Annual report 2013

DNB GROUP

IMPORTANT EVENTS IN 2013

1ST QUARTER

- Political agreement was reached in the EU on new capital adequacy regulations for credit institutions and investment firms, CRR and CRD IV.
- DNB lost a civil case in the Norwegian Supreme Court concerning two debt-financed structured products and was sentenced to pay the plaintiff compensation. In consequence of this, DNB made provisions of NOK 450 million to cover possible compensation payments to other customers who have made debt-financed investments in certain structured products.

2ND QUARTER

- DNB and Norway Post agreed to extend the agreement which ensures that the bank's customers can be serviced in the postal network. The agreement was extended until year-end 2019.
- The portfolio in Poland comprising personal customers and small and medium-sized enterprises was transferred to a Polish bank in line with the sales agreement previously entered into.
- The Indian company Tata Consultancy Services, TCS, was selected as DNB's future provider of IT development and management services.

3RD QUARTER

- DNB was still the only Nordic bank that qualified 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.
- Results from a survey carried out by the analyst firm Socialbakers showed that DNB was among the best banks in the world with respect to response time on Facebook. In addition, the response rate was above 99 per cent.

4TH QUARTER

- The Ministry of Finance introduced new regulations on a counter-cyclical capital buffer of between 0 and 2.5 per cent. In December, the initial level of the counter-cyclical buffer was set at 1 per cent as of 30 June 2015.
- The Ministry of Finance announced new rules governing the weighting of banks' home mortgages in the capital adequacy calculations.
- An agreement was signed with HCL Technologies on the operation of the Group's non-mainframe IT systems. Moreover, an agreement was signed with EVRY on the operation of DNB's mainframe-based IT systems.
- The Swedish real estate broking company Svensk Fastighetsförmedling AB was sold in December.

FINANCIAL CALENDAR 2014

Annual accounts 2013 (preliminary figures) and fourth quarter 2013	6 February
Annual general meeting	24 April
Distribution of dividends	as of 8 May
First quarter	8 May
Second quarter	10 July
Third quarter	23 October

CONTACT PERSONS

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NORWAY'S LEADING FINANCIAL SERVICES GROUP

DNB is Norway's largest financial services group, with total assets of NOK 2 640 billion as at 31 December 2013. 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 9.9 per cent shareholding.

The Group offers a full range of financial services, including loans, savings, 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 20 countries worldwide and has some 150 branch offices in Norway.

The annual report is also available on DNB's website (dnb.no/en/about-us) along with more detailed information about DNB's operations.

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, professional and show initiative will ensure that customers always have a good experience when they contact DNB.

DNB's vision and values 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.

An important target for the Group is to achieve even stronger customer orientation in its operations and improve customer satisfaction.

LONG-TERM TARGETS

DNB will give priority to long-term value creation for its shareholders and aims to achieve a return on equity, growth and a market capitalisation which are competitive in relation to its Nordic peers. The Group will also have to build up sufficient capital to meet the stricter capital adequacy requirements.

FINANCIAL AMBITIONS TOWARDS 2016

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

This is conditional on adequate capitalisation, and DNB's ambition for 2016 is to achieve
a common equity Tier 1 capital ratio at 13.5–14 per cent

The Group's long-term dividend policy remains unchanged, with a payout ratio of approximately 50 per cent of annual profits. In order to strengthen capital adequacy, however, the dividend payout ratio will be approximately 25 per cent during the 2013–2016 period.

STRATEGY

DNB's strong position in Norway and the healthy Norwegian economy give the Group a sound basis for continued growth. However, 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. Due to stricter Tier 1 capital requirements, optimal use must be made of available capital resources, and capital efficiency measures will be required to improve the Group's capital adequacy ratios and provide scope for profitable growth. DNB's strategic platform consists of the Group's vision and values and a shared customer value proposition. The strategy focuses on capital efficiency, customer experience and corporate culture.

CAPITAL EFFICIENCY

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.

CUSTOMER EXPERIENCE

DNB wishes to ensure that customers have a good experience every time they are in contact with the bank. Innovation and 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.

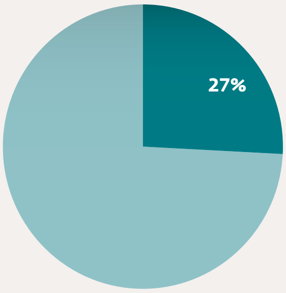
CORPORATE CULTURE

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 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 services.

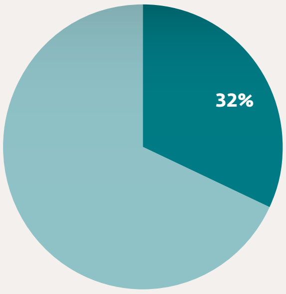
DNB's MARKET SHARES IN NORWAY

RETAIL MARKET AS AT 31 DECEMBER 2013 [1]

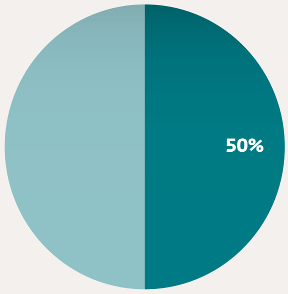
LOANS FROM FINANCIAL INSTITUTIONS



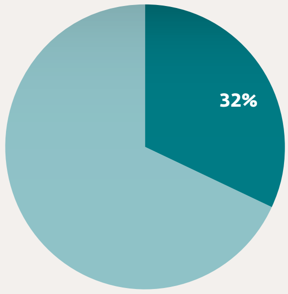
DEPOSITS



POLICYHOLDERS' FUNDS

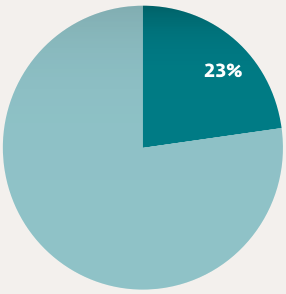


MUTUAL FUND INVESTMENTS

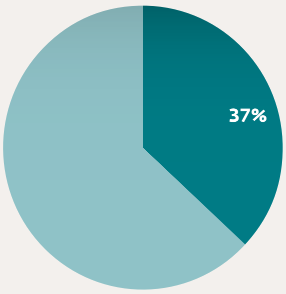


CORPORATE MARKET AS AT 31 DECEMBER 2013 [1]

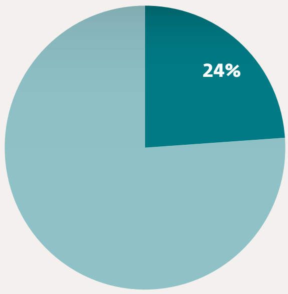
LOANS FROM FINANCIAL INSTITUTIONS



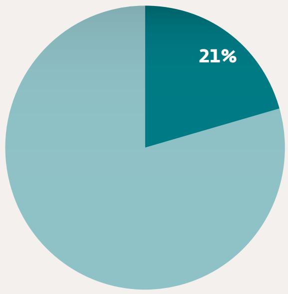
DEPOSITS



POLICYHOLDERS' FUNDS [2]



MUTUAL FUND INVESTMENTS



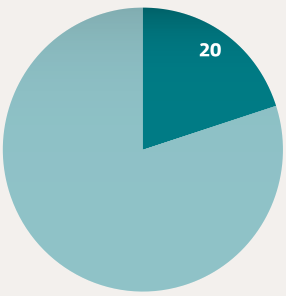
DNB's market shares

1) Source: Statistics Norway and Finance Norway.
2) Includes the public sector.

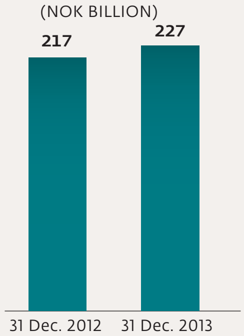
DNB's INTERNATIONAL UNITS

INCOME IN DNB's INTERNATIONAL UNITS (NOK MILLION)

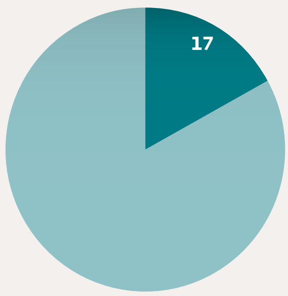
SHARE OF INCOME IN DNB's INTERNATIONAL UNITS IN 2013 (PER CENT)



LENDING VOLUME IN DNB's INTERNATIONAL UNITS (NOK BILLION)



SHARE OF LENDING IN DNB's INTERNATIONAL UNITS AS AT 31 DEC. 2013 (PER CENT)



International units Norwegian units

FINANCIAL HIGHLIGHTS

INCOME STATEMENT

Amounts in NOK million	2013	2012 [1)]	2011	2010	2009
Net interest income	30 192	27 216	25 252	23 436	22 633
Net commissions and fees, core business [2)]	*8 040*	*7 511*	*7 436*	*7 293*	*7 118*
Net financial items	*8 387*	*6 990*	*9 317*	*8 863*	*7 876*
Net other operating income, total	16 427	14 501	16 754	16 156	14 994
Total income	46 619	41 717	42 006	39 592	37 627
Operating expenses	20 186	20 375	19 792	17 920	18 115
Restructuring costs and non-recurring effects	682	98	0	0	0
Expenses relating to debt-financed structured products	450	0	0	0	0
Impairment losses for goodwill and intangible assets	557	287	380	591	796
Pre-tax operating profit before impairment	24 744	20 957	21 833	21 081	18 717
Net gains on fixed and intangible assets	151	(1)	19	24	26
Impairment of loans and guarantees	2 185	3 179	3 445	2 997	7 710
Pre-tax operating profit	22 709	17 776	18 407	18 108	11 032
Tax expense	5 188	4 081	5 423	4 121	4 086
Profit from operations held for sale, after taxes	4	96	(5)	75	80
PROFIT FOR THE YEAR	**17 526**	**13 792**	**12 979**	**14 062**	**7 026**
Profit attributable to shareholders	17 526	13 792	12 979	14 814	8 585
Profit attributable to minority interests	0	0	0	(752)	(1 559)

BALANCE SHEET

Amounts in NOK million	31 Dec. 2013	31 Dec. 2012 [1)]	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009
Total assets	2 389 438	2 320 241	2 126 098	1 861 620	1 823 453
Loans to customers	1 340 831	1 297 892	1 279 259	1 170 341	1 114 886
Deposits from customers	867 904	810 959	740 036	641 914	590 745
Total equity	142 227	127 492	117 815	111 196	101 403
Average total assets for the year	2 542 535	2 410 981	2 147 853	1 969 557	1 905 708
Total combined assets at year-end	2 639 943	2 528 095	2 394 579	2 140 868	2 075 824

KEY FIGURES [3)]

	2013	2012 [1)]	2011	2010	2009
Return on equity (per cent)	13.2	11.7	11.4	13.6	10.6
Earnings per share (NOK)	10.76	8.48	7.98	8.66	6.43
Combined weighted total average spread for lending and deposits (per cent)	1.27	1.18	1.12	1.15	1.15
Cost/income ratio (per cent)	45.7	49.1	47.1	47.6	48.3
Impairment relative to average net loans to customers	0.17	0.24	0.28	0.26	0.67
Common equity Tier 1 capital ratio, transitional rules, at year-end (per cent)	11.8	10.7	9.4	9.2	8.5
Tier 1 capital ratio, transitional rules, at year-end (per cent)	12.1	11.0	9.9	10.1	9.3
Capital ratio, transitional rules, at year-end (per cent)	14.0	12.6	11.4	12.4	12.1
Share price at year-end (NOK)	108.50	70.40	58.55	81.90	62.75
Price/book value	1.24	0.90	0.81	1.20	1.04
Dividend per share (NOK) [4)]	2.70	2.10	2.00	4.00	1.75
Number of employees at year-end	12 452	13 703	14 072	13 365	13 691
Number of full-time positions at year-end	12 016	13 291	13 620	13 021	13 317
Customer satisfaction index, CSI (score)	72.5	74.2	74.6	72.8	69.5

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

2) Includes commissions and fees related to money transfers and interbank transactions, asset management services, credit broking, real estate broking, custodial services and securities trading as well as the sale of insurance products and other commissions and fees from banking services.

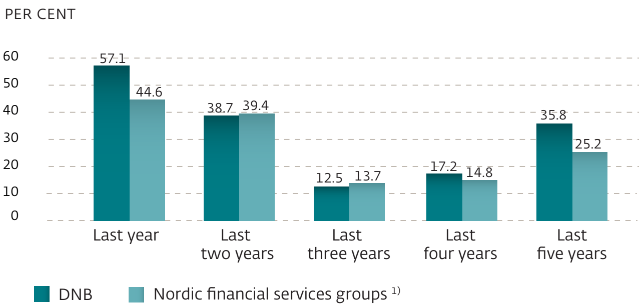
3) For a more detailed table of key figures, see page 186.

4) Proposed dividend for 2013.

THE DNB SHARE

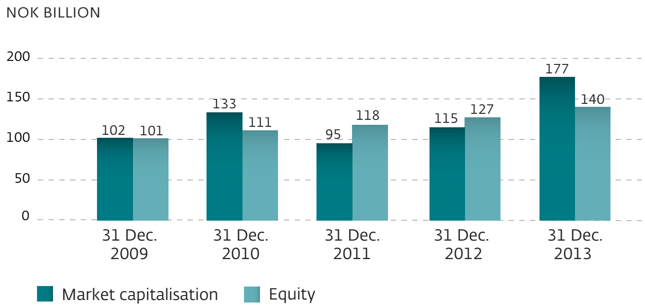
In the course of 2013, the DNB share price including dividends rose by 57 per cent. The DNB share has shown a stronger development than the average share price of the Group's Nordic peers over the past year and over the past five-year period. At year-end 2013, DNB was the third largest company listed on Oslo Børs (the Oslo Stock Exchange), with a market capitalisation of NOK 177 billion, an increase of NOK 62 billion during 2013.

TOTAL ANNUAL RETURN AS AT 31 DECEMBER 2013



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

THE DNB GROUP's MARKET CAPITALISATION AND EQUITY



KEY FIGURES

	2013	2012	2011	2010	2009
Number of shares at year-end (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
Number of shares traded (1 000)	560 016	971 220	1 299 616	1 258 334	1 486 761
Total value of shares traded per day (NOK 1 000)	637 992	583 930	721 374	569 766	344 735
Share of total value traded on public market places, e.g. Oslo Børs (%)	54.5	63.6	63.3	65.0	75.8
Share of total value traded in dark pools (%)	9.0	5.6	5.4	4.6	4.1
Share of total value traded over-the-counter (%)	36.5	30.8	31.3	30.4	20.1
Average number of shares traded per day (1 000)	6 932	8 933	9 961	8 176	7 467
Earnings per share (NOK)	10.76	8.48	7.98	8.66	6.43
Return on equity (%)	13.2	11.7	11.4	13.6	10.6
Share price at year-end (NOK)	108.50	70.40	58.55	81.90	62.75
Price/earnings ratio	10.08	8.37	7.33	9.50	9.85
Price/book value	1.24	0.90	0.81	1.20	1.04
Dividend per share (NOK)	2.70	2.10	2.00	4.00	1.75
Dividend yield (%)	2.49	2.98	3.42	4.88	2.79
Equity per share including allocated dividend at year-end (NOK)	87.32	78.27	72.33	68.27	60.56

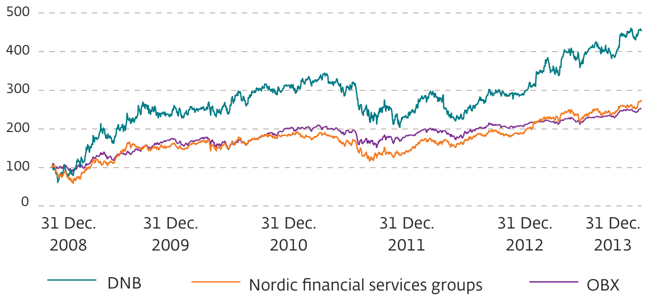
The total value of DNB shares traded on Oslo Børs increased by 9 per cent to NOK 160 billion in 2013, while the total trading volume declined by 22 per cent. 54 per cent of total trading took place on open trading places, such as Oslo Børs, Chi-X, Nasdaq Stockholm and BATS, representing a 9 percentage point reduction. There was an increase in the relative shares of trading in so-called "dark pools", internal trading and direct trading outside known marketplaces ("over-the-counter"), representing 5, 4 and 37 per cent, respectively, of total trading, up 2, 1 and 6 percentage points.

At the beginning of 2014, the DNB share is weighted on all relevant Oslo Børs indices, with 11.8, 9.8, 13.1 and 8.9 per cent, respectively, on the benchmark, all-share, OBX and mutual fund indices. DNB is also represented on various global indices, but with relatively low weights.

SHARE PRICE DEVELOPMENT 2008–2013

DNB COMPARED WITH NORDIC FINANCIAL SERVICES GROUPS [1] AND OBX [2]

LOCAL CURRENCY. 31 DECEMBER 2008 = 100



1) Unweighted average in local currency of Danske Bank, Swedbank, Nordea, SEB and Svenska Handelsbanken.
2) Share index comprising the 25 most traded shares on the Oslo Børs benchmark index.

DIVIDEND POLICY

In order to strengthen Tier 1 capital during the 2013-2016 period, the dividend payout ratio is expected to be approximately 25 per cent of annual profits. Once a satisfactory capital adequacy level has been reached, the Group aims to distribute approximately 50 per cent of profits as dividends.

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

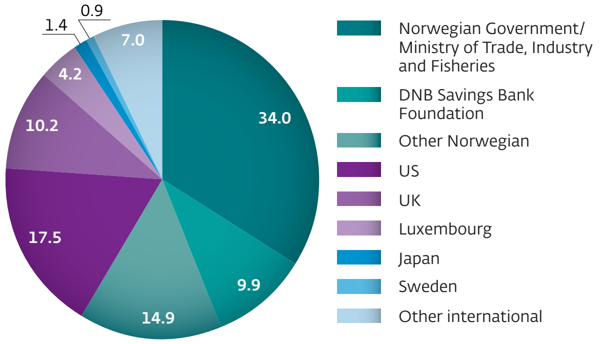
At end-December 2013, the share capital of the company was NOK 16 288 million divided into 1 628 798 861 shares, each with a nominal value of NOK 10. DNB has approximately 45 000 private and institutional shareholders, of which the two largest are the Norwegian government, represented by the Ministry 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.

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 13 Nordic-based and 19 international brokerage houses. 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/ir. Daily contact with investors and analysts is handled by the Investor Relations/Long-term Funding department.

LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2013 [1]	Number of shares	Ownership in per cent
Norwegian Government/Ministry of Trade, Industry and Fisheries	553 791 613	34.0
DNB Savings Bank Foundation	160 900 397	9.9
Folketrygdfondet	96 873 620	5.9
Blackrock Investments	31 500 434	1.9
SAFE Investment Company	26 952 794	1.7
Fidelity (FMR and FIL)	26 649 698	1.6
Vanguard Group	24 793 438	1.5
Schroder Investment Management	21 912 213	1.3
MFS Investment Management	20 695 408	1.3
DNB Asset Management	18 588 762	1.1
Jupiter Asset Management	18 117 417	1.1
Capital Research and Management	16 512 114	1.0
Saudi Arabian Monetary Agency	16 142 756	1.0
KLP Asset Management	14 781 263	0.9
T Rowe Price Global Investments	14 208 404	0.9
BNP Paribas Investments Partners	12 862 081	0.8
Marathon Asset Management	12 366 448	0.8
Storebrand Asset Management	11 824 200	0.7
Bank of New York Stock lending account	11 610 304	0.7
Newton Investment Managers	11 494 513	0.7
Other shareholders	506 220 984	31.1
Total	**1 628 798 861**	**100.0**

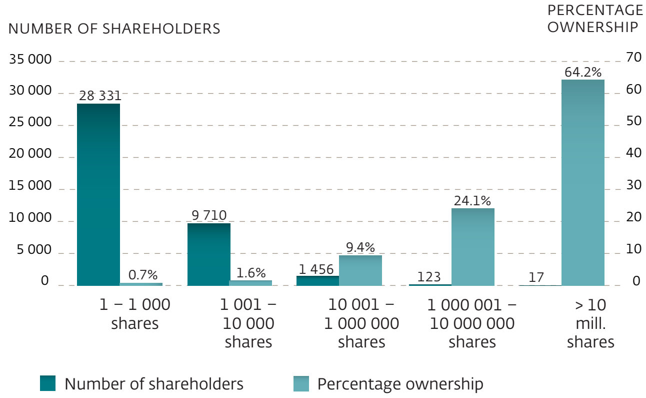
1) The beneficial owners of shares in nominee accounts are determined on the basis of analyses and discretionary assessments.

OWNERSHIP ACCORDING TO INVESTOR CATEGORY
AS AT 31 DECEMBER 2013
PER CENT



Norwegian investors: 59%
International investors: 41%

OWNERSHIP ACCORDING TO NUMBER OF SHARES AND PERCENTAGE OWNERSHIP
AS AT 31 DECEMBER 2013

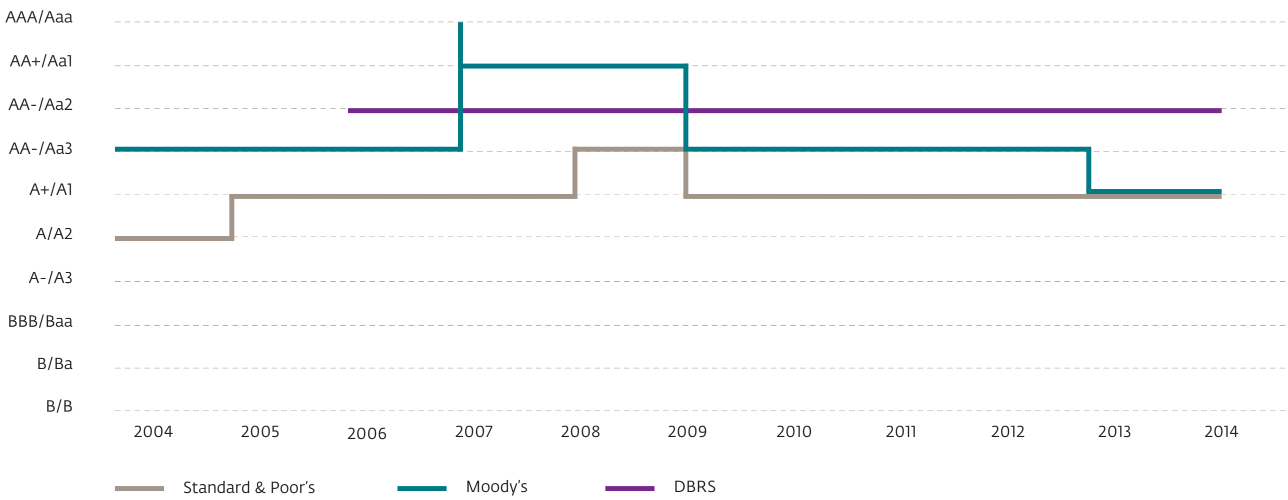


NUMBER OF SHARES	2013	2012	2011	2010	2009
Outstanding as at 1 January	1 628 798 861	1 628 798 861	1 628 798 861	1 628 798 861	1 332 653 615
No. of shares cancelled	0	0	0	0	0
Share issue (subscription rights)	0	0	0	0	296 145 246
Outstanding as at 31 December	1 628 798 861	1 628 798 861	1 628 798 861	1 628 798 861	1 628 798 861
No. of shares outstanding as at 31 December, incl. own shares	1 628 798 861	1 628 798 861	1 628 798 861	1 628 798 861	1 628 798 861
No. of shares outstanding, fully diluted	1 628 798 861	1 628 798 861	1 628 798 861	1 628 798 861	1 628 798 861

RATING

The creditworthiness of DNB Bank ASA is assessed by the rating agencies Moody's Investors Service, Standard & Poor's and Dominion Bond Rating Service, DBRS. DNB Bank ASA had the following ratings as at 31 December 2013: A+ from Moody's, A+ from Standard & Poor's and Aa from DBRS, all with 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.

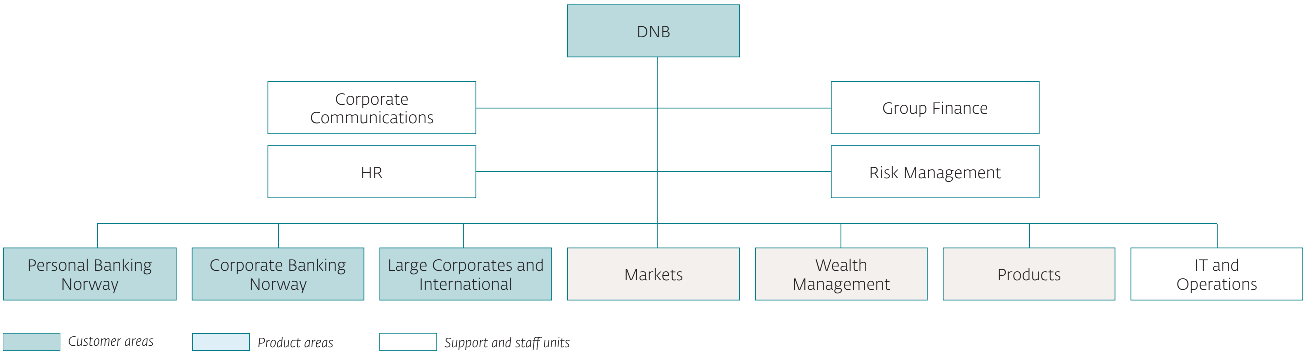
CREDIT RATINGS FOR DNB BANK ASA



ORGANISATION AND GOVERNANCE

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 the development of key products. 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** is Norway's leading investment bank in terms of its size and the scope of its activities. Markets offers all of the Group's customers 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 distributed through the bank's distribution channels.

FINANCIAL GOVERNANCE AND REPORTING STRUCTURE

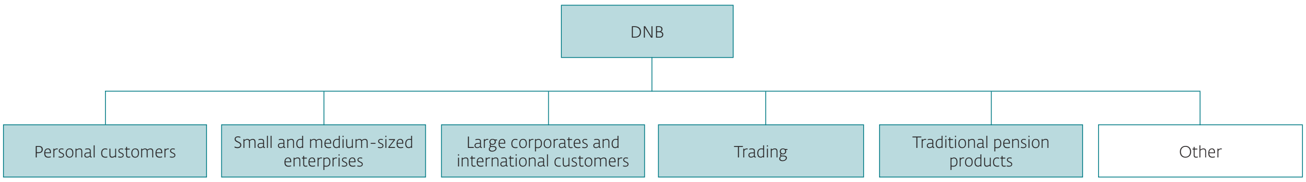
The income statements and balance sheets for the segments are presented in accordance with internal financial reporting principles and DNB's financial governance model. The reporting is based on a number of assumptions, estimates and discretionary distributions. The principles imply allocating revenues,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

Margin income on loans and deposits is calculated using internal transfer rates based on observable market rates, which in most cases roughly correspond to 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 II regulations. Return on allocated capital represents profits after tax relative to average allocated capital.

Reporting structure – segments



DNB's financial governance 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 on where to allocate the Group's resources. Reported figures for the different segments will reflect the Group's total sales of products and services to the relevant segment.

See the directors' report for more information about the various segments.

PERSONAL CUSTOMERS

This segment includes all activities and products for the Group's 2.1 million personal customers in Norway. DNB offers a wide range of services through Norway's largest distribution network, comprising branches, telephone banking (24/7), mobile banking, digital banking, real estate broking and external channels (post offices and in-store postal and banking outlets).

KEY FIGURES AS AT 31 DECEMBER	2013	2012
Pre-tax operating profit (NOK million)	8 586	6 285
Loans (NOK billion)	658.4	641.6
Deposits (NOK billion)	344.3	327.0
Return on allocated capital (%)	36.3	28.5
Cost/income ratio (%)	49.6	54.3

SMALL AND MEDIUM-SIZED ENTERPRISES

This segment includes total sales of products and services to small and medium-sized enterprises. DNB aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. The Group's 217 000 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 a physical distribution network throughout Norway as well as digital and telephone banking (24/7).

KEY FIGURES AS AT 31 DECEMBER	2013	2012
Pre-tax operating profit (NOK million)	3 343	2 924
Loans (NOK billion)	210.6	204.1
Deposits (NOK billion)	150.7	145.8
Return on allocated capital (%)	11.8	12.2
Cost/income ratio (%)	48.6	50.1

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. DNB is recognised for its long-term customer relationships based on sound industry and product expertise and strong skills within complex international transactions.

KEY FIGURES AS AT 31 DECEMBER	2013	2012
Pre-tax operating profit (NOK million)	9 342	8 244
Loans (NOK billion)	469.0	451.3
Deposits (NOK billion)	370.9	324.6
Return on allocated capital (%)	12.1	11.5
Cost/income ratio (%)	35.7	37.0

TRADING

This segment comprises the Group's market making and proprietary trading in Markets. Market making and other trading activities support customer activities with products and prices.

KEY FIGURES AS AT 31 DECEMBER	2013	2012
Pre-tax operating profit (NOK million)	1 943	3 705
Return on allocated capital (%)	17.1	39.3

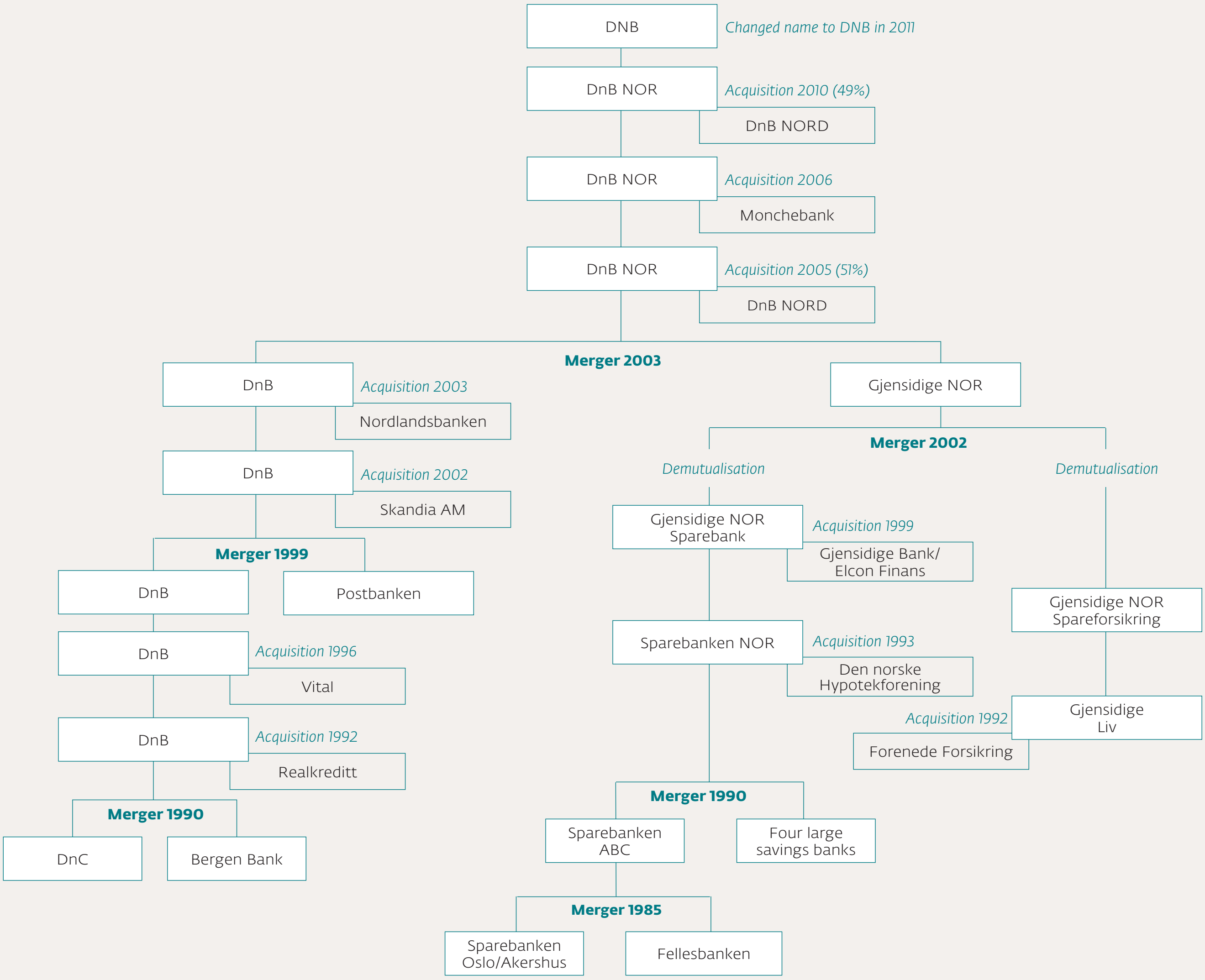
TRADITIONAL PENSION PRODUCTS

This segment 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.

KEY FIGURES AS AT 31 DECEMBER	2013	2012
Pre-tax operating profit (NOK million)	1 600	1 278
Assets under management (NOK billion)	235.0	228.1
Return on allocated capital (%)	9.0	9.7

HISTORY

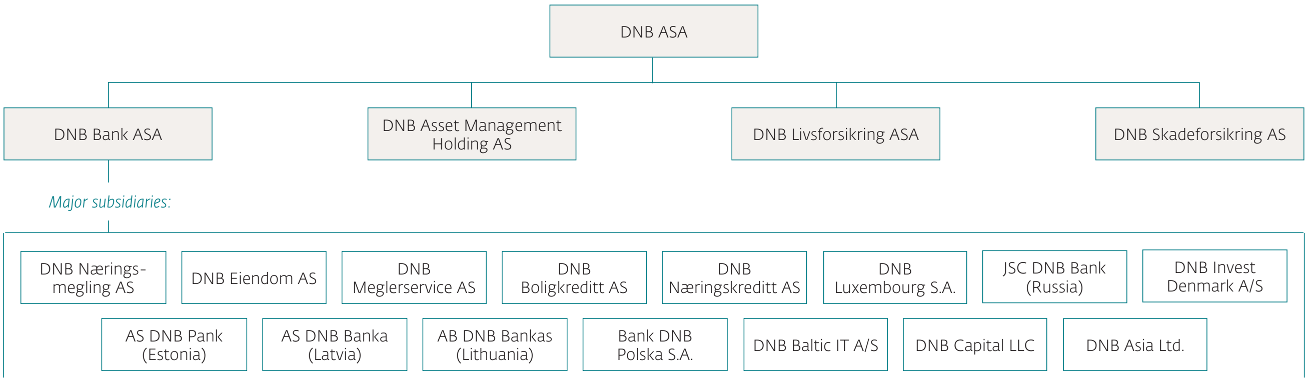
DNB represents more than 190 years of financial history, from the establishment of Christiania Sparebank in 1822 to the establishment of DNB as the leading Norwegian financial institution.



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

- **1985** – Sparebanken ABC was established through the merger between Sparebanken Oslo Akershus, with roots back to 1822, and Fellesbanken.
- **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.
- **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.
- **2011** – DnB, Postbanken and Vital Forsikring changed names to DNB.

LEGAL STRUCTURE



DNB's GEOGRAPHIC PRESENCE

AMERICAS

- Brazil
- Chile
- USA – Houston
- USA – New York

EUROPE

- Denmark
- England
- Estonia
- Finland
- Germany
- Greece
- Latvia
- Lithuania
- Luxembourg
- Norway
- Poland
- Russia
- Scotland
- Sweden

ASIA

- China – Hong Kong
- China – Shanghai
- India – Chennai
- India – Mumbai
- Singapore

GROUP CHIEF EXECUTIVE'S STATEMENT

The contours of the new banking reality grew more distinct in 2013, and adjustments are required throughout the industry to keep up with the rapid pace of change.

There are three main drivers behind the new banking reality. The first driver is stricter regulation of the banking industry, and important clarifications were made in 2013. Risk weights for home mortgages and the level of the counter-cyclical buffer were determined, which gives us a clearer picture of the regulatory landscape we will be navigating over the next few years.

The second driver is changes in customer behaviour. There has been a definitive breakthrough for mobile banking, and the use of the DNB mobile app more than tripled during 2013. In addition to greater use of digital services, our customers in various segments increasingly expect us to be available outside normal office hours. We have consequently established 24/7 customer service for both personal and corporate customers and extended opening hours at the bank's flagship stores in the largest Norwegian cities.

The bond market has become an ever more important source of financing for our largest customers. 2013 was another record year in the Norwegian bond market, with bond issues totalling NOK 105 billion. DNB is still the largest market player within commercial paper and bond issues and completed a total of 577 transactions. At year-end 2013, DNB's volume-weighted market shares in the bond and commercial paper markets came to approximately 23 per cent and 39 per cent, respectively.

The third driver is ongoing macroeconomic turmoil. The global economic outlook improved in the course of the year due to reduced downside risk, lower risk premiums and rising private demand. The US economy has gained momentum and is on its way out of the crisis, while Europe is still struggling with high debt levels. We must be prepared for new setbacks in the global economy, though the fear of an economic collapse has been significantly reduced. We are thus starting the new year on an optimistic note.

After several decades of brisk growth, the rate of growth in the Norwegian economy slowed in 2013. This was mainly a result of a lower investment level for our two main growth engines, the oil sector and homes. Combined with a slight drop in housing prices, a somewhat higher unemployment rate and a weaker Norwegian krone rate in the final months of 2013, expectations for 2014 have been trimmed slightly compared with previous forecasts. Even so, we do not expect the Norwegian economy to come to an abrupt halt. Macroeconomic trends have put a damper on credit demand in both the personal and corporate markets. Nevertheless, DNB recorded total lending growth of 3.3 per cent through 2013. Combined with wider lending spreads, this improved our profit performance.

"The Group has thus defined three key success factors towards 2016: capital, customers and culture."

In the course of the year, we took a number of steps to optimise the Group's ability to win the battle for customers in the new banking landscape. A new organisational structure was presented in January, followed by an extensive process to get the new organisation up and running during the spring. The cultivation of customer and product units will give them more clout in the individual customer segments and enable them to adapt more quickly to customer needs. By pooling operational IT functions, we have also taken important steps towards ensuring better operational stability and efficiency and improved solutions for customers.

DNB aspires to be the bank that best meets customer needs in a time of rapid change. The Group has thus defined three key success factors towards 2016: capital, customers and culture.

In a world where capital is a scarce resource, efficient and dynamic use of capital will be critical for meeting the requirement for a Tier 1 capital ratio of 13.5–14 per cent and DNB's own target of a return on equity above 12 per cent, as presented on our Capital Markets Day in November 2013. Our common equity Tier 1 capital ratio of 11.8 per cent and return on equity of 13.2 per cent at year-end 2013 give us a good platform at the start of 2014.

DNB has achieved good customer satisfaction scores in a number of customer segments, and the Group's historically strong reputation makes us well prepared for the coming year. In order to maintain long-term profitability, DNB also needs to ensure good customer experiences. In this connection, innovation and availability are essential for the operation of the Group over the next year. 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.

During 2013, all employees made a formidable contribution to ensure the continued strengthening of the Group, and activity levels remained brisk throughout the organisation at the start of 2014. The measures implemented in the course of the year have given the organisation a new momentum that makes us well-positioned to meet the new banking reality. In 2014, we will continue to stretch ourselves every single day to become even better at putting DNB's vision into practice: "Creating value through the art of serving the customer".

Rune Bjerke
Group chief executive

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

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 parliament has approved stricter capital requirements and an earlier implementation compared with the EU time schedule. 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 will have a profound impact on how the financial institutions will have to organise important parts of their operations. In addition, they will increase costs, both because the regulations in themselves will 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 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.

THE NEW EU CAPITAL REQUIREMENTS IN PLACE

During the first half of 2013, the EU approved the new regulations for credit institutions and investment firms, the CRD IV regulations (Capital Requirements 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 new regulations entail significantly higher own funds requirements and new requirements for long-term funding and liquidity reserves. The CRD IV regulations are intended to apply to all banks and investment firms within the EEA and will be implemented gradually up to 2019.

The European Commission's original proposal was aimed at ensuring harmonisation across national borders, though scope was given for a certain level of national variation. Through compromises within the EU, however, the national scope of action has increased significantly at the expense of the harmonisation target. For example, national authorities will be given the right to adjust the risk weighting of loans secured by real estate, determine a counter-cyclical capital buffer and a systemic risk buffer and opt for an earlier introduction of the capital adequacy requirements than stipulated in the EU's escalation plan. It thus looks like there is a long way to go before the target of more harmonised rules in the EU internal market is achieved.

EUROPEAN BANKING UNION TAKING SHAPE

In 2013, the EU agreed to establish a single, supranational supervisory authority for banks in the eurozone. The European Central Bank, ECB, will exercise 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, CRD IV 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.

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. Throughout 2013, the EU bodies were working to prepare regulations in this field based on recommendations from the European Commission. The purpose of the regulations 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 will be 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 December 2013, the EU Ministers of Finance and the European Parliament agreed on new, harmonised rules on deposit guarantee schemes in the EU. The revision of the Deposit Guarantee Scheme Directive implies that Norway will have to lower its guaranteed amount to the harmonised level of EUR 100 000. There will probably be a transitional period of five years, up until year-end 2018, for countries with a higher guaranteed coverage level

Bail-in

Bail-in implies 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 versus the authorities in cases where the continued operation of a bank is considered to be important from a socio-economic perspective.

According to the directive proposal, 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 proposal, 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 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.

INTRODUCTION OF NEW CAPITAL REQUIREMENTS IN NORWAY

On 22 June 2013, the Storting (Norwegian parliament) decided to introduce new capital requirements as the first step in the adaptation to the CRD IV regulations, which were implemented in the EU as of 1 January 2014. The new capital requirements in Norway entered into force on 1 July 2013 and imply a gradual increase in capital requirements over the coming years. Other requirements in the CRD IV regulations have not yet been introduced in Norway, though the Norwegian authorities are in the process of working out national rules that will apply until the CRD IV regulations are included in the EEA agreement.

The new 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 has been increased to 6 per cent, of which up to 1.5 per cent may consist of **hybrid capital**. 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.

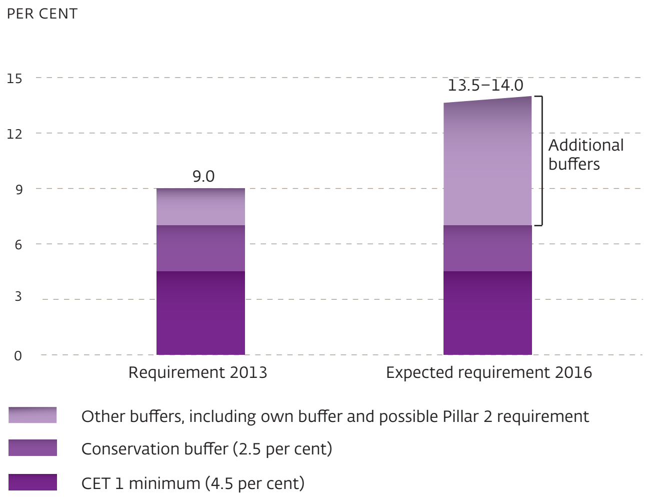
The new system entails that the banks will be required to hold significantly more capital than the minimum requirement in the form of various buffers. Under particularly unfavourable market conditions, the banks may draw on the buffers, while under normal market conditions, they will be required to maintain 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 has introduced a 2 per cent **systemic risk buffer**, which will be increased to 3 per cent 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. Finanstilsynet has proposed criteria for defining systemically important financial institutions and special capital adequacy requirements and operating parameters for such institutions. Finanstilsynet recommends that eight Norwegian banks, including DNB, be considered to be systemically important and be subject to special requirements in addition to the capital buffer of up to 2 per cent. The proposals have been circulated for comment and are under consideration by the Ministry of Finance.

According to the 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

COMMON EQUITY TIER 1 CAPITAL REQUIREMENT



the two buffer requirements will apply. According to the Ministry of Finance, however, the effect of this should be counterbalanced, for example by increasing the systemic risk buffer for banks with international exposures.

In addition, a counter-cyclical capital buffer requirement has been introduced, ranging between 0 and 2.5 per cent, reflecting economic developments. Read more about this below. 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 CRD IV regulations that the buffer requirements for systemically important institutions and systemic risk are to be reviewed at least every 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. Public reporting of the non-risk based capital requirement is expected to start on 1 January 2015 and may become a binding minimum requirement on a level with the capital adequacy requirements with effect from 2018.

Just like the EU, the Norwegian authorities have chosen to retain the so-called Basel I floor. In a consultation paper on the implementation of CRD IV in Norwegian regulations, Finanstilsynet proposes an unambiguous definition in the capital adequacy regulations 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 defined as a minimum level of capital, 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.

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. The minimum requirement for the model parameter "loss given default", LGD, has thus been increased from 10 to 20 per cent in the capital adequacy regulations. The minimum requirement applies to the average home mortgage portfolio and entered into force as of 1 January 2014. As at 31 December 2013, the average risk weight on home mortgages in DNB was 9.9 per cent. If the introduction of the LDG floor is taken into account, the average risk weight would increase to 16.9 per cent. Finanstilsynet has announced that it might be relevant to further raise home mortgage risk weights by adjusting the banks' probability of default, PD, estimates.

