



RESOLUTION PLAN 2018

PUBLIC SECTION

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## **INTRODUCTION**

Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) requires systemically important financial institutions that conduct business in the United States to file resolution plans with U.S. regulators.<sup>1</sup> Section 165(d) has been implemented through regulations of the Board of Governors of the Federal Reserve System (the “FRB”) and the Federal Deposit Insurance Corporation (the “FDIC”) that require a foreign-based covered company to provide detailed information about its entities and activities in the United States, including the process by which those entities and activities would be resolved in the event of the covered company’s material distress or failure (the “Resolution Plan Rule”).<sup>2</sup>

The Resolution Plan Rule provides that in a multi-tiered holding company structure the top-tiered company is the “covered company” and must file a resolution plan.<sup>3</sup> DNB ASA owns 100 percent of DNB Bank ASA (“DNB Bank” or “DNB”), which conducts lending and other activities in Norway and elsewhere through branches in various jurisdictions, including the United States. Accordingly, this resolution plan is filed by DNB ASA, the top-tiered financial holding company.

The Resolution Plan Rule requires that certain information be included in a Public Section of the resolution plan. DNB ASA submits this Public Section in compliance with the Resolution Plan Rule and related guidance.

### **Overview**

DNB ASA is Norway’s largest financial institution and offers a full range of financial services, including loans, savings, advisory services, insurance and pension products to customers in Norway. DNB ASA, through its subsidiary DNB Bank, is one of the world’s leading shipping banks and also has extensive international energy finance operations. The share of total income generated by DNB Bank’s international units is more than 20 percent. DNB Group has operations in twenty countries, including Norway. In addition to a number of international branches and representative offices, DNB Bank has local operations in the Baltics, Poland, and Luxembourg. DNB Bank’s operations in the Baltics are structured as a joint venture with Nordea Bank (Luminor AS). Its operations in Poland and Luxembourg are structured through bank subsidiaries.

The Norwegian government owns 34% percent of DNB ASA through the Ministry of Trade and Industry. Please refer to Exhibit A for the legal structure of the DNB Group. Additional information regarding DNB ASA may be found in its most recent annual report at [www.dnb.no/en/investor-relations](http://www.dnb.no/en/investor-relations).

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<sup>1</sup> “Systemically important financial institution” includes foreign banking organizations, as defined in Regulation K of the Board of Governors of the Federal Reserve System, which are treated as bank holding companies for purposes of the Bank Holding Company Act of 1956, as amended, and have \$50 billion or more in total worldwide assets.

<sup>2</sup> See generally 12 C.F.R. pt. 243.

<sup>3</sup> 12 C.F.R. 243.2(f)(3).

### *Personal Banking Norway*

Personal Banking Norway is responsible for serving the Group's 2.1 million personal customers through the branch network and customer services centers in Norway. Personal Banking Norway provides daily banking services and home mortgages to individuals in Norway.

### *Corporate Banking Norway*

Corporate Banking Norway is responsible for serving the Group's about 218,000 small and medium-sized corporate customers through the branch network and customer service centers in Norway. Corporate Banking Norway provides banking and payment services and lending facilities to these businesses in Norway.

### *Large Corporates and International*

Large Corporates and International ("LCI") serves large Norwegian corporate customers and is responsible for DNB's international banking operations. LCI provides a full range of financial services, including loans, deposits, cash management and advisory services.

### *DNB Markets*

DNB Markets is Norway's largest provider of securities and investment services. DNB Markets offers services within corporate finance, debt capital markets, fixed income, currencies, commodities and equities, as well as research and securities services.

### *Wealth Management and Insurance*

Wealth Management and Insurance (WMI) was established as a new business area in December 2017, merging the former "Wealth Management" business unit with the life and non-life insurance companies, as well as savings products formerly organised in Personal Banking. WMI offers insurance, investment products, mutual funds and pension products to all DNB customers. WMI also serves DNB's high-net worth customers through its Private Banking unit.

