gives a description of a liability adequacy test prepared in compliance with IFRS 4 Insurance Contracts concerning liabilities to policyholders as at 31 December 2014.

Note 15 Currency positions

The table shows net currency positions as at 31 December, including financial derivatives as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of eligible primary capital. Aggregate currency positions must be within 30 per cent of the eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

In DNB Livsforsikring foreign currency exposure arises when the company invests parts of its securities portfolio and property portfolio in the international securities market. Under DNB Livsforsikring's current foreign currency hedging strategy, the total foreign currency exposure is reduced to a minimum.

	DNB Livsforsikring		DNB Group excl. DNB Livsforsikring	
	Net currency positions		Net currency positions	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
USD	56	(381)	(419)	(188)
EUR	63	17	(19)	(891)
GBP	30	46	11	15
SEK	405	257	4	(223)
DKK	1	(3)	1	(417)
CHF	20	(5)	9	(523)
JPY	19	(40)	135	(292)
NOK [1)]	(4)	1 427	-	-
Other	27	436	29	(22)
Total foreign currencies	618	1 754	(249)	(2 542)

1) Equity and bond funds denominated in NOK with foreign currency exposure, including EUR, GBP, JPY and USD.

Note 16 Financial derivatives

General information on application of financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms, exchange rates and the value of equity instruments for fixed periods of time. Corresponding contracts stipulating prices on commodities and indexes are also defined as financial derivatives. Derivatives include swaps, forward contracts and options as well as combinations thereof, including forward rate agreements (FRAs), financial futures and agreements on the transfer of securities. Financial derivatives in DNB are traded to manage liquidity and market risk arising from the Group's ordinary operations. In addition, the Group employs financial derivatives in its own account trading.

"Over the counter" (OTC) derivatives are contracts entered into outside an exchange. The contracts are tailor-made according to investor requirements with respect to the underlying object, quantity, price, expiration terms and maturity. The advantage of OTC derivatives is that customers are not limited to standardised contracts and can buy the precise position they wish. The disadvantage compared with the standardised market is that it can be difficult to find other contracting parties and to sell the contracts in the secondary market.

The following derivatives are employed for both trading and hedging purposes in the DNB Group:

- *Forward contracts*: a contract to buy or sell interest rate terms, amounts in foreign currencies, shares or commodities on a specified future date at a fixed price. Forward contracts are tailor-made contracts traded between counterparties in the OTC market.
- *FRAs*: agreements that fix the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the actual market interest rate is exchanged.
- *Interest rate futures*: standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
- *Swaps*: transactions where two parties exchange cash flows on a fixed amount over an agreed period. The majority of swaps are tailor-made and traded outside exchanges. The most important types of swaps traded by DNB are:
  - interest rate swaps in which fixed interest rates are exchanged for floating rates or floating rates are exchanged for fixed rates
  - cross-currency interest rate swaps in which parties exchange both currency and interest payments
  - equity swaps in which interest rate returns are exchanged for equity returns.
- *Options*: agreements giving the buyer the right, but not the obligation, to either buy (call option) or sell (put option) a specific quantity of a financial instrument or commodity at a predetermined and fixed price. The buyer pays a premium to the seller for this right. Options are traded both as OTCs (tailor-made) and as standardised contracts.

The table shows nominal values on financial derivatives according to type of derivative as well as positive and negative market values. Positive market values are entered as assets in the balance sheet, whereas negative market values are entered as liabilities. See Accounting principles for a more detailed description of measurement of financial derivatives.

Note 16 Financial derivatives (continued)

DNB Group

	31 December 2014			31 December 2013		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	2 813 508	2 211	2 295	1 576 725	713	862
Swaps	1 401 958	116 982	78 953	2 386 085	80 997	38 606
OTC options, bought and sold	62 891	1 023	695	29 003	886	719
Other OTC contracts	1 687	19	0	1 562	20	0
Total OTC derivatives	4 280 044	120 236	81 943	3 993 376	82 616	40 187
Exchange-traded contracts - futures, bought and sold	0	0	0	5 720	0	0
Total interest rate contracts	4 280 044	120 236	81 943	3 999 095	82 616	40 187
Foreign exchange contracts						
Forward contracts	150 499	8 846	2 333	1 173 804	3 088	1 461
Swaps	2 795 749	56 116	41 924	651 522	19 760	46 458
OTC options, bought and sold	68 692	972	907	52 447	628	610
Total foreign exchange contracts	3 014 940	65 934	45 165	1 877 774	23 477	48 530
Equity-related contracts						
Forward contracts	11 737	1 956	475	779	611	949
OTC options, bought and sold	2 014	174	128	3 982	299	85
Total OTC derivatives	13 751	2 130	603	4 761	910	1 033
Futures, bought and sold	23 777	1	1	8 089	9	11
Options, bought and sold	3 862	77	90	2 017	32	18
Total exchange-traded contracts	27 639	78	91	10 106	41	29
Total equity-related contracts	41 390	2 209	694	14 867	951	1 062
Commodity-related contracts						
Swaps	41 930	7 172	6 576	67 644	1 873	1 204
Total commodity related contracts	41 930	7 172	6 576	67 644	1 873	1 204
Collateral pledged/received						
Total collateral pledged/received		40 184	50 593		22 023	20 327
Total financial derivatives	**7 378 304**	**235 736**	**184 971**	**5 959 381**	**130 939**	**111 310**
Of which: Applied for hedging purposes	*464 316*	*41 781*	*1 103*	*350 458*	*20 069*	*3 365*
- Interest rate swaps		*40 960*	*597*		*18 101*	*2 529*
- Interest rate and currency swaps		*820*	*506*		*1 968*	*835*

Use of financial derivatives in Markets

Markets acts as market maker and is obliged to furnish both offer and bid prices for specified option, forward or futures series with a maximum differential between the offer and bid price, together with a minimum volume. Market makers always trade for their own account. The purpose of own account trading, in addition to being a market maker, is position taking, which means intentional risk-taking within the foreign exchange, interest rate and equity markets to achieve profits arising from favourable price, exchange rate and index fluctuations. Arbitrage, that is profit taking from fluctuations in prices, exchange rates and indices for the same product in various markets, is also part of own-account trading.

Customer trading entails structuring and marketing financial derivatives for customers, enabling them to transfer, modify, take or reduce prevailing or expected risk. The majority of derivative transactions relate to customer trading.

DNB uses interest rate and currency swaps to convert foreign currency borrowings into the desired currency. As a typical example, the bank raises a loan in euro, which is swapped to US dollars through a basis swap. In this case, the bank will pay a US dollar interest rate based on a swap curve and receive a euro interest rate reduced or increased by a margin. These derivatives are carried at fair value. There may be significant variations in the value of the basis swaps from day to day, due to changes in basis swap spreads. This unhedged risk causes unrealised gains and losses. For the year 2014, there was a NOK 394 million increase in value (positive effect on profits), compared with a NOK 1 364 million decrease in value (negative effect on profits) in 2013.

Use of financial derivatives in DNB Livsforsikring

The purpose of employing financial derivatives in DNB Livsforsikring is to be able to invest and allocate funds in accordance with the company's expectations of market trends, through swift and cost-effective asset and market exposure. In addition, the application of derivatives facilitates active risk management and adjustments in equity, interest rate and foreign exchange risk. See notes 14 Interest rate sensitivity and 15 Currency positions for a further description.

Note 16 Financial derivatives (continued)

Use of financial derivatives in DNB Boligkreditt

The purpose of employing financial derivatives in DNB Boligkreditt is to uncover and reduce foreign exchange and interest rate risk.

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See notes 5 Risk management and 13 Market risk. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business with DNB. The credit risk arising in connection with derivatives trading is included in the total credit risk of the DNB Group. Netting agreements or bilateral agreements on collateral are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account such agreements, resulting in a reduction of capital adequacy requirements. See note 6 Credit risk for a description of counter-party risk.

Note 17 Liquidity risk

Liquidity risk is the risk that the DNB 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 Group's ratio of deposits to net loans was 65.4 per cent at end-December 2014, up from 64.7 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 124.8 per cent at year-end 2014.

The short-term funding markets remained generally sound throughout 2014, and price differences between the best and second best banks have decreased. In the long-term funding markets, there was also a healthy supply of capital in 2014. There was a reduction in prices during the year, and costs relating to new covered bond issues showed a particularly favourable trend after the European Central Bank, ECB, presented its covered bond purchase programme as one of several measures to stimulate European economic activity.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the year. At end-December, the total LCR was 135 per cent, with an LCR of 130 per cent for EUR and 190 per cent for USD.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.3 years at end-December 2014, unchanged from a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 17 Liquidity risk (continued)

Residual maturity as at 31 December 2014 1) **DNB Group**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	58 506						58 506
Due from credit institutions	282 050	62 797	6 091	22 376	13		373 325
Loans to customers	159 915	86 886	78 234	292 100	822 348	(2 139)	1 437 344
Commercial paper and bonds at fair value	90 640	3 600	17 765	119 424	31 864		263 293
Commercial paper and bonds, held to maturity		500	6 865	30 020	79 246		116 631
Shareholdings				0		32 745	32 745
Other assets		2 774		831			3 605
Total	591 111	156 556	108 954	464 750	933 470	30 606	2 285 448
Liabilities							
Due to credit institutions	202 809	4 893	3 130	3 335	33		214 201
Deposits from customers	941 120						941 120
Debt securities issued	63 553	99 163	107 084	324 693	180 111		774 604
Other liabilities etc.	1 002	4 036	267				5 305
Subordinated loan capital			4 937	18 747	4 792		28 476
Total	1 208 483	108 092	115 419	346 775	184 937		1 963 705
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	626 933	526 125	335 505	482 062	258 019		2 228 644
Outgoing cash flows	608 274	518 659	332 828	494 515	267 354		2 221 630
Financial derivatives, net settlement	1 958	1 677	4 168	21 846	14 968		44 617
Total financial derivatives	20 616	9 143	6 845	9 392	5 634		51 631

Residual maturity as at 31 December 2013 1) **DNB Group**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	166 019	477	675				167 170
Due from credit institutions	147 504	27 790	5 606				180 900
Loans to customers	132 158	73 791	71 527	263 917	801 616	(2 315)	1 340 695
Commercial paper and bonds at fair value	13 481	45 579	38 248	122 759	37 625		257 693
Commercial paper and bonds, held to maturity	793	1 897	26 351	29 181	94 660		152 883
Shareholdings						46 312	46 312
Other assets		2 917		805			3 722
Total	459 955	152 452	142 406	416 662	933 902	43 997	2 149 375
Liabilities							
Due to credit institutions	179 437	25 457	16 938	12 347			234 179
Deposits from customers	867 487						867 487
Debt securities issued	84 501	85 291	63 427	291 017	170 595		694 831
Other liabilities etc.	581	4 009	272				4 861
Subordinated loan capital	310			21 337	4 011		25 658
Total	1 132 317	114 757	80 637	324 701	174 606		1 827 017
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	768 974	365 380	223 961	487 327	265 834		2 111 475
Outgoing cash flows	771 544	365 767	224 852	493 183	271 768		2 127 115
Financial derivatives, net settlement	1 039	1 482	4 375	21 259	15 746		43 902
Total financial derivatives	(1 531)	1 095	3 484	15 402	9 813		28 262

1) Nominal future interest payments in excess of accrued interest are not included on the balance sheet date.

Credit lines, commitments and documentary credit **DNB Group**

Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Unutilised credit lines etc. under 1 year	259 843	384 750
Unutilised credit lines etc. over 1 year	351 903	199 883

Note 18 Insurance risk

INSURANCE RISK IN LIFE INSURANCE

Risk in DNB Livsforsikring AS includes financial risk and insurance risk, in addition to operational risk and business risk. Financial risk comprises credit and market risk, which is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies (see description in notes 13-15). Insurance risk relates to changes in future insurance payments due to changes in life expectancy and disability rates.

Analysis of insurance liabilities, customers bearing the risk, and liabilities to policyholders

	DNB Group [1]	
Amounts in NOK million	Insurance liabilities, customers bearing the risk	Liabilities to policyholders
Balance sheet as at 31 December 2012	**28 269**	**221 185**
Deposits	4 585	13 394
Return	4 594	11 245
Inflow of reserves	621	733
Outflow of reserves	930	1 591
Insurance payments	1 134	12 548
Other changes	(492)	(1 513)
Balance sheet as at 31 December 2013	**35 512**	**230 906**
Deposits	5 361	12 730
Return	3 008	11 673
Inflow of reserves	1 574	703
Outflow of reserves	1 034	24 772
Insurance payments	1 072	12 675
Other changes	(483)	(1 764)
Balance sheet as at 31 December 2014	**42 866**	**216 799**

1) Refers only to DNB Livsforsikring.

Description of the insurance products

The company offers traditional life and pension insurance, unit-linked insurance and non-life insurance. A calculation rate is used to determine provisions and premiums. The highest calculation rate is set by Finanstilsynet (the Financial Supervisory Authority of Norway). This interest rate is often called the calculation rate, and is 2.0 per cent for new insurance contracts. The calculation rate is the annual guaranteed rate of return on policyholders' funds. In most unit-linked insurance products, policyholders bear the financial risk. Non-life insurance policies are products generating payments related to policyholders' life and health. These products are not subject to profit sharing and are repriced annually.

Group contracts

Under group defined-benefit pensions, pension payments are disbursed from an agreed age and until the death of the policyholder. It can also be agreed that the pension payments cease at a certain age. A defined-benefit pension may include a retirement pension, disability pension, spouse's pension and child's pension. Policyholders pay an annual premium for interest rate risk, insurance risk and administration in advance. The company is entitled to change the premium annually. Interest in excess of the guaranteed rate of return is awarded to policyholders in its entirety. If the interest is between zero and the guaranteed rate of return, the company can use additional allocations to meet the guaranteed rate of return, otherwise the company must cover the deficit. A positive risk result may either be used to increase the risk equalisation fund or be distributed to the policyholders. No more than 50 per cent of annual profits may be allocated from the risk result to the risk equalisation fund. The company must cover any remaining losses after the risk equalisation fund has been used. The administration result is allocated in its entirety to the company. For one year agreements with disability pensions and dependent's pensions without savings, the risk result is transferred directly to the company.

When a member terminates a pension agreement or a pension agreement ends, he or she is entitled to a paid-up policy. Rights earned on the termination date are continued in paid-up policies. Paid-up policies have a separate profit model where a minimum of 80 per cent of the interest result are distributed to policyholders. The administration result is allocated in its entirety to the company.

Group association insurance is pension insurance taken out by associations for their members. Association insurance can comprise retirement pensions, disability pensions, spouse's pensions and child's pensions. Profits for distribution between policyholders and the company include the interest result, the risk result and the administration result. No less than 65 per cent of annual profits must be distributed to policyholders.

Note 18 Insurance risk (continued)

Individual contracts

Individual annuity and pension insurance policies are savings schemes whereby the company disburses monthly amounts up until the death of the policyholder, or until the policyholder reaches an agreed age. This usually comprises a retirement pension, disability pension, spouse's pension and child's pension.

Individual endowment insurance policies are contracts whereby the company disburses an agreed amount upon the death of the policyholder or when the policyholder attains an agreed age. Individual endowment insurance may also include disability cover, which is a one-off benefit for permanent disability.

For individual contracts sold prior to 1 January 2008, total profits are distributed between policyholders and the company. Profits for distribution include the interest result, the risk result and the administration result. No less than 65 per cent of total profits must be distributed to policyholders. The new regulations apply to contracts sold after 1 January 2008, with annual pricing of each profit element, which is in accordance with the regulations for group defined-benefit pensions.

Contracts in the unit-linked portfolio

Defined-contribution pensions are group pension schemes where the employees bear the financial risk. However, full or partial hedging of the paid amount can be bought.

Individual unit-linked insurance polices are endowment insurance policies or annuity insurance polices where policyholders bear the financial risk.

Other sectors

Group life insurance policies are life level term insurance policies taken out by employers or associations for their employees or members and, where applicable, also for their spouses and children. The amount recoverable under the policy is disbursed upon the death of the policyholder. Group life insurance may also comprise disability cover, which is a one-off benefit for permanent disability.

Employer's liability insurance is a one-year risk product which companies link to their pension agreements. This may be corporate group life insurance or accident insurance. Occupational injury insurance is mandatory for all enterprises.

Specification of liabilities to policyholders recorded in the balance sheet as at 31 December 2014 **DNB Group [1)]**

	Group life insurance - defined-benefit pensions			Individual annuity and pension insurance					
Amounts in NOK million	Private sector	Public sector	Group association insurance	Annuity and pension insurance	Endowment insurance	Group life insurance	Non-life insurance	Total 2013	Total 2012
Premium reserve	169 056	16 057	3 607	35 036	20 817	215	0	244 789	251 250
Additional allocations	3 396	333	160	1 127	397	0	0	5 413	4 916
Market value adjustment reserve	2 191	35	47	477	214	1	(35)	2 930	2 735
Claims reserve	184	0	12	191	358	569	1 403	2 716	2 638
Premium fund	2 339	1 035	13	139	0	0	0	3 526	4 599
Pensioners' profit fund	0	0	0	0	0	0	0	0	0
Supplementary allocations	7	0	0	0	0	0	0	7	16
Other technical reserves	0	0	0	0	0	0	284	284	264
Liabilities to policyholders	**177 174**	**17 460**	**3 839**	**36 970**	**21 785**	**785**	**1 652**	**259 666**	**266 418**
Unrealised gains on bonds held to maturity [2)]								12 568	5 369

1) Refers only to DNB Livsforsikring.

2) Unrealised gains on bonds held to maturity are not included in balance sheet values.

Insurance risk

Within life insurance, insurance risk is mainly related to the likelihood of death and disability.

Insurance risk in DNB Livsforsikring AS is divided, in varying degrees, between policyholders and the company. With respect to the non-life insurance products employers' liability insurance and certain pure risk products, the company is exposed to insurance risk. For individual pension and endowment insurance products sold after 1 January 2008 and group pension agreements, the company's risk represents its obligation to cover a possible negative risk result. The company is credited up to 50 per cent of any positive risk result in the form of allocations to the risk equalisation fund.

The risk result arises when empirical data for mortality, disability and exit risk deviate from the assumptions underlying the calculation base for premiums and provisions. When the risk result generates a surplus, the surplus can be allocated to the risk equalisation fund. The risk equalisation fund cannot exceed 150 per cent of the company's total risk premiums for the accounting year. If there is a deficit on the risk result, the risk equalisation fund can be used. The risk equalisation fund does not apply to risk contracts with a maximum term of one year, disability pensions and dependent's pensions with no accrued entitlement or individual contracts sold prior to 1 January 2008.

Risk for DNB Livsforsikring AS related to changes in mortality rates is twofold. With respect to mortality risk coverage, mainly spouse's and child's pensions, lower mortality rates will give an improved risk result and a more limited need for provisions. For pensions that are currently payable, lower mortality rates will result in extended disbursement periods and thus require greater provisions, called pure endowment risk. It will be possible to cover the required increase in reserves relating to insurance risk by future surpluses on investment results. The company's insurance risk mainly comprises pure endowment risk and disability risk.

Note 18 Insurance risk (continued)

DNB Livsforsikring AS increased premium reserves by a total of NOK 2.9 billion in 2014 due to higher life expectancy. The total required increase in reserves for the existing portfolio was NOK 12.3 billion as at 31 December 2014. The entire interest result and half of the risk result for group pensions for the 2011-2014 period have been retained, and additional provisions are required. The remaining required increase in reserves as at 31 December 2014 was NOK 5.3 billion. Finanstilsynet has approved an escalation period from 1 January 2014 through 31 December 2020, requiring that minimum 20 per cent of the increase in reserves be in the form of shareholder contributions. Based on current expectations regarding recorded returns up to 31 December 2020, the shareholder contribution is expected to represent approximately 25 per cent of the total required increase in reserves, which will be distributed over the seven-year escalation period on a straight-line basis. The remaining required increase in reserves will be financed by policyholder surpluses, subject to adequate returns during this period.

Disability risk is more exposed to short-term changes. Allocations covering incurred, unsettled insurance claims are under continuous review. No further needs for strengthening existing provisions relating to disability pensions or other disability products have been identified.

With respect to existing contracts, insurance risk is subject to continual review by analysing and monitoring risk results within each business sector. In addition, the company applies reinsurance as an instrument to reduce insurance risk. The company's current reinsurance contracts cover catastrophes and significant individual risks within group and individual insurance. The reinsurance agreements imply that DNB Livsforsikring AS is responsible for risk up to a certain level while the reinsurer covers excess risk up to a maximum defined limit.

