FIRST QUARTER REPORT 2016

(Unaudited)

Q1

DNB GROUP

Creating value for customers, shareholders, employees and society at large.

Financial highlights

Income statement

DNB Group

Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
Net interest income	8 713	8 587	35 358
Net commissions and fees	*1 991*	*2 212*	*8 862*
Net gains on financial instruments at fair value	*2 384*	*3 400*	*8 683*
Net financial and risk result, DNB Livsforsikring	*112*	53	*(389)*
Net insurance result, DNB Forsikring	*115*	104	*534*
Other operating income	*340*	*361*	*959*
Net other operating income, total	4 942	6 130	18 648
Total income	13 655	14 716	54 006
Operating expenses	(5 157)	(5 215)	(21 068)
Restructuring costs and non-recurring effects	(553)	(223)	1 157
Pre-tax operating profit before impairment	7 945	9 278	34 096
Net gains on fixed and intangible assets	(6)	12	45
Impairment of loans and guarantees	(1 174)	(575)	(2 270)
Pre-tax operating profit	6 764	8 715	31 871
Tax expense	(1 529)	(2 131)	(7 048)
Profit from operations held for sale, after taxes	(13)	(47)	(51)
Profit for the period	**5 222**	**6 537**	**24 772**

Balance sheet

Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
Total assets	2 639 081	2 598 530	2 789 880
Loans to customers	1 534 902	1 542 744	1 476 186
Deposits from customers	927 559	944 428	963 102
Total equity	193 916	190 425	174 770
Average total assets	2 895 670	2 946 119	3 016 785
Total combined assets	2 897 991	2 900 714	3 089 372

Key figures

	1st quarter 2016	1st quarter 2015	Full year 2015
Return on equity, annualised (per cent)	11.2	16.1	14.5
Earnings per share (NOK)	3.14	4.01	14.98
Combined weighted total average spread for lending and deposits (per cent) [1)]	1.35	1.34	1.33
Cost/income ratio (per cent)	41.8	37.0	36.9
Impairment relative to average net loans to customers, annualised (per cent)	(0.31)	(0.16)	(0.15)
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent) [2)]	15.2	12.7	14.4
Tier 1 capital ratio, transitional rules, at end of period (per cent) [2)]	16.2	13.5	15.3
Capital ratio, transitional rules, at end of period (per cent) [2)]	18.3	15.5	17.8
Share price at end of period (NOK)	97.85	129.70	109.80
Price/book value	0.86	1.27	0.98
Dividend per share (NOK)			4.5
Score from RepTrak's reputation survey (points)	66.0	66.4	
Customer satisfaction index, CSI (score)	71.6	73.2	73.9

1) As from the first quarter of 2016, interest rate spreads are based on customer segments. Figures for previous periods have been restated accordingly.
2) Including 50 per cent of profit for the period, except for the full year figures.

For additional key figures and definitions, please refer to pages 32-33.

Cover photo: Teacher Anne Nyborg and the pupils in class 5A at Nordpolen School in Oslo use the digital learning program A Valuable Lesson to increase their knowledge of personal finance. A Valuable Lesson has been developed by DNB in cooperation with education experts and the Norwegian Red Cross and is aimed at fifth to seventh graders (10-12 years old). Photo: Hans Fredrik Asbjørnsen.

First quarter report 2016

There has been no full or partial external audit of the quarterly directors' report and accounts, though the report has been reviewed by the Audit Committee.

Directors' report

First quarter financial performance

DNB recorded profits of NOK 5 222 million in the first quarter of 2016, a reduction of NOK 1 315 million from the first quarter of 2015. Adjusted for the effect of basis swaps, the decline in profits was NOK 746 million, mainly reflecting restructuring costs and higher impairment losses.

The common equity Tier 1 capital ratio, calculated according to the transitional rules, was 15.2 per cent in the first quarter of 2016, up from 12.7 per cent a year earlier. Capital adequacy has been reported in accordance with new regulations from the Ministry of Finance regarding the consolidation of financial services groups and changes in the CRR/CRD IV regulations. The changes were implemented as of 31 January 2016. The new regulations had a positive effect on the Group's capital adequacy ratio of approximately 0.4 percentage points, but had no effect for the banking group. The leverage ratio for the Group was 6.7 per cent in the first quarter of 2016, up from 5.9 per cent a year earlier.

Return on equity was 11.2 per cent in the quarter, which was 4.9 percentage points lower than in the year-earlier period.

Net interest income increased by NOK 127 million from the first quarter of 2015. Exchange rate movements and wider deposit spreads contributed to the rise in income.

Net other operating income was down NOK 1 188 million compared with the same quarter in 2015. Adjusted for the effects of basis swaps, net other operating income declined by NOK 381 million. Net gains on financial instruments excluding basis swaps gave a NOK 209 million reduction in income compared with the corresponding period of 2015, mainly due to lower customer and trading revenues in DNB Markets. Net commissions and fees were down NOK 221 million or 10.0 per cent compared with the year-earlier period, partly due to lower income from corporate finance activities and somewhat lower activity in the real estate market.

Total operating expenses increased by NOK 273 million or 5 per cent from the first quarter of 2015. The increase was due to restructuring costs related to the reorganisation of the personal customer segment through the closing of branch offices and a reduction in staff levels. Adjusted for restructuring costs and exchange rate effects, operating expenses were NOK 159 million lower than in the year-earlier period.

Impairment losses on loans and guarantees totalled NOK 1 174 million for the quarter, up NOK 599 million from the first quarter of 2015. There was a rise in collective impairment, reflecting both less favourable economic conditions in some industries and negative migration in some portfolios.

At end-March 2016, DNB sold several portfolios of non-performing loans in Norway. The portfolios mainly consisted of unsecured loans which were classified as non-performing between 2008 and 2015. The sale had a positive pre-tax effect of NOK 573 million in the first quarter of 2016.

Important events in the first quarter

During the first quarter, extensive measures were implemented to adjust the number of branch offices and staff numbers to the new banking reality. Parallel to this, additional resources were allocated to the customer service centre and to the innovation of new digital services, such as Vipps.

During the first quarter, a number of new agreements were entered into concerning the use of the Vipps payment app. DNB, Nets and Verifone signed an agreement enabling customers to use Vipps as a means of payment in shops. Before the summer, Nets will launch a solution for its payment terminals which opens up for mobile payment services, and Vipps will be the first service that can be used. In February, DNB entered into agreements with Oslo Taxi on the use of Vipps in their app Taxifix and with the electronics chain Elkjøp on the use of Vipps in their online shops. On 3 March, DNB and NSB (the Norwegian State Railways) signed an agreement to integrate Vipps in the NSB app.

A number of new functions have also been launched for Vipps. "Split a bill" is a completely new way of splitting expenses, and Vipps for teams, associations and small companies in Norway simplifies payment solutions for organisations in connection with, for example, sales kiosks, jumble sales or fund-raising for local sports clubs.

An increasing number of elderly people need help to use Internet and mobile banking services. In February, DNB organised the course "A guide to digital banking services" – the first in a series of courses to be held throughout Norway.

DNB Markets was ranked best in Norway within bond brokerage in Prospera's customer survey. In addition, DNB got the highest score within the category Information and Investor Relations.

In consequence of developments in the interest rate market and the competitive situation, DNB decided in February to reduce home mortgage rates by up to 0.15 percentage points. Fixed interest rates are also record low, and the rates offered are now starting below 2 per cent.

As of 1 January 2016, new solvency regulations for European insurance companies called Solvency II were implemented. The Solvency II Directive specifies both how the solvency capital requirement should be calculated and how insurance provisions and the companies' solvency capital should be determined. Capital requirements will increase under Solvency II, especially with regard to long-term financial guarantee insurance contracts. Transitional rules have thus been proposed. DNB Livsforsikring has been given permission by Finanstilsynet to use the transitional rules for insurance provisions.

DNB had an average reputation score in the first quarter of 66.0, declining from 70.1 in the previous quarter. However, the bank enjoyed a strong reputation among its own customers, especially young people. The reputation score weakened among non-customers. This could be a result of extensive media coverage of the closing of branch offices during the first quarter.

Since early April, DNB has attracted public attention in connection with revelations after the "Panama Papers" leak of confidential documents. On 11 April, DNB's Board of Directors sent a written report to the Ministry of Trade, Industry and Fisheries. The reason for the report was that the bank's subsidiary in Luxembourg facilitated the establishment of 42 companies in the Seychelles for customers during the period 2006 to 2008. In the report, the Board presents the findings which have thus far resulted from internal investigations. Based on available information, no laws have been violated in this matter. The Board has asked group management to implement the following additional measures:

- Consider the organisation of DNB's operations in Luxembourg (including a description of current procedures and the division of responsibilities and roles), with special focus on private banking operations.
- Consider the products and services distributed in the private banking channels, with special focus on aspects which may give rise to reputational issues.
- Consider the principles for the management and control of international subsidiaries, with special focus on the workforce situation and resources, governance, board composition and compliance.
- In cooperation with the Board of Directors, consider the expertise and resources relating to the internal audit function.

First quarter income statement – main items

Net interest income

Amounts in NOK million	1st quarter 2016	Change	1st quarter 2015
Net interest income	8 713	127	8 587
Exchange rate movements		269	
Lending and deposit spreads, customer segments		115	
Interest days		86	
Commitment fees etc.		(35)	
Other net interest income		(50)	
Long-term funding costs		(53)	
Lending and deposit volumes, customer segments		(205)	

Net interest income rose by NOK 127 million from the first quarter of 2015, reflecting exchange rate movements and wider deposit spreads. For the customer segments, average lending spreads contracted by 0.21 percentage points, while deposit spreads widened by 0.37 percentage points. Volume-weighted spreads for the customer segments were up 0.01 percentage points compared with the same period in 2015. There was an average increase of NOK 26 billion or 1.8 per cent in the healthy loan portfolio compared with the first quarter of 2015. During the same period, deposits were up NOK 34 billion or 3.7 per cent. Adjusted for exchange rate movements, loans decreased by 1.6 per cent and deposits increased by 1.2 per cent.

Net other operating income

Amounts in NOK million	1st quarter 2016	Change	1st quarter 2015
Net other operating income	4 942	(1 188)	6 130
Net financial and risk result from DNB Livsforsikring [1)]		59	
Profit from associated companies		55	
Other operating income		(66)	
Net gains on other financial instruments		(209)	
Net commissions and fees		(221)	
Basis swaps		(807)	

1) *Guaranteed returns and allocations to policyholders deducted.*

Net other operating income declined by NOK 1 188 million or 19.4 per cent from the first quarter of 2015. Adjusted for basis swaps, other operating income was reduced by NOK 381 million. Net commissions and fees were down NOK 221 million, reflecting lower activity in the real estate and securities markets at the beginning of the quarter. Net gains on other financial instruments gave a NOK 209 million reduction in profits, mainly due to lower customer and trading revenues from DNB Markets. A reduction in credit spreads on senior debt and covered bonds compared with the first quarter of 2015 was offset by an increase in credit spreads on high-yield bonds related to the oil services industry. In connection with DNB's previous shareholdings in Nets, a profit of NOK 273 million was recorded in the first quarter of 2016 as a consequence of the valuation of Nets' holding in Visa Europe.

Operating expenses

Amounts in NOK million	1st quarter 2016	Change	1st quarter 2015
Operating expenses excluding non-recurring effects	(5 157)	58	(5 215)
Of which:			
Exchange rate effects for units outside Norway		(101)	
Currency-adjusted operating expenses	(5 057)	159	(5 215)
Operating expenses excluding non-recurring effects	(5 157)	58	(5 215)
Income-related costs			
Ordinary depreciation on operational leasing		(19)	
Expenses related to operations			
Pension expenses		(42)	
IT costs		47	
Marketing		43	
Other costs		30	
Non-recurring effects	(553)	(330)	(223)
Other restructuring costs and non-recurring effects	(160)	(96)	(64)
IT restructuring		108	(108)
Restructuring costs - employees	(393)	(343)	(50)
Operating expenses	(5 711)	(273)	(5 438)

Total operating expenses increased by NOK 273 million compared with the first quarter of 2015. Non-recurring expenses of NOK 553 million were incurred in connection with the restructuring of the bank's Norwegian branch network and severance packages. Currency-adjusted operating expenses, excluding non-recurring effects, declined by NOK 159 million. The cost/income ratio for the quarter was 41.8 per cent, up 4.8 percentage points from the corresponding quarter in 2015.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 1 174 million in the first quarter, of which collective impairment losses represented 55 per cent. Individual impairment losses were on a level with the first quarter of 2015, with an increase within shipping, offshore and energy in the large corporate and international customers segment and a decline in the small and medium-sized enterprises segment. There was a rise in collective impairment, reflecting both less favourable economic conditions in some industries and negative migration in some portfolios. Adjusted for the sale of portfolios of non-performing loans, impairment losses totalled NOK 1 747 million in the quarter, up from NOK 575 million in the year-earlier period.

Net non-performing and doubtful loans and guarantees increased by NOK 1 billion from end-March 2015, totalling NOK 14.9 billion at end-March 2016. This represented 0.88 per cent of the loan portfolio, up from 0.83 per cent at end-March 2015. The increase mainly stemmed from the large corporate segment.