## Overview of U.S. Operations

DNB Bank maintains a New York state-licensed branch in New York, NY ("NY Branch") and a representative office in Houston, Texas. The NY Branch was established in 1988 (then known as Bergen Bank, New York Branch). The NY Branch's activities are mainly trading on behalf of clients, hedging and cash management for DNB Bank and funding for DNB Bank.

DNB Markets, Inc. ("MINC") is a wholly-owned subsidiary of DNB Bank, incorporated under the laws of the State of New York. MINC engages in trading, underwriting and institutional brokerage activities and conducts business from its main office in New York City and from its branch offices in Houston, Texas, and London, England. MINC is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a

member of the Financial Industry Regulatory Authority (“FINRA”). MINC began operations on December 9, 2003.

DNB Capital LLC (“DNBC”), established in New York in 2013 as a limited liability company with DNB as its sole member, is DNB’s main lending vehicle for the United States.<sup>4</sup>

DNB Bank has approximately 140 employees in the United States.

1. Names of Material Entities

A “material entity” is defined in the Resolution Plan Rule as “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.” For purposes of this resolution plan only U.S. nonbank material entities must be identified.

The Resolution Plan Rule defines “critical operations” as “those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the Board and the Corporation, would pose a threat to the financial stability of the United States.” For purposes of this resolution plan no critical operations were identified by DNB ASA nor jointly identified by the FRB and the FDIC for DNB ASA and communicated to DNB ASA.

“Core business lines” are defined in the Resolution Plan Rule as “those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value.” A description of the U.S. core business lines is provided below.

Based on the U.S. core business lines identified below, DNB ASA has identified DNBC and the NY Branch as material entities for purposes of this resolution plan.

2. Description of Core Business Lines

DNB ASA has identified lending to corporate customers as a core business line. DNB ASA has also identified the funding operations of the NY Branch as a core business line.

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<sup>4</sup> DNB Bank also has a U.S. wholly-owned subsidiary, DNB Finance LLC, which is dormant.

3. Summary Financial Information Regarding Assets, Liabilities, Capital, and Major Funding Sources.

The assets, liabilities, capital, and major funding sources of DNB ASA and DNB Bank are set forth in detail in DNB ASA's 2017 annual report ("2017 Annual Report"), which is available at [https://vp267.alertir.com/afw/files/press/dnb\\_asa/201803072699-1.pdf](https://vp267.alertir.com/afw/files/press/dnb_asa/201803072699-1.pdf).

3.1 Balance Sheet. The following table sets forth the consolidated balance sheet of DNB ASA as of December 31, 2017, as stated in the 2017 Annual Report:

Amounts in NOK million	DNB Group	
	Dec. 31, 2017	Dec. 31, 2016
<b>Assets</b>		
Cash and deposits with central banks	151 595	208 263
Due from credit institutions	239 328	176 442
Loans to customers	1 545 415	1 509 078
Commercial paper and bonds at fair value	338 713	296 642
Shareholdings	28 220	22 512
Financial assets, customers bearing the risk	75 206	60 220
Financial derivatives	132 349	157 940
Commercial paper and bonds, held to maturity	83 894	94 008
Investment property	16 306	15 912
Investments accounted for by the equity method	15 609	7 768
Intangible assets	5 600	5 814
Deferred tax assets	769	1 404
Fixed assets	8 704	7 949
Assets held for sale		52 541
Other assets	56 559	36 709
<b>Total assets</b>	<b>2 698 268</b>	<b>2 653 201</b>
<b>Liabilities and equity</b>		
Due to credit institutions	224 107	212 882
Deposits from customers	971 137	934 897
Financial derivatives	110 262	130 161
Debt securities issued	780 247	765 869
Insurance liabilities, customers bearing the risk	75 206	60 220
Liabilities to life insurance policyholders in DNB Livsforsikring	208 500	208 160
Insurance liabilities, Forsikring	2 043	1 892
Payable taxes	4 599	8 874
Deferred taxes	2 574	3 816
Other liabilities	68 078	44 568
Liabilities held for sale		41 243
Provisions	1 812	2 094
Pension commitments	3 267	2 756
Subordinated loan capital	29 538	29 347
<b>Total liabilities</b>	<b>2 481 371</b>	<b>2 446 779</b>
Share capital	16 180	16 286
Share premium	22 609	22 609
Additional Tier 1 capital	16 159	15 952
Other equity	161 948	151 576
<b>Total equity</b>	<b>216 897</b>	<b>206 423</b>
<b>Total liabilities and equity</b>	<b>2 698 268</b>	<b>2 653 201</b>