In comparison, the Swedish authorities have introduced a 15 per cent risk weight floor. A further increase in the minimum requirement is under consideration. The floor was 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 Ministry of Finance requires 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.

COUNTER-CYCLICAL CAPITAL BUFFER

The establishment of a counter-cyclical capital buffer is one of the final cornerstones in the new capital adequacy regulations for banks. The objective of the counter-cyclical capital buffer is to strengthen the resilience of the banking sector to an impending economic downturn and mitigate the risk that banks' lending practices may amplify a downturn. The buffer should be increased when financial imbalances build up or have built up over a period. In the event of an economic downturn and large bank losses, the buffer requirement will not apply and banks will be allowed to draw on the capital buffer instead of tightening lending.

Norges Bank has been given principal responsibility for preparing a decision basis and providing advice to Finanstilsynet regarding the counter-cyclical buffer. When preparing the decision basis, Norges Bank and Finanstilsynet exchange relevant information and assessments, while the buffer requirement is set by the Ministry of Finance. The counter-cyclical capital buffer comes in addition to the other capital requirements for banks, cf. description above.

As a basis for the advice on the counter-cyclical capital buffer, Norges Bank has chosen not to follow international recommendations that the buffer requirement as a rule shall be based on the gap between the credit-to-GDP ratio and its long-term trend. Nor is the method for estimating gaps which deviate from the trend in accordance with international recommendations. Norges Bank focuses on four different indicators for building up financial imbalances:

- total credit to households and non-financial enterprises as a percentage of mainland GDP
- the ratio of housing prices to household disposable income

- commercial property prices
- the wholesale funding ratio of Norwegian credit institutions.

Norges Bank has not specified the relative weights of the various indicators. The advice is based on an assessment of the indicator levels and a comparison between the current situation and historical trends.

Norges Bank provided its initial advice on the counter-cyclical buffer in a letter dated 4 December 2013. However, this advice was not made public until the Ministry of Finance presented its final decision on 12 December 2013, concluding that the initial level of the buffer should be 1 per cent. The level of the counter-cyclical capital buffer will be determined each quarter. A decision on the level of the counter-cyclical buffer should normally enter into force no earlier than 12 months after the decision has been made. However, the Ministry of Finance chose to give the banks an additional six months to adapt to the requirement, whereby the 1 per cent counter-cyclical buffer requirement will enter into force on 30 June 2015, the day before the 1 per cent buffer requirement for systemically important institutions must be met. Thus, the institutions will be required to hold additional common equity Tier 1 capital of as much as 2 percentage points as from 30 June/1July 2015.

The CRD IV regulations do not entitle national authorities to impose a buffer requirement on domestic institutions' exposures in other EU/EEA countries where the authorities have not set buffer requirements. Nevertheless, the Ministry of Finance reserves the right to determine the extent to which Norwegian financial institutions must meet counter-cyclical buffer requirements for their activities in countries where no buffer requirement has been introduced by the authorities.

LIQUIDITY REQUIREMENTS FOR BANKS

The 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 January 2015, with a gradual increase to full effect as of 1 January 2019.

Several important clarifications regarding LCR were announced by the Basel Committee in January 2013. In addition, the European Banking Authority, EBA, published a report to the European Commission in December 2013, including recommendations for the definitions of high quality liquid assets and extremely high quality liquid assets. The EU Commission will take these recommendations into account when giving the final definition of LCR by end-June 2014. Finanstilsynet has proposed a 100 per cent LCR requirement for systemically important institutions in Norway with effect from 1 July 2015. The Norwegian LCR requirement will probably be considered on the basis of the final EU requirements and a specification of the securities that can be used to meet the requirement. Due to the limited access to government paper in the Norwegian market, it is vital to Norwegian banks that assets in foreign currency qualify and that covered bonds qualify as extremely high quality liquid assets (level 1).

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 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. In light of this, Finanstilsynet has proposed that the so-called liquidity indicator 1 should serve as a long-term funding requirement for systemically important institutions in Norway and be set at 110 per cent. At end-June 2013, the average liquidity indicator level of the 13 largest Norwegian banks was 105.8 per cent. In the opinion of Finanstilsynet, the possibility of replacing this target with the NSFR or other relevant liquidity target ratios in CRD IV focusing on maturities and funding structure should be considered in the longer term.

Based on a mandate from the Ministry of Finance, Finanstilsynet has prepared a consultation paper including proposals for the implementation of the remaining parts of the CRD IV regulations in Norway and considered how Norway can use the national scope of action. The Ministry of Finance has indicated that it will take a closer look at the implementation of the new liquidity requirements during the first half of 2014.

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

On 24 July 2013, the European Commission presented proposals for a revised Payment Services Directive, PSD2, and a regulation on interchange fees for card-based payment transactions. The proposed changes may have a profound impact on framework conditions in 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. According to the European Commission's proposal, the maximum fees will be 0.3 per cent for credit cards and 0.2 per cent for debit cards. The caps will be imposed first on cross-border payments within the EU/EEA and thereafter on domestic transactions. The maximum rates will apply to the MasterCard and Visa card networks, while it has been proposed to make exceptions for so-called three party systems[1], such as Diners Club and American Express.

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.

The proposed regulation goes a long way in defining new rules for payment services providers. In PSD2, the European Commission opens up for giving third party payment service providers that do not offer accounts themselves, but base their services on customers' existing bank accounts, direct access to account information. Such access could diminish the general public's confidence in the payment services and the security of the funds in their accounts, especially if such access is not regulated by an agreement with the bank. Through the regulation on interchange fees, the European Commission imposes requirements on card companies which could change user behaviour in payment situations and cause a rise in costs for payment services providers.

The European Commission's proposals for a revised Payment Services Directive and regulation on interchange fees for card-based payment transactions 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 proposals are currently under consideration by the European Parliament and the Council of the EU. The European Parliament plans to consider the matter in its plenary session in spring 2014. It is uncertain when the directive could be included in the EEA agreement.

REGULATORY FRAMEWORK FOR LIFE INSURANCE COMPANIES

Key elements of the proposed changes in the regulatory framework for Norwegian life insurance companies were clarified in the course of 2013. This applied to both Solvency II and new rules for occupational pensions in the private sector. The government has also announced a strengthening of the regulatory framework for private pension savings. In response to both the amended regulatory framework and customer preferences, guaranteed return products will be converted to products where customer 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 in 2014.

SOLVENCY II

In November 2013, agreement was reached in the negotiations between the European Commission, the European Council and the European Parliament regarding the implementation of a new Solvency II directive for insurance companies. The agreement encompassed the valuation of long-term insurance liabilities, the timetable and transitional rules for the implementation of Solvency II. The directive will also apply to Norwegian life 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 based on a guaranteed interest rate, which averaged approximately 3.2 per cent for DNB Livsforsikring's products at year-end 2013. 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. Through negotiations, the member countries and decision makers have agreed on measures which will make the discount rate less volatile, which will make the insurance companies' calculations of insurance liabilities more predictable.

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, those parts of the Solvency II regulations that concern risk management and internal control entered into force on 1 January 2014. As from 2015, companies will be required to report the degree to which they meet the quantitative solvency capital requirements to the national authorities. The solvency capital requirements become effective on 1 January 2016. It has been agreed that the capital requirements will be complemented by transitional arrangements that entail a gradual introduction of the Solvency II yield curve over a period of 16 years. Alternatively, requirements for technical insurance reserves may be implemented gradually during the 16-year transitional period. Formal decisions are expected to be made in 2014 to confirm the current regulations and implementation plan. Norwegian companies' use of the transitional arrangements is subject to approval by Finanstilsynet.

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 of the new National Insurance scheme is that pension entitlements will be calculated based on all years of service, which supports the target that most people should work longer. In addition, earned pension rights will be reduced due to the extended average life expectancy. The Ministry of Finance has given the Banking Law Commission a mandate to revise the rules for occupational pensions to support the changes made to the National Insurance scheme. In addition, the new rules should be formulated to ensure that life insurance companies' capital requirements under Solvency II are reduced.

The following changes will be implemented in legislation and products:

Paid-up policies with investment choice

According to current rules, entitlements under defined-benefit occupational pension schemes in the private sector, paid-up policies, can be managed by life insurance companies in common portfolios with guaranteed rates of return. Due to historically 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 order to reduce the capital needed, life insurance companies must manage paid-up policies 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. The Banking Law Commission has proposed an option 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. 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. The regulations were approved in 2012, though no implementation date was specified. The Ministry of Finance has circulated the final details in the regulations for comment, and the regulations are expected to enter into force in the course of 2014.

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

New occupational pension product

The Norwegian parliament has approved a new occupational pension product which was introduced on 1 January 2014. The new product is based largely on the principles in the new National Insurance scheme.

Premiums and contributions are to be calculated based on salary, and all years of service will count when calculating payments to the member's pension assets. The maximum limits for tax-exempt contributions will be 7 per cent for salaries of up to 7.1G (the National Insurance basic amount) and 25.1 per cent for salaries between 7.1G and 12G. The principle is that life insurance companies guarantee no return on payments made to the pension assets. Companies can, on behalf of their employees, decide that pension assets be managed with individual investment choice with no return guarantee. On the payment date, the annual pension will be calculated based on life expectancy. When members die before retirement, their pension assets will be transferred to the insurance community (mortality inheritance). The expected mortality inheritance is taken into account when calculating annual pensions. In addition, employers can agree with their employees that their pension assets and pension payments shall be adjusted upwards at least in line with general wage inflation in Norway. If the return on the pension assets is lower than wage inflation, the difference must be covered by the employer in the form of additional premiums. Employees are ensured good pensions through relatively generous contribution limits.

Higher contribution rates for defined-contribution schemes

The Ministry of Finance has determined new maximum contribution rates 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. 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 85 245). 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 will still have a basic allowance of 1G.

New maximum contribution rates for defined-contribution pensions have long been called for. The changes will make defined-contribution pensions a very attractive product also for companies that still have defined-benefit schemes. Market signals indicate that customers will prefer defined-benefit pensions over the new occupational pension product.

Defined-benefit occupational pensions

High premiums and unpredictable costs due to balance sheet recognition of pension commitments have made defined-benefit pensions an unattractive option for companies. In addition, the product is capital-intensive due to the accumulation of interest rate and longevity risk. The Banking Law Commission consequently proposed a dismantling of the current defined-benefit occupational pension scheme over a three-year period. The Ministry of Finance has not presented a proposal for winding up the defined-benefit occupational pension scheme to the Norwegian parliament. This means that there are currently three alternative occupational pension products: the new occupational pension product, defined-contribution pensions and defined-benefit pensions.

The Ministry of Finance has given the Banking Law Commission a mandate to review a new, modified defined-benefit pension product based on life expectancy adjustment of pensions and zero guaranteed return on payments to the scheme. The Banking Law Commission is expected to reach a conclusion on whether a new defined-benefit occupational pension product should be introduced in the first half of 2014.

Paid-up policies

The Ministry of Finance has chosen not to consider the Banking Law Commission's proposal to change the rules for paid-up policies. The challenges relating to high capital requirements for paid-up policies have thus still not been resolved.

The life insurance industry, represented by Finance Norway, will present proposals for changes in the rules for existing and new paid-up policies to the Ministry of Finance. The aim is to have rules which make it easier to establish a flexible capital buffer whereby all returns in excess of the guaranteed return will be conditional allocations to policyholders that can be used to cover the guaranteed return in years with low returns.

When the defined-benefit occupational pension scheme is wound up, capital in the schemes will be converted to paid-up policies. The industry wants an alternative whereby paid-up policies are not issued in connection with changes in or the winding up of defined-benefit schemes. This can be achieved by retaining the defined-benefit scheme with no further accumulation of retirement pension entitlements. This approach should be used in connection with the conversion to both a defined-contribution scheme and to the new occupational pension product. Companies should also be able to choose between retaining the defined-benefit scheme funds in a closed scheme and issuing paid-up policies.

If the insurance industry's proposed changes for paid-up policies are approved, the rules could enter into force as of 1 January 2015 at the earliest.

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 relatively 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 Norwegian government has announced that the rules for private savings will be reviewed and improved. The new rules would apply as of 1 January 2015 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 standard-setting bodies, as described under the accounting principles to the annual accounts, item 21 Approved standards and interpretations that have not entered into force. The amendments are expected to become effective for Norwegian companies after being considered by the European Commission and the Norwegian authorities. The new proposals reflect both the aim of making improvements in the wake of the financial crisis and on other improvement initiatives, including convergence between IFRS and US GAAP.

Future amendments to IFRS which are expected to have the most pronounced impact for Norwegian financial institutions are new accounting requirements for impairment of financial assets, including loans, and new accounting requirements for insurance contracts.

NEW ACCOUNTING REQUIREMENTS FOR IMPAIRMENT OF FINANCIAL ASSETS

In November 2009, the International Accounting Standards Board, IASB, published an exposure draft on new requirements for impairment of financial assets. The proposals formed the second part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement with the new standard, IFRS 9 Financial Instruments. At end-January 2011, the IASB and the US Financial Accounting Standards Board, FASB, published new, joint proposal for an impairment model for financial assets. The FASB has later decided to develop an alternative to the IASB impairment model, while the IASB has completed its technical discussions and presented a revised exposure draft on 7 March 2013 which was open for public comment until July 2013. Subsequent to this, the IASB has held a number of meetings to discuss further details in the accounting requirements.

Current requirements for impairment of financial assets
According to prevailing requirements, a financial asset must be written down if there is objective evidence of impairment, i.e. when a loss event has occurred and that loss event has an impact on the estimated future cash flows of the financial asset. Standard-setting bodies, auditors and users have criticised certain aspects of the impairment rules, including the fact that in some cases, the current requirements have resulted in delayed recognition of impairment losses, as a loss event must have occurred in order for the impairment loss to be recognised. In addition, it is sometimes difficult to determine when a loss has actually incurred, which may result in inconsistent application of the standard.

New requirements for impairment of financial assets
The proposed new IASB model is based on an expected loss approach and is expected to result in earlier recognition of impairment losses than what follows from the current model. It is proposed that a credit loss allowance equal to 12-month expected credit losses should be recognised on each reporting date. This is defined as the effect of the total expected loss on a financial asset, weighted by the probability of the loss incurring within the next 12 months. With respect to financial assets which have significantly deteriorated in credit quality since initial recognition, lifetime expected credit losses should be recognised. Assessments of credit quality shall be based on the whether there have been any changes in the likelihood of not receiving any or all of the contractual cash flows. The proposal describes a number of factors which can be taken into account in credit quality assessments.

A high degree of judgment will be required when assessing when to transfer instruments from a category where the impairment allowance is based on 12-month expected losses to a category where lifetime expected losses should be calculated. It will also be challenging to estimate the future expected cash flows and lifetimes. Thus, there may be uncertainty related to the loss estimates.

Once the new requirements are implemented, there will probably be a need for higher impairment allowances on loans, which is expected to have a negative effect on equity for most financial institutions.

The final requirements are expected to be published in the first half of 2014, while the anticipated effective date for the new standard is 1 January 2018.

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 on 20 June 2013 which was open for public comment until 25 October 2013. Subsequent to this, the IASB has held a number of meetings to discuss further details in the accounting requirements.

The exposure draft proposes that insurance liabilities be measured at the fair 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 accounts. 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 in the first half of 2015, while the new standard is expected to enter into force in 2018 at the earliest.

TAXES AND FEES FOR THE FINANCIAL SERVICES INDUSTRY

LIMIT ON THE DEDUCTION OF INTEREST EXPENSES ON RELATED PARTY DEBT

A rule has been introduced which limits the deduction of interest expenses on loans from related parties. The rule was introduced with effect from the 2014 fiscal year. According to the rule, there will be no tax deduction for interest expenses on related party debt (intercompany interest expenses) that exceeds 30 per cent of a pre-set calculation basis. The calculation basis represents taxable income after group contributions paid or received, adjusted for tax depreciation and net interest expenses. The limitation rule will be applicable when net external and internal interest expenses exceed a threshold of NOK 5 million. The interest deduction limitation rule also applies to certain external loans, including loans for which a related party has provided security.

The limitation rule has been subject to criticism. The criticism has focused on the fact that security provided by group companies will fall within the scope of the interest deduction limitation rule, which may have serious consequences for intra-group financing in several groups of companies, as security provided by related parties is customary in connection with external loans. A draft proposal regarding exemptions from the use of the rules on loans from independent lenders backed by security from a group company has been sent for public consultation. Furthermore, increases in taxable income due to disallowed interest expense deductions cannot be netted against group contributions or losses carried forward.

The Act applies to Norwegian companies, with the exception of financial institutions. Those of the Group's companies that are not financial institutions could thus be subject to the limitation. In addition, the banks' customers may be affected, which will have an impact on the bank's operations.

VAT ON FINANCIAL SERVICES AND TAX ON MARGIN INCOME

Financial services are exempted from value added tax. In the National Budget for 2012, the Ministry of Finance announced that it was considering introducing value added tax on financial services in the form of an activities tax. In the National Budget for 2014, the Ministry presented an outline indicating how a tax on financial services can be implemented. The properties of the said tax approximate those of value added tax and have less in common with an activities tax as discussed in earlier propositions. The outline is premised on expanding the value added tax base to encompass financial services wherever practicable, for example fees and commissions. In addition, a new tax could be levied on margin income, such as interest income, that cannot, for practical reasons, fall within the scope of the value added tax regime. At the same time, the Ministry stated that extensive work on tax law remains before a specific regulatory proposal can be submitted to the Norwegian parliament. The general election in 2013 resulted in a change of government, and it is unclear whether the new government will continue deliberations on value added tax on financial services.

REPORTING OF PERSONAL CUSTOMERS OR ENTITIES TO NATIONAL TAX AUTHORITIES

In 2010, the Foreign Account Tax Compliance Act, FATCA, was passed by the US Congress to combat tax evasion by persons or entities liable to US taxation. The rules and the implementation timetable have been made public in several statements by the US tax authorities, i.e. the Internal Revenue Service, IRS.

According to the rules, non-American financial undertakings are expected 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 country concerned 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 liable to US taxation and entities in which US persons have significant ownership interests. In addition, financial undertakings must report accumulated transactions with or deduct withholding tax from transactions with non-US financial undertakings that do not comply with the FATCA regulations.

The IRS has worked out two models for bilateral agreements with nation-states. The FATCA regulations must either be transposed into national legislation, or the financial institutions in the country concerned must sign a direct agreement with the IRS. US authorities have signed bilateral agreements concerning FATCA with the authorities of several countries. 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.

US authorities published updated FATCA rules in January 2013. Following further postponements, they will be gradually introduced from 2014.

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 have been taken for corresponding reporting within the EU, the G20 countries and the OECD. Thus far, no rules have been approved. However, the OECD has proposed a new Common Reporting and Due Diligence Standard (CRS). In addition, a model for the exchange of this type of information between nation-states called the Model Competent Authority Agreement (CAA) has been prepared. More than 40 countries, including Norway, have committed to early adoption of the standard.

DNB is following developments and planning how to adapt 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.


DNB

STRONG CORPORATE GOVERNANCE INSPIRES TRUST

GOVERNANCE IN DNB

GROUP MANAGEMENT
NEW ORGANISATION AS FROM JANUARY 2013

From the left: Tom Rathke, Ottar Ertzeid, Kjerstin Braathen, Bjørn Erik Næss, Trond Bentestuen, Liv Fiksdahl

Solveig Hellebust, Rune Bjerke, Trygve Young, Kari Olrud Moen, Harald Serck-Hanssen, Thomas Midteide

GROUP MANAGEMENT

RUNE BJERKE
(BORN 1960)

Group chief executive
Bjerke took up the position as group chief executive in January 2007. He was formerly president and CEO of Hafslund ASA and has also been president and CEO of Scancem International. Bjerke has held a number of board positions in large companies. He has also served as finance commissioner of the Oslo City Council and as a political adviser in Norway's Ministry of Petroleum and Energy. He holds an economics degree from the University of Oslo and a master's degree in public administration from Harvard University.

BJØRN ERIK NÆSS
(BORN 1954)

Chief financial officer
Næss assumed the position as chief financial officer with effect from March 2008. He was previously executive vice president and CFO in Aker Kværner ASA. Prior to this, he held similar positions in Orkla and Carlsberg (Denmark). Næss has extensive experience from executive positions both in Norway and abroad over the past 25 years. He is a graduate of the Norwegian School of Economics and has also completed an Executive Programme at Darden Business School in the USA.

TROND BENTESTUEN
(BORN 1970)

Group executive vice president Personal Banking Norway
Bentestuen assumed the position as head of Personal Banking Norway in January 2013. He was previously head of Marketing, Communications and eBusiness. Bentestuen joined DNB in 2009, leaving his position as head of Marketing and Communications in Expert, and previously worked as a press officer and communications adviser in Telenor. Bentestuen has a bachelor of arts degree in journalism and political science from Temple University, California, and training from the Armed Forces.

KJERSTIN BRAATHEN
(BORN 1970)

Group executive vice president Corporate Banking Norway
Braathen assumed the position as head of Corporate Banking Norway in January 2013, leaving her position as head of Shipping, Offshore and Logistics, SOL, in Oslo. She has many years' experience as a relationship manager and senior relationship manager in SOL. She joined DNB in 1999 from Hydro Agri International. Braathen has a Master in Management degree from Ecole Supérieure de Commerce de Nice-Sophia Antipolis.

HARALD SERCK-HANSSEN
(BORN 1965)

Group executive vice president Large Corporates and International
Serck-Hanssen assumed the position as head of Large Corporates and International in January 2013, leaving his position as head of the Shipping, Offshore and Logistics division, SOL. Serck-Hanssen joined DNB in 1998 and has headed various sections in SOL. He has previous experience from Stolt-Nielsen Shipping and Odfjell Group. Serck-Hanssen has a BA (Hons) degree in business studies from the University of Stirling and has also completed an Advanced Management Programme at INSEAD Fontainebleau.

OTTAR ERTZEID
(BORN 1965)

Group executive vice president Markets
Ertzeid has been head of Markets since the merger between DnB and Gjensidige NOR in 2003. He was previously head and deputy head of DnB Markets and held various positions within the FX/Treasury area in DnB. His prior professional experience includes the position as chief financial officer in DnB Boligkreditt and head of finance in Realkreditt. Ertzeid is a graduate of BI Norwegian School of Management.

TOM RATHKE
(BORN 1956)

Group executive vice president Wealth Management
Rathke assumed the position as head of Wealth Management in January 2013. He was previously head of Insurance and Asset Management. Rathke has been chief executive of DNB's subsidiary DNB Livsforsikring and board chairman of DNB Asset Management and DNB Skadeforsikring. He was previously managing director of Gjensidige NOR's investment fund company Avanse, prior to which he held managerial positions in Vesta and If Skadeforsikring. Rathke also has experience from SAS and Dyno. Rathke is a graduate of BI Norwegian School of Management, has a master's degree in business administration from the University of Wisconsin and has completed the Advanced Management Programme at Harvard University.

KARI OLRUD MOEN
(BORN 1969)

Group executive vice president Products
Olrud Moen assumed the position as head of Products in January 2013. She was previously head of the Corporate Centre. Before joining DNB in 2006, Olrud Moen was state secretary in the Ministry of Finance. She also worked as a consultant in McKinsey & Co, as an adviser for the Conservative Party's parliamentary group and as a consultant in the Budget Department in the Ministry of Finance. Olrud Moen is a graduate of the Norwegian School of Economics and has an MBA from the University of California, Berkeley.

LIV FIKSDAHL
(BORN 1965)

Group executive vice president IT and Operations
Fiksdahl assumed the position as head of IT and Operations in January 2013. She was previously head of Operations, held various executive positions within operations and administration and was head of Bank Production in Corporate Banking and Payment Services. Prior to this, Fiksdahl held customer-oriented positions in Union Bank of Norway, Handelsbanken and Fokus Bank. She was educated at Trondheim Business School.

SOLVEIG HELLEBUST
(BORN 1967)

Group executive vice president HR
Hellebust assumed the position as head of HR in April 2009. Before this, she held the position of vice president of Human Resources and Communications at Pronova BioPharma ASA. Prior professional experience also includes several years in HR at Telenor and at BI Norwegian School of Management as an associate professor in economics. Hellebust holds a 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 School of Management.

TRYGVE YOUNG
(BORN 1951)

Group executive vice president Risk Management
Young assumed the position as head of Risk Management in January 2013. He has been chief risk officer from 2008 and was chief credit officer from 2000. Young has worked within risk management in DNB since 1994, been a senior account officer and head of the Group's representative office in Germany. He has also worked as a marketing consultant for the Swedish Trade Secretariat in Germany. Young is a graduate of the University of Mannheim in Germany.

THOMAS MIDTEIDE
(BORN 1974)

Group executive vice president Corporate Communications
Entitled to attend group management meetings
Midteide assumed the position as head of Corporate Communications in January 2013. He previously worked as executive vice president External Communication. Midteide joined DNB in 2009, leaving his position as head of Communications in SAS Norge. He has also been a communications officer in VISA Norway and a TV reporter and presenter in NRK (the Norwegian Broadcasting Corporation). Midteide has a journalist degree from Oslo University College and has studied political science and criminology at the University of Oslo.

BOARD OF DIRECTORS

ANNE CARINE TANUM (BORN 1954)

Chairman of the board in DNB and DNB Bank (board member since 1999)
Former board member in DnB Holding, Den norske Bank and Vital Forsikring. Board chairman in the House of Literature Foundation, Kilden IKS and Oslo Kino AS. Vice-chairman of the board of Oslo University Hospital. Board member in Cappelen Damm AS, Try AS, the Henie Onstad Art Centre, the Niels Henrik Abel Memorial Fund and IRIS. Former board chairman in the Norwegian Broadcasting Corporation, NRK, board vice-chairman in the Norwegian National Opera and long-standing managing director and owner of Tanum AS. Tanum holds a law degree from the University of Oslo.

Attended 14 of 15 board meetings in 2013.

TORE OLAF RIMMEREID (BORN 1962)

Board vice-chairman in DNB since 2012 (board member since 2008)
Former board member in DNB Bank. President and CEO of E-CO Energi AS, 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 Group. He has held various positions in Christiania Bank. Rimmereid is former political adviser for the Conservative Party's parliamentary group and is now board chairman in Oslo Lysverker, Opplandskraft DA and Energy Norway (industry organisation for energy companies). Rimmereid has a master's degree in business administration and is an authorised financial analyst from the Norwegian School of Economics.

Attended 14 of 15 board meetings in 2013.

JARLE BERGO (BORN 1945)

Board member in DNB and board vice-chairman in DNB Bank since 2011
Bergo held various positions in Norges Bank from the late 1960s and ended his career as deputy governor in 2008. Alternate executive director of the International Monetary Fund, IMF, until year-end 2010. Former business manager for the Norwegian Banks' Guarantee Fund and board member at Oslo Børs (the Oslo Stock Exchange). He has been a member of various committees and expert groups, including the Council of Ethics for the Government Pension Fund – Global in 2002. Bergo holds an economics degree from the University of Oslo.

Attended 14 of 15 board meetings in 2013.

BENTE BREVIK (BORN 1964)

Board member in DNB since 2010
Brevik is managing director of Orkla Foods Norge AS. Board member in Dagligvareleverandørenes Forening (Grocery Manufacturers of Norway) and Orkla Foods Sverige AB. She has previously been managing director of Stabburet AS and Nidar AS and held various positions in Nidar AS, Varta Batteri AS and SC Johnson. Brevik is a graduate of BI Norwegian Business School.

Attended 11 of 15 board meetings in 2013.

SVERRE FINSTAD (BORN 1955)

Board employee representative in DNB and DNB Bank since 2011
Finstad has previously been a board member in both DNB and Gjensidige NOR Sparebank. Vice-chairman of the Finance Sector Union, Hedmark region. He was employed in Ringsaker Sparebank in 1977 and has been a full-time employee representative since 1986.

Attended 14 of 15 board meetings in 2013.

CARL A. LØVVIK (BORN 1952)

Board employee representative in DNB since 2011
Løvvik currently works as a chief safety representative and employee representative in DNB. He was employed as an insurance agent in 1988 and has worked within marketing and as a manager at DNB's Customer Service Centre.

Attended 15 of 15 board meetings in 2013.

VIGDIS MATHISEN (BORN 1958)

Board employee representative in DNB and DNB Bank since 2012
Mathisen has been employed in the DNB Group since 1983 and was elected chief employee representative for the Group in the Finance Sector Union DNB in 2012. She has previously been a board member for five years in Den norske Bank and DnB Holding. Mathisen is a business graduate from and has attended several courses in management at BI School of Management.

Attended 14 of 15 board meetings in 2013.

BERIT SVENDSEN (BORN 1963)

Board member in DNB since 2012 (former board member in DNB Bank 2010–2012)
Svendsen joined Telenor in 1988 as a research scientist. From 2000 to 2005, she was chief technology officer and a member of the group management team in Telenor and also working chairman of Telenor Research and Development. In 2005, she was appointed head of Telenor's fixed network business in Norway. From 2008 to 2011, she was CEO of Conax. Svendsen is currently executive vice president in Telenor and head of Telenor Norway. She is a board member in EMGS and was previously board chairman in Data Respons ASA and a board member in Ekornes ASA. In addition, she was a member of the European Commission Advisory Group on ICT matters. Svendsen is a graduate engineer from the Norwegian University of Science and Technology (NTNU) and has a Master of Technology Management degree from NTNU in cooperation with the Norwegian School of Economics and Massachusetts Institute of Technology.

Attended 13 of 15 board meetings in 2013.

GOVERNING BODIES IN DNB ASA

AS AT 31 DECEMBER 2013

SUPERVISORY BOARD

Members elected by shareholders
Eldbjørg Løwer, Kongsberg (chairman) (200)
Randi Eek Thorsen, Gran (vice-chairman) (0)
Inge Andersen, Oslo (0)
Nils Halvard Bastiansen, Bærum (0)
Toril Eidesvik, Bergen (0)
Sondre Gravir, Bærum (0)
Camilla Marianne Grieg, Bergen (0)
Ole-Jørgen Haslestad, Oslo (489)
Nalan Koc, Tromsø (0)
Tomas Leire, Kristiansand (0)
Helge Møgster, Storebø (0)
Ole Robert Reitan, Asker (0)
Gudrun B. Rollefsen, Hammerfest (0)
Amund Skarholt, Oslo (1 222)
Torild Skogsholm, Oslo (0)
Merete Smith, Oslo (0)
Ståle Svenning, Trondheim (0)
Turid Sørensen, Sandefjord (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
Lillian Hattrem (0)
Randi Justnæs (711)
Svein-Ove Kvalheim (2 282)
Mariell Lyngbø (0)
Irene Buskum Olsen (632)
Einar Pedersen (0)
Jørn Ramberg (1 511)
Ingvild Rekdal (172)
Eli Solhaug (1 036)
Marianne Steinsbu (4 789)

Deputies elected by employees
Rune Asprusten (3 559)
Terje Bakken (717)
Rune André Bernbo (0)
Gunn M. Carlsen (81)
Mona Drønen (2 032)
Ronny Eikerol (1 628)
Solvor Hagen (1 003)
Svein Arne Kristoffersen (0)
Børre Lande (0)
Oddmunn Olsen (1 320)
Sissel Tove Rist (58)
Mia Strand (0)
Unni Strand (75)
Viktor Sæther (0)
Arve Hatlevoll (162)
Astrid Waaler (0)

CONTROL COMMITTEE

Members
Frode Hassel, Trondheim (chairman) (0)
Thorstein Øverland, Oslo (vice-chairman) (0)
Vigdis Merete Almestad, Oslo (0)
Karl Olav Hovden, Kolbotn (0)

Deputy
Ida Espolin Johnson, 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)
Bente Brevik, Oslo (5 000)
Sverre Finstad, Moelv (8 351) [1)]
Carl A. Løvvik, Bergen (816) [1)]
Vigdis Mathisen, Asker (222)
Berit Svendsen, Oslo (0)

Deputies for the employee representatives
Bente Hornsrud Espenes, Oslo (0)
Jørn O. Kvilhaug, Hokksund (1 481) [1)]
Hans-Kristian Sætrum, Oslo (9 706) [1)]

ELECTION COMMITTEE

Eldbjørg Løwer, Kongsberg (chairman) (200)
Camilla Grieg, Bergen (0)
Karl Moursund, Oslo (0)
Reier Ola Søberg, Oslo (0)

AUDIT AND RISK MANAGEMENT COMMITTEE

Tore Olaf Rimmereid, Oslo (chairman) (6 111)
Jarle Bergo, Ytre Enebakk (225)
Bente Brevik, Oslo (5 000)

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 (35 910)
CFO
Bjørn Erik Næss (37 524)
Group executive vice president Personal Banking Norway
Trond Bentestuen (10 863)
Group executive vice president Corporate Banking Norway
Kjerstin Braathen (13 004)
Group executive vice president Large Corporates and International
Harald Serck-Hanssen (18 408)
Group executive vice president Markets
Ottar Ertzeid (170 038)
Group executive vice president Wealth Management
Tom Rathke (22 629)
Group executive vice president Products
Kari Olrud Moen (14 220)
Group executive vice president IT and Operations
Liv Fiksdahl (15 574)
Group executive vice president HR
Solveig Hellebust (9 330)
Group executive vice president Risk Management
Trygve Young (14 020)
Group executive vice president Relations
Leif Teksum, entitled to attend group management meetings (57 470)
Group executive vice president Corporate Communications
Thomas Midteide, entitled to attend group management meetings (1 029)

GROUP AUDIT

Tor Steenfeldt-Foss (0)

EXTERNAL AUDITOR

Ernst & Young AS

1) *Not independent, see page 36 under "Corporate governance".*

The figures in parentheses indicate shareholdings in DNB ASA as at 31 December 2013. 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.

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 23 October 2012 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 values underlying the vision are helpful, professional and show initiative.

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

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. A corporate social responsibility report is prepared each year, examining DNB's targets, guidelines, measures and results related to the Group's contribution 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.

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.

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 Pillar 3 report on risk and capital management 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/ir.

In 2013, the EU approved a new 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 50 per cent of profits. New regulations require higher capital adequacy ratios. The Board of Directors will therefore propose lower dividend payments for the period up to 2016.

Repurchase of shares
To ensure flexibility in the Group's capital management, the Board of Directors has on previous occasions asked the Annual 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 30 April 2013, the general meeting authorised the Board of Directors to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 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 150. 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. 13 2010-2011 Active ownership) the purpose of the government's ownership in DNB ASA is to ensure that the Group is headquartered in Norway and serves as a partner for Norwegian companies at home and in the export markets. This gives the business community access to a large, Norwegian-based financial services group with a high level of expertise. In the ownership report, the government confirms that it will retain its holding in DNB ASA at the current level and that the company is to be run on business terms. After its consideration of the report, the Storting endorsed the government's ownership policy.

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 9.88 per cent of the shares at end-December 2013. The foundation was established in autumn 2002, when the former Gjensidige NOR Sparebank (Union Bank of Norway) was converted to a limited company. 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 Group'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 four members and two deputies elected by the general meeting. The deputies attend all Control Committee meetings. The Control Committee held nine meetings in 2013.

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 14 meetings during 2013. The Committee presented a recommendation for the election of new members to the Supervisory Board, including the chairman and the new 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 2014.

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 four meetings in 2013.

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 2013, the Board had eight members, five of whom were elected by the shareholders and three were representatives for the employees. Four of the members were women, three 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 2013 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 2013.

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 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.

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

The Audit and Risk Management Committee (former Audit Committee) consists of up to four of the independent board members and normally has seven to eight meetings each year. The committee is a working committee 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 Board of Directors has found it to be beneficial to have one Audit and Risk Management Committee for the entire DNB Group, unless special requirements in countries where the Group is represented require otherwise. The committee must have the overall competence required to fulfil its duties based on the organisation and operations of the Group. At least one of the committee members must be independent of the company and have accounting and/or auditing expertise. The members of the committee are included in the presentation of the Group's governing bodies. The purpose, responsibilities and functions of the committee are in compliance with international rules and standards and are described in the group standard procedure for the Audit and Risk Management Committee. See section 10 Risk management and internal control for a further description of the committee's 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.

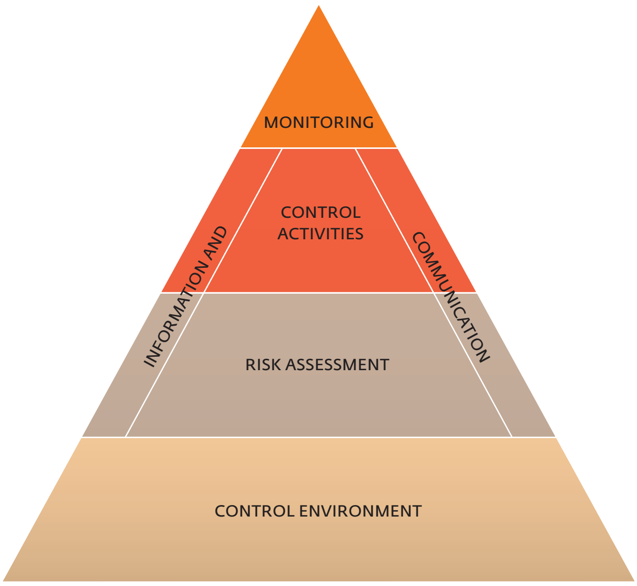
The Group's report on capital adequacy requirements and risk management, the Pillar 3 report, includes a description of risk management and framework structure, capital management and capital calculations, in addition to the assessment and monitoring of various types of risk. In addition, DNB's adaptations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

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

ILLUSTRATION OF THE COSO FRAMEWORK



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.

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

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.

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 a number of policies and guidelines to support this, relating to:

- 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

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.

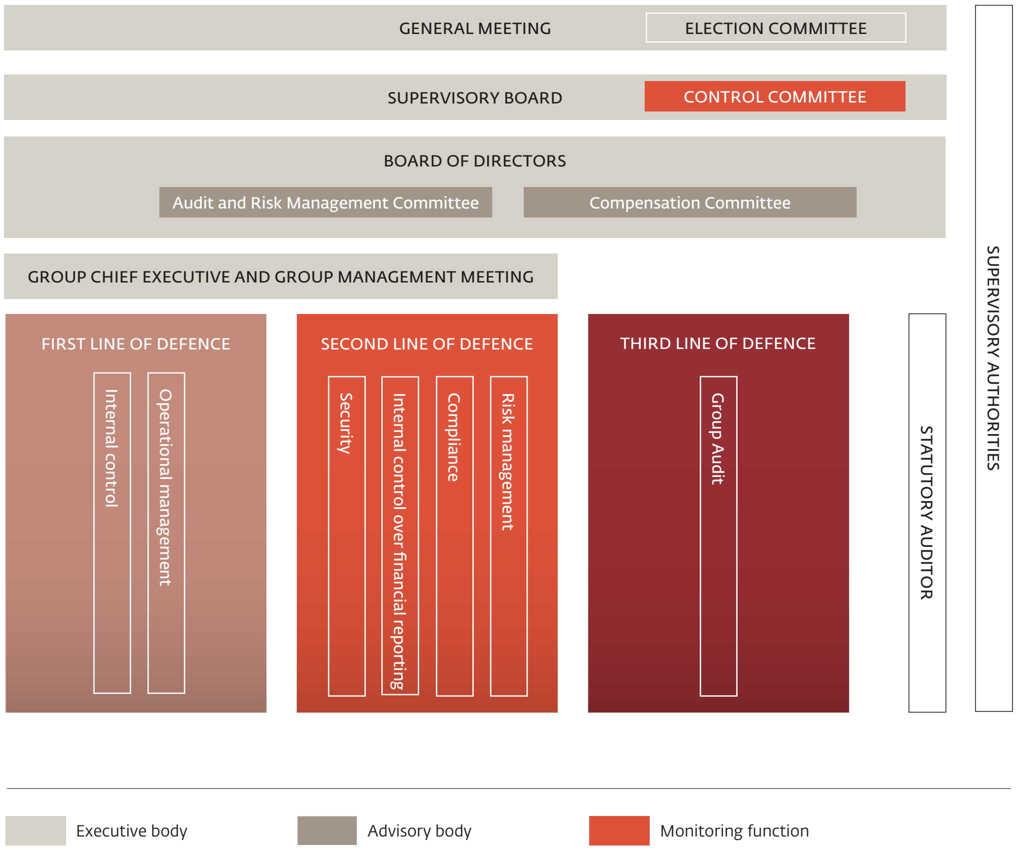
The Board of Directors of DNB ASA has a clearly stated goal to maintain a low risk profile and will only assume risk which is comprehensible and possible to follow up. The Group must not be associated with operations which could harm its reputation.

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.

Group guidelines have been established for operational risk management. The compliance policy describes the main principles

ILLUSTRATION OF GOVERNING BODIES IN THE DNB GROUP



for compliance and how the compliance function is organised in the Group. DNB shall comply with all laws and regulations that apply to the Group's business activities, hereinafter referred to as compliance.

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.

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 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 to the Board of Directors through 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.

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.

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 Audit and 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. The committee also evaluates the quality of the work performed by the internal and statutory auditors. 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 Boards of Directors of DNB Bank ASA, DNB Livsforsikring ASA and other significant subsidiaries annually evaluate the companies' key risk areas and internal control.

Every three months, the Audit and 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 ASA. The Board of Directors of DNB Livsforsikring ASA receives periodic reports analysing the company's risk situation.

Every year, the Audit and Risk Management 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 Audit and 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 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 Audit and 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.

Each year, the Audit and 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/ir.

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.

Group 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.

Group 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 and Risk Management 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 ASA 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.

Organisation and responsibilities

The Board of Directors of DNB ASA, represented by the Audit and Risk Management 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 and Risk Management 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 ASA and the annual accounts of DNB Boligkreditt AS.

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.

Implementation and monitoring

The internal control process over financial reporting in DNB is illustrated in the figure on the following page.

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.

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 Audit and 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.

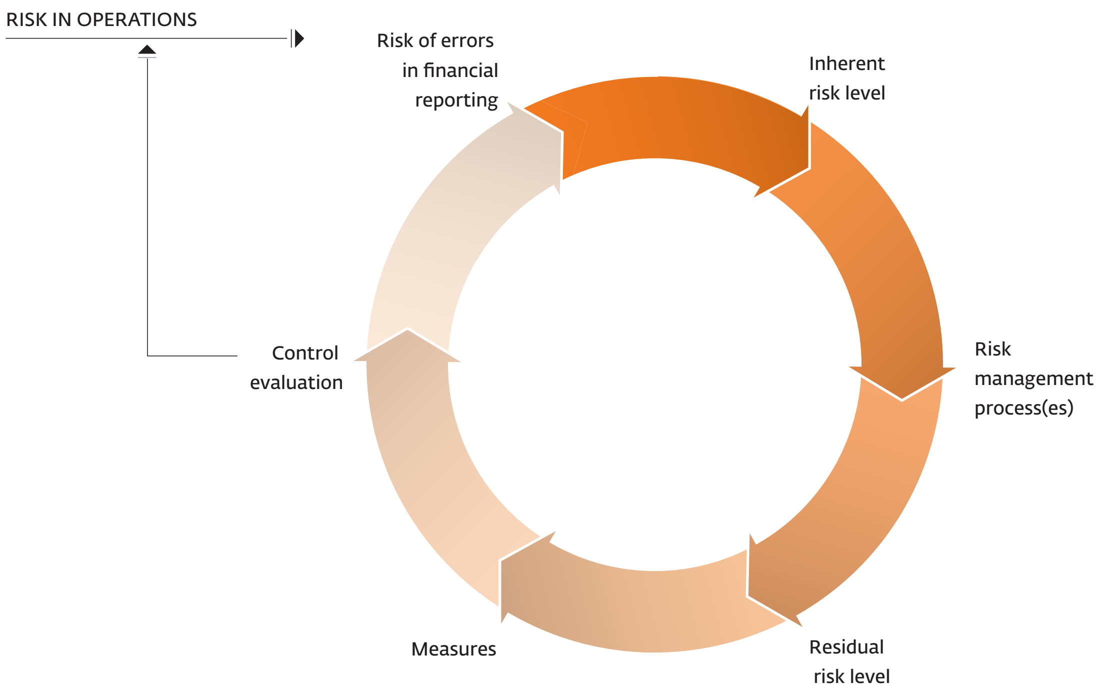
A process has been established for self-assessments of the level of and effectiveness of the internal control over financial reporting. The units' quarterly assessment of internal control over financial reporting is discussed with the head of Group Financial Reporting in special meetings, and a summary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

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.