Taxes

The DNB Group's tax expense for the first quarter of 2016 was estimated at NOK 1 529 million, or 23 per cent of pre-tax operating profits.

Financial performance, segments

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

Personal customers

	1st quarter		Change	
Income statement in NOK million	2016	2015	NOK mill	%
Net interest income	3 407	3 336	71	2.1
Net other operating income	1 138	1 169	(31)	(2.7)
Total income	4 545	4 505	40	0.9
Operating expenses	(2 546)	(2 158)	(388)	(18.0)
Pre-tax operating profit before impairment	1 999	2 347	(348)	(14.8)
Net gains on fixed and intangible assets	0		0	
Impairment of loans and guarantees	430	45	385	
Pre-tax operating profit	2 429	2 393	36	1.5
Tax expense	(607)	(646)	39	6.0
Profit from operations held for sale, after taxes	(1)		(1)	
Profit for the period	1 821	1 747	74	4.2
Average balance sheet items in NOK billion				
Net loans to customers	687.1	679.9	7.2	1.1
Deposits from customers	395.6	368.7	26.9	7.3
Key figures in per cent				
Lending spread [1)]	1.81	2.29		
Deposit spread [1)]	0.42	(0.30)		
Return on allocated capital [2)]	18.2	20.4		
Cost/income ratio	56.0	47.9		
Ratio of deposits to loans	57.6	54.2		

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

Financial performance in the first quarter of 2016 was characterised by relatively stable net interest income compared with the year-earlier period, a reduction in operating expenses adjusted for restructuring costs and low impairment losses on loans. Non-recurring effects relating to restructuring and the sale of a portfolio of non-performing loans had an impact on profits.

Adjusted for a portfolio of fixed-rate loans sold from DNB Boligkreditt to DNB Livsforsikring in November 2015, loan volumes were up 3.8 per cent from the first quarter of 2015. There was a 7.3 per cent rise in deposits during the same period.

Volume-weighted interest rate spreads contracted by 0.08 percentage points from the first quarter of 2015 and by 0.04 percentage points from the fourth quarter of 2015.

The reduction in other operating income from the first quarter of 2015 was mainly due to lower income from securities services, reduced income from real estate broking due to a lower level of activity in the housing market, and a weaker income trend for long-term savings products, reflecting reduced prices and pressure on margins. There was a positive income trend for insurance products during the same period.

The restructuring of the branch network was the main factor behind the rise in expenses from the first quarter of 2015, resulting in total restructuring costs relating to both employees and premises of NOK 511 million in the first quarter of 2016. Adjusted for restructuring costs, there was a reduction in ordinary expenses, partly due to lower activity within real estate broking and marketing.

Net impairment losses in the first quarter included reversals of NOK 559 million relating to a portfolio of non-performing loans that was sold during the quarter. The risk in the home mortgage portfolio is low while impairment losses are stable at a low level.

The market share of credit to households stood at 25.3 per cent at end-February 2016, while the market share of total household savings was 32.2 per cent. DNB Eiendom had a market share of 19.8 per cent at end-March 2016 and is the market leader in Norway.

Customers make increasing use of online and mobile services. In order to adapt the distribution network and the cost level to changes in customer behaviour, 28 branch offices in Norway have been closed thus far this year. By the end of April, a total of 59 branch offices will have been closed. “My pension” on mobile phones and “Split a bill” in Vipps were launched in the market during the first quarter.

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

Small and medium-sized enterprises

	1st quarter		Change	
Income statement in NOK million	2016	2015	NOK mill	%
Net interest income	1 561	1 455	106	7.3
Net other operating income	454	461	(7)	(1.5)
Total income	2 015	1 917	98	5.1
Operating expenses	(817)	(758)	(59)	(7.8)
Pre-tax operating profit before impairment	1 198	1 159	39	3.4
Net gains on fixed and intangible assets	3	(1)	4	
Impairment of loans and guarantees	(251)	(290)	39	13.5
Profit from repossessed operations	(17)		(17)	
Pre-tax operating profit	933	869	64	7.4
Tax expense	(233)	(234)	1	0.3
Profit for the period	700	634	66	10.4
Average balance sheet items in NOK billion				
Net loans to customers	221.3	211.7	9.6	4.5
Deposits from customers	170.3	166.9	3.4	2.0
Key figures in per cent				
Lending spread [1)]	2.46	2.50		
Deposit spread [1)]	0.46	0.16		
Return on allocated capital [2)]	11.3	11.9		
Cost/income ratio	40.6	39.5		
Ratio of deposits to loans	77.0	78.9		

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

An increase in net interest income and reduced impairment losses on loans gave a rise in profits from the first quarter of 2015. The capital allocated to the segments increases in step with the tightening of capital adequacy requirements for the Group, and hence the return on allocated capital was reduced.

Lending volume was on a level with the fourth quarter of 2015 and increased by 4.5 per cent from the first quarter of 2015. Customer deposits rose by 2.0 per cent from the first quarter of 2015.

Overall, rising volumes, wider deposit spreads and stable lending spreads ensured a healthy increase in net interest income compared with the first quarter of 2015.

Net other operating income was at a satisfactory level in spite of a slight decline from the year-earlier period. The reduction was primarily due to somewhat weaker demand for currency and interest rate hedging products compared with the first quarter of 2015.

Operating expenses increased by 7.8 per cent from the first quarter of 2015. This was mainly a consequence of restructuring costs and a temporary increase in pension costs due to the transition to a defined-contribution scheme for the Group’s employees. The underlying cost base remained at the same level as a year earlier.

Net impairment losses on loans totalled 0.46 per cent of net loans on an annual basis, down from 0.56 per cent in the first quarter of 2015. Impairment losses in the first quarter of 2016 stemmed primarily from a small number of loans. No material deterioration has been observed in the general quality of DNB’s portfolio of other loans to small and medium-sized corporate customers. Portfolio quality is considered to be satisfactory, and close follow-up of customers and preventive measures are implemented to retain the level of quality. Developments in oil-related sectors and affected regions are closely monitored.

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

Large corporates and international customers

	1st quarter		Change	
Income statement in NOK million	2016	2015	NOK mill	%
Net interest income	3 641	3 611	30	0.8
Net other operating income	1 309	1 533	(224)	(14.6)
Total income	4 950	5 145	(195)	(3.8)
Operating expenses	(2 013)	(1 917)	(96)	(5.0)
Pre-tax operating profit before impairment	2 937	3 228	(291)	(9.0)
Net gains on fixed and intangible assets	4	6	(2)	(34.1)
Impairment of loans and guarantees	(1 356)	(312)	(1 044)	
Profit from repossessed operations	1	(57)	58	
Pre-tax operating profit	1 586	2 865	(1 279)	(44.6)
Tax expense	(428)	(831)	403	48.5
Profit from operations held for sale, after taxes	3		3	
Profit for the period	1 161	2 034	(873)	(42.9)
Average balance sheet items in NOK billion				
Net loans to customers	563.1	552.1	11.0	2.0
Deposits from customers	383.2	380.0	3.2	0.8
Key figures in per cent				
Lending spread [1)]	2.25	2.18		
Deposit spread [1)]	(0.04)	(0.10)		
Return on allocated capital [2)]	5.4	11.4		
Cost/income ratio	40.7	37.3		
Ratio of deposits to loans	68.1	68.8		

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.*

Rising volumes and widening spreads ensured healthy growth in net interest income, though a decline in other operating income, rising costs and higher impairment losses on loans contributed to a reduction in profits from the first quarter of 2015.

The weakened Norwegian krone strongly affected volumes, and average net loans to customers were up 2.0 per cent from the first quarter of 2015. Adjusted for exchange rate movements, however, there was an underlying decline in the portfolio of 5.6 per cent during the year, partly in reflection of measures to reduce risk-weighted assets. During 2015, especially in the fourth quarter, DNB sold certain loans and entered into guarantee contracts relating to other exposures to help strengthen the Group's capital adequacy ratios. In the period ahead, portfolio management will also help improve profitability as capital can be reallocated to the segments with the highest returns. Customer deposits were relatively stable from the first quarter of 2015. Adjusted for exchange rate movements, however, there was a 5.5 per cent decline in deposits.

Due to increasing loan volumes combined with widening lending and deposit spreads, there was a rise in net interest income from the first quarter of 2015.

The decline in net other operating income from the first quarter of 2015 mainly reflected net unrealised losses on shares and lower income from syndication and corporate finance services. On the other hand, there was a higher level of activity within foreign exchange and fixed-income instruments.

The depreciation of the Norwegian krone gave a rise in operating expenses at the Group's international units of approximately NOK 101 million, measured in Norwegian kroner, from the first quarter of 2015. The number of full-time positions declined by 153 from end-March 2015. The reductions took place in international operations and related mainly to Poland and the Baltic countries.

There was an increase in net impairment losses on loans compared with the first quarter of 2015, partly due to the exposure to oil-related industries. On an annual basis, net impairment represented 0.97 per cent of average loans, up 0.74 percentage points from the year-earlier period. There was a 0.33 percentage point rise in individual impairment losses, to 0.52 per cent, in the first quarter of 2016, while higher collective impairment losses accounted for the rest of the increase, reflecting weaker economic conditions. Net non-performing and doubtful loans and guarantees amounted to NOK 10.4 billion at end-March 2016, compared with NOK 8.8 billion a year earlier.

DNB aims to raise profitability in spite of strong competition for the most profitable customers. Competitive conditions are affected by different capital requirements for banks. Profitability will be achieved through active portfolio management and by giving priority to the right customers, where there is a potential for selling a broad range of the bank's products and services. DNB aspires to become a strategic adviser for a greater number of customers by capitalising on the bank's industry expertise and adapting products and services to customers' overall financial needs. In order to achieve an attractive position as a primary bank, DNB must ensure that its full range of financial services is competitive.

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

Trading

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

	1st quarter		Change	
Income statement in NOK million	2016	2015	NOK mill	%
Net interest income	6	104	(98)	(94.5)
Net other operating income	337	468	(131)	(28.0)
Total income	343	572	(229)	(40.1)
Operating expenses	(131)	(98)	(33)	(33.9)
Pre-tax operating profit	211	474	(263)	(55.4)
Tax expense	(53)	(123)	70	57.0
Profit for the period	159	351	(192)	(54.8)
Key figures in per cent				
Return on allocated capital [1)]	8.9	19.1		

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

Total income in the first quarter of 2016 was adversely affected by the market turmoil in January and February. Negative mark-to-market effects from widening credit spreads affected income from bonds.

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.

	1st quarter		Change	
Income statement in NOK million	2016	2015	NOK mill	%
Upfront pricing of risk and guaranteed rate of return	83	133	(50)	(37.4)
Owner's share of administration result	83	35	48	
Owner's share of risk result	29	(24)	53	
Owner's share of interest result	(67)	(172)	105	(61.3)
Return on corporate portfolio	82	224	(142)	(63.5)
Pre-tax operating profit	210	197	13	6.7
Tax expense	(7)	33	(40)	
Profit for the period	204	230	(26)	(11.5)
Average balance sheet items in NOK billion				
Net loans to customers	28.8	3.0	25.8	
Key figures in per cent				
Cost/income ratio	38.1	42.5		
Return on allocated capital [1]	4.4	5.4		

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 rise in pre-tax profits from the first quarter of 2015 mainly reflected a reduction in the owner's contribution to the provisions for higher life expectancy, relating primarily to the winding-up of public sector operations. The expected contribution from the owner in connection with the conversion from a defined-benefit to a defined-contribution pension scheme and paid-up policies has been accrued on a straight-line basis, which also contributed to lower costs in the first quarter of 2016.

The prolonged low interest rate level could make it challenging for life insurance companies to achieve a satisfactory level of earnings over the coming years. DNB Livsforsikring has adapted to the low interest rate level by holding a large portfolio of long-term bonds at amortised cost and property investments. Strong returns and use of the risk equalisation fund reduced DNB Livsforsikring's required increase in reserves to reflect higher life expectancy. In consequence of this, the company's property exposure was scaled back in the autumn of 2015 and adapted to the new and lower risk level in the common portfolio. Parts of the proceeds from the property sales were reinvested in held-to-maturity bonds with attractive long-term fixed yields. In addition, DNB Livsforsikring has purchased a portfolio of fixed-rate home mortgages from DNB Boligkreditt. The structure of the portfolios will help ensure that returns will cover the guaranteed rate of return over the next few years.

Each quarter, DNB Livsforsikring carries out a test to assess whether the company has adequate premium reserves. In the test, insurance provisions calculated on the basis of market rates and insurance liabilities calculated on the basis of the contracts' base rate (guaranteed rate of return) are compared. The test showed positive margins at end-March 2016.

In consequence of higher life expectancy, it will be necessary to strengthen the premium reserve for group pension insurance. At end-March 2016, reserves for higher life expectancy totalled NOK 9.5 billion, while the total required increase in reserves is estimated at NOK 11.5 billion. The reserves were increased by NOK 0.1 billion during the first quarter. The remaining required increase in reserves of NOK 1.9 billion will be financed during the period up to and including 2020. The owner will have to cover NOK 0.7 billion of this, which includes the discontinuation of profit sharing on paid-up policies and direct equity contributions within defined-benefit pensions. The remainder may be financed by the policyholders' interest result, provided that the return is adequate to cover both the rate of return guaranteed in the contracts and the required increase in reserves for higher life expectancy. At end-March 2016, DNB Livsforsikring had already covered more than 83 per cent of the estimated required increase in reserves for higher life expectancy. This gives the company a sound basis for providing its owner with profits also in the remaining years in which reserves have to be strengthened.