*Due to changes in principles, some comparative figures have been restated.*

### 3.2 Capital

DNB ASA monitors and maintains capital on a group-wide basis. DNB ASA's group-wide Assets and Liability Committee is responsible for ensuring that DNB maintains a sufficient amount of capital to support the group's operations. DNB ASA strictly complies with Norwegian law adapting Norwegian capital requirements to Basel III standards. The following sets forth DNB ASA's primary capital, as stated in the 2017 Annual Report:

Primary Capital	DNB Bank ASA		DNB Bank Group <sup>5</sup>		DNB Group <sup>6</sup>	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017 <sup>7</sup>	31 Dec. 2016
<i>Amounts in NOK million</i>						
Total equity	169 720	168 104	203 685	190 078	216 897	206 423
Effect from regulatory consolidation			183	(181)	(6 328)	(5 795)
Non-eligible capital, insurance						
Additional Tier 1 capital instruments included in total equity	(15 574)	(15 574)	(15 574)	(15 574)	(15 574)	(15 574)
Net accrued interest on additional Tier 1 capital instruments	(439)	(284)	(439)	(284)	(439)	(284)
Common equity Tier 1 capital instruments	153 708	152 246	187 856	174 039	194 557	184 770
Deductions						
Pension funds above pension commitments						
Goodwill	(2 404)	(2 900)	(2 559)	(2 951)	(4 264)	(4 656)
Deferred tax assets that are not due to temporary differences	(584)	(224)	(454)	(482)	(454)	(482)
Other intangible assets	(1 110)	(699)	(1 984)	(946)	(1 984)	(946)
Dividends payable etc.			(15 804)	(5 804)	(13 529)	(9 284)
Significant investments in financial sector entities					(363)	
Expected losses exceeding actual losses, IRB portfolios	(951)	(6)	(1 915)	(153)	(1 915)	(153)
Value adjustments due to the requirements for prudent valuation (AVA)	(449)	(479)	(720)	(786)	(720)	(786)
Adjustments for unrealised losses/(gains) on debt recorded at fair value	123	107	123	(90)	123	90
Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(481)	(580)	(113)	(159)	(113)	(159)
Common Equity Tier 1 capital	147 851	147 467	164 431	163 389	171 339	168 214
Additional Tier 1 capital instruments	15 574	17 471	15 574	17 471	15 574	17 471
Non-eligible Tier 1 capital, DNB Group <sup>6</sup>					(56)	(176)
Tier 1 capital	163 425	164 938	180 005	180 860	186 856	185 509
Perpetual subordinated loan capital	5 361	5 602	5 361	5 602	5 361	5 602
Term subordinated loan capital	23 897	21 249	23 897	21 249	23 897	21 249
Deduction of holdings of Tier 2 instruments in DNB Livsforsikring and DNB Forsikring					(5 750)	(5 750)
Non-eligible Tier 2 capital, DNB Group <sup>8</sup>					(1 813)	(1 440)
Tier 2 capital	29 258	26 851	29 258	26 851	21 696	19 661
Total eligible capital	192 683	191 789	209 263	207 711	208 552	205 170
Risk-weighted volume, transitional rules	835 986	773 244	1 014 683	1 040 888	1 042 601	1 051 498
Minimum capital requirement, transitional rules	66 879	61 860	81 175	83 271	83 408	84 120
Common Equity Tier 1 capital ratio, transitional rules (%)	17.7	19.1	16.2	15.7	16.4	16.0
Tier 1 capital ratio, transitional rules (%)	19.5	21.3	17.7	17.4	17.9	17.6
Capital ratio, transitional rules (%)	23.0	24.8	20.6	20.0	20.0	19.5

<sup>5</sup> DNB Bank Group includes DNB Bank ASA and its subsidiaries.