In order to reduce insurance risk exposure, it is mandatory that policyholders undergo a health check before entering into a contract for individual risk products. Individual health checks are also required under small-scale group schemes. In connection with the sale of disability pensions, policyholders are divided into risk categories based on a concrete risk assessment in each individual case.

DNB Livsforsikring AS's operations are concentrated in Norway. In this market, the portfolio is well diversified and without any concentrations of risk in specific geographical areas or industries.

Risk result

The table shows the effect on the risk result for 2014 of given changes in empirical mortality or disability data. The cost of introducing a new calculation base for annuity, pension and group association insurance is recorded under "Other".

DNB Livsforsikring

			Group life insurance - defined-benefit pensions			Individual annuity and pension insurance				
Amounts in NOK million			Private sector	Public sector	Group association insurance	Annuity and pension insurance	Endow-ment insurance	Other sectors	Total 2014	Total 2013
Risk result										
Risk result in 2014 *)			388	144	14	77	84	(1)	706	
Risk result in 2013			413	(57)	(4)	(8)	90	19		452
Sensitivities - effect on risk result in 2014										
5 per cent reduction in mortality rate			(20)	(9)	(1)	(10)	2	3	(36)	(33)
10 per cent increase in disability rate			(132)	(18)	(1)	(9)	(7)	(15)	(181)	(188)
**)*	*Of which:*	*Mortality risk*	*(20)*	*25*	*9*	*(1)*	*58*	*1*	*72*	*149*
		Longevity risk	*(11)*	*57*	*(3)*	*20*	*(1)*	*(2)*	*59*	*(169)*
		Disability rate	*356*	*85*	*10*	*61*	*20*	*2*	*534*	*449*
		Employer's liability insurance	*69*	*0*	*0*	*0*	*6*	*0*	*75*	*72*
		Other	*(5)*	*(23)*	*(1)*	*(3)*	*1*	*(1)*	*(34)*	*(49)*

Permanent changes in the calculation assumptions will require changes in premiums and provisions. With respect to group pension insurance and individual policies sold after 1 January 2008, it will be possible to finance higher premium reserve requirements by the risk result for the year, or by current or future investment results. For individual contracts sold prior to 1 January 2008, rising premium reserve requirements can be financed by profits for allocation or future profits for allocation.

Note 18 Insurance risk (continued)

Calculation assumptions

The table shows the effect of changes in key calculation assumptions on gross premium reserves.

		DNB Livsforsikring
Amounts in NOK million	Change in per cent	Effect on gross premiumreserve
Mortality	-5	+1 955
Disability	+10	+2 289

Mortality and disability

The table shows the net annual risk premium for a sum assured of NOK 100 000. For spouse's pensions, the premium shown is for an annual spouse's pension of NOK 10 000 paid from the death of the primary policyholder until the spouse reaches the age of 77. For disability pensions, the premium shown is for an annual disability pension of NOK 10 000, payable after a 12-month waiting period, until 67 years of age. All premiums relating to individual schemes are gender neutral.

	DNB Livsforsikring					
	Men			Women		
Amounts in NOK million	30 years	45 years	60 years	30 years	45 years	60 years
Individual life insurance	84	216	924	84	216	924
Individual disability lump sum	289	993	0	289	993	0
Individual disability pension	490	1 433	4 301	490	1 433	4 301
Spouse's pensions in group schemes	14	106	447	12	63	184
Disability pensions in group schemes	256	456	1 230	370	1 146	2 141

Interest rate sensitivity – liabilities to policyholders

DNB Livsforsikring carries the risk of fulfilling the company's commitments in contracts with policyholders. The return on financial assets must be sufficient to meet the guaranteed rate of return specified in insurance policies. Otherwise, inadequate returns will have to be covered by applying the market value adjustment reserve, additional allocations, equity or subordinated loan capital. The guaranteed rate of return must be complied with on a yearly basis. Measured in relation to customer funds, the company's total guaranteed rate of return averages 3.2 per cent.

The table shows long-term developments in the average guaranteed rate of return for each sector. The guaranteed rate of return is shown as a percentage of the premium reserve, premium fund and additional allocations, and is measured as at 31 December. The interest rate guarantee is gradually reduced each year.

	DNB Livsforsikring			
Per cent	2014	2013	2012	2011
Group pension insurance, private sector	3.2	3.3	3.4	3.4
Group pension insurance, public sector	2.9	2.9	3.0	3.1
Individual pension insurance	3.4	3.4	3.4	3.5
Individual endowment insurance	2.3	2.6	2.7	2.7
Group association insurance	4.0	4.1	4.1	4.1
Total	3.2	3.2	3.3	3.3

Liability adequacy test

In accordance with IFRS 4, the company has assessed whether its premium reserves are adequate to cover its liabilities. If the test shows that the premium reserves are too low to bear the future liabilities of the company, the difference should be recorded on the test date. Adequacy tests are performed each quarter.

All premium rates used by the company are based on past experience within product segments or business sectors. Thus, products may have different technical rates of interest, mortality and disability assumptions, and may incur different costs. The adequacy test assesses the margins in the premium rates and the future required increase in reserves to reflect higher life expectancy.

Adequacy tests are calculated based on the net present value of all future cash flows generated by the insurance contracts, discounted by a spot interest rate curve. The interest rate curve is calculated based on observable Norwegian swap rates. The Smith Wilson-model is used to estimate the interest rate curve over a 10-year period, and it is assumed that the spot interest rate will converge against a long-term macro-economic target rate. The adequacy test is susceptible to changes in the interest rate curve as well as to assumptions for increased reserves to reflect higher life expectancy.

The adequacy test indicated no need for further provisions covering liabilities to policyholders as at 31 December 2014.

Note 18 Insurance risk (continued)

Solvency capital

The solvency capital consists of the market value adjustment reserve, additional allocations, the security reserve, risk equalisation fund, equity, subordinated loan capital and perpetual subordinated loan capital securities and unrealised gains on bonds held to maturity. All these elements, with the exception of the risk equalisation fund and part of the security reserve, can be used to meet the guaranteed rate of return on policy-holders' funds.

	DNB Livsforsikring	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Market value adjustment reserve	2 930	2 735
Additional allocations	5 413	4 916
Security reserve	222	205
Risk equalisation fund	1 253	1 013
Equity	19 584	16 836
Subordinated loan capital and perpetual subordinated loan capital securities	1 435	1 335
Unrealised gains on bonds held to maturity	12 568	5 369
Total available capital	43 406	32 409
Guaranteed return on policyholders' funds [1]	6 810	7 350

1) One-year guaranteed rate of return on insurance contracts at end of period.

Capital adequacy

Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent. At the end of 2014, DNB Livsforsikring AS had a capital adequacy ratio of 21.9 per cent, compared with 18.8 per cent at the end of 2013. The Tier 1 capital ratio was 20.5 per cent, up from 17.6 per cent a year earlier.

Risk-weighted volume and eligible primary capital			**DNB Livsforsikring**	
	31 December 2014		31 December 2013	
Amounts in NOK million	Carrying amount	Weighted value	Carrying amount	Weighted value
Total assets	287 929	89 085	290 652	95 119
Primary capital				
Tier 1 capital		18 288		16 780
Net Tier 2 capital		1 210		1 110
Financial deduction		0		0
Total eligible primary capital		19 498		17 889
Capital adequacy requirement		7 127		7 609
Capital in excess of requirement		12 371		10 280

Solvency capital

Solvency capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency capital requirements for Norwegian life insurance companies are subject to regulations on the calculations of solvency capital requirements and solvency capital, as laid down by the Ministry of Finance on 19 May 1995.

	DNB Livsforsikring	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Total eligible primary capital	19 498	17 889
Additional allocations (50 per cent)	2 707	2 458
Risk equalisation fund (50 per cent)	626	506
Security reserve in non-life insurance (above 55 per cent of the minimum requirement)	100	92
Solvency capital	22 931	20 946
Solvency capital requirement	9 353	10 100

Note 18 Insurance risk (continued)

INSURANCE RISK IN NON-LIFE INSURANCE

The non-life insurance products offered by DNB Skadeforsikring AS are distributed mainly through the DNB Group's sales channels. The premium portfolio totalled NOK 1 996 million at year-end 2014, of which the greater part represented insurance coverage for individual customers.

Risk in DNB Skadeforsikring comprises insurance, market, counterparty, operational and business risk. Insurance risk includes the risk of losses if insurance premiums fail to cover future claims payments, in addition to the risk that the company has not set aside adequate claims reserves for incurred claims. Indemnity payments are influenced by a number of factors, including catastrophic losses, claims frequency and inflation. An increase in claims frequency can be due to seasonal variations or reflect more lasting effects. A permanent change in claims frequency due to, for example, changes in customer behaviour and new types of claims, will have the most pronounced effect on profitability. Insufficient risk diversification with respect to risk categories and sums insured and the geographic locations and types of operations covered by the insurance policies could also have a negative effect on insurance risk.

DNB Skadeforsikring has established a reinsurance programme to help neutralise the consequences of particularly serious insurance events. The programme is adapted to the company's overall risk, which is the sum of insurance risk, market risk, counterparty risk and operational risk. Risk utilisation is measured relative to both the prevailing Solvency I regulations and the coming Solvency II regulations.

During 2014, DNB Skadeforsikring had a reinsurance programme (excess of loss programme) covering individual losses and incidents above a given limit within the individual product groups. The programme was adapted to the risk profile of the portfolio and was divided between several reinsurers to reduce counterparty risk.

Insurance risk is subject to continual review by monitoring the profitability of all products and quarterly risk measurement.

Note 19 Net interest income

	2014			2013		
DNB Group						
Amounts in NOK million	Recorded at fair value	Recorded at amortised cost [1]	Total	Recorded at fair value	Recorded at amortised cost [1]	Total
Interest on amounts due from credit institutions	1 511	303	1 814	1 058	240	1 299
Interest on loans to customers	4 038	48 100	52 139	4 734	47 284	52 019
Interest on impaired loans and guarantees	0	643	643	0	682	682
Interest on commercial paper and bonds at fair value	4 419	0	4 419	4 373	0	4 373
Interest on commercial paper and bonds, held to maturity	-	659	659	-	944	944
Front-end fees etc.	5	312	316	8	321	329
Other interest income	(1 181)	2 637	1 456	(1 152)	1 911	759
Total interest income	**8 792**	**52 654**	**61 445**	**9 021**	**51 383**	**60 404**
Interest on amounts due to credit institutions	1 411	344	1 755	2 065	309	2 374
Interest on deposits from customers	617	13 209	13 827	850	13 776	14 626
Interest on debt securities issued	3 149	9 485	12 633	3 373	8 757	12 130
Interest on subordinated loan capital	44	528	572	52	401	453
Guarantee fund levy	-	780	780	-	754	754
Other interest expenses [2]	(814)	205	(608)	(336)	212	(125)
Total interest expenses	**4 407**	**24 552**	**28 959**	**6 002**	**24 209**	**30 212**
Net interest income	**4 385**	**28 102**	**32 487**	**3 018**	**27 174**	**30 192**

1) Includes hedged items.

2) Other interest expenses include interest rate adjustments resulting from interest rate swaps entered into. Derivatives are recorded at fair value.

Note 20 Interest rates on selected balance sheet items

	Average interest rate in per cent [2]		Average volume in NOK million	
DNB Group [1]				
	2014	2013	2014	2013
Assets				
Due from credit institutions	0.34	0.27	527 384	474 955
Loans to customers	3.84	3.99	1 373 168	1 322 447
Commercial paper and bonds	2.34	2.43	189 141	179 832
Liabilities				
Due to credit institutions	0.60	0.76	291 075	312 183
Deposits from customers	1.41	1.58	977 967	923 892
Securities issued	1.67	1.72	756 576	706 504

1) Applies to the DNB Group excluding DNB Livsforsikring.

2) Average interest rate in per cent is calculated as total interest in NOK for the specific products in relation to the appurtenant average capital.

Note 21 Net commission and fee income

	DNB Group	
Amounts in NOK million	2014	2013
Money transfer fees	3 476	3 330
Fees on asset management services	1 259	1 119
Fees on custodial services	353	320
Fees on securities broking	350	262
Corporate finance	740	497
Interbank fees	35	37
Credit broking commissions	630	473
Sales commissions on insurance products	2 800	2 810
Fees on real estate broking	1 095	1 144
Sundry commissions and fees	829	923
Total commission and fee income etc.	**11 565**	**10 916**
Money transfer fees	1 341	1 225
Commissions on fund management services	225	179
Fees on custodial services	160	134
Interbank fees	67	73
Credit broking commissions	56	102
Commissions on the sale of insurance products	131	85
Sundry commissions and fees on banking services	617	581
Total commission and fee expenses etc.	**2 597**	**2 379**
Net commission and fee income	**8 969**	**8 537**

Note 22 Other income

	DNB Group	
Amounts in NOK million	2014	2013
Income from owned/leased premises	92	69
Income from investment properties	250	239
Sales income	110	107
Miscellaneous operating income	729	729
Total other income	**1 182**	**1 144**

Note 23 Net gains on financial instruments at fair value

	DNB Group	
Amounts in NOK million	2014	2013
Foreign exchange and financial derivatives	236	3 418
Commercial paper and bonds	1 486	(868)
Shareholdings	(30)	(1)
Other financial assets	3	(24)
Financial liabilities	(1)	171
Net gains on financial instruments, trading	1 694	2 695
Loans at fair value	1 555	1
Commercial paper and bonds	1 623	31
Shareholdings	141	733
Financial liabilities	(1 478)	259
Net gains on financial instruments, designated as at fair value	1 842	1 024
Financial derivatives, hedging	15 087	(1 029)
Financial assets, hedged items	(0)	(9)
Financial liabilities, hedged items	(14 605)	1 112
Net gains on hedged items [1) 2)]	482	74
Financial guarantees	879	828
Dividends	420	411
Net gains on financial instruments at fair value	**5 317**	**5 032**

1) With respect to hedged liabilities, the hedged risk is recorded at fair value, while the rest of the instrument is recorded at amortised cost. Derivatives used for hedging are recorded at fair value. Changes in fair value arising from hedged risk are presented under Financial derivatives, hedging.

2) The DNB Group uses hedge accounting for long-term borrowings in foreign currency in DNB Boligkreditt and DNB Bank ASA. Loans are hedged 1:1 through external contracts where there is a correlation between currencies, interest rate flows and the hedging instrument. At the time the loans are raised, Markets considers whether to enter into a hedging transaction for the relevant loan based on the Group's foreign currency positions and the underlying interest rate exposure for the loan.

Note 24 Salaries and other personnel expenses

	DNB Group	
Amounts in NOK million	2014	2013
Salaries [*)]	7 959	7 892
Employer's national insurance contributions	1 146	1 127
Pension expenses [1)]	899	787
Restructuring expenses [1)]	239	776
Other personnel expenses	628	724
Total salaries and other personnel expenses	**10 872**	**11 307**
**) Of which: Ordinary salaries*	*6 336*	*6 412*
Performance-based pay	*1 349*	*1 280*

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

Note 25 Other expenses

	DNB Group	
Amounts in NOK million	2014	2013
Fees [1]	1 391	1 164
IT expenses	2 223	2 346
Postage and telecommunications	297	303
Office supplies	101	90
Marketing and public relations	863	847
Travel expenses	258	229
Reimbursement to Norway Post for transactions executed	231	143
Training expenses	61	49
Operating expenses on properties and premises [2]	1 284	1 364
Operating expenses on machinery, vehicles and office equipment	103	130
Other operating expenses [3]	834	1 184
Total other expenses	**7 645**	**7 850**

1) *Systems development fees totalled NOK 890 million in 2014 and NOK 658 million in 2013.*
2) *Costs relating to leased premises were NOK 918 million in 2014 and NOK 989 million in 2013.*
3) *Provisions of NOK 73 million were reversed in 2014. Provisions of NOK 157 million were reversed in 2013. In 2013 NOK 450 million was charged to the income statement in connection with the Supreme Court ruling regarding certain debt-financed structured products.*

Note 26 Depreciation and impairment of fixed and intangible assets [1]

	DNB Group	
Amounts in NOK million	2014	2013
Depreciation of machinery, vehicles and office equipment	1 348	1 271
Other depreciation of tangible and intangible assets	701	700
Impairment of capitalised systems development [2]	4	501
Impairment losses for goodwill [3]	5	57
Other impairment of fixed and intangible assets	99	188
Total depreciation and impairment of fixed and intangible assets	**2 158**	**2 719**

1) *See note 41 Intangible assets and note 43 Fixed assets.*
2) *Impairment of capitalised systems development in the Baltics totalling NOK 500 million was recorded in 2013.*
3) *Impairment losses for goodwill of NOK 5 million relating to DNB Eiendom were recorded in 2014. Impairment losses for goodwill of NOK 57 million relating to JSC DNB Bank were recorded in 2013.*

Note 27 Pensions

Description of the pension schemes

Up until year-end 2010, the DNB Group had a defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by DNB Livsforsikring. Pension benefits included retirement pensions, disability pensions and pensions for spouses and dependent children, which supplemented benefits from the National Insurance Scheme. Full pension entitlements required 30 years of pensionable service and gave the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme was in compliance with the Act on Occupational Pensions.

The defined benefit scheme for retirement and disability pensions for employees in Norway was closed as at 31 December 2010. As from 1 January 2011, employees who take up employment in DNB Norway are included in a defined contribution scheme for retirement pensions and a defined benefit scheme for disability coverage. The Group has no defined contribution scheme for salaries exceeding 12G (12 times the National Insurance basic amount). The premium rates for defined contribution pensions are in line with the former statutory maximum rates:

- Salary representing 1-6 times the National Insurance basic amount: 5 per cent
- Salary representing 6-12 times the National Insurance basic amount: 8 per cent

In addition, around 420 employees in the former Postbanken are covered by a closed group pension plan in the Norwegian Public Service Pension Fund.

The Group also has commitments related to the top salary pension scheme for salaries exceeding 12G and early retirement agreements. Commitments relating to salaries exceeding 12G and early retirement agreements are funded through the companies' operations. The top salary pension scheme was closed for employees who joined the Group after 30 June 2008. Further restrictions were introduced as at 30 April 2011. Those who did not have salaries exceeding 12G on that date will not be encompassed by the scheme even if their salaries exceed 12G at a later date. With effect from 1 July 2011, employees with salaries exceeding 12G are covered by a special life level term insurance which represents 2.9 times annual salary, maximum 80G.

With effect from 1 January 2011, the pension scheme no longer provides coverage for dependants' and children's pensions, which were replaced by an extended dependants' and child allowance in the group pension scheme as from the same date. With respect to employees born prior to 1 January 1956 who die after becoming pensioners, their dependants will still receive a pension.

The Norwegian companies in the Group are part of the contractual pension (CPA) scheme for the private sector. In addition, the Group has an agreement on contractual pensions according to public sector rules for employees who are members of the Public Service Pension Fund.

The private CPA scheme gives a life-long supplement to ordinary pension payments. The employees can opt for the CPA scheme from the age of 62 and can choose to combine pension payments with continued employment.

The private CPA scheme will be funded by an annual premium representing a percentage of salaries between 1 and 7.1G. The premium for 2015 is set at 2.5 per cent (2014: 2.4 per cent). All Norwegian companies in the Group are members of the private CPA scheme. For members of the Norwegian Public Service Pension Fund, the CPA scheme will continue unchanged in 2015.

Employer's contributions are included in pension expenses and commitments.

Subsidiaries and branches outside Norway have separate schemes for their employees, mainly in the form of defined contribution schemes. Pension expenses for employees outside Norway represent NOK 136 million of the Group's total pension expenses of NOK 899 million.