PROCESS FOR INTERNAL CONTROL OVER FINANCIAL REPORTING IN THE DNB GROUP



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

Group Audit
Financial reporting for the DNB Group, the DNB Bank Group and DNB Livsforsikring ASA 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. The results of the financial audit for units in the DNB Group are reported to the Audit and Risk Management Committee each quarter. In addition, the results of the financial audit of the statutory and consolidated accounts of DNB Bank ASA and DNB Livsforsikring ASA and the statutory accounts of DNB Boligkreditt AS are reported to the Audit and Risk Management Committee on an annual basis. Every year, a report is prepared which summarises the results of the financial audit. The report accounts for any weaknesses and deficiencies, proposes relevant measures and stipulates deadlines for the implementation of the proposed measures. 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 Board of Directors of DNB ASA.

No deviations from the Code of Practice.

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 and 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 2013, strong emphasis was once again placed on group measurement parameters for financial key figures, customer satisfaction and corporate reputation.

DNB's variable remuneration scheme for senior executives 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 addition, the Group has identified senior executives, risk takers and independent control functions etc., hereinafter called risk takers. Remuneration to the group chief executive and other risk takers 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 and development in nominal costs, the DNB Group's measured 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 risk takers

The total remuneration to other risk takers 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 based on whether specific group targets have been met, and on defined targets within the individual executive's area of responsibility. In addition, an overall assessment is made of the executive's compliance with the Group's values and leadership principles.

The variable remuneration scheme should be performance-based without exposing the Group to unwanted risk. Variable remuneration cannot exceed 50 per cent of fixed salary for senior executives. 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. 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 and Risk Management 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 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 and Risk Management 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 and the Board of Directors each 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 and Risk Management 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 and Risk Management Committee evaluates the work performed by the statutory auditor on an annual basis.

No deviations from the Code of Practice.

THE BANK'S ROLE IN SOCIETY

CORPORATE SOCIAL RESPONSIBILITY AND EMPLOYEES

CORPORATE SOCIAL RESPONSIBILITY

DNB regards its corporate social responsibility (CSR) as a shared responsibility towards achieving sustainable economic, environmental and social development in the areas and business sectors where the Group operates.

As Norway's largest bank, DNB wants to be a role model in the field of sustainable value creation by integrating ethical, environmental and social aspects into its business operations. DNB's policy for corporate social responsibility sets the standards for all of the Group's work on both the observance and the further development of corporate social responsibility.

The policy includes 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.

In addition, the Group has guidelines, business models and fora that aim to ensure that corporate social responsibility is an integral part of daily operations.

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 IFC's[1] 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
- CDP, an international, not-for-profit organisation providing a global system for companies to measure, disclose, manage and share vital environmental information
- Dow Jones Sustainability Indices (DJSI), the world's leading sustainability index. Measures corporate economic, environmental and social performance.

Read more about the various initiatives and guidelines in the corporate social responsibility report.

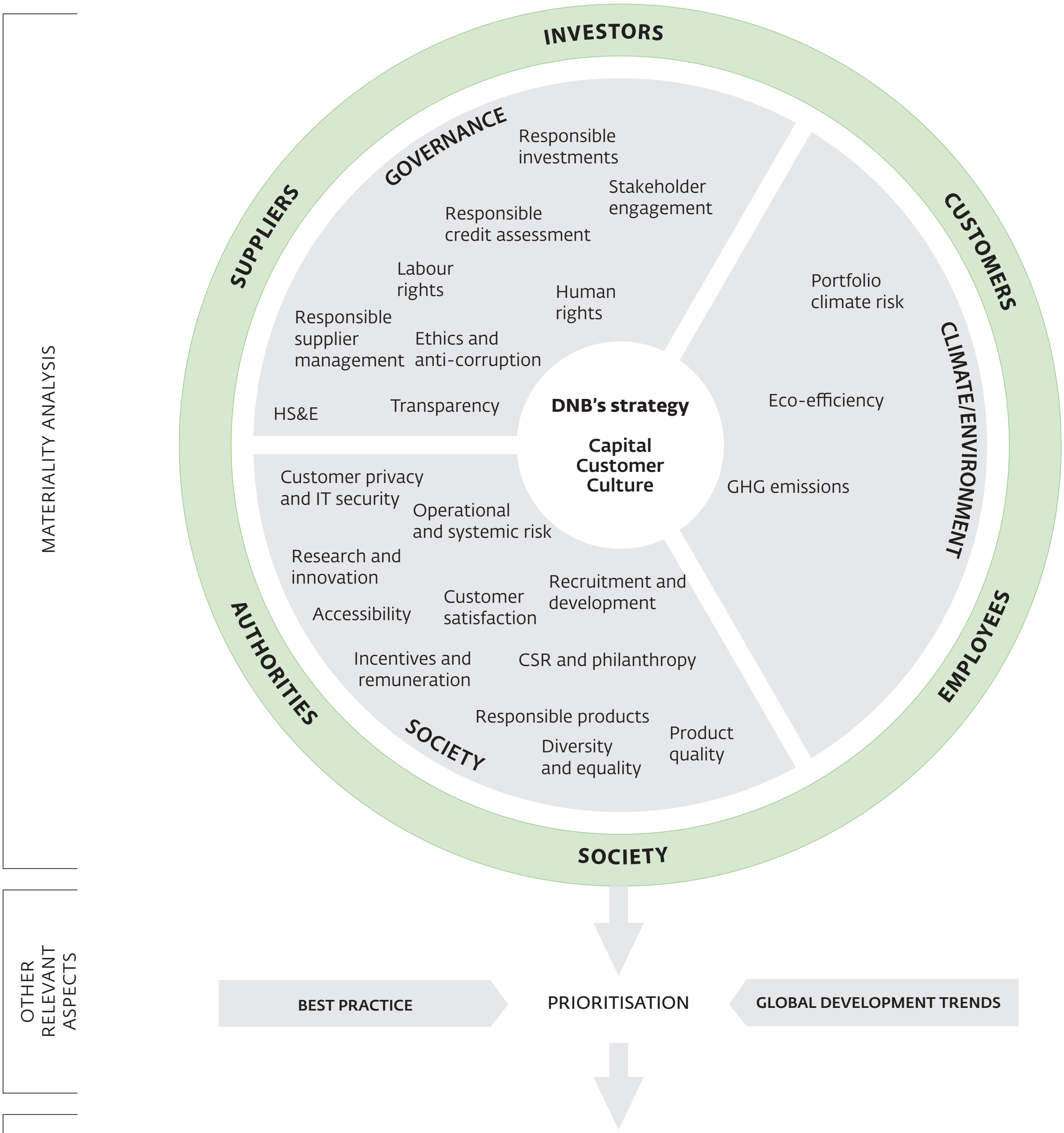
PRIORITISATION OF IMPORTANT CORPORATE SOCIAL RESPONSIBILITY ISSUES

DNB engages in regular dialogue with its stakeholders[2], primarily customers, shareholders, the authorities, investors, employees and organisations. Feedback from these dialogues provides valuable input for DNB's prioritisation of important future corporate social responsibility issues.

In 2013, DNB performed a materiality analysis in accordance with the international reporting standard Global Reporting Initiative (GRI 4). See the illustration on the next page. The materiality analysis should serve as a tool for limiting, defining

1) IFC, International Finance Corporation, a member of the World Bank Group, is a global development institution which offers investment and advisory services to encourage private sector development in developing countries.
2) A stakeholder is anybody who is either strongly affected by the company's operations or can strongly affect the company's operations.

PRIORITISATION OF IMPORTANT CORPORATE SOCIAL RESPONSIBILITY ISSUES IN DNB



PRIORITY AREAS

FINAL PRIORITISATION

GOVERNANCE
- Responsible investments
- Responsible credit assessment
- Responsible supplier management
- Ethics and anti-corruption
- Transparency

CLIMATE AND THE ENVIRONMENT

Direct environmental impact
- Eco-efficiency
- Greenhouse gas emissions

Indirect environmental impact
- Portfolio climate risk

SOCIETY

Role in society
- Accessibility
- Operational and systemic risk
- Responsible products
- Product quality
- Customer privacy and IT security

Employees
- Recruitment and development
- Diversity and equality

Human rights

Based on the prioritisation, targets and measures for the 2014–2017 period have been set. See DNB's corporate social responsibility report for 2013.

and ranking key priority areas within corporate social responsibility. The first step in the analysis is to limit its scope by identifying the most relevant CSR issues for DNB. Issues defined by the Sustainability Accounting Standards Board (SASB) and GRI 4 form the basis for the selection of 23 issues defined as relevant for DNB.

The following criteria were used to prioritise among the 23 relevant issues:

- importance to stakeholders (customers, employees, the authorities, suppliers, community representatives and the media)
- importance to DNB and the Group's strategy

In addition to the materiality analysis, a number of other factors are considered when prioritising targets and focus areas for DNB's work on sustainability and corporate social responsibility:

- Global development trends, primarily climate change, urbanisation and increased wealth. See further description below.
- Statutory requirements, especially requirements in the Accounting Act with respect to reporting the current status and activities relating to equality and diversity, human and labour rights and social conditions, the external environment and anti-corruption.
- A competitor analysis carried out in the autumn of 2013, reviewing best practice.

GLOBAL DEVELOPMENT TRENDS

In recent years, consultancy firms, global sustainability organisations and researchers 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, population growth, wealth, urbanisation, food security, ecosystem decline and deforestation.

Of these, climate change, urbanisation and increased wealth are particularly important to DNB, and it is a key long-term target to reduce risk and harness the opportunities arising from these trends. See further description below.

Climate change

A report issued by the Intergovernmental Panel on Climate Change (IPCC) in the autumn of 2013 states that it is extremely likely that human influence has been the dominant cause of the observed warming and climate change due to the emission of greenhouse gases. If greenhouse gas emissions continue to increase significantly in this century, temperatures may rise by more than four degrees before the turn of the century.

Global leaders agree that global temperature increases must be limited to two degrees Celsius (two-degree target) over pre-industrial levels in order to avoid climate change with serious effects. This target is used in international climate negotiations. Climate change will have a direct impact on DNB's international key priority areas: seafood, energy and shipping. In addition, climate change will affect secondary values and thus also the bank's collateral security as well as customer behaviour and expectations.

Urbanisation

Urbanisation leads to a greater need for infrastructure investments, which in turn provides business opportunities for DNB. International experience shows that infrastructure investments with stable returns can be an attractive asset category for life insurance companies and pension funds (Finance Norway 2013). Relevant investment areas are water, energy, roads, railways, harbours and airports.

Increased wealth

Increased wealth will probably mean greater demand for various types of capital investments. As a result of sustainability trends, both institutional clients and personal customers tend to be more concerned about where and how DNB invests its customers' capital. Focus on responsible investment may thus provide competitive advantages in a market with higher volumes where an increasing proportion of customers are interested in sustainability. The Group's responsible investment strategy seeks to combine financial returns with social and environmental considerations. This will be achieved by various means, such as excluding companies that do not meet the criteria in DNB's guidelines for responsible investment from the portfolios, influencing customers through dialogue and voting at general meetings, integrating environmental and social aspects in investment decisions and establishing separate sustainability and environmental funds. See illustration on page 51.

DNB's HANDLING OF IMPORTANT CORPORATE SOCIAL RESPONSIBILITY ISSUES

GOVERNANCE

Operational and systemic risk

One of the key social functions of the banking industry and DNB is to make sure that vital banking services are accessible to customers. DNB has experienced challenges with some of its services and is working to improve operational stability.

As a key measure to improve operational stability, DNB entered into new operations contracts for the Group's IT systems in 2013. The Indian IT company HCL Technologies was awarded the main part of the operations contract and EVRY was awarded the contract for the operation of the Group's mainframe computer. The aim of this process has been to ensure stable and effective operations.

The Indian consultancy firm Tata Consultancy Services, TCS, was selected as DNB's provider of services within application management and will develop services for the bank's various IT systems.

By year-end 2015, seven of the Group's data processing centres will be combined into a single data processing centre located in a former NATO facility in a mountain close to Stavanger. This will further improve operational stability in DNB.

The Norwegian authorities aim to reduce risk in the banking industry in general, and especially in systemically important banks like DNB. This is mainly reflected in stricter capital requirements. DNB has satisfied these requirements by increasing common equity Tier 1 capital by NOK 12.4 billion from year-end 2012 to end-December 2013. The common equity Tier 1 capital ratio rose from 10.7 per cent at year-end 2012 to 11.8 per cent at end-December 2013. DNB's stated aim is to achieve a common equity Tier 1 capital ratio of 13.5-14.0 per cent by year-end 2016, which will make the Group well positioned to meet the authorities' requirements in the future.

Ethics and anti-corruption

In order to maintain high ethical standards and combat and prevent corruption, DNB has a separate policy for ethics and related guidelines to increase awareness of, and compliance with, the high ethical standards required of all DNB employees. The code of ethics should support efforts to combat corruption, extortion, bribery, money laundering, fraud, terrorist financing and the financing of criminal activities. In 2013, DNB focused strongly on providing training on and increasing awareness of key ethical risks. In addition, the Group's anti-corruption preparedness was strengthened.

DNB's new anti-corruption guidelines, which were approved in 2014, state that the Group has zero tolerance to corruption.

DNB is represented in more than 20 countries. In addition to the Norwegian Penal Code and local legislation, DNB and its employees are also required to observe the US Foreign Corrupt Practices Act and the UK Bribery Act, since the Group has operations in the US and Great Britain. Overall, these Acts give a broad definition of corruption, and DNB's practices must be ethically sound and within the confines of the law.

DNB's anti-corruption programme will be based on the anti-corruption principles in the UK Bribery Act, which include a risk-based framework, top level commitment, risk assessments and due diligence/background checks. The prevention of corruption risk in DNB and management involvement and commitment are key elements in the programme. DNB aims to implement the programme throughout the Group in 2014.

Corporate social responsibility in connection with investment and credit activities and supplier management

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[3].

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.

DNB will further refine its processes to embed social and environmental considerations in its investment activities. Planned measures include sustainability training for all Wealth Management employees in Sweden and the integration of environmental, social and governance factors in fixed-income management.

DNB has separate guidelines for corporate social responsibility within credit activities, describing how the 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.

DNB reviewed the guidelines for corporate social responsibility within credit activities in 2013. The main changes are:

- a ban on granting credit to companies which are involved in the production of controversial weapons[4]
- greater consistency between DNB's guidelines for ethical investments and the guidelines for corporate social responsibility within credit activities
- more explicit requirements concerning board approval of credits to companies which are involved in the production of nuclear power, tobacco or pornography or violate internationally recognised standards and conventions

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

4) DNB will not invest in companies which are involved in the production of anti-personnel mines and cluster weapons as described in the Anti-Personnel Mine Ban Convention and the Convention on Cluster Munitions, or in companies which develop and produce central components for use in weapons of mass destruction. Weapons of mass destruction are defined as NBC weapons (nuclear, biological and chemical weapons).

- preparation of a check list for environmental, social and governance factors to be completed when the ESG risk is considered to be medium high or high

There is a simpler guide in the form of a due diligence matrix for assessing loans to small and medium-sized corporate customers. The due diligence matrix should help account officers assess environmental and social risk based on customers' CSR performance, type of operations and country of operation. In 2014, priority will be given to training employees in using the updated guidelines and due diligence matrix.

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. According to the Group's credit guidelines, all project financing involving total costs of more than USD 10 million is to be reviewed according to the Equator Principles. A new, third version of the Equator Principles was launched in 2013 and entered into force on 1 January 2014. The new Equator Principles will also apply to project-related corporate loans that meet specific criteria and bridge loans [5]. Internal training was provided in 2013 to implement the new principles.

DNB imposes strict requirements on its suppliers and their observance of corporate social responsibility. In 2013, DNB completed a project aimed at formalising and upgrading DNB's responsibility for monitoring suppliers' CSR performance. The Group's model for supplier segmentation and management and DNB's declaration regarding suppliers' corporate social responsibility were also revised. DNB will start using an updated declaration form in 2014. The main changes will be:

- stricter and more explicit requirements regarding suppliers' responsibilities in relation to sub-suppliers
- more detailed requirements regarding suppliers' responsibility for supporting and respecting the protection of human rights and working environment standards
- more explicit requirements for suppliers' environmental management systems
- more explicit requirements for suppliers with respect to ethical operations, including integrity, corruption, money laundering and competition
- requirements for suppliers' contingency and continuity plans

As part of the process of following up the new declaration regarding suppliers' corporate social responsibility, DNB will also carry out a new segmentation and risk assessment of suppliers and perform on-site reviews of selected suppliers.

Human rights

DNB shall respect human rights both in its own operations and as an owner or investor, lender and purchaser. 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 reflected in the guidelines for ethical investments and play a key role in DNB's exercise of ownership rights. The Group participates in an international UN project on banks and human rights. The project involves analyses of legislation and the regulatory parameters, as well as dialogues with banks and stakeholder groups.

CLIMATE AND THE ENVIRONMENT

Due to the nature of its operations, DNB's direct effect on total greenhouse gas emissions and environmental harm is limited. DNB's direct impact on the climate and the environment is mainly related to its energy consumption, business travel and waste from office operations. One of DNB's most significant internal environmental efficiency measures is the relocation of all employees in Oslo to the new head office in Bjørvika. In addition, operations in Bergen and Trondheim have been moved to new, environmentally efficient buildings. These moves will make DNB reach its target to reduce CO_2 emissions by 20 per cent from 2009 to year-end 2014. Read more on dnb.no/en/about-us/corporate-social-responsibility/sustainability-library.

In 2013, DNB started the process on implementing an environment management system based on the international standard ISO 14001. This work will continue in 2014. The environment management system should help the Group manage its environmental impact better and ensure more energy-efficient office operations. Demonstrating its environmental efficiency will be a competitive advantage for DNB and help reduce costs.

DNB also takes responsibility for the environment by financing climate-friendly energy production, such as wind and solar energy and hydro power. Due to the need to reduce greenhouse gas emissions, climate-friendly energy production is becoming increasingly important. The production of energy from renewable sources is a capital-intensive industry. DNB has specialist units working in this field and consistently strives to find new financing solutions to ensure the realisation of more renewable projects. DNB also offers customers environmentally friendly savings products and manages the Nordic region's oldest and largest environmental fund, DNB Renewable Energy. In 2013, two new sustainable mutual funds were introduced in Sweden, Sverige Hållbar and Global Hållbar.

5) *A bridge loan is a loan that is taken out for a maximum of two years and is to be refinanced through project finance or project-related corporate loans.*

SOCIETY

DNB plays an important role in society. Few people would be able to finance their own home without the bank's assistance. Without non-life insurance, it would not be possible to handle the financial consequences of accidents. Without life insurance companies, it would be difficult to secure your nearest ones financially. The same applies to companies. Start-up businesses need financing, assistance and support, while well-established companies need financial services for their continued operation and expansion. DNB's operations thus both help secure employment and create values.

Among other things, DNB believes it is vital to make knowledge of personal finances available to more people. DNB has developed a personal finance course in cooperation with the Norwegian Red Cross. The main target groups are users of the Red Cross' various initiatives, including single parents, women with immigrant backgrounds and those on the "Network After Imprisonment" scheme. The course is held by DNB volunteers who are given the chance to share their expertise with those who need it the most. DNB's aim is to have more participants on the personal finances courses in 2014 than in 2013.

DNB's stakeholders also expect the Group to take responsibility for finding innovative solutions to meet various challenges in society. Financing of renewable energy to meet the climate challenge and financing infrastructure projects in connection with increased urbanisation are two examples of this.

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

	2013	2012
Customer satisfaction index, CSI (score)	72.5	74.2
Reputation (score)	69.6	66.2
- Reputation score ethics (RepTrak)	68.6	66.7
- Reputation score CSR (RepTrak)	70.9	69.0
Main index employee survey (engagement index)	81.0	80.6
Number of meetings with companies carried out by the sustainable investment team to discuss sustainability issues (number)	39	29
Companies excluded from the investment portfolio (number)	60	58
Equator projects (number)	6	8
Contributions to society in the form of financial support to sporting and cultural organisations and research (NOK million)	122	119
Number of persons who have completed personal finance courses	330	400
Climate and the environment: [6]		
- CO_2 emissions (tons)	20 038	21 276
- CO_2 emissions per employee (tons)	1.7	2.7
- Energy consumption (Gwh)	96.1	101.8
- Energy consumption per employee (Kwh)	8.2	8.2
- Air travel (1 000 km)	39 498	43 356
- Waste (kg)	1 309 292	1 538 809
- Purchased paper (tons)	808	870

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

6) All climate and environment figures excluding purchased paper apply to DNB's total operations in Norway and the Baltics. The figure for purchased paper applies solely to the Group's operations in Norway.

EMPLOYEES

The Group's employees have a clear sense of DNB's vision and values. DNB's employees at all levels of the organisation are highly committed and work together to realise the vision "the art of serving the customer". A new banking reality, entailing stricter capital requirements and rapid changes in customer behaviour and market conditions, set the direction for the Group's operations in 2013.

2013 saw the launch of web meetings with the group chief executive on the Group's intranet. Through the web meetings, he wishes to establish more open and closer two-way communication with the employees. The possibility of direct dialogue has been well received and creates a lot of engagement among the Group's employees. The web meetings supplement the group chief executive's blog, which was introduced in 2010. The blog and the web meetings are important contributions to affirming the Group's strategy and facilitating dialogue across geographical and organisational units.

NEW GROUP STRUCTURE

In January 2013, a new group structure for DNB was announced. The aim was to renew, streamline and standardise the organisation in order to improve operational efficiency. A common brand, co-location and a new group structure have been of major importance for unlocking greater potential in the organisation. Corporate culture and leadership were defined as priority areas through the internal "New Deal" programme. Read more about this in the group chief executive's statement.

The leadership principle "Set direction and drive change" serves as a guide for the work on developing an organisational culture characterised by adaptability and flexibility. Leadership communication, goal-setting and review processes, succession planning and talent development were key elements in building a change culture through 2013.

Reorganisation and workforce reductions in connection with the new group structure have entailed extensive restructuring. The processes have been carried out in accordance with the Group's restructuring rules and are based on discussions with the Group's employee representatives. A total of 352 employees chose to voluntarily terminate their employment and received severance pay based on individual applications in 2013. Seniority and age determined the amount of compensation, 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 helped promote mobility across the Group and provided valuable assistance for employees at all levels during these processes. A total of 137 employees were transferred to the career change centre in 2013. Of these, 45 found new jobs in the Group, 23 resigned from DNB, and 69 carried out short-term assignments within the organisation. In addition, 427 employees received coaching and guidance.

RECRUITMENT AND MOBILITY

DNB has consolidated its position as one of the most attractive employers in Norway and was ranked second in Universum's business student survey in 2013. DNB is thus regarded as highly attractive among external job candidates. There were 700 applicants to 17 positions in DNB's summer internship programme, which targets students.

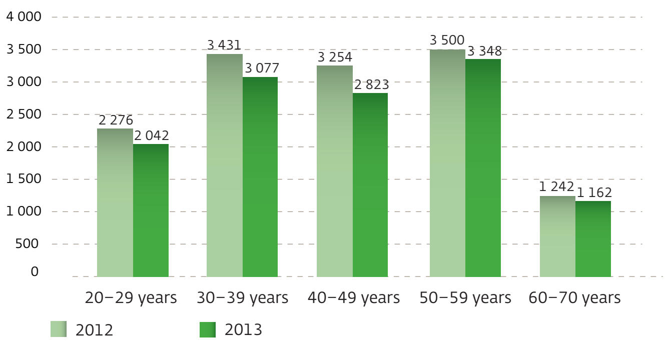
In 2013, the DNB Group recruited 440 external applicants, compared with 609 in 2012, of whom 201 were women and 239 men. The average age was 28 years. 388 new employees were employed in Norway in 2013, of whom 184 were women and 204 men. 517 employees changed jobs within the Group in 2013.

DNB recruited six new candidates of various backgrounds and experience to its corporate trainee programme in 2013. 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 management level mentor. Furthermore, one new candidate was recruited to the Group's executive trainee programme in 2013.

In 2013, DNB's own temporary staff recruitment agency, which coordinates all temporary positions, was also used to find alternative employment for employees during the restructuring process.

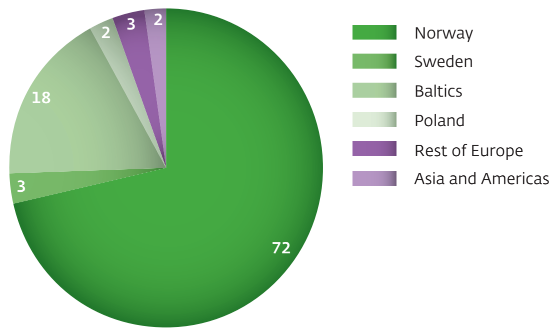
The number of DNB employees on long-term contracts abroad

NUMBER OF EMPLOYEES ACCORDING TO AGE



EMPLOYEES ACCORDING TO COUNTRY

PER CENT



declined from 91 to 71 between 2012 and 2013. These figures include employees on international assignments from the entire Group, of whom the majority are originally based in Norway.

At the end of 2013, there were 12 452 employees in the Group, of whom 8 919 worked in Norway. The number of employees was reduced by 1 251 from year-end 2012. The gender distribution in the Group is stable, with women outnumbering men by 9 percentage points.

DEVELOPING MANAGERS AND EMPLOYEES

DNB's managers play a key role in making DNB a customer-oriented organisation. Managers in DNB must follow three principles: create results, develop individuals and teams, and set direction and drive change.

In September 2013, the group chief executive gathered 500 DNB managers in Norway and launched the Group's next stage: "New Deal". After the seminar, all managers were asked to present a leadership promise which must be measurable and possible to follow up. Corresponding seminars were held for 177 of DNB's international managers.

A new management team concept was developed in 2013, and other development programmes have been adjusted and refined to meet the intentions in "New Deal".

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 growth. In order to increase the effectiveness and availability of the training programmes, a number of new training measures were developed in 2013, using webinars, video and other forms of electronic teaching. A total of 5 987 managers and employees participated in the Group's training programmes in 2013.

In 2013, four professional academies were established for the Group's Norwegian operations. The academies provide training modules on credit, savings and investment, insurance and cash management and have received very positive feedback. A total of 2 773 employees completed training at the academies in 2013.

Training measures related to the national authorisation scheme for financial advisers were included in DNB's professional academy for savings and investment. The purpose of the authorisation scheme is to strengthen the sector's reputation and ensure that each individual adviser satisfies the relevant competence requirements. At year-end 2013, DNB satisfied the requirement that all employees and managers working as financial advisers must be authorised.

During 2013, a national authorisation scheme for the Norwegian insurance industry was established. The scheme aims to ensure that sellers and advisers who offer non-life insurance solutions meet the competence requirements which are defined by the sector. The training measures are organised through the professional academy for insurance. Practically all employees comprised by the requirements of the authorisation scheme had completed the training and passed the professional exam at year-end 2013.

Strong emphasis was placed on providing training in and raising awareness about ethical issues in 2013, and the DNB Ethics programme was made available in Norwegian, English, Latvian and Lithuanian. Approximately 90 per cent of DNB's employees completed the ethics programme. In addition, special information was prepared for managers, and articles about ethics were published on the intranet.

The Group also has anti-money laundering training programmes adapted to the legislation in the countries where DNB is represented. In 2013, 3 832 employees in Norway and 364 employees in the Group's international units completed anti-money laundering training.

A new e-learning programme and new web pages were launched for new employees in 2013 to ensure a consistent and standardised introduction to the Group. The programme is available in Norwegian and English.

In 2013, the Group introduced a common goal and development process for all managers and employees. A new tool for following up performance dialogues was implemented in the organisation to ensure that the Group's strategic direction is reflected in the work tasks and priorities of each employee.

EMPLOYEE SURVEY

The employee survey conducted in November 2013 included all employees in the Group. 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.

The employee satisfaction index dipped from 75.6 points in 2012 to 75.1 points in 2013. DNB's employees were at least as engaged in their jobs in 2013 as in 2012, and the engagement index score rose from 80.6 points in 2012 to 81.0 points in 2013. The employee survey for 2013 paints a picture of a robust organisation that has coped well with a year of extensive restructuring.

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.

When planning and establishing new main buildings in Oslo, Bergen and Trondheim, important proactive measures to promote employees' health have included a special food concept, ergonomic adjustments and physical activity.

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 59 managers and 20 safety representatives completed the training in 2013.

SICKNESS ABSENCE AND AN INCLUSIVE WORKPLACE

In 2013, sickness absence was 4.6 per cent in the Group's Norwegian operations, an increase from 4.5 per cent in 2012. Of 1 878 400 possible man-days, some 86 900 man-days were lost due to sickness absence in 2013.

As an element of following up sickness absence, a thorough review of the working environment was initiated in units with rising sickness absence rates in 2013. 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

In 2013, a mandatory programme was initiated whereby pregnant employees are followed up by a midwife through the occupational health service. 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.

All employees in Norway were offered influenza vaccination in 2013.

DNB's inclusive workplace agreement was extended in 2013. 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 2013, the average retirement age was 62 years in the Group's Norwegian operations, compared with 63.7 years in 2012. The number of employees under 62 years of age who retired on a disability pension was 18 in 2013, down from 19 in 2012.

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 variable remuneration is based on the attainment of group targets, but may also reflect individual target attainment.

In order to ensure that the business areas are able to attract and retain individuals with crucial expertise, they may 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, unit's and individual goals.

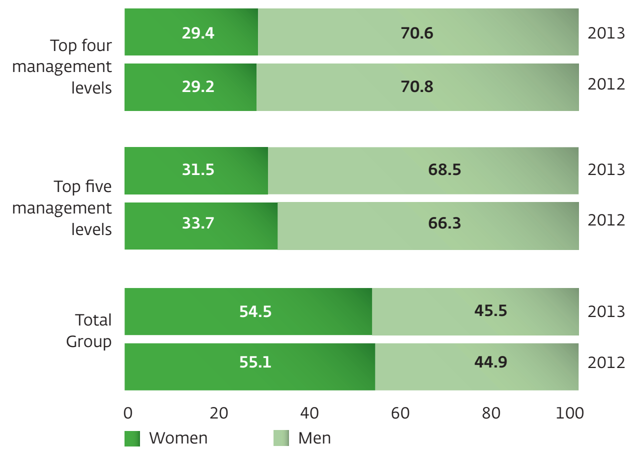
The remuneration schemes of DNB's international offices and subsidiaries are adapted to the local labour markets and regulations.

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

GENDER DISTRIBUTION

PER CENT



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 54.5 per cent in 2013. The average age was 42.6 years for women and 43.3 years for men. Of employees working part-time in 2013, 74.9 per cent were women, a reduction from 76 per cent in 2012. The average fixed salary in the Group's Norwegian operations was NOK 508 700 for women and NOK 642 400 for men, having converted all part-time positions to full-time.

The proportion of women in the group management team declined from 45.5 per cent to 36.4 per cent at year-end 2013. At management level three, female representation increased from 27.8 per cent in 2012 to 28.9 per cent in 2013. At management level four, there was also an increase, from 29.1 to 29.9 per cent, while at management level five, female representation declined from 37.2 to 33.1 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 2013, this share was 29.4 per cent.

Physical adaptation for employees with reduced working capacity was taken into account when constructing new 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.

DNB GENERATES STRONG RESULTS

DIRECTORS' REPORT AND ANNUAL ACCOUNTS

DIRECTORS' REPORT

DNB is Norway's largest financial services group and one of the largest in the Nordic region in terms of market capitalisation. The Group offers a full range of financial services, including loans, savings, advisory services, real estate broking, insurance and pension products for personal and corporate customers and the public sector. DNB serves customers in Norway through the country's largest distribution network for financial services, a 24/7 customer service telephone and electronic services such as Internet and mobile banking. Internationally, DNB is among the world's leading banks within its priority areas energy, shipping and seafood.

OPERATIONS IN 2013

DNB recorded profits of NOK 17 526 million in 2013, an increase of NOK 3 734 million from 2012. Adjusted for the effect of basis swaps, there was a rise in profits of NOK 3 501 million.

The improved profit performance reflected an increase in net interest income and lower impairment losses on loans, along with sizeable non-recurring effects.

The widening spreads contributed to the necessary build-up of capital to meet stricter capital requirements. Towards the end of the year, the Ministry of Finance issued new regulations regarding a counter-cyclical capital buffer of between 0 and 2.5 per cent, initially set at 1 per cent with effect from 30 June 2015. In addition, the Ministry announced new and stricter rules governing the weighting of banks' home mortgages in the capital adequacy calculations, while retaining the current transitional rules linked to the so-called Basel I floor. Compliance with the requirements necessitates a further significant build-up of capital. As these requirements apply solely in Norway, they also entail that DNB appears more weakly capitalised than its international competitors, even though this is not the case in real terms. DNB's common equity Tier 1 capital has been increased by NOK 12.4 billion over the past twelve months. The common equity Tier 1 capital ratio, calculated according to the transitional rules, rose from 10.7 per cent at year-end 2012 to 11.8 per cent at end-December 2013. Return on equity increased from 11.7 per cent to 13.2 per cent during the same period. Adjusted for the effect of basis swaps, return on equity was up from 12.7 to 13.9 per cent. DNB is well capitalised, but will build additional capital organically in order to meet the authorities' requirements.

Wider lending spreads had a positive effect on net interest income, while deposit spreads narrowed. Net interest income increased by 10.9 per cent from 2012, while average volume-weighted spreads increased by 0.08 percentage points during this period.

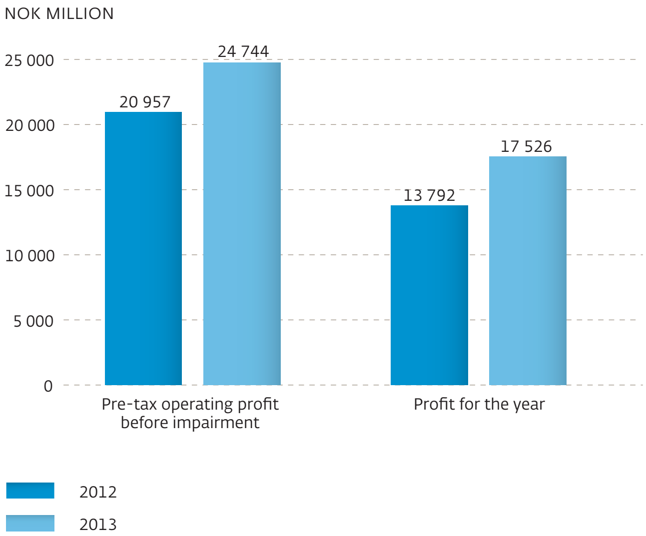
Other operating income was NOK 1 926 million higher than in 2012. Adjusted for the effect of basis swaps, other operating income was up NOK 1 603 million. The rise in income mainly reflected an increase in the value of the shareholding in Nets and higher income from insurance operations.

Operating expenses rose by NOK 1 115 million from 2012. Adjusted for non-recurring effects, there was a reduction of NOK 189 million or 0.9 per cent. Ordinary wage costs decreased compared with 2012, and downsizing measures thus more than compensated for wage increases during this period.

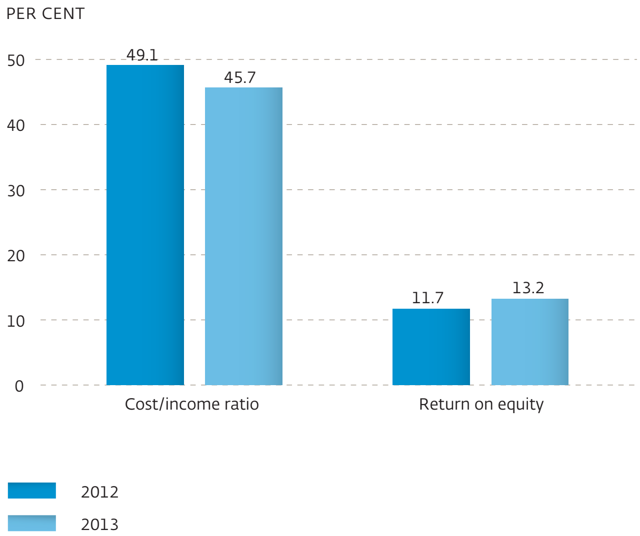
Impairment losses on loans and guarantees declined by approximately NOK 1 billion compared with 2012. The reduction referred primarily to the shipping and energy segments, the Baltics and Poland. There was also a lower level of collective impairment.

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.

PROFIT PERFORMANCE



COST/INCOME RATIO AND RETURN ON EQUITY



Results from a survey carried out by the analyst firm Socialbakers in the second quarter of 2013 showed that DNB was among the best banks in the world with respect to response time on Facebook. In addition, the response rate was above 99 per cent. The good results are a consequence of the Group's continuous efforts to ensure the best digital customer experience.

During 2013, DNB lost a civil case in the Norwegian Supreme Court concerning two debt-financed structured products. DNB was sentenced to pay the plaintiff compensation in the amount of NOK 230 000, as well as costs totalling NOK 4.8 million. The Supreme Court based its ruling on the reasoning that the information provided by the bank on the effects of the debt financing of these two products included major errors and omissions. A total of nine such products, including the two aforementioned products, are affected by similar errors and omissions relating to the effects of debt financing. During 2013, DNB made provisions of NOK 450 million to cover compensation payments to customers who had made debt-financed investments in these nine products.

The Group opened three new flagship stores in 2013. Prime locations in the large cities, longer opening hours, innovative digital banking tools and good advisory services will give customers a better experience.

DNB and Norway Post have agreed to extend the agreement which ensures that the bank's customers can be serviced in the postal network. The parties have entered into a new agreement which will run until year-end 2019.

In the second quarter of 2013, the portfolio in Poland comprising personal customers and small and medium-sized enterprises was transferred to a Polish bank in line with the sales agreement previously entered into. The transaction also entailed the transfer of 38 branch offices and approximately 250 employees. The transfer is a consequence of the decision to focus on the largest corporate customers in the Polish market.

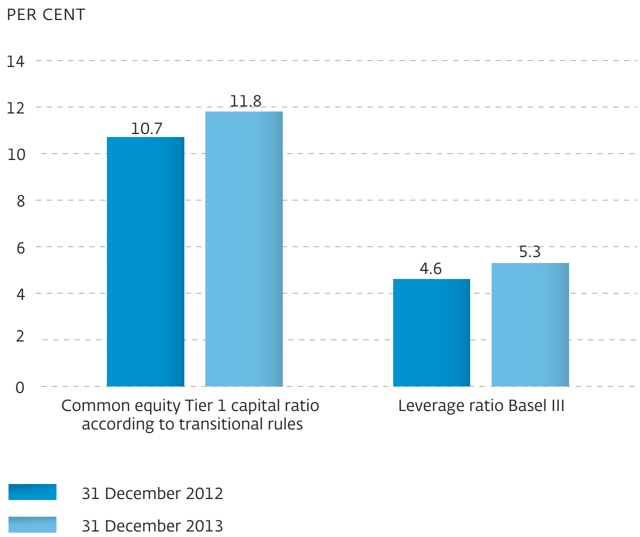
The Indian company Tata Consultancy Services, TCS, has been selected as DNB's future provider of IT development and management services. Moreover, EVRY and HCL Technologies were selected as providers of mainframe-based and other operational solutions, respectively. DNB thus aims to achieve higher cost efficiency and greater flexibility.

In the employee survey for 2013, the engagement index rose by 0.4 percentage points from 2012, to 81.0 points. Sickness absence in DNB's Norwegian operations was 4.6 per cent in 2013, a slight increase from 4.5 per cent in 2012. The special follow-up of units with high sickness absence rates continued.

In the course of 2013, DNB implemented wide-reaching organisational changes to optimise the Group's ability to win the battle for the customers in the time ahead. A new organisational structure was presented in January, followed by an extensive process to get the new organisation up and running. The cultivation of customer and product units will give them more clout in the individual customer segments and enable them to adapt more quickly to customer needs. By pooling operational IT functions, DNB has also taken an important step towards ensuring better operational

EARNINGS PER SHARE

TIER 1 CAPITAL RATIO



stability and efficiency and improved solutions for customers. The measures that were implemented in 2013 make the Group well prepared to meet the requirements of the new banking reality.

When considering the dividend proposal for 2013, the Board of Directors has taken the new regulatory capital adequacy requirements into account. The Board of Directors has proposed a dividend for 2013 of NOK 2.70 per share, which corresponds to approximately 25 per cent of earnings per share. 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 2013.

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.

The reorganisation of the DNB Group at the start of 2013 aimed 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 should 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.

STATUS FOR FINANCIAL TARGET ATTAINMENT IN 2013

On the Group's Capital Markets Day in 2012, financial targets towards 2015 were presented. The Group's performance in 2013 demonstrated that DNB was well on the way to meeting these targets.

One of the targets was average annual growth in net interest income above 6 per cent. In 2013, DNB recorded an increase in net interest income of close to 11 per cent. Interest rate adjustments in the first quarter of 2013 resulted in widening spreads and thus contributed to the rise in income. In the period ahead, DNB expects the growth in net interest income to be lower than in 2013, with stable or slightly increasing volume-weighted spreads.

Cost-efficient operations are vital to the Group's profit performance. The targets set by DNB was maximum 2 per cent average annual growth in costs including restructuring costs and an ordinary cost/income ratio below 45 per cent towards the end of the period. In spite of the fact that the restructuring process was ahead of schedule and that restructuring costs were relatively high, costs were up 1.9 per cent adjusted for non-recurring items. The ordinary cost/income ratio was 44.8 per cent.

DNB also aimed to achieve a return on equity above 12 per cent towards the end of 2015. In 2013, the return on equity was 13.2 per cent, though the need to build up additional capital over the coming years means that it will be challenging to maintain this level of return. Capital adequacy requirements for banks have increased in recent years, and the regulations are under constant development. The common equity Tier 1 capital target of 12-12.5 per cent according to Basel III, which was set in 2012, was based on assumptions made at the time regarding future requirements. The common equity Tier 1 capital ratio according to Basel III was 13.6 per cent at year-end 2013 while it was 11.8 per cent calculated according to the transitional rules.

FINANCIAL AMBITIONS TOWARDS 2016

On its Capital Markets Day in November 2013, DNB presented new long-term financial ambitions for the period towards 2016. While the Group previously had several equally important financial targets, the number of target figures was reduced to one principal financial target: return on equity. The previous target was retained, in spite of the fact that the need to build up capital will make this target more challenging to reach.

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

A competitive return on equity is required to ensure that DNB retains its attractiveness in the market. In addition, the operations of the Group are conditional on adequate capitalisation, and DNB's target is to achieve a common equity Tier 1 capital ratio of 13.5-14.0 per cent by year-end 2016.

The Group's long-term dividend policy remains unchanged, with a payout ratio of approximately 50 per cent of annual profits. In order to strengthen capital adequacy, the dividend payout ratio will be approximately 25 per cent during a certain period.

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	2013	Change	2012
Net interest income	**30 192**	**2 976**	**27 216**
Lending and deposit spreads		2 930	
Exchange rate movements		208	
Lending and deposit volumes		139	
Equity and non-interest-bearing items		(259)	
Guarantee fund levy		(664)	
Other net interest income		623	

Net interest income rose by NOK 2 976 million compared with 2012. Wider lending spreads were the main factor behind the increase. Average lending spreads widened by 0.34 percentage points from 2012 to 2013, parallel to a 0.16 percentage point reduction in deposit spreads. Adjusted for exchange rate movements, there was an average increase of NOK 11.6 billion in the healthy loan portfolio compared with 2012. Average deposits rose by NOK 105.9 billion, resulting in an increase in the ratio of deposits to loans from 62.5 per cent at end-December 2012 to 64.7 per cent at year-end 2013.

The introduction of permanent guarantee fund levies caused a NOK 664 million increase in expenses compared with 2012.

While there was a sharp rise in long-term funding costs from 2011 to 2012, there was a certain reduction from 2012 to 2013. The low interest rate levels also resulted in lower calculated interest income on equity.

NET OTHER OPERATING INCOME

Amounts in NOK million	2013	Change	2012
Net other operating income	**16 427**	**1 926**	**14 501**
Net stock market-related income		714	
Net other commissions and fees [1]		449	
Basis swaps		323	
Net financial and risk result from DNB Livsforsikring [2]		307	
Net gains on investment property		255	
Profits from associated companies		(427)	
Other operating income		306	

1) Excluding guarantees and basis swaps.
2) Guaranteed returns and allocations to policyholders deducted.

Net other operating income increased by NOK 1 926 million from 2012. Adjusted for the effect of basis swaps, income was up NOK 1 603 million. The increase in stock market-related income was mainly a consequence of the rise in value of the investment in Nets. There was a healthy trend in income from other commissions and fees, reflecting higher sales of capital-light non-life insurance products. A higher risk result had a positive impact on the result from DNB Livsforsikring. Profits from associated companies were down in consequence of a weaker value development in the portfolio in Eksportfinans that is guaranteed by the owners.