<sup>6</sup> DNB Group includes all subsidiaries under the DNB ASA holding company.

<sup>7</sup> As from the first quarter of 2017, significant investments in financial sector, that are not deducted common equity Tier 1 capital, are given a risk weight of 250 per cent in the risk-weighted volume

<sup>8</sup> Tier 1 and Tier 2 capital in DNB Bank ASA not included in consolidated own funds, in accordance with Articles 85–88 of the CRR.



For additional information on DNB Group’s capital, please refer to the Corporate Information Website referenced above.

### 3.3 Major Funding Source

Funding and liquidity for the U.S. operations are managed in accordance with DNB Bank’s group-wide policies and procedures. These standards have been incorporated into the U.S. operations’ local policies and procedures. The U.S. policies and procedures require the U.S. operations to provide information to DNB Bank for purposes of reports including those for cash flow, loan growth and liquidity risk analysis.

DNB’s U.S. operations are able to draw on a variety of funding sources. In normal market conditions, DNB may rely on the issuance of Yankee CDs and on taking deposits from corporate customers. In addition the Branch borrows from DNB and third party banks.

MINC and DNBC are funded by borrowings from DNB.

### 4. Description of Derivatives and Hedging Activities

DNB Bank enters into derivative transactions on the basis of customer demand and to hedge positions resulting from such activity. In addition, derivatives are used to hedge positions in the trading portfolio and take positions in the interest rate, currency, commodity and equity markets. Derivatives used by DNB Bank for both trading and hedging purposes include forward contracts, forward rate agreements, interest rate futures, swaps and options.

Derivatives are traded in the NY Branch. The market risk of the derivatives is handled, reviewed and controlled as an integral part of market risk in all portfolios. Derivatives are entered into with customers for their hedging purpose and with a number of different bank counterparties. The credit risk that arises in connection with derivative trading is included in the DNB Group’s overall credit risk. For most bank counterparties, netting agreements requiring posting of collateral have been entered into, thus reducing credit risk.

The markets group in the NY Branch follows the strategy as outlined in DNB’s Markets Strategy plan. The risk profile for the NY Branch is moderate to small and reflects the activity needed to support customers in the FX, interest rate and commodity markets, as well as the NY Branch’s role in global funding.

### 5. Memberships in Material Payment, Clearing, and Settlement Systems

In the U.S. market, DNB uses a wide array of Financial Market Utilities (“FMUs”), including payment systems, clearinghouses, securities depositories, and central counterparties. The next table list FMUs used by New York Branch, DNBC, and MINC:

FMU	Functionality
ACH	Payments
CHIPS	Payments

FMU	Functionality
CLS	Settlement and Clearing
Depository Trust and Clearing Corporation	Settlement and Clearing
FedWire Funds Service	Settlement and Clearing
LCH.Clearnet	Settlement and Clearing
SWIFT Alliance	Payments

#### 6. Description of Foreign Operations

DNB ASA is Norway's largest financial services group and one of the largest in the Nordic region. The Group offers a full range of financial services, including loans, savings, advisory services, insurance and pension products for personal and corporate customers. DNB is among the world's leading banks within its international priority areas, especially the energy, shipping and seafood sectors. As of December 2017, the Bank has 60 branch offices in Norway and is represented in 20 countries worldwide, including the U.S., Brazil, Chile, China, India, Singapore, Denmark, England, Estonia, Finland, Germany, Greece, Latvia, Lithuania, Luxembourg, Norway, Poland, Scotland, and Sweden.