Economic assumptions applied in calculating pension expenses and commitments:

Economic assumptions **DNB Group**

	Expenses		Commitments	
Per cent	2014	2013	31 Dec. 2014	31 Dec. 2013
Discount rate	4.00	3.80	2.40	4.00
Anticipated rise in salaries	3.75	3.50	2.75	3.75
Anticipated increase in basic amount	3.50	3.25	2.50	3.50
Anticipated rise in pensions	0.60	0.50	0.50	0.60
Anticipated CPA acceptance	Actual acceptance		Actual acceptance	
Demographic assumptions about mortality [1)]	K2013	K2013	K2013	K2013

1) *The Group's pension expenses and pension commitments are based on the mortality table K2013, best estimate, prepared by Finance Norway. K2013 is an updated calculation base for statistical mortality assumptions.*

Note 27 Pensions (continued)

Pension expenses — **DNB Group**

	2014			2013		
Amounts in NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	431	62	493	466	58	524
Interest expenses on pension commitments	540	69	609	490	65	555
Calculated return on pension funds	(488)	0	(488)	(457)	0	(457)
Curtailment	(92)	(1)	(94)	(177)	(10)	(187)
Administrative expenses	7	0	7	4	0	4
Total defined benefit pension schemes	399	129	527	326	113	439
Contractual pensions, new scheme			93			97
Risk coverage premium			78			75
Defined contribution pension schemes			200			175
Net pension expenses			899			787

Pension commitments — **DNB Group**

Amounts in NOK million	2014	2013
Opening balance	15 621	15 248
Accumulated pension entitlements	493	499
Interest expenses	609	555
Actuarial losses/(gains), net	3 112	682
Changes in the pension schemes	(88)	0
Curtailments	(75)	(651)
Pension payments	(859)	(788)
Exchange rate differences	128	76
Closing balance	18 941	15 621

Pension funds — **DNB Group**

Amounts in NOK million	2014	2013
Opening balance	11 649	11 365
Expected return	496	457
Actuarial gains/(losses), net	213	46
Curtailments	(75)	(466)
Premium paid	1 106	705
Pension payments	(540)	(527)
Administrative expenses	(7)	(10)
Exchange rate differences	103	80
Closing balance	12 945	11 649
Net defined benefit obligation	5 996	3 972
Of which: Recorded defined benefit pension commitments	*6 006*	*4 001*
Recorded defined benefit pension assets	*9*	*29*

Premium transfers in 2015 are expected to be NOK 848 million. Payments through operations are estimated at NOK 110 million.

Effects recorded in other comprehensive income — **DNB Group**

Amounts in NOK million	Funded	Unfunded	Total
Actuarial losses/(gains) 31 December 2013	1 750	(141)	1 609
Remeasurement - changes in discount rate	3 611	442	4 053
Remeasurement - changes in other economic assumptions, pension commitments	(948)	(140)	(1 089)
Remeasurement - changes in other factors, pension commitments	282	(132)	151
Remeasurement - changes in other economic assumptions, pension funds	117	0	117
Remeasurement - changes in other factors, pension funds	(426)	0	(426)
Investment management costs	96	0	96
Total remeasurement losses/(gains) in other comprehensive income	2 732	170	2 902
Actuarial losses/(gains) 31 December 2014	4 482	29	4 511

Past developments — **DNB Group**

Amounts in NOK million	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012	1 Jan. 2012	31 Dec. 2011	31 Dec. 2010
Gross pension commitments [1)]	18 941	15 621	15 248	18 715	18 715	16 129
Gross pension funds	(12 945)	(11 649)	(11 365)	(10 727)	(10 727)	(10 178)
Commitments not recorded in the accounts					(5 035)	(2 754)
Net recorded pension commitments	5 996	3 972	3 883	7 988	2 953	3 197

1) Gross pension commitments include employer's contributions.

Note 27 Pensions (continued)

Members	DNB Group 31 Dec. 2014	31 Dec. 2013
Number of persons covered by pension schemes		
- defined benefit schemes	6 961	7 873
- retirement and disability pensions	6 683	6 363
- defined contribution schemes	2 927	2 351

Pension funds investments

The funded pension scheme in Norway is generally funded by DNB Livsforsikring AS, and the pension funds are thus linked to an insurance policy. The insurance policy includes a guaranteed rate of return, which means that DNB Livsforsikring carries the risk for the return on the pension funds.

The table below shows a percentage breakdown of pension funds in the group pension schemes administered by DNB Livsforsikring. DNB Livsforsikring has NOK 10 703 million of the Group's total pension funds under management.

Per cent	DNB Group 31 Dec. 2014	31 Dec. 2013
Equities, Norwegian	1.2	0.8
Equities, international	9.5	6.9
Bonds at fair value, Norwegian	9.5	9.9
Bonds at fair value, international	4.4	5.3
Money market instruments	19.7	22.2
Bonds, held to maturity	39.4	40.0
Real estate	14.2	14.0
Other	2.1	1.0
Total	100.0	100.0

Sensitivity analysis for pension calculations

The following estimates are based on facts and conditions prevailing on 31 December 2014, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

	DNB Group							
	Discount rate		Annual rise in salaries/ basic amount		Annual rise in pensions		Life expectancy	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	0% reg.	+1 year	-1 year
Percentage change in pensions								
Pension commitments	12-14	14-16	7-9	6-9	10-11	5	4	3
Net pension expenses for the period	16-18	23-24	11-13	10-11	10-11	4-6	4	3

Pension commitments are particularly susceptible to changes in the discount rate. A reduction in the discount rate will, as an isolated factor, result in an increase in pension commitments. A one percentage point reduction in the discount rate will cause an increase in pension commitments in the order of 14 to 16 per cent and an increase in pension costs of 23 to 24 per cent. Higher salary increases and adjustments in pensions will also cause a rise in pension commitments and pension expenses.

Note 28 Number of employees/full-time positions

	DNB Group 2014	2013
Number of employees as at 31 December	12 064	12 452
- of which number of employees abroad	3 312	3 533
Number of employees calculated on a full-time basis as at 31 December	11 643	12 016
- of which number of employees calculated on a full-time basis abroad	3 253	3 481
Average number of employees	12 165	13 091
Average number of employees calculated on a full-time basis	11 735	12 642

Note 29 Taxes

Tax expense on pre-tax operating profit		**DNB Group**
Amounts in NOK million	2014	2013
Current taxes	2 822	3 503
Changes in deferred taxes	3 641	1 699
Tax expense	**6 463**	**5 202**

Reconciliation of tax expense against nominal tax rate		
Amounts in NOK million		
Pre-tax operating profit	27 102	22 709
Estimated tax expense at nominal tax rate 27 per cent (28 per cent in 2013)	7 318	6 359
Tax effect of different tax rates in other countries	103	94
Tax effect of debt interest distribution with international branches	(188)	(155)
Tax effect of tax-exempt income from shareholdings [1]	(340)	(997)
Tax effect of other tax-exempt income and non-deductible expenses	(282)	136
Tax effect of tax losses carried forward not recognised in the balance sheet [2]	(7)	23
Tax effect of changed tax rate for deferred taxes recognised in the balance sheet [3]	0	(91)
Excess tax provision previous year	(141)	(166)
Tax expense	**6 463**	**5 202**
Effective tax rate	24%	23%

Income tax on other comprehensive income		
Amounts in NOK million		
Pensions	(802)	(168)
Hedges of net investments	(1 674)	(435)
Total income tax on other comprehensive income	**(2 476)**	**(603)**

1) *In Norway, a company's income from share investments is normally exempt from tax. As a rule, this applies to investments in companies domiciled in the EU/EEA. The tax exemption applies to both dividends and gains/ (losses) upon realisation. However, 3 per cent of dividends from tax-exempt investments is included in taxable income.*
2) *Deferred taxes for tax-deductible differences (mainly losses carried forward) in subsidiaries are not recognised in the balance sheet unless the Group can prove that these tax positions will be utilised in the future.*
3) *The income tax rate in Norway is 27 per cent in 2014. A change in the income tax rate from 28 per cent to 27 per cent with effect from 2014 has been approved. Deferred tax in the balance sheet at year-end 2013 is recognised on the basis of a 27 per cent tax rate. The effect of re-evaluating the opening balance for deferred tax in 2013 to a 27 per cent tax rate is recognised in the 2013 deferred tax expense. The effect of changes in the income tax rate will therefore be a reconciliation item in the reconciliation of the 28 per cent tax expense against pre-tax operating profits in 2013.*

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

Tax effect of different tax rates in other countries

The Group has operations in a number of countries whose tax rates are different from that in Norway (27 per cent).

Tax effect of debt interest distribution with international branches

According to Norwegian tax legislation, external interest expenses shall be distributed proportionally among operations in Norway and international branches based on the respective units' total assets. This could result in additions or deductions from income in Norway.

Expectations regarding effective tax rate

The nominal tax rate in Norway is 27 per cent in 2014. Business operations outside Norway are subject to varying income tax rates depending on local tax regulations in the relevant country. DNB's operations outside Norway are subject to effective tax rates ranging from 12 per cent to 55 per cent. Tax-exempt income from share investments contributes to a lower expected tax rate than 27 per cent. In the longer term, the effective tax rate is expected to be approximately 25.5 per cent. In some periods, tax losses carried forward that are not recognised in the balance sheet have caused variations in the effective tax rate. In periods when such assets have not been recognised, the effective tax rate has been higher than the long-term expectation, whereas it has been lower in periods when tax losses not recognised as assets have been utilised.

Note 29 Taxes (continued)

Deferred tax assets/(deferred taxes)

Deferred tax assets/(deferred taxes) 27 per cent deferred tax calculation on all temporary differences (Norway) *Amounts in NOK million*	DNB Group 2014	 2013
The year's changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(2 101)	(698)
Changes recorded against profits	(3 641)	(1 699)
Changes recorded against comprehensive income	802	168
Currency translation differences on deferred taxes	135	128
Deferred tax assets/(deferred taxes) as at 31 December	(4 805)	(2 101)

Deferred tax assets and deferred taxes in the balance sheet relates to the following temporary differences

Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Deferred tax assets		
Fixed assets and intangible assets	(6)	(25)
Commercial paper and bonds	(15)	0
Debt securities issued	(7)	0
Financial derivatives	(27)	(21)
Other financial instruments	9	0
Net pension liabilities	110	58
Net other tax-deductable temporary differences	610	583
Tax losses and tax credits carried forward	539	509
Total deferred tax assets	**1 213**	**1 104**
Deferred taxes		
Fixed assets and intangible assets	1 448	1 192
Commercial paper and bonds	5 887	3 278
Debt securities issued	(10 663)	(4 860)
Financial derivatives	15 969	4 488
Other financial instruments	736	474
Net pension liabilities	(1 572)	(1 057)
Net other taxable temporary differences	453	154
Tax losses and tax credits carried forward	(6 240)	(464)
Total deferred taxes	**6 018**	**3 205**

Deferred taxes in the income statement relate to the following temporary differences

Amounts in NOK million	2014	2013
Fixed assets and intangible assets	237	312
Commercial paper and bonds [1) 2)]	2 624	3 807
Debt securities issued [1) 2)]	(5 796)	2 273
Financial derivatives [1) 2)]	11 508	(5 210)
Other financial instruments [1) 2)]	232	63
Pensions	235	180
Other temporary differences	372	(229)
Tax losses and tax credits carried forward [2)]	(5 771)	503
Deferred tax expense	3 641	1 699

1) *A significant share of the financial instruments are carried at fair value in the accounts, while for tax purposes, the same instruments are recorded on an accrual basis in accordance with the realisation principle. This gives rise to large differences between profits stated in the accounts and profits computed for tax purposes for the individual accounting years, especially in years with significant fluctuations in interest rate levels and exchange rates. These differences are offset in the longer term.*

2) *Due to large exchange rate fluctuations in 2014, there were significant changes in unrealised gains and losses on financial instruments used in managing the Group's currency and interest rate risk. Financial instruments are recorded in accordance with the realisation principle, while the current rate method is used for receivables and liabilities in foreign currency. These differences are expected to be reversed within a short period of time.*

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

Note 29 Taxes (continued)

Overview over deferred tax assets from tax losses and tax credits carried forward **DNB Group**

	31 December 2014			31 December 2013		
Amounts in NOK million Tax losses carried forward	Total tax losses carried forward	Of which basis for tax assets	Recognised tax asset	Total tax losses carried forward	Of which basis for tax assets	Recognised tax assets
Norway	22 794	22 794	6 153	302	302	82
Latvia	2 020	365	99	2 204	337	91
Lithuania	547	195	53	610	241	65
Denmark	2 419	1 436	388	2 260	1 307	353
Sweden	20	20	5	254	254	56
Total of tax losses and tax assets	27 800	24 810	6 697	5 630	2 441	647
Tax credits carried forward [1]			82			326
Total of deferred tax assets from tax losses and tax credits carried forward			6 779			973

1) *All tax credits carried forward relates to tax payers in Norway.*

Recognition of deferred tax

Deferred tax assets are capitalised to the extent it is probable that the Group will have taxable income against which temporary differences can be utilised. It will be possible to use deferred tax assets related to losses/credit allowances carried forward in connection with the use of group contributions. Net deferred taxes on temporary differences within the same tax group are assessed and entered net in the accounts.

Note 30 Classification of financial instruments

As at 31 December 2014 **DNB Group**

	Financial instruments at fair value through profit and loss		Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost [1]	Financial instruments held to maturity	Total
Amounts in NOK million	Trading	Designated as at fair value				
Cash and deposits with central banks	515	15 034		42 956		58 505
Due from credit institutions	340 082	15 032		18 295		373 409
Loans to customers	8 120	101 264		1 329 456		1 438 839
Commercial paper and bonds at fair value	123 500	144 803				268 302
Shareholdings	7 989	18 880				26 870
Financial assets, customers bearing the risk		42 866				42 866
Financial derivatives	193 955		41 781			235 736
Commercial paper and bonds, held to maturity					118 667	118 667
Other assets				27 855		27 855
Total financial assets	674 161	337 879	41 781	1 418 561	118 667	2 591 050
Due to credit institutions	183 865	2 708		27 641		214 214
Deposits from customers	48 209	1 466		891 859		941 534
Financial derivatives	183 868		1 102			184 971
Debt securities issued	206 669	81 399		523 957		812 025
Other liabilities	50			31 858		31 908
Subordinated loan capital		1 261		28 058		29 319
Total financial liabilities [2]	622 662	86 834	1 102	1 503 373	0	2 213 971

1) *Includes hedged liabilities.*

2) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 82 798 million.*

Note 30 Classification of financial instruments (continued)

As at 31 December 2013 **DNB Group**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost [1]	Financial instruments held to maturity	Total
Cash and deposits with central banks	73 897	266		93 008		167 171
Due from credit institutions	166 158	313		14 411		180 882
Loans to customers	3 604	123 597		1 213 630		1 340 831
Commercial paper and bonds at fair value	116 119	161 645				277 764
Shareholdings	9 743	20 082				29 826
Financial assets, customers bearing the risk		35 512				35 512
Financial derivatives	110 870		20 069			130 939
Commercial paper and bonds, held to maturity					152 883	152 883
Other assets				30 806		30 806
Total financial assets	480 392	341 416	20 069	1 351 855	152 883	2 346 614
Due to credit institutions	172 597	37 235		24 386		234 219
Deposits from customers	54 943	3 496		809 465		867 904
Financial derivatives	107 945		3 365			111 310
Debt securities issued	181 989	68 716		460 850		711 555
Other liabilities	83	0		31 850		31 934
Subordinated loan capital		1 252		25 025		26 276
Total financial liabilities [2]	517 558	110 698	3 365	1 351 576	0	1 983 198

1) *Includes hedged liabilities.*

2) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 108 454 million.*

Note 31 Fair value of financial instruments at amortised cost

DNB Group

Amounts in NOK million	31 December 2014 Carrying amount	31 December 2014 Fair value	31 December 2013 Carrying amount	31 December 2013 Fair value
Cash and deposits with central banks	42 956	42 956	93 008	93 008
Due from credit institutions	18 295	18 295	14 411	14 411
Loans to customers	1 329 456	1 331 211	1 213 630	1 213 010
Commercial paper and bonds, held to maturity	118 667	130 814	152 883	158 092
Total financial assets	1 509 374	1 523 277	1 473 932	1 478 520
Due to credit institutions	27 641	27 641	24 386	24 386
Deposits from customers	891 859	891 859	809 465	809 465
Securities issued	523 957	532 557	460 850	467 367
Subordinated loan capital	28 058	28 233	25 025	25 198
Total financial liabilities	1 471 515	1 480 290	1 319 726	1 326 416

DNB Group

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1 [1]	Valuation based on observable market data Level 2 [1]	Valuation based on inputs other than observable market data Level 3 [1]	Accrued interest	Total
Assets as at 31 December 2014					
Cash and deposits with central banks	0	42 956	0	0	42 956
Due from credit institutions	0	18 265	0	30	18 295
Loans to customers	0	0	1 328 716	2 495	1 331 211
Commercial paper and bonds, held to maturity	2 598	94 385	31 803	2 028	130 814
Liabilities as at 31 December 2014					
Due to credit institutions	0	27 615	0	25	27 641
Deposits from customers	0	891 797	0	62	891 859
Securities issued	0	506 677	19 181	6 699	532 557
Subordinated loan capital	0	15 383	12 519	331	28 233

1) *See note 32 Financial instruments at fair value for a definition of the levels.*

Note 31 Fair value of financial instruments at amortised cost (continued)

Financial instruments at amortised cost

Most assets and liabilities in the DNB Group's balance sheet are carried at amortised cost. This primarily applies to loans, deposits and borrowings in the banking group's balance sheet, but also investments in bonds held to maturity. Long-term borrowings in Norwegian kroner are carried at fair value, while long-term borrowings in other currencies are carried at amortised cost. Hedge accounting may be applied.

Recording balance sheet items at amortised cost implies that the originally agreed cash flows are used, possibly adjusted for impairment. Such valuations will not always give values which are consistent with market assessments of the same instruments. Discrepancies may be due to diverging views on macro-economic prospects, market conditions, risk aspects and return requirements, as well as varying access to accurate information. The above table shows estimated fair values of items carried at amortised cost.

Valuations are based on the individual instruments' characteristics and values on the balance sheet date. However, these values do not include the total value of customer relationships, market access, brands, organisational aspects, employees and structural capital. Consequently, such intangible assets are generally not recorded in the accounts. In addition, most transactions with customers are assessed and priced collectively for several products, and products recorded in the balance sheet are considered along with other products and services used by the customer. Individual assets and liabilities recorded in the balance sheet thus give no adequate reflection of the total value of the Group's operations.

Due from credit institutions and loans to customers

The market for the purchase and sale of loan portfolios was limited at year-end 2014. When valuing loans, the loan portfolio has been divided into the following categories: personal customers, small and medium-sized enterprises, Nordic corporates, international corporates, shipping, offshore and logistics and energy. In addition, separate calculations have been made for DNB Finans, the Baltics and Poland.

The valuations are based on average margins in December, considered relative to the business units' best estimate of the potential margin requirement at year-end 2014 if the loans had been extended at that time. Differentiated margin requirements have been calculated for each category, as specified above, based on estimated costs related to lending. The margin requirement includes costs covering normalised losses, which, as opposed to impairment recorded in the annual accounts, represent a long-term assessment of loss levels.

Retail loans carried at amortised cost are mainly loans with floating interest rate. The fair value of the retail loans has been set at amortised cost.

With respect to impaired loans, an assessment has been made of potential cash flows for the loans discounted by the effective rate of interest adjusted for changes in market conditions for corresponding non-impaired loans. Loan rates prior to provisions being made reflect the increased credit risk of the commitment. Given the general uncertainty in fair value measurements, it is evaluated that the impaired value gives a good reflection of the fair value of these loans.

Customers will often use loan products which are carried partly at amortised cost and partly at fair value. The profitability of a customer relationship is considered on an aggregate basis, and prices are set based on an overall evaluation. Correspondingly, a possible reduction in the customer relationship value is based on an overall assessment of all products. Any decline in value apart from price changes on specific products is included in the overall assessment of credits in the relevant customer relationship. Any reduction in the total customer relationship value is measured on the basis of amortised cost and reported under impairment on loans.

Commercial paper and bonds, held to maturity

The valuation in level 2 is primarily based on observable market data in the form of interest rate curves, exchange rates and credit margins related to the individual credit and the characteristics of the bond or commercial paper. For papers classified as level 3, the valuation is based on models. See note 38 Commercial paper and bonds, held to maturity for more information.

Due to credit institutions and deposits from customers

The estimated fair value equals the balance sheet value for credit institutions. With respect to deposits from customers, fair value is assessed to equal amortised cost.

Securities issued and subordinated loan capital

The valuation in level 2 is based on observable market data in the form of interest rate curves and credit margins when available. Securities and subordinated loan capital in level 3 are valued based on models. The items consist mainly of funding in foreign currency.