OPERATING EXPENSES

Amounts in NOK million	2013	Change	2012
Total operating expenses	**20 186**	**(189)**	**20 375**
Income-related costs:			
Ordinary depreciation on operational leasing		120	
Expenses related to operations:			
Pension expenses		(265)	
IT expenses		285	
Properties and premises		(95)	
Marketing		(52)	
Performance-based pay		(52)	
Postage, telecommunications and office supplies		(46)	
Other costs		(84)	
Non-recurring effects	**1 690**	**1 304**	**385**
Restructuring costs – employees		467	
Other restructuring costs and non-recurring effects		338	
Provisions for debt-financed structured products		450	
Sale of SalusAnsvar		(64)	
Reversal of provisions		(157)	
Impairment losses for goodwill and capitalised systems development		270	
Operating expenses	**21 875**	**1 115**	**20 760**

Total operating expenses increased by 5.4 per cent from 2012. Sizeable non-recurring effects had an impact on costs, resulting in an overall cost increase of NOK 1.3 billion. Adjusted for non-recurring effects, there was 0.9 per cent reduction in costs, which means that the Group has thus far reached its target to keep ongoing operating expenses flat. This was attributable to a number of restructuring measures implemented during the year, resulting in reductions in both the number of employees, the number of branch offices and the number of geographical production units. The average number of full-time positions was reduced by 900 from 2012 to 2013. Adjusted for non-recurring effects, pension expenses were down NOK 265 million, partly in reflection of the staff reductions.

IMPAIRMENT OF LOANS AND GUARANTEES

Impairment losses on loans and guarantees totalled NOK 2 185 million, down NOK 994 million from 2012. NOK 597 million of the reduction represented individual impairment. There was a certain rise in impairment for international and Nordic large corporates, while the level of impairment was reduced in the shipping and energy segments and in the Baltics and Poland. Collective impairment losses of NOK 133 million were reversed in 2013, while collective impairment totalled NOK 265 million in 2012. Impairment was reduced from 0.24 per cent of loans in 2012 to 0.17 per cent in 2013.

Net non-performing and doubtful loans and guarantees amounted to NOK 20.7 billion at end-December 2013, up from NOK 19.7 billion at year-end 2012. Net non-performing and doubtful loans and guarantees represented 1.38 per cent of the loan portfolio, down 0.12 percentage points from end-December 2012.

TAXES

The DNB Group's tax expense for 2013 was NOK 5 188 million, representing 22.8 per cent of pre-tax operating profits. The tax charge was virtually unchanged from 2012. The tax charge was lower than the anticipated long-term rate, primarily due to exchange rate movements and non-recurring effects.

FUNDING, LIQUIDITY AND BALANCE SHEET

The short-term funding markets were generally sound for banks with good credit ratings in 2013, and DNB had ample access to short-term funding. The markets were less selective, and an increasing number of banks were regarded as financially strong.

In the long-term funding markets, there was also a stable supply of capital throughout 2013. The first half of the year was characterised by the extensive quantitative easing applied by the Japanese central bank and the cuts in key policy rates implemented by the European Central Bank. This resulted in a gradual improvement in prices of new funding from the market. The announcement that the FED, the US central bank, was considering winding down the so-called quantitative easing as early as in June caused some market uncertainty and greater price volatility. Though the uncertainty prevailed in the second half of the year, prices showed a stable downward trend parallel to a high level of market activity, also among Southern European issuers. This was underpinned by signs of recovery in both the US and European economies.

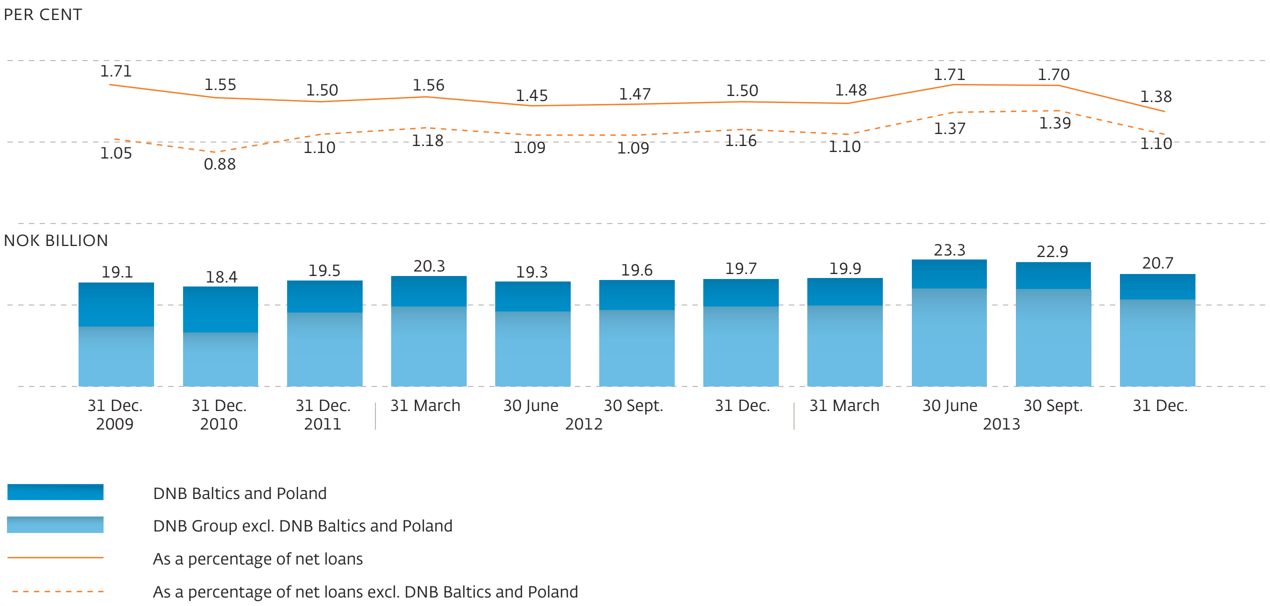
Debt securities issued by the Group totalled NOK 712 billion at year-end 2013 and NOK 708 billion a year earlier. The average remaining term to maturity for the portfolio of debt securities issued was 4.3 years at end-December 2013, compared with 4.6 years a year earlier.

In order to keep the Group's liquidity risk at a low level, short-term and long-term liquidity risk limits have been established which are consistent with the Basel III calculation methods. Among other things, this implies that customer loans are financed through customer deposits, long-term securities and primary capital. The Group stayed well within the liquidity limits during 2013. 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 2013, total combined assets in the DNB Group were NOK 2 640 billion, an increase from NOK 2 528 billion at year-end 2012. Total assets in the Group's balance sheet were NOK 2 389 billion as at 31 December 2013 and NOK 2 320 billion a year earlier. Total assets in DNB Livsforsikring were NOK 289 billion and NOK 271 billion, respectively, on the same dates.

Net loans to customers increased by NOK 42.9 billion or 3.3 per

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



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

cent from end-December 2012. There was a rise in customer deposits of NOK 56.9 billion or 7 per cent during the same period. The ratio of customer deposits to net loans to customers increased from 62.5 per cent at end-December 2012 to 64.7 per cent a year later, which is in line with the Group's minimum 60 per cent target.

CORPORATE GOVERNANCE

The management of DNB is inter alia based 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.

During 2013, the Board of Directors of DNB ASA held 15 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 two sub-committees: the Audit and Risk Management Committee (former Audit Committee) and the Compensation Committee.

The Audit and Risk Management Committee was composed of three of the Board's independent members and held seven meetings in 2013. The committee reviewed the quarterly and annual accounts 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. With effect from 2013, the committee also makes preparations for the Board of Directors' follow-up of risk management in the Group and offers the Board advice regarding the Group's risk profile.

The Compensation Committee consisted of three members of the Board of Directors and held seven meetings in 2013. 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, on 30 April 2013, the General Meeting authorised the Board of Directors to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 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 150. The authorisation is valid for a period of 12 months and was not used in 2013.

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 serves as a guide for the Group's overall risk management and describes 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 shall be organised in units which are independent of the units which engage in business operations.

The group guidelines for credit activity are approved in a joint meeting of the Boards of Directors of DNB ASA and DNB Bank ASA. The Board of Directors of DNB Bank ASA determines credit strategies and annual limits for liquidity risk and market risk for the banking group. Market risk reflects equity, currency, interest rate and commodity exposure. The Boards of Directors of the other operative companies in the Group, e.g. DNB Livsforsikring ASA, 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 and the chief risk officer and handles matters relating to the management of market and funding risk, risk modelling, capital structure and return targets.
- In 2013, the Group had 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 Group Advisory Credit Committee approves large credits for the business areas according to assigned authorisations and advises the group chief executive and the Board of Directors in connection with large individual credit proposals and other credits 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 the business areas approve other credits according to assigned authorisations.

The Group's specialist units within risk management are organised as a separate support unit, Group Risk Management. This unit is headed by the Group's chief risk officer, CRO, who reports directly to the group chief executive.

In 2013, DNB implemented a risk appetite framework for the Group. The risk appetite concept has become best practice in the financial services industry, enabling financial institutions to include risk as a holistic part of their strategy and planning processes and thus react more swiftly to changing surroundings. In the DNB Group, the framework 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 will be reported on a monthly basis.

DEVELOPMENTS IN 2013

Overall, the risk situation developed favourably during 2013, even though global economic growth was weak, as anticipated, and the Norwegian economy showed lower growth than in the preceding years. Expectations of an economic recovery were thus the main reason for the improved risk picture. Stock markets showed a positive trend throughout the year, and risk premiums declined in the money and credit markets. The growth prospects for industrial countries have improved, and there is greater confidence in the EU's ability to handle the sovereign debt challenges in the eurozone. This is closely related to the progress that has been made in establishing reliable mechanisms to solve the problems in the EU banking sector.

Norwegian economic growth slowed in 2013 and the country may have entered a slight downturn at the beginning of 2014. Housing prices fell in the final months of 2013, and the key policy rate was kept stable at 1.5 per cent, while the pre-announced interest rate increases were postponed. The Norwegian krone rate was record-high at the start of 2013, but gradually depreciated by a total of 11 per cent against a competition-weighted average of other currencies during the year. The Norwegian krone depreciated by 14 per cent against the euro. Together with a more expansionary fiscal policy and continued low interest rates, the lower krone rate may help counteract the economic slowdown in Norway.

The DNB Group quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 3.3 billion from year-end 2012, to NOK 76 billion.

RISK-ADJUSTED CAPITAL REQUIREMENT FOR THE DNB GROUP

Amounts in NOK billion	31 Dec. 2013	31 Dec. 2012
Credit risk	57.2	59.1
Market risk	8.2	7.9
Market risk in life insurance	10.2	13.5
Insurance risk in life insurance	1.0	1.0
Non-life insurance	0.9	0.8
Operational risk	10.7	9.8
Business risk	4.8	4.6
Gross risk-adjusted capital	93.2	96.7
Diversification effect [1)]	(17.2)	(17.5)
Net risk-adjusted capital	76.0	79.3
Diversification effect in per cent of gross risk-adjusted capital [1)]	18.5	18.1

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 1.9 billion during 2013, reflecting improved quality in the corporate customer portfolios. There was stable, sound credit quality in the healthy portfolio in most areas.

The situation in the shipping sector remains challenging, though 2013 turned out somewhat better than expected. A cautious upturn is anticipated in the shipping markets over the coming years. During the third quarter of 2013, the situation in the dry bulk markets improved, mainly for the largest ships, due to rising imports of iron ore to China. This trend continued in the fourth quarter parallel to an improvement in the tanker market. 2013 was a challenging year in the container market due to sluggish growth in demand from Europe and the US, and the situation will probably remain unchanged in 2014. A number of new ships were delivered in 2013, and the fleet is expected to expand further in 2014 and 2015.

Oil prices remained high and stable towards the end of 2013, though the consensus view is that prices will decline slightly in the longer term due to lower growth in demand and a rise in supplies, including US shale oil. Activity levels remained high in most energy-related sectors, while developments are more uncertain in sectors that will be affected by a fall in oil prices.

Power prices in the Nordic market were low at the start of 2014, which significantly limits the ability of the power companies to pay dividends, as they cannot expect an influx of new equity from their owners, which are municipalities and county municipalities. At year-end 2013, DNB had a solid portfolio in this segment.

The quality of the Norwegian commercial property portfolio is considered to be satisfactory. There was an increase in the number of vacant office buildings in 2013. In Oslo, Asker and Bærum, the vacancy rate was approximately 8 per cent at year-end 2013, reflecting the brisk construction activity over the past two years. A number of the vacant properties have been renovated and have re-entered the market, thereby raising the vacancy rate. Office buildings need to be extensively restored and upgraded to retain their attractiveness in a challenging market.

Market risk in life insurance declined from year-end 2012. Equity and bond investments were reduced towards the end of the year, and equities represented just under 6 per cent of total investments at end-December 2013. Commercial property investments were also brought down further in 2013. Parallel to this, increasing buffers were built up in the form of market value adjustment reserves. At year-end 2013, long-term Norwegian swap rates, which are reference rates for expected returns, were on a level with policyholders' guaranteed rate of return. In the longer term, this will limit DNB Livsforsikring's ability to assume risk to ensure a healthy return for policyholders. The situation remains challenging, but is slightly better than at year-end 2012.

There were no significant changes in market risk limits in 2013. 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 the risk-adjusted capital requirement 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.

Throughout 2013, operations, governance and control were of high quality in all of the Group's units. The number of registered events entailing operational risk was lower in 2013 than in the previous year, though total losses were higher. The losses mainly related to individual events that originated a few years back. The operational stability of the Group's IT systems remained challenging throughout the year. Extensive measures have been initiated to reduce the related risk. The risk-adjusted capital requirement for operational risk and business risk is updated every six months at end-March and end-September.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 13.4 billion from year-end 2012, to NOK 1 089 billion. In 2013, risk-weighted volume could not be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 11.8 per cent, while the capital adequacy ratio was 14 per cent. Under Basel III, based on the Group's interpretation of the draft regulations, the common equity Tier 1 capital ratio would have been 13.6 per cent at end-December 2013.

SEGMENTS

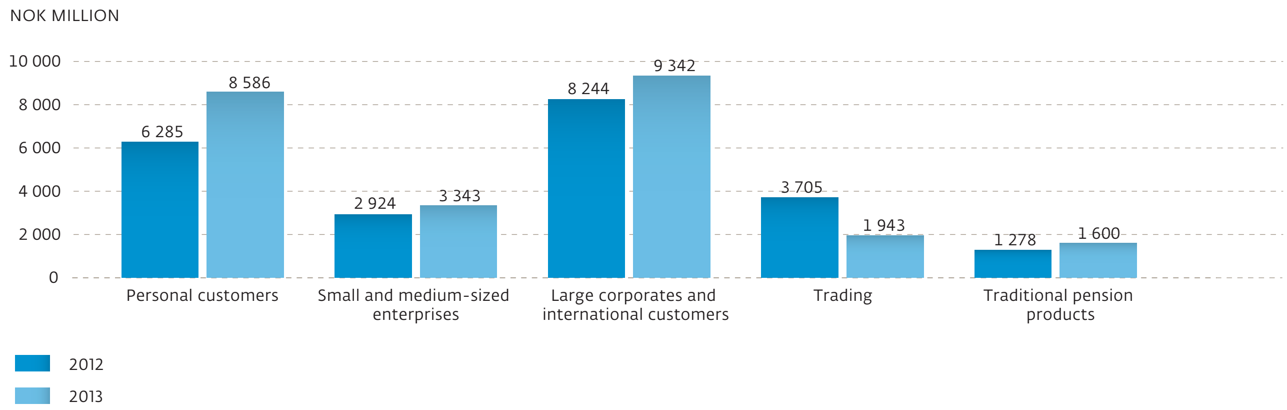
Financial governance in DNB is geared to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Reported figures for the different segments 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 branches, 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 8 586 million in 2013, an increase of NOK 2 302 million from 2012. Wider lending spreads were a key factor behind the improved performance. The quality of the loan portfolio was sound, with a stable, low level of impairment losses.

SEGMENTS – PRE-TAX OPERATING PROFITS



PERSONAL CUSTOMERS

Income statement in NOK million	2013	2012	Change NOK mill.	Change %
Net interest income	12 632	10 250	2 382	23.2
Net other operating income	4 829	4 579	250	5.5
Total income	17 461	14 828	2 632	17.8
Operating expenses	8 655	8 096	559	6.9
Pre-tax operating profit before impairment	8 806	6 732	2 074	30.8
Net gains on fixed and intangible assets	154	(0)	155	
Impairment loss on loans and guarantees	374	447	(73)	(16.3)
Pre-tax operating profit	8 586	6 285	2 302	36.6
Taxes	2 404	1 760	644	36.6
Profit from operations held for sale	3	4	(2)	(38.5)
Profit for the year	6 185	4 529	1 656	36.6
Average balance sheet items in NOK billion				
Net loans to customers	650.2	617.3	32.9	5.3
Deposits from customers	339.0	317.2	21.8	6.9
Key figures in per cent				
Lending spread [1]	2.36	1.82		
Deposit spread [1]	(0.54)	(0.24)		
Return on allocated capital [2]	36.3	28.5		
Cost/income ratio	49.6	54.3		
Ratio of deposits to loans	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.

2013 was characterised by moderate increases in both loans and deposits. Average loans to personal customers were up 5.3 per cent from 2012 to 2013, and lending growth slowed during the year. Deposits were up 6.9 per cent from 2012, and the ratio of deposits to net loans rose to 52.1 per cent.

In order to meet stricter capital requirements, it has been necessary for DNB to increase spreads. Net interest income showed a healthy trend and rose by 23.2 per cent from 2012. The volume-weighted interest rate spread, measured as margin income on loans and deposits relative to total loans and deposits, widened by 0.25 percentage points from 2012 and stood at 1.37 per cent in 2013.

Due to a rise in income from asset management services and non-life and risk insurance, other operating income showed a healthy trend. A tighter property market, especially towards the end of the year, resulted in a reduction of approximately 8 per cent in the number of residential properties sold through DNB Eiendom compared with 2012, while income from real estate broking showed a positive trend from the previous year.

The rise in operating expenses from 2012 can mainly be ascribed to restructuring costs. A high level of activity and a positive income trend within non-life and risk insurance also gave a certain increase in costs. In addition, the integration of Nordlandsbanken into DNB resulted in some non-recurring costs in 2013.

A large share of loans to personal customers represents well-secured home mortgages entailing low risk. Net impairment of loans was down 16 per cent compared with 2012, representing 0.06 per cent of net loans in 2013.

Capital gains from the sale of Svensk Fastighetsförmedling were NOK 155 million in the fourth quarter of 2013.

Fierce competition for home mortgage customers has affected the market share of credit to households, which stood at 26.5 per cent at end-December 2013. The market share of savings was 33.5 per cent at year-end 2013.

DNB is facilitating greater use of self-service solutions, entailing continuous adaptation of the distribution network. 32 bank branches were closed or merged during 2013. The use of mobile phone solutions increased significantly in the course of the year, and close to 3.3 million visits to DNB's mobile app were registered. 2013 was also a breakthrough year for the mobile phone as a sales channel, and more than 4 000 loan applications were received.

Sluggish growth and a modest increase in unemployment levels may result in a slight reduction in housing prices in the period ahead, though no significant negative value developments are expected. Moderate credit growth is anticipated in the market. DNB aspires to record lending growth in the personal customer segment roughly on a level with the market in general, 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 the Group's 217 000 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. DNB aspires to be a local bank for the whole of Norway, while offering the product range and expertise of a large bank. Customers are served through a physical distribution network throughout Norway as well as digital and telephone banking (24/7).

Pre-tax operating profits came to NOK 3 343 million in 2013, up NOK 420 million or 14.4 per cent from 2012. 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	2013	2012	NOK mill.	%
Net interest income	6 176	5 896	280	4.7
Net other operating income	1 489	1 169	320	27.3
Total income	7 665	7 066	599	8.5
Operating expenses	3 724	3 541	182	5.2
Pre-tax operating profit before impairment	3 941	3 524	417	11.8
Net gains on fixed and intangible assets	(0)	1	(1)	
Impairment loss on loans and guarantees	586	554	33	5.9
Profit from repossessed operations	(11)	(48)	36	
Pre-tax operating profit	3 343	2 924	420	14.4
Taxes	936	819	117	14.4
Profit for the year	2 407	2 105	302	14.4
Average balance sheet items in NOK billion				
Net loans to customers	206.5	203.6	2.9	1.4
Deposits from customers	146.7	144.1	2.6	1.8
Key figures in per cent				
Lending spread 1)	2.75	2.49		
Deposit spread 1)	(0.09)	0.00		
Return on allocated capital 2)	11.8	12.2		
Cost/income ratio	48.6	50.1		
Ratio of deposits to loans	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.

2013 was characterised by a moderate increase in loans to small and medium-sized enterprises. Average net loans to customers rose by 1.4 per cent from 2012, while average deposits were up 1.8 per cent. The average ratio of deposits to net loans was stable at 71.0 per cent for the year.

In consequence of the interest rate adjustments implemented in the first quarter of 2013, there was a rise in net interest income compared with 2012. The increase in net other operating income from 2012 primarily reflected a healthy trend in income from product sales, with higher income from risk and pension products and foreign exchange and fixed-income products.

The rise in expenses from 2012 was mainly a result of restructuring costs and increased depreciation on operational leasing.

The quality of the loan portfolio is considered to be sound. The close follow-up of customers and preventive measures are vital to ensuring satisfactory quality. Net impairment of loans totalled NOK 586 million in 2013, representing 0.28 per cent of average net loans, a slight increase from 0.27 per cent in 2012.

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. Impairment losses on loans are expected to remain relatively low.

LARGE CORPORATES AND INTERNATIONAL CUSTOMERS

This segment includes the Group's largest Norwegian corporate customers and all international customers, including 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 9 342 million in 2013, up NOK 1 098 million from 2012. Lower impairment of loans was a main factor behind the rise in profits.

LARGE CORPORATES AND INTERNATIONAL CUSTOMERS

			Change	
Income statement in NOK million	2013	2012	NOK mill.	%
Net interest income	11 458	11 384	75	0.7
Net other operating income	5 319	5 216	102	2.0
Total income	16 777	16 600	177	1.1
Operating expenses	6 054	6 134	(80)	(1.3)
Pre-tax operating profit before impairment	10 723	10 466	257	2.5
Net gains on fixed and intangible assets	(13)	(3)	(10)	
Impairment loss on loans and guarantees	1 225	2 071	(846)	(40.9)
Profit from repossessed operations	(143)	(148)	5	
Pre-tax operating profit	9 342	8 244	1 098	13.3
Taxes	2 803	2 407	395	16.4
Profit for the year	6 539	5 837	702	12.0
Average balance sheet items in NOK billion				
Net loans to customers	462.8	476.8	(14.1)	(3.0)
Deposits from customers	346.8	304.4	42.4	13.9
Key figures in per cent				
Lending spread 1)	2.14	1.95		
Deposit spread 1)	(0.18)	(0.12)		
Return on allocated capital 2)	12.1	11.5		
Cost/income ratio	35.7	37.0		
Ratio of deposits to loans	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.

Net loans to customers declined by 3 per cent from 2012. Adjusted for exchange rate movements, there was an underlying reduction in the portfolio of approximately 5 per cent, reflecting strategic portfolio adjustments, a more challenging market situation and active use of the bond market. Lending volumes were relatively stable in the second half of 2013 after adjusting for exchange rate movements. Deposits rose by 13.9 per cent from 2012, while there was an increase of just under 11 per cent after adjusting for exchange rate movements.

In spite of reduced lending volumes, there was a small increase in net interest income from 2012, reflecting a 0.19 percentage point widening of average lending spreads relative to the 3-month money market rate. Deposit spreads narrowed by 0.06 percentage points from 2012.

Other operating income showed moderate growth at 2 per cent compared with 2012. Towards the end of the year, there was increasing demand for foreign exchange products and brisk activity in the equity and debt capital funding markets.

Operating expenses declined by 1.3 per cent from 2012, reflecting strong cost consciousness and optimal resource utilisation as well as the restructuring of operations in Poland.

The reversal of both individual and collective impairment losses, mainly due to developments in the shipping markets, had a positive effect on impairment levels. Net impairment losses on loans and guarantees represented 0.26 per cent of net loans to customers at year-end 2013, of which individual impairment represented 0.30 per cent. In 2012, individual impairment came to 0.41 per cent of net loans.

The quality of the loan portfolios is considered to be sound. Targeted efforts are being made to retain the level of quality through close follow-up of customers and preventive measures. Net non-performing and doubtful loans and guarantees amounted to NOK 14.9 billion at end-December 2013, which represented an increase of NOK 1 billion from year-end 2012. The changes were mainly attributable to a few large shipping loans which are being closely monitored.

DNB will give priority to strong, long-term and profitable customer relationships and on further developing key customer segments. The Group's wide range of products and expertise will contribute to strengthening customer relationships and form the basis for operations over the coming years. The increasing pressure on lending spreads in the market is expected to prevail, though repricing in some segments could give a certain increase in spreads for the total portfolio. Competition for stable customer deposits will put continued pressure on deposits spreads.

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 1 943 million in 2013, down NOK 1 762 million from 2012. The reduction reflected particularly high capital gains on bonds in 2012.

TRADING

			Change	
Income statement in NOK million	2013	2012	NOK mill.	%
Net interest income	559	708	(148)	(21.0)
Net other operating income	2 029	3 777	(1 748)	(46.3)
Total income	2 588	4 484	(1 896)	(42.3)
Operating expenses	645	776	(131)	(16.9)
Pre-tax operating profit	1 943	3 705	(1 762)	(47.6)
Taxes	564	1 075	(511)	(47.6)
Profit for the year	1 380	2 631	(1 251)	(47.6)
Key figures in per cent				
Cost/income ratio	24.9	17.3		
Return on allocated capital [1]	17.1	39.3		

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

Revenues from market making and other proprietary trading were NOK 2 588 million in 2013, a NOK 1 896 million reduction from 2012. Sizeable mark-to-market adjustments in the currency bond portfolio in 2012, partly due to reduced credit margins, were a main factor behind the shortfall in revenues.

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 1 599 million in 2013, up NOK 322 million from 2012.

TRADITIONAL PENSION PRODUCTS

			Change	
Income statement in NOK million	2013	2012	NOK mill.	%
Upfront pricing of risk and guaranteed rate of return	682	528	154	29.2
Owner's share of administration result	66	(40)	106	
Owner's share of risk result	143	20	123	607.9
Owner's share of interest result	150	259	(109)	(42.2)
Return on corporate portfolio	559	511	48	9.5
Pre-tax operating profit	1 599	1 278	322	25.2
Taxes	113	(328)	441	
Profit for the year	1 487	1 606	(119)	(7.4)
Key figures in per cent				
Cost/income ratio	34.6	40.4		
Return on allocated capital [1]	9.0	9.7		

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

The improvement in the risk result from 2012 was mainly due to reduced provisioning for higher life expectancy for individual annuity and pension insurance and group association insurance. The provisioning was completed in the second quarter of 2013.

As part of the upward adjustment of life expectancy assumptions, provisions for group pensions for 2013 were increased by NOK 1.8 billion. Based on Finanstilsynet's mortality tables, the total required increase in reserves is approximately NOK 13.3 billion, of which NOK 5.7 billion had been set aside as at 31 December 2013. Finanstilsynet has decided that the build-up of reserves must be completed by year-end 2018 with an escalation period starting on 1 January 2014. 20 per cent of total reserves will be charged to the DNB Group's income statement on a straight-line basis during the escalation period. The build-up of reserves for public sector operations must be completed by end-December 2016, or at the time the individual customers transfer their portfolios. One issue that has not been resolved is whether the increase in reserves can be financed jointly across a customer group, or whether it can only be financed by the earnings on individual policies. If offsetting is not allowed and the returns are assumed to be moderate, shareholder contributions will increase if the requirement that the reserves must be fully financed by 2018 is maintained.

DNB is in the process of winding up its public sector occupational pension operations. The decision affects all insured public pension schemes for both municipalities and enterprises. The wind-up of these operations is expected to take up to three years.

DNB expects somewhat lower revenues from traditional pension products in the coming period. Earnings will be under pressure due to the increase in shareholder contributions to cover the required increase in reserves for higher life expectancy and the fact that many customers are expected to terminate their defined-benefit schemes and convert to defined-contribution schemes. The Norwegian authorities' design of the capital adequacy regulations for paid-up policies after the introduction of Solvency II will be of great significance to operations.

CORPORATE SOCIAL RESPONSIBILITY

DNB regards its corporate social responsibility (CSR) as a shared responsibility towards achieving sustainable economic, environmental and social development in the areas and business sectors where the Group operates. As Norway's largest bank, DNB wants to be a role model in the field of sustainable value creation by integrating ethical, environmental and social aspects into its business operations. DNB's policy for corporate social responsibility sets the standards for all of the Group's work on both the observance and the further development of corporate social responsibility. The policy includes 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.

In addition, the Group has guidelines, business models and fora that aim to ensure that corporate social responsibility is an integral part of daily operations.

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

DNB engages in regular dialogue with customers, shareholders, the authorities, investors, employees and organisations. Along with global development trends, feedback from these dialogues provides valuable input for DNB's prioritisation of important future corporate social responsibility issues.

DNB's HANDLING OF IMPORTANT CORPORATE SOCIAL RESPONSIBILITY ISSUES

Operational and systemic risk

One of the key social functions of the banking industry and DNB is to give customers uninterrupted access to central banking systems. In 2013, DNB carried out a number of initiatives which together helped reduce the risk of business disruptions.

The Norwegian authorities aim to reduce risk in the banking industry in general, and especially in systemically important banks like DNB. This is mainly reflected in stricter capital requirements. DNB has satisfied these requirements by increasing common equity Tier 1 capital by NOK 12.4 billion from year-end 2012 to end-December 2013 and is well positioned to meet the authorities' requirements in the future.

Ethics and anti-corruption

In order to maintain high ethical standards and combat and avoid corruption, DNB has a separate policy for ethics and related guidelines to increase awareness of, and compliance with, the high ethical standards required of all DNB employees. The code of ethics should support efforts to combat corruption, extortion, bribery, money laundering, fraud, terrorist financing and the financing of criminal activities. In 2013, DNB focused strongly on providing training on and increasing awareness of key ethical risks. In addition, the Group's anti-corruption preparedness was strengthened.

DNB's new anti-corruption guidelines, which were approved in 2014, state that the Group has zero tolerance to corruption. DNB's anti-corruption programme will be based on the anti-corruption principles in the UK Bribery Act, which include a risk-based framework, top level commitment, risk assessments and due diligence/background checks. The prevention of corruption risk in DNB and management involvement and commitment are key elements in the programme. DNB aims to implement the programme throughout the Group in 2014.

Corporate social responsibility in connection with investment and credit activities and supplier management

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 must 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.

DNB has separate guidelines for corporate social responsibility within credit activities, describing how the 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.

DNB reviewed the guidelines for corporate social responsibility within credit activities in 2013. There is a simpler guide in the form of a due diligence matrix for assessing loans to small and medium-sized corporate customers. The due diligence matrix should help account officers assess environmental and social risk based on customers' CSR performance, type of operations and country of operation. In 2014, priority will be given to training employees in using the updated guidelines and due diligence matrix.

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. According to the Group's credit guidelines, all project financing involving total costs of more than USD 10 million is to be reviewed according to the Equator Principles. A new, third version of the Equator Principles was launched in 2013 and entered into force on 1 January 2014. The new Equator Principles will also apply to project-related corporate loans that meet specific criteria and bridge loans [2] . Internal training was provided in 2013 to implement the new principles.

DNB imposes strict requirements on its suppliers and their observance of corporate social responsibility. In 2013, DNB completed a project aimed at formalising and upgrading DNB's responsibility for monitoring suppliers' CSR performance. The Group's model for supplier segmentation and management and DNB's declaration form regarding suppliers' corporate social responsibility were also revised. DNB will start using an updated declaration form in 2014.

Human rights

DNB shall respect human rights both in its own operations and as an owner or investor, lender and purchaser. Principles are laid down in DNB's policy for corporate social responsibility. The United Nations Guiding Principles on Business and Human Rights are reflected in the guidelines for ethical investments and play a key role in DNB's exercise of ownership rights. The Group participates in an ongoing international UN project on banks and human rights. The project involves analyses of legislation and the regulatory parameters, as well as dialogues with banks and stakeholder groups.

Climate and the environment

DNB's policy for corporate social responsibility includes principles for how DNB can take environmental aspects into account in the areas and business sectors where the Group operates.

Due to the nature of its operations, DNB's direct effect on total greenhouse gas emissions and environmental harm is limited. DNB's direct impact on the climate and the environment is mainly related to its energy consumption, business travel and waste from office operations. One of DNB's most significant internal environmental efficiency measures is the relocation of all employees in Oslo to the new head office in Bjørvika. In addition, operations in Bergen and Trondheim have been moved to new, environmentally efficient buildings. These moves will make DNB reach its target to reduce CO_2 emissions by 20 per cent from 2009 to year-end 2014.

In 2013, DNB started the process on implementing an environment management system based on the international standard ISO 14001. This work will continue in 2014. DNB takes responsibility for the environment by financing climate-friendly energy production, such as wind and solar energy and hydro power, and has specialist units working in these fields. DNB also offers customers environmentally friendly savings products and manages the Nordic region's oldest and largest environmental fund, DNB Renewable Energy. In 2013, two new sustainable mutual funds were introduced in Sweden, Sverige Hållbar and Global Hållbar.

DNB's role in society

As Norway's largest bank, DNB has a particular responsibility for playing an active role in society. DNB's stakeholders expect the Group to take responsibility for finding solutions to challenges in society. Among other things, DNB believes it is vital to make knowledge of personal finances available to more people.

DNB will contribute to finding solutions to global development trends which will have consequences for the Group and its customers. The financing of renewable energy and of infrastructure projects are two examples of this.

1) Weapons of mass destruction are defined as NBC weapons (nuclear, biological and chemical weapons).
2) A bridge loan is a loan that is taken out for a maximum of two years and is to be refinanced through project finance or project-related corporate loans.

KEY CORPORATE SOCIAL RESPONSIBILITY FIGURES FOR DNB	2013	2012
Customer satisfaction index, CSI (score)	72.5	74.2
Reputation (score)	69.6	66.2
- Reputation score ethics (RepTrak)	68.6	66.7
- Reputation score CSR (RepTrak)	70.9	69.0
Main index employee survey (engagement index)	81.0	80.6
Number of meetings with companies carried out by the sustainable investment team to discuss sustainability issues (number)	39	29
Companies excluded from the investment portfolio (number)	60	58
Equator projects (number)	6	8
Contributions to society in the form of financial support to sporting and cultural organisations and research (NOK million)	122	119
Number of persons who have completed personal finances courses	330	400
Climate and the environment: [3]		
- CO_2 emissions (tons)	20 038	21 303
- CO_2 emissions per employee (tons)	1.7	2.7
- Energy consumption (Gwh)	96.1	101.8
- Energy consumption per employee (Kwh)	8.2	8.2
- Air travel (1 000 km)	39 498	43 356
- Waste (kg)	1 309 292	1 538 809
- Purchased paper (tons)	808	870

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.

EMPLOYEES AND MANAGERS

DNB's employees at all levels of the organisation are highly committed and work together to realise the Group's vision and values.

In 2013, renewal and streamlining were key elements in the implementation of a new group structure, which entailed significant restructuring and extensive downsizing in the Group. A total of 352 employees chose to voluntarily terminate their employment and received severance pay based on individual applications in 2013. Seniority and age determined the amount of compensation, and the applications were approved on the condition that the employees in question would not be replaced. At the end of 2013, there were 12 452 employees in the Group, of whom 8 919 worked in Norway. The number of employees was reduced by 1 251 from year-end 2012. Excluding employees who accepted severance packages, the staff reductions mainly related to the sale of operations outside Norway.

The employee survey conducted in November 2013 included all employees in the Group. 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.

DNB's employees were at least as engaged in their jobs in 2013 as in 2012, and the engagement index score rose from 80.6 points to 81.0 points. The employee survey for 2013 paints a picture of a robust organisation that has coped well with a year of extensive restructuring.

Strong emphasis was placed on providing training in and raising awareness about ethical issues in 2013. The DNB Ethics programme was made available in Norwegian, English, Latvian and Lithuanian. Approximately 90 per cent of DNB's employees completed the ethics programme. In addition, special information was prepared for managers, and articles about ethics were published on the intranet.

The Group's anti-money laundering training programmes are adapted to the legislation in the countries where DNB is represented. In 2013, 3 832 employees in Norway and 364 employees in the Group's international units completed anti-money laundering training.

Training measures related to the national authorisation scheme for financial advisers was included in DNB's professional academy for savings and investment in 2013. The purpose of the authorisation scheme is to strengthen the sector's reputation and ensure that each individual adviser satisfies the relevant competence requirements. At year-end 2013, DNB satisfied the requirement that all employees and managers working as financial advisers must be authorised.

During 2013, a national authorisation scheme for the Norwegian insurance industry was established. The scheme aims to ensure that sellers and advisers who offer non-life insurance solutions meet the competence requirements which are defined by the sector. The training measures are organised through the professional academy for insurance. Practically all employees comprised by the requirements of the authorisation scheme had completed the training and passed the professional exam at year-end 2013.

A total of 5 987 managers and employees participated in the Group's training programmes in 2013.

DNB recruited six new candidates of various backgrounds and experience to its corporate trainee programme in 2013. In addition, one new candidate was recruited to the Group's executive trainee programme in 2013.

The number of DNB employees on long-term contracts abroad declined from 91 to 71 between 2012 and 2013. These figures include employees on international assignments from the entire Group, of whom the majority are originally based in Norway.

3) All climate and environment figures excluding purchased paper apply to DNB's total operations in Norway and the Baltics. The figure for purchased paper applies solely to the Group's operations 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 59 managers and 20 safety representatives completed the training in 2013.

In order to comply with the authorities' requirement for an assessment of the physical working environment, an annual electronic HS&E survey is implemented in DNB in Norway. The purpose of the survey is to ensure a good physical working environment. The HS&E survey comes in addition to the annual employee survey.

When planning and establishing new main buildings in Oslo, Bergen and Trondheim, important proactive measures to promote employees' health have included a special food concept, ergonomic adjustments and physical activity.

DNB endeavours to prevent injuries caused by robberies and threats through extensive security procedures and training programmes. In 2013, 134 employees in the Group's operations in Norway attended courses on how to handle robberies. A total of 580 employees attended various courses on threat management, security and fire protection. DNB was not exposed to any robberies in 2013, though 60 employees in the Group's operations in Norway were exposed to threats.

Four evacuation drills were held in DNB's operations in Norway in 2013. Eight 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 2013, sickness absence was 4.6 per cent in the Group's Norwegian operations, an increase from 4.5 per cent in 2012. Of 1 878 400 possible man-days, some 86 900 man-days were lost due to sickness absence in 2013.

As an element of following up sickness absence, a review of the working environment was initiated in units with rising sickness absence rates in 2013. 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. 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.

DNB's inclusive workplace agreement was extended in 2013. 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 2013, the average retirement age was 62 years in the Group's Norwegian operations, compared with 63.7 years in 2012. The number of employees under 62 years of age who retired on a disability pension was 18 in 2013, down from 19 in 2012.

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 54.5 per cent in 2013, down from 55.1 per cent in 2012. The average age was 42.6 years for women and 43.3 years for men. Of employees working part-time in 2013, 74.9 per cent were women, a reduction from 76.0 per cent in 2012. The average fixed salary in the Group's Norwegian operations in 2013 was NOK 508 700 for women and NOK 642 400 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 2013. At management level three, female representation increased from 27.8 per cent in 2012 to 28.9 per cent in 2013. At management level four, there was an increase from 29.1 to 29.9 per cent. At management level five, female representation declined from 37.2 to 33.1 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 2013, this share was 29.4 per cent.

Physical adaptation for employees with reduced working capacity has been taken into account in the planning of new 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.

MACROECONOMIC DEVELOPMENTS

The economic recovery in Norway, which started around year-end 2010, slowed down towards the end of 2012. Throughout 2013, growth in the mainland economy was below the trend growth rate. Lower growth contributed to a moderate rise in unemployment from the bottom level in the spring of 2012. Parallel to this, weak growth among major trading partners caused Norwegian exports to stagnate in 2013. This, combined with only a slight increase in household consumption, explains the sluggish GDP growth. There was a healthy trend in the engineering industry, mainly due to rising petroleum investment, while a number of other industry sectors showed a less favourable development as a result of the international recession. There was continued growth in the building and construction industry due to increased housebuilding activity, though it levelled off in the course of 2013.

For a number of years, fiscal policy stimulus has been moderate in the Norwegian economy. The approved National Budget for 2014 indicates that fiscal policy impulses will be somewhat stronger than in 2013. Based on a markedly weaker Norwegian krone and slightly stronger international economic growth, export growth is expected to pick up in the period ahead. Households have become more pessimistic about the Norwegian economy, and this is reflected in both the activity level in the housing market and sluggish consumption growth. This pessimism will probably contribute to low growth in consumption for another few quarters, while the underlying income growth indicates that consumption will rise in the course of 2014. The weak price trend in the housing market will probably result in fewer housing starts in 2014. Oil investment is likely to grow more slowly and eventually decline. The highly positive financial contributions from the oil sector will thus become slightly negative.

International economic growth remains moderate, and there are large differences between individual countries. In the US and Great Britain, economic growth increased markedly through 2013. After declining for six consecutive quarters, the euro economy showed a slight rebound from the second quarter of the year. However, there are great variations within the eurozone, ranging from strong growth in Germany to downturns in Italy and France. As regards the countries outside the monetary union, the Danish economy has been virtually at a standstill for the past three years, while the Swedish economy also stagnated in 2013. Further east in Europe, economic growth abated in the Baltics and Poland through 2013, while in Russia, GDP declined in both the second and third quarter of the year. The highly expansionary economic policy conducted in Japan since the autumn of 2012 has contributed to a marked economic upswing. The picture is also mixed among emerging economies. In China, growth rebounded in 2013, while India and Mexico struggled with very weak growth rates.

Overall, the international scenario looks a bit brighter than before, though there is no pronounced recovery in sight. Unemployment levels are still high, while inflation is low. Monetary policy remains highly expansionary, and the European Central Bank provided further stimulus in the autumn of 2013. However, a number of countries conduct contractive fiscal policies and are experiencing serious debt problems.

NEW REGULATORY FRAMEWORK

During the first half of 2013, the EU approved the new regulations for credit institutions and investment firms, the CRD IV regulations (Capital Requirements 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 new regulations were introduced on 1 January 2014 and entail significantly higher own funds requirements and new requirements for long-term funding and liquidity reserves. The CRD IV 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.

Several important clarifications regarding the new, short-term liquidity requirement LCR (Liquidity Coverage Ratio) were announced by the Basel Committee in January 2013. In addition, the European Banking Authority, EBA, published a report to the European Commission in December 2013, including recommendations for the definitions of high quality liquid assets and extremely high quality liquid assets. The European Commission will take these recommendations into account when giving the final definition of LCR by end-June 2014. Finanstilsynet has proposed a 100 per cent LCR requirement for systemically important institutions in Norway with effect from 1 July 2015. The Norwegian LCR requirement will probably be considered on the basis of the final EU requirements and a specification of the securities that can be used to meet the requirement. Due to the limited access to government paper in the Norwegian market, it is vital to Norwegian banks that assets in foreign currency qualify and that covered bonds qualify as level 1 liquid assets.

The long-term liquidity requirement NSFR (Net Stable Funding Ratio) has not been finally defined in the CRD IV regulations yet. By 31 December 2015, the EBA will report to the European

Commission how it can be ensured that the institutions use stable funding sources. In light of this, Finanstilsynet has proposed that the so-called liquidity indicator 1 should serve as a long-term funding requirement for systemically important institutions in Norway and be set at 110 per cent. At end-June 2013, the average liquidity indicator level of the 13 largest Norwegian banks was 105.8 per cent.

On 22 June 2013, the Norwegian parliament decided to introduce new capital requirements as the first step in the adaptation to the CRD IV regulations. The new capital requirements in Norway entered into force on 1 July 2013 and imply a gradual increase in capital adequacy requirements over the coming years. Other requirements in the CRD IV regulations have not yet been introduced in Norway, though the Norwegian authorities are in the process of working out national rules that will apply until the CRD IV regulations are included in the EEA agreement.

The new 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 has been increased to 6 per cent, of which up to 1.5 per cent may consist of hybrid capital. The minimum capital adequacy requirement has been retained at 8 per cent, of which Tier 2 capital can represent maximum 2 per cent.

The new system entails that the banks will be required to hold significantly more capital than the minimum requirement in the form of various buffers. The international regulations require that all banks maintain a 2.5 per cent capital conservation buffer. In addition, Norway has introduced a 2 per cent systemic risk buffer, which will be increased to 3 per cent 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. Furthermore, a counter-cyclical capital element will be introduced, ranging between 0 and 2.5 per cent, determined by the national supervisory authorities. On 12 December 2013, the Ministry of Finance concluded that the initial level of the counter-cyclical buffer should be 1 per cent. This requirement will enter into force on 30 June 2015. The level of the counter-cyclical capital buffer will be determined each quarter. A decision to increase the level will normally enter into force no earlier than 12 months after the decision was made. 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.