Funding, liquidity and balance sheet

The short-term funding markets were generally sound for banks with high credit ratings in the first quarter of 2016. Longer maturities are still not as attractive, as US money market funds are adapting to upcoming regulations. Prices in the US money market have increased in line with market expectations of further interest rate hikes from the US central bank (the Federal Reserve). DNB had ample access to short-term funding throughout the quarter.

The long-term funding markets were volatile during the first quarter. In general, there was a high level of activity at the beginning of the quarter, but concerns related to the Chinese economy and a weaker growth outlook for European banks led to higher prices and lower activity towards the end of January. The markets gradually improved in February, and prices were markedly reduced after the European Central Bank meeting in March, where interest rates were reduced, the asset purchase programme was further expanded, and a new series of targeted longer-term refinancing operations (TLTRO II) was announced. DNB had good access to long-term funding during the first quarter. The cost of new long-term funding is expected to be at approximately the same level as at the end of 2015.

The nominal value of long-term debt securities issued by the Group was NOK 583 billion at end-March 2016 and NOK 577 billion a year earlier. The average remaining term to maturity for these debt securities was 4.0 years at end-March 2016, compared with 4.1 years a year earlier.

The Group stayed well within the liquidity limits throughout the quarter. The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the first quarter. At end-March 2016, the total LCR was 167 per cent.

At end-March 2016, total combined assets in the DNB Group were NOK 2 898 billion, down from NOK 3 089 billion at end-March 2015. Total assets in the Group's balance sheet were NOK 2 639 billion as at 31 March 2016 and NOK 2 790 billion a year earlier. Of this, total assets in DNB Livsforsikring came to NOK 291 billion and NOK 280 billion, respectively.

Net loans to customers increased by NOK 59 billion or 4.0 per cent from end-March 2015. Customer deposits were down by NOK 36 billion or 3.7 per cent during the corresponding period. The ratio of customer deposits to net loans to customers was down from 65.2 per cent at end-March 2015 to 60.4 per cent a year later. The Group's ambition is to have a ratio of customer deposits to net loans of minimum 60 per cent.

Risk and capital adequacy

DNB quantifies risk by measuring risk-adjusted capital requirements. The capital requirement declined by NOK 0.7 billion from year-end 2015, to NOK 75.0 billion at end-March 2016.

Developments in the risk-adjusted capital requirement

Amounts in NOK billion	31 March 2016	31 Dec. 2015	31 March 2015
Credit risk	54.1	55.5	58.6
Market risk	7.2	7.1	9.6
Market risk in life insurance	8.9	8.3	10.4
Insurance risk	2.1	2.0	2.0
Operational risk	11.5	11.2	11.3
Business risk	7.1	7.1	6.9
Gross risk-adjusted capital requirement	90.9	91.2	98.9
Diversification effect [1)]	(15.9)	(15.5)	(18.3)
Net risk-adjusted capital requirement	75.0	75.7	80.6
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	17.5	17.0	18.5

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

The risk-adjusted capital requirement for credit risk declined by NOK 1.4 billion in the first quarter, reflecting a reduction in credit volumes in the large corporates portfolio. The strengthening of the Norwegian krone in the end of March accounted for 70 per cent of the reduction in credit volumes (EAD) for large corporates. There was continued sound and stable credit quality in most portfolios. However, the negative trend in oil-related sectors and specific shipping segments that started in 2015, continued in the first quarter. So far, this effect has not caused any deterioration in credit quality. In January 2016, the price of oil was USD 27 per barrel, which was the lowest price since 2004.

As expected, there were continuing challenges in the dry bulk shipping segment throughout the first quarter of 2016. Freight rates reached an all-time low, and there are weak prospects for this segment. The container segment also showed a sluggish trend, and there is still considerable excess supply in this market. The situation in the segments offshore service vessels and rigs has deteriorated, and the market is expected to remain challenging for a long time.

Lower activity levels in the oil and offshore sector result in higher unemployment and falling rental prices in oil-dominated regions as well as in Asker and Bærum. However, the quality of the Group's loan portfolio within Norwegian commercial property is considered to be sound.

The slowdown in the Norwegian economy has caused a slight increase in the rate of unemployment and reduced consumer confidence. On a national basis, the housing market slackened in the first quarter of 2016 compared to the same period one year earlier. The number of housing sales remained stable at a high level in the first quarter of 2016, though the trend of increasing regional differences continued and is expected to prevail throughout the year.

The risk-adjusted capital requirement for market risk in DNB Livsforsikring increased by NOK 0.6 billion during the first quarter. The low interest rates represent a challenge for the Group's life insurance business as the present value of insurance liabilities increases, as does the risk of deficiencies in the liability adequacy test. DNB Livsforsikring's solvency margin according to Solvency II was 201 per cent at the end of the first quarter of 2016.

Measures to reduce market risk exposure were successfully implemented in 2015. The Group's risk appetite for market risk for 2016 has been reduced. DNB's market risk exposure remained stable in the first quarter of 2016. The market risk level increased somewhat due to the continued reduction in Norwegian interest rates during this period.

The operational risk situation in the first quarter of 2016 was challenging due to unstable IT services. Several disruptions caused unstable internal systems, and DNB's ability to deliver services to its customers was negatively affected. Mitigating measures have been taken. Two projects related to information security have been initiated and are scheduled to be completed before end-June 2016. Operational losses were low.

Calculated according to the transitional rules, risk-weighted assets were NOK 1 049 billion. The common equity Tier 1 capital ratio was 15.2 per cent, while the capital adequacy ratio was 18.3 per cent.

New regulatory framework

Finanstilsynet recommends 6 per cent leverage ratio requirement

The Basel Committee has proposed the introduction of a leverage ratio requirement of minimum 3 per cent as a supplement to capital requirements based on risk-weighting of the bank's exposures.

In the EU, the ambition is to introduce the requirement with effect from 2018, though the EU has not yet come to a decision on the level of the ratio. By year-end 2016, the European Commission will submit a proposal to the Parliament and the Council for new regulations relating to the leverage ratio. The proposal will be based on advice from the European Banking Authority, EBA, which is expected to be presented in July 2016. The Commission's proposal will probably clarify the scope of action of the national supervisory authorities.

In a letter to the Ministry of Finance dated 31 March 2016, Finanstilsynet recommends deferring the introduction of the leverage ratio until the EU regulations have been finalised. Parallel to this, Finanstilsynet has prepared a consultation paper and draft regulations, which was part of its mandate from the Ministry of Finance.

At year-end 2015, the aggregate leverage ratio of Norwegian banks was 7.1 per cent, while DNB reported a leverage ratio of 6.7 per cent. If a minimum leverage ratio requirement is to be stipulated, Finanstilsynet is of the opinion that it should be set at a level not much below the actual level in Norwegian financial services groups and banks. However, the requirement should not be set so high that the risk-weighted capital will no longer function as the binding capital constraint. The Ministry of Finance concurs and has stated that it intends to set the leverage ratio requirement at a level which does not result in higher capital requirements for Norwegian institutions. Against this background, Finanstilsynet proposes a minimum requirement of 6 per cent for banks and banking groups, as well as for financial services groups, with the exception of groups which predominantly comprise insurance operations. It has also been proposed that this requirement should apply to other institutions, with the exception of mortgage institutions. Finanstilsynet proposes that the level for mortgage institutions be set at 3 per cent.

It is recommended that the requirement be based on the same definition of leverage ratio that will apply to the rest of Europe. In light of the consultation round and the subsequent assessment of consultative statements, Finanstilsynet assumes that the new regulations in Norway will enter into force no earlier than shortly before the Commission presents its final draft proposal.

Institution-specific counter-cyclical capital buffer rate

According to the EU regulations, mutual recognition of counter-cyclical capital buffer requirements is mandatory as of 1 January 2016. This implies that all financial institutions comprised by this requirement must calculate their institution-specific counter-cyclical buffer requirement based on prevailing requirements in the countries in which the institution has operations. This stipulation has not yet been introduced in Norway, where the requirement is 1 per cent (1.5 per cent as of 30 June 2016) of total risk-weighted assets, including international exposures.

In a letter to the Ministry of Finance dated 31 March, Finanstilsynet recommends the recognition of all counter-cyclical buffer requirements set both in EEA countries and third countries. This is in accordance with the EU regulations. The EU will normally have no counter-cyclical buffer requirements for exposures in countries where the authorities have set no buffer requirements. Contrary to this, Finanstilsynet proposes that the counter-cyclical capital buffer rate prevailing in Norway at any time, be used.

Norway has, along with Sweden, the highest counter-cyclical capital buffer rate in the EEA. Most EU/EEA countries and some third countries have introduced the counter-cyclical capital buffer. For most of these countries, the rate has been set at 0 per cent. Thus, Finanstilsynet's proposal will entail that the effective buffer rate for DNB will be lower than the rate for Norway. Approximately 25 per cent of DNB's exposures are to countries in which the buffer rate set for 2016 is 0 per cent.

Pillar 2 requirements

Pillar 2 in the EU capital requirements regulations, CRD IV, is a key element in the supervision of banks. According to Pillar 2, the individual bank must assess the risks associated with its operations and consider the need for capital. The supervisory authorities may order banks to hold own funds in excess of the statutory minimum requirements, to reduce risk or make other changes to their operations.

The Pillar 2 requirements relate to risk factors which are not covered by Pillar 1 and must be met in their entirety with common equity Tier 1 capital. Finanstilsynet's review (SREP) of the DNB Group in 2015 resulted in a Pillar 2 capital requirement of 1.5 per cent of risk-weighted assets. The total common equity Tier 1 capital requirement for DNB was 13.5 per cent at year-end 2015 and will be 15 per cent at year-end 2016, reflecting an increase in Pillar 1 buffer requirements during 2016. The requirement may be adjusted in the event of future changes in the Pillar 2 add-on or buffer requirements, cf. the effects of the introduction of an institution-specific counter-cyclical buffer.

The Ministry of Finance states that automatic restrictions on dividend payments etc. according to prevailing Norwegian law shall only enter into force if the Pillar 1 requirements are breached. Nevertheless, Finanstilsynet may, based on a concrete assessment, implement corresponding or other measures in the event of breach of the total capital requirements, including the Pillar 2 add-on.

Macroeconomic developments

Growth in the global economy is continuing at a moderate pace. Some loss of growth momentum in advanced economies and continuing headwinds for emerging markets have lowered prospects for a global rebound. Renewed global asset market volatility at the start of the year also weighed on the outlook. According to the latest IMF figures, global GDP is expected to increase by 3.2 per cent in 2016 and 3.5 per cent in 2017, which is 0.2 and 0.1 percentage points lower than the IMF's January forecasts. In 2015, GDP growth was 3.1 per cent.

In the United States, growth slowed in the fourth quarter of 2015, primarily reflecting developments in resource extraction and manufacturing. As in other countries, petroleum investment continued to fall sharply in the face of low oil prices. In addition, the appreciation of the US dollar over the past two years has contributed to a decline in exports and curbed growth in other manufacturing sectors. However, the rise in employment is still strong, and unemployment has fallen below 5.0 per cent. Some rebound is expected in the period ahead. The Federal Reserve raised its policy rate in December 2015, marking the start of a rate hike cycle. So far, the prospects for further rate increases this year have fallen substantially, but it is still likely that policy rates will be raised further before the end of the year.

The moderate growth in the euro area continued in the fourth quarter of 2015. The upturn is firmly established in several countries, and unemployment has come down from elevated levels. Towards the end of 2015, there were signs of a slowdown, primarily in the manufacturing sector. This continued into 2016. Weaker growth among euro area trading partners and vulnerabilities in the European banking sector are weighing on growth prospects. The benefits from the fall in energy prices look set to decline, and financial conditions have been tightening since mid-2014 despite the accommodative monetary policy. Thus, growth may slow somewhat in 2016 and 2017.

The Bank of Japan introduced negative interest rates on marginal excess reserve deposits in February. The move did not prevent a rise for the yen. The recent appreciation of the yen and weaker demand from emerging market economies may restrain activity in Japan during the first half of 2016. A scheduled increase in the consumption tax rate of 2 percentage points in 2017 may lower GDP growth further if it comes into effect.

China, now the world's largest economy on a purchasing-power-parity basis, is navigating a momentous but complex transition towards more sustainable growth based on consumption and services. Ultimately, that process will benefit both China and the rest of the world. Given China's important role in global trade, however, bumps along the way could have substantial spillover effects, especially on emerging markets and developing economies. Growth in China is projected to slow to 6.4 per cent this year and 5.9 per cent in 2017, but there will be considerable downside risks.

Norwegian Mainland GDP rose by 1.0 per cent in 2015, which was lower than most forecasts. The economy remained at a virtual standstill in the second half of 2015, primarily reflecting lower demand from the petroleum sector. The fall in the price of oil has exacerbated the decline in petroleum investments, dampened the rise in costs in the supplier industry, curbed optimism among companies and households, and reduced government and private revenues.