Note 32 Financial instruments at fair value

DNB Group

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on inputs other than observable market data Level 3	Accrued interest [1]	Total
Assets as at 31 December 2014					
Deposits with central banks	0	15 545	0	4	15 549
Due from credit institutions	0	355 070	0	44	355 114
Loans to customers	0	8 118	100 986	279	109 384
Commercial paper and bonds at fair value	38 759	227 387	251	1 906	268 302
Shareholdings	8 633	10 616	7 621		26 870
Financial assets, customers bearing the risk	0	42 866	0		42 866
Financial derivatives	1	233 858	1 877		235 736
Liabilities as at 31 December 2014					
Due to credit institutions	0	186 544	0	30	186 574
Deposits from customers	0	49 564	0	111	49 675
Debt securities issued	0	287 527	0	541	288 068
Subordinated loan capital	0	1 259	0	2	1 261
Financial derivatives	1	183 507	1 463		184 971
Other financial liabilities [2]	50	0	0	0	50
Assets as at 31 December 2013					
Deposits with central banks	0	74 162	0	1	74 163
Due from credit institutions	0	166 453	0	18	166 471
Loans to customers	0	3 604	123 207	391	127 201
Commercial paper and bonds at fair value	69 554	205 419	311	2 481	277 764
Shareholdings	13 666	5 246	10 914		29 826
Financial assets, customers bearing the risk	0	35 512	0		35 512
Financial derivatives	41	129 456	1 442		130 939
Liabilities as at 31 December 2013					
Due to credit institutions	0	209 434	0	398	209 832
Deposits from customers	0	58 304	0	135	58 439
Debt securities issued	0	250 005	0	700	250 705
Subordinated loan capital	0	1 250	0	2	1 252
Financial derivatives	28	110 034	1 248		111 310
Other financial liabilities [2]	0	83	0	0	83

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

2) *Short positions, equities trading.*

The levels

Financial instruments are categorised within different levels based on the quality of the market data for the individual instruments. With respect to financial instruments categorised as level 2, the quality of market data may vary depending on whether the relevant instrument has been traded. Thus, it will be natural that some instruments are moved between level 2 and level 3. This applies primarily to commercial paper and bonds.

Level 1: Valuation based on quoted prices in an active market

Classified as level 1 are financial instruments valued by using quoted prices in active markets for identical assets or liabilities. Instruments in this category include listed shares and mutual funds, Treasury bills and commercial paper traded in active markets.

Level 2: Valuation based on observable market data

Classified as level 2 are financial instruments which are valued by using inputs other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, including quoted prices in non-active markets for identical assets or liabilities.

Included in this category are, among others, interbank derivatives such as interest rate swaps, currency swaps and forward contracts with prices quoted on Reuters or Bloomberg, basis swaps between the currencies NOK, EUR, USD and GBP and cross-currency interest rate derivatives with customers with insignificant credit margins. Exchange-traded options are classified as level 2 if it is possible to scan or interpolate/ extrapolate implicit volatility based on observable prices.

Note 32 Financial instruments at fair value (continued)

Level 3: Valuation based on other than observable market data
Classified as level 3 are financial instruments which cannot be valued based on directly observable prices. For these instruments other valuation techniques are used, such as valuation of assets and liabilities in companies, estimated cash flows and other models where key parameters are not based on observable market data.

Included in this category are loans to customers and instruments where credit margins constitute a major part of adjustments to market value.

Gains or losses, that occur when the estimated fair value is different from the transaction price (day-one gain/loss) have not had significant impact to the financial statement neither for 2014 or 2013.

The instruments in the different levels

Due from credit institutions (level 2)
The item is primarily relevant for Markets. The valuation of loans to and deposits with credit institutions is mainly based on agreed interest rate terms measured against a swap curve. The fixed-rate period is relatively short.

Loans to customers (level 3)
Loans consist primarily of fixed-rate loans in Norwegian kroner and parts of the portfolio 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. 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.

Commercial paper and bonds (levels 2 and 3)
The valuation in level 2 is primarily based on observable market data in the form of interest rate curves, exchange rates and credit margins related to the individual credit and the characteristics of the bond or commercial paper. For paper classified as level 3, the valuation is based on indicative prices from third parties or comparable paper.

Equities including mutual fund holdings (levels 2 and 3)
Equities in level 2 comprise mutual fund holdings where the underlying investments are quoted equities, as well as a small volume of other mutual funds. Instruments which are classified as level 3 essentially comprise property funds, limited partnership units, private equity investments, as well as hedge fund units and investments in unquoted equities.

When determining the fair value of private equity, PE, investments, an industry standard prepared by the European Private Equity & Venture Capital Association, EVCA, is used. The method is considered to represent the best basis for the best estimate of fair values for investments in not very liquid equity instruments. The value of the PE funds on the balance sheet date is reported by the fund managers after the Group has finalised its accounts. Valuations in the consolidated accounts are thus based on valuations received for previous periods, adjusted for a reporting lag of approximately three months. The time lag is determined based on developments in a weighted index consisting of a stock market parameter, using MSCI World as reference index, along with a parameter for anticipated long-term returns on PE investments.

Financial assets, customers bearing the risk (level 2)
The item applies to unit-linked products in DNB Livsforsikring, and the value development of the underlying funds is available on a daily basis.

Financial derivatives (levels 2 and 3)
Financial derivatives classified as level 2 are primarily currency forward contracts and interest rate and currency swaps. The valuation is based on swap curves, and credit margins constitute a minor part of the value. In addition, the item comprises derivatives related to commodities and forward rate agreements. These are valued based on observable market prices. Derivatives classified as level 2 also comprise equity derivatives used in Markets' market-making activities. Most of these derivatives are related to the most traded equities on Oslo Børs, and the valuation is based on the price development of the relevant/underlying equity and observable or estimated volatility. Financial derivatives classified as level 3 are primarily connected to currency options, interest rate options in Norwegian kroner, as well as index derivatives. The valuation is based on indicative prices from third parties.

Due to credit institutions (level 2)
See "Due from credit institutions" above. At year-end 2013 the item also included borrowings totalling NOK 35.8 billion from Norges Bank in connection with the Norwegian government's covered bonds exchange scheme. The scheme was discontinued in 2014.

Deposits from customers (level 2)
Deposits carried at fair value include special-term deposits. The valuation is primarily based on measurement in relation to a swap curve, and changes in credit margins have an insignificant effect.

Debt securities issued (level 2)
The valuation is primarily based on observable market data in the form of interest rate curves and credit margins. The item consists mainly of funding in Norwegian kroner. For foreign currency funding, hedge accounting is used where hedges are entered into. In all other respects, debt securities issued are carried at amortised cost.

Subordinated loan capital (level 2)
Subordinated loans carried at fair value consist of two loans in Norwegian kroner, and the valuation is based on observable interest rate curves and credit margins.

Note 32 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3 **DNB Group**

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings [1]	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2012	**130 116**	**593**	**9 619**	**877**	**607**
Net gains on financial instruments	(3)	(3)	1 762	89	107
Additions/purchases	2 933	646	587	1 053	914
Sales	0	1 432	1 055	0	0
Settled	9 839	4	0	579	386
Transferred from level 1 or level 2	0	1 332	0	0	0
Transferred to level 1 or level 2	0	856	0	0	0
Other	0	35	2	2	6
Carrying amount as at 31 December 2013	**123 207**	**311**	**10 914**	**1 442**	**1 248**
Net gains on financial instruments	1 562	(2)	1 479	395	176
Additions/purchases	5 906	389	893	474	468
Sales	0	607	5 648	0	0
Settled	29 687	7	0	494	488
Transferred from level 1 or level 2	0	333	3	0	0
Transferred to level 1 or level 2	0	164	20	0	0
Other	0	(3)	0	60	58
Carrying amount as at 31 December 2014	**100 986**	**251**	**7 621**	**1 877**	**1 463**

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.*

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.

Fixed-rate loans
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. Fixed-rate loans carried at fair value totalled NOK 62 167 million at year-end 2014.

Margin loans carried at fair value
A margin loan has an agreed interest rate consisting of a reference interest rate and a margin add-on. Reference rates will normally be set for a period of three months, but the margin can be determined for considerably longer periods. In times of significant interest rate fluctuations and reduced liquidity in the market, as has been the case during the financial turmoil, long-term funding costs increased. This is of significance for the margin requirements used by the bank in its calculations. The margin requirements are measured against agreed margins, and discrepancies are discounted over the average period up until the expected margin adjustment. This period is based on assessments from the Group's business areas, but will require significant judgment based on past experience. The period up until the actual adjustment of the margin represents the largest element of uncertainty in these calculations. Margin loans carried at fair value totalled NOK 38 820 million at year-end 2014.

Commercial paper and bonds
Investments classified as level 3 primarily consist of municipal and government securities with short fixed-interest terms. The securities are of high quality, but with limited liquidity.

Equities including mutual fund holdings
Investments classified as level 3 consist of private equity funds, property funds, limited partnerships, unquoted hedge funds and unquoted equities. A common denominator for these investments is that there is a lag in the access to information from the units. In times of financial market turmoil, there may be considerable uncertainty related to the valuation of these investments.

Financial derivatives, assets and liabilities
Items classified as level 3 are primarily currency options, interest rate options in Norwegian kroner and derivatives related to developments in the consumer price index.

Note 32 Financial instruments at fair value (continued)

Breakdown of fair value, level 3 **DNB Group**

Amounts in NOK million	Loans to customers 31 Dec. 2014	Commercial paper and bonds 31 Dec. 2014	Share-holdings 31 Dec. 2014
Principal amount/purchase price	98 108	270	7 230
Fair value adjustment [1)]	2 879	(19)	391
Total fair value, excluding accrued interest	100 986	251	7 621

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.

Breakdown of shareholdings, level 3 **DNB Group**

Amounts in NOK million	Property funds	Hedge-funds	Unquoted equities	Private Equity (PE) funds	Other	Total
Carrying amount as at 31 December 2014	673	1 164	1 390	4 367	26	7 621

Sensitivity analysis, level 3 **DNB Group**

Amounts in NOK million	Carrying amount 31 Dec. 2014	Effect of reasonably possible alternative assumptions
Loans to customers	100 986	(183)
Commercial paper and bonds	251	(1)
Shareholdings	7 621	0
Financial derivatives, net	414	0

In order to show the sensitivity of the loan portfolio, the discount rate on fixed-rate loans and the margin requirement on margin-based loans have been increased by 10 basis points. DNB regularly enter into interest rate swaps, as a part of the banks interest rate strategy, when issuing new fixed-rate loans. A change in the interest rate which impacts the fair value of the fixed-rate loans will therefore give the opposite impact on the related interest rate derivatives.

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.

Level 3 equities represent a total of NOK 5 964 million in private equity investments, property funds, hedge funds and unquoted equities in DNB Livsforsikring. The fair values of the funds are largely based on reported values from the fund managers. For private equity and property funds, the fund managers use cash flow-based models or multiples when determining fair values. The Group does not have full access to information about all elements in these valuations and thus has no basis for determining alternative values for alternative assumptions. The use of alternative values will have a limited effect on the Group's profits, as the investments are included in DNB Livsforsikring's common portfolio.

The banking group's portfolio of equities and mutual funds classified as level 3 was NOK 1 589 million as at 31 December 2014.

Note 33 Offsetting

The table includes items which are generally carried by Markets and DNB Livsforsikring and for which agreements on netting and the exchange of collateral have been concluded.

The Group's netting rights are in compliance with general rules in Norwegian legislation. Netting clauses have been included in all of the bank's standard loan agreements and in product agreements in Markets. CSA agreements (Credit Support Annex) have been entered into with most of the major banks. This implies that the market value of all derivatives entered into between DNB and the counterparty is settled either daily or weekly. Master netting agreements give access to setting off other outstanding accounts with customers if certain conditions occur. The amounts are not set off in the balance sheet as the transactions are generally not settled on a net basis.

DNB Group

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position	Carrying amount	Netting agreements	Other collateral [1]	Amounts after possible netting
Assets as at 31 December 2014						
Due from credit institutions [2]	332 675		332 675		332 675	0
Loans to customers [2]	8 948		8 948		8 948	0
Financial derivatives [3]	195 552		195 552	79 178	57 567	58 807
Liabilities as at 31 December 2014						
Financial derivatives [4]	134 378		134 378	79 178	42 661	12 539

1) *Includes both securities received/transferred from/to counterparties and securities received/placed as collateral in depositories in Clearstream or Euroclear.*

2) *Includes reverse repurchase agreements, securities borrowing and loans collateralised by securities.*

3) *Recorded derivatives include collateral pledged. In the above table, the collateral has been excluded, and the stated amount thus corresponds to the derivative's market value.*

4) *Recorded derivatives include collateral received. In the above table, the collateral has been excluded, and the stated amount thus corresponds to the derivative's market value.*

Note 34 Shareholdings

Investments in shares, mutual funds and equity certificates [1)]

Amounts in NOK million	DNB Group 31 Dec. 2014	DNB Group 31 Dec. 2013
Total investments in shares, mutual funds and equity certificates, excluding DNB Livsforsikring	9 877	13 785
Total investments in shares, mutual funds and equity certificates, DNB Livsforsikring	16 992	16 041
Total investments in shares, mutual funds and equity certificates	**26 870**	**29 826**

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

Specification of the largest investments in shares, mutual funds and equity certificates as at 31 December 2014

DNB Group excl. DNB Livsforsikring

Carrying amount in NOK 1 000	Number of shares	Ownership share in per cent [2)]	Recorded value
Financial institutions			
Bank of New York	33 000	0.0	243 779
Gjensidige Forsikring [3)]	806 464	0.2	98 389
Storebrand ASA [3)]	5 652 557	1.3	165 055
Other financial institutions	0		82 059
Total financial institutions			**589 281**
Norwegian companies			
American Shipping Company [3)]	4 005 100	6.6	150 191
DNB Eiendomsinvest I	22 299 943	53.4	417 708
Grieg Seafood [3)]	22 220 738	19.9	633 291
Hexagon Composites [3)]	6 015 000	4.5	137 142
Koksa Eiendom	16 198 752	12.6	101 667
Marine Harvest [3)]	10 730 360	2.6	1 104 154
Nordic Semiconductor [3)]	1 775 000	1.1	83 780
Norsk Hydro [3)]	15 373 255	0.7	652 447
Norway Royal Salmon [3)]	2 595 447	6.0	168 055
Norwegian Air Shuttle [3)]	688 700	2.0	190 219
Odfjell [3)]	5 843 429	8.9	168 291
Opera Software [3)]	977 731	0.7	92 884
Orkla [3)]	2 842 730	0.3	145 406
Sevan Drilling [3)]	216 065 464	36.3	231 190
Statoil [3)]	857 145	0.0	112 457
Telenor [3)]	929 401	0.1	140 804
Yara International [3)]	485 534	0.2	162 071
Other Norwegian companies			1 174 306
Total Norwegian companies			**5 866 065**
Companies based abroad			
Calpine Corporation [3)]	24 178 163	4.2	97 680
Cape Investment Corp.	335 536	0.2	17 193
Deep Sea Supply [3)]	9 261	13.9	110 356
Golar LNG [3)]	3 451	1.2	24 087
Golar Ocean Group [3)]	33 523 000	12.8	177 337
Nets Holding	4 375 000	5.4	1 124 611
North Atlantic Drilling [3)]	9 065 676	2.0	42 971
Rowan Companies [3)]	3 536 700	1.6	42 760
Seadrill [3)]	7 720 069	1.6	667 402
Subsea 7 [3)]	1 437 935	0.4	110 074
Other companies based abroad			166 965
Total companies based abroad			**2 581 436**
Mutual funds [4)]			
Interest funds			269 904
Combination funds			0
Mutual funds			325
Private equity funds			502 534
Other funds			67 932
Total mutual funds			**840 695**
Total investments in shares, mutual funds and equity certificates			9 877 477

DNB Livsforsikring

Carrying amount in NOK 1 000	Number of shares	Ownership share in per cent [2)]	Recorded value
Financial institutions			
Total financial institutions			**0**
Norwegian companies			
Marineholmen Forskningspark	8 154	0.6	48 981
NMI Frontier Fund	182 429		22 222
NMI Global Fund	338 625		46 141
Nordic Trustee	26 214	24.3	66 522
Oslo Børs VPS Holding	8 522 045	19.8	647 675
Sektor Fond 1	999 999	10.0	81 400
Other Norwegian companies			87 654
Total Norwegian companies			**1 000 595**
Companies based abroad			
Novo Nordisk A/S	111 284	0.0	35 293
Other companies based abroad			174
Total companies based abroad			**35 467**
Mutual funds [4)]			
Interest funds			5 139 082
Combination funds			18 389
Mutual funds			4 845 521
Hedge funds			3 865 256
Private equity funds			2 087 793
Total mutual funds			**15 956 041**
Total investments in shares, mutual funds and equity certificates			16 992 103

1) *Equity certificates represent investments in savings banks.*

2) *Ownership share in per cent is based on the company's total share capital and does not include derivative contracts.*

3) *Shares and funds carried at fair value in Markets totalled NOK 7 915 million at year-end 2014. Markets' equity investments are mainly an instrument in hedging its equity derivative exposure through the business area's market making activities. Value at Risk for the equity operations in Markets represented approximately NOK 3.0 million at year-end 2014.*

4) *Investments in unconsolidated structured entities totalled NOK 16 797 million at year-end 2014, representing the investments fair value. The investments' maximum exposure to loss equalled their total fair value. For further information about fair value and sensitivity analysis, see note 32 Financial instruments at fair value. The investments are not consolidated because the Group does not control these investments through voting rights, contracts, funding agreements or other means. The holdings in the unconsolidated funds owned by DNB Livsforsikring and managed by DNB Asset Management were below 40 percent at year-end.*

5) *At year-end 2014, capital commitments related to DNB Livsforsikring's investments in private equity funds totalled NOK 56.3 million. The Group did not provide any financial or other support to unconsolidated structured entities during the year. The Group earns management fees and, occasionally, performance-based fees for its investment management services to these funds.*

Note 35 Transferred assets or assets with other restrictions

Transferred assets still recognised in the balance sheet *Amounts in NOK million*	31. Dec. 2014	**DNB Group** 31. Dec. 2013
Guarantees		
Loans transferred to Eksportfinans	2 809	3 111
Repurchase agreements		
Commercial paper and bonds	2 096	12 914
Stimulus package - swap scheme with Norges Bank	0	35 755
Securities lending		
Shares	1 374	5 597
Total guarantees, repurchase agreements and securities lending	6 279	57 376

Liabilities associated with the assets *Amounts in NOK million*	31. Dec. 2014	**DNB Group** 31. Dec. 2013
Guarantees		
Deposits from Eksportfinans	2 809	3 111
Repurchase agreements		
Due to credit institutions	1 890	12 914
Funding from Norges Bank	0	35 755
Securities lending		
Due to credit institutions	1 379	6 856
Deposits from customers	65	314
Total liabilities	6 142	58 949

DNB Bank ASA has recognised loans which according to a legal agreement have been transferred to Eksportfinans ASA, but that are guaranteed for by the bank. According to the agreement, the bank still carries interest rate, settlement and credit risk associated with the transferred loans. The loans have a corresponding liability recognized as deposits from Eksportfinans.

Restricted assets

Local statutory capital requirements might restrict the ability of the Group to access or transfer assets freely to or from other entities within the Group and to settle liabilities within the Group.

Restrictions affecting the Group's ability to use assets:

- The Group has pledged assets to collateralise its obligations (pledged securities) and issued covered bonds (cover pool), see note 55 for further information.
- The Group has pledged collateral in connection with derivative instruments, see note 16 for further information.
- The assets of consolidated structured entities (investment funds) are held for the benefit of the parties that have bought the notes issued by these entities. At year-end 2014 and 2013, assets related to holdings outside the Group represented NOK 15 337 million and NOK 13 959 million, respectively, which is reflected as a corresponding liability in the balance sheet.
- Assets held by insurance subsidiaries are primarily held to satisfy the obligations to the companies' policy holders. At year-end 2014 assets held by the insurance subsidiaries amounted to NOK 288 093 million, compared to NOK 290 287 million at year-end 2013. These assets are related to DNB Livsforsikring AS and DNB Skadeforsikring AS, and include Financial assets, customers bearing the risk.