The Norwegian authorities have chosen to retain the Basel II transitional rules, which set a floor for how low a bank's risk-weighted volume can be relative to the Basel I rules, the so-called Basel I floor. This distinctively Norwegian supervisory practice will be of no consequence to domestic banks' actual capital adequacy, but will make Norwegian banks appear more weakly capitalised in international comparisons.

For systemic risk reasons, the Norwegian authorities have increased capital requirements for home mortgages when these are calculated according to internal models. The minimum requirement for the model parameter "loss given default", LGD, has thus been increased from 10 to 20 per cent in the capital adequacy regulations. The minimum requirement applies to the average home mortgage portfolio and entered into force on 1 January 2014. Finanstilsynet has announced that it might be relevant to further increase home mortgage risk weights by adjusting the banks' probability of default, PD, estimates.

The Swedish authorities have also introduced a minimum capital requirement for home mortgages as part of Finansinspektionen's, the Swedish financial supervisory authority, overall capital adequacy assessment through supervisory review and evaluation, Pillar 2. The requirement thus does not affect the reported Tier 1 capital of the large Swedish banks. In Norway, the Ministry of Finance requires 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.

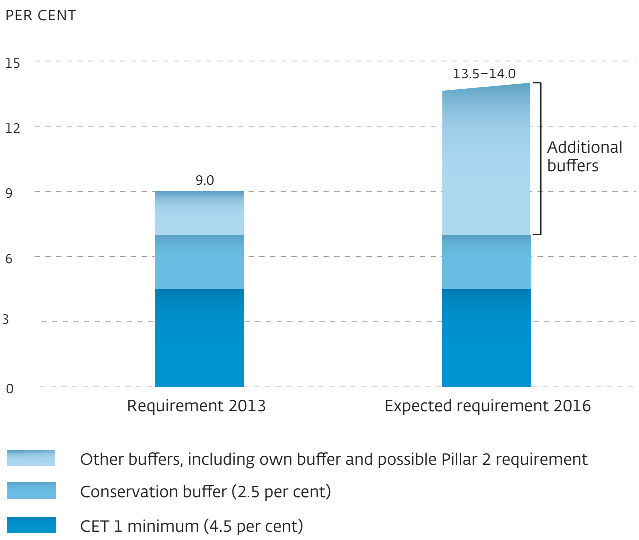
DNB is of the opinion that it is vital that equal framework conditions are established for competition in the market and therefore urges the Norwegian authorities to work for optimal harmonisation in agreement with the intentions behind the new regulatory framework within the EEA.

In 2013, the EU agreed to establish a single, supranational supervisory authority for banks in the eurozone. The European Central Bank, ECB, will exercise 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, CRD IV 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.

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.

During 2013, a number of important clarifications were made with

COMMON EQUITY TIER 1 CAPITAL REQUIREMENT



respect to the regulatory framework for Norwegian life insurance companies. Agreement has been reached on the main content and the implementation plan for Solvency II, which regulates solvency capital requirements for European insurance companies. The valuation of long-term insurance liabilities has been under consideration for several years. The regulations that have now been established imply that the value of the liabilities becomes more predictable when interest rates change. The new capital requirements will be implemented with effect from 1 January 2016. There is agreement that the capital requirements shall be complemented by transitional arrangements that imply a 16-year gradual phase-in of the requirements for technical insurance reserves. Formal decisions to adopt the current regulations are expected to be made during 2014. More predictable capital requirements and a long transitional period are beneficial for the life insurance companies. Use of the transitional rules is conditional on approval by Finanstilsynet. In this connection, it has been pointed out that the companies will be required to prepare capital plans which ensure that they are adequately capitalised in accordance with Solvency II upon the introduction of the directive on 1 January 2016.

The Norwegian parliament has approved a new Occupational Pensions Act that entered into force on 1 January 2014. A key element in the new Act is a new contribution-based occupational pension product. As of the same date, the maximum contribution rates for defined-contribution pensions were increased and will be 7 per cent for salaries up to 7.1 G and 25.1 per cent for salaries between 7.1 G and 12 G. As a result of the higher contribution rates, an increasing number of DNB Livsforsikring's customers are expected to convert from defined-benefit schemes to either defined-contribution schemes or the new occupational pension product in 2014. In this connection, paid-up policies will be issued. Due to the new solvency regulations, Solvency II, this will be very capital intensive. It is vital that the Norwegian authorities design the product regulations for paid-up policies to ensure that the capital requirements will be lower after the introduction of Solvency II than what follows from current regulations.

DNB is working to be ready to meet the new requirements in the various areas. Up until the final regulations are in place, the Group's activities will be gradually adapted to the new requirements.

FUTURE PROSPECTS

According to current economic forecasts, a cautious recovery is expected in both the Norwegian and the international economy, though developments remain highly uncertain. In Norway, the uncertainty relates partly to housing market trends, though updated forecasts do not indicate any significant reduction in values in the Norwegian housing market in 2014.

In consequence of the interest rate increases implemented for personal and corporate customers in 2013, the level of interest income has risen. This was a necessary step to meet the new capital requirements that will be gradually introduced. The particularly strict requirements for Norwegian banks mean that competitors that are not subject to the same capital requirements may be in a better position to increase their market shares at the expense of Norwegian banks. This applies to international banks, but also to Norwegian government-backed institutions that offer home mortgages.

Volume-weighted spreads are expected to be stable or to widen slightly in 2014. Stable weighted spreads are anticipated in the markets for personal customers and small and medium-sized enterprises, while weighted spreads in the large corporate segments are expected to be stable or to rise marginally. Lending volumes are expected to increase by 3 to 4 per cent in the coming period. At year-end 2013, the rate of growth was somewhat lower. Still, DNB's volume growth projections remain unchanged based on slightly higher growth in lending to personal customers and small and medium-sized enterprises and more subdued lending growth in the large corporate segments. As previously communicated, DNB aims to keep expenses flat, excluding restructuring expenses, towards 2016. Net individual impairment is expected to be in the range of NOK 2-3 billion in 2014. The long-term tax rate is still estimated to be approximately 26 per cent. DNB is well capitalised, but will build additional capital organically in accordance with the authorities' requirements.

DNB aspires to be the bank that best meets customer needs in a time of rapid change. The Group has thus defined three key success factors: capital, customers and culture. In order to achieve a common equity Tier 1 capital ratio of 13.5-14 per cent and a return on equity above 12 per cent, capital will be actively allocated to the areas that generate the highest returns. In order to maintain long-term profitability, DNB also needs to ensure good customer experiences. In this connection, innovation and availability are essential to the operation of the Group.

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 approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level.

When considering the dividend proposal for 2013, 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 2013 of NOK 2.70 per share. The proposed dividend gives a dividend yield of 2.49 per cent based on a share price of NOK 108.50 as at 31 December 2013. The proposed dividend implies that DNB ASA will distribute a total of NOK 4 398 million in dividends for 2013. The payout ratio represents approximately 25 per cent of earnings per share. A dividend of NOK 2.10 per share was paid for 2012.

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 2013 in DNB ASA came to NOK 7 130 million, compared with NOK 5 608 million in 2012. The profits for 2013 attributed mainly to the transfer of group contributions and dividends from subsidiaries.

Amounts in NOK million	2013	2012
Profit for the year	**7 130**	**5 608**
Proposed dividend per share (NOK)	2,70	2,10
Share dividend	4 398	3 420
Transfers to other equity	2 732	2 188
Total allocations	**7 130**	**5 608**

In addition, the Board of Directors proposes allocating a group contribution of NOK 2 700 million before tax to DNB Livsforsikring ASA, which represents NOK 1 944 million after tax. At the same time, DNB ASA will receive a group contribution of NOK 2 414 million from DNB Livsforsikring ASA. DNB ASA will thus receive a net group contribution of NOK 470 million after tax.

The DNB Group's capital adequacy ratio as at 31 December 2013 was 14 per cent, while the common equity Tier 1 capital ratio was 11.8 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, 12 March 2014
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Berit Svendsen

Rune Bjerke
(group chief executive)

CONTENTS – ANNUAL ACCOUNTS

DNB Group

DNB ASA

INCOME STATEMENT

		DNB Group	
Amounts in NOK million	Note	2013	2012 1)
Total interest income	19	60 404	63 068
Total interest expenses	19	30 212	35 853
Net interest income	19	**30 192**	**27 216**
Commission and fee income etc.	21	9 772	9 299
Commission and fee expenses etc.	21	2 379	2 337
Net gains on financial instruments at fair value	23	5 032	3 910
Net gains on assets in DNB Livsforsikring		14 759	14 219
Guaranteed returns, strengthened premium reserve and allocations to policyholders in DNB Livsforsikring		14 205	13 187
Premium income etc. included in the risk result in DNB Livsforsikring		5 379	5 102
Insurance claims etc. included in the risk result in DNB Livsforsikring		4 913	5 421
Premium income, DNB Skadeforsikring		1 392	1 250
Insurance claims etc., DNB Skadeforsikring		975	925
Profit from companies accounted for by the equity method	40	362	789
Net gains on investment property	39	(86)	(340)
Other income	22	2 288	2 141
Net other operating income		**16 427**	**14 501**
Total income		**46 619**	**41 717**
Salaries and other personnel expenses	24	11 307	10 987
Other expenses	25	7 850	7 451
Depreciation and impairment of fixed and intangible assets	26	2 719	2 322
Total operating expenses		**21 875**	**20 760**
Pre-tax operating profit before impairment		**24 744**	**20 957**
Net gains on fixed and intangible assets		151	(1)
Impairment of loans and guarantees	10, 11	2 185	3 179
Pre-tax operating profit		**22 709**	**17 776**
Tax expense	29	5 188	4 081
Profit from operations held for sale, after taxes		4	96
Profit for the year		**17 526**	**13 792**
Earnings/diluted earnings per share (NOK)	53	10.76	8.48
Earnings per share for operations held for sale (NOK)	53	0.00	0.06
Earnings per share for continuing operations excluding operations held for sale (NOK)	53	10.76	8.42

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

COMPREHENSIVE INCOME STATEMENT

	DNB Group	
Amounts in NOK million	2013	2012 1)
Profit for the year	**17 526**	**13 792**
Actuarial gains and losses, net of tax	(469)	2 947
Property revaluation	124	45
Elements of other comprehensive income allocated to customers (life insurance)	(124)	(45)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(469)	2 947
Currency translation of foreign operations	3 478	(1 216)
Hedging of net investment, net of tax	(2 425)	1 006
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	1 053	(210)
Other comprehensive income for the year	**584**	**2 736**
Comprehensive income for the year	**18 110**	**16 528**

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

BALANCE SHEET

				DNB Group
Amounts in NOK million	Note	31 Dec. 2013	31 Dec. 2012 [1)]	1 Jan. 2012 [1)]
Assets				
Cash and deposits with central banks	30, 31, 32	167 171	298 892	224 581
Due from credit institutions	7, 8, 30, 31, 32, 33	180 882	37 136	28 754
Loans to customers	7, 8, 30, 31, 32, 33	1 340 831	1 297 892	1 279 259
Commercial paper and bonds at fair value	30, 32, 36	260 338	224 750	177 980
Shareholdings	30, 32, 34, 36	47 252	48 288	53 012
Financial assets, customers bearing the risk	30, 32, 37	35 512	28 269	23 776
Financial derivatives	16, 30, 32, 33	130 939	152 024	96 693
Commercial paper and bonds, held to maturity	30, 31, 38	152 883	157 330	166 965
Investment property	39	33 331	39 496	42 796
Investments in associated companies	40	3 113	2 882	2 189
Intangible assets	41, 42	6 511	6 718	7 003
Deferred tax assets	29	1 104	1 123	643
Fixed assets	43	12 498	10 825	6 336
Assets held for sale		225	417	1 054
Other assets	45	16 847	14 200	14 916
Total assets		**2 389 438**	**2 320 241**	**2 125 959**
Liabilities and equity				
Due to credit institutions	30, 31, 32, 33	234 219	251 388	279 553
Deposits from customers	30, 31, 32, 33, 46	867 904	810 959	740 036
Financial derivatives	16, 30, 32, 33	111 310	118 714	64 365
Debt securities issued	30, 31, 32, 47	711 555	708 047	635 157
Insurance liabilities, customers bearing the risk	18, 37	35 512	28 269	23 776
Liabilities to life insurance policyholders in DNB Livsforsikring	18	230 906	221 185	212 271
Insurance liabilities, DNB Skadeforsikring	18	1 958	1 780	1 589
Payable taxes	29	3 277	6 831	634
Deferred taxes	29	2 654	1 284	3 486
Other liabilities	30, 50	16 132	18 451	17 767
Liabilities held for sale		53	76	383
Provisions	49	1 454	770	570
Pension commitments	27	4 001	3 904	8 019
Subordinated loan capital	30, 31, 32, 48	26 276	21 090	24 163
Total liabilities		**2 247 211**	**2 192 749**	**2 011 769**
Share capital		16 278	16 269	16 260
Share premium		22 609	22 609	22 609
Other equity		103 340	88 614	75 321
Total equity		**142 227**	**127 492**	**114 190**
Total liabilities and equity		**2 389 438**	**2 320 241**	**2 125 959**
Off-balance sheet transactions, contingencies and post-balance sheet events	55			

1) 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 2011	**16 260**	**22 609**		**0**	**(865)**	**300**	**79 511**	**117 815**
Implementation of the amended IAS 19 - Employee Benefits [2]			(3 625)					(3 625)
Balance sheet as at 1 January 2012	**16 260**	**22 609**	**(3 625)**	**0**	**(865)**	**300**	**79 511**	**114 190**
Profit for the period							13 792	13 792
Other comprehensive income			2 947	45	(1 216)	1 006		2 782
OCI allocated to customers (life insurance)				(45)				(45)
Comprehensive income for the period	0	0	2 947	0	(1 216)	1 006	13 792	16 528
Dividends paid for 2011 (NOK 2.00 per share)							(3 258)	(3 258)
Accumulated currency translation reserve in Pres-Vac					2		(2)	0
Net purchase of treasury shares	9						23	32
Balance sheet as at 31 December 2012, restated	**16 269**	**22 609**	**(678)**	**0**	**(2 079)**	**1 306**	**90 066**	**127 492**
Balance sheet as at 31 December 2012	**16 269**	**22 609**		**0**	**(2 079)**	**1 306**	**89 931**	**128 035**
Implementation of the amended IAS 19 - Employee Benefits [2]			(678)				135	(543)
Balance sheet as at 31 December 2012, restated	**16 269**	**22 609**	**(678)**	**0**	**(2 079)**	**1 306**	**90 066**	**127 492**
Profit for the period							17 526	17 526
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)	17 526	18 110
Dividends paid for 2012 (NOK 2.10 per share)							(3 420)	(3 420)
Currency translation reserve taken to income					(1)			(1)
Change of reporting currency DNB Invest Denmark					7		(7)	0
Net purchase of treasury shares	10						37	47
Balance sheet as at 31 December 2013	**16 278**	**22 609**	**(1 147)**	**0**	**1 404**	**(1 119)**	**104 201**	**142 227**

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

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2012	*(19)*	*(118)*	*(137)*
Net purchase of treasury shares	*10*	*37*	*47*
Reversal of fair value adjustments through profit and loss		*(16)*	*(16)*
Balance sheet as at 31 December 2013	*(10)*	*(97)*	*(107)*

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 30 April 2013 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 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 150. The authorisation is valid for a period of 12 months from 30 April 2013. 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 2013 of NOK 2.70 per share. See Note 1 to the accounts in DNB ASA.

CASH FLOW STATEMENT

Amounts in NOK million	DNB Group 2013	DNB Group 2012
Operating activities		
Net payments on loans to customers	(11 368)	(40 656)
Interest received from customers	53 483	56 429
Net receipts on deposits from customers	29 904	81 967
Interest paid to customers	(15 336)	(18 842)
Net payments on loans to credit institutions	(158 476)	(35 561)
Interest received from credit institutions	1 375	1 391
Interest paid to credit institutions	(2 368)	(3 166)
Net receipts/payments on the sale of financial assets for investment or trading	20 257	(10 775)
Interest received on bonds and commercial paper	4 998	4 069
Net receipts on commissions and fees	7 376	6 983
Payments to operations	(19 285)	(18 213)
Taxes paid	(7 648)	(542)
Receipts on premiums	21 098	18 503
Net payments on premium reserve transfers	(1 338)	(987)
Payments of insurance settlements	(14 523)	(14 640)
Other payments	(5 016)	(863)
Net cash flow from operating activities	**(96 866)**	**25 097**
Investment activities		
Net payments on the acquisition of fixed assets	(3 881)	(6 984)
Net receipts/payments, investment property	1 061	(399)
Receipts on the sale of long-term investments in shares	642	0
Payments on the acquisition of long-term investments in shares	(16)	0
Dividends received on long-term investments in shares	319	97
Net cash flow from investment activities	**(1 875)**	**(7 286)**
Funding activities		
Receipts on issued bonds and commercial paper (see note 47)	996 386	941 280
Payments on redeemed bonds and commercial paper (see note 47)	(1 031 094)	(861 109)
Interest payment on issued bonds and commercial paper	(12 219)	(12 726)
Receipts on the raising of subordinated loan capital (see note 48)	7 528	5 525
Redemptions of subordinated loan capital (see note 48)	(3 709)	(8 082)
Interest payments on subordinated loan capital	(749)	(1 028)
Dividend payments	(3 420)	(3 258)
Net cash flow from funding activities	**(47 277)**	**60 603**
Effects of exchange rate changes on cash and cash equivalents	**13 934**	**(3 468)**
Net cash flow	**(132 085)**	**74 946**
Cash as at 1 January	304 247	229 301
Net receipts/payments of cash	(132 085)	74 946
Cash as at 31 December *)	172 162	304 247

**) Of which:*	*Cash and deposits with central banks*	*167 171*	*298 892*
	Deposits with credit institutions with no agreed period of notice [1)]	*4 991*	*5 355*

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 Oslo Børs (the Oslo Stock Exchange). The consolidated accounts for 2013 were approved by the Board of Directors on 12 March 2014.

The DNB Group offers banking services, securities and investment services and insurance services 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 PREPARING THE ACCOUNTS

DNB has prepared consolidated accounts for 2013 in accordance with IFRS, International Financial Reporting Standards, as endorsed by the EU.

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

The Group's balance sheets are primarily based on an assessment of the liquidity of the balance sheet items.

3. CHANGES IN ACCOUNTING PRINCIPLES AND PRESENTATION

As of the third quarter of 2013, a new organisation and financial governance resulted in changes to the composition of the reportable 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. Reported figures for the different segments will reflect the Group’s total sales of products and services to the relevant segments.

The Group reports according to the segments Personal customers, Small and medium-sized enterprises (SME), Large corporates and international customers (LCI), Trading, Traditional pension products and Other operations (group units including eliminations). The presentation in note 3 Segments has been adjusted accordingly, including comparable figures. The changes are of significance only to the presentation of profits for the individual segments and have no impact on the presentation of the Group’s income statement.

See note 3 Segments for a more detailed description of the principles behind the allocation of expenses and capital.

The following new standards, amendments and interpretations were taken into use with effect from the 2013 accounting year:

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

Note information is required to enable users of the accounts to assess the effects or the potential effects the offsetting of financial assets and liabilities will have on the company’s balance sheet. The disclosure requirements apply to all financial instruments offset in accordance with IAS 32 and when legal agreements regarding offsetting exist. See note 33 Offsetting.

IFRS 13 Fair Value Measurement

IFRS 13 Fair value measurement, specifies principles and guidance for fair value measurement of assets and liabilities when other IFRSs require or permit fair value measurements. The standard does not change what is required or permitted to be measured at fair value. IFRS 13 applies both at initial recognition and for subsequent measurements. The new rules have no material impact on

Accounting principles (continued)

the Group's profit or loss or balance sheet, but have an impact on the note information presented in the quarterly and annual accounts. See note 31 Fair value of financial instruments at amortised cost and note 32 Financial instruments at fair value, for further information.

Amendments to IAS 1 – Presentation of Financial Statements

The amendments to IAS 1 entail that items of income and expense in other comprehensive income are to be grouped together based on whether or not they can be reclassified to the profit or loss section of the income statement at a future date. The amendment only affects the presentation in other comprehensive income.

Amendments to IAS 19 – Employee Benefits

The amendments to IAS 19 affect the recognition and presentation of the Group's defined benefit pension schemes. One of the key changes is the removal of the corridor approach. Actuarial gains and losses are required to be recognised in other comprehensive income in the period in which they occur.

The service cost for the current and previous periods, gains and losses in connection with settlement and net interest income/ expenses are to be recognised in profit or loss.

According to the standard, when calculating pension costs, the discount rate shall be used on net pension commitments instead of using the expected return on pension funds.

In addition, the disclosure requirements relating to defined benefit pension schemes have been changed. See note 27 Pensions for further information.

At year-end 2012, actuarial gains and losses totalled NOK 543 million after tax. The amount reduced the Group's equity on 1 January 2013. The tables on page 97 show comparable figures for 2012, with implementation effect on 1 January 2012.

4. CONSOLIDATION

The consolidated accounts for DNB ASA ("DNB") include DNB Bank ASA, DNB Livsforsikring ASA, 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 accounts, 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 has control, directly or indirectly, through ownership or other means. DNB recognises the existence of de facto control, but generally assumes to have control when the Group's direct or indirect holdings represent more than 50 per cent. With respect to companies where the Group's holding is 50 per cent or less, 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.

Associated companies

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 group accounts according to the equity method. The investment is recorded at cost at the time of acquisition and is adjusted for subsequent changes in the Group's share of equity in the associated company. 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.

At the end of each reporting period the Group will assess whether any indication of impairment exists. If such impairment 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 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 major entity 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 Norwegian kroner according to 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 recorded as other comprehensive income.

Monetary assets and liabilities in foreign currency are translated at 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. 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 recorded at fair value at the time of acquisition. If the consideration exceeds the fair value of identifiable assets and liabilities, the excess will be recorded as goodwill. See item 12 Intangible assets for more information about goodwill. If 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 profit or loss.

Contingent considerations are measured at fair value irrespective of the probability of the consideration being paid. Subsequent changes in the consideration will be reflected in the accounts according to relevant standards.

Operations held for sale

The Group classifies operations as held for sale when the carrying amount will be retrieved through a sale. An operation is classified as held for sale from the time management has approved a concrete plan to sell the operation in its current form and it is highly probable that the sale will take place shortly.

Subsidiaries which are acquired with a view to their subsequent

Accounting principles (continued)

sale, including companies taken over as part of loan restructuring, are immediately classified as assets held for sale if the Group intends to sell the subsidiary.

Operations held for sale are measured at the lower of the balance sheet value and fair value less costs to sell. Acquired operations which are immediately classified as held for sale are recorded at fair value less costs to sell upon initial recognition.

Profits after taxes for such operations, which meet the criteria for "discontinued operations" in IFRS 5, are presented separately as "Profit from operations held for sale, after taxes" in the consolidated accounts. Total assets and liabilities from these operations are presented separately under "Assets held for sale" and "Liabilities held for sale" in the Group's balance sheet.

6. RECOGNITION IN THE INCOME STATEMENT AND IN OTHER COMPREHENSIVE INCOME

Interest income is recorded using the effective interest method. This implies that interest is recorded 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 marginal transaction costs which are not paid directly by the customer, plus any residual value at the expiry of the asset's expected life.

Interest is recorded 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 recorded when earned. Interest taken to income on impaired loans corresponds to the effective interest rate on the written-down value.

Interest income on financial instruments presented as lending is recorded 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 recorded during the period when the services are rendered or the transactions are completed.

Success fees are recorded 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 recorded over the term of the contract under "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 7 Financial instruments while net income from investment property is described under item 11 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 profit or loss section of the income statement or not, at a future date.

7. FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and liabilities are recorded in the balance sheet at the time the Group becomes a party to the instruments' contractual obligations.

Derecognition of financial assets

The Group enters into agreements whereby assets are transferred to counterparties, though parts of or the entire risk and returns associated with the ownership are retained by the Group. If the major part of risk and returns is retained, the financial asset is not derecognised, but recorded at a value limited to the Group's continuing involvement. Such agreements could entail the transfer of a loan portfolio where the Group retains the risk 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 at the time the rights to the contractual obligations have been fulfilled or cancelled or have expired.

Repurchase and reverse repurchase agreements

Securities which have been purchased under an agreement to resell and securities sold under an agreement to repurchase, are generally not recognised and derecognised, as the risk and returns are normally not taken over or 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. See note 36 Securities received which can be sold or repledged.

Transferred securities which the recipient is entitled to sell or repledge, are presented as securities in the Group's balance sheet and are specified in note 35 Repurchase agreements and securities lending.

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 and derecognised, as risk 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 record an obligation in the balance sheet. 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 Repurchase agreements and securities lending.

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:

Accounting principles (continued)

- financial assets held for trading and derivatives carried at fair value with changes in value recognised in profit or loss
- financial instruments 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
- 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 recorded at fair value excluding transaction costs. Fair value will normally be the transaction price, unless a different value can be justified based on observable market transactions. See the paragraph below on determining fair value at subsequent valuation.

Changes in value of the financial instruments are included under "Net gains on financial instruments at fair value" in the income statement. Interest income and expenses on fixed-income securities are included under "Net interest income" using the effective interest method.

Changes in value of financial instruments within life insurance are included under "Net gains on assets in DNB Livsforsikring".

Financial derivatives are presented as an asset if the market value is positive and as a liability if there is a negative market value.

The trading portfolio mainly includes financial assets in Markets and financial derivatives excluding derivatives used for hedging. In addition, the portfolio includes securities borrowing and deposits where instruments 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 recorded at fair value excluding transaction costs. Fair value will normally be the transaction price, unless a different value can be justified based on observable market transactions. 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 inconsistency that would otherwise have arisen 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 value of the financial instruments are included under "Net gains on financial instruments at fair value" in the income statement. Interest income and expenses relating to loans designated as at fair value and other fixed-income securities are included under "Net interest income".

Changes in value of financial instruments within life insurance are included under "Net gains on assets in 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
See item 8 Hedge accounting.

Loans and receivables carried at amortised cost
Loans and receivables carried at amortised cost are recorded at the transaction price plus direct transaction expenses. Recording and subsequent measurement follow the effective interest method. The effective interest method is described under item 6 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 included under "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 reflected in "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 included under "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 recorded at the transaction price plus direct transaction expenses. Recording and subsequent measurement follow the effective interest method. The effective interest method is described under item 6 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 included under "Net interest income" using the effective interest method.

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 recorded at the transaction price plus direct transaction expenses.

Interest expenses on such instruments are included under "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 recorded

Accounting principles (continued)

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 recorded 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 recorded under "Provisions" in the balance sheet. Except for individually identified impaired loans, any changes in the carrying amount of financial guarantee contracts issued are recorded as "Net gains on financial instruments at fair value". Changes in the value of such guarantee contracts are recorded under "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 recorded 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 recognised 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, including controls of the day 1 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 change analyses. Special emphasis is placed on valuations in the level 3 category, 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 and Risk Management 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, values are adjusted for credit and liquidity risk. Valuations are based on pricing of risk for similar instruments.

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 written down if there is objective evidence of impairment. Objective evidence of impairment include:

- 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 losses 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. In accordance with IAS 39, the best estimate is used to assess future cash flows.

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 risk and value characteristics in accordance with the division of customers into sectors or industries and risk categories. The need for 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 loans and guarantees. For loans, changes during the period are recognised under "Impairment of loans and guarantees" in the profit or loss. 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 recorded at fair value at the

Accounting principles (continued)

time of acquisition. Such assets are recorded 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 recognised under “Impairment of loans and guarantees”. Subsequent valuations and classification of the impact on profits follow the principles for the relevant balance sheet item.

8. HEDGE ACCOUNTING

The Group enters into hedging transactions to manage interest rate risk on long-term borrowings and deposits in foreign currencies. These transactions are recorded as fair value hedges.

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 hedge relationship, the correlation between the hedged item and the hedging instrument is documented. In addition, the goal and strategy underlying the hedging transaction 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 recorded at fair value and included under "Net gains on 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 recorded as an addition to or deduction from the balance sheet value of financial liabilities and assets and recorded under "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 change in value of the hedged item is amortised over the remaining maturity.

DNB Bank ASA undertakes fair value 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 accounts, the hedge relationships are recorded as hedging of net investments in international operations.

9. OFFSETTING

Financial assets and financial liabilities are offset and the net amount recorded in the balance sheet only when the Group has a legally enforceable right to offset the amounts and intends to settle assets and liabilities on a net basis or to realise the assets and settle the liabilities collectively.

10. LEASING

A lease is classified as a finance lease if it transfers substantially the risks and rewards incidental to ownership. Other leases are classified as operational leases.

DNB as lessor

Operational leases

Operating leases are leases where a not 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 recorded as machinery, fixtures and fittings and means of transport. Income from operating leases is recognised over the lease term on a straight-line basis. Depreciation in the accounts is classified as ordinary depreciation.

Financial leases

Finance leases are classified as lending and at the inception of the lease, its value is set 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 recorded according to the annuity method, where the interest component is recorded under "Net interest income" while instalments reduce the balance sheet value of lending.

DNB as lessee

Operational leasing

Lease payments are recognised 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.

11. INVESTMENT PROPERTY AND FIXED ASSETS

Properties held to generate profits through rental income or for an increase in value, are classified as investment property. Properties which are mainly used for own operations, are classified as owner-used properties.

Other tangible assets are classified as fixed assets.

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 investment property. Investment properties are valued at least on quarterly basis using recognised 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 various estimates of parameter values included in the overall evaluation. 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 and Risk Management Committee. Changes in value of investment property within life insurance are recorded under "Net gains on assets at fair value in DNB Livsforsikring". Changes in value of other investment property in the Group are recorded under "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 itself, 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 recorded as other comprehensive income (revaluation reserve). An impairment of the buildings’ value is initially recorded against a revaluation reserve which includes 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 recorded in the income statement as they occur.

Accounting principles (continued)

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 recorded under "Net gain on fixed and intangible assets" in the income statement.

12. INTANGIBLE ASSETS

Goodwill

An annual impairment test is made for all cash-generating units with recorded goodwill. If there is objective evidence of a decrease in value during the year, a new test will be carried out in order to verify whether values are intact. The test is based on the recoverable amounts.

The choice of cash-generating unit is based on where it is possible to identify and separate cash flows 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 in most cases 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 rates of exchange ruling on the balance sheet date.

Development of IT systems and software

Acquired software is recorded 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 expenses at the balance sheet date, are recorded 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 recorded 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.

13. 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 needs. Goodwill and intangible assets with an indefinite useful life are tested for impairment on each reporting date 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. See note 42 Goodwill for a description of impairment testing.

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.

14. PENSIONS

Defined benefit occupational 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 represents the present value of estimated future pension payments which in the accounts are classified as accumulated on 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 recorded 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 shall be used on the net pension commitment. The pension expenses should be split, whereby:

- the service cost for the current and previous periods, gains and losses in connection with settlement and net interest income/ expenses are to be recognised in profit or loss as salaries and other personnel expenses, and
- remeasurements, such as actuarial gains and losses, are to be 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 ASA, 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.

Accounting principles (continued)

Defined contribution occupational 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 thus has no further commitments linked to employees' work performance. Thus, no allocations are made for accrued pension commitments in such schemes. Defined contribution pension schemes are charged directly to the income statement.

15. 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 value of financial assets and liabilities, pensions, depreciation of fixed assets and properties and impairment losses for goodwill. No deferred taxes are recognised on investment property based on the expectation that the value of the property will be recovered through the sale of shares and mutual fund holdings. Deferred taxes are calculated on the basis of tax rates and tax rules that are applied 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 recorded 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 in the tax group are recorded net in the balance sheet.

Payable and deferred taxes relating to elements of other comprehensive income are presented net along with the appurtenant income or cost in the comprehensive income statement.

Payable and deferred taxes are recorded against equity if the taxes refer to items recorded against equity during the same or in previous periods.

16. 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. With effect from 1 January 2011, the claims reserve also includes indirect claims processing costs.

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 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 2011-2013 period have been retained, and additional provisions are required. The company will enter a formal escalation period starting 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. The build-up of reserves for public sector operations must be completed by end-December 2016, or at the time the individual customers transfer their portfolios. With respect to existing individual pension insurance contracts, the company increased

Accounting principles (continued)

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 2012, the maximum base rate will be 2.5 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.

Recording of changes in liabilities to policyholders

Insurance premiums and insurance settlements are recorded 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 accounts for the subsequent year. Transfer amounts include the policies' shares of additional allocations, the market value adjustment reserve and profits for the year.

The item "Net gains on assets in 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 of the company’s common portfolio are recorded in other comprehensive income, a corresponding share of changes in liabilities to policyholders is recorded in other comprehensive income.

The item "Guaranteed returns, strengthened premium reserve and allocations to policyholders in 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 recorded 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 recorded in the group accounts according to type.

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

"Premium income DNB Skadeforsikring" includes premium income for own account. Insurance premiums are recorded as income in accordance with the insurance period.

"Insurance claims etc. DNB Skadeforsikring" 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.

17. SEGMENT INFORMATION

As of the third quarter of 2013, a new organisation and financial governance resulted in changes to the composition of the reportable 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. Reported figures for the various segments will 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, as reported 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 discretionary 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.

Accounting principles (continued)

A number of key functions along with profits from activities not related to the operating segments' strategic operations are entered in the accounts under the Group Centre. 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 and interest income assigned to the Group's unallocated capital. Further entries include ownership-related expenses and income from the management of the bank's real estate portfolio. Repossessed operations which are fully consolidated in the DNB Group are also included in the Group Centre on the respective lines in the income statement.

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 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.

18. RESTRUCTURING

If restructuring plans that change the scope of operations or the way operations are carried out are approved and communicated, the need for restructuring provisions will be considered. The provisions are reviewed on each reporting date and will be reversed as expenses are incurred.

19. CASH FLOW STATEMENTS

The cash flow statements show cash flows grouped according to source and use. 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. EQUITY AND CAPITAL ADEQUACY

Proposed dividends

Proposed dividends are part of equity until approved by the general meeting. Proposed dividends are not included in capital adequacy calculations.

Capital adequacy

Capital adequacy calculations are subject to special consolidation rules governed by the Consolidation Regulations. Primary capital and nominal amounts used in calculating risk-weighted volume will deviate from figures in the DNB Group's accounts, as associated companies which are presented in the accounts according to the equity method are included in capital adequacy calculations according to the gross method. Valuation rules used in the statutory accounts form the basis for the consolidation.

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 (phase 1)

IFRS 9 will replace the current IAS 39. The project comprises several phases. The IASB approved the first phase of the project on the classification and measurement of financial assets in 2010. In November 2012, the IASB proposed limited amendments to the classification principles which are expected to be approved in the first half of 2014. In addition, new rules for hedge accounting were approved in 2013 and the new rules for impairment are expected to be approved in the first half of 2014.

Under the new standard, the number of measurement categories for financial assets is reduced from four to three, amortised cost, fair value through profit or loss and fair value through other comprehensive income.

With respect to financial liabilities designated as at fair value, changes in fair value due to changes in own credit risk should be recorded against other comprehensive income, provided that this does not result in measurement inconsistency. In November 2013, a decision was made to allow for this part of the standard to be implemented in isolation prior to the completion of the whole standard.

In order for a financial asset to be measured at amortised cost, the instrument must have basic features in common with loans and be managed on a contractual cash flow basis. If the criteria for measuring the financial instrument at amortised cost are not met, the instrument must be measured at fair value. In certain circumstances it will however be possible to designate financial assets as measured at fair value through profit or loss at initial recognition. This is allowed if doing so significantly reduces or eliminates a measurement or recognition inconsistency.

It is assumed that loans to customers that are currently measured at amortised cost can generally still be measured at amortised cost according to the new rules.

Equities, equity instruments and financial derivatives will still be measured at fair value.

Commercial paper and bonds held for trading will be measured at fair value. The Group may consider measuring commercial paper and bonds classified as held-to-maturity at amortised cost if it intends to collect the instruments' contractual cash flows. Contract terms and the Group's business model must be considered specifically for each instrument.

In November 2013 the IASB decided to abolish the previously announced mandatory effective date of IFRS 9 on 1 January 2015 and the effective date for the new standard is, at the earliest, expected to be 1 January 2017. It remains uncertain when the standard will be endorsed by the EU, and the EU has decided not to endorse IFRS 9 until all phases of the project are known.

The Group will consider the effects of the new IFRS 9. To be able to make an overall assessment of the accounting effects of the new classification and measurement of the Group's financial instruments, the Group considers it appropriate to wait until all elements in the new IFRS 9 are known.

IFRS 10 Consolidated Financial Statements

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

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

The standard was endorsed by the EU in the fourth quarter of 2012, with the effective date being 1 January 2014. The group will use the new rules as of 2014.

The new standard will require increased judgement when assessing which entities are controlled by the company. Due to the new definition of control, certain investments or mutual funds will be reclassified as of 2013, but this will not have any material impact on the consolidated accounts.

Accounting principles (continued)

IFRS 11 Joint Arrangements

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

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

The standard was endorsed by the EU in the fourth quarter of 2012, with the effective date being 1 January 2014. The group will use the new rules as of 2014.

At year-end 2013, the DNB Group had no significant investments in jointly controlled operations. Thus, the implementation of the new standard will have no material impact on the consolidated accounts.

IFRS 12 Disclosure of Interests in Other Entities

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

The standard was endorsed by the EU in the fourth quarter of 2012, with the effective date being 1 January 2014. The group will use the new rules as of 2014.

The new standard will require additional note information about the DNB Group's ownership interests in the annual report of 2014.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to the standard clarify the rules on presenting financial assets and liabilities on a net basis.

The amendments are endorsed by EU and entered into force on 1 January 2014. The group will use the new rules as of 2014.

The new rules will have no material impact on the offsetting of financial assets and liabilities in the accounts.

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

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

The amendments were endorsed by the EU in the fourth quarter of 2012, with the effective date beeing 1 January 2014. The Group will use the new rules as of 1 January 2014.

Amendments to IAS 36 Impairment of assets

The amendment requires disclosure of the recoverable amount on assets that have been impaired if this is based on fair value less the cost of sales. The change must be viewed in the context of IFRS 13 Fair Value Measurement, and removes the unintended consequences of IFRS 13 on the disclosures required under IAS 36.

The amendments to IAS 36 entered into force 1 January 2014. The amendments were endorsed by the EU in the fourth quarter of 2013.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement

IASB has decided to amend the rules of hedge accounting. The amendments allow hedge accounting to be continued when derivatives are novated to effect clearing with a central counterparty (CCP) as a result of laws or regulations, if specific conditions are met. These amendments are also included in IFRS 9.

The amendments to IAS 39 Financial instruments, entered into force 1 January 2014. The amendments were endorsed by the EU in the fourth quarter of 2013.

Accounting principles (continued)

Implementation effects due to the new IAS 19 Pensions

Income statement

DNB Group

Amounts in NOK million	Change 1st quarter 2012	2nd quarter 2012	3rd quarter 2012	4th quarter 2012	Full year 2012 Reported	Effect IAS 19	Restated
Salaries and other personnel expenses, reduction [1]	47	47	47	47	11 174	187	10 987
Taxes, increase	13	13	13	13	4 028	52	4 081
Profit for the period, increase	34	34	34	34	13 657	135	13 792
Earnings per share (NOK)	0.02	0.02	0.02	0.02	8.39	0.08	8.48
Earnings per share excl. operations held for sale (NOK)	0.02	0.02	0.02	0.02	8.33	0.08	8.42

Comprehensive income statement

DNB Group

Amounts in NOK million	Change 1st quarter 2012	2nd quarter 2012	3rd quarter 2012	4th quarter 2012	Full year 2012 Reported	Effect IAS 19	Restated
Other comprehensive income for the period	(34)	(34)	(34)	3 048	(210)	2 947	2 736

Balance sheet

DNB Group

Amounts in NOK million	31 December 2012 Reported	Effect IAS 19	Restated	1 January 2012 31 Dec. 2011 Reported	Effect IAS 19	Restated
Pension commitments	3 228	676	3 904	3 123	4 896	8 019
Pension assets	130	(109)	21	170	139	31
Deffered taxes	1 461	(177)	1 284	4 897	(1 410)	3 487
Deffered tax assets	1 058	65	1 123	643	0	643

Equity

DNB Group

Amounts in NOK million	31 December 2012 Reported	Effect IAS 19	Restated	1 January 2012 31 Dec. 2011 Reported	Effect IAS 19	Restated
Total equity [2]	128 035	(543)	127 492	117 815	(3 625)	114 190

1) *According to the amended IAS 19, actuarial gains and losses which were previously recorded as pension costs should be recognised in other comprehensive income.*

2) *Transitional effects resulting from amendments to IAS 19 changed significantly from year-end 2011 to year-end 2012, mainly due to the adjustment of the discount rate.*

Note 1 Important accounting estimates and discretionary assessments

When preparing the consolidated accounts, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied. In turn, this will affect the carrying amount of assets and liabilities, income and expenses. Estimates and discretionary assessments 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 calculated as the difference between the carrying amount of the loan and the net present value of estimated future cash flows discounted by the effective interest rate. Estimates of future cash flow are based on empirical data and discretionary assessments of future macroeconomic developments and developments in problem loans, based on the situation on 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 an element of uncertainty with respect to the identification of impaired loans, the estimation of amounts and the timing of future cash flows, including collateral assessments.

Individual impairment

When estimating impairment of individual loans and guarantees, both the current and the future financial positions of customers 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 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 regarding the period up until a solution is found to the problems resulting in an impairment of loans and guarantees.

Collective impairment

Loans, which are not individually impaired, are assessed collectively for impairment. Loans are grouped on the basis of similar risk and value characteristics in accordance with the division of customers into sectors or industries and risk categories. 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 loss experience within 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.

Loans to customers and amounts due from credit institutions totalled NOK 1 522 billion at end-December 2013, which represented 63.7 per cent of the Group’s balance sheet.

Estimated impairment of goodwill

See note 42 for information regarding goodwill. Goodwill represented less than 1 per cent of the Group’s balance sheet at year-end 2013.

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 market conditions on the balance sheet date. When valuing financial instruments for which observable market data are not available, the Group will make assumptions regarding what it expects the market to use as a basis for valuing corresponding financial instruments. The valuations require a high level of discretion when calculating liquidity risk, credit risk and volatility. Changes in these factors could affect the established fair value of the Group's financial instruments. Financial assets and liabilities at level 3 in the valuation hierarchy totalled NOK 135 874 million and NOK 1 248 million, respectively, at year-end 2013. See note 32 Financial instruments at fair value.

Valuation of properties within DNB Livsforsikring

The assumptions used in calculating the fair value of the property portfolio in DNB Livsforsikring can be found in note 39 Investment properties. Investment properties in DNB Livsforsikring represented 1.4 per cent of the Group’s balance sheet at year-end 2013.

Pension commitments

The net present value of pension commitments depends on current economic and actuarial assumptions. Any change made to these assumptions affects the pension commitments amount recorded in the balance sheet and pension expenses.

The discount rate estimation is subject to uncertainty as to whether the corporate bond market has the required 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 2013 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 fundamental assumptions for 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. 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. As from 2013, the Group uses the revised IAS 19 Employee Benefits when recognising and presenting the company’s pension commitments. See items 3 and 14 in the accounting principles, for information about the effects of the amendments.

Note 1 Important accounting estimates and discretionary assessments (continued)

Income taxes, including deferred tax assets and uncertain tax liabilities

The Group is subject to income taxes in a number of jurisdictions. Significant discretion is required in determining the income tax in the consolidated accounts, 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.

The final tax liability relating to many transactions and calculations will be uncertain. The Group recognises liabilities related to the future outcome of tax disputes based on estimates of additional taxes. When assessing the uncertain tax liabilities to be recognised in the balance sheet, the probability of the liability arising is considered. The liability is calculated on a best estimate basis. If the final outcome of the cases deviates from the originally allocated amounts, the deviations will affect income tax entered in the applicable period.

Contingencies

Due to its extensive operations in Norway and abroad, the DNB Group will regularly be party to a number of legal actions. Any impact on the accounts will be considered in each case. Among other things, the Group considers the probability of an unfavourable outcome and the possibility of making reliable estimates of potential losses. See note 55 Off-balance sheet transactions, contingencies and post-balance sheet events.

Technical insurance reserves 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. See note 18 Insurance risk.

The Norwegian government's stimulus package

The Norwegian government's stimulus package for the banks allows the banks to exchange covered bonds for Treasury bills. DNB Bank ASA has purchased bonds from DNB Boligkreditt which have been used as collateral for swap agreements with Norges Bank. The value of the collateral must exceed the value of the Treasury bills by a minimum safety margin throughout the contract period. At the end of the contract period, the bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. From an accounting perspective, the Group is of the opinion that the terms for derecognition in IAS 39 have not been fulfilled, as the Group, through the swap agreements, retain the risk associated with changes in value of the bonds and other cash flows in the form of yields.