Unemployment has risen and was 4.8 per cent in January 2016 according to the Labour Force Survey. There are, however, large regional and occupational variations in unemployment. Unemployment has been stable in the eastern and middle part of the country, while the western and coastal parts have experienced a marked rise in unemployment. Corresponding differences are also observed in the housing markets. Overall, existing home prices rose 5.1 per cent from the first quarter of 2015 to the first quarter of 2016. In Oslo, housing prices increased by 9.0 per cent year-on-year in the first quarter, while Stavanger experienced a 6.7 per cent decline.

Weak prospects and rising unemployment have contributed to curbing wage growth. After mandatory mediations, the partners in the benchmark wage settlements came to an agreement that indicates wage growth of 2.4 per cent in 2016, the lowest nominal level since 1935. The decline in wage growth and the depreciation of the Norwegian krone improve the cost competitiveness of Norwegian companies.

Future prospects

Recent developments in the Norwegian economy indicate a slow speed into 2016. In addition, growth in the mainland economy may be lower than the previously forecasted 1.2 per cent. Norges Bank has responded to the growth prospects by lowering its policy rate to 0.5 per cent and signalled another 25 basis point rate cut in the second half of 2016. Accommodative monetary and fiscal policies support the economy during the process to adapt to lower oil prices. As oil prices are expected to partly recover, there are prospects of increased growth for the mainland economy.

DNB's lending volumes are expected to rise at an annual rate of 2 to 3 per cent, while volume-weighted spreads are anticipated to be stable. It is the Group's ambition to increase income from capital-light products by minimum 3 per cent per year. In consequence of a negative trend in the offshore supply vessel and rig markets and an increase in collective impairment in the first quarter, impairment losses are estimated to total up to NOK 6 billion in 2016. The level of impairment in 2017 is expected to be on a level with the estimate for 2016. A reduction in impairment losses is anticipated in 2018.

DNB's financial ambitions, as presented in November 2015, stay firm, with a principal target of 12 per cent return on equity. From year-end 2016, the common equity Tier 1 capital ratio shall be minimum 15 per cent, which is in accordance with statutory requirements. From 2017, DNB aims to have a common equity Tier 1 capital ratio of 15.5 per cent, including a management buffer. In addition, the Group's goal is to have a cost/income ratio below 40 per cent towards 2018 and a dividend payout ratio of more than 50 per cent once the capital adequacy target has been reached.

Oslo, 27 April 2016
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Carl A. Løvvik

Vigdis Mathisen

Jaan Ivar Semlitsch

Berit Svendsen

Rune Bjerke
(group chief executive)

Income statement

Amounts in NOK million	Note	1st quarter 2016	1st quarter 2015	Full year 2015
				DNB Group
Total interest income	5	13 295	14 825	57 532
Total interest expenses	5	(4 582)	(6 238)	(22 174)
Net interest income	5	**8 713**	**8 587**	**35 358**
Commission and fee income etc.	6	2 794	2 936	11 963
Commission and fee expenses etc.	6	(803)	(724)	(3 101)
Net gains on financial instruments at fair value	7	2 384	3 400	8 683
Net financial result, DNB Livsforsikring [1]		9	(96)	(1 251)
Net risk result, DNB Livsforsikring		103	149	861
Net insurance result, DNB Forsikring [1]		115	104	534
Profit from investments accounted for by the equity method		86	30	(72)
Net gains on investment property		(5)	2	269
Other income		259	329	762
Net other operating income		**4 942**	**6 130**	**18 648**
Total income		**13 655**	**14 716**	**54 006**
Salaries and other personnel expenses	8	(3 277)	(2 859)	(9 822)
Other expenses	8	(1 765)	(1 997)	(7 790)
Depreciation and impairment of fixed and intangible assets	8	(668)	(583)	(2 298)
Total operating expenses	8	**(5 711)**	**(5 438)**	**(19 910)**
Pre-tax operating profit before impairment		**7 945**	**9 278**	**34 096**
Net gains on fixed and intangible assets		(6)	12	45
Impairment of loans and guarantees	9	(1 174)	(575)	(2 270)
Pre-tax operating profit		**6 764**	**8 715**	**31 871**
Tax expense [1]		(1 529)	(2 131)	(7 048)
Profit from operations held for sale, after taxes		(13)	(47)	(51)
Profit for the period		**5 222**	**6 537**	**24 772**
Portion attributable to shareholders		5 107	6 523	24 398
Portion attributable to additional Tier 1 capital holders		115	14	374
Profit for the period		**5 222**	**6 537**	**24 772**
Earnings/diluted earnings per share (NOK)		3.14	4.01	14.98
Earnings per share excluding operations held for sale (NOK)		3.15	4.03	15.01

1) *In consequence of the introduction of the Solvency II regulations on 1 January 2016, certain minor changes in the regulations on annual accounts for non-life and life insurance companies were approved, effective as of 1 January 2016. Cf. Note 1 Basis for preparation.*

Comprehensive income statement

Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
			DNB Group
Profit for the period	**5 222**	**6 537**	**24 772**
Actuarial gains and losses, net of tax [1]	(39)	(1)	673
Property revaluation	2	27	(204)
Elements of other comprehensive income allocated to customers (life insurance)	(2)	(27)	204
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(39)	(1)	673
Currency translation of foreign operations	(4 376)	2 615	9 612
Hedging of net investment, net of tax	2 968	(1 616)	(6 203)
Other comprehensive income investments according to the equity method [2]	(33)		889
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	(1 442)	999	4 298
Other comprehensive income for the period	**(1 480)**	**998**	**4 972**
Comprehensive income for the period	**3 742**	**7 535**	**29 744**

1) *The discount rate used to calculate recorded pension commitments was determined by reference to the estimated yield on covered bonds as at 31 March 2016.*

2) *DNB has indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 December 2015 a gain of NOK 889 million was recognised in other comprehensive income. On the realisation date, the increase in value of other comprehensive income will be recorded in profit and loss as "Profit from investments accounted for by the equity method". As a result of revaluation in the first quarter of 2016 the amount was reduced by NOK 33 million, mainly due to the changes in currency rates.*

Balance sheet

Amounts in NOK million	Note	31 March 2016	31 Dec. 2015	31 March 2015
				DNB Group
Assets				
Cash and deposits with central banks		166 587	19 317	304 558
Due from credit institutions	12, 13	180 065	301 216	203 499
Loans to customers	10, 11, 12, 13	1 534 902	1 542 744	1 476 186
Commercial paper and bonds at fair value	13, 14	286 273	289 695	287 906
Shareholdings	13	27 578	19 341	26 545
Financial assets, customers bearing the risk	13	50 967	49 679	45 607
Financial derivatives	13	215 743	203 029	240 881
Commercial paper and bonds, held to maturity	12, 14	100 516	105 224	113 611
Investment property	15	15 416	16 734	28 422
Investments accounted for by the equity method		9 715	9 525	5 949
Intangible assets		5 963	6 076	6 192
Deferred tax assets		1 100	1 151	1 251
Fixed assets		8 717	8 860	13 634
Assets held for sale		204	200	678
Other assets		35 338	25 739	34 962
Total assets		**2 639 081**	**2 598 530**	**2 789 880**
Liabilities and equity				
Due to credit institutions	12, 13	160 778	161 537	263 201
Deposits from customers	12, 13	927 559	944 428	963 102
Financial derivatives	13	173 398	154 663	191 048
Debt securities issued	12, 13, 16	829 997	804 928	853 410
Insurance liabilities, customers bearing the risk		50 967	49 679	45 607
Liabilities to life insurance policyholders in DNB Livsforsikring [1)]		210 230	208 726	206 880
Insurance liabilities, DNB Forsikring [1)]		2 125	1 846	1 974
Payable taxes		4 186	2 093	2 983
Deferred taxes [1)]		7 780	7 672	6 177
Other liabilities		44 009	37 675	43 997
Liabilities held for sale		56	71	127
Provisions		1 570	1 285	1 121
Pension commitments		2 684	2 549	5 941
Subordinated loan capital	12, 13, 16	29 826	30 953	29 542
Total liabilities		**2 445 165**	**2 408 105**	**2 615 109**
Share capital		16 268	16 257	16 285
Share premium		22 609	22 609	22 609
Additional Tier 1 capital		8 067	8 353	8 068
Other equity [1)]		146 972	143 207	127 808
Total equity		**193 916**	**190 425**	**174 770**
Total liabilities and equity		**2 639 081**	**2 598 530**	**2 789 880**
Off-balance sheet transactions	17			

1) *In consequence of the introduction of the Solvency II regulations on 1 January 2016, certain minor changes in the regulations on annual accounts for non-life and life insurance companies were approved, effective as of 1 January 2016. Cf. Note 1 Basis for preparation.*

Statement of changes in equity

DNB Group

Amounts in NOK million	Share capital [1]	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Currency translation reserve	Net investment hedge reserve	Other equity [1]	Total equity [1]
Balance sheet as at 31 Dec. 2014	**16 273**	**22 609**		**(3 247)**	**8 671**	**(5 645)**	**120 063**	**158 723**
Changes in accounting principles, insurance liabilities [2]							337	337
Balance sheet as at 1 Jan. 2015	**16 273**	**22 609**		**(3 247)**	**8 671**	**(5 645)**	**120 399**	**159 059**
Profit for the period			14				6 523	6 537
Other comprehensive income				(1)	2 615	(1 616)	27	1 025
OCI allocated to customers (life insurance)							(27)	(27)
Comprehensive income for the period			14	(1)	2 615	(1 616)	6 523	7 535
Additional Tier 1 capital issued			8 053				(31)	8 023
Net purchase of treasury shares	13						140	153
Balance sheet as at 31 March 2015 restated	**16 285**	**22 609**	**8 068**	**(3 248)**	**11 286**	**(7 261)**	**127 031**	**174 770**
Balance sheet as at 31 Dec. 2015	**16 257**	**22 609**	**8 353**	**(525)**	**18 317**	**(11 848)**	**136 916**	**190 078**
Changes in accounting principles, insurance liabilities [2]							347	347
Balance sheet as at 31 Dec. 2015 restated	**16 257**	**22 609**	**8 353**	**(525)**	**18 317**	**(11 848)**	**137 263**	**190 425**
Profit for the period			115				5 107	5 222
Other comprehensive income				(39)	(4 376)	2 968	(32)	(1 478)
OCI allocated to customers (life insurance)							(2)	(2)
Comprehensive income for the period			115	(39)	(4 376)	2 968	5 074	3 742
Interest payments additional Tier 1 capital			(389)					(389)
Currency movements taken to income			(11)				11	
Net purchase of treasury shares	11						127	138
Balance sheet as at 31 March 2016	**16 268**	**22 609**	**8 067**	**(564)**	**13 941**	**(8 880)**	**142 475**	**193 916**

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

	Share capital	Other equity	Total equity
Balance sheet as at 31 Dec. 2015	*(31)*	*(313)*	*(345)*
Net purchase of treasury shares	*11*	*127*	*138*
Reversal of fair value adjustments through profit and loss		*10*	*10*
Balance sheet as at 31 March 2016	*(20)*	*(177)*	*(197)*

2) *In consequence of the introduction of the Solvency II regulations on 1 January 2016, certain minor changes in the regulations on annual accounts for non-life and life insurance companies were approved, effective as of 1 January 2016. Among other things, the changes imply that the security reserve is no longer included in the Group's technical insurance reserves. Cf. Note 1 Basis for preparation.*

Cash flow statement

Amounts in NOK million	January - March 2016	2015	Full year 2015
			DNB Group
Operating activities			
Net payments on loans to customers	(11 765)	(21 455)	(50 866)
Interest received from customers	11 731	13 185	51 476
Net receipts/payments on deposits from customers	(5 267)	6 282	(37 827)
Interest paid to customers	(124)	(720)	(7 391)
Net receipts on loans to credit institutions	115 994	218 627	18 246
Interest received from credit institutions	458	476	1 618
Interest paid to credit institutions	(319)	(329)	(1 359)
Net receipts/payments on the sale of financial assets for investment or trading	3 615	(15 796)	(2 479)
Interest received on bonds and commercial paper	738	248	4 719
Net receipts on commissions and fees	2 013	2 212	8 871
Payments to operations	(4 221)	(4 862)	(19 934)
Taxes paid	(434)	(348)	(2 575)
Receipts on premiums	4 806	6 515	19 233
Net receipts/payments on premium reserve transfers	277	(13 933)	(14 415)
Payments of insurance settlements	(3 697)	(3 859)	(14 820)
Other receipts	1 734	6 069	4 411
Net cash flow from operating activities	**115 537**	**192 311**	**(43 092)**
Investment activities			
Net receipts/payments on the acquisition of fixed assets	(403)	(302)	2 979
Net receipts/payments, investment property	165	(224)	2 833
Receipts on the sale of long-term investments in shares			76
Dividends received on long-term investments in shares			6
Net cash flow from investment activities	**(238)**	**(525)**	**5 894**
Funding activities			
Receipts on issued bonds and commercial paper	906 088	736 175	3 142 451
Payments on redeemed bonds and commercial paper	(860 298)	(696 316)	(3 145 857)
Interest payments on issued bonds and commercial paper	(6 160)	(5 598)	(15 129)
Receipts on the raising of subordinated loan capital			3 805
Redemptions of subordinated loan capital			(4 604)
Interest payments on subordinated loan capital	(370)	(338)	(1 029)
Receipts on issued additional Tier 1 capital		8 022	8 023
Interest payments on additional Tier 1 capital	(389)		(75)
Dividend payments			(6 189)
Net cash flow from funding activities	**38 871**	**41 946**	**(18 604)**
Effects of exchange rate changes on cash and cash equivalents	**(7 385)**	**12 976**	**14 670**
Net cash flow	**146 786**	**246 708**	**(41 132)**
Cash as at 1 January	23 239	64 371	64 371
Net receipts/payments of cash	146 786	246 708	(41 132)
Cash at end of period *)	170 026	311 079	23 239

**) Of which: Cash and deposits with central banks*	*166 587*	*304 558*	*19 317*
Deposits with credit institutions with no agreed period of notice [1)]	*3 439*	*6 521*	*3 922*

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

Note 1 Basis for preparation

The quarterly financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied by the Group, appear in note 1 Accounting principles in the annual report for 2015.