Note 36 Securities received which can be sold or repledged [1)]

Securities received		**DNB Group**
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Reverse repurchase agreements		
Commercial paper and bonds	333 739	136 980
Securities borrowing		
Shares	4 882	5 396
Total securities received	338 621	142 377
Of which securities received and subsequently sold or repledged:		
Commercial paper and bonds	*15 418*	*12 527*
Shares	*3 331*	*3 347*

1) *Securities which have been purchased under an agreement to resell are generally not recognised, as the risk and returns associated with ownership of the assets are normally not transferred. Such transactions primarily involve fixed-income securities. Securities received, including securities received as collateral, are registered off the balance sheet irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group will record an obligation in the balance sheet.*

Note 37 Financial assets and insurance liabilities, customers bearing the risk

		DNB Group
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Mutual funds	19 037	15 918
Bond funds	14 159	11 215
Money market funds	5 193	4 271
Combination funds	2 931	2 592
Bank deposits	1 547	1 516
Total financial assets, customers bearing the risk [1)]	**42 866**	**35 512**
Total insurance liabilities, customers bearing the risk	**42 866**	**35 512**

1) *The figures show a breakdown of customer assets invested in products with a choice of investment profile. For such assets, the customers carry the financial risk.*

Note 38 Commercial paper and bonds, held to maturity

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
International bond portfolio	31 927	63 087
DNB Livsforsikring AS	88 330	92 421
Other units [1]	(1 590)	(2 626)
Commercial paper and bonds, held to maturity	**118 667**	**152 883**

1) *Including eliminations of DNB Livsforsikring's investments in bonds issued by DNB Boligkreditt.*

DNB Bank owns bonds and commercial paper which, among other things, can be used in liquidity management, as liquidity buffers and as a basis for furnishing collateral for operations in various countries. With effect from 1 July 2008, the international bond portfolio in Markets was reclassified from the category "fair value through profit or loss" to "held-to-maturity investments". Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

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

Measurement of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement, the portfolio was thus measured at fair value according to models used for financial instruments not traded in an active market. The models were based on a regression analysis whereby historical market data (explanatory variables) which were observable even during the financial turmoil were used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model showed a high level of correlation between changes in given market data and changes in the value of the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. As of 1 January 2014, the fair value of the portfolio is determined based on broker quotes. If fair value had been used to determine the value of the portfolio in 2014, there would have been a NOK 83 million increase 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 2014 was NOK 0.4 billion higher than if the previous valuation principle had been retained. On the reclassification date, the carrying amount of the portfolio was NOK 88.0 billion, compared with NOK 17.6 billion at end-December 2014. The average term to maturity of the portfolio was 5.6 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 10 million at end-December 2014.

Effects on profits of the reclassification

	DNB Group	
Amounts in NOK million	2014	2013
Recorded amortisation effect	106	163
Net gain, if valued at fair value	189	452
Effects of reclassification on profits	(83)	(289)

Effects on the balance sheet of the reclassification

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Recorded, unrealised losses	497	603
Unrealised losses, if valued at fair value	943	1 132
Effects of reclassification on the balance sheet	446	529

Development in the portfolio after the reclassification

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Reclassified portfolio, carrying amount	17 558	20 313
Reclassified portfolio, if valued at fair value	17 112	19 784
Effects of reclassification on the balance sheet	446	529

Note 38 Commercial paper and bonds, held to maturity (continued)

International bond portfolio (measured at fair value and held to maturity)

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 2014 the international bond portfolio represented NOK 124.6 billion. 69.2 per cent of the securities in the portfolio had an AAA rating, while 24.6 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of the international bond portfolio is shown below.

		DNB Group
	Per cent 31 Dec. 2014	NOK million 31 Dec. 2014
Asset class		
Residential mortgages	23.60	29 531
Corporate loans	0.01	13
Government related	34.90	43 670
Covered bonds	41.49	51 916
Total international bond portfolio, nominal values	100.00	125 130
Accrued interest, amortisation effects and fair value adjustments		(520)
Total international bond portfolio		124 610
Total international bond portfolio, held to maturity		31 927
Of which reclassified portfolio		17 558

The average term to maturity of the international bond portfolio is 3.0 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 11 million at end-December 2014.

DNB Livsforsikring

Bonds held-to-maturity totalled NOK 88.3 billion in DNB Livsforsikring AS's as at 31 December 2014, mainly comprising bonds issued by highly creditworthy borrowers. Only in exceptional cases does DNB Livsforsikring invest in bonds issued by traditional manufacturing companies.

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.

		DNB Group
	Per cent 31 Dec. 2014	NOK million 31 Dec. 2014
Asset class		
Government/government-guaranteed	23.39	20 186
Guaranteed by supranational entities	1.51	1 300
Municipalities/county municipalities	8.48	7 321
Bank and mortgage institutions	15.07	13 001
Covered bonds	35.30	30 463
Other issuers	16.25	14 023
Total bond portfolio DNB Livsforsikring, held to maturity, nominal values	100.00	86 293
Accrued interest, amortisation effects and fair value adjustments		2 036
Total bond portfolio DNB Livsforsikring, held to maturity		88 330

Note 39 Investment properties

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
DNB Livsforsikring	31 414	33 658
Properties for own use [1)]	(5 753)	(5 520)
Other investment properties [2)]	4 743	4 615
Total investment properties	**30 404**	**32 753**

1) Some properties in DNB Livsforsikring are classified as properties for own use in the group accounts and are recorded at fair value.

2) Other investment properties are mainly related to acquired companies.

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

Fair value

Investment properties in the Group are principally owned by DNB Livsforsikring. Investment properties in DNB Livsforsikring are part of the common portfolio and are owned with the intention to achieve long-term returns for policyholders. The property portfolio is recorded at fair value on the balance sheet date. Fair value is the price that would be received for the individual property in an orderly transaction between market participants at the measurement date. The Norwegian properties are valued by using an internal valuation model and are thus at level 3 in the valuation hierarchy. As a supplement, external appraisals are obtained for a representative selection of properties in the portfolio at regular intervals throughout the year. This selection represents close to 90 per cent of the values in the portfolio. During the fourth quarter of 2014, external appraisals were obtained for a total of 9 properties, representing 51 per cent of portfolio value. The purpose of the external appraisals is to benchmark the internal valuations against independent references. The Swedish properties in the portfolio and partially owned properties are valued based on external appraisals.

Internal valuation model

In the internal model, fair value is calculated as the present value of future cash flows during and after the contract period. The required rates of return stipulated in the model reflect market risk. For the office portfolio, a required rate of return of 8.5 per cent is used. The same general required rate of return is used for the hotel and shopping centre portfolios. However, following an individual assessment, there was a revision of the required rates of return for some hotels and shopping centres, ranging from minus 0.4 to plus 0.4 percentage points. The model uses the same required rates of return for cash flow both during and after the contract period.

Specific property risk is reflected in the cash flow through contractual rent, future market rent, operating expenses, required investments, adaptations for new tenants upon expiry of the contract, vacancy risk and adjustments for future price inflation, CPI (Norges Bank's inflation target).

Developments in market and contractual rents

During 2014, total contractual rent for the wholly-owned portfolio in Norway declined by NOK 138 million to NOK 1 301 million, while the estimated market rent was down NOK 111 million to NOK 1 370 million. Adjusted for changes in the portfolio, contractual rent rose by NOK 63 million, while market rent increased by NOK 43 million.

Value development and sensitivity

The valuations resulted in a NOK 587 million positive revaluation of the property portfolio in 2014.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Other things equal, a 0.25 percentage point reduction in the required rate of return will change the value of the property portfolio by approximately 3.9 per cent or NOK 843 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by approximately 3.3 per cent or NOK 714 million.

Vacancy and credit evaluation

At year-end 2014, economic vacancy in the portfolio was 5.5 per cent, compared with 3.0 per cent a year earlier.

Tenants in DNB Livsforsikring's properties are subject to a semi-annual credit evaluation. In the most recent evaluation, 90.1 per cent of the tenants were classified as good payers.

Other investment properties

The Group's other investment properties are mainly related to acquired companies and are classified at level 3 in the valuation hierarchy.

Note 39 Investment properties (continued)

Investment properties according to geographical location — **DNB Livsforsikring**

Type of building	Location	Fair value *NOK million*	Gross rental area *m²*	Average rental period *No. of years*
Office buildings	Eastern Norway	11 748	314 826	6.5
Office buildings	Rest of Norway	4 230	216 004	4.6
Shopping centres	Norwegian cities	6 078	136 744	4.2
Hotels	Norwegian cities	3 570	116 419	14.1
Office buildings/shopping centres/hotels	London/Stockholm/Gothenburg/Malmø	5 789	91 201	9.0
Other	Eastern and Western Norway	0	0	1.0
Total investment properties as at 31 December 2014		31 414	875 194	6.8

	Fair value *NOK million*	Gross rental area *m²*	Average rental period *No. of years*
Total investment properties as at 31 December 2013	33 658	1 146 515	7.2
Change in 2014	(2 244)	(271 321)	(0.4)
Total investment properties as at 31 December 2014	31 414	875 194	6.8

Projects, expected completion — **DNB Livsforsikring**

Amounts in NOK million	2015	2016	2017
Contractual obligations for property purchases and development	412	0	0

Amounts included in the income statement — **DNB Group**

Amounts in NOK million	2014	2013
Rental income from investment properties	1 835	2 079
Direct expenses (including repairs and maintenance) related to investment properties generating rental income	384	421
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income	37	32
Total	1 413	1 626

Changes in the value of investment properties — **DNB Group**

Amounts in NOK million	Investment properties
Carrying amount as at 31 December 2012	**38 857**
Additions, purchases of new properties	387
Additions, capitalised investments	297
Additions, acquired companies	0
Net gains resulting from adjustment to fair value	(74)
Net gains resulting from adjustment to fair value of projects	(1)
Disposals	8 102
Exchange rate movements	1 406
Other	(17)
Carrying amount as at 31 December 2013	**32 753**
Additions, purchases of new properties	423
Additions, capitalised investments	302
Additions, acquired companies	304
Net gains resulting from adjustment to fair value [1)]	472
Net gains resulting from adjustment to fair value of projects	(1)
Disposals	3 440
Exchange rate movements	383
Other [2)]	(792)
Carrying amount as at 31 December 2014	**30 404**

1) *Of which NOK 46 million represented a negative value adjustment of investment properties which are not owned by DNB Livsforsikring.*

2) *In 2013, DNB Livsforsikring purchased a building that was capitalised in the balance sheet. The building was taken into use by the DNB Group in 2014 and classified under owner-used properties.*

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

Note 40 Investments accounted for by the equity method

	DNB Group	
Amounts in NOK million	2014	2013
Carrying amount as at 1 January	5 802	5 276
Share of profits after tax	(1 493)	(1 872)
Impairment of the ownership interest in Eksportfinans AS [1]	1 719	2 234
Additions/disposals	(148)	205
Dividends	(14)	(41)
Carrying amount as at 31 December [2]	**5 866**	**5 802**

						DNB Group	
Amounts in NOK million	Assets 31 Dec. 2014 [3]	Liabilities 31 Dec. 2014 [3]	Income 2014 [3]	Profit 2014 [3]	Ownership share (%) 31 Dec. 2014	Carrying amount 31 Dec. 2014	Carrying amount 31 Dec. 2013
Eksportfinans AS 1)	85 629	77 869	(5 599)	(4 273)	40	3 200	2 952
Sørlandssenteret DA	2 258	10	120	91	50	1 124	1 565
Lade Handelspark DA	1 140	3	84	77	85	966	549
Other associated companies						575	736
Total						**5 866**	**5 802**

1) *Moody's and Standard & Poor's downgrades of Eksportfinans' credit rating in the fourth quarter of 2011 resulted in sizeable unrealised gains on the company's long-term funding. The effect of these unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion. After reviewing the fair value of the company in connection with the closing of the annual accounts, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter of 2011. In 2012, 2013 and 2014, the required rate of return in the market was reduced, and Eksportfinans had sizeable unrealised losses on own debt. The impairment loss recorded by DNB in the fourth quarter of 2011 was reversed by an amount corresponding to these unrealised losses. Reversals totalling NOK 1.7 billion were made in 2014. The remaining impairment loss was NOK 0.3 billion at year-end 2014. The impairment loss in 2011 and subsequent reversals have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.*

2) *Include deferred tax positions and value adjustments not reflected in the company's balance sheet.*

3) *Values in the accounts of associated companies. Preliminary and unaudited accounts have been used.*

Eksportfinans

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

DNB Livsforsikring

Through DNB Livsforsikring, the Group has joint control over four property companies as a result of its holdings in the companies and an agreement that all board decisions concerning the relevant activities shall be unanimous. As of 1 January 2013, these activities are classified as jointly controlled operations in accordance with IFRS 11 and recognised in the group accounts according to the equity method. These activities were previously accounted for according to the proportional consolidation method. The total return on the investments is included in the common portfolio of DNB Livsforsikring and presented under Net financial result, DNB Livsforsikring in the income statement. The change affects the classification of the investment in the balance sheet, but has no impact on the presentation in the income statement. See Accounting principles for effects of IFRS 11 Joint Arrangements.

Note 41 Intangible assets

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Goodwill [1)]	4 781	4 870
Capitalised systems development	1 260	1 382
Sundry intangible assets	244	259
Total intangible assets	**6 285**	**6 511**

				DNB Group
Amounts in NOK million	Goodwill [1)]	Capitalised systems development	Other intangible assets	Total
Cost as at 1 January 2013	9 237	4 542	1 061	14 840
Additions	13	430	45	488
Additions from the acquisition/establishment of other companies				0
Increase/reduction in cost price				0
Disposals [2)]	442	16	33	491
Exchange rate movements	458	159	29	646
Cost as at 31 December 2013	9 266	5 115	1 103	15 483
Total depreciation and impairment as at 1 January 2013	4 520	2 806	797	8 123
Depreciation		453	57	510
Impairment [3)]	57	501		559
Disposals [2)]	442	34	14	489
Exchange rate movements	260	6	3	269
Total depreciation and impairment as at 31 December 2013	4 396	3 732	843	8 972
Carrying amount as at 31 December 2013	**4 870**	**1 382**	**259**	**6 511**
Cost as at 1 January 2014	9 266	5 115	1 103	15 483
Additions		297	47	344
Additions from the acquisition/establishment of other companies				0
Increase/reduction in cost price				0
Disposals		19	27	46
Exchange rate movements	(84)	57	10	(17)
Cost as at 31 December 2014	9 182	5 451	1 132	15 765
Total depreciation and impairment as at 1 January 2014	4 396	3 732	843	8 972
Depreciation		420	64	484
Impairment	5	(3)		2
Disposals		4	23	26
Exchange rate movements		45	3	47
Total depreciation and impairment as at 31 December 2014	4 401	4 190	888	9 479
Carrying amount as at 31 December 2014	**4 781**	**1 261**	**244**	**6 286**

1) See note 42 Goodwill.

2) In September 2012, an agreement was signed on the sale of SalusAnsvar AB in Sweden, and the assets were reclassified as "held for sale" as from 1 October 2012. The sale was formally completed in late January 2013. Svensk Fastighetsförmedling AB was sold in the fourth quarter of 2013.

3) Due to reduced growth prospects and stricter capital requirements for the cash flow-generating unit, it was decided to recognise impairment losses of NOK 500 million relating to the IT solutions in the Baltics in 2013.

Note 42 Goodwill

In the DNB Group's balance sheet, the individual goodwill items and intangible assets with an indefinite useful life are allocated to cash-generating units according to which units benefit from the acquired asset. The cash-generating unit is chosen based on considerations relating to where it is possible to identify and distinguish cash flows related to the unit. A cash-generating unit may record goodwill from several transactions, and an impairment test is then performed on the total goodwill entered in the accounts in the cash-generating unit.

Testing of values and key assumptions used in value in use calculations

Impairment testing of capitalised values is done by discounting expected future cash flows from the unit. The assessments are based on the value in use of the cash-generating units. The value in use represents the sum total of the estimated present value of expected cash flows for the plan period and projected cash flows after the plan period. Cash flows for the plan period normally have a three-year perspective based on budgets and plans approved by management. It must be possible to prove that budgets and plans based on past performance in the relevant unit are realistic. In the medium term, projections beyond the plan period are based on the expected economic growth rate for the cash-generating units. In the long-term an annual growth of 2.5 per cent is anticipated, which equals the expected long-term inflation rate. When a deviating long-term growth rate is used for cash-generating units, an explanation is provided in the description below.

The discount rate is based on an assessment of the market's required rate of return for the type of activity performed in the cash-generating unit. This required rate of return reflects the risk of operations. Impairment tests are generally performed on cash flows after tax in order to be able to directly employ the market's required rate of return. If the test shows that there may be a need for impairment, an assessment is also made of the pre-tax value of the cash flows. In assessments for the 2014 accounting year, a discount rate based on an adjusted capital asset pricing model has been used with a normalised risk-free interest rate in the unit's home market plus a normalised risk premium of 4 per cent. Beta values are estimated for each cash-generating unit. The normalised risk-free interest rate is estimated to 5 per cent for units in Norway and Sweden.

For units where recorded goodwill approximates the estimated value in use, DNB has carried out sensitivity analyses. These consider whether a change of key assumptions used in valuations of a unit would result in its capitalised value exceeding its value in use. Sensitivity analyses carried out in 2014 showed that probable changes in key assumptions for cash flows did not result in any need for impairment.

Goodwill per unit

	DNB Group	
Amounts in NOK million	Recorded 31 Dec. 2014	Recorded 31 Dec. 2013
DNB Asset Management	1 705	1 800
Personal customers	982	982
Small and medium sized enterprises	483	483
Cresco	502	502
DNB Finans - car financing in Norway	365	365
DNB Finans - car financing in Sweden	459	398
Other	285	340
Total goodwill	4 781	4 870

DNB Asset Management

The unit includes asset management operations, mainly in Norway and Sweden. Total goodwill from units in the operational area is assessed collectively, and the cash-generating unit represents the entire operational area. Operations are integrated, and synergies and rationalisation effects have been realised throughout the organisation. The operational area is the lowest level at which cash flows can be identified. The most critical assumptions for cash flows during the plan period are developments in the securities markets, net sales of mutual funds and margins. The long-term growth factor of 2.5 per cent has been used also in the medium term. A required rate of return corresponding to 13.4 per cent before tax has been used.

Personal customers – parent bank

This unit encompasses banking operations (loans and deposits) for personal customers in the regional network in Norway, and recorded goodwill mainly stems from the merger between DnB and Gjensidige NOR and the acquisition of Nordlandsbanken. In addition, some goodwill remains from previously acquired offices in Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans. The long-term growth factor of 2.5 per cent has been used also in the medium term. A required rate of return corresponding to 12.3 per cent before tax has been used.

Small and medium-sized enterprises – parent bank

This unit encompasses banking operations (loans and deposits) for corporate customers in the regional network in Norway, and recorded goodwill mainly stems from the merger between DnB and Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans. The long-term growth factor of 2.5 per cent has been used also in the medium term. A required rate of return corresponding to 12.3 per cent before tax has been used.

Cresco

The unit encompasses external distribution of credit cards under the Cresco brand. Goodwill stems from the merger between DnB and Gjensidige NOR and the previous acquisition premium from the acquisition of Gjensidige Bank's credit card portfolio. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans. The long-term growth factor of 2.5 per cent has been used also in the medium term. A required rate of return corresponding to 12.3 per cent before tax has been used.

Note 42 Goodwill (continued)

DNB Finans – car financing in Norway
The unit encompasses DNB's car financing operations in Norway, and goodwill stems from DNB's acquisition of Skandiabanken's car financing operations in Norway with effect from 2008. Critical assumptions for cash flows during the plan period are car sales figures in Norway and DNB Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of impairments of loans. The long-term growth factor of 2.5 per cent has been used also in the medium term. A required rate of return corresponding to 12.3 per cent before tax has been used.

DNB Finans – car financing in Sweden
The unit encompasses DNB Finans' car financing operations and leasing portfolio in Sweden. Goodwill stems from the previous acquisition of leasing portfolios and operations within vendor-based car financing in Sweden, and from the acquisition of Skandiabanken's car financing operations in Sweden in 2008. Key assumptions for cash flows are car sales figures in Sweden and DNB Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of impairment of loans. The long-term growth factor of 2.5 per cent has been used also in the medium term. A required rate of return corresponding to 12.3 per cent before tax has been used.