The interest rate paid by the banks in the swap scheme with Norges Bank is determined through auctions. In order to assess the fair value of the Group's existing funding through the swap scheme with Norges Bank, it is necessary to calculate the anticipated long-term yield on Treasury bills. The Group has thus made an assessment of the normal spread between the Treasury bill yield and NIBOR, based on developments in the interest rate market, which has been used when estimating the value of the funding at year-end.

Transfer of loan portfolios

When transferring loan portfolios to, among others, Eksportfinans AS, the Group will consider whether the criteria for derecognition have been fulfilled in accordance with IAS 39. In cases where the Group retains the credit risk and margins relating to the loan portfolios, the risks and returns are not considered to be transferred to the counterparty, and the loan portfolios are retained in the Group's balance sheet. As at 31 December 2013, such portfolios totalled NOK 3 111 million.

Note 2 Changes in group structure

SalusAnsvar AB

During the third quarter of 2012, an agreement was entered into on the sale of the wholly-owned subsidiary SalusAnsvar AB from DNB Bank ASA for a total of approximately SEK 480 million. SalusAnsvar primarily offers non-life insurance and personal insurance in the Swedish market. The transaction was approved by the supervisory authorities during the fourth quarter of 2012. The transaction was completed in the first quarter of 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. In the accounts, DNB’s net holding will be recorded at the lower of the balance sheet value and fair value less costs to sell.

Svensk Fastighetsförmedling AB

During the fourth quarter of 2013, DNB Bank ASA completed the sale of its subsidiary Svensk Fastighetsförmedling AB. Svensk Fastighetsförmedling primarily offers real estate broking services in the Swedish market. Capital gains from the sale totalled NOK 155 million, which were recorded in the consolidated accounts in the fourth quarter of 2013.

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, Poland and Russia. 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 business areas 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 2013 corresponded to a common equity Tier 1 capital ratio of 12 per cent. The allocation of credit risk is based on the Group's internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units' total income.

Note 3 Segments (continued)

Income statement **DNB Group**

Amounts in NOK million	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations [1]		DNB Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income - ordinary operations	12 329	9 881	5 818	5 495	10 524	10 290	415	552	0	0	1 107	997	30 192	27 216
Interest on allocated capital [2]	303	368	358	401	934	1 094	145	155	0	0	(1 740)	(2 018)	0	0
Net interest income	12 632	10 250	6 176	5 896	11 458	11 384	559	708	0	0	(633)	(1 021)	30 192	27 216
Net other operating income	4 829	4 579	1 489	1 169	5 319	5 216	2 029	3 777	2 445	2 142	317	(2 383)	16 427	14 501
Total income	17 461	14 828	7 665	7 066	16 777	16 600	2 588	4 484	2 445	2 142	(316)	(3 404)	46 619	41 717
Operating expenses [3]	8 530	7 899	2 825	2 723	5 602	5 718	638	762	831	845	731	491	19 157	18 438
Deprecation and impairment of fixed and intangible assets	125	197	899	818	453	416	7	14	15	20	1 220	857	2 719	2 322
Total operating expenses	8 655	8 096	3 724	3 541	6 054	6 134	645	776	846	865	1 952	1 348	21 875	20 760
Pre-tax operating profit before impairment	8 806	6 732	3 941	3 524	10 723	10 466	1 943	3 708	1 599	1 278	(2 268)	(4 751)	24 744	20 957
Net gains on fixed and intangible assets	154	(0)	(0)	1	(13)	(3)	0	(3)	0	0	9	4	151	(1)
Impairment of loans and guarantees [4]	374	447	586	554	1 225	2 071	0	0	0	0	0	108	2 185	3 179
Profit from repossessed operations [5]	0	0	(11)	(48)	(143)	(148)	0	0	0	0	155	196	0	0
Pre-tax operating profit	8 586	6 285	3 343	2 924	9 342	8 244	1 943	3 705	1 600	1 278	(2 105)	(4 659)	22 709	17 776
Tax expense	2 404	1 760	936	819	2 803	2 407	564	1 075	113	(328)	(1 631)	(1 651)	5 188	4 081
Profit from operations held for sale, after taxes	3	4	0	0	0	0	0	0	0	0	1	92	4	96
Profit for the year	6 185	4 529	2 407	2 105	6 539	5 837	1 380	2 631	1 487	1 606	(472)	(2 916)	17 526	13 792

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	
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
Loans to customers [6]	658	642	211	204	469	451	4	2	2	0	(3)	(2)	1 341	1 298
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other assets	44	23	38	29	163	145	850	754	232	228	(280)	(156)	1 048	1 022
Total assets	702	664	249	233	632	596	854	756	235	228	(283)	(157)	2 389	2 320
Assets under management	38	36	13	10	193	162	0	0	0	0	7	(0)	251	208
Total combined assets	740	700	262	243	826	758	854	756	235	228	(276)	(157)	2 640	2 528
Deposits from customers [6]	344	327	151	146	371	325	20	18	0	0	(18)	(5)	868	811
Liabilities held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities	342	320	78	68	208	219	827	730	218	212	(294)	(166)	1 379	1 382
Total liabilities	686	647	229	213	579	543	846	748	218	212	(311)	(171)	2 247	2 193
Allocated capital [7]	17	17	20	20	53	53	8	8	16	16	28	14	142	127
Total liabilities and equity	702	664	249	233	632	596	854	756	235	228	(283)	(157)	2 389	2 320

1) *Other operations/eliminations:*

Amounts in NOK million	*Eliminations*		*Group units* [*]		*Total*	
	2013	*2012*	*2013*	*2012*	*2013*	*2012*
Net interest income - ordinary operations	*(36)*	*(91)*	*1 143*	*1 088*	*1 107*	*997*
Interest on allocated capital [2]	*0*	*0*	*(1 740)*	*(2 018)*	*(1 740)*	*(2 018)*
Net interest income	*(36)*	*(91)*	*(597)*	*(931)*	*(633)*	*(1 021)*
Net other operating income	*(1 405)*	*(1 214)*	*1 722*	*(1 168)*	*317*	*(2 383)*
Total income	*(1 441)*	*(1 305)*	*1 124*	*(2 099)*	*(316)*	*(3 404)*
Operating expenses [3]	*(1 441)*	*(1 305)*	*2 172*	*1 796*	*731*	*491*
Deprecation and impairment of fixed and intangible assets	*0*	*0*	*1 220*	*857*	*1 220*	*857*
Total operating expenses	*(1 441)*	*(1 305)*	*3 392*	*2 653*	*1 952*	*1 348*
Pre-tax operating profit before impairment	*0*	*0*	*(2 268)*	*(4 751)*	*(2 268)*	*(4 751)*
Net gains on fixed and intangible assets	*0*	*0*	*9*	*4*	*9*	*4*
Impairment of loans and guarantees [4]	*0*	*0*	*0*	*108*	*0*	*108*
Profit from repossessed operations [5]	*0*	*0*	*155*	*196*	*155*	*196*
Pre-tax operating profit	*0*	*0*	*(2 105)*	*(4 659)*	*(2 105)*	*(4 659)*

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.

The Group units includes IT and Operations, HR (Human Resources), Group Finance, Risk Management, Corporate Communications, Treasury, the partially owned company Eksportfinans, investments in IT infrastructure and shareholder-related costs. In addition, the Group units includes 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 the Group units.

Note 3 Segments (continued)

*) Group units - pre-tax operating profit in NOK million	2013	2012
+ Interest on unallocated equity etc.	417	12
+ Income from equities investments (see note 23)	819	267
+ Gains on fixed and intangible assets	9	4
+ Mark-to-market adjustments Treasury and fair value of loans (see note 23)	179	(1 847)
+ Basis swaps (see note 23)	(1 364)	(1 674)
+ Eksportfinans ASA	321	753
+ Net gains on investment property	(104)	(330)
+ Profit from repossessed operations	155	196
- Provisions for debt-financed structured products (see note 25)	450	0
- Unallocated impairment of loans and guarantees	0	108
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	439	427
- Unallocated personnel expenses	288	351
- Unallocated IT expenses	239	180
- Funding costs on goodwill	39	50
- Impairment losses for goodwill and systems development (see note 41,42)	501	240
- Impairment of leases	43	140
- Unallocated operating expenses in main buildings	108	152
- Reversal of provisions (see note 25)	(157)	0
- Impairment of investment property and fixed assets	125	34
Other	(506)	(498)
Pre-tax operating profit	(2 105)	(4 659)

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.*
3) *Due to changes in principles, some comparative figures have been restated. See further details in Accounting principles.*
4) *See note 10 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.*
5) *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 the Group units.*
6) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments.*
7) *Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel II) which must be met by the Group. 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 DNB Group	
Per cent	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Cost/income ratio [1]	49.6	54.3	48.6	50.1	35.7	37.0	24.9	17.3	34.6	40.4			45.7	49.1
Ratio of deposits to loans as at 31 December [2]	52.3	51.0	71.6	71.4	79.1	71.9							64.7	62.5
Return on allocated capital [3]	36.3	28.5	11.8	12.2	12.1	11.5	17.1	39.3	9.0	9.7			12.8	11.5

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. Recorded capital is used for the Group. Calculations are based on average balance sheet items.*

Geographic areas

Income statement	Baltics and Poland		Other international operations		Norway		DNB Group DNB Group	
Amounts in NOK million	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income	1 078	1 067	4 838	4 587	24 276	21 562	30 192	27 216
Net other operating income	922	886	2 265	2 076	13 240	11 539	16 427	14 501
Total income	2 000	1 953	7 103	6 663	37 516	33 101	46 619	41 717

Balance sheet items	Baltics and Poland		Other international operations		Norway		DNB Group DNB Group	
Amounts in NOK billion	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
Loans to customers	57	53	170	163	1 114	1 081	1 341	1 298
Total assets	82	72	535	485	1 772	1 763	2 389	2 320
Guarantees	2	2	27	22	71	70	100	94

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. In 2013, the Group revised its group guidelines for capitalisation based on the new regulatory requirements. By year-end 2016, the Group shall have a common equity Tier 1 capital ratio of 13.5-14.0 per cent and a capital ratio of 17.0-18.0 per cent. An escalation plan has been prepared, whereby the Group targets a common equity Tier 1 capital ratio of minimum 11.5-12.0 per cent at year-end 2014 and 12.5-13.0 per cent at year-end 2015. The Group’s risk-weighted volume will probably be affected by a number of upcoming regulatory changes, including how the so-called Basel I floor is applied and the authorities’ overriding of the bank’s internal models for calculating credit risk. The capitalisation targets relate to the Group’s prevailing risk-weighted volume at any time.

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 11.8 per cent and a capital adequacy ratio of 14.0 per cent at year-end 2013, compared with 10.7 and 12.6 per cent, respectively, at year-end 2012. 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 1.0 and 1.3 percentage points, respectively, at year-end 2013. 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 3.9 billion.

The DNB Bank Group had a common equity Tier 1 capital ratio of 11.4 per cent and a capital adequacy ratio of 13.9 per cent at year-end 2013, compared with 10.5 and 12.4 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 2013, this requirement was fulfilled by a wide margin.

DNB Livsforsikring had a capital adequacy ratio of 18.8 per cent and a solvency margin of 207.4 per cent at year-end 2013, which is well above the regulatory requirements of 8 per cent and 100 per cent, respectively. Total annual profits after tax were NOK 1 890 million.
DNB Livsforsikring paid a net group contribution of NOK 470 million after tax and has applied to Finanstilsynet for permission to use NOK 1.8 billion of policyholders’ share of profits to strengthen technical insurance provisions. 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 2013, DNB Boligkreditt AS had a common equity Tier 1 capital ratio of 11.2 per cent and a capital ratio of 13.3 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

The DNB Group follows the Basel II regulations for capital adequacy calculations. 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. Capital adequacy is reported in accordance with regulations from Finanstilsynet.

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Share capital	18 314	18 314	18 314	18 314	16 278	16 269
Other equity	96 276	87 160	108 093	98 280	125 949	111 767
Non-eligible capital	-	-	-	-	(1 013)	0
Total equity	114 591	105 474	126 407	116 594	141 214	128 035
Deductions						
Pension funds above pension commitments	0	(8)	(4)	(19)	(25)	(94)
Goodwill	(2 956)	(2 907)	(3 654)	(3 543)	(5 482)	(5 223)
Deferred tax assets	(4 145)	(565)	(1 093)	(1 055)	(1 111)	(1 066)
Other intangible assets	(955)	(1 092)	(1 425)	(1 822)	(1 643)	(2 017)
Dividends payable etc.	0	0	(5 000)	(6 000)	(4 398)	(3 420)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(2)	(392)	(2)	(538)	(2)	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(610)	(415)	(712)	(626)	(712)	(626)
Adjustments for unrealised losses/(gains) on debt recorded at fair value	240	181	281	84	281	84
Minimum requirement reassurance allocation	-	-	-	-	(21)	(17)
Common Equity Tier 1 capital	106 162	100 276	114 770	103 047	128 072	115 627
Perpetual subordinated loan capital securities [1]	3 515	3 162	3 515	3 162	3 515	3 162
Tier 1 capital	109 677	103 439	118 285	106 209	131 587	118 790
Perpetual subordinated loan capital	4 011	3 804	4 011	3 804	4 011	3 804
Term subordinated loan capital [2]	17 822	12 848	17 850	13 081	17 850	13 081
Deductions						
50 per cent of investments in other financial institutions	(2)	(392)	(2)	(538)	(2)	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(610)	(415)	(712)	(626)	(712)	(626)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	21 221	15 846	21 165	15 740	21 165	16 278
Total eligible primary capital [3]	130 898	119 285	139 450	121 949	152 752	135 068
Risk-weighted volume, transitional rules	933 433	874 840	1 004 716	984 137	1 089 114	1 075 672
Minimum capital requirement	74 675	69 987	80 377	78 731	87 129	86 054
Common Equity Tier 1 capital ratio, transitional rules (%)	11.4	11.5	11.4	10.5	11.8	10.7
Tier 1 capital ratio, transitional rules (%)	11.7	11.8	11.8	10.8	12.1	11.0
Capital ratio, transitional rules (%)	14.0	13.6	13.9	12.4	14.0	12.6

1) *Perpetual subordinated loan capital securities can represent up to 15 per cent of Tier 1 capital. The excess will qualify as Tier 2 capital.*

2) *As at 31 December 2013, calculations of capital adequacy for the banking group and DNB Group included a total of NOK 28 million in subordinated loan capital in associated companies.*

3) *Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the consolidated accounts since a different consolidation method is used. Associated companies are consolidated according to the pro-rata method in the capital adequacy calculations while the equity method is used in the accounts.*

Note 4 Capitalisation policy and capital adequacy (continued)

Basel II

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). Credit portfolios in Nordlandsbanken (corporate clients and residential mortgages) will gradually be included in the volumes reported according to the IRB approach as and when they are transferred to the core system solutions and risk models in DNB Bank through 2013 and 2014.

Specification of risk-weighted volume and capital requirements **DNB Group**

Amounts in NOK million	Nominal exposure 31 Dec. 2013	EAD [1] 31 Dec. 2013	Average risk weights in per cent 31 Dec. 2013	Risk-weighted volume 31 Dec. 2013	Capital requirements 31 Dec. 2013	Capital requirements 31 Dec. 2012
IRB approach						
Corporate	904 597	732 381	51.8	379 528	30 362	29 417
Specialised Lending (SL)	3 865	3 832	50.0	1 915	153	192
Retail - mortgage loans	619 414	619 414	9.9	61 048	4 884	5 655
Retail - other exposures	106 641	87 694	28.3	24 800	1 984	1 839
Securitisation	63 087	63 087	47.2	29 749	2 380	1 893
Total credit risk, IRB approach	1 697 603	1 506 408	33.0	497 041	39 763	38 997
Standardised approach						
Central government	137 581	160 021	0.0	44	4	10
Institutions	234 903	89 619	25.6	22 960	1 837	2 040
Corporate	293 450	228 497	93.3	213 182	17 055	19 227
Retail - mortgage loans	45 128	42 996	54.3	23 331	1 867	2 189
Retail - other exposures	69 139	35 931	78.3	28 119	2 249	1 872
Equity positions	3 894	3 894	103.0	4 013	321	262
Securitisation	3 048	3 048	18.0	550	44	69
Other assets	12 735	12 735	100.0	12 735	1 019	758
Total credit risk, standardised approach	799 877	576 741	52.9	304 933	24 395	26 426
Total credit risk	2 497 480	2 083 148	38.5	801 974	64 158	65 423
Market risk						
Position risk, debt instruments				27 993	2 239	3 110
Position risk, equity instruments				1 299	104	104
Currency risk				0	0	0
Commodity risk				109	9	5
Total market risk				29 400	2 352	3 219
Operational risk				80 099	6 408	5 793
Net insurance, after eliminations				87 279	6 982	7 563
Deductions				(754)	(60)	(27)
Total risk-weighted volume and capital requirements before transitional rule				997 999	79 840	81 972
Additional capital requirements according to transitional rule [2]				91 115	7 289	4 082
Total risk-weighted volume and capital requirements				1 089 114	87 129	86 054

1) *EAD, exposure at default.*

2) *Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent relative to the Basel I requirements.*

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* is the risk of losses due to failure on the part of the Group's counterparties or customers to meet their payment obligations towards the DNB Group. Credit risk refers to all claims against counterparties or customers, including credit risk in trading operations, country risk and settlement risk. Note 6 contains an assessment of the Group's credit risk at year-end 2012 and 2013.
- *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, interest rate, commodity and equity markets. Notes 13-16 contain an assessment of the Group's market risk at year-end 2012 and 2013.
- *Liquidity risk* is the risk that the Group will be unable to meet its obligations as they fall due, and risk that the Group will be unable to meet its liquidity obligations without a substantial rise in appurtenant costs. In a broader perspective, liquidity risk also includes the risk that the Group will be unable to finance increases in assets as its funding requirements rise. Note 17 contains an assessment of the Group's liquidity risk at year-end 2012 and 2013.
- *Market risk in life insurance* is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies.
- *Insurance risk* comprises insurance risk in life insurance and insurance risk in non-life insurance. Within life insurance, risk is related to changes in future insurance obligations due to changes in life expectancy and disability rates. Within non-life insurance, insurance risk includes insurance, market, credit, operational and business risk. Insurance risk represents the greatest risk and is the risk of losses if insurance premiums fail to cover future claims payments.
- *Operational risk* is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- *Business risk* is the risk of losses due to changes in external factors such as the market situation or government regulations. This risk category also includes reputational risk.

Note 5 Risk management (continued)

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 2013, 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.
- **Accountability and responsibility**: Each risk appetite statement is to be assigned an owner within the administration who will be responsible for follow-up and possible action plans if risk levels are exceeded.

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.

Note 5 Risk management (continued)

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 2013, net risk-adjusted capital for the Group was estimated at NOK 76.0 billion, a reduction of NOK 3.3 billion from end-December 2012.

	DNB Group	
Amounts in NOK billion	2013	2012
Credit risk	57.2	59.1
Market risk	8.2	7.9
Market risk in life insurance [1]	10.2	13.5
Insurance risk in life insurance	1.0	1.0
Risk in non-life insurance	0.9	0.8
Operational risk	10.7	9.8
Business risk	4.8	4.6
Gross risk-adjusted capital	93.2	96.7
Diversification effect [2]	(17.2)	(17.5)
Net risk-adjusted capital	76.0	79.3
Diversification effect in per cent of gross risk-adjusted capital [2]	18.5	18.1

1) *Figures for 2012 have been recalculated to take account of technical changes to the calculation of risk-adjusted capital for DNB Livsforsikring.*

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 ASA

Risk in DNB Livsforsikring ASA 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.

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 14.0 billion at year-end 2013, compared with NOK 12.2 billion a year earlier. Approximately 76 per cent of the NOK 14.0 billion represented market risk, 7 per cent insurance risk, 14 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.

Note 5 Risk management (continued)

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 2013 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 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

Credit risk exposure and collateral as at 31 December 2012 **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	296 395	0	0	0
Due from credit institutions	37 136	0	17 091	92
Loans to customers	1 297 892	791 732	11 525	273 389
Commercial paper and bonds	382 080	0	0	0
Financial derivatives [2)]	127 744	0	0	86 162
Other assets	13 476	0	0	0
Total maximum exposure to credit risk reflected on the balance sheet	2 154 722	791 732	28 616	328 483
Guarantees	93 743	8 337	167	22 275
Unutilised credit lines and loan offers	492 947	53 907	39	51 763
Other commitments	4 249	4	0	13
Total maximum exposure to credit risk not reflected on the balance sheet	590 939	62 248	206	74 051
Total	2 745 661	853 980	28 822	402 535

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. Comparable figures for 2012 have been adjusted accordingly.*

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 2013:

- *Deposits with central banks:* Deposits with Norges Bank totalled NOK 7 365 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 92 098 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. In general, the same classifications 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	789 311	66 453	326 212	1 181 976
5 - 6	354 592	16 599	80 919	452 110
7 - 10	133 639	5 261	24 782	163 682
Non-performing and impaired loans and guarantees	28 553	659	0	29 212
Total loans and commitments as at 31 December 2012 1)	1 306 096	88 972	431 913	1 826 980
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

1) Based on nominal amount.

Loan-loss level 1)	2013	2012
Normalised losses including loss of interest income in per cent of net loans	0.29	0.31

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. There have been no changes in DNB's lending practice over the past few years. 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. With respect to evaluations of both collateral in the form of securities and counterparty risk, the estimated effects of enforced sales are also considered. The main principle for valuing collateral is to use the expected realisation value at the time the bank may need to realise the collateral. DNB's credit manual sets out the maximum rates for all types of collateral and guidelines for realising such 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.

Note 6 Credit risk (continued)

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 a probable deterioration of customer solvency is identified 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.

				DNB Group
	31 December 2013		31 December 2012	
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	728	11 732	453	9 254
30-59 days	523	3 304	246	2 276
60-89 days	197	751	33	464
> 90 days	433	1 269	382	461
Total	1 881	17 056	1 114	12 455

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 Group's exposure to the so-called PIIGS countries, Portugal, Ireland, Italy, Greece and Spain, at year-end 2013 totalled approximately NOK 23.3 billion, the majority of which referred to Markets' international bond portfolio (NOK 14.0 billion) and held-to-maturity investments in the common portfolio of DNB Livsforsikring (NOK 4.9 billion). The Group had no exposure to Greece.

Counterparty risk for derivatives

Derivatives are traded in portfolios where balance sheet products are also traded. The market risk of the derivatives is handled, reviewed and controlled as an integral part of market risk in these portfolios. 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. For a number of counterparties, netting agreements or bilateral guarantee agreements have been entered into, thus reducing credit risk. The authorities' capital adequacy requirements take such agreements into account by reducing the capital requirement. In addition, products such as equity forward contracts, securities issues and currency trading for personal customers are monitored and margins calculated on a daily basis.

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, whereby counterparty risk is largely offset. If the collateral is impaired, i.e. weaker rating, the minimum amount for the exchange of money will be reduced.

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 2012 mainly included the acquisition by the companies Bryggetorget Holding AS and commercial buildings and flats in Lithuania. 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.

		DNB Group
Amounts in NOK million	2013	2012
Repossessed properties and other repossessed assets as at 1 January	5 064	5 185
Property additions	550	693
Other asset additions	194	0
Property disposals	834	411
Other asset disposals	0	3
Net losses resulting from adjustment to fair value (investment properties)	136	400
Repossessed properties and other repossessed assets as at 31 December	4 838	5 064

Note 6 Credit risk (continued)

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.

Companies/parts of companies acquired in 2012

Pres-Vac

Pres-Vac Engineering Aps and Valpress GmbH (Pres-Vac) develop and produce, among other things, tank valves for ships which transport liquid cargo. As part of the restructuring of the bank's loans and commitments with the companies, DNB Bank ASA took over all the shares in the companies. The companies were taken over at a price of DKK 1 and EUR 1, respectively. During the first quarter of 2012, DKK 105 million of the company's debt was converted to equity. The assets of the companies are included in the above table.

Bryggetorget Holding AS

After Faktor Eiendom ASA went into liquidation, Bryggetorget Holding AS, which is owned by DNB Bank ASA, took over Skurufjellet Eiendom AS, Trysiltunet Eiendom AS and Trysilfjell Apartment Eiendom AS from the estate in the first quarter of 2012. In addition, 31 holiday apartments in Uvdal organised as a housing cooperative were taken over. The properties were acquired at fair value. After the acquisition, the balance sheet value of the properties in Bryggetorget Holding was NOK 222 million. The property values are included in the above table.

Loans and deposits designated as at fair value

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Loans and deposits designated as at fair value	123 910	131 545
Total exposure to credit risk	123 910	131 545
Value adjustment from credit risk [1]	495	665
Value adjustment from change in credit risk	(171)	54

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 short-term funding markets were generally sound for banks with good credit ratings in 2013, and DNB had ample access to short-term funding. The markets were less selective, and an increasing number of banks were regarded as financially strong. There was stable access to long-term funding throughout 2013. The first half of the year was characterised by the extensive quantitative easing applied by the Japanese central bank and the cuts in key policy rates implemented by the European Central Bank. This resulted in a gradual improvement in prices of new funding from the market. The announcement that the FED, the US central bank, was considering winding down the so-called quantitative easing as early as in June caused some market uncertainty and greater price volatility. Though the uncertainty prevailed in the second half of the year, prices showed a stable downward trend parallel to a high level of market activity, also among Southern European issuers. This was underpinned by signs of recovery in both the US and European economies. Reduced 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 2013. Reduced margin requirements resulted in unrealised gains in this portfolio of NOK 819 million at end-December 2013, compared with unrealised gains of NOK 685 million at year-end 2012. 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.

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 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 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 and 2013, 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 2.2 billion in 2013, and the remaining impairment loss at year-end 2013 was NOK 2.1 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 2013, investors' margin requirements were reduced. At end-December 2013, there were unrealised losses of NOK 845 million on long-term borrowings, compared with unrealised losses of NOK 571 million at year-end 2012. 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 329 million at year-end 2013, compared with unrealised losses of NOK 870 million at end-December 2012. 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 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**

Loans and commitments as at 31 December 2012 **DNB Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total loans and commitments
Private individuals	647 587	270	102 096	749 953
Transportation by sea and pipelines and vessel construction	126 992	11 075	36 572	174 638
Real estate	184 906	3 117	17 703	205 727
Manufacturing	45 009	14 583	31 729	91 322
Services	77 177	6 009	27 428	110 614
Trade	35 703	4 236	19 131	59 070
Oil and gas	22 164	13 333	39 677	75 174
Transportation and communication	31 727	4 123	17 383	53 234
Building and construction	42 657	12 119	16 191	70 967
Power and water supply	29 836	14 548	27 091	71 475
Seafood	18 490	262	6 355	25 107
Hotels and restaurants	6 555	263	1 162	7 980
Agriculture and forestry	9 597	578	3 959	14 135
Central and local government	7 134	278	5 866	13 278
Other sectors	11 252	4 177	79 570	94 999
Total customers, nominal amount after individual impairment	1 296 787	88 972	431 913	1 817 672
– Collective impairment, customers	2 321	-	-	2 321
+ Other adjustments	3 425	(169)	-	3 255
Loans to customers	**1 297 892**	**88 802**	**431 913**	**1 818 607**
Credit institutions, nominal amount after individual impairment	37 021	4 632	7 538	49 191
+ Other adjustments	115	0	-	115
Loans to and due from credit institutions	**37 136**	**4 632**	**7 538**	**49 306**

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 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 impaiment	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 8 Loans and commitments according to geographical location [1] (continued)

Loans and commitments as at 31 December 2012 **DNB Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total loans and commitments
Oslo	241 988	18 016	84 096	344 099
Eastern and southern Norway	437 406	22 103	148 392	607 902
Western Norway	167 680	10 846	37 799	216 324
Northern and central Norway	181 062	9 726	31 599	222 386
Total Norway	1 028 136	60 691	301 885	1 390 711
Sweden	62 270	6 243	26 472	94 985
United Kingdom	27 985	3 859	2 666	34 511
Other Western European countries	48 446	5 894	35 183	89 523
Russia	1 950	518	183	2 651
Estonia	3 581	61	135	3 778
Latvia	15 847	503	1 345	17 695
Lithuania	20 340	732	1 138	22 210
Poland	18 797	610	2 115	21 522
Other Eastern European countries	323	159	10	492
Total Europe outside Norway	199 541	18 579	69 247	287 366
USA and Canada	34 200	8 380	29 065	71 646
Bermuda and Panama [2]	17 243	486	4 475	22 204
Other South and Central American countries	10 853	2 107	5 108	18 068
Total America	62 296	10 973	38 649	111 918
Singapore [2]	12 663	1 189	2 547	16 399
Hong Kong	2 643	0	388	3 030
Other Asian countries	14 063	1 570	5 026	20 660
Total Asia	29 369	2 759	7 961	40 089
Liberia [2]	11 229	230	3 520	14 980
Other African countries	970	84	1 428	2 483
Australia, New Zealand and Marshall Islands [2]	11 600	426	16 762	28 788
Commitments [3]	1 343 141	93 743	439 451	1 876 335
– Individual impairment	9 333	139	-	9 472
– Collective impairment	2 321	-	-	2 321
+ Other adjustments	3 540	(169)	-	3 370
Net loans and commitments	**1 335 028**	**93 434**	**439 451**	**1 867 913**

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. 2013	Gross impaired loans and guarantees 31 Dec. 2012	Total individual impairment 31 Dec. 2013	Total individual impairment 31 Dec. 2012	Net impaired loans and guarantees 31 Dec. 2013	Net impaired loans and guarantees 31 Dec. 2012
Private individuals	6 410	6 214	2 928	2 669	3 482	3 545
Transportation by sea and pipelines and vessel construction	6 509	6 514	1 556	1 268	4 953	5 246
Real estate	5 475	5 290	1 767	1 605	3 708	3 685
Manufacturing	3 026	2 784	844	973	2 182	1 811
Services	1 214	1 384	708	811	506	573
Trade	818	985	431	615	387	370
Oil and gas	175	75	38	35	137	40
Transportation and communication	1 305	1 000	538	416	767	584
Building and construction	1 836	1 697	861	667	975	1 030
Power and water supply	113	207	45	102	68	105
Seafood	99	96	41	29	58	67
Hotels and restaurants	322	332	94	127	228	205
Agriculture and forestry	183	331	80	96	103	235
Central and local government	0	0	0	0	0	0
Other sectors	60	49	49	34	11	15
Total customers	27 545	26 959	9 980	9 447	17 565	17 512
Credit institutions [2)]	80	25	75	25	5	0
Total impaired loans and guarantees	27 625	26 984	10 055	9 472	17 570	17 512
Non-performing loans and guarantees not subject to impairment	3 179	2 228	-	-	3 179	2 228
Total non-performing and impaired loans and guarantees	30 804	29 212	10 055	9 472	20 749	19 740

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.*

2) *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.*

Note 10 Impairment of loans and guarantees

DNB Group

	2013			2012		
Amounts in NOK million	Loans [1)]	Guarantees	Total	Loans [1)]	Guarantees	Total
Write-offs	966	0	966	659	0	659
New individual impairment	2 871	200	3 071	3 403	83	3 486
Total new individual impairment	3 837	200	4 037	4 061	83	4 144
Reassessed individual impairment	1 182	81	1 263	797	20	818
Recoveries on loans and guarantees previously written off	457	0	457	412	0	412
Net individual impairment	2 199	119	2 318	2 852	63	2 915
Changes in collective impairment of loans	(133)	-	(133)	265	-	265
Impairment of loans and guarantees	**2 066**	**119**	**2 185**	**3 117**	**63**	**3 179**
Write-offs covered by individual impairment made in previous years	1 837	0	1 837	2 876	2	2 879

1) *Including impairment of loans at fair value.*

Note 11 Impairment of loans and guarantees for principal customer groups [1)]

DNB Group

	2013				2012			
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	1 175	236	408	531	1 072	68	378	626
Transportation by sea and piplines and vessel construction	916	354	0	562	1 146	1	2	1 142
Real estate	454	142	4	308	631	186	12	434
Manufacturing	248	237	9	2	147	217	2	(71)
Services	166	60	5	101	279	128	3	147
Trade	184	64	12	108	220	76	4	139
Oil and gas	16	14	0	2	35	0	0	35
Transportation and communication	349	38	3	308	121	22	3	96
Building and construction	377	60	5	312	269	58	3	208
Power and water supply	51	1	1	49	99	0	0	98
Seafood	19	1	0	18	9	3	0	6
Hotels and restaurants	17	19	0	(2)	51	16	0	35
Agriculture and forestry	28	30	0	(2)	45	39	1	6
Central and local government	0	0	0	0	0	0	2	(2)
Other sectors	36	7	8	21	20	0	2	18
Total customers	4 037	1 263	457	2 318	4 144	816	412	2 917
Credit institutions	0	0	0	0	0	2	0	(2)
Changes in collective impairment of loans	-	-	-	(133)	-	-	-	265
Impairment of loans and guarantees	**4 037**	**1 263**	**457**	**2 185**	**4 144**	**818**	**412**	**3 179**
Of which individual impairment of guarantees	*200*	*81*	*0*	*119*	*83*	*20*	*0*	*63*

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

	2013				2012			
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	25	12 337	139	12 501	25	12 350	78	12 453
New impairment	0	1 340	39	1 380	0	2 400	83	2 483
Increase in impairment [1)]	50	1 480	161	1 691	0	1 317	0	1 317
Reassessed impairment	0	1 182	81	1 263	2	796	20	818
Write-offs covered by previous impairment	0	1 837	0	1 837	0	2 876	2	2 879
Changes in individual impairment of accrued interest and amortisation	4	1	-	5	1	(2)	-	(1)
Changes in collective impairment	0	(133)	-	(133)	0	265	-	265
Changes in group structure	0	0	0	0	0	0	0	0
Changes due to exchange rate movement	0	712	27	739	0	(319)	0	(319)
Impairment as at 31 December	79	12 720	284	13 084	25	12 337	139	12 501
Of which: Individual impairment	*75*	*9 695*	*284*	*10 055*	*25*	*9 308*	*139*	*9 472*
Individual impairment of accrued interest and amortisation	*4*	*710*	*-*	*714*	*1*	*708*	*-*	*709*
Collective impairment	*0*	*2 315*	*-*	*2 315*	*0*	*2 321*	*-*	*2 321*

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.

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 a non-dominant part 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 instrument or index. 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 10.2 billion at year-end 2013, down NOK 3.3 billion from 2012. The main factor behind the reduced risk was an increase in the capital buffer of approximately NOK 2 billion during the year. In addition, investments in commercial property were reduced by approximately NOK 6 billion, from NOK 40 billion to NOK 34 billion. The low interest rate level represents a challenge for the life insurance industry, as the companies are required to meet the guaranteed rate of return. The required increase in reserves to reflect higher life expectancy makes the low interest rate level particularly challenging during the period until the reserves have been fully built up in 2018. At year-end 2013, long-term Norwegian swap rates were on a level with the average guaranteed rate of return. An adequacy test was carried out when calculating the risk-adjusted capital for 2013. The test did not result in any increase in the risk level, but reflects a risk which has previously not been taken into account in risk capital calculations.

The risk-adjusted capital for market risk in operations other than life insurance increased from NOK 7.9 billion at year-end 2012 to NOK 8.2 billion at year-end 2013. There was an increase in the risk relating to equity investments, mainly due to a rise in the value of strategic financial investments. A reduction in basis swap risk from trading activities had the opposite effect, reflecting lower volatility and narrower basis swap spreads. 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 vaule 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 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
31 December 2012						
NOK	323	23	533	130	533	477
USD	2	58	34	45	21	66
EUR	38	82	357	21	184	74
GBP	1	2	12	7	3	0
SEK	9	2	10	6	1	8
Other currencies	16	13	11	9	6	35

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 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
31 December 2012						
NOK	5	63	115	423	411	1 017
USD	0	100	9	83	293	267
EUR	0	117	21	104	267	231
GBP	0	31	7	11	110	83
Other currencies	0	18	3	6	39	60

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 2013.

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. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
USD	(381)	(556)	(188)	90
EUR	17	(123)	(891)	(492)
GBP	46	56	15	(26)
SEK	257	496	(223)	5
DKK	(3)	(8)	(417)	(212)
CHF	(5)	(11)	(523)	(292)
JPY	(40)	(59)	(292)	5
NOK [1)]	1 427	1 552	-	-
Other	436	357	(22)	(640)
Total foreign currencies	1 754	1 703	(2 542)	(1 561)

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 2013			31 December 2012		
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	1 576 725	713	862	1 847 276	1 220	1 568
Swaps	2 386 085	80 997	38 606	2 525 537	102 282	49 414
OTC options, bought and sold	29 003	886	719	68 697	858	607
Other OTC contracts	1 562	20	0	1 562	0	0
Total OTC derivatives	3 993 376	82 616	40 187	4 443 073	104 359	51 589
Exchange-traded contracts - futures, bought and sold	5 720	0	0	65 562	0	0
Total interest rate contracts	3 999 095	82 616	40 187	4 508 635	104 359	51 589
Foreign exchange contracts						
Forward contracts	1 173 804	3 088	1 461	909 807	1 418	1 940
Swaps	651 522	19 760	46 458	706 084	11 432	37 802
OTC options, bought and sold	52 447	628	610	42 937	504	503
Total foreign exchange contracts	1 877 774	23 477	48 530	1 658 828	13 353	40 245
Equity-related contracts						
Forward contracts	779	611	949	2 996	683	696
OTC options, bought and sold	3 982	299	85	1 741	286	56
Total OTC derivatives	4 761	910	1 033	4 737	969	751
Futures, bought and sold	8 089	9	11	4 461	15	8
Options, bought and sold	2 017	32	18	1 055	13	15
Total exchange-traded contracts	10 106	41	29	5 517	29	23
Total equity-related contracts	14 867	951	1 062	10 254	997	774
Commodity-related contracts						
Swaps	67 644	1 873	1 204	64 722	2 154	1 827
Total commodity related contracts	67 644	1 873	1 204	64 722	2 154	1 827
Collateral pledged/received						
Total collateral pledged/received		22 023	20 327		31 160	24 280
Total financial derivatives [1]	**5 959 381**	**130 939**	**111 310**	**6 242 439**	**152 024**	**118 714**
Of which: Applied for hedging purposes	*350 458*	*20 069*	*3 365*	*345 282*	*31 531*	*2 149*
- Interest rate swaps		*18 101*	*2 529*		*28 670*	*964*
- Interest rate and currency swaps		*1 968*	*835*		*2 861*	*1 185*

1) 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. Comparable figures for 2012 have been adjusted accordingly.

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 2013, there was a NOK 1 364 million decrease in value (negative effect on profits), compared with a NOK 1 687 million decrease in value (negative effect on profits) in 2012.

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 64.7 per cent at year-end 2013, up from 62.5 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 124.9 per cent at year-end 2013.

Throughout the year, the short-term funding markets were generally sound for banks with good credit ratings, and DNB had ample access to short-term funding. These markets have generally become less selective, and an increasing number of banks are now regarded as financially strong and have good access to capital.

The long-term funding markets were also very strong throughout 2013. The prices of both senior and covered bonds rose somewhat from the start of the year. The announcement that the FED, the US central bank, was considering winding down the so-called quantitative easing as early as in June caused some market uncertainty and greater price volatility. Though this uncertainty prevailed in the second half of the year, prices showed a stable downward trend parallel to a high level of market activity, also among Southern European issuers. This was underpinned by signs of recovery in both the US and European economies.

The average remaining term to maturity for the portfolio of senior bond debt was 4.3 years at year-end 2013, compared with 4.6 years a year earlier. The DNB 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 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						46 242	46 242
Other assets		2 917		805			3 722
Total	459 955	152 452	142 406	416 662	933 902	43 926	2 149 304
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	81 598	85 291	63 427	291 017	170 595		691 928
Other liabilities etc.	581	4 009	272				4 861
Subordinated loan capital [2)]	310			21 337	4 011		25 658
Total	1 129 414	114 757	80 637	324 701	174 606		1 824 113
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

Residual maturity as at 31 December 2012 [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	298 893						298 893
Due from credit institutions	16 649	11 181	2 247	7 069			37 146
Loans to customers	151 903	82 100	60 710	238 902	766 628	(2 321)	1 297 922
Commercial paper and bonds at fair value	7 070	43 856	56 753	87 240	26 868		221 788
Commercial paper and bonds, held to maturity	1 876	2 225	7 928	51 883	92 093		156 006
Shareholdings						50 293	50 293
Other assets		1 439		830			2 269
Total	476 391	140 801	127 638	385 925	885 589	47 971	2 064 316
Liabilities							
Due to credit institutions	190 091	5 320	15 158	40 810			251 379
Deposits from customers	810 375						810 375
Debt securities issued	69 123	138 083	77 396	245 371	154 351		684 323
Other liabilities etc.	1 438	3 671		322			5 431
Subordinated loan capital [2)]	300				16 011	3 804	20 115
Total	1 071 328	147 073	92 554	286 503	170 361	3 804	1 771 624
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	640 635	369 118	252 141	429 409	215 242		1 906 546
Outgoing cash flows	643 110	366 569	252 467	434 927	219 660		1 916 733
Financial derivatives, net settlement	1 319	1 970	4 418	22 111	16 876		46 694
Total financial derivatives	(1 157)	4 519	4 093	16 593	12 458		36 507

1) *Nominal future interest payments in excess of accrued interest are not included on the balance sheet date.*

2) *The maturity structure for subordinated loan capital is based on final maturities and does not reflect options to make early redemptions.*

Credit lines, commitments and documentary credit **DNB Group**

Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Unutilised credit lines etc. under 1 year	384 750	309 704
Unutilised credit lines etc. over 1 year	199 883	185 462

Note 18 Insurance risk

INSURANCE RISK IN LIFE INSURANCE

Risk in DNB Livsforsikring ASA 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 2011	**23 776**	**212 271**
Deposits	3 798	13 498
Return	2 303	11 987
Inflow of reserves	834	1 284
Outflow of reserves	827	2 566
Insurance payments	1 241	12 587
Other changes	(373)	(2 701)
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**

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 2.5 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 profits are distributed to policyholders. Profits for distribution consist of the interest result and the risk result. 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 annual profits must be distributed to policyholders. The new regulations apply to contracts sold after 1 January 2008, with annual pricing of interest rate risk, insurance risk and administration, 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 2013 **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	154 889	38 104	3 699	36 056	18 297	206	0	251 250	235 424
Additional allocations	2 669	951	127	888	282	0	0	4 916	4 874
Market value adjustment reserve	1 923	187	35	387	193	10	0	2 735	1 085
Claims reserve	184	0	12	214	318	529	1 381	2 638	2 530
Premium fund	2 685	1 725	17	171	0	0	0	4 599	5 257
Pensioners' profit fund	0	0	0	0	0	0	0	0	6
Other technical reserves	16	0	0	0	0	0	264	279	277
Liabilities to policyholders	**162 366**	**40 966**	**3 890**	**37 716**	**19 089**	**745**	**1 644**	**266 418**	**249 454**
Unrealised gains on bonds held to maturity [2)]								5 369	5 881

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 ASA 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 without savings, paid-up policies or individual contracts sold prior to 1 January 2008.

Risk for DNB Livsforsikring ASA 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 ASA increased premium reserves by a total of NOK 1 868 million in 2013 due to higher life expectancy, of which NOK 70 million referred to individual pension insurance and NOK 1 798 million to group pension insurance. The provisions within individual pension insurance are included in the risk result, and the build-up of reserves for individual pension insurance had been completed at year-end 2013. For group pension insurance, a further strengthening of premium reserves will be required over the next few years. The total required increase in reserves is NOK 13.3 billion, of which NOK 5.7 billion had been set aside in the years 2011 through 2013. Finanstilsynet has approved an escalation period of up to five years starting in 2014. Including the 2011-2013 period, this means that the companies have a total of eight years to finance the required increase in reserves. Finanstilsynet requires that minimum 20 per cent of the financing be in the form of shareholder contributions. DNB's public sector operations will be wound up by year-end 2016, and reserves for these contracts will be built up on a straight-line basis during a three-year escalation period starting in 2014. The build-up of reserves will be completed at the time the individual customers transfer their contracts. On the balance sheet date, 37 customers had notified the company that they would transfer their contracts in 2014. Shareholder contributions for these contracts represent NOK 173 million, which approximates 50 per cent of shareholder contributions for the company's public sector operations. One issue that has not been resolved is whether the increase in reserves can be financed jointly across a customer group, or whether it can only be financed by the earnings on individual policies. If offsetting is not allowed and the returns are assumed to be moderate, shareholder contributions will increase if the requirement that the reserves must be fully financed by 2018 is maintained.