Changes in the regulations on annual accounts for insurance companies

In consequence of the introduction of the Solvency II regulations on 1 January 2016, certain minor changes in the regulations on annual accounts for non-life and life insurance companies were approved, effective as of 1 January 2016. Among other things, the changes imply that the security reserve is no longer included in the Group's technical insurance reserves. The change has affected the income statement, balance sheet and equity. Comparative figures for 2015 have been restated accordingly. The tables below show comparable figures for 2015 with implementation effect on 1 January 2015.

Income statement

DNB Group

	Change				First quarter 2015			Full year 2015		
Amounts in NOK million	1st quarter 2015	2nd quarter 2015	3rd quarter 2015	4th quarter 2015	Reported	Effect	Restated	Reported	Effect	Restated
Net financial result, DNB Livsforsikring	1	13	5	(19)	(98)	1	(96)	(1 251)		(1 251)
Net insurance result, DNB Forsikring	4	14	4	(9)	99	4	104	521	13	534
Taxes	(1)	(7)	(2)	7	(2 130)	(1)	(2 131)	(7 045)	(3)	(7 048)
Profit for the period	4	20	7	(21)	6 533	4	6 537	24 762	10	24 772

Balance sheet

DNB Group

	31 December 2015			31 March 2015			1 January 2015		
Amounts in NOK million	Reported	Effect	Restated	Reported	Effect	Restated	Reported	Effect	Restated
Liabilities to life insurance policyholders in DNB Livsforsikring	208 949	(223)	208 726	207 104	(224)	206 880	216 799	(222)	216 577
Insurance liabilities, DNB Forsikring	2 085	(239)	1 846	2 205	(231)	1 974	1 964	(226)	1 738
Deferred taxes	7 556	116	7 672	6 064	114	6 177	6 018	112	6 130

Equity

DNB Group

	31 December 2015			31 March 2015			1 January 2015		
Amounts in NOK million	Reported	Effect	Restated	Reported	Effect	Restated	Reported	Effect	Restated
Total equity	190 078	347	190 425	174 429	341	174 770	158 723	337	159 060

Note 2 Segments

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

Personal customers	-	includes the Group’s total products and activities to private customers in all channels, both digital and physical, with the exception of residential mortgages recorded under Traditional pension products, where returns accrue to the policyholders. DNB offers a wide range of products through Norway’s largest distribution network, comprising branches, telephone banking (24/7), digital banking, real estate broking as well as external channels (post offices and in-store postal and banking outlets).
Small and medium-sized enterprises	-	is responsible for product sales and advisory services to small and medium-sized enterprises in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the products and expertise of a large bank. Customers in this segment range from small businesses and start-up companies to relatively large corporate customers, and the product offerings are adapted to the customers’ different needs. Small and medium-sized enterprises are served through the Group’s large physical distribution network throughout Norway as well as digital and telephone banking (24/7).
Large corporates and international customers	-	includes large Norwegian and international corporate customers and all customers served by DNB’s subsidiary banks in the Baltics and Poland. Operations are based on sound industry expertise and long-term customer relationships.
Trading	-	includes market making and other trading activities in fixed income, currencies and commodities (FICC) as well as equities, including risk management of the risk inherent in customer transactions. Markets’ trading activities support the customer activities.
Traditional pension products	-	includes traditional defined-benefit pension products in DNB Livsforsikring and assets related to these products. DNB no longer offers such products to new customers.

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

Capital allocated to the segments is calculated on the basis of the Group’s common equity Tier 1 capital and long-term capitalisation ambition. There are special capital adequacy regulations for insurance operations, and in these companies, allocated capital corresponds to recorded equity. For other group operations, the allocation of capital to all units is based on the Group’s adaptation to Basel III, full IRB, and the capital allocated in 2016 corresponds to a common equity Tier 1 capital ratio of 17.2 per cent. The allocation of credit risk is based on the Group’s internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units’ total income.

Income statement, first quarter

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products 1)		Other operations/ eliminations 2)		DNB Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income	3 407	3 336	1 561	1 455	3 641	3 611	6	104			98	80	8 713	8 587
Net other operating income	1 138	1 169	454	461	1 309	1 533	337	468	339	342	1 365	2 155	4 942	6 130
Total income	4 545	4 505	2 015	1 917	4 950	5 145	343	572	339	342	1 463	2 236	13 655	14 716
Operating expenses	(2 546)	(2 158)	(817)	(758)	(2 013)	(1 917)	(131)	(98)	(129)	(145)	(74)	(362)	(5 711)	(5 438)
Pre-tax operating profit before impairment	1 999	2 347	1 198	1 159	2 937	3 228	211	474	210	197	1 389	1 874	7 945	9 278
Net gains on fixed and intangible assets	0		3	(1)	4	6					(13)	6	(6)	12
Impairment of loans and guarantees 3)	430	45	(251)	(290)	(1 356)	(312)	0				3	(18)	(1 174)	(575)
Profit from repossessed operations			(17)	0	1	(57)					15	57		
Pre-tax operating profit	2 429	2 393	933	869	1 586	2 865	211	474	210	197	1 394	1 919	6 764	8 715
Tax expense	(607)	(646)	(233)	(234)	(428)	(831)	(53)	(123)	(7)	33	(201)	(330)	(1 529)	(2 131)
Profit from operations held for sale, after taxes	(1)	0			3						(15)	(47)	(13)	(47)
Profit for the period	1 821	1 747	700	634	1 161	2 034	159	351	204	230	1 178	1 541	5 222	6 537

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

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

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

Note 2 Segments (continued)

Main average balance sheet items

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK billion	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Loans to customers [1)]	687.1	679.9	221.3	211.7	563.1	552.1	32.7	9.4	28.8	3.0	6.3	(0.7)	1 539.2	1 455.4
Deposits from customers [1)]	395.6	368.7	170.3	166.9	383.2	380.0	177.6	159.8			(6.1)	(1.3)	1 120.5	1 074.1
Assets under management	74.1	69.1	67.7	52.5	205.0	209.9			202.8	212.4	16.3	11.4	565.9	555.3
Allocated capital [2)]	40.3	34.8	25.0	21.6	86.4	72.5	7.2	7.4	18.6	17.2				

Key figures

DNB Group

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Trading		Traditional pension products		Other operations/ eliminations		DNB Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Per cent	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Cost/income ratio [3)]	56.0	47.9	40.6	39.5	40.7	37.3	38.3	17.1	38.1	42.5			41.8	37.0
Ratio of deposits to loans [1) 4)]	57.6	54.2	77.0	78.9	68.1	68.8							72.8	73.8
Return on allocated capital, annualised [2)]	18.2	20.4	11.3	11.9	5.4	11.4	8.9	19.1	4.4	5.4			11.2	16.1

1) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest and value adjustments. In November 2015, a portfolio of residential mortgages amounting to approximately NOK 20 billion was sold from DNB Boligkreditt to DNB Livsforsikring. As of the same date, the portfolio was transferred from the Personal customers segment to the Traditional pension products segment. Personal Banking Norway will continue to manage the portfolio on behalf of DNB Livsforsikring.*
2) *Allocated capital for the segments is calculated based on the external capital adequacy requirement (Basel III) which must be met by the Group. Recorded capital is used for the Group. In consequence of stricter external capital requirements and the authorities' signals of additional capital requirements for home mortgages, allocated capital to Personal customers has been adjusted upwards in 2016. This resulted in a lower return on capital compared with the preceding periods.*
3) *Total operating expenses relative to total income.*
4) *Deposits from customers relative to loans to customers. Calculated on the basis of average balance sheet items.*

Traditional pension products

The risk profile of Traditional pension products is different by nature from the risk profile of the Group's bank-related products. Higher life expectancy is one of several risk factors linked to defined-benefit pension products. In the tables below, a specification is given of pre-tax operating profits, including the costs related to the increase in reserves to reflect higher life expectancy.

Specification of pre-tax operating profit, Traditional pension products

DNB Group

Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
Recorded interest result	5	70	2 163
Risk result	61	105	599
Administration result	105	55	291
Upfront pricing of risk and guaranteed rate of return	83	133	535
Provisions for higher life expentancy, group pension [1)]	(72)	(189)	(3 141)
Allocations to policyholders, products with guaranteed returns	(55)	(203)	(802)
Return on corporate portfolio	82	224	500
Pre-tax operating profit - Traditional pension products	210	197	145

1) *Provisions for higher life expectancy, group pension:*

Amounts in NOK million	*Accumulated balance 31 March 2016*
Paid-up policies	*7 328*
Defined benefit	*2 195*
Total group pension [*)]	*9 523*

*) *The total required increase in reserves for the portfolio as at 31 March 2016 was approximately NOK 11.5 billion.*

Note 2 Segments (continued)

Other operations/eliminations

Other operations/eliminations include IT and Operations, HR (Human Resources), Group Finance including Group Treasury, Risk Management, Corporate Communications, the partially owned company Eksportfinans, investments in IT infrastructure and shareholder-related costs. In addition, Other operations/eliminations include that part of the 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 and all intra-group eliminations are included in Other operations/eliminations.

Pre-tax operating profit

	DNB Group	
Amounts in NOK million	1st quarter 2016	1st quarter 2015
Unallocated interest income	43	(51)
Income from equities investments	(52)	(171)
Gains on fixed and intangible assets	(13)	6
Mark-to-market adjustments Group Treasury and fair value of loans	273	493
Basis swaps	1 003	1 810
Eksportfinans ASA	77	34
Net gains on investment property	6	2
Profit from repossessed operations	15	57
Unallocated impairment of loans and guarantees	3	(18)
Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	(115)	(101)
Unallocated personnel expenses	9	(13)
Unallocated IT and Operations expenses	62	34
Funding costs on goodwill	(10)	(7)
IT restructuring		(108)
Impairment of investment property and fixed assets	(1)	(41)
Other	94	(6)
Pre-tax operating profit	1 394	1 919

Note 3 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRD IV/CRR). On 18 December 2015, the Ministry of Finance approved new regulations on consolidation etc. in cross-sectoral groups. The changes became effective on 31 January 2016 and are adapted to the EU regulations, reflecting the entry into force of Solvency II on 1 January 2016. The regulatory consolidation deviates from the accounting consolidation and comprises the parent company, subsidiaries and associated companies within the financial sector, excluding insurance companies. Associated companies are consolidated pro rata.

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2016	31 Dec. 2015	31 March 2016 [1)]	31 Dec. 2015
Total equity excluding profit for the period	151 136	151 533	171 657	173 412	188 809	190 078
Effect from regulatory consolidation			(531)	(541)	(6 083)	(541)
Non-eligible capital, DNB Livsforsikring						(403)
Additional Tier 1 capital instruments included in total equity	(8 053)	(8 053)	(8 053)	(8 053)	(8 053)	(8 053)
Net accrued interest on additional Tier 1 capital instruments	(10)	(219)	(10)	(219)	(10)	(219)
Common equity Tier 1 capital instruments	143 072	143 261	163 062	164 599	174 662	180 863
Deductions						
Pension funds above pension commitments	(39)	(38)	(39)	(38)	(39)	(38)
Goodwill	(3 000)	(3 012)	(3 016)	(3 029)	(4 721)	(4 763)
Deferred tax assets that are not due to temporary differences	(195)	(195)	(641)	(640)	(641)	(640)
Other intangible assets	(629)	(663)	(1 013)	(1 075)	(1 013)	(1 241)
Dividends payable etc.			(5 000)	(5 000)	(7 330)	(7 330)
Significant investments in financial sector entities						
Expected losses exceeding actual losses, IRB portfolios	(911)	(1 383)	(1 695)	(2 309)	(1 695)	(2 309)
Value adjustments due to the requirements for prudent valuation (AVA)	(717)	(671)	(1 111)	(1 055)	(1 111)	(1 055)
Adjustments for unrealised losses/(gains) on debt recorded at fair value	(16)	(15)	(414)	(412)	(414)	(412)
Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(906)	(785)	(174)	(150)	(174)	(150)
Minimum requirement reassurance allocation						(17)
Common equity Tier 1 capital	136 658	136 499	149 960	150 889	157 524	162 906
Common equity Tier 1 capital incl. 50 per cent of profit for the period	138 282		152 420		159 972	
Additional Tier 1 capital instruments	9 951	10 267	9 951	10 267	9 951	10 267
Tier 1 capital	146 609	146 766	159 910	161 156	167 475	173 173
Tier 1 capital incl. 50 per cent of profit for the period	148 233		162 371		169 922	
Perpetual subordinated loan capital	5 415	5 702	5 415	5 702	5 415	5 702
Term subordinated loan capital	21 767	22 185	21 767	22 185	21 767	22 185
Deduction of holdings of Tier 2 instruments in DNB Livsforsikring and DNB Forsikring					(5 550)	
Tier 2 capital	27 183	27 887	27 183	27 887	21 633	27 887
Total eligible capital	173 791	174 653	187 093	189 043	189 108	201 060
Total eligible capital incl. 50 per cent of profit for the period	175 415		189 554		191 555	
Risk-weighted volume, transitional rules	873 256	906 084	1 040 334	1 056 731	1 049 367	1 129 373
Minimum capital requirement, transitional rules	69 860	72 487	83 227	84 539	83 949	90 350
Common equity Tier 1 capital ratio, transitional rules (%)	15.8	15.1	14.7	14.3	15.2	14.4
Tier 1 capital ratio, transitional rules (%)	17.0	16.2	15.6	15.3	16.2	15.3
Capital ratio, transitional rules (%)	20.1	19.3	18.2	17.9	18.3	17.8
Common equity Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	15.6		14.4		15.0	
Tier 1 capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	16.8		15.4		16.0	
Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	19.9		18.0		18.0	