Note 43 Fixed assets

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Bank buildings and other properties	1 913	2 002
Real property at fair value	4 630	3 660
Machinery, equipment and vehicles	1 567	1 410
Fixed assets, operational leases	5 569	5 314
Other fixed assets	152	110
Total fixed assets	**13 830**	**12 498**

					DNB Group
Amounts in NOK million	Real property at historic cost	Real property at fair value	Machinery, equipment and vehicles	Fixed assets operational leases	Total [1)]
Accumulated cost as at 31 December 2013	2 231	3 733	3 522	7 624	17 111
Reclassified fixed assets	(184)	0	184	0	0
Additions	248	830	327	2 229	3 633
Additions from merger/aquisition/establishment of other companies	41	0	32	0	73
Revaluation	0	191	0	0	191
Fixed assets, reclassified as held for sale	0	0	0	0	0
Disposals	211	0	188	1 673	2 073
Exchange rate movements	37	0	27	83	146
Cost as at 31 December 2014	2 159	4 755	3 907	8 263	19 083
Total depreciation and impairment as at 31 December 2013	227	73	2 111	2 310	4 721
Additions from merger/aquisition/establishment of other companies	23	0	8	0	31
Disposals	40	0	120	800	961
Depreciation [2)]	35	52	315	1 150	1 552
Impairment	(1)	0	10	(0)	9
Reversal of previous impairment losses	0	0	0	0	0
Exchange rate movements	1	0	17	34	53
Total depreciation and impairment as at 31 December 2014	245	125	2 340	2 694	5 404
Carrying amount as at 31 December 2014 [*)]	1 913	4 630	1 567	5 569	13 679

**) Value of property classified at fair value according to the historic cost principle 4 269*

1) *The total does not include "Other fixed assets".*
2) *Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:*

Technical installations	*10 years*
Machinery	*3-10 years*
Fixtures and fittings	*5-10 years*
Computer equipment	*3-5 years*
Means of transport	*5-7 years*

The DNB Group has not placed any collateral for loans/funding of fixed assets, including property.

Note 44 Leasing

Financial leases (as lessor)		DNB Group
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Gross investment in the lease		
Due within 1 year	11 051	10 293
Due in 1-5 years	28 230	26 007
Due in more than 5 years	2 673	2 459
Total gross investment in the lease	41 955	38 759
Present value of minimum lease payments		
Due within 1 year	10 436	9 815
Due in 1-5 years	23 145	21 318
Due in more than 5 years	1 787	1 640
Total present value of lease payments	35 368	32 774
Unearned financial income	6 586	5 985
Unguaranteed residual values accruing to the lessor	52	48
Accumulated loan-loss provisions	1 613	1 525
Variable lease payments recognised as income during the period	95	94

Operational leases (as lessor)		DNB Group
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Future minimum lease payments under non-cancellable leases		
Due within 1 year	1 777	1 761
Due in 1-5 years	5 528	5 592
Due in more than 5 years	2 852	2 954
Total future minimum lease payments under non-cancellable leases	10 157	10 308

Operational leases (as lessee)		DNB Group
Amounts in NOK million	31.12.14	31.12.13
Minimum future lease payments under non-cancellable leases		
Due within 1 year	87	108
Due in 1-5 years	849	796
Due in more than 5 years	2 450	2 529
Total minimum future lease payments under non-cancellable leases	3 386	3 433
Total minimum future sublease payments expected to be received under non-cancellable subleases	211	352

		DNB Group
Amounts in NOK million	2014	2013
Leases recognised as an expense during the period		
Minimum lease payments	898	1 016
Variable lease payments	0	0
Total leases recognised as an expense during the period	898	1 016
Impairment of leases	33	54

Financial leases (as lessor)
The DNB Group's financial leasing operations apply to DNB Bank ASA and DNB's operations in Baltics and Poland.

Operational leases (as lessor)
Comprises operational leasing operations in DNB Bank ASA and DNB's operations in Baltics and Poland, in addition to leasing of investment properties in DNB Livsforsikring.

Operational leases (as lessee)
Mainly comprises premises leased by DNB Bank ASA.

Note 45 Other assets

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Accrued expenses and prepaid revenues	721	793
Amounts outstanding on documentary credits and other payment services	1 156	2 492
Unsettled contract notes	4 308	3 412
Past due, unpaid insurance premiums	447	507
Investment funds owned by non-controlling interests	15 337	13 959
Other amounts outstanding	5 885	9 644
Total other assets	**27 855**	**30 806**

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

Note 46 Deposits from customers for principal customer groups [1)]

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Private individuals	343 765	323 102
Transportation by sea and pipelines and vessel construction	61 909	66 090
Real estate	41 309	36 213
Manufacturing	63 669	33 535
Services	154 339	137 780
Trade	37 190	40 573
Oil and gas	31 648	40 928
Transportation and communication	45 873	37 395
Building and construction	20 143	18 713
Power and water supply	29 096	27 576
Seafood	4 446	5 863
Hotels and restaurants	2 573	2 636
Agriculture and forestry	4 735	3 546
Central and local government	45 693	40 786
Finance	54 559	52 527
Total deposits from customers, nominal amount	940 947	867 262
Adjustments	587	642
Deposits from customers	**941 534**	**867 904**

1) *The breakdown into principal customer groups corresponds to the EU's standard industrial classification, NACE Rev.2.*

Note 47 Debt securities issued

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Commercial paper issued, nominal amount	206 715	183 619
Bond debt, nominal amount [1)]	560 650	504 159
Adjustments	44 660	23 777
Total debt securities issued	**812 025**	**711 555**

Changes in debt securities issued — **DNB Group**

Amounts in NOK million	Balance sheet 31 Dec. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Commercial paper issued, nominal amount	206 715	1 394 909	1 371 813	(0)		183 619
Bond debt, nominal amount [1)]	560 650	68 810	52 143	39 823		504 159
Adjustments	44 660				20 884	23 777
Total debt securities issued	**812 025**	**1 463 719**	**1 423 956**	**39 823**	**20 884**	**711 555**

Maturity of debt securities issued recorded at amortised cost as at 31 December 2014 [1) 2)] — **DNB Group**

Amounts in NOK million	NOK	Foreign currency	Total
2015	0	0	0
Total commercial paper issued, nominal amount	0	0	0
2015	0	53 377	53 377
2016	0	74 786	74 786
2017	0	77 209	77 209
2018	0	65 771	65 771
2019	0	50 638	50 638
2020	0	20 854	20 854
2021 and later	495	140 717	141 212
Total bond debt, recorded at amortised cost, nominal amount	495	483 353	483 848
Total debt securities issued recorded at amortised cost, nominal amount	495	483 353	483 848

Maturity of debt securities issued recorded at fair value as at 31 December 2014 [1)] — **DNB Group**

Amounts in NOK million	NOK	Foreign currency	Total
2015	0	206 715	206 715
Total commercial paper issued, nominal amount	0	206 715	206 715
2015	2 469	0	2 469
2016	8 829	0	8 829
2017	12 267	0	12 267
2018	17 082	0	17 082
2019	18 110	0	18 110
2020	6 714	0	6 714
2021 and later	11 331	0	11 331
Total bond debt, nominal amount	76 802	0	76 802
Total debt securities issued recorded at fair value, nominal amount	76 802	206 715	283 517
Adjustments	4 648	40 013	44 660
Debt securities issued	81 945	730 081	812 025

1) Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 440.0 billion as at 31 December 2014. The cover pool market value represented NOK 551.6 billion.

2) Includes hedged items.

Note 48 Subordinated loan capital and perpetual subordinated loan capital securities

	DNB Group	
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Term subordinated loan capital, nominal amount	19 322	17 822
Perpetual subordinated loan capital, nominal amount	4 792	4 011
Perpetual subordinated loan capital securities, nominal amount	4 028	3 515
Adjustments	1 176	929
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 319**	**26 276**

Changes in subordinated loan capital and perpetual subordinated loan capital securities **DNB Group**

Amounts in NOK million	Balance sheet 31 Dec. 2014	Issued 2014	Matured/ redeemed 2014	Exchange rate movements 2014	Other adjustments 2014	Balance sheet 31 Dec. 2013
Term subordinated loan capital, nominal amount	19 322			1 500		17 822
Perpetual subordinated loan capital, nominal amount	4 792			782		4 011
Perpetual subordinated loan capital securities, nominal amount	4 028			514		3 515
Adjustments	1 176				247	929
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 319**	**0**	**0**	**2 795**	**247**	**26 276**

DNB Group

Year raised	Carrying amount in foreign currency		Interest rate	Maturity	Call date	Carrying amount in NOK
Term subordinated loan capital						
2008	GBP	400	7.25% p.a.	2020	2015	4 604
2012	EUR	750	4.75% p.a.	2022	2017	6 734
2013	NOK	1 250	3-month NIBOR + 1.70%	2023	2018	1 250
2013	EUR	750	3.00 % p.a.	2023	2018	6 734
Total, nominal amount						19 322
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 588
1986	USD	150	6-month LIBOR + 0.13%			1 477
1986	USD	200	6-month LIBOR + 0.15%			1 108
1999	JPY	10 000	4.51% p.a.		2029	619
Total, nominal amount						4 792
Perpetual subordinated loan capital securities						
2007	GBP	350	6.01% p.a.		2017	4 028
Total, nominal amount						4 028

Note 49 Provisions

			DNB Group
Amounts in NOK million	Issued financial guarantees	Other provisions	Total provisions [1)]
Carrying amount as at 31 December 2013	**529**	**925**	**1 454**
New provisions, recorded in the accounts	132	453	586
Amounts used	1	551	551
Reversals of unutilised provisions	299	34	333
Other changes	4	12	16
Carrying amount as at 31 December 2014	**366**	**806**	**1 172**

1) Provisions which are assumed to be settled after 12 months totalled NOK 548 million as at 31 December 2014.

Note 50 Other liabilities

		DNB Group
Amounts in NOK million	31 Dec. 2014	31 Dec. 2013
Short-term funding	1 002	581
Accrued expenses and prepaid revenues	4 551	4 602
Documentary credits, cheques and other payment services	1 230	2 340
Unsettled contract notes	3 311	3 830
Accounts payable	522	705
General employee bonus	217	218
Non-controlling interests	15 337	15 801
Other liabilities	5 738	3 857
Total other liabilities [1)]	**31 908**	**31 934**

1) Other liabilities are generally of a short-term nature.

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

Note 51 Remunerations etc.

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors will present the following statement on remunerations to the Annual General Meeting for voting:

"Information about DNB's remuneration scheme

Pursuant to the regulations on remuneration schemes in financial institutions etc., issued by the Norwegian Ministry of Finance on 1 December 2010 and subsequent amendments, companies are required to publish information about the main principles for determining remunerations, criteria for the stipulation of any variable remunerations and quantitative information on remuneration to senior executives. The information in this note, including the Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives below, represents such information, as stipulated in the remuneration regulations.

The group guidelines for remuneration in the DNB Group apply to the total remuneration to all permanent employees in the DNB Group and comprise monetary remuneration (fixed salary, short and long-term incentives), employee benefits (pensions, employer's liability insurance and other employee benefits) and employee development and career measures (courses and development programmes, career programmes and other non-monetary remuneration).

According to the guidelines, total remuneration is to be based on a total evaluation of the performance of the Group, as well as the unit's and each individual's contributions to value creation. Total remuneration should be structured to ensure that it does not expose the Group to unwanted risk. The remuneration should be competitive, but also cost-effective for the Group.

Furthermore, monetary remuneration should consist of a fixed and a variable part where this is appropriate. Fixed salary should be a compensation for the responsibilities and requirements assigned to each position, as well as its complexity, while variable salary should encourage strong performance and desired conduct.

<u>Group guidelines for variable remuneration</u>

To ensure compliance with the remuneration regulations and the circular from Finanstilsynet on remuneration schemes in financial institutions, investment firms and management companies for mutual funds, DNB has had separate group guidelines for variable remuneration since 2011, including special guidelines for variable remuneration to senior executives, employees with responsibilities which are of great importance to the company's risk exposure ("risk takers") and employees who are responsible for independent control functions.

The purpose of DNB's guidelines for variable remuneration is to reward conduct and develop a corporate culture which ensures long-term value generation. The guidelines for variable remuneration have been approved by the Board of Directors' Compensation Committee.

Variable remuneration is based on an overall assessment of the results achieved within defined target areas for the Group, the unit and the individual, as well as compliance with the Group's vision, values, code of ethics and leadership principles. The variable remuneration should be performance-based without exposing the Group to unwanted risk. Furthermore, it should counteract excessive risk taking and promote sound and effective risk management in DNB. Variable remuneration (bonus) for senior executives cannot exceed 50 per cent of fixed salary.

DNB's variable remuneration scheme applies globally, though non-Norwegian branches and subsidiaries will also be required to comply with local legislation, regulations and guidelines. There may be challenges of a legal nature in cases where the Norwegian regulations do not correspond to local legislation and local rules concerning remunerations in financial institutions. In such cases, the Group will seek advice from the relevant authorities and international experts to ensure that the Group's practices are in compliance with both Norwegian and local regulations.

The Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives

DNB's guidelines for determining remunerations to the group chief executive and other members of the group management team should, at all times, support prevailing strategy and values, while contributing to the attainment of the Group's targets. The remuneration should inspire conduct to build the desired corporate culture with respect to performance and profit orientation. In connection with this statement, the Board of Directors has passed a resolution which entails minor changes to the principles for the stipulation of remunerations compared with statements presented previously.

Decision-making process

The Board of Directors in DNB ASA has established a compensation committee consisting of three members: the chairman of the Board, the vice-chairman and one board member.

The Compensation Committee prepares matters for the Board of Directors and has the following main responsibilities:

- Annually evaluate and present its recommendations regarding the total remuneration awarded to the group chief executive
- Annually prepare recommended targets for the group chief executive
- Based on suggestions from the group chief executive, decide the remuneration and other key benefits awarded to the group executive vice president, Group Audit
- Act in an advisory capacity to the group chief executive regarding remunerations and other key benefits for members of the group management team and, when applicable, for others who report to the group chief executive
- Consider other matters as decided by the Board of Directors and/or the Compensation Committee
- Evaluate other personnel-related issues which can be assumed to entail great risk to the Group's reputation

Note 51 Remunerations etc. (continued)

A. Guidelines for the coming accounting year

Remuneration to the group chief executive

The total remuneration to the group chief executive consists of fixed salary (main element), benefits in kind, variable remuneration, and pension and insurance schemes. The total remuneration is determined based on a total evaluation, and the variable part of the remuneration is primarily based on return on equity and the common equity tier 1 capital ratio, which constitute the Group's key figures. In addition to the financial key figures, the Group's customer satisfaction and corporate reputation scores will be taken into consideration. In addition, the total evaluation will reflect compliance with the Group's vision, values, code of ethics and leadership principles.

The fixed salary is subject to an annual evaluation and is determined based on salary levels in the labour market in general and in the financial industry in particular, and on remuneration levels for comparable positions.

Variable salary to the group chief executive is determined based on an overall assessment of the results achieved within defined target areas. Variable salary cannot exceed 50 per cent of fixed salary. The group chief executive is not awarded performance-based payments other than the stated variable remuneration.

In addition to variable remuneration, the group chief executive can be granted benefits in kind such as company car, newspapers/periodicals and telephone/ other communication. Benefits in kind should be relevant to the group chief executive's function or in line with market practice, and should not be significant relative to the group chief executive's fixed salary.

The Board of Directors will respect the agreement entered into with the group chief executive, whereby his retirement age is 60 years with a pension representing 70 per cent of fixed salary. If employment is terminated prior to the age of 60, he will still be entitled to a pension from the age of 60 with the deduction of 1/14 of the pension amount for each full year remaining to his 60th birthday. According to the agreement, the group chief executive is entitled to a termination payment for two years if employment is terminated prior to the age of 60. If, during this period, the group chief executive receives income from other employment, the termination payment will be reduced by an amount corresponding to the salary received from this employment. Benefits in kind will be maintained for a period of three months.

Remuneration to other senior executives

The group chief executive determines the remunerations to senior executives in agreement with the chairman of the Board of Directors. The Board of Directors will honour existing binding agreements.

The total remuneration to senior executives consists of fixed salary (main element), benefits in kind, variable salary, and pension and insurance schemes. The total remuneration is determined based on the need to offer competitive terms in the various business areas. The remunerations should promote the Group's competitiveness in the relevant labour market, as well as the Group's profitability, including the desired trend in income and costs. The total remuneration should take DNB's reputation into consideration and ensure that DNB attracts and retains senior executives with the desired skills and experience.

The fixed salary is subject to an annual evaluation and is determined based on salary levels in the labour market in general and in the financial industry in particular.

Benefits in kind may be offered to senior executives to the extent the benefits have a relevant connection to the employee's function in the Group or are in line with market practice. The benefits should not be significant relative to the employee's fixed salary.

Target structure 2015

The Compensation Committee approves principal criteria, principles and limits for variable remuneration. The Compensation Committee has decided that return on equity and the common equity Tier 1 capital ratio should constitute the Group's key figures for 2015. In addition to the financial key figures, measurement criteria include the Group's customer satisfaction index and reputation scores.

The Group's financial target figures have been broken down into relevant targets for the various business areas and staff and support units in order to offer optimal support for the implementation of new capital adequacy and liquidity regulations.

The above targets will be key elements when calculating and paying out the variable remuneration for 2015. All financial targets have been defined and communicated to the relevant business areas and staff and support units as part of the work with and follow-up of the targets for 2015.

Determination of variable remuneration for 2015

The variable remuneration for 2015 will be determined by means of an overall assessment of performance, based on a combination of quantitative attainment of pre-set performance targets and qualitative assessments of how the targets were achieved.

The Board of Directors will determine a maximum limit for total bonuses for the Group, excluding DNB Markets and DNB Eiendom, based on the attainment of group targets, combined with a general assessment of other important parameters and the Group's financial capacity. The total limit will be allocated to the organisation based on the individual units' target attainment and contributions to the Group's performance. With respect to DNB Markets, a special limit will be determined for variable remuneration based on the risk-adjusted profits achieved by the unit and an overall assessment, which is in line with market practice for this type of operations. Correspondingly, the remuneration model in DNB Eiendom is consistent with market practice, with a high share of variable remuneration based on individual performance.

Special rules for senior executives, identified risk takers and employees responsible for independent control functions

DNB has prepared and implemented special rules for identified risk takers, employees responsible for independent control functions and senior executives, hereinafter called risk takers. The special rules supplement the general group guidelines for variable remuneration and have been formulated in compliance with the remuneration regulations and the related circular from Finanstilsynet.

In accordance with new requirements, DNB has surveyed the entire organisation to identify risk takers based on new criteria resulting from the circular and the EU regulation.

Note 51 Remunerations etc. (continued)

For risk takers, the following main principles apply to variable remuneration:

- A two-year service period.
- Variable remuneration cannot exceed the agreed fixed remuneration.
- Deferred and conditional payment of minimum 50 per cent of the earned variable remuneration in the form of DNB shares. The remuneration paid in the form of shares will be divided into three, subject to minimum holding periods (deferred and conditional), with one-third payable each year over a period of three years. The deferred and conditional payments will be in compliance with the stipulations in the remuneration regulations.
- Evaluations of employees who meet the definition of risk taker after taking up a new position or due to changes in the regulations will only be based on their performance during the year in question in the first year after the change took place. The same may apply to risk takers who take up a new position whose content, organisational level, risk limits etc. differ significantly from those of their former position.

Pensions etc.
Pension schemes and any agreements on termination payments etc. should be considered relative to other remuneration and should ensure competitive terms. The various components in pension schemes and severance pay, either alone or together, must not be such that they could pose a threat to DNB's reputation.

As a main rule, senior executives are entitled to a pension at the age of 65, though this can be deviated from. In accordance with the Group's defined benefit pension scheme, pension entitlements should not exceed 70 per cent of fixed salary and should constitute maximum 12 times the National Insurance basic amount. However, the DNB Group will honour existing agreements. A defined contribution scheme was established for the Group with effect from 1 January 2011, whereby pensionable income will be limited to 12 times the National Insurance basic amount. Parallel to this, the Group's defined benefit pension scheme was closed for new members as from 31 December 2010.

As a main rule, no termination payment agreements will be signed. However, the Group will honour existing agreements.

When entering into new agreements, the guidelines generally apply and comprise all senior executives.

See table of remunerations for senior executives below.

B. Binding guidelines for shares, subscription rights, options etc. for the coming accounting year
An amount corresponding to 50 per cent of the earned variable remuneration of the group chief executive, senior executives and risk takers is invested in shares in DNB ASA. The minimum holding periods are one year for one-third of the shares, two years for one-third of the shares and three years for the final one-third of the shares.