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 ASA 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 ASA'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 2013 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 2013	Total 2012
Risk result									
Risk result in 2013 *)		413	(57)	(4)	(8)	90	19	452	
Risk result in 2012		10	(35)	(24)	(239)	61	(73)		(300)
Sensitivities - effect on risk result in 2013									
5 per cent reduction in mortality rate		(16)	(9)	(1)	(11)	2	2	(33)	(22)
10 per cent increase in disability rate		(112)	(48)	(0)	(10)	(7)	(12)	(188)	(229)
**) Of which:*	*Mortality risk*	*66*	*10*	*9*	*5*	*52*	*7*	*149*	*(58)*
	Longevity risk	*(138)*	*(48)*	*(3)*	*18*	*3*	*(1)*	*(169)*	*(102)*
	Disability rate	*405*	*(54)*	*13*	*51*	*25*	*10*	*449*	*337*
	Employer's liability insurance	*69*	*0*	*0*	*0*	*3*	*0*	*72*	*337*
	Other	*11*	*36*	*(24)*	*(81)*	*7*	*3*	*(49)*	*(476)*

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	+2 086
Disability	+10	+2 443

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.

	DNB Livsforsikring					
	Men			Women		
Amounts in NOK million	30 years	45 years	60 years	30 years	45 years	60 years
Individual life insurance	122	306	1 302	61	153	651
Individual disability lump sum	223	695	-	333	1 177	-
Individual disability pension	424	1 049	3 279	678	1 992	4 938
Spouse's pensions in group schemes	14	108	457	12	64	187
Disability pensions in group schemes	256	456	1 230	370	1 146	2 141

Premiums for individual disability pensions are based on the company's own experience and were last changed in 2006. Premiums for spouse and disability pensions in group schemes are based on the company's own experience and were last changed in 2008.

Guaranteed rate of return

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.

	DNB Livsforsikring			
Per cent	2013	2012	2011	2010
Group pension insurance, private sector	3.3	3.4	3.4	3.4
Group pension insurance, public sector	2.9	3.0	3.1	3.0
Individual pension insurance	3.4	3.4	3.5	3.4
Individual endowment insurance	2.6	2.7	2.7	2.8
Group association insurance	4.1	4.1	4.1	4.0
Total	3.2	3.3	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 2013.

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 policyholders' funds.

	DNB Livsforsikring	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Market value adjustment reserve	2 735	1 085
Additional allocations	4 916	4 874
Security reserve	205	219
Risk equalisation fund	1 013	900
Equity	16 836	15 222
Subordinated loan capital and perpetual subordinated loan capital securities	1 335	1 300
Unrealised gains on bonds held to maturity	5 369	5 881
Total available capital	32 409	29 482
Guaranteed return on policyholders' funds [1]	7 350	7 296

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 2013, DNB Livsforsikring ASA had a capital adequacy ratio of 18.8 per cent, compared with 16.7 per cent at the end of 2012. The Tier 1 capital ratio was 17.6 per cent, up from 15.6 per cent a year earlier.

Risk-weighted volume and eligible primary capital

	DNB Livsforsikring			
	31 December 2013		31 December 2012	
Amounts in NOK million	Carrying amount	Weighted value	Carrying amount	Weighted value
Total assets	290 652	95 119	270 061	95 689
Primary capital				
Tier 1 capital		16 780		14 947
Net Tier 2 capital		1 110		1 075
Financial deduction		0		0
Total eligible primary capital		17 889		16 021
Capital adequacy requirement		10 280		7 655
Capital in excess of requirement		7 609		8 366

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. 2013	31 Dec. 2012
Total eligible primary capital	17 889	16 021
Additional allocations (50 per cent)	2 458	2 437
Risk equalisation fund (50 per cent)	506	450
Security reserve in non-life insurance (above 55 per cent of the minimum requirement)	92	99
Solvency capital	20 946	19 007
Solvency capital requirement	10 100	9 726

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 1 816 million at year-end 2013, 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 2013, 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. In addition to excess of loss contracts, the company entered into so-called proportional contracts in 2013. These contracts should help ensure that the most volatile products in the portfolio, mainly fire/combined, become more predictable.

Insurance risk is subject to continual review by monitoring the profitability of all products and quarterly risk measurement.

Note 19 Net interest income

						DNB Group
	2013			2012		
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	1 058	240	1 299	947	251	1 198
Interest on loans to customers	4 734	47 284	52 019	4 706	48 016	52 722
Interest on impaired loans and guarantees	0	682	682	0	625	625
Interest on commercial paper and bonds at fair value	4 373	0	4 373	3 510	0	3 510
Interest on commercial paper and bonds, held to maturity	-	944	944	-	1 481	1 481
Front-end fees etc.	8	321	329	25	312	337
Other interest income	(1 152)	1 911	759	1 785	1 410	3 195
Total interest income	**9 021**	**51 383**	**60 404**	**10 973**	**52 096**	**63 068**
Interest on amounts due to credit institutions	2 065	309	2 374	2 949	315	3 264
Interest on deposits from customers	850	13 776	14 626	1 167	14 671	15 838
Interest on debt securities issued	3 373	8 757	12 130	4 006	9 129	13 135
Interest on subordinated loan capital	52	401	453	67	609	676
Guarantee fund levy	-	754	754	-	90	90
Other interest expenses [2]	(336)	212	(125)	2 654	195	2 849
Total interest expenses	**6 002**	**24 209**	**30 212**	**10 843**	**25 009**	**35 853**
Net interest income	**3 018**	**27 174**	**30 192**	**130**	**27 086**	**27 216**

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

				DNB Group [1]
	Average interest rate in per cent [2]		Average volume in NOK million	
	2013	2012	2013	2012
Assets				
Due from credit institutions	0.27	0.31	474 955	387 241
Loans to customers	3.99	4.11	1 322 447	1 299 486
Commercial paper and bonds	2.43	2.60	179 832	134 749
Liabilities				
Due to credit institutions	0.76	1.07	312 183	306 132
Deposits from customers	1.58	1.96	923 892	808 652
Securities issued	1.72	1.85	706 504	708 909

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	2013	2012
Money transfer fees	3 330	3 186
Fees on asset management services	1 119	1 044
Fees on custodial services	320	320
Fees on securities broking	262	185
Corporate finance	497	585
Interbank fees	37	43
Credit broking commissions	473	445
Sales commissions on insurance products	2 810	2 599
Sundry commissions and fees on banking services	923	891
Total commission and fee income etc.	**9 772**	**9 299**
Money transfer fees	1 225	1 142
Commissions on fund management services	179	160
Fees on custodial services	134	132
Interbank fees	73	78
Credit broking commissions	102	91
Commissions on the sale of insurance products	85	112
Sundry commissions and fees on banking services	581	621
Total commission and fee expenses etc.	**2 379**	**2 337**
Net commission and fee income	**7 393**	**6 962**

Note 22 Other income

	DNB Group	
Amounts in NOK million	2013	2012
Income from owned/leased premises	69	63
Income from investment properties	239	273
Fees on real estate broking	1 144	1 134
Sales income	107	100
Miscellaneous operating income	729	571
Total other income	**2 288**	**2 141**

Note 23 Net gains on financial instruments at fair value

	DNB Group	
Amounts in NOK million	2013	2012
Foreign exchange and financial derivatives	3 418	1 388
Commercial paper and bonds	(868)	2 810
Shareholdings	(1)	(121)
Other financial assets	(24)	(44)
Financial liabilities	171	(94)
Net gains on financial instruments, trading	2 695	3 939
Loans at fair value	1	797
Commercial paper and bonds	31	242
Shareholdings	733	242
Financial liabilities	259	(1 887)
Net gains on financial instruments, designated as at fair value	1 024	(607)
Financial derivatives, hedging	(1 029)	12 545
Financial assets, hedged items	(9)	(14)
Financial liabilities, hedged items	1 112	(13 071)
Net gains on hedged items [1) 2)]	74	(540)
Financial guarantees	828	718
Dividends	411	400
Net gains on financial instruments at fair value	**5 032**	**3 910**

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	2013	2012
Salaries [*)]	7 892	7 844
Employer's national insurance contributions	1 127	1 123
Pension expenses [1) 2)]	787	1 236
Restructuring expenses [2)]	776	131
Other personnel expenses	724	652
Total salaries and other personnel expenses	**11 307**	**10 987**

**) Of which: Ordinary salaries*	*6 412*	*6 481*
Performance-based pay	*1 280*	*1 206*

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

2) *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	2013	2012
Fees [1]	1 164	1 289
IT expenses	2 346	1 849
Postage and telecommunications	303	342
Office supplies	90	99
Marketing and public relations	847	904
Travel expenses	229	250
Reimbursement to Norway Post for transactions executed	143	138
Training expenses	49	65
Operating expenses on properties and premises [2]	1 364	1 441
Operating expenses on machinery, vehicles and office equipment	130	143
Other operating expenses [3]	1 184	931
Total other expenses	**7 850**	**7 451**

1) *Systems development fees totalled NOK 658 million in 2013 and NOK 781 million in 2012.*
2) *Costs relating to leased premises were NOK 989 million in 2013 and NOK 1 068 million in 2012.*
3) *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	2013	2012
Depreciation of machinery, vehicles and office equipment	1 271	1 134
Other depreciation of tangible and intangible assets	700	668
Impairment of capitalised systems development [2]	501	25
Impairment losses for goodwill [3]	57	287
Other impairment of fixed and intangible assets	188	208
Total depreciation and impairment of fixed and intangible assets	**2 719**	**2 322**

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 57 million relating to JSC DNB Bank were recorded in 2013. Impairment losses for goodwill of NOK 202 million relating to DNB Livsforsikring, NOK 47 million relating to SalusAnsvar and NOK 38 million relating to Pres-Vac were recorded in 2012.*

Note 27 Pensions

Amendments to IAS 19 – Employee Benefits

The DNB Group adopted the revised standard as of 1 January 2013 with retrospective effect. Comparable figures for 2012 have therefore been restated. See further description of the amendments and transitional effects under Accounting principles.

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 are included in a newly established defined contribution scheme for retirement pensions and a new 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 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 440 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 2014 is set at 2.2 per cent (2013: 2.0 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 2014.

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 143 million of the Group's total pension expenses of NOK 787 million.

Economic assumptions applied in calculating pension expenses and commitments:

Economic assumptions — **DNB Group**

	Expenses		Commitments	
			31 Dec.	31 Dec.
Per cent	2013	2012	2013	2012
Discount rate [1]	3.80	2.60	4.00	3.80
Anticipated rise in salaries	3.50	3.50	3.75	3.50
Anticipated increase in basic amount	3.25	3.25	3.50	3.25
Anticipated rise in pensions	0.50	1.75	0.60	0.50
Anticipated CPA acceptance	Actual acceptance		Actual acceptance	
Demographic assumptions about mortality [2]	K2013	K2005	K2013	K2005

1) *As of 31 December 2012 the discount rate used is determined by reference to the yield on covered bonds at the balance sheet date, plus an addition that takes into account the relevant duration of the pension liabilities.*

2) *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**

	2013			2012		
Amounts in NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements	466	58	524	605	85	691
Interest expenses on pension commitments	490	65	555	414	50	463
Calculated return on pension funds	(457)	0	(457)	(308)	0	(308)
Curtailment	(177)	(10)	(187)	0	0	0
Administrative expenses	4	0	4	63	0	63
Total defined benefit pension schemes	326	113	439	774	135	909
Contractual pensions, new scheme			97			75
Risk coverage premium			75			85
Defined contribution pension schemes			175			167
Net pension expenses			787			1 236

Pension commitments **DNB Group**

Amounts in NOK million	2013	2012
Opening balance	15 248	18 714
Accumulated pension entitlements	499	663
Interest expenses	555	478
Actuarial losses (gains), net	682	(3 796)
Curtailments	(622)	0
Exchange rate differences	44	0
Pension payments	(785)	(811)
Closing balance	15 621	15 248

Pension funds **DNB Group**

Amounts in NOK million	2013	2012
Opening balance	11 365	10 727
Expected return	457	447
Actuarial gains (losses), net	46	127
Curtailments	(386)	0
Premium paid	705	622
Pension payments	(527)	(479)
Administrative expenses	(10)	(78)
Closing balance	11 649	11 365
Net defined benefit obligation	3 972	3 883

Premium transfers in 2014 are expected to be NOK 656 million. Payments through operations are estimated at NOK 150 million.

Effects recorded in other comprehensive income **DNB Group**

Amounts in NOK million	Funded	Unfunded	Total
Actuarial gains and losses 31 December 2012	1 161	(188)	973
Remeasurement gains - changes in discount rate	(386)	(63)	(449)
Remeasurement losses - changes in other economic assumptions	164	29	193
Remeasurement losses - changes in mortality table 2013	501	71	572
Remeasurement losses - changes in other demographic assumptions	21	0	21
Remeasurement losses - changes in other factors, pension commitments	316	10	326
Remeasurement gains - changes in other factors, pension funds	(110)	0	(110)
Investment management costs	84	0	84
Total remeasurement gains/(losses) in other comprehensive income	588	47	636
Actuarial gains and losses 31 December 2013	1 750	(141)	1 609

Past developments **DNB Group**

Amounts in NOK million	31 Dec. 2013	31 Dec. 2012	1 Jan. 2012	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009
Gross pension commitments [1)]	15 621	15 248	18 715	18 715	16 129	14 870
Gross pension funds	(11 649)	(11 365)	(10 727)	(10 727)	(10 178)	(9 892)
Commitments not recorded in the accounts				(5 035)	(2 754)	(1 103)
Net recorded pension commitments	3 972	3 883	7 988	2 953	3 197	3 875

1) Gross pension commitments include employer's contributions.

Note 27 Pensions (continued)

Members	DNB Group 31 Dec. 2013	DNB Group 31 Dec. 2012
Number of persons covered by pension schemes	16 215	16 690
- of which defined benefit schemes	7 501	8 252
- of which retirement and disability pensions	6 363	5 966
- of which defined contribution schemes	2 351	2 472

Pension funds investments

The funded pension scheme in Norway is generally funded by DNB Livsforsikring ASA, 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 9 681 million of the Group's total pension funds under management.

Per cent	DNB Group 31 Dec. 2013	DNB Group 31 Dec. 2012
Equities, Norwegian	0.8	1.0
Equities, international	6.9	6.1
Bonds at fair value, Norwegian	9.9	10.7
Bonds at fair value, international	5.3	5.2
Money market instruments	22.2	18.0
Bonds, held to maturity	40.0	40.3
Real estate	14.0	17.2
Other	1.0	1.5
Total	100.0	100.0

Sensitivity analysis for pension calculations

The following estimates are based on facts and conditions prevailing on 31 December 2013, 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	(11-13)	14-16	7-9	(6-9)	9-11	(5)	3	(3)
Net pension expenses for the period	(16-18)	21-23	11-13	(10-11)	9-10	(4-6)	3	(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 21 to 23 per cent. Higher salary increases and adjustments in pensions will also cause a rise in pension commitments.

Note 28 Number of employees/full-time positions

	DNB Group 2013	DNB Group 2012
Number of employees as at 31 December	12 452	13 703
- of which number of employees abroad	3 533	4 371
Number of employees calculated on a full-time basis as at 31 December	12 016	13 291
- of which number of employees calculated on a full-time basis abroad	3 481	4 316
Average number of employees	13 091	13 982
Average number of employees calculated on a full-time basis	12 642	13 542

Note 29 Taxes

Tax expense on pre-tax operating profit		**DNB Group**
Amounts in NOK million	2013	2012
Current taxes	3 503	7 879
Changes in deferred taxes	1 685	(3 798)
Tax expense	**5 188**	**4 081**

Reconciliation of tax expense against nominal tax rate		
Amounts in NOK million	2013	2012
Operating profit before taxes	22 709	17 776
Estimated tax expense at nominal tax rate (28 per cent)	6 359	4 977
Tax effect of different tax rates in other countries	94	(14)
Tax effect of debt interest distribution with international branches	(155)	(37)
Tax effect of tax-exempt income from shareholdings [1)]	(997)	(493)
Tax effect of other tax-exempt income and non-deductible expenses	122	90
Tax effect of tax losses carried forward not recognised in the balance sheet [2)]	23	47
Tax effect of changed tax rate for deferred taxes recognised in the balance sheet [3)]	(91)	0
Excess tax provision previous year [4)]	(166)	(490)
Tax expense	**5 188**	**4 081**
Effective tax rate	23%	23%

Income tax on other comprehensive income		
Amounts in NOK million	2013	2012
Pensions	(168)	1 116
Hedges of net investments	435	0
Total income tax on other comprehensive income	**267**	**1 116**

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 was 28 per cent in 2013. A change in the income tax rate to 27 per cent with effect from 2014 has been approved. As temporary differences at year-end 2013 are expected to be reversed in a tax base subject to 27 per cent income tax, 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. Correspondingly, the deferred tax expense arising from changes in temporary differences through 2013 is calculated on the basis of a 27 per cent tax rate, even though the prevailing tax rate in 2013 was 28 per cent. 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.*
4) *NOK 335 million of the 2012 amount represented recognition of deferred tax assets which have not been recognised in the balance sheet in previous reporting periods.*

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 (28 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 was 28 per cent in 2012 and 2013. 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 28 per cent. In the longer term, the effective tax rate is expected to be approximately 26 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)

27 per cent (28 per cent in 2012) deferred tax calculation on all temporary differences (Norway)

Amounts in NOK million	DNB Group 2013	2012
The year's changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(161)	(2 843)
Changes recorded against profits	(1 685)	3 798
Changes recorded against comprehensive income	168	(1 116)
Currency translation differences on deferred taxes	128	0
Deferred tax assets/(deferred taxes) as at 31 December	(1 550)	(161)

Deferred tax assets and deferred taxes in the balance sheet relates to the following temporary differences

Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Deferred tax assets		
Fixed assets and intangible assets	(25)	34
Commercial paper and bonds	0	(18)
Debt securities issued	0	0
Financial derivatives	(21)	(24)
Other financial instruments	0	(32)
Net pension liabilities	58	77
Net other tax-deductable temporary differences	583	661
Tax losses and tax credits carried forward	509	425
Total deferred tax assets	**1 104**	**1 123**
Deferred taxes		
Fixed assets and intangible assets	641	401
Commercial paper and bonds	3 278	(609)
Debt securities issued	(4 860)	(7 133)
Financial derivatives	4 488	9 718
Other financial instruments	474	416
Net pension liabilities	(1 057)	(1 051)
Net other taxable temporary differences	154	517
Tax losses and tax credits carried forward	(464)	(976)
Total deferred taxes	**2 654**	**1 284**

Deferred taxes in the income statement relate to the following temporary differences

Amounts in NOK million	2013	2012
Fixed assets and intangible assets	298	(357)
Commercial paper and bonds 1)	3 807	(476)
Debt securities issued 1)	2 273	(3 372)
Financial derivatives 1)	(5 210)	1 046
Other financial instruments 1)	63	240
Pensions	180	1
Other temporary differences	(229)	(641)
Tax losses and tax credits carried forward	503	(239)
Deferred tax expense	1 685	(3 798)

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.*

Note 29 Taxes (continued)

Overview over deferred tax assets from tax losses and tax credits carried forward

	31 December 2013			31 December 2012		
Amounts in NOK million	Total tax losses	Of which basis	Recognised	Total tax losses	Of which basis	Recognised
Tax losses carried forward	carried forward	for tax assets	tax asset	carried forward	for tax assets	tax assets
Norway	302	302	82	2 275	2 275	637
Latvia	2 204	337	91	1 909	221	62
Lithuania	610	241	65	645	240	67
Denmark	2 260	1 307	353	2 253	1 061	297
Sweden	254	254	56	0	0	0
Total of tax losses and tax assets	5 630	2 441	647	7 082	3 797	1 063
Tax credits carried forward [1)]			326			338
Total of deferred tax assets from tax losses and tax credits carried forward			**973**			**1 401**

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 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	144 219				260 338
Shareholdings	9 743	37 508				47 252
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				16 847		16 847
Total financial assets	480 392	341 416	20 069	1 337 896	152 883	2 332 655
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		16 049		16 132
Subordinated loan capital		1 252		25 025		26 276
Total financial liabilities [2]	517 558	110 698	3 365	1 335 775	0	1 967 396

1) *Includes hedged liabilities.*

2) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 108 454 million.*

As at 31 December 2012 **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	223 348	0		75 544		298 892
Due from credit institutions	23 819	996		12 321		37 136
Loans to customers	2 219	130 548		1 165 124		1 297 892
Commercial paper and bonds at fair value	79 856	144 894				224 750
Shareholdings	7 277	41 011				48 288
Financial assets, customers bearing the risk		28 269				28 269
Financial derivatives	120 493		31 531			152 024
Commercial paper and bonds, held to maturity					157 330	157 330
Other assets				14 200		14 200
Total financial assets	457 012	345 719	31 531	1 267 188	157 330	2 258 780
Due to credit institutions	168 927	57 001		25 461		251 388
Deposits from customers	45 346	13 323		752 291		810 959
Financial derivatives	116 565		2 149			118 714
Debt securities issued	242 367	66 501		399 179		708 047
Other liabilities	105			18 346		18 451
Subordinated loan capital		1 468		19 622		21 090
Total financial liabilities [2]	573 310	138 293	2 149	1 214 899	0	1 928 650

1) *Includes hedged liabilities.*

2) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 135 798 million.*

Note 31 Fair value of financial instruments at amortised cost

DNB Group

	31 December 2013		31 December 2012	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	93 008	93 008	75 544	75 544
Due from credit institutions	14 411	14 411	12 321	12 321
Loans to customers	1 213 630	1 213 010	1 165 124	1 165 684
Commercial paper and bonds, held to maturity	152 883	158 092	157 330	162 356
Total financial assets	1 473 932	1 478 520	1 410 319	1 415 904
Due to credit institutions	24 386	24 386	25 461	25 461
Deposits from customers	809 465	809 465	752 291	752 291
Securities issued	460 850	467 367	399 179	403 135
Subordinated loan capital	25 025	25 198	19 622	19 105
Total financial liabilities	1 319 726	1 326 416	1 196 552	1 199 991

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 2013					
Cash and deposits with central banks	0	93 008	0	0	93 008
Due from credit institutions	0	14 381	0	30	14 411
Loans to customers	0	0	1 210 302	2 707	1 213 010
Commercial paper and bonds, held to maturity	36 151	56 685	63 079	2 177	158 092
Liabilities as at 31 December 2013					
Due to credit institutions	0	24 364	0	22	24 386
Deposits from customers	0	809 375	0	90	809 465
Securities issued	0	431 466	29 548	6 353	467 367
Subordinated loan capital	0	7 608	17 282	309	25 198

1) See note 32 Financial instruments at fair value for a definition of the levels.

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 2013. 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 2013 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.

Note 31 Fair value of financial instruments at amortised cost (continued)

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 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	187 993	311	2 481	260 338
Shareholdings	13 666	22 672	10 914		47 252
Financial assets, customers bearing the risk [2]	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	0	83	0	0	83
Assets as at 31 December 2012					
Deposits with central banks	0	223 348	0	0	223 348
Due from credit institutions	0	24 707	0	108	24 815
Loans to customers	0	2 219	130 116	432	132 767
Commercial paper and bonds at fair value	94 789	127 023	593	2 345	224 750
Shareholdings	13 685	24 984	9 619		48 288
Financial assets, customers bearing the risk [2]	0	28 269	0		28 269
Financial derivatives	29	151 118	877		152 024
Liabilities as at 31 December 2012					
Due to credit institutions	0	225 537	0	390	225 927
Deposits from customers	0	58 516	0	152	58 669
Debt securities issued	0	308 078	0	790	308 868
Subordinated loan capital	0	1 456	0	12	1 468
Financial derivatives	23	118 085	607		118 714
Other financial liabilities	0	105	0	0	105

1) *Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*
2) *"Financial assets, customers bearing the risk" in DNB Livsforsikring have been reclassified from level 1 to level 2. This item includes mutual fund investments where the underlying securities are liquid equities and bonds. Mutual fund investments of this type are generally classified as level 2, thus the use of the same classification for "Financial assets, customers bearing the risk" will be more accurate. The underlying realities remain the same.*

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.

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. The item also includes borrowings from Norges Bank in connection with the Norwegian government's covered bonds exchange scheme. The funding obtained through this scheme totalled NOK 35.8 billion at year-end 2013. See note 52 Information on related parties.

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 2011	**102 033**	**6 466**	**8 973**	**514**	**399**
Net gains on financial instruments	797	(9)	410	89	(52)
Additions/purchases	39 179	541	599	428	423
Sales	0	829	279	0	0
Settled	11 894	1 427	0	153	163
Transferred from level 1 or level 2	0	13	0	0	0
Transferred to level 1 or level 2	0	4 158	0	0	0
Other [2]	0	(4)	(84)	0	0
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 [2]	0	35	2	2	6
Carrying amount as at 31 December 2013	**123 207**	**311**	**10 914**	**1 442**	**1 248**

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

Loans to customers
The portfolio of loans carried at fair value consists primarily of fixed-rate loans in Norwegian kroner and a share of margin loans in Norwegian kroner.

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 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 78 798 million at year-end 2013.

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 44 409 million at year-end 2013.

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

Amounts in NOK million	Loans to customers 31 Dec. 2013	Commercial paper and bonds 31 Dec. 2013	Share-holdings 31 Dec. 2013
			DNB Group
Principal amount/purchase price	121 889	311	9 112
Fair value adjustment	1 317	0	1 802
Total fair value, excluding accrued interest	123 207	311	10 914

Breakdown of shareholdings, level 3

Amounts in NOK million	Property funds	Hedge-funds	Unquoted equities	Private Equity (PE) funds	Other	Total
						DNB Group
Carrying amount as at 31 December 2013	1 215	1 475	4 069	4 132	23	10 914

Sensitivity analysis, level 3

Amounts in NOK million	Carrying amount 31 Dec. 2013	Effect of reasonably possible alternative assumptions
		DNB Group
Loans to customers	123 207	(236)
Commercial paper and bonds	311	(1)
Shareholdings	10 914	0
Financial derivatives, net	194	0

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

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

Level 3 equities represent a total of NOK 6 615 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 4 235 million as at 31 December 2013. The investment in Nets Holding was valued at NOK 2 634 million.

Note 33 Offsetting

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 2013						
Due from credit institutions [2]	161 491		161 491		161 491	0
Loans to customers [2]	3 602		3 602		3 602	0
Stimulus package - swap scheme with Norges Bank [3]	35 755		35 755		35 755	0
Financial derivatives [4] [5]	108 917		108 917	47 000	15 405	46 512
Liabilities as at 31 December 2013						
Due to credit institutions [6]	14 058		14 058		14 058	0
Deposits from customers [6]	0		0		0	0
Funding from Norges Bank [3]	35 755		35 755		35 755	0
Financial derivatives [4] [7]	90 983		90 983	47 000	22 242	21 741
Other financial liabilities [8]	314		314		314	0

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) *See note 52 Information on related parties for information regarding the swap scheme with Norges Bank.*
4) *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. Comparable figures for 2012 have been adjusted accordingly.*
5) *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.*
6) *Includes repurchase agreements, securities lending and deposits collateralised by securities.*
7) *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.*
8) *Includes securities lending collateralised by cash.*

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.

Note 34 Shareholdings

Investments in shares, mutual funds and equity certificates [1)]

Amounts in NOK million	DNB Group 31 Dec. 2013	DNB Group 31 Dec. 2012
Total investments in shares, mutual funds and equity certificates, excluding DNB Livsforsikring	13 785	10 472
Total investments in shares, mutual funds and equity certificates, DNB Livsforsikring	33 467	37 816
Total investments in shares, mutual funds and equity certificates	**47 252**	**48 288**

Specification of the largest investments in shares, mutual funds and equity certificates as at 31 December 2013

DNB Group excl. DNB Livsforsikring

Carrying amount in NOK 1 000	Number of shares	Ownership share in per cent [2)]	Recorded value
Financial institutions			
Gjensidige Forsikring [3)]	519 210	0.1	60 073
Other financial institutions			45 712
Total financial institutions			**105 785**
Norwegian companies			
Alpinco	315 495	18.2	63 099
American Shipping Company [3)]	4 005 100	14.5	164 209
DNB Eiendomsinvest I [3)]	12 612 380	30.2	441 433
DNO International [3)]	3 318 399	0.3	80 305
E6 Logistikk [3)]	1 388 979	96.5	104 173
Finn Eiendom	755	7.6	82 318
Grieg Seafood [3)]	22 220 738	19.9	544 408
Hexagon Composites [3)]	6 000 000	4.5	193 800
Koksa Eiendom	16 198 752	12.6	144 999
Marine Harvest [3)]	122 176 213	3.0	902 271
Norsk Hydro [3)]	21 522 489	1.0	582 614
Norway Royal Salmon [3)]	3 339 864	7.7	123 575
Norwegian Air Shuttle [3)]	843 486	2.4	158 744
Orkla [3)]	2 945 436	0.3	139 378
Petroleum Geo-Services [3)]	1 349 745	0.6	96 439
Sevan Drilling [3)]	216 065 464	36.3	1 069 524
Statoil [3)]	1 840 967	0.1	270 622
Telenor [3)]	1 371 013	0.1	198 248
Yara International [3)]	1 104 395	0.4	288 247
Other Norwegian companies			650 917
Total Norwegian companies			**6 299 325**
Companies based abroad			
Calpine Corporation [3)]	1 650 000	0.3	189 489
Cape Investment Corp.	9 261	13.9	81 990
Deep Sea Supply [3)]	4 550 000	3.6	52 098
Golar LNG [3)]	875 000	1.1	173 250
Golar Ocean Group [3)]	3 662 432	0.8	53 252
Nets Holding	33 547 173	18.2	2 634 239
North Atlantic Drilling [3)]	3 557 224	1.6	203 651
Rowan Companies [3)]	4 392 000	3.5	932 069
Seadrill [3)]	5 839 532	1.2	1 445 868
Subsea 7 [3)]	2 212 071	0.6	256 821
Other companies based abroad			250 553
Total companies based abroad			**6 273 280**
Mutual funds			
Interest funds			316 952
Combination funds			1 251
Mutual funds			67 041
Private equity funds			456 779
Other funds			264 690
Total mutual funds			**1 106 713**
Total investments in shares, mutual funds and equity certificates			13 785 103

DNB Livsforsikring

Carrying amount in NOK 1 000	Number of shares	Ownership share in per cent [2)]	Recorded value
Financial institutions			
Axa	199 041	0.0	33 628
Citigroup	181 600	0.0	57 412
HSBC Holdings	705 496	0.0	46 957
Metlife	102 700	0.0	33 596
Mitsubishi UFJ Financial Group	991 600	0.0	39 722
Other financial institutions			432 217
Total financial institutions			**643 532**
Norwegian companies			
Marineholmen Forskningspark	8 154	0.6	38 413
NMI Global Fund	338 625	13.3	36 284
Nordic Trustee	26 214	24.3	62 311
Norsk Hydro	1 132 561	0.1	30 658
Orkla	2 364 377	0.0	111 882
Oslo Børs VPS Holding	8 522 045	19.8	519 845
Sektor Fond 1	999 999	10.0	81 400
Statoil	1 029 900	0.0	151 395
Telenor	842 814	0.1	121 871
Yara International	140 899	0.1	36 775
Other Norwegian companies			389 118
Total Norwegian companies			**1 579 952**
Companies based abroad			
Apple	15 600	0.0	53 105
Capita	359 052	0.1	37 449
Cisco Systems	327 355	0.0	44 586
eBay	178 430	0.0	59 419
Express Scripts Holding Co	75 345	0.0	32 107
Exxon Mobil Corp	111 050	0.0	68 181
General Electric Co	232 224	0.0	39 491
Google	9 857	0.0	67 020
Johnson & Johnson	93 939	0.0	52 198
Novartis	84 418	0.0	41 002
Samsung Electronics Co	10 083	0.0	39 945
Siemens	38 767	0.0	32 178
Subsea 7	303 484	0.1	35 234
The Coca-Cola Company	199 622	0.0	50 030
Vodafone Group	1 964 646	0.0	46 787
Other companies based abroad			1 980 036
Total companies based abroad			**2 678 768**
Mutual funds			
Interest funds			19 328 312
Combination funds			16 701
Mutual funds			3 249 611
Hedge funds			2 295 116
Private equity funds			3 674 705
Total mutual funds			**28 564 446**
Total investments in shares, mutual funds and equity certificates			33 466 697

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 9 650 million at year-end 2013. 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 2.6 million at year-end 2013.*

Note 35 Repurchase agreements and securities lending

Transferred assets still recognised in the balance sheet		**DNB Group**
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Guarantees		
Loans transferred to Eksportfinans	3 111	4 089
Repurchase agreements		
Commercial paper and bonds	12 914	0
Stimulus package - swap scheme with Norges Bank	35 755	49 993
Securities lending		
Shares	5 597	1 429
Total guarantees, repurchase agreements and securities lending	57 376	55 510

Liabilities associated with the assets		**DNB Group**
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Guarantees		
Deposits from Eksportfinans	3 111	4 089
Repurchase agreements		
Due to credit institutions	12 914	0
Funding from Norges Bank	35 755	49 993
Securities lending		
Due to credit institutions	6 856	1 417
Deposits from customers	314	83
Total liabilities	58 949	55 581

Transfer of loans with guarantees

Eksportfinans

DNB Bank ASA (the bank) carries loans in its balance sheet 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. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet of the bank. At year-end 2013, loans representing a total of NOK 3 111 million had been transferred, compared with NOK 4 089 million at end-December 2012. The loans are set off by deposits from Eksportfinans.

Stimulus package (see also note 52 Information on related parties)

On 24 October 2008, the Norwegian parliament authorised the Ministry of Finance to launch a scheme whereby the government and the banks exchange Treasury bills for covered bonds for an agreed period. Norges Bank administers the scheme on commission from the Ministry of Finance. Under the swap scheme, the government sells Treasury bills to the banks in a time-limited swap for covered bonds. Upon expiry of the agreements, the banks are under an obligation to repurchase the covered bonds from the government at the original selling price.

DNB Bank ASA has purchased bonds from DNB Boligkreditt AS (Boligkreditt), which have been used as collateral for swap agreements with Norges Bank. Since the bank retains substantially all the risks and returns associated with the bonds, they cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds are treated as own bonds and netted against issued bonds in Boligkreditt.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-December 2013, this funding represented NOK 35.8 billion, compared with NOK 50.0 billion at year-end 2012.

Repurchase agreements

Securities which have been sold under an agreement to repurchase are generally not derecognised, as the risks and returns associated with ownership of the assets are normally not transferred. Such transactions primarily involve fixed-income securities. The table includes securities which the recipient is entitled to sell or repledge, but which must be returned at the end of the agreement period.

Securities lending

Transactions mainly include equity lending. Agreements on securities lending are generally based on collateral in the form of cash or securities. Equities which have been transferred in such transactions, are generally not derecognised, as risks and returns associated with ownership of the assets are normally not transferred.

Note 36 Securities received which can be sold or repledged [1)]

Securities received		**DNB Group**
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Reverse repurchase agreements		
Commercial paper and bonds	136 980	579
Securities borrowing		
Shares	5 396	2 400
Total securities received	142 377	2 979
Of which securities received and subsequently sold or repledged:		
Commercial paper and bonds	*12 527*	*559*
Shares	*3 347*	*1 678*

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. 2013	31 Dec. 2012
Mutual funds	15 918	12 235
Bond funds	11 215	8 725
Money market funds	4 271	3 282
Combination funds	2 592	2 297
Bank deposits	1 516	1 730
Total financial assets, customers bearing the risk [1)]	**35 512**	**28 269**
Total insurance liabilities, customers bearing the risk	**35 512**	**28 269**

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. 2013	31 Dec. 2012
International bond portfolio	63 087	70 831
DNB Livsforsikring ASA	92 421	88 948
Other units [1)]	(2 626)	(2 449)
Commercial paper and bonds, held to maturity	**152 883**	**157 330**

1) Including eliminations of DNB Livsforsikring's investments in bonds issued by DNB Boligkreditt.

As part of ongoing liquidity management, DNB Bank has invested in a portfolio of securities. The portfolio can be used to regulate the liquidity requirement and as a basis for furnishing collateral for operations in various countries. Among other things, the securities serve as collateral for short and long-term borrowing in a number of central banks and as a basis for liquidity buffers to meet regulatory requirements. With effect from 1 July 2008, the international bond portfolio 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 must be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement at end-December 2013, the portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are 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 shows a high level of correlation between changes in given market data and changes in value in the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the portfolio in 2013, there would have been a NOK 289 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 2013 was NOK 0.5 billion higher than if the previous valuation principle had been retained. On the reclassification date, the carrying amount of the portfolio was NOK 88.0 billion, compared with NOK 20.3 billion at end-December 2013. The average term to maturity of the portfolio was 5.4 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 11 million at end-December 2013.

Effects on profits of the reclassification	**DNB Group**	
Amounts in NOK million	2013	2012
Recorded amortisation effect	163	139
Net gain, if valued at fair value	452	1 464
Effects of reclassification on profits	(289)	(1 325)

Effects on the balance sheet of the reclassification	**DNB Group**	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Recorded, unrealised losses	603	766
Unrealised losses, if valued at fair value	1 132	1 585
Effects of reclassification on the balance sheet	529	818

Development in the portfolio after the reclassification	**DNB Group**	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Reclassified portfolio, carrying amount	20 313	25 511
Reclassified portfolio, if valued at fair value	19 784	24 692
Effects of reclassification on the balance sheet	529	818

Note 38 Commercial paper and bonds, held to maturity (continued)

International bond portfolio

After the reclassification date, DNB has chosen to increase its investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in the international bond portfolio as from 2011 mainly represent covered and government-guaranteed bonds, these investments are carried at fair value. As at 31 December 2013 the international bond portfolio represented NOK 147.8 billion. 78 per cent of the securities in the portfolio had an AAA rating, while 16.7 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Portugal, Italy, Ireland, Greece or Spain. The structure of DNB Markets' international bond portfolio is shown below.

		DNB Group
	Per cent 31 Dec. 2013	NOK million 31 Dec. 2013
Asset class		
Consumer credit	0.02	36
Residential mortgages	24.14	35 838
Corporate loans	0.02	33
Government related	33.20	49 281
Covered bonds	42.61	63 246
Total international bond portfolio, nominal values	100.00	148 433
Accrued interest, amortisation effects and fair value adjustments		(599)
Total international bond portfolio		147 834
Total international bond portfolio, held to maturity		63 087
Of which reclassified portfolio		20 313

The average term to maturity of the international bond portfolio is 2.8 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 14 million at end-December 2013.

DNB Livsforsikring

Bonds classified as held-to-maturity totalled NOK 92.4 billion in DNB Livsforsikring ASA at 31 December 2013, mainly comprising bonds issued by highly creditworthy borrowers. At end-December 2013, bonds with government guarantees represented 21.8 per cent of the portfolio, while covered bonds represented 33.3 per cent. The remaining bonds are generally issued by municipalities, county municipalities and highly creditworthy finance companies. All investments in bonds issued by finance companies represent senior debt, which has the highest ranking in the capital structure and first priority if the issuer goes bankrupt. 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. 2013	NOK million 31 Dec. 2013
Asset class		
Government/government-guaranteed	21.76	19 633
Guaranteed by supranational entities	1.44	1 300
Municipalities/county municipalities	7.85	7 085
Bank and mortgage institutions	19.25	17 373
Covered bonds	33.27	30 026
Other issuers	16.43	14 825
Total bond portfolio DNB Livsforsikring, held to maturity, nominal values	100.00	90 241
Accrued interest, amortisation effects and fair value adjustments		2 180
Total bond portfolio DNB Livsforsikring, held to maturity		92 421

Note 39 Investment properties

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
DNB Livsforsikring	33 391	37 968
Properties for own use [1]	(4 674)	(3 506)
Other investment properties [2]	4 615	5 034
Total investment properties	**33 331**	**39 496**

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.

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 2013, external appraisals were obtained for a total of 9 properties, representing 44 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 and shopping centre portfolios, a required rate of return of 8.5 per cent is used, while the required rate of return for the hotel portfolio is 8.75 per cent. Following an individual assessment, there was a revision of the required rates of return for some shopping centres, ranging from minus 0.5 to plus 0.5 percentage points. The model uses the same required rates of return 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 2013, total contractual rent for the wholly-owned portfolio in Norway declined by NOK 124 million to NOK 1 440 million, while the estimated market rent was down NOK 141 million to NOK 1 481 million. Adjusted for changes in the portfolio, contractual rent rose by NOK 37 million, while market rent increased by NOK 6 million.

Value development and sensitivity

The valuations resulted in a NOK 28 million positive revaluation of the property portfolio in 2013. There were no changes in the value of ongoing projects. Costs relating to projects in DNB Livsforsikring's portfolio will normally be guaranteed through turnkey contracts, while income will generally be ensured through contracts concluded before the projects are started.

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 4.3 per cent or NOK 985 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by approximately 3.8 per cent or NOK 868 million.

Vacancy and credit evaluation

At year-end 2013, economic vacancy in the portfolio was 3.0 per cent, compared with 2.8 per cent a year earlier.

Tenants in DNB Livsforsikring's properties are subject to a semi-annual credit evaluation. In the fourth quarter of 2013, 90.1 per cent of the tenants were classified as good payers, up from 88.6 per cent in the fourth quarter of 2012.

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

Type of building	Location	Fair value NOK million	DNB Livsforsikring Gross rental area m^2	Average rental period No. of years
Office buildings	Eastern Norway	11 411	387 867	7.1
Office buildings	Rest of Norway	3 964	204 512	5.9
Shopping centres	Norwegian cities	8 344	266 708	4.8
Hotels	Norwegian cities	4 072	148 343	12.6
Office buildings/shopping centres/hotels	London/Stockholm/Gothenburg/Malmø	5 495	137 349	9.0
Other	Eastern and Western Norway	105	1 736	1.0
Total investment properties as at 31 December 2013		33 391	1 146 515	7.2

Total investment properties as at 31 December 2012	37 968	1 351 983	6.7
Change in 2013	(4 577)	(205 468)	0.5
Total investment properties as at 31 December 2013	33 391	1 146 515	7.2

Projects, expected completion

Amounts in NOK million	2014	DNB Livsforsikring 2015	2016
Contractual obligations for property purchases and development	284	0	0

Amounts included in the income statement

Amounts in NOK million	DNB Group 2013	2012
Rental income from investment properties	2 079	2 592
Direct expenses (including repairs and maintenance) related to investment properties generating rental income	421	538
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income	32	32
Total	1 626	2 022

Changes in the value of investment properties

Amounts in NOK million	DNB Group Investment properties
Carrying amount as at 31 December 2011	**42 796**
Additions, purchases of new properties	1 391
Additions, capitalised investments	1 238
Additions, acquired companies	285
Net gains resulting from adjustment to fair value	(230)
Net gains resulting from adjustment to fair value of projects	0
Disposals	5 511
Exchange rate movements	(337)
Other	(136)
Carrying amount as at 31 December 2012	**39 496**
Additions, purchases of new properties	778
Additions, capitalised investments	400
Additions, acquired companies	0
Net gains resulting from adjustment to fair value [1]	(343)
Net gains resulting from adjustment to fair value of projects	(1)
Disposals	8 366
Exchange rate movements	1 385
Other	(17)
Carrying amount as at 31 December 2013 [2]	**33 331**

1) *Of which NOK 286 million represented a negative value adjustment of investment properties which are not owned by DNB Livsforsikring.*

2) *The carrying amount of projects was NOK 331 million as at 31 December 2013.*

Note 40 Investments in associated companies

	DNB Group	
Amounts in NOK million	2013	2012
Carrying amount as at 1 January	2 882	2 189
Share of profits after tax	(1 870)	(6 704)
Impairment of the ownership interest in Eksportfinans AS [1)]	2 234	7 492
Additions/disposals	(93)	(64)
Dividends	(41)	(32)
Carrying amount as at 31 December [2)]	**3 113**	**2 882**

						DNB Group	
Amounts in NOK million	Assets 31 Dec. 2013 [3)]	Liabilities 31 Dec. 2013 [3)]	Income 2013 [3)]	Profit 2013 [3)]	Ownership share (%) 31 Dec. 2013	Carrying amount 31 Dec. 2013	Carrying amount 31 Dec. 2012
Eksportfinans AS [1)]	100 793	88 718	(6 679)	(4 850)	40	2 952	2 631
Amports Inc.	851	248	544	77	29	125	115
Nordito Property AS	42	1	0	2	40	16	106
Other associated companies						20	31
Total						**3 113**	**2 882**

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 such unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion in the fourth quarter of 2011. 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 and 2013, 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 2.2 billion were made in 2013. The remaining impairment loss was NOK 2.1 billion at year-end 2013. 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

Eksportfinans' fourth quarter 2013 accounts (unaudited) include the following information about legal disputes:

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

Note 41 Intangible assets

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Goodwill [1]	4 870	4 717
Capitalised systems development	1 382	1 737
Sundry intangible assets	259	264
Total intangible assets	**6 511**	**6 718**

				DNB Group
Amounts in NOK million	Goodwill [1]	Capitalised systems development [2]	Sundry intangible assets [3]	Total
Cost as at 1 January 2012	9 596	3 907	1 030	14 533
Additions	50	935	141	1 127
Additions from the acquisition/establishment of other companies		4	39	43
Increase/reduction in cost price				0
Disposals [4]	333	273	145	751
Exchange rate movements	(76)	(30)	(5)	(112)
Cost as at 31 December 2012	9 237	4 542	1 061	14 840
Total depreciation and impairment as at 1 January 2012	4 422	2 396	712	7 530
Depreciation		384	85	469
Impairment	287	25		312
Disposals	153			153
Exchange rate movements	(36)			(36)
Total depreciation and impairment as at 31 December 2012	4 520	2 806	797	8 123
Carrying amount as at 31 December 2012	**4 717**	**1 737**	**264**	**6 718**
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 [4]	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 [5) 6]	57	501		559
Disposals [4]	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**

1) *See note 42 Goodwill.*
2) *IT-systems recorded in the balance sheet are depreciated according to the straight line principle over their expected useful life, usually five years.*
3) *Sundry intangible assets mainly comprise IT software and excess values relating to customer contracts and distributor networks. Sundry intangible assets are depreciated according to the straight line principle over the assets' expected useful lives, which range from three to ten years.*
4) *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 2014.*
5) *Assessments of goodwill were made in the fourth quarter of 2013 based on new, approved financial plans and an assessment of the results achieved compared with previous plans. Due to reduced growth prospects for JSC DNB Bank, a need to record impairment losses on the remaining goodwill of the equivalent of NOK 57 million was identified. No impairment of other goodwill was identified.*
6) *The process of developing new IT solutions in the Baltics was completed in 2013. Due to reduced growth prospects and stricter capital requirements for the cash flow-generating unit, it was decided to record impairment losses of NOK 500 million relating to the IT solutions. No need for impairment of other intangible assets was identified.*

Note 42 Goodwill

The DNB Group continually reviews whether the value of recorded goodwill and other intangible assets with an indefinite useful life is intact, and a complete impairment test of all cash-generating units is performed at least once a year. 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 2013 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 2013 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. 2013	Recorded 31 Dec. 2012
DNB Asset Management	1 800	1 651
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	398	361
Other	340	372
Total goodwill	4 870	4 717

New reporting structure and allocation of goodwill

In consequence of the reorganisation of the Group and the introduction of a new governance model in 2013, changes were made in the reporting segments. Goodwill totalling NOK 1.5 billion that was previously allocated to the cash-generating unit Retail Banking was thus distributed between the segments Personal customers and Small and medium-sized enterprises in Norway based on the relative fair value of the two segments. The changes in reporting segments have had no consequences for the other cash-generating units. In the table above, figures for 2012 have been restated in accordance with the new allocation.