#### 7. Identities of Material Supervisory Authorities

DNB ASA is regulated by both Finanstilsynet and Norges Bank. Finanstilsynet is an independent government agency and the primary regulatory body regarding institution specific issues, while Norges Bank, Norway's central bank, has responsibilities regarding macro-prudential issues, including giving advice to the Ministry of Finance regarding the setting of the counter-cyclical buffer.

Through its supervision of enterprises and markets, Finanstilsynet strives to promote financial stability and orderly market conditions and to instill confidence that financial contracts will be honored and services performed as intended. In addition to its preventative work, Finanstilsynet maintains preparedness for dealing with concrete problems that may arise. Finanstilsynet is responsible for the supervision of banks, finance companies, mortgage companies, insurance companies, pension funds, investment firms, securities fund management and market conduct in the securities market, stock exchanges and authorized market places, settlement centers and securities registers, estate agencies, debt collection agencies, external accountants and auditors.

Norges Bank is mandated to promote economic stability in Norway and the objectives of its core activities are price stability, financial stability and added value in investment management. Among other things, Norges Bank has executive and advisory responsibilities in the area of monetary policy and is responsible for promoting robust and efficient payment systems and financial markets.

As DNB ASA is treated as a bank holding company, the FRB has general regulatory oversight over DNB ASA, DNB, and the U.S. operations, including DNBC, the sole U.S. nonbank material entity of DNB. The NY Branch is supervised and regulated by the New York State Department of Financial Services and the FRB. MINC is regulated and supervised by the SEC and FINRA.

8. Identities of Principal Officers

The table below identifies the members of the DNB ASA Board of Directors, as of December 31, 2018:

DNB ASA Board of Directors	
Name	Title
Olaug Svarva	Board Chair
Tore Olaf Rimmereid	Vice-Chairman
Karl-Christian Agerup	Board Member
Jaan Ivar Gjaerum Semlitsch	Board Member
Carl A. Lovvik	Board Member
Berit Svendsen	Board Member
Vigdis Mathisen	Board Member

The table below identifies the members of the DNB Senior Management, as of December 31, 2018:

DNB ASA Senior Management	
Name	Title
Rune Bjerke	Group Chief Executive
Kjerstin Braathen	Chief Financial Officer
Harald Serck-Hanssen	Group Executive Vice-President for Large Corporates and International
Benedicte Schilbred Fasmer	Group Executive Vice-President for Corporate Banking Norway
Ingjerd Blekeli Spiten	Group Executive Vice-President for Personal Banking Norway
Ottar Ertzeid	Group Executive Vice-President for DNB Markets
Hakon Hansen	Group Executive Vice-President for Wealth Management
Rasmus Figenschou	Group Executive Vice-President New Business
Alf Otterstad	Group Executive Vice-President for IT
Solveig Hellebust	Group Executive Vice-President –People and Operations
Ida Lerner	Group Executive Vice-President for Risk Management and Chief Risk Officer
Mirella E.Wassiluk	Group executive vice president compliance
Thomas Midteide	Group Executive Vice-President for Corporate Communications and Marketing

## 9. Corporate Governance Structure and Processes Related to Resolution Planning

The U.S. resolution planning process is integrated in the DNB Group recovery planning governance process. Since DNB ASA is required by Finanstilsynet, the Norwegian Financial Supervisory Authority, to prepare a recovery plan that also includes its foreign operations, the recovery plan includes the possible sale of U.S. assets and/or an entity sale of DNBC, although these options would not necessarily be activated. However, it is possible that in the event of market stress DNB ASA will have taken certain steps towards recovery that would affect the implementation of this resolution plan. The 2018 recovery plan for DNB ASA was approved by the group management team in August 2018, as well as by the Risk Committee on and the Board of Directors in September 2018. After the financial crisis in 2008, several measures have been implemented for the recovery and resolution of financial institutions without the disruption of systemically important functions or the need for financial support from governments. Hence, the European Commission has passed a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (the so-called Bank Recovery and