No additional shares, subscription rights, options or other forms of remuneration only linked to shares or only to developments in the share price of the company or other companies within the Group, will be awarded to the group chief executive or senior executives. The group chief executive and senior executives are, however, given the opportunity to participate in a share subscription scheme on the same terms as other employees in the DNB Group.

C. Statement on the senior executive salary policy in the previous account year
The group guidelines determined for 2011 have been followed.

D. Statement on the effects for the company and the shareholders of remuneration agreements awarding shares, subscription rights, options etc.
An amount corresponding to 50 per cent of the gross variable salary earned by the group chief executive and senior executives in 2014 is invested in shares in DNB ASA. The Board of Directors believes that the awarding of shares to senior-executives, in view of the total number of shares in the company, will have no negative consequences for the company or the shareholders."

Terms for the chairman of the Board of Directors
Anne Carine Tanum received a remuneration of NOK 511 023 in 2014 as chairman of the Board of Directors of DNB ASA, compared with NOK 484 885 in 2013. In addition, she received NOK 413 431 as chairman of the Board of Directors of DNB Bank ASA, compared with NOK 396 631 in 2013.

Terms for the group chief executive
Rune Bjerke received an ordinary salary of NOK 5 426 576 in 2014, compared with NOK 5 256 941 in 2013. The Board of Directors of DNB ASA stipulated the group chief executive's bonus payment for 2014 at NOK 2 170 000, unchanged from 2013. The bonus for 2014 will be paid in 2015. Benefits in kind were estimated at NOK 261 689, compared with NOK 256 475 in 2013. Costs in connection with the group chief executive's pension scheme of NOK 3 715 825 were recorded for the 2014 accounting year, compared with NOK 3 460 643 in 2013. Costs are divided between DNB ASA and DNB Bank ASA.

Note 51 Remunerations etc. (continued)

The table has been constructed to show rights earned during the period.

Remunerations etc. in 2014 **DNB Group**

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2014 [1]	Paid remunera-tion in 2014 [2]	Paid salaries in 2014 [3]	Bonus earned in 2014 [4]	Benefits in kind and other benefits in 2014	Total remunera-tion earned in 2014	Loans as at 31 Dec. 2014 [5]	Accrued pension expenses [6]
Board of Directors of DNB ASA								
Anne Carine Tanum (chairman) [7]	-	924	-	-	-	924	0	-
Tore Olaf Rimmereid (vice-chairman) [7) 8]	-	567	-	-	-	567	22	-
Jarle Bergo [8]	-	604	-	-	3	607	0	-
Bente Brevik (until 18 June 2014) [8]	-	193	-	-	8	201	0	-
Sverre Finstad	645	604	654	20	59	1 337	568	47
Carl A. Løvvik	692	315	701	20	18	1 054	75	80
Vigdis Mathisen	692	604	693	20	22	1 339	3 873	60
Jaan Ivar Semlitsch (from 18 June 2014) [8]	-	219	-	-	-	219	2 302	-
Berit Svendsen [7) 8]	-	430	-	-	-	430	15 346	-
Group management								
Rune Bjerke, CEO	5 250	-	5 427	2 170	262	7 858	72	3 716
Bjørn Erik Næss, CFO	3 688	-	3 835	1 505	204	5 545	1 367	4 168
Trond Bentestuen, group EVP	2 835	-	2 912	1 210	206	4 329	6 697	517
Kjerstin Braathen, group EVP	2 795	-	2 903	1 195	203	4 301	1 165	418
Ottar Ertzeid, group EVP	8 382	-	8 692	3 830	210	12 732	45	396
Liv Fiksdahl, group EVP	2 835	-	2 914	1 230	203	4 347	1 694	714
Solveig Hellebust, group EVP	2 322	-	2 404	940	202	3 546	15	221
Kari Olrud Moen, group EVP	2 683	-	2 764	1 065	203	4 032	0	540
Tom Rathke, group EVP	3 235	-	3 504	1 340	209	5 054	10 600	1 820
Harald Serck-Hanssen, group EVP	3 921	-	4 091	1 640	205	5 936	5 575	749
Leif Teksum, group EVP (until 2 July 2014) [9]	-	97	2 661	810	1 189	4 757	4 040	580
Trygve Young, group EVP	3 048	-	3 092	500	203	3 795	2	-
Control Committee								
Frode Hassel (chairman)	-	427	-	-	-	427	-	-
Karl Olav Hovden (vice-chairman) [9]	-	212	-	-	296	509	1	-
Vigdis Merete Almestad (until 24 April 2014)	-	149	-	-	-	149	-	-
Ida Helliesen (from 24 April 2014)	-	196	-	-	-	196	3	-
Ida Espolin Johnson	-	343	-	-	-	343	171	-
Ole Trasti (from 24 April 2014)	-	196	-	-	-	196	2 001	-
Thorstein Øverland (until 24 April 2014) [9]	-	91	-	-	22	112	5	-
Supervisory Board	6 857	1 161	8 343	240	339	10 083	66 643	443
Loans to other employees							18 458 857	

1) Fixed annual salary at year-end for employees who were members of the Board of Directors or the group management team during the year.

2) Includes remuneration received from all companies within the DNB Group for service on Boards of Directors and committees. Board remuneration from DNB ASA was NOK 3 128 000 in 2014. Some persons are members of more than one body.

3) Includes salary payments for the entire year and holiday pay on bonuses. Some employees were members of the Board of Directors or the group management team for only parts of the year.

4) Bonus earned excluding holiday pay.

5) Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DNB employees are extended on special terms, which are close to ordinary customer terms.

6) Accrued pension expenses include pension rights earned during the year (service cost). The calculation of pension entitlements is based on the same economic and actuarial assumptions as those used in note 27 Pensions.

7) Also a member of the Compensation Committee.

8) Also a member of the Audit and Risk Management Committee.

9) Benefits in kind and other benefits include pension payments.

Note 51 Remunerations etc. (continued)

The table has been constructed to show rights earned during the period.

Remunerations etc. in 2013 DNB Group

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2013 1)	Paid remunera-tion in 2013 2)	Paid salaries in 2013 3)	Bonus earned in 2013 4)	Benefits in kind and other benefits in 2013	Total remunera-tion earned in 2013	Loans as at 31 Dec. 2013 5)	Accrued pension expenses 6)
Board of Directors of DNB ASA								
Anne Carine Tanum (chairman) 7)	-	882	-	-	1	882	0	-
Tore Olaf Rimmereid (vice-chairman) 7) 8)	-	573	-	-	1	573	15	-
Jarle Bergo 8)	-	581	-	-	6	587	0	-
Bente Brevik 8)	-	391	-	-	3	395	0	-
Sverre Finstad	624	580	644	20	55	1 299	1 256	41
Carl A. Løvvik	669	290	699	20	17	1 026	148	58
Vigdis Mathisen	635	582	681	20	20	1 303	3 986	44
Berit Svendsen 7)	-	318	-	-	1	319	15 867	-
Group management								
Rune Bjerke, CEO	5 087	-	5 257	2 170	256	7 683	168	3 461
Bjørn Erik Næss, CFO	3 630	-	3 704	1 514	198	5 416	1 764	3 901
Trond Bentestuen, group EVP	2 650	-	2 680	1 094	209	3 984	6 174	465
Kjerstin Braathen, group EVP (from 14 Jan. 2013)	2 600	-	2 562	1 213	203	3 977	2 252	396
Ottar Ertzeid, group EVP	8 250	-	8 433	3 828	203	12 465	3	363
Liv Fiksdahl, group EVP	2 650	-	2 657	1 210	198	4 065	1 996	690
Solveig Hellebust, group EVP	2 250	-	2 318	930	196	3 444	6	202
Cathrine Klouman, group EVP (until 14 Jan. 2013)	-	-	2 409	-	173	2 582	3 040	900
Kari Olrud Moen, group EVP	2 600	-	2 570	1 136	194	3 901	11	493
Karin Bing Orgland, group EVP (until 14 Jan. 2013)	-	-	3 169	-	102	3 271	3 654	697
Tom Rathke, group EVP	3 185	-	3 407	1 376	192	4 976	4 432	1 698
Harald Serck-Hanssen, group EVP (from 14 Jan. 2013)	3 800	-	3 773	1 635	207	5 616	5 691	708
Leif Teksum, group EVP	3 630	-	3 721	1 552	209	5 482	1 457	1 026
Trygve Young, group EVP (from 14 Jan. 2013)	3 000	-	3 022	500	209	3 731	15	-
Control Committee								
Frode Hassel (chairman)	-	401	-	-	-	401	-	-
Thorstein Øverland (vice-chairman)	-	283	-	-	21	304	-	-
Vigdis Merete Almestad	-	268	-	-	-	268	-	-
Karl Olav Hovden 9)	-	267	-	-	280	547	0	-
Ida Espolin Johnson	-	268	-	-	-	268	121	-
Merete Smith (until 30 April 2013)	-	294	-	-	-	294	-	-
Supervisory Board	8 224	1 680	8 608	300	369	10 957	60 850	468
Loans to other employees							17 788 776	

1) Fixed annual salary at year-end for employees who were members of the Board of Directors or the group management team during the year.
2) Includes remuneration received from all companies within the DNB Group for service on Boards of Directors and committees. Board remuneration from DNB ASA was NOK 2 928 000 in 2013. Some persons are members of more than one body.
3) Includes salary payments for the entire year and holiday pay on bonuses. Some employees were members of the Board of Directors or the group management team for only parts of the year.
4) Bonus earned excluding holiday pay.
5) Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DNB employees are extended on special terms, which are close to ordinary customer terms.
6) Accrued pension expenses include pension rights earned during the year (service cost). The calculation of pension entitlements is based on the same economic and actuarial assumptions as those used in note 27 Pensions.
7) Also a member of the Compensation Committee.
8) Also a member of the Audit and Risk Management Committee.
9) Benefits in kind and other benefits Includes pension payments.

Note 51 Remunerations etc. (continued)

Other information on pension agreements

Rune Bjerke has a pension agreement entitling him to a pension representing 70 per cent of pensionable income from the age of 60. Bjørn Erik Næss, Liv Fiksdahl, Kari Olrud Moen and Tom Rathke are entitled to a pension representing 70 per cent of pensionable income from the age of 62. The pension agreement of Leif Teksum entered into force on 1 August 2014, with a pension representing 70 per cent of pensionable income. Trygve Young was entitled to a pension from the age of 62, with a gradual reduction in pension benefits from 90 per cent of pensionable income from the age of 62, 80 per cent from the age of 63 and 70 per cent from the age of 64. The pension agreement of Trygve Young entered into force on 6 February 2015, and Terje Turnes joined the group management team on the same day. Terje Turnes is entitled to a pension representing 70 per cent of pensionable income from the age of 67. Trond Bentestuen, Kjerstin Braathen and Harald Serck-Hanssen are entitled to a pension representing 70 per cent of pensionable income from the age of 65. Ottar Ertzeid has a pension agreement entitling him to pension representing 70 per cent of pensionable income from the age of 62, or 65 at the latest. Solveig Hellebust has a pension agreement entitling her to a pension representing 70 per cent of fixed salary from the age of 65, with no curtailment from the age of 65 through 67. Her pensionable income is limited to 12 times the National Insurance basic amount.

Subscription rights programme for employees

There was no subscription rights programme for employees in the DNB Group at year-end 2014.

Remuneration to the statutory auditor	**DNB ASA**		**DNB Group**	
Amounts in NOK 1 000, excluding VAT	2014	2013	2014	2013
Statutory audit [1)]	550	599	21 589	24 342
Other certification services	0	0	3 625	5 115
Tax-related advice [2)]	0	0	3 933	3 534
Other services	0	0	1 097	3 105
Total remuneration to the statutory auditor	550	599	30 244	36 096

1) Includes fees for auditing funds managed by DNB.

2) Mainly related to assistance in tax matters for employees outside Norway.

Note 52 Information on related parties

The largest owner of the DNB Group is the Norwegian government, represented by the Ministry of Trade and Industry, which owns and controls 34 per cent of the shares in the parent company DNB ASA. See note 54 largest shareholders.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies are associated companies plus DNB NOR Savings Bank Foundation. See note 40 for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms.

Transactions with related parties				**DNB Group**
	Group management and Board of Directors		Related companies	
Amounts in NOK million	2014	2013	2014	2013
Loans as at 1 January	64	57	2 062	1 682
New loans/repayments during the year	4	6	(752)	374
Changes in related parties	(2)	1	(16)	6
Loans as at 31 December	**67**	**64**	**1 294**	**2 062**
Interest income	**2**	**3**	**37**	**39**
Deposits as at 1 January	24	22	1 911	2 691
Deposits/withdrawals during the year	88	3	1 314	(780)
Changes in related parties	(7)	(1)	102	(1)
Deposits as at 31 December	**105**	**24**	**3 307**	**1 911**
Interest expenses	**1**	**1**	**25**	**34**
Guarantees [1)]	**-**	**-**	**14 083**	**19 783**

1) DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DNB Bank ASA. According to the agreement, DNB still carries interest rate risk and credit risk associated with the transferred portfolio. These portfolios totalled NOK 2 809 million and NOK 3 111 million respectively at year-end 2014 and 2013. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans. The total guarantee commitment is included in the table above.

Note 52 Information on related parties (continued)

No impairments were made on loans to related parties in 2013 and 2014. Reference is made to note 51 for information on loans to group management members and directors. Transactions with deputy members of the Board of Directors are not included in the table above. In general, DNB employee loans should be paid by automatic debit in monthly instalments in arrears. Employee loans are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

Major transactions and agreements with related parties

Eksportfinans ASA

DNB Bank ASA has a 40 per cent ownership interest in Eksportfinans. Financial market turbulence resulted in sizeable unrealised losses in Eksportfinans' liquidity portfolio in the first quarter of 2008. In order to ensure an adequate capital base for the company, its Board of Directors implemented three measures:

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

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

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

Note 53 Earnings per share

	DNB Group	
	2014	2013
Profit for the year (NOK million)	20 617	17 511
Profit attributable to shareholders (NOK million)	20 617	17 511
Profit attributable to shareholders excluding operations held for sale (NOK million)	20 639	17 507
Profit from operations and non-current assets held for sale, after taxes	(22)	4
Average number of shares (in 1 000) [2]	1 627 566	1 628 323
Average number of shares, fully diluted (in 1 000) [2]	1 627 566	1 628 323
Earnings/diluted earnings per share (NOK)	12.67	10.75
Earnings/dilutet earnings per share excluding operations held for sale (NOK)	12.68	10.75
Earnings/diluted earnings per share, operations held for sale (NOK)	(0.01)	0.00

1) Holdings of own shares are not included in calculations of the number of shares.

Note 54 Largest shareholders

Shareholder structure in DNB ASA as at 31 December 2014 [1]	Shares in 1 000	Ownership in per cent
Norwegian Government/Ministry of Trade, Industry and Fisheries	553 792	34.00
Sparebankstiftelsen DNB (Savings Bank Foundation)	154 400	9.48
Folketrygdfondet	100 938	6.20
MFS Investment Management	27 563	1.69
SAFE Investment Company	26 378	1.62
Blackrock Investments	25 833	1.59
UBS Global Asset Management	21 224	1.30
Vanguard Group	20 916	1.28
DNB Asset Management	20 137	1.24
Fidelity Worldwide Investments	19 880	1.22
Saudi Arabian Monetary Agency	17 667	1.08
Standard Life Investments	17 375	1.07
T Rowe Price Global Investments	16 986	1.04
KLP Asset Management	15 555	0.96
Jupiter Asset Management	15 396	0.95
Storebrand Investments	14 923	0.92
BNP Paribas Investment Partners	14 791	0.91
Henderson Global Investors	13 931	0.86
Schroder Investment Management	13 759	0.84
Newton Investment Management	13 725	0.84
Total largest shareholders	1 125 169	69.08
Other shareholders	503 629	30.92
Total	1 628 799	100.00

1) The beneficial owners of shares in nominee accounts are determined on the basis of analyses and discretionary assessments.

Note 55 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information

Amounts in NOK million	DNB Group 31 Dec. 2014	DNB Group 31 Dec. 2013
Performance guarantees	46 603	45 721
Payment guarantees	29 930	23 811
Loan guarantees [1)]	17 417	19 054
Guarantees for taxes etc.	6 684	6 596
Other guarantee commitments	2 384	4 291
Total guarantee commitments	103 017	99 472
Support agreements	13 202	10 200
Total guarantee commitments etc. [*)]	116 220	109 672
Unutilised credit lines and loan offers	608 157	580 460
Documentary credit commitments	4 432	3 860
Other commitments	700	671
Total commitments	613 289	584 990
Total guarantee and off-balance commitments	729 509	694 662
Pledged securities	393	63 241
**) Of which counter-guaranteed by financial institutions*	*299*	*148*

1) DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DNB Bank ASA has issued guarantees. According to the agreement, DNB Bank ASA still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 2.8 billion were recorded in the balance sheet as at 31 December 2014. These loans are not included under guarantees in the table.

DNB Bank ASA is a member and shareholder of the settlement system Continuous Linked Settlement (CLS). As a shareholder, DNB Bank ASA has an obligation to contribute to cover any deficit in CLS Bank's central settlement account for member banks, even if the default is caused by another member bank. Initially, such deficit will be sought covered by other member banks based on transactions the respective banks have had with the member bank which has caused the deficit in CLS Bank. Should there remain an uncovered deficit in CLS Bank, this will be covered pro rata by the member banks in CLS, according to Article 9 "Loss Allocations" of CLS Bank's International Rules. According to the agreements between CLS and the member banks, the pro rata payment obligations related to such coverage of any remaining deficit are limited to USD 30 million per member bank. At the end of 2014, DNB had not recorded any obligations in relation to CLS.

DNB Boligkreditt AS (Boligkreditt)

At end-December 2014, Boligkreditt had issued covered bonds with a nominal value of NOK 440 billion. In the event of bankruptcy, the bond-holders have preferential rights to the company's cover pool. At year-end 2014, DNB Bank ASA had invested NOK 25.5 billion in covered bonds issued by Boligkreditt, used in the exchange scheme with the Norwegian government. In addition, DNB Livsforsikring had invested NOK 1.9 billion in such bonds.

Covered bonds

Amounts in NOK million	DNB Boligkreditt 31 Dec. 2014	DNB Boligkreditt 31 Dec. 2013
Total listed covered bonds	382 788	355 746
Total private placements under the bond programme	57 238	48 461
Adjustment		
Accrued interest	4 768	4 222
Unrealised gains/losses	27 574	12 022
Total debt securities issued	472 368	420 451

Cover pool

Amounts in NOK million	DNB Boligkreditt 31 Dec. 2014	DNB Boligkreditt 31 Dec. 2013
Pool of eligible loans	551 598	527 558
Market value of derivatives	76 438	33 799
Supplementary assets	0	0
Total collateralised assets	628 036	561 357
Over-collateralisation (per cent)	133.2	133.6

Note 55 Off-balance sheet transactions, contingencies and post-balance sheet events (continued)

Contingencies

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

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

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

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

Post-balance sheet events

No information has come to light about important circumstances which had occurred on the balance sheet date on 31 December 2014 and up till the Board of Directors' final consideration of the accounts on 11 March 2015.

INCOME STATEMENT

			DNB ASA
Amounts in NOK million	Note	2014	2013
Total interest income		157	131
Total interest expenses		299	335
Net interest income		**(142)**	**(204)**
Commissions and fees payable etc.		6	(6)
Other income	1	7 214	9 550
Net other operating income		**7 209**	**9 544**
Total income		**7 067**	**9 340**
Salaries and other personnel expenses		6	5
Other expenses		385	434
Total operating expenses		**391**	**439**
Pre-tax operating profit		**6 676**	**8 901**
Taxes	3	239	1 771
Profit/comprehensive income for the year		**6 438**	**7 130**
Earnings/diluted earnings per share (NOK)		3.95	4.38
Earnings per share excluding operations held for sale (NOK)		3.95	4.38

BALANCE SHEET

			DNB ASA
Amounts in NOK million	Note	31 Dec. 2014	31 Dec. 2013
Assets			
Due from DNB Bank ASA	5	5 810	5 826
Loans to other group companies	5	1 437	1 349
Investments in group companies	4	66 085	66 464
Receivables due from group companies	5	7 214	9 579
Total assets		**80 547**	**83 218**
Liabilities and equity			
Short-term amounts due to DNB Bank ASA	5	14	51
Due to other group companies	5	879	5 014
Other libilities and provisions	1	6 193	5 413
Long-term amounts due to DNB Bank ASA	5	12 054	11 581
Total liabilities		**19 140**	**22 058**
Share capital		16 288	16 288
Share premium		22 556	22 556
Other equity		22 563	22 315
Total equity		**61 408**	**61 159**
Total liabilities and equity		**80 547**	**83 218**

STATEMENT OF CHANGES IN EQUITY

				DNB ASA
Amounts in NOK million	Share capital	Share premium	Other equity	Total equity
Balance sheet as at 31 December 2012	**16 288**	**22 556**	**19 583**	**58 427**
Profit for the period			7 130	7 130
Dividends for 2013 (NOK 2.70 per share)			(4 398)	(4 398)
Balance sheet as at 31 December 2013	**16 288**	**22 556**	**22 315**	**61 159**
Profit for the period			6 438	6 438
Dividends for 2014 (NOK 3.80 proposed per share)			(6 189)	(6 189)
Balance sheet as at 31 December 2014	**16 288**	**22 556**	**22 563**	**61 408**

Share premium and Other equity can be used in accordance with stipulations in the Public Limited Companies Act.