1) *As from the first quarter of 2016, DNB Livsforsikring and DNB Forsikring are not included in the regulatory consolidation for the DNB Group. With effect from the first quarter of 2016, deductions are also made for significant investments in financial sector entities if they each exceed 10 per cent of common equity Tier 1 capital. The amounts that are not deducted are given a risk weight of 250 per cent. In addition, the holdings of Tier 2 instruments in DNB Livsforsikring and DNB Forsikring are deducted from the Group's Tier 2 capital.*

Note 3 Capital adequacy (continued)

Basel III

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

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

Amounts in NOK million	Nominal exposure 31 March 2016	EAD [1] 31 March 2016	Average risk weights in per cent 31 March 2016	Risk-weighted volume 31 March 2016	Capital requirement 31 March 2016	Capital requirement 31 Dec. 2015
IRB approach						
Corporate	1 076 467	880 825	45.0	396 450	31 716	33 421
Specialised Lending (SL)	11 080	10 370	60.9	6 318	505	468
Retail - mortgage loans	672 777	672 777	23.0	155 036	12 403	12 241
Retail - other exposures	111 925	92 151	26.7	24 572	1 966	1 965
Securitisation	16 728	16 728	83.5	13 963	1 117	1 201
Total credit risk, IRB approach	1 888 976	1 672 850	35.6	596 339	47 707	49 295
Standardised approach						
Central government	47 611	61 197	0.5	316	25	33
Institutions	206 109	111 002	25.1	27 817	2 225	2 230
Corporate	160 288	124 680	84.5	105 379	8 430	9 657
Retail - mortgage loans	49 204	47 139	47.0	22 176	1 774	1 764
Retail - other exposures	107 156	45 541	75.7	34 468	2 757	2 642
Equity positions	19 212	19 212	224.6	43 160	3 453	276
Securitisation	2 230	2 230	37.3	832	67	60
Other assets	14 165	14 165	60.8	8 618	689	535
Total credit risk, standardised approach	605 974	425 166	57.1	242 765	19 421	17 195
Total credit risk	2 494 950	2 098 016	40.0	839 104	67 128	66 490
Market risk						
Position risk, debt instruments				13 500	1 080	1 141
Position risk, equity instruments				234	19	36
Currency risk						
Commodity risk				16	1	3
Credit value adjustment risk (CVA)				5 649	452	513
Total market risk				19 399	1 552	1 693
Operational risk				83 381	6 670	6 670
Net insurance, after eliminations						6 464
Total risk-weighted volume and capital requirements before transitional rules				941 883	75 351	81 317
Additional capital requirements according to transitional rules [2]				107 484	8 599	9 033
Total risk-weighted volume and capital requirements				1 049 367	83 949	90 350

1) *EAD, exposure at default.*

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

Note 4 Liquidity risk

Liquidity risk is the risk that the DNB 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 set 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 60.4 per cent at end of the first quarter 2016, down from 65.2 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 125.5 per cent at end-March 2016.

The short-term funding markets were generally sound for banks with high credit ratings in the first quarter of 2016. Longer maturities are still not as attractive, as US money market funds adapts to upcoming regulations. Prices in the US money market have increased in accordance with market expectations of further interest rate hikes from the central bank of the United States (the Federal Reserve). DNB had ample access to short-term funding throughout the quarter.

The long-term funding markets were volatile during the first quarter. In general the activity level was high in the beginning of the quarter, but concerns related to the Chinese economy and weaker growth outlook for European banks led to higher prices and lower activity towards the end of January. Markets gradually improved in February and prices were significantly reduced after the European Central Bank meeting in March, where interest rates were reduced, further expansion of the asset purchase program and a new series of targeted longer-term refinancing operations (TLTRO II) were announced. DNB had good access to long-term funding during the first quarter. The cost of new long-term funding is expected at similar levels as at the end of 2015.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter. At end-March, the total LCR was 167 per cent, with an LCR of 664 per cent for EUR, 225 per cent for USD and 57 per cent for NOK.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.0 years at end-March 2016, down from 4.1 years a year earlier. The DNB Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 5 Net interest income

	DNB Group		
Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
Interest on amounts due from credit institutions	447	460	1 608
Interest on loans to customers	11 161	12 504	48 728
Interest on impaired loans and guarantees	145	131	619
Interest on commercial paper and bonds	1 127	1 219	4 655
Front-end fees etc.	73	80	337
Other interest income	342	431	1 584
Total interest income	**13 295**	**14 825**	**57 532**
Interest on amounts due to credit institutions	(313)	(351)	(1 365)
Interest on deposits from customers	(1 676)	(2 776)	(9 394)
Interest on debt securities issued	(3 251)	(3 202)	(12 809)
Interest on subordinated loan capital	(137)	(145)	(569)
Guarantee fund levy [1]	(193)	(205)	(845)
Other interest expenses [2]	988	441	2 809
Total interest expenses	**(4 582)**	**(6 238)**	**(22 174)**
Net interest income	**8 713**	**8 587**	**35 358**

1) *The amount recorded in the quarter represents a proportional share of the estimated annual levy.*
2) *Other interest expenses include interest rate adjustments resulting from interest swaps entered into.*

Note 6 Net commission and fee income

Amounts in NOK million	DNB Group 1st quarter 2016	1st quarter 2015	Full year 2015
Money transfer fees	940	858	3 595
Fees on asset management services	337	338	1 399
Fees on custodial services	76	86	336
Fees on securities broking	80	88	314
Corporate finance	166	219	777
Interbank fees	5	6	29
Credit broking commissions	126	149	781
Sales commissions on insurance products	653	687	2 661
Fees on real estate broking	245	279	1 201
Sundry commissions and fees	166	225	870
Total commission and fee income etc.	**2 794**	**2 936**	**11 963**
Money transfer fees	(426)	(358)	(1 670)
Commissions on fund management services	(65)	(80)	(282)
Fees on custodial services	(36)	(40)	(174)
Interbank fees	(13)	(14)	(61)
Credit broking commissions	(8)	(7)	(27)
Commissions on the sale of insurance products	(47)	(54)	(179)
Sundry commissions and fees	(209)	(172)	(708)
Total commission and fee expenses etc.	**(803)**	**(724)**	**(3 101)**
Net commission and fee income	**1 991**	**2 212**	**8 862**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	DNB Group 1st quarter 2016	1st quarter 2015	Full year 2015
Dividends	11	22	158
Net gains on commercial paper and bonds	847	(72)	(2 593)
Net gains on shareholdings and equity-related derivatives	(109)	(276)	(35)
Net unrealised gains on basis swaps	1 003	1 810	2 685
Net gains on other financial instruments	632	1 916	8 467
Net gains on financial instruments at fair value	**2 384**	**3 400**	**8 683**

Note 8 Operating expenses

Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
			DNB Group
Salaries	(2 082)	(2 043)	(8 269)
Employer's national insurance contributions	(322)	(311)	(1 220)
Pension expenses	(320)	(278)	799
Restructuring expenses	(393)	(50)	(390)
Other personnel expenses	(160)	(177)	(742)
Total salaries and other personnel expenses	**(3 277)**	**(2 859)**	**(9 822)**
Fees [1)]	(314)	(352)	(1 545)
IT expenses [1)]	(561)	(674)	(2 418)
Postage and telecommunications	(63)	(78)	(287)
Office supplies	(19)	(23)	(89)
Marketing and public relations	(180)	(223)	(859)
Travel expenses	(49)	(55)	(285)
Reimbursement to Norway Post for transactions executed	(51)	(45)	(174)
Training expenses	(18)	(19)	(75)
Operating expenses on properties and premises	(309)	(294)	(1 114)
Operating expenses on machinery, vehicles and office equipment	(22)	(21)	(101)
Other operating expenses	(180)	(212)	(844)
Total other expenses	**(1 765)**	**(1 997)**	**(7 790)**
Depreciation and impairment of fixed and intangible assets [2)]	(668)	(583)	(2 298)
Total depreciation and impairment of fixed and intangible assets	**(668)**	**(583)**	**(2 298)**
Total operating expenses	**(5 711)**	**(5 438)**	**(19 910)**

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

2) *In consequence of the restructuring process in DNB, provisions of NOK 160 million for onerous contracts related to premises were made in the first quarter of 2016.*

Note 9 Impairment of loans and guarantees

Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
			DNB Group
Write-offs	(163)	(119)	(1 446)
New/increased individual impairment	(1 393)	(1 073)	(3 288)
Total new/increased individual impairment	(1 556)	(1 191)	(4 735)
Reassessed individual impairment previous years	381	467	978
Recoveries on loans and guarantees previously written off	646	194	1 742
Net individual impairment	(528)	(530)	(2 015)
Change in collective impairment of loans	(646)	(44)	(255)
Impairment of loans and guarantees [1)]	**(1 174)**	**(575)**	**(2 270)**
Write-offs covered by individual impairment made in previous years	634	1 220	3 749
1) Of which individual impairment of guarantees	*(2)*	*(26)*	*(36)*

Note 10 Loans to customers

Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
			DNB Group
Loans at amortised cost			
Loans to customers, nominal amount	1 401 748	1 405 735	1 368 096
- Individual impairment	(8 701)	(8 484)	(9 821)
Loans to customers, after individual impairment	1 393 047	1 397 251	1 358 275
+ Accrued interest and amortisation	2 376	2 349	2 484
- Individual impairment of accrued interest and amortisation	(626)	(656)	(671)
- Collective impairment	(3 100)	(2 527)	(2 210)
Loans to customers, at amortised cost	1 391 697	1 396 417	1 357 878
Loans at fair value			
Loans to customers, nominal amount	140 713	144 215	115 672
+ Accrued interest	196	229	262
+ Adjustment to fair value	2 296	1 883	2 374
Loans to customers, at fair value	143 205	146 327	118 308
Loans to customers [1]	**1 534 902**	**1 542 744**	**1 476 186**
1) Of which repo trading volumes	*34 811*	*32 384*	*5 964*

Note 11 Net impaired loans and guarantees for principal customer groups [1]

Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
			DNB Group
Private individuals	2 572	2 661	3 028
Transportation by sea and pipelines and vessel construction	1 998	2 045	2 071
Real estate	2 291	2 289	2 665
Manufacturing	1 518	1 530	789
Services	767	359	521
Trade	441	476	308
Oil and gas			
Transportation and communication	1 334	1 099	417
Building and construction	629	470	900
Power and water supply	31	317	28
Seafood	13	5	61
Hotels and restaurants	99	118	112
Agriculture and forestry	86	110	106
Central and local government	6	7	
Other sectors	22	34	9
Total customers	11 805	11 519	11 016
Credit institutions			
Total net impaired loans and guarantees	11 805	11 519	11 016
Non-performing loans and guarantees not subject to impairment	3 123	2 463	2 841
Total net non-performing and doubtful loans and guarantees	14 928	13 982	13 856

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

Note 12 Fair value of financial instruments at amortised cost

	DNB Group			
	31 March 2016		31 March 2015	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	5 293	5 293	13 759	13 759
Due from credit institutions	18 347	18 347	21 744	21 744
Loans to customers	1 391 697	1 384 914	1 357 878	1 358 881
Commercial paper and bonds, held to maturity	100 516	111 414	113 611	125 206
Total financial assets	1 515 854	1 519 968	1 506 992	1 519 590
Due to credit institutions	27 709	27 709	28 627	28 627
Deposits from customers	879 607	879 607	893 439	893 439
Securities issued [1)]	529 737	534 110	536 276	544 905
Subordinated loan capital [1)]	28 598	28 581	28 285	28 530
Total financial liabilities	1 465 651	1 470 008	1 486 627	1 495 501