Resolution Directive, BRRD), which sets out a Union-wide new framework for crisis prevention, management and resolution. Among other things, the directive requires credit institutions and investment firms to develop and maintain recovery plans providing for the restoration of their financial strength following a situation of severe stress. The European Banking Authority (EBA) issued a recommendation on January 23, 2013 that Finanstilsynet (the Norwegian Financial Supervisory Authority) require DNB ASA submit a recovery plan by the end of 2013. As required by Finanstilsynet, the recovery plan must cover the whole group of DNB ASA, including insurance activities. DNB ASA has since engaged in six annual reviews of its plans. Inputs accounted for during a review include, but are not limited to, self-assessment of the plan and regulatory feedback (including from the Finanstilsynet), as well as guidelines and standards issued by EBA.

The NY Branch's Heads of Fixed Income, Loan Review North America, and Compliance are responsible for preparation, maintenance, and update of the resolution plan for the U.S. operations and they report directly to the General Manager of the New York Branch. Status updates are being provided to the NY Branch's Operational Risk Committee.

The Group Chief Risk Officer is responsible for reviewing the resolution plan and ensuring that the resolution plan for the U.S. operations is integrated into the corporate governance structure of DNB and does not contain elements which would be contradictory to DNB's corporate governance structure or DNB ASA's recovery plan. The Group Chief Risk Officer is also responsible for ensuring that adequate policies and procedures are in place and that the resolution plan for the U.S. operations is reviewed by individuals responsible for risk management, compliance, IT, and legal. The authority to approve the resolution plan for the U.S. operations was delegated from DNB ASA's Board of Directors to the Group Chief Risk Officer.

#### 10. Material Management Information Systems

The current IT strategy is to create a robust common platform for IT development and operations going forward. This also encompasses the principle of "One IT," implying that the Bank's IT development should be governed through one centralized IT function. With a few exceptions, all employees performing IT related operations, maintenance and development are governed by or organized within the Group IT area, although some have dotted reporting lines locally.

The Group's centralized IT systems may be described in six broad categories: core systems, markets systems, payment systems, customer systems, office support systems, and anti-money laundering (AML) systems. In general, all IT systems are centralized within the Group IT area, although the U.S. operations have certain stand-alone systems.

The MIS capabilities are used at both DNB Head Office and at the U.S. operations across functions and allow for reporting for purposes of credit risk management, market risk management, lending, trading, compliance and payments.

11. High Level Description of Resolution Strategy

The strategic analysis has been developed under the assumption that DNB ASA and DNB are in material financial distress and failure and would not have access to home country or any other governmental support. The strategic analysis also addresses how the U.S. operations may undergo an orderly resolution without recourse to any assistance from U.S. taxpayers.

The resolution plan provides a detailed analysis of how DNB ASA's U.S. operations could be resolved in a rapid and orderly manner. Subject to home country law and any resolution of DNB ASA, the strategy to resolve DNB ASA's U.S. operations is organized around the resolution of its U.S. nonbank material entity, DNBC. The resolution plan also addresses the resolution of the NY Branch and MINC. In general, DNBC's assets would be sold and it would be liquidated in accordance with New York law, or DNBC may be sold as an entity, subject to home country law. Alternatively, DNBC may potentially file for relief under Chapter 11 of the Bankruptcy Code in order to pursue the orderly liquidation of its assets. MINC would be liquidated under New York and applicable federal law. The NY Branch would undergo a voluntary liquidation, or the Superintendent of Financial Services would take possession of the NY Branch, both in accordance with the New York Banking Law.

**EXHIBIT A**  
**LEGAL STRUCTURE OF DNB GROUP**  
**PUBLIC SECTION**

# Exhibit A