The share capital of DNB ASA is NOK 16 287 988 610 divided into 1 628 798 861 shares, each with a nominal value of NOK 10. See note 54 for the DNB Group, which specifies the largest shareholders in DNB ASA.

CASH FLOW STATEMENT

	DNB ASA	
Amounts in NOK million	2014	2013
Operating activities		
Net interest payment to subsidiaries	(181)	(319)
Payments to operations	(14)	(16)
Taxes paid	(1 014)	(2 180)
Net cash flow relating to operations	**(1 209)**	**(2 515)**
Investment activities		
Net receipts on the sale of long-term investments in shares	905	0
Net cash flow relating to investment activities	**905**	**0**
Funding activities		
Group contributions from subsidiaries	6 879	8 461
Dividend payments	(4 398)	(3 420)
Net payments on loans from credit institutions	0	(682)
Net payments on loans from other companies	(2 191)	0
Net cash flow relating to funding activities	**290**	**4 359**
Net cash flow	**(14)**	**1 844**
Cash as at 1 January	5 824	3 980
Net receipts/payments of cash	(14)	1 844
Cash as at 31 December	5 810	5 824

ACCOUNTING PRINCIPLES

Basis for preparation
DNB ASA is the parent company in the DNB Group. DNB ASA has prepared its financial statement according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS, hereinafter called the Norwegian IFRS regulations, which implies that recognition and measurements are in accordance with IFRS. The only exception is that the Norwegian IFRS regulations also give permission to recognise provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting.

Changes in accounting principles
The effects of changes in accounting principles are recognised directly against equity.

Ownership interests in group companies
Subsidiaries are defined as companies in which DNB ASA, directly or indirectly, has control. Control over an entity is evidenced by DNB ASA's ability to exercise its power in order to affect any variable return that the company is exposed to through its involvement in the entity.

Where voting rights are relevant, DNB ASA is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities. For more information see note 4 Investments in subsidiaries as at 31 December 2014.

In the financial statement of DNB ASA, investments in subsidiaries are recognised at cost. At the end of each reporting period the company assess whether any indication of impairment exists. If such indication exists, the investment is tested for impairment.

Transactions with group companies
Transactions with subsidiaries are conducted in accordance with general business conditions and principles whereby income, expenses, losses and gains are distributed as correctly as possible between the group companies.

Dividends and group contributions
Dividends and group contributions from group companies are recognised in the financial statement in the same year as provisions are made in the relevant companies. Group contributions received are classified as dividends when considered to represent return on invested capital. Distributed dividends and group contributions are recognised as liabilities in accordance with the Board of Directors proposal on the balance sheet date.

Taxes
Taxes for the year comprise payable taxes for the financial year and changes in the value of deferred taxes and deferred tax assets.

Deferred taxes are calculated on the basis of differences between the profits stated in the income statement and the profits computed for tax purposes, which will be offset in the future. Evaluations are based on the balance sheet and tax position on the balance sheet date. Taxable and tax-deductible timing differences will be netted against each other within the same time interval. Deferred tax assets can be recognised as assets in the balance sheet when it is considered probable that the tax-deductible timing differences may be realised.

Note 1 Dividends/group contributions from subsidiaries

Dividends/group contributions from subsidiaries		**DNB ASA**
Amounts in NOK million	2014	2013
Group contributions received from:		
DNB Bank ASA	4 230	6 944
DNB Livsforsikring AS	2 525	2 414
DNB Skadeforsikring AS	200	0
DNB Asset Management Holding AS	259	190
Total group contributions from subsidiaries	**7 214**	**9 548**

Allocations		**DNB ASA**
Amounts in NOK million	2014	2013
Proposed dividends per share (NOK)	3.80	2.70
Share dividend	6 189	4 398
Transfers to/(from) other equity	249	2 732
Total allocations	**6 438**	**7 130**

Note 2 Remunerations etc.

All employees in DNB ASA are also employed in one of the underlying companies within the Group. The holding company purchases services from other units within the Group. The group chief executive and group executive vice presidents are employed in both DNB ASA and one of the subsidiaries in the Group. Personnel expenses and other administrative expenses relating to these individuals are divided between the subsidiaries and DNB ASA according to use.

See note 51 for the DNB Group for further details on remunerations etc. See also note 6 for DNB ASA, specifying shares in DNB ASA owned by senior executives and members of governing bodies.

Note 3 Taxes

		DNB ASA
Amounts in NOK million	2014	2013
Tax base		
Pre-tax operating profit in DNB ASA	6 676	8 901
Tax-exempt income, group contribution	(5 905)	(2 471)
Other tax-exempt income and non-deductible expenses	113	(106)
Tax base for the year	884	6 324
Taxes		
Payable taxes	239	1 771
Total taxes	**239**	**1 771**

The effective tax rate in 2014 was 4 per cent. The difference between the effective tax rate and the nominal tax rate of 27 per cent was due to the receipt of tax-exempt group contributions. The effective tax rate in 2013 was 20 per cent.

Note 4 Investments in subsidiaries as at 31 December 2014 1)

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	DNB ASA Carrying amount
DNB Bank		18 314 311	183 143 110		18 314 311	100.0	49 892 502
DNB Capital 2)	USD			USD		100.0	
DNB Invest Denmark	DKK	12 765 228	12 765 228 468	DKK	12 765 228	100.0	
DNB Bankas	LTL	656 665	5 710 134	LTL	656 665	100.0	
DNB Banka	EUR	191 178	191 178 337	EUR	191 178	100.0	
DNB Pank	EUR	9 376	937 643	EUR	9 376	100.0	
DNB Bank Polska	PLN	1 257 200	1 257 200 000	PLN	1 257 200	100.0	
Bryggetorget Holding		3 000	3 000		3 000	100.0	
Den Norske Syndicates	GBP	200	200 000	GBP	200	100.0	
DNB Asia 3)	SGD	20 000	20 000 000	SGD	20 000	100.0	
DNB Asia 3)	USD	1 500 000	150 000 000	USD	1 500 000	100.0	
DNB Boligkreditt		3 077 000	30 770 000		3 077 000	100.0	
DNB Eiendom		10 003	100 033		10 003	100.0	
DNB Eiendomsutvikling		91 000	91 000 000		91 000	100.0	
DNB Invest Holding		100 000	200 000		100 000	100.0	
DNB Luxembourg	EUR	30 000	70 000	EUR	30 000	100.0	
DNB Markets Inc.	USD	1	1 000	USD	1	100.0	
DNB Meglerservice		1 200	12		1 200	100.0	
DNB Næringskreditt		550 000	550 000		550 000	100.0	
DNB Næringsmegling		1 000	10 000		1 000	100.0	
DNB Reinsurance		21 000	21 000		21 000	100.0	
Godfjellet		8 030	8 030		8 030	100.0	
Nordlandsbanken Invest		2 600	2 600		2 600	100.0	
DNB Asset Management Holding		274 842	220 050		274 842	100.0	2 182 107
DNB Asset Management		109 680	548 402		109 680	100.0	
DNB Private Equity		10 000	10 000		10 000	100.0	
DNB Asset Management (Asia)	HKD	25 000	25 000 000	HKD	25 000	100.0	
DNB Asset Management	SEK	3 921	39 206	SEK	3 921	100.0	
DNB Asset Management	EUR	425	5 000	EUR	425	100.0	
Carlson Fonder	SEK	50	500	SEK	50	100.0	
DNB Skadeforsikring		265 000	265 000		265 000	100.0	462 790
DNB Livsforsikring		1 685 509	64 827 288		1 685 509	100.0	13 547 795
DNB Næringseiendom		1 000	20 000		1 000	100.0	
DNB Eiendomsholding		56 433	4 341		56 433	100.0	
DNB Pensjonstjenester		1 400	1 400		1 400	100.0	
Total investments in subsidiaries							**66 085 194**

1) Major subsidiaries and sub-subsidiaries in the DNB Group.

2) DNB Capital LLC, a limited liability company, has paid-in capital of USD 2.4 billion.

3) DNB Asia Ltd has part of its share capital denominated in SGD (due to local requirements) and a part of its share capital denominated in USD.

Note 5 Loans and deposits with other DNB Group companies

Transactions with other DNB Group companies *Amounts in NOK million*	DNB ASA 31 Dec. 2014	31 Dec. 2013
Receiveables DNB Group companies		
Deposits with DNB Bank ASA	5 810	5 826
Subordinated loans	1 437	1 349
Group contributions	7 214	9 579
Liabilities DNB Group companies		
Receivables due from DNB Bank ASA	12 072	11 632
Group contributions DNB Livsforsikring AS	875	2 700
Receivables due from DNB Asset Management Holding AS	0	2 314

All transactions with related parties are based on market terms.

Note 6 Shares in DNB ASA held by members of governing bodies and senior executives

	Number of shares 31 Dec. 2014
Supervisory Board of DNB ASA	
Members elected by shareholders	
Eldbjørg Løwer, chairman	200
Randi Eek Thorsen, vice-chairman	0
Inge Andersen	0
Toril Eidesvik	0
Sondre Gravir	0
Camilla Marianne Grieg	0
Jørgen Ole Haslestad	489
Nalan Koc	0
Tomas Leire	0
Helge Møgster	0
Christian Printzell	0
Gudrun B. Rollefsen	0
Widar Salbuvik	0
Torild Skogsholm	0
Merethe Smith	0
Ståle Svenning	0
Turid Sørensen	0
Lars Tronsgaard	0
Gunvor Ulstein	0
Gine Wang	
Members elected by employees	
Atle Havrevoll	0
Mona Drønen	1 417
Lillian Hattrem	0
Randi Justnæs	778
Mariell Lyngbø	67
Irene Buskum Olsen	632
Einar Pedersen	67
Jørn Ramberg	1 511
Eli Solhaug	1 260
Viktor Sæther	0

	Number of shares alloted in 2014	Number of shares 31 Dec. 2014
Control Committee of DNB ASA		
Frode Hassel, chairman		0
Karl Olav Hovden, vice-chairman		0
Ida Helliesen		0
Ida Espolin Johnson		0
Ole Trasti		0
Board of Directors of DNB ASA		
Anne Carine Tanum, chairman		300 000
Tore Olaf Rimmereid, vice-chairman		6 111
Jarle Bergo		225
Sverre Finstad		8 485
Carl A. Løvvik		1 040
Vigdis Mathisen		222
Jaan Ivar Semlitsch		0
Berit Svendsen		0
Senior executives		
Rune Bjerke, CEO	5 273	41 630
Bjørn Erik Næss, CFO	3 664	41 635
Trond Bentestuen, group EVP	2 742	14 052
Kjerstin Braathen, group EVP	3 044	16 495
Harald Serck-Hanssen, group EVP	4 284	23 139
Ottar Ertzeid, group EVP	8 959	179 444
Tom Rathke, group EVP	3 598	26 674
Kari Olrud Moen, group EVP	2 849	17 516
Liv Fiksdahl, group EVP	3 157	19 178
Solveig Hellebust, group EVP	2 322	12 099
Trygve Young, group EVP	1 201	15 668
Group Audit		
Tor Steenfeldt-Foss, group EVP		0
The statutory auditor owns no shares in DNB ASA		

The figures also include shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 7-26 of the Act relating to annual accounts, etc.

Oslo, 11 March 2015
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

STATEMENT

PURSUANT TO SECTION 5-5 OF THE SECURITIES TRADING ACT

We hereby confirm that the annual accounts for the Group and the company for 2014 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

The directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group.

Oslo, 11 March 2015
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

Bjørn Erik Næss
(chief financial officer)

AUDITOR'S REPORT

To the Annual General Meeting and Supervisory Board of DNB ASA

Report on the financial statements
We have audited the accompanying financial statements of DNB ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2014, the statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the balance sheet as at 31 December 2014, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Group Chief Executive's responsibility for the financial statements
The Board of Directors and Group Chief Executive are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Group Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company
In our opinion, the financial statements of DNB ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group
In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements
Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the Board of Directors and Group Chief Executive have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 11 March 2015
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)
(sign.)

(This translation from Norwegian has been made for information purposes only.)

CONTROL COMMITTEE'S REPORT

TO THE SUPERVISORY BOARD AND THE ANNUAL GENERAL MEETING OF DNB ASA
The Control Committee has carried out supervision of DNB ASA and the Group in accordance with law and instructions laid down by the Supervisory Board.

In connection with the closing of the accounts for the 2014 financial year, the Control Committee has examined the Directors' Report, the annual accounts and the Auditor's Report for DNB ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of DNB and the Group, and recommends the approval of the Directors' Report and annual accounts for the 2014 financial year.

Oslo, 11 March 2015

Frode Hassel
(chairman)

Karl Olav Hovden
(vice-chairman)

Ida Helliesen

Ida Espolin Johnson
(deputy)

Ole Trasti
(deputy)

KEY FIGURES

					DNB Group
	2014	2013	2012	2011	2010
Interest rate analysis					
1. Combined weighted total average spread for lending and deposits (%)	1.26	1.27	1.18	1.12	1.15
2. Average spread for ordinary lending to customers (%)	2.36	2.34	2.00	1.59	1.61
3. Average spread for deposits from customers (%)	(0.22)	(0.28)	(0.12)	0.30	0.32
Rate of return/profitability					
4. Net other operating income, per cent of total income	34.2	35.2	34.8	39.9	40.8
5. Cost/income ratio (%)	41.9	45.7	49.1	47.1	47.6
6. Return on equity (%)	13.8	13.1	11.7	11.4	13.6
7. RAROC (%)	12.3	12.8	11.5	10.0	11.1
8. Average equity including allocated dividend (NOK million)	149 460	133 242	118 261	113 934	103 292
9. Return on average risk-weighted volume (%)	1.89	1.61	1.25	1.22	1.17
Financial strength at end of period					
10. Common equity Tier 1 capital ratio, transitional rules (%)	12.7	11.8	10.7	9.4	9.2
11. Tier 1 capital ratio, transitional rules (%)	13.0	12.1	11.0	9.9	10.1
12. Capital ratio, transitional rules (%)	15.2	14.0	12.6	11.4	12.4
13. Common equity Tier 1 capital at end of period (NOK million)	142 108	128 072	115 627	104 191	94 946
14. Risk-weighted volume, transitional rules (NOK million)	1 120 659	1 089 114	1 075 672	1 111 574	1 028 404
Loan portfolio and impairment					
15. Individual impairment relative to average net loans to customers	0.14	0.18	0.22	0.27	0.36
16. Impairment relative to average net loans to customers	0.12	0.17	0.24	0.28	0.26
17. Net non-performing and net doubtful loans and guarantees, per cent of net loans	0.96	1.38	1.50	1.50	1.55
18. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	17 261	20 749	19 740	19 465	18 409
Liquidity					
19. Ratio of customer deposits to net loans to customers at end of period (%)	65.4	64.7	62.5	57.8	54.8
Total assets owned or managed by DNB					
20. Customer assets under management at end of period (NOK billion)	549	519	459	506	509
21. Total combined assets at end of period (NOK billion)	2 936	2 656	2 537	2 395	2 141
22. Average total assets (NOK billion)	2 712	2 543	2 411	2 148	1 970
23. Customer savings at end of period (NOK billion)	1 490	1 387	1 270	1 246	1 151
Staff					
24. Number of full-time positions at end of period	11 643	12 016	13 291	13 620	13 021
The DNB share					
25. Number of shares at end of period (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
26. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
27. Earnings per share (NOK)	12.67	10.75	8.48	7.98	8.66
28. Earnings per share excluding operations held for sale (NOK)	12.68	10.75	8.42	7.99	8.62
29. Dividend per share (NOK) [1)]	3.80	2.70	2.10	2.00	4.00
30. Total shareholder's return (%)	4.7	57.6	23.7	(25.2)	33.9
31. Dividend yield (%)	3.16	2.49	2.98	3.42	4.88
32. Equity per share including allocated dividend at end of period (NOK)	97.45	87.15	78.11	72.33	68.27
33. Share price at end of period (NOK)	110.70	108.50	70.40	58.55	81.90
34. Price/earnings ratio	8.74	10.09	8.37	7.33	9.50
35. Price/book value	1.14	1.25	0.90	0.81	1.20
36. Market capitalisation (NOK billion)	180.3	176.7	114.7	95.4	133.4

1) *Proposed dividend for 2014.*

Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.

DNB Bank ASA has been defined by the EBA (European Banking Authority) as a potential global systemically important bank, as its total on and off-balance sheet exposures exceed EUR 200 billion. As a result, DNB Bank ASA delivers data to the EBA for the calculation of defined indicator values. See bis.org/bcbs/gsib/ for more information. DNB's indicator values as at 31 December 2014 will be available on dnb.no/investor-relations in early April 2015.

For definition of selected key figures, see next page.

Definitions

1, 2, 3	Based on nominal values excluding impaired loans, measured against the 3-month money market rate.
5	Total operating expenses relative to total income. Total expenses exclude impairment losses for goodwill and other intangible assets.
6	Average equity is calculated on the basis of recorded equity.
7	RAROC (Risk-Adjusted Return On Capital) is defined as risk-adjusted profits relative to average equity. Risk-adjusted profits indicate the level of profits in a normalised situation.
9	Profit for the period relative to average risk-weighted volume.
20	Total assets under management for external clients in DNB Asset Management, DNB Livsforsikring and DNB Skadeforsikring.
21	Total assets and customer assets under management.
23	Total deposits from customers, assets under management and equity-linked bonds.
25	The Annual General Meeting on 24 April 2014 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 325 759 772, corresponding to 2 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 200. The authorisation is valid for a period of 12 months from 24 April 2014. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with Norwegian Government/Ministry of Trade, Industry and Fisheries for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares.
27	Holdings of own shares are not included in calculations of earnings per share.
28	Excluding operations held for sale. Holdings of own shares are not included in calculations of earnings per share.
30	Closing price at end of period less closing price at beginning of period, including dividends reinvested in DNB shares on the dividend payment date, relative to closing price at beginning of period.
32	Equity at end of period relative to the number of shares at end of period.
34	Closing price at end of period relative to earnings per share.
35	Closing price at end of period relative to recorded equity at end of period.
36	Number of shares multiplied by closing price at end of period.

FINANCIAL CALENDAR 2015

Annual accounts 2014 (preliminary figures) and fourth quarter 2014	5 February
Annual general meeting	23 April
Distribution of dividends	as of 7 May
First quarter	30 April
Second quarter	10 July
Third quarter	22 October

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 23 April 2015 at 3 p.m. at DNB's premises in Dronning Eufemias gate 30, Bjørvika, Oslo. Information on how to register attendance and items on the agenda can be found at dnb.no/en/agm.

Shareholders registered as owners in DNB ASA with the Norwegian Central Securities Depository, VPS, may opt to receive annual reports and the notice of the Annual General Meeting electronically. For more information about Investor Account Services, please contact your VPS registrar. Shareholders with VPS accounts in DNB who do not wish to receive notices by regular mail and who do not have access to DNB's Internet bank, may register at dnb.no/en/investor-account-services. Select "New user sign-up". Shareholders who have access to DNB's Internet bank can go to the "Savings & Investments" menu. Select "Investor account services" and follow the procedure described on the page. Customers with BankID may also log in via vps.no.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements regarding the future prospects of DNB, including estimates, strategies and objectives. The risks and uncertainties inherent in all forward-looking statements can lead to actual developments and profits differing materially from what has been expressed or implied.

The Group's annual report has been approved by the Board of Directors in the original Norwegian version. This is an English translation.

COLOPHON

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

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