1) *Includes hedged liabilities.*

Note 13 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 other than observable market data Level 3	Total
Assets as at 31 March 2016				
Deposits with central banks		161 294		161 294
Due from credit institutions		161 717		161 717
Loans to customers		40 506	102 699	143 205
Commercial paper and bonds at fair value	45 803	239 775	694	286 273
Shareholdings	6 524	15 138	5 915	27 578
Financial assets, customers bearing the risk		50 967		50 967
Financial derivatives	0	214 124	1 618	215 743
Liabilities as at 31 March 2016				
Due to credit institutions		133 069		133 069
Deposits from customers		47 952		47 952
Debt securities issued		300 260		300 260
Subordinated loan capital		1 228		1 228
Financial derivatives	0	172 111	1 286	173 398
Other financial liabilities [1)]	1 329			1 329

				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 other than observable market data Level 3	Total
Assets as at 31 March 2015				
Deposits with central banks		290 799		290 799
Due from credit institutions		181 755		181 755
Loans to customers		9 764	108 544	118 308
Commercial paper and bonds at fair value	42 606	245 156	143	287 906
Shareholdings	7 580	11 684	7 281	26 545
Financial assets, customers bearing the risk		45 607		45 607
Financial derivatives	466	238 373	2 041	240 881
Liabilities as at 31 March 2015				
Due to credit institutions		234 574		234 574
Deposits from customers		69 663		69 663
Debt securities issued		317 133		317 133
Subordinated loan capital		1 257		1 257
Financial derivatives	324	188 905	1 819	191 048
Other financial liabilities [1)]	4 066			4 066

1) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2015

Note 13 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	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2015	**108 687**	**734**	**6 297**	**1 504**	**1 144**
Net gains recognised in the income statement	281	(20)	(310)	(55)	(33)
Additions/purchases	2 195	93	64	331	325
Sales	(38)	(305)	(132)		
Settled	(8 536)	0		(147)	(145)
Transferred from level 1 or level 2		348			
Transferred to level 1 or level 2		(159)			
Other	110	4	(3)	(14)	(5)
Carrying amount as at 31 March 2016	**102 699**	**694**	**5 915**	**1 618**	**1 286**

Breakdown of fair value, level 3

DNB Group

	31 March 2016		
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings
Principal amount/purchase price	100 195	839	4 610
Fair value adjustment [1)]	2 294	(144)	1 305
Accrued interest	210		
Carrying amount	102 699	694	5 915

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

Breakdown of shareholdings, level 3

DNB Group

Amounts in NOK million	Property funds	Hedge-funds	Unquoted equities	Private Equity (PE) funds	Other	Total
Carrying amount as at 31 March 2016	578	759	1 029	3 522	27	5 915

Sensitivity analysis, level 3

DNB Group

Amounts in NOK million	Carrying amount 31 March 2016	Effect of reasonably possible alternative assumptions
Loans to customers	102 699	(227)
Commercial paper and bonds	694	(3)
Shareholdings	5 915	
Financial derivatives, net	332	

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, 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 4 768 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.

Note 14 Commercial paper and bonds, held to maturity

			DNB Group
Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
International bond portfolio	16 728	19 162	27 580
DNB Livsforsikring AS	85 244	87 599	87 657
Other units [1)]	(1 456)	(1 537)	(1 626)
Commercial paper and bonds, held to maturity	**100 516**	**105 224**	**113 611**

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 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.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 March 2016 was NOK 0.7 billion higher than if the previous valuation principle had been retained. On the reclassification date, the carrying amount of the portfolio was NOK 88.0 billion, compared with NOK 14.4 billion at end-March 2016. The average term to maturity of the portfolio was 5.7 years, and the change in value resulting from a credit spread adjustment of one basis point was NOK 7.8 million at end-March 2016.

Effects on profits of the reclassification

			DNB Group
Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
Recorded amortisation effect	16	39	95
Net gain, if valued at fair value	9	25	(170)
Effects of reclassification on profits	7	14	265

Effects on the balance sheet of the reclassification

			DNB Group
Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
Recorded unrealised losses	386	402	458
Unrealised losses, if valued at fair value	1 104	1 113	919
Effects of reclassification on the balance sheet	718	711	460

Development in the portfolio after the reclassification

			DNB Group
Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
Reclassified portfolio, carrying amount	14 445	14 686	16 255
Reclassified portfolio, if valued at fair value	13 727	13 975	15 795
Effects of reclassification on the balance sheet	718	711	460

DNB Livsforsikring AS

		DNB Group
	Per cent 31 March 2016	NOK million 31 March 2016
Asset class		
Government/government-guaranteed	22.35	18 640
Guaranteed by supranational entities	2.16	1 800
Municipalities/county municipalities	4.91	4 100
Bank and mortgage institutions	19.42	16 198
Covered bonds	35.63	29 716
Other issuers	15.53	12 955
Total bond portfolio DNB Livsforsikring, held to maturity, nominal values	100.00	83 409
Accrued interest, amortisation effects and fair value adjustments		1 835
Total bond portfolio DNB Livsforsikring, held to maturity		85 244

Note 15 Investment properties

Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
			DNB Group
DNB Livsforsikring	14 087	15 195	29 651
Properties for own use	(794)	(794)	(5 769)
Other investment properties [1]	2 122	2 333	4 539
Total investment properties	**15 416**	**16 734**	**28 422**

1) *Other investment properties are mainly related to acquired companies.*

Fair value

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 defined as the price that would be received to sell an asset in an orderly transaction between market participants (“exit price”).The Norwegian properties are valued by using an internal valuation model. As a supplement, external appraisals are obtained for a representative selection of properties in the portfolio at regular intervals throughout the year. During the first quarter of 2016, external appraisals were obtained for a total of ten properties, representing 43 per cent of portfolio value. The purpose of the external appraisals is to benchmark the internal valuations against independent references. Internal calculations and the values recorded in the balance sheet are 0.8 per cent lower than average external appraisals. 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 rate of return stipulated in the model reflects market risk. A required rate of return of 8.0 per cent has principally been used.

Value development and sensitivity

The value of investment properties in DNB Livsforsikring was adjusted upwards by NOK 38 million during the first quarter of 2016. There have been no significant changes in the parameters included in the valuation model.

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 4.4 per cent or NOK 492 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 1.3 per cent or NOK 139 million.

Changes in the value of investment properties

Amounts in NOK million	DNB Group Investment property
Carrying amount as at 31 December 2014	**30 404**
Additions, purchases of new properties	71
Additions, capitalised investments	23
Additions, acquired companies	
Net gains	35
Disposals	(1 808)
Exchange rate movements	(303)
Recorded value as at 31 March 2015	**28 422**
Carrying amount as at 31 December 2015	**16 734**
Additions, purchases of new properties	12
Additions, capitalised investments	20
Additions, acquired companies	31
Net gains [1]	20
Disposals [2]	(1 288)
Exchange rate movements	(114)
Carrying amount as at 31 March 2016	**15 416**

1) *Of which NOK 17 million represented a net loss of investment properties which are not owned by DNB Livsforsikring.*
2) *The increase is mainly due to the sale of properties owned by DNB Livsforsikring, as well as the sale of certain repossessed properties.*

Note 16 Debt securities issued and subordinated loan capital

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

Debt securities issued

DNB Group

Amounts in NOK million	Balance sheet 31 March 2016	Issued 2016	Matured/ redeemed 2016	Exchange rate movements 2016	Other adjustments 2016	Balance sheet 31 Dec. 2015
Commercial paper issued, nominal amount	206 309	871 636	(814 605)	(10 710)		159 988
Bond debt, nominal amount [1]	583 443	34 453	(45 693)	(11 496)		606 179
Adjustments	40 246				1 484	38 761
Total debt securities issued	**829 997**	**906 088**	**(860 298)**	**(22 205)**	**1 484**	**804 928**

Debt securities issued

DNB Group

Amounts in NOK million	Balance sheet 31 March 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate movements 2015	Other adjustments 2015	Balance sheet 31 Dec. 2014
Commercial paper issued, nominal amount	233 191	709 619	688 131	4 988		206 715
Bond debt, nominal amount [1]	577 456	26 556	8 185	(1 565)		560 650
Adjustments	42 763				(1 898)	44 660
Total debt securities issued	**853 410**	**736 175**	**696 316**	**3 423**	**(1 898)**	**812 025**

Subordinated loan capital and perpetual subordinated loan capital securities

DNB Group

Amounts in NOK million	Balance sheet 31 March 2016	Issued 2016	Matured/ redeemed 2016	Exchange rate movements 2016	Other adjustments 2016	Balance sheet 31 Dec. 2015
Term subordinated loan capital, nominal amount	19 502			(336)		19 838
Perpetual subordinated loan capital, nominal amount	5 415			(286)		5 702
Perpetual subordinated loan capital securities, nominal amount	4 163			(398)		4 561
Adjustments	746				(107)	853
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 826**			**(1 021)**		**30 953**

Subordinated loan capital and perpetual subordinated loan capital securities

DNB Group

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

1) *Minus own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt totalled NOK 422.1 billion as at 31 March 2016. The cover pool market value represented NOK 569.0 billion.*

Note 17 Off-balance sheet transactions

Off-balance sheet transactions and additional information

Amounts in NOK million	DNB Group 31 March 2016	 31 Dec. 2015	 31 March 2015
Performance guarantees	31 844	33 665	47 321
Payment guarantees	32 226	37 544	25 759
Loan guarantees [1)]	15 816	16 629	16 802
Guarantees for taxes etc.	6 978	7 271	6 842
Other guarantee commitments	2 982	3 258	2 644
Total guarantee commitments	89 845	98 366	99 368
Support agreements	11 494	11 827	11 060
Total guarantee commitments etc. [*)]	101 339	110 194	110 427
Unutilised credit lines and loan offers	561 838	598 132	626 674
Documentary credit commitments	3 977	4 790	5 162
Other commitments	1 028	51	1 419
Total commitments	566 843	602 973	633 254
Total guarantee and off-balance commitments	668 182	713 167	743 682
Pledged securities			
*) *Of which counter-guaranteed by financial institutions*	*294*	*311*	*362*

1) *DNB Bank ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DNB Bank ASA has issued guarantees. According to the agreement, DNB Bank ASA still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 2 billion were recorded in the balance sheet as at 31 March 2016. These loans are not included under guarantees in the table.*

DNB ASA

Income statement

Amounts in NOK million	1st quarter 2016	1st quarter 2015	Full year 2015
Total interest income	10	33	108
Total interest expenses	(63)	(60)	(246)
Net interest income	**(53)**	**(26)**	**(138)**
Commissions and fees payable etc.	(2)	(2)	(5)
Other income [1)]			8 282
Net other operating income	**(2)**	**(2)**	**8 276**
Total income	**(55)**	**(29)**	**8 139**
Salaries and other personnel expenses	(1)	(1)	(6)
Other expenses	(114)	(100)	(402)
Total operating expenses	**(115)**	**(101)**	**(408)**
Pre-tax operating profit	**(170)**	**(130)**	**7 731**
Tax expense	42	35	(1 815)
Profit for the period	**(127)**	**(95)**	**5 916**
Earnings/diluted earnings per share (NOK)	(0.08)	(0.06)	3.63
Earnings per share excluding operations held for sale (NOK)	(0.08)	(0.06)	3.63

DNB ASA

Balance sheet

Amounts in NOK million	31 March 2016	31 Dec. 2015	31 March 2015
Assets			
Due from DNB Bank ASA	6 087	6 160	5 781
Loans to other group companies [2)]			1 489
Investments in group companies	68 980	68 980	66 085
Receivables due from group companies [1)]	8 369	8 369	7 214
Other assets			35
Total assets	**83 437**	**83 510**	**80 604**
Liabilities and equity			
Short-term amounts due to DNB Bank ASA	6	6	18
Due to other group companies	1 500	1 500	879
Other liabilities and provisions	8 698	8 740	6 190
Long-term amounts due to DNB Bank ASA	13 366	13 269	12 204
Total liabilities	**23 570**	**23 516**	**19 291**
Share capital	16 288	16 288	16 288
Share premium	22 556	22 556	22 556
Other equity	21 022	21 149	22 469
Total equity	**59 866**	**59 994**	**61 313**
Total liabilities and equity	**83 437**	**83 510**	**80 604**

DNB ASA

1) *Of which group contributions from DNB Bank AS represented NOK 6 849 million in 2015. The group contribution from DNB Livsforsikring AS and DNB Forsikring AS represented NOK 1 095 million and NOK 150 million in 2015. The group contribution from DNB Asset Management Holding AS represented NOK 275 million in 2015.*
2) *Of which subordinated loans to DNB Livsforsikring AS represented NOK 1 489 million as at 31 March 2015.*

Statement of changes in equity

Amounts in NOK million	Share capital	Share premium	Other equity	Total equity
Balance sheet as at 31 December 2014	**16 288**	**22 556**	**22 563**	**61 408**
Profit for the period			(95)	(95)
Balance sheet as at 31 March 2015	**16 288**	**22 556**	**22 469**	**61 313**
Balance sheet as at 31 December 2015	**16 288**	**22 556**	**21 149**	**59 994**
Profit for the period			(127)	(127)
Balance sheet as at 31 March 2016	**16 288**	**22 556**	**21 022**	**59 866**

DNB ASA

Basis for preparation

DNB ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS. A description of the accounting principles applied by the company when preparing the financial statements appear in note 1 Accounting principles in the annual report for 2015.