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 13.6 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 12.5 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 12.5 per cent before tax has been used.

Note 42 Goodwill (continued)

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 12.5 per cent before tax has been used.

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 12.5 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 12.5 per cent before tax has been used.

Recorded impairment losses

Impairment losses per unit		**DNB Group**
Amounts in NOK million	2013	2012
JSC DNB Bank (Russia)	57	
DNB Livsforsikring		202
SalusAnsvar AB		47
Pres-Vac Engineering Aps		38
Total impairment losses on intangible assets with indefinite useful life	57	287

JSC DNB Bank (Russia)
Due to reduced growth prospects for JSC DNB Bank, a need to record impairment losses on the remaining goodwill of NOK 57 million was identified in the fourth quarter of 2013.

DNB Livsforsikring
In the fourth quarter of 2012, impairment losses for goodwill related to DNB Livsforsikring of NOK 202 million were recorded after assessing the effects of regulatory changes, among other things concerning taxes.

SalusAnsvar AB
Impairment losses for goodwill related to SalusAnsvar AB of SEK 55 million were recorded in the third quarter of 2012 after an agreement on the sale of the company had been concluded.

Pres-Vac Engineering Aps
Impairment losses for goodwill related to Pres-Vac Engineering Aps of DKK 38 million were recorded in the third quarter of 2012 due to market developments for the company, which, among other things, produces tank valves for ships which transport liquid cargo.

Note 43 Fixed assets

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Bank buildings and other properties	2 002	1 161
Real property at fair value	3 660	3 506
Machinery, equipment and vehicles	1 410	931
Fixed assets, operational leases	5 314	5 081
Other fixed assets	110	146
Total fixed assets	**12 498**	**10 825**

					DNB Group
Amounts in NOK million	Real property at historic cost	Real property at fair value 1)	Machinery, equipment and vehicles 2)	Fixed assets operational leases 2) 3)	Total 4)
Accumulated cost as at 31 December 2012	1 418	3 541	4 825	6 744	16 527
Reclassified fixed assets	(408)	0	401	0	(7)
Additions	1 396	69	419	2 175	4 059
Additions from merger/aquisition/establishment of other companies	0	0	2	0	2
Revaluation	0	124	0	0	124
Fixed assets, reclassified as held for sale	49	0	0	0	49
Disposals	135	0	89	1 543	1 767
Exchange rate movements	64	0	21	221	306
Cost as at 31 December 2013	2 286	3 733	5 579	7 597	19 195
Total depreciation and impairment as at 31 December 2012	257	35	3 894	1 663	5 848
Additions from merger/aquisition/establishment of other companies	(4)	0	1	0	(3)
Disposals	0	0	52	468	520
Depreciation 5)	26	38	319	1 057	1 441
Impairment	4	0	1	0	5
Reversal of previous impairment losses	0	0	0	0	0
Exchange rate movements	2	0	4	30	35
Total depreciation and impairment as at 31 December 2013	284	73	4 167	2 283	6 807
Carrying amount as at 31 December 2013 *)	2 002	3 660	1 410	5 314	12 387

**) Value of property classified at fair value according to the historic cost principle 3 491*

1) Buildings which are owned by DNB Livsforsikring as part of the company's common portfolio and used by the Group itself, are recognised according to the revaluation model. 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, see note 39 Investment properties.

2) Including computer equipment and related software.

3) With effect from 2012, assets which were previously classified under machinery, equipment and vehicles are classified under operational leasing.

4) The total does not include "Other fixed assets".

5) 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. 2013	31 Dec. 2012
Gross investment in the lease		
Due within 1 year	10 293	9 613
Due in 1-5 years	26 007	24 615
Due in more than 5 years	2 459	2 354
Total gross investment in the lease	38 759	36 583
Present value of minimum lease payments		
Due within 1 year	9 815	9 420
Due in 1-5 years	21 318	19 809
Due in more than 5 years	1 640	1 563
Total present value of lease payments	32 774	30 792
Unearned financial income	5 985	5 791
Unguaranteed residual values accruing to the lessor	48	46
Accumulated loan-loss provisions	1 525	1 492
Variable lease payments recognised as income during the period	94	92

Operational leases (as lessor)

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Future minimum lease payments under non-cancellable leases		
Due within 1 year	1 761	1 681
Due in 1-5 years	5 592	4 991
Due in more than 5 years	2 954	1 936
Total future minimum lease payments under non-cancellable leases	10 308	8 607

Operational leases (as lessee)

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Minimum future lease payments under non-cancellable leases		
Due within 1 year	108	105
Due in 1-5 years	796	1 382
Due in more than 5 years	2 529	2 942
Total minimum future lease payments under non-cancellable leases	3 433	4 429
Total minimum future sublease payments expected to be received under non-cancellable subleases	352	382

	DNB Group	
Amounts in NOK million	2013	2012
Leases recognised as an expense during the period		
Minimum lease payments	1 016	975
Variable lease payments	0	0
Total leases recognised as an expense during the period	1 016	975
Impairment of leases	54	140

Financial leases (as lessor)
The DNB Group's financial leasing operations apply to DNB Bank ASA and DNB Baltics and Poland.

Operational leases (as lessor)
Comprises operational leasing operations in DNB Bank ASA and DNB 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. The DNB Group’s contractual minimum lease payments which are due in more than five years include the contract to lease new central offices in Bergen, taken into use in 2014.

Note 45 Other assets

Amounts in NOK million	DNB Group 31 Dec. 2013	 31 Dec. 2012
Accrued expenses and prepaid revenues	793	833
Amounts outstanding on documentary credits and other payment services	2 492	954
Unsettled contract notes	3 412	6 528
Past due, unpaid insurance premiums	507	841
Other amounts outstanding	9 644	5 044
Total other assets [1)]	**16 847**	**14 200**

1) Other assets are generally of a short-term nature.

Note 46 Deposits from customers for principal customer groups [1)]

Amounts in NOK million	DNB Group 31 Dec. 2013	 31 Dec. 2012
Private individuals	323 102	299 274
Transportation by sea and pipelines and vessel construction	66 090	55 121
Real estate	36 213	41 128
Manufacturing	33 535	27 023
Services	137 780	132 513
Trade	40 573	37 852
Oil and gas	40 928	36 681
Transportation and communication	37 395	36 427
Building and construction	18 713	16 814
Power and water supply	27 576	24 211
Seafood	5 863	4 218
Hotels and restaurants	2 636	2 638
Agriculture and forestry	3 546	4 188
Central and local government	40 786	38 657
Finance	52 527	53 322
Total deposits from customers, nominal amount	867 262	810 069
Adjustments	642	890
Deposits from customers	**867 904**	**810 959**

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. 2013	31 Dec. 2012
Commercial paper issued, nominal amount	183 619	244 092
Bond debt, nominal amount [1)]	504 159	433 090
Adjustments	23 777	30 865
Total debt securities issued	**711 555**	**708 047**

Changes in debt securities issued — **DNB Group**

Amounts in NOK million	Balance sheet 31 Dec. 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Other adjustments 2013	Balance sheet 31 Dec. 2012
Commercial paper issued, nominal amount	183 619	903 121	963 716	123		244 092
Bond debt, nominal amount [1)]	504 159	93 265	67 377	45 181		433 090
Adjustments	23 777				(7 088)	30 865
Total debt securities issued	**711 555**	**996 386**	**1 031 093**	**45 304**	**(7 088)**	**708 047**

Maturity of debt securities issued recorded at amortised cost as at 31 December 2013 [1) 2)] — **DNB Group**

Amounts in NOK million	NOK	Foreign currency	Total
2014	0	18	18
Total commercial paper issued, nominal amount	0	18	18
2014	0	36 356	36 356
2015	0	47 903	47 903
2016	0	68 565	68 565
2017	0	70 387	70 387
2018	0	59 441	59 441
2019	0	17 753	17 753
2020 and later	0	139 548	139 548
Total bond debt, recorded at amortised cost, nominal amount	0	439 953	439 953
Total debt securities issued recorded at amortised cost, nominal amount	0	439 971	439 971

Maturity of debt securities issued recorded at fair value as at 31 December 2013 [1)] — **DNB Group**

Amounts in NOK million	NOK	Foreign currency	Total
2014	0	183 524	183 524
2020 and later	76	0	76
Total commercial paper issued, nominal amount	76	183 524	183 601
2014	8 210	3	8 213
2015	5 431	0	5 431
2016	10 108	0	10 108
2017	12 361	0	12 361
2018	12 756	0	12 756
2019	5 048	0	5 048
2020 and later	10 289	0	10 289
Total bond debt, nominal amount	64 203	3	64 206
Total debt securities issued recorded at fair value, nominal amount	64 279	183 528	247 807
Adjustments	2 918	20 859	23 777
Debt securities issued	67 197	644 358	711 555

1) *Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 404.3 billion as at 31 December 2013. The cover pool market value represented NOK 527.6 billion.*

2) *Includes hedged items.*

Note 48 Subordinated loan capital and perpetual subordinated loan capital securities

	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Term subordinated loan capital, nominal amount	17 822	12 848
Perpetual subordinated loan capital, nominal amount	4 011	3 804
Perpetual subordinated loan capital securities, nominal amount [1)]	3 515	3 162
Adjustments	929	1 275
Total subordinated loan capital and perpetual subordinated loan capital securities	**26 276**	**21 090**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

						DNB Group
Amounts in NOK million	Balance sheet 31 Dec. 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Other adjustments 2013	Balance sheet 31 Dec. 2012
Term subordinated loan capital, nominal amount	17 822	7 528	3 709	1 155		12 848
Perpetual subordinated loan capital, nominal amount	4 011			206		3 804
Perpetual subordinated loan capital securities, nominal amount [1)]	3 515			353		3 162
Adjustments	929				(346)	1 275
Total subordinated loan capital and perpetual subordinated loan capital securities	**26 276**	**7 528**	**3 709**	**1 714**	**(346)**	**21 090**

						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	4 017
2012	EUR	750	4.75% p.a.	2022	2017	6 278
2013	NOK	1 250	3-month NIBOR + 1.70%	2023	2018	1 250
2013	EUR	750	3.00 % p.a.	2023	2018	6 278
Total, nominal amount						17 822
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 306
1986	USD	200	6-month LIBOR + 0.13%			1 215
1986	USD	150	6-month LIBOR + 0.15%			911
1999	JPY	10 000	4.51% p.a.		2029	579
Total, nominal amount						4 011
Perpetual subordinated loan capital securities [1)]						
2007	GBP	350	6.01% p.a.		2017	3 515
Total, nominal amount						3 515

1) *Perpetual subordinated loan capital securities are eligible for inclusion in Tier 1 capital by an amount not exceeding 15 per cent of total Tier 1 capital.*

Note 49 Provisions

			DNB Group
Amounts in NOK million	Issued financial guarantees	Other provisions	Total provisions 1) 2)
Carrying amount as at 31 December 2012	**384**	**386**	**770**
New provisions, recorded in the accounts	210	866	1 076
Amounts used	1	326	327
Reversals of unutilised provisions	64	6	70
Other changes	0	5	6
Carrying amount as at 31 December 2013	**529**	**925**	**1 454**

1) *Provisions which are assumed to be settled after 12 months totalled NOK 873 million as at 31 December 2013.*

2) *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.*

Note 50 Other liabilities

		DNB Group
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Short-term funding	581	1 438
Accrued expenses and prepaid revenues	4 602	4 256
Liabilities related to factoring	65	129
Documentary credits, cheques and other payment services	2 340	1 321
Unsettled contract notes	3 830	6 634
Accounts payable	705	635
General employee bonus	218	217
Other liabilities	3 791	3 822
Total other liabilities 1)	**16 132**	**18 451**

1) *Other liabilities are generally of a short-term nature.*

Note 51 Remunerations etc.

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, 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, employees with responsibilities which are of great importance to the company's risk exposure, employees who are responsible for control functions and elected officers who receive corresponding remunerations. 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.

To ensure compliance with the remuneration regulations, 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. These guidelines aim to reduce excessive risk taking and promote sound and effective risk management.

Variable remuneration in DNB should promote a long-term profitability and is determined based on financial and non-financial target figures. In addition, an overall assessment should be made based on compliance with the Group's values and leadership principles. The variable remuneration schemes must be documented in a process which establishes, follows up and evaluates targets and target attainment, as well as a process for awarding and paying out variable remuneration.

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors will present the following remuneration guidelines to the Annual General Meeting:

"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

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 and in the financial industry.

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.

Note 51 Remunerations etc. (continued)

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, the pension will be paid 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 and in the financial industry.

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.

Group guidelines for variable remuneration
DNB has had separate group guidelines for variable remuneration since 2011 to ensure compliance with the remuneration regulations and Circular no. 11/2011, dated 21 February 2011, from Finanstilsynet on remuneration schemes in financial institutions, investment firms and management companies for mutual funds.

The intention of DNB’s variable remuneration scheme is to reward conduct and develop a corporate culture which ensures long-term value generation. The scheme is in line with the Group’s general guidelines for variable remuneration approved by the Board of Directors’ Compensation Committee. In line with prevailing guidelines, the group chief executive has overall operational responsibility for the group scheme.

With respect to the Group's international branches and subsidiaries, the respective national authorities have laid down local laws, 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.

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 scheme 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.

The group guidelines for variable remuneration should ensure that the Group’s schemes counteract excessive risk taking and help the Group achieve and retain a robust capital adequacy ratio and long-term profitability. The scheme should promote sound and effective risk management in DNB and ensure that total remunerations promote the Group’s strategy and interests.

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.

Target structure 2014
The Compensation Committee approves principal criteria, principles and limits for variable remuneration. The Compensation Committee has decided that return on equity and the Tier 1 capital ratio should constitute the Group’s key figures for 2014. 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 2014. 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 2014.

Note 51 Remunerations etc. (continued)

Determination of variable remuneration for 2014
The variable remuneration for 2014 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 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.

Special rules for senior executives, identified risk takers and employees responsible for independent control functions
DNB has prepared and implemented special guidelines for identified risk takers, employees responsible for independent control functions and senior executives, hereinafter called risk takers. The special guidelines supplement the general group guidelines for variable remuneration and have been formulated in compliance with the remuneration regulations.

For risk takers, the following main principles apply to variable remuneration:

- A two-year service period.
- 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 salary of the group chief executive and senior executives 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 2013 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 485 000 in 2013 as a chairman of the Board of Directors of DNB ASA, compared with NOK 467 000 in 2012. In addition, she received NOK 397 000 as chairman of the Board of Directors of DNB Bank ASA, compared with NOK 382 000 in 2012.

Terms for the group chief executive

Rune Bjerke received an ordinary salary of NOK 5 257 000 in 2013, compared with NOK 5 213 000 in 2012. The Board of Directors of DNB ASA stipulated the group chief executive's bonus payment for 2013 at NOK 2 170 000, compared with NOK 1 713 000 for 2012. The bonus for 2013 will be paid in 2014. Benefits in kind were estimated at NOK 256 000, compared with NOK 272 000 in 2012. Costs in connection with the group chief executive's pension scheme of NOK 4 206 000 were recorded for the 2013 accounting year, compared with NOK 4 987 000 in 2012. 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 2013 **DNB Group**

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2013 [1]	Paid remuneration in 2013 [2]	Paid salaries in 2013 [3]	Bonus earned in 2013	Benefits in kind and other benefits in 2013	Total remuneration earned in 2013	Bonus earned in 2012	Loans as at 31 Dec. 2013 [4]	Accrued pension expenses	Current value of pension agreement [5]
Board of Directors of DNB ASA										
Anne Carine Tanum (chairman) [6]	-	882	-	-	1	882	-	0	-	-
Tore Olaf Rimmereid (vice-chairman) [6] [7]	-	573	-	-	1	573	-	15	-	-
Jarle Bergo [7]	-	581	-	-	6	587	-	0	-	-
Bente Brevik [7]	-	391	-	-	3	395	-	0	-	-
Sverre Finstad	624	580	644	20	55	1 299	31	1 256	56	1 705
Carl A. Løvvik	669	290	699	20	17	1 026	42	148	70	1 953
Vigdis Mathisen	635	582	681	20	20	1 303	36	3 986	62	1 750
Berit Svendsen [6]	-	318	-	-	1	319	-	15 867	-	-
Group management										
Rune Bjerke, CEO	5 087	-	5 257	2 170	256	7 683	1 713	168	4 206	25 269
Bjørn Erik Næss, CFO	3 630	-	3 704	1 514	198	5 416	1 217	1 764	4 578	23 678
Trond Bentestuen, group EVP	2 650	-	2 680	1 094	209	3 984	799	6 174	537	3 012
Kjerstin Braathen, group EVP (from 14 Jan. 2013)	2 600	2 562	1 213	1 213	203	3 977	1 498	2 252	563	6 111
Ottar Ertzeid, group EVP	8 250	-	8 433	3 828	203	12 465	3 221	3	643	9 614
Liv Fiksdahl, group EVP	2 650	-	2 657	1 210	198	4 065	833	1 996	1 023	11 018
Solveig Hellebust, group EVP	2 250	-	2 318	930	196	3 444	787	6	217	1 025
Cathrine Klouman, group EVP (until 14 Jan. 2013)	-	-	2 409	-	173	2 582	730	3 040	1 201	5 567
Kari Olrud Moen, group EVP	2 600	-	2 570	1 136	194	3 901	732	11	595	4 113
Karin Bing Orgland, group EVP (until 14 Jan. 2013)	-	-	3 169	-	102	3 271	912	3 654	957	10 904
Tom Rathke, group EVP	3 185	-	3 407	1 376	192	4 976	1 043	4 432	2 268	19 866
Harald Serck-Hanssen, group EVP (from 14 Jan. 2013)	3 800	-	3 773	1 635	207	5 616	2 128	5 691	1 053	11 611
Leif Teksum, group EVP	3 630	-	3 721	1 552	209	5 482	1 290	1 457	2 178	36 312
Trygve Young, group EVP (from 14 Jan. 2013)	3 000	-	3 022	500	209	3 731	18	15	556	17 923
Control Committee										
Frode Hassel (chairman)	-	401	-	-	-	401	-	0	-	-
Thorstein Øverland (vice-chairman)	-	283	-	-	21	304	-	0	-	-
Vigdis Merete Almestad	-	268	-	-	-	268	-	0	-	-
Karl Olav Hovden [8]	-	267	-	-	280	547	-	0	124	3 429
Ida Espolin Johnson	-	268	-	-	-	268	-	121	-	-
Merete Smith (until 30 April 2013)	-	294	-	-	-	294	-	0	-	-
Supervisory Board	8 224	1 680	8 608	300	369	10 957	478	60 850	679	11 717
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) *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.*

5) *The net present value of pension agreements represents accrued pension commitments excluding payments into funded pension schemes. Assumptions used in actuarial calculations of accrued pension expenses and the present value of pension agreements are shown in note 27 Pensions. The change in the net present value of pension agreements was mainly due to changes in the discount rate.*

6) *Also a member of the Compensation Committee.*

7) *Also a member of the Audit and Risk Management Committee.*

8) *Benefits in kind and other benefits Includes pension payments.*

Note 51 Remunerations etc. (continued)

The table has been constructed to show rights earned during the period.

Remunerations etc. in 2012 **DNB Group**

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2012 [1]	Paid remunera-tion in 2012 [2]	Paid salaries in 2012 [3]	Bonus earned in 2012	Benefits in kind and other benefits in 2012	Total remunera-tion earned in 2012	Bonus earned in 2011	Loans as at 31 Dec. 2012 [4]	Accrued pension expenses	Current value of pension agree-ment [5]
Board of Directors of DNB ASA										
Anne Carine Tanum (chairman) [6]	-	848	-	-	-	848	-	0	-	-
Tore Olaf Rimmereid (vice-chairman) [6) 7)]	-	510	-	-	-	510	-	8	-	-
Jarle Bergo [7]	-	565	-	-	4	569	-	0	-	-
Bente Brevik [7]	-	363	-	-	-	363	-	0	-	-
Sverre Finstad	587	559	598	18	52	1 228	18	711	57	1 438
Carl A. Løvvik	577	280	638	18	15	950	32	54	71	1 364
Vigdis Mathisen (from 12 June 2012)	556	313	563	18	18	912	36	2 632	71	1 259
Ingjerd Skjeldrum (until 12 June 2012)	665	273	702	18	22	1 015	18	371	91	2 028
Bjørn Sund (until 12 June 2012) [6]	-	191	7	-	8	206	-	0	-	-
Berit Svendsen (from 12 June 2012) [6]	-	304	-	-	-	304	-	13 627	-	-
Group management										
Rune Bjerke, CEO	4 920	-	5 213	1 713	272	7 198	1 655	262	4 987	20 202
Bjørn Erik Næss, CFO	3 511	-	3 684	1 217	177	5 079	1 233	2 027	5 301	18 394
Trond Bentestuen, group EVP	2 177	-	2 265	799	191	3 254	866	6 246	665	2 264
Ottar Ertzeid, group EVP	7 982	-	9 036	3 221	183	12 440	3 137	32	712	8 517
Liv Fiksdahl, group EVP	2 032	-	2 132	833	172	3 137	812	2 255	1 088	8 889
Solveig Hellebust, group EVP	2 145	-	2 224	787	175	3 186	776	116	296	741
Cathrine Klouman, group EVP	2 314	-	2 434	730	178	3 341	803	3 203	1 472	9 063
Kari Olrud Moen, group EVP	1 775	-	1 843	732	174	2 749	707	12	750	3 280
Karin Bing Orgland, group EVP	2 960	-	3 077	912	178	4 168	879	3 794	1 510	18 659
Tom Rathke, group EVP	3 086	-	3 396	1 042	181	4 619	991	4 413	2 570	16 909
Leif Teksum, group EVP	3 520	-	3 738	1 290	213	5 240	1 230	1 584	2 170	33 389
Control Committee										
Frode Hassel (chairman)	-	395	-	-	-	395	-	0	-	-
Thorstein Øverland (vice-chairman)	-	283	-	-	21	304	-	0	-	246
Vigdis Merete Almestad (from 25 April 2012)	-	181	-	-	-	181	-	0	-	-
Svein Brustad (until 25 April 2012)	-	82	-	-	-	82	-	0	-	-
Svein Norvald Eriksen (until 25 April 2012)	-	82	-	-	-	82	-	1 733	-	-
Karl Olav Hovden [8]	-	263	-	-	270	533	-	0	87	3 254
Ida Espolin Johnson (from 25 April 2012)	-	181	-	-	-	181	-	61	-	-
Merete Smith	-	289	-	-	-	289	-	0	-	-
Supervisory Board	5 244	2 219	5 697	180	274	8 369	220	40 578	487	9 429
Loans to other employees								15 910 289		

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 2 898 000 in 2012. 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) 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.

5) The net present value of pension agreements represents accrued pension commitments excluding payments into funded pension schemes. Assumptions used in actuarial calculations of accrued pension expenses and the present value of pension agreements are shown in note 27 Pensions. The change in the net present value of pension agreements was mainly due to changes in the discount rate.

6) Also a member of the Compensation Committee.

7) Also a member of the Audit and Risk Management Committee.

8) Benefits in kind and other benefits Includes pension payments.

Note 51 Remunerations etc. (continued)

Changes in the group management team

The new group structure introduced as of 14 January 2013 resulted in changes in the composition of the group management team. New members were Kjerstin Braathen, Harald Serck-Hanssen and Trygve Young. Group executive vice president Leif Teksum assumed a new position, but retained his entitlement to attend group management meetings. In connection with the changes, Cathrine Klouman and Karin Bing Orgland left the group management team. Both of them resigned from DNB in 2013 and were granted 12-month severance packages. The other group executive vice presidents remained members of the group management team, some of whom assumed new responsibilities.

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, Tom Rathke and Leif Teksum are entitled to a pension representing 70 per cent of pensionable income from the age of 62. Trygve Young is 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. He has thus far chosen not to sign the agreement. 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 2013.

Remuneration to the statutory auditor	**DNB ASA**		**DNB Group**	
Amounts in NOK 1 000, excluding VAT	2013	2012	2013	2012
Statutory audit [1)]	599	632	24 342	25 872
Other certification services	0	0	5 115	3 343
Tax-related advice [2)]	0	0	3 534	6 449
Other services	0	0	3 105	3 938
Total remuneration to the statutory auditor	599	632	36 096	39 603

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	2013	2012	2013	2012
Loans as at 1 January	57	27	1 682	1 475
New loans/repayments during the year	6	6	374	74
Changes in related parties	1	24	6	133
Loans as at 31 December	**64**	**57**	**2 062**	**1 682**
Interest income	**3**	**2**	**39**	**53**
Deposits as at 1 January [1)]	22	20	6 601	14 230
Deposits/withdrawals during the year	3	3	(1 744)	(7 519)
Changes in related parties	(1)	(1)	(1)	(109)
Deposits as at 31 December	**24**	**22**	**4 857**	**6 601**
Interest expenses	**1**	**1**	**108**	**113**
Guarantees [1)]	**-**	**-**	**16 672**	**20 255**

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 3 111 million and NOK 4 089 million respectively at year-end 2013 and 2012. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.*

No impairments were made on loans to related parties in 2012 and 2013. 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 3.1 billion at end-December 2013. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.

The framework agreement between DNB Bank ASA and Eksportfinans for the sale and repurchase of securities was terminated on 11 September 2013. At end-June 2013, Eksportfinans had drawn EUR 600 million under the agreement.

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

Note 52 Information on related parties (continued)

Stimulus packages

On 24 October 2008, the Norwegian parliament authorised the Ministry of Finance to launch a scheme whereby the government and the banks exchange Treasury bills for covered bonds for an agreed period. Norges Bank administers the scheme on commission from the Ministry of Finance.

Under the swap scheme, the government sells Treasury bills to the banks in a time-limited swap for covered bonds. The banks have free disposal over the Treasury bills they acquire and may sell them in the market if they so wish. Treasury bill maturities are between three and six months. The swap agreements last for periods of up to five years, and the banks undertake to purchase new Treasury bills as and when the Treasury bills reach maturity during the agreement period. The Treasury bills are priced at NIBOR plus a premium corresponding to the margin at the time the agreement was concluded. As an additional requirement, there must be a spread of minimum 40 basis points between the agreed interest rate and the Treasury bill yield. Upon expiry of the agreements, the banks are under an obligation to repurchase the covered bonds from the government at the original selling price.

DNB Bank ASA has purchased bonds from DNB Boligkreditt, which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39.20 Financial Instruments – Recognition and Measurement. The bank is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds are treated as own bonds and netted against issued bonds in DNB Boligkreditt.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-December 2013, this funding represented NOK 35.8 billion. At end-December 2013, the bank's investments in Treasury bills used in the swap agreements represented NOK 33.7 billion.

Note 53 Earnings per share

	DNB Group	
	2013	2012 [1]
Profit for the year (NOK million)	17 526	13 792
Profit attributable to shareholders (NOK million)	17 526	13 792
Profit attributable to shareholders excluding operations held for sale (NOK million)	17 522	13 695
Profit from operations and non-current assets held for sale, after taxes	4	96
Average number of shares (in 1 000) [2]	1 628 323	1 627 338
Average number of shares, fully diluted (in 1 000) [2]	1 628 323	1 627 338
Earnings/diluted earnings per share (NOK)	10.76	8.48
Earnings/dilutet earnings per share excluding operations held for sale (NOK)	10.76	8.42
Earnings/diluted earnings per share, operations held for sale (NOK)	0.00	0.06

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

2) 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 2013 [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)	160 900	9.88
Folketrygdfondet	96 874	5.95
Blackrock Investments	31 500	1.93
SAFE Investment Company	26 953	1.65
Fidelity (FMR and FIL)	26 650	1.64
Vanguard Group	24 793	1.52
Schroder Investment Management	21 912	1.35
MFS Investment Management	20 695	1.27
DNB Asset Management	18 589	1.14
Jupiter Asset Management	18 117	1.11
Capital Research and Management	16 512	1.01
Saudi Arabian Monetary Agency	16 143	0.99
KLP Asset Management	14 781	0.91
T Rowe Price Global Investments	14 208	0.87
BNP Paribas Investments Partners	12 862	0.79
Marathon Asset Management	12 366	0.76
Storebrand Asset Management	11 824	0.73
Bank of New York Stock lending account	11 610	0.71
Newton Investment Managers	11 495	0.71
Total largest shareholders	1 122 578	68.92
Other shareholders	506 221	31.08
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	DNB Group	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Performance guarantees	45 721	42 729
Payment guarantees	23 811	22 716
Loan guarantees [1)]	19 054	19 236
Guarantees for taxes etc.	6 596	6 658
Other guarantee commitments	4 291	2 405
Total guarantee commitments	99 472	93 743
Support agreements	10 200	10 863
Total guarantee commitments etc. [*)]	109 672	104 606
Unutilised credit lines and loan offers	580 460	492 947
Documentary credit commitments	3 860	2 219
Other commitments	671	2 030
Total commitments	584 990	497 195
Total guarantee and off-balance commitments	694 662	601 801
Pledged securities	77 202	94 871
*) *Of which counter-guaranteed by financial institutions*	*148*	*1 139*

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 3.1 billion were recorded in the balance sheet as at 31 December 2013. 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 (currently 75 of the world's largest banks), 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 2013, DNB had not recorded any obligations in relation to CLS.

DNB Boligkreditt AS (Boligkreditt)

At end-December 2013, Boligkreditt had issued covered bonds with a total balance sheet value of NOK 404.2 billion. In the event of bankruptcy, the bondholders have preferential rights to the company's cover pool. At year-end 2013, DNB Bank ASA had invested NOK 57.8 billion in covered bonds issued by Boligkreditt, used in the exchange scheme with the Norwegian government. In addition, DNB Livsforsikring had invested NOK 4.6 billion in such bonds.

Covered bonds	DNB Boligkreditt	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Total listed covered bonds	355 746	324 787
Total private placements under the bond programme	48 461	36 988
Adjustment		
Accrued interest	4 222	4 082
Unrealised gains/losses	12 022	16 674
Total debt securities issued	420 451	382 531

Cover pool	DNB Boligkreditt	
Amounts in NOK million	31 Dec. 2013	31 Dec. 2012
Pool of eligible loans	527 558	514 748
Market value of derivatives	33 799	5 409
Supplementary assets	0	0
Total collateralised assets	561 357	520 157
Over-collateralisation (per cent)	133.6	136.0

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.

On 22 March 2013, the Norwegian Supreme Court ruled against DNB in the civil action brought against the bank by Ivar Petter Røeggen, claiming that two debt-financed investments in structured products be declared null and void. In accordance with the reasoning for the judgment, DNB made provisions of NOK 450 million in the first quarter of 2013 to cover possible compensation payments to customers who have made debt-financed investments in certain structured products.

The DNB Group is also involved in other legal disputes relating to structured 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 2013 and up till the Board of Directors' final consideration of the accounts on 12 March 2014.

INCOME STATEMENT

		DNB ASA	
Amounts in NOK million	Note	2013	2012
Total interest income		131	138
Total interest expenses		335	410
Net interest income		**(204)**	**(272)**
Commissions and fees payable etc.		6	5
Other income	1	9 550	8 493
Net other operating income		**9 544**	**8 488**
Total income		**9 340**	**8 216**
Salaries and other personnel expenses		5	6
Other expenses		434	422
Total operating expenses		**439**	**427**
Pre-tax operating profit		**8 901**	**7 789**
Taxes	3	1 771	2 181
Profit/comprehensive income for the year		**7 130**	**5 608**
Earnings/diluted earnings per share (NOK)		4.38	3.44
Earnings per share excluding operations held for sale (NOK)		4.38	3.44

BALANCE SHEET

		DNB ASA	
Amounts in NOK million	Note	31 Dec. 2013	31 Dec. 2012
Assets			
Due from DNB Bank ASA	5	5 826	3 980
Loans to other group companies	5	1 349	225
Investments in group companies	4	66 464	62 216
Receivables due from group companies	5	9 579	8 493
Total assets		**83 218**	**74 914**
Liabilities and equity			
Short-term amounts due to DNB Bank ASA	5	51	817
Due to other group companies	5	5 014	0
Other libilities and provisions		5 413	5 602
Long-term amounts due to DNB Bank ASA	5	11 581	10 067
Total liabilities		**22 058**	**16 487**
Share capital		16 288	16 288
Share premium		22 556	22 556
Other equity		22 315	19 583
Total equity		**61 159**	**58 427**
Total liabilities and equity		**83 218**	**74 914**

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 2011	**16 288**	**22 556**	**17 395**	**56 240**
Profit for the period			5 608	5 608
Dividends for 2012 (NOK 2.10 per share)			(3 420)	(3 420)
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[1])			(4 398)	(4 398)
Balance sheet as at 31 December 2013	**16 288**	**22 556**	**22 315**	**61 159**

1) *Proposed dividend.*

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

Amounts in NOK million	DNB ASA 2013	2012
Operating activities		
Net interest payment to subsidiaries	(319)	(281)
Payments to operations	(16)	(15)
Taxes paid	(2 180)	(5)
Net cash flow relating to operations	**(2 515)**	**(301)**
Funding activities		
Group contributions from subsidiaries	8 461	183
Dividend payments	(3 420)	(3 258)
Net payments on loans from credit institutions	(682)	0
Net cash flow relating to funding activities	**4 359**	**(3 075)**
Net cash flow	**1 844**	**(3 376)**
Cash as at 1 January	3 980	7 356
Net receipts/payments of cash	1 844	(3 376)
Cash as at 31 December	5 824	3 980

ACCOUNTING PRINCIPLES

Basis for preparing the accounts
DNB ASA is the parent company in the DNB Group. DNB ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS, hereinafter called the Norwegian IFRS regulations, which implies that recognition and measurements are in accordance with IFRS. The only exception is that the Norwegian IFRS regulations also give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. DNB ASA presents note information in accordance with IFRS.

Changes in accounting principles
The effects of changes in accounting principles are recorded directly against equity.

Ownership interests in group companies
Subsidiaries are defined as companies in which DNB ASA has control, directly or indirectly, through a long-term ownership interest and a holding of more than 50 per cent of the voting share capital or primary capital. DNB ASA's subsidiaries are DNB Bank ASA, DNB Livsforsikring ASA, DNB Asset Management Holding AS and DNB Skadeforsikring AS. All subsidiaries are 100 per cent owned.

In the accounts of DNB ASA, investments in subsidiaries are recorded at cost.

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 recorded in the accounts 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 recorded 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 accounts 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	2013	2012
Group contributions received from:		
DNB Bank ASA	6 944	8 333
DNB Livsforsikring ASA	2 414	0
DNB Asset Management Holding AS	190	160
Total group contributions from subsidiaries	**9 548**	**8 493**

Allocations		**DNB ASA**
Amounts in NOK million	2013	2012
Proposed dividends per share (NOK)	2.70	2.10
Share dividend	4 398	3 420
Transfers to/(from) other equity	2 732	2 188
Total allocations	**7 130**	**5 608**

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	2013	2012
Tax base		
Pre-tax operating profit in DNB ASA	8 901	7 789
Tax-exempt income, group contribution	(2 471)	0
Other tax-exempt income	(106)	0
Tax base for the year	6 324	7 789
Taxes		
Payable taxes	1 771	2 181
Total taxes	**1 771**	**2 181**

The effective tax rate in 2013 was 20 per cent. The difference between the effective tax rate and the nominal tax rate of 28 per cent was due to the receipt of tax-exempt group contributions. The effective tax rate in 2012 was 28 per cent, the same as the nominal tax rate.

Note 4 Investments in subsidiaries as at 31 December 2013 [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	EUR	1 715 595	1 715 595 100	EUR	1 715 595	100.0	
DNB Bankas	LTL	656 665	5 710 134	LTL	656 665	100.0	
DNB Banka	LVL	134 361	134 360 900	LVL	134 361	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		2 500	2 500		2 500	100.0	
Den Norske Syndicates	GBP	200	200 000	GBP	200	100.0	
DNB Asia [2]	SGD	20 000	20 000 000	SGD	20 000	100.0	
DNB Asia [2]	USD	1 500 000	150 000 000	USD	1 500 000	100.0	
DNB Baltic IT	DKK	330 600	330 600 000	DKK	330 600	100.0	
DNB Boligkreditt		2 727 000	27 270 000		2 727 000	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		6 030	6 030		6 030	100.0	
JSC DNB Bank	RUB	800 000	800 000 000	RUB	800 000	100.0	
Nordlandsbanken Invest		2 600	2 600		2 600	100.0	
SC Finans	SEK	50	1 260 250	SEK	50	100.0	
DNB Asset Management Holding		274 842	220 050		274 842	100.0	3 669 864
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	425 000	5 000	EUR	425 000	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		1 620 682	64 827 288		1 620 682	100.0	12 439 045
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							**66 464 201**

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*	31 Dec. 2013	**DNB ASA** 31 Dec. 2012
Receiveables DNB Group companies		
Deposits with DNB Bank ASA	5 826	3 980
Subordinated loans	1 349	225
Group contributions	9 579	8 493
Liabilities DNB Group companies		
Receivables due from DNB Bank ASA	11 632	10 884
Group contributions DNB Livsforsikring ASA	2 700	0
Receivables due from DNB Asset Management Holding AS	2 314	0

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. 2013
Supervisory Board of DNB ASA	
Members elected by shareholders	
Eldbjørg Løwer, chairman	200
Randi Eek Thorsen, vice-chairman	0
Inge Andersen	0
Nils Halvard Bastiansen	0
Toril Eidesvik	0
Sondre Gravir	0
Camilla Marianne Grieg	0
Ole Jørgen Haslestad	489
Nalan Koc	0
Tomas Leire	0
Helge Møgster	0
Ole Robert Reitan	0
Gudrun B. Rollefsen	0
Amund Skarholt	1 222
Torild Skogsholm	0
Merethe Smith	0
Ståle Svenning	0
Turid Sørensen	0
Gine Wang	0
Members elected by employees	
Lillian Hattrem	0
Randi Justnæs	711
Svein-Ove Kvalheim	2 282
Mariell Lyngbø	0
Irene Buskum Olsen	632
Einar Pedersen	0
Jørn Ramberg	1 511
Ingvild Rekdal	172
Eli Solhaug	1 036
Marianne Steinsbu	4 789

	Number of shares alloted in 2013	Number of shares 31 Dec. 2013
Control Committee of DNB ASA		
Frode Hassel, chairman		0
Thorstein Øverland, vice-chairman		0
Vigdis Merete Almestad		0
Karl Olav Hovden		0
Ida Espolin Johnson		0
Board of Directors of DNB ASA		
Anne Carine Tanum, chairman		300 000
Tore Olaf Rimmereid, vice-chairman		6 111
Jarle Bergo		225
Bente Brevik		5 000
Sverre Finstad		8 351
Carl A. Løvvik		816
Vigdis Mathisen		222
Berit Svendsen		0
Senior executives		
Rune Bjerke, CEO	4 657	35 910
Bjørn Erik Næss, CFO	3 295	37 524
Trond Bentestuen, group EVP	2 234	10 863
Kjerstin Braathen, group EVP	4 566	13 004
Harald Serck-Hanssen, group EVP	6 635	18 408
Ottar Ertzeid, group EVP	8 433	170 038
Tom Rathke, group EVP	3 051	22 629
Kari Olrud Moen, group EVP	2 085	14 220
Liv Fiksdahl, group EVP	2 426	15 574
Solveig Hellebust, group EVP	2 201	9 330
Trygve Young, group EVP	0	14 020
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, 12 March 2014
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

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 2013 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, 12 March 2014
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

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 2013, 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 2013, 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 2013 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 2013 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, 12 March 2014
ERNST & YOUNG AS

Erik Mamelund
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 2013 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 2013 financial year.

Oslo, 12 March 2014

Frode Hassel
(chairman)

Thorstein Øverland
(vice-chairman)

Vigdis Merete Almestad

Karl Olav Hovden

Ida Espolin Johnson
(deputy)

KEY FIGURES

	DNB Group 2013	DNB Group 2012 [1)]
Interest rate analysis		
1. Combined weighted total average spread for lending and deposits (%)	1.27	1.18
2. Average spread for ordinary lending to customers (%)	2.34	2.00
3. Average spread for deposits from customers (%)	(0.28)	(0.12)
Rate of return/profitability		
4. Net other operating income, per cent of total income	35.2	34.8
5. Cost/income ratio (%)	45.7	49.1
6. Return on equity (%)	13.2	11.7
7. RAROC (%)	12.8	11.5
8. Average equity including allocated dividend (NOK million)	133 242	118 261
9. Return on average risk-weighted volume (%)	1.61	1.25
Financial strength at end of period		
10. Common equity Tier 1 capital ratio, transitional rules (%)	11.8	10.7
11. Tier 1 capital ratio, transitional rules (%)	12.1	11.0
12. Capital ratio, transitional rules (%)	14.0	12.6
13. Common equity Tier 1 capital (NOK million)	128 072	115 627
14. Risk-weighted volume, transitional rules (NOK million)	1 089 114	1 075 672
Loan portfolio and impairment		
15. Individual impairment relative to average net loans to customers	0.18	0.22
16. Impairment relative to average net loans to customers	0.17	0.24
17. Net non-performing and net doubtful loans and guarantees, per cent of net loans	1.38	1.50
18. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	20 749	19 740
Liquidity		
19. Ratio of customer deposits to net loans to customers at end of period (%)	64.7	62.5
Total assets owned or managed by DNB		
20. Customer assets under management at end of period (NOK billion)	519	459
21. Total combined assets at end of period (NOK billion)	2 640	2 528
22. Average total assets (NOK billion)	2 543	2 411
23. Customer savings at end of period (NOK billion)	1 387	1 270
Staff		
24. Number of full-time positions at end of period	12 016	13 291
The DNB share		
25. Number of shares at end of period (1 000)	1 628 799	1 628 799
26. Average number of shares (1 000)	1 628 799	1 628 799
27. Earnings per share (NOK)	10.76	8.48
28. Earnings per share excluding operations held for sale (NOK)	10.76	8.42
29. Dividend per share (NOK) [2)]	2.70	2.10
30. Total shareholder's return (%)	57.6	23.7
31. Dividend yield (%)	2.49	2.98
32. Equity per share including allocated dividend at end of period (NOK)	87.32	78.27
33. Share price at end of period (NOK)	108.50	70.40
34. Price/earnings ratio	10.08	8.37
35. Price/book value	1.24	0.90
36. Market capitalisation (NOK billion)	176.7	114.7

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

2) *Proposed dividend for 2013.*

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 30 April 2013 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 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 150. The authorisation is valid for a period of 12 months from 30 April 2013. 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.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24 April 2014 at 3 p.m. at DNB's premises in Dronning Eufemiasgate 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.

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.

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