Key figures

	1st quarter 2016	1st quarter 2015	Full year 2015
			DNB Group
Interest rate analysis			
1. Combined weighted total average spread for lending and deposits - customer segments (%) [1)]	1.35	1.34	1.33
2. Average spread for ordinary lending to customers (%) [1)]	2.07	2.28	2.17
3. Average spread for deposits from customers (%) [1)]	0.24	(0.13)	0.01
Rate of return/profitability			
4. Net other operating income, per cent of total income	36.2	41.6	34.5
5. Cost/income ratio (%)	41.8	37.0	36.9
6. Return on equity, annualised (%)	11.2	16.1	14.5
7. RAROC, annualised (%)	10.3	11.4	11.2
8. Average equity including allocated dividend (NOK million)	183 873	164 004	168 509
9. Return on average risk-weighted volume, annualised (%)	1.89	2.33	2.14
Financial strength at end of period			
10. Common equity Tier 1 capital ratio, transitional rules (%) [2)]	15.2	12.7	14.4
11. Tier 1 capital ratio, transitional rules (%) [2)]	16.2	13.5	15.3
12. Capital ratio, transitional rules (%) [2)]	18.3	15.5	17.8
13. Common equity Tier 1 capital (NOK million) [2)]	159 972	145 687	162 906
14. Risk-weighted volume, transitional rules (NOK million)	1 049 367	1 151 601	1 129 373
Loan portfolio and impairment			
15. Individual impairment relative to average net loans to customers, annualised (%)	(0.14)	(0.15)	(0.13)
16. Impairment relative to average net loans to customers, annualised (%)	(0.31)	(0.16)	(0.15)
17. Net non-performing and net doubtful loans and guarantees, per cent of net loans	0.88	0.83	0.76
18. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	14 928	13 856	13 982
Liquidity			
19. Ratio of customer deposits to net loans to customers at end of period (%)	60.4	65.2	61.2
Total assets owned or managed by DNB			
20. Customer assets under management at end of period (NOK billion)	522	554	563
21. Total combined assets at end of period (NOK billion)	2 898	3 089	2 901
22. Average total assets (NOK billion)	2 896	3 017	2 946
23. Customer savings at end of period (NOK billion)	1 450	1 518	1 507
Staff			
24. Number of full-time positions at end of period	11 233	11 563	11 380
The DNB share			
25. Number of shares at end of period (1 000)	1 628 799	1 628 799	1 628 799
26. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799
27. Earnings per share (NOK)	3.14	4.01	14.98
28. Earnings per share excl. operations held for sale (NOK)	3.15	4.03	15.01
29. Dividend per share (NOK)			4.50
30. Total shareholders' return (%)	(10.9)	17.2	1.9
31. Dividend yield (%)			4.10
32. Equity per share incl. allocated dividend at end of period (NOK)	114.10	102.14	111.57
33. Share price at end of period (NOK)	97.85	129.70	109.80
34. Price/earnings ratio	7.79	8.09	7.33
35. Price/book value	0.86	1.27	0.98
36. Market capitalisation (NOK billion)	159.4	211.3	178.8

1) As from the first quarter of 2016, interest rate spreads are based on customer segments. Figures for previous periods have been restated accordingly.
2) Including 50 per cent of profit for the period, except for the full year figures.

For definitions of selected key figures, see next page.

Key figures (continued)

Definitions

1, 2, 3	Based on customer segments and nominal values and excluding impaired loans. Measured against the 3-month money market rate.
5	Total operating expenses relative to total income. Total expenses exclude impairment losses for goodwill and other intangible assets.
6	Return on equity represents the shareholders' share of profit for the period relative to average equity.
7	RAROC (Risk-Adjusted Return On Capital) is defined as risk-adjusted profits (shareholders' share) relative to average equity. Risk-adjusted profits indicate the level of profits in a normalised situation. Among other things, recorded impairment losses on loans are replaced by normalised losses.
8	Average equity is estimated on the basis of recorded equity including allocated dividend, but excluding additional Tier 1 capital. Thus this amount corresponds to the shareholders' share of equity.
9	The shareholders' share of 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 Forsikring.
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 26 April 2016 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 325 759 772, corresponding to 2 per cent of share capital. The shares shall be purchased in a regulated market. Each share may be purchased at a price between NOK 10 and NOK 200 per share. The authorisation is valid for a period of 12 months from 26 April 2016. 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	The shareholders' share of profits relative to the average number of shares excluding any holdings of own shares.
28	The shareholders' share of profits excluding profits from operations held for sale. Holdings of own shares are not included in calculations of the number of shares.
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	The shareholders' share of equity, excluding additional Tier 1 capital, at end of period relative to the number of shares.
34	Closing price at end of period relative to annualised earnings per share.
35	Share price at end of period relative to equity per share.
36	Number of shares multiplied by the closing share price at end of period.

Profit and balance sheet trends

Income statement

Amounts in NOK million	1st quarter 2016	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015
					DNB Group
Total interest income	13 295	13 934	14 348	14 425	14 825
Total interest expenses	(4 582)	(4 872)	(5 367)	(5 697)	(6 238)
Net interest income	**8 713**	**9 062**	**8 981**	**8 728**	**8 587**
Commission and fee income etc.	2 794	2 916	2 867	3 244	2 936
Commission and fee expenses etc.	(803)	(834)	(787)	(755)	(724)
Net gains on financial instruments at fair value	2 384	2 164	1 945	1 174	3 400
Net financial result, DNB Livsforsikring	9	(928)	(151)	(75)	(96)
Net risk result, DNB Livsforsikring	103	247	220	245	149
Net insurance result, DNB Forsikring	115	132	132	166	104
Profit from investments accounted for by the equity method	86	(28)	(1)	(74)	30
Net gains on investment property	(5)	122	143	2	2
Other income	259	35	105	293	329
Net other operating income	**4 942**	**3 825**	**4 472**	**4 221**	**6 130**
Total income	**13 655**	**12 888**	**13 453**	**12 949**	**14 716**
Salaries and other personnel expenses	(3 277)	(1 106)	(2 905)	(2 953)	(2 859)
Other expenses	(1 765)	(1 931)	(1 806)	(2 056)	(1 997)
Depreciation and impairment of fixed and intangible assets	(668)	(590)	(608)	(518)	(583)
Total operating expenses	**(5 711)**	**(3 626)**	**(5 319)**	**(5 527)**	**(5 438)**
Pre-tax operating profit before impairment	**7 945**	**9 262**	**8 134**	**7 422**	**9 278**
Net gains on fixed and intangible assets	(6)	(9)	(3)	45	12
Impairment of loans and guarantees	(1 174)	(1 420)	392	(667)	(575)
Pre-tax operating profit	**6 764**	**7 833**	**8 523**	**6 800**	**8 715**
Tax expense	(1 529)	(1 077)	(2 139)	(1 702)	(2 131)
Profit from operations held for sale, after taxes	(13)	28	(14)	(17)	(47)
Profit for the period	**5 222**	**6 784**	**6 370**	**5 081**	**6 537**
Portion attributable to shareholders	5 107	6 658	6 245	4 971	6 523
Portion attributable to additional Tier 1 capital holders	115	126	125	110	14
Profit for the period	**5 222**	**6 784**	**6 370**	**5 081**	**6 537**
Earnings/diluted earnings per share (NOK)	3.14	4.11	3.83	3.04	4.01

Comprehensive income statement

Amounts in NOK million	1st quarter 2016	4th quarter 2015	3rd quarter 2015	2nd quarter 2015	1st quarter 2015
					DNB Group
Profit for the period	**5 222**	**6 784**	**6 370**	**5 081**	**6 537**
Actuarial gains and losses, net of tax	(39)	31	(220)	863	(1)
Property revaluation	2	(282)	(131)	181	27
Elements of other comprehensive income allocated to customers (life insurance)	(2)	282	131	(181)	(27)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(39)	31	(220)	863	(1)
Currency translation of foreign operations	(4 376)	2 369	5 326	(697)	2 615
Hedging of net investment, net of tax	2 968	(1 578)	(3 411)	402	(1 616)
Other comprehensive income investments according to the equity method [1)]	(33)	889			
Other comprehensive income that may subsequently be reclassified to profit or loss, net of tax	(1 442)	1 680	1 915	(295)	999
Other comprehensive income for the period	**(1 480)**	**1 710**	**1 695**	**568**	**998**
Comprehensive income for the period	**3 742**	**8 494**	**8 066**	**5 649**	**7 535**

1) DNB has indirect ownership interests in Visa Europe through its membership in Visa Norge. In connection with the valuation of the holdings in Visa Europe as at 31 December 2015 a gain of NOK 889 million was recognised in other comprehensive income. On the realisation date, the increase in value of other comprehensive income will be recorded in profit and loss as "Profit from investments accounted for by the equity method". As a result of revaluation in the first quarter of 2016 the amount was reduced by NOK 33 million, mainly due to the changes in currency rates.

Profit and balance sheet trends (continued)

Balance sheet

Amounts in NOK million	31 March 2016	31 Dec. 2015	30 Sept. 2015	30 June 2015	31 March 2015
Assets					
Cash and deposits with central banks	166 587	19 317	186 874	158 812	304 558
Due from credit institutions	180 065	301 216	238 405	247 774	203 499
Loans to customers	1 534 902	1 542 744	1 531 237	1 491 304	1 476 186
Commercial paper and bonds at fair value	286 273	289 695	303 757	284 088	287 906
Shareholdings	27 578	19 341	23 041	26 149	26 545
Financial assets, customers bearing the risk	50 967	49 679	46 344	47 512	45 607
Financial derivatives	215 743	203 029	217 399	181 834	240 881
Commercial paper and bonds, held to maturity	100 516	105 224	108 942	111 187	113 611
Investment property	15 416	16 734	26 514	28 028	28 422
Investments accounted for by the equity method	9 715	9 525	8 450	5 957	5 949
Intangible assets	5 963	6 076	6 123	6 153	6 192
Deferred tax assets	1 100	1 151	1 315	1 227	1 251
Fixed assets	8 717	8 860	11 838	13 717	13 634
Assets held for sale	204	200	193	574	678
Other assets	35 338	25 739	33 286	37 423	34 962
Total assets	**2 639 081**	**2 598 530**	**2 743 717**	**2 641 739**	**2 789 880**
Liabilities and equity					
Due to credit institutions	160 778	161 537	253 332	228 807	263 201
Deposits from customers	927 559	944 428	970 023	969 970	963 102
Financial derivatives	173 398	154 663	169 045	141 055	191 048
Debt securities issued	829 997	804 928	830 313	775 208	853 410
Insurance liabilities, customers bearing the risk	50 967	49 679	46 344	47 512	45 607
Liabilities to life insurance policyholders in DNB Livsforsikring	210 230	208 726	205 257	207 024	206 880
Insurance liabilities, DNB Forsikring	2 125	1 846	1 921	1 967	1 974
Payable taxes	4 186	2 093	4 260	3 832	2 983
Deferred taxes	7 780	7 672	6 723	6 868	6 177
Other liabilities	44 009	37 675	37 302	50 706	43 997
Liabilities held for sale	56	71	55	76	127
Provisions	1 570	1 285	1 192	1 172	1 121
Pension commitments	2 684	2 549	5 077	4 744	5 941
Subordinated loan capital	29 826	30 953	30 617	28 578	29 542
Total liabilities	**2 445 165**	**2 408 105**	**2 561 460**	**2 467 518**	**2 615 109**
Share capital	16 268	16 257	16 286	16 288	16 285
Share premium	22 609	22 609	22 609	22 609	22 609
Additional Tier 1 capital	8 067	8 353	8 251	8 153	8 068
Other equity	146 972	143 207	135 110	127 171	127 808
Total equity	**193 916**	**190 425**	**182 257**	**174 221**	**174 770**
Total liabilities and equity	**2 639 081**	**2 598 530**	**2 743 717**	**2 641 739**	**2 789 880**

DNB Group

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Tore Olaf Rimmereid, vice-chairman
Jarle Bergo
Carl A. Løvvik
Vigdis Mathisen
Jaan Ivar Semlitsch
Berit Svendsen

Group management

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Trond Bentestuen	Group executive vice president Personal Banking Norway
Kjerstin Braathen	Group executive vice president Corporate Banking Norway
Harald Serck-Hanssen	Group executive vice president Large Corporates and International
Ottar Ertzeid	Group executive vice president DNB Markets
Tom Rathke	Group executive vice president Wealth Management
Kari Olrud Moen	Group executive vice president Products
Liv Fiksdahl	Group executive vice president IT and Operations
Solveig Hellebust	Group executive vice president HR
Terje Turnes	Group executive vice president Risk Management
Thomas Midteide	Group executive vice president Corporate Communications

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Financial calendar

Distribution of dividends 2016	as of 4 May 2016
Q1 2016	28 April 2016
Q2 2016	12 July 2016
Q3 2016	27 October 2016
Q4 2016	2 February 2017
Capital markets day 2016	16 November 2016

Annual general meeting 2017	25 April 2017
Ex-dividend date 2017	26 April 2017
Distribution of dividends 2017	as of 5 May 2017
Q1 2017	28 April 2017
Q2 2017	12 July 2017
Q3 2017	26 October 2017
Capital markets day 2017	21 November 2017

Other sources of information

Annual and quarterly reports

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

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The quarterly report has been produced by Group Financial Reporting in DNB.
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